January 13, 2005

For Translation purpose only

For Immediate Release

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Notice Concerning Revisions to Operating Forecasts for the Fiscal Periods Ended December 31, 2004 and Ending June 30, 2005 and Operating Forecast for the Fiscal Period Ending December 31, 2005

Japan Prime Realty Investment Corporation (JPR) today announced its revised operating forecasts for the fiscal periods ended December 31, 2004 and ending June 30, 2005, which were reported on August 19, 2004, at the time of its announcement of the operating results for the fiscal period ended June 30, 2004.

Today, JPR also announced its operating forecast for the fiscal period ending December 31, 2005.

1. Revised Forecast for the Fiscal Period Ended December 31, 2004

	Operating Revenues (yen in millions)	Net Income (yen in millions)	Dividend per Unit (yen)	Distributions in Excess of Earnings per Unit (yen)
Previous Forecast (A)	7,488	2,580	6,000	—
Revised Forecast (B)	7,667	2,752	6,400	—
Net Change (B-A)	179	172	400	—
Change (%)	2.4%	6.7%	6.7%	—%

Notes:

1. Units outstanding as of December 31, 2004: 430,000 units
2. Figures are rounded down

2. Revised Forecast for the Fiscal Period Ending June 30, 2005

	Operating Revenues (yen in millions)	Net Income (yen in millions)	Dividend per Unit (yen)	Distributions in Excess of Earnings per Unit (yen)
Previous Forecast (A)	7,426	2,451	5,700	—
Revised Forecast (B)	8,178	3,021	5,700	—
Net Change (B-A)	752	570	—	—
Change (%)	10.1%	23.3%	—%	—%

Notes:

1. Forecast units outstanding as of June 30, 2005: 530,000 units
2. The above forecasts are based on the assumptions outlined in attachment A. Operating revenues, net income, and dividend per unit may change due to the acquisition of additional properties or the sale of properties, change in operating environment, and the offer price to be determined. JPR is not in a position to guarantee these results.
3. Figures are rounded down

3. Reasons for Revision

JPR resolved at a meeting of its Board of Directors held on January 13, 2005, to issue additional investment units for the purpose of repaying short-term debt and acquiring a new property.

As a result of this initiative, JPR has decided to announce its revised operating forecasts.

4. Forecast for the Fiscal Period Ending December 31, 2005

	Operating Revenues (yen in millions)	Net Income (yen in millions)	Dividend per Unit (yen)	Distributions in Excess of Earnings per Unit (yen)
Fiscal Period Ending December 31, 2005	7,683	2,703	5,100	—

Notes:

1. The above forecasts are based on an average occupancy rate of 97.2% and on the supposition that assumptions identified in attachment A will continue until Dec.31, 2005. Operating revenues, net income, and dividend per unit may change due to the acquisition of additional properties or the sale of properties, change in operating environment, and the offer price to be determined. JPR is not in a position to guarantee these results.
2. Figures are rounded down.

Attachment A

The assumptions for the 7th fiscal period ending June 30, 2005 are as follows.

	Assumptions
Period	7th fiscal period: January 1, 2005 to June 30, 2005 (investment period: 181 days)
Property Portfolio	In addition to the 42 properties held as of January 13, 2005, JPR is scheduled to acquire the Strasse Ichibancho on February 4, 2005, and is scheduled to sell the JPR Ikebukuro Building, the JPR Park West Takamatsu and the JPR Square Hakata East/West on March 16, 2005. The assumed average occupancy rate is 94.0%. The property portfolio may change due to the acquisition or sale of properties.
Units outstanding	Forecast units outstanding as of June 30, 2005 are 530,000 units. This is based on 430,000 units outstanding as of December 31, 2004 and the additional 100,000 units to be issued, which was resolved at the Board of Directors meeting held on January 13, 2005. The additional 100,000 units are comprised of a primary offering of 95,000 units and a third-party allotment of 5,000 units. JPR assumes the third-party allotment of 5,000 units will be fully placed.
Interest-bearing Debt Ratio	The interest-bearing debt ratio as of January 13, 2005 stands at 51.1%. However, following the issue of additional investment units, JPR plans to apply these funds as follows: the acquisition of Strasse Ichibancho on February 4, 2005, and the repayment of short-term debt. Accordingly, the interest-bearing debt ratio is expected to fall to approximately 38%. Forecast for the 7th fiscal period is based on an interest-bearing debt ratio of approximately 38% throughout the period. The following formula is used for the interest-bearing debt ratio: Interest-bearing debt ratio = Interest-bearing debt / (Interest-bearing debt + Unitholders’ equity) x 100.
Operating Expenses	In general, property tax and city planning tax applicable in the first year of acquisition are included in the acquisition price and expensed. Accordingly, with respect to the 5th and 6th fiscal period, property tax and city planning tax were not expensed for the following 11 properties: the Dojima F Building, the Kawaguchi Center Building, the JPR Ueno East Building, the JPR Ichigaya Building, the Oval Court Ohsaki Mark West, the Semba Fukuoka Building, the Shinjuku Square Tower, the SS Daikanyama, the BYGS Shinjuku Building, an additional acquisition of a portion of the Shin-Kojimachi Building and the Across Shinkawa Building Annex. However, these taxes will be expensed from the 7th fiscal period. In the same manner, these taxes applicable to the planned acquisition of the Strasse Ichibancho on February 4, 2005 for the 7th fiscal period, will not be expensed for the 7th and 8th fiscal periods, and it will be expensed from the 9th period.
Profit (Loss) on Sale of Properties	Expected profit (loss) from the planned sale of three properties on March 16, 2005 is included in the forecast.
Distribution per Unit	JPR does not currently anticipate distributions in excess of earnings per unit. The forecast is based on a distribution in excess of 90% of distributable income, limited to JPR’s net income.