Financial Statements

(Third Fiscal Period:From May 1, 2006 to October 31,2006)

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Report of Independent Auditors

To the Board of Directors and Unitholders of
Kenedix Realty Investment Corporation

We have audited the accompanying balance sheets of Kenedix Realty Investment Corporation as of October 31, 2006 and April 30, 2006, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month periods then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kenedix Realty Investment Corporation at October 31, 2006 and April 30, 2006, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon

December 7, 2006

Kenedix Realty Investment Corporation

BALANCE SHEETS

As of October 31, 2006 and April 30, 2006

	In thousands of yen			
	As of October 31, 2006		As of April 30, 2006	
Assets				
Current assets:				
Cash and bank deposits	¥	9,488,708	¥	7,843,092
Rental receivables		83,375		47,704
Consumption tax refundable		599,486		138,323
Other current assets		72,300		90,170
Total current assets		10,243,869		8,119,289
Property and equipment, at cost:				
Land		91,714,229		52,329,667
Buildings and structures		58,684,305		30,980,765
Machinery and equipment		741,661		442,540
Tools, furniture and fixtures		612,929		600,118
Less-accumulated depreciation		(2,033,503)		(918,354)
Net property and equipment		149,719,621		83,434,736
Other assets:				
Organization costs		35,628		40,717
Unit Issuance costs		88,923		—
Others		226,301		458,296
Total assets	¥	160,314,342	¥	92,053,038
Liabilities and Unitholders' Equity				
Liabilities				
Current liabilities:				
Trade and other payables	¥	406,892	¥	188,956
Short-term debt		15,000,000		11,500,000
Deposits received		1,748		4,463
Rents received in advance		767,536		529,895
Other current liabilities		28,287		16,574
Total current liabilities		16,204,463		12,239,888
Long-term debt		47,000,000		30,500,000
Leasehold and security deposits received		6,124,894		3,528,348
Others		51,688		397,786
Total liabilities		69,381,045		46,666,022
Unitholders' equity				
Unitholders' capital		88,729,652		44,285,003
Units Authorized: 2,000,000 units				
Units Issued and outstanding:157,000 and 79,370units				
as of October 31, 2006 and April 30, 2006, respectively				
Retained earnings		2,124,112		1,102,013
Unrealized gain from deferred hedge transactions		79,533		—
Total unitholders' equity		90,933,297		45,387,016
Total liabilities and unitholders' equity	¥	160,314,342	¥	92,053,038

Kenedix Realty Investment Corporation

STATEMENTS OF INCOME AND RETAINED EARNINGS

For the period from November 1, 2005 to April 30, 2006 and the period from May 1, 2006 to October 31, 2006

	In thousands of yen	
	From May 1, 2006 to October 31, 2006	From November 1, 2005 to April 30, 2006
Operating Revenues:		
Rental revenues	¥ 5,131,499	¥ 2,871,789
Profit on sale of trust beneficiary interests in real estate	157,334	
Total operating revenues	5,288,833	2,871,789
Operating Expenses:		
Property-related expenses	2,397,202	1,265,552
Asset management fees	203,842	150,114
Administrative service and custodian fees	46,728	37,777
Other operating expenses	75,869	74,363
Total operating expenses	2,723,641	1,527,806
Operating income	2,565,192	1,343,983
Non-Operating Expenses:		
Interest expense	375,765	164,607
Financing related expense	20,904	11,743
Amortization of organization costs	5,090	5,090
Amortization of unit issuance costs	17,785	55,119
Others, net	20,567	4,410
Income before income taxes	2,125,081	1,103,014
Income taxes	1,009	1,015
Net income	2,124,072	1,101,999
Retained earnings at the beginning of period	40	14
Retained earnings at the end of period	¥ 2,124,112	¥ 1,102,013

Kenedix Realty Investment Corporation

Statement of Changes in Unitholders' Equity

For the period from May 1, 2006 to October 31, 2006

(Thousands in Yen)

	Unitholders' Equity			
	Unitholders' capital	Retained earnings	Unrealized gain from deferred hedge transactions	Total
Balance at the beginning of a period	¥ 44,285,003	¥ 1,102,013	¥ —	¥ 45,387,016
Changes during the fiscal period				
New unit issuance	44,444,649	—	—	44,444,649
Payment of dividends	—	△1,101,973	—	△1,101,973
Net income	—	2,124,072	—	2,124,072
Interest-rate swap	—	—	79,533	79,533
Total changes during the fiscal period	44,444,649	1,022,099	79,533	45,546,281
Balance at the end of period	¥ 88,729,652	¥ 2,124,112	¥ 79,533	¥ 90,933,297

(Note: The statement of changes in unitholders' equity is required to disclose from this fiscal period.)

Kenedix Realty Investment Corporation

STATEMENTS OF CASH FLOWS

For the period from November 1, 2005 to April 30, 2006 and the period from May 1, 2006 to October 31, 2006

	In thousands of yen	
	From May 1,2006 to October 31,2006	From November 1,2005 to April 30,2006
Cash Flows from Operating Activities:		
Income before income taxes	¥ 2,125,081	¥ 1,103,014
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation and amortization	1,169,328	661,924
Interest expense	375,765	164,607
Changes in assets and liabilities:		
Rental receivables	(35,671)	46,728
Consumption tax refundable	(461,163)	771,868
Trade and other payables	214,623	(73,711)
Rents received in advance	237,642	149,650
Sale of trust beneficiary interests in real estate	1,763,670	—
Others, net	(136,387)	(137,274)
Subtotal	5,252,888	2,686,806
Cash payments of interest expense	(363,960)	(149,708)
Cash payments of income taxes	(1,015)	(855)
Net cash provided by operating activities	4,887,913	2,536,243
Cash Flows from Investing Activities:		
Purchases of property and equipment	(69,184,115)	(13,173,409)
Proceeds from leasehold and security deposits received	2,852,843	772,228
Payments of leasehold and security deposits received	(256,297)	(220,261)
Payments of restricted bank deposits	(750,424)	(82,013)
Proceeds from restricted bank deposits	225,670	181,004
Others, net	(717)	(7,489)
Net cash used in investing activities	(67,113,040)	(12,529,940)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	13,000,000	1,500,000
Payment of dividends	(11,000,000)	
Proceeds from long-term debt	18,000,000	11,500,000
Proceeds from issuance of units	44,444,650	–
Payment of dividends	(1,098,661)	(239,970)
Net cash provided by financing activities	63,345,989	12,760,030
Net change in cash and cash equivalents	1,120,862	2,766,333
Cash and cash equivalents at the beginning of period	7,057,143	4,290,810

Cash and cash equivalents at the end of period	¥	8,178,005	¥	7,057,143

Kenedix Realty Investment Corporation

Notes to Financial Statements

For the period from November 1, 2005 to April 30, 2006 and the period from May 1, 2006 to October 31, 2006

1. ORGANIZATION AND BASIS OF PRESENTATION

Organization

Kenedix Realty Investment Corporation ("the Investment Corporation") is a real estate investment corporation whose units are listed on the Tokyo Stock Exchange. The Investment Corporation is engaged in ownership and operation of selected office buildings, residential and retail properties in Japan. The Investment Corporation was incorporated as an investment corporation under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. Pursuant to this law, the Investment Corporation is externally managed by a licensed asset management company, Kenedix REIT Management, Inc.("Asset Management Company"), a wholly-owned subsidiary of Kenedix, Inc.("Kenedix")

On May 6, 2005, the Investment Corporation was originally formed with ¥200 million of initial capital contributions from Kenedix, Asset Management Company and their executives and employees. On July 20, 2005, the Investment Corporation raised ¥41,869 million of equity capital through an initial public offering of 75,000 investment units and was listed on the J-REIT section of the Tokyo Stock Exchange on the following day.

On August 1, 2005, 29 properties with an aggregate purchase price of ¥61,083 million were acquired with additional debt proceeds of ¥23,000 million and substantial operations of the Investment Corporation were commenced from that date.

On August 16, 2005, the Investment Corporation completed third-party allotment of 3,970 investment units, generating an additional ¥2,216 million. Subsequent to that, the Investment Corporation acquired 2 additional properties in September, 2005. During the period ended April 30, 2006, the Investment Corporation acquired 4 additional properties by utilizing internal cash and bank borrowing.

On May 1, 2006, the Investment Corporation raised ¥42,172 million of equity capital through a public offering of 73,660 investment units and 26 properties with an aggregate purchase price of ¥58,033 million were acquired with additional debt proceeds of ¥16,000 million.

On May 26, 2006, the Investment Corporation completed third-party allotment of 3,970 investment units, generating an additional ¥2,273 million. During the period ended October 31, 2006, the Investment Corporation sold 2 properties and acquired 5 properties.

At October 31, 2006, the Investment Corporation had total unitholders' capital of ¥88,730 million with 157,000 investment units outstanding. The Investment Corporation owned a portfolio of 64 properties with total acquisition costs of ¥146,742 million containing total leasable area of 192,085 m^2. The occupancy ratio was approximately 95.3%. A portfolio of 64 properties consists of 29 office buildings, 32 residential properties and 3 retail properties. 51 properties are located in the Tokyo Metropolitan Area and 13 properties are located in Other Regional Areas.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law of Japan, the Japanese Corporation Law, the Securities and Exchange Law of Japan and related regulations, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are a basically translation of the audited financial statements that were prepared for Japanese domestic purposes from the accounts and records maintained by the Investment Corporation and filed with the Kanto Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made from the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. The Investment Corporation's first fiscal period began on May 6, 2005 and ended on October 31, 2005. The Investment Corporation's fiscal period is a six-month period which ends at the end of April and October of each year, respectively. The Investment Corporation does not prepare consolidated financial statements because it has no subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.

(b) Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

	From May 1, 2006 to October 31, 2006	From November 1, 2005 to April 30, 2006
Buildings and structures	2-46 years	2-46 years
Machinery and equipment	3-17 years	3-17 years
Tools, furniture and fixtures	3-15 years	3-15 years

(c) Impairment of Fixed Assets

Beginning the fiscal period ended October 31, 2005, the Investment Corporation adopted "Accounting Standard for Impairment of Fixed Assets" ("Opinion on Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council in Japan on August 9, 2002) and "Implementation Guidance for the Accounting Standards for Impairments of Fixed Assets" ("Financial Accounting Guidance No. 6" issued by the Accounting Standards Board of Japan on October 31, 2003). The new accounting standard was applicable for all reporting periods beginning after April 1, 2005. The Investment Corporation has not recognized an impairment loss on any of the properties during the fiscal periods ended October 31, 2006 and April 30, 2006.

(d) Organization Costs

Organization costs are amortized over a period of five years, comprised of ten fiscal periods, with an equal amount amortized in each fiscal period.

(e) Unit Issuance Costs

Unit issuance costs are amortized over a period of three years under the straight-line method. Underwriters' commissions in connection with the issuance of unitholders' equity are offset against proceeds raised since the "Spread Method" was used for the unit issuance. Under the Spread Method, securities underwriters underwrite the units at the issue price and offer them to investors at the offer price, which is different from the issue price. The difference between the offer price and the issue price represents the underwriting commission received by the securities underwriters, eliminating the need for the issuer to pay underwriting commissions. If securities underwriters had underwritten the units at the issue price and offered the units to investors at an offer price equal to the issue price (known as the "Conventional Method"), a commission would have been incurred and it would have been expensed as new unit issuance costs. Therefore, the Spread Method understated unit issuance costs by ¥1,263 million on the balance sheet and decreased amortization of unit issuance costs by ¥253 million and increased income before income taxes on the income statement by the same amount compared to the Conventional Method for the period from May 1, 2006 through October 31, 2006.

(f) Accounting Treatment of Trust Beneficiary Interests in Real Estate

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan and through which the Investment Corporation holds all of its real property, all assets and liabilities within trust are recorded in the relevant balance sheet and income statement accounts.

(g) Revenue Recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts can be reasonably estimated. Reimbursements from tenants including utility charge reimbursements are recorded on a gross basis and such amounts are recorded both as revenue and expense during the fiscal period, respectively.

(h) Taxes on Property and Equipment

Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. Under the Japanese tax rule, the seller of the property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities.

When the Investment Corporation purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to ¥182 million and ¥32 million as of October 31, 2006 and April 30, 2006. In subsequent calendar years, such property-related taxes are charged as operating expenses in the fiscal period in which the installments of such taxes are paid to the relevant tax authorities.

(i) Income Taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

(j) Derivative Financial Instruments

The Investment Corporation utilizes interest-rate swap agreements as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Investment Corporation deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap agreements because its interest-rate swap agreements met the criteria for deferral hedging accounting.

(k) Rounding of Amounts Presented

Amounts have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan, whereas amounts have been rounded to the nearest million in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

3. Changes in Accounting Policy

(a) Beginning the fiscal period ended October 31, 2006, unit issuance costs have been capitalized and amortized over a period of 3 years, although unit issuance costs were previously expensed in the period of payment. Due to a change in Accounting Rules for Investment Corporation effective on May 1, 2006 and “Tentative Solution on Accounting for Deferred Assets” (Practical Solution No.19 issued by the Accounting Standards Board of Japan on August 11, 2006) issued by the Accounting Standards Board of Japan, appropriate deferred charges such as new unit issuance costs are allowed to be capitalized and being amortized over a 3 year period.

As a result of this change in accounting policy, non-operating expenses of the Investment Corporation during the current period decreased by ¥89 million yen and income before income taxes increased by the same amount compared with the amounts which would have been recorded under the previous accounting rule.

(b) Beginning the fiscal period ended October 31, 2006, the Investment Corporation adopted the new accounting standards, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005) and its implementation guidance (the Financial Accounting Standard Implementation Guidance No.8 issued by the Accounting Standards Board of Japan on December 9, 2005).

4. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of October 31, 2006 and April 30, 2006:

	In thousands of yen	
	As of October 31, 2006	As of April 30, 2006
Cash and bank deposits	¥ 9,488,708	¥ 7,843,092
Restricted bank deposits held in trust	(1,310,703)	(785,949)
Cash and cash equivalents	¥ 8,178,005	¥ 7,057,143

Restricted bank deposits held in trust are retained for repayment of tenant leasehold and security deposits.

5. SCHEDULE OF PROPERTY

	In millions of yen					
	As of October 31, 2006			As of April 30, 2006		
	Acquisition costs	Accumulated depreciation	Book value	Acquisition costs	Accumulated depreciation	Book value
Land	¥ 91,714	¥ —	¥ 91,714	¥ 52,330	¥ —	¥ 52,330
Buildings and structures	58,684	1,897	56,787	30,981	847	30,134
Machinery and equipment	742	73	669	442	32	410
Tools, furniture and fixtures	613	63	550	600	39	561
Total	¥ 151,753	¥ 2,033	¥ 149,720	¥ 84,353	¥ 918	¥ 83,435

6. SHORT-TERM AND LONG-TERM DEBTS

The following summarizes short-term and long term debt outstanding as of October 31, 2006 and April 30, 2006:

(As of October 31, 2006)

Classification	Drawdown Date	Repayment Date	Weighted-average interest rate	Balance (In millions of yen)
Unsecured short-term debt	March 1, 2006	February 28, 2007	0.69%	¥ 500
	May 1, 2006	April 30, 2007	0.68%	2,000
	July 31, 2006	July 31, 2007	0.68%	4,000
	September 20, 2006	September 20, 2007	0.70%	6,000
	October 31, 2006	October 31, 2007	0.70%	1,000
Unsecured current potion of long-term debt	November 1, 2005	October 31, 2007	0.77%	1,500
			Subtotal	15,000
Unsecured long-term debt	August 1, 2005	July 31, 2008	0.87%	9,500
	August 1, 2005	July 31, 2010	1.29%	9,500
	November 1, 2005	October 31, 2008	1.09%	3,500
	December 8, 2005	December 7, 2008	1.10%	2,000
	March 1, 2006	February 28, 2009	1.45%	2,000
	March 16, 2006	March 16, 2009	1.48%	2,500
	May 1, 2006	April 30, 2009	1.63%	6,500
	May 1, 2006	April 30, 2011	2.20%	2,500
	May 1, 2006	April 30, 2016	2.73%	5,000
	July 14, 2006	July 13, 2011	2.15%	1,000
	September 1, 2006	August 31, 2013	2.12%	3,000
			Subtotal	47,000
			Total	¥ 62,000

7. PER UNIT INFORMATION

The net asset value per unit as of October 31, 2006 and April 30, 2006 was ¥579,192 and ¥571,840. Net income per unit as of October 31, 2006 and April 30, 2006 was ¥13,575 and ¥13,884.

The weighted average number of units outstanding of 156,460 and 79,370 was used for the computation of the amount of net income per unit as of October 31, 2006 and April 30, 2006.

8. INCOME TAXES

The Investment Corporation is subject to corporate income taxes at a regular statutory rate of approximately 40%. However, the Investment Corporation may deduct from its taxable income amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measure Law of Japan. Under this law, the Investment Corporation must meet a number of tax requirements, including a requirement it currently distribute in excess of 90% of its taxable income for the fiscal period in order to be able to deduct such amounts. If the Investment Corporation does not satisfy all of the requirements, the entire taxable income of the Investment Corporation will be subject to regular corporate income taxes. Since the Investment Corporation distributed approximately 100% of its distributable income in the form of cash distributions totaling ¥2,124 million and ¥1,102 million for the periods ended October 31, 2006 and April 30, 2006. Such distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rate on the Investment Corporation's income was 0.05% and 0.09% for the periods ended October 31, 2006 and April 30, 2006. The following summarizes the significant difference between the statutory tax rate and the effective tax rate:

	From May 1, 2006 to October 31,2006	From November 1, 2005 to April 30,2006
Statutory tax rate	39.39%	39.39%
Deductible cash distributions	(39.37)	(39.35)
Other	0.03	0.05
Effective tax rate	0.05%	0.09%

9. UNITHOLDERS' EQUITY

The Investment Corporation issues only non-par value units in accordance with the Investment Trust Law. The entire amount of the issue price of new units is designated as stated capital. The Investment Corporation is required to maintain net assets of at least ¥50 million as required by the Investment Trust Law.

10. RELATED-PARTY TRANSACTIONS

(a) Transactions with Kenedix Advisors Co., Ltd. ("Kenedix Advisors")

Kenedix Advisors, a wholly-owned subsidiary of Kenedix, provides the Investment Corporation with property management services and related services. For these services, the Investment Corporation pays Kenedix Advisors property management fees and other fees in accordance with the terms of its Property Management Agreements. Transactions with Kenedix Advisors are as follows:

In thousands of yen

	From May 1, 2006 to October 31, 2006	From November 1, 2005 to April 30, 2006

Property management fees	¥ 183,464	¥ 104,453
Management transfer fees	66,200	8,400
Construction management fees	24,537	16,306

(b) Transactions with Y.K. KDX1 (“KDX1”)

KDX1 is a wholly owned subsidiary of Kenedix. On November 1, 2005, the Investment Corporation acquired additional property from KDX1 for ¥5,950 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

(c) Transactions with Y.K. KDX2 (“KDX2”)

KDX2 is a wholly owned subsidiary of Kenedix. On May 1, 2006 the Investment Corporation acquired 4 properties from KDX2 for ¥8,300 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

(d) Transactions with Y.K. Lump Sum Investment (“Lump Sum”)

Lump Sum is a wholly owned subsidiary of Kenedix. On May 1, 2006 the Investment Corporation acquired 4 properties from Lump Sum for ¥7,100 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

(e) Transactions with Y.K. KW Property10 (“KW Property10”)

KW Property10 is a wholly owned subsidiary of Kenedix. On May 1, 2006 the Investment Corporation acquired 2 properties from KW Property10 for ¥4,426 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

(f) Transactions with Y.K. KW Property5 (“KW Property5”)

KW Property5 is a wholly owned subsidiary of Kenedix. On May 1, 2006 the Investment Corporation acquired 7 properties from KW Property5 for ¥7,310 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

(g) Transactions with Y.K. KDX3 (“KDX3”)

KDX3 is a wholly owned subsidiary of Kenedix. On May 1, 2006 the Investment Corporation acquired 1 property from KDX3 for ¥3,680 million. The purchase price of these properties was determined based on an independently appraised value at the time of acquisition.

11. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES AND PROPERTY-RELATED EXPENSES

Rental and other operating revenues and property-related expenses for the periods from May 1, 2006 to October 31, 2006 and from November 1, 2005 to April 30, 2006 consist of the following:

	In thousands of yen			
	From May 1, 2006 to October 31, 2006		From November 1, 2005 to April 30, 2006	
Rental and other operating revenues:				
Rental revenues	¥	3,908,749	¥	2,220,814
Common area charges		640,707		353,853
Subtotal		4,549,456		2,574,667
Others:				
Parking space rental revenues		175,387		86,129
Utility charge reimbursement		314,355		152,653
Miscellaneous		92,301		58,340
Subtotal		582,043		297,122
Total rental and other operating revenues	¥	5,131,499	¥	2,871,789
Property management fees and facility management fees	¥	529,334	¥	322,416
Depreciation		1,135,559		650,193
Utilities		296,833		146,890
Taxes		179,543		9,328
Insurance		13,979		8,621
Repairs and maintenance		62,666		55,117
Trust fees		43,761		21,337
Others		135,527		51,650
Total property-related expenses	¥	2,397,202	¥	1,265,552

12. LEASES

The Investment Corporation, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease term of generally two years for office buildings and residential properties and with lease term ranging from two to ten years for retail properties. The future minimum rental revenues under existing non-cancelable operating leases as of October 31, 2006 and April 30, 2006 are as follows:

	In thousands of yen	
	As of October 31, 2006	As of April 30, 2006
Due within one year	¥ 1,266,416	¥ 811,080
Due after one year	9,709,697	3,273,632
Total	¥ 10,976,113	¥ 4,084,712

13. DERIVATIVES AND HEDGE ACCOUNTING

The Investment Corporation has entered into interest-rate swap agreements with several Japanese financial institutions to hedge its variable rate long-term debt obligations. The Investment Corporation utilizes interest-rate swap agreements, which are derivative financial instruments, only for the purpose of mitigating future risks of fluctuations of interest rates, but does not enter into such transactions for speculative or trading purposes. The Investment Corporation entered into such derivative transactions to hedge risk in accordance with its Articles of Incorporation and the established risk management policies of the Asset Management Company.

The following summarizes the notional amounts and the estimated fair value of the interested-related positions outstanding as of October 31, 2006:

(As of October 31, 2006)

Type	Notional amount	Fair value
Interest-rate swap: Fixed rate payable and floating rate receivable	¥37,300 million	¥131 million

14. PROPERTY INFORMATION

Details of the property portfolio as of October 31, 2006 were as follows:

Type	Office Buildings		Residential Properties		Retail Properties	
Location	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas	Tokyo Metropolitan Area	Other Regional Areas
Number of properties	25	4	24	8	2	1
Property information						
(In millions of yen)						
Acquisition price	¥ 76,054	¥ 10,170	¥ 34,888	¥ 9,571	¥ 12,379	¥ 3,680
Percentage of total acquisition costs	51.8%	6.9%	23.8%	6.5%	8.4%	2.5%
Net book value	77,200	10,225	35,859	10,040	12,698	3,698
Appraisal value at year end	81,777	10,380	35,764	9,772	13,860	3,760
Percentage of total appraisal value	52.7%	6.7%	23.0%	6.3%	8.9%	2.4%
Financial results for the period ended October 31, 2006						
(In thousands of yen)						
Rental and other operating revenues	¥ 2,743,043	¥ 533,037	¥ 1,072,316	¥ 312,697	¥ 362,406	¥ 108,000
Rental revenues	2,398,817	434,607	1,004,999	272,643	330,391	108,000
Other revenues	344,226	98,430	67,317	40,054	32,015	—
Property-related expenses	663,594	195,170	207,365	108,647	81,251	5,616
Property management fees	272,674	104,711	86,485	34,810	26,361	4,294
Taxes	101,026	28,595	20,124	10,367	19,535	—
Utilities	209,547	44,868	12,539	6,892	22,987	—
Repairs and maintenance	25,913	7,804	16,125	11,292	1,533	—
Insurance	5,686	3,346	2,755	1,623	447	122
Trust fees and other expenses	48,748	5,846	69,337	43,663	10,388	1,200
NOI (Net Operating Income)	2,079,449	337,867	864,951	204,050	281,155	102,384
Depreciation expenses	504,629	176,661	282,575	94,018	67,820	9,856
Operating income from property leasing activities	1,574,820	161,206	582,376	110,032	213,335	92,528
Capital expenditures	431,691	63,878	72,176	77,990	9,803	—
NCF (Net Cash Flow)	1,647,758	273,989	792,775	126,060	271,352	102,384

A breakdown of property-type as of October 31, 2006 was as follows:

Class of assets	Property type	Area	Balance at the end of period (In millions of yen)	Percentage of total assets
Property and equipment	Office Buildings	Tokyo Metropolitan Area	¥ 77,200	48.2
		Other Regional Areas	10,225	6.4
	Subtotal		87,425	54.6
	Residential Properties	Tokyo Metropolitan Area	35,859	22.4
		Other Regional Areas	10,040	6.3
	Subtotal		45,899	28.7
	Retail Properties	Tokyo Metropolitan Area	12,698	7.9
		Other Regional Areas	3,698	2.3
	Subtotal		16,396	10.2
Total			149,720	93.4
Bank deposits and other assets			10,594	6.6
Total assets			160,314	100.0
Total liabilities			69,381	43.3

Net assets	¥ 90,933	56.7