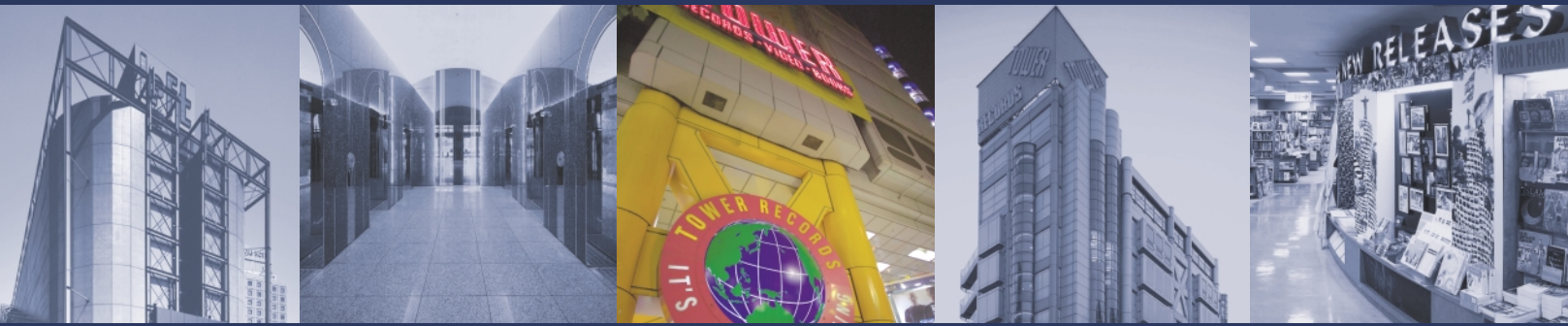


J P R
Japan Prime Realty Investment Corporation



Third Fiscal Period Business Report

January 1, 2003–June 30, 2003

PROFILE

Established on September 14, 2001, Japan Prime Realty Investment Corporation is a closed-end, corporate type fund that invests primarily in high-quality office buildings and retail properties located in Tokyo and other major cities in Japan.

With its geographically diverse portfolio, JPR's primary objective is to achieve sustainable growth and stable cash distributions to its investors.

Annual Schedule (provisional)



Note: Performance Information Report is prepared pursuant to the Investment Trust Law of Japan.

TO OUR INVESTORS

Japan Prime Realty Investment Corporation (JPR or “the Company”) is pleased to report favorable results for the six-month period ended June 30, 2003.

Faced by challenging conditions in the real estate market, JPR and its asset management company Tokyo Realty Investment Management, Inc. (TRIM) have taken steps to continuously enhance the balance and quality of JPR’s portfolio by acquiring new prime properties and renovating existing properties in the third fiscal period. To steadily expand its asset base and maintain profitability, JPR raised approximately ¥32,100 million in capital in July 2003, increasing paid-in capital to approximately ¥89,100 million and reducing short-term borrowings by ¥20,800 million.

Looking at results for the six months under review (the Company’s third fiscal period), JPR recorded operating revenues of ¥5,265 million, operating profits of ¥2,246 million and net income of ¥1,990 million. This compares with operating revenues in the second fiscal period of ¥4,973 million, operating profits of ¥2,288 million and net income of ¥2,002 million. Cash distributions per unit were ¥6,873 for the third fiscal period, compared with ¥6,912 in the second fiscal period.

Toshihiro Hagiwara

*President and CEO,
Tokyo Realty Investment Management, Inc.*



Hirohito Kaneko

*Executive Officer,
Japan Prime Realty Investment Corporation*



OVERVIEW OF THE THIRD FISCAL PERIOD

Acquisitions

To enhance the stability of its revenue stream, JPR strove to improve the balance of its portfolio and to diversify its asset holdings by geographical location and type of use. The asset base was expanded through targeted investment in large-scale office buildings and retail properties in central Tokyo and Osaka.

Acquisitions during the third fiscal period include the MS Shibaura Building (investment of ¥11,200 million, unit ownership) on March 28, 2003. This property will steadily contribute to earnings and increase the overall stability of the portfolio. JPR also acquired the beneficial interest in the Kuraray Nissay Building (investment of ¥8,000 million, co-ownership of 55.3%, increased to 100% following further acquisition in July), on May 15, 2003. The



Targeted investment in central Tokyo and Osaka is contributing to improving the balance and diversity of JPR's expanding asset base.

Kuraray Nissay Building is a retail facility located in central Osaka with The Loft Co., Ltd., one of the most popular retailers in Japan, as its key tenant. Then, on June 30, 2003 the Company acquired the Jinnan 1-chome Building (investment of ¥12,000 million), a retail facility located in central Tokyo with Tower Records Japan, Inc. as a major tenant.

These acquisitions amounted to ¥31,200 million, bringing the total number of properties held to 30, with a total acquisition price of ¥125,800 million, total leasable floor space of 201,808.72 square meters, and a total of 324 tenants. JPR believes that these acquisitions helped to improve the balance and quality of its portfolio and to ensure a stable revenue stream.

Real Estate Leasing

The overall office buildings market is becoming polarized throughout Japan. Recent trends in the leasing market show that vacancy rates are rising noticeably in aging buildings in less competitive areas, while prime properties are enjoying higher occupancy rates. JPR, together with TRIM and its tenant agents and property management (PM) companies, strove to attract new tenants in regions with softening market conditions. The Company

FINANCIAL HIGHLIGHTS

	All amounts in millions of yen unless otherwise stated	All amounts in millions of yen unless otherwise stated	All amounts in millions of U.S. dollars unless otherwise stated ^(*)
	3rd period ended June 30, 2003	2nd period ended December 31, 2002	3rd period ended June 30, 2003
Operating revenues	5,265	4,973	43.9
Operating expenses	3,018	2,685	25.2
Operating profits	2,246	2,288	18.8
Income before income taxes	1,991	2,003	16.6
Net income	1,990	2,002	16.6
<hr/>			
Total assets	144,989	106,578	1,210.3
Interest-bearing liabilities	69,500	38,930	580.1
Total unitholders' equity	58,972	58,984	492.3
Unitholders' capital	56,982	56,982	475.6
<hr/>			
Cash distributions	1,990	2,002	16.6
Dividend payout ratio	100.0%	99.9%	
Number of units (units)	289,600	289,600	
Unitholders' equity per unit (yen/U.S. dollars)	203,634	203,673	1,699.8
Cash distribution per unit (yen/U.S. dollars)	6,873	6,912	57.4
Funds from operations (FFO) per unit (yen/U.S. dollars)	9,962	9,775	83.2
<hr/>			
Return on total assets (annualized)	3.2%	3.8%	
Return on total unitholders' equity (annualized)	6.8%	6.8%	
Equity ratio	40.7%	55.3%	
Interest-bearing liabilities to total assets	47.9%	36.5%	
Debt service coverage ratio (times)	10.0	11.3	
Property net operating income (NOI)	3,606	3,488	30.1
NOI yield (annualized)	5.8%	7.3%	
Property net cash flows (NCF)	3,311	3,337	27.6
NCF yield (annualized)	5.3%	7.0%	
<hr/>			
Number of properties	30	27	
Number of tenants	324	311	
Total leasable floor space (square meters)	201,808.72	168,987.78	
Occupancy ratio	93.5%	93.4%	

(*) The rate of ¥119.80=US\$1.00, the foreign exchange rate on June 30, 2003, has been used for translation.

improved its portfolio occupancy rate to 93.5% as of June 30, 2003, up 0.1 percentage points from the end of the previous fiscal period. New property acquisitions contributed to the occupancy rate increase.

Retail property, which comprises approximately 26% of the Company's portfolio on an acquisition price basis, is largely immune to such trends, as the leasing contracts generally cover much longer periods of time. In JPR's portfolio, long-term contracts with a remaining period in excess of five years account for approximately 25% of monthly rent of all leasing contracts.

Cost Reductions and Property Management Strategy

JPR worked to realign property management costs while maintaining a high level of services for tenants by reviewing the contracts for each office building. Specifically, JPR contin-



New property acquisitions are contributing to a higher occupancy rate in JPR's portfolio of high-quality properties.

ued to evaluate the capabilities of its PMs in the latest period and proposed measures for improvement and provided feedback to each PM in order to further improve tenant satisfaction. The Company changed the PMs of the Asahi-Life Fukuoka 3rd and 4th Building, Asahi-Life Takamatsu 2nd Building and SK Hiroshima Building to Tokyo Tatemono Co., Ltd., realizing a total 22.8% reduction in contracted payments for these three properties.

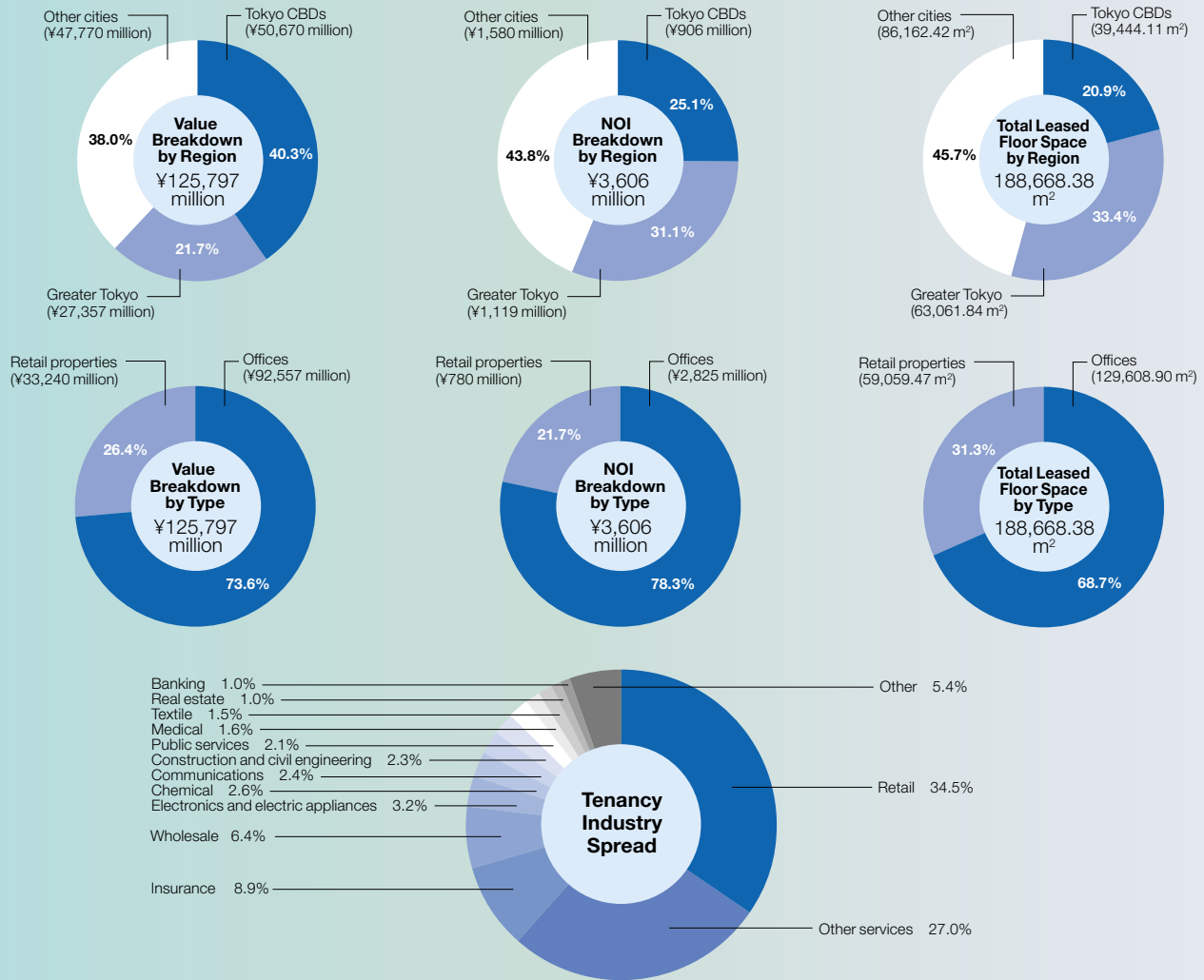
Other Management Initiatives

JPR has established their own rules on transaction limitations based on the Investment Trust Law. In line with ongoing efforts to avoid conflicts of interest, on June 1, 2003, JPR added an outside attorney to TRIM's Compliance Committee, strengthening the monitoring of management functions at TRIM.

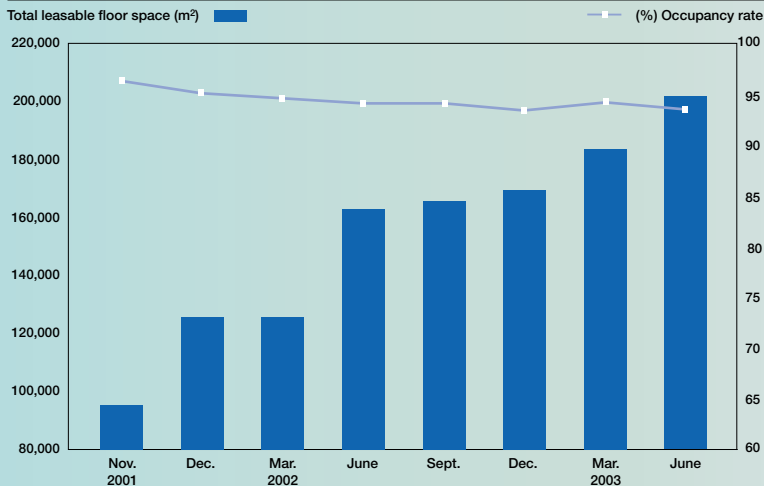
A Winning Investment Strategy

Based on the sound management of each investment, JPR is making concerted efforts to increase investor value through stable cash distributions and by enhancing unitholders'

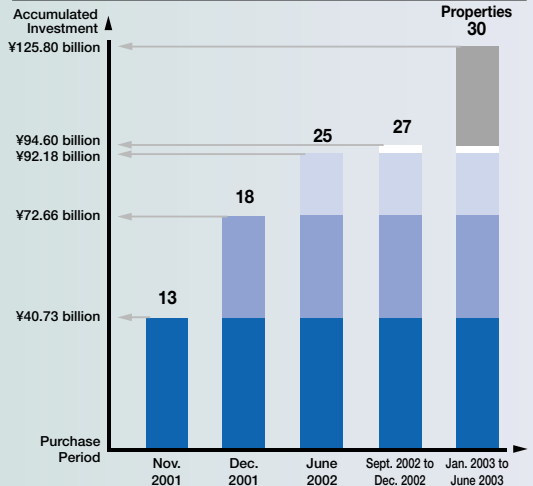
PORTFOLIO BREAKDOWN



TOTAL LEASABLE FLOOR SPACE AND OCCUPANCY RATE



PORTFOLIO GROWTH



Note: Accumulated investment does not include miscellaneous acquisition expenses, fixed assets tax, city-planning tax and consumption tax.

equity. To this end, the Company aims to promote low-cost operations while strengthening risk analysis, information gathering and analytical capabilities.

When selecting properties, the Company strives to keep risk at a minimum by considering the tenant composition and geographical diversification of its property portfolio. JPR's target property portfolio is 80% office buildings and 20% retail properties. By geographic region, 60% of investment in properties should be located in the Tokyo metropolitan area, with the remaining 40% in other major cities in Japan. JPR plans to maintain these ratios while expanding its asset base to ¥300,000 million by the end of 2006. The Company makes every effort to acquire prime properties at favorable terms and conditions based on highly reliable information on new properties from a broad variety of information sources.



Securing stable long-term growth is dependant on a strong financial position, continual improvement of existing assets and fine-tuning JPR's portfolio.

LOOKING AHEAD

Acquisition of Properties

JPR is implementing measures to improve stability through diversification by region and application and to increase investment efficiency through greater economies of scale, while at the same time maintaining its investment policy and firm per-unit cash distribution.

JPR aims to expand its information channels regarding the acquisition of new properties. The Company will continue to develop a research system capable of quickly accumulating data on trends according to property type and regional market trends. The Company also aims to concentrate investment on prime office buildings in Tokyo's central business districts (CBDs) and highly profitable properties in other areas.

Ongoing Strategy to Increase Value

JPR invests a predetermined percentage of total assets in office buildings that have room for improvement in profitability and value. These properties, which we refer to as "value-enhanced properties," have either secure profitability and occupancy rates below 80%, or

ACTIVITY HIGHLIGHTS

MS Shibaura Building

Completed in 1988, the MS Shibaura Building is an office building with underground parking facilities, located within an eight-minute walk of Tamachi Station on the JR Yamanote Line and Keihin Tohoku Line.

Site Area (m²):	8,992.18
Total Floor Space (m²):	31,020.21
Structure/Floors:	SRC/RC/S B2/13F
Completed:	February 26, 1988



Kuraray Nissay Building

Beneficiary interest in the Kuraray Nissay Building was acquired in a private transaction at a favorable price. Featuring shops, cinemas and parking facilities, the building is centrally located in Osaka and only five minutes from JR Osaka Station. The Loft Co., Ltd. is a major tenant.

Site Area (m²):	3,518.68
Total Floor Space (m²):	17,897.56
Structure/Floors:	SRC B1/8F
Completed:	April 17, 1990

Note: JPR increased its ownership of this building to 100% in July.



Jinnan 1-chome Building

Located four minutes on foot from Shibuya Station, and served by several train lines, the Jinnan 1-chome Building is an excellent retail store property with Tower Records Japan, Inc. as its main tenant. With a modern design by RB Urban Architects Ltd., the Jinnan 1-chome Building has been well maintained since its completion in 1992.

Site Area (m²):	1,010.47
Total Floor Space (m²):	8,449.56
Structure/Floors:	SRC/S B3/8F
Completed:	February 10, 1992



growth potential from renovation. Through a variety of means, including better leasing conditions, increasing management efficiency and remodeling, greater profitability and value can be acquired from each building, increasing the asset's resale value. This strategy led to the sale of the Yasuda-Life Tenroku Building in September 2003. It is also being employed to increase the market value of the Yasuda-Life Ikebukuro Building, which is being reinforced to better withstand earthquakes, receiving enhanced air-conditioning equipment and having its interior renovated. These renovations should be completed in March 2004.

Proactive Asset Management

JPR, together with TRIM and its PMs, will continue to work to improve occupancy rates by focusing on office buildings with lower occupancy rates. JPR will also engage in activities to retain existing tenants in office buildings. Moreover, by inputting the comments and requests of existing tenants into a database and reflecting them in property management evaluations, JPR encourages PMs to improve their operations and tenant services. JPR will continue to make every effort to improve cost performance through long-term maintenance and repair plans that consider the entire life cycle, and choosing building maintenance companies with high market competitiveness.

Based on a sound investment policy, JPR's ongoing goal is to secure stable medium- and long-term growth. Backed by a strong financial position and future prospects, JPR is confident in its potential of growing into a more competitive position in the marketplace. An innovative asset management company, TRIM is dedicated to maximizing investment value. The Company looks forward to the continued support and understanding of all its investors.



Hirohito Kaneko, *Executive Officer,*
Japan Prime Realty Investment Corporation



Toshihiro Hagiwara, *President and CEO,*
Tokyo Realty Investment Management, Inc.

SUBSEQUENT ACTIVITY HIGHLIGHTS

(Since July 1, 2003)

Property Acquisitions

Kuraray Nissay Building

The remaining beneficiary interest in the Kuraray Nissay Building was acquired on July 16. The building is centrally located in Osaka five minutes from JR Osaka Station, and contains shops, cinemas, and parking facilities. The Loft Co., Ltd. is a major tenant.

Location: Osaka, Osaka
Acquisition Date: July 16, 2003
Acquisition Price: ¥5,000 million



Gotanda First Building

The building is a two-minute walk from Gotanda Station, serviced by the JR Yamanote Line, Tokyu Ikegami Line, and the Toei Asakusa Subway Line. Major tenants are CMIC CO., Ltd and NEC Lighting, Ltd.

Location: Shinagawa-ku, Tokyo
Acquisition Date: July 23, 2003
Acquisition Price: ¥2,920 million



Nagoya Kowa Building

The building is located in central Nagoya near Sakae Station on the Higashiyama and Meijo subway lines. Major tenants include Giorgio Armani Japan and Novarese Inc.

Location: Naka-ku, Nagoya
Acquisition Date: September 1, 2003
Acquisition Price: ¥4,550 million



Property Divesture

Yasuda-Life Tenroku Building

The Yasuda-Life Tenroku Building was sold in accordance with JPR's fundamental investment policy, and in consideration of future real estate trends and the overall asset portfolio composition.

This building is also the first of the "value-enhanced properties" to be sold. Such properties have been determined to have potential for improvement in profitability and value. Under this strategy, once the building's status has been determined, proactive steps are taken to increase the property's resale value, including implementing more favorable leasing conditions, increasing management efficiency and making renovations to improve the physical structure.

Location: Osaka, Osaka
Sale Date: September 3, 2003
Book Value: ¥421.8 million (June 2003)
Sale Price: ¥600 million
Profit on Sale: ¥178.2 million

Issue of New Investment Units

An additional offering of new investment units was completed on July 14, 2003, and a third-party allotment on August 8. From the capital raised, ¥20,800 million was used to repay short-term borrowings. This new issue raised unitholders' equity to a total of ¥89,113,803,600, and the number of outstanding units to 430,000.

1. Public Offering

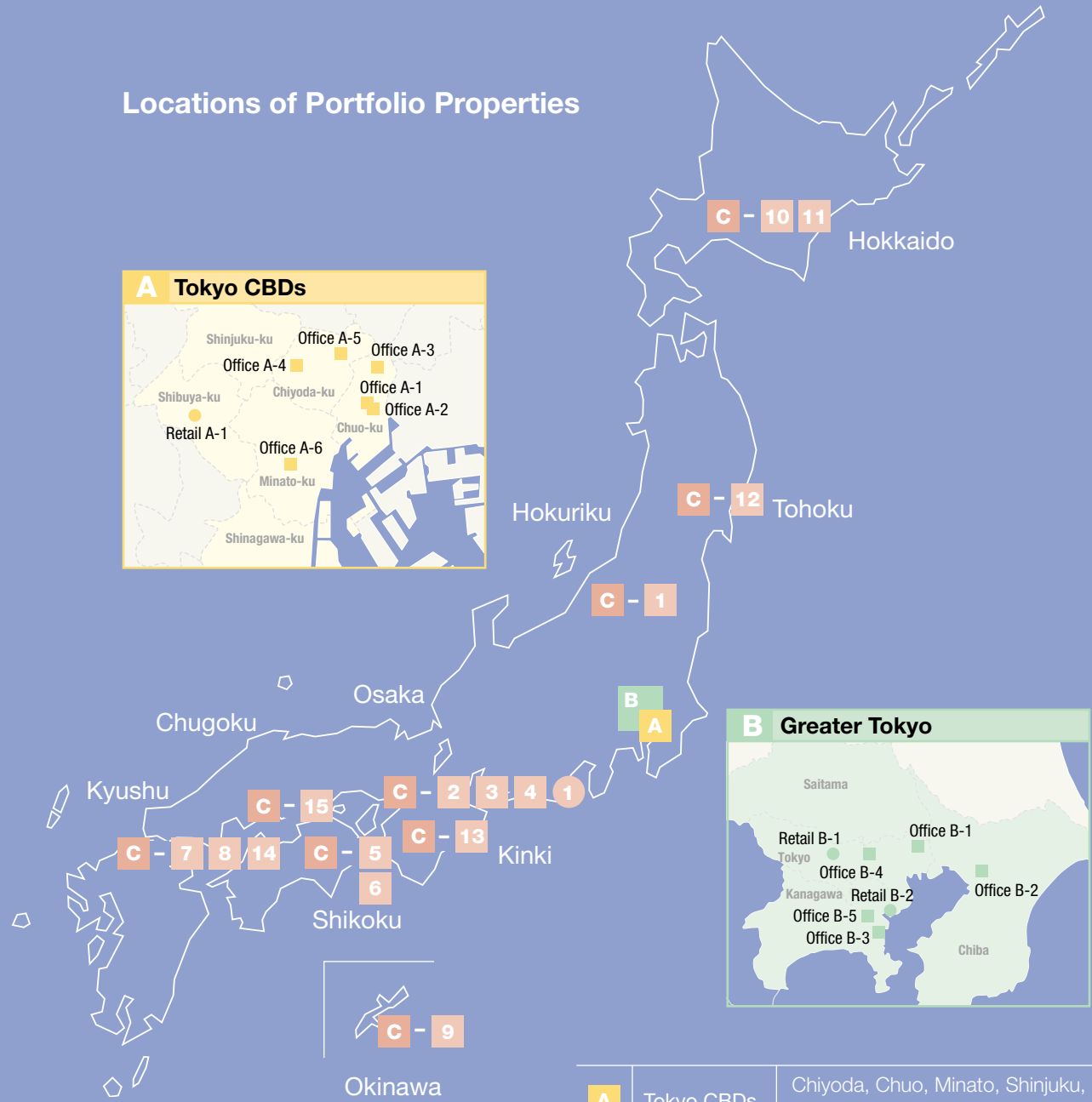
Units Issued: 134,400
Gross Proceeds: ¥30,758,649,600

2. Third-Party Allotment

Units Issued: 6,000
Gross Proceeds: ¥1,373,154,000

PROPERTY PORTFOLIO OF JPR

Locations of Portfolio Properties



A	Tokyo CBDs	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa, Shibuya
B	Greater Tokyo	All other areas of Tokyo and Chiba Prefecture, Kanagawa Prefecture, Saitama Prefecture
C	Other Cities	All other areas in Japan

A Tokyo CBDs

- A-1 Kanematsu Bldg.
- A-2 Kanematsu Bldg. Annex
- A-3 Yasuda-Life Ningyo-cho Bldg.
- A-4 Shin-Kojimachi Bldg.
- A-5 Crest Yasuda Bldg.
- A-6 MS Shibaura Bldg.
- A-1 Jinnan 1-chome Bldg. (Retail)

B Greater Tokyo

- B-1 Arca East
- B-2 JPR Chiba Bldg.
- B-3 Asahi-Life Yokohama Nihon Odori Bldg.
- B-1 Tanashi ASTA (Retail)
- B-2 Tsurumi fuga 1 (Retail)
- B-4 Yasuda-Life Ikebukuro Bldg.
- B-5 Shinyokohama 2nd Center Bldg.

C Other Cities—Hokkaido, Tohoku and Hokuriku

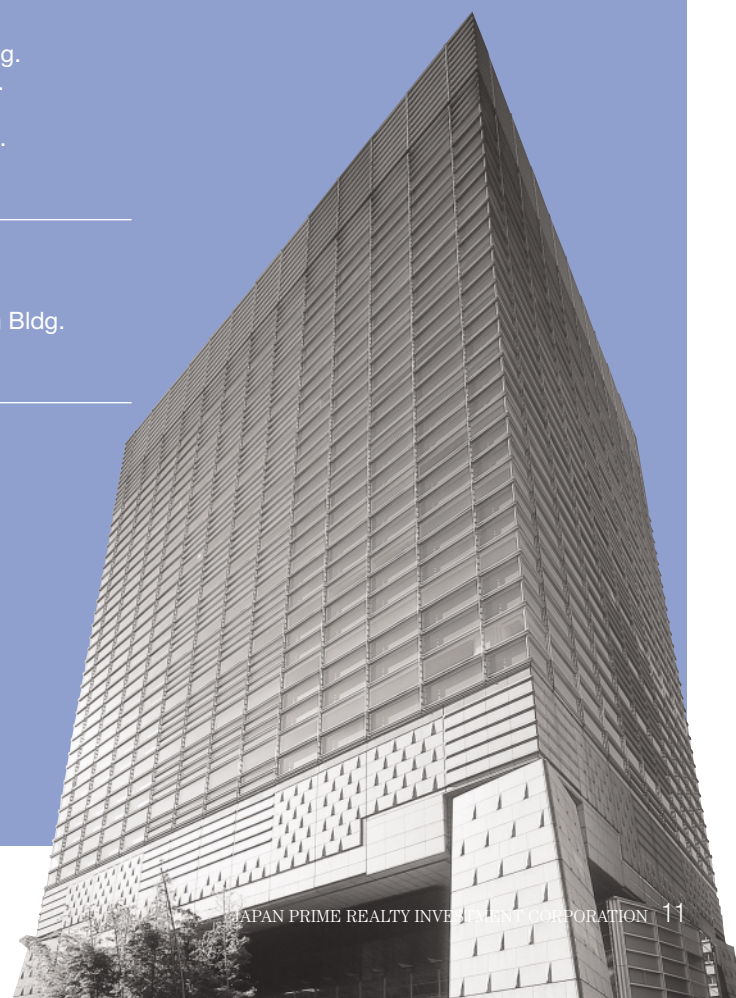
- C-10 North 33 Bldg.
- C-11 Park East Sapporo
- C-12 Sompo Japan Sendai Bldg.
- C-1 Niigata Ekinan Center Bldg.

C Other Cities—Osaka, Kinki, Chugoku and Shikoku

- C-2 Yasuda-Life Osaka Bldg.
- C-3 Yasuda-Life Tenroku Bldg.
- C-4 Tokyo Tatemono Honmachi Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-15 SK Hiroshima Bldg.
- C-5 Asahi-Life Takamatsu 2nd Bldg.
- C-6 JPR Takamatsu Bldg.
- C-1 Kuraray Nissay Bldg. (Retail)

C Other Cities—Kyushu and Okinawa

- C-7 Yasuda-Life Hakata Bldg.
- C-8 Asahi-Life Fukuoka 3rd and 4th Bldg.
- C-14 Tenjin 121 Bldg.
- C-9 Yasuda-Life Naha Bldg.



Region	Type	No.	Name	Location	Completed	Acquired
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	1993. 2	2001.12.27
	Office	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	1993. 2	2001.12.27
	Office	A-3	Yasuda-Life Ningyo-cho Bldg.	Chuo-ku, Tokyo	1989.12	2001.11.16
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	1984.10	2001.11.16
						2002.11.21 (Total)
	Office	A-5	Crest Yasuda Bldg.	Chiyoda-ku, Tokyo	1999. 9	2002. 6.21
	Office	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	1988. 2	2003. 3.28
	Retail	A-1	Jinnan 1-chome Bldg.	Shibuya-ku, Tokyo	1992. 2	2003. 6.30
Total						
Greater Tokyo	Office	B-1	Arca East	Sumida-ku, Tokyo	1997. 3	2001.11.16
	Office	B-2	JPR Chiba Bldg.	Chiba, Chiba	1991. 1	2001.12.13
	Office	B-3	Asahi-Life Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	1989.10	2001.11.16
	Office	B-4	Yasuda-Life Ikebukuro Bldg.	Toshima-ku, Tokyo	1980.10	2002. 6.21
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	1991. 8	2002. 9.25
	Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	1995. 2	2001.11.16
	Retail	B-2	Tsurumi fuga 1	Yokohama, Kanagawa	1985. 9	2001.11.16
Total						
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	1996. 3	2001.11.16
	Office	C-2	Yasuda-Life Osaka Bldg.	Osaka, Osaka	2000. 6	2001.12.25
	Office	C-3	Yasuda-Life Tenroku Bldg.	Osaka, Osaka	1991. 6	2001.11.16
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	1970. 2	2001.11.16
	Office	C-5	Asahi-Life Takamatsu 2nd Bldg.	Takamatsu, Kagawa	1981. 8	2001.11.16
	Office	C-6	JPR Takamatsu Bldg.	Takamatsu, Kagawa	1982. 9	2001.12.18
	Office	C-7	Yasuda-Life Hakata Bldg.	Fukuoka, Fukuoka	1985. 6	2001.11.16
	Office	C-8	Asahi-Life Fukuoka 3rd and 4th Bldg.	Fukuoka, Fukuoka	1984. 2 (3rd) 1986.10 (4th)	2001.11.16
	Office	C-9	Yasuda-Life Naha Bldg.	Naha, Okinawa	1991.10	2001.11.16
	Office	C-10	North 33 Bldg.	Sapporo, Hokkaido	1992. 2	2002. 6.18
	Office	C-11	Park East Sapporo	Sapporo, Hokkaido	1985.11	2002. 6.18
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	1997.12	2002. 6.26
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	1996. 7	2002. 6.26
	Office	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	2000. 7	2002. 6.21
	Office	C-15	SK Hiroshima Bldg.	Hiroshima, Hiroshima	1989.12	2002.10. 4
	Retail	C-1	Kuraray Nissay Bldg.	Osaka, Osaka	1990. 4	2003. 5.15
Total						
Total						

Acquisition Price (millions of yen)	% of total	Appraisal Value (millions of yen)	Ownership (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Total Leased Floor Space (m ²) (JPR's portion)	Occupancy Rate	# of Tenants	Rental Revenue (thousands of yen)	% of total
16,276	12.9%	15,600	79.4%	1,751.13	7,958.59	6,954.37	87.4%	10	480,094	9.1%
2,874	2.3%	2,570	79.4%	679.06	2,291.13	2,291.13	100.0%	1	105,471	2.0%
2,100	1.7%	1,920	100.0%	550.06	2,784.78	2,784.78	100.0%	4	106,390	2.0%
1,670	1.3%	1,583	49.0%		2,105.44	1,931.57	91.7%	7	79,976	1.5%
550	0.4%	677	21.0%	657.80	901.36	901.36	100.0%	3	31,716	0.6%
(2,220)	(1.8%)	(2,250)			(3,006.80)		(94.2%)	(10)	(111,692)	(2.1%)
4,000	3.2%	3,640	100.0%	636.90	3,265.34	2,074.97	63.5%	6	113,200	2.2%
11,200	8.9%	12,000	36.0%	8,992.18	14,429.08	14,429.08	100.0%	6	316,769	6.0%
12,000	9.5%	12,000	100.0%	1,010.47	8,076.85	8,076.85	100.0%	1	—	—
50,670	40.3%	49,980		14,277.60	41,812.57	39,444.11	94.3%	38	1,233,615	23.4%
5,880	4.7%	6,090	41.1%	3,755.01	7,050.10	7,050.10	100.0%	4	348,877	6.6%
2,350	1.9%	2,220	100.0%	1,382.35	5,557.05	4,649.96	83.7%	25	154,995	3.0%
2,927	2.3%	2,831	100.0%	1,100.59	6,066.56	5,336.35	88.0%	8	132,901	2.5%
2,040	1.6%	2,040	100.0%	772.77	4,535.03	2,790.49	61.5%	6	86,011	1.6%
920	0.7%	1,080	50.0%	841.71	2,641.43	2,534.63	96.0%	10	71,913	1.4%
10,200	8.1%	10,860	42.1% (land) 52.9% (building)	12,326.30	31,121.71	31,121.71	100.0%	1	672,182	12.8%
3,040	2.4%	3,187	64.4%	1,962.18	9,578.60	9,578.60	100.0%	1	153,279	2.9%
27,357	21.7%	28,308		22,140.91	66,550.48	63,061.84	94.8%	55	1,620,159	30.8%
2,140	1.7%	2,150	52.7%	2,706.99	5,206.82	5,206.82	100.0%	16	133,123	2.5%
8,300	6.6%	8,600	33.3%	5,999.33	9,588.17	9,588.16	100.0%	20	378,719	7.2%
418	0.3%	554	100.0%	642.06	2,395.12	2,395.12	100.0%	6	58,051	1.1%
4,150	3.3%	4,170	64.3%	1,432.64	7,210.25	7,106.76	98.6%	10	262,239	5.0%
872	0.7%	800	100.0%	579.99	2,518.31	1,875.59	74.5%	18	52,638	1.0%
2,130	1.7%	1,510	100.0%	1,407.78	5,036.78	3,864.58	76.7%	20	98,551	1.9%
2,900	2.3%	2,740	100.0%	1,214.63	6,568.80	5,672.46	86.4%	26	157,285	3.0%
2,873	2.3%	2,799	100.0%	2,500.86	8,439.77	7,778.74	92.2%	15	207,809	3.9%
1,560	1.2%	1,610	100.0%	959.87	3,947.07	3,841.57	97.3%	14	114,893	2.2%
3,700	2.9%	3,370	100.0%	1,382.12	6,642.76	5,512.87	83.0%	16	198,872	3.8%
2,150	1.7%	2,230	100.0%	1,808.26	7,646.59	6,275.80	82.1%	19	168,582	3.2%
3,150	2.5%	3,230	100.0%	1,895.67	7,046.44	7,046.44	100.0%	10	207,222	3.9%
1,670	1.3%	1,670	100.0%	1,128.45	4,892.17	4,734.59	96.8%	16	124,837	2.4%
2,810	2.2%	2,670	52.2%	1,164.39	3,292.02	3,012.28	91.5%	10	118,553	2.2%
947	0.8%	986	100.0%	502.41	2,732.29	1,968.33	72.0%	14	62,205	1.2%
8,000	6.4%	7,830	65.8% (land) 55.3% (building)	3,518.68	10,282.31	10,282.31	100.0%	1	67,172	1.3%
47,770	38.0%	46,919		28,844.13	93,445.67	86,162.43	92.2%	231	2,410,752	45.8%
125,797	100.0%	125,207		65,262.64	201,808.72	188,668.38	93.5%	324	5,264,525	100.0%

OVERVIEW OF PORTFOLIO PROPERTIES

(as of June 30, 2003)

Tokyo CBDs

A - 1

Kanematsu Bldg.

Chuo-ku, Tokyo

Acquisition Price
(millions of yen):
16,276

% of Total: 12.9%

Site Area (m²):
1,751.13

Total Floor Space (m²):
14,995.09

Structure/Floors:
S/RC/SRC
B2/13F

Completed:
February 1993



A - 2

Kanematsu Bldg. Annex

Chuo-ku, Tokyo

Acquisition Price (millions of yen):
2,874

% of Total: 2.3%

Site Area (m²): 679.06

Total Floor Space (m²): 4,351.46

Structure/Floors: SRC
B1/8F

Completed: February
1993



A - 3

Yasuda-Life Ningyo-cho Bldg.

Chuo-ku, Tokyo

Acquisition Price
(millions of yen): 2,100

% of Total: 1.7%

Site Area (m²): 550.06

Total Floor Space (m²): 4,117.70

Structure/Floors: SRC/RC
B1/8F

Completed: December
1989



A - 4

Shin-Kojimachi Bldg.

Chiyoda-ku, Tokyo

Acquisition Price
(millions of yen): 2,220

% of Total: 1.8%

Site Area (m²): 657.80

Total Floor Space (m²): 5,152.98

Structure/Floors: SRC
B1/9F

Completed: October
1984



A - 5

Crest Yasuda Bldg.

Chiyoda-ku, Tokyo

Acquisition Price
(millions of yen): 4,000

% of Total: 3.2%

Site Area (m²): 636.90

Total Floor Space (m²): 4,790.68

Structure/Floors: SRC
B1/9F

Completed: September
1999



Note 1: Acquisition price does not include miscellaneous expenses (real estate agent's fee and consumption tax)

Note 2: Percentages and ratios are rounded to the first decimal point

Note 3: Abbreviations under "Structure/Floors" indicate S: Steel-frame, RC: Reinforced concrete and SRC: Steel-frame reinforced concrete

A - 6

MS Shibaura Bldg.

Minato-ku, Tokyo



Acquisition Price (millions of yen): 11,200
% of Total: 8.9%
Site Area (m²): 8,992.18
Total Floor Space (m²): 31,020.21
Structure/Floors: SRC/RC/S B2/13F
Completed: February 1988

B - 1

Arca East

Sumida-ku, Tokyo

Acquisition Price (millions of yen): 5,880
% of Total: 4.7%
Site Area (m²): 3,755.01
Total Floor Space (m²): 34,281.86
Structure/Floors: S/SRC B3/19F
Completed: March 1997



A - ① (Retail)

Jinnan 1-chome Bldg.

Shibuya-ku, Tokyo

Acquisition Price (millions of yen): 12,000
% of Total: 9.5%
Site Area (m²): 1,010.47
Total Floor Space (m²): 8,449.56
Structure/Floors: SRC/S B3/8F
Completed: February 1992



B - ① (Retail)

Tanashi ASTA

Nishitokyo, Tokyo



Acquisition Price (millions of yen): 10,200
% of Total: 8.1%
Site Area (m²): 12,326.30
Total Floor Space (m²): 80,675.27
Structure/Floors: SRC B2/17F
Completed: February 1995

B - 2 (Retail)**Tsurumi fuga 1**

Yokohama, Kanagawa

Acquisition Price (millions of yen):	3,040
% of Total:	2.4%
Site Area (m ²):	1,962.18
Total Floor Space (m ²):	13,543.32
Structure/Floors:	SRC B2/7F
Completed:	September 1985

**B - 2****JPR Chiba Bldg.**

Chiba, Chiba

Acquisition Price (millions of yen):	2,350
% of Total:	1.9%
Site Area (m ²):	1,382.35
Total Floor Space (m ²):	9,072.57
Structure/Floors:	S/SRC B1/13F
Completed:	January 1991

**B - 3****Asahi-Life Yokohama Nihon Odori Bldg.**

Yokohama, Kanagawa

Acquisition Price (millions of yen):	2,927
% of Total:	2.3%
Site Area (m ²):	1,100.59
Total Floor Space (m ²):	9,146.52
Structure/Floors:	SRC B1/11F
Completed:	October 1989

**B - 4****Yasuda-Life Ikebukuro Bldg.**

Toshima-ku, Tokyo

Acquisition Price (millions of yen):	2,040
% of Total:	1.6%
Site Area (m ²):	772.77
Total Floor Space (m ²):	6,468.08
Structure/Floors:	SRC B1/9F
Completed:	October 1980

**B - 5****Shinyokohama 2nd Center Bldg.**

Yokohama, Kanagawa

Acquisition Price (millions of yen):	920
% of Total:	0.7%
Site Area (m ²):	841.71
Total Floor Space (m ²):	7,781.93
Structure/Floors:	S/SRC B2/12F
Completed:	August 1991



Other Cities — Hokkaido, Tohoku and Hokuriku

C - 10

North 33 Bldg.

Sapporo, Hokkaido

Acquisition Price (millions of yen):	3,700
% of Total:	2.9%
Site Area (m ²):	1,382.12
Total Floor Space (m ²):	10,568.23
Structure/Floors:	SRC B1/12F
Completed:	February 1992



C - 11

Park East Sapporo

Sapporo, Hokkaido

Acquisition Price (millions of yen):	2,150
% of Total:	1.7%
Site Area (m ²):	1,808.26
Total Floor Space (m ²):	10,865.75
Structure/Floors:	SRC B1/8F
Completed:	November 1985



C - 12

Sompo Japan Sendai Bldg.

Sendai, Miyagi

Acquisition Price (millions of yen):	3,150
% of Total:	2.5%
Site Area (m ²):	1,895.67
Total Floor Space (m ²):	10,783.52
Structure/Floors:	SRC B1/12F
Completed:	December 1997



C - 1

Niigata Ekinan Center Bldg.

Niigata, Niigata

Acquisition Price (millions of yen):	2,140
% of Total:	1.7%
Site Area (m ²):	2,706.99
Total Floor Space (m ²):	19,950.42
Structure/Floors:	S/SRC B1/10F
Completed:	March 1996



Other Cities — Osaka

C - 2

Yasuda-Life Osaka Bldg.

Osaka, Osaka



Acquisition Price (millions of yen):	8,300
% of Total:	6.6%
Site Area (m ²):	5,999.33
Total Floor Space (m ²):	52,982.94
Structure/Floors:	S/SRC B2/31F
Completed:	June 2000

C - 3

Yasuda-Life Tenroku Bldg.

Osaka, Osaka

Acquisition Price (millions of yen):	418
% of Total:	0.3%
Site Area (m ²):	642.06
Total Floor Space (m ²):	3,851.23
Structure/Floors:	SRC B1/8F
Completed:	June 1991



C - 4

Tokyo Tatemono Honmachi Bldg.

Osaka, Osaka

Acquisition Price (millions of yen):	4,150
% of Total:	3.3%
Site Area (m ²):	1,432.64
Total Floor Space (m ²):	14,619.52
Structure/Floors:	SRC B3/9F
Completed:	February 1970



C - ① (Retail)

Kuraray Nissay Bldg.

Osaka, Osaka

Acquisition Price (millions of yen):	8,000
% of Total:	6.4%
Site Area (m ²):	3,518.68
Total Floor Space (m ²):	17,897.56
Structure/Floors:	SRC B1/8F
Completed:	April 1990



Other Cities — Kinki, Chugoku and Shikoku

C - 13

Sompo Japan Wakayama Bldg.

Wakayama, Wakayama

Acquisition Price (millions of yen):	1,670
% of Total:	1.3%
Site Area (m ²):	1,128.45
Total Floor Space (m ²):	6,715.07
Structure/Floors:	S 9F
Completed:	July 1996



C - 15

SK Hiroshima Bldg.

Hiroshima, Hiroshima

Acquisition Price (millions of yen):	947
% of Total:	0.8%
Site Area (m ²):	502.41
Total Floor Space (m ²):	4,268.70
Structure/Floors:	SRC B1/9F
Completed:	December 1989



C - 5

Asahi-Life Takamatsu 2nd Bldg.

Takamatsu, Kagawa

Acquisition Price (millions of yen):	872
% of Total:	0.7%
Site Area (m ²):	579.99
Total Floor Space (m ²):	3,471.55
Structure/Floors:	SRC 8F
Completed:	August 1981



C - 6

JPR Takamatsu Bldg.

Takamatsu, Kagawa

Acquisition Price (millions of yen):	2,130
% of Total:	1.7%
Site Area (m ²):	1,407.78
Total Floor Space (m ²):	7,409.08
Structure/Floors:	SRC B1/10F
Completed:	September 1982 March 1984 (extension)



Other Cities — Kyushu and Okinawa

C - 7

Yasuda-Life Hakata Bldg.

Fukuoka, Fukuoka

Acquisition Price (millions of yen):	2,900
% of Total:	2.3%
Site Area (m ²):	1,214.63
Total Floor Space (m ²):	9,791.91
Structure/Floors:	S/RC B1/12F
Completed:	June 1985



C - 8

Asahi-Life Fukuoka 3rd and 4th Bldg.

Fukuoka, Fukuoka

Acquisition Price (millions of yen):	2,873
% of Total:	2.3%
Site Area (m ²):	2,500.86
Total Floor Space (m ²):	7,683.01 (3rd)
Structure/Floors:	SRC B1/10F (3rd)
Completed:	February 1984 (3rd)
Total Floor Space (m ²):	3,723.68 (4th)
Structure/Floors:	SRC 7F (4th)
Completed:	October 1986 (4th)



C - 14

Tenjin 121 Bldg.

Fukuoka, Fukuoka

Acquisition Price (millions of yen):	2,810
% of Total:	2.2%
Site Area (m ²):	1,164.39
Total Floor Space (m ²):	8,690.95
Structure/Floors:	S/SRC 13F
Completed:	July 2000



C - 9

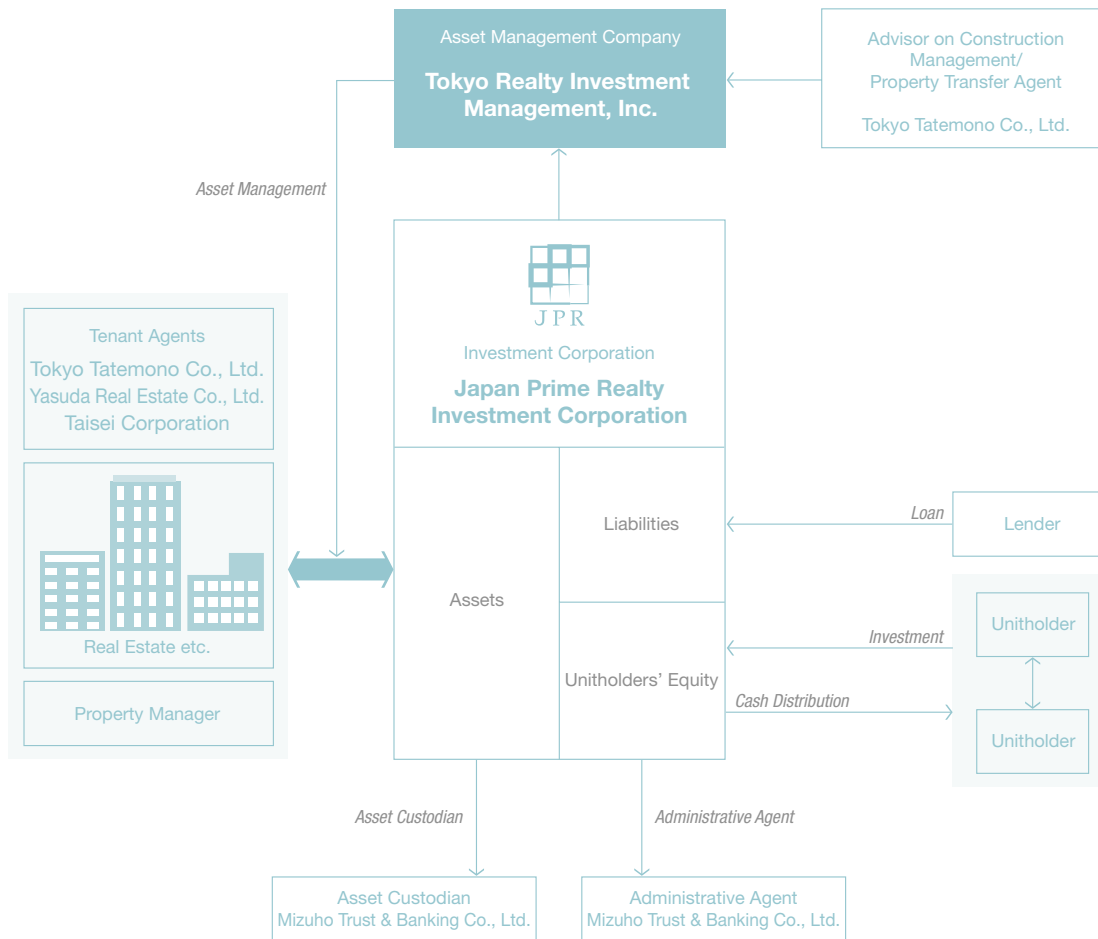
Yasuda-Life Naha Bldg.

Naha, Okinawa

Acquisition Price (millions of yen):	1,560
% of Total:	1.2%
Site Area (m ²):	959.87
Total Floor Space (m ²):	5,780.71
Structure/Floors:	S/SRC 12F
Completed:	October 1991



REIT STRUCTURE AND EXTERNAL SERVICE PROVIDERS



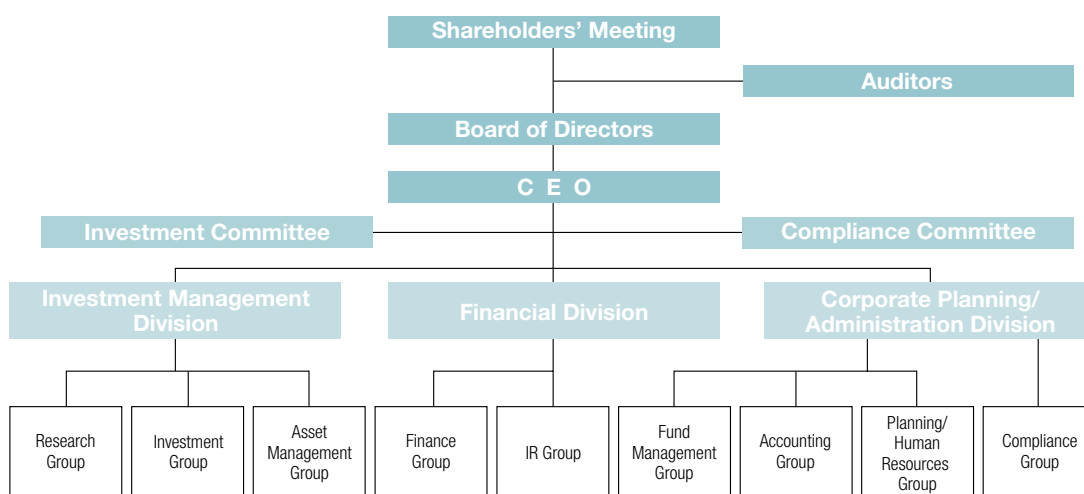
Tokyo Tatemono Co., Ltd. performs agency services for the signing of real estate leasing contracts (“general tenant agency services”) under a commission from the owners of real estate, in order to provide uniform tenant recruitment and sales services for the Company. Tokyo Tatemono also has been commissioned by TRIM to undertake “property transfer services.” Tokyo Tatemono also provides advice on rental operations management and construction planning management work (“leasing management/construction management services” or “LM /CM services”) to TRIM.

Yasuda Real Estate Co., Ltd. and Taisei Corporation provide general tenant agency services for real estate, as commissioned by the trustees.

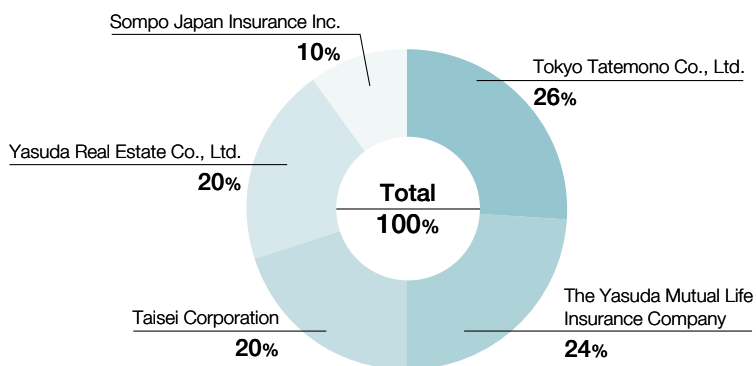
Tokyo Realty Investment Management, Inc.

Tokyo Realty Investment Management, Inc. (“TRIM”) concluded the asset management contract with JPR on September 27, 2001. Based on the contract, TRIM provides asset management services as a REIT Management Company under the Investment Trust Law.

TRIM is assigned to provide (1) services regarding asset management for JPR (including all decision-making in connection with the acquisition or leasing of properties and acting as an agent or broker of such transactions based on relevant judgement), (2) services regarding funding by JPR, (3) reporting to JPR and (4) any other services related to or affiliated with the above (the above services are collectively called “Asset Management Service” or “AM Service”).



Shareholders in TRIM (As of June 30, 2003)



Decision-Making Process of Investment Management

The “Investment Committee” is set as a committee to make investment decisions as well as its sub-organizations, the “Investment Subcommittee” and the “Fund Management Subcommittee.” Members of these organizations include the CEO, CIO, CFO, CAO, Fund Manager, Research Manager, Asset Manager and Investment Management Manager.

The “Investment Committee” is a committee which formulates fundamental investment policy for the medium and long term within two fiscal periods, while the “Investment Subcommittee” or “Management Subcommittee” has charge of decisions on issues regarding acquisitions, dispositions and management of individual assets respectively. The Board of Directors is given the final authorization on acquisitions or dispositions of individual assets of a certain amount.

Measures to Prevent Conflicts of Interest

TRIM has established the “Compliance Committee” and “Compliance Subcommittee.” The “Compliance Subcommittee” oversees the aforementioned committees and determines whether their decision-making activities strictly adhere to laws and regulations.

TRIM has rules in place governing transactions with “related parties” so as to avoid conflicts of interest. The Compliance Committee serves to prevent transactions with conflicts of interest based on the advice of an outside attorney who is a special member of the committee. Related parties are defined as specific parties with which transactions have been made or to which commissions or other payments have been made in the relevant term. These include the following parties, which have an investment in TRIM or employees serving as directors or staff at TRIM: Tokyo Tatemono Co., Ltd., The Yasuda Mutual Life Insurance Company, Yasuda Real Estate Co., Ltd., Taisei Corporation, Sompo Japan Insurance Inc. (formerly The Yasuda Fire & Marine Insurance Co., Ltd.) and their affiliates.

Such measures include:

a) Acquisitions of property or assets from interested parties

The “investment amount” for any real estate or real estate in trust property must be the appraised value or less (deemed to be the purchase price only, exclusive of taxes and acquisition costs, etc.). Prior approval of the Board of Directors of the Company is required. For other designated assets, the investment amount must be at market prices for assets for which market prices are available, otherwise at the appraised value or less.

b) Sales of property or assets to interested parties

The “sales price” for any real estate or real estate in trust property must be the appraised value or more (deemed to be sales price only, exclusive of taxes and selling costs, etc.). Prior approval of the Board of Directors of the Company is required. For other designated assets, the sales price must be at market prices for assets for which market prices are available, otherwise at the appraised value or more.

c) Leasing of properties to interested parties

Properties may be leased to interested parties provided that leasing is done under appropriate terms and conditions as determined from the viewpoint of market trends and standard leasing terms for the property.

d) Property management commissions to interested parties

Commissions are based on the Property Management Standards. Prior approval of the Board of Directors of the Company is required.

e) Trading/leasing intermediation fees paid to interested parties

Trading intermediation fees are limited to up to 3% of the trading price. Prior approval of the Board of Directors of the Company is required. Leasing intermediation fees are limited to the amount equivalent to the contracted rent for one month.

f) Commissioning of construction work to interested parties

Commissions of construction work worth ¥10 million or more require a comparison against third-party estimates and proposals. Prior approval of the Board of Directors of the Company is required.

g) Borrowings from interested parties

Terms of borrowings must be at market levels. Prior approval of the Board of Directors of the Company is required.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in connection with the selected financial data shown on page 3 and with all of

the accompanying financial statements and notes appearing elsewhere in this report.

RESULTS OF OPERATIONS

The table below shows selected operating information for the periods ended June 30, 2003 and December 31, 2002.

	thousands of yen		U.S. dollars
	3rd Period (Jan. 1, 2003– June 30, 2003)	2nd Period (July 1, 2002– Dec. 31, 2002)	3rd Period (Jan. 1, 2003– June 30, 2003)
OPERATING REVENUES	5,264,525	4,972,930	43,944,283
Rental revenues	4,898,820	4,568,144	40,891,656
Non-rental revenues	365,705	404,786	3,052,627
OPERATING EXPENSES	3,018,056	2,684,786	25,192,458
OPERATING PROFITS	2,246,469	2,288,144	18,751,825
NON-OPERATING REVENUES	80,719	13,168	673,782
NON-OPERATING EXPENSES	335,842	298,463	2,803,351
INCOME BEFORE INCOME TAXES	1,991,346	2,002,849	16,622,256
NET INCOME	1,990,377	2,001,798	16,614,165

The Company receives income primarily from rental revenues from its office, parking and retail properties including reimbursements from certain tenants for certain operating costs.

The Company's property holdings for the second fiscal period, ended December 31, 2002, comprised 27 properties. The Company's property holdings as of June 30, 2003, comprised these 27 properties plus one unit ownership acquisition (MS Shibaura Building), one beneficial interest acquisition (Kuraray Nissay Building), and one acquisition (Jinnan 1-chome Building). Net operating income (NOI) contribution from the three additional properties was ¥312 million.

Operating revenues for the six months ended June 30, 2003, JPR's third fiscal period, totaled ¥5,265 million and comprised rental revenues, common service fees and non-rental revenues. Non-rental revenues declined due to a decrease in incidental income. Incidental income fluctuates subject to movements in operating expenses, specifically the actual collection of utility charges. The decline in incidental income reflects a drop in after-hours air-conditioning charges invoiced

to tenants as a result of unseasonably cool summer weather.

Operating and administrative expenses, including depreciation of ¥895 million, totaled ¥1,659 million. Repairs and maintenance expenses for the third fiscal period increased significantly, as the Company commenced earthquake-proofing maintenance and renovations on the Yasuda-Life Ikebukuro Building and made repairs to the Asahi-Life Fukuoka 3rd and 4th Building. Another item affecting operating expenses is taxes on fixed assets, which are recorded as operating expenses from the fiscal year following purchase of the property (taxes for the first year are included in the purchase price). As a result of the aforementioned, operating profits declined ¥42 million, to ¥2,246 million from ¥2,288 million in the previous period.

In non-operating revenues and expenses, interest expenses rose as a result of an increase in borrowings for the acquisition of new properties.

Accordingly, income before income taxes declined to ¥1,991 million and net income to ¥1,990 million.

CASH DISTRIBUTIONS

The cash distribution per unit for the period ended June 30, 2003, was ¥6,873. With 289,600 units outstanding, total cash distributions were ¥1,990 million.

	thousands of yen except per unit data	
	Cash distributions for the period ended June 30, 2003	Cash distributions for the period ended Dec. 31, 2002
Net Income	1,990,377	2,001,798
Total Cash Distributions	1,990,421	2,001,716
Cash Distribution per Unit	6,873	6,912

CAPITALIZATION

Paid-In Capital

For the third fiscal period, ended June 30, 2003, the Company reported net income of ¥1,990 million and total unitholders' equity of ¥58,972 million, with 289,600 units outstanding. (See page 32 and Notes to Financial Statements)

Market Price

The Company was listed on the Tokyo Stock Exchange in June 2002 under the securities code 8955. The high and low closing prices for the periods indicated in the table below were:

Month	yen	
	High	Low
June 2002	202,000	199,000
July 2002	203,000	200,000
Aug. 2002	205,000	202,000
Sept. 2002	205,000	203,000
Oct. 2002	219,000	203,000
Nov. 2002	240,000	215,000
Dec. 2002	240,000	225,000
Jan. 2003	239,000	220,000
Feb. 2003	227,000	219,000
Mar. 2003	229,000	217,000
Apr. 2003	249,000	227,000
May 2003	283,000	246,000
June 2003	271,000	222,000

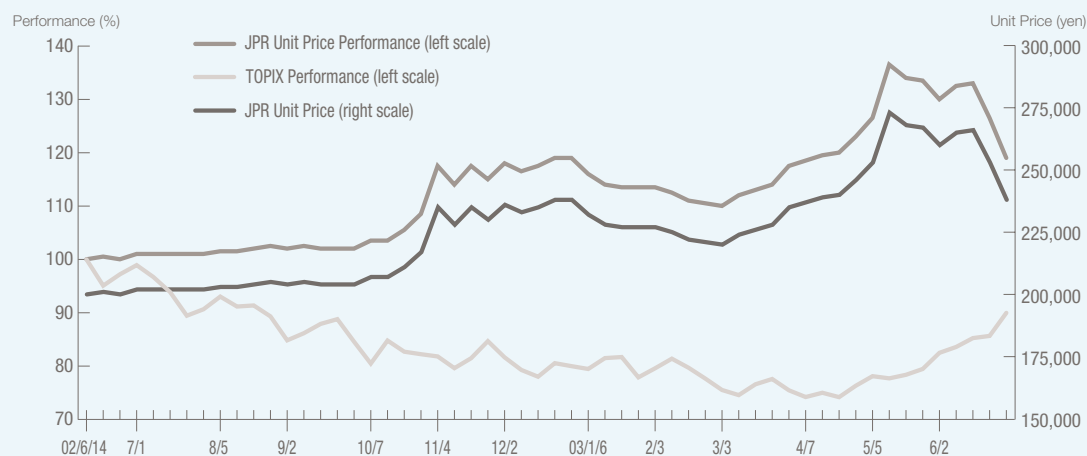
Debt Financing

The acquisitions of the MS Shibaura Building, Kuraray Nissay Building and Jinnan 1-chome Building were funded by an increase in short-term borrowings. Accordingly, short-term borrowings jumped ¥25.6 billion over the end of the previous period. The decision to utilize short-term borrowings was taken as a means to curb finance costs.

Interest-bearing liabilities as of June 30, 2003 stood at ¥69.5 billion, with interest-bearing liabilities to total assets ratio of 47.9%. The Company considers itself to be well positioned to increase borrowings as required. The medium- to long-term interest-bearing liabilities ratio fell to 57.6%, in line with the Company's debt profile.

The average remaining period on the Company's outstanding debt balance as of June 30, 2003 is 5.1 years, bearing an average interest rate of 1.2%.

Investment performance of JPR since its IPO on June 14, 2002



Borrowings

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2002 (thousands of yen)	Balance as of June 30, 2003 (thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks
Short-Term Borrowings	Sompo Japan Insurance Inc.	June 26, 2002	2,000,000	—	1.950%	June 30, 2003	Principal lump sum repayment on maturity	Unsecured/ Unguaranteed/ Subordinated
	Aozora Bank, Ltd.	Sept. 25, 2002	950,000	950,000	0.584%	Sept. 25, 2003		Secured/ Unguaranteed/ Non-subordinated
		Sept. 30, 2002	980,000	980,000				
		Mar. 28, 2003	—	3,770,000	0.939%	Mar. 27, 2004		
		May 15, 2003	—	8,000,000	0.929%	May 14, 2004		
	Resona Bank, Ltd.	Mar. 28, 2003	—	3,000,000	0.939%	Mar. 27, 2004		
	Mizuho Corporate Bank, Ltd.	June 30, 2003	—	12,800,000	0.810%	July 31, 2003		
Total		3,930,000	29,500,000					
Medium-Term Borrowings	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 27, 2001	10,000,000	10,000,000	1.234%	Dec. 27, 2006	Principal lump sum repayment on maturity	Secured/ Unguaranteed/ Non-subordinated
	Sumitomo Life Insurance Company	Dec. 27, 2001	10,000,000	10,000,000	1.234%	Dec. 27, 2006		
	Resona Bank, Limited	June 19, 2002	2,000,000	2,000,000	1.295%	Dec. 27, 2006		
	Aozora Bank, Ltd.	June 19, 2002	3,000,000	3,000,000	1.295%	Dec. 27, 2006		
	Total		25,000,000	25,000,000				
Long-Term Borrowings	The Yasuda Mutual Life Insurance Company	Dec. 27, 2001	5,000,000	5,000,000	1.700%	Dec. 26, 2008	Principal lump sum repayment on maturity	Secured/ Unguaranteed/ Non-subordinated
		June 21, 2002	5,000,000	5,000,000	2.050%	June 21, 2011		
		Mar. 28, 2003	—	5,000,000	1.750%	Mar. 28, 2013		
	Total		10,000,000	15,000,000				

MAJOR TENANTS

The following table shows JPR's top ten tenants by leased floor space as of June 30, 2003.

The Company has contracted a special type of long-term lease agreement with its largest tenant, Seiyu, for 20-year periods in the two buildings it occupies, until February 2015 (Tanashi ASTA) and December 2005 (Tsurumi fuga 1).

Ordinary building leases in Japan are contracted for relatively short periods (generally two years), and renew automatically unless either party gives notice to the contrary. Such leases also typically allow the tenant to terminate the lease before expiry of the term, without penalty, with six months

prior written notice. The leases with Seiyu, however, prohibit termination by the tenant before expiry of the term, and contain provisions requiring payment of damages equivalent to the rental amount for the remainder of the contract period should the lease be broken.

JPR continues to strengthen its portfolio by broadening its tenant base and increasing the percentage of long-term lease contracts. Specifically, in July 2003, the Company signed long-term leases with Tower Records Japan Inc. (following acquisition of the Jinnan 1-chome Building) and The Loft, Co., Ltd. (following acquisition of the Kuraray Nissay Building).

#	Tenant	Industry	Property	Leased Floor Space (m ²)	%
1	The Seiyu, Ltd.	Retail	Tanashi ASTA	40,700.31	21.6
2	The Loft Co., Ltd.		Tsurumi fuga 1		
3	The Seibu Department Stores, Ltd.	Accounting Firm	Kuraray Nissay Bldg.	10,282.31	5.4
4	Tohmatsu & Co.		Jinnan 1-chome Bldg.	8,076.85	4.3
5	Sompo Japan Insurance Inc.	Casualty Insurance	MS Shibaura Bldg.	6,864.79	3.6
6	Iwatani International Corporation	Wholesale	Sompo Japan Sendai Bldg.	6,541.71	3.5
7	The Yasuda Mutual Life Insurance Company		Sompo Japan Wakayama Bldg.		
8		Wholesale	Tokyo Tatemono Honmachi Bldg.	5,959.86	3.2
9		Life Insurance	Yasuda-Life Ikebukuro Bldg.	5,015.78	2.7
10			Yasuda-Life Osaka Bldg.		
11			Yasuda-Life Naha Bldg.		
12	Niigata Ekinan Center Bldg.				
13	Shinyokohama 2nd Center Bldg.				
14	Japan Future Information Technology & Systems Co., Ltd.	Other Services	Arca East	3,993.50	2.1
15	Mitsubishi Electric Information Systems Corporation	Electronics and Electric Appliances	MS Shibaura Bldg.	3,922.74	2.1
16	Kanematsu Electronics Ltd.		Kanematsu Bldg.	3,094.50	1.6
17			Kanematsu Bldg. Annex		

CAPITAL EXPENDITURES

Planned Capital Expenditures

Principal capital expenditures during the period under review relating to repair and improvement of properties and entrusted properties in the Company's portfolio as of June 30,

2003 are outlined in the following table. The estimated construction amount includes the portion classified as expenses in the financial statements.

Property	Details	Period	Estimated Construction Amounts (millions of yen)		
			Total	Payment during the period	Previously paid total
Yasuda-Life Ikebukuro Bldg.	Renovation of first floor hall, and 2nd-4th and 7th-9th floor common and leasable areas; upgrade of air-conditioning system and individual adjustment; designer's supervision; other upgrades and improvements	July 2003–Mar. 2004	525	—	—
JPR Takamatsu Bldg.	Renovation of common areas; earth-quake proofing; upgrade of air-conditioning system	Aug. 2003–Dec. 2003	73	—	—
Yasuda-Life Hakata Bldg.	Expansion of mechanical parking facility	Feb. 2003–Dec. 2003	58	—	—
Park East Sapporo	Renovation of restrooms on all floors	Aug. 2003–Dec. 2003	37	—	—

Capital Expenditures During the Period Under Review

Capital expenditures made for the Company's properties and entrusted properties during the period under review are outlined in the following table. Principal expenditures included earthquake proofing (including design) to improve safety and comply with new earthquake resistance standards, renova-

tions aimed at maintaining and improving tenant satisfaction, as well as renovation of common areas and construction of IT-ready floors in order to attract new tenants. Along with the following, the Company recorded additional repairs and maintenance expenses totaling ¥119 million.*

Property	Details	Period	Capital Expenditure (millions of yen)
Yasuda-Life Ikebukuro Bldg.	Earth-quake proofing; renovation of first floor leasable areas and 5th floor common and leasable areas; upgrade of air-conditioning system and individual adjustment; designer's supervision; other upgrades and improvements	Feb. 2003–June 2003	132
Asahi-Life Fukuoka 3rd and 4th Bldg.	Repair of exterior tile, resealing (3rd Bldg.)	May 2003–June 2003	13
Other capital expenditures	Renovation of common areas; construction of IT-ready floors; maintenance to parking facility, air-conditioning, and fire-prevention equipment		149
TOTAL			294

*Repairs and maintenance expenses include the amount for the repair itself, as well as ¥3 million in compensation to the respective real estate companies for management relating to the construction.

SUBSEQUENT EVENTS

Events and other notable items occurring subsequent to June 30, 2003 (the end of the period under review), included the issue of new investment units, the acquisition of three properties and the divesture of a fourth. Offering of new investment units was completed on July 14, 2003, and a third-party allotment granted on August 8, 2003, raising unitholders' equity to a total of ¥89,113,803,600, and the

number of outstanding units to 430,000. The Kuraray Nissay Building in Osaka and the Gotanda First Building in Tokyo were acquired on July 16 and July 23, respectively, and the Nagoya Kowa Building in Nagoya acquired on September 1. The Yasuda-Life Tenroku Building was sold on September 3, 2003.

FINANCIAL STATEMENTS

BALANCE SHEETS

(As of June 30, 2003 and December 31, 2002)

	End of 3rd Period (as of Jun. 30, 2003)	thousands of yen End of 2nd Period (as of Dec. 31, 2002)	U.S. dollars (Note 2) End of 3rd Period (as of Jun. 30, 2003)
ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	¥ 19,103,828	¥ 12,157,861	\$ 159,464,343
Rental receivables	63,774	60,094	532,340
Consumption tax refundable	127,735	—	1,066,236
Other current assets	160,065	101,557	1,336,099
Total current assets	19,455,402	12,319,512	162,399,018
PROPERTY AND EQUIPMENT AT COST:			
Land	73,603,296	49,175,308	614,384,771
Buildings and structures	53,389,709	45,689,809	445,657,002
Machinery and equipment	1,015,212	980,507	8,474,224
Tools, furniture and fixtures	8,584	873	71,654
Construction in progress	16,882	11,928	140,919
	128,033,683	95,858,425	1,068,728,570
Less accumulated depreciation	(2,518,883)	(1,624,277)	(21,025,735)
Net property and equipment	125,514,800	94,234,148	1,047,702,835
INVESTMENTS AND OTHER ASSETS:			
Deposits	10,100	10,100	84,307
Long-term prepaid expenses	9,177	14,702	76,604
TOTAL ASSETS	¥144,989,479	¥106,578,462	\$1,210,262,764

The accompanying notes form an integral part of these financial statements.

	End of 3rd Period (as of Jun. 30, 2003)	thousands of yen End of 2nd Period (as of Dec. 31, 2002)	U.S. dollars (Note 2) End of 3rd Period (as of Jun. 30, 2003)
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥ 772,249	¥ 434,007	\$ 6,446,153
Accounts payable	330,772	264,850	2,761,039
Short-term debt	29,500,000	3,930,000	246,243,740
Accrued expenses	32,363	7,296	270,143
Accrued income taxes	948	822	7,909
Rent received in advance	531,244	339,236	4,434,424
Other current liabilities	—	79,959	—
Total current liabilities	31,167,576	5,056,170	260,163,408
LONG-TERM LIABILITIES:			
Long-term debt	40,000,000	35,000,000	333,889,816
Deposits received from tenants	14,849,404	7,538,454	123,951,617
Total long-term liabilities	54,849,404	42,538,454	457,841,433
TOTAL LIABILITIES	86,016,980	47,594,624	718,004,841
UNITHOLDERS' EQUITY			
Unitholders' capital	56,982,000	56,982,000	475,642,738
Retained earnings	1,990,499	2,001,838	16,615,185
TOTAL UNITHOLDERS' EQUITY	58,972,499	58,983,838	492,257,923
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	¥144,989,479	¥106,578,462	\$1,210,262,764

STATEMENTS OF INCOME AND RETAINED EARNINGS

(For the six months ended June 30, 2003 and December 31, 2002)

		thousands of yen	U.S. dollars (Note 2)
	3rd Period (Jan. 1, 2003– Jun. 30, 2003)	2nd Period (Jul. 1, 2002– Dec. 31, 2002)	3rd Period (Jan. 1, 2003– Jun. 30, 2003)
OPERATING REVENUES:	¥5,264,525	¥4,972,930	\$43,944,283
Rental revenues	4,898,820	4,568,144	40,891,656
Non-rental revenues	365,705	404,786	3,052,627
OPERATING EXPENSES:	3,018,056	2,684,786	25,192,458
Property-related expenses	2,553,300	2,307,448	21,313,024
Asset management fees	243,468	236,635	2,032,289
Administrative service fees	51,077	65,519	426,352
Other operating expenses	170,211	75,184	1,420,793
OPERATING PROFITS	2,246,469	2,288,144	18,751,825
NON-OPERATING REVENUES:	80,719	13,168	673,782
Interest income	91	1,092	756
Other non-operating revenues	80,628	12,076	673,026
NON-OPERATING EXPENSES:	335,842	298,463	2,803,351
Interest expense	320,685	274,087	2,676,836
Loan arrangement fees	15,147	19,393	126,431
Other non-operating expenses	10	4,983	84
INCOME BEFORE INCOME TAXES	1,991,346	2,002,849	16,622,256
INCOME TAXES:			
Current	965	1,040	8,060
Deferred	4	11	31
NET INCOME	¥1,990,377	¥2,001,798	\$16,614,165
RETAINED EARNINGS BROUGHT FORWARD	122	40	1,020
RETAINED EARNINGS AT END OF PERIOD	¥1,990,499	¥2,001,838	\$16,615,185

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS (Unaudited)
(For the six months ended June 30, 2003 and December 31, 2002)

	thousands of yen		U.S. dollars (Note 2)
	3rd Period (Jan. 1, 2003– Jun. 30, 2003)	2nd Period (Jul. 1, 2002– Dec. 31, 2002)	3rd Period (Jan. 1, 2003– Jun. 30, 2003)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 1,991,346	¥ 2,002,849	\$ 16,622,256
Depreciation	894,606	823,336	7,467,493
Interest income	(91)	(1,092)	(756)
Interest expense	320,685	274,087	2,676,836
Increase in rental receivables	(3,681)	(21,636)	(30,724)
Decrease (increase) in consumption tax refundable	(127,735)	596,493	(1,066,236)
Increase in prepaid expenses	(6,788)	(24,463)	(56,658)
Increase (decrease) in trade accounts payable	338,243	(274,196)	2,823,394
Increase (decrease) in accounts payable	86,155	(207,369)	719,157
Decrease in accrued consumption taxes	(41,770)	(5,632)	(348,661)
Increase in rent received in advance	192,008	2,693	1,602,737
Decrease in deposits received from tenants	(38,189)	(287,182)	(318,775)
Change in other current assets/liabilities	(46,198)	5,112	(385,630)
Subtotal	3,558,591	2,883,000	29,704,433
Interest received	91	1,092	756
Interest paid	(295,619)	(274,424)	(2,467,600)
Income taxes paid	(840)	(1,600)	(7,012)
Net cash provided by operating activities	3,262,223	2,608,068	27,230,577
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(35,874)	(966,304)	(299,451)
Purchases of entrusted property and equipment	(32,139,384)	(1,719,557)	(268,275,325)
Payment of leasehold and security deposits received	(21,338)	(7,674)	(178,113)
Proceeds from leasehold and security deposits received	15,256	135,870	127,347
Payment of entrusted leasehold and security deposits received	(369,597)	(234,488)	(3,085,115)
Proceeds from entrusted leasehold and security deposits received	7,686,629	271,352	64,162,173
Payment of leasehold and security deposits	—	(100)	—
Net cash used in investing activities	(24,864,308)	(2,520,901)	(207,548,484)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings	27,570,000	1,930,000	230,133,556
Repayment of short-term borrowings	(2,000,000)	—	(16,694,491)
Proceeds from long-term borrowings	5,000,000	—	41,736,227
Distributions to unitholders	(2,021,948)	(701,784)	(16,877,693)
Net cash provided by financing activities	28,548,052	1,228,216	238,297,599
NET INCREASE IN CASH AND CASH EQUIVALENTS	6,945,967	1,315,383	57,979,692
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	12,157,861	10,842,478	101,484,651
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥19,103,828	¥12,157,861	\$159,464,343

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(For the six months ended June 30, 2003 and December 31, 2002)

	shares	thousands of yen	unitholders' equity U.S. dollars (Note 2)
BALANCE AS OF JUNE 30, 2002	289,600	57,719,072	
Cash distributions paid	—	(737,032)	
Net income	—	2,001,798	
BALANCE AS OF DECEMBER 31, 2002	289,600	58,983,838	492,352,566
Cash distributions paid	—	(2,001,716)	(16,708,808)
Net income	—	1,990,377	16,614,165
BALANCE AS OF JUNE 30, 2003	289,600	58,972,499	492,257,923

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(June 30, 2003 and December 31, 2002)

1. ORGANIZATION

Japan Prime Realty Investment Corporation (the "Company"), an externally managed real estate investment corporation, was incorporated on September 14, 2001 under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law.

The Company was originally formed by Tokyo Tatemono Co., Ltd., Taisei Corporation, and Tokyo Realty Investment Management, Inc. ("TRIM"), and commenced its operation on November 16, 2001 by acquiring 13 properties. TRIM, a licensed asset management company, provides professional asset management services of office and retail properties to the Company. TRIM is currently owned 26% by Tokyo Tatemono Co., Ltd., 24% by The Yasuda Mutual Life

Insurance Company, 20% by Yasuda Real Estate Co., Ltd., 20% by Taisei Corporation, and 10% by Sampo Japan Insurance Inc.

On June 14, 2002, the Company raised ¥25,862 million through an initial public offering (unitholders' capital as of June 30, 2003: ¥56,982 million) and was listed on the Tokyo Stock Exchange (Securities code: 8955).

The Company was formed to invest primarily in real estate in Japan. As of June 30, 2003, the Company owned a portfolio of 30 properties containing an aggregate of approximately 201,808.72 square meters of leasable area, and leased its office space to 324 tenants. The occupancy rate is 93.5%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTING FINANCIAL STATEMENTS

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles and practices generally accepted and applied in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Law, the Japanese Commercial Code, the Securities and Exchange Law of Japan and the related regulations, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. In addition, the notes to financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information.

The Company's accounting period ends at the end of June and December. The Company's third accounting period began on January 1, 2003 and ended on June 30, 2003.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥119.80=US\$1.00, the foreign exchange rate on June 30, 2003, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation. The costs of land, buildings and building improvements include the purchase price of property, legal

fees and acquisition costs. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated as follows:

Buildings	3-60 years
Structures	10-20 years
Machinery and equipment	3-15 years
Tools, furniture and fixtures	5-15 years

Expenditures for repairs and maintenance are charged to operations as incurred. Significant renewals and betterments are capitalized.

REVENUE RECOGNITION

Revenues from leasing of office space are recognized as rent accrued over the lease period.

TAXES ON PROPERTY AND EQUIPMENT

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to expense during the period. The sellers of the properties were liable for property taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the owner registered in the record as of January 1, based on the assessment made by the local government. The Company paid the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and included the amount equivalent to the taxes in the purchase price of each property and capitalized as cost of the property.

CONSUMPTION TAXES

Consumption taxes withheld and consumption taxes paid are not included in the statements of income. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments

over amounts withheld is included in the current assets and the excess of amounts withheld over payments is included in the current liabilities.

CASH AND CASH EQUIVALENTS

The statements of cash flows is provided for information purposes only since it is not required to be prepared by the

Investment Trust Law, the Japanese Commercial Code, the Securities and Exchange Law of Japan and the related regulations. Cash and cash equivalents consist of cash on hand, deposits placed with bank and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, with original maturity of three months or less.

3. REAL ESTATE

Real estate at June 30, 2003 and December 31, 2002 consisted of the following:

	thousands of yen				U.S. dollars	
	As of June 30, 2003		As of December 31, 2002		As of June 30, 2003	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 331,677	¥ 331,677	¥ 325,393	¥ 325,393	\$ 2,768,587	\$ 2,768,587
Buildings	658,986		629,685		5,500,713	
Accumulated depreciation	18,912	640,074	7,425	622,260	157,866	5,342,847
Machinery and equipment	11,227		11,227		93,712	
Accumulated depreciation	1,398	9,829	559	10,668	11,667	82,045
Tools, furniture and fixtures	289				2,416	
Accumulated depreciation	17	272	—	—	145	2,271
Entrusted land	73,271,619	73,271,619	48,849,915	48,849,915	611,616,184	611,616,184
Entrusted buildings and structures	52,730,723		45,060,124		440,156,289	
Accumulated depreciation	2,356,525	50,374,198	1,527,362	43,532,762	19,670,491	420,485,798
Entrusted machinery and equipment	1,003,985		969,280		8,380,512	
Accumulated depreciation	141,823	862,162	88,889	880,391	1,183,830	7,196,682
Entrusted tools, furniture and fixtures	8,295		873		69,238	
Accumulated depreciation	208	8,087	43	830	1,736	67,502
Entrusted construction in progress	16,882	16,882	11,928	11,928	140,919	140,919
Total		¥125,514,800		¥94,234,148		\$1,047,702,835

4. SHORT-TERM DEBT

Short-term debt at June 30, 2003 and December 31, 2002 consisted of the following:

	As of June 30, 2003		As of December 31, 2002		As of June 30, 2003
	Amount (thousands of yen)	Weighted-average interest rate	Amount (thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Unsecured loans from an insurance company due on June 30, 2003	¥ —	—	¥2,000,000	1.950%	\$ —
Secured loans from a bank due on September 25, 2003	1,930,000	0.584%	1,930,000	0.571%	16,110,184
Secured loans from banks due on March 27, 2004	6,770,000	0.939%	—	—	56,510,851
Secured loans from a bank due on May 14, 2004	8,000,000	0.929%	—	—	66,777,964
Secured loans from a bank due on July 31, 2003	12,800,000	0.810%	—	—	106,844,741
Total	¥29,500,000		¥3,930,000		\$246,243,740

5. MEDIUM-TERM DEBT (1 TO 5 YEARS)

Medium-term debt at June 30, 2003 and December 31, 2002 consisted of the following:

	As of June 30, 2003		As of December 31, 2002		As of June 30, 2003
	Amount (thousands of yen)	Weighted-average interest rate	Amount (thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Secured loans from a trust bank and an insurance company due on December 27, 2006	¥20,000,000	1.234%	¥20,000,000	1.234%	\$166,944,908
Secured loans from banks due on December 27, 2006	5,000,000	1.295%	5,000,000	1.295%	41,736,227
Total	¥25,000,000		¥25,000,000		\$208,681,135

6. LONG-TERM DEBT (OVER 5 YEARS)

Long-term debt at June 30, 2003 and December 31, 2002 consisted of the following:

	As of June 30, 2003		As of December 31, 2002		As of June 30, 2003
	Amount (thousands of yen)	Weighted- average interest rate	Amount (thousands of yen)	Weighted- average interest rate	Amount (U.S. dollars)
Secured loans from an insurance company due on December 26, 2008	¥ 5,000,000	1.700%	¥ 5,000,000	1.700%	\$ 41,736,227
Secured loans from an insurance company due on June 21, 2011	5,000,000	2.050%	5,000,000	2.050%	41,736,227
Secured loans from an insurance company due on March 28, 2013	5,000,000	1.750%	—	—	41,736,227
Total	¥15,000,000		¥10,000,000		\$125,208,681

7. SECURED ASSETS

At June 30, 2003 and December 31, 2002, the following assets were pledged as collateral for the following debt:

Pledged assets:

	thousands of yen		U.S. dollars
	As of June 30, 2003	As of December 31, 2002	As of June 30, 2003
Cash and bank deposits	¥ 17,614,344	¥ 8,762,242	\$ 147,031,248
Land	73,157,065	42,753,744	610,659,973
Buildings and structures	50,892,478	38,116,814	424,812,005
Machinery and equipment	871,991	721,682	7,278,727
Tools, furniture and fixtures	8,359	—	69,773
Construction in progress	16,882	11,928	140,919
Total	¥142,561,119	¥90,366,410	\$1,189,992,645

Debt secured by pledged assets:

	thousands of yen		U.S. dollars
	As of June 30, 2003	As of December 31, 2002	As of June 30, 2003
Short-term debt	¥29,500,000	¥ 1,930,000	\$246,243,740
Medium- and long-term debt	40,000,000	35,000,000	333,889,816
Total	¥69,500,000	¥36,930,000	\$580,133,556

8. UNITHOLDERS' EQUITY

Under the Investment Trust Law and the related regulations, the appropriations of retained earnings and the declaration of a cash distribution for the current accounting period are made by a resolution of the Board of Directors held subse-

quent to the close of such accounting period. As such, the retained earnings of unitholders' equity at June 30, 2003 included cash distribution of ¥1,990,421 thousand (\$16,614,531) subsequently made.

9. INCOME TAXES

At June 30, 2003, the Company's deferred tax assets consisted mainly of the enterprise tax, which is not deductible for tax purposes. The reconciliation of tax rate difference between the adjusted statutory tax rates and the effective tax rates for the six months ended June 30, 2003 and December 31, 2002 were as follows:

	For the period from January 1, 2003 to June 30, 2003	For the period from July 1, 2002 to December 31, 2002
Statutory tax rate	39.39%	39.39%
Deductible dividends distribution	(39.37%)	(39.37%)
Others	0.03%	0.03%
Effective tax rate	0.05%	0.05%

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special

Taxation Measures Law of Japan, or the STML, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its taxable income for the accounting period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by the Articles of Incorporation, the Company made a dividend distribution of approximately 100% of retained earnings in the amount of ¥1,990,421 thousand (\$16,614,531) at June 30, 2003 and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of accounting profit under the Articles of Incorporation.

10. PER UNIT INFORMATION

The following table summarizes information about net assets per share and net income per unit at June 30, 2003 and December 31, 2002, and for the fiscal periods then ended:

	yen		U.S. dollars
	For the period from January 1, 2003 to June 30, 2003	For the period from July 1, 2002 to December 31, 2002	For the period from January 1, 2003 to June 30, 2003
Net assets at period-end per unit	¥203,634	¥203,673	\$1,700
Net income per unit	6,872	6,912	57

In calculating the net assets per unit, the amount of the net assets included the cash distribution declared in the subsequent period.

Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during

each period. The weighted-average number of units used in the calculation was 289,600 units for the six months ended June 30, 2003 and December 31, 2002. Diluted net income per unit has not been presented since no warrants and convertible bonds were issued during the period.

11. RELATED PARTY TRANSACTIONS

The Company entered into the following related party transactions.

	thousands of yen		U.S. dollars
	For the period from January 1, 2003 to June 30, 2003	For the period from July 1, 2002 to December 31, 2002	For the period from January 1, 2003 to June 30, 2003
Property management fees	¥118,707	¥93,313	\$990,874
Commissions for property acquisitions	56,000	16,500	467,446
Leasing commissions	4,512	129	37,663
Outsourced property operation	262,742	262,619	2,193,168
Repairs and maintenance	364,770	146,976	3,044,824

12. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended June 30, 2003 and December 31, 2002.

	thousands of yen		U.S. dollars
	For the period from January 1, 2003 to June 30, 2003	For the period from July 1, 2002 to December 31, 2002	For the period from January 1, 2003 to June 30, 2003
Property-Related Revenues	¥5,264,525	¥4,972,930	\$43,944,283
Rental Revenues	4,898,820	4,568,144	40,891,656
Rental revenues	3,795,176	3,562,518	31,679,266
Common area charges	929,753	851,041	7,760,880
Parking revenues	149,986	142,523	1,251,974
Other rental revenues	23,905	12,062	199,536
Non-Rental Revenues	365,705	404,786	3,052,627
Incidental income	344,583	388,194	2,876,316
Cancellation charges	3,905	3,350	32,599
Other miscellaneous revenues	17,217	13,242	143,712
Property-Related Expenses	2,553,300	2,307,448	21,313,024
Property management fees	125,111	104,500	1,044,335
Utilities expenses	379,307	444,611	3,166,170
Property and other taxes	425,826	336,958	3,554,474
Casualty insurance	34,194	34,261	285,422
Repairs and maintenance	116,158	52,400	969,603
Depreciation	894,606	823,336	7,467,493
Other rental expenses	578,098	511,382	4,825,527
Profits	¥2,711,225	¥2,665,482	\$22,631,260

13. LEASES

The Company leases office buildings and earns rent income. As of June 30, 2003 and December 31, 2002, the future lease revenue under the non-cancelable operating leases are as follows:

	thousands of yen		U.S. dollars
	As of June 30, 2003	As of December 31, 2002	As of June 30, 2003
Due within one year	¥ 2,276,148	¥ 1,863,143	\$ 18,999,567
Due after one year	17,379,292	15,606,473	145,069,213
Total	¥19,655,440	¥17,469,616	\$164,068,780

14. SUBSEQUENT EVENTS

ADDITIONAL ISSUE OF NEW INVESTMENT UNITS

At the Board of Directors' meeting held on June 17, 2003, the Company approved the resolution to issue new units as follows. The issuance payments were completed on July 14

Public Offering for the Additional Units

(1) Total number of units to be issued	134,400
(2) Offer price	¥237,160 per unit
(3) Total amount of offer price	¥31,874,304,000
(4) Purchase price	¥228,859 per unit
(5) Gross proceeds	¥30,758,649,600
(6) Closing date	July 14, 2003
(7) Starting date of computation for cash distribution of the 4th fiscal period	July 1, 2003

and August 8, 2003 under the conditions stated below. As a result of the issuance of additional units, the Company had total equity of ¥89,113,804 thousands (\$743,854,788) with 430,000 units at August 9, 2003.

Third-Party Allotment (Greenshoe option)

(1) Total number of units to be issued	6,000
(2) Purchase price	¥228,859 per unit
(3) Gross proceeds	¥1,373,154,000
(4) Third party	Mizuho Securities Co., Ltd.
(5) Closing date	August 8, 2003
(6) Starting date of computation for cash distribution of the 4th fiscal period	July 1, 2003

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Unitholders of Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheets of Japan Prime Realty Investment Corporation as of June 30, 2003 and December 31, 2002, the related statements of income and retained earnings, and changes in unitholders' equity for the six months ended June 30, 2003 and December 31, 2002, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at June 30, 2003 and December 31, 2002, and the results of its operations for the six months ended June 30, 2003 and December 31, 2002 in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended June 30, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the financial statements.



Shin Nihon & Co.

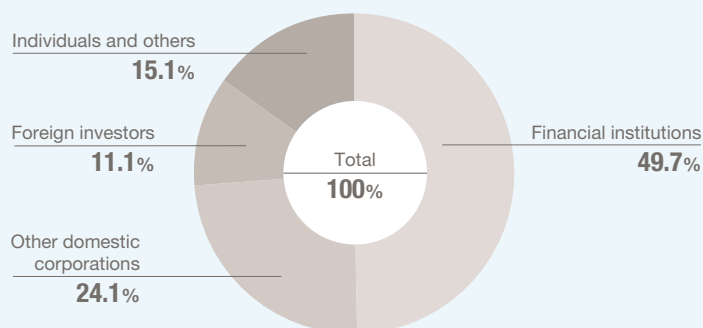
Tokyo, Japan
August 19, 2003

See Note 2 to the financial statements, which explains the basis of presentation of the financial statements of Japan Prime Realty Investment Corporation under Japanese accounting principles and practices.

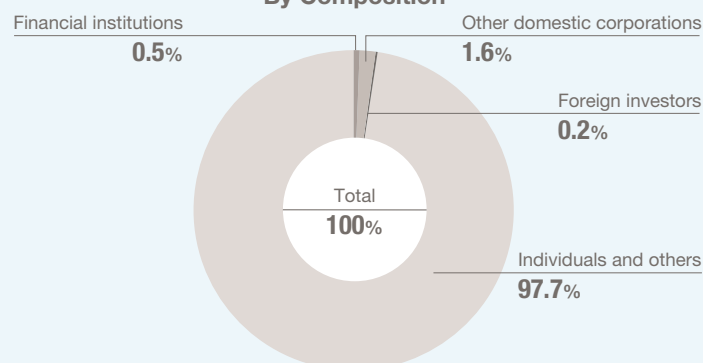
UNITHOLDER INFORMATION

Breakdown of Unitholders (As of June 30, 2003)

By Number of Units Held



By Composition



Major Unitholders (As of June 30, 2003)

	Units	(%)
Tokyo Tatemono Co., Ltd.	39,300	13.57
The Yasuda Mutual Life Insurance Company	38,000	13.12
Japan Trustee Services Bank, Ltd.	19,412	6.70
Goldman Sachs International	17,538	6.06
The Hiroshima Bank, Ltd.	10,046	3.47
Kawasaki Gakuen	10,000	3.45
The Daisan Bank, Ltd.	8,500	2.94
The Joyo Bank, Ltd.	7,450	2.57
The Bank of Ikeda, Ltd.	7,182	2.48
The Chugoku Bank, Ltd.	6,030	2.08

MEMBERS OF THE BOARD

(As of June 30, 2003)

Title

Name

Biography

*Number of Investment Units Held

Japan Prime Realty Investment Corporation

Executive Officer

Hirohito Kaneko *0

Dec. 19, 2001	Executive Officer of Japan Prime Realty Investment Corporation
Apr. 1, 1979	Representative Counsel (currently on service) of Hirohito Kaneko Law Office
Apr. 1, 1977	Bar admission (Tokyo Bar Association) Shigeru Yamada Law Office

Supervising Officer

Sosuke Yasuda *0

Sept. 14, 2001	Supervising Officer, Japan Prime Realty Investment Corporation
Oct. 1, 1999	Director and Senior Partner (currently on service), Tokyo Hokuto & Co., (Tokyo Akasaka Audit Co. and Hokuto Audit Co. merged)
July 2, 1993	Senior Partner, Tokyo Akasaka Audit Co.
Feb. 16, 1983	Representative of Tokyo Akasaka CPA Joint Office
June 27, 1980	Sosuke Yasuda Tax Accountant Office (currently on service)
Dec. 1, 1975	Masamitsu Serizawa Accounting Firm
Apr. 1, 1968	Main Store, KK Ohgiya

Supervising Officer

Shigeru Sugimoto *0

Sept. 14, 2001	Supervising Officer, Japan Prime Realty Investment Corporation
June 1, 2001	Auditor, Morimoto Co., Ltd. (currently on service)
Oct. 2, 1999	Representative Director of Tokyo SPC Services (currently on service)
June 24, 1998	Senior Partner (currently on service) of Horwath Sakura & Co. (ex- Sakura Audit Corporation)
Dec. 1, 1996	Horwath International
Dec. 22, 1995	Sakura Audit Corporation
July 1, 1988	Representative Director of Sakura & Co. (currently on service)
Nov. 1, 1985	Ohta Showa Audit Corporation
Apr. 1, 1982	Housing and Urban Development Public Corporation

Tokyo Realty Investment Management, Inc.

President and CEO

Toshihiro Hagiwara *0

Jan. 23, 2001	President, Tokyo Realty Investment Management, Inc.
Apr. 1, 1999	Director and Head of Osaka Branch Office
Jan. 1, 1998	Head of Development Business Department of Kinshicho Project (Tokyo) and led negotiations for city planning of large-scale development of more than 28,000m ²
Mar. 28, 1992	Director of Secretary's Office and Human Resources
Apr. 20, 1989	Planning of redevelopment scheme connecting Akihabara and Okachimachi (Tokyo) for JR East Urban Development Corporation (Joint Venture of Japan Railway East)
July 1, 1985	Property management and acquisition businesses of Building Department
Apr. 1, 1968	Tokyo Tatemono Co., Ltd.

Director and Chief Financial Officer

Takeshi Maki *0

July 1, 2001	Director and Chief Financial Officer, Tokyo Realty Investment Management, Inc.
Apr. 1, 2000	General Manager of Pension Management Department
Apr. 1, 1991	Manager of International Investment Department in charge of investments in overseas real estate and financing activities
Oct. 1, 1989	Investment Banking Division of Paine Webber Japan Inc. in Tokyo, where he was involved with M&A and IPO businesses
Oct. 23, 1983	New York representative office of Yasuda Life
Apr. 1 1973	Finance Department of The Yasuda Mutual Life Insurance Company

Director and Chief Investment Officer

Yukio Furuya *0

Jan. 23, 2000	Director and Chief Investment Officer of Tokyo Realty Investment Management, Inc.
Apr. 1, 1999	Group leader of the Sales Planning Group Structured a system of property management services
Jan. 1, 1998	Tenant-leasing team leader
June 1, 1993	Took charge of tenant leasing
Nov. 1, 1990	Tokyo Tatemono of America
Apr. 1, 1981	Tokyo Tatemono Co., Ltd. Involved in real estate investment, leasing to tenants and appraisals of real estate

Director and Chief Administrative Officer

Shuichi Yoneta *0

Jan. 23, 2001	Director and Chief Administrative Officer of Tokyo Realty Investment Management, Inc.
Apr. 1, 1998	Manager of Real Estate Planning Group of Real Estate Department At the same time, responsible for internal rules, regulations and legal matters
Apr. 1, 1981	The Yasuda Mutual Life Insurance Company

CORPORATE DATA

Head Office

9-9 Yaesu 1-Chome, Chuo-ku, Tokyo 103-8285, Japan
 Tel: 81-3-3231-1051
 Fax: 81-3-3274-7775

Date of Establishment

September 14, 2001

Listing

Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends

June 30 and December 31 of each year

General Meeting of Unitholders

More than once every two years

Cash Distribution Payment Eligibility

Unitholders of record as of June 30 and December 31 of each year

Transfer Agent

Mizuho Trust & Banking Co., Ltd.
 2-1 Yaesu 1-chome, Chuo-ku, Tokyo

Location of Records

Mizuho Trust & Banking Co., Ltd.
 2-1 Yaesu 1-chome, Chuo-ku, Tokyo
 Main Branch, Stock Transfer Agency Division

Mailing Address Mizuho Trust & Banking Co., Ltd.
 1-17-7 Saga, Koto-ku, Tokyo 135-8722
 Stock Transfer Agency Division

Telephone Agents +81-3-5213-5213 (Representative)
 Mizuho Trust & Banking Co., Ltd.
 (All branches nationwide)

Mizuho Investors Securities Co., Ltd.
 (Head Office and all branches nationwide)

Note: On March 12, 2003, Mizuho Trust & Banking Co., Ltd. merged with Mizuho Asset Trust & Banking Co., Ltd., to establish a new trust and banking entity under the name of Mizuho Trust & Banking Co., Ltd. As a result, Mizuho Trust & Banking's main branch changed its address on the same date.

Website

http://www.jpr-reit.co.jp/jpr_e/index.html

Performance

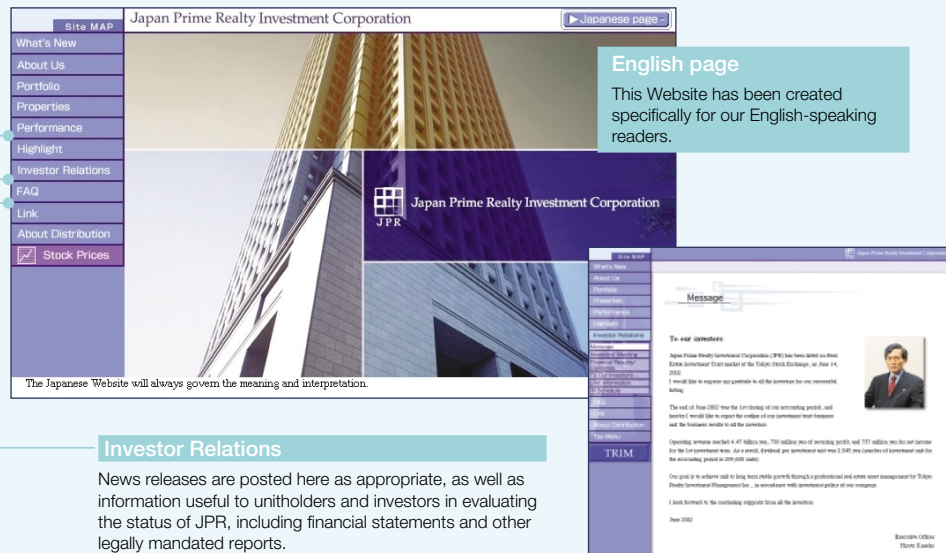
Trends in occupancy rate by area and purpose; trends in investment conditions.
 Updated monthly.

FAQ

Answers to commonly asked questions by our unitholders and investors are found here.

Investor Relations

News releases are posted here as appropriate, as well as information useful to unitholders and investors in evaluating the status of JPR, including financial statements and other legally mandated reports.



This document contains a translation of selected information described in the Financial Report (Kessan Tanshin) dated February 28, 2003 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 January 1, 2003 to June 30, 2003 of Japan Prime Realty Investment Corporation ("JPR").

This English language document was prepared solely for the convenience of and reference by non-Japanese investors and is not intended to constitute a disclosure document. The Japanese language Financial Report, Financial Statements and Performance Information Report for the aforementioned period should be referred to as the originals of this document.

English translations for legal, accounting, tax and business concepts used herein may not convey precisely identical concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English documents contained herein, the original Japanese documents will govern the meaning and interpretation. Neither JPR, Tokyo Realty Investment Management, Inc. nor any of their respective directors, officers, employees, partners, unitholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by JPR, Tokyo Realty Investment Management, Inc. or any of their respective directors, officers, employees, partners, unitholders, agents or affiliates.

The financial statements of JPR 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 of this document contain information that constitute 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.

