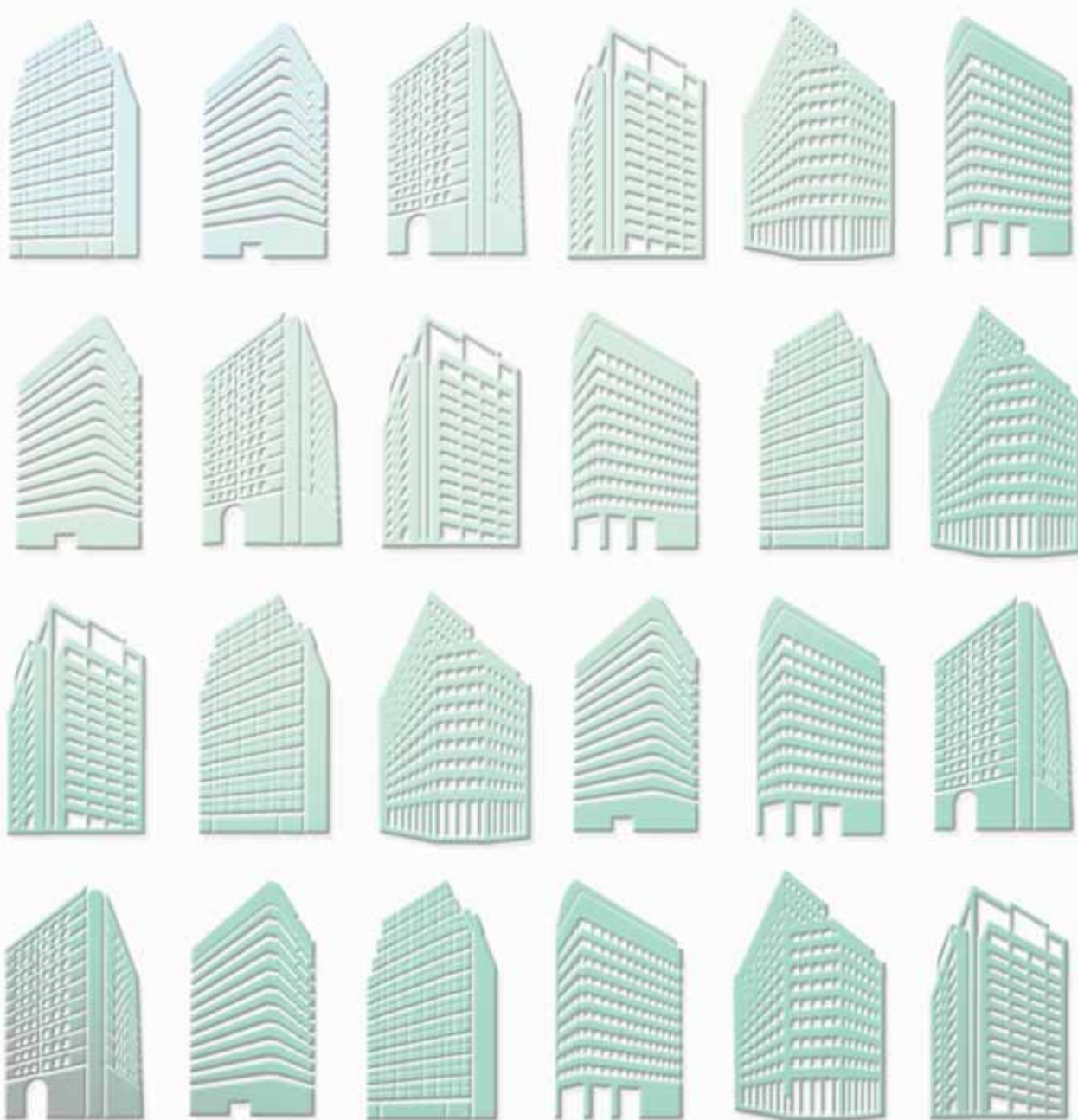


# Japan Real Estate Investment Corporation Performance Review for the Fifth Period (Ended March 31, 2004)

June 2004



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

**Ryoichi Kakehashi, President & CEO**

Material for discussion development for the future

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# The Four S's Support JRE's Growth



**Maximize unitholder interest  
with the four S's**



1 . Performance Review for the 5th Period

# Financial Summary for the 5th Period

## Continuous Growth in Revenues and Profits over Five Consecutive Periods since going public

### Financial Summary for the 5th Period

(In millions of yen)

|                                    | 5th Period<br>(Mar 31, 04) | 4th Period<br>(Sep 30, 03) | 3rd Period<br>(Mar 31, 03) | 2nd Period<br>(Sep 30, 02) | 1st Period<br>(Mar 31, 02) |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| <b>Operating Revenue</b>           | <b>9,560</b>               | 8,965                      | 8,500                      | 7,910                      | 6,492                      |
| (year-on-year)                     | (+6.6%)                    | (+5.5%)                    | (+7.5%)                    | (+21.8%)                   | -                          |
| <b>Operating Profit</b>            | <b>4,341</b>               | 3,898                      | 3,687                      | 3,386                      | 2,961                      |
| (year-on-year)                     | (+11.4%)                   | (+5.7%)                    | (+8.9%)                    | (+14.4%)                   | -                          |
| <b>Recurring Profit</b>            | <b>3,803</b>               | 3,408                      | 3,259                      | 2,898                      | 2,405                      |
| (year-on-year)                     | (+11.6%)                   | (+4.6%)                    | (+12.5%)                   | (+20.5%)                   | -                          |
| <b>Net Income</b>                  | <b>3,802</b>               | 3,407                      | 3,258                      | 2,897                      | 2,403                      |
| (year-on-year)                     | (+11.6%)                   | (+4.6%)                    | (+12.5%)                   | (+20.5%)                   | -                          |
| <b>Total Assets</b>                | <b>244,523</b>             | 209,581                    | 200,022                    | 185,397                    | 161,809                    |
| <b>Total Liabilities</b>           | <b>107,272</b>             | 94,021                     | 84,611                     | 70,347                     | 78,146                     |
| <b>Total Unitholder's Equity</b>   | <b>137,250</b>             | 115,559                    | 115,410                    | 115,049                    | 83,663                     |
| <b>LTV</b>                         | <b>35.6%</b>               | 36.3%                      | 33.4%                      | 29.1%                      | 39.6%                      |
| <b>Unit Price(fiscal year-end)</b> | <b>830,000 yen</b>         | 648,000 yen                | 592,000 yen                | 511,000 yen                | 530,000 yen                |
| <b>Market Capitalization</b>       | <b>216,132</b>             | 146,059                    | 133,436                    | 115,179                    | 85,012                     |
| <b>Units Outstanding</b>           | <b>260,400</b>             | 225,400                    | 225,400                    | 225,400                    | 160,400                    |
| <b>Dividends per Unit</b>          | <b>14,602 yen</b>          | 15,117 yen                 | 14,455 yen                 | 12,853 yen                 | 14,983 yen                 |
| <b>Number of Properties</b>        | <b>36</b>                  | 32                         | 30                         | 27                         | 24                         |
| <b>Rentable Area</b>               | <b>273,157㎡</b>            | 246,062㎡                   | 236,693㎡                   | 215,928㎡                   | 201,884㎡                   |
| <b>Occupancy Rate</b>              | <b>94.8%</b>               | 95.1%                      | 94.4%                      | 95.3%                      | 94.0%                      |
| <b>Number of Tenants</b>           | <b>444</b>                 | 384                        | 359                        | 339                        | 328                        |
| <b>Keyword</b>                     | <b>EQUINOX</b>             | 2/3                        | Larger                     | Stronger                   | Faster                     |

\* All figures are as of each fiscal year-end.

## Comments for the 5th Period

### Keyword: EQUINOX (a sign of change)

- ◆ Continuous growth in revenues and profits over five consecutive periods since IPO
- ◆ JRE acquired the following new properties in the 5th period:
  - Jingumae Media Square Building
  - Ebisu Neonato  
(acquired an additional interest on April 1, 2004, in the 6th period as well)
  - Fukusuke Sakaisuji-honmachi Building  
(additional acquisition)
  - Nippon Brunswick Building
  - NHK Hiroshima Broadcasting Center Building
  - Yoyogi 1-chome Building  
(acquired on April 1, 2004 in the 6th period)
- ◆ Property management

Despite the cancellation of a leasing contract with its third largest tenant—Nippon Ericsson K.K.—at the end of October 2003, JRE maintained stable revenues and achieved a high occupancy rate of 94.8% for the 5th period.
- ◆ Financial condition

Moody's Investors Service changed the rating outlook from stable to positive on January 26, 2004.
- ◆ Public Offering

JRE made an additional public offering of 35,000 units (Subscription price: 629,000 yen per unit) to raise funds for new acquisitions and to repay short-term loans. The gross proceeds were obtained on October 25, 2003.

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## Forecasted Revenues and Profits for the 6th and 7th periods

(In millions of yen)

|                    | 5th Period<br>(Mar 31, 04) | 6th Period<br>(Sep 30, 04) | 7th Period<br>(Mar 31, 05) |
|--------------------|----------------------------|----------------------------|----------------------------|
| Operating Revenue  | 9,560                      | 9,900                      | 9,700                      |
| Operating Profit   | 4,341                      | 4,300                      | 4,200                      |
| Recurring Profit   | 3,803                      | 3,800                      | 3,700                      |
| Net Income         | 3,802                      | 3,800                      | 3,700                      |
| Number of Units    | 260,400                    | 260,400                    | 260,400                    |
| Dividends per Unit | 14,602 yen                 | 14,600 yen                 | 14,300 yen                 |

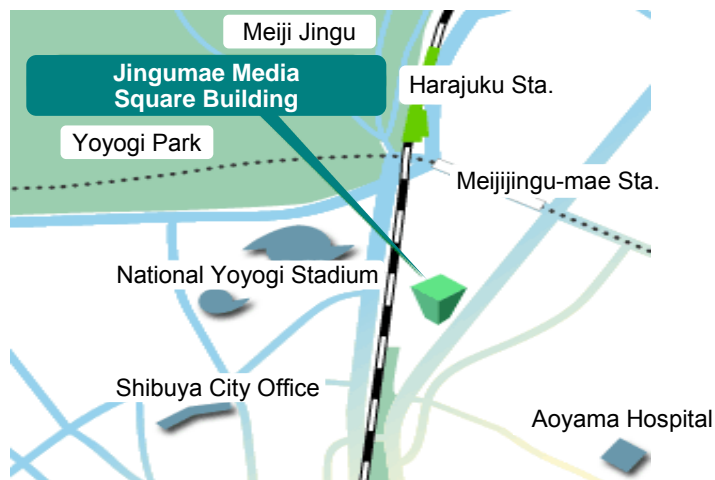


## Assumptions for Performance Forecast

- ◆ Assumption for properties possessed
  - Performance forecast for the 6th and 7th periods is based on 37 properties whose acquisitions have been released as of the end of March 2004, disregarding additional acquisitions in future periods.
- ◆ The following probable maximum losses (PMLs) are assumed:
  - The risk of decreasing revenues (due to rent reductions or termination of contracts) will be maximized, including the falls already confirmed.
  - Vacant spaces will be leased gradually over time.
- ◆ The occupancy rate at the end of the 6th period is estimated at 91.3%.

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# Jingumae Media Square Building (Acquired in the 5th Period)



## Transaction Summary

|                      |  |
|----------------------|--|
| ◆ Seller:            | J.P. Morgan Trust Bank Ltd.                |
| ◆ Acquisition Price: | 12,200 million yen                         |
| ◆ Appraisal Value:   | 12,350 million yen<br>(as of Aug. 1, 2003) |
| ◆ Acquisition Date:  | Oct. 9, 2003                               |

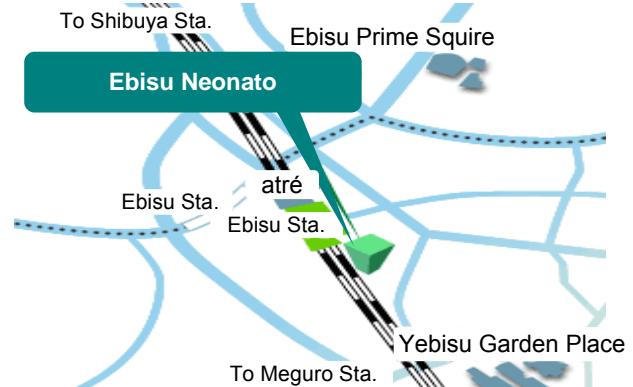
## Property Summary

|                      |   |
|----------------------|---|
| ◆ Address:           | Jingumae 6-25-14, Shibuya-ku, Tokyo   |
| ◆ Area:              | Land: 2,261.68 m <sup>2</sup> ; Building: 9,420.42 m <sup>2</sup>                                     |
| ◆ Structure:         | Steel framed/steel framed reinforced concrete/reinforced concrete/<br>nine stories with two basements |
| ◆ Built:             | March 1998 (age: 6 yrs.)  |
| ◆ Type of Ownership: | Fee simple  |
| ◆ Net Rentable Area: | 5,558 m <sup>2</sup>  |
| ◆ Occupancy Rate:    | 91.3% (at the time of acquisition)  |

## Reasons for Acquisition

|                       |   |
|-----------------------|---|
| ◆ Superior Location   | · Located in the Harajuku area, stable market with expected demand from apparel/music/PR/retail industries, faces Meiji Dori, and easy access to JR and subway stations on foot |
| ◆ High Specifications | · Relatively new, well-equipped with an air conditioning system/electrical equipment  |

# Ebisu Neonato (Acquired in the 5th and 6th Periods)



## Transaction Summary (5th Period)

- ◆ Seller: Cititrust and Banking Corporation
- ◆ Acquisition Price: 3,740 million yen
- ◆ Appraisal Value: 3,740 million yen (as of Oct. 1, 2003)
- ◆ Acquisition Date: Nov. 14, 2003

## Transaction Summary (6th Period)

- ◆ Seller: JACCS CO., LTD
- ◆ Acquisition Price: 360 million yen
- ◆ Appraisal Value: 369 million yen (as of March 1, 2004)
- ◆ Acquisition Date: April 1, 2004

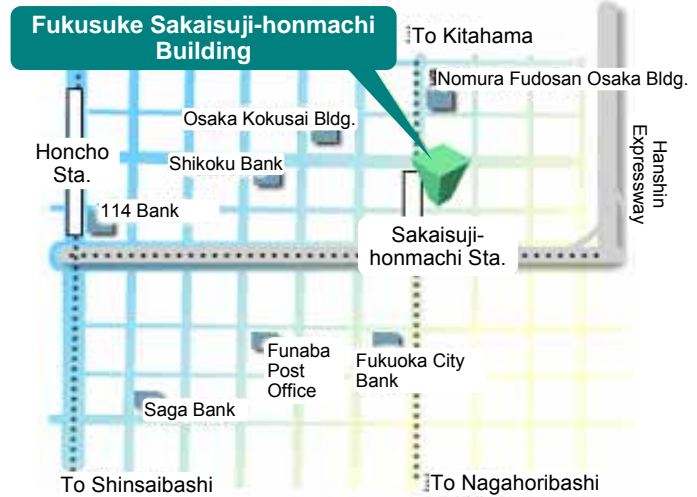
## Property Summary

- ◆ Address: Ebisu 4-1-18, Shibuya-ku, Tokyo
- ◆ Area: Land: 5,005.70 m<sup>2</sup>; Building: 36,598.38 m<sup>2</sup>
- ◆ Structure: Steel framed/steel framed reinforced concrete/eighteen stories with two basements
- ◆ Built: October 1994 (age: 9 yrs.)
- ◆ Type of Ownership: Co-ownership\*  
\*Acquired 12.3% of co-ownership in land and ownership of the 3rd and 4th floors of the building in two transactions
- ◆ Net Rentable Area: 2.225 m<sup>2</sup> (acquired in the 5th period), 237 m<sup>2</sup> (acquired in the 6th period)
- ◆ Occupancy Rate: 71.9% (at the time of acquisition in the 5th period), 100.0% (at the time of acquisition in the 6th period)

## Reasons for Acquisition

- ◆ Superior Location
  - The Ebisu area is a major office market in the Tokyo metropolitan area, with expected demand from a wide range of industries since the completion of Yebisu Garden Place.
- ◆ Strong Competitiveness
  - Landmark building with high-quality construction and facilities

# Fukusuke Sakaisuji-honmachi Building (Additional Acquisition in the 5th Period)



## Transaction Summary

|                      |   |
|----------------------|---|
| ◆ Seller:            | <b>Fukusuke Corporation</b>                       |
| ◆ Acquisition Price: | <b>1,900 million yen</b>                          |
| ◆ Appraisal Value:   | <b>1,990 million yen<br/>(as of Nov. 1, 2003)</b> |
| ◆ Acquisition Date:  | <b>Dec. 26, 2003</b>                              |

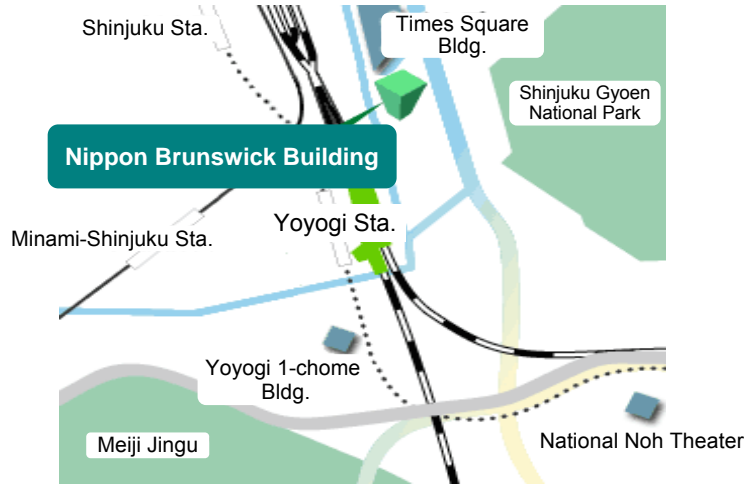
## Property Summary

|                      |   |
|----------------------|---|
| ◆ Address:           | <b>Minami-honmachi 1-8-14, Chuo-ku, Osaka-shi, Osaka</b>  |
| ◆ Area:              | <b>Land: 2,036.22 m<sup>2</sup>; Building: 17,145.59 m<sup>2</sup></b>                                |
| ◆ Structure:         | <b>Steel framed/reinforced concrete/13 stories with two basements</b>                                 |
| ◆ Built:             | <b>October 1992 (age: 11 yrs.)</b>  |
| ◆ Structure:         | <b>Co-ownership (53.83%)*</b><br><b>*Acquired 100% ownership of this property in this transaction</b> |
| ◆ Net Rentable Area: | <b>6,237 m<sup>2</sup></b>  |
| ◆ Occupancy Rate:    | <b>70.8% (at the time of acquisition)</b>   |

## Reasons for Acquisition

|  |  |
|--|--|
| ◆ Highly Efficient Property Management | • 100% ownership of the entire building will enhance its value and the efficiency of property management.  |
| ◆ Strong Competitiveness               | • Relatively new building with a prominent interior and exterior design, separated air conditioning, 2,750-mm-high ceilings<br>Only a one-minute walk from Sakaisuji-honmachi Subway Station |

# Nippon Brunswick Building (Acquired in the 5th Period)



## Transaction Summary

- ◆ **Seller:** The Sumitomo Trust & Banking Co., Ltd.
- ◆ **Acquisition Price:** 6,670 million yen
- ◆ **Appraisal Value:** 6,930 million yen (as of March 1, 2004)
- ◆ **Acquisition Date:** March 24, 2004

## Property Summary

- ◆ **Address:** Sendagaya 5-27-7, Shibuya-ku, Tokyo
- ◆ **Area** Land: 1,497.52 m<sup>2</sup>; Building: 11,957.38 m<sup>2</sup>
- ◆ **Structure:** Steel framed/reinforced concrete/nine stories with two basements
- ◆ **Built:** March 1974 (age: 30 yrs.)
- ◆ **Type of Ownership:** Fee simple
- ◆ **Net Rentable Area:** 7,347 m<sup>2</sup>
- ◆ **Occupancy Rate:** 89.1% (at the time of acquisition)

## Reasons for Acquisition

- ◆ **Superior Location**
  - Located within a four-minute walking distance of the highly favored south exit of Shinjuku Station
  - Very convenient location in terms of transportation: several subways and private railway stations accessible on foot
- ◆ **Well-balanced Specifications**
  - Despite being 30 years old, an earthquake resistance inspection verified that the building met all requirements of the Legislation for the Promotion of Earthquake Retrofitting Buildings.
  - A wide-scale renovation of fixtures was completed.
  - Suitable for offices with no pillars; a floor of approx. 860 m<sup>2</sup> space

# NHK Hiroshima Broadcasting Center Building (Acquired in the 5th Period)



## Transaction Summary

- ◆ **Seller:** The Dai-ichi Mutual Life Insurance Company
- ◆ **Acquisition Price:** 1,320 million yen
- ◆ **Appraisal Value :** 1,350 million yen (as of March 1, 2004)
- ◆ **Acquisition Date:** March 25, 2004

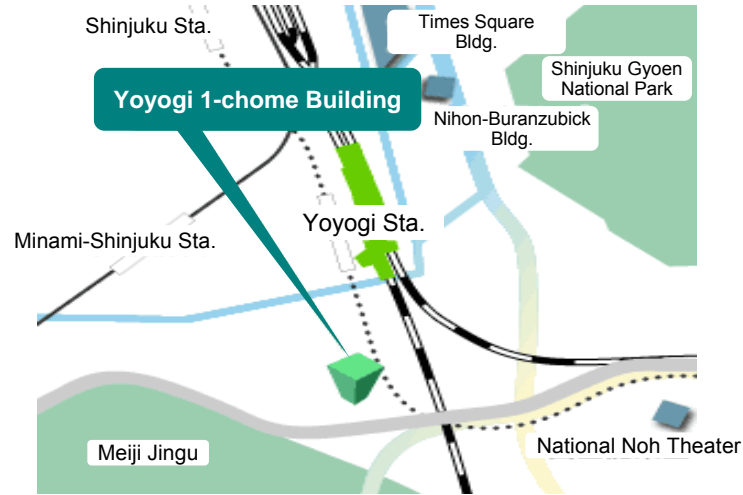
## Property Summary

- ◆ **Address:** Otemachi 2-11-10, Chuo-ku, Hiroshima-shi, Hiroshima
- ◆ **Area:** Land: 3,296.46 m<sup>2</sup>; Building: 35,217.28 m<sup>2</sup>
- ◆ **Structure:** Steel framed/steel framed reinforced concrete/23 stories with two basements
- ◆ **Built:** August 1994 (age: 9 yrs.)
- ◆ **Type of Ownership:** Land: Joint leasedhold interest; Building: Co-ownership
- ◆ **Net Rentable Area:** 5,470 m<sup>2</sup>
- ◆ **Occupancy Rate:** 100% (at the time of acquisition)

## Reasons for Acquisition

- ◆ **Superior Location**
  - Located in the Kamiya-cho and Otemachi zone, a business district in the center of Hiroshima-shi; highly accessible with a one-minute walk from Fukuro-cho Station on the Hiroshima Electric Railroad
  - Highly competitive location on two major highways
- ◆ **High Quality**
  - A landmark feature with an artistic exterior and located on a main road
  - High-integrity specifications meet all sorts of tenant needs, including a no-pillar floor of approx. 1,000 m<sup>2</sup>, an OA floor, a separate air-conditioning system, ample power source, and around-the-clock manned supervision

# Yoyogi 1-chome Building (Acquired in the 6th Period)



## Transaction Summary

- ◆ **Seller:** Mizuho Trust & Banking Co., Ltd.
- ◆ **Acquisition Price:** 8,700 million yen
- ◆ **Appraisal Value:** 8,400 million yen (as of Aug. 1, 2003)
- ◆ **Acquisition Date:** April 1, 2004

## Property Summary

- ◆ **Address:** Yoyogi 1-22-1, Shibuya-ku, Tokyo
- ◆ **Area:** Land: 1,755.75 m<sup>2</sup>; Building: 10,778.10 m<sup>2</sup>
- ◆ **Structure:** Steel framed/reinforced concrete/fourteen stories with one basement
- ◆ **Built:** October 2003
- ◆ **Type of Ownership:** Fee simple
- ◆ **Net Rentable Area:** 7,772 m<sup>2</sup>
- ◆ **Occupancy rate:** 100.0%

## Reasons for Acquisition

- ◆ **Superior Location** · Located in Yoyogi, next to Shinjuku, a core business area, A three-minute walk from JR/subway Yoyogi Station
- ◆ **High Specifications** · New building with a separate air conditioning system, well-equipped electrical equipment and high ceilings

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## 2 . Details of the 5th Period



# Income Statement for the 5th Period

(In millions of yen)

| Item                            | 5th Period (183 days)  |                            |        | 4th Period<br>(182 days) | Change | % Change |
|---------------------------------|------------------------|----------------------------|--------|--------------------------|--------|----------|
|                                 | 32 existing properties | Newly acquired properties* | Total  |                          |        |          |
| Operating Revenue               | 9,059                  | 501                        | 9,560  | 8,965                    | 595    | 6.6%     |
| Rental revenue                  | 8,960                  | 501                        | 9,461  | 8,951                    |        |          |
| Other rental revenues           | 98                     | -                          | 98     | 14                       |        |          |
| Operating Expenses              | 3,007                  | 98                         | 3,105  | 3,015                    | 90     | 3.0%     |
| Property management fees        | 1,076                  | 51                         | 1,127  | 1,095                    |        |          |
| Utility charges                 | 751                    | 28                         | 779    | 777                      |        |          |
| Property and other taxes        | 783                    | 8                          | 791    | 797                      |        |          |
| Insurance expenses              | 23                     | 1                          | 24     | 22                       |        |          |
| Maintenance expenses            | 358                    | 7                          | 365    | 289                      |        |          |
| Other operating expenses        | 15                     | 1                          | 16     | 32                       |        |          |
| NOI                             | 6,052                  | 403                        | 6,455  | 5,950                    | 505    | 8.5%     |
| Depreciation and amortization   | 1,385                  | 113                        | 1,498  | 1,393                    |        |          |
| Operating Profit                | 4,666                  | 290                        | 4,956  | 4,556                    | 400    | 8.8%     |
| Administrative expenses         |                        |                            | 615    | 658                      | 43     | 6.5%     |
| Asset management fees           |                        |                            | 325    | 393                      |        |          |
| Other administrative expenses   |                        |                            | 290    | 264                      |        |          |
| Net Operating Profit            |                        |                            | 4,341  | 3,898                    | 443    | 11.4%    |
| Non-Operating Revenue           |                        |                            | 0      | 4                        | 4      |          |
| Interest received               |                        |                            | 0      | 0                        |        |          |
| Other non-operating revenues    |                        |                            | 0      | 4                        |        |          |
| Non-Operating Expenses          |                        |                            | 538    | 494                      | 44     | 8.9%     |
| Interest expenses               |                        |                            | 163    | 177                      |        |          |
| Bond interest expenses          |                        |                            | 248    | 236                      |        |          |
| Deferred bond-issuance cost     |                        |                            | 61     | 61                       |        |          |
| Other non-operating expenses    |                        |                            | 64     | 18                       |        |          |
| Recurring Profit                |                        |                            | 3,803  | 3,408                    | 395    | 11.6%    |
| Gross Income                    |                        |                            | 3,803  | 3,408                    | 395    | 11.6%    |
| Taxes                           |                        |                            | 1      | 1                        |        |          |
| Net Income                      |                        |                            | 3,802  | 3,407                    | 395    | 11.6%    |
| Retained Earnings               |                        |                            | 3,802  | 3,407                    |        |          |
| FFO (Net Income + Depreciation) |                        |                            | 5,301  | 4,801                    | 500    | 10.4%    |
| Dividends per Unit              |                        |                            | 14,602 | 15,117                   |        |          |

\*Newly acquired properties are the Jingumae Media Square Building, Ebisu Neonato, Nippon Brunswick Building, NHK Hiroshima Broadcasting Center Building, and Fukusuke Sakaisuji-honmachi Building (additional acquisition).

- Continuous growth in revenues and profits over five consecutive periods since IPO
- Full Contribution from acquired properties in the 4th period and contribution from the newly acquired properties in the 5th period
- Contribution from newly acquired properties in the 5th period, increased dividends per unit in the 5th period (14,602 yen), higher than originally estimated (14,200 yen) in the 4th period.

NOI: Net operating income

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# Balance Sheet for the 5th Period

| Item                                | 5th Fiscal Year-end<br>(Mar 31, 04) | 4th Fiscal Year-end<br>(Sep 30, 03) | Change        | Reason for Change  |
|-------------------------------------|-------------------------------------|-------------------------------------|---------------|--|
| <b>Current Assets</b>               |                                     |                                     |               |  |
| Cash and entrusted cash             | 24,779                              | 15,377                              | 9,402         |  |
| Other current assets                | 666                                 | 1,031                               | 365           |  |
| <b>Total Current Assets</b>         | <b>25,445</b>                       | <b>16,409</b>                       | <b>9,036</b>  |  |
| <b>Fixed Assets</b>                 |                                     |                                     |               |  |
| Property and equipment              |                                     |                                     |               |  |
| Buildings                           | 68,700                              | 60,112                              | 8,588         | } Increased due to the<br>Jingumae Media Square<br>Building and Ebisu Neonato<br>acquisition |
| Structures                          | 394                                 | 326                                 | 68            |  |
| Machinery and equipment             | 1,270                               | 1,204                               | 66            |  |
| Land                                | 153,254                             | 135,687                             | 17,567        |  |
| Accumulated depreciation            | 6,496                               | 4,998                               | 1,498         |  |
| <b>Total Property and Equipment</b> | <b>217,122</b>                      | <b>192,332</b>                      | <b>24,790</b> |  |
| Intangible Assets                   |                                     |                                     |               |  |
| Lease hold rights                   | 1,912                               | 726                                 | 1,186         |  |
| <b>Total Intangible Assets</b>      | <b>1,912</b>                        | <b>726</b>                          | <b>1,186</b>  |  |
| Investments and Others              |                                     |                                     |               |  |
| Long-term prepaid expenses, etc.    | 46                                  | 52                                  | 6             |  |
| <b>Total Investments and Others</b> | <b>46</b>                           | <b>52</b>                           | <b>6</b>      |  |
| <b>Total Fixed Assets</b>           | <b>219,078</b>                      | <b>193,111</b>                      | <b>25,967</b> |  |
| <b>Deferred Assets</b>              |                                     |                                     |               |  |
| Bond issuance cost                  | -                                   | 61                                  | 61            | Decreased due to amortization of<br>bond issuance cost                                       |
| <b>Total Deferred Assets</b>        | <b>-</b>                            | <b>61</b>                           | <b>61</b>     |  |
| <b>Total Assets</b>                 | <b>244,523</b>                      | <b>209,581</b>                      | <b>34,942</b> |  |

## MEMO

(In millions of yen)

| Item   | 5th Fiscal Year-end<br>(Mar 31, 03) | 4th Fiscal Year-end<br>(Sep 30, 03) | Change        | Reasons for Change  |
|--|-------------------------------------|-------------------------------------|---------------|---|
| Liabilities                                      |                                     |                                     |               |   |
| Current Liabilities                              |                                     |                                     |               |   |
| Short-term borrowing                             | 9,000                               | 7,000                               | 2,000         | Increased due to borrowings from the Chugoku Bank, Ltd., and the Hachijuni Bank, Ltd.   |
| Rent received in advance                         | 1,582                               | 1,444                               | 138           |   |
| Other current liabilities                        | 1,777                               | 1,207                               | 570           |   |
| <b>Total Current Liabilities</b>                 | <b>12,359</b>                       | <b>9,652</b>                        | <b>2,707</b>  |   |
| Long-term Liabilities                            |                                     |                                     |               |   |
| Investment Corporation Bonds                     | 45,000                              | 45,000                              | -             | Increased due to borrowing from the Dai-ichi Mutual Life Insurance Company<br>Increased due to deposits from tenants by property acquisitions |
| Long-term borrowing                              | 33,000                              | 24,000                              | 9,000         |   |
| Deposits from tenants                            | 16,914                              | 15,369                              | 1,545         |   |
| <b>Total Long-term Liabilities</b>               | <b>94,914</b>                       | <b>84,369</b>                       | <b>10,545</b> |   |
| <b>Total Liabilities</b>                         | <b>107,273</b>                      | <b>94,021</b>                       | <b>13,252</b> |   |
| Unitholder's Equity                              |                                     |                                     |               |   |
| Unitholder's capital                             | 133,448                             | 112,152                             | 21,296        | Increased by new unit issuance  |
| Retained earnings                                | 3,802                               | 3,407                               | 395           |   |
| <b>Total Unitholder's Equity</b>                 | <b>137,250</b>                      | <b>115,559</b>                      | <b>21,691</b> |   |
| <b>Total Liabilities and Unitholder's Equity</b> | <b>244,523</b>                      | <b>209,581</b>                      | <b>34,942</b> |   |

MEMO

# Cash Flow and Dividend Statement for the 5th Period

## Cash Flow Statement

(In millions of yen)

| Item  | 5th Period ( 183 days) |
|---|------------------------|
| Cash Flow from Operating Activities         | 5,990                  |
| Net income before tax                       | 3,803                  |
| Depreciation and adjustments                | 2,187                  |
| Cash Flow from Investing Activities         | 25,428                 |
| Cash Flow from Financing Activities         | 28,839                 |
| Increase in long- and short-term borrowing  | 25,000                 |
| Repayment of short-term borrowing           | 14,000                 |
| Proceeds from bond issuance                 | -                      |
| Proceeds from issuance of equity units      | 21,295                 |
| Payment of new unit-issuance cost           | 49                     |
| Payment of dividend, etc.                   | 3,407                  |
| Net Increase in Cash and Cash Equivalents   | 9,401                  |
| Balance of Cash and Cash Equivalents at BOP | 15,377                 |
| Balance of Cash and Cash Equivalents at EOP | 24,779                 |

## Dividend Statement

(In yen)

|                                | 5th Period ( 183 day) |
|--------------------------------|-----------------------|
| Net Income before Distribution | 3,802,506,725         |
| Total Amount of Dividends      | 3,802,360,800         |
| Retained Earnings              | 145,925               |

Dividends per unit: 14,602 yen (4th Period: 15,117 yen)

# Comparison of Financial Ratios

(In millions of yen)

| Financial Indices                      | 5th Period<br>(183 Days) | 4th Period<br>(183 Days) | 3rd Period<br>(182 Days) | 2nd Period<br>(183 Days) | 1st Period<br>(203 Days) |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Return on assets (ROA)<br>(annualized) | 1.6%<br>(3.2%)           | 1.7%<br>(3.3%)           | 1.7%<br>(3.4%)           | 1.6%<br>(3.2%)           | 2.0%<br>(3.6%)           |
| Return on equity (ROE)<br>(annualized) | 2.8%<br>(5.7%)           | 3.0%<br>(5.9%)           | 2.8%<br>(5.7%)           | 2.7%<br>(5.4%)           | 2.9%<br>(5.2%)           |
| EOP equity ratio                       | 56.1%                    | 55.1%                    | 57.7%                    | 62.1%                    | 51.7%                    |
| LTV#1                                  | 35.6%                    | 36.3%                    | 33.4%                    | 29.1%                    | 39.6%                    |
| LTV#2                                  | 39.8%                    | 39.5%                    | 36.4%                    | 32.9%                    | 44.2%                    |
| EOP long-term debt to capitalization   | 95.9%                    | 98.3%                    | 104.6%                   | 94.2%                    | 123.8%                   |
| Debt service coverage ratio (DSCR)     | 13.9 x                   | 12.6 x                   | 14.5 x                   | 13.9 x                   | 15.5 x                   |
| Net operating income (NOI)             | 6,455                    | 5,950                    | 5,702                    | 5,211                    | 4,732                    |
| Funds from operations (FFO)            | 5,301                    | 4,801                    | 4,568                    | 4,091                    | 3,503                    |
| Payout ratio to CAD                    | 93.1%                    | 80.2%                    | 82.3%                    | 76.4%                    | 79.3%                    |

\*ROA = Recurring profit / Average of total assets during the period ( 1st period: 203 actual working days, 2nd period: 183 actual working days, 3rd period: 182 actual working days, 4th period: 183 actual working days, 5th period: 183 actual working days )

\*ROE = Net income / Average of net worth during the period ( 1st period: 203 actual working days, 2nd period: 183 actual working days, 3rd period: 182 actual working days, 4th period: 183 actual working days, 5th period: 183 actual working days )

\*EOP equity ratio = EOP net worth / 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 unitholder's 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 / FFO

\*CAD (Cash available for distribution) = FFO - Capital expenditure

# Summary of Debts (as of the end of the 5th Period)

## The 5th Period (as of March 31, 2004)

|                      | Name                          | Borrowing Date | EOB (millions of yen) | Interest (%) * | Repayment Date |
|----------------------|-------------------------------|----------------|-----------------------|----------------|----------------|
| Short-term borrowing | The Yamanashi Chuo Bank, Ltd. | 8/1/03         | 2,000                 | 0.54929        | 6/15/04        |
|                      | The Chugoku Bank, Ltd.        | 8/1/03         | 3,000                 | 0.54929        | 6/15/04        |
|                      | The Chugoku Bank, Ltd.        | 3/24/03        | 2,000                 | 0.415          | 3/24/05        |
|                      | The Hachijuni Bank, Ltd.      | 3/24/04        | 2,000                 | 0.415          | 3/24/05        |
|                      | <b>Total</b>                  |                | <b>9,000</b>          |                |                |

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

|                     | Name                                       | Borrowing Date | EOB (millions of yen) | Interest (%) | Repayment Date                               |
|---------------------|--|----------------|-----------------------|--------------|--|
| Long-term borrowing | The Bank of Tokyo-Mitsubishi, Ltd.         | 9/25/01        | 6,000                 | 1.12         | Expected Principal Repayment Date<br>6/23/06 |
|                     | Mizuho Corporate Bank, Ltd.                | 9/25/01        | 6,000                 |              |  |
|                     | The Sumitomo Trust & Banking Co., Ltd.     | 9/25/01        | 5,200                 |              |  |
|                     | The Mitsubishi Trust & Banking Corporation | 9/25/01        | 5,200                 |              |  |
|                     | Sompo Japan Insurance Inc.                 | 9/25/01        | 1,600                 |              | Final Principal Repayment Date<br>6/23/08    |
|                     | The Iyo Bank, Ltd.                         | 3/24/04        | 2,000                 | 1.0575       | 3/24/09                                      |
|                     | The Dai-ichi Mutual Life Insurance Company | 3/30/04        | 5,000                 | 1.015        | 3/30/09                                      |
|                     | The Taiyo Life Insurance Company           | 3/30/04        | 2,000                 | 1.47125      | 3/30/11                                      |
| <b>Total</b>        |  | <b>33,000</b>  |                       |              |  |

|                              | Name                            | Borrowing Date | EOB (millions of yen) | Interest (%) | Maturity Date |
|------------------------------|---------------------------------|----------------|-----------------------|--------------|---------------|
| Investment Corporation Bonds | 1st Investment Corporation Bond | 6/21/02        | 25,000                | 1.32         | 6/21/07       |
|                              | 2nd Investment Corporation Bond | 4/30/03        | 10,000                | 0.69         | 4/30/08       |
|                              | 3rd Investment Corporation Bond | 4/30/03        | 10,000                | 0.98         | 4/30/10       |
|                              | <b>Total</b>                    |                | <b>45,000</b>         |              |               |

|   |                           |
|---|---------------------------|
| Total amount of interest-bearing debt as of the end of the 5th period | <b>87,000</b> million yen |
|---|---------------------------|

· The weighted average interest rate is 1.05% based on the amount of debts at the end of the period.  
 · Duration (as of the end of the 5th period) is 0.55 year (approximately 7 months) for short-term borrowing, 3.65 years (approximately 3 years and 8 months) for long-term debts (long-term borrowing and investment corporation bonds).



## Reference: the 4th Period (as of Sept. 30, 2003)

|                      | Name                          | Borrowing Date | EOB (millions of yen) | Interest (%) * | Repayment Date |
|----------------------|-------------------------------|----------------|-----------------------|----------------|----------------|
| Short-term borrowing | The Chugoku Bank, Ltd.        | 3/3/03         | 2,000                 | 0.5404         | 10/31/03       |
|                      | The Chugoku Bank, Ltd.        | 8/1/03         | 3,000                 | 0.5483         | 6/15/04        |
|                      | The Yamanashi Chuo Bank, Ltd. | 8/1/03         | 2,000                 | 0.5483         | 6/15/04        |
|                      | <b>Total</b>                  |                | <b>7,000</b>          |                |                |

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

|                     | Name                                       | Borrowing Date | EOB (millions of yen) | Interest (%) * | Repayment Date                    |
|---------------------|--|----------------|-----------------------|----------------|-----------------------------------|
| Long-term borrowing | The Bank of Tokyo-Mitsubishi, Ltd.         | 9/25/01        | 6,000                 | 1.12           | Expected Principal Repayment Date |
|                     | Mizuho Corporate Bank, Ltd.                | 9/25/01        | 6,000                 |                |                                   |
|                     | The Sumitomo Trust & Banking Co., Ltd.     | 9/25/01        | 5,200                 |                |                                   |
|                     | The Mitsubishi Trust & Banking Corporation | 9/25/01        | 5,200                 |                | Final Principal Repayment Date    |
|                     | Sompo Japan Insurance Inc.                 | 9/25/01        | 1,600                 |                |                                   |
|                     | <b>Total</b>                               |                | <b>24,000</b>         |                |                                   |

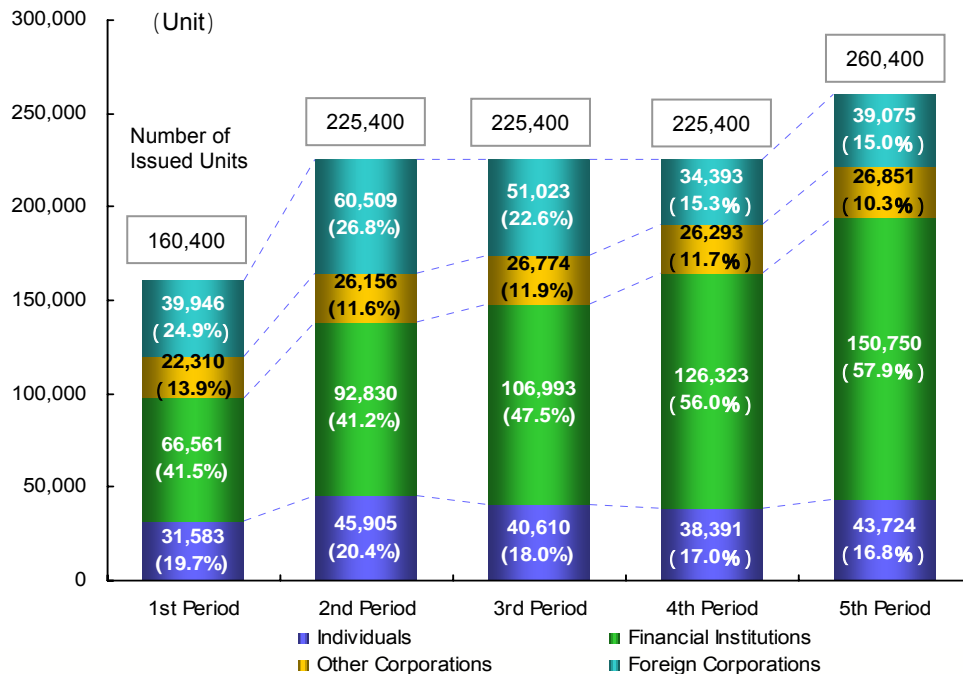
|                              | Name                            | Borrowing Date | EOB (millions of yen) | Interest (%) * | Maturity Date |
|------------------------------|---------------------------------|----------------|-----------------------|----------------|---------------|
| Investment Corporation Bonds | 1st Investment Corporation Bond | 6/21/02        | 25,000                | 1.32           | 6/21/07       |
|                              | 2nd Investment Corporation Bond | 4/30/03        | 10,000                | 0.69           | 4/30/08       |
|                              | 3rd Investment Corporation Bond | 4/30/03        | 10,000                | 0.98           | 4/30/10       |
|                              | <b>Total</b>                    |                | <b>45,000</b>         |                |               |

|   |                           |
|---|---------------------------|
| Total amount of Interest-bearing debt as of the end of the 4th period | <b>76,000 million yen</b> |
|---|---------------------------|

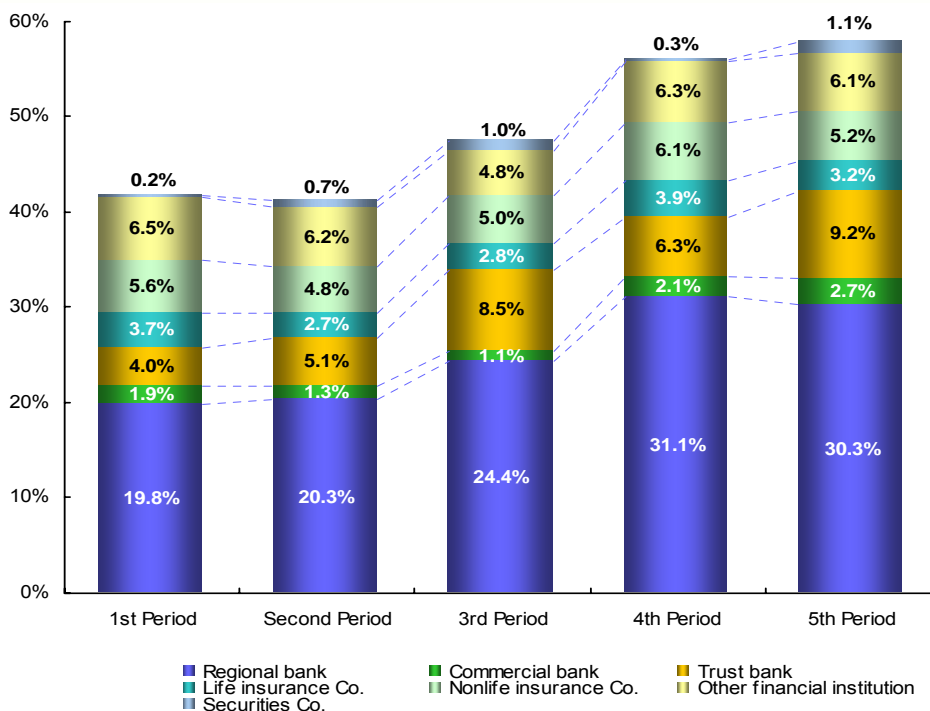
- The weighted average interest rate is 1.06%, based on the amount of debts at the end of the period.
- Duration (as of the end of the 4th period) is 0.53 year (approximately 6 months) for short-term borrowing, 3.92 years (approximately three years and 11 months) for long-term debts (long-term borrowing and investment corporation bonds).

# Unitholder Data (Composition and Major Unitholders)

## Unitholder Composition



## Financial Institutions



## Numbers of Unitholders by Sector

|                        | 1st Period    |               | 2nd Period    |               | 3rd Period    |               | 4th Period    |               | 5th Period    |               |
|------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                        | Unitholders   | %             | Unitholders   | %             | Unitholders   | %             | Unitholders   | %             | Unitholders   | %             |
| Individuals            | 12,045        | 95.8%         | 17,409        | 96.3%         | 14,897        | 96.0%         | 13,810        | 95.6%         | 16,047        | 95.6%         |
| Financial Institutions | 108           | 0.9%          | 127           | 0.7%          | 126           | 0.8%          | 152           | 1.1%          | 186           | 1.1%          |
| Other Corporations     | 315           | 2.5%          | 417           | 2.3%          | 377           | 2.4%          | 352           | 2.4%          | 398           | 2.4%          |
| Foreign Corporations   | 106           | 0.8%          | 130           | 0.7%          | 120           | 0.8%          | 137           | 0.9%          | 163           | 1.0%          |
| <b>Total</b>           | <b>12,574</b> | <b>100.0%</b> | <b>18,083</b> | <b>100.0%</b> | <b>15,520</b> | <b>100.0%</b> | <b>14,451</b> | <b>100.0%</b> | <b>16,794</b> | <b>100.0%</b> |

## Top 10 Unitholders

### 5th Period

| Company  | Units  | % of Total Units Outstanding |
|--|--------|------------------------------|
| Mitsubishi Estate Co., Ltd.                          | 10,160 | 3.90%                        |
| The Chugoku Bank, Ltd.                               | 8,995  | 3.45%                        |
| The Tokio Marine and Fire Insurance Co., Ltd.        | 8,120  | 3.12%                        |
| The Bank of Ikeda, Ltd.                              | 7,766  | 2.98%                        |
| The Yamanashi Chuo Bank, Ltd.                        | 7,300  | 2.80%                        |
| Japan Trustee Services Bank, Ltd. (Shintaku Acc.)    | 7,003  | 2.69%                        |
| Trust & Custody Services Bank, Ltd. (Toshin Acc.)    | 6,330  | 2.43%                        |
| The Chase Manhattan Bank, N.A. London                | 5,181  | 1.99%                        |
| Joyo Bank, Ltd.                                      | 5,119  | 1.97%                        |
| The Master Trust Bank of Japan, Ltd. (Shintaku Acc.) | 4,947  | 1.90%                        |

### 4th Period

| Company  | Units  | % of Total Units Outstanding |
|--|--------|------------------------------|
| Mitsubishi Estate Co., Ltd.                          | 10,160 | 4.51%                        |
| The Chugoku Bank, Ltd.                               | 8,688  | 3.85%                        |
| The Tokio Marine and Fire Insurance Co., Ltd.        | 8,120  | 3.60%                        |
| The Bank of Ikeda, Ltd.                              | 7,766  | 3.45%                        |
| The Chase Manhattan Bank, N.A. London                | 7,470  | 3.31%                        |
| The Yamanashi Chuo Bank, Ltd.                        | 7,300  | 3.24%                        |
| Japan Trustee Services Bank, Ltd. (Shintaku Acc.)    | 4,954  | 2.20%                        |
| The Master Trust Bank of Japan, Ltd. (Shintaku Acc.) | 4,929  | 2.19%                        |
| The Dai-ichi Mutual Life Insurance Company           | 4,920  | 2.18%                        |
| The Hiroshima Bank, Ltd.                             | 4,878  | 2.16%                        |

# Property Data (23 Wards)

## 23 Wards in the Tokyo Metropolitan Area



1. Otsuka Higashi-Ikebukuro



2. Ikebukuro 2-chome



3. Genki Medical plaza



4. MD Kanda



5. Kandabashi Park



6. Mitsubishi Soken



7. Yurakucho Denki



8. Kodenmacho Shin-Nihonbashi



9. Burex Kyobashi



10. Shiba 2-chome Daimon



11. Cosmo Kanasugibashi



12. Nippon Brunswick



13. Yoyogi 1-chome



14. Jingumae Media Square



15. da Vinci Harajuku



16. Shibuya Cross Tower



17. Aoyama Crystal



18. Ebisu Neonato



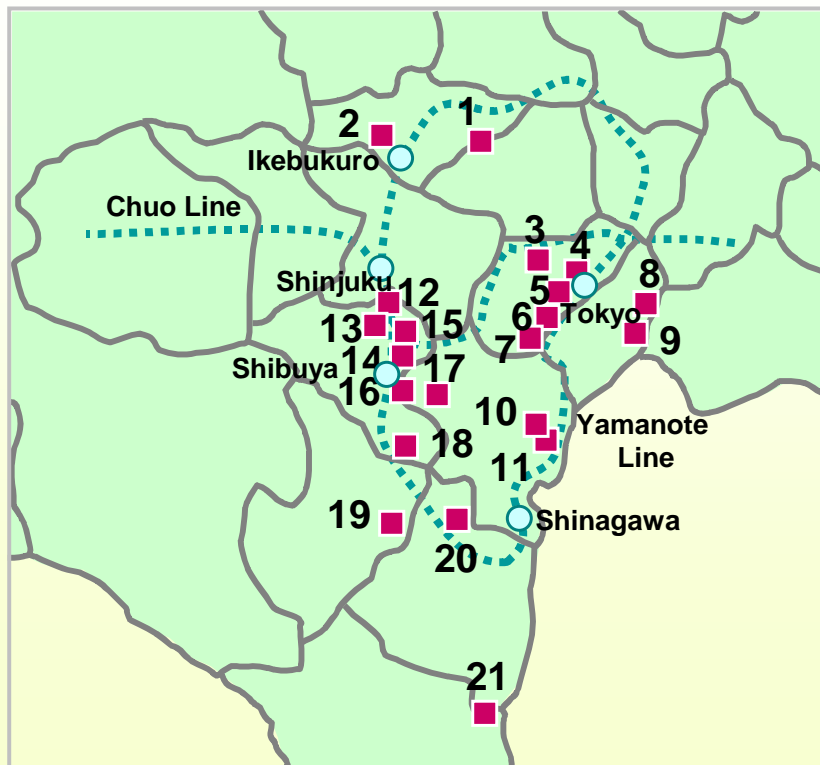
19. JAL Travel



20. Takanawadai



21. Omori-Eki Higashiguchi



# Property Data (Other Areas)

## Other Areas



1. Sendai Honcho Honma



2. Niigata Ishizuecho Nishi-Bandaibashi



3. Saitama Urawa



4. Kanazawa Minamicho



5. Kanazawa Park 6



6. Kawasaki Isago



7. Shin-Yokohama First



8. Nagoya Hirokoji



9. Nagoya Misono



10. Kyoto Shijo Kawaramachi



11. Fukuoka Sakaisuji-honmachi



12. Midosuji Daiwa



13. Kobe Itomachi



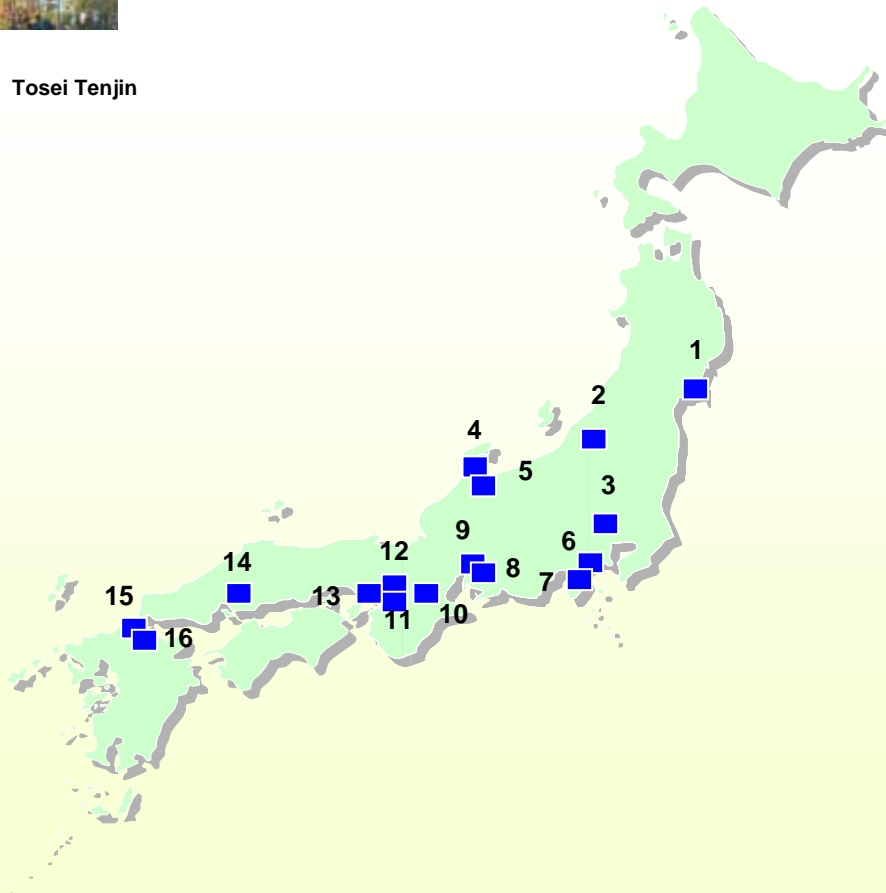
14. NHK Hiroshima Broadcasting Center



15. Hinode Tenjin

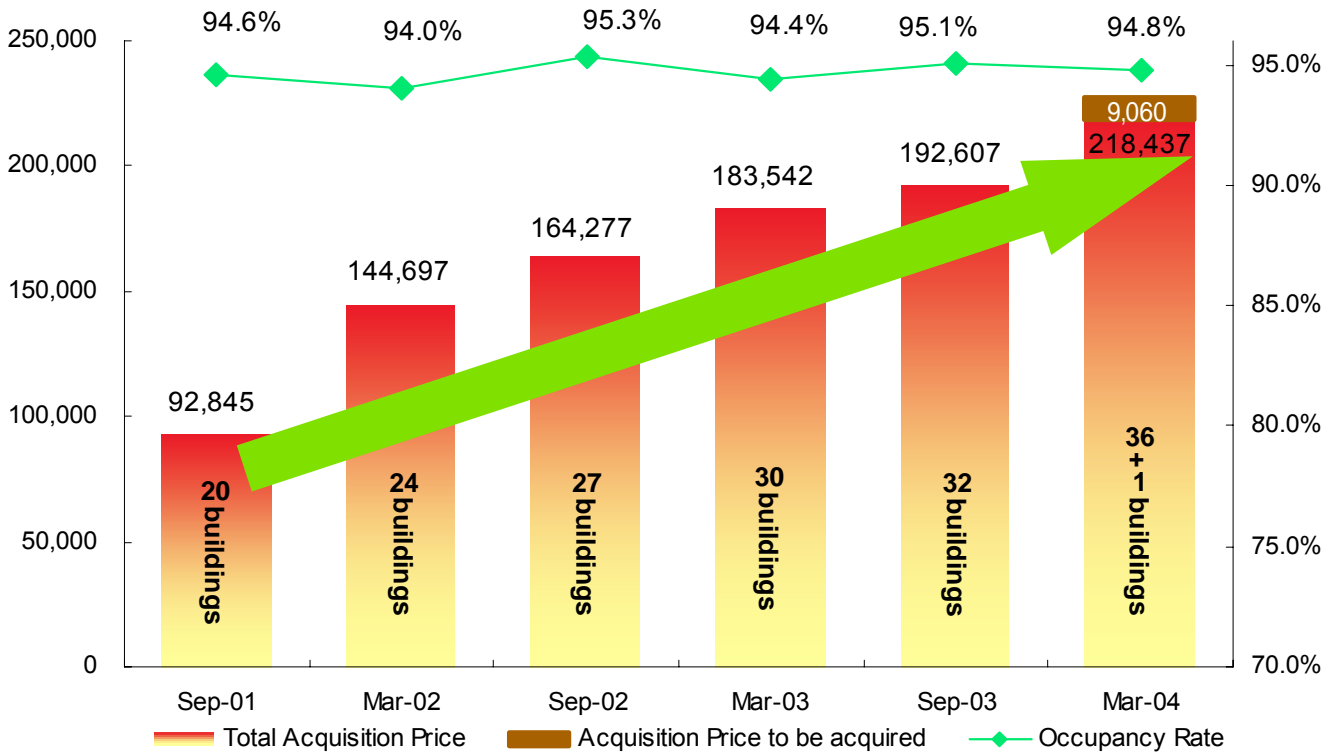


16. Tosei Tenjin



# Property Acquisitions and Occupancy Rate after IPO

(In millions of yen)



\* Properties (9,060 million yen) to be acquired in the 6th period are the Yoyogi 1-chome Building and Ebisu Neonato (additional acquisition).

## Property Acquisitions after IPO (starting at 92,845 million yen)

| Fiscal 2001        | Fiscal 2002        | Fiscal 2003        |
|--------------------|--------------------|--------------------|
| 51,852 million yen | 38,845 million yen | 43,955 million yen |

The total amount of property acquisitions after IPO:

134,652 million yen

**Stable Growth after IPO**

# Property Data (Price Comparison)

(in millions of yen)

| Area                                  | Name  | 5th Period Appraisal Value (Mar 31, 04) | 4th Period Appraisal Value (Sep 30, 03) | Change         | 5th Period Book Value (Mar 31, 04) | Acquisition Price | Year Built     | Net Rentable Area (m <sup>2</sup> ) (Mar 31, 04) | Occupancy Rate (Mar 31, 04)  |        |       |
|---------------------------------------|---|---|---|----------------|------------------------------------|-------------------|----------------|--|------------------------------|--------|-------|
| Tokyo Metropolitan Area               | 23 Wards  | Genki Medical Plaza                     | 5,510                                   | 5,400          | 110                                | 5,274             | 5,000          | 1985   | 4,791                        | 100.0% |       |
|                                       |   | MD Kanda Building                       | 8,110                                   | 9,670          | -1,560                             | 9,472             | 9,520          | 1998   | 6,269                        | 100.0% |       |
|                                       |   | Kandabashi Park Building                | 4,940                                   | 4,860          | 80                                 | 4,800             | 4,810          | 1993   | 3,687                        | 100.0% |       |
|                                       |   | Mitsubishi Soken Building               | 30,400                                  | 28,000         | 2,400                              | 27,118            | 27,267         | 1970   | 18,006                       | 100.0% |       |
|                                       |   | Yurakucho Denki Building                | 6,780                                   | 6,830          | -50                                | 7,585             | 7,200          | 1975   | 4,694                        | 87.8%  |       |
|                                       |   | Kodenmachi Shin-Nihonbashi Building     | 3,240                                   | 3,200          | 40                                 | 3,059             | 3,173          | 1991   | 3,897                        | 100.0% |       |
|                                       |   | Burex Kyobashi Building                 | 5,110                                   | 5,010          | 100                                | 5,364             | 5,250          | 2002   | 4,279                        | 100.0% |       |
|                                       |   | Aoyama Crystal Building                 | 7,170                                   | 7,430          | -260                               | 7,770             | 7,680          | 1982   | 4,916                        | 100.0% |       |
|                                       |   | Shiba 2-chome Daimon Building           | 5,110                                   | 4,920          | 190                                | 5,042             | 4,859          | 1984   | 9,643                        | 95.6%  |       |
|                                       |   | Cosmo Knasugibashi Building             | 2,840                                   | 2,800          | 40                                 | 2,734             | 2,808          | 1992   | 4,062                        | 100.0% |       |
|                                       |   | Takanawadai Building                    | 2,830                                   | 2,810          | 20                                 | 2,659             | 2,738          | 1991   | 4,091                        | 100.0% |       |
|                                       |   | JAL Travel Building                     | 1,390                                   | 1,570          | -180                               | 1,316             | 1,362          | 1991   | 3,383                        | 100.0% |       |
|                                       |   | Omori-Eki Higashiguchi Building         | 5,180                                   | 5,010          | 170                                | 4,885             | 5,123          | 1989   | 7,708                        | 99.4%  |       |
|                                       |   | da Vinch Harajuku                       | 5,010                                   | 4,970          | 40                                 | 5,034             | 4,885          | 1987   | 3,051                        | 100.0% |       |
|                                       |   | Shibuya Cross Tower                     | 34,100                                  | 33,800         | 300                                | 35,354            | 34,600         | 1976   | 29,796                       | 99.8%  |       |
|                                       |   | Otsuka Higashi-Ikebukuro Building       | 3,370                                   | 3,480          | -110                               | 3,377             | 3,541          | 1987   | 7,114                        | 100.0% |       |
|                                       |   | Ikebukuro 2-chome Building              | 1,490                                   | 1,540          | -50                                | 1,693             | 1,728          | 1990   | 2,186                        | 88.8%  |       |
|                                       |   | Excluding 23 wards                      | Saitama Urawa Building                  | 2,390          | 2,490                              | -100              | 2,534          | 2,574  | 1990                         | 4,510  | 98.0% |
|                                       |   |   | Shin-Yokohama First Building*           | 1,700          | 2,230                              | -530              | 3,066          | 3,000  | 1992                         | 6,925  | 72.7% |
| Kawasaki Isago Building               | 3,110   |   | 3,160                                   | -50            | 3,182                              | 3,375             | 1990           | 6,831  | 100.0%                       |        |       |
| <b>Total</b>                          | <b>190,710</b>  |   | <b>191,271</b>                          | <b>-561</b>    |                                    |                   |                |  |                              |        |       |
| Other Major Cities                    | Sendai Honcho Building  | 2,970                                   | 2,990                                   | -20            | 2,791                              | 2,924             | 1991           | 5,829  | 95.6%                        |        |       |
|                                       | Niigata Ishizuecho Nishi-Bandaibashi Building                 | 771                                     | 821                                     | -50            | 1,023                              | 1,010             | 1984           | 4,383  | 95.8%                        |        |       |
|                                       | Kanazawa Park Building  | 5,460                                   | 5,330                                   | 130            | 4,743                              | 4,580             | 1991           | 21,343   | 94.7%                        |        |       |
|                                       | Kanazawa Minamicho Building                                   | 1,090                                   | 1,120                                   | -30            | 1,297                              | 1,331             | 1987           | 3,782  | 78.0%                        |        |       |
|                                       | Nagoya Hirokoji Building                                      | 14,600                                  | 14,900                                  | -300           | 14,228                             | 14,533            | 1987           | 21,590   | 97.1%                        |        |       |
|                                       | Nagoya Misono Building  | 1,840                                   | 1,810                                   | 30             | 1,844                              | 1,865             | 1991           | 3,470  | 100.0%                       |        |       |
|                                       | Kyoto Shijyo Kawaramachi Building                             | 2,130                                   | 2,250                                   | -120           | 2,967                              | 2,650             | 1982           | 6,800  | 82.6%                        |        |       |
|                                       | Fukusuke Sakaisuji-honmachi Building                          | 2,570                                   | 2,360                                   | 210            | 4,146                              | 2,264             | 1992           | 11,574   | 76.7%                        |        |       |
|                                       | Midotsuji Daiwa Building                                      | 13,500                                  | 14,300                                  | -800           | 14,104                             | 14,314            | 1991           | 20,449   | 92.4%                        |        |       |
|                                       | Kobe Itomachi Building  | 999                                     | 1,100                                   | -101           | 1,406                              | 1,436             | 1989           | 3,478  | 94.2%                        |        |       |
|                                       | Tosei Tenjin Building   | 1,400                                   | 1,420                                   | -20            | 1,514                              | 1,550             | 1992           | 4,080  | 92.0%                        |        |       |
|                                       | Hinode Tenjin Building  | 3,600                                   | 3,690                                   | -90            | 3,525                              | 3,657             | 1987           | 5,924  | 88.6%                        |        |       |
|                                       | <b>Total</b>  | <b>217,150</b>                          | <b>191,271</b>                          | <b>-</b>       | <b>219,032</b>                     | <b>218,437</b>    |                | <b>273,157</b>                                   | <b>94.8%</b>                 |        |       |
| Properties acquired in the 5th Period | Jingumae Media Square Building                                | 12,410                                  | -                                       | -              | 12,311                             | 12,200            | 1998           | 5,558  | 91.3%                        |        |       |
|                                       | Ebisu Neonato   | 3,760                                   | -                                       | -              | 3,760                              | 3,740             | 1994           | 2,225  | 100.0%                       |        |       |
|                                       | Fukusuke Sakaisuji-honmachi Building (additional acquisition) | 1,990                                   | -                                       | -              | -                                  | 1,900             | 1992           | -  | added to the existing shares |        |       |
|                                       | Nippon Brunswick Building                                     | 6,930                                   | -                                       | -              | 6,705                              | 6,670             | 1974           | 7,347  | 89.1%                        |        |       |
|                                       | NHK Hiroshima Broadcasting Center Building                    | 1,350                                   | -                                       | -              | 1,331                              | 1,320             | 1994           | 5,470  | 100.0%                       |        |       |
| <b>Total (36 properties)</b>          | <b>217,150</b>  | <b>191,271</b>                          | <b>-</b>                                | <b>219,032</b> | <b>218,437</b>                     |                   | <b>273,157</b> | <b>94.8%</b>                                     |                              |        |       |

The name of Ericsson Shin-Yokohama Building was changed to Shin-Yokohama First Building on March 1, 2004.

\*The average occupancy rates in the 23 wards, the Tokyo metropolitan area excluding the 23 wards and the other major cities are 98.1%, 89.2% and 91.8% respectively.

| Area  | Name                     | Appraisal Value (before acquisition) | Change | 5th Period Book Value (Mar 31, 04) | Acquisition Price | Year Built | Net Rentable Area (m <sup>2</sup> ) (Acquisition Date) | Occupancy Rate (Acquisition Date) |
|---|--------------------------|--------------------------------------|--------|------------------------------------|-------------------|------------|--|-----------------------------------|
| Properties to be acquired in the 6th Period | Yoyogi 1-chome Building* | 8,400                                | -      | -                                  | 8,700             | 2003       | 7,772  | 100.0%                            |
|   | Ebisu Neonato Building*  | 369                                  | -      | -                                  | 360               | 1994       | 237  | 100.0%                            |
| <b>Total</b>                                |                          | <b>8,769</b>                         |        |                                    | <b>9,060</b>      |            |  |                                   |

The Yoyogi 1-chome Building and Ebisu Neonato were acquired on April 1, 2004.

# Property Data (Performance: 23 Wards)

(In millions of yen)

| Name                                 | Performance (Oct 1, 2003-Mar 31, 2004) |                          |                 |                          |                    |                      |              |                          |   |                  |     | Operation<br>(As of Mar 31, 2004) |                   |
|--------------------------------------|--|--------------------------|-----------------|--------------------------|--------------------|----------------------|--------------|--------------------------|---|------------------|-----|-----------------------------------|-------------------|
|                                      | Operating Revenue                      | Operating Expenses       |                 |                          |                    |                      |              |                          |   | Operating Profit | NOI | Occupancy Rate (%)                | Number of Tenants |
|                                      |  | Property management fees | Utility charges | property and other taxes | Insurance expenses | Maintenance expenses | Depreciation | Other operating expenses |   |                  |     |                                   |                   |
| Genki Medical Plaza                  | 221                                    | 75                       | 12              | 14                       | 19                 | 0                    | 1            | 24                       | 2 | 145              | 170 | 100.0                             | 1                 |
| MD Kanda Building                    | 370                                    | 120                      | 26              | 17                       | 26                 | 0                    | 0            | 49                       | 0 | 250              | 299 | 100.0                             | 3                 |
| Kanda bashi Park building            | 195                                    | 50                       | 1               | -                        | 18                 | 0                    | 2            | 27                       | - | 144              | 172 | 100.0                             | 7                 |
| Mitsubishi Soken Building            | 1,002                                  | 350                      | 89              | 107                      | 74                 | 1                    | 17           | 60                       | - | 651              | 712 | 100.0                             | 4                 |
| Yurakucho Denki Building             | 277                                    | 74                       | 36              | 18                       | 0                  | 0                    | 1            | 17                       | 0 | 202              | 220 | 87.8                              | 13                |
| Kodenma cho Shin-Nihonbashi Building | 160                                    | 79                       | 17              | 9                        | 15                 | 0                    | 5            | 27                       | 3 | 80               | 107 | 100.0                             | 5                 |
| Burex Kyobashi Building              | 150                                    | 52                       | -               | -                        | 13                 | 0                    | -            | 37                       | - | 97               | 135 | 100.0                             | 1                 |
| Aoyama Crystal Building              | 249                                    | 71                       | 15              | 15                       | 0                  | 0                    | 1            | 35                       | 3 | 178              | 213 | 100.0                             | 9                 |
| Shiba 2-chome Daimon Building        | 300                                    | 143                      | 37              | 23                       | 38                 | 0                    | 10           | 32                       | 0 | 156              | 189 | 95.6                              | 30                |
| Cosmo Kanasugi bashi Building        | 135                                    | 66                       | 14              | 8                        | 14                 | 0                    | 7            | 21                       | - | 69               | 90  | 100.0                             | 7                 |
| Takanawa dai Building                | 140                                    | 67                       | 17              | 11                       | 13                 | 0                    | 2            | 22                       | 0 | 73               | 95  | 100.0                             | 1                 |
| JAL Travel Building                  | 95                                     | 50                       | 12              | 9                        | 10                 | 0                    | 2            | 14                       | - | 45               | 60  | 100.0                             | 1                 |
| Omori-Eki Higashi guchi Building     | 273                                    | 137                      | 28              | 21                       | 26                 | 0                    | 3            | 56                       | 0 | 135              | 192 | 99.4                              | 18                |
| Nippon Brunswick Building            | 11                                     | 7                        | 2               | -                        | 0                  | 0                    | -            | 5                        | - | 3                | 9   | 89.1                              | 16                |
| da Vinci Harajuku                    | 189                                    | 51                       | 11              | 9                        | 11                 | 0                    | 1            | 16                       | 0 | 138              | 155 | 100.0                             | 6                 |
| Jingumae Media Square Building       | 312                                    | 105                      | 23              | 20                       | 0                  | 0                    | 3            | 56                       | 1 | 206              | 262 | 91.3                              | 7                 |
| Shibuya Cross Tower                  | 1,461                                  | 817                      | 176             | 159                      | 148                | 4                    | 86           | 243                      | - | 644              | 887 | 99.8                              | 53                |
| Ebisu Neonato Building               | 83                                     | 46                       | 11              | 1                        | 0                  | 0                    | 0            | 31                       | - | 37               | 68  | 100.0                             | 3                 |
| Otsuka Higashi-Ikebukuro Building    | 181                                    | 98                       | 23              | 16                       | 14                 | 0                    | 2            | 40                       | 0 | 83               | 124 | 100.0                             | 10                |
| Ikebukuro 2-chome Building           | 77                                     | 38                       | 10              | 6                        | 6                  | 0                    | 1            | 13                       | - | 39               | 52  | 88.8                              | 6                 |

\*The contribution from the Jingumae Media Square, Ebisu Neonato, Fukusuke Sakaisuji-honmachi (additional acquisition), Nippon Brunswick and HNK Broadcasting Center Building starts from October 9, 2003, November 14, 2003, December 26, 2003, March 24, 2004 and March 25, 2004 respectively.

\*In the event that the same tenant occupies several buildings, the tenant is calculated as one tenant in the total.



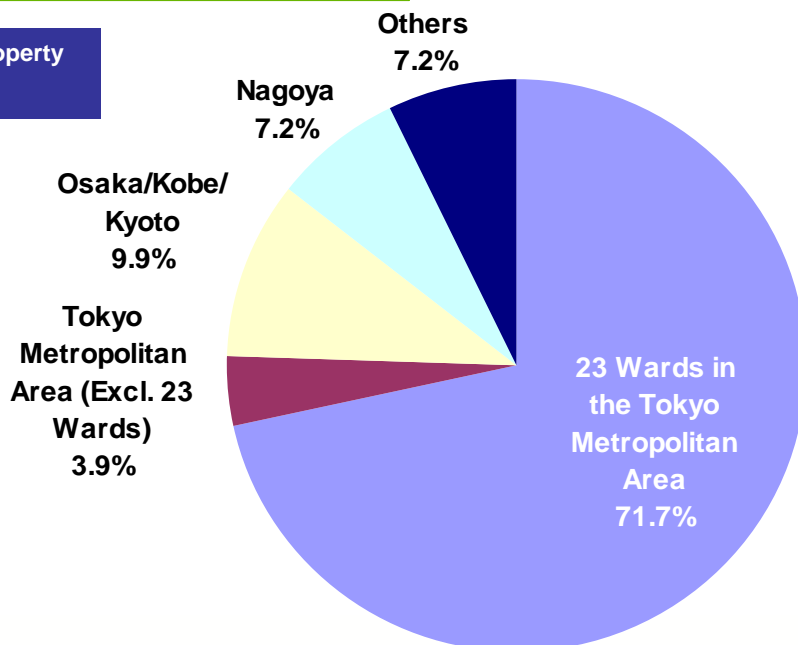
# Property Data (Performance: Other Areas)

(In millions of yen)

| Name  | Performance (Oct 1, 2003-Mar 31, 2004) |                          |                 |                          |                    |                      |              |                          |           |                  |              | Operation<br>(As of Mar 31, 2004) |                   |
|---|--|--------------------------|-----------------|--------------------------|--------------------|----------------------|--------------|--------------------------|-----------|------------------|--------------|-----------------------------------|-------------------|
|   | Operating Revenue                      | Operating Expenses       |                 |                          |                    |                      |              |                          |           | Operating Profit | NOI          | Occupancy Rate (%)                | Number of Tenants |
|   |  | Property management fees | Utility charges | property and other taxes | Insurance expenses | Maintenance expenses | Depreciation | Other operating expenses |           |                  |              |                                   |                   |
| Saitama Urawa Building                        | 140                                    | 67                       | 18              | 8                        | 10                 | 0                    | 7            | 22                       | -         | 72               | 94           | 98.0                              | 14                |
| Shin-Yokohama First Building                  | 142                                    | 165                      | 20              | 8                        | 13                 | 0                    | 75           | 44                       | 2         | 22               | 21           | 72.7                              | 4                 |
| Kawasaki Isago Building                       | 191                                    | 111                      | 27              | 15                       | 16                 | 0                    | 9            | 41                       | 0         | 80               | 122          | 100.0                             | 10                |
| Sendai Honcho Honma Building                  | 163                                    | 68                       | 17              | 5                        | 16                 | 0                    | 0            | 28                       | -         | 94               | 123          | 95.6                              | 11                |
| Niigata Ishizuecho Nishi-Bandaibashi Building | 83                                     | 49                       | 16              | 9                        | 8                  | 0                    | 3            | 11                       | 0         | 33               | 45           | 95.8                              | 10                |
| Kanazawa Park Building                        | 535                                    | 335                      | 127             | 64                       | 49                 | 2                    | 5            | 86                       | -         | 200              | 286          | 94.7                              | 65                |
| Kanazawa Minamicho Building                   | 71                                     | 42                       | 11              | 7                        | 6                  | 0                    | 4            | 13                       | -         | 28               | 41           | 78.0                              | 13                |
| Nagoya Hirokoji Building                      | 761                                    | 408                      | 125             | 66                       | 65                 | 1                    | 13           | 133                      | 1         | 352              | 486          | 97.1                              | 33                |
| Nagoya Misono Building                        | 107                                    | 59                       | 13              | 8                        | 0                  | 0                    | 0            | 35                       | 0         | 47               | 83           | 100.0                             | 7                 |
| Kyoto Shijo Kawaramachi Building              | 136                                    | 112                      | 23              | 13                       | 12                 | 0                    | 27           | 34                       | 0         | 24               | 58           | 82.6                              | 27                |
| Fukusuke Sakaisujihonmachi Building           | 226                                    | 119                      | 31              | 18                       | 21                 | 0                    | 5            | 41                       | -         | 106              | 148          | 76.7                              | 7                 |
| Midosuji Daiwa Building                       | 758                                    | 344                      | 73              | 47                       | 87                 | 1                    | 36           | 98                       | 0         | 413              | 511          | 92.4                              | 20                |
| Kobe Itomachi Building                        | 69                                     | 46                       | 12              | 7                        | 6                  | 0                    | 4            | 14                       | -         | 23               | 37           | 94.2                              | 13                |
| NHK Hiroshima Broadcasting Center Building    | 6                                      | 5                        | 1               | -                        | -                  | 0                    | -            | 3                        | 0         | 1                | 5            | 100.0                             | 15                |
| Tosei Tenjin Building                         | 94                                     | 64                       | 14              | 8                        | 10                 | 0                    | 9            | 20                       | -         | 30               | 50           | 92.0                              | 19                |
| Hinode Tenjin Building                        | 180                                    | 95                       | 23              | 17                       | 16                 | 0                    | 5            | 32                       | 0         | 84               | 116          | 88.6                              | 8                 |
| <b>Total</b>                                  | <b>9,560</b>                           | <b>4,603</b>             | <b>1,127</b>    | <b>779</b>               | <b>791</b>         | <b>24</b>            | <b>365</b>   | <b>1,498</b>             | <b>16</b> | <b>4,956</b>     | <b>6,455</b> | <b>94.8</b>                       | <b>444</b>        |

## Geographical Diversification

36 properties + 1 property  
as of March 2004

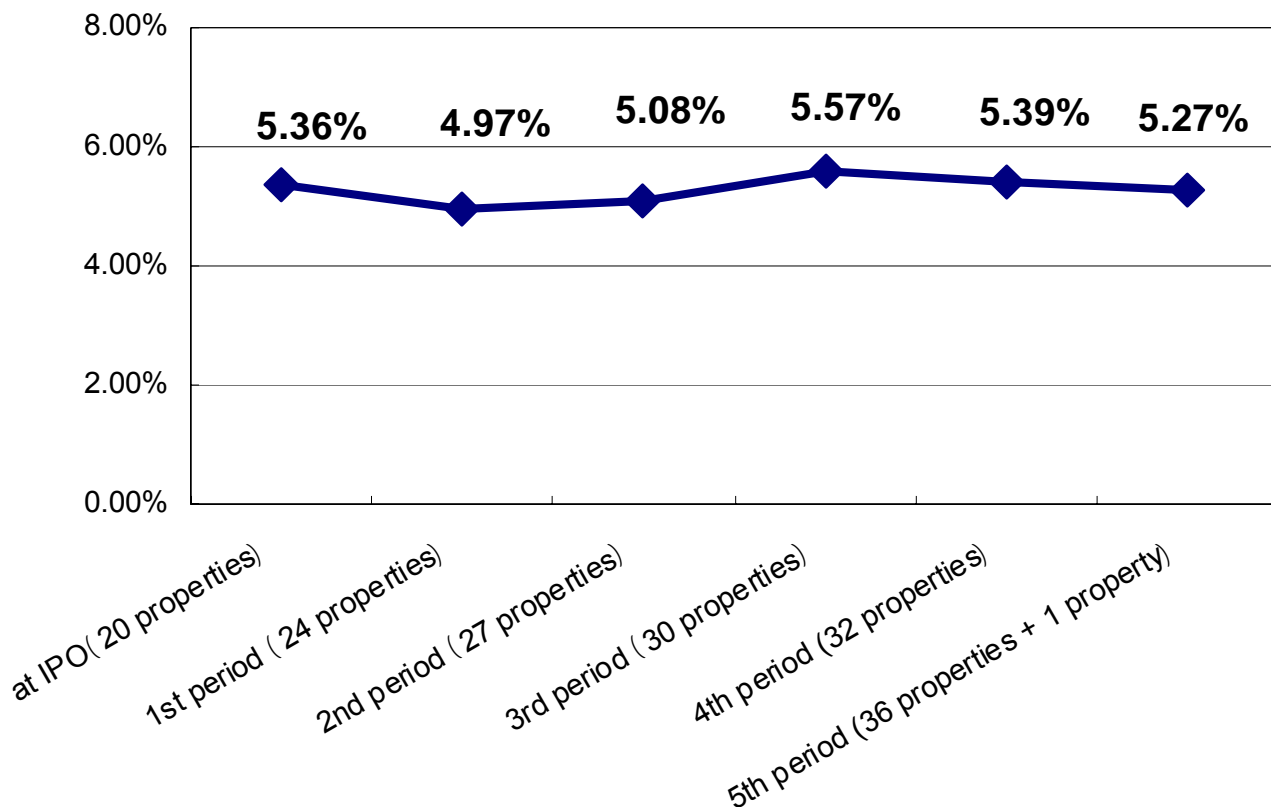


- Acquisition price basis
- The Tokyo metropolitan area includes Tokyo, Saitama, Chiba, and Kanagawa.
- The above chart includes the Yoyogi 1-chome Building and Ebisu Neonato acquired on April 1, 2004.

- ◆ The share accounted for by the 23 wards in the Tokyo metropolitan area increased because the properties acquired in the 5th period and those to be acquired in the 6th period, excluding the NHK Hiroshima Broadcasting Center Building and Fukusuke Sakaisuji-honmachi Building, are located within the 23 wards.
- ◆ Well-balanced portfolio: Highly liquid properties with a stable rent income in the Tokyo metropolitan area account for approximately 76%; properties with attractive yields in other major cities account for 24% as of the end of the 5th period.

\*At the end of September, 2001, 11 properties in the Tokyo metropolitan area account for approximately 61.6%; 9 properties in the other major cities account for 38.4% on acquisition price basis.

## Earthquake Risk (PML Value)

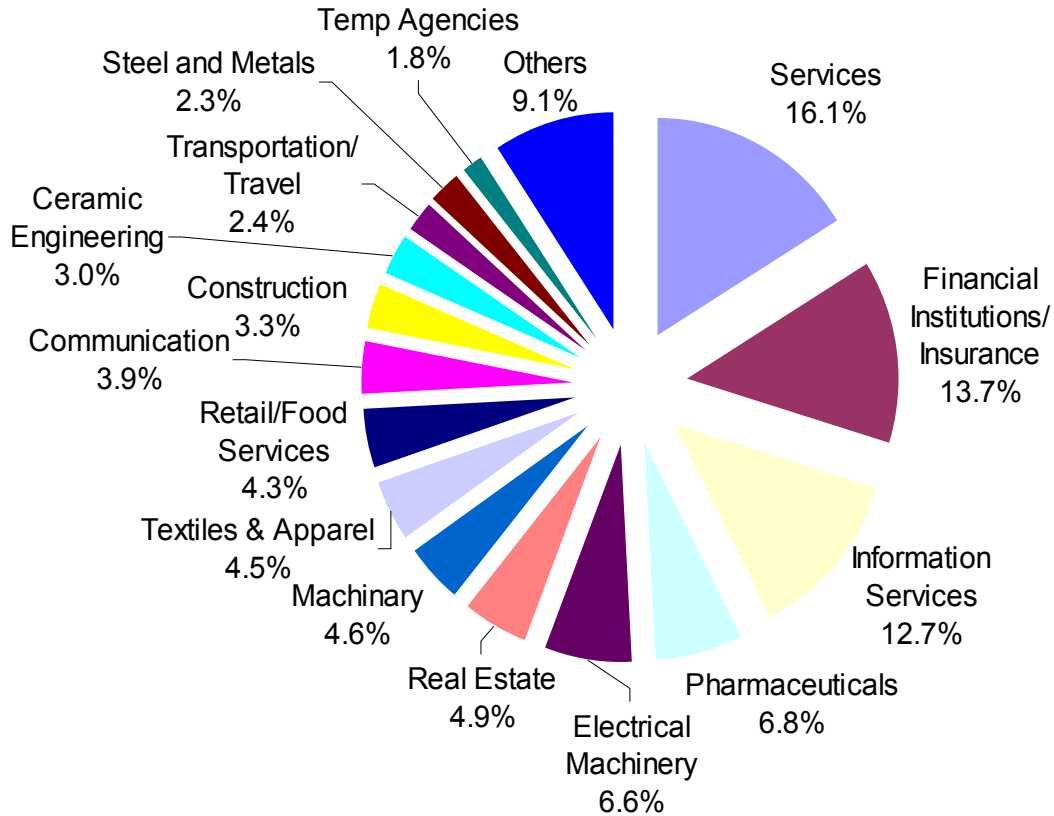


PML Value has been stable at around 5% since IPO.

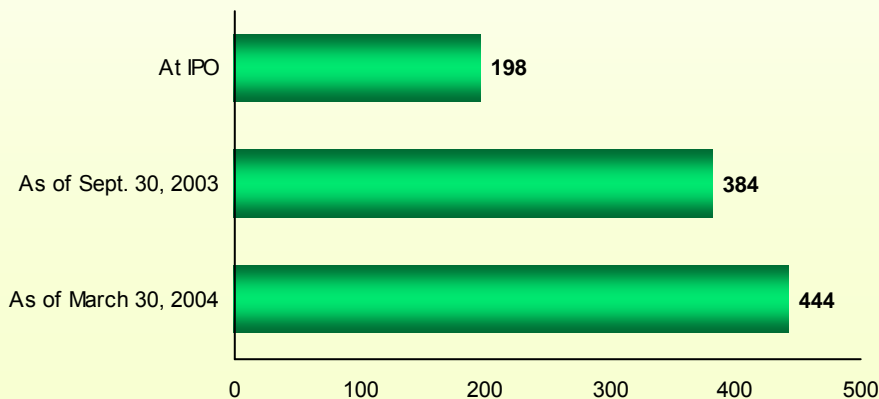
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# Tenant Data (Diversification and Major Tenants)

## Tenant Diversification (Based on Rented Area)



## Number of Tenants



## Major Tenants (Top 6)

| # | Major Tenants                  | Property                            | Rented Area          | % of Total Rented Area |
|---|--------------------------------|-------------------------------------|----------------------|------------------------|
| 1 | Mitsubishi Research Institute* | Mitsubishi Soken                    | 14,529m <sup>2</sup> | 5.6%                   |
| 2 | Dai-ichi Mutual Life           | Midosuji Daiwa<br>7 other buildings | 10,341m <sup>2</sup> | 4.0%                   |
| 3 | TOTO                           | Midosuji Daiwa<br>2 other buildings | 7,302m <sup>2</sup>  | 2.8%                   |
| 4 | N.I. Teijin Shoji**            | Fukusuke Sakaisuji-<br>honmachi     | 5,636m <sup>2</sup>  | 2.2%                   |
| 5 | Tokyo Kenbikyoin Foundation*** | Genki Medical Plaza                 | 4,791m <sup>2</sup>  | 1.9%                   |
| 6 | Casio Computer Co., Ltd.       | Midosuji Daiwa                      | 4,418m <sup>2</sup>  | 1.7%                   |

\*Lease with this tenant is a fixed-term lease from February 1, 2001, to March 31, 2011.

This tenant has agreed not to terminate the contract during the lease period.

\*\*Rent contract with this tenant will be cancelled on May 31, 2004.

\*\*\*Lease with this tenant is a fixed-term lease from November 1, 2002, to October 31, 2017.

This tenant has agreed not to terminate the contract during the lease period.

Note: Yamano Gakuen's rented area in the Yoyogi 1-chome Building, acquired April 1, 2004, is 7,772 m<sup>2</sup>.

## Changes to Fixed-rent Contracts and Long-term rent Contracts with a non-cancellation clause

### Revenues and Average Maturity

#### Tokyo Metropolitan Area (Tokyo/Kanagawa/Saitama/Chiba)

|   | 4th Period | 5th Period |
|---|------------|------------|
| % of revenues from fixed- and long-term rent contracts over the next year | 32.0%      | 36.2%      |
| Average maturity of fixed- and long-term rent contracts                   | 7.1 years  | 6.0 years  |

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

|   | 4th Period | 5th Period |
|---|------------|------------|
| % of revenues from fixed- and long-term rent contracts over the next year | 53.2%      | 55.5%      |
| Average maturity of fixed- and long-term rent contracts                   | 7.7 years  | 7.1 years  |

#### Other Major Cities

|   | 4th Period | 5th Period |
|---|------------|------------|
| % of revenues from fixed- and long-term rent contracts over the next year | 6.4%       | 13.8%      |
| Average maturity of fixed- and long-term rent contracts                   | 2.1 years  | 3.4 years  |

#### Portfolio

|   | 4th Period | 5th Period |
|---|------------|------------|
| % of revenues from fixed- and long-term rent contracts over the next year | 23.4%      | 28.7%      |
| Average maturity of fixed- and long-term rent contracts                   | 6.7 years  | 5.6 years  |



**Aiming for a more stable revenue**

## Changes in Major Tenants

| 4th Period | 5th Period | Tenant                        | 4th Period Rented areas (㎡) | 5th Period Rented areas (㎡) | Change (㎡) |
|------------|------------|-------------------------------|-----------------------------|-----------------------------|------------|
| 1          | 1          | Mitsubishi Research Institute | 14,529                      | 14,529                      | 0          |
| 2          | 2          | Dai-ichi Mutual Life          | 13,008                      | 10,341                      | ▲2,667     |
| 3          | -          | Nippon Ericsson K.K.          | 5,794                       | 0                           | ▲5,794     |
| 4          | 3          | TOTO                          | 4,840                       | 7,302                       | 2,462      |
| 5          | 5          | Tokyo Kenbikyoin Foundation   | 4,791                       | 4,791                       | 0          |
| 6          | 7          | Janssen Pharmaceutical        | 4,318                       | 4,318                       | 0          |
| 7          | 8          | Company A                     | 4,279                       | 4,279                       | 0          |
| 8          | 9          | Company B                     | 3,918                       | 3,918                       | 0          |
| 9          | 12         | Company C                     | 3,592                       | 3,257                       | ▲335       |
| 10         | 6          | Casio Computer                | 3,575                       | 4,418                       | 843        |
| 11         | 11         | Company D                     | 3,383                       | 3,383                       | 0          |
| 12         | 10         | Company E                     | 3,103                       | 3,656                       | 553        |
| 13         | 21         | Company F                     | 2,964                       | 2,312                       | ▲652       |
| 14         | 14         | Company G                     | 2,866                       | 2,866                       | 0          |
| 15         | 15         | Company H                     | 2,813                       | 2,813                       | 0          |

\*Rent contract with Nippon Ericsson K.K. was cancelled on October 31, 2003

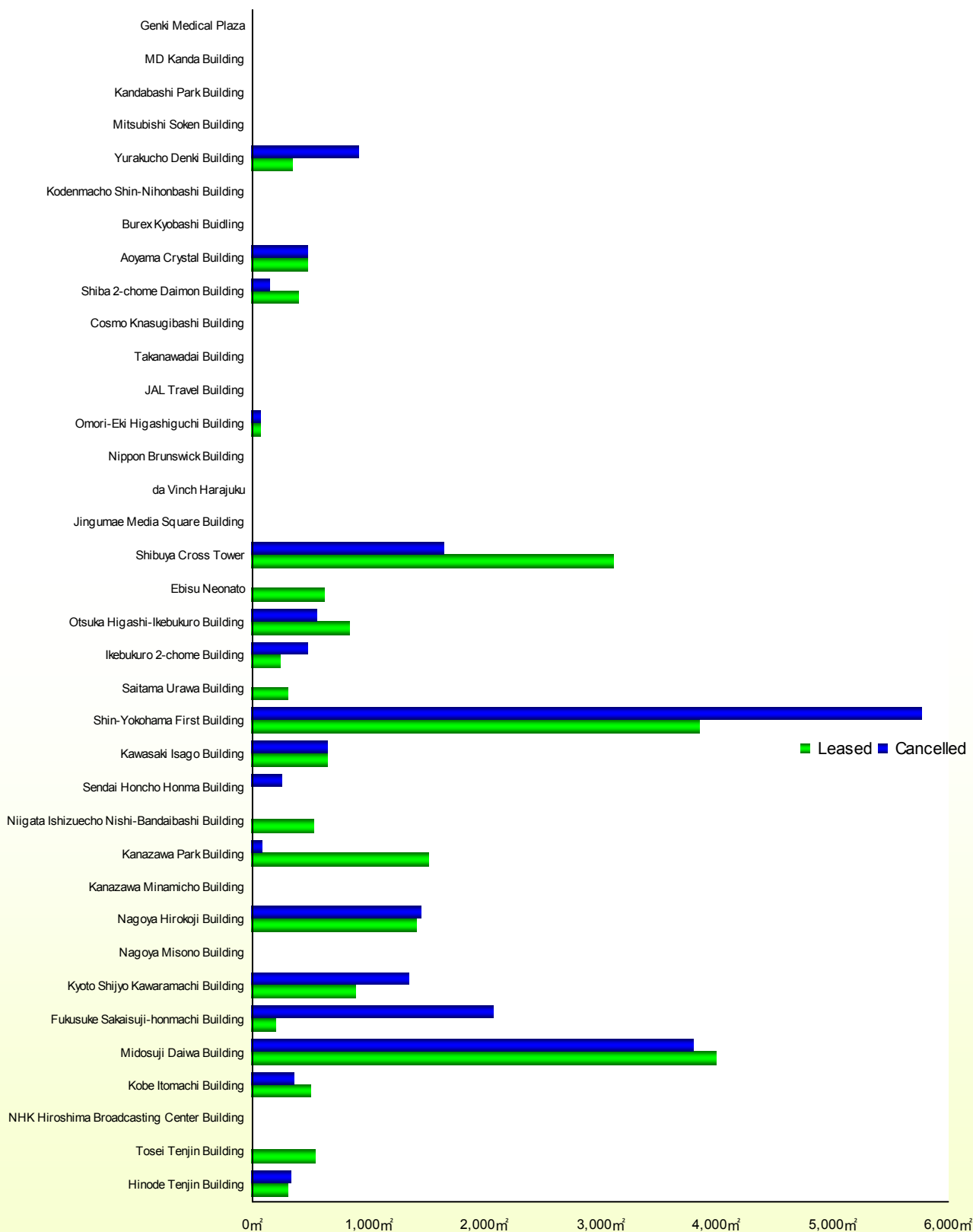


**No substantial change, excluding Nippon Ericsson's cancellation and Dai-ichi Mutual Life's termination of leasing contract**

Notes:

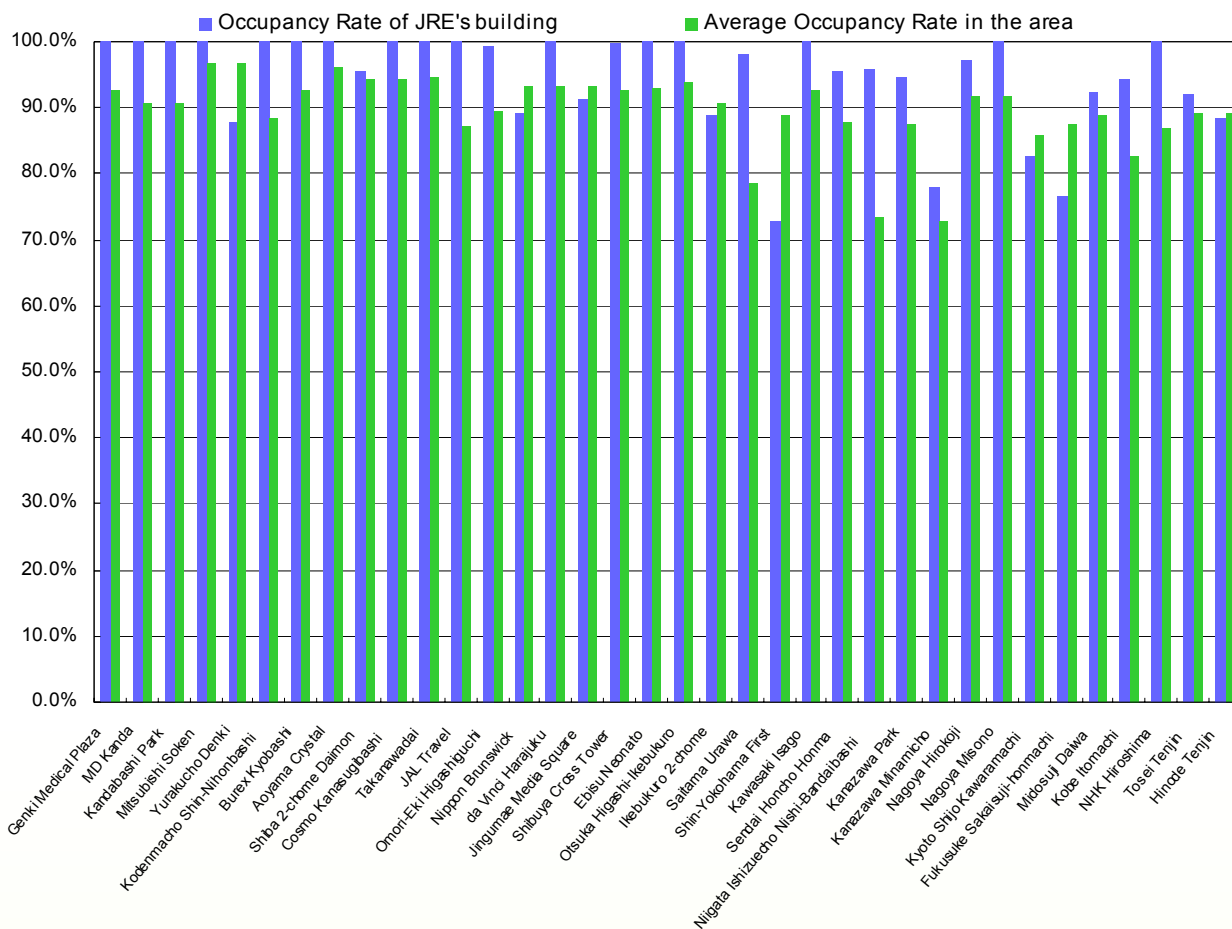
1. After Nippon Ericsson's cancellation, the occupancy rate of the Shin-Yokohama First Building rose to 72.7% as of the end of the 5th period.
2. New contracts with Casio Computer Co. Ltd. and TOTO Ltd. almost offset Dai-ichi Mutual Life's termination of its leasing contract for the Midosuji Daiwa Building.

# Tenant Data (Tenant Activities in the 5th period)





# Comparison of Occupancy Rate by Area



Note: The comparison between the occupancy rates of the buildings held by JRE as of the end of March 2004 and the average rates of some of the buildings in the same area as of the end of December 2003 (from January 2003 to December 2003) were randomly chosen by Ikoma Data Service.

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### 3 . Management Policy for the Future

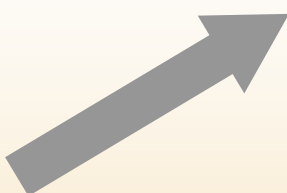
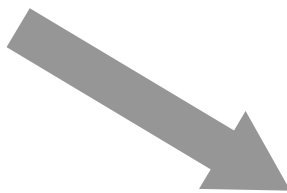
## External Growth Strategy

- ◆ Increase revenue and stability by purchasing new properties at appropriate prices
- ◆ Reduce operating costs of newly acquired properties as well as existing properties
- ◆ Target Asset Size = 300 billion yen by March 2006

## Internal Growth Strategy

- ◆ Maximize profitability of existing properties
- ◆ Maintain/increase rents by increasing tenant satisfaction through proper property management
- ◆ Stabilize occupancy rate by understanding needs of tenants
- ◆ Increase rental income by finding new tenants for properties with low occupancy rates
- ◆ Reduce property management costs

(In billions of yen)



## Capital Policy



## Financial Strategy

## Current Situation and Plan for Cost Reduction

### Basic Policy:

Management fees should be cut 5% of the total amount of the basis (management fees and utilities costs) within three years following the acquisition of properties.

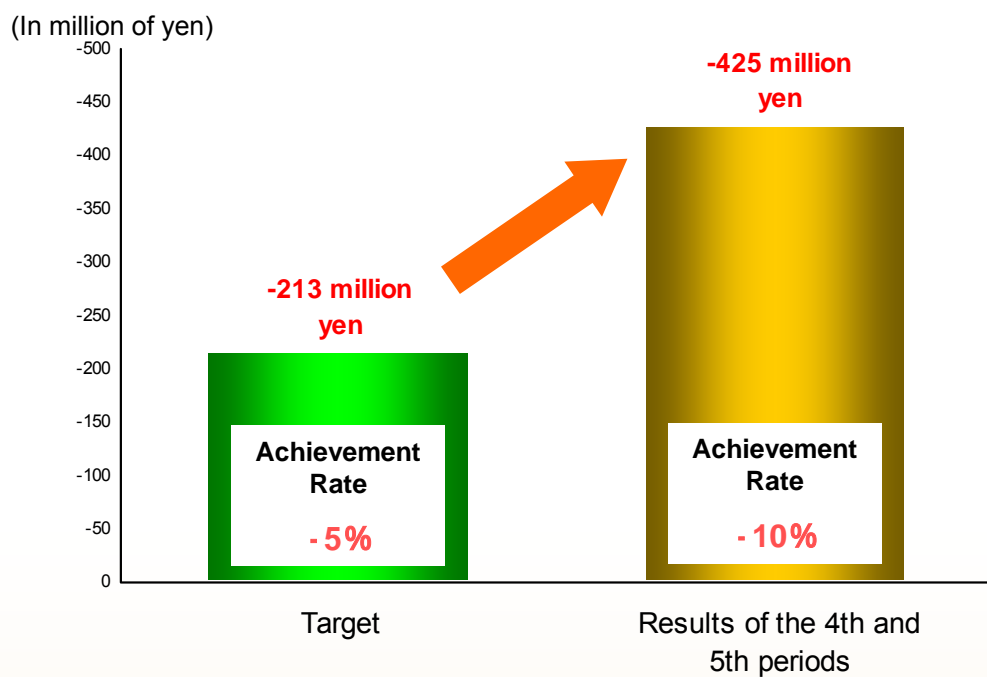
- ◆ The total target reduction amount for 27 properties acquired in the 1st, 2nd, and 3rd periods was 213 million yen. The results of the 4th and 5th periods already see a reduction of 425 million yen.
- ◆ That is, a 10.0% cut in the total amount of the basis for the 27 properties was achieved, and this rate surpasses the initial target of 5% set in the basic policy of the cost reduction plan.

### Target and result of 27 properties

Total amount of the basis → 4,268 million yen

|                                 | Target           | Results of 4th and 5th Periods |
|---------------------------------|------------------|--------------------------------|
| Achievement rate                | -5.0%            | -10.0%                         |
| Reduction amount (of the basis) | -213 million yen | -425 million yen               |

## Reduction amount of 27 properties



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## 1. J-Rea's renovation work

- Prepared medium- to long-term renovation plans for each building
- Conducted renovation work to increase asset profitability
- Implemented renovation work to ensure appropriate asset management
- Conducted proper renovations to maintain and enhance the function of buildings
- Reviewed construction estimates and carried out construction administration by third parties

## 2. Implementation and plans

### • Implementation for the 5th period

#### a. Renovation to attract tenants

(In thousands of yen)

| Property Name           | Purpose                              | Accounting Treatment     | Cost    |
|-------------------------|--------------------------------------|--------------------------|---------|
| Shin-Yokohama First     | Interior finishing of rentable areas | Capitalized cost/Expense | 134,000 |
| Shiba 2-chome Daimon    | Entrance·Lobby and renewal           | Capitalized cost/Expense | 33,000  |
| Niigata Ishizuecho      | Restroom renewal                     | Capitalized cost/Expense | 30,000  |
| Kyoto Shijo Kawaramachi | Renovation of common area            | Capitalized cost/Expense | 113,000 |

#### b. Renovation for appropriate asset management

(In thousands of yen)

| Property Name       | Purpose  | Accounting Treatment     | Cost    |
|---------------------|--|--------------------------|---------|
| Mitsubishi Soken    | Water supply system renewal                          | Capitalized cost/Expense | 9,000   |
| Shibuya Cross Tower | Plumbing pipes and fittings renewal in building core | Capitalized cost/Expense | 338,000 |
| Yurakucho Denki     | Cooling tower renewal                                | Capitalized cost/Expense | 3,000   |
| Nagoya Hirokoji     | Gas powered water cooler and heater renewal          | Capitalized cost/Expense | 7,000   |

### • Implementation for the 6th and 7th periods

#### c. Renovation to attract tenants

(In thousands of yen)

| Property Name         | Purpose                              | Accounting Treatment     | Cost   |
|-----------------------|--------------------------------------|--------------------------|--------|
| Nagoya Hirokoji       | Interior finishing of rentable areas | Capitalized cost         | 78,000 |
| Fukusuke Sakaisuji    | Interior finishing of rentable areas | Capitalized cost/Expense | 39,000 |
| Takanawadai           | Interior finishing of rentable areas | Capitalized cost         | 30,000 |
| Jingumae Media Square | Sign renewal                         | Capitalized cost         | 14,000 |

#### d. Renovation for appropriate asset management

(In thousands of yen)

| Property Name        | Purpose  | Accounting Treatment     | Cost    |
|----------------------|--|--------------------------|---------|
| Shibuya Cross Tower  | Plumbing pipes and fittings renewal in building core | Capitalized cost/Expense | 369,000 |
| Yurakucho Denki      | Elevator renewal                                     | Capitalized cost/Expense | 43,000  |
| Shiba 2-chome Daimon | Building automation and monitoring system renewal    | Capitalized cost         | 9,000   |
| Mitsubishi Soken     | Water supply system renewal                          | Capitalized cost/Expense | 21,000  |



### 3. Cost reduction by strict review of construction estimates (the 5th period)

(In thousands of yen)

|  |                  |
|--|------------------|
| Number of Works  | 121              |
| Total cost of construction estimates before inspection | 1,598,000        |
| Total cost of construction estimates after inspection  | 1,372,000        |
| Reduced  | 226,000 ( 14.1%) |

### 4. 5 year-plan of renovation works

(In millions of yen)

|                            | FY2003 | FY2004 | FY2005 | FY2006 | FY2007 | Total  |
|----------------------------|--------|--------|--------|--------|--------|--------|
| Renovation                 | 1,800  | 1,400  | 1,300  | 2,100  | 2,000  | 8,600  |
| Annual Depreciation Amount | 2,900  | 2,900  | 2,700  | 2,600  | 2,400  | 13,500 |

\* 37 properties including Yoyogi 1 chome Building

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## Investment Criteria for Property Acquisition

### Geographic Diversification

60%–80% in the Tokyo metropolitan area  
Balance among major local cities, including Osaka and Nagoya

### Structure

Adaptation to revised earthquake resistance standards or equivalent structure/strength

### Size of Property

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

## Deal Source

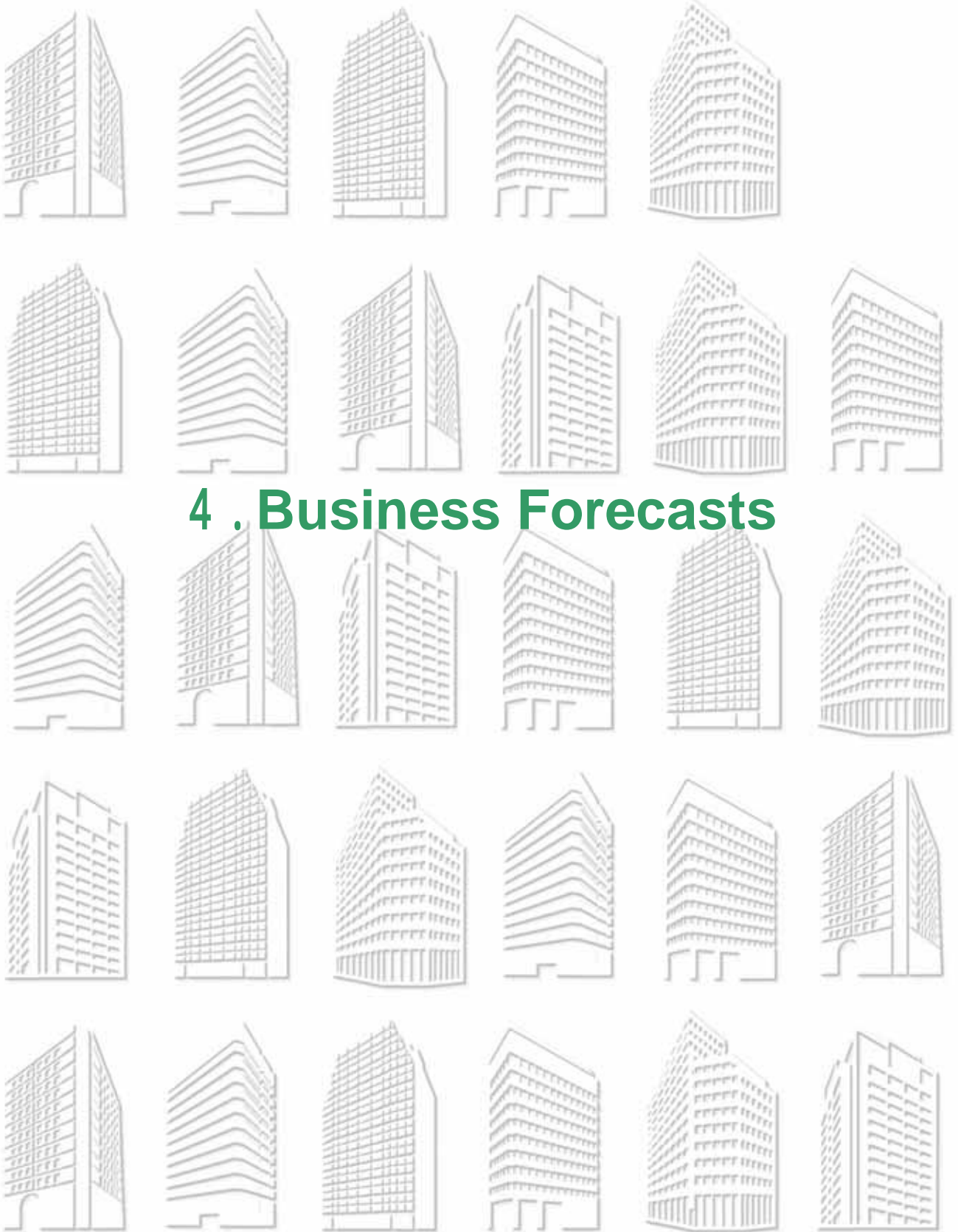
FY2002

| Area               | First Half of 2002 |           |           |           |           |           |            | Second Half of 2002 |           |           |           |           |           |            | Total      | %             |
|--------------------|--------------------|-----------|-----------|-----------|-----------|-----------|------------|---------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|---------------|
|                    | Apr                | May       | Jun       | Jul       | Aug       | Sep       | Total      | Oct                 | Nov       | Dec       | Jan       | Feb       | Mar       | Total      |            |               |
| Tokyo Metropolitan | 11                 | 19        | 24        | 18        | 20        | 28        | 120        | 34                  | 16        | 13        | 26        | 17        | 6         | 112        | 232        | 79.5%         |
| Other Cities       | 10                 | 6         | 7         | 7         | 2         | 13        | 45         | 1                   | 2         | 2         | 4         | 2         | 4         | 15         | 60         | 20.5%         |
| <b>Total</b>       | <b>21</b>          | <b>25</b> | <b>31</b> | <b>25</b> | <b>22</b> | <b>41</b> | <b>165</b> | <b>35</b>           | <b>18</b> | <b>15</b> | <b>30</b> | <b>19</b> | <b>10</b> | <b>127</b> | <b>292</b> | <b>100.0%</b> |

FY2003

| Area               | First Half of 2003 |           |           |           |           |          |            | Second Half of 2003 |           |           |           |           |           |            | Total      | %             |
|--------------------|--------------------|-----------|-----------|-----------|-----------|----------|------------|---------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|---------------|
|                    | Apr                | May       | Jun       | Jul       | Aug       | Sep      | Total      | Oct                 | Nov       | Dec       | Jan       | Feb       | Mar       | Total      |            |               |
| Tokyo Metropolitan | 27                 | 22        | 20        | 15        | 14        | 4        | 102        | 32                  | 10        | 21        | 27        | 10        | 14        | 114        | 216        | 77.4%         |
| Other Cities       | 5                  | 6         | 6         | 1         | 4         | 0        | 22         | 6                   | 6         | 6         | 19        | 2         | 2         | 41         | 63         | 22.6%         |
| <b>Total</b>       | <b>32</b>          | <b>28</b> | <b>26</b> | <b>16</b> | <b>18</b> | <b>4</b> | <b>124</b> | <b>38</b>           | <b>16</b> | <b>27</b> | <b>46</b> | <b>12</b> | <b>16</b> | <b>155</b> | <b>279</b> | <b>100.0%</b> |

- ◆ Among 571 properties (292 properties acquired in fiscal 2002 and 279 properties acquired in fiscal 2003), 14 properties are under due diligence process, valued at 92 billion yen, and four properties out of the 14 are under negotiations for acquisition and valued at 28 billion yen.



## 4 . Business Forecasts

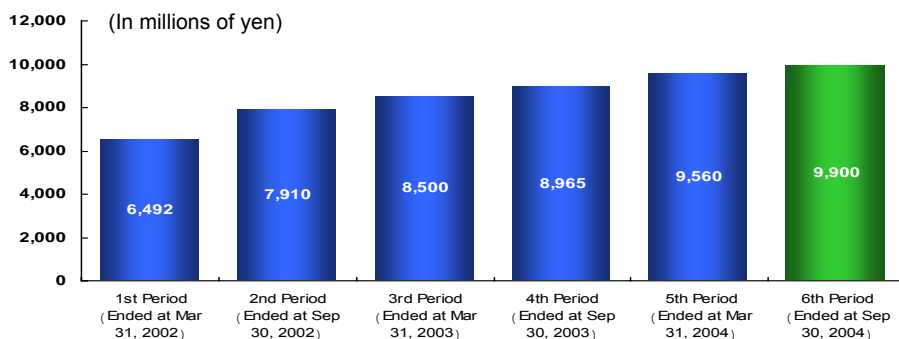
# Income Statement Forecast

(In millions of yen)

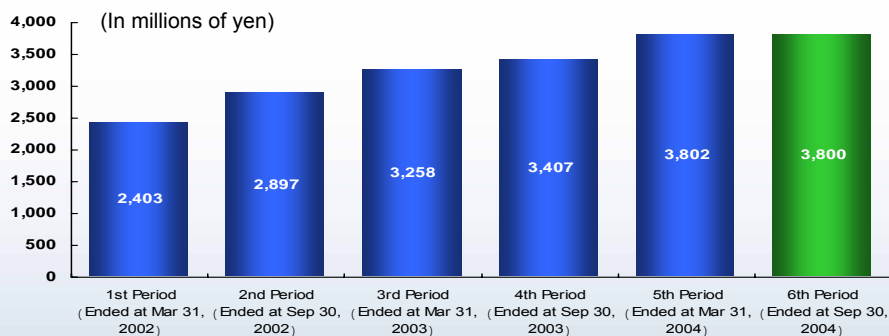
| Term                          | 1st Period            | 2nd Period            | 3rd Period            | 4th Period            | 5th Period            | 6th Period            | 7th Period            |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                               | Ended Mar 31,<br>2002 | Ended Sep 30,<br>2002 | Ended Mar 31,<br>2003 | Ended Sep 30,<br>2003 | Ended Mar 31,<br>2004 | Ended Sep 30,<br>2004 | Ended Mar 31,<br>2005 |
|                               |                       |                       |                       |                       |                       | Forecast              | Forecast              |
| Number of Properties          | 24                    | 27                    | 30                    | 32                    | 36                    | 37                    | 37                    |
| Number of Days                | (203 days)            | (183 days)            | (182 days)            | (183 days)            | (183 days)            | (183 days)            | (182 days)            |
| Operating Revenue             | 6,492                 | 7,910                 | 8,500                 | 8,965                 | 9,560                 | 9,900                 | 9,700                 |
| Operating Expenses            | 1,759                 | 2,699                 | 2,798                 | 3,015                 | 3,105                 | 3,300                 | -                     |
| NOI                           | 4,732                 | 5,211                 | 5,702                 | 5,950                 | 6,455                 | 6,600                 | -                     |
| Depreciation and Amortization | 1,100                 | 1,194                 | 1,310                 | 1,393                 | 1,498                 | 1,600                 | -                     |
| Operating Profit              | 3,632                 | 4,017                 | 4,391                 | 4,556                 | 4,956                 | 5,000                 | -                     |
| Administrative Expenses       | 671                   | 630                   | 703                   | 658                   | 615                   | 700                   | -                     |
| Net Operating Profit          | 2,961                 | 3,386                 | 3,687                 | 3,898                 | 4,341                 | 4,300                 | 4,200                 |
| Non-Operating Profit          | ▲ 556                 | ▲ 488                 | ▲ 428                 | ▲ 489                 | ▲ 537                 | ▲ 500                 | -                     |
| (Interest Expenses)           | ▲ 241                 | ▲ 316                 | ▲ 339                 | ▲ 414                 | ▲ 412                 | ▲ 500                 | -                     |
| Recurring Profit              | 2,405                 | 2,898                 | 3,259                 | 3,408                 | 3,803                 | 3,800                 | 3,700                 |
| Net Income                    | 2,403                 | 2,897                 | 3,258                 | 3,407                 | 3,802                 | 3,800                 | 3,700                 |
| Dividends                     | 2,403                 | 2,897                 | 3,258                 | 3,407                 | 3,802                 | 3,800                 | 3,700                 |
| Number of Units               | 160,400 units         | 225,400 units         | 225,400 units         | 225,400 units         | 260,400 units         | 260,400 units         | 260,400 units         |
| Dividends per Unit            | 14,983 yen            | 12,853 yen            | 14,455 yen            | 15,117 yen            | 14,602 yen            | 14,600 yen            | 14,300 yen            |
| Occupancy Rate                | 94.0%                 | 95.3%                 | 94.4%                 | 95.1%                 | 94.8%                 | 91.3%                 | -                     |

## MEMO

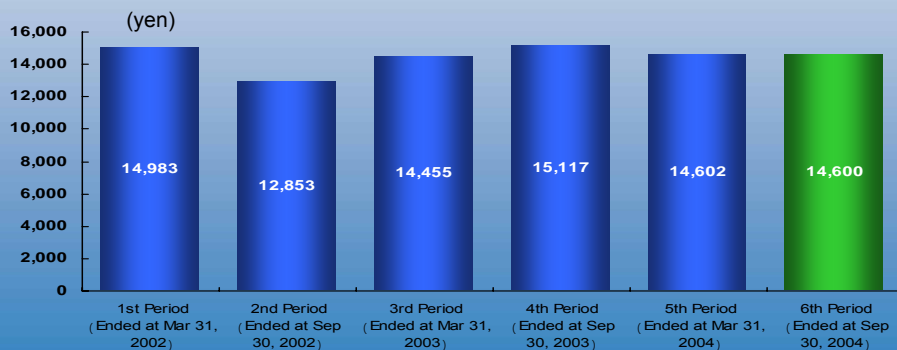
## Operating Revenue



## Net Income



## Dividends per Unit



Note: Semi-annualized dividends per unit in the 1st period was 13,506 yen.

# Balance Sheet Forecast

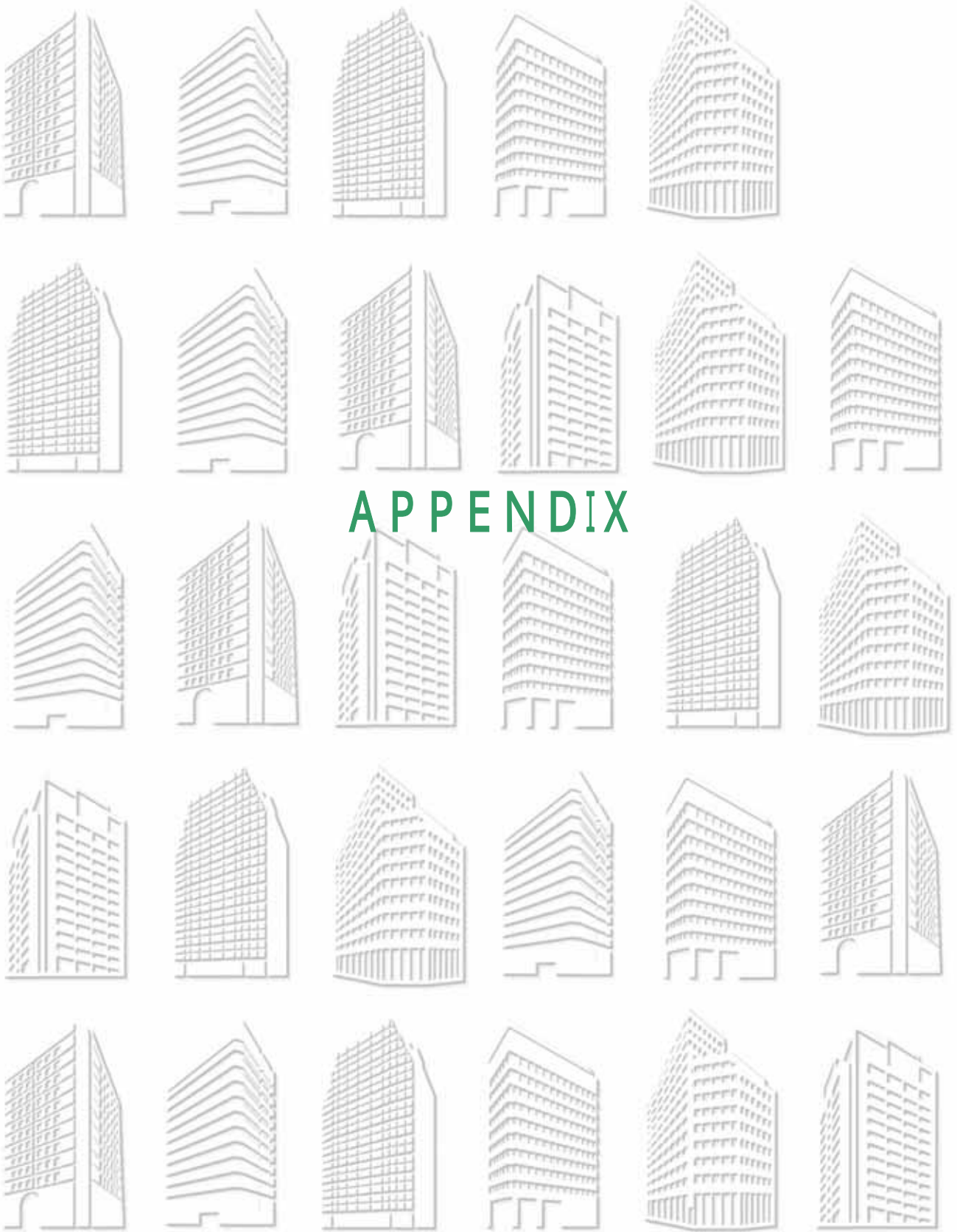
| Item                                | 6th Fiscal End<br>(Sep 30, 2004) | 5th Fiscal End<br>(Mar 31, 2004) | Change       | Reasons for Change                            |
|-------------------------------------|----------------------------------|----------------------------------|--------------|---|
| <b>Current Assets</b>               |                                  |                                  |              |   |
| Cash and entrusted cash             | 16,640                           | 24,779                           | 8,139        | Decreased due to Yoyogi and Ebisu acquisition |
| Other current assets                | 236                              | 666                              | 430          |   |
| <b>Total Current Assets</b>         | <b>16,876</b>                    | <b>25,445</b>                    | <b>8,569</b> |   |
| <b>Fixed Assets</b>                 |                                  |                                  |              |   |
| Property and equipment              |                                  |                                  |              |   |
| Buildings                           | 74,100                           | 68,700                           | 5,400        | Increased due to Yoyogi and Ebisu acquisition |
| Structures                          | 394                              | 394                              | 0            |   |
| Machinery and equipment             | 1,270                            | 1,270                            | 0            |   |
| Land                                | 158,214                          | 153,254                          | 4,960        | Increased due to Yoyogi and Ebisu acquisition |
| Accumulated depreciation            | 8,043                            | 6,496                            | 1,547        |   |
| <b>Total Property and Equipment</b> | <b>225,935</b>                   | <b>217,122</b>                   | <b>8,813</b> |   |
| <b>Intangible Assets</b>            |                                  |                                  |              |   |
| Lease hold rights                   | 1,912                            | 1,912                            | 0            |   |
| <b>Total Intangible Assets</b>      | <b>1,912</b>                     | <b>1,912</b>                     | <b>0</b>     |   |
| <b>Investments and Others</b>       |                                  |                                  |              |   |
| Long-term prepaid expenses, etc     | 39                               | 46                               | 7            |   |
| <b>Total Investments and Others</b> | <b>39</b>                        | <b>46</b>                        | <b>7</b>     |   |
| <b>Total Fixed Assets</b>           | <b>227,886</b>                   | <b>219,078</b>                   | <b>8,808</b> |   |
| <b>Deferred Assets</b>              |                                  |                                  |              |   |
| Bond issuance cost                  | -                                | -                                | -            |   |
| <b>Total Deferred Assets</b>        | <b>-</b>                         | <b>-</b>                         | <b>-</b>     |   |
| <b>Total Assets</b>                 | <b>244,762</b>                   | <b>244,523</b>                   | <b>239</b>   |   |

(In millions of yen)

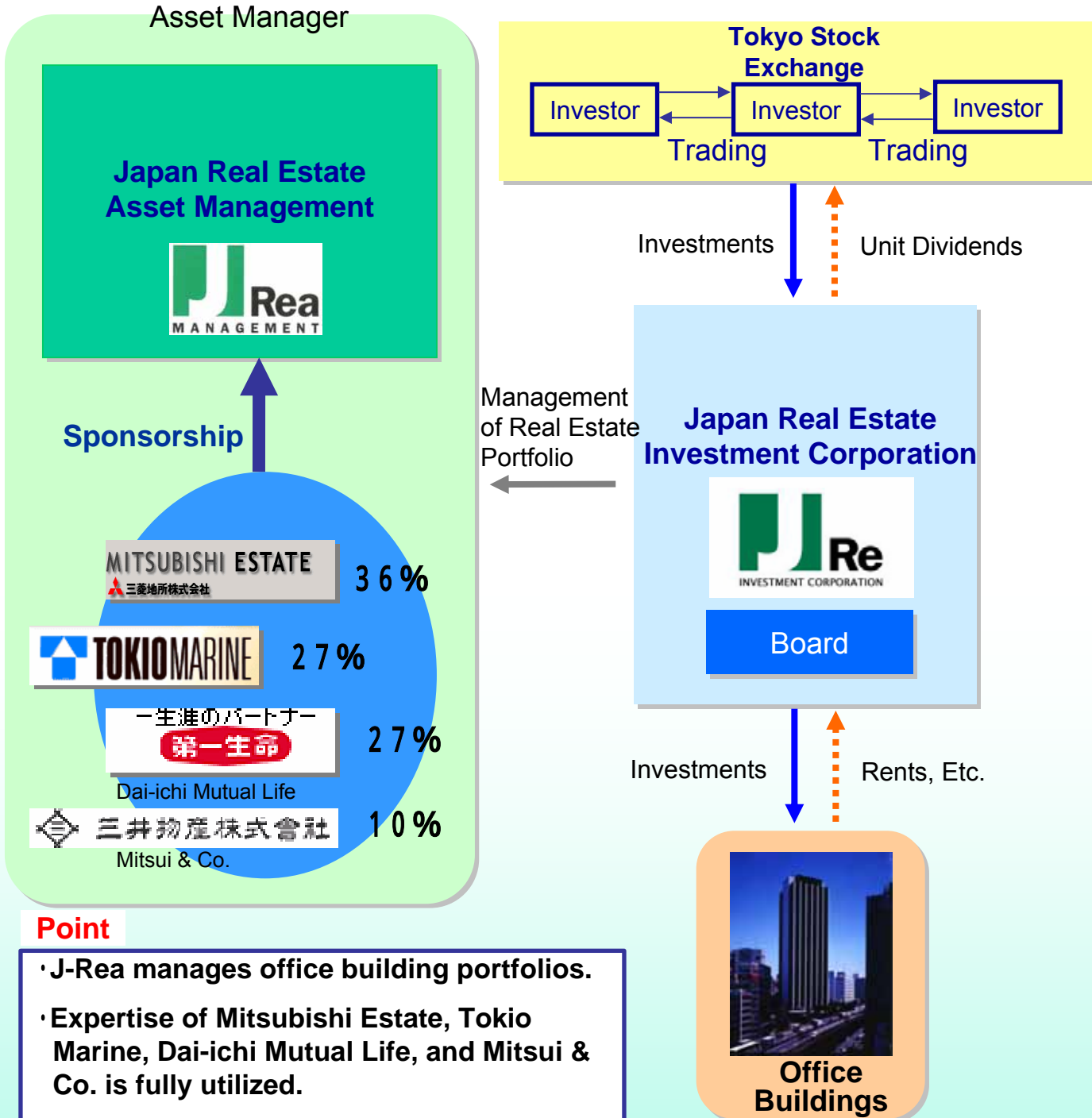
| Item                                      | 6th Fiscal End<br>(Sep 30, 2004) | 5th Fiscal End<br>(Mar 31, 2004) | Change | Reasons for Change                               |
|---|----------------------------------|----------------------------------|--------|--|
| Liabilities                               |                                  |                                  |        |  |
| Current Liabilities                       |                                  |                                  |        |  |
| Short-term borrowing                      | 9,000                            | 9,000                            | 0      |  |
| Rent received in advance                  | 1,880                            | 1,582                            | 298    |  |
| Other current liabilities                 | 1,500                            | 1,777                            | 277    |  |
| Total Current Liabilities                 | 12,380                           | 12,359                           | 21     |  |
| Long-term Liabilities                     |                                  |                                  |        |  |
| Investment Corporation Bonds              | 45,000                           | 45,000                           | 0      |  |
| Long-term borrowing                       | 33,000                           | 33,000                           | 0      |  |
| Deposits from tenants                     | 17,134                           | 16,914                           | 220    | Increased due to Yoyogi<br>and Ebisu acquisition |
| Total Long-term Liabilities               | 95,134                           | 94,914                           | 220    |  |
| Total Liabilities                         | 107,514                          | 107,273                          | 241    |  |
| Unitholder's Equity                       |                                  |                                  |        |  |
| Unitholder's capital                      | 133,448                          | 133,448                          | 0      |  |
| Retained earnings                         | 3,800                            | 3,802                            | 2      |  |
| Total Unitholder's Equity                 | 137,248                          | 137,250                          | 2      |  |
|   |                                  |                                  |        |  |
| Total Liabilities and Unitholder's Equity | 244,762                          | 244,523                          | 239    |  |







# Structure of JRE



## Point

- J-Rea manages office building portfolios.
- Expertise of Mitsubishi Estate, Tokio Marine, 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.

## Continuing Growth

Total acquisition price as of the end of fiscal  
2004: 227.4 billion yen

(including future acquisitions scheduled)

Total acquisition price at IPO: 92.8 billion yen

Total property value acquired after IPO: 134.6 billion yen

### Listing

Listed date: September 10, 2001  
Subscription price: 525,000 yen  
Yen units issued: 160,000 units

### Credit Rating

JRE was the first to  
receive a credit rating as J-REIT

Highest level of financial conditions  
in the real estate industry

S&P            A+  
Moody's       A2

\*Moody's changed JRE's outlook from  
stable to positive as of Jan. 26, 2004.



### Public Offering

#### First Public Offering

Issuance date:  
May 8, 2002

Subscription price:  
490,980 yen

Units issued:  
65,000 units

#### Second Public Offering

Issuance date:  
October 25, 2003

Subscription price:  
629,000 yen

Units issued:  
35,000 units

### Investment Corporation Bond

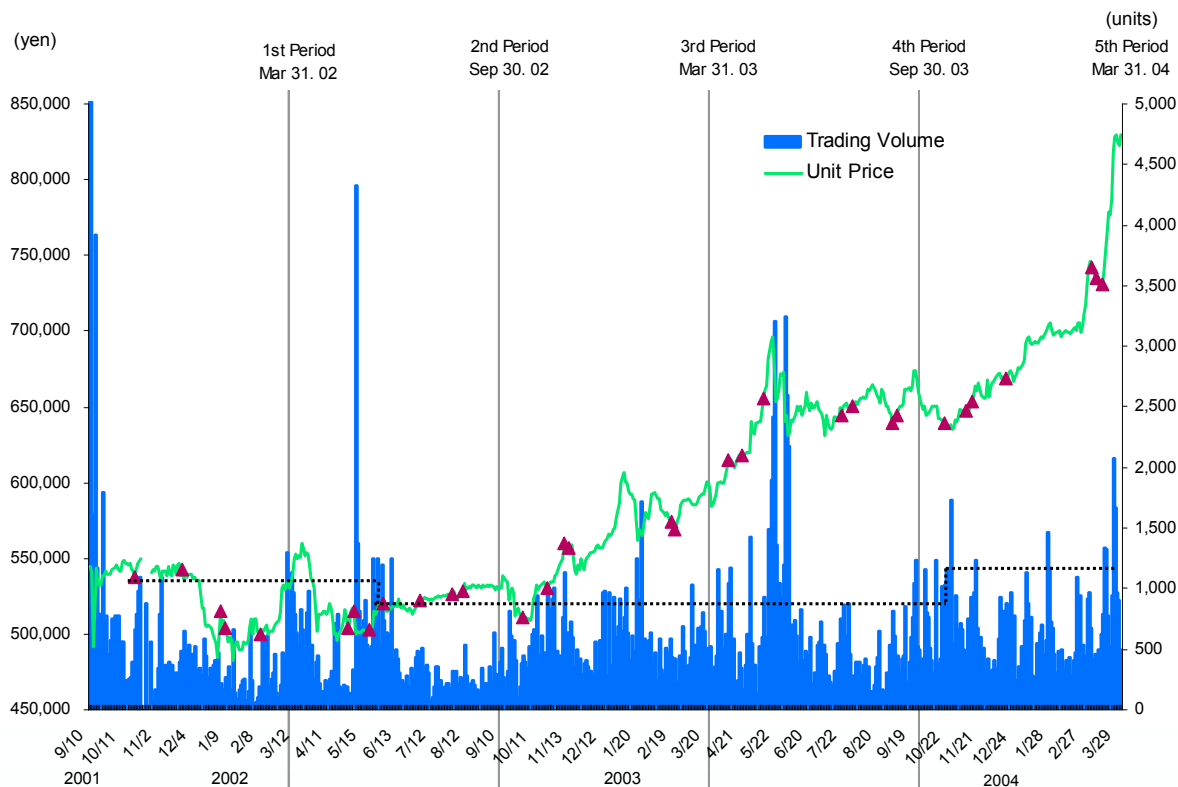
1st/2nd/3rd Investment Corporation Bond issuance

Term: 5 and 7 years

Total amount: 45 billion yen

Credit rating:  
S&P: A+, Moody's: A2

# Unit Price Performance (After IPO)



## TOPICS

|                       | 1st Period  | 2nd Period   | 3rd Period   | 4th Period   | 5th Period   |
|-----------------------|---|--|--|--|--|
|                       | Oct 22, 01<br>Announcement of Shibuya Cross Tower acquisition | May 8, 02<br>Additional issue of units<br>May 2, 02<br>Announcement of Mitsui & Co. participation & period performance review<br>Jun 7, 02<br>Announcement of Investment Corporation Bond issuance | Oct 8, 02<br>Announcement of outline of the tax system revision<br>Nov 19, 02<br>Announcement of 2nd period performance review | Apr 16, 03<br>Announcement of Investment Corporation Bond issuance<br>Apr 30, 03<br>Announcement of JRE inclusion in MSCI<br>May 20, 03<br>Announcement of 3rd period performance review | Oct 25, 03<br>Additional issue of units<br>Nov 18, 03<br>Announcement of 4th period performance review |
| Total Assets          | 161,809   | 185,397  | 200,022  | 209,581  | 244,523  |
| Net Worth             | 83,663  | 115,049  | 115,410  | 115,559  | 137,250  |
| Market Capitalization | 85,012  | 115,179  | 133,436  | 146,059  | 216,132  |
| Unit outstanding      | 160,400 unit  | 225,400 unit   | 225,400 unit   | 225,400 unit   | 260,400 unit   |
| Unit Price            | 530,000 yen   | 511,000 yen  | 592,000 yen  | 648,000 yen  | 830,000 yen  |
| Operating Profit      | 6,492   | 7,910  | 8,500  | 8,965  | 9,560  |
| Net Income            | 2,403   | 2,897  | 3,258  | 3,407  | 3,802  |
| Dividend per Unit     | 14,983 yen  | 12,853 yen   | 14,455 yen   | 15,117 yen   | 14,602 yen   |

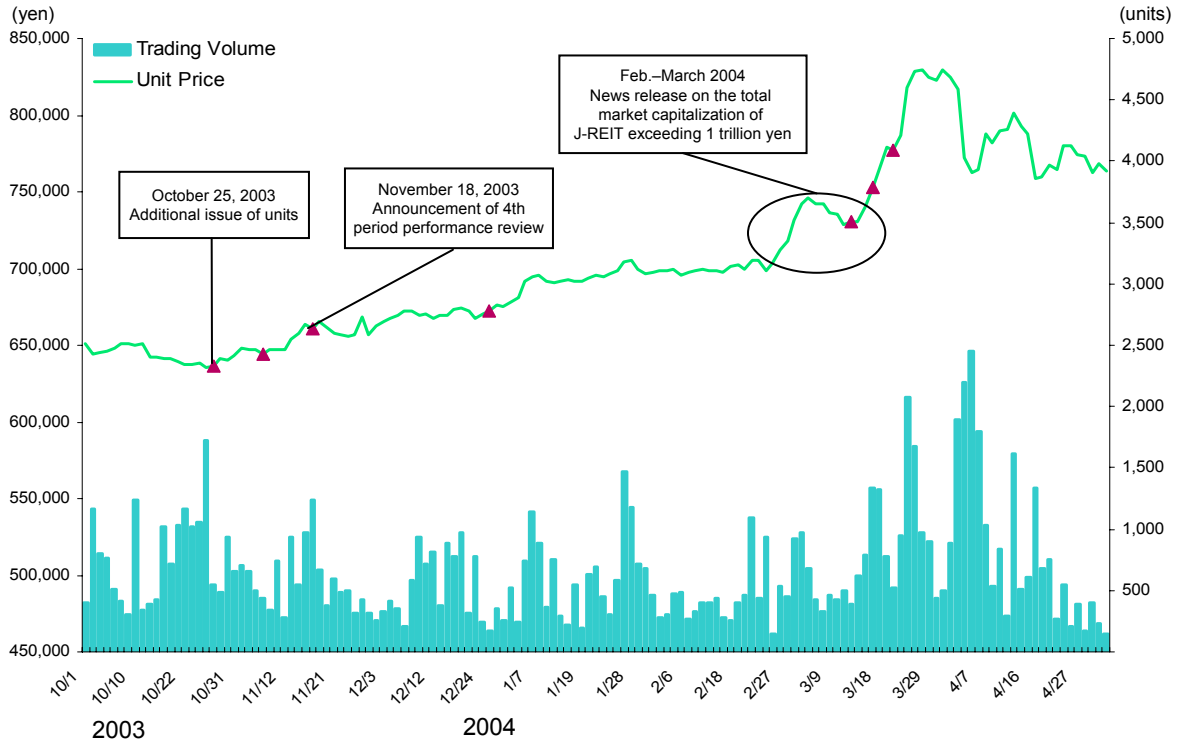
(In millions of yen)

Notes: 1. Unit prices are based on daily closing prices.

2. Triangles (▲) show announcement dates of important issues regarding JRE.

3. The dotted line (·····) shows the weighted average of JRE's issue price (for IPO/PO) for the number of units issued.

## As of May 7, 2004



Notes: 1. Unit prices are based on daily closing prices.

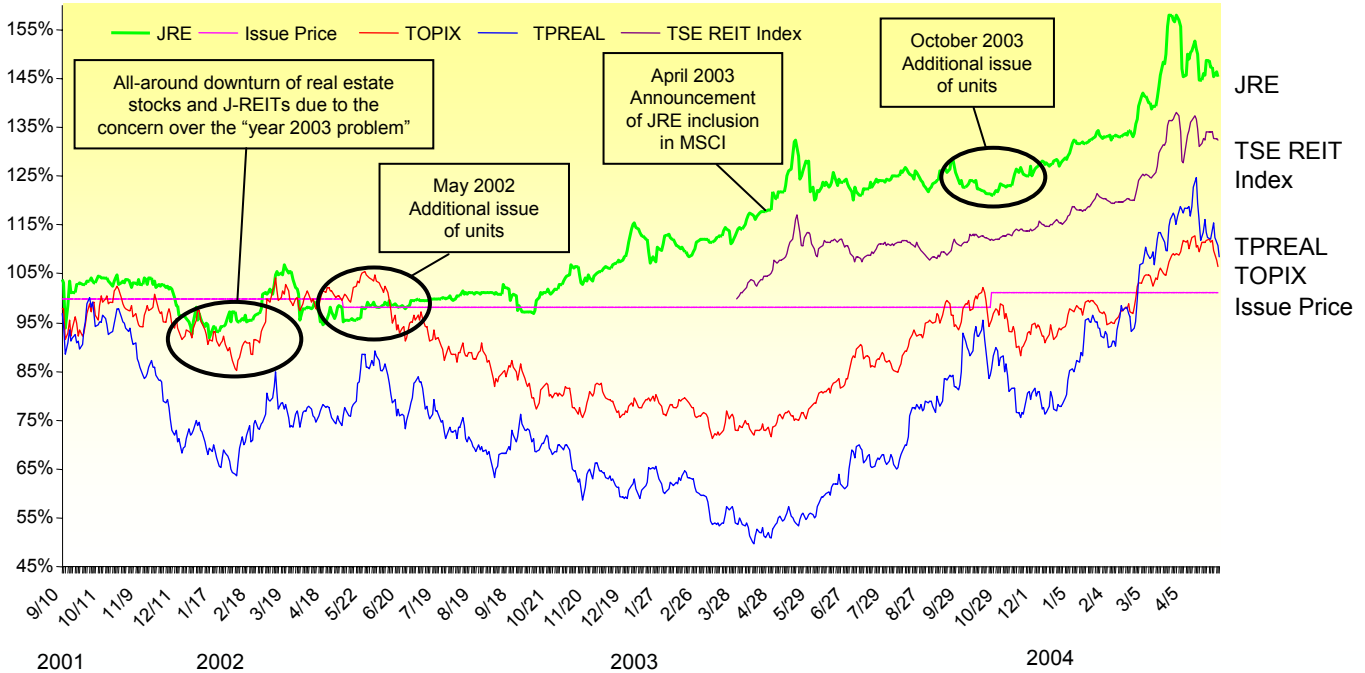
2. Triangles ( ) show announcement dates of important issues regarding JRE.

## MEMO

# Unit Price Performance (Relative to Major Indices)

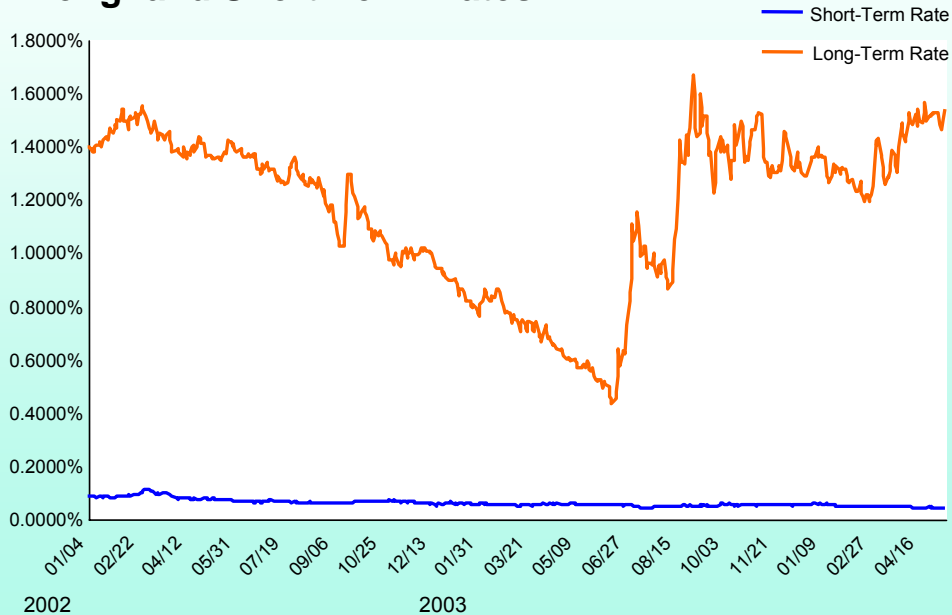


## Unit Price Performance (as of March 7, 2004)



- \* Share performance is measured based on an offering price of 525,000 yen for JRE and the September 7, 2001, closing price of 1,080.83 yen for TOPIX, 770.21 yen for TPREAL, and 3,140 yen for Tokyo Electric Power Company. The TSE REIT index is a ratio against the closing prices 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.

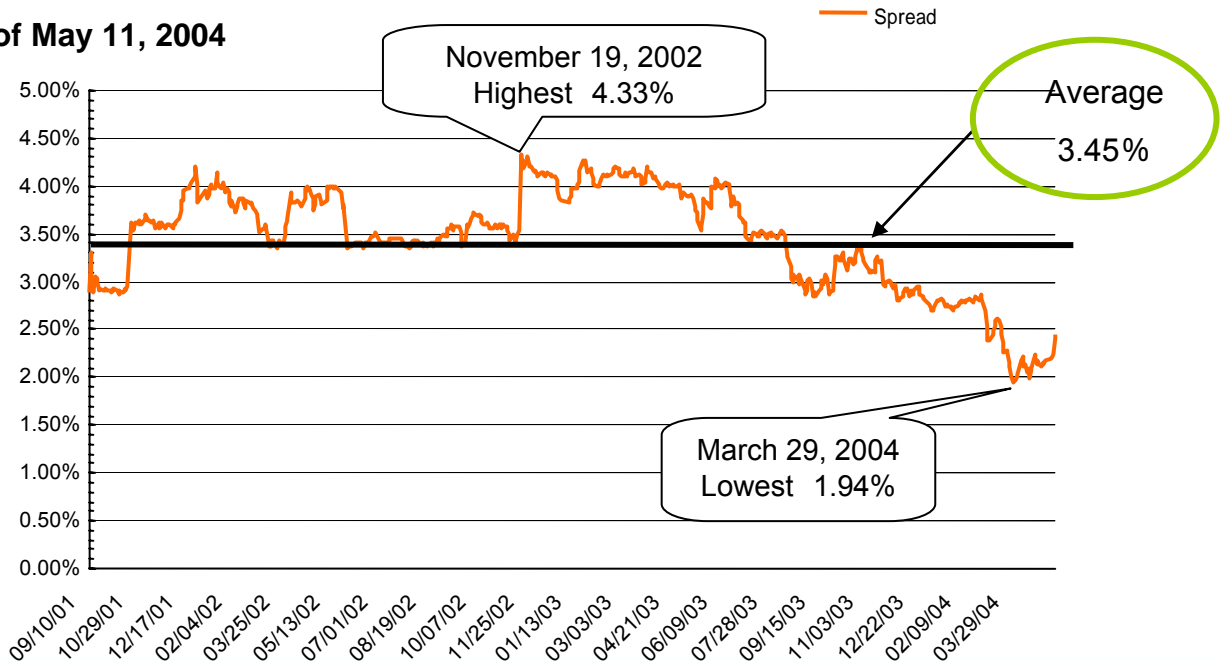
## Changes in Long- and Short-Term Rates\*



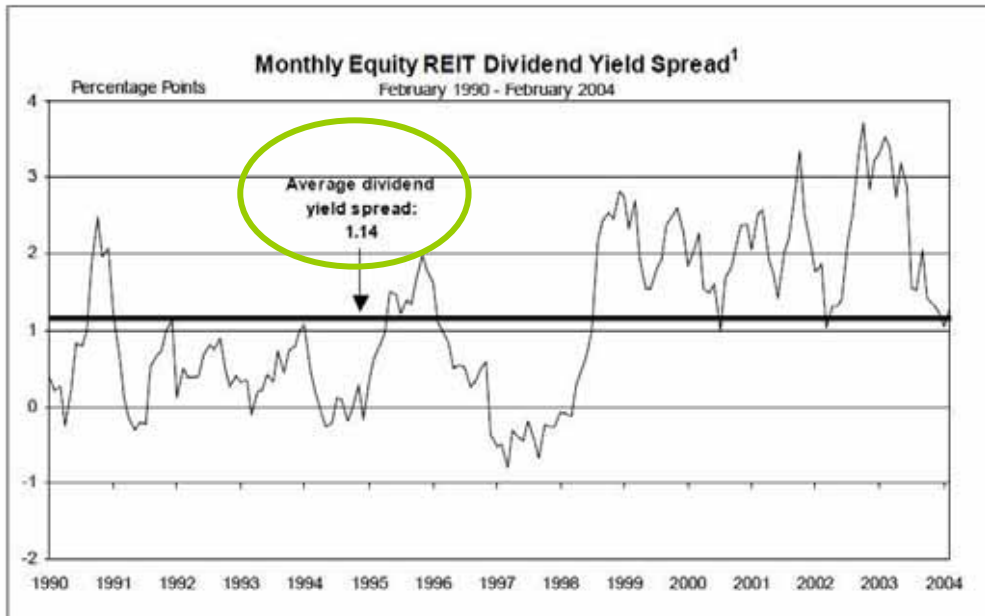
\* Long-term rates are based on a 10-year JGB yield while short-term rates are based on 3M Libor.

## JRE Dividend Yield Spread against JGB

As of May 11, 2004



## US Equity REIT Dividend Yield Spread against Treasury

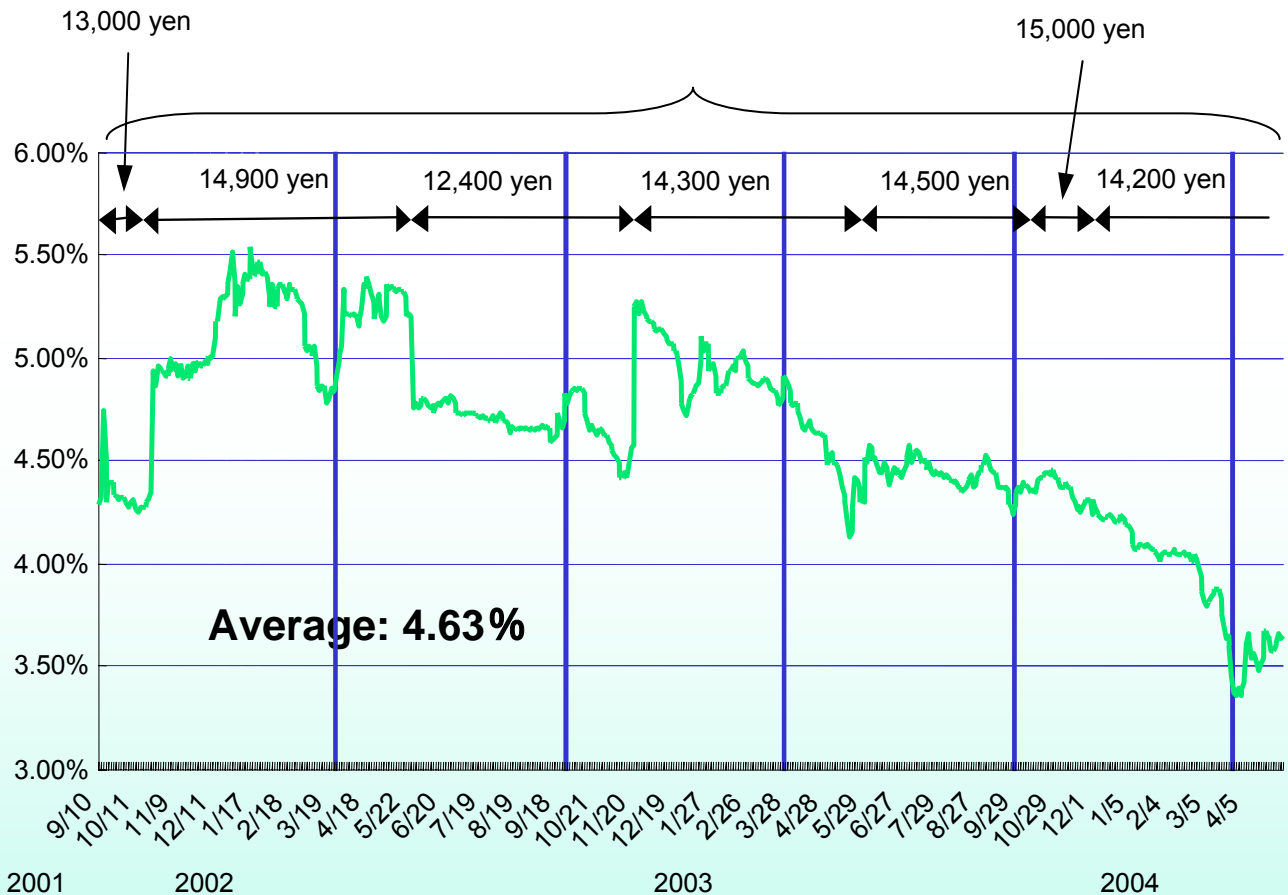


Yield spread calculated by taking the Equity REIT dividend yield less 10-year constant maturity Treasury yield.  
Source: NAREIT®

# Historical Dividend Yield of JRE Unit

As of May 7, 2004

| 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 |



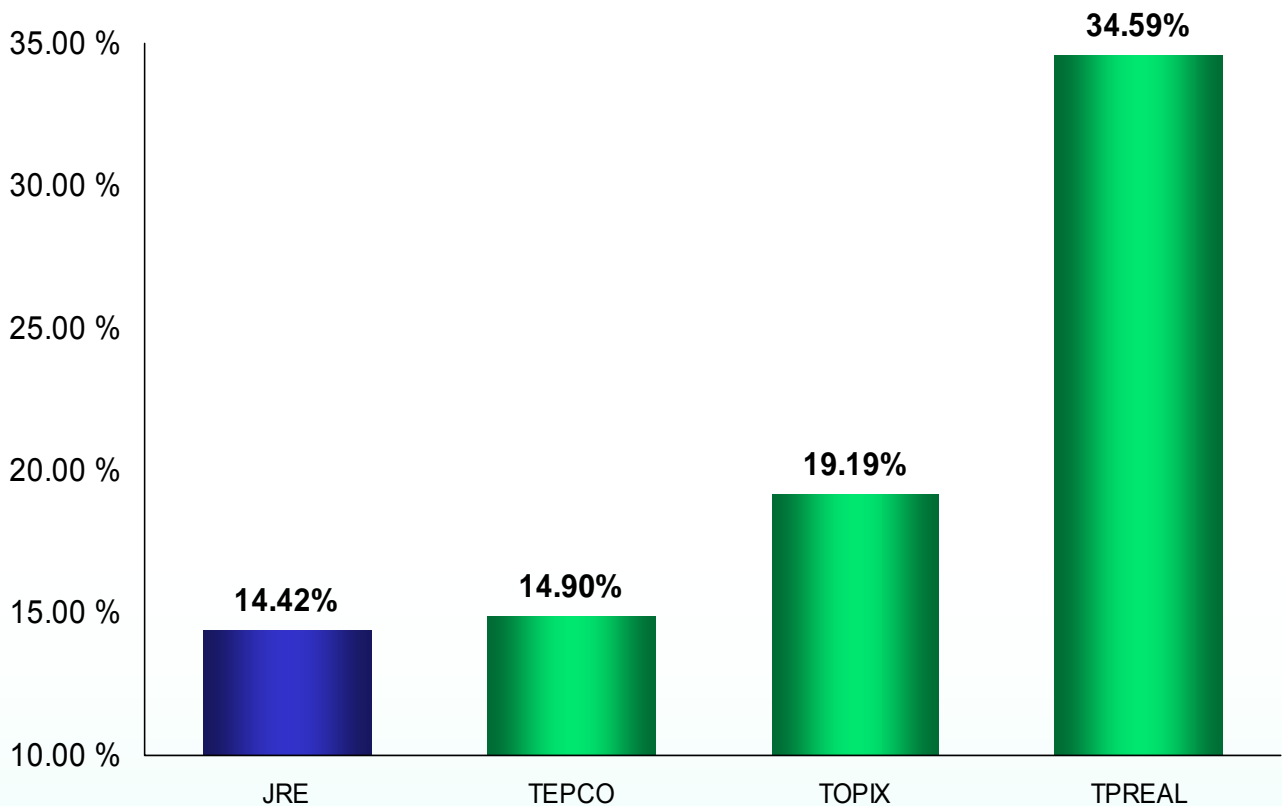
Notes: 1. Dividend yield is annualized.

2. Blue lines show ex right date.



# Historical Volatility of Unit Price

As of May 7, 2004



Notes:

1. 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.
2. Source: Bloomberg.

# Performance of 32 Properties (the 4th Period vs. the 5th Period)

## Performance of the 32 properties (4th Period: Apr. 03–Sep. 03)

| Item  | 4th Period |
|---|------------|
| Revenue                                     | 9,252,174  |
| Operating Expenses (Excluding Depreciation) | 3,084,363  |
| NOI   | 6,167,811  |
| Depreciation                                | 1,428,955  |
| Operating Profit                            | 4,738,856  |

## Performance of the 32 properties (5th Period: Oct. 03–Mar. 04)

| Item  | 5th Period |
|---|------------|
| Revenue                                     | 9,059,989  |
| Operating Expenses (Excluding Depreciation) | 3,007,291  |
| NOI   | 6,052,698  |
| Depreciation                                | 1,385,879  |
| Operating Profit                            | 4,666,819  |

Assumption: Properties acquired in the 4th period are assumed to have begun operations.

### Tokyo Metropolitan Area (23 Wards)

| Item  | Mitsubishi Soken |            | Kodenmachi Shin-Nihonbashi |            | Shiba 2-chome Daimon |            | Cosmo Kanagugibashi |            |
|---|------------------|------------|----------------------------|------------|----------------------|------------|---------------------|------------|
|   | 4th Period       | 5th Period | 4th Period                 | 5th Period | 4th Period           | 5th Period | 4th Period          | 5th Period |
| Revenue                                     | 972,608          | 1,002,158  | 160,847                    | 160,454    | 287,939              | 300,284    | 132,775             | 135,698    |
| Operating Expenses (Excluding Depreciation) | 292,200          | 290,144    | 56,883                     | 52,566     | 123,057              | 110,885    | 41,318              | 44,895     |
| NOI   | 680,408          | 712,014    | 103,964                    | 107,888    | 164,882              | 189,398    | 91,457              | 90,803     |
| Depreciation                                | 62,839           | 60,416     | 27,992                     | 27,205     | 31,771               | 32,977     | 22,522              | 21,460     |

| Item  | Takanawadai |            | JAL Travel |            | Omori-Eki Higashiguchi |            | Otauka Higashi-Ikebukuro |            |
|---|-------------|------------|------------|------------|------------------------|------------|--------------------------|------------|
|   | 4th Period  | 5th Period | 4th Period | 5th Period | 4th Period             | 5th Period | 4th Period               | 5th Period |
| Revenue                                     | 140,937     | 140,973    | 104,855    | 95,864     | 274,277                | 273,328    | 191,030                  | 181,307    |
| Operating Expenses (Excluding Depreciation) | 50,292      | 45,406     | 54,594     | 35,722     | 89,926                 | 80,887     | 63,329                   | 57,118     |
| NOI   | 90,645      | 95,567     | 50,261     | 60,142     | 184,351                | 192,441    | 127,701                  | 124,189    |
| Depreciation                                | 23,414      | 22,302     | 15,055     | 14,538     | 59,739                 | 56,988     | 42,016                   | 40,976     |

| Item  | Ikebukuro 2-chome |            | Shibuya Cross Tower |            | MD Kanda   |            | Burex Kyobashi |            |
|---|-------------------|------------|---------------------|------------|------------|------------|----------------|------------|
|   | 4th Period        | 5th Period | 4th Period          | 5th Period | 4th Period | 5th Period | 4th Period     | 5th Period |
| Revenue                                     | 81,420            | 77,278     | 1,555,237           | 1,461,773  | 370,746    | 370,530    | 150,000        | 150,000    |
| Operating Expenses (Excluding Depreciation) | 27,317            | 25,018     | 609,869             | 574,330    | 68,775     | 70,979     | 14,144         | 14,137     |
| NOI   | 54,103            | 52,260     | 945,368             | 887,443    | 301,971    | 299,551    | 135,856        | 135,863    |
| Depreciation                                | 13,735            | 13,092     | 252,874             | 243,203    | 49,241     | 49,241     | 37,867         | 37,867     |

| Item  | Kandabashi Park |            | Genki Medical Plaza |            | da Vinci Harajuku |            | Aoyama Crystal |            |
|---|-----------------|------------|---------------------|------------|-------------------|------------|----------------|------------|
|   | 4th Period      | 5th Period | 4th Period          | 5th Period | 4th Period        | 5th Period | 4th Period     | 5th Period |
| Revenue                                     | 196,396         | 195,053    | 194,029             | 221,749    | 189,260           | 189,932    | 252,630        | 249,794    |
| Operating Expenses (Excluding Depreciation) | 28,613          | 22,810     | 55,497              | 50,809     | 46,544            | 34,673     | 30,018         | 36,264     |
| NOI   | 167,783         | 172,243    | 138,532             | 170,940    | 142,716           | 155,259    | 222,612        | 213,530    |
| Depreciation                                | 27,999          | 27,601     | 24,933              | 24,994     | 16,707            | 16,707     | 35,133         | 35,325     |

### Tokyo Metropolitan Area (Excl. 23 Wards)

| Item  | Saitama Urawa |            | Kawasaki Isago |            | Shin-Yokohama First |            |
|---|---------------|------------|----------------|------------|---------------------|------------|
|   | 4th Period    | 5th Period | 4th Period     | 5th Period | 4th Period          | 5th Period |
| Revenue                                     | 141,188       | 140,114    | 195,911        | 191,940    | 179,370             | 142,822    |
| Operating Expenses (Excluding Depreciation) | 40,008        | 45,708     | 75,343         | 69,420     | 62,967              | 121,215    |
| NOI   | 101,180       | 94,406     | 120,568        | 122,520    | 116,503             | 21,607     |
| Depreciation                                | 23,020        | 22,146     | 44,567         | 41,769     | 44,394              | 44,205     |

### Other Major Cities

| Item  | Sendai Honcho Honma |            | Niigata Ishizuecho |            | Kanazawa Minamicho |            | Kanazawa Park |            |
|---|---------------------|------------|--------------------|------------|--------------------|------------|---------------|------------|
|   | 4th Period          | 5th Period | 4th Period         | 5th Period | 4th Period         | 5th Period | 4th Period    | 5th Period |
| Revenue                                     | 165,524             | 163,037    | 76,655             | 83,341     | 79,631             | 71,374     | 541,220       | 535,326    |
| Operating Expenses (Excluding Depreciation) | 48,304              | 39,611     | 37,757             | 38,001     | 37,684             | 29,455     | 252,320       | 248,375    |
| NOI   | 117,220             | 123,426    | 38,898             | 45,340     | 41,947             | 41,919     | 288,900       | 286,951    |
| Depreciation                                | 30,690              | 28,557     | 12,317             | 11,901     | 13,714             | 13,405     | 87,670        | 86,775     |

| Item  | Nagoya Hirokoji |            | Kyoto Shijo Kawaramachi |            | Midotsuji Daiwa |            | Fukusuke Sakaisuji-honmachi |            |
|---|-----------------|------------|-------------------------|------------|-----------------|------------|-----------------------------|------------|
|   | 4th Period      | 5th Period | 4th Period              | 5th Period | 4th Period      | 5th Period | 4th Period                  | 5th Period |
| Revenue                                     | 763,015         | 761,148    | 137,211                 | 136,580    | 768,667         | 758,182    | 163,207                     | 139,808    |
| Operating Expenses (Excluding Depreciation) | 283,949         | 274,768    | 62,204                  | 78,293     | 222,548         | 246,984    | 58,604                      | 47,996     |
| NOI   | 479,066         | 486,380    | 75,007                  | 58,287     | 546,119         | 511,198    | 104,603                     | 91,812     |
| Depreciation                                | 146,589         | 133,643    | 31,671                  | 34,113     | 101,925         | 98,008     | 25,346                      | 25,720     |

| Item  | Kobe Itomachi |            | Hinode Tenjin |            | Tosei Tenjin |            |
|---|---------------|------------|---------------|------------|--------------|------------|
|   | 4th Period    | 5th Period | 4th Period    | 5th Period | 4th Period   | 5th Period |
| Revenue                                     | 71,464        | 69,978     | 196,984       | 180,438    | 93,473       | 94,761     |
| Operating Expenses (Excluding Depreciation) | 35,676        | 32,049     | 70,907        | 63,738     | 42,337       | 43,801     |
| NOI   | 35,788        | 37,929     | 126,077       | 116,700    | 51,136       | 50,960     |
| Depreciation                                | 14,554        | 14,221     | 34,053        | 32,230     | 22,016       | 20,886     |

### Properties Acquired in the 4th Period

| Item  | Yurakucho Denki |            | Nagoya Misono |            |
|---|-----------------|------------|---------------|------------|
|   | 4th Period      | 5th Period | 4th Period    | 5th Period |
| Revenue                                     | 319,917         | 277,599    | 103,751       | 107,366    |
| Operating Expenses (Excluding Depreciation) | 72,795          | 57,403     | 28,684        | 23,831     |
| NOI   | 247,122         | 220,196    | 75,067        | 83,535     |
| Depreciation                                | 17,168          | 17,581     | 35,823        | 35,829     |

# Changes in Systems and Policies That Affect J-REIT

April 2003–  
March 2006

## Reduction in circulation taxes on real estate transactions

- ◆ Enhancing real estate securitization by expanding the real estate investment market
- ◆ Increasing the possibility of acquiring properties for REIT

April 2003–  
March 2008

## Reduction in taxes on dividends and capital gains

- ◆ Dividends and capital gains tax rates were lowered from 20% to 10%.
- ◆ (As for capital gains, this is as a preferential treatment between January 2003 and December 2007.)
- ◆ Vitalizing the stock market

Beginning of  
2004

## Establishing REIT-incorporated Fund of Funds and full-scale sales over the bank counter

- ◆ Growing number of investors due to enhanced REIT market
- ◆ Attracting a better mix of personal investors through sales at banks

March 2004

## Introduction of asset impairment accounting at the discretion of the company

- ◆ Release of companies' properties onto the real estate market
- ◆ Increasing opportunities of acquiring properties for REIT

April 2005

## Full elimination of the government protection of deposits


- ◆ With diversified investment activities, increasing the number of REIT investors

March 2006

## Compulsory adoption of asset impairment accounting

- ◆ Release of companies' properties onto the real estate investment market
- ◆ Increasing opportunities of acquiring properties for REIT

## 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.  New 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  |
|------|--------------------------------|---|
| 1950 |                                | Enactment of Building Standard Law  |
| 1960 |                                | Revision of tie hoop intervals in RC Standards of Architectural Institution (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 10 cm or less)   |
| 1978 | Miyagi Oki, Mag. = 7.4         |   |
| 1981 |                                | Large-scale revision of the Enforcement Order of the Building Standard Law<br>New Quake-Resistance Standards      |
| 1983 | Nihonkai Oki, Mag. = 7.7       |   |
| 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  |

## What Are the New Quake-Resistance Standards?

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

### Old Quake-Resistance Standards

Confirm safety in a certain level of earthquake intensity (medium: roughly a lower-5 quake on the Japanese earthquake scale)

A tie hoop interval of 15 cm or less, 10 cm or less for places in the vicinity of beams/plinths

### New Quake-Resistance Standards

In medium earthquakes (roughly a lower-5 on the Japanese earthquake scale), protection of human lives, building functions, and estates is being aimed at.

In huge earthquakes (roughly lower- and upper-6 on the Japanese earthquake scale), protection of human lives is being aimed at.

Newly established tie hoop ratio for RC pillars (0.2% or more)

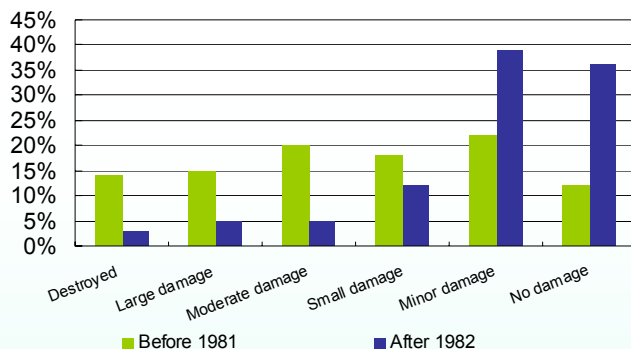
## Buildings Damaged in the Great Hanshin Earthquake

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

|                 | Before 1981 |            | After 1982 |            |
|-----------------|-------------|------------|------------|------------|
|                 | Count       | Percentage | Count      | Percentage |
| 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

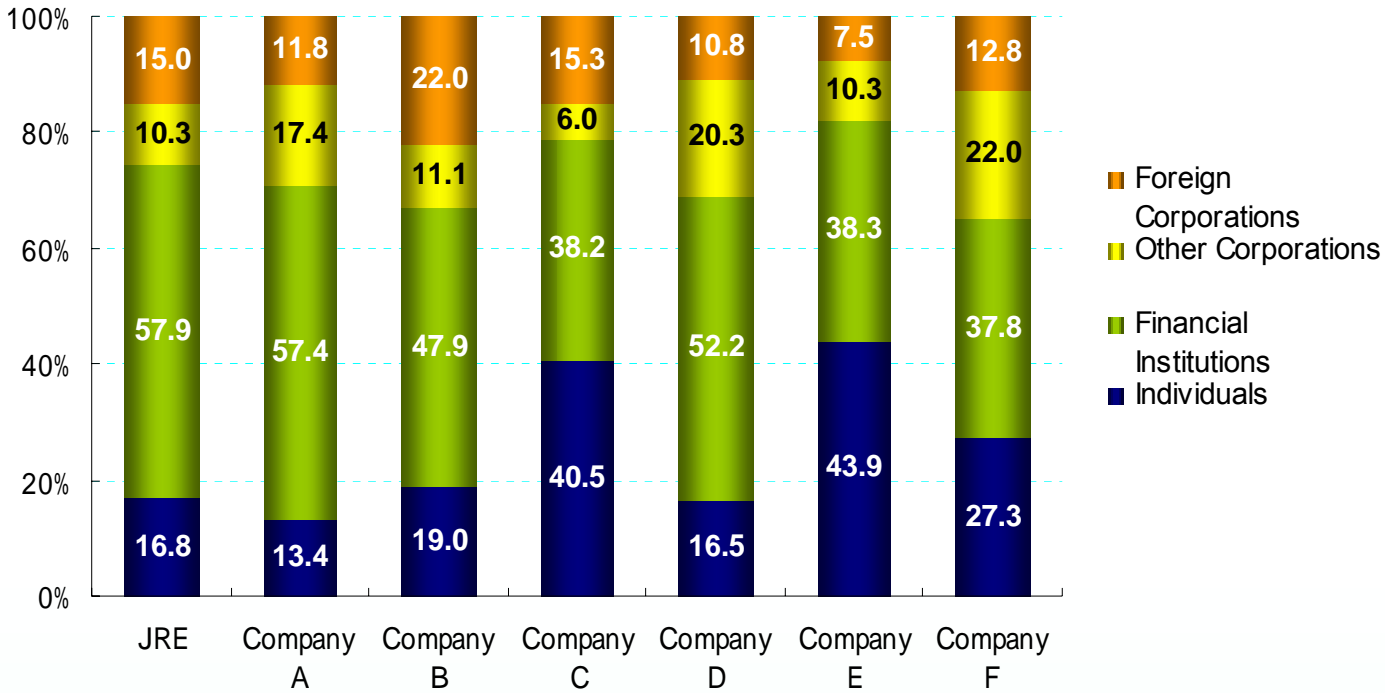


The Great Hanshin Earthquake proved that buildings that met the New Quake-Resistance standards were highly resistant to earthquakes.

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

The concept of an earthquake-resistance design for a Construction-Authorized Building by the Construction Minister is the same as that of the New Quake-Resistance Standards, and it can be said that it is almost equal to the standards even though there are minor differences in the intensity of earthquake motion, verification methods, etc.

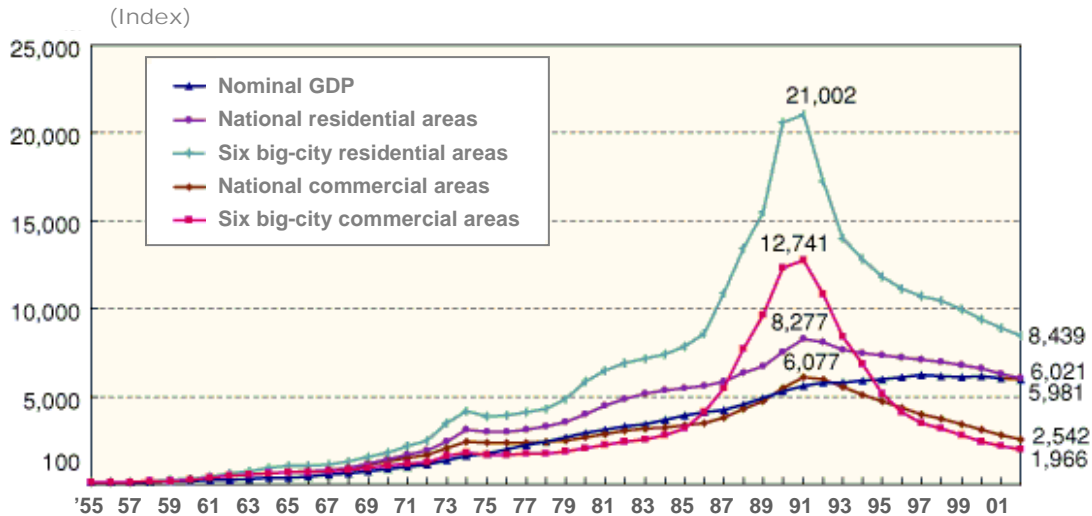
# Comparison of Unitholder Composition



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# Changes in Index of Urban Land Prices and Nominal GDP

## Changes in Index of Urban Land Prices and Nominal GDP (1955=100)

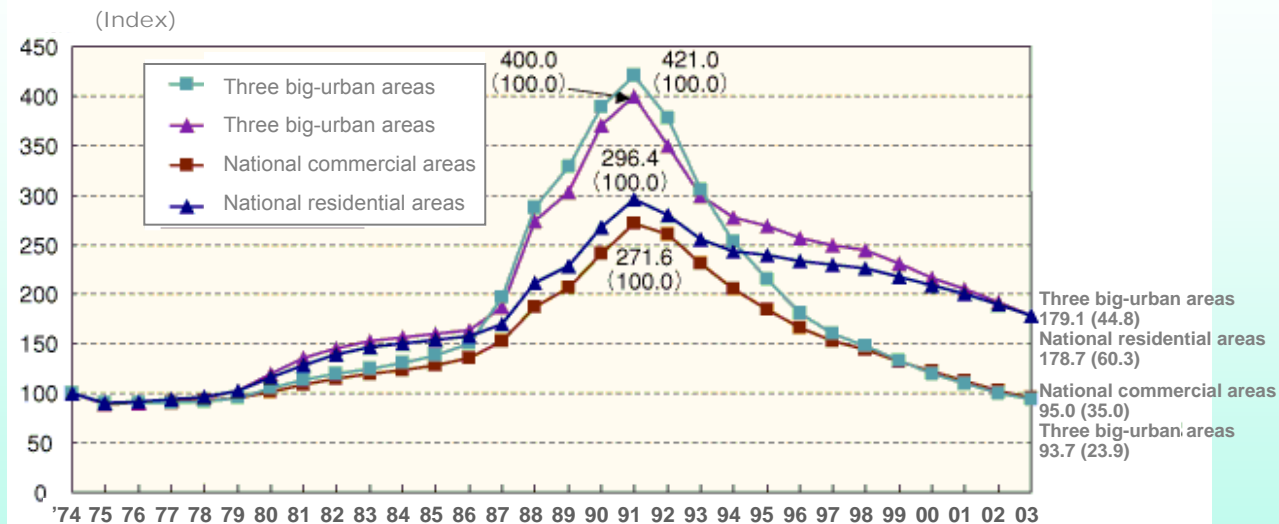


Sources: Cabinet Office Annual Report on National Accounts and Japan Real Estate Institute Urban Land Price Index.

Notes:

1. The six big cities referred to above are Tokyo, Yokohama, Nagoya, Kyoto, Osaka, and Kobe.
2. Indices of urban land prices are calculated based on changes over the same period one year prior at the end of March, when the value of March 1955 is 100.
3. Figures of nominal GDP before 1979 were based on former standards, 68NSA.

## Reference Data : Change in Declared Value (1974=100)



Source: Official Announcement of Land Prices, Ministry of National Land and Transport.

Notes: 1. The three big-urban areas referred to above are Tokyo, Osaka, and Nagoya.

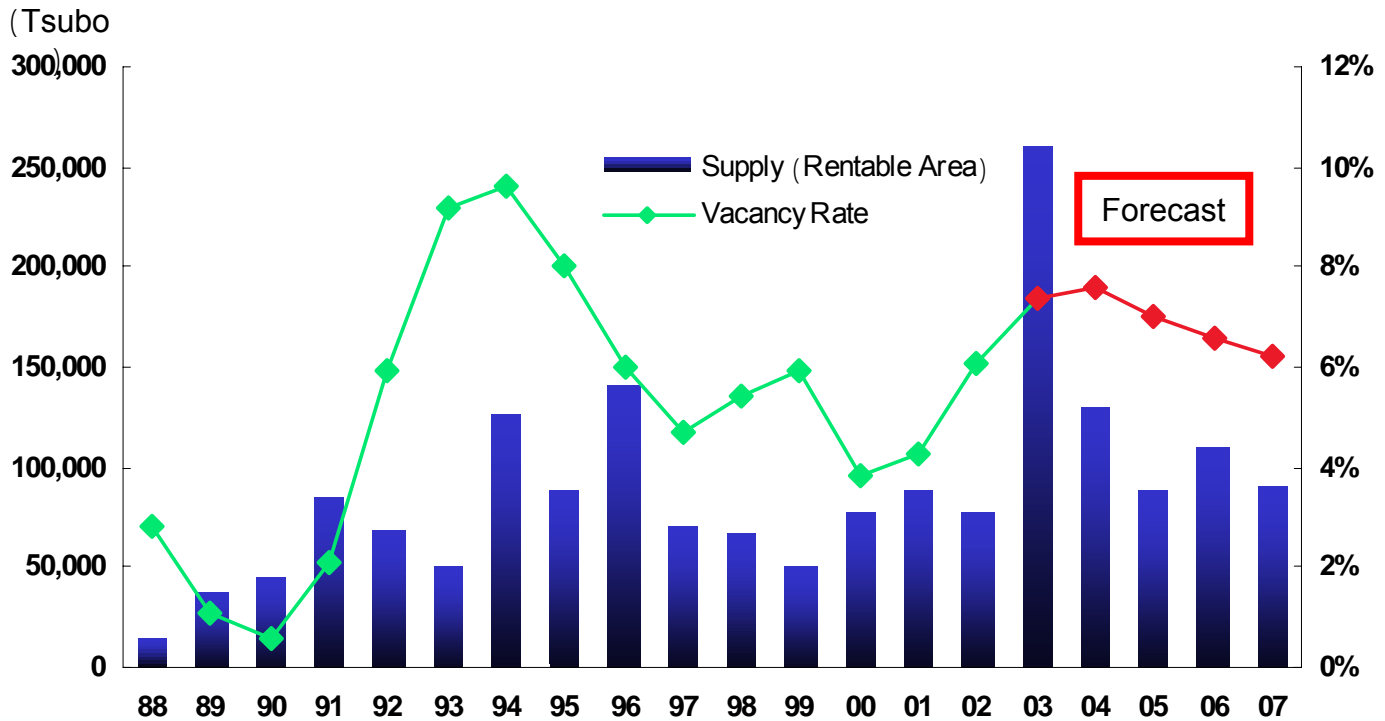
Tokyo: Districts including built-up areas and neighboring development areas under the Tokyo Metropolitan District Development Law

Osaka: Districts including built-up areas and neighboring development areas under the Osaka Metropolitan District Development Law

Nagoya: Districts including urban development areas under the Central Region Development Law

2. Declared values are assessed on January 1 of each year.

# Overview of Tokyo Office Market



Source: The Real Estate White Paper 2003, Ikoma Data Service System (IDSS)

Note: Supply shows total floor areas of buildings more than 10,000 tsubo.

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## Disclaimer on Forecasts

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