



Japan Prime Realty Investment Corporation
Fourth Fiscal Period Results
(July 1, 2003 – December 31, 2003)

February, 2004

This document contains a translation of selected information described in the Financial Report (*Kessan Tanshin*) dated February 17, 2004 prepared under the timely disclosure requirements of the Tokyo Stock Exchange, as well as the Financial Statements and Performance Information Report prepared pursuant to the Investment Trust Law of Japan, for the period from July 1, 2003 to December 31, 2003 of Japan Prime Realty Investment Corporation (“JPR”).

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Many provisions of 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, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

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Japan Prime Realty Investment Corporation is listed on the First Section of the Tokyo Stock Exchange with the securities code number 8955. (URL http://www.jpr-reit.co.jp/jpr_e/index.html)

Board of Directors Meeting: February 17, 2004
Payment of Dividends: March 3, 2004 (planned)

PERFORMANCE (July 1, 2003 – December 31, 2003)

(1) Business Results

(Amounts less than a million yen discarded)
(Millions of yen, except per share information)

	Operating Revenues	% Change	Net Operating Profits	% Change	Recurring Profits	% Change	Net Income	% Change
Dec 31, 2003	6,421	22.0%	2,933	30.6%	2,468	24.0%	2,467	24.0%
Jun. 30, 2002	5,264	5.9%	2,246	(1.8%)	1,991	(0.6%)	1,990	(0.6%)

(Yen)

	EPS	Net Income/NAV	<Reference> (Annualized)	Recurring Profits/Total Assets	<Reference> (Annualized)	Recurring Profits/ Operating Revenues
Dec. 31, 2003	5,895	3.3%	6.5%	1.6%	3.2%	38.4%
Jun. 30, 2002	6,872	3.4%	6.8%	1.6%	3.2%	37.8%

Notes: 1. EPS is calculated based on the average number of investment units during the term, as follows

Fiscal period ended Jun. 30, 2003: 289,600 units

Fiscal period ended Dec. 31, 2003: 418,502 units

2. Changes in accounting standards: No

3. Percentages for operating revenues, net operating profits, recurring profits and net income show changes from the previous fiscal period, are rounded to the nearest first decimal place

4. Net income/NAV and recurring profits/total assets are calculated based on the average of unitholders' equity (NAV) and total assets as of the beginning and end of the period

5. Annualized result =

For the period ended June 30, 2003:

Actual result/Actual investment days (181 days) x 365 days

For the period ended December 31, 2003:

Actual result/Actual investment days (184 days) x 365 days

(2) Cash Distributions

(Millions of yen, except DPS and exceeding profit distribution per unit)

	DPS	Distribution Amount	Exceeding Profit Distribution Per Unit	Exceeding Profit Distribution Amount	Dividend Payout Ratio	Distribution/NAV
Dec. 31, 2003	5,738	2,467	—	—	99.9%	3.3%
Jun. 30, 2002	6,873	1,990	—	—	100.0%	3.4%

Note: Dividend payout ratio is rounded to the nearest first decimal place.

(3) Financial Position

(Millions of yen)

	Total Assets	NAV	NAV Ratio	NAV Per Unit
Dec. 31, 2003	156,576	91,581	58.5%	212,979
Jun. 30, 2002	144,989	58,972	40.7%	203,634

Note: 1. Number of units outstanding at the end of the period

Fiscal period ended Jun. 30, 2003: 289,600 units

Fiscal period ended Dec. 31, 2003: 430,000 units

FOURTH FISCAL PERIOD HIGHLIGHTS

Market Environment

Office Building Leasing

Tokyo's market for leased office space remained weak during the period under review, reflecting the prolonged slump in demand. Difficult conditions were exacerbated by the "Year 2003 Problem," which continued to drive up vacancy rates and exert downward pressure on lease rentals. Despite expectations that the upswing in vacancy rates will plateau as the impact of new building completions begins to settle, there are concerns that the effects of the oversupply of leased office space will shift from large-scale buildings to medium- and small-sized properties. In certain areas of Greater Tokyo and some portions of other major cities the markets for leased office space remained strong during JPR's fourth fiscal period. Overall conditions were harsh, however, characterized by vacancy increases and rent decreases, impacted by a spate of business restructuring and corporate integration-driven relocation.

Commercial Facility Leasing

Signs of a recovery in Japanese consumer spending that emerged mid-year gave way in the second half to a subdued consumer mindset, fanned by uncertainties concerning future economic trends and anxiety over social welfare and pensions. Making matters worse, the continued opening of large-scale retail stores nationwide has placed increasing pressure on the market for leased commercial facility space. Against this backdrop, rents are increasing in the upmarket commercial districts of Tokyo's central business districts (CBDs), such as Ginza and Aoyama, buoyed by the presence of prominent brand stores and a willingness on the part of retailers to open flagship stores in these areas. In addition, rents have fared comparatively well amid the growing shift from suburban to urban Tokyo by large-scale home appliance stores, home centers and shopping centers. In suburban areas, new store rents have begun to fall, reflecting the limited number of store openings, signs of a drop in the level of competition, and lower property and construction costs. Concerns are also evident as pressure mounts for rent reductions at the time of contract renewal due to the year-on-year drop in existing store sales.

Real Estate

In the real estate market, property sales have picked up owing to corporate restructurings, moves by financial institutions to resolve the non-performing loans issue, the introduction of asset-impairment accounting, and other factors. On the demand side, investors are becoming increasingly stringent in the selection of properties, and the trend toward a polarized market is becoming more prominent.

Acquisitions and Sales

Under these circumstances, JPR strove to create a stable revenue stream, improve the balance of its portfolio, and to diversify its asset holdings by geographical location and type of use. To this end, based on strict selection criteria the Company acquired prime office buildings that are expected to generate

stable cash flow. In the fiscal period under review, JPR increased its ownership in the Kuraray Nissay Building on July 16, 2004 for an investment of ¥5.0 billion. In addition, the Company acquired the Gotanda First Building (co-ownership, investment of ¥2.92 billion) on July 23, the Nagoya Kowa Building (investment of ¥4.55 billion) on September 1, and the Fukuoka Building (unit ownership, co-ownership, investment of ¥1.80 billion) on October 15. Meanwhile, JPR sold the Yasuda-Life Tenroku Building for ¥0.6 billion on September 3, 2004 (Note: For further details, please refer to the **Property Portfolio Asset Management—Value-Enhanced Properties** section).

Following these activities, as of December 31, 2003, JPR held 32 properties, totaling ¥139.64 billion on an acquisition price basis, with total leasable floor space of 218,734.67 square meters, and 357 tenants.

Kuraray Nissay Building

Location	16-7, Chayamachi, Kita-ku, Osaka-shi, Osaka
Acquisition Date	July 16, 2003
Acquisition Price	¥13.0 billion (excluding acquisition costs, property tax, and city planning tax)
Type of Ownership	Co-ownership
Total Site Area	3,518.68 m ²
Total Floor Area	17,897.56 m ²
Total Leasable Floor Space	18,586.97 m ²
Type of Structure	SRC, B1/8F
Completion Date	April 17, 1990

Gotanda First Building

Location	2-8-1, Nishigotanda, Shinagawa-ku, Tokyo
Acquisition Date	July 23, 2003
Acquisition Price	¥2.92 billion (excluding acquisition costs, property tax, and city planning tax)
Type of Ownership	Land: Co-ownership (61.8%) Bldg.: Unit ownership (B1, 1 F (Partial), 6F-11F)
Total Site Area	1,551.19 m ²
Total Floor Area	10,553.34 m ²
Total Leasable Floor Space	4,240.98 m ²
Type of Structure	SRC•RC•B2/11F
Completion Date	July 1989

Nagoya Kowa Building

Location	3-24-24, Nishiki, Kaka-ku, Nagoya
Acquisition Date	September 1, 2003
Acquisition Price	¥4.5 billion (excluding acquisition costs, property tax, and city planning tax)

Type of Ownership	Land: Ownership Bldg.: Ownership
Total Site Area	992.31 m ²
Total Floor Area	7,260.65 m ²
Total Leasable Floor Space	5,461.90 m ²
Type of Structure	S B1/11F
Completion Date	Property 1: January 31, 2003 Property 2: December 25, 1986

Fukuoka Building

Location	2-8-17, Yaesu, Chuo-ku, Tokyo
Acquisition Date	October 15, 2003
Acquisition Price	¥1.8 billion (excluding acquisition costs, property tax, and city planning tax)
Type of Ownership	Land: Co-ownership (14.3%) Bldg.: Unit ownership (6F, 10 F (Partial))
Total Site Area	1,302.17 m ²
Total Floor Area	11,627.74 m ²
Total Leasable Floor Space	1,250.05 m ²
Type of Structure	SRC B2/10F
Completion Date	May 31, 1990

Yasuda-Life Tenroku Building

Location	12-24, Naniwa-cho, Kita-ku, Osaka, Osaka
Sales Date	September 3, 2003
Sales Price	¥600 million (excluding acquisition costs, property tax, and city planning tax)
Type of Ownership	Ownership
Total Site Area	642.06 m ²
Total Floor Area	3,851.23 m ²
Total Leasable Floor Space	2,395.12 m ²
Type of Structure	SRC B1/8F
Completion Date	June 26, 1991

Property Portfolio Asset Management

Implementing Property Management Evaluation

Each year in July, JPR evaluates the performance and capabilities of its property management companies (PMs), excluding retail facilities. To this end, STB Research Institute, an independent third-party, is commissioned to conduct a detailed evaluation survey, which covers a total of 83 categories. For the period under review, the Company was generally satisfied with the performance of property management companies. Areas for improvement were relayed back to each PM with the aim of further strengthening

the management structure and raising the level of tenant services.

Occupancy Rate

The market for leased office space remains mired in a prolonged slump. Despite efforts to improve competitiveness through selective renovation, repairs and maintenance, and wide-ranging measures to cultivate new tenants, the property portfolio occupancy rate stood at 92.7% as of December 31, 2003, down 0.8 of a percentage point from the end of the previous period.

Cost Reductions

JPR surpassed its original cost-cutting target for outsourcing expenses as a percentage of its entire portfolio. For the third and fourth fiscal periods, the Company achieved a reduction of 3.5% on a contract basis, against an original target of 3% (contract base for property holdings as of the end of the second fiscal period).

Value-Enhanced Properties

A percentage of JPR's property portfolio is comprised of real estate offering high profitability and potential for substantial capital gain. One such property was the Yasuda-Life Tenroku Building, which was sold by the Company during the period under review. Purchased in November 2001, this building had an occupancy rate of 55%. In the ensuing period, JPR raised the occupancy rate to 100%, undertook appropriate repairs and maintenance, and successfully realized a gain from property transfer of ¥170 million.

In addition, renovations to the JPR Ikebukuro Building (formerly the Yasuda-Life Ikebukuro Building) remain on track, with completion scheduled for April 2004.

Funds Procurement

In its fourth fiscal period, JPR procured funds totaling ¥32.13 billion through the issue of additional investment units, and continued with efforts to enhance borrowing capacity and to reinforce its financial position. Based on its fundamental policy to secure financial stability, the Company procured funds with the aim of steadily expanding its property portfolio. As a result, the balance of total outstanding debt as of December 31, 2003 stood at ¥52.47 billion, down from ¥69.5 billion at the previous period-end. In an effort to reduce exposure to the risk of potential increases in interest rates, 75.4% of this amount is long-term interest-bearing debt with a maturity of more than one year (average maturity 4.6 years, see Note 1). The average interest rate during the fiscal period ended December 31, 2003 was 1.3% (see Note 2). The interest-bearing debt ratio was 37.1% (see Note 3), and the interest-bearing debt to total assets ratio was 33.5% (see Note 4).

Notes:

1. Average maturity of long-term interest-bearing debt, which is interest-bearing debt with a maturity of more than one year, is calculated using the weighted average of each debt over the number of years to

repayment starting at the end of the fiscal period ended December 31, 2003. The balance of outstanding long-term interest-bearing debt stood at ¥39.57 billion as of December 31, 2003.

2. Average interest rate is the weighted-average interest rate of outstanding debt as of December 31, 2003.
3. Interest-bearing debt ratio (%) = Interest-bearing debt / (Interest-bearing debt + Total unitholders' equity) x 100

Total unitholders' equity was ¥89.11 billion as of December 31, 2003.

4. Interest-bearing debt to total assets ratio (%) = Interest-bearing debt ÷ Period-end total assets x 100
- Total assets as of December 31, 2003 were ¥156.57 billion.

FORECASTS FOR FIFTH FISCAL PERIOD ENDING JUNE 30, 2004

(Millions of yen, except DPS and exceeding profit distribution per unit)

	Operating Revenues	Net Operating Profits	Recurring Profits	Net Income	DPS (excluding exceeding profit distribution per unit)	Exceeding Profit Distribution Per Unit
Fifth Fiscal Period Ending June 30, 2004	6,686	2,887	2,409	2,408	5,600	-

Reference: Estimated EPS for the fiscal period: ¥5,600

The above-mentioned forecasts are based on "Assumptions for the Fifth Fiscal Period Forecast (from January 1, 2004 to June 30, 2004)" in this Financial Report. Actual results will be subject to market conditions, and the forecasts do not guarantee any cash distribution amounts

**Assumptions for the Fifth Fiscal Period Forecast
(January 1- June 30, 2004)**

Item	Assumption
Calculation period	From January 1 to June 30, 2004 (182 days)
Properties owned	As of December 31, 2003, the Company owned 32 properties. The Company purchased the Doujima F Building on January 23, 2004, the Kawaguchi Center Building on February 13, 2004, and plans to acquire the SEF Building on March 1, 2004, for a total of 35 properties. Actual number of properties owned may change due to the subsequent acquisition or sale of properties.
Investment units issued	Calculations assume 430,000 investment units issued and outstanding as of December 31, 2003, reflecting the 289,600 investment units outstanding as of June 30, 2003, and the additional issuance of 140,400 investment units in July and August 2003.
Interest-bearing debt ratio	As of December 31, 2003, the interest-bearing debt ratio was approximately 37.1% (unitholders' equity of ¥89.11 billion, short-term debt of ¥12.9 billion, long-term debt of ¥39.56 billion). In the ensuing period, together with cash on hand, the Company procured short-term debt of ¥2 billion to assist in the acquisition of the Doujima F Building, and short-term debt of ¥7.5 billion to purchase the Kawaguchi Center Building. In addition, together with cash on hand, the Company intends to procure ¥3.5 billion in short-term debt following execution of purchase and sale agreement relating to the SEF Building. JPR anticipates an interest-bearing debt ratio of 42.7% after these transactions. The following formula is used to calculate the interest-bearing debt ratio: $\text{Interest-bearing debt ratio} = \frac{\text{Interest-bearing debt}}{(\text{Interest-bearing debt} + \text{Unitholders' equity})} \times 100$
Operating costs and expenses	Fixed asset tax, urban planning tax and other imposts applicable to the acquisitions of the Doujima F Building and the Kawaguchi Center Building, and the intended purchase of the SEF Building after January 1, 2004 are included in the acquisition prices for each property and are not charged as operating expenses. (However, fixed asset tax and urban planning tax charged to the owner on January 1, 2005 are accounted for as operating expenses in the fiscal period ending June 30, 2005.)
Cash distributions	Forecasts assume the distribution of an amount in excess of 90% of net income available for distribution, limited to the amount of profit. Forecasts also assume that there will be no distribution in excess of profit, in accordance with corporate policy.

Balance Sheets (as of December 31, 2003)**Assets**

(JPY in Thousands)

Item	End of Fourth Period (as of Dec. 31, 2003)	End of Third Period (as of Jun. 30, 2003)	% Change
Current Assets			
Cash and bank deposits	4,149,910	1,420,448	
Entrusted cash and deposits	12,961,107	17,683,380	
Rental receivables	105,570	63,774	
Prepaid expenses	117,338	105,631	
Deferred tax assets	57	18	
Consumption tax refundable	—	127,735	
Other current assets	643	54,416	
Total Current Assets	17,334,625	19,455,402	(10.9%)
Fixed Assets			
Property and equipment			
Buildings	2,540,669	658,985	
Entrusted buildings	55,442,091	52,723,526	
Entrusted structures	7,381	7,197	
Machinery and equipment	11,227	11,227	
Entrusted machinery and equipment	1,054,813	1,003,985	
Tools, furniture and fixtures	290	290	
Entrusted tools, furniture and fixtures	8,781	8,295	
Land	3,171,216	331,677	
Entrusted land	80,524,150	73,271,619	
Entrusted construction in progress	2,444	16,882	
Less accumulated depreciation	(3,538,923)	(2,518,883)	
Total Property and Equipment	139,224,139	125,514,800	10.9%
Investments and Other Assets			
Deposits	10,100	10,100	
Long-term prepaid expenses	7,322	9,177	
Total Investments and Other Assets	17,422	19,277	(9.6%)
Total Fixed Assets	139,241,561	125,534,077	10.9%
Total Assets	156,576,186	144,989,479	8.0%

Balance Sheets (as of December 31, 2003)**Liabilities**

(JPY in Thousands)

Item	End of Fourth Period (as of Dec. 31, 2003)	End of Third Period (as of Jun. 30, 2002)	% Change
Current Liabilities			
Trade accounts payable	979,067	772,249	
Short-term debt	12,900,000	29,500,000	
Accounts payable	350,816	330,772	
Accrued expenses	10,934	32,363	
Accrued income taxes	1,027	948	
Accrued consumption tax	56,860	—	
Rents received in advance	555,270	531,244	
Total Current Liabilities	14,853,974	31,167,576	(52.3%)
Long-Term Liabilities			
Long-term debt	39,566,000	40,000,000	
Deposits received from tenants	484,079	122,115	
Entrusted deposits received from tenants	10,090,893	14,727,289	
Total Long-Term Liabilities	50,140,972	54,849,404	(8.6%)
Total Liabilities	64,994,946	86,016,980	(24.4%)
Unitholders' Equity			
Unitholders' capital, 430,000 and 289,600 units issued at Dec. 31, 2003 and at June 30, 2003, respectively	89,113,804	56,982,000	
Retained earnings	2,467,436	1,990,499	
Total Unitholders' Equity	91,581,240	58,972,499	55.3%
Total Liabilities and Unitholders' Equity	156,576,186	144,989,479	8.0%

Statements of Income and Retained Earnings (July 1, 2003 – December 31, 2003)

(JPY in Thousands)

Item	Fourth Fiscal Period (Jul. 1, 2003 – Dec. 31, 2003)	Third Fiscal Period (Jan. 1, 2003 – Jun. 30, 2003)	%Change
Operating Revenues	6,421,099	5,264,525	22.0%
Real estate rental revenues	6,250,395	—	
Rental revenues	—	4,898,820	
Non-rental revenues	—	365,705	
Gain on sale of real estate	170,704	—	
Operating Expenses	3,487,138	3,018,056	15.5%
Real estate rental expenses	2,996,386	—	
Rental expenses	—	2,553,300	
Asset management fees	276,344	243,468	
Administrative service fees	75,607	51,077	
Directors' fees	5,700	5,700	
Custodian fees	38,689	—	
Other operating expenses	94,412	164,511	
Operating Profits	2,933,961	2,246,469	30.6%
Non-Operating Revenues	1,329	80,719	(98.4%)
Interest received	103	91	
Administrative cooperative account revenues	—	63,071	
Restoration revenues	—	13,419	
Other non-operating revenues	1,226	4,137	
Non-Operating Expenses	466,923	335,842	39.0%
Interest expense	350,649	320,685	
Loan arrangement fees	30,704	15,147	
New unit issuance costs	82,023	—	
Other non-operating expenses	3,547	10	
Recurring Profits	2,468,367	1,991,346	24.0%
Income Before Income Taxes	2,468,367	1,991,346	
Income Taxes	1,047	965	
Deferred Taxes	(38)	4	
Net Income	2,467,358	1,990,377	24.0%
Retained Earnings Brought Forward	78	122	(35.9%)
Retained Earnings at End of Period	2,467,436	1,990,499	24.0%

Statements of Cash Flows (July 1, 2003 – December 31, 2003)

Item	(JPY in Thousands)	
	Fourth Fiscal Period (Jul. 1, 2003 – Dec. 31, 2003)	Third Fiscal Period (Jan. 1, 2003 – Jun. 30, 2003)
Cash Flows from Operating Activities		
Income before income taxes	2,468,367	1,991,346
Depreciation	1,044,355	894,606
Interest income	(103)	(91)
Interest expense	350,649	320,685
Increase in rent receivables	(41,796)	(3,681)
Decrease (Increase) in consumption tax refundable	127,735	(127,735)
Increase in prepaid expenses	(11,708)	(6,788)
Increase (Decrease) in trade accounts payables	206,818	338,243
Increase (Decrease) in accounts payable	18,563	86,155
Increase (Decrease) in accrued taxes	56,860	(41,770)
Increase in rents received in advance	24,026	192,008
Increase (Decrease) in deposits received from tenants	—	(38,189)
Decrease in tangible fixed trust assets	418,919	—
Change in other current assets/liabilities	59,176	(46,198)
Subtotal	4,721,861	3,558,591
Interest received	103	91
Interest paid	(372,078)	(295,619)
Income taxes paid	(968)	(840)
Net cash provided by operating activities	4,348,918	3,262,223
Cash Flows from Investing Activities		
Purchases of property and equipment	(4,721,223)	(35,874)
Purchases of entrusted property and equipment	(10,454,938)	(32,139,384)
Payment of leasehold and security deposits received	(11,629)	(21,338)
Proceeds from leasehold and security deposits received	373,594	15,256
Payment of entrusted leasehold and security deposits received	(5,997,449)	(369,597)
Proceeds from entrusted leasehold and security deposits received	1,361,052	7,686,629
Net cash used in investing activities	(19,450,593)	(24,864,308)
Cash Flows from Financing Activities		
Proceeds from short-term debt	6,130,000	27,570,000
Repayment of short-term debt	(22,730,000)	(2,000,000)
Proceeds from long-term debt	—	5,000,000
Repayment of long-term debt	(434,000)	—
Proceeds from issue of investment units	32,131,804	—
Distributions to unitholders	(1,988,940)	(2,021,948)
Net cash provided by financing activities	13,108,864	28,548,052
Net Increase in Cash and Cash Equivalents	(1,992,811)	6,945,967
Cash and Cash Equivalents at Beginning of Period	19,103,828	12,157,861
Cash and Cash Equivalents at End of Period	17,111,017	19,103,828

Subsequent Events

Corporate Bond Issue

Pursuant to a resolution of its Board of Directors on January 28, 2004, JPR undertook an issue of unsecured corporate bonds. Payment for the issue of corporate bonds was completed on February 12, 2004.

Brief details of the corporate bond issue are as follows:

(1) First Series of Corporate Bonds

Name of the Bond Issue:

Japan Prime Realty Investment Corporation's First Series of Unsecured Bonds

The Unsecured Bonds rank pari passu at least equally in right of payment with all other unsecured indebtedness. Private placement with transfer restrictions to qualified institutional investors.

Total Issue Amount:

¥10 billion

Issue Price:

¥100 with a par value of ¥100

Interest Rate:

0.84% p.a.

Subscription Date:

January 29, 2004

Payment Date:

February 12, 2004

Collateral:

Unsecured, unguaranteed

Maturity Date and Redemption Method:

Principal redemption in full on February 12, 2008. Bonds may be redeemed at any time from the day immediately following the payment date.

Use of Proceeds:

Repayment of existing debt and other

(2) Second Series of Corporate Bonds

Name of the Bond Issue:

Japan Prime Realty Investment Corporation's Second Series of Unsecured Bonds

The Unsecured Bonds rank pari passu at least equally in right of payment with all other unsecured indebtedness. Private placement with transfer restrictions to qualified institutional investors.

Total Issue Amount:

¥7 billion

Issue Price:

¥100 with a par value of ¥100

Interest Rate:

1.38% p.a.

Subscription Date:

January 29, 2004

Payment Date:

February 12, 2004

Collateral:

Unsecured, unguaranteed

Maturity Date and Redemption Method:

Principal redemption in full on February 12, 2010. Bonds may be redeemed at any time from the day immediately following the payment date.

Use of Proceeds:

Repayment of existing debt and other

(3) Third Series of Corporate Bonds

Name of the Bond Issue:

Japan Prime Realty Investment Corporation's Third Series of Unsecured Bonds

The Unsecured Bonds rank pari passu at least equally in right of payment with all other unsecured indebtedness. Private placement with transfer restrictions to qualified institutional investors.

Total Issue Amount:

¥5 billion

Issue Price:

¥100 with a par value of ¥100

Interest Rate:

2.32% p.a.

Subscription Date:

January 29, 2004

Payment Date:

February 12, 2004

Collateral:

Unsecured, unguaranteed

Maturity Date and Redemption Method:

Principal redemption in full on February 12, 2014. Bonds may be redeemed at any time from the day immediately following the payment date.

Use of Proceeds:

Repayment of existing debt and other

Reference

1. Acquisitions

Doujima F Building

Location	2-1-23, Sonezakisinchi, Kita-ku, Osaka-shi, Osaka
Type of Ownership	Full ownership of land and building.
Total Site Area	668.11 m ²
Total Floor Area	5,696.01 m ²
Type of Structure	SRC B2/9F
Completion	October 1993
Number of Tenants	10
Total Leasable Floor Space	3,941.27 m ²
Total Leased Floor Space	3,633.63 m ²
Occupancy Rate	92%
Acquisition Price	¥2,140 million
Type of Asset	Beneficiary interest
Acquisition Date	January 23, 2004

Kawaguchi Center Building

Location	4-1-8, Honcho, Kawaguchi-shi, Saitama Prefecture
Type of Ownership	Proprietary and co-ownership of land; Unit ownership of building
Total Site Area	Total site area: 4,524.61 m ² (Proprietary ownership area: 79.33 m ² ; Co-ownership area: 4,445.28 m ² ; Unit ownership area: 3,845.35 m ²).
Total Floor Area	Total floor area: 28,420.85 m ² (Total floor area of which the Company holds part proprietary, co-ownership, or unit ownership: 24,585.20 m ²).
Type of Structure	S, SRC B2/15F
Completion	February 1994
Number of Tenants	38
Total Leasable Floor Space	15,478.43 m ²
Total Leased Floor Space	15,276.11 m ²
Occupancy Rate	99%
Acquisition Price	¥8,100 million
Type of Asset	Beneficiary interest
Acquisition Date	February 13, 2004

2 . Property for which Purchase and Sale Agreement has been Executed

(Brief details of the Purchase and Sale Agreement are as follows.)

SEF Building

Location	1-3-5, Matsugaya, Taito-ku, Tokyo
Type of Ownership	Full ownership of land and building.
Total Site Area	1,242.97 m ²
Total Floor Area	8,490.44 m ²
Type of Structure	SRC B1/8F
Completion	October 1992
Number of Tenants	10
Total Leasable Floor Space	6,512.44 m ²
Total Leased Floor Space	6,397.17 m ²
Occupancy Rate	98%
Acquisition Price	¥3,250 million
Type of Asset	Real estate
Contract Execution Date	February 13, 2004 (Scheduled Acquisition Date: March 1, 2004)

Real estate portfolio

(as of December 31, 2003)

Area	Type	Property Name	Location	Acquired	Acquisition Price (yen in millions)	% of Total	Appraisal Value as of Dec. 31, 2003 (Yen in millions)	
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 2001	16,276	11.6%	14,100	
	Office	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 2001	2,874	2.1%	2,500	
	Office	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 2001	2,100	1.5%	1,870	
	Office	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 2001	1,670	1.2%	2,180	
				Nov. 2002	550	0.4%		
	Office	Crest Yasuda Bldg.	Chiyoda-ku, Tokyo	Jun. 2002	4,000	2,220	1.6%	3,250
						2.9%		
	Office	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 2003	11,200	8.0%	11,700	
	Office	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 2003	2,920	2.1%	2,920	
Office	Fukuoka Bldg.	Chuo-ku, Tokyo	Oct. 2003	1,800	1.3%	1,800		
Retail	Jinnan 1-chome Bldg.	Shibuya-ku, Tokyo	Jun. 2003	12,000	8.6%	12,000		
Subtotal					55,390	39.7%	52,320	
Greater Tokyo	Office	Arca East	Sumida-ku, Tokyo	Nov. 2001	5,880	4.2%	5,900	
	Office	JPR Chiba Bldg.	Chiba, Chiba	Dec. 2001	2,350	1.7%	2,181	
	Office	Asahi-Life Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 2001	2,927	2.1%	2,816	
	Office	JPR Ikebukuro Bldg.	Toshima-ku, Tokyo	Jun. 2002	2,040	1.5%	2,110	
	Office	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 2002	920	0.6%	1,020	
	Retail	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 2001	10,200	7.3%	10,840	
	Retail	Tsurumi fuga 1	Yokohama, Kanagawa	Nov. 2001	3,040	2.2%	3,188	
Subtotal					27,357	19.6%	28,055	
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 2001	2,140	1.5%	2,086	
	Office	Meiji Yasuda-Life Osaka Umeda Bldg.	Osaka, Osaka	Dec. 2001	8,300	5.9%	8,600	
	Office	Yasuda-Life Tenroku Bldg.	Osaka, Osaka	Nov. 2001	-	-	-	
	Office	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 2001	4,150	3.0%	4,210	
	Office	Asahi-Life Takamatsu 2nd Bldg.	Takamatsu, Kagawa	Nov. 2001	872	0.6%	740	
	Office	JPR Takamatsu Bldg.	Takamatsu, Kagawa	Dec. 2001	2,130	1.5%	1,330	
	Office	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 2001	2,900	2.1%	2,700	
	Office	Asahi-Life Fukuoka 3rd/4th Bldg.	Fukuoka, Fukuoka	Nov. 2001	2,873	2.1%	2,730	
	Office	JPR Naha Bldg.	Naha, Okinawa	Nov. 2001	1,560	1.1%	1,580	
	Office	North 33 Bldg.	Sapporo, Hokkaido	Jun. 2002	3,700	2.6%	3,130	
	Office	Park East Sapporo	Sapporo, Hokkaido	Jun. 2002	2,150	1.5%	2,070	
	Office	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 2002	3,150	2.3%	3,200	
	Office	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 2002	1,670	1.2%	1,670	
	Office	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 2002	2,810	2.0%	2,660	
	Office	SK Hiroshima Bldg.	Hiroshima, Hiroshima	Oct. 2002	947	0.7%	925	
	Office	Nagoya Kowa Bldg.	Nagoya, Aichi	Sep. 2003	4,550	3.3%	4,605	
	Retail	Kuraray Nissay Bldg.	Osaka, Osaka	May. 2003	8,000	9.3%	12,600	
Jul. 2003				5,000				
13,000								
Subtotal					56,902	40.7%	54,836	
Total					139,649	100.0%	135,211	

Real estate portfolio

(as of December 31, 2003)

Area	Type	Property Name	Leasable Area	# of Tenants	Occupancy	Rental Revenue (yen in thousands)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	7,958.58㎡	11	97.5%	411,689	6.6%
	Office	Kanematsu Bldg. Annex	2,291.13㎡	1	100.0%	104,309	1.7%
	Office	JPR Ningyocho Bldg.	2,784.78㎡	4	100.0%	105,200	1.7%
	Office	Shin-Kojimachi Bldg.	2,105.44㎡	7	81.9%	67,091	1.1%
			901.36㎡	3	100.0%	31,467	0.5%
			3,006.80㎡	10	87.3%	98,558	1.6%
	Office	Crest Yasuda Bldg.	3,265.34㎡	9	100.0%	100,841	1.6%
	Office	MS Shibaura Bldg.	14,429.08㎡	6	86.4%	570,232	9.1%
	Office	Gotanda First Bldg.	4,240.98㎡	4	100.0%	130,125	2.1%
Office	Fukuoka Bldg.	1,250.06㎡	1	100.0%	27,466	0.4%	
Retail	Jinnan 1-chome Bldg.	8,076.85㎡	1	100.0%	345,576	5.5%	
Subtotal			47,303.60㎡	47	94.6%	1,893,996	30.3%
Greater Tokyo	Office	Arca East	7,050.10㎡	4	85.4%	354,111	5.7%
	Office	JPR Chiba Bldg.	5,558.06㎡	27	88.6%	161,247	2.6%
	Office	Asahi-Life Yokohama Nihon Odori Bldg.	6,066.54㎡	10	94.8%	145,375	2.3%
	Office	JPR Ikebukuro Bldg.	4,597.35㎡	6	76.8%	99,227	1.6%
	Office	Shinyokohama 2nd Center Bldg.	2,640.80㎡	9	82.4%	73,318	1.2%
	Retail	Tanashi ASTA	31,121.71㎡	1	100.0%	672,182	10.7%
	Retail	Tsurumi fuga 1	9,578.60㎡	1	100.0%	153,279	2.4%
Subtotal			66,613.16㎡	58	94.7%	1,658,739	26.5%
Other Cities	Office	Niigata Ekinan Center Bldg.	5,206.82㎡	16	100.0%	136,216	2.2%
	Office	Meiji Yasuda-Life Osaka Umeda Bldg.	9,588.16㎡	20	100.0%	393,185	6.3%
	Office	Yasuda-Life Tenroku Bldg.	-	-	-	21,953	0.4%
	Office	Tokyo Tatemono Honmachi Bldg.	7,210.25㎡	10	98.6%	261,630	4.2%
	Office	Asahi-Life Takamatsu 2nd Bldg.	2,518.30㎡	20	76.6%	53,007	0.9%
	Office	JPR Takamatsu Bldg.	5,032.29㎡	20	68.1%	96,434	1.5%
	Office	JPR Hakata Bldg.	6,571.89㎡	27	92.5%	160,456	2.6%
	Office	Asahi-Life Fukuoka 3rd/4th Bldg.	8,439.77㎡	15	91.1%	194,243	3.1%
	Office	JPR Naha Bldg.	3,947.07㎡	14	97.3%	121,493	1.9%
	Office	North 33 Bldg.	6,643.01㎡	18	67.8%	115,118	1.8%
	Office	Park East Sapporo	7,647.76㎡	24	77.6%	115,462	1.9%
	Office	Sompo Japan Sendai Bldg.	7,047.24㎡	9	98.4%	206,707	3.3%
	Office	Sompo Japan Wakayama Bldg.	4,892.17㎡	16	100.0%	130,990	2.1%
	Office	Tenjin 121 Bldg.	3,292.02㎡	9	66.8%	94,133	1.5%
	Office	SK Hiroshima Bldg.	2,732.29㎡	15	78.2%	58,532	0.9%
	Office	Nagoya Kowa Bldg.	5,461.90㎡	18	90.3%	127,772	2.0%
Retail	Kuraray Nissay Bldg.	18,586.97㎡	1	100.0%	410,329	6.6%	
Subtotal			104,817.91㎡	252	90.6%	2,697,660	43.2%
Total			218,734.67㎡	357	92.7%	6,250,395	100.0%