

SEPTEMBER 2012

Semiannual Report

For the period from April 1, 2012 to September 30, 2012



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, and it is 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 Corporation Law of Japan and representing the equity interests in Japanese ordinary corporations incorporated and operated under the Corporation 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.

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Financial Highlights

	Millions of yen					Thousands of U.S. dollars (Note 1)
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2010 to March 31, 2011	For the period from April 1, 2010 to September 30, 2010	For the period from April 1, 2012 to September 30, 2012
Operating Revenues	¥24,222	¥24,059	¥22,829	¥22,135	¥22,112	\$312,148
Operating Income	10,212	10,786	10,380	9,802	9,939	131,608
Ordinary Income	8,372	8,863	8,603	7,938	8,135	107,897
Net Income	8,448	8,934	8,268	7,652	8,134	108,874
Net Operating Income (NOI) (Note 2)	15,997	16,361	15,121	14,950	15,091	206,157
Funds from Operations (FFO) (Note 3)	13,356	13,625	12,154	11,938	12,353	172,124
FFO Multiple (Note 4)	16.2 times	14.7 times	15.2 times	16.1 times	15.1 times	16.2 times
Cash Distribution	8,619	8,888	7,753	7,652	8,134	111,082
Number of Units	549,040	549,040	489,200	489,200	489,200	549,040
Dividend per Unit (Yen/U.S.dollars)	15,700	16,190	15,850	15,642	16,628	202.32

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥77.60 = US\$1.00, the foreign exchange rate on September 30, 2012, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have 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 (excluding Depreciation)

3. FFO = Net Income + Depreciation – Gain (Loss) on Sale of Properties – Gain on Transfer of Development Rights of Floor Area – Compensation for the Property Transfer

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, 2010, 182 days for the period ended March 31, 2011, 183 days for the period ended September 30, 2011, 183 days for the period ended March 31, 2012 and 183 days for the period ended September 30, 2012.)

Top 10 Unitholders

As of September 30, 2012

Company	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	89,656	16.33%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	33,288	6.06%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	32,291	5.88%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	20,086	3.66%
NOMURA BANK (LUXEMBOURG) S.A.	17,671	3.22%
Mitsubishi Estate Co., Ltd.	10,160	1.85%
The Chugoku Bank, Ltd.	9,260	1.69%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	9,218	1.68%
BBH FOR MATTHEWS ASIAN GROWTH AND INCOME FUND	7,889	1.44%
North Pacific Bank, LTD.	6,813	1.24%

Unit Price Performance



Strengths

Stable Dividends

—Actual dividend per unit for the 22nd

fiscal period: **¥15,700** (\$202.32)*

—Forecasted dividend per unit for the 23rd

fiscal period: **¥15,140** (\$195.10)*,**

* The foreign exchange rate of ¥77.60 = US\$1.00, as of September 30, 2012, has been used for this translation.

** The forecasted dividend was disclosed with the announcement of the 22nd fiscal period earnings results on November 16, 2012.

Collaboration with Sponsors

—Expertise of

*Mitsubishi Estate Co., Ltd.,
The Dai-ichi Life
Insurance Company, Limited
and Mitsui & Co., Ltd.*

is being fully utilized

Steady Growth with Quality Portfolio

—Total acquisition price:

¥740,663 million
(\$9,545 million)

—Maintains **58** high-quality office buildings

—The first listed J-REIT, showing steady performance for 22 consecutive periods

Sound Financial Base

(as of September 30, 2012)

—Highest credit ratings for a J-REIT: **A+** from S&P, **A1** from Moody's, **AA** from R&I

—LTV (Interest-bearing debt / Total assets):

42.2%

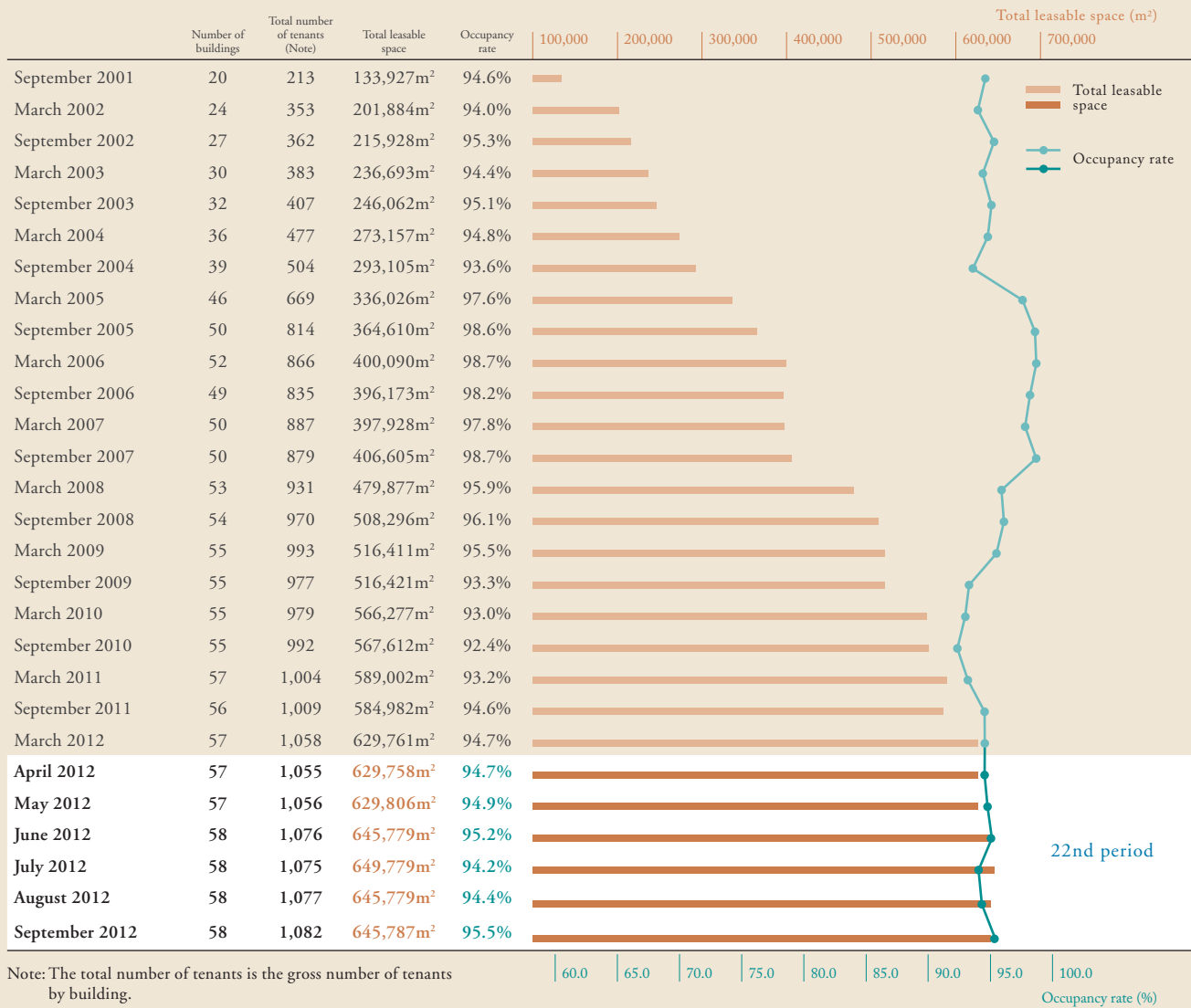
—Long-term, fixed-interest debt ratio***:

94.9%

*** Long-term, fixed-interest loans + Investment corporation bonds (including current portions of Long-term, fixed-interest loans and Investment corporation bonds) / Total interest-bearing debt

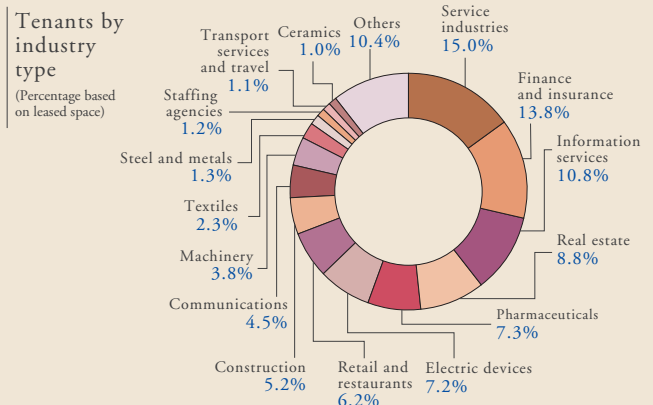
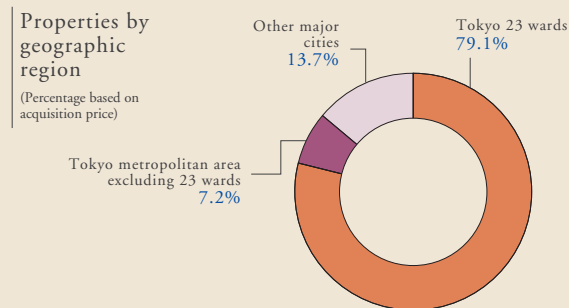
Portfolio Highlights

Trends in the state of portfolio management



Portfolio breakdown

As of September 30, 2012



Asset Management Summary

For the period from April 1, 2012 to September 30, 2012

Acquisition of New Real Estate



TIXTOWER UENO

Location:	4-8-1 Higashi-Ueno, Taito-ku, Tokyo	Completion:	July 2010
Site area:	2,412.80m ²	Acquisition date:	June 15, 2012
Floor area of building:	23,727.48m ²	Acquisition price:	¥22,000 million
Structure:	Steel-framed reinforced concrete, steel-framed structure, flat roof	Property management company:	The Dai-Ichi Building Co., Ltd.
Floors:	Above ground: 18 floors Below ground: 1 floor		

Subsequent Events

After the period ended September 30, 2012

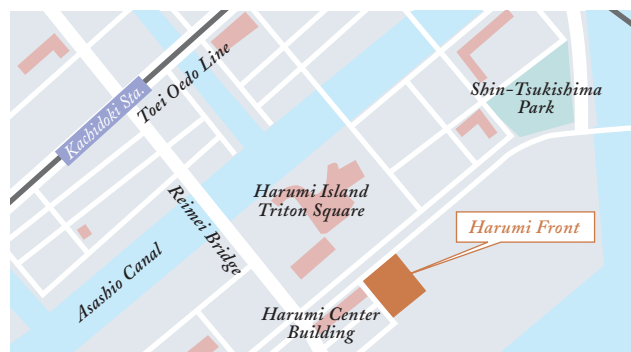
Acquisition of New Real Estate



Harumi Front

Location:	2-1-40 Harumi, Chuo-ku, Tokyo
Site area:	7,250.15m ²
Floor area of building:	45,458.90m ²
Structure:	Steel-framed structure, flat roof
Floors:	Above ground: 17 floors Below ground: 1 floor
Completion:	February 2012
Acquisition date:	January 7, 2013
Acquisition price:	¥31,300 million
Seller:	Harumi Nichome Kaihatsu Special Purpose Company (TMK)*
Property management company:	Mitsubishi Estate Co., Ltd.

* Mitsubishi Estate Co., Ltd., which is categorized as a related party of JRE (i.e. a shareholder that holds a stake of the asset management company to which JRE entrusts the management of its assets), has a preferred equity investment in Harumi Nichome Kaihatsu TMK.



The Company decided on the acquisition of this property based particularly on an evaluation of the following two points.

1. Large-sized newly constructed property within the three central wards (Chiyoda-ku, Chuo-ku and Minato-ku) of Tokyo

This property is a large-sized building completed in 2012 that boasts a standard floor area of 2,290m², the largest in the Harumi area. In addition to the latest facilities in terms of energy-savings and environmental design, such as electric blinds with sunlight tracking control and an LED lighting system in the common area, it is also equipped with seismic damping systems and emergency power generators as disaster prevention measures. Given these rare elements both in terms of size and specifications, the property is expected to maintain its competitiveness as an office building for a long time to come.

2. Strong tenant credibility and stable revenue generated from long-term leases

Regular contribution to the stable portfolio revenue in the medium to long term can be expected, since the major tenant of this property is a leading financial institution, and we have already concluded a long-term leasing agreement with this tenant.

Acquisition of New Real Estate



Higashi Nibancho Square

Location:	4-1-25 Ichibancho, Aoba-ku, Sendai City, Miyagi Prefecture	
Site area:	3,191.27m ²	
Floor area of building:	27,680.45m ²	
Structure:	Steel-framed, steel-framed reinforced concrete structure, flat roof	
Floors:	Above ground:	14 floors
	Below ground:	1 floor
Completion:	July 2008	
Acquisition date:	January 7, 2013	
Acquisition price:	¥9,950 million	
Seller:	Hayate Special Purpose Company (TMK)*	
Property management company:	Mitsubishi Jisho Property Management Co., Ltd.	

* Mitsubishi Estate Co., Ltd., which is categorized as a related party of JRE (i.e., a shareholder that holds a stake of the asset management company to which JRE entrusts the management of its assets), has a preferred equity investment in Hayate Special Purpose Company TMK.



The Company decided on the acquisition of this property based particularly on an evaluation of the following two points.

1. Superior location

The location of this property at “Aoba Dori & Hirose Dori” is a leading office building hub in the center of Sendai City. Above all, this property is located just one minute’s walk from Hirose-dori Station of the Municipal Subway Namboku Line, offering excellent accessibility and visibility, which are among the highest level in this area.

2. Highly competitive, newly constructed property

Completed in 2008, this property is a large-sized building, equipped with seismic damping systems. Having a standard floor area of 1,547m², one of the largest in Sendai, and with specifications that will meet the needs of tenants, such as a non-contact IC card security system and low-e double glazing glass, this property offers specifications that are highly competitive.

Issuance of New Investment Units

1. Issuance of new investment units by public offering

Number of units newly issued:	41,000
Offer price (subscription price):	¥746,850 per unit
Aggregate amount of issue price:	¥29,678,670,000
Offer price determination date:	October 22, 2012
Payment date:	October 29, 2012

2. Issuance of new investment units by third-party allocation

Number of units newly issued:	4,100
Issue price:	¥723,870 per unit
Aggregate amount of issue price:	¥2,967,867,000
Payment date:	November 28, 2012
Allottee:	SMBC Nikko Securities Inc.

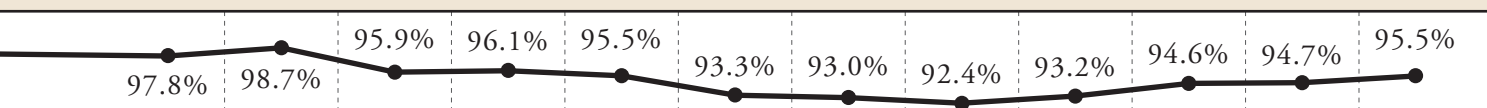
With a part of funds procured through the issuance of the above investment units by public offering, JRE made repayments of short-term loans and long-term loans on November 1, 2012, prior to their maturity in the amounts of 12,500 million yen and 2,000 million yen, respectively. On the same day, another part of the abovementioned funds procured was appropriated for the scheduled repayment of short-term loans of 1,000 million yen.

Asset Size, Property Acquisitions, and Performance Trends

In September 2001, the Company became the first J-REIT in Japan listed on the Tokyo Stock Exchange (“TSE”). Since then, the Company has targeted stable management to fulfill its goal of maintaining and increasing dividends per unit over the medium to long term. The Company’s growth is based on external growth strategies that aim to increase earnings through the acquisition and transfer of properties as well as internal growth strategies



that seek to optimize earnings from properties already held. The size of the Company's assets (total acquisition price) has grown from ¥92.8 billion at IPO to ¥740.6 billion as of the 22nd fiscal period end due to the steady achievement of external growth strategies. However, in terms of internal growth strategies, ongoing efforts are being made in such areas as maintaining stable occupancy rates and reducing building management costs.



Properties That Have Been Recently Acquired



Akaşaka Park Building
The 21st fiscal period



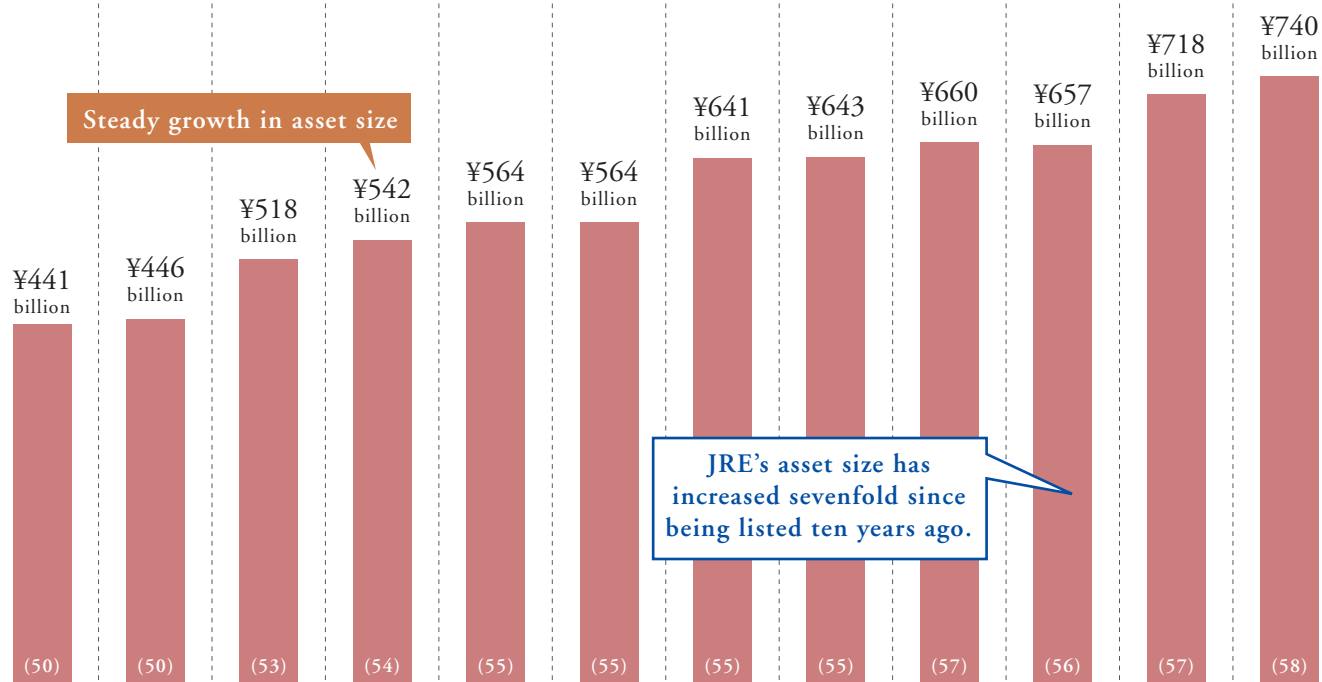
TIXTOWER UENO
The 22nd fiscal period



Harumi Front
The 23rd fiscal period



Higashi Nibancho Square
The 23rd fiscal period



Period ended Mar. 2007 Period ended Sept. 2007 Period ended Mar. 2008 Period ended Sept. 2008 Period ended Mar. 2009 Period ended Sept. 2009 Period ended Mar. 2010 Period ended Sept. 2010 Period ended Mar. 2011 Period ended Sept. 2011 Period ended Mar. 2012 Period ended Sept. 2012

¥17,521 ¥18,500 ¥29,223 ¥19,072 ¥19,020 ¥19,198 ¥18,043 ¥16,628 ¥15,642 ¥15,850 ¥16,190 ¥15,700

Mar. 2008
Fifth Follow-On

Dec. 2009
Sixth Follow-On

Feb. 2012
Seventh Follow-On

To Our Unitholders



Continuing external growth-oriented operations, the Company acquired TIXTOWER UENO in June 2012 and decided on the acquisition of two prime properties, namely, Harumi Front and Higashi Nibancho Square, accompanied by the issuance of new investment units in October 2012.

BUSINESS PERFORMANCE FOR THE 22ND FISCAL PERIOD

Summary of Financial Results and Cash Dividend

In the 22nd fiscal period (April 1, 2012 to September 30, 2012), Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 24,222 million yen, up 0.7% compared with the previous period. On the earnings front, operating income decreased 5.3% to 10,212 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income fell 5.5% to 8,372 million yen and net income declined 5.4% to 8,448 million yen.

Turning to dividends, the Company applies Article 67-15 of the Special Taxation Measures Law of Japan. With the aim of maintaining a stable cash dividend level, the Company augmented retained earnings for the period under review by allocating a 171,335,784 yen reversal from a portion of reserve for reduction entry accumulated in accordance with the “Special Provisions for Taxation in the case of Advance Acquisition of land, etc. in 2009 and 2010” under Article 66-2 of said law. Therefore, the Company has determined to pay out cash dividends of 8,619,928,000 yen from retained earnings for the period under review, which must be divisible by 549,040—the number of units outstanding as of September 2012. Accordingly, the per-unit cash dividend totaled 15,700 yen.

Operating Environment and Performance

During the period under review, conditions in the Japanese economy remained severe due to a weakening trend of the economy that reflected a slowdown of the global economy since the summer. This occurred despite signs of a gradual recovery underpinned by recovery-related demand in the aftermath of the Great East Japan Earthquake.

In the market for leased office space, occupancy rates rebounded due to a decrease in the supply of new buildings. However, rent levels remained on a gradual downward trend amid high vacancy rates. In regional business areas, although there were signs that occupancy rates as a whole were gradually improving, high vacancy rates coupled with low rent levels prevailed amid stagnant demand for office space.

In the property market, buyers remained conservative regarding prices. At the same time, there was a price gap among sellers in light of a bottoming out of market conditions for

leased office space as well as gradually increasing expectations of a contraction in real estate risk premiums. In addition, the transaction volume failed to rally due to an accommodative fund raising environment that encouraged potential sellers to hold on to their properties.

Amid such harsh circumstances, the Company strived to improve occupancy rates by aggressively promoting leasing activities that take into account market trends. As a result of these activities, the Company’s occupancy rate edged up from 94.7% as of March 31, 2012 to 95.5% as of September 30, 2012. In addition, as part of its external growth strategy, the Company worked to strengthen its portfolio through the acquisition of the TIXTOWER UENO, a newly constructed, highly competitive, large-sized office building.

As a result of the above, the Company’s portfolio as of September 30, 2012, consisted of 58 office buildings with a total acquisition price of 740,663 million yen. Total leasable space stood at 645,787 m², with a total of 1,082 tenants.

Financial Activities

To fund the repayment of existing loans and the redemption of investment corporation bonds, the Company procured short-term loans totaling 1,000 million yen on June 1, 2012; 4,000 million yen on August 1, 2012; and 500 million yen on September 3, 2012; as well as long-term loans amounting to 10,000 million yen on June 15, 2012 and 1,000 million yen on August 31, 2012.

Moreover, the Company procured 21,500 million yen in long-term loans on June 15, 2012 to fund the acquisition of TIXTOWER UENO.

As a result of these financing activities, as of September 30, 2012, the Company’s total interest-bearing debt amounted to 305,750 million yen. This amount consists of long-term loans totaling 247,250 million yen (including a current portion totaling 70,100 million yen), short-term loans totaling 13,500 million yen, and investment corporation bonds totaling 45,000 million yen.

As of September 30, 2012, the Company’s long-term, fixed-interest debt ratio [ratio of long-term, fixed-interest debt (including the current portion of long-term loans but excluding long-term loans with variable interest rates) to total interest-bearing debt] stood at 94.9%, and the LTV ratio [ratio of interest-bearing debt to total assets] was 42.2%. As these

The Company intends to turn such adversities that it confronts amid the sluggish real estate market into opportunities, pursuing external growth-oriented operations. Going forward, the Company will leverage its sound financial standing to achieve further external growth as well as to secure stable cash dividends.

figures indicate, the Company has been able to maintain a sound and conservative financial standing.

The Company's credit ratings as of the date of this report were as follows.

Credit Rating Agency	Credit Rating
Standard & Poor's Ratings Japan K.K.	Long-term: A+; Short-term: A-1; Outlook: Stable
Moody's Japan K.K.	Rating: A1; Outlook: Negative
Rating and Investment Information, Inc.	Rating: AA; Outlook: Stable

OUTLOOK

Trends in the Office Leasing Market

The Japanese economy is expected to continue weakening for the foreseeable future in light of the slowing of the global economy. However, the domestic economy is anticipated to recover in tandem with a rebound in overseas economies. On the other hand, future overseas economic conditions are highly uncertain due to circumstances mainly in Europe and China, while a variety of risks exist that could place more downward pressure on the Japanese economy, which is still struggling to overcome deflation.

In the market for leased office space, the pace of improvement in vacancy rates is projected to remain moderate for the foreseeable future, reflecting low expectations that demand will rapidly increase. However, market rent levels are expected to bottom out in the near future thanks to efforts to promote adjustments to current rent levels to increase affordability for tenants as well as a decrease in the supply of new buildings.

Regarding property markets, the Company believes that an increase in sales property information will continue to be unlikely for the time being due to a fund-raising environment that remains accommodative. In order to continue steadily acquiring prime properties, the Company considers it important to maintain a framework that allows it to undertake the acquisition of properties based on agile and accurate decision making. This approach is achieved by conducting detailed analyses of leasing markets while acquiring sales information through a variety of property information channels.

Growth Strategies

In accordance with the aforementioned, the Company adheres to the following management policies in order to maintain and improve profitability.

First, the Company works to strengthen the relationship of trust with existing tenants. As of September 30, 2012, the Company had contracts with 11 property management companies. Most of these companies were already handling the management of their buildings before the Company acquired them and had thus built relationships of trust with their tenants. The Company will work to further strengthen these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction, thereby maintaining occupancy rates and disincentivizing rent reduction requests.

Second, we endeavor to implement effective initiatives to fill vacancies in a prompt manner. In cooperation with the property management companies mentioned above, the Company actively seeks the most appropriate tenants for each property, based on location and features, in order to fill current and anticipated vacancies as rapidly as possible. Furthermore, the Company works to uncover additional needs for office floor space among existing tenants.

Third, we constantly strive to stabilize our revenues and earnings. With the aim of stabilizing revenues and earnings, the Company endeavors to secure fixed- and long-term leasing agreements with its large-scale tenants.

Lastly, we aim to continuously reduce management costs. The Company has introduced sound competitive principles for its multiple property management companies to follow and is revamping their management systems and cost structures on an ongoing basis.

With regard to the acquisition of properties, the Company has adopted the following policies.

First, to access information quickly the Company continues to enhance its property information channels while working to develop new channels.

Second, in its acquisition activities, the Company continues to meticulously monitor and examine economic, physical and legal factors, including rights-related issues, when selecting properties. In particular, with regard to the structure of buildings, the Company requires buildings to meet or exceed new earthquake-resistance standards and exclusively targets properties capable of maintaining a competitive edge in terms



Noritada Terasawa (Left)

Executive Director of Japan Real Estate Investment Corporation

Hiroshi Katayama (Right)

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

of the facilities they offer over the medium to long term.

Third, in accordance with its acquisition policies, the Company maintains its portfolio so that 70% or more of the portfolio properties are located within the Tokyo metropolitan area, with the remaining 30% or fewer located in other major cities.

Under these policies, the Company will continue to acquire highly competitive properties. At the same time, in order to further enhance the quality of its portfolio, the Company will remain open to the replacement of portfolio properties with due consideration given to timing.

Financing Strategies

In principle, the Company maintains an LTV ratio that does not exceed 65%. To ensure an even lower interest-bearing debt ratio, the Company adopts the conservative target level of 30% to 40%.

As for the financing of property acquisitions, the Company uses, in a flexible manner, a variety of funding schemes—including the issue of investment corporation bonds—while maintaining a sound and conservative financial standing and closely monitoring trends in financial markets. When obtaining a loan, the Company strictly adheres to its financial policies. More specifically, with the aim of minimizing funding costs, the Company negotiates with several qualified institutional investors (limited to those defined under the Special Taxation Measures Law of Japan) before executing a loan agreement.

Performance Forecasts for the 23rd and 24th Fiscal Periods

For the 23rd fiscal period (October 1, 2012 to March 31, 2013), the Company forecasts operating revenues totaling 25,250 million yen, operating income totaling 10,540 million yen, ordinary income totaling 8,610 million yen, and net income totaling 8,730 million yen. The Company plans to declare a cash dividend totaling 15,140 yen per unit.

For the 24th fiscal period (April 1, 2013 to September 30, 2013), the Company forecasts operating revenues totaling 26,050 million yen, operating income totaling 10,920 million yen, ordinary income totaling 9,070 million yen, and net income totaling 9,060 million yen. The Company plans to

declare a cash dividend totaling 15,250 yen per unit.

Actual operating revenues, operating income, ordinary income, net income and cash dividends per unit may vary depending on circumstances.

Against a backdrop showing signs of increasing global economic deceleration, a sense of growing uncertainty is prevailing in the Japanese economy. Reflecting this, the overall business environment surrounding the Company remains harsh. However, there have been hints of recovery in the market for leased office space, for example, a turnaround in rent levels for Class A buildings located in central Tokyo, owing mainly to the tapering off of excess supply.

Amid these circumstances, the Company acquired TIXTOWER UENO in June 2012. Moreover, backed by favorable conditions in the investment unit market, the Company issued new investment units in October 2012 and simultaneously decided on the acquisition of two prime properties, namely, Harumi Front and Higashi Nibancho Square.

Looking ahead, the Company will continue to strive for further external growth while maintaining stable cash dividends, leveraging its sound financial standing.

You have placed considerable trust in us. Going forward, we seek to continue earning that trust through sustainable growth and performance. Thank you for your steadfast support.

Noritada Terasawa

Executive Director of Japan Real Estate Investment Corporation

Hiroshi Katayama

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

The Portfolio of Japan Real Estate Investment Corporation As of September 30, 2012

Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ mil)	
Tokyo 23 wards						
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000	(0.7%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555	(11.0%)
● I- 3	MD Kanda Building	Kanda-Mitoshirocho, Chiyoda-ku	Real property	05/31/2002	9,520	(1.3%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810	(0.6%)
● I- 5	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700	(2.0%)
● I- 6	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700	(6.0%)
● I- 7	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000	(0.9%)
● I- 8	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200	
				04/03/2006	10,700	
				total	20,900	(2.8%)
● I- 9	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200	(1.0%)
● I- 10	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173	(0.4%)
● I- 11	Kyodo Building (Kayabacho 2Chome)	Nihonbashi-Kayabacho, Chuo-ku	Trust	03/01/2011	4,410	(0.6%)
● I- 12	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250	(0.7%)
● I- 13	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830	(2.3%)
● I- 14	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353	
				05/24/2010	2,645	
				total	7,999	(1.1%)
● I- 15	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800	(3.6%)
● I- 16	Akasaka Park Building	Akasaka, Minato-ku	Real property	11/15/2011	60,800	(8.2%)
● I- 17	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680	(1.0%)
● I- 18	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250	
				01/15/2010	54,600	
				total	75,850	(10.2%)
● I- 19	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859	(0.7%)
● I- 20	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808	(0.4%)
● I- 21	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830	(1.1%)
● I- 22	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350	
				03/24/2010	22,426	
				total	31,776	(4.3%)
● I- 23	TEXTOWER UENO	Higashi-Ueno, Taito-ku	Real property	06/15/2012	22,000	(3.0%)
● I- 24	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500	(0.7%)
● I- 25	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300	(1.7%)
● I- 26	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123	(0.7%)
● I- 27	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670	(0.9%)
● I- 28	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700	(1.2%)
● I- 29	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885	(0.7%)
● I- 30	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200	(1.6%)
● I- 31	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600	(4.7%)
● I- 32	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740	
				04/01/2004	360	
				total	4,100	(0.6%)
● I- 33	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500	(1.1%)
● I- 34	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541	(0.5%)
● I- 35	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728	(0.2%)
● I- 36	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500	(0.6%)
Tokyo metropolitan area, excluding 23 wards						
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300	
				03/19/2008	2,379	
				total	5,679	(0.8%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.3%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400	(5.0%)
● II- 4	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375	(0.5%)
● II- 5	Musashi Kosugi STM Building	Kawasaki, Kanagawa Prefecture	Real property	03/25/2008	4,000	(0.5%)
Other major cities						
● III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100	(1.0%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000	(0.1%)
● III- 3	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.4%)
● III- 4	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(0.6%)
● III- 5	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850	
				11/01/2006	1,300	
				total	5,150	(0.7%)
● III- 6	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680	(0.2%)
● III- 7	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533	(2.0%)
● III- 8	Nagoya Misono Building	Nagoya, Aichi Prefecture	Real property	08/08/2003	1,865	(0.3%)
● III- 9	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Real property	12/20/2001	2,650	(0.4%)
● III- 10	Shin-Fujita Building	Osaka, Osaka Prefecture	Trust	09/01/2008	24,000	(3.2%)
● III- 11	Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Real property	09/25/2001	2,264	
				12/26/2003	1,900	
				total	4,164	(0.6%)
● III- 12	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	09/25/2001	6,934	
				02/28/2002	7,380	
				total	14,314	(1.9%)
● III- 13	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.6%)
● III- 14	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Real property	03/25/2004	1,320	
				03/03/2008	1,450	
				total	2,770	(0.4%)
● III- 15	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550	(0.2%)
● III- 16	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000	(0.7%)
● III- 17	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.5%)
				total	740,663	(100.0%)

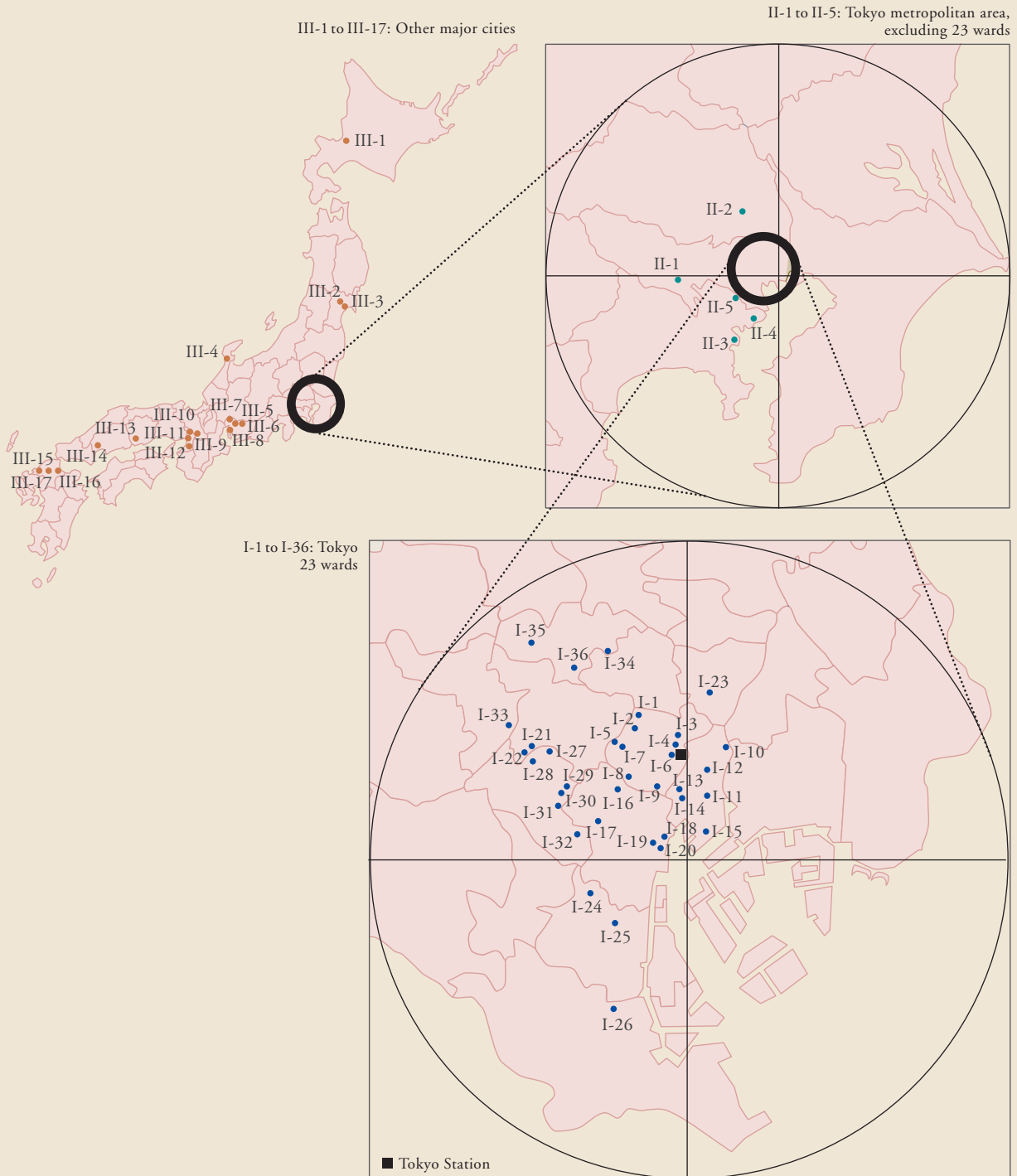
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ mil)	Leasable space	Leased space	Occupancy rate	Number of tenants	Revenues from leasing operations (¥ mil)	
100.0%	1985	6,190	4,791m ²	4,791m ²	100.0%	1	223	(0.9%)
100.0%	2006	70,200	25,678m ²	25,678m ²	100.0%	4	1,690	(7.0%)
100.0%	1998	7,590	6,269m ²	6,019m ²	96.0%	8	146	(0.6%)
56.76%	1993	4,150	3,687m ²	3,687m ²	100.0%	10	117	(0.5%)
31.345%	2004	16,400	9,316m ²	9,316m ²	100.0%	1	477	(2.0%)
19.38402%	2003	45,100	11,904m ²	11,904m ²	100.0%	10	987	(4.1%)
100.0%	2005	6,390	4,495m ²	4,495m ²	100.0%	1	162	(0.7%)
99.0%	1966	29,000	20,871m ²	20,708m ²	99.2%	38	979	(4.0%)
10.78%	1975	7,200	4,694m ²	3,727m ²	79.4%	12	246	(1.0%)
100.0%	1991	2,890	3,897m ²	3,897m ²	100.0%	10	116	(0.5%)
100.0%	1991	4,790	4,538m ²	4,538m ²	100.0%	9	180	(0.7%)
100.0%	2002	6,330	4,279m ²	4,279m ²	100.0%	1	150	(0.6%)
70.95%	1982	14,600	4,329m ²	4,329m ²	100.0%	10	372	(1.5%)
100.0%	1998	5,040	4,255m ²	4,255m ²	100.0%	12	173	(0.7%)
100.0%	2006	20,000	20,812m ²	18,470m ²	88.7%	6	608	(2.5%)
100.0%	1993	62,900	45,009m ²	43,787m ²	97.3%	23	2,192	(9.0%)
100.0%	1982	7,180	4,898m ²	4,898m ²	100.0%	6	217	(0.9%)
40.0%	2007	77,200	32,155m ²	31,686m ²	98.5%	33	2,113	(8.7%)
100.0%	1984	5,850	9,606m ²	9,401m ²	97.9%	20	283	(1.2%)
100.0%	1992	2,630	4,062m ²	3,352m ²	82.5%	6	100	(0.4%)
100.0%	1989	5,760	6,134m ²	6,134m ²	100.0%	12	211	(0.9%)
31.325%	1996	30,100	35,050m ²	33,603m ²	95.9%	97	1,524	(6.3%)
100.0%	2010	22,500	15,020m ²	14,853m ²	98.9%	19	341	(1.4%)
100.0%	2004	5,520	5,205m ²	4,540m ²	87.2%	3	185	(0.8%)
100.0%	2005	15,090	16,856m ²	16,856m ²	100.0%	1	671	(2.8%)
100.0%	1989	5,330	7,754m ²	7,306m ²	94.2%	16	242	(1.0%)
100.0%	1974	6,380	7,356m ²	6,239m ²	84.8%	18	247	(1.0%)
100.0%	2003	9,850	7,745m ²	7,745m ²	100.0%	9	285	(1.2%)
100.0%	1987	6,090	3,147m ²	3,147m ²	100.0%	4	192	(0.8%)
100.0%	1998	9,990	5,558m ²	5,074m ²	91.3%	5	300	(1.2%)
100.0%	1976	42,100	30,532m ²	25,896m ²	84.8%	57	1,114	(4.6%)
12.29939%	1994	2,740	2,462m ²	2,462m ²	100.0%	5	105	(0.4%)
29.253305%	1997	9,630	10,929m ²	10,630m ²	97.3%	14	361	(1.5%)
100.0%	1987	3,820	7,224m ²	7,224m ²	100.0%	6	177	(0.7%)
100.0%	1990	1,620	2,186m ²	2,186m ²	100.0%	9	69	(0.3%)
100.0%	1989	4,090	5,932m ²	5,117m ²	86.3%	10	164	(0.7%)
80.4%	1996	4,140	10,068m ²	9,433m ²	93.7%	39	234	(1.0%)
100.0%	1990	2,030	4,510m ²	4,418m ²	98.0%	13	107	(0.4%)
100.0%	2007	34,900	38,496m ²	37,550m ²	97.5%	26	1,388	(5.7%)
100.0%	1990	2,650	6,831m ²	6,325m ²	92.6%	13	137	(0.6%)
34.32%	1990	3,600	5,378m ²	5,378m ²	100.0%	23	154	(0.6%)
100.0%	2006	6,730	12,265m ²	12,265m ²	100.0%	8	320	(1.3%)
50.0%	1993	888	2,518m ²	2,518m ²	100.0%	18	67	(0.3%)
100.0%	1991	2,470	6,241m ²	5,806m ²	93.0%	19	119	(0.5%)
89.0%	1991	5,320	20,889m ²	18,135m ²	86.8%	69	420	(1.7%)
57.04651%	1995	3,580	8,054m ²	7,532m ²	93.5%	59	224	(0.9%)
100.0%	1987	1,310	3,911m ²	3,121m ²	79.8%	12	88	(0.4%)
100.0%	1987	12,500	21,624m ²	20,963m ²	96.9%	29	597	(2.5%)
100.0%	1991	1,050	3,448m ²	2,992m ²	86.8%	13	67	(0.3%)
100.0%	1982	1,790	6,802m ²	5,577m ²	82.0%	31	107	(0.4%)
100.0%	1995	16,300	28,414m ²	26,372m ²	92.8%	41	728	(3.0%)
100.0%	1992	3,630	11,556m ²	11,350m ²	98.2%	20	227	(0.9%)
100.0%	1991	13,800	20,450m ²	19,576m ²	95.7%	36	567	(2.3%)
27.7488%	2005	4,200	9,965m ²	9,965m ²	100.0%	42	252	(1.0%)
48.753%	1994	2,280	9,860m ²	9,860m ²	100.0%	12	261	(1.1%)
100.0%	1992	1,290	4,000m ²	4,000m ²	100.0%	19	85	(0.4%)
100.0%	1993	2,470	5,973m ²	5,625m ²	94.2%	28	151	(0.6%)
74.4844%	1987	3,720	5,868m ²	5,608m ²	95.6%	6	175	(0.7%)
		712,888	645,787m ²	616,629m ²	95.5%	1,082	24,222	(100.0%)

Major Tenants Roster

Rank	Name of tenant	Name of building	Leased space	% of total leased space
1	MSD K.K.	Kitanomaru Square (also includes 1 other building)	25,491m ²	4.1%
2	General Electric Company	Akasaka Park Building	18,842m ²	3.1%
3	Mitsubishi Estate Co., Ltd.	Osaki Front Tower (also includes 1 other building)	17,213m ²	2.8%
4	NTT Communications Corporation	Shiodome Building	11,813m ²	1.9%
5	HAKUHODO DY HOLDINGS INCORPORATED	Akasaka Park Building	11,059m ²	1.8%
6	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,598m ²	1.7%
7	Seven & i Holdings Co., Ltd.	Nibancho Garden	9,316m ²	1.5%
8	Space Design, Inc.	Burex Kojimachi Building (also includes 1 other building)	8,774m ²	1.4%
9	JSOL Corporation	Harumi Center Building	8,567m ²	1.4%
10	(Note)	MM Park Building (also includes 2 other buildings)	7,150m ²	1.2%

Note: Not disclosed as per tenant request

Locations of Portfolio Properties



Overview of Portfolio Properties *As of September 30, 2012*

Note: Concerning real estate or trust beneficiary rights in trust of real estate of which the Company is a partial owner through co-ownership or compartmentalized building units or quasi-co-ownership, 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

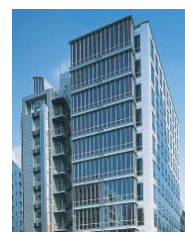
Location: Chiyoda-ku, Tokyo
 Site area: 1,052.80m²
 Floor area of building: 6,722.02m²
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: September 1985



Kitanomaru Square

● I-2

Location: Chiyoda-ku, Tokyo
 Site area: 5,821.03m²
 Floor area of building: 57,279.20m²
 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
 Floor area of building: 8,185.11m²
 Structure: Above ground: 10 floors
 Completion: February 1998



Kandabashi Park Building

● I-4

Location: Chiyoda-ku, Tokyo
 Site area: 1,218.56m²
 Floor area of building: 9,370.25m²
 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
 Floor area of building: 57,031.06m²
 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
 Floor area of building: 108,171.67m²
 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
 Floor area of building: 6,526.64m²
 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
 Floor area of building: 33,875.95m²
 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
 Floor area of building: 70,287.65m²
 Structure: Above ground: 20 floors
 Below ground: 4 floors
 Completion: September 1975



Kodenmachi Shin-Nihonbashi Building

● I-10

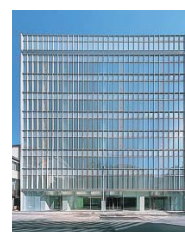
Location: Chuo-ku, Tokyo
 Site area: 773.28m²
 Floor area of building: 5,822.88m²
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: November 1991



Kyodo Building (Kayabacho 2Chome)

● I-11

Location: Chuo-ku, Tokyo
 Site area: 754.26m²
 Floor area of building: 5,505.80m²
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: April 1991



Burex Kyobashi Building

● I-12

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



Ginza Sanwa Building

● I-13

Location: Chuo-ku, Tokyo
Site area: 1,119.27m²
Floor area of building: 8,851.00m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: October 1982



Ryoshin Ginza East Mirror Building

● I-14

Location: Chuo-ku, Tokyo
Site area: 864.91m²
Floor area of building: 5,751.68m²
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: October 1998



Harumi Center Building

● I-15

Location: Chuo-ku, Tokyo
Site area: 4,664.63m²
Floor area of building: 26,447.27m²
Structure: Above ground: 10 floors
Completion: November 2006



Akasaka Park Building

● I-16

Location: Minato-ku, Tokyo
Site area: 14,198.20m²
Floor area of building: 97,489.16m²
Structure: Above ground: 30 floors
Below ground: 2 floors
Completion: July 1993



Aoyama Crystal Building

● I-17

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



Shiodome Building

● I-18

Location: Minato-ku, Tokyo
Site area: 12,046.00m²
Floor area of building: 115,930.83m²
Structure: Above ground: 24 floors
Below ground: 2 floors
Completion: December 2007



Shiba 2Chome Daimon Building

● I-19

Location: Minato-ku, Tokyo
Site area: 2,820.90m²
Floor area of building: 16,235.10m²
Structure: Above ground: 8 floors
Below ground: 2 floors
Completion: March 1984



Cosmo Kanasugibashi Building

● I-20

Location: Minato-ku, Tokyo
Site area: 758.54m²
Floor area of building: 5,420.93m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: March 1992



Shinwa Building

● I-21

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



Tokyo Opera City Building

● I-22

Location: Shinjuku-ku, Tokyo
Site area: 18,236.94m²
Floor area of building: 232,996.81m²
Structure: Above ground: 54 floors
Below ground: 4 floors
Completion: July 1996



TIXTOWER UENO

● I-23

Location: Taito-ku, Tokyo
Site area: 2,412.80m²
Floor area of building: 23,727.48m²
Structure: Above ground: 18 floors
Below ground: 1 floor
Completion: July 2010



Higashi-Gotanda 1Chome Building

● I-24

Location: Shinagawa-ku, Tokyo
Site area: 1,539.95m²
Floor area of building: 6,460.39m²
Structure: Above ground: 8 floors
Completion: July 2004



Osaki Front Tower

● I-25

Location: Shinagawa-ku, Tokyo
Site area: 3,684.38m²
Floor area of building: 23,673.92m²
Structure: Above ground: 15 floors
Completion: June 2005



Omori-Eki Higashiguchi Building

● I-26

Location: Ota-ku, Tokyo
Site area: 2,199.30m²
Floor area of building: 14,095.34m²
Structure: Above ground: 11 floors
Below ground: 2 floors
Completion: July 1989



Nippon Brunswick Building

● I-27

Location: Shibuya-ku, Tokyo
Site area: 1,497.52m²
Floor area of building: 11,957.38m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: March 1974



Yoyogi 1Chome Building

● I-28

Location: Shibuya-ku, Tokyo
Site area: 1,755.75m²
Floor area of building: 10,778.10m²
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: October 2003



da Vinci Harajuku

● I-29

Location: Shibuya-ku, Tokyo
Site area: 839.66m²
Floor area of building: 4,359.20m²
Structure: Above ground: 7 floors
Below ground: 2 floors
Completion: December 1987



Jingumae Media Square Building

● I-30

Location: Shibuya-ku, Tokyo
Site area: 2,124.59m²
Floor area of building: 9,420.42m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: March 1998



Shibuya Cross Tower

● I-31

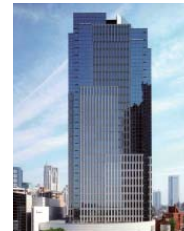
Location: Shibuya-ku, Tokyo
Site area: 5,153.45m²
Floor area of building: 61,862.33m²
Structure: Above ground: 32 floors
Below ground: 3 floors
Completion: April 1976



Ebisu Neonato

● I-32

Location: Shibuya-ku, Tokyo
Site area: 5,005.70m²
Floor area of building: 36,598.38m²
Structure: Above ground: 18 floors
Below ground: 2 floors
Completion: October 1994



Harmony Tower

● I-33

Location: Nakano-ku, Tokyo
Site area: 10,020.52m²
Floor area of building: 72,729.31m²
Structure: Above ground: 29 floors
Below ground: 2 floors
Completion: March 1997



Otsuka Higashi-Ikebukuro Building

● I-34

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



Ikebukuro 2Chome Building

● I-35

Location: Toshima-ku, Tokyo
Site area: 397.26m²
Floor area of building: 3,157.51m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: May 1990



Ikebukuro YS Building

● I-36

Location: Toshima-ku, Tokyo
Site area: 1,384.56m²
Floor area of building: 7,464.64m²
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
Floor area of building: 18,329.98m²
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
Floor area of building: 6,258.59m²
Structure: Above ground: 8 floors
Completion: March 1990



MM Park Building

● II-3

Location: Yokohama, Kanagawa Prefecture
Site area: 6,825.77m²
Floor area of building: 49,037.51m²
Structure: Above ground: 15 floors
Below ground: 1 floor
Completion: December 2007



Kawasaki Isago Building

● II-4

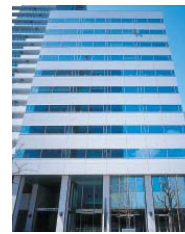
Location: Kawasaki, Kanagawa Prefecture
Site area: 1,594.50m²
Floor area of building: 9,623.83m²
Structure: Above ground: 12 floors
Below ground: 1 floor
Completion: December 1990



Musashi Kosugi STM Building

● II-5

Location: Kawasaki, Kanagawa Prefecture
Site area: 3,552.15m²
Floor area of building: 22,839.61m²
Structure: Above ground: 8 floors
Below ground: 2 floors
Completion: October 1990



8.3 Square Kita Building

● III-1

Location: Sapporo, Hokkaido
Site area: 5,541.60m²
Floor area of building: 16,096.97m²
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
Floor area of building: 7,648.33m²
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
Floor area of building: 8,247.50m²
Structure: Above ground: 11 floors
Completion: November 1991



Kanazawa Park Building

● III-4

Location: Kanazawa, Ishikawa Prefecture
Site area: 6,642.71m²
Floor area of building: 43,481.20m²
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
Floor area of building: 25,091.91m²
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
Floor area of building: 6,445.08m²
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
Floor area of building: 33,377.73m²
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
Floor area of building: 5,348.00m²
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
Floor area of building: 9,701.04m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: November 1982



Shin-Fujita Building

● III-10

Location: Osaka, Osaka Prefecture
Site area: 6,159.61m²
Floor area of building: 45,411.31m²
Structure: Above ground: 21 floors
Below ground: 2 floors
Completion: April 1995



Sakaisujihonmachi Building

● III-11

Location: Osaka, Osaka Prefecture
Site area: 2,036.22m²
Floor area of building: 17,145.59m²
Structure: Above ground: 13 floors
Below ground: 2 floors
Completion: October 1992



Midosuji Daiwa Building

● III-12

Location: Osaka, Osaka Prefecture
Site area: 3,044.65m²
Floor area of building: 31,213.27m²
Structure: Above ground: 15 floors
Below ground: 2 floors
Completion: September 1991



Lit City Building

● III-13

Location: Okayama, Okayama Prefecture
Site area: 7,596.44m²
Floor area of building: 52,653.19m²
Structure: Above ground: 20 floors
Below ground: 2 floors
Completion: June 2005



NHK Hiroshima Broadcasting Center Building

● III-14

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



Tosei Tenjin Building

● III-15

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,221.31m²
Floor area of building: 5,588.57m²
Structure: Above ground: 8 floors
Completion: March 1992



Tenjin Crystal Building

● III-16

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,835.17m²
Floor area of building: 10,432.04m²
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: August 1993



Hinode Tenjin Building

● III-17

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,452.15m²
Floor area of building: 12,527.07m²
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, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2010 to March 31, 2011	For the period from April 1, 2010 to September 30, 2010	For the period from April 1, 2012 to September 30, 2012
Operating Revenues	¥ 24,222	¥ 24,059	¥ 22,829	¥ 22,135	¥ 22,112	\$ 312,148
Operating Expenses	14,009	13,273	12,449	12,333	12,173	180,540
Operating Income	10,212	10,786	10,380	9,802	9,939	131,608
Ordinary Income	8,372	8,863	8,603	7,938	8,135	107,897
Income before Income Taxes	8,372	8,904	8,614	7,657	8,135	107,897
Net Income	8,448	8,934	8,268	7,652	8,134	108,874
Total Assets	724,851	703,085	643,949	646,847	634,974	9,340,876
Interest-Bearing Debts	305,750	284,300	269,350	272,400	262,450	3,940,077
Net Assets	372,429	372,869	332,670	332,054	332,536	4,799,350
Unitholders' Capital	363,371	363,371	324,353	324,353	324,353	4,682,626
Number of Units	549,040	549,040	489,200	489,200	489,200	549,040
Net Assets per Unit (Yen/U.S. dollars)	678,328	679,130	680,029	678,770	679,755	8,741
Cash Distribution	8,619	8,888	7,753	7,652	8,134	111,082
Dividend Payout Ratio	102.0%	99.4%	93.7%	99.9%	99.9%	102.0%
Dividend per Unit (Yen/U.S. dollars)	15,700	16,190	15,850	15,642	16,628	202.32
Net Operating Income (NOI)	15,997	16,361	15,121	14,950	15,091	206,157
Funds from Operations (FFO)	13,356	13,625	12,154	11,938	12,353	172,124
Return on Assets (ROA) (Note 2)	1.2%	1.3%	1.3%	1.2%	1.3%	1.2%
	(2.3% annualized)	(2.6% annualized)	(2.7% annualized)	(2.5% annualized)	(2.6% annualized)	(2.3% annualized)
Return on Equity (ROE) (Note 3)	2.3%	2.6%	2.5%	2.3%	2.4%	2.3%
	(4.5% annualized)	(5.3% annualized)	(5.0% annualized)	(4.6% annualized)	(4.9% annualized)	(4.5% annualized)
EOP Equity Ratio (Note 4)	51.4%	53.0%	51.7%	51.3%	52.4%	51.4%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	42.2%	40.4%	41.8%	42.1%	41.3%	42.2%
FFO Multiple	16.2 times	14.7 times	15.2 times	16.1 times	15.1 times	16.2 times
Debt Service Coverage Ratio (Note 6)	8.3 times	8.5 times	8.4 times	7.5 times	7.8 times	8.3 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥77.60 = US\$1.00, the foreign exchange rate on September 30, 2012, 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 = Ordinary Income ÷ 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, 2010, 182 days for the period ended March 31, 2011, 183 days for the period ended September 30, 2011, 183 days for the period ended March 31, 2012 and 183 days for the period ended September 30, 2012.)

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, 2012 and March 31, 2012

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
ASSETS			
Current Assets:			
Cash and bank deposits	¥ 22,014,749	¥ 18,661,450	\$ 283,695,227
Rental receivables	160,820	102,822	2,072,425
Refundable consumption taxes	—	448,257	—
Other current assets	109,335	148,390	1,408,959
Total current assets	22,284,905	19,360,920	287,176,611
Property and Equipment, at Cost:			
Land	483,609,480	472,709,596	6,232,080,933
Buildings and structures	266,742,264	254,100,997	3,437,400,313
Machinery and equipment	3,287,724	3,095,111	42,367,584
Tools, furniture and fixtures	211,274	182,888	2,722,604
Construction in progress	3,050	986	39,310
Subtotal	753,853,793	730,089,580	9,714,610,744
Accumulated depreciation	(60,448,699)	(55,559,353)	(778,978,087)
Total property and equipment	693,405,094	674,530,226	8,935,632,657
Investments and Other Assets:			
Investment securities	577,168	577,168	7,437,733
Deposits	1,071,830	1,069,330	13,812,247
Long-term prepaid expenses	10,227	10,408	131,800
Leasehold rights	6,596,787	6,612,617	85,010,148
Easement	828,095	828,095	10,671,332
Deferred investment corporation bond issuance costs	77,851	96,689	1,003,241
Total Assets	¥724,851,959	¥703,085,455	\$9,340,875,769

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

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
LIABILITIES			
Current Liabilities:			
Trade accounts payable	¥ 1,127,860	¥ 864,742	\$ 14,534,278
Other payables	879,516	830,283	11,333,975
Short-term loans	13,500,000	13,500,000	173,969,072
Current portion of investment corporation bonds	—	10,000,000	—
Current portion of long-term loans	70,100,000	50,100,000	903,350,515
Accrued expenses	858,686	823,544	11,065,549
Income taxes payable	7,817	15,095	100,737
Accrued consumption taxes	179,150	—	2,308,634
Rent received in advance	3,151,166	3,156,794	40,607,815
Other current liabilities	2,697	2,162	34,765
Total current liabilities	89,806,894	79,292,623	1,157,305,341
Long-Term Liabilities:			
Investment corporation bonds	45,000,000	45,000,000	579,896,907
Long-term loans	177,150,000	165,700,000	2,282,860,825
Deposits received from tenants	39,950,918	39,622,449	514,831,419
Deferred tax liabilities	211,309	300,204	2,723,066
Asset retirement obligations	303,279	300,253	3,908,235
Total long-term liabilities	262,615,507	250,922,908	3,384,220,452
Total Liabilities	352,422,401	330,215,531	4,541,525,793
NET ASSETS			
Unitholders' equity:			
Unitholders' capital	363,371,780	363,371,780	4,682,626,031
Authorized: 2,000,000 units			
Issued: 549,040 units as of September 30, 2012 and 549,040 units as of March 31, 2012			
Surplus			
Voluntary reserve			
Reserve for reduction entry	578,614	533,179	7,456,374
Retained earnings	8,479,163	8,964,963	109,267,571
Total surplus	9,057,778	9,498,143	116,723,945
Total unitholders' equity	372,429,558	372,869,923	4,799,349,976
Total net assets	372,429,558	372,869,923	4,799,349,976
Total Liabilities and Net Assets	¥724,851,959	¥703,085,455	\$9,340,875,769

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

Statements of Income and Retained Earnings

For the six months ended September 30, 2012 and March 31, 2012

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2012 to September 30, 2012
OPERATING REVENUES AND EXPENSES			
Operating Revenues:			
Rental revenues	¥24,130,936	¥23,775,373	\$310,965,677
Non-rental revenues	91,747	284,260	1,182,316
Total operating revenues	24,222,684	24,059,633	312,147,993
Operating Expenses:			
Property-related expenses	13,133,140	12,388,608	169,241,500
Asset management fees	571,148	579,666	7,360,166
Administrative service fees	196,821	192,149	2,536,363
Professional fee	51,732	66,899	666,654
Other operating expenses	57,050	46,150	735,181
Total operating expenses	14,009,893	13,273,475	180,539,864
Operating Income	10,212,790	10,786,157	131,608,129
NON-OPERATING REVENUES AND EXPENSES			
Non-Operating Revenues:			
Interest income	7,756	5,842	99,955
Dividends income	19,724	—	254,175
Return of unclaimed distributions	1,747	—	22,520
Interest on tax refund	6,216	8	80,108
Other non-operating revenues	—	0	—
Non-Operating Expenses:			
Interest expense	1,407,717	1,343,797	18,140,690
Interest expense on investment corporation bonds	421,732	469,237	5,434,696
Amortization of investment corporation bond issuance costs	18,837	21,836	242,751
New unit issuance costs	—	53,792	—
Other non-operating expenses	27,152	40,080	349,897
Ordinary Income	8,372,795	8,863,265	107,896,854
Extraordinary Income:			
Reversal of provision for loss on disaster	—	40,929	—
Income before Income Taxes	8,372,795	8,904,194	107,896,854
Income Taxes:			
Current	12,899	16,221	166,233
Deferred	(88,696)	(46,636)	(1,142,991)
Net Income	8,448,592	8,934,609	108,873,611
Retained Earnings Brought Forward	30,571	30,354	393,960
Retained Earnings at End of Period	¥ 8,479,163	¥ 8,964,963	\$109,267,571

Statements of Changes in Unitholders' Equity

For the six months ended September 30, 2012 and March 31, 2012

	Thousands of yen					Total unitholders' equity
	Units	Unitholders' capital	Reserve for reduction entry	Surplus Retained earnings	Total surplus	
Balance as of September 30, 2011	489,200	¥324,353,108	—	¥8,317,354	¥8,317,354	¥332,670,462
Provision of reserve for reduction entry	—	—	¥533,179	(533,179)	—	—
New unit issuance	59,840	39,018,672	—	—	—	39,018,672
Cash dividends paid	—	—	—	(7,753,820)	(7,753,820)	(7,753,820)
Net income	—	—	—	8,934,609	8,934,609	8,934,609
Balance as of March 31, 2012	549,040	¥363,371,780	¥533,179	¥8,964,963	¥9,498,143	¥372,869,923
Provision of reserve for reduction entry	—	—	45,434	(45,434)	—	—
Cash dividends paid	—	—	—	(8,888,957)	(8,888,957)	(8,888,957)
Net income	—	—	—	8,448,592	8,448,592	8,448,592
Balance as of September 30, 2012	549,040	¥363,371,780	¥578,614	¥8,479,163	¥9,057,778	¥372,429,558
U.S. dollars (Note 1)						
	Units	Unitholders' capital	Reserve for reduction entry	Surplus Retained earnings	Total surplus	Total unitholders' equity
Balance as of March 31, 2012	549,040	\$4,682,626,031	\$6,870,872	\$115,527,884	\$122,398,756	\$4,805,024,787
Provision of reserve for reduction entry	—	—	\$585,502	(585,502)	—	—
Cash dividends paid	—	—	—	(114,548,423)	(114,548,423)	(114,548,423)
Net income	—	—	—	108,873,611	108,873,611	108,873,611
Balance as of September 30, 2012	549,040	\$4,682,626,031	\$7,456,374	\$109,267,571	\$116,723,945	\$4,799,349,976

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

Statements of Cash Flows

For the six months ended September 30, 2012 and March 31, 2012

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2012 to September 30, 2012
Cash Flows from Operating Activities:			
Income before income taxes	¥ 8,372,795	¥ 8,904,194	\$107,896,854
Depreciation and amortization	4,908,200	4,690,797	63,250,008
Amortization of investment corporation bond issuance costs	18,837	21,836	242,751
New unit issuance costs	—	53,792	—
Dividends income	(19,724)	—	(254,175)
Interest income	(7,756)	(5,842)	(99,955)
Interest expense	1,829,449	1,813,034	23,575,386
Reversal of provision for loss on disaster	—	(40,929)	—
Rental receivables	(57,997)	2,885	(747,396)
Refundable income taxes	—	4,983	—
Refundable consumption taxes	448,257	(448,257)	5,776,512
Supplies	(18,860)	—	(243,048)
Prepaid expenses	62,905	(707)	810,632
Trade accounts payable	667,419	(208,116)	8,600,771
Other payables	(11,532)	43,918	(148,616)
Accrued expenses	179,032	(704,136)	2,307,116
Rent received in advance	(5,627)	679,201	(72,522)
Long-term prepaid expenses	180	8,616	2,331
Other	534	(235,463)	6,893
Sub-total	16,366,114	14,579,807	210,903,542
Interest and dividends income received	25,413	5,629	327,493
Interest paid	(1,794,190)	(1,748,913)	(23,121,011)
Payments for loss on disaster	(46,986)	(89,992)	(605,492)
Income taxes paid	(20,178)	(1,730)	(260,026)
Net cash provided by operating activities	14,530,173	12,744,799	187,244,505
Cash Flows from Investing Activities:			
Payments of time deposits	(8,816,000)	(7,517,000)	(113,608,247)
Proceeds from time deposits	7,816,000	9,517,000	100,721,649
Purchases of property and equipment	(24,064,671)	(63,450,933)	(310,111,742)
Payments for lease and guarantee deposits	(2,500)	—	(32,216)
Repayments of lease and guarantee deposits received	(1,863,475)	(1,816,042)	(24,013,861)
Proceeds from lease and guarantee deposits received	2,191,944	5,649,849	28,246,703
Net cash used in investing activities	(24,738,702)	(57,617,126)	(318,797,714)
Cash Flows from Financing Activities:			
Proceeds from short-term loans	5,500,000	45,500,000	70,876,289
Repayments of short-term loans	(5,500,000)	(48,500,000)	(70,876,289)
Proceeds from long-term loans	32,500,000	25,000,000	418,814,433
Repayments of long-term loans	(1,050,000)	(7,050,000)	(13,530,928)
Redemption of investment corporation bonds	(10,000,000)	—	(128,865,979)
Proceeds from issuance of units	—	39,018,672	—
Payments of new unit issuance costs	(3,798)	(49,993)	(48,949)
Dividends to unitholders	(8,884,373)	(7,751,081)	(114,489,347)
Net cash provided by financing activities	12,561,828	46,167,596	161,879,229
Net Increase in Cash and Cash Equivalents	2,353,299	1,295,269	30,326,020
Cash and Cash Equivalents at Beginning of Period	12,661,450	11,366,180	163,163,021
Cash and Cash Equivalents at End of Period	¥15,014,749	¥12,661,450	\$193,489,041

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

Notes to Financial Statements

September 30, 2012 and March 31, 2012

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 63% by Mitsubishi Estate Co., Ltd. (“MEC”), 27% by The Dai-ichi Mutual Life Insurance Company (currently renamed The Dai-ichi Life Insurance Company, Limited, “DL”) and 10% by Mitsui & Co., Ltd.

On May 11, 2001, the Company was incorporated with ¥200 million of original capital contribution by MEC, Tokio Marine & Nichido Fire Insurance Co., Ltd. (“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 ¥506,625 (\$6,529), generating gross proceeds of ¥81,060 million (\$1,044,588 thousand) (Note).

At September 30, 2012, the Company owned a portfolio of 58 office properties with an aggregate of approximately 645,787 square meters of leasable space.

Note: The foreign exchange rate of ¥77.60=US\$1.00, as of September 30, 2012, has been used for translation.

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 ¥77.60=US\$1.00, the foreign exchange rate on September 30, 2012, 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 Financial Instruments 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, depreciation and impairment

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.....	5–60 years
Machinery and equipment.....	3–18 years
Tools, furniture and fixtures.....	2–29 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. According to the standard set by the Accounting Standards Board of Japan, 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.

Intangible assets

Intangible assets primarily consist of leasehold rights and easement, which are started at cost. Amortization of a term leasehold interest for business use is calculated by the straight-line method based on the period of agreement.

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 amortization periods.

New unit issuance costs are charged to income as incurred. The underwriter's economic remunerations for underwriting the offering are not recognized as new unit issuance costs in the financial statements since such costs are not paid by the Company as commission under the so-called "spread-method".

Under the spread-method, the difference between the offer price (the price paid by the unitholder) and the issue price (the price received by the Company) is retained by the underwriters as remuneration.

Revenue recognition

Revenues from leasing of office space are recognized as rent accrues 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. FINANCIAL INSTRUMENTS

For the six months ended September 30, 2012 and March 31, 2012

1. Status of financial instruments

(1) Policies for dealing financial instruments

Concerning the financing of property acquisitions, the Company shall use several funding sources including bank loans, issuance of investment corporation bonds and issuance of investment units. When executing such financing activities, the Company endeavors to retain the ability to secure stable and low-cost financing by maintaining high credit rating and thereby limiting the financial covenants which may restrict the financial flexibility of the Company. To achieve these goals, the Company intends to further develop and reinforce the confidence of debt holders and rating agencies in the Company by bolstering capital base and controlling loan-to-value ratio ("LTV") at adequate level.

In order to hedge against future interest-rate fluctuations, the Company may enter in derivative transactions, which shall be executed solely for the purpose of controlling risks, and not for speculative purposes.

At the time of this report, the Company holds no position in derivative transactions.

With respect to management of excess funds, as a matter of policy the Company uses time deposit as its main vehicle, while securities and monetary claims are also eligible for such investment.

(2) Characteristics and risk profile of each financial instrument and risk management system

J-Rea regularly re-evaluates appropriateness and effectiveness of risk management system in order to improve on it.

Characteristics, and risk profile of financial instruments and risk management system are as follows:

Deposits which are typically large time deposit used to manage the excess funds, are exposed to credit risk of the deposit-taking financial institutions. The Company manages credit risk by restricting the tenor of the deposit relatively short and setting a minimum credit rating requirement for the deposit-taking financial institutions.

The fund proceeds from borrowings and issues of investment corporation bonds are applied mainly to acquire real estate properties and repayment of outstanding loans and bonds. While floating-rate short-term and long-term loans are exposed to the risk of interest-rate hike, such risk is mitigated by the Company's low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements the measures such as (i) maintaining and strengthening its ability to access equity markets to secure funds, (ii) maintaining commitment lines with major financial institutions (There is no outstanding under the facility as of September 30, 2012 and as of March 31, 2012), and (iii) preparing monthly financial plan.

(3) Supplementary note regarding fair value of financial instruments

The fair values of financial instruments presented in this report are based on their market value, and in cases where market values are not available, reasonably calculated values are presented. Since calculation of fair value is based on certain assumptions, the fair value could differ depending on assumptions used.

2. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the difference between them as of September 30, 2012 and as of March 31, 2012 are as follows. The financial instruments whose fair values have extreme difficulty estimating are excluded from the following schedule (Note 2).

	Thousands of yen			U.S. dollars		
	As of September 30, 2012					
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 22,014,749	¥ 22,014,749	¥ —	\$ 283,695,227	\$ 283,695,227	\$ —
(2) Short-term loans	13,500,000	13,500,000	—	173,969,072	173,969,072	—
(3) Current portion of investment corporation bonds	—	—	—	—	—	—
(4) Current portion of long-term loans	70,100,000	70,323,318	223,318	903,350,515	906,228,328	2,877,812
(5) Investment corporation bonds	45,000,000	46,078,150	1,078,150	579,896,907	593,790,593	13,893,686
(6) Long-term loans	177,150,000	181,251,375	4,101,375	2,282,860,825	2,335,713,599	52,852,775

	Thousands of yen		
	As of March 31, 2012		
	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 18,661,450	¥ 18,661,450	¥ —
(2) Short-term loans	13,500,000	13,500,000	—
(3) Current portion of investment corporation bonds	10,000,000	10,026,000	26,000
(4) Current portion of long-term loans	50,100,000	50,306,801	206,801
(5) Investment corporation bonds	45,000,000	45,813,250	813,250
(6) Long-term loans	165,700,000	168,017,031	2,317,031

Note 1: Measurement of fair value of financial instruments

(1) Cash and bank deposits

Due to short tenor, the book value of these assets are reasonable approximation of the present value of these assets and hence used as their fair value.

(2) Short-term loans

Since these loans' tenor is short and rates are reset at short interval, the book values of these liabilities are reasonable approximation of their present value and hence used as their fair values.

(3) Current portion of investment corporation bonds and (5) investment corporation bonds

Their fair values are based on the values published by a financial data provider.

(4) Current portion of long-term loans and (6) long-term loans

For loans with floating interest rates since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximation of their fair values, the book values are presented as their fair values. The fair values of the liabilities with fixed interest rates are calculated by discounting the aggregated amounts of the principal and the interest of the loan by the rates that are reasonably estimated to be applicable if the Company refinances the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2012 and March 31, 2012.

Note 2: Financial instruments whose fair values cannot be reliably measured.

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
(1) Non-listed stock ^(*)	¥ 577,168	¥ 577,168	\$ 7,437,733
(2) Deposits received from tenants ^(**)	39,950,918	39,622,449	514,831,419

(*) With regard to non-listed stocks which do not have quoted market price in active market and whose cash flows are not reasonably estimated, their fair value cannot be reliably measured and therefore presented at their book value.

(**) With regard to deposits received from tenants, which do not have quoted market price in active market, and their tenor cannot be reasonably estimated, their cash flows cannot be reliably measured and therefore presented at their book value.

Note 3: Redemption schedule for monetary claim after the closing date

	Thousands of yen						U.S. dollars					
	As of September 30, 2012											
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and bank deposits	¥22,014,749	¥—	¥—	¥—	¥—	¥—	\$283,695,227	\$—	\$—	\$—	\$—	\$—

	Thousands of yen					
	As of March 31, 2012					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and bank deposits	¥18,661,450	¥—	¥—	¥—	¥—	¥—

Note 4: Repayment schedule for investment corporation bonds, long-term loans and other interest-bearing debt after the closing date

	Thousands of yen					
	As of September 30, 2012					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	¥13,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	—	15,000,000	20,000,000	—	—	10,000,000
Long-term loans	70,100,000	15,100,000	19,600,000	30,100,000	42,850,000	69,500,000
Total	¥83,600,000	¥30,100,000	¥39,600,000	¥30,100,000	¥42,850,000	¥79,500,000

	U.S. dollars					
	As of September 30, 2012					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	\$ 173,969,072	\$ —	\$ —	\$ —	\$ —	\$ —
Investment corporation bonds	—	193,298,969	257,731,959	—	—	128,865,979
Long-term loans	903,350,515	194,587,629	252,577,320	387,886,598	552,190,722	895,618,557
Total	\$1,077,319,588	\$387,886,598	\$510,309,278	\$387,886,598	\$552,190,722	\$1,024,484,536

	Thousands of yen					
	As of March 31, 2012					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	¥13,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	10,000,000	—	15,000,000	20,000,000	—	10,000,000
Long-term loans	50,100,000	34,100,000	5,100,000	14,600,000	44,400,000	67,500,000
Total	¥73,600,000	¥34,100,000	¥20,100,000	¥34,600,000	¥44,400,000	¥77,500,000

4. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2012 and March 31, 2012 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2012		As of March 31, 2012		As of September 30, 2012	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥378,242,398	¥378,242,398	¥367,342,515	¥367,342,515	\$4,874,257,716	\$4,874,257,716
Buildings and structures	218,592,110		206,105,194		2,816,908,646	
Accumulated depreciation	(48,279,017)	170,313,093	(44,189,397)	161,915,796	(622,152,290)	2,194,756,355
Machinery and equipment	2,492,463		2,309,787		32,119,374	
Accumulated depreciation	(1,242,085)	1,250,378	(1,180,434)	1,129,352	(16,006,252)	16,113,122
Tools, furniture and fixtures	187,920		169,661		2,421,653	
Accumulated depreciation	(85,370)	102,549	(78,825)	90,835	(1,100,138)	1,321,516
Construction in progress	986	986	986	986	12,716	12,716
Land in trust	105,367,081	105,367,081	105,367,081	105,367,081	1,357,823,217	1,357,823,217
Buildings and structures in trust	48,150,153		47,995,802		620,491,667	
Accumulated depreciation	(10,297,949)	37,852,203	(9,577,590)	38,418,212	(132,705,539)	487,786,128
Machinery and equipment in trust	795,261		785,323		10,248,210	
Accumulated depreciation	(538,326)	256,934	(527,724)	257,598	(6,937,200)	3,311,010
Tools, furniture and fixtures in trust	23,353		13,227		300,951	
Accumulated depreciation	(5,949)	17,404	(5,379)	7,847	(76,668)	224,283
Construction in progress in trust	2,063	2,063	—	—	26,594	26,594
Total	¥693,405,094	¥693,405,094	¥674,530,226	¥674,530,226	\$8,935,632,657	\$8,935,632,657

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$645 thousand) at September 30, 2012 and ¥50 million (\$645 thousand) at March 31, 2012.

5. SHORT-TERM LOANS

Short-term loans at September 30, 2012 and March 31, 2012 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
	¥	¥	\$
0.38% unsecured loan from a bank, due on June 1, 2012	—	¥ 1,000,000	\$ —
0.38% unsecured loan from a bank, due on August 1, 2012	—	1,000,000	—
0.33% unsecured loan from a bank, due on March 26, 2013	4,000,000	4,000,000	51,546,392
0.33% unsecured loan from a bank, due on March 1, 2013	1,000,000	—	12,886,598
0.28% unsecured loan from a bank, due on February 1, 2013	1,000,000	—	12,886,598
0.38% unsecured loan from a bank, due on August 1, 2012	—	1,500,000	—
0.38% unsecured loan from a bank, due on September 3, 2012	—	500,000	—
0.28% unsecured loan from a bank, due on February 1, 2013	1,500,000	—	19,329,897
0.28% unsecured loan from a bank, due on March 4, 2013	500,000	—	6,443,299
0.38% unsecured loan from a trust bank, due on August 1, 2012	—	1,500,000	—
0.28% unsecured loan from a trust bank, due on February 1, 2013	1,500,000	—	19,329,897
0.33% unsecured loan from a trust bank, due on November 1, 2012	1,000,000	1,000,000	12,886,598
0.33% unsecured loan from a bank, due on March 26, 2013	1,000,000	1,000,000	12,886,598
0.33% unsecured loan from a bank, due on March 26, 2013	2,000,000	2,000,000	25,773,196
Total	¥13,500,000	¥13,500,000	\$173,969,072

The Company has commitment lines totaling ¥43,000 million (\$554,124 thousand) with five financial institutions to reduce a refinancing risk. The unused amount of such commitment lines was ¥43,000 million (\$554,124 thousand) at September 30, 2012.

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

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

	As of September 30, 2012		As of March 31, 2012		As of September 30, 2012
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bond due on September 29, 2025	¥10,000,000	2.56%	¥10,000,000	2.56%	\$128,865,979
Unsecured bond due on June 18, 2012	—	—	10,000,000	1.67%	—
Unsecured bond due on June 18, 2014	15,000,000	1.91%	15,000,000	1.91%	193,298,969
Unsecured bond due on April 23, 2015	10,000,000	1.26%	10,000,000	1.26%	128,865,979
Unsecured bond due on July 23, 2015	10,000,000	1.05%	10,000,000	1.05%	128,865,979
Total	¥45,000,000	—	¥55,000,000	—	\$579,896,907

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

Long-term loans at September 30, 2012 and March 31, 2012 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
Current Portion of Long-Term Loans			
1.55% unsecured loan from an insurance company, due on October 29, 2012	¥ 2,000,000	¥ 2,000,000	\$ 25,773,196
1.4925% unsecured loan from a bank, due on August 31, 2012	—	1,000,000	—
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	—	64,432,990
1.4875% unsecured loan from a bank, due on September 2, 2013	3,000,000	—	38,659,794
1.135% unsecured loan from a bank due on January 15, 2013	5,000,000	5,000,000	64,432,990
1.42375% unsecured loan from a bank, due on April 24, 2013	3,000,000	—	38,659,794
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	5,000,000	64,432,990
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	—	64,432,990
1.0925% unsecured loan from a bank, due on December 21, 2012	5,000,000	5,000,000	64,432,990
1.085% unsecured loan from a bank, due on January 15, 2013	11,000,000	11,000,000	141,752,577
1.4875% unsecured loan from a trust bank, due on September 2, 2013	5,000,000	—	64,432,990
1.0925% unsecured loan from a trust bank, due on December 21, 2012	5,000,000	5,000,000	64,432,990
1.135% unsecured loan from a trust bank, due on January 15, 2013	5,000,000	5,000,000	64,432,990
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	12,886,598
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	12,886,598
1.0475% unsecured loan from a bank, due on March 25, 2013	1,000,000	1,000,000	12,886,598
0.73625% unsecured loan from a bank, due on December 20, 2012	1,000,000	1,000,000	12,886,598
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	25,773,196
1.665% unsecured loan from a bank, due on March 24, 2017 ⁽¹⁾	100,000	100,000	1,288,660
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	25,773,196
1.0475% unsecured loan from a bank, due on March 25, 2013	3,000,000	3,000,000	38,659,794
Subtotal	70,100,000	50,100,000	903,350,515
Long-Term Loans			
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	5,000,000	64,432,990
1.54375% unsecured loan from an insurance company, due on March 30, 2017	5,000,000	5,000,000	64,432,990
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	1,500,000	19,329,897
1.595% unsecured loan from an insurance company, due on April 25, 2016	1,000,000	1,000,000	12,886,598
1.39625% unsecured loan from an insurance company, due on March 30, 2018	2,000,000	2,000,000	25,773,196
1.42375% unsecured loan from a bank, due on April 24, 2013	—	5,000,000	—
1.4875% unsecured loan from a bank, due on September 2, 2013	—	3,000,000	—
0.7525% unsecured loan from a bank, due on November 15, 2016	1,000,000	1,000,000	12,886,598
1.42375% unsecured loan from a bank, due on April 24, 2013	—	3,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
1.30625% unsecured loan from a bank, due on December 21, 2016	5,000,000	5,000,000	64,432,990
1.2075% unsecured loan from a bank, due on November 1, 2019	6,000,000	6,000,000	77,319,588
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	3,000,000	38,659,794
1.07375% unsecured loan from a bank, due on June 15, 2021	4,000,000	—	51,546,392
1.42375% unsecured loan from a bank, due on April 24, 2013	—	5,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196
1.3975% unsecured loan from a bank, due on March 26, 2018	2,000,000	2,000,000	25,773,196
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	3,000,000	38,659,794
1.1975% unsecured loan from a bank, due on June 15, 2022	4,000,000	—	51,546,392
1.65% unsecured loan from a bank, due on September 1, 2015	2,000,000	2,000,000	25,773,196
1.665% unsecured loan from a bank, due on March 24, 2017 ^(*)	1,650,000	1,700,000	21,262,887
1.4875% unsecured loan from a trust bank, due on September 2, 2013	—	5,000,000	—
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196
1.43375% unsecured loan from a trust bank, due on January 17, 2018	3,000,000	3,000,000	38,659,794
1.16% unsecured loan from a trust bank, due on September 26, 2019	5,500,000	5,500,000	70,876,289
0.98375% unsecured loan from a trust bank, due on November 15, 2018	3,000,000	3,000,000	38,659,794
0.9525% unsecured loan from a trust bank, due on June 15, 2020	4,000,000	—	51,546,392
1.31% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	—	32,216,495
1.2375% unsecured loan from a bank, due on March 24, 2014	1,000,000	1,000,000	12,886,598
0.615% unsecured loan from a bank, due on November 17, 2014	1,000,000	1,000,000	12,886,598
1.39875% unsecured loan from a bank, due on March 24, 2015	2,000,000	2,000,000	25,773,196
0.9025% unsecured loan from a bank, due on August 31, 2017	2,000,000	2,000,000	25,773,196
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	—	32,216,495
0.57125% unsecured loan from a bank, due on August 31, 2017	1,000,000	—	12,886,598
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196
1.0325% unsecured loan from a trust bank, due on April 4, 2016	5,000,000	5,000,000	64,432,990
1.205% unsecured loan from a trust bank, due on April 4, 2017	5,000,000	5,000,000	64,432,990
1.12625% unsecured loan from a trust bank, due on June 1, 2017	12,000,000	12,000,000	154,639,175
1.31125% unsecured loan from a trust bank, due on June 1, 2018	10,000,000	10,000,000	128,865,979
1.13875% unsecured loan from a trust bank, due on November 15, 2019	3,000,000	3,000,000	38,659,794
0.9525% unsecured loan from a trust bank, due on June 15, 2020	4,000,000	—	51,546,392
1.2725% unsecured loan from a trust bank, due on June 15, 2022	2,500,000	—	32,216,495
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	25,773,196
1.255% unsecured loan from a bank, due on March 1, 2017	2,000,000	2,000,000	25,773,196
1.1875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	38,659,794
1.20875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	38,659,794
1.465% unsecured loan from an insurance company, due on March 1, 2018	2,000,000	2,000,000	25,773,196
0.90875% unsecured loan from banks and trust banks, due on June 23, 2016	24,000,000	24,000,000	309,278,351
1.0475% unsecured loan from a bank, due on August 31, 2018	3,000,000	3,000,000	38,659,794
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	—	32,216,495
1.2725% unsecured loan from a bank, due on June 15, 2022	2,500,000	—	32,216,495
0.98375% unsecured loan from a bank, due on November 15, 2018	3,000,000	3,000,000	38,659,794
0.645% unsecured loan from a bank, due on December 15, 2014	2,000,000	2,000,000	25,773,196
0.33% unsecured loan from a bank, due on June 16, 2014	1,000,000	—	12,886,598
0.33% unsecured loan from a bank, due on June 16, 2014	1,000,000	—	12,886,598
0.66% unsecured loan from a bank, due on June 15, 2017	1,000,000	—	12,886,598
Subtotal	177,150,000	165,700,000	2,282,860,825
Total	¥247,250,000	¥215,800,000	\$3,186,211,340

(*) Repayments of principal shall be made by installments of ¥50 million for each 6 month period and ¥1,350 million on the final principal repayment date.

8. NET ASSETS

The Company is required to maintain net assets of at least ¥50 million (\$644 thousand), as required pursuant to the Investment Trust Law.

9. INCOME TAXES

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan (hereinafter 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 earnings available for dividend 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 in the amount of ¥8,619 million (\$111,082 thousand) subsequent to September 30, 2012, which is the multiple number of units up to 100% of unappropriated retained earnings after adding thereto ¥171 million (\$2,208 thousand) arising from the reversal of the reserve for advanced depreciation of non-current assets and deducting therefrom ¥30 million (¥394 thousand) of retained earnings to be carried forward. The Company will not distribute the dividends in excess of retained earnings under Article 32-3 of the Articles of Incorporation.

The significant components of deferred tax assets and liabilities as of September 30, 2012 and March 31, 2012 were as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
Deferred tax assets:			
Accrued enterprise tax	¥ 1,002	¥ 1,201	\$ 12,919
Amortization of a term leasehold interest	18,025	12,617	232,282
Asset retirement obligations	3,405	2,372	43,888
	22,433	16,191	289,089
Valuation allowance	(21,430)	(14,989)	(276,170)
Total deferred tax assets	1,002	1,201	12,919
Deferred tax liabilities:			
Reserve for advanced depreciation of non-current assets	¥211,309	¥300,204	\$2,723,066
Total deferred tax liabilities	211,309	300,204	2,723,066
Net deferred tax liabilities	¥210,307	¥299,003	\$2,710,147

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2012 and March 31, 2012 were as follows:

	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012
Statutory tax rate	39.43%	42.05%
Deductible dividend distribution	(40.59%)	(41.98%)
Change in valuation allowance	0.09%	0.09%
Decrease in deferred tax liability due to tax rate change	—	(0.51%)
Others	0.16%	0.01%
Effective tax rate	(0.91%)	(0.34%)

Adjustment in deferred tax assets and deferred tax liabilities due to tax rate change

The “Act for Partial Revision of Income Tax Act, etc. in Response to the Changing Economic Structure” and the “Special Measures to Secure the Funds to Realize the Restoration of the Damages following the Great East Japan Earthquake” were promulgated on December 2, 2011, went into effect on April 1, 2012 and resulted in a change of the statutory tax rate applicable to the deferred tax assets and deferred tax liabilities arising from the temporary differences that reversed in the period ended September 30, 2012 to 36.59%. Likewise, the statutory tax rate applicable to the deferred tax assets and deferred tax liabilities concerning the temporary differences that are expected to reverse in the period ending September 30, 2012 (the 22nd fiscal period) through the period ending March 31, 2015 (the 27th fiscal period) shall be 36.59% on a nominal tax rate basis, and with respect to the temporary differences that are expected to reverse on or after the period ending September 30, 2015 (the 28th fiscal period) shall be 34.16%.

10. RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2012 and March 31, 2012

- (1) Parent Company and Major Corporation Unitholders
 - For the period from April 1, 2012 to September 30, 2012
“Not applicable”
 - For the period from October 1, 2011 to March 31, 2012
“Not applicable”
- (2) Subsidiaries
 - For the period from April 1, 2012 to September 30, 2012
“Not applicable”
 - For the period from October 1, 2011 to March 31, 2012
“Not applicable”
- (3) Sister Companies
 - For the period from April 1, 2012 to September 30, 2012
“Not applicable”
 - For the period from October 1, 2011 to March 31, 2012
“Not applicable”
- (4) Directors and Major Individual Unitholders
 - For the period from April 1, 2012 to September 30, 2012
“Not applicable”
 - For the period from October 1, 2011 to March 31, 2012
“Not applicable”

11. SEGMENT INFORMATION

For the six months ended September 30, 2012 and March 31, 2012

Since the Company has been engaged in real-estate leasing business using a single segment, segment information has been omitted.

Information about products and services

Since revenues from external customers for single segment of similar products and services accounted for more than 90% of total operating revenues, information about products and services has been omitted.

Information about geographic area

- (1) Revenues
 - Since 100% of the total operating revenues were generated from external customers within Japan, geographical breakdown of revenues has been omitted.
- (2) Property and equipment
 - Since 100% of total property and equipment on the balance sheet are located within Japan, geographical breakdown of such property and equipment has been omitted.

Information about major clients

Since no single external client represents 10% or more of the Company's total operating revenues, information about major clients has been omitted.

12. ASSET RETIREMENT OBLIGATIONS

For the six months ended September 30, 2012 and March 31, 2012

Asset retirement obligations reported on balance sheet

The Company acquired Osaki Front Tower on February 1, 2011 under the term leasehold for business use agreement which, at the expiry of the leasehold, obligates the Company to restore the leased land to its original state. At the inception of a lease with such obligation, the Company recognized an asset retirement obligations and a corresponding capital asset in an amount equal to the present value of the estimated demolition cost required for the removal of the properties located on the leased land. The present value is calculated using 2.015% as the discount rate over 42 years which is the term of the leasehold.

Change in the amount of the asset retirement obligations as of September 30, 2012 and March 31, 2012 consisted of following:

	Thousands of yen		U.S. dollars
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2012 to September 30, 2012
Balance at the beginning of the period	¥300,253	¥297,259	\$3,869,252
Increase in the tangible fixed assets	—	—	—
Adjustment required over the period	3,025	2,994	38,983
Balance at the end of the period	¥303,279	¥300,253	\$3,908,235

Asset retirement obligations other than those reported on balance sheet

Under the Road Act of Japan, the Company is obligated to remove the cable lines and the accompanying equipment originally installed for preventing analog TV interference under the public roads close to Shibuya Cross Tower and to restore the public roads to their original states because analog TV broadcasting was discontinued.

Since the removal involves public roads currently in service and some of the location of the underground structures is potentially affected by the ongoing redevelopment projects near Shibuya station, it is difficult to initiate such removal unilaterally without involving other interested parties. Therefore, a reasonable estimate of the present value of asset retirement obligations cannot be made because the method, the cost and the timing of the removal remains uncertain.

In consideration of such uncertainty, the asset retirement obligation is not reported in the financial statements, and instead noted herein.

13. INVESTMENT AND RENTAL PROPERTY

For the six months ended September 30, 2012 and March 31, 2012

The Company owns primarily a portfolio of office properties in Tokyo and other prefectures in order to gain rental revenue from them.

The book values on balance sheets as of September 30, 2012 and as of March 31, 2012 and the fair value as of September 30, 2012 are as follows:

Thousands of yen			
	Book value		Fair value
As of March 31, 2012	Change during period ^(*)	As of September 30, 2012	As of September 30, 2012
¥681,970,939	¥18,859,037	¥700,829,977	¥712,888,000
U.S. dollars			
	Book value		Fair value
As of March 31, 2012	Change during period ^(*)	As of September 30, 2012	As of September 30, 2012
\$8,788,285,299	\$243,028,838	\$9,031,314,137	\$9,186,701,031
Thousands of yen			
	Book value		Fair value
As of September 30, 2011	Change during period ^(*)	As of March 31, 2012	As of March 31, 2012
¥622,542,332	¥59,428,606	¥681,970,939	¥693,230,000

Note 1: Book value on balance sheet means the acquisition cost less accumulated depreciation.

Note 2: Significant changes

(*) For the period ended September 30, 2012, the major reason of the increase is the acquisition of Tixtower Ueno (¥22,296,355 thousand or \$287,324,163).

The major reason for the decrease is the depreciation.

(*) For the period ended March 31, 2012, the major reason for the increase is acquisition of Akasaka Park Building (¥62,286,404 thousand).

The major reason for the decrease is the depreciation.

Note 3: Fair values as of September 30, 2012 and as of March 31, 2012 are defined as the appraised values provided by external qualified professional appraiser.

14. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at September 30, 2012 and March 31, 2012 and for the periods then ended respectively:

	Yen		U.S. dollars
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2012 to September 30, 2012
Net assets at period end per unit	¥678,328	¥679,130	\$8,741
Net income per unit	15,387	17,899	198

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.

15. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended September 30, 2012 and March 31, 2012

	Thousands of yen		U.S. dollars
	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2012 to September 30, 2012
Property-Related Revenues	¥24,222,684	¥24,059,633	\$312,147,993
Rental Revenues	24,130,936	23,775,373	310,965,677
Rental revenues	18,650,347	18,462,260	240,339,527
Common service charges	3,375,097	3,329,294	43,493,528
Parking revenues	587,207	576,570	7,567,110
Other rental revenues	1,518,283	1,407,247	19,565,513
Non-Rental Revenues	91,747	284,260	1,182,316
Cancellation charges	64,121	10,689	826,310
Gain on donation of non current assets	—	235,148	—
Other miscellaneous revenues	27,626	38,421	356,006
Property-Related Expenses	¥13,133,140	¥12,388,608	\$169,241,500
Property management expenses	2,876,682	2,864,253	37,070,646
Utilities expenses	2,032,959	1,802,945	26,197,937
Property and other taxes	2,311,538	2,074,623	29,787,867
Casualty insurance	53,319	51,334	687,105
Repairing expenses	764,067	700,971	9,846,233
Depreciation	4,908,200	4,690,797	63,250,008
Other rental expenses	186,372	203,683	2,401,704
Property-Related Profits	¥11,089,543	¥11,671,025	\$142,906,493

16. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents

The following table represents a reconciliation of cash and cash equivalents at September 30, 2012 and March 31, 2012:

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
Cash and deposits with banks	¥18,112,321	¥14,934,843	\$233,406,204
Cash and deposits with banks held in trust	3,902,428	3,726,607	50,289,023
Time deposits with maturities of more than three months	(7,000,000)	(6,000,000)	(90,206,186)
Cash and cash equivalents	¥15,014,749	¥12,661,450	\$193,489,041

17. LEASES

The Company owns office buildings under leases and earns rent income. As of September 30, 2012 and March 31, 2012, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2012	As of March 31, 2012	As of September 30, 2012
Due within one year	¥16,591,317	¥18,980,630	\$213,805,631
Due after one year	24,535,086	25,640,891	316,173,797
Total	¥41,126,403	¥44,621,521	\$529,979,428

18. SUBSEQUENT EVENTS

For the six months ended September 30, 2012

Issuance of new investment units

Based on the approval by the Board of Director's meetings on October 12, 2012 and October 22, 2012, the Company decided to issue new investment units, and completed the public offering on October 29, 2012 and the third party allocation on November 28, 2012. As a result of the issuance of additional units, the unitholders' capital of the Company increased to ¥396,018,317 thousand (\$5,103,329 thousand), and the units issued and outstanding increased to 594,140 units at the time of reporting.

Summary of the issuance of units

A. Public offerings of new investment units

1. Subscription method:	Public offering (subscription by book-building and spread method*)
2. Number of units newly issued:	41,000 units
3. Offer price (subscription price):	¥746,850 (\$9,624) per unit
4. Aggregate amount of offer price (subscription price):	¥30,620,850 thousand (\$394,599 thousand)
5. Issue price (paid-in price):	¥723,870 (\$9,328) per unit
6. Aggregate amount of issue price (paid-in price):	¥29,678,670 thousand (¥382,457 thousand)
7. Payment date:	October 29, 2012
8. Initial date subject to distribution:	October 1, 2012

* Under the so-called "Spread method", the price difference between the aggregate amount of offer price and the aggregate amount of issue price shall be the proceeds of each underwriter, and the Company will not pay an underwriting fee to underwriters. The underwriting fee is not recognized as new unit issuance cost in the financial statement.

B. Issuance of new investment units by third party allocation

1. Subscription method:	Third party allocation
2. Number of units newly issued:	4,100 units
3. Issue price (paid-in price):	¥723,870 (\$9,328) per unit
4. Aggregate amount of issue price (paid-in price):	¥2,967,867 thousand (\$38,246 thousand)
5. Payment date:	November 28, 2012
6. Initial date subject to distribution:	October 1, 2012
7. Allottee:	SMBC Nikko Securities Inc.

C. Use of proceeds

The net proceeds raised through the public offering were partially appropriated for retirement of existing borrowings and the remaining funds, together with the net proceeds raised through third party allocation will be appropriated for part of funds for the acquisition of new specified assets (acquisition of Harumi Front and Higashi Nibancho Square).

Independent Auditor's Report

The Board of Directors
Japan Real Estate Investment Corporation

We have audited the accompanying financial statements of Japan Real Estate Investment Corporation, which comprise the balance sheet as at March 31, 2012, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 as at September 30, 2012, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 18 to the financial statements, which describes that Japan Real Estate Investment Corporation issued new investment units. Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying financial statements have been properly translated on the basis described in Note 1.



December 21, 2012
Tokyo, Japan

Corporate Data

As of September 30, 2012



Executives

Executive Director: Noritada Terasawa
Supervisory Directors: Kenji Kusakabe
Tomohiro Okanoya

Paid-in Capital

¥363,371,780,000

Number of Units Outstanding

549,040

Number of Unitholders

14,759

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

Sumitomo Mitsui Trust Bank, Limited
1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan

Auditors

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011, Japan

Incorporation

May 11, 2001

Executive Office

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

For further information, please contact:

Japan Real Estate Asset Management Co., Ltd.
Planning Department
Tel: 81-3-3211-7921
Fax: 81-3-3212-8886
E-mail: j-rea-inquiry@j-rea.co.jp

This semiannual report includes translations of documents originally filed under the Financial Instruments 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 the Company'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 the Company. Actual results may differ substantially from the projections depending on a number of factors.

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