

# **Prospect Residential Investment Corporation**

Listed on the Tokyo Stock Exchange with the securities code 8969

## **Fifth Fiscal Period Results**

(July 31, 2007 to January 31, 2008)

**March 14, 2008**



**Disclaimer**

This document contains a translation of information provided in the Financial Report (*Kessan Tanshin*) of Prospect Residential Investment Corporation (“PRI”) dated March 14, 2008, and prepared under the timely disclosure requirements of the Tokyo Stock Exchange for the period from August 1, 2007 to January 31, 2008.

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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.

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

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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*): April 22, 2008

Planned date of distribution payment commencement: April 16, 2008

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

1) Operating Performance

(Millions of yen rounded down unless otherwise stated)

Fiscal Period Ended	Operating Revenues		Operating Income		Ordinary Income		Net Income	
		%		%		%		%
January 31, 2008	2,330	8.5	1,057	8.8	663	-6.7	662	-6.6
July 31, 2007	2,148	-3.7	972	-3.2	710	-4.5	709	-4.6

Fiscal Period Ended	Net Income per Unit	Return on Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	%	%	%
January 31, 2008	8,820	1.9	0.9	28.5
July 31, 2007	9,448	2.0	1.1	33.1

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
January 31, 2008	8,820	662	-	-	100.0%	1.9%
July 31, 2007	9,448	709	-	-	99.9%	2.1%

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)
January 31, 2008	74,343	35,203	47.4%	468,752
July 31, 2007	67,589	35,316	52.3%	470,265

(Reference Material) Net worth, JPY 35,203 million as of January 31, 2008 and JPY 35,316 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
January 31, 2008	2,050	-8,296	5,884	2,963
July 31, 2007	1,630	-11,343	10,163	3,324

(2) Forecast of Revenues and Earnings (for the Sixth Fiscal Period: February 1, 2008 to July 31, 2008)

(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)
July 31, 2008	2,491 (6.8)	1,106 (4.6)	679(2.5)	678(2.5)	9,039	-

(Reference Material) Estimated net income per unit for the sixth fiscal period ending July 31, 2008: JPY 9,039

(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 January 31, 2008; 75,100 units as of July 31, 2007
  - B. Investment units owned by PRI at fiscal period-ends:  
0 units as of January 31, 2008; 0 units as of July 31, 2007

(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 48.

## 2) Management Policy and Operating Conditions

### (1) Management Policy

Because there have been no changes from the last Company Report (Yukashoken Hokokusho), submitted on October 25, 2007, 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 fifth fiscal period, the six-month period ended January 31, 2008, the Japanese economy faced increased uncertainty stemming from the negative effects of the subprime loan crisis in the United States. This was despite sustained strength, primarily in the corporate sector. Year-on-year results reported in the monthly mining and industrial output index from June 2007 onwards displayed consecutive positive numbers for three quarters from the April–June quarter in 2007. Nevertheless, it seems increasingly likely that these figures will turn negative in the January–March quarter in 2008. The employment situation also became unclear as the unemployment rate slightly worsened to 3.8% 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 1.9% as of December 2007 on a flash report basis. Statistical indicators for personal consumption showed only slight upward trends. With respect to financial markets, the subprime loan crisis in the United States had various negative effects on a worldwide basis. In particular, there were simultaneous drops in the world’s equity markets in January 2008. The Nikkei Stock Average dropped below JPY 13,000 in late January 2008, and the Average displayed more than 20% depreciation during the six-month period ended January 31, 2008. While various measures were taken by the world’s financial authorities, these moves have not yet ameliorated the negative effects and uncertainty in financial markets.
- b. From an investment perspective, competition for the acquisition of prime properties, not only in the Tokyo Metropolitan area, but also in other major cities, continued to be strong. This is attributed to persistent high demand from overseas investors, including Sovereign Wealth Funds, even though demand from Japan’s real estate investment trust companies and investment funds has peaked. The prices of residential complexes for rental purposes hovered at a high level. There were some areas with a slight oversupply of such complexes, and it is thus unlikely that further price appreciation will occur.
- 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 August 1, 2007, Prospect Residential Investment Corporation ("PRI") managed a portfolio comprising 49 properties (3,022 rental condominiums with a total leasable floor space of 122,495.72 m<sup>2</sup>) worth JPY 62,746 million on an acquisition price basis and for the first time had more than 3,000 units under management at the beginning of the fiscal period. Consistent with its basic management policy to secure steady growth and stable earnings from a medium- to long-term perspective, PRI carried out aggressive acquisition activities and acquired six properties during the fiscal period under review. Five of the six properties are relatively new, having been completed within the past year, and therefore contributed to improving the overall quality of the portfolio and lowering the average building age. The majority of the six properties are located in areas in which future rental rates are expected to increase. In descending order of acquisition date, the names of the newly acquired properties are as follows:

Prospect KALON Minowa, Prospect Kawasaki, Prospect Nihonbashi-Koamicho, Prospect Nakanoshima, Palais D'Or Maruyama, and Prospect Ogikubo.

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 Garden City Kita-Toda in August 2007, posting a net gain on sale of JPY 84 million.

- b. As a result of its management performance in the period under review, PRI acquired six properties worth JPY 7,723 million on an acquisition price basis, with a total leasable floor space of 15,131.25 m<sup>2</sup>, and sold one property at a sales price of JPY 811 million, with total leasable floor space of 3,678.83 m<sup>2</sup>. As of January 31, 2008, PRI maintained an investment property portfolio comprising 54 properties (3,311 rental condominiums with a total leasable floor space of 133,950.14 m<sup>2</sup>) worth JPY 69,739 million on an acquisition price basis.

Bolstering its capabilities in investment property acquisition and management, PRI will also promote stronger ties with interested-party Prospect Co., Ltd. (the "Sponsor Company"), taking into account issues relating to third-party transactions and conflicts of interest. The Sponsor Company serves as the provider of such functions as property warehousing, development and information collection. Leveraging these functions provided by the Sponsor Company, the Investment Corporation acquires properties that have potential for high investment returns at favorable acquisition prices.

\* Prospect Co., Ltd. is the sole shareholder of Prospect Residential Advisors Co., Ltd., the Investment Corporation's Asset Management Company.

The warehousing function allows the Sponsor Company to acquire a newly constructed property on behalf of the Investment Corporation through a special purpose company. After such acquisition, the Sponsor Company conducts leasing operations and works to raise the occupancy rate of the property. Once the occupancy rate has improved, the Investment Corporation purchases the property at the market price. This approach reduces the Investment Corporation's exposure to risks associated with leasing operations.

Utilizing the warehousing functions of its Sponsor Company, Prospect Co., Ltd.\*, PRI acquired the following three properties: Prospect Kawasaki, Prospect Nakanoshima, and Prospect Nihonbashi-Koamicho.

\* Prospect Co., Ltd. is the sole shareholder of Prospect Residential Advisors Co., Ltd., PRI's Asset Management Company.

- 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

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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 March 2007, PRI procured long-term debt financing totaling JPY 2,924 million for a period of five years from Lehman Brothers Japan Inc., and this contributed to a strengthening of PRI's financial stability. PRI also executed a commitment line agreement with Aozora Bank, Ltd. and the Norinchukin Bank in March 2007. Based on this agreement, PRI repaid JPY 1,700 million in September 2007, and procured debt financing totaling JPY 2,400 million from these two banks as flexible fund raising.

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. As of July 31, 2007, the balance of debt financing was JPY 37,558 million, and the ratio of interest-bearing debt to total assets was 50.5%.

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%. In July and August 2007, PRI concluded four contracts for the purchase of yen interest rate caps covering a total of JPY 20,000 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, supported by a financial advisor, aiming at attaining remarkable growth in PRI's corporate value, including asset growth and a strengthening of its fundamentals. Such advisory fees and related expenses were posted as non-operating expenses.

## C. Operating Results and Cash Distribution

Accounting for the aforementioned factors, operating revenues totaled JPY 2,330 million in the fiscal period ended January 31, 2008. Ordinary income was JPY 663 million while net income amounted to JPY 622 million.

PRI distributes the total amount of its inappropriate retained earnings for each period. Accordingly, cash distribution for the third fiscal period was JPY 8,820 per unit (rounded down to the nearest yen).

## 2) Outlook

### A. Operating Environment

From an investment perspective, we forecast that competition for the acquisition of prime properties, not only in the Tokyo Metropolitan area, but also other major cities, will continue to be

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strong. This forecast is attributed to persistent high demand from overseas investors, including Sovereign Wealth Funds, even though demand from Japan's real estate investment trust companies and investment funds has peaked. The prices of residential complexes for rental purposes hovered at a high level. Against the background of a deteriorating condominium sales market, it would be possible for condominium developers to shift to sales of condominiums as complexes for leasing purposes, although this would create some negative factors for complex prices in late 2008 and 2009.

The price increase in rental properties in Tokyo has not, however, extended across Japan. Impacted by the high level of supply since 2006, certain regional areas are experiencing slight excesses.

Rental rates for residential properties are currently increasing only in select areas, but increasing rates are anticipated to gradually spread into other areas.

### 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.

Utilizing the functions provided by Prospect Co., Ltd., PRI's Sponsor Company, such as property warehousing, development and information collection, PRI will acquire properties with high investment values at appropriate prices. PRI will also step up efforts in connection with due diligence and place the utmost priority on tenant and investor satisfaction.

### 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.

## (3) Important Subsequent Events

### 1) Property Sales

Property Code	S003
Property Name	Maison de Ville Azabudai
Location(Address)	2-3-7 Azabudai, Minato-ku, Tokyo
Sales Price (Note 1)	JPY2,956 million
Book Value (Note 2)	JPY2,790 million
Expected Profit From Sale of Real Estate	Approximately JPY160 million
Expected Sales Date	April 23, 2008

Note 1: Excluding fixed-asset tax, city planning tax, and consumption taxes.

Note 2: As of January 31, 2008



## (4) Forecast of Revenues and Earnings

Forecast of revenues and earnings for the fifth fiscal period (August 1, 2007 to January 31, 2008) is as follows. These forecasts are based on “Assumptions for Forecasts for the Fifth Fiscal Period” mentioned afterwards.

Forecast of revenues and earnings for the sixth fiscal period (February 1, 2008 to July 31, 2008)

Operating revenues	JPY2,491 million
Ordinary income	JPY 679 million
Net income	JPY 678 million
Distributions per unit	JPY9,039

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 Sixth Fiscal Period (February 1, 2008 to July 31, 2008)

	Assumptions
Operating Period	Sixth fiscal period: From February 1, 2008 to July 31, 2008 (184 days)
Managed Assets	Forecasts are based on a property portfolio comprising 53 properties held as of January 31, 2008. This total excludes one property sold as of the date of this report (please refer to page 7 and 8 for details). 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 January 31, 2008 was 52.0%. Forecasts are, however, based on an interest-bearing debt ratio of approximately 51.0% as of July 31, 2008, 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 72 million (an increase of JPY 11 million compared with the previous fiscal period) and shall post property tax and city planning tax of JPY 107 million (an increase of JPY 29 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 496 million (an increase of JPY 13 million compared with the previous fiscal period).
Non-Operating Expenses	Forecasts are based on the assumption that PRI shall post total interest expenses and related expenses of JPY 330 million (an increase of JPY 26 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. Forecasts are also based on the assumption that PRI shall not undertake distribution in excess of earnings.

## 3) Financial Statements

## (1) Balance Sheets

(Thousands of yen)

	Notes	Fourth Fiscal Period (As of July 31, 2007)		Fifth Fiscal Period (As of January 31, 2008)		Increase (Decrease)		
<b>ASSETS</b>								
<b>I Current assets</b>								
Cash and deposits			1,671,760		1,122,528			
Entrusted cash and deposits	* 1		1,652,851		1,841,193			
Rental receivables			22,309		24,663			
Prepaid expenses			119,950		104,425			
Deferred tax assets			9,437		2,344			
Consumption tax and other receivables			78,412		-			
Derivative assets			3,258		844			
Other current assets			1,291		11,009			
Total current assets			3,559,271	5.3	3,107,008	4.2	452,262	12.7
<b>II Fixed assets</b>								
<b>1. Property and equipment:</b>								
Buildings	* 1	846,350			857,922			
Accumulated depreciation		56,785	789,565		73,780	784,141		
Structures	* 1	417			1,131			
Accumulated depreciation		195	222		252	879		
Machinery and equipment	* 1	6,189			6,189			
Accumulated depreciation		1,582	4,606		1,978	4,211		
Tools, furniture and fixtures	* 1	315			2,835			
Accumulated depreciation		25	289		90	2,744		
Land	* 1		794,545			794,545		
Entrusted buildings	* 1	28,268,874			32,525,381			
Accumulated depreciation		1,321,531	26,947,342		1,734,521	30,790,860		
Entrusted structures	* 1	115,899			141,241			
Accumulated depreciation		19,368	96,530		23,654	117,587		
Entrusted machinery and equipment		257,481			320,034			
Accumulated depreciation		53,776	203,705		67,001	253,032		
Entrusted tools, furniture and fixtures		37,881			44,116			
Accumulated depreciation		4,682	33,199		7,788	36,328		
Entrusted land	* 1		34,940,138			38,187,083		
Total property and equipment			63,810,145	94.4	70,971,413	95.5	7,161,268	11.2
<b>2. Intangible assets:</b>								
Other intangible assets			5,168		4,447			
Total intangible assets			5,168	0.0	4,447	0.0	721	14.0
<b>3. Investments and other assets:</b>								
Long-term prepaid expenses			136,940		117,133			
Deferred tax assets			-		50,260			
Leasehold and security deposits received			11,382		38,352			
Long-term derivative assets			66,556		28,852			
Total investments and other assets			214,879	0.3	234,599	0.3	19,720	9.2
Total fixed assets			64,030,194	94.7	71,210,460	95.8	7,180,266	11.2
<b>III. Deffered assets:</b>								

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Expenses to issue Investment Corporation Bonds			-		26,020			
Total deferred assets			-	-	26,020	0.0	26,020	-
Total assets			67,589,465	100.0	74,343,489	100.0	6,754,024	10.0

(Thousands of yen)

	Notes	Fourth Fiscal Period (As of July 31, 2007)		Fifth Fiscal Period (As of January 31, 2008)		Increase (Decrease)		
<b>LIABILITIES</b>								
<b>I Current liabilities</b>								
Operating payables		84,249		123,753				
Short-term debt	* 1	8,800,000		8,000,000				
Other payables		33,006		65,337				
Accrued expenses		189,811		244,398				
Accrued income taxes		1,030		602				
Accrued consumption taxes		-		12,342				
Advances received		224,786		259,530				
Other current liabilities		255		189				
Total current liabilities		9,333,141	13.8	8,706,154	11.7	626,986	6.7	
<b>II Long-term liabilities</b>								
Investment Corporation Bonds				5,000,000				
Long-term debt		22,134,000		24,558,000				
Leasehold and security deposits		805,398		876,022				
Total long-term liabilities		22,939,398	33.9	30,434,022	40.9	7,494,624	32.7	
Total liabilities		32,272,539	47.7	39,140,177	52.6	6,867,638	21.3	
<b>NET ASSETS</b>								
<b>I Unitholders' capital</b>								
1. Unitholders' capital								
Unitholders' capital		34,621,838	51.2	34,621,838	46.6	-	-	
2. Retained earnings								
Unappropriated retained earnings for the period		709,564		662,390				
Total retained earnings		709,564	1.1	662,390	0.9	47,174	6.6	
Total unitholders' capital		35,331,402	52.3	35,284,228	47.5	47,174	0.1	
<b>II Evaluation and conversions</b>								
1. Earnings on deferred hedge transactions								
Total evaluation and conversions		14,476	0.0	80,916	0.1	66,439	-	
Total net assets		35,316,925	52.3	35,203,312	47.4	113,613	0.3	
Total liabilities and net assets		67,589,465	100.0	74,343,489	100.0	6,754,024	10.0	

## (2) Statements of Income

(Thousands of yen)

	Notes	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)			Fifth Fiscal Period (August 1, 2007 to January 31, 2008)			Increase (Decrease)	
I. Operating Revenues									
Real estate rental revenues	* 1	1,884,684			2,157,743				
Other rental revenues	* 1	117,059			89,150				
Gain on sale of real estate	* 2	146,548	2,148,292	100.0	84,053	2,330,947	100.0	182,654	8.5
II. Operating Expenses									
Real estate rental expenses	* 1	918,295			984,820				
Asset management fees		132,273			147,748				
Custodian fees		3,181			3,613				
Administrative service fees		20,249			21,722				
Directors' fees		4,800			6,000				
Other operating expenses		97,467	1,176,267	54.8	109,294	1,273,198	54.6	96,931	8.2
Operating income			972,025	45.2		1,057,748	45.4	85,723	8.8
III. Non-Operating Income									
Interest income		883			2,187				
Additional refunds		-			1,335				
Other non-operating income		16	900	0.0	396	3,919	0.2	3,019	335.4
IV. Non-Operating Expenses									
Interest expense		172,163			265,286				
Bonds interest expense		-			33,193				
Bonds issuance expense		-			4,726				
Debt-related expenses		87,332			92,626				
Other non-operating expenses		2,693	262,190	12.2	2,473	398,307	17.1	136,116	51.9
Ordinary income			710,735	33.0		663,361	28.5	47,374	6.7
Income before income taxes			710,735	33.0		663,361	28.5	47,374	6.7
Income taxes		1,191			979				
Deferred taxes		9	1,182	0.0	10	990	0.0	192	16.3
Net income			709,552	33.0		662,370	28.4	47,182	6.6
Retained earnings brought forward			11			19		8	71.8
Retained earnings at the end of the period			709,564			662,390		47,174	6.6

(3) Statement of Changes in Net Assets  
(February 1, 2007 to July 31, 2007)

(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	743,576	743,576	35,365,414	2,962	2,962	35,368,377
Movements during the fiscal period ended July 31, 2007							
Issue of new investment units	-	743,565	743,565	743,565	-	-	743,565
Distribution of retained earnings	-	709,552	709,552	709,552	-	-	709,552
Net income	-	-	-	-	17,438	17,438	17,438
Net change due to items other than unitholders' capital	-	34,012	34,012	34,012	17,438	17,438	51,451
Total	34,621,838	709,564	709,564	35,331,402	14,476	14,476	35,316,925
Balance as of July 31, 2007	34,621,838	743,576	743,576	35,365,414	2,962	2,962	35,368,377

(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 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							
Issue of new investment units	-	709,544	709,544	709,544	-	-	709,544
Distribution of retained earnings	-	662,370	662,370	662,370	-	-	662,370
Net income	-	-	-	-	66,439	66,439	66,439
Net change due to items other than unitholders' capital	-	47,174	47,174	47,174	66,439	66,439	113,613
Total	34,621,838	662,390	662,390	35,284,228	80,916	80,916	35,203,312
Balance as of January 31, 2008	34,621,838	709,564	709,564	35,331,402	14,476	14,476	35,316,925

## (4) Basis for Calculating Cash Distribution

(Yen)

	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)
I Unappropriated retained earnings at the end of the fiscal period	709,564,207	662,390,183
II Total distribution (Distribution per unit)	709,544,800 ( 9,448 )	662,382,000 ( 8,820 )
III Retained earnings carried forward	19,407	8,183

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 709,544,800 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>	<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 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>
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## (5) Statements of Cash Flows

(Thousands of yen)

	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)	Increase (Decrease)
<b>I Cash flows from operating activities:</b>			
Income before income taxes	710,735	663,361	47,374
Depreciation and amortization	417,583	483,370	65,786
Interest income	883	4,726	4,726
Amortization for issuance expense of investment corporation bonds	-	2,187	1,303
Interest expense	172,163	298,479	126,316
Decrease (increase) in operating receivables	883	2,353	1,470
Decrease in other receivables	556	1,042	1,599
Decrease in consumption tax and other receivables	78,412	78,412	156,824
(Increase) decrease in prepaid expenses	12,918	15,524	28,443
(Decrease) increase in operating payables	12,468	86	12,381
Decrease in other payables	9,625	31,050	40,675
Increase in accrued consumption taxes	152,017	12,342	164,360
(Decrease) increase in accrued expenses	29,440	25,488	3,952
(Decrease) increase in advances received	13,608	34,743	21,134
Decrease in long-term prepaid expenses	136,940	19,806	156,746
Loss on sale of entrusted property and Equipment	932,423	724,903	207,520
Other	93,595	69,715	23,879
Subtotal	1,802,591	2,319,082	516,490
Interest received	883	2,187	1,303
Interest paid	172,163	269,380	97,216
Income taxes paid	1,127	1,418	291
Net cash provided by operating activities	1,630,184	2,050,470	420,286
<b>II Cash flows from investing activities:</b>			
Payments for the purchase of property and Equipment	290	5,879	5,588
Payments for the purchase of entrusted property and equipment	11,415,292	8,323,524	3,091,767
Payments for leasehold and security deposits	176	37,570	37,393
Proceeds from leasehold and security deposits received	166,838	138,658	28,179
Payments for leasehold and security deposits Received	94,142	68,033	26,108
Net cash used in investing activities	11,343,063	8,296,348	3,046,714
<b>III Cash flows from financing activities:</b>			
Proceeds from short-term debt	19,700,000	2,400,000	17,300,000
Payments of short-term debt	30,926,432	3,200,000	27,726,432
Proceeds of long-term debt	22,634,000	2,924,000	19,710,000
Payments of long-term debt	500,000	500,000	-
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	744,010	708,264	35,745
Net cash (used in) provided by financing Activities	10,163,557	5,884,988	4,278,569
<b>IV Net change in cash and cash equivalents</b>	450,678	360,889	811,568
<b>VI Cash and cash equivalents at the beginning of the period</b>	2,873,933	3,324,611	450,678
<b>VI Cash and cash equivalents at the end of the period</b>	3,324,611	2,963,721	360,889

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

	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 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) Same as fourth fiscal period</p> <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 – 58 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 200,075 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 4,599 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 fourth fiscal period</p> <p>(3) Hedge policy Same as fourth 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 fourth 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 fourth fiscal period</p> <p>(2) Accounting method for consumption tax and others</p> <p>Same as fourth fiscal period</p>
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(7) Notes to the Financial Statements  
[Notes for the Balance Sheets]

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 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;">1,652,851</td></tr> <tr><td>Buildings</td><td style="text-align: right;">789,565</td></tr> <tr><td>Structures</td><td style="text-align: right;">222</td></tr> <tr><td>Machinery and equipment</td><td style="text-align: right;">4,606</td></tr> <tr><td>Tools, furniture and fixtures</td><td style="text-align: right;">289</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;">26,947,342</td></tr> <tr><td>Entrusted structures</td><td style="text-align: right;">96,530</td></tr> <tr><td>Entrusted machinery and equipment</td><td style="text-align: right;">203,705</td></tr> <tr><td>Entrusted tools, furniture and fixtures</td><td style="text-align: right;">33,199</td></tr> <tr><td>Entrusted land</td><td style="text-align: right;">34,940,138</td></tr> <tr><td>Total</td><td style="text-align: right;">65,462,997</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;">8,800,000</td></tr> <tr><td>Long-term debt</td><td style="text-align: right;">22,134,000</td></tr> <tr><td>Total</td><td style="text-align: right;">30,934,000</td></tr> </table> <p>Note 2. Commitment line contracts PRI has commitment line contracts with client banks (Thousands of yen)</p> <table> <tr><td>Total of commitment line contracts</td><td style="text-align: right;">7,000,000</td></tr> <tr><td>Loan balance at the end of the third fiscal period</td><td style="text-align: right;">5,300,000</td></tr> <tr><td>Balance of unused contract at the end of the third fiscal period</td><td style="text-align: right;">1,700,000</td></tr> </table> <p>Note 3. Minimum net assets set by Article 67.4 of the Investment Trust and Investment Corporation Law</p> <p style="text-align: center;">JPY 50,000 thousand</p>	Entrusted cash and entrusted deposits	1,652,851	Buildings	789,565	Structures	222	Machinery and equipment	4,606	Tools, furniture and fixtures	289	Entrusted buildings	794,545	Entrusted buildings	26,947,342	Entrusted structures	96,530	Entrusted machinery and equipment	203,705	Entrusted tools, furniture and fixtures	33,199	Entrusted land	34,940,138	Total	65,462,997	Short-term debt	8,800,000	Long-term debt	22,134,000	Total	30,934,000	Total of commitment line contracts	7,000,000	Loan balance at the end of the third fiscal period	5,300,000	Balance of unused contract at the end of the third fiscal period	1,700,000	<p>Note 1. 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## [Notes to the Statements of Income]

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 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 1,717,265</p> <p>Common area maintenance fee revenues 71,603</p> <p>Parking revenues 71,865</p> <p>Other related revenues 23,949</p> <p style="text-align: right;">1,884,684</p> <p>Other rental revenues</p> <p>Other rental revenues 117,059</p> <p style="text-align: right;">117,059</p> <p>Total real estate rental revenues 2,001,744</p> <p>B. Real estate rental expenses</p> <p>Real estate rental expenses</p> <p>Property management expenses 160,810</p> <p>Repair expenses 79,776</p> <p>Water, electricity, and other rates 38,534</p> <p>Taxes 81,482</p> <p>Insurance premiums against losses 7,098</p> <p>Trust fees 34,865</p> <p>Depreciation expenses 416,862</p> <p>Other rental expenses 98,864</p> <p style="text-align: right;">918,295</p> <p>Total real estate rental expenses 918,295</p> <p>C. Real estate rental business earnings (A – B) 1,083,448</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 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</p> <p style="text-align: right;">2,157,743</p> <p>Other rental revenues</p> <p>Other rental revenues 89,150</p> <p style="text-align: right;">89,150</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</p> <p style="text-align: right;">984,820</p> <p>Total real estate rental expenses 984,820</p> <p>C. Real estate rental business earnings (A – B) 1,262,073</p>
<p>Note 2. Breakdown of real estate rental revenues and earnings (Thousands of yen)</p> <p>O Fort Nishi-Kasai</p> <p>Revenues from sale of real estate and others 1,080,000</p> <p>Book value for sold real estate and others 932,423</p> <p>Other expenses for sales 1,027</p> <p style="text-align: right;">146,548</p> <p>Profit from sale of real estate and others</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 style="text-align: right;">84,053</p> <p>Profit from sale of real estate and others</p>

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

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 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	Same as fourth fiscal period
2,000,000	
Total number of investment units outstanding	
75,100	

## [Notes to the Statement of Cash Flows]

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 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 July 31, 2007 (Thousands of yen)	As of January 31, 2008 (Thousands of yen)
Cash and deposits	Cash and deposits
1,671,760	1,122,528
Entrusted cash and entrusted deposits	Entrusted cash and entrusted deposits
<u>1,652,851</u>	<u>1,841,193</u>
Cash and cash equivalents	Cash and cash equivalents
3,324,611	2,963,721

(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]

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)
Net assets per investment unit	Net assets per investment unit
JPY 470,265	JPY 468,752
Net income per investment unit	Net income per investment unit
JPY 9,448	JPY 8,820
Because there are no latent investment units, PRI does not record net income per investment unit after adjustment of latent investment units.	Same as third 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:

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

Fourth fiscal period (February 1, 2007 to July 31, 2007): 75,100 (no changes during the period)

	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)
	(JPY thou)	(JPY thou)
Net income	709,552	662,370
Net income not distributed to unitholders	-	-
Net income distributed to unitholders	709,552	662,370
Average number of units	75,100 units	75,100 units

[Notes regarding subsequent events]

Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)
<p>1. Property Sales PRI carried out the following sale of property Garden City Kita-Toda Sales Price            JPY811 million Contract Date        July 19, 2007 Sales Date            August 31, 2007 Buyer                  Chuo Jutaku Co. Ltd Profits from real estate sale of approximately JPY 80 million to be posted as revenues</p> <p>2. Debt Financing PRI undertook the following debt financing after July 31, 2007 Lender                Lehman Brothers Japan Inc. Drawdown Date      September 7,2007 Debt Financing      JPY 2,924 million Repayment method     Repayment as a lump sum on repayment date Interest Rate        1.78917%(Floating) Maturity Date        October 31, 2012</p> <p>Lenders              Aozora Bank, Ltd.,                             The Norinchukin Bank Drawdown Date      September 7, 2007 Debt Financing      JPY 2,400 million Repayment method     Repayment as a lump sum on repayment date Interest Rate        1.78917%(Floating) Maturity Date        September 5, 2008</p> <p>3. Debt Repayment PRI undertook the following debt repayment after July 31, 2007 (1) Long-term debt Lenders              Aozora Bank, Ltd.,                             Sumitomo Mitsui Banking Corporation                             The Sumitomo Trust &amp; Banking Corporation                             The Norinchukin Trust &amp; Bankig Co.,Ltd                             The Musashino Bank, Ltd.                             NTT Finance Corp. Debt Repayment    JPY 500 million Drawdown Date      March 15, 2007 Repayment Date     August 31, 2007</p>	<p>1. Property Sales PRI carried out the following sale of property Maison de Ville Azabudai Sales Price            JPY2,956 million Contract Date        February 15, 2008 Expected Sales Date April 23, 2008 Buyer                  Phillip Estate Co. Ltd Profits from real estate sale of approximately JPY 160 million to be posted as revenues</p>

(2) Short-term debt	
Lender	Mitsubishi UFJ Trust and Banking Corporation
Debt Repayment	JPY 3,940million
Drawdown Date	March 30, 2007
Repayment Date	September 7, 2007
Lenders	Aozora Bank, Ltd., The Norinchukin Bank
Debt Repayment	JPY 1,700 million
Repayment Date	September 7, 2007
Drawdown Date	April 16, 2007

## (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

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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)	

Directors of the Asset Management Company are as follows:

Title	Name	Career Summary	Number of Shares Held	
Representative Director and President	Takeshi Maki	Apr. 1973	Entered Yasuda Life Insurance Company (currently Meiji Yasuda Life Insurance Company)	-
		Apr. 1988	Seconded to Paine Webber Securities Company	
		Apr. 1991	Appointed Manager of International Finance Section, International Investment Department, Yasuda Life Insurance Company	
		Apr. 1997	Appointed Deputy General Manager of Market Finance Department, Yasuda Life Insurance Company	
		Apr. 1999	Appointed Deputy General Manager of Pension Fund Administrative Department, Yasuda Life Insurance Company	
		Apr. 2000	Appointed General Manager of Pension Fund Investment Department, Yasuda Life Insurance Company	
		Jul. 2001	Appointed Director and General Manager, Tokyo Realty Investment Management Co., Ltd (seconded from Yasuda Life Insurance Company)	
		Apr. 2006	Resigned Director and General Manager, Tokyo Realty Investment Management Co., Ltd as well as Yasuda Life Insurance Company	
		May 2006	Appointed Adviser, Prospect Residential Advisors Co., Ltd	
		Jun. 2006	Appointed Representative Director and President, Prospect Residential Advisors Co., Ltd (present post)	
Apr. 2007	Appointed Substitute Executive Officer, Prospect Residential Investment Corporation			



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<p>Director and General Manager of Investment Department</p>	<p>Yasushi Yoda</p>	<p>Apr. 1987 Entered Mitsui Trust and Banking Corporation (currently Chuo Mitsui Trust and Banking Corporation)</p> <p>Apr. 1992 Seconded to Proper Real Estate Transaction Promotion Foundation</p> <p>Apr. 1999 Appointed Manager of Development Business Group, Real Estate Department, Head Office, Mitsui Trust and Banking Corporation</p> <p>Apr. 1999 Appointed Manager, Asset Finance Sales Department, Mitsui Trust and Banking Corporation</p> <p>Jul. 2001 Appointed General Manager of Finance Department, Prospect Co., Ltd</p> <p>Jul. 2003 Appointed Representative Director and President, Prospect Co., Ltd</p> <p>Jul. 2004 Appointed Director and General Manager of Investment Department, Prospect Co., Ltd</p> <p>Sep. 2004 Appointed Director and General Manager of Investment Department, Prospect Residential Advisors Co., Ltd</p> <p>Jun. 2006 Appointed Director, General Manager of Investment Department, and General Manager of Finance Department, Prospect Residential Advisors Co., Ltd</p> <p>Jun. 2007 Appointed Director and General Manager of Investment, Prospect Residential Advisors Co., Ltd (present post)</p>	<p>-</p>
<p>Director (part-time)</p>	<p>Curtis Freeze</p>	<p>Apr. 1988 Entered Nikko Securities Co., Ltd.</p> <p>Sep. 1989 Entered Shearson Lehman Brothers Securities Co., Ltd.</p> <p>June 1990 Entered DB Morgan Grenfell Asset Management as Senior Fund Manager</p> <p>Sep. 1994 Established Prospect Asset Management (USA), appointed as Director</p> <p>June 2003 Appointed Director of Prospect Co., Ltd.</p> <p>Sep. 2004 Appointed Director of Prospect Residential Advisors Co., Ltd. (present post)</p> <p>Nov. 2004 Appointed Representative Director of Prospect Co., Ltd.</p> <p>Dec. 2004 Appointed Director of Prospect Co., Ltd.</p> <p>Aug. 2007 Appointed Representative Director of Prospect Co., Ltd. (present post)</p>	<p>-</p>
<p>Auditor (part-time)</p>	<p>Akihiro Hirano</p>	<p>Apr. 1982 Entered Mitsui Trust and Banking Corporation (currently Chuo Mitsui Trust and Banking Corporation)</p> <p>Sep. 1991 Entered Mori Tax and Accounting firm</p> <p>May 1994 Entered the auditing and law firm Taiyo Kowa</p> <p>Apr. 1997 Registered as a certified public accountant, established Hirano Public Accountant Office (present post)</p> <p>Jun. 2004 Appointed Auditor, Prospect Co., Ltd</p> <p>Sep. 2004 Appointed Auditor, Prospect Residential Advisors Co., Ltd (present post)</p>	<p>0</p>

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2. Reference material

(1) Investment breakdown

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

		Fourth Fiscal Period (As of July 31, 2007)		Fifth Fiscal Period (As of January 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	62,220	92.1	69,384	92.3
Real estate	Residential rental units	1,589	2.4	1,586	2.1
Deposit and other assets		3,023	5.5	3,372	4.6
Total assets		67,589	100.0	74,343	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 January 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	9.2	6,230	July 12, 2005
S002	Prospect Shinonomebashi	3,353	4.8	3,540	July 12, 2005
S003	Maison de Ville Azabudai	2,720	3.9	2,760	July 14, 2005
S004	Maison de Ville Takanawa Gyoranzaka	1,768	2.5	1,860	July 14, 2005
S005	Prospect Omori-Kaigan	1,807	2.6	1,840	July 14, 2005
S006	Abreast Shin-Osaka	1,826	2.6	1,917	July 12, 2005
S007	Maison de Ville Naka-Meguro	1,189	1.7	1,220	July 14, 2005
S008	Roppongi Rise House	1,184	1.7	1,140	July 12, 2005
S009	Prospect Nihonbashi-Honcho	1,070	1.5	1,040	July 12, 2005
S011	Fragrance Kawasaki	624	0.9	619	July 12, 2005
S012	Abreast Sakuragawa	516	0.7	474	July 12, 2005
S013	Dome Takamine	322	0.5	268	July 12, 2005
S014	Dome Yotsuya	275	0.4	223	July 12, 2005
S015	TK Flats Denenchofu Annex	249	0.4	216	July 12, 2005
S016	Abreast Nagase	209	0.3	176	July 12, 2005
S017	Living Stage Higashi-Sendai	435	0.6	417	August 31, 2005
S018	Prospect Toyonaka Hattori	396	0.6	453	February 10, 2006
S019	Prospect Bishoen	376	0.5	385	February 15, 2006
S020	Prospect Shimogamo	411	0.6	390	March 15, 2006
S021	Prospect Kawaramachi-Gojo	803	1.2	734	March 15, 2007

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S022	Prospect Chuo-Rinkan	700	1.0	700	March 15, 2007
S023	Sky Hills N15	932	1.3	957	May 31, 2007
S024	Sky Hills Sakaimachi	1,115	1.6	1,120	May 31, 2007
S025	Domy Chitose	592	0.8	603	May 31, 2007
S026	Sky Hills Kodai I	691	1.0	710	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	1,910	September 7, 2007
S030	Prospect Nakanoshima	1,000	1.4	1,010	October 19, 2007
S031	Prospect Ogikubo	880	1.3	893	November 7, 2007
F001	Prospect Kiyosumi-Teien	2,780	4.0	2,940	July 14, 2005
F002	Park Terrace Ebisu	2,712	3.9	2,700	July 14, 2005
F003	BELNOS34	2,534	3.6	2,250	July 12, 2005
F004	Prospect Dogenzaka	2,294	3.3	2,190	July 12, 2005
F005	U House Daikan-Cho	1,548	2.2	1,408	July 12, 2005
F006	U House Gokiso	1,406	2.0	1,343	July 12, 2005
F007	Angel Heim Nishi-Rokugo No.2	1,401	2.0	1,349	July 14, 2005
F008	Prospect Onshi-Koen	1,196	1.7	1,280	July 12, 2005
F009	Deim-Hashimoto	992	1.4	1,020	July 12, 2005
F010	SK Residence	1,020	1.5	1,010	July 12, 2005
F012	Garden City Urawa	878	1.3	863	July 12, 2005
F014	U House Tsurumai II	685	1.0	567	July 12, 2005
F017	Living Stage Minami-Sendai	275	0.4	277	August 31, 2005
F019	Prospect Glarsa Hiroo	3,905	5.6	4,510	February 15, 2006
F020	Prospect Katsura	570	0.8	557	March 03, 2006
F021	Crown Heim Nishi-Tanabe	601	0.9	598	March 03, 2006
F022	Takasagoseki Nibankan	810	1.2	806	March 15, 2006
F023	Prospect Machiya	547	0.8	557	November 07, 2006
F024	Prospect Hatsudai	730	1.0	732	March 15, 2007
F025	Prospect Morishita	1,480	2.1	1,510	March 15, 2007
F026	Prospect Nishi-Sugamo	1,419	2.0	1,420	March 30, 2007
F027	Palais D'Or Maruyama	1,250	1.8	1,200	October 19, 2007
F028	Prospect Kawasaki	1,717	2.5	1,790	October 19, 2007
F029	Prospect Nihonbashi-Koamicho	946	1.4	968	October 19, 2007
Total		69,739	100.0	69,873	

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,

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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	6,209.31	194	175	28,187	1	89.9	90.2
S002	Prospect Shinonomebashi	Koto-ku, Tokyo	1,385.45	4,849.20	4,849.20	171	171	18,165	1	100.0	100.0
S003	Maison de Ville Azabudai	Minato-ku, Tokyo	444.01	2,567.09	2,417.91	91	86	12,011	1	94.2	94.5
S004	Maison de Ville Takanawa Gyozanaka	Minato-ku, Tokyo	638.65	1,778.37	1,753.32	70	69	8,489	1	98.6	98.6
S005	Prospect Omori-Kaigan	Ota-ku, Tokyo	856.82	2,478.04	2,446.04	89	88	8,836	1	98.7	98.9
S006	Abreast Shin-Osaka	Osaka-shi, Osaka	766.13	2,984.64	2,610.84	92	81	16,377	49	87.5	88.0
S007	Maison de Ville Naka-Meguro	Meguro-ku, Tokyo	275.36	1,275.00	1,275.00	50	50	6,038	1	100.0	100.0
S008	Roppongi Rise House	Minato-ku, Tokyo	574.65	1,209.87	1,180.80	34	33	5,353	1	97.6	97.1
S009	Prospect Nihonbashi-Honcho	Chuo-ku, Tokyo	174.36	1,290.49	1,169.63	50	46	5,015	1	90.6	92.0
S011	Fragrance Kawasaki	Kawasaki-shi, Kanagawa	228.05	1,065.96	1,065.96	45	45	3,738	1	100.0	100.0
S012	Abreast Sakuragawa	Osaka-shi, Osaka	361.99	1,009.92	946.68	48	45	2,804	1	93.7	93.8
S013	Dome Takamine	Nagoya-shi, Aichi	983.60	946.04	738.32	36	28	1,532	1	78.0	77.8
S014	Dome Yotsuya	Nagoya-shi, Aichi	812.09	765.90	744.60	36	35	1,645	1	97.2	97.2
S015	TK Flats Denenchofu Annex	Ota-ku, Tokyo	286.90	429.50	398.83	14	13	1,402	1	92.9	92.9

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S016	Abreast Nagase	Higashiosaka-shi, Osaka	318.54	532.98	532.98	26	26	1,405	26	100.0	100.0
S017	Living Stage Higashi-Sendai	Sendai-shi, Miyagi	904.00	1,539.41	1,279.60	52	43	2,356	1	83.1	82.7
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	901.15	26	26	2,266	1	100.0	100.0
S020	Prospect Shimogamo	Kyoto-shi, Kyoto	234.53	675.51	675.51	31	31	1,966	1	100.0	100.0
S021	Prospect Kawaramachi-Gojo	Shimogyo-ku, Kyoto	234.98	1,528.12	1,250.12	52	43	3,736	1	81.8	82.7
S022	Prospect Chuo-Rinkan	Yamato-shi, Kanagawa	589.73	1,098.24	1,075.36	48	47	3,408	1	97.9	97.9
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	134	134	6,776	1	100.0	100.0
S025	Domy Chitose	Chitose-shi, Hokkaido	1,796.60	3,383.02	3,383.02	111	111	4,244	1	100.0	100.0
S026	Sky Hills Kodai I	Chitose-shi, Hokkaido	2,401.78	4,712.47	4,712.47	120	120	5,594	1	100.0	100.0
S027	Exceria Ikebukuro West II	Toshima-ku, Tokyo	290.14	1,379.52	1,126.68	48	40	4,275	1	81.7	83.3
S028	Prospect Monzennaka cho	Koto-ku, Tokyo	613.01	1,790.56	1,790.56	62	62	5,850	1	100.0	100.0
S029	Prospect KALON Minowa	Taito-ku, Tokyo	613.01	1,790.56	1,790.56	62	62	5,850	1	100.0	100.0
S030	Prospect Nakanoshima	Kita-ku, Osaka	613.01	1,790.56	1,790.56	62	62	5,850	1	100.0	100.0
S031	Prospect Ogikubo	Suginami-ku, Tokyo	613.01	1,790.56	1,790.56	62	62	5,850	1	100.0	100.0
F001	Prospect Kiyosumi-Teien	Koto-ku, Tokyo	1,586.77	5,556.73	5,517.29	77	76	14,742	1	99.3	98.7
F002	Park Terrace Ebisu	Shibuya-ku, Tokyo	790.18	2,705.09	2,663.77	51	50	12,140	1	98.5	98.0
F003	BELNOS 34	Katsushika-ku, Tokyo	3,092.58	5,321.89	4,986.64	100	93	13,521	1	93.7	93.0
F004	Prospect Dogenzaka	Shibuya-ku, Tokyo	274.24	2,058.53	1,878.15	47	43	9,358	1	91.2	91.5
F005	U House Daikan-Cho	Nagoya-shi, Aichi	2,060.52	5,944.44	5,842.38	96	94	9,758	1	98.3	97.9
F006	U House Gokiso	Nagoya-shi, Aichi	3,113.87	5,127.19	4,538.67	78	74	8,005	1	88.5	94.9
F007	Angel Heim Nishi-Rokugo No.2	Ota-ku, Tokyo	1,666.28	2,776.64	2,776.64	40	40	6,716	1	100.0	100.0
F008	Prospect Onshi-Koen	Koto-ku, Tokyo	772.00	2,033.77	2,003.95	61	60	6,499	1	98.5	98.4

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F009	Deim-Hashimoto	Sagamihara-shi, Kanagawa	898.13	3,170.41	2,698.57	92	76	5,691	1	85.1	82.6
F010	SK Residence	Toshima-ku, Tokyo	474.55	1,624.49	1,581.56	30	29	5,237	1	97.4	96.7
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	3,752	1	96.8	97.1
F017	Living Stage Minami-Sendai	Sendai-shi, Miyagi	476.23	1,277.10	1,135.35	27	24	1,868	1	88.9	88.9
F019	Prospect Glarsa Hiroo	Shibuya-ku, Tokyo	803.31	3,846.27	3,820.63	112	111	19,718	1	99.3	99.1
F020	Prospect Katsura	Kyoto-shi, Kyoto	1,354.29	1,769.96	1,769.96	29	29	3,167	1	100.0	100.0
F021	Crown Heim Nishi-Tanabe	Osaka-shi, Osaka	444.20	1,517.86	1,453.20	22	21	2,978	1	95.7	95.5
F022	Takasagoseki Nibankan	Sendai-shi, Miyagi	1,794.83	3,336.52	2,815.93	41	34	4,739	1	84.4	82.9
F023	Prospect Machiya	Arakawa-ku, Tokyo	251.44	1,169.37	1,169.37	21	21	3,074	1	100.0	100.0
F024	Prospect Hatsudai	Shibuya-ku, Tokyo	586.68	817.71	778.61	22	21	3,237	1	95.2	95.5
F025	Prospect Morishita	Koto-ku, Tokyo	736.43	2,399.23	2,351.24	45	44	7,252	1	98.0	97.8
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	3,676.71	64	51	6,490	1	78.6	79.7
F028	Prospect Kawasaki	Saiwai-ku, Kawasaki	1,218.89	3,377.53	3,377.53	52	52	9,007	1	100.0	100.0
F029	Prospect Nihonbashi-Koamicho	Chuo-ku, Tokyo	273.37	1,364.02	1,314.27	37	36	5,043	1	96.4	97.3
	Total			133,950.14	125,999.43	3,311	3,128	357,797	127	94.1	94.5

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 lessors or trust beneficiaries as of January 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 lessors or trust beneficiaries as of January 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 lessors. In such cases, figures are based on the assumption that all end-tenants have agreed with their master lesser to be lessors (sub-lessors). 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 January 31, 2008.

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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 January 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 January 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
BELNOS 34	Waterproofing of roof set-back	Early February 2008	1	-	-
BELNOS 34	Renovation of office space on the second floor	Early February 2008	30	-	-
Angel Heim Nishi-Rokugo No.2	Waterproofing of roof	Early April 2008	2	-	-
Sky Hills Sakaimachi	New installation of security cameras	Early March 2008	2		
Sky Hills Kodai I	Repair of common corridors	Late May 2008	6	-	-
Takasagoseki Nibankan	Replacement of water taps and cooking facilities in kitchens for 10 units	Mid-March 2008	1		
Deim-Hashimoto	Renovation of two rooms	Early March 2008	5	-	-
Deim-Hashimoto	Repair of entrance	Early June 2008	5	-	-
Dome Takamine	Replacement of cooking facilities in kitchens for 5 units	Late March 2008	1	-	-
Dome Takamine	Replacement of electric water heaters for 5 units	Late March 2008	1	-	-
Palais D'Or Maruyama	Replacement of facility	Mid-February 2008	5	-	-
U House Gokiso	Renovation of room No. 303	Late February 2008	3	-	-
U House Gokiso	Renovation of room No. 306	Late February 2008	3	-	-
U House Gokiso	Renovation of room No. 403	Late February 2008	3	-	-
U House Gokiso	Renovation of room No. 409	Late February 2008	3	-	-
U House Gokiso	Renovation of room No. 802	Late February 2008	3	-	-
U House Gokiso	Renovation of room No. 902	Late February 2008	3	-	-
U House Gokiso	Renovation of office space on the first floor	Early March 2008	20	-	-
U House Daikan-Cho	Large-scale repair work	Early April 2008	70	-	-
Others	Replacement of air conditioners, water heaters, and others		3	-	-

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

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## Capital expenditures in the period under review

	Purpose	Period	Amount paid (millions of yen)
SK Residence	Large-scale repair work	From November 19, 2007 to January 31, 2008	28
TK Flats Shibuya	Replacement of lids on drains	From September 13, 2007 to September 13, 2007	1
Abreast Shin-Osaka	Bathroom ceiling and tiling work	From January 21, 2008 to January 29, 2008	2
Sky Hills Takadai I	Replacement of remote water meter for residential units	From November 19, 2007 to November 26, 2007	4
Takasagoseki Nibankan	Repair of external walls and water proofing facility	From November 1, 2007 to December 27, 2007	7
Deim-Hashimoto	New installation work for waterproof pans for washing machines and new installation work of closets for 10 units	From December 1, 2007 to December 30, 2007	3
Deim-Hashimoto	Renovation of room No. 903	From December 1, 2007 to December 30, 2007	2
Dome Takamine	Replacement of mini-kitchen units for 8 units	From November 8, 2007 to November 30, 2007	1
Maison de Ville Naka-Meguro	Replacement of door locks of residential units and buildings	From October 31, 2007 to December 20, 2007	1
U House Gokiso	Renovation of room No. 223	From October 19, 2007 to November 30, 2007	2
U House Gokiso	Renovation of room No. 1201	From August 23, 2007 to October 31, 2007	3
U House Gokiso	Renovation of room No. 705	From August 29, 2007 to September 30, 2007	3
U House Daikancho	New installation facilities for terrestrial digital broadcasting	From December 11, 2007 to December 11, 2007	1
U House Daikancho	New installation of security cameras	From January 21, 2008 to January 22, 2008	1
U House Tsurumai II	Replacement of pull-up pumps	From January 21, 2008 to January 21, 2008	1
U House Tsurumai II	New installation of security cameras	From December 5, 2007 to December 5, 2007	1
U House Tsurumai II	New installation facilities for terrestrial digital broadcasting	From December 11, 2007 to December 11, 2007	1
Living Stage Higashi-Sendai	New installation of aluminum fixtures and glass	From January 15, 2008 to January 30, 2008	1
Other properties	Replacement of air conditioners and water heaters, new installation of security cameras, and others		1
Total			90

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



## Prospect Residential Investment Corporation

Reserve for repair expenses

(Millions of yen)

Items	Period	Fourth Fiscal Period (February 1, 2007 to July 31, 2007)	Fifth Fiscal Period (August 1, 2007 to January 31, 2008)
Reserve balance at the end of previous fiscal period		376	384
Reserved amount in the period		64	73
Withdrawal in the period		57	28
Balance carried forward		384	428

## 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.

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
			Urgent	Within one year	Over 12 years				
S001	TK Flats Shibuya	Takenaka	-	490	184,420	2,174	April 2005	8	January 2008
S002	Prospect Shinonomebashi	TBTC	-	-	10,180	1,450	April 2005	19	January 2008
S003	Maison de Ville Azabudai	TBTC	-	-	31,550	772	April 2005	10	January 2008
S004	Maison de Ville Takanawa Gyoranzaka	TBTC	-	-	47,800	463	April 2005	12	January 2008
S005	Prospect Omori-Kaigan	TBTC	-	-	6,830	600	April 2005	10	January 2008
S006	Abreast Shin-Osaka	TBTC	-	-	94,760	910	May 2005	12	January 2008
S007	Maison de Ville Naka-Meguro	TBTC	-	-	37,070	372	April 2005	7	January 2008
S008	Roppongi Rise House	TBTC	-	-	3,570	362	February 2005	15	January 2008
S009	Prospect Nihonbashi-Honcho	TBTC	-	-	3,830	385	April 2005	12	January 2008
S011	Fragrance Kawasaki	TBTC	-	-	2,990	274	April 2005	13	January 2008
S012	Abreast Sakuragawa	TBTC	-	-	11,570	275	May 2005	15	January 2008
S013	Dome Takamine	Takenaka	-	870	49,760	161	April 2005	6	January 2008
S014	Dome Yotsuya	Takenaka	-	370	49,250	138	April 2005	5	January 2008
S015	TK Flats Denenchofu Annex	TBTC	-	-	21,040	108	April 2005	10	January 2008
S016	Abreast Nagase	TBTC	-	-	21,200	160	May 2005	12	January 2008
S017	Living Stage Higashi-Sendai	TBTC	-	300	46,660	312	August 2005	7	January 2008
S018	Prospect Toyonaka Hattori	Takenaka	-	-	18,490	277	December 2005	9	January 2008
S019	Prospect Bishoen	Takenaka	-	-	8,360	209	December 2005	14	January 2008
S020	Prospect Shimogamo	TBTC	-	-	2,460	203	March 2004	5	January 2008
S021	Prospect Kawaramachi-Gojo	TBTC	-	-	4,320	440	January 2007	12	January 2008

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S022	Prospect Chuo-Rinkan	TBTC	-	-	3,960	301	February 2007	14	January 2008
S023	Sky Hills N15	Takenaka	300	-	52,710	609	March 2007	2	January 2008
S024	Sky Hills Sakaimachi	Takenaka	-	-	98,660	850	March 2007	4	January 2008
S025	Domy Chitose	Takenaka	300	-	63,750	415	March 2007	3	January 2008
S026	Sky Hills Kodai I	Takenaka	1,200	680	133,960	581	March 2007	4	January 2008
S027	Exceria Ikebukuro West II	TBTC	-	-	4,860	350	May 2007	10	January 2008
S028	Prospect Monzennakacho	TBTC	-	-	5,400	410	May 2007	19	January 2008
S029	Prospect KALON Minowa	TBTC	-	-	8,000	970	July 2007	14	January 2008
S030	Prospect Nakanoshima	TBTC	-	-	5,210	534	August 2007	12	January 2008
S031	Prospect Ogikubo	TBTC	-	-	3,300	305	August 2007	11	January 2008
F001	Prospect Kiyosumi-Teien	Takenaka	-	100	238,790	1,332	March 2003	15	January 2008
F002	Park Terrace Ebisu	TBTC	-	-	41,750	700	April 2005	11	January 2008
F003	BELNOS34	TBTC	-	150	174,670	1,735	April 2005	12	January 2008
F004	Prospect Dogenzaka	TBTC	-	-	4,130	552	February 2005	9	January 2008
F005	U House Daikan-Cho	Takenaka	-	1,990	260,200	1,181	March 2003	11	January 2008
F006	U House Gokiso	Takenaka	-	500	165,900	1,141	July 2007	10	January 2008
F007	Angel Heim Nishi-Rokugo No.2	Takenaka	-	130	108,540	580	March 2003	11	January 2008
F008	Prospect Onshi-Koen	TBTC	-	-	4,980	574	February 2005	25	January 2008
F009	Deim-Hashimoto	TBTC	-	150	38,280	646	April 2005	13	January 2008
F010	SK Residence	TBTC	0	0	36,930	447	April 2005	11	January 2008
F012	Garden City Urawa	TBTC	-	0	54,830	605	April 2005	5	January 2008
F014	U House Tsurumai II	Takenaka	-	820	125,540	491	April 2005	17	January 2008
F017	Living Stage Minami-Sendai	TBTC	-	150	36,750	300	August 2005	7	January 2008
F019	Prospect Glarsa Hiroo	TBTC	-	270	16,680	1,185	December 2005	7	January 2008
F020	Prospect Katsura	TBTC	-	-	41,620	351	March 2006	7	January 2008
F021	Crown Heim Nishi-Tanabe	TBTC	-	160	7,070	405	March 2006	11	January 2008
F022	Takasagoseki Nibankan	TBTC	-	150	80,220	761	February 2006	11	January 2008
F023	Prospect Machiya	TBTC	-	-	2,680	290	October 2006	14	January 2008
F024	Prospect Hatsudai	TBTC	-	-	2,190	179	January 2007	8	January 2008
F025	Prospect Morishita	TBTC	-	-	4,930	616	February 2007	11	January 2008
F026	Prospect Nishi-Sugamo	TBTC	-	-	3,890	504	February 2007	10	January 2008
F027	Palais D'Or Maruyama	TBTC	0	300	96,650	975	August 2007	2	January 2008
F028	Prospect Kawasaki	TBTC	0	0	5,810	862	September 2007	10	January 2008
F029	Prospect Nihonbashi-Koamicho	TBTC	0	0	4,150	399	August 2007	12	January 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.

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5) Outline of tenants and others

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

(As of January 31, 2008)

Code	Property Name	Total Leasable Floor Space (㎡)	Total Leased Floor Space (㎡)	Number of tenants	Total Monthly Rental Revenues (Thousands of Yen)	Percentage share to total revenues (%)
S001	TK Flats Shibuya	6,903.54	6,209.31	1	187	8.3
S002	Prospect Shinonomebashi	4,849.20	4,849.20	1	113	5.1
S003	Maison de Ville Azabudai	2,567.09	2,417.91	1	75	3.4
S004	Maison de Ville Takanawa Gyoranzaka	1,778.37	1,753.32	1	56	2.5
S005	Prospect Omori-Kaigan	2,478.04	2,446.04	1	58	2.6
S006	Abreast Shin-Osaka	2,984.64	2,610.84	49	98	4.4
S007	Maison de Ville Naka-Meguro	1,275.00	1,275.00	1	38	1.7
S008	Roppongi Rise House	1,209.87	1,180.80	1	35	1.6
S009	Prospect Nihonbashi-Honcho	1,290.49	1,169.63	1	32	1.5
S011	Fragrance Kawasaki	1,065.96	1,065.96	1	24	1.1
S012	Abreast Sakuragawa	1,009.92	946.68	1	18	0.8
S013	Dome Takamine	946.04	738.32	1	10	0.5
S014	Dome Yotsuya	765.90	744.60	1	10	0.5
S015	TK Flats Denenchofu Annex	429.50	398.83	1	8	0.4
S016	Abreast Nagase	532.98	532.98	26	8	0.4
S017	Living Stage Higashi-Sendai	1,539.41	1,279.60	1	16	0.7
S018	Prospect Toyonaka Hattori	986.34	986.34	1	15	0.7
S019	Prospect Bishoen	901.15	870.55	1	13	0.6
S020	Prospect Shimogamo	675.51	675.51	1	12	0.6
S021	Prospect Kawaramachi-Gojo	1,528.12	1,257.03	1	23	1.1
S022	Prospect Chuo-Rinkan	1,098.24	1,052.48	1	23	1.0
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	42	1.9
S025	Domy Chitose	3,383.02	3,383.02	1	26	1.2

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S026	Sky Hills Kodai I	4,712.47	4,712.47	1	35	1.6
S027	Exceria Ikebukuro West II	1,379.52	1,379.52	1	31	1.4
S028	Prospect Monzennakacho	1,790.56	1,790.56	1	38	1.7
S029	Prospect KALON Minowa	3,032.27	2,968.02	1	46	2.1
S030	Prospect Nakanoshima	1,572.48	1,422.72	1	18	0.8
S031	Prospect Ogikubo	1,106.63	976.96	1	10	0.5
F001	Prospect Kiyosumi-Teien	5,556.73	5,480.42	1	95	4.3
F002	Park Terrace Ebisu	2,705.09	2,597.21	1	76	3.4
F003	BELNOS34	5,321.89	4,513.03	1	89	4.0
F004	Prospect Dogenzaka	2,058.53	1,776.48	1	61	2.7
F005	U House Daikan-Cho	5,944.44	5,837.95	1	62	2.8
F006	U House Gokiso	5,127.19	4,139.51	1	53	2.4
F007	Angel Heim Nishi-Rokugo No.2	2,776.64	2,702.05	1	54	2.4
F008	Prospect Onshi-Koen	2,033.77	2,033.77	1	41	1.9
F009	Deim-Hashimoto	3,170.41	2,483.12	1	35	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
F013	Garden City Kita-Toda	3,678.83	3,603.66	1	6	0.3
F014	U House Tsurumai II	2,262.63	2,189.55	1	27	1.2
F017	Living Stage Minami-Sendai	1,277.10	1,087.90	1	11	0.5
F019	Prospect Glarsa Hiroo	3,846.27	3,710.75	1	123	5.5
F020	Prospect Katsura	1,769.96	1,769.96	1	23	1.1
F021	Crown Heim Nishi-Tanabe	1,517.86	1,453.20	1	19	0.9
F022	Takasagoseki Nibankan	3,336.52	2,815.93	1	34	1.5
F023	Prospect Machiya	1,169.37	1,169.37	1	18	0.8
F024	Prospect Hatsudai	817.71	778.61	1	19	0.9
F025	Prospect Morishita	2,399.23	2,351.24	1	46	2.1
F026	Prospect Nishi-Sugamo	2,023.42	2,023.42	1	39	1.8

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F027	Palais D'Or Maruyama	4,678.32	3,676.71	1	25	1.1
F028	Prospect Kawasaki	3,377.53	3,377.53	1	32	1.5
F029	Prospect Nihonbashi-Koamicho	1,364.02	1,314.27	1	17	0.8
Total		133,950.14	125,999.43	127	2,246	100.0

Note: Leasing operations started from September 2007 for Prospect KALON Minowa (Code: S029). Leasing operations started from October 2007 for Prospect Nakanoshima (S030), Palais D'Or Maruyama (F027), Prospect Kawasaki (F028), and Prospect Nihonbashi-Koamicho (F029). Leasing operations started from November 2007 for Prospect Ogikubo (S031). Leasing operations ended on August 31, 2007 for Garden City Kita-Toda.

Occupancy rates

(End of each month)

Code	Property Name	July 2007	August 2007	September 2007	October 2007	November 2007	December 2007	January 2008
S001	TK Flats Shibuya	85.9	87.6	88.6	89.4	87.9	87.8	89.9
S002	Prospect Shinonomebashi	96.4	97.0	96.9	94.4	94.5	96.7	100.0
S003	Maison de Ville Azabudai	89.0	94.9	97.5	96.5	94.5	95.5	94.2
S004	Maison de Ville Takanawa Gyoranzaka	98.6	98.6	97.2	100.0	100.0	98.6	98.6
S005	Prospect Omori-Kaigan	100.0	100.0	96.9	98.8	99.0	98.7	98.7
S006	Abreast Shin-Osaka	91.6	87.5	87.5	87.5	86.4	86.4	87.5
S007	Maison de Ville Naka-Meguro	92.0	98.0	100.0	100.0	98.0	98.0	100.0
S008	Roppongi Rise House	90.5	97.6	100.0	100.0	100.0	100.0	97.6
S009	Prospect Nihonbashi-Honcho	96.5	94.8	94.8	87.3	81.5	85.2	90.6
S011	Fragrance Kawasaki	98.0	98.0	100.0	100.0	100.0	100.0	100.0
S012	Abreast Sakuragawa	95.8	93.8	95.8	95.8	95.8	93.7	93.7
S013	Dome Takamine	83.5	80.8	78.0	78.0	78.0	78.0	78.0
S014	Dome Yotsuya	80.7	86.2	100.0	97.2	97.2	97.2	97.2
S015	TK Flats Denenchofu Annex	100.0	92.9	92.9	85.7	85.7	85.7	92.9
S016	Abreast Nagase	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S017	Living Stage Higashi-Sendai	77.1	75.0	77.1	77.1	81.0	83.1	83.1
S018	Prospect Toyonaka Hattori	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S019	Prospect Bishoen	100.0	100.0	100.0	96.6	100.0	96.6	96.6
S020	Prospect Shimogamo	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S021	Prospect Kawaramachi-Gojo	81.8	80.0	81.9	81.9	82.0	80.4	82.3
S022	Prospect Chuo-Rinkan	97.9	93.8	100.0	95.8	95.8	93.8	95.8
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 Kodai I	100.0	100.0	100.0	100.0	100.0	100.0	100.0
S027	Exceria Ikebukuro West II	81.7	94.0	94.9	96.4	98.2	100.0	100.0
S028	Prospect Monzennakacho	100.0	100.0	97.2	100.0	100.0	100.0	100.0
S029	Prospect KALON Minowa			83.7	84.3	95.0	97.9	97.9
S030	Prospect Nakanoshima				96.8	95.2	92.1	90.5
S031	Prospect Ogikubo					80.4	82.9	88.3
F001	Prospect Kiyosumi-Teien	99.3	100.0	100.0	98.4	96.8	95.5	98.6
F002	Park Terrace Ebisu	98.5	100.0	100.0	98.7	98.7	95.6	96.0
F003	BELNOS34	93.7	88.2	88.8	89.7	88.8	85.8	84.8
F004	Prospect Dogenzaka	91.2	86.5	90.2	94.3	96.5	91.8	86.3
F005	U House Daikan-Cho	98.3	97.7	97.2	96.2	96.2	96.2	98.2
F006	U House Gokiso	88.5	87.0	85.7	85.0	85.0	83.7	80.7
F007	Angel Heim Nishi-Rokugo No.2	100.0	100.0	100.0	97.3	100.0	97.3	97.3
F008	Prospect Onshi-Koen	98.5	100.0	100.0	96.6	98.1	100.0	100.0
F009	Deim-Hashimoto	85.1	84.5	82.3	79.7	81.0	77.7	78.3

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F010	SK Residence	97.4	100.0	97.3	97.3	100.0	100.0	100.0
F012	Garden City Urawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0
F013	Garden City Kita-Toda	98.0						
F014	U House Tsurumai II	96.8	94.4	97.5	91.2	100.0	100.0	96.8
F017	Living Stage Minami-Sendai	88.9	88.9	88.9	85.2	88.9	85.2	85.2
F019	Prospect Glarsa Hiroo	99.3	99.3	99.3	97.9	99.4	97.0	96.5
F020	Prospect Katsura	93.2	89.8	93.1	100.0	100.0	100.0	100.0
F021	Crown Heim Nishi-Tanabe	95.7	95.7	95.7	100.0	100.0	100.0	95.7
F022	Takasagoseki Nibankan	93.2	91.0	91.0	88.8	88.8	84.4	84.4
F023	Prospect Machiya	100.0	100.0	100.0	100.0	95.1	100.0	100.0
F024	Prospect Hatsudai	100.0	95.2	95.2	95.2	95.2	95.2	95.2
F025	Prospect Morishita	98.1	98.1	100.0	100.0	100.0	97.5	98.0
F026	Prospect Nishi-Sugamo	100.0	100.0	100.0	100.0	100.0	100.0	100.0
F027	Palais D'Or Maruyama				79.4	78.6	78.6	78.6
F028	Prospect Kawasaki				98.3	100.0	100.0	100.0
F029	Prospect Nihonbashi-Koamicho				92.7	88.6	96.4	96.4

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	26	47,783	68.5	63,787.24	47.6
Tokyo Metropolitan Area (excluding Tokyo's 23 Wards)	5	4,911	7.0	11,180.65	8.4
Other Regions (Note 1)	23	17,044	24.4	58,982.25	44.0
Total	54	69,738	100.0	133,950.14	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	3	3,756	5.4	5,502.92	4.1
More than one year and up to five years	22	27,883	40.0	40,069.17	29.9
More than five years and up to ten years	12	21,181	30.4	37,671.49	28.1
More than ten years	17	16,918	24.3	50,706.56	37.9
Total	54	69,738	100.0	133,950.14	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	51,141.54	38.2	155,554	43.5
Tokyu Community Co., Ltd	Real estate	33,641.58	25.1	48,723	13.6
Mitsui Fudosan Residential Lease Co., Ltd (Note 1)	Real estate	18,671.95	13.9	68,060	19.0
Total of Major Tenants		103,455.07	77.2	272,338	76.1
Total Portfolio		125,999.43	100.0	357,797	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.

## Leasing conditions of major tenants

Tenants mentioned in section are master lessers holding master lease contracts with the purpose of sub-leasing to the third parties. Rents received from these tenants are of the pass-through type, equal to rents received from end-tenants, and exclude rent assurance, with the exception of contracts for Sky-Hills Sakaicho. The following chart shows property names, major leasing conditions such as contract periods, and master lesser details.

Prospect Residential Investment Corporation

Name of master lesser: Haseko Livenet

Property Name	TK Flats Shibuya	Prospect Shinonomebashi	Roppongi Rise House	Fragrance Kawasaki
Contract period	From December 1, 2007 to November 30, 2008	From April 1, 2007 to March 31, 2008	From April 1, 2007 to March 31, 2008	From April 1, 2007 to March 31, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Abreast Sakuragawa	Dome Takamine	Dome Yotsuya	TK Flats Denenchofu Annex
Contract period	From September 1, 2007 to August 31, 2008	From May 1, 2007 to April 30, 2008	From November 1, 2006 to October 31, 2007	From December 1, 2007 to November 30, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Prospect Dogenzaka	U House Daikan-Cho	U House Gokiso	Deim-Hashimoto
Contract period	From April 1, 2007 to March 31, 2008	From May 1, 2007 to April 30, 2008	From November 1, 2007 to October 31, 2008	From July 3, 2006 to Septem 30, 2012
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	None.

Property Name	U House Tsurumai II	BELNOS 34	Prospect Hatsudai	Prospect Morishita
Contract period	From May 1, 2007 to April 30, 2008	From February 1, 2007 to January 31, 2008	From March 1, 2007 to February 29, 2008	From March 1, 2007 to February 29, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.



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Property Name	Exceria Ikebukuro West II	Prospect Monzennakacho	Prospect KALON Minowa	Prospect Nakanoshima
Contract period	From June 28, 2007 to June 30, 2008	From June 28, 2007 to June 30, 2008	From March 1, 2007 to September 30, 2008	From October 1, 2007 to September 30, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Prospect Kawasaki
Contract period	From October 1, 2007 to September 30, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Name of master lessor: Mitsui Fudosan Residential Lease

Property Name	Maison de Ville Azabudai	Maison de Ville Takanawa Gyoranzaka	Prospect Omori-Kaigan	Maison de Ville Naka-Meguro
Contract period	From October 1, 2007 to September 30, 2008	From October 1, 2007 to September 30, 2008	From April 1, 2007 to March 31, 2008	From October 1, 2007 to September 30, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Prospect Kiyosumi-Teien	Park Terrace Ebisu	Angel Heim Nishi-Rokugo No.2
Contract period	From April 1, 2007 to March 31, 2008	From October 1, 2007 to September 30, 2008	From March 28, 2002 to March 31, 2012
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	None.

Prospect Residential Investment Corporation

Name of master lessor: Tokyu Community

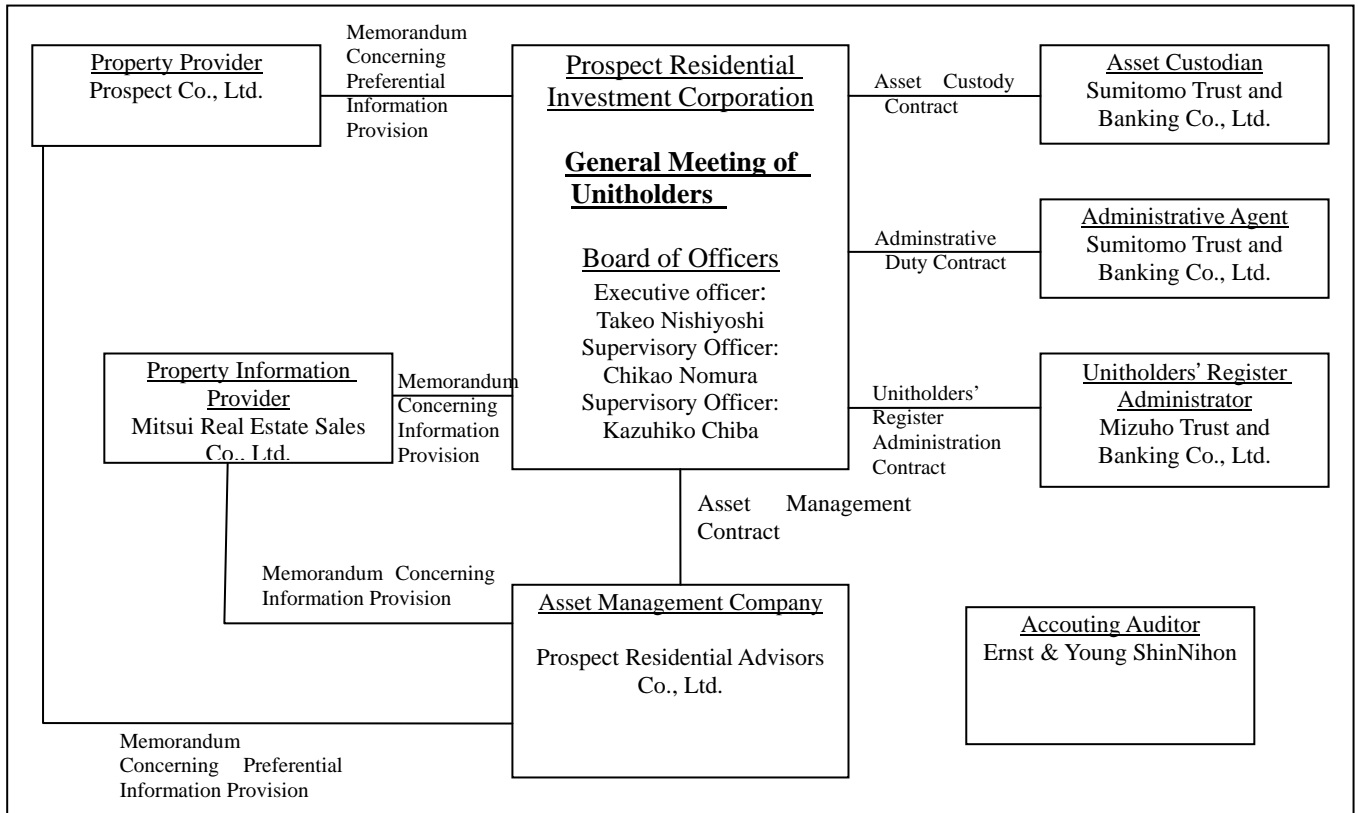
Property Name	Living Stage Higashi-Sendai	Prospect Shimogamo	Living Stage Minami-Sendai	Prospect Katsura
Contract period	From September 1, 2007 to August 31, 2008	From April 1, 2007 to March 31, 2008	From September 1, 2007 to August 31, 2008	From April 1, 2007 to March 31, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Crown Heim Nishi-Tanabe	Takasagoseki Nibankan	Prospect Kawaramachi-Gojo	Sky Hills N15
Contract period	From April 1, 2007 to March 31, 2008	From April 1, 2007 to March 31, 2008	From March 15, 2007 to March 31, 2008	From October 1, 2007 to September 30, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Property Name	Sky Hills Sakaimachi	Domy Chitose	Sky Hills Takadai I	Palais D'Or Maruyama
Contract period	From October 1, 2007 to September 30, 2008	From October 1, 2007 to September 30, 2008	From October 1, 2007 to September 30, 2008	From August 1, 2007 to July 31, 2008
Method for contracts renewal	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to three months prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.	In cases when lessors and tenants give no notice up to one month prior to the end of contract periods, the leasing contracts are renewed for a further one year with the same conditions.

Note: With respect to Prospect Shinonomebashi, Roppongi Rise House, Fragrance Kawasaki, Prospect Dogenzaka, Prospect Omori-Kaigan, Prospect Kiyosumi-Teien, Prospect Shimogamo, Prospect Katsura, Crown Heim Nishi-Tanabe, Takasagoseki Nibankan, Prospect Kawaramachi-Gojo, the contract will be renewed for a further one year because no notices were issued from lessors or tenants as of the date of this document.

6 . Corporations and entities related to PRI (in reference material 1 . Corporations and entities related to PRI )  
 ( 1 ) Structure of the Investment Corporation



Prospect Residential Investment Corporation

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

Operational roles	Names	Outline of related operations
Investment Corporation	Prospect Residential Investment Corporation	<p>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.</p>
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>
Asset Custodian Administrative Agent	Sumitomo Trust and Banking Co., Ltd.	<p>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:</p> <p>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:</p>

**Prospect Residential Investment Corporation**

<p align="center">Unitholders' Register Administrator</p>	<p align="center">Mizuho Trust and Banking Co., Ltd.</p>	<p>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:</p> <p>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 .</p>
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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
<p align="center">Property Provider</p>	<p align="center">Prospect Co., Ltd. (KKP) (Note)</p>	<p>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.</p>
<p align="center">Property Information Provider</p>	<p align="center">Mitsui Real Estate Sales Co., Ltd.</p>	<p>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.</p>

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