JRe INVESTMENT CORPORATION

May 15, 2008

JAPAN REAL ESTATE INVESTMENT CORPORATION
ANNOUNCEMENT OF THIRTEENTH FISCAL PERIOD RESULTS

1. Summary of Financial Results

In the 13th fiscal period (six months ended March 31, 2008), Japan Real Estate Investment Corporation ("JRE") recorded operating revenues of 25,743 million yen, up 46.9% compared to the previous period. Operating income rose 62.7% to 14,218 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income jumped 70.7% to 12,946 million yen, and net income increased by the same percentage to 12,945 million yen.

JRE's policy with regard to profit appropriation is to distribute dividends of approximately 100% 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 Japanese Real Estate Investment Trusts (J-REITs). For the period under review, we declared a cash dividend of 29,223 yen per unit.

2. Results of Operations

(1) Property Management and Acquisitions/Sales (Strengthening Portfolio Quality)

During the period under review, along with the impact of destabilized global financial markets triggered by the subprime loan crisis in the United States, and concerns of an economic slowdown in that country, consumer confidence was low and consumer spending was sluggish due to increased prices for energy and food articles. Although the household sector remained in a correction phase, the corporate sector maintained a strong performance, led by major companies, and capital expenditure was up. Despite signs of deceleration in the second half of the fiscal year, the economic climate held its upward momentum.

In the market for leased office space, firm demand for corporate office space mainly in central Tokyo kept vacancy rates low and supported high rent levels for new tenants (which indicates market rent levels).

JRE maintained a high occupancy rate of 95.9% (98.1% if the 70.9% occupancy rate at the MM Park Building, which was completed on December 15, 2007, is excluded) at the period-end by (1) acquiring top-level properties and upgrading building facilities through optimal refurbishment in order to maintain and improve functions; and (2) developing finely tuned building management policies from the perspective of tenants, while undertaking vigorous activities to attract new tenants. Furthermore, JRE increased portfolio revenue by upwardly revising rent levels, thereby narrowing the gap between rent levels of existing tenants and market rent levels.

Turning to the property market, in the context of the prudent stance toward financing adopted by banking facilities in response to the subprime loan crisis, some investors have become less willing to invest in small- and medium-sized buildings. On the other hand, when considering competitive prime properties in central districts in Tokyo and Osaka, investment remains robust not only from J-REITs but also private funds and domestic and overseas institutional investors, sustaining a severe climate for conducting acquisitions.

In this market environment, JRE undertook the acquisition of competitive properties to further strengthen the quality of its portfolio. Specifically, JRE acquired three properties: the Harumi Center Building (in Chuo Ward, Tokyo), acquired for 26,800 million yen on December 18, 2007; the MM Park Building (in Yokohama City), acquired for 37,400 million yen on March 24, 2008; and a portion of the Musashi Kosugi STM Building (in Kawasaki City), acquired for 4,000 million yen on March 25, 2008. Furthermore, JRE acquired additional share of co-ownership in two properties: the NHK Hiroshima Broadcasting Center Building (in Hiroshima City), additional portion acquired for 1,450 million yen on March 3, 2008; and Hachioji First Square (in Hachioji City), additional portion acquired for 2,379 million yen on March 19, 2008. As a result, JRE's properties as of March 31, 2008 consisted of 53 office buildings with a total acquisition amount of 518,969 million yen. Total leasable space was 479,877 m^2 (approximately 145,162 *tsubo*), with a total of 931 tenants.

In relation to the acquisition of the Harumi Center Building, JRE recorded revenues of 7,935 million yen as dividends on its preferred capital contribution from Harumi Front Special Purpose Company ("Harumi Front TMK").

(2) Dividends on Preferred Capital Contribution

JRE had concluded a preferred capital contribution contract with Harumi Front TMK, from whom it acquired preferred capital contribution certificates on March 24, 2005. At the same time as the contract conclusion, JRE obtained the preferential purchase right to acquire the Harumi Center Building, which was constructed by Harumi Front TMK.

JRE exercised this preferential purchase right with the acquisition of the Harumi Center Building on December 18, 2007. As a result of this acquisition, at Harumi Front TMK's general meeting of members held on March 31, 2008, a resolution was passed for the payment of dividends on JRE's preferred capital contribution. In response to this resolution, JRE recorded dividends of 7,935 million yen as operating revenues for this fiscal period.

(3) Finance Activities

For the purposes of raising funds to purchase additional specified assets and to repay a portion of existing borrowings, JRE decided to issue 33,000 new investment units through a public offering. At March 12, 2008, net proceeds from the offering totaled 32,917 million yen.

On March 13, 2008, JRE used proceeds from the public offering totaling 25,000 million yen for the prepayment of short-term loans prior to principal repayment dates.

In addition to the above, on March 24, 2008, JRE procured 10,000 million yen in long-term loans and 23,000 million yen in short-term loans to be used for the purchases of the MM Park Building and the Musashi Kosugi STM Building. As a result of these finance activities, as of March 31, 2008, JRE's total interest-bearing debt amounted to 177,500 million yen, consisting of long-term loans of 99,500 million yen (including the current portion of 7,000 million yen), short-term loans of 23,000 million yen, and investment corporation bonds of 55,000 million yen (including the current portion of 10,000 million yen).

As of March 31, 2008, JRE's long-term, fixed-interest debt ratio[1] stood at 87%, and the LTV ratio[2] was 33.6%, compared with 32.1% at the previous fiscal term-end. As these results indicate, JRE has been able to maintain a sound and conservative financial standing.

JRE's credit ratings as of March 31, 2008 were as follows.

Rating Agency	Credit Rating
Standard & Poor's Rating Services	Long-term: AA-*; Short-term: A-1+*; Outlook: Stable
Moody's Investors Services, Inc.	Rating: A1; Under review for possible upgrade
Ratings and Investment Information, Inc.	Rating: AA; Outlook: Stable

* On March 28, 2008, Standard & Poor's Rating Services raised JRE's long-term credit rating from A+ to AA-, and the short-term credit rating from A-1 to A-1+.

Notes:

1. Long-term, fixed-interest debt ratio = Ratio of long-term, fixed-interest debt including the current portion of long-term loans and investment corporation bonds to interest-bearing debt
2. LTV ratio = Ratio of interest-bearing debt to total assets

3. Outlook

(1) Operating Environment

In the Japanese economy, revisions to the Building Standards Law have resulted in some disruption, and despite a moderate recovery in housing starts and capital expenditure, the dynamic corporate earnings of late appear to be fading. Due to the weak household sector and sluggish consumer spending resulting from rising prices for various commodities, we foresee Japan's economic recovery remaining at a standstill. Furthermore, against the backdrop of recessions in the U.S. and Europe's economies arising from the subprime loan crisis, along with fluctuating stock exchange markets and the upward trend in oil prices, we cannot disregard the possibility of an economic downturn.

Nevertheless, in the market for leased office space, vacancy rates and rent levels continue to be favorable, especially in central Tokyo, as demand for offices has stabilized and new office space is relatively scarce.

On the other hand, when selecting buildings, tenants in this market are making increasingly stringent demands ranging from location, building quality and features to building management and value-added services. We anticipate that it will be even more important for suppliers to provide services that correctly and promptly reflect the needs of tenants and to deliver added value that differentiates their buildings from the competition.

In the real estate market, we anticipate severe competitive conditions in connection with the acquisition of prime office buildings in city centers—the type of properties targeted by JRE—by J-REITS as well as private funds and domestic and overseas institutional investors to remain unchanged. Moreover, banking facilities have adopted a more prudent stance toward financing for the real estate sector. In this context, we believe that improving the soundness of JRE's financial standing and its ability to procure funds are the key strategies for acquiring prime properties.

a. Property Management

In accordance with the aforementioned, when comparing properties in central Tokyo, where demand continues to be tight, with suburban areas and regional cities, JRE expects the merits of properties to become increasingly evident. Therefore, JRE adheres to the following management policies in order to maintain and improve earnings.

(i) Strengthen relationship of trust with existing tenants and raise rent levels

As of March 31, 2008, JRE had contracts with 11 property management companies. Most of these companies were already managing their respective buildings before JRE acquired them, and so have built relationships of trust with their tenants. JRE will work to further strengthen these relationships by anticipating tenants' needs and providing tailored services in order to increase tenant satisfaction, and subsequently uncover additional demand for office space and raise rent levels. In addition, we are endeavoring to raise rent levels for those tenants whose rents are significantly below market value.

(ii) **Fill vacancies promptly**

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

(iii) **Stabilize revenues**

With the aim of stabilizing revenues, JRE is endeavoring to apply fixed- and long-term leasing agreements with its large-scale tenants.

(iv) **Reduce management costs**

JRE has introduced sound competitive principles for its multiple property management companies to follow. These companies are also revamping their management systems and cost structures on an ongoing basis.

b. Property Acquisitions and Sales

JRE has adopted the following policies for acquiring properties.

(i) To access important information quickly, JRE is enhancing its property information channels while working to develop new channels.

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

(iii) In accordance with its acquisition policies, JRE's general target for regional diversity of properties is for 70% or more of its properties to be located within the Tokyo metropolitan area, with the remaining 30% or less located in other regional urban centers.

Under these policies, JRE will continue to acquire highly competitive properties while also considering suitable timing for the replacement of assets in order to further strengthen the quality of its portfolio.

Concerning the financing of property acquisitions, JRE flexibly selects a variety of financial instruments, including the issue of investment corporation bonds, while maintaining a sound and conservative financial standing and monitoring trends in financial markets. When procuring a loan, our policy is to minimize funding costs by negotiating with several qualified institutional investors before settling on a lender.

(2) Performance Forecasts

For the 14th fiscal period (April 1, 2008 to September 30, 2008), JRE forecasts operating revenues of 19,570 million yen, operating income of 9,520 million yen, ordinary income of 8,110 million yen and net income of 8,110 million yen. We plan to declare a dividend of 18,310 yen per unit.

JRE's forecasts for the 15th fiscal period (October 1, 2008 to March 31, 2009) are operating revenues of 19,730 million yen, operating income of 9,680 million yen, ordinary income of 8,240 million yen and net income of 8,240 million yen. We plan to declare a dividend of 18,610 yen per unit.

The above estimates for the 14th and 15th periods are based on assumptions as of March 31, 2008 of the portfolio consisting of 53 properties and the number of investment units issued and outstanding amounting to 443,000 units.

Income Statement for the 13th Period

(In millions of yen; Dividend per unit in yen)

Term / Actual/Forecast	12th Period (Sep 30, 2007) Actual	→ Change → (amount)	(%)	13th Period (Mar 31, 2008) Actual	← Change ← (amount)	(%)	13th Period (Mar 31, 2008) Initial Forecast (*1)
Operating Revenues	17,530	8,213	46.9%	25,743	313	1.2%	25,430
Property-related Revenues	17,132	675	3.9%	17,807	177	1.0%	17,630
Rental Revenues	17,079			17,761			
Non-rental Revenues	53			45			
Gain on Transfer of Properties (*2)	397	-397	-100.0%	-	-		-
Dividends Earned	-	7,935		7,935	135	1.7%	7,800
Operating Expenses	8,791	2,733	31.1%	11,524	-395	-3.3%	11,920
Property-related Expenses (*3)	5,059	550	10.9%	5,609	-460	-7.6%	6,070
Property Management Expenses	1,875	50	2.7%	1,925			
Property Management Costs	1,730			1,831			
Brokerage Fees, etc.	145			94			
Utilities Expenses	1,177	23	2.0%	1,201			
Property and Other Taxes	1,346	-7	-0.6%	1,338			
Casualty Insurance	37	0	1.5%	37			
Repairing Expenses	580	410	70.7%	991			
Other Expenses	42	72	172.1%	114			
NOI (*4)	12,073	124	1.0%	12,197	637	5.5%	11,560
Depreciation	2,835	232	8.2%	3,068	68	2.3%	3,000
Property-related Profits and Losses (*4)	9,237	-107	-1.2%	9,129	579	6.8%	8,550
Gross Operating Income	9,635	7,430	77.1%	17,065	715	4.4%	16,350
Administrative Expenses	896	1,950	217.6%	2,846	16	0.6%	2,830
Asset Management Fees	661	1,912	289.2%	2,574	44	1.7%	2,530
Other Administrative Expenses	234			272			
Operating Income	8,739	5,479	62.7%	14,218	708	5.2%	13,510
Non-operating Revenues	32			33			
Interest Income	29			33			
Other Non-operating Revenues	2			0			
Non-operating Expenses	1,185			1,305	-87	-6.8%	1,300
Interest Expense	695	77	11.2%	773			
Interest Expense on Investment Corporation Bonds	413	24	6.0%	438			
Amortization of Investment Corporation Bond Issuance Costs	16			20			
Other Non-operating Expenses	60			72			
Ordinary Income	7,586	5,360	70.7%	12,946	756	6.2%	12,190
Income before Income Taxes	7,586			12,946			
Income Taxes	1			0			
Net Income	7,585	5,360	70.7%	12,945	755	6.2%	12,190
Retained Earnings at Period-end	7,585			12,945			
FFO (*5)	10,022	-1,944	-19.4%	8,078			
Dividend per Unit	18,500	10,723	58.0%	29,223	-507	-1.7%	29,730

*1 The initial forecast means the 13th Period performance forecast announced on November 14, 2007.
*2 Gain on sale of properties＋Gain on exchange of properties
*3 Excluding Depreciation
*4 Excluding Gain on transfer of properties and Dividends earned
*5 Net income＋Depreciation - Gain on transfer of properties - Dividends earned

Balance Sheet for the 13th Period

(In millions of yen)

Item	12th Period-end (Sep 30, 2007)	13th Period-end (Mar 31, 2008)	Change	Reason for change
Assets				
Ⅰ Current Assets				
Cash and Entrusted Cash	16,419	13,124	-3,295	
Other Current Assets	326	9,621	9,294	Increased due to dividends receivables from Harumi Front SPC, etc.
Total Current Assets	16,746	22,746	5,999	
Ⅱ Fixed Assets				
Property and Equipment				
Buildings (including those held in trust)	149,020	182,535	33,515	Increased due to acquisition of properties and capital expenditure, etc.
Structures (including those held in trust)	1,695	1,979	284	
Machinery and Equipment (including those held in trust)	2,291	2,862	571	
Land (including that held in trust)	296,188	336,310	40,121	
Accumulated Depreciation	-20,763	-23,832	-3,068	
Total Property and Equipment	428,431	499,856	71,424	
Intangible Assets				
Leasehold Rights, etc. (including those held in trust)	3,032	3,519	487	Increased due to additional share acquisition of NHK Hiroshima Broadcasting Center Building
Total Intangible Assets	3,032	3,519	487	
Investments and Other Assets				
Investment Securities	1,272	1,272	-	
Long-term Prepaid Expenses, etc.	25	28	2	
Total Investments and Other Assets	1,298	1,301	2	
Total Fixed Assets	432,761	504,677	71,915	
Ⅲ Deferred Assets				
Deferred Investment Corporation Bond Issuance Costs	134	114	-20	
Total Deferred Assets	134	114	-20	
Total Assets	449,643	527,537	77,894	

(In millions of yen)

Item	12th Period-end (Sep 30, 2007)	13th Period-end (Mar 31, 2008)	Change	Reason for change
Liabilities				
Ⅰ Current Liabilities				
Short-term Loans	-	23,000	23,000	Increased due to new borrowings
Current Portion of Long-term Loans	-	7,000	7,000	Increased due to decrease of remaining periods of loans
Current Portion of Investment Corporation Bonds	10,000	10,000	-	
Rent Received in Advance	2,195	2,239	44	
Other Current Liabilities	3,107	5,767	2,659	
Total Current Liabilities	15,302	48,007	32,704	
Ⅱ Long-term Liabilities				
Investment Corporation Bonds	45,000	45,000	-	
Long-term Loans	89,500	92,500	3,000	Increased due to new borrowings and refinancing
Deposits Received from Tenants	27,571	31,483	3,911	Increased due to acquisition of properties, etc.
Total Long-term Liabilities	162,071	168,983	6,911	
Total Liabilities	177,374	216,990	39,616	
Net Assets				
Unitholders' Capital	264,683	297,601	32,917	Increased due to issuance of investment units
Retained Earnings	7,585	12,945	5,360	Increased due to dividends from Harumi Front SPC, etc.
Total Net Assets	272,269	310,547	38,278	
Total Liabilities and Net Assets	449,643	527,537	77,894	

Property Data

(In millions of yen)

Area		Name	13th Period Appraisal Value (Mar 31, 08)	12th Period Appraisal Value (Sep 30, 07)	Amount of Difference	13th Period Book Value (Mar 31, 08)	13th Period Appraisal Value − Book Value	Acquisition Price
Tokyo 23 Wards	Chiyoda	Genki Medical Plaza	6,300	6,300	0	5,115	1,184	5,000
		Kitanomaru Square	88,600	85,600	3,000	80,459	8,140	81,555
		MD Kanda	12,100	11,400	700	9,111	2,988	9,520
		Kandabashi Park	6,520	6,310	210	4,601	1,918	4,810
		Nibancho Garden	17,600	17,600	0	14,270	3,329	14,700
		Mitsubishi UFJ Trust and Banking	50,000	46,500	3,500	30,524	19,475	44,700
		Burex Kojimachi	7,040	7,040	0	6,802	237	7,000
		Sanno Grand	30,700	28,800	1,900	21,725	8,974	20,900
		Yurakucho Denki	8,600	8,240	360	7,724	875	7,200
	Chuo	Kodenmacho Shin-Nihonbashi	4,200	3,890	310	2,870	1,329	3,173
		Burex Kyobashi	7,070	7,050	20	5,061	2,008	5,250
		Ginza Sanwa	18,000	17,800	200	17,050	949	16,830
		Ryoshin Ginza East Mirror	5,150	4,980	170	5,360	-210	5,353
	Minato	Aoyama Crystal	9,230	9,150	80	7,542	1,687	7,680
		Shiba 2Chome Daimon	7,980	7,510	470	4,923	3,056	4,859
		Cosmo Kanasugibashi	3,910	3,590	320	2,570	1,339	2,808
	Shinjuku	Shinwa	9,890	9,060	830	7,766	2,123	7,830
		Tokyo Opera City	12,100	11,900	200	8,854	3,245	9,350
	Shinagawa	Takanawadai	2,840	2,840	0	2,582	257	2,738
		Higashi-Gotanda 1Chome	7,050	7,050	0	5,268	1,781	5,500
	Ota	Omori-Eki Higashiguchi	6,040	5,720	320	4,602	1,437	5,123
	Shibuya	Nippon Brunswick	9,570	9,030	540	6,842	2,727	6,670
		Yoyogi 1Chome	13,400	13,000	400	8,275	5,124	8,700
		da Vinci Harajuku	6,420	6,420	0	5,026	1,393	4,885
		Jingumae Media Square	16,100	15,600	500	11,988	4,111	12,200
		Shibuya Cross Tower	53,000	51,100	1,900	38,888	14,111	34,600
		Ebisu Neonato	5,710	5,620	90	3,826	1,883	4,100
	Nakano	Harmony Tower	13,600	13,600	0	8,476	5,123	8,500
	Toshima	Otsuka Higashi-Ikebukuro	4,000	3,920	80	3,466	533	3,541
		Ikebukuro 2Chome	1,650	1,630	20	1,629	20	1,728
		Ikebukuro YS	5,670	5,630	40	4,652	1,017	4,500
Other Areas	Saitama	Saitama Urawa	2,720	2,720	0	2,412	307	2,574
	Kawasaki	Kawasaki Isago	3,360	3,360	0	2,920	439	3,375
	Sapporo	8・3 Square Kita	7,210	7,210	0	7,339	-129	7,100
	Sendai	Jozenji Park	1,130	1,130	0	1,026	103	1,000
		Sendai Honcho Honma	3,690	3,690	0	2,864	825	3,174
	Kanazawa	Kanazawa Park	6,590	6,590	0	4,400	2,189	4,580
	Nagoya	Nishiki Park	5,390	5,390	0	5,109	280	5,150
		Hirokoji Sakae	1,730	1,730	0	1,753	-23	1,680
		Nagoya Hirokoji	16,000	16,000	0	14,436	1,563	14,533
		Nagoya Misono	1,940	1,940	0	1,595	344	1,865
	Kyoto	Kyoto Shijo Kawaramachi	2,350	2,350	0	2,875	-525	2,650
	Osaka	Sakaisujihonmachi	4,840	4,800	40	3,938	901	4,164
		Midosuji Daiwa	19,100	18,900	200	13,600	5,499	14,314
	Okayama	Lit City	5,560	5,550	10	4,446	1,113	4,650
	Fukuoka	Tosei Tenjin	1,530	1,530	0	1,404	125	1,550
		Tenjin Crystal	4,910	4,980	-70	4,847	62	5,000
		Hinode Tenjin	3,940	3,870	70	3,528	411	3,657
Properties held as of the end of the 12th and 13th Periods, during which the shares of ownership remain unchanged		Tokyo 23 Wards	450,040	433,880	16,160	347,864	102,175	361,304
		Other Areas	91,990	91,740	250	78,500	13,489	81,016
		Total (48 properties)	542,030	525,620	16,410	426,365	115,664	442,320

Properties acquired during the 13th Period

Tokyo 23 Wards	Chuo	Harumi Center	26,300	−	−	26,961	-661	26,800
Other Areas	Hachioji	Hachioji First Square	6,170	−	−	5,562	607	5,679
	Yokohama	MM Park	37,400	−	−	37,742	-342	37,400
	Kawasaki	Musashi Kosugi STM	4,000	−	−	4,048	-48	4,000
	Hiroshima	NHK Hiroshima Broadcasting Center	3,260	−	−	2,695	564	2,770

53 properties held as of the end of the 13th Period

Tokyo 23 Wards	476,340	−	−	374,826	101,513	388,104
Other Areas	142,820	−	−	128,550	14,269	130,865
Total (53 properties)	619,160	−	−	503,376	115,783	518,969

※Among the properties held as of the 12th Period end, the ones with an additional share acquisition during the 13th Period are categorized as "Properties acquired during the 13th Period". Meanwhile, their appraisal values at the end of the 12th Period are omitted.