



May 26, 2006

For Immediate Release

REIT issuer
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Notice of Acquisition of Asset (Property under Development)

CREED OFFICE Investment Corporation (the “Investment Corporation”) is pleased to announce that on May 26, 2006, the Investment Corporation decided on the acquisition of an asset (a property under development). Details of the acquisition are as follows:

1. Summary of Acquisition

- | | |
|---|---|
| (1) Acquired asset | : Beneficiary right to real estate trust |
| (2) Name of the acquired asset | : (Tentative name) COI Takamatsu Building (under development) |
| (3) Scheduled acquisition cost | : 3,208,190,000 yen
(not including expenses associated with the acquisition, asset tax, city planning tax, or consumption tax) |
| (4) Seller | : Kotobuki Capital Ltd
(For details, see “Profile of the Seller” below.) |
| (5) Signing date of the sales agreement | : June 1, 2006 (scheduled) |
| (6) Date of construction commencement | : April 1, 2006 |
| (7) Date of construction completion | : End of June 2007 (scheduled) |
| (8) Delivery date | : December 10, 2007 (scheduled) |
| (9) Payment conditions | : Lump-sum payment on delivery |
| (10) Acquisition conditions | : The following are the major acquisition conditions:
i. The sales agreement stipulates conditions precedent, including completion of the building following the design, issuance of the certificate of inspection and confirmation of compliance, and delivery of the asset free of any problems, etc.
ii. A credible real estate appraiser provides the written real-estate appraisal or a similar report on the price of the asset |



2. Acquisition Significance

(1) Employing an alternative acquisition method for quality properties

Concluding a sales agreement with certain conditions decided, such as the selling price, prior to the completion of construction, generally enables the acquisition of quality properties at an early stage with more favorable conditions than would be available if the property were acquired after completion. Based on the judgment that this acquisition method is an effective approach for adding to the portfolio quality properties that have been newly built, the Investment Corporation plans to continue to use this method proactively while assessing the risks described in (2) below.

(2) Reducing the risks associated with the acquisition of properties under development

Properties the construction of which has yet to be completed carry with them certain intrinsic risks, including the risk that construction work will not be completed, the risk of a delay in building handover caused by a delay in construction work, and market volatility risk, including the risk of fluctuations in real estate prices and rents. In the acquisition of this property, the Investment Corporation plans to attenuate these risks by confirming the following:

- ① The seller builds this property in accordance with the area, specifications and facilities stipulated in the sales agreement.
- ② Through the inspection of completion conducted by the relevant authorities, the seller is issued the certificate of inspection by the day of property handover.
- ③ The seller hands over this property in a state that is free of any problems.
- ④ The right to request repairs to any problems with this building and the right to claim from the builder damages arising from problems with this building are given.
- ⑤ The results of the due diligence associated with the building after the completion of construction are adequate.
- ⑥ Japan Real Estate Institute has provided a research report regarding the price of this property as mentioned in “3. Summary of the Asset to be acquired” below.
- ⑦ A certain fixed period is secured from the completion of construction to the delivery (approximately five months).
- ⑧ For a certain period after the date of delivery (approximately seven months), an existing rent guarantee master lease agreement will be maintained.

(3) Other significant aspects in the acquisition of this property

The Investment Corporation believes that the acquisition of this property will reduce the average age of buildings in the portfolio and contribute to the stable growth of the portfolio.

(4) Reasons for acquisition

① A new property with excellent specifications

The external walls of this property will be covered by an aluminum panel curtain wall. The floor space on the standard floors will be around 250 tsubo, with virtually square space without pillars.

The ceiling height will be 2,800 mm, the highest of any facility in Takamatsu City. The offices will also feature a 70mm office automation floor, individual air-conditioning systems, and security devices with a contactless card reader system and other methods. In addition, a standard floor can be divided into up to eight sections. This building will also have parking for 81 vehicles and an indoor



bicycle parking facility for 100 bicycles. In the judgment of the Investment Corporation, this building has quite high scarcity value in the market for office buildings in Takamatsu, which has not had a new building come onto the market since January 2004. The building should therefore be highly appealing to prospective tenants.

② Scarce location in the central office district of Takamatsu City

Takamatsu City is a hub city in the Shikoku region, which became the core city in April 1999. It has a population of 424,520 people (as of April 1, 2006). Since Takamatsu City is the key junction for transportation in Shikoku as the starting point of the railroad and road networks, it has developed over many years through the opening of local agencies of public offices and branch offices of leading companies as the gateway of Shikoku. Although Takamatsu City has the second-largest population in Shikoku, following Matsuyama City, Takamatsu has a larger office market, boasting approximately 65,000 tsubo of office rental space, almost double that of Matsuyama City.

This property is located on the corner lot facing Chuo Dori (avenue), which is five minutes on foot from Takamatsu Station of the JR Line. Chuo Dori has developed over many years as an office district, and lies next to the government office center, including the Takamatsu Branch of the Bank of Japan and Takamatsu High Court. The Investment Corporation judges that the location of this property has quite high scarcity value and is very appealing to prospective tenants.

3. Summary of the Asset to be acquired

Summary of Specific Asset		
Type of specific asset	Real estate trust beneficiary right	
Scheduled acquisition price	3,208,190,000 yen	
Location (residence indication)	2-2-1, Kotobukicho, Takamatsu City, Kagawa - Prefecture	
Land	Type of ownership	Ownership right
	Land area (m ²)	1,496.51
	Use zoning	Commercial zone
	Building-to-land ratio/Floor area to land ratio	80% / 600%
Building	Type of ownership	Ownership right
	Use	Office
	Total floor area(m ²)	9,506.36
	Structure/Number of floors	Steel frame with eight stories above ground
	Time of construction	Scheduled to be completed in June 2007
	Capacity of parking facilities	81 vehicles (of which, one is for disabled parking)
	Ceiling height	H = 2,800mm
	Office automation floor	In place for all offices (H = 70mm)
	Air-conditioning facilities	Cooling heat pump (individual for each floor)
Elevator facilities	Three elevators each with capacity for 15 people	



Semi-appraisal price	3,160,000,000 yen (as of April 1, 2006) The price using the direct discount method was assessed deeming a cap rate of 6.5%. Moreover, the price using the DCF method was assessed by deeming that the discount rate and the terminal cap rate used in the calculation of present value were 6.3% and 6.7% respectively.
Research institute	Japan Real Estate Institute
Earthquake PML	3.4% (Shimizu Corporation)
Architect	Taisei Corporation
Builder	Taisei Corporation
<Special Notes> No special notes	

(Note) The semi-appraisal price is calculated using the appraisal method assuming that the building had been completed, because the building had not been completed as of the appraisal.

4. Profile of the Seller

Company name	Kotobuki Capital Ltd
Location of head office	c/o Sakura Sogo Jimusho, 1-11, Kandajinbocho, Chiyoda-ku, Tokyo
Representative	Shigeru Sugimoto
Paid-in capital	3 million yen
Main business	<ul style="list-style-type: none">• Acquisition, holding and disposal of real estate - Leasing and management of real estate - Acquisition, holding and disposal of real estate trust beneficiary rights• All services incidental and related to respective sections above
Relationship with the Investment Corporation	Not classified as an interested party as prescribed in the internal rules of the asset management company

5. Investment Performance Outlook

There is no revision to investment performance for the period ending October 2006 or the period ending April 2007.

End

<Appendices>

- Reference materials Rendering of this property

* This document is being distributed today to the Kabuto Club (the press club of the Tokyo Stock Exchange) as well as to the press club for the Ministry of Land, Infrastructure and Transport and the press club for specialty construction newspapers at the Ministry of Land, Infrastructure and Transport.

* Website of the Investment Corporation: <http://www.creed-office.co.jp>