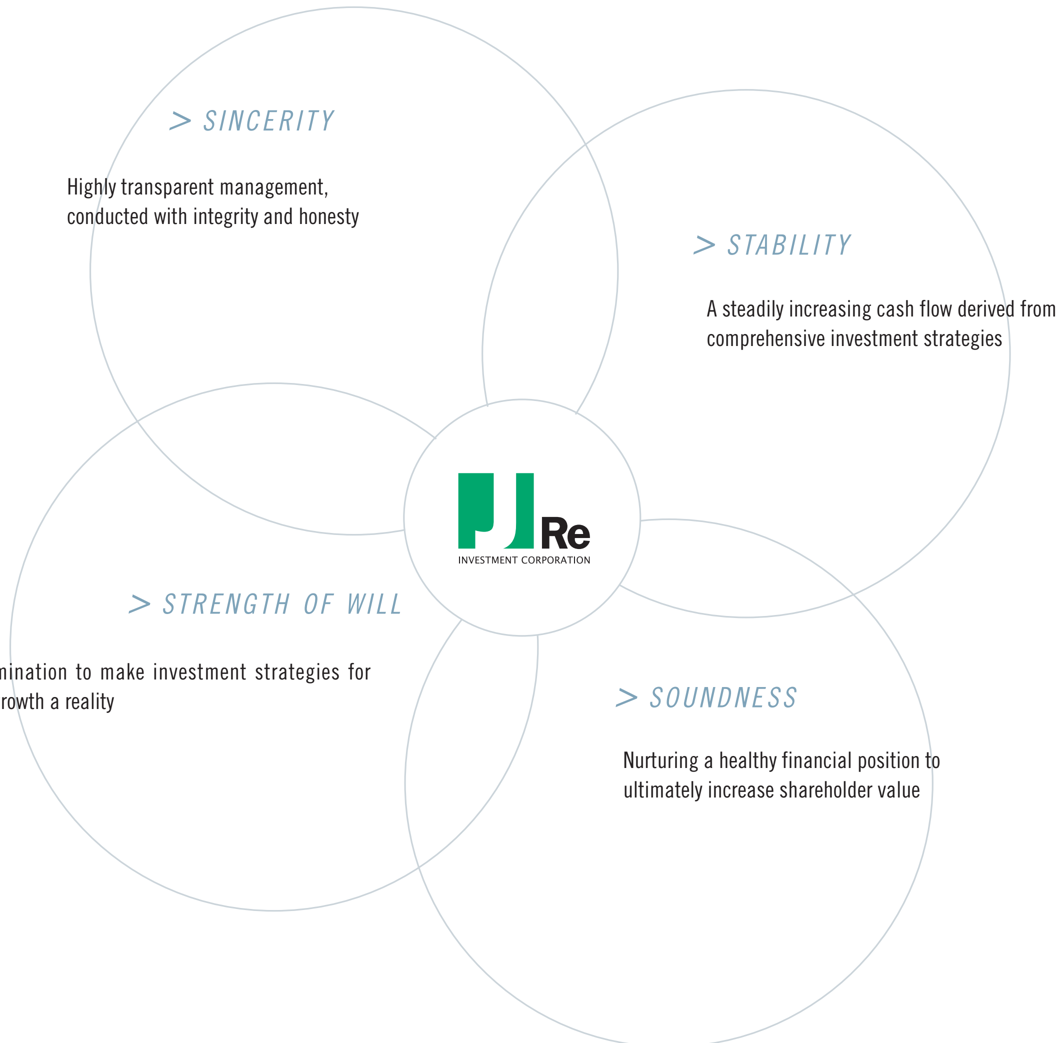
JAPAN REAL ESTATE INVESTMENT CORPORATION MARCH 2002 SEMIANNUAL REPORT

FOR THE PERIOD FROM MAY 11, 2001 TO MARCH 31, 2002

Growth is created by "the 4 S's"



We believe that our growth is created by "the 4 S's": sincerity, stability, soundness and strength of will. By consistently incorporating these concepts into management guidelines, we are confident that the success we are currently enjoying will be far-reaching, and will allow us to continue to fulfill our responsibility to our shareholders.

Factors for Japan Real Estate Investment Corporation's Success and Growth

- 24 high quality office buildings
- The combined expertise of:
  * Mitsubishi Estate Co., Ltd. (property management)
  * The Tokio Marine and Fire Insurance Co., Ltd. (risk management)
  * The Dai-ichi Mutual Life Insurance Company (long-term asset management)
  * Mitsui & Co., Ltd. (access to property market information)
    (Mitsui's participation commenced in June 2002)
- Superior geographic and tenant diversity
- Proven performance (both internal and external growth)
  * 94% occupancy rate
  * 6 new acquisitions worth ¥51.9 billion ($389 million) acquired since the IPO as external growth
- Issuer credit ratings of A+ from S&P and A2 from Moody's (the highest ratings for any office REIT in the world)
- A healthy financial strategy that supports strong growth through additional share issues and bonds

Contents

Profile

Japan Real Estate Investment Corporation (the "Company") was established as one of the first real estate investment corporations in Japan, following revisions to the Law Concerning Investment Trusts and Investment Corporations of Japan, as amended, or the Investment Trust Law. Its investments focus primarily on office buildings, aiming to maintain geographical diversity while seeking stable growth and dividends in the medium to long term. The Company was listed on the Tokyo Stock Exchange ("TSE") on September 10, 2001. (Securities Code: 8952)

Note: Investment corporations, including Japan Real Estate Investment Corporation, are special legal entities incorporated and operated under the Investment Trust Law . Accordingly, the "shares" of such investment corporations, including the shares of the Company, are governed by the Investment Trust Law and represent the equity interests in such investment corporations, which may differ in certain material respects from the "shares" governed by the Commercial Code of Japan and representing the equity interests in Japanese ordinary corporations incorporated and operated under the Commercial Code of Japan. Investors and readers are specifically reminded to pay attention to such differences when reviewing this semiannual report and making any investment decision on or in respect of the "shares" of the Company. "Shareholders" of the Company may be construed accordingly. See "About J-REIT System" (pages 50-52) for more details. Each of the investors and readers should consult their own legal, tax and other advisors regarding all Japanese legal, tax and other consequences of an investment in the shares of the Company, with specific reference to their own legal, tax and other situation and any recent changes in applicable laws, guidelines or their interpretation.

Financial Highlights

For the Period from May 11, 2001 to March 31, 2002

	Millions of yen *2002*	Thousands of U.S. dollars (Note 1) *2002*
Operating Revenues	6,492	48,724
Operating Profits	2,961	22,227
Income before Income taxes	2,405	18,049
Net Income	2,403	18,036
Net Operating Income (NOI) (Note 2)	4,732	35,519
Funds From Operations (FFO) (Note 3)	3,505	26,304
FFO Multiple (Note 4)	13.5 times	13.5 times
Cash Distribution	2,403	18,036
Number of Shares	160,400	160,400
Dividend per Share (yen/U.S. dollars)	14,983	112.44

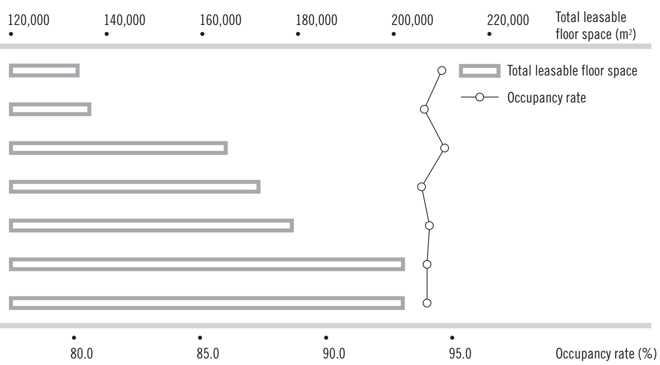
Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25 = US$1.00, the foreign exchange rate on March 31, 2002, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.
2. NOI = (Property-Related Revenues – Property-Related Expenses) + Depreciation
3. FFO = Net Income – gains (losses) from sales of specified assets + Depreciation and Amortization
4. FFO Multiple = Share Price at end of March (¥530,000) ÷ FFO per share (annualized)
(Investment activity for the period under review officially began on September 10, 2001. Annualized portion of the calculation given in note 4 assumes a fiscal period of 203 days.)

This semiannual report includes translations of documents originally filed under the Securities and Exchange Law of Japan. This report was prepared in English solely for the convenience of readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this report.
Estimates for Japan Real Estate Investment Corporation's future operating results contained in this semiannual report are forward-looking statements and are based on information currently available to the Company and its asset management company and are subject to risks and uncertainties. Consequently, these projections should not be relied upon as the sole basis for evaluating Japan Real Estate Investment Corporation. Actual results may differ substantially from the projections depending on a number of factors.

Portfolio Highlights

Trends in the state of portfolio management

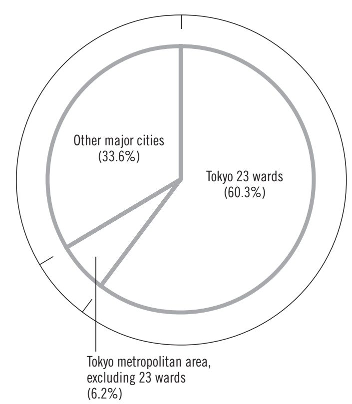
	Number of buildings	Total number of tenants (Note)	Total leasable floor space	Occupancy rate
September 2001	20	198	133,927m²	94.6%
October 2001	20	197	136,381m²	93.9%
November 2001	21	248	164,883m²	94.7%
December 2001	22	266	171,734m²	93.8%
January 2002	23	269	178,698m²	94.1%
February 2002	24	325	201,934m²	94.0%
March 2002	24	328	201,884m²	94.0%



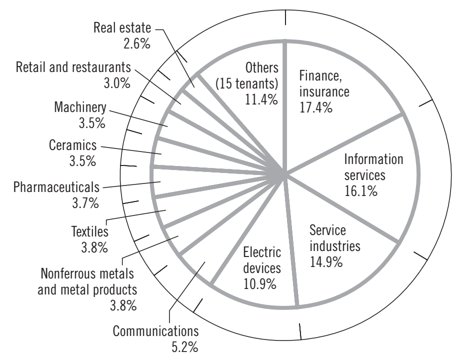
Note: In the event that the same tenant occupies several buildings, the tenant is calculated as one tenant in the total number of tenants.

Portfolio breakdown

Properties by geographic region
(Percentage based on acquisition price)

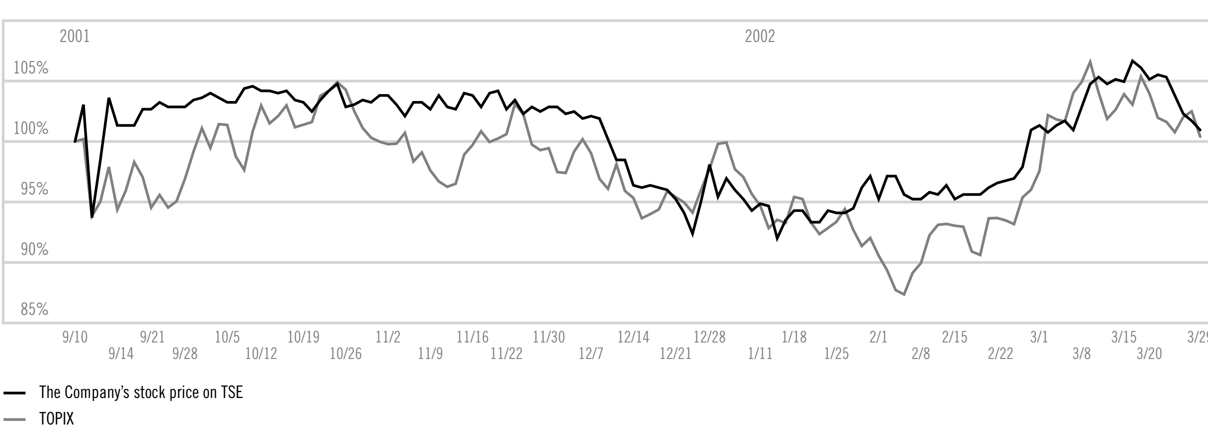


Tenants by industry type (Note)
(Top 69 tenants, based on leased floor space)



Note: This covers the top 69-ranking tenants with leased floor space of 600m² (6,458ft²) or more. The leased floor area of the top 69-ranking tenants accounts for approximately 72% of total leased floor space in our portfolio.

Stock Price Performance



To Our Shareholders

WE BELIEVE THAT THE KEY TO SUCCESSFUL REAL ESTATE INVESTING CAN BE FOUND IN "THE 4 S'S": SINCERITY, STABILITY, SOUNDNESS AND STRENGTH OF WILL.

In our first semiannual report, we are very pleased to present the results of our first fiscal period, commenced on May 11, 2001 and ended March 31, 2002, as well as our prospects for continued growth. With the support we have received from our shareholders, we are well on the road to greater success. We believe that the keys to successful real estate investing are "the 4 S's": sincerity, stability, soundness and strength of will. By consistently incorporating these ideals into our management guidelines, we are confident that the success we are currently enjoying will be far-reaching, and will allow us to continue to fulfill our responsibility to our shareholders.

1 Incorporation

Japan Real Estate Investment Corporation (the "Company") was incorporated on May 11, 2001 as a real estate investment corporation by Japan Real Estate Asset Management Co., Ltd. ("J-Rea") following revisions to the Law Concerning Investment Trusts and Investment Corporations of Japan, as amended, which came into effect as of November 30, 2000. The initial paid-in capital was ¥200 million ($1,501 thousand). The Company was listed on the Tokyo Stock Exchange ("TSE") on September 10, 2001, becoming one of the first listed real estate investment corporations in Japan. Through our initial public offering of 160,000 shares, we raised equity capital of ¥81 billion ($608 million), and obtained a further ¥24 billion ($180 million) in loans to begin investing.

Putting Out to Sea in a Storm

One day after the listing of the Company, the world was shaken by the tragic events of September 11, 2001. The collapse of the World Trade Center had a serious effect on the U.S. economy and cast a shadow over the Japanese economy as well.

With the negative effects of these events, we experienced a sharp decline in the price of our shares, from ¥525,000 ($3,940) per share in the initial public offering. However, our share price rebounded and remained steady, and our quick recovery helped us gain the confidence of the market with our attractive portfolio, even in a harsh market environment. The price of our shares as of March 31, 2002 was ¥530,000 ($3,977).

> *Executive Director of Japan Real Estate Investment Corporation*
Yoneichiro Baba (Left)

> *CEO & President of Japan Real Estate Asset Management Co., Ltd.*
Ryoichi Kakehashi (Right)

3

Portfolio Growth

THE COMPANY'S PROPERTIES ARE WELL-DIVERSIFIED IN TERMS OF BOTH GEOGRAPHIC LOCATION AND TENANTS.

Properties planned for acquisition

The 20 building properties we originally had planned for acquisition were acquired for a total of ¥92,845 million ($696,773 thousand), mainly from Mitsubishi Estate Co., Ltd., The Tokio Marine and Fire Insurance Co., Ltd. and The Dai-ichi Mutual Life Insurance Company, all of which are shareholders of J-Rea, the Company's asset management company. These properties are well-diversified in terms of both geographic location and tenants.

Several of these buildings were not acquired entirely by the Company, but represented co-ownership or compartmentalized ownership. However, we have since acquired the remaining ownership stakes in some of these buildings in order to gain full control of their property management. By acquiring full possession of these buildings, the Company effectively increased their value.


Additionally acquired properties

Signs of a prolonged recession in the Japanese economy as a whole have grown more evident from the impact of the U.S. economy's plunge into a temporary recession following the events of September 11, 2001. Domestic companies have consequently stepped up efforts to slim down their asset bases through the liquidation of office buildings.

The Company has responded to these substantial property sales in the Japanese real estate market. We acquired Shibuya Cross Tower for ¥34,600 million ($259,662 thousand) on November 30, 2001, and three other buildings for a total of ¥8,530 million ($64,015 thousand) by the end of February 2002.

These investing activities brought the Company's property holdings as of March 31, 2002, to 24 office buildings at a total acquisition cost of ¥144,697 million ($1,085,906 thousand), providing total leasable floor space of 201,884m^2 (2,173,059 ft^2) for 328 tenants. The combination of high-quality buildings and meticulous property management created a strategic advantage that enabled us to maintain an occupancy rate of 94.0% as of March 31, 2002.

4

Increasing Capital Resources

THE COMPANY ACQUIRED THE ISSUER CREDIT RATINGS OF A+ FOR LONG TERM, A-1 FOR SHORT TERM AND AN OUTLOOK OF "STABLE" FROM STANDARD & POOR'S AND AN A2 RATING AND OUTLOOK OF "STABLE" FROM MOODY'S INVESTORS SERVICE.

While a portion of the above acquisitions was financed by borrowings, the Company negotiated with several qualified institutional investors (as defined in the Securities and Exchange Law of Japan) before entering into a financing arrangement to ensure that financing costs were minimized. As of March 31, 2002, our balance of borrowings was ¥64.0 billion ($480 million), ¥24.0 billion ($180 million) of which was in long-term loans.

The Company acquired the issuer credit ratings of A+ for long term, and A-1 for short term with an outlook of "stable" from Standard & Poor's on February 14, 2002, as well as an A2 rating with an outlook of "stable" from Moody's Investors Service on March 15, 2002, allowing us to obtain an array of financing sources.

On March 29, 2002 the Company commenced the public offering of an additional 65,000 shares to obtain financing for the payment of a portion of short-term loans and acquisition of new properties. This public offering, closed on May 8, 2002, provided us with an additional ¥30.8 billion ($231 million) in capital.

5

Performance Review

The performance of our real estate investments produced operating revenues of ¥6,492 million ($48,724 thousand) and operating profits of ¥2,961 million ($22,227 thousand) in the fiscal period ended March 31, 2002. Excluding interest expenses and public offering expenses, income before income taxes was ¥2,405 million ($18,049 thousand) and net income was ¥2,403 million ($18,036 thousand). The Company plans to distribute continuously dividends of approximately 100% of taxable income at the end of each fiscal period, in order to enjoy the tax benefit available under Article 67-15 of the Special Taxation Measures Law of Japan applicable to Japanese real estate investment trusts/corporations, or J-REITs. Under this taxation, as long as J-REITs pay dividends of more than 90% of their taxable income, all dividends are treated as expenses, making J-REITs exempt from corporate taxes. The first distribution of the Company was ¥14,983 ($112.44) per share.

Going Forward

THE COMPANY IS WELL POSITIONED TO AVOID THE YEAR 2003 PROBLEM OF OVERSUPPLY IN THE TOKYO REAL ESTATE MARKET.

Property acquisition

The outlook for the real estate market in Japan is one of volatility and opportunity. There are few signs of recovery in the Japanese economy, and continued falling demand for office space and integration of offices remain a concern. In addition, there is the so-called year 2003 problem in the Tokyo real estate market, meaning the year in which the largest addition of office floor space in a single fiscal year will come onto the market.

The region most affected by the year 2003 problem will be Tokyo's central business district. As tenants become more selective in a market trend towards polarization, high quality office buildings will see a rise in occupancy rates, while the rate in other buildings will fall. Along with this realignment, many buildings will come onto the market for liquidation as companies holding such properties seek to dispose of real estate assets, providing the Company with even more opportunity than before to grow its portfolio.

In anticipation of this opportunity, we are implementing the following policies to achieve stable earnings:

* For more information on the real estate market in Japan, see pages 48-49.

1. Reinforcing information channels for potential property acquisition and developing new channels in order to obtain timely information on liquidation of properties by potential sellers.

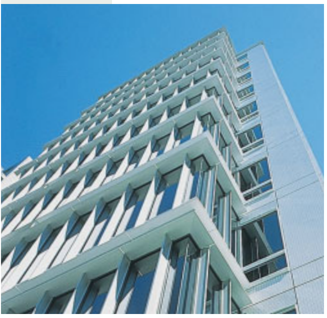
2. In the selection of properties for acquisition, conducting comprehensive due diligence from an economic, physical, and legal standpoint and other related issues. In particular, the Company will pay special attention to properties that meet or exceed revised earthquake resistance standards provided for under the Building Standard Law, as amended in 1981, and will be able to remain competitive in terms of portfolio quality over the medium to long term.

3. The ideal geographic diversity of properties, in accordance with our principles for acquisition, is for 60% to 70% of properties held to be located in the Tokyo metropolitan area, Kanagawa Prefecture, Chiba Prefecture, and Saitama Prefecture (hereinafter collectively referred to as the greater Tokyo metropolitan area), and 30% to 40% to be located in other regions in Japan. However, it is possible that the Company will temporarily deviate from this percentage of diversification in response to changes in the demand for office properties, and will increase its holdings in the greater Tokyo metropolitan area.

Safeguards in a challenging environment

Of our 24 buildings, only one, the Mitsubishi Soken Building in Chiyoda ward, will face the competitive situation created by the year 2003 problem. The current tenant of the building, however, Mitsubishi Research Institute, Inc., has a long-term lease with commitment of ten years, from which we may expect a stable cash flow. We understand that the effects of the competition to the Company will be relatively small.

Regarding the raising of capital for acquisition, as it is difficult to forecast the timing of property acquisition, the Company will, in principle, take short-term loans at the time of acquisition, and carefully watching the capital markets select from a variety of measures to finance.




Property administration

The Company believes that the efficient administration of properties potentially provides it with another opportunity for growth despite the sluggish market. Since the office market is expected to be weak, we anticipate that revenue increases in the property leasing business will be limited. It is also likely that the occupancy rate at some of the properties will decline. Efficient property management will help maintain revenue, and accordingly, we have adopted the following principles for property administration:

1. Ensure satisfaction of existing tenants

As of March 31, 2002, the Company contracts with six property management companies for property administration. Most of these companies were already involved in administration of their respective buildings before they were acquired by the Company, and have established a relationship with the tenants. Further enhancing this relationship will allow us to increase tenant satisfaction and continue to attract favorable tenants.

2. Timely filling of vacancies

In order to fill vacancies in its properties, the Company will cooperate with the property management companies for its office buildings to select the candidates appropriate to the location and characteristics of its buildings, and proactively seek to contract with these candidates as tenants. We will also work to stimulate demand among existing tenants for increases in office space.

3. Promote fixed and long-term lease contracts

The Company will gradually shift a certain portion of its leasing contracts toward fixed and/or long-term leases, in order to secure stable revenue in the future.

4. Reduce administrative costs

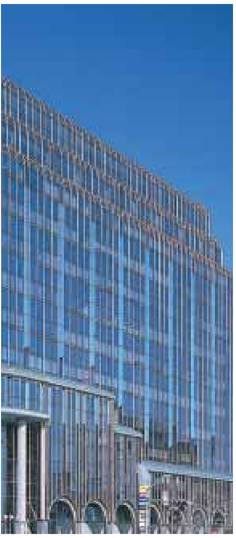
The Company will promote healthy competition among its six property managers to revise their costs, maintenance and administrative structures, thereby reducing the amount of the property management fees and utility expenses for the properties held at March 31, 2002 by 5% within three years from acquisition of the property.


Outlook for the Coming Fiscal Periods

DESPITE THE SLUGGISH REAL ESTATE MARKET IN JAPAN, WE EXPECT NET INCOME TO RISE TO ¥2,800 MILLION IN OUR NEXT FISCAL PERIOD.

For its second fiscal period (from April 1, 2002 to September 30, 2002), the Company on May 27, 2002 announced its forecasts for operating revenues of ¥7,700 million ($57,786 thousand), income before income taxes of ¥2,800 million ($21,013 thousand), net income of ¥2,800 million ($21,013 thousand) and dividends of ¥12,400 ($93) per share. For its third fiscal period (from October 1, 2002 to March 31, 2003), we, on the same day, forecast operating revenues of ¥7,800 million ($58,537 thousand), income before income taxes of ¥3,000 million ($22,514 thousand), net income of ¥3,000 million ($22,514 thousand), and dividends of ¥13,600 ($102) per share.

Due to sluggishness in the Japanese economy and the looming year 2003 problem in the Tokyo real estate market, the period ended March 31, 2002 was challenging. However, because of our strong portfolio, capable management and well-trained, diligent professionals we were able to overcome such adverse circumstances and are proud of the financial results for our first fiscal period. Bearing in mind the inherent growth potential of J-REITs as a whole, the Company is dedicating all its resources toward future growth, aiming to achieve a portfolio worth ¥300 billion ($2,251 million) by 2006 while maintaining stable dividend growth. By adhering to the “the 4 S’s” we believe we can accomplish our goals. We offer our most sincere appreciation to our shareholders for continuing to share and support our vision.



Yoneichiro Baba
Executive Director of Japan Real Estate Investment Corporation

Ryoichi Kakehashi
CEO & President of Japan Real Estate Asset Management Co., Ltd.

The Portfolio of Japan Real Estate Investment Corporation

As of March 31, 2002

PROPERTIES ROSTER

Number	Building name	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)
Tokyo 23 wards					
I- 1	Mitsubishi Soken Building	Otemachi, Chiyoda-ku	Trust	9/25/2001	27,267 (18.8%)
I- 2	Kodenmacho Shin-Nihonbashi Building	Nihonbashi, Chuo-ku	Trust	9/25/2001	3,173 (2.2%)
I- 3	Shiba 2chome Daimon Building	Shiba, Minato-ku	Trust	9/10/2001	4,859 (3.4%)
I- 4	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	9/25/2001	2,808 (1.9%)
I- 5	Takanawadai Building	Higashi Gotanda, Shinagawa-ku	Trust	9/25/2001	2,738 (1.9%)
I- 6	JTS Building	Shimo Meguro, Meguro-ku	Trust	9/10/2001	1,362 (0.9%)
I- 7	Omori-Eki Higashiguchi Building	Omori Kita, Ota-ku	Trust	9/10/2001	5,123 (3.5%)
I- 8	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	9/25/2001	3,541 (2.4%)
I- 9	Ikebukuro 2chome Building	Ikebukuro, Toshima-ku	Trust	9/25/2001	1,728 (1.2%)
I-10	Shibuya Cross Tower	Shibuya, Shibuya-ku	Ownership	11/30/2001	34,600 (23.9%)
Tokyo Metropolitan area (excluding 23 wards)					
II- 1	Urawa Dai-Ichi -Seimei Dowa Kasai Building	Saitama, Saitama Prefecture	Ownership	9/25/2001	1,232
				10/11/2001	1,342
				total	2,574 (1.8%)
II- 2	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	9/25/2001	3,375 (2.3%)
II- 3	Ericsson Shin-Yokohama Building	Yokohama, Kanagawa Prefecture	Ownership	1/28/2002	3,000 (2.1%)
Other major cities					
III-1	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	9/25/2001	2,924 (2.0%)
III-2	Niigata Ishizuecho Nishi-Bandaibashi Building	Niigata, Niigata Prefecture	Trust	9/25/2001	1,010 (0.7%)
III-3	Kanazawa Minamicho Building	Kanazawa, Ishikawa Prefecture	Trust	9/25/2001	1,331 (0.9%)
III-4	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Ownership	9/10/2001	14,533 (10.0%)
III-5	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	9/25/2001	6,934
				2/28/2002	7,380
				total	14,314 (9.9%)
III-6	Fukusuke Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Trust	9/25/2001	2,264 (1.6%)
III-7	Kobe Itomachi Building	Kobe, Hyogo Prefecture	Trust	9/25/2001	1,436 (1.0%)
III-8	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	9/10/2001	3,657 (2.5%)
III-9	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Ownership	9/25/2001	1,550 (1.1%)
III-10	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Ownership	12/20/2001	2,650 (1.8%)
III-11	Kanazawa Park Building	Kanazawa, Kanazawa Prefecture	Ownership	2/28/2002	2,880 (2.0%)
				Total	**144,697 (100%)**

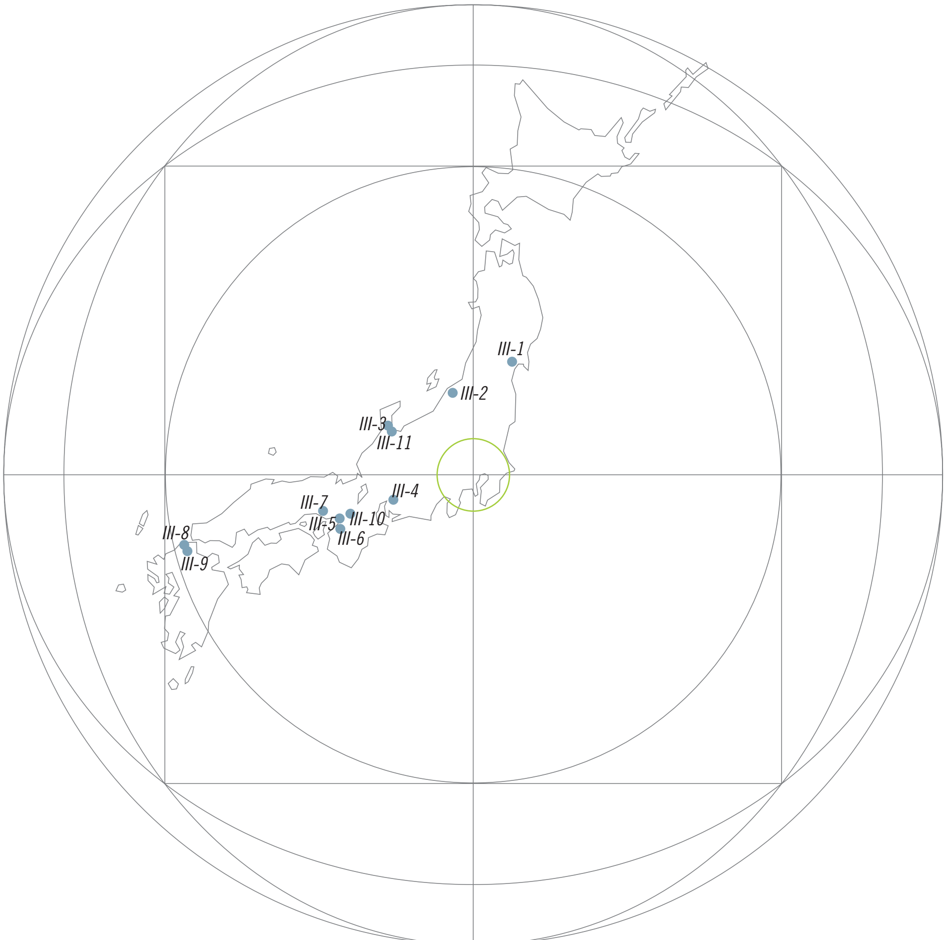
MAJOR TENANTS ROSTER

Rank	Name of tenant	Name of building	Leased area	Percent of total rentable area
1	Mitsubishi Research Institute, Inc. (Note)	Mitsubishi Soken Building	14,529m^2 (156,389ft^2)	7.7%
2	The Dai-ichi Mutual Life Insurance Company	Midosuji Daiwa Building (also includes another 8 buildings)	13,591m^2 (146,292ft^2)	7.2%
3	Nippon Ericsson K.K.	Ericsson Shin-Yokohama Building	5,794m^2 (62,366ft^2)	3.1%
4	TOTO Ltd.	Nagoya Hirokoji Building, Midosuji Daiwa Building	4,840m^2 (52,097ft^2)	2.6%
5	Janssen Pharmaceutical K.K.	Takanawadai Building, Tosei Tenjin Building	4,318m^2 (46,479ft^2)	2.3%

Note: Lease with this tenant is a fixed-term lease for the period from February 1, 2001 to March 31, 2011. This tenant has agreed not to terminate the contract during the lease period.

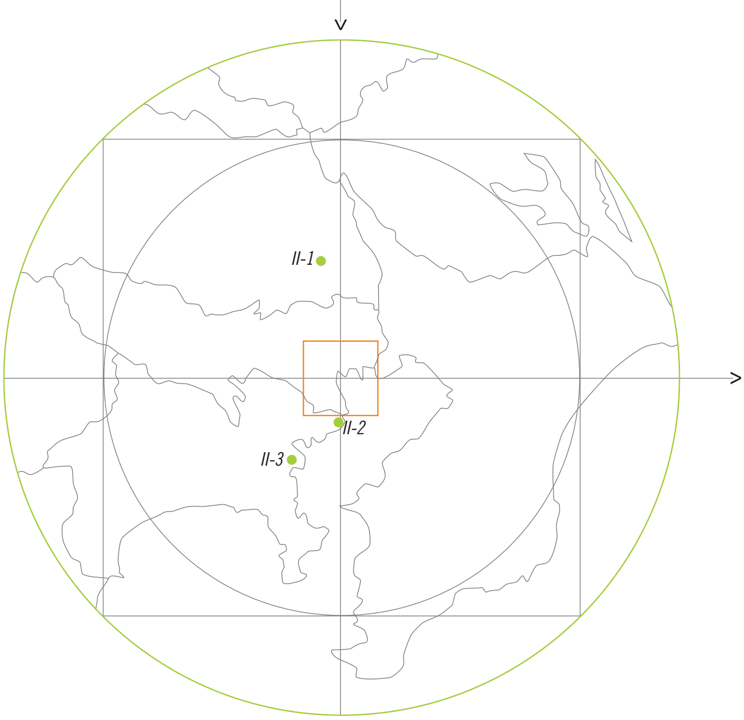
Percentage of ownership of the building (%)	Completion	Appraisal (¥ millions)	Total leasable floor space	Leased area	Total number of tenants	Revenue from leasing operations (¥ millions)
100	1970	27,800	18,006m² (193,815ft²)	17,537m²(188,767ft²)	4	1,026 (15.8%)
100	1991	3,160	3,897m² (41,947ft²)	3,401m²(36,608ft²)	5	159 (2.4%)
100	1984	4,730	9,622m² (103,570ft²)	8,592m²(92,483ft²)	20	358 (5.5%)
100	1992	2,790	4,062m² (43,723ft²)	3,560m²(38,319ft²)	8	142 (2.2%)
100	1991	2,840	4,091m² (44,035ft²)	4,091m²(44,035ft²)	1	154 (2.4%)
100	1991	1,320	3,383m² (36,414ft²)	3,383m²(36,414ft²)	1	106 (1.6%)
100	1989	4,900	7,708m² (82,968ft²)	7,376m²(79,395ft²)	19	317 (4.9%)
100	1987	3,550	7,114m² (76,574ft²)	7,016m²(75,520ft²)	9	204 (3.2%)
100	1990	1,600	2,475m² (26,641ft²)	1,465m²(15,769ft²)	3	73 (1.1%)
100	1976	34,500	28,501m² (306,782ft²)	27,293m²(293,779ft²)	52	1,080 (16.6%)
100	1990	2,700	4,510m² (48,545ft²)	4,284m²(46,113ft²)	13	149 (2.3%)
100	1990	3,320	6,831m² (73,528ft²)	5,876m²(63,249ft²)	7	187 (2.9%)
100	1992	3,010	6,964m² (74,960ft²)	6,964m²(74,960ft²)	2	64 (1.0%)
93.39	1991	2,870	5,829m² (62,743ft²)	5,829m²(62,743ft²)	12	176 (2.7%)
100	1984	970	4,383m² (47,178ft²)	3,670m²(39,504ft²)	8	84 (1.3%)
100	1987	1,290	3,773m² (40,612ft²)	3,283m²(35,338ft²)	12	95 (1.5%)
100	1987	14,700	21,605m² (232,554ft²)	21,300m²(229,271ft²)	31	884 (13.6%)
100	1991	14,300	20,449m² (220,111ft²)	20,449m²(220,111ft²)	20	497 (7.7%)
46.17	1992	2,230	5,337m² (57,447ft²)	4,886m²(52,592ft²)	7	165 (2.5%)
100	1989	1,400	3,478m² (37,437ft²)	3,212m²(34,574ft²)	12	95 (1.5%)
76.18	1987	3,680	5,944m² (63,981ft²)	5,944m²(63,981ft²)	9	228 (3.5%)
100	1992	1,530	4,080m² (43,917ft²)	3,280m²(35,306ft²)	17	98 (1.5%)
100	1982	2,660	6,800m² (73,195ft²)	5,185m²(55,811ft²)	21	86 (1.3%)
55.13	1991	3,090	13,030m² (140,254ft²)	11,928m²(128,392ft²)	60	54 (0.8%)
—	—	**144,940**	**201,884m² (2,173,059ft²)**	**189,815m² (2,043,150ft²)**	**328**	**6,492 (100%)**

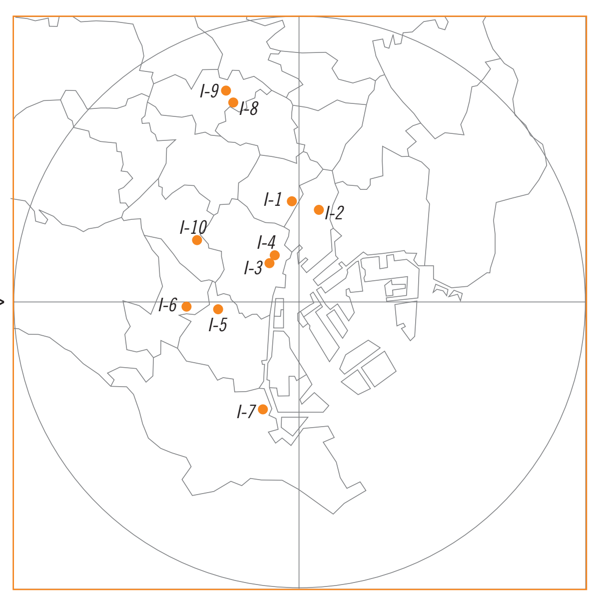
LOCATIONS OF PORTFOLIO PROPERTIES



III 1 – III 11 : Other major cities

I 1 – I 10 : Tokyo 23 wards





II 1 – II 3 : Tokyo Metropolitan area (excluding 23 wards)

Overview of Portfolio Properties

PROPERTY ACQUISITION

Properties acquired during period ended March 31, 2002

I-1

Mitsubishi Soken Building

Location :	3-6, Otemachi 2-chome, Chiyoda-ku, Tokyo
Site area :	3,441.35m^2 (37,042.35ft^2)
Floor area of building :	26,372.92m^2 (283,875.47ft^2)
Structure :	Above ground: 15 floors
	Below ground: 2 floors
Completion :	July 1970

I-2

Kodenmacho Shin-Nihonbashi Building

Location :	4-9, Kodenmacho, Nihonbashi, Chuo-ku, Tokyo
Site area :	773.28m^2 (8,323.51ft^2)
Floor area of building :	5,822.88m^2 (62,676.90ft^2)
Structure :	Above ground: 9 floors
	Below ground: 1 floor
Completion :	November 1991

I-3

Shiba 2chome Daimon Building

Location :	3-3, Shiba 2-chome, Minato-ku, Tokyo
Site area :	2,820.90m^2 (30,363.89ft^2)
Floor area of building :	16,235.10m^2 (174,752.99ft^2)
Structure :	Above ground: 8 floors
	Below ground: 2 floors
Completion :	March 1984

I-4

Cosmo Kanasugibashi Building

Location :	10-11, Shiba 1-chome, Minato-ku, Tokyo
Site area :	758.54m^2 (8,164.85ft^2)
Floor area of building :	5,420.93m^2 (58,350.35ft^2)
Structure :	Above ground: 9 floors
	Below ground: 1 floor
Completion :	March 1992

● I-5

Takanawadai Building

Location :	1-5, Higashi Gotanda 3-chome, Shinagawa-ku, Tokyo
Site area :	1,416.17m^2 (15,243.51ft^2)
Floor area of building :	5,762.70m^2 (62,029.13ft^2)
Structure :	Above ground: 13 floors
Completion :	January 1991

● I-6

JTS Building

Location :	7-10, Shimo Meguro 3-chome, Meguro-ku, Tokyo
Site area :	1,401.52m^2 (15,085.82ft^2)
Floor area of building :	5,269.58m^2 (56,721.23ft^2)
Structure :	Above ground: 6 floors
	Below ground: 1 floor
Completion :	September 1991

● I-7

Omori-Eki Higashiguchi Building

Location :	5-1, Omori Kita 1-chome, Ota-ku, Tokyo
Site area :	2,199.30m^2 (23,673.05ft^2)
Floor area of building :	14,095.34m^2 (151,720.83ft^2)
Structure :	Above ground: 11 floors
	Below ground: 2 floors
Completion :	July 1989

● I-8

Otsuka Higashi-Ikebukuro Building

Location :	32-22, Higashi-Ikebukuro 2-chome, Toshima-ku, Tokyo
Site area :	2,121.39m^2 (22,834.43ft^2)
Floor area of building :	9,531.28m^2 (102,593.74ft^2)
Structure :	Above ground: 8 floors
	Below ground: 1 floor
Completion :	November 1987

I-9

Ikebukuro 2chome Building

Location :	14-2, Ikebukuro 2-chome, Toshima-ku, Tokyo
Site area :	397.26m^2 (4,276.07ft^2)
Floor area of building :	3,157.51m^2 (33,987.12ft^2)
Structure :	Above ground: 9 floors Below ground: 1 floor
Completion :	May 1990

I-10

Shibuya Cross Tower

Location :	15-1, Shibuya 2-chome, Shibuya-ku, Tokyo
Site area :	5,153.45m^2 (55,471.22ft^2)
Floor area of building :	61,862.33m^2 (665,879.93ft^2)
Structure :	Above ground: 32 floors Below ground: 3 floors
Completion :	April 1976

II-1

Urawa Dai-Ichi-Seimei Dowa Kasai Building

Location :	2-3, Takasago 2-chome, Saitama, Saitama Prefecture
Site area :	1,533.06m^2 (16,501.70ft^2)
Floor area of building :	6,258.59m^2 (67,366.84ft^2)
Structure :	Above ground: 8 floors
Completion :	March 1990

II-2

Kawasaki Isago Building

Location :	2-4, Isago 1-chome, Kawasaki-ku, Kawasaki, Kanagawa Prefecture
Site area :	1,594.50m^2 (17,163.04ft^2)
Floor area of building :	9,623.83m^2 (103,589.94ft^2)
Structure :	Above ground: 12 floors Below ground: 1 floor
Completion :	December 1990

II-3

Ericsson Shin-Yokohama Building

Location :	2-1, Shin-Yokohama 1-chome, Kohoku-ku, Yokohama, Kanagawa Prefecture
Site area :	1,528.00m^2 (16,447.24ft^2)
Floor area of building :	10,403.41m^2 (111,981.26ft^2)
Structure :	Above ground: 10 floors Below ground: 2 floors
Completion :	April 1992

III-1

Sendai Honcho Honma Building

Location :	1-29, Honcho 2-chome, Aoba-ku, Sendai, Miyagi Prefecture
Site area :	1,437.47m^2 (15,472.78ft^2)
Floor area of building :	8,247.50m^2 (88,775.27ft^2)
Structure :	Above ground: 11 floors
Completion :	November 1991

III-2

Niigata Ishizuecho Nishi-Bandaibashi Building

Location :	1945-1, Ishizuecho Dori-ichinocho, Niigata, Niigata Prefecture
Site area :	957.90m^2 (10,310.74ft^2)
Floor area of building :	6,410.33m^2 (69,000.15ft^2)
Structure :	Above ground: 8 floors Below ground: 1 floor
Completion :	November 1984

III-3

Kanazawa Minamicho Building

Location :	3-10, Oyamamachi, Kanazawa, Ishikawa Prefecture
Site area :	887.17m^2 (9,549.41ft^2)
Floor area of building :	5,163.19m^2 (55,576.06ft^2)
Structure :	Above ground: 9 floors
Completion :	March 1987

III-4

Nagoya Hirokoji Building

Location :	3-1, Sakae 2-chome, Naka-ku, Nagoya, Aichi Prefecture
Site area :	4,095.81m^2 (44,086.89ft^2)
Floor area of building :	33,377.73m^2 (359,274.55ft^2)
Structure :	Above ground: 18 floors Below ground: 2 floors
Completion :	May 1987

III-5

Midosuji Daiwa Building

Location :	6-8, Kyutaromachi 3-chome, Chuo-ku, Osaka, Osaka Prefecture
Site area :	3,044.65m^2 (32,772.31ft^2)
Floor area of building :	31,213.27m^2 (335,976.52ft^2)
Structure :	Above ground: 15 floors Below ground: 2 floors
Completion :	September 1991

III-6

Fukusuke Sakaisujihonmachi Building

Location :	8-14, Minamihonmachi 1-chome, Chuo-ku, Osaka, Osaka Prefecture
Site area :	2,036.22m^2 (21,917.67ft^2)
Floor area of building :	17,145.59m^2 (184,553.42ft^2)
Structure :	Above ground: 13 floors Below ground: 2 floors
Completion :	October 1992

III-7

Kobe Itomachi Building

Location :	121, Itomachi, Chuo-ku, Kobe, Hyogo Prefecture
Site area :	808.55m^2 (8,703.15ft^2)
Floor area of building :	4,894.09m^2 (52,679.50ft^2)
Structure :	Above ground: 10 floors
Completion :	September 1989

● *III-8*

Hinode Tenjin Building

Location :	12-20, Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka Prefecture
Site area :	1,452.15m^2 (15,630.80ft^2)
Floor area of building :	12,527.07m^2 (134,840.13ft^2)
Structure :	Above ground: 10 floors Below ground: 2 floors
Completion :	August 1987

● *III-9*

Tosei Tenjin Building

Location :	9-25, Tenjin 3-chome, Chuo-ku, Fukuoka, Fukuoka Prefecture
Site area :	1,221.31m^2 (13,146.06ft^2)
Floor area of building :	5,588.57m^2 (60,154.81ft^2)
Structure :	Above ground: 8 floors
Completion :	March 1992

● *III-10*

Kyoto Shijo Kawaramachi Building

Location :	338, Tominaga-cho, Kawaramachidori Matsubara-agaru 2-chome, Shimogyo-ku, Kyoto, Kyoto Prefecture
Site area :	1,471.57m^2 (15,839.83ft^2)
Floor area of building :	9,701.04m^2 (104,421.02ft^2)
Structure :	Above ground: 9 floors Below ground: 1 floor
Completion :	November 1982

● *III-11*

Kanazawa Park Building

Location :	1-1, Hirooka 3-chome, Kanazawa, Ishikawa Prefecture
Site area :	6,642.71m^2 (71,501.47ft^2)
Floor area of building :	43,481.20m^2 (468,027.29ft^2)
Structure :	Above ground: 12 floors Below ground: 2 floors
Completion :	October 1991

NEW PROPERTY ACQUISITION

Properties acquired between April 1, 2002 and September 30, 2002

MD Kanda Building

Property Summary

Type of specified asset :	Ownership
Acquisition price :	¥9,520 million
Acquisition date :	May 31, 2002
Location :	9-1, Mitoshiro-cho, Kanda, Chiyoda-ku, Tokyo
Intended use :	Office space
Site area :	1,085.83m^2 (11,687.77ft^2)
Floor area of building :	8185.11m^2 (88,103.71ft^2)
Structure :	Above ground: 10 floors
Completion :	February 1998

Leasing Conditions

Number of tenants :	3
Rentable area :	6,334m^2 (68,178.54ft^2)
Leased area :	6,334m^2 (68,178.54ft^2)
Occupancy rate :	100%

Burex Kyobashi Building

Property Summary

Type of specified asset :	Ownership
Acquisition price :	¥5,250 million
Acquisition date :	July 22, 2002
Location :	7-11, Kyobashi 2-chome, Chuo-ku, Tokyo
Intended use :	Office space, Retail stores
Site area :	756.03m^2 (8,137.83ft^2)
Floor area of building :	5,649.21m^2 (60,807.53ft^2)
Structure :	Above ground: 8 floors Below ground: 1 floor
Completion :	February 2002

Leasing Conditions

Number of tenants :	1
Rentable area :	4,279m^2 (46,058.73ft^2)
Leased area :	4,279m^2 (46,058.73ft^2)
Occupancy rate :	100%

Kandabashi Park Building

Property Summary

Type of specified asset :	Ownership
Acquisition price :	¥4,810 million
Acquisition date :	August 15, 2002
Location :	19-1, Kandanishiki-cho 1-chome, Chiyoda-ku, Tokyo
Intended use :	Office space
Site area :	1,218.56m^2 (13,116.46ft^2)
Floor area of building :	9,370.25m^2 (100,860.43ft^2)
Structure :	Above ground: 10 floors Below ground: 1 floor
Completion :	July 1993

Leasing Conditions

Number of tenants :	7
Rentable area :	3,687m^2 (39,686.50ft^2)
Leased area :	3,687m^2 (39,686.50ft^2)
Occupancy rate :	100%

Notes: 1. Details on area, structure etc. listed above as recorded in the registry.
2. Leasing conditions are as of the time of acquisition.

The Company's Investment Policies

(1) INVESTMENT POLICIES

(i) Basic investment policies

The basic investment policies of the Company shall be as follows:

❶ Basic Policies (Article 23 of the Articles of Incorporation)

The Company shall invest primarily in specified assets (the "portfolio real estate assets"), consisting of certain real estate assets and real estate related securities (as defined below) with the goals of achieving stable growth in value over a medium- to long-term period. The terms "real estate assets" and "real estate related securities" shall mean the items listed below.

Ⅰ. Real estate assets:
1. Real estate
2. Leaseholds of real estate
3. Surface rights
4. Trust beneficiary rights in trust of real estate, leaseholds of land, and surface rights. These assets referred to herein include beneficiary certificates of comprehensive trusts over real estate and moneys incidental thereto, but do not include marketable securities as defined in Article 3, Item 1 of the Cabinet Order of Law on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended, the "Cabinet Order")
5. Trust beneficiary rights in monetary trusts that are invested in real estate, leaseholds of real estate, and surface rights (except for marketable securities)
6. Equity interests in anonymous partnership relating to a contract that (i) either party makes a contribution to the other party for purposes of management of the assets described in any of the items listed in 1 through 5 above, (ii) the other party manages the contribution as investments principally in any of such assets, and (iii) its profits are distributed (hereinafter referred to as "anonymous partnership equity interest")

Ⅱ. Marketable securities, value of which derives principally from real estate assets (the "real estate related securities") are as follows:
1. Preferred Securities (as defined in Article 2, Paragraph 8 of Asset Liquidation Law, Law No. 105 of 1998, as amended, the "Asset Liquidation Law") issued by a special purpose company under such Law whose objective is to invest more than half of its assets in real estate assets
2. Beneficiary certificates (as defined in Article 2, Paragraph 12 of the Investment Trust Law) issued by an investment trust whose objective is to invest more than half of its assets in real estate assets
3. Certificates for shares (as defined in Article 2, Paragraph 22 of the Investment Trust Law) issued by an investment corporation under such Law whose objective is to invest more than half of its assets in real estate assets
4. Beneficiary certificates of a special purpose trust (as defined in Article 2, Paragraph 12 under the Asset Liquidation Law) , whose objective is to invest more than half of its assets in real estate assets (except for the trust beneficiary rights referred to in 4. and 5. of I. above)

❷ Investment attitude (Article 24 of the Articles of Incorporation)

The following is the basic policy of investment attitude of the Company, especially its policy concerning the acquisition and holding of the Portfolio Real Estate as set forth in the Articles of Incorporation.

A. In accordance with Article 3 of the Ministerial Ordinance of Ministry of Finance (No. 44 of June 6, 2001), the Company shall make an investment so that at least 75% of its total assets is invested in real estate, leaseholds of real estate, surface rights, trust beneficiary rights (that entrust solely in real estate, leaseholds of land and surface rights), and anonymous partnership equity interests (that invest solely in real estate, leaseholds of real estate and surface rights).

B. It is the Company's asset investment policy to make an investment, so that the ratio (the "specified real estate ratio") of the aggregate value of the specified real estate to the aggregate value of the specified assets is at least 75%. The specified real estate shall mean, among the specified assets, the real estate, leaseholds of real estate, surface rights or the trust beneficiary rights of real estate, leaseholds of land

and surface rights.

C. It is the Company's asset investment policy that the ratio of the aggregate value of the real estate to that of the specified assets acquired during any fiscal period (commencing on April 1 of that year) must be at least one half of the specified real estate ratio.

D. The Company shall principally invest in office buildings which are located in Tokyo and other major metropolitan areas of Japan, including those as such designated by the relevant Cabinet Order.

E. The Company shall make investment decisions only after it conducts thorough and sufficient due diligence investigations of the relevant real estate assets and becomes fully aware of the investment value in light of the investment climate.

F. The Company shall invest principally in real estate and trust beneficiary rights in trust of real estate, but may invest in other real estate assets (meaning any asset listed in "I. Real estate assets" above, but excluding the real estate and the trust beneficiary rights in trust of the real estate) and real estate related securities in addition to those described above in light of investment climate at that time and/or the size of the assets.

❸ Leasing of corporate assets (Article 27 of the Articles of Incorporation)

The Company may enter into leasing contracts with third parties with regard to real estate assets being specified assets, for the purpose of generating earnings, and may cause the trustees to enter into leasing contracts with third parties with regard to the underlying real estate of the trust beneficiary rights.

❹ Loans and corporate bonds (Article 30 of the Articles of Incorporation)

A. In order to manage the portfolio of the Company in an efficient and stable manner, the Company may make borrowings or issue corporate bonds with a view to utilizing the proceeds thereof toward acquisitions of specified assets, capital improvements of the real estate for lease and the underlying real estate of the trust beneficiary rights and working capital.

B. The Company shall not make total borrowings, including loans and issuance of corporate bonds, in excess of an aggregate of ¥1 trillion.

C. The Company may borrow only from qualified institutional investors (the "qualified institutional investors") referred to in Article 2, Paragraph 3, Item 1 of the Securities and Exchange Law of Japan (Law No. 25 of 1948, as amended).

(ii) Guidelines for investment and management of portfolio real estate assets based on basic investment policies

The asset management company, J-Rea, has internally established the asset management guidelines (the "Asset Management Guidelines"), as the internal guidelines with regard to investment and management by the Company of its portfolio real estate assets, based on the basic investment policies outlined in section (i), ❶ though ❹ above and in accordance with the asset management agreement concluded between the Company and the asset management company dated May 18, 2001, as amended on August 3, 2001. Accordingly, the asset management company manages the portfolio real estate assets in compliance with such Asset Management Guidelines.

The Asset Management Guidelines have been formed, based on the current Japanese economic environment, real estate market conditions, financial environment, statistics of economy, property conditions and performance of the Company, all at the time of listing on the Tokyo Stock Exchange, or TSE, the medium- and long-term outlook for the real estate market, and experience and know-how accumulated by the asset management company and other various complex factors then available to the investment management company. As such, the asset management company intends to review the Asset Management Guidelines periodically to determine whether or not they appropriately fit with the external and internal environmental factors. If the asset management company determines that it is in the best interests of the Company and its investors to revise the Asset Management Guidelines to manage the portfolio, the Asset Management Guidelines may be revised periodically in line with the Articles of Incorporation and the asset management agreement.

The asset management company will pursue the achievement of internal growth as well as external growth in order to enhance its earnings and stability. Internal growth means that the Company will maximize the profitability of its own existing real estate and other assets. External growth means that the Company will acquire new portfolio real estate assets within such an appropriate price range as may be considered the best interests of the Company. The asset management company shall conduct the management by taking into account the stability of the cash flow and the expected return from a comprehensive perspective. The asset management company will, in managing the assets, consider various factors, including portfolio composition in terms of geographical diversification, use, size and age as well as the capitalization rate (meaning the return obtained by dividing the cash flow, excluding capital expenditures but after deduction of cost of repairs, by the property acquisition costs). The Company is continuously engaged in market research activities, for the purpose of the external growth, to seek an opportunity to acquire new portfolio real estate assets. Once the Company makes an acquisition decision, the Company shall promptly make a public announcement thereof.

❶ Guidelines for acquisition of portfolio real estate assets

To achieve the external growth, the guidelines concerning the acquisition of portfolio real estate assets are as follows:

A. Geographic portfolio composition

1. The basic geographical diversification is to make investment of approximately 60-70% of the funds in real estate located in the greater Tokyo metropolitan area and the approximately remaining 30-40% of the funds in cities in other parts of Japan.
2. It is, however, possible that the funds are invested in different investment allocation percentages as outlined above, if a relatively high rate of return is expected from such investment even though supply and demand are balanced and steady.
3. During the course of expansion of the asset base of the Company, the portfolio composition may tentatively deviate from the investment allocation percentages as outlined above.

B. Property type portfolio composition

In principle, the asset management company will recommend the Company to invest in portfolio real estate assets used for office buildings. While these assets may mainly be used for office buildings, they may also partially be used for commercial use or, depending on the relevant local municipal regulations, may be used for residential use. Accordingly, the Company may acquire the office buildings with certain portion thereof used for commercial facilities or residential areas.

C. Building size and age in portfolio composition

1. In principle, the asset management company will recommend the Company to invest in land and buildings thereon that have total floor space or size of 3,000 square meters or more per building.
2. In principle, the asset management company will recommend the Company to invest in buildings with the latest earthquake resistance capabilities in compliance with the earthquake resistance standards or buildings with the equivalent capabilities as stated above.
3. In addition to the criteria referred to in 1. and 2. above, the asset management company will recommend the Company to make an investment decision by taking into account such factors as location, building structures (including earthquake resistance standards), facilities (including ceiling height, floor wiring, space per floor, electrical supply, and so forth), and the complexity of ownership and other rights.

D. Due diligence conducted at the time of acquisition

1. Acquisition of the real property

   To thoroughly and accurately assess the quality of properties, the asset management company will conduct a comprehensive due diligence of the property from an economic, physical, and legal standpoint.

   The asset management company will make use of analytical assessment based on real estate appraisal reports, engineering reports, and seismic reports and real estate market reports issued by independent third party professionals who possess analytical capability and relevant experience.

   The asset management company will also make an on-site inspection of the property and hold interviews with persons in charge of property management of the building.

2. The following table shows the due diligence items based on the above.

Type of Research	Details of Research	Source Materials
Economic Analysis	-- Supply and demand conditions for office buildings in the location under consideration including a future outlook; analysis of market rental rates -- Frontage condition, access to major roads and public transportation -- Level of discount rate and capitalization rate -- Analysis of the current operating costs of the building and room for reduction -- Reflection of inspection of the physical conditions of building, legal due diligence, economic analysis of the current building operation -- Evaluation of dispositions	real estate appraisal reports, market reports, on-site inspection
Physical Inspection	-- Searching the boundary with neighboring properties and status of the over boundary -- The level of maintenance for the building and facilities and its state of deterioration -- Medium- and long-term estimated repairs and capital expenditure -- Building and facility specifications (room layout, ceiling height, heat, ventilation and air-conditioning (HVAC) systems, electrical supply, etc.) -- Earthquake resistance capability of the building -- Investigation for existence of toxic substances within the building or within the property site -- Whether or not there has been any actual damage to the building as a result of natural disasters, such as typhoons, earthquakes, etc.	documents from the seller, engineering reports, seismic report, on-site inspection
Legal Research	-- Research into ownership and other rights and mortgages -- Research into lease contracts -- Certification of the property boundary line, agreement regarding the boundary -- Research into the level of compliance with legal requirements for construction and management of the building --Research into management rules, agreements among the owners, and leasehold agreements in cases where the building and land are not owned by a single owner -- Research into existence and substance of any agreements with the owners in the neighborhood regarding the countermeasures against defective television radiation acceptance, etc.	documents from the seller, engineering reports, on-site inspection

Research on the State of Property Management	-- Investigation into the operations of the property management company and compliance with building management manual -- Research into whether or not there have been any suggestions and/or complaints made by tenants against the building management -- Tenant composition -- Research into the existence of any rules or stipulations governing building management in cases where the property is not owned by a single owner	documents from the seller, on-site inspection

E. Targeted Capitalization Rate

1. The asset management company will set a certain target for its capitalization rate and make acquisition of portfolio real estate assets by taking into account the capitalization rate set for the total portfolio.
2. The capitalization rate referred to above may be adjusted from time to time in accordance with changes in the Company's financing policy and/or changes in interest rates.

*The capitalization rate addressed in this section is based on the return calculated by dividing the cash flow (excluding capital expenditure and after deduction of the cost of repairs) by the property acquisition costs.

❷ Guidelines for management of portfolio real estate assets

A. Policy for maintenance and management

For purposes of internal growth, the asset management company will ensure to make ongoing and scheduled capital expenditures and management for the existing facilities and equipment of real estate owned by the Company with proper repairs and maintenance to enhance tenant satisfaction, the competitiveness of the property, and revenues (by increasing rental rates over time and the occupancy rate), and at the same time minimize the relevant expenses (by reducing outsourced maintenance costs and reduction of water, gas and electricity costs, and so forth). The asset management company will make effective use of the multiple property management companies in order to achieve these goals.

B. Insurance policy

In principle, the Company will carry comprehensive casualty and liability insurance covering all of the properties owned by the Company to protect either from damages to or reduction in revenue from the properties arising from natural causes or accidents or any possible financial losses arising from liability claims of third parties. In connection with procuring earthquake insurance, the Company will make a determination based on the amount of the probable maximum loss, or PML, on its properties.

*1. The Company will carry comprehensive casualty insurance to compensate for financial losses due to damages and accidents except for earthquakes, floods, tidal waves and wars. This type of insurance can also include a special provision that compensates for corporate profits.

*2. Liability insurance covers the Company from possible financial losses arising from legal claims with regard to physical harm or financial damage to third parties that results from possession, use, occupancy or management of the building.

❸ Guidelines for disposal of portfolio real estate assets

In principle, the Company seeks to hold investment over a reasonably long-time and has no particular intention to engage in short-term buying and selling of the properties. In determining the sale of a property, the Company makes a comprehensive analysis and determination by taking into consideration such factors as the outlook for future profitability of that property, the amount that the property has changed in value and the outlook for future additional change in value, the economic outlook and stability for the region in which the portfolio real estate assets are located, the deterioration of the real estate and other assets and the estimate of future expenses associated with its maintenance, and how well the particular property fits with the Company's total portfolio of properties.

(iii) Financing guidelines

Guidelines for financing are as follows:

❶ In order to manage the assets of the Company in an efficient and stable manner, the Company may make borrowings or issue corporate bonds for purposes of making acquisitions of specified assets, capital improvements for the existing portfolio real estate assets and working capital.

❷ The Company shall not make total borrowings, including loans and issuance of corporate bonds, in excess of an aggregate of ¥1 trillion.

❸ The Company shall borrow only from qualified institutional investors.

❹ In principle, the Company shall not borrow funds (including corporate bonds) in excess of 65% of the total value of its total assets (the "debt ratio"), and will seek to maintain an even lower debt ratio.

❺ The Company shall seek to borrow funds at the most favorable possible terms in consideration of the economic climate at the time of borrowing, with a view to reducing the future effects of refinancing and achieving the lowest possible financing costs . The Company will compare terms presented from several qualified institutional investors, such as ratio of fixed interest loan, borrowing periods, requirement of collateral for borrowing and so forth, to achieve the best possible terms. However, the financing costs may fluctuate due to changes in unforeseeable economic conditions in instances where penalties, which may arise from prepayment of borrowings, will be determined by the interest rate environment at that time.

❻ The Company may establish lines of credit facility in advance, including a maximum line of credit facilities and a commitment line or future loan agreements to finance timely in need of capital whenever it becomes necessary to acquire additional specified assets.

❼ The Company may use its properties as collateral for borrowing funds.

(2) INVESTMENT ASSETS

(i) Assets in which the Company may invest are as follows:

❶ Real estate assets and real estate related securities

❷ Other specified assets

1. The Company may invest in the following marketable securities:

a. Government bonds
b. Municipal government bonds
c. Bonds issued by special legal entities under special law
d. Corporate bonds (except for convertible bonds, bonds with warrants and bonds with stock acquisition rights)
e. Specified corporate bonds issued by special purpose companies, as set forth in Article 2, Paragraph 1, Item 3-2 of the Securities and Exchange Law
f. Commercial paper, as set forth in Article 2, Paragraph 1, Item 8 of the Securities and Exchange Law
g. Securities or certificates which fall within any of the types described in a. through f. above and which are issued by foreign governments or foreign legal entities
h. Beneficiary certificates except for those described in section (i), ❶, II., 2. of (1) of the investment policy above
i. Certificates for shares of investment corporations except for those described in section (i), ❶, II., 3. of (1) of the investment policy above
j. Corporate bonds issued by investment corporations, as set forth in Article 2, Paragraph 25 of the Investment Trust Law
k. Shares issued by foreign investment corporations, as set forth in Article 220, Paragraph 1 of the Investment Trust Law
l. Trust beneficiary certificates of foreign loan receivables, as set forth in Article 2, Paragraph 1, Item 10 of the Securities and Exchange Law

m. Securities or certificates representing options, as set forth in Article 2, Paragraph 1, Item 10-2 of the Securities and Exchange Law
n. Depositary receipts denominated in Japanese yen of the same nature as for those in a. through d. above, as described in Article 2, Paragraph 1, Item 10-3 of the Securities and Exchange Law
o. Negotiable certificates of deposit issued by foreign entities denominated in Japanese yen
p. Trust beneficiary certificates of loan receivables, as set forth in Article 2, Paragraph 2, Item 1 of the Securities and Exchange Law
q. Rights against a foreign entity which are of the same nature as the rights in item p. above

2. The Company may invest in monetary claims, with the exception of those described in Article 3, Items 1, 12 and 14 of the Cabinet Order.

3. The Company may invest in financial derivatives, as described in Article 3, Item 14 of the Cabinet Order.

(ii) Investment criteria and future investment plan in terms of property type, geographical location, and business sector and so forth
Please refer to (i) Basic Investment Policies and (ii) Guidelines for investment and management of portfolio real estate assets based on basic investment policies under (1) Investment Policies above.

(3) DISTRIBUTION POLICY

The Company will make cash distributions subsequent to each fiscal period in accordance with the following guidelines.

(i) In connection with the total cash amount to be distributed to shareholders, accounting profits will be calculated in accordance with the generally accepted accounting principles in Japan (Japanese GAAP).

(ii) In making cash distributions to the extent of accounting profits, the Company will distribute profits as cash distributions in excess of 90% of the taxable income as defined in Article 67- 15 of the Special Taxation Measures Law of Japan.

(iii) At the appropriate discretion of the board of directors, the Company may, in accordance with Article 136, Paragraph 1 of the Investment Trust Law, make distributions in excess of accounting profits based on the Cash Distribution Statement approved pursuant to Article 131, Paragraph 1 of the Investment Trust Law.

(iv) The Company is allowed to make distributions in excess of accounting profits to the extent of the amount equivalent to the aggregate of the amount of depreciation for the current period and the amount of accounting profits. However, in cases where cash distributions for the relevant period do not exceed 90% of the "distributable amount" stipulated by Article 39-32-3 of the Cabinet Order of Enforcement of the Special Taxation Measures Law of Japan, the Company may make distributions in excess of accounting profits to the extent of 91% of such distributable amount.

(v) Distributions need to be made in cash in proportion to the number of shares registered on the final records of shareholders (including the records of beneficial shareholders) as of the close of each fiscal period.

(vi) Besides the above provisions, the Company shall comply with the rules on investment trusts and investment corporations (established on March 16, 2001, as amended) stipulated by the Investment Trusts Association of Japan.

(vii) If investors need to calculate a gain or loss upon distribution in excess of accounting profits, the Company will not make distributions in excess of accounting profits to the shareholders. However, the Company will be able to make distributions in excess of accounting profits in the following three cases pursuant to clauses (i) through (vi) above.

1. Due to changes of the tax codes or other reasons, it becomes no longer necessary for an individual investor to calculate a gain or loss upon distribution in excess of accounting profits for the period.
2. Due to changes of the tax codes or other reasons, the board of directors determines that it is appropriate to make distributions in excess of accounting profits since it would become a common practice for an investor to file an individual tax return to report a gain or loss upon payouts.
3. The board of directors determines that it is necessary to make distributions in excess of accounting profits to meet the distribution requirements.

(4) INVESTMENT RESTRICTIONS

In accordance with the Articles of Incorporation, the investment restrictions of the Company are as follows:

❶ The Company shall not seek to invest aggressively in the marketable securities and monetary claims described in (2) Investment Assets above, but rather make investment to secure stability and liquidity (Article 26 of the Articles of Incorporation).

❷ The Company shall limit its trading activity in financial derivatives to the extent of hedging the interest rate volatility risks, with regard to its debts and other risks (Article 26 of the Articles of Incorporation).

❸ In order to manage the portfolio of the Company in an efficient and stable manner, the Company may make borrowings or issue corporate bonds (not in excess of ¥1 trillion) with a view to utilizing the proceeds thereof toward acquisitions of specified assets, capital improvements of the real estate for lease and the underlying real estate of trust beneficiary rights and working capital (Article 30 of the Articles of Incorporation).

❹ The Company shall borrow only from qualified institutional investors (Article 30 of the Articles of Incorporation).

Financial Section


3

1. Selected Financial Data

For the Period from May 11, 2001 to March 31, 2002	Millions of yen *2002*	Thousands of U.S. dollars (Note 1) *2002*
Operating Revenues	6,492	48,724
Operating Expenses	3,530	26,497
Operating Profits	2,961	22,227
Income before Income taxes	2,405	18,049
Net Income	2,403	18,036
Total Assets	161,809	1,214,332
Interest-Bearing Liabilities	64,000	480,300
Total Shareholder's Equity	83,663	627,867
Shareholder's Capital	81,260	609,831
Number of Shares	160,400	160,400
Total Shareholder's Equity Per Share (yen/U.S. dollars)	521,591	3,914
Cash Distribution	2,403	18,036
Dividend Payout Ratio	99.9%	99.9%
Dividend Per Share (yen/U.S. dollars)	14,983	112.44
Net Operating Income (NOI) (Note 2)	4,732	35,519
Funds From Operations (FFO) (Note 3)	3,505	26,304
Return on Assets (ROA) (Note 4)	2.0% (3.6% annualized)	2.0% (3.6% annualized)
Return on Equity (ROE) (Note 5)	2.9% (5.2% annualized)	2.9% (5.2% annualized)
EOP Equity Ratio (Note 6)	51.7%	51.7%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 7)	39.6%	39.6%
FFO Multiple (Note 8)	13.5 times	13.5 times
Debt Service Coverage Ratio (Note 9)	15.5 times	15.5 times

Note 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25=US$1.00, the foreign exchange rate on March 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.
Note 2: NOI = (Property-Related Revenues – Property-Related Expenses) + Depreciation
Note 3: FFO = Net Income – gains (losses) from sales of specified assets + Depreciation and Amortization
Note 4: ROA = Income before Income taxes ÷ [(Total Assets at beginning of period + Total Assets at end of period) ÷ 2]
Note 5: ROE = Net Income ÷ [(Net Worth at beginning of period + Net Worth at end of period) ÷ 2]
Note 6: EOP Equity Ratio = (Net Worth at end of period ÷ Total Assets at end of period) x 100
Note 7: EOP Interest-Bearing Debt Ratio on Total Assets = (Interest-Bearing Debt at end of period ÷ Total Assets at end of period) x 100
Note 8: FFO Multiple = Share Price at end of March (¥530,000) ÷ FFO per share (annualized)
Note 9: Debt Service Coverage Ratio = Net Income before Interest, Taxes, Depreciation and Amortization ÷ Interest Expenses
(Investment activity for the period under review officially began on September 10, 2001. Annualized portions of the calculations given in notes 4, 5 and 8 assume a fiscal period of 203 days.)

2. Cash Distribution

The cash distribution for the period from May 11, 2001 to March 31, 2002 consisted of almost all taxable income for the period, qualifying the Company for special tax treatment as stipulated in Article 67-15 of the Special Taxation Measures Law of Japan. The dividend per share was ¥14,983 ($112.44). With 160,400 shares outstanding, the cash distribution totaled ¥2,403,273 thousand ($18,035,822). Retained earnings carried forward totaled ¥61,000 ($456).

(From May 11, 2001 to March 31, 2002)	(¥ thousands)	(U.S. dollars)
Net Income	2,403,334	18,036,278
Distribution	2,403,273	18,035,822
(Dividend per share : ¥14,983)		
Retained earnings carried forward	61	456

3. Paid-In Capital

The Company was established with funding from Mitsubishi Estate Co., Ltd. (160 shares), The Tokio Marine and Fire Insurance Co., Ltd. (120 shares) and The Dai-Ichi Mutual Life Insurance Company (120 shares), each share representing ¥500,000 ($3,752). Additional shares were issued in an initial public offering at ¥525,000 ($3,940) each (acceptance price of ¥506,625 ($3,802)). An additional 65,000 shares were issued on May 8, 2002, after the period of this report, at ¥490,980 ($3,685) per share (acceptance price of ¥475,268 ($3,567)).

		Common shares outstanding		Paid-in capital			
		Increase	*Balance*	*Increase*		*Balance*	
Payment date	Remarks			(¥ millions)	(U.S.$ thousands)	(¥ millions)	(U.S.$ thousands)
May 11, 2001	Private placement	400	400	200	1,501	200	1,501
September 10, 2001	Additional share issue (Initial Public Offering)	160,000	160,400	81,060	608,330	81,260	609,831
May 8, 2002	Additional share issue	65,000	225,400	30,892	231,835	112,152	841,666

The Company was listed on the Tokyo Stock Exchange on September 10, 2001. Market quotations from that time are as follows:

Month	*High*	*Low*
September 2001 (September 10, 2001 to September 28, 2001)	¥550,000	¥491,000
October 2001	¥551,000	¥534,000
November 2001	¥549,000	¥536,000
December 2001	¥542,000	¥485,000
January 2002	¥510,000	¥480,000
February 2002	¥531,000	¥499,000
March 2002	¥560,000	¥527,000

4. Overview of Borrowings

The following is a list of the Company's borrowings showing amounts and lending institutions as of March 31, 2002.

Category	Lender	Balance (¥ millions)	Balance (U.S.$ thousands)	Average interest rate	Due	Use of funds	Remarks
Short-term debt	Bank of Tokyo Mitsubishi	10,000	75,047	0.898%	June 24, 2002	Purchase of real estate and real estate trust beneficiary rights	Secured/unguaranteed/pari passu
	The Industrial Bank of Japan, Limited (Note)	10,000	75,047	0.898%			
	The Sumitomo Trust & Banking Co., Ltd.	10,000	75,047	0.898%			
	The Mitsubishi Trust and Banking Corporation	10,000	75,047	0.898%			
	Subtotal	40,000	300,188				
Long-term debt	Bank of Tokyo Mitsubishi	6,000	45,028	1.120%	Anticipated date for principal repayment: June 23, 2006 Final date for principal repayment: June 2, 2008	Purchase of real estate trust beneficiary rights	Secured/unguaranteed/pari passu
	The Industrial Bank of Japan, Limited (Note)	6,000	45,028	1.120%			
	The Sumitomo Trust & Banking Co., Ltd.	5,200	39,024	1.120%			
	The Mitsubishi Trust and Banking Corporation	5,200	39,024	1.120%			
	The Yasuda Fire and Marine Insurance Company Limited	1,600	12,008	1.120%			
	Subtotal	24,000	180,113				
Total		64,000	480,300				

Note: The Company's business with The Industrial Bank of Japan, Limited was transferred to the Mizuho Corporate Bank, Ltd. on April 1, 2002.

5. Bonds Issued by the Company

The following list shows details of an issuance of corporate bonds that was approved at the Board of Directors' meeting held June 7, 2002.

Total principal amounts of bonds	¥25 billion (U.S.$188 million)
Issue price	¥100 (U.S.$0.75) (par value)
Interest Rate	1.32% annually
Closing Date	June 21, 2002
Guaranty	Unsecured/unguaranteed
Redemption method/date	Principal redeemed in full on June 21, 2007 Cancellation upon repurchase may be made at any time

Note: The Company repaid short-term borrowings of ¥40 billion yen (U.S.$300 million) on June 24, 2002 with the net proceeds from the bond issue and its own capital.

6. Capital Expenditures for Existing Properties

a. PLANNED CAPITAL EXPENDITURES

The following table represents the main capital expenditures planned for renovations of existing properties, as of March 31, 2002. The total expected construction amount includes portions that will be accounted for as ordinary expenses.

Property (Location)	Objective	Estimated duration	Expected construction amounts (Millions of yen) Total (Millions of yen)	Total (Thousands of U.S. dollars)	Planned payment for the period under review	Previously paid total
Kyoto Shijo Kawaramachi Building (Shimogyo-ku, Kyoto)	Addition of packaged air conditioning units	From May 2002 to June 2002	95	713	—	—
Shibuya Cross Tower (Shibuya-ku, Tokyo)	Renovation of elevated water storage tank	From October 2002 to December 2002	71	533	—	—
	Renovation of lower floor toilets	From August 2002 to March 2003	65	488	—	—
	Upgrade of entrance hall	From October 2002 to March 2003	52	390	—	—

b. CAPITAL EXPENDITURES DURING THE PERIOD ENDED MARCH 31, 2002

The following table represents the main capital expenditures for acquired properties during the period under review. Capital expenditures amounted to ¥472 million (U.S.$3,542 thousand), with repair and maintenance adding ¥321 million (U.S.$2,409 thousand) throughout the term for a total of ¥794 million (U.S.$5,959 thousand).

Capital expenditures for the period were mainly for renovation to maintain the facilities in the Shibuya Cross Tower property. Expenditures on other properties included, in addition to regular maintenance, construction to upgrade to pedestal access floors and to install new signs for buildings that changed names.

Property (Location)	Objective	Construction amounts (Millions of yen)	(Thousands of U.S.dollars)
Shibuya Cross Tower (Shibuya-ku, Tokyo)	Renovation of facilities (Installation of building monitoring system, air distribution systems, etc.)	416	3,122
Other Properties		56	420
Total		472	3,542

c. CASH RESERVES AT END OF PERIOD (RESERVES FOR CAPITAL IMPROVEMENTS)

In order to prepare for renovation of facilities useful for maintaining the value of properties for the future, the Company accumulates cash reserves each period for capital improvements that will be conducted based on the medium- to long-term renovation strategy formulated for each of the properties. Cash reserves over the period under review were as follows:

	From May 11, 2001 to March 31, 2002 (Millions of yen)	(Thousands of U.S. dollars)
Reserve balance at the beginning of the period	—	—
Amount accumulated	1,514	11,362
Withdrawal from reserves	794	5,959
Amount carried forward	719	5,396

BALANCE SHEET

As of March 31, 2002

	Thousands of yen *2002*	U.S. dollars (Note 2) *2002*
ASSETS		
Current Assets:		
Cash & bank deposits (Note 5)	15,323,911	115,001,206
Rental receivables	59,275	444,837
Consumption tax refundable	714,493	5,362,052
Other current assets	64,361	483,010
Total current assets	16,162,040	121,291,105
Property and equipment, at cost: (Note 5)		
Land	99,614,150	747,573,361
Buildings and structures	45,676,498	342,787,978
Machinery and equipment	944,758	7,090,117
	146,235,406	1,097,451,456
Less accumulated depreciation	(1,100,006)	(8,255,204)
Net property and equipment	145,135,400	1,089,196,252
Investments and other assets:		
Deposits	14,100	105,816
Long-term prepaid expenses	53,684	402,884
Leasehold rights	444,160	3,333,288
Other	454	3,405
Total assets	161,809,838	1,214,332,750

	Thousands of yen *2002*	U.S. dollars (Note 2) *2002*
LIABILITIES		
Current Liabilities:		
Trade accounts payable	259,617	1,948,344
Other payables	291,225	2,185,555
Short-term debt (Notes 3 and 5)	40,000,000	300,187,617
Accrued expenses	154,557	1,159,900
Accrued income taxes	1,332	9,996
Rent received in advance	998,248	7,491,546
Other current liabilities	23,425	175,800
Total current liabilities	41,728,404	313,158,758
Long-Term Liabilities: (Note 12)		
Long-term debt (Notes 4 and 5)	24,000,000	180,112,570
Deposits from tenants	12,418,100	93,194,000
Total long-term liabilities	36,418,100	273,306,570
Total Liabilities	78,146,504	586,465,328
SHAREHOLDERS' EQUITY		
Shareholders' capital (Notes 8 and 12)	81,260,000	609,831,144
Retained earnings	2,403,334	18,036,278
Total Shareholders' Equity	83,663,334	627,867,422
Total Liabilities and Shareholders' Equity	161,809,838	1,214,332,750

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Period from May 11, 2001 to March 31, 2002

	Thousands of yen *2002*	U.S. dollars (Note 2) *2002*
Operating Revenues and Expenses		
Revenues:		
Rental revenues (Note 10)	6,427,133	48,233,648
Non-rental revenues (Note 10)	65,385	490,693
	6,492,518	**48,724,341**
Operating Expenses:		
Property-related expenses (Note 10)	2,859,570	21,460,190
Asset management fees	389,449	2,922,695
Administrative service fees	146,714	1,101,041
Other operating expenses	135,029	1,013,350
	3,530,762	**26,497,276**
Operating Profits	**2,961,756**	**22,227,065**
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest received	2,035	15,275
Other non-operating revenues	813	6,099
Non-Operating Expenses		
Interest expenses	241,563	1,812,855
New share issuance costs	121,149	909,188
Share listing expenses	74,901	562,112
Amortization of start-up costs	90,498	679,156
Other non-operating expenses	31,457	236,074
Income before Income taxes	2,405,036	18,049,054
Income taxes: (Note 7)		
Current	1,738	13,050
Deferred	(36)	(274)
Net Income	2,403,334	18,036,278
Retained Earnings at beginning of period	—	—
Retained Earnings at end of period	2,403,334	18,036,278

JAPAN REAL ESTATE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS (unaudited)

For the Period from May 11, 2001 to March 31, 2002

	Thousands of yen 2002	U.S. dollars (Note 2) 2002
Cash Flows from Operating Activities		
Income before income taxes	2,405,036	18,049,054
Depreciation and amortization	1,100,006	8,255,203
Loss on retirement of property and equipment	649	4,869
Non-cash portion of interest income	(2,035)	(15,275)
Non-cash portion of interest expense	241,563	1,812,855
Rental receivables and other receivables	(59,279)	(444,869)
Consumption tax refundable	(714,493)	(5,362,052)
Prepaid expenses	(46,183)	(346,591)
Other current assets	(18,137)	(136,113)
Trade accounts payable	259,617	1,948,343
Other payables	291,225	2,185,555
Rent received in advance	998,248	7,491,546
Other current liabilities	23,425	175,800
Long-term prepaid expenses	(53,684)	(402,883)
Sub-total	4,425,958	33,215,442
Interest received	2,035	15,275
Interest paid	(87,006)	(652,955)
Income taxes paid	(407)	(3,054)
Net cash provided by operating activities	4,340,580	32,574,708
Cash Flows from Investing Activities		
Purchases of property and equipment	(146,236,055)	(1,097,456,325)
Purchases of intangible assets	(444,614)	(3,336,692)
Payment of deposits	(14,100)	(105,816)
Proceeds from lease deposits received	12,845,326	96,400,195
Repayment of lease deposits	(427,226)	(3,206,196)
Net cash used in investing activities	(134,276,669)	(1,007,704,834)
Cash Flows from Financing Activities		
Proceeds from short-term borrowings	40,000,000	300,187,617
Proceeds from long-term borrowings	24,000,000	180,112,570
Proceeds from issuance of shares	81,260,000	609,831,145
Net cash provided by financing activities	145,260,000	1,090,131,332
Net increase in cash and cash equivalents	15,323,911	115,001,206
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	15,323,911	115,001,206

JAPAN REAL ESTATE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN SHAREHOLDER'S CAPITAL

From May 11, 2001 to March 31, 2002

		Capital	
	Units	Thousands of yen	U.S. dollars (Note 2)
Beginning	—	—	—
5/11/01 Private placement	400	200,000	1,500,938
9/10/01 Public offering	160,000	81,060,000	608,330,206
Total	160,400	81,260,000	609,831,144

JAPAN REAL ESTATE INVESTMENT CORPORATION

STATEMENT OF CASH DISTRIBUTION

	Thousands of yen *2002*	U.S. dollars (Note 2) *2002*
Unappropriated Retained Earnings	2,403,334	18,036,278
Cash Distribution	2,403,273	18,035,822
Retained earnings carried forward	61	456

1. Organization

Japan Real Estate Investment Corporation (the "Company"), a real estate investment corporation, was incorporated on May 11, 2001 under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law.

The Company was originally formed by Japan Real Estate Asset Management Co., Ltd. ("J-Rea"), a licensed asset management company. The assets of the Company are managed by J-Rea that are owned 40% by Mitsubishi Estate Co., Ltd., 30% by The Tokio Marine and Fire Insurance Co., Ltd. and 30% by The Dai-ichi Mutual Life Insurance Company. The Company's initial shareholders' capital was ¥200 million($ 1,500 thousand).

On September 10, 2001, the Company commenced operations when the Company was listed on the Tokyo Stock Exchange as one of the first real estate investment corporations in Japan (so-called "J-REITs").

The Company issued 160,000 shares at a price of ¥525,000 ($3,940), generating gross proceeds of ¥84,000 million ($630,394 thousand). The proceeds to the Company from the offering of the shares, net of underwriters' discount, were ¥81,060 million ($608,330 thousand).

The Company was formed to invest primarily in real estate in Japan. At March 31, 2002, the Company owned a portfolio of 24 office properties containing an aggregate of approximately 202,000 square meters of net rentable area. The Company initially acquired 20 office buildings from Mitsubishi Estate Co., Ltd., The Tokio Marine and Fire Insurance Co., Ltd. and The Dai-ichi Mutual Life Insurance Company in September 2001. The Company subsequently acquired 4 office buildings.

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 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 fiscal period ends at the end of March and September. The Company's first fiscal period began on May 11, 2001, the date of incorporation, and ended on March 31, 2002.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥133.25=US$1.00, the foreign exchange rate on March 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 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 below:

Buildings	2-61 years
Structures	10-42 years
Machinery and equipment	3-10 years

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

Deferred charges

Deferred charges include start-up costs and share issuance costs. Start-up costs were charged to operations when paid. Share issuance costs were also charged to operations when paid.

The underwriters' commissions of the initial public offering were not reflected to the financial statements since such costs are not payable by the Company under the so-called "spread method". Under the spread method, the difference between the offer price (the price paid by the shareholder) and the purchase price (the price received by the Company) was directly distributed to the underwriters. The difference incurred at the issuance of shares on September 10, 2001 amounted to ¥2,940 million($22,064 thousand).

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. These taxes are generally charged to expense during the period. The taxes are imposed on the owner registered in the record as of January 1 based on the assessment made by the local government. As such, the sellers of the properties were liable for these taxes for the calendar year 2002 on the properties purchased after December 31, 2001. The amount equivalent to the taxes paid to the sellers for the period from the property acquisition date to December 31, 2002 is included 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 statement of income.

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 consists 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. Short-term Debt

Short-term debt of ¥40 billion ($300,188 thousand) at March 31, 2002 consists of secured loans from banks, trust banks with variable interest, due on June 24, 2002. The weighted average interest rate applicable to the bank loans at March 31, 2002 was 0.898% per annum.

4. Long-term Debt

Long-term debt of ¥24 billion ($180,113 thousand) at March 31, 2002 consists of secured loans from banks, trust banks and an insurance company with variable interest, due on June 23, 2006. The weighted average interest rate applicable to the loans at March 31, 2002 was 1.120% per annum.

5. Secured Assets

At March 31, 2002, the Company pledged the following assets for the short-term borrowings of ¥40 billion ($300,188 thousand) and the long-term borrowings of ¥24 billion ($180,113 thousand):

	Thousands of yen	U.S. dollars
Cash and cash equivalents	13,223,134	99,235,534
Land and land leasehold	85,666,327	642,899,276
Buildings and structures	32,815,949	246,273,555
Machinery and equipment	671,180	5,037,006

6. Shareholders' Equity

Under the Investment Trust Law and the related regulations, the appropriations of retained earnings and the declaration of a cash distribution for the fiscal period are made by the resolution of the Board of Directors held subsequent to the close of such fiscal period. As such, the amount of retained earnings for the fiscal period included the cash distribution declared in the subsequent period.

The amount of the cash distribution for the period ended March 31, 2002 amounted to ¥2,403,273 thousand ($18,036 thousand) as provided by the statement of cash flows that is required to be prepared as a separate financial statement by the Investment Trust Law and the related regulations.

7. Income Taxes

At March 31, 2002, the Company's deferred tax assets consist mainly of the enterprise tax, which is not deductible for tax purposes. The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the period from May 11, 2001 to March 31, 2002 was as follows:

Statutory tax rate	39.39%
Deductible dividend distribution	(39.36%)
Others	0.04%
Effective tax rate	0.07%

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 fiscal period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by Article 33-2 of the Articles of Incorporation, the Company made a dividend distribution of approximately 100% of retained earnings in the amount of ¥2,403 million ($18,036 thousand) and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of accounting profit under Article 33-3 of the Articles of Incorporation.

8. Per Share Information

Net assets per share at March 31, 2002 were ¥521,591($3,914). In calculating the net assets per share, the amount of the net assets included the cash distribution declared in the subsequent period.

Net income per share for the period from May 11, 2001 to March 31, 2002 was ¥23,952 ($180). (Net income per share for the operating period from September 10, 2001 to March 31, 2002 was ¥14,983($112)). Net income per share is computed by dividing net income by the weighted average number of shares outstanding during the period from May 11, 2001 to March 31, 2002. Diluted net income per share has not been presented since no warrants and convertible bonds were issued during the period.

9. Related party Transactions

The Company entered into the following related party transactions with affiliates including Mitsubishi Estate Co., Ltd. and certain of its subsidiaries:

	Thousands of yen	U.S. dollars
Purchase of the properties	17,413,000	130,679,174
Property management fees	425,423	3,192,669
Commissions for property acquisition	400,000	3,001,876
Utilities	66,191	496,748
Insurance	35,557	266,846
Other operating expenses	1,300	9,756
Other commissions	2,936	22,035
Repair and maintenance	15,331	115,061

J-Rea provides the Company with asset management services. For these services, the Company pays J-Rea the asset management service fees and reimburses it for certain costs as determined in the Asset Management Agreement. For the period from May 11, 2001 to March 31, 2002, the Company incurred ¥389 million ($2,923 thousand) for asset management service fees, ¥649 million ($4,874 thousand) for property acquisition commissions and ¥90 million ($675 thousand) for reimbursement costs of incorporation of the Company.

10. Breakdown of Property-related Revenues and Expenses

For the Period from May 11, 2001 to March 31, 2002	Thousands of yen	U.S. dollars
Property-Related Revenues	**6,492,518**	**48,724,341**
Rental Revenues	**6,427,133**	**48,233,648**
Rental revenues	4,571,649	34,308,807
Common charges	1,181,816	8,869,167
Parking revenues	247,209	1,855,229
Other rental revenues	426,459	3,200,445
Non-Rental Revenues	**65,385**	**490,693**
Cancellation charges	51,790	388,665
Other miscellaneous revenues	13,595	102,028
Property-Related Expenses	**2,859,570**	**21,460,190**
Property management fees	915,169	6,868,058
Utilities expenses	493,413	3,702,910
Property and other taxes	4,146	31,115
Casualty insurance	15,246	114,421
Repairs and maintenance	321,486	2,412,657
Depreciation	1,100,006	8,255,204
Other rental expenses	10,104	75,825
Profits	**3,632,948**	**27,264,151**

11. Leases

The Company leases office buildings and earns rent income. The future minimum payments to be received by the Company on non-cancelable leases at March 31, 2002 were as follows:

	Thousands of yen	U.S. dollars
Due within one year	2,132,045	16,000,338
Due after one year	13,278,205	99,648,822
Total	15,410,250	115,649,160

12. Subsequent Events

Issuance of additional shares

Based on the approval by the Board of Directors' meeting held on March 29, 2002, the Company completed a public offering of 65,000 additional shares on May 7, 2002 at an offer price of ¥490,980($3,685) per share, or ¥31,914 million ($239,502 thousand) in total. The proceeds from the public offering, net of underwriters' discount, were ¥30,892 million ($231,838 thousand) at an issue price of ¥475,268 ($3,567). As a result of the issuance of additional shares, the Company had total equity of ¥112,152 million ($841,669 thousand) with 225,400 shares at May 8, 2002.

Issuance of corporate bonds

Based on the approval by the Board of Directors' meeting held on June 7, 2002, the Company issued ¥25 billion ($188 million) unsecured corporate bonds with an interest rate of 1.32 % per annum on June 21, 2002. The bonds will be due on June 21, 2007. The Company used the proceeds to repay the short-term bank loans. The Company provided no collateral or guarantee for the issuance of the corporate bonds.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Japan Real Estate Investment Corporation

We have audited the accompanying balance sheet of Japan Real Estate Investment Corporation as of March 31, 2002, and the related statements of income and retained earnings, and cash distribution for the period from May 11, 2001 (date of incorporation) to March 31, 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 Real Estate Investment Corporation at March 31, 2002, and the results of its operations for the period from May 11,2001 (date of incorporation) to March 31, 2002 in conformity with accounting principles and practices generally accepted in Japan.

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
June 24, 2002

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

The Market for Leased Office Space in Japan

This section was translated from the original Japanese by Japan Real Estate Investment Corporation

In order for our shareholders to better understand our business, we believe it would be helpful to provide an overview of the office building real estate market in Japan and how it may differ from markets in other countries. We feel that many of our shareholders are interested in how the real estate market in Japan is regarded today, and what conditions will be in the future. We are therefore offering this information in the hope of contributing in a small way to better investment decisions by our shareholders.

For the section describing office leasing practices and customs we have used excerpts from the 1999 version of *The Japan Start-up Handbook* (with updates and additions as required), published by the Japan External Trade Organization (JETRO), and for the trends in the 23 wards of Tokyo section have excerpted from the *Real Estate White Paper 2002* published by Ikoma Data Service System (IDSS). The excerpts used were translated and/or edited by Japan Real Estate Investment Corporation.

1) OFFICE LEASING PRACTICES AND CUSTOMS IN JAPAN

There are several unique aspects to office leasing practices in Japan. Some of these practices and customs are found only in Japan, while others are the same as in overseas markets, and in some cases positions are completely opposite of those in other markets. We have outlined the major differences by area below.

On March 1, 2000 a major revision to the Land and House Lease Law in Japan was implemented, introducing fixed-term lease regimes similar to those in the United States and Europe. The explanations below refer mainly to general leasing contracts, but we have noted any differences between these and fixed-term leases. Only a small number of fixed-term leases are currently in the market.

Lease Period: The usual lease period in Japan is two years. In Europe and the United States, tenants must vacate the leased space at the end of the contract period, but in Japan tenants can usually automatically renew leases, with or without change of rent, when they wish to continue using the leased spaces. In the case of fixed-term leases, however, tenants must vacate the leased space at the end of the contract period, unless both the owner and tenant agree to renew the contract.

Lease Termination by the Tenant: In general, leasing contracts in Japan have traditionally included termination clauses allowing the tenant to freely terminate the lease with six months' notice. With the introduction of free rent (explained below), however, a greater number of lease contracts now impose penalties for leases terminated before the end of the contract period. In the case of fixed-term leases, the rent for the remaining contract period is often stipulated as a penalty for early termination.

Leased Floor Space Calculation: Leasing contracts in Japan usually specify net space, which is the common calculation for major building owners. Small and medium sized buildings, however, as well as buildings in the Kansai region are often contracted with leases specifying gross space (inclusive of such areas as toilets and hallways).

Key Money and Deposits: A deposit of six to 18 months' rent is often required as a guarantee against default by tenants. It is also important to note that a portion of this deposit may be amortized at the end of the contract period, and many contracts stipulate that this will not be returned to the tenant.

Interest on Deposits: Building owners collect interest on deposits. Because this interest is not returned to the tenant, it is considered by the tenant to be part of the rent.

Free Rent: The free rent period in Japan is approximately one to six months. Because construction work on the interior is conducted only after the contract period begins, however, it is often the case that the free rent period only covers the time up until the space is ready for use. The free rent period may be extended for large-scale contracts.

Contract Renewal: Adjustments to rents in Japan are negotiated at the end of each rental period. When rents in the market were rising, owners tended to avoid fixed rates of increase in rent at renewal of contracts in order to retain flexibility to demand increases in line with market prices. Now that rents in the market are falling, however, a fixed rate of increase for the first renewal may be included in the contract as a way of hedging risks.

Non-rent Payments: The principal non-rent payment is a general service fee. Real estate taxes are the responsibility of the owner, but tenants are usually required to pay a fee for maintenance and upkeep of common spaces. The range of services covered by this fee (such as heating and air conditioning) varies widely from owner to owner.

Subleasing: Subleasing, in principle, is not permitted. Lease periods have traditionally been short, leases can be easily terminated, and subtenants would have the same rights under tenant protection laws. In the case of long fixed-term leases, however, subleasing is sometimes permitted when there is a provision prohibiting early termination.

Interior Construction Costs: The costs to set up and equip the leased space are borne solely by the tenant. In Europe and the United States, owners will share the set-up costs, as spaces are often rented while the buildings are still basically skeletons, and because the real estate markets are softer. In Japan, however, buildings are generally leased in a ready-to-use condition, so tenants cover the costs of erecting partitions and other construction necessary to meet their requirements.

Return to Original Condition: Tenants in Japan are required to return leased spaces to their original condition at the conclusion of the contract. Because tenants are provided with space in a ready-to-use condition, they have a responsibility to return it to that condition (for example, replacing carpet and wallpaper) at the time of departure. The costs for this renovation are borne by tenants or deducted from the deposit payment (key money and other deposits) received at the time the contract was signed.

2) TRENDS IN THE REAL ESTATE LEASING MARKET IN TOKYO'S 23 WARDS

To the present, the volume of new demand in Tokyo's 23 wards has been significantly influenced by economic trends. During the period of Japan's economic bubble in the late 1980's and early 1990's, over 991,000m^2 (10,675,000 ft^2) in new demand was generated annually. After the bursting of the bubble, however, demand began to trend downward, and in 1993 new demand contracted around 165,000m^2 (1,779,000 ft^2) . Rents subsequently underwent an adjustment while needs—primarily for expansion—began to surface, and from 1994 through 1997 around 661,000m^2 (7,117,000 ft^2) to 991,000m^2 (10,675,000 ft^2) in new demand was created annually. Successive bankruptcies of financial institutions from the second half of 1997, however, caused the volume of new demand to plummet to an exceedingly low level of under 165,000m^2 (1,779,000 ft^2) in 1998 and 1999. From 2000, robust demand for floor space from foreign-affiliated and IT-related companies fueled a sharp recovery in the volume of new demand, which amounted to approximately to 860,000m^2 (9,252,000 ft^2). In 2001, such factors as the collapse of the IT bubble and the global recession triggered a sharp fall in the volume of new demand, to approximately 331,000m^2 (3,558,000 ft^2).

Regarding the volume of new supply, annual supply levels remained high immediately before and after the bursting of the bubble in the early 1990's and reached 1,223,000m^2 (13,166,000 ft^2) at the zenith of the bubble period in 1992. The bursting of the bubble had a restraining effect on supplies, and after 1995 the volume of new supply in each city drifted down to the low level of between 331,000m^2 (3,558,000 ft^2) and 661,000m^2 (7,117,000 ft^2). Even after the collapse of the bubble, however, supplies of large office buildings remained at relatively stable levels. Particularly noteworthy, from 1994 there was a trend toward more large offices being built away from central urban areas, where there was scant leeway for raising supply. From 2000 onward large office building were completed in succession in core urban areas, driving up total supply. In 2001, supply of small- and medium-sized offices was also pushed up 198,000m^2 (2,135,000 ft^2), and in 2001 the volume of new supply reached approximately 496,000m^2 (5,337,000 ft^2).

Looking at vacancy rates, in 1990 vacancy rates were at an exceedingly low level of 0.6%. From the last half of 1991, vacancy rates rose suddenly in core urban areas, where rents swelled precipitously, and in 1994 vacancy rates rose to a record-high 9.6%. Later, rent adjustments proceeded, with an improvement in the supply-demand gap while vacancy rates trended downward throughout 1997. In 1998 and 1999, the market remained static amid a chaotic market environment prompted by such factors as a series of bankruptcies of financial institutions, and the vacancy rate once again headed upward. From 2000, the vacancy rate declined to 3.8%, owing to perceptions of an economic recovery, but then rose to the 4.3% level in the wake of the bursting of the IT bubble and because of the global recession from 2001.

The competition for tenants occupying large buldings is expected to increase dramatically in the near future. An additional 462,800m^2 (4,981,000 ft^2) in capacity will be added due to the completion of large-scale buildings in 2002, and 793,400m^2 (8,540,000 ft^2) in 2003. Small and medium-scale buildings are expected to add a further 165,300m^2 (1,779,000 ft^2) in 2002 and 2003. From 2004, the negative effects of the skewed supply and demand balance generated since 2002 will be felt, but supply will be controlled.

About J-REIT System

J-REIT STRUCTURE AND RELATED ORGANIZATIONS

The organizational structure of the Company is shown in the diagram on the next page, but we feel it would be helpful to add a further explanation of the role played by each of the related organizations. Understanding this relationship is the key to understanding the overall J-REIT system. (Numbers in the diagram correspond to the numbers below.)

1) Investment Corporation: A special type of entity for the specific purpose of owning and operating real estate properties.

The investment corporation is a special type of entity, incorporated and operated under the Investment Trust Law, for the purpose of owning and operating real estate properties using capital raised from investors. It has a board of directors and shareholders' meeting just like an ordinary corporation under the Commercial Code of Japan, but since this structure of the investment corporation is simply a vehicle for owning and operating real estate properties, it is not permitted under its articles of incorporation to engage in any other business activities.

The principal responsibility of the investment corporation is custody and management of its assets, as well as issuance of equity securities. The corporation does not, however, control its assets directly, as all management functions must be outsourced to a licensed asset management company.

2) Tokyo Stock Exchange & 3) Investors: Buy and sell the Company's shares, and receive dividends.

Investors provide capital for the investment corporation and receive equity securities, just as they would receive shares of stock issued by an ordinary corporation. Dividends are also paid to shareholders of record at the end of the fiscal period. Investors may also buy and sell the equity securities on the Tokyo Stock Exchange just like shares of an ordinary corporation, and the same trading regulations apply.

4) Asset Management Company: Real estate trust fund manager.

The investment corporation may not manage its assets by itself, but must outsource the investment decision and administration work to an asset management company. The asset management company, therefore, performs a vital role for the real estate investment corporation.

The asset management company is normally involved with the investment corporation from the time of its incorporation, and afterwards performs the role of fund manager for the real estate properties on consignment from the investment corporation. The asset management company must have a good grasp of the properties held by the investment corporation, and manage the assets to achieve higher earnings. As necessary, it will sell off some of the assets or acquire new ones.

In this way, the asset management company performs a series of duties in accordance with the Investment Trust Law.

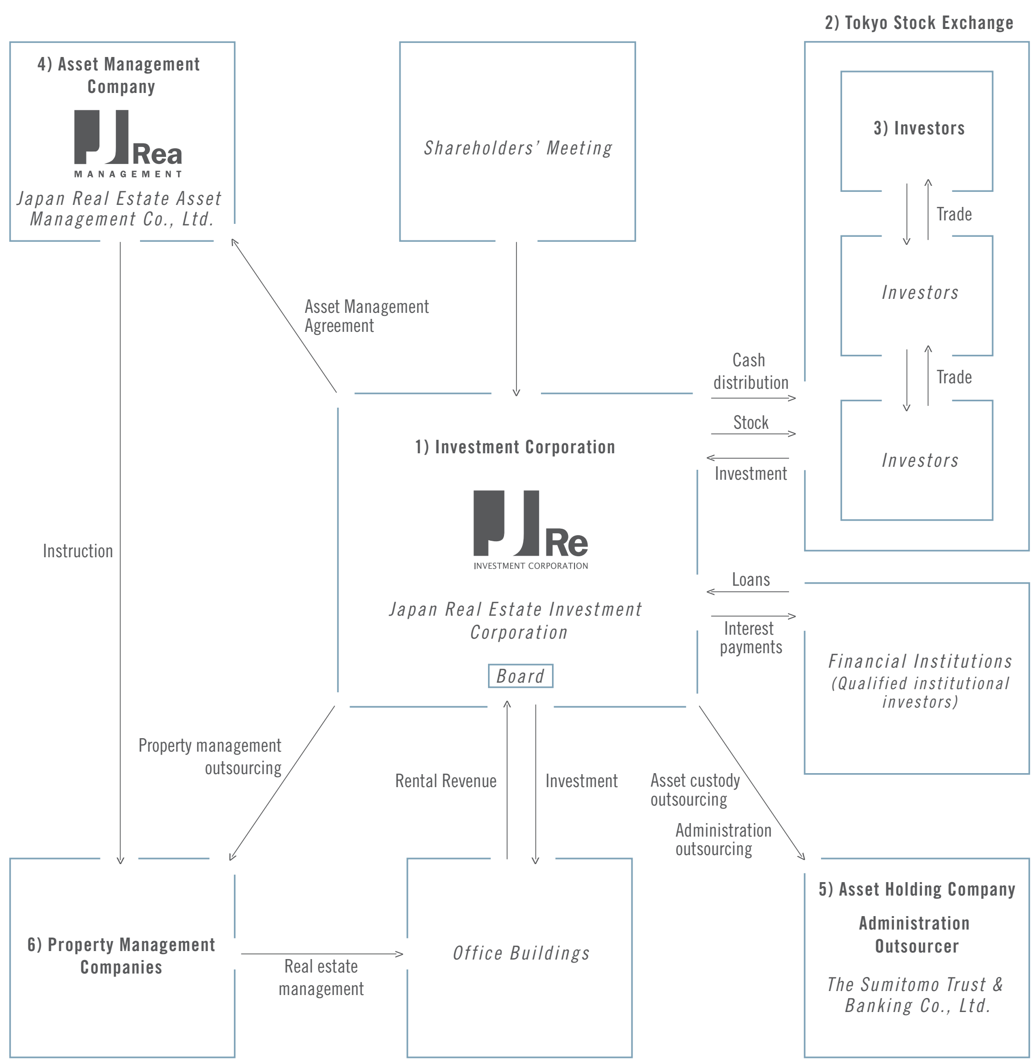
5) Asset Holding Company/Administration Outsourcer

The investment corporation consigns the property holding function (physical possession of the property deeds) or trust beneficiary certificates to trust banks or similar organizations. Administrative functions such as the transfer of share certificates are also outsourced to trust banks or securities companies, just like for shares of ordinary corporations.

6) Property Management Companies

The primary responsibility of the property management companies is to manage the maintenance and leasing of buildings. Building maintenance involves proper upkeep of the property to ensure long-term profitability for the investment corporation, and leasing services include monthly invoicing for rents and negotiating contract renewals.

ORGANIZATIONAL STRUCTURE OF JAPAN REAL ESTATE INVESTMENT CORPORATION



ROLE OF SHAREHOLDERS IN J-REIT SYSTEM

Set out below, in further detail, is the role shareholders of the investment corporation play in the J-REIT system. In particular, we would like to present a description of certain principal rights of the shareholders of an investment corporation under the Investment Trust Law, which is in effect as of September 30, 2002. This summary does not purport to be a comprehensive description of all of the rights of the shareholders under Japanese law that may be relevant to an investment decision on the shares of the Company.

Voting Rights A shareholder with one or more shares is entitled to one vote for each share. Except as otherwise provided by law or by the Articles of Incorporation, a resolution can be adopted at a general meeting of shareholders by a majority vote cast in writing or through proxies who are also shareholders. Shareholders who do not attend and/or do not exercise their voting rights at the general meeting of shareholders will be deemed to be in agreement with proposals submitted at the meeting.

Except in certain minor circumstances, the voting rights of shareholders apply to the following resolutions:

Appointment and dismissal of executive director, supervisory directors and independent auditors; approval of the execution or termination of the asset management agreement with an asset management company; consolidation of shares; mergers; dissolution; amendment to the Articles of Incorporation; and any other matters so required by the Investment Trust Law, any other law or the Articles of Incorporation.

Other Rights of Shareholders

In addition to the rights set out above, shareholders have the following rights:

Dividends upon resolution of the board of directors;
Derivative action;
Right to sue for annulment of resolutions;
Right to request bar on the executive director to prevent misconduct;
Right to void newly issued shares;
Right to sue for the nullification of merger;
Right to make submissions to shareholders' meetings;
Right to convene a general meeting of shareholders;
Right to request the appointment of an inspector;
Right to request the removal of directors;
Right to request for the dissolution of an investment corporation; and
Right to inspect books.

Consolidation or Split of Shares An investment corporation may (i) consolidate shares upon resolution of the general meeting of shareholders, or (ii) split shares into a greater number of shares upon resolution of the board of directors.

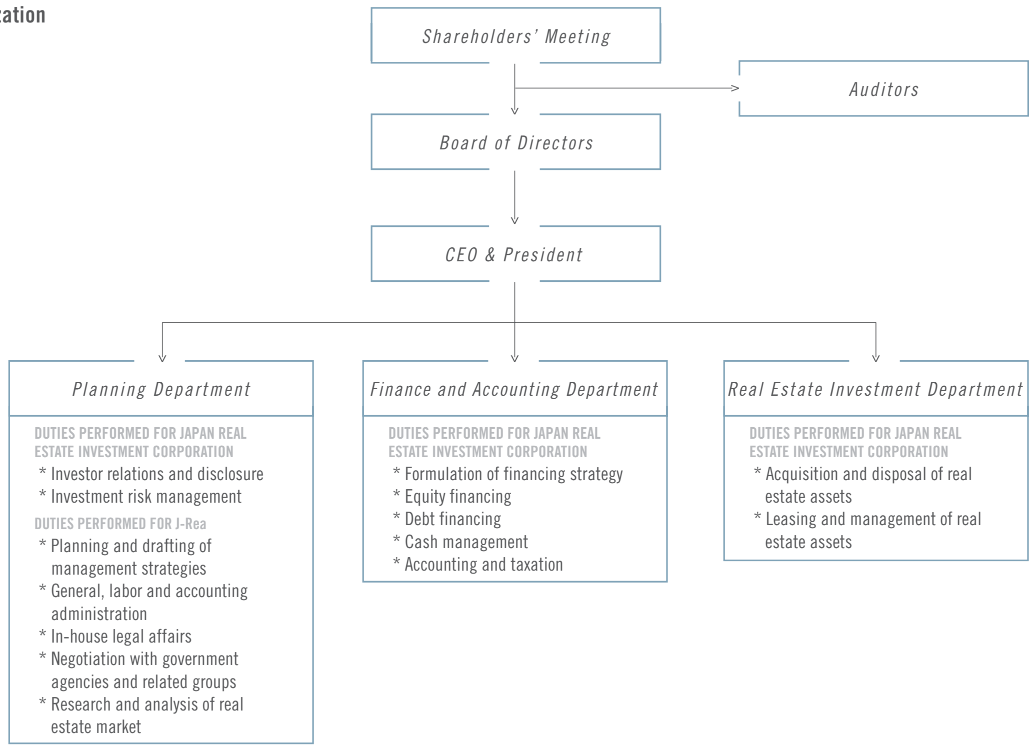
No Redemption/Repurchase of Shares As an investment corporation is a closed-end J-REIT, shareholders are not entitled to request for redemption/repurchase of their shares from an investment corporation.

Issue of Additional Shares and Subscription Rights Shareholders have no pre-emptive rights with respect to issuance of additional shares. Shares may be issued at the times and upon the terms approved by resolution of the board of directors.

Liquidation In the event of liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the numbers of shares held.

Profile of J-Rea *(Asset Management Company)*

Organization



Principal Shareholders

Initial Shareholders

Shareholder	Address	Numbers of Shares	Percentage
Mitsubishi Estate Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	114,284	40%
The Tokio Marine and Fire Insurance Co., Ltd.	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	85,713	30%
The Dai-ichi Mutual Life Insurance Company	13-1, Yuraku-cho, 1-chome, Chiyoda-ku, Tokyo	85,713	30%
	Total	285,710	100%

A portion of the shares held by the three companies listed above was transferred to Mitsui & Co., Ltd. on June 5, 2002. The share percentage breakdown since that date is as follows.

Shareholder	Address	Numbers of Shares	Percentage
Mitsubishi Estate Co., Ltd.	7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	102,855	36%
The Tokio Marine and Fire Insurance Co., Ltd.	2-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	77,142	27%
The Dai-ichi Mutual Life Insurance Company	13-1, Yuraku-cho, 1-chome, Chiyoda-ku, Tokyo	77,142	27%
Mitsui & Co., Ltd.	2-1, Otemachi, 1-chome, Chiyoda-ku, Tokyo	28,571	10%
	Total	285,710	100%

Corporate Data

As of March 31, 2002

Executives

Executive Director : Yoneichiro Baba
Supervisory Directors : Tsunaya Kawamura
Kenji Kusakabe

Paid-in Capital

¥81,260,000,000

Number of Shares Issued

160,400

Number of Shareholders

12,574

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

Certified Public Accountants

Shin Nihon & Co.
Hibiya Kokusai Bldg.
2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo 100-0011, Japan

Incorporation

May 11, 2001

Executive Office

Japan Real Estate Investment Corporation
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005, Japan

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Printed in Japan