

Operating Results and Business Overview

Fiscal Year Ended March 31, 2005

May 31, 2005



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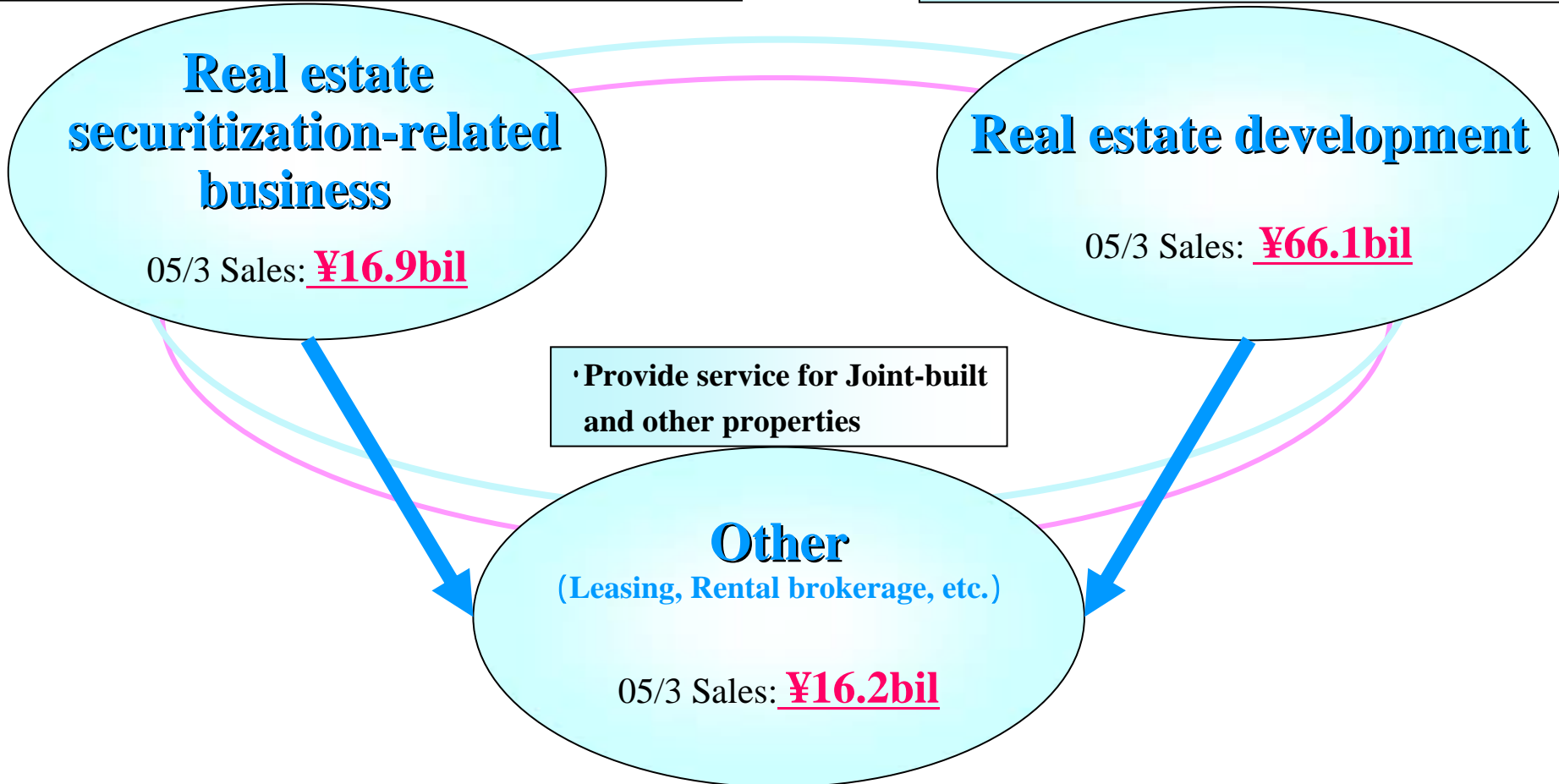
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- * These materials were prepared for the purpose of presenting operating results for fiscal year ended March 31, 2005 and the company's business strategies. This presentation is not a solicitation to purchase any securities issued by the company.
- * Information in these materials is current as of March 31, 2005.
- * Opinions, plans, estimates and other forward-looking statements are based on management's judgments as of the time this presentation was prepared and are not guarantees or promises regarding future results. The company makes no guarantees or promises that this information is accurate or complete.
- * Information in these materials may be altered at any time without prior notification.

Joint Group: Segment

- Develop rental condominium, commercial properties
- Acquire existing properties
- Preparing for J-REIT

- Provide 50-200 unit condominium
- “Adenium” brand for all condominium

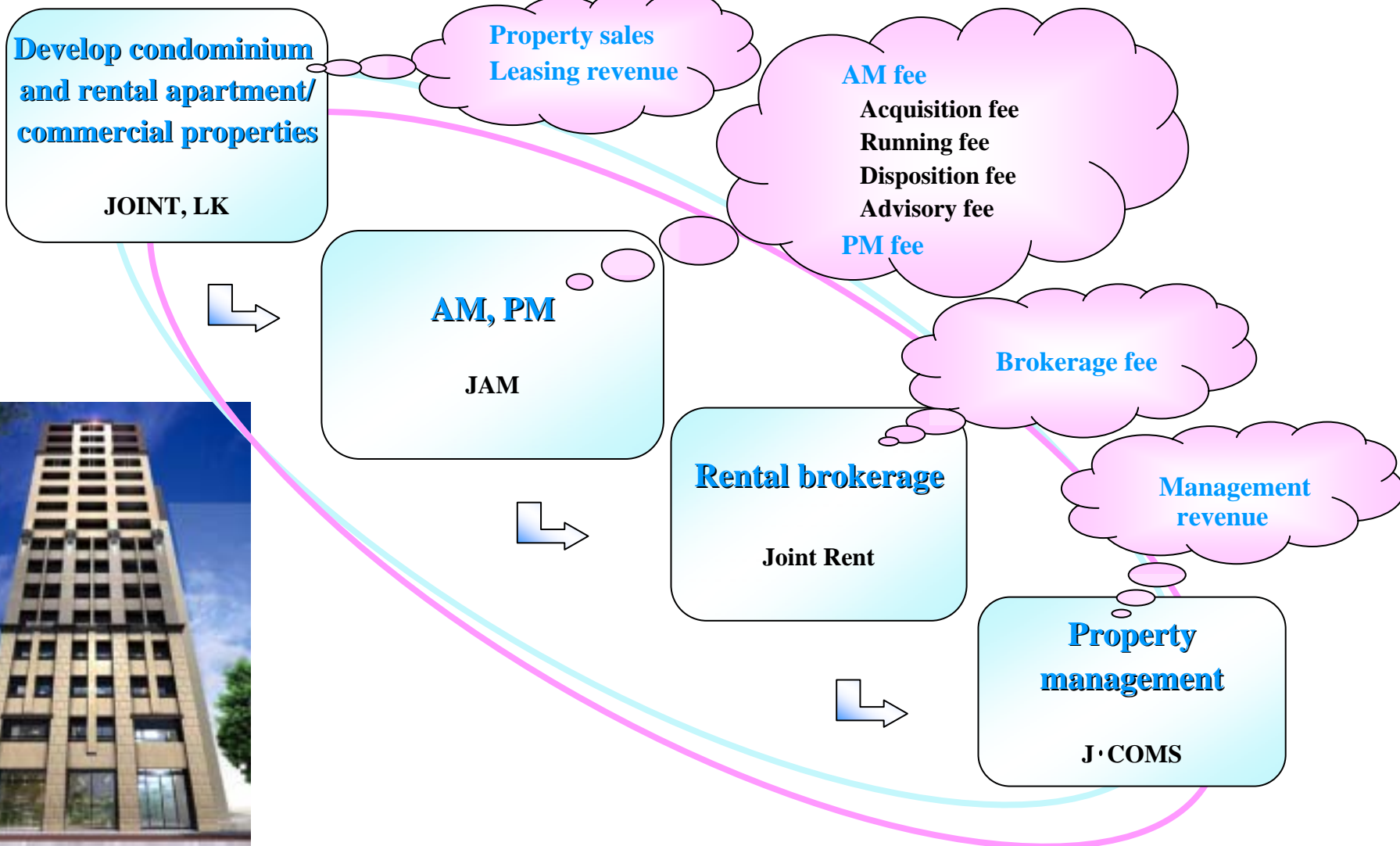


Name change from “TUG REIT”
Segmentation adjustment : ¥2.7bil

Reference p3

Joint Group: Strength

Provide "one-stop" real estate service



SPACIA GINZA

I. Overview of Fiscal Year Ended March 31, 2005

Overview of Fiscal Year Ended March 31, 2005

Highlight

1. Record profit
2. Profit almost doubled at securitization-related business
3. Property holding increased
4. Improved gross margin at condominium business
5. Steady increase in backlog
6. Preparing for J-REIT

Overview of Fiscal Year Ended March 31, 2005

Results

	05/3	Y o Y	vs. plan
Net sales	¥96.4bil	-0.6%	-5.4%
Ordinary income	¥7.5bil (Record high)	+54.7%	+42.2%

Major reasons

1 . 12.4p increase in operating margin at real estate securitization-related business

Commercial property sold at very healthy margin

Leasing revenue and AM/PM business enjoyed high margin

2 . 0.2p increase in operating margin at real estate development business

Continued effort to contain construction cost

Overview of Fiscal Year Ended March 31, 2005

Consolidated Income Statements

(¥mil)

	2004/3	Margin	2005/3	Margin	Difference	Major reasons
Net Sales	97,021		96,470		550	
Cost of sales	82,349	84.9	76,789	79.6	5,560	<ul style="list-style-type: none"> Continued effort to contain construction cost ¥1.1bil decline at Joint Rent ¥0.8bil(personnel expenses), ¥0.3bil(other cost) SG & A
Gross income	14,671	15.1	19,680	20.4	5,009	<ul style="list-style-type: none"> Dividend from private fund, leasing income, AM fee
SG & A	8,474	8.7	10,308	10.7	1,834	<ul style="list-style-type: none"> ¥1.1bil increase at Joint Rent Cost of sales ¥0.8bil(personnel expenses), ¥0.3(other cost)
Operating income	6,197	6.4	9,372	9.7	3,175	
Ordinary income	4,871	5.0	7,536	7.8	2,665	
Net income	3,063	3.1	4,174	4.3	1,111	

Overview of Fiscal Year Ended March 31, 2005

Consolidated Balance Sheets

(¥mil)

	2004/3		2005/3		Increase Decrease	Remarks
	Amount	Share	Amount	Share		
Cash and deposits	37,525		31,759		5,766	
Inventories	78,293	57.9%	131,162	71.7%	52,869	<ul style="list-style-type: none"> · Aggressive land purchase to support next '2years' of planned sales · Real estate securitization investments : ¥7.8bil
Other current assets	7,659		10,072		2,413	
Fixed assets	11,645		9,846		1,798	
Total assets	135,124	100.0%	182,840	100.0%	47,715	
Interest-bearing liabilities	47,862	35.4%	94,873	51.9%	47,011	<ul style="list-style-type: none"> · Aggressive land purchase · Changed policy to hold properties for a while, instead of selling them right after construction is over (securitization-related business)
Other liabilities	56,912		53,664		3,248	· Bankruptcy liabilities at L Kakuei : ¥24.5bil
Total liabilities	104,775	77.5%	148,538	81.2%	43,763	
Minority interests	379	0.3%	631	0.4%	251	
Paid-in capital	7,672		7,672		-	
Others	22,297		25,998		3,701	
Total shareholders' equity	29,969	22.2%	33,670	18.4%	3,701	
Total liabilities and equity	135,124	100.0%	182,840	100.0%	47,715	

Overview of Fiscal Year Ended March 31, 2005

Segment

(¥mil)

	Sales		Operating Income		Operating margin	
		Y o Y		Y o Y		Y o Y
Real estate securitization-related business	16,915	2,905	3,703	1,814	21.9%	12.4p
Real estate development business	66,123	882	5,077	191	7.7%	0.2p
Other	16,207	1,633	925	244	5.7%	1.0p
Segmentation adjustment	2,775	-	332	-	-	-
Total	96,470	550	9,372	3,175	9.7%	3.3p

Real estate securitization-related business

Overview of Fiscal Year Ended March 31, 2005

Recent development

in real estate securitization-related business

(~ 2005/3) Develop rental condominium



1 . Develop commercial properties



2 . Start acquiring existing commercial properties

Preparing for J-REIT

April 18, 2005 : Received FSA approval for asset management business

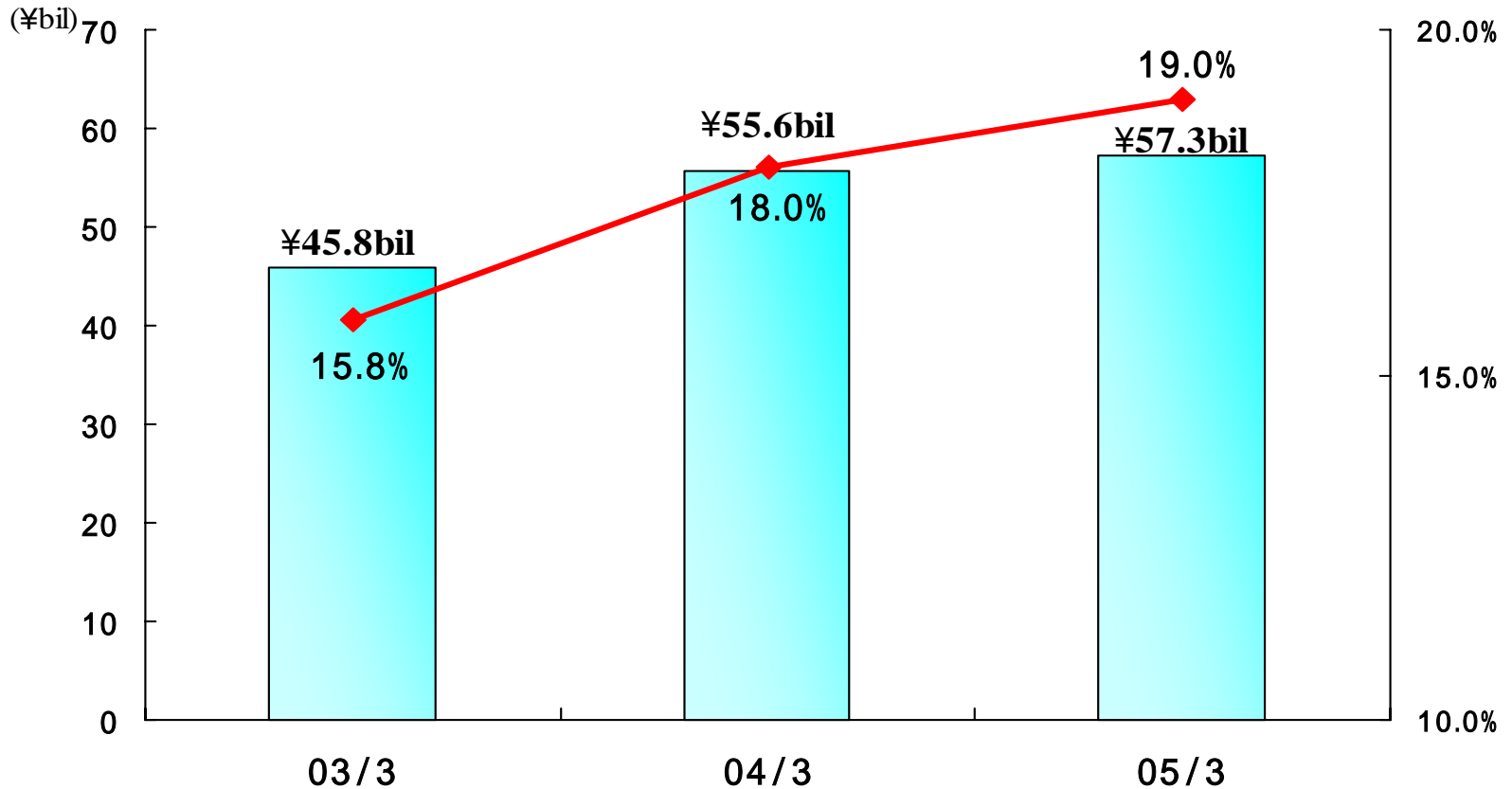
Property holding (private fund, SPC) : ¥64.5bil

Healthy rise in backlog

Real estate development business

Overview of Fiscal Year Ended March 31, 2005

Condominium sales, gross margin



Continued effort to contain construction cost (use fewer constructors, shift to design constructions, review standard specifications)

Overview of Fiscal Year Ended March 31, 2005

Unsold inventory

146 units (Joint 139 units, LKakuei 7 units)

04/3 134 units

Nice rise in backlog

(05/3 : 40% YoY + 15p)

II. Mid-Term Plan



Mid-Term Plan

Operating Environment

	<u>Positive factor</u>	<u>Negative factor</u>
Real estate securitization market	<ul style="list-style-type: none"> · Investment flow Banks, institutional investors, global money · Offer better return than other investment · Investment offering middle risk and middle return · More aggressive bank lending 	<ul style="list-style-type: none"> · Decline in cap rate, J-REIT yield · J-REIT becoming crowded market · Possible M&A among real estate funds · More rental condo coming, pushing down leasing rate · Increase in land and construction cost
Condominium Development market	<ul style="list-style-type: none"> · Baby boomer Jr. entering prime age for home buying · Low interest rate · People now lives in condo for life · Pay mortgage, rather than to pay rent · Advance in condo construction technology 	<ul style="list-style-type: none"> · Intense competition for land, bidding war at auction · Rising construction cost · Sales price may rise, dampening demand · Sales competition getting much tougher · Piecemeal sales masks unsold inventory · Phasing out of favorable tax treatment for housing



Mid-Term Plan

Core Policy

1. Real estate securitization-related business

Aggressively taking advantage of favorable market
Go nationwide for developing and acquiring properties

*Growing
market*

2. Real estate development business

Keep stable supply (while paying attention to profitability)
Unify condo brand

*Mature
market*

3. Launching J-REIT



Mid-Term Plan

Specific actions

1. Real estate securitization-related business

~ 2005/3

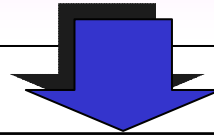
1. Strengthen securitization-related operation

Established “Joint Capital Partners” (Asset Management company for J-REIT)

Increased headcount : 40 → 70

2. Sold ¥70bil of properties in last 4 years

High occupancy rate : rental condo(97.5%), commercial properties(100%)



1. Enough land bank aggressive development

¥120bil in land bank (2005/3)

Condo: ¥50bil, commercial: ¥70bil

Large scale commercial development:

Jingumae 6, Atami

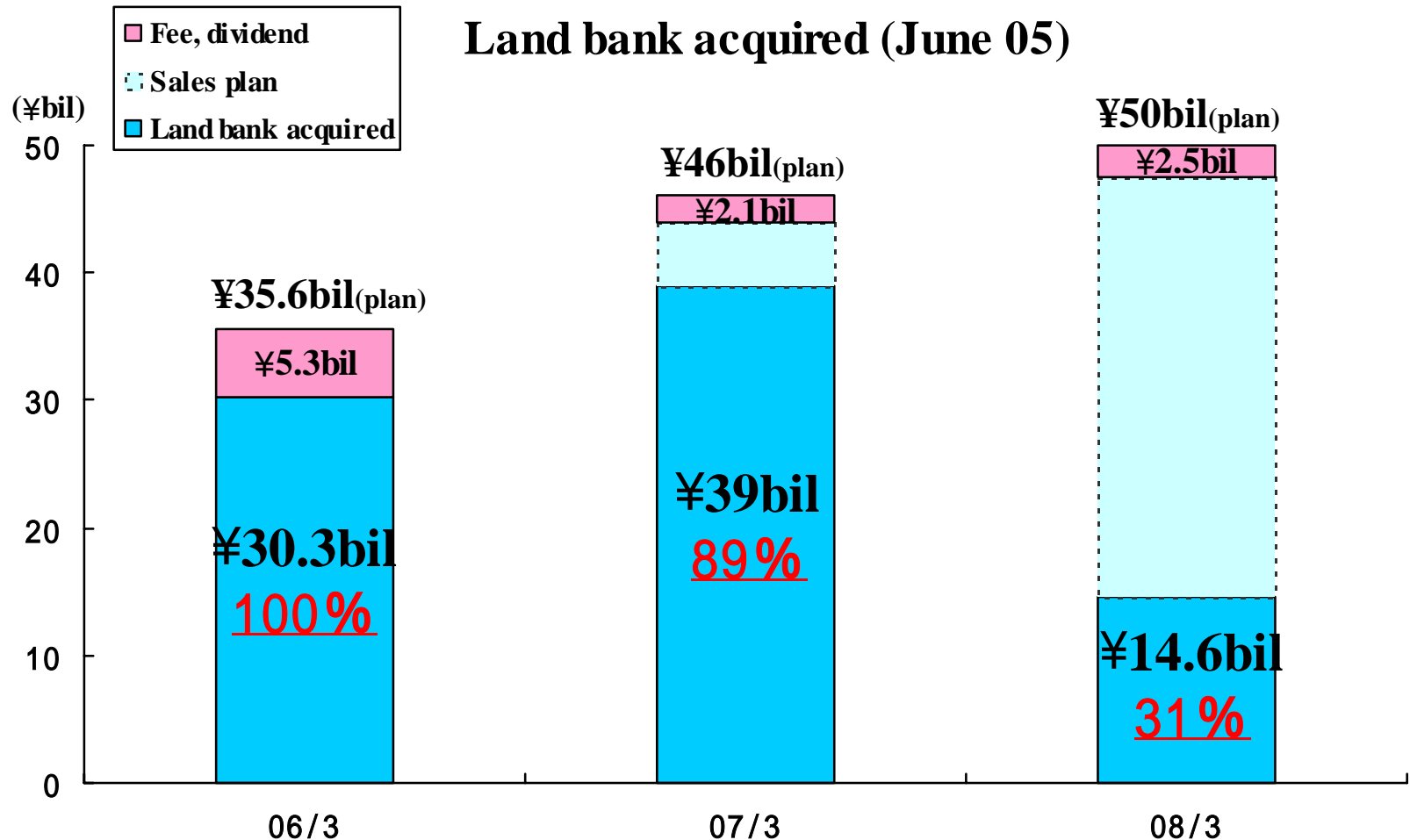
2. Aggressively acquire existing properties nationwide

Aim for “value-up” (reducing PM fee, replacing tenants)

Mid-Term Plan

Specific actions

1. Real estate securitization-related business



Note: Acquired amounts represent estimated sales generated by each site.



Mid-Term Plan

Specific actions

2. Real estate development business

Stable supply while paying attention to profitability

(Supply 2000-2500 units / year)

- Flexible (land bank & supply) area strategy
- Entering Chiba prefecture after Tokyo and Kanagawa, and enjoying good sales results
- Close coordination between product planning and sales force
- Pricing strategy with value added offering
- Brand penetration to help realizing better sales price

Mid-Term Plan

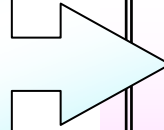
Specific actions

2. Real estate development business

Unifying condo brand

Before

J-Park (family)
Adenium (high grade)
Feel (singles & DINKS)



A D E N I U M

New “Adenium”

Offering “Safety” “Comfort” “Sophistication”

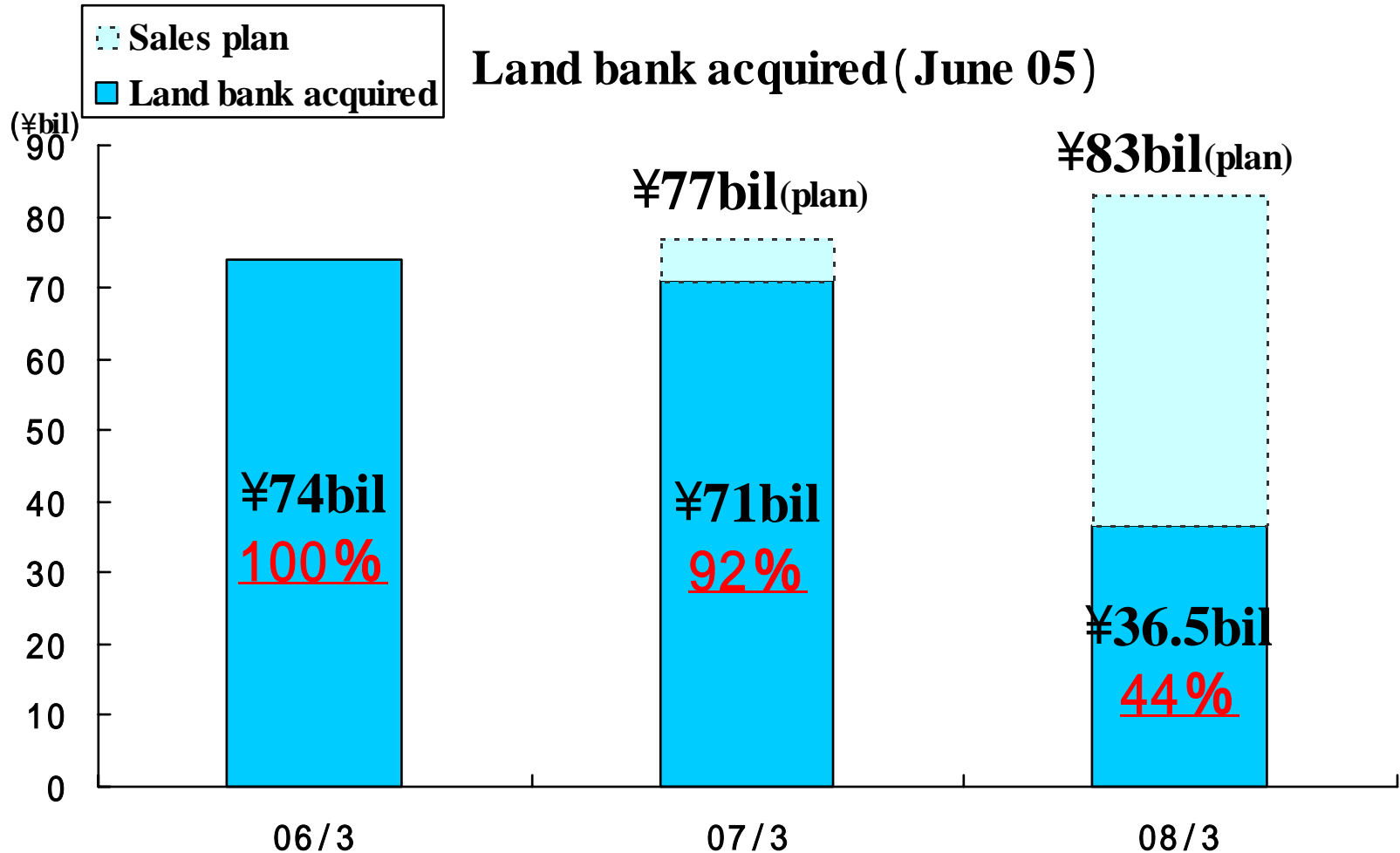
Major offering

	Meguro	Shinjuku Haramachi	Mitaka Shimorenjaku	Atami
# of unit	184units	168units	214units	213units
Size	4,111sq.m	3,392sq.m	9,339sq.m	6,385sq.m
Sales	¥14bil	¥8bil	¥9bil	¥7bil

Mid-Term Plan

Specific actions

2. Real estate development business



Note: Acquired amounts represent estimated sales generated by each site



Mid-Term Plan

Specific actions

3. Early establishment of J-REIT

Current situation

- April 18th: Received FSA approval for asset management business
- Trying to list J-REIT soon

Contribution to Joint's securitization-related business

- Reliable party to provide properties from Joint
- Joint group companies could receive related business (AM & PM)
- Joint could receive more land bank information by association
- Joint could reduce financing cost

Asset size target

- ¥100bil in early stage

Mid-Term Plan

Consolidated income statements (06/3 plan)

(¥mil)

	05/3		06/3(plan)		Difference	Remarks
	Amount	Margin	Amount	Margin		
Net sales	96,470	100.0%	134,000	100.0%	37,530	
Gross income	19,680	20.4%	27,500	20.5%	7,820	
Operating income	9,372	9.7%	13,700	10.2%	4,328	
Ordinary income	7,536	7.8%	10,800	8.1%	3,264	
Net income	4,174	4.3%	10,300	7.7%	2,126	L Kakuei recognized ¥7.6 bil of extraordinary income as it paid rehabilitation liabilities earlier than the original plan



Mid-Term Plan

Consolidated income statements (05/3-08/3)

(¥mil)

	05/3		06/3(plan)		07/3(plan)		08/3(plan)	
	Amount	Margin	Amount	Margin	Amount	Margin	Amount	Margin
Net sales	96,470	100.0%	134,000	100.0%	145,000	100.0%	160,000	100.0%
Gross income	19,680	20.4%	27,500	20.5%	28,500	19.7%	32,000	20.0%
Operating income	9,372	9.7%	13,700	10.2%	14,500	10.0%	16,500	10.3%
Ordinary income	7,536	7.8%	10,800	8.1%	11,000	7.6%	13,000	8.1%
Net income	4,174	4.3%	10,300	7.7%	6,200	4.3%	7,500	4.7%

Revised on September 5th



Mid-Term Plan

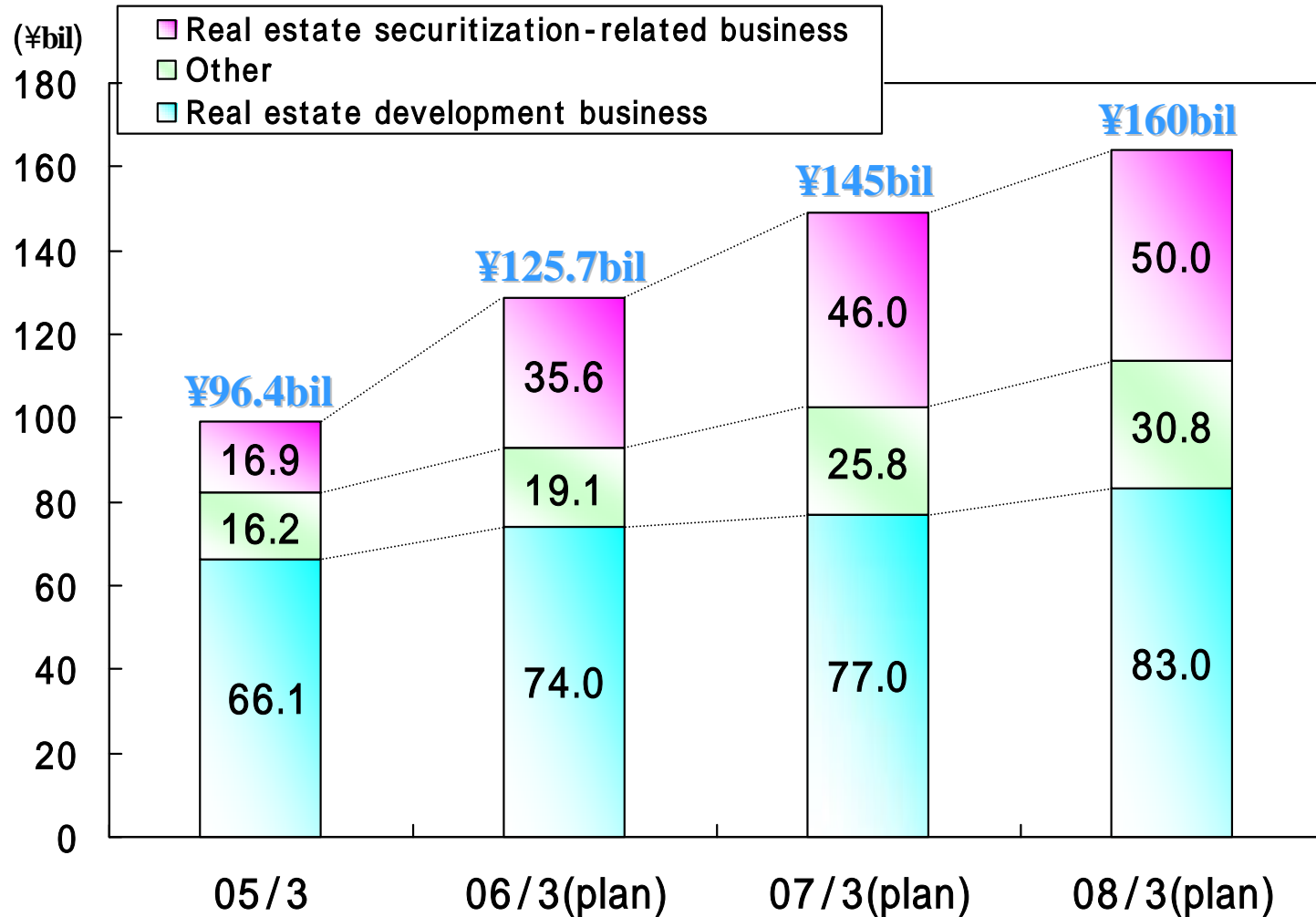
Segment sales (05/3 – 08/3)

(¥mil)

	05/3			06/3(plan)			07/3(plan)			08/3(plan)		
	Sales	%	Operating margin	Sales	%	Operating margin	Sales	%	Operating margin	Sales	%	Operating margin
Real estate securitization-related business	16,915	17.0%	21.9%	35,600	27.7%	17.6%	46,000	30.9%	17.6%	50,000	30.5%	18.0%
Real estate development business	66,123	66.6%	7.7%	74,000	57.5%	7.5%	77,000	51.7%	7.5%	83,000	50.7%	7.6%
Other	16,207	16.3%	5.7%	19,100	14.8%	9.4%	25,800	17.3%	11.2%	30,800	18.8%	11.0%
Subtotal	99,245	100.0%	-	128,700	100.0%	-	148,800	100.0%	-	163,800	100.0%	-
Segmentation adjustment	2,775	-	-	3,000	-	-	3,800	-	-	3,800	-	-
Total	96,470	-	9.7%	125,700	-	9.5%	145,000	-	10.0%	160,000	-	10.3%

Mid-Term Plan

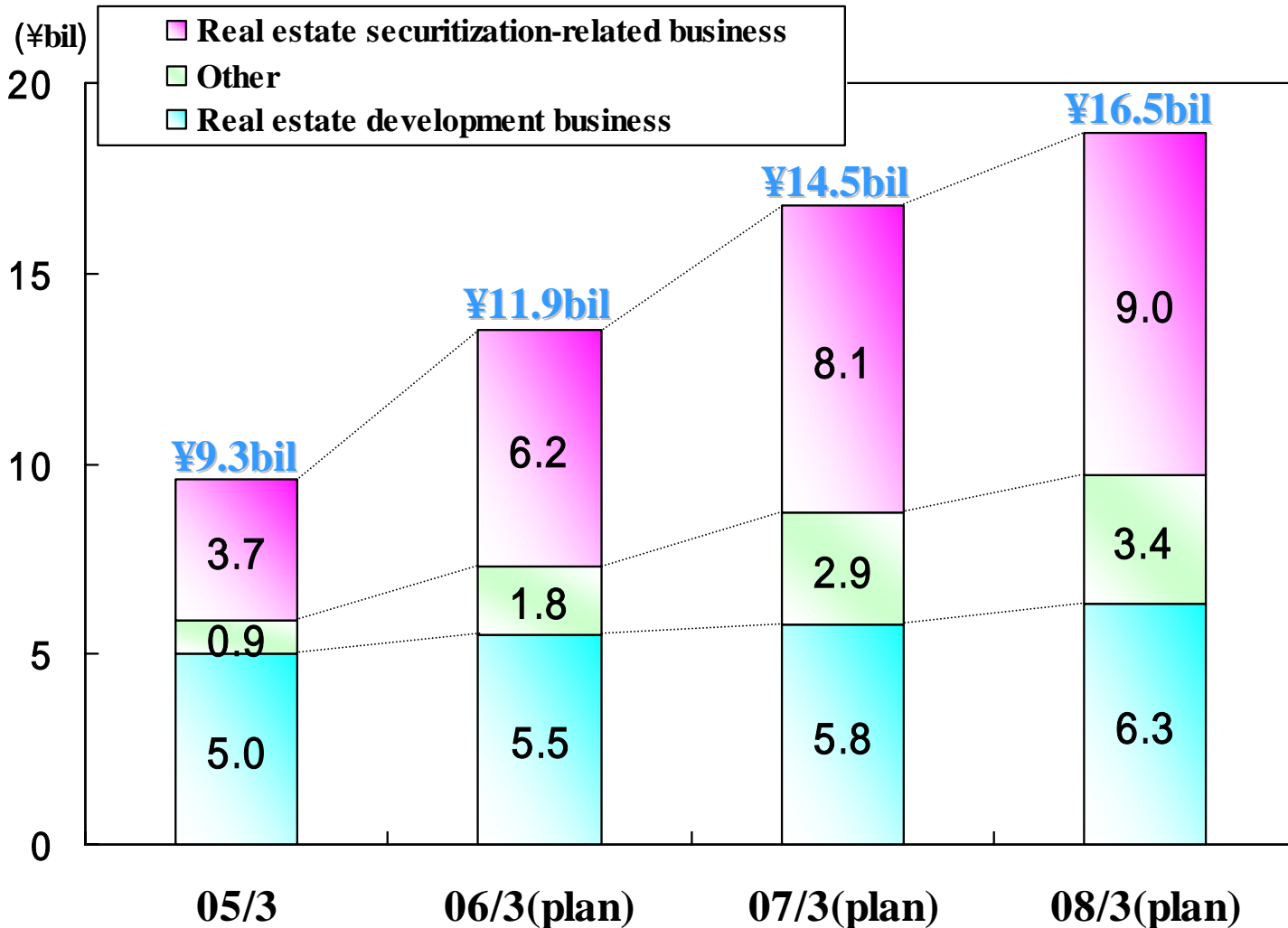
Segment sales (05/3 – 08/3)



Note: Sales figures include segmentation adjustment.

Mid-Term Plan

Operating income by segment (05/3 – 08/3)



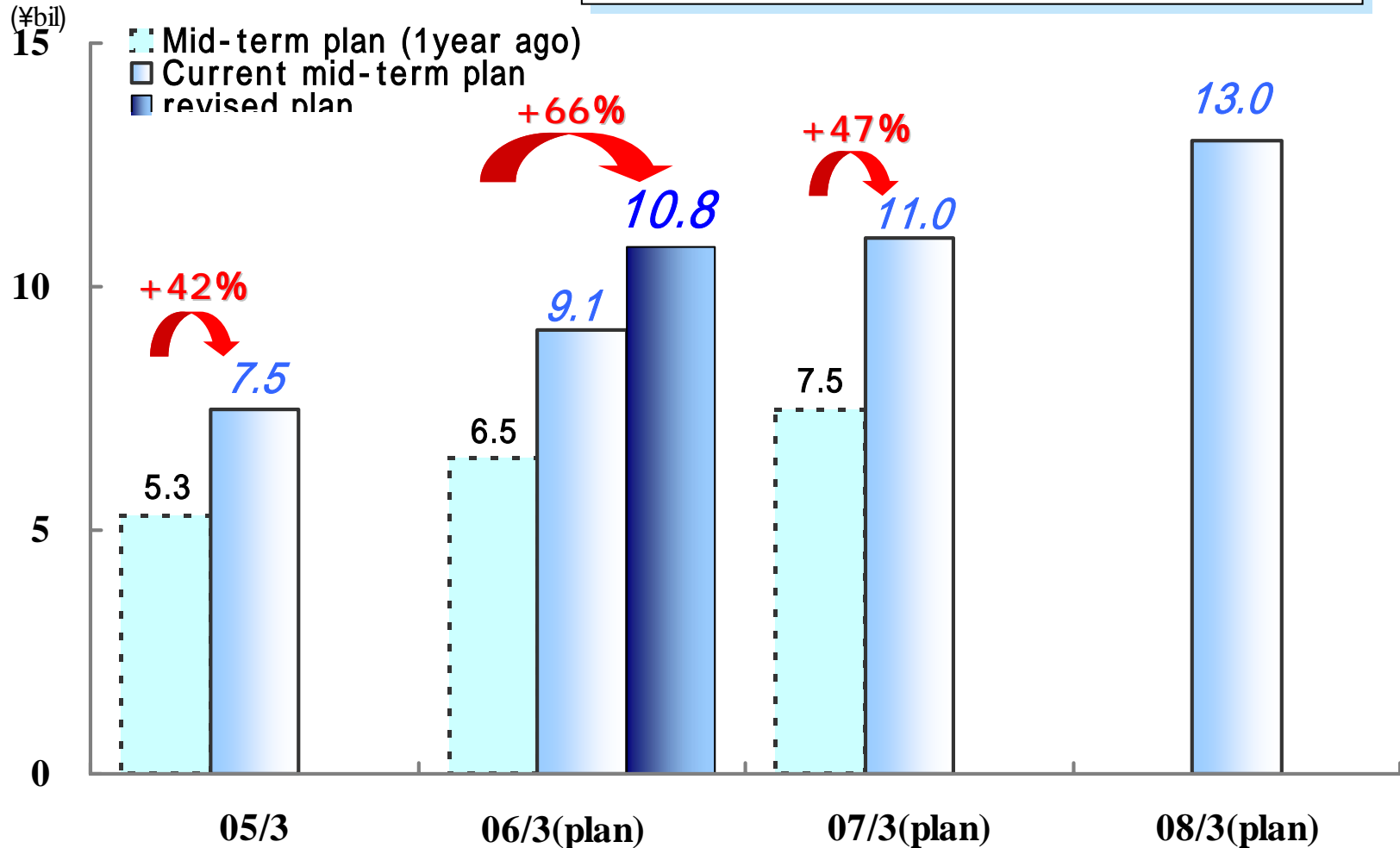
Note: Income figures include segmentation adjustment.

Mid-Term Plan

Ordinary income (consolidated)

Major reason for revision

Large sales increase at real estate securitization
(06: ¥15bil ¥35.6bil, 07: ¥15bil ¥46bil)



Revised on September 5th



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