JPR

Japan Prime Realty Investment Corporation

Business Report

July 1, 2002–December 31, 2002

JPR

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 distribution to its investors.

Annual Schedule (provisional)

Month	Event
12 DEC.	Balance date for the six-month period ended December 31
2 FEB.	Announcement of results for the six-month period ended December 31
3 MAR.	Publication of December Performance Information Report
3 MAR.	Payment of cash distributions for the six-month period ended December 31
6 JUNE	Balance date for the six-month period ended June 30
8 AUG.	Announcement of results for the six-month period ended June 30
9 SEPT.	Publication of June Performance Information Report
9 SEPT.	Payment of cash distributions for the six-month period ended June 30

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

CONTENTS

Japan Prime Realty Investment Corporation ("JPR" or "the Company") faced a challenging market environment during the six months ended December 31, 2002 (the second fiscal period). Overall demand in Japan's market for leased office space weakened owing to accelerated corporate restructuring and global economic uncertainty. The vacancy rate for December 2002, for all of Japan's major cities deteriorated. Further falls in occupancy and lease rates are expected, with growing concern over the so-called "Year 2003 Problem," which refers to an expected increase in supply of new large-scale buildings, particularly in Tokyo's central business districts (CBDs).

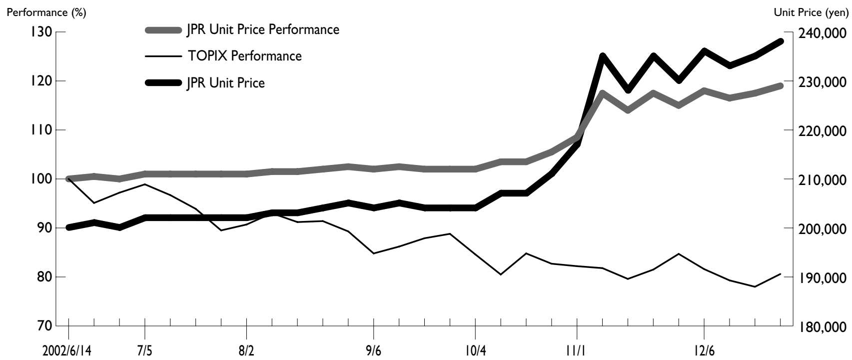
Listed in June 2002, Japan Prime Realty Investment Corporation is proud to be a leader in creating greater liquidity in Japan's real estate markets.

Operating in a Challenging Market

Against this backdrop, we are pleased to be able to report that the Company recorded a sound performance for the second fiscal period and is in strong financial and operational condition.

Operating revenues were ¥4,973 million, operating profits were ¥2,288 million with net income of ¥2,002 million. Net income exceeded original forecasts due to the efforts of our asset management company Tokyo Realty Investment Management, Inc. ("TRIM"), which included initiatives to reduce administrative expenses, improved occupancy and additional purchases of prime real estate. As a result, the cash distribution per unit was ¥6,912.

The chart shows the investment performance of JPR since its IPO on June 14, 2002.



JPR has achieved a 19% return on investment since its IPO, and has dramatically outpaced the TOPIX index.

Proactive Asset Management

Reducing Costs

JPR was successful in surpassing its original cost-cutting reduction target for outsourcing expenses as a percentage of its entire portfolio. For the second fiscal period, JPR achieved a reduction of approximately 4.7% against an original target of 3% (contract base for 25 properties, excluding acquisitions for the period under review for comparative purposes).

Attracting Tenants

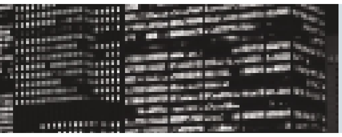
JPR will look to increase its occupancy rate by bolstering its leasing activities and to secure stable leasing earnings. To this end, the Company will pursue the following:

- Prioritize building space that becomes vacant and accelerate activities to attract tenants to vacated space
- Focus activities on existing tenants and companies with which JPR has a close relationship

FINANCIAL HIGHLIGHTS

	All amounts in millions of yen unless otherwise stated Second period ended December 31, 2002	All amounts in millions of yen unless otherwise stated First period ended June 30, 2002	All amounts in millions of U.S. dollars unless otherwise stated (*) Second period ended December 31, 2002
Operating revenues	4,973	4,469	41.5
Operating expenses	2,685	2,521	22.4
Operating profits	2,288	1,949	19.1
Income before income taxes	2,003	739	16.7
Net income	2,002	737	16.7
Total assets	106,578	103,956	888.9
Interest-bearing liabilities	38,930	37,000	324.7
Total unitholders' equity	58,984	57,719	491.9
Unitholders' capital	56,982	56,982	475.2
Cash distribution	2,002	737	16.7
Dividend payout ratio	99.9%	99.9%	
Number of units (units)	289,600	289,600	
Unitholders' equity per unit (yen/U.S. dollars)	203,673	199,306	1,698.7
Cash distribution per unit (yen/U.S. dollars)	6,912	2,545	57.6
Funds from operations (FFO) per unit (yen/U.S. dollars)	9,775	5,310	81.5
Return on total assets (annualized)	3.8%	1.4%	
Return on total unitholders' equity (annualized)	6.8%	2.7%	
Equity ratio	55.3%	55.5%	
Interest-bearing liabilities on total assets	36.5%	35.6%	
Debt service coverage ratio (times)	11.3	5.2	
Property net operating income (NOI)	3,488	3,150	29.1
NOI yield (annualized)	7.3%	5.5%	
Property net cash flows (NCF)	3,337	2,944	27.8
NCF yield (annualized)	7.0%	5.1%	
Number of properties	27	25	
Number of tenants	311	281	
Total leasable floor space (square meters)	168,987.78	162,739.50	
Occupancy ratio	93.4%	94.1%	

(*) The rate of ¥119.90=US$1.00, the foreign exchange rate on December 31, 2002, has been used for translation.



- Make regular evaluation of property management companies to improve tenant services and enhance cost performance. Consolidate property managers to reduce costs across the Company's portfolio from the third fiscal period based on results of property management evaluations
- Incorporate tenant inquiries and requirements in property manager evaluations to encourage a better response and improve tenant services

Despite harsh operating conditions the Company maintained its portfolio occupancy rate at 93.4% as of December 31, 2002, 0.7 percentage points lower than the previous period.

Refining Property Management (PM) Evaluation

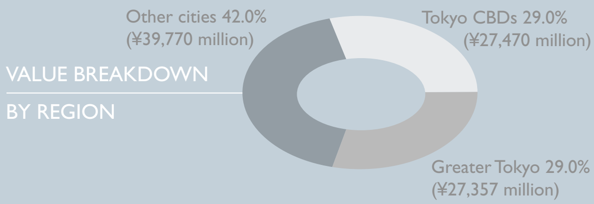
The Company continues to evaluate the capabilities of property management companies with a view to enhancing tenant services and raising cost performance. To this end, JPR conducted an evaluation survey which addressed property management capabilities of 23 of the Company's portfolio properties (excluding two recent acquisitions and two retail facilities). The survey was outsourced to a third-party institution and covered 83 categories (36 relating to the property management company for each building, and 47 for each PM's activities). Survey results for each building are fed back to property managers to further enhance management systems and to improve overall service.

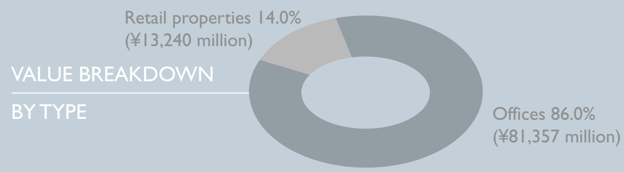
TRIM enthusiastically displays a professional, highly disciplined, investor-oriented approach to real estate asset management in Japan.

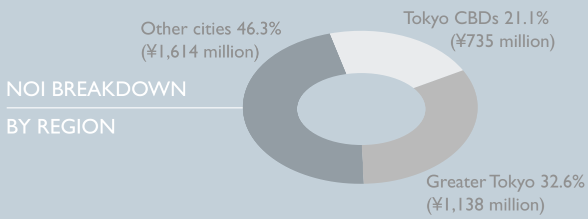
Growing the Portfolio

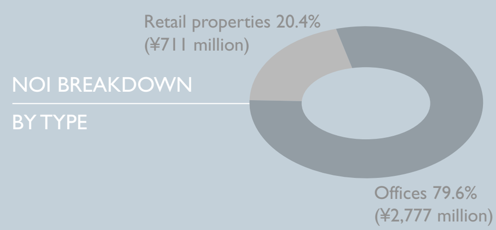
The acquisition market is impacted by two distinct trends. On the supply side, efforts to resolve the non-performing debt problem, and the adoption of impairment accounting rules, have led to an increased interest in the sale of properties, albeit often not at prices that fully reflect market conditions. On the demand side, the market has become increasingly selective in Tokyo's CBDs,

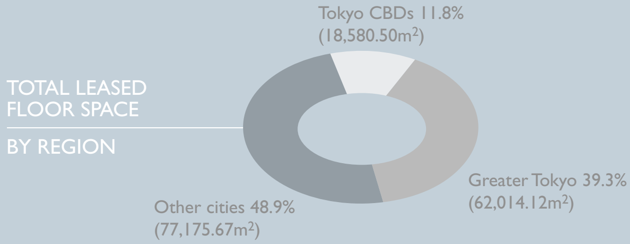
PORTFOLIO BREAKDOWN

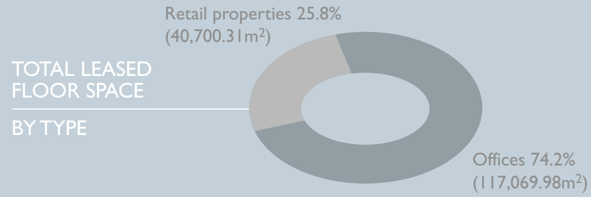


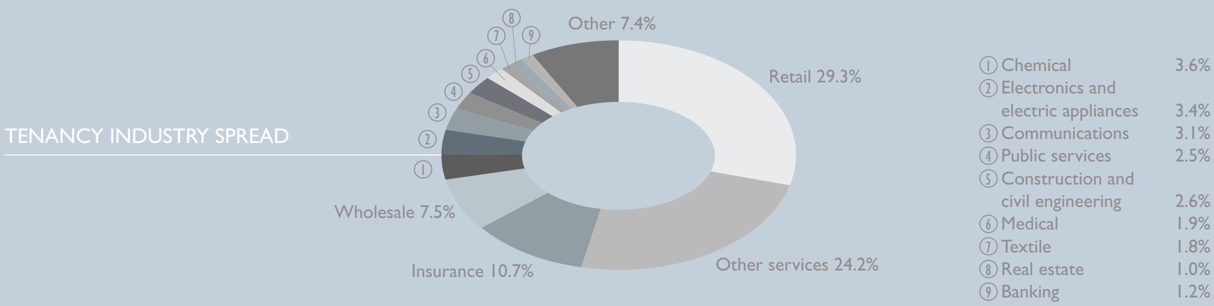




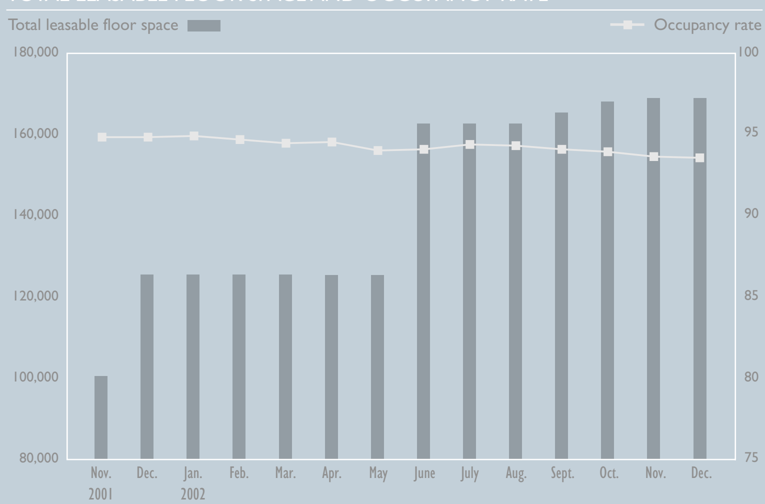




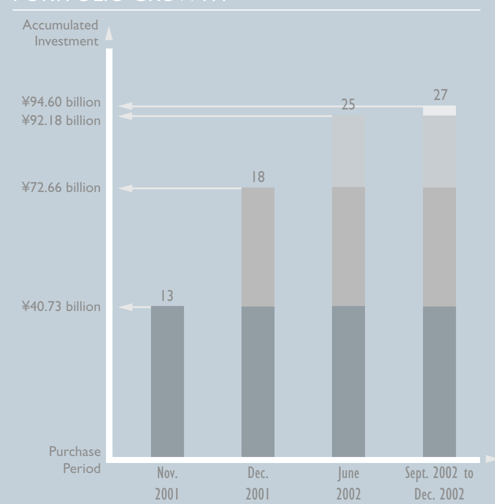




TOTAL LEASABLE FLOOR SPACE AND OCCUPANCY RATE



PORTFOLIO GROWTH



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

while at the same time becoming less competitive for regional properties.

Given this, the Company strove to improve the balance of its portfolio and to diversify its asset holdings by geographical location. In the second fiscal period, the Company acquired or increased its ownership in three properties. In the adjoining areas of Tokyo, the Company acquired 50% of the Shinyokohama 2nd Center Building for an investment of ¥920 million; it acquired 100% of the SK Hiroshima Building in Hiroshima for ¥947 million; and it increased its ownership to 70% in the Shin-Kojimachi Building located in a Tokyo CBD for ¥550 million. As of December 31, 2002, the Company had an asset portfolio of 27 buildings with total leasable floor space of 168,987.78 square meters and 311 tenants.

The three acquisitions indicate the solid growth potential of JPR's geographically diversified portfolio.

Solid Capital Management

The Company's fundamental policy for funds procurement is to establish the optimum mix between stable medium- and long-term funds and highly liquid short-term financing. Currently, JPR focuses mainly on bank borrowings responding to financial risks through the management of debt maturities. The Company maintains an eye on the securities and bonds markets as an additional source of funds procurement. The balance of total outstanding borrowings as of June 30, 2002 was ¥37.0 billion with an interest-bearing liabilities to total assets ratio of 35.6%, and a medium- to long-term interest-bearing liabilities ratio of 94.6%. For the second fiscal period, ended December 31, 2002, the Company held bank borrowings of ¥1.93 billion primarily in short-term debt due to concerns over the financing costs of additional property acquisitions. As a result, the balance of total outstanding borrowings as of December 31, 2002 was ¥38.93 billion with an interest-bearing liabilities to total assets ratio of 36.5% and a medium- to long-term interest-bearing liabilities ratio of 89.9%.

Shinyokohama 2nd Center Building

Acquired in a private transaction at a favorable price, this property has an estimated NOI yield of 7.7%. The Shinyokohama 2nd Center Building was built to high specifications and is within the immediate proximity of the Shinkansen (Bullet Train) via Shin-Yokohama Station. The Company received preferential negotiating rights and shares ownership of the property with an affiliate of The Yasuda Mutual Life Insurance Company, with strong potential to increase its stake. With an occupancy rate of 100% at the time of acquisition, the Shinyokohama 2nd Center Building is expected to make a significant contribution to portfolio earnings.

Site Area (m^2):	**841.71**
Total Floor Area (m^2):	**7,781.93**
Structure/Floors:	**S/SRC B2/12F**
Completed:	**August 1991**

SK Hiroshima Building

The SK Hiroshima Building was acquired in a private transaction at a favorable price. The property is a multi-tenant, medium-scale building built to good specifications. As the Company's first purchase in the target region of Hiroshima, the property has helped the Company achieve greater portfolio diversification. Unlike the office building market in other regional cities, the Hiroshima market is characterized by its stability. As each property acquisition is limited to approximately 1% of the Company's total investment amount, risk is minimized. The SK Hiroshima Building had an occupancy rate of 78% at the time of acquisition and an estimated NOI yield of about 7% (calculated on an average annual fixed property tax basis). The property is expected to make a significant contribution to overall portfolio earnings, and the Company is targeting to raise the occupancy rate to 90% and the NOI yield to over 8% through concentrated leasing activities.

Site Area (m^2):	**502.41**
Total Floor Area (m^2):	**4,268.70**
Structure/Floors:	**SRC B1/9F**
Completed:	**December 1989**

Shin-Kojimachi Building (Additional Acquisition)

The Company made a significant increase in ownership of this property, from 49% to 70%, through a private transaction at a favorable price, with the possibility to acquire a larger stake in the future. The estimated NOI yield for the newly acquired portion is approximately 7.6%, while the estimated aggregate NOI yield for the property is approximately 6.7%. The Shin-Kojimachi Building is in good condition, and it has been managed by the Tokyo Tatemono Group since completion in 1985. The property has a prime location, in the Chiyoda ward of central Tokyo. The property provides consistent cash flow and is expected to make a strong contribution to future portfolio earnings and stability.

Site Area (m^2):	**657.80**
Total Floor Area (m^2):	**5,152.98**
Structure/Floors:	**SRC B1/9F**
Completed:	**October 1984**

A Winning Investment Strategy

The underlying theme of the Company's investment activities is to enhance investor value through stable cash distribution. To this end, JPR's asset management company TRIM is engaged in sound investment practices, focusing on risk diversification, information gathering and analysis, and low-cost operations.

In the context of property selection, the Company is guided by a single concern, minimizing risk. Properties are selected in diverse areas and with a view toward diversified tenant composition. JPR's property portfolio is targeting a breakdown of 80% office buildings and 20% retail facilities, located 60% in Tokyo (Tokyo CBDs and the Greater Tokyo area) and 40% in other cities. The Company plans to maintain this composition while increasing its asset holdings to ¥200 billion by the end of 2004 and ¥300 billion by the end of 2006. The ability to purchase prime real estate at favorable terms and conditions is based on the depth and quality of the Company's information base backed by originators. In an effort to reduce operating costs, currently, the Company is targeting a reduction in outsourcing expenses as a ratio of the total portfolio during the third and fourth fiscal periods of 3%, and 10% by the end of December 2004. JPR will advance an asset management commission system linked to the Company's asset balance and based on diminishing returns. In reducing the rate of commissions paid relative to the scale of assets managed, JPR will enhance low-cost operations.

A well-balanced mix of office and retail properties establishes a clear advantage for JPR over REITs that invest in a single property type.

Looking Ahead

JPR is not anticipating a large direct impact on its business operations due to the broad profile of its tenants and the geographic spread of its property portfolio despite concerns over the so-called

“Year 2003 Problem.” Indirectly, however, the Company is expecting demands for rent reduction and a lag between leasing contract renewals and new contract executions. To respond to these difficult conditions, JPR will work closely with its property management companies to improve its products and services. Enhancements include refurbishments, 24-hour building maintenance and management services, and individual tenant air-conditioning. In addition, the Company will strive to link rent reviews and adjustments to market movements on a real-time basis in an effort to provide maximum service.

For the third fiscal period, the six months ending June 30, 2003, JPR is expecting challenging conditions with pressures on attracting new tenants, vacancies, and lease rental income. On the earnings front, the Company will also book property tax and city planning tax applicable to the nine properties purchased between January 1, 2002 and December 31, 2002. To offset these negative features, investors will benefit from full-period revenues from properties purchased during the second fiscal period and contributions from new acquisitions during the current term.

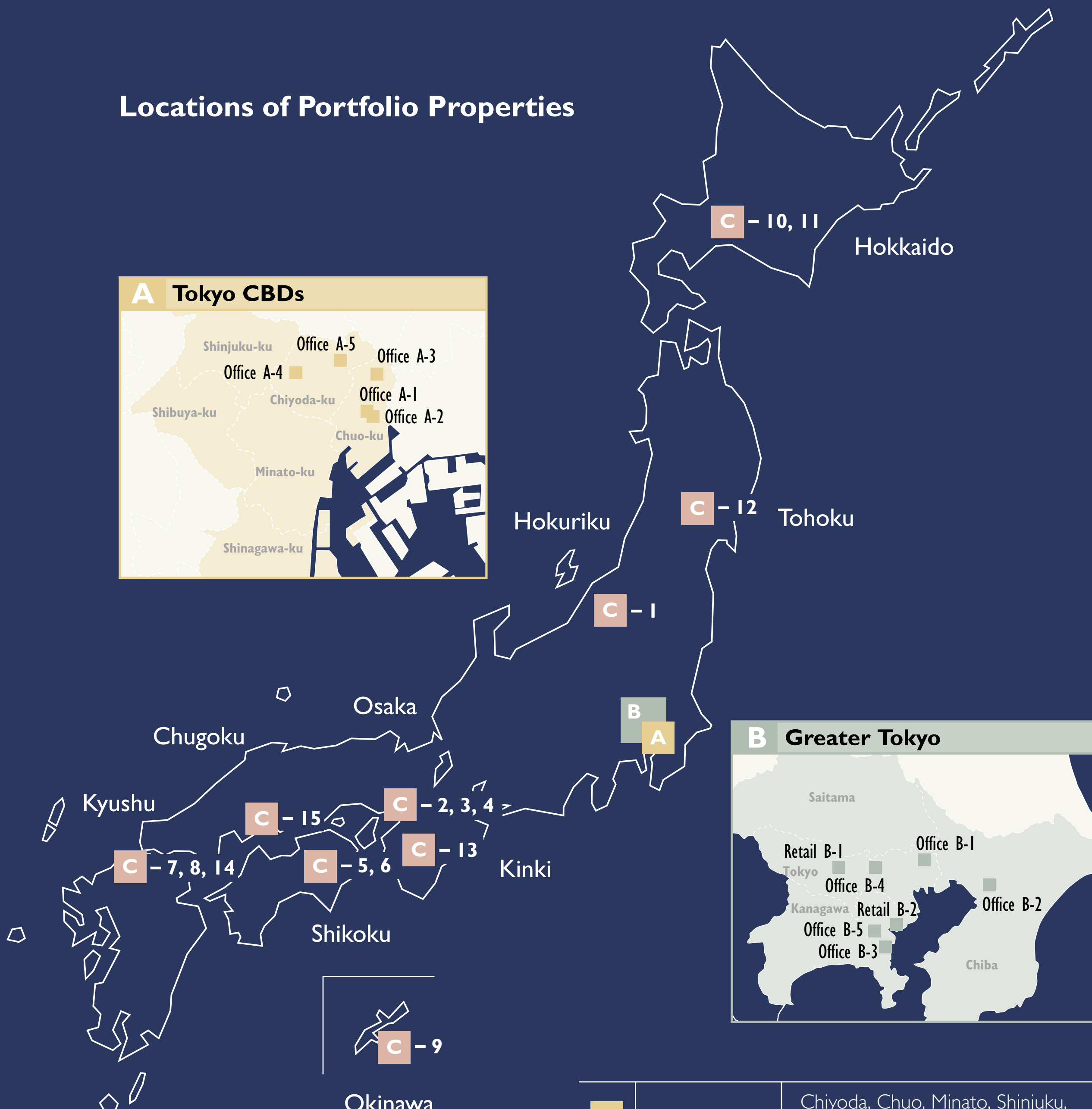
JPR will continue to reduce expenses, improve occupancy rates and acquire prime investment properties in an effort to enhance investor value. The Company looks forward to your continued kind support and understanding.

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

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

Note:
Property tax and city planning tax are charged to the owner on January 1, and it is general practice to prorate these taxes with the previous owner for properties acquired between January 1 and December 31.

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.

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 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
	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
	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
	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
	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
	Total					
	Total					

Note 1: Acquisition price does not include miscellaneous expenses of acquisition (real estate agent's fee and consumption tax)
Note 2: Percentages and ratios are rounded to the first decimal point

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	17.2%	15,600	79.4%	1,751.13	7,958.59	7,757.74	97.5%	11	535,861	10.8%
2,874	3.0%	2,680	79.4%	679.06	2,291.13	2,291.13	100.0%	1	112,248	2.3%
2,100	2.2%	1,990	100.0%	550.06	2,777.68	2,777.68	100.0%	4	109,873	2.2%
1,670	1.8%	1,583	49.0%	657.80	2,105.44	2,105.44	100.0%	8	77,917	1.6%
550 (2,220)	0.6% (2.4%)	677 (2,260)	21.0%		901.36	901.36	100.0%	3 (11)	6,937 (84,854)	0.1% (1.7%)
4,000	4.2%	3,770	100.0%	636.90	3,265.34	2,747.15	84.1%	5	144,060	2.9%
27,470	29.0%	26,300		4,274.95	19,299.54	18,580.50	96.3%	32	986,896	19.9%
5,880	6.2%	6,050	41.1%	3,755.01	7,050.10	7,050.10	100.0%	4	372,335	7.5%
2,350	2.5%	2,370	100.0%	1,382.35	5,557.05	4,310.43	77.6%	22	155,023	3.1%
2,927	3.1%	2,805	100.0%	1,100.59	6,055.56	4,452.00	73.5%	5	135,678	2.7%
10,200	10.8%	10,850	42.1%/52.9%	12,326.30	31,121.71	31,121.71	100.0%	1	672,182	13.5%
3,040	3.2%	3,120	64.4%	1,962.18	9,578.60	9,578.60	100.0%	1	153,279	3.1%
2,040	2.2%	2,040	100.0%	772.77	4,529.11	2,860.88	63.2%	7	91,059	1.8%
920	1.0%	1,080	50.0%	841.71	2,640.40	2,640.40	100.0%	11	38,914	0.8%
27,357	29.0%	28,315		22,140.91	66,532.53	62,014.12	93.2%	51	1,618,470	32.5%
2,140	2.3%	2,190	52.7%	2,706.99	5,206.88	5,206.88	100.0%	18	133,529	2.7%
8,300	8.8%	8,330	33.3%	5,999.33	9,588.16	9,588.16	100.0%	20	354,748	7.1%
418	0.4%	514	100.0%	642.06	2,395.12	2,395.12	100.0%	6	59,539	1.2%
4,150	4.4%	4,160	64.3%	1,432.64	7,210.25	7,210.25	100.0%	11	271,398	5.5%
872	0.9%	831	100.0%	579.99	2,518.31	1,971.08	78.3%	18	57,386	1.2%
2,130	2.3%	1,740	100.0%	1,407.78	5,057.83	3,628.68	71.7%	18	110,478	2.2%
2,900	3.1%	2,738	100.0%	1,214.63	6,569.71	5,865.97	89.3%	25	158,911	3.2%
2,873	3.0%	2,854	100.0%	2,500.86	8,409.60	7,765.72	92.3%	15	215,595	4.3%
1,560	1.6%	1,600	100.0%	959.87	3,947.07	3,736.07	94.7%	13	116,187	2.3%
3,700	3.9%	3,690	100.0%	1,382.12	6,642.76	6,303.43	94.9%	15	221,499	4.5%
2,150	2.3%	2,360	100.0%	1,808.26	7,647.09	6,708.83	87.7%	19	190,152	3.8%
3,150	3.3%	3,270	100.0%	1,895.67	7,046.45	7,046.45	100.0%	10	205,925	4.1%
1,670	1.8%	1,690	100.0%	1,128.45	4,892.17	4,734.59	96.8%	16	125,921	2.5%
2,810	3.0%	2,820	52.2%	1,164.39	3,292.02	2,862.52	87.0%	9	116,658	2.4%
947	1.0%	1,011	100.0%	502.41	2,732.29	2,151.92	78.8%	15	29,638	0.6%
39,770	42.0%	39,798		25,325.45	83,155.71	77,175.67	92.8%	228	2,367,564	47.6%
94,597	100.0%	94,413		51,741.31	168,987.78	157,770.29	93.4%	311	4,972,930	100.0%

Tokyo CBDs

A-1

Kanematsu Bldg.

Chuo-ku, Tokyo

Acquisition Price (millions of yen): 16,276

% of Total: 17.2%

Site Area (m^2): 1,751.13

Total Floor Space (m^2): 14,995.09

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

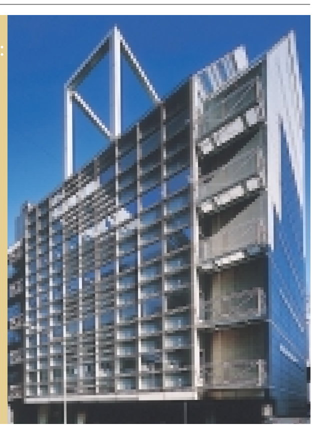
Completed: February 1993

A-2

Kanematsu Bldg. Annex

Chuo-ku, Tokyo

Acquisition Price (millions of yen):	2,874
% of Total:	3.0%
Site Area (m^2):	679.06
Total Floor Space (m^2):	4,351.46
Structure/Floors:	SRC B1/8F
Completed:	February 1993



Note 1: Acquisition price does not include miscellaneous expenses of acquisition (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-3

Yasuda-Life Ningyo-cho Bldg.

Chuo-ku, Tokyo

Acquisition Price (millions of yen):	2,100
% of Total:	2.2%
Site Area (m^2):	550.06
Total Floor Space (m^2):	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:	2.4%
Site Area (m^2):	657.80
Total Floor Space (m^2):	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:	4.2%
Site Area (m^2):	636.90
Total Floor Space (m^2):	4,790.68
Structure/Floors:	SRC B1/9F
Completed:	September 1999

Greater Tokyo

B-1

Arca East

Sumida-ku, Tokyo

Acquisition Price (millions of yen):	5,880
% of Total:	6.2%
Site Area (m^2):	3,755.01
Total Floor Space (m^2)	34,281.86
Structure/Floors:	S/SRC B3/19F
Completed:	March 1997

B-1 (Retail)

Tanashi ASTA

Nishitokyo, Tokyo

Acquisition Price (millions of yen):	10,200
% of Total:	10.8%
Site Area (m^2):	12,326.30
Total Floor Space (m^2):	80,675.27
Structure/Floors:	SRC B2/17F
Completed:	February 1995

B-2 (Retail)

Tsurumi fuga 1

Yokohama, Kanagawa

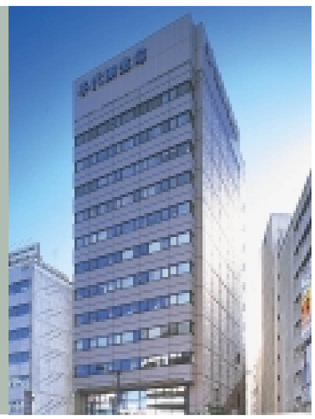
Acquisition Price (millions of yen):	3,040
% of Total:	3.2%
Site Area (m^2):	1,962.18
Total Floor Space (m^2):	13,543.32
Structure/Floors:	SRC B2/7F
Completed:	September 1985

B-2

JPR Chiba Bldg.

Chiba, Chiba

Acquisition Price (millions of yen):	2,350
% of Total:	2.5%
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:	3.1%
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

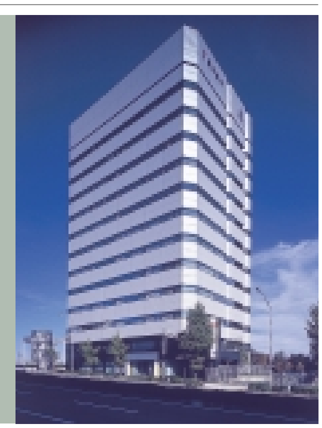
Acquisition Price (millions of yen):	2,040
% of Total:	2.2%
Site Area (m^2):	772.77
Total Floor Space (m^2):	6,468.08
Structure/Floors:	SRC B1/9F
Completed:	October 1980

B-5

Shinyokohama 2nd Center Bldg.

Yokohama, Kanagawa

Acquisition Price (millions of yen):	920
% of Total:	1.0%
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

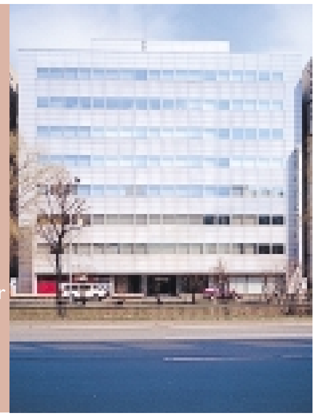
Acquisition Price (millions of yen):	3,700
% of Total:	3.9%
Site Area (m^2):	1,382.12
Total Floor Space (m^2):	10,568.23
Structure/Floors:	SRC B1/12F
Completed:	February 1992

C-11

Park East Sapporo

Sapporo, Hokkaido

Acquisition Price (millions of yen):	2,150
% of Total:	2.3%
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

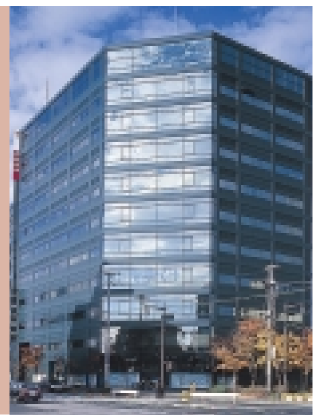
Acquisition Price (millions of yen):	3,150
% of Total:	3.3%
Site Area (m^2):	1,895.67
Total Floor Space (m^2):	10,783.52
Structure/Floors:	SRC B1/12F
Completed:	December 1997

C-1

Niigata Ekinan Center Bldg.

Niigata, Niigata

Acquisition Price (millions of yen):	2,140
% of Total:	2.3%
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:	8.8%
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

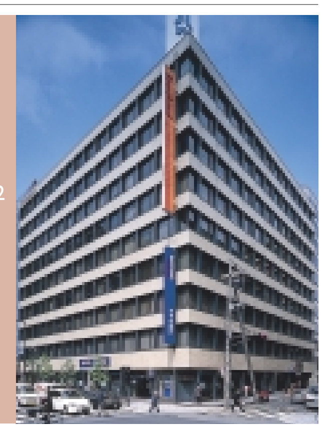
Acquisition Price (millions of yen):	418
% of Total:	0.4%
Site Area (m^2):	642.06
Total Floor Space (m^2):	3,851.23
Structure/Floors:	SRC B1/8F
Completed:	June 1991

C-4

Tokyo Tatemono Honmachi Bldg.

Osaka, Osaka

Acquisition Price (millions of yen):	4,150
% of Total:	4.4%
Site Area (m^2):	1,432.64
Total Floor Space (m^2):	14,619.52
Structure/Floors:	SRC B3/9F
Completed:	February 1970



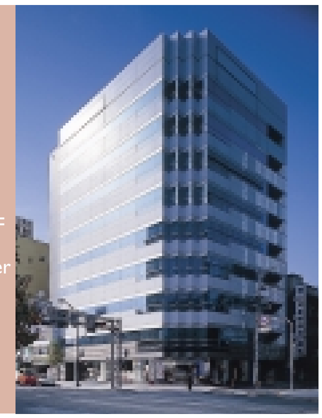
Other Cities — Kinki, Chugoku and Shikoku

C-13
Sompo Japan Wakayama Bldg.
Wakayama, Wakayama

Acquisition Price (millions of yen):	1,670
% of Total:	1.8%
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:	1.0%
Site Area (m^2):	502.41
Total Floor Space (m^2):	4,268.70
Structure/Floors:	SRC B1/9F
Completed:	December 1989

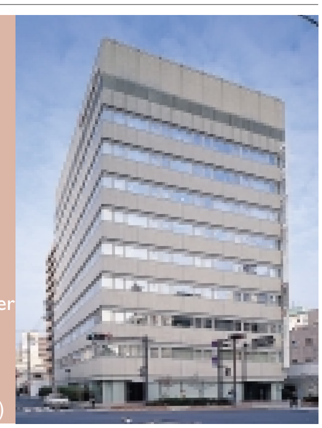


C-5
Asahi-Life Takamatsu 2nd Bldg.
Takamatsu, Kagawa

Acquisition Price (millions of yen):	872
% of Total:	0.9%
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:	2.3%
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:	3.1%
Site Area (m²):	1,214.63
Total Floor Space (m²):	9,791.91
Structure/Floors:	S/RC B1/12F
Completed:	June 1985

C-8

Asahi-Life Fukuoka 3rd and 4th Bldg.

Fukuoka, Fukuoka

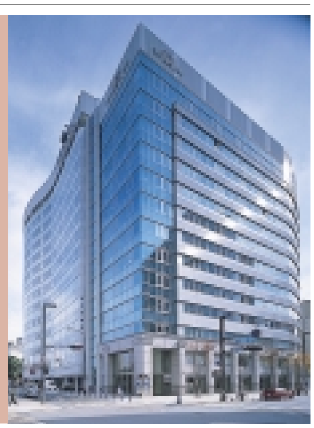
Acquisition Price (millions of yen):	2,873
% of Total:	3.0%
Site Area (m²):	2,500.86
Total Floor Space (m²):	7,683.01 (3rd)
Structure/Floors:	SRC B1/10F (3rd)
Completed:	February 1984 (3rd)
Total Floor Space (m²):	3,723.68 (4th)
Structure/Floors:	SRC 7F (4th)
Completed:	October 1986 (4th)

C-14

Tenjin 121 Bldg.

Fukuoka, Fukuoka

Acquisition Price (millions of yen):	2,810
% of Total:	3.0%
Site Area (m²):	1,164.39
Total Floor Space (m²):	8,690.95
Structure/Floors:	S/SRC 13F
Completed:	July 2000

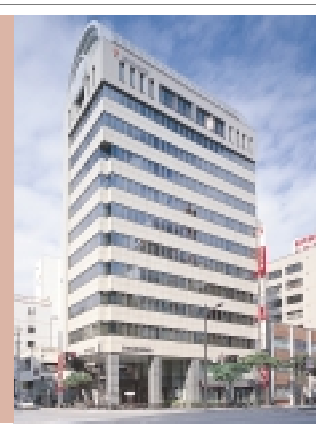


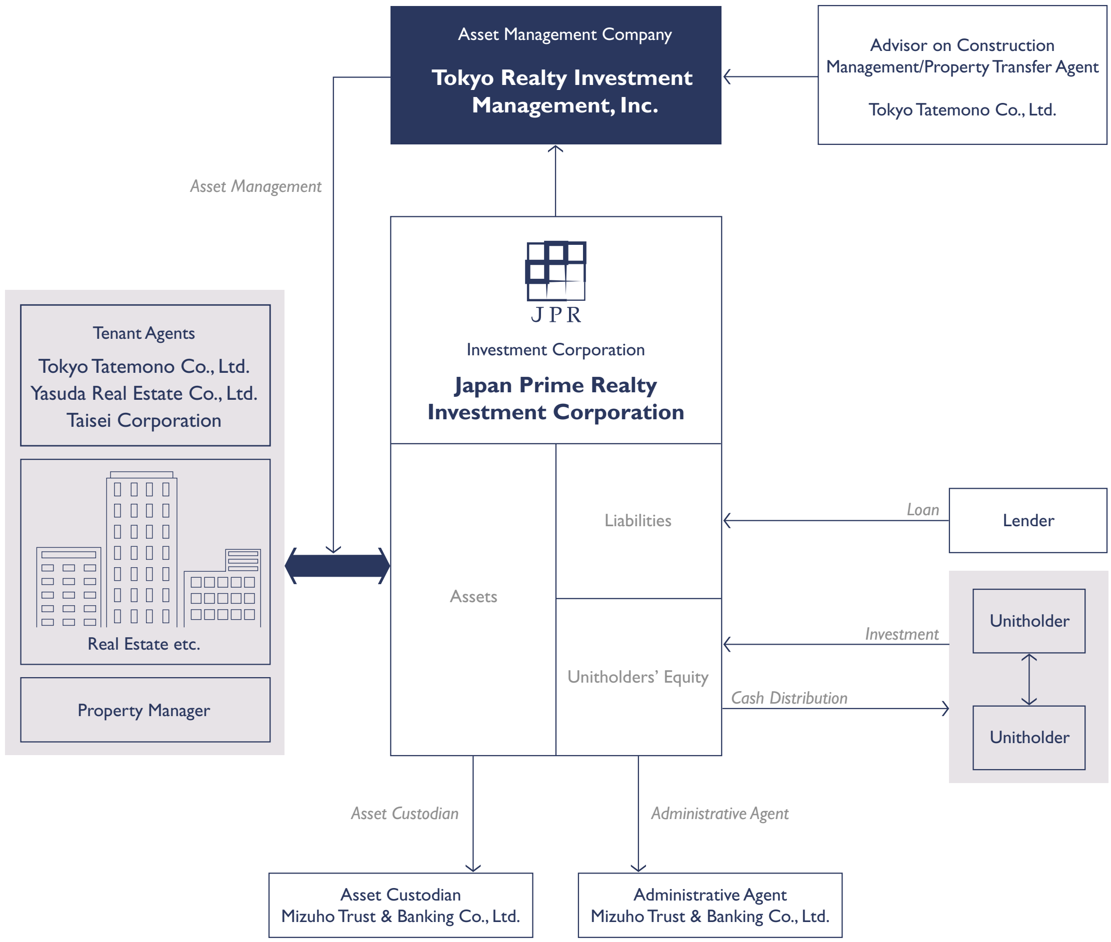
C-9

Yasuda-Life Naha Bldg.

Naha, Okinawa

Acquisition Price (millions of yen):	1,560
% of Total:	1.6%
Site Area (m²):	959.87
Total Floor Space (m²):	5,780.71
Structure/Floors:	S/SRC 12F
Completed:	October 1991





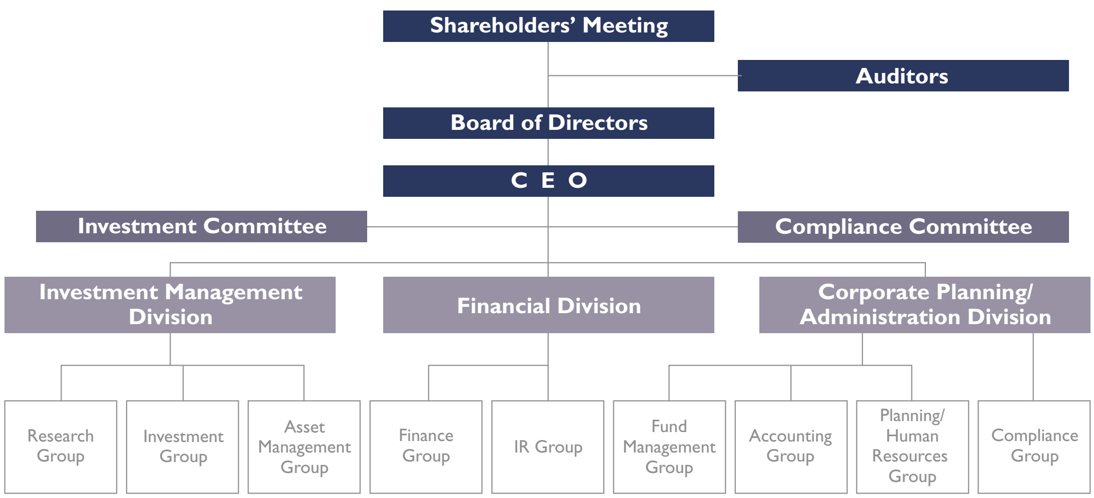
Tokyo Tatemono Co., Ltd. performs agency services for the signing of real estate leasing contracts ("general tenant agency services") under a commission from the owners of the real estate, in order to provide uniform tenant recruitment and sales services for the Company. Tokyo Tatemono also has been 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 the real estate, as commissioned by the trustees.

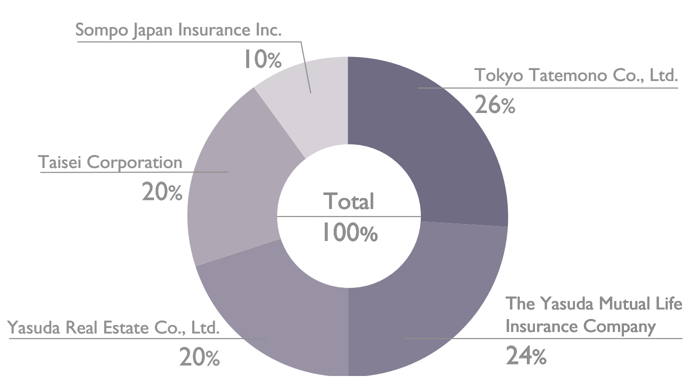
Tokyo Realty Investment Management, Inc.

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 the 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 December 31, 2002)



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 "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 for a certain amount.

Measures to Prevent Conflicts of Interest

TRIM has rules in place governing transactions with related parties so as to avoid conflicts of interest. "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.

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, 2002 and December 31, 2002.

	yen in thousands		U.S. dollars (Note 2)
	2nd Period (July 1, 2002– Dec. 31, 2002)	1st Period (Sept. 14, 2001– June 30, 2002)	2nd Period (July 1, 2002– Dec. 31, 2002)
OPERATING REVENUES	4,972,930	4,469,426	41,475,647
Rental revenues	4,568,144	4,219,368	38,099,615
Non-rental revenues	404,786	250,058	3,376,032
OPERATING EXPENSES	2,684,786	2,520,563	22,391,882
OPERATING PROFITS	2,288,144	1,948,863	19,083,765
NON-OPERATING REVENUES	13,168	8,545	109,829
NON-OPERATING EXPENSES	298,463	1,218,814	2,489,267
INCOME BEFORE INCOME TAXES	2,002,849	738,594	16,704,327
NET INCOME	2,001,798	737,072	16,695,561

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 first fiscal period, ended June 30, 2002, comprised 25 properties. The Company's property holdings as of December 31, 2002 comprised these 25 properties plus two acquisitions (Shinyokohama 2nd Center Building and SK Hiroshima Building) and one increase in existing ownership (Shin-Kojimachi Building). Net operating income (NOI) contribution from the three additional properties was ¥44 million.

Operating revenues for the six months ended December 31, 2002, JPR's second fiscal period, totaled ¥4,973 million and comprised rental revenues, common service fees, and non-rental revenues. Non-rental revenues increased due to an increase in additional usage fees. Additional usage fees fluctuate subject to movements in operating expenses, specifically the actual collection of utility charges. The excess in additional usage fees over usual levels reflects significant after-hours air-conditioning charges invoiced to tenants.

Operating and administrative expenses including depreciation of ¥823 million were ¥2,685 million, resulting in operating profits of ¥2,288 million.

Repairs and maintenance expenses for the second fiscal period stayed at a lower level compared with usual levels since the Company pushed back plans to commence earthquake-proofing maintenance of the Yasuda-Life Ikebukuro Building due to a breakdown in contract negotiations with a prospective tenant. Management commission expenses also stayed at a lower level compared with usual levels attributable to a drop in construction management commissions included in repairs and maintenance.

As a result of the aforementioned, operating profits rose ¥339 million, to ¥2,288 million from ¥1,949 million in the previous period.

In non-operating revenues and expenses, the Company incurred an actual increase in interest expenses due to increased borrowings for additional property acquisitions. On a comparative basis, interest expense is distorted due to a disparity between fiscal periods. Overall non-operating expenses decreased significantly due to the absence of unit-issuance costs and unit-listing expenses incurred in the previous fiscal period. The Company also recorded income and expenses relating to the settlement of acquisitions completed, however these amounts were insignificant.

Accordingly, income before income taxes surged to ¥2,003 million and net income to ¥2,002 million.

CASH DISTRIBUTIONS

The cash distribution per unit for the period ended December 31, 2002 was ¥6,912. With 289,600 units outstanding, the total cash distribution was ¥2,001,715 thousand.

yen in thousands except per unit data

	Cash distribution for the period ended Dec. 31, 2002	Cash distribution for the period ended June 30, 2002
Net Income	2,001,798	737,072
Total Cash Distribution	2,001,715	737,032
Cash Distribution per Unit	6,912	2,545

CAPITALIZATION

Paid-in Capital

The Company was listed on the Tokyo Stock Exchange in June 2002 with an additional issuance of 134,000 units (¥25,862 million) and ended its first period on June 30, 2002 with unitholders' equity of ¥57,719 million. For the second period, ended December 31, 2002, the Company reported net income of ¥2,002 million and unitholders' equity of ¥58,984 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 under the securities code 8955. The high and low closing prices for the periods indicated in the table below were:

Month	High	Low
June 2002	202,000	199,000
July 2002	203,000	200,000
August 2002	205,000	202,000
September 2002	205,000	204,000
October 2002	217,000	204,000
November 2002	238,000	217,000
December 2002	238,000	226,000

Debt Financing

The acquisitions of the Shinyokohama 2nd Center Building and SK Hiroshima Building were funded by an increase in short-term borrowings. Accordingly, short-term borrowings jumped ¥1.93 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 December 31, 2002 stood at ¥38.93 billion, with interest-bearing liabilities to total assets ratio of 36.5%. The Company considers itself to be well positioned to increase borrowings as required. The medium- to long-term interest-bearing liabilities ratio fell to 89.9%, in line with the Company's debt profile.

The average remaining period on the Company's outstanding debt balance as of December 31, 2002 is 5.1 years, bearing an average interest rate of 1.41%.

Borrowings

Category	Lender	Drawdown Date	Balance as of June 30, 2002 (thousands of yen)	Balance as of December 31, 2002 (thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks
Short-Term Borrowings	Sompo Japan Insurance Inc.	June 26, 2002	2,000,000	2,000,000	1.950%	June 30, 2003	Principal lump sum repayment on maturity	Unsecured • Unguaranteed • Subordinated
	Aozora Bank, Ltd.	Sept. 25, 2002	0	950,000	0.571%	Sept. 25, 2003		Secured • Unguaranteed • Non-subordinated
		Sept. 30, 2002	0	980,000	0.571%			
	Total		2,000,000	3,930,000				
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		
	The Daiwa 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
	The Yasuda Mutual Life Insurance Company	June 21, 2002	5,000,000	5,000,000	2.050%	June 21, 2011		
	Total		10,000,000	10,000,000				

MAJOR TENANT ROSTER

Ordinary building leases in Japan are usually 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 with six months prior written notice.

There is, however, a special type of lease for long-term agreements, which the Company has used in its agreements with Seiyu, contracting for 20-year lease periods in Tanashi ASTA (until February 2015), and Tsurumi fuga 1 (until December 2005). These leases 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.

The table below shows the Company's 10 major tenants by leased floor space as of December 31, 2002.

#	Tenant	Industry	Property	Leased Floor Space (m^2)	%
1	The Seiyu, Ltd.	Retail	Tanashi ASTA	40,700.31	25.8
			Tsurumi fuga 1		
2	Sompo Japan Insurance Inc.	Casualty Insurance	Sompo Japan Sendai Bldg.	6,541.71	4.1
			Sompo Japan Wakayama Bldg.		
3	Iwatani International Corporation	Wholesale	Tokyo Tatemono Honmachi Bldg.	5,959.86	3.8
4	The Yasuda Mutual Life Insurance Company	Life Insurance	Yasuda-Life Ikebukuro Bldg.	5,015.78	3.2
			Yasuda-Life Osaka Bldg.		
			Yasuda-Life Naha Bldg.		
			Niigata Ekinan Center Bldg.		
			Shinyokohama 2nd Center Bldg.		
5	Japan Future Information Technology & Systems Co., Ltd.	Other Services	Arca East	3,993.50	2.5
6	Kanematsu Electronics Ltd.	Electronics and Electric Appliances	Kanematsu Bldg.	3,094.51	2.0
			Kanematsu Bldg. Annex		
7	Oki Software Co., Ltd.	Other Services	Asahi-Life Fukuoka 3rd/4th Bldg.	3,054.74	1.9
8	Nippon Life Insurance Company	Life Insurance	North 33 Bldg.	2,848.69	1.8
9	ORIX Corporation	Other Services	Yasuda-Life Osaka Bldg.	2,469.88	1.6
10	Asahi Kasei Corporation	Textile	Arca East	2,408.56	1.5
			Yasuda-Life Osaka Bldg.		

CAPITAL EXPENDITURE

The table below shows the capital expenditures made for real estate and entrusted real estate by the Company during the second fiscal period. Total capital expenditure for the period was ¥150 million, which combined with ¥54 million in upkeep costs and ¥11 million in entrusted construction in progress produced total construction work of ¥216 million.

The main capital expenditures were earthquake-proofing work, including design, on buildings and facilities to improve safety; renovations and upgrades to common areas to attract tenants and enhance existing tenant satisfaction; and the installation of OA facilities.

Property	Details	Period	Capital Expenditure (millions of yen)
Asahi-Life Takamatsu 2nd Bldg.	Earthquake-proofing construction, renovation of common areas	June 2002—Oct. 2002	33
Yasuda-Life Naha Bldg.	Replacement of rooftop air conditioning unit main components, other major upgrade and improvements	Oct. 2002—Nov. 2002	23
Others	Renovation of common areas, installation of OA, parking, air conditioning, disaster prevention, and other facilities		93
Total			150

The table below shows the major capital expenditures for the upkeep of real estate and entrusted real estate planned as of December 31, 2002. The estimated construction cost includes amounts that would be classified as expenses under accounting standards and rules.

Property	Details	Estimated Duration	Estimated Construction Amounts (millions of yen)		
			Total	Payment for the Period under Review	Previously Paid Total
Yasuda-Life Ikebukuro Bldg.	Earthquake-proofing maintenance, renovation of common areas, air conditioning systems, and air distribution systems	Oct. 2002–Mar. 2004	680	11	11
Yasuda-Life Hakata Bldg.	Extension of automated parking facilities	Feb. 2003–Sept. 2003	53		

BALANCE SHEETS

	yen in thousands		U.S. dollars (Note 2)
	End of 2nd Period (as of Dec. 31, 2002)	End of 1st Period (as of June 30, 2002)	End of 2nd Period (as of Dec. 31, 2002)
ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	12,157,861	10,842,478	101,400,009
Rental receivables	60,094	38,458	501,197
Consumption tax refundable	—	596,493	—
Other current assets	101,557	80,254	847,015
Total Current Assets	12,319,512	11,557,683	102,748,221
PROPERTY AND EQUIPMENT AT COST:			
Buildings and structures	45,689,809	44,307,288	381,065,964
Machinery and equipment	980,507	940,763	8,177,703
Land	49,175,308	47,924,512	410,136,012
Entrusted construction in progress	11,928	—	99,483
Tools, furniture and fixtures	873	—	7,281
	95,858,425	93,172,563	799,486,443
Less accumulated depreciation	(1,624,277)	(800,941)	(13,546,933)
Net Property and Equipment	94,234,148	92,371,622	785,939,510
INVESTMENTS AND OTHER ASSETS:			
Deposits	10,100	10,000	84,237
Long-term prepaid expenses	14,702	16,665	122,622
TOTAL ASSETS	106,578,462	103,955,970	888,894,590

See Notes to Financial Statements.

	yen in thousands		U.S. dollars (Note 2)
	End of 2nd Period (as of Dec. 31, 2002)	End of 1st Period (as of June 30, 2002)	End of 2nd Period (as of Dec. 31, 2002)
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	**434,007**	708,203	**3,619,738**
Accounts payable	**264,850**	436,971	**2,208,923**
Short-term debt	**3,930,000**	2,000,000	**32,777,314**
Accrued expenses	**7,296**	7,633	**60,856**
Accrued income taxes	**822**	1,381	**6,856**
Rents received in advance	**339,236**	336,543	**2,829,325**
Other current liabilities	**79,959**	372,774	**666,880**
Total Current Liabilities	**5,056,170**	3,863,505	**42,169,892**
LONG-TERM LIABILITIES:			
Long-term debt	**35,000,000**	35,000,000	**291,909,925**
Deposits received from tenants	**7,538,454**	7,373,393	**62,872,843**
Total Long-Term Liabilities	**42,538,454**	42,373,393	**354,782,768**
TOTAL LIABILITIES	**47,594,624**	46,236,898	**396,952,660**
UNITHOLDERS' EQUITY			
Unitholders' capital	**56,982,000**	56,982,000	**475,246,038**
Retained earnings	**2,001,838**	737,072	**16,695,892**
Total Unitholders' Equity	**58,983,838**	57,719,072	**491,941,930**
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**106,578,462**	103,955,970	**888,894,590**

STATEMENTS OF INCOME AND RETAINED EARNINGS

	yen in thousands		U.S. dollars (Note 2)
	2nd Period (July 1, 2002– Dec. 31, 2002)	1st Period (Sept. 14, 2001– June 30, 2002)	2nd Period (July 1, 2002– Dec. 31, 2002)
OPERATING REVENUES	4,972,930	4,469,426	41,475,647
Rental revenues	4,568,144	4,219,368	38,099,615
Non-rental revenues	404,786	250,058	3,376,032
OPERATING EXPENSES	2,684,786	2,520,563	22,391,882
Property-related expenses	2,307,448	2,120,096	19,244,771
Asset management fees	236,635	218,048	1,973,605
Administrative service fees	65,519	77,294	546,449
Other operating expenses	75,184	105,125	627,057
OPERATING PROFITS	2,288,144	1,948,863	19,083,765
NON-OPERATING REVENUES	13,168	8,545	109,829
Interest received	1,092	867	9,113
Other non-operating revenues	12,076	7,678	100,716
NON-OPERATING EXPENSES	298,463	1,218,814	2,489,267
Interest expense	274,087	367,388	2,285,966
Loan arrangement fees	19,393	392,873	161,741
New unit-issuance costs	—	186,289	—
Unit-listing expenses	—	227,084	—
Amortization of organization expenses	—	45,180	—
Other non-operating expenses	4,983	0	41,560
INCOME BEFORE INCOME TAXES	2,002,849	738,594	16,704,327
INCOME TAXES			
Current	1,040	1,554	8,678
Deferred	11	(32)	88
NET INCOME	2,001,798	737,072	16,695,561
RETAINED EARNINGS BROUGHT FORWARD	40	—	331
RETAINED EARNINGS AT END OF PERIOD	2,001,838	737,072	16,695,892

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS
(Unaudited)

	yen in thousands		U.S. dollars (Note 2)
	2nd Period (July 1, 2002– Dec. 31, 2002)	1st Period (Sept. 14, 2001– June 30, 2002)	2nd Period (July 1, 2002– Dec. 31, 2002)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	2,002,849	738,594	16,704,327
Depreciation	823,336	800,941	6,866,857
Interest income	(1,093)	(867)	(9,113)
Interest expense	274,087	367,388	2,285,966
Increase in rental receivables	(21,636)	(38,458)	(180,446)
Decrease (Increase) in consumption tax refundable	596,493	(596,493)	4,974,923
Increase in prepaid expenses	(24,463)	(74,380)	(204,030)
Increase in long-term prepaid expenses	—	(16,665)	—
Increase (Decrease) in trade accounts payable	(274,196)	708,203	(2,286,873)
Increase (Decrease) in accounts payable	(207,369)	436,971	(1,729,516)
Increase (Decrease) in accrued consumption taxes	(5,632)	47,402	(46,976)
Increase in rents received in advance	2,693	336,543	22,458
Increase (Decrease) in deposits received from tenants	(287,182)	325,372	(2,395,184)
Change in other current assets/liabilities	5,112	(5,842)	42,638
Sub-total	2,882,999	3,028,709	24,045,031
Interest received	1,093	867	9,113
Interest paid	(274,424)	(359,755)	(2,288,774)
Income taxes paid	(1,600)	(173)	(13,344)
Net cash provided by operating activities	2,608,068	2,669,648	21,752,026
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(966,304)	—	(8,059,249)
Purchases of entrusted property and equipment	(1,719,557)	(93,172,563)	(14,341,594)
Payment of leasehold and security deposits received	(7,674)	—	(64,003)
Proceeds from leasehold and security deposits received	135,870	—	1,133,197
Payment of entrusted leasehold and security deposits received	(234,488)	(148,758)	(1,955,698)
Proceeds from entrusted leasehold and security deposits received	271,352	7,522,151	2,263,155
Payment of leasehold and security deposits	(100)	(10,000)	(834)
Net cash used in investing activities	(2,520,901)	(85,809,170)	(21,025,026)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	1,930,000	43,000,000	16,096,747
Repayment of short-term borrowings	—	(41,000,000)	—
Proceeds from long-term borrowings	—	40,000,000	—
Repayment of long-term borrowings	—	(5,000,000)	—
Proceeds from issuance of units	—	56,982,000	—
Distributions to unitholders	(701,784)	—	(5,853,080)
Net cash provided by financing activities	1,228,216	93,982,000	10,243,667
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,315,383	10,842,478	10,970,667
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,842,478	—	90,429,342
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,157,861	10,842,478	101,400,009

See Notes to Financial Statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

			unitholders' equity
	shares	yen in thousands	U.S. dollars (Note 2)
BEGINNING			
9/14/01 Initial private placement	240	120,000	—
11/16/01 Private placement	62,000	31,000,000	—
1/22/02 Unit split	93,360	—	—
6/14/02 Initial public offering	134,000	25,862,000	—
Net income	—	737,072	—
BALANCE AS OF JUNE 30, 2002	289,600	57,719,072	481,393,425
Cash distributions paid	—	(737,032)	(6,147,056)
Net income	—	2,001,798	16,695,561
BALANCE AS OF DECEMBER 31, 2002	**289,600**	**58,983,838**	**491,941,930**

See Notes to Financial Statements.

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 byTokyo 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 Sompo Japan Insurance Inc.

On June 14, 2002, the Company raised ¥25,862 million through an initial public offering (unitholders' capital as of December 31, 2002: ¥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 December 31, 2002, the Company owned a portfolio of 27 properties containing an aggregate of approximately 168,987.78 square meters of leasable area, and leased its office space to 311 tenants. The occupancy rate is 93.4%.

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 second accounting period began on July 1, 2002, and ended on December 31, 2002.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥119.90=US$1.00, the foreign exchange rate on December 31, 2002, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has 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 the 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 years
Machinery and equipment	3–15 years
Tools, furniture and fixtures	6–15 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 are included in the current liabilities.

CASH AND CASH EQUIVALENTS

The statement 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 December 31, 2002 and June 30, 2002 consisted of the following:

	yen in thousands				U.S. dollars	
	As of December 31, 2002		As of June 30, 2002		As of December 31, 2002	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	325,393	325,393	—	—	2,713,867	2,713,867
Buildings	629,685	—	—		5,251,748	—
Accumulated depreciation	7,425	622,260	—	—	61,927	5,189,821
Machinery and equipment	11,227	—	—	—	93,633	—
Accumulated depreciation	559	10,668	—	—	4,663	88,970
Entrusted land	48,849,915	48,849,915	47,924,512	47,924,512	407,422,145	407,422,145
Entrusted buildings and structures	45,060,124	—	44,307,288	—	375,814,216	—
Accumulated depreciation	1,527,362	43,532,762	763,634	43,543,654	12,738,631	363,075,585
Entrusted machinery and equipment	969,280	—	940,763	—	8,084,070	—
Accumulated depreciation	88,889	880,391	37,307	903,456	741,356	7,342,714
Entrusted tools, furniture and fixtures	873	—	—	—	7,281	—
Accumulated depreciation	43	830	—	—	356	6,925
Entrusted construction in progress	11,928	11,928	—	—	99,483	99,483
Total	—	94,234,148	—	92,371,622	—	785,939,510

4. SHORT-TERM DEBT

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

	As of December 31, 2002		As of June 30, 2002		As of December 31, 2002
	Amount (yen in thousands)	Weighted average interest rate	Amount (yen in thousands)	Weighted average interest rate	Amount (U.S. dollars)
Secured loans from a bank	1,930,000	0.571%	—		16,096,747
Unsecured loans from an insurance company	2,000,000	1.950%	2,000,000	1.950%	16,680,567
Total	3,930,000		2,000,000		32,777,314

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

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

	As of December 31, 2002		As of June 30, 2002		As of December 31, 2002
	Amount (yen in thousands)	Weighted average interest rate	Amount (yen in thousands)	Weighted average interest rate	Amount (U.S. dollars)
Secured loans from a trust bank and an insurance company	20,000,000	1.234%	20,000,000	1.634%	166,805,671
Secured loans from banks	5,000,000	1.295%	5,000,000	1.295%	41,701,418
Total	25,000,000		25,000,000		208,507,089

6. LONG-TERM DEBT (OVER 5 YEARS)

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

	As of December 31, 2002		As of June 30, 2002		As of December 31, 2002
	Amount (yen in thousands)	Weighted average interest rate	Amount (yen in thousands)	Weighted average interest rate	Amount (U.S. dollars)
Secured loans from an insurance company	**5,000,000**	**1.700%**	5,000,000	2.100%	**41,701,418**
Secured loans from an insurance company	**5,000,000**	**2.050%**	5,000,000	2.050%	**41,701,418**
Total	**10,000,000**		10,000,000		**83,402,836**

7. SECURED ASSETS

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

Pledged assets:

	yen in thousands		U.S. dollars
	As of December 31, 2002	As of June 30, 2002	As of December 31, 2002
Cash and cash equivalents	**8,762,242**	7,923,878	**73,079,581**
Land and land leasehold	**42,753,744**	38,405,196	**356,578,351**
Buildings and structures	**38,116,814**	30,430,040	**317,905,035**
Machinery and equipment	**721,682**	401,716	**6,019,033**
Construction in progress	**11,928**	—	**99,483**
Total	**90,366,410**	77,160,830	**753,681,483**

Debt secured by pledged assets:

	yen in thousands		U.S. dollars
	As of December 31, 2002	As of June 30, 2002	As of December 31, 2002
Short-term debt	**1,930,000**	—	**16,096,747**
Medium- and long-term debt	**35,000,000**	35,000,000	**291,909,925**
Total	**36,930,000**	35,000,000	**308,006,672**

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 the resolution of the Board of Directors held subsequent to the close of such accounting period. As such, the retained earnings of unitholders' equity at December 31, 2002 included cash distributions of ¥2,001,715 thousand ($16,694,872) subsequently made.

9. INCOME TAXES

At December 31, 2002, 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 periods from July 1, 2002 to December 31, 2002 and September 14, 2001 to June 30, 2002 were as follows:

	For the period from July 1, 2002 to December 31, 2002	For the period from September 14, 2001 to June 30, 2002
Statutory tax rate	**39.39%**	39.39%
Deductible dividends distribution	**(39.37%)**	(39.31%)
Others	**0.03%**	0.13%
Effective tax rate	**0.05%**	0.21%

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 ¥2,001,715 thousand ($16,694,872) at December 31, 2002 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 unit and net income per unit at December 31, 2002 and June 30, 2002, and for the fiscal periods then ended.

	yen in thousands		U.S. dollars
	For the period from July 1, 2002 to December 31, 2002	For the period from September 14, 2001 to June 30, 2002	For the period from July 1, 2002 to December 31, 2002
Net assets at period-end per unit	203,673	199,306	1,699
Net income per unit	6,912	4,449	58

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 period from July 1, 2002 to December 31, 2002 and 165,635 units for the period from November 16, 2001 (the commencement date of operation) to June 30, 2002. Diluted net income per share 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.

	yen in thousands		U.S. dollars
	For the period from July 1, 2002 to December 31, 2002	For the period from September 14, 2001 to June 30, 2002	For the period from July 1, 2002 to December 31, 2002
Purchase of properties	—	11,700,000	—
Property management fees	93,313	126,042	778,255
Commissions for property acquisitions	16,500	394,000	137,615
Leasing commissions	129	1,114	1,073
Outsourced property operation	262,619	255,698	2,190,314
Repairs and maintenance	146,976	223,121	1,225,821

12. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the period from July1, 2002 to December 31, 2002 and the period from September 14, 2001 to June 30, 2002.

	yen in thousands		U.S. dollars
	For the period from July 1, 2002 to December 31, 2002	For the period from September 14, 2001 to June 30, 2002	For the period from July 1, 2002 to December 31, 2002
Property-Related Revenues	4,972,930	4,469,426	41,475,647
Rental Revenues	4,568,144	4,219,368	38,099,615
Rental revenues	3,562,518	3,395,909	29,712,408
Common area charges	851,041	718,552	7,097,923
Parking revenues	142,523	95,667	1,188,684
Other rental revenues	12,062	9,240	100,600
Non-Rental Revenues	404,786	250,058	3,376,032
Cancellation charges	3,350	2,901	27,940
Other miscellaneous revenues	401,436	247,157	3,348,092
Property-Related Expenses	2,307,448	2,120,096	19,244,771
Property management fees	104,500	126,301	871,558
Utility expenses	444,611	275,461	3,708,183
Property and other taxes	336,958	336,809	2,810,321
Casualty insurance	34,261	29,996	285,749
Repairs and maintenance	52,400	99,120	437,029
Depreciation	823,336	800,941	6,866,857
Other rental expenses	511,382	451,467	4,265,074
Profits	2,665,482	2,349,330	22,230,876

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 December 31, 2002 and June 30, 2002, the statements of income and retained earnings, and changes in unitholders' equity for the six months ended December 31, 2002 and the period from September 14, 2001 (the date of incorporation) to June 30, 2002, all expressed in yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements, expressed in yen, present fairly the financial position of Japan Prime Realty Investment Corporation at December 31, 2002 and June 30, 2002, and the results of its operations for the six months ended December 31, 2002 and for the period from September 14, 2001 (the date of incorporation) to June 30, 2002, in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying financial statements are presented solely for convenience. We have also reviewed 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.

Shin Nihon & Co.

Tokyo, Japan
February 27, 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.

A. Investment Policies

1) Basic policies

The Company's basic investment strategy centers on "urban commercial real estate." The Company will invest primarily in real estate, which comprises superior office buildings (urban business facilities), retail facilities located in thriving commercial areas, and the land on which these facilities are located, as well as in asset backed securities which have such real estate as their primary investments. In light of the returns and risks of these investments, the Company will invest not only in Tokyo but will attempt to diversify into other cities so as to maximize the benefits of the portfolio, taking full account of earthquake risks and the risks of each market.

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will seek thereby to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 39 under 3) Investment stance.

2) Types of investment assets

I) "Real estate" refers to the following:

i) Real estate

ii) Real estate leasing rights

iii) Surface rights

iv) Beneficiary rights in the following trusts (includes comprehensive trusts in which cash associated with real estate is also entrusted, but excludes the securities defined in Article 3:1 of Cabinet Order No. 480 of 2000, including all subsequent amendments, referred to as the "Cabinet Order" hereinafter)

a) Real estate

b) Surface rights and land leaseholds

v) Beneficiary certificates in monetary trusts (limited to trusts for which the primary purpose is investment in the assets listed in i) to iii) above; excludes equivalents to securities)

vi) Investment equity based on a contract that specifies that one party will provide funding to be invested in the assets listed in i) to v) above and the other party will invest these funds in said assets, with the profits from these investments distributed to investors ("anonymous partnership equity" hereinafter)

II) "Asset backed securities with real estate as their primary investments" refer to the following instruments, the purpose of which is investing in real estate, which must be in excess of half of all assets backing said security:

i) Preferred investment securities as defined in Article 2:8 of the Law Concerning Asset Liquidation (Law No. 105 of 1998; including all subsequent amendments; referred to as the "Asset Liquidation Law" hereinafter)

ii) Beneficiary certificates in investment trusts as defined in Article 2:12 of the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of June 4, 1951; referred to as the "Investment Trust Law" hereinafter)

iii) Investment securities as defined in Article 2:22 of the Investment Trust Law

iv) Beneficiary certificates in special-purpose trusts as defined in Article 2:12 of the Asset Liquidation Law (excludes beneficiary certificates in trusts listed in I), iv) and v) above)

III) The Company may invest in the following designated assets in order to efficiently utilize surplus funds remaining after the investments listed in I) and II) above:

i) Bank deposits

ii) Call loans

iii) Japanese government bonds

iv) Municipal bonds

v) Commercial paper (refers to instruments defined in Article 2:1:8 of the Securities and Exchange Law)

vi) Transferable certificates of deposit

vii) Designated bonds as defined in the Asset Liquidation Law (refers to instruments defined in Article 2:1:3:2 of

the Securities and Exchange Law. However, this is limited to instruments in which the assets obtained as the business for liquidation by the special purpose company are primarily real estate)

viii) Beneficiary certificates in loan credit trusts (refers to instruments defined in Article 2:2:1 of the Securities and Exchange Law)

ix) Cash credits (excludes securities, promissory notes and other instruments defined in Article 3:12 of the Cabinet Order) and financial derivatives (instruments defined in Article 3:14 of the Cabinet Order)

x) Rights resulting from financial futures trading (refers to the definition in Article 3:13 of the Cabinet Order)

xi) Rights resulting from financial derivatives trading (refers to the definition in Article 3:14 of the Cabinet Order)

xii) Beneficiary rights in monetary trusts for the purpose of investments such as those described in i) to xi) above.

3) Investment stance

i) Investment horizon

The Company will in principle hold assets for the medium- and long-term (one to five years and over five years, respectively) and will not acquire assets for the purpose of short-term trading (less than one year).

ii) Investment ratio targets

Type of Investment Asset	Target Ratio		
Real Estate	Geography	Tokyo CBDs[1] & Greater Tokyo[2]	60%
		Other cities[3]	40%
	Use	Office buildings	80%
		Retail properties	20%
	Tenant	The rental revenue from any individual tenant (total rental revenue when the tenant occupies multiple compartments and/or properties) will in principle be limited to less than 10% of total rental revenues.[4]	
Asset backed securities with real estate as their primary investments	The total after-investment value of asset backed securities that invest primarily in real estate shall in principle be limited to less than 10% of the net worth of the Company.[5]		

Notes: (1) "Tokyo CBDs" (Central Business Districts) includes the Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya wards.
(2) "Greater Tokyo" includes all other areas of Tokyo and Chiba Prefecture, Kanagawa Prefecture and Saitama Prefecture.
(3) "Other cities" includes all other areas in Japan.
(4) "Rental revenues" includes fees for general service, parking lot fees and warehouse usage fees, but does not include additional usage fees, such as after-hours air-conditioning charges. However, this figure may be exceeded if there is any potential for tenant changes or if warranted by a general consideration of leasing conditions and other factors.
(5) The following criteria will be used in making investment decisions:
•An ability to secure opportunity to acquire the real estate invested in by the asset backed security upon maturing of the investment period
•Ratio of liabilities to the value of the real estate invested in of 70% or less

iii) Investment policies for development projects

The Company will in principle acquire only real estate that generates or is expected to generate stable rental business revenue or similar revenues at the time of acquisition.

The Company will not engage in development investments (projects in which the Company itself acquires land and builds buildings). However, the Company may invest in buildings under construction by third parties prior to the completion of the building if it is determined that there is sufficient potential to secure tenants after the completion and that the completion and delivery risks are minimized. The Company may also rebuild acquired properties if it is determined that there is sufficient potential to secure tenants after rebuilding and that it is confirmed this is not a development investment.

iv) Equipment and fixtures investment policies

The Company will invest in equipment and fixtures in accordance with an efficient upkeep plan created for each property and designed to maintain and improve the competitiveness of the property from medium- and long-term perspectives. In principle, such investments will be within the scope of the depreciation charges of the individual property, but final decisions will be made in light of the depreciation charges for the portfolio as a whole. However, repairs to common areas will be implemented quickly by the Company from the perspective of tenant operational policies, and reinforcements will be made quickly for buildings requiring anti-seismic reinforcements in light of the status of tenant operations.

v) Insurance policies

a) Criteria for selecting underwriting insurance companies

- The Company will select fair underwriting insurance companies via Marsh Japan, Inc.

Note: Marsh Japan, Inc. is a 100%-owned Japanese subsidiary of Marsh Inc., the core company in the holding company Marsh & McLennan Companies, Inc. (Headquarters: New York). Its primary businesses are insurance-related services and risk management consulting.

- The underwriting insurance company will in principle have an insurance rating of A3 or A– or better from Moody's Investors Service or Standard and Poor's.

b) Earthquake insurance coverage criteria

The decision to cover earthquake insurance will be made in light of comparisons between the potential impact of disaster and property insurance premiums based on the PML for the entire portfolio. Earthquake insurance may be purchased individually for properties that have high PMLs.

Note: "PML" refers to the probable maximum loss in the event of earthquake. PML may be calculated for individual properties or for the portfolio as a whole. While there is no strict definition of PML (valuation methods will differ depending on the institution conducting the survey), it is generally found by calculating the probable damage from the largest foreseeable earthquake during the expected period of use (50 years is the useful lifetime ordinarily assigned to buildings; the largest foreseeable earthquake is a major earthquake of a size seen once every 475 years, having a 10% probability of occurring during any 50 year span). The figure represents the ratio of projected expenses for restoration of damage to price of reacquisition.

vi) Sales policy

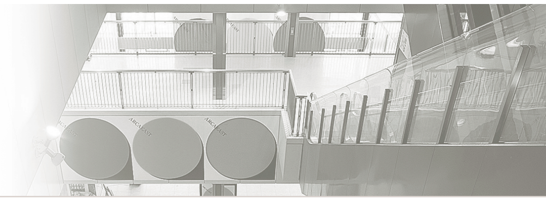
a) The Company will select real estate, asset backed securities with real estate as their primary investments, and other investments in its holdings to be sold based on a general evaluation considering the current status of the asset to be sold, projections of its future profitability and changes in asset value, and the asset structure of the portfolio as a whole.

b) The Company will determine asset values each settlement period and will study the potential for sale of any property which has lost more than 20% in appraised value compared to book value. However, the Company may also consider the sale of other properties as warranted by market environment and other factors. The following are the main considerations in making sales decisions:

- Market forecast
- Development forecast for the surrounding area
- Profitability forecast
- Estimated cost of future investments
- Forecast changes in asset price
- Considerations of the portfolio as a whole (diversification by geographical location, tenant and use, etc.; impact on dividends, etc.)

4) Investment standards

When investing in individual property pieces of real estate, asset backed securities with real estate as their primary investments, and other investments, the Company will, prior to making the investment, perform a general evaluation



considering the status, future profitability, risk, location, building and facilities maintenance and management, deterioration and obsolescence, earthquake resistance, rights, contracts with current tenants, environment, topography and other factors.

After acquisition of the investment, the Company will make ongoing and effective investments in facilities and equipment so as to maintain and improve the value and competitiveness of the asset, and will seek to stabilize and expand profitability by increasing revenues and reducing costs.

Below are the major specific investment criteria for the Company.

i) Geographical location

Real estate to be invested in will be located in the following cities:

a) Major urban areas: CBDs in Tokyo, Yokohama, Kawasaki, Chiba, Saitama, Nagoya, Osaka, Kyoto and Kobe

b) Other government-designated cities: CBDs in Sapporo, Sendai, Hiroshima, Fukuoka, Kitakyushu and others

c) Other core cities such as prefectural capitals with populations of 300,000 or more

When investing in retail facilities, the Company will identify and determine an appropriate business area for the facility; analyze the business area from a variety of perspectives, including population, demographic trends, number of households and average income; appropriately measure the latent buying power and growth potential of the business area; and determine the suitability of the tenants and their businesses to the business area. The Company will also study and analyze competitiveness from a variety of perspectives, including current market competition, plans for the opening of competitive stores in the vicinity, and future room for development.

ii) Size

a) Offices

In principle, the Company will invest in office buildings with total floor space of at least 3,300 square meters that are at least two stories high and have standard floors with floor space of approximately 330 square meters.

b) Retail facilities

In principle, the Company will invest in retail facilities with total floor space of at least 10,000 square meters of an appropriate size in light of the future growth potential of the region as determined from the local characteristics, size of business area and standard size for similar businesses for each property.

iii) Facilities and equipment

a) Offices

The Company will invest in office buildings with qualifications that are superior to standard qualifications for the locale in areas such as the following: shape and divisibility of rental spaces; floor and ceiling height; flooring specifications; common facilities specifications; electrical power capacity; air-conditioning.

b) Retail facilities

The Company will decide on retail properties individually, comparing them against standard qualifications for the business sector and judging from overall factors, including the characteristics of the local community in which the facility is located, versatility as a retail facility, potential for conversion to other uses, and means of transportation employed by visitors etc.

iv) Earthquake resistance

The Company will in principle invest only in buildings that meet the New Anti-Seismic Standards or for which anti-seismic reinforcement work has been completed (includes properties for which anti-seismic reinforcement work has not been done if it is possible to do this work after acquisition).

v) Tenants

a) Offices

In principle, no single tenant will occupy more than 50% of a property (parent companies and their subsidiaries are considered a single tenant). If a tenant occupies more than 50%, the Company will make a general evaluation of the tenant's creditworthiness, suitability and substitution potential.

b) Retail facilities

There is no restriction on the amount of floor space occupied by any single tenant in any single property, but in the selection of tenants, the Company will make a general evaluation of the tenant's creditworthiness, suitability and substitution potential.

vi) Rights

a) Joint investments

- The Company will in principle seek a joint equity ratio in excess of 50% in order to assure sufficient latitude in management (leasing, improvements, etc.), but may make individual decisions based on the nature of the other owners, their creditworthiness and other factors.
- The Company will, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for priority purchasing rights among the other owners will be executed, and whether restrictions will be placed on transfer of rights, and if so, the nature of these restrictions.
- The Company will attempt to assure the stability of revenues by fully confirming the nature and creditworthiness of other owners and, where possible, providing for appropriate mechanisms. (This may include, but is not limited to, signing contracts prohibiting the division of joint equity and reaching agreements on the registration of land rights and the mutual use of land.)

b) Unit ownership

- The Company will, in principle, reserve to itself at least 75% of voting rights in meetings attended by unit owners in order to assure sufficient latitude in improvements (pursuant to Article 38 of the Law Concerning Unit Ownership of Buildings, etc. [Law No. 69 of 1962, including all subsequent amendments; referred to as the "Unit Ownership Law" hereinafter]. However, it may make individual decisions based on a general evaluation of the nature and creditworthiness of other unit owners.
- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for priority purchasing rights among the other owners will be executed, and whether restrictions will be placed on transfer of rights, and if so, the nature of these restrictions.
- The Company will attempt to ensure the stability of revenues by confirming the operations of the management union (reserves, liability ratios, insurance, etc.) and will take such individual measures as are required. (This may include, but is not limited to, increasing reserves within the Company itself, or providing for insurance on the joint areas and registration of land rights separately from the management union.)

c) Leaseholds

- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of April 8, 1921; including all subsequent amendments; referred to as the "Leasehold Law" hereinafter) and the Land and Building Leasing Law (Law No. 90 of 1991; including all subsequent amendments; referred to as the "Land and Building Leasing Law" hereinafter).
- The Company will carefully study the nature of the proprietary right holder of land and will make its decision after fully studying the impact of the provisions for leasing fee revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors in profitability.

d) Collateral rights and usufructuary rights

- The Company will confirm whether there are mortgages or other collateral rights on real estate that it proposes to purchase at the time of purchase, and whether it is possible to extinguish mortgage rights at the time of purchase.
- The Company will make its decision after confirming whether there are usufructuary rights (for example, surface rights or easements) set forth by third parties and the impact said rights will have on profitability.

vii) Investment amount

a) Minimum investment amount per property

The minimum investment amount per property (only the purchasing price, exclusive of taxes, acquisition costs, etc.) will in principle be ¥1 billion.

b) Maximum investment amount per property

The ceiling on the investment amount per property will be one-third of the "total price of real estate, asset backed securities and other investments already held." In making investment decisions, the Company will fully study the appropriateness of the price for the property. The "total price of real estate, asset backed securities and other investments already held" refers to the total appraised value of investments up to the previous period, plus the purchasing price of investments purchased in the current period (exclusive of taxes, acquisition costs, etc.), plus the amount to be invested in the new investment (exclusive of taxes, acquisition costs, etc.).

c) Restrictions on acquisition price

The book value for investments including real estate and asset backed securities will in principle be the market price for the investments, or, if there is no market price, 105% of the appraised value of the investments. However, in order to eliminate conflicts of interest, purchases from interested parties will be the appraised price or less. ("Interested parties" here refers to investors in the asset management company, parties nominating directors and/or employees to the asset management company, or their affiliates, which differs from "interested parties, etc." as defined in Article 15:2:1 of the Investment Trust Law, meaning parties owning a majority of stock in the asset management company or other parties deemed by government ordinance to have close relations with the asset management company.

viii) Selection guidelines concerning real estate acquisition ownership type

The Company acquires real estate under direct ownership or on an entrusted basis, acquiring beneficial rights to the property. The decision as to which form of ownership JPR will take is determined after considering the requirements of the existing owner, the cost of transferring rights, and a number of other factors.

B. Financial Policies

1) Fund management policies

I) Leasehold and security deposits

•For real estate in trust

All leasehold and security deposits by tenants will be accumulated within the trust account, but the Company may consider reducing the reserve amount if warranted by accumulated historical data, the establishment of commitment lines and other provisions.

•For real estate, real estate leaseholds and surface rights

Leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. However, the Company may reduce reserves in order to more effectively utilize these funds if warranted by accumulated historical data, the establishment of commitment lines and other provisions for the maintenance of efficiency and security.

II) Cash and bank deposits in the trust account (for real estate in trust)

All cash will be deposited in ordinary savings accounts or time deposit accounts at banks with short-term debt ratings of at least P-2 from Moody's.

III) Cash and bank deposits in the Company accounts

The provisions of II) above will apply to cash and bank deposits in the Company accounts. However, this will not include savings accounts established for use in the execution of loans by financial institutions or the payment of interest on loans.

Surplus funds will in principle be paid out in the following order of priority; any balances will be administered as described above.

•Reinvestment (refers to a use in purchasing properties or capital expenditures)

•Cash distribution to investors (however, no cash distributions will be made to investors in excess of profits in the absence of changes in current tax treatment of cash distributions in excess of profits)

•Partial repayment of borrowings (however, this will be given the highest priority when the repayment maturity date arrives for monetary consumption loan contracts, regardless of the priorities listed above)

IV) Derivatives

The Company will use financial futures, options and other derivatives only for the purpose of hedging interest rate fluctuation risks and other risks generated by the liabilities of the Company.

2) Issuance of additional investment units

The Company may issue additional investment units in a progressive manner for the purpose of assuring stable, long-term asset growth as warranted by an accurate assessment of the market and upon consideration of the dilution effects to existing units (reduction in equity of existing units from the issuing of new units; reduction in the per-unit net asset value or cash distribution of existing units).

3) Borrowings and issuance of bonds

I) Basic policies

The Company will seek to actively expand the size of assets and maintain stable cash distributions to investors by achieving an effective combination of stable long-term fund-raising and dynamic short-term fund-raising.

II) Loan to value (LTV)

“Loan to value” (LTV) refers to a ratio calculated as shown below and will be used as a measurement of the ratio of liabilities to total assets of the Company.

LTV=(Borrowings + bonds) / Total assets

Note: For purposes of this calculation, total assets refers to the amount shown in the assets column of the period-end balance sheet for the most recent period prior to the calculation of LTV, and is found by adjusting the period-end book value of tangible fixed assets for the difference between the period-end book value of the tangible fixed asset and its appraised value or estimated value in a price opinion statement.

The Company will in principle maintain LTV at levels of no higher than 55%, but may temporarily exceed this level due to the acquisition of properties or changes in appraised values.

C. Property-Related Business Administration Policies

“Property-related business” refers to property management, general tenant agency, lease manager/construction manager services and property transfers.

This business is necessary and effective for the achievement of growth for the Company. The Company will administer this business in accordance with the following policies.

1) Importance of the Asset Manager and Property Manager

The growth of the Company requires integrated management by the Asset Manager (AM) and expert management by the Property Manager (PM), with the PM overseeing the facilities management, leasing management and construction management of individual properties.

In order to achieve more integrated management, the AM may seek the advice of third parties regarding rental business management and construction plans for real estate invested in. The Company initially selected Tokyo Tatemono Co., Ltd. as the party to provide this advice (the Lease Manager/Construction Manager).

The AM will select PMs with high degrees of management expertise, seek to concentrate the PMs for each geographical region, rigorously seek to homogenize management across the portfolio, and work to maximize unitholder profits.

The following guidelines will, for the foreseeable future, apply in PM selection.

•Properties acquired from interested parties: Existing management consignment contracts will be maintained until their expiration because of the superior knowledge that existing management companies have of tenants and locations. Thereafter, consideration may be given to changes in the management company as warranted by efficiency and performance.

•Properties acquired from non-interested parties: The PM will be selected by a comparison of Tokyo Tatemono and other PM specialists.

2) Use of Commissioned General Tenant Agents

General tenant agency will be commissioned to Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation and other agents (Commissioned General Tenant Agents).

3) Smooth execution of property purchases and sales

Tokyo Tatemono Co., Ltd. will be commissioned to provide property transfer services in order to ensure the smooth execution of property purchases and sales. This will not be limited to the real estate, real estate leasing rights and surface rights, but will include real estate in trust as well. Services will include confirmation of leasing status, confirmation of building and facility maintenance and management, confirmation and establishment of rights, preparation and confirmation of delivery and other ancillary work.

4) Other policies

I) The Company will administer its assets in such a way that the ratio of real estate, real estate leasing rights, surface rights, real estate in trusts (refers only to trusts covering real estate, surface rights or land leaseholds), and equity in anonymous partnerships (refers to contracts specifying only investments in real estate, surface rights or real estate leasing rights), to total assets is 75% or more, which is the ratio established by Ministry of Finance Ordinance No. 44 of June 6, 2001.

II) The Company will administer its assets in such a way that the ratio of the total price of designated real estate (real estate, real estate leasing rights, surface rights, or real estate in trusts for which real estate, land leaseholds, or surface rights are the entrusted assets) to the total price of designated assets owned by the Company (the "designated real estate ratio" hereinafter) is 75% or more.

III) The Company will administer its assets in such a way that the ratio of the total price of real estate acquired each year (from April 1 to March 31 of the following year), between April 1, 2002 and the termination by the special exceptions to real estate acquisition taxation standards, to the total price of designated assets acquired during the same year is at least one half of the designated real estate ratio.

IV) The Company may modify the above ratios at any time after investment commences as warranted by factors such as funding trends, market trends, general economic conditions, and real estate market trends.

V) Lending of assets in portfolio

a) The Company may lend (for such purposes as parking space and the installation of billboards) real estate, real estate leasing rights and surface rights from among the assets listed in "A. Investment Policies 2) Types of investment assets" above in order to more efficiently administer assets and achieve higher investment performance.

b) If the lending of real estate described in a) above results in the acceptance of leasehold and security deposits or other similar cash funds, the acceptance of these funds will follow the guidelines listed in "B. Financial Policies 1) Fund management policies I) Leasehold and security deposits" above.

c) The Company shall not lend assets other than real estate, real estate leasing rights and surface rights.

D. Distribution Policies

The Company's fiscal period is the six months, from January 1 to June 30, and from July 1 to December 31, each year. The Company makes cash distributions to unitholders listed on the unitholders' list at the end of each fiscal period, or to

eligible registered pledgees.

1) Distributable amount

Income available for distribution by the Company (the “distributable amount”) equals the amount calculated by adding/deducting capital gains/losses and gains/losses on redemption to rent, common expenses, parking charges, additional service charges, facility charges, facility installation fees, late payment penalties, termination penalties or similar cash related to termination of lease agreements generated from real estate (including beneficial interests and underlying properties of any other assets acquired by the Company) and other income, interest/dividend income and similar income generated from other rental business and deducting expenses (including depreciation and amortization), interest payments, asset management fees, and after covering the entire amount of net loss carried forward if it exists.

2) Determining amount of distribution

The Company determines the amount of distribution, which must exceed 90% of the Company’s distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including all subsequent amendments). However, the actual amount of distribution may not exceed the distributable amount, as defined above. In addition, the Company can reserve funds for capital expenditure, interest payment, dividend payment, or similar purposes, which are necessary for maintenance of or increasing the value of assets.

3) Retained earnings

Retained earnings not distributed from the distributable amount will be allocated based on the asset management policy of the Company.

4) Distribution of cash exceeding earnings

In cases when the distribution is less than 90% of the distributable amount, or when the Company makes an appropriate decision based on the trend of the economic environment, the real estate market, the leasing market or other conditions, the Company may distribute cash which exceeds earnings for the relevant period, as the sum of the distribution amount set in 2) above and the amount decided by the Company with the upper limit of the depreciation amount reported at the end of the fiscal period. In such a case, if the cash distribution does not meet the conditions of special tax treatments for the Company, the amount decided by the Company for the purpose of meeting the conditions may be distributed in cash.

As long as the current tax treatment requires investors to calculate capital gains/losses each time such investors receive cash distribution exceeding earnings, the Company is not to conduct cash distribution exceeding earnings to investors. However, if the board of the Company decides that cash distribution exceeding earnings is required to satisfy the “qualification test of distribution deductible,” the distribution exceeding earnings is allowed following the above distribution policy.

5) Method of distribution

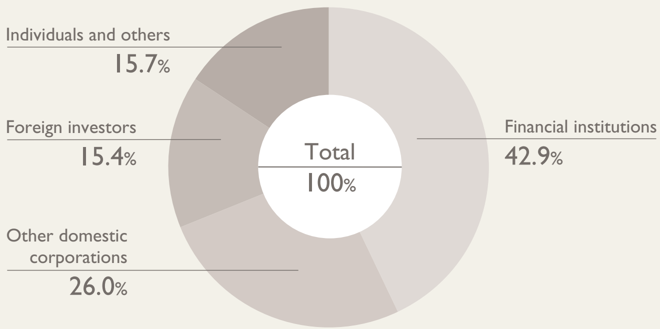
Distributions are paid in cash to unitholders who are listed on the final unitholders’ list at the end of each fiscal period, or to eligible registered pledgees, based on the number of investment units held within three months, in principle, from the end of each fiscal period.

6) Extinctive prescription

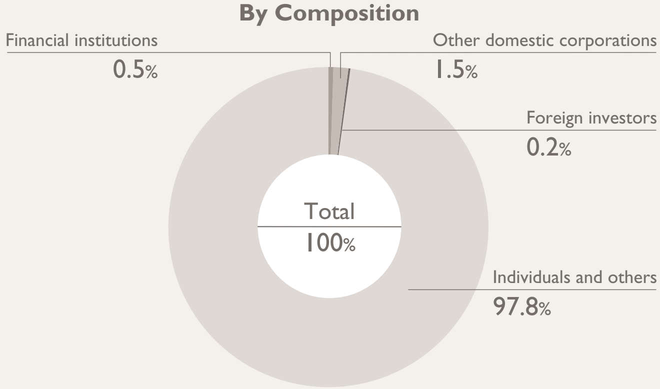
The Company will be released from its payment obligation of distributions after the lapse of three years from the date of starting payment. No interest is payable in respect to unpaid distributions in arrears.

Breakdown of Unitholders (As of December 31, 2002)

By Number of Units Held



By Composition



Major Unitholders (As of December 31, 2002)

	Units	(%)
The Yasuda Mutual Life Insurance Company	48,000	16.57
Tokyo Tatemono Co., Ltd.	39,300	13.57
Goldman Sachs International	23,932	8.26
Japan Trustee Services Bank, Ltd.	16,426	5.67
Kawasaki Gakuen	10,000	3.45
Yasuda Real Estate Co., Ltd.	10,000	3.45
Morgan Stanley International	8,665	2.99
The Daisan Bank, Ltd.	7,000	2.41
The Hiroshima Bank, Ltd.	6,052	2.08
The Chugoku Bank, Ltd.	5,880	2.03

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

2001	President, Tokyo Realty Investment Management, Inc.
1999	Director and Head of Osaka Branch Office
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
1992	Director of Secretary's Office and Human Resources
1989	Planning of redevelopment scheme connecting Akihabara and Okachimachi (Tokyo) for JR East Urban Development Corporation (Joint Venture of Japan Railway East)
1985	Property management and acquisition businesses of Building Department
1968	Tokyo Tatemono Co., Ltd.

Director and Chief Financial Officer
Takeshi Maki — 0

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

Director and Chief Investment Officer
Yukio Furuya — 0

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

Director and Chief Administrative Officer
Shuichi Yoneta — 0

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

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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

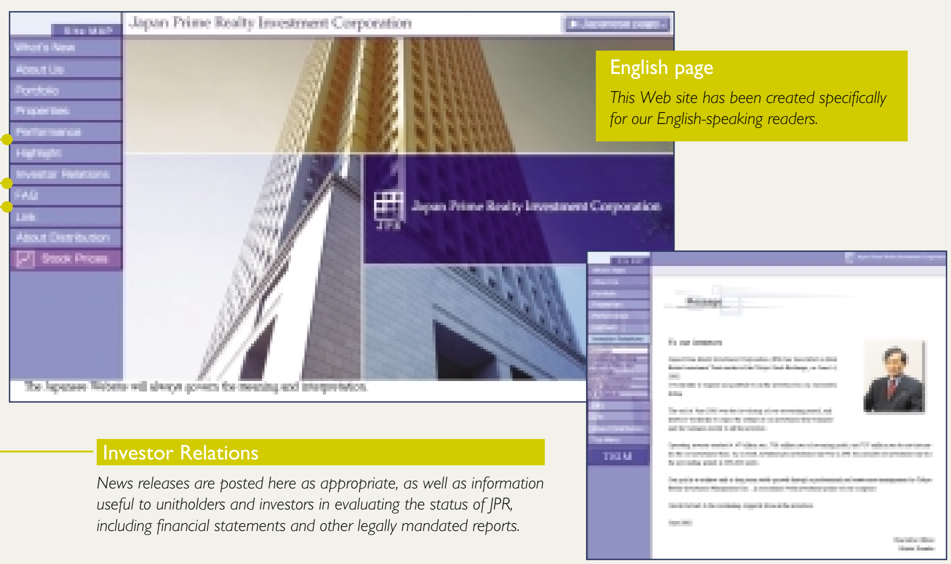
Transfer Agent
Mizuho Trust & Banking Co., Ltd.
2-1 Yaesu 1-chome, Chuo-ku, Tokyo

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	*0570-000324 (Direct)* *+81-3-3642-4004 (Representative)*
Agents	*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.

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



English page
This Web site has been created specifically for our English-speaking readers.

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 July 1, 2002 to December 31, 2002 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.

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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 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.

Japan Prime Realty Investment Corporation

Printed in Japan