

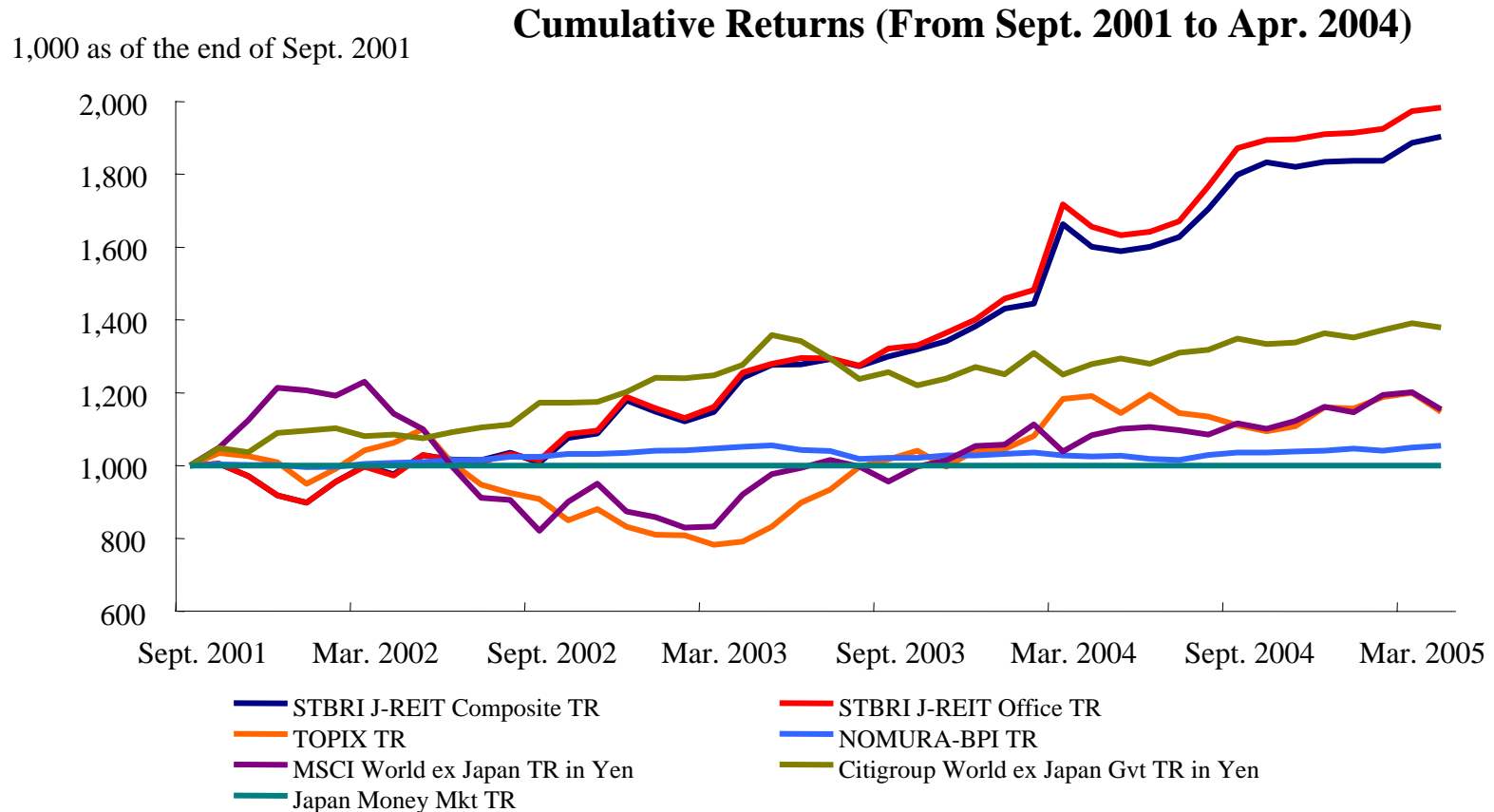
Characteristics of the Real Estate Sector and Investment Strategy

■ Characteristics of J-REIT Assets

STB Research Institute

Nobuaki Kawai, Senior Consultant

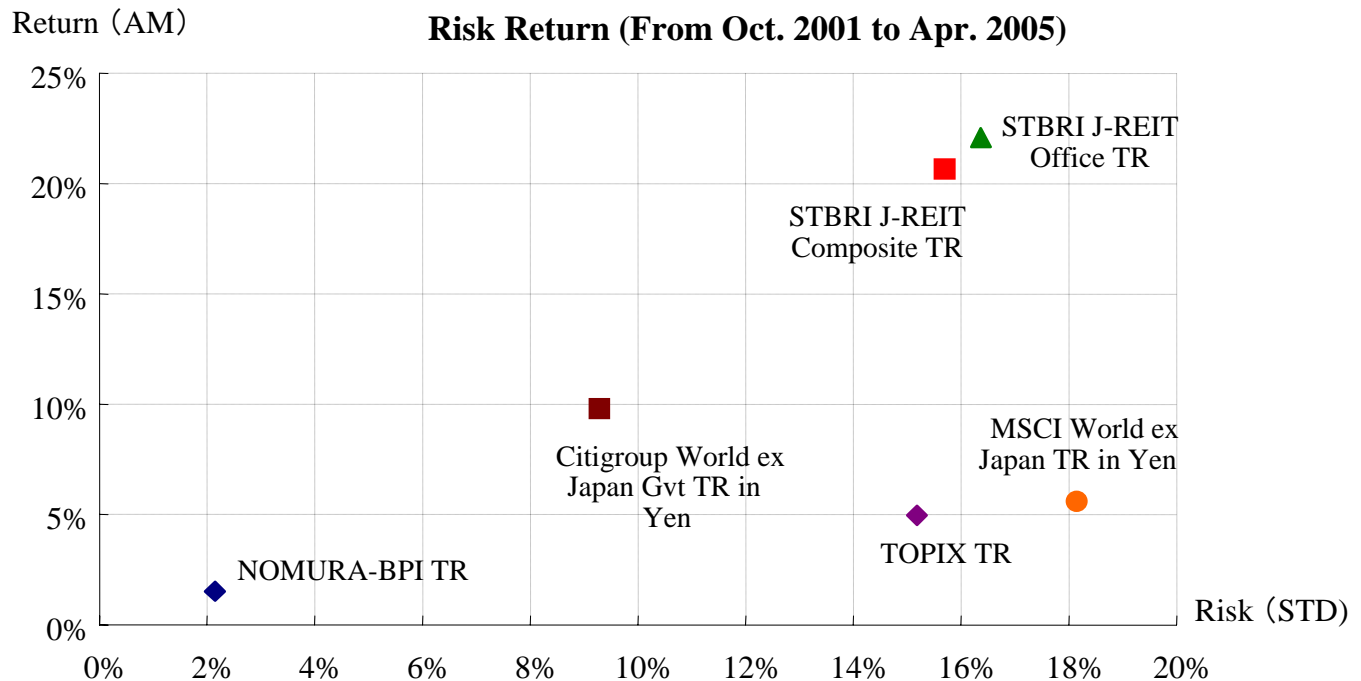
Characteristics of J-REIT Assets



(Source): Ibbotson Associates, STB Research Institute

Characteristics of J-REIT Assets

- The same level of risk as equity investments with returns exceeding other assets (Oct. 2001 to Apr. 2005)



(Source): Ibbotson Associates, STB Research Institute

Characteristics of J-REIT Assets

□ Effect of risk diversification by portfolio insertion

Correlation function for monthly return (from Oct. 2001 to Apr. 2005)

	N Periods	STBRI J-REIT Composite TR	STBRI J-REIT Office TR	TOPIX TR	NOMURA- BPI TR	MSCI World ex Japan TR in Yen	Citigroup World ex Japan Gvt TR in Yen	Japan Money Mkt TR
STBRI J-REIT Composite TR	43	1.00	0.99	0.23	0.20	-0.03	-0.25	0.16
STBRI J-REIT Office TR	43	0.99	1.00	0.22	0.19	-0.05	-0.23	0.11
TOPIX TR	43	0.23	0.22	1.00	-0.43	0.23	-0.28	-0.13
NOMURA-BPI TR	43	0.20	0.19	-0.43	1.00	0.05	0.37	0.10
MSCI World ex Japan TR in Yen	43	-0.03	-0.05	0.23	0.05	1.00	0.16	0.00
Citigroup World ex Japan Gvt TR in Yen	43	-0.25	-0.23	-0.28	0.37	0.16	1.00	-0.13
Japan Money Mkt TR	43	0.16	0.11	-0.13	0.10	0.00	-0.13	1.00

(Source): Ibbotson Associates, STB Research Institute

Characteristics of J-REIT Assets

□ Comparison of REIT market size between Japan, the U.S., and Australia

(data as of April 30, 2005)

	Japan (J-REIT)	US (US-REIT)	Australia (LPT)
REIT market size (USD bil.)	19.2	296.7	66.5
Share of stock-market capitalization	0.5%	2.1%	9.3%

Note:

“REIT market size” refers to the market capitalization of all listed REIT issues.

“Stock-market capitalization for each country” refers to the following:

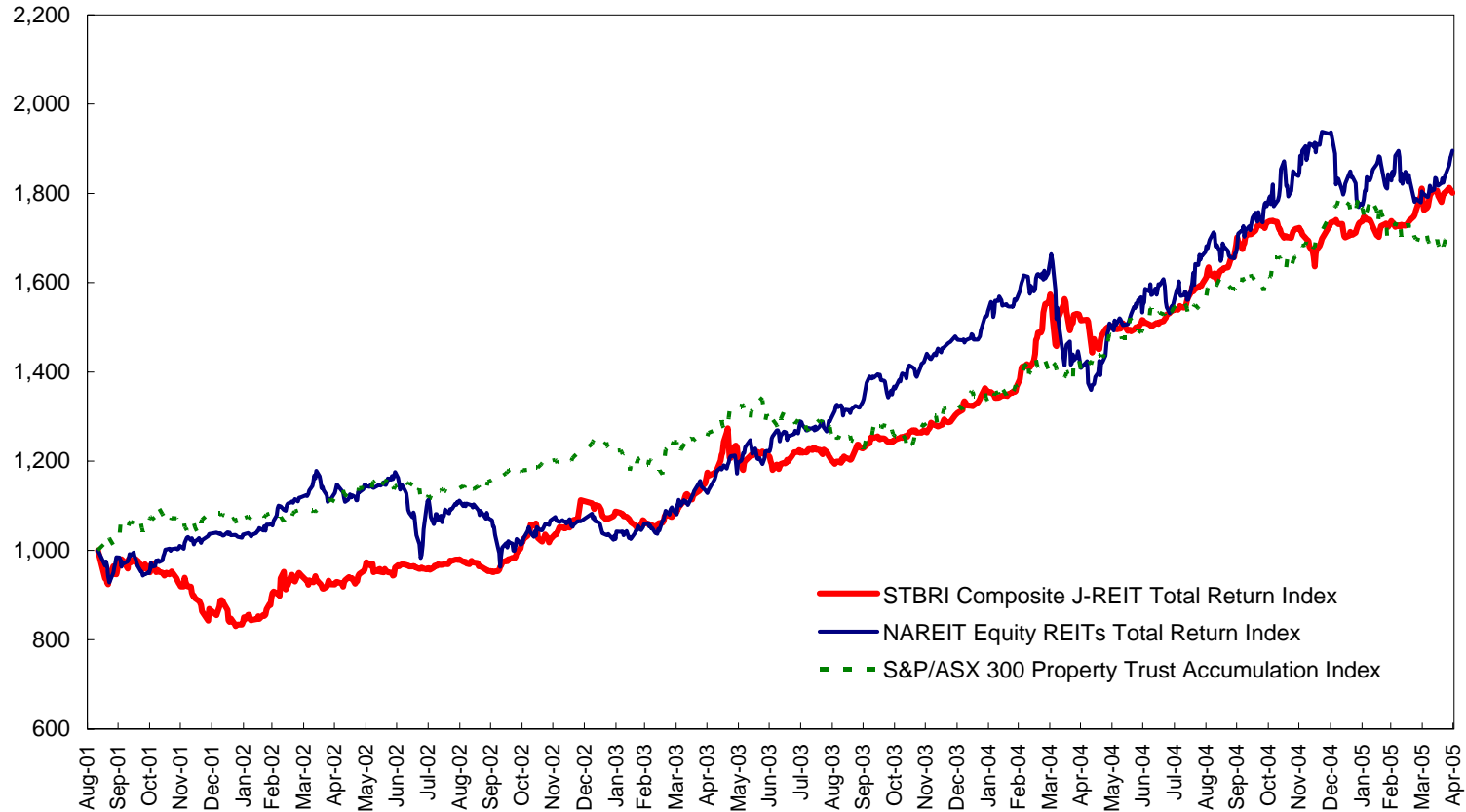
- In Japan, market capitalization of the Tokyo, Osaka, Nagoya, Fukuoka, Sapporo, and JASDAQ exchanges (data source: Bloomberg, STBRI)
- In the U.S., market capitalization of the NYSE, AMEX, NASDAQ, BSE, CHX, NSX, PCX, PHLX, and SDSE exchanges (data source: Bloomberg, STBRI).
- In Australia, market capitalization of the ASX exchange (data source: ASX)

Source: STBRI

Characteristics of J-REIT Assets

Comparison of REIT performance between Japan, the U.S., and Australia
(September 10, 2001 - April 30, 2005)

Sep. 10, 2001 = 1,000



Characteristics of J-REIT Assets

- Comparison of REIT total returns between Japan, the U.S., and Australia

REIT market	Japan (J-REIT)	US (US-REIT)	Australia (LPT)
Total return over most recent year (May. 1, 2004 – Apr. 30, 2005)	18.9%	34.6%	21.3%
Total return since listing of J-REITs (converted to annual rates) (Sep. 10, 2001– Apr. 30, 2005)	17.5%	19.2%	15.7%

Notes:

- Japan (J-REIT) figures were calculated using the STBRI Composite J-REIT Total Return Index
- U.S. (US-REIT) figures were calculated using the NAREIT Equity REITs Total Return Index.
- Australia (LPT) figures were calculated using the S&P/ASX 300 Property Trust Accumulation Index.

Source: Bloomberg, STBRI

Characteristics of J-REIT Assets

□ Correlation between monthly total returns
(end of September 2001- end of April 2005)

	J-REIT	US-REIT	LPT
J-REIT	1.00		
US-REIT	0.25	1.00	
LPT	0.26	0.28	1.00

Notes:

- J-REIT figures were calculated using the STBRI Composite J-REIT Total Return Index
- US-REIT figures were calculated using the NAREIT Equity REITs Total Return Index.
- LPT figures were calculated using the S&P/ASX 300 Property Trust Accumulation Index. source: STBRI

[Contact] <https://www.stbri.co.jp/english/contact/form-jreit/jreit.html>

- Although this information was prepared based on various types of data obtained from sources it considers reliable, STBRI makes no warranty as to its accuracy or completeness. In addition, this information was prepared based on information obtainable as of the time of its preparation. Its content may change in light of future developments.
- This information is provided for reference in the investment decision-making process. It is not provided for purposes such as inducement of sale or other transactions involving securities. Please use your own judgment when using this information. All content provided herein represents merely the judgments of STBRI as of the point in time at which it was prepared.
- All rights related to this information are reserved by the STB Research Institute. Unauthorized copying etc. is prohibited.
- The STBRI J-REIT Index is a J-REIT index developed independently by the STB Research Institute. The STBRI J-REIT Index is the intellectual property of the STB Research Institute, and all rights related to matters such as STBRI J-REIT Index calculation, release of figures, and use are the property of the STB Research Institute. Please refer to the STB Research Institute's homepage (<http://www.stbri.co.jp>) for details concerning calculation methods and other matters.