



August 30, 2005

To whom it may concern:

Japan Real Estate Investment Corporation
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Notice of Asset Acquisition

Announcement is hereby made that on August 30, 2005, Japan Real Estate Investment Corporation (the “Corporation”) decided to acquire Kudan Kita Project (tentative name).

1. Outline of the acquisition

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|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1) Asset to be acquired: | Trust beneficiary right in trust of real estate |
| 2) Name of property: | Kudan Kita Project (tentative name)
(The name is to be changed to “Kitanomaru Square” after the acquisition.) |
| 3) Trustee: | The Mitsubishi Trust and Banking Corporation |
| 4) Term of trust: | From July 31, 2002 to July 31, 2014 |
| 5) Acquisition price: | 81,555.5 million yen
< Payment schedule >
Upon signing the sale agreement: 500 million yen (deposit)
February 24, 2006: 81,055.5 million yen (balance due) |
| 6) Scheduled date of acquisition: | February 24, 2006 |
| 7) Seller: | Palace View, Limited |
| 8) Acquisition funds: | Deposit: Own funds
Balance due: to be determined |

2. Reason for the acquisition

The Corporation will acquire the property based on the basic policies and investment attitude for acquisition under the articles of incorporation of the Corporation.

In particular, the following points have been highly evaluated in the determination of the acquisition:

1) Superior and exceptional location

“Kudan”area, where this building locates, is a prestigious area with the former site for Edo Castle’s Kitanomaru (northern section). Kitanomaru Park and Chidorigafuchi offer a variety of rich natural environment for each season.

Being located next to the Imperial Palace, this area is in central Tokyo and this building is particularly competitive in terms of its superior and exceptional location as it is facing Uchibori-dori, has a palace-side view, and is located in front of Kudanshita station, where three subway lines are accessible.

2) Large property with high specifications

< Office portion >

The property offers the latest specifications for an office building: The office area is quite spacious with no pillars, and has approximately 570 tsubo floor area and ceiling height of 2,800mm for a standard floor. It is equipped with around-the-clock separate air-conditioning system that is controllable in 45 subsections per floor, which is exceptional for a large building. It is also provided with the grid ceiling capable of flexible partitioning, OA floor (100mm), electric capacity of 60VA/m², floor load of 500kg/m², and a security system using non-contact IC card key.

< Residential portion >

It will have the features expected of a luxurious condominium for rent, including luxurious interior decorations, fixtures and furniture, superb view from high floors (16 to 26th floors), a wide range of floor plans for the total of 122 units - 1LDK(66m²) ~ 4LDK(235m²), front desk service, and a variety of common area facilities.

3) New building

The property is a new building scheduled for completion in January 2006.

4) Stable revenue

The conclusion of fixed-term rent contracts with office and shop tenants will contribute to the stable streams of revenues for the portfolio in mid term.

3. Details of the acquired property

The relevant information is as set below; provided that the information on “area” for land is derived from the land registry and “area” for building, “structure” and “usage” is derived from indications in the certificate of confirmation.

(1) Details of the real estate, which is to be the trust asset

Location	
Address shown in land registry	1-12-2 Kudan Kita, Chiyoda-ku, Tokyo
Address	1-13-12 Kudan Kita, Chiyoda-ku, Tokyo
Usage	Offices, apartment complex, shops, parking lots
Area	
Land	5,821.03m ²
Building	58,969.18m ²
Structure	Steel-framed and partially steel-reinforced concrete structure Above ground: 26 floors Below ground: 2 floors
Completion date	End of January, 2006 (schedule)
Type of ownership	
Land	Ownership
Building	Ownership
Acquisition price	81,555.5 million yen
Appraisal value(*) (appraisal method) (appraisal institution)	80,200 million yen (Discounted cash flow method: as of July 1, 2005) (Daiwa Real Estate Appraisal Co., Ltd.)
Mortgage	Right of pledge is established on the trust beneficiary rights in trust of real estate (to be released on the acquisition date.)

(*) As for the above appraisal value, it was assumed that the building had been completed at the time of appraisal.

(2) Tenant details

	Office/shop	Residence
Total number of tenants	5(*)	To be determined
Total rent space	25,637m ²	To be determined
Total rentable space	25,637m ²	11,694m ²
Occupancy rates on the scheduled acquisition date	100.0%	To be determined
NOI (Net Operating Income)	3,100 million yen per year(projection)	
(Note)	<ul style="list-style-type: none"> Total number of tenants, total rent space, total rentable space and occupancy rates on the scheduled acquisition date are projections as of February 24, 2006. Rent contracts for office space (25,175m²) have already been concluded. As for the shop space (461m²), either rent contracts have been concluded or lease applications have been accepted. The figures for the total rent space and total rentable space are based on the plan at the time of receipt of the certificate of confirmation. NOI is the estimation under normal operation based on the following assumptions. <ul style="list-style-type: none"> The terms under the already concluded rent contracts are assumed for office space and either terms under the already concluded rent contracts or conditions under lease applications are assumed for shop space. Projected occupancy rates : office space : 100.0% , shops : 95.0% and residence : 95.0% The NOI for the building is projected as specified in the above under normal operation. However, given the free-rent, residential occupancy, etc, NOI for March 2006 term (from October 1, 2005 through March 31, 2006) is projected as 10 million yen and NOI for September 2006 term (from April 1, 2006 through September 30, 2006) is projected as 210 million yen. The above figures (except NOIs) are based on the data provided from the seller. For the residential space, a master lease agreement will be concluded between a property management company, which has experiences in luxurious condominium rental business. (As of August 30, 2005, leasing activities have not been started.) 	

(*) Banyu Pharmaceutical Co., Ltd. (rental area:16,729m²) and others are scheduled to rent out the office space.

4. Outline of seller

Corporate name	Palace View, Limited (*)
Address of registered head office	1-21-2 Dogenzaka, Shibuya-ku, Tokyo
Representative	Keisuke Kawamata, Director
Paid-in capital	3 million yen (as of March 31, 2005)
Principal business	Sales, rental, and management of real estate

(*) The seller, Palace View, Limited is a SPC jointly organized by Mitsubishi Estate, Co, Ltd.(who is a shareholder of Japan Real Estate Asset Management Co. Ltd., the asset management company, and falls under the category of the interested party, etc. of Japan Real Estate Asset Management Co., Ltd.), Tokyu Land Corporation, and Deutsche Bank Group.

5. Acquisition schedule

August 30, 2005	Acquisition of the property was determined.
August 31, 2005	Execution of an agreement for the acquisition of trust beneficiary right
February 24, 2006	Scheduled property handover

6. Performance projection after the acquisition of the property

This property's scheduled acquisition date is February 24, 2006. There is no impact of this property acquisition on the Corporation's management performance for the September 2005 term (from April 1, 2005 through September 30, 2005).

This notice is the English translation of the August 30, 2005 announcement in Japanese on our website. However no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference materials (attachments)

- (Tentative name) Kudan Kita Project Completion Image
- List of all the assets of the Corporation after the acquisition of this property

(Reference) (Tentative name) Kudan Kita Project Completion Image



This image was created based on the design drawings. Some variations may exist between the image and the actual building.

List of all the assets of the Corporation after the acquisition of this property

Area	Name (Location)	Type of asset	Acquisition date or scheduled acquisition date	Acquisition price (thousand yen)	Percentage of portfolio	Percentage by area
Tokyo Metropolitan Area (23 wards)	Genki Medical Plaza (Chiyoda-ku, Tokyo)	Real property	October 31, 2002	5,000,000	1.3%	81.5%
	Kudan Kita Project (tentative name) (Chiyoda-ku, Tokyo)	Trust beneficiary right in trust of real estate	February 24, 2006	81,555,500	20.5%	
	MD Kanda Building (Chiyoda-ku, Tokyo)	Real property	May 31, 2002	9,520,000	2.4%	
	Kandabashi Park Building (Chiyoda-ku, Tokyo)	Real property	August 15, 2002	4,810,000	1.2%	
	Mitsubishi Soken Building (Chiyoda-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	27,267,000	6.8%	
	Nibancho Garden (Chiyoda-ku, Tokyo)	Real property	April 1,2005	14,700,000	3.7%	
	Burex Kojimachi (Chiyoda-ku, Tokyo)	Real property	July 29, 2005	7,000,000	1.8%	
	Sanno Grand Building (Chiyoda-ku, Tokyo)	Real property	January 31, 2005	10,200,000	2.6%	
	Yurakucho Denki Building (Chiyoda-ku, Tokyo)	Real property	August 1, 2003	7,200,000	1.8%	
	Kodenmacho Shin-Nihonbashi Building (Chuo-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	3,173,000	0.8%	
	Burex Kyobashi Building (Chuo-ku, Tokyo)	Real property	July 22, 2002	5,250,000	1.3%	
	Ginza Sanwa Building (Chuo-ku, Tokyo)	Real property	March 10,2005	16,830,000	4.2%	
	Ryoshin Ginza East Mirror Building (Chuo-ku, Tokyo)	Real property	March 15,2005	5,353,500	1.3%	
	Aoyama Crystal Building (Minato-ku, Tokyo)	Real property	March 14, 2003	7,680,000	1.9%	
	Shiba 2Chome Daimon Building (Minato-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 10, 2001	4,859,000	1.2%	
	Cosmo Kanasugibashi Building (Minato-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	2,808,000	0.7%	
	Shinwa Building (Shinjuku-ku, Tokyo)	Real property	September 1, 2004	7,830,000	2.0%	
	Takanawadai Building (Shinagawa-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	2,738,000	0.7%	
	Higashi Gotanda 1Chome Building (Shinagawa-ku, Tokyo)	Real property	November 1, 2004	5,500,000	1.4%	
	JAL Travel Building (Meguro-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 10, 2001	1,362,000	0.3%	
	Omori-Eki Higashiguchi Building (Ota-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 10, 2001	5,123,000	1.3%	
	Nippon Brunswick Building (Shibuya-ku, Tokyo)	Real property	March 24, 2004	6,670,000	1.7%	
	Yoyogi 1Chome Building (Shibuya-ku, Tokyo)	Real property	April 1, 2004	8,700,000	2.2%	
	da Vinci Harajuku (Shibuya-ku, Tokyo)	Real property	November 22, 2002	4,885,000	1.2%	
	Jingumae Media Square Building (Shibuya-ku, Tokyo)	Real property	October 9, 2003	12,200,000	3.1%	
	Shibuya Cross Tower (Shibuya-ku, Tokyo)	Real property	November 30, 2001	34,600,000	8.7%	
	Ebisu Neonato (Shibuya-ku Tokyo)	Real property	November 14, 2003	3,740,000	1.0%	
			April 1, 2004	360,000		
			Total	4,100,000		
	Harmony Tower (Nakano-ku Tokyo)	Real property	February 28, 2005	8,500,000	2.1%	
	Otsuka Higashi-Ikebukuro Building (Toshima-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	3,541,000	0.9%	
	Ikebukuro 2Chome Building (Toshima-ku, Tokyo)	Trust beneficiary right in trust of real estate	September 25, 2001	1,728,000	0.4%	

	Ikebukuro YS Building (Toshima-ku, Tokyo)	Real property	August 2, 2004	4,500,000	1.1%	
Tokyo Metropolitan Area (excluding 23 wards)	Hachioji Dai-ichi-Seimei Building (Hachioji City, Tokyo)	Real property	March 31, 2005	3,300,000	0.8%	3.1%
	Saitama Urawa Building (Saitama City, Saitama Prefecture)	Real property	September 25, 2001	1,232,000	0.6%	
			October 11, 2001	1,342,000		
			Total	2,574,000		
	Shin-Yokohama First Building (Yokohama City, Kanagawa Prefecture)	Real property	January 28, 2002	3,000,000	0.8%	
Kawasaki Isago Building (Kawasaki City, Kanagawa Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	3,375,000	0.8%		
Total: Tokyo Metropolitan Area				337,432,000	84.6%	84.6%
Tohoku Region	Jozenji Park Building (Sendai City, Miyagi Prefecture)	Real property	January 31, 2005	1,000,000	0.3%	1.0%
	Sendai Honcho Honma Building (Sendai City, Miyagi Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	2,924,000	0.7%	
Hokuriku Region	Niigata Ishizuecho Nishi-Bandaibashi Building (Niigata City, Niigata Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	1,010,000	0.3%	1.7%
	Kanazawa Park Building (Kanazawa City, Ishikawa Prefecture)	Real property	February 28, 2002	2,880,000	1.1%	
			March 3, 2003	1,700,000		
			Total	4,580,000		
Kanazawa Minamicho Building (Kanazawa City, Ishikawa Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	1,331,000	0.3%		
Chubu Region	Nagoya Hirokoji Building (Nagoya City, Aichi Prefecture)	Real property	September 10, 2001	14,533,000	3.6%	4.1%
	Nagoya Misono Building (Nagoya City, Aichi Prefecture)	Real property	August 8, 2003	1,865,000	0.5%	
Kinki Region	Kyoto Shijo Kawaramachi Building (Kyoto City, Kyoto Prefecture)	Real property	December 20, 2001	2,650,000	0.7%	5.7%
	Sakaisujihonmachi Building (Osaka City, Osaka Prefecture)	Real Property	September 25, 2001	2,264,000	1.0%	
			December 26, 2003	1,900,000		
			Total	4,164,000		
	Midosuji Daiwa Building (Osaka City, Osaka Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	6,934,000	3.6%	
			February 28, 2002	7,380,000		
Total			14,314,000			
Kobe Itomachi Building (Kobe City, Hyogo Prefecture)	Trust beneficiary right in trust of real estate	September 25, 2001	1,436,000	0.4%		
Chugoku Region	NHK Hiroshima Broadcasting Center Building (Hiroshima City, Hiroshima Prefecture)	Real Property	March 25, 2004	1,320,000	0.3%	0.3%
Kyushu Region	Tosei Tenjin Building (Fukuoka City, Fukuoka Prefecture)	Real property	September 25, 2001	1,550,000	0.4%	2.6%
	Tenjin Crystal Building (Fukuoka City, Fukuoka Prefecture)	Real property	June 1, 2005	5,000,000	1.3%	
	Hinode Tenjin Building (Fukuoka City, Fukuoka Prefecture)	Trust beneficiary right in trust of real estate	September 10, 2001	3,657,000	0.9%	
Total: Other major cities				61,334,000	15.4%	15.4%
Total: Portfolio				398,766,000	100.0%	100.0%

- (Note) 1. In addition to the assets outlined in the above list, the Corporation acquired the preferred capital contribution certificates issued by Harumi Front Special Purpose Company. (Acquisition price: 956 million yen, equity in senior investment: 49.87%)
At the same time, the Corporation also acquired a preferential right to purchase real property etc. related to “(tentative name) Harumi Center Building” after the completion of the building.
- (Note) 2. As of August 26, 2005, the Corporation revised the guidelines for geographical distributions of the assets (real estate, etc.) under its investment policies as follows: To “70% or more” from “60% to 80%” for Tokyo metropolitan area and to “30% or below” from “20% to 40%” for other major cities.