

# **Prospect Residential Investment Corporation**

Listed on the Tokyo Stock Exchange with the securities code 8969

## **Sixth Fiscal Period Results**

(February 1, 2008 to July 31, 2008)

**September 12, 2008**



Prospect  
Residential  
Investment Corporation

## **Disclaimer**

This document contains a translation of information provided in the Financial Report (*Kessan Tanshin*) of Prospect Residential Investment Corporation (“PRI”) dated September 12, 2008, and prepared under the timely disclosure requirements of the Tokyo Stock Exchange for the period from February 1, 2008 to July 31, 2008.

This English language document is provided solely for the convenience of and reference by non-Japanese investors, and is not intended to constitute a disclosure document. The Japanese language Financial Report should be referred to as the original of this document. The English translation of legal, accounting, tax and business terms used herein may not precisely convey the identical meaning of equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese document and English translation contained herein, the original Japanese document will govern the meaning and interpretation. Neither PRI, Prospect Residential Advisors, Co., Ltd. (“the Asset Management Company”) nor any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of this English translation or any portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than those contained in this document in relation to matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by PRI, Prospect Residential Advisors, Co., Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements of PRI have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP), which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

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

Contact Information:

Investor Relations

Prospect Residential Advisors, Co., Ltd.

[ir@proresi-advisors.co.jp](mailto:ir@proresi-advisors.co.jp)

**Prospect Residential Investment Corporation**  
**("PRI" or "the Investment Corporation")**

Representative: Takeo Nishiyoshi, Executive Officer

Address: 2-2-1 Marunouchi, Chiyoda-ku, Tokyo

Prospect Residential Investment Corporation is listed  
as a Japanese Real Estate Investment Trust (J-REIT) on  
the Tokyo Stock Exchange with the securities code 8969

(URL of English website <http://www.prospect-reit.co.jp/en/index.html>)

Planned date of submission of the Company Report (*Yukashoken Hokokusho*): October 23, 2008

Planned date of distribution payment commencement: October 17, 2008

(1) Operating Performance and Assets for the Fiscal Period Ended July 31, 2008

1) Operating Performance

(Millions of yen rounded down unless otherwise stated)

Fiscal Period Ended	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
July 31, 2008	2,499	7.2	1,114	5.4	711	7.2	710	7.2
January 31, 2008	2,330	8.5	1,057	8.8	663	-6.7	662	-6.6

Fiscal Period Ended	Net Income per Unit	Return on Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	%	%	%
July 31, 2008	9,458	2.0	1.0	28.5
January 31, 2008	8,820	1.9	0.9	28.5

2) Distributions

(Millions of yen rounded down unless otherwise stated)

Fiscal Period Ended	Distributions per Unit Excluding Excess of Earnings (Yen)	Total Distribution	Distributions in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Net Assets
July 31, 2008	9,458	710	-	-	99.9%	2.0%
January 31, 2008	8,820	662	-	-	100.0%	1.9%

3) Financial Position

(Millions of yen rounded down unless otherwise stated)

Fiscal Period Ended	Total Assets	Net Assets	Net Assets to Total Assets	Net Assets per Unit (Yen)
July 31, 2008	72,770	35,262	48.5%	469,544
January 31, 2008	74,343	35,203	47.4%	468,752

(Reference Material) Net worth, JPY 35,262 million as of July 31, 2008 and JPY 35,203 million as of January 31, 2007

4) Cash Flow Situation

(Millions of yen rounded down unless otherwise stated)

Fiscal Period Ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at The End of The Period
July 31, 2008	3,920	-1,420	-2,191	3,272
January 31, 2008	2,050	-8,296	5,884	2,963

(2) Forecast of Revenues and Earnings (for the Seventh Fiscal Period: August 1, 2008 to January 31, 2009)

(Millions of yen rounded down unless otherwise stated, yoy % change)

Fiscal Period Ending	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distributions per Unit Excluding Excess of Earnings (Yen)	Distributions in Excess of Earnings per Unit (Yen)
January 31, 2009	2,268 (-9.2)	899 (-19.3)	453(-36.3)	452(-36.3)	6,020	-

(Reference Material) Estimated net income per unit for the sixth fiscal period ending July 31, 2009: JPY 6,020

(3) Others

- 1) Changes in accounting policies
  - A. Changes due to accounting standards: None
  - B. Other changes: None
- 2) Investment units outstanding
  - A. Investment units outstanding (including units owned by PRI) at fiscal period-ends:  
75,100 units as of July 31, 2008; 75,100 units as of January 31, 2008
  - B. Investment units owned by PRI at fiscal period-ends:  
0 units as of July 31, 2008; 0 units as of January 31, 2008

(Note) Please refer to 'Information per Unit' on page 24 with respect to the number of investment units used as the base to calculate the aforementioned 'net income per investment unit.'

\* Disclaimer regarding 'Forecasts of Revenues and Earnings'

Forward-looking statements such as forecasts of revenues and earnings in this document are based on many sources including current information available to PRI's management as well as the assumptions judged to be rational by management. These forward-looking statements are not guarantees of future performance and they involve risks and uncertainties. As a result of various factors, actual results may differ materially from those in the forward-looking statements. With respect to the assumptions underlying such forecasts, please refer to 2) Management Policy and Operating Conditions (2) Operating Conditions.

## 1) Structure of the Investment Corporation

Please refer to “Structure of the Investment Corporation” on page 35.

## 2) Management Policy and Operating Conditions

### (1) Management Policy

Because there have been no changes from the last Company Report (Yukashoken Hokokusho), submitted on April 22, 2008, disclosure is omitted..

### (2) Operating Conditions

The Asset Management Company, as founder, filed for the establishment of PRI in accordance with the Investment Trust and Investment Corporation Law. PRI was established on April 22, 2005 with total capitalization of JPY 201 million, and registered on May 25, 2005 with the Kanto Local Finance Bureau (Registration No. 34). Thereafter, PRI undertook a public offering of additional investment units (74,698 units) raising JPY 34,420 million. On July 12, 2005, PRI was listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange under the securities code 8969. To date, PRI has continued to pursue business activities focusing on residential properties for rental purposes pursuant to its management policy.

### 1) Operating Conditions during the Fiscal Period under Review

#### A. Investment Environment

- a. In the sixth fiscal period, the six-month period ended July 31, 2008, conditions surrounding the Japanese economy increasingly deteriorated amid the rapidly decelerating world economy, which was impacted by a deepening of the subprime loan crisis in the United States and a substantial appreciation of prices for primary commodities such as crude oil and agricultural products. The future outlook appeared uncertain, indicated by negative year-on-year results reported in the monthly mining and industrial output index for two consecutive quarters from January to March 2008. The employment situation was also unclear as the unemployment rate slightly worsened to 4.1% in December 2007, rising from 3.6% in July 2007, while the number of workers with regular employment grew by more than 1.5% year on year over the same time span. Total cash wage income, according to the Working Statistics Survey, also showed a year-on-year decline of 0.6% as of June 2008 on a flash report basis. Personal consumption weakened, affected by the sharp rise in gasoline prices. Financial markets remained depressed as various negative effects from the subprime loan crisis were felt on a global scale. The Nikkei Stock Average dropped below JPY 12,000 in the middle of March 2008, and the Average displayed a slight drop during the six-month period ended January 31, 2008. While the world’s financial authorities implemented an assortment of measures aimed at curtailing further downside risks in financial markets, uncertainty regarding the global economy remained high, in response to the substantial appreciation of primary commodity prices and their reverberations in the real economy.
- b. Against the background of these shifting financial conditions, from an investment perspective, demand from Japan’s real estate investment trust companies and investment funds decreased. On the other hand, demand from overseas investors, including Sovereign Wealth Funds remained solid primarily for quality properties. Prices of residential complexes for rental purposes either remained almost flat or slightly depreciated.
- c. Demand for prime rental residential properties remains firm due to the continuing shift in population toward Tokyo and other major cities, cutbacks in corporate dormitories and housing, as well as other factors. While certain companies that have successfully bolstered their financial standing are undertaking development of their idle property holdings, the trend toward large-scale leasing demand is showing signs of decline. During the fiscal period under review, occupancy and rental rates for prime residential properties continued to rise. Based on a survey by Recruit Co., Ltd., residential property rental rates in the Tokyo Metropolitan area bottomed out in autumn 2005. In certain select city center locations, rental rates have experienced a moderate increase.

#### B. Management Performance

- a. As of January 1, 2008, Prospect Residential Investment Corporation (“PRI”) managed a

Prospect Residential Investment Corporation portfolio comprising 54 properties (3,311 rental condominiums with a total leasable floor space of 133,950.14 sq m) worth JPY 69,739 million on an acquisition price basis. Consistent with its basic management policy to secure steady growth and stable earnings from a medium- to long-term perspective, PRI carried out active acquisition activities and acquired one property (Prospect Musashi-Shinjo) during the fiscal period under review. The property was newly built and is leased entirely to a group company of a major corporation in Japan, and therefore contributed to enhancing the overall quality of the portfolio and lowering the average building age. In order to improve the quality of the portfolio through an active replacement strategy of selective property purchases and sales, PRI considers selling certain properties that are either located in highly competitive urban areas or characterized by comparatively low earnings. PRI sold Maison de Ville Azabudai, posting a net gain on sale of JPY 157 million.

- b. As a result of its management performance in the period under review, PRI acquired one property worth JPY 1,230 million on an acquisition price basis, with a total leasable floor space of 1,855.03 sq m, and sold one property at a sales price of JPY 2,956 million, with total leasable floor space of 2,567.09 sq m. As of July 31, 2008, PRI maintained an investment property portfolio comprising 54 properties (3,305 rental condominiums with a total leasable floor space of 133,238.08 sq m) worth JPY 68,249 million on an acquisition price basis.
- c. Existing property management (Internal Growth)  
In an effort to increase occupancy rates and profitability, PRI examined the merits of a variety of property management companies in terms of their individual characteristics, strengths, service contents and fees. Furthermore, property management companies were selected and dismissed, and property management rates set and revised, based on quantitative and qualitative assessments by the Asset Management Company.

PRI also carried out large-scale renovations of SK Residence, which was constructed 17 years ago, with earnings improving as a result.

- d. Funds procurement  
In May 2008, PRI procured debt financing from Aozora Bank, Ltd. totaling JPY 8,000 million, comprised of JPY 4,000 million for a period of one year and JPY 4,000 million for three months. This procurement was undertaken to replace four bank loans (also totaling JPY 8,000 million) with repayment dates in May 2008, June 2008, and September 2008, and as such, PRI believes the transaction contributed to strengthening its financial stability. As of July 31, 2008, the balance of debt financing was JPY 36,028 million, and the ratio of interest-bearing debt to total assets was 49.5%.

In July 2007, PRI received a long-term issuer credit rating of A- for long-term senior debt from Japan Credit Rating Agency, Ltd. Then in September 2007, PRI submitted a "Registration for Issuance of Investment Corporation Bonds" to the Kanto Finance Office of the Financial Services Agency, applying for a maximum issuance of JPY 50,000 million. Based on this registration, PRI issued the first series of unsecured investment corporation bonds of JPY 5,000 million in October 2007. Subsequently, PRI concluded an interest swap contract covering the entire investment corporation bonds issue totaling JPY 5,000 million. As a result, the interest rate for the two-year bond issue has been fixed at 2.183%. Furthermore, PRI has three contracts for the purchase of yen interest rate caps covering a total of JPY 15,000 million in debt financing (bank borrowings), with the goal of hedging against the risk of increases in interest rate

\* The rating of long-term senior debts represents an assessment of an obligor's financial capacity to pay their overall financial obligations. This rating differs from ratings concerning specific financial obligations, which take into account the nature and provisions of the obligation and its senior/subordinate status, as well as the obligor's standing in terms of bankruptcy or liquidation. (Source: JCR's English Web site)

For further details of the rating, please refer to JCR's Web sites: <http://www.jcr.co.jp/english/> (English);

<http://www.jcr.co.jp/> (Japanese)

e.

PRI and PRA have been studying various measures, aiming at attaining remarkable growth in PRI's corporate value, including asset growth and a strengthening of its fundamentals.

C. Operating Results and Cash Distribution

Accounting for the aforementioned factors, operating revenues totaled JPY 2, 499 million in the fiscal period ended July 31, 2008. Ordinary income was JPY 711 million while net income amounted to JPY 710 million.

PRI distributes the total amount of its inappropriate retained earnings for each period. Accordingly, cash distribution for the third fiscal period was JPY 9, 458 per unit (rounded down to the nearest yen).

2) Outlook

A. Operating Environment

From an investment perspective, demand to acquire real estate properties in Japan is expected to deteriorate. In the absence of a marked improvement in the financial situation, weak demand from Japan's real estate investment trust companies and investment funds will likely continue. Although demand from overseas investors, including Sovereign Wealth Funds, is expected to remain solid, it is unlikely to offset the fall in domestic demand. Prices of residential complexes for rental purposes are expected to remain slightly low.

Rental rates for residential properties are expected to rise moderately only in select areas of Tokyo's 23 wards.

B. Acquisition of New Properties (External Growth)

Under these circumstances and in addition to trust banks that have traditionally served as a key source of information, PRI will foster a wide variety of relationships with the aim of collecting invaluable property information. Through these means, PRI will pursue the acquisition of prime properties from a medium- to long-term perspective.

In an effort to expand its asset scale, and taking into consideration future increases in interest rates, PRI will focus on properties that can generate profit growth and provide a basis for improved cash distribution.

C. Property Management (Internal Growth)

Carrying on from the previous fiscal period, PRI shall examine the merits of a variety of property management companies in terms of their individual characteristics, strengths, service contents and fees. Based on a philosophy of strict competition, PRI shall select property management companies that can contribute to increasing occupancy and profitability. Furthermore, PRI will continue to implement checks by internal specialists including first-class architects with the aims of reducing costs and securing the increased trust of tenants and investors.

D. Financial Strategy

PRI aims to carry out flexible procurement of short- and long-term loans with conservative LTV (Loan To Value) level while broadening the types of lenders and diversifying repayment dates. PRI will work to extend the repayment periods of debt and to obtain fixed-interest rates by continuing to issue the second series Investment Corporation bonds in the future.

E. PRI and PRA have been studying various measures, aiming at attaining remarkable growth in PRI's corporate value, including asset growth and a strengthening of its fundamentals.

(3) Important Subsequent Events

PRI undertook the following debt financing and repayment after July 31, 2008.

(Millions of yen unless otherwise stated)

## Prospect Residential Investment Corporation

	Drawdown Date	Lender	Debt Financing / Repayment	Interest Rate	Maturity / Repayment Date	Application of Funds / Repayment Method	Remarks
Debt Financing	August 29, 2008	Aozora Bank, Ltd.	4,000	Floating	November 28, 2008	Rollover	Secured
Repayment	May 30, 2008	Aozora Bank, Ltd.	4,000	Floating	August 29, 2008	Repayment	Secured

## (4) Forecast of Revenues and Earnings

Forecast of revenues and earnings for the seventh fiscal period (August 1, 2008 to January 31, 2009) is as follows. These forecasts are based on “Assumptions for Forecasts for the Seventh Fiscal Period” mentioned afterwards.

Forecast of revenues and earnings for the seventh fiscal period (August 1, 2008 to January 31, 2009)

Operating revenues	JPY 2,268 million
Operating income	JPY 899 million
Ordinary income	JPY 453 million
Net income	JPY 452 million
Distributions per unit	JPY 6,020

Note: Forecasts for operating revenues, ordinary income, net income and distributions per unit may differ from actual results due to changes in the operating environment and a variety of factors. Accordingly, PRI does not guarantee any distribution amount.

Assumptions for Forecasts for the Seventh Fiscal Period (August 1, 2008 to January 31, 2009)

	Assumptions
Operating Period	Seventh fiscal period: From August 1, 2008 to January 31, 2009 (184 days)
Managed Assets	Forecasts are based on a property portfolio comprising 54 properties held as of July 31, 2008. The property portfolio may change, however, due to property acquisition or sale.
Investment Units Issued	Forecasts are based on the assumption that PRI shall not issue additional investment units.
Interest-Bearing Debt Ratio	The interest-bearing debt ratio as of July 31, 2008 was 51.0%. Forecasts are, however, based on an interest-bearing debt ratio of approximately 51.0% as of January 31, 2009, taking into account an increase in debt financing to acquire additional properties as well as repayment stemming from the above sale of one property. The interest-bearing debt ratio is calculated as follows: Interest-bearing debt ratio = Interest-bearing debt ÷ (Interest-bearing debt + Unitholders' capital) × 100
Operating Expenses	Of the amount of property tax and city planning tax assessed for the property portfolio, the applicable portion is recorded as rental business expenses for each fiscal period. For properties acquired during each period, property tax and city planning tax are allocated to the seller and purchaser on a pro rata basis at the time of acquisition settlement. In the case of PRI, an amount equivalent to the portion allocated to the purchaser is included in the acquisition price of the property and not recorded as an expense.  Repairs, maintenance and renovation expenses are estimated based on amounts considered essential for each property for each fiscal period. Actual repairs, maintenance and renovation expenses for each fiscal period, however, may differ significantly from these amounts due to unforeseen circumstances or emergencies. Forecasts are based on the assumption that PRI shall post repairs, maintenance and renovation expenses of JPY 92 million (a decrease of JPY 2 million compared with the previous fiscal period) and shall post property tax and city planning tax of JPY 107 million.  Depreciation is calculated using the straight-line method inclusive of incidental expenses. Forecasts are based on the assumption that PRI shall post depreciation expenses of JPY 503 million.
Non-Operating Expenses	Forecasts are based on the assumption that PRI shall post total interest expenses of JPY 329 million (an increase of JPY 4 million compared with the previous fiscal period) and debt-related expenses of JPY 114 million (an increase of JPY 38 million compared with the previous fiscal period).
Cash Distribution	Forecasts are based on the assumption that PRI shall distribute the full amount of retained earnings each fiscal period in line with its distribution policy.



## 3) Financial Statements

## (1) Balance Sheets

(Thousands of yen)

	Notes	Fifth Fiscal Period (As of January 31, 2008)		Sixth Fiscal Period (As of July 31, 2008)		Increase (Decrease)		
<b>ASSETS</b>								
<b>I Current assets</b>								
Cash and deposits			1,122,528		1,466,535			
Entrusted cash and deposits	* 1		1,841,193		1,805,995			
Rental receivables			24,663		29,093			
Prepaid expenses			104,425		123,997			
Deferred tax assets			2,344		8,816			
Derivative assets			844		5,419			
Other current assets			11,009		25,515			
Reserve for possible losses of receivables			-		73			
Total current assets			3,107,008	4.2	3,465,300	4.8	358,292	11.5
<b>II Fixed assets</b>								
<b>1. Property and equipment:</b>								
Buildings	* 1	857,922		860,912				
Accumulated depreciation		73,780	784,141	90,967	769,944			
Structures	* 1	1,131		1,131				
Accumulated depreciation		252	879	308	823			
Machinery and equipment	* 1	6,189		6,189				
Accumulated depreciation		1,978	4,211	2,373	3,815			
Tools, furniture and fixtures	* 1	2,835		3,307				
Accumulated depreciation		90	2,744	338	2,968			
Land	* 1		794,545		794,545			
Entrusted buildings	* 1	32,525,381		32,328,239				
Accumulated depreciation		1,734,521	30,790,860	2,125,629	30,202,610			
Entrusted structures	* 1	141,241		153,668				
Accumulated depreciation		23,654	117,587	29,531	124,137			
Entrusted machinery		320,034		354,454				
Accumulated depreciation		67,001	253,032	81,867	272,586			
Entrusted tools, furniture and fixtures		44,116		50,179				
Accumulated depreciation		7,788	36,328	11,466	38,712			
Entrusted land	* 1		38,187,083		36,880,302			
Entrusted construction account			-		23,625			
Total property and equipment			70,971,413	95.5	69,114,072	95.0	1,857,341	2.6
<b>2. Intangible assets:</b>								
Other intangible assets			4,447		3,726			
Total intangible assets			4,447	0.0	3,726	0.0	721	16.2
<b>3. Investments and other assets:</b>								
Long-term prepaid expenses			117,133		72,703			
Deferred tax assets			50,260		36,265			
Leasehold and security deposits received			38,352		23,578			
Long-term derivative assets			28,852		36,632			
Total investments and other assets			234,599	0.3	169,180	0.2	65,419	27.9
Total fixed assets			71,210,460	95.8	69,286,979	95.2	11,923,481	2.7

## Prospect Residential Investment Corporation

III. Deffered assets:								
Expenses to issue Investment Corporation Bonds			26,020			18,333		
Total deffered assets			26,020	0.0		18,333	0.0	7,686 29.5
Total assets			74,343,489	100.0		72,770,613	100.0	1,572,876 2.1

(Thousands of yen)

	Notes	Fifth Fiscal Period (As of January 31, 2008)		Sixth Fiscal Period (As of July 31, 2008)		Increase (Decrease)	
<b>LIABILITIES</b>							
<b>I Current liabilities</b>							
Operating payables			123,753		90,436		
Short-term debt	* 1		8,000,000		8,000,000		
Other payables			65,337		36,816		
Accrued expenses			244,398		223,247		
Accrued income taxes			602		571		
Accrued consumption taxes			12,342		28,890		
Advances received			259,530		254,841		
Other current liabilities			189		3,471		
Total current liabilities			8,706,154	11.7	8,638,274	11.9	67,879 0.8
<b>II Long-term liabilities</b>							
Investment Corporation Bonds			5,000,000		5,000,000		
Long-term debt			24,558,000		23,028,000		
Leasehold and security deposits			876,022		841,516		
Total long-term liabilities			30,434,022	40.9	28,869,516	39.6	1,564,506 5.1
Total liabilities			39,140,177	52.6	37,507,791	51.5	1,632,386 4.2
<b>NET ASSETS</b>	* 2						
<b>I Unitholders' capital</b>							
1. Unitholders' capital							
Unitholders' capital			34,621,838	46.6	34,621,838	47.6	- -
2. Retained earnings							
Unappropriated retained earnings for the period			662,390		710,320		
Total retained earnings			662,390	0.9	710,320	1.0	47,929 7.2
Total unitholders' capital			35,284,228	47.5	35,332,158	48.6	47,929 0.1
<b>II Evaluation and conversions</b>							
1. Earnings on deferred hedge transactions			80,916		69,336		
Total evaluation and conversions			80,916	0.1	69,336	0.1	11,579 14.3
Total net assets			35,203,312	47.4	35,262,821	48.5	59,509 0.2
Total liabilities and net assets			74,343,489	100.0	72,770,613	100.0	1,572,876 2.1

## (2) Statements of Income

(Thousands of yen)

	Notes	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)			Sixth Fiscal Period (February 1, 2008 to July 31, 2008)			Increase (Decrease)	
I. Operating Revenues									
Real estate rental revenues	* 1	2,157,743			2,206,734				
Other rental revenues	* 1	89,150			135,040				
Gain on sale of real estate	* 2	84,053	2,330,947	100.0	157,303	2,499,077	100.0	168,130	7.2
II. Operating Expenses									
Real estate rental expenses	* 1	984,820			1,102,044				
Asset management fees		147,748			144,032				
Custodian fees		3,613			3,666				
Administrative service fees		21,722			21,962				
Directors' fees		6,000			6,000				
Transferred to reserve for possible losses of receivables		-			73				
Losses of receivables		-			855				
Other operating expenses		109,294	1,273,198	54.6	105,903	1,384,537	55.4	111,338	8.7
Operating income			1,057,748	45.4		1,114,540	44.6	56,791	5.4
III. Non-Operating Income									
Interest income		2,187			2,558				
Additional refunds		1,335			-				
Other non-operating income		396	3,919	0.2	754	3,313	0.1	605	15.5
IV. Non-Operating Expenses									
Interest expense		265,286			269,845				
Bonds interest expense		33,193			54,771				
Bonds issuance expense		4,726			7,686				
Debt-related expenses		92,626			71,455				
Other non-operating expenses		2,473	398,307	17.1	2,773	406,533	16.2	8,226	2.1
Ordinary income			663,361	28.5		711,320	28.5	47,959	7.2
Income before income taxes			663,361	28.5		711,320	28.5	47,959	7.2
Income taxes		979			1,009				
Deferred taxes		10	990	0.1	1	1,008	0.1	18	1.8
Net income			662,370	28.4		710,311	28.4	47,941	7.2
Retained earnings brought forward			19			8		11	57.8
Retained earnings at the end of the period			662,390			710,320		47,929	7.2

(3) Statement of Changes in Net Assets  
(August 1, 2007 to January 31, 2008)

(Thousands of yen)

	Unitholders' Capital				Evaluation and Conversions		Total Net Assets
	Unitholders' Capital *1	Retained Earnings		Total Unitholders' Capital	Earnings (Loss) on Deferred Hedge Transactions	Total Evaluation and Conversions	
		Unappropriated Retained Earnings	Total Retained Earnings				
Balance as of the previous fiscal period-end	34,621,838	709,564	709,564	35,331,402	14,476	14,476	35,316,925
Movements during the fiscal period ended January 31, 2008							
Distribution of retained earnings	-	709,544	709,544	709,544	-	-	709,544
Net income	-	662,370	662,370	662,370	-	-	662,370
Net change due to items other than unitholders' capital	-	-	-	-	66,439	66,439	66,439
Total	-	47,174	47,174	47,174	66,439	66,439	113,613
Balance as of January 31, 2008	34,621,838	662,390	662,390	35,284,228	80,916	80,916	35,203,312

(February 1, 2008 to July 31, 2008)

(Thousands of yen)

	Unitholders' Capital				Evaluation and Conversions		Total Net Assets
	Unitholders' Capital *1	Retained Earnings		Total Unitholders' Capital	Earnings on Deferred Hedge Transactions	Total Evaluation and Conversions	
		Unappropriated Retained Earnings	Total Retained Earnings				
Balance as of the previous fiscal period-end	34,621,838	662,390	662,390	35,284,228	80,916	80,916	35,203,312
Movements during the fiscal period ended July 31, 2008							
Distribution of retained earnings	-	662,382	662,382	662,382	-	-	662,382
Net income	-	710,311	710,311	710,311	-	-	710,311
Net change due to items other than unitholders' capital	-	-	-	-	11,579	11,579	11,579
Total	-	47,929	47,929	47,929	11,579	11,579	59,509
Balance as of July 31, 2008	34,621,838	710,320	710,320	35,332,158	69,336	69,336	35,262,821

## (4) Basis for Calculating Cash Distribution

(Yen)

	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
I Unappropriated retained earnings at the end of the fiscal period	662,390,183	710,320,012
II Total distribution (Distribution per unit)	662,382,000 ( 8,820 )	710,295,800 ( 9,458 )
III Retained earnings carried forward	8,183	24,212

Method of Calculating the Amount of Distribution	<p>PRI determines the amount of distribution in accordance with Article 34.1 of its Articles of Incorporation. The amount must exceed 90% of distributable income as stipulated in Articles 67.15 of the Special Taxation Measures Law.</p> <p>PRI has therefore decided to distribute the maximum amount of retained earnings at the end of the period: JPY 662,382,000 to 75,100 units issued and outstanding. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 34.1-4 of PRI's Articles of Incorporation. PRI decided not to distribute cash in excess of distributable income for the fiscal period.</p>	<p>PRI determines the amount of distribution in accordance with Article 36.1 of its Articles of Incorporation. The amount must exceed 90% of distributable income as stipulated in Articles 67.15 of the Special Taxation Measures Law.</p> <p>PRI has therefore decided to distribute the maximum amount of retained earnings at the end of the period: JPY 710,295,800 to 75,100 units issued and outstanding. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 34.1-4 of PRI's Articles of Incorporation. PRI decided not to distribute cash in excess of distributable income for the fiscal period.</p>
---	---	---

## (5) Statements of Cash Flows

(Thousands of yen)

	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)	Increase (Decrease)
<b>I Cash flows from operating activities:</b>			
Income before income taxes	663,361	711,320	47,959
Depreciation and amortization	483,370	504,438	21,069
Interest income	4,726	7,686	2,960
Reserve for possible losses of receivables	-	73	73
Amortization for issuance expense of investment corporation bonds	2,187	2,558	372
Interest expense	298,479	324,617	26,138
Decrease (increase) in operating receivables	2,353	4,429	2,077
Decrease in other receivables	1,042	249	794
Decrease in consumption tax and other receivables	78,412	-	78,412
(Increase) decrease in prepaid expenses	15,524	19,572	35,097
(Decrease) increase in operating payables	86	2,165	2,079
Decrease in other payables	31,050	29,616	60,667
Increase in accrued consumption taxes	12,342	16,547	4,204
(Decrease) increase in accrued expenses	25,488	21,151	46,639
(Decrease) increase in advances received	34,743	4,688	39,431
Decrease in long-term prepaid expenses	19,806	44,430	24,624
Loss on sale of entrusted property and Equipment	724,903	2,703,743	1,978,841
Other	69,715	10,174	79,890
Subtotal	2,319,082	4,243,430	1,924,348
Interest received	2,187	2,558	372
Interest paid	269,380	324,617	55,237
Income taxes paid	1,418	1,040	378
Net cash provided by operating activities	2,050,470	3,920,331	1,869,861
<b>II Cash flows from investing activities:</b>			
Payments for the purchase of property and Equipment	5,879	8,812	2,933
Payments for the purchase of entrusted property and equipment	8,323,524	1,376,791	6,946,733
Payments for leasehold and security deposits	37,570	126	37,444
Proceeds from leasehold and security deposits received	138,658	90,290	48,369
Payments for leasehold and security deposits received	68,033	124,796	56,763
Net cash used in investing activities	8,296,348	1,420,235	6,876,113
<b>III Cash flows from financing activities:</b>			
Proceeds from short-term debt	2,400,000	8,000,000	5,600,000
Payments of short-term debt	3,200,000	8,000,000	4,800,000
Proceeds of long-term debt	2,924,000	-	2,924,000
Payments of long-term debt	500,000	1,530,000	1,030,000
Proceeds of investment corporation bonds	5,000,000	-	5,000,000
Payments for issuance expense of investment corporation bonds	30,747	-	30,747
Payments for distributions to unitholders	708,264	661,286	46,978
Net cash (used in) provided by financing Activities	5,884,988	2,191,286	8,076,275
IV Net change in cash and cash equivalents	360,889	308,809	669,699
VI Cash and cash equivalents at the beginning of the period	3,324,611	2,963,721	360,890
VI Cash and cash equivalents at the end of the period	2,963,721	3,272,531	308,810

## (6) Notes for Items Related to Important Accounting Policies

	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)																
1. Depreciation method for fixed assets	<p>(1) Tangible fixed assets (including entrusted assets) The straight-line method has been adopted. Estimated years of use for major tangible fixed assets are as follows:</p> <table> <tr> <td>Buildings</td> <td>3 – 58 years</td> </tr> <tr> <td>Structures</td> <td>2 – 45 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>3 – 15 years</td> </tr> <tr> <td>Tools, furniture, and fixtures</td> <td>3 – 15 years</td> </tr> </table> <p>(2) Intangible fixed assets The straight-line method has been adopted.</p> <p>(3) Long-term prepaid expenses The straight-line method has been adopted.</p>	Buildings	3 – 58 years	Structures	2 – 45 years	Machinery and equipment	3 – 15 years	Tools, furniture, and fixtures	3 – 15 years	<p>(1) Tangible fixed assets (including entrusted assets) The straight-line method has been adopted. Estimated years of use for major tangible fixed assets are as follows:</p> <table> <tr> <td>Buildings</td> <td>3 – 60 years</td> </tr> <tr> <td>Structures</td> <td>2 – 45 years</td> </tr> <tr> <td>Machinery and equipment</td> <td>3 – 15 years</td> </tr> <tr> <td>Tools, furniture, and fixtures</td> <td>3 – 15 years</td> </tr> </table> <p>(2) Intangible fixed assets Same as fourth fiscal period</p> <p>(3) Long-term prepaid expenses Same as fourth fiscal period</p>	Buildings	3 – 60 years	Structures	2 – 45 years	Machinery and equipment	3 – 15 years	Tools, furniture, and fixtures	3 – 15 years
Buildings	3 – 58 years																	
Structures	2 – 45 years																	
Machinery and equipment	3 – 15 years																	
Tools, furniture, and fixtures	3 – 15 years																	
Buildings	3 – 60 years																	
Structures	2 – 45 years																	
Machinery and equipment	3 – 15 years																	
Tools, furniture, and fixtures	3 – 15 years																	
2. Accounting standards to post revenues and expenses	<p>Method to post fixed asset taxes and other taxes</p> <p>In terms of fixed asset taxes, city planning taxes, depreciable taxes, and others levied on holding real estate and others, the tax amount to be paid in this period is posted as expenses in the period.</p> <p>In terms of settled amounts for fixed asset taxes and other taxes for the first year in the case of acquiring real estate or trust beneficiary rights (with real estate as entrusted assets) from sellers, such amounts are not posted as expenses but included in book values at the time of acquisition of such real estate or trust beneficiary rights.</p> <p>Such fixed assets and other taxes included in book values at the time of acquisition of such real estate and trust beneficiary rights totaled JPY 4,599 thousand.</p>	<p>Method to post fixed asset taxes and other taxes</p> <p>In terms of fixed asset taxes, city planning taxes, depreciable taxes, and others levied on holding real estate and others, the tax amount to be paid in this period is posted as expenses in the period.</p> <p>In terms of settled amounts for fixed asset taxes and other taxes for the first year in the case of acquiring real estate or trust beneficiary rights (with real estate as entrusted assets) from sellers, such amounts are not posted as expenses but included in book values at the time of acquisition of such real estate or trust beneficiary rights.</p> <p>Such fixed assets and other taxes included in book values at the time of acquisition of such real estate and trust beneficiary rights totaled JPY 1,024 thousand.</p>																

<p>3. Hedge accounting method</p>	<p>(1) Hedge accounting method Deferred hedge method</p> <p>(2) Hedge type and objective Hedge type Interest rate swap transaction Interest rate cap transaction Hedge objective Interest payment on borrowing</p> <p>(3) Hedge policy PRI carries out derivative transactions to hedge risks based on its risk management policy and in accordance with the Articles of the Investment Corporation.</p> <p>(4) Method to evaluate effectiveness of hedge accounting PRI judges the effectiveness of hedge accounting based on such indicators as accumulated cash flow changes in comparison with hedging objects and hedging methods, during commence of hedge and the time to judge effectiveness.</p>	<p>(1) Hedge accounting method Deferred hedge method. In the cases of interest swaps meet conditions for special treatment, special treatment is adopted.</p> <p>(2) Hedge type and objective Same as fifth fiscal period</p> <p>(3) Hedge policy Same as fifth fiscal period</p> <p>(4) Method to evaluate effectiveness of hedge accounting PRI judges the effectiveness of hedge accounting based on such indicators as accumulated cash flow changes in comparison with hedging objects and hedging methods, during commence of hedge and the time to judge effectiveness. In the cases of interest swaps meet conditions for special treatment, effective judgement is omitted.</p>
<p>4. Composition of cash and cash equivalents in the statements of cash flows</p>	<p>Cash and cash equivalents in the statements of cash flows consist of cash in hand, entrusted cash, cash and entrusted deposits that can be withdrawn easily, and short-term investments redeemable within three months from acquisition that pose minimal risk of value fluctuations and are easily convertible to cash.</p>	<p>Same as fifth fiscal period</p>



<p>5. Other important items for the basis of compiling financial statements</p>	<p>(1) Accounting method with respect to trust beneficiary rights to real estate and other entrusted assets</p> <p>With respect to trust beneficiary rights to real estate and other entrusted assets, all of the asset and liability items within entrusted assets as well as all revenue and expense items generated from entrusted assets are posted in the corresponding items in the balance sheets and statements of income. Among entrusted asset items posted in such corresponding items, the following important items are posted independently in the balance sheets.</p> <ol style="list-style-type: none"> <li>1) Entrusted cash and entrusted deposits</li> <li>2) Entrusted buildings, entrusted structures, entrusted machinery and equipment, entrusted tools, furniture and fixtures, and entrusted land</li> </ol> <p>(2) Accounting method for consumption tax and others</p> <p>The accounting method for consumption tax and local consumption tax is the tax-exclusive method. Undeductable consumption taxes for asset acquisition are included in book values at the time of each respective asset acquisition.</p>	<p>(1) Accounting method with respect to trust beneficiary rights to real estate and other entrusted assets</p> <p>Same as fifth fiscal period</p> <p>(2) Accounting method for consumption tax and others</p> <p>Same as fifth fiscal period</p>
---	--	---

(7) Notes to the Financial Statements  
[Notes for the Balance Sheets]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)																																																												
<p>Note 1. Assets put up for collateral or assets put up for collateral of secured debt are as follows:</p> <p style="text-align: right;">(Thousands of yen)</p> <table border="1"> <tr><td>Entrusted cash and entrusted deposits</td><td style="text-align: right;">1,724,166</td></tr> <tr><td>Buildings</td><td style="text-align: right;">784,141</td></tr> <tr><td>Structures</td><td style="text-align: right;">879</td></tr> <tr><td>Machinery and equipment</td><td style="text-align: right;">4,211</td></tr> <tr><td>Tools, furniture and fixtures</td><td style="text-align: right;">2,744</td></tr> <tr><td>Entrusted buildings</td><td style="text-align: right;">794,545</td></tr> <tr><td>Entrusted buildings</td><td style="text-align: right;">26,983,714</td></tr> <tr><td>Entrusted structures</td><td style="text-align: right;">98,231</td></tr> <tr><td>Entrusted machinery and equipment</td><td style="text-align: right;">214,030</td></tr> <tr><td>Entrusted tools, furniture and fixtures</td><td style="text-align: right;">36,091</td></tr> <tr><td>Entrusted land</td><td style="text-align: right;">35,495,345</td></tr> <tr><td>Total</td><td style="text-align: right;">66,138,101</td></tr> </table> <p>Secured debt with collateral are as follows:</p> <table border="1"> <tr><td>Short-term debt</td><td style="text-align: right;">8,000,000</td></tr> <tr><td>Long-term debt</td><td style="text-align: right;">24,558,000</td></tr> <tr><td>Total</td><td style="text-align: right;">32,558,000</td></tr> </table> <p>Note 2. Commitment line contracts PRI has commitment line contracts with client banks (Thousands of yen) Total of commitment line contracts 7,000,000 Loan balance at the end of the fifth fiscal period 6,000,000 Balance of unused contract at the end of the fifth fiscal period 1,000,000</p> <p>Note 3. Minimum net assets set by Article 67.4 of the Investment Trust and Investment Corporation Law  JPY 50,000 thousand</p>	Entrusted cash and entrusted deposits	1,724,166	Buildings	784,141	Structures	879	Machinery and equipment	4,211	Tools, furniture and fixtures	2,744	Entrusted buildings	794,545	Entrusted buildings	26,983,714	Entrusted structures	98,231	Entrusted machinery and equipment	214,030	Entrusted tools, furniture and fixtures	36,091	Entrusted land	35,495,345	Total	66,138,101	Short-term debt	8,000,000	Long-term debt	24,558,000	Total	32,558,000	<p>Note 1. Assets put up for collateral or assets put up for collateral of secured debt are as follows:</p> <p style="text-align: right;">(Thousands of yen)</p> <table border="1"> <tr><td>Entrusted cash and entrusted deposits</td><td style="text-align: right;">1,772,369</td></tr> <tr><td>Buildings</td><td style="text-align: right;">769,944</td></tr> <tr><td>Structures</td><td style="text-align: right;">823</td></tr> <tr><td>Machinery and equipment</td><td style="text-align: right;">3,815</td></tr> <tr><td>Tools, furniture and fixtures</td><td style="text-align: right;">2,968</td></tr> <tr><td>Entrusted buildings</td><td style="text-align: right;">794,545</td></tr> <tr><td>Entrusted buildings</td><td style="text-align: right;">29,626,525</td></tr> <tr><td>Entrusted structures</td><td style="text-align: right;">109,989</td></tr> <tr><td>Entrusted machinery and equipment</td><td style="text-align: right;">233,445</td></tr> <tr><td>Entrusted tools, furniture and fixtures</td><td style="text-align: right;">38,712</td></tr> <tr><td>Entrusted land</td><td style="text-align: right;">36,229,304</td></tr> <tr><td>Total</td><td style="text-align: right;">69,582,445</td></tr> </table> <p>Secured debt with collateral are as follows:</p> <table border="1"> <tr><td>Short-term debt</td><td style="text-align: right;">8,000,000</td></tr> <tr><td>Long-term debt</td><td style="text-align: right;">23,028,000</td></tr> <tr><td>Total</td><td style="text-align: right;">31,028,000</td></tr> </table> <p>Note 2. Commitment line contracts None.</p> <p>Note 3. Minimum net assets set by Article 67.4 of the Investment Trust and Investment Corporation Law  Same as fifth fiscal period</p>	Entrusted cash and entrusted deposits	1,772,369	Buildings	769,944	Structures	823	Machinery and equipment	3,815	Tools, furniture and fixtures	2,968	Entrusted buildings	794,545	Entrusted buildings	29,626,525	Entrusted structures	109,989	Entrusted machinery and equipment	233,445	Entrusted tools, furniture and fixtures	38,712	Entrusted land	36,229,304	Total	69,582,445	Short-term debt	8,000,000	Long-term debt	23,028,000	Total	31,028,000
Entrusted cash and entrusted deposits	1,724,166																																																												
Buildings	784,141																																																												
Structures	879																																																												
Machinery and equipment	4,211																																																												
Tools, furniture and fixtures	2,744																																																												
Entrusted buildings	794,545																																																												
Entrusted buildings	26,983,714																																																												
Entrusted structures	98,231																																																												
Entrusted machinery and equipment	214,030																																																												
Entrusted tools, furniture and fixtures	36,091																																																												
Entrusted land	35,495,345																																																												
Total	66,138,101																																																												
Short-term debt	8,000,000																																																												
Long-term debt	24,558,000																																																												
Total	32,558,000																																																												
Entrusted cash and entrusted deposits	1,772,369																																																												
Buildings	769,944																																																												
Structures	823																																																												
Machinery and equipment	3,815																																																												
Tools, furniture and fixtures	2,968																																																												
Entrusted buildings	794,545																																																												
Entrusted buildings	29,626,525																																																												
Entrusted structures	109,989																																																												
Entrusted machinery and equipment	233,445																																																												
Entrusted tools, furniture and fixtures	38,712																																																												
Entrusted land	36,229,304																																																												
Total	69,582,445																																																												
Short-term debt	8,000,000																																																												
Long-term debt	23,028,000																																																												
Total	31,028,000																																																												

[Notes to the Statements of Income]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
<p>Note 1. Breakdown of real estate rental revenues and earnings (Thousands of yen)</p> <p>A. Real estate rental revenues</p> <p>Real estate rental revenues</p> <p>Rental revenues 1,974,742</p> <p>Common area maintenance fee revenues 77,776</p> <p>Parking revenues 79,267</p> <p>Other related revenues 25,956 <u>2,157,743</u></p> <p>Other rental revenues</p> <p>Other rental revenues 89,150 <u>89,150</u></p> <p>Total real estate rental revenues 2,246,894</p> <p>B. Real estate rental expenses</p> <p>Real estate rental expenses</p> <p>Property management expenses 160,806</p> <p>Repair expenses 61,338</p> <p>Water, electricity, and other rates 43,563</p> <p>Taxes 78,672</p> <p>Insurance premiums against losses 8,105</p> <p>Trust fees 45,711</p> <p>Depreciation expenses 482,648</p> <p>Other rental expenses 103,973 <u>984,820</u></p> <p>Total real estate rental expenses 984,820</p> <p>C. Real estate rental business earnings (A – B) <u><u>1,262,073</u></u></p>	<p>Note 1. Breakdown of real estate rental revenues and earnings (Thousands of yen)</p> <p>A. Real estate rental revenues</p> <p>Real estate rental revenues</p> <p>Rental revenues 2,018,143</p> <p>Common area maintenance fee revenues 80,947</p> <p>Parking revenues 80,941</p> <p>Other related revenues 26,701 <u>2,206,734</u></p> <p>Other rental revenues</p> <p>Other rental revenues 135,040 <u>135,040</u></p> <p>Total real estate rental revenues 2,341,774</p> <p>B. Real estate rental expenses</p> <p>Real estate rental expenses</p> <p>Property management expenses 181,713</p> <p>Repair expenses 94,943</p> <p>Water, electricity, and other rates 43,665</p> <p>Taxes 115,161</p> <p>Insurance premiums against losses 8,218</p> <p>Trust fees 44,641</p> <p>Depreciation expenses 503,717</p> <p>Other rental expenses 109,982 <u>1,102,044</u></p> <p>Total real estate rental expenses 1,102,044</p> <p>C. Real estate rental business earnings (A – B) <u><u>1,239,730</u></u></p>
<p>Note 2. Breakdown of real estate rental revenues and earnings (Thousands of yen)</p> <p>Garden City Kita-Toda</p> <p>Revenues from sale of real estate and others 811,100</p> <p>Book value for sold real estate and others 725,167</p> <p>Other expenses for sales 1,878</p> <p>Profit from sale of real estate and others <u><u>84,053</u></u></p>	<p>Note 2. Breakdown of real estate rental revenues and earnings (Thousands of yen)</p> <p>Maison de Ville Azabudai</p> <p>Revenues from sale of real estate and others 2,956,150</p> <p>Book value for sold real estate and others 2,704,644</p> <p>Other expenses for sales 94,202</p> <p>Profit from sale of real estate and others <u><u>157,303</u></u></p>

## [Notes to the Statement of Changes in Net Assets]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
Note 1. Total number of investment units authorized for issuance and outstanding	Note 1. Total number of investment units authorized for issuance and outstanding
Total number of investment units authorized for issuance 2,000,000	Same as fifth fiscal period
Total number of investment units outstanding 75,100	

## [Notes to the Statement of Cash Flows]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
Note 1. Relationship between cash and cash equivalents at the end of the period and items posted on the balance sheets	Note 1. Relationship between cash and cash equivalents at the end of the period and items posted on the balance sheets
As of January 31, 2008 (Thousands of yen)	As of July 31, 2008 (Thousands of yen)
Cash and deposits 1,122,528	Cash and deposits 1,466,535
Entrusted cash and entrusted deposits <u>1,841,193</u>	Entrusted cash and entrusted deposits <u>1,805,995</u>
Cash and cash equivalents 2,963,72	Cash and cash equivalents 3,272,531

(Disclosure is omitted for notes regarding lease transactions, derivatives transactions and others because of small necessity to disclose in this Financial Report <Kessan Tanshin>)

## [Notes regarding information per investment unit]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
Net assets per investment unit JPY 468,752	Net assets per investment unit JPY 469,544
Net income per investment unit JPY 8,820	Net income per investment unit JPY 9,458
Because there are no latent investment units, PRI does not record net income per investment unit after adjustment of latent investment units.	Same as fifth fiscal period

Note: Net income per investment unit is calculated using the following average investment units in the respective periods.

Average investment units in the third and fourth fiscal periods:

Sixth fiscal period (February 1, 2008 to July 31, 2008): 75,100 (no changes during the period)

Fifth fiscal period (August 1, 2007 to January 31, 2008): 75,100 (no changes during the period)

	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
	(JPY thou)	(JPY thou)
Net income	662,370	710,311
Net income not distributed to unitholders	-	-
Net income distributed to unitholders	662,370	710,311
Average number of units	75,100 units	75,100 units

[Notes regarding subsequent events]

Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
<p>1. Property Sales</p> <p>PRI carried out the following sale of property</p> <p>Maison de Ville Azabudai</p> <p>Sales Price JPY2,956 million</p> <p>Contract Date February 15, 2008</p> <p>Expected Sales Date April 23, 2008</p> <p>Buyer Phillip Estate Co. Ltd</p> <p>Profits from real estate sale of approximately JPY 160 million to be posted as revenues</p>	

## (8) Changes in total investment units outstanding

Public and private offerings from the establishment of PRI to the end of the fourth fiscal period (ended July 31, 2007) are as follows:

Date	Type	Total investment units outstanding (unit)		Paid-in capital (Millions of yen)		Notes
		Change	Balance	Change	Balance	
April 22, 2005	Established by private offering	402	402	201	201	( Note 1 )
July 12, 2005	Public offering	74,698	75,100	34,420	34,621	( Note 2 )

Note 1: PRI's investment units were set at JPY 500,000 per unit at the time of establishment.

Note 2: PRI issued new investment units priced at JPY 480,000 per unit (underwritten price set at JPY 460,800) through a public offering for the purpose of raising funds mainly for the new acquisition of property.

## 1. Officers and directors

Officers of PRI are as follows:

Title	Name	Career Summary	Number of Investment Units Held
Executive Officer	Takeo Nishiyoshi	<p>Apr. 1988 Entered the Supreme Court Legal Training and Research Institute of Japan</p> <p>Apr. 1990 Admission to the Bar (The Daini Tokyo Bar Association) Entered the law firm Saruyama &amp; Fujimaki</p> <p>Jun. 2004 Opened the law firm Saruyama, Nishiyoshi &amp; Sasaki (present post)</p> <p>Apr. 2007 Appointed Executive Officer, Prospect Residential Investment Corporation (present post)</p>	0
Supervising Officer	Chikao Nomura	<p>Apr. 1992 Entered the Management and Coordination Agency in Japan</p> <p>Apr. 2003 Entered the Supreme Court Legal Training and Research Institute of Japan</p> <p>Oct. 2004 Admission to the Bar (The Daiichi Tokyo Bar Association) Entered Hiroshi Hori Law Firm (currently Hori Law Firm) (present post)</p> <p>Apr. 2005 Appointed Supervising Officer, Prospect Residential Investment Corporation (present post)</p>	0

Supervising Officer	Kazuhiko Chiba	Oct. 1982	Entered the auditing firm Arthur Anderson in Japan (currently KPMG AZSA & Co.)	0
		Aug. 1988	Registered as a certified public accountant	
		May 2000	Appointed Managing Partner of Asahi & Co. (currently KPMG AZSA & Co.)	
		Apr. 2004	Appointed Representative Director of AP Outsourcing Ltd. (present post)	
		Jun. 2004	Registered as a certified public tax accountant	
		Apr. 2005	Appointed Supervising Officer, Prospect Residential Investment Corporation (present post)	

## 2. Reference material

## (1) Investment breakdown

A breakdown of PRI's investment assets as of the end of the sixth fiscal period (ended July 31, 2008) is as follows:

		Fifth Fiscal Period (August 1, 2007 to January 31, 2008)		Sixth Fiscal Period (February 1, 2008 to July 31, 2008)	
Type of asset	Use	Total held (Millions of yen)	Proportion to total (%)	Total held (Millions of yen)	Proportion to total (%)
Trust beneficiary rights in real estate	Residential rental units	69,384	92.3	67,518	92.8
Real estate	Residential rental units	1,586	2.1	1,572	2.2
Deposit and other assets		3,372	4.6	3,680	5.0
Total assets		74,343	100.0	72,770	100.0

Note: Total held amounts are recorded on the balance sheets (total of book values after deducting depreciation).

## (2) Investment properties classified as real estate or entrusted real estate

## Overview of investment properties

The following chart lists investment properties owned by PRI as of July 31, 2008. With the exception of properties S017, F017, and F022, which are classified as real estate, all other assets are classified as trust beneficiary rights in real estate.

Code	Property Name	Acquisition Price (Millions of Yen) (Note 1)	Percentage Share of Total (%) (Note 2)	Appraisal Value (Millions of Yen) (Note 3)	Acquisition Date
S001	TK Flats Shibuya	6,399	9.4	5,930	July 12, 2005
S002	Prospect Shinonomebashi	3,353	4.9	3,520	July 12, 2005
S004	Maison de Ville Takanawa Gyoranzaka	1,768	2.6	1,800	July 14, 2005
S005	Prospect Omori-Kaigan	1,807	2.6	1,830	July 14, 2005
S006	Abreast Shin-Osaka	1,826	2.7	1,872	July 12, 2005
S007	Maison de Ville Naka-Meguro	1,189	1.7	1,200	July 14, 2005
S008	Roppongi Rise House	1,184	1.7	1,110	July 12, 2005
S009	Prospect Nihonbashi-Honcho	1,070	1.6	1,010	July 12, 2005
S011	Fragrance Kawasaki	624	0.9	618	July 12, 2005
S012	Abreast Sakuragawa	516	0.8	466	July 12, 2005
S013	Dome Takamine	322	0.5	258	July 12, 2005

## Prospect Residential Investment Corporation

S014	Dome Yotsuya	275	0.4	220	July 12, 2005
S015	TK Flats Denenchofu Annex	249	0.4	216	July 12, 2005
S016	Abreast Nagase	209	0.3	171	July 12, 2005
S017	Living Stage Higashi-Sendai	435	0.6	404	August 31, 2005
S018	Prospect Toyonaka Hattori	396	0.6	440	February 10, 2006
S019	Prospect Bishoen	376	0.6	378	February 15, 2006
S020	Prospect Shimogamo	411	0.6	377	March 15, 2006
S021	Prospect Kawaramachi-Gojo	803	1.2	756	March 15, 2007
S022	Prospect Chuo-Rinkan	700	1.0	614	March 15, 2007
S023	Sky Hills N15	932	1.4	942	May 31, 2007
S024	Sky Hills Sakaimachi	1,115	1.6	1,010	May 31, 2007
S025	Domy Chitose	592	0.9	540	May 31, 2007
S026	Sky Hills Takadai I	691	1.0	668	May 31, 2007
S027	Exceria Ikebukuro West II	1,020	1.5	1,000	June 20, 2007
S028	Prospect Monzennakacho	1,250	1.8	1,220	June 20, 2007
S029	Prospect KALON Minowa	1,930	2.8	1,920	September 7, 2007
S030	Prospect Nakanoshima	1,000	1.5	967	October 19, 2007
S031	Prospect Ogikubo	880	1.3	901	November 7, 2007
S032	Prospect Musashi-Shinjo	1,230	1.8	1,230	May 30, 2008
F001	Prospect Kiyosumi-Teien	2,780	4.1	2,900	July 14, 2005
F002	Park Terrace Ebisu	2,712	4.0	2,640	July 14, 2005
F003	BELNOS34	2,534	3.7	2,160	July 12, 2005
F004	Prospect Dogenzaka	2,294	3.4	2,060	July 12, 2005
F005	U House Daikan-Cho	1,548	2.3	1,409	July 12, 2005
F006	U House Gokiso	1,406	2.1	1,297	July 12, 2005
F007	Angel Heim Nishi-Rokugo No.2	1,401	2.1	1,344	July 14, 2005
F008	Prospect Onshi-Koen	1,196	1.8	1,270	July 12, 2005
F009	Deim-Hashimoto	992	1.5	943	July 12, 2005
F010	SK Residence	1,020	1.5	979	July 12, 2005
F012	Garden City Urawa	878	1.3	776	July 12, 2005
F014	U House Tsurumai II	685	1.0	567	July 12, 2005
F017	Living Stage Minami-Sendai	275	0.4	268	August 31, 2005
F019	Prospect Glarsa Hiroo	3,905	5.7	4,470	February 15, 2006
F020	Prospect Katsura	570	0.8	550	March 03, 2006
F021	Crown Heim Nishi-Tanabe	601	0.9	566	March 03, 2006
F022	Takasagoseki Nibankan	810	1.2	782	March 15, 2006
F023	Prospect Machiya	547	0.8	541	November 07, 2006

## Prospect Residential Investment Corporation

F024	Prospect Hatsudai	730	1.1	670	March 15, 2007
F025	Prospect Morishita	1,480	2.2	1,480	March 15, 2007
F026	Prospect Nishi-Sugamo	1,419	2.1	1,390	March 30, 2007
F027	Palais D'Or Maruyama	1,250	1.8	1,130	October 19, 2007
F028	Prospect Kawasaki	1,717	2.5	1,770	October 19, 2007
F029	Prospect Nihonbashi-Koamicho	946	1.4	995	October 19, 2007
Total		68,249	100.0	66,549	

Note 1: Acquisition price does not include real estate brokerage fees and other expenses incurred through the acquisition of properties.

Note 2: Figures are rounded to the nearest first decimal place.

Note 3: Based on the Cabinet Office Ordinance Concerning Balance Sheets, Income Statements, Asset Management Reports, Cash Distribution Statements and Other Supplementary Documents to be Prepared by Investment Corporations, appraisal values are drawn from valuation reports prepared by Aoyama Realty Advisors Inc., Chuo Real Estate Appraisal Co., Ltd., Tanizawa Sogo Appraisal Co., Ltd., Mitsui Real Estate Sales Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd as of the Investment Corporation's closing date. The properties appraised by each appraiser are shown below, with the property codes corresponding to those in the above table.

Aoyama Realty Advisors Inc.: S001 to S005, S007 to S009, S018 to S021, S029, F001, F003, F004, F009, F010, F012, F019 to F023, and F026, F027

Chuo Real Estate Appraisal Co., Ltd.: S006, S011 to S017, F005 to F007, F013, F014 and F017

Tanizawa Sogo Appraisal Co., Ltd.: S023 to S026, S030, F002, F008 and F029

Mitsui Real Estate Sales Co., Ltd.: S022, F024, and F025

Daiwa Real Estate Appraisal Co., Ltd.: S027, and S028

HIRO & REAS network Co., Ltd : S031

## Overview of real estate and entrusted real estate

The following chart lists property names, site areas, and other information for real estate and entrusted real estate.

Code	Property Name	Location	Site Area (m <sup>2</sup> ) (Note 1)	Total Leasable Floor Space (m <sup>2</sup> ) (Note 2)	Total Leased Floor Space (m <sup>2</sup> ) (Note 3)	Total No. of Leasable Residential Units (Note 4)	Total No. of Leased Residential Units (Note 5)	Total Monthly Rental Revenues (Thousands of Yen) (Note 6)	Number of tenants (Note 7)	Occupancy Ratio (By Space) (%) (Note 8)	Occupancy Ratio (By No. of Residential Units) (%) (Note 9)
S001	TK Flats Shibuya	Shibuya-ku, Tokyo	1,800.47	6,903.54	5,884.59	194	165	26,893	1	85.2	85.1
S002	Prospect Shinonomebashi	Koto-ku, Tokyo	1,385.45	4,849.20	4,403.51	171	156	16,636	1	90.8	91.2
S004	Maison de Ville Takanawa Gyoranzaka	Minato-ku, Tokyo	638.65	1,778.37	1,726.02	70	68	8,367	1	97.1	97.1
S005	Prospect Omori-Kaigan	Ota-ku, Tokyo	856.82	2,478.04	2,478.04	89	89	8,974	1	100.0	100.0
S006	Abreast Shin-Osaka	Osaka-shi, Osaka	766.13	2,984.64	2,516.79	92	78	15,922	47	84.3	84.8
S007	Maison de Ville Naka-Meguro	Meguro-ku, Tokyo	275.36	1,275.00	1,275.00	50	50	6,051	1	100.0	100.0
S008	Roppongi Rise House	Minato-ku, Tokyo	574.65	1,209.87	1,063.41	34	31	4,854	1	87.9	91.2
S009	Prospect Nihonbashi-Honcho	Chuo-ku, Tokyo	174.36	1,290.49	1,194.69	50	48	5,130	1	92.6	96.0
S011	Fragrance Kawasaki	Kawasaki-shi, Kanagawa	228.05	1,065.96	1,022.84	45	43	3,579	1	96.0	95.6
S012	Abreast Sakuragawa	Osaka-shi, Osaka	361.99	1,009.92	967.92	48	46	2,869	1	95.8	95.8



## Prospect Residential Investment Corporation

S013	Dome Takamine	Nagoya-shi, Aichi	983.60	946.04	708.58	36	27	1,482	1	74.9	75.0
S014	Dome Yotsuya	Nagoya-shi, Aichi	812.09	765.90	724.90	36	34	1,609	1	94.6	94.4
S015	TK Flats Denenchofu Annex	Ota-ku, Tokyo	286.90	429.50	336.61	14	11	1,203	1	78.4	78.6
S016	Abreast Nagase	Higashiosaka-shi, Osaka	318.54	532.98	532.98	26	26	1,413	26	100.0	100.0
S017	Living Stage Higashi-Sendai	Sendai-shi, Miyagi	904.00	1,539.41	1,360.47	52	46	2,484	1	88.4	88.5
S018	Prospect Toyonaka Hattori	Toyonaka-shi, Osaka	352.75	986.34	986.34	34	34	2,448	1	100.0	100.0
S019	Prospect Bishoen	Osaka-shi, Osaka	313.24	901.15	870.55	26	25	2,176	1	96.6	96.2
S020	Prospect Shimogamo	Kyoto-shi, Kyoto	234.53	675.51	592.71	31	27	1,714	1	87.7	87.1
S021	Prospect Kawaramachi-Gojo	Shimogyo-ku, Kyoto	234.98	1,528.12	1,307.85	52	45	3,898	1	85.6	86.5
S022	Prospect Chuo-Rinkan	Yamato-shi, Kanagawa	589.73	1,098.24	1,052.48	48	46	3,320	1	95.8	95.8
S023	Sky Hills N15	Sapporo-shi, Hokkaido	1,232.73	4,754.86	4,754.86	111	111	5,106	1	100.0	100.0
S024	Sky Hills Sakaimachi	Chitose-shi, Hokkaido	4,189.46	6,775.39	6,775.39	135	135	6,039	1	100.0	100.0
S025	Domy Chitose	Chitose-shi, Hokkaido	1,796.60	3,383.02	3,383.02	111	111	4,081	1	100.0	100.0
S026	Sky Hills Takadai I	Chitose-shi, Hokkaido	2,401.78	4,712.47	4,712.47	120	120	5,500	1	100.0	100.0
S027	Exceria Ikebukuro West II	Toshima-ku, Tokyo	290.14	1,379.52	1,303.70	48	45	4,899	1	94.5	93.8
S028	Prospect Monzennakacho	Koto-ku, Tokyo	613.01	1,790.56	1,760.10	62	61	6,395	1	98.3	98.4
S029	Prospect KALON Minowa	Taito-ku, Tokyo	473.35	3,032.27	2,900.24	82	79	9,755	1	95.6	96.3
S030	Prospect Nakanoshima	Kita-ku, Osaka	370.61	1,572.48	1,397.76	63	56	5,005	1	88.9	88.9
S031	Prospect Ogikubo	Suginami-ku, Tokyo	731.41	1,106.63	1,041.76	40	38	4,225	1	94.1	95.0
S032	Prospect Musashi-Shinjo	Kawasaki-shi, Kanagawa	972.48	1,855.03	1,855.03	85	85	6,827	1	100.0	100.0
F001	Prospect Kiyosumi-Teien	Koto-ku, Tokyo	1,586.77	5,556.73	5,350.72	77	74	14,468	1	96.3	96.1
F002	Park Terrace Ebisu	Shibuya-ku, Tokyo	790.18	2,705.09	2,528.56	51	47	11,458	1	93.5	92.2
F003	BELNOS 34	Katsushika-ku, Tokyo	3,092.58	5,321.89	4,355.02	100	87	10,870	1	81.8	87.0

## Prospect Residential Investment Corporation

F004	Prospect Dogenzaka	Shibuya-ku, Tokyo	274.24	2,058.53	1,869.83	47	43	9,269	1	90.8	91.5
F005	U House Daikan-Cho	Nagoya-shi, Aichi	2,060.52	5,944.44	5,526.80	96	89	9,050	1	93.0	92.7
F006	U House Gokiso	Nagoya-shi, Aichi	3,113.87	5,127.19	4,447.66	78	72	7,706	1	86.7	92.3
F007	Angel Heim Nishi-Rokugo No.2	Ota-ku, Tokyo	1,666.28	2,776.64	2,776.64	40	40	6,453	1	100.0	100.0
F008	Prospect Onshi-Koen	Koto-ku, Tokyo	772.00	2,033.77	2,033.77	61	61	6,655	1	100.0	100.0
F009	Deim-Hashimoto	Sagamihara-shi, Kanagawa	898.13	3,170.41	2,972.39	92	87	6,210	1	93.8	94.6
F010	SK Residence	Toshima-ku, Tokyo	474.55	1,624.49	1,624.49	30	30	5,326	1	100.0	100.0
F012	Garden City Urawa	Saitama-shi, Saitama	1,557.49	2,468.51	2,468.51	30	30	4,965	1	100.0	100.0
F014	U House Tsurumai II	Nagoya-shi, Aichi	615.51	2,262.63	2,191.20	34	33	3,792	1	96.8	97.1
F017	Living Stage Minami-Sendai	Sendai-shi, Miyagi	476.23	1,277.10	1,182.65	27	25	1,873	1	92.6	92.6
F019	Prospect Glarsa Hiroo	Shibuya-ku, Tokyo	803.31	3,846.27	3,524.46	112	105	18,310	1	91.6	93.8
F020	Prospect Katsura	Kyoto-shi, Kyoto	1,354.29	1,769.96	1,708.72	29	28	3,065	1	96.5	96.6
F021	Crown Heim Nishi-Tanabe	Osaka-shi, Osaka	444.20	1,517.86	1,196.64	22	18	2,400	1	78.8	81.8
F022	Takasagoseki Nibankan	Sendai-shi, Miyagi	1,794.83	3,336.52	3,192.32	41	39	5,204	1	95.7	95.1
F023	Prospect Machiya	Arakawa-ku, Tokyo	251.44	1,169.37	1,002.88	21	18	2,642	1	85.8	85.7
F024	Prospect Hatsudai	Shibuya-ku, Tokyo	586.68	817.71	708.49	22	19	2,971	1	86.6	86.4
F025	Prospect Morishita	Koto-ku, Tokyo	736.43	2,399.23	2,399.23	45	45	7,458	1	100.0	100.0
F026	Prospect Nishi-Sugamo	Koto-ku, Tokyo	368.15	2,023.42	2,023.42	42	42	6,610	1	100.0	100.0
F027	Palais D'Or Maruyama	Chuo-ku, Sapporo	2,236.99	4,678.32	3,526.78	64	48	5,925	1	75.4	75.0
F028	Prospect Kawasaki	Saiwai-ku, Kawasaki	1,218.89	3,377.53	3,377.53	52	52	9,010	1	100.0	100.0
F029	Prospect Nihonbashi-Koamicho	Chuo-ku, Tokyo	273.37	1,364.02	1,364.02	37	37	5,217	1	100.0	100.0
	Total			133,238.08	124,243.34	3,305	3,105	345,767	125	93.2	93.9

Note 1. In the 'Site Area' column, figures for total site area of real estate or entrusted real estate are based on data in register books or records. In some cases, such data might not be completely accurate.

Note 2. In the 'Total Leasable Floor Space' column, figures represent leasable floor space for portions of real estate or entrusted real estate acquired by PRI.

Note 3. In the 'Total Leased Floor Space' column, figures represent leased floor space with lease contracts concluded with end-tenants. Such floor space excludes leased site (land) area. Figures are based on lease contracts between end-tenants and master lessors or trust beneficiaries. Nevertheless, in cases of apparent errors in lease contracts, floor space data are based on information given by the previous owner of the acquired properties, information shown on plans at completion, etc.

Note 4. In the 'Total Leasable Residential Units' column, figures represent leasable units for portions of real estate or entrusted real estate acquired by PRI.

Note 5. In the 'Total Leased Residential Units' column, figures represent leased units to end-tenants with lease contracts concluded between end-tenants and master lessers or trust beneficiaries as of July 31, 2008.

Note 6. In the 'Total Monthly Rental Revenues' column, figures represent total monthly revenues as recorded in lease contracts concluded between end-tenants and master lessers or trust beneficiaries as of July 31, 2008. Such revenues include common area maintenance fee revenues but exclude revenues from monthly contracted parking spaces or such supplemental facilities as storage and locker space.

Note 7. In the 'Total Number of Tenants' column, '1' represents cases of lease contracts concluded between trust beneficiaries and master lessers. In such cases, figures are based on the assumption that all end-tenants have agreed with their master lesser to be lessers (sub-lessers). In the cases that one tenant leases more than one unit, the number of tenants is recorded as '1.' These figures are based on information current as of July 31, 2008.

Note 8. In the 'Occupancy Ratio (By Space)' column, percentage figures represent the proportion of leased floor space to leasable floor space of each real estate or entrusted real estate property. In addition, percentage numbers are rounded to the nearest first decimal place. The 'Total' percentage figure represents the proportion of total leased floor space to total leasable floor space as of July 31, 2008.

Note 9. In the 'Occupancy Ratio (By No. of Residential Units)' column, percentage figures represent the proportion of leased floor space to leasable floor space of each asset. In the 'Occupancy Ratio (By Space)' column, percentage figures are rounded to the nearest first decimal place. The 'Total' percentage figure represents the proportion of total leased floor space to total leasable floor space as of July 31, 2008.

( 3 ) Capital Expenditures for Investment Properties  
Capital Expenditure Plan (consisting of items from JPY 1 million)

Property Name	Purpose	Planned period	Planned work amount (millions of yen) Note		
			Total	Paid in this period	Total paid
Abreast Shin-Osaka	Large-scale repair work	From October 2008 to January 2009	23	-	-
Maison de Ville Naka-Meguro	New installation of security cameras	August 2008	1	-	-
Dome Takamine	New installation of security cameras	August 2008	1	-	-
Dome Yotsuya	New installation of security cameras	August 2008	1	-	-
Sky Hills Sakaimachi	New installation of security cameras	October 2008	2	-	-
BELNOS 34	Renovation of retail space on the second floor	From October 2008 to January 2009	35	-	-
U House Daikan-Cho	Large-scale repair work	From June 2008 to October 2008	83	23	23
U House Daikan-Cho	Renovation of store space on the first floor	From October 2008 to December 2008	5	-	-
U House Gokiso	Renovation of office space on the first floor	From October 2008 to December 2008	30	-	-
U House Gokiso	Renovation of five rooms	From August 2008 to January 2009	15	-	-
Angel Heim Nishi-Rokugo No.2	Waterproofing of roof	From December 2008 to January 2009	4	-	-
Deim-Hashimoto	Renovation of three rooms	From August 2008 to January 2009	10	-	-
Living Stage Minami-Sendai	Replacement of water-supply meters	September 2008	1	-	-
Takasagoseki Nibankan	Replacement of water-supply meters	September 2008	1	-	-
Palais D'Or Maruyama	Installation of new parking facilities for bicycles	October 2008	2	-	-

Note. Numbers are rounded down to the nearest first decimal place.

## Capital expenditures in the period under review

	Purpose	Period	Amount paid (millions of yen)
U House Gokiso	Renovation of room No. 221	From July 1, 2008 to July 31, 2008	2
U House Gokiso	Renovation of room No. 213	From June 3, 2008 to June 30, 2008	2
Deim-Hashimoto	Renovation of room No. 802	From February 25, 2008 to March 16, 2008	2
Deim-Hashimoto	Renovation of room No. 702	From March 1, 2008 to March 29, 2008	2
SK Residence	Replacement of air conditioners for office space on the second floor	April 13, 2008	4
SK Residence	Repair of joint-water pipes	July 11, 2008	1
Prospect Kawasaki	New installation of security cameras	From March 4, 2008 to March 5, 2008	1
Others	Replacementment of air conditioners, water heaters, and others	From July 1, 2008 to July 31, 2008	25
Total			42

Note. Numbers are rounded down to the nearest first decimal place.

## Reserve for repair expenses

(Millions of yen)

Period Items	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Sixth Fiscal Period (February 1, 2008 to July 31, 2008)
Reserve balance at the end of previous fiscal period	384	428
Reserved amount in the period	73	81
Withdrawal in the period	28	40
Balance carried forward	428	469

## 4 ) Figures in Engineering Reports

## Outline of building engineering reports

In addition to receiving support from research firms, PRI commissions them for the following items for each of its investment real estate or entrusted real estate properties.

–Examination of building deterioration, planning of short- and long-term repair expenses, research of compliance in accordance with the Building Standards Law, research of hazardous material contents in buildings, and research of soil conditions.

Nevertheless, the contents of these reports are the opinions of the respective research firms, and PRI does not guarantee the appropriateness and accuracy of such contents.

## Outline of earthquake risk reports

PRI commissions Tokyo Bldg-Tech Center Co., Ltd. (TBTC) for earthquake risk reports and other reports for each investment real estate and entrusted real estate property.

Nevertheless, the contents of the reports are the opinions of TBTC, and PRI does not guarantee the appropriateness and accuracy of such contents.

## Prospect Residential Investment Corporation

Code	Property name	Research firm (Note 1)	Estimate of repair expenses (thousands of yen rounded down)			Rebuilding price of building (millions of yen rounded down)	Month and year of building engineering reports	Probable Maximum Loss (%) (Note 2)	Month and year of earthquake risk reports
			Urgen t	Within one year	Over 12 years				
S001	TK Flats Shibuya	Takenaka	-	490	184,420	2,174	April 2005	8	July 2008
S002	Prospect Shinonomebashi	TBTC	-	-	10,180	1,450	April 2005	19	July 2008
S004	Maison de Ville Takanawa Gyoranzaka	TBTC	-	-	47,800	463	April 2005	12	July 2008
S005	Prospect Omori-Kaigan	TBTC	-	-	6,830	600	April 2005	10	July 2008
S006	Abreast Shin-Osaka	TBTC	-	-	94,760	910	May 2005	12	July 2008
S007	Maison de Ville Naka-Meguro	TBTC	-	-	37,070	372	April 2005	7	July 2008
S008	Roppongi Rise House	TBTC	-	-	3,570	362	February 2005	15	July 2008
S009	Prospect Nihonbashi-Honcho	TBTC	-	-	3,830	385	April 2005	12	July 2008
S011	Fragrance Kawasaki	TBTC	-	-	2,990	274	April 2005	13	July 2008
S012	Abreast Sakuragawa	TBTC	-	-	11,570	275	May 2005	15	July 2008
S013	Dome Takamine	Takenaka	-	870	49,760	161	April 2005	6	July 2008
S014	Dome Yotsuya	Takenaka	-	370	49,250	138	April 2005	5	July 2008
S015	TK Flats Denenchofu Annex	TBTC	-	-	21,040	108	April 2005	10	July 2008
S016	Abreast Nagase	TBTC	-	-	21,200	160	May 2005	12	July 2008
S017	Living Stage Higashi-Sendai	TBTC	-	300	46,660	312	August 2005	7	July 2008
S018	Prospect Toyonaka Hattori	Takenaka	-	-	18,490	277	December 2005	9	July 2008
S019	Prospect Bishoen	Takenaka	-	-	8,360	209	December 2005	14	July 2008
S020	Prospect Shimogamo	TBTC	-	-	2,460	203	March 2004	5	July 2008
S021	Prospect Kawaramachi-Gojo	TBTC	-	-	4,320	440	January 2007	12	July 2008
S022	Prospect Chuo-Rinkan	TBTC	-	-	3,960	301	February 2007	14	July 2008
S023	Sky Hills N15	Takenaka	300	-	52,710	609	March 2007	2	July 2008
S024	Sky Hills Sakaimachi	Takenaka	-	-	98,660	850	March 2007	4	July 2008
S025	Domy Chitose	Takenaka	300	-	63,750	415	March 2007	3	July 2008
S026	Sky Hills Takadai I	Takenaka	1,200	680	133,960	581	March 2007	4	July 2008
S027	Exceria Ikebukuro West II	TBTC	-	-	4,860	350	May 2007	10	July 2008
S028	Prospect Monzennakacho	TBTC	-	-	5,400	410	May 2007	19	July 2008
S029	Prospect KALON Minowa	TBTC	-	-	8,000	970	July 2007	14	July 2008
S030	Prospect Nakanoshima	TBTC	-	-	5,210	534	August 2007	12	July 2008
S031	Prospect Ogikubo	TBTC	-	-	3,300	305	August 2007	11	July 2008
S032	Prospect Musashi-Shinjo	TBTC	-	-	26,960	501	May 2008	12	July 2008
F001	Prospect Kiyosumi-Teien	Takenaka	-	100	238,790	1,332	March 2003	15	July 2008
F002	Park Terrace Ebisu	TBTC	-	-	41,750	700	April 2005	11	July 2008
F003	BELNOS34	TBTC	-	150	174,670	1,735	April 2005	12	July 2008
F004	Prospect Dogenzaka	TBTC	-	-	4,130	552	February 2005	9	July 2008
F005	U House Daikan-Cho	Takenaka	-	1,990	260,200	1,181	March 2003	11	July 2008
F006	U House Gokiso	Takenaka	-	500	165,900	1,141	July 2007	10	July 2008
F007	Angel Heim Nishi-Rokugo No.2	Takenaka	-	130	108,540	580	March 2003	11	July 2008
F008	Prospect Onshi-Koen	TBTC	-	-	4,980	574	February 2005	25	July 2008
F009	Deim-Hashimoto	TBTC	-	150	38,280	646	April 2005	13	July 2008
F010	SK Residence	TBTC	-	-	36,930	447	April 2005	11	July 2008
F012	Garden City Urawa	TBTC	-	-	54,830	605	April 2005	5	July 2008
F014	U House Tsurumai II	Takenaka	-	820	125,540	491	April 2005	17	July 2008
F017	Living Stage Minami-Sendai	TBTC	-	150	36,750	300	August 2005	7	July 2008
F019	Prospect Glarsa Hiroo	TBTC	-	270	16,680	1,185	December 2005	7	July 2008
F020	Prospect Katsura	TBTC	-	-	41,620	351	March 2006	7	July 2008

## Prospect Residential Investment Corporation

F021	Crown Heim Nishi-Tanabe	TBTC	-	160	7,070	405	March 2006	11	July 2008
F022	Takasagoseki Nibankan	TBTC	-	150	80,220	761	February 2006	11	July 2008
F023	Prospect Machiya	TBTC	-	-	2,680	290	October 2006	14	July 2008
F024	Prospect Hatsudai	TBTC	-	-	2,190	179	January 2007	8	July 2008
F025	Prospect Morishita	TBTC	-	-	4,930	616	February 2007	11	July 2008
F026	Prospect Nishi-Sugamo	TBTC	-	-	3,890	504	February 2007	10	July 2008
F027	Palais D'Or Maruyama	TBTC	-	300	96,650	975	August 2007	2	July 2008
F028	Prospect Kawasaki	TBTC	-	-	5,810	862	September 2007	10	July 2008
F029	Prospect Nihonbashi-Koamicho	TBTC	-	-	4,150	399	August 2007	12	July 2008
Total portfolio			1,800	7,580	2,593,100	32,185		7.6	

Note 1. In the 'Research firm' column, TBTC stands for Tokyo Bldg-Tech Center Co., Ltd., and Takenaka stands for Takenaka Corporation.

Note 2. Probable Maximum Loss (PML) is a ratio that represents the probability of a maximum loss, and is calculated for each asset and the overall portfolio. In this document, PML is defined as a ratio of a building's estimated restoration cost to its rebuilding price resulting from a maximum-magnitude earthquake projected to occur within a 50-year period every 475 years, therefore having a 10% probability every 50 years.

Note 3. PRI has purchased earthquake insurance for this property.

Note 4. The month and year of building engineering reports and the month and year of earthquake risk reports refer to the first reports issued.

## 5 ) Outline of tenants and others

Outline of leasing conditions for each real estate or entrusted real estate property

(As of July 31, 2008)

Code	Property Name	Total Leasable Floor Space (m <sup>2</sup> )	Total Leased Floor Space (m <sup>2</sup> )	Number of tenants	Total Monthly Rental Revenues (Thousands of Yen)	Percentage share to total revenues (%)
S001	TK Flats Shibuya	6,903.54	5,884.59	1	185	7.9
S002	Prospect Shinonomebashi	4,849.20	4,403.51	1	113	4.9
S003	Maison de Ville Azabudai	-	-	-	35	1.5
S004	Maison de Ville Takanawa Gyoranzaka	1,778.37	1,726.02	1	53	2.3
S005	Prospect Omori-Kaigan	2,478.04	2,478.04	1	62	2.7
S006	Abreast Shin-Osaka	2,984.64	2,516.79	47	101	4.3
S007	Maison de Ville Naka-Meguro	1,275.00	1,275.00	1	38	1.6
S008	Roppongi Rise House	1,209.87	1,063.41	1	32	1.4
S009	Prospect Nihonbashi-Honcho	1,290.49	1,194.69	1	33	1.4
S011	Fragrance Kawasaki	1,065.96	1,022.84	1	22	1.0
S012	Abreast Sakuragawa	1,009.92	967.92	1	19	0.8
S013	Dome Takamine	946.04	708.58	1	11	0.5
S014	Dome Yotsuya	765.90	724.90	1	10	0.4
S015	TK Flats Denenchofu Annex	429.50	336.61	1	8	0.4
S016	Abreast Nagase	532.98	532.98	26	8	0.4
S017	Living Stage Higashi-Sendai	1,539.41	1,360.47	1	17	0.8
S018	Prospect Toyonaka Hattori	986.34	986.34	1	15	0.6
S019	Prospect Bishoen	901.15	870.55	1	13	0.6
S020	Prospect Shimogamo	675.51	592.71	1	13	0.6
S021	Prospect Kawaramachi-Gojo	1,528.12	1,307.85	1	26	1.1
S022	Prospect Chuo-Rinkan	1,098.24	1,052.48	1	24	1.1
S023	Sky Hills N15	4,754.86	4,754.86	1	32	1.4
S024	Sky Hills Sakaimachi	6,775.39	6,775.39	1	39	1.7
S025	Domy Chitose	3,383.02	3,383.02	1	25	1.1
S026	Sky Hills Takadai I	4,712.47	4,712.47	1	35	1.5
S027	Exceria Ikebukuro West II	1,379.52	1,303.70	1	30	1.3
S028	Prospect Monzennakacho	1,790.56	1,760.10	1	39	1.7

## Prospect Residential Investment Corporation

S029	Prospect KALON Minowa	3,032.27	2,900.24	1	61	2.6
S030	Prospect Nakanoshima	1,572.48	1,397.76	1	32	1.4
S031	Prospect Ogikubo	1,106.63	1,041.76	1	26	1.1
S032	Prospect Musashi-Shinjo	1,855.03	1,855.03	1	15	0.6
F001	Prospect Kiyosumi-Teien	5,556.73	5,350.72	1	102	4.4
F002	Park Terrace Ebisu	2,705.09	2,528.56	1	75	3.2
F003	BELNOS34	5,321.89	4,355.02	1	77	3.3
F004	Prospect Dogenzaka	2,058.53	1,869.83	1	60	2.6
F005	U House Daikan-Cho	5,944.44	5,526.80	1	60	2.6
F006	U House Gokiso	5,127.19	4,447.66	1	54	2.3
F007	Angel Heim Nishi-Rokugo No.2	2,776.64	2,776.64	1	55	2.4
F008	Prospect Onshi-Koen	2,033.77	2,033.77	1	42	1.8
F009	Deim-Hashimoto	3,170.41	2,972.39	1	38	1.6
F010	SK Residence	1,624.49	1,624.49	1	36	1.6
F012	Garden City Urawa	2,468.51	2,468.51	1	29	1.3
F014	U House Tsurumai II	2,262.63	2,191.20	1	27	1.2
F017	Living Stage Minami-Sendai	1,277.10	1,182.65	1	12	0.5
F019	Prospect Glarsa Hiroo	3,846.27	3,524.46	1	133	5.7
F020	Prospect Katsura	1,769.96	1,708.72	1	24	1.0
F021	Crown Heim Nishi-Tanabe	1,517.86	1,196.64	1	18	0.8
F022	Takasagoseki Nibankan	3,336.52	3,192.32	1	37	1.6
F023	Prospect Machiya	1,169.37	1,002.88	1	18	0.8
F024	Prospect Hatsudai	817.71	708.49	1	20	0.9
F025	Prospect Morishita	2,399.23	2,399.23	1	51	2.2
F026	Prospect Nishi-Sugamo	2,023.42	2,023.42	1	39	1.7
F027	Palais D'Or Maruyama	4,678.32	3,526.78	1	45	2.0
F028	Prospect Kawasaki	3,377.53	3,377.53	1	57	2.5
F029	Prospect Nihonbashi-Koamicho	1,364.02	1,364.02	1	31	1.3
Total		133,238.08	124,243.34	125	2,341	100.0

Note: Leasing operations started from May 2008 for Prospect Musashi-Shinjo (Code: S032). Leasing operations ended on April 22, 2007 for Maison de Ville Azabudai (S003).

## Occupancy rates

(End of each month)

Code	Property Name	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008
S001	TK Flats Shibuya	89.9	90.0	90.9	91.1	90.2	88.0	85.2
S002	Prospect Shinonomebashi	100.0	100.0	98.7	95.9	92.4	91.7	90.8
S003	Maison de Ville Azabudai	94.2	94.6	95.1				
S004	Maison de Ville Takanawa Gyoranzaka	98.6	100.0	100.0	98.6	97.2	95.6	97.1
S005	Prospect Omori-Kaigan	98.7	100.0	100.0	95.4	100.0	98.7	100.0
S006	Abreast Shin-Osaka	87.5	87.5	85.4	85.4	85.4	85.4	84.3
S007	Maison de Ville Naka-Meguro	100.0	100.0	96.0	98.0	100.0	98.0	100.0
S008	Roppongi Rise House	97.6	100.0	97.6	95.2	87.9	87.9	87.9
S009	Prospect Nihonbashi-Honcho	90.6	89.9	94.4	92.8	92.8	96.5	92.6
S011	Fragrance Kawasaki	100.0	97.7	100.0	98.0	96.0	96.0	96.0
S012	Abreast Sakuragawa	93.7	93.7	100.0	95.8	97.9	95.8	95.8
S013	Dome Takamine	78.0	100.0	80.0	80.4	74.9	74.9	74.9
S014	Dome Yotsuya	97.2	88.7	97.0	94.4	94.6	94.6	94.6
S015	TK Flats Denenchofu Annex	92.9	92.9	92.8	78.4	78.4	78.4	78.4
S016	Abreast Nagase	100.0	100.0	100.0	100.0	96.2	100.0	100.0
S017	Living Stage Higashi-Sendai	83.1	85.0	90.5	96.3	90.5	88.4	88.4
S018	Prospect Toyonaka Hattori	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S019	Prospect Bishoen	96.6	96.6	100.0	100.0	100.0	100.0	96.6
S020	Prospect Shimogamo	100.0	100.0	96.9	84.7	84.7	84.7	87.7
S021	Prospect Kawaramachi-Gojo	82.3	85.7	83.6	83.8	83.8	87.4	85.6
S022	Prospect Chuo-Rinkan	95.8	95.8	95.8	95.8	97.9	100.0	95.8

## Prospect Residential Investment Corporation

S023	Sky Hills N15	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S024	Sky Hills Sakaimachi	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S025	Domy Chitose	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S026	Sky Hills Takadai I	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S027	Exceria Ikebukuro West II	100.0	96.1	96.9	94.5	94.5	94.5	94.5
S028	Prospect Monzennakacho	100.0	100.0	98.3	98.3	98.3	98.3	98.3
S029	Prospect KALON Minowa	97.9	98.9	99.0	96.0	95.2	96.0	95.6
S030	Prospect Nakanoshima	90.5	92.1	93.7	88.9	90.5	88.9	88.9
S031	Prospect Ogikubo	88.3	90.7	100.0	100.0	93.8	94.1	94.1
S032	Prospect Musashi-Shinjo					0.0	100.0	100.0
F001	Prospect Kiyosumi-Teien	98.6	98.6	100.0	94.8	96.1	98.6	96.3
F002	Park Terrace Ebisu	96.0	95.8	95.8	94.1	90.7	92.8	93.5
F003	BELNOS34	84.8	77.0	79.6	79.8	79.8	79.0	81.8
F004	Prospect Dogenzaka	86.3	90.4	91.8	93.3	92.5	89.1	90.8
F005	U House Daikan-Cho	98.2	98.2	95.2	96.2	93.8	91.9	93.0
F006	U House Gokiso	80.7	79.8	87.3	88.2	88.2	87.6	86.7
F007	Angel Heim Nishi-Rokugo No.2	97.3	95.0	95.2	100.0	100.0	100.0	100.0
F008	Prospect Onshi-Koen	100.0	97.7	95.9	97.0	98.8	100.0	100.0
F009	Deim-Hashimoto	78.3	81.4	86.6	91.5	91.1	91.2	93.8
F010	SK Residence	100.0	97.2	97.4	100.0	94.2	94.2	100.0
F012	Garden City Urawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0
F014	U House Tsurumai II	96.8	100.0	100.0	100.0	100.0	96.8	96.8
F017	Living Stage Minami-Sendai	85.2	85.2	85.2	88.9	88.9	88.9	92.6
F019	Prospect Glarsa Hiroo	96.5	96.0	94.8	95.4	96.4	94.3	91.6
F020	Prospect Katsura	100.0	96.5	89.7	96.5	96.5	96.5	96.5
F021	Crown Heim Nishi-Tanabe	95.7	95.7	100.0	83.1	78.8	83.1	78.8
F022	Takasagoseki Nibankan	84.4	88.8	95.6	100.0	100.0	95.7	95.7
F023	Prospect Machiya	100.0	100.0	100.0	100.0	100.0	95.3	85.8
F024	Prospect Hatsudai	95.2	95.2	91.8	87.3	90.7	86.6	86.6
F025	Prospect Morishita	98.0	98.0	100.0	97.5	100.0	100.0	100.0
F026	Prospect Nishi-Sugamo	100.0	100.0	100.0	100.0	100.0	100.0	100.0
F027	Palais D'Or Maruyama	78.6	84.5	86.1	80.9	81.8	81.8	75.4
F028	Prospect Kawasaki	100.0	100.0	100.0	100.0	100.0	100.0	100.0
F029	Prospect Nihonbashi-Koamicho	96.4	93.5	93.5	97.8	97.8	97.8	100.0

Note: The formula to calculate occupancy rate is 'leased floor space/leasable floor space,' with results rounded to the nearest first decimal place.

## ( 6 ) Information related to major real estate and major entrusted real estate

None of the real estate or entrusted real estate properties owned by PRI independently accounted for at least 10% of total real estate rental revenues in the fifth fiscal period.

## ( 7 ) Portfolio diversification

Portfolio diversification by region, years after construction, and type of units is as follows:

By region

Region	Number of property	Acquisition price (millions of yen rounded down) (Note 2)	Percentage share of acquisition price to total (%) (Note 3)	Total leasable floor space (m <sup>2</sup> ) (Note 4)	Percentage share of floor space to total (%) (Note 3)
Tokyo's 23 Wards	25	45,064	66.0	61,220.15	45.9
Tokyo Metropolitan Area (excluding Tokyo's 23 Wards)	6	6,141	9.0	13,035.68	9.8
Other Regions (Note 1)	23	17,044	25.0	58,982.25	44.3
Total	54	68,249	100.0	133,238.08	100.0



- Note 1. The "other regions" category refers to government-designated cities and prefectural capitals, excluding regions within the Tokyo Metropolitan area, as well as other cities of equivalent size and commuter belts for all of the aforementioned regions.
- Note 2. Transaction prices exclude consumption tax recorded on sales contracts.
- Note 3. Percentage numbers are rounded to the nearest first decimal place.
- Note 4. Leasable space owned by PRI excluding certain sites (ground-level parking spaces).

## Years after construction

Years after construction	Number of property	Acquisition price (millions of yen rounded down) (Note 1)	Percentage share of acquisition price to total (%) (Note 2)	Total leasable floor space (m <sup>2</sup> ) (Note 3)	Percentage share of floor space to total (%) (Note 2)
Up to one year	1	1,230	1.8	1,855.03	1.4
More than one year and up to five years	23	28,649	42.0	41,884.18	31.4
More than five years and up to ten years	13	21,452	31.4	38,792.31	29.1
More than ten years	17	16,918	24.8	50,706.56	38.1
Total	54	68,249	100.0	133,238.08	100.0

- Note 1. Transaction prices exclude consumption tax recorded on sales contracts.
- Note 2. Percentage numbers are rounded to the nearest first decimal place.
- Note 3. Leasable space owned by PRI excluding certain sites (ground-level parking spaces).

## (8) Outline of major tenants and outline of overall tenants

## List of major tenants

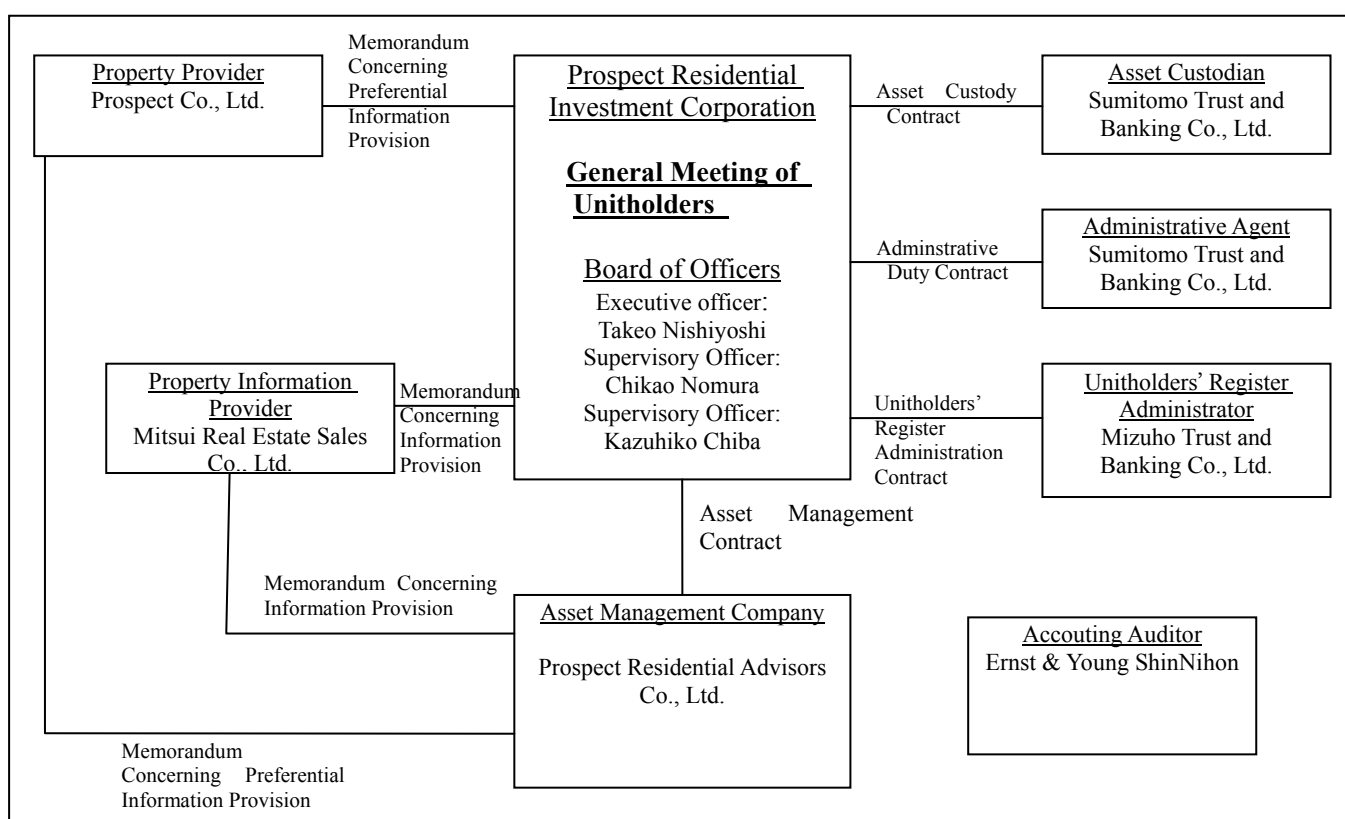
The following chart shows the names of major tenants with leased floor space and total monthly rents for property owned by PRI at the end of the fourth fiscal period. To be designated as a major tenant, leased floor space must account for at least 10% of the total leased floor space of PRI's portfolio. All of these tenants are master lessers.

Tenant Name	Industry	Total Leased Floor Space (m <sup>2</sup> )	Percentage share to Total Leased Floor Space (%) (Note 2)	Total Monthly Rental Revenues (Thousands of Yen) (Note 3)	Percentage share to total revenues (%) (Note 4)
Haseko Livenet Co., Ltd	Real estate	50,322.31	40.5	151,517	43.8
Tokyu Community Co., Ltd	Real estate	33,693.88	27.1	47,290	13.7
Mitsui Fudosan Residential Lease Co., Ltd (Note 1)	Real estate	16,134.98	13.0	55,771	16.1
Total of Major Tenants		100,151.17	80.6	254,575	73.6
Total Portfolio		124,243.34	100.0	345,767	100.0

- Note 1. Mitsui Fudosan Residential Lease Co., Ltd. succeeded the condominium leasing operations of Mitsui Fudosan Real Estate Sales Co., Ltd. on April 1, 2003. Hence, Mitsui Fudosan Real Estate Sales is used in master lease contracts.
- Note 2. Percentage numbers are rounded to the nearest first decimal place.
- Note 3. In the "Total monthly rents" column represents total monthly rent received by trust beneficiaries of real estate or entrusted real estate properties based on master lease contracts.
- Note 4. Percentage numbers are rounded to the nearest first decimal place.

6 . Corporations and entities related to PRI (in reference material 1 . Corporations and entities related to PRI )

( 1 ) Structure of the Investment Corporation



(2) Names, operational roles, and outline of related operations

Operational roles	Names	Outline of related operations
Investment Corporation	Prospect Residential Investment Corporation	PRI invests primarily in properties wholly or partly for residential use, and defined as real estate or real estate related assets (Notes) backed by real estate. With the aim of achieving steady growth and securing stable earnings and profits over the medium to long term, PRI carries out the management of its investment assets.
Asset Management Company	Prospect Residential Advisors Co., Ltd.	<p>PRI outsources all asset management operations to Prospect Residential Advisors Co., Ltd. (the "Asset Management Company"). Based on the Asset Management Contract signed between the two parties on April 22, 2005 (the "Contract," as amended thereafter), the Asset Management Company has formulated its Investment Management Policy (the "Policy") to function as in-house rules and regulations regarding the management of the Investment Assets.</p> <p>In accordance with the Policy, the Asset Management Company formulates Annual Asset Management Plans ("Plans") for each of the Investment Corporation's operating periods. The Plans present period-specific reports concerning the acquisition, disposition and management of real estate-related assets; fund procurement and other financing schemes; and distribution strategies.</p> <p>The outsourced operations to the Asset Management Company from PRI are as follows:                      Operations for asset management, fund raising operations, reporting on asset conditions compiling property management plans, related operations of and which are commissioned occasionally by PRI.</p>

## Prospect Residential Investment Corporation

Asset Custodian Administrative Agent	Sumitomo Trust and Banking Co., Ltd.	Sumitomo Trust engages in the following operations based on the Administrative Duty Contract as an administrative duty contractor, in accordance with the Investment Trust Law:  Operations for calculations of PRI (excluding unitholders' register administrative operations), operations to compile accounting books for PRI, taxation accounting for PRI, operations for board meetings of officers of PRI and general meetings of unitholders of PRI, and related operations of and . Sumitomo Trust also engages in asset custody operations and related cash management and book keeping operations as an asset custodian in accordance with the Asset Custody Contract and the Investment Trust Law:
Unitholders' Register Administrator	Mizuho Trust and Banking Co., Ltd.	Mizuho Trust engages in the following operations based on the Unitholders' Register Administrative Contracts as a unitholders' register administrator, in accordance with the Investment Trust Law:  Change of names of unitholders, operations to issue investment securities, operations to compile invitations to general meetings of unitholders, notices of decisions made on such meetings and reference documents, proxy documents, and reception support at such meetings, operations to calculate and pay distributions to unitholders, operations to respond to inquiries about investment units, to issue related certificates, and to handle applications of mishaps, operations to sort out and keep documents and undelivered postal items related to outsourced operations, operations to compile statistics of investment units needed by PRI based on related laws and provisions as well as contracts with PRI, and related operations of and .

## Notes:

Real estate related assets are defined in a. and c.

PRI primarily invests in the following designated assets, as set in Item 28.1 of its Articles of Incorporation

- a. real estate
- b. real estate equivalent assets, as follows
  - i) leasing rights to real estate
  - ii) surface rights
  - iii) trust beneficiary rights to real estate, leasehold, and surface rights
  - iv) cash trust beneficiary rights to real estate, leasehold, and surface rights
  - v) equity contracts with the above a. and b.i), and iv) as investment assets
  - vi) cash trust beneficiary rights to anonymous partnership equity with real estate as major trust assets
- c. More than half or equal to half of backed assets investmented in real estate
  - i) preferred equity securities (according to Article 2.12 of the Asset Liquidation Act)
  - ii) beneficiary securities (according to Article 2.12 of the Investment Trust Law)
  - iii) investment securities (according to Article 2.22 of the Investment Trust Law)
  - iv) beneficiary securities for designated purpose trusts (according to Article 2.15 of the Asset Liquidation Act, excluding the above b. iii. iv. and v.)

## ( 3 ) Major related parties other than the aforementioned

Operational roles	Names	Outline of related operations
Property Provider	Prospect Co., Ltd. (KKP) (Note)	KKP concluded the Memorandum Concerning Preferential Information Provision with PRI as well as PRA. Based on the memorandum, KKP agrees to supply certain information about real estate and to give preferential negotiation rights to PRI with respect to acquiring real estate as well as real estate related assets it owns, will own or develop.
Property Information Provider	Mitsui Real Estate Sales Co., Ltd.	Mitsui Real Estate Sales Co., Ltd. concluded the Memorandum Concerning Information Provision with PRI as well as PRA. Based on the memorandum, it supplies PRI as well as PRA information about certain real estate to be sold.

Note: KKP is a 100% shareholder of the Asset Management Company.