



SEPTEMBER
2010

*Semiannual
Report*

For the period from April 1, 2010 to September 30, 2010

Profile

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

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

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Financial Highlights

	Millions of yen					Thousands of U.S.dollars (Note 1)
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2009 to September 30, 2009	For the period from October 1, 2008 to March 31, 2009	For the period from April 1, 2008 to September 30, 2008	For the period from April 1, 2010 to September 30, 2010
Operating Revenues	22,112	21,665	21,524	20,716	19,805	263,813
Operating Income	9,939	10,538	10,054	9,955	9,807	118,576
Income before Income Taxes	8,135	8,876	8,505	8,426	8,449	97,060
Net Income	8,134	8,875	8,504	8,425	8,448	97,046
Net Operating Income (NOI) (Note 2)	15,091	14,414	13,950	14,575	14,173	180,050
Funds from Operations (FFO) (Note 3)	12,353	11,914	11,577	12,213	12,009	147,378
FFO Multiple (Note 4)	15.1 times	16.3 times	14.1 times	13.7 times	15.5 times	15.1 times
Cash Distribution	8,134	8,826	8,504	8,425	8,448	97,046
Number of Units	489,200	489,200	443,000	443,000	443,000	489,200
Dividend per Unit (Yen/U.S.dollars)	16,628	18,043	19,198	19,020	19,072	198.38

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥83.82 = US\$1.00, the foreign exchange rate on September 30, 2010, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

2. NOI = Property-Related Revenues – Property-Related Expenses (excluding Depreciation)

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

4. FFO Multiple = Unit Price at End of the Respective Term ÷ FFO per Unit (Annualized)
(Annualized portion of the calculation given in note 4 assumes a fiscal period of 183 days for the period ended September 30, 2008, 182 days for the period ended March 31, 2009, 183 days for the period ended September 30, 2009, 182 days for the period ended March 31, 2010 and 183 days for the period ended September 30, 2010.)

Top 10 Unitholders

As of September 30, 2010

Company	Units	% of total units outstanding
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	52,480	10.73%
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	51,024	10.43%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	42,797	8.75%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	19,108	3.91%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT	12,682	2.59%
Mitsubishi Estate Co., Ltd.	10,160	2.08%
The Chugoku Bank, Ltd.	7,697	1.57%
North Pacific Bank, Ltd.	7,493	1.53%
AIG Edison Life Insurance Company GA NON DIMA	6,520	1.33%
BBH FOR MATTHEWS ASIAN GROWTH AND INCOME FUND	6,209	1.27%

Unit Price Performance



Strength

Stable Dividends

- Actual dividend per unit for the 18th fiscal period: **¥16,628** (\$198.38)*
- Forecasted dividend per unit for the 19th fiscal period: **¥15,430** (\$184.08)**

* The foreign exchange rate of ¥83.82 = US\$1.00, as of September 30, 2010, has been used for this translation.

** The forecasted dividend was disclosed with the announcement of the 18th fiscal period earnings results on November 16, 2010.

Collaboration with Sponsors

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

is being fully utilized

Steady Growth with Quality Portfolio

- Total acquisition price: **¥643,891 million** (\$7,682 million)***
- Maintains **55** high-quality office buildings
- **The first listed J-REIT**, showing steady performance for 18 consecutive periods

*** Included in the acquisition prices of properties held as of September 30, 2010 is a portion of the Jingumae Media Square Building site (with a book value of ¥614 million), which was transferred on October 30, 2009. This is the same as on the following pages.

Sound Financial Base

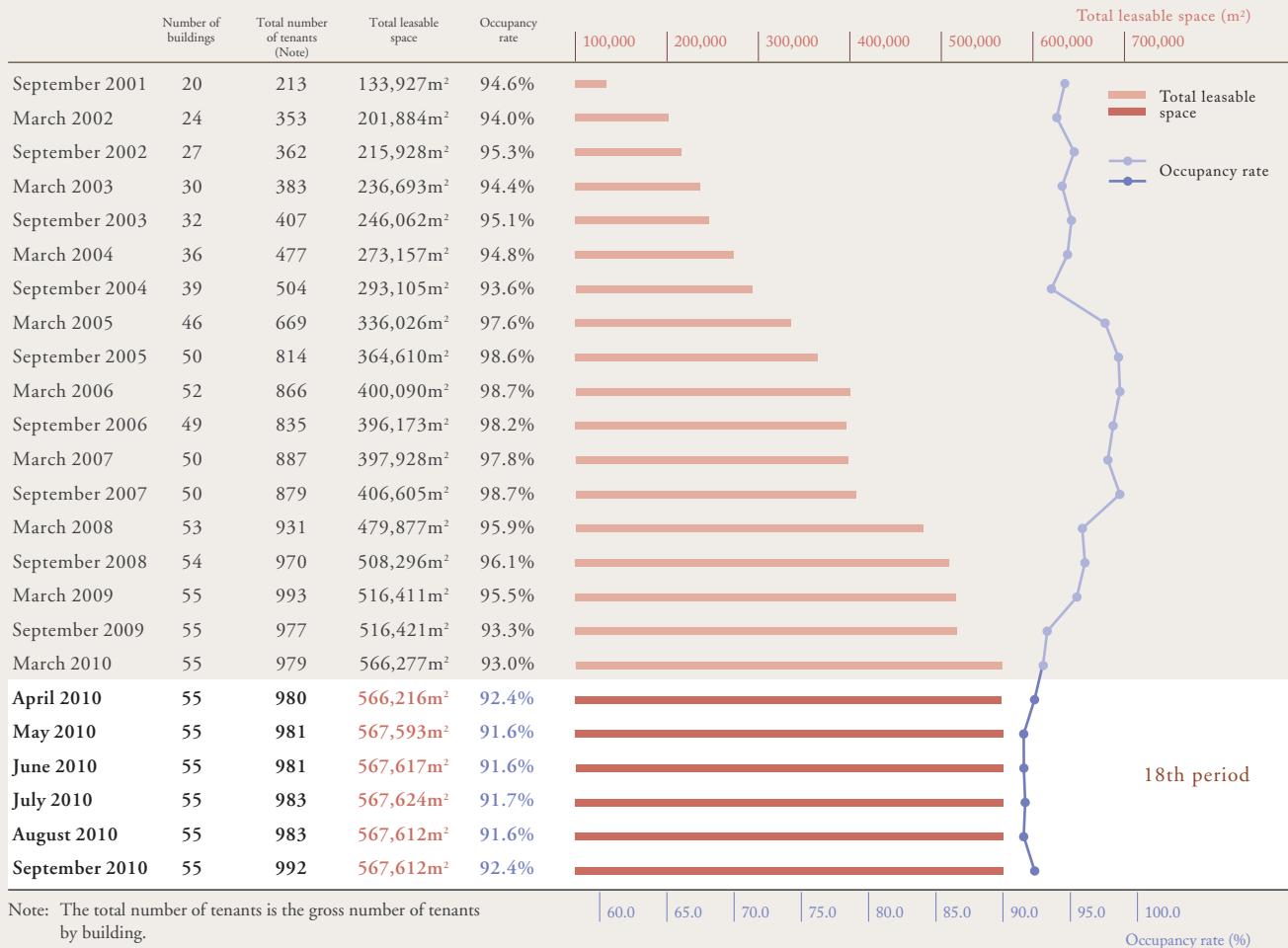
(as of September 30, 2010)

- Highest credit ratings for a J-REIT: **AA-** from S&P, **A1** from Moody's, **AA** from R&I
- LTV (Interest-bearing debt / Total assets): **41.3%**
- Long-term, fixed-interest debt ratio****: **89.0%**

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

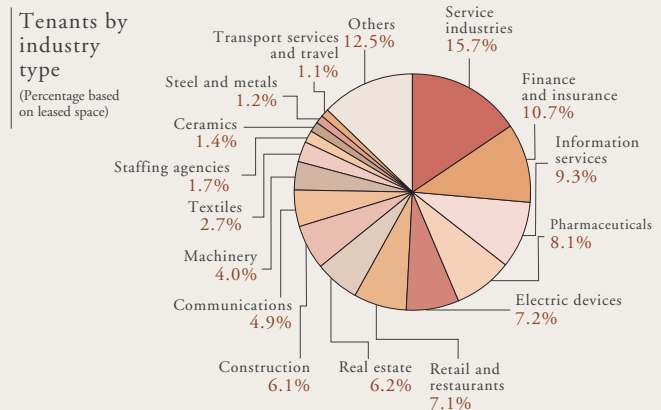
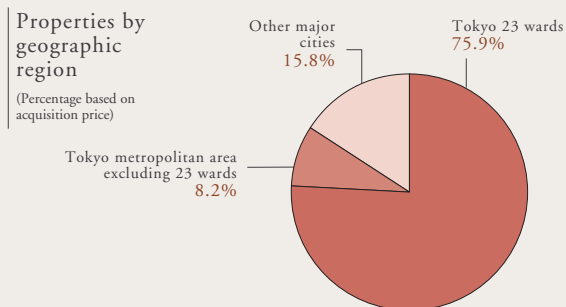
Portfolio Highlights

Trends in the state of portfolio management



Portfolio breakdown

As of September 30, 2010



Asset Management Summary

For the period from April 1, 2010 to September 30, 2010

Issue of Investment Corporation Bonds

Issue of the Seventh Investment Corporation Bond

Total amount:	¥10,000 million (\$119 million)
Issue date:	April 23, 2010
Final redemption date:	April 23, 2015
Yield:	1.26% per annum
Collateral:	No secured mortgage/guarantee
Financial covenant:	None

Issue of the Eighth Investment Corporation Bond

Total amount:	¥10,000 million (\$119 million)
Issue date:	July 23, 2010
Final redemption date:	July 23, 2015
Yield:	1.05% per annum
Collateral:	No secured mortgage/guarantee
Financial covenant:	None

Completion of Construction to Extend the Ryoshin Ginza East Mirror Building

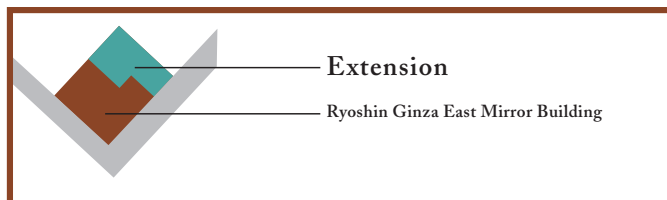
In accordance with the extension plan for the Ryoshin Ginza East Mirror Building, construction was completed on May 24, 2010, and the extension was handed over to the Company on the same date.

There is a more pronounced scarcity in the Ginza area, which is dominated by small-sized buildings, because of construction to increase buildings' sizes. The Company is taking steps to improve revenues and earnings by increasing property appeal for new tenants and by flexibly responding to the office-related needs of existing tenants.

Outline

	(Before extension)	(After extension)
Site area:	615.25m ²	864.91m ²
Floor area of building:	4,104.71m ²	5,751.68m ²
Standard floor area (for rental floor space):	377m ²	573m ²
Leasable space:	2,875m ²	4,250m ²
Acquisition price:	¥5,353,500 thousand	¥7,999,422 thousand

Note: The acquisition price after the extension's construction was calculated by adding: the total amount of ¥2,645,922 thousand (excluding brokerage commissions and other acquisition-related expenses), which comprised the adjacent property's land and building acquisition costs incurred on July 4, 2008; the adjacent building's demolition expenses; the extension construction costs; and ¥5,353,500 thousand, the acquisition price of Ryoshin Ginza East Mirror Building as of March 15, 2005.



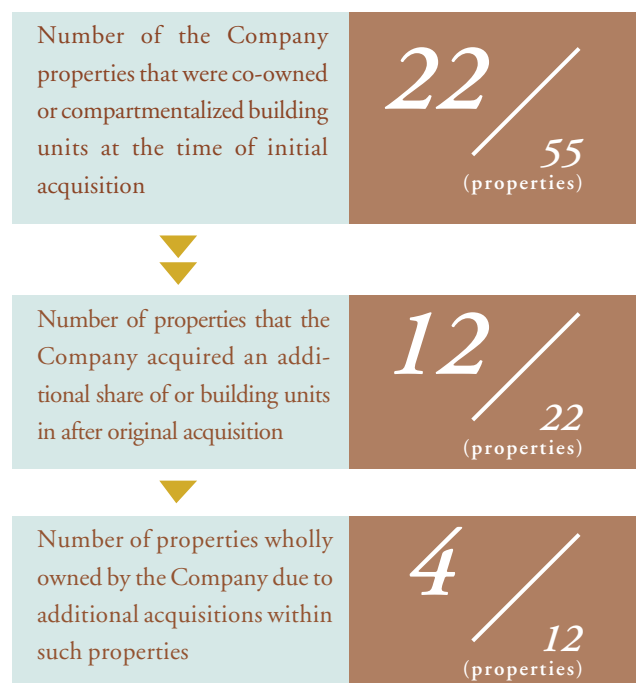
Diversified Property Acquisition Methods

The Company employs a diverse array of property acquisition models, which are listed below, in order to avoid as much as possible excessive market competition when acquiring properties.

Additional Share Acquisitions

When a co-owner or compartmentalized owner is selling his or her co-ownership or compartmentalized ownership, other co-owners or compartmentalized owners of the property are likely to purchase through negotiation such co-ownership or compartmentalized ownership on preferential terms. This means that the other co-owners or compartmentalized owners who intend to acquire additional shares of the property enjoy increased buying opportunities.

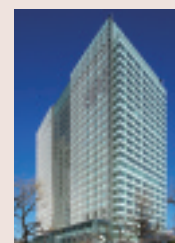
Because the acquirer, as an existing co-owner or compartmentalized owner, is knowledgeable about the overview and history of as well as other information regarding the property, the acquirer is able to reduce risks relating to the property.



Major properties that the Company increased its portion of through additional acquisition



Sanno Grand Building



Shiodome Building



Tokyo Opera City Building



Midosuji Daiwa Building

Exchange Transaction

The Company acquired a portion of the Mitsubishi UFJ Trust and Banking Building on March 28, 2007 by way of an exchange transaction involving the transfer of the Mitsubishi Soken Building owned by the Company to Mitsubishi Estate Co., Ltd., which is one of the Company's sponsor companies.



Mitsubishi UFJ Trust and Banking Building

Exercise of Preferential Purchasing Right through Preferred Capital Contribution

Exercising its preferential purchasing right for the Harumi Center Building—which was acquired upon making a preferred capital contribution to Harumi Front Special Purpose Company (TMK) in March 2005—the Company acquired said property on December 18, 2007.



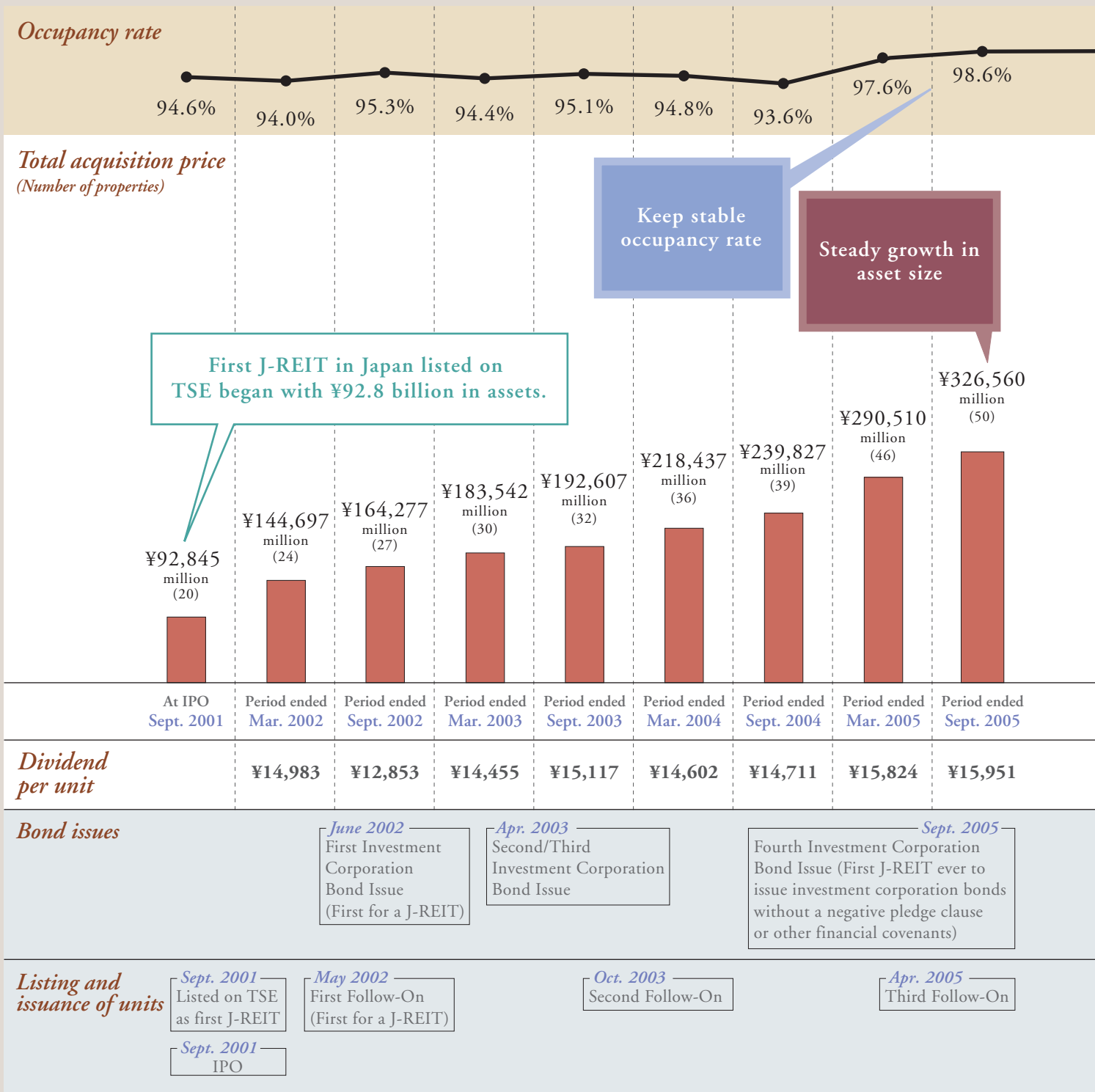
Harumi Center Building

Extension of Existing Building

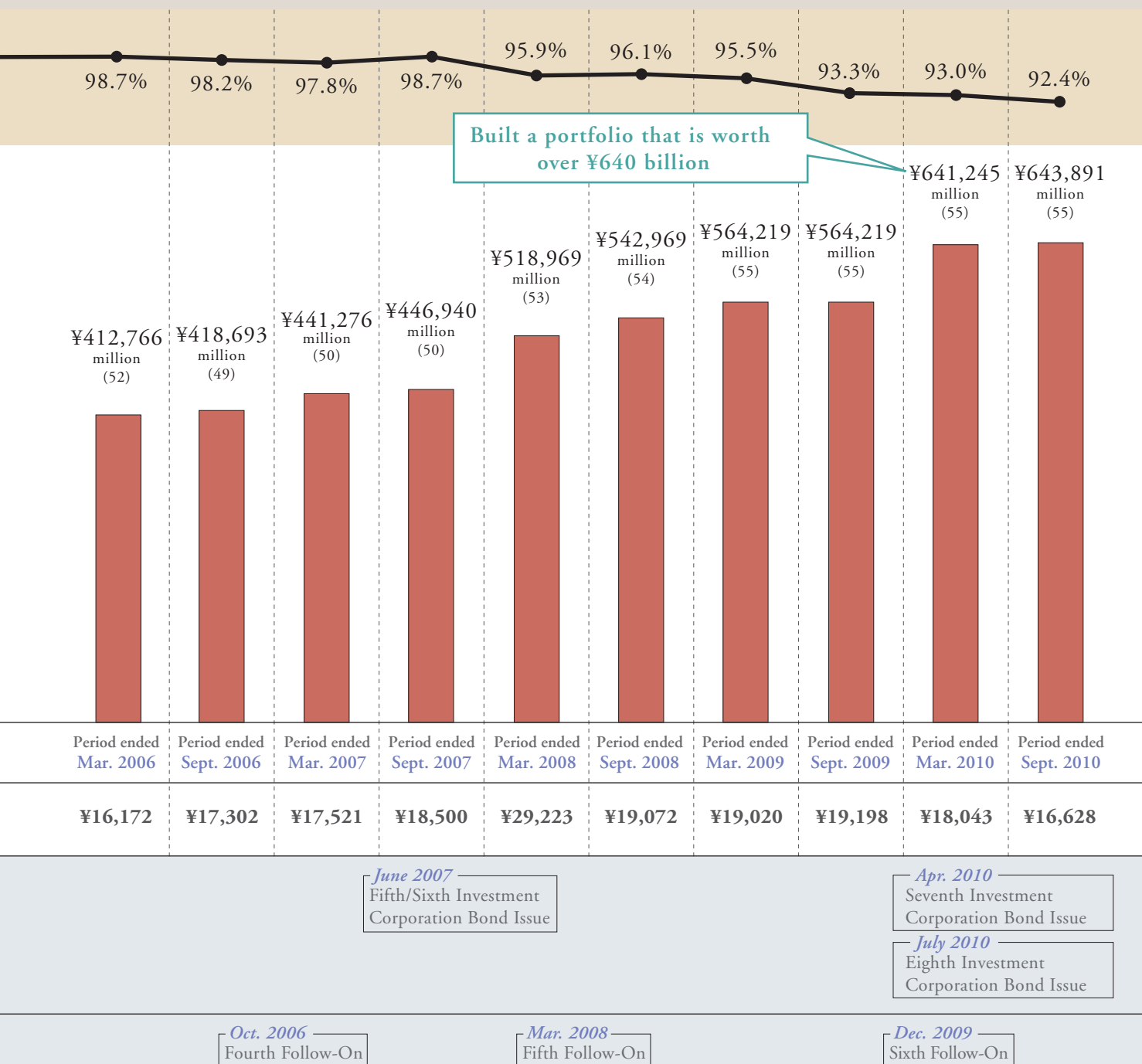
The Company acquired land and an existing building adjacent to the Ryoshin Ginza East Mirror Building, which it already owned. Upon the dismantling of said building, the Company undertook the construction of an extension to the Ryoshin Ginza East Mirror Building on this property. (Please refer to the facing page.)

History after IPO

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



already held. The size of the Company's assets (total acquisition price) has grown from ¥92.8 billion at IPO to ¥643.8 billion as of the 18th fiscal period end due to the steady achievement of external growth strategies. However, in terms of internal growth strategies, ongoing efforts are being made in such areas as maintaining stable occupancy rates and reducing building management costs.



To Our Unitholders



Amid severe market conditions, the Company acquired additional property for a building extension to the Ryoshin Ginza East Mirror Building with the aim of maintaining and improving the competitiveness of the properties it holds.

BUSINESS PERFORMANCE FOR THE 18TH FISCAL PERIOD

Summary of Financial Results and Cash Dividend

In the 18th fiscal period (April 1, 2010 to September 30, 2010), Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 22,112 million yen, up 2.1% compared with the previous period. On the earnings front, operating income decreased 5.7% to 9,939 million yen. After deducting expenses for interest payments on loans and other costs, income before income taxes fell 8.3% to 8,135 million yen, and net income dropped 8.4% to 8,134 million yen.

Accordingly, the amount of cash dividends for the period under review totaled 8,134,417,600 yen, for a per-unit cash dividend of 16,628 yen.

Operating Environment and Performance

During the period under review, the Japanese economy showed signs of recovery primarily due to improvements in corporate earnings owing to increased exports and a rebound in production. However, given the slow pace of recovery, as well as the strength of the yen and ineffectiveness of government policies through to September 30, 2010, the economy weakened further and continued to face severe conditions, including high unemployment throughout the period.

In the market for leased office space, there were signs that the decline in occupancy rates in large and new buildings in central Tokyo has ceased. Nevertheless, overall vacancy rates continued to increase, reflecting such factors as ongoing high vacancy rates in regional business areas and in less competitive mid- and small-sized buildings. Consequently, overall rent levels continued to fall amid these high vacancy rates.

In the property market, there was a recovery in the willingness of purchasers to invest due to improvement in the fund raising environment and progress made regarding adjustments in property prices. As a result, the transaction volume is on an upward trend.

Amid this environment, the Company endeavored to maintain the upward trajectory in occupancy rates by promoting aggressive leasing activities based on market trends. In addition, the Company worked to further bolster the quality of its portfolio properties by maintaining and improving the competitiveness of the properties it holds. Particular initiatives included an expansion in leasable floor space through the completion of a building

extension of the Ryoshin Ginza East Mirror Building, and the upgrading of building and facility specifications through appropriate renovations.

As a result of these activities, the Company's portfolio as of September 30, 2010 consisted of 55 office buildings with a total acquisition price of 643,891 million yen. Total leasable space stood at 567,612 m², with a total of 992 tenants.

Finance Activities

In conjunction with the redemption of the Third Investment Corporation Bond worth 10.0 billion yen on April 30, 2010, the Company issued the Seventh Investment Corporation Bond on April 23, 2010, totaling 10.0 billion yen.

Overview of the Seventh Investment Corporation Bond

Name of investment corporation bond	Japan Real Estate Investment Corporation Seventh Unsecured Bond (No finance-related special covenants, such as negative pledge)
Total amount issued	10.0 billion yen
Issue date	April 23, 2010
Maturity date	April 23, 2015
Interest rate	1.26% per year

In order to improve the ratio of long-term debt and investment corporation bonds, both of which are accounted for by interest-bearing debt, the Company issued the Eighth Investment Corporation Bond totaling 10.0 billion yen on July 23, 2010.

Overview of the Eighth Investment Corporation Bond

Name of investment corporation bond	Japan Real Estate Investment Corporation Eighth Unsecured Bond (No finance-related special covenants, such as negative pledge)
Total amount issued	10.0 billion yen
Issue date	July 23, 2010
Maturity date	July 23, 2015
Interest rate	1.05% per year

In conjunction with the securing of cash on hand through the issue of the Eighth Investment Corporation Bond, the Company repaid short-term loans totaling 10,000 million yen prior to their maturity dates on July 26, 2010.

In addition to the above actions, the Company undertook loans totaling 2,000 million yen on June 1, 2010, 3,000 million yen on June 14, 2010, 3,000 million yen on June 15, 2010 and 3,500 million yen on September 1, 2010 in order to repay existing loans. Furthermore, the Company redeemed long-term loans

By implementing initiatives with absolute confidence and professional passion, and with the aim of maximizing value for our unitholders, we will work to guide the Company through successes to come.

totaling 50 million yen, establishing a schedule for the repayment installments on September 24, 2010.

As a result of these financing activities, as of September 30, 2010, the Company's total interest-bearing debt amounted to 262,450 million yen. This amount consisted of long-term loans totaling 178,450 million yen, which includes a current portion totaling 64,100 million yen, in addition to short-term loans totaling 29,000 million yen and investment corporation bonds totaling 55,000 million yen.

As of September 30, 2010, the Company's long-term, fixed-interest debt ratio (ratio of long-term, fixed-interest debt, including the current portion of long-term loans and investment corporation bonds, to total interest-bearing debt) stood at 89.0%, and the LTV ratio (ratio of interest-bearing debt to total assets) was 41.3%. As these figures indicate, the Company has been able to maintain a sound and conservative financial standing.

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

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

OUTLOOK

Trends in the Rental Office Market

Although economic trends are expected to weaken temporarily, the Japanese economy is anticipated to gradually recover amid an improvement in overseas economies, the impact of various government policies now being implemented and other factors. Nevertheless, there is a risk of various factors placing downward pressure on the domestic economy, including a possible slowdown in overseas economies as well as fluctuations in currency exchange rates and share prices. At the same time, due to the risks posed by persistent deflation and the potential of further deterioration in employment conditions, great care and attention are required when making forecasts.

In the market for leased office space, the increase in the vacancy rate is showing signs of stopping and a reversal in rent levels is expected with regard to some prime properties in central Tokyo. However, reflecting the still weak business sentiment pervading the corporate sector, it is difficult to be optimistic that

demand for office space, which is relatively sensitive to economic conditions, will rapidly increase. In addition, there are concerns that the balance of supply and demand will worsen due to an increase in the supply of office buildings from 2011 onward.

In the property market, the volume of real estate transactions is anticipated to gradually expand, buoyed by an improvement in the fund raising environment. As it moves to take full advantage of opportunities for acquiring prime properties amid an uncertain leasing market, the Company believes that the soundness of its financial standing, its ability to collect property information and its superior analytical capabilities will be of critical importance.

Growth Strategies

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

First, the Company works to strengthen the relationship of trust with existing tenants and strategically raise rent levels. As of September 30, 2010, the Company had contracts with 11 property management companies. Most of these companies were already managing their respective buildings before the Company acquired them and have thus built relationships of trust with their tenants. The Company works to further strengthen these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction and subsequently maintain occupancy rates and restrain rent reduction requests.

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

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

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



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

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

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

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

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

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

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

Financial Strategy

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

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

Performance Forecasts for the 19th and 20th Periods

For the 19th fiscal period, (October 1, 2010 to March 31, 2011), the Company forecasts operating revenues totaling 21,690 million yen, operating income totaling 9,430 million yen, income before income taxes totaling 7,540 million yen and net income totaling 7,540 million yen. The Company plans to declare a cash dividend totaling 15,430 yen per unit.

For the 20th fiscal period (April 1, 2011 to September 30, 2011), the Company forecasts operating revenues totaling 21,530 million yen, operating income totaling 9,530 million yen, income before income taxes totaling 7,670 million yen and net income totaling 7,670 million yen. The Company plans to declare a cash dividend totaling 15,690 yen per unit.

As discussed above, the Japanese economy is expected to weaken during the foreseeable future. With due consideration given to such possibility, we believe that we must take a careful, somewhat defensive approach in forecasting the future environment surrounding the J-REIT market. Even under these conditions, the Company will continue to take actions consistent with being a J-REIT leader boasting unparalleled investment management capabilities and superior financial soundness. By taking on bear markets and turning crisis into opportunity as we implement the said initiatives with absolute confidence and professional passion with the aim of maximizing value for our unitholders, we will work to guide the Company through successes to come.

As a going concern bearing significant responsibility to manage your invaluable investment, we appreciate you for your steadfast trust in us and ask for your resolute support.

Taketo Yamazaki
Executive Director of Japan Real Estate Investment Corporation

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

The Portfolio of Japan Real Estate Investment Corporation As of September 30, 2010

Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ mil)
Tokyo 23 wards					
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000 (0.8%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555 (12.7%)
● I- 3	MD Kanda Building	Kanda-Mitoshicho, Chiyoda-ku	Real property	05/31/2002	9,520 (1.5%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810 (0.7%)
● I- 5	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700 (2.3%)
● I- 6	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700 (6.9%)
● I- 7	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000 (1.1%)
● I- 8	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200
				04/03/2006	10,700
				total	20,900 (3.2%)
● I- 9	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200 (1.1%)
● I- 10	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173 (0.5%)
● I- 11	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250 (0.8%)
● I- 12	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830 (2.6%)
● I- 13	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353
				05/24/2010	2,645
				total	7,999 (1.2%)
● I- 14	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800 (4.2%)
● I- 15	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680 (1.2%)
● I- 16	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250
				01/15/2010	54,600
				total	75,850 (11.8%)
● I- 17	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859 (0.8%)
● I- 18	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808 (0.4%)
● I- 19	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830 (1.2%)
● I- 20	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350
				03/24/2010	22,426
				total	31,776 (4.9%)
● I- 21	Takanawadai Building	Higashi-Gotanda, Shinagawa-ku	Trust	09/25/2001	2,738 (0.4%)
● I- 22	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500 (0.9%)
● I- 23	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123 (0.8%)
● I- 24	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670 (1.0%)
● I- 25	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700 (1.4%)
● I- 26	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885 (0.8%)
● I- 27	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200 (1.9%)
● I- 28	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600 (5.4%)
● I- 29	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740
				04/01/2004	360
				total	4,100 (0.6%)
● I- 30	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500 (1.3%)
● I- 31	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541 (0.5%)
● I- 32	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728 (0.3%)
● I- 33	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500 (0.7%)
Tokyo metropolitan area, excluding 23 wards					
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300
				03/19/2008	2,379
				total	5,679 (0.9%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232
				10/11/2001	1,342
				total	2,574 (0.4%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400 (5.8%)
● II- 4	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375 (0.5%)
● II- 5	Musashi Kosugi STM Building	Kawasaki, Kanagawa Prefecture	Real property	03/25/2008	4,000 (0.6%)
Other major cities					
● III- 1	8·3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100 (1.1%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000 (0.2%)
● III- 3	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924
				06/28/2006	250
				total	3,174 (0.5%)
● III- 4	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880
				03/03/2003	1,700
				total	4,580 (0.7%)
● III- 5	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850
				11/01/2006	1,300
				total	5,150 (0.8%)
● III- 6	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680 (0.3%)
● III- 7	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533 (2.3%)
● III- 8	Nagoya Misono Building	Nagoya, Aichi Prefecture	Real property	08/08/2003	1,865 (0.3%)
● III- 9	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Real property	12/20/2001	2,650 (0.4%)
● III- 10	Shin-Fujita Building	Osaka, Osaka Prefecture	Trust	09/01/2008	24,000 (3.7%)
● III- 11	Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Real property	09/25/2001	2,264
				12/26/2003	1,900
				total	4,164 (0.6%)
● III- 12	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	09/25/2001	6,934
				02/28/2002	7,380
				total	14,314 (2.2%)
● III- 13	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650 (0.7%)
● III- 14	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Real property	03/25/2004	1,320
				03/03/2008	1,450
				total	2,770 (0.4%)
● III- 15	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550 (0.2%)
● III- 16	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000 (0.8%)
● III- 17	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657 (0.6%)
	Total				643,891 (100.0%)

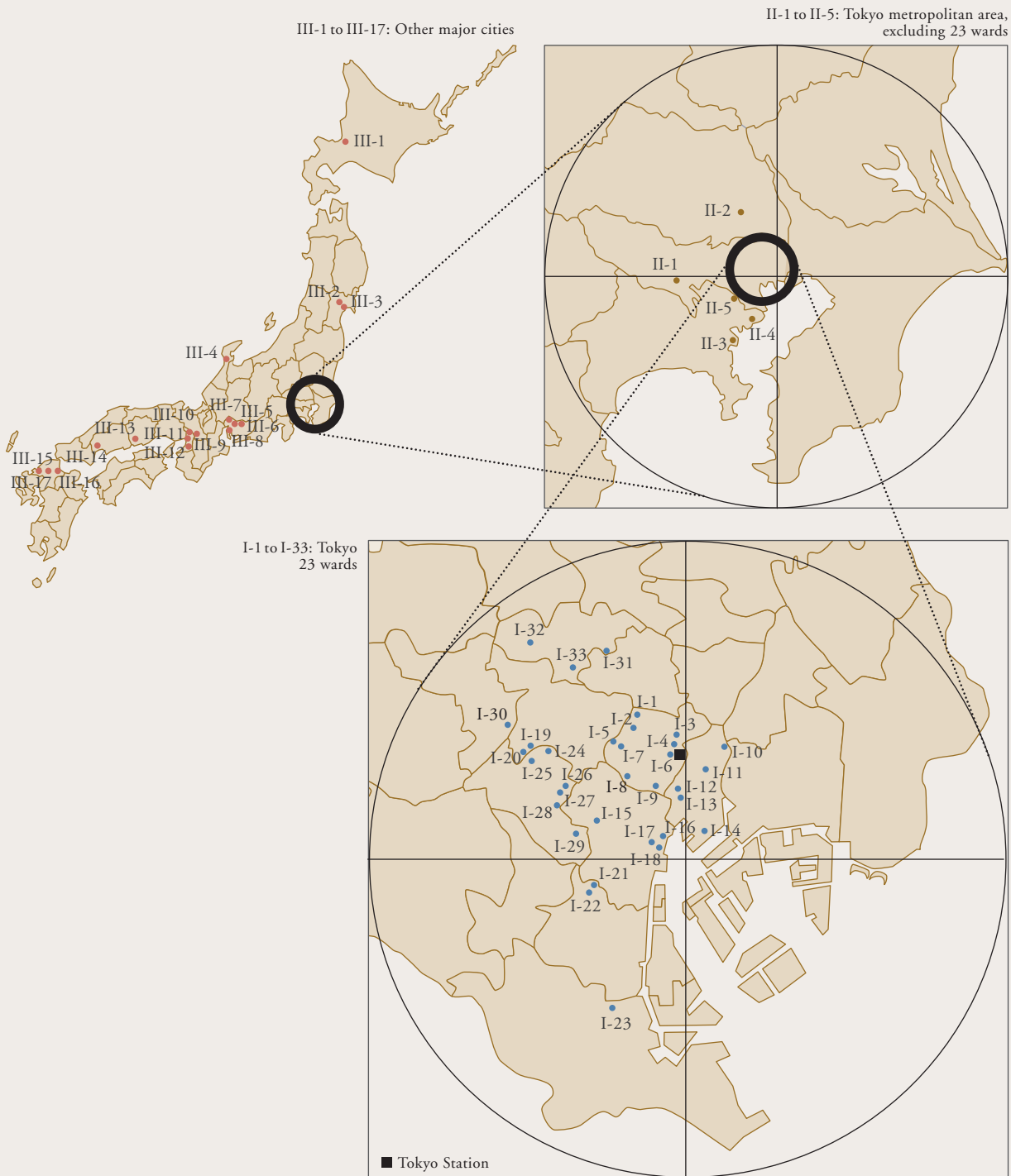
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ mil)	Leasable space		Leased space		Occupancy rate	Number of tenants	Revenues from leasing operations (¥ mil)	
100.0%	1985	6,050	4,791m ²	(51,577ft ²)	4,791m ²	(51,577ft ²)	100.0%	1	222	(1.0%)
100.0%	2006	70,300	25,678m ²	(276,402ft ²)	23,502m ²	(252,980ft ²)	91.5%	5	1,355	(6.1%)
100.0%	1998	9,170	6,269m ²	(67,480ft ²)	6,019m ²	(64,796ft ²)	96.0%	7	281	(1.3%)
56.76%	1993	4,790	3,687m ²	(39,695ft ²)	3,218m ²	(34,641ft ²)	87.3%	9	121	(0.5%)
31.345%	2004	16,100	9,316m ²	(100,282ft ²)	9,316m ²	(100,282ft ²)	100.0%	1	482	(2.2%)
19.38402%	2003	46,500	11,922m ²	(128,332ft ²)	11,922m ²	(128,332ft ²)	100.0%	10	982	(4.4%)
100.0%	2005	6,220	4,495m ²	(48,384ft ²)	4,495m ²	(48,384ft ²)	100.0%	1	162	(0.7%)
99.0%	1966	28,400	20,865m ²	(224,594ft ²)	20,349m ²	(219,041ft ²)	97.5%	43	1,025	(4.6%)
10.78%	1975	7,810	4,694m ²	(50,531ft ²)	3,631m ²	(39,087ft ²)	77.4%	12	277	(1.3%)
100.0%	1991	3,600	3,897m ²	(41,950ft ²)	3,198m ²	(34,430ft ²)	82.1%	9	126	(0.6%)
100.0%	2002	6,170	4,279m ²	(46,068ft ²)	4,279m ²	(46,068ft ²)	100.0%	1	150	(0.7%)
70.95%	1982	14,900	4,329m ²	(46,604ft ²)	4,329m ²	(46,604ft ²)	100.0%	11	380	(1.7%)
100.0%	1998	5,830	4,250m ²	(45,756ft ²)	3,072m ²	(33,075ft ²)	72.3%	8	135	(0.6%)
100.0%	2006	21,400	20,812m ²	(224,022ft ²)	19,492m ²	(209,812ft ²)	93.7%	6	772	(3.5%)
100.0%	1982	7,970	4,898m ²	(52,724ft ²)	4,511m ²	(48,556ft ²)	92.1%	6	211	(1.0%)
40.0%	2007	79,600	32,151m ²	(346,080ft ²)	32,048m ²	(344,971ft ²)	99.7%	29	2,378	(10.8%)
100.0%	1984	6,310	9,631m ²	(103,671ft ²)	9,534m ²	(102,626ft ²)	99.0%	18	304	(1.4%)
100.0%	1992	2,930	4,062m ²	(43,726ft ²)	3,368m ²	(36,257ft ²)	82.9%	7	97	(0.4%)
100.0%	1989	6,890	6,198m ²	(66,717ft ²)	4,698m ²	(50,574ft ²)	75.8%	8	184	(0.8%)
31.325%	1996	33,100	35,043m ²	(377,203ft ²)	32,078m ²	(345,292ft ²)	91.5%	96	1,712	(7.7%)
100.0%	1991	2,050	4,067m ²	(43,783ft ²)	0m ²	(0ft ²)	0.0%	0	6	(0.0%)
100.0%	2004	5,650	5,205m ²	(56,035ft ²)	5,205m ²	(56,035ft ²)	100.0%	4	203	(0.9%)
100.0%	1989	5,410	7,708m ²	(82,972ft ²)	7,204m ²	(77,554ft ²)	93.5%	17	263	(1.2%)
100.0%	1974	7,520	7,356m ²	(79,180ft ²)	7,356m ²	(79,180ft ²)	100.0%	21	315	(1.4%)
100.0%	2003	10,300	7,745m ²	(83,373ft ²)	7,745m ²	(83,373ft ²)	100.0%	7	338	(1.5%)
100.0%	1987	6,090	3,147m ²	(33,876ft ²)	3,147m ²	(33,876ft ²)	100.0%	5	204	(0.9%)
100.0%	1998	10,700	5,558m ²	(59,832ft ²)	5,558m ²	(59,832ft ²)	100.0%	7	352	(1.6%)
100.0%	1976	40,800	29,795m ²	(320,718ft ²)	28,137m ²	(302,865ft ²)	94.4%	60	1,428	(6.5%)
12.29939%	1994	2,880	2,462m ²	(26,511ft ²)	1,231m ²	(13,255ft ²)	50.0%	2	62	(0.3%)
29.253305%	1997	9,990	10,929m ²	(117,646ft ²)	9,952m ²	(107,123ft ²)	91.1%	14	399	(1.8%)
100.0%	1987	3,820	7,183m ²	(77,319ft ²)	7,183m ²	(77,319ft ²)	100.0%	6	196	(0.9%)
100.0%	1990	1,600	2,186m ²	(23,532ft ²)	2,186m ²	(23,532ft ²)	100.0%	9	76	(0.3%)
100.0%	1989	4,430	5,823m ²	(62,687ft ²)	5,823m ²	(62,687ft ²)	100.0%	9	195	(0.9%)
80.4%	1996	4,460	10,068m ²	(108,378ft ²)	9,216m ²	(99,206ft ²)	91.5%	37	247	(1.1%)
100.0%	1990	2,080	4,510m ²	(48,550ft ²)	4,421m ²	(47,588ft ²)	98.0%	14	114	(0.5%)
100.0%	2007	36,000	38,496m ²	(414,374ft ²)	36,555m ²	(393,476ft ²)	95.0%	27	1,388	(6.3%)
100.0%	1990	2,870	6,831m ²	(73,537ft ²)	6,831m ²	(73,537ft ²)	100.0%	12	162	(0.7%)
34.32%	1990	3,540	5,394m ²	(58,071ft ²)	5,394m ²	(58,071ft ²)	100.0%	21	161	(0.7%)
100.0%	2006	6,630	12,265m ²	(132,030ft ²)	12,265m ²	(132,030ft ²)	100.0%	8	334	(1.5%)
50.0%	1993	922	2,518m ²	(27,106ft ²)	2,414m ²	(25,985ft ²)	95.9%	17	69	(0.3%)
100.0%	1991	2,660	6,241m ²	(67,185ft ²)	5,365m ²	(57,753ft ²)	86.0%	16	128	(0.6%)
89.0%	1991	5,330	20,848m ²	(224,408ft ²)	17,057m ²	(183,601ft ²)	81.8%	70	456	(2.1%)
57.04651%	1995	3,990	8,056m ²	(86,715ft ²)	7,736m ²	(83,272ft ²)	96.0%	51	268	(1.2%)
100.0%	1987	1,510	3,911m ²	(42,103ft ²)	3,274m ²	(35,246ft ²)	83.7%	12	97	(0.4%)
100.0%	1987	13,400	21,624m ²	(232,763ft ²)	19,211m ²	(206,795ft ²)	88.8%	25	648	(2.9%)
100.0%	1991	1,130	3,470m ²	(37,354ft ²)	3,194m ²	(34,387ft ²)	92.1%	10	70	(0.3%)
100.0%	1982	1,720	6,801m ²	(73,215ft ²)	4,449m ²	(47,899ft ²)	65.4%	26	93	(0.4%)
100.0%	1995	17,000	28,414m ²	(305,852ft ²)	25,582m ²	(275,365ft ²)	90.0%	44	700	(3.2%)
100.0%	1992	3,850	11,574m ²	(124,587ft ²)	9,786m ²	(105,338ft ²)	84.6%	15	236	(1.1%)
100.0%	1991	14,500	20,450m ²	(220,127ft ²)	19,041m ²	(204,965ft ²)	93.1%	32	601	(2.7%)
27.7488%	2005	4,720	9,965m ²	(107,269ft ²)	9,210m ²	(99,140ft ²)	92.4%	37	241	(1.1%)
48.753%	1994	2,980	9,860m ²	(106,134ft ²)	9,628m ²	(103,642ft ²)	97.7%	11	262	(1.2%)
100.0%	1992	1,320	4,000m ²	(43,057ft ²)	3,924m ²	(42,243ft ²)	98.1%	19	89	(0.4%)
100.0%	1993	2,500	6,006m ²	(64,648ft ²)	5,674m ²	(61,085ft ²)	94.5%	31	146	(0.7%)
74.4844%	1987	3,720	5,852m ²	(62,995ft ²)	5,852m ²	(62,995ft ²)	100.0%	8	181	(0.8%)
		632,112	567,612m ²	(6,109,722ft ²)	524,683m ²	(5,647,636ft ²)	92.4%	992	22,112	(100.0%)

Major Tenants Roster

Rank	Name of tenant	Name of building	Leased space	% of total leased space
1	Banyu Pharmaceutical Co., Ltd. (Note 1)	Kitanomaru Square (also includes 1 other building)	23,126m ² (248,935ft ²)	4.4%
2	NTT Communications Corporation	Shiodome Building	11,813m ² (127,157ft ²)	2.3%
3	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,665m ² (114,802ft ²)	2.0%
4	Seven & i Holdings Co., Ltd.	Nibancho Garden	9,316m ² (100,282ft ²)	1.8%
5	Space Design, Inc.	Burex Kojimachi Building (also includes 1 other building)	8,774m ² (94,453ft ²)	1.7%
6	JSOL Corporation	Harumi Center Building	7,634m ² (82,178ft ²)	1.5%
7	(Note 2)	MM Park Building (also includes 1 other building)	7,027m ² (75,643ft ²)	1.3%
8	TOTO LTD.	Midosuji Daiwa Building (also includes 1 other building)	6,906m ² (74,341ft ²)	1.3%
9	SANYO SHOKAI LTD.	Shiodome Building	5,935m ² (63,889ft ²)	1.1%
10	Sanofi-aventis K.K.	Tokyo Opera City Building (also includes 1 other building)	5,820m ² (62,654ft ²)	1.1%

Notes: 1. Banyu Pharmaceutical Co., Ltd. changed its contract name to MSD K.K. on October 1, 2010.
 2. Not disclosed as per tenant request

Locations of Portfolio Properties



Overview of Portfolio Properties As of September 30, 2010

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



Genki Medical Plaza

● I-1

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



Kitanomaru Square

● I-2

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



MD Kanda Building

● I-3

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



Kandabashi Park Building

● I-4

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



Nibancho Garden

● I-5

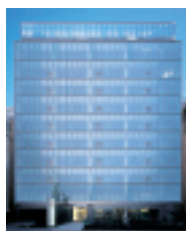
Location: Chiyoda-ku, Tokyo
Site area: 11,003.87m² (118,445ft²)
Floor area of building: 57,031.06m² (613,877ft²)
Structure: Above ground: 14 floors
Below ground: 2 floors
Completion: April 2004



Mitsubishi UFJ Trust and Banking Building

● I-6

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



Burex Kojimachi Building

● I-7

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



Sanno Grand Building

● I-8

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



Yurakucho Denki Building

● I-9

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



Kodenmachi Shin-Nihonbashi Building

● I-10

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



Burex Kyobashi Building

● I-11

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



Ginza Sanwa Building

● I-12

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



Ryoshin Ginza East Mirror Building

● I-13

Location: Chuo-ku, Tokyo
Site area: 864.91m² (9,310ft²)
Floor area of building: 5,751.68m² (61,911ft²)
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: October 1998



Harumi Center Building

● I-14

Location: Chuo-ku, Tokyo
Site area: 4,664.63m² (50,210ft²)
Floor area of building: 26,447.27m² (284,676ft²)
Structure: Above ground: 10 floors
Completion: November 2006



Aoyama Crystal Building

● I-15

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



Shiodome Building

● I-16

Location: Minato-ku, Tokyo
Site area: 12,046.00m² (129,662ft²)
Floor area of building: 115,930.83m² (1,247,868ft²)
Structure: Above ground: 24 floors
Below ground: 2 floors
Completion: December 2007



Shiba 2Chome Daimon Building

● I-17

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



Cosmo Kanasugibashi Building

● I-18

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



Shinwa Building

● I-19

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



Tokyo Opera City Building

● I-20

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



Takanawadai Building

● I-21

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



Higashi-Gotanda 1Chome Building

● I-22

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



Omori-Eki Higashiguchi Building

● I-23

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



Nippon Brunswick Building

● I-24

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



Yoyogi 1 Chome Building

● I-25

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



da Vinci Harajuku

● I-26

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



Jingumae Media Square Building

● I-27

Location: Shibuya-ku, Tokyo
 Site area: 2,124.59m² (22,869ft²)
 Floor area of building: 9,420.42m² (101,400ft²)
 Structure: Above ground: 9 floors
 Below ground: 2 floors
 Completion: March 1998



Shibuya Cross Tower

● I-28

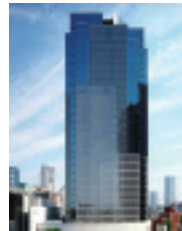
Location: Shibuya-ku, Tokyo
 Site area: 5,153.45m² (55,471ft²)
 Floor area of building: 61,862.33m² (665,880ft²)
 Structure: Above ground: 32 floors
 Below ground: 3 floors
 Completion: April 1976



Ebisu Neonato

● I-29

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



Harmony Tower

● I-30

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



Otsuka Higashi-Ikebukuro Building

● I-31

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



Ikebukuro 2 Chome Building

● I-32

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



Ikebukuro YS Building

● I-33

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



Hachioji First Square

● II-1

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



Saitama Urawa Building

● II-2

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



MM Park Building

● II-3

Location: Yokohama, Kanagawa Prefecture
Site area: 6,825.77m² (73,472ft²)
Floor area of building: 49,037.51m² (527,835ft²)
Structure: Above ground: 15 floors
Below ground: 1 floor
Completion: December 2007



Kawasaki Isago Building

● II-4

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



Musashi Kosugi STM Building

● II-5

Location: Kawasaki, Kanagawa Prefecture
Site area: 3,552.15m² (38,235ft²)
Floor area of building: 22,839.61m² (245,843ft²)
Structure: Above ground: 8 floors
Below ground: 2 floors
Completion: October 1990



8·3 Square Kita Building

● III-1

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



Jozenji Park Building

● III-2

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



Sendai Honcho Honma Building

● III-3

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



Kanazawa Park Building

● III-4

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



Nishiki Park Building

● III-5

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



Hirokoji Sakae Building

● III-6

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



Nagoya Hirokoji Building

● III-7

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



Nagoya Misono Building

● III-8

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



Kyoto Shijo Kawaramachi Building

● III-9

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



Shin-Fujita Building

● III-10

Location: Osaka, Osaka Prefecture
Site area: 6,159.61m² (66,301ft²)
Floor area of building: 45,411.31m² (488,803ft²)
Structure: Above ground: 21 floors
Below ground: 2 floors
Completion: April 1995



Sakaisujihonmachi Building

● III-11

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



Midosuji Daiwa Building

● III-12

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



Lit City Building

● III-13

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



NHK Hiroshima Broadcasting Center Building

● III-14

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



Tosei Tenjin Building

● III-15

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



Tenjin Crystal Building

● III-16

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,835.17m² (19,754ft²)
Floor area of building: 10,432.04m² (112,289ft²)
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: August 1993



Hinode Tenjin Building

● III-17

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,452.15m² (15,631ft²)
Floor area of building: 12,527.07m² (134,840ft²)
Structure: Above ground: 10 floors
Below ground: 2 floors
Completion: August 1987



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Selected Financial Data

	Millions of yen					Thousands of U.S. dollars (Note 1)
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2009 to September 30, 2009	For the period from October 1, 2008 to March 31, 2009	For the period from April 1, 2008 to September 30, 2008	For the period from April 1, 2010 to September 30, 2010
Operating Revenues	¥ 22,112	¥ 21,665	¥ 21,524	¥ 20,716	¥ 19,805	\$ 263,813
Operating Expenses	12,173	11,127	11,469	10,761	9,998	145,236
Operating Income	9,939	10,538	10,054	9,955	9,807	118,576
Income before Income Taxes	8,135	8,876	8,505	8,426	8,449	97,060
Net Income	8,134	8,875	8,504	8,425	8,448	97,046
Total Assets	634,974	637,326	564,528	565,022	542,920	7,575,448
Interest-Bearing Debts	262,450	262,500	220,500	220,500	199,500	3,131,114
Net Assets	332,536	333,228	306,106	306,027	306,050	3,967,270
Unitholders' Capital	324,353	324,353	297,601	297,601	297,601	3,869,639
Number of Units	489,200	489,200	443,000	443,000	443,000	489,200
Net Assets per Unit (Yen/U.S. dollars)	679,755	681,170	690,984	690,806	690,858	8,110
Cash Distribution	8,134	8,826	8,504	8,425	8,448	97,046
Dividend Payout Ratio	99.9%	99.4%	100.0%	99.9%	100.0%	99.9%
Dividend per Unit (Yen/U.S. dollars)	16,628	18,043	19,198	19,020	19,072	198.38
Net Operating Income (NOI)	15,091	14,414	13,950	14,575	14,173	180,050
Funds from Operations (FFO)	12,353	11,914	11,577	12,213	12,009	147,378
Return on Assets (ROA) (Note 2)	1.3%	1.5%	1.5%	1.5%	1.6%	1.3%
	(2.6% annualized)	(3.0% annualized)	(3.0% annualized)	(3.1% annualized)	(3.1% annualized)	(2.6% annualized)
Return on Equity (ROE) (Note 3)	2.4%	2.7%	2.8%	2.8%	2.7%	2.4%
	(4.9% annualized)	(5.5% annualized)	(5.5% annualized)	(5.5% annualized)	(5.5% annualized)	(4.9% annualized)
EOP Equity Ratio (Note 4)	52.4%	52.3%	54.2%	54.2%	56.4%	52.4%
EOP Interest-Bearing Debt Ratio						
on Total Assets (Note 5)	41.3%	41.2%	39.1%	39.0%	36.7%	41.3%
FFO Multiple	15.1 times	16.3 times	14.1 times	13.7 times	15.5 times	15.1 times
Debt Service Coverage Ratio (Note 6)	7.8 times	9.0 times	9.0 times	8.9 times	9.7 times	7.8 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥83.82 = US\$1.00, the foreign exchange rate on September 30, 2010, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

2: ROA = Income before Income Taxes ÷ Average of Total Assets during the period

3: ROE = Net Income ÷ Average of Net Assets during the period

(Annualized portion of the calculation given in note 2 and note 3 assumes a fiscal period of 183 days for the period ended September 30, 2008, 182 days for the period ended March 31, 2009, 183 days for the period ended September 30, 2009, 182 days for the period ended March 31, 2010 and 183 days for the period ended September 30, 2010.)

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

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

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

Balance Sheets

As of September 30, 2010 and March 31, 2010

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
ASSETS			
Current Assets:			
Cash and bank deposits	¥ 19,312,117	¥ 18,753,604	\$ 230,399,873
Rental receivables	138,113	154,218	1,647,743
Refundable income taxes	2,546	3,790	30,385
Refundable consumption taxes	—	819,013	—
Other current assets	139,939	176,709	1,669,522
Total current assets	19,592,717	19,907,336	233,747,523
Property and Equipment, at Cost:			
Land	423,146,654	423,030,382	5,048,277,905
Buildings and structures	224,862,344	222,885,082	2,682,681,270
Machinery and equipment	3,016,602	3,016,602	35,989,055
Tools, furniture and fixtures	119,144	116,069	1,421,429
Construction in progress	226,224	228,711	2,698,928
Subtotal	651,370,969	649,276,848	7,771,068,588
Accumulated depreciation	(42,912,152)	(38,693,393)	(511,956,013)
Total property and equipment	608,458,816	610,583,455	7,259,112,575
Investments and Other Assets:			
Investment securities	577,168	577,168	6,885,804
Deposits	29,330	29,330	349,921
Long-term prepaid expenses	19,178	23,769	228,801
Leasehold rights	5,306,643	5,306,643	63,309,995
Easement	828,095	828,095	9,879,448
Deferred investment corporation bond issuance costs	162,077	70,574	1,933,640
Total Assets	¥634,974,026	¥637,326,373	\$7,575,447,707

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

	Thousands of yen		U.S. dollars (Note 1)
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
LIABILITIES			
Current Liabilities:			
Trade accounts payable	¥ 373,669	¥ 990,412	\$ 4,458,004
Other payables	855,510	866,972	10,206,519
Short-term loans	29,000,000	39,000,000	345,979,480
Current portion of long-term loans	64,100,000	9,100,000	764,733,954
Current portion of investment corporation bonds	—	10,000,000	—
Accrued expenses	846,510	816,801	10,099,141
Accrued consumption taxes	686,855	—	8,194,407
Rent received in advance	2,324,448	2,393,764	27,731,431
Other current liabilities	5,832	11,643	69,588
Total current liabilities	98,192,826	63,179,594	1,171,472,524
Long-Term Liabilities:			
Investment corporation bonds	55,000,000	35,000,000	656,167,979
Long-term loans	114,350,000	169,400,000	1,364,232,880
Deposits received from tenants	34,894,592	36,517,967	416,303,898
Total long-term liabilities	204,244,592	240,917,967	2,436,704,757
Total Liabilities	302,437,419	304,097,561	3,608,177,281
NET ASSETS			
Unitholders' capital	324,353,108	324,353,108	3,869,638,607
Authorized: 2,000,000 units			
Issued: 489,200 units as of September 30, 2010 and 489,200 units as of March 31, 2010			
Retained earnings	8,183,499	8,875,704	97,631,819
Total net assets	332,536,607	333,228,812	3,967,270,426
Total Liabilities and Net Assets	¥634,974,026	¥637,326,373	\$7,575,447,707

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

Statements of Income and Retained Earnings

For the six months ended September 30, 2010 and March 31, 2010

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2010 to September 30, 2010
Operating Revenues and Expenses			
Operating Revenues:			
Rental revenues	¥21,946,264	¥20,635,057	\$261,826,114
Non-rental revenues	166,508	123,901	1,986,499
Gain on sale of properties	—	885,059	—
Compensation for the property transfer	—	21,795	—
Total operating revenues	22,112,773	21,665,813	263,812,614
Operating Expenses:			
Property-related expenses	11,239,716	10,290,164	134,093,496
Asset management fees	542,435	529,379	6,471,427
Administrative service fees	186,420	180,909	2,224,059
Professional Fee	155,086	—	1,850,229
Other operating expenses	50,057	127,080	597,201
Total operating expenses	12,173,716	11,127,533	145,236,412
Operating income	9,939,057	10,538,280	118,576,201
Non-Operating Revenues and Expenses			
Non-Operating Revenues:			
Interest income	11,255	19,716	134,278
Dividends income	19,724	—	235,314
Refund of property taxes	8,110	—	96,755
Interest on tax refund	7,607	—	90,765
Other non-operating revenues	0	10	1
Non-Operating Expenses:			
Interest expense	1,373,981	1,196,686	16,392,047
Interest expense on investment corporation bonds	438,677	403,852	5,233,562
Amortization of investment corporation bond issuance costs	17,742	10,828	211,671
New unit issuance costs	—	50,590	—
Other non-operating expenses	19,788	19,753	236,087
Income before Income Taxes	8,135,564	8,876,295	97,059,947
Income Taxes:			
Current	1,208	605	14,412
Deferred	(73)	17	(881)
Net Income	8,134,430	8,875,672	97,046,416
Retained Earnings Brought Forward	49,068	31	585,403
Retained Earnings at End of Period	¥ 8,183,499	¥ 8,875,704	\$ 97,631,819

Statements of Changes in Unitholders' Equity

For the six months ended September 30, 2010 and March 31, 2010

	Thousands of yen			
	Units	Unitholders' capital	Retained earnings	Total
Balance as of September 30, 2009	443,000	¥297,601,460	¥8,504,745	¥306,106,205
New unit issuance	46,200	26,751,648	—	26,751,648
Cash dividends paid	—	—	(8,504,714)	(8,504,714)
Net income	—	—	8,875,672	8,875,672
Balance as of March 31, 2010	489,200	¥324,353,108	¥8,875,704	¥333,228,812
Cash dividends paid	—	—	(8,826,635)	(8,826,635)
Net income	—	—	8,134,430	8,134,430
Balance as of September 30, 2010	489,200	¥324,353,108	¥8,183,499	¥332,536,607
	U.S. dollars (Note 1)			
	Units	Unitholders' capital	Retained earnings	Total
Balance as of March 31, 2010	489,200	\$3,869,638,607	\$105,890,051	\$3,975,528,658
Cash dividends paid	—	—	(105,304,648)	(105,304,648)
Net income	—	—	97,046,416	97,046,416
Balance as of September 30, 2010	489,200	\$3,869,638,607	\$ 97,631,819	\$3,967,270,426

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

Statements of Cash Flows

For the six months ended September 30, 2010 and March 31, 2010

	Thousands of yen		U.S. dollars (Note 1)
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2010 to September 30, 2010
Cash Flows from Operating Activities			
Income before income taxes	¥ 8,135,564	¥ 8,876,295	\$ 97,059,947
Depreciation and amortization	4,218,759	3,945,587	50,331,180
Amortization of investment corporation bond issuance costs	17,742	10,828	211,671
New unit issuance costs	—	50,590	—
Dividends income	(19,724)	—	(235,314)
Interest income	(11,255)	(19,716)	(134,278)
Interest expense	1,812,658	1,600,538	21,625,609
Rental receivables	16,104	26,918	192,137
Refundable income taxes	1,243	(85)	14,834
Refundable consumption taxes	819,013	(819,013)	9,771,093
Prepaid expenses	44,105	(50,453)	526,197
Trade accounts payable	(230,525)	163,659	(2,750,243)
Other payables	100,887	(8,828)	1,203,620
Accrued expenses	686,992	(343,474)	8,196,041
Rent received in advance	(69,316)	131,872	(826,964)
Decrease due to sale of tangible fixed asset	—	614,142	—
Long-term prepaid expenses	4,591	(6,677)	54,781
Other	(10,730)	(12,600)	(128,014)
Sub-total	15,516,112	14,159,584	185,112,297
Interest and dividends income received	28,637	—	341,656
Interest received	—	21,977	—
Interest paid	(1,783,087)	(1,514,269)	(21,272,814)
Income taxes paid	(1,208)	(650)	(14,412)
Net cash provided by operating activities	13,760,454	12,666,642	164,166,726
Cash Flows from Investing Activities			
Payments of time deposits	(13,388,000)	(6,143,000)	(159,723,216)
Proceeds from time deposits	4,388,000	12,643,000	52,350,274
Purchases of property and equipment	(2,584,262)	(75,747,620)	(30,831,093)
Purchases of intangible assets	(13,658)	(2,601,260)	(162,945)
Purchases of investment securities	—	(574,370)	—
Payments for lease and guarantee deposits	—	(7,428)	—
Repayments of lease and guarantee deposits received	(2,282,590)	(2,362,163)	(27,232,046)
Proceeds from lease and guarantee deposits received	659,215	5,759,060	7,864,654
Net cash used in investing activities	(13,221,295)	(69,033,782)	(157,734,373)
Cash Flows from Financing Activities			
Proceeds from short-term loans	5,500,000	29,500,000	65,616,798
Repayments of short-term loans	(15,500,000)	(38,500,000)	(184,920,067)
Proceeds from long-term loans	6,000,000	63,000,000	71,581,961
Repayments of long-term loans	(6,050,000)	(12,000,000)	(72,178,478)
Proceeds from issuance of investment corporation bonds	20,000,000	—	238,606,538
Redemption of investment corporation bonds	(10,000,000)	—	(119,303,269)
Payments of investment corporation bond issuance costs	(109,085)	—	(1,301,424)
Proceeds from issuance of units	—	26,751,648	—
Payments of new unit issuance costs	—	(50,590)	—
Dividends to unitholders	(8,821,561)	(8,500,907)	(105,244,116)
Net cash (used in) provided by financing activities	(8,980,647)	60,200,149	(107,142,057)
Net (Decrease) Increase in Cash and Cash Equivalents	(8,441,487)	3,833,009	(100,709,703)
Cash and Cash Equivalents at Beginning of Period	18,753,604	14,920,595	223,736,635
Cash and Cash Equivalents at End of Period	¥10,312,117	¥18,753,604	\$123,026,931

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

Notes to Financial Statements

September 30, 2010 and March 31, 2010

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Japan Real Estate Investment Corporation (the “Company”) is a real estate investment corporation formed to own and invest primarily in a portfolio of office properties. The Company is externally managed by a licensed asset management company, Japan Real Estate Asset Management Co., Ltd. (“J-Rea”). J-Rea is currently owned 63% by Mitsubishi Estate Co., Ltd. (“MEC”), 27% by The Dai-ichi Mutual Life Insurance Company (currently renamed The Dai-ichi Life Insurance Company, Limited, “DL”) and 10% by Mitsui & Co., Ltd.

On May 11, 2001, the Company was incorporated with ¥200 million of original capital contribution by MEC, Tokio Marine & Nichido Fire Insurance Co., Ltd. (“TMN”) and DL under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law.

On September 10, 2001, the Company commenced operations when the Company was listed on the Tokyo Stock Exchange as one of the first real estate investment corporations in Japan (so-called “J-REITs”). The Company issued 160,000 units at a price of ¥506,625 (\$6,044), generating gross proceeds of ¥81,060 million (\$967,072 thousand) (Note 1).

The Company completed a seventh public offering of 42,000 units at a price of ¥579,040 (\$6,908) on December 8, 2009 and third party allocation of 4,200 units at a price of ¥579,040 (\$6,908) on December 22, 2009, generating gross proceeds of ¥24,319 million (\$290,142 thousand) and ¥2,431 million (\$29,014 thousand). As of September 30, 2010, the Company had total unitholders’ capital of ¥324,353 million (\$3,869,639 thousand) with 489,200 outstanding units (Note 1).

At September 30, 2010, the Company owned a portfolio of 55 office properties concerning an aggregate of approximately 567,612 square meters of leasable space.

Note1: The foreign exchange rate of ¥83.82=US\$1.00, as of September 30, 2010, has been used for translation.

Basis of presenting financial statements

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

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

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥83.82=US\$1.00, the foreign exchange rate on September 30, 2010, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment securities

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

Property and equipment

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

Buildings.....	2-61 years
Structures.....	5-50 years
Machinery and equipment.....	3-18 years
Tools, furniture and fixtures.....	3-15 years

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

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

Deferred charges

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

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

Revenue recognition

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

Taxes on property and equipment

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

Consumption taxes

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

Cash and cash equivalents

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

3. CHANGES IN ACCOUNTING POLICIES

The New Accounting Standard for Asset Retirement Obligations

Effective April 1, 2010, the Company adopted the Accounting Standard for Asset Retirement Obligations (The Accounting Standards Board of Japan (hereinafter referred to ASBJ) Statement No.18, March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008). This change had no effect on the Company's revenues and expenses.

4. CHANGES IN PRESENTATION

Statements of income and retained earnings

“Professional fee” and “Interest on tax refund”, which used to be included in “Other operating expenses” and “Other non-operating revenues” until the period ended March 31, 2010, have been presented as separate accounts for the fiscal period ended September 30, 2010, due to their materiality. “Professional fee” in the amount of ¥57,561 thousand (\$687 thousand) and “Interest on tax refund” in the amount of ¥10 thousand (\$0 thousand) are included in “Other operating expenses” and “Other non-operating revenues” for the six months period from October 1, 2009 to March 31, 2010, respectively.

Statements of Cash Flows

Beginning with the period ended September 30, 2010, the Company has combined “Interest received” and “Dividends income received” and has presented them as “Interest and dividends income received”. “Interest and dividends income received” for the six months period ended September 30, 2010 includes “Interest received” in the amount of ¥8,913 thousand (\$106 thousand) and “Dividends income received” in the amount of ¥19,724 thousand (\$235 thousand).

5. FINANCIAL INSTRUMENTS

For the six months ended September 30, 2010 and March 31, 2010

1. Status of financial instruments

(1) Policies for dealing financial instruments

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

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

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

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

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

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

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

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

The fund proceeds from borrowings and issues of investment corporate bonds are applied mainly to acquire real estate properties and repayment of outstanding loans and bonds. While floating-rate short-term loans are exposed to the risk of interest-rate hike, such risk is mitigated by the Company's low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. Loans and investment corporate bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements the measures such as (i) maintaining and strengthening its ability to access equity markets to secure funds, (ii) maintaining a commitment lines with major financial institutions (There is no outstanding under the facility as of September 30, 2010 and as of March 31, 2010), and (iii) preparing monthly financial plan.

(3) Supplementary Note regarding fair value of financial instruments

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

2. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the difference between them as of September 30, 2010 and as of March 31, 2010 are as follows.

The financial instruments whose fair values have extreme difficulty estimating are excluded from the following schedule (Note2).

	Thousands of yen			U.S. dollars		
	As of September 30, 2010			As of September 30, 2010		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 19,312,117	¥ 19,312,117	¥ —	\$ 230,399,873	\$ 230,399,873	\$ —
(2) Short-term loans	29,000,000	29,000,000	—	345,979,480	345,979,480	—
(3) Current portion of investment corporation bonds	—	—	—	—	—	—
(4) Current portion of long-term loans	64,100,000	64,483,149	383,149	764,733,954	769,305,053	4,571,099
(5) Investment corporation bonds	55,000,000	56,122,950	1,122,950	656,167,979	669,565,140	13,397,161
(6) Long-term loans	114,350,000	115,794,652	1,444,652	1,364,232,880	1,381,468,051	17,235,171

	Thousands of yen		
	As of March 31, 2010		
	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 18,753,604	¥ 18,753,604	¥ —
(2) Short-term loans	39,000,000	39,000,000	—
(3) Current portion of investment corporation bonds	10,000,000	10,001,900	1,900
(4) Current portion of long-term loans	9,100,000	9,123,831	23,831
(5) Investment corporation bonds	35,000,000	34,427,850	(572,150)
(6) Long-term loans	169,400,000	170,352,153	952,153

Note1: Measurement of fair value of financial instruments

(1) Cash and bank deposits

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

(2) Short-term loans

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

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

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

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

The fair values of these liabilities are calculated by discounting the aggregated amounts of the principals and the interests of the loan by the rates that are reasonably estimated to be applicable if the Company refinances the existing loans for the remaining period to maturity under the prevailing market conditions at September 30, 2010 and March 31, 2010.

Note2: Financial instruments whose fair values cannot be reliably measured.

	Thousands of yen		U.S. dollars
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
(1) Non-listed stock (*1)	¥ 577,168	¥ 577,168	\$ 6,885,804
(2) Deposits received from tenants (*2)	34,894,592	36,517,967	416,303,898

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

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

Note3: Redemption schedule for monetary claim after the closing date

	Thousands of yen						U.S. dollars					
	As of September 30, 2010						As of September 30, 2010					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Cash and bank deposits	¥19,312,117	¥—	¥—	¥—	¥—	¥—	\$230,399,873	\$—	\$—	\$—	\$—	\$—

	Thousands of yen					
	As of March 31, 2010					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years
Cash and bank deposits	¥18,753,604	¥—	¥—	¥—	¥—	¥—

Note4: Repayment schedule for investment corporation bonds, long-term loans and other interest-bearing debt after the closing date

	Thousands of yen					
	As of September 30, 2010					
	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	¥29,000,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	—	10,000,000	—	15,000,000	20,000,000	10,000,000
Long-term loans	64,100,000	8,100,000	69,100,000	13,100,000	16,600,000	7,450,000
Total	93,100,000	18,100,000	69,100,000	28,100,000	36,600,000	17,450,000

U.S. dollars
As of September 30, 2010

	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	\$ 345,979,480	\$ —	\$ —	\$ —	\$ —	\$ —
Investment corporation bonds	—	119,303,269	—	178,954,903	238,606,538	119,303,269
Long-term loans	764,733,954	96,635,648	824,385,588	156,287,282	198,043,426	88,880,935
Total	1,110,713,434	215,938,917	824,385,588	335,242,186	436,649,964	208,184,204

Thousands of yen
As of March 31, 2010

	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	¥39,000,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	10,000,000	—	10,000,000	—	15,000,000	10,000,000
Long-term loans	9,100,000	68,100,000	49,100,000	34,100,000	2,100,000	16,000,000
Total	58,100,000	68,100,000	59,100,000	34,100,000	17,100,000	26,000,000

6. PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2010 and March 31, 2010 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of September 30, 2010		As of March 31, 2010		As of September 30, 2010	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥319,465,931	¥319,465,931	¥319,406,060	¥319,406,060	\$3,811,332,988	\$3,811,332,988
Buildings and structures	177,237,753		175,443,969		2,114,504,331	
Accumulated depreciation	(33,750,967)	143,486,785	(30,459,585)	144,984,383	(402,660,072)	1,711,844,259
Machinery and equipment	2,209,482		2,209,482		26,359,845	
Accumulated depreciation	(985,802)	1,223,679	(912,526)	1,296,956	(11,760,943)	14,598,902
Tools, furniture and fixtures	109,873		107,344		1,310,821	
Accumulated depreciation	(61,727)	48,145	(55,808)	51,535	(736,434)	574,387
Construction in progress	226,224	226,224	228,711	228,711	2,698,928	2,698,928
Land in trust	103,680,723	103,680,723	103,624,322	103,624,322	1,236,944,918	1,236,944,918
Buildings and structures in trust	47,624,591		47,441,113		568,176,939	
Accumulated depreciation	(7,635,019)	39,989,571	(6,816,581)	40,624,531	(91,088,280)	477,088,659
Machinery and equipment in trust	807,120		807,120		9,629,209	
Accumulated depreciation	(474,204)	332,915	(444,688)	362,431	(5,657,417)	3,971,793
Tools, furniture and fixtures in trust	9,271		8,724		110,608	
Accumulated depreciation	(4,431)	4,839	(4,202)	4,522	(52,866)	57,742
Total	¥608,458,816	¥608,458,816	¥610,583,455	¥610,583,455	\$7,259,112,575	\$7,259,112,575

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$598 thousand) at September 30, 2010 and ¥50 million (\$598 thousand) at March 31, 2010.

7. SHORT-TERM LOANS

Short-term loans at September 30, 2010 and March 31, 2010 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
0.54430% unsecured loan from a bank, due on June 1, 2010	—	2,000,000	—
0.52244% unsecured loan from a bank, due on December 21, 2010	5,000,000	5,000,000	59,651,634
0.52786% unsecured loan from a bank, due on March 24, 2011	2,000,000	4,500,000	23,860,654
0.52342% unsecured loan from a bank, due on March 24, 2011	2,000,000	2,000,000	23,860,654
0.51528% unsecured loan from a bank, due on June 1, 2011	2,000,000	—	23,860,654
0.52955% unsecured loan from a bank, due on September 1, 2010	—	2,000,000	—
0.53346% unsecured loan from a bank, due on September 24, 2010	—	2,500,000	—
0.52342% unsecured loan from a bank, due on March 24, 2011	2,000,000	2,000,000	23,860,654
0.5015% unsecured loan from a bank, due on September 1, 2011	2,000,000	—	23,860,654
0.53057% unsecured loan from a trust bank, due on September 1, 2010	—	2,000,000	—
0.53346% unsecured loan from a trust bank, due on March 24, 2011	—	2,000,000	—
0.5015% unsecured loan from a trust bank, due on September 1, 2011	1,500,000	—	17,895,490
0.53346% unsecured loan from a trust bank, due on September 24, 2010	—	1,000,000	—
0.52244% unsecured loan from a trust bank, due on December 21, 2010	5,000,000	5,000,000	59,651,634
0.52146% unsecured loan from a trust bank, due on January 17, 2011	3,000,000	3,000,000	35,790,981
0.53000% unsecured loan from a trust bank, due on March 24, 2011	500,000	2,000,000	5,965,163
0.52342% unsecured loan from a bank, due on March 24, 2011	1,000,000	1,000,000	11,930,327
0.52342% unsecured loan from a bank, due on March 24, 2011	1,000,000	1,000,000	11,930,327
0.71428% unsecured loan from a bank, due on March 24, 2011	2,000,000	2,000,000	23,860,654
Total	¥29,000,000	¥39,000,000	\$345,979,480

The Company has commitment lines of ¥25,000 million (\$298,258 thousand) with four financial institutions to reduce a refinancing risk.

The unused amount of such commitment lines was ¥25,000 million (\$298,258 thousand) at September 30, 2010.

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

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

	As of September 30, 2010		As of March 31, 2010		As of September 30, 2010
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bond due on April 30, 2010	¥ —	0.98%	¥10,000,000	0.98%	\$ —
Unsecured bond due on September 29, 2025	10,000,000	2.56%	10,000,000	2.56%	119,303,269
Unsecured bond due on June 18, 2012	10,000,000	1.67%	10,000,000	1.67%	119,303,269
Unsecured bond due on June 18, 2014	15,000,000	1.91%	15,000,000	1.91%	178,954,903
Unsecured bond due on April 23, 2015	10,000,000	1.26%	—	—	119,303,269
Unsecured bond due on July 23, 2015	10,000,000	1.05%	—	—	119,303,269
Total	¥55,000,000	—	¥45,000,000	—	\$656,167,979

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

Long-term loans at September 30, 2010 and March 31, 2010 consisted of the following:

	Thousands of yen		U.S. dollars
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
1.47125% unsecured loan from an insurance company, due on March 30, 2011	¥ 2,000,000	¥ 2,000,000	\$23,860,654
1.50125% unsecured loan from an insurance company, due on August 31, 2011	5,000,000	5,000,000	59,651,634
1.63% unsecured loan from a trust bank, due on April 4, 2011	10,000,000	10,000,000	119,303,269
1.73% unsecured loan from a trust bank, due on June 1, 2011	22,000,000	22,000,000	262,467,192
1.65925% unsecured loan from banks, trust banks, and an insurance company, due on June 23, 2011	24,000,000	24,000,000	286,327,845
1.6225% unsecured loan from a bank, due on June 15, 2010	—	3,000,000	—
1.5725% unsecured loan from a bank, due on June 14, 2010	—	3,000,000	—
1.10625% unsecured loan from a bank, due on December 20, 2010	1,000,000	1,000,000	11,930,327
1.665% unsecured loan from a bank, due on March 24, 2017 (*)	100,000	100,000	1,193,033
1.55% unsecured loan from an insurance company, due on October 29, 2012	2,000,000	2,000,000	23,860,654
1.33125% unsecured loan from another financial institution, due on November 1, 2011	5,000,000	5,000,000	59,651,634
1.0925% unsecured loan from a trust bank, due on December 21, 2012	5,000,000	5,000,000	59,651,634
1.135% unsecured loan from a trust bank, due on January 15, 2013	5,000,000	5,000,000	59,651,634
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	5,000,000	59,651,634
1.54375% unsecured loan from an insurance company, due on March 30, 2017	5,000,000	5,000,000	59,651,634
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	1,500,000	17,895,490
1.595% unsecured loan from an insurance company, due on April 25, 2016	1,000,000	1,000,000	11,930,327
1.4925% unsecured loan from a bank, due on August 31, 2012	1,000,000	1,000,000	11,930,327
1.39875% unsecured loan from a bank, due on March 24, 2015	2,000,000	2,000,000	23,860,654

1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	59,651,634
1.4875% unsecured loan from a bank, due on September 2, 2013	3,000,000	3,000,000	35,790,981
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	5,000,000	59,651,634
1.42375% unsecured loan from a bank, due on April 24, 2013	3,000,000	3,000,000	35,790,981
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	5,000,000	59,651,634
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	59,651,634
1.0925% unsecured loan from a bank, due on December 21, 2012	5,000,000	5,000,000	59,651,634
1.085% unsecured loan from a bank, due on January 15, 2013	11,000,000	11,000,000	131,233,596
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
1.4875% unsecured loan from a trust bank, due on September 2, 2013	5,000,000	5,000,000	59,651,634
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
1.65% unsecured loan from a bank, due on September 1, 2015	2,000,000	2,000,000	23,860,654
1.665% unsecured loan from a bank, due on March 24, 2017 (*)	1,850,000	1,900,000	22,071,105
1.31% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	11,930,327
0.8925% unsecured loan from a bank, due on December 15, 2011	2,000,000	2,000,000	23,860,654
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	1,000,000	11,930,327
1.0475% unsecured loan from a bank, due on March 25, 2013	1,000,000	1,000,000	11,930,327
1.2375% unsecured loan from a bank, due on March 24, 2014	1,000,000	1,000,000	11,930,327
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	23,860,654
1.20875% unsecured loan from a bank, due on June 15, 2015	3,000,000	—	35,790,981
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	2,000,000	23,860,654
1.1875% unsecured loan from a bank, due on June 15, 2015	3,000,000	—	35,790,981
1.0475% unsecured loan from a bank, due on March 25, 2013	3,000,000	3,000,000	35,790,981
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	23,860,654
Subtotal	¥178,450,000	¥178,500,000	\$2,128,966,834
Less: current portion of long-term loans	64,100,000	9,100,000	764,733,954
Total	¥114,350,000	¥169,400,000	\$1,364,232,880

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

10. NET ASSETS

The Company is required to maintain net assets of at least ¥50 million (\$597 thousand), as required pursuant to the Investment Trust Law.

11. INCOME TAXES

At September 30, 2010 and March 31, 2010, the Company's deferred tax assets consisted mainly of the enterprise tax, which is not deductible for tax purposes. The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended September 30, 2010 and March 31, 2010 were as follows:

	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010
Statutory tax rate.....	39.33%	39.33%
Deductible dividend distribution.....	(39.32%)	(39.11%)
Special deductions resulting from expropriation.....	—	(0.22%)
Others.....	0.01%	0.01%
Effective tax rate.....	0.01%	0.01%

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan, or the STML, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividend for the fiscal period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by Article 32-2 of the Articles of incorporation, the Company made a dividend distribution of multiple of number of units up to 100% of retained earnings, within a certain range where no additional income taxes or further tax burden is incurred by the unitholders, in the amount of ¥8,134 million (\$97,046 thousand) subsequent to September 30, 2010 and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of retained earnings under Article 32-3 of the Articles of incorporation.

12. RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2010 and March 31, 2010

For the period from October 1, 2009 to March 31, 2010

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

For the period from April 1, 2010 to September 30, 2010

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

13. SEGMENT INFORMATION

For the period from April 1, 2010 to September 30, 2010

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

Information about products and services

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

Information about geographic area

(1) Revenues

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

(2) Property and equipment

Since 100 percent of total property and equipment on the balance sheet are located within Japan, geographical breakdown of such property and equipment has been omitted.

Information about major clients

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

(Additional information)

Effective April 1, 2010, the Company adopted the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No.17, March 27, 2009) and Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No.20, March 21, 2008).

14. ASSET RETIREMENT OBLIGATIONS

For the period from April 1, 2010 to September 30, 2010

“Not applicable”

15. INVESTMENT AND RENTAL PROPERTY

For the six months ended September 30, 2010 and March 31, 2010

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

The book values on balance sheets as of September 30, 2010, as of March 31, 2010 and the fair value as of September 30, 2010 are as follows:

Thousands of yen			
Book value		Fair value	
As of	Change	As of	As of
March 31, 2010	during period(*1)	September 30, 2010	September 30, 2010
¥616,718,194	¥(2,124,639)	¥614,593,555	¥632,112,000

U.S. dollars			
Book value		Fair value	
As of	Change	As of	As of
March 31, 2010	during period(*1)	September 30, 2010	September 30, 2010
\$7,357,649,657	\$(25,347,639)	\$7,332,302,018	\$7,541,302,792

Thousands of yen			
Book value		Fair value	
As of	Change	As of	As of
September 30, 2009	during period(*2)	March 31, 2010	March 31, 2010
¥542,690,979	¥74,027,214	¥616,718,194	¥646,174,000

Note1: Book value on balance sheet means the acquisition cost less accumulated depreciation.

Note2: Significant changes

(*1) For the period ended September 30, 2010, the major reason of increase is acquisition of the extension to Ryoshin Ginza East Mirror Building (¥752,185 thousand or \$8,974 thousand). The major reason of decrease is the depreciation.

(*2) For the period ended March 31, 2010, the major reason of increase is acquisition of additional interest in Shiodome Building (¥54,867,413 thousand) and Tokyo Opera City Building (¥22,680,527 thousand). The major reason of decrease is the sale of a part of Jingumae Media Square Building site (¥614,142 thousand).

Note3: Fair values as of September 30, 2010 and as of March 31, 2010 are defined as the appraised values provided by external qualified professional appraiser.

16. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at September 30, 2010 and March 31, 2010, and for the periods then ended respectively:

	Yen		U.S. dollars
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2010 to September 30, 2010
Net assets at period end per unit	¥679,755	¥681,170	\$8,110
Net income per unit	¥ 16,628	¥ 18,819	\$ 198

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

17. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended September 30, 2010 and March 31, 2010

	Thousands of yen		U.S. dollars
	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from April 1, 2010 to September 30, 2010
Property-Related Revenues	¥22,112,773	¥20,758,959	\$263,812,614
Rental Revenues	21,946,264	20,635,057	261,826,114
Rental revenues	16,675,451	15,894,747	198,943,589
Common service charges	3,313,297	2,999,979	39,528,722
Parking revenues	565,990	543,914	6,752,448
Other rental revenues	1,391,525	1,196,415	16,601,355
Non-Rental Revenues	166,508	123,901	1,986,499
Cancellation charges	39,575	96,498	472,149
Other miscellaneous revenues	126,932	27,403	1,514,350
Property-Related Expenses	11,239,716	10,290,164	134,093,496
Property management expenses	2,551,011	2,364,505	30,434,400
Utilities expenses	1,736,977	1,358,151	20,722,710
Property and other taxes	1,844,277	1,770,849	22,002,829
Casualty insurance	49,601	45,343	591,763
Repairing expenses	790,390	756,162	9,429,617
Depreciation	4,218,759	3,945,587	50,331,180
Other rental expenses	48,699	49,564	580,997
Property-Related Profits	¥10,873,056	¥10,468,794	\$129,719,117

18. SUPPLEMENTAL CASH FLOW INFORMATION

The following table represents a reconciliation of cash and cash equivalents at September 30, 2010 and March 31, 2010:

	Thousands of yen		U.S. dollars
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
Cash and deposits with banks	¥15,383,805	¥14,811,840	\$183,533,827
Cash and deposits with banks held in trust	3,928,312	3,941,763	46,866,046
Time deposits with maturities of more than three months	(9,000,000)	—	(107,372,942)
Cash and cash equivalents	¥10,312,117	¥18,753,604	\$123,026,931

19. LEASES

The Company owns office buildings under leases and earns rent income. As of September 30, 2010 and March 31, 2010, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of September 30, 2010	As of March 31, 2010	As of September 30, 2010
Due within one year	¥16,699,184	¥16,231,346	\$199,226,730
Due after one year	29,581,496	35,000,862	352,916,926
Total	¥46,280,681	¥51,232,208	\$552,143,655

20. SUBSEQUENT EVENTS

For the six months ended September 30, 2010 and March 31, 2010

“Not applicable”

Report of Independent Auditors

The Board of Directors
Japan Real Estate Investment Corporation

We have audited the accompanying balance sheets of Japan Real Estate Investment Corporation as of September 30, 2010 and March 31, 2010, and the related statements of income and retained earnings, changes in unitholders' equity and cash flows for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation at September 30, 2010 and March 31, 2010, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.



December 22, 2010

Corporate Data

As of September 30, 2010

Executives

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

Paid-in Capital

¥324,353,108,000

Number of Units Outstanding

489,200

Number of Unitholders

14,177

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

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

Auditors

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

Incorporation

May 11, 2001

Executive Office

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

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

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

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