



Japan Real Estate Investment Corporation

MARCH 2014

Semiannual Report

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



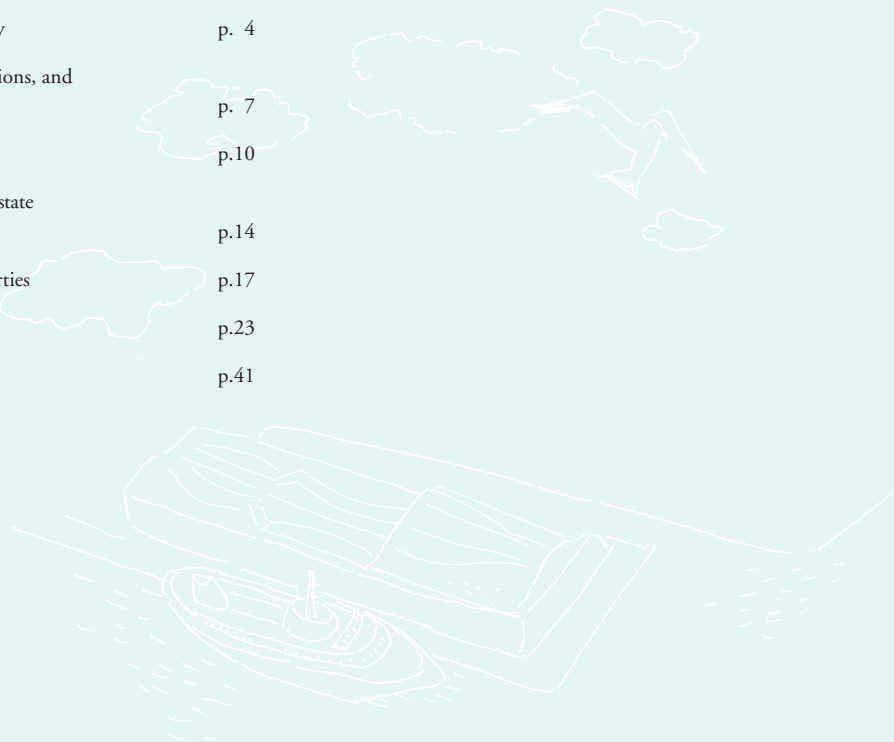
Profile

Japan Real Estate Investment Corporation (“the Company”) was established as one of the first real estate investment corporations in Japan following revisions to the Law Concerning Investment Trusts and Investment Corporations of Japan, as amended, or the Investment Trust Law. Its investments focus primarily on office buildings, and it is aiming to maintain geographical diversity while seeking stable growth and dividends in the medium to long term. The Company was listed on the Tokyo Stock Exchange (“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, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2012 to March 31, 2013	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from October 1, 2013 to March 31, 2014
Operating Revenues	¥26,582	¥26,225	¥25,357	¥24,222	¥24,059	\$258,288
Operating Income	10,831	10,781	10,631	10,212	10,786	105,246
Ordinary Income	9,083	9,143	8,749	8,372	8,863	88,256
Net Income	9,070	9,129	8,824	8,448	8,934	88,128
Net Operating Income (NOI) (Note 2)	17,481	17,205	16,768	15,997	16,361	169,857
Funds from Operations (FFO) (Note 3)	14,719	14,619	14,032	13,356	13,625	143,021
FFO Multiple (Note 4)	20.9 times	23.4 times	27.2 times	16.2 times	14.7 times	20.9 times
Cash Distribution	9,070	9,129	8,995	8,619	8,888	88,128
Number of Units (Note 5)	1,188,280	594,140	594,140	549,040	549,040	11,546
Dividend per Unit (Yen/U.S.dollars) (Note 5)	7,633	15,366	15,140	15,700	16,190	74.16

Notes: 1. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥102.92 = US\$1.00, the foreign exchange rate on March 31, 2014, 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 – Dividends earned

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

(Annualized portion of the calculation given in Note 4 assumes a fiscal period of 183 days for the period ended March 31, 2012, 183 days for the period ended September 30, 2012, 182 days for the period ended March 31, 2013, 183 days for the period ended September 30, 2013 and 182 days for the period ended March 31, 2014.)

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

Top 10 Unitholders

As of March 31, 2014

Company	Units	% of total units outstanding
Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	204,533	17.21%
The Master Trust Bank of Japan, Ltd. (Shintaku Acc.)	98,930	8.33%
Trust & Custody Services Bank, Ltd. (Toshin Acc.)	88,897	7.48%
The Nomura Trust and Banking Co., Ltd. (Toshin Acc.)	66,723	5.62%
STATE STREET BANK AND TRUST COMPANY 505223	24,524	2.06%
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	23,743	2.00%
NOMURA BANK (LUXEMBOURG) S.A.	23,183	1.95%
Mitsubishi Estate Co., Ltd.	20,320	1.71%
The Chugoku Bank, Ltd.	16,780	1.41%
STATE STREET BANK-WEST PENSION FUND CLIENTS-EXEMPT	15,721	1.32%

Unit Price Performance



Stable Dividends

—Actual dividend per unit

for the 25th fiscal period:

¥7,633 (\$74.16)*¹

—Forecasted dividend per unit

for the 26th fiscal period:

¥7,600 (\$73.84)*^{1, *2}

*¹ The foreign exchange rate of ¥102.92 = US\$1.00, as of March 31, 2014, has been used for this translation.

*² The forecasted dividend was disclosed with the announcement of the 25th fiscal period earnings results on May 19, 2014.

Collaboration with Sponsors

—Expertise of

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

is being fully utilized.

Strengths

Steady Growth with Quality Portfolio

—Total acquisition price:

¥837,405 million

(\$8,136 million)

—Maintains **64** properties

—The first listed J-REIT, showing steady performance for 25 consecutive periods

Sound Financial Base

(as of March 31, 2014)

—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):

43.9%

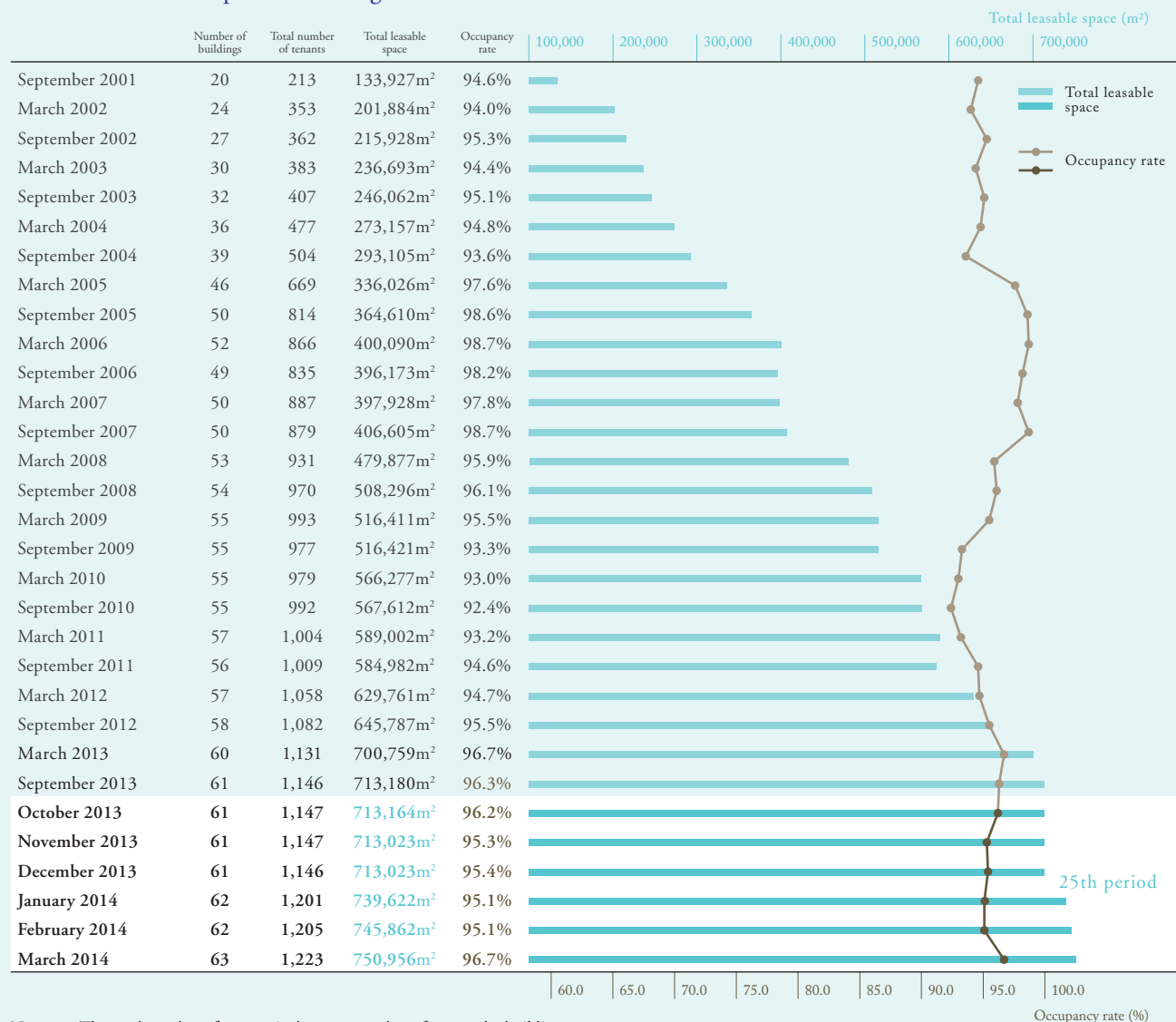
—Long-term, fixed-interest bearing debt ratio*³:

84.2%

*³ Long-term, fixed-interest loan + Investment corporation bonds (including current portion of Long-term, fixed-interest loans and Investment corporation bonds) / Total interest-bearing debts

Portfolio Highlights

Trends in the state of portfolio management

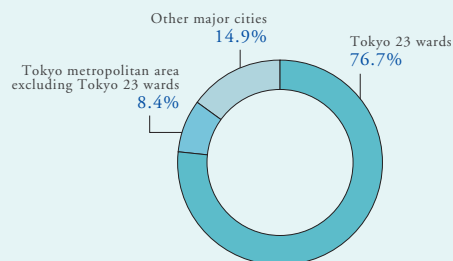


Note 1: The total number of tenants is the gross number of tenants by building.
 Note 2: Nippon Brunswick (land with leasehold interest) is not included.

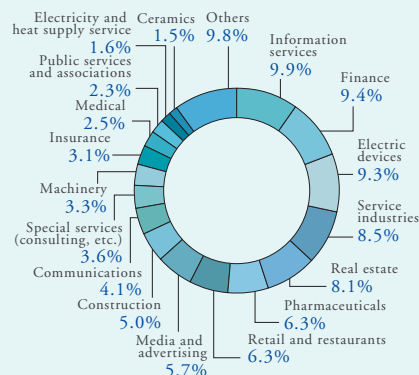
Portfolio breakdown

As of March 31, 2014

Properties by geographic region
 (Percentage based on acquisition price)



Tenants by industry type
 (Percentage based on leased space)



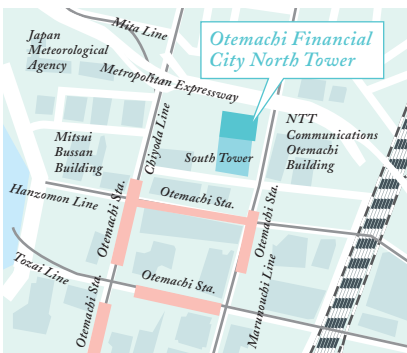
*Nippon Brunswick (land with leasehold interest) is not included.
 *From the 25th Period, "Electricity and heat supply services" is segregated from "Others" and represented separately.

Asset Management Summary

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

Acquisition of New Real Estate

Acquired Real Estate: Otemachi Financial City North Tower



Property Summary

- Location: 1-9-5 Otemachi, Chiyoda-ku, Tokyo
- Site area: 14,108.16 m²
- Floor area of building: 239,769.07 m²
- Structure: Steel-framed, steel-framed reinforced concrete structure, flat roof
- Floors: Above ground: 35 floors
Below ground: 4 floors
- Completion: October 2012
- Acquisition date: March 31, 2014
- Acquisition price: ¥15,462 million
- Seller: Mitsubishi Estate Co., Ltd. and Sankei Building Co., Ltd.
- Property management company: NTT Urban Development Builservice Co.

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

1. Superior location

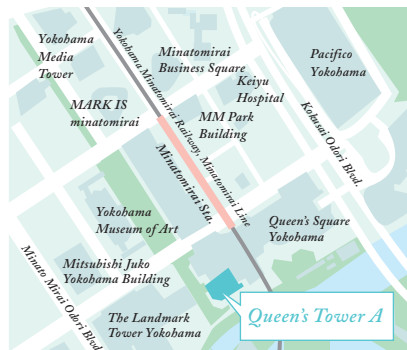
This property, which was built as part of the Otemachi 1-chome, District 2, Type I Urban Redevelopment Project and which is the second phase of the Chain Urban Renaissance Project in Otemachi, comprises “Otemachi Financial City,” including the South Tower, which was built along with the property. Connecting directly with Otemachi subway station and offering convenient access to JR Tokyo station, this large-scale newly-built property boasts its premium location in Otemachi as an international financial center.

In addition, the lower floors of the South Tower, located next to the property, are equipped with “St. Luke’s MediLocus,” an annex of St. Luke’s International Hospital that provides English-language-based medical services. The property boasts a locational advantage with value-added functions.

2. State-of-the-art office with high functionality

The property is a state-of-the-art large-scale building that was completed in 2012. It is equipped with elements to ensure a comfortable office environment, including an astylar space of approximately 2,314 m² on a standard floor area; a spacious open-plan standard floor office area with commanding views on three sides; a grid ceiling system with fewer restrictions from partitions; and an individual air conditioning system that enables detailed setting by zone, among other features. Furthermore, in addition to enhancing CO₂ reduction and containing built-in countermeasures against heat islands, the building is highly competitive in terms of BCP preparedness (Business Continuity Planning) and contribution to regional disaster prevention efforts.

Acquired Real Estate: Queen’s Tower A



Property Summary

- Location: 2-3-1 Minatomirai, Nishi-ku, Yokohama City, Kanagawa Prefecture
- Site area: 44,406.40 m²
- Floor area of building: 498,282.77 m²
- Structure: Steel-framed, steel-framed reinforced concrete, reinforced concrete structure, flat roof
- Floors: Above ground: 37 floors
Below ground: 5 floors
- Completion: June 1997
- Acquisition date: January 31, 2014
- Acquisition price: ¥17,200 million
- Seller: Regina Property Godo Kaisha
- Property management company: Mitsubishi Estate Co., Ltd.

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

1. Superior location

Minatomirai, the area in which the property sits, has experienced a significant rise in its profile and rating as an office area in recent years. Housing only large buildings, the area also fulfills companies’ BCP requirements to a high degree.

The property is directly connected to Minatomirai station on the Minatomirai Line of the Yokohama Minatomirai Railway. The location has an advantage over other blocks in the Minatomirai area in terms of accessibility.

2. An office complex that caters to tenant needs

With a standard floor area of approximately 1,570 m², a ceiling height of 2,730 mm (after installation of an OA floor), individual air conditioning, 24-hour manned control, and an emergency power generator among other facility features, the property is at a level that compares with relatively new buildings. Tenants in the property are also allowed to use the business support facilities of the adjacent Yokohama Landmark Tower. Furthermore, the property is highly convenient for tenants since it also houses commercial facilities such as restaurants, merchandises sales and service outlets on its lower floors.

Acquisition of New Real Estate

Acquired Real Estate: Ebisu Neonato (Additional Share)



Property Summary

• Location:	4-1-18 Ebisu, Shibuya-ku, Tokyo
• Site area:	5,005.70 m ²
• Floor area of building:	36,598.38 m ²
• Structure:	Steel-framed, steel-framed reinforced concrete structure, flat roof
• Floors:	Above ground: 18 floors Below ground: 2 floors
• Completion:	October 1994
• Acquisition date:	February 18, 2014
• Acquisition price:	¥10,512 million
• Seller:	INPEX CORPORATION
• Property management company:	Tokio Marine & Nichido Facilities, Inc.



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

1. Superior location

Like its neighbor Shibuya, the Ebisu area is one of Tokyo's main office areas and incorporates a broad range of business tenants, including overseas companies and IT firms. Within a one-minute walk to the station, and with direct access to JR Ebisu station via a pedestrian deck, this property possesses some key advantages over other properties in the area.

2. Increase in share of co-ownership of this asset

Further improvement in operational efficiency can be expected with this recent additional acquisition of the property, reducing the number of co-owners of the property to three and making the Company the largest shareholder among them.

2-for-1 Split of Investment Units

1. Purpose of the Split

The Company, which has long promoted the holding of investment units by a wide range of investor classes through its IR activities, has resolved to split its investment units in order to establish an environment that facilitates further investment by investors and is timed to coincide with the start of "NISA" (Nippon Individual Savings Account) in January 2014.

Through this split of investment units, the Company hopes to broaden its investor base by providing a wide range of private investors the opportunity to invest from their NISA accounts as well as to increase their long-term holdings.

2. Overview of the Split

(1) Method of the Split

On the effective date of January 1, 2014, the Company implemented a 2-for-1 split of the investment units held by unitholders stated or recorded on the final unitholders registry as of December 31, 2013.*

* Since December 31 is a holiday for the unitholder registry administrator, the date was December 30, 2013 in practice

(2) Increase in Number of Investment Units through the Split, etc.

• Number of JRE investment units outstanding before the split:	594,140 units
• Increase in number of investment units through the split:	594,140 units
• Number of JRE investment units outstanding after the split:	1,188,280 units
• Total number of investment units issuable after the split:	4,000,000 units

Subsequent Events

Acquired Real Estate: Nishiki Park Building (Additional Share)



Property Summary

• Location:	2-4-3 Nishiki, Naka-ku, Nagoya City, Aichi Prefecture
• Site area:	2,170.45 m ² (Total land area for the building site including leased land (term leasehold interest) of 384 m ²)
• Floor area of building:	25,091.91 m ² (Total floor space for the entire building)
• Structure:	Steel-framed, steel-framed concrete, and steel-reinforced concrete structure, flat roof
• Floors:	Above ground: 22 floors Below ground: 4 floors
• Completion:	August 1995
• Acquisition date:	June 9, 2014
• Acquisition price:	¥650 million
• Seller:	DYNAS, Ltd., 1 corporation and 5 individuals*
• Property management company:	Mitsubishi Estate Co., Ltd.

* The details concerning one corporation and five individuals among the sellers are undisclosed due to their non-approval of disclosure.

Issuance of New Investment Units

Public offering of new investment units

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

Issuance of new investment units through third-party allocation

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

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



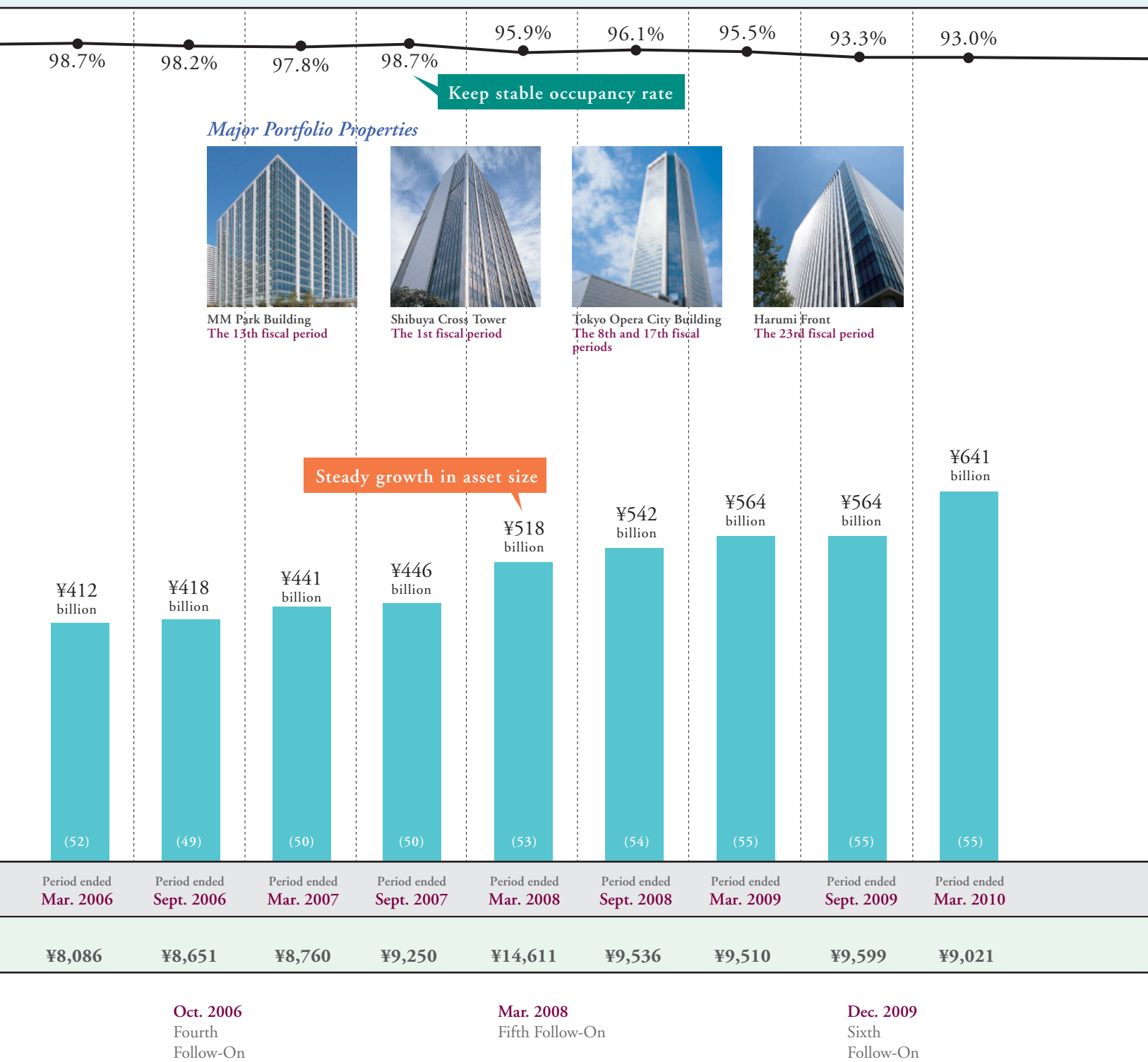
Asset Size, Property Acquisitions and Performance Trends

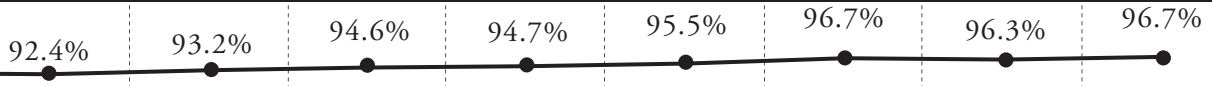
In September 2001, the Company became the first J-REIT in Japan listed on the Tokyo Stock Exchange (“TSE”). Since then, the Company has targeted stable management to fulfill its goal of maintaining and increasing dividends per unit over the medium to long term. The Company’s growth is based on external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



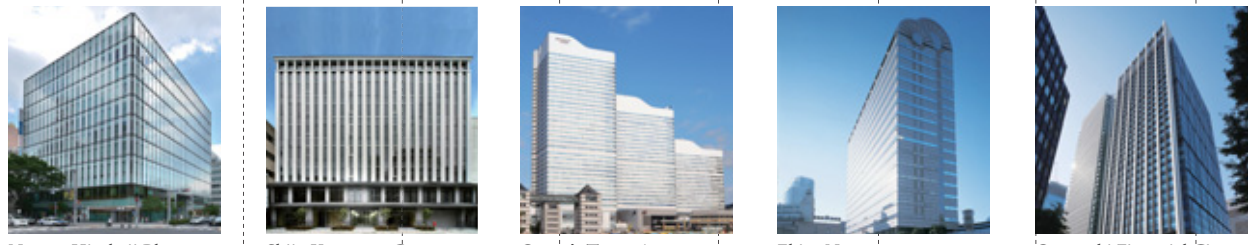
*JRE implemented a 2-for-1 split of each investment unit as of January 1, 2014. The figures for the 1st through the 24th periods are taken the split into account.

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 ¥837.4 billion as of the 25th 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.





Properties That Have Been Recently Acquired



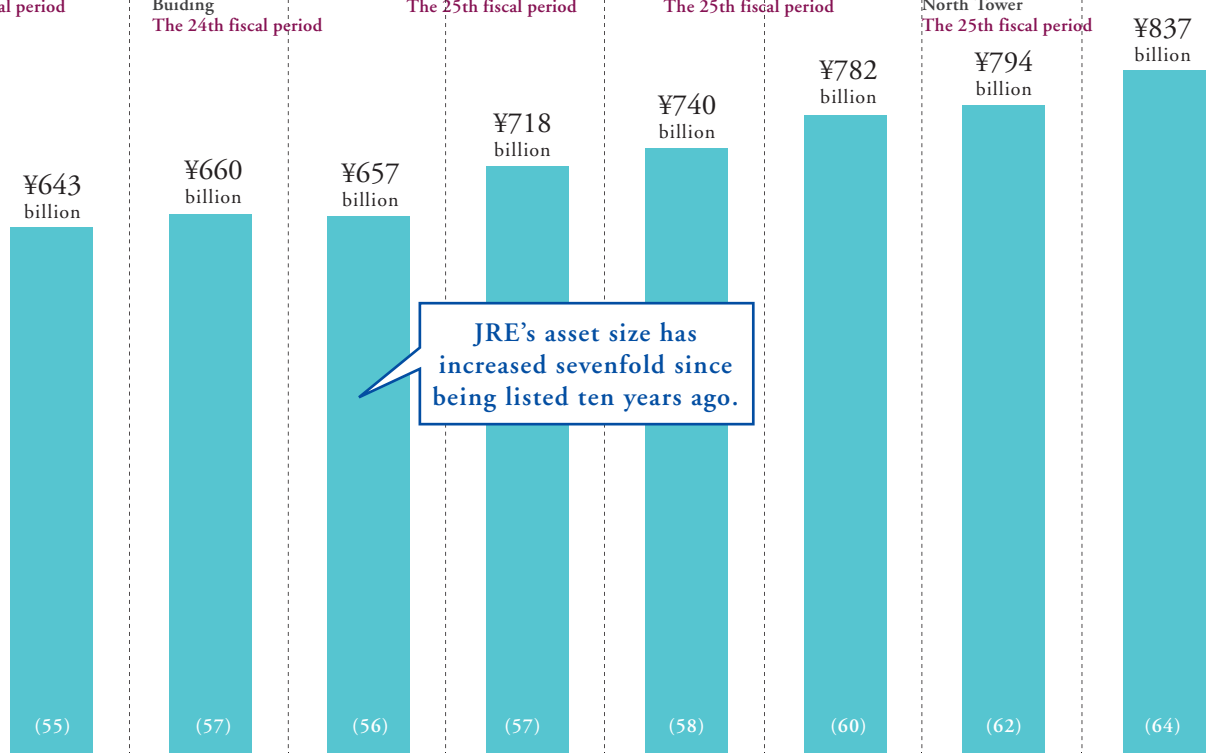
Nagoya Hirokoji Place
The 24th fiscal period

Shijo Karasuma Center Building
The 24th fiscal period

Queen's Tower A
The 25th fiscal period

Ebisu Neonato
The 25th fiscal period

Otemachi Financial City North Tower
The 25th fiscal period



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

Period ended Sept. 2010 Period ended Mar. 2011 Period ended Sept. 2011 Period ended Mar. 2012 Period ended Sept. 2012 Period ended Mar. 2013 Period ended Sept. 2013 Period ended Mar. 2014

¥8,314 ¥7,821 ¥7,925 ¥8,095 ¥7,850 ¥7,570 ¥7,683 ¥7,633

Feb. 2012 Oct. 2012 Apr. 2014
Seventh Eighth Ninth
Follow-On Follow-On Follow-On

To Our Unitholders

Continuing to pursue external growth-oriented operations in the 25th fiscal period, Queen's Tower A in Yokohama City was acquired in January 2014 and an additional share of Ebisu Neonato was acquired in February. In March 2014, the Company acquired Otemachi Financial City North Tower, a sophisticated building completed in 2012 and located in a premium office area.

BUSINESS PERFORMANCE FOR THE 25TH FISCAL PERIOD

Summary of Financial Results and Cash Dividend

In the 25th fiscal period (October 1, 2013 to March 31, 2014), Japan Real Estate Investment Corporation (“the Company”) recorded operating revenues totaling 26,582 million yen, up 1.4% compared with the previous period. On the earnings front, operating income increased 0.5% to 10,831 million yen. After deducting expenses for interest payments on loans and other costs, ordinary income decreased 0.7% to 9,083 million yen and net income fell 0.7% to 9,070 million yen.

Turning to dividends, the Company will make cash distributions using accounting profits based on the dividend policy outlined in Article 32-2 of the Company's Articles of Incorporation, in an amount that exceeds 90% of earnings available for dividends as required by Article 67-15 of the Special Taxation Measures Law of Japan. Based on this policy, the Company was able to maintain retained earnings as the amount did not exceed earnings available for distribution at the end of the period. Therefore, the total amount of dividends that the Company has determined to pay out is 9,070,141,240 yen for the period under review, which must be divisible by 1,188,280—the number of units outstanding as of March 31, 2014. Accordingly, the per-unit cash dividend totaled 7,633 yen.

Operating Environment and Performance

During the period under review, the Japanese economy saw solid gains in household income and investments coupled with improvement in corporate earnings due to the peak in demand before the consumption tax increase in April 2014 and the support of government policies geared toward the upswing in the economy, although there remain concerns about the impact from the economic slowdown in overseas markets.

In the market for leased office space during the period under review, while the downward pressure on rent levels continued to weaken, it did not disappear, and property-related

revenues, excluding those from properties that have newly begun operations, declined further compared with the previous period. Vacancy rates in the Tokyo metropolitan were on a downward trend as tenant numbers picked up in conjunction with the recovering economic conditions. Highly competitive buildings also experienced improving occupancy rates and the rental market showed recovery. However, many companies looking to change premises remained very cautious about office costs and rent level, which for the market as a whole, were not rising strongly enough for a rebound. And while there is still some regional variation in areas outside of the Tokyo metropolitan area, overall rent levels remained persistently low, even though some regions started to see a bottoming out.

In the property market, an opportune fund-raising environment sparked a flurry of buying and selling. Prices began to rise, with some sellers seeing prices beginning to approach hoped-for levels.

Thus, the Company has actively conducted investments under an investment policy of providing stable dividends to all unitholders that has not changed since it first listed on the TSE. For the 25th fiscal period, the period under review, the Company was able to continue to provide stable cash dividends.

Reflecting these circumstances, the Company pursued an aggressive yet flexible leasing approach that takes into account market trends. Due to these efforts, the Company's occupancy rate edged up from 96.3% as of September 30, 2013 to 96.7% as of March 31, 2014.

At the same time, the Company strives to bolster its portfolio through external growth and to raise revenues and earnings through acquisitions of highly convenient properties that are built to high specifications in prime locations and that also boast both stability and competitiveness. The Company acquired part of Queen's Tower A (Yokohama City) on January 31, 2014 for 17,200 million yen, an additional portion of Ebisu Neonato (Shibuya-ku, Tokyo) on February 18, 2014 for 10,512 million yen, and part of Otemachi Financial City North Tower (Chiyoda-ku, Tokyo) on March 31, 2014 for 15,462 million yen.

The Company is endeavoring to bolster its portfolio's competitive edge by continuing to acquire prime properties.

As a result of the above, the Company's portfolio at the end of the fiscal period under review, March 31, 2014, consisted of 64 properties (office buildings) with a total acquisition price of 837,405 million yen. Total leasable space stood at 750,956 m², with a total of 1,223 tenants.

Note 1: The part of the Jingumae Media Square Building site that was transferred (acquisition price: 614 million yen) on October 30, 2009, is included in the total acquisition price. This inclusion applies to the figures in the following section as well.

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

Financial Activities

To fund the repayment of existing loans, the Company procured short-term loans totaling 1,000 million yen on October 7, 2013; 8,000 million yen on January 7, 2014; 5,000 million yen on January 15, 2014; and 10,000 million yen on March 24, 2014; as well as long-term loans amounting to 3,000 million yen on March 24, 2014.

Moreover, the Company procured 17,000 million yen in long-term loans on January 31, 2014 to partially fund the acquisition of Queen's Tower A, 7,000 million yen in short-term loans on February 18, 2014 to partially fund the acquisition of Ebisu Neonato, and 14,800 million yen in short-term loans on March 31, 2014 to partially fund the acquisition of Otemachi Financial City North Tower.

The Company concluded interest-rate swap contracts to hedge against interest-rate fluctuation risk for the 12,000 million yen portion of the 17,000 million yen procured in long-term loans on January 31, 2014, and the 3,000 million yen procured in long-term loans on March 24, 2014.

As a result of these financing activities, as of March 31, 2014, the Company's total interest-bearing debt amounted to 358,900 million yen. This amount consists of long-term loans totaling 247,100 million yen (including the current portion of long-term loans totaling 5,100 million yen), short-term loans

totaling 56,800 million yen, and investment corporation bonds totaling 55,000 million yen (including the current portion of investment corporation bonds totaling 15,000 million yen).

As of March 31, 2014, the Company's long-term, fixed-interest bearing debt ratio (ratio of long-term, fixed-interest bearing debt (including the current portion of long-term loans and investment corporation bonds) to total interest-bearing debt) stood at 84.2%, and the LTV ratio (ratio of interest-bearing debt to total assets) was 43.9%.

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

The Company has been able to maintain a sound and conservative financial standing through such measures as using the funds procured by issuing new investment units through public offering and cash reserves to make repayments of 31,900 million yen in short-term loans by May 7, 2014 and lowering the LTV ratio. As for the funds procured by issuing new investment units through third-party allocation, a portion was used to supplement cash reserves allocated to the repayment of short-term loans.

The Company's credit ratings as of March 31, 2014 were as follows:

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

The market for leased office space is improving, but as it will take a bit longer for a real recovery to take hold, in the 26th fiscal period the Company intends to continue pursuing external growth-oriented operations. Going forward, the Company will leverage its sound financial standing to achieve further external growth as well as secure stable cash dividends.

OUTLOOK

Trends in the Office Leasing Market

In the Japanese economy, although there is a worry that the reactionary drop in household sector spending due to the consumption tax hike will impact economic conditions, a gradual, self-sustaining recovery is expected thanks mainly to various economic measures and policies supporting corporate activities, improving export conditions owing to firm economic trends in the United States and other overseas markets, and an improving household sector bolstered by better hiring conditions.

In the market for leased office space, there is not expected to be large-scale supply that could greatly impact markets, especially in central Tokyo, and with the recovering economy and solid office demand, some competitive areas are expected to see a rebound in rent levels. However, it is anticipated that it will take some more time before the market as a whole picks up steam.

Regarding property markets, while there is currently hope for real recovery in the market for leased office space and an opportune fund raising environment is expected to spur aggressive trading, looking solely at large-scale prime properties, there are very few competitors in a position to consider making acquisitions. So, before the market begins to heat up, we are gathering data and working hard to ensure the further acquisition of prime properties.

Growth Strategies

As stated above, conditions in the market for leased office space include the fall in overall market rent levels having almost, but not yet completely, bottomed out with some building owners looking to raise rent levels and others needing to maintain current levels. In line with these expectations, the Company will adhere to the following management policies in order to keep improving profitability.

First, the Company works to strengthen relationships of trust with existing tenants. As of March 31, 2014, the Company

had contracts with 12 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, disincentivizing rent reduction requests and pursuing opportunities to raise rent levels.

Second, we endeavor to fill vacancies promptly. In cooperation with the property management companies mentioned above, the Company will actively seek the most appropriate tenants for each property, based on location and features, in order to fill current and anticipated vacancies as rapidly as possible. Furthermore, the Company will work to uncover additional needs for floor space among existing tenants.

Third, with the aim of stabilizing revenues and earnings, the Company will endeavor to secure fixed- and long-term leasing agreements with its large-scale tenants.

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 for acquiring properties.

First, to access 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 selecting properties. In particular, with regard to the structure of buildings, the Company requires buildings to meet or exceed new earthquake-resistance standards, making appropriate renovations based on engineering reports, and exclusively targets properties capable of maintaining a competitive edge in terms of



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

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

the facilities they offer over the medium to long term.

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

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

Financial Strategies

In principle, the Company shall maintain an LTV ratio that does not exceed 65%. To ensure an even lower interest-bearing debt ratio, the Company adopts the conservative target level of 30% to 40%. As for the financing of property acquisitions, the Company shall use, 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 shall strictly adhere to its financial policies. More specifically, with the aim of minimizing funding costs, the Company shall negotiate 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 26th and 27th Fiscal Periods

For the 26th fiscal period (April 1, 2014 to September 30, 2014), the Company forecasts operating revenues totaling 27,610 million yen, operating income totaling 11,200 million yen, ordinary income totaling 9,530 million yen, and net income totaling 9,520 million yen. The Company plans to declare a cash dividend totaling 7,600 yen per unit.

For the 27th fiscal period (October 1, 2014 to March 31, 2015), the Company forecasts operating revenues totaling

27,600 million yen, operating income totaling 11,240 million yen, ordinary income totaling 9,580 million yen, and net income totaling 9,570 million yen. The Company plans to declare a cash dividend totaling 7,650 yen per unit.

Actual operating revenues, operating income, ordinary income, net income, and cash dividend per unit may vary depending on changes in the situation.

As previously stated in the Trends in the Office Leasing Market section, rent levels are rebounding in an increasing number of areas, but it is expected that the recovery of the existing portfolio will lag slightly behind this recovery.

Looking ahead, the Company will continue to strive for further external growth while maintaining stable cash dividends, leveraging its sound financial standing.

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, 2014

Properties Roster

Number	Name of building	Location	Type of specified asset	Acquisition date	Acquisition price (¥ mil)	
Tokyo 23 wards						
● I- 1	Genki Medical Plaza	Iidabashi, Chiyoda-ku	Real property	10/31/2002	5,000	(0.6%)
● I- 2	Kitanomaru Square	Kudan-Kita, Chiyoda-ku	Real property	02/24/2006	81,555	(9.7%)
● I- 3	MD Kanda Building	Kanda-Mitoshicho, Chiyoda-ku	Real property	05/31/2002	9,520	(1.1%)
● I- 4	Kandabashi Park Building	Kanda-Nishikicho, Chiyoda-ku	Real property	08/15/2002	4,810	(0.6%)
● I- 5	Otemachi Financial City North Tower	Otemachi, Chiyoda-ku	Real property	03/31/2014	15,462	(1.8%)
● I- 6	Nibancho Garden	Nibancho, Chiyoda-ku	Real property	04/01/2005	14,700	(1.8%)
● I- 7	Mitsubishi UFJ Trust and Banking Building	Marunouchi, Chiyoda-ku	Real property	03/28/2007	44,700	(5.3%)
● I- 8	Burex Kojimachi Building	Kojimachi, Chiyoda-ku	Real property	07/29/2005	7,000	(0.8%)
● I- 9	Sanno Grand Building	Nagatacho, Chiyoda-ku	Real property	01/31/2005	10,200	
				04/03/2006	10,700	
				total	20,900	(2.5%)
● I- 10	Yurakucho Denki Building	Yurakucho, Chiyoda-ku	Real property	08/01/2003	7,200	(0.9%)
● I- 11	Kodenmachi Shin-Nihonbashi Building	Nihonbashi-Kodenmachi, Chuo-ku	Trust	09/25/2001	3,173	(0.4%)
● I- 12	Kyodo Building (Kayabacho 2Chome)	Nihonbashi-Kayabacho, Chuo-ku	Trust	03/01/2011	4,410	(0.5%)
● I- 13	Burex Kyobashi Building	Kyobashi, Chuo-ku	Real property	07/22/2002	5,250	(0.6%)
● I- 14	Ginza Sanwa Building	Ginza, Chuo-ku	Real property	03/10/2005	16,830	(2.0%)
● I- 15	Ryoshin Ginza East Mirror Building	Ginza, Chuo-ku	Real property	03/15/2005	5,353	
				05/24/2010	2,645	
				total	7,999	(1.0%)
● I- 16	Harumi Front	Harumi, Chuo-ku	Real property	01/07/2013	31,300	(3.7%)
● I- 17	Harumi Center Building	Harumi, Chuo-ku	Real property	12/18/2007	26,800	(3.2%)
● I- 18	Akasaka Park Building	Akasaka, Minato-ku	Real property	11/15/2011	60,800	(7.3%)
● I- 19	Aoyama Crystal Building	Kita-Aoyama, Minato-ku	Real property	03/14/2003	7,680	(0.9%)
● I- 20	Shiodome Building	Kaigan, Minato-ku	Trust	12/19/2008	21,250	
				01/15/2010	54,600	
				total	75,850	(9.1%)
● I- 21	Shiba 2Chome Daimon Building	Shiba, Minato-ku	Trust	09/10/2001	4,859	(0.6%)
● I- 22	Cosmo Kanasugibashi Building	Shiba, Minato-ku	Trust	09/25/2001	2,808	(0.3%)
● I- 23	Shinwa Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/01/2004	7,830	(0.9%)
● I- 24	Tokyo Opera City Building	Nishi-Shinjuku, Shinjuku-ku	Real property	09/13/2005	9,350	
				03/24/2010	22,426	
				total	31,776	(3.8%)
● I- 25	TIXTOWER UENO	Higashi-Ueno, Taito-ku	Real property	06/15/2012	22,000	(2.6%)
● I- 26	Higashi-Gotanda 1Chome Building	Higashi-Gotanda, Shinagawa-ku	Real property	11/01/2004	5,500	(0.7%)
● I- 27	Osaki Front Tower	Osaki, Shinagawa-ku	Real property	02/01/2011	12,300	(1.5%)
● I- 28	Omori-Eki Higashiguchi Building	Omori-Kita, Ota-ku	Trust	09/10/2001	5,123	(0.6%)
● I- 29	Nippon Brunswick Building (Land with leasehold interest)	Sendagaya, Shibuya-ku	Real property	03/24/2004	6,670	
				08/23/2013	(1,170)	
				total	5,500	(0.7%)
● I- 30	Yoyogi 1Chome Building	Yoyogi, Shibuya-ku	Real property	04/01/2004	8,700	(1.0%)
● I- 31	da Vinci Harajuku	Jingumae, Shibuya-ku	Real property	11/22/2002	4,885	(0.6%)
● I- 32	Jingumae Media Square Building	Jingumae, Shibuya-ku	Real property	10/09/2003	12,200	(1.5%)
● I- 33	Shibuya Cross Tower	Shibuya, Shibuya-ku	Real property	11/30/2001	34,600	(4.1%)
● I- 34	Ebisu Neonato	Ebisu, Shibuya-ku	Real property	11/14/2003	3,740	
				04/01/2004	360	
				02/18/2014	10,512	
				total	14,612	(1.7%)
● I- 35	Harmony Tower	Honcho, Nakano-ku	Real property	02/28/2005	8,500	
				12/19/2012	520	
				total	9,020	(1.1%)
● I- 36	Otsuka Higashi-Ikebukuro Building	Higashi-Ikebukuro, Toshima-ku	Trust	09/25/2001	3,541	(0.4%)
● I- 37	Ikebukuro 2Chome Building	Ikebukuro, Toshima-ku	Trust	09/25/2001	1,728	(0.2%)
● I- 38	Ikebukuro YS Building	Minami-Ikebukuro, Toshima-ku	Real property	08/02/2004	4,500	(0.5%)
Tokyo metropolitan area, excluding Tokyo 23 wards						
● II- 1	Hachioji First Square	Hachioji, Tokyo	Real property	03/31/2005	3,300	
				03/19/2008	2,379	
				total	5,679	(0.7%)
● II- 2	Saitama Urawa Building	Saitama, Saitama Prefecture	Real property	09/25/2001	1,232	
				10/11/2001	1,342	
				total	2,574	(0.3%)
● II- 3	MM Park Building	Yokohama, Kanagawa Prefecture	Real property	03/24/2008	37,400	(4.5%)
● II- 4	Queen's Tower A	Yokohama, Kanagawa Prefecture	Trust	01/31/2014	17,200	(2.1%)
● II- 5	Kawasaki Isago Building	Kawasaki, Kanagawa Prefecture	Trust	09/25/2001	3,375	(0.4%)
● II- 6	Musashi Kosugi STM Building	Kawasaki, Kanagawa Prefecture	Real property	03/25/2008	4,000	(0.5%)
Other major cities						
● III- 1	8-3 Square Kita Building	Sapporo, Hokkaido	Real property	06/01/2007	7,100	(0.8%)
● III- 2	Jozenji Park Building	Sendai, Miyagi Prefecture	Real property	01/31/2005	1,000	(0.1%)
● III- 3	Higashi Nibancho Square	Sendai, Miyagi Prefecture	Real property	01/07/2013	9,950	(1.2%)
● III- 4	Sendai Honcho Honma Building	Sendai, Miyagi Prefecture	Trust	09/25/2001	2,924	
				06/28/2006	250	
				total	3,174	(0.4%)
● III- 5	Kanazawa Park Building	Kanazawa, Ishikawa Prefecture	Real property	02/28/2002	2,880	
				03/03/2003	1,700	
				total	4,580	(0.5%)
● III- 6	Nishiki Park Building	Nagoya, Aichi Prefecture	Real property	10/02/2006	3,850	
				11/01/2006	1,300	
				total	5,150	(0.6%)
● III- 7	Nagoya Hirokoji Place	Nagoya, Aichi Prefecture	Trust	07/31/2013	8,567	(1.0%)
● III- 8	Hirokoji Sakae Building	Nagoya, Aichi Prefecture	Real property	09/22/2006	1,680	(0.2%)
● III- 9	Nagoya Hirokoji Building	Nagoya, Aichi Prefecture	Real property	09/10/2001	14,533	(1.7%)
● III- 10	Nagoya Misono Building	Nagoya, Aichi Prefecture	Real property	08/08/2003	1,865	(0.2%)
● III- 11	Shijo Karasuma Center Building	Kyoto, Kyoto Prefecture	Real property	09/03/2013	4,400	(0.5%)
● III- 12	Kyoto Shijo Kawaramachi Building	Kyoto, Kyoto Prefecture	Real property	12/20/2001	2,650	(0.3%)
● III- 13	Shin-Fujita Building	Osaka, Osaka Prefecture	Trust	09/01/2008	24,000	(2.9%)
● III- 14	Sakaisujihonmachi Building	Osaka, Osaka Prefecture	Real property	09/25/2001	2,264	
				12/26/2003	1,900	
				total	4,164	(0.5%)
● III- 15	Midosuji Daiwa Building	Osaka, Osaka Prefecture	Trust	09/25/2001	6,934	
				02/28/2002	7,380	
				total	14,314	(1.7%)
● III- 16	Lit City Building	Okayama, Okayama Prefecture	Real property	02/01/2006	4,650	(0.6%)
● III- 17	NHK Hiroshima Broadcasting Center Building	Hiroshima, Hiroshima Prefecture	Real property	03/25/2004	1,320	
				03/03/2008	1,450	
				total	2,770	(0.3%)
● III- 18	Tosei Tenjin Building	Fukuoka, Fukuoka Prefecture	Real property	09/25/2001	1,550	(0.2%)
● III- 19	Tenjin Crystal Building	Fukuoka, Fukuoka Prefecture	Real property	06/01/2005	5,000	(0.6%)
● III- 20	Hinode Tenjin Building	Fukuoka, Fukuoka Prefecture	Trust	09/10/2001	3,657	(0.4%)
				total	837,405	(100.0%)

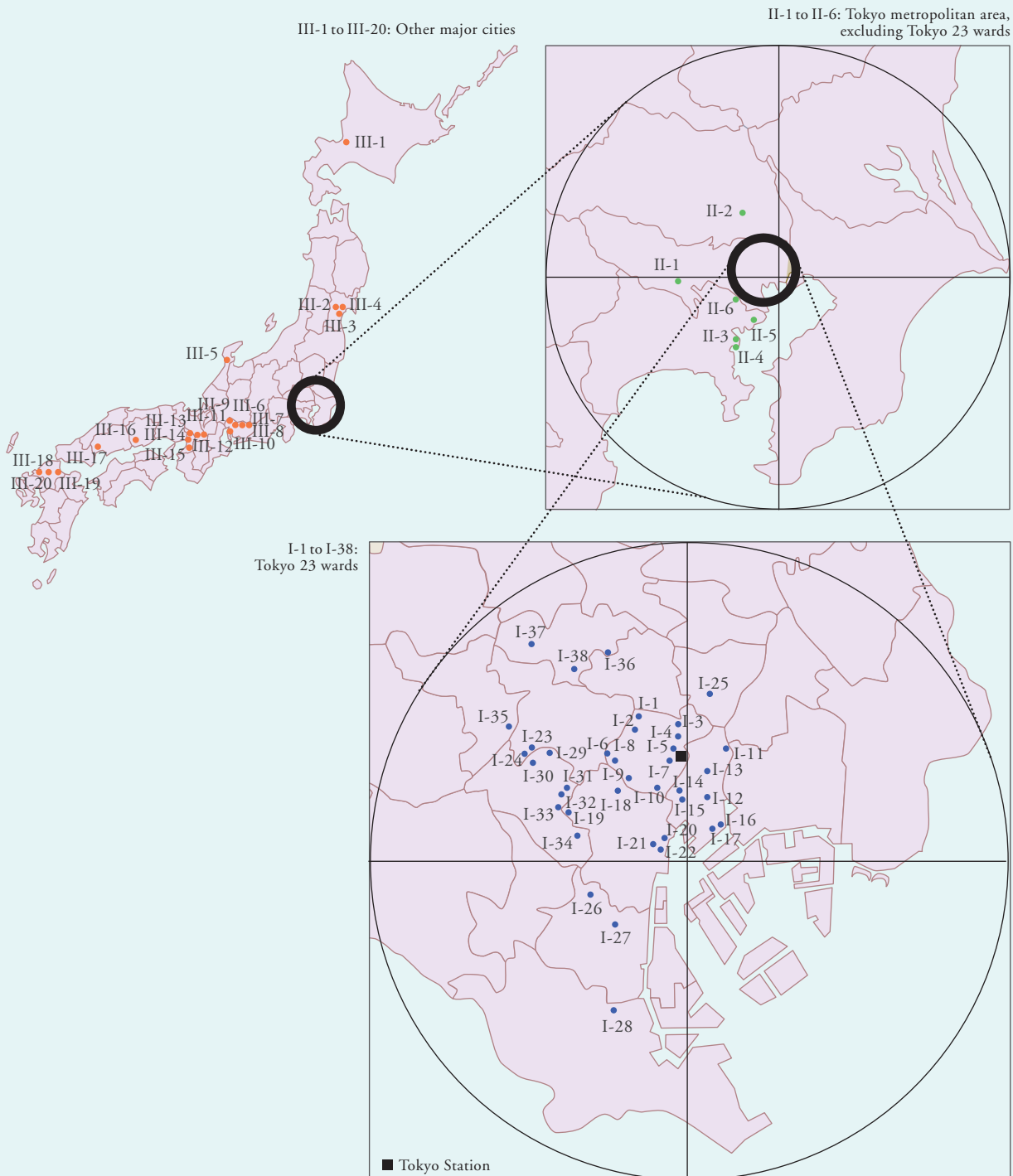
Percentage of ownership of the building	Completion	Appraisal value at the end of period (¥ mil)	Leasable space	Leased space	Occupancy rate	Number of tenants	Revenues from leasing operations (¥ mil)	
100.0%	1985	6,510	4,791m ²	4,791m ²	100.0%	1	226	(0.9%)
100.0%	2006	74,200	25,678m ²	25,678m ²	100.0%	4	1,686	(6.3%)
100.0%	1998	7,480	6,269m ²	6,269m ²	100.0%	8	221	(0.8%)
56.76%	1993	4,100	3,687m ²	3,687m ²	100.0%	10	116	(0.4%)
3.3852192%	2012	16,600	5,112m ²	5,112m ²	100.0%	2	1	(0.0%)
31.345%	2004	17,300	9,316m ²	9,316m ²	100.0%	1	480	(1.8%)
19.38402%	2003	44,600	11,904m ²	11,904m ²	100.0%	10	993	(3.7%)
100.0%	2005	6,220	4,495m ²	4,495m ²	100.0%	1	150	(0.6%)
99.0%	1966	29,600	20,855m ²	20,294m ²	97.3%	34	914	(3.4%)
10.78%	1975	7,220	4,697m ²	4,185m ²	89.1%	12	241	(0.9%)
100.0%	1991	2,910	3,897m ²	3,897m ²	100.0%	11	118	(0.4%)
100.0%	1991	5,030	4,513m ²	4,513m ²	100.0%	8	145	(0.5%)
100.0%	2002	6,400	4,279m ²	4,279m ²	100.0%	1	151	(0.6%)
70.95%	1982	15,400	4,329m ²	4,329m ²	100.0%	10	375	(1.4%)
100.0%	1998	5,390	4,255m ²	3,878m ²	91.1%	11	159	(0.6%)
100.0%	2012	36,600	33,369m ²	33,183m ²	99.4%	5	1,235	(4.6%)
100.0%	2006	20,500	20,812m ²	20,812m ²	100.0%	9	645	(2.4%)
100.0%	1993	62,900	45,013m ²	41,894m ²	93.1%	26	2,265	(8.5%)
100.0%	1982	6,980	4,898m ²	4,898m ²	100.0%	8	201	(0.8%)
40.0%	2007	78,800	32,155m ²	31,590m ²	98.2%	35	1,740	(6.5%)
100.0%	1984	6,060	9,606m ²	9,462m ²	98.5%	22	281	(1.1%)
100.0%	1992	2,780	4,062m ²	4,062m ²	100.0%	6	108	(0.4%)
100.0%	1989	5,500	5,997m ²	5,522m ²	92.1%	13	160	(0.6%)
31.325%	1996	29,500	35,050m ²	33,392m ²	95.3%	97	1,315	(4.9%)
94.040229%	2010	23,700	15,020m ²	14,853m ²	98.9%	18	699	(2.6%)
100.0%	2004	5,570	5,205m ²	5,205m ²	100.0%	4	155	(0.6%)
100.0%	2005	15,500	16,856m ²	16,856m ²	100.0%	1	665	(2.5%)
100.0%	1989	5,170	7,756m ²	7,756m ²	100.0%	23	216	(0.8%)
—	—	5,360	—	—	—	—	60	(0.2%)
100.0%	2003	9,940	7,745m ²	7,745m ²	100.0%	9	286	(1.1%)
100.0%	1987	6,280	3,147m ²	3,147m ²	100.0%	4	191	(0.7%)
100.0%	1998	9,560	5,558m ²	5,558m ²	100.0%	5	309	(1.2%)
100.0%	1976	42,500	30,532m ²	28,789m ²	94.3%	64	1,291	(4.9%)
44.718394%	1994	14,100	8,700m ²	8,700m ²	100.0%	5	178	(0.7%)
32.113115%	1997	10,800	11,998m ²	11,998m ²	100.0%	18	373	(1.4%)
100.0%	1987	3,960	7,224m ²	7,224m ²	100.0%	6	196	(0.7%)
100.0%	1990	1,610	2,186m ²	2,186m ²	100.0%	9	70	(0.3%)
100.0%	1989	4,310	5,932m ²	5,932m ²	100.0%	11	177	(0.7%)
80.4%	1996	4,440	10,068m ²	10,068m ²	100.0%	47	236	(0.9%)
100.0%	1990	2,090	4,510m ²	4,199m ²	93.1%	19	104	(0.4%)
100.0%	2007	35,500	38,426m ²	35,484m ²	92.3%	25	1,242	(4.7%)
11.11481%	1997	17,500	26,667m ²	26,354m ²	98.8%	52	403	(1.5%)
100.0%	1990	2,390	6,831m ²	6,831m ²	100.0%	13	136	(0.5%)
34.32%	1990	3,840	5,378m ²	5,378m ²	100.0%	25	158	(0.6%)
100.0%	2006	6,770	12,265m ²	12,078m ²	98.5%	6	309	(1.2%)
50.0%	1993	892	2,518m ²	2,467m ²	98.0%	17	71	(0.3%)
100.0%	2008	11,700	20,526m ²	16,362m ²	79.7%	17	531	(2.0%)
100.0%	1991	2,240	6,234m ²	5,981m ²	96.0%	22	127	(0.5%)
89.0%	1991	4,350	20,889m ²	20,147m ²	96.4%	72	464	(1.7%)
57.04651%	1995	3,690	8,033m ²	7,738m ²	96.3%	58	205	(0.8%)
100.0%	2004	9,250	13,200m ²	12,053m ²	91.3%	22	352	(1.3%)
100.0%	1987	1,550	3,911m ²	3,121m ²	79.8%	12	85	(0.3%)
100.0%	1987	11,800	21,624m ²	21,302m ²	98.5%	31	584	(2.2%)
100.0%	1991	1,110	3,448m ²	3,448m ²	100.0%	16	66	(0.2%)
100.0%	2010	4,550	6,634m ²	6,634m ²	100.0%	6	195	(0.7%)
100.0%	1982	1,760	6,805m ²	5,810m ²	85.4%	32	115	(0.4%)
100.0%	1995	16,700	28,414m ²	26,248m ²	92.4%	41	696	(2.6%)
100.0%	1992	3,150	11,556m ²	11,180m ²	96.7%	20	230	(0.9%)
100.0%	1991	12,800	20,450m ²	20,200m ²	98.8%	42	527	(2.0%)
27.7488%	2005	4,230	9,965m ²	9,965m ²	100.0%	41	259	(1.0%)
48.753%	1994	2,470	9,860m ²	9,860m ²	100.0%	12	262	(1.0%)
100.0%	1992	1,300	4,000m ²	4,000m ²	100.0%	19	85	(0.3%)
100.0%	1993	2,490	5,973m ²	5,973m ²	100.0%	30	146	(0.6%)
74.4844%	1987	3,650	5,841m ²	5,841m ²	100.0%	4	170	(0.6%)
		829,152	750,956m ²	726,148m ²	96.7%	1,223	26,582	(100.0%)

Major Tenants Roster

Rank	Name of tenant	Name of building	Leased space	% of total leased space
1	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Harumi Front (also includes 3 other buildings)	33,901m ²	4.7%
2	(Note)	Kitanomaru Square (also includes 2 other buildings)	26,061m ²	3.6%
3	Mitsubishi Estate Co., Ltd.	Osaki Front Tower (also includes 1 other building)	17,213m ²	2.4%
4	General Electric Company	Akasaka Park Building	13,683m ²	1.9%
5	HAKUHODO DY HOLDINGS INCORPORATED	Akasaka Park Building (also includes 1 other building)	12,831m ²	1.8%
6	NTT Communications Corporation	Shiodome Building	11,813m ²	1.6%
7	JGC Corporation	MM Park Building (also includes 1 other building)	10,649m ²	1.5%
8	Mitsubishi UFJ Trust and Banking Corporation	Mitsubishi UFJ Trust and Banking Building	10,598m ²	1.5%
9	TOTO LTD.	Shiodome Building (also includes 2 other buildings)	10,570m ²	1.5%
10	Minato Mirai 21 District Heating and Cooling Co., Ltd	Queen's Tower A	9,536m ²	1.3%

Note: Not disclosed as per tenant request

Locations of Portfolio Properties



Overview of Portfolio Properties As of March 31, 2014

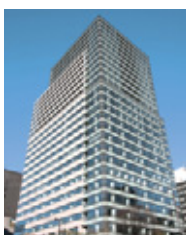
Note: Concerning real estate or trust beneficiary rights in trust of real estate of which the Company is a partial owner through co-ownership or compartmentalized building units or quasi-co-ownership, the figures for "Site area" and "Floor area of building" represent total site area and total floor space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



Genki Medical Plaza

● I-1

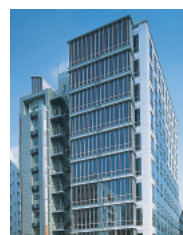
Location: Chiyoda-ku, Tokyo
 Site area: 1,052.80m²
 Floor area of building: 6,722.02m²
 Structure: Above ground: 8 floors
 Below ground: 1 floor
 Completion: September 1985



Kitanomaru Square

● I-2

Location: Chiyoda-ku, Tokyo
 Site area: 5,821.03m²
 Floor area of building: 57,279.20m²
 Structure: Above ground: 26 floors
 Below ground: 2 floors
 Completion: January 2006



MD Kanda Building

● I-3

Location: Chiyoda-ku, Tokyo
 Site area: 1,085.83m²
 Floor area of building: 8,185.11m²
 Structure: Above ground: 10 floors
 Completion: February 1998



Kandabashi Park Building

● I-4

Location: Chiyoda-ku, Tokyo
 Site area: 1,218.56m²
 Floor area of building: 9,370.25m²
 Structure: Above ground: 10 floors
 Below ground: 1 floor
 Completion: July 1993



Otemachi Financial City North Tower

● I-5

Location: Chiyoda-ku, Tokyo
 Site area: 14,108.16m²
 Floor area of building: 239,769.07m²
 Structure: Above ground: 35 floors
 Below ground: 4 floors
 Completion: October 2012



Nibancho Garden

● I-6

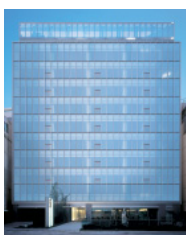
Location: Chiyoda-ku, Tokyo
 Site area: 11,003.87m²
 Floor area of building: 57,031.06m²
 Structure: Above ground: 14 floors
 Below ground: 2 floors
 Completion: April 2004



Mitsubishi UFJ Trust and Banking Building

● I-7

Location: Chiyoda-ku, Tokyo
 Site area: 8,100.39m²
 Floor area of building: 108,171.67m²
 Structure: Above ground: 29 floors
 Below ground: 4 floors
 Completion: February 2003



Burex Kojimachi Building

● I-8

Location: Chiyoda-ku, Tokyo
 Site area: 967.67m²
 Floor area of building: 6,526.64m²
 Structure: Above ground: 11 floors
 Below ground: 1 floor
 Completion: January 2005



Sanno Grand Building

● I-9

Location: Chiyoda-ku, Tokyo
 Site area: 3,663.93m²
 Floor area of building: 33,875.95m²
 Structure: Above ground: 10 floors
 Below ground: 3 floors
 Completion: September 1966



Yurakucho Denki Building

● I-10

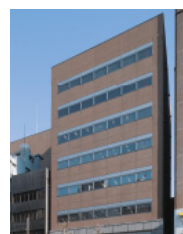
Location: Chiyoda-ku, Tokyo
 Site area: 5,749.91m²
 Floor area of building: 70,287.65m²
 Structure: Above ground: 20 floors
 Below ground: 4 floors
 Completion: September 1975



Kodenmachi Shin-Nihonbashi Building

● I-11

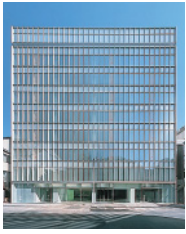
Location: Chuo-ku, Tokyo
 Site area: 773.28m²
 Floor area of building: 5,822.88m²
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: November 1991



Kyodo Building (Kayabacho 2Chome)

● I-12

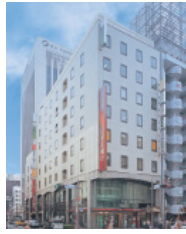
Location: Chuo-ku, Tokyo
 Site area: 754.26m²
 Floor area of building: 5,505.80m²
 Structure: Above ground: 9 floors
 Below ground: 1 floor
 Completion: April 1991



Burex Kyobashi Building

● I-13

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



Ginza Sanwa Building

● I-14

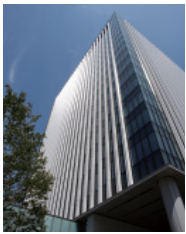
Location: Chuo-ku, Tokyo
Site area: 1,119.27m²
Floor area of building: 8,851.00m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: October 1982



Ryoshin Ginza East Mirror Building

● I-15

Location: Chuo-ku, Tokyo
Site area: 864.91m²
Floor area of building: 5,751.68m²
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: October 1998



Harumi Front

● I-16

Location: Chuo-ku, Tokyo
Site area: 7,250.15m²
Floor area of building: 45,458.90m²
Structure: Above ground: 17 floors
Below ground: 1 floor
Completion: February 2012



Harumi Center Building

● I-17

Location: Chuo-ku, Tokyo
Site area: 4,664.63m²
Floor area of building: 26,447.27m²
Structure: Above ground: 10 floors
Completion: November 2006



Akasaka Park Building

● I-18

Location: Minato-ku, Tokyo
Site area: 14,198.20m²
Floor area of building: 97,489.16m²
Structure: Above ground: 30 floors
Below ground: 2 floors
Completion: July 1993



Aoyama Crystal Building

● I-19

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



Shiodome Building

● I-20

Location: Minato-ku, Tokyo
Site area: 12,046.00m²
Floor area of building: 115,930.83m²
Structure: Above ground: 24 floors
Below ground: 2 floors
Completion: December 2007



Shiba 2Chome Daimon Building

● I-21

Location: Minato-ku, Tokyo
Site area: 2,820.90m²
Floor area of building: 16,235.10m²
Structure: Above ground: 8 floors
Below ground: 2 floors
Completion: March 1984



Cosmo Kanasugibashi Building

● I-22

Location: Minato-ku, Tokyo
Site area: 758.54m²
Floor area of building: 5,420.93m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: March 1992



Shinwa Building

● I-23

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



Tokyo Opera City Building

● I-24

Location: Shinjuku-ku, Tokyo
Site area: 18,236.94m²
Floor area of building: 232,996.81m²
Structure: Above ground: 54 floors
Below ground: 4 floors
Completion: July 1996



TIXTOWER UENO

● I-25

Location: Taito-ku, Tokyo
Site area: 2,412.80m²
Floor area of building: 23,727.48m²
Structure: Above ground: 18 floors
Below ground: 1 floor
Completion: July 2010



Higashi-Gotanda 1Chome Building

● I-26

Location: Shinagawa-ku, Tokyo
Site area: 1,539.95m²
Floor area of building: 6,460.39m²
Structure: Above ground: 8 floors
Completion: July 2004



Osaki Front Tower

● I-27

Location: Shinagawa-ku, Tokyo
Site area: 3,684.38m²
Floor area of building: 23,673.92m²
Structure: Above ground: 15 floors
Completion: June 2005



Omori-Eki Higashiguchi Building

● I-28

Location: Ota-ku, Tokyo
Site area: 2,199.30m²
Floor area of building: 14,095.34m²
Structure: Above ground: 11 floors
Below ground: 2 floors
Completion: July 1989



Nippon Brunswick Building (Land with leasehold interest)

● I-29

Location: Shibuya-ku, Tokyo
Site area: 1,497.52m²
Floor area of building: —
Structure: —
Completion: —



Yoyogi 1Chome Building

● I-30

Location: Shibuya-ku, Tokyo
Site area: 1,755.75m²
Floor area of building: 10,778.10m²
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: October 2003



da Vinci Harajuku

● I-31

Location: Shibuya-ku, Tokyo
Site area: 839.66m²
Floor area of building: 4,359.20m²
Structure: Above ground: 7 floors
Below ground: 2 floors
Completion: December 1987



Jingumae Media Square Building

● I-32

Location: Shibuya-ku, Tokyo
Site area: 2,124.59m²
Floor area of building: 9,420.42m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: March 1998



Shibuya Cross Tower

● I-33

Location: Shibuya-ku, Tokyo
Site area: 5,153.45m²
Floor area of building: 61,862.33m²
Structure: Above ground: 32 floors
Below ground: 3 floors
Completion: April 1976



Ebisu Neonato

● I-34

Location: Shibuya-ku, Tokyo
Site area: 5,005.70m²
Floor area of building: 36,598.38m²
Structure: Above ground: 18 floors
Below ground: 2 floors
Completion: October 1994



Harmony Tower

● I-35

Location: Nakano-ku, Tokyo
Site area: 10,020.52m²
Floor area of building: 72,729.31m²
Structure: Above ground: 29 floors
Below ground: 2 floors
Completion: March 1997



Otsuka Higashi- Ikebukuro Building

● I-36

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



Ikebukuro 2Chome Building

● I-37

Location: Toshima-ku, Tokyo
Site area: 397.26m²
Floor area of building: 3,157.51m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: May 1990



Ikebukuro YS Building

● I-38

Location: Toshima-ku, Tokyo
Site area: 1,384.56m²
Floor area of building: 7,464.64m²
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: December 1989



Hachioji First Square

● II-1

Location: Hachioji, Tokyo
Site area: 2,989.33m²
Floor area of building: 18,329.98m²
Structure: Above ground: 12 floors
Below ground: 1 floor
Completion: July 1996



Saitama Urawa Building

● II-2

Location: Saitama, Saitama Prefecture
Site area: 1,533.06m²
Floor area of building: 6,258.59m²
Structure: Above ground: 8 floors
Completion: March 1990



MM Park Building

● II-3

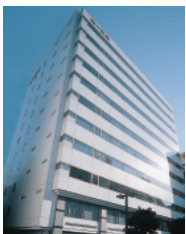
Location: Yokohama, Kanagawa Prefecture
Site area: 6,825.77m²
Floor area of building: 49,037.51m²
Structure: Above ground: 15 floors
Below ground: 1 floor
Completion: December 2007



Queen's Tower A

● II-4

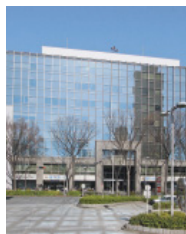
Location: Yokohama, Kanagawa Prefecture
Site area: 44,406.40m²
Floor area of building: 498,282.77m²
Structure: Above ground: 37 floors
Below ground: 5 floors
Completion: June 1997



Kawasaki Isago Building

● II-5

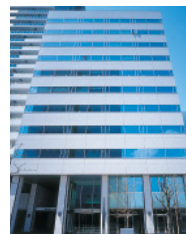
Location: Kawasaki, Kanagawa Prefecture
Site area: 1,594.50m²
Floor area of building: 9,623.83m²
Structure: Above ground: 12 floors
Below ground: 1 floor
Completion: December 1990



Musashi Kosugi STM Building

● II-6

Location: Kawasaki, Kanagawa Prefecture
Site area: 3,552.15m²
Floor area of building: 22,839.61m²
Structure: Above ground: 8 floors
Below ground: 2 floors
Completion: October 1990



8*3 Square Kita Building

● III-1

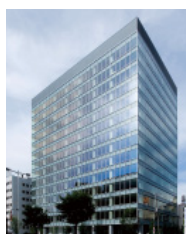
Location: Sapporo, Hokkaido
Site area: 5,541.60m²
Floor area of building: 16,096.97m²
Structure: Above ground: 11 floors
Below ground: 1 floor
Completion: December 2006



Jozenji Park Building

● III-2

Location: Sendai, Miyagi Prefecture
Site area: 1,566.68m²
Floor area of building: 7,648.33m²
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: January 1993



Higashi Nibancho Square

● III-3

Location: Sendai, Miyagi Prefecture
Site area: 3,191.27m²
Floor area of building: 27,680.45m²
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: July 2008



Sendai Honcho Honma Building

● III-4

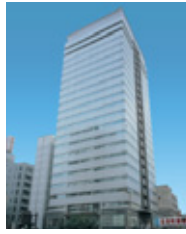
Location: Sendai, Miyagi Prefecture
Site area: 1,437.47m²
Floor area of building: 8,247.50m²
Structure: Above ground: 11 floors
Completion: November 1991



Kanazawa Park Building

● III-5

Location: Kanazawa, Ishikawa Prefecture
Site area: 6,642.71m²
Floor area of building: 43,481.20m²
Structure: Above ground: 12 floors
Below ground: 2 floors
Completion: October 1991



Nishiki Park Building

● III-6

Location: Nagoya, Aichi Prefecture
Site area: 2,170.45m²
Floor area of building: 25,091.91m²
Structure: Above ground: 22 floors
Below ground: 4 floors
Completion: August 1995



Nagoya Hirokoji Place

● III-7

Location: Nagoya, Aichi Prefecture
Site area: 2,401.43m²
Floor area of building: 15,947.29m²
Structure: Above ground: 10 floors
Completion: December 2004



Hirokoji Sakae Building

● III-8

Location: Nagoya, Aichi Prefecture
Site area: 786.79m²
Floor area of building: 6,445.08m²
Structure: Above ground: 9 floors
Below ground: 2 floors
Completion: September 1987



Nagoya Hirokoji Building

● III-9

Location: Nagoya, Aichi Prefecture
Site area: 4,095.81m²
Floor area of building: 33,377.73m²
Structure: Above ground: 18 floors
Below ground: 2 floors
Completion: May 1987



Nagoya Misono Building

● III-10

Location: Nagoya, Aichi Prefecture
Site area: 805.04m²
Floor area of building: 5,348.00m²
Structure: Above ground: 7 floors
Below ground: 1 floor
Completion: September 1991



Shijo Karasuma Center Building

● III-11

Location: Kyoto, Kyoto Prefecture
Site area: 1,371.16m²
Floor area of building: 9,185.98m²
Structure: Above ground: 8 floors
Below ground: 1 floor
Completion: January 2010



Kyoto Shijo Kawaramachi Building

● III-12

Location: Kyoto, Kyoto Prefecture
Site area: 1,471.57m²
Floor area of building: 9,701.04m²
Structure: Above ground: 9 floors
Below ground: 1 floor
Completion: November 1982



Shin-Fujita Building

● III-13

Location: Osaka, Osaka Prefecture
Site area: 6,159.61m²
Floor area of building: 45,411.31m²
Structure: Above ground: 21 floors
Below ground: 2 floors
Completion: April 1995



Sakaisujihonmachi Building

● III-14

Location: Osaka, Osaka Prefecture
Site area: 2,036.22m²
Floor area of building: 17,145.59m²
Structure: Above ground: 13 floors
Below ground: 2 floors
Completion: October 1992



Midosuji Daiwa Building

● III-15

Location: Osaka, Osaka Prefecture
Site area: 3,044.65m²
Floor area of building: 31,213.27m²
Structure: Above ground: 15 floors
Below ground: 2 floors
Completion: September 1991



Lit City Building

● III-16

Location: Okayama, Okayama Prefecture
Site area: 7,596.44m²
Floor area of building: 52,653.19m²
Structure: Above ground: 20 floors
Below ground: 2 floors
Completion: June 2005



NHK Hiroshima Broadcasting Center Building

● III-17

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



Tosei Tenjin Building

● III-18

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,221.31m²
Floor area of building: 5,588.57m²
Structure: Above ground: 8 floors
Completion: March 1992



Tenjin Crystal Building

● III-19

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,835.17m²
Floor area of building: 10,432.04m²
Structure: Above ground: 14 floors
Below ground: 1 floor
Completion: August 1993



Hinode Tenjin Building

● III-20

Location: Fukuoka, Fukuoka Prefecture
Site area: 1,452.15m²
Floor area of building: 12,527.07m²
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, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2012 to March 31, 2013	For the period from April 1, 2012 to September 30, 2012	For the period from October 1, 2011 to March 31, 2012	For the period from October 1, 2013 to March 31, 2014
Operating Revenues	¥ 26,582	¥ 26,225	¥ 25,357	¥ 24,222	¥ 24,059	\$ 258,288
Operating Expenses	15,751	15,444	14,725	14,009	13,273	153,042
Operating Income	10,831	10,781	10,631	10,212	10,786	105,246
Ordinary Income	9,083	9,143	8,749	8,372	8,863	88,256
Income before Income Taxes	9,083	9,143	8,749	8,372	8,904	88,256
Net Income	9,070	9,129	8,824	8,448	8,934	88,128
Total Assets	817,130	775,066	765,628	724,851	703,085	7,939,471
Interest-Bearing Debts	358,900	320,150	311,200	305,750	284,300	3,487,175
Net Assets	405,355	405,415	405,280	372,429	372,869	3,938,554
Unitholders' Capital	396,018	396,018	396,018	363,371	363,371	3,847,827
Number of Units	1,188,280	594,140	594,140	549,040	549,040	1,188,280
Net Assets per Unit (Yen/U.S. dollars) (Note 2)	341,128	341,178	682,130	678,328	679,130	3,314
Cash Distribution	9,070	9,129	8,995	8,619	8,888	88,128
Dividend Payout Ratio	99.9%	99.9%	101.9%	102.0%	99.4%	99.9%
Dividend per Unit (Yen/U.S. dollars)	7,633	15,366	15,140	15,700	16,190	74.16
Net Operating Income (NOI)	17,481	17,205	16,768	15,997	16,361	169,857
Funds from Operations (FFO)	14,719	14,619	14,032	13,356	13,625	143,021
Return on Assets (ROA) (Note 3)	1.1%	1.2%	1.2%	1.2%	1.3%	1.1%
	(2.3% annualized)	(2.4% annualized)	(2.4% annualized)	(2.3% annualized)	(2.6% annualized)	(2.3% annualized)
Return on Equity (ROE) (Note 4)	2.2%	2.3%	2.2%	2.3%	2.6%	2.2%
	(4.5% annualized)	(4.5% annualized)	(4.4% annualized)	(4.5% annualized)	(5.3% annualized)	(4.5% annualized)
EOP Equity Ratio (Note 5)	49.6%	52.3%	52.9%	51.4%	53.0%	49.6%
EOP Interest-Bearing Debt Ratio on Total Assets (Note 6)	43.9%	41.3%	40.6%	42.2%	40.4%	43.9%
FFO Multiple	20.9 times	23.4 times	27.2 times	16.2 times	14.7 times	20.9 times
Debt Service Coverage Ratio (Note 7)	9.6 times	9.5 times	8.7 times	8.3 times	8.5 times	9.6 times

Notes 1: Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥102.92 = US\$1.00, the foreign exchange rate on March 31, 2014, 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: The Company implemented a 2-for-1 split of each investment unit with an effective date of January 1, 2014. Net assets per unit is calculated as if the split had occurred at the start of the fiscal period ended September 30, 2013.

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

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

(Annualized portion of the calculation given in Note 3 and Note 4 assumes a fiscal period of 183 days for the period ended March 31, 2012, 183 days for the period ended September 30, 2012, 182 days for the period ended March 31, 2013, 183 days for the period ended September 30, 2013 and 182 days for the period ended March 31, 2014.)

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

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

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

Balance Sheets

As of March 31, 2014 and September 30, 2013

	Thousands of yen		U.S. dollars (Note 1)
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
ASSETS			
Current Assets:			
Cash and bank deposits	¥25,043,677	¥ 24,598,188	\$243,331,500
Rental receivables	134,048	188,185	1,302,454
Refundable consumption taxes	398,464	—	3,871,592
Other current assets	165,359	251,745	1,606,678
Total current assets	25,741,550	25,038,118	250,112,223
Property and Equipment, at Cost:			
Land	538,445,756	510,355,333	5,231,692,157
Buildings and structures	315,363,650	296,764,545	3,064,162,945
Machinery and equipment	3,736,768	3,699,678	36,307,503
Tools, furniture and fixtures	334,350	308,280	3,248,644
Construction in progress	361,593	181,638	3,513,341
Subtotal	858,242,118	811,309,476	8,338,924,589
Accumulated depreciation	(76,076,179)	(70,445,570)	(739,177,803)
Total property and equipment	782,165,939	740,863,906	7,599,746,786
Investments and Other Assets:			
Investment securities	577,168	577,168	5,607,929
Deposits	1,071,830	1,071,830	10,414,209
Long-term prepaid expenses	119,267	23,206	1,158,833
Leasehold rights	6,549,297	6,565,127	63,634,838
Easement	828,095	828,095	8,046,010
Deferred investment corporation bond issuance costs	77,182	99,161	749,926
Total Assets	¥817,130,330	¥775,066,613	\$7,939,470,754

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

	Thousands of yen		U.S. dollars (Note 1)
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
LIABILITIES			
Current Liabilities:			
Trade accounts payable	¥ 1,396,469	¥ 1,128,949	\$ 13,568,495
Other payables	1,234,453	1,026,389	11,994,303
Short-term loans	56,800,000	25,000,000	551,884,959
Current portion of investment corporation bonds	15,000,000	15,000,000	145,744,267
Current portion of long-term loans	5,100,000	13,100,000	49,553,051
Accrued expenses	800,158	786,011	7,774,565
Income taxes payable	11,551	7,951	112,237
Accrued consumption taxes	—	601,862	—
Rent received in advance	3,288,284	2,840,696	31,949,910
Other current liabilities	259,813	9,986	2,524,426
Total current liabilities	83,890,731	59,501,848	815,106,213
Long-Term Liabilities:			
Investment corporation bonds	40,000,000	40,000,000	388,651,380
Long-term loans	242,000,000	227,050,000	2,351,340,847
Deposits received from tenants	45,418,762	42,634,207	441,301,613
Deferred tax liabilities	122,812	122,812	1,193,284
Asset retirement obligations	312,538	309,420	3,036,711
Other long-term liabilities	29,532	32,969	286,942
Total long-term liabilities	327,883,645	310,149,410	3,185,810,777
Total Liabilities	411,774,376	369,651,258	4,000,916,991
NET ASSETS			
Unitholders' Equity:			
Unitholders' capital	396,018,317	396,018,317	3,847,826,632
Authorized: 4,000,000 units as of March 31, 2014 and 2,000,000 units as of September 30, 2013			
Issued: 1,188,280 units as of March 31, 2014 and 594,140 units as of September 30, 2013			
Surplus			
Voluntary reserve			
Reserve for reduction entry	236,709	236,709	2,299,937
Retained earnings	9,100,926	9,160,328	88,427,194
Total surplus	9,337,636	9,397,037	90,727,131
Total unitholders' equity	405,355,953	405,415,354	3,938,553,763
Total net assets	405,355,953	405,415,354	3,938,553,763
Total Liabilities and Net Assets	¥817,130,330	¥775,066,613	\$7,939,470,754

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

Statements of Income and Retained Earnings

For the six months ended March 31, 2014 and September 30, 2013

	Thousands of yen		U.S. dollars (Note 1)
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
OPERATING REVENUES AND EXPENSES			
Operating Revenues:			
Rental revenues	¥26,357,478	¥26,116,177	\$256,096,755
Non-rental revenues	225,489	90,739	2,190,919
Gain on sale of properties	—	18,603	—
Total operating revenues	26,582,967	26,225,520	258,287,674
Operating Expenses:			
Property-related expenses	14,750,867	14,509,238	143,323,623
Asset management fees	675,187	621,540	6,560,316
Administrative service fees	194,645	191,496	1,891,227
Professional fee	58,222	64,695	565,706
Other operating expenses	72,173	57,046	701,262
Total operating expenses	15,751,096	15,444,016	153,042,134
Operating Income	10,831,870	10,781,503	105,245,540
NON-OPERATING REVENUES AND EXPENSES			
Non-Operating Revenues:			
Interest income	6,658	5,824	64,697
Dividends income	—	19,724	—
Return of unclaimed distributions	2,261	3,220	21,976
Income on settlement of management association accounts	—	104,761	—
Other non-operating revenues	—	2,080	—
Non-Operating Expenses:			
Interest expense	1,297,612	1,337,230	12,607,971
Interest expense on investment corporation bonds	410,928	392,323	3,992,700
Amortization of investment corporation bond issuance costs	21,978	17,498	213,552
Other non-operating expenses	26,951	27,009	261,865
Ordinary Income	9,083,320	9,143,053	88,256,124
Income before Income Taxes	9,083,320	9,143,053	88,256,124
Income Taxes:			
Current	13,169	13,308	127,958
Deferred	(2)	(11)	(27)
Net Income	9,070,153	9,129,757	88,128,194
Retained Earnings Brought Forward	30,773	30,571	299,001
Retained Earnings at End of Period	¥ 9,100,926	¥ 9,160,328	\$ 88,427,194

Statements of Changes in Unitholders' Equity

For the six months ended March 31, 2014 and September 30, 2013

	Thousands of yen					
	Units	Unitholders' capital	Reserve for reduction entry	Surplus Retained earnings	Total surplus	Total unitholders' equity
Balance as of April 1, 2013	594,140	¥396,018,317	¥407,278	¥8,855,281	¥9,262,560	¥405,280,877
Provision of reserve for reduction entry	—	—	(170,569)	170,569	—	—
Cash dividends paid	—	—	—	(8,995,279)	(8,995,279)	(8,995,279)
Net income	—	—	—	9,129,757	9,129,757	9,129,757
Balance as of September 30, 2013	594,140	¥396,018,317	¥236,709	¥9,160,328	¥9,397,037	¥405,415,354
Unit split	594,140	—	—	—	—	—
Cash dividends paid	—	—	—	(9,129,555)	(9,129,555)	(9,129,555)
Net income	—	—	—	9,070,153	9,070,153	9,070,153
Balance as of March 31, 2014	1,188,280	¥396,018,317	¥236,709	¥9,100,926	¥9,337,636	¥405,355,953
	U.S. dollars (Note 1)					
	Units	Unitholders' capital	Reserve for reduction entry	Surplus Retained earnings	Total surplus	Total unitholders' equity
Balance as of October 1, 2013	594,140	\$3,847,826,632	\$2,299,937	\$89,004,357	\$91,304,293	\$3,939,130,926
Unit split	594,140	—	—	—	—	—
Cash dividends paid	—	—	—	(88,705,356)	(88,705,356)	(88,705,356)
Net income	—	—	—	88,128,194	88,128,194	88,128,194
Balance as of March 31, 2014	1,188,280	\$3,847,826,632	\$2,299,937	\$88,427,194	\$90,727,131	\$3,938,553,763

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

Statements of Cash Flows

For the six months ended March 31, 2014 and September 30, 2013

	Thousands of yen		U.S. dollars (Note 1)
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
Cash Flows from Operating Activities:			
Income before income taxes	¥9,083,320	¥ 9,143,053	\$88,256,124
Depreciation and amortization	5,649,556	5,507,945	54,892,700
Amortization of investment corporation bond issuance costs	21,978	17,498	213,552
Dividends income	—	(19,724)	—
Interest income	(6,658)	(5,824)	(64,697)
Interest expense	1,708,541	1,729,553	16,600,671
Rental receivables	54,136	(83,319)	526,006
Refundable consumption taxes	(398,464)	472,497	(3,871,592)
Supplies	3	—	33
Prepaid expenses	(23,195)	5,692	(225,377)
Decrease due to sale of tangible fixed asset	—	1,200,748	—
Trade accounts payable	(107,934)	307,202	(1,048,722)
Other payables	185,815	108,948	1,805,438
Accrued expenses	(601,744)	601,744	(5,846,723)
Rent received in advance	447,588	(405,075)	4,348,896
Long-term prepaid expenses	(96,060)	(8,661)	(933,349)
Other	143,373	(158,618)	1,393,060
Sub-total	16,060,256	18,413,663	156,046,022
Interest and dividends income received	7,965	26,269	77,396
Interest paid	(1,694,512)	(1,769,481)	(16,464,366)
Income taxes paid	(9,569)	(16,460)	(92,981)
Net cash provided by operating activities	14,364,139	16,653,990	139,566,070
Cash Flows from Investing Activities:			
Payments of time deposits	(9,486,000)	(12,237,000)	(92,168,675)
Proceeds from time deposits	15,486,000	11,237,000	150,466,382
Purchases of property and equipment	(46,326,374)	(14,904,173)	(450,120,234)
Repayments of lease and guarantee deposits received	(1,207,724)	(2,048,695)	(11,734,597)
Proceeds from lease and guarantee deposits received	3,992,279	1,724,542	38,790,120
Net cash used in investing activities	(37,541,820)	(16,228,325)	(364,767,004)
Cash Flows from Financing Activities:			
Proceeds from short-term loans	45,800,000	11,000,000	445,005,830
Repayments of short-term loans	(14,000,000)	(4,000,000)	(136,027,983)
Proceeds from long-term loans	20,000,000	13,000,000	194,325,690
Repayments of long-term loans	(13,050,000)	(21,050,000)	(126,797,513)
Proceeds from issuance of investment corporation bonds	—	10,000,000	—
Payments of investment corporation bond issuance costs	—	(55,277)	—
Dividends to unitholders	(9,126,830)	(8,998,782)	(88,678,880)
Net cash provided by (used in) financing activities	29,623,169	(104,059)	287,827,144
Net Increase in Cash and Cash Equivalents	6,445,489	321,605	62,626,210
Cash and Cash Equivalents at Beginning of Period	14,598,188	14,276,582	141,840,151
Cash and Cash Equivalents at End of Period	¥21,043,677	¥14,598,188	\$204,466,362

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

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

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

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

On September 10, 2001, the Company commenced operations when the Company was listed on the Tokyo Stock Exchange as one of the first real estate investment corporations in Japan (so-called “J-REITs”). The Company issued 160,000 units at a price of ¥506,625 (\$4,923), generating gross proceeds of ¥81,060 million (\$787,602 thousand) (Note).

At March 31, 2014, the Company owned a portfolio of 64 office properties with an aggregate of approximately 750,956 square meters of leasable space.

Note: The foreign exchange rate of ¥102.92=US\$1.00, as of March 31, 2014, 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 ¥102.92=US\$1.00, the foreign exchange rate on March 31, 2014, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investment securities

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

Property and equipment, depreciation and impairment (except for leased assets)

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

Buildings.....	2-61 years
Structures.....	3-60 years
Machinery and equipment.....	2-18 years
Tools, furniture and fixtures.....	2-29 years

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

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

Intangible assets

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

Leased assets

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

Deferred charges

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

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

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

Revenue recognition

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

Taxes on property and equipment

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties 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.

Hedge accounting

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

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

3. FINANCIAL INSTRUMENTS

For the six months ended March 31, 2014 and September 30, 2013

1. Status of financial instruments

(1) Policies for dealing financial instruments

Concerning the financing of property acquisitions, the Company shall use several funding sources including bank loans, issuance of investment corporation bonds and issuance of investment units. When executing such financing activities, the Company endeavors to retain the ability to secure stable and low-cost financing by maintaining high credit ratings and thereby limiting the financial covenants 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 the capital base and controlling the loan-to-value ratio ("LTV") at an adequate level.

In order to hedge against future interest-rate fluctuations, the Company may enter into derivative transactions, which shall be

executed solely for the purpose of controlling risks, and not for speculative purposes.

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

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

The Company regularly re-evaluates the appropriateness and effectiveness of its risk management system in order to improve on it.

Characteristics and risk profile of financial instruments and the system in place to manage such risks are as follows:

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

The funding proceeds from borrowings and issues of investment corporation bonds are applied mainly to acquire real estate properties and repay outstanding loans and bonds. While floating-rate short-term and long-term loans are exposed to the risk of interest rate 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 corporation bonds involve liquidity risk at the time of maturity. To manage such liquidity risk, the Company implements measures such as (i) maintaining and strengthening its ability to access equity markets to secure funds, (ii) maintaining commitment lines with major financial institutions (There is no outstanding under the facility as of March 31, 2014 and as of September 30, 2013), and (iii) preparing monthly financial plans. The Company also utilizes derivative transactions (interest-rate swap transactions) as a hedge against interest-rate risk derived from floating-rate long-term loans, thereby maintaining the overall interest rates on the loans at an effectively fixed level. For more detailed information on the hedge accounting method, hedging instruments, hedged items, hedge policies and the evaluation method of hedge effectiveness, please refer to the previous section 2. Summary of significant accounting policies: Hedge accounting.

(3) Supplementary note regarding fair value of financial instruments

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

2. Fair value of financial instruments

Fair value of financial instruments, their values carried on the balance sheet and the difference between them as of March 31, 2014 and as of September 30, 2013 are as follows.

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

	Thousands of yen			U.S. dollars		
	As of March 31, 2014					
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and bank deposits	¥25,043,677	¥25,043,677	¥ —	\$243,331,500	\$243,331,500	\$ —
(2) Short-term loans	56,800,000	56,800,000	—	551,884,959	551,884,959	—
(3) Current portion of investment corporation bonds	15,000,000	15,056,550	56,550	145,744,267	146,293,723	549,456
(4) Current portion of long-term loans	5,100,000	5,129,403	29,403	49,553,051	49,838,746	285,695
(5) Investment corporation bonds	40,000,000	41,632,000	1,632,000	388,651,380	404,508,356	15,856,976
(6) Long-term loans	242,000,000	246,544,239	4,544,239	2,351,340,847	2,395,493,970	44,153,123
(7) Derivative transactions	—	—	—	—	—	—

	Thousands of yen		
	As of September 30, 2013		
	Book value	Fair value	Difference
(1) Cash and bank deposits	¥ 24,598,188	¥ 24,598,188	¥ —
(2) Short-term loans	25,000,000	25,000,000	—
(3) Current portion of investment corporation bonds	15,000,000	15,173,400	173,400
(4) Current portion of long-term loans	13,100,000	13,158,190	58,190
(5) Investment corporation bonds	40,000,000	41,508,300	1,508,300
(6) Long-term loans	227,050,000	230,703,880	3,653,880
(7) Derivative transactions	—	—	—

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

(1) Cash and bank deposits

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

(2) Short-term loans

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

(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

For loans with floating interest rates, since the interest rates on such loans reflect market rates reasonably well over the short term and their book values are good approximations of their fair values, the book values are presented as their fair values. (However, the fair values of floating-rate long-term loans hedged by interest-rate swaps subject to the special treatment are calculated by discounting the aggregated principal and the interest on such loans, after taking into account the effect of said interest-rate swaps, using reasonable estimates of the rates that would be applicable if the Company were to refinance the existing loans for the remaining period to maturity under the prevailing market conditions as of March 31, 2014. Such floating-rate long-term loans are presented in the following section entitled Derivative Transactions.) The fair values of the liabilities with fixed interest rates are calculated by discounting the aggregated amounts of the principals and the interests of the loans by the rates that are reasonably estimated to be applicable if the Company refinances the existing loans for the remaining periods to maturity under the prevailing market conditions as of March 31, 2014 and September 30, 2013.

(7) Derivative Transactions

Please refer to the following section entitled Derivative Transactions.

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

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
(1) Non-listed stock ^(*)	¥ 577,168	¥ 577,168	\$ 5,607,929
(2) Deposits received from tenants ^(**)	¥45,418,762	¥42,634,207	\$441,301,613

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

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

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

	Thousands of yen						U.S. dollars					
	As of March 31, 2014											
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	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	¥25,043,677	¥—	¥—	¥—	¥—	¥—	\$243,331,500	\$—	\$—	\$—	\$—	\$—

	Thousands of yen					
	As of September 30, 2013					
	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	¥24,598,188	¥—	¥—	¥—	¥—	¥—

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

	Thousands of yen					
	As of March 31, 2014					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	¥56,800,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	15,000,000	20,000,000	—	—	10,000,000	10,000,000
Long-term loans	5,100,000	16,600,000	44,400,000	46,500,000	25,000,000	109,500,000
Total	¥76,900,000	¥36,600,000	¥44,400,000	¥46,500,000	¥35,000,000	¥119,500,000

	U.S. dollars					
	As of March 31, 2014					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	\$551,884,959	\$ —	\$ —	\$ —	\$ —	\$ —
Investment corporation bonds	145,744,267	194,325,690	—	—	97,162,845	97,162,845
Long-term loans	49,553,051	161,290,323	431,403,031	451,807,229	242,907,112	1,063,933,152
Total	\$747,182,277	\$355,616,012	\$431,403,031	\$451,807,229	\$340,069,957	\$1,161,095,997

	Thousands of yen					
	As of September 30, 2013					
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years
Short-term loans	¥25,000,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	15,000,000	20,000,000	—	—	10,000,000	10,000,000
Long-term loans	13,100,000	19,600,000	32,100,000	42,850,000	36,000,000	96,500,000
Total	¥53,100,000	¥39,600,000	¥32,100,000	¥42,850,000	¥46,000,000	¥106,500,000

4. DERIVATIVE TRANSACTIONS

(1) Derivatives not designated as hedging instruments

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

“Not applicable”

For the period from April 1, 2013 to September 30, 2013

The Company did not conduct any derivative transactions.

(2) Derivatives designated as hedging instruments

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

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

Derivative accounting method	Type of derivative transaction	Hedged item	Contract value		Fair value	Measurement of fair value
				Over one year		
Hedge accounting	Receive-floating, pay-fixed interest-rate swap transactions	Long-term loans	15,000,000	15,000,000	*	—

Thousands of yen

*Because the transactions based on the special treatment of interest-rate swaps and the hedged long-term loans are treated as one item, the fair value is included under the fair value of the long term loans at the end of the fiscal period ended March 31, 2014. Please refer to the measurement of fair value of financial instruments in Note 1, section “2. Fair value of financial instruments” under “Financial Instruments” as well as subheadings (4) and (6) of Note 1, which are related to derivative transactions.

For the period from April 1, 2013 to September 30, 2013

The Company did not conduct any derivative transactions.

5. PROPERTY AND EQUIPMENT

Property and equipment at March 31, 2014 and September 30, 2013 consisted of the following:

	Thousands of yen				U.S. dollars	
	As of March 31, 2014		As of September 30, 2013		As of March 31, 2014	
	Acquisition costs	Book value	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥420,000,107	¥420,000,107	¥399,537,150	¥399,537,150	\$4,080,840,532	\$4,080,840,532
Buildings and structures	252,544,865		244,555,959		2,453,797,761	
Accumulated depreciation	(61,160,927)	191,383,937	(56,583,875)	187,972,083	(594,256,974)	1,859,540,787
Machinery and equipment	2,896,723		2,868,276		28,145,389	
Accumulated depreciation	(1,479,416)	1,417,307	(1,393,733)	1,474,542	(14,374,427)	13,770,962
Tools, furniture and fixtures	304,053		282,447		2,954,266	
Accumulated depreciation	(122,610)	181,442	(105,932)	176,514	(1,191,320)	1,762,946
Construction in progress	361,593	361,593	181,638	181,638	3,513,341	3,513,341
Land in trust	118,445,649	118,445,649	110,818,182	110,818,182	1,150,851,625	1,150,851,625
Buildings and structures in trust	62,818,784		52,208,586		610,365,184	
Accumulated depreciation	(12,728,848)	50,089,935	(11,793,444)	40,415,141	(123,677,118)	486,688,067
Machinery and equipment in trust	840,044		831,402		8,162,114	
Accumulated depreciation	(575,077)	264,966	(560,510)	270,891	(5,587,621)	2,574,493
Tools, furniture and fixtures in trust	30,297		25,833		294,378	
Accumulated depreciation	(9,298)	20,999	(8,072)	17,760	(90,344)	204,034
Total	¥782,165,939	¥782,165,939	¥740,863,906	¥740,863,906	\$7,599,746,786	\$7,599,746,786

The compressed amount of tangible assets with government grants under the Corporation Tax Law of Japan was ¥50 million (\$487 thousand) at March 31, 2014 and ¥50 million (\$487 thousand) at September 30, 2013.

6. SHORT-TERM LOANS

Short-term loans at March 31, 2014 and September 30, 2013 consisted of the following:

	Thousands of yen		U.S. dollars	
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014	
0.24882% unsecured loan from a bank, due on January 7, 2014	¥ —	¥1,000,000	\$ —	
0.22756% unsecured loan from a bank, due on January 7, 2015	1,000,000	—	9,716,284	
0.24882% unsecured loan from a bank, due on January 7, 2014	—	1,500,000	—	
0.22756% unsecured loan from a bank, due on January 7, 2015	1,500,000	—	14,574,427	
0.24882% unsecured loan from a bank, due on January 7, 2014	—	4,000,000	—	
0.2281% unsecured loan from a bank, due on April 30, 2014	3,000,000	3,000,000	29,148,853	
0.22756% unsecured loan from a bank, due on January 7, 2015	4,000,000	—	38,865,138	
0.2275% unsecured loan from a bank, due on February 18, 2015	3,500,000	—	34,006,996	
0.2263% unsecured loan from a bank, due on March 24, 2015	2,500,000	—	24,290,711	
0.2163% unsecured loan from a bank, due on March 31, 2015	3,700,000	—	35,950,253	

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
0.25% unsecured loan from a trust bank, due on October 7, 2013	—	1,000,000	—
0.22818% unsecured loan from a trust bank, due on September 2, 2014	5,000,000	5,000,000	48,581,422
0.22818% unsecured loan from a trust bank, due on October 7, 2014	1,000,000	—	9,716,284
0.2263% unsecured loan from a trust bank, due on September 24, 2014	2,500,000	—	24,290,711
0.2163% unsecured loan from a trust bank, due on March 31, 2015	3,700,000	—	35,950,253
0.24882% unsecured loan from a trust bank, due on January 7, 2014	—	1,500,000	—
0.24835% unsecured loan from a trust bank, due on January 15, 2014	—	5,000,000	—
0.22756% unsecured loan from a trust bank, due on January 7, 2015	1,500,000	—	14,574,427
0.22774% unsecured loan from a trust bank, due on January 15, 2015	5,000,000	—	48,581,422
0.2263% unsecured loan from a trust bank, due on March 24, 2015	2,500,000	—	24,290,711
0.2163% unsecured loan from a trust bank, due on March 31, 2015	3,700,000	—	35,950,253
0.2281% unsecured loan from a bank, due on July 31, 2014	3,000,000	3,000,000	29,148,853
0.2275% unsecured loan from a bank, due on February 18, 2015	3,500,000	—	34,006,996
0.2263% unsecured loan from a bank, due on March 24, 2015	2,500,000	—	24,290,711
0.2163% unsecured loan from a bank, due on March 31, 2015	3,700,000	—	35,950,253
Total	¥56,800,000	¥25,000,000	\$551,884,959

Note 1: The interest rates indicate a weighted average of interest rates, rounded to the fifth decimal place.

Note 2: The Company has commitment lines totaling ¥43,000 million (\$417,800 thousand) with five financial institutions to reduce refinancing risk. The unused amount of such commitment lines was ¥43,000 million (\$417,800 thousand) at March 31, 2014.

7. 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, 2014		As of September 30, 2013		As of March 31, 2014
	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%	\$ 97,162,845
Unsecured bond due on June 18, 2014	15,000,000	1.91%	15,000,000	1.91%	145,744,267
Unsecured bond due on April 23, 2015	10,000,000	1.26%	10,000,000	1.26%	97,162,845
Unsecured bond due on July 23, 2015	10,000,000	1.05%	10,000,000	1.05%	97,162,845
Unsecured bond due on August 30, 2018	10,000,000	0.497%	10,000,000	0.497%	97,162,845
Total	¥55,000,000	—	¥55,000,000	—	\$534,395,647

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

Long-term loans at March 31, 2014 and September 30, 2013 consisted of the following:

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
CURRENT PORTION OF LONG-TERM LOANS			
1.31% unsecured loan from a bank, due on March 24, 2014	¥ —	¥ 2,000,000	\$ —
1.2375% unsecured loan from a bank, due on March 24, 2014	—	1,000,000	—
0.615% unsecured loan from a bank, due on November 17, 2014	1,000,000	—	9,716,284
1.665% unsecured loan from a bank, due on March 24, 2017 (Note 2)	100,000	100,000	971,628
1.39875% unsecured loan from a bank, due on March 24, 2015	2,000,000	—	19,432,569
1.2625% unsecured loan from a bank, due on March 24, 2014	—	2,000,000	—
1.2625% unsecured loan from a trust bank, due on March 24, 2014	—	2,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	—	2,000,000	—
1.2625% unsecured loan from a trust bank, due on March 24, 2014	—	2,000,000	—
1.2625% unsecured loan from a bank, due on March 24, 2014	—	2,000,000	—
0.645% unsecured loan from a bank, due on December 15, 2014	2,000,000	—	19,432,569
Subtotal	5,100,000	13,100,000	49,553,051
LONG-TERM LOANS			
1.86875% unsecured loan from an insurance company, due on May 29, 2015	5,000,000	5,000,000	48,581,422
1.54375% unsecured loan from an insurance company, due on March 30, 2017	5,000,000	5,000,000	48,581,422
1.86875% unsecured loan from an insurance company, due on May 29, 2015	1,500,000	1,500,000	14,574,427
1.595% unsecured loan from an insurance company, due on April 25, 2016	1,000,000	1,000,000	9,716,284
1.39625% unsecured loan from an insurance company, due on March 30, 2018	2,000,000	2,000,000	19,432,569

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
1.65% unsecured loan from a bank, due on September 1, 2015	2,000,000	2,000,000	19,432,569
1.665% unsecured loan from a bank, due on March 24, 2017 (Note 2)	1,500,000	1,550,000	14,574,427
1.115% unsecured loan from a bank, due on January 6, 2023	3,000,000	3,000,000	29,148,853
0.9325% unsecured loan from a bank, due on January 31, 2023	5,000,000	—	48,581,422
1.39875% unsecured loan from a bank, due on March 24, 2015	—	2,000,000	—
0.9025% unsecured loan from a bank, due on August 31, 2017	2,000,000	2,000,000	19,432,569
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	2,500,000	24,290,711
0.57125% unsecured loan from a bank, due on August 31, 2017	1,000,000	1,000,000	9,716,284
0.63849% unsecured loan from a bank, due on January 29, 2021 (Note 3)	2,500,000	—	24,290,711
1.1875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	29,148,853
1.20875% unsecured loan from a bank, due on June 15, 2015	3,000,000	3,000,000	29,148,853
0.45% unsecured loan from a bank, due on March 26, 2018	2,000,000	2,000,000	19,432,569
1.30625% unsecured loan from a bank, due on December 21, 2016	5,000,000	5,000,000	48,581,422
1.2075% unsecured loan from a bank, due on November 1, 2019	6,000,000	6,000,000	58,297,707
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	3,000,000	29,148,853
1.07375% unsecured loan from a bank, due on June 15, 2021	4,000,000	4,000,000	38,865,138
0.96625% unsecured loan from a bank, due on January 17, 2022	5,000,000	5,000,000	48,581,422
0.87375% unsecured loan from a bank, due on April 25, 2022	3,000,000	3,000,000	29,148,853
1.43375% unsecured loan from a trust bank, due on January 17, 2018	3,000,000	3,000,000	29,148,853
1.16% unsecured loan from a trust bank, due on September 26, 2019	5,500,000	5,500,000	53,439,565
0.98375% unsecured loan from a trust bank, due on November 15, 2018	3,000,000	3,000,000	29,148,853
0.9525% unsecured loan from a trust bank, due on June 15, 2020	4,000,000	4,000,000	38,865,138
0.62575% unsecured loan from a trust bank, due on January 29, 2021 (Note 3)	2,000,000	—	19,432,569
1.465% unsecured loan from an insurance company, due on March 1, 2018	2,000,000	2,000,000	19,432,569
1.255% unsecured loan from a bank, due on March 1, 2017	2,000,000	2,000,000	19,432,569
0.45% unsecured loan from a bank, due on March 26, 2018	3,000,000	3,000,000	29,148,853
1.3975% unsecured loan from a bank, due on March 26, 2018	2,000,000	2,000,000	19,432,569
1.13875% unsecured loan from a bank, due on November 15, 2019	3,000,000	3,000,000	29,148,853
1.1975% unsecured loan from a bank, due on June 15, 2022	4,000,000	4,000,000	38,865,138
0.80125% unsecured loan from a bank, due on December 21, 2020	5,000,000	5,000,000	48,581,422
0.71% unsecured loan from a bank, due on January 15, 2020	5,500,000	5,500,000	53,439,565
0.83625% unsecured loan from a bank, due on January 15, 2021	5,500,000	5,500,000	53,439,565
0.775% unsecured loan from a bank, due on April 26, 2021	5,000,000	5,000,000	48,581,422
1.0325% unsecured loan from a trust bank, due on April 4, 2016	5,000,000	5,000,000	48,581,422
1.205% unsecured loan from a trust bank, due on April 4, 2017	5,000,000	5,000,000	48,581,422
1.12625% unsecured loan from a trust bank, due on June 1, 2017	12,000,000	12,000,000	116,595,414
1.31125% unsecured loan from a trust bank, due on June 1, 2018	10,000,000	10,000,000	97,162,845
1.13875% unsecured loan from a trust bank, due on November 15, 2019	3,000,000	3,000,000	29,148,853
0.9525% unsecured loan from a trust bank, due on June 15, 2020	4,000,000	4,000,000	38,865,138
1.2725% unsecured loan from a trust bank, due on June 15, 2022	2,500,000	2,500,000	24,290,711
0.80125% unsecured loan from a trust bank, due on December 21, 2020	5,000,000	5,000,000	48,581,422
0.64225% unsecured loan from a trust bank, due on January 29, 2021 (Note 3)	4,000,000	—	38,865,138
0.90875% unsecured loan from banks and trust banks, due on June 23, 2016	24,000,000	24,000,000	233,190,828
1.0475% unsecured loan from a bank, due on August 31, 2018	3,000,000	3,000,000	29,148,853
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	2,500,000	24,290,711
1.2725% unsecured loan from a bank, due on June 15, 2022	2,500,000	2,500,000	24,290,711
0.615% unsecured loan from a bank, due on November 17, 2014	—	1,000,000	—
0.4105% unsecured loan from a bank, due on March 25, 2019 (Note 3)	1,000,000	—	9,716,284
0.7525% unsecured loan from a bank, due on November 15, 2016	1,000,000	1,000,000	9,716,284
0.71375% unsecured loan from a bank, due on January 7, 2020	2,000,000	2,000,000	19,432,569
0.71% unsecured loan from a bank, due on January 15, 2020	5,000,000	5,000,000	48,581,422
0.52775% unsecured loan from a bank, due on April 24, 2018	5,000,000	5,000,000	48,581,422
0.98375% unsecured loan from a bank, due on November 15, 2018	3,000,000	3,000,000	29,148,853
0.98% unsecured loan from a bank, due on January 7, 2022	2,000,000	2,000,000	19,432,569

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
0.645% unsecured loan from a bank, due on December 15, 2014	—	2,000,000	—
0.66% unsecured loan from a bank, due on June 15, 2017	2,500,000	2,500,000	24,290,711
0.3825% unsecured loan from a bank, due on January 15, 2016	1,000,000	1,000,000	9,716,284
0.6035% unsecured loan from a bank, due on March 24, 2021 (Note 3)	2,000,000	—	19,432,569
0.66% unsecured loan from a bank, due on June 15, 2017	1,000,000	1,000,000	9,716,284
0.45625% unsecured loan from a bank, due on December 20, 2017	1,000,000	1,000,000	9,716,284
0.3825% unsecured loan from a bank, due on January 15, 2016	1,000,000	1,000,000	9,716,284
0.45% unsecured loan from a bank, due on March 26, 2018	1,000,000	1,000,000	9,716,284
0.8% unsecured loan from a bank, due on October 29, 2020	2,000,000	2,000,000	19,432,569
0.945% unsecured loan from a bank, due on March 24, 2023	1,000,000	1,000,000	9,716,284
0.49125% unsecured loan from a bank, due on January 9, 2018	1,000,000	1,000,000	9,716,284
0.49125% unsecured loan from a bank, due on January 9, 2018	1,000,000	1,000,000	9,716,284
0.757% unsecured loan from a bank, due on January 31, 2022 (Note 3)	3,500,000	—	34,006,996
Subtotal	242,000,000	227,050,000	2,351,340,847
Total	¥247,100,000	¥240,150,000	\$2,400,893,898

Note 1: The interest rates of floating rate loans indicate a weighted average of interest rates, rounded to the fifth decimal place.

Note 2: 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.

Note 3: The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.

9. NET ASSETS

The Company is required to maintain net assets of at least ¥50 million (\$486 thousand), as required pursuant to the Investment Trust Law.

10. INCOME TAXES

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan (hereinafter the STML), an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its earnings available for dividends for the fiscal period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by Article 32-2 of the Articles of Incorporation, the Company made a dividend distribution in the amount of ¥9,070 million (\$88,128 thousand) subsequent to March 31, 2014, which is the multiple number of units up to 100% of the unappropriated retained earnings after deducting therefrom ¥30 million (\$299 thousand) of retained earnings to be carried forward. The Company will not distribute dividends in excess of retained earnings under Article 32-3 of the Articles of Incorporation.

The significant components of deferred tax assets and liabilities as of March 31, 2014 and September 30, 2013 were as follows:

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
Deferred tax assets:			
Accrued enterprise tax	¥ 1,039	¥ 1,037	\$ 10,104
Amortization of a term leasehold interest	34,247	28,840	332,760
Asset retirement obligations	6,568	5,503	63,823
	41,856	35,381	406,687
Valuation allowance	(40,816)	(34,343)	(396,583)
Total deferred tax assets	1,039	1,037	10,104
Deferred tax liabilities:			
Reserve for advanced depreciation of non-current assets	¥122,812	¥122,812	\$1,193,284
Total deferred tax liabilities	122,812	122,812	1,193,284
Net deferred tax liabilities	¥121,772	¥121,775	\$1,183,180

The reconciliation of tax rate difference between the adjusted statutory tax rate and the effective tax rate for the six months ended March 31, 2014 and September 30, 2013 were as follows:

	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013
Statutory tax rate	39.43%	39.43%
Deductible dividend distribution	(39.37%)	(39.37%)
Change in valuation allowance	0.08%	0.08%
Others	0.01%	0.01%
Effective tax rate	0.14%	0.15%

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

The “Act for Partial Revision of Income Tax Act, etc.” (Act No. 10 of 2014) promulgated on March 31, 2014 partially revised the “Special Measures to Secure the Funds to Realize the Restoration of the Damages following the Great East Japan Earthquake” (Act No. 117 of 2011) to limit the taxation period of the special corporate tax for restoration to March 31, 2014, resulting 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 in the period ending September 31, 2014 (the 26th fiscal period) through the period ending March 31, 2015 (the 27th fiscal period), which shall be 37.11% on a nominal tax rate basis. The impact of this change is minimal.

11. RELATED PARTY TRANSACTIONS

For the six months ended March 31, 2014 and September 30, 2013

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

12. SEGMENT INFORMATION

For the six months ended March 31, 2014 and September 30, 2013

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.

13. ASSET RETIREMENT OBLIGATIONS

For the six months ended March 31, 2014 and September 30, 2013

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 obligation and a corresponding capital asset in an amount equal to the present value of the estimated demolition cost required for the removal of the properties located on the leased land. The present value is calculated using 2.015% as the discount rate over 42 years, which is the term of the leasehold.

Change in the amount of the asset retirement obligations as of March 31, 2014 and September 30, 2013 consisted of following:

	Thousands of yen		U.S. dollars
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
Balance at the beginning of the period	¥309,420	¥306,334	\$3,006,421
Increase in the tangible fixed assets	—	—	—
Adjustment required over the period	3,117	3,086	30,290
Balance at the end of the period	¥312,538	¥309,420	\$3,036,711

Asset retirement obligations other than those reported on balance sheet

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

Since the removal involves public roads currently in service and some of the 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.

14. INVESTMENT AND RENTAL PROPERTY

For the six months ended March 31, 2014 and September 30, 2013

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, 2014 and as of September 30, 2013 and the fair values as of March 31, 2014 and as of September 30, 2013 are as follows:

Thousands of yen			
	Book value		Fair value
As of September 30, 2013	Change during period ^(*)	As of March 31, 2014	As of March 31, 2014
¥748,257,128	¥41,286,203	¥789,543,332	¥829,152,000
U.S. dollars			
	Book value		Fair value
As of September 30, 2013	Change during period ^(*)	As of March 31, 2014	As of March 31, 2014
\$7,270,279,138	\$401,148,497	\$7,671,427,634	\$8,056,276,720
Thousands of yen			
	Book value		Fair value
As of March 31, 2013	Change during period ^(*)	As of September 30, 2013	As of September 30, 2013
¥739,901,194	¥8,355,934	¥748,257,128	¥775,147,000

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, 2014, the major reasons for the increase are the acquisition of Queen's Tower A (¥17,520,660 thousand or \$170,235,726) and Otemachi Financial City North Tower (¥15,623,199 thousand or \$151,799,449) as well as the additional acquisition of Ebisu Neonato (¥10,978,467 thousand or \$106,669,913). The major reason for the decrease is depreciation.

(*2) For the period ended September 30, 2013, the major reasons for the increase are the acquisition of Nagoya Hirokoji Place (¥8,729,181 thousand) and Shijo Karasuma Center Building (¥4,451,165 thousand). The major reasons for the decrease are the sale of Nippon Brunswick Building (building) (¥1,200,748 thousand) and depreciation.

Note 3: Fair values as of March 31, 2014 and as of September 30, 2013 are defined as the appraised values provided by an external qualified professional appraiser.

15. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at March 31, 2014 and September 30, 2013 and for the periods then ended, respectively:

	Yen		U.S. dollars
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
Net assets at period end per unit	¥341,128	¥341,178	\$3,314
Net income per unit	7,633	7,683	74

Note 1: Net income per unit is computed by dividing net income by the weighted average number of units outstanding during each period. Diluted net income per unit has not been presented since no warrants or convertible bonds were outstanding during the period.

Note 2: The Company implemented a 2-for-1 split of each investment unit with an effective date of January 1, 2014. Net income per unit is calculated as if the split had occurred at the start of the period ended September 30, 2013.

16. BREAKDOWN OF PROPERTY-RELATED REVENUES AND EXPENSES

For the six months ended March 31, 2014 and September 30, 2013

	Thousands of yen		U.S. dollars
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
Property-Related Revenues	¥26,582,967	¥26,206,916	\$258,287,674
Rental Revenues	26,357,478	26,116,177	256,096,755
Rental revenues	20,301,286	20,088,252	197,253,074
Common service charges	3,445,407	3,554,993	33,476,564
Parking revenues	627,183	600,511	6,093,890
Other rental revenues	1,983,600	1,872,419	19,273,227
Non-Rental Revenues	225,489	90,739	2,190,919
Cancellation charges	86,664	6,929	842,052
Gain on donation of non current assets	91,572	44,967	889,748
Other miscellaneous revenues	47,252	38,842	459,118
Property-Related Expenses	¥14,750,867	¥14,509,238	\$143,323,623
Property management expenses	3,247,634	3,080,614	31,554,937
Utilities expenses	2,414,132	2,433,257	23,456,397
Property and other taxes	2,335,593	2,356,725	22,693,287
Casualty insurance	53,792	57,095	522,664
Repairing expenses	887,210	866,369	8,620,394
Depreciation	5,649,556	5,507,945	54,892,700
Other rental expenses	162,947	207,229	1,583,245
Property-Related Profits	¥11,832,100	¥11,697,678	\$114,964,051

17. BREAKDOWN OF GAIN ON SALE OF PROPERTIES

For the six months ended March 31, 2014 and September 30, 2013

	Thousands of yen		U.S. dollars
	For the period from October 1, 2013 to March 31, 2014	For the period from April 1, 2013 to September 30, 2013	For the period from October 1, 2013 to March 31, 2014
Nippon Brunswick Building (building)			
Revenue from sale of property	¥ —	¥1,220,000	\$ —
Cost of property	—	1,200,748	—
Other sales expenses	—	647	—
Gain on sale of property	¥ —	¥ 18,603	\$ —

18. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents

The following table represents a reconciliation of cash and cash equivalents at March 31, 2014 and September 30, 2013:

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
Cash and deposits with banks	¥20,633,688	¥20,404,340	\$200,482,785
Cash and deposits with banks held in trust	4,409,989	4,193,848	42,848,715
Time deposits with maturities of more than three months	(4,000,000)	(10,000,000)	(38,865,138)
Cash and cash equivalents	¥21,043,677	¥14,598,188	\$204,466,362

19. LEASES

- Leased assets under finance lease transactions that do not transfer ownership of the leased assets to the lessees are capitalized and depreciated by the straight-line method over the lease term with no residual value. Such capitalized leased assets primarily consist of tools, furniture and fixtures.
- The Company, as a lessor, owns office buildings under leases and earns rent income. As of March 31, 2014 and September 30, 2013, the future lease revenues under the non-cancelable operating leases are as follows:

	Thousands of yen		U.S. dollars
	As of March 31, 2014	As of September 30, 2013	As of March 31, 2014
Due within one year	¥21,871,691	¥20,619,216	\$212,511,580
Due after one year	51,661,072	45,615,611	501,953,681
Total	¥73,532,764	¥66,234,828	\$714,465,261

20. SUBSEQUENT EVENTS

For the six months ended March 31, 2014

Issuance of new investment units

As approved by the Board of Director's meetings on March 27, 2014 and April 8, 2014, the Company decided to issue new investment units, completing the public offering on April 15, 2014 and the third-party allocation on May 14, 2014. As a result of the issuance of additional units, the unitholders' capital increased to ¥426,783,117 thousand (\$4,146,746 thousand), and the units issued and outstanding increased to 1,251,530 units as of May 14, 2014.

Summary of the issuance of units

A. Public offering of new investment units

- | | |
|--|--|
| 1. Subscription method: | Public offering (subscription by book-building and spread method*) |
| 2. Number of units newly issued: | 57,500 units |
| 3. Offer price (subscription price): | ¥501,760 (\$4,875) per unit |
| 4. Aggregate amount of offer price (subscription price): | ¥28,851,200 thousand (\$280,326 thousand) |
| 5. Issue price (paid-in price): | ¥486,400 (\$4,726) per unit |
| 6. Aggregate amount of issue price (paid-in price): | ¥27,968,000 thousand (\$271,745 thousand) |
| 7. Payment date: | April 15, 2014 |
| 8. Initial date subject to distribution: | April 1, 2014 |

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

B. Issuance of new investment units by third-party allocation

- | | |
|---|---|
| 1. Subscription method: | Third-party allocation |
| 2. Number of units newly issued: | 5,750 units |
| 3. Issue price (paid-in price): | ¥486,400 (\$4,726) per unit |
| 4. Aggregate amount of issue price (paid-in price): | ¥2,796,800 thousand (\$27,175 thousand) |
| 5. Payment date: | May 14, 2014 |
| 6. Initial date subject to distribution: | April 1, 2014 |
| 7. Allottee: | SMBC Nikko Securities Inc. |

C. Use of proceeds

The net proceeds raised through the public offering were partially appropriated for repayment of short-term loans. The net proceeds raised through the third-party allocation were appropriated for supplementing cash reserves used for the repayment of short-term loans.



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Independent Auditor's Report

The Board of Directors
Japan Real Estate Investment Corporation

We have audited the accompanying financial statements of Japan Real Estate Investment Corporation, which comprise the balance sheet as at March 31, 2014, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Real Estate Investment Corporation as at March 31, 2014, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

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

Ernst & Young Shin Nihon LLC

June 24, 2014
Tokyo, Japan

Corporate Data

As of March 31, 2014

Executives

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

Paid-in Capital

¥396,018,317,000

Number of Units Outstanding

1,188,280

Number of Unitholders

13,986

Stock Listing

Tokyo Stock Exchange

Securities Code

8952

Type of Investment Corporation

Closed-end corporate type fund

Transfer Agent

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

Auditors

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

Incorporation

May 11, 2001

Executive Office

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

For further information, please contact:

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Planning Department

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

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

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