



Keep Growing

Profile

Japan Real Estate Investment Corporation (the "Company") was incorporated on May 11, 2001 as one of the first real estate investment corporations in Japan. The Company invests primarily in office buildings, seeking stable growth and dividends in the medium to long term through high-quality, competitive properties with geographical diversity. We endeavor to take full advantage of the potential inherent in Japanese real estate investment trusts and corporations, or J-REITs, dedicating our resources toward enhancing profitability and ensuring stability. 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

- Steady growth — Total asset value surpassed 200 billion yen, thus already attaining two-thirds of the goal of 300 billion yen by March 31, 2006.
- Portfolio of 34 high quality office buildings as of November 30, 2003 (including two properties acquired since September 30, 2003)
- Superior geographic and tenant diversity, with a 95.1% occupancy rate (as of September 30, 2003)
- Solid backing from 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 A2 from Moody's Investors Service
- Praise from investors — Awarded "Deal of the Year" 4th prize in Equity Finance by the "Nikkei Bonds and Financial Weekly" during 2002, following 3rd place in 2001.
- Healthy financial strategy that supports strong growth through additional issues of shares and bonds

Contents

Financial Highlights	p. 01	The Portfolio of Japan Real Estate Investment Corporation	p. 08
Stock Price Performance	p. 01	Overview of Portfolio Properties	p. 11
Portfolio Highlights	p. 02	Financial Section	p. 15
New Portfolio Properties	p. 03	Corporate Data	p. 28
To Our Shareholders	p. 06		

Financial Highlights

For the period from April 1, 2003 to September 30, 2003, the period from October 1, 2002 to March 31, 2003, the period from April 1, 2002 to September 30, 2002 and the period from May 11, 2001 to March 31, 2002

	Millions of yen				Thousands of U.S. dollars (Note 1)
	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, 2002 to September 30, 2002	For the period from May 11, 2001 to March 31, 2002	For the period from April 1, 2003 to September 30, 2003
Operating Revenues	8,965	8,500	7,910	6,492	80,591
Operating Profits	3,898	3,687	3,386	2,961	35,042
Income before Income Taxes	3,408	3,259	2,898	2,405	30,639
Net Income	3,407	3,258	2,897	2,403	30,629
Net Operating Income (NOI) (Note 2)	5,950	5,702	5,211	4,732	53,483
Funds from Operations (FFO) (Note 3)	4,801	4,568	4,091	3,505	43,155
FFO Multiple (Note 4)	15.2 times	14.6 times	14.1 times	13.5 times	15.2 times
Cash Distribution	3,407	3,258	2,897	2,403	30,629
Number of Shares	225,400	225,400	225,400	160,400	225,400
Dividend per Share (Yen/U.S.dollars)	15,117	14,455	12,853	14,983	136

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥111.25 = US\$1.00, the foreign exchange rate on September 30, 2003, 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.

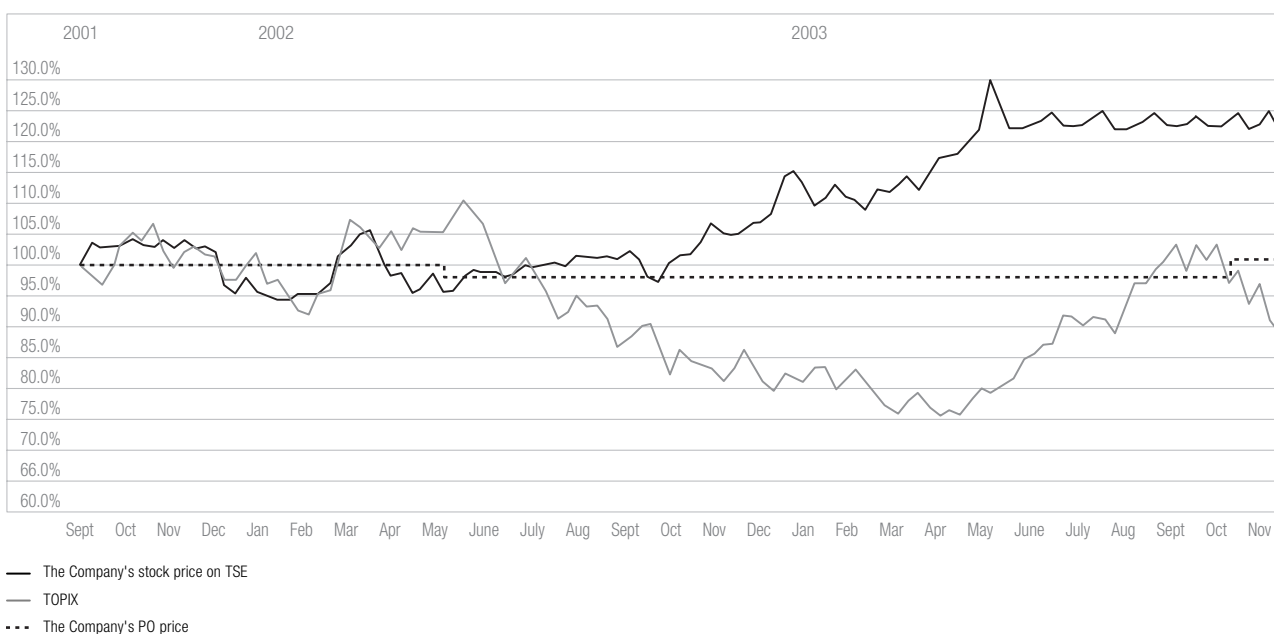
2. NOI = (Property-Related Revenues – Property-Related Expenses) + Depreciation

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 203 days for the period ended March 31, 2002, 183 days for the period ended September 30, 2002, 182 days for the period ended March 31, 2003 and 183 days for the period ended September 30, 2003.)

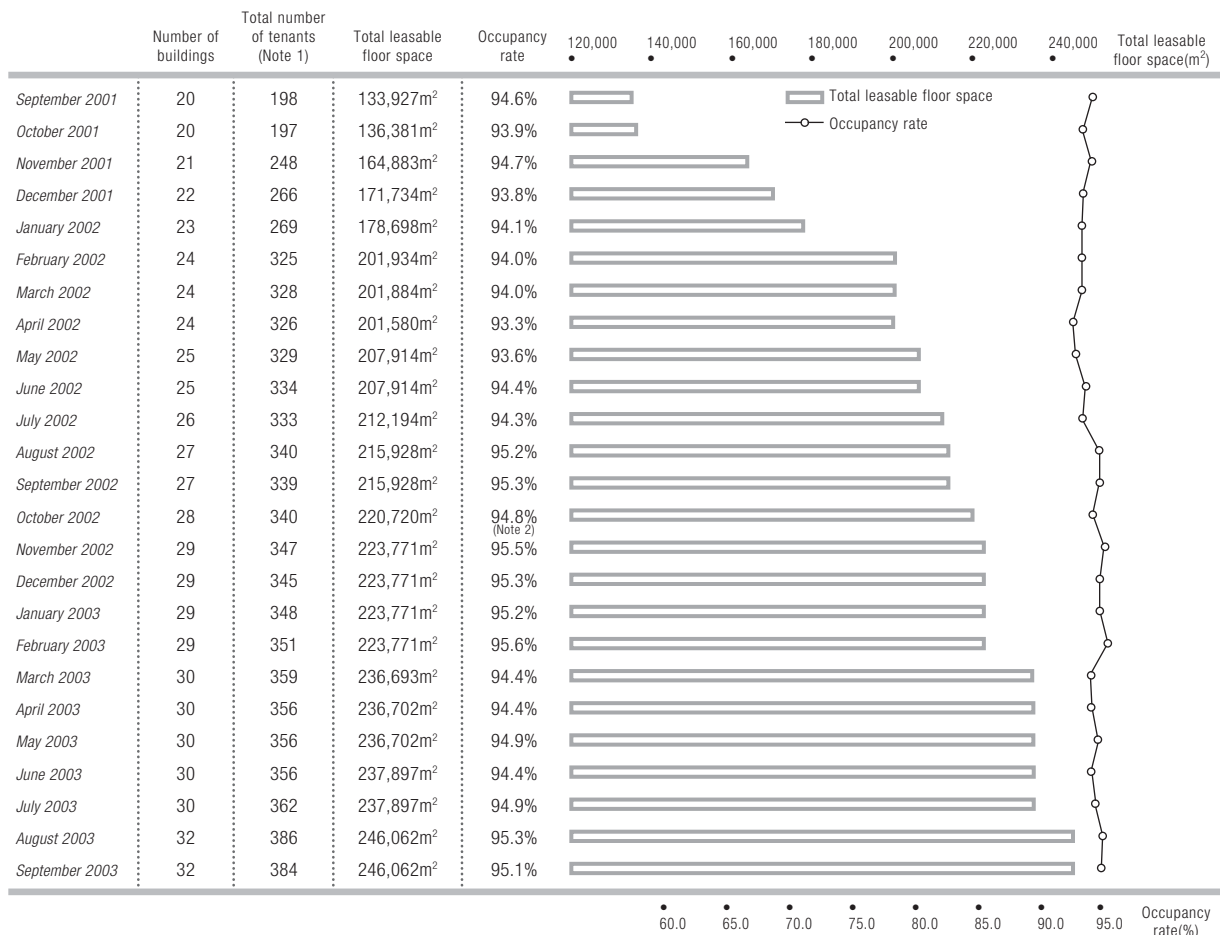
Stock Price Performance



Note: Based on the weekly closing price

Portfolio Highlights

TRENDS IN THE STATE OF PORTFOLIO MANAGEMENT



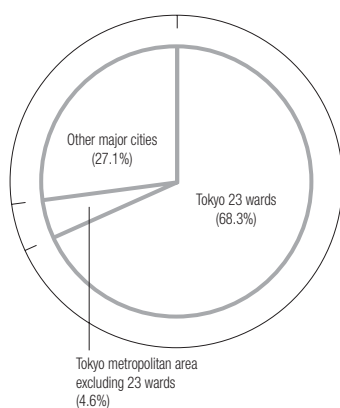
Notes: 1. In the event that the same tenant occupies several buildings, the tenant is calculated as one tenant in the total number of tenants.

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

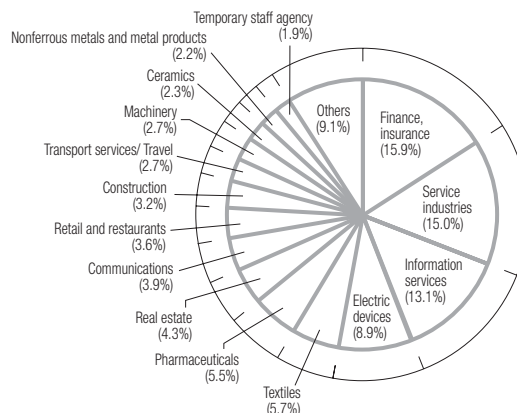
Properties by geographic region

(Percentage based on acquisition price)



Tenants by industry type

(Percentage based on leased area)



New Portfolio Properties

NEW PROPERTY ACQUISITION

Properties acquired between April 1, 2003 and September 30, 2003



Yurakucho Denki Building

● Property Summary

Type of specified asset:	Ownership*
Acquisition price:	¥ 7,200 million
Acquisition date:	August 1, 2003
Location:	Chiyoda-ku, Tokyo
Intended use:	Office Space
Site area:	5,749.91m ² (61,891.46ft ²)
Floor area of building:	70,287.65m ² (756,569.24ft ²)
Structure:	Above ground : 20 floors Below ground : 4 floors
Completion:	September 1975

* Percentage of ownership of the building is 10.78%.

● Leasing Conditions

Number of tenants:	13
Leasable floor space:	4,694m ² (50,526ft ²)
Leased area:	4,694m ² (50,526ft ²)
Occupancy rate:	100.0%



Nagoya Misono Building

● Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥ 1,865 million
Acquisition date:	August 8, 2003
Location:	Nagoya, Aichi prefecture
Intended use:	Office Space
Site area:	805.04m ² (8,665.37ft ²)
Floor area of building:	5,348.00m ² (57,565.34ft ²)
Structure:	Above ground : 7 floors Below ground : 1 floor
Completion:	September 1991

● Leasing Conditions

Number of tenants:	7
Leasable floor space:	3,470m ² (37,351ft ²)
Leased area:	3,470m ² (37,351ft ²)
Occupancy rate:	100.0%

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

NEW PROPERTY ACQUISITION

Properties acquired between October 1, 2003 and November 30, 2003



Jingumae Media Square Building

● Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥ 12,200 million
Acquisition date:	October 9, 2003
Location:	Shibuya-ku, Tokyo
Intended use:	Office Space, Retail Stores
Site area:	2,261.88m ² (24,346.65ft ²)
Floor area of building:	9,420.42m ² (101,400.46ft ²)
Structure:	Above ground : 9 floors Below ground : 2 floors
Completion:	March 1998

● Leasing Conditions

Number of tenants:	7
Leasable floor space:	5,558m ² (59,826ft ²)
Leased area:	5,074m ² (54,616ft ²)
Occupancy rate:	91.3%



Ebisu Neonato

● Property Summary

Type of specified asset:	Ownership*
Acquisition price:	¥ 3,740 million
Acquisition date:	November 14, 2003
Location:	Shibuya-ku, Tokyo
Intended use:	Office Space
Site area:	5,005.70m ² (53,880.85ft ²)
Floor area of building:	36,598.38m ² (393,941.30ft ²)
Structure:	Above ground : 18 floors Below ground : 2 floors
Completion:	October 1994
* Percentage of ownership of the building is 11.11%.	

● Leasing Conditions

Number of tenants:	2
Leasable floor space:	2,225m ² (23,950ft ²)
Leased area:	1,599m ² (17,211ft ²)
Occupancy rate:	71.9%

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

NEW PROPERTY ACQUISITION

Property to be acquired in the future



(tentative name) **Yoyogi 1-chome Building**

● Property Summary

Type of specified asset:	Ownership
Acquisition price:	¥ 8,700 million
Acquisition date:	April 1, 2004 (planned)
Location:	Shibuya-ku, Tokyo
Intended use:	Office Space
Site area:	1,793.03m ² (19,300.00ft ²)
Floor area of building:	11,234.29m ² (120,924.77ft ²)
Structure:	Above ground : 14 floors Below ground : 1 floor
Completion:	October 2003

● Leasing Conditions

Number of tenants:	1
Leasable floor space (Note 3):	unfixed
Leased area (Note 3):	unfixed
Occupancy rate:	100.0%

(This is a conceptual drawing of what the completed project will look like. Thus, it may differ from the actual building.)

Notes: 1. Details on area, structure, etc., listed above as recorded in the registry etc.

2. Leasing conditions are as of the time of acquisition.

3. The leasable floor space and leased area will be determined by the planned date of acquisition.

To Our Shareholders

The Japanese economy appears to have emerged from the worst period of its economic downturn: performance has improved at Japanese companies, and there are signs of brighter prospects for business investment and the stock market.

Meanwhile, 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 concerns were raised regarding the softening of the office market due to the impact of the Year 2003 Problem, the excess supply of office buildings that was expected for metropolitan areas.

In the severe leased office market, however, we delivered increased value to our shareholders by improving profitability by the acquisition of high-grade properties and efficient property management, and we reinforced our financial structure through judicious methods of capital procurement.

Acquisition and Management

We thoroughly examine many offers to sell office buildings, principally assessing expected return on investment and profit stability. Based on careful analysis, the Company acquired two properties during this period: the Yurakucho Denki Building (¥7.2 billion/\$64.7 million for a 10.78 percent ownership share; acquisition completed on August 1, 2003) and the Nagoya Misono Building (¥1.8 billion/\$16.2 million; acquisition completed on August 8, 2003). As a result of these transactions, our assets as of September 30, 2003, consisted of 32 office buildings, representing acquisitions with a total value of ¥192.6 billion (\$1,731.2 million), total leasable floor space of 246,062m² (2,648,587 ft²) and a total occupancy of 384 tenants.

In addition to these 32 properties, after the period under review, we announced decisions to acquire three buildings: Jingumae Media Square Building (¥12.2 billion/\$109.7 million; acquisition completed on October 9, 2003), Ebisu Neonato (¥3.7 billion/\$33.2 million; acquisition completed November 14, 2003) and Yoyogi 1-chome Building [tentative name] (¥8.7 billion/\$78.2 million; acquisition to be completed on April 1, 2004). We project continued stable asset growth.

Regarding property management, we secured an occupancy rate of 95.1 percent at the end of the period by our vigorous leasing activities, our services to attract favorable tenants, and the competitive strength of our properties.

Building Financial Strength

On April 30, 2003, the Company issued its second and third series of ¥10.0 billion (\$89.9 million) corporate bonds (five-year and seven-year bonds respectively) to repay short-term loans. This capital procurement was undertaken to convert short-term floating-rate loans to long-term fixed-interest bonds, in order 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. These corporate bonds have received credit ratings of A+ from Standard & Poor's and A2 from Moody's Investor Service.

As of September 30, 2003, the Company's total borrowings were ¥31 billion (\$278.7 million) (¥24 billion/\$215.7 million in long-term loans), and outstanding issues of corporate bonds totaled ¥45 billion (\$404.5 million).



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

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

On October 25, 2003, the Company made an additional public share offering of 35,000 shares, which generated approximately ¥21.3 billion (\$191.5 million), thus bolstering our financial position and enhancing our ability to secure financing for future property acquisitions.



Delivering Excellent Performance

Our tireless efforts amidst such adverse operating conditions have resulted in operating revenues of ¥9.0 billion (\$80.6 million) (up 5.5 percent from the preceding period) and operating profits of ¥3.9 billion (\$35.0 million) (up 5.7 percent). Income before income taxes was ¥3.4 billion (\$30.6 million) (up 4.6 percent) and net income was ¥3.4 billion (\$30.6 million) (up 4.6 percent), which produced a dividend of ¥15,117 (\$135.9) per share.

Looking to the Next Period

In the coming period, the trend toward higher-grade office specifications and services at lower rents will intensify. Tenants will be more rigorous in selecting office buildings. Our guiding principle will be to provide added value through service attuned to tenant needs as well as through differentiation from competitor buildings. Thus, although the office building rental market is expected to remain soft, we will improve revenues through our superior property management policies.

These management policies include ensuring tenant satisfaction by anticipating tenant needs, filling vacancies promptly, shifting to fixed and long-term lease contracts, and reducing property management fees.

In the real estate market, we will have even more opportunities to expand our portfolio as owners who are not specialized in office building management seek to dispose of real estate assets. We will strengthen existing real estate information channels and develop new ones, in order to quickly obtain effective information. In addition, we will examine properties in detail, make highly selective investments, and maintain the optimal regional distribution of property ownership.

Forecasting Continued Growth

In our fifth fiscal period, ending March 31, 2004, operating revenue is conservatively forecast at ¥9.4 billion (\$84.5 million), income before income taxes at ¥3.7 billion (\$33.3 million), and net income at ¥3.7 billion (\$33.3 million). We expect to pay cash dividends of ¥14,200 (\$127.6) per share. Forecasts for the sixth fiscal period, ending September 30, 2004, are for operating revenue of ¥9.3 billion (\$83.5 million), income before income taxes of ¥3.6 billion (\$32.3 million), and net income of ¥3.6 billion (\$32.3 million). Dividends for this period are forecast at ¥14,000 (\$125.8) per share.

The above forecast does not include consideration of revenues from expected acquisitions in the future. On the other hand, planned cancellations and subsequent vacancies are taken into account.

Fulfilling Our Responsibility to Shareholders

The real estate market in Japan offers both extraordinary challenges and opportunities. We believe that our portfolio of premier properties, enlightened property management policies, and capable, dedicated professionals will ensure vigorous growth and even greater advances. We increased total asset value to more than ¥200 billion (\$1,798 million), thus attaining two-thirds of our corporate goal of ¥300 billion (\$2,697 million) by March 2006, which we set when the company was listed on the TSE. The growth of our assets has exceeded our expectations, and our operating revenues have increased by more than 5% against the previous period. Despite our prudent and conservative philosophy, we have succeeded at increasing our assets and operating revenues as described above. Thus, by continuing to keep this philosophy, we are confident that we will be able to achieve stable business prosperity into the future as well. We thank our shareholders for their continued support.

Yoneichiro Baba
Executive Director of Japan Real Estate Investment Corporation

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

The Portfolio of Japan Real Estate Investment Corporation

As of September 30, 2003

PROPERTIES ROSTER

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)
Tokyo 23 wards					
● I-1	Genki Medical Plaza (Note 1)	Iidabashi, Chiyoda-ku	Ownership	10/31/2002	5,000 (2.6%)
● I-2	MD Kanda Building	Kandamitoshiro-cho, Chiyoda-ku	Ownership	5/31/2002	9,520 (4.9%)
● I-3	Kandabashi Park Building	Kandanishiki-cho, Chiyoda-ku	Ownership	8/15/2002	4,810 (2.5%)
● I-4	Mitsubishi Soken Building	Otemachi, Chiyoda-ku	Trust	9/25/2001	27,267 (14.2%)
● I-5	Yurakucho Denki Building	Yuraku-cho, Chiyoda-ku	Ownership	8/1/2003	7,200 (3.7%)
● I-6	Kodenmachi Shin-Nihonbashi Building	Nihonbashikodenma-cho, Chuo-ku	Trust	9/25/2001	3,173 (1.6%)
● I-7	Burex Kyobashi Building	Kyobashi, Chuo-ku	Ownership	7/22/2002	5,250 (2.7%)
● I-8	Aoyama Crystal Building	Kitaoyama, Minato-ku	Ownership	3/14/2003	7,680 (4.0%)
● I-9	Shiba 2chome Daimon Building	Shiba, Minato-ku	Trust	9/10/2001	4,859 (2.5%)
● I-10	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	9/25/2001	2,808 (1.5%)
● I-11	Takanawadai Building	Higashi Gotanda, Shinagawa-ku	Trust	9/25/2001	2,738 (1.4%)
● I-12	JAL Travel Building (Note 2)	Shimo Meguro, Meguro-ku	Trust	9/10/2001	1,362 (0.7%)
● I-13	Omori-Eki Higashiguchi Building	Omori Kita, Ota-ku	Trust	9/10/2001	5,123 (2.7%)
● I-14	da Vinci Harajuku	Jingumae, Shibuya-ku	Ownership	11/22/2002	4,885 (2.5%)
● I-15	Shibuya Cross Tower	Shibuya, Shibuya-ku	Ownership	11/30/2001	34,600 (18.0%)
● I-16	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	9/25/2001	3,541 (1.8%)
● I-17	Ikebukuro 2chome Building	Ikebukuro, Toshima-ku	Trust	9/25/2001	1,728 (0.9%)
Tokyo metropolitan area excluding 23 wards					
● II-1	Saitama Urawa Building (Note 3)	Saitama, Saitama Prefecture	Ownership	9/25/2001	1,232
				10/11/2001	1,342
				total	2,574 (1.3%)
● II-2	Ericsson Shin-Yokohama Building	Yokohama, Kanagawa Prefecture	Ownership	1/28/2002	3,000 (1.6%)
● II-3	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	9/25/2001	3,375 (1.8%)
Other major cities					
● III-1	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	9/25/2001	2,924 (1.5%)
● III-2	Niigata Ishizuecho Nishi-Bandaibashi Building	Niigata, Niigata Prefecture	Trust	9/25/2001	1,010 (0.5%)
● III-3	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Ownership	2/28/2002	2,880
				3/3/2003	1,700
				total	4,580 (2.4%)
● III-4	Kanazawa Minamicho Building	Kanazawa, Ishikawa Prefecture	Trust	9/25/2001	1,331 (0.7%)
● III-5	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Ownership	9/10/2001	14,533 (7.5%)
● III-6	Nagoya Misono Building	Nagoya, Aichi Prefecture	Ownership	8/8/2003	1,865 (1.0%)
● III-7	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Ownership	12/20/2001	2,650 (1.4%)
● III-8	Fukusuke Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Trust	9/25/2001	2,264 (1.2%)
● III-9	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	9/25/2001	6,934
				2/28/2002	7,380
				total	14,314 (7.4%)
● III-10	Kobe Itomachi Building	Kobe, Hyogo Prefecture	Trust	9/25/2001	1,436 (0.7%)
● III-11	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Ownership	9/25/2001	1,550 (0.8%)
● III-12	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	9/10/2001	3,657 (1.9%)
				TOTAL	192,607 (100.0%)

MAJOR TENANTS ROSTER

Rank	Name of tenant	Name of building	Leased area	Percent of total leased area
1	Mitsubishi Research Institute, Inc. (Note 1)	Mitsubishi Soken Building	14,529m ² (156,389ft ²)	6.2%
2	The Dai-ichi Mutual Life Insurance Company	Midosuji Daiwa Building (also includes another 7 buildings)	13,008m ² (140,017ft ²)	5.6%
3	Nippon Ericsson K.K. (Note 2)	Ericsson Shin-Yokohama Building	5,794m ² (62,366ft ²)	2.5%
4	TOTO Ltd.	Nagoya Hirokoji Building, Midosuji Daiwa Building	4,840m ² (52,097ft ²)	2.1%
5	Center for Health Care & Public Concern (Note 3)	Genki Medical Plaza	4,791m ² (51,570ft ²)	2.0%
6	Janssen Pharmaceutical K.K.	Takanawadai Building, Tosei Tenjin Building	4,318m ² (46,479ft ²)	1.8%

Notes: 1. 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.

2. The contract with Nippon Ericsson K.K. was annulled as of October 31, 2003.

3. Lease with this tenant is a fixed-term lease for the period from November 1, 2002 to October 31, 2017. This tenant has agreed not to terminate the contract during the lease period.

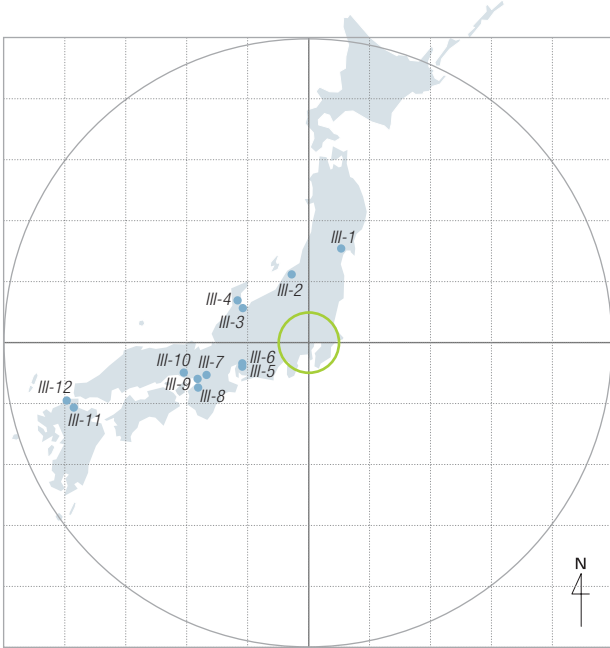
Percentage of ownership of the building (%)	Completion	Appraisal value at the end of period (¥ millions)	Total leasable floor space	Leased area	Total number of tenants	Revenue from leasing operations (¥millions)
100	1985	5,400	4,791m ² (51,570ft ²)	4,791m ² (51,570ft ²)	1	194 (2.2%)
100	1998	9,670	6,269m ² (67,479ft ²)	6,269m ² (67,479ft ²)	3	370 (4.1%)
56.76	1993	4,860	3,687m ² (39,686ft ²)	3,687m ² (39,686ft ²)	7	196 (2.2%)
100	1970	28,000	18,006m ² (193,815ft ²)	18,006m ² (193,815ft ²)	4	972 (10.8%)
10.78	1975	6,830	4,694m ² (50,526ft ²)	4,694m ² (50,526ft ²)	13	106 (1.2%)
100	1991	3,200	3,897m ² (41,947ft ²)	3,897m ² (41,947ft ²)	5	160 (1.8%)
100	2002	5,010	4,279m ² (46,059ft ²)	4,279m ² (46,059ft ²)	1	150 (1.7%)
100	1982	7,430	4,916m ² (52,915ft ²)	4,916m ² (52,915ft ²)	9	252 (2.8%)
100	1984	4,920	9,622m ² (103,570ft ²)	8,968m ² (96,531ft ²)	27	287 (3.2%)
100	1992	2,800	4,062m ² (43,723ft ²)	4,062m ² (43,723ft ²)	7	132 (1.5%)
100	1991	2,810	4,091m ² (44,035ft ²)	4,091m ² (44,035ft ²)	1	140 (1.6%)
100	1991	1,570	3,383m ² (36,414ft ²)	3,383m ² (36,414ft ²)	1	104 (1.2%)
100	1989	5,010	7,708m ² (82,968ft ²)	7,661m ² (82,462ft ²)	18	274 (3.1%)
100	1987	4,970	3,051m ² (32,841ft ²)	3,051m ² (32,841ft ²)	6	189 (2.1%)
100	1976	33,800	29,808m ² (320,850ft ²)	28,289m ² (304,500ft ²)	51	1,555 (17.3%)
100	1987	3,480	7,114m ² (76,574ft ²)	6,831m ² (73,528ft ²)	8	191 (2.1%)
100	1990	1,540	2,186m ² (23,530ft ²)	2,186m ² (23,530ft ²)	5	81 (0.9%)
100	1990	2,490	4,510m ² (48,545ft ²)	4,111m ² (44,250ft ²)	12	141 (1.6%)
100	1992	2,230	6,964m ² (74,960ft ²)	6,964m ² (74,960ft ²)	2	179 (2.0%)
100	1990	3,160	6,831m ² (73,528ft ²)	6,831m ² (73,528ft ²)	10	195 (2.2%)
93.39	1991	2,990	5,829m ² (62,743ft ²)	5,829m ² (62,743ft ²)	13	165 (1.8%)
100	1984	821	4,383m ² (47,178ft ²)	3,660m ² (39,396ft ²)	8	76 (0.9%)
89.00	1991	5,330	21,036m ² (226,429ft ²)	18,764m ² (201,974ft ²)	62	541 (6.0%)
100	1987	1,120	3,782m ² (40,709ft ²)	2,951m ² (31,764ft ²)	13	79 (0.9%)
100	1987	14,900	21,590m ² (232,393ft ²)	21,012m ² (226,171ft ²)	28	763 (8.5%)
100	1991	1,810	3,470m ² (37,351ft ²)	3,470m ² (37,351ft ²)	7	30 (0.3%)
100	1982	2,250	6,800m ² (73,195ft ²)	6,079m ² (65,434ft ²)	24	137 (1.5%)
46.17	1992	2,360	5,337m ² (57,447ft ²)	4,886m ² (52,592ft ²)	7	163 (1.8%)
100	1991	14,300	20,449m ² (220,111ft ²)	18,694m ² (201,220ft ²)	18	768 (8.6%)
100	1989	1,100	3,478m ² (37,437ft ²)	3,127m ² (33,659ft ²)	11	71 (0.8%)
100	1992	1,420	4,080m ² (43,917ft ²)	3,204m ² (34,488ft ²)	17	93 (1.0%)
76.18	1987	3,690	5,944m ² (63,981ft ²)	5,268m ² (56,704ft ²)	8	196 (2.2%)
—	—	193,058	246,062m²(2,648,587ft²)	233,911m²(2,517,795ft²)	384	8,965 (100.0%)

Notes: 1. On April 1, 2003 "Kokusai Iidabashi Building" was renamed to "Genki Medical Plaza".

2. On July 1, 2003 "JTS Building" was renamed to "JAL Travel Building".

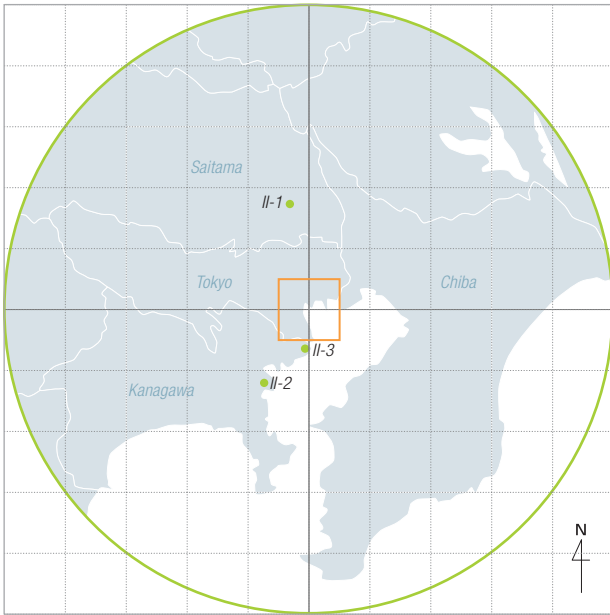
3. On April 1, 2003 "Urawa Dai-ichi-Seimei Dowa Kasai Building" was renamed to "Saitama Urawa Building".

LOCATIONS OF PORTFOLIO PROPERTIES



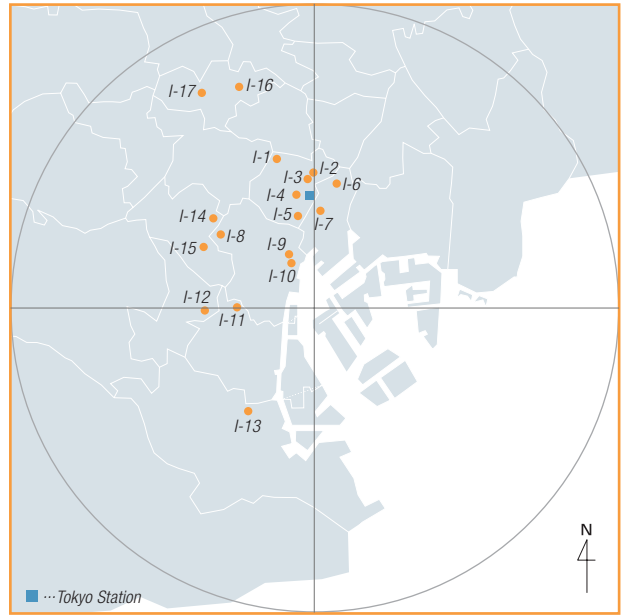
III-1– III-12 : Other major cities

v



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

>



I-1– I-17 : Tokyo 23 wards

Overview of Portfolio Properties

PROPERTY ACQUISITION

As of September 30, 2003



● I-1

Genki Medical Plaza

Location: Chiyoda-ku, Tokyo
 Site area: 1,052.80m²
 (11,332.23ft²)
 Floor area of building: 6,722.02m²
 (72,355.15ft²)
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: September 1985



● I-2

MD Kanda Building

Location: Chiyoda-ku, Tokyo
 Site area: 1,085.83m²
 (11,687.77ft²)
 Floor area of building: 8,185.11m²
 (88,103.71ft²)
 Structure: Above ground: 10 floors
 Completion: February 1998



● I-3

Kandabashi Park Building

Location: Chiyoda-ku, Tokyo
 Site area: 1,218.56m²
 (13,116.46ft²)
 Floor area of building: 9,370.25m²
 (100,860.43ft²)
 Structure: Above ground: 10 floors
 Below ground: 1 floor
 Completion: July 1993



● I-4

Mitsubishi Soken Building

Location: Chiyoda-ku, Tokyo
 Site area: 3,441.35m²
 (37,042.35ft²)
 Floor area of building: 26,372.92m²
 (283,875.47ft²)
 Structure: Above ground: 15 floors
 Below ground: 2 floors
 Completion: July 1970



● I-5

Yurakucho Denki Building

Location: Chiyoda-ku, Tokyo
 Site area: 5,749.91m²
 (61,891.46ft²)
 Floor area of building: 70,287.65m²
 (756,569.24ft²)
 Structure: Above ground: 20 floors
 Below ground: 4 floors
 Completion: September 1975



● I-6

**Kodenmachi
 Shin-Nihonbashi Building**

Location: Chuo-ku, Tokyo
 Site area: 773.28m²
 (8,323.51ft²)
 Floor area of building: 5,822.88m²
 (62,676.90ft²)
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: November 1991



● I-7

Burex Kyobashi Building

Location: Chuo-ku, Tokyo
 Site area: 756.03m²
 (8,137.83ft²)
 Floor area of building: 5,470.54m²
 (58,884.35ft²)
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: February 2002



● I-8

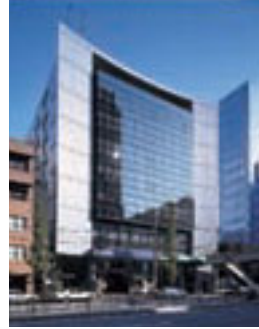
Aoyama Crystal Building

Location: Minato-ku, Tokyo
 Site area: 989.30m²
 (10,648.73ft²)
 Floor area of building: 8,094.36m²
 (87,126.88ft²)
 Structure: Above ground: 10 floors
 Below ground: 4 floors
 Completion: December 1982



● I-9
Shiba 2chome Daimon Building

Location: Minato-ku, Tokyo
 Site area: 2,820.90m²
 (30,363.89ft²)
 Floor area of building: 16,235.10m²
 (174,752.99ft²)
 Structure: Above ground: 8 floors
 Below ground: 2 floors
 Completion: March 1984



● I-10
Cosmo Kanasugibashi Building

Location: Minato-ku, Tokyo
 Site area: 758.54m²
 (8,164.85ft²)
 Floor area of building: 5,420.93m²
 (58,350.35ft²)
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: March 1992



● I-11
Takanawadai Building

Location: Shinagawa-ku, Tokyo
 Site area: 1,416.17m²
 (15,243.51ft²)
 Floor area of building: 5,762.70m²
 (62,029.13ft²)
 Structure: Above ground: 13 floors
 Completion: January 1991



● I-12
JAL Travel Building

Location: Meguro-ku, Tokyo
 Site area: 1,401.52m²
 (15,085.82ft²)
 Floor area of building: 5,269.58m²
 (56,721.23ft²)
 Structure: Above ground: 6 floors
 Below ground: 1 floor
 Completion: September 1991



● I-13
Omori-Eki Higashiguchi Building

Location: Ota-ku, Tokyo
 Site area: 2,199.30m²
 (23,673.05ft²)
 Floor area of building: 14,095.34m²
 (151,720.83ft²)
 Structure: Above ground: 11 floors
 Below ground: 2 floors
 Completion: July 1989



● I-14
da Vinci Harajuku

Location: Shibuya-ku, Tokyo
 Site area: 839.66m²
 (9,038.02ft²)
 Floor area of building: 4,359.20m²
 (46,921.99ft²)
 Structure: Above ground: 7 floors
 Below ground: 2 floors
 Completion: December 1987



● I-15
Shibuya Cross Tower

Location: Shibuya-ku, Tokyo
 Site area: 5,153.45m²
 (55,471.22ft²)
 Floor area of building: 61,862.33m²
 (665,879.93ft²)
 Structure: Above ground: 32 floors
 Below ground: 3 floors
 Completion: April 1976



● I-16
Otsuka Higashi-Ikebukuro Building

Location: Toshima-ku, Tokyo
 Site area: 2,121.39m²
 (22,834.43ft²)
 Floor area of building: 9,531.28m²
 (102,593.74ft²)
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: November 1987



● I-17

Ikebukuro 2chome Building

Location: Toshima-ku, Tokyo
 Site area: 397.26m²
 (4,276.07ft²)
 Floor area of building: 3,157.51m²
 (33,987.12ft²)
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: May 1990



● II-1

Saitama Urawa Building

Location: Urawa-ku, Saitama,
 Saitama Prefecture
 Site area: 1,533.06m²
 (16,501.70ft²)
 Floor area of building: 6,258.59m²
 (67,366.84ft²)
 Structure: Above ground: 8 floors
 Completion: March 1990



● II-2

Ericsson Shin-Yokohama Building

Location: Kohoku-ku, Yokohama,
 Kanagawa Prefecture
 Site area: 1,528.00m²
 (16,447.24ft²)
 Floor area of building: 10,403.41m²
 (111,981.26ft²)
 Structure: Above ground: 10 floors
 Below ground: 2 floors
 Completion: April 1992



● II-3

Kawasaki Isago Building

Location: Kawasaki-ku, Kawasaki,
 Kanagawa Prefecture
 Site area: 1,594.50m²
 (17,163.04ft²)
 Floor area of building: 9,623.83m²
 (103,589.94ft²)
 Structure: Above ground: 12 floors
 Below ground: 1 floor
 Completion: December 1990



● III-1

Sendai Honcho Honma Building

Location: Aoba-ku, Sendai,
 Miyagi Prefecture
 Site area: 1,437.47m²
 (15,472.78ft²)
 Floor area of building: 8,247.50m²
 (88,775.27ft²)
 Structure: Above ground: 11 floors
 Completion: November 1991



● III-2

**Niigata Ishizuecho
 Nishi-Bandaibashi Building**

Location: Niigata,
 Niigata Prefecture
 Site area: 957.90m²
 (10,310.74ft²)
 Floor area of building: 6,410.33m²
 (69,000.15ft²)
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: November 1984



● III-3

Kanazawa Park Building

Location: Kanazawa,
 Ishikawa Prefecture
 Site area: 6,642.71m²
 (71,501.47ft²)
 Floor area of building: 43,481.20m²
 (468,027.29ft²)
 Structure: Above ground: 12 floors
 Below ground: 2 floors
 Completion: October 1991



● III-4

Kanazawa Minamicho Building

Location: Kanazawa,
 Ishikawa Prefecture
 Site area: 887.17m²
 (9,549.41ft²)
 Floor area of building: 5,163.19m²
 (55,576.06ft²)
 Structure: Above ground: 9 floors
 Completion: March 1987



● III-5
Nagoya Hirokoji Building

Location: Naka-ku, Nagoya,
 Aichi Prefecture
 Site area: 4,095.81m²
 (44,086.89ft²)
 Floor area of building: 33,377.73m²
 (359,274.55ft²)
 Structure: Above ground: 18 floors
 Below ground: 2 floors
 Completion: May 1987



● III-6
Nagoya Misono Building

Location: Naka-ku, Nagoya,
 Aichi Prefecture
 Site area: 805.04m²
 (8,665.37ft²)
 Floor area of building: 5,348.00m²
 (57,565.34ft²)
 Structure: Above ground: 7 floors
 Below ground: 1 floor
 Completion: September 1991



● III-7
Kyoto Shijo Kawaramachi Building

Location: Shimogyo-ku, Kyoto,
 Kyoto Prefecture
 Site area: 1,471.57m²
 (15,839.83ft²)
 Floor area of building: 9,701.04m²
 (104,421.02ft²)
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: November 1982



● III-8
Fukusuke Sakaisujihonmachi Building

Location: Chuo-ku, Osaka,
 Osaka Prefecture
 Site area: 2,036.22m²
 (21,917.67ft²)
 Floor area of building: 17,145.59m²
 (184,553.42ft²)
 Structure: Above ground: 13 floors
 Below ground: 2 floors
 Completion: October 1992



● III-9
Midosuji Daiwa Building

Location: Chuo-ku, Osaka,
 Osaka Prefecture
 Site area: 3,044.65m²
 (32,772.31ft²)
 Floor area of building: 31,213.27m²
 (335,976.52ft²)
 Structure: Above ground: 15 floors
 Below ground: 2 floors
 Completion: September 1991



● III-10
Kobe Itomachi Building

Location: Chuo-ku, Kobe,
 Hyogo Prefecture
 Site area: 808.55m²
 (8,703.15ft²)
 Floor area of building: 4,894.09m²
 (52,679.50ft²)
 Structure: Above ground: 10 floors
 Completion: September 1989



● III-11
Tosei Tenjin Building

Location: Chuo-ku, Fukuoka,
 Fukuoka Prefecture
 Site area: 1,221.31m²
 (13,146.06ft²)
 Floor area of building: 5,588.57m²
 (60,154.81ft²)
 Structure: Above ground: 8 floors
 Completion: March 1992



● III-12
Hinode Tenjin Building

Location: Chuo-ku, Fukuoka,
 Fukuoka Prefecture
 Site area: 1,452.15m²
 (15,630.80ft²)
 Floor area of building: 12,527.07m²
 (134,840.13ft²)
 Structure: Above ground: 10 floors
 Below ground: 2 floors
 Completion: August 1987

Financial Section

FINANCIAL OVERVIEW OF JAPAN REAL ESTATE INVESTMENT CORPORATION	p. 15
BALANCE SHEETS	p. 16
STATEMENTS OF INCOME AND RETAINED EARNINGS	p. 18
STATEMENTS OF CASH FLOWS	p. 19

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY	p. 20
NOTES TO FINANCIAL STATEMENTS	p. 20
INDEPENDENT AUDITORS' REPORT	p. 27

FINANCIAL OVERVIEW OF JAPAN REAL ESTATE INVESTMENT CORPORATION

1. Selected Financial Data

	Millions of yen				Thousands of U.S. dollars (Note 1)
	<i>For the period from April 1, 2003 to September 30, 2003</i>	<i>For the period from October 1, 2002 to March 31, 2003</i>	<i>For the period from April 1, 2002 to September 30, 2002</i>	<i>For the period from May 11, 2001 to March 31, 2002</i>	<i>For the period from April 1, 2003 to September 30, 2003</i>
Operating Revenues	8,965	8,500	7,910	6,492	80,591
Operating Expenses	5,067	4,812	4,523	3,530	45,549
Operating Profits	3,898	3,687	3,386	2,961	35,042
Income before Income Taxes	3,408	3,259	2,898	2,405	30,639
Net Income	3,407	3,258	2,897	2,403	30,628
Total Assets	209,581	200,022	185,397	161,809	1,883,881
Interest-Bearing Liabilities	76,000	66,800	54,000	64,000	683,146
Total Shareholders' Equity	115,559	115,410	115,049	83,663	1,038,741
Shareholders' Capital	112,152	112,152	112,152	81,260	1,008,112
Number of Shares	225,400	225,400	225,400	160,400	225,400
Total Shareholders' Equity per Share (Yen/U.S.dollars)	512,688	512,026	510,424	521,591	4,068
Cash Distribution	3,407	3,258	2,897	2,403	30,628
Dividend Payout Ratio	99.9%	99.9%	99.9%	99.9%	99.9%
Dividend per Share (Yen/U.S.dollars)	15,117	14,455	12,853	14,983	136
Net Operating Income (NOI)	5,950	5,702	5,211	4,732	53,485
Funds from Operations (FFO)	4,801	4,568	4,091	3,505	43,155
Return on Assets (ROA) (Note 2)	1.7% (3.3% annualized)	1.7% (3.4% annualized)	1.6% (3.2% annualized)	2.0% (3.6% annualized)	1.7% (3.3% annualized)
Return on Equity (ROE) (Note 3)	3.0% (5.9% annualized)	2.8% (5.7% annualized)	2.7% (5.4% annualized)	2.9% (5.2% annualized)	3.0% (5.9% annualized)
EOP Equity Ratio (Note 4)	55.1%	57.7%	62.1%	51.7%	55.1%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	36.3%	33.4%	29.1%	39.6%	36.3%
FFO Multiple	15.2 times	14.6 times	14.1 times	13.5 times	15.2 times
Debt Service Coverage Ratio (Note 6)	12.6 times	14.5 times	13.9 times	15.5 times	12.6 times

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥111.25=US\$1.00, the foreign exchange rate on September 30, 2003, 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. ROA = Income before Income Taxes ÷ Average of Total Assets during the period

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 203 days for the period ended March 31, 2002, 183 days for the period ended September 30, 2002, 182 days for the period ended March 31, 2003 and 183 days for the period ended September 30, 2003.)

4. EOP Equity Ratio = (Net Worth at end of period ÷ Total Assets at end of period) x 100

5. EOP Interest-Bearing Debt Ratio on Total Assets = (Interest-Bearing Debt at end of period ÷ Total Assets at end of period) x 100

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

BALANCE SHEETS

As of September 30, 2003 and March 31, 2003

	Thousands of yen		U.S. dollars
	<i>As of September 30, 2003</i>	<i>As of March 31, 2003</i>	<i>As of September 30, 2003</i>
ASSETS			
Current Assets:			
Cash and bank deposits	15,377,753	15,459,422	138,226,995
Rental receivables	69,703	88,501	626,543
Consumption tax refundable	—	59,328	—
Other current assets	961,941	48,825	8,646,656
Total current assets	16,409,397	15,656,076	147,500,194
Property and Equipment, at Cost :			
Land	135,687,541	128,013,200	1,219,663,293
Buildings and structures	60,439,152	58,008,534	543,273,275
Machinery and equipment	1,195,302	1,153,238	10,744,284
Tools, furniture and fixtures	9,002	8,042	80,918
	197,330,997	187,183,014	1,773,761,770
Less accumulated depreciation	(4,998,158)	(3,604,570)	(44,927,260)
Net property and equipment	192,332,839	183,578,444	1,728,834,510
Investments and Other Assets:			
Deposits	14,234	14,100	127,946
Long-term prepaid expenses	38,082	47,639	342,307
Leasehold rights	725,600	725,600	6,522,250
Deferred corporate bond issuance costs	61,125	—	549,438
Other	525	454	4,725
Total Assets	209,581,802	200,022,313	1,883,881,370

The accompanying notes form an integral part of these financial statements

	Thousands of yen		U.S. dollars
	<i>As of September 30, 2003</i>	<i>As of March 31, 2003</i>	<i>As of September 30, 2003</i>
LIABILITIES			
Current Liabilities:			
Trade accounts payable	224,753	482,612	2,020,250
Other payables	696,484	646,408	6,260,535
Short-term loans	7,000,000	17,800,000	62,921,348
Accrued expenses	268,299	188,747	2,411,677
Accrued consumption taxes	13,024	—	117,067
Accrued income taxes	1,123	975	10,091
Rent received in advance	1,444,695	1,335,442	12,986,024
Other current liabilities	3,938	22,141	35,397
Total current liabilities	9,652,316	20,476,325	86,762,389
Long-Term Liabilities:			
Corporate bonds	45,000,000	25,000,000	404,494,382
Long-term loans	24,000,000	24,000,000	215,730,337
Deposits from tenants	15,369,570	15,135,313	138,153,439
Total long-term liabilities	84,369,570	64,135,313	758,378,158
Total Liabilities	94,021,886	84,611,638	845,140,547
SHAREHOLDERS' EQUITY			
Shareholders' capital	112,152,420	112,152,420	1,008,111,640
Retained earnings	3,407,496	3,258,255	30,629,183
Total shareholders' equity	115,559,916	115,410,675	1,038,740,823
Total Liabilities and Shareholders' Equity	209,581,802	200,022,313	1,883,881,370

The accompanying notes form an integral part of these financial statements

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six months ended September 30, 2003 and March 31, 2003

	Thousands of yen		U.S. dollars
	<i>For the period from April 1, 2003 to September 30, 2003</i>	<i>For the period from October 1, 2002 to March 31, 2003</i>	<i>For the period from April 1, 2003 to September 30, 2003</i>
Operating Revenues and Expenses			
Operating Revenues:			
Rental revenues	8,951,557	8,449,279	80,463,436
Non-rental revenues	14,217	51,473	127,797
	8,965,774	8,500,752	80,591,233
Operating Expenses:			
Property-related expenses	4,409,254	4,109,157	39,633,743
Asset management fees	393,650	432,809	3,538,424
Administrative service fees	161,423	158,097	1,450,997
Other operating expenses	103,032	112,702	926,134
	5,067,359	4,812,765	45,549,298
Operating profits	3,898,415	3,687,987	35,041,935
Non-Operating Revenues and Expenses			
Non-Operating Revenues:			
Interest income	109	85	977
Other non-operating revenues	4,028	478	36,209
Non-Operating Expenses:			
Interest expense	177,251	175,038	1,593,267
Interest expense on corporate bonds	236,811	164,096	2,128,638
Amortization of corporate bond issuance costs	61,125	70,786	549,438
Other non-operating expenses	18,831	19,488	169,265
Income before Income Taxes	3,408,534	3,259,142	30,638,513
Income Taxes:			
Current	1,144	991	10,285
Deferred	(8)	1	(68)
Net Income	3,407,398	3,258,150	30,628,296
Retained Earnings at beginning of period	99	105	887
Retained Earnings at end of period	3,407,497	3,258,255	30,629,183

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS (Unaudited)

For the six months ended September 30, 2003 and March 31, 2003

	Thousands of yen		U.S. dollars
	<i>For the period from April 1, 2003 to September 30, 2003</i>	<i>For the period from October 1, 2002 to March 31, 2003</i>	<i>For the period from April 1, 2003 to September 30, 2003</i>
Cash Flows from Operating Activities			
Income before income taxes	3,408,534	3,259,142	30,638,513
Depreciation and amortization	1,393,642	1,310,644	12,527,117
Loss on retirement of property and equipment	–	388	–
Amortization of corporate bond issuance costs	61,125	70,786	549,438
Interest income	(109)	(85)	(977)
Interest expense	414,062	339,134	3,721,905
Rental receivables and other receivables	18,798	(4,760)	168,971
Consumption tax refundable	59,328	9,995	533,284
Prepaid expenses	19,256	(26,995)	173,092
Other current assets	(2,364)	441	(21,250)
Trade accounts payable	(257,859)	354,285	(2,317,837)
Other payables	50,076	95,093	450,123
Accrued expenses	24,089	–	216,535
Consumption tax payable	13,024	–	117,067
Rent received in advance	109,253	116,284	982,050
Other current liabilities	(7,283)	(1,302)	(65,464)
Long-term prepaid expenses	9,557	10,017	85,909
Subtotal	5,313,129	5,533,067	47,758,476
Interest received	109	85	977
Interest paid	(358,625)	(319,651)	(3,223,600)
Income taxes paid	(996)	(931)	(8,954)
Net cash provided by operating activities	4,953,617	5,212,570	44,526,899
Cash Flows from Investing Activities			
Purchases of property and equipment	(11,088,956)	(20,244,890)	(99,676,012)
Purchases of intangible assets	(72)	(281,439)	(647)
Payments of deposits	(134)	–	(1,204)
Proceeds from lease deposits received	1,096,068	1,569,063	9,852,294
Repayment of lease deposits	(861,811)	(688,839)	(7,746,614)
Net cash used in investing activities	(10,854,905)	(19,646,105)	(97,572,183)
Cash Flows from Financing Activities			
Proceeds from short-term borrowings	5,000,000	12,800,000	44,943,820
Repayment of short-term borrowings	(15,800,000)	–	(142,022,472)
Proceeds from corporate bond	20,000,000	–	179,775,281
Payments of corporate bond issuance costs	(122,250)	–	(1,098,876)
Dividends to shareholders	(3,258,131)	(2,897,046)	(29,286,571)
Net cash provided by financing activities	5,819,619	9,902,954	52,311,182
Net Increase in Cash and Cash Equivalents	(81,669)	(4,530,581)	(734,102)
Cash and Cash Equivalents at beginning of Period	15,459,422	19,990,003	138,961,097
Cash and Cash Equivalents at end of Period	15,377,753	15,459,422	138,226,995

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended September 30, 2003 and March 31, 2003

	Shares	Shareholders' equity	
		Thousands of yen	U.S. dollars
Balance as of September 30, 2002	225,400	115,049,592	
Cash dividends paid	—	(2,897,067)	
Net income	—	3,258,150	
Balance as of March 31, 2003	225,400	115,410,675	1,037,399,332
Cash dividends paid	—	(3,258,157)	(29,286,805)
Net income	—	3,407,398	30,628,296
Balance as of September 30, 2003	225,400	115,559,916	1,038,740,823

The accompanying notes form an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

September 30, 2003 and March 31, 2003

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 and Fire Insurance Co., Ltd. ("TM"), 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, TM 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.

During the six-month period ended September 30, 2003, the Company issued additional corporate bonds as described below: On April 30, 2003, the Company issued ¥10,000 million of unsecured corporate bonds 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.

At September 30, 2003, the Company owned a portfolio of 32 office properties (30 office properties at March 31, 2003) containing an aggregate of approximately 246,000 square meters of net rentable area.

Basis of presenting financial statements

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles and practices generally accepted and applied in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Law, the Japanese Commercial Code, the Securities and Exchange Law of Japan and the related regulations, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying financial statements are a translation of the 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 ¥111.25=US\$1.00, the foreign exchange rate on September 30, 2003, 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

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	10-42 years
Machinery and equipment	3-10 years
Tools, furniture and fixtures	3-6 years

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

Deferred charges

Deferred charges include bond issuance costs and share issuance costs. Bond issuance costs are amortized using the straight-line method over one year. Share issuance costs were charged to operations when incurred. The underwriters' commissions of the public offering were not reflected to the financial statements since such costs are not payable by the Company under the so-called "spread method." Under the spread method, the difference between the offer price (the price paid by the shareholder) and the purchase price (the price received by the Company) was directly distributed to the underwriters.

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 and the related regulations. Cash and cash equivalents consists of cash on hand, deposits placed with bank and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, with original maturity of three months or less.

3. Property and Equipment

Property and equipment at September 30, 2003 and March 31, 2003 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2003		As of March 31, 2003		As of September 30, 2003	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	77,793,726	77,793,726	70,119,385	70,119,385	699,269,451	699,269,451
Buildings and structures	35,456,373		33,239,959		318,708,969	
Accumulated depreciation	2,532,504	32,923,869	1,750,083	31,489,876	22,764,086	295,944,883
Machinery and equipment	523,699		481,635		4,707,406	
Accumulated depreciation	114,308	409,391	79,670	401,965	1,027,487	3,679,919
Tools, furniture and fixtures	3,822		2,942		34,353	
Accumulated depreciation	665	3,157	393	2,549	5,976	28,377
Land in trust	57,893,815	57,893,815	57,893,815	57,893,815	520,393,842	520,393,842
Buildings and structures in trust	24,982,779		24,768,575		224,564,306	
Accumulated depreciation	2,194,044	22,788,735	1,656,072	23,112,503	19,721,741	204,842,565
Machinery and equipment in trust	671,603		671,603		6,036,878	
Accumulated depreciation	156,263	515,340	118,241	553,362	1,404,610	4,632,268
Tools, furniture and fixtures in trust	5,180		5,100		46,565	
Accumulated depreciation	374	4,806	111	4,989	3,360	43,205
Total		192,332,839		183,578,444		1,728,834,510

4. Short-Term Loans

Short-term loans at September 30, 2003 and March 31, 2003 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2003	As of March 31, 2003	As of September 30, 2003
	Secured loans from banks and trust banks with variable interest, due on June 23, 2003	—	15,800,000
Unsecured loan from a bank with variable interest, due on October 31, 2003	2,000,000	2,000,000	17,977,528
Unsecured loans from banks with variable interest, due on June 15, 2004	5,000,000	—	44,943,820
	7,000,000	17,800,000	62,921,348

The weighted average interest rates applicable to the bank loans at September 30, 2003 and March 31, 2003 were 0.54605% and 0.85210%, respectively per annum.

5. Long-Term Loans

Long-term loans at September 30, 2003 and March 31, 2003 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2003	As of March 31, 2003	As of September 30, 2003
1.120% secured loans from banks, trust banks, and an insurance company, due on June 23, 2006	24,000,000	24,000,000	215,730,337
	24,000,000	24,000,000	215,730,337

The weighted average interest rate applicable to the loans at September 30, 2003 and March 31, 2003 was 1.120% per annum.

6. Secured Assets

At September 30, 2003 and March 31, 2003, the following assets were pledged as collateral for the following loans:

Pledged assets:	Thousands of yen		U.S. dollars
	As of September 30, 2003	As of March 31, 2003	As of September 30, 2003
Bank deposits	7,812,232	8,947,979	70,222,312
Land and leasehold rights	47,765,093	61,333,079	429,349,151
Buildings and structures	17,124,219	21,991,643	153,925,568
Machinery and equipment	419,326	477,295	3,769,220
Tools, furniture and fixtures	4,807	4,989	43,205
Total	73,125,677	92,754,985	657,309,456

Loans secured by the pledged assets:	Thousands of yen		U.S. dollars
	As of September 30, 2003	As of March 31, 2003	As of September 30, 2003
Short-term loans	—	15,800,000	—
Long-term loans	24,000,000	24,000,000	215,730,337
Total	24,000,000	39,800,000	215,730,337

7. Shareholders' Equity

The Company is required to maintain net assets of at least ¥50 million (\$449 thousand), as required pursuant to the Investment Trust Law.

8. Income Taxes

At September 30, 2003, 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, 2003 and March 31, 2003 were as follows:

	For the period from April 1, 2003 to September 30, 2003	For the period from October 1, 2002 to March 31, 2003
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 ¥3,407 million (\$30,628 thousand) and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of accounting profit under Article 33-3 of the Articles of Incorporation.

9. Per Share Information

The following table summarizes information about net assets per share and net income per share at September 30, 2003 and March 31, 2003, and for the periods then ended:

	Yen		U.S. dollars
	<i>For the period from April 1, 2003 to September 30, 2003</i>	<i>For the period from October 1, 2002 to March 31, 2003</i>	<i>For the period from April 1, 2003 to September 30, 2003</i>
Net assets at period end per share	512,688	512,026	4,608
Net income per share	15,117	14,455	136

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

Net income per share is computed by dividing net income by the weighted average number of shares outstanding during each period. The weighted average number of shares used in the calculation was 225,400 shares for the six months ended September 30, 2003 and March 31, 2003. 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, TM, and Mitsui & Co., Ltd.

	Thousands of yen		U.S. dollars
	<i>For the period from April 1, 2003 to September 30, 2003</i>	<i>For the period from October 1, 2002 to March 31, 2003</i>	<i>For the period from April 1, 2003 to September 30, 2003</i>
Property management fees	591,674	591,053	5,318,421
Commissions for property acquisition	—	150,000	—
Utilities	70,848	66,209	636,832
Insurance	632	41,071	5,684
Other operating expenses	4,859	8,562	43,677
Repair and maintenance	175,601	113,490	1,578,436

11. Breakdown of Property-Related Revenues and Expenses

For the six months ended September 30, 2003 and March 31, 2003

	Thousands of yen		U.S. dollars
	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, 2003 to September 30, 2003
Property-Related Revenues	8,965,774	8,500,752	80,591,233
Rental Revenues	8,951,557	8,449,279	80,463,436
Rental revenues	6,452,935	6,047,782	58,003,907
Common area charges	1,548,432	1,480,427	13,918,490
Parking revenues	334,268	321,562	3,004,656
Other rental revenues	615,922	599,508	5,536,383
Non-Rental Revenues	14,217	51,473	127,797
Cancellation charges	9,957	18,112	89,501
Other miscellaneous revenues	4,260	33,361	38,296
Property-Related Expenses	4,409,254	4,109,157	39,633,743
Property management fees	1,095,849	1,076,170	9,850,333
Utilities expenses	777,288	711,475	6,986,860
Property and other taxes	797,787	626,500	7,171,116
Casualty insurance	22,594	21,659	203,095
Repairs and maintenance	289,340	323,293	2,600,807
Depreciation	1,393,642	1,310,644	12,527,117
Other rental expenses	32,754	39,416	294,415
Profits	4,556,520	4,391,595	40,957,490

12. Leases

The Company leases office buildings and earns rent income. As of September 30, 2003 and March 31, 2003, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2003	As of March 31, 2003	As of September 30, 2003
Due within one year	3,973,850	3,567,829	35,719,997
Due after one year	21,383,783	22,733,111	192,213,779
Total	25,357,633	26,300,940	227,933,776

13. Subsequent Events

Issuance of additional shares

Based on the approval by the Board of Directors' meeting held on October 1, 2003, the Company completed a public offering of 35,000 additional shares on October 24, 2003 at an offer price of ¥629,000 (\$5,654) per share, or ¥22,015 million (\$197,888 thousand) in total. The proceeds from the public offering, net of underwriters' discount, were ¥21,296 million (\$191,424 thousand) at an issue price of ¥608,456 (\$5,469). As a result of the issuance of additional shares, the Company had total shareholders' equity of ¥133,448 million (\$1,199,536 thousand) with 260,400 shares at October 25, 2003.

Borrowings from financial institution

On October 9, 2003, the Company borrowed ¥12,000 million from banks for purchase of Jingumae Media Square Building.

	Thousands of yen	U.S. dollars
0.87% secured loans from banks and trust banks, due on November 28, 2003	10,000,000	89,887,640
0.52% unsecured loans from banks, due on November 28, 2003	2,000,000	17,977,528
	12,000,000	107,865,168

Appropriation of retained earnings

On November 18, 2003, the Board of Directors resolved to effect the payment of a cash distribution of ¥15,117 per share aggregating ¥3,407 million (\$30,628 thousand) to shareholders at the record date of September 30, 2003.

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, 2003 and March 31, 2003, the related statements of income and retained earnings, and changes in shareholders' equity for the six months ended September 30, 2003 and March 31, 2003, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices 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, expressed in yen, referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation at September 30, 2003 and March 31, 2003, and the results of its operations for the six months ended September 30, 2003 and March 31, 2003 in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended September 30, 2003 are presented solely for convenience. We have also reviewed the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the financial statements.


Shin Nihon & Co.

Tokyo, Japan
November 18, 2003

See Note 1 to the financial statements, which explains the basis of presenting the financial statements of Japan Real Estate Investment Corporation under Japanese accounting principles and practices.

Corporate Data

As of September 30, 2003

Executives

Executive Director : Yoneichiro Baba

Supervisory Directors : Tsunaya Kawamura
Kenji Kusakabe

Paid-in Capital

¥112,152,420,000

Number of Shares Issued

225,400

Number of Shareholders

14,451

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.

5-33, Kitahama 4-chome, Chuo-ku, Osaka 540-8639, Japan

Certified Public Accountants

Shin Nihon & Co.

Hibiya Kokusai Bldg.

2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo 100-0011, Japan

Incorporation

May 11, 2001

Executive Office

Japan Real Estate Investment Corporation

3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005, Japan

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Japan Real Estate Asset Management Co., Ltd.

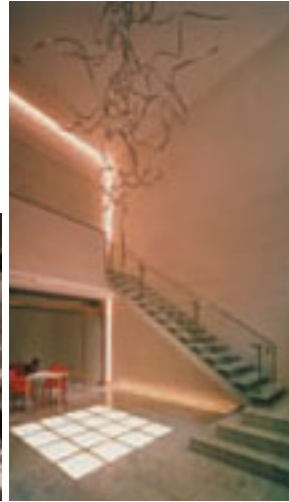
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This semiannual report includes translations of documents originally filed under the Securities and Exchange Law of Japan. This report was prepared in English solely for the convenience of readers outside Japan and should not be considered as a disclosure 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.

<http://www.j-re.co.jp>