

PRESS RELEASE

FOR IMMEDIATE RELEASE

For Further Information:
Shunichiro Arima
Pacifica Malls K.K.
Tel (03) 5549-9033
shun@pacificamalls.com

Pacifica Malls Acquires Kyoto Retail Property

Pacifica Malls K.K. is pleased to announce that it has acquired a retail property in Kyoto City.

The property, located about a 10 minute drive from Kyoto Station, consists of 2,140 tsubo of land. Ukyo Property Y.K., an SPC controlled by Pacifica, acquired the land on March 15, with a fixed-term ground lease in place. On top of the land is a store with gross floor area of about 2,850 tsubo leased by Kojima Denki, one of Japan's largest electronics retailers.

As to the reasoning behind the acquisition, Seth Sulkin, Pacifica's president and CEO commented, "Traditionally, Japanese investors view '*sokochi*' or ownership of land with a ground lease in place as less attractive than combined ownership of land and buildings, but since the introduction of the fixed-term ground lease law, the rights and obligations of both the landlord and ground lessee are much clearer," Sulkin said.

"Willingness to construct a large building on top of leased land shows that the tenant highly values the property and is strongly committed to the location for the term of the lease," Sulkin added. Going forward, therefore, Pacifica is actively seeking to acquire other *sokochi* properties with fixed-term ground leases in place, he explained.

In addition, Sulkin cited the location in Kyoto City as a big plus for the property. "Liquidity for major regional cities such as Kyoto is now almost the same as Tokyo. Moreover, given the difficulty of obtaining permits to build large stores in Kyoto, we believe there is scarcity value in this property as well."

Pacifica Malls K.K. is a leading retail developer and asset manager based in Tokyo. Following its completion in December 2004 of Vivit Square, a major shopping center in Funabashi City, Chiba, Pacifica is actively developing and acquiring existing retail properties in Tokyo and other major Japanese cities.

###