



Merger of Advance Residence Investment Corporation and Nippon Residential Investment Corporation

October 2009



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President

AD Investment Management Co., Ltd.



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President and Chairman of the Board

Pacific Residential Corporation



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Executive Summary

1. Signed the Merger Agreement to Bring about the First Ever Merger between J-REITs

- **The merger is the best solution to the challenges both parties are facing.**
- **The form of consolidation-type merger was chosen so that the merged REIT can make a new start.**

2. Become the Leading Residential REIT in Japan

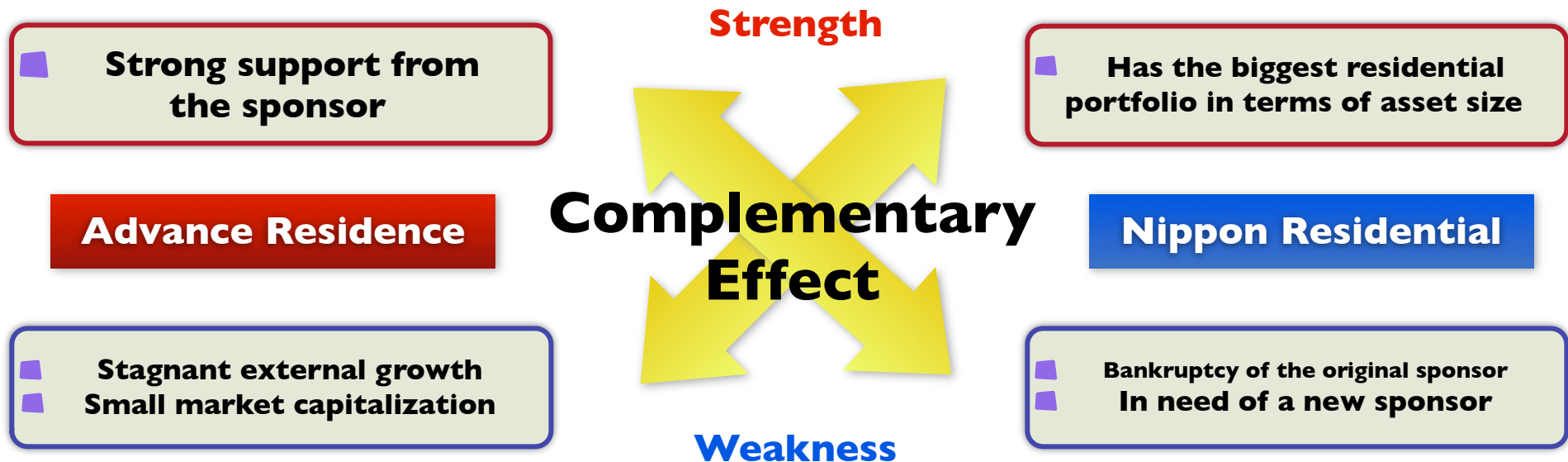
- **Formulation of the most comprehensive residential portfolio.**
- **Leading residential portfolio in both size and quality.**
- **A full back-up from the sponsor group in its pursuit of external and organic growth.**
- **Capability to build a stable financial base by utilizing the sponsor's credit.**

Merger Details



Merger Rational

The Merger Will Enable Both REITs to
Compensate Each Other's Weakness



Added Merits

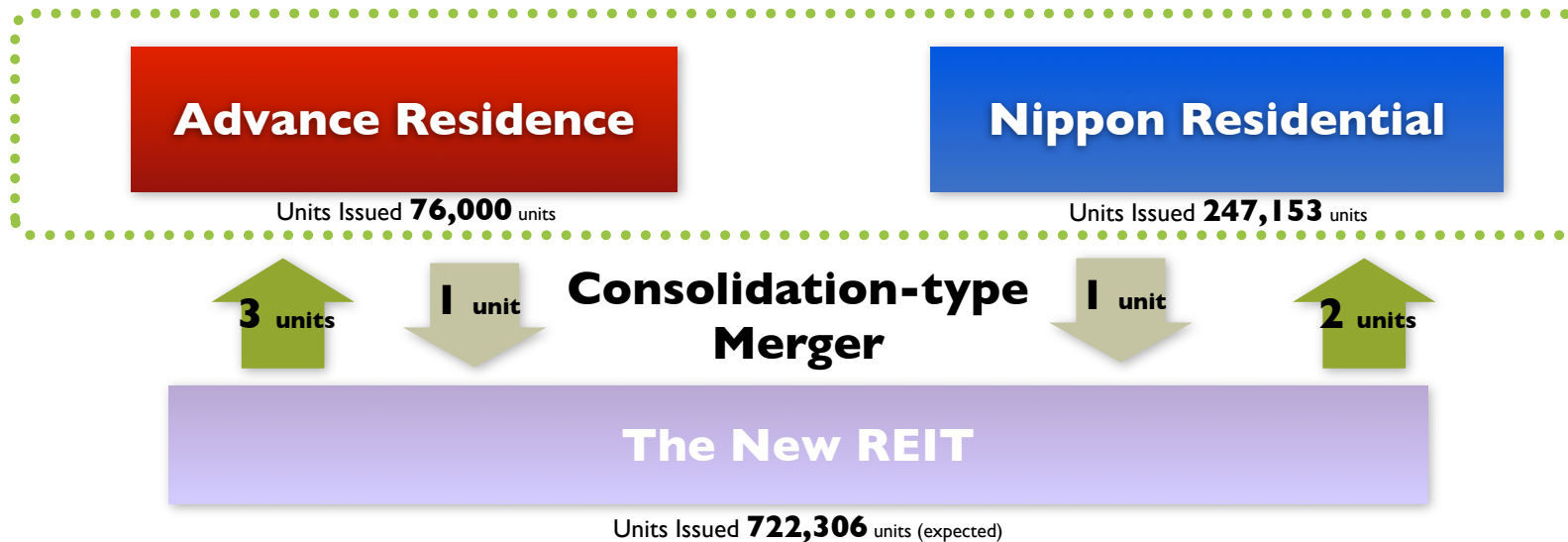
Will be able to bring together one another's management skills

Balance sheet restructuring

Outline of the Merger

Rebuilding a New Framework by Incorporating Each Investment Corporation's Strengths and Characteristics

1 Birth of a leading residential J-REIT



2 The Unification of Two Companies' Management Skills Will Create a Strong Asset Management Team



Merger Timeline

Sept. 25, 2009

Merger agreement signed

Schedule

General Unitholder's Meetings

Nov. 30, 2009

NRI 12th Period Dividend Payment Date

Mid-Feb, 2010

Current Investment Corporations' Last Day of Trading

Feb. 23, 2010

Current Investment Corporations' De-listing Date

Feb. 24, 2010

Effective Date of Merger

Mar. 1, 2010

The Date of New Investment Corporation's TSE Listing

Mar. 2, 2010

ADR 8th Period Dividend Payment Date

Mid-March, 2010

Current Investment Corporations' Final Fiscal Period Dividend Payment Date

Mid-May, 2010

End of the 1st Fiscal Period of the New Investment Corporation

Jan. 31, 2011



About the New REIT

Investment Policy

Formulation of one of the most comprehensive residential portfolio

Investment policies of ADR and NRI will be inherited and diverse investment opportunities will be sought

Investment Areas

- **Assets will be located nation-wide with a focus in the seven main Tokyo wards.**

*The seven main Tokyo wards are Minato-ku, Chiyoda-ku, Shibuya-ku, Shinjuku-ku, Meguro-ku, Setagaya-ku, and Shinagawa-ku.

Unit types

- **The fund will have a full range of unit-types; from dormitory, studio (“Single”) to Multi-Bed Room (“Family”) units.**

Focus on Rent Levels with that matches the Demand

- **Studio Unit Rents: 110 thousand yen (US\$1,200) per month or lower**
- **Multi-Bedroom Unit Rents: 160 thousand yen (US\$1,800) per month or Lower**

Portfolio Summary

Largest Residential J-REIT by Asset Size

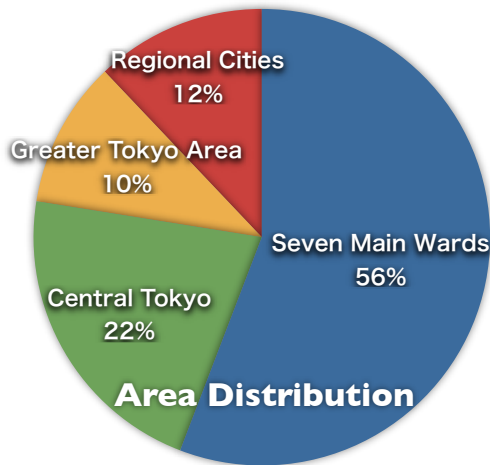
High Quality Portfolio is Created by Combining the Assets of ADR and NRI

Total Asset **388.8 billion yen***
(US\$4.32 billion)

Number of Properties **188**

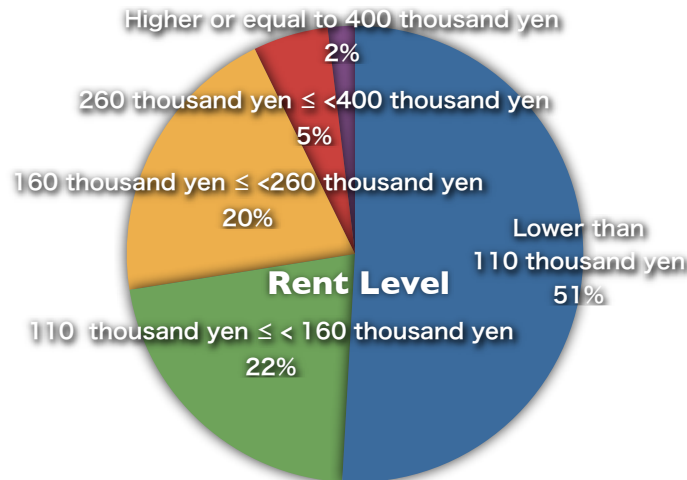
Total Rentable Area*
552,490.74m²

* 5.9 million square feet



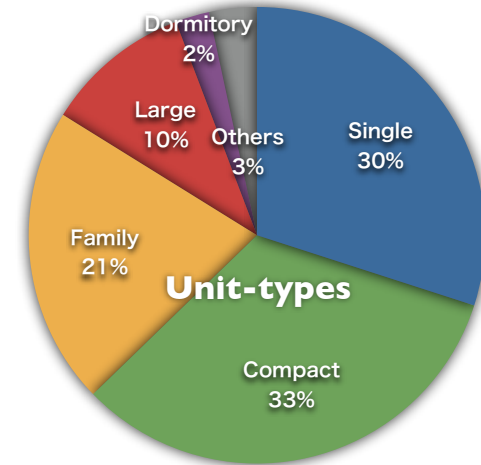
<Acquisition Price>

Mainly focus on Tokyo area which has strong demand



<Number of Units>

73% of Unit's monthly rent is under 160 thousand yen.



<Rentable Area>

Well balanced and stable portfolio with a focus on "Single" and "Compact"

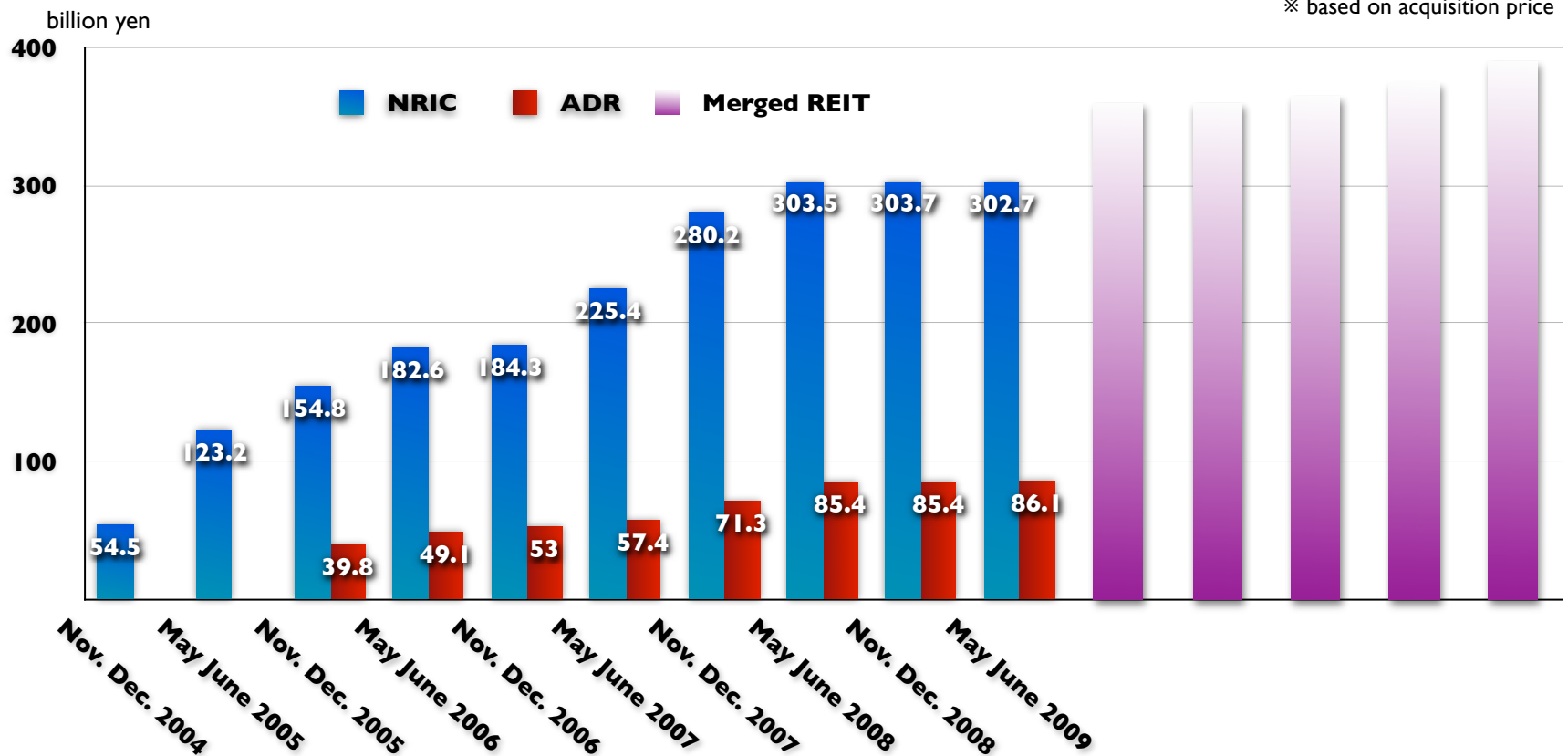
Number of Units **14,236**

* The figures are simple sum of each REITs' pre-merger figures.

External Growth

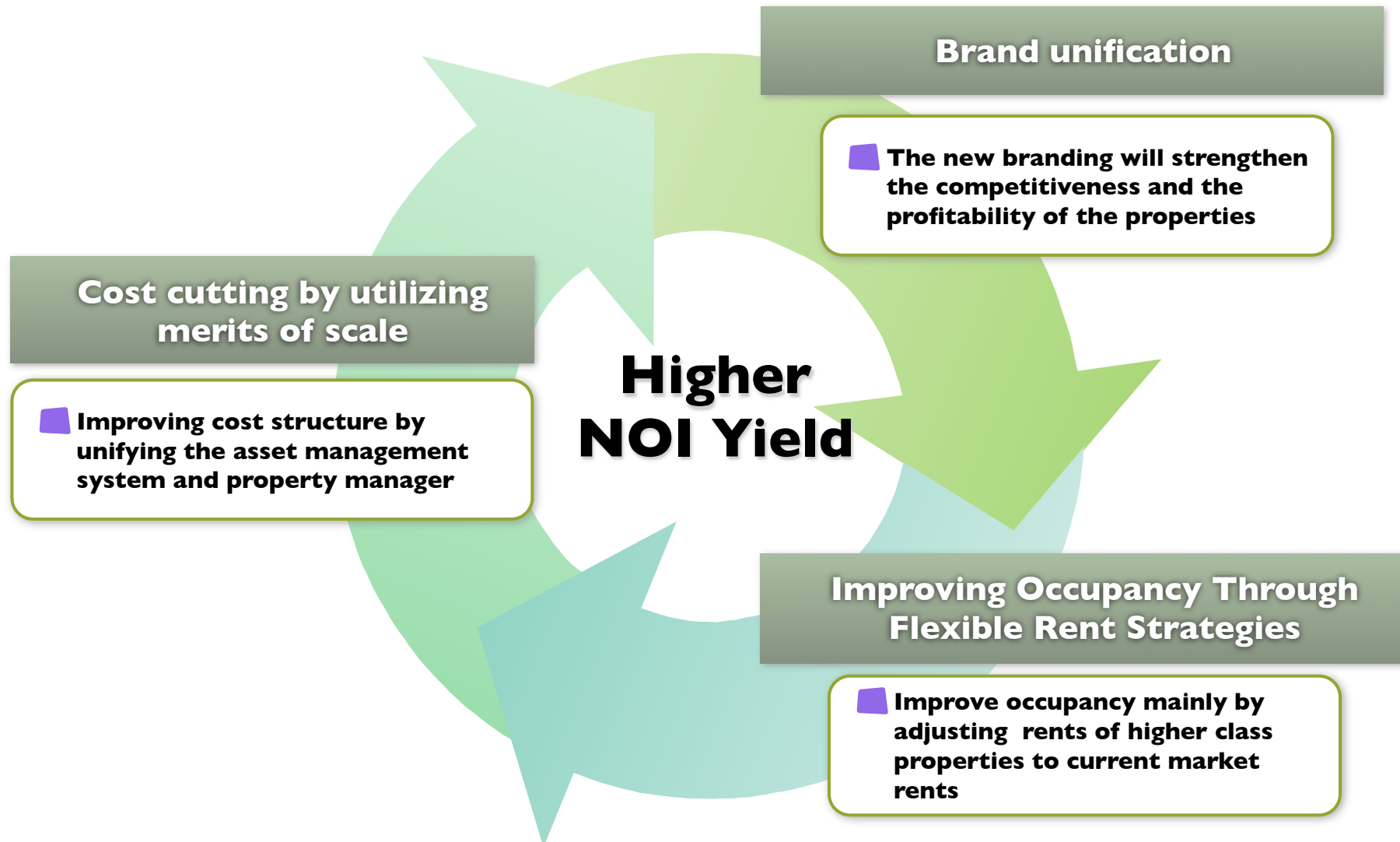
Initially, the main effort will be placed on strengthening the portfolio through asset replacements and then, look for the right timing to resume expansion

Asset Growth History



Organic Growth

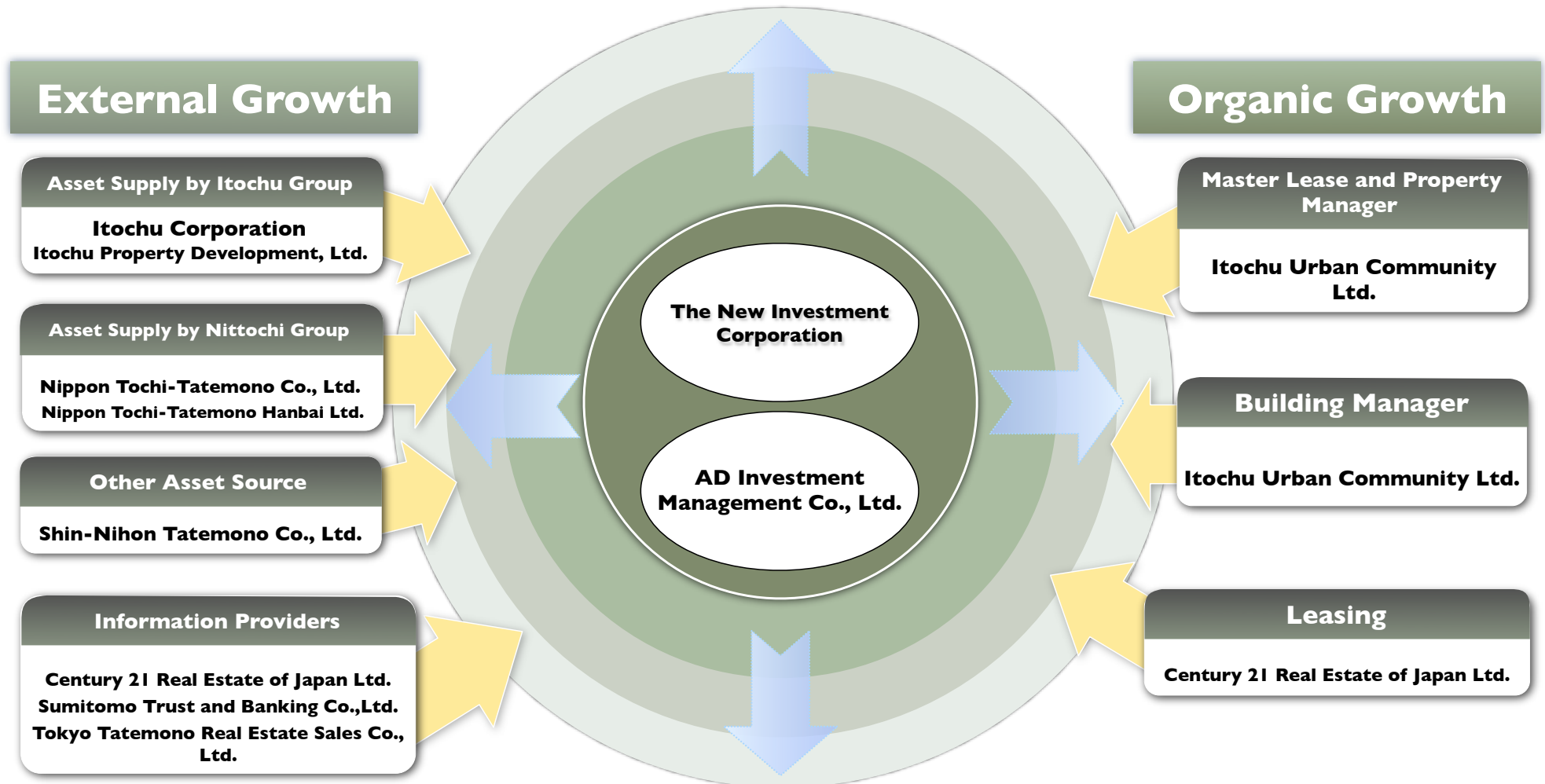
Organic Growth through Revenue Growth and Cost Cutting



Support Structure

Sponsor Support for External Growth and Organic Growth

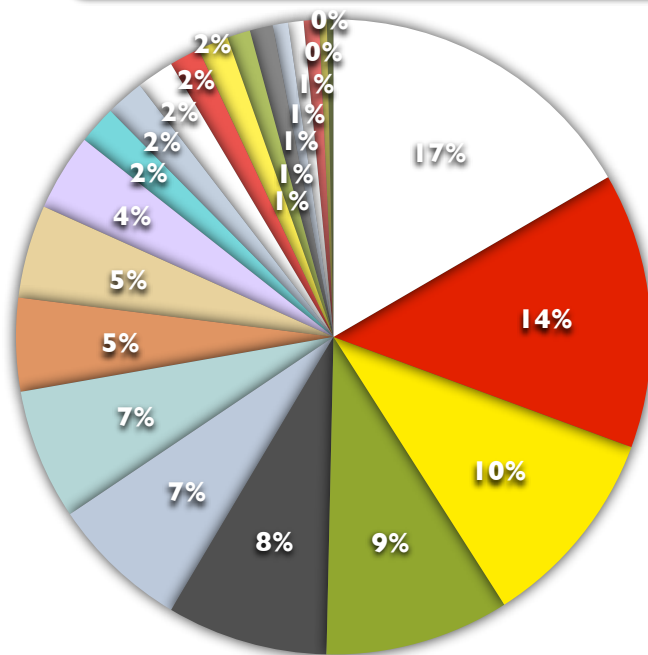
The New Investment Corporation will Inherit and Utilize the Sponsor Support Framework of Advance Residence Investment Corporation



Financial Strategy

The new REIT will be able to finance stably utilizing the sponsor's credit

1. A strong lender line-up led by major Japanese banks



Lender	Amount (in million yen)	Amount (in million dollar)
Sumitomo Trust and Banking Co., Ltd.	21,155	235
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	17,871	199
Sumitomo Mitsui Banking Corporation	13,149	146
Mitsubishi UFJ Trust and Banking Corporation	11,962	133
Aozora Bank, Ltd.	10,424	116
The Chuo Mitsui Trust and Banking Co., Ltd.	8,962	100
Development Bank of Japan Inc.	8,478	94
Risona Bank, Ltd.	6,049	67
The Norinchukin Bank	6,045	67
Mizuho Corporate Bank, Ltd.	5,000	56
Daido Life Insurance Company	2,486	28
Taiyo Life Insurance Company	2,486	28
The Chiba Bank, Ltd.	2,417	27
The Dai-ichi Mutual Life Insurance Company	1,988	22
The National Mutual Insurance Federation of Agricultural Cooperatives	1,989	22
The Nishi-Nippon City Bank, Ltd.	1,500	17
The Hachijuni Bank, Ltd.	1,494	17
Shinsei Bank, Limited	1,000	11
Mitsui Sumitomo Insurance, Co., Ltd.	994	11
Shinkin Central Bank	994	11
Oita Bank Co., Ltd.	500	6
The Shizuoka Bank Ltd.	428	5

The "Amount" is a simple sum of outstanding loan at the end of September 2009.

2. LTV target range of 50~55%

3. Stable debt composition with long-term, fixed rate debt

Dividend Policy

Pursue Long-term Stable Dividend

Dividend based on the issued and outstanding units of the new investment corporation

Long-term Target Range **4,500~5,000** yen / unit
(US\$50 to 56 per unit)

conversion to current

ADR unit base

Long-term Target Range

13,500~15,000 yen / **3** units

US\$150 to 168 per **3** units

conversion to current

NRI unit base

Long-term Target Range

9,000~10,000 yen / **2** units

US\$100 to 112 per **2** units



Appendix

Company Data	P.17
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Debt Maturity Chart	P.26
Properties Data	P.27

Company Data

Financials

	Advance Residence	Nippon Residential
as of	June 30, 2009	May 31, 2009
Revenue	2,863	9,065
Operating Income	1,528	3,565
Ordinary Income	1,023	1,899
Net Income	1,022	2,034
Dividend	13,451 yen per unit	8,231 yen per unit
Net Operating Income	2,369	7,116
NOI Yield	5.6%	4.7%
Occupancy	95.8%	93.7%
Total Assets	89,729	323,652
Total Liabilities	52,444	173,343
Interest Bearing Debts	52,000	168,900
Loans	42,000	79,400
Bonds	10,000	89,500
Net Assets	37,285	150,308

Profile

	Advance Residence	Nippon Residential
as of	June 30, 2009	May 31, 2009
Ticker	8978	8962
TSE Listing	November 21, 2005	March 2, 2004
Units Issued	76,000 units	247,153 units
Asset Type	Residential	Residential
Number of Properties	51	137
Number of Apartment Units	4,963	9,273
Portfolio Size (Purchase Price)	86.1 billion yen (US\$ 0.9 billion)	302.7 billion yen (US\$ 3.3 billion yen)
Asset Manager	AD Investment Management Co., Ltd.	Pacific Residential Corporation

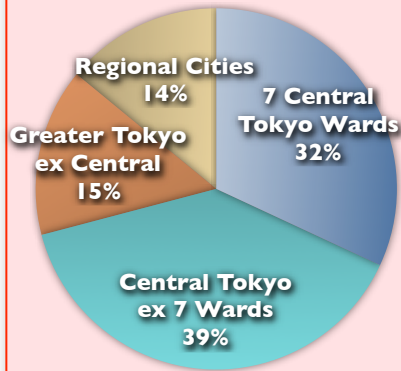
Profit Forecast

	Advance Residence	Nippon Residential
Forecasts for fiscal periods ending	December 31, 2009	November 30, 2009
Revenue	2,836	8,842
Operating Income	1,475	4,033
Ordinary Income	951	2,275
Net Income	950	2,273
Dividend	12,500 yen per unit	9,200 yen per unit
Occupancy	95.8%	93.1%

Characteristics of Advance Residence Investment Corporation

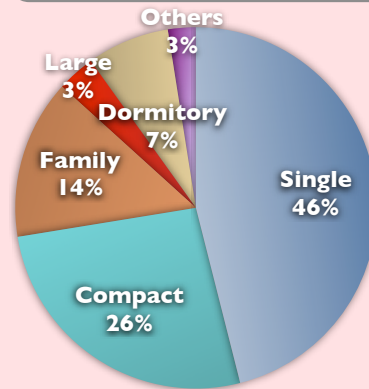
Balanced Investment Centering on Investment into Tokyo Central 7 Wards, and Stable Financial Position Based on Sponsor's Credit

Geographic Area Distribution



(based on acquisition price)

Property Type Distribution

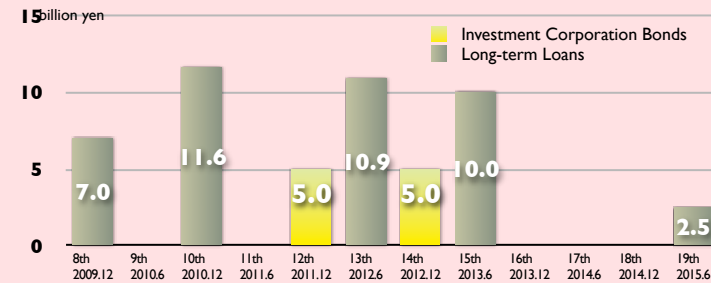


(based on rentable area*)

- Listed on Nov. 22, 2005 as a residential REIT
- Asset size: 51 properties worth 86.1 billion yen (based on acquisition price)
- NOI yield: 5.6%
- 71% of investments are in Central Tokyo ex 7 Wards
- Strategy of balanced investment centering on Single and Compact Types
Single and Compact Types account for 73% of entire portfolio
- Rent price range that matches demand
Single Type focuses on less than 100,000 yen range
Compact Type focuses on 150,000 yen or less range
- Average building age: 6.1 years
76% of portfolio is aged 5 years or less

* Floor area per property unit classified based on NRIC's asset management criteria.
"Other" refers to stores and offices. "Dormitory" refers to Hiyoshidai Student Heights and Wako Student Heights.

<Debt Maturity Schedule>



- Bank loans outstanding: 42.0 billion yen
- Investment corporation bonds outstanding: 10.0 billion yen
- 44% of total loans are from Sumitomo Trust & Banking and Aozora Bank
- All loans are borrowed from Japanese banks
- Low financing costs thanks to sponsor's credit

Major Issue: Lack of Investment Unit Liquidity

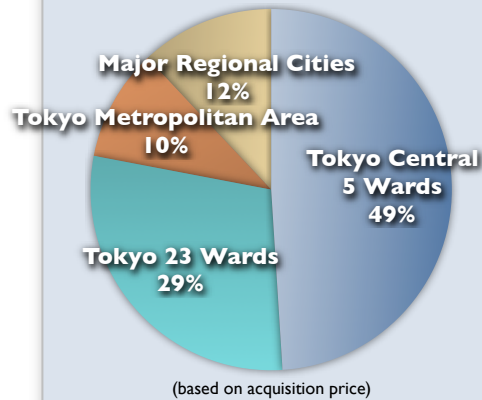
- Market capitalization: 29.9 billion yen
(BPS: 490,594 yen; Oct. 15 closing price: 393,000 yen)
- Institutional unitholders: 80% Individual unitholders: 20%
(based on number of investment units)
- Expected dividend yield: 6.6%
(equivalent to annual DPU of 25,951 yen)
[calculated based on (7th fiscal period actual DPU of 13,451 yen + 8th fiscal period forecast DPU of 12,500 yen) ÷ Oct. 15 closing price of 393,000 yen]

Tokyo Central 7 Wards: Minato, Chiyoda, Shibuya, Shinjuku, Meguro, Setagaya and Shinagawa Wards
 Central Tokyo: Tokyo 23 Wards excluding Tokyo Central 7 Wards
 Tokyo Metropolitan Area: Tokyo (excluding Tokyo 23 Wards), and Kanagawa, Saitama and Chiba Prefectures
 Major Regional Cities: Government-designated cities and comparable cities excluding cities in the Tokyo Metropolitan Area

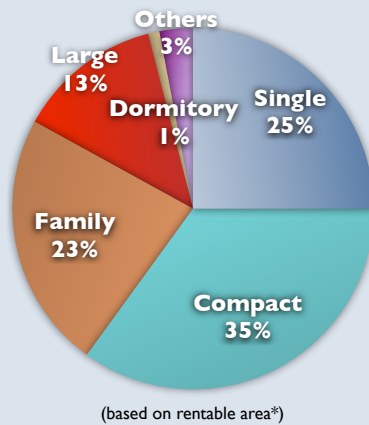
Characteristics of Nippon Residential Investment Corporation

Largest Asset Property Holdings of All Residential J-REITs

Geographic Area Distribution



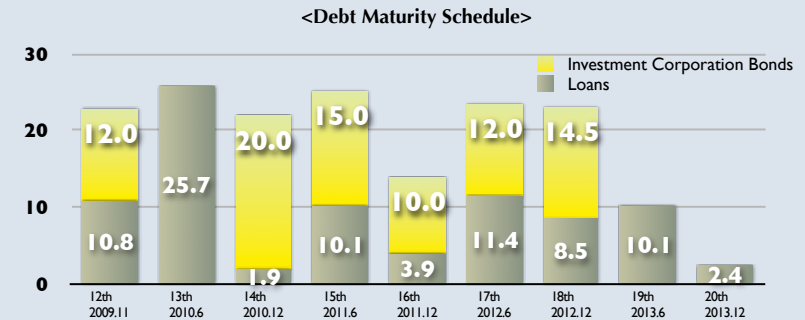
Property Type Distribution



- Listed on March 2, 2004 as Japan's first residential REIT
- Asset size: 137 properties worth 302.7 billion yen (based on acquisition price)
- NOI yield: 4.7%
- 78% of investments are in Tokyo 23 Wards
- Portfolio comprised of various property types
Single and Compact Types account for 60% of entire portfolio
- Also holds properties with high rent, securing advantages in times of buoyant economic circumstances
Properties with high rent of over 300,000 yen: 19.4% (based on portfolio monthly rent)
- Average building age: 5.4 years
64% of portfolio is aged less than 5 years

* Floor area per property unit classified based on NRIC's asset management criteria.
"Other" refers to stores and offices.

"Dormitory" refers to SE-I Life & Senior House Kohoku II.



- Bank loans outstanding: 85.4 billion yen
- Investment corporation bonds: 83.5 billion yen
- 67% of total loans are from 2 mega banks and 3 trust banks
- All loans are borrowed from Japanese banks
- Refinancing risk concerns due to sponsor's deteriorating credit

Major Issue: Drop in Investment Unit Price

- Market capitalization: 64.5 billion yen (BPS: 608,160 yen; Oct. 15 closing price: 261,000 yen)
- Institutional unitholders: 68% Individual unitholders: 32% (based on number of investment units)
- Expected dividend yield: 6.7% (equivalent to annual DPU of 17,431 yen)
[calculated based on (11th fiscal period actual DPU of 8,231 yen + 12th fiscal period forecast DPU of 9,200 yen) ÷ Oct. 15 closing price of 261,000 yen]

Tokyo Central 5 Wards: Minato, Shibuya, Shinjuku, Meguro and Chiyoda Wards
Tokyo Central 23 Wards: Tokyo Central 23 Wards excluding Tokyo Central 5 Wards
Tokyo Metropolitan Area: Tokyo (excluding Tokyo 23 Wards), and Kanagawa, Saitama and Chiba Prefectures
Major Regional Cities: Areas within commuting distance of city centers of government-designated cities and those expected to grow in demand for rental housing.

Loans

as of September 30, 2009

Lender	ADR/ NRIC	Drawdown Date	Maturity Date	Interest Rate (%)	Fixed / Floating	Subtotal (in million yen)	Loan Balance (in million yen)	Repayment Method	Remarks
The Sumitomo Trust & Banking Co., Ltd.	ADR	11/25/2005	11/25/2009	1.25%	Fixed	7,000	1,600	Full Principal Repayment at Maturity	Unsecured Non-Guaranteed
Mitsubishi UFJ Trust and Banking Corporation							2,000		
Aozora Bank, Ltd.							1,600		
Mizuho Corporate Bank, Ltd.							1,000		
The Sumitomo Trust & Banking Co., Ltd.		03/20/2006		400					
Aozora Bank, Ltd.				400					
The Sumitomo Trust & Banking Co., Ltd.	NRIC	12/03/2004	11/30/2009	1.15%	Floating	10,872	1,071	Full Principal Repayment at Maturity	Secured Non-Guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.							2,784		
Mitsubishi UFJ Trust and Banking Corporation							1,028		
Aozora Bank, Ltd.							685		
The Chuo Mitsui Trust and Banking Company, Ltd.							1,328		
Resona Bank, Limited							1,028		
The Norinchukin Bank							1,071		
The Chiba Bank, Ltd.							428		
The Shizuoka Bank, Ltd.							428		
Resona Bank, Limited		08/31/2009		1,021			1.32%		

Loans

as of September 30, 2009

Lender	ADR/ NRIC	Drawdown Date	Maturity Date	Interest Rate (%)	Fixed / Floating	Subtotal (in million yen)	Loan Balance (in million yen)	Repayment Method	Remarks
The Sumitomo Trust & Banking Co., Ltd.	NRIC	02/20/2007	02/19/2010	0.95%	Floating	10,944	1,989	Full Principal Repayment at Maturity	Secured Non-Guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.							1,989		
Mitsubishi UFJ Trust and Banking Corporation							1,989		
The Chuo Mitsui Trust and Banking Company, Ltd.							1,989		
The Chiba Bank, Ltd.							1,989		
Shinkin Central Bank							994		
The Sumitomo Trust & Banking Co., Ltd.		09/10/2009	03/31/2010	1.80%		6,000	3,000		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.						3,000			
The Sumitomo Trust & Banking Co., Ltd.		02/29/2008	05/31/2010	0.95%		8,854	1,790		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.							1,989		
Sumitomo Mitsui Banking Corporation	1,989								
Mitsubishi UFJ Trust and Banking Corporation	1,790								
The Chuo Mitsui Trust and Banking Company, Ltd.				1,293					
The Sumitomo Trust & Banking Co., Ltd.	ADR	11/25/2005	11/25/2010	1.48%	Fixed	5,900	2,100	Full Principal Repayment at Maturity	Unsecured Non-Guaranteed
Sumitomo Mitsui Banking Corporation							2,000		
Aozora Bank, Ltd.							1,300		
Mizuho Corporate Bank, Ltd.							500		
The Sumitomo Trust & Banking Co., Ltd.		03/30/2006	1.61%	5,700		2,100			
Sumitomo Mitsui Banking Corporation						1,700			
Aozora Bank, Ltd.						1,400			
Mizuho Corporate Bank, Ltd.				500					
Sumitomo Mitsui Banking Corporation	NRIC	11/30/2007	11/30/2010	0.90%	Floating	1,989	1,989		Secured Non-Guaranteed

Loans

as of September 30, 2009

Lender	ADR/ NRIC	Drawdown Date	Maturity Date	Interest Rate (%)	Fixed / Floating	Subtotal (in million yen)	Loan Balance (in million yen)	Repayment Method	Remarks
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	NRIC	08/31/2009	04/28/2011	1.82%	Floating	10,137	1,629	Full Principal Repayment at Maturity	Secured Non-Guaranteed
Mitsubishi UFJ Trust and Banking Corporation							4,155		
The Chuo Mitsui Trust and Banking Company, Ltd.							4,352		
Sumitomo Mitsui Banking Corporation		06/30/2009	06/30/2011	1.92%		2,984	2,984		
The Dai-ichi Mutual Life Insurance Company		08/29/2006	08/31/2011	1.94%	Fixed	994	994		
The Norinchukin Bank		12/26/2006	12/26/2011	1.10%	Floating	11,441	4,974		
The Hachijuni Bank, Ltd.							994		
Taiyo Life Insurance Company							1,492		
The Dai-ichi Mutual Life Insurance Company							994		
National Mutual Insurance Federation of Agricultural Cooperatives							1,989		
Mitsui Sumitomo Insurance Group Holdings, Inc.						994			

Loans

as of September 30, 2009

Lender	ADR/ NRIC	Drawdown Date	Maturity Date	Interest Rate (%)	Fixed / Floating	Subtotal (in million yen)	Loan Balance (in million yen)	Repayment Method	Remarks
Mitsubishi UFJ Trust and Banking Corporation	ADR	01/25/2008	01/25/2012	1.49%	Fixed	5,500	1,000	Full Principal Repayment at Maturity	Unsecured Non-Guaranteed
Aozora Bank, Ltd.							500		
Development Bank of Japan Inc.							1,000		
Resona Bank, Limited							1,000		
The Hachijuni Bank, Ltd.							500		
Shinsei Bank, Ltd.							1,000		
The Oita Bank, Ltd.							500		
The Sumitomo Trust & Banking Co., Ltd.							1,950		
Aozora Bank, Ltd.							950		
Resona Bank, Limited							1,000		
The Nishi-Nippon City Bank. Ltd.	1,500								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	NRIC	06/30/2009	06/29/2012	2.07%	Floating	3,576	2,986		Secured Non-Guaranteed
Aozora Bank, Ltd.				2.07%			589		
Taiyo Life Insurance Company		09/19/2007	09/19/2012	1.79%	Fixed	994	994		
Development Bank of Japan Inc.		11/30/2007	11/30/2012	1.74%			1,989		
Development Bank of Japan Inc.		06/27/2008		1.07%	Floating	3,978	1,989		

Loans

as of September 30, 2009

Lender	ADR/ NRIC	Drawdown Date	Maturity Date	Interest Rate (%)	Fixed / Floating	Subtotal (in million yen)	Loan Balance (in million yen)	Repayment Method	Remarks
The Sumitomo Trust & Banking Co., Ltd.	ADR	01/25/2008	01/25/2013	1.68%	Fixed	4,500	1,000	Full Principal Repayment at Maturity	Unsecured Non-Guaranteed
Aozora Bank, Ltd.							1,500		
Development Bank of Japan Inc.							1,000		
Resona Bank, Limited							1,000		
The Sumitomo Trust & Banking Co., Ltd.	NRIC	08/31/2009	04/30/2013	2.32%	Floating	10,137	4,155		Secured Non-Guaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd.							3,494		
Sumitomo Mitsui Banking Corporation							2,487		
Aozora Bank, Ltd.	ADR	06/25/2008	06/25/2013	2.38%	Fixed	5,500	1,500		Unsecured Non-Guaranteed
Resona Bank, Limited							1,000		
Mizuho Corporate Bank, Ltd.							3,000		
Daido Life Insurance Company	NRIC	09/19/2007	09/19/2013	1.89%	Fixed	895	895	Secured Non-Guaranteed	
Daido Life Insurance Company		11/17/2006	11/17/2013	2.20%			1,591		1,591
Development Bank of Japan Inc.	ADR	06/25/2008	06/25/2015	2.70%				2,500	2,500

Investment Corporation Bonds

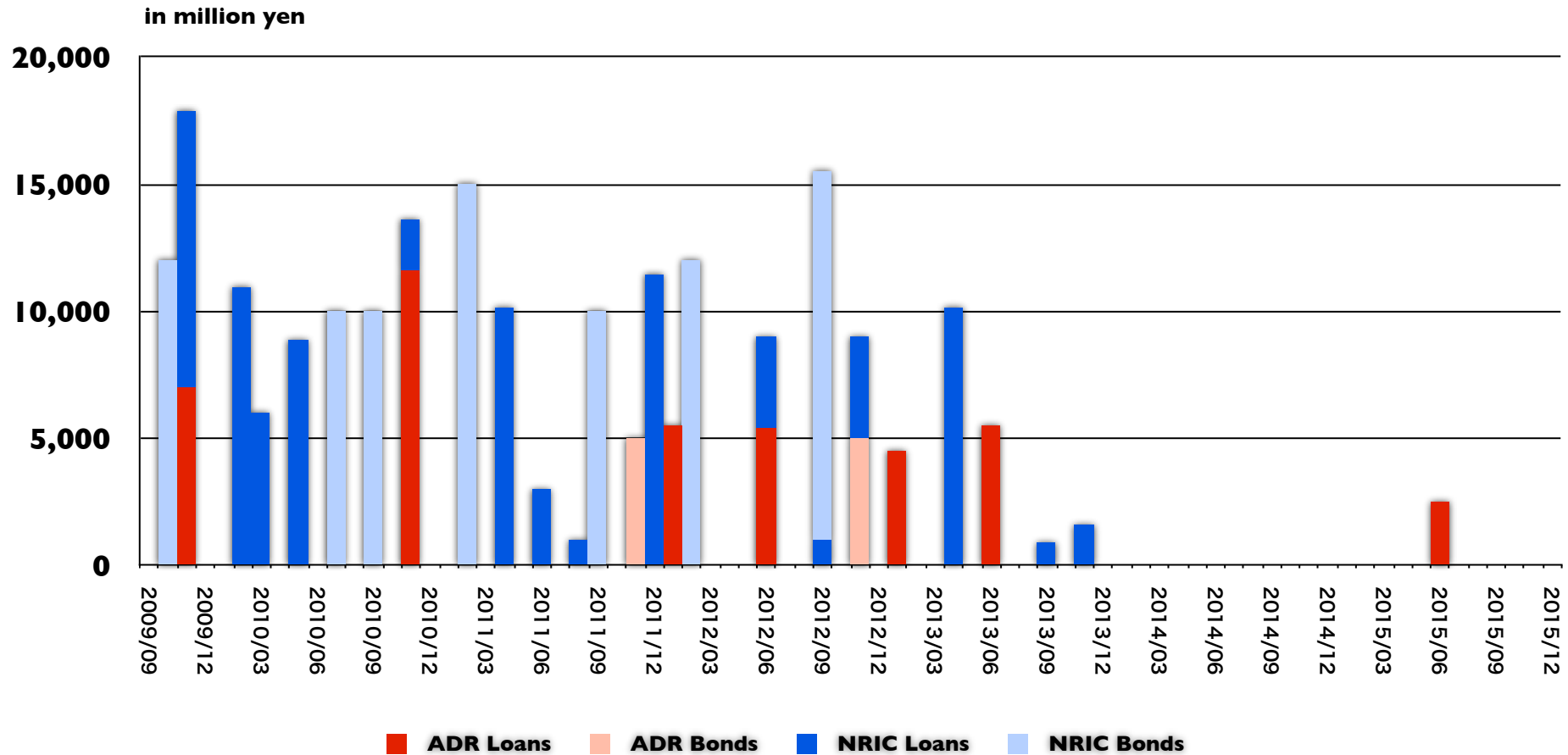
as of September 30, 2009

Issue	Issue Date	Maturity Date	Outstanding (in million yen)	Interest Rate (%)	Repayment Method
1st Series Investment Corporation Bond	11/21/2007	11/21/2011	5,000	1.80	Full Principal Repayment at Maturity
2nd Series Investment Corporation Bond	11/21/2007	11/21/2012	5,000	2.03	Full Principal Repayment at Maturity
Total			10,000		

as of September 30, 2009

Issue	Issue Date	Maturity Date	Outstanding (in million yen)	Interest Rate (%)	Repayment Method
1st Series Investment Corporation Bond	07/20/2005	07/20/2010	10,000	0.74	Full Principal Repayment at Maturity
2nd Series Investment Corporation Bond	09/26/2005	09/24/2010	10,000	0.84	Full Principal Repayment at Maturity
3rd Series Investment Corporation Bond	09/26/2005	09/24/2012	9,700	1.28	Full Principal Repayment at Maturity
4th Series Investment Corporation Bond	02/20/2006	02/18/2011	15,000	1.50	Full Principal Repayment at Maturity
6th Series Investment Corporation Bond	10/25/2006	10/23/2009	12,000	1.54	Full Principal Repayment at Maturity
7th Series Investment Corporation Bond	02/09/2007	02/09/2012	12,000	1.84	Full Principal Repayment at Maturity
9th Series Investment Corporation Bond	09/13/2007	09/13/2011	10,000	1.22	Full Principal Repayment at Maturity
10th Series Investment Corporation Bond	09/13/2007	09/13/2012	4,800	1.90	Full Principal Repayment at Maturity
Total			83,500		

Debt Maturity Chart



Portfolio 7 Central Tokyo Wards

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-2	Pacific Livew Shiba Daimon	Minato-ku	P	1,900	1,853	1,640	95.6%
S-26	Pacific Residence Minamiazabu	Minato-ku	P	1,060	1,072	943	94.6%
S-30	Pacific Residence Akasaka II	Minato-ku	P	1,567	1,621	1,400	97.6%
S-45	Pianeta Shiodome	Minato-ku	P	2,782	2,831	2,070	90.1%
S-57	Pacific Residence Toranomom	Minato-ku	P	1,484	1,569	1,380	92.0%
C-13	Pacific Tower Nogizaka	Minato-ku	P	3,900	3,979	3,960	97.0%
C-14	Pacific Residence Akasaka I	Minato-ku	P	1,300	1,331	1,220	96.9%
C-15	Apartments Nishi-Azabu	Minato-ku	P	7,920	8,101	7,350	75.6%
C-23	Pacific Residence Akasaka Hinokicho	Minato-ku	P	4,710	4,761	4,070	82.8%
C-24	Pacific Residence Takanawa	Minato-ku	P	1,550	1,628	1,480	87.1%
C-28	L'air Minami Aoyama	Minato-ku	P	1,030	1,067	787	73.1%
C-34	Pacific Residence Higashiazabu	Minato-ku	P	1,570	1,640	1,550	90.7%
C-36	Pacific Tower Azabu-juban	Minato-ku	P	9,060	9,399	6,660	80.5%
C-42	Pacific Residence Azabudai	Minato-ku	P	2,040	2,106	1,790	87.6%
C-43	Pacific Residence Shibadaimon	Minato-ku	P	1,980	2,042	1,810	89.7%
F-11	Pacific Residence Shibaura	Minato-ku	P	4,900	4,793	4,870	96.8%
F-25	Park Tower Shibaura Bayward Urban Wing	Minato-ku	P	14,510	14,952	10,200	93.7%
L-7	Motoazabu Place	Minato-ku	P	10,270	10,443	9,530	86.8%
L-8	Pacific Tower Roppongi	Minato-ku	P	8,456	8,651	7,520	76.3%
P-1	Artiscourt Akasakahinokicho	Minato-ku	P	4,930	4,762	4,530	84.8%
P-5	Crestcourt Azabujuban	Minato-ku	P	1,987	1,999	1,928	84.0%
S-3	Glenpark Sangubashi	Shibuya-ku	P	1,040	1,020	791	91.3%
S-5	Leopalace Udagawacho Mansion	Shibuya-ku	G	569	575	584	100.0%
S-27	Pacific Residence Ebisu Higashi	Shibuya-ku	P	660	665	586	92.8%
S-29	Pacific Residence Hiroo 3home	Shibuya-ku	P	850	868	769	96.6%
S-40	Pacific Livew Hiroo	Shibuya-ku	P	1,741	1,799	1,760	90.3%
S-47	ZESTY Yoyogi	Shibuya-ku	P	377	388	341	93.0%

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-53	Pacific Residence Ebisu	Shibuya-ku	P	3,500	3,666	2,950	97.7%
C-19	Pacific Residence Daikanyama	Shibuya-ku	P	2,180	2,148	2,320	97.8%
C-35	Pacific Residence Ebisu-minami	Shibuya-ku	G	2,436	2,560	2,170	100.0%
C-40	Cosmos Gracia Shibuya	Shibuya-ku	P	1,633	1,724	1,370	93.3%
C-51	Pacific Residence Hiroo-Minami	Shibuya-ku	P	1,180	1,207	1,030	92.5%
F-1	Pacific Residence Sakuragaoka	Shibuya-ku	P	3,960	3,900	3,850	94.1%
L-10	Pacific Residence Yoyogikoen	Shibuya-ku	P	1,310	1,331	1,220	83.2%
L-11	Windsor House Hiroo	Shibuya-ku	P	2,000	1,996	1,920	74.3%
L-15	Pacific Residence Daikanyama-Sarugakucho/Daikanyama Parkside Village	Shibuya-ku	P	8,140	8,377	7,780	89.9%
P-6	Artis Shibuyadaikanyama	Shibuya-ku	P	1,690	1,682	1,680	94.1%
P-12	Artis Hatagaya	Shibuya-ku	P	1,130	1,134	1,060	97.4%
P-17	PLEIADE YOYOGINOMORI	Shibuya-ku	P	732	749	590	94.3%
S-14	Pacific Livew Shirokanedai	Shinagawa-ku	P	1,250	1,292	1,000	89.6%
S-28	Pacific Residence Meguronishi	Shinagawa-ku	P	800	815	762	96.3%
S-52	CYNTHIA Oimachi	Shinagawa-ku	P	1,100	1,150	1,030	100.0%
S-55	Pacific Residence Higashi-Shinagawa	Shinagawa-ku	P	2,317	2,438	2,150	97.5%
S-65	Pacific Residence Oimachi I	Shinagawa-ku	P	1,267	1,313	1,050	94.9%
C-25	Pacific Tower Meguro-Fudomae	Shinagawa-ku	G	14,507	15,251	16,900	100.0%
C-27	Pacific Livew Chojamaru	Shinagawa-ku	P	3,338	3,345	2,660	85.7%
C-41	Pacific Livew Nakanobu	Shinagawa-ku	P	2,040	2,106	1,920	93.6%
F-19	Pacific Residence Gotenyama	Shinagawa-ku	P	1,186	1,253	1,080	88.7%
L-13	Pacific Residence Ohi	Shinagawa-ku	P	1,120	1,090	1,000	95.3%
P-2	Artis Shimazuyama	Shinagawa-ku	P	2,860	2,722	2,850	87.7%
P-13	FELDBERG	Shinagawa-ku	P	1,563	1,582	1,420	84.7%
P-16	Artis Kitashinagawa	Shinagawa-ku	P	2,720	2,774	2,420	100.0%

■ Contract Type : P means "pass-through" contracts type, where the master-lease company passes through the end-tenants rent. G means "guarantee" contract type, where the master-lease company guarantees fixed amount of rent, whether or not the apartment units are occupied.

■ Occupancy : Occupancy of properties of NRI (blue background) are of May 2009, Occupancy of properties of ADR (pink background) are of June 2009.

Portfolio 7 Central Tokyo Wards

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-20	Pacific Residence Shinjuku East	Shinjuku-ku	P	1,397	1,405	1,390	97.6%
S-21	Pacific Livew Shinjuku Higashi	Shinjuku-ku	P	854	857	928	98.0%
S-48	ZESTY Nishishinjuku	Shinjuku-ku	P	436	448	382	82.5%
S-54	Pacific Residence Kamiochiai	Shinjuku-ku	P	1,332	1,415	1,240	95.2%
S-61	Pacific Residence Sodai-dori	Shinjuku-ku	P	1,090	1,119	954	100.0%
C-20	Pacific Residence Ichigaya	Shinjuku-ku	P	2,580	2,555	2,600	89.2%
C-50	Pacific Residence Nishi-Shinjuku	Shinjuku-ku	P	2,020	2,085	1,820	96.8%
F-2	Pacific Residence Mejiro Otomeyama	Shinjuku-ku	P	1,100	1,097	977	94.9%
L-16	Luxeair Kita-Shinjuku	Shinjuku-ku	P	1,900	1,943	1,470	73.1%
P-9	Artis Shimoochiai	Shinjuku-ku	P	1,450	1,437	1,280	87.7%
P-18	Shinjuku Residence	Shinjuku-ku	P	750	781	736	100.0%
S-22	Pacific Residence Kandaiwamotocho	Chiyoda-ku	P	1,657	1,658	1,600	97.2%
S-60	Pacific Residence Kanda-Ogawamachi	Chiyoda-ku	P	1,370	1,405	1,240	100.0%
C-11	Pacific Livew Nagatacho	Chiyoda-ku	P	1,000	1,037	768	92.7%
C-12	Pacific Residence Suidobashi	Chiyoda-ku	P	2,330	2,390	2,340	97.0%
C-30	Pacific Livew Kandahigashi	Chiyoda-ku	P	1,880	1,947	1,730	92.7%
C-45	Nostel Court Kanda	Chiyoda-ku	P	1,320	1,369	1,220	93.2%
P-10	Spacia Kudanshita	Chiyoda-ku	P	2,270	2,243	2,269	97.0%
S-46	ZESTY Komazawadaigaku	Setagaya-ku	P	393	402	350	95.1%
S-49	ZESTY Kyodo	Setagaya-ku	P	344	353	300	87.7%
C-26	Pacific Residence Sangen-jaya I	Setagaya-ku	P	3,311	3,336	2,940	90.9%
C-47	Pacific Residence Sangen-jaya II	Setagaya-ku	P	1,750	1,850	1,330	87.2%
P-4	Apartments Tsurumaki	Setagaya-ku	P	1,229	1,218	1,244	96.8%
P-7	Artis Ikejiriohashi	Setagaya-ku	P	1,230	1,219	1,220	83.1%
P-15	Artis Sakurajosui	Setagaya-ku	P	1,120	1,138	1,070	96.1%

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-56	LUKE	Meguro-ku	P	1,530	1,603	1,290	86.6%
S-67	Pacific Residence Ookayama	Meguro-ku	P	1,301	1,380	1,140	93.9%
C-3	Pacific Livew Jiyugaoka	Meguro-ku	P	1,080	1,071	1,040	97.1%
F-22	Pacific Residence Yutenji	Meguro-ku	P	5,940	6,154	5,530	94.9%
L-9	Pacific Residence Kamimeguro	Meguro-ku	P	1,000	985	948	89.1%
P-3	Artis Nakameguro	Meguro-ku	G	1,730	1,650	1,710	100.0%
P-14	Artis Toritsudaigaku	Meguro-ku	P	643	652	588	94.5%

Portfolio Central Tokyo ex 7 Central Wards

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-1	Pacific Livew Shinkawa	Chuo-ku	G	2,050	2,020	1,850	100.0%
S-24	Pacific Residence Tsukiji	Chuo-ku	P	1,320	1,368	1,480	94.1%
S-31	Pacific Livew Kyobashi	Chuo-ku	G	1,401	1,434	1,290	100.0%
S-35	Pacific Livew Ginza Higashi	Chuo-ku	G	2,348	2,342	2,250	100.0%
S-51	Pacific Residence Tsukushima I	Chuo-ku	P	1,176	1,225	1,140	92.1%
S-63	Pacific Residence Tsukushima II	Chuo-ku	P	2,650	2,734	2,570	95.4%
C-18	Pacific Residence Ningyocho	Chuo-ku	G	572	571	564	100.0%
C-44	Glana Nihonbashi	Chuo-ku	P	1,550	1,595	1,390	100.0%
F-3	Pacific Residence Shinkawa	Chuo-ku	P	1,420	1,404	1,360	89.4%
F-18	Pacific Residence Nihonbashi-bakurocho	Chuo-ku	G	5,380	5,659	5,820	98.0%
C-1	Artis Mitsukoshimae	Chuo-ku	P	1,920	1,842	1,980	89.6%
C-11	Artis Higashiginza	Chuo-ku	G	5,251	5,318	4,800	100.0%
C-13	Artis Ningyocho	Chuo-ku	P	3,180	3,232	3,000	97.5%
S-7	Escort Kami-Ikebukuro	Toshima-ku	P	644	628	563	93.2%
S-38	Pacific Livew Wasedanishi	Toshima-ku	P	1,100	1,141	1,090	98.4%
F-10	Pacific Residence Mejiro	Toshima-ku	P	7,350	7,251	6,480	94.2%
C-3	Artis Ikebukuro	Toshima-ku	G	1,520	1,510	1,480	100.0%
S-8	Pacific Residence Shin-Nakano	Nakano-ku	P	448	447	369	100.0%
S-16	J Stage Honancho	Suginami-ku	P	952	994	937	96.3%
S-25	Pacific Residence Sasaduka	Suginami-ku	P	1,950	1,959	1,860	92.1%
S-19	Pacific Residence Yushimasanchome	Bunkyo-ku	G	1,020	1,014	1,020	100.0%
S-34	Maison Korakuen	Bunkyo-ku	P	710	717	636	97.2%
S-43	K2	Bunkyo-ku	P	393	447	301	100.0%
C-1	Pacific Residence Bunkyoootowa	Bunkyo-ku	G	3,590	3,518	3,370	100.0%
C-2	Pacific Residence Sengoku	Bunkyo-ku	P	760	748	733	94.3%
C-4	Pacific Residence Yushima	Bunkyo-ku	P	1,110	1,096	1,060	94.1%
C-22	Pacific Residence BunkyoSengoku	Bunkyo-ku	P	1,557	1,605	1,520	89.6%

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
C-5	Artis Hongo	Bunkyo-ku	G	1,680	1,670	1,700	100.0%
C-9	Artis BunkyoHongo	Bunkyo-ku	P	1,623	1,671	1,550	89.0%
S-33	Pacific Livew Tamagawa	Ohta-ku	G	1,514	1,516	1,410	100.0%
S-58	Pacific Residence Kamata I	Ohta-ku	P	1,579	1,657	1,410	100.0%
C-6	ZESTY Ikegami Building A and B	Ohta-ku	P	381	378	384	100.0%
C-48	Pacific Residence Chidoricho	Ohta-ku	P	1,500	1,568	1,290	95.1%
C-2	Artis Kamata	Ohta-ku	P	2,640	2,541	2,730	100.0%
C-14	Artis Omorihigashi	Ohta-ku	P	1,980	2,029	1,770	94.7%
S-36	Relation Oji	Kita-ku	G	1,027	1,029	923	100.0%
S-68	COSMOS GRACIA Kinshicho Aquver	Sumida-ku	P	2,908	3,080	2,500	95.4%
C-10	Artis Ryogoku	Sumida-ku	P	913	924	877	95.4%
C-16	Artis Kinshicho	Sumida-ku	P	4,200	4,299	3,720	94.9%
C-33	Pacific Livew Iriya	Taito-ku	P	1,190	1,207	1,050	93.9%
C-46	Cosmos Gracia Shin-okachimachi	Taito-ku	P	2,162	2,274	1,870	96.5%
C-6	Artis Asakusabashi	Taito-ku	P	1,060	1,048	1,080	89.4%
C-8	Artis Uenookachimachi	Taito-ku	G	3,160	3,147	3,120	100.0%
C-12	Apres Parks Ueno	Taito-ku	P	860	879	773	91.3%
C-17	T&G Negishi Mansion	Taito-ku	P	856	901	789	96.4%
F-15	Abreast Kasai	Edogawa-ku	P	807	811	718	92.8%
C-7	Maison Eclairée Ekoda	Nerima-ku	P	953	981	913	89.2%
C-15	Residence Oyama	Itabashi-ku	P	1,490	1,570	1,260	93.2%

Portfolio

Greater Tokyo ex Central Tokyo • Regional Cities

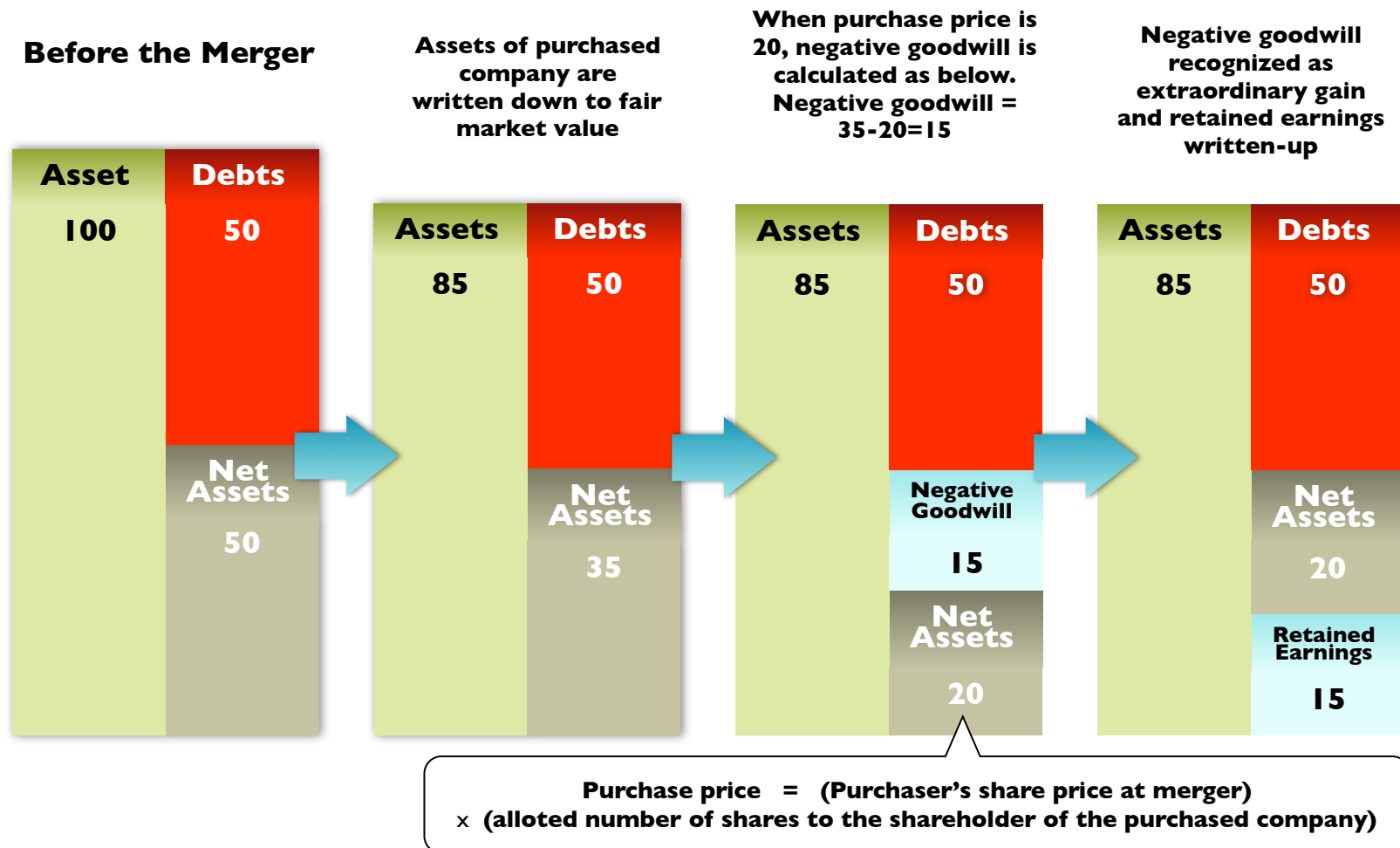
No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-37	No. 6 Zelkova Mansion	Kokubunji-shi	P	609	613	547	97.0%
S-41	Cosmo Nishi-Funabashi II	Funabashi-shi	P	799	789	550	92.9%
S-64	Pacific Residence Funabashi I and II	Funabashi-shi	G	3,300	3,464	2,870	100.0%
S-42	Pacific Livew Yokohama Kannai	Yokohama-shi	P	1,950	1,979	1,790	96.5%
S-44	Flats Okurayama	Yokohama-shi	G	895	909	795	100.0%
C-49	Pacific Royal Court Minato Mirai Ocean Tower	Yokohama-shi	G	15,221	16,176	14,200	100.0%
SE-1	Life & Senior House Kohoku II	Yokohama-shi	G	1,950	2,080	1,800	100.0%
S-1	Hiyoshidai Student Heights	Yokohama-shi	G	3,420	3,394	3,462	100.0%
S-5	Artis Shin-Yokohama	Yokohama-shi	G	1,920	1,962	1,700	100.0%
S-59	Pacific Residence Musashikosugi	Kawasaki-shi	P	1,767	1,861	1,660	98.9%
S-6	Belle Scene Minamiikuta	Kawasaki-shi	P	1,050	1,115	861	95.7%
S-9	PLEIADE KAWASAKI MOTOKI	Kawasaki-shi	P	668	690	583	100.0%
C-8	Pacific Livew Hachioji	Hachioji-shi	P	700	676	575	98.4%
C-21	Pacific Residence Kichijoji	Musashino-shi	P	1,445	1,450	1,400	95.9%
F-14	Maison Yachiyodai	Yachio-shi	P	1,281	1,264	925	86.1%
S-2	Chester House Kawaguchi	Kawaguchi-shi	P	770	758	726	94.9%
S-3	Storkmansion Kashiwa	Kashiwa-shi	P	545	568	410	95.9%
S-4	DUO Station Higashimatsudo No. II	Matsudo-shi	P	1,100	1,168	920	100.0%
S-7	PLEIADE CHOFU	Chofu-shi	P	1,143	1,175	1,020	95.8%
S-10	PLEIADE KOKURYO	Chofu-shi	P	930	961	825	94.9%
S-8	PLEIADE KUNITACHI	Kunitachi-shi	P	635	658	560	98.0%
S-11	Wako Student Heights	Wako-shi	G	675	725	572	100.0%

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-13	Yoshizuka AG Building No.6 and No.7	Fukuoka-shi	P	428	434	261	85.9%
S-15	Grand Blue Hakata	Fukuoka-shi	P	1,582	1,604	1,270	87.5%
C-16	Pacific Residence Tenjinminami	Fukuoka-shi	P	1,200	1,197	991	85.7%
C-17	Pacific Livew Hakataeki-Minami	Fukuoka-shi	P	420	420	346	92.6%

No.	Property Name	Location	Contract Type	Acquisition Price	Book Value	Appraisal Value	Occupancy
S-18	Pacific Livew Tenjinbashi	Osaka-shi	P	970	973	864	96.0%
S-50	Pacific Livew Utsubokoen	Osaka-shi	P	1,200	1,253	1,220	99.0%
C-31	Melody Heim Shin-Osaka	Osaka-shi	P	956	988	762	94.4%
R-2	Royal Nishihonmachi	Osaka-shi	P	560	550	468	96.0%
R-10	GRASS HOPPER	Osaka-shi	P	1,330	1,369	1,090	73.3%
S-32	Pacific Residence Sannomiyahigashi	Kobe-shi	P	2,247	2,324	2,280	98.5%
R-11	Artis Kobe Port Island	Kobe-shi	G	3,740	3,877	3,240	100.0%
S-39	KC21 Building	Sendai-shi	P	1,167	1,191	934	92.6%
S-66	Pacific Residence Takaoka	Nagoya-shi	G	3,000	3,172	2,340	98.4%
C-9	Grand Heights Hibino	Nagoya-shi	P	1,230	1,226	1,310	98.0%
C-10	Pacific Residence Koyochō	Nagoya-shi	P	454	451	447	94.8%
C-29	Mare	Nagoya-shi	P	963	989	738	97.8%
F-12	Pacific Residence Shirakabehigashi	Nagoya-shi	P	1,070	1,094	884	88.4%
F-17	Pacific Residence Izumi	Nagoya-shi	P	4,400	4,516	3,910	86.8%
F-21	Pacific Residence Tokugawa	Nagoya-shi	P	975	1,030	798	96.3%
F-23	Pacific Residence Higashiyama-Motomachi	Nagoya-shi	G	991	1,042	686	100.0%
R-7	Artis Higashisakura	Nagoya-shi	P	1,290	1,271	1,030	99.0%
C-32	Melody Heim Matsubara	Kyoto-shi	P	643	650	454	96.2%
F-16	Pacific Residence Uzumasa	Kyoto-shi	P	958	969	741	97.9%
S-62	Pacific Livew Kyoto-ekimae	Kyoto-shi	P	2,200	2,276	2,070	98.9%
R-3	Itopia Kyotogakuseikaikan	Kyoto-shi	G	1,671	1,660	1,566	100.0%
C-37	Pacific Residence Minami-ichijo	Sapporo-shi	P	1,910	2,057	1,730	95.0%
C-38	Pacific Residence Odori-Nishi	Sapporo-shi	P	1,790	1,896	1,380	86.0%
C-39	Pacific Residence Kita-sanjo	Sapporo-shi	P	1,261	1,337	1,180	94.8%
F-20	Pacific Residence Maruyama Kita-gojo	Sapporo-shi	P	1,284	1,355	1,130	88.0%
F-24	Pacific Residence Odori-Koen	Sapporo-shi	P	2,680	2,772	2,030	97.3%
R-6	HAUT DOMICILE NANGOGAI	Sapporo-shi	G	827	912	793	100.0%
F-13	Pacific Residence Sakaihigashi	Sakai-shi	P	890	908	853	96.0%
R-8	Grand Court Kameyama	Kameyama-shi	P	1,610	1,698	1,190	100.0%
R-9	Zeus Ryokuchi PREMIUM	Toyonaka-shi	G	979	1,000	849	100.0%

Negative Goodwill

Negative goodwill occurs, when fair value of net assets acquired is higher than the purchase cost, as shown in the illustration below.



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- ▶ This material contain forward-looking statements on future operating results, plans, business objectives and strategies of the company.
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