

SEPTEMBER
2007
SEMIANNUAL
REPORT

For the period from April 1, 2007 to September 30, 2007



Japan Real Estate Investment Corporation

Profile

Japan Real Estate Investment Corporation (the “Company”) was established as one of the first real estate investment corporations in Japan, following revisions to the Law Concerning Investment Trusts and Investment Corporations of Japan, as amended, or the Investment Trust Law. Its investments focus primarily on office buildings, aiming to maintain geographical diversity while seeking stable growth and dividends in the medium to long term. The Company was listed on the Tokyo Stock Exchange (“TSE”) on September 10, 2001. (Securities Code: 8952)

Note: Investment corporations, including the Company, are special legal entities incorporated and operated under the Investment Trust Law. Accordingly, the “units” of such investment corporations, including the units 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 Company law of Japan and representing the equity interests in Japanese ordinary corporations incorporated and operated under the Company law 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 “units” of the Company. “Unitholders” 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 units 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 amount of acquisition prices reached ¥446,940 million (\$3,872 million) at the end of September 2007.
- Acquisition of 8.3 Square Kita Building in June 2007 for ¥7,100 million (\$62 million).
- Sale of Kobe Itomachi Building as part of reviewing the properties in our portfolio, and reported a gain on sale of property of ¥397 million (\$3.4 million).
- Portfolio of 50 high-quality office buildings as of September 30, 2007
- Revenues and profits have continuously increased from IPO to the end of September 2007. Operating revenues for the 12th period achieved ¥17,530 million (\$152 million), and operating income reached ¥8,739 million (\$76 million).
- Increase in revenue as a result of the tenant turnover and rent increase revision with existing tenants
- Superior geographic and tenant diversity with a 98.7% occupancy rate (as of September 30, 2007)
- LTV (Interest-bearing debt/Total assets) at the end of the 12th period was 32.1%. The long-term, fixed-interest debt ratio remained at 100.0 %.
- Highest credit ratings in J-REIT: A+ from Standard & Poor’s Ratings Services, A1 from Moody’s Investors Services, Inc. and AA from Rating and Investment Information, Inc. (R&I)
- Collaboration with sponsors of the asset management company, which comprise Mitsubishi Estate Co., Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd., The Dai-ichi Mutual Life Insurance Company, and Mitsui & Co., Ltd.

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Financial Highlights

For the period from April 1, 2007 to September 30, 2007

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2006 to September 30, 2006	For the period from October 1, 2005 to March 31, 2006	For the period from April 1, 2005 to September 30, 2005	For the period from April 1, 2007 to September 30, 2007
Operating Revenues	17,530	16,960	15,570	13,962	13,119	151,868
Operating Income	8,739	8,304	7,041	6,319	6,226	75,709
Income before Income Taxes	7,586	7,184	5,977	5,586	5,510	65,721
Net Income	7,585	7,183	5,976	5,585	5,509	65,712
Net Operating Income (NOI) (Note 2)	12,073	11,300	10,339	9,578	8,978	104,592
Funds from Operations (FFO) (Note 3)	10,022	9,441	8,257	7,945	7,526	86,831
FFO Multiple (Note 4)	28.3 times	33.8 times	21.0 times	22.1 times	21.1 times	28.3 times
Cash Distribution	7,585	7,183	5,976	5,585	5,509	65,711
Number of Units	410,000	410,000	345,400	345,400	345,400	410,000
Dividend per Unit (Yen/U.S. dollars)	18,500	17,521	17,302	16,172	15,951	160.27

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥115.43 = US\$1.00, the foreign exchange rate on September 30, 2007, 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
Property-Related Revenues and Expenses exclude Gain or Loss on Transfer of Properties.

3. FFO = Net Income – Gain (Loss) on Transfer of Properties + Depreciation

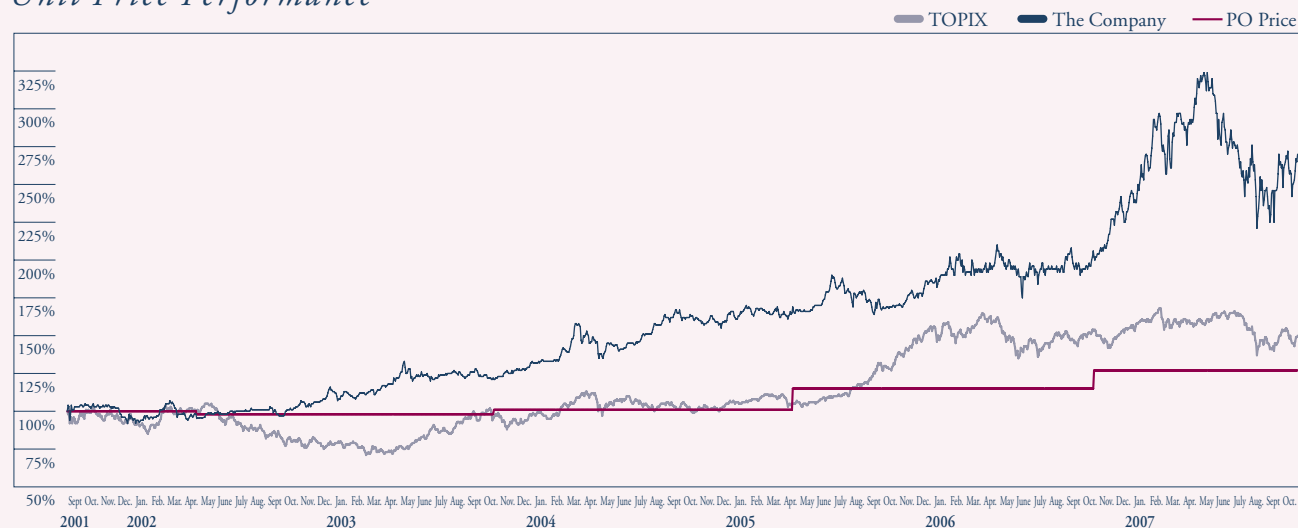
4. FFO Multiple = Unit Price at End of the Respective Term ÷ FFO per Unit (Annualized)
(Annualized portion of the calculation given in note 4 assumes a fiscal period of 183 days for the period ended September 30, 2005, 182 days for the period ended March 31, 2006, 183 days for the period ended September 30, 2006, 182 days for the period ended March 31, 2007 and 183 days for the period ended September 30, 2007.)

Top 10 Unitholders

As of September 30, 2007

Company	Units	% of Total Units Outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	30,166	7.36%
NikkoCiti Trust and Banking Corporation (Toshin Acc.)	29,634	7.23%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	29,599	7.22%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	23,519	5.74%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	12,534	3.06%
UBS AG London Asia Equities	10,886	2.66%
Mitsubishi Estate Co., Ltd.	10,160	2.48%
The Chugoku Bank, Ltd.	9,712	2.37%
The Bank of New York, Treaty JASDEC Account	9,521	2.32%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,120	1.98%

Unit Price Performance



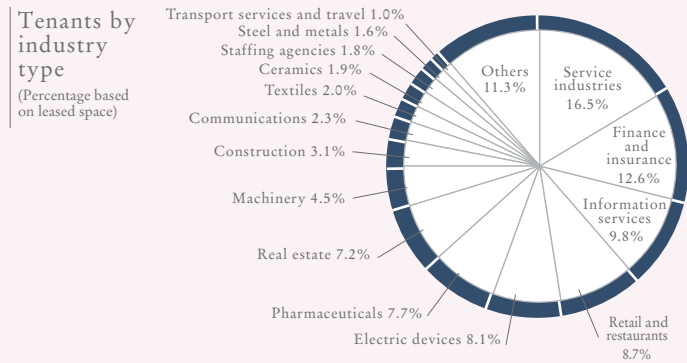
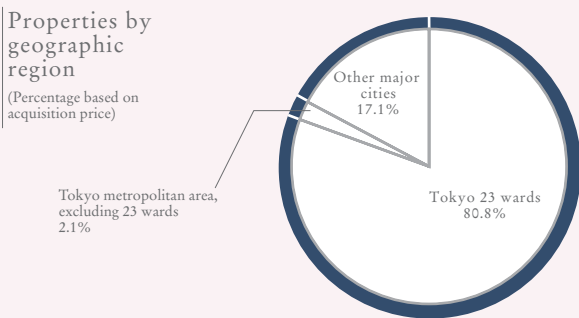
Portfolio Highlights

Trends in the state of portfolio management



Portfolio breakdown

As of September 30, 2007



New Portfolio Property

For the period from April 1, 2007 to September 30, 2007



8.3 Square Kita Building

Property Summary

Type of asset:	Real property (Note 1)
Acquisition price:	¥7,100 million (\$62 million)
Acquisition date:	June 1, 2007
Location:	Sapporo, Hokkaido
Usage:	Offices, shops (Note 2)
Site area:	5,541.60m ² (59,649ft ²)
Floor area of building:	16,048.59m ² (172,745ft ²) (Office building) 48.38m ² (521ft ²) (Multi-level parking structure)
Structure:	Steel-reinforced concrete structure, flat roof Above ground: 11 floors Below ground: 1 floor (Note 2)
Completion:	December 2006

Notes: 1. Land: Ownership (47.17% in the site rights)
Building: Ownership (all the compartmentalized building units in the office building and the multi-level parking structure, and the common area in the project site)
2. Usage and structure refer to the office building.

Leasing Conditions (As of September 30, 2007)

Number of tenants:	7 tenants
Leasable space:	12,265m ² (132,019ft ²)
Leased space:	12,078m ² (130,006ft ²)
Occupancy rate:	98.5%



Property Acquisition Merits

Located in Sapporo, the largest central city in Hokkaido, the 8.3 Square Kita Building benefits the Company's portfolio in terms of regional diversity. The property is a new building within the site that is directly connected to JR Sapporo Station via an underground walkway. With its convenient location and high specifications for meeting a variety of facility needs for tenants, the property holds a competitive edge in Sapporo's office building market.

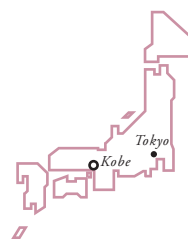
Property Sold

For the period from April 1, 2007 to September 30, 2007



Kobe Itomachi Building

Sale date:	September 14, 2007
Sale price:	¥1,770 million (\$15 million)
Acquisition date:	September 25, 2001
Acquisition price:	¥1,436 million (\$12 million)
Location:	Kobe, Hyogo Prefecture
Site area:	808.55m ² (8,703ft ²)
Floor area of building:	4,894.09m ² (52,679ft ²)
Completion:	September 1989
Buyer:	MID Urban Development Co., Ltd.



Sale date	Appraisal value (As of September 1, 2007)	Sale price	Gain on sale of property
September 14, 2007	¥1,240 million (\$11 million)	¥1,770 million (\$15 million)	¥397 million (\$3.4 million)

Issuance of Investment Corporation Bonds

For the period from April 1, 2007 to September 30, 2007

Name of the Investment Corporation Bond	Japan Real Estate Investment Corporation Fifth Unsecured Bond	Japan Real Estate Investment Corporation Sixth Unsecured Bond
Total amount of the bond issue	¥10,000 million (\$87 million)	¥15,000 million (\$130 million)
Date of the bond issue	June 18, 2007	
Term	5 years	7 years
Interest rate	1.67% (annual)	1.91% (annual)
Secured mortgage or guarantee	There is no secured mortgage or guarantee on the bond.	
Finance-related special covenants	No finance-related special covenants are attached to the bond.	
Use of the fund	For redemption of the 1st Investment Corporation Bond (June 21, 2007)	

Property Acquired after the Period

After the period from April 1, 2007 to September 30, 2007

Acquisition of Harumi Center Building through the preferential purchasing right, which was granted at the time of the

Acquisition of Harumi Center Building from TMK

Transaction Summary

Seller: Harumi Front Special Purpose Company
 Acquisition price: ¥26,800 million (\$232 million)
 Appraisal value: ¥26,300 million (\$228 million)
 (as of November 1, 2007)
 Acquisition date: December 18, 2007

TMK (Special Purpose Company)

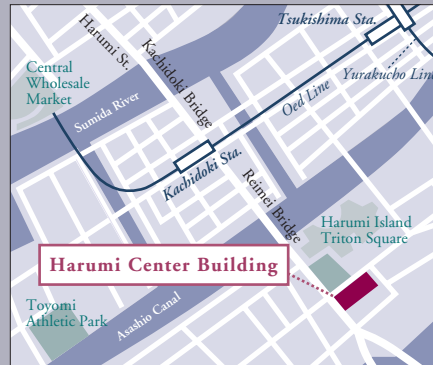
Assets

Property

Harumi Center Building
 Total project cost : ¥12,663 million
 (\$110 million)

Outline of Harumi Center Building

Outside view of the building



Property Summary

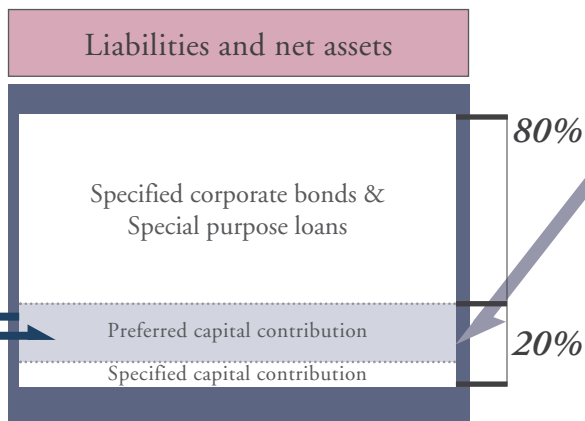
Name of property:	Harumi Center Building
Location:	Harumi, Chuo-ku, Tokyo
Site area:	4,664.63m ² (50,210ft ²)
Floor area of building:	26,447.27m ² (284,676ft ²)
Leasable space:	20,812m ² (224,018ft ²)
Occupancy rate:	98.1% (as of December 18, 2007)
Structure:	Steel-framed structure, flat roof Above ground: 10 floors
Usage:	Office, shop
Completion:	November 2006

Property Acquisition Merits

The property is located in the Harumi area of Tokyo's Chuo-ku, a new business district that features Harumi Triton Square among other office buildings. It is a relatively large-scale and new building that was constructed in November 2006. The property is conveniently situated an 8-minute walking distance from the nearest subway station, and with the planned extension of Harumi St., it will also be quickly accessible by car from the Ginza area, Odaiba and Haneda Airport. With high specifications that meet various tenants' facility needs, this property holds a competitive edge in Tokyo's office building market.

preferred capital contribution into the Harumi Front Special Purpose Company (TMK) in March 2005.

Harumi Front Special Purpose Company



Preferred capital contribution made to TMK
(Approximately 49.9% of the total preferred capital contribution)

Dividends on the preferred capital contribution

Schedule	TMK	The Company
December 2007	Sale of the property	Acquisition of the property
March 2008	Resolution by the general meeting of members (decision on dividend payment)	Record of dividends as revenue
April 2008	Dividend payment	Receipt of dividends

*TMK's ratio of liabilities to net assets does not take deposits received from tenants into account.

Outline of Preferred Capital Contribution

Acquired property: Real estate-backed securities
 Type of securities: Preferred capital contribution certificates
 Issuer: Harumi Front Special Purpose Company (TMK)
 Acquisition dates: March 29, 2005 / November 24, 2005 / November 24, 2006
 Acquisition price : ¥1,270 million (\$11 million)
 (number of units) (25,400 units)(about 49.9% of the total of 50,900 units of preferred capital contribution units)
 Limit on preferential purchasing rights: May 31, 2008

Projection on Dividend Payment from TMK

Dividend payment to the Company from TMK: **Approximately ¥7.8 billion(\$68 million)(projection)**
 (For the approximately 49.9% of preferred capital contribution by the Company)

*The above dividend payment from TMK is the projection as of November 14, 2007.

The actual amount of dividend payment from TMK will be determined upon resolution to be made by the general meeting of members of TMK (scheduled to be held in late March 2008).

*The Company will record the dividend payment as revenue in the period when the resolution on the dividend payment is made by TMK.

History after IPO

Since listing on the Tokyo Stock Exchange (“TSE”) as the first J-REIT in Japan, the Company has established a firm track record over the past 11 fiscal periods. As the Company concluded its 12th fiscal period ended September 30, 2007, the total acquisition price for properties reached ¥446,940 million (\$ 3,872 million). Throughout its history, the Company has sustained stable management while realizing steady growth and taking the initiative as a J-REIT pioneer. During the fiscal period under review, the Company accelerated efforts to streamline and strengthen its portfolio.

Sep. 2001

Listed on TSE as first J-REIT

Sep. 2001

IPO

May 2002

First Follow-On
(First for a J-REIT)

Oct. 2003

Second Follow-On

Apr. 2005

Third Follow-On

Oct. 2006

Fourth Follow-On

Feb. and Mar. 2002

Acquired Credit Rating (First for a J-REIT)
 ■ Standard & Poor’s A+ (Outlook: Stable)
 ■ Moody’s A2 (Outlook: Stable)

Jun. 2002

First Investment Corporation Bond Issue (First credit rated issue for an investment corporation bond)

Apr. 2003

Second/Third Investment Corporation Bond Issue

Nov. 2004

Moody’s upgraded its credit rating from A2 to A1 with outlook of stable.

Dec. 2004

R&I issued an AA credit rating.

Mar. 2005

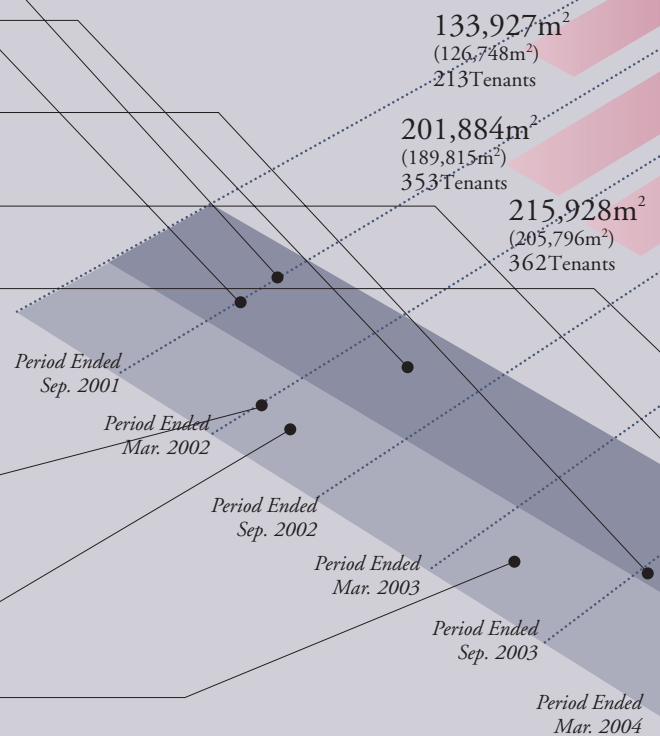
Acquisition of preferred capital contribution certificates
(First for a J-REIT)

Sep. 2005

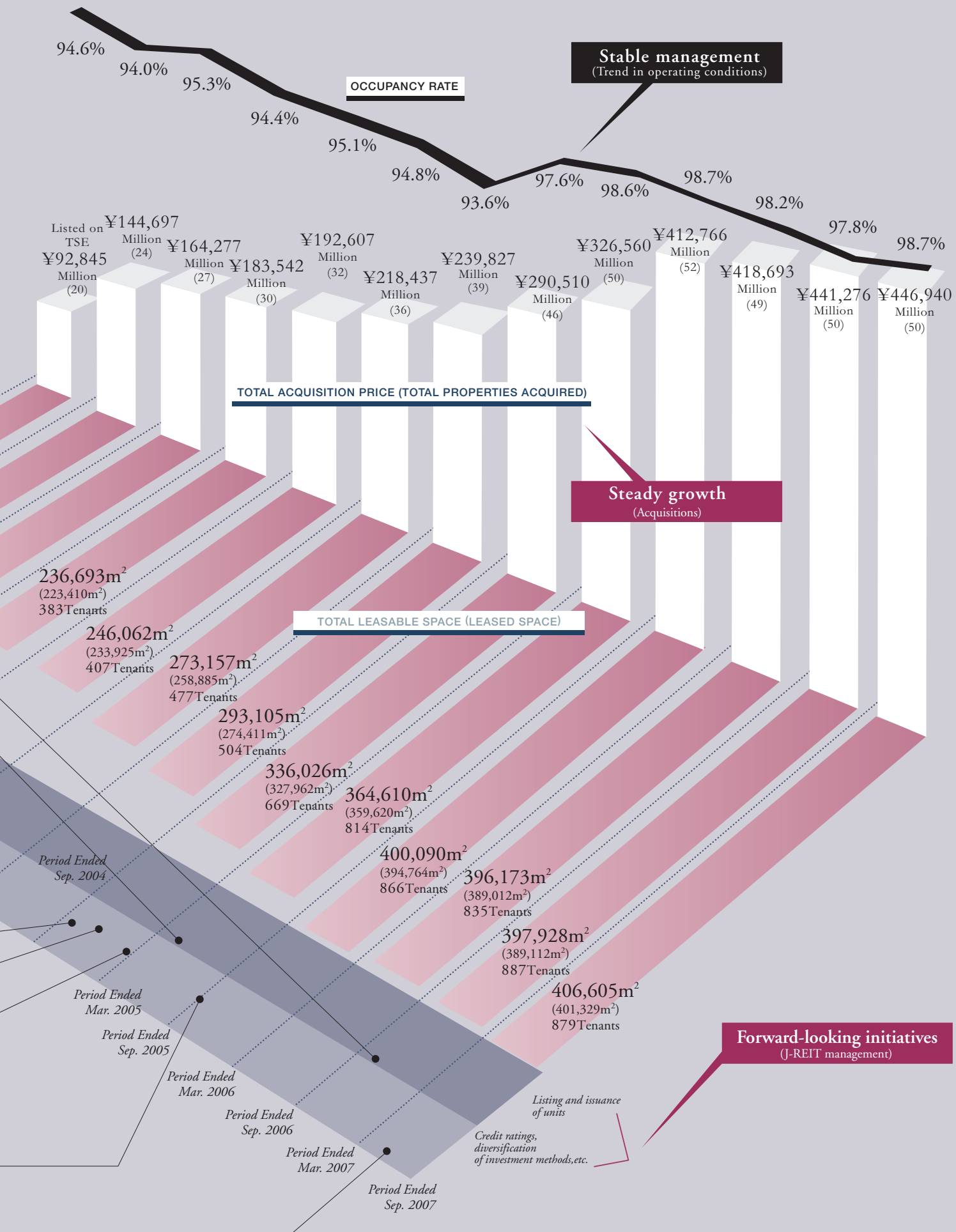
Fourth Investment Corporation Bond Issue (First J-REIT ever to issue investment corporation bonds without a negative pledge clause or other financial covenants)

Jun. 2007

Fifth Investment Corporation Bond Issue
Sixth Investment Corporation Bond Issue



Note: The total number of tenants is the gross number of tenants by building.



To Our Unitholders



In the 12th fiscal period, the Company recorded operating revenues of ¥17,530 million (\$152 million), up 3.4% from the previous period. Net income rose 5.6% to ¥7,585 million (\$66 million).



Kazuhiko Arahata
CEO & President of Japan Real Estate
Asset Management Co., Ltd.

FINANCIAL RESULTS AND OUTLOOK

During the 12th fiscal period (the six months ended September 30, 2007), despite concerns regarding the impact of the subprime loan crisis in the United States on global financial and capital markets toward the end of the period, the Japanese economy continued to show a favorable trend. Factors that contributed to the economy's soundness included strong capital expenditure attributable to continued improvements in corporate sector performance and increased demand. Furthermore, improvements in the employment environment have sustained the corporate sector's healthy conditions. As a result of favorable corporate performance, the market for leased office space saw an increase in demand, which led to improved vacancy rates throughout the country. Demand was especially robust in central Tokyo, reflected in noticeably falling vacancy rates and climbing rents for new tenants. Regarding the property market, property values remained on an upward trend as a result of expanding demand for office properties amid the continuing economic recovery, as well as increased investments in office buildings by a variety of investors.

In such an operating environment, the Company implemented various initiatives to achieve greater internal growth. These initiatives, including building renovations and other measures to improve tenant satisfaction, activities to attract new tenants and aggressive upward rent revisions for existing tenants, were implemented to raise rent levels for the entire portfolio. As part of efforts to achieve further external growth, the Company acquired a property and sold a property during the fiscal period under review to optimize its portfolio and further strengthen the portfolio quality. As a result of these activities in line with portfolio optimization that the Company has undertaken since the 10th fiscal period, its properties as of September 30, 2007 consisted of 50 office buildings with a total acquisition amount of ¥446,940 million (\$3,872 million). Total leasable space was 406,605 m² (approximately 4,376,659 ft²), with a total of 879 tenants. The additional internal and external growth that we realized during the fiscal period under review has enabled us to continue to achieve increases in revenues and

profits, and I am pleased to report another satisfactory fiscal period for our unitholders.

In the 12th fiscal period, the Company recorded operating revenues of ¥17,530 million* (\$152 million), up 3.4% from the previous period. Operating income rose 5.2% to ¥8,739 million (\$76 million). After deducting expenses for interest payments on loans and other costs, income before income taxes increased 5.6% to ¥7,586 million (\$66 million), and net income climbed 5.6% to ¥7,585 million (\$66 million). As a result, we declared a cash dividend of ¥18,500 (\$160.27) per unit.

* Includes gain on the sale of a property of ¥397 million (\$3.4 million).

For the 13th fiscal period (October 1, 2007 to March 31, 2008), the Company expects to record a revenue of around ¥7,800 million (\$68 million) to be received from Harumi Front Special Purpose Company ("Harumi Front TMK")**, as dividends. Accordingly, the Company forecasts operating revenues of ¥25,430 million (\$220 million), income before income taxes of ¥12,190 million (\$106 million) and net income of ¥12,190 million (\$106 million). We plan to declare a dividend of ¥29,730 (\$257.56) per unit. Our forecasts for the 14th fiscal period (April 1, 2008 to September 30, 2008) are operating revenues of ¥18,050 million (\$156 million), income before income taxes of ¥7,460 million (\$65 million) and net income of ¥7,460 million (\$65 million). We plan to declare a dividend of ¥18,210 (\$157.76) per unit.

** Harumi Front TMK is a special purpose company defined under the Act on Securitization of Assets and has developed the Harumi Center Building in Harumi, Chuo-ku, Tokyo (commencement of construction: May 2005; Completion: November 2006). The Company has underwritten approximately 49.9% of the preferred capital contribution certificates, which Harumi Front TMK has issued through three separate issuances from March 2005, at a price of ¥1,270 million (\$11 million). In conjunction with Harumi Front TMK's December 18, 2007 sale of the Harumi Center Building to the Company at a price of ¥26,800 million (\$232 million), the Company expects to receive a dividend in return for its preferred capital contributions in April 2008. The amount of the dividend, however, will be determined at a general meeting of members of Harumi Front TMK scheduled to be held in March 2008. Accordingly, the Company plans to record the said dividend in its revenues for the 13th fiscal period following determination of the dividend amount.

In addition to expanding our portfolio by acquiring competitive properties, we will continue to focus on improving the quality of the portfolio.

Although it will be necessary to pay close attention to the impact of the U.S. economy on the Japanese market, as well as the impact of increasing crude oil and raw material prices on corporate earnings performance and consumer confidence and spending, the stable, favorable turnabout in the Japanese economy centered on the corporate sector is expected to continue for the foreseeable future. In the market for leased office space, both vacancy rates and rent levels are demonstrating favorable trends, supported by the active demand for office space spurred by the robust corporate performance. 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 become 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, the Company expects that competition to acquire prime properties will become more intense.

Therefore, to produce steady results that extend into the future under these operating conditions, the Company adheres to the following management policies with respect to financial strategy and internal and external growth. Six years have passed since our public listing, and our goal is to achieve continued stable operations.

MANAGEMENT POLICIES

Financial Strategy

The greatest challenge facing us in terms of financial strategy is maintaining the sound financial position that we have built up over the years. More specifically, it is essential to limit the scale of impact that higher interest rates will have on earnings, while also delaying their impact. To achieve these objectives, the Company has set a conservative target range of the loan-to-value ratio ("LTV ratio": Interest-bearing debt/Total assets) between 30% and 40%, and at the same time, we will increasingly undertake fixed-interest debt financing with longer terms. Adhering to these policies, the Company achieved an LTV ratio and long-term, fixed-interest debt ratio (ratio of long-term, fixed-interest debt including current portion of investment corporation bonds to total interest-bearing debt) of 32.1% and 100%, respectively, at the end of the 12th fiscal period.

Because of the excellent ratings the Company has obtained

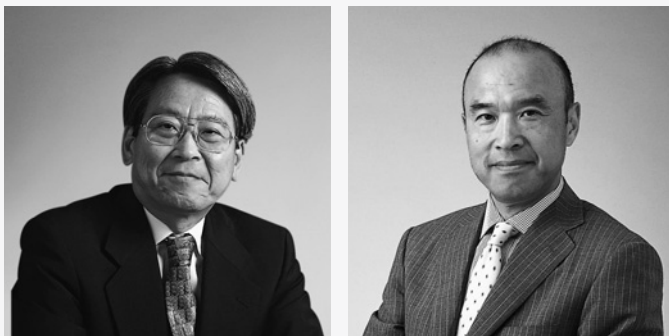
from rating agencies, it is able to obtain low-interest loans at favorable terms. It is extremely important for a REIT to be able to expeditiously raise funds in order not to miss opportunities to acquire prime properties that become available. The Company has been able to keep interest rates down and obtain unsecured bank loans, primarily as a result of its adherence to a conservative financial strategy. Moreover, property sellers have a great deal of confidence in our ability to pay a contract price, as the Company already has a recognized name in the real estate market. As of November 14, 2007, the Company had obtained the following credit ratings.

Rating Agency	Credit Rating
Standard & Poor's Ratings Services	Long-term: A+; Short-term: A-1; Outlook: Positive
Moody's Investors Services, Inc.	Issuer rating: A1; Outlook: Positive
Rating and Investment Information, Inc.	Issuer rating: AA; Outlook Stable

External Growth

Aggressive investing continues in Japan's real estate market, and competition for the acquisition of prime real estate is intensifying, making it more difficult to achieve external growth. Still, our policy is to expand our portfolio by acquiring prime properties through one-on-one transactions. In more specific terms, we will avoid direct and excessive competition, such as bidding, to the extent possible and continue to make sufficient use of the pipeline provided by sponsor companies of the Asset Management Company, as well as working to negotiate with co-owners and compartmentalized owners of jointly owned properties (properties owned in the form of co-ownership or compartmentalized ownership), which comprise approximately 30% of our portfolio in terms of the number of buildings, for additional acquisition of shares in these properties. Furthermore, as we acquired the Harumi Center Building through a one-on-one transaction enabled by the exercise of the preferential purchase rights that we obtained through preferred capital contributions to Harumi Front TMK, we will proactively examine new methods for acquiring properties.

In addition to expanding our portfolio by acquiring competitive properties, we will continue to focus on improving the quality of the portfolio. The Company will work to optimize its portfolio by, in a timely manner, selling properties that are expected to lose their competitiveness as rental buildings due to



Taketo Yamazaki (Left)
Executive Director of
Japan Real Estate Investment Corporation

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

their deterioration through age and changes in the real estate leasing market. By the end of the 11th fiscal period, we had transferred five properties from our portfolio, one of which was a 37-year-old property transferred through an exchange with a four-year-old property. During the 12th fiscal period, we also sold one property. These activities have enabled the further optimization of our portfolio in terms of scale and quality. The table below compares our portfolios upon public listing on September 30, 2001 and at the end of the 12th fiscal period. The comparison clearly shows that we have succeeded in creating a large-scale and yet highly liquid portfolio consisting of relatively new properties located primarily in the 23 wards of Tokyo. With the aim of further strengthening our business foundations, we will do our utmost to implement greater growth.

Total Acquisition Price for properties	At IPO	¥92,845 million (\$804 million)	
	At 12th Period-End	¥446,940 million (\$3,872 million)	
Geographical Diversification	At IPO	Tokyo 23 Wards	56.7%
		Other Areas	43.3%
	At 12th Period-End	Tokyo 23 Wards	80.8%
		Other Areas	19.2%
Average Building Age	At IPO	17.9 years	
	At 12th Period-End	13.9 years	

Internal Growth

Our third policy pertains to internal growth. At present, internal growth is our primary management focus.

The Company has achieved its 11th consecutive period of revenue and profit growth. However, during the first three to four years after public listing, the rental market was unfavorable. In the midst of slack corporate earnings, an increasing cost consciousness led corporations to close their sales locations as they continued to cut back. Unfortunately, our existing properties did not generate increased earnings. Instead, the ability to increase revenue and profit came through the acquisition of new properties, or in other words, through external growth.

The market, however, began to change about three years ago, and occupancy rates increased following an overall rebound

in corporate earnings. In addition, rent levels for new tenants in the 23 wards of Tokyo began to increase two and one-half years ago, making it possible to raise rents on contracts with existing tenants beginning in 2006.

Turning to our own portfolio, rents on contracts increased by 4.6% over the past two fiscal periods. The increase can be broken down into 1.4% attributable to external growth (increase or decrease of properties) and 3.2% due to internal growth. We expect to see a further increase of market rent levels, which means that the difference between market rent levels and rents on contracts relating to our portfolio properties will most likely become more apparent. Based on this difference, and through an expected turnover of around 6% to 8% in tenants and negotiations aimed at revising rents on existing contracts, we believe that circumstances now present us with an excellent opportunity to see increased revenue from rents.

Since the launch of the J-REIT market over six years ago, 44 investment corporations have sprung up, and the market continues to mature. Considering this, the Company — a J-REIT pioneer — is proud of the great impact and huge success it has enjoyed over the past years. Meanwhile, as the market grows and competition intensifies, the J-REIT market is facing its next stage of development. The Company will become the market leader in the next stage as well, mobilizing all of its know-how and enthusiasm to fulfill its mandate from unitholders to increase unitholder value. We thank all of our unitholders for their unwavering support and understanding.

Taketo Yamazaki
Executive Director of Japan Real Estate Investment Corporation

Kazuhiko Arahata
CEO & President of Japan Real Estate Asset Management Co., Ltd.

The Portfolio of Japan Real Estate Investment Corporation

As of September 30, 2007

Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)	
Tokyo 23 wards						
●I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Ownership	10/31/2002	5,000	(1.1%)
●I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Ownership	02/24/2006	81,555	(18.2%)
●I- 3	MD Kanda Building	Kanda-Mitoshirocho, Chiyoda-ku	Ownership	05/31/2002	9,520	(2.1%)
●I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Ownership	08/15/2002	4,810	(1.1%)
●I- 5	Nibancho Garden	Nibancho, Chiyoda-ku	Ownership	04/01/2005	14,700	(3.3%)
●I- 6	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Ownership	03/28/2007	44,700	(10.0%)
●I- 7	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Ownership	07/29/2005	7,000	(1.6%)
●I- 8	Sanno Grand Building	Nagatacho, Chiyoda-ku	Ownership	01/31/2005	10,200	
				04/03/2006	10,700	
				total	20,900	(4.7%)
●I- 9	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Ownership	08/01/2003	7,200	(1.6%)
●I- 10	Kodenmacho Shin-Nihonbashi Building	Nihonbashi-Kodenmacho, Chuo-ku	Trust	09/25/2001	3,173	(0.7%)
●I- 11	Burex Kyobashi Building	Kyobashi, Chuo-ku	Ownership	07/22/2002	5,250	(1.2%)
●I- 12	Ginza Sanwa Building	Ginza, Chuo-ku	Ownership	03/10/2005	16,830	(3.8%)
●I- 13	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Ownership	03/15/2005	5,353	(1.2%)
●I- 14	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Ownership	03/14/2003	7,680	(1.7%)
●I- 15	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859	(1.1%)
●I- 16	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808	(0.6%)
●I- 17	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Ownership	09/01/2004	7,830	(1.8%)
●I- 18	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Ownership	09/13/2005	9,350	(2.1%)
●I- 19	Takanawadai Building	Higashi-Gotanda, Shinagawa-ku	Trust	09/25/2001	2,738	(0.6%)
●I- 20	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Ownership	11/01/2004	5,500	(1.2%)
●I- 21	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123	(1.1%)
●I- 22	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Ownership	03/24/2004	6,670	(1.5%)
●I- 23	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Ownership	04/01/2004	8,700	(1.9%)
●I- 24	da Vinci Harajuku	Jingumae, Shibuya-ku	Ownership	11/22/2002	4,885	(1.1%)
●I- 25	Jingumae Media Square Building	Jingumae, Shibuya-ku	Ownership	10/09/2003	12,200	(2.7%)
●I- 26	Shibuya Cross Tower	Shibuya, Shibuya-ku	Ownership	11/30/2001	34,600	(7.7%)
●I- 27	Ebisu Neonato	Ebisu, Shibuya-ku	Ownership	11/14/2003	3,740	
				04/01/2004	360	
				total	4,100	(0.9%)
●I- 28	Harmony Tower	Honcho, Nakano-ku	Ownership	02/28/2005	8,500	(1.9%)
●I- 29	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541	(0.8%)
●I- 30	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728	(0.4%)
●I- 31	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Ownership	08/02/2004	4,500	(1.0%)
Tokyo metropolitan area excluding 23 wards						
●II-1	Hachioji First Square	Hachioji, Tokyo	Ownership	03/31/2005	3,300	(0.7%)
●II-2	Saitama Urawa Building	Saitama, Saitama Prefecture	Ownership	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.6%)
●II-3	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375	(0.8%)
Other major cities						
●III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Ownership	06/01/2007	7,100	(1.6%)
●III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Ownership	01/31/2005	1,000	(0.2%)
●III- 3	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.7%)
●III- 4	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Ownership	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(1.0%)
●III- 5	Nishiki Park Building	Nagoya, Aichi Prefecture	Ownership	10/02/2006	3,850	
				11/01/2006	1,300	
				total	5,150	(1.2%)
●III- 6	Hirokoji Sakae Building*	Nagoya, Aichi Prefecture	Ownership	09/22/2006	1,680	(0.4%)
●III- 7	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Ownership	09/10/2001	14,533	(3.3%)
●III- 8	Nagoya Misono Building	Nagoya, Aichi Prefecture	Ownership	08/08/2003	1,865	(0.4%)
●III- 9	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Ownership	12/20/2001	2,650	(0.6%)
●III- 10	Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Ownership	09/25/2001	2,264	
				12/26/2003	1,900	
				total	4,164	(0.9%)
●III- 11	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	09/25/2001	6,934	
				02/28/2002	7,380	
				total	14,314	(3.2%)
●III- 12	Lit City Building	Okayama, Okayama Prefecture	Ownership	02/01/2006	4,650	(1.0%)
●III- 13	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Ownership	03/25/2004	1,320	(0.3%)
●III- 14	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Ownership	09/25/2001	1,550	(0.3%)
●III- 15	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Ownership	06/01/2005	5,000	(1.1%)
●III- 16	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.8%)
				total	446,940	(100.0%)

*Hirokoji Tokio Marine Nichido Building changed its name to Hirokoji Sakae Building on October 1, 2007.

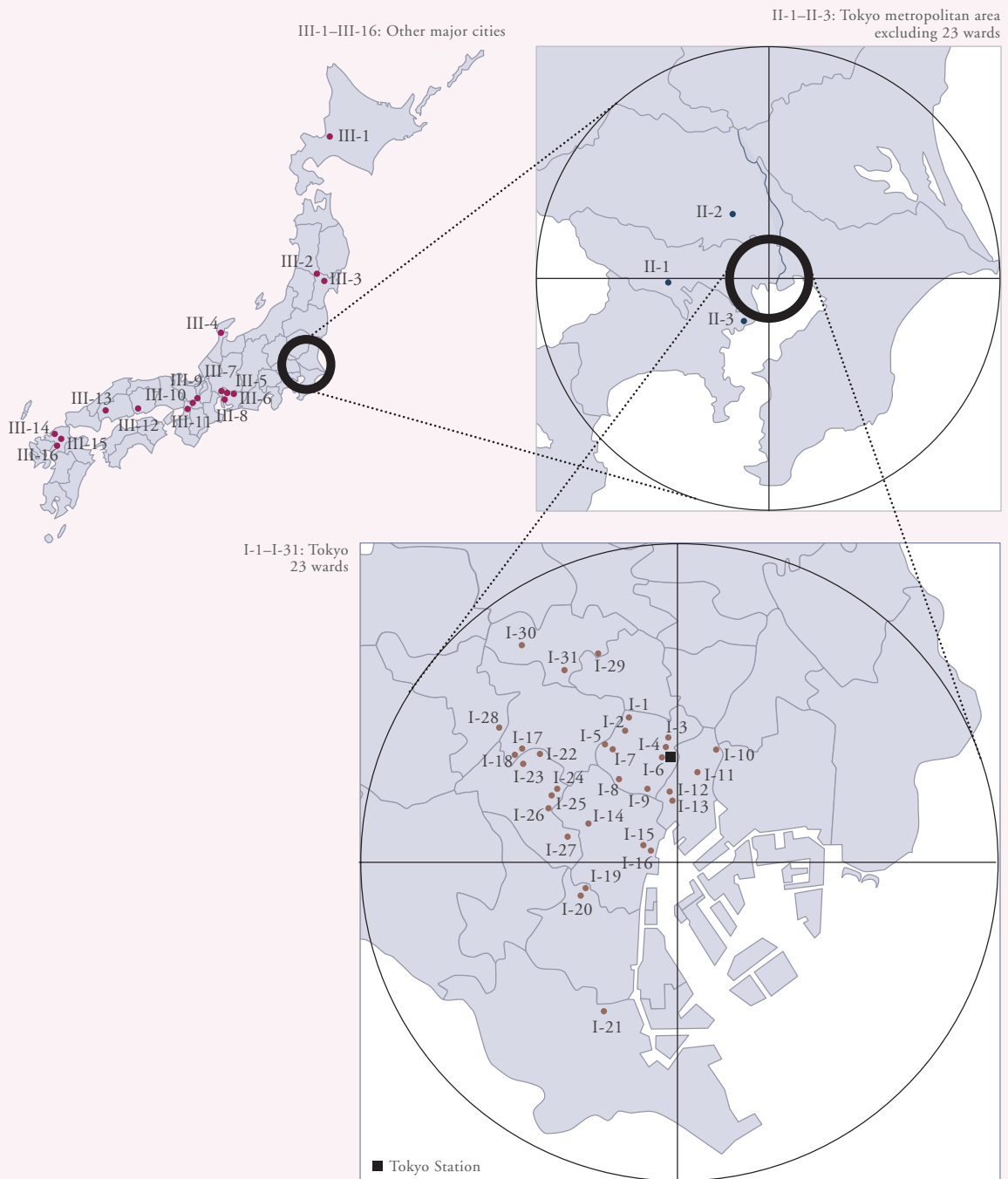
Percentage of ownership of the building (%)	Completion	Appraisal value at the end of period (¥ millions)	Total leasable space		Leased space		Total number of tenants	Revenues from leasing operations (¥ millions)	
100.0	1985	6,300	4,791m ²	(51,577ft ²)	4,791m ²	(51,577ft ²)	1	222	(1.3%)
100.0	2006	85,600	25,678m ²	(276,402ft ²)	25,678m ²	(276,402ft ²)	5	1,931	(11.3%)
100.0	1998	11,400	6,269m ²	(67,480ft ²)	6,269m ²	(67,480ft ²)	2	363	(2.1%)
56.76	1993	6,310	3,687m ²	(39,695ft ²)	3,687m ²	(39,695ft ²)	8	183	(1.1%)
31.345	2004	17,600	9,316m ²	(100,282ft ²)	9,316m ²	(100,282ft ²)	1	488	(2.9%)
19.38402	2003	46,500	11,923m ²	(128,341ft ²)	11,902m ²	(128,121ft ²)	9	979	(5.7%)
100.0	2005	7,040	4,495m ²	(48,384ft ²)	4,495m ²	(48,384ft ²)	1	162	(0.9%)
99.0	1966	28,800	20,865m ²	(224,594ft ²)	20,727m ²	(223,105ft ²)	47	1,006	(5.9%)
10.78	1975	8,240	4,694m ²	(50,531ft ²)	4,694m ²	(50,531ft ²)	15	293	(1.7%)
100.0	1991	3,890	3,897m ²	(41,950ft ²)	3,897m ²	(41,950ft ²)	6	155	(0.9%)
100.0	2002	7,050	4,279m ²	(46,068ft ²)	4,279m ²	(46,068ft ²)	1	150	(0.9%)
70.95	1982	17,800	4,329m ²	(46,604ft ²)	4,329m ²	(46,604ft ²)	12	389	(2.3%)
100.0	1998	4,980	2,875m ²	(30,949ft ²)	2,875m ²	(30,949ft ²)	8	137	(0.8%)
100.0	1982	9,150	4,898m ²	(52,724ft ²)	4,898m ²	(52,724ft ²)	7	259	(1.5%)
100.0	1984	7,510	9,643m ²	(103,799ft ²)	9,643m ²	(103,799ft ²)	21	321	(1.9%)
100.0	1992	3,590	4,062m ²	(43,726ft ²)	4,062m ²	(43,726ft ²)	8	135	(0.8%)
100.0	1989	9,060	6,197m ²	(66,707ft ²)	6,197m ²	(66,707ft ²)	7	274	(1.6%)
8.368	1996	11,900	9,246m ²	(99,528ft ²)	8,951m ²	(96,356ft ²)	105	500	(2.9%)
100.0	1991	2,840	4,067m ²	(43,783ft ²)	4,067m ²	(43,783ft ²)	1	117	(0.7%)
100.0	2004	7,050	5,205m ²	(56,035ft ²)	5,205m ²	(56,035ft ²)	4	220	(1.3%)
100.0	1989	5,720	7,708m ²	(82,972ft ²)	7,708m ²	(82,972ft ²)	19	255	(1.5%)
100.0	1974	9,030	7,356m ²	(79,180ft ²)	7,310m ²	(78,685ft ²)	18	335	(2.0%)
100.0	2003	13,000	7,772m ²	(83,660ft ²)	7,772m ²	(83,660ft ²)	7	344	(2.0%)
100.0	1987	6,420	3,147m ²	(33,876ft ²)	3,147m ²	(33,876ft ²)	5	202	(1.2%)
100.0	1998	15,600	5,558m ²	(59,832ft ²)	5,558m ²	(59,832ft ²)	8	381	(2.2%)
100.0	1976	51,100	29,819m ²	(320,978ft ²)	29,315m ²	(315,552ft ²)	53	1,552	(9.1%)
12.29939	1994	5,620	2,462m ²	(26,511ft ²)	2,462m ²	(26,511ft ²)	3	153	(0.9%)
29.253305	1997	13,600	10,929m ²	(117,646ft ²)	10,929m ²	(117,646ft ²)	18	441	(2.6%)
100.0	1987	3,920	7,143m ²	(76,892ft ²)	7,143m ²	(76,892ft ²)	9	180	(1.1%)
100.0	1990	1,630	2,186m ²	(23,532ft ²)	2,186m ²	(23,532ft ²)	9	73	(0.4%)
100.0	1989	5,630	5,797m ²	(62,401ft ²)	5,797m ²	(62,401ft ²)	8	205	(1.2%)
50.6611	1996	3,690	6,344m ²	(68,290ft ²)	6,308m ²	(67,906ft ²)	42	170	(1.0%)
100.0	1990	2,720	4,510m ²	(48,550ft ²)	4,510m ²	(48,550ft ²)	16	136	(0.8%)
100.0	1990	3,360	6,831m ²	(73,537ft ²)	6,541m ²	(70,411ft ²)	12	158	(0.9%)
100.0	2006	7,210	12,265m ²	(132,030ft ²)	12,078m ²	(130,014ft ²)	7	195	(1.1%)
50.0	1993	1,130	2,518m ²	(27,106ft ²)	2,518m ²	(27,106ft ²)	17	67	(0.4%)
100.0	1991	3,690	6,241m ²	(67,185ft ²)	6,241m ²	(67,185ft ²)	17	172	(1.0%)
89.0	1991	6,590	20,889m ²	(224,855ft ²)	19,495m ²	(209,848ft ²)	70	531	(3.1%)
57.04651	1995	5,390	8,059m ²	(86,747ft ²)	8,019m ²	(86,321ft ²)	49	292	(1.7%)
100.0	1987	1,730	3,849m ²	(41,433ft ²)	3,495m ²	(37,627ft ²)	12	100	(0.6%)
100.0	1987	16,000	21,635m ²	(232,878ft ²)	21,440m ²	(230,787ft ²)	26	712	(4.2%)
100.0	1991	1,940	3,470m ²	(37,354ft ²)	3,470m ²	(37,354ft ²)	9	97	(0.6%)
100.0	1982	2,350	6,799m ²	(73,186ft ²)	6,390m ²	(68,788ft ²)	30	136	(0.8%)
100.0	1992	4,800	11,574m ²	(124,587ft ²)	11,574m ²	(124,587ft ²)	17	263	(1.5%)
100.0	1991	18,900	20,450m ²	(220,127ft ²)	20,230m ²	(217,756ft ²)	24	674	(3.9%)
27.7488	2005	5,550	9,965m ²	(107,269ft ²)	9,793m ²	(105,412ft ²)	39	305	(1.8%)
27.085	1994	1,790	5,477m ²	(58,964ft ²)	5,051m ²	(54,376ft ²)	11	141	(0.8%)
100.0	1992	1,530	4,000m ²	(43,057ft ²)	4,000m ²	(43,057ft ²)	20	97	(0.6%)
100.0	1993	4,980	5,577m ²	(60,032ft ²)	5,099m ²	(54,886ft ²)	23	215	(1.3%)
74.4844	1987	3,870	5,837m ²	(62,832ft ²)	5,765m ²	(62,062ft ²)	12	178	(1.0%)
		531,100	406,605m ²	(4,376,659ft ²)	401,329m ²	(4,319,871ft ²)	879	17,132**	(100.0%)

** Total revenues from leasing operations include revenue of ¥63 million (0.4%) for Kobe Itomachi Building sold on September 14, 2007.

Major Tenants Roster

Rank	Name of tenant	Name of building	Leased space	Percent of total leased space
1	Banyu Pharmaceutical Co., Ltd.	Kitanomaru Square (also includes 1 other building)	17,014m ² (183,144ft ²)	4.2%
2	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,665m ² (114,802ft ²)	2.7%
3	Seven & i Holdings Co., Ltd.	Nibancho Garden	9,316m ² (100,282ft ²)	2.3%
4	Space Design, Inc.	Burex Kojimachi Building (also includes 1 other building)	8,774m ² (94,453ft ²)	2.2%
5	FAST RETAILING CO., LTD.	Kitanomaru Square	8,476m ² (91,245ft ²)	2.1%
6	The Dai-ichi Mutual Life Insurance Company	Midosuji Daiwa Building (also includes 6 other buildings)	7,131m ² (76,759ft ²)	1.8%
7	TOTO Ltd.	Midosuji Daiwa Building (also includes 1 other building)	6,906m ² (74,341ft ²)	1.7%
8	Toshiba Solutions Corporation	Takanawadai Building (also includes 2 other buildings)	5,331m ² (57,393ft ²)	1.3%
9	Asahi Kasei Pharma Corporation	MD Kanda Building	5,144m ² (55,371ft ²)	1.3%
10	Center for Health Care & Public Concern	Genki Medical Plaza	4,791m ² (51,577ft ²)	1.2%

Locations of Portfolio Properties



Overview of Portfolio Properties *As of September 30, 2007*

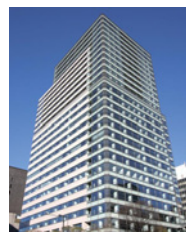
Note: Concerning real estate of which the Company is a partial owner through co-ownership or compartmentalized building units, the figures for "Site area" and "Floor area of building" represent total site area and total floor space for the entire building.



Genki Medical Plaza

● I-1

Location : Chiyoda-ku, Tokyo
Site area : 1,052.80m² (11,332ft²)
Floor area of building : 6,722.02m² (72,355ft²)
Structure : Above ground: 8 floors
Below ground: 1 floor
Completion : September 1985



Kitanomaru Square

● I-2

Location : Chiyoda-ku, Tokyo
Site area : 5,821.03m² (62,657ft²)
Floor area of building : 57,279.20m² (616,548ft²)
Structure : Above ground: 26 floors
Below ground: 2 floors
Completion : January 2006



MD Kanda Building

● I-3

Location : Chiyoda-ku, Tokyo
Site area : 1,085.83m² (11,688ft²)
Floor area of building : 8,185.11m² (88,104ft²)
Structure : Above ground: 10 floors
Completion : February 1998



Kandabashi Park Building

● I-4

Location : Chiyoda-ku, Tokyo
Site area : 1,218.56m² (13,116ft²)
Floor area of building : 9,370.25m² (100,860ft²)
Structure : Above ground: 10 floors
Below ground: 1 floor
Completion : July 1993



Nibancho Garden

● I-5

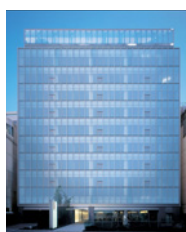
Location : Chiyoda-ku, Tokyo
Site area : 11,003.87m² (118,445ft²)
Floor area of building : 57,031.06m² (613,877ft²)
Structure : Above ground: 14 floors
Below ground: 2 floors
Completion : April 2004



Mitsubishi UFJ Trust and Banking Building

● I-6

Location : Chiyoda-ku, Tokyo
Site area : 8,100.39m² (87,192ft²)
Floor area of building : 108,171.67m² (1,164,349ft²)
Structure : Above ground: 29 floors
Below ground: 4 floors
Completion : February 2003



Burex Kojimachi Building

● I-7

Location : Chiyoda-ku, Tokyo
Site area : 967.67m² (10,416ft²)
Floor area of building : 6,526.64m² (70,252ft²)
Structure : Above ground: 11 floors
Below ground: 1 floor
Completion : January 2005



Sanno Grand Building

● I-8

Location : Chiyoda-ku, Tokyo
Site area : 3,663.93m² (39,438ft²)
Floor area of building : 33,875.95m² (364,637ft²)
Structure : Above ground: 10 floors
Below ground: 3 floors
Completion : September 1966



Yurakucho Denki Building

● I-9

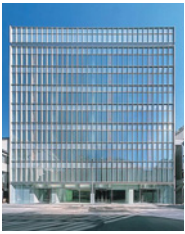
Location : Chiyoda-ku, Tokyo
 Site area : 5,749.91m² (61,891ft²)
 Floor area of building : 70,287.65m² (756,569ft²)
 Structure : Above ground: 20 floors
 Below ground: 4 floors
 Completion : September 1975



Kodenmachi Shin-Nihonbashi Building

● I-10

Location : Chuo-ku, Tokyo
 Site area : 773.28m² (8,324ft²)
 Floor area of building : 5,822.88m² (62,677ft²)
 Structure : Above ground: 9 floors
 Below ground: 1 floor
 Completion : November 1991



Burex Kyobashi Building

● I-11

Location : Chuo-ku, Tokyo
 Site area : 756.03m² (8,138ft²)
 Floor area of building : 5,470.54m² (58,884ft²)
 Structure : Above ground: 8 floors
 Below ground: 1 floor
 Completion : February 2002



Ginza Sanwa Building

● I-12

Location : Chuo-ku, Tokyo
 Site area : 1,119.27m² (12,048ft²)
 Floor area of building : 8,851.00m² (95,271ft²)
 Structure : Above ground: 9 floors
 Below ground: 2 floors
 Completion : October 1982



Ryoshin Ginza East Mirror Building

● I-13

Location : Chuo-ku, Tokyo
 Site area : 615.25m² (6,622ft²)
 Floor area of building : 4,104.71m² (44,183ft²)
 Structure : Above ground: 8 floors
 Below ground: 1 floor
 Completion : October 1998



Aoyama Crystal Building

● I-14

Location : Minato-ku, Tokyo
 Site area : 989.30m² (10,649ft²)
 Floor area of building : 8,094.36m² (87,127ft²)
 Structure : Above ground: 10 floors
 Below ground: 4 floors
 Completion : December 1982



Shiba 2Chome Daimon Building

● I-15

Location : Minato-ku, Tokyo
 Site area : 2,820.90m² (30,364ft²)
 Floor area of building : 16,235.10m² (174,753ft²)
 Structure : Above ground: 8 floors
 Below ground: 2 floors
 Completion : March 1984



Cosmo Kanasugibashi Building

● I-16

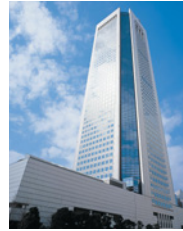
Location : Minato-ku, Tokyo
 Site area : 758.54m² (8,165ft²)
 Floor area of building : 5,420.93m² (58,350ft²)
 Structure : Above ground: 9 floors
 Below ground: 1 floor
 Completion : March 1992



Shinwa Building

● I-17

Location : Shinjuku-ku, Tokyo
 Site area : 822.00m² (8,848ft²)
 Floor area of building : 8,291.69m² (89,251ft²)
 Structure : Above ground: 10 floors
 Below ground: 1 floor
 Completion : November 1989



Tokyo Opera City Building

● I-18

Location : Shinjuku-ku, Tokyo
 Site area : 18,236.94m² (196,301ft²)
 Floor area of building : 232,996.81m² (2,507,954ft²)
 Structure : Above ground: 54 floors
 Below ground: 4 floors
 Completion : July 1996



Takanawadai Building

● I-19

Location : Shinagawa-ku, Tokyo
 Site area : 1,416.17m² (15,244ft²)
 Floor area of building : 5,762.70m² (62,029ft²)
 Structure : Above ground: 13 floors
 Completion : January 1991



Higashi-Gotanda 1Chome Building

● I-20

Location : Shinagawa-ku, Tokyo
 Site area : 1,539.95m² (16,576ft²)
 Floor area of building : 6,460.39m² (69,539ft²)
 Structure : Above ground: 8 floors
 Completion : July 2004



Omori-Eki Higashiguchi Building

● I-21

Location : Ota-ku, Tokyo
 Site area : 2,199.30m² (23,673ft²)
 Floor area of building : 14,095.34m² (151,721ft²)
 Structure : Above ground: 11 floors
 Below ground: 2 floors
 Completion : July 1989



Nippon Brunswick Building

● I-22

Location : Shibuya-ku, Tokyo
 Site area : 1,497.52m² (16,119ft²)
 Floor area of building : 11,957.38m² (128,708ft²)
 Structure : Above ground: 9 floors
 Below ground: 2 floors
 Completion : March 1974



Yoyogi 1Chome Building

● I-23

Location : Shibuya-ku, Tokyo
 Site area : 1,755.75m² (18,899ft²)
 Floor area of building : 10,778.10m² (116,014ft²)
 Structure : Above ground: 14 floors
 Below ground: 1 floor
 Completion : October 2003



da Vinci Harajuku

● I-24

Location : Shibuya-ku, Tokyo
 Site area : 839.66m² (9,038ft²)
 Floor area of building : 4,359.20m² (46,922ft²)
 Structure : Above ground: 7 floors
 Below ground: 2 floors
 Completion : December 1987



Jingumae Media Square Building

● I-25

Location : Shibuya-ku, Tokyo
 Site area : 2,261.68m² (24,344ft²)
 Floor area of building : 9,420.42m² (101,400ft²)
 Structure : Above ground: 9 floors
 Below ground: 2 floors
 Completion : March 1998



Shibuya Cross Tower

● I-26

Location : Shibuya-ku, Tokyo
 Site area : 5,153.45m² (55,471ft²)
 Floor area of building : 61,862.33m² (665,880ft²)
 Structure : Above ground: 32 floors
 Below ground: 3 floors
 Completion : April 1976



Ebisu Neonato

● I-27

Location : Shibuya-ku, Tokyo
 Site area : 5,005.70m² (53,881ft²)
 Floor area of building : 36,598.38m² (393,941ft²)
 Structure : Above ground: 18 floors
 Below ground: 2 floors
 Completion : October 1994



Harmony Tower

● I-28

Location : Nakano-ku, Tokyo
 Site area : 10,020.52m² (107,860ft²)
 Floor area of building : 72,729.31m² (782,851ft²)
 Structure : Above ground: 29 floors
 Below ground: 2 floors
 Completion : March 1997



Otsuka Higashi-Ikebukuro Building

● I-29

Location : Toshima-ku, Tokyo
 Site area : 2,121.39m² (22,834ft²)
 Floor area of building : 9,531.28m² (102,594ft²)
 Structure : Above ground: 8 floors
 Below ground: 1 floor
 Completion : November 1987



Ikebukuro 2Chome Building

● I-30

Location : Toshima-ku, Tokyo
 Site area : 397.26m² (4,276ft²)
 Floor area of building : 3,157.51m² (33,987ft²)
 Structure : Above ground: 9 floors
 Below ground: 1 floor
 Completion : May 1990



Ikebukuro YS Building

● I-31

Location : Toshima-ku, Tokyo
 Site area : 1,384.56m² (14,903ft²)
 Floor area of building : 7,464.64m² (80,349ft²)
 Structure : Above ground: 8 floors
 Below ground: 1 floor
 Completion : December 1989



Hachioji First Square

● II-1

Location : Hachioji, Tokyo
 Site area : 2,989.33m² (32,177ft²)
 Floor area of building : 18,329.98m² (197,302ft²)
 Structure : Above ground: 12 floors
 Below ground: 1 floor
 Completion : July 1996



Saitama Urawa Building

● II-2

Location : Saitama, Saitama Prefecture
Site area : 1,533.06m² (16,502ft²)
Floor area of building : 6,258.59m² (67,367ft²)
Structure : Above ground: 8 floors
Completion : March 1990



Kawasaki Isago Building

● II-3

Location : Kawasaki, Kanagawa Prefecture
Site area : 1,594.50m² (17,163ft²)
Floor area of building : 9,623.83m² (103,590ft²)
Structure : Above ground: 12 floors
Below ground: 1 floor
Completion : December 1990



8.3 Square Kita Building

● III-1

Location : Sapporo, Hokkaido
Site area : 5,541.60m² (59,649ft²)
Floor area of building : 16,096.97m² (173,266ft²)
Structure : Above ground: 11 floors
Below ground: 1 floor
Completion : December 2006



Jozenji Park Building

● III-2

Location : Sendai, Miyagi Prefecture
Site area : 1,566.68m² (16,864ft²)
Floor area of building : 7,648.33m² (82,326ft²)
Structure : Above ground: 8 floors
Below ground: 1 floor
Completion : January 1993



Sendai Honcho Honma Building

● III-3

Location : Sendai, Miyagi Prefecture
Site area : 1,437.47m² (15,473ft²)
Floor area of building : 8,247.50m² (88,775ft²)
Structure : Above ground: 11 floors
Completion : November 1991



Kanazawa Park Building

● III-4

Location : Kanazawa, Ishikawa Prefecture
Site area : 6,642.71m² (71,501ft²)
Floor area of building : 43,481.20m² (468,027ft²)
Structure : Above ground: 12 floors
Below ground: 2 floors
Completion : October 1991



Nishiki Park Building

● III-5

Location : Nagoya, Aichi Prefecture
Site area : 2,170.45m² (23,363ft²)
Floor area of building : 25,091.91m² (270,087ft²)
Structure : Above ground: 22 floors
Below ground: 4 floors
Completion : August 1995



Hirokoji Sakae Building

● III-6

Location : Nagoya, Aichi Prefecture
Site area : 786.79m² (8,469ft²)
Floor area of building : 6,445.08m² (69,374ft²)
Structure : Above ground: 9 floors
Below ground: 2 floors
Completion : September 1987



Nagoya Hirokoji Building

● III-7

Location : Nagoya, Aichi Prefecture
 Site area : 4,095.81m² (44,087ft²)
 Floor area of building : 33,377.73m² (359,275ft²)
 Structure : Above ground: 18 floors
 Below ground: 2 floors
 Completion : May 1987



Nagoya Misono Building

● III-8

Location : Nagoya, Aichi Prefecture
 Site area : 805.04m² (8,665ft²)
 Floor area of building : 5,348.00m² (57,565ft²)
 Structure : Above ground: 7 floors
 Below ground: 1 floor
 Completion : September 1991



Kyoto Shijo Kawaramachi Building

● III-9

Location : Kyoto, Kyoto Prefecture
 Site area : 1,471.57m² (15,840ft²)
 Floor area of building : 9,701.04m² (104,421ft²)
 Structure : Above ground: 9 floors
 Below ground: 1 floor
 Completion : November 1982



Sakaisujihonmachi Building

● III-10

Location : Osaka, Osaka Prefecture
 Site area : 2,036.22m² (21,918ft²)
 Floor area of building : 17,145.59m² (184,553ft²)
 Structure : Above ground: 13 floors
 Below ground: 2 floors
 Completion : October 1992



Midosuji Daiwa Building

● III-11

Location : Osaka, Osaka Prefecture
 Site area : 3,044.65m² (32,772ft²)
 Floor area of building : 31,213.27m² (335,977ft²)
 Structure : Above ground: 15 floors
 Below ground: 2 floors
 Completion : September 1991



Lit City Building

● III-12

Location : Okayama, Okayama Prefecture
 Site area : 7,596.44m² (81,767ft²)
 Floor area of building : 52,653.19m² (566,754ft²)
 Structure : Above ground: 20 floors
 Below ground: 2 floors
 Completion : June 2005



NHK Hiroshima Broadcasting Center Building

● III-13

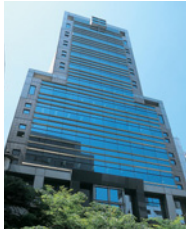
Location : Hiroshima, Hiroshima Prefecture
 Site area : 3,296.46m² (35,483ft²)
 Floor area of building : 35,217.28m² (379,075ft²)
 Structure : Above ground: 23 floors
 Below ground: 2 floors
 Completion : August 1994



Tosei Tenjin Building

● III-14

Location : Fukuoka, Fukuoka Prefecture
 Site area : 1,221.31m² (13,146ft²)
 Floor area of building : 5,588.57m² (60,155ft²)
 Structure : Above ground: 8 floors
 Completion : March 1992



Tenjin Crystal Building

● III-15

Location :	Fukuoka, Fukuoka Prefecture
Site area :	1,835.17m ² (19,754ft ²)
Floor area of building :	10,432.04m ² (112,289ft ²)
Structure :	Above ground: 14 floors Below ground: 1 floor
Completion :	August 1993



Hinode Tenjin Building

● III-16

Location :	Fukuoka, Fukuoka Prefecture
Site area :	1,452.15m ² (15,631ft ²)
Floor area of building :	12,527.07m ² (134,840ft ²)
Structure :	Above ground: 10 floors Below ground: 2 floors
Completion :	August 1987



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Selected Financial Data

	Millions of yen				Thousands of U.S. dollars (Note 1)	
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2006 to September 30, 2006	For the period from October 1, 2005 to March 31, 2006	For the period from April 1, 2005 to September 30, 2005	For the period from April 1, 2007 to September 30, 2007
Operating Revenues	¥ 17,530	¥ 16,960	¥ 15,570	¥ 13,962	¥ 13,119	\$ 151,868
Operating Expenses	8,791	8,655	8,528	7,643	6,893	76,159
Operating Income	8,739	8,304	7,041	6,319	6,226	75,709
Income before Income Taxes	7,586	7,184	5,977	5,586	5,510	65,721
Net Income	7,585	7,183	5,976	5,585	5,509	65,712
Total Assets	449,643	443,973	441,163	433,552	355,968	3,895,378
Interest-Bearing Debts	144,500	140,000	202,500	196,500	122,000	1,251,841
Total Net Assets	272,269	271,867	207,449	207,058	206,982	2,358,739
Unitholders' Capital	264,683	264,683	201,472	201,472	201,472	2,293,026
Number of Units	410,000	410,000	345,400	345,400	345,400	410,000
Net Assets per Unit (Yen/U.S. dollars)	664,071	663,091	600,605	599,475	599,254	5,753.02
Cash Distribution	7,585	7,183	5,976	5,585	5,509	65,711
Dividend Payout Ratio	99.9%	100.0%	99.9%	99.9%	100.0%	99.9%
Dividend Per Unit (Yen/U.S. dollars)	18,500	17,521	17,302	16,172	15,951	160.27
Net Operating Income (NOI)	12,073	11,300	10,339	9,578	8,978	104,592
Funds from Operations (FFO)	10,022	9,441	8,257	7,945	7,526	86,831
Return on Assets (ROA) (Note 2)	1.7%	1.6%	1.4%	1.4%	1.6%	1.7%
	(3.4% annualized)	(3.2% annualized)	(2.7% annualized)	(2.8% annualized)	(3.2% annualized)	(3.4% annualized)
Return on Equity (ROE) (Note 3)	2.8%	2.7%	2.9%	2.7%	2.8%	2.8%
	(5.6% annualized)	(5.5% annualized)	(5.8% annualized)	(5.4% annualized)	(5.6% annualized)	(5.6% annualized)
EOP Equity Ratio (Note 4)	60.6%	61.2%	47.0%	47.8%	58.1%	60.6%
EOP Interest-Bearing Debt Ratio						
on Total Assets (Note 5)	32.1%	31.5%	45.9%	45.3%	34.3%	32.1%
FFO Multiple	28.3 times	33.8 times	21.0 times	22.1 times	21.1 times	28.3 times
Debt Service Coverage Ratio (Note 6)	10.4 times	10.5 times	9.5 times	12.3 times	14.0 times	10.4 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥115.43 = US\$1.00, the foreign exchange rate on September 30, 2007, 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 Assets during the period

(Annualized portion of the calculation given in note 2 and note 3 assumes a fiscal period of 183 days for the period ended September 30, 2005, 182 days for the period ended March 31, 2006, 183 days for the period ended September 30, 2006, 182 days for the period ended March 31, 2007 and 183 days for the period ended September 30, 2007.)

4: EOP Equity Ratio = (Net Assets at end of period ÷ Total Assets at end of period) × 100

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

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

Balance Sheets

As of September 30, 2007 and March 31, 2007

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
ASSETS			
Current Assets:			
Cash and bank deposits	¥ 16,419,825	¥ 13,877,640	\$ 142,249,199
Rental receivables	104,093	143,310	901,785
Refundable consumption taxes	—	165,977	—
Other receivables	146,549	870,936	1,269,600
Other current assets	76,347	584,592	661,417
Total current assets	16,746,815	15,642,456	145,082,002
Property and Equipment, at Cost:			
Land	296,188,439	293,773,646	2,565,957,198
Buildings and structures	149,740,602	145,028,118	1,297,241,640
Machinery and equipment	2,196,639	2,125,142	19,030,053
Tools, furniture and fixtures	94,565	91,060	819,244
Construction in progress	974,677	1,052,672	8,443,880
Subtotal	449,194,923	442,070,640	3,891,492,014
Less accumulated depreciation	(20,763,580)	(18,089,037)	(179,880,275)
Net property and equipment	428,431,343	423,981,603	3,711,611,739
Investments and Other Assets:			
Investment securities	1,272,797	1,272,797	11,026,575
Deposits	23,575	21,974	204,240
Long-term prepaid expenses	1,866	2,365	16,173
Leasehold rights	2,204,134	2,204,134	19,094,991
Easement	828,095	828,095	7,174,005
Deferred investment corporation bond issuance costs	134,865	19,944	1,168,374
Total Assets	¥449,643,494	¥443,973,371	\$3,895,378,100

The accompanying notes form an integral part of these financial statements.

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
LIABILITIES			
Current Liabilities:			
Trade accounts payable	¥ 1,150,816	¥ 1,430,707	\$ 9,969,825
Other payables	1,064,279	951,396	9,220,129
Current portion of long-term loan	—	6,000,000	—
Current portion of investment corporation bond	10,000,000	25,000,000	86,632,591
Accrued expenses	629,266	542,238	5,451,495
Accrued income taxes	61	48	529
Accrued consumption taxes	260,679	—	2,258,336
Rent received in advance	2,195,163	2,102,606	19,017,272
Other current liabilities	2,432	2,814	21,075
Total current liabilities	15,302,699	36,029,812	132,571,252
Long-Term Liabilities:			
Investment corporation bonds	45,000,000	30,000,000	389,846,660
Long-term loans	89,500,000	79,000,000	775,361,691
Deposits received from tenants	27,571,602	27,075,888	238,859,937
Total long-term liabilities	162,071,602	136,075,888	1,404,068,288
Total Liabilities	177,374,302	172,105,700	1,536,639,540
NET ASSETS			
Unitholders' capital	264,683,960	264,683,960	2,293,025,730
Authorized: 2,000,000 units			
Issued: 410,000 units as of September 30, 2007 and 410,000 units as of March 31, 2007			
Retained earnings	7,585,231	7,183,711	65,712,830
Total net assets	272,269,191	271,867,671	2,358,738,560
Total Liabilities and Net Assets	¥449,643,494	¥443,973,371	\$3,895,378,100

The accompanying notes form an integral part of these financial statements.

Statements of Income and Retained Earnings

For the six months ended September 30, 2007 and March 31, 2007

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2007 to September 30, 2007
Operating Revenues and Expenses			
Operating Revenues:			
Rental revenues	¥17,079,232	¥16,397,656	\$ 147,961,815
Non-rental revenues	53,172	103,116	460,648
Gain on sale of properties	397,770	—	3,445,985
Gain on exchange of properties	—	459,256	—
Total operating revenues	17,530,174	16,960,029	151,868,448
Operating Expenses:			
Property-related expenses	7,894,956	7,918,008	68,396,051
Asset management fees	661,347	452,640	5,729,421
Administrative service fees	150,965	162,210	1,307,851
Other operating expenses	83,797	122,726	725,958
Total operating expenses	8,791,065	8,655,585	76,159,282
Operating income	8,739,108	8,304,444	75,709,166
Non-Operating Revenues and Expenses			
Non-Operating Revenues:			
Interest income	29,960	36,064	259,554
Other non-operating revenues	2,678	1,363	23,200
Non-Operating Expenses:			
Interest expense	695,398	666,198	6,024,419
Interest expense on investment corporation bonds	413,838	376,539	3,585,194
Amortization of investment corporation bond issuance costs	16,159	9,972	139,994
Unit issuance costs	—	79,620	—
Other non-operating expenses	60,136	24,951	520,980
Income before Income Taxes	7,586,213	7,184,588	65,721,333
Income Taxes:			
Current	1,087	989	9,422
Deferred	(4)	0	(43)
Net Income	7,585,130	7,183,598	65,711,954
Retained Earnings brought forward	101	112	876
Retained Earnings at end of period	¥ 7,585,231	¥ 7,183,711	\$ 65,712,830

Statements of Changes in Unitholders' equity

For the six months ended September 30, 2007 and March 31, 2007

	Thousands of yen			
	Units	Unitholders' capital	Retained earnings	Total
Balance as of September 30, 2006	345,400	¥201,472,860	¥ 5,976,223	¥207,449,083
Public offering	64,600	63,211,100	—	63,211,100
Cash dividends paid	—	—	(5,976,110)	(5,976,110)
Net income	—	—	7,183,598	7,183,598
Balance as of March 31, 2007	410,000	¥264,683,960	¥ 7,183,711	¥271,867,671
Public offering	—	—	—	—
Cash dividends paid	—	—	(7,183,610)	(7,183,610)
Net income	—	—	7,585,130	7,585,130
Balance as of September 30, 2007	410,000	¥264,683,960	¥ 7,585,231	¥272,269,191
	U.S. dollars (Note 1)			
	Units	Unitholders' capital	Retained earnings	Total
Balance as of March 31, 2007	410,000	\$2,293,025,730	\$ 62,234,351	\$2,355,260,081
Public offering	—	—	—	—
Cash dividends paid	—	—	(62,233,475)	(62,233,475)
Net income	—	—	65,711,954	65,711,954
Balance as of September 30, 2007	410,000	\$2,293,025,730	\$ 65,712,830	\$2,358,738,560

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows

For the six months ended September 30, 2007 and March 31, 2007

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2007 to September 30, 2007
Cash Flows from Operating Activities			
Income before income taxes	¥ 7,586,213	¥ 7,184,588	\$ 65,721,333
Depreciation and amortization	2,835,589	2,717,648	24,565,447
Amortization of investment corporation bond issuance costs	16,159	9,972	139,994
New unit issuance costs	—	79,620	—
Interest income	(29,960)	(36,064)	(259,554)
Interest expense	1,109,237	1,042,738	9,609,613
Gain on exchange of properties	—	(459,256)	—
Rental receivables	39,217	(37,681)	339,749
Other receivables	724,386	(870,936)	6,275,549
Refundable corporate taxes	2,312	(5,796)	20,038
Refundable consumption taxes	165,977	(165,977)	1,437,904
Prepaid expenses	11,818	(23,632)	102,388
Trade accounts payable	(279,891)	681,643	(2,424,769)
Other payables	76,072	(148,384)	659,039
Accrued expenses	260,816	(522,714)	2,259,523
Rent received in advance	92,556	(322,460)	801,845
Decrease due to sale of property and equipment	1,334,569	—	11,561,719
Long-term prepaid expenses	498	942	4,318
Other	(1,210)	(179,789)	(10,485)
Sub-total	13,944,365	8,944,460	120,803,648
Interest received	23,872	35,054	206,810
Interest paid	(1,022,347)	(1,145,723)	(8,856,860)
Income taxes paid	(1,075)	(1,596)	(9,313)
Net cash provided by operating activities	12,944,814	7,832,195	112,144,285
Cash Flows from Investing Activities			
Payments of time deposits	(7,538,222)	(4,573,000)	(65,305,570)
Proceeds from time deposits	3,339,222	4,000,000	28,928,545
Purchases of property and equipment	(8,083,745)	(10,534,991)	(70,031,579)
Purchases of intangible assets	—	(91,227)	—
Purchases of investment securities	—	(268,000)	—
Payments of deposits	(1,380)	(9,000)	(11,962)
Proceeds from lease deposits received	1,616,667	4,119,969	14,005,607
Repayment of lease deposits received	(1,120,953)	(2,930,441)	(9,711,109)
Net cash used in investing activities	(11,788,411)	(10,286,691)	(102,126,067)
Cash Flows from Financing Activities			
Proceeds from short-term loans	2,000,000	—	17,326,518
Repayment of short-term loans	(2,000,000)	(64,500,000)	(17,326,518)
Proceeds from long-term loans	10,500,000	2,000,000	90,964,221
Repayment of long-term loans	(6,000,000)	—	(51,979,555)
Proceeds from investment corporation bonds	25,000,000	—	216,581,478
Payments of investment corporation bond redemption	(25,000,000)	—	(216,581,478)
Proceeds from issuance of units	—	63,211,100	—
Payments of investment corporation bond issuance costs	(129,608)	—	(1,122,829)
Payment of new unit issuance costs	—	(78,805)	—
Dividends to unitholders	(7,183,610)	(5,976,110)	(62,233,475)
Net cash used in financing activities	(2,813,218)	(5,343,816)	(24,371,638)
Net Decrease in Cash and Cash Equivalents	(1,656,815)	(7,798,312)	(14,353,420)
Cash and Cash Equivalents at Beginning of Period	11,304,640	19,102,952	97,935,029
Cash and Cash Equivalents at End of Period	¥ 9,647,825	¥ 11,304,640	\$ 83,581,608

The accompanying notes form an integral part of these financial statements

Notes to Financial Statements

September 30, 2007 and March 31, 2007

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 & Nichido Fire Insurance Co., Ltd. (“TMN”), 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, TMN 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 units at a price of ¥525,000, generating gross proceeds of ¥84,000 million.

As of September 30, 2007, the Company had total unitholders’ capital of ¥264,683 million (\$2,293,025 thousand) with 410,000 outstanding units.

At September 30, 2007, the Company owned a portfolio of 50 office properties concerning an aggregate of approximately 406,605 square meters of leasable space.

Basis of presenting financial statements

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Law, the Corporation Law of Japan, the Financial Instruments and Exchange Law of Japan and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

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 ¥115.43=US\$1.00, the foreign exchange rate on September 30, 2007, 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.

As permitted under the Japanese Securities and Exchange Law, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying financial statements do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment Securities

Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

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	5–50 years
Machinery and equipment	3–18 years
Tools, furniture and fixtures.....	3–15 years

Expenditures for repairing expenses are charged to income as incurred. Significant renewals and betterments are capitalized. The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its fixed assets may not be recoverable. Companies are required to recognize an impairment loss in their statement of income if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The standard states that impairment losses should be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs and (2) the present value of future cash flows arising ongoing utilization of the asset and from disposal after asset use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets are grouped at the lowest level for which there is identifiable cash flows that are independent of cash flows of other groups of assets.

Deferred charges

Deferred charges include investment corporation bond issuance costs and new unit issuance costs.

Investment corporation bond issuance costs are amortized using the straight-line method over the redemption periods. Investment corporation bond issuance costs recorded on the balance sheets for the 11th fiscal period and before are amortized using the straight-line method over three years, with an equal amount amortized in each fiscal period.

This change has resulted in increasing investment corporation bond issuance costs by ¥15,659 thousand (\$135 thousand), decreasing amortization of investment corporation bond issuance costs by the same amount, and increasing income before income taxes by the same amount, compared to the previous method.

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 income 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

Cash and cash equivalents consist of cash on hand, deposits with banks 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. INVESTMENT SECURITIES

Investment securities recorded at cost at September 30, 2007 and March 31, 2007 are summarized as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
Other securities			
Non-listed stock	¥1,272,797	¥1,272,797	\$ 11,026,575

4. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2007 and March 31, 2007 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2007		As of March 31, 2007		As of September 30, 2007	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥267,192,199	¥267,192,199	¥264,010,556	¥264,010,556	\$2,314,755,255	\$2,314,755,255
Buildings and structures	129,501,363		124,338,793		1,121,903,866	
Accumulated depreciation	(15,550,114)	113,951,248	(13,112,423)	111,226,369	(134,714,670)	987,189,196
Machinery and equipment	1,643,944		1,545,124		14,241,919	
Accumulated depreciation	(540,639)	1,103,305	(475,115)	1,070,009	(4,683,698)	9,558,220
Tools, furniture and fixtures	85,840		81,349		743,661	
Accumulated depreciation	(22,419)	63,421	(14,916)	66,432	(194,225)	549,436
Construction in progress	974,677	974,677	1,052,672	1,052,672	8,443,880	8,443,880
Land in trust	28,996,240	28,996,240	29,763,090	29,763,090	251,201,943	251,201,943
Buildings and structures in trust	20,239,239		20,689,324		175,337,773	
Accumulated depreciation	(4,319,008)	15,920,231	(4,157,577)	16,531,747	(37,416,686)	137,921,087
Machinery and equipment in trust	552,694		580,018		4,788,134	
Accumulated depreciation	(328,486)	224,207	(326,314)	253,703	(2,845,763)	1,942,371
Tools, furniture and fixtures in trust	8,724		9,711		75,582	
Accumulated depreciation	(2,912)	5,811	(2,688)	7,022	(25,232)	50,351
Total		¥428,431,343		¥423,981,603		\$3,711,611,739

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$433 thousand) at September 30, 2007 and ¥50 million (\$433 thousand) at March 31, 2007.

5. SHORT-TERM LOANS

Short-term loans at September 30, 2007 and March 31, 2007 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
Unsecured loan from a bank with variable interest, originally due on August 29, 2008	— (*)	—	—
Total	—	—	—

(*) Since the Company made early extinguishments of the short-term loan of ¥2,000 million (\$17,326 thousand) in the fiscal period under review, there were no outstanding loan balances as of September 30, 2007. The loan was borrowed on August 31, 2007 and extinguished on September 28, 2007.

The Company has commitment lines of ¥25,000 million (\$216,581 thousand) with four financial institutions to reduce refinancing risk. The unused amount of such commitment lines was ¥25,000 million (\$216,581 thousand) at September 30, 2007.

6. INVESTMENT CORPORATION BONDS INCLUDING CURRENT PORTION OF INVESTMENT CORPORATION BOND

Details of total investment corporation bonds outstanding are summarized as follows:

	As of September 30, 2007		As of March 31, 2007		As of September 30, 2007
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bonds due on June 21, 2007	¥ —	—	¥ 25,000,000	1.32%	\$ —
Unsecured bonds due on April 30, 2008	10,000,000	0.69%	10,000,000	0.69%	86,632,591
Unsecured bonds due on April 30, 2010	10,000,000	0.98%	10,000,000	0.98%	86,632,591
Unsecured bonds due on September 29, 2025	10,000,000	2.56%	10,000,000	2.56%	86,632,591
Unsecured bonds due on June 18, 2012	10,000,000	1.67%	—	—	86,632,591
Unsecured bonds due on June 18, 2014	15,000,000	1.91%	—	—	129,948,887
Subtotal	¥ 55,000,000	—	¥ 55,000,000	—	\$ 476,479,251
Less: current portion of investment corporation bond	(10,000,000)	—	(25,000,000)	—	(86,632,591)
Total	¥ 45,000,000	—	¥ 30,000,000	—	\$ 389,846,660

7. LONG-TERM LOANS INCLUDING CURRENT PORTION OF LONG-TERM LOAN

Long-term loans at September 30, 2007 and March 31, 2007 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
0.90875% unsecured loan from a bank, due on June 15, 2007	¥ —	¥ 3,000,000	\$ —
0.78375% unsecured loan from a bank, due on August 31, 2007	—	3,000,000	—
1.0575% unsecured loan from a bank, due on March 24, 2009	2,000,000	2,000,000	17,326,518
1.015% unsecured loan from an insurance company, due on March 30, 2009	5,000,000	5,000,000	43,316,296
1.2875% unsecured loan from a bank, due on December 15, 2009	2,000,000	2,000,000	17,326,518
1.47125% unsecured loan from an insurance company, due on March 30, 2011	2,000,000	2,000,000	17,326,518
1.63% unsecured loan from a trust bank, due on April 4, 2011	10,000,000	10,000,000	86,632,591
1.73% unsecured loan from a trust bank, due on June 1, 2011	22,000,000	22,000,000	190,591,701
1.65925% unsecured loans from banks, trust banks, and an insurance company, due on June 23, 2011	24,000,000	24,000,000	207,918,219
1.50125% unsecured loan from an insurance company, due on August 31, 2011	5,000,000	5,000,000	43,316,296
1.33125% unsecured loan from another financial institution, due on November 1, 2011	5,000,000	5,000,000	43,316,296
1.55% unsecured loan from an insurance company, due on October 29, 2012	2,000,000	2,000,000	17,326,518
1.6225% unsecured loan from a bank, due on June 15, 2010	3,000,000	—	25,989,777
1.4925% unsecured loan from a bank, due on August 31, 2012	1,000,000	—	8,663,259
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	—	43,316,296
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	—	12,994,889
Subtotal	¥89,500,000	¥85,000,000	\$775,361,691
Less: current portion of long-term loan	(—)	(6,000,000)	(—)
Total	¥89,500,000	¥79,000,000	\$775,361,691

8. NET ASSETS

The Company is required to maintain net assets of at least ¥50 million (\$433 thousand), as required pursuant to the Investment Trust Law.

9. INCOME TAXES

At September 30, 2007 and March 31, 2007, the Company's deferred tax assets consisted 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, 2007 and March 31, 2007 were as follows:

	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007
Statutory tax rate.....	39.39%	39.39%
Deductible dividend distribution	(39.38%)	(39.38%)
Others	0.00%	0.00%
Effective tax rate	0.01%	0.01%

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 32-2 of the Articles of Incorporation, the Company made a dividend distribution of integral multiple of number of units up to 100% of retained earnings in the amount of ¥7,585 million (\$65,710 thousand) subsequent to September 30, 2007 and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of retained earnings under Article 32-3 of the Articles of Incorporation.

10. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at September 30, 2007 and March 31, 2007, and for the periods then ended:

	Yen		U.S. dollars
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2007 to September 30, 2007
Net assets at period end per unit	¥664,071	¥663,091	\$5,753
Net income per unit	¥ 18,500	¥ 17,876	\$ 160

Net income per unit is computed by dividing net income by the weighted average number of units outstanding during each period. Diluted net income per unit has not been presented since no warrants or convertible bonds were outstanding during the period.

11. RELATED PARTY TRANSACTIONS

“Not applicable”

12. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended September 30 2007 and, March 31, 2007.

	Thousands of yen		U.S. dollars
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2007 to September 30, 2007
Property-Related Revenues	¥17,132,404	¥16,500,773	\$148,422,463
Rental Revenues	17,079,232	16,397,656	147,961,815
Rental revenues	13,086,421	12,594,800	113,371,062
Common service charges	2,427,373	2,289,212	21,028,969
Parking revenues	504,046	492,917	4,366,689
Other rental revenues	1,061,389	1,020,726	9,195,094
Non-Rental Revenues	53,172	103,116	460,648
Cancellation charges	33,478	40,915	290,034
Other miscellaneous revenues	19,693	62,200	170,614
Property-Related Expenses	7,894,956	7,918,008	68,396,051
Property management expenses	1,875,476	1,815,942	16,247,740
Utilities expenses	1,177,925	1,133,868	10,204,677
Property and other taxes	1,346,026	1,241,021	11,660,973
Casualty insurance	37,391	38,437	323,934
Repairing expenses	580,466	916,973	5,028,732
Depreciation	2,835,589	2,717,648	24,565,447
Other rental expenses	42,079	54,117	364,549
Property-Related Profits	¥ 9,237,448	¥ 8,582,765	\$ 80,026,411

13. BREAKDOWN OF GAIN ON SALE OF PROPERTIES

For the six months ended September 30, 2007 and March 31, 2007.

	Thousands of yen		U.S. dollars
	For the period from April 1, 2007 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2007 to September 30, 2007
Kobe-Itomachi Building			
Revenue from sale of property	¥1,770,000	¥ —	\$ 15,333,969
Cost of property	1,334,569	—	11,561,719
Other sale expenses	37,660	—	326,265
Gain on sale of property	¥ 397,770	¥ —	\$ 3,445,985

14. BREAKDOWN OF GAIN ON EXCHANGE OF PROPERTIES

For the six months ended September 30, 2007 and March 31, 2007.

	Thousands of yen		U.S. dollars	
	For the period from April 1, 2006 to September 30, 2007	For the period from October 1, 2006 to March 31, 2007	For the period from April 1, 2006 to September 30, 2007	
Mitsubishi Soken Building				
Revenue from exchange of property	¥ —	¥41,900,000	\$ —	
Cost of property	—	26,826,706		—
Other exchange expenses	—	182,100		—
Advanced depreciation	—	14,431,937		—
Gain on exchange of properties	¥ —	¥ 459,256	\$ —	

15. SUPPLEMENTAL CASH FLOW INFORMATION

The following table represents a reconciliation of cash and cash equivalents at September 30, 2007 and March 31, 2007:

	Thousands of yen		U.S. dollars
	September 30, 2007	March 31, 2007	September 30, 2007
Cash and deposits with banks	¥11,459,974	¥ 9,129,721	\$ 99,280,726
Cash and deposits with banks held in trust	4,959,850	4,747,919	42,968,473
Time deposits with maturities of more than three months	(6,772,000)	(2,573,000)	(58,667,591)
Cash and cash equivalents	¥ 9,647,825	¥11,304,640	\$ 83,581,608

The Company entered into a contract of exchange of fixed assets with MEC on March 12, 2007 and the transaction was executed on March 28, 2007. The non-cash transaction that occurred from this exchange was as follows:

	Thousands of yen		U.S. dollars	
	September 30, 2007	March 31, 2007	September 30, 2007	
The amount of fixed assets acquired	¥ —	¥44,700,000	\$ —	
The amount of fixed assets rendered	—	41,900,000		—
Net cash paid	¥ —	¥ 2,800,000	\$ —	

16. LEASES

The Company owns office buildings under leases and earns rent income. As of September 30, 2007 and March 31, 2007, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2007	As of March 31, 2007	As of September 30, 2007
Due within one year	¥ 8,428,079	¥ 8,338,164	\$ 73,014,636
Due after one year	25,494,616	28,762,327	220,866,465
Total	¥33,922,695	¥37,100,491	\$293,881,102

17. SUBSEQUENT EVENTS

“Not applicable”

Report of Independent Auditors

To the Board of Directors and Unitholders of
Japan Real Estate Investment Corporation

We have audited the accompanying balance sheets of Japan Real Estate Investment Corporation as of September 30, 2007 and March 31, 2007, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards 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 referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation at September 30, 2007 and March 31, 2007, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

December 21, 2007

Ernst & Young Shin Nihon

Corporate Data

As of September 30, 2007



Executives

Executive Director: Taketo Yamazaki
Supervisory Directors: Kenji Kusakabe
Tomohiro Okanoya

Paid-in Capital

¥264,683,960,000

Number of Units Issued

410,000

Number of Unitholders

12,787

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.
5-33, Kitahama 4chome, Chuo-ku, Osaka 540-8639, Japan

Auditors

Ernst & Young ShinNihon
Hibiya Kokusai Bldg.
2-3, Uchisaiwaicho 2chome, Chiyoda-ku, Tokyo 100-0011, Japan

Incorporation

May 11, 2001

Executive Office

Japan Real Estate Investment Corporation
3-1, Marunouchi 3chome, Chiyoda-ku, Tokyo 100-0005, Japan

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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/english/>