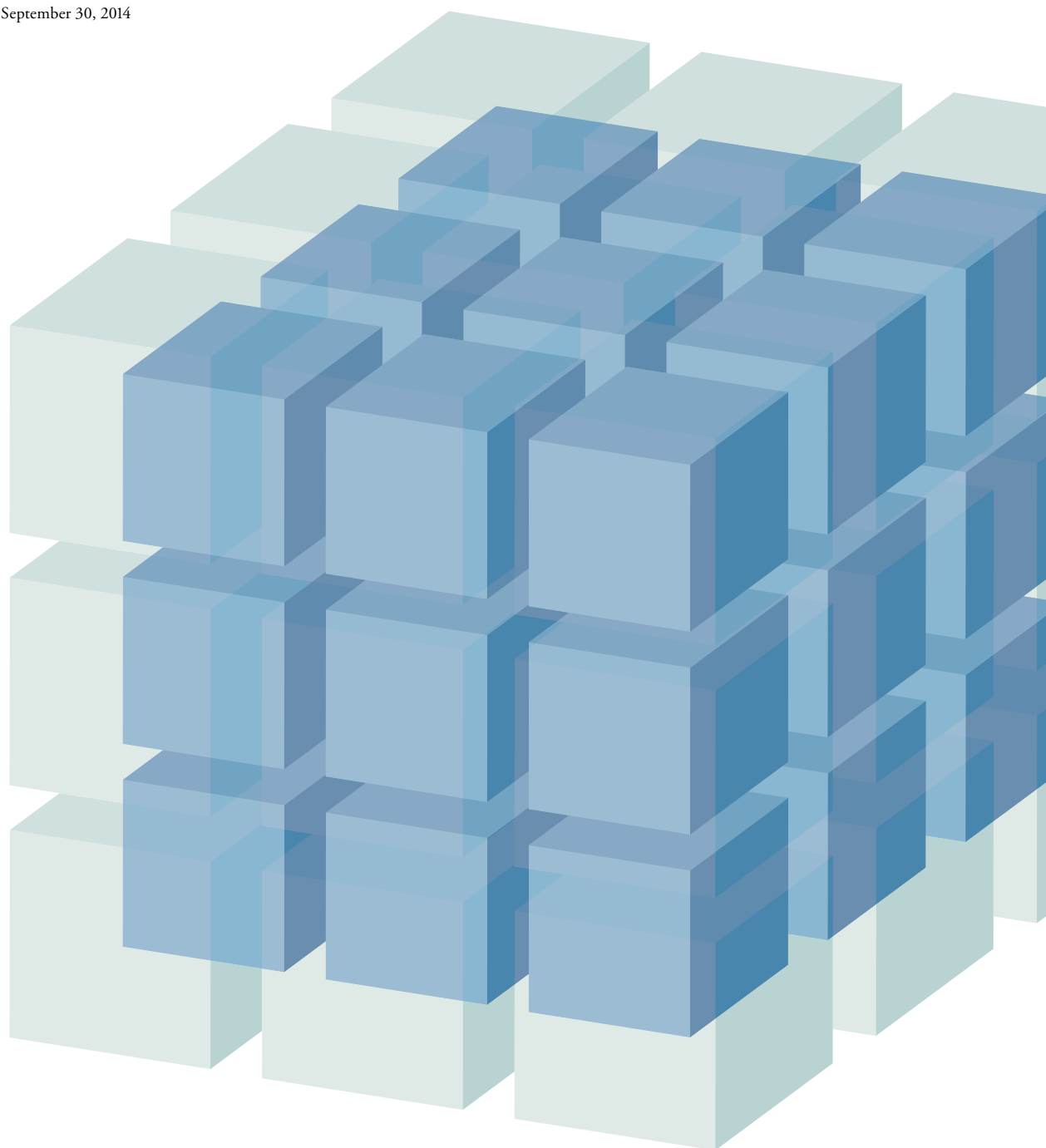


Japan Real Estate Investment Corporation

SEMIANNUAL REPORT

September 2014

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



Profile

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

Note: Investment corporations, including the Company, are special legal entities incorporated and operated under the Investment Trust Law. Accordingly, the “units” of such investment corporations, including the units of the Company, are governed by the Investment Trust Law and represent the equity interests in such investment corporations, which may differ in certain material respects from the “shares” governed by the Corporation Law of Japan and representing the equity interests in Japanese ordinary corporations incorporated and operated under the Corporation Law of Japan. Investors and readers are specifically reminded to pay attention to such differences when reviewing this semiannual report and making any investment decision on or in respect of the units of the Company. “Unitholders” of the Company may be construed accordingly. Each of the investors and readers should consult their own legal, tax and other advisors regarding all Japanese legal, tax and other consequences of an investment in the units of the Company, with specific reference to their own legal, tax and other situation and any recent changes in applicable laws 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 26th fiscal period:

¥7,648

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

¥7,650

Collaboration with Sponsors

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

Steady Growth with Quality Portfolio

As of September 30, 2014

— Total acquisition price:

¥838,055 million

— Maintains **64** properties

— The first listed J-REIT, showing steady performance for 26 consecutive periods

Sound Financial Base

As of September 30, 2014

— 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):

39.8%

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

90.3%

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

To Our Unitholders

Continuing to engage in external growth-oriented operations, the Company acquired additional co-ownership interest of Nishiki Park Building in June of the 26th fiscal period. Moreover, the Company decided on the acquisition of Shinjuku Eastside Square in September, and completed the acquisition at the beginning of the 27th fiscal period. The Company is furthering its efforts to enhance the competitive edge of its portfolio by continuing to acquire prime properties.

Business Performance for The 26th Fiscal Period

Summary of Financial Results and Cash Dividend

In the 26th fiscal period (April 1, 2014 to September 30, 2014) Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 27,760 million yen, up 4.4% compared with the previous period. On the earnings front, operating income increased 3.9% to 11,255 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income increased 5.5% to 9,582 million yen and net income increased 5.5% to 9,572 million yen.

Turning to dividends, the Company will make cash distributions using accounting profits based on the dividend 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 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 9,571,701,440 yen for the period under review, which is a multiple of 1,251,530—the number of units outstanding as of September 30, 2014. Accordingly, the per-unit cash dividend totaled 7,648 yen.

Operating Environment and Performance

During the period under review, there was concern in the Japanese economy that consumer spending and manufacturing activities may weaken due to the drop in demand that surged ahead of the consumption tax increase. However, there were signs that corporate earnings are improving steadily, and overall, the economy is on a moderate recovery trend.

In the market for leased office space, with the limited supply of new buildings, there was a decline in vacancy rates and an improvement in rent levels, primarily in large-scale buildings and well-located buildings with the competitive specification and BCP readiness in the Tokyo metro area. This helped to meet the need to consolidate office spaces and improve locations. However, the overall increase in demand for office buildings was limited, and it takes longer to fill secondary vacancies for older buildings and small or medium-sized buildings. While the demand for office spaces outside the Tokyo metropolitan area varies according to each region, more time is needed for overall rent levels to improve.

In the investment market for real estate, amidst intensifying competition to acquire properties, the market is visibly more active with rising current market value and transactions of a certain number of visible large-scale buildings, thanks to the expectation of an accommodative fund-raising environment and improvements in the office market in urban areas.

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 listing on the Tokyo Stock Exchange and remains unchanged to this date, to achieve the stated goal of providing stable dividends to unitholders.

As a result of our efforts to fill vacancies in buildings that hold a competitive specification, the Company’s occupancy rate rose 1.1 points, from 96.7% as of March 31, 2014, to 97.8% as of September 30, 2014.

Meanwhile, as for external growth, the Company acquired additional co-ownership interest of Nishiki Park Building for 650 million yen, in an effort to acquire additional interest in existing portfolio properties that are expected to continue stable operations. As a result of this acquisition, the Company’s ratio of share of ownership rose from 57.04651% to 68.63831%.

In the 27th fiscal period, the Company will maintain its focus on external growth. At the same time, as the market for leased office space gradually recovers, the Company will put greater focus on improving revenues from existing properties. The Company will continue to make strides in both internal and external growth by leveraging its high-quality portfolio and sound financial profile. In doing so, the Company aims for increased stable growth of dividends moving forward.

At the end of the fiscal period under review, September 30, 2014, the Company's portfolio consisted of 64 properties with a total acquisition price of 838,055 million yen. Total leasable space stood at 752,723 m², with a total of 1,239 tenants.

Additionally, the Company decided to acquire 14% co-ownership interest of Shinjuku Eastside Square (Shinjuku-ku, Tokyo), directly connected to Higashi-Shinjuku Station of subway lines, for 23,100 million yen on September 26, 2014, and completed the acquisition on October 1, 2014.

Note 1: The part of the Jingumae Media Square Building (acquisition price: 614 million yen) site 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

At the Board of Directors meetings held on March 27, 2014, and April 8, 2014, the Company decided to issue new investment units (57,500 units through public offering, 5,750 units through third-party allocation). As a result, the Company procured 27,968 million yen on April 15, 2014, from the public offering and approximately 2,796 million yen on May 14, 2014, from the third-party allocation portion.

With the proceeds of the offering in addition to the cash reserves, the Company prepaid 5,000 million yen of short-term loans on April 15, 2014, 7,000 million yen on April 18, 2014, 7,700 million yen on April 24, 2014, 5,000 million yen on April 30, 2014, 1,200 million yen on May 2, 2014, and 3,000 million yen on May 7, 2014, as well as 3,000 million yen short-term loan on April 30, 2014, which was due on original due date.

On June 17, 2014, in order to refinance the 6th unsecured investment corporation bond (15,000 million yen), which was due on June 18, 2014, the Company raised 10,000 million yen in short-term loans, and 5,000 million yen in long-term loans. In addition, on September 2, 2014, the Company rolled over 3,800 million yen in short-term loans.

The Company entered into interest-rate swap agreements to hedge against interest-rate fluctuation risk for the 5,000 million yen long-term loans procured on June 17, 2014.

Additionally, the Company used cash reserves to prepay 3,400 million yen in short-term loans on September 18, 2014.

As a result of these financing activities, as of September 30, 2014, the Company's total interest-bearing debt amounted to 323,550 million yen. This amount consists of long-term loans totaling 252,050 million yen (including the current portion of long-term loans totaling 19,600 million yen), short-term loans totaling 31,500 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 September 30, 2014, the Company's long-term, fixed-interest bearing debt ratio (ratio of long-term, fixed-interest bearing debt (which includes the current portion of long-term loans and investment corporation bonds) to total interest-bearing debt) stood at 90.3%, and the LTV ratio (ratio of interest-bearing debt to total assets) was 39.8%. These results reflect the Company's sound and conservative financial profile.

Subsequently, the Company procured 7,000 million yen in long-term loans, and 13,000 million yen in short-term loans on October 1, 2014 to fund the acquisition of Shinjuku Eastside Square. In addition, as a new initiative, the Company also procured 13,000 million yen through a general syndication style loan, which was syndicated out primarily to financial institutions that do not have existing lending relationship with the Company, on November 14, 2014. The proceeds were used to prepay 13,000 million yen in short-term loans on November 17, 2014. Also, on November 17, 2014, the Company carried out the refinancing of 1,000 million yen in long-term loans that have reached maturity (period of 5 years).

The Company's credit ratings as of September 30, 2014 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

Outlook

Operating Environment

In the Japanese economy, although there is a concern that the consumption tax increase may overshadow consumer spending, which can slow down capital investments and manufacturing activities, gradual recovery is expected to continue thanks mainly to improved personal income and labor market, as well as support from various political measures.

In the market for leased office space, with the supply of new buildings remaining below past run-rate, the trend of low vacancy rates and rising rent levels is expected to extend beyond just large-scale buildings with a competitive specification and excellent location in the Tokyo metropolitan area, to the rest of the market for leased office space.

Regarding the investment market for real estate, it remains to be seen whether the trend of rising current market value, due to the decline in expected yield particularly from large-scale buildings and well-located buildings against the backdrop of accommodative funding environment, will extend into small to medium-sized buildings in the Tokyo metropolitan area and regional urban centers.

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 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.
- (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.



Noritada Terasawa (Left)

Executive Director of Japan Real Estate Investment Corporation

Hiroshi Katayama (Right)

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

- (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.

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

Financial Policy

- (i) In principle, the Company shall maintain an LTV ratio that does not exceed 65%, with the target level under normal business conditions of 30% to 40%.
- (ii) The total amount of loans and investment corporation bonds shall not exceed 1 trillion yen.
- (iii) In case of loans, the lenders are limited to Qualified Institutional Investors as defined in the Special Taxation Measures Law of Japan.
- (iv) The Company may enter into commitment facility agreements or establish overdraft agreements as appropriate in order to maintain adequate level of liquidity.
- (v) The Company shall endeavor to achieve best execution through negotiation with several counterparties on financial transactions when possible.

Performance Forecasts for the 27th and 28th Fiscal Periods

For the 27th fiscal period (October 1, 2014 to March 31, 2015), the Company forecasts operating revenues totaling 28,070 million yen, operating income totaling 11,230 million yen, ordinary income totaling 9,580 million yen, and net income totaling 9,570 million yen. The Company plans to declare a cash dividend totaling 7,650 yen per unit.

For the 28th fiscal period (April 1, 2015 to September 30, 2015), the Company forecasts operating revenues totaling 28,440 million yen, operating income totaling 11,340 million yen, ordinary income totaling 9,750 million yen, and net income totaling 9,740 million yen. The Company plans to declare a cash dividend totaling 7,780 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.

Noritada Terasawa

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 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	For the period from April 1, 2012 to September 30, 2012
Operating Revenues	¥ 27,760	¥ 26,582	¥ 26,225	¥ 25,357	¥ 24,222
Operating Income	11,255	10,831	10,781	10,631	10,212
Ordinary Income	9,582	9,083	9,143	8,749	8,372
Net Income	9,572	9,070	9,129	8,824	8,448
Net Operating Income (NOI) (Note 1)	18,105	17,481	17,205	16,768	15,997
Funds from Operations (FFO) (Note 2)	15,455	14,719	14,619	14,032	13,356
FFO Multiple (Times) (Note 3)	22.9	20.9	23.4	27.2	16.2
Cash Distribution	9,571	9,070	9,129	8,995	8,619
Number of Units (Note 4)	1,251,530	1,188,280	594,140	594,140	549,040
Dividend per Unit (Yen) (Note 4)	7,648	7,633	15,366	15,140	15,700

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)

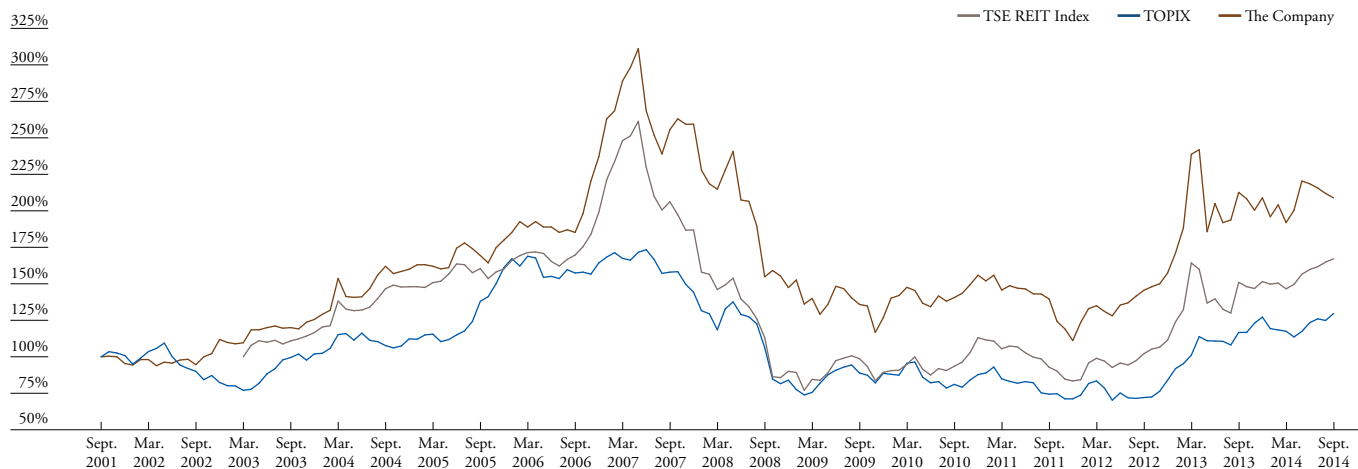
(Annualized portion of the calculation given in Note 3 assumes a fiscal period of 183 days for the period ended September 30, 2012, 182 days for the period ended March 31, 2013, 183 days for the period ended September 30, 2013, 182 days for the period ended March 31, 2014, and 183 days for the period ended September 30, 2014.)

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

Top 10 Unitholders As of September 30, 2014

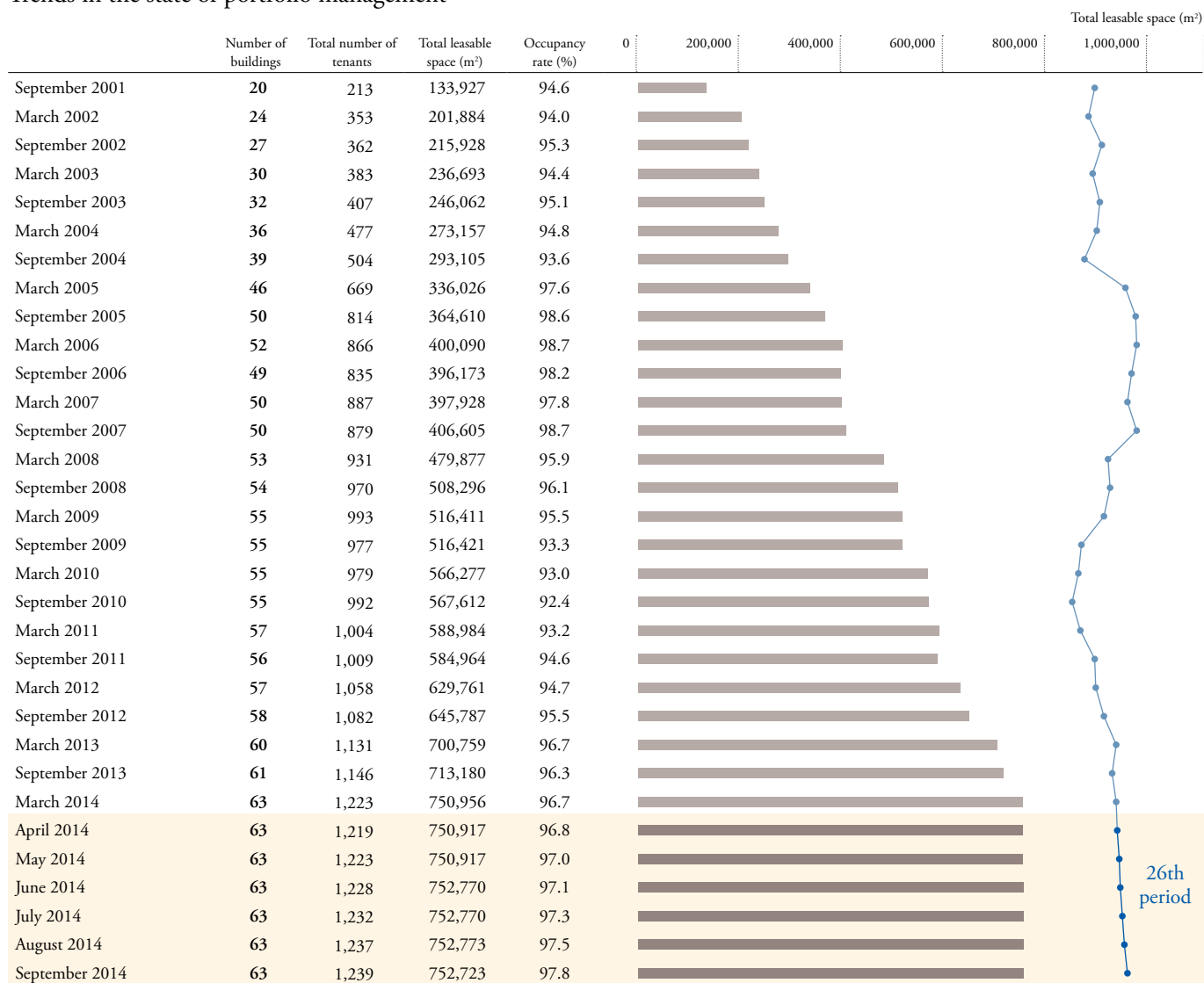
Unitholders	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	215,403	17.21%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	102,378	8.18%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	101,683	8.12%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	56,933	4.55%
STATE STREET BANK AND TRUST COMPANY 505223	28,924	2.31%
CBLDN-STICHTING PGGM DEPOSITARY-LISTED REAL ESTATE PF FUND	25,238	2.02%
NOMURA BANK (LUXEMBOURG) S.A.	21,707	1.73%
Mitsubishi Estate Co., Ltd.	20,320	1.62%
STATE STREET BANK WEST CLIENT-TREATY	18,226	1.46%
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT	17,534	1.40%

Unit Price Performance



Portfolio Highlights

Trends in the state of portfolio management

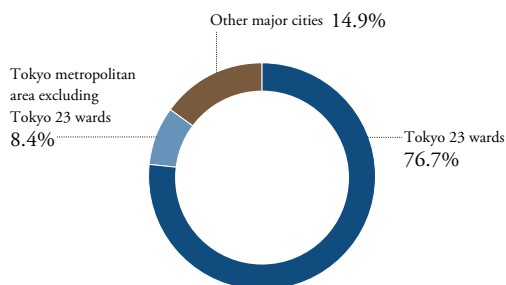


Notes 1: The total number of tenants is the gross number of tenants by building.
 2: Nippon Brunswick Building (land with leasehold interest) is not included.

Portfolio breakdown As of September 30, 2014

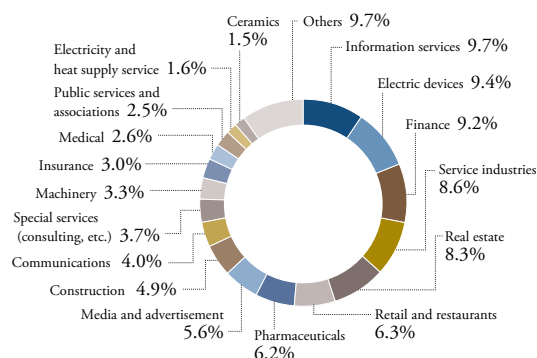
Properties by geographic region

(Percentage based on acquisition price)



Tenants by industry type

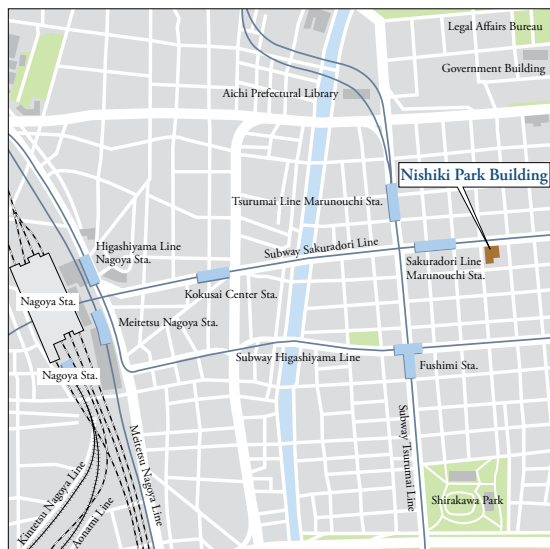
(Percentage based on leased space)



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

Asset Management Summary

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



Acquired Real Estate:

Nishiki Park Building (Additional Share)

Property Summary

- Location: 2-4-3 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture
- Site area: 2,170.45 m² (Total land area for the building site including leased land (term leasehold interest) of 384 m²)
- Floor area of buildings: 25,091.91 m² (Total floor space for the entire building)
- Structure: Steel-framed, steel-framed concrete, and steel-reinforced concrete structure, flat roof
- Floors: Above ground: 22 floors
Below ground: 4 floors
- Completion: August 1995
- Acquisition date: June 9, 2014
- Acquisition price: ¥650 million
- Type of ownership: Land: Ownership
(137,135/1,000,000 co-ownership of 1 lot: 1,786.45 m²)
Building: Compartmentalized building units (share of co-ownership)
(138,158/1,000,000 co-ownership from the 1st floor to the 20th floor in office and shop spaces: 13,296.06 m²)
· Share of ownership of the building: 11.5918%
· Changes in JRE's share of ownership of this building after the acquisition of additional share:
57.04651% ⇒ 68.63831%
- Seller: DYNAS, Ltd., 1 corporation and 5 individuals*
*The details concerning one corporation and five individuals among the sellers are undisclosed due to their non-approval of disclosure.
- 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 located in the Fushimi zone, which has one of the highest concentrations of offices in the Nagoya district. With the nearest Marunouchi station located within a one-minute walk on the Subway Sakuradori Line and Tsurumai Line, the property boasts superior traffic convenience as well as high visibility from Sakuradori Avenue, which faces the building.

(2) Improvement of building operation and management efficiency, along with asset value

As the Company's share of ownership of the building with regard to this property will increase from 57.04651% to 68.63831%, building operation and management efficiency along with asset value can be expected to improve.

Issuance of New Investment Units

1. Public offering of new investment units

Number of units newly issued:	57,500 units
Offer price (subscription price):	501,760 yen per unit
Aggregate amount of offer price (subscription price):	28,851,200,000 yen
Issue price (paid-in price):	486,400 per unit
Aggregate amount of issue price (paid-in price):	27,968,000,000 yen
Payment date:	April 15, 2014

Acquired Real Estate (Subsequent Event):

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 buildings: 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 Rokuchome Special Purpose Company (TMK)
- Property management company: Mitsubishi Estate Co., Ltd.

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

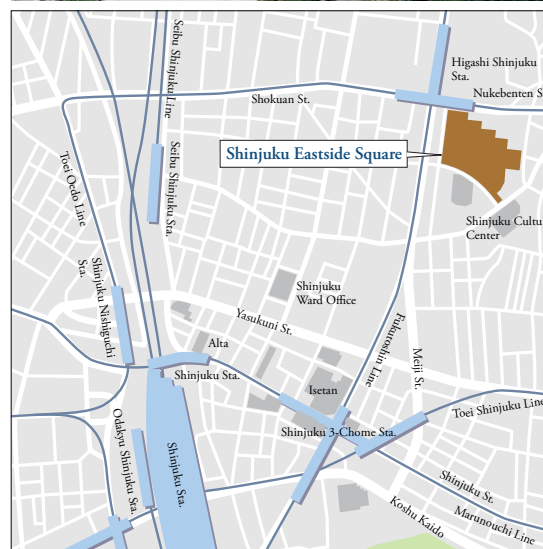
(1) Superior location

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.



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

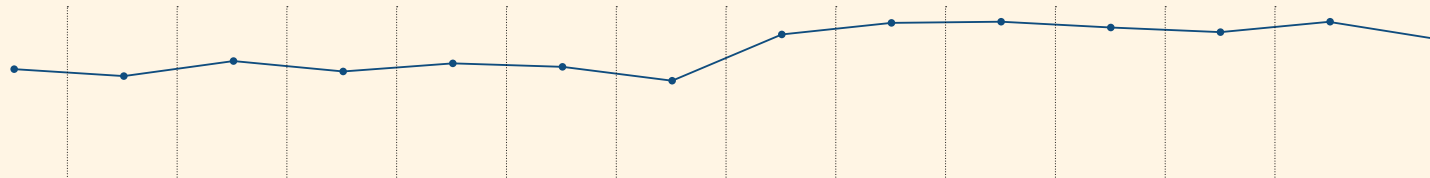
Number of units newly issued:	5,750 units
Issue price (paid-in price):	486,400 yen per unit
Aggregate amount of issue price (paid-in price):	2,796,800,000 yen
Payment date:	May 14, 2014
Allottee:	SMBC Nikko Securities Inc.

The Company used the funds procured by issuing new investment units through the public offering and cash reserves to make repayments of 28,900 million yen in short-term loans prior to maturity and scheduled repayments of 3,000 million yen in short-term loans by May 7, 2014. As for the funds procured by issuing new investment units through the abovementioned third-party allocation, a portion was used to supplement cash reserves allocated to the repayment of short-term loans.

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 dividends per unit over the medium to long term. The Company's growth is based on external growth strategies that aim to increase earnings through the acquisition and transfer of properties as well as internal growth strategies that seek to optimize earnings from properties already held. The size of the Company's assets (total acquisition price) has grown from ¥92.8 billion at IPO to ¥838.0 billion as of the 26th 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)



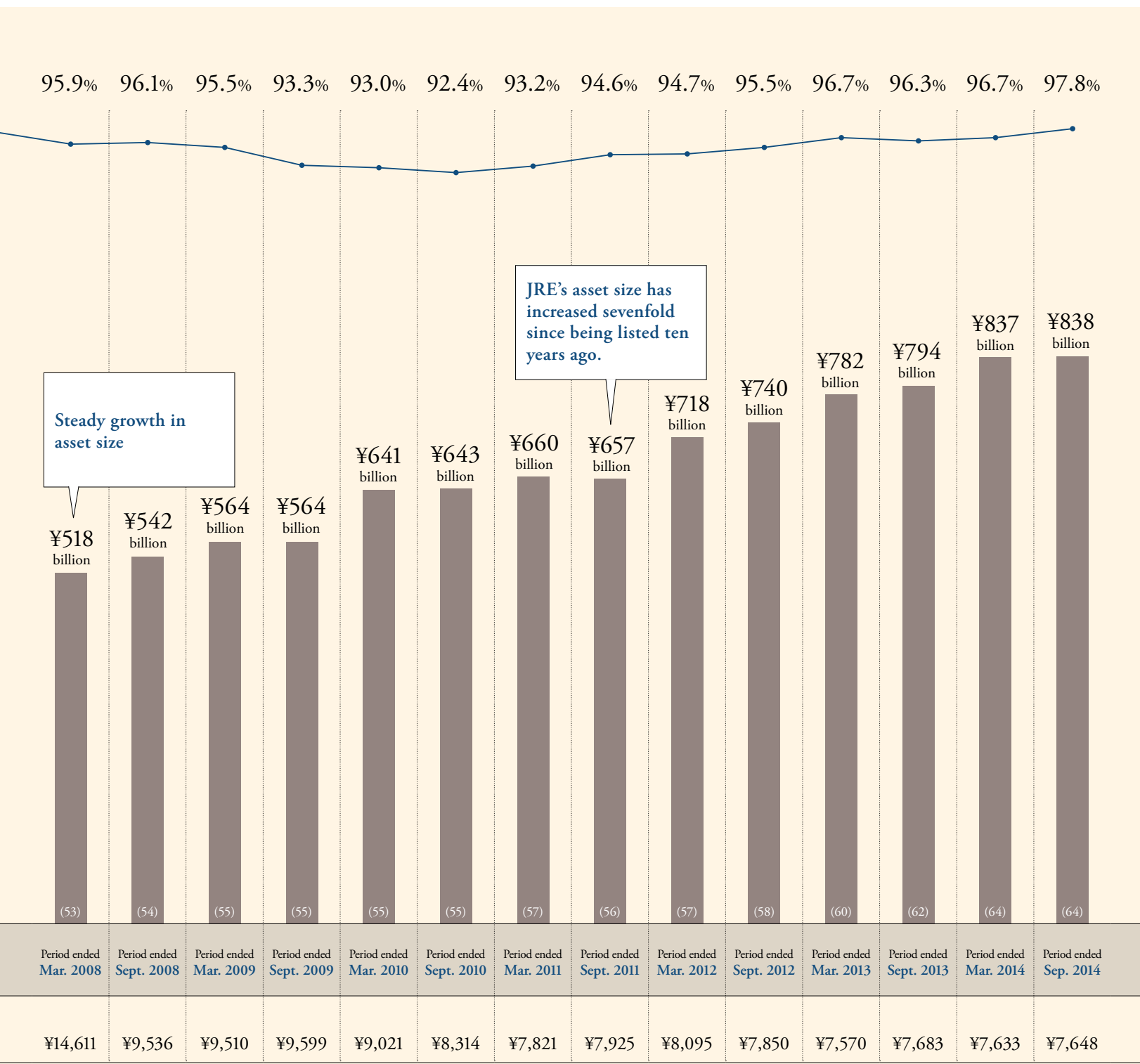
Dividend per unit*

¥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 are taken the split into account.



Steady growth in asset size

JRE's asset size has increased sevenfold since being listed ten years ago.

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 September 30, 2014

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 (9.7%)
● 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 (0.6%)
● 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 (1.8%)
● I- 7	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700 (5.3%)
● 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 (2.5%)
● I- 10	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200 (0.9%)
● I- 11	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173 (0.4%)
● I- 12	Kyodo Building (Kayabacho 2-Chome)	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 Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830 (2.0%)
● I- 15	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353
				05/24/2010	2,645
				total	7,999 (1.0%)
● I- 16	Harumi Front	Harumi, Chuo-ku	Real property	01/07/2013	31,300 (3.7%)
● I- 17	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800 (3.2%)
● I- 18	Akasaka Park Building	Akasaka, Minato-ku	Real property	11/15/2011	60,800 (7.3%)
● I- 19	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680 (0.9%)
● I- 20	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250
				01/15/2010	54,600
				total	75,850 (9.1%)
● I- 21	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859 (0.6%)
● I- 22	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808 (0.3%)
● I- 23	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830 (0.9%)
● I- 24	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350
				03/24/2010	22,426
				total	31,776 (3.8%)
● I- 25	TIXTOWER UENO	Higashi-Ueno, Taito-ku	Real property	06/15/2012	22,000 (2.6%)
● I- 26	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500 (0.7%)
● I- 27	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300 (1.5%)
● I- 28	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123 (0.6%)
● I- 29	Nippon Brunswick Building (Land with leasehold interest)	Sendagaya, Shibuya-ku	—	03/24/2004	6,670
				08/23/2013	(1,170)
				total	5,500 (0.7%)
● I- 30	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700 (1.0%)
● I- 31	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885 (0.6%)
● I- 32	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200 (1.5%)
● I- 33	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600 (4.1%)
● I- 34	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- 35	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500
				12/19/2012	520
				total	9,020 (1.1%)
● I- 36	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541 (0.4%)
● I- 37	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728 (0.2%)
● I- 38	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	6,640	4,791m ²	4,791m ²	100.0%	1	225 (0.8%)
100.0%	2006	76,100	25,678m ²	25,678m ²	100.0%	4	1,680 (6.1%)
100.0%	1998	7,620	6,269m ²	6,269m ²	100.0%	8	222 (0.8%)
56.76%	1993	4,130	3,687m ²	3,687m ²	100.0%	9	113 (0.4%)
3.3852192%	2012	17,200	5,112m ²	5,112m ²	100.0%	2	252 (0.9%)
31.345%	2004	17,400	9,316m ²	9,316m ²	100.0%	1	477 (1.7%)
19.38402%	2003	44,600	11,904m ²	11,904m ²	100.0%	10	993 (3.6%)
100.0%	2005	6,220	4,495m ²	4,495m ²	100.0%	1	150 (0.5%)
99.0%	1966	30,000	20,858m ²	19,571m ²	93.8%	34	897 (3.2%)
10.78%	1975	7,410	4,697m ²	4,185m ²	89.1%	12	240 (0.9%)
100.0%	1991	2,940	3,897m ²	3,897m ²	100.0%	10	115 (0.4%)
100.0%	1991	5,060	4,467m ²	4,015m ²	89.9%	8	129 (0.5%)
100.0%	2002	6,560	4,279m ²	4,279m ²	100.0%	1	150 (0.5%)
70.95%	1982	15,800	4,329m ²	4,329m ²	100.0%	10	378 (1.4%)
100.0%	1998	5,400	4,255m ²	4,255m ²	100.0%	12	152 (0.5%)
100.0%	2012	37,400	33,369m ²	33,183m ²	99.4%	5	1,242 (4.5%)
100.0%	2006	20,100	20,812m ²	20,812m ²	100.0%	9	644 (2.3%)
100.0%	1993	64,800	45,013m ²	45,013m ²	100.0%	27	2,169 (7.8%)
100.0%	1982	7,150	4,898m ²	4,898m ²	100.0%	8	198 (0.7%)
40.0%	2007	80,000	32,155m ²	31,590m ²	98.2%	35	1,862 (6.7%)
100.0%	1984	6,070	9,606m ²	9,530m ²	99.2%	24	269 (1.0%)
100.0%	1992	2,810	4,062m ²	4,062m ²	100.0%	6	109 (0.4%)
100.0%	1989	5,620	5,997m ²	5,997m ²	100.0%	14	188 (0.7%)
31.325%	1996	29,900	35,082m ²	33,463m ²	95.4%	95	1,345 (4.8%)
94.040229%	2010	24,100	15,020m ²	14,475m ²	96.4%	17	685 (2.5%)
100.0%	2004	5,700	5,205m ²	5,205m ²	100.0%	4	171 (0.6%)
100.0%	2005	15,800	16,856m ²	16,856m ²	100.0%	1	667 (2.4%)
100.0%	1989	5,210	7,756m ²	7,756m ²	100.0%	23	229 (0.8%)
—	—	5,420	—	—	—	—	60 (0.2%)
100.0%	2003	9,880	7,745m ²	7,745m ²	100.0%	9	291 (1.0%)
100.0%	1987	6,400	3,147m ²	3,147m ²	100.0%	4	191 (0.7%)
100.0%	1998	9,750	5,558m ²	5,558m ²	100.0%	5	312 (1.1%)
100.0%	1976	42,900	30,532m ²	28,904m ²	94.7%	61	1,339 (4.8%)
44.71839%	1994	14,400	8,700m ²	8,700m ²	100.0%	5	432 (1.6%)
32.113115%	1997	11,000	11,998m ²	11,998m ²	100.0%	18	374 (1.3%)
100.0%	1987	4,040	7,224m ²	7,224m ²	100.0%	6	204 (0.7%)
100.0%	1990	1,600	2,186m ²	1,921m ²	87.9%	8	67 (0.2%)
100.0%	1989	4,130	5,932m ²	5,932m ²	100.0%	10	173 (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	(0.7%)
● 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	(4.5%)
● II- 4	Queen's Tower A	Yokohama, Kanagawa Prefecture	Trust	01/31/2014	17,200	(2.1%)
● 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	(1.2%)
● 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	(1.7%)
● 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	(2.9%)
● 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	(1.7%)
● III- 16	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.6%)
● III- 17	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- 18	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550	(0.2%)
● III- 19	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000	(0.6%)
● III- 20	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.4%)
	Total				838,055	(100.0%)

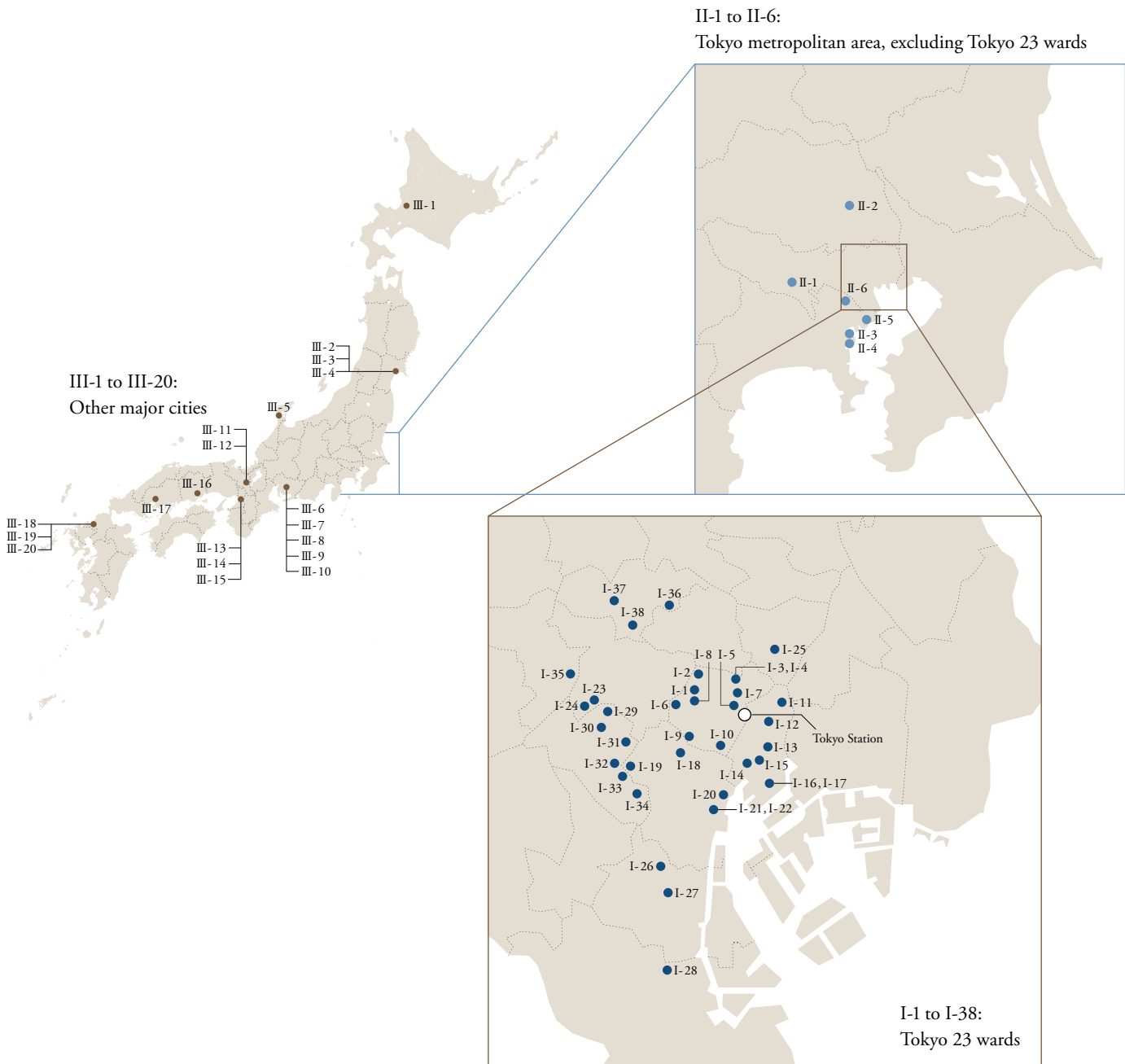
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ millions)	Total leasable space	Leased space	Occupancy rate	Total number of tenants	Revenues from leasing operations (¥ millions)	
80.4%	1996	4,480	10,068m ²	9,935m ²	98.7%	49	238	(0.9%)
100.0%	1990	2,120	4,510m ²	4,510m ²	100.0%	19	102	(0.4%)
100.0%	2007	36,100	38,426m ²	36,792m ²	95.7%	27	1,235	(4.5%)
11.11481%	1997	17,700	26,667m ²	26,273m ²	98.5%	52	998	(3.6%)
100.0%	1990	2,430	6,831m ²	6,831m ²	100.0%	13	136	(0.5%)
34.32%	1990	3,910	5,378m ²	5,378m ²	100.0%	26	158	(0.6%)
100.0%	2006	6,900	12,265m ²	12,145m ²	99.0%	8	290	(1.0%)
50.0%	1993	907	2,518m ²	2,518m ²	100.0%	17	66	(0.2%)
100.0%	2008	12,400	20,526m ²	19,546m ²	95.2%	20	454	(1.6%)
100.0%	1991	2,250	6,234m ²	6,064m ²	97.3%	24	128	(0.5%)
89.0%	1991	4,380	20,889m ²	19,891m ²	95.2%	73	471	(1.7%)
68.63831%	1995	4,580	9,850m ²	9,527m ²	96.7%	59	243	(0.9%)
100.0%	2004	9,690	13,200m ²	12,593m ²	95.4%	23	360	(1.3%)
100.0%	1987	1,560	3,911m ²	3,232m ²	82.6%	13	86	(0.3%)
100.0%	1987	11,900	21,624m ²	21,497m ²	99.4%	34	582	(2.1%)
100.0%	1991	1,130	3,448m ²	3,367m ²	97.6%	15	70	(0.3%)
100.0%	2010	4,620	6,634m ²	6,634m ²	100.0%	6	196	(0.7%)
100.0%	1982	1,770	6,805m ²	6,079m ²	89.3%	33	116	(0.4%)
100.0%	1995	16,900	28,414m ²	26,296m ²	92.5%	41	718	(2.6%)
100.0%	1992	3,170	11,520m ²	11,520m ²	100.0%	22	230	(0.8%)
100.0%	1991	13,000	20,450m ²	20,200m ²	98.8%	42	537	(1.9%)
27.74888%	2005	4,290	9,965m ²	9,965m ²	100.0%	41	263	(0.9%)
48.753%	1994	2,510	9,860m ²	9,860m ²	100.0%	12	264	(1.0%)
100.0%	1992	1,300	3,995m ²	3,760m ²	94.1%	20	77	(0.3%)
100.0%	1993	2,510	5,973m ²	5,823m ²	97.5%	29	148	(0.5%)
74.48444%	1987	3,600	5,841m ²	5,841m ²	100.0%	4	173	(0.6%)
		843,367	752,723m²	735,863m²	97.8%	1,239	27,760	(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	4.6%
(Note)	Kitanomaru Square (also includes 2 other buildings)	26,061m ²	3.5%
Mitsubishi Estate Co., Ltd.	Osaki Front Tower (also includes 1 other building)	17,213m ²	2.3%
General Electric Company	Akasaka Park Building	13,683m ²	1.9%
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	1.6%
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	1.3%

Note: Not disclosed due to tenant's request

Location of portfolio properties



Overview of Portfolio Properties

As of September 30, 2014

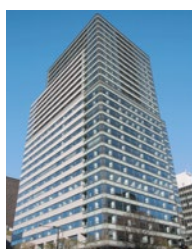
Note: Concerning real estate or trust beneficiary rights in trust of real estate of which the Company is a partial owner through co-ownership or compartmentalized building units or quasi-co-ownership, the figures for "Site area" and "Floor area of building" represent total site area and total floor space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



Genki Medical Plaza

• I-1

Location:	Chiyoda-ku, Tokyo
Site area:	1,052.80m 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

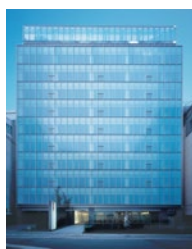
Location:	Chiyoda-ku, Tokyo
Site area:	11,003.87m ²
Floor area of building:	57,031.06m ²
Structure:	Above ground: 14 floors Below ground: 2 floors
Completion:	April 2004



Mitsubishi UFJ Trust and Banking Building

• I-7

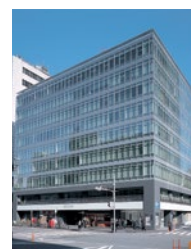
Location:	Chiyoda-ku, Tokyo
Site area:	8,100.39m ²
Floor area of building:	108,171.67m ²
Structure:	Above ground: 29 floors Below ground: 4 floors
Completion:	February 2003



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



Kodenmachi 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 Sanwa Building

• I-14

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-15

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-16

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-17

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-18

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-19

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



Shiodome Building

• I-20

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-21

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-22

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



Shinwa Building

• I-23

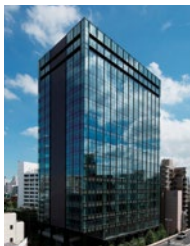
Location:	Shinjuku-ku, Tokyo
Site area:	822.00m ²
Floor area of building:	8,291.69m ²
Structure:	Above ground: 10 floors Below ground: 1 floor
Completion:	November 1989



Tokyo Opera City Building

• I-24

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-25

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-26

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-27

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-28

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

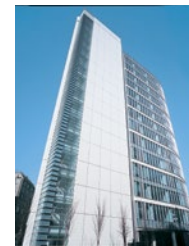


Nippon Brunswick Building

(Land with leasehold interest)

• I-29

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



Yoyogi 1Chome Building

• I-30

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-31

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-32

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-33

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-34

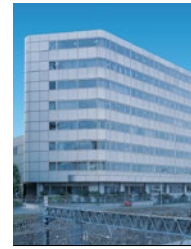
Location:	Shibuya-ku, Tokyo
Site area:	5,005.70m ²
Floor area of building:	36,598.38m ²
Structure:	Above ground: 18 floors Below ground: 2 floors
Completion:	October 1994



Harmony Tower

• I-35

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-36

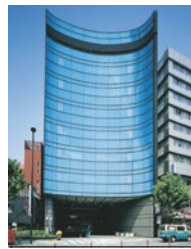
Location:	Toshima-ku, Tokyo
Site area:	2,121.39m ²
Floor area of building:	9,531.28m ²
Structure:	Above ground: 8 floors Below ground: 1 floor
Completion:	November 1987



Ikebukuro 2Chome Building

• I-37

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-38

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

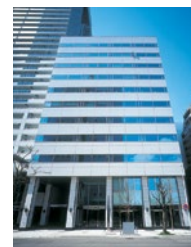
Location:	Kawasaki, Kanagawa Prefecture
Site area:	1,594.50m ²
Floor area of building:	9,623.83m ²
Structure:	Above ground: 12 floors Below ground: 1 floor
Completion:	December 1990



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

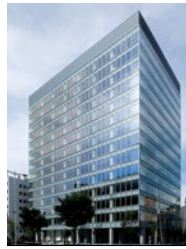
Location:	Sapporo, Hokkaido
Site area:	5,541.60m ²
Floor area of building:	16,096.97m ²
Structure:	Above ground: 11 floors Below ground: 1 floor
Completion:	December 2006



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

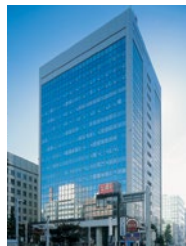
Location:	Nagoya, Aichi Prefecture
Site area:	2,401.43m ²
Floor area of building:	15,947.29m ²
Structure:	Above ground: 10 floors
Completion:	December 2004



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

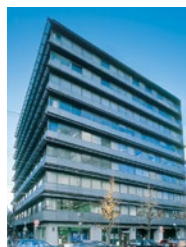
Location:	Nagoya, Aichi Prefecture
Site area:	805.04m ²
Floor area of building:	5,348.00m ²
Structure:	Above ground: 7 floors Below ground: 1 floor
Completion:	September 1991



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



Lit City Building

• III-16

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-17

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-18

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-19

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-20

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

Financial Section

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Selected Financial Data

	Millions of yen				
	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, 2014	For the period from October 1, 2012 to March 31, 2013	For the period from April 1, 2012 to September 30, 2012
Operating Revenues	27,760	26,582	26,225	25,357	24,222
Operating Expenses	16,505	15,751	15,444	14,725	14,009
Operating Income	11,255	10,831	10,781	10,631	10,212
Ordinary Income	9,582	9,083	9,143	8,749	8,372
Income before Income Taxes	9,582	9,083	9,143	8,749	8,372
Net Income	9,572	9,070	9,129	8,824	8,448
Total Assets	813,931	817,130	775,066	765,628	724,851
Interest-Bearing Debts	323,550	358,900	320,150	311,200	305,750
Net Assets	436,622	405,355	405,415	405,280	372,429
Unitholders' Capital	426,783	396,018	396,018	396,018	363,371
Number of Units	1,251,530	1,188,280	594,140	594,140	549,040
Net Assets per Unit (Yen) (Note 1)	348,871	341,128	682,356	682,130	678,328
Cash Distribution	9,571	9,070	9,129	8,995	8,619
Dividend Payout Ratio	99.9%	99.9%	99.9%	101.9%	102.0%
Dividend per Unit (Yen)	7,648	7,633	15,366	15,140	15,700
Net Operating Income (NOI)	18,105	17,481	17,205	16,768	15,997
Funds from Operations (FFO)	15,455	14,719	14,619	14,032	13,356
Return on Assets (ROA) (Note 2)	1.2% (2.3% annualized)	1.1% (2.3% annualized)	1.2% (2.4% annualized)	1.2% (2.4% annualized)	1.2% (2.3% annualized)
Return on Equity (ROE) (Note 3)	2.2% (4.4% annualized)	2.2% (4.5% annualized)	2.3% (4.5% annualized)	2.2% (4.4% annualized)	2.3% (4.5% annualized)
EOP Equity Ratio (Note 4)	53.6%	49.6%	52.3%	52.9%	51.4%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	39.8%	43.9%	41.3%	40.6%	42.2%
FFO Multiple (Times)	22.9	20.9	23.4	27.2	16.2
Debt Service Coverage Ratio (Times) (Note 6)	10.5	9.6	9.5	8.7	8.3

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 183 days for the period ended September 30, 2012, 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 and 183 days for the period ended September 30, 2014.)

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 March 31, 2014 and September 30, 2014

	Thousands of yen	
	As of March 31, 2014	As of September 30, 2014
ASSETS		
Current assets		
Cash and deposits	20,633,688	20,650,366
Cash and deposits in trust	4,409,989	4,938,725
Operating accounts receivable	134,048	146,658
Prepaid expenses	139,959	187,287
Deferred tax assets	1,039	953
Consumption taxes receivable	398,464	—
Other	24,360	107,610
Total current assets	25,741,550	26,031,601
Non-current assets		
Property, plant and equipment		
Buildings	249,745,895	251,314,069
Accumulated depreciation	(60,666,845)	(65,297,431)
Buildings, net	189,079,049	186,016,637
Structures	2,798,970	2,933,708
Accumulated depreciation	(494,082)	(536,728)
Structures, net	2,304,887	2,396,979
Machinery and equipment	2,896,723	2,899,420
Accumulated depreciation	(1,479,416)	(1,565,756)
Machinery and equipment, net	1,417,307	1,333,663
Tools, furniture and fixtures	304,053	349,680
Accumulated depreciation	(122,610)	(141,262)
Tools, furniture and fixtures, net	181,442	208,417
Land	420,000,107	420,415,192
Construction in progress	361,593	358,948
Buildings in trust	62,239,080	62,506,633
Accumulated depreciation	(12,626,618)	(13,685,828)
Buildings in trust, net	49,612,462	48,820,805
Structures in trust	579,704	583,214
Accumulated depreciation	(102,230)	(113,721)
Structures in trust, net	477,473	469,493
Machinery and equipment in trust	840,044	846,483
Accumulated depreciation	(575,077)	(588,971)
Machinery and equipment in trust, net	264,966	257,512
Tools, furniture and fixtures in trust	30,297	30,297
Accumulated depreciation	(9,298)	(10,792)
Tools, furniture and fixtures in trust, net	20,999	19,505
Land in trust	118,445,649	118,440,720
Total property, plant and equipment	782,165,939	778,737,876
Intangible assets		
Leasehold rights	6,105,136	6,096,492
Leasehold rights in trust	444,160	444,160
Easement	828,095	828,095
Total intangible assets	7,377,392	7,368,748
Investments and other assets		
Investment securities	577,168	577,168
Lease and guarantee deposits	1,071,830	1,071,830
Long-term prepaid expenses	119,267	85,594
Total investments and other assets	1,768,265	1,734,592
Total non-current assets	791,311,597	787,841,217
Deferred assets		
Investment corporation bond issuance costs	77,182	58,271
Total deferred assets	77,182	58,271
Total Assets	817,130,330	813,931,090

	Thousands of yen	
	As of March 31, 2014	As of September 30, 2014
LIABILITIES		
Current liabilities		
Operating accounts payable	1,396,469	1,131,944
Short-term loans payable	56,800,000	31,500,000
Current portion of investment corporation bonds	15,000,000	20,000,000
Current portion of long-term loans payable	5,100,000	19,600,000
Accounts payable - other	1,234,453	925,217
Accrued expenses	800,158	734,114
Income taxes payable	11,551	5,006
Accrued consumption taxes	—	1,323,301
Advances received	3,288,284	3,280,750
Other	259,813	125,583
Total current liabilities	83,890,731	78,625,919
Non-current liabilities		
Investment corporation bonds	40,000,000	20,000,000
Long-term loans payable	242,000,000	232,450,000
Deposits received from tenants	45,418,762	45,766,249
Deferred tax liabilities	122,812	122,776
Asset retirement obligations	312,538	315,687
Other	29,532	27,488
Total non-current liabilities	327,883,645	298,682,201
Total Liabilities	411,774,376	377,308,121
NET ASSETS		
Unitholders' equity		
Unitholders' capital	396,018,317	426,783,117
Surplus		
Voluntary retained earnings		
Reserve for reduction entry	236,709	236,709
Total voluntary retained earnings	236,709	236,709
Unappropriated retained earnings	9,100,926	9,603,143
Total surplus	9,337,636	9,839,852
Total unitholders' equity	405,355,953	436,622,969
Total net assets	405,355,953	436,622,969
Total Liabilities and Net Assets	817,130,330	813,931,090

Statements of Income and Retained Earnings

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

Thousands of yen

	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Operating revenues		
Rent revenues	26,357,478	27,604,566
Other lease business revenues	225,489	155,847
Total operating revenues	26,582,967	27,760,413
Operating expenses		
Expenses related to rent business	14,750,867	15,538,009
Asset management fee	675,187	638,740
Asset custody fee	57,164	58,445
Administrative service fees	137,480	138,607
Directors' compensations	7,800	7,800
Commission fee	58,222	61,803
Other operating expenses	64,373	61,876
Total operating expenses	15,751,096	16,505,284
Operating income	10,831,870	11,255,129
Non-operating income		
Interest income	6,658	6,257
Dividend income	—	19,724
Reversal of distribution payable	2,261	2,666
Refund of property taxes	—	8,358
Income on settlement of management association accounts	—	8,524
Other	—	2,556
Total non-operating income	8,920	48,086
Non-operating expenses		
Interest expenses	1,297,612	1,291,376
Interest expenses on investment corporation bonds	410,928	329,603
Amortization of investment corporation bond issuance costs	21,978	18,910
Investment unit issuance expenses	—	53,606
Other	26,951	27,206
Total non-operating expenses	1,757,470	1,720,703
Ordinary income	9,083,320	9,582,512
Income before income taxes	9,083,320	9,582,512
Income taxes - current	13,169	10,104
Income taxes - deferred	(2)	50
Total income taxes	13,166	10,154
Net income	9,070,153	9,572,357
Retained earnings brought forward	30,773	30,785
Unappropriated retained earnings	9,100,926	9,603,143

Statements of Changes in Unitholders' Equity

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

For the period from October 1, 2013 to March 31, 2014

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital	Surplus			Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings		Unappropriated retained earnings			
	Reserve for reduction entry	Voluntary retained earnings					
Balance at beginning of current period	396,018,317	236,709	236,709	9,160,328	9,397,037	405,415,354	405,415,354
Changes of items during period							
Dividends of surplus				(9,129,555)	(9,129,555)	(9,129,555)	(9,129,555)
Net income				9,070,153	9,070,153	9,070,153	9,070,153
Total changes of items during period	—	—	—	(59,401)	(59,401)	(59,401)	(59,401)
Balance at end of current period	396,018,317	236,709	236,709	9,100,926	9,337,636	405,355,953	405,355,953

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

	Thousands of yen						
	Unitholders' equity						
	Unitholders' capital	Surplus			Total surplus	Total unitholders' equity	Total net assets
		Voluntary retained earnings		Unappropriated retained earnings			
	Reserve for reduction entry	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

Basis of Calculations Used to Determine Cash Distributions

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

Item	For the period	For the period
	from October 1, 2013 to March 31, 2014	from April 1, 2014 to September 30, 2014
	Amount (Yen)	Amount (Yen)
I Retained Earnings	9,100,926,837	9,603,143,216
II Cash Distribution	9,070,141,240	9,571,701,440
(Dividend per Investment Unit)	(7,633)	(7,648)
III Voluntary retained earnings		
Provision of reserve for reduction entry	—	35,954
IV Retained Earnings Brought Forward	30,785,597	31,405,822

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, the Company was able to maintain retained earnings brought forward as the amount did not exceed retained earnings at the end of the period. Therefore, the total amount of dividends that the Company has determined to pay out is 9,070,141,240 yen for the period under review, which must be divisible by 1,188,280 — the number of units outstanding as of March 31, 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 9,571,701,440 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>
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Statements of Cash Flows

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

	Thousands of yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Cash flows from operating activities		
Income before income taxes	9,083,320	9,582,512
Depreciation	5,649,556	5,883,291
Amortization of investment corporation bond issuance costs	21,978	18,910
Investment unit issuance expenses	—	53,606
Dividend income	—	(19,724)
Interest income	(6,658)	(6,257)
Interest expenses	1,708,541	1,620,980
Decrease (increase) in operating accounts receivable	54,136	(12,609)
Decrease (increase) in consumption taxes refund receivable	(398,464)	398,464
Decrease (increase) in supplies	3	(71)
Decrease (increase) in prepaid expenses	(23,195)	(47,328)
Increase (decrease) in operating accounts payable	(107,934)	(35,401)
Increase (decrease) in accounts payable - other	185,815	(223,961)
Increase (decrease) in accrued consumption taxes	(601,862)	1,323,301
Increase (decrease) in accrued expenses	117	(117)
Increase (decrease) in advances received	447,588	(7,534)
Decrease (increase) in long-term prepaid expenses	(96,060)	33,672
Other, net	143,373	(71,886)
Subtotal	16,060,256	18,489,846
Interest and dividend income received	7,965	24,997
Interest expenses paid	(1,694,512)	(1,686,905)
Income taxes paid	(9,569)	(16,650)
Net cash provided by (used in) operating activities	14,364,139	16,811,288
Cash flows from investing activities		
Payments into time deposits	(9,486,000)	(10,431,000)
Proceeds from withdrawal of time deposits	15,486,000	9,431,000
Purchase of property, plant and equipment	(28,482,929)	(2,317,879)
Purchase of property, plant and equipment in trust	(17,843,444)	(578,573)
Purchase of intangible assets	—	(7,185)
Repayments of tenant leasehold and security deposits	(1,207,724)	(920,666)
Proceeds from tenant leasehold and security deposits	3,992,279	1,268,154
Net cash provided by (used in) investing activities	(37,541,820)	(3,556,150)
Cash flows from financing activities		
Proceeds from short-term loans payable	45,800,000	13,800,000
Repayments of short-term loans payable	(14,000,000)	(39,100,000)
Proceeds from long-term loans payable	20,000,000	5,000,000
Repayments of long-term loans payable	(13,050,000)	(50,000)
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	(9,126,830)	(9,070,918)
Net cash provided by (used in) financing activities	29,623,169	(13,709,724)
Net increase (decrease) in cash and cash equivalents	6,445,489	(454,586)
Cash and cash equivalents at beginning of period	14,598,188	21,043,677
Cash and cash equivalents at end of period	21,043,677	20,589,091

Notes to Financial Statements

March 31, 2014 and September 30, 2014

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. (“TMN”) and The Dai-ichi Mutual Life Insurance Company (currently renamed The Dai-ichi Life Insurance Company, Limited, “DL”) under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law.

On September 10, 2001, the Company commenced operations when the Company was listed on the Tokyo Stock Exchange as one of the first real estate investment corporations in Japan (so-called “J-REITs”). The Company issued 160,000 units at a price of ¥506,625, generating gross proceeds of ¥81,060 million.

The Company completed the tenth public offering of 57,500 units at a price of ¥486,400 on April 15, 2014 and third-party allocation of 5,750 units at a price of ¥486,400 on May 14, 2014, generating gross proceeds of ¥27,968 million and ¥2,796 million, respectively. As of September 30, 2014, the Company had a total unitholders’ capital of ¥426,783 million with 1,251,530 units outstanding.

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 September 30, 2014, the Company owned a portfolio of 64 office properties with an aggregate of approximately 752,723 square meters of leasable space.

Basis of presenting financial statements

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

The accompanying financial statements are a translation of the audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include information that might not be required under Japanese GAAP but is presented herein as additional information.

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 costs of land, buildings and building improvements include the purchase price of property, legal fees and acquisition costs. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings	2-61 years
Structures	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 the current assets and the excess of amounts withheld over payments are included in the current liabilities.

Cash and cash equivalents

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

Hedge accounting

The Company enters into derivative transactions to hedge against interest-rate 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. Deferred hedge accounting is generally used for such interest-rate swaps, 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 a special accounting treatment. Under the 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 measured at fair value separately. For interest-rate swaps that meet the specific criteria for the special accounting treatment, assessments of hedge effectiveness are not performed.

3. Financial Instruments

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

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 controlling 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. 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 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, 2014), 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 the 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, 2014 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 March 31, 2014		
	Book value	Fair value	Difference
(1) Cash and deposits	20,633,688	20,633,688	—
(2) Cash and deposits in trust	4,409,989	4,409,989	—
(3) Short-term loans	56,800,000	56,800,000	—
(4) Current portion of investment corporation bonds	15,000,000	15,056,550	56,550
(5) Current portion of long-term loans	5,100,000	5,129,403	29,403
(6) Investment corporation bonds	40,000,000	41,632,000	1,632,000
(7) Long-term loans	242,000,000	246,544,239	4,544,239
(8) Derivative transactions	—	—	—

	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	—	—	—

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 interest-rate swaps subject to the special treatment are calculated by discounting the aggregated principal and the interest on such loans, after taking into account the effect of said 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, 2014. Such floating-rate long-term loans are presented in the section 4. Derivative Transactions.) The fair values of the liabilities with fixed interest rates are calculated by discounting the aggregated amounts of the principals and the interests 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 periods to maturity under the prevailing market conditions as of September 30, 2014 and March 31, 2014.

(8) Derivative transactions

Please refer to the section 4. Derivative Transactions.

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

	Thousands of yen	
	As of March 31, 2014	As of September 30, 2014
(1) Non-listed stock ^(*)	577,168	577,168
(2) Deposits received from tenants ^(**)	45,418,762	45,766,249

(*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 their tenor cannot be reasonably estimated, 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 March 31, 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	20,633,688	—	—	—	—	—
Cash and deposits in trust	4,409,989	—	—	—	—	—
Total	25,043,677	—	—	—	—	—

	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	—	—	—	—	—

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 March 31, 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	56,800,000	—	—	—	—	—
Investment corporation bonds	15,000,000	20,000,000	—	—	10,000,000	10,000,000
Long-term loans	5,100,000	16,600,000	44,400,000	46,500,000	25,000,000	109,500,000
Total	76,900,000	36,600,000	44,400,000	46,500,000	35,000,000	119,500,000

	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

4. Derivative Transactions

(1) Derivatives not designated as hedging instruments

For the period from October 1, 2013 to March 31, 2014

“Not applicable”

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

“Not applicable”

(2) Derivatives designated as hedging instruments

For the period from October 1, 2013 to March 31, 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	15,000,000	15,000,000	*	—

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.

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	25,000,000	25,000,000	*	—

* Because the transactions based on the special treatment of interest-rate swaps and the hedged long-term loans are treated as one item, the fair value is included under the fair value of long-term loans at the end of the fiscal period ended March 31, 2014 and September 30, 2014. Please refer to the measurement of fair value of financial instruments in Note 1 of the section entitled "2. Fair value of financial instruments" under "Financial Instruments" as well as subheadings (5) and (7) of Note 1, which are related to derivative transactions.

5. Property and Equipment

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

	Thousands of yen			
	As of March 31, 2014		As of September 30, 2014	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	420,000,107	420,000,107	420,415,192	420,415,192
Buildings and structures	252,544,865		254,247,777	
Accumulated depreciation	(61,160,927)	191,383,937	(65,834,159)	188,413,617
Machinery and equipment	2,896,723		2,899,420	
Accumulated depreciation	(1,479,416)	1,417,307	(1,565,756)	1,333,663
Tools, furniture and fixtures	304,053		349,680	
Accumulated depreciation	(122,610)	181,442	(141,262)	208,417
Construction in progress	361,593	361,593	358,948	358,948
Land in trust	118,445,649	118,445,649	118,440,720	118,440,720
Buildings and structures in trust	62,818,784		63,089,848	
Accumulated depreciation	(12,728,848)	50,089,935	(13,799,549)	49,290,298
Machinery and equipment in trust	840,044		846,483	
Accumulated depreciation	(575,077)	264,966	(588,971)	257,512
Tools, furniture and fixtures in trust	30,297		30,297	
Accumulated depreciation	(9,298)	20,999	(10,792)	19,505
Total	782,165,939	782,165,939	778,737,876	778,737,876

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, 2014.

6. Loans

The condition of loans by financial institutions as of September 30, 2014 is as follows.

	Segment	Borrowing Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Deadline	Repayment Method	Use of Money	Remarks
	Lender								
Short-term loans	Mizuho Bank, Ltd.	July 31, 2013	3,000	—	0.2263	April 30, 2014	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate
		January 7, 2014	4,000	2,000 *2.	0.2263	January 7, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		February 18, 2014	3,500	— *3.	0.2263	February 18, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 24, 2014	2,500	— *4.	0.2263	March 24, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 31, 2014	3,700	2,000 *5.	0.2163	March 31, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
		June 17, 2014	—	4,000	0.2163	March 17, 2015	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate
	Mitsubishi UFJ Trust and Banking Corporation	January 7, 2014	1,500	1,500	0.2263	January 7, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		January 15, 2014	5,000	— *6.	0.2263	January 15, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 24, 2014	2,500	2300 *7.	0.2263	March 24, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 31, 2014	3,700	3,700	0.2163	March 31, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
	Sumitomo Mitsui Trust Bank, Limited	September 2, 2013	5,000	— *8.	0.2263	September 2, 2014	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		October 7, 2013	1,000	— *9.	0.2263	October 7, 2014	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 24, 2014	2,500	— *4.	0.2263	September 24, 2014	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 31, 2014	3,700	3,700	0.2163	March 31, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
		September 2, 2014	—	3,800	0.1963	September 2, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	July 31, 2013	3,000	— *10.	0.2263	July 31, 2014	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate
		February 18, 2014	3,500	— *3.	0.2263	February 18, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 24, 2014	2,500	— *4.	0.2263	March 24, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate
		March 31, 2014	3,700	— *11.	0.2163	March 31, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Floating interest rate
		June 17, 2014	—	4,000	0.2163	March 17, 2015	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate
The Daishi Bank, Ltd.	January 7, 2014	1,500	1,500	0.2263	January 7, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate	
	June 17, 2014	—	1,000	0.2163	March 17, 2015	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate	
The Gunma Bank, Ltd.	June 17, 2014	—	1,000	0.2163	March 17, 2015	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate	
The 77 Bank, Ltd.	June 17, 2014	1,000	1,000	0.2263	January 7, 2015	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Floating interest rate	
	Subtotal		56,800	31,500					
Long-term loans to be repaid within 1 year	The Dai-ichi Life Insurance Company, Limited	May 31, 2007	—	5,000	1.86875	May 29, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Chugoku Bank, Limited	June 15, 2010	—	3,000	1.20875	June 15, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Hiroshima Bank, Ltd.	June 14, 2010	—	3,000	1.1875	June 15, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	Development Bank of Japan Inc.	September 1, 2008	—	2,000	1.65	September 1, 2015	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		March 24, 2010	100	100 *12.	1.665	March 24, 2017	Repayment in installments *12.	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Bank of Fukuoka Ltd.	March 24, 2010	2,000	2,000	1.39875	March 24, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Yamanashi Chuo Bank, Ltd.	December 15, 2011	2,000	2,000	0.645	December 15, 2014	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	Taiyou Life Insurance Company	May 31, 2007	—	1,500	1.86875	May 29, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Gunma Bank, Ltd.	November 15, 2011	1,000	1,000	0.615	November 17, 2014	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		Subtotal		5,100	19,600				
	Total		61,900	51,100					

	Segment	Borrowing Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Deadline	Repayment Method	Use of Money	Remarks
	Lender								
Long-term loans	Mitsubishi UFJ Trust and Banking Corporation	April 4, 2011	5,000	5,000	1.0325	April 4, 2016	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		April 4, 2011	5,000	5,000	1.205	April 4, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 1, 2011	12,000	12,000	1.12625	June 1, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 1, 2011	10,000	10,000	1.31125	June 1, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 15, 2012	4,000	4,000	0.9525	June 15, 2020	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 15, 2012	2,500	2,500	1.2725	June 15, 2022	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		December 21, 2012	5,000	5,000	0.80125	December 21, 2020	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		January 31, 2014	4,000	4,000	0.64225 *13.	January 29, 2021	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 24, 2011	2,000	2,000	1.3975	March 26, 2018	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 15, 2012	4,000	4,000	1.1975	June 15, 2022	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		December 21, 2012	5,000	5,000	0.80125	December 21, 2020	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		January 15, 2013	5,500	5,500	0.71	January 15, 2020	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		January 15, 2013	5,500	5,500	0.83625	January 15, 2021	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		April 24, 2013	5,000	5,000	0.775	April 26, 2021	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	Mizuho Bank, Ltd.	December 21, 2010	5,000	5,000	1.30625	December 21, 2016	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		November 1, 2011	6,000	6,000	1.2075	November 1, 2019	Bullet repayment	Assigned to repay existing short-term loans and other loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		November 15, 2011	3,000	3,000	1.13875	November 15, 2019	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 15, 2012	4,000	4,000	1.07375	June 15, 2021	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		January 15, 2013	5,000	5,000	0.96625	January 17, 2022	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		April 24, 2013	3,000	3,000	0.87375	April 25, 2022	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	Mitsubishi UFJ Trust and Banking Corporation	June 23, 2011	6,000	6,000	0.90875	June 23, 2016	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated 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					
	Sumitomo Mitsui Trust Bank, Limited	January 17, 2011	3,000	3,000	1.43375	January 17, 2018	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		September 26, 2011	5,500	5,500	1.16	September 26, 2019	Bullet repayment	Assigned to repay existing short-term loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		November 15, 2011	3,000	3,000	0.98375	November 15, 2018	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		June 15, 2012	4,000	4,000	0.9525	June 15, 2020	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
January 31, 2014		2,000	2,000	0.62575 *13.	January 29, 2021	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.	

Segment	Lender	Borrowing Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Deadline	Repayment Method	Use of Money	Remarks
January 7, 2013	2,000	2,000	0.71375	January 7, 2020	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate		
January 15, 2013	5,000	5,000	0.71	January 15, 2020	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate		
April 24, 2013	5,000	5,000	0.52775	April 24, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate		
Development Bank of Japan Inc.	September 1, 2008	2,000	—	1.65	September 1, 2015	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 24, 2010	1,500	1,450 *12.	1.665	March 24, 2017	Repayment in installments *12.	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 7, 2013	3,000	3,000	1.115	January 6, 2023	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 31, 2014	5,000	5,000	0.9325	January 31, 2023	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
The Bank of Fukuoka, Ltd.	August 31, 2011	2,000	2,000	0.9025	August 31, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	June 15, 2012	2,500	2,500	0.66	June 15, 2017	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	August 31, 2012	1,000	1,000	0.57125	August 31, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 31, 2014	2,500	2,500	0.63849 *13.	January 29, 2021	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.	
Shinsei Bank, Limited	August 31, 2011	3,000	3,000	1.0475	August 31, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	June 15, 2012	2,500	2,500	0.66	June 15, 2017	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	June 15, 2012	2,500	2,500	1.2725	June 15, 2022	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
The Norin chukin Bank	January 31, 2014	3,500	3,500	0.757 *13.	January 31, 2022	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.	
	June 17, 2014	—	3,000	0.6785 *13.	June 17, 2022	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.	
The Iyo Bank, Ltd.	June 15, 2012	2,500	2,500	0.66	June 15, 2017	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 15, 2013	1,000	1,000	0.3825	January 15, 2016	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 24, 2014	2,000	2,000	0.6035 *13.	March 24, 2021	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.	
The Dai-ichi Life Insurance Company, Limited	May 31, 2007	5,000	—	1.86875	May 29, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 30, 2009	5,000	5,000	1.54375	March 30, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
Resona Bank Limited	March 1, 2011	2,000	2,000	1.255	March 1, 2017	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 25, 2013	3,000	3,000	0.45	March 26, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
Sumitomo Mitsui Banking Corporation	November 15, 2011	3,000	3,000	0.98375	November 15, 2018	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 7, 2013	2,000	2,000	0.98	January 7, 2022	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
The Hachijuni Bank, Ltd.	June 15, 2012	1,000	1,000	0.66	June 15, 2017	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	December 20, 2012	1,000	1,000	0.45625	December 20, 2017	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	January 15, 2013	1,000	1,000	0.3825	January 15, 2016	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 25, 2013	1,000	1,000	0.45	March 26, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
Taiyo Life Insurance Company	May 31, 2007	1,500	—	1.86875	May 29, 2015	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	April 24, 2008	1,000	1,000	1.595	April 25, 2016	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Fixed interest rate	
	March 30, 2011	2,000	2,000	1.39625	March 30, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate	

	Segment	Borrowing Date	Balance at Beginning of Current Period (¥ million)	Balance at End of Current Period (¥ million)	Average Interest Rate*1. (%)	Repayment Deadline	Repayment Method	Use of Money	Remarks
	Lender								
Long-term loans	The Yamaguchi Bank, Ltd.	October 29, 2012	2,000	2,000	0.8	October 29, 2020	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		March 25, 2013	1,000	1,000	0.945	March 24, 2023	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Chugoku Bank, Limited	June 15, 2010	3,000	—	1.20875	June 15, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
		March 25, 2013	2,000	2,000	0.45	March 26, 2018	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	Nippon Life Insurance Company	March 1, 2011	2,000	2,000	1.465	March 1, 2018	Bullet repayment	Assigned to purchase real estate trust beneficiary rights	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Nishi-Nippon City Bank, Ltd.	June 17, 2014	—	2,000	0.621 *13.	December 17, 2021	Bullet repayment	Assigned to redeem investment corporation bonds	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.
	The Ashikaga Bank, Ltd.	January 7, 2013	1,000	1,000	0.49125	January 9, 2018	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Gunma Bank, Ltd.	March 24, 2014	1,000	1,000	0.4105 *13.	March 25, 2019	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Floating interest rate *13.
	The Joyo Bank, Ltd.	January 7, 2013	1,000	1,000	0.49125	January 9, 2018	Bullet repayment	Assigned to purchase real estate	Unsecured Unguaranteed Unsubordinated Fixed interest rate
	The Hiroshima Bank, Ltd.	June 14, 2010	3,000	—	1.1875	June 15, 2015	Bullet repayment	Assigned to repay existing loans	Unsecured Unguaranteed Unsubordinated Fixed interest rate
Total			242,000	232,450					

*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 May 7, 2014, ¥2 billion has been repaid before the deadline.

*3. As of April 18, 2014, the entire amount of ¥3.5 billion has been repaid before the deadline.

*4. As of April 24, 2014, the entire amount of ¥2.5 billion has been repaid before the deadline.

*5. As of September 18, 2014, ¥1.7 billion has been repaid before the deadline.

*6. As of April 15, 2014, the entire amount of ¥5 billion has been repaid before the deadline.

*7. As of April 24, 2014, ¥200 million has been repaid before the deadline.

*8. As of May 2, 2014, ¥1.2 billion has been repaid before the deadline.

*9. As of May 7, 2014, the entire amount of ¥1 billion has been repaid before the deadline.

*10. As of April 30, 2014, the entire amount of ¥3 billion has been repaid before the deadline.

*11. As of April 30, 2014, ¥2 billion was repaid, and as of September 18, 2014, the remaining ¥1.7 billion was repaid, all before the deadline.

*12. ¥50 million is repaid every 6 months respectively. ¥1.35 billion is scheduled to be repaid on the final principal repayment date.

*13. In order to avoid 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.

Note: 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 September 30, 2014.

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

The condition of issued investment corporation bonds as of September 30, 2014 is 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 Money	Remarks
4th unsecured investment corporation bond	September 29, 2005	10,000	10,000	2.56	September 29, 2025	Bullet repayment	*1.	*2.
6th unsecured investment corporation bond	June 18, 2007	15,000	—	1.91	June 18, 2014	Bullet repayment	*1.	*2.
7th unsecured investment corporation bond	April 23, 2010	10,000	10,000	1.26	April 23, 2015	Bullet repayment	*1.	*2.
8th unsecured investment corporation bond	July 23, 2010	10,000	10,000	1.05	July 23, 2015	Bullet repayment	*1.	*2.
9th unsecured investment corporation bond	August 30, 2013	10,000	10,000	0.497	August 30, 2018	Bullet repayment	*1.	*2.
Total		55,000	40,000					

*1. The 4th and 8th unsecured investment corporation bonds are used to fund the repayment of existing short-term loans. The 6th and 7th unsecured investment corporation bonds are 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 Act on Investment Trusts and Investment Corporations).

*2. Financial covenants, such as a negative pledge, are not applicable to these bonds.

8. Net Assets

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

9. Income Taxes

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan (hereinafter the STML), an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for 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 ¥9,571 million subsequent to September 30, 2014, 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 March 31, 2014 and September 30, 2014 were as follows:

	Thousands of yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Deferred tax assets:		
Accrued enterprise tax	1,039	953
Amortization of a term leasehold interest	34,247	39,643
Asset retirement obligations	6,568	7,642
	41,856	48,239
Valuation allowance	(40,816)	(47,285)
Total deferred tax assets	1,039	953
Deferred tax liabilities:		
Reserve for advanced depreciation of non-current assets	122,812	122,776
Total deferred tax liabilities	122,812	122,776
Net deferred tax liabilities	121,772	121,823

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

	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Statutory tax rate	39.43%	37.11%
Deductible dividend distribution	(39.37%)	(37.07%)
Change in valuation allowance	0.08%	0.07%
Others	0.01%	(0.01%)
Effective tax rate	0.14%	0.11%

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

Due to the regional corporation tax and amendments to parts of regional tax laws enacted on March 31, 2014, the regional corporation tax was established at the beginning of the fiscal period starting October 1, 2014. In addition, following the incorporation of the special regional corporate tax in the corporate enterprise tax, the statutory tax rate used to calculate deferred tax assets and deferred tax liabilities changes to 34.15% for temporary differences expected to be eliminated from the 28th fiscal period ending in September 2015.

This change will have a minimal effect on earnings.

10. Related Party Transactions

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

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

- (1) Parent Company and Major Corporation Unitholders
 - For the period from October 1, 2013 to March 31, 2014
“Not applicable”
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
- (2) Subsidiaries
 - For the period from October 1, 2013 to March 31, 2014
“Not applicable”
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
- (3) Sister Companies
 - For the period from October 1, 2013 to March 31, 2014
“Not applicable”
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”
- (4) Directors and Major Individual Unitholders
 - For the period from October 1, 2013 to March 31, 2014
“Not applicable”
 - For the period from April 1, 2014 to September 30, 2014
“Not applicable”

Transactions with related parties defined under the Investment Trust Law are listed below.

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 Investment Trust Law 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 Investment Trust Law and Article 123 of the Order for Enforcement of the Investment Trust Law), as well as the asset custody company.

For the period from October 1, 2013 to March 31, 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	1.71%	Real estate purchase	13,530,037	Deposits received from tenants	17,565,621
				Rent revenue	9,681,070		
				Security deposit increase	955,802		
				Security deposit return	150,878		
Asset custody company	Sumitomo Mitsui Trust Bank, Limited	Bank	—	Short-term loans repayment	1,000,000	Short-term loans payable	12,200,000
				Short-term loans borrowing	7,200,000		
				Long-term loans repayment	2,000,000	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 April 1, 2014 to September 30, 2014

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	—	—
				Short-term loans borrowing	3,800,000	Short-term loans payable	7,500,000
Asset custody company	Sumitomo Mitsui Trust Bank, Limited	Bank	—	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.

11. Segment Information

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

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 March 31, 2014 and September 30, 2014

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 March 31, 2014 and September 30, 2014 consisted of the following:

	Thousands of yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Balance at the beginning of the period	309,420	312,538
Increase in the tangible fixed assets	—	—
Adjustment required over the period	3,117	3,148
Balance at the end of the period	312,538	315,687

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 March 31, 2014 and September 30, 2014

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

Thousands of yen			
Book value		Fair value	
As of September 30, 2013	Change during period (*1)	As of March 31, 2014	As of March 31, 2014
748,257,128	41,286,203	789,543,332	829,152,000

Thousands of yen			
Book value		Fair value	
As of March 31, 2014	Change during period (*2)	As of September 30, 2014	As of September 30, 2014
789,543,332	(3,436,707)	786,106,624	843,367,000

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

Note 2: Significant changes

(*1) For the period ended March 31, 2014, the major reasons for the increase are the acquisition of Queen's Tower A (¥17,520,660 thousand) and Otemachi Financial City North Tower (¥15,623,199 thousand) as well as the additional acquisition of Ebisu Neonato (¥10,978,467 thousand). The major reason for the decrease is depreciation.

(*2) 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.

Note 3: Fair values as of September 30, 2014 and as of March 31, 2014 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 the 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 March 31, 2014 and September 30, 2014 and for the periods then ended, respectively:

	Yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Net assets at period end per unit	341,128	348,871
Net income per unit	7,633	7,683

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

Note 3: The basis for the computation of net income per unit is as follows.

	Thousands of yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Net income	9,070,153	9,572,357
Amount not attributable to normal units holders	—	—
Net income applicable to normal investment units	9,070,153	9,572,357
Average number of units	1,188,280 units	1,245,780 units

15. Breakdown of Property-Related Revenues and Expenses

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

	Thousands of yen	
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2014 to September 30, 2014
Property-Related Revenues	26,582,967	27,760,413
Rental Revenues	26,357,478	27,604,566
Rental revenues	20,301,286	21,334,732
Common service charges	3,445,407	3,485,270
Parking revenues	627,183	722,801
Other rental revenues	1,983,600	2,061,761
Non-Rental Revenues	225,489	155,847
Cancellation charges	86,664	92,532
Gain on donation of non-current assets	91,572	1,119
Other miscellaneous revenues	47,252	62,195
Property-Related Expenses	14,750,867	15,538,009
Property management expenses	3,247,634	3,378,661
Utilities expenses	2,414,132	2,768,816
Property and other taxes	2,335,593	2,530,715
Casualty insurance	53,792	55,303
Repairing expenses	887,210	733,609
Depreciation	5,649,556	5,883,291
Other rental expenses	162,947	187,611
Property-Related Profits	11,832,100	12,222,403

16. Changes in Unitholders' Equity

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

Total number of investment units issuable and number of units outstanding	As of March 31, 2014	As of September 30, 2014
Total number of investment units issuable	4,000,000 units	4,000,000 units
Number of units outstanding	1,188,280 units	1,252,530 units

17. Supplemental Cash Flow Information

Cash and cash equivalents

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

	Thousands of yen	
	As of March 31, 2014	As of September 30, 2014
Cash and deposits with banks	20,633,688	20,650,366
Cash and deposits with banks held in trust	4,409,989	4,938,725
Time deposits with maturities of more than three months	(4,000,000)	(5,000,000)
Cash and cash equivalents	21,043,677	20,589,091

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 March 31, 2014 and September 30, 2014, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen	
	As of March 31, 2014	As of September 30, 2014
Due within one year	21,871,691	20,527,523
Due after one year	51,661,072	46,618,990
Total	73,532,764	67,146,514

19. Subsequent Events

For the six months ended September 30, 2014

“Not applicable”

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

For the beginning April 1, 2013 and ending March 31, 2014

1. Remuneration for Asset Manager Directors

Remuneration, bonuses, and other property benefits received by Asset Management Directors from the Asset Management Company as compensation for their duties are decided by a resolution of a general meeting of unitholders. The results are 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

Remuneration, bonuses, and other property benefits received by Corporate Auditors from the Asset Management Company as compensation for their duties are decided by a resolution of a general meeting of unitholders. The results are 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 (Note)	¥199 million	¥95 million

Note: Fixed and variable remuneration do not equal total remuneration because figures are rounded down to the nearest million.



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

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

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 September 30, 2014, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation as at September 30, 2014, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young Shin Nihon LLC

December 24, 2014
Tokyo, Japan

Corporate Data

As of September 30, 2014

Executives

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

Paid-in Capital

¥ 426,783,117,000

Number of Units Outstanding

1,251,530

Number of Unitholders

16,174

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

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

Auditors

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

Incorporation

May 11, 2001

Executive Office

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

For further information, please contact:

Japan Real Estate Asset Management Co., Ltd.

Planning Department

Tel: 81-3-3211-7921

Fax: 81-3-3212-8886

E-mail: j-rea-inquiry@j-rea.co.jp

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

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

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