

MARCH 2012

*Semiannual Report*

For the period from October 1, 2011 to March 31, 2012



Japan Real Estate Investment Corporation

## *Profile*

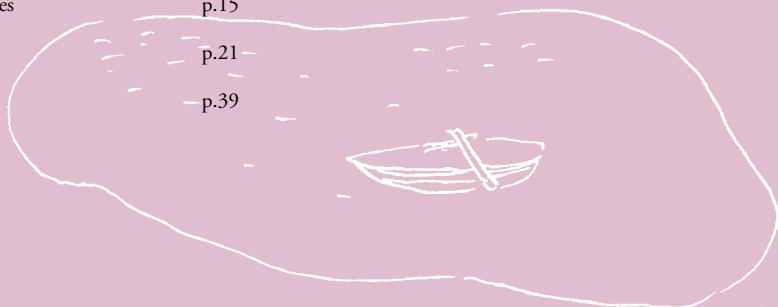
Japan Real Estate Investment Corporation (“the Company”) was established as one of the first real estate investment corporations in Japan following revisions to the Law Concerning Investment Trusts and Investment Corporations of Japan, as amended, or the Investment Trust Law. Its investments focus primarily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

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

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## Financial Highlights

	Millions of yen					Thousands of U.S. dollars (Note 1)
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2010 to March 31, 2011	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from October 1, 2011 to March 31, 2012
Operating Revenues	¥24,059	¥22,829	¥22,135	¥22,112	¥21,665	\$292,732
Operating Income	10,786	10,380	9,802	9,939	10,538	131,234
Ordinary Income	8,863	8,603	7,938	8,135	8,876	107,839
Net Income	8,934	8,268	7,652	8,134	8,875	108,707
Net Operating Income (NOI) (Note 2)	16,361	15,121	14,950	15,091	14,414	199,073
Funds from Operations (FFO) (Note 3)	13,625	12,154	11,938	12,353	11,914	165,779
FFO Multiple (Note 4)	14.7 times	15.2 times	16.1 times	15.1 times	16.3 times	14.7 times
Cash Distribution	8,888	7,753	7,652	8,134	8,826	108,151
Number of Units	549,040	489,200	489,200	489,200	489,200	549,040
Dividend per Unit (Yen/U.S.dollars)	16,190	15,850	15,642	16,628	18,043	196.98

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥82.19 = US\$1.00, the foreign exchange rate on March 31, 2012, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

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

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

4. FFO Multiple = Unit Price at End of the Respective Term ÷ FFO per Unit (Annualized)

(Annualized portion of the calculation given in note 4 assumes a fiscal period of 182 days for the period ended March 31, 2010, 183 days for the period ended September 30, 2010, 182 days for the period ended March 31, 2011, 183 days for the period ended September 30, 2011 and 183 days for the period ended March 31, 2012.)

## Top 10 Unitholders

As of March 31, 2012

Company	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.) .....	75,869	13.82%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.) .....	39,182	7.14%
Trust & Custody Services Bank, Ltd. (Toshin Acc.) .....	37,403	6.81%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.) .....	18,171	3.31%
NOMURA BANK (LUXEMBOURG) S.A. ....	15,668	2.85%
Mitsubishi Estate Co., Ltd. ....	10,160	1.85%
STATE STREET BANK AND TRUST COMPANY 505223 .....	8,796	1.60%
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT .....	8,652	1.58%
The Chugoku Bank, Ltd. ....	8,474	1.54%
The Gibraltar Life Insurance Co., Ltd. (General Account J-REIT) .....	7,976	1.45%

## Unit Price Performance



## Strengths

### Stable Dividends

- Actual dividend per unit for the 21st fiscal period: **¥16,190** (\$196.98)\*
- Forecasted dividend per unit for the 22nd fiscal period: **¥15,700** (\$191.02)\*,\*\*

\* The foreign exchange rate of ¥82.19 = US\$1.00, as of March 31, 2012, has been used for this translation.

\*\* The forecasted dividend was disclosed with the announcement of the 21st fiscal period earnings results on May 17, 2012.

### Collaboration with Sponsors

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

is being fully utilized

### Steady Growth with Quality Portfolio

- Total acquisition price: **¥718,663 million** (\$8,744 million)
- Maintains **57** high-quality office buildings
- The first listed J-REIT, showing steady performance for 21 consecutive periods

### Sound Financial Base

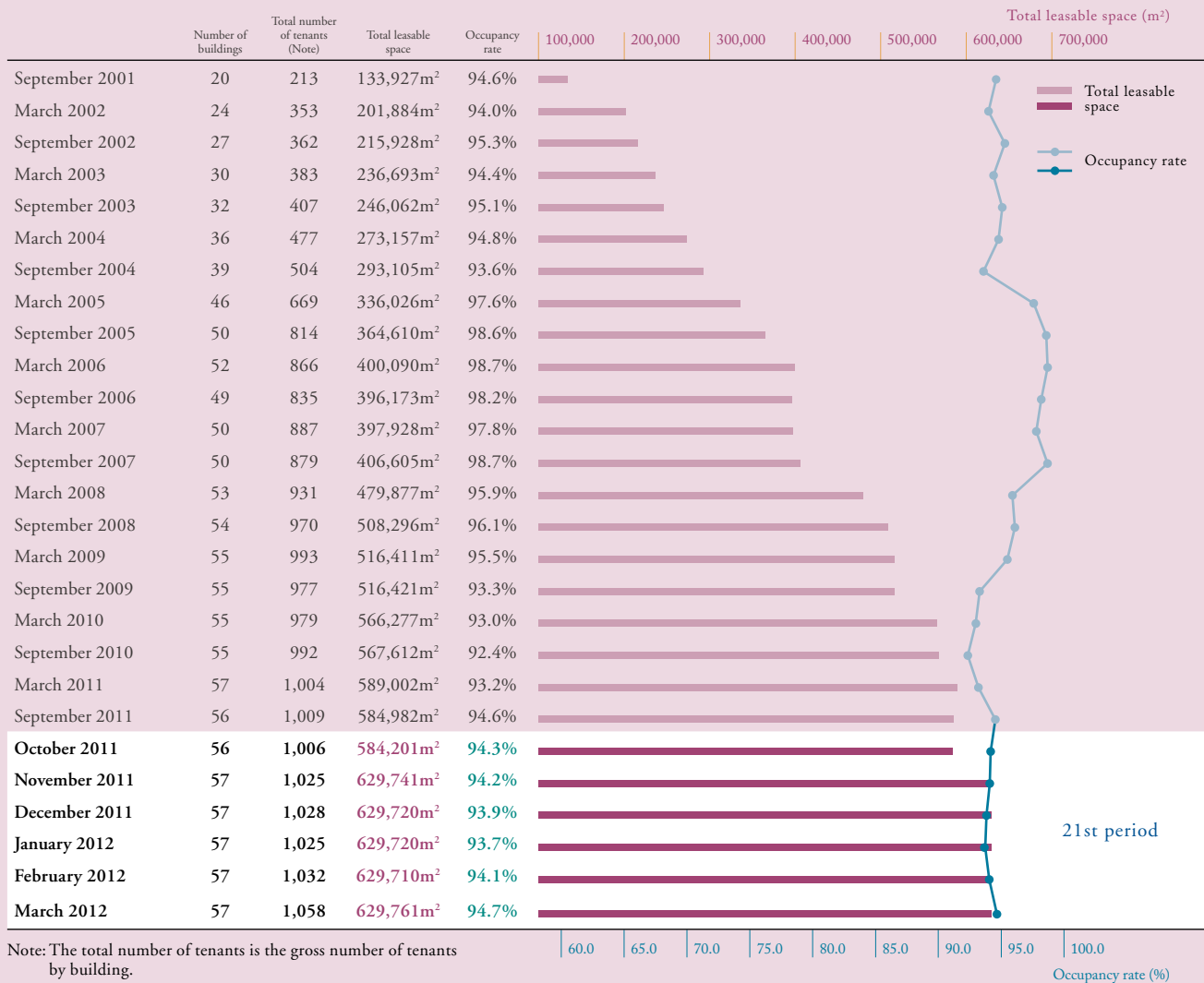
(as of March 31, 2012)

- Highest credit ratings for a J-REIT: **A+** from S&P, **A1** from Moody's, **AA** from R&I
- LTV (Interest-bearing debt / Total assets): **40.4%**
- Long-term, fixed-interest debt ratio\*\*\*: **95.3%**

\*\*\* 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

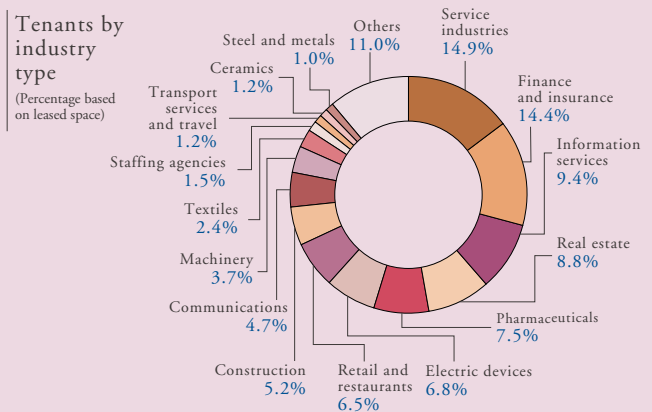
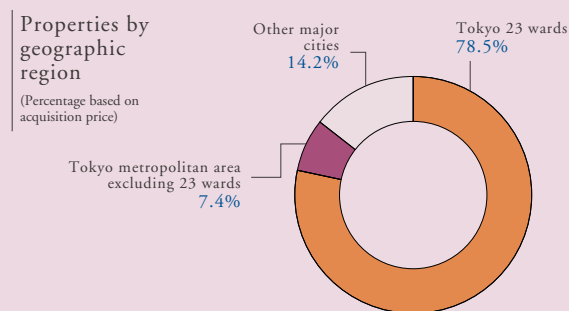
# Portfolio Highlights

## Trends in the state of portfolio management



## Portfolio breakdown

As of March 31, 2012



## Acquisition of New Real Estate



### Akasaka Park Building

#### Property Summary

Location:	5-2-20 Akasaka, Minato-ku, Tokyo
Site area:	14,198.20m <sup>2</sup>
Floor area of building:	97,489.16m <sup>2</sup>
Structure:	Steel-framed structure, steel-framed reinforced concrete structure, flat roof
Floors:	Above ground: 30 floors Below ground: 2 floors
Completion:	July 1993
Acquisition date:	November 15, 2011
Acquisition price:	¥60,800 million
Seller:	Mitsubishi Estate Co., Ltd.
Property management company:	Mitsubishi Estate Co., Ltd.



## Issuance of New Investment Units

### 1. Issuance of new investment units by public offering

Number of units newly issued:	54,400
Offer price:	¥672,750 per unit
Aggregate amount of issue price:	¥35,471,520,000
Offer price determination date:	February 21, 2012
Payment date:	February 28, 2012

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

Number of units newly issued:	5,440
Offer price:	¥652,050 per unit
Aggregate amount of issue price:	¥3,547,152,000
Payment date:	March 27, 2012
Allottee:	SMBC Nikko Securities Inc.

Through the above-mentioned new unit issuances, JRE made repayments of short-term loans prior to their maturity in the amounts of 35,400 million yen and 3,600 million yen on February 29, 2012 and March 29, 2012, respectively.

## Subsequent Events

After the period ended March 31, 2012

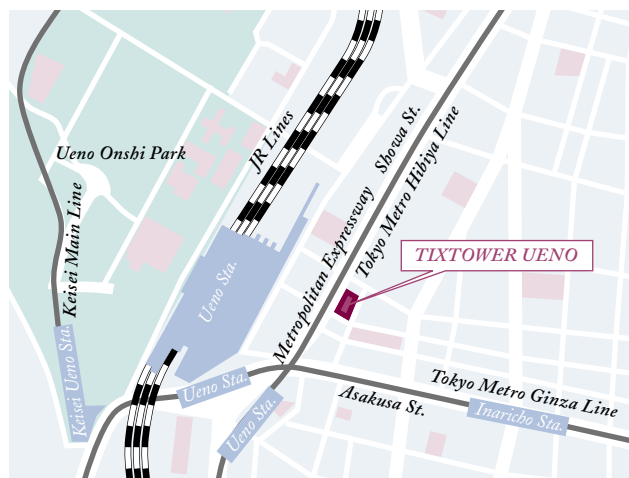
### Acquisition of New Real Estate



#### TIXTOWER UENO

##### Property Summary

Location:	4-8-1 Higashi-Ueno, Taito-ku, Tokyo
Site area:	2,412.80m <sup>2</sup>
Floor area of building:	23,727.48m <sup>2</sup>
Structure:	Steel-framed reinforced concrete, steel-framed structure, flat roof
Floors:	Above ground: 18 floors Below ground: 1 floor
Completion:	July 2010
Acquisition date:	June 15, 2012
Acquisition price:	¥22,000 million
Seller:	Tokyo Tatemono Co., Ltd. ITOCHU Property Development, Ltd. Tokyo Kaihatsu K Special Purpose Company (TMK)
Property management company:	The Dai-Ichi Building Co., Ltd.



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

#### 1. Superior location

- The area surrounding Ueno Station has flourished since historic times and is home to a number of railway lines, including the Shinkansen bullet train, JR lines, subways and private railways. This area is popular among companies as a hub for business in the Joto and Johoku districts, which has solidly established its position as Tokyo's northern gateway.
- This property is highly rated in terms of transportation convenience, ideally located along Showa Street and a two-minute walk from JR Ueno Station.

#### 2. Highly competitive, newly constructed building

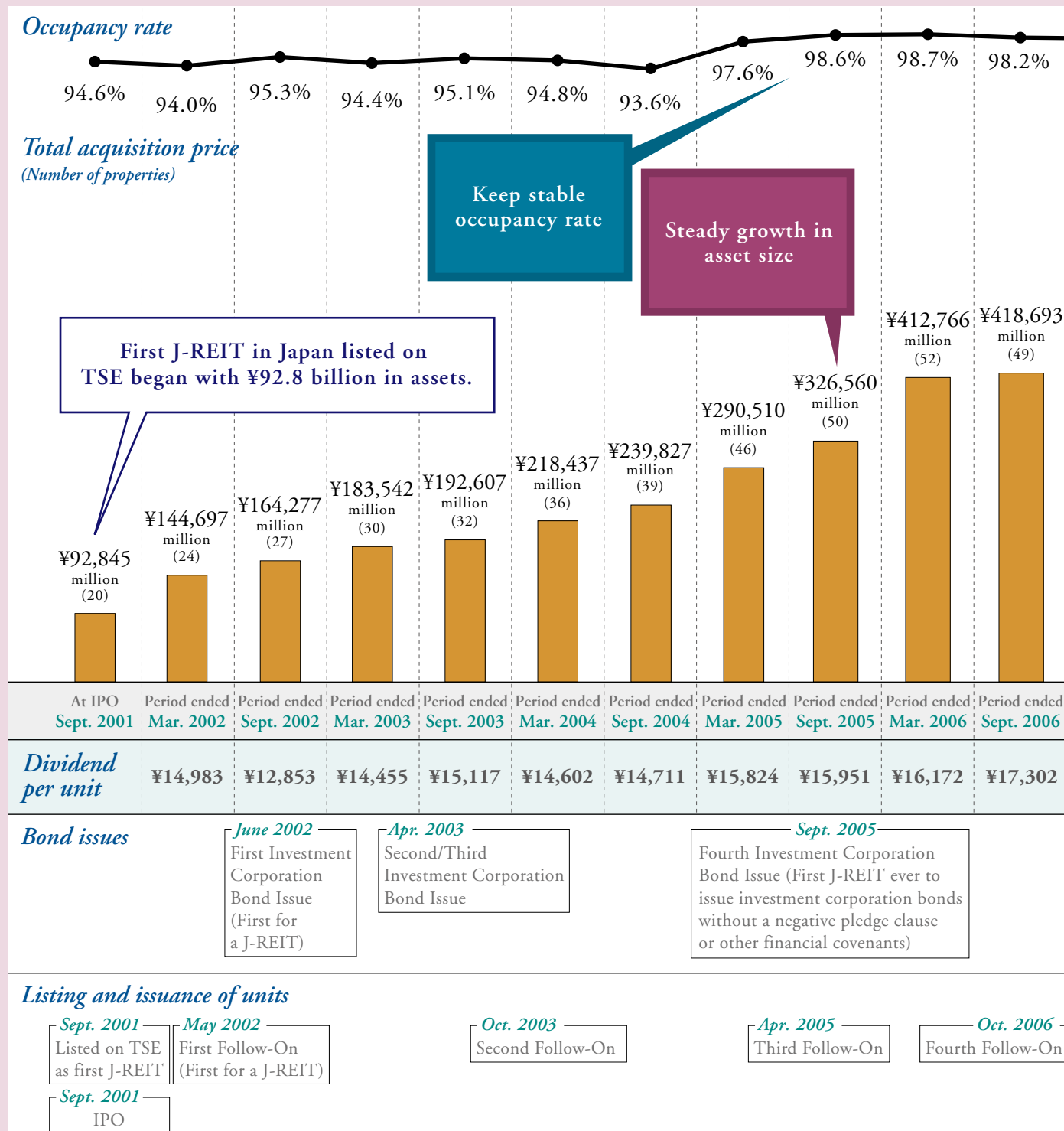
- This property was completed in 2010 and features superior seismic capacity and environmental friendliness. With additional features that include a standard floor area of approximately 1,087m<sup>2</sup>, a ceiling height of 2,800mm plus a 100mm of OA floor allowance and individual air conditioning, the property boasts a high scarcity premium mainly in terms of size and specifications in the area surrounding Ueno Station. Given these elements, the property is considered to be extremely competitive.

#### 3. Quality enhancement of the investment portfolio

- Until now, the Company had yet to enter the area surrounding Ueno Station. This acquisition adds to the increased diversification of the Company's property locations within the Tokyo Metropolitan Area.
- The acquisition of this property is particularly beneficial not only in terms of enhancing the quality of the Company's investment portfolio but also because it lowers the average age of its properties.

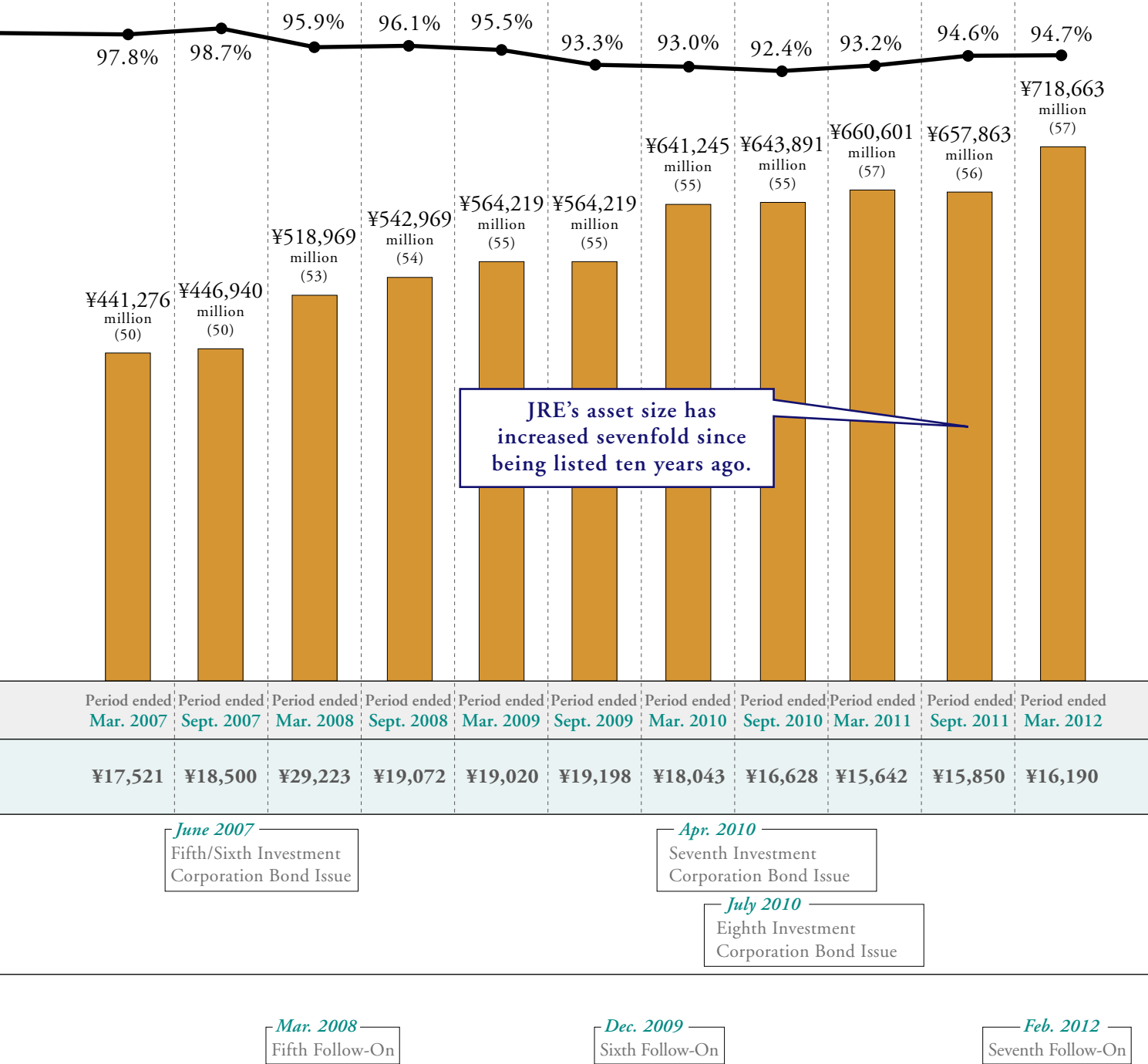
## History after IPO

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 ¥718.6 billion as of the 21st 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 persistently severe operating conditions, the Company continued to implement a management policy that emphasizes external growth, acquiring the prime large-sized property, Akasaka Park Building, in November 2011 and successfully issuing new investment units in February 2012.*

## **BUSINESS PERFORMANCE FOR THE 21ST FISCAL PERIOD**

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

In the 21st fiscal period (October 1, 2011 to March 31, 2012), Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 24,059 million yen, up 5.4% compared with the previous period. On the earnings front, operating income increased 3.9% to 10,786 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income rose 3.0% to 8,863 million yen and net income improved 8.1% to 8,934 million yen.

Turning to dividends, the Company maintains the total amounts of reserve for reduction entry and income taxes deferred related to reserve for reduction entry accumulated in the previous fiscal period, both of which were recorded in accordance with stipulations under Article 67-15 of the Special Taxation Measures Law of Japan, as well as based on the “Special Provisions for Taxation in the case of Advance Acquisition of Land, etc. in 2009 and 2010” under Article 66-2 of said law (which is intended to ensure that a stable cash dividend level is maintained), and allocates the adjusted amount of deferred tax liabilities to reserve for reduction entry, reflecting changes in corporate tax rates. Therefore, the Company has determined to pay out cash dividends of 8,888,957,600 yen from retained earnings for the period under review, which must be divisible by 549,040—the number of units outstanding as of March 31, 2012. Accordingly, the per-unit cash dividend totaled 16,190 yen.

### **Operating Environment and Performance**

During the period under review, conditions in the Japanese economy remained severe due to a delay in full-fledged economic recovery. Despite a faster-than-anticipated restoration of the supply capacity disrupted by the Great East Japan Earthquake, such economic difficulties were mainly attributable to lackluster demand for disaster-related reconstruction despite positive expectations due to stalled government measures; flood damage in Thailand; and the extremely strong yen, reflecting sovereign risk in Europe.

In the market for leased office space, occupancy rates for office buildings in Tokyo stopped falling for the most part. However, rent levels remained on a downward trend due to ongoing high vacancy rates amid an excessive supply of new buildings. In regional business areas, although there were signs

that occupancy rates in certain urban areas were gradually beginning to improve, the overall trend of high vacancy rates coupled with low rent levels prevailed amid stagnant demand for office space.

In the property market, difficulties remained in establishing common ground regarding prices with buyers acting more conservatively, in line with actual market conditions for leased office space, and sellers pinning expectations on a rebound in economic and property market conditions. In addition, the transaction volume failed to rally due to an accommodative fund raising environment that encouraged potential sellers to hold on to their properties.

Amid such harsh circumstances, the Company strived to improve occupancy rates by aggressively promoting leasing activities that take into account market trends. As a result of these activities, the Company’s occupancy rate edged up from 94.6% as of September 30, 2011 to 94.7% as of March 31, 2012. In addition, as part of its external growth strategy, the Company worked to strengthen its portfolio through the acquisition of the Akasaka Park Building, a highly competitive, large-sized office building located in central Tokyo.

As a result of the above, the Company’s portfolio as of March 31, 2012, consisted of 57 office buildings with a total acquisition price of 718,663 million yen. Total leasable space stood at 629,761 m<sup>2</sup>, with a total of 1,058 tenants.

### **Financial Activities**

To fund the repayment of existing loans (including those to be repaid prior to maturity), the Company procured loans totaling 7,500 million yen on November 1, 2011; 2,000 million yen on December 15, 2011; and 7,000 million yen on March 26, 2012.

Moreover, the Company procured 37,000 million yen in short-term loans and 17,000 million yen in long-term loans on November 15, 2011 to fund the acquisition of the Akasaka Park Building. At the same time, the Company decided to issue 54,400 new investment units through public offering and 5,440 new investment units through third-party allocation during the period under review. Through these new unit issuances, the Company procured 35,471 million yen on February 28, 2012 and 3,547 million yen on March 27, 2012, respectively. The Company made repayments of short-term loans prior to their maturity in the amounts of 35,400 million yen and 3,600 million yen on February 29, 2012 and March 29, 2012, respectively, with funds procured through the issuance of the above investment units.

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

As a result of these financing activities, as of March 31, 2012, the Company's total interest-bearing debt amounted to 284,300 million yen. This amount consists of long-term loans totaling 215,800 million yen (including a current portion totaling 50,100 million yen), short-term loans totaling 13,500 million yen, and investment corporation bonds totaling 55,000 million yen (including a current portion totaling 10,000 million yen).

As of March 31, 2012, the Company's long-term, fixed-interest debt ratio (ratio of long-term, fixed-interest debt, including the current portion of long-term loans and investment corporation bonds, to total interest-bearing debt) stood at 95.3%, and the LTV ratio (ratio of interest-bearing debt to total assets) was 40.4%. As these figures indicate, the Company has been able to maintain a sound and conservative financial standing.

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

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

## OUTLOOK

### Trends in the Office Leasing Market

The Japanese economy is anticipated to gradually recover since numerous negative factors continuing from the previous year—particularly the impact of the Great East Japan Earthquake—have become less prominent. However, recessionary risks remain due to various factors that include ongoing power supply problems, a slowing of overseas economies, an exacerbation of the European financial crisis, the renewed strength of the yen and higher oil prices.

In the market for leased office space, vacancy rates are projected to remain at current levels for the foreseeable future, reflecting low expectations that demand will rapidly increase. However, market rent levels are expected to bottom out in the latter half of 2012 thanks to efforts to promote adjustments to current rent levels to increase affordability for tenants as well as a decrease in the supply of new buildings.

Regarding property markets, the Company believes that an increase in sales property information will continue to be unlikely for the time being due to a fund-raising environment that remains accommodative. In order to continue steadily

acquiring prime properties, the Company considers it important to maintain agile and accurate decision making. Such decision making is facilitated by the detailed analysis of leasing markets and the acquisition of sales information through a variety of property information channels.

### Growth Strategies

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

First, the Company works to strengthen the relationship of trust with existing tenants. As of March 31, 2012, the Company had contracts with 11 property management companies. Most of these companies were already handling the management of their buildings before the Company acquired them and had thus built relationships of trust with their tenants. The Company will work to further strengthen these relationships by anticipating tenants' needs and providing tailored services to increase tenant satisfaction, thereby maintaining occupancy rates and disincentivizing rent reduction requests.

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

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

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

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

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

Second, in its acquisition activities, the Company continues to meticulously monitor and examine economic, physical and legal factors, including rights-related issues, when



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

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

selecting properties. In particular, with regard to the structure of buildings, the Company requires buildings to meet or exceed new earthquake-resistance standards and exclusively targets properties capable of maintaining a competitive edge in terms of the facilities they offer over the medium to long term.

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

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

### Financing Strategies

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

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

### Performance Forecasts for the 22nd and 23rd Fiscal Periods

For the 22nd fiscal period (April 1, 2012 to September 30, 2012), the Company forecasts operating revenues totaling 24,050 million yen, operating income totaling 10,220 million yen, ordinary income totaling 8,350 million yen, and net income totaling 8,430 million yen. The Company plans to declare a cash dividend totaling 15,700 yen per unit.

For the 23rd fiscal period (October 1, 2012 to March 31, 2013), the Company forecasts operating revenues totaling

24,370 million yen, operating income totaling 10,240 million yen, ordinary income totaling 8,330 million yen, and net income totaling 8,310 million yen. The Company plans to declare a cash dividend totaling 15,140 yen per unit.

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

Since the beginning of 2012, there have been indications that an upswing in the economy is finally about to take place. In addition, there have been recent discussions in the media that corporate performance in certain industries is on a recovery track.

Under these circumstances, although the market for leased office space is gradually recovering from the worst of the economic downturn, there are no signs that market rent levels have ceased falling, which is partly attributable to the impact of the excess supply of properties in central Tokyo. Despite persistently severe operating conditions due to these factors, the Company successfully issued new investment units in February 2012.

In addition, the Company acquired the prime large-sized property, Akasaka Park Building, in the 21st fiscal period. Accordingly, the Company will continue implementing a management policy that emphasizes continual external growth in light of the ongoing downward pressure on current rent levels.

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

Noritada Terasawa  
Executive Director of Japan Real Estate Investment Corporation

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

# The Portfolio of Japan Real Estate Investment Corporation As of March 31, 2012

## Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ mil)	
<b>Tokyo 23 wards</b>						
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000	(0.7%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555	(11.3%)
● I- 3	MD Kanda Building	Kanda-Mitoshirocho, Chiyoda-ku	Real property	05/31/2002	9,520	(1.3%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810	(0.7%)
● I- 5	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700	(2.0%)
● I- 6	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700	(6.2%)
● I- 7	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000	(1.0%)
● I- 8	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200	
				04/03/2006	10,700	
				total	20,900	(2.9%)
● I- 9	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200	(1.0%)
● I- 10	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173	(0.4%)
● I- 11	Kyodo Building (Kayabacho 2Chome)	Nihonbashi-Kayabacho, Chuo-ku	Trust	03/01/2011	4,410	(0.6%)
● I- 12	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250	(0.7%)
● I- 13	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830	(2.3%)
● I- 14	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353	
				05/24/2010	2,645	
				total	7,999	(1.1%)
● I- 15	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800	(3.7%)
● I- 16	Akasaka Park Building	Akasaka, Minato-ku	Real property	11/15/2011	60,800	(8.5%)
● I- 17	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680	(1.1%)
● I- 18	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250	
				01/15/2010	54,600	
				total	75,850	(10.6%)
● I- 19	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859	(0.7%)
● I- 20	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808	(0.4%)
● I- 21	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830	(1.1%)
● I- 22	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350	
				03/24/2010	22,426	
				total	31,776	(4.4%)
● I- 23	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500	(0.8%)
● I- 24	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300	(1.7%)
● I- 25	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123	(0.7%)
● I- 26	Nippon Brunswick Building	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670	(0.9%)
● I- 27	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700	(1.2%)
● I- 28	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885	(0.7%)
● I- 29	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200	(1.7%)
● I- 30	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600	(4.8%)
● I- 31	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740	
				04/01/2004	360	
				total	4,100	(0.6%)
● I- 32	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500	(1.2%)
● I- 33	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541	(0.5%)
● I- 34	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728	(0.2%)
● I- 35	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500	(0.6%)
<b>Tokyo metropolitan area, excluding 23 wards</b>						
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300	
				03/19/2008	2,379	
				total	5,679	(0.8%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.4%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400	(5.2%)
● II- 4	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375	(0.5%)
● II- 5	Musashi Kosugi STM Building	Kawasaki, Kanagawa Prefecture	Real property	03/25/2008	4,000	(0.6%)
<b>Other major cities</b>						
● III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100	(1.0%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000	(0.1%)
● III- 3	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.4%)
● III- 4	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(0.6%)
● III- 5	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850	
				11/01/2006	1,300	
				total	5,150	(0.7%)
● III- 6	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680	(0.2%)
● III- 7	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533	(2.0%)
● III- 8	Nagoya Misono Building	Nagoya, Aichi Prefecture	Real property	08/08/2003	1,865	(0.3%)
● III- 9	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Real property	12/20/2001	2,650	(0.4%)
● III- 10	Shin-Fujita Building	Osaka, Osaka Prefecture	Trust	09/01/2008	24,000	(3.3%)
● 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	(2.0%)
● III- 13	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.6%)
● III- 14	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Real property	03/25/2004	1,320	
				03/03/2008	1,450	
				total	2,770	(0.4%)
● III- 15	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550	(0.2%)
● III- 16	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000	(0.7%)
● III- 17	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.5%)
	Total				718,663	(100.0%)

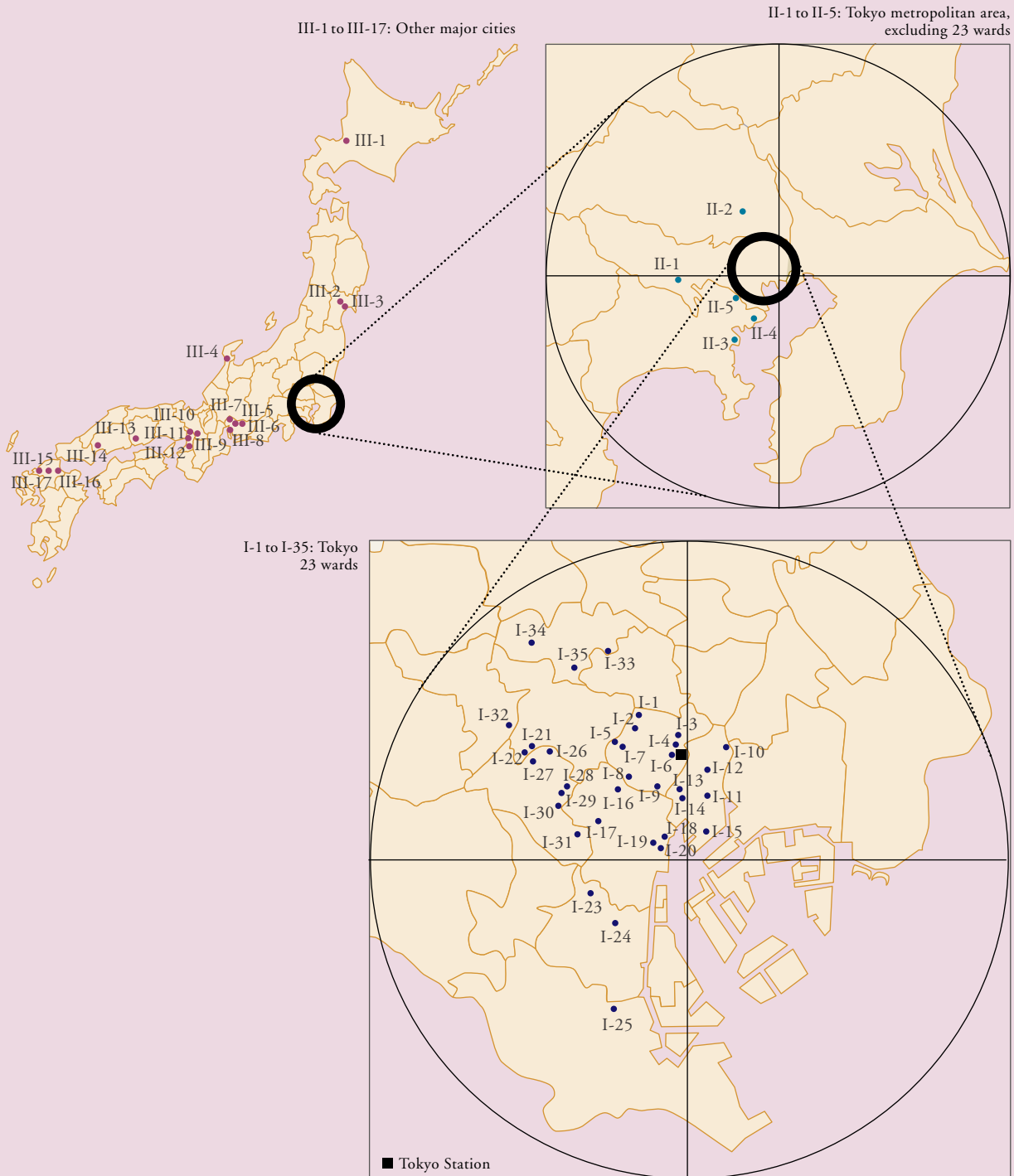
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ mil)	Leasable space	Leased space	Occupancy rate	Number of tenants	Revenues from leasing operations (¥ mil)
100.0%	1985	6,160	4,791m <sup>2</sup>	4,791m <sup>2</sup>	100.0%	1	223 (0.9%)
100.0%	2006	68,700	25,678m <sup>2</sup>	25,678m <sup>2</sup>	100.0%	4	1,671 (6.9%)
100.0%	1998	7,810	6,269m <sup>2</sup>	5,613m <sup>2</sup>	89.5%	7	181 (0.8%)
56.76%	1993	4,290	3,687m <sup>2</sup>	3,561m <sup>2</sup>	96.6%	10	121 (0.5%)
31.345%	2004	16,300	9,316m <sup>2</sup>	9,316m <sup>2</sup>	100.0%	1	479 (2.0%)
19.38402%	2003	45,800	11,855m <sup>2</sup>	11,855m <sup>2</sup>	100.0%	10	1,026 (4.3%)
100.0%	2005	6,390	4,495m <sup>2</sup>	4,495m <sup>2</sup>	100.0%	1	162 (0.7%)
99.0%	1966	29,600	20,871m <sup>2</sup>	19,540m <sup>2</sup>	93.6%	38	993 (4.1%)
10.78%	1975	7,430	4,694m <sup>2</sup>	3,727m <sup>2</sup>	79.4%	12	240 (1.0%)
100.0%	1991	2,980	3,897m <sup>2</sup>	3,686m <sup>2</sup>	94.6%	9	114 (0.5%)
100.0%	1991	4,780	4,538m <sup>2</sup>	4,336m <sup>2</sup>	95.5%	9	161 (0.7%)
100.0%	2002	6,330	4,279m <sup>2</sup>	4,279m <sup>2</sup>	100.0%	1	150 (0.6%)
70.95%	1982	14,600	4,329m <sup>2</sup>	4,290m <sup>2</sup>	99.1%	10	369 (1.5%)
100.0%	1998	5,040	4,255m <sup>2</sup>	4,255m <sup>2</sup>	100.0%	12	135 (0.6%)
100.0%	2006	20,000	20,812m <sup>2</sup>	18,470m <sup>2</sup>	88.7%	6	639 (2.7%)
100.0%	1993	62,500	45,009m <sup>2</sup>	41,187m <sup>2</sup>	91.5%	23	1,996 (8.3%)
100.0%	1982	7,240	4,898m <sup>2</sup>	4,898m <sup>2</sup>	100.0%	6	218 (0.9%)
40.0%	2007	78,000	32,155m <sup>2</sup>	31,650m <sup>2</sup>	98.4%	32	2,203 (9.2%)
100.0%	1984	5,910	9,606m <sup>2</sup>	9,401m <sup>2</sup>	97.9%	20	296 (1.2%)
100.0%	1992	2,610	4,062m <sup>2</sup>	4,062m <sup>2</sup>	100.0%	8	117 (0.5%)
100.0%	1989	5,740	6,134m <sup>2</sup>	6,134m <sup>2</sup>	100.0%	10	169 (0.7%)
31.325%	1996	30,400	35,043m <sup>2</sup>	31,493m <sup>2</sup>	89.9%	93	1,604 (6.7%)
100.0%	2004	5,600	5,205m <sup>2</sup>	5,205m <sup>2</sup>	100.0%	4	192 (0.8%)
100.0%	2005	15,170	16,856m <sup>2</sup>	16,856m <sup>2</sup>	100.0%	1	669 (2.8%)
100.0%	1989	5,330	7,754m <sup>2</sup>	7,306m <sup>2</sup>	94.2%	16	248 (1.0%)
100.0%	1974	6,730	7,356m <sup>2</sup>	6,264m <sup>2</sup>	85.2%	19	282 (1.2%)
100.0%	2003	9,870	7,745m <sup>2</sup>	7,745m <sup>2</sup>	100.0%	9	293 (1.2%)
100.0%	1987	6,120	3,147m <sup>2</sup>	3,147m <sup>2</sup>	100.0%	4	192 (0.8%)
100.0%	1998	10,200	5,558m <sup>2</sup>	5,558m <sup>2</sup>	100.0%	7	342 (1.4%)
100.0%	1976	42,000	29,660m <sup>2</sup>	26,236m <sup>2</sup>	88.5%	56	1,239 (5.2%)
12.29939%	1994	2,740	2,462m <sup>2</sup>	2,462m <sup>2</sup>	100.0%	5	75 (0.3%)
29.253305%	1997	9,630	10,929m <sup>2</sup>	10,334m <sup>2</sup>	94.6%	14	347 (1.4%)
100.0%	1987	3,820	7,215m <sup>2</sup>	7,215m <sup>2</sup>	100.0%	7	174 (0.7%)
100.0%	1990	1,610	2,186m <sup>2</sup>	2,186m <sup>2</sup>	100.0%	9	71 (0.3%)
100.0%	1989	4,120	5,932m <sup>2</sup>	5,537m <sup>2</sup>	93.4%	11	186 (0.8%)
80.4%	1996	4,170	10,068m <sup>2</sup>	9,433m <sup>2</sup>	93.7%	39	235 (1.0%)
100.0%	1990	2,030	4,510m <sup>2</sup>	4,492m <sup>2</sup>	99.6%	14	109 (0.5%)
100.0%	2007	35,600	38,496m <sup>2</sup>	37,550m <sup>2</sup>	97.5%	26	1,365 (5.7%)
100.0%	1990	2,730	6,831m <sup>2</sup>	6,325m <sup>2</sup>	92.6%	13	140 (0.6%)
34.32%	1990	3,560	5,378m <sup>2</sup>	5,378m <sup>2</sup>	100.0%	23	145 (0.6%)
100.0%	2006	6,630	12,265m <sup>2</sup>	12,265m <sup>2</sup>	100.0%	8	322 (1.3%)
50.0%	1993	880	2,518m <sup>2</sup>	2,518m <sup>2</sup>	100.0%	18	66 (0.3%)
100.0%	1991	2,470	6,241m <sup>2</sup>	5,286m <sup>2</sup>	84.7%	18	118 (0.5%)
89.0%	1991	5,330	20,820m <sup>2</sup>	18,419m <sup>2</sup>	88.5%	73	435 (1.8%)
57.04651%	1995	3,620	8,056m <sup>2</sup>	7,468m <sup>2</sup>	92.7%	56	225 (0.9%)
100.0%	1987	1,310	3,911m <sup>2</sup>	3,121m <sup>2</sup>	79.8%	12	87 (0.4%)
100.0%	1987	12,600	21,624m <sup>2</sup>	20,963m <sup>2</sup>	96.9%	29	592 (2.5%)
100.0%	1991	1,040	3,448m <sup>2</sup>	2,992m <sup>2</sup>	86.8%	13	64 (0.3%)
100.0%	1982	1,770	6,802m <sup>2</sup>	5,514m <sup>2</sup>	81.1%	30	103 (0.4%)
100.0%	1995	16,300	28,414m <sup>2</sup>	26,178m <sup>2</sup>	92.1%	41	730 (3.0%)
100.0%	1992	3,580	11,556m <sup>2</sup>	11,350m <sup>2</sup>	98.2%	20	224 (0.9%)
100.0%	1991	14,100	20,450m <sup>2</sup>	19,054m <sup>2</sup>	93.2%	33	573 (2.4%)
27.7488%	2005	4,200	9,965m <sup>2</sup>	9,591m <sup>2</sup>	96.2%	41	255 (1.1%)
48.753%	1994	2,280	9,860m <sup>2</sup>	9,860m <sup>2</sup>	100.0%	12	254 (1.1%)
100.0%	1992	1,290	4,000m <sup>2</sup>	4,000m <sup>2</sup>	100.0%	19	86 (0.4%)
100.0%	1993	2,470	5,973m <sup>2</sup>	5,773m <sup>2</sup>	96.6%	29	148 (0.6%)
74.4844%	1987	3,720	5,868m <sup>2</sup>	5,868m <sup>2</sup>	100.0%	6	176 (0.7%)
		693,230	629,761m <sup>2</sup>	596,194m <sup>2</sup>	94.7%	1,058	24,059 (100.0%)

## Major Tenants Roster

Rank	Name of tenant	Name of building	Leased space	% of total leased space
1	MSD K.K.	Kitanomaru Square (also includes 1 other building)	25,491m <sup>2</sup>	4.3%
2	General Electric Company	Akasaka Park Building	18,842m <sup>2</sup>	3.2%
3	Mitsubishi Estate Co., Ltd.	Osaki Front Tower (also includes 1 other building)	17,213m <sup>2</sup>	2.9%
4	NTT Communications Corporation	Shiodome Building	11,813m <sup>2</sup>	2.0%
5	HAKUHODO DY HOLDINGS INCORPORATED	Akasaka Park Building	11,059m <sup>2</sup>	1.9%
6	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,598m <sup>2</sup>	1.8%
7	Seven & i Holdings Co., Ltd.	Nibancho Garden	9,316m <sup>2</sup>	1.6%
8	Space Design, Inc.	Burex Kojimachi Building (also includes 1 other building)	8,774m <sup>2</sup>	1.5%
9	JSOL Corporation	Harumi Center Building	8,567m <sup>2</sup>	1.4%
10	(Note)	MM Park Building (also includes 2 other buildings)	7,150m <sup>2</sup>	1.2%

Note: Not disclosed as per tenant request

## Locations of Portfolio Properties





## Overview of Portfolio Properties *As of March 31, 2012*

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



**Genki Medical Plaza**

● I-1

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



**Kitanomaru Square**

● I-2

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



**MD Kanda Building**

● I-3

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



**Kandabashi Park Building**

● I-4

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



**Nibancho Garden**

● I-5

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



**Mitsubishi UFJ Trust and Banking Building**

● I-6

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



**Burex Kojimachi Building**

● I-7

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



**Sanno Grand Building**

● I-8

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



**Yurakucho Denki Building**

● I-9

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



**Kodenmachi Shin-Nihonbashi Building**

● I-10

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



**Kyodo Building (Kayabacho 2Chome)**

● I-11

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



**Burex Kyobashi Building**

● I-12

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



**Ginza Sanwa Building**

● I-13

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



**Ryoshin Ginza East Mirror Building**

● I-14

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



**Harumi Center Building**

● I-15

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



**Akasaka Park Building**

● I-16

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



**Aoyama Crystal Building**

● I-17

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



**Shiodome Building**

● I-18

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



**Shiba 2Chome Daimon Building**

● I-19

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



**Cosmo Kanasugibashi Building**

● I-20

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



**Shinwa Building**

● I-21

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



**Tokyo Opera City Building**

● I-22

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



**Higashi-Gotanda 1Chome Building**

● I-23

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



**Osaki Front Tower**

● I-24

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



### Omori-Eki Higashiguchi Building

● I-25

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



### Nippon Brunswick Building

● I-26

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



### Yoyogi 1Chome Building

● I-27

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



### da Vinci Harajuku

● I-28

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



### Jingumae Media Square Building

● I-29

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



### Shibuya Cross Tower

● I-30

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



### Ebisu Neonato

● I-31

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



### Harmony Tower

● I-32

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



### Otsuka Higashi-Ikebukuro Building

● I-33

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



### Ikebukuro 2Chome Building

● I-34

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



### Ikebukuro YS Building

● I-35

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



### Hachioji First Square

● II-1

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



**Saitama Urawa Building**

● II-2

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



**MM Park Building**

● II-3

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



**Kawasaki Isago Building**

● II-4

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



**Musashi Kosugi STM Building**

● II-5

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



**8.3 Square Kita Building**

● III-1

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



**Jozenji Park Building**

● III-2

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



**Sendai Honcho Honma Building**

● III-3

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



**Kanazawa Park Building**

● III-4

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



**Nishiki Park Building**

● III-5

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



**Hirokoji Sakae Building**

● III-6

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



**Nagoya Hirokoji Building**

● III-7

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



**Nagoya Misono Building**

● III-8

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



### Kyoto Shijo Kawaramachi Building

● III-9

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



### Shin-Fujita Building

● III-10

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



### Sakaisujihonmachi Building

● III-11

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



### Midosuji Daiwa Building

● III-12

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



### Lit City Building

● III-13

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



### NHK Hiroshima Broadcasting Center Building

● III-14

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



### Tosei Tenjin Building

● III-15

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



### Tenjin Crystal Building

● III-16

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



### Hinode Tenjin Building

● III-17

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



## Financial Section

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## Selected Financial Data

	Millions of yen					Thousands of U.S. dollars (Note 1)
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2010 to March 31, 2011	For the period from April 1, 2010 to September 30, 2010	For the period from October 1, 2009 to March 31, 2010	For the period from October 1, 2011 to March 31, 2012
Operating Revenues	¥ 24,059	¥ 22,829	¥ 22,135	¥ 22,112	¥ 21,665	\$ 292,732
Operating Expenses	13,273	12,449	12,333	12,173	11,127	161,497
Operating Income	10,786	10,380	9,802	9,939	10,538	131,234
Ordinary Income	8,863	8,603	7,938	8,135	8,876	107,839
Income before Income Taxes	8,904	8,614	7,657	8,135	8,876	108,337
Net Income	8,934	8,268	7,652	8,134	8,875	108,707
Total Assets	703,085	643,949	646,847	634,974	637,326	8,554,392
Interest-Bearing Debts	284,300	269,350	272,400	262,450	262,500	3,459,058
Net Assets	372,869	332,670	332,054	332,536	333,228	4,536,682
Unitholders' Capital	363,371	324,353	324,353	324,353	324,353	4,421,119
Number of Units	549,040	489,200	489,200	489,200	489,200	549,040
Net Assets per Unit (Yen/U.S. dollars)	679,130	680,029	678,770	679,755	681,170	8,263
Cash Distribution	8,888	7,753	7,652	8,134	8,826	108,151
Dividend Payout Ratio	99.4%	93.7%	99.9%	99.9%	99.4%	99.4%
Dividend per Unit (Yen/U.S. dollars)	16,190	15,850	15,642	16,628	18,043	196.98
Net Operating Income (NOI)	16,361	15,121	14,950	15,091	14,414	199,073
Funds from Operations (FFO)	13,625	12,154	11,938	12,353	11,914	165,779
Return on Assets (ROA) (Note 2)	1.3%	1.3%	1.2%	1.3%	1.5%	1.3%
	(2.6% annualized)	(2.7% annualized)	(2.5% annualized)	(2.6% annualized)	(3.0% annualized)	(2.6% annualized)
Return on Equity (ROE) (Note 3)	2.6%	2.5%	2.3%	2.4%	2.7%	2.6%
	(5.3% annualized)	(5.0% annualized)	(4.6% annualized)	(4.9% annualized)	(5.5% annualized)	(5.3% annualized)
EOP Equity Ratio (Note 4)	53.0%	51.7%	51.3%	52.4%	52.3%	53.0%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 5)	40.4%	41.8%	42.1%	41.3%	41.2%	40.4%
FFO Multiple	14.7 times	15.2 times	16.1 times	15.1 times	16.3 times	14.7 times
Debt Service Coverage Ratio (Note 6)	8.5 times	8.4 times	7.5 times	7.8 times	9.0 times	8.5 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥82.19 = US\$1.00, the foreign exchange rate on March 31, 2012, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

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

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

(Annualized portion of the calculation given in note 2 and note 3 assumes a fiscal period of 182 days for the period ended March 31, 2010, 183 days for the period ended September 30, 2010, 182 days for the period ended March 31, 2011, 183 days for the period ended September 30, 2011 and 183 days for the period ended March 31, 2012.)

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

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

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

## Balance Sheets

As of March 31, 2012 and September 30, 2011

	Thousands of yen		U.S. dollars (Note 1)
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and bank deposits	¥ 18,661,450	¥ 19,366,180	\$ 227,052,567
Rental receivables	102,822	105,708	1,251,031
Refundable income taxes	—	4,983	—
Refundable consumption taxes	448,257	—	5,453,915
Other current assets	148,390	146,268	1,805,453
<b>Total current assets</b>	<b>19,360,920</b>	<b>19,623,140</b>	<b>235,562,965</b>
<b>Property and Equipment, at Cost:</b>			
Land	472,709,596	424,833,012	5,751,424,707
Buildings and structures	254,100,997	237,880,857	3,091,629,118
Machinery and equipment	3,095,111	3,087,670	37,658,001
Tools, furniture and fixtures	182,888	125,603	2,225,193
Construction in progress	986	46,026	12,006
<b>Subtotal</b>	<b>730,089,580</b>	<b>665,973,170</b>	<b>8,882,949,025</b>
Accumulated depreciation	(55,559,353)	(50,887,381)	(675,986,786)
<b>Total property and equipment</b>	<b>674,530,226</b>	<b>615,085,789</b>	<b>8,206,962,239</b>
<b>Investments and Other Assets:</b>			
Investment securities	577,168	577,168	7,022,364
Deposits	1,069,330	1,069,330	13,010,468
Long-term prepaid expenses	10,408	19,025	126,640
Leasehold rights	6,612,617	6,628,447	80,455,255
Easement	828,095	828,095	10,075,379
Deferred investment corporation bond issuance costs	96,689	118,525	1,176,408
<b>Total Assets</b>	<b>¥703,085,455</b>	<b>¥643,949,522</b>	<b>\$8,554,391,718</b>

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



	Thousands of yen		U.S. dollars (Note 1)
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade accounts payable	¥ 864,742	¥ 639,477	\$ 10,521,259
Other payables	830,283	798,233	10,102,007
Short-term loans	13,500,000	16,500,000	164,253,559
Current portion of investment corporation bonds	10,000,000	10,000,000	121,669,303
Current portion of long-term loans	50,100,000	8,100,000	609,563,207
Accrued expenses	823,544	759,305	10,020,014
Income taxes payable	15,095	605	183,666
Accrued consumption taxes	—	704,254	—
Rent received in advance	3,156,794	2,477,592	38,408,494
Provision for loss on disaster	—	115,571	—
Other current liabilities	2,162	2,477	26,316
<b>Total current liabilities</b>	<b>79,292,623</b>	<b>40,097,518</b>	<b>964,747,824</b>
<b>Long-Term Liabilities:</b>			
Investment corporation bonds	45,000,000	45,000,000	547,511,863
Long-term loans	165,700,000	189,750,000	2,016,060,348
Deposits received from tenants	39,622,449	35,788,642	482,083,582
Deferred tax liabilities	300,204	345,639	3,652,569
Asset retirement obligations	300,253	297,259	3,653,169
<b>Total long-term liabilities</b>	<b>250,922,908</b>	<b>271,181,541</b>	<b>3,052,961,531</b>
<b>Total Liabilities</b>	<b>330,215,531</b>	<b>311,279,059</b>	<b>4,017,709,354</b>
<b>NET ASSETS</b>			
<b>Unitholders' equity:</b>			
Unitholders' capital	363,371,780	324,353,108	4,421,119,114
Authorized: 2,000,000 units			
Issued: 549,040 units as of March 31, 2012 and 489,200 units as of September 30, 2011			
<b>Surplus</b>			
Voluntary reserve			
Reserve for reduction entry	533,179	—	6,487,160
Retained earnings	8,964,963	8,317,354	109,076,090
<b>Total surplus</b>	<b>9,498,143</b>	<b>8,317,354</b>	<b>115,563,250</b>
<b>Total unitholders' equity</b>	<b>372,869,923</b>	<b>332,670,462</b>	<b>4,536,682,364</b>
<b>Total net assets</b>	<b>372,869,923</b>	<b>332,670,462</b>	<b>4,536,682,364</b>
<b>Total Liabilities and Net Assets</b>	<b>¥703,085,455</b>	<b>¥643,949,522</b>	<b>\$8,554,391,718</b>

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

## Statements of Income and Retained Earnings

For the six months ended March 31, 2012 and September 30, 2011

	Thousands of yen		U.S. dollars (Note 1)
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2011 to March 31, 2012
<b>OPERATING REVENUES AND EXPENSES</b>			
<b>Operating Revenues:</b>			
Rental revenues	¥23,775,373	¥22,187,539	\$289,273,311
Non-rental revenues	284,260	95,818	3,458,575
Gain on sale of properties	—	546,615	—
<b>Total operating revenues</b>	<b>24,059,633</b>	<b>22,829,973</b>	<b>292,731,886</b>
<b>Operating Expenses:</b>			
Property-related expenses	12,388,608	11,595,387	150,731,332
Asset management fees	579,666	546,883	7,052,768
Administrative service fees	192,149	186,397	2,337,875
Professional fee	66,899	63,398	813,966
Other operating expenses	46,150	57,470	561,515
<b>Total operating expenses</b>	<b>13,273,475</b>	<b>12,449,537</b>	<b>161,497,455</b>
<b>Operating Income</b>	<b>10,786,157</b>	<b>10,380,435</b>	<b>131,234,431</b>
<b>NON-OPERATING REVENUES AND EXPENSES</b>			
<b>Non-Operating Revenues:</b>			
Interest income	5,842	6,013	71,082
Dividends income	—	19,724	—
Interest on tax refund	8	4,900	107
Other non-operating revenues	0	—	1
<b>Non-Operating Expenses:</b>			
Interest expense	1,343,797	1,295,442	16,349,890
Interest expense on investment corporation bonds	469,237	471,115	5,709,177
Amortization of investment corporation bond issuance costs	21,836	21,836	265,677
New unit issuance costs	53,792	—	654,486
Other non-operating expenses	40,080	18,784	487,663
<b>Ordinary Income</b>	<b>8,863,265</b>	<b>8,603,896</b>	<b>107,838,728</b>
<b>Extraordinary Income:</b>			
Reversal of provision for loss on disaster	40,929	10,965	497,982
<b>Income before Income Taxes</b>	<b>8,904,194</b>	<b>8,614,861</b>	<b>108,336,710</b>
<b>Income Taxes:</b>			
Current	16,221	605	197,362
Deferred	(46,636)	346,043	(567,419)
<b>Net Income</b>	<b>8,934,609</b>	<b>8,268,213</b>	<b>108,706,766</b>
<b>Retained Earnings Brought Forward</b>	<b>30,354</b>	<b>49,141</b>	<b>369,324</b>
<b>Retained Earnings at End of Period</b>	<b>¥ 8,964,963</b>	<b>¥ 8,317,354</b>	<b>\$109,076,090</b>

## Statements of Changes in Unitholders' Equity

For the six months ended March 31, 2012 and September 30, 2011

	Units	Thousands of yen				Total unitholders' equity
		Unitholders' capital	Reserve for reduction entry	Surplus	Total surplus	
				Retained earnings		
<b>Balance as of March 31, 2011</b>	<b>489,200</b>	<b>¥324,353,108</b>	—	<b>¥7,701,207</b>	<b>¥7,701,207</b>	<b>¥332,054,315</b>
Cash dividends paid	—	—	—	(7,652,066)	(7,652,066)	(7,652,066)
Net income	—	—	—	8,268,213	8,268,213	8,268,213
<b>Balance as of September 30, 2011</b>	<b>489,200</b>	<b>¥324,353,108</b>	—	<b>¥8,317,354</b>	<b>¥8,317,354</b>	<b>¥332,670,462</b>
Provision of reserve for reduction entry	—	—	¥533,179	(533,179)	—	—
New unit issuance	59,840	39,018,672	—	—	—	39,018,672
Cash dividends paid	—	—	—	(7,753,820)	(7,753,820)	(7,753,820)
Net income	—	—	—	8,934,609	8,934,609	8,934,609
<b>Balance as of March 31, 2012</b>	<b>549,040</b>	<b>¥363,371,780</b>	<b>¥533,179</b>	<b>¥8,964,963</b>	<b>¥9,498,143</b>	<b>¥372,869,923</b>
		U.S. dollars (Note 1)				
	Units	Unitholders' capital	Reserve for reduction entry	Retained earnings	Total surplus	Total unitholders' equity
<b>Balance as of September 30, 2011</b>	<b>489,200</b>	<b>\$3,946,381,652</b>	—	<b>\$101,196,671</b>	<b>\$101,196,671</b>	<b>\$4,047,578,323</b>
Provision of reserve for reduction entry	—	—	\$6,487,160	(6,487,160)	—	—
New unit issuance	59,840	474,737,462	—	—	—	474,737,462
Cash dividends paid	—	—	—	(94,340,187)	(94,340,187)	(94,340,187)
Net income	—	—	—	108,706,766	108,706,766	108,706,766
<b>Balance as of March 31, 2012</b>	<b>549,040</b>	<b>\$4,421,119,114</b>	<b>\$6,487,160</b>	<b>\$109,076,090</b>	<b>\$115,563,250</b>	<b>\$4,536,682,364</b>

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

## Statements of Cash Flows

For the six months ended March 31, 2012 and September 30, 2011

	Thousands of yen		U.S. dollars (Note 1)
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2011 to March 31, 2012
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes	¥ 8,904,194	¥ 8,614,861	\$108,336,710
Depreciation and amortization	4,690,797	4,433,226	57,072,608
Amortization of investment corporation bond issuance costs	21,836	21,836	265,677
New unit issuance costs	53,792	—	654,486
Dividends income	—	(19,724)	—
Interest income	(5,842)	(6,013)	(71,082)
Interest expense	1,813,034	1,766,557	22,059,067
Reversal of provision for loss on disaster	(40,929)	(10,965)	(497,982)
Rental receivables	2,885	3,057	35,112
Refundable income taxes	4,983	(4,983)	60,634
Refundable consumption taxes	(448,257)	362,232	(5,453,915)
Prepaid expenses	(707)	(13,339)	(8,611)
Trade accounts payable	(208,116)	(10,011)	(2,532,145)
Other payables	43,918	11,231	534,353
Accrued expenses	(704,136)	700,619	(8,567,184)
Rent received in advance	679,201	(502,356)	8,263,797
Decrease due to sale of tangible fixed asset	—	2,586,877	—
Long-term prepaid expenses	8,616	12,944	104,842
Other	(235,463)	(5,684)	(2,864,866)
Sub-total	14,579,807	17,940,364	177,391,500
Interest and dividend income received	5,629	24,918	68,492
Interest paid	(1,748,913)	(1,876,072)	(21,278,909)
Payments for loss on disaster	(89,992)	(92,321)	(1,094,937)
Income taxes paid	(1,730)	(4,005)	(21,057)
Net cash provided by operating activities	12,744,799	15,992,882	155,065,089
<b>Cash Flows from Investing Activities:</b>			
Payments of time deposits	(7,517,000)	(13,103,693)	(91,458,815)
Proceeds from time deposits	9,517,000	9,603,693	115,792,676
Purchases of property and equipment	(63,450,933)	(1,313,045)	(772,003,087)
Purchases of intangible assets	—	(7,012)	—
Repayments of lease and guarantee deposits received	(1,816,042)	(1,187,152)	(22,095,666)
Proceeds from lease and guarantee deposits received	5,649,849	845,590	68,741,331
Net cash used in investing activities	(57,617,126)	(5,161,619)	(701,023,562)
<b>Cash Flows from Financing Activities:</b>			
Proceeds from short-term loans	45,500,000	7,000,000	553,595,328
Repayments of short-term loans	(48,500,000)	(15,500,000)	(590,096,119)
Proceeds from long-term loans	25,000,000	66,500,000	304,173,257
Repayments of long-term loans	(7,050,000)	(61,050,000)	(85,776,858)
Proceeds from issuance of units	39,018,672	—	474,737,462
Payments of new unit issuance costs	(49,993)	—	(608,270)
Dividends to unitholders	(7,751,081)	(7,649,238)	(94,306,870)
Net cash provided by (used in) financing activities	46,167,596	(10,699,238)	561,717,930
Net Increase in Cash and Cash Equivalents	1,295,269	132,025	15,759,457
Cash and Cash Equivalents at Beginning of Period	11,366,180	11,234,155	138,291,528
Cash and Cash Equivalents at End of Period	¥12,661,450	¥11,366,180	\$154,050,985

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

## Notes to Financial Statements

March 31, 2012 and September 30, 2011

### 1. ORGANIZATION AND BASIS OF PRESENTATION

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#### 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 (\$6,164), generating gross proceeds of ¥81,060 million (\$986,251 thousand) (Note).

The Company completed the eighth public offering of 54,400 units at a price of ¥652,050 (\$7,933) on February 28, 2012 and third party allocation of 5,440 units at a price of ¥652,050 (\$7,933) on March 27, 2012, generating gross proceeds of ¥35,471 million (\$431,580 thousand) and ¥3,547 million (\$43,158 thousand). As of March 31, 2012, the Company had total unitholders’ capital of ¥363,371 million (\$4,421,119 thousand) with 549,040 units outstanding (Note).

At March 31, 2012, the Company owned a portfolio of 57 office properties concerning an aggregate of approximately 629,761 square meters of leasable space.

Note: The foreign exchange rate of ¥82.19=US\$1.00, as of March 31, 2012, has been used for translation.

#### Basis of presenting financial statements

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

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

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥82.19=US\$1.00, the foreign exchange rate on March 31, 2012, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### Investment securities

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

#### Property and equipment, depreciation and impairment

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

Buildings.....	2–61 years
Structures.....	5–60 years

Machinery and equipment .....	3–18 years
Tools, furniture and fixtures .....	2–29 years

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

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

#### **Intangible assets**

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

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

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

#### **Deferred charges**

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

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

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

Under the spread-method, the difference between the offer price (the price paid by the unitholder) and the issue price (the price received by the Company) is retained by the underwriters as remunerations. The spread so incurred at the eighth offering on February 28, 2012 was ¥1,126 million (\$13,701 thousand).

#### **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. FINANCIAL INSTRUMENTS

For the six months ended March 31, 2012 and September 30, 2011

#### 1. Status of financial instruments

##### (1) Policies for dealing financial instruments

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

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

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

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

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

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

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

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

The fund proceeds from borrowings and issues of investment corporate bonds are applied mainly to acquire real estate properties and repayment of outstanding loans and bonds. While floating-rate short-term loans are exposed to the risk of interest-rate hike, such risk is mitigated by the Company’s low LTV and relatively high percentage of long-term fixed-rate debts within the total borrowing. Loans and investment corporate bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements the measures such as (i) maintaining and strengthening its ability to access equity markets to secure funds, (ii) maintaining a commitment lines with major financial institutions (There is no outstanding under the facility as of March 31, 2012 and as of September 30, 2011), and (iii) preparing monthly financial plan.

##### (3) Supplementary note regarding fair value of financial instruments

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

#### 2. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the difference between them as of March 31, 2012 and as of September 30, 2011 are as follows.

The financial instruments whose fair values have extreme difficulty estimating are excluded from the following schedule (Note 2).

	Thousands of yen			U.S. dollars		
	As of March 31, 2012					
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 18,661,450	¥ 18,661,450	¥ —	\$ 227,052,567	\$ 227,052,567	\$ —
(2) Short-term loans	13,500,000	13,500,000	—	164,253,559	164,253,559	—
(3) Current portion of investment corporation bonds	10,000,000	10,026,000	26,000	121,669,303	121,985,643	316,340
(4) Current portion of long-term loans	50,100,000	50,306,801	206,801	609,563,207	612,079,348	2,516,141
(5) Investment corporation bonds	45,000,000	45,813,250	813,250	547,511,863	557,406,619	9,894,756
(6) Long-term loans	165,700,000	168,017,031	2,317,031	2,016,060,348	2,044,251,505	28,191,157

	Thousands of yen		
	As of September 30, 2011		
	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 19,366,180	¥ 19,366,180	¥ —
(2) Short-term loans	16,500,000	16,500,000	—
(3) Current portion of investment corporation bonds	10,000,000	10,076,100	76,100
(4) Current portion of long-term loans	8,100,000	8,113,355	13,355
(5) Investment corporation bonds	45,000,000	45,804,000	804,000
(6) Long-term loans	189,750,000	188,468,230	(1,281,769)

Note 1: Measurement of fair value of financial instruments

(1) Cash and bank deposits

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

(2) Short-term loans

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

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

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

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

The fair values of these liabilities are calculated by discounting the aggregated amounts of the principals and the interests of the loan by the rates that are reasonably estimated to be applicable if the Company refinances the existing loans for the remaining period to maturity under the prevailing market conditions at March 31, 2012 and September 30, 2011.

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

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
(1) Non-listed stock <sup>(*)</sup>	¥ 577,168	¥ 577,168	\$ 7,022,364
(2) Deposits received from tenants <sup>(**)</sup>	39,622,449	35,788,642	482,083,582

(\*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.

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

	Thousands of yen						U.S. dollars					
	As of March 31, 2012											
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and bank deposits	¥18,661,450	¥—	¥—	¥—	¥—	¥—	\$227,052,567	\$—	\$—	\$—	\$—	\$—

	Thousands of yen					
	As of September 30, 2011					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Cash and bank deposits	¥19,366,180	¥—	¥—	¥—	¥—	¥—

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

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

U.S. dollars						
As of March 31, 2012						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	\$164,253,559	\$ —	\$ —	\$ —	\$ —	\$ —
Investment corporation bonds	121,669,303	—	182,503,954	243,338,606	—	121,669,303
Long-term loans	609,563,207	414,892,323	62,051,344	177,637,182	540,211,705	821,267,794
<b>Total</b>	<b>\$895,486,069</b>	<b>\$414,892,323</b>	<b>\$244,555,299</b>	<b>\$420,975,788</b>	<b>\$540,211,705</b>	<b>\$942,937,097</b>

Thousands of yen						
As of September 30, 2011						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	¥16,500,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	10,000,000	—	15,000,000	20,000,000	—	10,000,000
Long-term loans	8,100,000	70,100,000	13,100,000	16,600,000	30,100,000	59,850,000
<b>Total</b>	<b>¥34,600,000</b>	<b>¥70,100,000</b>	<b>¥28,100,000</b>	<b>¥36,600,000</b>	<b>¥30,100,000</b>	<b>¥69,850,000</b>

#### 4. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2012 and September 30, 2011 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of March 31, 2012		As of September 30, 2011		As of March 31, 2012	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥367,342,515	¥367,342,515	¥319,465,931	¥319,465,931	\$4,469,430,771	\$4,469,430,771
Buildings and structures	206,105,194	—	190,174,858	—	2,507,667,531	—
Accumulated depreciation	(44,189,397)	161,915,796	(40,321,390)	149,853,468	(537,649,322)	1,970,018,209
Machinery and equipment	2,309,787	—	2,302,347	—	28,103,024	—
Accumulated depreciation	(1,180,434)	1,129,352	(1,119,828)	1,182,518	(14,362,269)	13,740,756
Tools, furniture and fixtures	169,661	—	113,324	—	2,064,254	—
Accumulated depreciation	(78,825)	90,835	(73,028)	40,296	(959,070)	1,105,184
Construction in progress	986	986	46,026	46,026	12,006	12,006
Land in trust	105,367,081	105,367,081	105,367,081	105,367,081	1,281,993,937	1,281,993,937
Buildings and structures in trust	47,995,802	—	47,705,998	—	583,961,586	—
Accumulated depreciation	(9,577,590)	38,418,212	(8,864,594)	38,841,404	(116,529,878)	467,431,708
Machinery and equipment in trust	785,323	—	785,323	—	9,554,977	—
Accumulated depreciation	(527,724)	257,598	(503,515)	281,807	(6,420,790)	3,134,188
Tools, furniture and fixtures in trust	13,227	—	12,278	—	160,938	—
Accumulated depreciation	(5,379)	7,847	(5,024)	7,254	(65,457)	95,481
<b>Total</b>	<b>¥674,530,226</b>	<b>¥674,530,226</b>	<b>¥615,085,789</b>	<b>¥615,085,789</b>	<b>\$8,206,962,239</b>	<b>\$8,206,962,239</b>

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$609 thousand) at March 31, 2012 and ¥50 million (\$609 thousand) at September 30, 2011.



## 5. SHORT-TERM LOANS

Short-term loans at March 31, 2012 and September 30, 2011 consisted of the following

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
0.38% unsecured loan from a trust bank, due on November 1, 2011	¥ —	¥ 1,500,000	\$ —
0.33% unsecured loan from a trust bank, due on November 1, 2012	1,000,000	—	12,166,930
0.38% unsecured loan from a bank, due on March 26, 2012	—	1,000,000	—
0.38% unsecured loan from a bank, due on March 26, 2012	—	1,000,000	—
0.33% unsecured loan from a bank, due on March 26, 2013	1,000,000	—	12,166,930
0.38% unsecured loan from a bank, due on March 26, 2012	—	2,000,000	—
0.33% unsecured loan from a bank, due on March 26, 2013	2,000,000	—	24,333,861
0.38% unsecured loan from a bank, due on March 26, 2012	—	4,000,000	—
0.38% unsecured loan from a bank, due on June 1, 2012	1,000,000	1,000,000	12,166,930
0.38% unsecured loan from a bank, due on August 1, 2012	1,000,000	1,500,000	12,166,930
0.33% unsecured loan from a bank, due on March 26, 2013	4,000,000	—	48,667,721
0.38% unsecured loan from a bank, due on August 1, 2012	1,500,000	1,500,000	18,250,395
0.38% unsecured loan from a bank, due on September 3, 2012	500,000	1,000,000	6,083,465
0.38% unsecured loan from a trust bank, due on August 1, 2012	1,500,000	1,500,000	18,250,395
0.38% unsecured loan from a trust bank, due on September 3, 2012	—	500,000	—
<b>Total</b>	<b>¥13,500,000</b>	<b>¥16,500,000</b>	<b>\$164,253,559</b>

The Company has commitment lines of ¥43,000 million (\$523,178 thousand) with five financial institutions to reduce a refinancing risk. The unused amount of such commitment lines was ¥43,000 million (\$523,178 thousand) at March 31, 2012.

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

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

	As of March 31, 2012		As of September 30, 2011		As of March 31, 2012
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bond due on September 29, 2025	¥10,000,000	2.56%	¥10,000,000	2.56%	\$121,669,303
Unsecured bond due on June 18, 2012	10,000,000	1.67%	10,000,000	1.67%	121,669,303
Unsecured bond due on June 18, 2014	15,000,000	1.91%	15,000,000	1.91%	182,503,954
Unsecured bond due on April 23, 2015	10,000,000	1.26%	10,000,000	1.26%	121,669,303
Unsecured bond due on July 23, 2015	10,000,000	1.05%	10,000,000	1.05%	121,669,303
<b>Total</b>	<b>¥55,000,000</b>	<b>—</b>	<b>¥55,000,000</b>	<b>—</b>	<b>\$669,181,166</b>

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

Long-term loans at March 31, 2012 and September 30, 2011 consisted of the following:

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
1.55% unsecured loan from an insurance company, due on October 29, 2012	¥ 2,000,000	¥ —	\$ 24,333,861
1.33125% unsecured loan from another financial institution, due on November 1, 2011	—	5,000,000	—
1.4925% unsecured loan from a bank, due on August 31, 2012	1,000,000	1,000,000	12,166,930
0.8925% unsecured loan from a bank, due on December 15, 2011	—	2,000,000	—
1.0925% unsecured loan from a bank due on December 21, 2012	5,000,000	—	60,834,651
1.085% unsecured loan from a bank, due on January 15, 2013	11,000,000	—	133,836,233
1.0925% unsecured loan from a trust bank, due on December 21, 2012	5,000,000	—	60,834,651
1.135% unsecured loan from a trust bank, due on January 15, 2013	5,000,000	—	60,834,651
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	—	12,166,930
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	—	60,834,651
1.06% unsecured loan from a bank, due on January 15, 2013	1,000,000	—	12,166,930
1.0475% unsecured loan from a bank, due on March 25, 2013	1,000,000	—	12,166,930
0.73625% unsecured loan from a bank, due on December 20, 2012	1,000,000	—	12,166,930
1.135% unsecured loan from a bank, due on January 15, 2013	5,000,000	—	60,834,651
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	—	24,333,861
1.665% unsecured loan from a bank, due on March 24, 2017(*)	100,000	100,000	1,216,693
1.0475% unsecured loan from a bank, due on March 25, 2013	2,000,000	—	24,333,861
1.0475% unsecured loan from a bank, due on March 25, 2013	3,000,000	—	36,500,791
1.55% unsecured loan from an insurance company, due on October 29, 2012	—	2,000,000	—
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	5,000,000	60,834,651
1.54375% unsecured loan from an insurance company, due on March 30, 2017	5,000,000	5,000,000	60,834,651
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	1,500,000	18,250,395
1.595% unsecured loan from an insurance company, due on April 25, 2016	1,000,000	1,000,000	12,166,930
1.39625% unsecured loan from an insurance company, due on March 30, 2018	2,000,000	2,000,000	24,333,861
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	60,834,651
1.4875% unsecured loan from a bank, due on September 2, 2013	3,000,000	3,000,000	36,500,791
1.135% unsecured loan from a bank, due on January 15, 2013	—	5,000,000	—
0.7525% unsecured loan from a bank, due on November 15, 2016	1,000,000	—	12,166,930
1.42375% unsecured loan from a bank, due on April 24, 2013	3,000,000	3,000,000	36,500,791
1.135% unsecured loan from a bank, due on January 15, 2013	—	5,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.30625% unsecured loan from a bank, due on December 21, 2016	5,000,000	5,000,000	60,834,651
1.2075% unsecured loan from a bank, due on November 1, 2019	6,000,000	—	73,001,582
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	—	36,500,791
1.42375% unsecured loan from a bank, due on April 24, 2013	5,000,000	5,000,000	60,834,651
1.0925% unsecured loan from a bank, due on December 21, 2012	—	5,000,000	—
1.085% unsecured loan from a bank, due on January 15, 2013	—	11,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.3975% unsecured loan from a bank, due on March 26, 2018	2,000,000	2,000,000	24,333,861
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	—	36,500,791
1.65% unsecured loan from a bank, due on September 1, 2015	2,000,000	2,000,000	24,333,861
1.665% unsecured loan from a bank, due on March 24, 2017	1,700,000	1,750,000	20,683,781
1.4875% unsecured loan from a trust bank, due on September 2, 2013	5,000,000	5,000,000	60,834,651
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.43375% unsecured loan from a trust bank, due on January 17, 2018	3,000,000	3,000,000	36,500,791
1.16% unsecured loan from a trust bank, due on September 26, 2019	5,500,000	5,500,000	66,918,117
0.98375% unsecured loan from a trust bank, due on November 15, 2018	3,000,000	—	36,500,791

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
1.31% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.06% unsecured loan from a bank, due on January 15, 2013	—	1,000,000	—
1.0925% unsecured loan from a trust bank, due on December 21, 2012	—	5,000,000	—
1.135% unsecured loan from a trust bank, due on January 15, 2013	—	5,000,000	—
1.2625% unsecured loan from a trust bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.0325% unsecured loan from a trust bank, due on April 4, 2016	5,000,000	5,000,000	60,834,651
1.205% unsecured loan from a trust bank, due on April 4, 2017	5,000,000	5,000,000	60,834,651
1.12625% unsecured loan from a trust bank, due on June 1, 2017	12,000,000	12,000,000	146,003,163
1.31125% unsecured loan from a trust bank, due on June 1, 2018	10,000,000	10,000,000	121,669,303
1.13875% unsecured loan from a trust bank, due on November 15, 2019	3,000,000	—	36,500,791
1.06% unsecured loan from a bank, due on January 15, 2013	—	1,000,000	—
1.0475% unsecured loan from a bank, due on March 25, 2013	—	1,000,000	—
0.73625% unsecured loan from a bank, due on December 20, 2012	—	1,000,000	—
1.2375% unsecured loan from a bank, due on March 24, 2014	1,000,000	1,000,000	12,166,930
0.615% unsecured loan from a bank, due on November 17, 2014	1,000,000	—	12,166,930
1.0475% unsecured loan from a bank, due on March 25, 2013	—	2,000,000	—
1.20875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	36,500,791
1.0475% unsecured loan from a bank, due on March 25, 2013	—	2,000,000	—
1.1875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	36,500,791
1.39875% unsecured loan from a bank, due on March 24, 2015	2,000,000	2,000,000	24,333,861
0.9025% unsecured loan from a bank, due on August 31, 2017	2,000,000	2,000,000	24,333,861
1.0475% unsecured loan from a bank, due on March 25, 2013	—	3,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	2,000,000	2,000,000	24,333,861
1.255% unsecured loan from a bank, due on March 1, 2017	2,000,000	2,000,000	24,333,861
1.465% unsecured loan from an insurance company, due on March 1, 2018	2,000,000	2,000,000	24,333,861
0.90875% unsecured loan from banks and trust banks, due on June 23, 2016	24,000,000	24,000,000	292,006,327
1.0475% unsecured loan from a bank, due on August 31, 2018	3,000,000	3,000,000	36,500,791
0.98375% unsecured loan from a bank, due on November 15, 2018	3,000,000	—	36,500,791
0.645% unsecured loan from a bank, due on December 15, 2014	2,000,000	—	24,333,861
Subtotal	215,800,000	197,850,000	2,625,623,555
Less: current portion of long-term loans	50,100,000	8,100,000	609,563,207
Total	¥165,700,000	¥189,750,000	\$2,016,060,348

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

## 8. NET ASSETS

The Company is required to maintain net assets of at least ¥50 million (\$608 thousand), as required pursuant to the Investment Trust Law.

## 9. INCOME TAXES

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan (hereinafter the STML), an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividend for the fiscal period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by Article 32-2 of the Articles of Incorporation, the Company made a dividend distribution in the amount of ¥8,888 million (\$108,151 thousand) subsequent to March 31, 2012, which is the multiple number of units up to 100% of retained earnings remaining after deducting ¥45 million (\$553 thousand) of additional reserve for advanced depreciation of non-current asset corresponding to the decrease in deferred tax liabilities due to tax rate change described below, and ¥30 million (\$372 thousand) out of retained earnings at the beginning of this period. The Company will not distribute the dividends in excess of retained earnings under Article 32-3 of the Articles of Incorporation.

The significant components of deferred tax assets and liabilities as of March 31, 2012 and September 30, 2011 were as follows:

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
<b>Deferred tax assets:</b>			
Accrued enterprise tax	¥ 1,201	¥ —	\$ 14,615
Amortization of a term leasehold interest	12,617	8,301	153,517
Asset retirement obligations	2,372	1,553	28,864
	16,191	9,854	196,996
Valuation allowance	(14,989)	(9,854)	(182,381)
Total deferred tax assets	1,201	—	14,615
<b>Deferred tax liabilities:</b>			
Reserve for advanced depreciation of non-current assets	¥300,204	¥345,639	\$3,652,569
Total deferred tax liabilities	300,204	345,639	3,652,569
<b>Net deferred tax liabilities</b>	<b>¥299,003</b>	<b>¥345,639</b>	<b>\$3,637,955</b>

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended March 31, 2012 and September 30, 2011 were as follows:

	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011
Statutory tax rate	42.05%	39.33%
Deductible dividend distribution	(41.98%)	(35.40%)
Change in valuation allowance	0.09%	0.09%
Decrease in deferred tax liability due to tax rate change	(0.51%)	—
Others	0.01%	0.01%
Effective tax rate	(0.34%)	4.02%

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

On December 2, 2011, two tax bills were promulgated in the official gazette: the “Reform Bill for Partial Revision of Income Tax Law, etc. in Response to the Changing Economic Structure”, which includes approximately 5% reduction of the effective corporate tax rate, and the “Special Measures to Secure the Funds to Realize the Restoration of the Damages following the Great East Japan Earthquake”, which includes the introduction of 10% surtax on the corporate national tax for 3 years. This results in a change of the statutory tax rate applicable to the deferred tax assets and deferred tax liabilities arising from the temporary differences that are expected to reverse from the period ending September 30, 2012 (the 22nd fiscal period) through the period ending March 31, 2015 (the 27th fiscal period) to 36.59%, and with respect to the temporary differences that are expected to reverse on or after the period ending September 30, 2015 (the 28th fiscal period) to 34.16%. These changes in applicable tax rates resulted in the reduction of deferred tax liabilities by ¥45,434 thousand (\$553 thousand) and corresponding amount of income taxes deferred in the period ended March 31, 2012.

## 10. RELATED PARTY TRANSACTIONS

For the six months ended March 31, 2012 and September 30, 2011

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

(3) Sister Companies

For the period from October 1, 2011 to March 31, 2012

“Not applicable”

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

“Not applicable”

(4) Directors and Major Individual Unitholders

For the period from October 1, 2011 to March 31, 2012

“Not applicable”

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

“Not applicable”

## 11. SEGMENT INFORMATION

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For the six months ended March 31, 2012 and September 30, 2011

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

### Information about products and services

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

### Information about geographic area

(1) Revenues

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

(2) Property and equipment

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

### Information about major clients

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

## 12. ASSET RETIREMENT OBLIGATIONS

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For the six months ended March 31, 2012 and September 30, 2011

### Asset retirement obligations reported on balance sheet

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

Change in the amount of the asset retirement obligations as of March 31, 2012 and September 30, 2011 consisted of following

	Thousands of yen		U.S. dollars
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2011 to March 31, 2012
Balance at the beginning of the period	¥297,259	¥294,294	\$3,616,730
Increase in the tangible fixed assets	—	—	—
Adjustment required over the period	2,994	2,965	36,439
Balance at the end of the period	¥300,253	¥297,259	\$3,653,169

#### Asset retirement obligations other than those reported on balance sheet

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

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

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

### 13. INVESTMENT AND RENTAL PROPERTY

For the six months ended March 31, 2012 and September 30, 2011

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

The book values on balance sheets as of March 31, 2012 and as of September 30, 2011 and the fair value as of March 31, 2012 are as follows:

Thousands of yen			
	Book value		Fair value
As of September 30, 2011	Change during period <sup>(*)</sup>	As of March 31, 2012	As of March 31, 2012
¥622,542,332	¥59,428,606	¥681,970,939	¥693,230,000

U.S. dollars			
	Book value		Fair value
As of September 30, 2011	Change during period <sup>(*)</sup>	As of March 31, 2012	As of March 31, 2012
\$7,574,429,159	\$723,063,714	\$8,297,492,873	\$8,434,481,080

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

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

Note 2: Significant changes

(\*)1 For the period ended March 31, 2012, the major reason of increase is acquisition of Akasaka Park Building (¥62,286,404 thousand or \$757,834 thousand). The major reason of decrease is the depreciation.

(\*)2 For the period ended September 30, 2011, the major reason of decrease are sale of Takanawadai Building (¥2,586,877 thousand) and the depreciation.

Note 3: Fair values as of March 31, 2012 and as of September 30, 2011 are defined as the appraised values provided by external qualified professional appraiser.

### 14. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at March 31, 2012 and September 30, 2011 and for the periods then ended respectively:

	Yen		U.S. dollars
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2011 to March 31, 2012
Net assets at period end per unit	¥679,130	¥680,029	\$8,263
Net income per unit	17,899	16,901	218

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

## 15. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended March 31, 2012 and September 30, 2011

	Thousands of yen		U.S. dollars
	For the period from October 1, 2011 to March 31, 2012	For the period from April 1, 2011 to September 30, 2011	For the period from October 1, 2011 to March 31, 2012
<b>Property-Related Revenues</b>	<b>¥24,059,633</b>	<b>¥22,283,358</b>	<b>\$292,731,886</b>
<b>Rental Revenues</b>	<b>23,775,373</b>	<b>22,187,539</b>	<b>289,273,311</b>
Rental revenues	18,462,260	16,950,216	224,629,042
Common service charges	3,329,294	3,340,801	40,507,300
Parking revenues	576,570	554,352	7,015,089
Other rental revenues	1,407,247	1,342,169	17,121,881
<b>Non-Rental Revenues</b>	<b>284,260</b>	<b>95,818</b>	<b>3,458,575</b>
Cancellation charges	10,689	43,684	130,062
Gain on donation of non current assets	235,148	—	2,861,039
Other miscellaneous revenues	38,421	52,134	467,474
<b>Property-Related Expenses</b>	<b>¥12,388,608</b>	<b>¥11,595,387</b>	<b>\$150,731,332</b>
Property management expenses	2,864,253	2,573,006	34,849,170
Utilities expenses	1,802,945	1,686,108	21,936,307
Property and other taxes	2,074,623	2,081,803	25,241,795
Casualty insurance	51,334	47,963	624,582
Repairing expenses	700,971	585,288	8,528,671
Depreciation	4,690,797	4,433,226	57,072,608
Other rental expenses	203,683	187,989	2,478,198
<b>Property-Related Profits</b>	<b>¥11,671,025</b>	<b>¥10,687,970</b>	<b>\$142,000,554</b>

## 16. SUPPLEMENTAL CASH FLOW INFORMATION

### Cash and cash equivalents

The following table represents a reconciliation of cash and cash equivalents at March 31, 2012 and September 30, 2011:

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
Cash and deposits with banks	¥14,934,843	¥15,363,085	\$181,711,196
Cash and deposits with banks held in trust	3,726,607	4,003,095	45,341,371
Time deposits with maturities of more than three months	(6,000,000)	(8,000,000)	(73,001,582)
<b>Cash and cash equivalents</b>	<b>¥12,661,450</b>	<b>¥11,366,180</b>	<b>\$154,050,985</b>

## 17. LEASES

The Company owns office buildings under leases and earns rent income. As of March 31, 2012 and September 30, 2011, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of March 31, 2012	As of September 30, 2011	As of March 31, 2012
Due within one year	¥18,980,630	¥16,963,645	\$230,936,003
Due after one year	25,640,891	26,244,552	311,970,940
<b>Total</b>	<b>¥44,621,521</b>	<b>¥43,208,197</b>	<b>\$542,906,942</b>

## 18. SUBSEQUENT EVENTS

For the six months ended March 31, 2012

”Not applicable”

## Independent Auditor's Report

The Board of Directors  
Japan Real Estate Investment Corporation

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

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation as at March 31, 2012, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

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



June 22, 2012  
Tokyo, Japan



## Corporate Data

As of March 31, 2012

### Executives

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

### Paid-in Capital

¥363,371,780,000

### Number of Units Outstanding

549,040

### Number of Unitholders

16,202

### Stock Listing

Tokyo Stock Exchange

### Securities Code

8952

### Type of Investment Corporation

Closed-end corporate type fund

### Transfer Agent

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

### Auditors

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

### Incorporation

May 11, 2001

### Executive Office

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

For further information, please contact:

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Planning Department  
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E-mail: [j-rea-inquiry@j-rea.co.jp](mailto:j-rea-inquiry@j-rea.co.jp)

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

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

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