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For Immediate Release

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Notice Concerning Debt Funding

Japan Prime Realty Investment Corporation (JPR) on September 1, 2003 concluded a drawdown of debt funding, with details in I. below. On September 2, 2003, JPR plans to repay a portion of borrowings, as detailed in II. below.

I. Debt Funding

1. Details of Debt Funding

1.	Lender	Aozora Bank, Ltd.
2.	Amount	¥2,400 million
3.	Interest Rate	<u>0.83917%</u> (From September 2, 2003 to October 27, 2003) Note
4.	Loan Type	Floating rate of interest. First registered mortgage over the beneficiary interests in the Gotanda First Building and the SK Hiroshima Building.
5.	Drawdown Date	September 1, 2003
6.	Repayment Method	Principal repayment in full on maturity
7.	Repayment Date	February 27, 2004

Note:

The interest rate applicable after October 28, 2003 will be announced as and when decided.

2. Use of Funds

Acquisition of the Nagoya Kowa Building and payment of associated expenses.

JPR decided to acquire the Nagoya Kowa Building on August 7, 2003. The purchase was completed on September 1, 2003 as planned

II. Repayment of a Portion of Borrowings

1. Summarized terms and conditions of Borrowings to be repaid

1.	Lender	The Yasuda Mutual Life Insurance Company	
2.	Amount and Date	¥5,000 million (December 27, 2001)	¥5,000 million (June 21, 2002)
3.	Interest Rate	1.700%	2.050%
4.	Loan Type	Fixed rate of interest Secured Unguaranteed Non-subordinated	Fixed rate of interest Secured Unguaranteed Non-subordinated
5.	Drawdown Date	December 27, 2001	June 21, 2002
6.	Repayment Method	Principal repayment in full on maturity	Principal repayment in full on maturity
7.	Repayment Date	December 26, 2008	June 21, 2011
8.	Partial Repayment	¥217 million	¥217 million

2. Description

The repayment of a portion of these borrowings is in accordance with an agreement with the lender whereby JPR shall repay a portion of the borrowings at the time of release of the pledge, which is the planned on September 3, 2003, sale of the beneficiary interest in the Yasuda-Life Tenroku Building (JPR decided to sell this asset on August 7, 2003).

[For Reference]

1. Borrowings Balance after Additional Debt Funding (part I.) and Repayment of Borrowings (part II.)

(Yen in billions)

	Borrowings Balance prior to Additional Debt Funding and Repayment of Borrowings	Borrowings Balance after Additional Debt Funding and Repayment of Borrowings	Change
Short-Term Borrowings	8.7	11.1	2.4
Medium-Term Borrowings	25.0	25.0	—
Long-Term Borrowings	15.0	14.566	(0.434)
Total Borrowings	48.7	50.666	1.966

2. Interest-Bearing Liabilities Ratio after Additional Debt Funding (part I.) and Repayment of Borrowings (part II.)

	Before Additional Debt Funding Repayment of Borrowings	After Additional Debt Funding Repayment of Borrowings	Percentage Point Change
Interest-Bearing Liabilities Ratio	35.3%	36.2%	0.9
Medium- to Long-Term Interest-Bearing Liabilities Ratio	82.1%	78.1%	(4.0)

Notes:

- The above interest-bearing liabilities ratios are calculated as a matter of convenience using the following formulas:
Interest-bearing liabilities ratio (%) = Interest-bearing liabilities ÷ (Interest-bearing liabilities + Unitholders' equity) x 100
(Unitholders' equity: ¥89,114 million)
Unitholders' equity includes the issue price of the issuance of new investment units comprising ¥30,758,649,600 paid on July 14, 2003 and ¥1,373,154,000 paid on August 8, 2003.
Unitholders' equity is rounded to the nearest million.
- Medium- to long-term interest-bearing liabilities ratio (%) = Medium- to long-term interest-bearing liabilities ÷ Interest-bearing liabilities x 100
- Percentage figures are rounded to the nearest second decimal place.