November 18, 2003

JAPAN REAL ESTATE INVESTMENT CORPORATION
ANNOUNCEMENT OF FOURTH FISCAL PERIOD RESULTS

1. Summary of Financial Results

On November 18, 2003, Japan Real Estate Investment Corporation ("JRE," TSE: 8952) announced the financial results of its fourth fiscal period, ended September 30, 2003.

For the fourth fiscal period, JRE reported gross revenues of 8,965 million yen (up 5.5 percent from the preceding period) and operating profits of 3,898 million yen (up 5.7 percent). Net income before income taxes was 3,408 million yen (up 4.6 percent) and net income was 3,407 million yen (up 4.6 percent), which produced a dividend of 15,117 yen per unit for the period.

As of September 30, 2003, JRE's total asset balance was 209,581 million yen and its net worth was 115,559 million yen, or 512,688 yen per unit. On its balance sheet, JRE bore interest-bearing debt of 76,000 million yen.

2. Results of Operations for the Period

(1) Property Management and Acquisition

Improving performances for Japanese companies and signs of brighter prospects for business investment and the stock market indicate that the Japanese economy has emerged from the worst period of the downturn. Reasons for concern, including U.S. economic trends and foreign exchange rates, persist, however, and the issue of whether the economy is headed for a genuine recovery remains unclear.

In the market for leased office space, a large amount of new office floor space was added in the Tokyo central business district during 2003, and apprehensions were raised concerning the softening of the office market due to the impact of the so-called Year 2003 Problem.

Although JRE experienced almost no adverse impact from the Year 2003 Problem, tenant requests for rent reductions increased and demands to reduce office floor space were unabated while office rents decreased as a result of persistent deflation in the Japanese economy.

Nonetheless JRE secured an occupancy rate of 95.1 percent at the end of the period by 1) maintaining property-related competitive strength through cost-effective remodeling as well as the high grade of its acquired properties, 2) developing finely tuned and tenant-centric building management policies and undertaking vigorous sales activities, and 3) shifting a certain portion of its leasing contracts toward fixed and/or long-term leases.

In addition, JRE is working on cost reduction with a view to further enhancing profit stability. In line with its basic policy of reducing property management fees and utilities expenses by 5 percent within the first three years of new property acquisitions, based on the third and fourth periods, JRE has already reduced these costs by 6.7 percent per year on 26 of the 30 properties acquired by the third period which are subject to cost reductions.

Regarding property acquisitions, the introduction of bad loan write-offs, corporate restructuring and impairment accounting sustained active property sales because low occupancy rates make certain properties liabilities for companies and individuals, particularly those that do not specialize in building management. After careful examination of many sales offers, JRE determined prices from a comprehensive viewpoint, including profit stability and expected return on investments for the entire company, and acquired the Yurakucho Denki Building (7,200 million yen for a 10.78 percent ownership share) and the Nagoya Misono Building (1,865 million yen). As a result of these transactions, JRE's assets as of September 30, 2003, consisted of 32 office buildings, representing acquisitions with a total value of 192,607 million yen, total leasable floor space of 246,062 sq. meters (approximately 74,000 *tsubo)*, and a total occupancy of 384 tenants.

In addition to these 32 properties, in September 2003, JRE announced decisions to acquire two buildings: Jingumae Media Square Building (12,200 million yen; acquisition completed on October 9, 2003) and Yoyogi 1-chome Building [tentative name] (8,700 million yen; acquisition to be completed on April 1, 2004).

(2) Capital Procurement

On April 30, 2003, JRE issued its second and third series of ¥10,000 million corporate bonds (five-year and seven-year bonds respectively). This capital procurement was undertaken to convert short-term floating-rate loans to long-term, fixed-interest bonds to address the risk of interest rates rising in the future and the risk of future re-financing through the issuing of bonds of different maturities. JRE's issuer credit ratings and the credit ratings held by these corporate bonds are as follows.

Issuer credit rating

Rating Agency	Issuer Credit Rating
Standard & Poor's	Long-term: A+; Short-term: A-1; Outlook: Stable
Moody's Investors Service	Rating: A2; Outlook: Stable

Credit Ratings of Corporate Bonds Issued on April 30, 2003

Rating Agency	Credit Rating
Standard & Poor's	A+
Moody's Investors Service	A2

The issue of these two corporate bonds (¥20 billion) was used to repay short-term loans of ¥15.8 billion with a due date of June 23, 2003. In addition, JRE undertook short-term borrowings of ¥5 billion to be allotted as new capital for the Yurakucho Denki Building.

As of September 30, 2003, JRE had total borrowings of ¥31 billion, of which ¥24 billion was in long-term loans, and outstanding issues of corporate bonds which totaled ¥45 billion.

3. Outlook for the Next Period

(1) General Operational Outlook

① Property Management for the Next Period

Although the office building rental market will remain soft, JRE will maintain and improve revenues by following the management policies set forth below. As average rents continue to spiral downward and tenant needs grow more sophisticated and diverse, the trend toward higher-grade office specifications at low rents will intensify. In this climate, tenants will become more rigorous in selecting office buildings. Providing added value through service attuned to tenant needs as well as through differentiation from competitor buildings will become even more critical.

i. Ensure tenant satisfaction

As of September 30, 2003, JRE had contracts with eight property management companies. Most of these firms were already managing their respective buildings before acquisition, and have long-established relationships with tenants. Further strengthening of these relationships will allow JRE to anticipate tenant needs, heightening tenant satisfaction and reducing turnover.

ii. Fill vacancies promptly

To fill any vacancies in buildings (including the Ericsson Shin-Yokohama Building, which was cancelled by Japan Ericsson as of October 31, 2003), in cooperation with these property management companies, JRE is seeking the best candidates for its properties in consideration of their location and other characteristics and is working to fill vacancies as fast as possible. JRE is also working to uncover latent demand for expansion of floor space among JRE's existing tenants.

iii. Shift to fixed and long-term leased contracts

To ensure future revenues, JRE is shifting to fixed lease contracts and long-term lease contracts.

iv. Management cost reductions

Regarding management costs, JRE promotes healthy competition among the eight property management companies it employs, encouraging them to improve their management structures and review costs. JRE's target is to achieve a 5 percent reduction in property management fees and utility expenses for all properties within three years of their acquisition. In 26 of JRE's total of 30 office buildings that come under this cost reduction program, results from the third and fourth fiscal periods show that JRE has achieved reductions of 6.7 percent.

② Property Acquisition for the Next Period

JRE has adopted the following policies to guide its acquisition of properties to improve both profitability and stability of revenues. In the real estate market, property liquidations made in light of bad loan write-offs and the introduction of impairment accounting are expected to increase in the current deflationary environment because many properties will become liabilities for owners who are do not specialize in property management. Thus, this environment will continue to present JRE with opportunities for the selection of superior properties.

i. Development of information channels

Because the early acquisition of information is vital, JRE is strengthening its existing real estate information channels, and is developing new channels through which to obtain information on available properties.

ii. Due diligence of properties for acquisition

JRE will conduct its acquisitions with due diligence, meticulously examining the economic factors, physical condition, and legal status of potential acquisitions. Through this heightened attention to the utility of potential acquisitions, JRE will ensure selectivity in its investments. JRE targets the acquisition of buildings that meet or exceed new earthquake-resistance standards and buildings with high-grade facilities that will remain competitive over the medium to long term.

iii. Consideration of geographic distribution

The general target for regional diversity of property ownership, in accordance with JRE's property-acquisition policies, is for 60 to 80 percent to be located in the Tokyo metropolitan area, with the remainder located in other regional urban centers. Future trends in office demand may cause JRE to diverge from the above ratio and increase the proportion of its holdings in the Tokyo metropolitan area.

(Note) On September 12, 2003, the target regional share for the Tokyo metropolitan area was changed from 60 to 70 percent to 60 to 80 percent, and the target share for other regional urban centers was changed from 30 to 40 percent to 20 to 40 percent.

The timing of property acquisition cannot be ascertained in advance. Therefore, JRE's policy is to fund property acquisitions with short-term loans, then to refinance utilizing various funding methods, including corporate bonds, taking into account trends in financial markets at the time. When effecting such loans, JRE's policy is to minimize funding costs by negotiating with several qualified institutional investors before settling on a lender.

(2) Performance Forecasts

①Future Estimates

In JRE's fifth six-month period (ending March 31, 2004), operating revenue is forecast on conservative assumptions at 9,400 million yen, income before income taxes at 3,700 million yen, and net income at 3,700 million yen. JRE also expects to pay dividends of 14,200 yen per unit. Actual figures for operating revenue, income before income taxes, net income and dividends may vary due to changes in these operating conditions. This estimate is based on the 34 properties, the 32 owned as of the end of the period and the Jingumae and Ebisu acquisitions described below.

The forecasts for the six-month period ending September 30, 2004, are for operating revenue of 9,300 million yen, income before income taxes of 3,600 million yen, and net income of 3,600 million yen. Dividends for the same period are forecast at

14,000 yen per unit. This estimate is based on the 34 properties noted above and the Yoyogi acquisition described below.

②Property Acquisitions

JRE has acquired or agreed to acquire three additional properties. Details on these properties are as follows.

i. Jingumae Media Square Building

[Transaction Summary]

Type of Ownership:	Land: Fee Simple, Building: Fee Simple
Acquisition price:	12,200 million yen
Acquisition date:	October 9, 2003

[Property Summary]

Location:	6-25-14 Jingu-mae, Shibuya-ku, Tokyo
Application:	Offices and shops
Area:	<Land>: 2,261.88m^2, and <Building>: 9,420.42m^2
Structure:	Two floors below ground, nine above
Building completed:	March 1998
Tenants:	7
Net rentable area:	5,558m^2
Net rented area:	5,074 m^2
Occupancy rate:	91.3%

(Note) The figures for tenants, net rentable area, net rented area, and occupancy rate are for the date of acquisition and are based on data provided by the seller.

ii. Ebisu Neonato Building

[Transaction Summary]

Type of Ownership:	Land: Co-ownership, Building: Unit-ownership
Acquisition price:	3,740 million yen
Acquisition date:	November 14, 2003

[Property Summary]

Location:	4-1-18 Ebisu, Shibuya-ku, Tokyo
Application:	Offices
Area:	<Land>: 5,005.70m^2, and <Building>: 36,598.38m^2
Structure:	Two floors below ground, eighteen above
Built in:	October 1994

Tenants: 2
Net rentable area: 2,225m^2
Net rented area: 1,599 m^2
Occupancy rate: 71.9%

(Note) The figures for tenants, net rentable area, net rented area, and occupancy rate are for the date of acquisition and are based on data provided by the seller. Rental contracts for all floor space were completed on the day of the acquisition, and the occupancy rate as of December 1, 2003 was anticipated to be 100 percent.

iii. Yoyogi 1-chome Building (tentative name)

[Transaction Summary]

Type of Ownership:	Land: Fee Simple, Building: Fee Simple
Acquisition price:	8,700 million yen
Acquisition date:	April 1, 2004 (tenant interior work completed at handover)

[Property Summary]

Location:	1-22-1 Yoyogi, Shibuya-ku, Tokyo
Application:	Offices
Area:	<Land>: 1,793.03m^2, and <Building>: 11,234.29m^2
Structure:	One floor below ground, fourteen above
Built in:	October 2003
Tenants:	1
Net rentable area:	To be determined by date of acquisition.
Net rented area:	To be determined by date of acquisition.
Occupancy rate:	100.0%

(Note) The figures for tenants and occupancy rate are for the date of acquisition (April 1, 2004) and are based on data provided by the seller. Net rentable area and net rented area will be determined by the date acquisition.

To finance the acquisition of the Jingumae Media Square Building on October 9, 2003, JRE undertook short-term borrowings of 12,000 million yen (to be repaid by November 28, 2003) on the same date.

③Issue of New Units

On October 1, 2003, JRE made an additional public offering of 35,000 units to raise funds for new acquisitions and to repay short-term loans. This generated approximately 21.3 billion yen on October 25, 2003. (Date of unit transfer: October 27, 2003). The detail information is as follows:

1. New investment units:

(1)	Number of investment units	:	35,000
(2)	Subscription Price	:	¥629,000 per unit
(3)	Gross proceeds	:	¥22,015,000,000
(4)	Lead Underwriter	:	Nikko Citigroup Limited
(5)	Due date of payment	:	Friday, October 24, 2003
(6)	Date of unit transfer	:	Monday, October 27, 2003
(7)	Starting date for calculating distribution	:	Wednesday, October 1, 2003
(8)	No public offer was made in any place other than in Japan.		

2. Change in outstanding units (Paid-in capital):

May 11, 2001	Private Placement	400 units	(¥200 million)
September 8, 2001	Additional unit issue (IPO)	160,000 units	(¥81,060 million)
May 8, 2002	Additional unit issue	65,000 units	(¥30,892 million)
October 25, 2003	Additional unit issue	35,000 units	(¥21,295 million)
Total outstanding units after the new issue		260,400 units	(¥133,448 million)

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JAPAN REAL ESTATE INVESTMENT CORPORATION

STATEMENT OF INCOME AND RETAINED EARNINGS

For the Period from April 1, 2003 to September 30, 2003

(In millions of yen)

Item	4th Period (183 days)			3rd Period (182 days)	Change	% Change
	Existing 30 properties	Newly acquired properties*	Total			
Operating Revenues	8,828	137	8,965	8,500	465	5.5%
Rental revenues	8,814	137	8,951	8,449		
Other rental revenues	14	—	14	51		
Operating Expenses	2,983	32	3,015	2,798	217	7.8%
Property management fees	1,074	21	1,095	1,076		
Utility charges	769	8	777	711		
Property and other taxes	797	0	797	626		
Insurance expenses	22	0	22	21		
Maintenance expenses	287	2	289	323		
Other operating expenses	32	0	32	39		
NOI	5,846	104	5,950	5,702	248	4.3%
Depreciation and amortization	1,376	17	1,393	1,310		
Operating Profits	4,470	86	4,556	4,391	165	3.8%
Administrative expenses			658	703	△45	△6.4%
Asset management fees			393	432		
Other administrative expenses			264	270		
Net Operating Profits			3,898	3,687	211	5.7%
Non-Operating Revenues			4	1	3	
Interest received			0	0		
Other non-operating revenues			4	1		
Non-Operating Expenses			494	429	65	15.2%
Interest expenses			177	175		
Bond interest expenses			236	164		
Deferred bond-issuance costs			61	70		
Other non-operating expenses			18	19		
Recurring Profits			3,408	3,259	149	4.6%
Gross Income			3,408	3,259	149	4.6%
Taxes			1	1		
Net Income			3,407	3,258	149	4.6%
Retained Earnings			3,407	3,258		
FFO (Net Income＋Depreciation)			4,801	4,568	233	5.1%
Dividend per unit			15,117	14,455		

***Newly acquired properties are “Yurakucho Denki Building”, and “Nagoya Misono Building”.**

JAPAN REAL ESTATE INVESTMENT CORPORATION

BALANCE SHEET

As of September 30, 2003

(In millions of yen)

ASSETS

Item	4th Fiscal End (Sep 30, 03)	3th Fiscal End (Mar 31, 03)	Change
Current Assets			
Cash and entrusted cash	15,377	15,459	△ 82
Other current assets	1,031	196	835
Total Current Assets	16,409	15,656	753
Fixed Assets			
Property and equipment			
Buildings	60,112	57,693	2,419
Structures	326	315	11
Machinery and equipment	1,204	1,161	43
Land	135,687	128,013	7,674
Accumulated depreciation	△ 4,998	△ 3,604	△ 1,394
Total Property and Equipment	192,332	183,578	8,754
Intangible Assets			
Lease hold rights	726	726	0
Total Intangible Assets	726	726	0
Investments and Others			
Long-term prepaid expenses, etc.	52	61	△ 9
Total Investments and Others	52	61	△ 9
Total Fixed Assets	193,111	184,366	8,745
Deferred Assets			
Bond issuance costs	61	—	61
Total Deferred Assets	61	—	61
Total Assets	209,581	200,022	9,559

JAPAN REAL ESTATE INVESTMENT CORPORATION

BALANCE SHEET

As of September 30, 2003

(In millions of yen)

LIABILITIES

Item	4th Fiscal End (Sep 30, 03)	3th Fiscal End (Mar 31, 03)	Change
Liabilities			
Current Liabilities			
Short-term borrowings	7,000	17,800	△ 10,800
Rent received in advance	1,444	1,335	109
Other current liabilities	1,207	1,340	△ 133
Total Current Liabilities	9,652	20,476	△ 10,824
Long-term Liabilities			
Investment Corporation Bonds	45,000	25,000	20,000
Long-term borrowings	24,000	24,000	0
Deposits from tenants	15,369	15,135	234
Total Long-term Liabilities	84,369	64,135	20,234
Total Liabilities	94,021	84,611	9,410
Unitholders' Equity			
Unitholders' capital	112,152	112,152	0
Retained earnings	3,407	3,258	149
Total Unitholders' Equity	115,559	115,410	149
Total Liabilities and Unitholders' Equity	209,581	200,022	9,559

JAPAN REAL ESTATE INVESTMENT CORPORATION

PORTFOLIO SUMMARY

As of September 30, 2003

(*1 in millions of yen)

Area		Name	Appraisal Value*1 (Sep 30, 03)	Acquisition Price*1	Year Built	Net Rentable Areas (m^2) (Sep., 2003)	Occupancy Rate (Sep., 2003)
Tokyo Metropolitan Area	23 Wards	Genki Medical Plaza	5,400	5,000	1985	4,791	100.0%
		MD Kanda Building	9,670	9,520	1998	6,269	100.0%
		Kandabashi Park Building	4,860	4,810	1993	3,687	100.0%
		Mitsubishi Soken Building	28,000	27,267	1970	18,006	100.0%
		Kodenmacho Shin-Nihonbashi Building	3,200	3,173	1991	3,897	100.0%
		Burex Kyobashi Building	5,010	5,250	2002	4,279	100.0%
		Aoyama Crystal Building	7,430	7,680	1982	4,916	100.0%
		Shiba 2-chome Daimon Building	4,920	4,859	1984	9,622	93.2%
		Cosmo Kanasugibashi Building	2,800	2,808	1992	4,062	100.0%
		Takanawadai Building	2,810	2,738	1991	4,091	100.0%
		JAL Travel Building	1,570	1,362	1991	3,383	100.0%
		Omori-Eki Higashiguchi Building	5,010	5,123	1989	7,708	99.4%
		da Vinci Harajuku	4,970	4,885	1987	3,051	100.0%
		Shibuya Cross Tower	33,800	34,600	1976	29,808	94.9%
		Otsuka Higashi-Ikebukuro Building	3,480	3,541	1987	7,114	96.0%
		Ikebukuro 2-chome Building	1,540	1,728	1990	2,186	100.0%
	Excluding 23 Wards	Saitama Urawa Building	2,490	2,574	1990	4,510	91.1%
		Ericsson Shin-Yokohama Building	2,230	3,000	1992	6,964	100.0%
		Kawasaki Isago Building	3,160	3,375	1990	6,831	100.0%
Other Major Cities		Sendai Honcho Honma Building	2,990	2,924	1991	5,829	100.0%
		Niigata Ishizuecho Nishi-Bandaibashi Building	821	1,010	1984	4,383	83.5%
		Kanazawa Park Building*2	5,330	4,580	1991	21,036	89.2%
		Kanazawa Minamicho Building	1,120	1,331	1987	3,782	78.0%
		Nagoya Hirokoji Building	14,900	14,533	1987	21,590	97.3%
		Kyoto Shijo Kawaramachi Building	2,250	2,650	1982	6,800	89.4%
		Fukusuke Sakaisujihonmachi Building	2,360	2,264	1992	5,337	91.6%
		Midosuji Daiwa Building	14,300	14,314	1991	20,449	91.4%
		Kobe Itomachi Building	1,100	1,436	1989	3,478	89.9%
		Tosei Tenjin Building	1,420	1,550	1992	4,080	78.5%
		Hinode Tenjin Building	3,690	3,657	1987	5,944	88.6%
Properties Acquired in the 4th Period		Yurakucho Denki Building	6,830	7,200	1975	4,694	100.0%
		Nagoya Misono Building	1,810	1,865	1991	3,470	100.0%
Total			**191,271**	**192,607**		**246,062**	**95.1%**

*2 Additional portion was acquired in the 3rd period.