



SEPTEMBER  
2011

*Semiannual  
Report*

For the period from April 1, 2011 to September 30, 2011

## *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.

## *Contents*

---

Financial Highlights	p. 1
Top 10 Unitholders	p. 1
Unit Price Performance	p. 1
The Strengths of Japan Real Estate Investment Corporation	p. 2
Portfolio Highlights	p. 3
Property Transfer and Internal Reserves	p. 4
Subsequent Events	p. 5
History after IPO	p. 6
To Our Unitholders	p. 8
The Portfolio of Japan Real Estate Investment Corporation	p.12
Overview of Portfolio Properties	p.15
Financial Section	p.21
Corporate Data	p.39



## Financial Highlights

	Millions of yen					Thousands of U.S. dollars (Note 1)
	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 October 1, 2009 to March 31, 2010	For the period from April 1, 2009 to September 30, 2009	For the period from April 1, 2011 to September 30, 2011
Operating Revenues	¥22,829	¥22,135	¥22,112	¥21,665	¥21,524	\$297,847
Operating Income	10,380	9,802	9,939	10,538	10,054	135,426
Ordinary Income	8,603	7,938	8,135	8,876	8,505	112,249
Net Income	8,268	7,652	8,134	8,875	8,504	107,870
Net Operating Income (NOI) (Note 2)	15,121	14,950	15,091	14,414	13,950	197,276
Funds from Operations (FFO) (Note 3)	12,154	11,938	12,353	11,914	11,577	158,576
FFO Multiple (Note 4)	15.2 times	16.1 times	15.1 times	16.3 times	14.1 times	15.2 times
Cash Distribution	7,753	7,652	8,134	8,826	8,504	101,159
Number of Units	489,200	489,200	489,200	489,200	443,000	489,200
Dividend per Unit (Yen/U.S.dollars)	15,850	15,642	16,628	18,043	19,198	206.78

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥76.65 = US\$1.00, the foreign exchange rate on September 30, 2011, 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 Transfer 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, 2009, 182 days for the period ended March 31, 2010, 183 days for the period ended September 30, 2010, 182 days for the period ended March 31, 2011 and 183 days for the period ended September 30, 2011.)

## Top 10 Unitholders

As of September 30, 2011

Company	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.) .....	72,842	14.89%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.) .....	39,106	7.99%
Trust & Custody Services Bank, Ltd. (Toshin Acc.) .....	36,508	7.46%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.) .....	16,960	3.47%
NOMURA BANK (LUXEMBOURG) S.A. ....	11,471	2.34%
Mitsubishi Estate Co., Ltd. ....	10,160	2.08%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT .....	9,430	1.93%
The Chugoku Bank, Ltd. ....	8,534	1.74%
BBH FOR MATTHEWS ASIAN GROWTH AND INCOME FUND .....	8,039	1.64%
North Pacific Bank, Ltd. ....	7,493	1.53%

## Unit Price Performance



## Strengths

### Stable Dividends

- Actual dividend per unit for the 20th fiscal period: **¥15,850** (\$206.78)\*
- Forecasted dividend per unit for the 21st fiscal period: **¥15,700** (\$204.83)\*\*

\* The foreign exchange rate of ¥76.65 = US\$1.00, as of September 30, 2011, has been used for this translation.

\*\* The forecasted dividend was disclosed with the announcement of the 20th fiscal period earnings results on November 21, 2011.

### 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: **¥657,863 million** (\$8,583 million)
- Maintains **56** high-quality office buildings
- **The first listed J-REIT**, showing steady performance for 20 consecutive periods

### Sound Financial Base

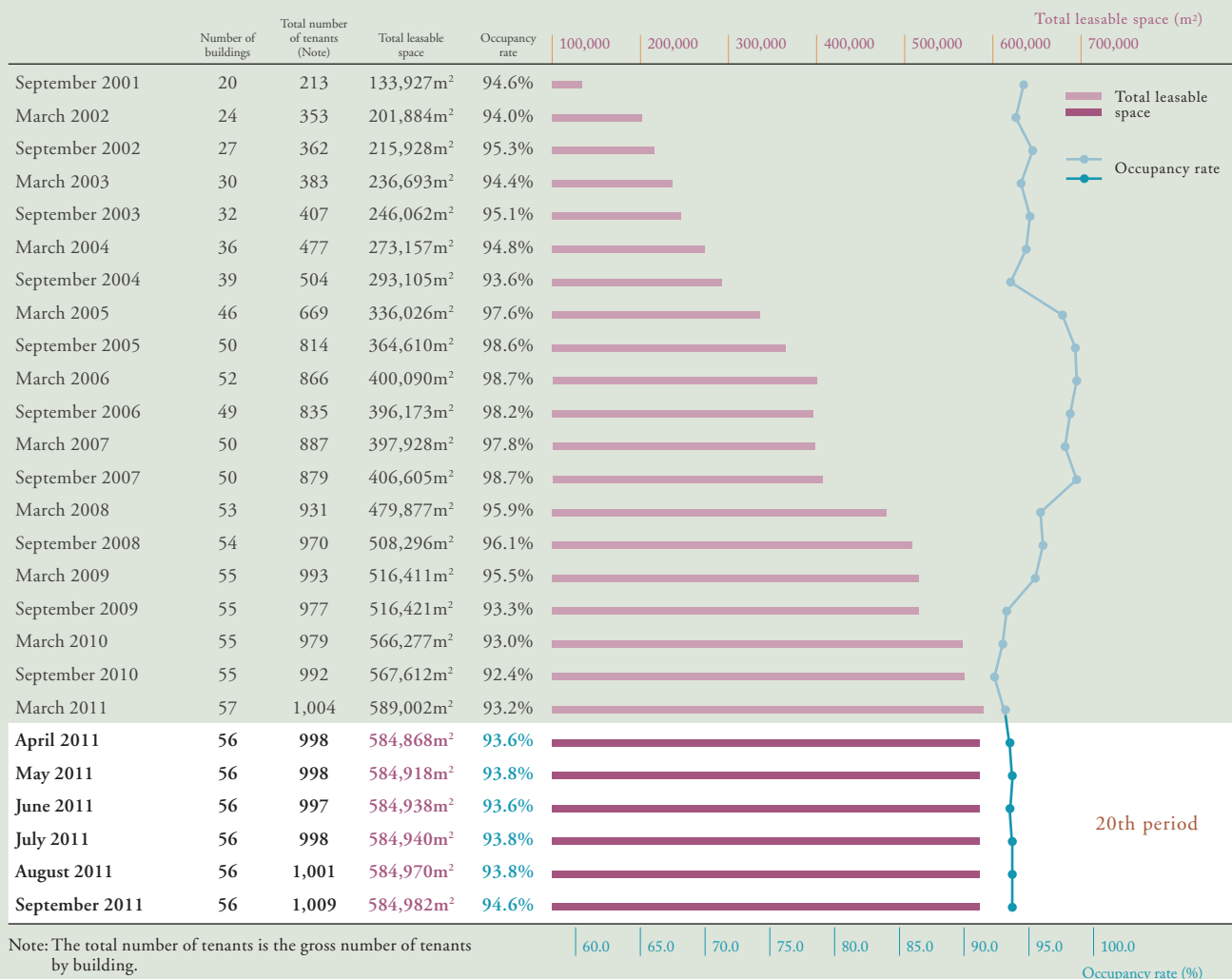
(as of September 30, 2011)

- Highest credit ratings for a J-REIT: **AA-** from S&P, **A1** from Moody's, **AA** from R&I
- LTV (Interest-bearing debt / Total assets): **41.8%**
- Long-term, fixed-interest debt ratio\*\*\*: **93.9%**

\*\*\* 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

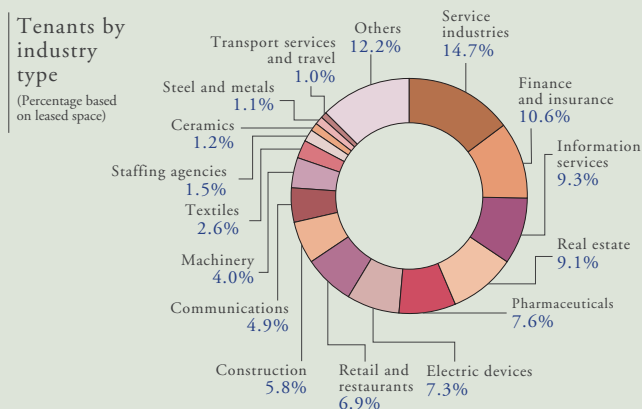
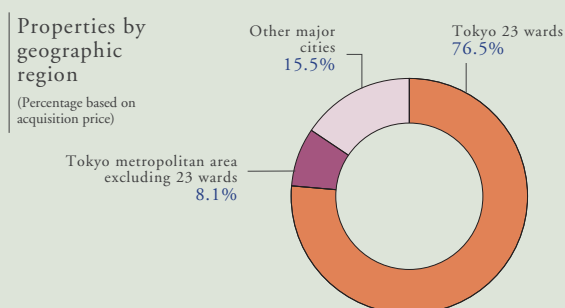
# Portfolio Highlights

## Trends in the state of portfolio management



## Portfolio breakdown

As of September 30, 2011



## Property Transfer and Internal Reserves

### Transfer of Asset

The Company transferred the following property in order to further enhance the quality of its portfolio.

#### Takanawadai Building

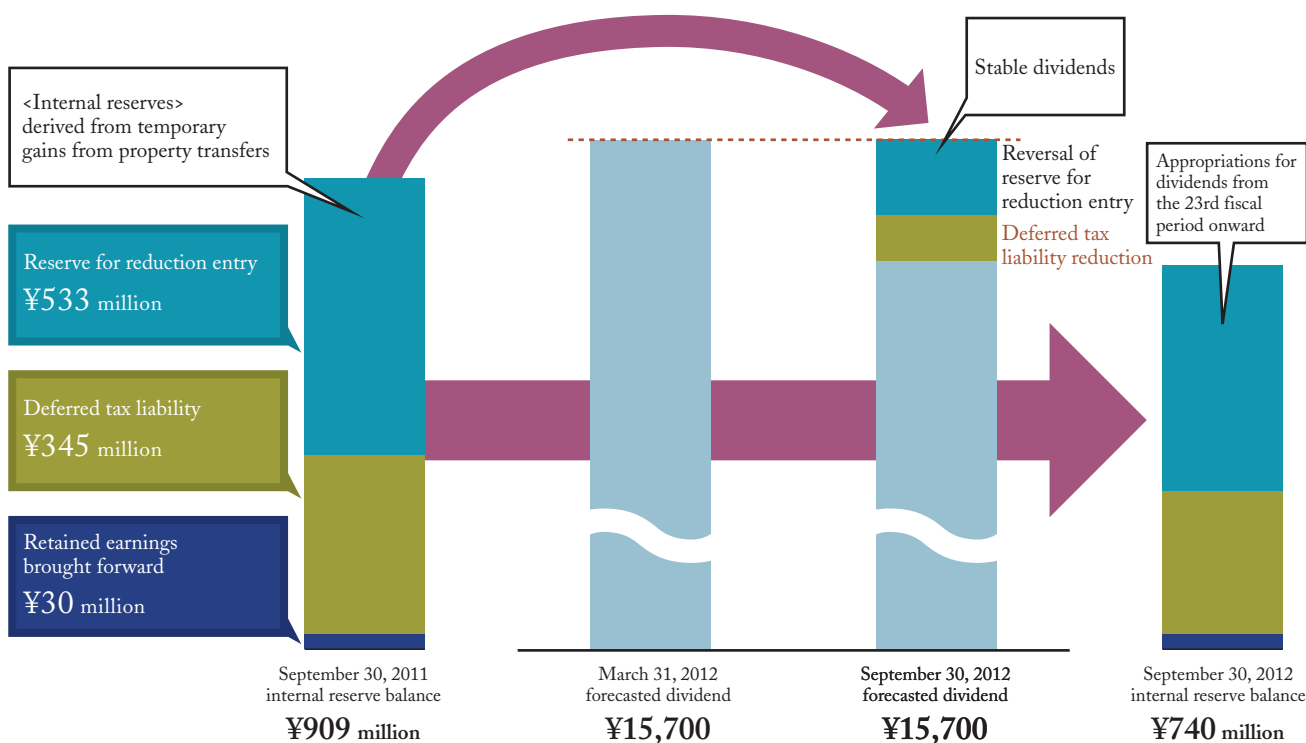
Transferred asset:	Trust beneficiary right in trust of domestic real estate (Takanawadai Building)
Transfer date:	April 1, 2011
Transfer price:	¥3,160 million (excluding any balance due or payment for fixed property and city planning taxes, etc.)
Acquisition date:	September 25, 2001
Acquisition price:	¥2,738 million
Gain on the sale:	¥546 million
Transferee:	Nomura Real Estate Development Co., Ltd.

### Undertaking Stable Dividends by Utilizing Internal Reserves

Excluding the monetary amount of dividends scheduled to be paid for 20th fiscal period, the Company maintains overall internal reserves totaling 909 million yen as of September 30, 2011.

These internal reserves are derived from gains from the sale of part of the Jingumae Media Square Building site to the Tokyo Metropolitan Government on October 30, 2009 and the Takanawadai Building property on April 1, 2011.

The Company will use the internal reserves obtained from these temporary gains to undertake the stable payment of future dividends.



Note: Forecasted dividends for the 21st and 22nd fiscal periods were disclosed in the 20th fiscal period results announced on November 21, 2011. These forecasted dividends are based on the premise that the Company will issue new investment units during the 21st fiscal period. However, the issue of such investment units is not guaranteed and, in the event of such issue, the number of units may vary. Accordingly, actual dividends may differ from forecasted amounts. For more details, please refer to the JAPAN REAL ESTATE INVESTMENT CORPORATION ANNOUNCEMENT OF TWENTIETH FISCAL PERIOD RESULTS announced on November 21, 2011.

## Subsequent Events

After the period ended September 30, 2011

### Acquisition of New, Prime Real Estate



#### Akasaka Park Building

Location:	5-2-20 Akasaka, Minato-ku, Tokyo
Site area:	14,198.20m <sup>2</sup>
Floor area of building:	97,489.16m <sup>2</sup>
Structure:	Steel-framed, steel-framed reinforced concrete structure, flat roof
Floors:	Above ground: 30 floors Below ground: 2 floors
Completion:	July 1993
Property management company:	Mitsubishi Estate Co., Ltd.
Acquisition date:	November 15, 2011
Seller:	Mitsubishi Estate Co., Ltd.
Occupancy rate:	100.0% (As of the acquisition date; does not include the residential portion)



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

#### 1. Superior location

- Located in the Akasaka area where many foreign companies have historically established their business bases. The image of this area has been further improved in recent years by the development of “akasaka Sacas,” and diversified demand from tenants is expected into the future.
- In addition, the building commands good access to public transportation being only five minutes’ walk from Akasaka Station on the Tokyo Metro Chiyoda subway line and within walking distance of Akasaka-mitsuke Station on the Tokyo Metro Ginza and Marunouchi subway lines. Therefore, it enjoys easy access to the other main areas of central Tokyo.

#### 2. Large property with high competitiveness

- The property, with a total floor space of 97,489.16m<sup>2</sup> for the entire building and a standard floor area of approx. 2,036.36m<sup>2</sup>, has the advantage of large scale, which may well be considered to give it scarcity value among large-sized buildings in Chiyoda, Chuo and Minato cities.
- The property has competitive specifications as an office building, including a ceiling height of 2,700 mm, an electric capacity of 40 VA/m<sup>2</sup> and a 24-hour-a-day building entry system.

### The Submission of Shelf Registration Statement to Issue Investment Units

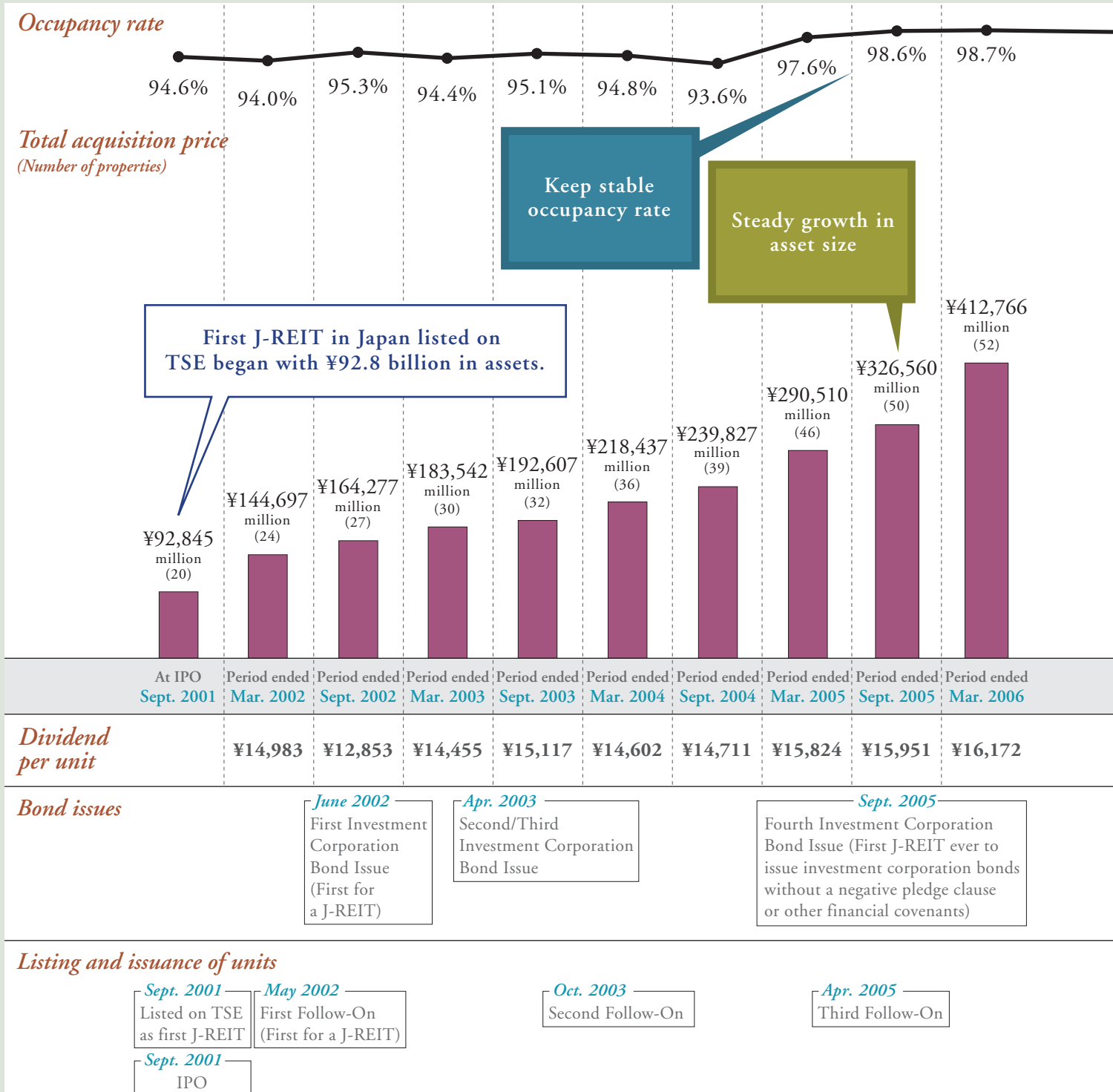
The Company submitted the following shelf registration statement for the issuance of investment units to the commissioner of the Kanto Local Finance Bureau on November 21, 2011.

#### <Overview of shelf registration of new investment units>

Type of domestic investment security:	Japan Real Estate Investment Corporation investment unit
Scheduled period of issuance:	Within one year commencing from the effective date of the Shelf Registration Statement (from November 29, 2011 to November 28, 2012)
Scheduled amount of issuance:	Up to ¥40,700 million
Use of proceeds:	Loan repayment

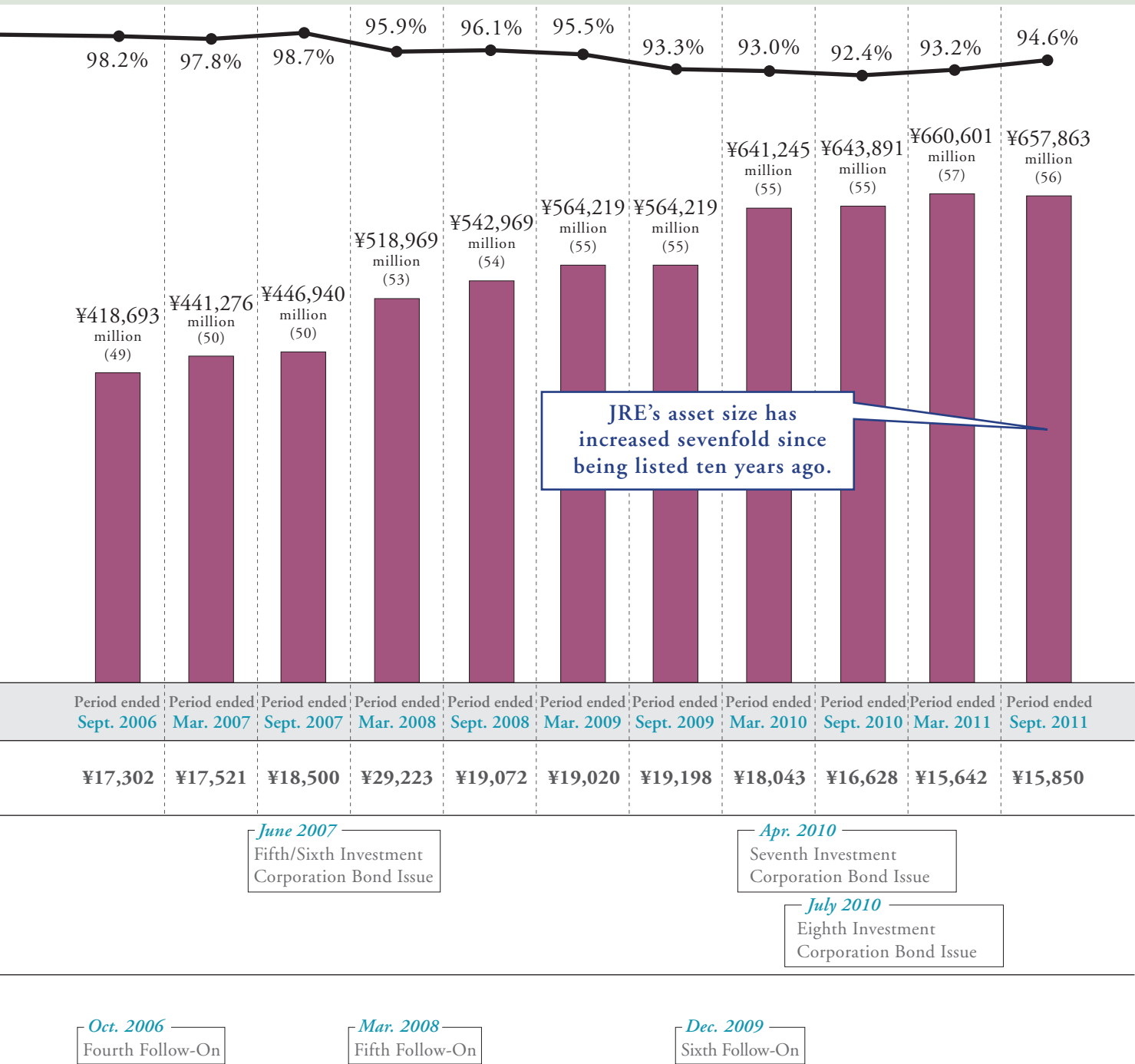
## History after IPO

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 ¥657.8 billion as of the 20th 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.



*To Our Unitholders*



*Amid these severe operating conditions, the Company strived to improve occupancy rates by aggressively promoting leasing activities that take into account market trends. In addition, the Company transferred ownership of the Takanawadai Building with the aim of further increasing the quality of its portfolio through ongoing asset reorganization.*

## **BUSINESS PERFORMANCE FOR THE 20TH FISCAL PERIOD**

### **Summary of Financial Results and Cash Dividend**

In the 20th fiscal period (April 1, 2011 to September 30, 2011), Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 22,829 million yen, up 3.1% compared with the previous period. On the earnings front, operating income increased 5.9% to 10,380 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income rose 8.4% to 8,603 million yen and net income improved 8.1% to 8,268 million yen.

Turning to dividends, through the utilization of the “Special Provisions for Taxation in the case of Advance Acquisition of land, etc. in 2009 and 2010” under Article 66-2 of the Special Taxation Measures Law of Japan (which is intended to ensure that a stable cash dividend level is maintained), the Company has decided to set a reserve for reduction entry within retained earnings to avoid generating taxable income. The Company has determined to pay out cash dividends in an amount that does not exceed the amount of unappropriated retained earnings at period-end after corporate tax deductions related to the aforementioned reserve for reduction entry. This amount must be divisible by 489,200—the number of units outstanding as of September 30, 2011. Accordingly, the amount of cash dividends for the period under review totaled 7,753,820,000 yen, for a per-unit cash dividend of 15,850 yen.

### **Operating Environment and Performance**

During the period under review, conditions in the Japanese economy during the first half were severe, reflecting a drop in consumer spending and decreased industrial production due to severed supply chains resulting from the Great East Japan Earthquake. Despite signs of a recovery in consumer spending and industrial production from the summer onward, a full-scale recovery did not materialize. This was attributable to a heightened awareness of the risk of further economic stagnation caused by the impact of power supply restrictions and the nuclear disaster in Japan as well as concerns over a general slowdown in overseas economies that, along with credit instability in North America and Europe, is driving up yen rates.

In the market for leased office space, occupancy rates for office buildings in Tokyo stopped falling for the most part while those for prime properties in central Tokyo experienced a rise. Despite these factors, overall rent levels remained on a downward trend due to an expanding wait-and-see attitude that reflected the delayed economic recovery. In regional business areas, there was a gradual improvement in occupancy rates. However, the overall trend of high vacancy rates coupled with low rent levels prevailed amid stagnant demand for office space.

In the property market, although the number of transactions was initially stagnant due to the effect of the Great East Japan Earthquake, for the period as a whole REIT-related real estate transactions remained steady as the disaster had no specific impact on property values themselves. Nevertheless, transaction volume failed to rally due to the difficulty in establishing common ground over prices between sellers and buyers in light of uncertain economic and office rental market trends as well as 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 rose from 93.2% as of March 31, 2011 to 94.6% as of September 30, 2011. In addition, as part of an effort to reorganize its assets, the Company transferred ownership of the Takanawadai Building. As a result of the above, the Company’s portfolio as of September 30, 2011, consisted of 56 office buildings with a total acquisition price of 657,863 million yen. Total leasable space stood at 584,982 m<sup>2</sup>, with a total of 1,009 tenants.

### **Financial Activities**

To fund the repayment of existing loans (including those to be repaid prior to maturity), the Company procured loans totaling 10,000 million yen on April 4, 2011; 23,000 million yen on June 1, 2011; 24,000 million yen on June 23, 2011; 4,500 million yen on August 1, 2011; 5,000 million yen on August 31, 2011; 1,500 million yen on September 1, 2011; and 5,500 million yen on September 26, 2011.

At the same time, the Company repaid 3,000 million yen in short-term loans prior to their maturity through proceeds

*The Company intends to turn such severe conditions into an opportunity, shifting its focus towards external growth based on overall growth that will compensate for a fall in internal growth. Through such actions, the Company will work to increase revenues and earnings and, in turn, maintain and improve per-unit cash dividends.*

obtained from the sale of the Takanawadai Building on April 1, 2011. In addition, the Company completed the scheduled installment repayment of long-term loans totaling 50 million yen on September 26, 2011.

As a result of these financing activities, as of September 30, 2011, the Company's total interest-bearing debt amounted to 269,350 million yen. This amount consists of long-term loans totaling 197,850 million yen (including a current portion totaling 8,100 million yen), short-term loans totaling 16,500 million yen, and investment corporation bonds totaling 55,000 million yen (including a current portion totaling 10,000 million yen).

As of September 30, 2011, the Company's long-term, fixed-interest debt ratio (ratio of long-term, fixed-interest debt, including the current portion of long-term loans and investment corporation bonds, to total interest-bearing debt) stood at 93.9%, and the LTV ratio (ratio of interest-bearing debt to total assets) was 41.8%. As these 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: AA-; Short-term: A-1+; Outlook: Negative
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 remain uncertain due to numerous domestic and overseas risk factors even though a recovery in industrial production (which slumped following the Great East Japan Earthquake) is anticipated amid a rise in demand for disaster-related reconstruction.

In the market for leased office space, vacancy rates are projected to remain at current levels for the foreseeable future due to the fixed supply of new buildings, reflecting low expectations that demand will rapidly recover. Following this, it is presumed that it will be some time before rent levels rebound.

We expect property market transactions to stabilize thanks to an ongoing accommodative fund-raising environ-

ment. However, the Company considers it important to analyze more detailed property information obtained through a variety of channels in order to acquire prime properties amid an increasingly uncertain economic environment and an ongoing slump in leasing markets.

### 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 and strategically raise rent levels. As of September 30, 2011, the Company had contracts with 11 property management companies. Most of these companies were already managing their respective buildings before the Company acquired them and have thus built relationships of trust with their tenants. The Company works to further strengthen these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction and subsequently maintain occupancy rates and restrain 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 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 apply 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. These companies are 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.



Noritada Terasawa (Left)  
*Executive Director of Japan Real Estate Investment Corporation*

Hiroshi Katayama (Right)  
*CEO & President of Japan Real Estate Asset Management Co., Ltd.*

First, the Company continually enhances its property information channels and develops new channels in order to access important information quickly.

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 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%.

Concerning 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 21st and 22nd Fiscal Periods

For the 21st fiscal period (October 1, 2011, to March 31, 2012), the Company forecasts operating revenues totaling 24,140

million yen, operating income totaling 10,590 million yen, ordinary income totaling 8,630 million yen, and net income totaling 8,620 million yen. The Company plans to declare a cash dividend totaling 15,700 yen per unit.

For the 22nd fiscal period (April 1, 2012, to September 30, 2012), the Company forecasts operating revenues totaling 24,080 million yen, operating income totaling 10,270 million yen, ordinary income totaling 8,470 million yen, and net income totaling 8,520 million yen. The Company plans to declare a cash dividend totaling 15,700 yen per unit.

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

The circumstances primarily surrounding the nuclear disaster in Japan gradually stabilized during the six months following the Great East Japan Earthquake. In the market for leased office space, the prevailing wait-and-see attitude following the disaster is finally subsiding, with movement emerging among tenants. In light of rapid yen appreciation caused by the global financial crisis, however, the attitude among companies remains guarded. As a result, the downward trend in rent levels has not completely halted. Amid such severe internal growth conditions, the Company plans to continue using its healthy financial standing to facilitate steady external growth.

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, 2011

Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ mil)	
<b>Tokyo 23 wards</b>						
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000	(0.8%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555	(12.4%)
● I- 3	MD Kanda Building	Kanda-Mitoshirocho, Chiyoda-ku	Real property	05/31/2002	9,520	(1.4%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810	(0.7%)
● I- 5	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700	(2.2%)
● I- 6	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700	(6.8%)
● I- 7	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000	(1.1%)
● I- 8	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200	
				04/03/2006	10,700	
				total	20,900	(3.2%)
● I- 9	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200	(1.1%)
● I- 10	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173	(0.5%)
● I- 11	Kyodo Building (Kayabacho 2Chome)	Nihonbashi-Kayabacho, Chuo-ku	Trust	03/01/2011	4,410	(0.7%)
● I- 12	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250	(0.8%)
● I- 13	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830	(2.6%)
● 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	(1.2%)
● I- 15	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800	(4.1%)
● I- 16	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680	(1.2%)
● I- 17	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250	
				01/15/2010	54,600	
				total	75,850	(11.5%)
● I- 18	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859	(0.7%)
● I- 19	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808	(0.4%)
● I- 20	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830	(1.2%)
● I- 21	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350	
				03/24/2010	22,426	
				total	31,776	(4.8%)
● I- 22	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500	(0.8%)
● I- 23	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300	(1.9%)
● I- 24	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123	(0.8%)
● I- 25	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670	(1.0%)
● I- 26	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700	(1.3%)
● I- 27	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885	(0.7%)
● I- 28	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200	(1.9%)
● I- 29	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600	(5.3%)
● I- 30	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740	
				04/01/2004	360	
				total	4,100	(0.6%)
● I- 31	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500	(1.3%)
● I- 32	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541	(0.5%)
● I- 33	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728	(0.3%)
● I- 34	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500	(0.7%)
<b>Tokyo metropolitan area, excluding 23 wards</b>						
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300	
				03/19/2008	2,379	
				total	5,679	(0.9%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.4%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400	(5.7%)
● 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	(0.6%)
<b>Other major cities</b>						
● III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100	(1.1%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000	(0.2%)
● III- 3	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.5%)
● III- 4	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(0.7%)
● III- 5	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850	
				11/01/2006	1,300	
				total	5,150	(0.8%)
● III- 6	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680	(0.3%)
● III- 7	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533	(2.2%)
● 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	(3.6%)
● 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	(2.2%)
● III- 13	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.7%)
● 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	(0.8%)
● III- 17	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.6%)
				total	657,863	(100.0%)

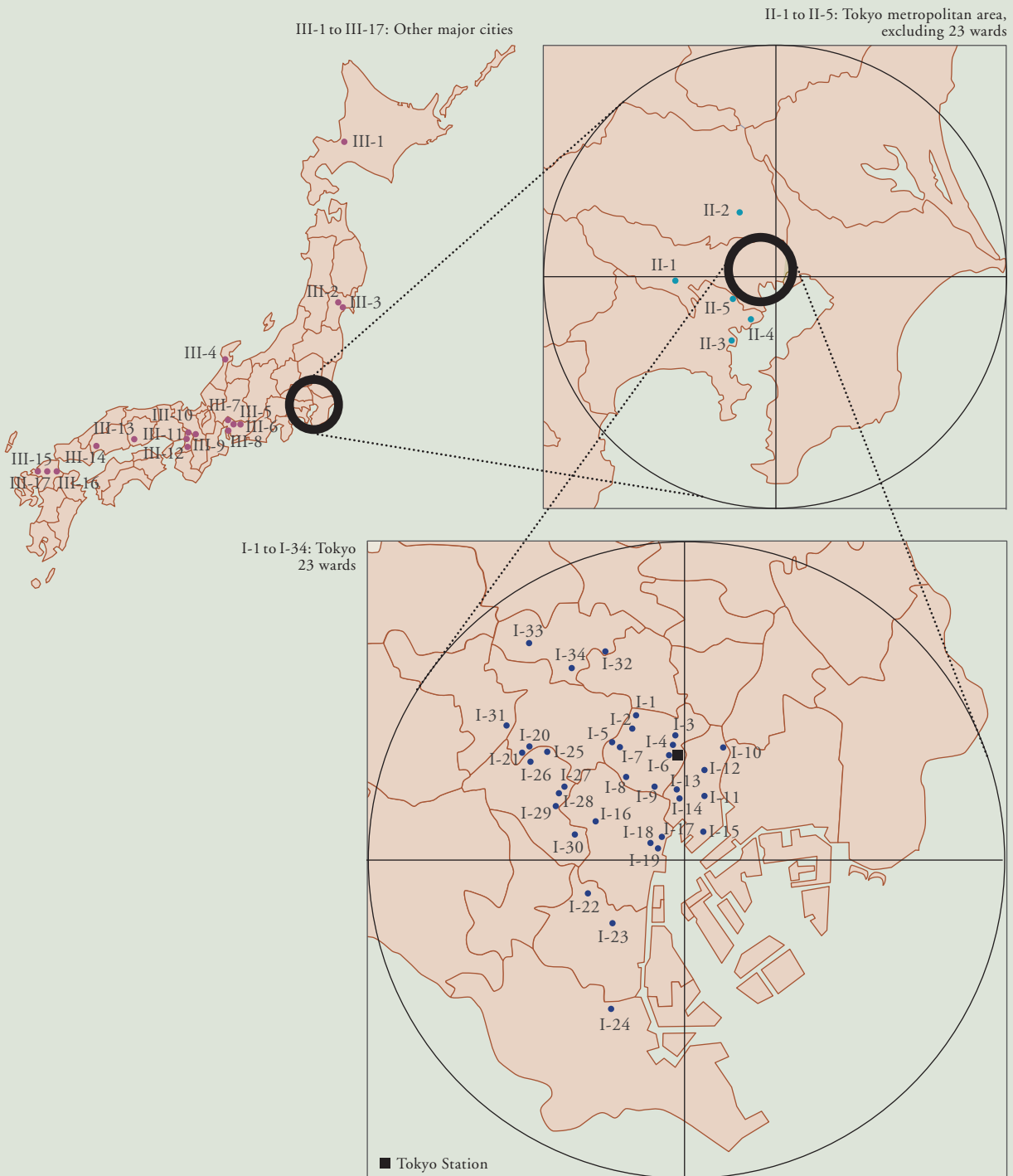
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ mil)	Leasable space	Leased space	Occupancy rate	Number of tenants	Revenues from leasing operations (¥ mil)
100.0%	1985	6,100	4,791m <sup>2</sup>	4,791m <sup>2</sup>	100.0%	1	221 (1.0%)
100.0%	2006	68,700	25,678m <sup>2</sup>	25,678m <sup>2</sup>	100.0%	5	1,562 (7.0%)
100.0%	1998	8,750	6,269m <sup>2</sup>	4,794m <sup>2</sup>	76.5%	6	259 (1.2%)
56.76%	1993	4,560	3,687m <sup>2</sup>	3,218m <sup>2</sup>	87.3%	9	121 (0.5%)
31.345%	2004	16,300	9,316m <sup>2</sup>	9,316m <sup>2</sup>	100.0%	1	474 (2.1%)
19.38402%	2003	46,500	11,855m <sup>2</sup>	11,855m <sup>2</sup>	100.0%	10	984 (4.4%)
100.0%	2005	6,220	4,495m <sup>2</sup>	4,495m <sup>2</sup>	100.0%	1	162 (0.7%)
99.0%	1966	29,000	20,871m <sup>2</sup>	20,275m <sup>2</sup>	97.1%	38	1,027 (4.6%)
10.78%	1975	7,430	4,694m <sup>2</sup>	4,095m <sup>2</sup>	87.2%	13	249 (1.1%)
100.0%	1991	3,110	3,897m <sup>2</sup>	3,686m <sup>2</sup>	94.6%	9	117 (0.5%)
100.0%	1991	4,710	4,538m <sup>2</sup>	4,336m <sup>2</sup>	95.5%	9	143 (0.6%)
100.0%	2002	6,170	4,279m <sup>2</sup>	4,279m <sup>2</sup>	100.0%	1	150 (0.7%)
70.95%	1982	14,600	4,329m <sup>2</sup>	4,290m <sup>2</sup>	99.1%	10	371 (1.7%)
100.0%	1998	5,300	4,255m <sup>2</sup>	4,059m <sup>2</sup>	95.4%	11	115 (0.5%)
100.0%	2006	20,300	20,812m <sup>2</sup>	20,612m <sup>2</sup>	99.0%	7	684 (3.1%)
100.0%	1982	7,460	4,898m <sup>2</sup>	4,898m <sup>2</sup>	100.0%	6	205 (0.9%)
40.0%	2007	78,000	32,155m <sup>2</sup>	32,084m <sup>2</sup>	99.8%	30	2,277 (10.2%)
100.0%	1984	6,060	9,606m <sup>2</sup>	9,401m <sup>2</sup>	97.9%	20	306 (1.4%)
100.0%	1992	2,730	4,062m <sup>2</sup>	4,062m <sup>2</sup>	100.0%	8	111 (0.5%)
100.0%	1989	5,980	6,134m <sup>2</sup>	5,659m <sup>2</sup>	92.3%	10	201 (0.9%)
31.325%	1996	30,900	35,043m <sup>2</sup>	31,536m <sup>2</sup>	90.0%	91	1,572 (7.1%)
100.0%	2004	5,650	5,205m <sup>2</sup>	5,205m <sup>2</sup>	100.0%	4	190 (0.9%)
100.0%	2005	15,180	16,856m <sup>2</sup>	16,856m <sup>2</sup>	100.0%	1	667 (3.0%)
100.0%	1989	5,250	7,754m <sup>2</sup>	7,754m <sup>2</sup>	100.0%	18	252 (1.1%)
100.0%	1974	7,040	7,356m <sup>2</sup>	7,356m <sup>2</sup>	100.0%	21	300 (1.3%)
100.0%	2003	9,990	7,745m <sup>2</sup>	7,745m <sup>2</sup>	100.0%	8	312 (1.4%)
100.0%	1987	6,090	3,147m <sup>2</sup>	3,147m <sup>2</sup>	100.0%	4	190 (0.9%)
100.0%	1998	10,400	5,558m <sup>2</sup>	5,558m <sup>2</sup>	100.0%	7	341 (1.5%)
100.0%	1976	40,800	29,846m <sup>2</sup>	28,931m <sup>2</sup>	96.9%	58	1,358 (6.1%)
12.29939%	1994	2,800	2,462m <sup>2</sup>	2,014m <sup>2</sup>	81.8%	4	68 (0.3%)
29.253305%	1997	9,450	10,929m <sup>2</sup>	9,317m <sup>2</sup>	85.2%	12	344 (1.5%)
100.0%	1987	3,820	7,193m <sup>2</sup>	6,303m <sup>2</sup>	87.6%	5	169 (0.8%)
100.0%	1990	1,580	2,186m <sup>2</sup>	2,186m <sup>2</sup>	100.0%	9	73 (0.3%)
100.0%	1989	4,230	5,932m <sup>2</sup>	5,932m <sup>2</sup>	100.0%	11	180 (0.8%)
80.4%	1996	4,450	10,068m <sup>2</sup>	9,215m <sup>2</sup>	91.5%	38	239 (1.1%)
100.0%	1990	2,070	4,510m <sup>2</sup>	4,510m <sup>2</sup>	100.0%	14	111 (0.5%)
100.0%	2007	35,900	38,496m <sup>2</sup>	36,097m <sup>2</sup>	93.8%	26	1,335 (6.0%)
100.0%	1990	2,720	6,831m <sup>2</sup>	6,741m <sup>2</sup>	98.7%	11	160 (0.7%)
34.32%	1990	3,510	5,378m <sup>2</sup>	4,720m <sup>2</sup>	87.8%	20	143 (0.6%)
100.0%	2006	6,630	12,265m <sup>2</sup>	12,265m <sup>2</sup>	100.0%	8	327 (1.5%)
50.0%	1993	887	2,518m <sup>2</sup>	2,518m <sup>2</sup>	100.0%	18	67 (0.3%)
100.0%	1991	2,480	6,241m <sup>2</sup>	5,448m <sup>2</sup>	87.3%	17	128 (0.6%)
89.0%	1991	5,330	20,848m <sup>2</sup>	17,046m <sup>2</sup>	81.8%	71	452 (2.0%)
57.04651%	1995	3,660	8,056m <sup>2</sup>	7,739m <sup>2</sup>	96.1%	52	244 (1.1%)
100.0%	1987	1,330	3,911m <sup>2</sup>	3,121m <sup>2</sup>	79.8%	12	87 (0.4%)
100.0%	1987	12,600	21,624m <sup>2</sup>	20,034m <sup>2</sup>	92.6%	27	575 (2.6%)
100.0%	1991	1,080	3,470m <sup>2</sup>	2,562m <sup>2</sup>	73.8%	9	63 (0.3%)
100.0%	1982	1,720	6,801m <sup>2</sup>	5,159m <sup>2</sup>	75.9%	30	101 (0.5%)
100.0%	1995	16,400	28,414m <sup>2</sup>	26,008m <sup>2</sup>	91.5%	41	736 (3.3%)
100.0%	1992	3,620	11,574m <sup>2</sup>	10,693m <sup>2</sup>	92.4%	18	229 (1.0%)
100.0%	1991	14,100	20,450m <sup>2</sup>	19,164m <sup>2</sup>	93.7%	34	590 (2.6%)
27.7488%	2005	4,220	9,965m <sup>2</sup>	9,315m <sup>2</sup>	93.5%	38	257 (1.2%)
48.753%	1994	2,980	9,860m <sup>2</sup>	9,469m <sup>2</sup>	96.0%	12	249 (1.1%)
100.0%	1992	1,320	4,000m <sup>2</sup>	4,000m <sup>2</sup>	100.0%	19	85 (0.4%)
100.0%	1993	2,470	5,973m <sup>2</sup>	5,773m <sup>2</sup>	96.6%	30	153 (0.7%)
74.4844%	1987	3,720	5,868m <sup>2</sup>	5,868m <sup>2</sup>	100.0%	6	173 (0.8%)
		634,357	584,982m <sup>2</sup>	553,212m <sup>2</sup>	94.6%	1,009	22,283 (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)	23,695m <sup>2</sup>	4.3%
2	Mitsubishi Estate Co., Ltd.	Osaki Front Tower	16,856m <sup>2</sup>	3.0%
3	NTT Communications Corporation	Shiodome Building	11,813m <sup>2</sup>	2.1%
4	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,598m <sup>2</sup>	1.9%
5	Seven & i Holdings Co., Ltd.	Nibancho Garden	9,316m <sup>2</sup>	1.7%
6	Space Design, Inc.	Burex Kojimachi Building (also includes 1 other building)	8,774m <sup>2</sup>	1.6%
7	JSOL Corporation	Harumi Center Building	8,567m <sup>2</sup>	1.5%
8	(Note)	MM Park Building (also includes 1 other building)	7,027m <sup>2</sup>	1.3%
9	TOTO LTD.	Midosuji Daiwa Building (also includes 1 other building)	6,118m <sup>2</sup>	1.1%
10	(Note)	Shibuya Cross Tower	6,045m <sup>2</sup>	1.1%

Note: Not disclosed as per tenant request

## Locations of Portfolio Properties





## Overview of Portfolio Properties *As of September 30, 2011*

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

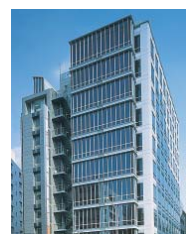
Location: Chiyoda-ku, Tokyo  
 Site area: 1,052.80m<sup>2</sup>  
 Floor area of building: 6,722.02m<sup>2</sup>  
 Structure: Above ground: 8 floors  
 Below ground: 1 floor  
 Completion: September 1985



**Kitanomaru Square**

● I-2

Location: Chiyoda-ku, Tokyo  
 Site area: 5,821.03m<sup>2</sup>  
 Floor area of building: 57,279.20m<sup>2</sup>  
 Structure: Above ground: 26 floors  
 Below ground: 2 floors  
 Completion: January 2006



**MD Kanda Building**

● I-3

Location: Chiyoda-ku, Tokyo  
 Site area: 1,085.83m<sup>2</sup>  
 Floor area of building: 8,185.11m<sup>2</sup>  
 Structure: Above ground: 10 floors  
 Completion: February 1998



**Kandabashi Park Building**

● I-4

Location: Chiyoda-ku, Tokyo  
 Site area: 1,218.56m<sup>2</sup>  
 Floor area of building: 9,370.25m<sup>2</sup>  
 Structure: Above ground: 10 floors  
 Below ground: 1 floor  
 Completion: July 1993



**Nibancho Garden**

● I-5

Location: Chiyoda-ku, Tokyo  
 Site area: 11,003.87m<sup>2</sup>  
 Floor area of building: 57,031.06m<sup>2</sup>  
 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: 8,100.39m<sup>2</sup>  
 Floor area of building: 108,171.67m<sup>2</sup>  
 Structure: Above ground: 29 floors  
 Below ground: 4 floors  
 Completion: February 2003



**Burex Kojimachi Building**

● I-7

Location: Chiyoda-ku, Tokyo  
 Site area: 967.67m<sup>2</sup>  
 Floor area of building: 6,526.64m<sup>2</sup>  
 Structure: Above ground: 11 floors  
 Below ground: 1 floor  
 Completion: January 2005



**Sanno Grand Building**

● I-8

Location: Chiyoda-ku, Tokyo  
 Site area: 3,663.93m<sup>2</sup>  
 Floor area of building: 33,875.95m<sup>2</sup>  
 Structure: Above ground: 10 floors  
 Below ground: 3 floors  
 Completion: September 1966



**Yurakucho Denki Building**

● I-9

Location: Chiyoda-ku, Tokyo  
 Site area: 5,749.91m<sup>2</sup>  
 Floor area of building: 70,287.65m<sup>2</sup>  
 Structure: Above ground: 20 floors  
 Below ground: 4 floors  
 Completion: September 1975



**Kodenmachi Shin-Nihonbashi Building**

● I-10

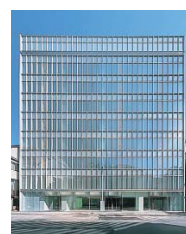
Location: Chuo-ku, Tokyo  
 Site area: 773.28m<sup>2</sup>  
 Floor area of building: 5,822.88m<sup>2</sup>  
 Structure: Above ground: 9 floors  
 Below ground: 1 floor  
 Completion: November 1991



**Kyodo Building (Kayabacho 2Chome)**

● I-11

Location: Chuo-ku, Tokyo  
 Site area: 754.26m<sup>2</sup>  
 Floor area of building: 5,505.80m<sup>2</sup>  
 Structure: Above ground: 9 floors  
 Below ground: 1 floor  
 Completion: April 1991



**Burex Kyobashi Building**

● I-12

Location: Chuo-ku, Tokyo  
 Site area: 756.03m<sup>2</sup>  
 Floor area of building: 5,470.54m<sup>2</sup>  
 Structure: Above ground: 8 floors  
 Below ground: 1 floor  
 Completion: February 2002



### Ginza Sanwa Building

● I-13

Location: Chuo-ku, Tokyo  
Site area: 1,119.27m<sup>2</sup>  
Floor area of building: 8,851.00m<sup>2</sup>  
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: 864.91m<sup>2</sup>  
Floor area of building: 5,751.68m<sup>2</sup>  
Structure: Above ground: 8 floors  
Below ground: 1 floor  
Completion: October 1998



### Harumi Center Building

● I-15

Location: Chuo-ku, Tokyo  
Site area: 4,664.63m<sup>2</sup>  
Floor area of building: 26,447.27m<sup>2</sup>  
Structure: Above ground: 10 floors  
Completion: November 2006



### Aoyama Crystal Building

● I-16

Location: Minato-ku, Tokyo  
Site area: 989.30m<sup>2</sup>  
Floor area of building: 8,094.36m<sup>2</sup>  
Structure: Above ground: 10 floors  
Below ground: 4 floors  
Completion: December 1982



### Shiodome Building

● I-17

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



### Shiba 2Chome Daimon Building

● I-18

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



### Cosmo Kanasugibashi Building

● I-19

Location: Minato-ku, Tokyo  
Site area: 758.54m<sup>2</sup>  
Floor area of building: 5,420.93m<sup>2</sup>  
Structure: Above ground: 9 floors  
Below ground: 1 floor  
Completion: March 1992



### Shinwa Building

● I-20

Location: Shinjuku-ku, Tokyo  
Site area: 822.00m<sup>2</sup>  
Floor area of building: 8,291.69m<sup>2</sup>  
Structure: Above ground: 10 floors  
Below ground: 1 floor  
Completion: November 1989



### Tokyo Opera City Building

● I-21

Location: Shinjuku-ku, Tokyo  
Site area: 18,236.94m<sup>2</sup>  
Floor area of building: 232,996.81m<sup>2</sup>  
Structure: Above ground: 54 floors  
Below ground: 4 floors  
Completion: July 1996



### Higashi-Gotanda 1Chome Building

● I-22

Location: Shinagawa-ku, Tokyo  
Site area: 1,539.95m<sup>2</sup>  
Floor area of building: 6,460.39m<sup>2</sup>  
Structure: Above ground: 8 floors  
Completion: July 2004



### Osaki Front Tower

● I-23

Location: Shinagawa-ku, Tokyo  
Site area: 3,684.38m<sup>2</sup>  
Floor area of building: 23,673.92m<sup>2</sup>  
Structure: Above ground: 15 floors  
Completion: June 2005



### Omori-Eki Higashiguchi Building

● I-24

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



### Nippon Brunswick Building

● I-25

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



### Yoyogi 1Chome Building

● I-26

Location: Shibuya-ku, Tokyo  
Site area: 1,755.75m<sup>2</sup>  
Floor area of building: 10,778.10m<sup>2</sup>  
Structure: Above ground: 14 floors  
Below ground: 1 floor  
Completion: October 2003



### da Vinci Harajuku

● I-27

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



### Jingumae Media Square Building

● I-28

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



### Shibuya Cross Tower

● I-29

Location: Shibuya-ku, Tokyo  
Site area: 5,153.45m<sup>2</sup>  
Floor area of building: 61,862.33m<sup>2</sup>  
Structure: Above ground: 32 floors  
Below ground: 3 floors  
Completion: April 1976



### Ebisu Neonato

● I-30

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



### Harmony Tower

● I-31

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



### Otsuka Higashi-Ikebukuro Building

● I-32

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



### Ikebukuro 2Chome Building

● I-33

Location: Toshima-ku, Tokyo  
Site area: 397.26m<sup>2</sup>  
Floor area of building: 3,157.51m<sup>2</sup>  
Structure: Above ground: 9 floors  
Below ground: 1 floor  
Completion: May 1990



### Ikebukuro YS Building

● I-34

Location: Toshima-ku, Tokyo  
Site area: 1,384.56m<sup>2</sup>  
Floor area of building: 7,464.64m<sup>2</sup>  
Structure: Above ground: 8 floors  
Below ground: 1 floor  
Completion: December 1989



### Hachioji First Square

● II-1

Location: Hachioji, Tokyo  
Site area: 2,989.33m<sup>2</sup>  
Floor area of building: 18,329.98m<sup>2</sup>  
Structure: Above ground: 12 floors  
Below ground: 1 floor  
Completion: July 1996



### Saitama Urawa Building

● II-2

Location: Saitama, Saitama Prefecture  
Site area: 1,533.06m<sup>2</sup>  
Floor area of building: 6,258.59m<sup>2</sup>  
Structure: Above ground: 8 floors  
Completion: March 1990



### MM Park Building

● II-3

Location: Yokohama, Kanagawa Prefecture  
Site area: 6,825.77m<sup>2</sup>  
Floor area of building: 49,037.51m<sup>2</sup>  
Structure: Above ground: 15 floors  
Below ground: 1 floor  
Completion: December 2007



### Kawasaki Isago Building

● II-4

Location: Kawasaki, Kanagawa Prefecture  
Site area: 1,594.50m<sup>2</sup>  
Floor area of building: 9,623.83m<sup>2</sup>  
Structure: Above ground: 12 floors  
Below ground: 1 floor  
Completion: December 1990



### Musashi Kosugi STM Building

● II-5

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



### 8.3 Square Kita Building

● III-1

Location: Sapporo, Hokkaido  
Site area: 5,541.60m<sup>2</sup>  
Floor area of building: 16,096.97m<sup>2</sup>  
Structure: Above ground: 11 floors  
Below ground: 1 floor  
Completion: December 2006



### Jozenji Park Building

● III-2

Location: Sendai, Miyagi Prefecture  
Site area: 1,566.68m<sup>2</sup>  
Floor area of building: 7,648.33m<sup>2</sup>  
Structure: Above ground: 8 floors  
Below ground: 1 floor  
Completion: January 1993



### Sendai Honcho Honma Building

● III-3

Location: Sendai, Miyagi Prefecture  
Site area: 1,437.47m<sup>2</sup>  
Floor area of building: 8,247.50m<sup>2</sup>  
Structure: Above ground: 11 floors  
Completion: November 1991



### Kanazawa Park Building

● III-4

Location: Kanazawa, Ishikawa Prefecture  
Site area: 6,642.71m<sup>2</sup>  
Floor area of building: 43,481.20m<sup>2</sup>  
Structure: Above ground: 12 floors  
Below ground: 2 floors  
Completion: October 1991



### Nishiki Park Building

● III-5

Location: Nagoya, Aichi Prefecture  
Site area: 2,170.45m<sup>2</sup>  
Floor area of building: 25,091.91m<sup>2</sup>  
Structure: Above ground: 22 floors  
Below ground: 4 floors  
Completion: August 1995



### Hirokoji Sakae Building

● III-6

Location: Nagoya, Aichi Prefecture  
Site area: 786.79m<sup>2</sup>  
Floor area of building: 6,445.08m<sup>2</sup>  
Structure: Above ground: 9 floors  
Below ground: 2 floors  
Completion: September 1987



### Nagoya Hirokoji Building

● III-7

Location: Nagoya, Aichi Prefecture  
Site area: 4,095.81m<sup>2</sup>  
Floor area of building: 33,377.73m<sup>2</sup>  
Structure: Above ground: 18 floors  
Below ground: 2 floors  
Completion: May 1987



### Nagoya Misono Building

● III-8

Location: Nagoya, Aichi Prefecture  
Site area: 805.04m<sup>2</sup>  
Floor area of building: 5,348.00m<sup>2</sup>  
Structure: Above ground: 7 floors  
Below ground: 1 floor  
Completion: September 1991



### Kyoto Shijo Kawaramachi Building

● III-9

Location: Kyoto, Kyoto Prefecture  
Site area: 1,471.57m<sup>2</sup>  
Floor area of building: 9,701.04m<sup>2</sup>  
Structure: Above ground: 9 floors  
Below ground: 1 floor  
Completion: November 1982



### Shin-Fujita Building

● III-10

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



### Sakaisujihonmachi Building

● III-11

Location: Osaka, Osaka Prefecture  
Site area: 2,036.22m<sup>2</sup>  
Floor area of building: 17,145.59m<sup>2</sup>  
Structure: Above ground: 13 floors  
Below ground: 2 floors  
Completion: October 1992



### Midosuji Daiwa Building

● III-12

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



### Lit City Building

● III-13

Location: Okayama, Okayama Prefecture  
Site area: 7,596.44m<sup>2</sup>  
Floor area of building: 52,653.19m<sup>2</sup>  
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: 3,296.46m<sup>2</sup>  
Floor area of building: 35,217.28m<sup>2</sup>  
Structure: Above ground: 23 floors  
Below ground: 2 floors  
Completion: August 1994



### Tosei Tenjin Building

● III-15

Location: Fukuoka, Fukuoka Prefecture  
Site area: 1,221.31m<sup>2</sup>  
Floor area of building: 5,588.57m<sup>2</sup>  
Structure: Above ground: 8 floors  
Completion: March 1992



### Tenjin Crystal Building

● III-16

Location: Fukuoka, Fukuoka Prefecture  
Site area: 1,835.17m<sup>2</sup>  
Floor area of building: 10,432.04m<sup>2</sup>  
Structure: Above ground: 14 floors  
Below ground: 1 floor  
Completion: August 1993



### Hinode Tenjin Building

● III-17

Location: Fukuoka, Fukuoka Prefecture  
Site area: 1,452.15m<sup>2</sup>  
Floor area of building: 12,527.07m<sup>2</sup>  
Structure: Above ground: 10 floors  
Below ground: 2 floors  
Completion: August 1987



## Financial Section

Selected Financial Data	p.21
Balance Sheets	p.22
Statements of Income and Retained Earnings	p.24
Statements of Changes in Unitholders' Equity	p.24
Statements of Cash Flows	p.25
Notes to Financial Statements	p.26
Report of Independent Auditors	p.38

## Selected Financial Data

	Millions of yen					Thousands of U.S. dollars (Note 1)
	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 October 1, 2009 to March 31, 2010	For the period from April 1, 2009 to September 30, 2009	For the period from April 1, 2011 to September 30, 2011
Operating Revenues	¥ 22,829	¥ 22,135	¥ 22,112	¥ 21,665	¥ 21,524	\$ 297,847
Operating Expenses	12,449	12,333	12,173	11,127	11,469	162,421
Operating Income	10,380	9,802	9,939	10,538	10,054	135,426
Ordinary Income	8,603	7,938	8,135	8,876	8,505	112,249
Income before Income Taxes	8,614	7,657	8,135	8,876	8,505	112,392
Net Income	8,268	7,652	8,134	8,875	8,504	107,870
Total Assets	643,949	646,847	634,974	637,326	564,528	8,401,168
Interest-Bearing Debts	269,350	272,400	262,450	262,500	220,500	3,514,025
Net Assets	332,670	332,054	332,536	333,228	306,106	4,340,123
Unitholders' Capital	324,353	324,353	324,353	324,353	297,601	4,231,613
Number of Units	489,200	489,200	489,200	489,200	443,000	489,200
Net Assets per Unit (Yen/U.S. dollars)	680,029	678,770	679,755	681,170	690,984	8,872
Cash Distribution	7,753	7,652	8,134	8,826	8,504	101,159
Dividend Payout Ratio	93.7%	99.9%	99.9%	99.4%	100.0%	93.7%
Dividend per Unit (Yen/U.S. dollars)	15,850	15,642	16,628	18,043	19,198	206.78
Net Operating Income (NOI)	15,121	14,950	15,091	14,414	13,950	197,276
Funds from Operations (FFO)	12,154	11,938	12,353	11,914	11,577	158,576
Return on Assets (ROA) (Note 2)	1.3%	1.2%	1.3%	1.5%	1.5%	1.3%
	(2.7% annualized)	(2.5% annualized)	(2.6% annualized)	(3.0% annualized)	(3.0% annualized)	(2.7% annualized)
Return on Equity (ROE) (Note 3)	2.5%	2.3%	2.4%	2.7%	2.8%	2.5%
	(5.0% annualized)	(4.6% annualized)	(4.9% annualized)	(5.5% annualized)	(5.5% annualized)	(5.0% annualized)
EOP Equity Ratio (Note 4)	51.7%	51.3%	52.4%	52.3%	54.2%	51.7%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	41.8%	42.1%	41.3%	41.2%	39.1%	41.8%
FFO Multiple	15.2 times	16.1 times	15.1 times	16.3 times	14.1 times	15.2 times
Debt Service Coverage Ratio (Note 6)	8.4 times	7.5 times	7.8 times	9.0 times	9.0 times	8.4 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥76.65 = US\$1.00, the foreign exchange rate on September 30, 2011, 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, 2009, 182 days for the period ended March 31, 2010, 183 days for the period ended September 30, 2010, 182 days for the period ended March 31, 2011 and 183 days for the period ended September 30, 2011.)

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, 2011 and March 31, 2011

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits	¥ 19,366,180	¥ 15,734,155	\$ 252,657,282
Rental receivables	105,708	108,765	1,379,101
Refundable income taxes	4,983	—	65,016
Refundable consumption taxes	—	362,232	—
Other current assets	146,268	133,948	1,908,263
<b>Total current assets</b>	<b>19,623,140</b>	<b>16,339,102</b>	<b>256,009,663</b>
<b>Property and Equipment, at Cost:</b>			
Land	424,833,012	426,447,459	5,542,505,060
Buildings and structures	237,880,857	238,722,465	3,103,468,465
Machinery and equipment	3,087,670	3,118,364	40,282,723
Tools, furniture and fixtures	125,603	121,685	1,638,663
Construction in progress	46,026	—	600,470
<b>Subtotal</b>	<b>665,973,170</b>	<b>668,409,975</b>	<b>8,688,495,381</b>
Accumulated depreciation	(50,887,381)	(47,192,408)	(663,892,774)
<b>Total property and equipment</b>	<b>615,085,789</b>	<b>621,217,566</b>	<b>8,024,602,607</b>
<b>Investments and Other Assets:</b>			
Investment securities	577,168	577,168	7,529,916
Deposits	1,069,330	1,069,330	13,950,820
Long-term prepaid expenses	19,025	31,970	248,212
Leasehold rights	6,628,447	6,644,277	86,476,809
Easement	828,095	828,095	10,803,592
Deferred investment corporation bond issuance costs	118,525	140,361	1,546,315
<b>Total Assets</b>	<b>¥643,949,522</b>	<b>¥646,847,871</b>	<b>\$8,401,167,935</b>

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



	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade accounts payable	¥ 639,477	¥ 968,355	\$ 8,342,829
Other payables	798,233	853,497	10,414,010
Short-term loans	16,500,000	25,000,000	215,264,188
Current portion of investment corporation bonds	10,000,000	—	130,463,144
Current portion of long-term loans	8,100,000	68,100,000	105,675,147
Accrued expenses	759,305	872,457	9,906,144
Income taxes payable	605	4,005	7,893
Accrued consumption taxes	704,254	—	9,187,928
Rent received in advance	2,477,592	2,979,949	32,323,453
Provision for loss on disaster	115,571	281,195	1,507,780
Other current liabilities	2,477	9,597	32,321
<b>Total current liabilities</b>	<b>40,097,518</b>	<b>99,069,057</b>	<b>523,124,836</b>
<b>Long-Term Liabilities:</b>			
Investment corporation bonds	45,000,000	55,000,000	587,084,149
Long-term loans	189,750,000	124,300,000	2,475,538,160
Deposits received from tenants	35,788,642	36,130,203	466,909,881
Deferred tax liabilities	345,639	—	4,509,323
Asset retirement obligations	297,259	294,294	3,878,135
<b>Total long-term liabilities</b>	<b>271,181,541</b>	<b>215,724,497</b>	<b>3,537,919,649</b>
<b>Total Liabilities</b>	<b>311,279,059</b>	<b>314,793,555</b>	<b>4,061,044,486</b>
<b>NET ASSETS</b>			
Unitholders' capital	324,353,108	324,353,108	4,231,612,629
Authorized: 2,000,000 units			
Issued: 489,200 units as of September 30, 2011 and 489,200 units as of March 31, 2011			
Retained earnings	8,317,354	7,701,207	108,510,820
<b>Total net assets</b>	<b>332,670,462</b>	<b>332,054,315</b>	<b>4,340,123,449</b>
<b>Total Liabilities and Net Assets</b>	<b>¥643,949,522</b>	<b>¥646,847,871</b>	<b>\$8,401,167,935</b>

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

## Statements of Income and Retained Earnings

For the six months ended September 30, 2011 and March 31, 2011

	Thousands of yen		U.S. dollars (Note 1)
	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, 2011 to September 30, 2011
<b>OPERATING REVENUES AND EXPENSES</b>			
<b>Operating Revenues:</b>			
Rental revenues	¥22,187,539	¥21,972,096	\$289,465,622
Non-rental revenues	95,818	163,849	1,250,077
Gain on sale of properties	546,615	—	7,131,315
Total operating revenues	22,829,973	22,135,946	297,847,014
<b>Operating Expenses:</b>			
Property-related expenses	11,595,387	11,471,604	151,277,073
Asset management fees	546,883	538,569	7,134,819
Administrative service fees	186,397	187,915	2,431,802
Professional fee	63,398	60,950	827,114
Other operating expenses	57,470	74,201	749,778
Total operating expenses	12,449,537	12,333,241	162,420,586
Operating income	10,380,435	9,802,704	135,426,428
<b>NON-OPERATING REVENUES AND EXPENSES</b>			
<b>Non-Operating Revenues:</b>			
Interest income	6,013	7,215	78,458
Dividends income	19,724	—	257,326
Interest on tax refund	4,900	8	63,928
Other non-operating revenues	—	2	—
<b>Non-Operating Expenses:</b>			
Interest expense	1,295,442	1,360,723	16,900,745
Interest expense on investment corporation bonds	471,115	470,934	6,146,315
Amortization of investment corporation bond issuance costs	21,836	21,716	284,880
Other non-operating expenses	18,784	17,714	245,069
Ordinary Income	8,603,896	7,938,842	112,249,133
<b>Extraordinary Income:</b>			
Reversal of provision for loss on disaster	10,965	—	143,054
<b>Extraordinary Losses:</b>			
Provision for loss on disaster	—	281,195	—
Income before Income Taxes	8,614,861	7,657,647	112,392,186
<b>Income Taxes:</b>			
Current	605	5,850	7,893
Deferred	346,043	(329)	4,514,587
Net Income	8,268,213	7,652,126	107,869,707
Retained Earnings Brought Forward	49,141	49,081	641,114
Retained Earnings at End of Period	¥ 8,317,354	¥ 7,701,207	\$108,510,820

## Statements of Changes in Unitholders' Equity

For the six months ended September 30, 2011 and March 31, 2011

	Units	Thousands of yen		
		Unitholders' capital	Retained earnings	Total
<b>Balance as of September 30, 2010</b>	<b>489,200</b>	<b>¥324,353,108</b>	<b>¥8,183,499</b>	<b>¥332,536,607</b>
Cash dividends paid	—	—	(8,134,417)	(8,134,417)
Net income	—	—	7,652,126	7,652,126
<b>Balance as of March 31, 2011</b>	<b>489,200</b>	<b>¥324,353,108</b>	<b>¥7,701,207</b>	<b>¥332,054,315</b>
Cash dividends paid	—	—	(7,652,066)	(7,652,066)
Net income	—	—	8,268,213	8,268,213
<b>Balance as of September 30, 2011</b>	<b>489,200</b>	<b>¥324,353,108</b>	<b>¥8,317,354</b>	<b>¥332,670,462</b>
		U.S. dollars (Note 1)		
	Units	Unitholders' capital	Retained earnings	Total
<b>Balance as of March 31, 2011</b>	<b>489,200</b>	<b>\$4,231,612,629</b>	<b>\$100,472,378</b>	<b>\$4,332,085,007</b>
Cash dividends paid	—	—	(99,831,264)	(99,831,264)
Net income	—	—	107,869,707	107,869,707
<b>Balance as of September 30, 2011</b>	<b>489,200</b>	<b>\$4,231,612,629</b>	<b>\$108,510,820</b>	<b>\$4,340,123,449</b>

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

## Statements of Cash Flows

For the six months ended September 30, 2011 and March 31, 2011

	Thousands of yen		U.S. dollars (Note 1)
	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, 2011 to September 30, 2011
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 8,614,861	¥ 7,657,647	\$112,392,186
Depreciation and amortization	4,433,226	4,286,516	57,837,269
Amortization of investment corporation bond issuance costs	21,836	21,716	284,880
Dividends income	(19,724)	—	(257,326)
Interest income	(6,013)	(7,215)	(78,458)
Interest expense	1,766,557	1,831,658	23,047,060
Reversal of provision for loss on disaster	(10,965)	—	(143,054)
Provision for loss on disaster	—	281,195	—
Rental receivables	3,057	29,348	39,888
Refundable income taxes	(4,983)	2,546	(65,016)
Refundable consumption taxes	362,232	(362,232)	4,725,804
Prepaid expenses	(13,339)	(20,134)	(174,036)
Trade accounts payable	(10,011)	186,316	(130,611)
Other payables	11,231	(88,081)	146,534
Accrued expenses	700,619	(686,992)	9,140,497
Rent received in advance	(502,356)	655,500	(6,553,904)
Decrease due to sale of tangible fixed asset	2,586,877	—	33,749,212
Long-term prepaid expenses	12,944	(12,792)	168,881
Other	(5,684)	28,206	(74,167)
Sub-total	17,940,364	13,803,204	234,055,639
Interest and dividend income received	24,918	9,229	325,093
Interest paid	(1,876,072)	(1,805,573)	(24,475,838)
Payments for loss on disaster	(92,321)	—	(1,204,462)
Income taxes paid	(4,005)	(1,845)	(52,253)
Net cash provided by operating activities	15,992,882	12,005,014	208,648,180
<b>Cash Flows from Investing Activities:</b>			
Payments of time deposits	(13,103,693)	(10,936,000)	(170,954,908)
Proceeds from time deposits	9,603,693	15,436,000	125,292,808
Purchases of property and equipment	(1,313,045)	(16,256,769)	(17,130,403)
Purchases of intangible assets	(7,012)	(1,335,897)	(91,493)
Payments for lease and guarantee deposits	—	(1,040,000)	—
Repayments of lease and guarantee deposits received	(1,187,152)	(1,087,293)	(15,487,961)
Proceeds from lease and guarantee deposits received	845,590	2,322,904	11,031,845
Net cash used in investing activities	(5,161,619)	(12,897,056)	(67,340,112)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from short-term loans	7,000,000	19,500,000	91,324,201
Repayments of short-term loans	(15,500,000)	(23,500,000)	(202,217,873)
Proceeds from long-term loans	66,500,000	17,000,000	867,579,909
Repayments of long-term loans	(61,050,000)	(3,050,000)	(796,477,495)
Payments of investment corporation bond issuance costs	—	(159)	—
Dividends to unitholders	(7,649,238)	(8,135,759)	(99,794,367)
Net cash (used in) provided by financing activities	(10,699,238)	1,814,080	(139,585,626)
Net Increase in Cash and Cash Equivalents	132,025	922,038	1,722,441
Cash and Cash Equivalents at Beginning of Period	11,234,155	10,312,117	146,564,326
Cash and Cash Equivalents at End of Period	¥11,366,180	¥11,234,155	\$148,286,767

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

## Notes to Financial Statements

September 30, 2011 and March 31, 2011

### 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 (\$6,610), generating gross proceeds of ¥81,060 million (\$1,057,534 thousand) (Note). Since then, up until September 30, 2011, the Company had issued 489,200 units as a total resulting in total unitholders’ capital of ¥324,353 million (\$4,231,613 thousand) (Note).

As of March 31, 2011, the Company owned a portfolio of 56 office properties concerning an aggregate of approximately 584,982 square meters of leasable space.

Note: The foreign exchange rate of ¥76.65=US\$1.00, as of March 31, 2011, 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 ¥76.65=US\$1.00, the foreign exchange rate on September 30, 2011, 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.....	5–50 years
Machinery and equipment.....	3–18 years
Tools, furniture and fixtures.....	3–15 years

Expenditures for repairing expenses are charged to income as incurred. Significant renewals and betterments are capitalized.

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its fixed assets may not be recoverable. 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.

#### **Provision for loss on disaster**

The Company recorded "Provision for loss on disaster" incurred as a result of the Great East Japan Earthquake, which occurred on March 11, 2011. That includes the reasonably estimated sum to restore the damaged properties (interiors, etc.) to their original state.

#### **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.

#### **Revenue recognition**

Revenues from leasing of office space are recognized as rent accrued over the lease period.

#### **Taxes on property and equipment**

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties were liable for property taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the owner registered in the record as of January 1 based on the assessment made by the local government. The Company paid the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and included the amount equivalent to the taxes in the purchase price of each property and capitalized as cost of the property.

#### **Consumption taxes**

Consumption taxes withheld and consumption taxes paid are not included in the statements of income. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in the current assets and the excess of amounts withheld over payments are included in the current liabilities.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, deposits with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, with original maturity of three months or less.

(Additional information)

Effective April 1, 2011, the Company adopted the Accounting Standard for Accounting Changes and Error Corrections (The Accounting Standards Board of Japan (hereinafter referred to ASBJ) Statement No. 24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009).

### 3. FINANCIAL INSTRUMENTS

For the six months ended September 30, 2011 and March 31, 2011

#### 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 fund, 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 corporate bonds are applied mainly to acquire real estate properties and repayment of outstanding loans and bonds. While floating-rate short-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 corporate 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 a commitment lines with major financial institutions (There is no outstanding under the facility as of September 30, 2011 and as of March 31, 2011), 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 case 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, 2011 and as of March 31, 2011 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, 2011					
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 19,366,180	¥ 19,366,180	¥ —	\$ 252,657,282	\$ 252,657,282	\$ —
(2) Short-term loans	16,500,000	16,500,000	—	215,264,188	215,264,188	—
(3) Current portion of investment corporation bonds	10,000,000	10,076,100	76,100	130,463,144	131,455,969	992,825
(4) Current portion of long-term loans	8,100,000	8,113,355	13,355	105,675,147	105,849,389	174,242
(5) Investment corporation bonds	45,000,000	45,804,000	804,000	587,084,149	597,573,386	10,489,237
(6) Long-term loans	189,750,000	188,468,230	(1,281,769)	2,475,538,160	2,458,815,792	(16,722,368)

	Thousands of yen		
	As of March 31, 2011		
	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 15,734,155	¥ 15,734,155	¥ —
(2) Short-term loans	25,000,000	25,000,000	—
(3) Current portion of long-term loans	68,100,000	68,241,360	141,360
(4) Investment corporation bonds	55,000,000	55,387,950	387,950
(5) Long-term loans	124,300,000	125,886,120	1,586,120

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

The fair values of these liabilities are calculated by discounting the aggregated amounts of the principals and the interests 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 at September 30, 2011 and March 31, 2011.

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

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
	(1) Non-listed stock <sup>(*)</sup>	¥ 577,168	¥ 577,168
(2) Deposits received from tenants <sup>(*)</sup>	35,788,642	36,130,203	466,909,881

(\*) 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, 2011											
	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	¥19,366,180	¥—	¥—	¥—	¥—	¥—	\$252,657,282	\$—	\$—	\$—	\$—	\$—

	Thousands of yen					
	As of March 31, 2011					
	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	¥15,734,155	¥—	¥—	¥—	¥—	¥—

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, 2011						
	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	¥16,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	10,000,000	—	15,000,000	20,000,000	—	10,000,000
Long-term loans	8,100,000	70,100,000	13,100,000	16,600,000	30,100,000	59,850,000
<b>Total</b>	<b>¥34,600,000</b>	<b>¥70,100,000</b>	<b>¥28,100,000</b>	<b>¥36,600,000</b>	<b>¥30,100,000</b>	<b>¥69,850,000</b>

U.S. dollars						
As of September 30, 2011						
	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	\$215,264,188	\$ —	\$ —	\$ —	\$ —	\$ —
Investment corporation bonds	130,463,144	—	195,694,716	260,926,288	—	130,463,144
Long-term loans	105,675,147	914,546,641	170,906,719	216,568,819	392,694,064	780,821,918
<b>Total</b>	<b>\$451,402,479</b>	<b>\$914,546,641</b>	<b>\$366,601,435</b>	<b>\$477,495,108</b>	<b>\$392,694,064</b>	<b>\$911,285,062</b>

Thousands of yen						
As of March 31, 2011						
	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	¥25,000,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	—	10,000,000	—	15,000,000	20,000,000	10,000,000
Long-term loans	68,100,000	50,100,000	34,100,000	2,100,000	14,600,000	23,400,000
<b>Total</b>	<b>¥93,100,000</b>	<b>¥60,100,000</b>	<b>¥34,100,000</b>	<b>¥17,100,000</b>	<b>¥34,600,000</b>	<b>¥33,400,000</b>

#### 4. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2011 and March 31, 2011 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2011		As of March 31, 2011		As of September 30, 2011	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥319,465,931	¥319,465,931	¥319,465,931	¥319,465,931	\$4,167,852,984	\$4,167,852,984
Buildings and structures	190,174,858		189,818,577		2,481,081,003	
Accumulated depreciation	(40,321,390)	149,853,468	(37,122,350)	152,696,226	(526,045,536)	1,955,035,468
Machinery and equipment	2,302,347		2,305,014		30,037,144	
Accumulated depreciation	(1,119,828)	1,182,518	(1,059,108)	1,245,905	(14,609,631)	15,427,513
Tools, furniture and fixtures	113,324		110,338		1,478,468	
Accumulated depreciation	(73,028)	40,296	(67,776)	42,562	(952,750)	525,718
Construction in progress	46,026	46,026	—	—	600,470	600,470
Land in trust	105,367,081	105,367,081	106,981,528	106,981,528	1,374,652,077	1,374,652,077
Buildings and structures in trust	47,705,998		48,903,888		622,387,461	
Accumulated depreciation	(8,864,594)	38,841,404	(8,435,299)	40,468,589	(115,650,289)	506,737,173
Machinery and equipment in trust	785,323		813,349		10,245,578	
Accumulated depreciation	(503,515)	281,807	(503,157)	310,192	(6,569,023)	3,676,555
Tools, furniture and fixtures in trust	12,278		11,346		160,195	
Accumulated depreciation	(5,024)	7,254	(4,715)	6,630	(65,546)	94,649
<b>Total</b>	<b>¥615,085,789</b>	<b>¥615,085,789</b>	<b>¥621,217,566</b>	<b>¥621,217,566</b>	<b>\$8,024,602,607</b>	<b>\$8,024,602,607</b>

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$653 thousand) at September 30, 2011 and ¥50 million (\$653 thousand) at March 31, 2011.



## 5. SHORT-TERM LOANS

Short-term loans at September 30, 2011 and March 31, 2011 consisted of the following

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
0.48% unsecured loan from a bank, due on June 1, 2011	¥ —	¥ 2,000,000	\$ —
0.38% unsecured loan from a bank, due on August 1, 2011	—	1,500,000	—
0.38% unsecured loan from a bank, due on March 26, 2012	4,000,000	4,000,000	52,185,258
0.38% unsecured loan from a bank, due on June 1, 2012	1,000,000	—	13,046,314
0.38% unsecured loan from a bank, due on August 1, 2012	1,500,000	—	19,569,472
0.48% unsecured loan from a bank, due on September 1, 2011	—	2,000,000	—
0.38% unsecured loan from a bank, due on August 1, 2011	—	1,500,000	—
0.38% unsecured loan from a bank, due on August 1, 2012	1,500,000	—	19,569,472
0.38% unsecured loan from a bank, due on September 3, 2012	1,000,000	—	13,046,314
0.48% unsecured loan from a trust bank, due on September 1, 2011	—	1,500,000	—
0.38% unsecured loan from a trust bank, due on August 1, 2011	—	1,500,000	—
0.38% unsecured loan from a trust bank, due on August 1, 2012	1,500,000	—	19,569,472
0.38% unsecured loan from a trust bank, due on September 3, 2012	500,000	—	6,523,157
0.38% unsecured loan from a trust bank, due on December 21, 2011	—	5,000,000	—
0.38% unsecured loan from a trust bank, due on November 1, 2011	1,500,000	1,500,000	19,569,472
0.38% unsecured loan from a trust bank, due on September 26, 2011	—	500,000	—
0.38% unsecured loan from a bank, due on March 26, 2012	1,000,000	1,000,000	13,046,314
0.38% unsecured loan from a bank, due on March 26, 2012	1,000,000	1,000,000	13,046,314
0.38% unsecured loan from a bank, due on March 26, 2012	2,000,000	2,000,000	26,092,629
<b>Total</b>	<b>¥16,500,000</b>	<b>¥25,000,000</b>	<b>\$215,264,188</b>

The Company has commitment lines of ¥43,000 million (\$560,992 thousand) with four financial institutions to reduce a refinancing risk. The unused amount of such commitment lines was ¥43,000 million (\$560,992 thousand) at September 30, 2011.

## 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, 2011		As of March 31, 2011		As of September 30, 2011
	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%	\$130,463,144
Unsecured bond due on June 18, 2012	10,000,000	1.67%	10,000,000	1.67%	130,463,144
Unsecured bond due on June 18, 2014	15,000,000	1.91%	15,000,000	1.91%	195,694,716
Unsecured bond due on April 23, 2015	10,000,000	1.26%	10,000,000	1.26%	130,463,144
Unsecured bond due on July 23, 2015	10,000,000	1.05%	10,000,000	1.05%	130,463,144
<b>Total</b>	<b>¥55,000,000</b>	<b>—</b>	<b>¥55,000,000</b>	<b>—</b>	<b>\$717,547,293</b>

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

Long-term loans at September 30, 2011 and March 31, 2011 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
1.50125% unsecured loan from an insurance company, due on August 31, 2011	¥ —	¥ 5,000,000	\$ —
1.33125% unsecured loan from another financial institution, due on November 1, 2011	5,000,000	5,000,000	65,231,572
1.63% unsecured loan from a trust bank, due on April 4, 2011	—	10,000,000	—
1.73% unsecured loan from a trust bank, due on June 1, 2011	—	22,000,000	—
1.65925% unsecured loan from banks, trust banks and an insurance company, due on June 23, 2011	—	24,000,000	—
1.4925% unsecured loan from a bank, due on August 31, 2012	1,000,000	—	13,046,314
0.8925% unsecured loan from a bank, due on December 15, 2011	2,000,000	2,000,000	26,092,629
1.665% unsecured loan from a bank, due on March 24, 2017(*)	100,000	100,000	1,304,631
1.55% unsecured loan from an insurance company, due on October 29, 2012	2,000,000	2,000,000	26,092,629
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	5,000,000	65,231,572
1.54375% unsecured loan from an insurance company, due on March 30, 2017	5,000,000	5,000,000	65,231,572
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	1,500,000	19,569,472
1.595% unsecured loan from an insurance company, due on April 25, 2016	1,000,000	1,000,000	13,046,314
1.39625% unsecured loan from an insurance company, due on March 30, 2018	2,000,000	2,000,000	26,092,629
1.4925% unsecured loan from a bank, due on August 31, 2012	—	1,000,000	—
1.39875% unsecured loan from a bank, due on March 24, 2015	2,000,000	2,000,000	26,092,629
0.9025% unsecured loan from a bank, due on August 31, 2017	2,000,000	—	26,092,629
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	65,231,572
1.4875% unsecured loan from a bank, due on September 2, 2013	3,000,000	3,000,000	39,138,943
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	5,000,000	65,231,572
1.42375% unsecured loan from a bank, due on April 24, 2013	3,000,000	3,000,000	39,138,943
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	5,000,000	65,231,572
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.30625% unsecured loan from a bank, due on December 21, 2016	5,000,000	5,000,000	65,231,572
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	65,231,572
1.0925% unsecured loan from a bank, due on December 21, 2012	5,000,000	5,000,000	65,231,572
1.085% unsecured loan from a bank, due on January 15, 2013	11,000,000	11,000,000	143,509,459
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.3975% unsecured loan from a bank, due on March 26, 2018	2,000,000	2,000,000	26,092,629
1.4875% unsecured loan from a trust bank, due on September 2, 2013	5,000,000	5,000,000	65,231,572
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.43375% unsecured loan from a trust bank, due on January 17, 2018	3,000,000	3,000,000	39,138,943
1.16% unsecured loan from a trust bank, due on September 26, 2019	5,500,000	—	71,754,729
1.65% unsecured loan from a bank, due on September 1, 2015	2,000,000	2,000,000	26,092,629
1.665% unsecured loan from a bank, due on March 24, 2017	1,750,000	1,800,000	22,831,050
1.31% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	13,046,314
1.0925% unsecured loan from a trust bank, due on December 21, 2012	5,000,000	5,000,000	65,231,572
1.135% unsecured loan from a trust bank, due on January 15, 2013	5,000,000	5,000,000	65,231,572
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.0325% unsecured loan from a trust bank, due on April 4, 2016	5,000,000	—	65,231,572
1.205% unsecured loan from a trust bank, due on April 4, 2017	5,000,000	—	65,231,572
1.12625% unsecured loan from a trust bank, due on June 1, 2017	12,000,000	—	156,555,773
1.31125% unsecured loan from a trust bank, due on June 1, 2018	10,000,000	—	130,463,144
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	13,046,314
1.0475% unsecured loan from a bank, due on March 25, 2013	1,000,000	1,000,000	13,046,314
0.73625% unsecured loan from a bank, due on December 20, 2012	1,000,000	1,000,000	13,046,314

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
1.2375% unsecured loan from a bank, due on March 24, 2014	1,000,000	1,000,000	13,046,314
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	26,092,629
1.20875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	39,138,943
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	26,092,629
1.1875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	39,138,943
1.0475% unsecured loan from a bank, due on March 25, 2013	3,000,000	3,000,000	39,138,943
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	26,092,629
1.255% unsecured loan from a bank, due on March 1, 2017	2,000,000	2,000,000	26,092,629
1.465% unsecured loan from an insurance company, due on March 1, 2018	2,000,000	2,000,000	26,092,629
0.90875% unsecured loan from banks and trust banks, due on June 23, 2016	24,000,000	—	313,111,546
1.0475% unsecured loan from a bank, due on August 31, 2018	3,000,000	—	39,138,943
Subtotal	197,850,000	192,400,000	2,581,213,307
Less: current portion of long-term loans	8,100,000	68,100,000	105,675,147
Total	¥189,750,000	¥124,300,000	\$2,475,538,160

(\*) 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 (\$652 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, or the STML, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its 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 ¥7,753 million (\$101,159 thousand) subsequent to September 30, 2011, which is the multiple number of units up to 100% of retained earnings remaining after deducting ¥533 million (\$6,956 thousand) of reserve for advanced depreciation of non-current asset associated with the gain on sales of land, as stipulated under the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010 (Article 66-2, Paragraph 1 of the STML), and ¥30 million (\$396 thousand) out of retained earnings at the beginning of this period. 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, 2011 and March 31, 2011 were as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
<b>Deferred tax assets:</b>			
Accrued enterprise tax	¥ —	¥ 403	\$ —
Amortization of a term leasehold interest	8,301	2,075	108,301
Asset retirement obligations	1,553	387	20,268
	9,854	2,866	128,568
Valuation allowance	(9,854)	(2,462)	(128,568)
Total deferred tax assets	—	403	—
<b>Net deferred tax assets</b>	¥ —	¥ 403	\$ —
<b>Deferred tax liabilities:</b>			
Reserve for advanced depreciation of non-current assets	¥345,639	¥ —	\$4,509,323
Total deferred tax liabilities	345,639	—	4,509,323
<b>Net deferred tax liabilities</b>	¥345,639	¥ —	\$4,509,323

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2011 and March 31, 2011 were as follows:

	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2010 to March 31, 2011
Statutory tax rate	39.33%	39.33%
Deductible dividend distribution	(35.40%)	(39.30%)
Change in valuation allowance	0.09%	0.03%
Others	0.01%	0.01%
Effective tax rate	4.02%	0.07%

#### Tax rate change after the closing date

On December 2, 2011, two tax bills were promulgated in the official gazette: the “Reform Bill for Partial Revision of Income Tax Law, etc. in Response to the Changing Economic Structure”, which includes approximately 5% reduction of the effective corporate tax rate, and the “Special Measures to Secure the Funds to Realize the Restoration of the Damages following the Great East Japan Earthquake”, which includes the introduction of 10% surtax on the corporate national tax for 3 years. This results in a change of the statutory tax rate applicable to the deferred tax assets and deferred tax liabilities arising from the temporary differences that are expected to reverse from the period ending September 30, 2012 (the 22nd fiscal period) through the period ending March 31, 2015 (the 27th fiscal period) from 39.33% as of September 30, 2011 to 36.59%, 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) from 39.33% to 34.16%. These changes in applicable tax rates will result in the reduction of deferred tax liabilities by ¥45,434 thousand (\$593 thousand) and corresponding amount of income taxes deferred in the next fiscal period.

## 10. RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2011 and March 31, 2011

For the period from April 1, 2011 to September 30, 2011

- (1) Parent Company and Major Corporation Unitholders  
“Not applicable”
- (2) Subsidiaries  
“Not applicable”
- (3) Sister Companies  
“Not applicable”
- (4) Directors and Major Individual Unitholders  
“Not applicable”

For the period from October 1, 2010 to March 31, 2011

- (1) Parent Company and Major Corporation Unitholders  
“Not applicable”
- (2) Subsidiaries  
“Not applicable”
- (3) Sister Companies  
“Not applicable”
- (4) Directors and Major Individual Unitholders  
“Not applicable”

## 11. SEGMENT INFORMATION

For the six months ended September 30, 2011 and March 31, 2011

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, 2011 and March 31, 2011

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.

	Thousands of yen		U.S. dollars
	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, 2011 to September 30, 2011
Balance at the beginning of the period	¥294,294	¥ —	\$3,839,453
Increase in the tangible fixed assets	—	293,309	—
Adjustment required over the period	2,965	984	38,682
Balance at the end of the period	¥297,259	¥294,294	\$3,878,135

## 13. INVESTMENT AND RENTAL PROPERTY

For the six months ended September 30, 2011 and March 31, 2011

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, 2011 and as of March 31, 2011 and the fair value as of September 30, 2011 are as follows:

Thousands of yen			
	Book value		Fair value
As of March 31, 2011	Change during period <sup>(1)</sup>	As of September 30, 2011	As of September 30, 2011
¥628,689,939	¥(6,147,607)	¥622,542,332	¥634,357,000

U.S. dollars			
	Book value		Fair value
As of March 31, 2011	Change during period <sup>(1)</sup>	As of September 30, 2011	As of September 30, 2011
\$8,202,086,623	\$(80,203,615)	\$8,121,883,008	\$8,276,020,874

Thousands of yen			
Book value		Fair value	
As of September 30, 2010	Change during period <sup>(*)</sup>	As of March 31, 2011	As of March 31, 2011
¥614,593,555	¥14,096,384	¥628,689,939	¥642,220,000

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

Note 2: Significant changes

(\*1) For the period ended September 30, 2011, the major reasons of decrease are sale of Takanawadai building (¥2,586,877 thousand or \$33,749 thousand) and the depreciation.

(\*2) For the period ended March 31, 2011, the major reason of increase is acquisition of Osaki Front Tower (¥12,685,891 thousand) and Kyodo Building (Kayabacho 2Chome) (¥4,436,622 thousand). The major reason of decrease is the depreciation.

Note 3: Fair values as of September 30, 2011 and as of March 31, 2011 are defined as the appraised values provided by external qualified professional appraiser.

Regarding Takanawadai Building, the amount of the sales price as of April 1, 2011 is composed as substitute for fair value as of March 31, 2011.

#### 14. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at September 30, 2011 and March 31, 2011 and for the periods then ended respectively:

	Yen		U.S. dollars
	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, 2011 to September 30, 2011
Net assets at period end per unit	¥680,029	¥678,770	\$8,872
Net income per unit	16,901	15,642	220

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, 2011 and March 31, 2011

	Thousands of yen		U.S. dollars
	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, 2011 to September 30, 2011
<b>Property-Related Revenues</b>	<b>¥22,283,358</b>	<b>¥22,135,946</b>	<b>\$290,715,699</b>
<b>Rental Revenues</b>	<b>22,187,539</b>	<b>21,972,096</b>	<b>289,465,622</b>
Rental revenues	16,950,216	16,668,011	221,137,852
Common service charges	3,340,801	3,303,526	43,585,150
Parking revenues	554,352	562,495	7,232,256
Other rental revenues	1,342,169	1,438,063	17,510,363
<b>Non-Rental Revenues</b>	<b>95,818</b>	<b>163,849</b>	<b>1,250,077</b>
Cancellation charges	43,684	122,261	569,916
Other miscellaneous revenues	52,134	41,587	680,161
<b>Property-Related Expenses</b>	<b>¥11,595,387</b>	<b>¥11,471,604</b>	<b>\$151,277,073</b>
Property management expenses	2,573,006	2,626,467	33,568,251
Utilities expenses	1,686,108	1,664,458	21,997,508
Property and other taxes	2,081,803	1,878,397	27,159,863
Casualty insurance	47,963	48,052	625,752
Repairing expenses	585,288	833,405	7,635,858
Depreciation	4,433,226	4,286,516	57,837,269
Other rental expenses	187,989	134,306	2,452,572
<b>Property-Related Profits</b>	<b>¥10,687,970</b>	<b>¥10,664,342</b>	<b>\$139,438,627</b>

## 16. BREAKDOWN OF GAIN ON SALE OF PROPERTIES

For the six months ended September 30, 2011 and March 31, 2011

	Thousands of yen		U.S. dollars
	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, 2011 to September 30, 2011
<b>Takanawadai Building</b>			
Revenue from sale of property	¥3,160,000	¥—	\$41,226,354
Cost of property	2,586,877	—	33,749,212
Other sales expenses	26,507	—	345,826
<b>Gain on sale of property</b>	<b>¥ 546,615</b>	<b>¥—</b>	<b>\$ 7,131,315</b>

## 17. SUPPLEMENTAL CASH FLOW INFORMATION

### Cash and cash equivalents

The following table represents a reconciliation of cash and cash equivalents at September 30, 2011 and March 31, 2011:

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
Cash and deposits with banks	¥15,363,085	¥11,670,451	\$200,431,642
Cash and deposits with banks held in trust	4,003,095	4,063,704	52,225,640
Time deposits with maturities of more than three months	(8,000,000)	(4,500,000)	(104,370,515)
<b>Cash and cash equivalents</b>	<b>¥11,366,180</b>	<b>¥11,234,155</b>	<b>\$148,286,767</b>

## 18. LEASES

The Company owns office buildings under leases and earns rent income. As of September 30, 2011 and March 31, 2011, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2011	As of March 31, 2011	As of September 30, 2011
Due within one year	¥16,963,645	¥17,395,104	\$221,313,048
Due after one year	26,244,552	31,115,669	342,394,686
<b>Total</b>	<b>¥43,208,197</b>	<b>¥48,510,774</b>	<b>\$563,707,734</b>

## 19. SUBSEQUENT EVENTS

For the six months ended September 30, 2011

### Shelf registration for the issuance of investment units

On November 21, 2011, the Company submitted shelf registration statements for the issuance of investment units to the commissioner of the Kanto Local Finance Bureau. Brief details are follows.

1. Type of securities to be offered: Investment units of the Company
2. Planned issuance period: One year commencing from the effective date of the shelf registration statement  
(From November 29, 2011 to November 28, 2012)
3. Planned amount of issuance: Up to ¥40,700 million (\$530,985 thousand)
4. Specific use of proceeds of issue: Repayment of existing loans

## Report of Independent Auditors

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 of September 30, 2011 and March 31, 2011, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month periods then ended, all expressed in yen.

### *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 internal control as management determines is necessary to enable to 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. In making those risk assessments, the auditor considers internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 at September 30, 2011 and March 31, 2011, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

### *Other Matter*

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended September 30, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.



December 22, 2011



## Corporate Data

As of September 30, 2011

### Executives

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

### Paid-in Capital

¥324,353,108,000

### Number of Units Outstanding

489,200

### Number of Unitholders

13,504

### Stock Listing

Tokyo Stock Exchange

### Securities Code

8952

### Type of Investment Corporation

Closed-end corporate type fund

### Transfer Agent

The Sumitomo Trust & Banking Co., Ltd.  
4-5-33, Kitahama, Chuo-ku, Osaka 540-8639, 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](mailto: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.

<http://www.j-re.co.jp/english/>

