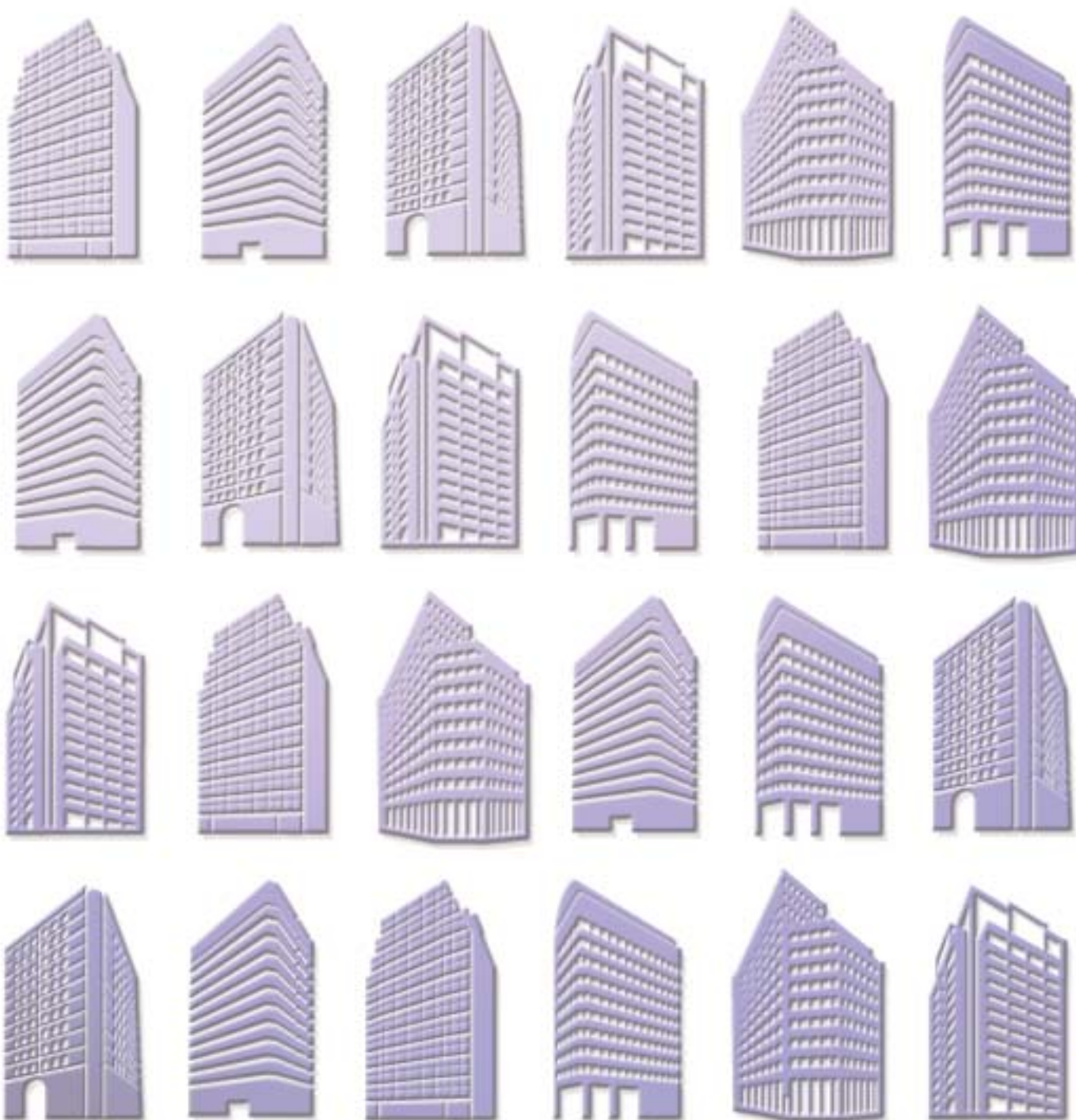


Japan Real Estate Investment Corporation

# SEPTEMBER 2004 SEMI-ANNUAL REPORT

For the period from April 1, 2004 to September 30, 2004



## 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. 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.



## The Strengths of Japan Real Estate Investment Corporation

- Portfolio of 39 high-quality office buildings as of September 30, 2004 (One new property and additional ownership in one existing property were acquired on November 1, 2004.)
- Revenues and profits have increased for six consecutive periods. Gross revenues for the sixth period topped ¥10 billion, and operating profits reached ¥4.4 billion.
- Steady growth — Total amount of acquisition prices surpassed ¥239 billion, aiming to achieve the goal of 300 billion yen by March 31, 2006.
- Superior geographic and tenant diversity with a 93.6% occupancy rate (as of September 30, 2004)
- Collaboration with Mitsubishi Estate Co., Ltd., The Tokio Marine and Fire Insurance Co., Ltd., The Dai-ichi Mutual Life Insurance Company, and Mitsui & Co., Ltd.
- Highest issuer credit ratings of any office REIT in the world: A+ from Standard & Poor’s and A1 from Moody’s Investors Service. Moody’s Investors Service changed their rating from A2 to A1 on November 11, 2004, and R&I issued an AA senior long-term credit rating on December 20, 2004.
- Praise from investors — Awarded “Deal of the Year” 4th prize in Equity Finance by the “Nikkei Bonds & Financial Weekly” during 2002, following 3rd place in 2001
- Healthy financial strategy that supports strong growth through additional issues of shares and bonds

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# Financial Highlights

For the Period from April 1, 2004 to September 30, 2004

	Millions of yen				Thousands of U.S. dollars (Note 1)
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2003 to September 30, 2003	For the period from October 1, 2002 to March 31, 2003	For the period from April 1, 2004 to September 30, 2004
Operating Revenues	10,151	9,560	8,965	8,500	91,410
Operating Profits	4,358	4,341	3,898	3,687	39,251
Income before Income Taxes	3,831	3,803	3,408	3,259	34,503
Net Income	3,830	3,802	3,407	3,258	34,495
Net Operating Income (NOI) (Note 2)	6,672	6,455	5,950	5,702	60,086
Funds from Operations (FFO) (Note 3)	5,488	5,301	4,801	4,568	49,419
FFO Multiple (Note 4)	20.8 times	20.4 times	15.2 times	14.6 times	20.8 times
Cash Distribution	3,830	3,802	3,407	3,258	34,495
Number of Shares	260,400	260,400	225,400	225,400	260,400
Dividend per Share (Yen/U.S. dollars)	14,711	14,602	15,117	14,455	132.47

- Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥111.05 = US\$1.00, the foreign exchange rate on September 30, 2004, 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
4. FFO Multiple = Share Price at End of the Respective Term ÷ FFO per Share (Annualized)  
(Annualized portion of the calculation given in note 4 assumes a fiscal period of 182 days for the period ended March 31, 2003, 183 days for the period ended September 30, 2003, 183 days for the period ended March 31, 2004 and 183 days for the period ended September 30, 2004.)

## Top 10 Shareholders

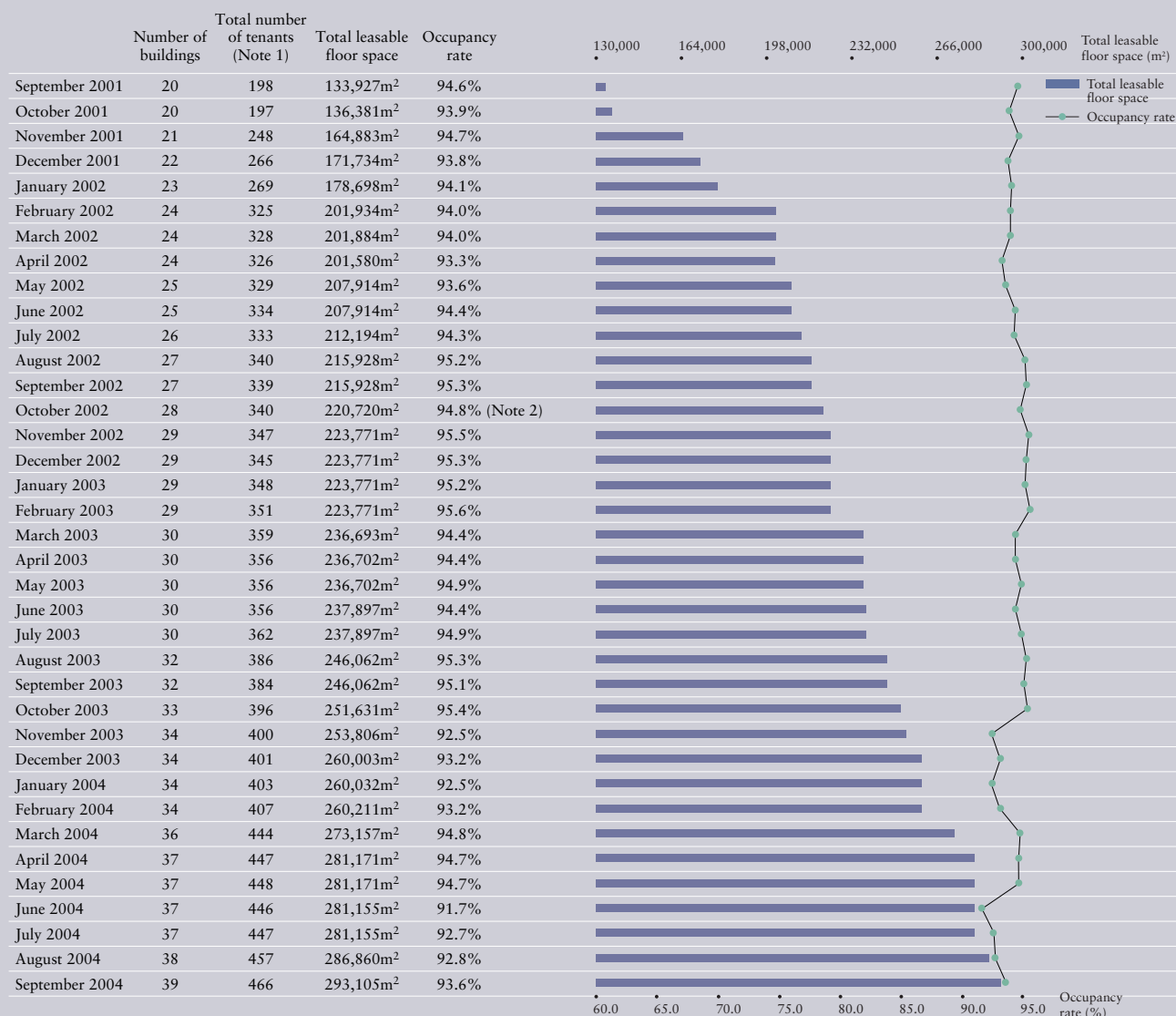
Company	Shares	% of Total Shares Outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.) .....	11,531	4.43%
Mitsubishi Estate Co., Ltd. ....	10,160	3.90%
The Chugoku Bank, Ltd. ....	8,995	3.45%
State Street Bank and Trust Company .....	8,646	3.32%
The Tokio Marine and Fire Insurance Co., Ltd. ....	8,120	3.12%
The Yamanashi Chuo Bank, Ltd. ....	7,300	2.80%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.) .....	7,085	2.72%
North Pacific Bank, Ltd. ....	7,067	2.71%
Trust & Custody Services Bank, Ltd. (Toshin Acc.) .....	6,996	2.69%
The Bank of Ikeda, Ltd. ....	5,566	2.14%

## Share Price Performance



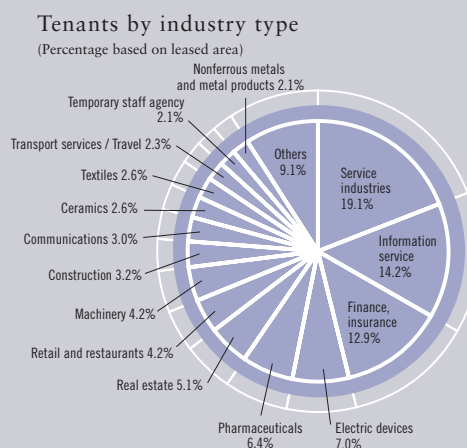
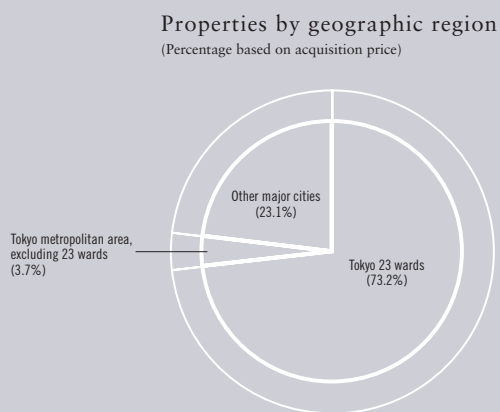
# Portfolio Highlights

## TRENDS IN THE STATE OF PORTFOLIO MANAGEMENT



Notes: 1. In the event that the same tenant occupies several buildings, the tenant is calculated as one tenant in the total number of tenants.  
 2. Occupancy rate of "Genki Medical Plaza" is not considered in the calculation of October 2002, because the property was acquired at the end of that month, and its rent contracts started at the beginning of November 2002.

## PORTFOLIO BREAKDOWN



# New Portfolio Properties

Properties acquired during the period ended September 30, 2004 and on November 1, 2004



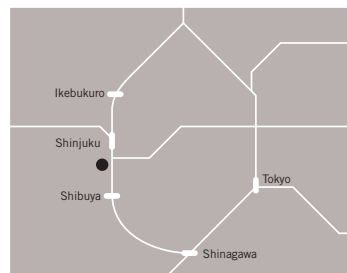
## Yoyogi 1chome Building

### Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥8,700 million (\$78.3 million)
Acquisition date:	April 1, 2004
Location:	Shibuya-ku, Tokyo
Intended use:	Office space
Site area:	1,755.75m <sup>2</sup> (18,898.72ft <sup>2</sup> )
Floor area of building:	10,778.10m <sup>2</sup> (116,014.39ft <sup>2</sup> )
Structure:	Above ground: 14 floors Below ground: 1 floor
Completion:	October 2003

### Leasing Conditions (As of September 30, 2004)

Number of tenants:	1 tenant
Leasable floor space:	7,772m <sup>2</sup> (83,657.03ft <sup>2</sup> )
Leased area:	7,772m <sup>2</sup> (83,657.03ft <sup>2</sup> )
Occupancy rate:	100.0%



### Property Acquisition Merits

The Yoyogi 1chome Building is located in Yoyogi, a stable market with expected demand from the preparatory school industry. It is also a link to Shinjuku, a core business area. It is a brand-new building completed in October 2003 and as such offers superior specifications.



## Ebisu Neonato

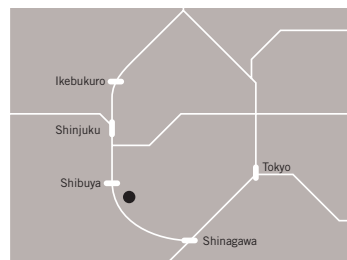
### Property Summary

Type of specified asset:	Ownership (Note)
Acquisition price:	¥3,740 million (\$33.7 million) / ¥360 million (\$3.2 million)
Acquisition date:	November 14, 2003 / April 1, 2004
Location:	Shibuya-ku, Tokyo
Intended use:	Office space
Site area:	5,005.70m <sup>2</sup> (53,880.85ft <sup>2</sup> )
Floor area of building:	36,598.38m <sup>2</sup> (393,941.30ft <sup>2</sup> )
Structure:	Above ground: 18 floors Below ground: 2 floors
Completion:	October 1994

Note: 12.3% co-ownership in land and ownership of the 3rd and 4th floors of the building in two transactions

### Leasing Conditions (As of September 30, 2004)

Number of tenants:	3 tenants
Leasable floor space:	2,462m <sup>2</sup> (26,500.72ft <sup>2</sup> )
Leased area:	2,462m <sup>2</sup> (26,500.72ft <sup>2</sup> )
Occupancy rate:	100.0%



### Property Acquisition Merits

Ebisu is a commercial, retail and entertainment area in metropolitan Tokyo. Located in Ebisu, with direct access to JR Ebisu Station by pedestrian deck, this building offers strong competitiveness with its high-quality construction and first-class facilities.



## Ikebukuro YS Building

### Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥4,500 million (\$40.5 million)
Acquisition date:	August 2, 2004
Location:	Toshima-ku, Tokyo
Intended use:	Office space, parking area
Site area:	1,384.56m <sup>2</sup> (14,903.27ft <sup>2</sup> )
Floor area of building:	7,464.64m <sup>2</sup> (80,348.64ft <sup>2</sup> )
Structure:	Above ground: 8 floors Below ground: 1 floor
Completion:	December 1989

### Leasing Conditions (As of September 30, 2004)

Number of tenants:	8 tenants
Leasable floor space:	5,715m <sup>2</sup> (61,515.69ft <sup>2</sup> )
Leased area:	5,171m <sup>2</sup> (55,660.13ft <sup>2</sup> )
Occupancy rate:	90.5%



### Property Acquisition Merits

This building faces Meiji-dori, one of Tokyo's major streets, with easy access to several subways and private railway stations. It is located in Ikebukuro, a major commercial, retail and entertainment area in metropolitan Tokyo, rivaling Shibuya and Shinjuku. This building is characterized for its high-quality construction and first-class facilities.



## Shinwa Building

### Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥7,830 million (\$70.5 million)
Acquisition date:	September 1, 2004
Location:	Shinjuku-ku, Tokyo
Intended use:	Office space
Site area:	822.00m <sup>2</sup> (8,847.93ft <sup>2</sup> )
Floor area of building:	8,291.69m <sup>2</sup> (89,250.92ft <sup>2</sup> )
Structure:	Above ground: 10 floors Below ground: 1 floor
Completion:	November 1989

### Leasing Conditions (As of September 30, 2004)

Number of tenants:	7 tenants
Leasable floor space:	6,265m <sup>2</sup> (67,435.83ft <sup>2</sup> )
Leased area:	5,513m <sup>2</sup> (59,341.38ft <sup>2</sup> )
Occupancy rate:	88.0%



### Property Acquisition Merits

The Shinwa Building is located in Nishi-Shinjuku, a core business area, and in close proximity to the Tokyo Metropolitan Government Building and Shinjuku Station. It boasts high-integrity specification to meet all sorts of tenant needs, including OA floor, separate air-conditioning system and ample power supply. The entrance and common areas have been renovated to create an appealing atmosphere.



## Higashi Gotanda 1chome Building

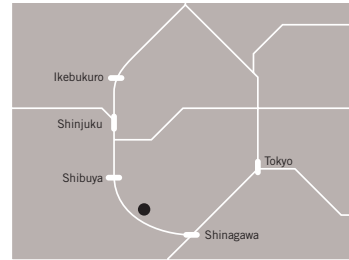
### Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥5,500 million (\$49.5 million)
Acquisition date:	November 1, 2004
Location:	Shinagawa-ku, Tokyo
Intended use:	Office space, retail stores
Site area:	1,539.95m <sup>2</sup> (16,575.87ft <sup>2</sup> )
Floor area of building:	6,460.39m <sup>2</sup> (69,538.99ft <sup>2</sup> )
Structure:	Above ground: 8 floors
Completion:	July 2004

### Leasing Conditions (As of November 1, 2004)

Number of tenants:	3 tenants
Leasable floor space:	5,205m <sup>2</sup> (56,026.10ft <sup>2</sup> )
Leased area:	1,790m <sup>2</sup> (19,267.38ft <sup>2</sup> )
Occupancy rate:	34.4% (Note)

Note: As of November 20, 2004, number of tenants stood at 4, leasable floor space was 5,205 m<sup>2</sup> (56,026ft<sup>2</sup>), and occupancy rate reached 100.0%.



### Property Acquisition Merits

This building is located a convenient four-minute walk from JR Gotanda Station, next to the developing business areas of Shinagawa and Osaki. It is a brand-new building offering OA floor, separate air-conditioning system and ample power supply. Characterized by its high-quality specifications, the Higashi Gotanda 1chome Building appeal to a variety of tenant needs.

## History after IPO

Since listing on the Tokyo Stock Exchange (“TSE”) as the first J-REIT in Japan, JRE has established a firm track record over the past six fiscal periods.

JRE has taken the initiative as a J-REIT pioneer, while aiming for stable management and solid growth.

### Sep. 2001

Listed on TSE as first J-REIT

### Sep. 2001

IPO

### May 2002

First Follow-On  
(First for a J-REIT)

### Oct. 2003

Second Follow-On

### Feb. and Mar. 2002

Acquired Issuer Credit Rating (First for a J-REIT)

■ Standard & Poor’s A+ (Outlook: Stable)

■ Moody’s A2 (Outlook: Stable)

### June 2002

First Investment Corporation Bond Issue  
(First credit rated issue for an investment corporation)

### Apr. 2003

Second/Third Investment Corporation Bond Issue

### Jan. 2004

Moody’s amended its outlook for JRE’s credit rating (A2) from stable to positive.

### Sep. 2004

Moody’s amended its outlook for JRE’s credit rating (A2) from positive to under review for possible upgrade.

### Nov. 2004

Moody’s changed its credit rating from A2 to A1 with outlook of stable.

### Dec. 2004

R&I issued an AA senior long-term credit rating.

Period Ending  
Sep. 2001

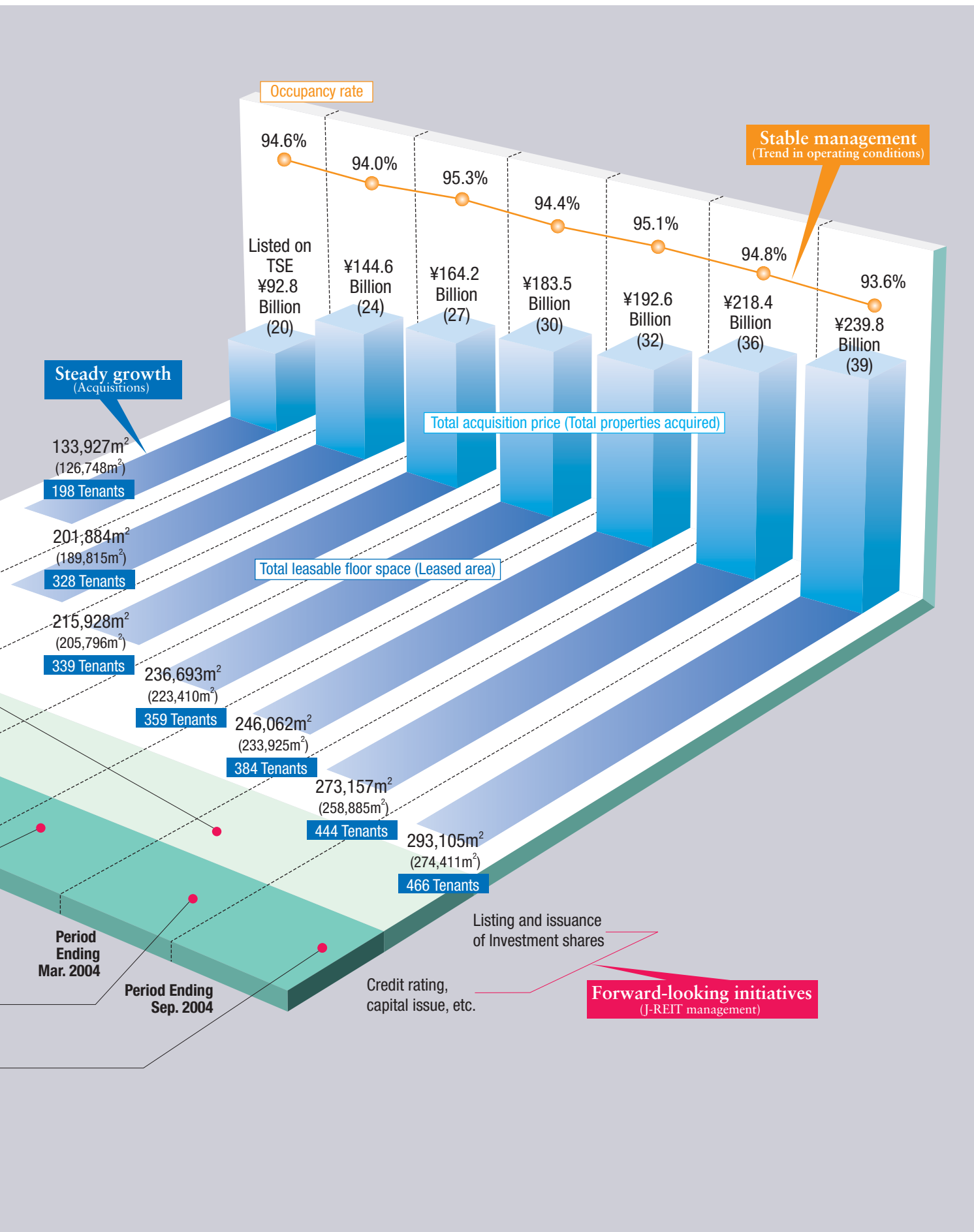
Period Ending  
Mar. 2002

Period Ending  
Sep. 2002

Period Ending  
Mar. 2003

Period  
Ending  
Sep. 2003





To Our Shareholders

# “Slow Ahead”



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**B**ased on the Company's core 4S growth strategy emphasizing Sincerity, Stability, Soundness, and Strength of Will, JRE has enjoyed six consecutive periods of steady growth, with operating profits and net income rising each period.

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CEO & President of Japan Real Estate Asset Management Co., Ltd.  
RYOICHI KAKEHASHI

In its sixth period, the six months ended September 30, 2004, Japan Real Estate Investment Corporation (“JRE”) maintained the momentum in revenues and profits it has continuously displayed since IPO.

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

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

Regarding the property market, bad-debt write-offs by financial institutions and the adoption of asset-impairment accounting have helped sustain active property sales. At the same time, in the face of difficult fund-management conditions stemming from a climate of low interest rates, not only Japanese Real Estate Investment Trusts (J-REITs) but also such entities as private funds, pension funds, and qualified institutional investors are stepping up their acquisition of real estate.

I would like to highlight some of the Company's major achievements during the sixth period, and discuss our strategies and forecasts for the seventh period and beyond.

## OVERVIEW OF THE SIXTH PERIOD

### Key Performance Indicators

Based on the Company's core 4S growth strategy emphasizing Sincerity, Stability, Soundness, and Strength of Will, JRE has enjoyed six consecutive periods of steady growth, with operating profits and net income rising each period.

Gross revenues reached ¥10.2 billion (\$91.4 million) for the first time, representing a 6.2 percent increase compared with the previous period. Operating profits rose 0.4 percent, to ¥4.4 billion (\$39.3 million), and income before income taxes increased 0.7 percent, to ¥3.8 billion (\$34.5 million). Net income was up 0.7 percent, to ¥3.8 billion (\$34.5 million).

JRE's policy with regard to profit appropriation is to distribute dividends of approximately 100 percent of taxable income, in order to enjoy the tax benefit available under Article 67-15 of the Special Taxation Measures Law of Japan applicable to J-REITs. On this basis, for the period under review, we declared a cash dividend of ¥14,711 (\$132.47) per share.

As of September 30, 2004, JRE's total asset balance was ¥257.4 billion (\$2,317.6 million) and its

net worth was ¥137.3 billion (\$1,236.2 million), or ¥527,185 (\$4,747.3) per share. On its balance sheet, JRE had interest-bearing debt of ¥99.0 billion (\$891.5 million).

### Acquisitions and Management

In an increasingly competitive market, JRE uses its own information network to collect data on the sales of numerous properties. We have made acquisitions based on meticulous examination of these data, and after determining optimal prices from many perspectives, including profit stability of the entire company and expected rate of return.

On April 1, 2004, we acquired additional ownership in the Yoyogi 1chome Building (¥8.7 billion/\$78.3 million investment) and the Ebisu Neonato (¥0.4 billion/\$3.2 million investment for an additional 1.2% ownership, bringing JRE's total ownership to 12.3%). In addition, we acquired the Ikebukuro YS Building (¥4.5 billion/\$40.5 million investment) on August 2, and the Shinwa Building (¥7.8 billion/\$70.5 million) on September 1. As of September 30, 2004, JRE's property portfolio consisted of 39 office buildings, with a total value of ¥239.8 billion (\$2,159.6 million), net rentable floor area of 293,105m<sup>2</sup> (3,154,953ft<sup>2</sup>), and a total of 466 tenants.

JRE maintained a high occupancy rate of 93.6 percent (as of September 30, 2004) by:

- Acquiring top-level properties and upgrading building facilities through optimal refurbishment in order to maintain and improve functions
- Developing finely tuned building management policies from the perspective of tenants while undertaking vigorous sales activities
- Raising its emphasis on fixed-term and long-term lease contracts

JRE is working to reduce costs with a view to further enhancing profit stability. Our basic policy is to lower property management fees and utility expenses by 5 percent within the first three years of new property acquisitions.

Of the total number of properties acquired up to the end of the fourth period and including properties acquired during the six-month period from April 1, 2003 through September 30, 2003, twenty-eight properties are subject to this cost reduction program. Despite being midway through the program period, we have already reduced costs of those properties by

11.4 percent per year, based on the results of our fifth and sixth periods (October 2003 to September 2004).

### Fund-Raising Activities

During the period under review, JRE raised funds through borrowings to acquire properties. To mitigate the risks of higher interest rates and refinancing in the future, JRE focused on stabilizing its financing over the medium and long term by increasing funds through fixed-interest long-term loans. In an effort to further stabilize its financial position, JRE established a new commitment line totaling ¥20 billion (\$180.1 million) on July 21, 2004, with a view to ensuring a flexible and secure means of procuring funds.

On September 30, 2004, JRE had total borrowings of ¥54 billion (\$486.3 million), including ¥10 billion (\$90.0 million) in short-term loans (up ¥1 billion/\$9.0 million from the previous period), ¥44 billion (\$396.2 million) in long-term loans (up ¥11 billion/\$99.1 million from the previous period), and outstanding corporate bonds valued at ¥45 billion (\$405.2 million, unchanged from the previous period).

## OUTLOOK FOR SEVENTH PERIOD AND BEYOND

### Operating Environment

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

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

Meanwhile, tenants have stringent demands not only with respect to location, building quality, and facilities, but also for high-quality building management and value-added services. For these reasons, tenants have become more and more discriminating when selecting buildings. To meet

these needs, suppliers must provide services that correctly and promptly reflect the needs of tenants and deliver added value that differentiates their buildings from the competition.

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

### New Property Acquisition

Higashi-Gotanda 1chome Building was acquired for ¥5.5 billion (\$49.5 million) on November 1, 2004. Only completed in July 2004, the property, which offers a mixture of offices and stores in a highly desirable location, had an occupancy rate of 34.4% at the time of acquisition, and had 100% occupancy rate as of November 20, 2004.

### Credit Ratings

In recognition of the Company's overall performance and potential, Moody's Investors Service on November 11, 2004, raised its rating on JRE's issuer credit rating and rating for unsecured corporate bonds from A2 to A1. In addition, on December 20, 2004, Tokyo-based Rating and Investment Information, Inc. (R&I) assigned JRE a new rating of AA in connection with its senior long-term credit rating.

JRE has received the following credit ratings:

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

### Performance Forecasts

For both the seventh period (from October 1, 2004 to March 31, 2005) and the eighth period (from April 1, 2005, to September 30, 2005) we forecast gross revenues of ¥10.4 billion (\$936.5 million), income before income taxes of ¥4.0 billion (\$36.0 million), and net income of ¥4.0 billion (\$36.0



*Executive Director of Japan Real Estate Investment Corporation*  
YONEICHIRO BABA (Left)  
*CEO & President of Japan Real Estate Asset Management Co., Ltd.*  
RYOICHI KAKEHASHI (Right)

million) and plan to declare a dividend of ¥15,400 (\$138.68) per share. Actual figures for gross revenues, income before income taxes, net income, and cash dividends may vary due to changes in business conditions.

The estimates for the aforementioned seventh and eighth periods are based on conservative assumptions of the portfolio of 39 properties as of September 30, 2004, and the newly acquired Higashi Gotanda 1chome Building, and excludes any other additional acquisitions.

On behalf of JRE's management and professionals, we hope this business report provides readers with a better understanding of the company. We would like to take this opportunity to also thank you for your continued support.

*Yoneichiro Baba*

*Executive Director of Japan Real Estate Investment Corporation*  
YONEICHIRO BABA

*Ryoichi Kakehashi*

*CEO & President of Japan Real Estate Asset Management Co., Ltd.*  
RYOICHI KAKEHASHI

# The Portfolio of Japan Real Estate Investment Corporation

As of September 30, 2004

## PROPERTIES ROSTER

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)
<b>Tokyo 23 wards</b>					
● I-1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Ownership	10/31/2002	5,000 (2.1%)
● I-2	MD Kanda Building	Kandamitoshirocho, Chiyoda-ku	Ownership	5/31/2002	9,520 (4.0%)
● I-3	Kandabashi Park Building	Kandanishikicho, Chiyoda-ku	Ownership	8/15/2002	4,810 (2.0%)
● I-4	Mitsubishi Soken Building	Otemachi, Chiyoda-ku	Trust	9/25/2001	27,267 (11.4%)
● I-5	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Ownership	8/1/2003	7,200 (3.0%)
● I-6	Kodenmacho Shin-Nihonbashi Building	Nihonbashikodenmacho, Chuo-ku	Trust	9/25/2001	3,173 (1.3%)
● I-7	Burex Kyobashi Building	Kyobashi, Chuo-ku	Ownership	7/22/2002	5,250 (2.2%)
● I-8	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Ownership	3/14/2003	7,680 (3.2%)
● I-9	Shiba 2chome Daimon Building	Shiba, Minato-ku	Trust	9/10/2001	4,859 (2.0%)
● I-10	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	9/25/2001	2,808 (1.2%)
● I-11	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Ownership	9/1/2004	7,830 (3.3%)
● I-12	Takanawadai Building	Higashi-Gotanda, Shinagawa-ku	Trust	9/25/2001	2,738 (1.1%)
● I-13	JAL Travel Building	Shimo Meguro, Meguro-ku	Trust	9/10/2001	1,362 (0.6%)
● I-14	Omori-Eki Higashiguchi Building	Omori Kita, Ota-ku	Trust	9/10/2001	5,123 (2.1%)
● I-15	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Ownership	3/24/2004	6,670 (2.8%)
● I-16	Yoyogi 1chome Building	Yoyogi, Shibuya-ku	Ownership	4/1/2004	8,700 (3.6%)
● I-17	da Vinci Harajuku	Jingumae, Shibuya-ku	Ownership	11/22/2002	4,885 (2.0%)
● I-18	Jingumae Media Square Building	Jingumae, Shibuya-ku	Ownership	10/9/2003	12,200 (5.1%)
● I-19	Shibuya Cross Tower	Shibuya, Shibuya-ku	Ownership	11/30/2001	34,600 (14.4%)
● I-20	Ebisu Neonato	Ebisu, Shibuya-ku	Ownership	11/14/2003	3,740
				4/1/2004	360
				total	4,100 (1.7%)
● I-21	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	9/25/2001	3,541 (1.5%)
● I-22	Ikebukuro 2chome Building	Ikebukuro, Toshima-ku	Trust	9/25/2001	1,728 (0.7%)
● I-23	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Ownership	8/2/2004	4,500 (1.9%)
<b>Tokyo metropolitan area excluding 23 wards</b>					
● II-1	Saitama Urawa Building	Saitama, Saitama Prefecture	Ownership	9/25/2001	1,232
				10/11/2001	1,342
				total	2,574 (1.1%)
● II-2	Shin-Yokohama First Building	Yokohama, Kanagawa Prefecture	Ownership	1/28/2002	3,000 (1.3%)
● II-3	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	9/25/2001	3,375 (1.4%)
<b>Other major cities</b>					
● III-1	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	9/25/2001	2,924 (1.2%)
● III-2	Niigata Ishizuecho Nishi-Bandaibashi Building	Niigata, Niigata Prefecture	Trust	9/25/2001	1,010 (0.4%)
● III-3	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Ownership	2/28/2002	2,880
				3/3/2003	1,700
				total	4,580 (1.9%)
● III-4	Kanazawa Minamicho Building	Kanazawa, Ishikawa Prefecture	Trust	9/25/2001	1,331 (0.6%)
● III-5	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Ownership	9/10/2001	14,533 (6.1%)
● III-6	Nagoya Misono Building	Nagoya, Aichi Prefecture	Ownership	8/8/2003	1,865 (0.8%)
● III-7	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Ownership	12/20/2001	2,650 (1.1%)
● III-8	Sakaisujihonmachi Building (Note)	Osaka, Osaka Prefecture	Ownership	9/25/2001	2,264
				12/26/2003	1,900
				total	4,164 (1.7%)
● III-9	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	9/25/2001	6,934
				2/28/2002	7,380
				total	14,314 (6.0%)
● III-10	Kobe Itomachi Building	Kobe, Hyogo Prefecture	Trust	9/25/2001	1,436 (0.6%)
● III-11	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Ownership	3/25/2004	1,320 (0.6%)
● III-12	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Ownership	9/25/2001	1,550 (0.6%)
● III-13	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	9/10/2001	3,657 (1.5%)
				total	239,827 (100.0%)

## MAJOR TENANTS ROSTER

Rank	Name of tenant	Name of building	Leased area
1	Mitsubishi Research Institute, Inc. (Note)	Mitsubishi Soken Building	14,529m <sup>2</sup> (156,389ft <sup>2</sup> )
2	The Dai-ichi Mutual Life Insurance Company	Midosuji Daiwa Building (also includes 7 other buildings)	9,984m <sup>2</sup> (107,467ft <sup>2</sup> )
3	Yamano Gakuen	Yoyogi 1chome Building	7,772m <sup>2</sup> ( 83,657ft <sup>2</sup> )
4	TOTO Ltd.	Midosuji Daiwa Building (also includes 1 other building)	6,669m <sup>2</sup> ( 7,184ft <sup>2</sup> )
5	Asahi Kasei Pharma Corporation	MD Kanda Building	5,144m <sup>2</sup> ( 55,370ft <sup>2</sup> )

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 value at the end of period (¥ millions)	Total leasable floor space		Leased area		Total number of tenants	Revenue from leasing operations (¥ millions)	
100	1985	5,700	4,791m <sup>2</sup>	(51,570ft <sup>2</sup> )	4,791m <sup>2</sup>	(51,570ft <sup>2</sup> )	1	222	(2.2%)
100	1998	8,130	6,269m <sup>2</sup>	(67,479ft <sup>2</sup> )	6,269m <sup>2</sup>	(67,479ft <sup>2</sup> )	2	324	(3.2%)
56.76	1993	4,840	3,687m <sup>2</sup>	(39,686ft <sup>2</sup> )	3,687m <sup>2</sup>	(39,686ft <sup>2</sup> )	7	181	(1.8%)
100	1970	30,400	18,006m <sup>2</sup>	(193,815ft <sup>2</sup> )	18,006m <sup>2</sup>	(193,815ft <sup>2</sup> )	4	1,063	(10.5%)
10.78	1975	6,820	4,694m <sup>2</sup>	(50,526ft <sup>2</sup> )	4,694m <sup>2</sup>	(50,526ft <sup>2</sup> )	15	267	(2.6%)
100	1991	3,240	3,897m <sup>2</sup>	(41,947ft <sup>2</sup> )	3,897m <sup>2</sup>	(41,947ft <sup>2</sup> )	5	162	(1.6%)
100	2002	5,290	4,279m <sup>2</sup>	(46,059ft <sup>2</sup> )	4,279m <sup>2</sup>	(46,059ft <sup>2</sup> )	1	150	(1.5%)
100	1982	7,330	4,916m <sup>2</sup>	(52,915ft <sup>2</sup> )	4,916m <sup>2</sup>	(52,915ft <sup>2</sup> )	9	259	(2.6%)
100	1984	5,250	9,643m <sup>2</sup>	(103,796ft <sup>2</sup> )	9,643m <sup>2</sup>	(103,796ft <sup>2</sup> )	30	305	(3.0%)
100	1992	2,920	4,062m <sup>2</sup>	(43,723ft <sup>2</sup> )	4,062m <sup>2</sup>	(43,723ft <sup>2</sup> )	7	136	(1.3%)
100	1989	7,800	6,265m <sup>2</sup>	(67,436ft <sup>2</sup> )	5,513m <sup>2</sup>	(59,341ft <sup>2</sup> )	7	36	(0.4%)
100	1991	2,530	4,091m <sup>2</sup>	(44,035ft <sup>2</sup> )	4,091m <sup>2</sup>	(44,035ft <sup>2</sup> )	1	140	(1.4%)
100	1991	1,420	3,383m <sup>2</sup>	(36,414ft <sup>2</sup> )	3,383m <sup>2</sup>	(36,414ft <sup>2</sup> )	1	89	(0.9%)
100	1989	5,180	7,708m <sup>2</sup>	(82,968ft <sup>2</sup> )	7,708m <sup>2</sup>	(82,968ft <sup>2</sup> )	19	251	(2.5%)
100	1974	7,170	7,347m <sup>2</sup>	(79,082ft <sup>2</sup> )	7,296m <sup>2</sup>	(78,533ft <sup>2</sup> )	17	308	(3.0%)
100	2003	8,710	7,772m <sup>2</sup>	(83,657ft <sup>2</sup> )	7,772m <sup>2</sup>	(83,657ft <sup>2</sup> )	1	281	(2.8%)
100	1987	5,140	3,051m <sup>2</sup>	(32,841ft <sup>2</sup> )	3,051m <sup>2</sup>	(32,841ft <sup>2</sup> )	6	193	(1.9%)
100	1998	12,670	5,558m <sup>2</sup>	(59,826ft <sup>2</sup> )	5,074m <sup>2</sup>	(54,616ft <sup>2</sup> )	7	316	(3.1%)
100	1976	34,400	29,775m <sup>2</sup>	(320,495ft <sup>2</sup> )	29,739m <sup>2</sup>	(320,108ft <sup>2</sup> )	52	1,497	(14.8%)
12.30	1994	4,220	2,462m <sup>2</sup>	(26,501ft <sup>2</sup> )	2,462m <sup>2</sup>	(26,501ft <sup>2</sup> )	3	143	(1.4%)
100	1987	3,410	7,114m <sup>2</sup>	(76,574ft <sup>2</sup> )	6,477m <sup>2</sup>	(69,718ft <sup>2</sup> )	10	174	(1.7%)
100	1990	1,420	2,186m <sup>2</sup>	(23,530ft <sup>2</sup> )	2,186m <sup>2</sup>	(23,530ft <sup>2</sup> )	7	72	(0.7%)
100	1989	4,450	5,715m <sup>2</sup>	(61,516ft <sup>2</sup> )	5,171m <sup>2</sup>	(55,660ft <sup>2</sup> )	8	49	(0.5%)
100	1990	2,360	4,510m <sup>2</sup>	(48,545ft <sup>2</sup> )	4,154m <sup>2</sup>	(44,713ft <sup>2</sup> )	14	144	(1.4%)
100	1992	1,620	6,925m <sup>2</sup>	(74,540ft <sup>2</sup> )	5,222m <sup>2</sup>	(56,209ft <sup>2</sup> )	5	56	(0.6%)
100	1990	3,140	6,831m <sup>2</sup>	(73,528ft <sup>2</sup> )	6,831m <sup>2</sup>	(73,528ft <sup>2</sup> )	11	189	(1.9%)
93.39	1991	2,930	5,829m <sup>2</sup>	(62,743ft <sup>2</sup> )	5,829m <sup>2</sup>	(62,743ft <sup>2</sup> )	14	158	(1.6%)
100	1984	755	4,383m <sup>2</sup>	(47,178ft <sup>2</sup> )	4,198m <sup>2</sup>	(45,187ft <sup>2</sup> )	10	85	(0.8%)
89.00	1991	5,390	21,343m <sup>2</sup>	(229,734ft <sup>2</sup> )	19,305m <sup>2</sup>	(207,797ft <sup>2</sup> )	64	530	(5.2%)
100	1987	1,010	3,782m <sup>2</sup>	(40,709ft <sup>2</sup> )	3,177m <sup>2</sup>	(34,197ft <sup>2</sup> )	13	73	(0.7%)
100	1987	14,600	21,590m <sup>2</sup>	(232,393ft <sup>2</sup> )	21,214m <sup>2</sup>	(228,345ft <sup>2</sup> )	31	757	(7.5%)
100	1991	1,840	3,470m <sup>2</sup>	(37,351ft <sup>2</sup> )	3,470m <sup>2</sup>	(37,351ft <sup>2</sup> )	7	108	(1.1%)
100	1982	2,050	6,800m <sup>2</sup>	(73,195ft <sup>2</sup> )	6,040m <sup>2</sup>	(65,014ft <sup>2</sup> )	29	126	(1.2%)
100	1992	4,170	11,574m <sup>2</sup>	(124,581ft <sup>2</sup> )	4,641m <sup>2</sup>	(49,955ft <sup>2</sup> )	8	190	(1.9%)
100	1991	13,500	20,449m <sup>2</sup>	(220,111ft <sup>2</sup> )	19,658m <sup>2</sup>	(211,597ft <sup>2</sup> )	23	650	(6.4%)
100	1989	966	3,478m <sup>2</sup>	(37,437ft <sup>2</sup> )	3,344m <sup>2</sup>	(35,994ft <sup>2</sup> )	15	73	(0.7%)
27.085	1994	1,350	5,470m <sup>2</sup>	(58,879ft <sup>2</sup> )	4,408m <sup>2</sup>	(47,447ft <sup>2</sup> )	13	100	(1.0%)
100	1992	1,370	4,080m <sup>2</sup>	(43,917ft <sup>2</sup> )	3,755m <sup>2</sup>	(40,418ft <sup>2</sup> )	19	103	(1.0%)
76.18	1987	3,470	5,902m <sup>2</sup>	(63,529ft <sup>2</sup> )	4,977m <sup>2</sup>	(53,572ft <sup>2</sup> )	8	171	(1.7%)
—	—	238,961	293,105m <sup>2</sup>	(3,154,953ft <sup>2</sup> )	274,411m <sup>2</sup>	(2,953,733ft <sup>2</sup> )	466	10,151	(100.0%)

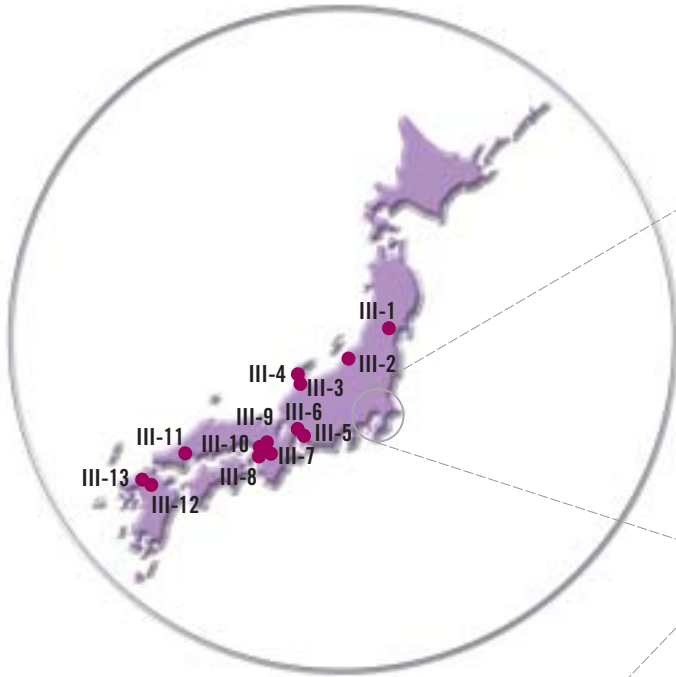
Note: On July 1, 2004, "Fukusuke Sakaisujihonmachi Building" was renamed to "Sakaisujihonmachi Building."

Percent of total leased area

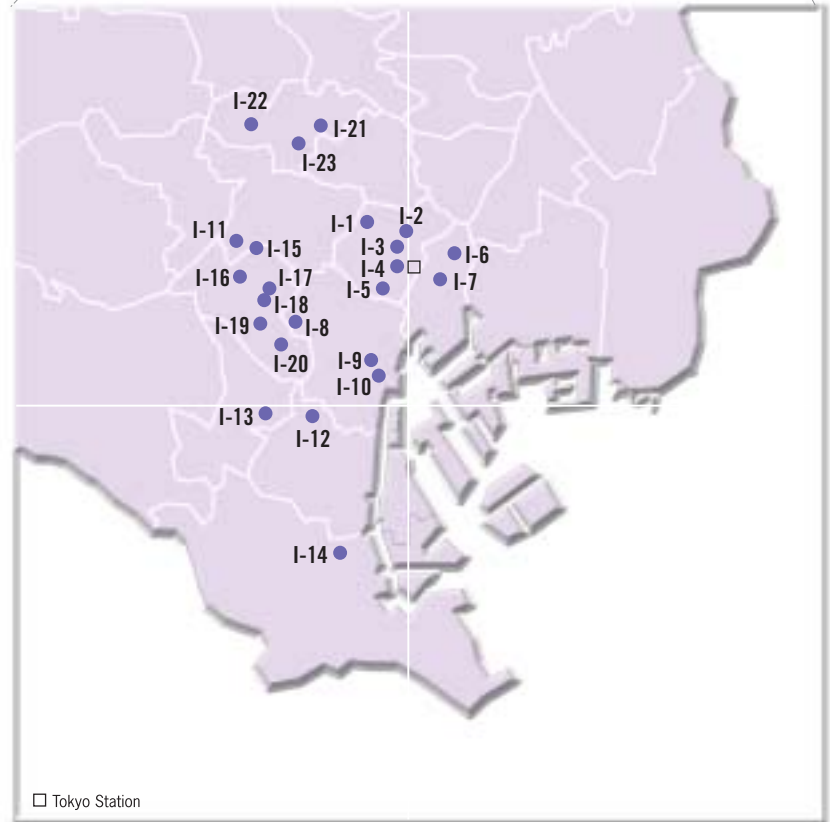
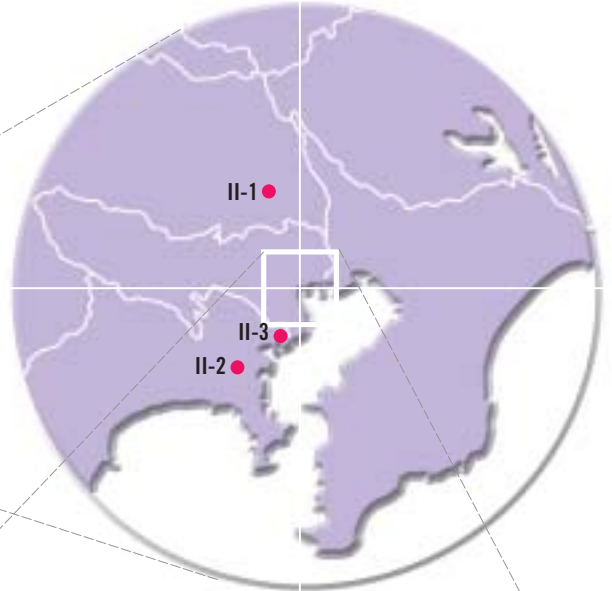
5.3%  
3.6%  
2.8%  
2.4%  
1.9%

LOCATIONS OF PORTFOLIO PROPERTIES

III-1 – III-13 : Other major cities



II-1 – II-3 : Tokyo metropolitan area excluding 23 wards



I-1 – I-23 : Tokyo 23 wards



# Overview of Portfolio Properties As of September 30, 2004



**Genki Medical Plaza**

● I-1

Location : Chiyoda-ku, Tokyo  
Site area : 1,052.80m<sup>2</sup> (11,332.23ft<sup>2</sup>)  
Floor area of building : 6,722.02m<sup>2</sup> (72,355.15ft<sup>2</sup>)  
Structure : Above ground: 8 floors  
Below ground: 1 floor  
Completion : September 1985



**MD Kanda Building**

● I-2

Location : Chiyoda-ku, Tokyo  
Site area : 1,085.83m<sup>2</sup> (11,687.77ft<sup>2</sup>)  
Floor area of building : 8,185.11m<sup>2</sup> (88,103.71ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Completion : February 1998



**Kandabashi Park Building**

● I-3

Location : Chiyoda-ku, Tokyo  
Site area : 1,218.56m<sup>2</sup> (13,116.46ft<sup>2</sup>)  
Floor area of building : 9,370.25m<sup>2</sup> (100,860.43ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Below ground: 1 floor  
Completion : July 1993



**Mitsubishi Soken Building**

● I-4

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



**Yurakucho Denki Building**

● I-5

Location : Chiyoda-ku, Tokyo  
Site area : 5,749.91m<sup>2</sup> (61,891.46ft<sup>2</sup>)  
Floor area of building : 70,287.65m<sup>2</sup> (756,569.24ft<sup>2</sup>)  
Structure : Above ground: 20 floors  
Below ground: 4 floors  
Completion : September 1975



**Kodenmachi Shin-Nihonbashi Building**

● I-6

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



**Burex Kyobashi Building**

● I-7

Location : Chuo-ku, Tokyo  
Site area : 756.03m<sup>2</sup> (8,137.83ft<sup>2</sup>)  
Floor area of building : 5,470.54m<sup>2</sup> (58,884.35ft<sup>2</sup>)  
Structure : Above ground: 8 floors  
Below ground: 1 floor  
Completion : February 2002



**Aoyama Crystal Building**

● I-8

Location : Minato-ku, Tokyo  
Site area : 989.30m<sup>2</sup> (10,648.73ft<sup>2</sup>)  
Floor area of building : 8,094.36m<sup>2</sup> (87,126.88ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Below ground: 4 floors  
Completion : December 1982



### Shiba 2chome Daimon Building

● I-9

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



### Cosmo Kanasugibashi Building

● I-10

Location : Minato-ku, Tokyo  
Site area : 758.54m<sup>2</sup> (8,164.85ft<sup>2</sup>)  
Floor area of building : 5,420.93m<sup>2</sup> (58,350.35ft<sup>2</sup>)  
Structure : Above ground: 9 floors  
Below ground: 1 floor  
Completion : March 1992



### Shinwa Building

● I-11

Location : Shinjuku-ku, Tokyo  
Site area : 822.00m<sup>2</sup> (8,847.93ft<sup>2</sup>)  
Floor area of building : 8,291.69m<sup>2</sup> (89,250.92ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Below ground: 1 floor  
Completion : November 1989



### Takanawadai Building

● I-12

Location : Shinagawa-ku, Tokyo  
Site area : 1,416.17m<sup>2</sup> (15,243.51ft<sup>2</sup>)  
Floor area of building : 5,762.70m<sup>2</sup> (62,029.13ft<sup>2</sup>)  
Structure : Above ground: 13 floors  
Completion : January 1991



### JAL Travel Building

● I-13

Location : Meguro-ku, Tokyo  
Site area : 1,401.52m<sup>2</sup> (15,085.82ft<sup>2</sup>)  
Floor area of building : 5,269.58m<sup>2</sup> (56,721.23ft<sup>2</sup>)  
Structure : Above ground: 6 floors  
Below ground: 1 floor  
Completion : September 1991



### Omori-Eki Higashiguchi Building

● I-14

Location : Ota-ku, Tokyo  
Site area : 2,199.30m<sup>2</sup> (23,673.05ft<sup>2</sup>)  
Floor area of building : 14,095.34m<sup>2</sup> (151,720.83ft<sup>2</sup>)  
Structure : Above ground: 11 floors  
Below ground: 2 floors  
Completion : July 1989



### Nippon Brunswick Building

● I-15

Location : Shibuya-ku, Tokyo  
Site area : 1,497.52m<sup>2</sup> (16,119.16ft<sup>2</sup>)  
Floor area of building : 11,957.38m<sup>2</sup> (128,708.04ft<sup>2</sup>)  
Structure : Above ground: 9 floors  
Below ground: 2 floors  
Completion : March 1974



### Yoyogi 1chome Building

● I-16

Location : Shibuya-ku, Tokyo  
Site area : 1,755.75m<sup>2</sup> (18,898.72ft<sup>2</sup>)  
Floor area of building : 10,778.10m<sup>2</sup> (116,014.39ft<sup>2</sup>)  
Structure : Above ground: 14 floors  
Below ground: 1 floor  
Completion : October 2003



### da Vinci Harajuku

● I-17

Location : Shibuya-ku, Tokyo  
 Site area : 839.66m<sup>2</sup> (9,038.02ft<sup>2</sup>)  
 Floor area of building : 4,359.20m<sup>2</sup> (46,921.99ft<sup>2</sup>)  
 Structure : Above ground: 7 floors  
 Below ground: 2 floors  
 Completion : December 1987



### Jingumae Media Square Building

● I-18

Location : Shibuya-ku, Tokyo  
 Site area : 2,261.68m<sup>2</sup> (24,344.50ft<sup>2</sup>)  
 Floor area of building : 9,420.42m<sup>2</sup> (101,400.46ft<sup>2</sup>)  
 Structure : Above ground: 9 floors  
 Below ground: 2 floors  
 Completion : March 1998



### Shibuya Cross Tower

● I-19

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



### Ebisu Neonato

● I-20

Location : Shibuya-ku, Tokyo  
 Site area : 5,005.70m<sup>2</sup> (53,880.85ft<sup>2</sup>)  
 Floor area of building : 36,598.38m<sup>2</sup> (393,941.30ft<sup>2</sup>)  
 Structure : Above ground: 18 floors  
 Below ground: 2 floors  
 Completion : October 1994



### Otsuka Higashi-Ikebukuro Building

● I-21

Location : Toshima-ku, Tokyo  
 Site area : 2,121.39m<sup>2</sup> (22,834.43ft<sup>2</sup>)  
 Floor area of building : 9,531.28m<sup>2</sup> (102,593.74ft<sup>2</sup>)  
 Structure : Above ground: 8 floors  
 Below ground: 1 floor  
 Completion : November 1987



### Ikebukuro 2chome Building

● I-22

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



### Ikebukuro YS Building

● I-23

Location : Toshima-ku, Tokyo  
 Site area : 1,384.56m<sup>2</sup> (14,903.27ft<sup>2</sup>)  
 Floor area of building : 7,464.64m<sup>2</sup> (80,348.64ft<sup>2</sup>)  
 Structure : Above ground: 8 floors  
 Below ground: 1 floor  
 Completion : December 1989



### Saitama Urawa Building

● II-1

Location : Saitama, Saitama Prefecture  
 Site area : 1,533.06m<sup>2</sup> (16,501.70ft<sup>2</sup>)  
 Floor area of building : 6,258.59m<sup>2</sup> (67,366.84ft<sup>2</sup>)  
 Structure : Above ground: 8 floors  
 Completion : March 1990



### Shin-Yokohama First Building

● II-2

Location : Yokohama, Kanagawa Prefecture  
Site area : 1,528.00m<sup>2</sup> (16,447.24ft<sup>2</sup>)  
Floor area of building : 10,403.41m<sup>2</sup> (111,981.26ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Below ground: 2 floors  
Completion : April 1992



### Kawasaki Isago Building

● II-3

Location : Kawasaki, Kanagawa Prefecture  
Site area : 1,594.50m<sup>2</sup> (17,163.04ft<sup>2</sup>)  
Floor area of building : 9,623.83m<sup>2</sup> (103,589.94ft<sup>2</sup>)  
Structure : Above ground: 12 floors  
Below ground: 1 floor  
Completion : December 1990



### Sendai Honcho Honma Building

● III-1

Location : Sendai, Miyagi Prefecture  
Site area : 1,437.47m<sup>2</sup> (15,472.78ft<sup>2</sup>)  
Floor area of building : 8,247.50m<sup>2</sup> (88,775.27ft<sup>2</sup>)  
Structure : Above ground: 11 floors  
Completion : November 1991



### Niigata Ishizuecho Nishi-Bandaibashi Building

● III-2

Location : Niigata, Niigata Prefecture  
Site area : 957.90m<sup>2</sup> (10,310.74ft<sup>2</sup>)  
Floor area of building : 6,410.33m<sup>2</sup> (69,000.15ft<sup>2</sup>)  
Structure : Above ground: 8 floors  
Below ground: 1 floor  
Completion : November 1984



### Kanazawa Park Building

● III-3

Location : Kanazawa, Ishikawa Prefecture  
Site area : 6,642.71m<sup>2</sup> (71,501.47ft<sup>2</sup>)  
Floor area of building : 43,481.20m<sup>2</sup> (468,027.29ft<sup>2</sup>)  
Structure : Above ground: 12 floors  
Below ground: 2 floors  
Completion : October 1991



### Kanazawa Minamicho Building

● III-4

Location : Kanazawa, Ishikawa Prefecture  
Site area : 887.17m<sup>2</sup> (9,549.41ft<sup>2</sup>)  
Floor area of building : 5,163.19m<sup>2</sup> (55,576.06ft<sup>2</sup>)  
Structure : Above ground: 9 floors  
Completion : March 1987



### Nagoya Hirokoji Building

● III-5

Location : Nagoya, Aichi Prefecture  
Site area : 4,095.81m<sup>2</sup> (44,086.89ft<sup>2</sup>)  
Floor area of building : 33,377.73m<sup>2</sup> (359,274.55ft<sup>2</sup>)  
Structure : Above ground: 18 floors  
Below ground: 2 floors  
Completion : May 1987



### Nagoya Misono Building

● III-6

Location : Nagoya, Aichi Prefecture  
Site area : 805.04m<sup>2</sup> (8,665.37ft<sup>2</sup>)  
Floor area of building : 5,348.00m<sup>2</sup> (57,565.34ft<sup>2</sup>)  
Structure : Above ground: 7 floors  
Below ground: 1 floor  
Completion : September 1991



### Kyoto Shijo Kawaramachi Building

● III-7

Location : Kyoto, Kyoto Prefecture  
Site area : 1,471.57m<sup>2</sup> (15,839.83ft<sup>2</sup>)  
Floor area of building : 9,701.04m<sup>2</sup> (104,421.02ft<sup>2</sup>)  
Structure : Above ground: 9 floors  
Below ground: 1 floor  
Completion : November 1982



### Sakaisujihonmachi Building (Note)

Note: On July 1, 2004, "Fukusuke Sakaisujihonmachi Building" was renamed to "Sakaisujihonmachi Building."

● III-8

Location : Osaka, Osaka Prefecture  
Site area : 2,036.22m<sup>2</sup> (21,917.67ft<sup>2</sup>)  
Floor area of building : 17,145.59m<sup>2</sup> (184,553.42ft<sup>2</sup>)  
Structure : Above ground: 13 floors  
Below ground: 2 floors  
Completion : October 1992



### Midosuji Daiwa Building

● III-9

Location : Osaka, Osaka Prefecture  
Site area : 3,044.65m<sup>2</sup> (32,772.31ft<sup>2</sup>)  
Floor area of building : 31,213.27m<sup>2</sup> (335,976.52ft<sup>2</sup>)  
Structure : Above ground: 15 floors  
Below ground: 2 floors  
Completion : September 1991



### Kobe Itomachi Building

● III-10

Location : Kobe, Hyogo Prefecture  
Site area : 808.55m<sup>2</sup> (8,703.15ft<sup>2</sup>)  
Floor area of building : 4,894.09m<sup>2</sup> (52,679.50ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Completion : September 1989



### NHK Hiroshima Broadcasting Center Building

● III-11

Location : Hiroshima, Hiroshima Prefecture  
Site area : 3,296.46m<sup>2</sup> (35,482.77ft<sup>2</sup>)  
Floor area of building : 35,217.28m<sup>2</sup> (379,075.28ft<sup>2</sup>)  
Structure : Above ground: 23 floors  
Below ground: 2 floors  
Completion : August 1994



### Tosei Tenjin Building

● III-12

Location : Fukuoka, Fukuoka Prefecture  
Site area : 1,221.31m<sup>2</sup> (13,146.06ft<sup>2</sup>)  
Floor area of building : 5,588.57m<sup>2</sup> (60,154.81ft<sup>2</sup>)  
Structure : Above ground: 8 floors  
Completion : March 1992



### Hinode Tenjin Building

● III-13

Location : Fukuoka, Fukuoka Prefecture  
Site area : 1,452.15m<sup>2</sup> (15,630.80ft<sup>2</sup>)  
Floor area of building : 12,527.07m<sup>2</sup> (134,840.13ft<sup>2</sup>)  
Structure : Above ground: 10 floors  
Below ground: 2 floors  
Completion : August 1987



## Financial Section

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### SELECTED FINANCIAL DATA

	Millions of yen				Thousands of U.S. dollars (Note 1)
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2003 to September 30, 2003	For the period from October 1, 2002 to March 31, 2003	For the period from April 1, 2004 to September 30, 2004
Operating Revenues	¥ 10,151	¥ 9,560	¥ 8,965	¥ 8,500	\$91,410
Operating Expenses	5,792	5,219	5,067	4,812	52,159
Operating Profits	4,358	4,341	3,898	3,687	39,251
Income before Income Taxes	3,831	3,803	3,408	3,259	34,503
Net Income	3,830	3,802	3,407	3,258	34,495
Total Assets	257,372	244,523	209,581	200,022	2,317,629
Interest-Bearing Liabilities	99,000	87,000	76,000	66,800	891,490
Total Shareholders' Equity	137,279	137,250	115,559	115,410	1,236,192
Shareholders' Capital	133,448	133,448	112,152	112,152	1,201,696
Number of Shares	260,400	260,400	225,400	225,400	260,400
Total Shareholders' Equity per Share (Yen/U.S. dollars)	527,185	527,077	512,688	512,026	4,747
Cash Distribution	3,830	3,802	3,407	3,258	34,495
Dividend Payout Ratio	99.9%	99.9%	99.9%	99.9%	99.9%
Dividend Per Share (Yen/U.S. dollars)	14,711	14,602	15,117	14,455	132.47
Net Operating Income (NOI)	6,672	6,455	5,950	5,702	60,086
Funds from Operations (FFO)	5,488	5,301	4,801	4,568	49,419
Return on Assets (ROA) (Note 2)	1.5%	1.6%	1.7%	1.7%	1.5%
	(3.0% annualized)	(3.2% annualized)	(3.3% annualized)	(3.4% annualized)	(3.0% annualized)
Return on Equity (ROE) (Note 3)	2.8%	2.8%	3.0%	2.8%	2.8%
	(5.6% annualized)	(5.7% annualized)	(5.9% annualized)	(5.7% annualized)	(5.6% annualized)
EOP Equity Ratio (Note 4)	53.3%	56.1%	55.1%	57.7%	53.3%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	38.5%	35.6%	36.3%	33.4%	38.5%
FFO Multiple	20.8 times	20.4 times	15.2 times	14.6 times	20.8 times
Debt Service Coverage Ratio (Note 6)	12.7 times	13.9 times	12.6 times	14.5 times	12.7 times

Note 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥111.05 = US\$1.00, the foreign exchange rate on September 30, 2004, 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: ROA = Income before Income Taxes ÷ Average of Total Assets during the period

Note 3: ROE = Net Income ÷ Average of Net Worth during the period

(Annualized portions of the calculations given in notes 2 and 3 above assume a fiscal period of 182 days for the period ended March 31, 2003, 183 days for the period ended September 30, 2003, 183 days for the period ended March 31, 2004 and 183 days for the period ended September 30, 2004.)

Note 4: EOP Equity Ratio = (Net Worth at end of period ÷ Total Assets at end of period) × 100

Note 5: EOP Interest-Bearing Debt Ratio on Total Assets = (Interest-Bearing Debt at end of period ÷ Total Assets at end of period) × 100

Note 6: Debt Service Coverage Ratio = Net Income before Interest, Taxes, Depreciation and Amortization ÷ Interest Expenses

## Balance Sheets

As of September 30, 2004 and March 31, 2004

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits	¥ 16,847,448	¥ 24,779,461	\$ 151,710,475
Rental receivables	62,552	72,787	563,279
Consumption tax refundable	38,222	109,734	344,183
Other current assets	251,197	482,937	2,262,018
<b>Total current assets</b>	<b>17,199,419</b>	<b>25,444,919</b>	<b>154,879,955</b>
<b>Property and Equipment, at Cost:</b>			
Land	167,381,398	153,254,024	1,507,261,576
Buildings and structures	77,567,710	69,093,823	698,493,559
Machinery and equipment	1,400,385	1,250,776	12,610,399
Tools, furniture and fixtures	17,114	13,887	154,114
Construction in progress	5,500	5,500	49,527
	246,372,107	223,618,010	2,218,569,175
Less accumulated depreciation	(8,149,448)	(6,496,834)	(73,385,391)
<b>Net property and equipment</b>	<b>238,222,659</b>	<b>217,121,176</b>	<b>2,145,183,784</b>
<b>Investments and Other Assets:</b>			
Deposits	14,234	14,234	128,177
Long-term prepaid expenses	24,336	31,453	219,139
Leasehold rights	1,083,390	1,083,336	9,755,878
Easement	828,095	828,095	7,456,960
Other	599	599	5,389
<b>Total Assets</b>	<b>¥257,372,732</b>	<b>¥244,523,812</b>	<b>\$2,317,629,282</b>

The accompanying notes form an integral part of these financial statements



	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade accounts payable	¥ 251,066	¥ 958,026	\$ 2,260,841
Other payables	718,385	565,076	6,469,024
Short-term loans	10,000,000	9,000,000	90,049,527
Accrued expenses	257,710	243,398	2,320,667
Accrued income taxes	941	997	8,473
Rent received in advance	2,195,608	1,582,154	19,771,347
Other current liabilities	4,836	9,403	43,546
<b>Total current liabilities</b>	<b>13,428,546</b>	<b>12,359,054</b>	<b>120,923,425</b>
<b>Long-Term Liabilities:</b>			
Corporate bonds	45,000,000	45,000,000	405,222,873
Long-term loans	44,000,000	33,000,000	396,217,920
Deposits from tenants	16,782,973	16,913,871	151,129,871
Other	882,000	—	7,942,368
<b>Total long-term liabilities</b>	<b>106,664,973</b>	<b>94,913,871</b>	<b>960,513,032</b>
<b>Total Liabilities</b>	<b>120,093,519</b>	<b>107,272,925</b>	<b>1,081,436,457</b>
<b>SHAREHOLDERS' EQUITY</b>			
Shareholders' capital	133,448,380	133,448,380	1,201,696,353
Retained earnings	3,830,833	3,802,507	34,496,472
<b>Total shareholders' equity</b>	<b>137,279,213</b>	<b>137,250,887</b>	<b>1,236,192,825</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥257,372,732</b>	<b>¥244,523,812</b>	<b>\$2,317,629,282</b>

The accompanying notes form an integral part of these financial statements

## Statements of Income and Retained Earnings

For the six months ended September 30, 2004 and March 31, 2004

	Thousands of yen		U.S. dollars
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2004 to September 30, 2004
<b>Operating Revenues and Expenses</b>			
<b>Operating Revenues:</b>			
Rental revenues	¥10,104,095	¥9,461,852	\$90,986,895
Non-rental revenues	47,033	98,920	423,534
	10,151,128	9,560,772	91,410,429
<b>Operating Expenses:</b>			
Property-related expenses	5,135,869	4,603,885	46,248,265
Asset management fees	362,571	325,666	3,264,935
Administrative service fees	194,627	186,469	1,752,604
Other operating expenses	99,199	103,561	893,274
	5,792,266	5,219,581	52,159,078
Operating profits	4,358,862	4,341,191	39,251,351
<b>Non-Operating Revenues and Expenses</b>			
<b>Non-Operating Revenues:</b>			
Interest income	84	99	758
Other non-operating revenues	2,334	128	21,016
<b>Non-Operating Expenses:</b>			
Interest expense	221,578	163,980	1,995,304
Interest expense on corporate bonds	248,500	248,500	2,237,730
Amortization of corporate bond issuance costs	—	61,125	—
New share issuance costs	—	49,183	—
Other non-operating expenses	59,554	15,225	536,282
Income before Income Taxes	3,831,648	3,803,405	34,503,809
<b>Income Taxes:</b>			
Current	958	1,017	8,624
Deferred	3	6	27
Net Income	3,830,687	3,802,382	34,495,158
Retained Earnings at beginning of period	146	125	1,314
Retained Earnings at end of period	¥ 3,830,833	¥3,802,507	\$34,496,472

The accompanying notes form an integral part of these financial statements

## Statements of Cash Flows

For the six months ended September 30, 2004 and March 31, 2004

	Thousands of yen		U.S. dollars
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2004 to September 30, 2004
<b>Cash Flows from Operating Activities</b>			
Income before income taxes	¥ 3,831,648	¥ 3,803,405	\$ 34,503,809
Depreciation and amortization	1,657,320	1,498,676	14,924,092
Loss on retirement of property and equipment	2,321	—	20,905
Amortization of corporate bond issuance costs	—	61,125	—
New share issuance costs	—	49,183	—
Interest income	(84)	(99)	(758)
Interest expense	470,078	412,480	4,233,034
Rental receivables and other receivables	10,235	(3,084)	92,164
Consumption tax refundable	71,513	(109,734)	643,968
Prepaid expenses	1,737	(23,367)	15,638
Other current assets	—	2,364	—
Trade accounts payable	(706,960)	733,274	(6,366,144)
Other payables	153,309	(131,409)	1,380,545
Accrued expenses	—	(24,089)	—
Consumption tax payable	—	(13,024)	—
Rent received in advance	613,454	137,459	5,524,122
Other current liabilities	877,433	5,465	7,901,240
Long-term prepaid expenses	7,118	6,629	64,093
Subtotal	6,989,122	6,405,254	62,936,708
Interest received	84	99	758
Interest paid	(455,767)	(413,245)	(4,104,156)
Income taxes paid	(1,014)	(1,142)	(9,130)
Net cash provided by operating activities	6,532,425	5,990,966	58,824,180
<b>Cash Flows from Investing Activities</b>			
Purchases of property and equipment	(22,531,125)	(25,787,014)	(202,891,712)
Purchases of intangible assets	(54)	(1,185,904)	(486)
Proceeds from lease deposits received	1,613,366	2,529,171	14,528,286
Repayment of lease deposits	(1,744,264)	(984,870)	(15,707,019)
Net cash used in investing activities	(22,662,077)	(25,428,617)	(204,070,931)
<b>Cash Flows from Financing Activities</b>			
Proceeds from short-term borrowings	6,000,000	16,000,000	54,029,716
Repayment of short-term borrowings	(5,000,000)	(14,000,000)	(45,024,764)
Proceeds from long-term borrowings	11,000,000	9,000,000	99,054,480
Proceeds from issuance of shares	—	21,295,960	—
Payment of new share issuance costs	—	(49,183)	—
Dividends to shareholders	(3,802,361)	(3,407,418)	(34,240,079)
Net cash provided by financing activities	8,197,639	28,839,359	73,819,353
Net Increase in Cash and Cash Equivalents	(7,932,013)	9,401,708	(71,427,398)
Cash and Cash Equivalents at beginning of Period	24,779,461	15,377,753	223,137,873
Cash and Cash Equivalents at end of Period	¥ 16,847,448	¥ 24,779,461	\$ 151,710,475

The accompanying notes form an integral part of these financial statements

## Statements of Changes in Shareholders' Equity

For the six months ended September 30, 2004 and March 31, 2004

	Shares	Thousands of yen	U.S. dollars
<b>Balance as of September 30, 2003</b>	225,400	¥115,559,916	
Public offering	35,000	21,295,960	
Cash dividends paid	—	(3,407,371)	
Net income	—	3,802,382	
<b>Balance as of March 31, 2004</b>	260,400	137,250,887	\$1,235,937,746
Cash dividends paid	—	(3,802,360)	(34,240,079)
Net income	—	3,830,687	34,495,158
<b>Balance as of September 30, 2004</b>	260,400	¥137,279,213	\$1,236,192,825

The accompanying notes form an integral part of these financial statements

## Notes to Financial Statements

September 30, 2004 and March 31, 2004

### 1. ORGANIZATION AND BASIS OF PRESENTATION

#### Organization

Japan Real Estate Investment Corporation (the "Company") is a real estate investment corporation formed to own and invest primarily in a portfolio of office properties. The Company is externally managed by a licensed asset management company, Japan Real Estate Asset Management Co., Ltd. ("J-Rea"). J-Rea is currently owned 36% by Mitsubishi Estate Co., Ltd. ("MEC"), 27% by The Tokio Marine & Nichido Fire Insurance Co., Ltd. ("TMN"), 27% by The Dai-ichi Mutual Life Insurance Company ("DL") and 10% by Mitsui & Co., Ltd.

On May 11, 2001, the Company was incorporated with ¥200 million of original capital contribution by MEC, TMN and DL under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law.

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, generating gross proceeds of ¥84,000 million. The proceeds from the offering of the shares, net of underwriters' discount, were ¥81,060 million.

On May 8, 2002, the Company completed a second offering of 65,000 shares at a price of ¥490,980, generating gross proceeds of ¥31,914 million. The proceeds from the offering of the shares, net of underwriters' discount, were ¥30,892 million.

On June 21, 2002, the Company issued ¥25,000 million of unsecured corporate bond due June 2007 with an interest rate of 1.32% to the qualified investors.

On April 30, 2003, the Company issued ¥10,000 million of unsecured corporate bond due April 2008 with an interest rate of 0.69% to the qualified investors and ¥10,000 million of unsecured corporate bond due April 2010 with an interest rate of 0.98% to the qualified investors.

On October 25, 2003, the Company completed a third public offering of 35,000 shares at a price of ¥629,000, generating gross proceeds of ¥22,015 million. The proceeds from the offering of the shares, net of underwriters' discount, were ¥21,296 million. As of March 31, and September 30, 2004, the Company had total shareholders' equity of ¥133,448 million with 260,400 shares. At September 30, 2004, the Company owned a portfolio of 39 office properties concerning an aggregate of approximately 293,000 square meters of rentable area.

### **Basis of presenting financial statements**

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted 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 are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited 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 and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include information that might not be required under Japanese GAAP but is presented herein as additional information.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥111.05=US\$1.00, the foreign exchange rate on September 30, 2004, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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### **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 is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings.....	2–61 years
Structures.....	5–49 years
Machinery and equipment.....	3–18 years
Tools, furniture and fixtures .....	3–15 years

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

### **Revenue recognition**

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

### **Taxes on property and equipment**

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

### **Consumption taxes**

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

### Cash and cash equivalents

The statements of cash flows are provided for information purposes only since they are not required to be prepared by the Investment Trust Law, the Japanese Commercial Code, the Securities and Exchange Law of Japan or 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. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2004 and March 31, 2004 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2004		As of March 31, 2004		As of September 30, 2004	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥110,713,933	¥110,713,933	¥96,586,560	¥96,586,560	\$996,973,737	\$996,937,737
Buildings and structures	53,247,662		44,861,830		479,492,674	
Accumulated depreciation	4,644,484	48,603,178	3,560,614	41,301,216	41,823,353	437,669,321
Machinery and equipment	756,177		606,568		6,809,338	
Accumulated depreciation	207,184	548,993	160,635	445,933	1,865,685	4,943,653
Tools, furniture and fixtures	7,488		6,431		67,428	
Accumulated depreciation	1,391	6,097	1,000	5,431	12,528	54,900
Construction in progress	5,500	5,500	5,500	5,500	49,527	49,527
Land in trust	56,667,465	56,667,465	56,667,464	56,667,464	510,287,839	510,287,839
Buildings and structures in trust	24,320,048		24,231,993		219,000,885	
Accumulated depreciation	3,071,981	21,248,067	2,586,742	21,645,251	27,663,042	191,337,843
Machinery and equipment in trust	644,208		644,208		5,801,061	
Accumulated depreciation	223,370	420,838	187,174	457,034	2,011,438	3,789,623
Tools, furniture and fixtures in trust	9,626		7,456		86,686	
Accumulated depreciation	1,038	8,588	669	6,787	9,345	77,341
<b>Total</b>		<b>¥238,222,659</b>		<b>¥217,121,176</b>		<b>\$2,145,183,784</b>

### 4. SHORT-TERM LOANS

Short-term loans at September 30, 2004 and March 31, 2004 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Unsecured loans from banks with variable interest, due on June 15, 2004	¥ —	¥5,000,000	\$ —
Unsecured loans from banks with variable interest, due on March 24, 2005	4,000,000	4,000,000	36,019,811
Unsecured loan from a bank with variable interest, due on June 15, 2005	2,000,000	—	18,009,905
Unsecured loans from banks and trust banks with variable interest, due on October 29, 2004	4,000,000	—	36,019,811
	<b>¥10,000,000</b>	<b>¥9,000,000</b>	<b>\$90,049,527</b>

The weighted average interest rates applicable to the bank loans at September 30, 2004 and March 31, 2004 were 0.45014% and 0.48961%, respectively, per annum.

## 5. LONG-TERM LOANS

Long-term loans at September 30, 2004 and March 31, 2004 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
1.120% secured loans from banks, trust banks, and an insurance company, due on June 23, 2006	¥24,000,000	¥24,000,000	\$216,118,866
1.0575% unsecured loan from a bank, due on March 24, 2009	2,000,000	2,000,000	18,009,905
1.015% unsecured loan from an insurance company, due on March 30, 2009	5,000,000	5,000,000	45,024,764
1.47125% unsecured loan from an insurance company, due on March 30, 2011	2,000,000	2,000,000	18,009,905
0.90875% unsecured loan from a bank, due on June 15, 2007	3,000,000	—	27,014,858
0.78375% unsecured loan from a bank, due on August 31, 2007	3,000,000	—	27,014,858
1.50125% unsecured loan from an insurance company, due on August 31, 2011	5,000,000	—	45,024,764
	¥44,000,000	¥33,000,000	\$396,217,920

The weighted average interest rates applicable to the loans at September 30, 2004 and March 31, 2004 were 1.116% and 1.122%, respectively, per annum.

## 6. SECURED ASSETS

At September 30, 2004 and March 31, 2004, the following assets were pledged as collateral for the following loans:

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Pledged assets:			
Bank deposits	¥ 8,054,808	¥ 7,863,049	\$ 72,533,162
Land and leasehold rights	47,765,093	47,765,093	430,122,405
Buildings and structures	16,636,468	16,956,351	149,810,613
Machinery and equipment	356,326	387,604	3,208,695
Tools, furniture and fixtures	8,589	6,787	77,341
Total	¥72,821,284	¥72,978,884	\$655,752,216

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Loans secured by the pledged assets:			
Long-term loans	¥24,000,000	¥24,000,000	\$216,118,865

## 7. SHAREHOLDERS' EQUITY

The Company is required to maintain net assets of at least ¥50 million (\$450 thousand), as required pursuant to the Investment Trust Law.

## 8. INCOME TAXES

At September 30 and March 31, 2004, 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 six months ended September 30, 2004 and March 31, 2004 were as follows:

	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004
Statutory tax rate .....	39.39%	39.39%
Deductible dividend distribution.....	(39.38%)	(39.38%)
Others .....	0.02%	0.02%
Effective tax rate .....	0.03%	0.03%

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 ¥3,830 million (\$34,496 thousand) subsequent to September 30, 2004 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.

## 9. PER SHARE INFORMATION

The following table summarizes information about net assets per share and net income per share at September 30, 2004 and March 31, 2004, and for the periods then ended:

	Yen		U.S. dollars
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2004 to September 30, 2004
Net assets at period end per share	¥527,185	¥527,077	\$4,747
Net income per share	¥ 14,711	¥ 14,864	\$ 132

In calculating the net assets per share, the amount of the net assets is adjusted for the cash distribution declared in the subsequent period.

Net income per share is computed by dividing net income by the weighted average number of shares outstanding during each period. Diluted net income per share has not been presented since no warrants or convertible bonds were outstanding during the period.



## 10. RELATED PARTY TRANSACTIONS

The Company entered into the following related party transactions with MEC and certain affiliates of MEC, TMN, and Mitsui & Co., Ltd.

	Thousands of yen		U.S. dollars
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2004 to September 30, 2004
Property management fees	¥665,649	¥595,242	\$5,994,139
Utilities	74,188	65,199	668,058
Insurance	1,133	50,637	10,201
Other operating expenses	7,385	3,813	66,502
Repair and maintenance	¥276,685	¥121,775	\$2,491,536

## 11. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended September 30, 2004 and March 31, 2004

	Thousands of yen		U.S. dollars
	For the period from April 1, 2004 to September 30, 2004	For the period from October 1, 2003 to March 31, 2004	For the period from April 1, 2004 to September 30, 2004
<b>Property-Related Revenues</b>	<b>¥10,151,128</b>	<b>¥9,560,772</b>	<b>\$91,410,429</b>
<b>Rental Revenues</b>	<b>10,104,095</b>	<b>9,461,852</b>	<b>90,986,895</b>
Rental revenues	7,315,510	6,866,542	65,875,819
Common area charges	1,695,221	1,608,498	15,265,389
Parking revenues	397,299	361,680	3,577,657
Other rental revenues	696,065	625,132	6,268,030
<b>Non-Rental Revenues</b>	<b>47,033</b>	<b>98,920</b>	<b>423,534</b>
Cancellation charges	15,088	4,829	135,870
Other miscellaneous revenues	31,945	94,091	287,664
<b>Property-Related Expenses</b>	<b>5,135,869</b>	<b>4,603,885</b>	<b>46,248,265</b>
Property management fees	1,234,174	1,127,376	11,113,683
Utilities expenses	878,772	779,507	7,913,301
Property and other taxes	936,742	791,908	8,435,318
Casualty insurance	27,130	24,540	244,302
Repairs and maintenance	363,595	365,636	3,274,159
Depreciation	1,657,320	1,498,676	14,924,092
Other rental expenses	38,136	16,242	343,410
<b>Profits</b>	<b>¥ 5,015,259</b>	<b>¥4,956,887</b>	<b>\$45,162,164</b>

## 12. LEASES

The Company leases office buildings and earns rent income. As of September 30, 2004 and March 31, 2004, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2004	As of March 31, 2004	As of September 30, 2004
Due within one year	¥ 5,832,804	¥ 5,283,438	\$ 52,524,122
Due after one year	22,169,112	23,611,592	199,631,810
Total	¥28,001,916	¥28,895,030	\$252,155,932

## 13. SUBSEQUENT EVENTS

### Appropriation of retained earnings

On November 18, 2004, the Board of Directors resolved to effect the payment of a cash distribution of ¥14,711 per share aggregating ¥3,830 million (\$34,496 thousand) to shareholders at the record date of September 30, 2004.

## Independent Auditors' Report

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

We have audited the accompanying balance sheets of Japan Real Estate Investment Corporation as of September 30, 2004 and March 31, 2004, the related statements of income and retained earnings, changes in shareholders' equity and cash flows for the six months ended September 30, 2004 and March 31, 2004, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation at September 30, 2004 and March 31, 2004, and the results of its operations and cash flows for the six months ended September 30, 2004 and March 31, 2004 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended September 30, 2004 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

*Ernst & Young Shinriku*

December 21, 2004

# Corporate Data

As of September 30, 2004

## Executives

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

## Paid-in Capital

¥133,448,380,000

## Number of Shares Issued

260,400

## Number of Shareholders

15,343

## Stock Listing

Tokyo Stock Exchange

## Securities Code

8952

## Transfer Agent

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

## Auditors

Ernst & Young ShinNihon  
Hibiya Kokusai Bldg.  
2-3, Uchisaiwaicho 2chome, Chiyoda-ku, Tokyo 100-0011, Japan

## Incorporation

May 11, 2001

## Executive Office

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

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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.

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