

**Japan Real Estate Investment Corporation**  
**Performance Review for the Ninth Period**  
**(Ended March 31, 2006)**



**Japan Real Estate Asset Management Co., Ltd.**

# Table of Contents

## Executive Summary

● Financial Summary for the 9th Period and Forecast	2·3
● Performance Comparison (the 8th Period vs. the 9th Period)	4·5
● Summary of Debts	6·7
● Unitholder Data	8·9
● Property Data	10·11
● Asset Size and Occupancy Rate	12
● Unit Price Performance after IPO	13
● Properties Acquired in the 9th and 10th Periods	14·15
● Improvement of Portfolio	16·17
● Management Policy	18·19

## 1 . Details of the 9th Period

● Income Statement for the 9th Period	22·23
● Balance Sheet for the 9th Period	24·25
● Cash Flow and Dividend Statement for the 9th Period	26
● Comparison of Financial Ratios	27

## 2 . Overview of Property Portfolio

● Property Data (Photos and Location)	30·31
● Performance by Property	32·33
● Geographical Diversification and Earthquake Risk	34
● Tenant Data (Diversification)	35
● Tenant Data (Major Tenants)	36·37
● Tenant Data (Stability)	38
● Tenant Data (Rates of Vacancy)	39
● Tenant Data (Tenant Activities in the 9th Period)	40·41
● Tenant Data (Changes in Rent Level)	42·43



● Internal Growth (Market Trend in New Rent Levels)	44
● Internal Growth (Possibility of Rise in Rent)	45
● Internal Growth (Forecasted Rates of Occupancy)	46
● Internal Growth (Cost Reduction)	47
● Internal Growth (Renovation Work)	48·49
● External Growth (Deal Source)	50·51

### 3 . Business Forecasts

● Income Statement Forecast	54·55
● Balance Sheet Forecast for the 10th Period	56·57

### 4 . Appendix

● Structure of JRE	60·61
● Structure of Fees to Asset Management Company	62·63
● Achievement after IPO and Forecast	64·65
● History Following IPO	66·67
● Superiority of Portfolio	68·69
● Summary of Appraisal Values at the End of Period	70
● PML Values	71
● Unit Price Performance (the 9th Period)	72
● Unit Price Performance (Relative to Major Indices)	73
● Interest Rate Comparison of Japan and U.S.	74
● Yield Spread Comparison	75
● Historical Dividend Yield of JRE Unit	76
● Historical Volatility	77
● J-REIT Market	78
● Real Estate Market	79
● Office Building Leasing Market	80·81
● Quake-Resistance Standards	82·83
● Changes in Systems and Policies That Affect J-REIT	84
● Disclaimer on Forecasts	85

**MEMO**

# Executive Summary



# Financial Summary for the 9th Period and Forecast



## Financial Summary for the 9th Period and Forecast

In millions of yen

	11th Period Forecast (Mar 31 2007) Oct 2006-Mar 2007	10th Period Forecast (Sep 30 2006) Apr 2006-Sep 2006	9th Period (Mar 31 2006) Oct 2005-Mar 2006	8th Period (Sep 30 2005) Apr 2005-Sep 2005
<b>Operating Revenues</b> (prior 6 month period)	16,200	15,230	13,962 (+6.4%)	13,119 (+22.1%)
<b>Operating Profits</b> (prior 6 month period)	7,350	6,560	6,319 (+1.5%)	6,226 (+32.4%)
<b>Recurring Profits</b> (prior 6 month period)	5,990	5,490	5,586 (+1.4%)	5,510 (+33.7%)
<b>Net Income</b> (prior 6 month period)	5,990	5,490	5,585 (+1.4%)	5,509 (+33.7%)
<b>Total Assets</b>	-	-	433,552	355,968
<b>Total Liabilities</b>	-	-	226,493	148,985
<b>Total Unitholders' Equity</b>	-	-	207,058	206,982
<b>LTV</b>	-	-	45.3%	34.3%
<b>Unit Price (period-end)</b>	-	-	1,020,000 yen	915,000 yen
<b>Market Capitalization</b>	-	-	352,308	316,041
<b>Units Outstanding</b>	345,400 units	345,400 units	345,400 units	345,400 units
<b>Dividend per Unit</b>	17,300 yen	15,890 yen	16,172 yen	15,951 yen
<b>Number of Properties</b>	52	52	52	50
<b>Leasable Area</b>	410,871 m <sup>2</sup>	410,871 m <sup>2</sup>	400,090 m <sup>2</sup>	364,610 m <sup>2</sup>
<b>Occupancy Rate</b>	-	97.5%	98.7%	98.6%

\* Information as of each fiscal end

\* Assumptions for Performance Forecast:

· Performance forecast for the 10th and 11th Periods is based on 52 properties, including Sanno Grand Building (additional share) acquired on April 3, 2006 and Sendai Honcho Honma Building (additional share) to be acquired on June 28, 2006.

· The maximum risk of decreasing revenues (due to rent reductions or termination of agreements) is assumed, including the falls already confirmed.

2

· Vacant spaces will be leased gradually over time.

## Comments on the 9th Period

- ◆ Continuous growth in revenues and profits from IPO to the 9th Period
- ◆ JRE acquired the following new properties in the 9th Period:
  - Lit City Building (Date of Acquisition: February 1, 2006, Acquisition Price: 4,650 million yen)
  - Kitanomaru Square (Date of Acquisition: February 24, 2006, Acquisition Price: 81,555.5 million yen)
- ◆ Property management  
JRE maintained stable revenues and achieved the high occupancy rate of 98.7% at the end of the 9th Period.
- ◆ Financial condition
  - LTV (Interest-bearing Debt/Total Assets) at the end of the 9th Period reached 45.3% due to acquisition of Kitanomaru Square.
  - JRE's credit ratings at the end of the 9th Period were as follows.

S&P	Moody's	R&I
A +	A 1	AA

## Forecasted Revenues and Profits for the 10th and 11th Periods

- ◆ Continuous growth in revenues and a small fall in profits are forecasted for the 10th Period. In the 11th Period, considerable improvement in revenues and profits is expected due to the contribution from the rental income of the properties acquired in the 9th Period.
- ◆ Properties acquired and to be acquired in the 10th Period
  - Sanno Grand Building (additional share) (Date of Acquisition: April 3, 2006, Acquisition Price: 10,700 million yen)
  - Sendai Honcho Honma Building (additional share) (Date of Acquisition: June 28, 2006, Acquisition Price: 250 million yen)
- ◆ The occupancy rate at the end of 10th Period is estimated to be 97.5%.

# Performance Comparison (the 8th Period vs. the 9th Period)



In millions of yen

## Overall Performance

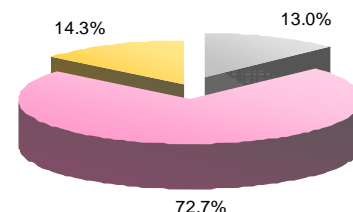
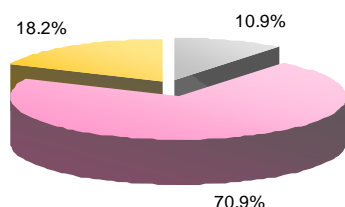
	9th Period (Oct 05-Mar 06)	8th Period (Apr 05-Sep 05)	Change	% of Change
Revenues	13,962	13,119	843	6.4%
Operating Expenses*	6,744	6,158	586	9.5%
Operating Profits	7,218	6,961	256	3.7%
NOI*	9,578	8,978	599	6.7%

\* Operating Expenses include depreciation.

\* NOI = Net Operating Income (Gross Operating profit before depreciation) : Operating Profit + Depreciation)

## Factors which increased Revenues

## Factors which increased NOI



- 47 Properties possessed as of the beginning of the 8th Period: Upto Nibancho Garden (properties with full contribution in the 8th and 9th Periods)
- 3 properties acquired in the 8th Period: Tenjin Crystal Building-Tokyo Opera City Building (properties with full contribution in the 9th period)
- 2 properties acquired in the 9th Period: Lit City Building, Kitanomaru Square

## (Factor Analysis)

### 47 Properties Possessed as of the Beginning of the 8th Period

(Full contribution in the 8th and 9th Periods)

	9th Period (Oct 05-Mar 06)	8th Period (Apr 05-Sep 05)	Change	% of Change
Revenues	12,968	12,876	92	0.7%
Operating Expenses	6,005	5,993	12	0.2%
Operating Profits	6,963	6,883	79	1.2%
NOI	8,864	8,786	77	0.9%

### Properties Acquired in the 8th Period

(Full contribution of the 3 properties)

	9th Period (Oct 05-Mar 06)	8th Period (Apr 05-Sep 05)	Change	% of Change
Revenues	840	243	597	245.8%
Operating Expenses	502	165	337	204.3%
Operating Profits	338	78	260	333.4%
NOI	627	192	435	226.8%

### Properties Acquired in the 9th Period

(Contribution of the 2 properties)

	9th Period (Oct 05-Mar 06)	8th Period (Apr 05-Sep 05)	Change	% of Change
Revenues	153	-	153	-
Operating Expenses	236	-	236	-
Operating Profits	-83	-	-83	-
NOI	85	-	85	-



## NOI Yield \*

\* NOI Yield=annualized NOI ÷ Acquisition Price

Comparison of JRE's portfolio of properties with constant holding shares of ownership throughout the year and on which JRE has paid fixed property and city planning taxes

In millions of yen, (% p/p)

		Sep-02 2nd Period	Mar-03 3rd Period	Sep-03 4th Period	Mar-04 5th Period	Sep-04 6th Period	Mar-05 7th Period	Sep-05 8th Period	Mar-06 9th Period
20 properties possessed as of the beginning of the 2nd Period Acquisition Price 122,239	Revenues	5,989	5,993 (0.07%)	5,822 (-2.84%)	5,721 (-1.74%)	5,779 (1.01%)	5,663 (-2.01%)	5,683 (0.34%)	5,683 (0.00%)
	Operating Expenses	3,128	3,148 (0.65%)	3,068 (-2.55%)	2,917 (-4.90%)	2,971 (1.83%)	2,788 (-6.15%)	2,702 (-3.08%)	2,684 (-0.68%)
	Operating Profits	2,861	2,845 (-0.57%)	2,754 (-3.17%)	2,803 (1.78%)	2,808 (0.16%)	2,875 (2.38%)	2,980 (3.66%)	2,999 (0.62%)
	NOI	3,763	3,765 (0.05%)	3,680 (-2.27%)	3,690 (0.27%)	3,691 (0.04%)	3,586 (-2.85%)	3,690 (2.90%)	3,714 (0.65%)
	NOI Yield	6.14%	6.18%	6.00%	6.04%	6.02%	5.88%	6.02%	6.09%
27 properties possessed as of the beginning of the 4th Period Acquisition Price 169,018	Revenues			7,871	7,750 (-1.54%)	7,558 (-2.47%)	7,427 (-1.73%)	7,496 (0.92%)	7,511 (0.21%)
	Operating Expenses			3,869	3,778 (-2.37%)	3,793 (0.41%)	3,557 (-6.22%)	3,518 (-1.10%)	3,431 (-2.47%)
	Operating Profits			4,001	3,972 (-0.74%)	3,764 (-5.22%)	3,870 (2.80%)	3,977 (2.78%)	4,080 (2.58%)
	NOI			5,229	5,156 (-1.39%)	4,947 (-4.06%)	4,877 (-1.41%)	4,979 (2.10%)	5,078 (1.98%)
	NOI Yield			6.17%	6.10%	5.84%	5.79%	5.88%	6.03%
33 properties possessed as of the beginning of the 6th Period Acquisition Price 206,707	Revenues					9,231	9,084 (-1.59%)	9,244 (1.76%)	9,251 (0.08%)
	Operating Expenses					4,746	4,528 (-4.59%)	4,480 (-1.06%)	4,417 (-1.40%)
	Operating Profits					4,485	4,556 (1.57%)	4,763 (4.56%)	4,833 (1.47%)
	NOI					5,950	5,847 (-1.73%)	6,039 (3.29%)	6,103 (1.06%)
	NOI Yield					5.74%	5.67%	5.83%	5.92%
40 properties possessed as of the beginning of the 8th Period Acquisition Price 245,327	Revenues							10,819	10,824 (0.04%)
	Operating Expenses							5,200	5,161 (-0.76%)
	Operating Profits							5,618	5,663 (0.79%)
	NOI							7,186	7,225 (0.54%)
	NOI Yield							5.84%	5.91%

20 properties (2nd Period)

Excluding Sakaisujihonmachi Building, Shin-Yokohama First Building, Kanazawa Park Building and Midosuji Daiwa Building from 24 properties held in the beginning of the 2nd Period

27 properties (4th Period)

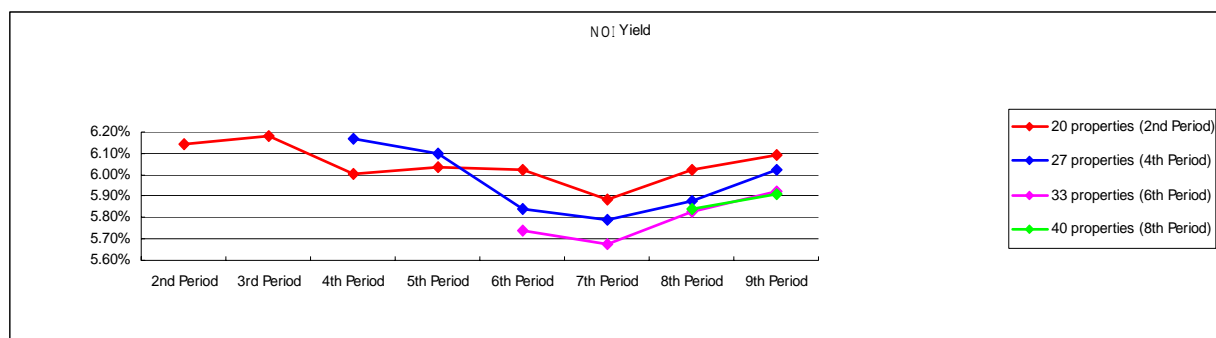
Excluding Sakaisujihonmachi Building, Kanazawa Park Building and Aoyama Crystal Building from 30 properties held in the beginning of the 4th Period

33 properties (6th Period)

Excluding Ebisu Neonato, Nippon Brunswick Building, NHK Hiroshima Broadcasting Center Building and Yoyogi 1Chome Building from 37 properties held in the beginning of the 6th Period

40 properties (8th Period)

Excluding Sanno Grand Building, Jozenji Park Building, Harmony Tower ex, Ginza Sanwa Building, Ryoshin Ginza East Mirror Building, Hachioji First Square and Nibancho Garden from 47 properties held in the beginning of the 8th Period



# Summary of Debts



## The 9th Period (as of March 31, 2006)

	Lender	Borrowing Date	EOB (millions of yen)	Interest (%)*	Repayment Date
Short-term Borrowings	The Bank of Tokyo-Mitsubishi UFJ, Ltd.*	2001/09/25	6,000	1.12	Expected Principal Repayment Date 2006/06/23
	Mizuho Corporate Bank, Ltd.		6,000		
	The Sumitomo Trust & Banking Co., Ltd.		5,200		
	Mitsubishi UFJ Trust and Banking Corporation*		5,200		
	Sompo Japan Insurance Company	2005/06/15	1,600	0.25198	Final Principal Repayment Date 2008/06/23
	The Yamanashi Chuo Bank, Ltd.		2,000		
	Mitsubishi UFJ Trust and Banking Corporation*	2005/09/13	2,000	0.25555	2006/09/13
	The Daiishi Bank, Ltd.	2005/10/31	2,000	0.2475	2006/10/31
	Mitsubishi UFJ Trust and Banking Corporation*	2006/02/01	4,500	0.2609	2007/02/01
	Mitsubishi UFJ Trust and Banking Corporation*	2006/02/23	22,000	0.2745	2007/02/23
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.*	2006/02/23	16,000	0.2745	2007/02/23
	Mizuho Corporate Bank, Ltd.	2006/02/23	16,000	0.2745	2007/02/23
	The Sumitomo Trust & Banking Co., Ltd.	2006/02/23	16,000	0.2745	2007/02/23
	Shinsei Bank, Ltd.	2006/02/23	10,000	0.2745	2007/02/23
<b>Total</b>		<b>114,500</b>			

\* Interest rates are weighted average rates calculated by days.

\* The Mitsubishi Trust & Banking Corporation merged with UFJ Trust Bank Ltd. to form Mitsubishi UFJ Trust and Banking Corporation on Oct 1, 2005.

\* The Bank of Tokyo-Mitsubishi, Ltd. merged with UFJ Bank, Ltd. to form the Bank of Tokyo-Mitsubishi UFJ, Ltd. on Jan 1, 2006.

	Lender	Borrowing Date	EOB (millions of yen)	Interest (%)	Repayment Date
Long-term Borrowings	The Iyo Bank, Ltd.	2004/03/24	2,000	1.0575	2009/03/24
	The Dai-ichi Mutual Life Insurance Company	2004/03/30	5,000	1.015	2009/03/30
	The Taiyo Life Insurance Company	2004/03/30	2,000	1.47125	2011/03/30
	The Chugoku Bank, Ltd.	2004/06/15	3,000	0.90875	2007/06/15
	The Bank of Fukuoka	2004/08/31	3,000	0.78375	2007/08/31
	Mitsui Life insurance Co., Ltd.	2004/08/31	5,000	1.50125	2011/08/31
	Mitsui Life insurance Co., Ltd.	2004/10/29	2,000	1.55	2012/10/29
	National Mutual Insurance Federation of Agricultural Cooperatives	2004/11/01	5,000	1.33125	2011/11/01
	<b>Total</b>		<b>27,000</b>		

\* The long-term borrowings 10,000 million yen was conducted from Mitsubishi UFJ Trust & Banking Corporation on April 3, 2006.

	Bond	Issue Date	EOB (millions of yen)	Interest (%)	Maturity Date
Investment Corporation Bonds	1st Investment Corporation Bond	2002/06/21	25,000	1.32	2007/06/21
	2nd Investment Corporation Bond	2003/04/30	10,000	0.69	2008/04/30
	3rd Investment Corporation Bond	2003/04/30	10,000	0.98	2010/04/30
	4th Investment Corporation Bond	2005/09/29	10,000	2.56	2025/09/29
<b>Total</b>		<b>55,000</b>			

Total amount of interest-bearing debts as of the 9th period end **196,500 million yen**

## The 8th Period (as of September 30, 2005)

	Lender	Borrowing Date	EOB (millions of yen)	Interest (%)*	Repayment Date
Short-term Borrowings	Bank of Tokyo-Mitsubishi, Ltd.	2001/09/25	6,000	1.12	Expected Principal Repayment Date 2006/06/23
	Mizuho Corporate Bank, Ltd.		6,000		
	The Sumitomo Trust & Banking Co., Ltd.		5,200		
	Mitsubishi Trust and Banking Corporation		5,200		
	Sompo Japan Insurance Company	2004/10/29	1,600	0.24941	2008/06/23
	The Daiishi Bank, Ltd.		2,000		
	The Yamanashi Chuo Bank, Ltd.	2005/06/15	2,000	0.2408	2006/06/15
	Mitsubishi Trust and Banking Corporation*	2005/07/29	3,000	0.22	2006/07/31
	Mitsubishi Trust and Banking Corporation*	2005/09/13	9,000	0.2191	2006/09/13
	<b>Total</b>		<b>40,000</b>		

\* Interest rates are weighted average rates calculated by days.

\* 3,000 million yen borrowed on July 29, 2005 and 7,000 million yen from 9,000 million yen borrowed on Sep 13, 2005 were repayed on Oct 3, 2005.

	Lender	Borrowing Date	EOB (millions of yen)	Interest (%)	Repayment Date
Long-term Borrowings	The Iyo Bank, Ltd.	2004/03/24	2,000	1.0575	2009/03/24
	The Dai-ichi Mutual Life Insurance Company	2004/03/30	5,000	1.015	2009/03/30
	The Taiyo Life Insurance Company	2004/03/30	2,000	1.47125	2011/03/30
	The Chugoku Bank, Ltd.	2004/06/15	3,000	0.90875	2007/06/15
	The Bank of Fukuoka	2004/08/31	3,000	0.78375	2007/08/31
	Mitsui Life insurance Co., Ltd.	2004/08/31	5,000	1.50125	2011/08/31
	Mitsui Life insurance Co., Ltd.	2004/10/29	2,000	1.55	2012/10/29
	National Mutual Insurance Federation of Agricultural Cooperatives	2004/11/01	5,000	1.33125	2011/11/01
	<b>Total</b>		<b>27,000</b>		

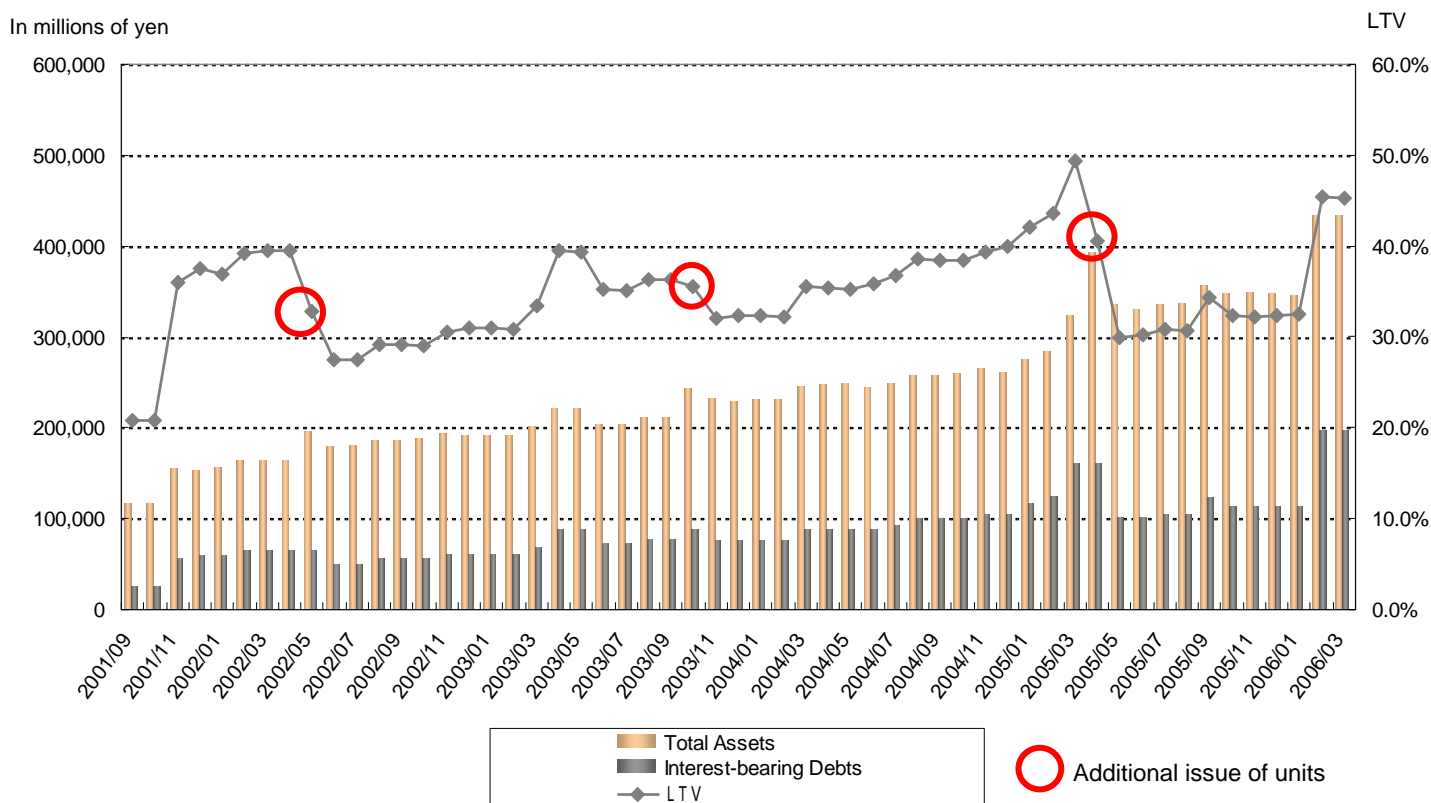
	Bond	Issue Date	EOB (millions of yen)	Interest (%)	Maturity Date
Investment Corporation Bonds	1st Investment Corporation Bond	2002/06/21	25,000	1.32	2007/06/21
	2nd Investment Corporation Bond	2003/04/30	10,000	0.69	2008/04/30
	3rd Investment Corporation Bond	2003/04/30	10,000	0.98	2010/04/30
	4th Investment Corporation Bond	2005/09/29	10,000	2.56	2025/09/29
<b>Total</b>		<b>55,000</b>			

Total amount of interest-bearing debts as of the 8th period end **122,000 million yen**

- The weighted average interest rate is 0.81% based on the amount of debts at the end of the period.
- Average duration (as of the end of 9th Period) is 0.74 years (approximately 9 months) for short-term borrowings, 4.81 years (approximately 4 years and 10 months) for the long-term debts (long-term borrowings and investment corporation bonds).
- Long-term interest-bearing debts : Short-term interest-bearing debts = 42 : 58

- The weighted average interest rate is 1.13% based on the amount of debts at the end of the period.
- Average duration (as of the end of the 8th Period) is 0.76 years (approximately 9 months) for short-term borrowings, 5.31 years (approximately 5 years and 4 months) for the long-term debts (long-term borrowings and investment corporation bonds).
- Long-term interest-bearing debts : Short-term interest-bearing debts = 67 : 33

## LTV (Interest-bearing Debt/Total Assets)

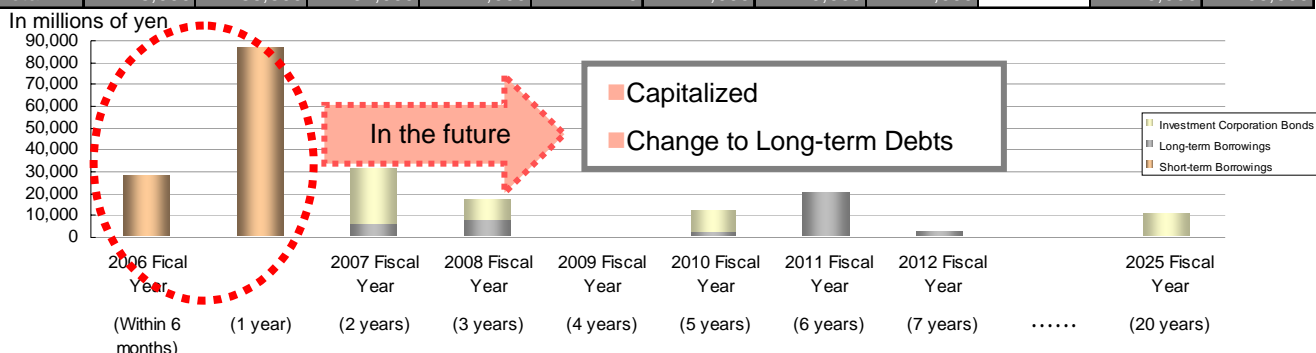


## Diversification of Repayment Dates

(As of April 3rd, 2006)

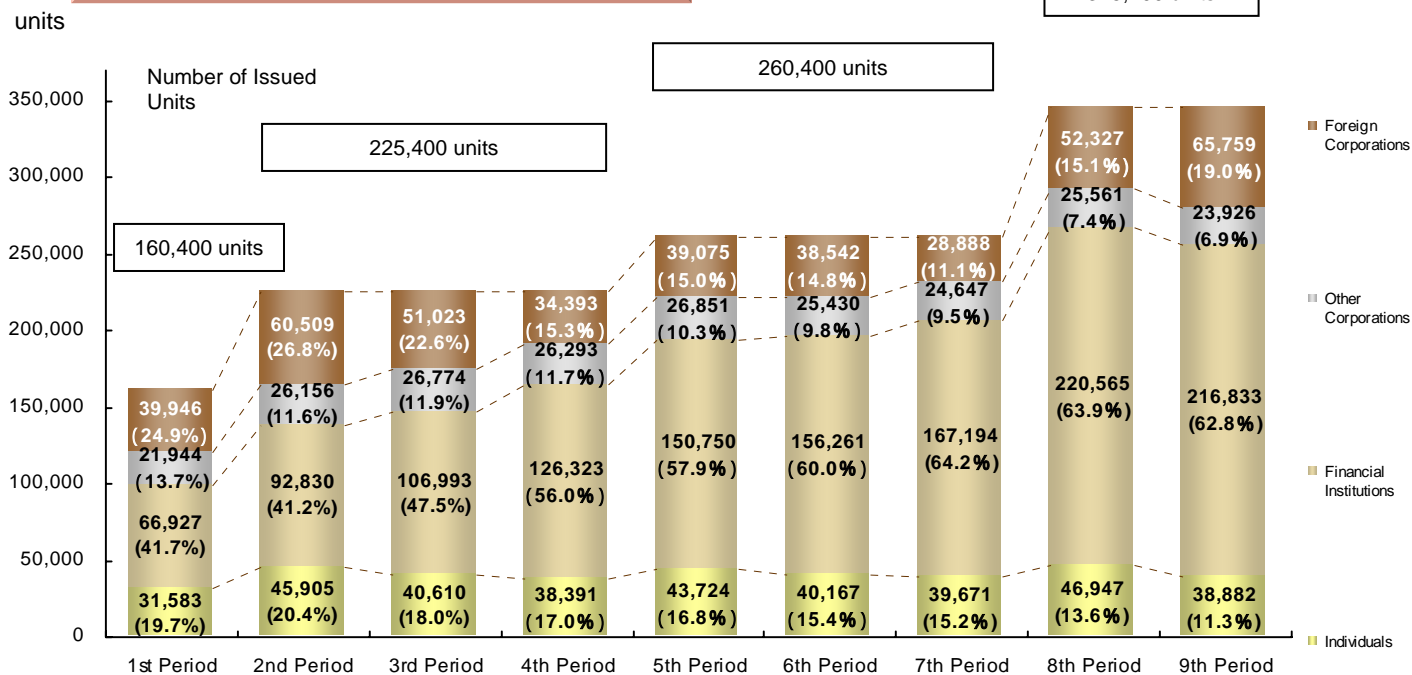
In millions of yen

	2006 Fiscal Year		2007 Fiscal Year	2008 Fiscal Year	2009 Fiscal Year	2010 Fiscal Year	2011 Fiscal Year	2012 Fiscal Year	.....	2025 Fiscal Year	Total
	(Within 6 months)	(1 year)	(2 years)	(3 years)	(4 years)	(5 years)	(6 years)	(7 years)		(20 years)	
Short-term Borrowings	28,000	86,500	0	0	0	0	0	0		0	114,500
Long-term Borrowings	0	0	6,000	7,000	0	2,000	20,000	2,000		0	37,000
Investment Corporation Bonds	0	0	25,000	10,000	0	10,000	0	0		10,000	55,000
<b>Total</b>	<b>28,000</b>	<b>86,500</b>	<b>31,000</b>	<b>17,000</b>	<b>0</b>	<b>12,000</b>	<b>20,000</b>	<b>2,000</b>		<b>10,000</b>	<b>206,500</b>



# Unitholder Data

## Unitholder Composition



## Top 10 Unitholders

### 9th Period

Company	Units	% of Total Units Outstanding
1 Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	21,611	6.26%
2 Nikko Citi Trust and Banking Corporation (Toshin Acc.)	20,368	5.90%
3 The Master Trust Bank of Japan (Shintaku Acc.)	14,305	4.14%
4 Trust & Custody Services Bank, Ltd. (Toshin Acc.)	12,172	3.52%
5 Mitsubishi Estate Co., Ltd.	10,160	2.94%
6 The Chugoku Bank, Ltd.	9,495	2.75%
7 Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,120	2.35%
8 The Yamanashi Chuo Bank, Ltd.	7,300	2.11%
9 The Joyo Bank, Ltd.	7,138	2.07%
10 Resona Bank, Ltd.	6,929	2.01%
The Dai-ichi Mutual Life Insurance Company	4,920	1.42%
Mitsui & Co., Ltd.	1,600	0.46%

### 8th Period

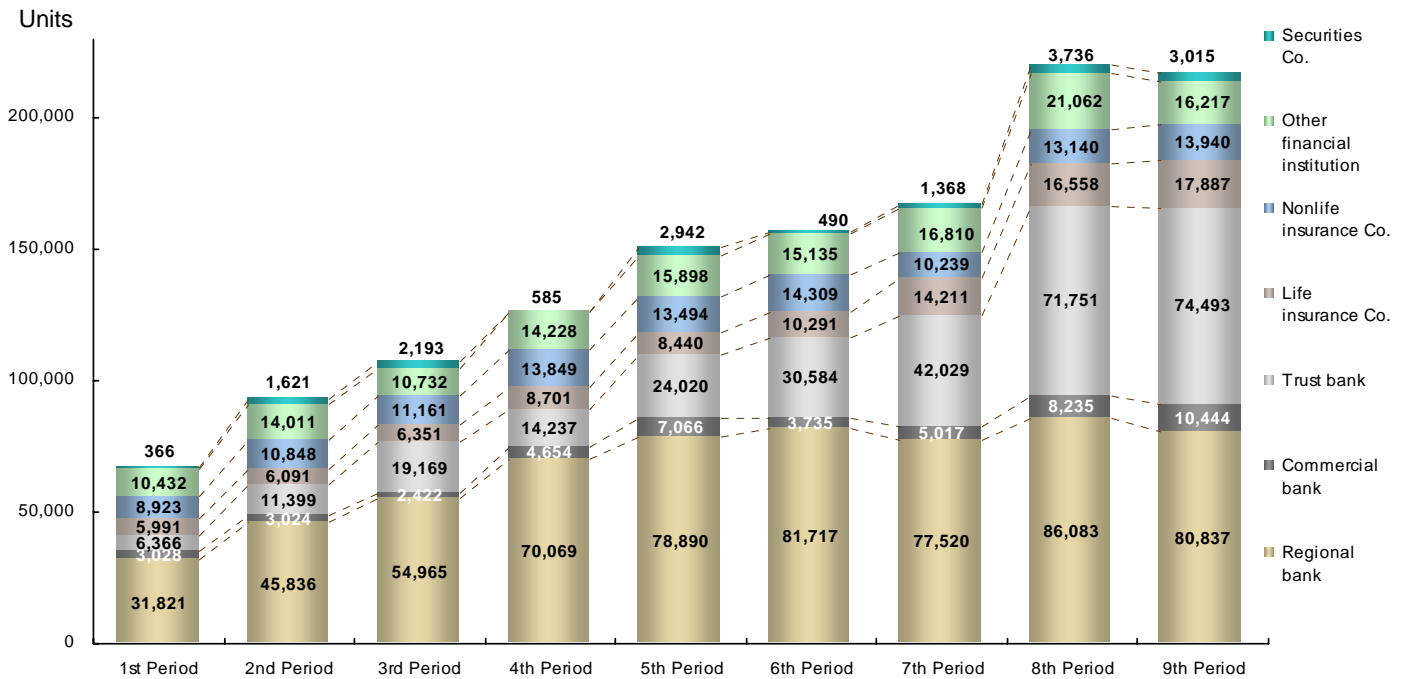
Company	Units	% of Total Units Outstanding
1 Japan Trustee Services Bank, Ltd. (Shintaku Acc.)	23,396	6.77%
2 The Master Trust Bank of Japan (Shintaku Acc.)	18,681	5.41%
3 Trust & Custody Services Bank, Ltd. (Toshin Acc.)	12,928	3.74%
4 Mitsubishi Estate Co., Ltd.	10,160	2.94%
5 Nikko Citi Trust and Banking Corporation (Toshin Acc.)	9,684	2.80%
6 The Chugoku Bank, Ltd.	9,495	2.75%
7 Tokio Marine & Nichido Fire Insurance Co., Ltd.	8,120	2.35%
8 The Yamanashi Chuo Bank, Ltd.	7,300	2.11%
9 The Joyo Bank, Ltd.	7,138	2.07%
10 The Dai-ichi Mutual Life Insurance Company	4,920	1.42%
Mitsui & Co., Ltd.	1,600	0.46%

## Number of Unitholders by Sector

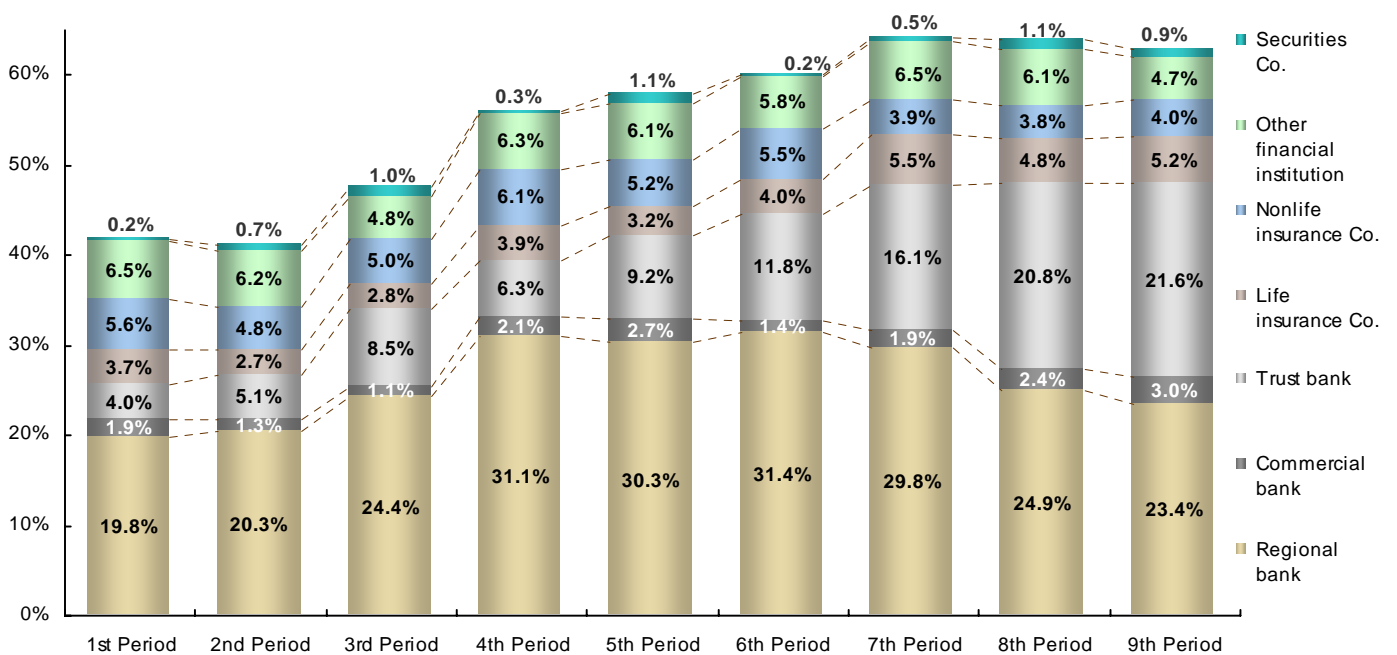
	9th Period		8th Period	
	Unitholders	%	Unitholders	%
Individuals	14,768	94.8%	17,777	95.3%
Financial Institutions	207	1.3%	226	1.2%
Other Corporations	357	2.3%	417	2.2%
Foreign Corporations	248	1.6%	235	1.3%
<b>Total</b>	<b>15,580</b>	<b>100.0%</b>	<b>18,655</b>	<b>100.0%</b>

## Financial Institutions

### Distribution of Total Units Outstanding



### Proportion of Total Units Outstanding



# Property Data



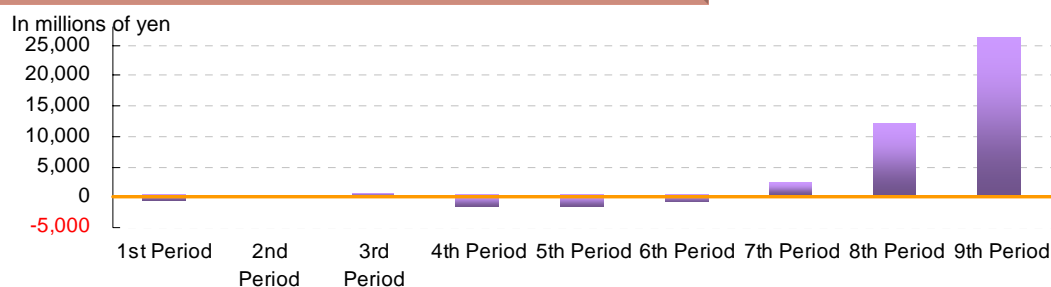
(In millions of yen) (In thousands of yen)

Area	Name	9th Period Appraisal Value (Mar 30, 06)	8th Period Appraisal Value (Sep 30, 05)	Amount of Difference	9th Period Book Value (Mar 31, 06)	9th Period Appraisal Value-Book Value	Acquisition Price	
Tokyo Metropolitan Area	Genki Medical Plaza	6,210	6,200	10	5,189	1,020	5,000,000	
	MD Kanda Building	9,080	8,460	620	9,281	-201	9,520,000	
	Kandabashi Park Building	5,010	4,920	90	4,702	307	4,810,000	
	Mitsubishi Soken Building	31,000	30,400	600	26,928	4,071	27,267,000	
	Nibancho Garden	15,800	15,100	700	14,688	1,111	14,700,000	
	Burex Kojimachi Building	6,880	6,880	0	7,069	-189	7,000,000	
	Sanno Grand Building	11,400	10,900	500	10,738	661	10,200,000	
	Yurakucho Denki Building	7,350	7,230	120	7,631	-281	7,200,000	
	Kodenmacho Shin-Nihonbashi Building	3,400	3,320	80	2,963	436	3,173,000	
	Burex Kyobashi Building	6,060	5,940	120	5,213	846	5,250,000	
	Ginza Sanwa Building	17,300	16,900	400	17,115	184	16,830,000	
	Ryoshin Ginza East Mirror Building	4,650	4,540	110	5,519	-869	5,353,500	
	Aoyama Crystal Building	8,290	7,920	370	7,642	647	7,680,000	
	Shiba 2Chome Daimon Building	6,650	5,900	750	4,991	1,658	4,859,000	
	Cosmo Kanasugibashi Building	3,360	3,110	250	2,651	708	2,808,000	
	Shinwa Building	8,180	7,830	350	7,876	303	7,830,000	
	Tokyo Opera City Building	10,400	9,350	1,050	9,351	1,048	9,350,000	
	Takanawadai Building	2,650	2,590	60	2,594	55	2,738,000	
	Higashi-Gotanda 1Chome Building	6,520	6,130	390	5,454	1,065	5,500,000	
	JAL Sales Building	1,490	1,480	10	1,260	229	1,362,000	
	Omori-Eki Higashiguchi Building	5,390	5,390	0	4,674	715	5,123,000	
	Nippon Brunswick Building	7,910	7,570	340	6,793	1,116	6,670,000	
	Yoyogi 1Chome Building	9,620	9,300	320	8,582	1,037	8,700,000	
	da Vinci Harajuku	5,900	5,660	240	4,975	924	4,885,000	
	Jingumae Media Square Building	14,090	13,480	610	12,162	1,927	12,200,000	
	Shibuya Cross Tower	41,600	38,100	3,500	37,127	4,472	34,600,000	
	Ebisu Neonato	5,000	4,450	550	3,985	1,014	4,100,000	
	Harmony Tower	10,400	9,100	1,300	8,822	1,577	8,500,000	
	Otsuka Higashi-Ikebukuro Building	3,410	3,410	0	3,298	111	3,541,000	
	Ikebukuro 2Chome Building	1,510	1,450	60	1,656	-146	1,728,000	
	Ikebukuro YS Building	5,010	4,580	430	4,488	521	4,500,000	
	Excluding 23 Wards	Hachioji First Square	3,300	3,300	0	3,299	0	3,300,000
		Saitama Urawa Building	2,420	2,360	60	2,459	-39	2,574,000
Shin-Yokohama First Building		1,640	1,640	0	2,917	-1,277	3,000,000	
Kawasaki Isago Building		3,290	3,210	80	3,032	257	3,375,000	
Other Major Cities	Jozenji Park Building	1,060	1,040	20	1,042	17	1,000,000	
	Sendai Honcho Honma Building	3,150	3,030	120	2,700	449	2,924,000	
	Niigata Ishizuecho Nishi-Bandaibashi Building	729	729	0	999	-270	1,010,000	
	Kanazawa Park Building	5,480	5,420	60	4,475	1,004	4,580,000	
	Kanazawa Minamicho Building	985	985	0	1,291	-306	1,331,000	
	Nagoya Hirokoji Building	15,900	15,300	600	14,203	1,696	14,533,000	
	Nagoya Misono Building	1,890	1,860	30	1,724	165	1,865,000	
	Kyoto Shijo Kawaramachi Building	2,090	2,020	70	2,920	-830	2,650,000	
	Sakaisujihonmachi Building	4,400	4,230	170	4,106	293	4,164,000	
	Midosuji Daiwa Building	14,600	14,100	500	13,753	846	14,314,000	
	Kobe Itomachi Building	945	945	0	1,359	-414	1,436,000	
	NHK Hiroshima Broadcasting Center Building	1,490	1,480	10	1,316	173	1,320,000	
	Tosei Tenjin Building	1,360	1,340	20	1,444	-84	1,550,000	
	Tenjin Crystal Building	4,970	4,970	0	5,121	-151	5,000,000	
Hinode Tenjin Building	3,490	3,480	10	3,461	28	3,657,000		
<b>Subtotal</b>		<b>354,709</b>	<b>339,029</b>	<b>15,680</b>	<b>327,062</b>	<b>27,646</b>	<b>326,560,500</b>	
<b>Properties Acquired in the 9th Period</b>	Lit City Building	4,890	-	-	4,681	208	4,650,000	
	Kitanomaru Square	80,200	-	-	81,963	-1,763	81,555,500	
<b>Total (52 properties)</b>		<b>439,799</b>	<b>-</b>	<b>-</b>	<b>413,708</b>	<b>26,090</b>	<b>412,766,000</b>	

\* Appraisal value means the price at the end of each period, evaluated by an institutional appraiser.

\* Hachioji Dai-ichi-Seimei Building and JAL Travel Building were renamed to Hachioji First Square and JAL Sales Building respectively on April 1, 2006 and May 1, 2006. The new names are used in this material.

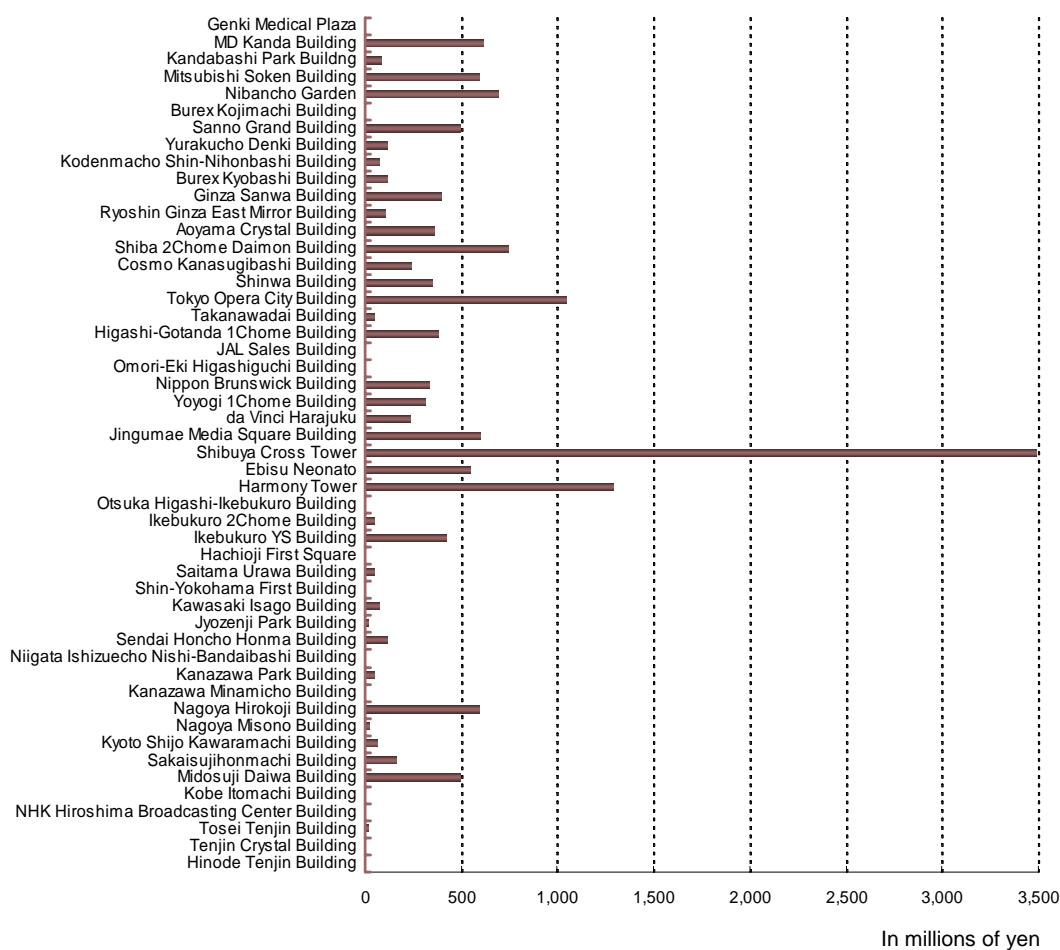
## Appraisal Value Minus Book Value



In millions of yen

	1st Period	2nd Period	3rd Period	4th Period	5th Period	6th Period	7th Period	8th Period	9th Period
Appraisal Value	144,940	165,251	184,704	191,271	217,150	238,961	293,342	339,029	439,799
Book Value	145,580	165,088	184,304	193,058	219,032	240,134	291,350	327,005	413,708
Difference	-640	162	399	-1,787	-1,882	-1,173	1,991	12,023	26,090

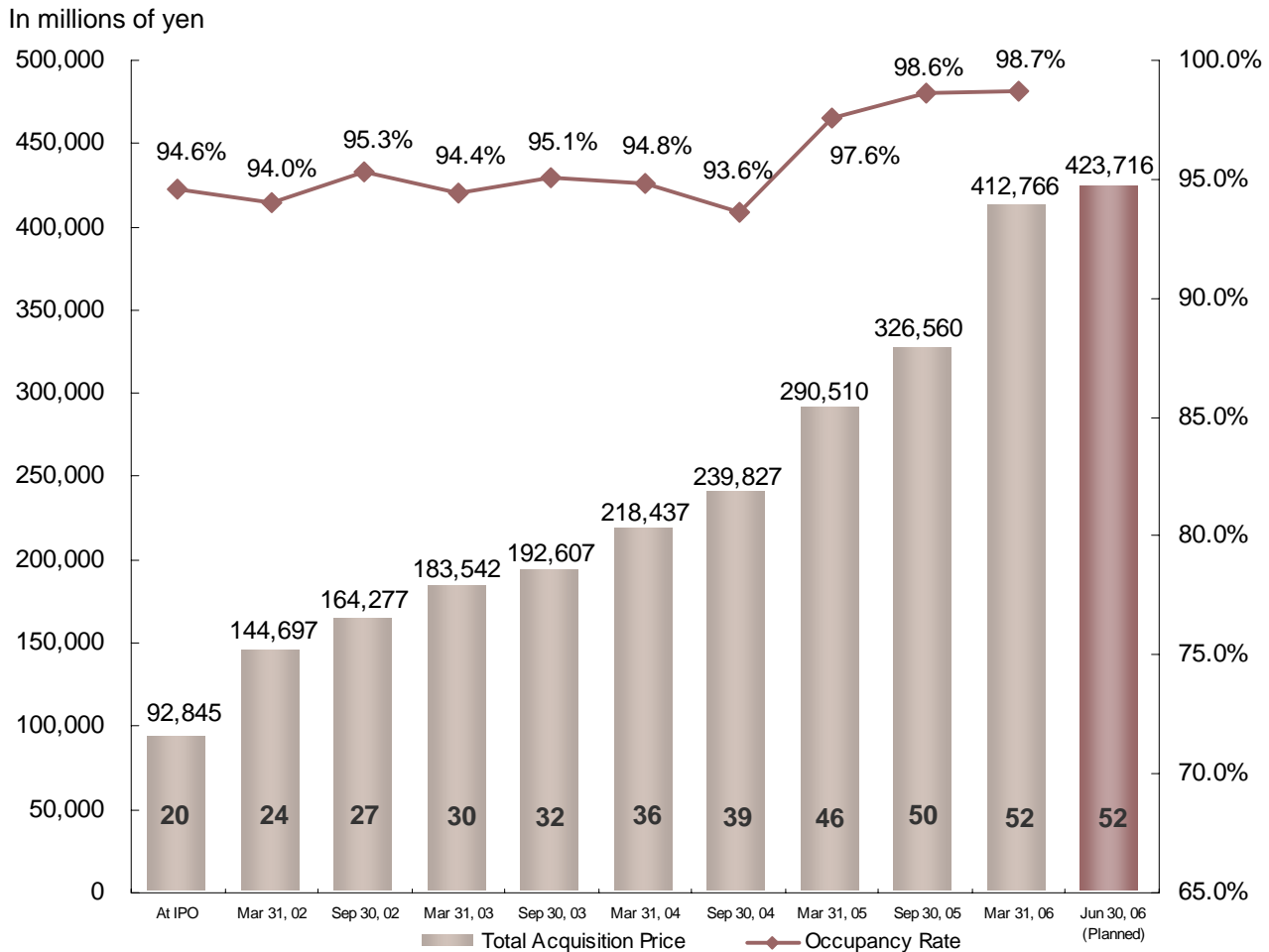
## Difference between Appraisal Values at the end of 9th and 8th Periods



# Asset Size and Occupancy Rate



## Asset Size and Occupancy Rate

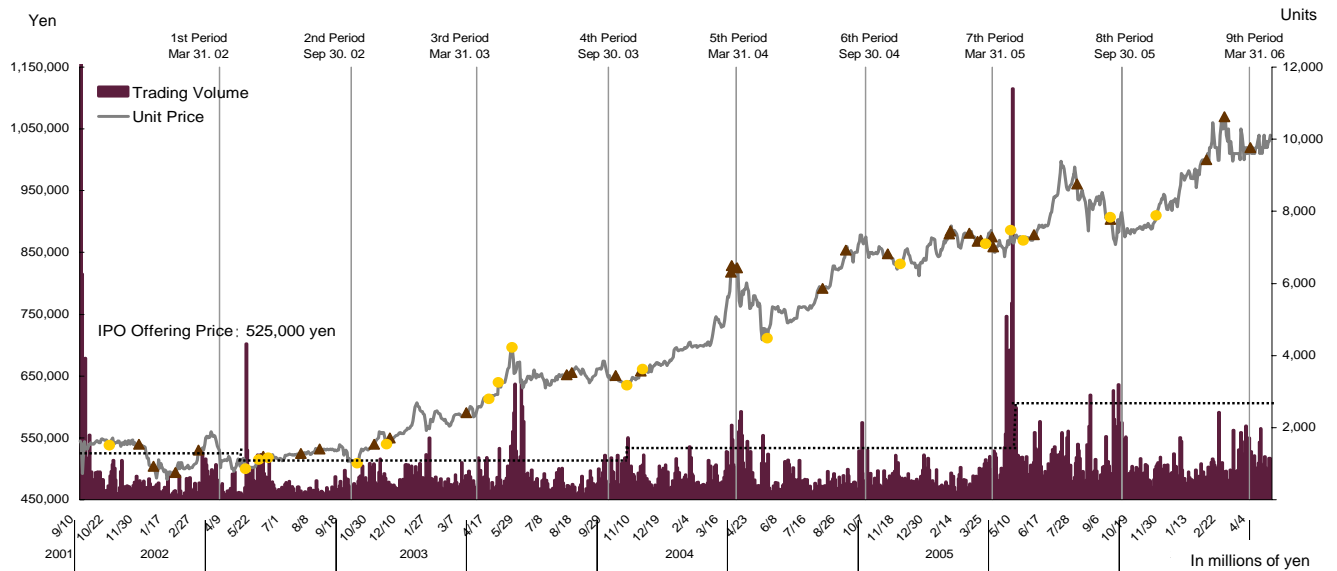


\* Total Acquisition Price (Planned) at the end of June, 2006 includes the acquisition of additional shares in Sanno Grand Building on April 3, 2006 and Sendai Honcho Honma Building on June 28, 2006.

**Steady Growth – Total Acquisition Prices largely surpassed 400 billion yen.**



# Unit Price Performance after IPO



	1st Period	2nd Period	3rd Period	4th Period	5th Period	6th Period	7th Period	8th Period	9th Period
<b>TOPICS</b>	Oct 22, 01 Announcement of Shibuya Cross Tower acquisition	May 8, 02 Additional issue of units May 27, 02 Announcement of Mitsui & Co. participation & 1st period performance review Jun 7, 02 Announcement of Investment Corporation Bond issuance	Oct 8, 02 Announcement of outline of the tax system revision Nov 19, 02 Announcement of 2nd period performance review	Apr 16, 03 Announcement of Investment Corporation Bond issuance Apr 30, 03 Announcement of JRE inclusion in MSCI May 20, 03 Announcement of 3rd period performance review	Oct 27, 03 Additional issue of units Nov 18, 03 Announcement of 4th period performance review	May 18, 04 Announcement of 5th period performance review	Nov 18, 04 Announcement of 6th period performance review Mar 23, 05 Announcement of acquisition of preferred capital contribution certificates (for the first time as J-REIT)	Apr 26, 05 Additional issue of units May 18, 05 Announcement of 7th period performance review Sep 13, 05 Announcement of Investment Corporation Bond issuance to be Redemption on September 29, 2025	Nov 18, 05 Announcement of 8th period performance review
Total Assets	161,809	185,397	200,022	209,581	244,523	257,372	322,358	355,968	433,552
Net Worth	83,663	115,049	115,410	115,559	137,250	137,279	137,569	206,982	207,058
Market Capitalization	85,012	115,179	133,436	146,059	216,132	227,850	227,850	316,041	352,308
Units Outstanding	160,400	225,400	225,400	225,400	260,400	260,400	260,400	345,400	345,400
<b>Unit Price</b>	<b>530,000 yen</b>	<b>511,000 yen</b>	<b>592,000 yen</b>	<b>648,000 yen</b>	<b>830,000 yen</b>	<b>875,000 yen</b>	<b>875,000 yen</b>	<b>915,000 yen</b>	<b>1,020,000 yen</b>
Operating Revenues	6,492	7,910	8,500	8,965	9,560	10,151	10,747	13,119	13,962
Net Income	2,403	2,897	3,258	3,407	3,802	3,830	4,120	5,509	5,585
Dividend per Unit	14,983 yen	12,853 yen	14,455 yen	15,117 yen	14,602 yen	14,711 yen	15,824 yen	15,951 yen	16,172 yen

\* Unit prices are based on daily closing prices.

\* Circles ( ) show announcement of topics and Triangles ( ) show acquisition dates of new properties.

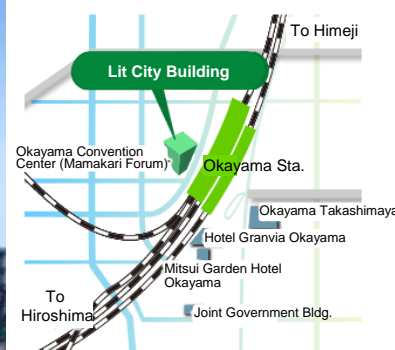
\* The dotted line ( ····· ) shows the weighted average of JRE's issue prices.

# Properties Acquired in the 9th and 10th Periods

## Lit City Building

### Transaction Summary

- ◆ Seller: Taisei Corporation
- ◆ Acquisition Price: 4,650 million yen
- ◆ Appraisal Value: 4,890 million yen  
(As of January 1, 2006)
- ◆ Acquisition Date: February 1, 2006



### Property Summary

- ◆ Address: 15-1 Ekimoto-machi, Okayama City, Okayama Prefecture
- ◆ Area: Land: 7,596.44m<sup>2</sup> Building: 52,653.19 m<sup>2</sup>
- ◆ Structure: Steel and reinforced concrete, flat roof /twenty stories with two basements
- ◆ Built: June 2005
- ◆ Type of Ownership: Land: Ownership (share of co-ownership:22.1162%)  
Building: Compartmentalized building units and co-ownership of compartmentalized building units (Ownership of building: 27.7488%)
- ◆ Leasable Area: 9,965m<sup>2</sup>(As of March 31,2006)
- ◆ Occupancy rate: 91.2% (As of March 31,2006)

## Kitanomaru Square

### Transaction Summary

- ◆ Seller: Palace View, Limited
- ◆ Acquisition Price: 81,555.5 million yen
- ◆ Appraisal Value\*: 80,200.0 million yen  
(As of July 1, 2005)
- ◆ Acquisition Date: February 24, 2006

\* The evaluated value was stipulated as of July 1st, 2005, assuming that the building had been completed.



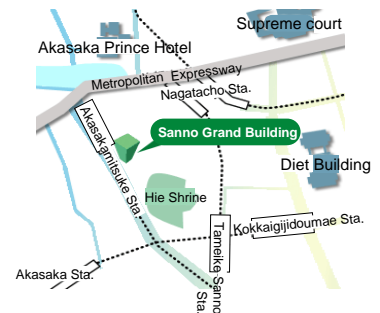
### Property Summary

- ◆ Address: 1-13-12 Kudan Kita, Chiyoda-ku, Tokyo
- ◆ Area: Land: 5,821.03 m<sup>2</sup> Building: 57,279.20 m<sup>2</sup>
- ◆ Structure: Steel-framed and steel-reinforced concrete, flat roof/ twenty-six stories with two basements
- ◆ Built: January, 2006
- ◆ Type of Ownership: Ownership \* After obtaining this trust beneficiary right on February 24, 2006, the trust agreement was terminated, and then the Corporation acquired the ownership in this property as of the same date.
- ◆ Leasable Area: Office/shop: 25,678 m<sup>2</sup>, Residence: 11,694 m<sup>2</sup>(As of March 31, 2006)
- ◆ Occupancy rate: Office/shop: 100.0%, Residence: 27.0% (As of March 31, 2006)

## Sanno Grand Building

### Transaction Summary

- ◆ Seller: Mitsubishi Estate Co., Ltd.
- ◆ Acquisition Price: 10,700 million yen
- ◆ Appraisal Value: 10,700 million yen  
(As of Oct 14, 2005)
- ◆ Acquisition Date: Apr 3, 2006



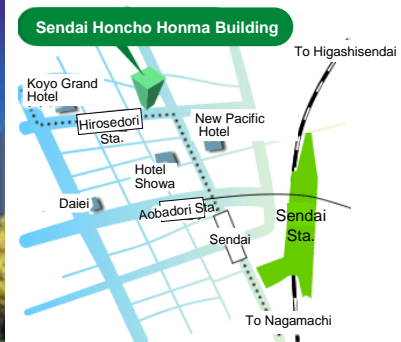
### Property Summary

- ◆ Address: 2-14-2, Nagatacho, Chiyoda-ku, Tokyo
- ◆ Area: Land: 3,663.93 m<sup>2</sup> Building: 33,875.95 m<sup>2</sup>
- ◆ Structure: Steel-framed reinforced concrete, flat roof/ ten stories with three basements
- ◆ Built: September, 1966
- ◆ Type of Ownership: Ownership (share of co-ownership for both land and building: 49%)  
\* With this additional share acquisition, the share of co-ownership in this property for the Corporation became 99.0%.
- ◆ Leasable Area: 20,935 m<sup>2</sup> (the area for 99.0% co-ownership of the property as of the end of March, 2006)
- ◆ Occupancy rate: 97.8% (As of March 31, 2006)

## Sendai Honcho Honma Building

### Transaction Summary

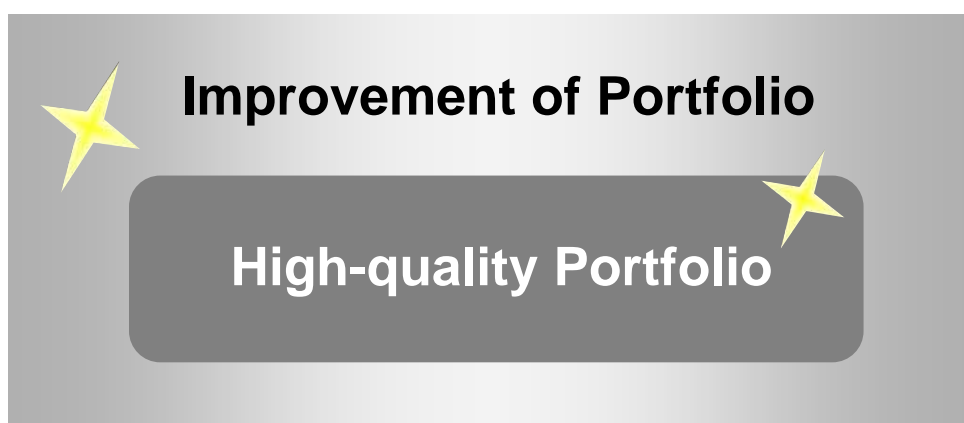
- ◆ Seller: KMX1 T.M.K.
- ◆ Acquisition Price: 250 million yen
- ◆ Appraisal Value: 250 million yen  
(As of May 1, 2006)
- ◆ Acquisition Date: June 28, 2006



### Property Summary

- ◆ Address: 2-1-29 Honcho, Aoba-ku, Sendai City, Miyagi Prefecture
- ◆ Area: Land: 1,437.47 m<sup>2</sup> Building: 8,247.50 m<sup>2</sup>
- ◆ Structure: Steel-framed reinforced concrete, flat roof/ eleven stories
- ◆ Built: November, 1991
- ◆ Type of Ownership: Land: Ownership: (share of co-ownership: 31.864% of 1 out of 3 lots)  
Building; Compartmentalized building units and co-ownership of compartmentalized building units (Ownership of building: 6.61% )  
\* On June 28, 2006, the Corporation is scheduled to set up an additional trust fund after the acquisition which enables it to control a 100% trust beneficiary right thereof.
- ◆ Leasable Area: 412 m<sup>2</sup> (the share to be acquired)
- ◆ Occupancy rate: 100.0% (Projection as of June 28, 2006 for the share to be acquired)

## Review of Improvement of Portfolio



## Next issues

### Sales of a part of the existing properties

Property Size

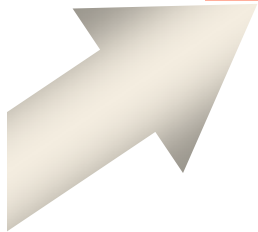
Condition of Leasing  
Market

Area

Capital gain/loss

Judgment and selection of the candidates to be sold in a comprehensive manner

Sales



### Acquire competitive buildings

New

Large Scale

Steady Rental Income

Acquisition



Kitanomaru Square



Lit City Building



Nibancho Garden

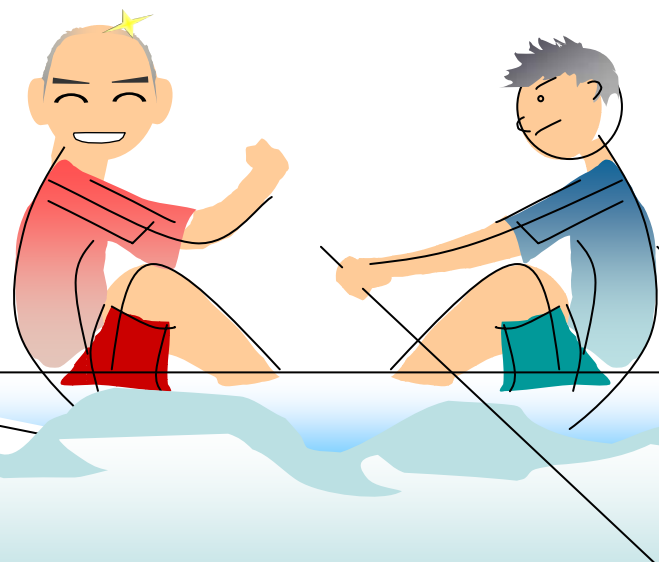


## Financial Strategy

- Secure promptness, diversification, and flexibility
- ALM, appropriate response to interest risk
- Keep conservative Interest-bearing Debt-Total Asset ratio
- Maintain good credit ratings

### < Concrete Measures >

- Reduction in Interest-bearing Debt-Total Asset ratio by strengthening of the capital base
- Reduction in Short-term borrowing-Liability ratio by increasing Long-term debts



## External Growth

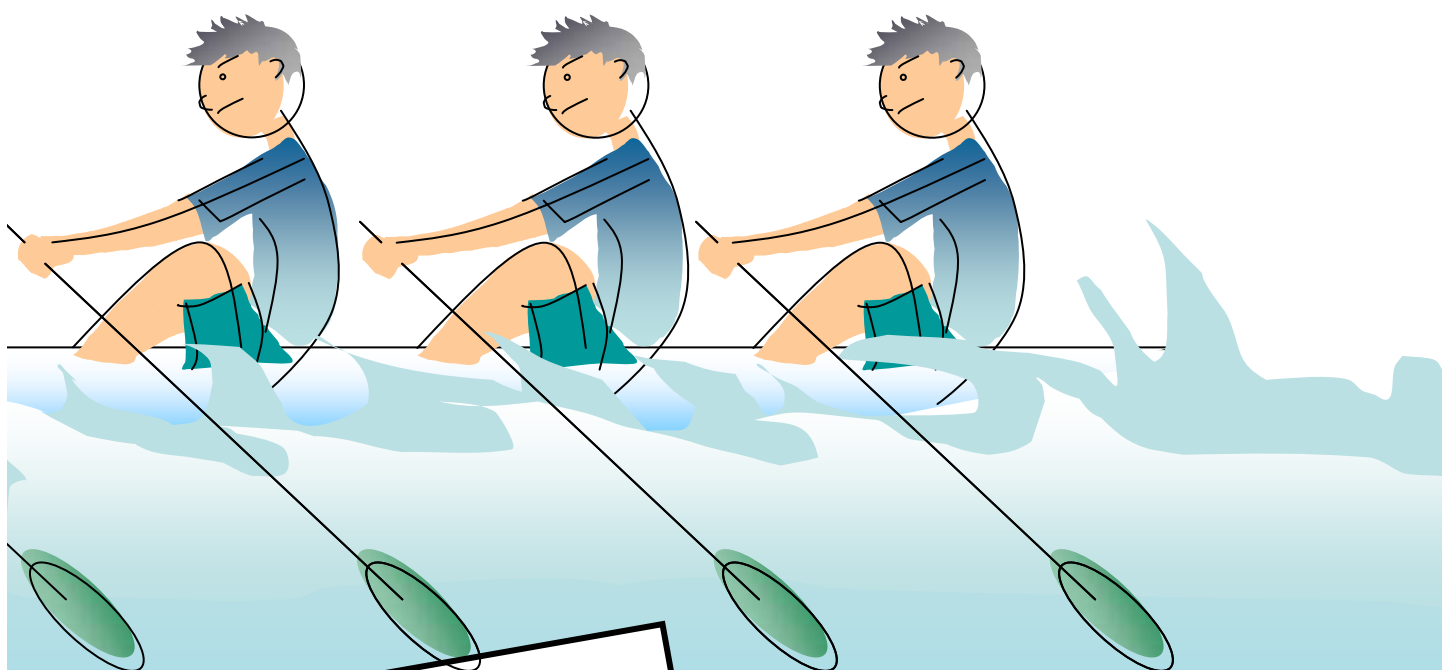
- Secure steady external growth with a focus on quality improvement
- Consider reallocation of asset portfolio

### < Concrete Measures >

- Strengthen the collaboration with four sponsors
- Reinforce relations with deal sources to promote direct transactions for property acquisitions
- Sell properties to strengthen the quality of the portfolio



# Performance



## Internal Growth

- Continue to hold stable occupancy rates
- Enhance the value of properties
- Improve Rental Incomes

### < Concrete Measures >

- Proper awareness of tenant needs
- Implement an appropriate leasing strategy to take full advantage of the characteristics of each building  
(Secure new tenants at the earliest possible date after the tenant which exclusively occupies Yoyogi 1Chome Building leaves on the end of April, 2007)
- Conduct timely renovation work
- Carry out the Base cost reduction plan
- Continue to make efforts to raise rents

# MEMO



# 1 . Details of the 9th Period



# Income Statement for the 9th Period



In millions of yen, except for dividend per unit

Item	9th Period (182 days)			8th Period (183 days)	Change	% Change
	50 existing properties	Newly acquired properties*	Total			
<b>Operating Revenues</b>	13,809	153	13,962	13,119	843	6.4%
Rental revenues	13,756	142	13,899	13,076		
Other rental revenues	52	11	63	43		
<b>Operating Expenses</b>	4,317	67	4,384	4,140	243	5.9%
Property management fees	1,622	61	1,684	1,554		
Utility charges	1,065	3	1,068	1,012		
Property and other taxes	1,035	0	1,035	1,035		
Insurance expenses	34	0	35	33		
Repair expenses	526	1	528	474		
Other operating expenses	32	0	32	30		
<b>NOI</b>	9,492	85	9,578	8,978	599	6.7%
Depreciation and amortization	2,190	169	2,359	2,017		
<b>Operating Profits</b>	7,301	83	7,218	6,961	256	3.7%
Administrative expenses			898	735	163	22.2%
Asset management fees			571	392		
Other administrative expenses			327	342		
<b>Net Operating Profits</b>			6,319	6,226	92	1.5%
Non-Operating Revenues			2	11	8	75.9%
Interest received			0	0		
Other non-operating revenues			2	11		
Non-Operating Expenses			735	727	7	1.0%
Interest expenses			327	328		
Bond interest expenses			376	249		
Deferred bond-issuance cost			9	9		
Additional unit-issuance cost			0	116		
Other non-operating expenses			20	23		
<b>Recurring Profits</b>			5,586	5,510	76	1.4%
Gross Income			5,586	5,510	76	1.4%
Taxes			1	0		
<b>Net Income</b>			5,585	5,509	76	1.4%
Retained Earnings			5,585	5,509		
<b>FFO (Net Income + Depreciation)</b>			7,945	7,526	419	5.6%
<b>Dividend per Unit</b>			16,172	15,951		

\* Newly acquired properties are Lit City Building and Kitanomaru Square.

- Continuous growth in revenues and profits from IPO to the 9th Period
- Full contribution from acquired properties in the 8th period and contribution from the newly acquired properties in the 9th period
- Contribution from newly acquired property after the announcement of forecast dividend dated November 18, 2005 and a decrease in the vacancy rate of existing properties increased dividend per unit in the 9th period (16,172 yen), more than originally estimated (15,950 yen).

**MEMO**

# Balance Sheet for the 9th Period



In millions of yen

Item	9th Period-end (Mar 31, 06)	8th Period-end (Sep 30, 05)	Change	Reason for Change
<b>Current Assets</b>				
Cash and entrusted cash	17,485	26,939	9,454	
Other current assets	1,296	988	308	
<b>Total current assets</b>	<b>18,782</b>	<b>27,928</b>	<b>9,146</b>	
<b>Fixed Assets</b>				
Property and equipment				
Buildings	137,926	108,665	29,261	} Increased due to acquisition of Lit City Building and Kitanomaru Square and capital expenditure
Structures	1,537	851	686	
Machinery and equipment	2,219	1,740	478	
Land	283,232	224,595	58,636	
Accumulated depreciation	14,148	11,788	2,359	
<b>Total Property and equipment</b>	<b>410,767</b>	<b>324,064</b>	<b>86,703</b>	
<b>Intangible Assets</b>				
Leasehold rights, etc.	2,941	2,941	0	
<b>Total Intangible Assets</b>	<b>2,941</b>	<b>2,941</b>	<b>0</b>	
<b>Investments and Others</b>				
Investments in securities	1,004	958	46	} Increased due to investment in preferred capital contribution certificates (#2)
Long-term prepaid expenses, etc.	17	26	8	
<b>Total Investments and Others</b>	<b>1,021</b>	<b>984</b>	<b>37</b>	
<b>Total Fixed Assets</b>	<b>414,730</b>	<b>327,989</b>	<b>86,740</b>	
<b>Deferred Assets</b>				
Issuance cost of investment corporation bonds	39	49	9	
<b>Total Deferred Assets</b>	<b>39</b>	<b>49</b>	<b>9</b>	
<b>Total Assets</b>	<b>433,552</b>	<b>355,968</b>	<b>77,583</b>	

## MEMO

In millions of yen

Item	9th Period-end (Mar 31, 06)	8th Period-end (Sep 30, 05)	Change	Reason for Change
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Short-term borrowings	90,500	16,000	74,500	Increased due to short-term borrowings
Current portion of long-term borrowings	24,000	24,000	0	
Rent received in advance	2,608	2,422	185	
Other current liabilities	2,147	1,624	522	
<b>Total Current Liabilities</b>	<b>119,256</b>	<b>44,047</b>	<b>75,208</b>	
<b>Long-term Liabilities</b>				
Investment corporation bonds	55,000	55,000	0	Increased due to acquisition of properties
Long-term borrowings	27,000	27,000	0	
Deposits from tenants	25,237	22,644	2,592	
Other Long-term liabilities	0	294	294	
<b>Total Long-term Liabilities</b>	<b>107,237</b>	<b>104,938</b>	<b>2,298</b>	
<b>Total Liabilities</b>	<b>226,493</b>	<b>148,985</b>	<b>77,507</b>	
<b>Unitholders' Equity</b>				
Unitholders' capital	201,472	201,472	0	
Retained earnings	5,585	5,509	76	
<b>Total Unitholders' Equity</b>	<b>207,058</b>	<b>206,982</b>	<b>76</b>	
<b>Total Liabilities and Unitholders' Equity</b>	<b>433,552</b>	<b>355,968</b>	<b>77,583</b>	

## MEMO

# Cash Flow and Dividend Statement for the 9th Period



## Cash Flow Statement

In millions of yen

Item	9th Period (182 days)
Cash Flow from Operating Activities	7,705
Net income before tax	5,586
Depreciation and adjustments	2,118
Cash Flow from Investing Activities	86,149
Cash Flow from Financial Activities	68,990
Increase in short-term borrowings	86,500
Repayment of short-term borrowings	12,000
Proceeds from bond issuance	0
Payment of bond issuance cost	0
Proceeds from issuance of equity units	0
Payment of new unit-issuance cost	0
Payment of dividends, etc.	5,509
Net Increase in Cash and Cash Equivalents	9,454
Balance of Cash and Cash Equivalents at BOP	26,939
Balance of Cash and Cash Equivalents at EOP	17,485

## Dividend Statement

In yen

	9th Period (182 days)
Net Income before Distribution	5,585,907,814
Total Amount of Dividends	5,585,808,800
Retained Earnings	99,014

Dividend per unit: 16,172 yen (8th Period: 15,951 yen)

# Comparison of Financial Ratios



In millions of yen

Financial Ratio	9th Period (182 days)	8th Period (183 days)	7th Period (182 days)	6th Period (183 days)	5th Period (183 days)
Return on assets (ROA)	1.4%	1.6%	1.4%	1.5%	1.6%
(annualized)	(2.8%)	(3.2%)	(2.9%)	(3.0%)	(3.2%)
Return on equity (ROE)	2.7%	2.8%	3.0%	2.8%	2.8%
(annualized)	(5.4%)	(5.6%)	(6.0%)	(5.6%)	(5.7%)
EOP equity ratio	47.8%	58.1%	42.7%	53.3%	56.1%
LTV#1	45.3%	34.3%	49.3%	38.5%	35.6%
LTV#2	47.6%	37.4%	54.7%	41.3%	39.8%
EOP long-term debt to capitalization	134.3%	107.0%	116.5%	99.9%	95.9%
Debt service coverage ratio (DSCR)	12.3x	14.0x	11.2x	12.7x	13.9x
Net operating income (NOI)	9,578	8,978	7,131	6,672	6,455
Funds from operations (FFO)	7,945	7,526	5,762	5,488	5,301
Payout Ratio to CAD	82.8%	79.0%	81.5%	81.6%	93.1%

\*ROA = Recurring profits / Average of total assets during the period (5th period:183 actual working days, 6th period:183 actual working days, 7th period:182 actual working days, 8th period:183 actual working days and 9th period:182 actual working days)

\*ROE = Net income / Average of net worth during the period (5th period:183 actual working days, 6th period:183 actual working days, 7th period:182 actual working days, 8th period:183 actual working days and 9th period:182 actual working days)

\*EOP equity ratio = EOP networth / EOP total assets

\*LTV#1 = EOP interest-bearing debt / EOP total assets

\*LTV#2 = EOP interest-bearing debt / EOP total property acquisition value

\*EOP Long-term debt to capitalization = EOP fixed assets / (EOP Long-term borrowing and others+EOP unitholders' equity)

\*DSCR = Net income before interest and depreciation / Interest expenses

\*NOI = (Rental revenues - rental expenses) + Depreciation

\*FFO = Net income + Depreciation + Deferred Expenses

\*Payout Ratio to CAD = Total amount of dividend / CAD

CAD (Cash Available Distribution) = FFO - capital expenditure

# MEMO

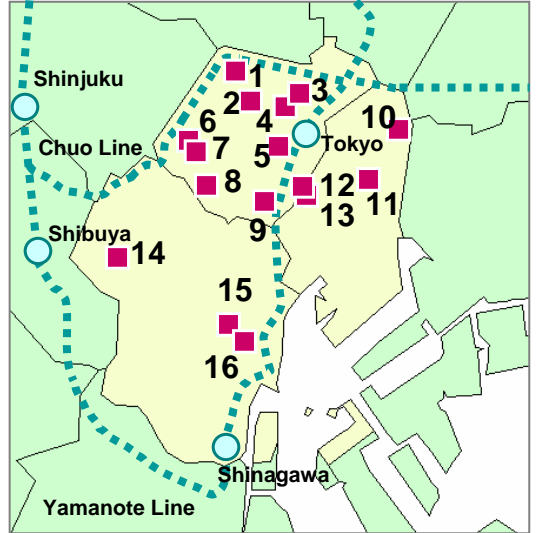


## 2 . Overview of Property Portfolio



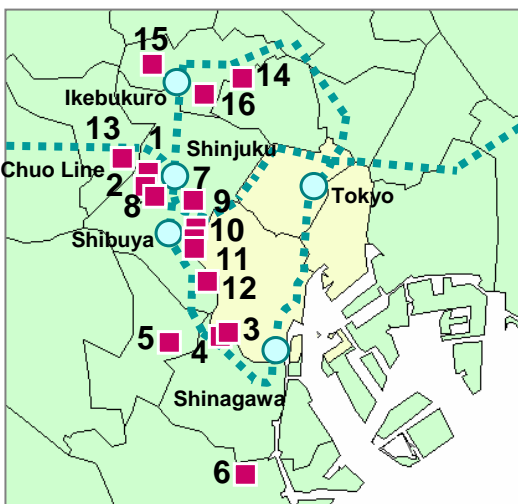
# Property Data (Photos and Location)

## 3 Central Wards in Tokyo (Chiyoda/Chuo/Minato)



					
1 Genki Medical Plaza	2 Kitanomaru Square	3 MD Kanda	4 Kandabashi Park	5 Mitsubishi Soken	
					
6 Nibancho Garden	7 Burex Kojimachi	8 Sanno Grand	9 Yurakucho Denki	10 Kodenmachi Shin-Nihonbashi	
					
11 Burex Kyobashi	12 Ginza Sanwa	13 Ryoshin Ginza East Mirror	14 Aoyama Crystal	15 Shiba 2Chome Daimon	16 Cosmo Kanasugibashi

## 23 Wards in the Tokyo Metropolitan Area



					
1 Shinwa	2 Tokyo Opera City	3 Takanawadai	4 Higashi-Gotanda 1Chome	5 JAL Sales	
					
6 Omori-Eki Higashiguchi	7 Nippon Brunswick	8 Yoyogi 1Chome	9 da Vinci Harajuku	10 Jingumae Media Square	
					
11 Shibuya Cross Tower	12 Ebisu Neonato	13 Harmony Tower	14 Otsuka Higashi-Ikebukuro	15 Ikebukuro 2Chome	16 Ikebukuro YS

**Other Areas**



1 Hachioji First Square



2 Saitama Urawa



3 Shin-Yokohama First



4 Kawasaki Isago



5 Jozenji Park



6 Sendai Honcho Honma



7 Niigata Ishizuecho Nishi-Bandaibashi



8 Kanazawa Park



9 Kanazawa Minamicho



10 Nagoya Hirokoji



11 Nagoya Misono



12 Kyoto Shijo Kawaramachi



13 Sakaisuji-honmachi



14 Midosuji Daiwa



15 Kobe Itomachi



16 Lit City



17 NHK Hiroshima Broadcasting Center



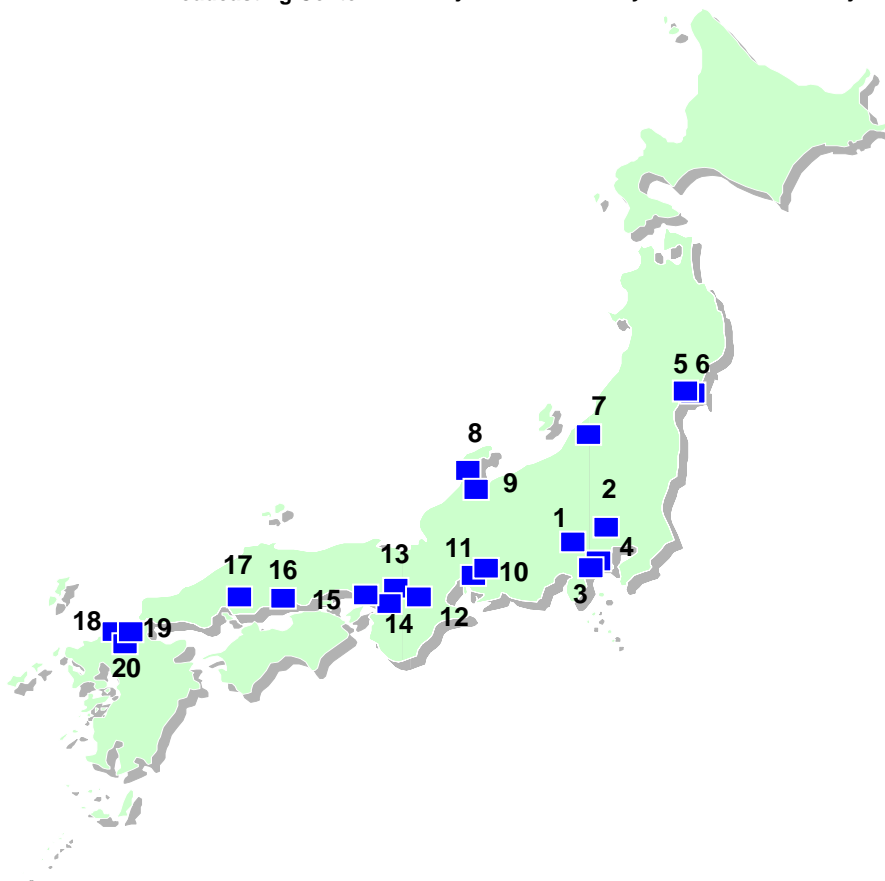
18 Tosei Tenjin



19 Tenjin Crystal



20 Hinode Tenjin



# Performance by Property



## 23 Wards

In millions of yen

Name	Performance (October 1, 2005 ~ March 31, 2006)												
	Operating Revenues	Operating Expenses								Operating Profits	NOI ( + )	Capex	NCF -
		Property management fees	Utility charges	Property and other taxes	Insurance expenses	Repair expenses	Depreciation	Other operating expenses					
Genki Medical Plaza	223	70	12	14	18	0	2	19	2	152	172	7	165
Kitanomaru Square	71	193	46	1	0	0	-	145	-	122	22	-	22
MD Kanda Bldg.	293	115	21	16	23	0	3	49	-	177	227	2	224
Kandabashi Park Bldg.	172	46	1	-	17	0	2	25	-	125	151	2	148
Mitsubishi Soken Bldg.	1,062	331	92	100	76	1	7	53	-	730	783	9	774
Nibancho Garden	496	196	59	31	-	0	0	104	-	299	404	-	404
Burex Kojimachi Bldg.	162	67	-	-	0	0	-	66	-	94	161	-	161
Sanno Grand Bldg.	486	189	58	31	0	0	65	33	-	296	330	159	170
Yurakucho Denki Bldg.	282	114	35	18	32	0	9	18	0	168	186	69	117
Kodenmachi Shin-Nihonbashi Bldg.	154	75	16	9	14	0	4	27	2	79	106	4	102
Burex Kyobashi Bldg.	150	51	-	-	13	0	-	37	-	98	136	-	136
Ginza Sanwa Bldg.	372	79	30	23	0	0	6	19	-	292	312	40	271
Ryoshin Ginza East Mirror Bldg.	133	61	10	9	0	0	0	40	-	71	112	-	112
Aoyama Crystal Bldg.	245	87	15	14	22	0	1	33	-	158	191	1	189
Shiba 2Chome Daimon Bldg.	301	122	37	24	36	0	1	20	0	179	200	10	190
Cosmo Kanasugibashi Bldg.	129	84	12	9	13	0	28	21	-	45	66	1	65
Shinwa Bldg.	239	104	27	18	20	0	1	35	-	134	170	9	160
Tokyo Opera City Bldg.	453	294								159		1	
Takanawadai Bldg.	114	63	13	10	12	0	3	23	0	50	73	0	72
Higashi-Gotanda 1Chome Bldg.	216	93	13	18	14	0	0	46	-	122	169	-	169
JAL Sales Bldg.	86	48	11	9	10	0	2	14	-	37	52	-	52
Omori-Eki Higashiguchi Bldg.	253	133	26	21	26	0	1	57	0	119	177	-	177
Nippon Brunswick Bldg.	330	138	34	24	22	0	21	34	-	192	226	139	87
Yoyogi 1Chome Bldg.	283	109	5	0	25	0	-	78	-	174	252	-	252
da Vinci Harajuku	199	48	11	10	11	0	2	11	-	151	162	-	162
Jingumae Media Square Bldg.	343	139	26	26	26	0	1	57	-	203	261	0	260
Shibuya Cross Tower	1,496	780	158	144	144	3	123	203	2	716	919	610	308
Ebisu Neonato	144	85	25	5	11	0	2	40	-	58	99	-	99
Harmony Tower	420	201	101	-	0	2	9	88	-	218	307	-	307
Otsuka Higashi-Ikebukuro Bldg.	178	75	17	15	14	0	8	19	0	102	122	4	117
Ikebukuro 2Chome Bldg.	71	34	8	6	5	0	1	13	-	37	50	4	45
Ikebukuro YS Bldg.	206	93	21	19	15	0	2	33	-	113	147	-	147

\* Lit City Building and Kitanomaru Square acquired during the 9th period have been under management since February 1, 2006 and February 24, 2006 respectively.

\* At the co-owners' request of Tokyo Opera City Building, the breakdown of operating expenses and NOI is not disclosed.

\* Capex represents construction cost corresponding to capital expenditure during the period (Excluding brokerage charge related to acquisition of real estates or incidental expense of acquisition such as real-estate acquisition tax which is reflected in the book value. Expenses capitalized as construction in progress are also excluded).

## Other Areas

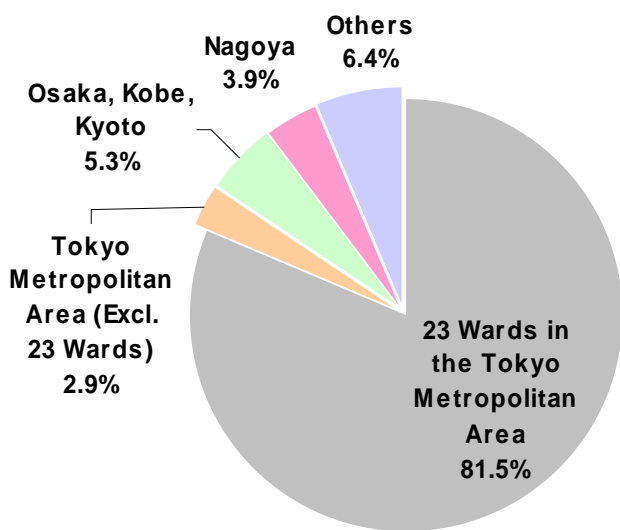
In millions of yen

Name	Performance (October 1, 2005 – March 31, 2006)												
	Operating Revenues	Operating Expenses								Operating Profits	NOI ( + )	Capex	NCF -
		Property management fees	Utility charges	Property and other taxes	Insurance expenses	Repair expenses	Depreciation	Other operating expenses					
Hachioji First Square	166	77	33	0	0	0	2	39	0	88	128	6	121
Saitama Urawa Bldg.	138	61	15	8	10	0	3	22	-	77	99	0	98
Shin-Yokohama First Bldg.	110	100	19	15	13	0	5	46	-	10	56	-	56
Kawasaki Isago Bldg.	166	98	23	13	15	0	3	42	0	67	109	3	106
Jozenji Park Bldg.	68	37	9	9	-	0	5	12	-	31	44	7	37
Sendai Honcho Honma Bldg.	149	65	15	4	15	0	1	28	-	83	111	4	107
Niigata Ishizuecho Nishi-Bandaibashi Bldg.	82	44	17	10	7	0	2	6	0	37	44	2	41
Kanazawa Park Bldg.	546	409	114	71	77	2	64	79	0	137	217	18	199
Kanazawa Minamicho Bldg.	82	54	10	9	5	0	18	9	-	27	37	8	28
Nagoya Hirokoji Bldg.	739	333	109	65	62	1	18	75	-	405	481	20	460
Nagoya Misono Bldg.	95	64	11	7	7	0	1	34	0	31	66	-	66
Kyoto Shijo Kawaramachi Bldg.	139	79	21	13	11	0	6	26	0	59	86	2	83
Sakaisujihonmachi Bldg.	225	170	40	25	43	1	12	46	-	55	101	15	86
Midosuji Daiwa Bldg.	679	314	65	45	85	1	23	93	0	364	458	2	455
Kobe Itomachi Bldg.	62	42	10	7	6	0	2	14	-	20	34	8	26
Lit City Bldg.	82	42	14	2	0	0	1	23	-	39	62	-	62
NHK Hiroshima Broadcasting Center Bldg.	151	118	40	15	15	0	6	23	16	33	56	5	51
Tosei Tenjin Bldg.	95	78	15	9	10	0	21	20	-	17	38	4	33
Tenjin Crystal Bldg.	225	140	26	18	0	0	7	87	-	84	172	9	162
Hinode Tenjin Bldg.	177	74	22	16	16	0	3	15	-	102	117	-	117
Total	13,962	6,744	1,684	1,068	1,035	35	528	2,359	32	7,218	9,578	1,200	8,377

# Geographical Diversification and Earthquake Risk

## Geographical Diversification

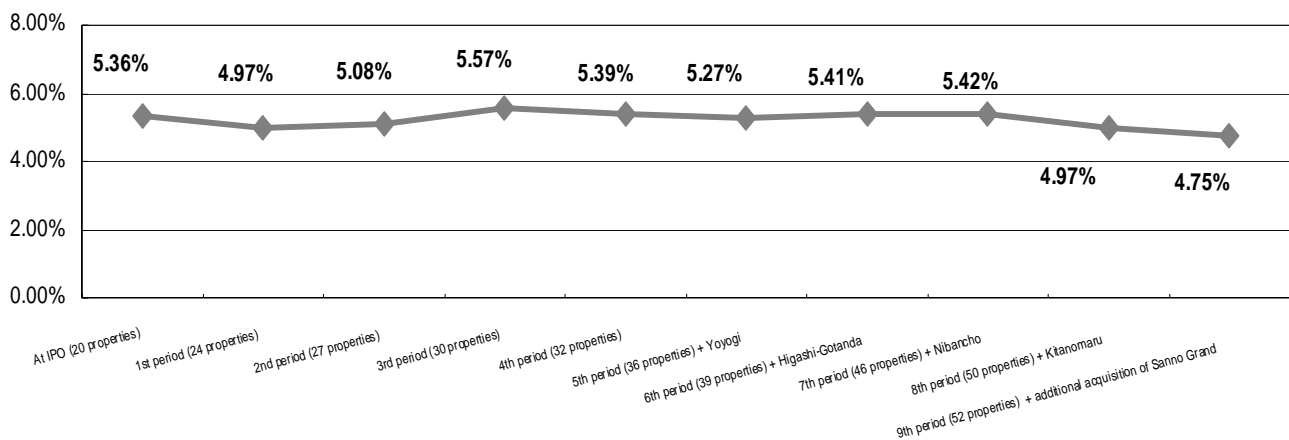
52 properties as of March 31, 2006 + Additional Acquisition of Sanno Grand Building and Sendai Honcho Honma Building



- Acquisition price basis
- The Tokyo metropolitan area includes Tokyo, Saitama, Chiba and Kanagawa.
- The following graph excludes the acquisition as preferred securities.

- ◆ The share of the 23 wards in the Tokyo metropolitan area exceeds 80% because the price of Kitanomaru Square, acquired during the 9th period, was as much as 81.5 billion yen (accounting for 19.2% of the total).
- ◆ Well-balanced portfolio: Highly liquid properties with a stable rental income in the Tokyo metropolitan area account for approximately 84%; properties with attractive yields in other cities account for 16% as of March 31, 2006 (52 properties in total including additional acquisition of Sanno Grand Building and Sendai Honcho Honma Building).

## Earthquake Risk (PML Value)



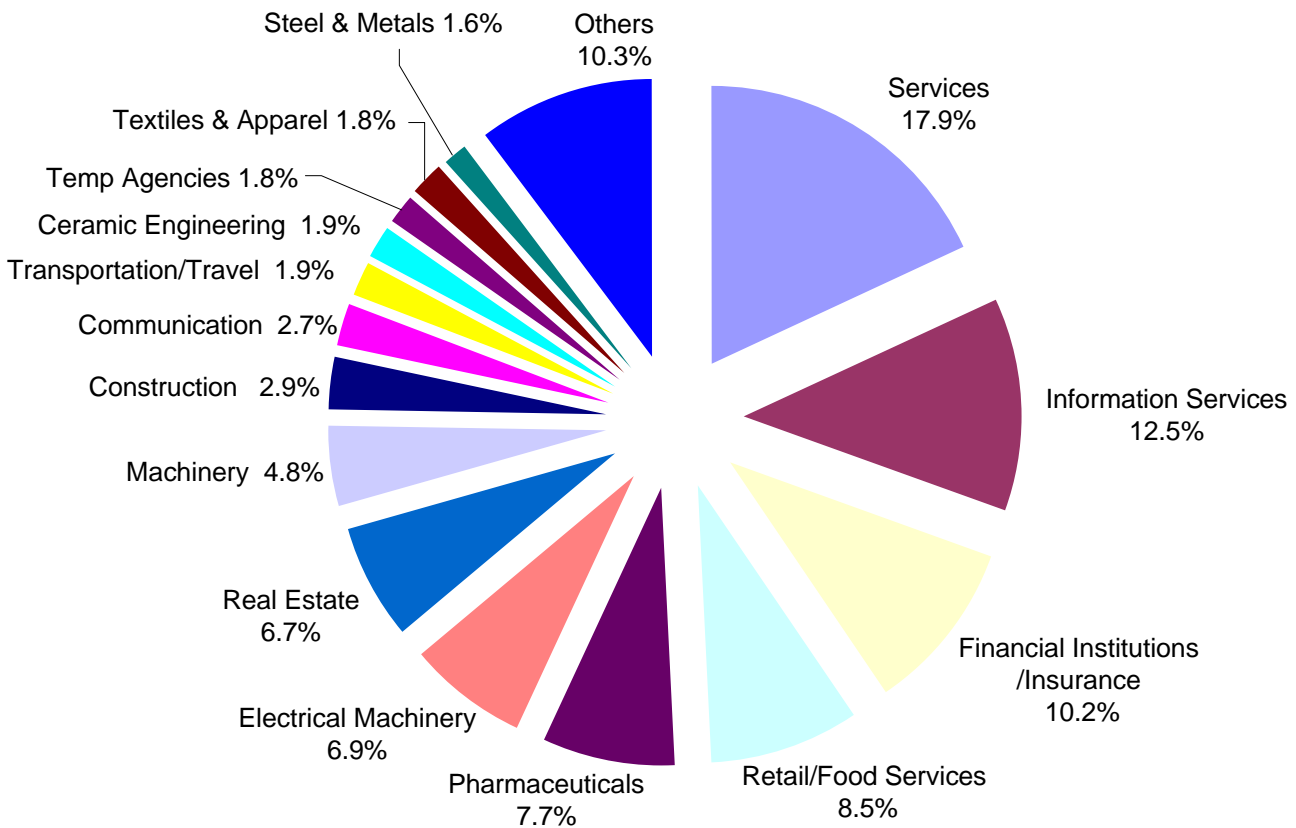
- ◆ PML Value has been stable at around 5% since IPO.
- ◆ Acquisition of new properties (including Kitanomaru Square) made portfolio PML drop to below 5%.

# Tenant Data (Diversification)

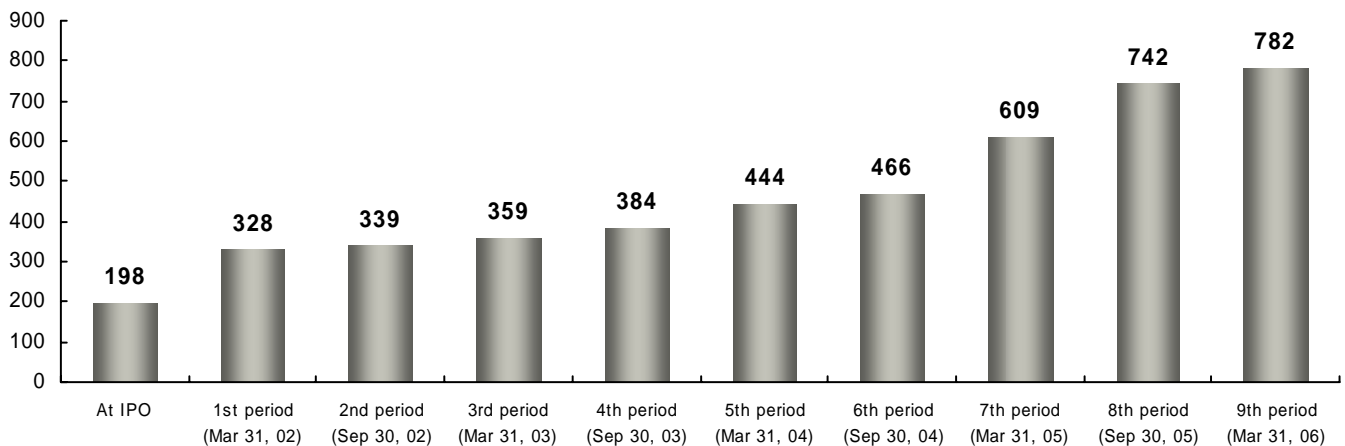


## Tenant Diversification (Based on the leased area)

52 properties as of March 31, 2006



## The number of Tenants



# Tenant Data (Major Tenants)

## Major Tenants (Top 10)

52 properties as of March 31, 2006

#	Tenant	Property	9th Period		8th Period		Leased Area Change (㎡)
			Leased Area (㎡)	% of Total Leased Area	#	Leased Area (㎡)	
1	Banyu Pharmaceutical Co., Ltd.	Kitanomaru Square 2 other buildings	17,077	4.3%	257	337	16,740
2	Mitsubishi Research Institute Inc.	Mitsubishi Soken Bldg.	14,529	3.7%	1	14,529	0
3	The Dai-ichi Mutual Life Co.	Midosuji Daiwa Bldg. 8 other buildings	10,302	2.6%	2	10,387	-85
4	Seven & I Holdings Co., Ltd. (*1)	Nibancho Garden	9,316	2.4%	3	9,316	0
5	Space Design, Inc.	Burex Kojimachi Bldg. 1 other building	8,774	2.2%	4	8,774	0
6	Fast Retailing Co., Ltd.	Kitanomaru Square	8,476	2.1%	-	-	-
7	Yamano Gakuen (*2)	Yoyogi 1Chome Bldg.	7,772	2.0%	5	7,772	0
8	TOTO LTD.	Midosuji Daiwa Bldg. 1 other building	6,906	1.7%	6	6,800	105
9	Toshiba Solutions Corporation	Takanawadai Bldg. 2 other buildings	5,331	1.4%	7	5,331	0
10	Asahi Kasei Pharma Corporation	MD Kanda Bldg.	5,144	1.3%	8	5,144	0
11	Company A		4,791	1.2%	9	4,791	0
12	Company B		4,490	1.1%	10	4,490	0
13	Company C		4,418	1.1%	11	4,418	0
14	Company D		4,166	1.1%	12	3,656	509
15	Company E		3,415	0.9%	13	3,415	0

(\*1) The tenanship in the lease agreement of this property was transferred from Ito-Yokado Co., Ltd. to its holding company, Seven & I Holdings Co., Ltd., on December 1, 2005.

(\*2) The lease agreement concluded with the tenant shall be terminated on April 30, 2007.

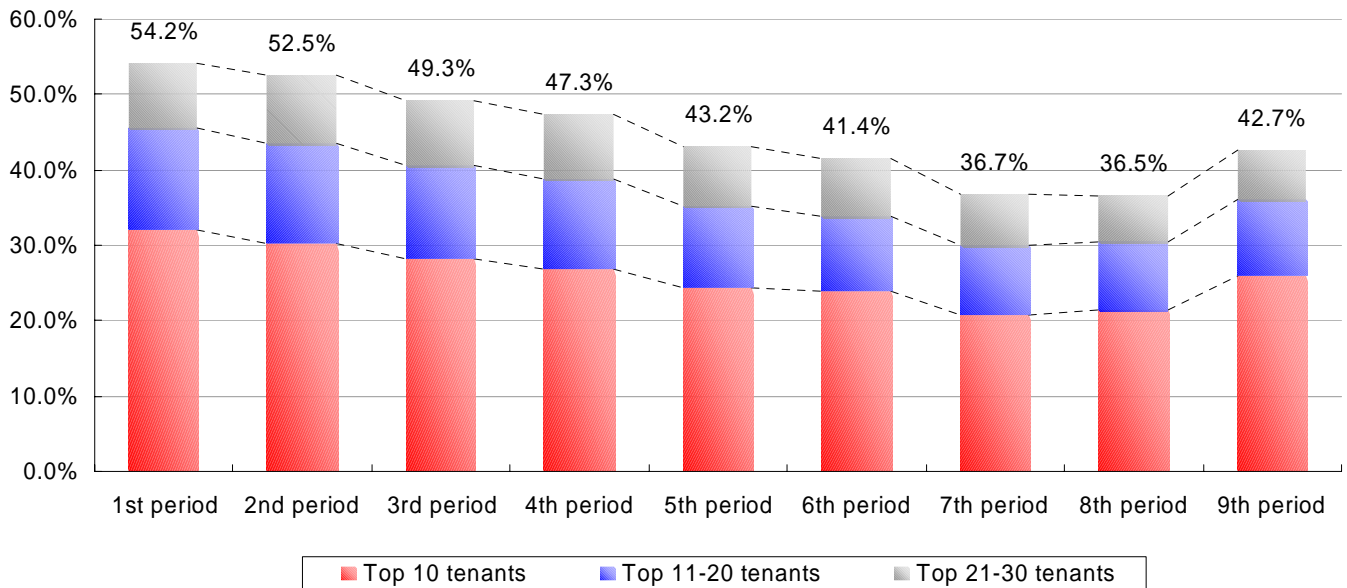


**No substantial change**



## % of Major Tenants

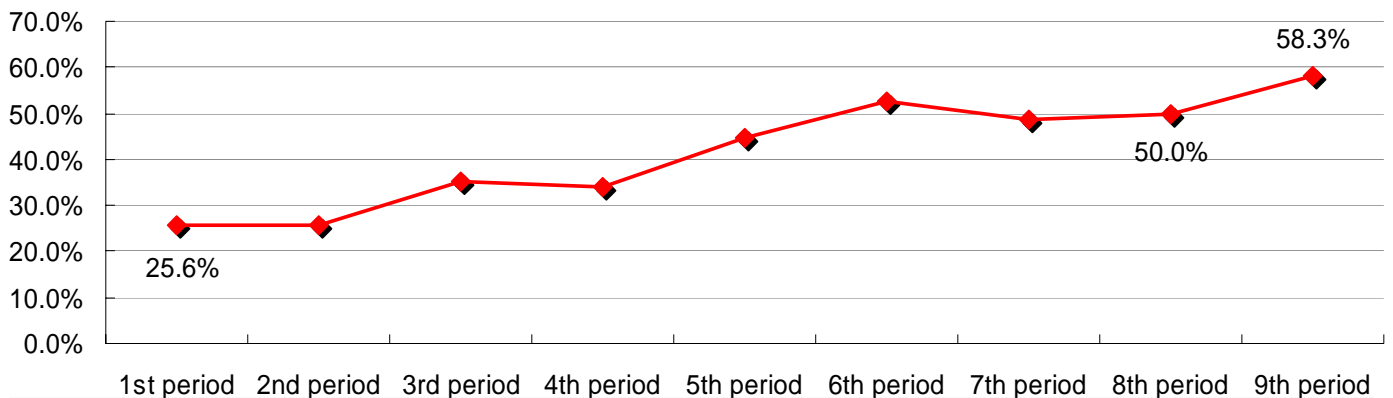
Based on the leased area



## % of Long-Term Lease Agreements\* in Top 30 Tenants

Based on the leased area

(\* Lease agreements for one year and more)



■ % of the leased area by the major tenants remains stable at relatively lower levels despite a slight increase following the acquisition of Kitanomaru Square.

■ Limited risk exposure of cancellation and smaller floor areas by major tenants

■ % of long-term agreements in top 30 tenants remains stable at higher levels.

■ Set up as long as possible long-term agreements with major single tenants for higher stability.

# Tenant Data (Stability)



## % of Fixed- and Long-Term Lease Agreements\*

Based on monthly rental fee including common service expenses

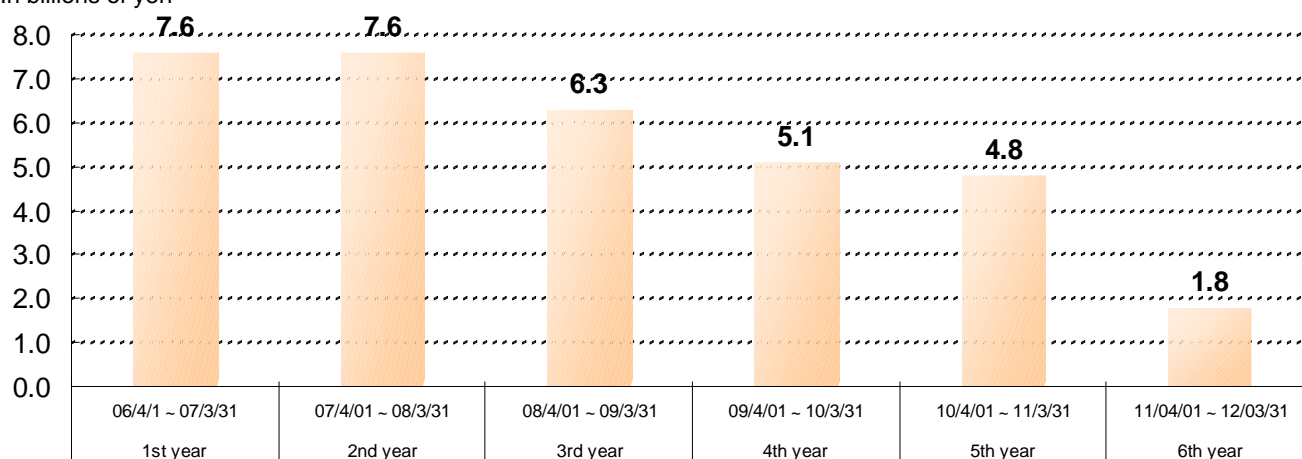
(\* Lease agreements for one year and more)

(% is the ratio of fixed- and long-term lease agreements in each area)

Area	9th Period		8th Period	
	% of Fixed- and Long-Term Lease Agreements	Average of Remaining Years	% of Fixed- and Long-Term Lease Agreements	Average of Remaining Years
Tokyo 23 Wards	40.9%	4.5 years	36.3%	5.1 years
3 Central Wards	63.1%	4.9 years	52.3%	6.5 years
Tokyo 23 Wards (excl. 3 Central Wards)	12.9%	1.5 years	20.9%	1.7 years
Others	12.9%	2.5 years	10.6%	2.8 years
Tokyo Metropolitan Area (excl. Tokyo 23 Wards)	9.4%	1.4 years	8.3%	1.5 years
Other Major Cities	13.5%	2.6 years	11.0%	3.0 years
Total	33.3%	4.2 years	28.8%	4.8 years

## Fixed-amount Revenues for the Year

In billions of yen



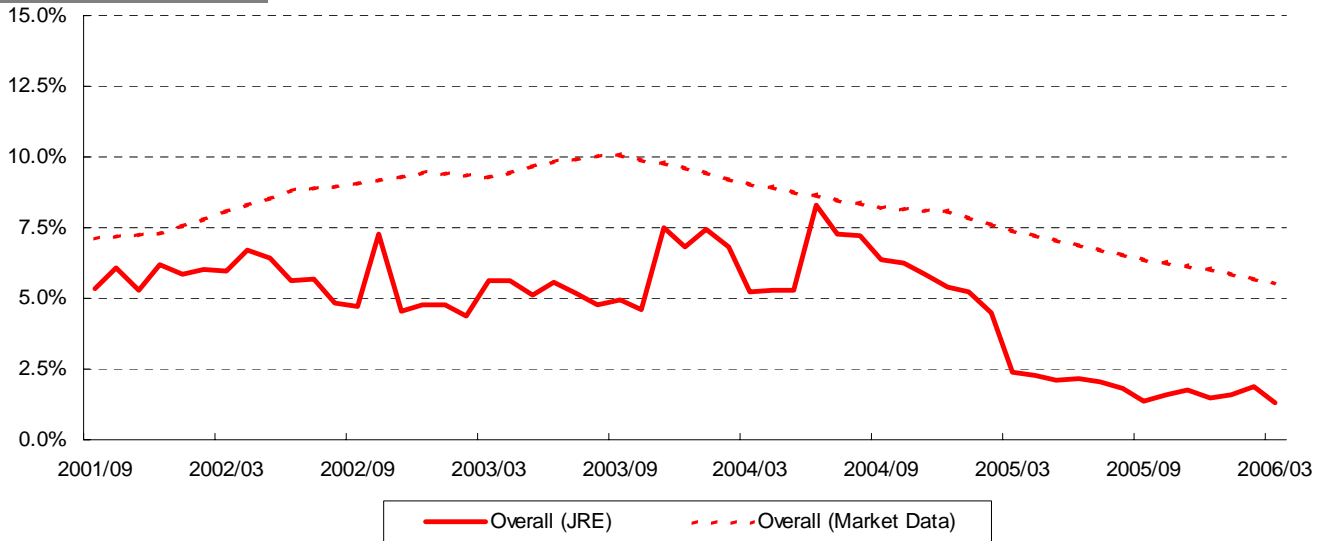
**Aiming for a more stable revenues**

# Tenant Data (Rates of Vacancy)

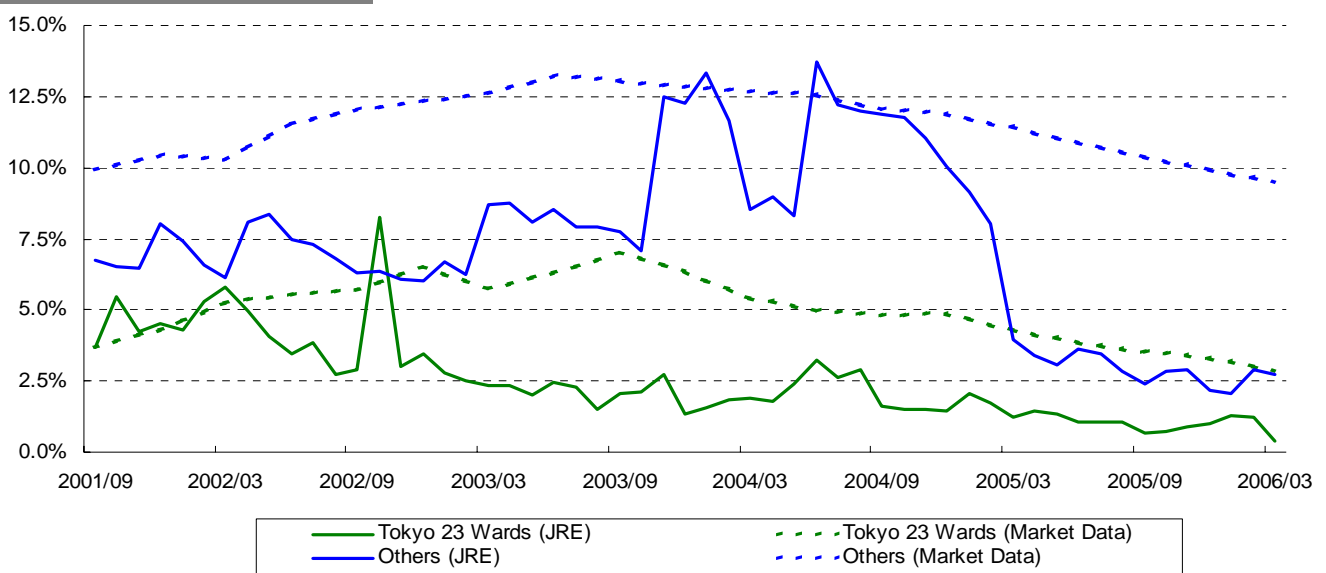


## Trend in Vacancy Rate (Relative to Market Data)

### Overall



### Tokyo 23 Wards / Others



Average Vacancy Rate Computation (e.g. To compute the average vacancy rate for the following 2 properties)

Name	Leasable Area (m <sup>2</sup> )	Property Vacancy Rate	Office Zone*	Zone Vacancy*
A building	5,000	3.0%	a zone	4.0%
B building	3,000	6.0%	b zone	8.0%
Total / Average	8,000	4.1%		5.5%

$$= \left( \frac{5,000 \times 3.0\% + 3,000 \times 6.0\%}{8,000} \right) \div \left( \frac{5,000 \times 4.0\% + 3,000 \times 8.0\%}{8,000} \right)$$

\* The above office zones and their vacancy rates are based on CB Richard Ellis' "Office Market Report" data. In the above graph, the market data represents the average vacancy rate in each office zone.

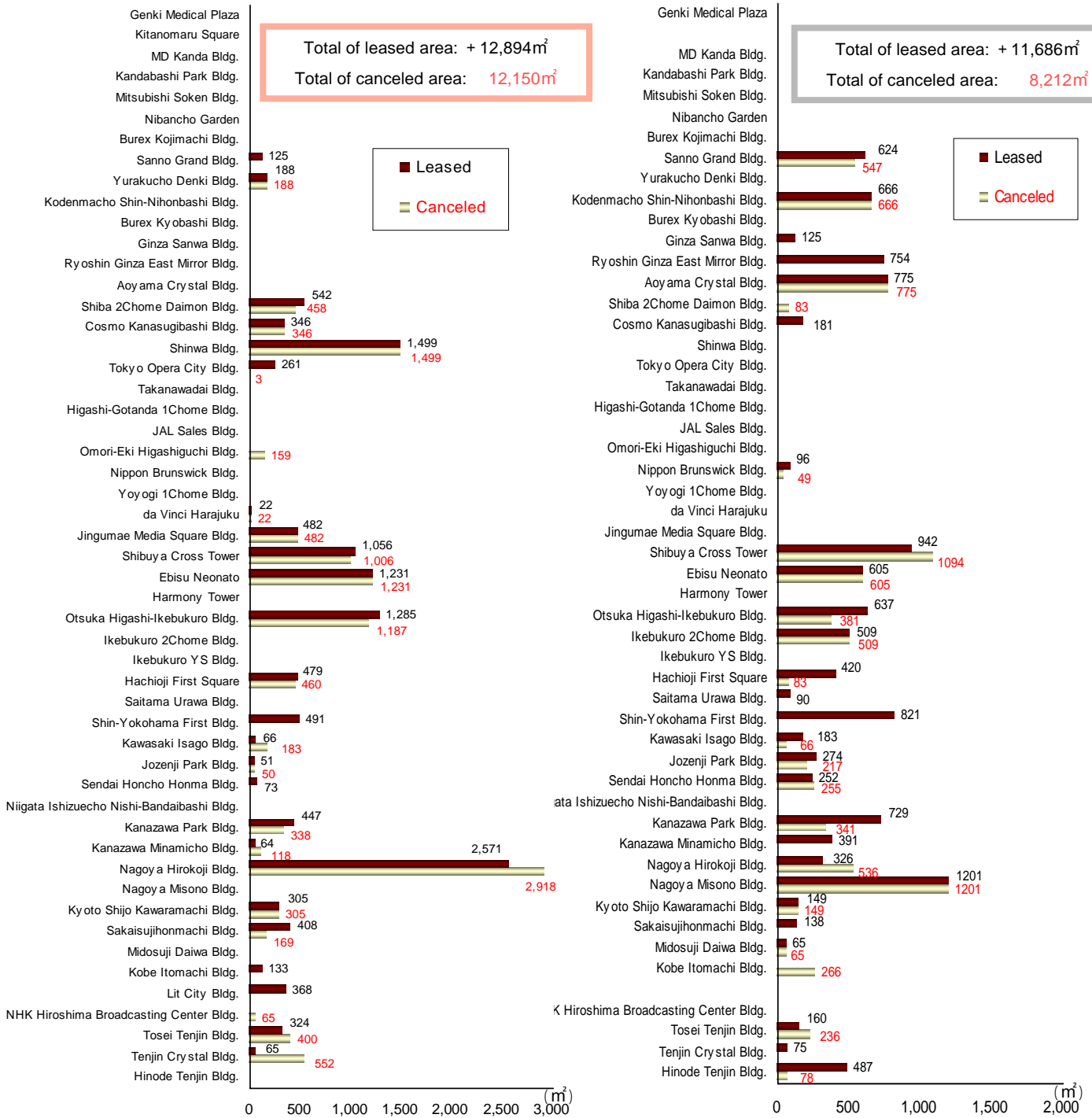
**A relatively high occupancy rate in the market has been maintained by minimizing the number of vacant rooms.**

# Tenant Data (Tenant Activities in the 9th Period)



## 9th Period

## 8th Period



Name	9th Period			8th Period		
	Tenant Activities			Tenant Activities		
	Leased Area	Canceled Area	Change	Leased Area	Canceled Area	Change
Tokyo 23 Wards	7,042	-6,586	455	5,917	-4,713	1,204
Others	5,852	-5,563	288	5,768	-3,498	2,269
<b>Total</b>	<b>12,894</b>	<b>-12,150</b>	<b>743</b>	<b>11,686</b>	<b>-8,212</b>	<b>3,474</b>

## Offices/Shops

m<sup>2</sup>, except for the number of tenants

Name	9th Period				8th Period			
	As of Mar 31, 2006				As of Sep 30, 2005			
	Leasable Area	Leased Area	Occupancy Rate	Number of Tenants	Leasable Area	Leased Area	Occupancy Rate	Number of Tenants
Genki Medical Plaza	4,791	4,791	100.0%	1	4,791	4,791	100.0%	1
MD Kanda Building	6,269	6,269	100.0%	2	6,269	6,269	100.0%	2
Kandabashi Park Building	3,687	3,687	100.0%	7	3,687	3,687	100.0%	7
Mitsubishi Soken Building	18,006	18,006	100.0%	4	18,006	18,006	100.0%	4
Nibancho Garden	9,316	9,316	100.0%	1	9,316	9,316	100.0%	1
Burex Kojimachi Building	4,495	4,495	100.0%	1	4,495	4,495	100.0%	1
Sanno Grand Building	10,573	10,339	97.8%	51	10,573	10,214	96.6%	49
Yurakucho Denki Building	4,694	4,694	100.0%	15	4,694	4,694	100.0%	15
Kodenmacho Shin-Nihonbashi Building	3,897	3,897	100.0%	5	3,897	3,897	100.0%	5
Burex Kyobashi Building	4,279	4,279	100.0%	1	4,279	4,279	100.0%	1
Ginza Sanwa Building	4,329	4,329	100.0%	13	4,329	4,329	100.0%	13
Ryoshin Ginza East Mirror Building	2,875	2,875	100.0%	8	2,875	2,875	100.0%	8
Aoyama Crystal Building	4,916	4,916	100.0%	8	4,916	4,916	100.0%	8
Shiba 2Chome Daimon Building	9,643	9,643	100.0%	26	9,643	9,559	99.1%	27
Cosmo Kanasugibashi Building	4,062	4,062	100.0%	9	4,062	4,062	100.0%	8
Shinwa Building	6,197	6,197	100.0%	9	6,197	6,197	100.0%	9
Tokyo Opera City Building	9,244	9,137	98.8%	109	9,244	8,879	96.0%	106
Takanawadai Building	4,067	4,067	100.0%	1	4,067	4,067	100.0%	1
Higashi-Gotanda 1Chome Building	5,205	5,205	100.0%	4	5,205	5,205	100.0%	4
JAL Sales Building	3,383	3,383	100.0%	1	3,383	3,383	100.0%	1
Omori-Eki Higashiguchi Building	7,708	7,548	97.9%	18	7,708	7,708	100.0%	19
Nippon Brunswick Building	7,347	7,298	99.3%	18	7,347	7,298	99.3%	18
Yoyogi 1Chome Building	7,772	7,772	100.0%	1	7,772	7,772	100.0%	1
da Vinci Harajuku	3,109	3,109	100.0%	4	3,109	3,109	100.0%	5
Jingumae Media Square Building	5,558	5,558	100.0%	9	5,558	5,558	100.0%	9
Shibuya Cross Tower	29,819	29,726	99.7%	52	29,828	29,675	99.5%	51
Ebisu Neonato	2,462	2,462	100.0%	3	2,462	2,462	100.0%	3
Harmony Tower	10,929	10,929	100.0%	17	10,929	10,929	100.0%	17
Otsuka Higashi-Ikebukuro Building	7,114	6,831	96.0%	9	7,114	6,732	94.6%	9
Ikebukuro 2Chome Building	2,186	2,186	100.0%	9	2,186	2,186	100.0%	9
Ikebukuro YS Building	5,797	5,797	100.0%	8	5,797	5,797	100.0%	8
Hachioji First Square	6,336	6,056	95.6%	37	6,336	6,037	95.3%	36
Saitama Urawa Building	4,510	4,510	100.0%	16	4,510	4,510	100.0%	16
Shin-Yokohama First Building	6,925	6,925	100.0%	9	6,925	6,434	92.9%	8
Kawasaki Isago Building	6,831	6,379	93.4%	12	6,831	6,496	95.1%	12
Jozenji Park Building	2,518	2,400	95.3%	17	2,518	2,400	95.3%	18
Sendai Honcho Honma Building	5,829	5,829	100.0%	16	5,829	5,756	98.7%	16
Niigata Ishizuecho Nishi-Bandaibashi Building	4,383	4,234	96.6%	10	4,383	4,234	96.6%	10
Kanazawa Park Building	21,202	20,624	97.3%	68	21,343	20,514	96.1%	66
Kanazawa Minamicho Building	3,777	3,568	94.5%	16	3,794	3,622	95.5%	15
Nagoya Hirokoji Building	21,635	21,084	97.5%	29	21,631	21,431	99.1%	29
Nagoya Misono Building	3,470	3,470	100.0%	9	3,470	3,470	100.0%	9
Kyoto Shijo Kawaramachi Building	6,800	6,800	100.0%	33	6,800	6,800	100.0%	31
Sakaisujihonmachi Building	11,574	11,574	100.0%	18	11,574	11,335	97.9%	17
Midosuji Daiwa Building	20,450	20,450	100.0%	25	20,450	20,450	100.0%	25
Kobe Itomachi Building	3,478	3,345	96.2%	18	3,478	3,212	92.3%	17
NHK Hiroshima Broadcasting Center Building	5,477	5,335	97.4%	12	5,477	5,401	98.6%	12
Tosei Tenjin Building	4,000	3,848	96.2%	19	4,000	3,924	98.1%	20
Tenjin Crystal Building	5,640	5,080	90.1%	24	5,640	5,567	98.7%	25
Hinode Tenjin Building	5,860	5,657	96.5%	12	5,860	5,657	96.5%	12
Kitanomaru Square	25,678	25,678	100.0%	5				
Lit City Building	9,965	9,090	91.2%	37				
Tokyo 23 Wards	239,422	238,495	99.6%		213,752	212,360	99.3%	
Others	160,668	156,269	97.3%		150,857	147,259	97.6%	
Total	400,090	394,764	98.7%	782	364,610	359,620	98.6%	742

## Residences

Name	9th Period		
	As of Mar 31, 2006		
	Leasable Area	Leased Area	Occupancy Rate
Nibancho Garden (Nibancho Park Forest)	1,686	1,686	100.0%
Kitanomaru Square (Kitanomaru Square The Terrace)	11,694	3,157	27.0%
Total	13,380	4,843	36.2%

# Tenant Data (Changes in Rent Level)

## Existing Tenants: Trend of Rate Rent Reduction



Rate of Rent Reduction: Monthly rent reduction during the period (balance of monthly rent before reduction and monthly rent after reduction) ÷ Total monthly rent at the end of the period (including common service expenses)

7 fixed- and long-term leased buildings represent 5 buildings entirely for rent under fixed- and long-term lease agreements (Genki Medical Plaza, Nibancho Garden, Burex Kojimachi, Burex Kyobashi, and Yoyogi 1Chome), and 2 buildings having a high ratio of fixed- and long-term leased agreements (Kitanomaru Square and Mitsubishi Soken Building).

In millions of yen

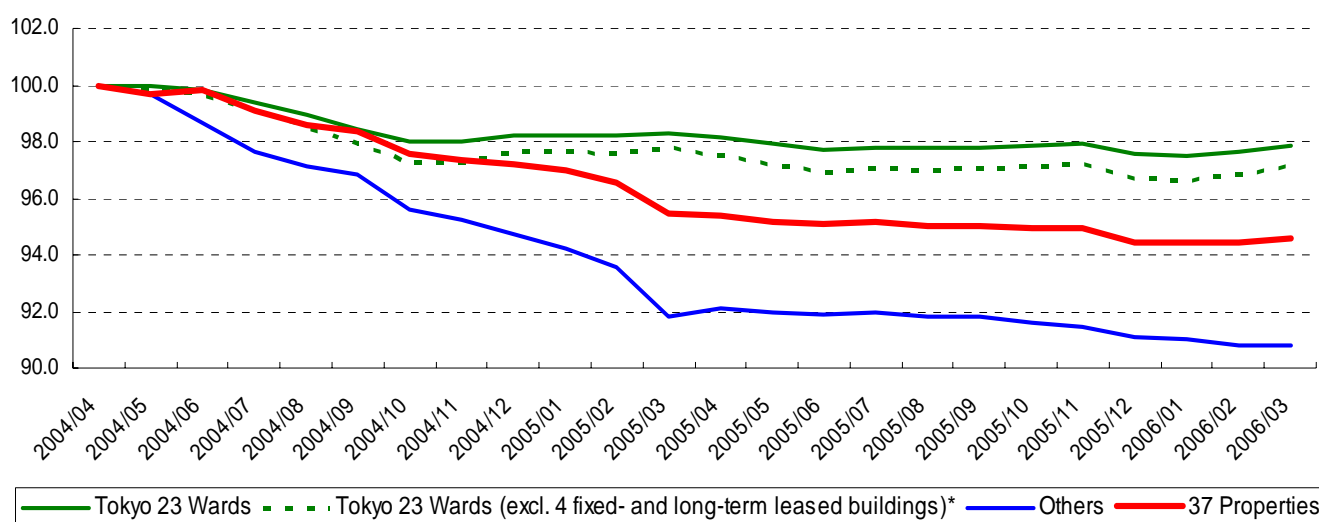
		Mar-2003	Sep-2003	Mar-2004	Sep-2004	Mar-2005	Sep-2005	Mar-2006
Tokyo 23 Wards	Monthly rent at the end of the period (including common service expenses)	778	840	935	1,045	1,302	1,459	1,686
	Monthly rent reduction during the period	7	12	14	16	2	3	0
	Rate of rent reduction	0.99%	1.51%	1.57%	1.62%	0.17%	0.23%	0.02%
Tokyo 23 Wards (excluding 7 fixed-and long-term leased buildings)	Monthly rent at the end of the period (including common service expenses)	590	627	723	774	1,031	1,095	1,092
	Monthly rent reduction during the period	7	12	14	16	2	3	0
	Rate of rent reduction	1.31%	2.02%	2.03%	2.19%	0.21%	0.30%	0.04%
Other major cities	Monthly rent at the end of the period (including common service expenses)	529	536	557	510	563	601	634
	Monthly rent reduction during the period	4	5	4	12	7	2	2
	Rate of rent reduction	0.78%	0.99%	0.89%	2.42%	1.28%	0.39%	0.37%
Total	Monthly rent at the end of the period (including common service expenses)	1,308	1,376	1,493	1,556	1,865	2,061	2,321
	Monthly rent reduction during the period	11	18	19	29	9	5	2
	Rate of rent reduction	0.90%	1.31%	1.31%	1.88%	0.50%	0.27%	0.12%



**The trend in rent reduction with regard to existing tenants in the Tokyo metropolitan area has stabilized.**

## Trend of Average Rent

- Average rent (incl. common service expenses) based on 37 properties owned as of April 1, 2004.
- Price on April 1, 2004 shown as 100



\* 4 fixed- and long-term leased buildings represent 3 buildings entirely for rent under fixed- and long-term lease agreements (Genki Medical Plaza, Burex Kyobashi and Yoyogi 1Chome Bldg.) and 1 building having a high ratio of fixed- and long-term lease agreements (Mitsubishi Soken).



**Rent in Tokyo central area clearly shows signs of having bottomed out.**

# Internal Growth (Market Trend in New Rent Levels)



- ◆ With regard to the new rent data assessed by Ikoma Data Service System (IDSS)\*, the trend shows the price as of December 31, 2005 set at 100.
- ◆ The assessment was made for 46 properties. Two properties acquired in December 2005 or afterwards, and four properties in special situations including single tenant leased properties are excluded from the 52 properties held in total as of March 31, 2006.

\* JRE requires IDSS to assess the new rent regarding properties held by JRE on a semi-annual basis.

Property Name	Trend in Assessed New Rent (Intermediate Value of Upper and Lower Limits)					
	03/06	03/12	04/06	04/12	05/06	05/12
Genki Medical Plaza	-	-	-	-	-	-
MD Kanda Building	93	93	93	96	100	100
Kandabashi Park Building	89	89	89	94	98	100
Mitsubishi Soken Building	92	90	87	87	92	100
Nibancho Garden	-	-	-	-	-	-
Burex Kojimachi	-	-	-	-	-	-
Sanno Grand Building	-	-	-	83	88	100
Yurakucho Denki Building	-	76	76	85	91	100
Kodenmacho Shin-Nihonbashi Building	91	91	91	94	100	100
Burex Kyobashi Building	-	-	-	-	-	-
Ginza Sanwa Building	-	-	-	-	94	100
Ryoshin Ginza East Mirror Building	-	-	-	-	100	100
Aoyama Crystal Building	82	81	79	84	92	100
Shiba 2Chome Daimon Building	79	79	79	88	98	100
Cosmo Kanasugibashi Building	82	82	82	87	95	100
Shinwa Building	-	-	-	91	95	100
Tokyo Opera City Building	-	-	-	-	-	100
Takanawadai Building	93	93	87	93	97	100
Higashi-Gotanda 1Chome Building	-	-	88	98	98	100
JAL Sales Building	104	100	100	100	100	100
Omori-Eki Higashiguchi Building	103	100	100	100	100	100
Nippon Brunswick Building	-	-	95	95	95	100
Yoyogi 1Chome Building	-	-	-	-	90	100
da Vinci Harajuku	92	88	88	88	88	100
Jingumae Media Square Building	-	84	82	82	84	100
Shibuya Cross Tower	74	74	74	83	88	100
Ebisu Neonato	-	74	75	83	89	100
Harmony Tower	-	-	-	-	96	100
Otsuka Higashi-Ikebukuro Building	109	109	100	100	100	100
Ikebukuro 2Chome Building	98	98	98	98	100	100
Ikebukuro YS Building	-	-	-	89	94	100
Hachioji First Square	-	-	-	-	100	100
Saitama Urawa Building	96	96	83	83	100	100
Shin-Yokohama First Building	100	94	94	94	94	100
Kawasaki Isago Building	104	100	100	100	100	100
Jozenji Park Building	-	-	-	92	94	100
Sendai Honcho Honma Building	100	96	92	92	94	100
Niigata Ishizuecho Nishi-Bandaibashi Building	115	108	100	100	100	100
Kanazawa Park Building	106	102	102	102	102	100
Kanazawa Minamicho Building	119	100	100	100	100	100
Nagoya Hirokoji Building	94	94	94	94	94	100
Nagoya Misono Building	-	94	94	94	94	100
Kyoto Shijo Kawaramachi Building	112	100	100	100	100	100
Sakaisujihonmachi Building	104	100	88	88	92	100
Midosuji Daiwa Building	103	90	87	87	94	100
Kobe Itomachi Building	124	100	94	94	94	100
NHK Hiroshima Broadcasting Center Building	-	-	96	96	96	100
Tosei Tenjin Building	111	105	100	100	100	100
Tenjin Crystal Building	-	-	-	-	100	100
Hinode Tenjin Building	122	104	96	96	96	100
Kitanomaru Square	-	-	-	-	-	-
Lit City Building	-	-	-	-	-	-

Assessed rent increased compared to the preceding assessment  
 Assessed rent decreased compared to the preceding assessment



# Internal Growth (Possibility of Rise in Rent)

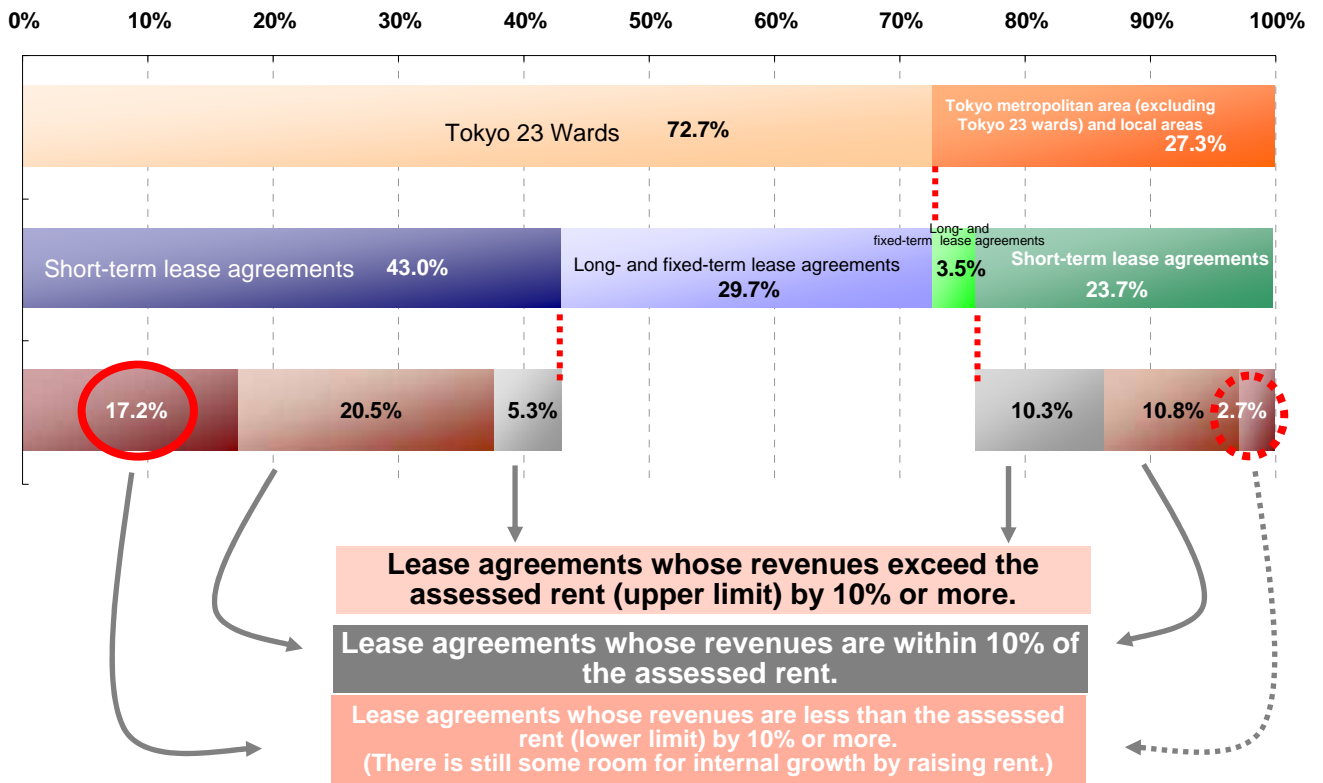


## Classification of Short-term Lease Agreements

**End of 9th Period**

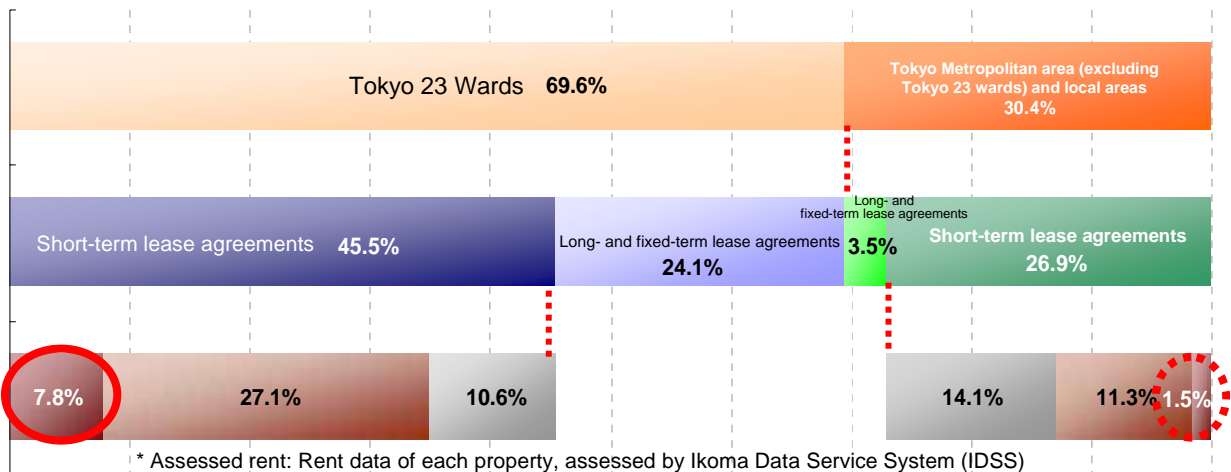
52 properties held as of March 31, 2006  
The data are calculated on a monthly rent basis including common service expenses.

(Each % indicates the share against the total.)



**End of 7th Period**

46 properties held as of March 31, 2005.  
The data are calculated on a monthly rent basis including common service expenses.



\* Assessed rent: Rent data of each property, assessed by Ikoma Data Service System (IDSS)

\* Long- and fixed-term lease agreements are contracts in which revenues are promised for the next year or longer.

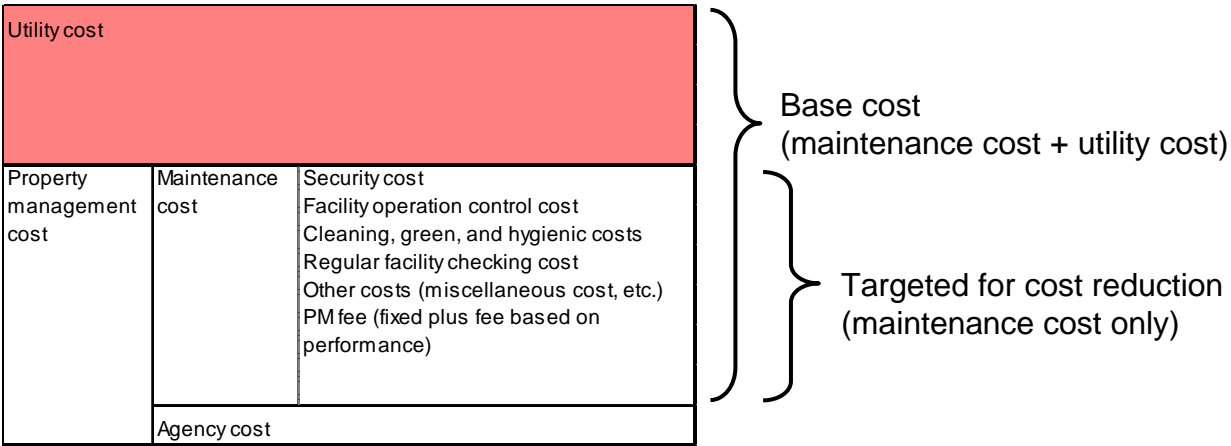
# Internal Growth (Forecasted Rates of Occupancy)

Area		Name	9th Period (Mar 2006)	10th Period (Forecast) (Sep 2006)
Tokyo Metropolitan Area	23 Wards	Genki Medical Plaza	100.0%	100.0%
		Kitanomaru Square	100.0%	100.0%
		MD Kanda Building	100.0%	100.0%
		Kandabashi Park Building	100.0%	100.0%
		Mitsubishi Soken Building	100.0%	100.0%
		Nibancho Garden	100.0%	100.0%
		Burex Kojimachi Building	100.0%	100.0%
		Sanno Grand Building	97.8%	98.2%
		Yurakucho Denki Building	100.0%	100.0%
		Kodenmacho Shin-Nihonbashi Building	100.0%	100.0%
		Burex Kyobashi Building	100.0%	100.0%
		Ginza Sanwa Building	100.0%	100.0%
		Ryoshin Ginza East Mirror Building	100.0%	100.0%
		Aoyama Crystal Building	100.0%	100.0%
		Shiba 2Chome Daimon Building	100.0%	96.3%
		Cosmo Kanasugibashi Building	100.0%	100.0%
		Shinwa Building	100.0%	100.0%
		Tokyo Opera City Building	98.8%	95.3%
		Takanawadai Building	100.0%	100.0%
		Higashi-Gotanda 1Chome Building	100.0%	87.2%
		JAL Sales Building	100.0%	100.0%
		Omori-Eki Higashiguchi Building	97.9%	100.0%
		Nippon Brunswick Building	99.3%	99.3%
		Yoyogi 1Chome Building	100.0%	100.0%
		da Vinci Harajuku	100.0%	100.0%
		Jingumae Media Square Building	100.0%	82.9%
		Shibuya Cross Tower	99.7%	99.7%
		Ebisu Neonato	100.0%	100.0%
		Harmony Tower	100.0%	100.0%
	Otsuka Higashi-Ikebukuro Building	96.0%	100.0%	
	Ikebukuro 2Chome Building	100.0%	100.0%	
	Ikebukuro YS Building	100.0%	100.0%	
		<b>Average</b>	99.6%	98.8%
	Excluding 23 Wards	Hachioji First Square	95.6%	98.7%
		Saitama Urawa Building	100.0%	100.0%
		Shin-Yokohama First Building	100.0%	100.0%
		Kawasaki Isago Building	93.4%	93.4%
		<b>Average</b>	97.0%	97.8%
Other Major Cities		Jozenji Park Building	95.3%	95.3%
		Sendai Honcho Honma Building	100.0%	87.9%
		Niigata Ishizuecho Nishi-Bandaibashi Building	96.6%	94.9%
		Kanazawa Park Building	97.3%	94.2%
		Kanazawa Minamicho Building	94.5%	81.3%
		Nagoya Hirokoji Building	97.5%	96.2%
		Nagoya Misono Building	100.0%	100.0%
		Kyoto Shijo Kawaramachi Building	100.0%	98.4%
		Sakaisujihonmachi Building	100.0%	100.0%
		Midosuji Daiwa Building	100.0%	98.9%
		Kobe Itomachi Building	96.2%	96.2%
		Lit City Building	91.2%	94.1%
		NHK Hiroshima Broadcasting Center Building	97.4%	97.4%
		Tosei Tenjin Building	96.2%	90.3%
		Tenjin Crystal Building	90.1%	83.2%
		Hinode Tenjin Building	96.5%	94.0%
	<b>Average</b>	97.3%	95.1%	
<b>Average</b>			98.7%	97.5%

# Internal Growth (Cost Reduction)

## JRE Policy on Cost Reduction

Basic Policy: Reduce Base cost by 5% over the next 3 years. (Base cost comprises maintenance cost and utility cost at the time of new property acquisition.)




## Results of the 8th and 9th Periods

Based on 31 reduction targets from properties already acquired by the end of the 6th period

<b>Base cost 4,568 million yen</b>		
	Target	Results of maintenance and utility costs in the 8th and 9th periods
Reduction rate (against base cost)	-5.0%	-13.3%
Reduction amount (against base cost)	-228 million yen	-610 million yen

**Base cost: Maintenance and utility costs at the time of acquisition**  
**Actual results: maintenance cost only**


**A 23.0% reduction was achieved on the basis of maintenance cost.**

# Internal Growth (Renovation Work)

## JRE's Renovation Work

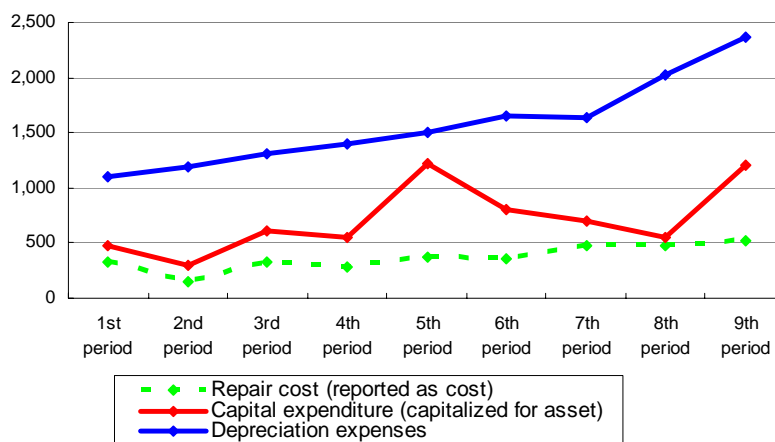
- Prepared medium- to long-term renovation plans, taking stable cash flow into account
- Conducted renovation work that increases profitability through such efforts as reducing costs and attracting tenants
- Conducted renovation work that improves amenities for tenants, including work to improve air-conditioning systems and restrooms
- Conducted proper renovations to maintain functions of buildings after identifying degree of degradation
- Had a third party review construction estimates and carried out proper construction administration

## Trend in Construction Costs and Depreciation Expenses

In millions of yen

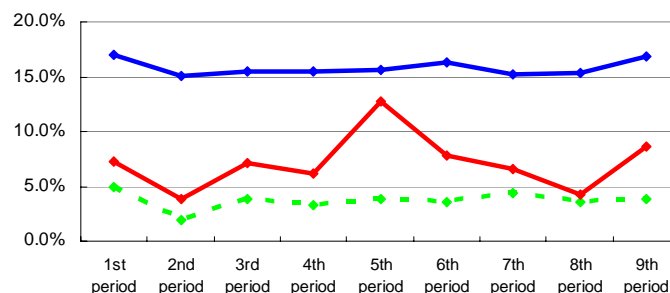
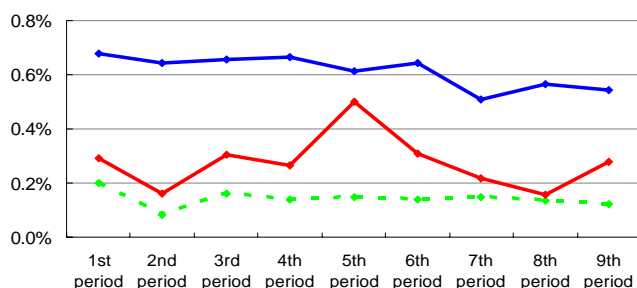
	1st period Mar. 2002	2nd period Sep. 2002	3rd period Mar. 2003	4th period Sep. 2003	5th period Mar. 2004	6th period Sep. 2004	7th period Mar. 2005	8th period Sep. 2005	9th period Mar. 2006
Construction costs	794	453	933	841	1,585	1,161	1,178	1,025	1,728
Repair cost (reported as cost)	321	152	323	289	365	363	471	474	528
Capital expenditure (capitalized for asset)	472	301	609	552	1,219	797	706	550	1,200
Depreciation expenses	1,100	1,194	1,310	1,393	1,498	1,657	1,641	2,017	2,359
Total assets	161,809	185,397	200,022	209,581	244,523	257,372	322,358	355,968	433,552
Rent revenues	6,492	7,910	8,500	8,965	9,560	10,151	10,747	13,119	13,962

In millions of yen <Trend in construction costs and depreciation expenses>



<% against total assets>

<% against rent revenue>



## 5-Year Plan for Renovation Work

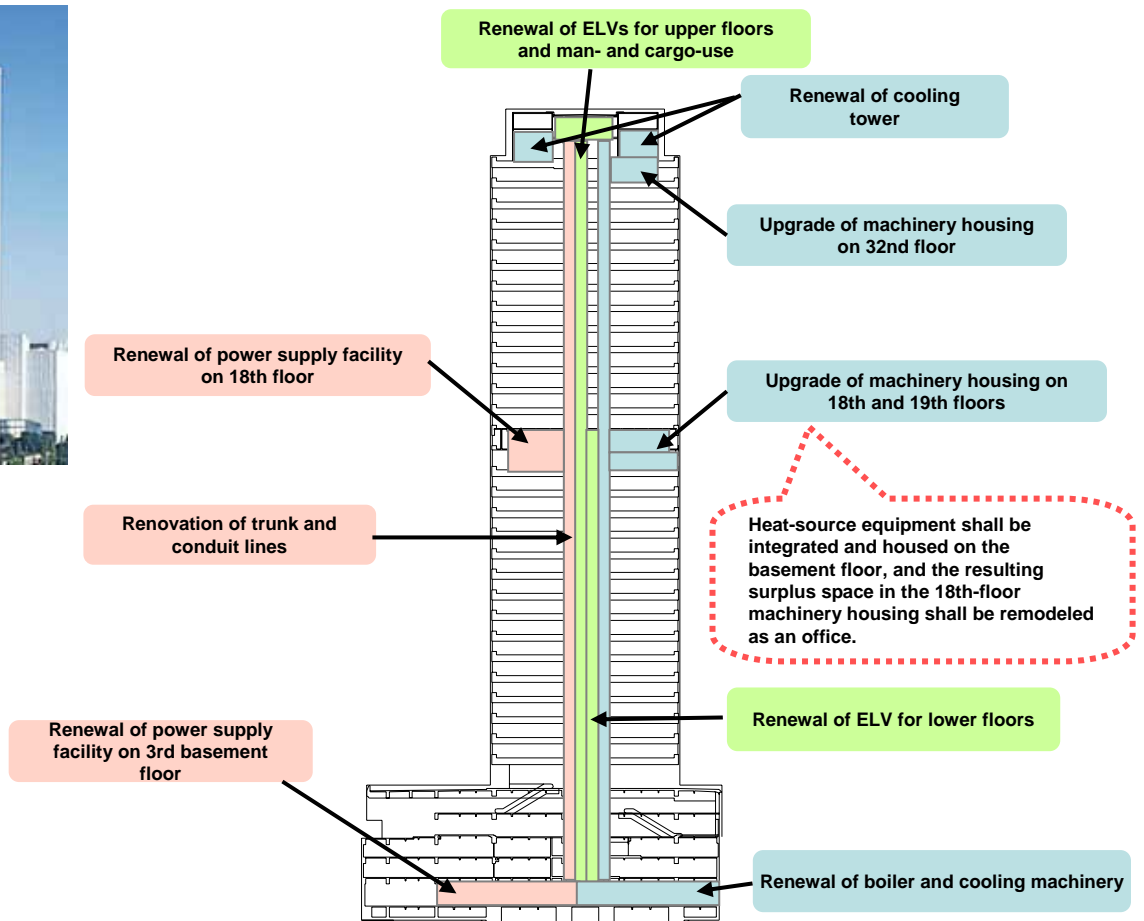
In hundreds of millions of yen

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Work capitalized for asset	17	30	21	19	31	120
Depreciation expenses	43	53	52	52	52	254

\* 52 properties, including additional acquisitions of Sanno Grand Building and Sendai Honcho Homma Building.

\* Data for FY 2005 are actual results.

## Long-Term Renovation Plan for Shibuya Cross Tower



<Work already ordered>

In millions of yen

Name	Amount (*1)	8th period Sep. 2005	9th period Mar. 2006	10th period Sep. 2006	11th period Mar. 2007	12th period Sep. 2007	13th period Mar. 2008	14th period Sep. 2008	15th period Mar. 2009	16th period Sep.-2009
[Power supply systems total]	1,323	9	13	965	0	108	32	31	0	163
Renewal of power supply facility										
Renovation of trunk and conduit lines										
Renewal of distribution board (1st-5th periods)										
[Heat-source systems total]	1,786	0	488	0	101	338	26	26	115	690
Renewal of heat-source equipment (1st-7th periods)										
[ELVs total]	835	0	13	0	761	0	0	60	0	0
Renewal of ELVs for upper and lower floors and those for man- and cargo-use										
[Total work already ordered]	3,946	9	515	965	862	447	58	119	115	853

(\*1) The amounts above include construction, design, and execution-management costs. (A portion of construction cost shall be classified as current expense.)

(\*2) Amounts in each period are those at the completion of work.

(\*3) For renovation work with payments made on time, the amounts shall be capitalized for asset as construction in progress upon each payment.

<Work being planned or not yet ordered>

In millions of yen

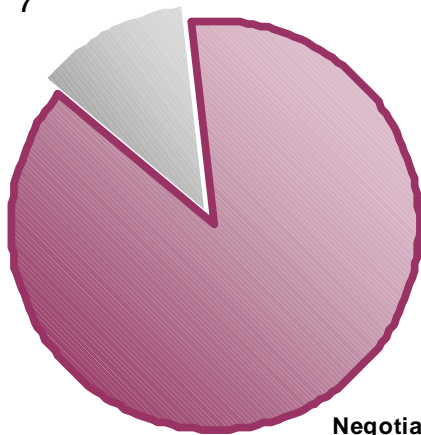
Name	Amount
Renewal of air-conditioning system, and remodeling of the machinery housing as office space (18th floor, approx. 330-462 m <sup>2</sup> space to be remodeled as an office)	1,000-1,600

# External Growth (Deal Source)

## Attributes of Sellers

Figures represent the number of transactions (consisting of 59 deals in total, including additional share acquisitions).

Tender Transactions  
7

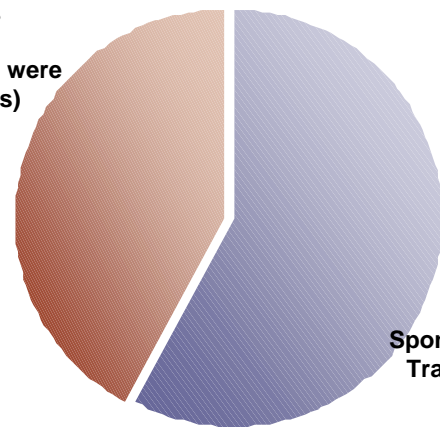


Negotiated Transactions  
52

Non-Sponsor  
-related Transactions  
22  
(of which five transactions were  
introduced by sponsors)



### <Breakdown of Negotiated Transactions>

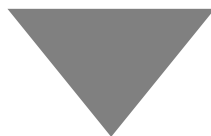


Sponsor-related Transactions  
30 Notes \*

Notes: \* Sponsor-related transactions include properties initially held by sponsors and then sold to JRE through SPC.

\* The acquisition of additional shares for Saitama Urawa and Kanazawa Park traded with sponsors and another party are included in sponsor-related transactions.

- ◆ Approximately 88% of properties (including those sold by the sponsors) were purchased through negotiated transactions.
- ◆ Only seven properties were acquired through tender transactions.



Strong relations with  
deal sources

## Investment Criteria for Property Acquisition

### Geographic Diversification

70% and over in the Tokyo metropolitan area  
Balance among major local cities, including Osaka and Nagoya

### Structure

Adaptation to revised quake-resistance standards (Earthquake Resistant Design Standard under Building Standard Law enforced in 1981) or equivalent structure/strength

### Size of Property

Equal to/more than 3,000 m<sup>2</sup> of building area

## Deal Source

### FY2004

Area	First Half of 2004							Second Half of 2004							Total	%
	Apr	May	Jun	Jul	Aug	Sep	Total	Oct	Nov	Dec	Jan	Feb	Mar	Total		
Tokyo Metropolitan	19	7	21	24	8	30	109	41	24	15	22	16	9	127	236	81.4%
Other Cities	1	2	5	6	2	9	25	10	3	8	6	0	2	29	54	18.6%
<b>Total</b>	<b>20</b>	<b>9</b>	<b>26</b>	<b>30</b>	<b>10</b>	<b>39</b>	<b>134</b>	<b>51</b>	<b>27</b>	<b>23</b>	<b>28</b>	<b>16</b>	<b>11</b>	<b>156</b>	<b>290</b>	<b>100.0%</b>

### FY2005

Area	First Half of 2005							Second Half of 2005							Total	%
	Apr	May	Jun	Jul	Aug	Sep	Total	Oct	Nov	Dec	Jan	Feb	Mar	Total		
Tokyo Metropolitan	17	16	21	19	12	26	111	26	24	13	16	20	1	100	211	72.5%
Other Cities	2	2	2	8	10	12	36	22	8	2	4	8	0	44	80	27.5%
<b>Total</b>	<b>19</b>	<b>18</b>	<b>23</b>	<b>27</b>	<b>22</b>	<b>38</b>	<b>147</b>	<b>48</b>	<b>32</b>	<b>15</b>	<b>20</b>	<b>28</b>	<b>1</b>	<b>144</b>	<b>291</b>	<b>100.0%</b>

- ◆ Among 581 properties (290 properties studied in fiscal 2004 and 291 properties studied in fiscal 2005), 5 properties valued at 44 billion yen are under due diligence process, and 3 properties out of the 5 are under negotiations for acquisition and valued at 22 billion yen.

# MEMO





## **3 . Business Forecasts**

# Income Statement Forecast

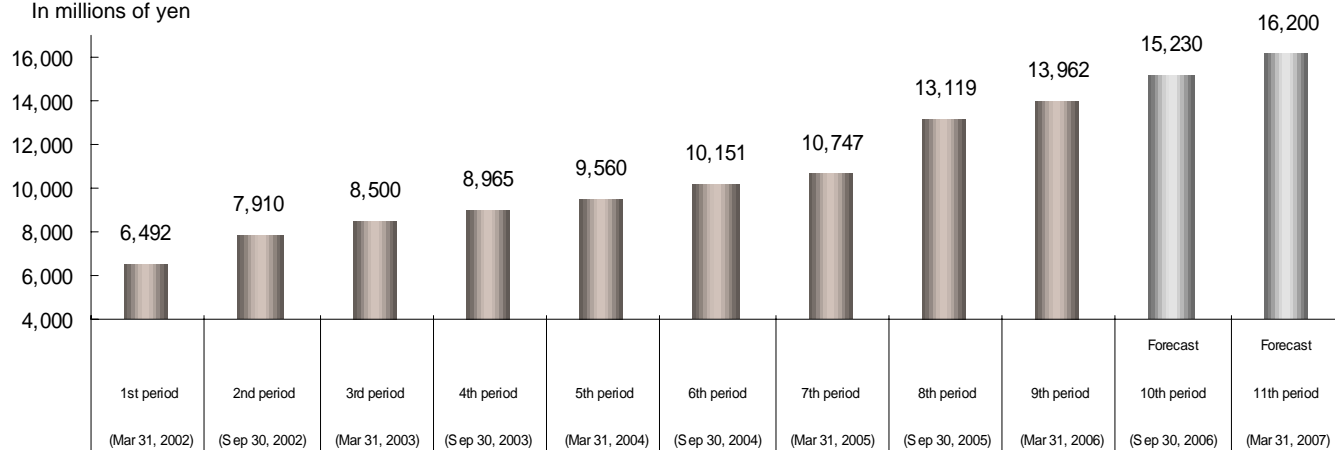


In millions of yen, except for dividend per unit

Term	7th Period Ended Mar 31, 2005	8th Period Ended Sep 30, 2005	9th Period Ended Mar 31, 2006	10th Period Ending Sep 30, 2006	11th Period Ending Mar 31, 2007
	actual	actual	actual	forecast	forecast
Number of Properties	46	50	52	52	52
Number of Days	(182 days)	(183 days)	(182 days)	(183 days)	(182 days)
Operating Revenues	10,747	13,119	13,962	15,230	16,200
Operating Expenses	3,616	4,140	4,384	4,980	-
NOI	7,131	8,978	9,578	10,250	-
Depreciation and Amortization	1,641	2,017	2,359	2,710	-
Operating Profits	5,489	6,961	7,218	7,540	-
Administrative Expenses	787	735	898	980	-
Net Operating Profits	4,701	6,226	6,319	6,560	7,350
Non-Operating Profits and Losses	580	715	732	1,070	-
(Interest Expenses)	( 563)	( 577)	( 704)	( 1,044)	-
Recurring Profits	4,121	5,510	5,586	5,490	5,990
Net Income	4,120	5,509	5,585	5,490	5,990
Dividends	4,120	5,509	5,585	5,490	5,990
Number of Units	260,400 units	345,400 units	345,400 units	345,400 units	345,400 units
Dividend per Unit	15,824 yen	15,951 yen	16,172 yen	15,890 yen	17,300 yen
Occupancy Rate	97.6%	98.6%	98.7%	97.5%	-

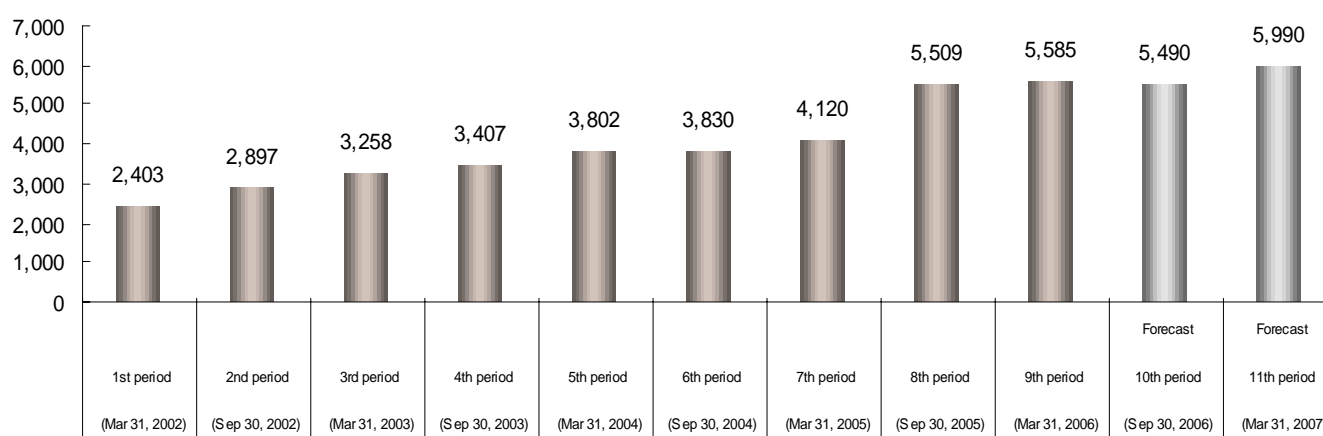
## Operating Revenues

In millions of yen



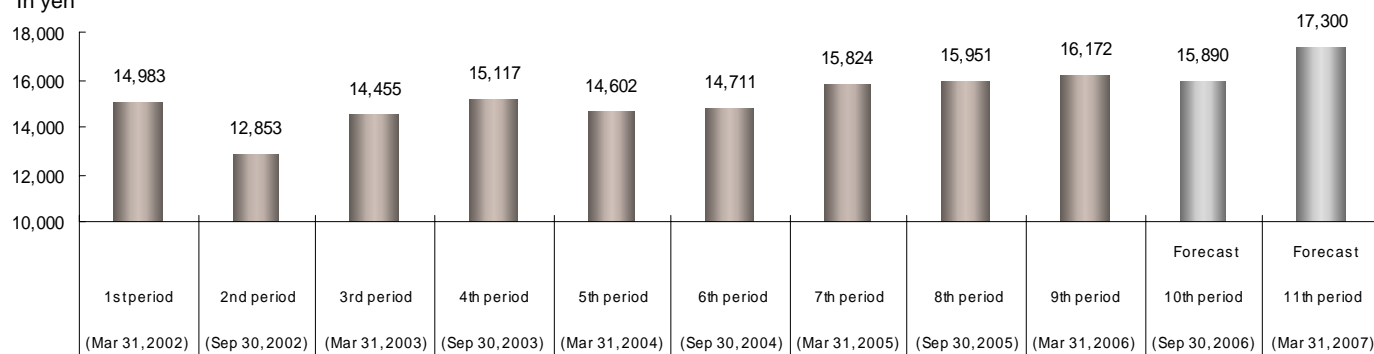
## Net Income

In millions of yen



## Dividend per Unit

In yen



\* Actual number of days in the 1st period was 203 days (about 7 months). The dividend was assumed to be 13,433 yen in 6 months.

# Balance Sheet Forecast for the 10th Period



In millions of yen

Item	10th Period-end (Sep 30, 2006)	9th Period-end (Mar 31, 2006)	Change	Reasons for Change
<b>Current Assets</b>				
Cash and entrusted cash	18,370	17,485	885	
Other current assets	1,296	1,296	0	
<b>Total Current Assets</b>	<b>19,667</b>	<b>18,782</b>	<b>885</b>	
<b>Fixed Assets</b>				
Property and equipment				
Buildings	140,597	137,926	2,671	Increased due to additional share acquisition of Sanno Grand and Sendai Honma and capital expenditure
Structures	1,537	1,537	0	
Machinery and equipment	2,219	2,219	0	
Land	292,760	283,232	9,528	Increased due to additional share acquisition of Sanno Grand and Sendai Honma
Accumulated depreciation	16,862	14,148	2,714	
<b>Total Property and equipment</b>	<b>420,251</b>	<b>410,767</b>	<b>9,484</b>	
Intangible Assets				
Leasehold rights, etc.	2,941	2,941	0	
<b>Total Intangible Assets</b>	<b>2,941</b>	<b>2,941</b>	<b>0</b>	
Investments and Others				
Investments in securities	1,004	1,004	0	
Long-term prepaid expenses, etc.	13	17	4	Amortization of long-term prepaid expenses
<b>Total Investments and Others</b>	<b>1,017</b>	<b>1,021</b>	<b>4</b>	
<b>Total Fixed Assets</b>	<b>424,209</b>	<b>414,730</b>	<b>9,479</b>	
<b>Deferred Assets</b>				
Issuance cost of investment corporation bonds	30	39	9	Amortization of deferred assets
<b>Total Deferred Assets</b>	<b>30</b>	<b>39</b>	<b>9</b>	
<b>Total Assets</b>	<b>443,905</b>	<b>433,552</b>	<b>10,353</b>	

In millions of yen

Item	10th Period-end (Sep 30, 2006)	9th Period-end (Mar 31, 2006)	Change	Reasons for Change
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Short-term borrowings	90,500	90,500	0	Decreased due to refinancing
Current portion of long-term borrowings	0	24,000	24,000	
Rent received in advance	2,608	2,608	0	
Other current liabilities	1,863	2,147	284	
<b>Total Current Liabilities</b>	<b>94,972</b>	<b>119,256</b>	<b>24,284</b>	
<b>Long-term Liabilities</b>				
Investment corporation bonds	55,000	55,000	0	Increased due to refinancing and additional share acquisition of Sanno Grand Increased due to additional share acquisition of Sanno Grand and Sendai Honma
Long-term borrowings	61,000	27,000	34,000	
Deposits from tenants	25,970	25,237	733	
Other long-term liabilities	0	0	0	
<b>Total Long-term Liabilities</b>	<b>141,970</b>	<b>107,237</b>	<b>34,733</b>	
<b>Total Liabilities</b>	<b>236,942</b>	<b>226,493</b>	<b>10,449</b>	
<b>Unitholders' Equity</b>				
Unitholders' Capital	201,472	201,472	0	
Retained earnings	5,490	5,585	95	
<b>Total Unitholders' Equity</b>	<b>206,963</b>	<b>207,058</b>	<b>95</b>	
<b>Total Liabilities and Unitholders' Equity</b>	<b>443,905</b>	<b>433,552</b>	<b>10,353</b>	

# MEMO

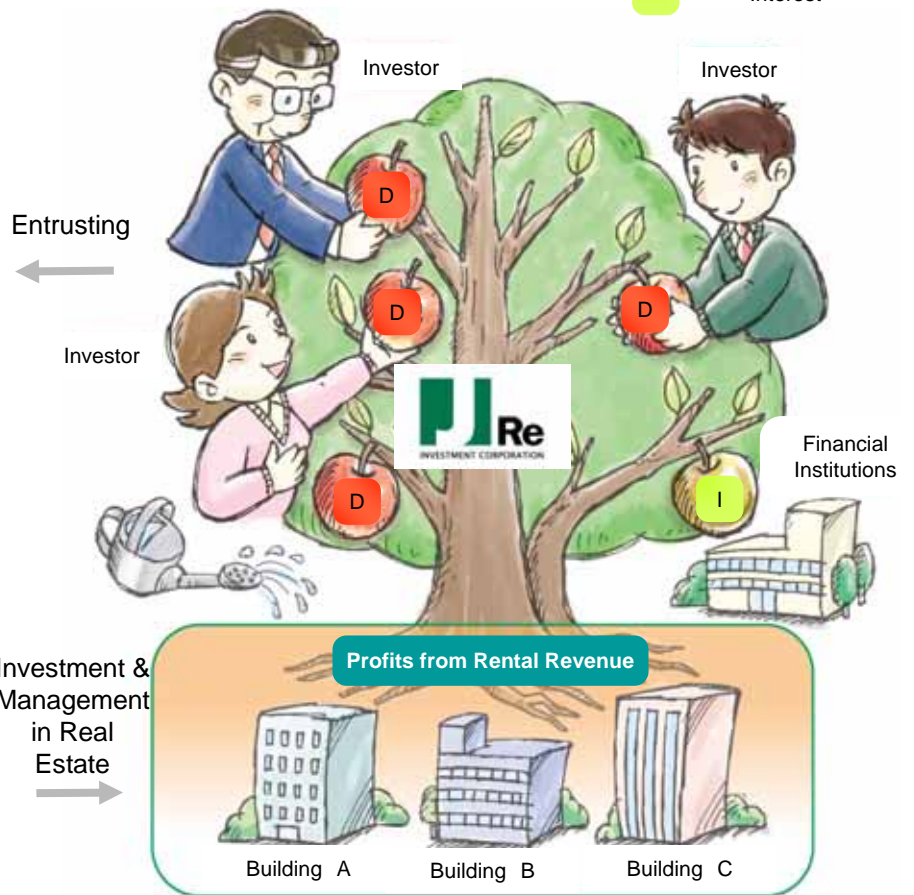
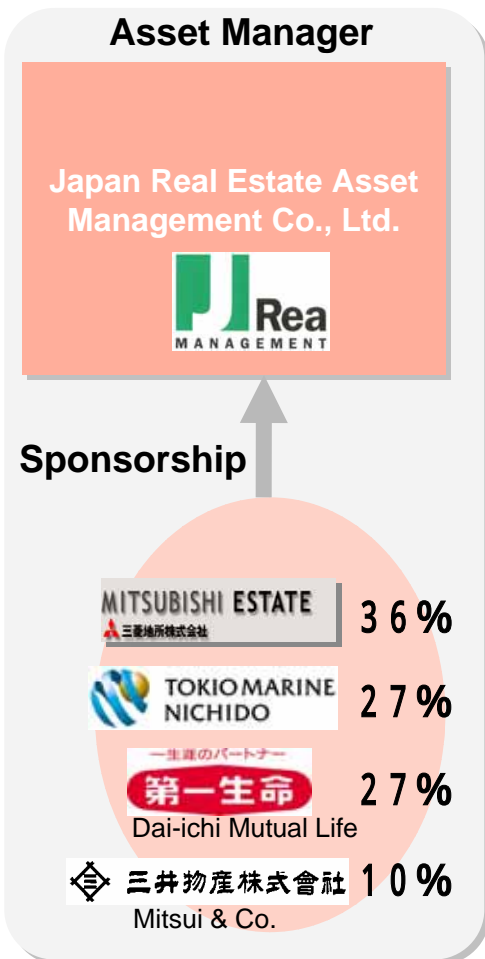


## 4 . Appendix

# Structure of JRE

## Structure

**D** ... Dividend  
**I** ... Interest



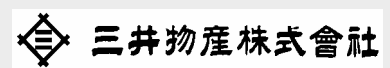
### Points

- ◆ J-Rea manages the office building portfolio.
- ◆ Expertise of Mitsubishi Estate, Tokio Marine & Nichido, Dai-ichi Mutual Life, and Mitsui & Co. is fully utilized.
- ◆ Units are listed and traded on the Tokyo Stock Exchange.
- ◆ Dividends are regarded as an expense if over 90% of the taxable income is paid out.



## The Strengths of Japan Real Estate Investment Corporation

**Collaboration with four sponsors; Mitsubishi Estate Co., Ltd.; Tokio Marine & Nichido Fire Insurance Co., Ltd.; The Dai-ichi Mutual Life Insurance Company; and Mitsui & Co., Ltd.**



**Investment Corporation focusing on office buildings**  
(52 office buildings, total amount for acquisition of properties: ¥423.7 billion as of May 25, 2006, including the properties to be acquired)

**Continuous growth in revenues and profits from IPO to the 9th Period**

**Highest issuer credit ratings in the world in REIT sector for office buildings**  
(S&P A+, Moody's A1, R&I AA)

# Structure of Fees to Asset Management Company



## Payment of Asset Management Fees to Asset Management Company

(As of March 31, 2006)

### Term fee

Each amount calculated in the following formula is based on the current cash flow (CF).

$CF = \text{Income or loss before income taxes} + (\text{Depreciation expenses and the amortization of deferred assets}) - (\text{Gain or loss on sale and valuation profit or loss of the Specified Assets})$

Furthermore, calculation of the term fee shall be based on the CF before deduction of the relevant term and incentive fees.

[Formula]\*

- For the portion of the CF that is not more than 2.5 billion yen, the amount equivalent to such portion is multiplied by 8.0%
- For the portion of the CF that is more than 2.5 billion yen but not more than 4 billion yen, the amount equivalent to such portion is multiplied by 5.0%
- For the portion of the CF that is more than 4 billion yen, the amount equivalent to such portion is multiplied by 3.0%

\* Reduction in term-fee rates was agreed upon at the unitholders' meeting held on March 28, 2003. The new rates above apply from the 4th period.

### Incentive fee

1. If (i) during the recent six (6) consecutive fiscal periods, including the relevant fiscal period, the CF per Unit for fiscal period is equal to or increases from that in the previous fiscal period, and (ii) the CF per Unit for the relevant fiscal period with respect to which the incentive fee is calculated increases from that in the previous fiscal period, the following formula applies:

[Formula]

$((CF \text{ per Unit as of the last day of the relevant fiscal period}) - (CF \text{ per Unit as of the last day of the immediately preceding fiscal period})) \times (\text{Total number of outstanding Units as of the last day of the relevant fiscal period}) \times 30.0\%$

2. If, although the requirement in (1) (i) above is not satisfied, such CF per Unit exceeds the arithmetic average of the CF per Unit during the recent six consecutive fiscal periods and the requirement in (1) (ii) above is satisfied, the following formula applies:

[Formula]

$((CF \text{ per Unit as of the last day of the relevant fiscal period}) - (\text{Arithmetic average of the CF per Unit during the recent six fiscal periods including the relevant fiscal period})) \times (\text{Total number of outstanding Units as of the last day of the relevant fiscal period}) \times 30.0\%$

CF per Unit shall be calculated by dividing the CF by the total number of outstanding Units as of the end of each fiscal period. Further, calculation of the incentive fee shall be based on the CF before deduction of any incentive fee.

### Acquisition fee

In the case of acquisition of Real Estate Assets or other Specified Assets, an amount equivalent to the purchase and sale price (excluding the consumption and local consumption taxes imposed on buildings) multiplied by a rate no higher than 1.0%

In the case of acquisition from any of the shareholders of the Asset Management Company and their consolidated affiliates, an amount equivalent to the purchase price multiplied by 0.25%.

### Transfer fee

In the case of transfer of Real Estate Assets or other Specified Assets, an amount equivalent to the purchase and sale price multiplied by a rate no higher than 0.5%.

## Asset Management Fees Paid to the Asset Management Company (as of March 31, 2006)

In millions of yen

	1st period	2nd period	3rd period	4th period	5th period	6th period	7th period	8th period	9th period
Term fee	389	382	408	312	325	330	342	392	410
Incentive fee	0	0	24	80	0	32	134	0	160
Acquisition fee*	649	88	185	90	192	213	464	180	475
Transfer fee	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>1,038</b>	<b>470</b>	<b>617</b>	<b>484</b>	<b>518</b>	<b>576</b>	<b>941</b>	<b>573</b>	<b>1,046</b>
Total assets	161,809	185,397	200,022	209,581	244,523	257,372	322,358	355,968	433,552
Amount of acquisition price during the period	144,697	19,580	19,265	9,065	25,830	21,390	50,683	36,050	86,205
Amount of sellout price during the period	0	0	0	0	0	0	0	0	0
Term fee/Total assets	0.24%	0.21%	0.20%	0.15%	0.13%	0.13%	0.11%	0.11%	0.09%
Incentive fee/Total assets	-	-	0.01%	0.04%	-	0.01%	0.04%	-	0.04%
Acquisition fee/Amount of acquisition price during the period	0.45%	0.45%	0.96%	1.00%	0.75%	1.00%	0.92%	0.50%	0.55%
Transfer fee/Amount of sellout price during the period	-	-	-	-	-	-	-	-	-
<b>Total/Total assets</b>	<b>0.64%</b>	<b>0.25%</b>	<b>0.31%</b>	<b>0.23%</b>	<b>0.21%</b>	<b>0.22%</b>	<b>0.29%</b>	<b>0.16%</b>	<b>0.24%</b>

\* The acquisition fee is included in the historical cost of acquired properties and recorded as an asset. Therefore, the acquisition fee is not included in the asset management fees on the current income statement.

**MEMO**

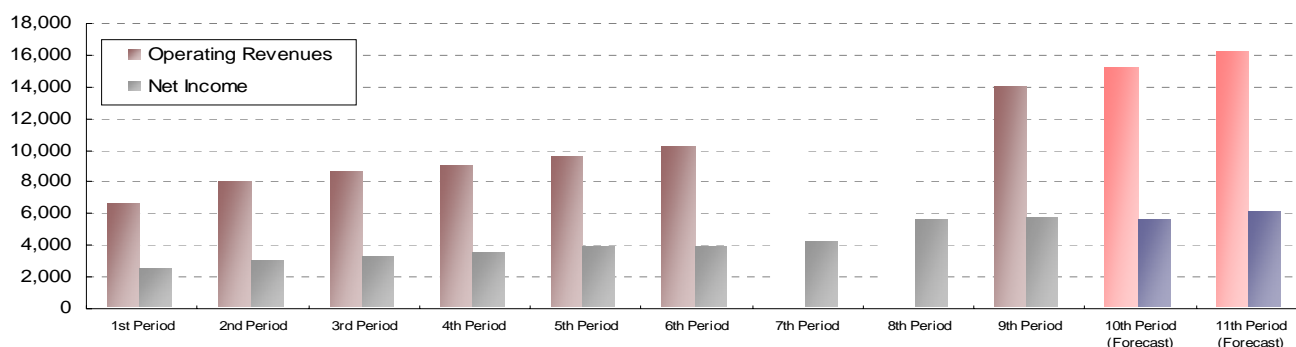
# Achievement after IPO and Forecast



## Achievement after IPO and Forecast

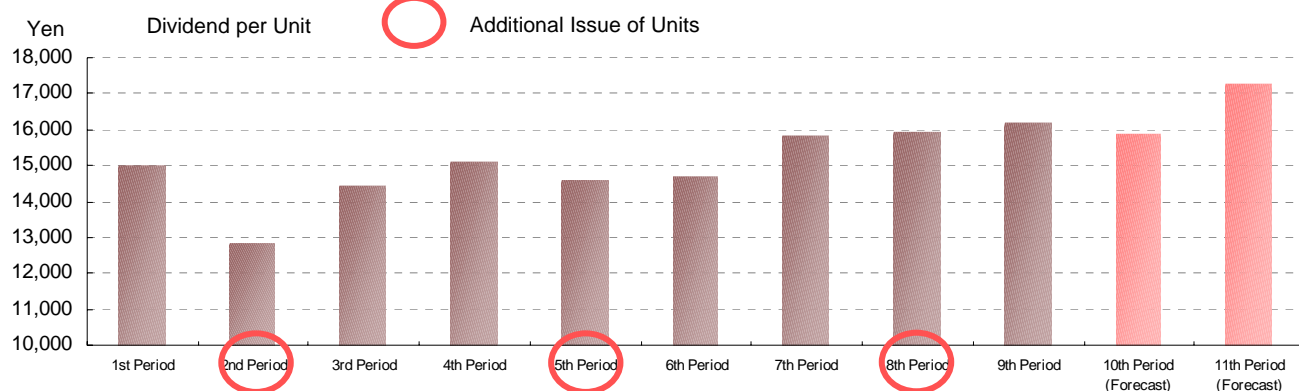
	1st Period Mar 31, 2002 May 2001-Mar 2002	2nd Period Sep 30, 2002 Apr 2002-Sep 2002	3rd Period Mar 31, 2003 Oct 2002-Mar 2003	4th Period Sep 30, 2003 Apr 2003-Sep 2003	5th Period Mar 31, 2004 Oct 2003-Mar 2004
<b>Operating Revenues</b> (prior 6 month period)	6,492	7,910 (+21.8%)	8,500 (+7.5%)	8,965 (+5.5%)	9,560 (+6.6%)
<b>Operating Profits</b> (prior 6 month period)	2,961	3,386 (+14.4%)	3,687 (+8.9%)	3,898 (+5.7%)	4,341 (+11.4%)
<b>Recurring Profits</b> (prior 6 month period)	2,405	2,898 (+20.5%)	3,259 (+12.5%)	3,408 (+4.6%)	3,803 (+11.6%)
<b>Net Income</b> (prior 6 month period)	2,403	2,897 (+20.5%)	3,258 (+12.5%)	3,407 (+4.6%)	3,802 (+11.6%)
<b>Total Assets</b>	161,809	185,397	200,022	209,581	244,523
<b>Total Liabilities</b>	78,146	70,347	84,611	94,021	107,272
<b>Total Unitholders' Equity</b>	83,663	115,049	115,410	115,559	137,250
<b>Unitholders' Equity per Unit</b>	521,591 yen	510,424 yen	512,026 yen	512,688 yen	527,077 yen
<b>LTV</b>	39.6%	29.1%	33.4%	36.3%	35.6%
<b>Unit Price (period-end)</b>	530,000 yen	511,000 yen	592,000 yen	648,000 yen	830,000 yen
<b>Market Capitalization</b>	85,012	115,179	133,436	146,059	216,132
<b>Units Outstanding</b>	160,400 units	225,400 units	225,400 units	225,400 units	260,400 units
<b>Dividend per Unit</b>	14,983 yen	12,853 yen	14,455 yen	15,117 yen	14,602 yen
<b>Number of Properties</b>	24	27	30	32	36
<b>Total Acquisition Price of Properties</b>	144,697	164,277	183,542	192,607	218,437
<b>Leasable Area</b>	201,884㎡	215,928㎡	236,693㎡	246,062㎡	273,157㎡
<b>Occupancy Rate</b>	94.0%	95.3%	94.4%	95.1%	94.8%
<b>Number of Newly Issued Units</b>	-	65,000 units	-	-	35,000 units
<b>Issue Price</b>	-	490,980 yen	-	-	629,000 yen
<b>Aggregate Amount of Issue Price</b>	-	31,913	-	-	22,015
<b>Issue Value</b>	-	475,268 yen	-	-	608,456 yen
<b>Aggregate Amount of Issue Value</b>	-	30,892	-	-	21,295
<b>Payment Date</b>	-	2002/5/7	-	-	2003/10/24

In millions of yen



In millions of yen

6th Period Sep 30, 2004 Apr 2004-Sep 2004	7th Period Mar 31, 2005 Oct 2004-Mar 2005	8th Period Sep 30, 2005 Apr 2005-Sep 2005	9th Period Mar 31, 2006 Oct 2005-Mar 2006	10th Period Sep 30, 2006 Apr 2006-Sep 2006 (Forecast)	11th Period Mar 31, 2007 Oct 2006-Mar 2007 (Forecast)
10,151 (+6.2%)	10,747 (+5.9%)	13,119 (+22.1%)	13,962 (+6.4%)	15,230	16,200
4,358 (+0.4%)	4,701 (+7.9%)	6,226 (+32.4%)	6,319 (+1.5%)	6,560	7,350
3,831 (+0.7%)	4,121 (+7.6%)	5,510 (+33.7%)	5,586 (+1.4%)	5,490	5,990
3,830 (+0.7%)	4,120 (+7.6%)	5,509 (+33.7%)	5,585 (+1.4%)	5,490	5,990
257,372	322,358	355,968	433,552	-	-
120,093	184,789	148,985	226,493	-	-
137,279	137,569	206,982	207,058	-	-
527,185 yen	528,299 yen	599,254 yen	599,475 yen	-	-
38.5%	49.3%	34.3%	45.3%	-	-
875,000 yen	875,000 yen	915,000 yen	1,020,000 yen	-	-
227,850	227,850	316,041	352,308	-	-
260,400 units	260,400 units	345,400 units	345,400 units	345,400 units	345,400 units
14,711 yen	15,824 yen	15,951 yen	16,172 yen	15,890 yen	17,300 yen
39	46	50	52	52	52
239,827	290,510	326,560	412,766	423,716	423,716
293,105m <sup>2</sup>	336,026m <sup>2</sup>	364,610m <sup>2</sup>	400,090m <sup>2</sup>	410,871m <sup>2</sup>	410,871m <sup>2</sup>
93.6%	97.6%	98.6%	98.7%	97.5%	-
-	-	85,000 units	-	-	-
-	-	826,000 yen	-	-	-
-	-	70,210	-	-	-
-	-	800,288 yen	-	-	-
-	-	68,024	-	-	-
-	-	2005/4/26	-	-	-



# History Following IPO



## JRE's Events By Year

### 1st Period (Term Ending March 31, 2002)

September 2001

Listed units on TSE for the first time among J-REITs with the aggregate issue value of 84 billion yen.

October 2001

Announced the acquisition of "Shibuya Cross Tower" (Acquisition price: 34.6 billion yen).

Achieved total amount of acquisition prices of 100 billion

Feb / Mar 2002

Acquired credit rating of A+ from S&P and A2 from Moody's for the first time among J-REITs.

### 2nd Period (Term Ending September 30, 2002)

May 2002

Made additional public offering of units (#1) for the first time among J-REITs with the aggregate issue value of 31.9 billion yen.

June 2002

Issued Investment Corporation Bond for the first time among J-REITs.

### 3rd Period (Term Ending March 31, 2003)

March 2003

Held the 2nd General Unitholders' Meeting as the 1st one after IPO.

### 4th Period (Term Ending September 30, 2003)

June 2003

Selected as a constituent member of the MSCI Index for the first time among J-REITs.

### 5th Period (Term Ending March 31, 2004)

Achieved total amount of acquisition prices of 200 billion

October 2003

Made additional public offering of units (#2) with the aggregate issue price of 22 billion yen.

\* The total amount of acquisition prices is as of the acquisition date.

### 6th Period (Term Ending September 30, 2004)

**July 2004** Commitment line was established.

### 7th Period (Term Ending March 31, 2005)

**November 2004** Moody's Investors Service upgraded the rating of JRE from A2 to A1 as the first upgrading among J-REITs.

**December 2004** Acquired an AA credit rating from R&I.

**March 2005** JRE acquired preferred capital contribution certificates as the first among J-REITs.

### 8th Period (Term Ending September 30, 2005)

Accomplished the target total amount of acquisition prices of "300 billion yen," one year ahead of schedule

**April 2005** Made additional public offering of units (#3) with the aggregate issue price of 70.2 billion yen.

**May 2005** Held the 3rd General Unitholders' Meeting as the 2nd one after IPO.

**August 2005** Announced the planned acquisition of "Kitanomaru Square" with the acquisition price of 81.5 billion yen, the largest investment in J-REIT history.

**September 2005** Issued Investment Corporation Bond with redemption period of 20 years, the longest life of bonds issued by J-REITs in history.

### 9th Period (Term Ending March 31, 2006)

Achieved total amount of acquisition prices of 400 billion

**March 2006** Recorded increase in revenues and profits successively for the past nine periods.

# Superiority of Portfolio

## Floor Size by Property and PM Companies

Tsubo per floor (Standard floor)	Area						Total Number Total acquisition price (¥mm) (%)
	Tokyo 23 Wards		Tokyo Metropolitan Area (excl. 23 wards)	Other Cities			
	3 Central Wards	Other Area		Osaka/Kyoto/Kobe	Nagoya	Other	
450 -	Nibancho Garden (1,117)					Kanazawa Park (625) Lit City (550)	6 125,035 (30.3%)
	Sanno Grand (666)	Tokyo Opera City (653)					
	Kitanomaru Square (568)						
300 - 450	Mitsubishi Soken (442)	Harmony Tower (413)		Midosuji Daiwa (341)	Nagoya Hirokoji (333)	NHK Hiroshima (301)	10 119,993 (29.1%)
	Yurakucho Denki (398)	Ebisu Neonato (373)					
	Shiba 2Chome Daimon (352)	Shibuya Cross Tower (313)	Hachioji First (335)				
200 - 300	Kandabashi Park (212)	Nippon Brunswick (286)		Sakaisuji honmachi (284)		Hinode Tenjin (252)	12 60,145 (14.6%)
		Otsuka Higashi-Ikebukuro (273)		Kyoto Shijo Kawaramachi (223)			
		Ikebukuro YS (251)	Shin-Yokohama First (224)				
		Yoyogi 1Chome (230)					
		Shinwa (227)					
		Omori-Eki Higashiguchi (218)					
		Higashi-Gotanda 1Chome (201)					
150 - 200	Ginza Sanwa (198)	JAL Sales (195)	Kawasaki Isago (197)			Jozenji Park (191)	14 58,241 (14.1%)
	MD Kanda (198)		Saitama Urawa (189)			Sendai Honcho Honma (179)	
	Genki Medical Plaza (183)					Niigata Ishizuecho (177)	
	Burex Kyobashi (176)					Tosei Tenjin (167)	
	Cosmo Kanasugibashi (160)				Nagoya Misono (157)		
	Kodenmacho Shin-Nihonbashi (150)						
100 - 150	Burex Kojimachi (132)	Jingumae (146)		Kobe Itomachi (111)		Kanazawa Minamicho (135)	9 47,623 (11.5%)
	Aoyama Crystal (117)	da Vinci Harajuku (117)				Tenjin Crystal (112)	
	Ryoshin Ginza East Mirror (114)	Takanawadai (103)					
- 100		Ikebukuro 2Chome (74)					1 1,728 (0.4%)
Total Number	16	16	4	4	2	10	52
Total acquisition price (¥mm) (%)	213,206 (51.7%)	121,327 (29.4%)	12,249 (3.0%)	22,564 (5.5%)	16,398 (4.0%)	27,022 (6.5%)	412,766 100.0%
Number of PM Companies	8	6	2	2	2	5	12

- JRE constructs a well-balanced investment portfolio (small, medium and large properties) in Tokyo 23 Wards area.
- In case of local cities, JRE makes diversified investments in mainly medium and large sized properties (150 – 450 tsubo per floor) .
- JRE keeps property management agreements with several firms in each area with a view to assure fair competition among property companies and accumulate know-how through them.



## Building Age and Walking Time from the Nearest Station

Time Building Age	Area								Total Number Total acquisition price (¥mm) (%)
	Tokyo 23 Wards				Other Area				
	- 1 min. walk	1 - 5 min.	5 - 10 min.	10 min. -	- 1 min. walk	1 - 5 min.	5 - 10 min.	10 min. -	
- 10 years	Kitanomaru Square Burex Kojimachi MD Kanda Harmony Tower Tokyo Opera City	Higashi-Gotanda 1Chome Nibancho Garden Yoyogi 1Chome Burex Kyobashi Ryostin Ginza East Minor Jingumae			Hachioji First Lit City				13 175,579 (42.5%)
10 - 20 years	Ebisu Neonato Kodenmachi Shin-Nihonbashi  Takanawadai Omori-Eki Higashiguchi	Kandabashi Park Otsuka Higashi Ikebukuro  Shinwa da Vinci Harajuku	Coemo Kanasugibashi JAL Sales Ikebukuro 2Choomae Ikebukuro YS		N H K Hiroshima Sakaisujihonmachi Sendai Honcho Honma Midosuji Daiwa	Tenjin Crystal Jozenji Park Kanazawa Park Nagoya Misono Kawasaki Isago Saitama Urawa Hinode Tenjin Nagoya Hirokoji	Tosei Tenjin Kobe Itomachi	Shin-Yokohama First Kanazawa Minamicho	28 113,221 (27.4%)
20 - 30 years	Genki Medical Plaza Ginza Sanwa	Shiba 2chome Daimon Aoyama Crystal Shibuya Cross Tower				Kyoto Shijo Kawaramachi		Niigata Ishizuecho	7 72,629 (17.6%)
30 years -	Yurakucho Denki Mitsubishi Soken Sanno Grand	Nippon Brunswick							4 51,337 (12.4%)
Total Number	14	12	6	0	6	9	2	3	52 412,766 100.0%

  shows properties conveniently located where plural lines are available.

- Properties of 10 years or less account for approx. 43% of the total properties (on an acquisition price basis).
- 93% of the total properties are located within a five-minute walk from the nearest station (on an acquisition basis).

# Summary of Appraisal Values at the End of Period



In millions of yen

Name	Summary															
	8th Period				9th Period				Change							
	Appraisal Value	DC		D C F		Appraisal Value	DC		D C F		Appraisal Value	Change	DC		D C F	
		Cap Rate	Discount Rate	Terminal Cap Rate	Cap Rate		Discount Rate	Terminal Cap Rate	Cap Rate	C F			Discount Rate	Terminal Cap Rate		
Genki Medical Plaza	6,200	5.30%	4.70%	5.70%	6,210	5.30%	4.70%	5.70%	10	0.2%	0.00%		0.00%	0.00%		
MD Kanda Building	8,460	4.90%	4.70%	5.00%	9,080	4.80%	4.60%	4.90%	620	7.3%	-0.10%		-0.10%	-0.10%		
Kandabashi Park Building	4,920	5.10%	5.00%	5.30%	5,010	5.00%	4.90%	5.20%	90	1.8%	-0.10%		-0.10%	-0.10%		
Mitsubishi Soken Building	30,400	4.80%	4.50%	4.90%	31,000	4.70%	4.50%	4.80%	600	2.0%	-0.10%		0.00%	-0.10%		
Nibancho Garden	15,100	4.50%	4.10%	4.70%	15,800	4.40%	4.10%	4.60%	700	4.6%	-0.10%		0.00%	-0.10%		
Burex Kojimachi Building	6,880	4.20%	4.20%	4.80%	6,880	4.20%	4.20%	4.80%	0	0.0%	0.00%		0.00%	0.00%		
Sanno Grand Building	10,900	4.90%	4.70%	5.00%	11,400	4.80%	4.60%	4.90%	500	4.6%	-0.10%		-0.10%	-0.10%		
Yurakucho Denki Building	7,230	4.60%	4.50%	4.80%	7,350	4.60%	4.50%	4.80%	120	1.7%	0.00%		0.00%	0.00%		
Kodenmachi Shin-Nihonbashi Building	3,320	5.20%	5.10%	5.40%	3,400	5.10%	5.00%	5.30%	80	2.4%	-0.10%		-0.10%	-0.10%		
Burex Kyobashi Building	5,940	4.60%	4.60%	5.20%	6,060	4.50%	4.50%	5.10%	120	2.0%	-0.10%		-0.10%	-0.10%		
Ginza Sanwa Building	16,900	4.10%	4.20%	4.20%	17,300	4.00%	4.10%	4.10%	400	2.4%	-0.10%		-0.10%	-0.10%		
Ryoshin Ginza East Mirror Building	4,540	4.60%	4.50%	4.80%	4,650	4.50%	4.40%	4.70%	110	2.4%	-0.10%		-0.10%	-0.10%		
Aoyama Crystal Building	7,920	4.60%	4.50%	4.80%	8,290	4.50%	4.40%	4.70%	370	4.7%	-0.10%		-0.10%	-0.10%		
Shiba 2Chome Daimon Building	5,900	5.20%	5.10%	5.40%	6,650	5.10%	5.00%	5.30%	750	12.7%	-0.10%		-0.10%	-0.10%		
Cosmo Kanasugibashi Building	3,110	5.20%	5.10%	5.40%	3,360	5.10%	5.00%	5.30%	250	8.0%	-0.10%		-0.10%	-0.10%		
Shinwa Building	7,830	4.80%	4.70%	5.00%	8,180	4.70%	4.60%	4.90%	350	4.5%	-0.10%		-0.10%	-0.10%		
Tokyo Opera City Building	9,350	4.70%	4.60%	4.90%	10,400	4.70%	4.60%	4.90%	1,050	11.2%	0.00%		0.00%	0.00%		
Takanawadai Building	2,590	5.30%	5.00%	5.40%	2,650	5.20%	4.90%	5.30%	60	2.3%	-0.10%		-0.10%	-0.10%		
Higashi-Gotanda 1Chome Building	6,130	4.90%	4.70%	5.00%	6,520	4.80%	4.60%	4.90%	390	6.4%	-0.10%		-0.10%	-0.10%		
JAL Sales Building	1,480	6.10%	5.90%	6.20%	1,490	6.00%	5.80%	6.10%	10	0.7%	-0.10%		-0.10%	-0.10%		
Omori-Eki Higashiguchi Building	5,390	5.40%	5.30%	5.60%	5,390	5.40%	5.30%	5.60%	0	0.0%	0.00%		0.00%	0.00%		
Nippon Brunswick Building	7,570	5.20%	4.90%	5.40%	7,910	5.00%	4.80%	5.20%	340	4.5%	-0.20%		-0.10%	-0.20%		
Yoyogi 1Chome Building	9,300	5.30%	5.10%	5.50%	9,620	5.10%	4.90%	5.30%	320	3.4%	-0.20%		-0.20%	-0.20%		
da Vinci Harajuku	5,660	4.90%	4.80%	5.10%	5,900	4.80%	4.70%	5.00%	240	4.2%	-0.10%		-0.10%	-0.10%		
Jingumae Media Square Building	13,480	4.87%	4.65%	4.95%	14,090	4.60%	4.50%	4.80%	610	4.5%	-0.27%		-0.15%	-0.15%		
Shibuya Cross Tower	38,100	4.70%	4.60%	4.90%	41,600	4.60%	4.50%	4.80%	3,500	9.2%	-0.10%		-0.10%	-0.10%		
Ebisu Neonato	4,450	4.95%	4.70%	5.00%	5,000	4.70%	4.60%	4.90%	550	12.4%	-0.25%		-0.10%	-0.10%		
Harmony Tower	9,100	4.90%	4.80%	5.10%	10,400	4.90%	4.80%	5.10%	1,300	14.3%	0.00%		0.00%	0.00%		
Otsuka Higashi-Ikebukuro Building	3,410	5.60%	5.50%	5.80%	3,410	5.60%	5.50%	5.80%	0	0.0%	0.00%		0.00%	0.00%		
Ikebukuro 2Chome Building	1,450	5.40%	5.30%	5.60%	1,510	5.30%	5.20%	5.50%	60	4.1%	-0.10%		-0.10%	-0.10%		
Ikebukuro YS Building	4,580	5.10%	5.00%	5.30%	5,010	5.00%	4.90%	5.20%	430	9.4%	-0.10%		-0.10%	-0.10%		
Hachioji First Square	3,300	5.70%	5.60%	5.90%	3,300	5.70%	5.60%	5.90%	0	0.0%	0.00%		0.00%	0.00%		
Saitama Urawa Building	2,360	5.70%	5.60%	5.90%	2,420	5.60%	5.50%	5.80%	60	2.5%	-0.10%		-0.10%	-0.10%		
Shin-Yokohama First Building	1,640	6.50%	6.40%	6.70%	1,640	6.40%	6.30%	6.60%	0	0.0%	-0.10%		-0.10%	-0.10%		
Kawasaki Isago Building	3,210	5.60%	5.50%	5.80%	3,290	5.50%	5.40%	5.70%	80	2.5%	-0.10%		-0.10%	-0.10%		
Jozenji Park Building	1,040	6.20%	6.10%	6.40%	1,060	6.00%	5.90%	6.20%	20	1.9%	-0.20%		-0.20%	-0.20%		
Sendai Honcho Honma Building	3,030	6.00%	5.90%	6.20%	3,150	5.80%	5.70%	6.00%	120	4.0%	-0.20%		-0.20%	-0.20%		
Niigata Ishizuecho Nishi-Bandaibashi Building	729	7.50%	7.40%	7.70%	729	7.30%	7.20%	7.50%	0	0.0%	-0.20%		-0.20%	-0.20%		
Kanazawa Park Building	5,420	7.30%	7.20%	7.50%	5,480	7.00%	6.90%	7.20%	60	1.1%	-0.30%		-0.30%	-0.30%		
Kanazawa Minamicho Building	985	7.30%	7.20%	7.50%	985	7.20%	7.10%	7.40%	0	0.0%	-0.10%		-0.10%	-0.10%		
Nagoya Hirokoji Building	15,300	5.50%	5.40%	5.70%	15,900	5.40%	5.30%	5.60%	600	3.9%	-0.10%		-0.10%	-0.10%		
Nagoya Misono Building	1,860	6.30%	6.20%	6.50%	1,890	6.20%	6.10%	6.40%	30	1.6%	-0.10%		-0.10%	-0.10%		
Kyoto Shijo Kawaramachi Building	2,020	6.30%	6.20%	6.50%	2,090	6.20%	6.10%	6.40%	70	3.5%	-0.10%		-0.10%	-0.10%		
Sakaisujihonmachi Building	4,230	6.00%	5.90%	6.20%	4,400	5.80%	5.70%	6.00%	170	4.0%	-0.20%		-0.20%	-0.20%		
Midosuji Daiwa Building	14,100	5.60%	5.50%	5.80%	14,600	5.40%	5.30%	5.60%	500	3.5%	-0.20%		-0.20%	-0.20%		
Kobe Itomachi Building	945	6.90%	6.80%	7.10%	945	6.90%	6.80%	7.10%	0	0.0%	0.00%		0.00%	0.00%		
NHK Hiroshima Broadcasting Center Building	1,480	6.40%	6.30%	6.60%	1,490	6.30%	6.20%	6.50%	10	0.7%	-0.10%		-0.10%	-0.10%		
Tosei Tenjin Building	1,340	6.40%	6.30%	6.60%	1,360	6.30%	6.20%	6.50%	20	1.5%	-0.10%		-0.10%	-0.10%		
Tenjin Crystal Building	4,970	5.70%	5.60%	5.90%	4,970	5.70%	5.60%	5.90%	0	0.0%	0.00%		0.00%	0.00%		
Hinode Tenjin Building	3,480	5.70%	5.60%	5.90%	3,490	5.70%	5.60%	5.90%	10	0.3%	0.00%		0.00%	0.00%		
Subtotal	339,029				354,709				15,680	4.6%						
Lit City Building					4,890	6.40%	6.30%	6.60%								
Kitanomaru Square					80,200	4.10%	4.00%	4.30%								
Subtotal					85,090											
Total					439,799											

: Annual cash flow increased by 1 million yen or more (23 cases)

: Annual cash flow decreased by 1 million yen or more (8 cases)

# PML Values

Area	Name	Completion Date	PML Value	
Tokyo Metropolitan Area	Genki Medical Plaza	1985/09	12.57%	
	Kitanomaru Square	2006/01	2.60%	
	MD Kanda Building	1998/02	14.81%	
	Tokyo 23 Wards	Kandabashi Park Building	1993/07	7.40%
		Mitsubishi Soken Building	1970/07	8.98%
		Nibancho Garden	2004/04	3.04%
		Burex Kojimachi	2005/01	5.95%
		Sanno Grand Building	1966/09	5.69%
		Yurakucho Denki Building	1975/09	8.39%
		Kodenmachi Shin-Nihonbashi Building	1991/11	10.49%
		Burex Kyobashi Building	2002/02	8.31%
		Ginza Sanwa Building	1982/10	10.72%
		Ryoshin Ginza East Mirror Building	1998/10	9.22%
		Aoyama Crystal Building	1982/12	10.41%
		Shiba 2Chome Daimon Building	1984/03	9.95%
		Cosmo Kanasugibashi Building	1992/03	10.80%
		Shinwa Building	1989/11	10.17%
		Tokyo Opera City Building	1996/07	3.62%
		Takanawadai Building	1991/01	4.11%
		Higashi-Gotanda 1Chome Building	2004/07	14.96%
		JAL Sales Building	1991/09	8.27%
		Omori-Eki Higashiguchi Building	1989/07	15.28%
		Nippon Brunswick Building	1974/03	13.44%
		Yoyogi 1Chome Building	2003/10	7.19%
		da Vinci Harajuku	1987/12	12.20%
		Jingumae Media Square Building	1998/03	6.59%
	Shibuya Cross Tower	1976/04	3.71%	
	Ebisu Neonato	1994/10	8.90%	
	Harmony Tower	1997/03	4.43%	
	Otsuka Higashi-Ikebukuro Building	1987/11	3.52%	
	Ikebukuro 2Chome Building	1990/05	16.23%	
	Ikebukuro YS Building	1989/12	6.29%	
	Excluding Tokyo 23 Wards	Hachioji First Square	1996/07	8.00%
Saitama Urawa Building		1990/03	5.77%	
Shin-Yokohama First Building		1992/04	11.68%	
Other Major Cities	Kawasaki Isago Building	1990/12	19.00%	
	Jozenji Park Building	1993/01	3.18%	
	Sendai Honcho Honma Building	1991/11	1.93%	
	Niigata Ishizuecho Nishi-Bandaibashi Building	1984/11	9.65%	
	Kanazawa Park Building	1991/10	13.39%	
	Kanazawa Minamicho Building	1987/03	10.22%	
	Nagoya Hirokoji Building	1987/05	8.10%	
	Nagoya Misono Building	1991/09	7.91%	
	Kyoto Shijo Kawaramachi Building	1982/11	15.41%	
	Sakaisujihonmachi Building	1992/10	5.24%	
	Midotsuji Daiwa Building	1991/09	18.24%	
	Kobe Itomachi Building	1989/09	8.62%	
	Lit City Building	2005/06	0.35%	
	NHK Hiroshima Broadcasting Center Building	1994/08	1.55%	
	Tosei Tenjin Building	1992/03	0.19%	
	Tenjin Crystal Building	1993/09	0.14%	
	Hinode Tenjin Building	1987/08	0.32%	

\* The PML value for the Ginza Sanwa Building decreased from 15.08% to 10.72% due to the antiseismic reinforcement work carried out from October 2005 to March 2006.

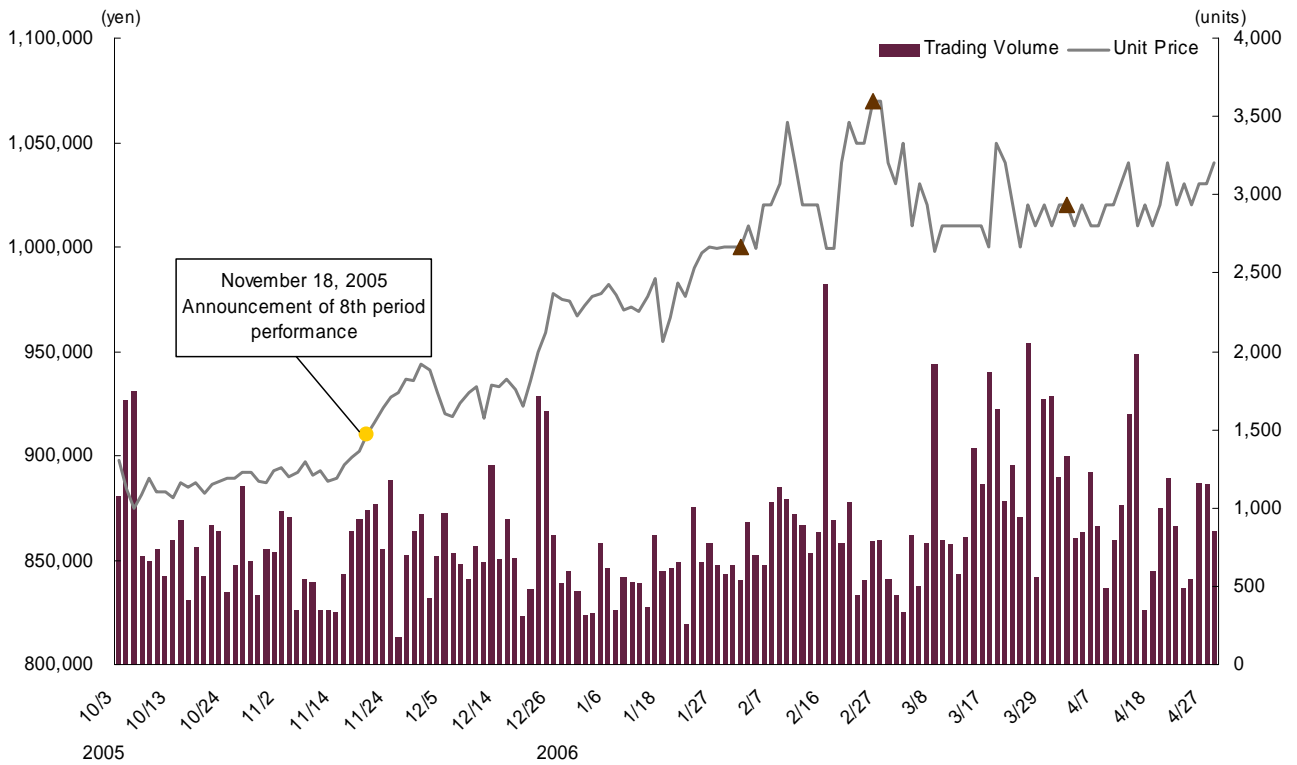
## \*PML (Probable Maximum Loss) Value: Percentage of Probable Maximum Loss due to Earthquake

The percentage of the expense in restoring an earthquake-struck building to pre-earthquake condition to the total replacement value (i.e., total expense incurred by an earthquake divided by replacement value of a building), when assuming a catastrophic earthquake that is likely to occur with a 10% probability over a span of 50 years (a 10% probability of an earthquake occurring in 50 years can be translated into one occurring once in 475 years, which means an earthquake with a recurrence span of 475 years or one that might occur once in 475 years).

# Unit Price Performance (the 9th Period)



As of April 28, 2006



\* Unit prices are based on daily closing prices.

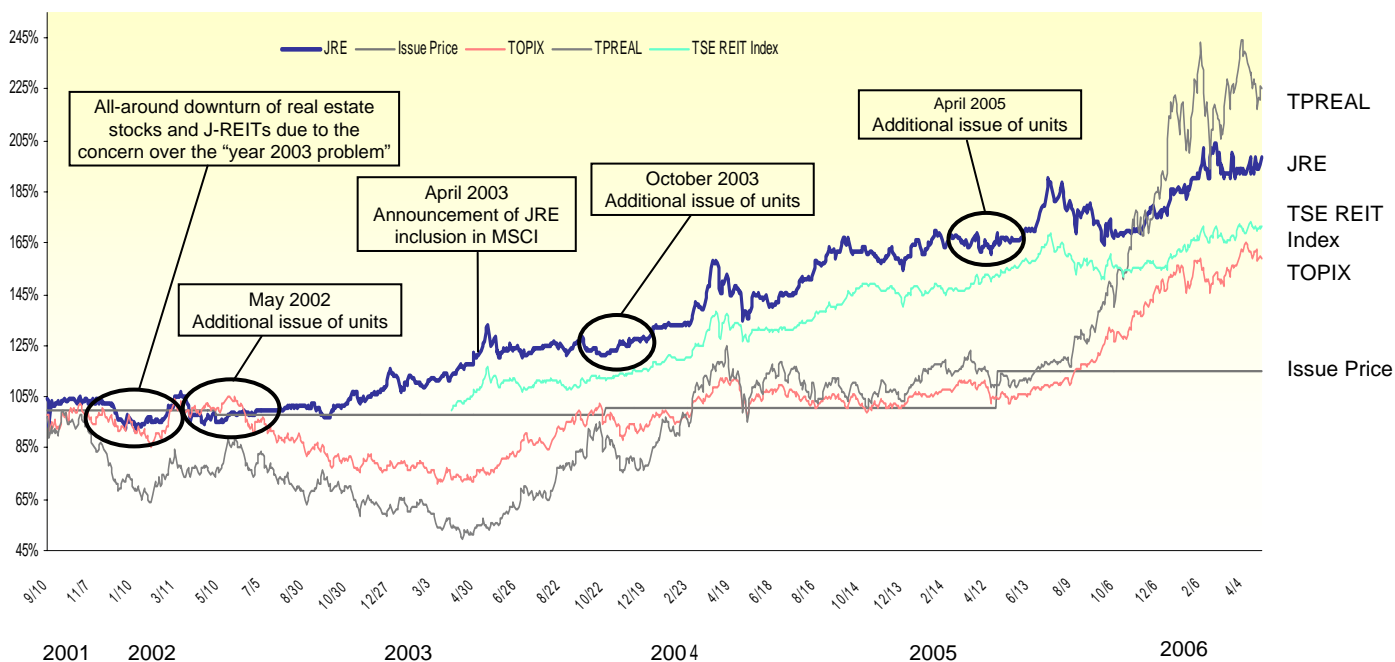
\* Circle ( ) show announcement of topics and Triangles ( ) show acquisition dates of new properties.

## MEMO

# Unit Price Performance (Relative to Major Indices)



## Unit Price Performance (As of April 28, 2006)



- \* Stock performance is measured based on the offering price of 525,000 yen for JRE and the closing prices of 1,080.83 yen for TOPIX and 770.21 yen for TPREAL on September 7, 2001. The TSE REIT index is a ratio against the closing price on March 31, 2003.
- \* TPREAL (TOPIX Real Estate Index) is a weighted index designed to measure the performance of the real estate sector of the TOPIX index.
- \* Stock prices are based on the closing prices of each day.
- \* The stock price performance above is historical and not an indication of future performance.

## Change in Long- and Short-term Rate

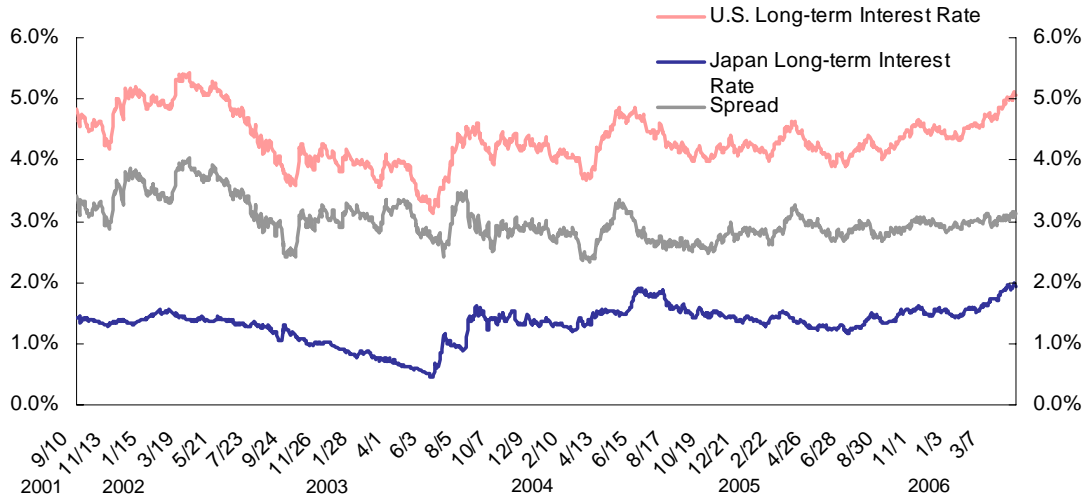


- \* Long-term rate is based on 10-year JGB yield and short-term rate is based on 3M LIBOR.

# Interest Rate Comparison of Japan and U.S.

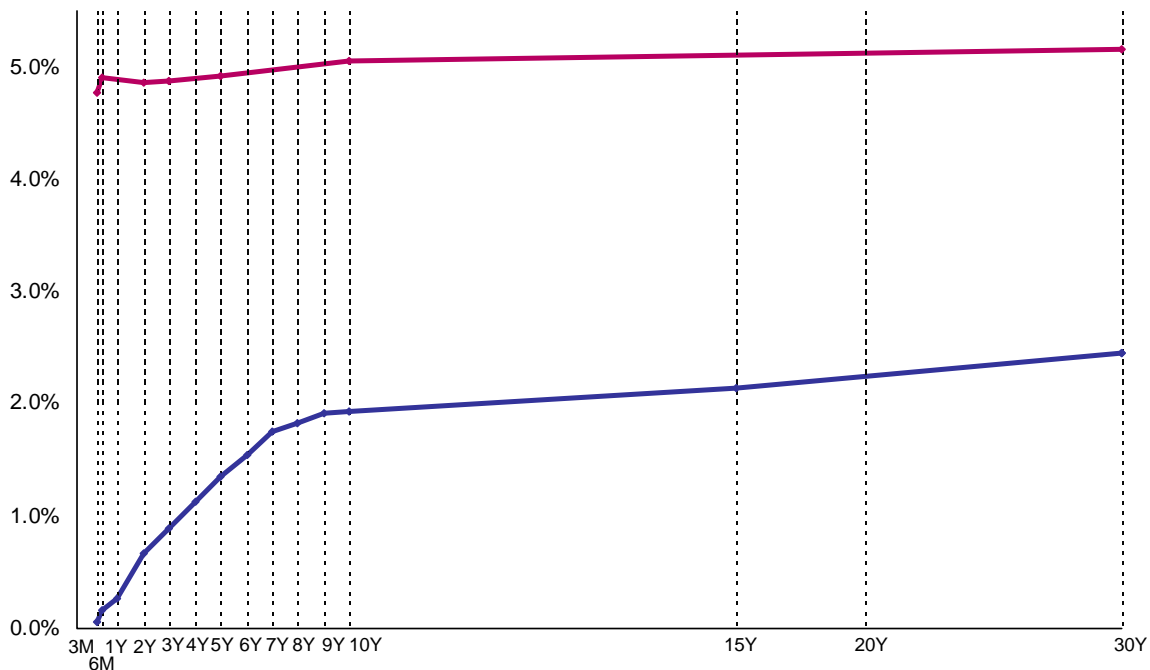


## Long-term Interest Rate Comparison of Japan and U.S. (As of April 28, 2006)



\* Long-term interest rates are the yields of Japan and U.S. 10 year Government Bonds.  
 \* Source : Bloomberg

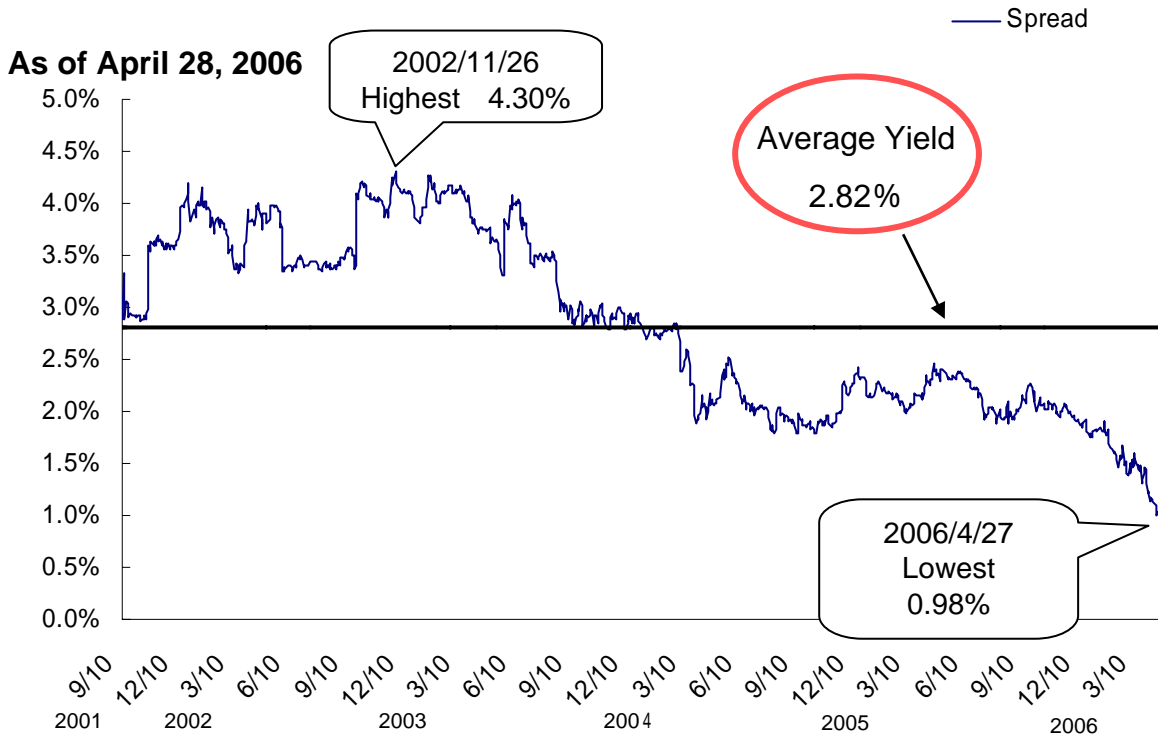
## Yield Curve Comparison of Japan and U.S. (As of April 28, 2006)



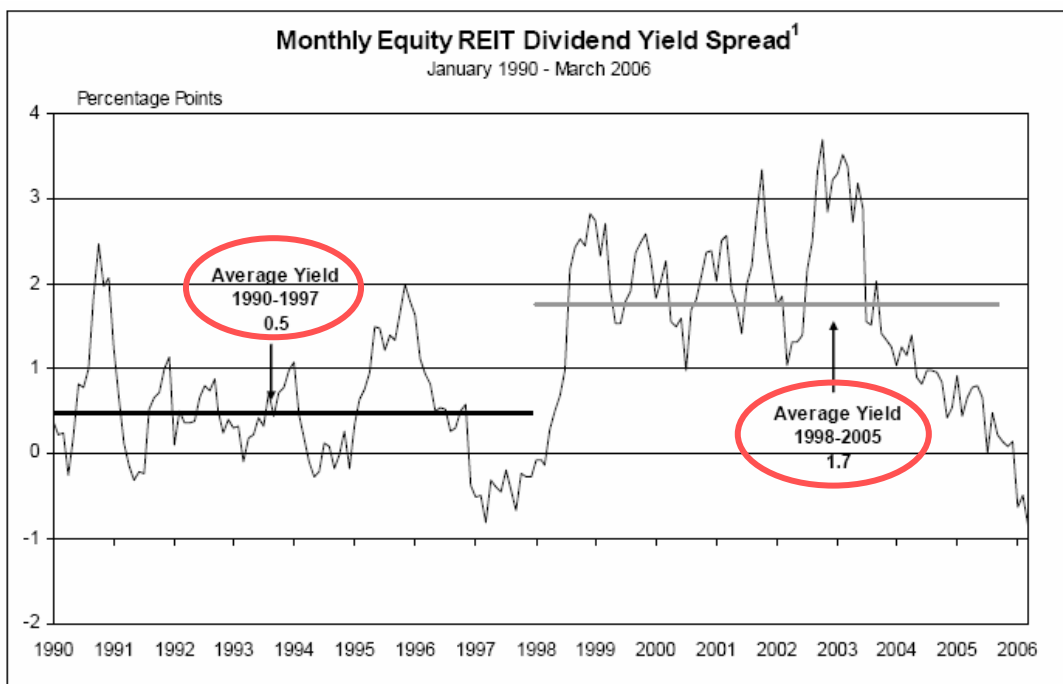
\* Source : Bloomberg

# Yield Spread Comparison

## JRE Dividend Yield Spread against JGB



## US Equity REIT Dividend Yield Spread against Treasury



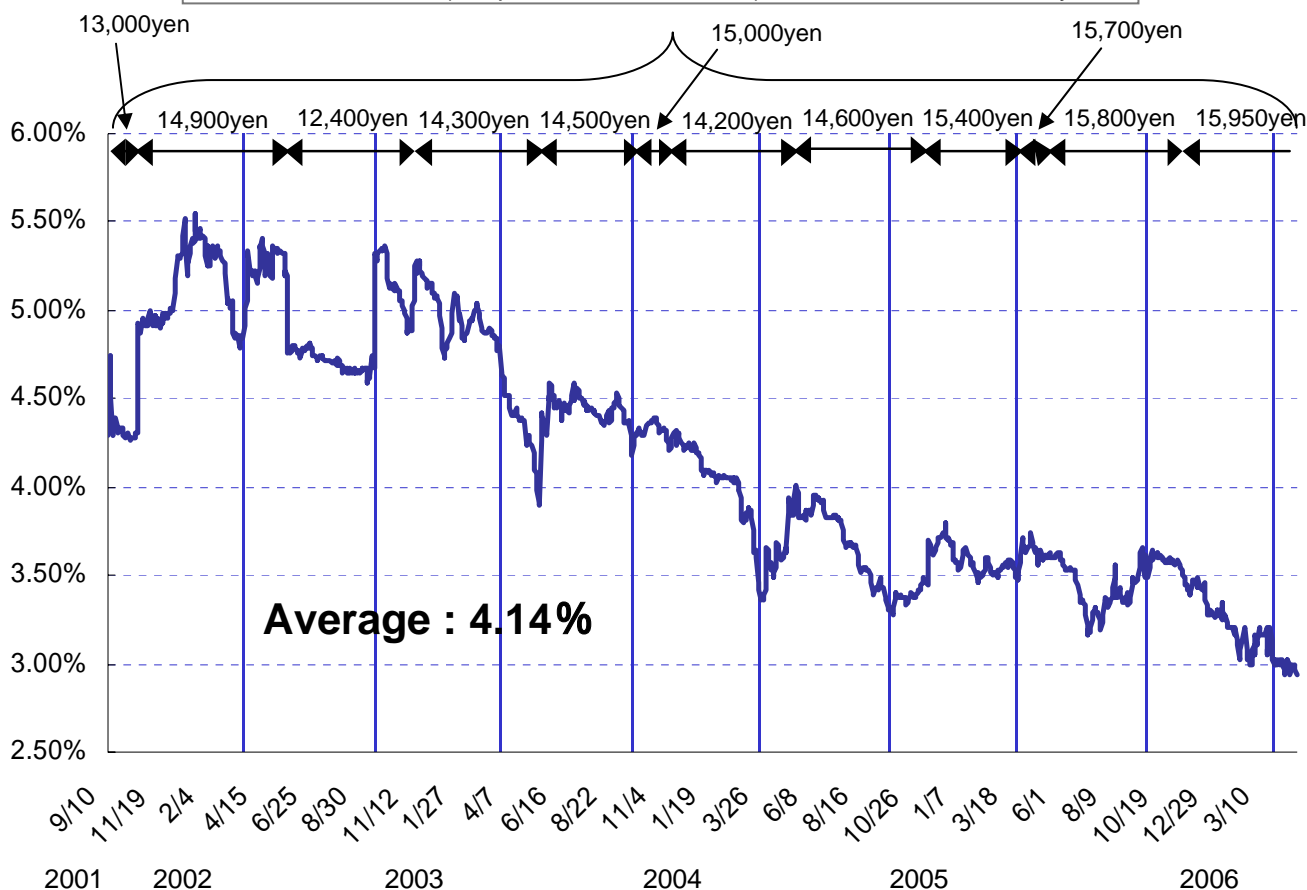
<sup>1</sup> Yield spread calculated by taking the Equity REIT dividend yield less 10-year constant maturity Treasury yield.  
Source: NAREIT.®

# Historical Dividend Yield of JRE Unit



As of April 28, 2006

Forecast Dividends (yen)	
Original Forecast:	13,000 yen
October 22, 2001 (Upward revision):	14,900 yen
May 27, 2002 (2nd-period announcement):	12,400 yen
November 19, 2002 (3rd-period announcement):	14,300 yen
May 20, 2003 (4th-period announcement):	14,500 yen
October 1, 2003 (Upward revision):	15,000 yen
November 18, 2003 (5th-period announcement):	14,200 yen
May 18, 2004 (6th-period announcement):	14,600 yen
November 18, 2004 (7th-period announcement):	15,400 yen
April 4, 2005 (Upward revision):	15,700 yen
May 18, 2005 (8th-period announcement):	15,800 yen
November 18, 2005 (9th-period announcement):	15,950 yen



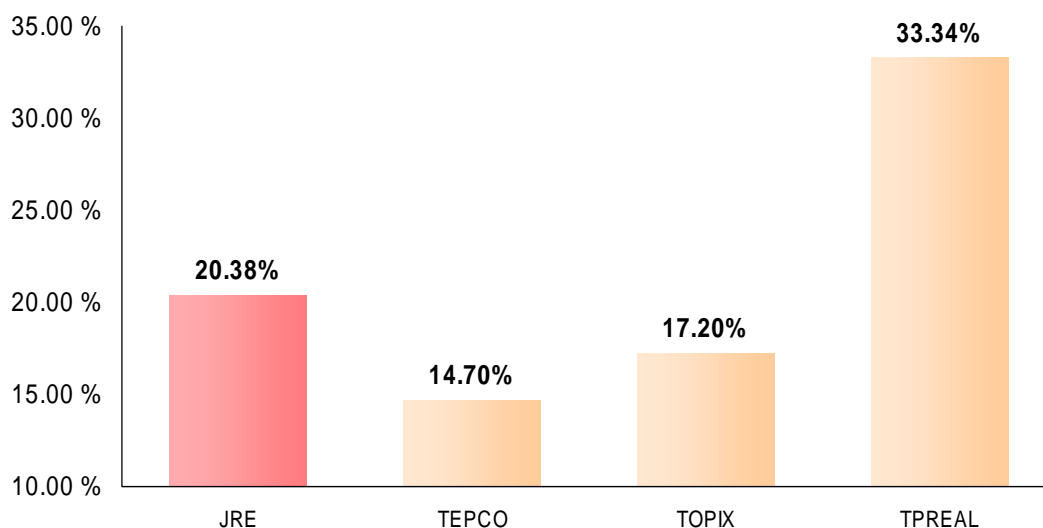
\* The average yield is computed by annualizing the disclosed projected dividend per unit divided by the unit price (daily closing price from September 10, 2001 to April 28, 2006).

\* Blue lines show ex-dividend dates.



# Historical Volatility

## Historical Volatility of Unit Price (As of April 28, 2006)

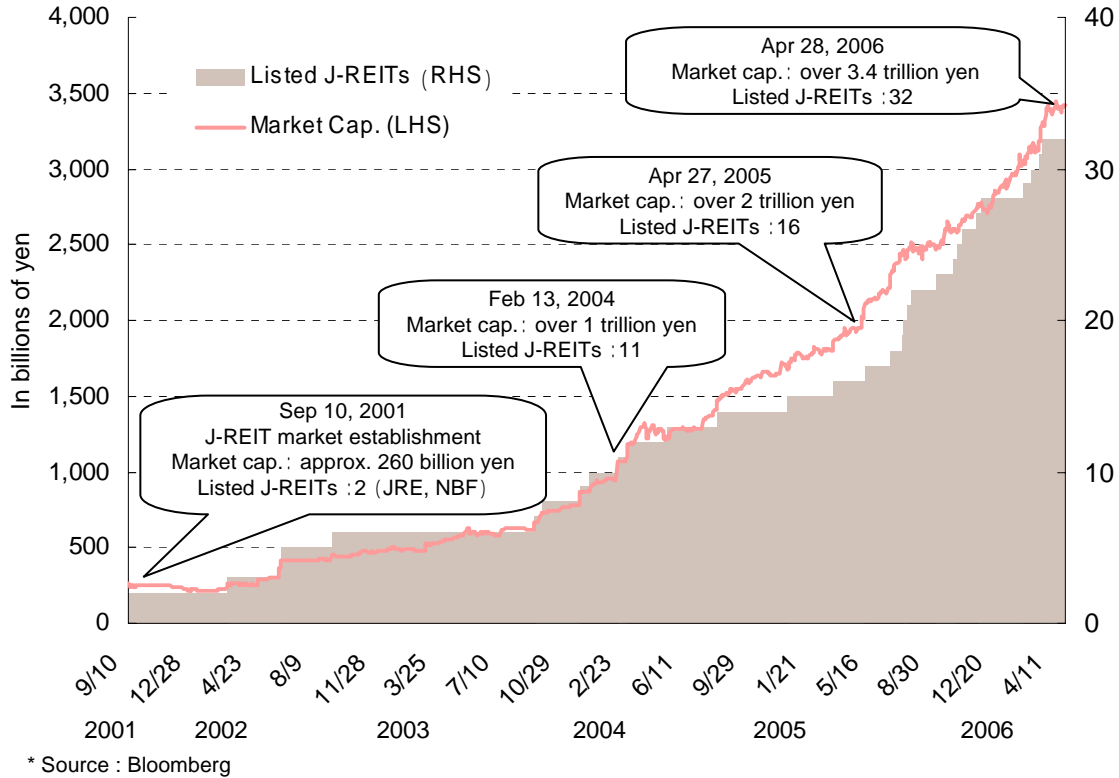


\* Volatility is a measure of the change in the price of a financial instrument over a given period of time. By convention, historical volatility is the standard deviation of day-to-day logarithmic price changes expressed as an annualized percentage. We calculated each volatility by analyzing a sample of the 200 trading day closing prices.

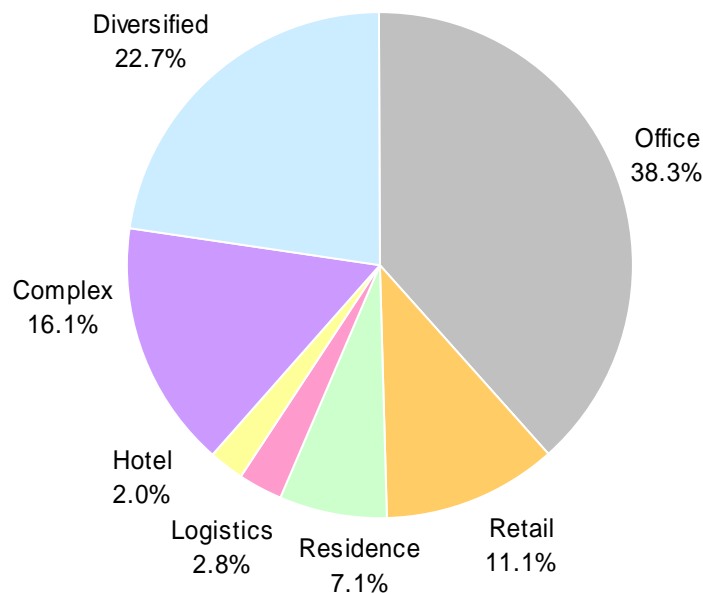
\* Source: Bloomberg

**MEMO**

## J-REIT Market Capitalization and the Number of Listed J-REITs (As of April 28, 2006)



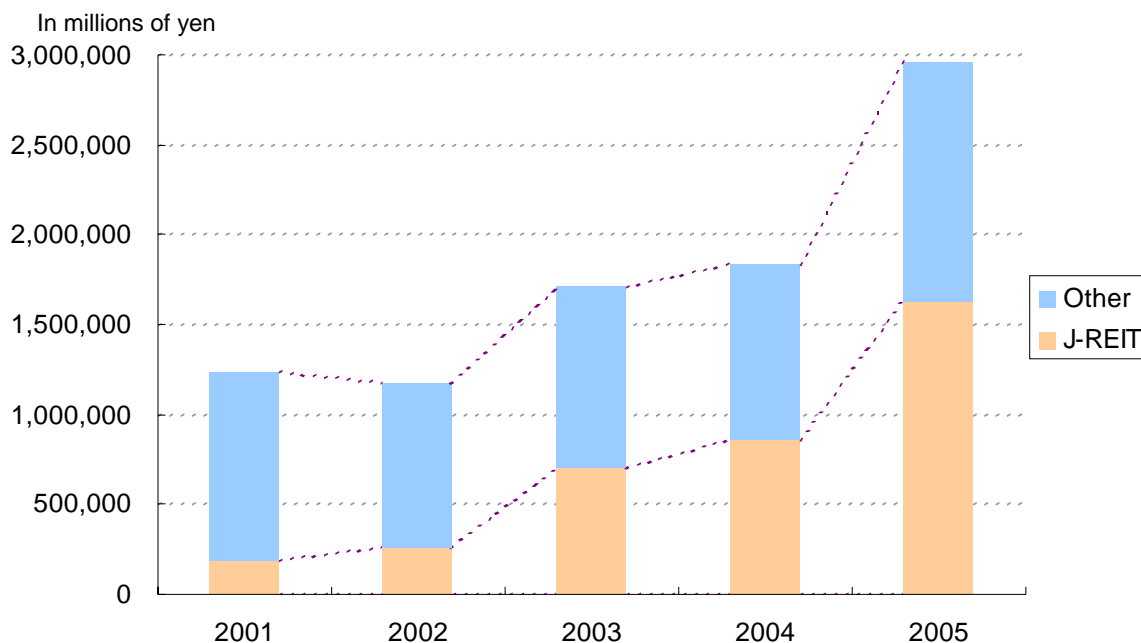
## Sector Breakdown by Market Capitalization (As of April 28, 2006)



\* Source: Security registration statements, financial statements and websites of each J-REIT.

\* "Complex" refers to J-REITs that invest in properties in two different sectors; "Diversified" refers to J-REITs that invest in properties in three sectors or more.

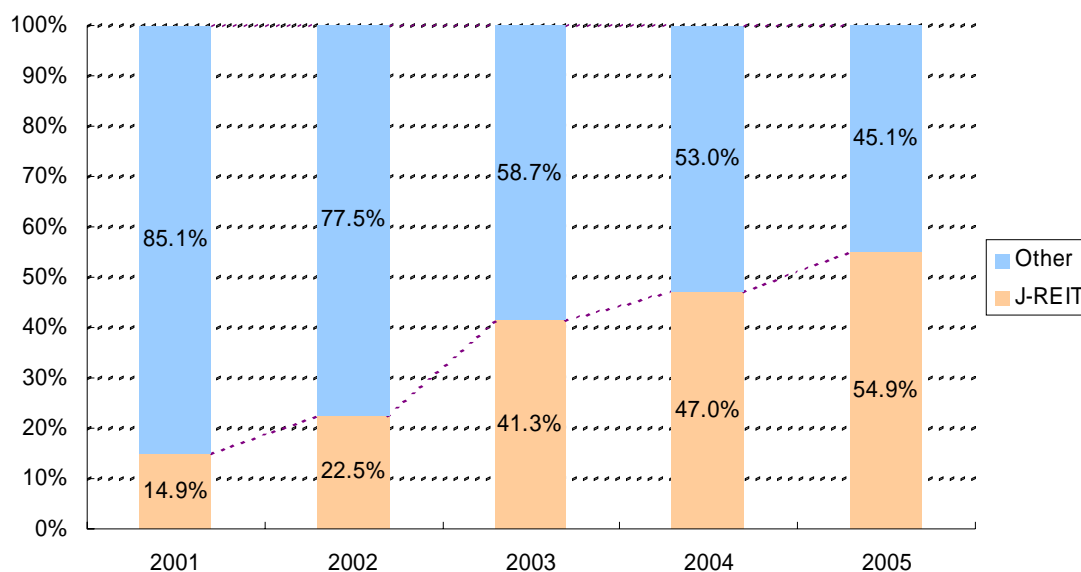
## Historical Real Estate Transaction Amount



Buyer	2001	2002	2003	2004	2005
Other	1,051,281	906,969	1,005,353	968,767	1,332,474
J-REIT	183,517	263,379	705,987	860,121	1,623,079
Total	1,234,798	1,170,348	1,711,340	1,828,888	2,955,553

\* Source: Compiled by J-Rea based on the data created by STB Research Institute using TD-net of Tokyo Stock Exchange

## % of J-REIT in Total Real Estate Transaction Amount



\* Source: Compiled by J-Rea based on the data created by STB Research Institute using TD-net of Tokyo Stock Exchange

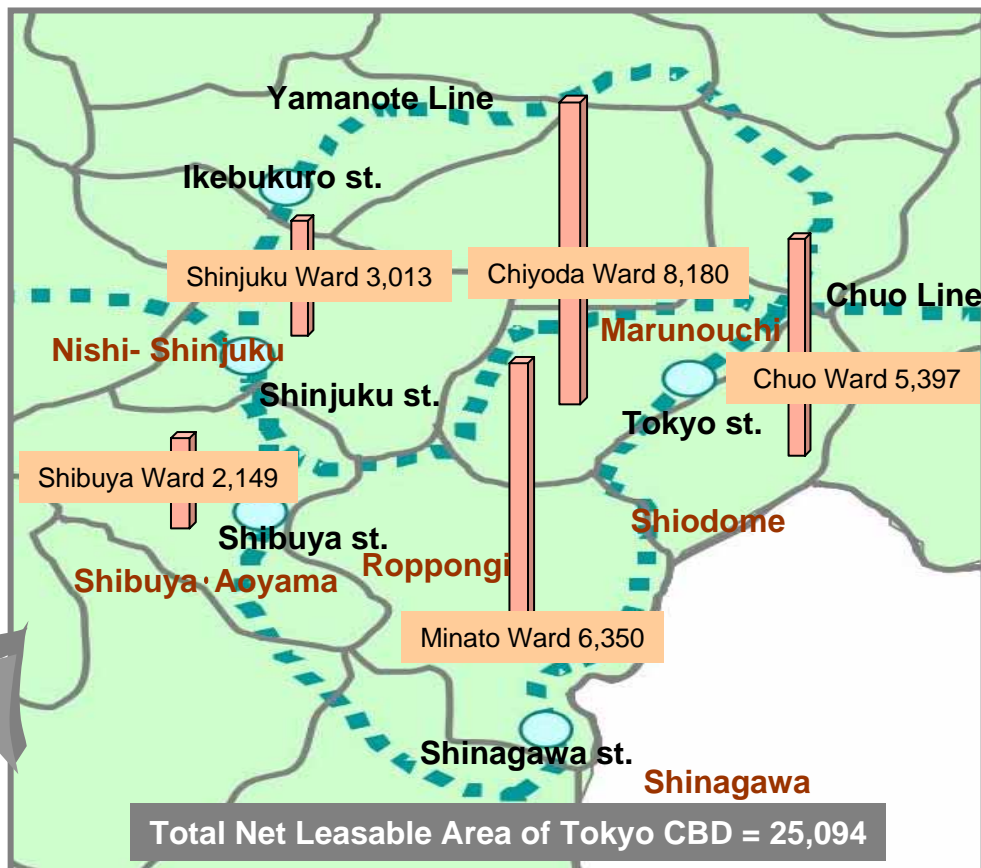
# Office Building Leasing Market

## Comparison of office market in Japan Net Leasable Area (thousand m<sup>2</sup>)



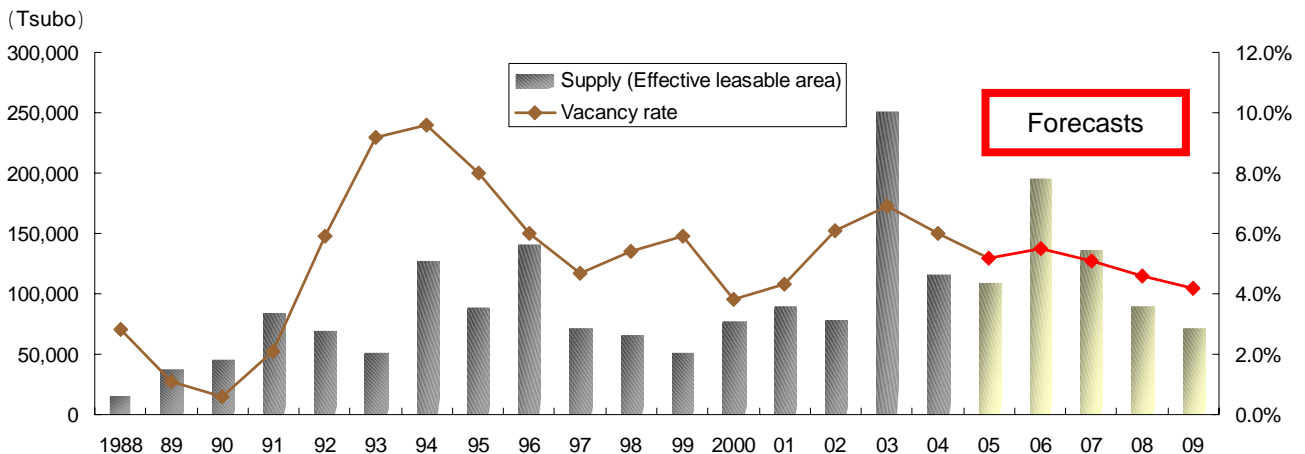
\* Source: "Real Estate White Paper 2005", Ikoma Data Service System (IDSS)

## Office Market of Tokyo Central 5 Wards Net Leasable Area (thousand m<sup>2</sup>)



\* Source: "Real Estate White Paper 2005", Ikoma Data Service System (IDSS)

## Office Building Market in Tokyo




\* Source: "The Real Estate White Paper 2005", Ikoma Date Service system (IDSS)

\* Supply shows total floor areas of buildings with 10,000 tsubo and more.

# Quake-Resistance Standards

## History of Quake-Resistance Standards

- ◆ Several revisions of quake-resistance standards in the wake of earthquake disasters.
  - ◆ The most prominent revision was a large-scale revision to the Enforcement Order of the Building Standard Law based on the 1978 Miyagi-ken Oki Earthquake.
- 
**“Revised Quake-resistance Standards”**
- ◆ Enactment of the Legislation for Promoting Earthquake Retrofit for Buildings after experiencing several big earthquakes and reflected by the Great Hanshin Earthquake

Age	Major Earthquake	Standards/Enforcement Order/Notification
1923	Kanto, Mag.=7.9	
1948	Fukui, Mag.=7.1	
1950		Enactment of Building Standard Law
1960		Revision of tie hoop intervals in Architectural Institution RC Standards (tie hoop intervals of 30 cm or less)
1964	Niigata, Mag.=7.5	
1968	Tokachi Oki, Mag.=7.9	
1971		Revision of Enforcement Order (tie hoop intervals of 15 cm or less)
1978	Miyagi Oki, Mag.=7.4	
1981		Large-scale revision of the Enforcement Order of the Building Standard Law
1983	Nihonkai Oki, Mag.=7.7	<b>Revised Quake-Resistance Standards</b>
1993	Kushiro Oki, Mag.=7.8	
1994	Hokkaido Touho Oki, Mag.=8.1	
1995	Koube Nannbu, Mag.=7.2	Enactment of Legislation for Promoting Earthquake Retrofit for Buildings
2004	Niigata Chuetsu, Mag.=6.8	

## What Is Building Construction Authorized by the Construction Minister?

The earthquake-resistant design concept for building construction authorized by the Construction Minister is the same as that of the Revised Quake-Resistance Standards, and it can be said that it is almost equal to the standards even though there are minor differences in the earthquake motion intensity, verification methods, etc.

## What Are the Revised Quake-Resistance Standards?

- ◆ Before and after its large-scale revision of 1981, the Enforcement Order of the Building Standard Law was commonly known as the Former Quake-Resistance Standards and Revised Quake-Resistance Standards, respectively.
- ◆ Differences between the Former and Revised Quake-Resistance Standards are:

Former Quake-Resistance Standard	Revised Quake-Resistance Standards
<ul style="list-style-type: none"> <li>◆ Confirm safety in a medium level of earthquake (roughly a lower-5 quake on the Japanese earthquake scale)</li> <li>◆ A tie hoop interval of 15 cm or less, 10 cm or less for places in the vicinity of beams/plinths</li> </ul>	<ul style="list-style-type: none"> <li>◆ Newly implemented two-phase quake-resistant design rules In medium earthquakes (roughly a lower-5 on the Japanese earthquake scale), protection of human lives, building functions, and estates is being aimed at. (No damage) In huge earthquakes (roughly lower- and upper-6 on the Japanese earthquake scale), protection of human lives is being aimed at.</li> <li>◆ Newly established tie hoop ratio for RC pillars (0.2% or more) in addition to a tie hoop interval. Securing width of hoops is being aimed at.</li> </ul>

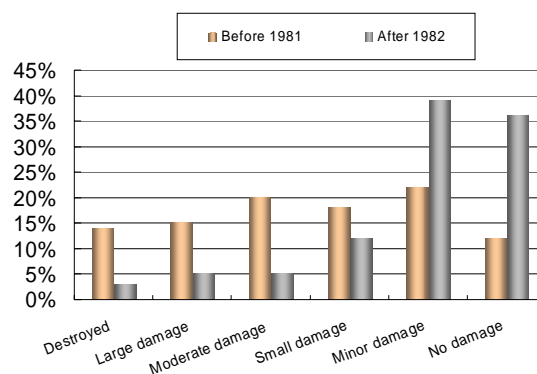
## Buildings Damaged in the Great Hanshin Earthquake

- ◆ **Damaged buildings (Area in the vicinity of the JR San-nomiya Station, Chuo-ku, Kobe City)**

	Before 1981		After 1982	
Destroyed	105	(14%)	5	(3%)
Large damage	116	(15%)	7	(5%)
Moderate damage	151	(20%)	8	(5%)
Small damage	137	(18%)	18	(12%)
Minor damage	168	(22%)	58	(39%)
No damage	96	(12%)	54	(36%)

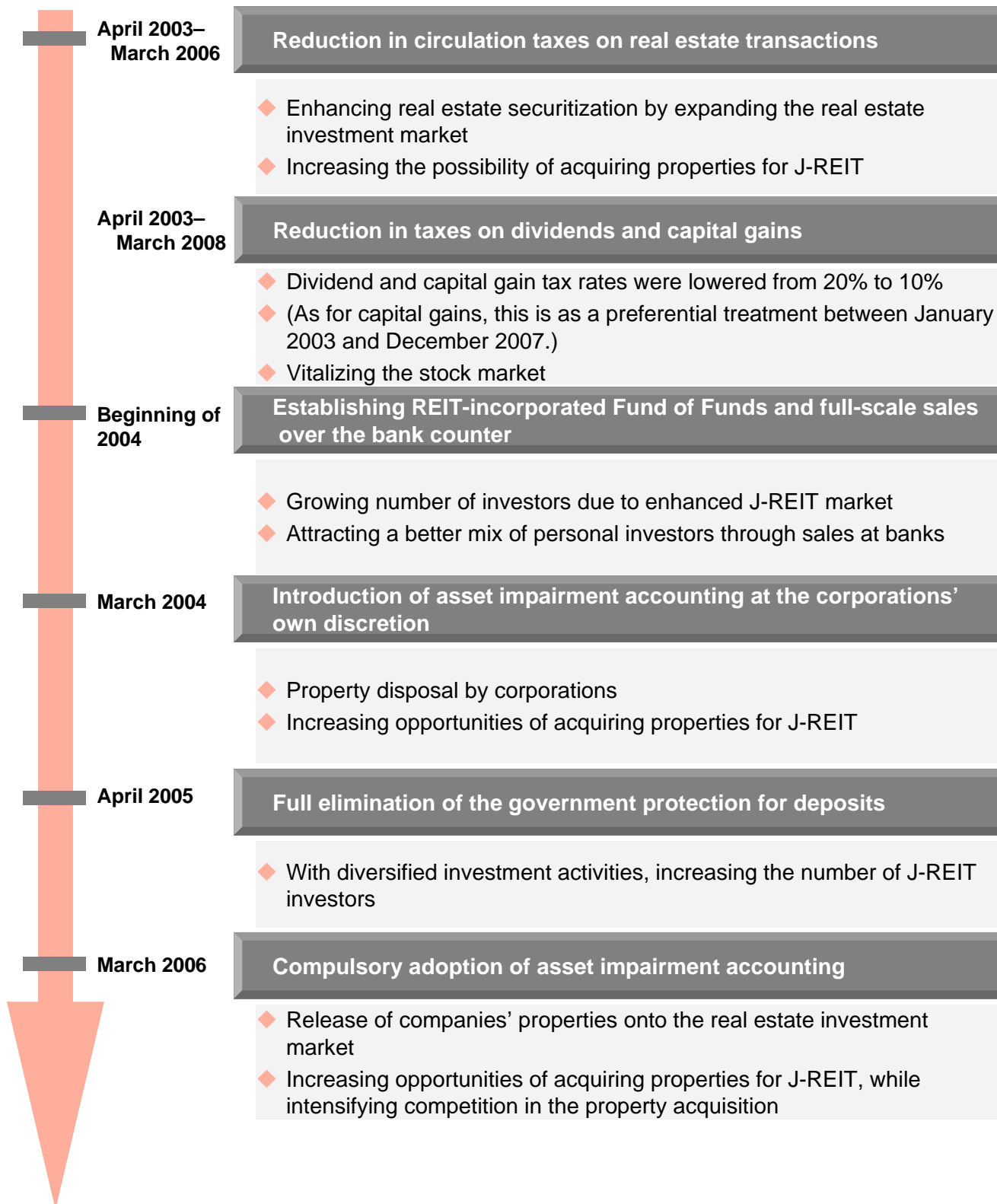
\* Sources: Act of the Legislation for Promoting Earthquake Retrofit for Buildings and its explanation and the Japan Building Disaster Prevention Association, the Building Center of Japan.

- ◆ **Extent of damages to buildings**



The Great Hanshin Earthquake proved that buildings that met the Revised Quake-Resistance Standards were highly resistant to earthquakes.

# Changes in Systems and Policies That Affect J-REIT





## **Disclaimer on Forecasts**

This presentation contains information regarding forecasts based on the plans and outlook of Japan Real Estate Investment Corporation (JRE). All data contained herein, other than those that describe current or historical data, are based on such forecasts. These forecasts are based on the assumptions, judgment, and data currently available from Japan Real Estate Asset Management (J-Rea) and JRE. These data may contain known and unknown risks, uncertainty, and other factors not accounted for. The forecasts herein may be affected by known and unknown risks, uncertainty, or other factors, particularly with respect to JRE's internal and external growth and profitability-per-share targets. The aforementioned risks, uncertainty, and other factors may result in significantly different results regarding JRE's future performance, management, and financial data implicitly or explicitly presented herein. JRE shall assume no obligation to update or further disclose data regarding these forecasts after the date of this presentation.

# MEMO