November 18, 2004

JAPAN REAL ESTATE INVESTMENT CORPORATION

ANNOUNCEMENT OF SIXTH FISCAL PERIOD RESULTS

1. Summary of Financial Results

In the sixth fiscal period (six months ended September 30, 2004), Japan Real Estate Investment Corporation ("JRE") recorded operating revenues of 10,151 million yen, up 6.2 percent from the previous period. Operating profits rose 0.4 percent, to 4,358 million yen, and income before income taxes increased 0.7 percent, to 3,831 million yen. Net income was up 0.7 percent, to 3,830 million yen.

JRE's policy with regard to profit appropriation is to distribute dividends of approximately 100 percent of taxable income, in order to enjoy the tax benefit available under Article 67-15 of the Special Taxation Measures Law of Japan applicable to J-REITs. For the period under review, we declared a cash dividend of 14,711 yen per unit.

As of September 30, 2004, JRE's total asset balance was 257,372 million yen and its net worth was 137,279 million yen, or 527,185 yen per unit. On its balance sheet, JRE had interest-bearing debt of 99,000 million yen.

2. Results of Operations

(1) Property Management and Acquisition

During the period under review, the Japanese economy remained on track for a recovery, emboldened by robust capital investment on the back of strong corporate earnings, resilience in consumer spending and a decline in the unemployment rate.

In the market for leased office space, the supply of new office buildings in central Tokyo decreased from the previous fiscal period, leading to a gradual correction in the oversupply of office buildings toward equilibrium in supply and demand. In addition, vacancy rates began to improve in competitive office buildings. Demand for office floor space in regional urban centers, however, remains weak overall despite renewed vitality in some major cities such as Nagoya. In general, therefore, the operating environment remains difficult.

JRE maintained a high occupancy rate of 93.6 percent (as of September 30, 2004) by (1) acquiring top-level properties and upgrading building facilities through optimal refurbishment in order to maintain and improve functions; (2) developing finely tuned building management policies from the perspective of tenants while undertaking vigorous sales activities; and (3) raising its emphasis on fixed-term and long-term lease contracts. JRE is working to reduce costs with a view to further enhancing profit stability. Our basic policy is to lower property management fees and utility expenses by 5 percent within the first three years of new property acquisitions. Of the total number of properties acquired up to the end of the fourth fiscal period and including properties acquired during the six-month period April 1, 2003 through September 30, 2003, twenty-eight properties are subject to this cost reduction program. Despite being midway through the program period, we have already reduced costs of those properties by 11.4 percent per year, based on the results of our fifth and sixth fiscal periods (October 2003 to September 2004).

Regarding the property market, bad-debt write-offs by financial institutions and the adoption of asset-impairment accounting have helped sustain active property sales. At the same time, in the face of difficult fund-management conditions stemming from low interest rates, such entities as private funds, pension funds, and qualified institutional investors are stepping up their acquisition of real estate, besides Japanese Real Estate Investment Trusts (J-REITs).

In an increasingly competitive market, JRE uses its own information network to collect data on the sales of numerous properties. We have made acquisitions based on meticulous examination of these data, and after determining optimal prices from many perspectives, including profit stability of the entire company and expected rate of return. On April 1, 2004, we acquired additional ownership shares in the Yoyogi 1-Chome Building (8,700 million yen investment) and the Ebisu Neonato (360 million yen investment for additional 1.2% ownership, bringing JRE's total ownership to 12.3%). In addition, we acquired the Ikebukuro YS Building (4,500 million yen investment) on August 2, 2004, and the Shinwa Building (7,830 million yen) on September 1, 2004. As of September 30, 2004, JRE's assets consisted of 39 office buildings, with a total value of 239,827 million yen, net rentable floor area of 293,105 m^2 (approximately 89,000 tsubo), and a total of 466 tenants.

(2) Fund-Raising Activities

During the fiscal period under review, JRE raised funds through borrowings to acquire properties. To mitigate the risks of higher interest rates and refinancing in the future, JRE focused on stabilizing its financing over the medium and long term by increasing funds through fixed-interest long-term loans. In an effort to further stabilize its financial position, JRE established a new commitment line totaling 20 billion yen on July 21, 2004, with a view to ensuring a flexible and secure means of procuring funds.

On September 30, 2004, JRE had total borrowings of 54 billion yen, including 10 billion yen in short-term loans (up 1 billion yen from the previous fiscal period), 44 billion yen in long-term loans (up 11 billion yen from the previous fiscal period), and outstanding corporate bonds valued at 45 billion yen (unchanged from previous fiscal period).

JRE has received the following credit ratings.

Rating Agency	Issuer Credit Rating
Standard & Poor's	Long-term: A+; Short-term: A-1; Outlook: Stable
Moody's Investors Service	Rating: A1; Outlook: Stable

* On November 11, 2004, Moody's Investors Service raised its rating on JRE's issuer credit rating and rating for unsecured corporate bonds from A2 to A1.

3. Outlook

(1) Operating Environment

Despite expectations for a full-scale recovery in the Japanese economy, some points of concern have emerged relating to the external demand that has driven the Japanese economy so far, such as projections for a slowdown in the United States economy. Accordingly, the pace of economic recovery in Japan may weaken.

In the office building leasing market, despite signs of improvement in some occupancy rates and a slowing decline in leasing rates, a broad-based recovery remains distant, and in the context of the trend towards polarization, high quality office buildings will see a rise in occupancy rates, while the rate in other buildings will fall.

Meanwhile, tenants have stringent demands not only with respect to location, building quality, and facilities, but also for high-quality building management and value-added services. For these reasons, tenants have become more and more discriminating when selecting buildings. To meet these needs, suppliers must provide services that correctly and promptly reflect the needs of tenants and deliver added value that differentiates their buildings from the competition.

In the real estate market, properties will continue being sold to settle non-performing loans and for asset impairment accounting purposes. In light of recent increases in demand, JRE believes that competition will further intensify for the acquisition of prime properties.

(2) Property Management

In accordance with the aforementioned, we expect conditions in the office building leasing market to soften, despite expectation for some improvement. JRE is adopting the following management policies in order to maintain and improve earnings.

(i) Strengthen relationships of trust with existing tenants

As of September 30, 2004, JRE had contracts with nine property management companies. Most of these companies were already managing their respective buildings before they were acquired by JRE, and so have built relationships of trust with their tenants. Strengthening these relationships by anticipating tenants' needs and providing tailored services helps increase tenant satisfaction, prevent cancellation of contracts, reduce turnover, and curb demands for reduced rents.

(ii) Fill vacancies promptly

In cooperation with the property management companies mentioned above, JRE actively seeks the best tenants for each property, based on location and features, in order to fill current and anticipated vacancies as rapidly as possible. We are also working to uncover additional demand for office floor space among our existing tenants.

(iii) Promote fixed-term and long-term lease contracts

While considering overall balance, JRE is gradually shifting to fixed-term and long-term contracts.

(iv) Reduce management costs

JRE has introduced sound competitive principles for its nine property management companies to follow. Those companies are also revamping their management systems and cost structures. Our target for properties owned as of March 31, 2004, is to reduce the sum of property management fees and utility expenses by 5 percent within three years of acquisition.

(3) Property Acquisition

JRE has adopted the following policies for acquiring properties in order to improve earnings through steady asset expansion increase and growth.

(i) To access important information quickly, JRE is enhancing its property information channels, including strengthening its relationship with building owners, with whom it has previously conducted business. We are also working to develop new channels.

(ii) In its acquisition activities, JRE will continue to meticulously monitor and examine economic, physical, and legal factors, including rights-related issues. We will also take business conditions into account when selecting properties. With regard to the structure of buildings, we require buildings to meet or exceed new earthquake-resistant standards, and we are targeting properties capable of maintaining a competitive edge over the medium and long terms.

(iii) JRE’s general target for regional diversity of property ownership, in accordance with its acquisition policies, is for 60 percent to 80 percent of properties to be located within the Tokyo metropolitan area, with the remaining 20 percent to 40 percent located in regional urban centers. It is possible, however, that future trends in office demand may prompt JRE to temporarily depart from these ratios and increase the proportion of its holdings in the greater Tokyo area.

The appropriate timing for property acquisition cannot be ascertained in advance. When funding property acquisition, therefore, JRE's policy is to take out short-term loans at the time of purchase and later select various options for capital procurement, including corporate unit issues, according to trends in financial markets. When effecting a loan, our policy is to minimize funding costs by negotiating with several qualified institutional investors before settling on a lender.

4. Performance Forecasts

In the six-month period from October 1, 2004, to March 31, 2005, we forecast operating revenues of 10,400 million yen, income before income taxes of 4,000 million yen, and net income of 4,000 million yen. We plan to declare a dividend of 15,400 yen per unit. Actual figures for operating revenues, income before income taxes, net income, and cash dividends may vary due to changes in business conditions.

These estimates are based on conservative assumptions of the portfolio of 39 properties as of September 30, 2004, and the Higashi Gotanda 1-Chome Building newly acquired as of November 1, 2004, and excludes any other additional acquisitions.

Under the same scenario, our forecasts for the eighth fiscal period (April 1, 2005, to September 30, 2005) are operating revenues of 10,400 million yen, income before income taxes of 4,000 million yen, net income of 4,000 million yen, and cash dividends of 15,400 yen per unit.

After September 30, 2004, JRE acquired the following office building.

Higashi Gotanda 1-Chome Building

Transaction Summary

Acquired asset: Real estate (ownership rights for land and building)

Acquisition price: 5,500 million yen

Acquisition date: November 1, 2004

Property Summary

Location: 24-2, Higashi Gotanda 1-chome, Shinagawa-ku, Tokyo

Use: Offices and stores

Land area: 1,539.95 m^2

Floor area: 6,460.39 m^2

Structure: Steel-framed reinforced concrete structure with flat roof, eight floors above ground

Construction completed: July 2004

Tenants: 3

Net rentable area: 5,205 m^2

Net rented area: 1,790 m^2

Occupancy rate: 34.4 percent

Note: The above figures for the number of tenants, net rentable area, net rented area, and occupancy rate are current as of the date of acquisition. The figures are based on data provided by the vendor.

This notice is a translation in English of the announcement of Sixth Fiscal Period Results in Japanese on November 18, 2004 on our Web site. No assurance or warranties are given for the completeness or accuracy of this English translation.

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Income Statement for the 6th Period

JRe INVESTMENT CORPORATION

(In millions of yen)

Item	6th Period (183 days)			5th Period (183 days)	Change	% Change
	36 existing properties	Newly acquired properties*	Total			
Operating Revenue	9,770	381	10,151	9,560	591	6.2%
Rental revenue	9,724	380	10,104	9,461		
Other rental revenues	46	1	47	98		
Operating Expenses	3,458	20	3,478	3,105	373	12.0%
Property management fees	1,217	17	1,234	1,127		
Utility charges	876	2	878	779		
Property and other taxes	936	0	936	791		
Insurance expenses	26	1	27	24		
Maintenance expenses	363	0	363	365		
Other operating expenses	38	0	38	16		
NOI	6,311	361	6,672	6,455	217	3.4%
Depreciation and amortization	1,558	99	1,657	1,498		
Operating Profit	4,754	261	5,015	4,956	59	1.2%
Administrative expenses			656	615	41	6.7%
Asset management fees			362	325		
Other administrative expenses			293	290		
Net Operatng Profit			4,358	4,341	17	0.4%
Non-Operating Revenue			2	0	2	
Interest received			0	0		
Other non-operating revenues			2	0		
Non-Operating Expenses			529	538	△ 9	△ 1.7%
Interest expenses			221	163		
Bond interest expenses			248	248		
Deferred bond-issuance cost			0	61		
Other non-operating expenses			59	64		
Recurring Profit			3,831	3,803	28	0.7%
Gross Income			3,831	3,803	28	0.7%
Taxes			0	1		
Net Income			3,830	3,802	28	0.7%
Retained Earnings			3,830	3,802		

FFO (Net Income＋Depreciation)	5,488	5,301	187	3.5%

Dividends per Unit	14,711	14,602		

* Newly acquired properties are the Yoyogi 1-Chome Building, Ikebukuro YS Building, Shinwa Building and Ebisu Neonato (additional shares).

Balance Sheet for the 6th Period

In millions of yen

Item	6th Fiscal Year-end (Sep 30, 04)	5th Fiscal Year-end (Mar 31, 04)	Change	Reason for Change
Current Assets				
Cash and entrusted cash	16,847	24,779	△ 7,932	
Other current assets	352	666	△ 314	
Total current assets	17,199	25,445	△ 8,246	
Fixed Assets				
Property and equipment				
Buildings	77,095	68,700	8,395	Increased due to property acquisitions (Yoyogi 1-Chome Building, Ikebukuro YS Building, Shinwa Building, etc. and capital expenditure
Structures	478	394	84	
Machinery and equipment	1,417	1,270	147	
Land	167,381	153,254	14,127	
Accumulated depreciation	△ 8,149	△ 6,496	△ 1,653	
Total Property and equipment	238,222	217,122	21,100	
Intangible Assets				
Leasehold rights	1,912	1,912	0	
Total Intangible Assets	1,912	1,912	0	
Investments and Others				
Long-term prepaid expenses, etc.	38	46	△ 8	
Total Investments and Others	38	46	△ 8	
Total Fixed Assets	240,173	219,078	21,095	
Total Assets	257,372	244,523	12,849	

In millions of yen

Item	6th Fiscal Year-end (Sep 30, 04)	5th Fiscal Year-end (Mar 31, 04)	Change	Reasons for Change
Liabilities				
Current Liabilities				
Short-term borrowing	10,000	9,000	1,000	Increased due to borrowings through commitment line, etc.
Rent received in advance	2,196	1,582	614	
Other current liabilities	1,232	1,777	△ 545	
Total Current Liabilites	13,428	12,359	1,069	
Long-term Liabilities				
Investment Corporation Bonds	45,000	45,000	–	
Long-term borrowing	44,000	33,000	11,000	Increased due to borrowings from Mitsui Life Insurance Co., Ltd, etc.
Deposits from tenants	16,783	16,914	△ 131	
Other Long-term Liabilities	882	–	882	Increased due to long-term rent received in advance for Yoyogi 1-Chome Building
Total Long-term liabilities	106,665	94,914	11,751	
Total Liabilities	120,093	107,273	12,820	
Unitholder Equity				
Unitholder capital	133,448	133,448	–	
Retained earnings	3,831	3,802	29	
Total Unitholder Equity	137,279	137,250	29	
Total Liabilities and Unitholder Equity	257,372	244,523	12,849	

Portfolio Summary

In millions of yen

Area		Name	6th Period Appraisal Value (Sep 30, 04)	5th Period Appraisal Value (Mar 31, 04)	6th Period Book Value (Sep 30, 04)	Acquisition Price	Year Built	Rentable Area(m^2) (Sep 30, 04)	Occupancy Rate (Sep 30, 04)
Tokyo Metropolitan Area	23 Wards	Genki Medical Plaza	5,700	5,510	5,249	5,000	1985	4,791	100.0%
		MD Kanda Building	8,130	8,110	9,425	9,520	1998	6,269	100.0%
		Kandabashi Park Building	4,840	4,940	4,773	4,810	1993	3,687	100.0%
		Mitsubishi Soken Building	30,400	30,400	27,058	27,267	1970	18,006	100.0%
		Yurakucho Denki Building	6,820	6,780	7,573	7,200	1975	4,694	100.0%
		Kodenmacho Shin-Nihonbashi Building	3,240	3,240	3,034	3,173	1991	3,897	100.0%
		Burex Kyobashi Building	5,290	5,110	5,326	5,250	2002	4,279	100.0%
		Aoyama Crystal Building	7,330	7,170	7,742	7,680	1982	4,916	100.0%
		Shiba 2-Chome Daimon Building	5,250	5,110	5,023	4,859	1984	9,643	100.0%
		Cosmo Kanasugibashi Building	2,920	2,840	2,714	2,808	1992	4,062	100.0%
		Takanawadai Building	2,530	2,830	2,639	2,738	1991	4,091	100.0%
		JAL Travel Building	1,420	1,390	1,303	1,362	1991	3,383	100.0%
		Omori-Eki Higashiguchi Building	5,180	5,180	4,841	5,123	1989	7,708	100.0%
		Nippon Brunswick Building	7,170	6,930	6,728	6,670	1974	7,347	99.3%
		da Vinci Harajuku	5,140	5,010	5,017	4,885	1987	3,051	100.0%
		Jingumae Media Square Building	12,670	12,410	12,301	12,200	1998	5,558	91.3%
		Shibuya Cross Tower	34,400	34,100	35,532	34,600	1976	29,775	99.9%
		Ebisu Neonato	3,851	3,760	4,107	3,740	1994	2,462	100.0%
		Otsuka Higashi-Ikebukuro Building	3,410	3,370	3,345	3,541	1987	7,114	91.0%
		Ikebukuro 2-Chome Building	1,420	1,490	1,685	1,728	1990	2,186	100.0%
	Excluding 23 Wards	Saitama Urawa Building	2,360	2,390	2,514	2,574	1990	4,510	92.1%
		Shin-Yokohama First Building	1,620	1,700	3,039	3,000	1992	6,925	75.4%
		Kawasaki Isago Building	3,140	3,110	3,146	3,375	1990	6,831	100.0%
Other Major Cities		Sendai Honcho Honma Building	2,930	2,970	2,769	2,924	1991	5,829	100.0%
		Niigata Ishizuecho Nishi-bandaibashi Building	755	771	1,013	1,010	1984	4,383	95.8%
		Kanazawa Park Building	5,390	5,460	4,669	4,580	1991	21,343	90.5%
		Kanazawa Minamicho Building	1,010	1,090	1,295	1,331	1987	3,782	84.0%
		Nagoya Hirokoji Building	14,600	14,600	14,194	14,533	1987	21,590	98.3%
		Nagoya Misono Building	1,840	1,840	1,818	1,865	1991	3,470	100.0%
		Kyoto Shijyo Kawaramachi Building	2,050	2,130	2,964	2,650	1982	6,800	88.8%
		Sakaisuji-honmachi Building*	4,170	4,560	4,199	4,164	1992	11,574	40.1%
		Midosuji Daiwa Building	13,500	13,500	14,022	14,314	1991	20,449	96.1%
		Kobe Itomachi Building	966	999	1,394	1,436	1989	3,478	96.2%
		NHK Hiroshima Broadcasting Center Building	1,350	1,350	1,348	1,320	1994	5,470	80.6%
		Tosei Tenjin Building	1,370	1,400	1,497	1,550	1992	4,080	92.0%
		Hinode Tenjin Building	3,470	3,600	3,500	3,657	1987	5,902	84.3%
Subtotal			217,632	217,150					
Properties acquired in the 6th Period		Yoyogi 1-Chome Building	8,710	-	8,817	8,700	2003	7,772	100.0%
		Ebisu Neonato (additional shares)	369	-	added to the existing shares	360	1994	added to the existing shares	
		Ikebukuro YS Building	4,450	-	4,566	4,500	1989	5,715	90.5%
		Shinwa Building	7,800	-	7,934	7,830	1989	6,265	88.0%
Total (39 properties)			**238,961**	**217,150**	**240,134**	**239,827**		**293,105**	**93.6%**

*The name of Fukusuke Sakaisuji-honmachi Building was changed to Sakaisuji-honmachi Building on July 1, 2004.

Area	Name	Appraisal Value (before acquisition)			Acquisition Price	Year Built	Rentable Area (m^2) (Acquisition Date)	Occupancy Rate (Acquisition Date)
Property to be acquired in the 7th Period	Higashi Gotanda 1-Chome Building*	5,200	-	-	5,500	2004	5,205	34.4%
Total		**5,200**			**5,500**		-	-

*The Higashi Gotanda 1-Chome Building was acquired on November 1, 2004.

*The occupancy rate of the building is expected to be 100 % on November 20, 2004.

*Appraisal Firms : Daiwa Real Estate Appraisal Co., Ltd. and Appraisal Firm A square Co., Ltd.