

February 13, 2012

To whom it may concern:

<Investment Corporation>

Japan Real Estate Investment Corporation

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(TSE code: 8952)

<Asset Management Company>

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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units, and Cancellation of Shelf Registration

Announcement is hereby made that Japan Real Estate Investment Corporation (the “Company”) will make issuance of new units and secondary offering of units as resolved by the Board of Directors meeting held on February 13, 2012.

As announced in the “Notice concerning the Shelf Registration for the Issuance of Investment Units” dated November 21, 2011, the Company had submitted registration statements for the issuance of investment units to the commissioner of the Kanto Local Finance Bureau on the same date. However, the Company has announced that today it filed a cancellation of the application for shelf registration of investment unit certificate issuances.

1. Public offerings of new units

- (1) Number of units to be newly issued : 54,400 units
- (2) Issue price : To be determined
(Issue price shall be determined at the Board of Directors meeting to be held on a date from February 21, 2012 (Tue) to February 24, 2012 (Fri) [hereinafter referred to as “price determination date”]. Issue price means the value per unit the Company receives from underwriters.)
- (3) Aggregate amount of issue price : To be determined
- (4) Offer price (Subscription price) : To be determined
- (5) Subscription method : The new units shall be publicly offered and the Company will have the following companies underwrite all the units on a firm commitment basis: SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Nomura Securities Co., Ltd. and Daiwa Securities Capital Markets Co., Ltd. (hereinafter, collectively referred to as “Underwriters”).
The units are being co-managed by SMBC Nikko Securities Inc. (acting

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as lead manager and sole book runner), Mizuho Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

In addition, the publicly subscribed offer price shall be tentatively set at the product of the closing price of the investment unit of the Company on the Tokyo Stock Exchange on the price determination date (or nearest date if the closing price is not available on such given date), multiplied by a conversion factor of 0.90 – 1.00 (fractions omitted), and then finally determined taking into account the demand forecast.

- (6) Underwriting agreement : Underwriters shall make payment of the aggregate amount of the issue price to the Company on the payment date. The price difference between the aggregate amount of the offer price (subscription price) and the aggregate amount of the issue price shall be the proceeds of each underwriter, and the Company will not pay an underwriting fee to underwriters.
- (7) Demand forecast (bookbuilding) period : February 17, 2012 (Fri) through February 24, 2012 (Fri) (maximal length)
- (8) Minimum subscription unit : 1 unit (subscriptions above one unit should be multiples of one unit).
- (9) Subscription period : February 22, 2012 (Wed) through February 23, 2012 (Thu)
The above subscription period may be moved down, taking into account the demand forecast. In that case, the latest subscription period shall be February 27, 2012 (Mon) through February 28, 2012 (Tue).
- (10) Payment date : February 28, 2012 (Tue)
The above payment date may be moved down, taking into account the demand forecast. In that case, the latest payment date shall be March 2, 2012 (Fri).
- (11) Delivery date : The next business day after the payment date
- (12) Offer price (subscription price), issue price, and other pertinent matters required for issuance of new units shall be determined at the Board of Directors meeting to be held hereafter.
- (13) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

2. Secondary Offering (Over-allotment) (Refer to <Reference>1.below)

- (1) Offerer : SMBC Nikko Securities Inc.
- (2) Number of units to be offered : 5,440 units
The above number represents the maximum number of investment units to be offered. The number may decrease, or the secondary offering by over-allotment itself may be cancelled, depending on the degree of demand and other conditions. The number of investment units to be offered shall be determined at the Board of Directors meeting, to be held on the price determination date, in consideration of the degree of demand and other conditions.
- (3) Offer price : To be determined
(To be decided on the price determination date. The offer price is to be the same as the public offering issue price (offer price).)
- (4) Gross Proceeds : To be determined

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- (5) Offering method : SMBC Nikko Securities Inc., the lead manager of the public offering, will make an offering of the maximum of 5,440 units of the Company that it borrows from Mitsubishi Estate Co., Ltd., which is an investor of the Company, in consideration of the degree of demand and other conditions in the public offering.
- (6) Subscription period : Same as the subscription period in the public offering.
- (7) Delivery date : Same as the delivery date in the public offering.
- (8) Subscription unit : 1 unit (subscriptions above one unit should be multiples of one unit).
- (9) Offer price and other pertinent matters required for secondary offering of units shall be determined at the Board of Directors meeting to be held hereafter.
- (10) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

3. Issuance of new investment units by third-party allocation (Refer to <Reference>1.below)

- (1) Number of units to be newly issued : 5,440 units
- (2) Allottee and number of units to be issued : SMBC Nikko Securities Inc. 5,440 units
- (3) Issue price : To be determined
(To be decided on the price determination date. The issue price is to be the same as the public offering issue price.)
- (4) Aggregate amount of issue price : To be determined
- (5) Subscription period (subscription date) : March 26, 2012 (Mon)
- (6) Payment date : March 27, 2012 (Tue)
- (7) Minimum subscription unit : 1 unit (subscriptions above one unit should be multiples of one unit).
- (8) Issue price and other pertinent matters required for issuance of new units by third-party allotment shall be determined at the Board of Directors meeting to be held hereafter.
- (9) Units not subscribed within the above mentioned subscription period (subscription date) shall not be issued.
- (10) If the public offer of new units is suspended, issuance of new units by a third-party allocation will also be suspended.
- (11) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

4. Cancellation of the application for shelf registration of investment unit certificate issuances

- (1) Cancellation overview:

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- ① Date of submission November 21, 2011 (Mon)
 - ② Type of domestic investment security Japan Real Estate Investment Corporation investment unit security
 - ③ Scheduled period of issuance With One year commencing from the effective date of the Shelf Registration Statement (from November 29, 2011 to November 28, 2012)
 - ④ Scheduled amount of issuance Up to ¥40,700 million
- (2) Past offerings of new investment units under shelf registration:
Not applicable
- (3) Reasons for cancellation:
The Company intends to cancel offerings of investment unit certificates under the shelf registration and submit a securities registration statement.

<Reference>

1. Secondary offering by over-allotment, etc.

A secondary offering by over-allotment may be effected by SMBC Nikko Securities Inc., the lead manager of the public offering, after considering demand and other conditions, of up to a limit of 5,440 units borrowed (hereafter “borrowed units”) from Mitsubishi Estate Co., Ltd., an investor of the Company (hereafter, “secondary offering by over-allotment”). The number of units to be offered through the secondary offering by over-allotment is the upper limit and may be reduced, or the offering through over-allotment itself may be suspended, depending on demand and other conditions.

In order to cause SMBC Nikko Securities Inc. to acquire the units of the Company necessary to repay the borrowed units by SMBC Nikko Securities Inc. in connection with the secondary offering by over-allotment, the Company resolved, at the Board of Directors meeting held on February 13, 2012 (Mon), that 5,440 new units of the Company be issued and allocated to SMBC Nikko Securities Inc. (hereafter “third-party allocation”) with a payment date of March 27, 2012 (Tue).

In addition, SMBC Nikko Securities Inc. may, within the period commencing on the day immediately following the end of the application period for the public offering and the secondary offering by over-allotment and ending on March 22, 2012 (Thu) (hereafter, “syndicate cover transaction period”), purchase up to the maximum number of units of the Company sold in the secondary offering by over-allotment on the Tokyo Stock Exchange (hereafter, “syndicate cover transaction”) with the aim of repaying the borrowed units. All the units of the Company procured by SMBC Nikko Securities Inc. through syndicate cover transaction will be allocated to repay the borrowed units. In the syndicate cover transaction period, SMBC Nikko Securities Inc. may, at its discretion, choose not to enter into any syndicate cover transaction, or to terminate such transaction prior to reaching the maximum number of units to be issued in the secondary offering by over-allotment.

Moreover, SMBC Nikko Securities Inc. may effect stabilization transactions in relation to the public offering and secondary offering by over-allotment, and allocate all or part of the units of the Company purchased through stabilization transactions, to repayment of the borrowed units.

SMBC Nikko Securities Inc. plans to underwrite the allocation under this issuance of new units by a third-party allocation of an number of units of the Company obtained by deducting the number of units purchased through stabilizing transaction and syndicate cover transaction that are to be used to return the borrowed units, from the number of units to be offered in the over-allotment. For this reason, the units to be issued by third-party allocation may not be subscribed in whole or in part, and as a result, the subscription right will be forfeited and the final number of units with respect to the third-party allocation may be reduced to the same extent, or the issue itself may be suspended.

Whether the secondary offering by over-allotment is exercised and the number of units to be subscribed when the secondary offering by over-allotment is exercised will be determined on the issue price

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determination date. In case the secondary offering by over-allotment is not exercised, SMBC Nikko Securities Inc. will not borrow units of the Company from the aforementioned investor of the Company. Consequently, in case the secondary offering by over-allotment is not exercised, SMBC Nikko Securities Inc. will not respond or apply for the third-party allocation and the subscription right will be forfeited and then issuance of new units by third-party allocation will not take place at all. Similarly, the syndicate cover transaction on the Tokyo Stock Exchange will not be exercised.

2. Change of number of units issued and outstanding upon new issuance of units

Number of units outstanding before the offering	489,200
Number of newly issued units by public offering	54,400
Number of units outstanding after the public offering	543,600
Number of newly issued units by third-party allotment	5,440 (Note)
Number of units outstanding after third-party allotment	549,040 (Note)

(Note) These figures are based on the assumption that the new units to be issued by third-party allocation are all applied by SMBC Nikko Securities Inc.

3. Reason for the issuance of units (use of proceeds), etc.

The issuance of new units was decided on in order to acquire specified assets that are conducive to the medium to long term growth of the Company while ensuring financial stability, after considering the situations of the real estate sales market, current level of LTV (Interest-bearing debt/Total assets), trend of J-REIT market and level of dividend payout.

4. Total amount to be procured, specific use of proceeds and scheduled outlay period

(1) Total amount to be procured (approximate net balance)

¥37,718,049,600 (maximum)

(Note)1. The above figures represents the sum of ¥34,289,136,000 in net proceeds from the public offering and the ¥3,428,913,600 maximum net proceeds from the issuance of new units by third-party allocation.

(Note)2. The above-mentioned amounts are estimated amounts calculated on the basis of the closing price of the Tokyo Stock Exchange as of February 3, 2012.

(2) Specific use of proceeds and scheduled outlay period

Specific use	Amounts (million yen)	Scheduled outlay period
i. Repayment of short-term loans used for the acquisition of Akasaka Park Building	37,000	Until March 2012
ii. Repayment of other loans	Remaining funds	

(Note) For the summary of the acquisition of Akasaka Park Building, please refer to our News Release “Notice on Acquisition of Domestic Real Estate” released on November 14, 2011.

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5. Designation of distributees

Not applicable

6. Outlook

Please refer to “Notice of Forecast Results for the 21st Period (March 31, 2012)” announced on February 13, 2012 and “ANNOUNCEMENT OF TWENTIETH FISCAL PERIOD RESULTS” announced on November 21, 2011 for the outlook.

<Reference>

Forecast results for the 21st Period (released February 13, 2012) and actual results of the 20th period (previous period)

	Operating revenues	Operating income	Ordinary income	Net income	Dividend per unit (Excluding dividend in excess of earnings)	Dividend in excess of earnings per unit
Forecast results for the 21st Period (March 31, 2012)	million yen 24,040	million yen 10,740	million yen 8,770	million yen 8,830	yen 16,000	yen -
Actual results of the 20th Period (September 30, 2011)	million yen 22,829	million yen 10,380	million yen 8,603	million yen 8,268	yen 15,850	yen -

7. Management conditions and states of equity finance during the three most recent fiscal periods

(1) Management conditions during the three most recent fiscal periods

	the 18th Period April 1, 2010 through September 30, 2010	the 19th Period October 1, 2010 through March 31, 2011	the 20th Period April 1, 2011 through September 30, 2011
Net income per unit (Note)	¥16,628	¥15,642	¥16,901
Dividend per unit	¥16,628	¥15,642	¥15,850
Actual payout ratio	99.9%	99.9%	93.7%
Net assets per unit	¥679,755	¥678,770	¥680,029

(Note) The net income per unit is calculated based on the average number of units during the period.

(2) Recent unit price conditions

i. Changes in unit prices in the three most recent fiscal periods

	the 18th Period April 1, 2010 through September 30, 2010	the 19th Period October 1, 2010 through March 31, 2011	the 20th Period April 1, 2011 through September 30, 2011
Initial price	¥785,000	¥760,000	¥788,000
High	¥837,000	¥869,000	¥816,000
Low	¥690,000	¥646,000	¥724,000
Closing price	¥759,000	¥787,000	¥754,000

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ii. Changes in unit prices during the last six months

	August 2011	September	October	November	December	January 2012
Initial price	¥780,000	¥773,000	¥757,000	¥670,000	¥663,000	¥607,000
High	¥791,000	¥797,000	¥770,000	¥682,000	¥663,000	¥673,000
Low	¥730,000	¥724,000	¥662,000	¥624,000	¥591,000	¥604,000
Closing price	¥772,000	¥754,000	¥671,000	¥643,000	¥600,000	¥667,000

iii. Unit prices on the business day immediately prior to the resolution date of the issuance

	February 10, 2012
Initial price	¥674,000
High	¥674,000
Low	¥661,000
Closing price	¥666,000

(3) Equity finance activities during the three most recent fiscal periods

Not applicable

8. Others

(1) Restriction period on next additional issuance of units

The Company has an agreement with the lead manager, SMBC Nikko Securities Inc. concerning the restriction of additional issuance of units for three months from the delivery date of this public offering without obtaining prior written consent from SMBC Nikko Securities Inc.

However, SMBC Nikko Securities Inc. has the authority to cancel all or part of this restriction or to shorten such restriction period at its discretion.

This notice is the English translation of the announcement in Japanese dated February 13, 2012 on our website. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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