



LASALLE  
INVESTMENT ADVISORS™

Real estate experience. Investment expertise.

Investor  
Presentation  
of  
LaSalle Japan REIT  
for October 2008  
(6<sup>th</sup>) period

LASALLE  
JAPAN REIT INC®

# Overview of LaSalle Japan REIT Inc. (LJR)

<b>JREIT name</b>	LaSalle Japan REIT Inc. (former eAsset Investment Corporation, changed its name on Jan 16, 2008)
<b>Exchange</b>	Listed on TSE REIT Section on Sep 7, 2005
<b>Ticker code</b>	8974
<b>Asset manager</b>	LaSalle Investment Advisors K.K.
<b>Shareholder of asset manager</b>	LaSalle Investment Management Inc. (100%)
<b># of properties</b>	21 properties (10 office properties, 5 retail properties, 6 residential properties) (Oct 31, 2008)
<b>Total acquisition costs</b>	JPY119.9bn (Oct 31, 2008)
<b># of units outstanding</b>	120,500units (Oct 31, 2008)
<b>Market cap</b>	JPY12.9bn (Oct 31, 2008)

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1. 6th Period Fund  
Management  
Report  
Highlights

# 6th Period Fund Management Report Highlights

Successful refinancing of JPY61.2bn and reinforcement of management structure amid deteriorating financial conditions

<b>Financial position</b>	<ul style="list-style-type: none"> <li>Completed refinancing of JPY61.2bn. Restructuring of the bank formation to achieve a structure that is mainly comprised of mega banks</li> <li>Improved financial structure by staggering maturity dates and by fixing interest rates. Rating retained as stable, A- (reviewed in Nov 2008)</li> </ul>
<b>Internal growth</b>	<ul style="list-style-type: none"> <li>Occupancy rates have remained 98% or over for the full fiscal year</li> <li>Revenue increased through rent increase at contract renewal and by replacing tenants (JPY0.5mn /month)</li> <li>Expenses for the lease business reduced (due to centralized and changed PM, JPY0.4mn /month)</li> <li>Change of electric utility provider (JPY0.4mn /month)</li> </ul>
<b>Measures against external factors</b>	<ul style="list-style-type: none"> <li>AEON Mall Musashi-Murayama Mu: Mitsukoshi's move out → No immediate consequences, may even provide opportunities</li> <li>La Porte Aoyama: Urban Corporation's filing for protection under the Corporate Rehabilitation Law → Preservative attachment, early resumption of business activities under a new sponsor, efforts for business continuity</li> </ul>
<b>Management results</b>	<ul style="list-style-type: none"> <li>Operating revenue JPY3,816mn, Operating income JPY1,965mn, Ordinary income JPY1,206mn Net income JPY1,216mn</li> <li>Dividends in the 6th Period: JPY10,098/unit</li> </ul>
<b>Fund management scheme</b>	<ul style="list-style-type: none"> <li>Personnel exchange with LaSalle Investment Management ("LIM") to reinforce management structure, share know how and improve property expertise to increase management capabilities</li> </ul>

# 6th Period Financial Report Highlights

## Increase in Net operating revenue (excl. Profit on sale of properties) vs. last period & forecast

<Comparison with previous period>

		5 <sup>th</sup> Period		6 <sup>th</sup> Period			
		Actual	Forecast	Actual	Variance (Forecast)	Variance (5 <sup>th</sup> Period)	
Operating revenue	(JPY mn)	3,951	3,794	3,816	21	Δ135	Gain on sale of a property in the 5th period: JPY200mn (Hotel Nikko Ibaraki Osaka) Real income from leasing operations: up JPY65mn from the previous period
Operating income	(JPY mn)	2,287	1,943	1,965	21	Δ322	
Ordinary profit	(JPY mn)	1,664	1,266	1,206	Δ 59	Δ458	Two AEON mall properties: JPY241mn property & metropolitan taxes posted as expenses
Net income	(JPY mn)	1,663	1,265	1,216	Δ48	Δ447	Increase in loan handling commission due to interest cost and refinancing: JPY151mn
LTV	(%)	53.8	53.6	53.9	0.3	0.1	
Dividend per unit	(JPY)	13,807	10,500	10,098	Δ402	Δ3,709	

### <Comparison with forecast>

- Operating revenue
  - Higher occupancy rates for Southern Mito Building (forecast 88.5% → actual 93.4%) and Horikawa-Dori Shijyo Building (forecast 91.5% → actual 95.3%)
  - Unexpected revenues such as penalty for breaking a lease have been earned despite lower-than-expected average occupancy rates on the whole(JPY 60mn)
- Lease business expenses
  - Greater-than-expected repair costs incurred(ΔJPY8.4mn)
- Non-operating expenses
  - Less-than-expected interest paid (ΔJPY16.4mn)
  - Greater-than-expected loan handling fees paid (JPY112.6mn)
- Dividend per unit
  - Δ402 yen (3.8%) vs. the projection



## 2. Achievements based on our Growth Strategy and forecasts for the 7<sup>th</sup> and 8<sup>th</sup> Period

# Summary of Basic Growth Strategy

**Combination of external growth based on the hybrid portfolio and steady organic growth, plus establishment of a stable financial base**

## External growth strategy

- Portfolio quality improvement through asset replacement
- Targeted asset size of JPY300bn in the medium- to long-term
- Accelerated growth through collaboration with the sponsor who is also counterpart of the Pipeline support agreement

## Organic growth strategy

- Initiatives for increasing revenue and reducing costs by improving tenant satisfaction
- Efforts for increasing revenue based on the unique characteristics of our assets considering current environment including conditions for rent

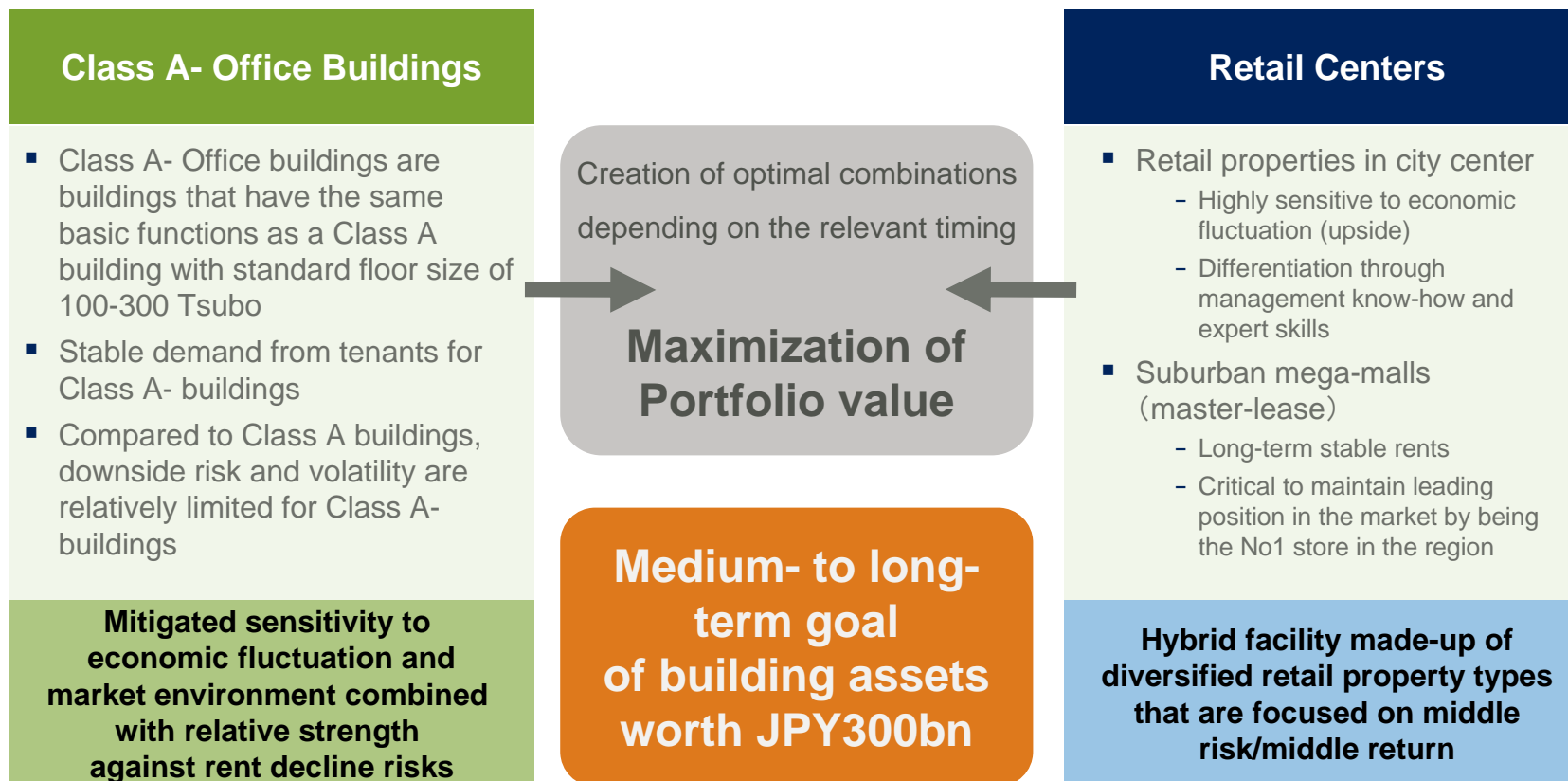
## Financial strategy

- Development of a stable financial platform to support sustained growth
- Short-term LTV target is 50%, while medium- to long-term LTV target is in the lower 40% range



# External Growth Strategy

## Optimal office building and retail center portfolio strategy



- Office Buildings: Shift to Class A- buildings in Tokyo city center; Replacement of regional offices
- Retail centers: Achieve optimal combination by suburban mega-malls and city center retail properties
- Residential properties: Replace by selling them where appropriate

# Internal Growth Strategy

**Maintain and grow operating income, reduce costs through continuous improvement of tenant satisfaction**

## Measures for revenue increase

- **Rent per Tsubo**
  - Achievement of fair rent levels at contract renewal for properties that are underrent to the market
- **Occupancy rate**
  - Tokyo city center offices (4 properties): maintain 100% level
  - Regional offices, residential (6 properties each): improve occupancy rate (lease-up)

## Measures for cost reduction

- **Outsourcing**
  - Reduce costs by reviewing operations management details
- **Energy costs**
  - Reduce energy costs by improving overall equipment efficiency

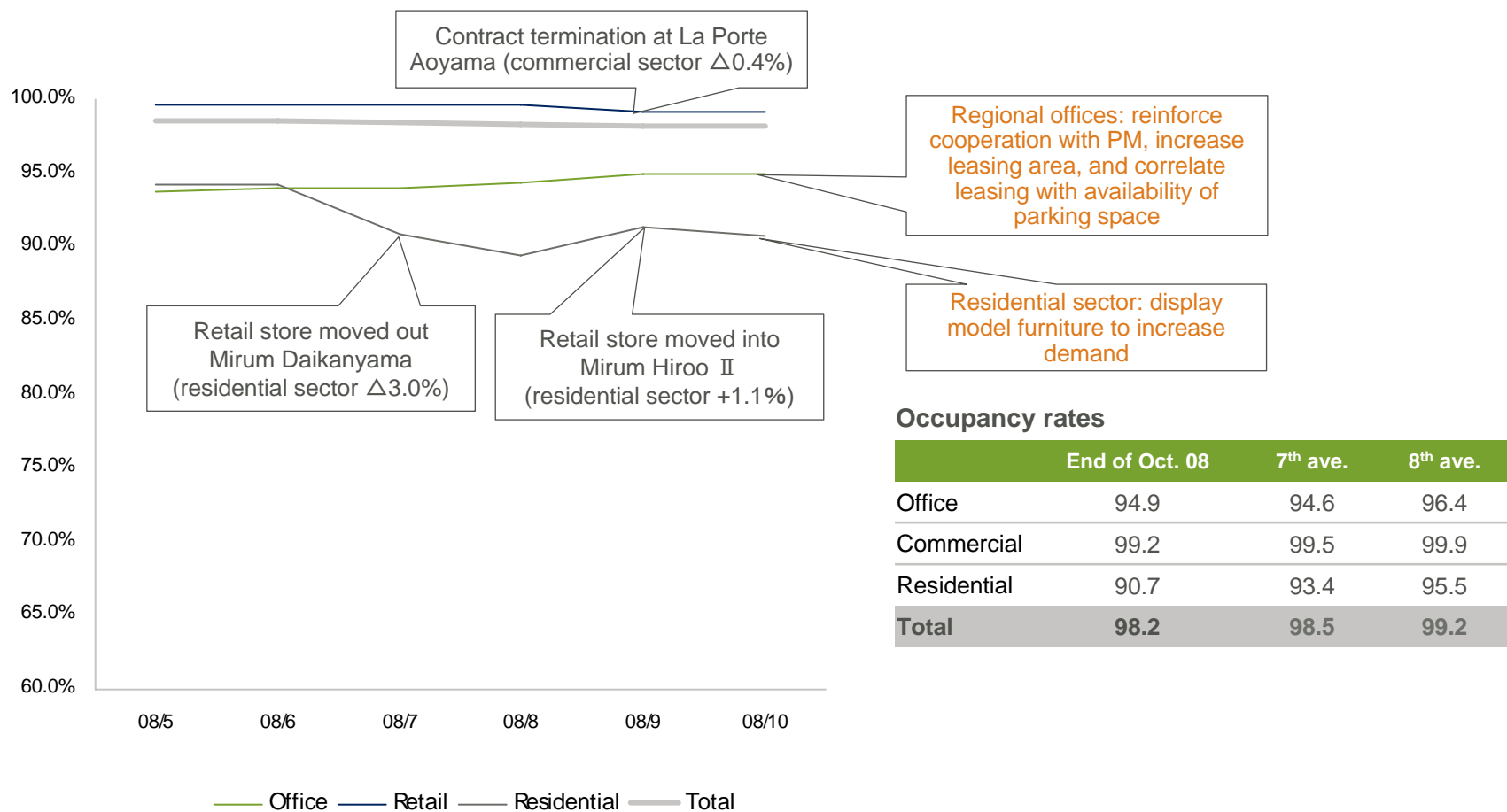
## Measures for improving tenant satisfaction

- **Proper investigation**
  - Conduct tenant satisfaction survey
- **Implementation of initiatives aimed to improve tenant satisfaction**
  - Tailored to the specific profile of each building

# Results of the 6<sup>th</sup> Period and future outlook based on our Internal Growth Strategy (1)

## Initiatives for increasing rent revenue by achieving stable occupancy rates and increasing rents at contract renewal or by replacing tenants

- Occupancy rates have remained at 98% or over for the whole fiscal year. Improvements targeted in the 7<sup>th</sup> and 8<sup>th</sup> Period



# Results of the 6<sup>th</sup> Period and future outlook based on our Internal Growth Strategy (2)

## Efforts for increasing rent at renewal of leasing contract (including replacement of tenants), cost reduction, and increasing tenant satisfaction

- Types of renewals of lease contracts during the 6<sup>th</sup> period
  - 5 renewals with higher rents (incl. 2 tenants change) and 2 renewals with a lower rent

### Renewal of lease contracts during 6<sup>th</sup> period

	Number of tenants
110%~120%	2
100%~110%	3
100%	25
90%~100%	1
80%~90%	1
<b>Total JPY0.5mn/month up</b>	<b>Total 32</b>

### Renewal of lease contracts in future (Office, Retail)

	7 <sup>th</sup> period	8 <sup>th</sup> period
# of renewal	50	29
# of under-rent	6	5

- Reduction of expenses

- PM fees reduced and its efficiency improved through centralized PM (6 property management companies for 10 properties reduced to only one company (Sanko-estate)) → **cost cutting effect of JPY0.4mn /month**
- Electricity costs reduced by changing the supplier to a new one by electricity deregulation → **cost cutting effect of JPY0.4mn /month**

### Sales performance-based rent revenues (La Porte Aoyama)

	Actual	Forecast	
	6 <sup>th</sup>	7 <sup>th</sup>	8 <sup>th</sup>
JPY mn	8.1	9.6	9.0

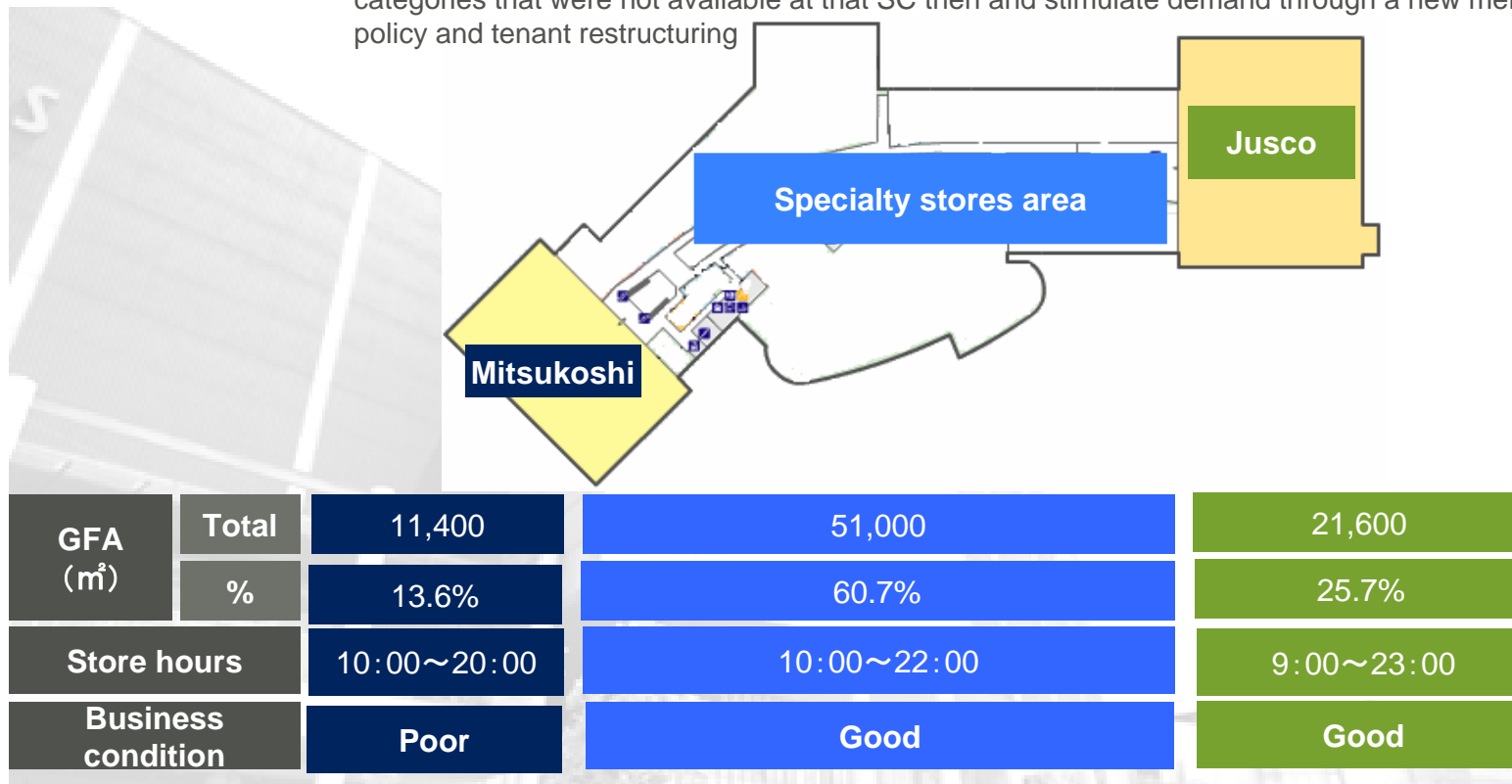
- Survey on tenant satisfaction

- 3 surveys on 10 office properties conducted in the past
- 4<sup>th</sup> survey to be conducted in Jan 2009
- Planning of measures for increasing tenant satisfaction based on such survey results

# Measures against external factors (1) ~AEON Mall Musashi Murayama Mu

**Mitsukoshi's move out was due to its poor performance. This was perceived to be an opportunity for restructuring MD and improve the attractiveness of the SC/stimulate sales**

- Contractual relationship Direct lease contract for Total leased area signed with AEON Mall. It defines that rent may not be revised until Nov 2016. Therefore, Mitsukoshi's move out will have no immediate consequences on our management results
- Measures taken Regular meetings with AEON Mall.  
Mitsukoshi's move out was perceived to be an opportunity to replace poorly performing tenants and introduce same store hours for all tenants; it was also recognized to be a chance to introduce product categories that were not available at that SC then and stimulate demand through a new merchandise policy and tenant restructuring



## Measures against external factors (2) ~La Porte Aoyama

**Efforts for replacing the sponsor of the restaurant (Benoit) that was ordered to suspend business following Urban Corporation's filing for protection under the Corporate Rehabilitation Law. On Dec 4, closed floors were reopened and restaurant business resumed**

- Bankruptcy of tenant Aug 13, Urban Corporation (UC) filed for protection under the Corporate Rehabilitation Law. Simultaneously, restaurants on 10th and 11th F were suspended from doing business
- Measures taken Parallel to our filing for repayment of debts by UC, we confirmed with the restaurants their willingness to resume business under a new owner.  
Reopening of closed floors following such talks  
Leasing contracts for relevant floors with sub-lessees were cancelled by UC on Sep 27  
Leasing terms and conditions for continued operation by sub-lessees are currently being discussed



Restaurant "Benoit"

	Floor	GFA (㎡)		Tenant	Aug 13	Dec 4	Note
UC Lease condition	11F 10F	417.46	10.0%	Restaurant (Benoit)	Closed	In business	Alain Ducasse reopened his 1 Michelin starred restaurant "Benoit" (2008 edition) with new owner
	5F	261.67	6.3%	Relaxation salon	In business	In business	Terms and conditions are currently discussed
	2F	214.05	5.1%	Shop	In business	In business	Terms and conditions are currently discussed
	1F						
	B1F	174.25	4.2%	Kitchen (Benoit)	Closed	In business	
	<b>Total</b>	<b>1067.43</b>	<b>25.6%</b>				

# Financial Strategy

**Stability of financial base improved significantly during the 6th Period. We will continue to focus on reinforcing our financial base to support sustained growth.**

**Short-term LTV target is 50%, while medium- to long-term LTV target is in the lower 40% range**

## Basic principles on financial strategy

- Development of stable bank formation comprised of mainly mega banks
  - Development of a close relationship based on the international recognition and credit worthiness of the asset manager's sponsor, Jones Lang LaSalle Group
- Mitigate refinancing risks by staggering repayment dates
  - Focus on a "bank formation that is comprised of mega banks" in principle and staggering of repayment dates to equalize and keep the amounts to be repaid in each period within a certain bracket
- Hedge against the risks of interest rate hike by accelerating the shift from floating to fixed and lengthening repayment periods to achieve greater stability of financial base
  - Further progress of "the shift from floating to fixed and lengthening of borrowing periods" by closely watching prevailing economic conditions



**Establishment of a firm and stable financial base**

**To ensure sustained medium- to long term growth**

# Results of the 6th Period based on our Financial Strategy (1)

**A robust formation consisting primarily of mega banks realized with the support of LaSalle Group**

List of lenders before refinancing (JPY bn)

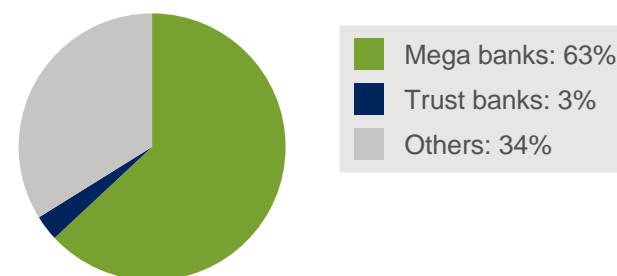
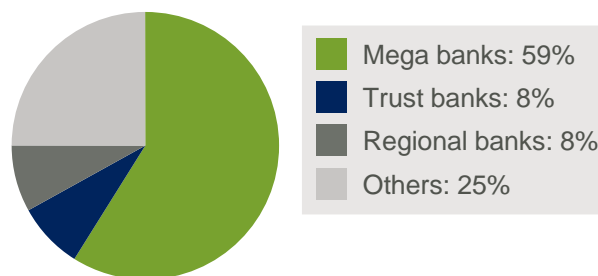
Lender	Amount	Ratio
1 Sumitomo Mitsui Banking Co.	36.2	51.6%
2 Bank of Tokyo-Mitsubishi UFJ	3.0	4.3%
3 Mizuho Corporate Bank	2.0	2.8%
4 The Chuo Mitsui Trust and Banking Co	2.0	2.8%
5 Mizuho Trust & Banking	2.0	2.8%
6 Resona Bank	3.0	4.3%
7 Shinsei Bank	2.0	2.8%
8 Aozora Bank	8.5	12.1%
9 The Nishi-Nippon City Bank	3.0	4.3%
10 Mitsui Sumitomo Insurance	2.0	2.8%
11 Mitsubishi UFJ Trust and Banking	2.0	2.8%
12 Chiba Bank	1.5	2.1%
13 Shinginko Tokyo	1.0	1.4%
14 Tokio Marine & Nichido Fire Insurance Co	1.0	1.4%
15 The Yamaguchi Bank	1.0	1.4%
<b>Total</b>	<b>70.2</b>	<b>100.0%</b>



List of lenders after refinancing (JPY bn)

Lender	Amount	Ratio
1 Sumitomo Mitsui Banking Co.	35.7	51.2%
2 Mizuho Corporate Bank	6.6	9.5%
3 Bank of Tokyo-Mitsubishi UFJ	2.0	2.9%
4 The Sumitomo Trust & Banking Co	2.0	2.9%
5 Aozora Bank	13.5	19.4%
6 Resona Bank	4.9	7.0%
7 Shinsei Bank	2.0	2.9%
8 Mitsubishi UFJ Lease & Finance	2.0	2.9%
9 Fuyo General Lease Co	1.0	1.4%
<b>Total</b>	<b>69.7</b>	<b>100.0%</b>

Types of lenders after refinancing

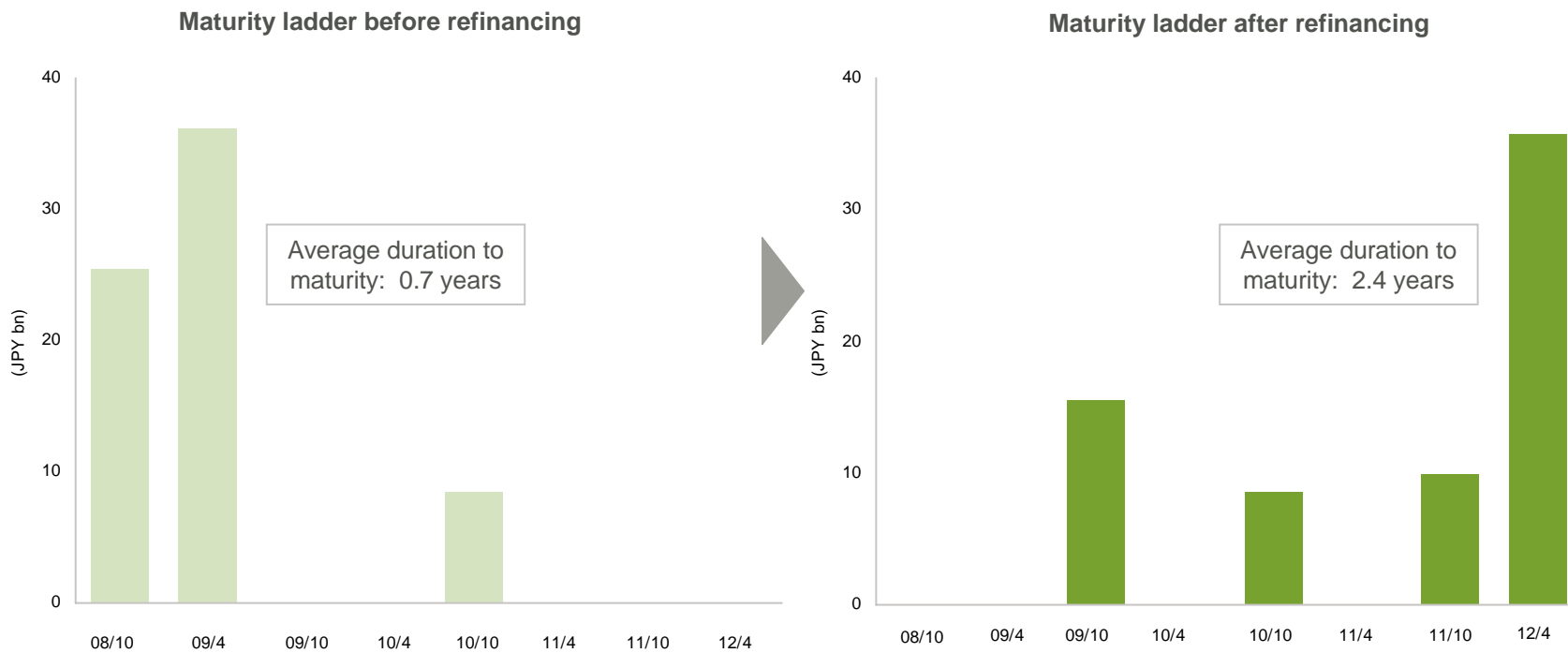


(Note) Mega banks refer to Mizuho Bank, Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.



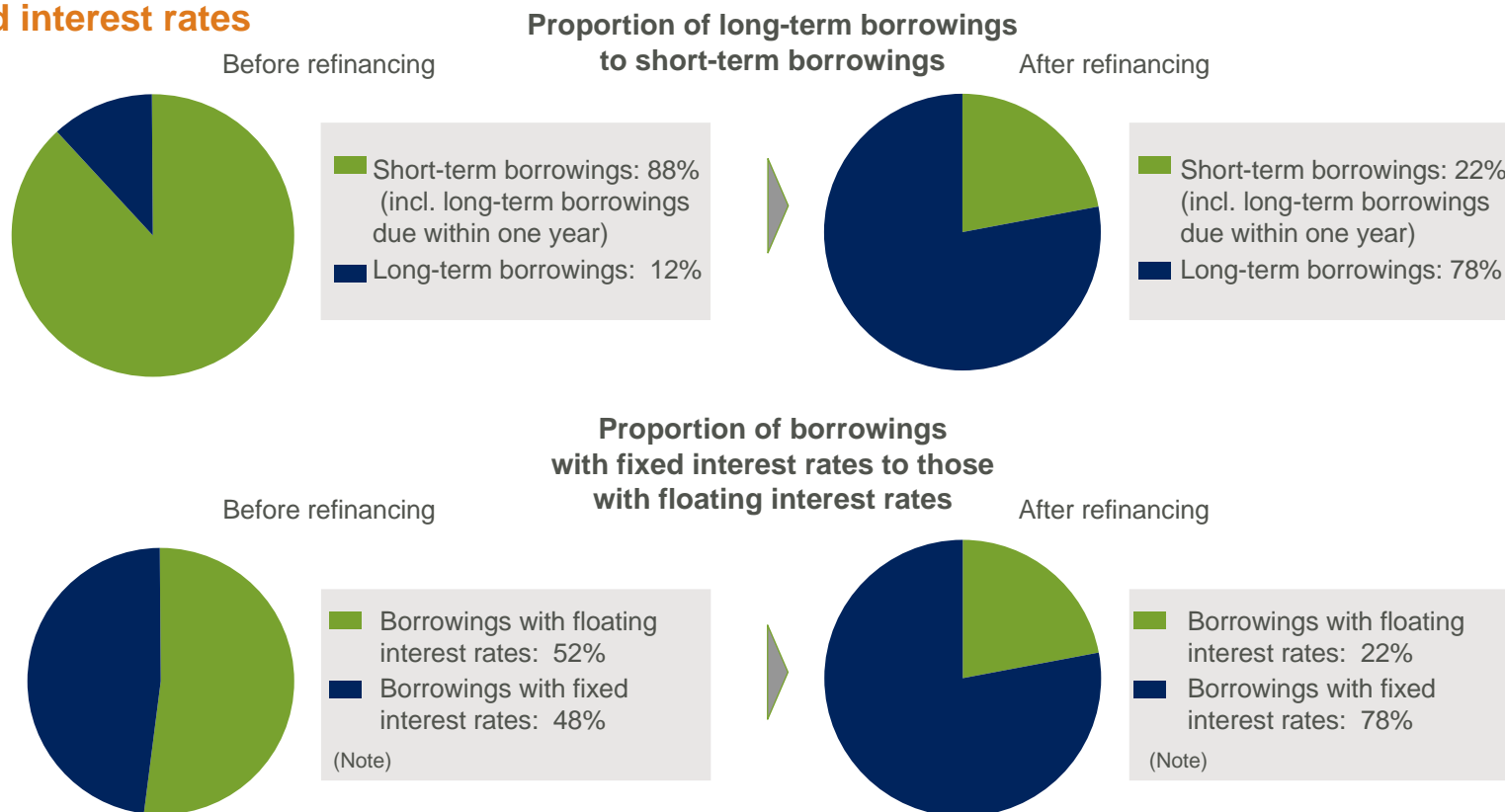
# Results of the 6th Period based on our Financial Strategy (2)

## Successful mitigation of refinancing risks by staggering repayment dates



# Results of the 6th Period based on our Financial Strategy (3)

The financial position has been strengthened by extending maturities, and risks associated with rising interest rates have been reduced by increasing the proportion of borrowings with fixed interest rates



Despite harsh market environments, R&I has continued to rate LJR as A-

(Note) Including the portion of which interest rate has been fixed with the purchase of an interest-rate cap

# Earnings Forecasts for 7th and 8th Periods

**Maintain stable performance of leasing business and operating income. Dividend decline from increasing non-operating expenses to be controlled in the 7th Period**

- 6th Period results and forecasts

		6 <sup>th</sup> Period	7 <sup>th</sup> Period		8 <sup>th</sup> Period	
		Actual	Forecast	Variance (6 <sup>th</sup> Period)	Forecast	Variance (7 <sup>th</sup> Period)
Operating revenue	(JPY mn)	3,816	3,762	△54	3,817	55
Operating income	(JPY mn)	<b>1,965</b>	<b>1,946</b>	<b>△19</b>	<b>1,965</b>	<b>19</b>
Ordinary profit	(JPY mn)	1,206	977	△229	989	12
Net income	(JPY mn)	1,216	976	△240	988	12
LTV	(%)	53.9	53.9	0	53.9	0
Dividend per unit	(JPY)	<b>10,098</b>	<b>8,100</b>	<b>△1,998</b>	<b>8,200</b>	<b>100</b>

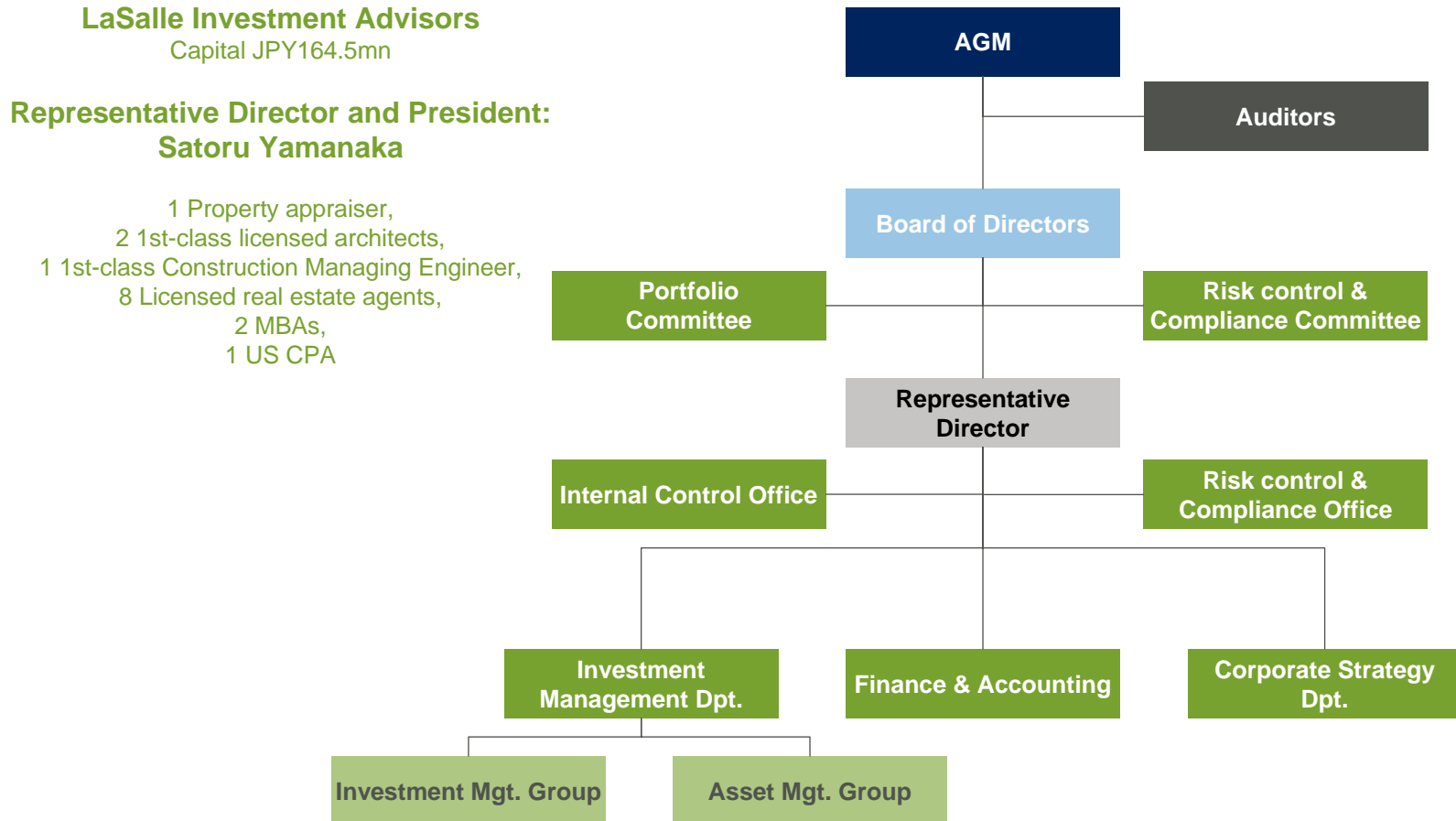
## Precondition

	7 <sup>th</sup> Period	8 <sup>th</sup> Period
# of Properties	21	21
Occupancy rate	98.5%	99.2%
Tax and public charges	370(JPY mn)	368(JPY mn)
Depreciation Amortization	724(JPY mn)	732(JPY mn)
Income charges	975(JPY mn)	983(JPY mn)
Borrowing	JPY69.7bn (from JPY70.2bn) after refinancing on November 4	69.7(JPY bn)
# of Units	120,500	120,500



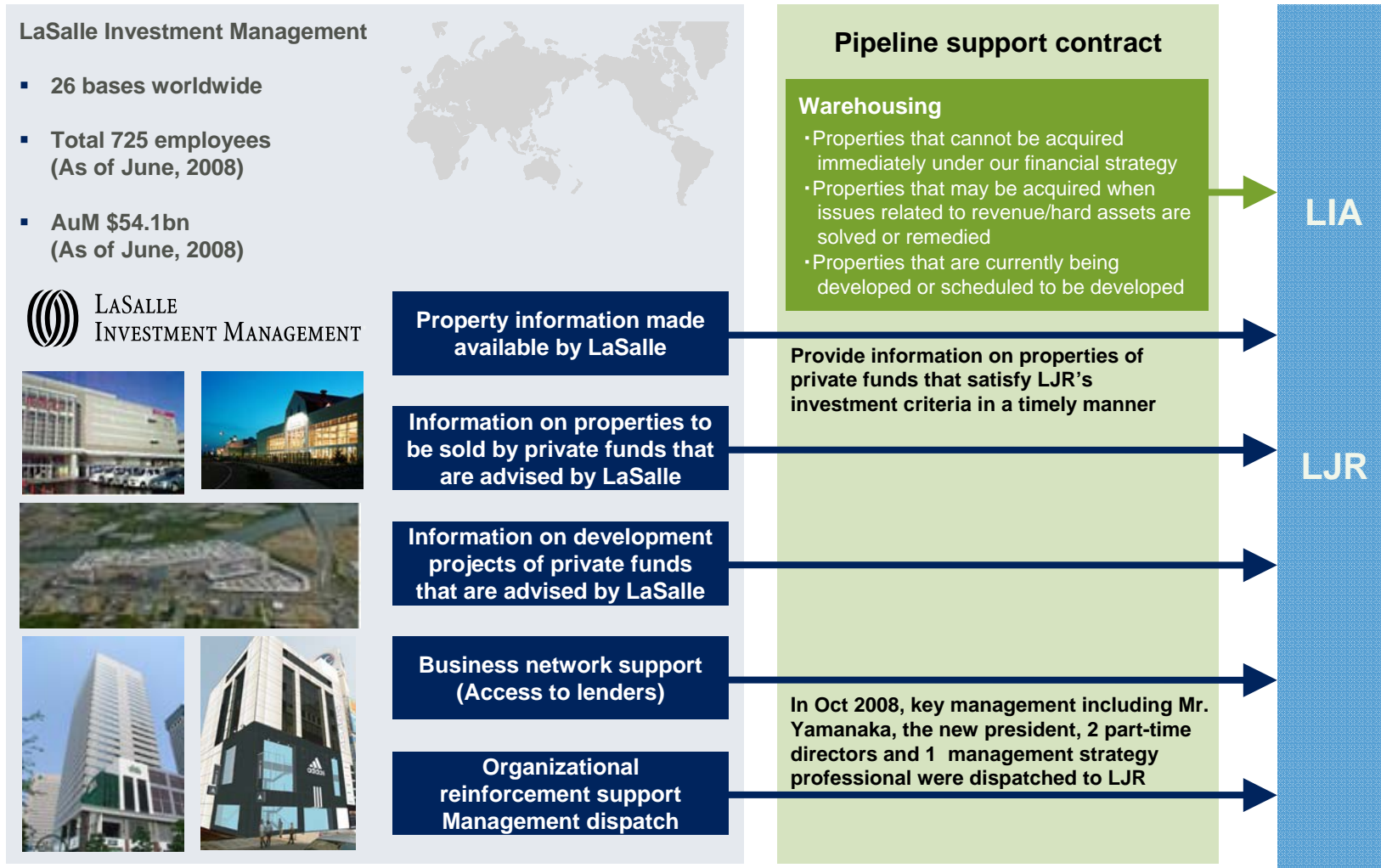
### 3. Overview of our asset manager and sponsor

# Organization and functions of asset manager

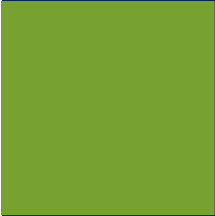


# Summary of Sponsor Support

Leading expertise and support provided by our sponsor who is a global real estate investment advisor



※ These photo does not indicate to put these properties into LJR



## 4. Details of Operating Results of the 6<sup>th</sup> Period

# Balance sheet

Decreased due to consumption tax refund regarding acquisition of 2 AEON malls

	5th period As of Apr. 2008		6th period As of Oct. 2008	
	Amount JPY mn	Percentage (%)	Amount JPY mn	Percentage (%)
<b>Assets</b>				
Current assets	10,265	7.9	10,299	7.9
Cash and cash equivalents	1,759	1.4	2,966	2.3
Entrusted cash and cash	7,019	5.4	7,162	5.5
Rental receivables	42	0.0	66	0.0
Consumption tax refundable	1,233	0.9	-	-
Prepaid expenses	210	0.2	102	0.1
Other current assets	1	0.0	1	0.0
Non-current assets	120,272	92.1	119,821	92.1
Property and equipment	120,062	91.9	119,457	91.8
Entrusted buildings	44,171	33.8	43,567	33.5
Entrusted land	75,890	58.1	75,890	58.3
Intangible assets	6	0.0	5	0.0
Investments	203	0.2	357	0.3
Derivatives	51	0.0	95	0.1
Long-term prepaid expenses	124	0.1	222	0.2
Other non-current assets	28	0.0	39	0.0
Deferred charges	30	0.0	24	0.0
<b>Total assets</b>	<b>130,568</b>	<b>100.0</b>	<b>130,145</b>	<b>100.0</b>

Purchase of interest rate cap to fix interest rates at refinancing

	5th period As of Apr. 2008		6th period As of Oct. 2008	
	Amount JPY mn	Percentage (%)	Amount JPY mn	Percentage (%)
<b>Liabilities</b>				
Current liabilities	62,584	47.9	52,635	40.5
Account payable	179	0.2	73	0.1
Short-term debt	36,200	27.7	51,700	39.7
Long-term debt repaid within one year	25,500	19.5	-	-
Rent received in advance	401	0.3	384	0.3
Other current liabilities	303	0.2	478	0.4
Non-current liabilities	13,063	10.0	23,055	17.7
Long-term debt	8,500	6.5	18,500	14.2
Entrusted tenant leasehold and security	4,563	3.5	4,555	3.5
<b>Total Liabilities</b>	<b>75,648</b>	<b>57.9</b>	<b>75,690</b>	<b>58.2</b>
<b>Net assets</b>				
Unitholders' equity	54,947	42.1	54,500	41.8
Unitholders' capital	53,284	40.8	53,284	40.9
Retained earnings	1,663	1.3	1,216	0.9
Valuation and translation adjustments	△ 27	0.0	△ 46	0.0
Unrealized gain from deferred hedge	△ 27	0.0	△ 46	0.0
<b>Total Liabilities</b>	<b>54,920</b>	<b>42.1</b>	<b>54,454</b>	<b>41.8</b>
<b>Total liabilities and net assets</b>	<b>130,568</b>	<b>100.0</b>	<b>130,145</b>	<b>100.0</b>

Increased due to increased refinancing at end of the 6th Period. Refinancing on Nov 4 led to extended maturity for debt worth JPY35.7bn and repayment of debts worth JPY500mn



# Income statement

	5th period (As of Apr. 2008)		6th period (As of Oct. 2008)		
	Amount (JPY mn)	Percentage (%)	Amount (JPY mn)	Percentage (%)	
Operating revenues	3,951	100.0	3,816	100.0	Increased due to increase in Penalty income
Rental revenues (①)	3,574	90.4	3,579	93.8	
Other rental revenues (②)	176	4.5	236	6.2	
Gain from property sales	200	5.1	-	-	
Operating expenses	1,664	42.1	1,850	48.5	Increase of electricity charge in summer
Property-related expenses (③)	1,376	34.8	1,565	41.0	
PM and maintenance fees	226	5.7	235	6.2	Decreased by reviewing repair works
Utilities	145	3.7	158	4.2	
Repairs	48	1.2	33	0.9	
Insurance	15	0.4	15	0.4	
Tax and public charges	141	3.6	370	9.7	
Depreciation and amortization	769	19.5	720	18.9	
Other property-related expenses	29	0.7	32	0.9	
Asset management fees	153	3.9	165	4.3	
Director's salaries	3	0.1	3	0.1	
Custodian fees	10	0.3	16	0.4	
Administrative service fees	37	0.9	38	1.0	
Other operating expenses	83	2.1	60	1.6	
Operating income	2,287	57.9	1,965	51.5	
NOI after depreciation (①+②-③)	2,374	60.1	2,250	59.0	
NOI before depreciation	3,144	79.6	2,970	77.8	
Non-operating revenues	5	0.1	19	0.5	
Interest income	5	0.1	6	0.2	
Other non-operating revenues	0	0	12	0.3	
Non-operating expenses	627	15.9	778	20.4	
Interest expenses	439	11.1	483	12.7	Increased due to increase in refinancing fees
Financing related expense	181	4.6	288	7.6	
Other non-operating expenses	6	0.2	6	0.2	
Ordinary income	1,664	42.1	1,206	31.6	
Income before income taxes	1,664	42.1	1,217	31.9	
Net income	1,663	42.1	1,216	31.9	Compensation for losses accepted
Retained earnings at the end of period	1,663	42.1	1,216	31.9	

# Cashflow statement

## Cashflow statement

	(JPY mn)	
	5th period (As of Apr. 2008)	6th period (As of Oct. 2008)
<b>Cash flow from Operating Activities</b>	3,658	3,235
Income before income taxes	1,664	1,217
Depreciation	769	720
Amortization of software	0	0
Amortization of investment units	6	6
Interest income	△5	△6
Interest expenses	439	483
Change in rental receivables	22	△24
Change in consumption tax receivable	△1,205	1,233
Change in prepared expenses	△97	9
Change in rent received in advance	△15	△11
Change in accrued expenses	45	29
Change in consumption tax refundable	-	114
Change in deposits received	45	△17
Change in derivatives	-	△76
Change in trusted fixed assets by property sales	2,374	-
Others	10	4
Sub-Total	4,054	3,682
Interest income	5	6
Interest payment	△400	△452
Corporate taxes payment	△1	△1
<b>Cash flow from investing Activities</b>	△55,526	△220
Purchase and sale of entrusted property and equipment	△58,006	△209
Proceeds from tenant leasehold and security deposits	△4	△2
Proceeds from entrusted tenant leasehold and security	2,484	△8

	(JPY mn)	
	5th period (As of Apr. 2008)	6th period (As of Oct. 2008)
<b>Cash Flow from Financing Activities</b>	55,562	△1,663
Proceeds from short-term debt	36,200	15,500
Proceeds from long-term debt	-	10,000
Repayments of long-term debt	△2,500	△25,500
Proceeds from new unit issue	22,800	-
Payments of new unit issue	△36	-
Payment of dividend	△901	△1,663
<b>Net change in cash and cash equivalents</b>	3,694	1,350
Cash and cash equivalents at beginning of period	5,084	8,778
Cash and cash equivalents at end of period	8,778	10,129

## Statement on distribution of cash

	(JPY)	
	5th period (As of Apr. 2008)	6th period (As of Oct. 2008)
Retained earnings (ending balance)	1,663,799,584	1,216,839,287
Distribution amount	1,663,743,500	1,216,809,000
DPU (yen)	(13,807)	(10,098)
Retained earnings carried forward	56,084	30,287

# Financial Indicators

- Major financial indicators

		5 <sup>th</sup> Period	6 <sup>th</sup> Period		
			Actual	Variance	
Total Asset	(JPY mn)	130,568	130,145	△423	
# of properties		21	21	0	
Interest bearing debt	(JPY mn)	70,200	70,200	0	
NAV	(JPY mn)	54,920	54,454	△465	Total Asset – Total debt
Units outstanding	(units)	120,500	120,500	0	
NAV per unit	(円)	455,768	451,905	△3,863	
NOI	(JPY mn)	3,144	2,970	△173	Rental revenues + Depreciation
FFO	(JPY mn)	2,433	1,937	△496	Net income + Depreciation
DSCR	(x)	6.5	5.0	△1.5	(Net income + Depreciation + interest expense) / interest expense
FFO payout ratio	(%)	68.4	62.8	△5.6	Dividend / FFO
LTV	(%)	53.8	53.9	0.1	Interest bearing debt / Total Asset

# Performance by properties (office)

(JPY mn)

	Shinsan Building	No.35 Sankyo Building	Shibuya West Building	Chiba West Building	Narita TT Building	Utsunomiya Center Building	Southern Mito Building	Horikawa-Dori Shijyo Building	KYUHO Esaka Building	Uchikanda Building	Total
Operating days	184	184	184	184	184	184	184	184	184	184	184
Occupancy rate (%)	100	100	100	87.8	100	91.9	93.4	95.3	88.8	100	94.9
Number of tenants	6	7	1	18	8	20	26	12	16	9	123
Acquisition price	2,106	4,132	2,017	2,367	1,860	2,135	1,962	1,885	1,899	3,323	23,686
Operating revenues	89	176	114	111	105	111	100	122	106	123	1,163
Rental revenues	78	160	88	104	97	103	96	112	91	116	1,048
Other rental revenues	11	15	26	7	7	7	4	9	15	7	114
Property-related expenses	33	62	39	63	30	62	45	54	69	35	495
PM and maintenance fees	10	10	6	12	9	13	9	10	9	6	99
Tax and public charges	6	10	4	7	3	7	5	7	8	6	66
Utilities	5	15	17	10	5	10	7	10	9	7	99
Repairs	0	3	0	1	0	1	0	1	10	0	19
Insurance	0	0	0	0	0	0	0	0	0	0	2
Depreciation and amortization ①	10	19	9	29	10	27	21	23	30	12	195
Other property-related expenses	1	1	0	1	0	1	0	0	1	1	12
Operating income ②	56	114	75	47	74	49	55	67	36	88	667
NOI③ (①+②)	66	134	84	77	85	76	76	91	67	100	863
NOI yield (%)	6.3%	6.5%	8.3%	6.5%	9.2%	7.2%	7.8%	9.6%	7.1%	6.0%	7.2%
CAPEX ④	1	-	-	17	0	2	70	0	0	-	92
NCF (③-④)	64	134	84	60	85	74	6	90	67	100	770

# Performance by properties (retail and residential)

(JPY mn)

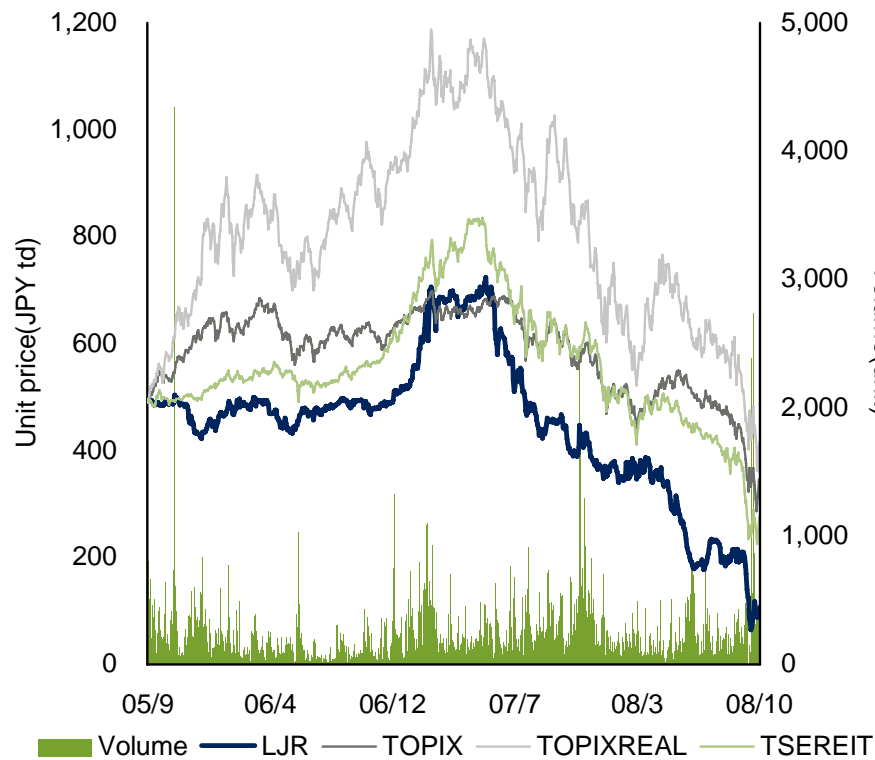
	La Porte Aoyama	Nishino Building	Leaf Comfort Shinkoiwa	AEON Mall Musashi-murayama Mu	AEON Mall Kobe-kita	Total	Mirum Daikanyama	Mirum Shirokanedai	Mirum Nogizaka	Mirum Minami Aoyama	Mirum Hiro-o II	Forest Hill Sendai-Aoba	Total
Operating days	184	184	184	184	184	184	184	184	184	184	184	184	184
Occupancy rate (%)	74.4	85.9	98.7	100	100	99.2	71.5	96.1	98.4	96.4	91.5	98.8	90.7
Number of tenants	18	45	29	1	1	94	68	34	44	45	47	248	486
Acquisition price	14,024	2,715	2,320	38,400	19,200	76,659	6,869	2,680	2,751	2,575	2,256	2,450	19,581
Operating revenues	400	101	81	935	578	2,096	180	75	74	72	58	95	556
Rental revenues	336	91	74	935	578	2,016	150	72	73	66	55	95	514
Other rental revenues	63	9	6	–	0	79	30	2	1	5	2	0	42
Property-related expenses	123	61	26	346	295	853	71	23	24	24	23	50	216
PM and maintenance fees	31	7	4	6	3	52	32	11	8	9	11	10	83
Tax and public charges	23	8	2	132	108	276	6	2	2	2	2	11	27
Utilities	33	9	5	–	–	48	4	0	0	2	1	1	10
Repairs	0	10	0	–	–	11	0	0	0	0	0	0	1
Insurance	0	0	0	5	4	11	0	0	0	0	0	0	1
Depreciation and amortization ①	30	23	10	200	173	438	25	8	10	8	7	25	85
Other property-related expenses	3	1	2	1	6	14	1	0	0	1	0	1	5
Operating income ②	276	39	54	588	282	1,243	109	51	50	48	35	45	340
NOI ③ (①+②)	307	62	65	789	456	1,681	134	59	61	56	42	71	425
NOI yield (%)	4.3%	4.6%	5.6%	4.1%	4.7%	4.4%	3.9%	4.4%	4.4%	4.4%	3.8%	5.8%	4.3%
CAPEX ④	–	24	–	–	–	24	0	0	0	–	0	0	1
NCF (③–④)	307	38	65	789	456	1,657	134	59	60	56	42	70	424



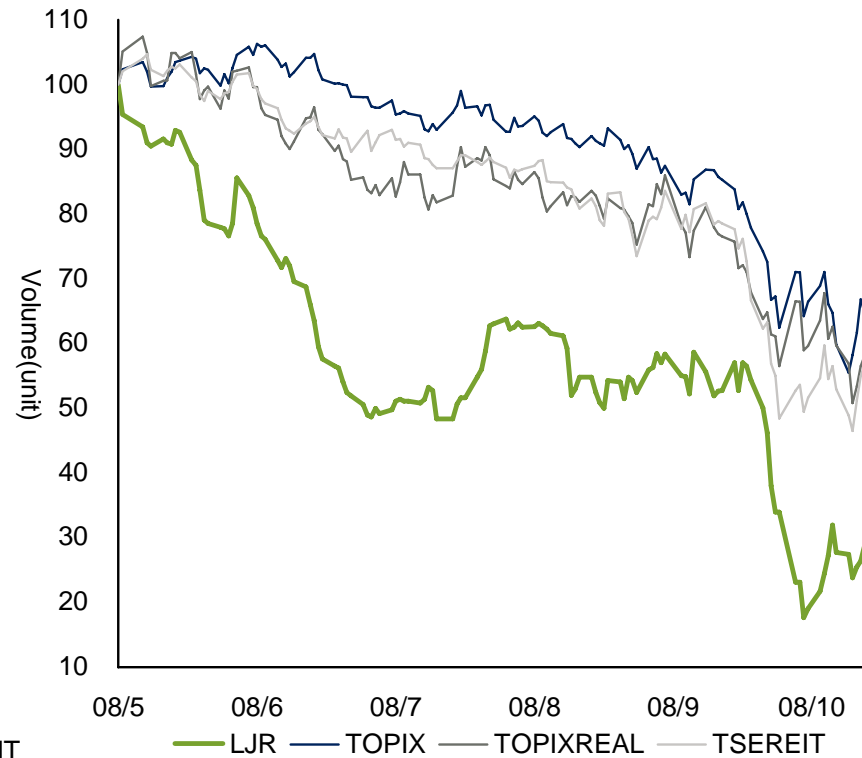
## 5. Description of LaSalle Japan REIT

# Unit price performance

Units price performance (After listing of LJR)



Unit price during 6<sup>th</sup> period



# List of bank loan (as of Nov. 4, 2008)

## Loan

Lender	Borrowing (JPY bn)	Interest	Drawdown date	Repayment date	Security
Sumitomo Mitsui Banking Co	35.7	2.64625% (Fixed rate)	2008/11/4	2011/11/4	Yes
Mizuho Corporate Bank					
Bank of Tokyo-Mitsubishi UFJ					
Resona Bank					
The Sumitomo Trust & Banking	15.5	1.85917% (Floating rate)	2008/9/30	2009/9/30	Yes
Aozora Bank					
Shinsei Bank					
Mitsubishi UFJ Lease & Finance					
Fuyo General Lease Co					
Mizuho Corporate Bank					
Resona Bank	10.0	2.35917% (Floating rate) (2)	2008/9/30	2011/9/30	Yes
Aozora Bank					
Mitsubishi UFJ Lease & Finance					
Aozora Bank	8.5	1.35917% (Floating rate) (1)	2007/9/21	2010/9/21	Yes

Note:

1 With the purchase of an interest-rate cap, a substantial upper limit interest rate is 2.50%

2 With the purchase of an interest-rate cap, a substantial upper limit interest rate is 1.50%

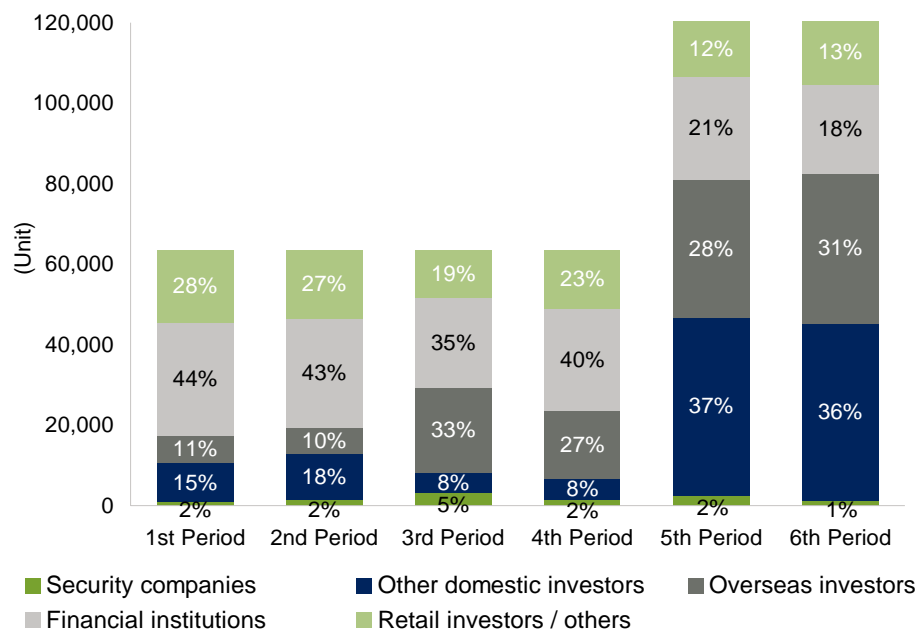


# Unit holders

## Classification of unit holders (end of 6<sup>th</sup> period)

Owner type	# of units holders	Ratio (%)	Total units	Ratio (%)
Retail investors/others	4,582	95.12	15,846	13.15
Financial Institutions	27	0.56	22,167	18.39
Overseas investors	96	1.99	37,322	30.97
Others	87	1.80	43,948	36.47
Security Companies	25	0.51	1,217	1.00
<b>Total</b>	<b>4,817</b>	<b>100.00</b>	<b>120,500</b>	<b>100.00</b>

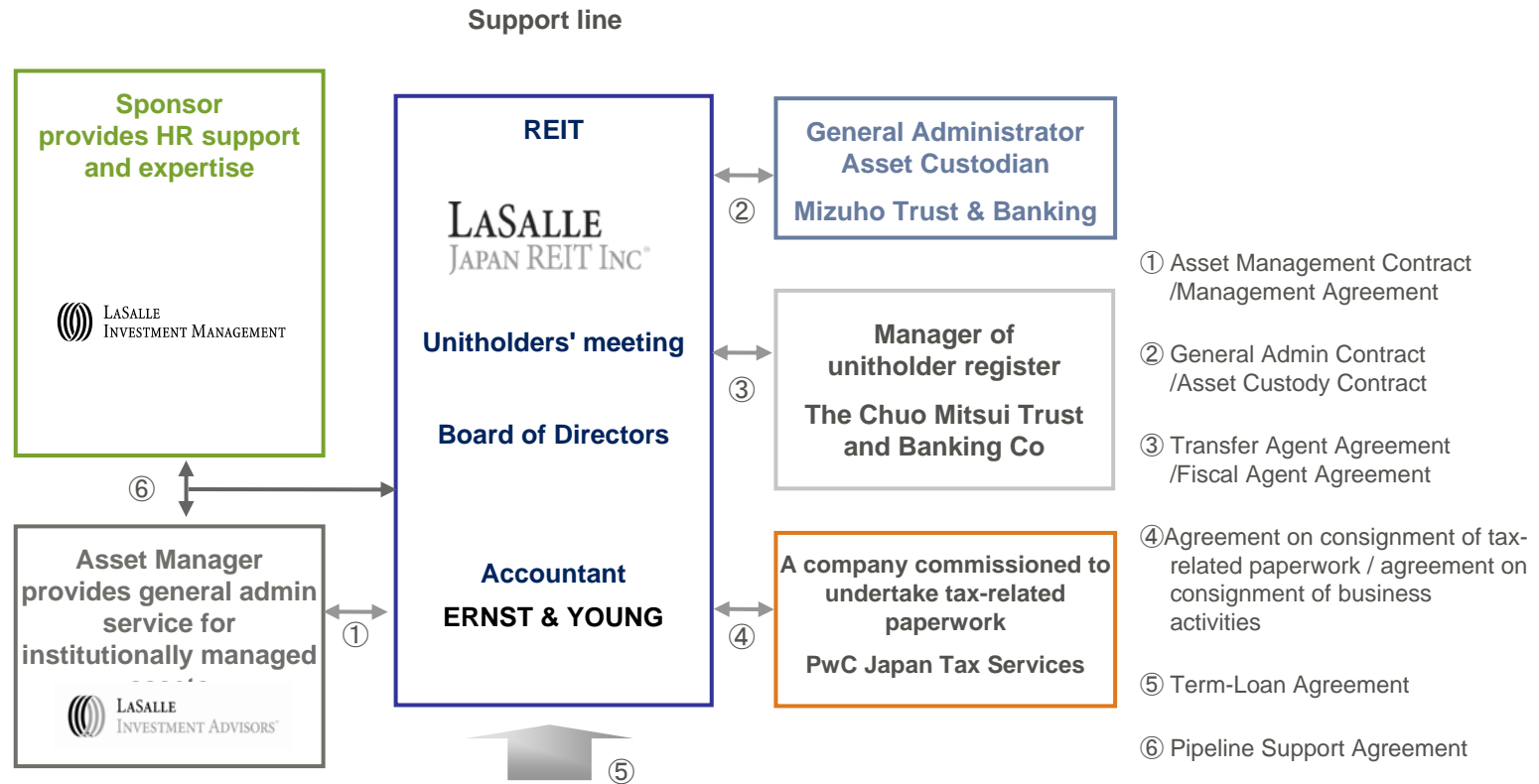
## Changes of units holders



## Units holders (end of 6<sup>th</sup> period)

Units holders	Units	Ratio (%)
1 London Property Special Purpose Company	30,000	24.89
2 Nikko Citi Trust and Banking, investment trust account	10,074	8.36
3 Europe Property Special Purpose Company	9,500	7.88
4 UBS AG London Asia Equities	6,092	5.05
5 Tamweelview SA	6,000	4.97
6 Goldman Sachs International	5,928	4.91
7 Istithmar Asia Real Estate Investment Limited	3,000	2.48
8 Finventures UK Limited	3,000	2.48
9 Japan Trustee Services Bank, trust account	2,205	1.82
10 Asset Managers	2,000	1.65
<b>Total</b>	<b>77,799</b>	<b>64.49</b>

# Organizational chart and relevant parties



<b>Lender</b>				
Sumitomo Mitsui Banking Co	Mizuho Corporate Bank	Bank of Tokyo Mitsubishi UFJ	The Sumitomo Trust & Banking Co	Resona Bank
Aozora Bank	Shinsei Bank	Mitsubishi UFJ Lease & Finance	Fuyo General Lease Co	

# General Admin Services and Business Support Provided

**Accountant**  
**ERNST &  
YOUNG**

- Auditing of the LJR's financial statements; reporting to supervisory director(s) and/or take other relevant actions required under the law in case fraudulent acts and/or violation of laws/bylaws by Executive officers in the course of their employment is detected

**Manager of  
unitholder register**  
**Mizuho Trust &  
Banking**

- Admin related to transfer of title of the LJR's IUs
- Admin related to issuance of the LJR's investment securities
- Admin related to payment of dividends to unitholders
- Admin related to tax payment
- Work related to custody of the LJR's assets as asset custodian

**Manager of  
unitholder register**  
**The Chuo Mitsui  
Trust and Banking  
Co**

- Admin related to transfer of title of the LJR's IUs
- Admin related to issuance of the LJR's investment securities
- Admin related to payment of dividends to unitholders
- Admin related to the LJR's operations
- Admin related to claims submitted by unitholders in connection to their rights exercise, and acceptance of documents filed by other unitholders

※ From Jan 5, 2009 on, the Book-Entry Transfer System for Stocks (electronic stock certificates) will be put into practice and JASDEC will handle all admin related to the REIT's IUs thereafter

**A company  
commissioned to  
undertake tax-  
related  
paperwork**  
**PwC Japan**

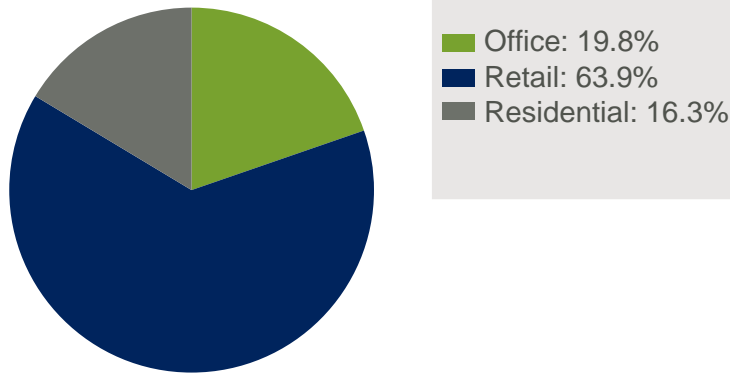
- Fills out tax returns (income, local and consumption taxes) on behalf of the investment corporation
- Reviews the fixed asset ledger for the investment corporation
- Provides the investment corporation with consulting services on tax-related matters



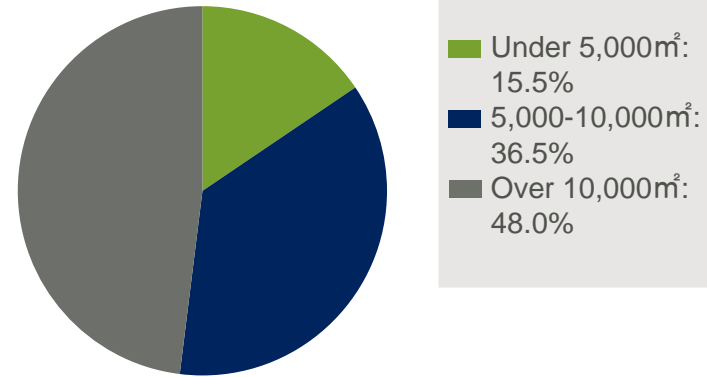
## 6. Portfolio Description

# Portfolio summary

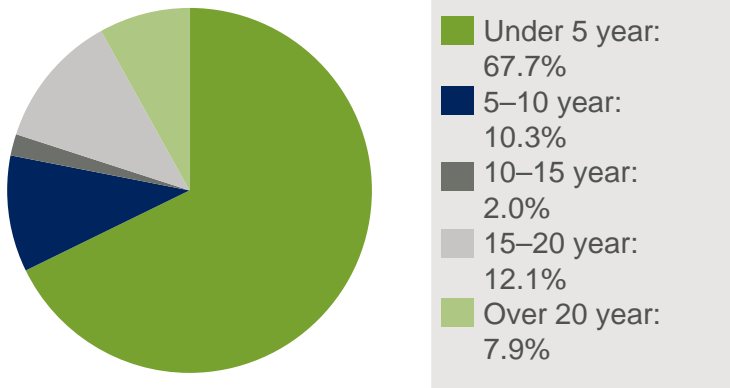
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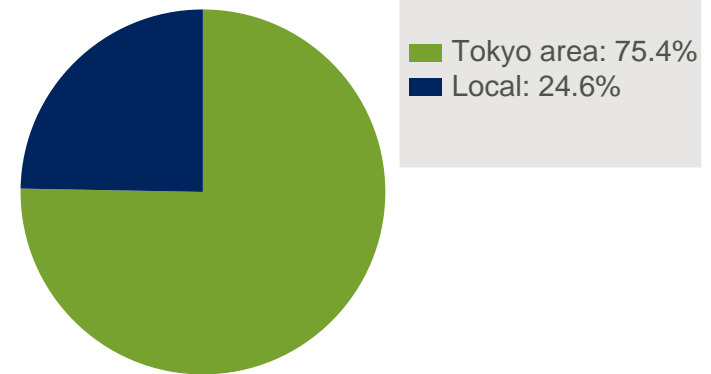
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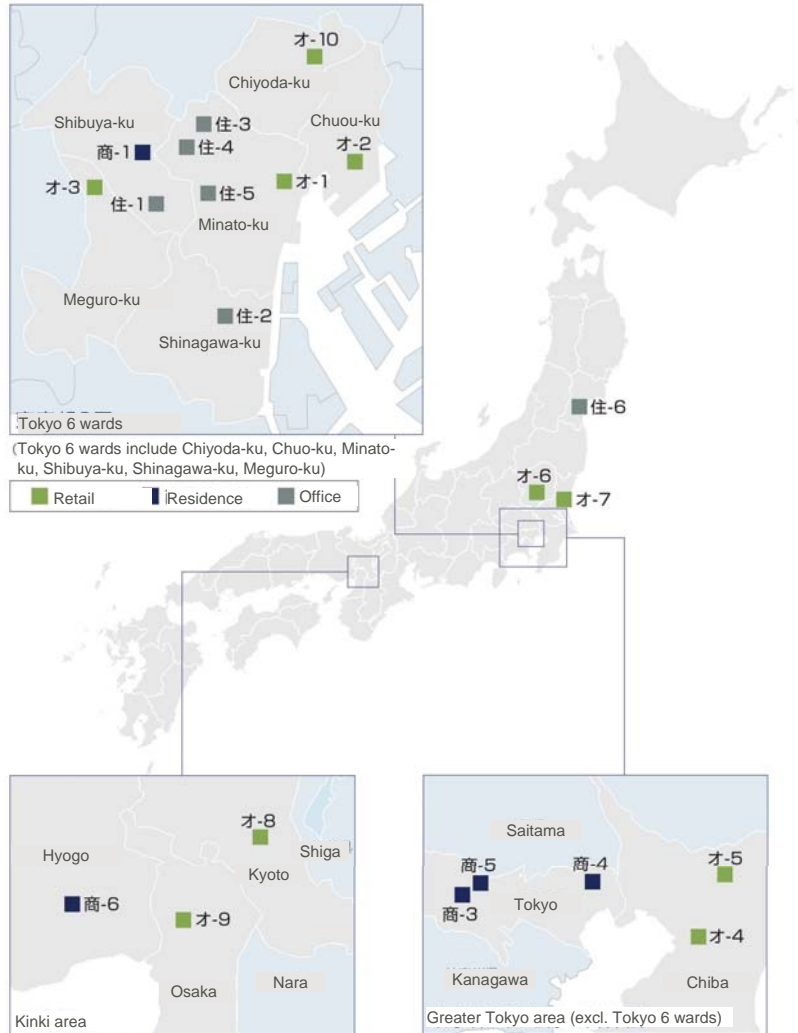
## Building age



## Region



# Portfolio map



Property #	Type	Property Name
オ-1	Office	Shinsan Building
オ-2	Office	Sankyo Building
オ-3	Office	Shibuya West Building
オ-4	Office	Chiba West Building
オ-5	Office	Narita TT Building
オ-6	Office	Utsunomiya Center Building
オ-7	Office	Southern Mito Building
オ-8	Office	Horikawa-Dori Shijyo Building
オ-9	Office	KYUHO Esaka Building
オ-10	Office	Uchikanda Building
商-1	Retail	La Porte Aoyama
商-3	Retail	Nishino Building
商-4	Retail	Leaf Comfort Shinkoiwa
商-5	Retail	AEON Mall Musashi-murayama Mu
商-6	Retail	AEON Mall Kobe-kita
住-1	Residential	Mirum Daikanyama
住-2	Residential	Mirum Shirokanedai
住-3	Residential	Mirum Nogizaka
住-4	Residential	Mirum Minami Aoyama
住-5	Residential	Mirum Hiroo II
住-6	Residential	Forest-Hill Sendai-Aoba

# List of portfolio

Property Name	Address	Acquisition price (JPY mn)	Share	Leasable floor space (㎡)	Building age	PML
Shinsan Building	Minato-ku Tokyo	2,106	1.8%	2,460.19	1987/5	10.8
No. 35 Sankyo Building	Chuo-ku Tokyo	4,132	3.4%	5,248.41	1991/8	14.5
Shibuya West Building	Meguro-ku Tokyo	2,017	1.7%	2,592.26	1990/11	12.5
Chiba West Building	Chiba-shi Chiba	2,367	2.0%	5,497.38	1996/1	13.9
Narita TT Building	Narita-shi Chiba	1,860	1.5%	3,895.39	1990/3	19.6
Utsunomiya Center Building	Utsunomiya-shi Tochigi	2,135	1.8%	5,043.23	1986/1	10.9
Southern Mito Building	Mito-shi Ibaraki	1,962	1.6%	4,933.27	1985/2	13.7
Horikawa Dori Shijo Building	Kyoto-shi Kyoto	1,885	1.6%	4,834.56	1992/7	10.0
KYUHO Esaka Building	Suita-shi Osaka	1,899	1.6%	5,013.66	1993/1	10.1
Uchikanda Building	Chiyoda-ku Tokyo	3,323	2.8%	3,315.07	1962/5	13.9
<b>Total of office properties</b>		<b>23,686</b>	<b>19.8%</b>	<b>42,833.42</b>		
La Porto Aoyama	Shibuya-ku Tokyo	14,024	11.7%	4,171.26	2004/11	9.1
Nishino Building	Hachioji-shi Tokyo	2,715	2.3%	7,205.78	1990/7	13.4
Leaf Comfort Shinkoiwa	Katsushika-ku Tokyo	2,320	1.9%	2,439.73	2007/7	13.9
Aeon Mall Musashi-murayama Mu	Musashi-murayama-shi Tokyo	38,400	32.0%	137,466.97	2006/1	15.2
Aeon Mall Kobe-kita	Kobe-shi Hyogo	19,200	16.0%	128,031.55	2006/11	9.9
<b>Total of Retail properties</b>		<b>76,659</b>	<b>63.9%</b>	<b>279,315.29</b>		
Mirum Daikanyama	Shibuya-ku Tokyo	6,869	5.7%	5,338.94	2003/2	10.1
Mirum Shiroganedai	Shinagawa-ku Tokyo	2,680	2.2%	2,671.96	2003/9	12.9
Mirum Nogizaka	Minato-ku Tokyo	2,751	2.3%	2,888.39	2003/1	8.4
Mirum Minamiaoyama	Minato-ku Tokyo	2,575	2.2%	1,905.13	2004/2	9.9
Mirum Hiroo II	Minato-ku Tokyo	2,256	1.9%	1,983.12	2004/3	12.9
Forest Hill Sendai-Aoba	Sendai-shi Miyagi	2,450	2.0%	6,472.40	2007/3	11.7
<b>Total of Residential properties</b>		<b>19,581</b>	<b>16.3%</b>	<b>21,259.94</b>		
<b>Total of portfolio</b>		<b>119,926</b>	<b>100.0%</b>	<b>343,408.65</b>		<b>4.7</b>

# List of main portfolio

Type	Office	Office	Office	Urban retail	Suburban retail	Suburban retail	Residential
Propertyname	ShinsanBuilding	SakyoBuilding	Shibuya West Building	La Porte Aoyama	AEON Mall Musashi-murayama mu	AEON Mall Kobe-kita	MirumShirokanedai
Photo							
Address	3-5-10 Shinbashi Minato-ku Tokyo	3-7-2 Irifune Chuo-ku Tokyo	4-7-1 Aobadai Meguro-ku Tokyo	5-51-8 Jingumae Shibuya-ku Tokyo	1-1-3 Enoki Musashimurayama-shi Tokyo	8-2-1 Kamitsudai Kita-ku Kobe-shi Hyogo	1-1-4 Kamiosaki Shinagawa-ku Tokyo
Construction	1987/5/18	1991/8/7	1990/11/7	2004/11/12	2006/10/16	2006/11/15	2003/9/16
Building age	21.5	17.2	18.0	4.0	2.0	2.0	5.1
Leasable floor space	2,833.71	6,413.60	3,747.00	6,572.29	137,466.97	128,031.55	2,797.66
PML	10.8	14.5	12.5	9.1	15.2	9.9	12.9
occupancy rate	100.0	100.0	100.0	74.4	100.0	100.0	96.1
Acquisition price	2,106	4,132	2,017	14,024	38,400	19,200	2,680



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- If not stated otherwise, the figures contained in this material were calculated through J-GAAP.
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