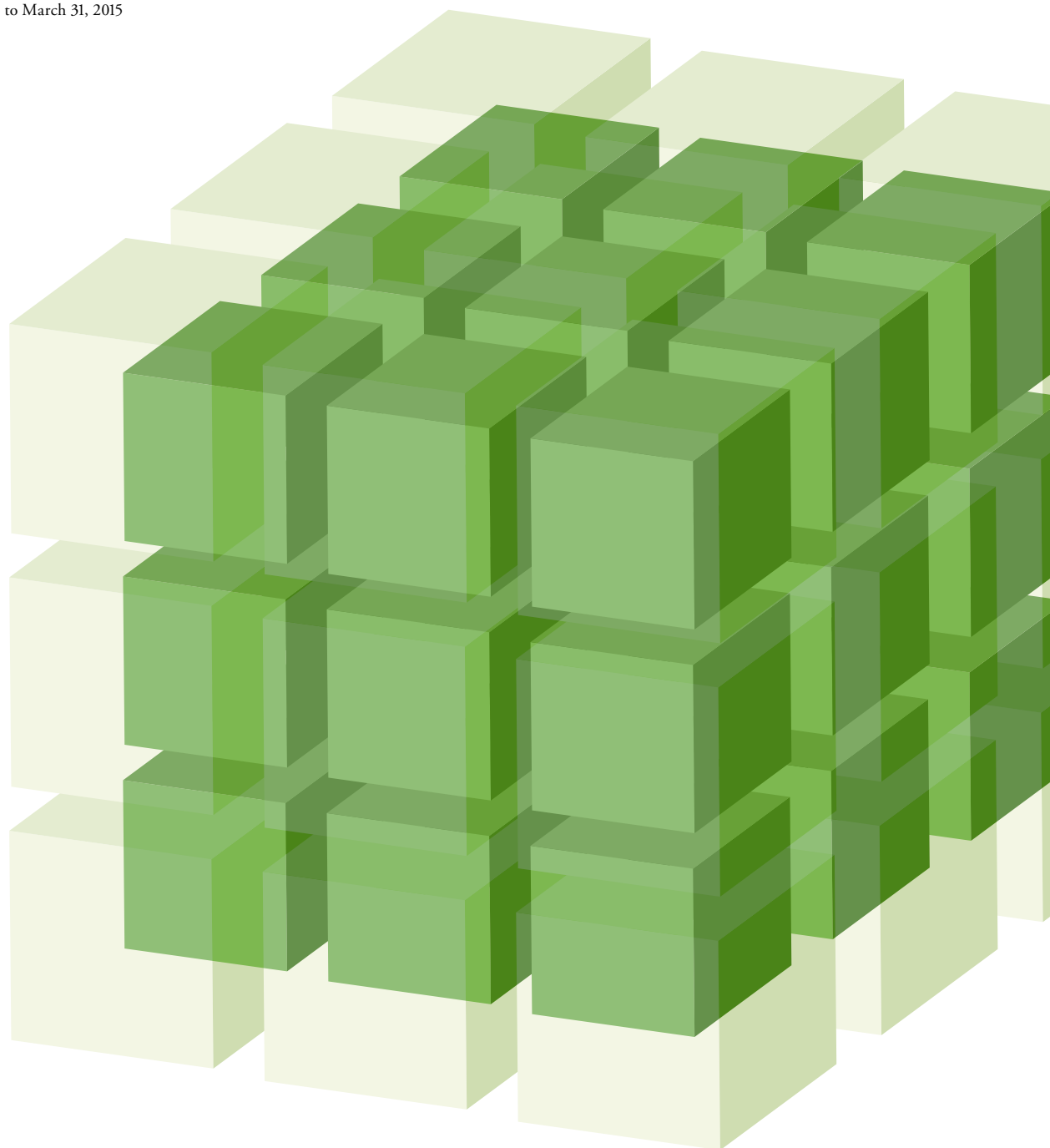


Japan Real Estate Investment Corporation

SEMIANNUAL REPORT

March 2015

For the period from October 1, 2014 to March 31, 2015



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 Act on Investment Trusts and Investment Corporations of Japan, as amended, or the ITA. 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 on September 10, 2001 (Securities Code: 8952).

Note: Investment corporations, including the Company, are special legal entities incorporated and operated under the ITA. Accordingly, the “units” of such investment corporations, including the units of the Company, are governed by the ITA 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 investor and reader 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 and guidelines or their interpretation.

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The Strengths of Japan Real Estate Investment Corporation

STRENGTHS

Stable Dividends

— Actual dividend per unit
for the 27th fiscal period:

¥7,681

— Forecasted dividend per unit
for the 28th fiscal period:

¥7,840

Collaboration with Sponsors

— Expertise of
Mitsubishi Estate Co., Ltd.
and Mitsui & Co., Ltd.
is being fully utilized.

Steady Growth with Quality Portfolio

As of March 31, 2015

— Total acquisition price:

¥883,514 million

— Maintains **68** properties

— The first listed J-REIT, showing steady performance for 27 consecutive periods

Sound Financial Base

As of March 31, 2015

— Highest level of credit ratings for a J-REIT:

A+ from S&P, **A1** from Moody's,
AA from R&I

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

42.3%

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

91.0%

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

To Our Unitholders

We continued operations that place emphasis on external growth, acquiring Shinjuku Eastside Square in October of the 27th fiscal period. Since then, we have acquired four more properties. In addition, in the 28th fiscal period, we completed the acquisition of two more properties, including the Umeda Square Building. In total, we have acquired seven properties for 71 billion yen. By continuing to acquire superior properties, we will work to further improve the competitive edge of our portfolio.

Business Performance for The 27th Fiscal Period

Summary of Financial Results and Cash Dividend

In the 27th fiscal period (October 1, 2014 to March 31, 2015) Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 28,314 million yen, up 2.0% compared with the previous period. On the earnings front, operating income decreased 0.1% to 11,243 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income increased 0.4% to 9,625 million yen and net income increased 0.5% to 9,619 million yen.

Turning to dividends, the Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-2 of the Company’s Articles of Incorporation, in an amount that exceeds 90% of earnings available for dividends as required by Article 67-15 of the Act on Special Taxation Measures Law of Japan. Based on this policy, transferring the revised amount for deferred tax liabilities, which accompanied changes to the statutory tax rate, to the reserve for reduction entry, the Company was able to maintain retained earnings brought forward as the amount of dividends did not exceed earnings available for distribution at the end of the period. Therefore, the total amount of dividends that the Company has determined to pay out is 9,613,001,930 yen for the period under review, which is a multiple of 1,251,530—the number of units outstanding as of March 31, 2015. Accordingly, the dividend per unit is 7,681 yen.

Operating Environment and Performance

During the period under review, additional monetary easing by the Bank of Japan and a postponed consumption tax rate increase allowed for a moderate recovery trend to persist in the Japanese economy amid continuing improvement in the labor market and personal income. Together with a decline in crude oil prices and the continuing depreciation of the yen, corporate earnings are expected to improve further as well, primarily in the manufacturing industry.

Meanwhile, in the market for leased office space, vacancy rates continued to improve and a trend of rebounding rent levels was seen in A-class buildings with a high competitive edge and buildings located

in major urban areas, primarily within the Tokyo metropolitan area. However, with the exception of certain areas, this trend failed to extend far enough to deem that rent levels have bottomed out in other major cities. As a whole, it can be said that the market for leased office space is moving toward a moderate recovery.

In the investment market for real estate, large-scale real estate transactions have been actively occurring and garnering much attention. However, due to the fact that transactions involving prime properties, regardless of scale, have been limited, competition to acquire properties is becoming increasingly more severe.

Under such market conditions, the Company has delivered on its commitment to provide stable dividends for the current period under review, in line with the Investment Guideline, which was set forth at the time of the Company’s listing on the TSE and remains unchanged to this date, to achieve the stated goal of providing stable dividends to unitholders.

For internal growth, the Company made efforts to maintain and improve occupancy rates through meticulous property leasing, the Company’s occupancy rate was 97.8% as of March 31, 2015, remaining at the same level as the occupancy rate as of September 30, 2014. As for external growth, we moved forward with the acquisition of properties with a competitive edge by making use of our sponsor pipeline. In addition to acquiring a 14% co-ownership interest of Shinjuku Eastside Square (Shinjuku-ku, Tokyo) for 23,100 million yen on October 1, 2014, we acquired the Clover Shiba-koen (Minato-ku, Tokyo) for 4,500 million yen on January 20, 2015, the Ginza 1Chome East Building (Chuo-ku, Tokyo) for 6,459 million yen on March 2, 2015, and the Amagasaki Front Building (Amagasaki City, Hyogo Prefecture) for 9,300 million yen on March 25, 2015. Moreover, the Company acquired additional compartmentalized building units and co-ownership of compartmentalized building units of Harmony Tower (Nakano-ku, Tokyo) for 2,100 million yen on March 27, 2015, in an effort to acquire additional interest in existing portfolio properties that are expected to continue stable operations. Accordingly, the Company’s ownership percentage of Harmony Tower rose from 32.113115% to 38.382307%. As a result of the above, the Company’s

For the remainder of the 28th fiscal period, we will continue to focus our efforts on external growth. Even amid tough competition in property acquisition, we will adhere to consistent evaluation criteria and acquire properties that possess a medium- to long-term competitive edge. As the market for leased office space gradually recovers, we will make a commitment to further improve profitability through raising rent levels at existing buildings. In this way, we aim for stable dividend growth.

portfolio at the end of the fiscal period under review, March 31, 2015, consisted of 68 properties, with a total acquisition price of 883,514 million yen. Total leasable space stood at 793,976 m², with a total of 1,350 tenants.

Additionally, the Company acquired the Umeda Square Building (Osaka City, Osaka Prefecture), located in the center of Osaka's business district, for 15,523 million yen on April 1, 2015. The Company also acquired an additional 5.0% quasi-co-ownership interest of trust beneficiary right in trust of real estate pertaining to the Shiodome Building (Minato-ku, Tokyo) for 10,100 million yen on May 1, 2015, in an effort to acquire additional interest in existing portfolio properties. Accordingly, the Company's quasi-co-ownership percentage of the Shiodome Building rose from 40.0% to 45.0%.

Note 1: The part of the Jingumae Media Square Building site (acquisition price: 614 million yen) that was expropriated by the Tokyo Metropolitan Government on October 30, 2009, is included in the total acquisition price. The total acquisition price in the subsequent sections follows the same convention.

Note 2: The Nippon Brunswick Building (land with leasehold interest), whose building ownership was transferred on August 23, 2013, is included in the above number of properties and total acquisition price, but is not included in total leasable space or total number of tenants.

Finance Activities

In addition to maintaining a LTV ratio (ratio of interest-bearing debt to total assets) of 30% to 40% under normal business conditions, the Company strives to maintain a sound and conservative financial profile by raising its long-term fixed interest-bearing debt ratio (ratio of long-term fixed interest-bearing debt (including the current portion of long-term loans and investment corporation bonds) to total interest-bearing debt).

Concerning new loans related to property acquisition and the refinance of existing loans, the Company carries out loans strategically and flexibly after giving close consideration to borrowing cost and the relationship the Company has with the lenders. The Company also takes into consideration such factors as staggering maturities, extended durations, diversity of stable lenders, and the possibility of repayment with funds procured from issuing new investment units. Moreover, in the event that interest rate fluctuation occurs on a long-term loan, the Company reduces future risk of interest rate fluctuation by making use of interest-rate swap transactions.

In regard to funding activities in the fiscal period under review, as a part of loans that are based on the above policies, the Company carried out a 13,000 million yen long-term loan on November 14, 2014, via a general syndication (a form of loan that raises participation from a large selection of financial institutions, including institutions beginning a new lending relationship with the Company). This general syndication loan was carried out with a focus on developing new business relationships with financial institutions that do not have an existing lending record with the Company and deepening the diversity of stable lenders. Through this loans and other means, the Company worked to extend debt maturities.

Moreover, as a first-time initiative by a J-REIT, the Company carried out a substantial yen-based fixed-interest loan that hedges the risk of exchange and interest rate fluctuations through a loan method that combined a US dollar syndicated loan with a currency swap transaction. This 10,000 million yen (when converted from US dollar to yen) long-term loan was carried out on December 19, 2014. The funds raised from this loan were applied to prepayment of existing short-term loans.

As a result of these financing activities, as of March 31, 2015, the Company's total interest-bearing debt was 361,000 million yen. This amount consists of long-term loans totaling 288,500 million yen (including the current portion of long-term loans totaling 16,600 million yen), short-term loans totaling 32,500 million yen, and investment corporation bonds totaling 40,000 million yen (including the current portion of investment corporation bonds totaling 20,000 million yen).

As of March 31, 2015, the Company's long-term fixed interest-bearing debt ratio stood at 91.0%, maintaining a level of over 90%. In addition, the LTV ratio stood at 42.3%.

Furthermore, at the Board of Directors' meetings held on March 18, 2015, and March 30, 2015, the Company decided to issue new investment units (54,000 units by public offering and 3,780 units by third-party allocation). As a result of this issuance, the Company procured approximately 29,189 million yen on April 6, 2015, from the public offering portion and approximately 2,043 million yen on May 11, 2015, from the third-party allocation portion.

The funds procured from issuing new investment units by public offering were used to repay 8,500 million yen in short-term loans and

redeem the 7th investment corporation bond totaling 10,000 million yen, set to mature on April 23, 2015. The funds were also allocated to the additional acquisition of quasi-co-ownership interest pertaining to the Shiodome Building mentioned above. Funds procured from issuing new investment units by third-party allocation were used to repay 2,000 million yen in short-term loans. Moreover, through such means as reducing the LTV ratio, the Company endeavors to continue to maintain a sound and conservative financial profile.

The Company's credit ratings as of March 31, 2015 were as follows:

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

General Meeting of Unitholders

The Company held the 9th General Meeting of Unitholders on March 17, 2015. At the meeting, the following four items were proposed: (1) a partial amendment to the Articles of Incorporation, (2) the appointment of one executive director, (3) the appointment of one substitute director, and (4) the appointment of two supervisory directors. All the proposals were approved in their original form. As a result of these approvals, Hiroshi Nakajima (inauguration) was appointed as an executive director, and Kenji Kusakabe (reappointment) and Tomohiro Okanoya (reappointment) were appointed as supervisory directors. The three appointees assumed office on May 11, 2015. In addition, Hioroshi Katayama was appointed as a substitute executive director.

Outlook

Operating Environment

In the Japanese economy, the drop in demand and sluggish consumer spending that followed the consumption tax rate increase are gradually coming to an end. Against a backdrop of improvement in the labor market, personal income, and corporate earnings, it is expected that the economic recovery trend will continue to grow stronger going forward. However, depending on trends in the economic climate overseas, particularly in North America, there is also concern that the risk of an economic downturn is gradually getting stronger.

In the market for leased office space, although the pace of declining vacancy rates is slowing down, vacancies in buildings with a competitive edge and excellent location are gradually diminishing. Thanks

to improved corporate earnings, it is expected that the need for proactive relocation and expansion will steadily spread throughout the entire market for leased office space.

Regarding the investment market for real estate, given the favorable financial environment that surrounds the market, it is expected that real estate transactions will continue to actively occur across the board, from superior large-scale properties to small and medium-scale properties.

Property Management

Based on the conditions stated above, the Company will adhere to the following management policies in order to maintain and improve profitability.

- (i) Strengthen relationships of trust with existing tenants
The Company has contracts with numerous property management companies. Most of these companies were already handling the management of their buildings before the Company acquired them and had thus built relationships of trust with their tenants. The Company will work to further solidify these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction, thereby maintaining and improving occupancy rates, raising rent levels, and curtailing demands for rent reduction.
 - (ii) Fill vacancies promptly
In cooperation with the property management companies mentioned above, the Company will actively seek 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 will work to uncover additional needs for floor space among the existing tenants.
 - (iii) Stabilize revenues and earnings
With the aim of stabilizing revenues and earnings, the Company will endeavor to secure fixed and long-term leasing agreements with its large-scale tenants.
 - (iv) Reduce management costs
The Company has introduced sound competitive principles for its multiple property management companies to follow and is revamping their management systems and cost structures on an ongoing basis.
- ### Property Acquisitions and Sales
- The Company has adopted the following policies for acquiring properties.
- (i) To access information quickly, the Company continues to enhance its property information channels while working to develop new channels.



Hiroshi Nakajima (Left)

Executive Director of Japan Real Estate Investment Corporation

Hiroshi Katayama (Right)

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

- (ii) 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, verifies the need for renovations by appropriately grasping current conditions based on engineering reports, and exclusively targets properties capable of maintaining a competitive edge in terms of the facilities they offer over the medium to long term.
- (iii) In accordance with its acquisition policies, the Company shall maintain 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.
- (iv) With the purpose of maintaining liquidity at an appropriate level, the Company may establish preliminary borrowing frameworks such as overdraft agreements and commitment line agreements, or may conclude preliminary contracts for loans, as needed.
- (v) The Company aims for the best possible execution of financial transactions by negotiating with numerous financial institutions.

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

Financial Policy

- (i) In principle, the Company shall maintain 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%.
- (ii) The Company shall set the ceiling for the combined total of loans and investment corporation bonds at 1 trillion yen.
- (iii) When obtaining a loan, the Company shall only negotiate with qualified institutional investors (limited to those defined under Article 67-15 of the Special Taxation Measures Law of Japan) before executing a loan agreement.

Performance Forecasts for the 28th and 29th Fiscal Periods

For the 28th fiscal period (April 1, 2015 to September 30, 2015), the Company forecasts operating revenues totaling 29,800 million yen, operating income totaling 11,880 million yen, ordinary income totaling 10,280 million yen, and net income totaling 10,270 million yen. The Company plans to declare a cash dividend of 7,840 yen per unit.

For the 29th fiscal period (October 1, 2015 to March 31, 2016), the Company forecasts operating revenues totaling 29,720 million yen, operating income totaling 11,990 million yen, ordinary income totaling 10,420 million yen, and net income totaling 10,410 million yen. The Company plans to declare a cash dividend of 7,950 yen per unit.

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.

Hiroshi Nakajima

Executive Director of Japan Real Estate Investment Corporation

Hiroshi Katayama

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

Financial Highlights

	Millions of yen				
	For the period from October 1, 2014 to March 31, 2015	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2012 to March 31, 2013
Operating Revenues	¥28,314	¥27,760	¥26,582	¥26,225	¥25,357
Operating Income	11,243	11,255	10,831	10,781	10,631
Ordinary Income	9,625	9,582	9,083	9,143	8,749
Net Income	9,619	9,572	9,070	9,129	8,824
Net Operating Income (NOI) (Note 1)	18,412	18,105	17,481	17,205	16,768
Funds from Operations (FFO) (Note 2)	15,629	15,455	14,719	14,619	14,032
FFO Multiple (Times) (Note 3)	22.6	22.9	20.9	23.4	27.2
Cash Distribution	9,613	9,571	9,070	9,129	8,995
Number of Units (Note 4)	1,251,530	1,251,530	1,188,280	594,140	594,140
Dividend per Unit (Yen) (Note 4)	7,681	7,648	7,633	15,366	15,140

Notes 1: NOI = Property-Related Revenues – Property-Related Expenses (excluding Depreciation)

2: FFO = Net Income + Depreciation – Gain (Loss) on Sale of Properties – Gain on transfer of development rights of floor area – Dividends earned

3: FFO Multiple = Unit Price at End of the Respective Term / FFO per Unit (Annualized)

(Annualized portion of the calculation given in Note 3 assumes a fiscal period of 182 days for the period ended March 31, 2013, 183 days for the period ended September 30, 2013, 182 days for the period ended March 31, 2014, 183 days for the period ended September 30, 2014 and 182 days for period ended March 31, 2015.)

4: The Company implemented a 2-for-1 split of each investment unit as of January 1, 2014.

Top 10 Unitholders As of March 31, 2015

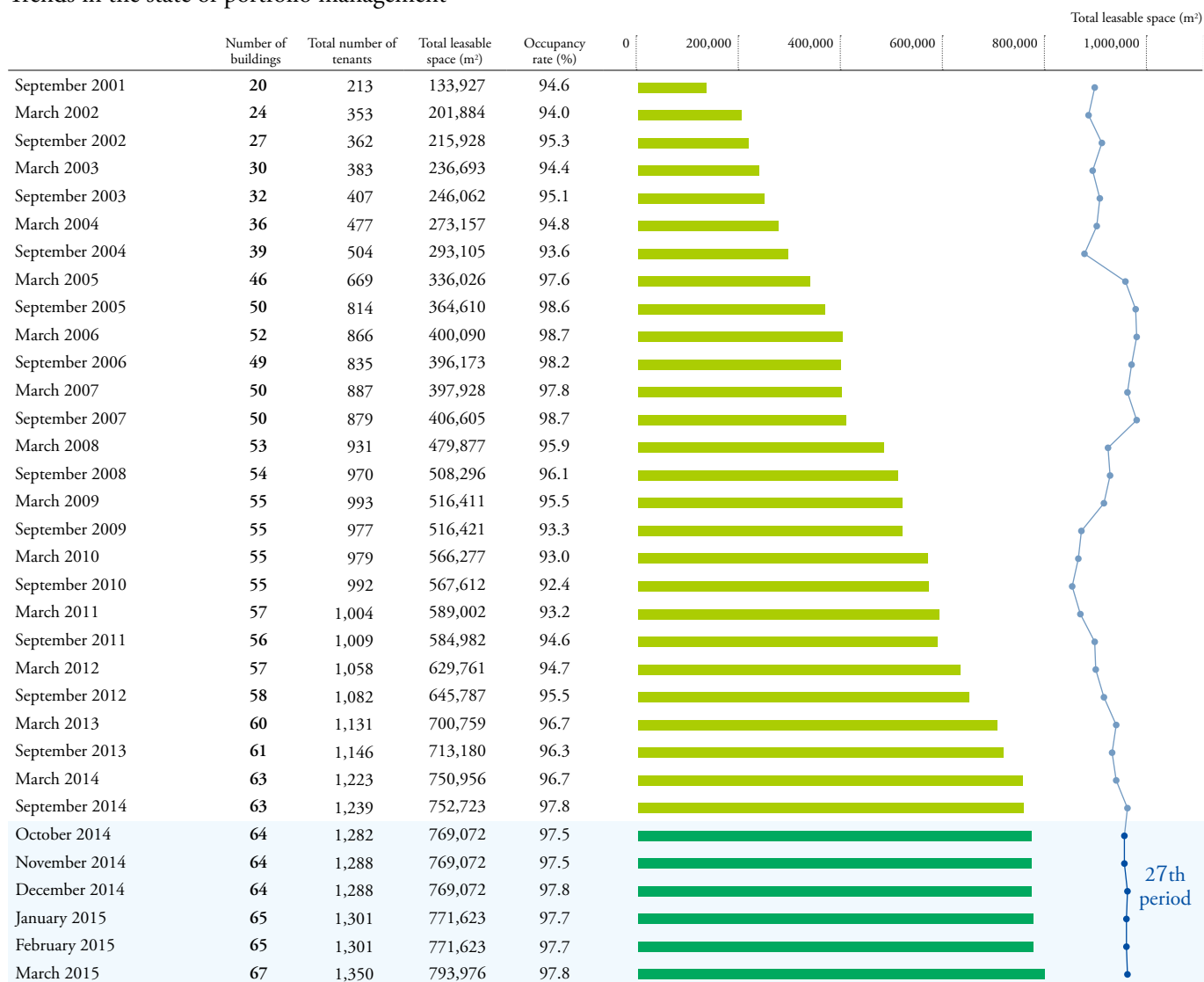
Unitholders	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	217,509	17.38%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	96,435	7.71%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	92,918	7.42%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	50,972	4.07%
CBLDN-STICHTING PGGM DEPOSITARY-LISTED REAL ESTATE PF FUND	30,990	2.48%
STATE STREET BANK AND TRUST COMPANY	27,185	2.17%
NOMURA BANK (LUXEMBOURG) S.A.	23,728	1.90%
STATE STREET BANK WEST CLIENT-TREATY	21,490	1.72%
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT	20,543	1.64%
Mitsubishi Estate Co., Ltd.	20,320	1.62%

Unit Price Performance



Portfolio Highlights

Trends in the state of portfolio management



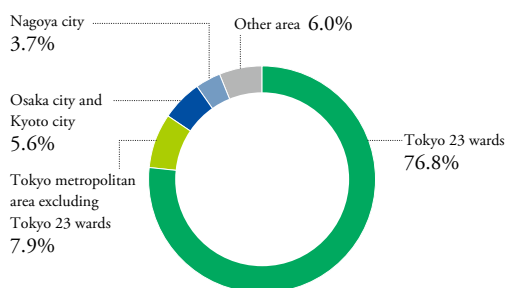
Notes 1: The total number of tenants is the gross number of tenants by building.
 2: Nippon Brunswick Building (land with leasehold interest) is not included.

50.0 60.0 70.0 80.0 90.0 100.0
Occupancy rate (%)

Portfolio breakdown As of March 31, 2015

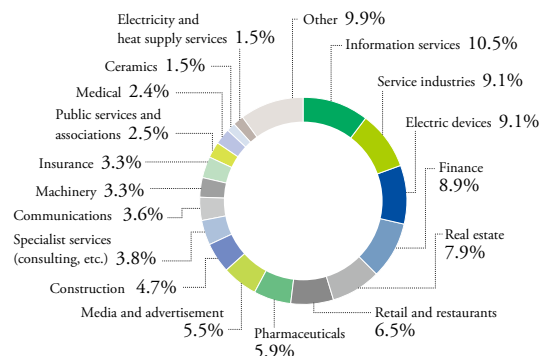
Properties by geographic region

(Percentage based on acquisition price)



Tenants by industry type

(Percentage based on leased space)



* Nippon Brunswick Building (land with leasehold interest) is not included.

Asset Management Summary

For the period from October 1, 2014 to March 31, 2015

Acquired Assets



Shinjuku Eastside Square

Property Summary

- Location: 27-30, 6 Chome, Shinjuku, Shinjuku-ku, Tokyo
- Site area: 25,320.28 m² (Total land area for the building site)
- Floor area of building: 167,245.46 m²* (Total area for the building)
* Including retail outlets in the attached building (214.27 m²)
- Structure: Steel-framed, reinforced concrete structure, flat roof
- Floors: Above ground: 20 floors
Below ground: 2 floors
- Completion: March 2012
- Acquisition date: October 1, 2014
- Acquisition price: ¥23,100 million
- Type of ownership: Land: Ownership
(14/100 co-ownership of 1 lot: 25,320.28 m²)
Building: Ownership
(14/100 co-ownership of 1 building: 167,245.46 m²)
- Seller: Shinjuku Rokucho Tokutei Mokuteki Kaisha
- Property management company: Mitsubishi Estate Co., Ltd.

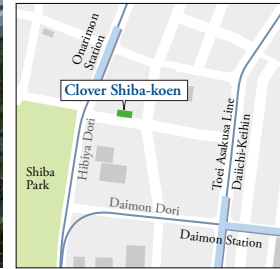
The Company evaluated the following two points in the determination of acquisition.

(1) Superior location

This property is a recently built large office building and a rare property located in Shinjuku, a world-class business district with a high concentration of commercial facilities. The property offers superior traffic convenience as it is directly connected to Higashi-Shinjuku Station of the Toei Oedo Line and the Tokyo Metro's Fukutoshin Line. Shinjuku 3 Chome Station is also within walking distance. It is also possible to take advantage of the well-developed traffic network from Shinjuku Station.

(2) Brand new office building with sophisticated features

Completed in March 2012, the property has an office building equipped with the latest specifications and its office space is approximately 1,800 tsubo per floor, one of the largest in central Tokyo. With the use of a double-skin façade and air barrier system, the building enhances energy efficiency and reduces environmental burdens. In addition, it has high functionality in terms of earthquake-resistance and disaster prevention since it is equipped with an emergency generator and a damping device.



Clover Shiba-koen

Property Summary

- Location: 3-12, 1 Chome, Shibakoen, Minato-ku, Tokyo
- Site area: 528.58 m²
- Floor area of building: 3,496.01 m²
- Structure: Reinforced concrete, steel-framed structure, flat roof
- Floors: Above ground: 9 floors
Below ground: 1 floor
- Completion: February 2006
- Acquisition date: January 20, 2015
- Acquisition price: ¥4,500 million
- Type of ownership: Land: Ownership
Building: Ownership
- Seller: Number Five Tokutei Mokuteki Kaisha
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

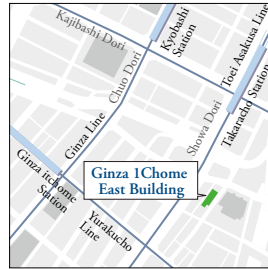
The Company evaluated the following two points in the determination of acquisition.

(1) Superior location

This property is located within two minutes' walk of Onarimon Station of the Toei Mita Line and four minutes' walk of Daimon Station of the Toei Asakusa Line and the Toei Oedo Line. In addition, Hamamatsucho Station of the JR Line is also within walking distance. The traffic convenience gives the property strong advantage.

(2) High competitiveness as an office building

Completed in 2006, this property is a comparatively new multi-tenant building. The curtain wall of its outer skin provides a high level of visibility. Having a standard floor area of approximately 100 tsubo, the open-plan standard floor office area with commanding views on three sides includes other features such as a ceiling height of 2,650 mm, OA floor of 75 mm and individual air conditioning. The level of competitiveness is very high for this area.



Ginza 1Chome East Building

Property Summary

- Location: 19-7, 1 Chome, Ginza, Chuo-ku, Tokyo
- Site area: 702.41 m²
- Floor area of building: 4,976.85 m²
- Structure: Steel-framed structure, flat roof
- Floors: Above ground: 9 floors
Below ground: 1 floor
- Completion: May 2008
- Acquisition date: March 2, 2015
- Acquisition price: ¥6,459 million
- Type of ownership: Land: Ownership
Building: Ownership
- Seller: Domestic general business company*
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

* Due to non-approval of disclosure the company name by the seller the detail is undisclosed.

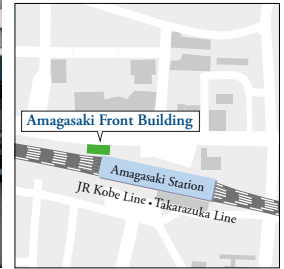
The Company evaluated the following two points in the determination of acquisition.

(1) Superior location

This property is located within five minutes' walk of Ginza itohome Station of the Tokyo Metro Yurakucho Line, Kyobashi Station of the Tokyo Metro Ginza Line and Takaracho Station of the Toei Asakusa Line. It is also within walking distance from Yurakucho Station of the JR Line and Ginza Station, into which a lot of lines come. The traffic convenience gives the property strong advantage.

(2) High competitiveness as an office building

This property is a comparatively new multi-tenant building, completed in 2008. The open-plan standard floor with windows on two sides provides a very bright and open office space. In addition, with its level of feature such as approximately 160 tsubo of standard floor, 2,740mm ceiling height, OA floor of 60mm and individual air conditioning zone etc., which meets tenant's need, its competitiveness is very high for this area where there a lot of old office buildings.



Amagasaki Front Building

Property Summary

- Location: 2-6, 1 Chome, Shioe, Amagasaki City, Hyogo Prefecture
- Site area: 3,975.20 m²
- Floor area of building: 24,055.58 m²
- Structure: Steel-framed, Steel-framed reinforced concrete structure, flat roof
- Floors: Above ground: 10 floors
- Completion: October 2008
- Acquisition date: March 25, 2015
- Acquisition price: ¥9,300 million
- Type of ownership: Land: Ownership
Building: Ownership
- Seller: Amagasaki Eki-mae Kaihatsu Y.K.
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

The Company evaluated the following two points in the determination of acquisition.

(1) Superior location

This property is located within two minutes' walk of Amagasaki Station which connects Osaka area and Kobe area by three lines, the JR Kobe Line, the JR Tozai Line and the JR Takarazuka Line. The traffic convenience to the Kansai business area, such as Osaka, Shin-Osaka and Sannomiya, etc. gives the property strong advantage.

(2) High competitiveness as an office building

Completed in 2008, this property is a comparatively new multi-tenant building. With the center-core layout and open-plan, the floor can be divided. It makes flexible leasing possible, small office to one big floor depending on tenants' need. In addition, leasable standard floor area is approximately 516 tsubo and ceiling height is 2,700 mm (OA floor: 100mm), individual air conditioning by eight zones is available. The level of competitiveness is very high for this area.



Harmony Tower (Additional Acquisition)

Property Summary

- Location: 32-2, 1 Chome, Honcho, Nakano-ku, Tokyo
- Site area: 10,020.52 m² (Total land area for the building site)
- Floor area of building: 72,729.31 m² (Total area for the building)
- Structure: Steel-framed, steel-framed reinforced concrete, reinforced concrete structure, flat roof
- Floors: Above ground: 29 floors
Below ground: 2 floors
- Completion: March 1997
- Acquisition date: March 27, 2015
- Acquisition price: ¥2,100 million
- Type of ownership: Land: Ownership (Share of co-ownership)
Building: Compartmentalized building units and co-ownership of compartmentalized building units (Share of ownership of the building: 6.269192%)*
- Seller: Obayashi Corporation
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

* After the above acquisition, the Company's share of ownership of the property increased from 32.113115% to 38.382307%.

The Company evaluated the following two points in the determination of acquisition.

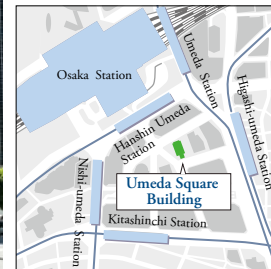
(1) Superior location

This property is located in the center of Nakano-sakaue area. This area is adjacent to the area of skyscrapers in Nishi-shinjuku and also is increasingly recognized as a new office zone. Direct connection to Nakano-sakaue Station of the Tokyo Metro Marunouchi Line and the Toei Oedo Line through the underground passage, provides high traffic convenience. In addition, facing Yamate-Dori and Ome-Kaido, principal roads in Tokyo, gives a high level of visibility.

(2) Increase in share of co-ownership of the building

Since the Company's share of the building went up to 38.382307% from 32.113115% after the above acquisition, further improvement in operational efficiency and the value of the asset can be expected.

Acquired Assets (Subsequent Event)



Umeda Square Building

Property Summary

- Location: 12-17, 1 Chome, Umeda, Kita-ku, Osaka City, Osaka Prefecture
- Site area: 1,652.88 m²
- Floor area of building: 18,673.28 m²
- Structure: Steel-framed, steel framed reinforced concrete structure, flat roof
- Floors: Above ground: 17 floors
Below ground: 3 floors
- Completion: July 1995
- Acquisition date: April 1, 2015
- Acquisition price: ¥15,523,520 thousand
- Type of ownership: Land: Ownership
Building: Ownership
- Seller: Hayabusa Godo Kaisha
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

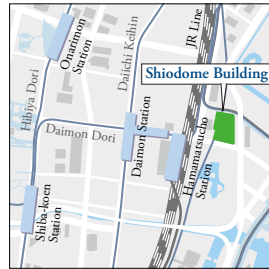
The Company evaluated the following two points in the determination of acquisition.

(1) Superior location

This property is located in Umeda, the center area for business in Osaka, within a couple of minutes' walk from Osaka Station of the JR Line, Kitashinchi Station of the JR Tozai Line, Umeda Station of the Hanshin Electric Railway and the Hankyu Railway, Umeda Station, Higashi-Umeda Station and Nishi-Umeda Station of the Osaka Municipal subway. In addition, it is directly connected to the underground mall, DIAMOR OSAKA, where there are lots of restaurants and shops. It provides high convenience and attractiveness.

(2) High competitiveness as an office building

High level of visibility with its dignified appearance, its traffic convenience and 185 tsubo of standard floor area for leasing provide high competitiveness to meet a variety of needs of tenants including those who weighs on accessibility for their customers. The common area of this building is expected to be strongly appealing for tenants as it was renewed last year.



Shiodome Building (Additional Acquisition)

Property Summary

- Location: 2-20, 1 Chome, Kaigan, Minato-ku, Tokyo
- Site area: 12,046 m²
- Floor area of building: 115,930.83 m²
- Structure: Steel-framed, steel-framed reinforced concrete structure, flat roof
- Floors: Above ground: 24 floors
Below ground: 2 floors
- Completion: December 2007
- Acquisition date: May 1, 2015
- Acquisition price: ¥10,100 million
- Type of ownership: Land: Ownership
Building: Ownership (5% of quasi-co-ownership)
- Seller: Godo Kaisha Shiodome Investment
- Property management company: Mitsubishi Jisho Property Management Co., Ltd.

The Company evaluated the following two points in the determination of acquisition.

(1) High competitiveness as an office building

This property is located in front of Hamamatsu Station of the JR Line and is the south gateway of Shiodome area. It is also within three minutes' walk from Hamamatsu Station of the JR Line and Daimon Station of the Toei Asakusa Line and the Toei Oedo Line. In addition, it is accessible to Tokyo Station and Shinagawa Station, which are hub stations for "Shinkansen", and also to Haneda Airport (Tokyo International Airport), providing great traffic convenience. As for other features, it is a comparatively new building completed in December, 2007 and has over 1,000 tsubo area and 2,900 mm ceiling height (with 100 mm of OA floor) of open-plan spacious standard floor for leasing.

(2) Increase in share of co-ownership of the building

Since the Company's shares of quasi-co-ownership of trust beneficiary right in trust of this property went up to 45.0% from 40.0% after the above acquisition, further improvement in operational efficiency and the value of the asset can be expected.

Issuance of New Investment Units (Subsequent Event)

Public offering of new investment units

Number of newly issued units:	54,000
Offer price (subscription price):	557,620 yen per unit
Aggregate amount of offer price (subscription price):	30,111,480,000 yen
Issue price:	540,550 yen per unit
Aggregate amount of issue price:	29,189,700,000 yen
Payment date:	April 6, 2015

Issuance of new investment units by third-party allocation

Number of units issued:	3,780
Issue price:	540,550 yen per unit
Aggregate amount of issue price:	2,043,279,000 yen
Payment date:	May 11, 2015
Allottee:	SMBC Nikko Securities Inc.

With the funds procured from the above public offering of new investment units, the Company acquired an additional 5.0% (10,100 million yen) quasi-co-ownership interest of trust beneficiary right in trust of real estate pertaining to the Shiodome Building. In addition, the Company made repayments of short-term loans and redeemed investment corporation bonds. The remaining funds have been allocated as cash reserves for acquiring specified assets and repaying loans in the future.

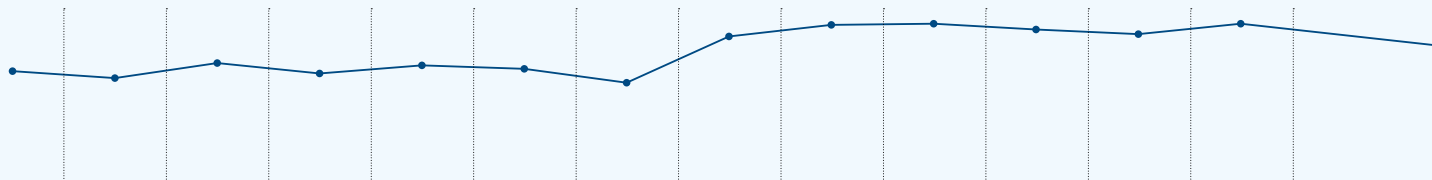
In addition, with the funds procured from the issuance of new investment units by third-party allocation, the Company made a prepayment of short-term loans. The remaining funds have been allocated as cash reserves for acquiring specified assets and repaying loans in the future.

* In detail, please refer to Financial Section 19. Subsequent Events

Asset Size, Property Acquisitions and Performance Trends

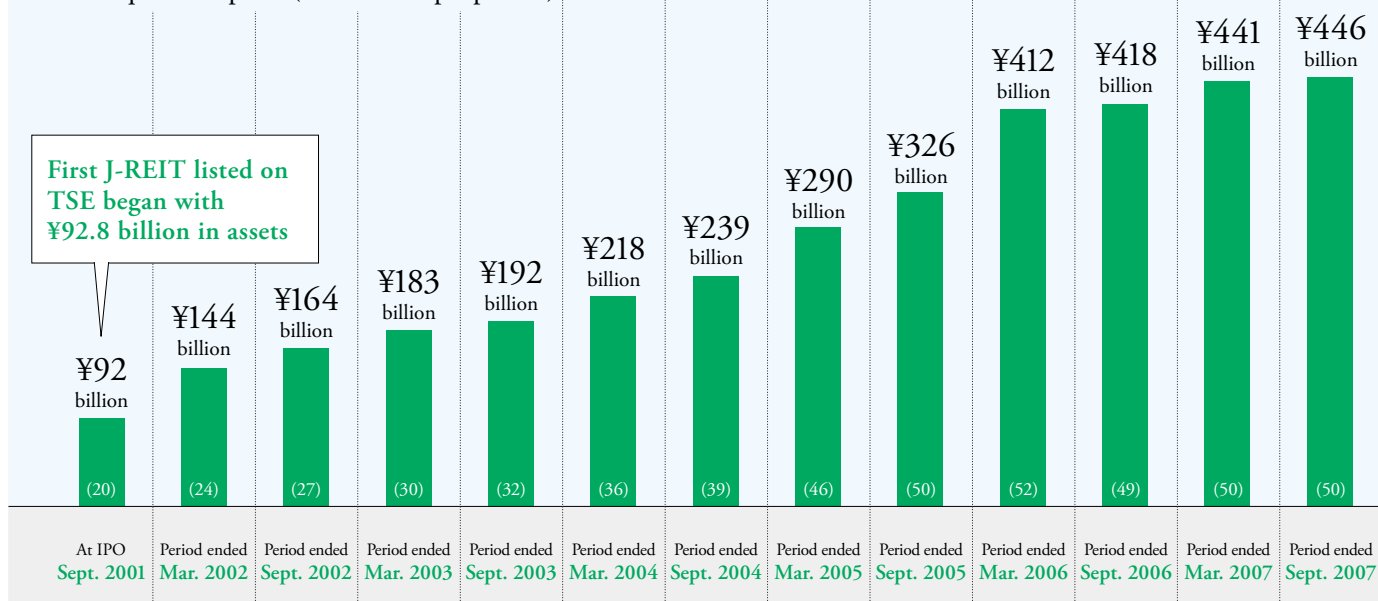
Occupancy rate

94.6% 94.0% 95.3% 94.4% 95.1% 94.8% 93.6% 97.6% 98.6% 98.7% 98.2% 97.8% 98.7%



In September 2001, the Company became the first J-REIT in Japan listed on the Tokyo Stock Exchange. Since then, the Company has targeted stable management to fulfill its goal of maintaining or increasing dividend 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 ¥883.5 billion as of the 27th 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.

Total acquisition price (Number of properties)



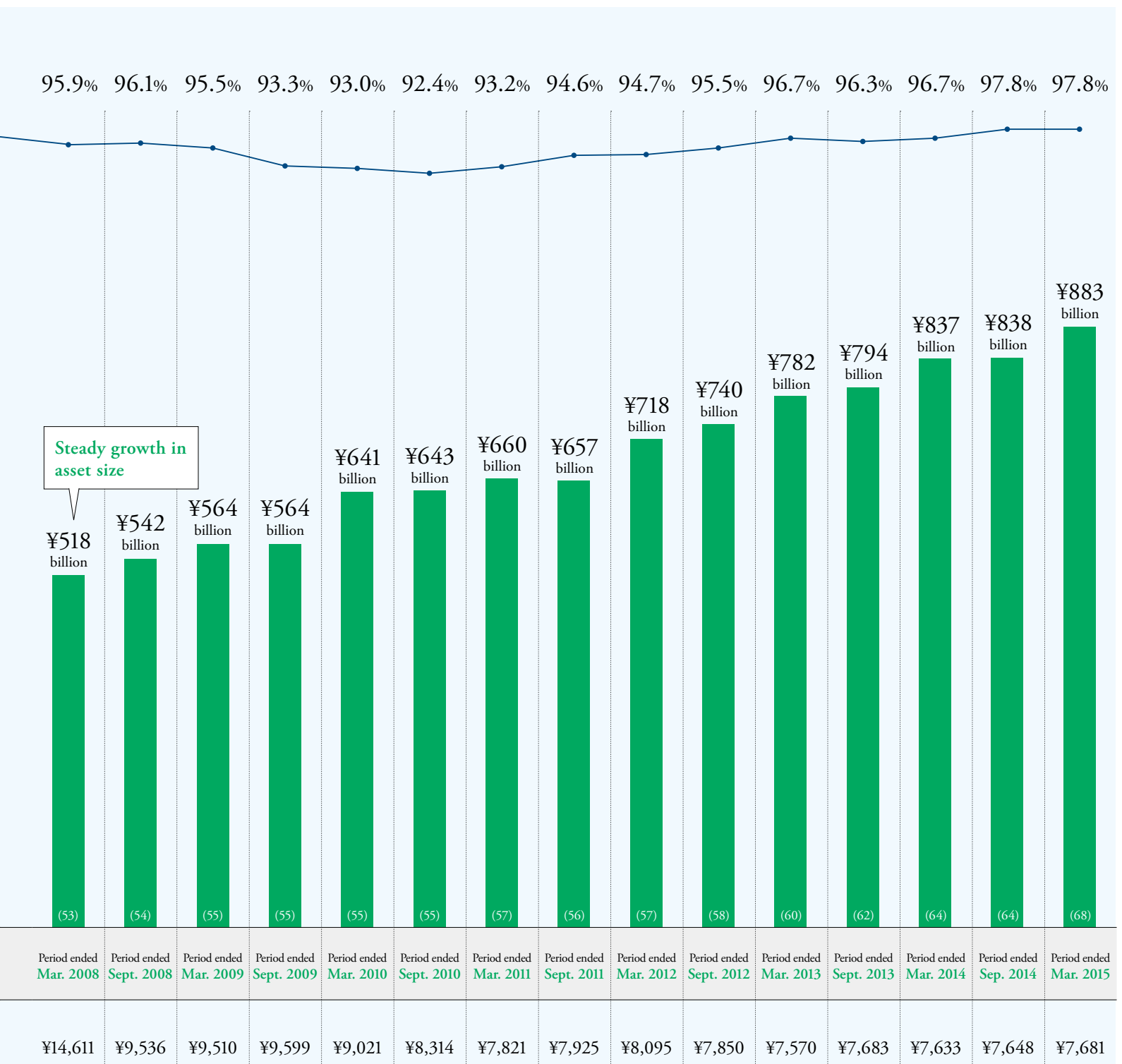
Dividend per unit*

¥7,491 ¥6,426 ¥7,227 ¥7,558 ¥7,301 ¥7,355 ¥7,912 ¥7,975 ¥8,086 ¥8,651 ¥8,760 ¥9,250

Listing and issuance of units

Sept. 2001 Listed on TSE as first J-REIT
 May 2002 First Follow-On (First for a J-REIT)
 Oct. 2003 Second Follow-On
 Apr. 2005 Third Follow-On
 Oct. 2006 Fourth Follow-On
 Sept. 2001 IPO

* JRE implemented a 2-for-1 split of each investment unit as of January 1, 2014. The figures for the 1st through the 24th periods have taken the split into account.



Steady growth in asset size

Mar. 2008
Fifth Follow-On

Dec. 2009
Sixth Follow-On

Feb. 2012
Seventh Follow-On

Oct. 2012
Eighth Follow-On

Apr. 2014
Ninth Follow-On

The Portfolio of Japan Real Estate Investment Corporation

As of March 31, 2015

Properties roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)
Tokyo 23 wards					
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000 (0.6%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555 (9.2%)
● I- 3	MD Kanda Building	Kanda-Mitoshirocho, Chiyoda-ku	Real property	05/31/2002	9,520 (1.1%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810 (0.5%)
● I- 5	Otemachi Financial City North Tower	Otemachi, Chiyoda-ku	Real property	03/31/2014	15,462 (1.8%)
● I- 6	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700 (1.7%)
● I- 7	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700 (5.1%)
● I- 8	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000 (0.8%)
● I- 9	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200
				04/03/2006	10,700
				total	20,900 (2.4%)
● I- 10	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200 (0.8%)
● I- 11	Kodenmacho Shin-Nihonbashi Building	Nihonbashi-Kodenmacho, Chuo-ku	Trust	09/25/2001	3,173 (0.4%)
● I- 12	Kyodo Building (Kayabacho 2Chome)	Nihonbashi-Kayabacho, Chuo-ku	Trust	03/01/2011	4,410 (0.5%)
● I- 13	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250 (0.6%)
● I- 14	Ginza 1Chome East Building	Ginza, Chuo-ku	Trust	03/02/2015	6,459 (0.7%)
● I- 15	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830 (1.9%)
● I- 16	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353
				05/24/2010	2,645
				total	7,999 (0.9%)
● I- 17	Harumi Front	Harumi, Chuo-ku	Real property	01/07/2013	31,300 (3.5%)
● I- 18	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800 (3.0%)
● I- 19	Akasaka Park Building	Akasaka, Minato-ku	Real property	11/15/2011	60,800 (6.9%)
● I- 20	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680 (0.9%)
● I- 21	Clover Shiba-koen	Shiba-koen, Minato-ku	Trust	01/20/2015	4,500 (0.5%)
● I- 22	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250
				01/15/2010	54,600
				total	75,850 (8.6%)
● I- 23	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859 (0.5%)
● I- 24	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808 (0.3%)
● I- 25	Shinjuku Eastside Square	Shinjuku, Shinjuku-ku	Real property	10/01/2014	23,100 (2.6%)
● I- 26	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830 (0.9%)
● I- 27	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350
				03/24/2010	22,426
				total	31,776 (3.6%)
● I- 28	TIXTOWER UENO	Higashi-Ueno, Taito-ku	Real property	06/15/2012	22,000 (2.5%)
● I- 29	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500 (0.6%)
● I- 30	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300 (1.4%)
● I- 31	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123 (0.6%)
● I- 32	Nippon Brunswick Building (Land with leasehold interest)	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670
				08/23/2013	(1,170)
				total	5,500 (0.6%)
● I- 33	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700 (1.0%)
● I- 34	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885 (0.6%)
● I- 35	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200 (1.4%)
● I- 36	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600 (3.9%)
● I- 37	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740
				04/01/2004	360
				02/18/2014	10,512
				total	14,612 (1.7%)
● I- 38	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500
				12/19/2012	520
				03/27/2015	2,100
				total	11,120 (1.3%)
● I- 39	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541 (0.4%)
● I- 40	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728 (0.2%)
● I- 41	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500 (0.5%)

Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ millions)	Total leasable space	Leased space	Occupancy rate	Total number of tenants	Revenues from leasing operations (¥ millions)	
100.0%	1985	6,770	4,791m ²	4,791m ²	100.0%	1	228	(0.8%)
100.0%	2006	78,300	25,678m ²	25,678m ²	100.0%	5	1,671	(5.9%)
100.0%	1998	7,800	6,269m ²	6,269m ²	100.0%	9	207	(0.7%)
56.76%	1993	4,230	3,687m ²	3,687m ²	100.0%	9	108	(0.4%)
3.3852192%	2012	17,800	5,112m ²	5,112m ²	100.0%	2	272	(1.0%)
31.345%	2004	17,400	9,316m ²	9,316m ²	100.0%	1	480	(1.7%)
19.38402%	2003	46,100	11,904m ²	11,904m ²	100.0%	10	999	(3.5%)
100.0%	2005	6,370	4,495m ²	4,495m ²	100.0%	1	150	(0.5%)
99.0%	1966	30,600	20,830m ²	19,834m ²	95.2%	34	893	(3.2%)
10.78%	1975	7,600	4,697m ²	4,452m ²	94.8%	13	240	(0.8%)
100.0%	1991	2,810	3,897m ²	3,897m ²	100.0%	10	118	(0.4%)
100.0%	1991	4,830	4,464m ²	4,464m ²	100.0%	10	130	(0.5%)
100.0%	2002	6,730	4,279m ²	4,279m ²	100.0%	1	150	(0.5%)
100.0%	2008	6,660	4,513m ²	2,396m ²	53.1%	5	15	(0.1%)
70.95%	1982	16,500	4,329m ²	4,329m ²	100.0%	10	377	(1.3%)
100.0%	1998	5,510	4,255m ²	4,255m ²	100.0%	12	151	(0.5%)
100.0%	2012	39,000	33,369m ²	33,291m ²	99.8%	6	1,238	(4.4%)
100.0%	2006	20,100	20,812m ²	20,812m ²	100.0%	9	621	(2.2%)
100.0%	1993	67,100	45,013m ²	45,013m ²	100.0%	28	2,193	(7.7%)
100.0%	1982	7,340	4,898m ²	4,898m ²	100.0%	8	201	(0.7%)
100.0%	2006	4,600	2,550m ²	2,550m ²	100.0%	8	42	(0.1%)
40.0%	2007	81,600	32,155m ²	31,590m ²	98.2%	35	1,764	(6.2%)
100.0%	1984	6,060	9,606m ²	9,606m ²	100.0%	25	272	(1.0%)
100.0%	1992	2,870	4,062m ²	4,062m ²	100.0%	6	108	(0.4%)
14.0%	2012	24,500	16,365m ²	14,730m ²	90.0%	40	432	(1.5%)
100.0%	1989	5,930	5,997m ²	5,997m ²	100.0%	14	202	(0.7%)
31.325%	1996	29,900	35,082m ²	33,822m ²	96.4%	95	1,384	(4.9%)
94.040229%	2010	24,700	15,020m ²	15,020m ²	100.0%	17	649	(2.3%)
100.0%	2004	5,790	5,205m ²	5,205m ²	100.0%	4	184	(0.7%)
100.0%	2005	16,200	16,856m ²	16,856m ²	100.0%	1	665	(2.3%)
100.0%	1989	5,240	7,756m ²	7,756m ²	100.0%	23	230	(0.8%)
—	—	5,490	—	—	—	—	60	(0.2%)
100.0%	2003	10,400	7,745m ²	7,745m ²	100.0%	9	289	(1.0%)
100.0%	1987	6,570	3,147m ²	3,147m ²	100.0%	4	191	(0.7%)
100.0%	1998	10,100	5,558m ²	5,558m ²	100.0%	5	308	(1.1%)
100.0%	1976	45,700	30,532m ²	29,272m ²	95.9%	60	1,345	(4.8%)
44.718394%	1994	15,100	8,700m ²	8,700m ²	100.0%	6	431	(1.5%)
38.382307%	1997	13,200	14,340m ²	14,340m ²	100.0%	21	386	(1.4%)
100.0%	1987	4,120	7,224m ²	7,224m ²	100.0%	7	196	(0.7%)
100.0%	1990	1,630	2,186m ²	2,186m ²	100.0%	9	63	(0.2%)
100.0%	1989	4,240	5,932m ²	5,932m ²	100.0%	10	172	(0.6%)

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ millions)	
Tokyo metropolitan area, excluding Tokyo 23 wards						
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300	
				03/19/2008	2,379	
				total	5,679	(0.6%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.3%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400	(4.2%)
● II- 4	Queen's Tower A	Yokohama, Kanagawa Prefecture	Trust	01/31/2014	17,200	(1.9%)
● II- 5	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375	(0.4%)
● II- 6	Musashi Kosugi STM Building	Kawasaki, Kanagawa Prefecture	Real property	03/25/2008	4,000	(0.5%)
Other major cities						
● III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100	(0.8%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000	(0.1%)
● III- 3	Higashi Nibancho Square	Sendai, Miyagi Prefecture	Real property	01/07/2013	9,950	(1.1%)
● III- 4	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.4%)
● III- 5	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(0.5%)
● III- 6	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850	
				11/01/2006	1,300	
				06/09/2014	650	
				total	5,800	(0.7%)
● III- 7	Nagoya Hirokoji Place	Nagoya, Aichi Prefecture	Trust	07/31/2013	8,567	(1.0%)
● III- 8	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680	(0.2%)
● III- 9	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533	(1.6%)
● III- 10	Nagoya Misono Building	Nagoya, Aichi Prefecture	Real property	08/08/2003	1,865	(0.2%)
● III- 11	Shijo Karasuma Center Building	Kyoto, Kyoto Prefecture	Real property	09/03/2013	4,400	(0.5%)
● III- 12	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Real property	12/20/2001	2,650	(0.3%)
● III- 13	Shin-Fujita Building	Osaka, Osaka Prefecture	Trust	09/01/2008	24,000	(2.7%)
● III- 14	Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Real property	09/25/2001	2,264	
				12/26/2003	1,900	
				total	4,164	(0.5%)
● III- 15	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	09/25/2001	6,934	
				02/28/2002	7,380	
				total	14,314	(1.6%)
● III- 16	Amagasaki Front Building	Amagasaki, Hyogo Prefecture	Trust	03/25/2015	9,300	(1.1%)
● III- 17	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.5%)
● III- 18	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Real property	03/25/2004	1,320	
				03/03/2008	1,450	
				total	2,770	(0.3%)
● III- 19	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550	(0.2%)
● III- 20	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000	(0.6%)
● III- 21	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.4%)
	Total				883,514	(100.0%)

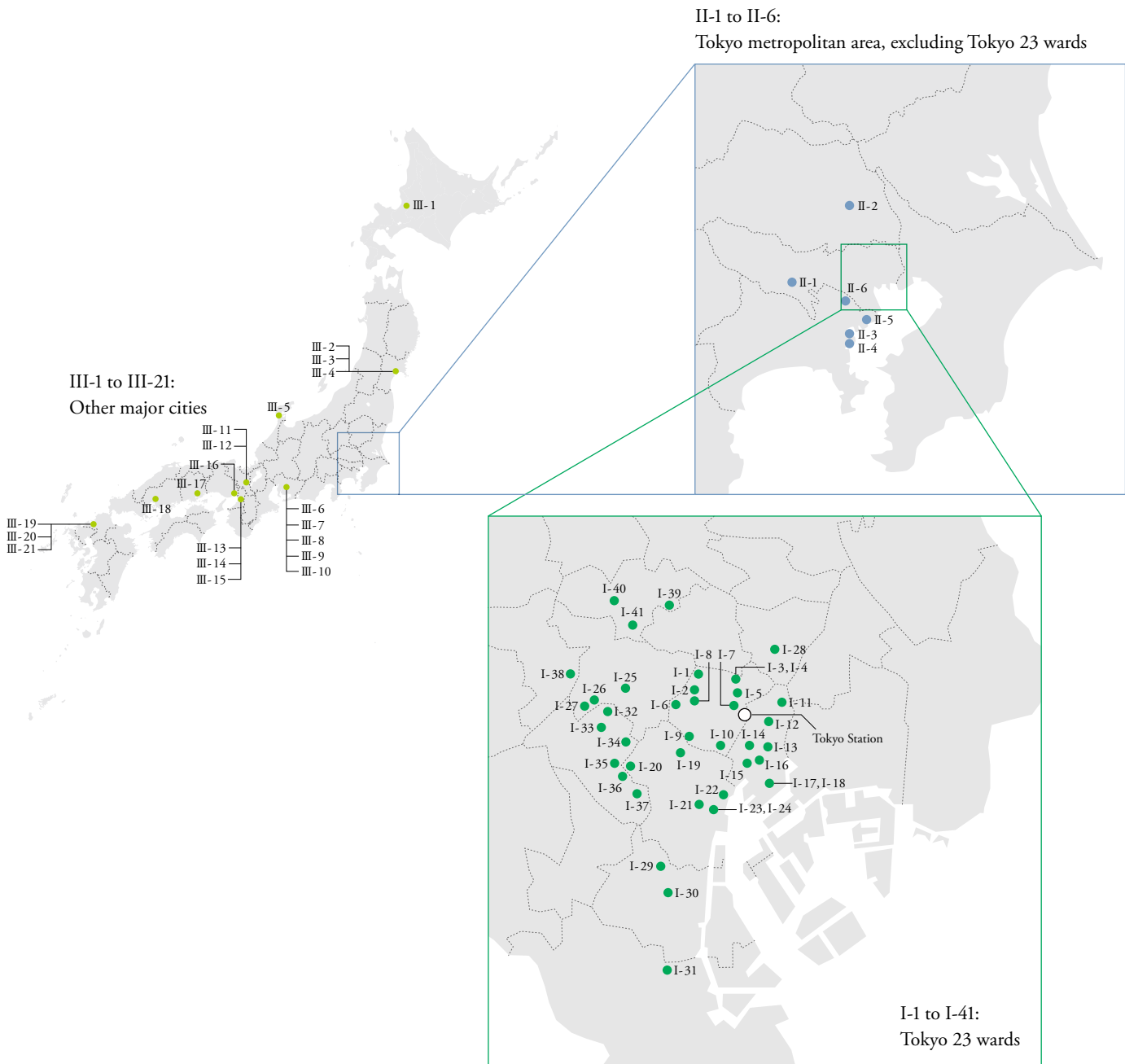
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ millions)	Total leasable space	Leased space	Occupancy rate	Total number of tenants	Revenues from leasing operations (¥ millions)	
80.4%	1996	4,600	10,068m ²	10,068m ²	100.0%	50	240	(0.8%)
100.0%	1990	2,180	4,510m ²	4,510m ²	100.0%	19	108	(0.4%)
100.0%	2007	36,900	38,426m ²	37,265m ²	97.0%	28	1,271	(4.5%)
11.11481%	1997	18,100	26,667m ²	25,987m ²	97.4%	51	1,014	(3.6%)
100.0%	1990	2,470	6,831m ²	6,831m ²	100.0%	13	143	(0.5%)
34.32%	1990	3,990	5,378m ²	5,378m ²	100.0%	26	159	(0.6%)
100.0%	2006	7,010	12,265m ²	12,145m ²	99.0%	8	307	(1.1%)
50.0%	1993	935	2,518m ²	2,366m ²	94.0%	17	64	(0.2%)
100.0%	2008	12,900	20,526m ²	20,254m ²	98.7%	21	528	(1.9%)
100.0%	1991	2,270	6,234m ²	6,151m ²	98.7%	24	131	(0.5%)
89.0%	1991	4,400	20,889m ²	19,030m ²	91.1%	74	457	(1.6%)
68.63831%	1995	4,610	9,850m ²	9,587m ²	97.3%	60	266	(0.9%)
100.0%	2004	9,670	13,200m ²	12,922m ²	97.9%	23	375	(1.3%)
100.0%	1987	1,570	3,911m ²	3,735m ²	95.5%	16	88	(0.3%)
100.0%	1987	12,100	21,636m ²	20,659m ²	95.5%	33	553	(2.0%)
100.0%	1991	1,150	3,448m ²	3,448m ²	100.0%	16	71	(0.3%)
100.0%	2010	4,620	6,634m ²	6,018m ²	90.7%	7	184	(0.7%)
100.0%	1982	1,800	6,805m ²	6,318m ²	92.8%	35	120	(0.4%)
100.0%	1995	17,200	28,414m ²	26,981m ²	95.0%	44	682	(2.4%)
100.0%	1992	3,180	11,520m ²	11,520m ²	100.0%	22	235	(0.8%)
100.0%	1991	13,200	20,450m ²	20,200m ²	98.8%	42	537	(1.9%)
100.0%	2008	9,400	15,500m ²	15,351m ²	99.0%	31	15	(0.1%)
27.74888%	2005	4,370	9,965m ²	9,965m ²	100.0%	40	256	(0.9%)
48.753%	1994	2,530	9,860m ²	9,860m ²	100.0%	12	263	(0.9%)
100.0%	1992	1,320	3,995m ²	3,920m ²	98.1%	21	79	(0.3%)
100.0%	1993	2,540	5,973m ²	5,973m ²	100.0%	30	152	(0.5%)
74.4844%	1987	3,620	5,841m ²	5,841m ²	100.0%	4	168	(0.6%)
		912,125	793,976m²	776,788m²	97.8%	1,350	28,314	(100.0%)

Major tenants roster

Name of tenant	Name of building	Leased space	% of total leased space
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Harumi Front (also includes 3 other buildings)	33,910m ²	4.4%
(Note)	Kitanomaru Square (also includes 2 other buildings)	22,305m ²	2.9%
Mitsubishi Estate Co., Ltd.	Osaki Front Tower (also includes 1 other building)	17,213m ²	2.2%
General Electric Company	Akasaka Park Building	13,683m ²	1.8%
HAKUHODO DY HOLDINGS INCORPORATED	Akasaka Park Building (also includes 1 other building)	12,831m ²	1.7%
NTT Communications Corporation	Shiodome Building	11,813m ²	1.5%
JGC Corporation	MM Park Building (also includes 1 other building)	10,649m ²	1.4%
Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,598m ²	1.4%
TOTO LTD.	Shiodome Building (also includes 2 other buildings)	10,570m ²	1.4%
Minato Mirai 21 District Heating and Cooling Co., Ltd.	Queen's Tower A	9,536m ²	1.2%

Note: Not disclosed due to tenant's request

Location of portfolio properties



Overview of Portfolio Properties

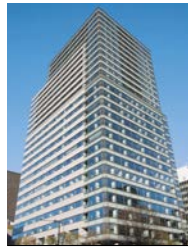
As of March 31, 2015



Genki Medical Plaza

● I-1

Location:	Chiyoda-ku, Tokyo
Site area:	1,052.80m ²
Floor area of building:	6,722.02m ²
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 ²
Floor area of building:	57,279.20m ²
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 ²
Floor area of building:	8,185.11m ²
Structure:	Above ground: 10 floors
Completion:	February 1998



Kandabashi Park Building

● I-4

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



Otemachi Financial City North Tower

● I-5

Location:	Chiyoda-ku, Tokyo
Site area:	14,108.16m ²
Floor area of building:	239,769.07m ²
Structure:	Above ground: 35 floors Below ground: 4 floors
Completion:	October 2012



Nibancho Garden

● I-6

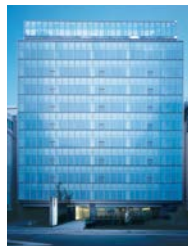
Location:	Chiyoda-ku, Tokyo
Site area:	11,003.87m ²
Floor area of building:	57,031.06m ²
Structure:	Above ground: 14 floors Below ground: 2 floors
Completion:	April 2004



Mitsubishi UFJ Trust and Banking Building

● I-7

Location:	Chiyoda-ku, Tokyo
Site area:	8,100.39m ²
Floor area of building:	108,171.67m ²
Structure:	Above ground: 29 floors Below ground: 4 floors
Completion:	February 2003



Burex Kojimachi Building

● I-8

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



Sanno Grand Building

● I-9

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



Yurakucho Denki Building

● I-10

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



Kodonmachi Shin-Nihonbashi Building

● I-11

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



Kyodo Building (Kayabacho 2Chome)

● I-12

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



Burex Kyobashi Building

● I-13

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



Ginza 1Chome East Building

● I-14

Location:	Chuo-ku, Tokyo
Site area:	702.41m ²
Floor area of building:	4,976.85m ²
Structure:	Above ground: 9 floors Below ground: 1 floor
Completion:	May 2008



Ginza Sanwa Building

● I-15

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



Ryoshin Ginza East Mirror Building

● I-16

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



Harumi Front

● I-17

Location:	Chuo-ku, Tokyo
Site area:	7,250.15m ²
Floor area of building:	45,458.90m ²
Structure:	Above ground: 17 floors Below ground: 1 floor
Completion:	February 2012



Harumi Center Building

● I-18

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



Akasaka Park Building

● I-19

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



Aoyama Crystal Building

● I-20

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



Clover Shiba-koen

● I-21

Location:	Minato-ku, Tokyo
Site area:	528.58m ²
Floor area of building:	3,496.01m ²
Structure:	Above ground: 9 floors Below ground: 1 floor
Completion:	February 2006



Shiodome Building

● I-22

Location:	Minato-ku, Tokyo
Site area:	approx. 12,046m ²
Floor area of building:	115,930.83m ²
Structure:	Above ground: 24 floors Below ground: 2 floors
Completion:	December 2007



Shiba 2Chome Daimon Building

● I-23

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



Cosmo Kanasugibashi Building

● I-24

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



Shinjuku Eastside Square

● I-25

Location:	Shinjuku-ku, Tokyo
Site area:	25,320.28m ²
Floor area of building:	167,245.46m ²
Structure:	Above ground: 20 floors Below ground: 2 floors
Completion:	March 2012



Shinwa Building

● I-26

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



Tokyo Opera City Building

● I-27

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



TIXTOWER UENO

● I-28

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



Higashi-Gotanda 1Chome Building

● I-29

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



Osaki Front Tower

● I-30

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



Omori-Eki Higashiguchi Building

● I-31

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



Nippon Brunswick Building

(Land with leasehold interest)

● I-32

Location:	Shibuya-ku, Tokyo
Site area:	1,497.52m ²
Floor area of building:	—
Structure:	—
Completion:	—



Yoyogi 1Chome Building

● I-33

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



da Vinci Harajuku

● I-34

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



Jingumae Media Square Building

● I-35

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



Shibuya Cross Tower

● I-36

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



Ebisu Neonato

● I-37

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



Harmony Tower

● I-38

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



Otsuka Higashi-Ikebukuro Building

● I-39

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



Ikebukuro 2Chome Building

● I-40

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



Ikebukuro YS Building

● I-41

Location:	Toshima-ku, Tokyo
Site area:	1,384.56m ²
Floor area of building:	7,464.64m ²
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 ²
Floor area of building:	18,329.98m ²
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 ²
Floor area of building:	6,258.59m ²
Structure:	Above ground: 8 floors
Completion:	March 1990



MM Park Building

● II-3

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



Queen's Tower A

● II-4

Location:	Yokohama, Kanagawa Prefecture
Site area:	44,406.40m ²
Floor area of building:	498,282.77m ²
Structure:	Above ground: 37 floors Below ground: 5 floors
Completion:	June 1997



Kawasaki Isago Building

● II-5

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



Musashi Kosugi STM Building

● II-6

Location:	Kawasaki, Kanagawa Prefecture
Site area:	3,552.15m ²
Floor area of building:	22,839.61m ²
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 ²
Floor area of building:	16,096.97m ²
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 ²
Floor area of building:	7,648.33m ²
Structure:	Above ground: 8 floors Below ground: 1 floor
Completion:	January 1993



Higashi Nibancho Square

● III-3

Location:	Sendai, Miyagi Prefecture
Site area:	3,191.27m ²
Floor area of building:	27,680.45m ²
Structure:	Above ground: 14 floors Below ground: 1 floor
Completion:	July 2008



Sendai Honcho Honma Building

● III-4

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



Kanazawa Park Building

● III-5

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



Nishiki Park Building

● III-6

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



Nagoya Hirokoji Place

● III-7

Location:	Nagoya, Aichi Prefecture
Site area:	2,401.43m ²
Floor area of building:	15,947.29m ²
Structure:	Above ground: 10 floors
Completion:	December 2004



Hirokoji Sakae Building

● III-8

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



Nagoya Hirokoji Building

● III-9

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



Nagoya Misono Building

● III-10

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



Shijo Karasuma Center Building

● III-11

Location:	Kyoto, Kyoto Prefecture
Site area:	1,371.16m ²
Floor area of building:	9,185.98m ²
Structure:	Above ground: 8 floors Below ground: 1 floor
Completion:	January 2010



Kyoto Shijo Kawaramachi Building

● III-12

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



Shin-Fujita Building

● III-13

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



Sakaisujihonmachi Building

● III-14

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



Midosuji Daiwa Building

● III-15

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



Amagasaki Front Building

● III-16

Location:	Amagasaki, Hyogo Prefecture
Site area:	3,975.20m ²
Floor area of building:	24,055.58m ²
Structure:	Above ground: 10 floors
Completion:	October 2008



Lit City Building

● III-17

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



NHK Hiroshima Broadcasting Center Building

● III-18

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



Tosei Tenjin Building

● III-19

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



Tenjin Crystal Building

● III-20

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



Hinode Tenjin Building

● III-21

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

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.

Financial Section

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Selected Financial Data

	Millions of yen				
	For the period from October 1, 2014 to March 31, 2015	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2012 to March 31, 2013
Operating Revenues	28,314	27,760	26,582	26,225	25,357
Operating Expenses	17,071	16,505	15,751	15,444	14,725
Operating Income	11,243	11,255	10,831	10,781	10,631
Ordinary Income	9,625	9,582	9,083	9,143	8,749
Income before Income Taxes	9,625	9,582	9,083	9,143	8,749
Net Income	9,619	9,572	9,070	9,129	8,824
Total Assets	852,679	813,931	817,130	775,066	765,628
Interest-Bearing Debts	361,000	323,550	358,900	320,150	311,200
Net Assets	436,671	436,622	405,355	405,415	405,280
Unitholders' Capital	426,783	426,783	396,018	396,018	396,018
Number of Units	1,251,530	1,251,530	1,188,280	594,140	594,140
Net Assets per Unit (Yen) (Note 1)	348,909	348,871	341,128	682,356	682,130
Cash Distribution	9,613	9,571	9,070	9,129	8,995
Dividend Payout Ratio	99.9%	99.9%	99.9%	99.9%	101.9%
Dividend per Unit (Yen)	7,681	7,648	7,633	15,366	15,140
Net Operating Income (NOI)	18,412	18,105	17,481	17,205	16,768
Funds from Operations (FFO)	15,629	15,455	14,719	14,619	14,032
Return on Assets (ROA) (Note 2)	1.2% (2.3% annualized)	1.2% (2.3% annualized)	1.1% (2.3% annualized)	1.2% (2.4% annualized)	1.2% (2.4% annualized)
Return on Equity (ROE) (Note 3)	2.2% (4.4% annualized)	2.2% (4.4% annualized)	2.2% (4.5% annualized)	2.3% (4.5% annualized)	2.2% (4.4% annualized)
EOP Equity Ratio (Note 4)	51.2%	53.6%	49.6%	52.3%	52.9%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	42.3%	39.8%	43.9%	41.3%	40.6%
FFO Multiple (Times)	22.6	22.9	20.9	23.4	27.2
Debt Service Coverage Ratio (Times) (Note 6)	10.8	10.5	9.6	9.5	8.7

Notes 1: The Company implemented a 2-for-1 split of each investment unit with an effective date of January 1, 2014. Net assets per unit is calculated as if the split had occurred at the start of the fiscal period ended March 31, 2014.

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 182 days for the period ended March 31, 2013, 183 days for the period ended September 30, 2013, 182 days for the period ended March 31, 2014, 183 days for the period ended September 30, 2014 and 182 days for the period ended March 31, 2015.)

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

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

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

Balance Sheets

As of September 30, 2014 and March 31, 2015

	Thousands of yen	
	As of September 30, 2014	As of March 31, 2015
ASSETS		
Current assets		
Cash and deposits	20,650,366	15,561,878
Cash and deposits in trust	4,938,725	4,687,042
Operating accounts receivable	146,658	127,501
Prepaid expenses	187,287	155,505
Deferred tax assets	953	979
Consumption taxes receivable	—	833,719
Other	107,610	27,314
Total current assets	26,031,601	21,393,942
Non-current assets		
Property, plant and equipment		
Buildings	251,314,069	260,036,543
Accumulated depreciation	(65,297,431)	(70,005,181)
Buildings, net	186,016,637	190,031,361
Structures	2,933,708	3,169,570
Accumulated depreciation	(536,728)	(589,318)
Structures, net	2,396,979	2,580,252
Machinery and equipment	2,899,420	2,929,200
Accumulated depreciation	(1,565,756)	(1,638,100)
Machinery and equipment, net	1,333,663	1,291,099
Tools, furniture and fixtures	349,680	365,608
Accumulated depreciation	(141,262)	(163,901)
Tools, furniture and fixtures, net	208,417	201,706
Land	420,415,192	439,594,248
Construction in progress	358,948	1,310
Buildings in trust	62,506,633	71,500,994
Accumulated depreciation	(13,685,828)	(14,792,492)
Buildings in trust, net	48,820,805	56,708,501
Structures in trust	583,214	613,238
Accumulated depreciation	(113,721)	(125,661)
Structures in trust, net	469,493	487,577
Machinery and equipment in trust	846,483	963,001
Accumulated depreciation	(588,971)	(604,071)
Machinery and equipment in trust, net	257,512	358,929
Tools, furniture and fixtures in trust	30,297	34,030
Accumulated depreciation	(10,792)	(12,401)
Tools, furniture and fixtures in trust, net	19,505	21,629
Land in trust	118,440,720	130,818,405
Construction in progress in trust	—	1,278
Total property, plant and equipment	778,737,876	822,096,301
Intangible assets		
Leasehold rights	6,096,492	6,080,662
Leasehold rights in trust	444,160	444,160
Easement	828,095	828,095
Total intangible assets	7,368,748	7,352,918
Investments and other assets		
Investment securities	577,168	577,168
Lease and guarantee deposits	1,071,830	1,071,830
Long-term prepaid expenses	85,594	145,061
Total investments and other assets	1,734,592	1,794,059
Total non-current assets	787,841,217	831,243,279
Deferred assets		
Investment corporation bond issuance costs	58,271	41,873
Total deferred assets	58,271	41,873
Total Assets	813,931,090	852,679,094

	Thousands of yen	
	As of September 30, 2014	As of March 31, 2015
LIABILITIES		
Current liabilities		
Operating accounts payable	1,131,944	1,491,516
Short-term loans payable	31,500,000	32,500,000
Current portion of investment corporation bonds	20,000,000	20,000,000
Current portion of long-term loans payable	19,600,000	16,600,000
Accounts payable - other	925,217	1,233,343
Accrued expenses	734,114	768,834
Income taxes payable	5,006	11,150
Accrued consumption taxes	1,323,301	—
Advances received	3,280,750	3,346,275
Other	125,583	60,024
Total current liabilities	78,625,919	76,011,145
Non-current liabilities		
Investment corporation bonds	20,000,000	20,000,000
Long-term loans payable	232,450,000	271,900,000
Deposits received from tenants	45,766,249	47,637,990
Deferred tax liabilities	122,776	116,161
Asset retirement obligations	315,687	318,867
Other	27,488	23,781
Total non-current liabilities	298,682,201	339,996,800
Total Liabilities	377,308,121	416,007,946
NET ASSETS		
Unitholders' equity		
Unitholders' capital	426,783,117	426,783,117
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	236,709	236,745
Total voluntary retained earnings	236,709	236,745
Unappropriated retained earnings	9,603,143	9,651,286
Total surplus	9,839,852	9,888,031
Total unitholders' equity	436,622,969	436,671,148
Total net assets	436,622,969	436,671,148
Total Liabilities and Net Assets	813,931,090	852,679,094

Statements of Income and Retained Earnings

For the six months ended September 30, 2014 and March 31, 2015

Thousands of yen

	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Operating revenues		
Rent revenues	27,604,566	28,048,535
Other lease business revenues	155,847	266,377
Total operating revenues	27,760,413	28,314,912
Operating expenses		
Expenses related to rent business	15,538,009	15,911,920
Asset management fee	638,740	772,029
Asset custody fee	58,445	59,387
Administrative service fees	138,607	140,513
Directors' compensations	7,800	7,800
Commission fee	61,803	106,448
Other operating expenses	61,876	73,712
Total operating expenses	16,505,284	17,071,812
Operating income	11,255,129	11,243,100
Non-operating income		
Interest income	6,257	3,979
Dividend income	19,724	—
Reversal of distribution payable	2,666	3,486
Refund of property taxes	8,358	21,718
Income on settlement of management association accounts	8,524	—
Other	2,556	3,281
Total non-operating income	48,086	32,466
Non-operating expenses		
Interest expenses	1,291,376	1,332,133
Interest expenses on investment corporation bonds	329,603	270,090
Amortization of investment corporation bond issuance costs	18,910	16,398
Investment unit issuance expenses	53,606	—
Other	27,206	31,412
Total non-operating expenses	1,720,703	1,650,034
Ordinary income	9,582,512	9,625,531
Income before income taxes	9,582,512	9,625,531
Income taxes - current	10,104	12,292
Income taxes - deferred	50	(6,641)
Total income taxes	10,154	5,650
Net income	9,572,357	9,619,880
Retained earnings brought forward	30,785	31,405
Unappropriated retained earnings	9,603,143	9,651,286

Statements of Changes in Unitholders' Equity

For the six months ended September 30, 2014 and March 31, 2015

For the period from April 1, 2014 to September 30, 2014

	Unitholders' equity						Thousands of yen
	Unitholders' capital	Surplus			Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings		Unappropriated retained earnings			
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	396,018,317	236,709	236,709	9,100,926	9,337,636	405,355,953	405,355,953
Changes of items during period							
Issuance of new investment units	30,764,800				—	30,764,800	30,764,800
Dividends of surplus				(9,070,141)	(9,070,141)	(9,070,141)	(9,070,141)
Net income				9,572,357	9,572,357	9,572,357	9,572,357
Total changes of items during period	30,764,800	—	—	502,216	502,216	31,267,016	31,267,016
Balance at end of current period	426,783,117	236,709	236,709	9,603,143	9,839,852	436,622,969	436,622,969

For the period from October 1, 2014 to March 31, 2015

	Unitholders' equity						Thousands of yen
	Unitholders' capital	Surplus			Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings		Unappropriated retained earnings			
		Reserve for reduction entry	Total voluntary retained earnings				
Balance at beginning of current period	426,783,117	236,709	236,709	9,603,143	9,839,852	436,622,969	436,622,969
Changes of items during period							
Provision of reserve for reduction entry		35	35	(35)	—	—	—
Dividends of surplus				(9,571,701)	(9,571,701)	(9,571,701)	(9,571,701)
Net income				9,619,880	9,619,880	9,619,880	9,619,880
Total changes of items during period	—	35	35	48,143	48,179	48,179	48,179
Balance at end of current period	426,783,117	236,745	236,745	9,651,286	9,888,031	436,671,148	436,671,148

Basis of Calculations Used to Determine Cash Distributions

For the six months ended September 30, 2014 and March 31, 2015

Item	For the period	For the period
	from April 1, 2014 to September 30, 2014	from October 1, 2014 to March 31, 2015
	Amount (Yen)	Amount (Yen)
I Retained Earnings	9,603,143,216	9,651,286,262
II Cash Distribution	9,571,701,440	9,613,001,930
(Dividend per Investment Unit)	(7,648)	(7,681)
III Voluntary retained earnings		
Provision of reserve for reduction entry	35,954	6,615,210
IV Retained Earnings Brought Forward	31,405,822	31,669,122

Computation Method for Determining Dividends	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, transferring the revised amount for deferred tax liabilities, which accompanied changes to the statutory tax rate, to the reserve for reduction entry, the Company was able to maintain retained earnings brought forward. Therefore, the total amount of dividends that the Company has determined to pay out is 9,571,701,440 yen for the period under review, which is a multiple of 1,251,530 — the number of units outstanding as of September 30, 2014. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-3 of the Company's Articles of Incorporation.</p>	<p>The Company will make cash distributions using accounting profits based on the cash distribution policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of the "amount of distributable profit" as set forth in Article 67-15 of the Act on Special Measures Concerning Taxation. Based on this policy, transferring the revised amount for deferred tax liabilities, which accompanied changes to the statutory tax rate, to the reserve for reduction entry, the Company was able to maintain retained earnings brought forward. Therefore, the total amount of dividends that the Company has determined to pay out is 9,613,001,930 yen for the period under review, which is a multiple of 1,251,530 — the number of units outstanding as of March 31, 2015. Furthermore, the Company does not pay out dividends that exceed accounting profits as outlined in Article 32-3 of the Company's Articles of Incorporation.</p>
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Statements of Cash Flows

For the six months ended September 30, 2014 and March 31, 2015

	Thousands of yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Cash flows from operating activities		
Income before income taxes	9,582,512	9,625,531
Depreciation	5,883,291	6,009,647
Amortization of investment corporation bond issuance costs	18,910	16,398
Investment unit issuance expenses	53,606	—
Dividend income	(19,724)	—
Interest income	(6,257)	(3,979)
Interest expenses	1,620,980	1,602,224
Decrease (increase) in operating accounts receivable	(12,609)	19,156
Decrease (increase) in consumption taxes refund receivable	398,464	(833,719)
Decrease (increase) in supplies	(71)	(409)
Decrease (increase) in prepaid expenses	(47,328)	31,781
Increase (decrease) in operating accounts payable	(35,401)	(34,944)
Increase (decrease) in accounts payable - other	(223,961)	188,917
Increase (decrease) in accrued consumption taxes	1,323,301	(1,323,301)
Increase (decrease) in accrued expenses	(117)	117
Increase (decrease) in advances received	(7,534)	65,525
Decrease (increase) in long-term prepaid expenses	33,672	(59,466)
Other, net	(71,886)	6,632
Subtotal	18,489,846	15,310,110
Interest and dividend income received	24,997	5,619
Interest expenses paid	(1,686,905)	(1,567,622)
Income taxes paid	(16,650)	(6,147)
Net cash provided by (used in) operating activities	16,811,288	13,741,960
Cash flows from investing activities		
Payments into time deposits	(10,431,000)	(2,463,000)
Proceeds from withdrawal of time deposits	9,431,000	7,463,000
Purchase of property, plant and equipment	(2,317,879)	(27,617,071)
Purchase of property, plant and equipment in trust	(578,573)	(21,214,962)
Purchase of intangible assets	(7,185)	—
Repayments of tenant leasehold and security deposits	(920,666)	(1,068,104)
Proceeds from tenant leasehold and security deposits	1,268,154	2,939,845
Net cash provided by (used in) investing activities	(3,556,150)	(41,960,294)
Cash flows from financing activities		
Proceeds from short-term loans payable	13,800,000	34,200,000
Repayments of short-term loans payable	(39,100,000)	(33,200,000)
Proceeds from long-term loans payable	5,000,000	41,500,000
Repayments of long-term loans payable	(50,000)	(5,050,000)
Redemption of investment corporation bonds	(15,000,000)	—
Proceeds from issuance of investment units	30,764,800	—
Payments for investment unit issuance expenses	(53,606)	—
Dividends paid	(9,070,918)	(9,571,836)
Net cash provided by (used in) financing activities	(13,709,724)	27,878,163
Net increase (decrease) in cash and cash equivalents	(454,586)	(340,170)
Cash and cash equivalents at beginning of period	21,043,677	20,589,091
Cash and cash equivalents at end of period	20,589,091	20,248,921

Notes to Financial Statements

September 30, 2014 and March 31, 2015

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 90% by Mitsubishi Estate Co., Ltd. (“MEC”) 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. and The Dai-ichi Mutual Life Insurance Company (currently renamed The Dai-ichi Life Insurance Company, Limited, “DL”) under the ITA.

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, generating gross proceeds of ¥81,060 million.

On September 16, 2014, the transfer of 77,142 J-Rea shares owned by DL (27.0% of outstanding shares) to MEC was approved by the Board of Directors. Upon the completion of the share transfer on September 29, the percentage of J-Rea’s shares held by MEC increased from 63.0% to 90.0%, while the balance is held by Mitsui & Co., Ltd.

At March 31, 2015, the Company owned a portfolio of 68 office properties with an aggregate of approximately 793,976 m² of leasable space.

Basis of presenting financial statements

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the ITA, the Corporation Law of Japan, the Japanese Financial Instruments and Exchange Law 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.

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 (except for leased assets)

Property and equipment is stated at cost, less accumulated depreciation. The cost of land, buildings and building improvements includes the purchase price of property 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	3-60 years
Machinery and equipment	2-18 years
Tools, furniture and fixtures	2-29 years

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

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of its fixed assets may not be recoverable. According to the standard set by the Accounting Standards Board of Japan, companies are required to recognize an impairment loss in their statement of income if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The standard states that impairment losses should be measured as the excess of the book value over the higher of (i) the fair market value of the asset, net of disposition costs, and (ii) the present value of future cash flows arising from 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.

Leased assets

Leased assets under finance lease transactions that do not transfer ownership of the leased assets to the lessees are capitalized and depreciated by the straight-line method over the lease term with no residual value.

Deferred charges

Investment corporation bond issuance costs are amortized using the straight-line method over the redemption periods.

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

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

Revenue recognition

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

Taxes on property and equipment

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties are 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 pays the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and includes the amount equivalent to the taxes in the purchase price of each property and capitalizes it as a 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 Current assets and the excess of amounts withheld over payments are included in 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.

Hedge accounting

The Company enters into derivative transactions to hedge against interest-rate risk and other forms of risk based on the risk management policies outlined in the Company's Articles of Incorporation. The Company uses interest-rate swap transactions for hedging fluctuations in interest rates on floating-rate loans. The Company has also executed interest-rate and currency swap transactions as a method of hedging against currency exchange and interest-rate fluctuation risks. Deferred hedge accounting is generally used for such interest-rate swaps and interest-rate and currency swap transactions, and the effectiveness of hedging is measured by comparing the total cash flow fluctuation of the hedged item and that of the hedging instrument since the inception of the hedge.

For interest-rate swaps that qualify for hedge accounting and meet certain criteria provided under Japanese GAAP, however, the Company applies special accounting treatment. Under such special accounting treatment, the differentials paid or received under the swap agreements are recognized and included in interest expense of the hedged loans, and the interest-rate swaps are not required to be separately valued. For interest-rate swaps that meet the specific criteria for such special accounting treatment, ongoing assessments of hedge effectiveness are not required and hence not performed.

In addition, for interest-rate and currency swap transactions that meet certain criteria provided under Japanese GAAP, the Integrated Treatment is applied. Under such Integrated Treatment, the interest-rate and currency swaps that hedge foreign currency denominated floating rate payments into yen-denominated fixed rate payments are treated as an integral part of the hedged foreign currency borrowing, and the loan is accounted for as a yen-denominated fixed-rate borrowing.

3. Financial Instruments

For the six months ended September 30, 2014 and March 31, 2015

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 ratings and thereby limiting the financial covenants that 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 the capital base and controlling the loan-to-value ratio ("LTV") at an adequate level.

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

With respect to management of excess funds, as a matter of policy the Company uses time deposits 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

The Company regularly re-evaluates the appropriateness and effectiveness of its risk management system in order to improve on it. Characteristics and risk profile of financial instruments and the system in place to manage such risks are as follows:

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

The funding proceeds from borrowings and issues of investment corporation bonds are applied mainly to acquire real estate properties and repay outstanding loans and bonds. While floating-rate short-term and long-term loans are exposed to the risk of interest-rate hikes, such risk is mitigated by the Company's low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. The Company also utilizes derivative transactions (interest-rate swap transactions) as a hedge against interest-rate risk derived from floating-rate long-term loans, thereby maintaining the overall interest rates on the loans at an effectively fixed level.

Foreign currency-denominated loans are also exposed to currency exchange and interest-rate fluctuation risk. However, the Company uses derivative transactions as a method of hedging against these risks (interest-rate and currency swap transactions). For more detailed information on the hedge accounting method, hedging instruments, hedged items, hedge policies and the evaluation method of hedge effectiveness, please refer to the previous Section 2. Summary of Significant Accounting Policies: Hedge accounting.

Loans and investment corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as (i) maintaining and strengthening its ability to access equity markets to secure funds, (ii) maintaining commitment lines with major financial institutions (There is no amount outstanding under the facility as of September 30, 2014 and as of March 31, 2015), and (iii) preparing monthly financial plans.

(3) Supplementary note regarding fair value of financial instruments

The fair values of financial instruments presented in this report are based on their market value, and in cases where market values are not available, reasonably calculated values are presented. Since calculation of fair value is based on certain assumptions, the fair value could differ depending on the assumptions used. In addition, the contract value of derivative transactions, which is presented in Section 4. Derivative Transactions, is not an exact representation of market risk attributable to derivative transactions.

2. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the differences between them as of September 30, 2014 and as of March 31, 2015 are as follows.

The financial instruments whose fair values are extremely difficult to estimate are excluded from the following schedule (Note 2):

	Thousands of yen		
	As of September 30, 2014		
	Book value	Fair value	Difference
(1) Cash and deposits	20,650,366	20,650,366	—
(2) Cash and deposits in trust	4,938,725	4,938,725	—
(3) Short-term loans	31,500,000	31,500,000	—
(4) Current portion of investment corporation bonds	20,000,000	20,129,900	129,900
(5) Current portion of long-term loans	19,600,000	19,740,007	140,007
(6) Investment corporation bonds	20,000,000	21,668,300	1,668,300
(7) Long-term loans	232,450,000	237,846,285	5,396,285
(8) Derivative transactions	—	—	—

	Thousands of yen		
	As of March 31, 2015		
	Book value	Fair value	Difference
(1) Cash and deposits	15,561,878	15,561,878	—
(2) Cash and deposits in trust	4,687,042	4,687,042	—
(3) Short-term loans	32,500,000	32,500,000	—
(4) Current portion of investment corporation bonds	20,000,000	20,034,500	34,500
(5) Current portion of long-term loans	16,600,000	16,649,373	49,373
(6) Investment corporation bonds	20,000,000	21,795,300	1,795,300
(7) Long-term loans	271,900,000	276,786,681	4,886,681
(8) Derivative transactions	—	—	—

Note 1: Measurement of fair value of financial instruments and matters concerning derivative transactions

(1) Cash and deposits and (2) Cash and deposits in trust

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

(3) Short-term loans

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

(4) Current portion of investment corporation bonds and (6) Investment corporation bonds

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

(5) Current portion of long-term loans and (7) Long-term loans

For loans with floating interest-rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans hedged by an interest-rate and currency swap subject to integrated treatment or by an interest-rate swap subject to special accounting treatment are calculated by discounting the aggregated principal and the interest on such loans, after taking into account the effect of said interest-rate and currency swaps or interest-rate swaps, using reasonable estimates of the rates that would be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2014 and March 31, 2015. Such floating-rate long-term loans are presented in Section 4. Derivative Transactions.) The fair values of the liabilities with fixed interest-rates are calculated by discounting the aggregated amounts of the principal and the interest of the loans by the rates that are reasonably estimated to be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of September 30, 2014 and March 31, 2015.

(8) Derivative transactions

Please refer to Section 4. Derivative Transactions.

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

	Thousands of yen	
	As of September 30, 2014	As of March 31, 2015
(1) Non-listed stock (*1)	577,168	577,168
(2) Deposits received from tenants (*2)	45,766,249	47,637,990

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

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

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

	Thousands of yen					
	As of September 30, 2014					
	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 deposits	20,650,366	—	—	—	—	—
Cash and deposits in trust	4,938,725	—	—	—	—	—
Total	25,589,091	—	—	—	—	—

	Thousands of yen					
	As of March 31, 2015					
	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 deposits	15,561,878	—	—	—	—	—
Cash and deposits in trust	4,687,042	—	—	—	—	—
Total	20,248,921	—	—	—	—	—

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, 2014					
	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	31,500,000	—	—	—	—	—
Investment corporation bonds	20,000,000	—	—	10,000,000	—	10,000,000
Long-term loans	19,600,000	32,100,000	42,850,000	36,000,000	12,500,000	109,000,000
Total	71,100,000	32,100,000	42,850,000	46,000,000	12,500,000	119,000,000

	Thousands of yen					
	As of March 31, 2015					
	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	32,500,000	—	—	—	—	—
Investment corporation bonds	20,000,000	—	—	10,000,000	—	10,000,000
Long-term loans	16,600,000	44,400,000	46,500,000	25,000,000	39,000,000	117,000,000
Total	69,100,000	44,400,000	46,500,000	35,000,000	39,000,000	127,000,000

4. Derivative Transactions

(1) Derivatives not designated as hedging instruments

For the period from April 1, 2014 to September 30, 2014

“Not applicable”

For the period from October 1, 2014 to March 31, 2015

“Not applicable”

(2) Derivatives designated as hedging instruments

For the period from April 1, 2014 to September 30, 2014

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows.

Derivative Accounting Method	Type of Derivative Transaction	Hedged Item	Contract Value		Fair Value	Measurement of Fair Value
				Over One Year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	25,000,000	25,000,000	*	—

Thousands of yen

For the period from October 1, 2014 to March 31, 2015

The contract amount or the equivalent principal amount set out in the contract as of the closing date for each derivative designated as a hedging instrument is as follows.

Thousands of yen

Derivative Accounting Method	Type of Derivative Transaction	Hedged Item	Contract Value		Fair Value	Measurement of Fair Value
				Over One Year		
Hedge accounting	Receive floating, pay fixed interest-rate swap transactions	Long-term loans	47,500,000	47,500,000	*	—
Integrated Treatment (Special Treatment and Allocation Treatment) for interest-rate and currency swap transactions	Receive floating USD, pay fixed JPY, interest-rate and currency swap transaction (with initial and final exchange)	Long-term loans	10,000,000	10,000,000	*	—

* Because the derivative transactions eligible for the Special Treatment of interest-rate swaps and Integrated Treatment (Special Treatment for interest-rate swaps and Allocation Treatment for currency swaps) are accounted for as integral parts of the hedged loans, the fair value of those derivative transactions is included in that of the underlying long-term loans as of September 30, 2014 and March 31, 2015. Please refer to the measurement of fair value of financial instruments in Note 1 of "2. Fair value of financial instruments" under Section 3. Financial Instruments as well as subheadings (5) and (7) of Note 1 concerning derivative transactions.

5. Property and Equipment

Property and equipment at September 30, 2014 and March 31, 2015 consisted of the following:

	Thousands of yen			
	As of September 30, 2014		As of March 31, 2015	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	420,415,192	420,415,192	439,594,248	439,594,248
Buildings and structures	254,247,777		263,206,113	
Accumulated depreciation	(65,834,159)	188,413,617	(70,594,500)	192,611,613
Machinery and equipment	2,899,420		2,929,200	
Accumulated depreciation	(1,565,756)	1,333,663	(1,638,100)	1,291,099
Tools, furniture and fixtures	349,680		365,608	
Accumulated depreciation	(141,262)	208,417	(163,901)	201,706
Construction in progress	358,948	358,948	1,310	1,310
Land in trust	118,440,720	118,440,720	130,818,405	130,818,405
Buildings and structures in trust	63,089,848		72,114,232	
Accumulated depreciation	(13,799,549)	49,290,298	(14,918,153)	57,196,078
Machinery and equipment in trust	846,483		963,001	
Accumulated depreciation	(588,971)	257,512	(604,071)	358,929
Tools, furniture and fixtures in trust	30,297		34,030	
Accumulated depreciation	(10,792)	19,505	(12,401)	21,629
Construction in progress in trust	—	—	1,278	1,278
Total	778,737,876	778,737,876	822,096,301	822,096,301

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million at September 30, 2014 and ¥50 million at March 31, 2015.

6. Loans

The condition of loans by financial institutions as of March 31, 2015 is as follows.

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes	
	Lender									
Short-term loans	Mizuho Bank, Ltd.	January 7, 2014	2,000	—	0.21897	January 7, 2015	Bullet	Repay existing short-term loans	Floating interest rate	
		March 31, 2014	2,000	—	0.20503	March 31, 2015	Bullet	Purchase real estate	Floating interest rate	
		June 17, 2014	4,000	— ^{*2.}	0.21333	March 17, 2015	Bullet	Redeem investment corporation bonds	Floating interest rate	
		October 1, 2014	—	3,500	0.18532	October 1, 2015	Bullet	Purchase real estate	Floating interest rate	
		January 7, 2015	—	2,000	0.18071	January 7, 2016	Bullet	Repay existing short-term loans	Floating interest rate	
		March 25, 2015	—	5,500	0.18	March 25, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate	
		March 31, 2015	—	2,000	0.18	March 31, 2016	Bullet	Repay existing short-term loans	Floating interest rate	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 17, 2014	4,000	— ^{*2.}	0.21333	March 17, 2015	Bullet	Redeem investment corporation bonds	Floating interest rate	
		October 1, 2014	—	3,500	0.18532	October 1, 2015	Bullet	Purchase real estate	Floating interest rate	
		March 2, 2015	—	3,500	0.18	March 2, 2016	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate	
		March 27, 2015	—	2,000	0.18	March 28, 2016	Bullet	Purchase real estate	Floating interest rate	
	Sumitomo Mitsui Trust Bank, Limited.	March 31, 2014	3,700	—	0.20503	March 31, 2015	Bullet	Purchase real estate	Floating interest rate	
		September 2, 2014	3,800	3,800	0.18536	September 2, 2015	Bullet	Repay existing short-term loans	Floating interest rate	
		March 31, 2015	—	3,700	0.18	March 31, 2016	Bullet	Repay existing short-term loans	Floating interest rate	
	The Daishi Bank, Ltd.	January 7, 2014	1,500	—	0.21897	January 7, 2015	Bullet	Repay existing short-term loans	Floating interest rate	
		June 17, 2014	1,000	— ^{*3.}	0.21333	March 17, 2015	Bullet	Redeem investment corporation bonds	Floating interest rate	
		January 7, 2015	—	1,500	0.18071	January 7, 2016	Bullet	Repay existing short-term loans	Floating interest rate	
	The 77 Bank, Ltd.	January 7, 2014	1,000	—	0.21897	January 7, 2015	Bullet	Repay existing short-term loans	Floating interest rate	
		January 7, 2015	—	1,000	0.18071	January 7, 2016	Bullet	Repay existing short-term loans	Floating interest rate	
	Mitsubishi UFJ Trust and Banking Corporation	January 7, 2014	1,500	— ^{*4.}	0.22048	January 7, 2015	Bullet	Repay existing short-term loans	Floating interest rate	
		March 24, 2014	2,300	— ^{*5.}	0.21989	March 24, 2015	Bullet	Repay existing loans	Floating interest rate	
		March 31, 2014	3,700	— ^{*6.}	0.21045	March 31, 2015	Bullet	Purchase real estate	Floating interest rate	
		October 1, 2014	—	500 ^{*7.}	0.18924	October 1, 2015	Bullet	Purchase real estate	Floating interest rate	
	The Gunma Bank, Ltd.	June 17, 2014	1,000	— ^{*3.}	0.21333	March 17, 2015	Bullet	Redeem investment corporation bonds	Floating interest rate	
	Shinsei Bank, Limited.	October 1, 2014	—	— ^{*8.}	0.19456	October 1, 2015	Bullet	Purchase real estate	Floating interest rate	
		Subtotal		31,500	32,500					
	Long-term loans to be repaid within 1 year	The Dai-ichi Life Insurance Company, Limited.	May 31, 2007	5,000	5,000	1.86875	May 29, 2015	Bullet	Purchase real estate	Fixed interest rate
		The Chugoku Bank, Limited.	June 15, 2010	3,000	3,000	1.20875	June 15, 2015	Bullet	Repay existing loans	Fixed interest rate
		The Hiroshima Bank, Ltd.	June 14, 2010	3,000	3,000	1.1875	June 15, 2015	Bullet	Repay existing loans	Fixed interest rate
		Development Bank of Japan Inc.	September 1, 2008	2,000	2,000	1.65	September 1, 2015	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
			March 24, 2010	100	100	1.665	March 24, 2017	Repayment in installments ^{*9.}	Purchase real estate	Fixed interest rate

	Segment	Drawdown Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	Lender								
Long-term loans to be repaid within 1 year	Taiyo Life Insurance Company	May 31, 2007	1,500	1,500	1.86875	May 29, 2015	Bullet	Purchase real estate	Fixed interest rate
	The Hachijuni Bank, Ltd.	January 15, 2013	—	1,000	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate
	The Iyo Bank, Ltd.	January 15, 2013	—	1,000	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate
	The Bank of Fukuoka Ltd.	March 24, 2010	2,000	—	1.39875	March 24, 2015	Bullet	Repay existing loans	Fixed interest rate
	The Gunma Bank, Ltd.	November 15, 2011	1,000	—	0.615	November 17, 2014	Bullet	Purchase real estate	Fixed interest rate
	The Yamanashi Chuo Bank, Ltd.	December 15, 2011	2,000	—	0.645	December 15, 2014	Bullet	Repay existing loans	Fixed interest rate
	Subtotal			19,600	16,600				
Total			51,100	49,100					
Long-term loans	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2011	5,000	5,000	1.0325	April 4, 2016	Bullet	Repay existing loans	Fixed interest rate
		April 4, 2011	5,000	5,000	1.205	April 4, 2017	Bullet	Repay existing loans	Fixed interest rate
		June 1, 2011	12,000	12,000	1.12625	June 1, 2017	Bullet	Repay existing loans	Fixed interest rate
		June 1, 2011	10,000	10,000	1.31125	June 1, 2018	Bullet	Repay existing loans	Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000	4,000	0.9525	June 15, 2020	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	2,500	2,500	1.2725	June 15, 2022	Bullet	Redeem investment corporation bonds	Fixed interest rate
		December 21, 2012	5,000	5,000	0.80125	December 21, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 31, 2014	4,000	4,000	0.64225*10.	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate*10.
		December 19, 2014	—	10,000	0.42375*11.	December 19, 2023	Bullet	Repay existing short-term loans	Floating interest rate*11.
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 24, 2011	2,000	2,000	1.3975	March 26, 2018	Bullet	Repay existing short-term loans	Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000	4,000	1.1975	June 15, 2022	Bullet	Purchase real estate	Fixed interest rate
		December 21, 2012	5,000	5,000	0.80125	December 21, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2013	5,500	5,500	0.71	January 15, 2020	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2013	5,500	5,500	0.83625	January 15, 2021	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	5,000	5,000	0.775	April 26, 2021	Bullet	Repay existing loans	Fixed interest rate
	Mizuho Bank, Ltd.	December 21, 2010	5,000	5,000	1.30625	December 21, 2016	Bullet	Repay existing short-term loans	Fixed interest rate
		November 1, 2011	6,000	6,000	1.2075	November 1, 2019	Bullet	Repay existing short-term loans and other loans	Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000	4,000	1.07375	June 15, 2021	Bullet	Purchase real estate	Fixed interest rate
		January 15, 2013	5,000	5,000	0.96625	January 17, 2022	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	3,000	3,000	0.87375	April 25, 2022	Bullet	Repay existing loans	Fixed interest rate
	Mitsubishi UFJ Trust and Banking Corporation	June 23, 2011	6,000	6,000	0.90875	June 23, 2016	Bullet	Repay existing loans	Fixed interest rate
	Mizuho Bank, Ltd.		6,000	6,000					
	Sumitomo Mitsui Trust Bank, Limited.		6,000	6,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		6,000	6,000					

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
Long-term loans	Sumitomo Mitsui Trust Bank, Limited.	January 17, 2011	3,000	3,000	1.43375	January 17, 2018	Bullet	Repay existing short-term loans	Fixed interest rate
		September 26, 2011	5,500	5,500	1.16	September 26, 2019	Bullet	Repay existing short-term loans	Fixed interest rate
		November 15, 2011	3,000	3,000	0.98375	November 15, 2018	Bullet	Purchase real estate	Fixed interest rate
		June 15, 2012	4,000	4,000	0.9525	June 15, 2020	Bullet	Purchase real estate	Fixed interest rate
		January 31, 2014	2,000	2,000	0.62575 *10.	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *10.
	The Daishi Bank, Ltd.	November 14, 2014	—	1,800	0.463 *10.	November 15, 2021	Bullet	Repay existing short-term loans	Floating interest rate *10.
	The Hokuetsu Bank, Ltd.		—	1,400					
	Sony Bank Incorporated		—	1,400					
	The Toho Bank, Ltd.		—	1,400					
	The Shinkumi Federation Bank		—	1,000					
	The Akita Bank, Ltd.		—	900					
	The Fukui Bank, Ltd.		—	900					
	The Gunma Bank, Ltd.		—	900					
	The 77 Bank, Ltd.		—	900					
	The Tochigi Bank, Ltd.		—	900					
	The Higo Bank, Ltd.		—	500					
	The Bank of Iwate, Ltd.		—	500					
	The Yamagata Bank, Ltd.	—	500						
	Shinkin Central Bank	November 15, 2011	1,000	1,000	0.7525	November 15, 2016	Bullet	Purchase real estate	Fixed interest rate
		January 7, 2013	2,000	2,000	0.71375	January 7, 2020	Bullet	Purchase real estate	Fixed interest rate
		January 15, 2013	5,000	5,000	0.71	January 15, 2020	Bullet	Repay existing loans	Fixed interest rate
		April 24, 2013	5,000	5,000	0.52775	April 24, 2018	Bullet	Repay existing loans	Fixed interest rate
	The Bank of Fukuoka, Ltd.	August 31, 2011	2,000	2,000	0.9025	August 31, 2017	Bullet	Repay existing loans	Fixed interest rate
June 15, 2012		2,500	2,500	0.66	June 15, 2017	Bullet	Redeem investment corporation bonds	Fixed interest rate	
August 31, 2012		1,000	1,000	0.57125	August 31, 2017	Bullet	Repay existing loans	Fixed interest rate	
January 31, 2014		2,500	2,500	0.63849 *10.	January 29, 2021	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *10.	
March 24, 2015		—	2,000	0.5125	March 24, 2023	Bullet	Repay existing loans	Fixed interest rate	
The Norinchukin Bank	January 31, 2014	3,500	3,500	0.757 *10.	January 31, 2022	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *10.	
	June 17, 2014	3,000	3,000	0.6785 *10.	June 17, 2022	Bullet	Redeem investment corporation bonds	Floating interest rate *10.	
	March 25, 2015	—	3,500	0.46825 *10.	March 27, 2023	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate *10.	
Development Bank of Japan Inc.	March 24, 2010	1,450	1,400	1.665	March 24, 2017	Repayment in installments *9.	Purchase real estate	Fixed interest rate	
	January 7, 2013	3,000	3,000	1.115	January 6, 2023	Bullet	Purchase real estate	Fixed interest rate	
	January 31, 2014	5,000	5,000	0.9325	January 31, 2023	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate	
Shinsei Bank, Limited.	August 31, 2011	3,000	3,000	1.0475	August 31, 2018	Bullet	Repay existing loans	Fixed interest rate	
	June 15, 2012	2,500	2,500	0.66	June 15, 2017	Bullet	Purchase real estate	Fixed interest rate	
	June 15, 2012	2,500	2,500	1.2725	June 15, 2022	Bullet	Redeem investment corporation bonds	Fixed interest rate	
The Iyo Bank, Ltd.	June 15, 2012	2,500	2,500	0.66	June 15, 2017	Bullet	Redeem investment corporation bonds	Fixed interest rate	
	January 15, 2013	1,000	—	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate	
	March 24, 2014	2,000	2,000	0.6035 *10.	March 24, 2021	Bullet	Repay existing loans	Floating interest rate *10.	
	October 1, 2014	—	1,000	0.46525 *10.	October 1, 2021	Bullet	Purchase real estate	Floating interest rate *10.	

Segment	Lender	Drawdown Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Date	Repayment Method	Use of Proceeds	Notes
	The Dai-ichi Life Insurance Company, Limited.	March 30, 2009	5,000	5,000	1.54375	March 30, 2017	Bullet	Repay existing loans	Fixed interest rate
	Resona Bank, Limited.	March 1, 2011	2,000	2,000	1.255	March 1, 2017	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
		March 25, 2013	3,000	3,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
	Sumitomo Mitsui Banking Corporation	November 15, 2011	3,000	3,000	0.98375	November 15, 2018	Bullet	Purchase real estate	Fixed interest rate
		January 7, 2013	2,000	2,000	0.98	January 7, 2022	Bullet	Purchase real estate	Fixed interest rate
	Taiyo Life Insurance Company	April 24, 2008	1,000	1,000	1.595	April 25, 2016	Bullet	Redeem investment corporation bonds	Fixed interest rate
		March 30, 2011	2,000	2,000	1.39625	March 30, 2018	Bullet	Repay existing loans	Fixed interest rate
		October 1, 2014	—	2,000	0.7825	October 1, 2024	Bullet	Purchase real estate	Fixed interest rate
	The Chugoku Bank, Limited.	March 25, 2013	2,000	2,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
		October 1, 2014	—	1,000	0.4725*10.	October 1, 2021	Bullet	Purchase real estate	Floating interest rate*10.
	The Hachijuni Bank, Ltd.	June 15, 2012	1,000	1,000	0.66	June 15, 2017	Bullet	Purchase real estate	Fixed interest rate
		December 20, 2012	1,000	1,000	0.45625	December 20, 2017	Bullet	Repay existing loans	Fixed interest rate
		January 15, 2013	1,000	—	0.3825	January 15, 2016	Bullet	Repay existing loans	Fixed interest rate
		March 25, 2013	1,000	1,000	0.45	March 26, 2018	Bullet	Repay existing loans	Fixed interest rate
	The Hiroshima Bank, Ltd.	October 1, 2014	—	3,000	0.31575*10.	October 1, 2019	Bullet	Purchase real estate	Floating interest rate*10.
	Mizuho Trust & Banking Co., Ltd.	March 2, 2015	—	3,000	0.5585*10.	March 3, 2025	Bullet	Purchase real estate trust beneficiary rights	Floating interest rate*10.
	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000	2,000	0.8	October 29, 2020	Bullet	Repay existing loans	Fixed interest rate
		March 25, 2013	1,000	1,000	0.945	March 24, 2023	Bullet	Repay existing loans	Fixed interest rate
	The Gunma Bank, Ltd.	March 24, 2014	1,000	1,000	0.4105*10.	March 25, 2019	Bullet	Repay existing loans	Floating interest rate*10.
		November 17, 2014	—	1,000	0.316*10.	November 18, 2019	Bullet	Repay existing loans	Floating interest rate*10.
	Nippon Life Insurance Company	March 1, 2011	2,000	2,000	1.465	March 1, 2018	Bullet	Purchase real estate trust beneficiary rights	Fixed interest rate
	The Nishi-Nippon City Bank, Ltd.	June 17, 2014	2,000	2,000	0.621*10.	December 17, 2021	Bullet	Redeem investment corporation bonds	Floating interest rate*10.
	The Yamanashi Chuo Bank, Ltd.	December 15, 2014	—	2,000	0.266*10.	December 16, 2019	Bullet	Repay existing loans	Floating interest rate*10.
	The Ashikaga Bank, Ltd.	January 7, 2013	1,000	1,000	0.49125	January 9, 2018	Bullet	Purchase real estate	Fixed interest rate
	The Joyo Bank, Ltd.	January 7, 2013	1,000	1,000	0.49125	January 9, 2018	Bullet	Purchase real estate	Fixed interest rate
	Total		232,450	271,900					

*1. The average for floating interest rates is recorded as the weighted average during the period. The average is rounded off to the fifth decimal place.

*2. As of November 17, 2014, the entire amount of ¥4 billion has been repaid before the original maturity.

*3. As of November 17, 2014, the entire amount of ¥1 billion has been repaid before the original maturity.

*4. As of December 19, 2014, the entire amount of ¥1.5 billion has been repaid before the original maturity.

*5. As of December 19, 2014, the entire amount of ¥2.3 billion has been repaid before the original maturity.

*6. As of December 19, 2014, the entire amount of ¥3.7 billion has been repaid before the original maturity.

*7. As of December 19, 2014, ¥2.5 billion has been repaid before the original maturity.

*8. As of November 17, 2014, the entire amount of ¥3 billion has been repaid before the original maturity.

*9. ¥50 million is repaid every 6 months respectively. ¥1.35 billion is scheduled to be repaid on the final principal repayment date.

*10. In order to hedge the risk of interest rate fluctuations, floating interest rates were swapped to fixed rates. Accordingly, the weighted average for interest rates during the period is calculated taking the effect of this swap into consideration.

*11. In order to hedge the risk of exchange rate and interest rate fluctuations related to foreign currency-denominated loans, the Company conducted an interest-rate and currency swap transaction, which substantially secured exchange and interest rates. Accordingly, the weighted average for interest rates during the period is calculated taking the effect of this interest-rate and currency swap into consideration.

Note 1: The Company has commitment lines totaling ¥43,000 million with five financial institutions to reduce refinancing risk. The unused amount of such commitment lines was ¥43,000 million at March 31, 2015.

Note 2: All floating interest rate loans and fixed interest rate loans procured are unsecured, unguaranteed, and unsubordinated.

7. Investment Corporation Bonds including Current Portion of Investment Corporation Bonds

Outstanding investment corporation bonds as of March 31, 2015 are as follows.

Securities	Date of Issue	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Interest Rate (%)	Repayment Period	Repayment Method	Use of Proceeds	Notes
4th unsecured investment corporation bond	September 29, 2005	10,000	10,000	2.56	September 29, 2025	Bullet	*1.	*2.
7th unsecured investment corporation bond	April 23, 2010	10,000	10,000	1.26	April 23, 2015	Bullet	*1.	*2.
8th unsecured investment corporation bond	July 23, 2010	10,000	10,000	1.05	July 23, 2015	Bullet	*1.	*2.
9th unsecured investment corporation bond	August 30, 2013	10,000	10,000	0.497	August 30, 2018	Bullet	*1.	*2.
Total		40,000	40,000					

*1. The 4th and 8th unsecured investment corporation bonds are used to fund the repayment of existing short-term loans. The 7th unsecured investment corporation bond is used to redeem existing investment corporation bonds.

The 9th unsecured investment corporation bond is used to fund the repayment of loans and acquire specified assets ("specified assets" defined in Article 2, Paragraph 1 of the ITA).

*2. Financial covenants, such as a negative pledge, are not included in these bonds.

8. Net Assets

The Company is required to maintain net assets of at least ¥50 million, as required pursuant to the ITA.

9. Income Taxes

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan (hereinafter the STML), an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to unitholders 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 dividends 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 ¥9,613 million subsequent to March 31, 2015, which is the multiple number of units up to 100% of the unappropriated retained earnings after transferring the revised amount for deferred tax liabilities, which reflects changes of the statutory tax rate, to the reserve for reduction entry, and deducting therefrom ¥31 million of retained earnings to be carried forward. The Company will not distribute 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, 2014 and March 31, 2015 were as follows:

	Thousands of yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Deferred tax assets:		
Accrued enterprise tax	953	979
Amortization of a term leasehold interest	39,643	42,622
Asset retirement obligations	7,642	8,257
	48,239	51,860
Valuation allowance	(47,285)	(50,880)
Total deferred tax assets	953	979
Deferred tax liabilities:		
Reserve for advanced depreciation of non-current assets	122,776	116,161
Total deferred tax liabilities	122,776	116,161
Net deferred tax liabilities	121,823	115,181

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2014 and March 31, 2015 were as follows:

	For the period from April 1, 2014 to September 30, 2014	For the period from April 1, 2014 to March 31, 2015
Statutory tax rate	37.11%	37.11%
Deductible dividend distribution	(37.07%)	(37.06%)
Change in valuation allowance	0.07%	0.07%
Others	(0.01%)	(0.06%)
Effective tax rate	0.11%	0.06%

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

Under the 2015 Tax Reform Act promulgated on March 31, 2015, corporate tax rates were lowered from the fiscal period started April 1, 2015. In light of this, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change to 32.31% for temporary differences expected to be eliminated from the 28th fiscal period ending in September 2015 and onward.

This change will have minimal effect on earnings.

10. Related Party Transactions

For the six months ended September 30, 2014 and March 31, 2015

Transactions with related parties defined under the Financial Instruments and Exchange Act are listed below.

- (1) Parent Company and Major Corporation Unitholders
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
 - For the period from October 1, 2014 to March 31, 2015
“Not applicable”
- (2) Subsidiaries
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
 - For the period from October 1, 2014 to March 31, 2015
“Not applicable”
- (3) Sister Companies
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
 - For the period from October 1, 2014 to March 31, 2015
“Not applicable”
- (4) Directors and Major Individual Unitholders
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
 - For the period from October 1, 2014 to March 31, 2015
“Not applicable”

Transactions with related parties defined under the ITA are listed in the table on the next page.

In addition to controlling unitholders, major unitholders, subsidiary corporations, subsidiary companies of controlling unitholders, and officers and their close relatives, the definition of a “related party” under the ITA also includes the asset management company and its interested parties (parent and subsidiary corporations, specified individual shareholders, and major shareholders of the asset management company defined as interested parties under Article 201 of the ITA and Article 123 of the enforcement order of the ITA), as well as the asset custody company.

For the period from April 1, 2014 to September 30, 2014 (Reference)

Type of Relationship	Name of Transaction Partner	Type of Business	Percentage of Units Held	Transaction Details	Transaction Amount (Thousands of yen)	Accounting Item	Balance at End of Period (Thousands of yen)
Interested party	Mitsubishi Estate Co., Ltd.	Real estate	1.623%	Rent revenue	10,533,364	—	—
				Income on settlement of management association accounts	8,524	—	—
				Security deposit increase	338,311	Deposits received from tenants	17,649,708
				Security deposit return	254,224		
Interested party	Mitsubishi Jisho Property Management Co., Ltd.	Real estate management	—	Property management expenses	1,802,432	—	—
Asset custody company	Sumitomo Mitsui Trust Bank, Limited	Bank	—	Short-term loans borrowing	3,800,000	Short-term loans payable	7,500,000
				Short-term loans repayment	8,500,000	Long-term loans payable	23,500,000

Note 1: Consumption tax is not included in the above amounts.

Note 2: Transaction terms were decided based on market conditions at the time the transaction was made.

For the period from October 1, 2014 to March 31, 2015

Type of Relationship	Name of Transaction Partner	Type of Business	Percentage of Units Held	Transaction Details	Transaction Amount (Thousands of yen)	Accounting Item	Balance at End of Period (Thousands of yen)
Interested party	Mitsubishi Estate Co., Ltd.	Real estate	1.623%	Rent revenue	11,034,759	—	—
				Security deposit increase	1,034,035	Deposits received from tenants	18,525,686
				Security deposit return	158,056		
Interested party	Mitsubishi Jisho Property Management Co., Ltd.	Real estate management	—	Property management expenses	1,756,731	—	—
Interested party	Shinjuku Rokuchoe Special Purpose Company (TMK)	Real estate	—	Real estate purchase	23,100,000	—	—
Interested party	Amagasaki Eki-mae Kaihatsu Y.K.	Real estate	—	Real estate purchase	9,300,000	—	—
Asset custody company	Sumitomo Mitsui Trust Bank, Limited	Bank	—	—	—	Long-term loans payable	23,500,000

Note 1: Consumption tax is not included in the above amounts.

Note 2: Transaction terms were decided based on market conditions at the time the transaction was made.

11. Segment Information

For the six months ended September 30, 2014 and March 31, 2015

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 a 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) Revenue

Since 100% of the total operating revenues was generated from external customers within Japan, a geographical breakdown of revenues has been omitted.

(2) Property and equipment

Since 100% of total property and equipment on the balance sheet was located within Japan, a 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, 2014 and March 31, 2015

Asset retirement obligations reported on balance sheet

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

Change in the amount of the asset retirement obligations as of September 30, 2014 and March 31, 2015 consisted of the following:

	Thousands of yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Balance at the beginning of the period	312,538	315,687
Increase in the tangible fixed assets	—	—
Adjustment required over the period	3,148	3,180
Balance at the end of the period	315,687	318,867

Asset retirement obligations other than those reported on balance sheet

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

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

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

13. Investment and Rental Property

For the six months ended September 30, 2014 and March 31, 2015

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, 2014 and as of March 31, 2015 and the fair values as of September 30, 2014 and as of March 31, 2015 are as follows:

Thousands of yen			
Book value		Fair value	
As of March 31, 2014	Change during period (*1)	As of September 30, 2014	As of September 30, 2014
789,543,332	(3,436,707)	786,106,624	843,367,000

Thousands of yen			
Book value		Fair value	
As of September 30, 2014	Change during period (*2)	As of March 31, 2015	As of March 31, 2015
786,106,624	43,342,594	829,449,219	912,125,000

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

Note 2: Significant changes

(*1) As for increases/decreases for the period, the major reason for the increase was the additional acquisition of Nishiki Park Building (¥667,452 thousand). The major reason for decrease was settlement payment related to fixed property taxes and city planning taxes on Queen's Tower A (¥21,379 thousand), as well as depreciation on the properties in the portfolio.

(*2) As for increases/decreases for the period, the major reasons for the increase were the acquisitions of Shinjuku Eastside Square (¥23,396,427 thousand), the Clover Shiba-koen (¥4,675,038 thousand), the Ginza 1Chome East Building (¥6,708,693 thousand), and the Amagasaki Front Building (¥9,390,082 thousand), as well as the additional acquisition in Harmony Tower (¥2,191,941 thousand). The major reason for decrease was depreciation.

Note 3: Fair values as of September 30, 2014 and as of March 31, 2015 are defined as the appraised values provided by an external qualified professional appraiser.

Profits and losses related to investment and rental property are listed in Section 15. Breakdown of Property-Related Revenues and Expenses.

14. Per Unit Information

The following table summarizes information about net assets per unit and net income per unit at September 30, 2014 and March 31, 2015 and for the periods then ended, respectively:

	Yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Net assets at period end per unit	348,871	348,909
Net income per unit	7,683	7,686

Note 1: 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.

Note 2: The basis for the computation of net income per unit is as follows.

	Thousands of yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Net income	9,572,357	9,619,880
Amount not attributable to normal unitholders	—	—
Net income applicable to normal investment units	9,572,357	9,619,880
Average number of units	1,245,780 units	1,251,530 units

15. Breakdown of Property-Related Revenues and Expenses

For the six months ended September 30, 2014 and March 31, 2015

	Thousands of yen	
	For the period from April 1, 2014 to September 30, 2014	For the period from October 1, 2014 to March 31, 2015
Property-Related Revenues	27,760,413	28,314,912
Rental Revenues	27,604,566	28,048,535
Rental revenues	21,334,732	21,748,842
Common service charges	3,485,270	3,458,878
Parking revenues	722,801	741,840
Other rental revenues	2,061,761	2,098,973
Non-Rental Revenues	155,847	266,377
Cancellation charges	92,532	229,617
Gain on donation of non-current assets	1,119	—
Other miscellaneous revenues	62,195	36,759
Property-Related Expenses	15,538,009	15,911,920
Property management expenses	3,378,661	3,447,650
Utilities expenses	2,768,816	2,694,344
Property and other taxes	2,530,715	2,531,043
Casualty insurance	55,303	55,609
Repairing expenses	733,609	983,138
Depreciation	5,883,291	6,009,647
Other rental expenses	187,611	190,486
Property-Related Profits	12,222,403	12,402,991

16. Changes in Unitholders' Equity

For the six months ended September 30, 2014 and March 31, 2015

Total number of investment units issuable and number of units outstanding	As of September 30, 2014	As of March 31, 2015
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,251,530 units	1,251,530 units

17. Supplemental Cash Flow Information

Cash and cash equivalents

The following table represents a reconciliation of cash and cash equivalents at September 30, 2014 and March 31, 2015:

	Thousands of yen	
	As of September 30, 2014	As of March 31, 2015
Cash and deposits	20,650,366	15,561,878
Cash and deposits in trust	4,938,725	4,687,042
Time deposits with maturities of more than three months	(5,000,000)	—
Cash and cash equivalents	20,589,091	20,248,921

18. Leases

1. Leased assets under finance lease transactions that do not transfer ownership of the leased assets to the lessees are capitalized and depreciated by the straight-line method over the lease term with no residual value. Such capitalized leased assets primarily consist of tools, furniture and fixtures.
2. The Company, as a lessor, owns office buildings under leases and earns rent income. As of September 30, 2014 and March 31, 2015, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen	
	As of September 30, 2014	As of March 31, 2015
Due within one year	20,527,523	19,462,992
Due after one year	46,618,990	45,119,164
Total	67,146,514	64,582,157

19. Subsequent Events

For the six months ended March 31, 2015

Issuance of New Investment Units

As approved by the Board of Directors' meetings on March 18, 2015 and March 30, 2015, the Company decided to issue new investment units, completing the public offering on April 6, 2015 and the third-party allocation on May 11, 2015. As a result of the issuance of additional units, the unitholders' capital increased to ¥458,016,096 thousand and the units issued and outstanding increased to 1,309,310 units as of May 11, 2015.

Summary of the issuance of units

(i) Public offering of new investment units

1. Subscription method: Public offering (subscription by book-building and spread method*)
2. Number of units newly issued: 54,000 units
3. Offer price (subscription price): ¥557,620 per unit
4. Aggregate amount of offer price (subscription price): ¥30,111,480 thousand
5. Issue price (paid-in price): ¥540,550 per unit
6. Aggregate amount of issue price (paid-in price): ¥29,189,700 thousand
7. Payment date: April 6, 2015
8. Initial date subject to distribution: April 1, 2015

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

(ii) Offering of existing units

1. Number of units offered: 3,200 units
2. Offer price: ¥557,620 per unit
3. Aggregate amount of offer price: ¥1,784,384 thousand
4. Selling unitholder: SMBC Nikko Securities Inc., which offered the units it purchased from Mitsubishi Estate Co., Ltd.

(iii) Secondary offering of investment units (over-allotment)

1. Number of units offered: 3,780 units
2. Offer price: ¥557,620 per unit
3. Aggregate amount of offer price: ¥2,107,803 thousand

- (iv) Issuance of new investment units by third-party allocation
1. Subscription method: Third-party allocation
 2. Number of units newly issued: 3,780 units
 3. Issue price (paid-in price): ¥540,550 per unit
 4. Aggregate amount of issue price (paid-in price): ¥2,043,279 thousand
 5. Payment date: May 11, 2015
 6. Initial date subject to distribution: April 1, 2015
 7. Allottee: SMBC Nikko Securities Inc.

- (v) Use of proceeds

The net proceeds raised through the public offering were partially appropriated for the acquisition of the Shiodome Building and also the repayment of short-term loans as well as the redemption of investment corporation bonds. The net proceeds raised through the third-party allocation were appropriated for the repayment of short-term loans and the remaining balance was appropriated for supplementing cash reserves used for the acquisition of properties as well as the repayment of debt in the future.

The Company did not receive any proceeds from the sale of the existing units by the selling unitholder.

20. Risk Factors

The principal risks with respect to investment in JRE are as follows:

- any adverse conditions in the Japanese economy could adversely affect JRE;
- JRE may not be able to acquire properties to execute the growth and investment strategy in a manner that is accretive to earnings;
- illiquidity in the real estate market may limit the ability to grow or adjust the portfolio;
- the past experience of the asset manager (the “AIFM”) in the Japanese real estate market is not an indicator or guarantee of future results;
- JRE’s reliance on JRE’s sponsor companies, the AIFM and other third party service providers could have a material adverse effect on business;
- there are potential conflicts of interest between JRE and its sponsor companies as well as the AIFM;
- JRE’s revenues largely comprise leasing revenues from the portfolio properties, which may be negatively affected by vacancies, decreases in rent, and late or missed payments by tenants;
- JRE faces significant competition in seeking tenants and it may be difficult to find replacement tenants;
- increases in interest rates may increase the interest expense and may result in a decline in the market price of the units;
- JRE may suffer large losses if any of the properties incurs damage from a natural or man-made disaster;
- most of the properties in the portfolio are concentrated in Tokyo and the Tokyo metropolitan area;
- any inability to obtain financing for future acquisitions could adversely affect the growth of the portfolio;
- JRE’s failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify JRE from certain taxation benefits and significantly reduce the cash distributions to the unitholders; and
- ownership rights in some of JRE’s properties may be declared invalid or limited.

In addition, JRE is subject to the following risks:

- risks related to increasing operating costs;
- risks related to JRE’s dependence on the efforts of the AIFM’s key personnel;
- risks related to the restrictive covenants under debt financing arrangement;
- risks related to entering into forward commitment contracts;
- risks related to third party leasehold interests in the land underlying JRE properties;
- risks related to holding the property in the form of stratified ownership (kubun shoyū) interests or co-ownership interests (kyōyū-mochibun);

- risks related to holding the property through trust beneficiary interests;
- risks related to properties not in operation (including properties under development);
- risks related to the defective title, design, construction or other defects or problems in the properties;
- risks related to impairment losses relating to the properties;
- risks related to tenant leasehold deposits and/or security deposits;
- risks related to tenant's default as a result of financial difficulty or insolvency;
- risks related to the insolvency of master lessee;
- risks related to the insolvency of a property seller following the purchase of a property by AIF;
- risks related to relying on expert appraisals and engineering, environmental and seismic reports as well as industry and market data;
- risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly remediate such substances;
- risks related to strict environmental liabilities for the properties;
- risks related to the amendment of applicable administrative laws and local ordinances;
- risks related to infringing third party's intellectual property right;
- risks related to holding interests in properties through preferred shares of special purpose companies (tokutei mokuteki kaisha);
- risks related to holding Japanese anonymous association (tokumei kumiai) interests;
- risks related to investments in trust beneficiary interests;
- risks related to the tight supervision by regulatory authorities and compliance with applicable rules and regulations;
- risks related to tax authority disagreement with the AIFM's interpretations of the Japanese tax laws and regulations;
- risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs;
- risks related to changes in Japanese tax laws; and
- risk of dilution as a result of further issuances of units.

21. Information Required under Article 22(2)(d) of the EU Alternative Investment Fund Managers Directive (AIFMD)

- (1) Material Changes in Information Listed in Article 23 of AIFMD during the Financial Period Covered by the Report
(Six-month fiscal period ended March 31, 2015)
None

22. Remuneration Policy for the Asset Manager's Directors, Corporate Auditors and Employees

Beginning April 1, 2014 and ending March 31, 2015

1. Remuneration for Asset Manager Directors

The total amount of remuneration, bonuses, and other property benefits received by Asset Management Directors from the Asset Management Company as compensation for their duties, as well as the individual amounts each Asset Management Director receives, are decided by a resolution of a general meeting of unitholders. The policy for Asset Manager Director remuneration and bonuses is as follows.

- (1) The remuneration table is determined by the Director's position.
- (2) Remuneration will be paid to full-time Directors, and will not be paid to part-time Directors.
- (3) Bonuses will not be paid to Directors, regardless of full-time or part-time position.

2. Remuneration for Asset Manager Corporate Auditors

The total amount of remuneration, bonuses, and other property benefits received by Corporate Auditors from the Asset Management Company as compensation for their duties, as well as the individual amounts each Corporate Auditor receives, are decided by a resolution of a general meeting of unitholders. The policy for Corporate Auditor remuneration and bonuses is as follows.

- (1) Remuneration will not be paid to part-time Corporate Auditors.

(2) Bonuses will not be paid to Corporate Auditors, regardless of full-time or part-time position.

	Directors		Corporate auditors		Total	
	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration	Number of person(s) remunerated	Remuneration
Remuneration based on resolutions of the General Meeting of Shareholders of Asset Manager	1	¥19.5 million	0	¥0 million	1	¥19.5 million

3. Remuneration for Asset Manager Employees

- (1) Remuneration for employees of the Asset Management Company (payment period, payment method, pay raises, promotions, etc.) are stipulated by pay regulations and personnel evaluation regulations, and decided by objective evaluation of process as well as achievements which take into account the overall corporate performance.
- (2) Monthly pay consists of base pay, work allowance, executive allowance, and overtime pay. Pay raises are based on the result of performance evaluations that take into account management results from the previous fiscal year, and are carried out in April every year. Promotions are dealt with in the same way.
- (3) As for bonuses, the base number of multiples of monthly pay as bonuses are paid is determined in advance by qualifications of the employee. Increases (or decreases) in the amount paid are based on the result of performance evaluations, which takes into account the performance of the corporate in the previous fiscal year.

	All employees			
	Number of employees	Remuneration		
		Total	Fixed	Variable
Remuneration based on compensation rules	31	¥295 million	¥197 million	¥98 million

4. Interest Conflict

There are potential conflicts of interest between the Company and the Asset Management Company with respect to remuneration for the Directors, Corporate Auditors and employees of the Asset Management Company. The Company believes that the above remuneration policy mitigates such potential conflicts. In addition, the Asset Management Company has adopted an internal set of rules that apply to all related-party transactions, such as transactions between the Company and the Asset Management Company. These rules require strict compliance by the Asset Management Company with laws and regulations regarding related-party transactions. They also contain specific procedures to be followed in the event of a transaction that involves a related party, in order to implement arm's length terms.



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Independent Auditor's Report

The Board of Directors
Japan Real Estate Investment Corporation

We have audited the accompanying financial statements of Japan Real Estate Investment Corporation, which comprise the balance sheet as at March 31, 2015, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation as at March 31, 2015, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

June 24, 2015
Tokyo, Japan

A member firm of Ernst & Young Global Limited

Corporate Data

As of March 31, 2015

Executives

Executive Director: Hiroshi Nakajima
(Appointed on May 11, 2015)
Supervisory Directors: Kenji Kusakabe
Tomohiro Okanoya

Paid-in Capital

¥426,783,117,000

Number of Units Outstanding

1,251,530

Number of Unitholders

15,448

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

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

Auditors

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

Incorporation

May 11, 2001

Executive Office

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

For further information, please contact:

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Planning Department

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This semiannual report includes translations of documents originally filed under the Financial Instruments and Exchange Law of Japan. This report was prepared in English solely for the convenience of readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this report.

Estimates for the Company's future operating results contained in this semiannual report are forward-looking statements and are based on information currently available to the Company and its asset management company and are subject to risks and uncertainties. Consequently, these projections should not be relied upon as the sole basis for evaluating the Company. Actual results may differ substantially from the projections depending on a number of factors.

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