JRe INVESTMENT CORPORATION

May 18, 2004

JAPAN REAL ESTATE INVESTMENT CORPORATION
ANNOUNCEMENT OF FIFTH FISCAL PERIOD RESULTS

1. Summary of Financial Results

In the fifth fiscal period (six months ended March 31, 2004), Japan Real Estate Investment Corporation ("JRE") recorded gross revenues of 9,560 million yen, up 6.6 percent from the previous period. Operating profits rose 11.4 percent, to 4,341 million yen, and income before income taxes increased 11.6 percent, to 3,803 million yen. Net income was up 11.6 percent, to 3,802 million yen.

JRE's policy with regard to profit appropriation is to distribute dividends of approximately 100 percent of taxable income, in accordance with Article 67-15 of the Special Taxation Measures Law of Japan applicable to J-REITs. For the period under review, we declared a cash dividend of 14,602 yen per unit.

As of March 31, 2004, JRE's total asset balance was 244,523 million yen and its net worth was 137,250 million yen, or 527,077 yen per unit. On its balance sheet, JRE had interest-bearing debt of 87,000 million yen.

2. Results of Operations

(1) Property Management and Acquisition

During the period under review, signs of an export-led economic recovery appeared against a backdrop of improved business confidence in the United States and around the world. As for Japanese domestic demand, a rally in corporate capital investment led to a measured improvement in business confidence, despite an ongoing harsh employment climate.

In the market for leased office space, the so-called "Period 2003 Problem," typified by a sudden increase in the supply of newly constructed office buildings in central Tokyo, reached its peak, and signs of a recovery in Tokyo have appeared. Meanwhile, demand for office floor space in regional urban centers remains weak as a result of the integration and downsizing of offices. In general, therefore, the operating environment remains difficult.

Facing these conditions, JRE maintained a high occupancy rate of 94.8 percent (as of March 31, 2004) by (1) acquiring top-level properties and upgrading building facilities through optimal refurbishment in order to maintain and improve functions; (2) developing finely tuned building management policies from the perspective of tenants while undertaking vigorous sales activities; and (3) raising its emphasis on fixed-term and long-term lease contracts. In the period under review, our occupancy rate surpassed the 94 percent mark, and the success of our vigorous sales activities was translated into tangible financial gains. This was despite a temporary fall in occupancy to 92.5 percent, due to the cancellation of contract with Nippon Ericsson K.K., JRE's third largest tenant, as announced in an earlier press release.

JRE is working to reduce costs with a view to further enhancing profit stability. Our basic policy is to lower property management fees and utility expenses by 5 percent within the first three years of new property acquisitions. Twenty-seven properties acquired before our fourth fiscal period are subject to this cost reduction program. Despite being midway through the program period, we have already reduced costs of those properties by 10.0 percent per year, based on the results of our fourth and fifth business periods.

Regarding the property market, bad-debt write-offs by financial institutions and the adoption of asset-impairment accounting have helped sustain active property sales. At the same time, in the face of difficult fund-management conditions stemming from low interest rates, such entities as private funds, pension funds, and qualified institutional investors, are beginning to turn their attention to the acquisition of real estate, besides JRE and other listed Real Estate Investment Trusts (REITs).

In an increasingly competitive market, JRE uses its own information network to collect data on the sales of numerous properties. We have made acquisitions based on meticulous examination of these data, and after determining optimal prices from many perspectives, including profit stability of the entire company and expected rate of return. On October 9, 2003, we acquired the Jingumae Media Square Building (12,200 million yen investment). On November 14, we took an 11.11 percent ownership share in Ebisu Neonato (3,740 million yen). On December 26, we acquired an additional 53.83 percent ownership share in the Fukusuke Sakaisuji-honmachi Building (1,900 million yen), bringing our ownership to 100 percent. On March 24, 2004, we purchased the Nippon Brunswick Building (6,670 million yen), and on March 25 we took a 27.085 percent ownership share with a joint leasehold interest of 25.18 percent in the NHK Hiroshima Broadcasting Center Building (1,320 million yen). As of March 31, 2004, JRE's assets consisted of 36 office buildings, with a total value of 218,437 million yen, net rentable floor area of 273,157 m^2 (approximately 83,000 *tsubo*), and a total of 444 tenants.

(2) Issue of Additional Units and Other Fund-Raising Activities

During the period under review, JRE became the first Japanese Real Estate Investment Trust (J-REIT) to make a second additional public offering. This offer of 35,000 units, made on October 24, 2003, generated approximately 21,295 million yen, increasing the number of issued units to 260,400, with a total value of 133,448 million yen.

Flexible capital procurement is necessary when acquiring property. By increasing capital and establishing a sound financial base, we can ensure ample borrowing reserves to further expand our operating asset base. While issuing additional units is vital for the further growth of JRE, we must be aware of the appropriate timing and scale of such issues, taking into account financial market conditions and our own plans for property acquisitions.

To secure flexibility in capital procurement, JRE took out a short-term loan of 12 billion yen to finance its purchase of the Jingumae Media Square Building on October 9, 2003. This temporarily raised the Corporation's short-term borrowings to 19 billion yen. Following the additional unit issue on October 25, 2003, however, we repaid 14 billion yen of such borrowings as of October 31 and November 28. In March 2004, we then borrowed 13 billion yen to acquire the Nippon Brunswick Building and the Yoyogi 1-chome Building. This figure included a 4 billion yen floating-rate short-term loan, taken out to ensure flexibility, and a 9 billion yen fixed-rate long-term loan, to prepare for the risk of future interest rate hikes and the potential need for refinancing. When procuring capital, we place high priority on spreading repayment dates and long-term fixation of interest-bearing debt. On March 31, 2004, JRE had total borrowings of 42 billion yen (including 33 billion yen in long-term loans) and outstanding corporate bonds valued at 45 billion yen.

JRE has received the following credit ratings.

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

* On January 26, 2004, Moody's Investors Service amended its outlook for JRE's issuer credit rating and rating for unsecured long-term debt (A2) to positive from stable.

3. Outlook

(1) Operating Environment

Although modest recovery in the Japanese economy is expected to continue, the risk of further destabilization of the economy cannot be disregarded, due to the grip of prolonged deflation on financial markets.

Despite signs of improvement in occupancy rates in central Tokyo, rent levels in the office building market remain in an adjustment phase, and so it is difficult to say whether or not they have hit bottom. As for regional urban centers, we expect the decline in demand for office floor space to continue in the immediate future, and so genuine recovery in the office building rental market will take some time.

Meanwhile, tenants have stringent demands not only with respect to location, building quality, and facilities, but also for high-quality building management and value-added services. For these reasons, tenants have become more and more discriminating when selecting buildings. To meet these needs, suppliers must provide services that correctly and promptly reflect the needs of tenants and deliver added value that differentiates their buildings from the competition.

In the real estate market, properties will continue being sold to settle non-performing loans and for asset impairment accounting purposes, due to the ongoing deflationary climate. In light of recent increases in demand, JRE believes that now is the time when its true operational capabilities will be called to account.

(2) Property Management

Although we expect the office building rental market to soften, JRE is adopting the following management policies in order to maintain and improve earnings.

(i) Strengthen relationships of trust with existing tenants

As of March 31, 2004, JRE had contracts with nine property management companies. Most of these companies were already managing their respective buildings before they were acquired by JRE, and so have built relationships of trust with their tenants. Strengthening these relationships by anticipating tenants' needs and providing tailored services helps increase tenant satisfaction, prevent cancellation of contracts, reduce turnover, and curb demands for reduced rents.

(ii) Fill vacancies promptly

In cooperation with the property management companies mentioned above, JRE actively seeks the best 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) Promote fixed-term and long-term lease contracts

As a means of assuring future revenues, JRE is gradually shifting to fixed-term and long-term contracts.

(iv) Reduce management costs

JRE has introduced sound competitive principles for its nine property management companies to follow. Those companies are also revamping their management systems and cost structures. Our target for properties owned as of March 31, 2004, is to reduce the sum of property management fees and utility expenses by 5 percent within three years of acquisition.

(3) Property Acquisition

JRE has adopted the following policies for acquiring properties in order to improve earnings through steady asset expansion increase and growth.

(i) To access important information quickly, JRE is enhancing its property information channels, including strengthening its relationship with building owners, with whom it has previously conducted business. We are also 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. We will also take business conditions into account when selecting properties. With regard to the structure of buildings, we require buildings to meet or exceed new earthquake-resistant standards, and we are targeting properties capable of maintaining a competitive edge over the medium and long terms.

(iii) JRE’s general target for regional diversity of property ownership, in accordance with its acquisition policies, is for 60 percent to 80 percent of properties to be located within the Tokyo metropolitan area, with the remaining 20 percent to 40 percent located in regional urban centers. It is possible, however, that future trends in office demand may prompt JRE to temporarily depart from these ratios and increase the proportion of its holdings in the greater Tokyo area.

The appropriate timing for property acquisition cannot be ascertained in advance. When funding property acquisition, therefore, JRE's policy is to take out short-term loans at the time of purchase and later select various options for capital procurement, including corporate unit issues, according to trends in financial markets. When effecting a loan, our policy is to minimize funding costs by negotiating with several qualified institutional investors before settling on a lender.

4. Performance Forecasts

In the six-month period from April 1 to September 30, 2004, we forecast operating revenues of 9,900 million yen, recurring profits of 3,800 million yen, and net income of 3,800 million yen. We plan to declare an interim dividend of 14,600 yen per unit. Actual figures for operating revenues, recurring profits, net income, and cash dividends may vary due to changes in business conditions.

Our forecasts for the seventh fiscal period (October 1, 2004, to March 31, 2005) are operating revenues of 9,700 million yen, recurring profits of 3,700 million yen, net income of 3,700 million yen, and cash dividends of 14,300 yen per unit.

These estimates are based on conservative assumptions of the portfolio of 36 properties as of March 31, 2004, Yoyogi 1-chome Building newly acquired as of April 1, 2004, and the additional co-ownership in Ebisu Neonato as of March 12, 2004, (described below) and excludes any other additional acquisitions.

After March 31, 2004, JRE acquired the following two office buildings.

(1) Yoyogi 1-chome Building

Transaction Summary

Acquired asset: Real estate (ownership rights for land and building)

Acquisition price: 8,700 million yen

Acquisition date: April 1, 2004

Property Summary

Location: 22-1, Yoyogi 1-chome, Shibuya-ku, Tokyo

Use: Offices

Land area: 1,755.75 m^2

Floor area: 10,778.10 m^2

Structure: Steel-framed reinforced concrete structure with flat roof, one floor below ground, and 14 above

Construction completed: October 2003

Tenants: 1

Net rentable area: 7,772 m^2

Net rented area: 7,772 m^2

Occupancy rate: 100 percent

Note: The above figures for the number of tenants, net rentable area, net rented area, and occupancy rate are current as of the date of acquisition. The figures are based on data provided by the vendor.

(2) Ebisu Neonato

Transaction Summary

Acquired asset: Real estate

Land: Co-ownership of 1,069,450/90,000,000 of total site

Building: Co-ownership of space (4th floor: 1,069,450/5,534,725)

Acquisition price: 360 million yen

Acquisition date: April 1, 2004

Property Summary

Location: 1-18, Ebisu 4-chome, Shibuya-ku, Tokyo

Use: Offices

Land area: 5,005.70 m^2 (total land area)

Floor area: 36,598.38 m^2 (total floor area)

Structure: Steel-framed reinforced concrete structure with flat roof, two floors below ground, and 18 above

Construction completed: October 1994

Tenants: 1

Net rentable area: 237 m^2

Net rented area: 237 m^2

Occupancy rate: 100 percent

Note: The above figures for the number of tenants, net rentable area, net rented area, and occupancy rate are current as of the date of acquisition. The figures are based on data provided by the vendor.

This notice is translation in English of the announcement of Fifth Fiscal Period Results in

Japanese on May 18, 2004 in our website. However, no assurance or warranties are given for the completeness or accuracy of English translations.

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Income Statement for the 5th Period

(In millions of yen)

Item	5th Period (183 days) 32 existing properties	5th Period (183 days) Newly acquired properties*	5th Period (183 days) Total	4th Period (182 days)	Change	% Change
Operating Revenue	9,059	501	9,560	8,965	595	6.6%
Rental revenue	8,960	501	9,461	8,951		
Other rental revenues	98	–	98	14		
Operating Expenses	3,007	98	3,105	3,015	90	3.0%
Property management fees	1,076	51	1,127	1,095		
Utility charges	751	28	779	777		
Property and other taxes	783	8	791	797		
Insurance expenses	23	1	24	22		
Maintenance expenses	358	7	365	289		
Other operating expenses	15	1	16	32		
NOI	6,052	403	6,455	5,950	505	8.5%
Depreciation and amortization	1,385	113	1,498	1,393		
Operating Profit	4,666	290	4,956	4,556	400	8.8%
Administrative expenses			615	658	△ 43	△ 6.5%
Asset management fees			325	393		
Other administrative expenses			290	264		
Net Operating Profit			4,341	3,898	443	11.4%
Non-Operating Revenue			0	4	△ 4	
Interest received			0	0		
Other non-operating revenues			0	4		
Non-Operating Expenses			538	494	44	8.9%
Interest expenses			163	177		
Bond interest expenses			248	236		
Deferred bond-issuance cost			61	61		
Other non-operating expenses			64	18		
Recurring Profit			3,803	3,408	395	11.6%
Gross Income			3,803	3,408	395	11.6%
Taxes			1	1		
Net Income			3,802	3,407	395	11.6%
Retained Earnings			3,802	3,407		
FFO (Net Income＋Depreciation)			5,301	4,801	500	10.4%
Dividends per Unit			14,602	15,117		

*Newly acquired properties are the Jingumae Media Square Building, Ebisu Neonato, Nippon Brunswick Building, NHK Hiroshima Broadcasting Center Building, and Fukusuke Sakaisuji-honmachi Building (additional acquisition).

Balance Sheet for the 5th Period

Item	5th Fiscal Year-end (Mar 31, 04)	4th Fiscal Year-end (Sep 30, 03)	Change	Reason for Change
Current Assets				
Cash and entrusted cash	24,779	15,377	9,402	
Other current assets	666	1,031	△ 365	
Total Current Assets	25,445	16,409	9,036	
Fixed Assets				
Property and equipment				
Buildings	68,700	60,112	8,588	Increased due to the Jingumae Media Square Building and Ebisu Neonato acquisition
Structures	394	326	68	
Machinery and equipment	1,270	1,204	66	
Land	153,254	135,687	17,567	
Accumulated depreciation	△ 6,496	△ 4,998	△ 1,498	
Total Property and Equipment	217,122	192,332	24,790	
Intangible Assets				
Lease hold rights	1,912	726	1,186	
Total Intangible Assets	1,912	726	1,186	
Investments and Others				
Long-term prepaid expenses, etc.	46	52	△ 6	
Total Investments and Others	46	52	△ 6	
Total Fixed Assets	219,078	193,111	25,967	
Deferred Assets				
Bond issuance cost	-	61	△ 61	Decreased due to amortization of bond issuance cost
Total Deferred Assets	-	61	△ 61	
Total Assets	244,523	209,581	34,942	

(In millions of yen)

Item	5th Fiscal Year-end (Mar 31, 03)	4th Fisical Year-end (Sep 30, 03)	Change	Reasons for Change
Liabilities				
Current Liabilities				
Short-term borrowing	9,000	7,000	2,000	Increased due to borrowings from the Chugoku Bank, Ltd., and the Hachijuni Bank, Ltd.
Rent received in advance	1,582	1,444	138	
Other current liabilities	1,777	1,207	570	
Total Current Liabilities	12,359	9,652	2,707	
Long-term Liabilities				
Investment Corporation Bonds	45,000	45,000	—	
Long-term borrowing	33,000	24,000	9,000	Increased due to borrowing from the Dai-ichi Mutual Life Insurance Company
Deposits from tenants	16,914	15,369	1,545	Increased due to deposits from tenants by property acquisitions
Total Long-term Liabilities	94,914	84,369	10,545	
Total Liabilities	107,273	94,021	13,252	
Unitholder's Equity				
Unitholder's capital	133,448	112,152	21,296	Increased by new unit issuance
Retained earnings	3,802	3,407	395	
Total Unitholder's Equity	137,250	115,559	21,691	
Total Liabilities and Unitholder's Equity	244,523	209,581	34,942	

Portfolio Summary

(in millions of yen)

Area		Name	5th Period Appraisal Value (Mar 31, 04)	4th Period Appraisal Value (Sep 30, 03)	Change	5th Period Book Value (Mar 31, 04)	Acquisition Price	Year Built	Net Rentable Area (m²) (Mar 31, 04)	Occupancy Rate (Mar 31, 04)
Tokyo Metropolitan Area	23 Wards	Genki Medical Plaza	5,510	5,400	110	5,274	5,000	1985	4,791	100.0%
		MD Kanda Building	8,110	9,670	-1,560	9,472	9,520	1998	6,269	100.0%
		Kandabashi Park Building	4,940	4,860	80	4,800	4,810	1993	3,687	100.0%
		Mitsubishi Soken Building	30,400	28,000	2,400	27,118	27,267	1970	18,006	100.0%
		Yurakucho Denki Building	6,780	6,830	-50	7,585	7,200	1975	4,694	87.8%
		Kodenmacho Shin-Nihonbashi Building	3,240	3,200	40	3,059	3,173	1991	3,897	100.0%
		Burex Kyobashi Buidling	5,110	5,010	100	5,364	5,250	2002	4,279	100.0%
		Aoyama Crystal Building	7,170	7,430	-260	7,770	7,680	1982	4,916	100.0%
		Shiba 2-chome Daimon Building	5,110	4,920	190	5,042	4,859	1984	9,643	95.6%
		Cosmo Knasugibashi Building	2,840	2,800	40	2,734	2,808	1992	4,062	100.0%
		Takanawadai Building	2,830	2,810	20	2,659	2,738	1991	4,091	100.0%
		JAL Travel Building	1,390	1,570	-180	1,316	1,362	1991	3,383	100.0%
		Omori-Eki Higashiguchi Building	5,180	5,010	170	4,885	5,123	1989	7,708	99.4%
		da Vinch Harajuku	5,010	4,970	40	5,034	4,885	1987	3,051	100.0%
		Shibuya Cross Tower	34,100	33,800	300	35,354	34,600	1976	29,796	99.8%
		Otsuka Higashi-Ikebukuro Building	3,370	3,480	-110	3,377	3,541	1987	7,114	100.0%
		Ikebukuro 2-chome Building	1,490	1,540	-50	1,693	1,728	1990	2,186	88.8%
	Excluding 23 wards	Saitama Urawa Building	2,390	2,490	-100	2,534	2,574	1990	4,510	98.0%
		Shin-Yokohama First Building*	1,700	2,230	-530	3,066	3,000	1992	6,925	72.7%
		Kawasaki Isago Building	3,110	3,160	-50	3,182	3,375	1990	6,831	100.0%
Other Major Cities		Sendai Honcho Honma Building	2,970	2,990	-20	2,791	2,924	1991	5,829	95.6%
		Niigata Ishizuecho Nishi-Bandaibashi Building	771	821	-50	1,023	1,010	1984	4,383	95.8%
		Kanazawa Park Building	5,460	5,330	130	4,743	4,580	1991	21,343	94.7%
		Kanazawa Minamicho Building	1,090	1,120	-30	1,297	1,331	1987	3,782	78.0%
		Nagoya Hirokoji Building	14,600	14,900	-300	14,228	14,533	1987	21,590	97.1%
		Nagoya Misono Building	1,840	1,810	30	1,844	1,865	1991	3,470	100.0%
		Kyoto Shijyo Kawaramachi Building	2,130	2,250	-120	2,967	2,650	1982	6,800	82.6%
		Fukusuke Sakaisuji-honmachi Building	2,570	2,360	210	4,146	2,264	1992	11,574	76.7%
		Midosuji Daiwa Building	13,500	14,300	-800	14,104	14,314	1991	20,449	92.4%
		Kobe Itomachi Building	999	1,100	-101	1,406	1,436	1989	3,478	94.2%
		Tosei Tenjin Building	1,400	1,420	-20	1,514	1,550	1992	4,080	92.0%
		Hinode Tenjin Building	3,600	3,690	-90	3,525	3,657	1987	5,924	88.6%
Total			190,710	191,271	-561					
Properties acquired in the 5th Period		Jingumae Media Square Building	12,410	-	-	12,311	12,200	1998	5,558	91.3%
		Ebisu Neonato	3,760	-	-	3,760	3,740	1994	2,225	100.0%
		Fukusuke Sakaisuji-honmachi Building (additional acquisition)	1,990	-	-	added to the existing shares	1,900	1992	added to the existing shares	
		Nippon Brunswick Building	6,930	-	-	6,705	6,670	1974	7,347	89.1%
		NHK Hiroshima Broadcasting Center Building	1,350	-	-	1,331	1,320	1994	5,470	100.0%
Total (36 properties)			**217,150**	**191,271**	**-**	**219,032**	**218,437**		**273,157**	**94.8%**

The name of Ericcson Shin-Yokohama Building was changed to Shin-Yokohama First Building on March 1, 2004.

*The average occupancy rates in the 23 wards, the Tokyo metropolitan area excluding the 23 wards and the other major cities are 98.1%, 89.2% and 91.8% respectively.

Area	Name	Appraisal Value (before acquisition)				Acquisition Price	Year Built	Net Rentable Area (m²) (Acquisition Date)	Occupancy Rate (Acquisition Date)
Properties to be acquired in the 6th Period	Yoyogi 1-chome Building*	8,400	-	-	-	8,700	2003	7,772	100.0%
	Ebisu Neonato Building*	369	-	-	-	360	1994	237	100.0%
Total		**8,769**				**9,060**		-	-

TheYoyogi 1-chome Building and Ebisu Neonato were acquired on April 1, 2004.