



Nippon Residential Investment Corp.
Explanatory Material on Accounts
for **6th** Fiscal Period
(six months ended November 2006)



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**



**PACIFIC
INVESTMENT
ADVISORS
CORPORATION**

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Section I

Overview of 6th Fiscal Period Accounts



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Performance Highlights for 6th Fiscal Period

1

Paid distribution of 14,232 yen per investment unit (period-on-period increase: 158 yen; forecast distribution for 7th fiscal period: 13,400 yen)

- Marks fourth consecutive fiscal period with increase in both revenues and income

2

Built a highly competitive portfolio

- Acquired 3 core assets (5.3 billion yen) and sold 5 sub-core assets (3.7 billion yen)
Heightened the quality (competitiveness of assets) of the portfolio through the replacement of properties

3

Implemented database portfolio management

- Implemented investment decision-making and strategic leasing that makes use of databases
Occupancy of 104 properties owned at the beginning of the fiscal period^(Note 1): 92.0% (+4.0%)
- Implemented measures to raise rent when tenants are replaced centering on highly competitive properties in central Tokyo
Rent for new contracts rose 1.9% in Tokyo's central 5 wards

4

Reinforced financial foundation

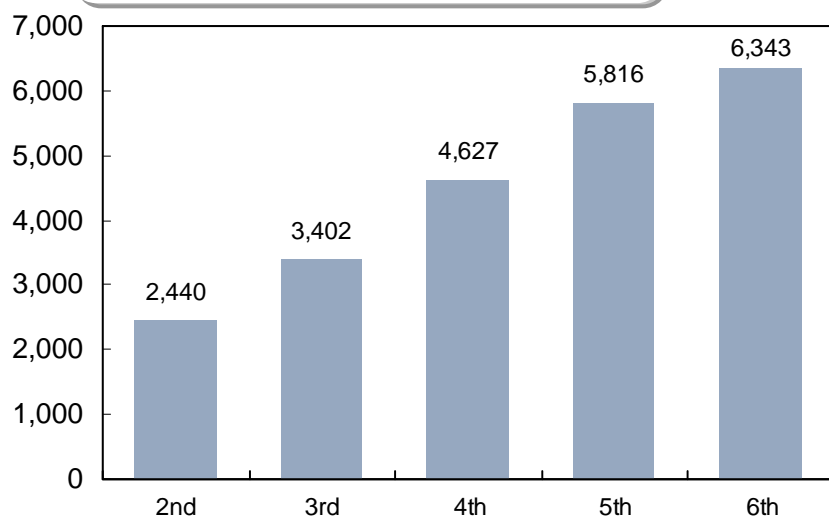
- Promoted greater ratio of borrowings with fixed interest rates (ratio of borrowings with fixed interest rates increased to 81.8%^(Note 2))
- Secured financial stability (spread maturity dates out and expanded lenders)

(Note 1) The 109 properties owned as of the end of the 5th Fiscal Period minus the 5 properties sold during the fiscal period

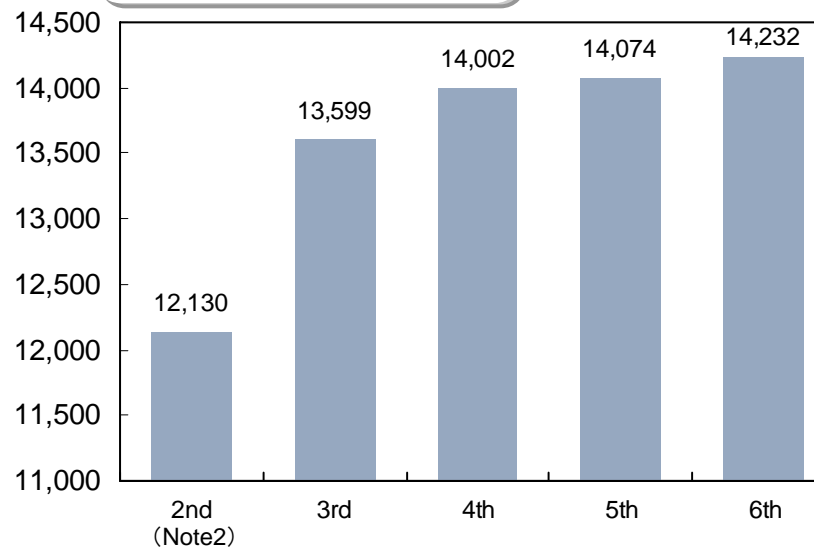
(Note 2) As of the end of the 6th Fiscal Period

Performance Trend

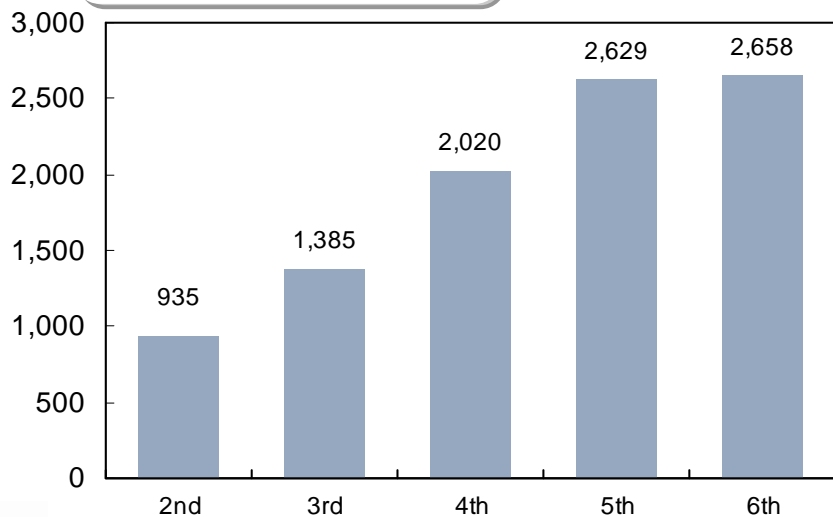
Operating Revenues (million yen)



Distribution per unit (yen)



Net Income (million yen)



	6th Fiscal Period (period ending November 2006)	7th Fiscal Period (period ending May 2007)
	Actual	Forecast (Note3)
Operating revenues	6,343 mn yen	6,723 mn yen
Net income	2,658 mn yen	2,503 mn yen
Distribution per unit	14,232 yen	13,400 yen

(Note 1) Figures are displayed with values below the indicated unit rounded off.

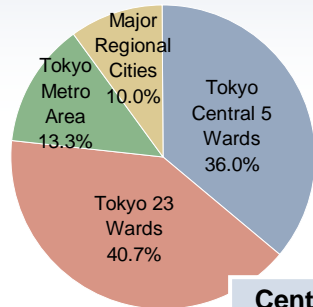
(Note 2) The 2nd fiscal period has been converted to 182 days since it is 274 days in length.

(Note 3) The forecast figures may differ from the actual operating revenues, net income and distribution per unit as a result of future property acquisitions and sales, fluctuations of the real estate market and other conditions surrounding NRIC. This forecast is also not a guarantee of the distribution amount.

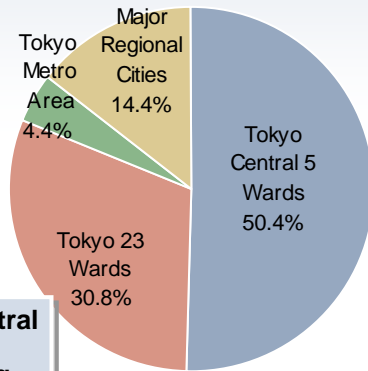
Diversification of the Portfolio

Geographic Distribution

IPO 38 Assets



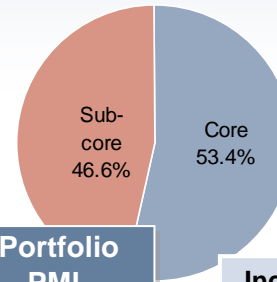
6th Period End 107 Assets



Centered on central Tokyo where demand is strong

Core & Sub-core Distribution

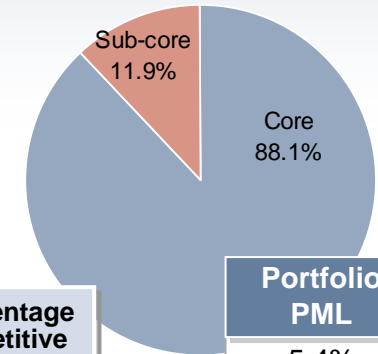
IPO 38 Assets



Portfolio PML

5.9%

6th Period End 107 Assets



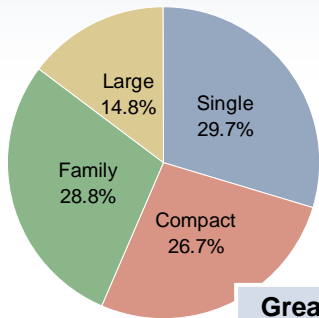
Portfolio PML

5.4%

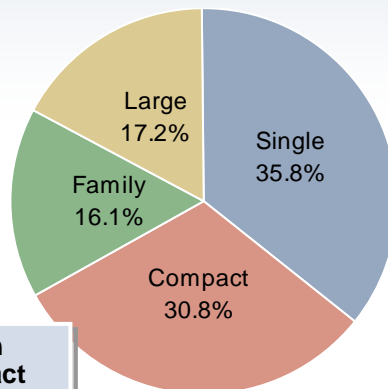
Increased percentage of highly competitive core assets

Type Distribution

IPO 38 Assets



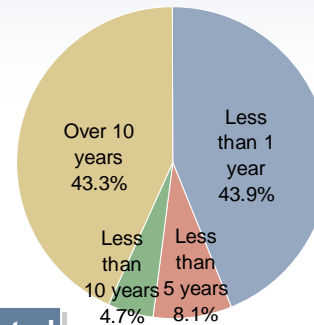
6th Period End 107 Assets



Greater weight on single and compact type units for which rent demand is high

Age Distribution

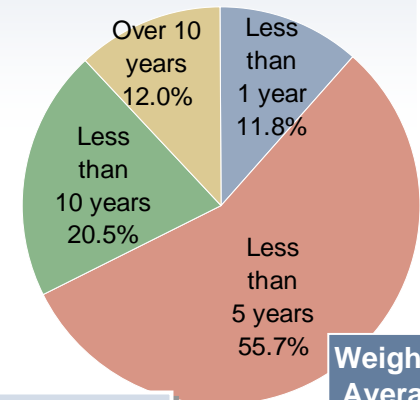
IPO 38 Assets



Weighted Average

6.6 years

6th Period End 107 Assets



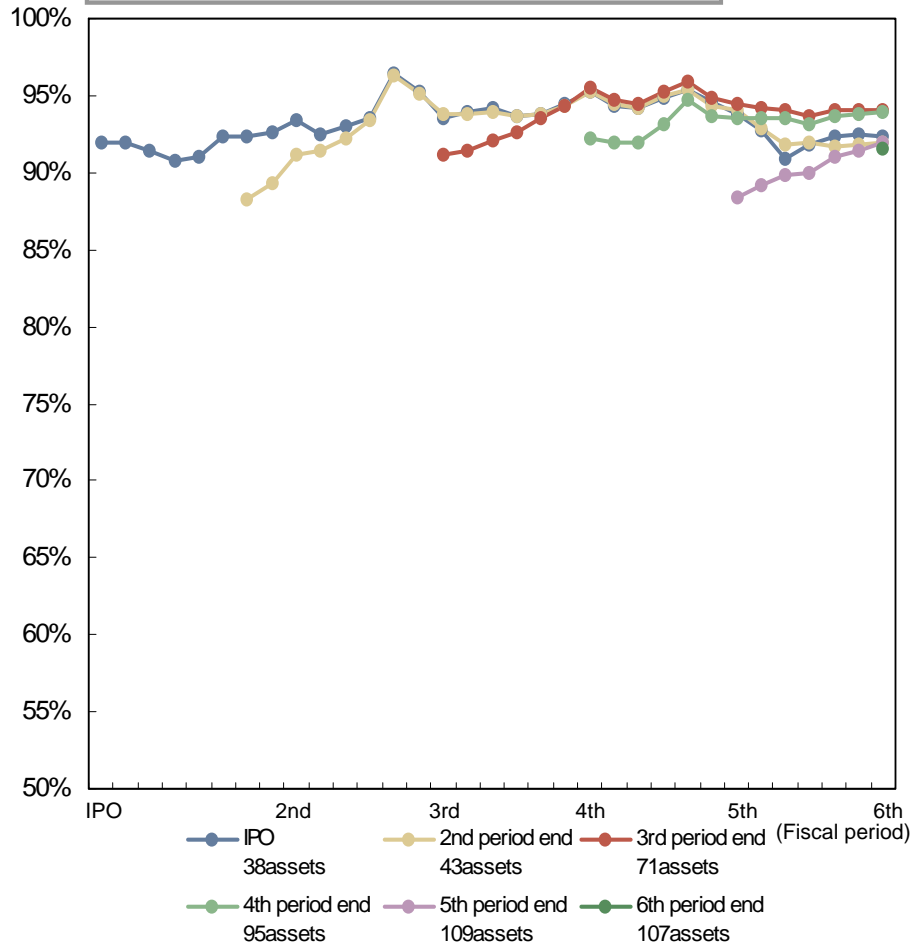
Weighted Average

4.8 years

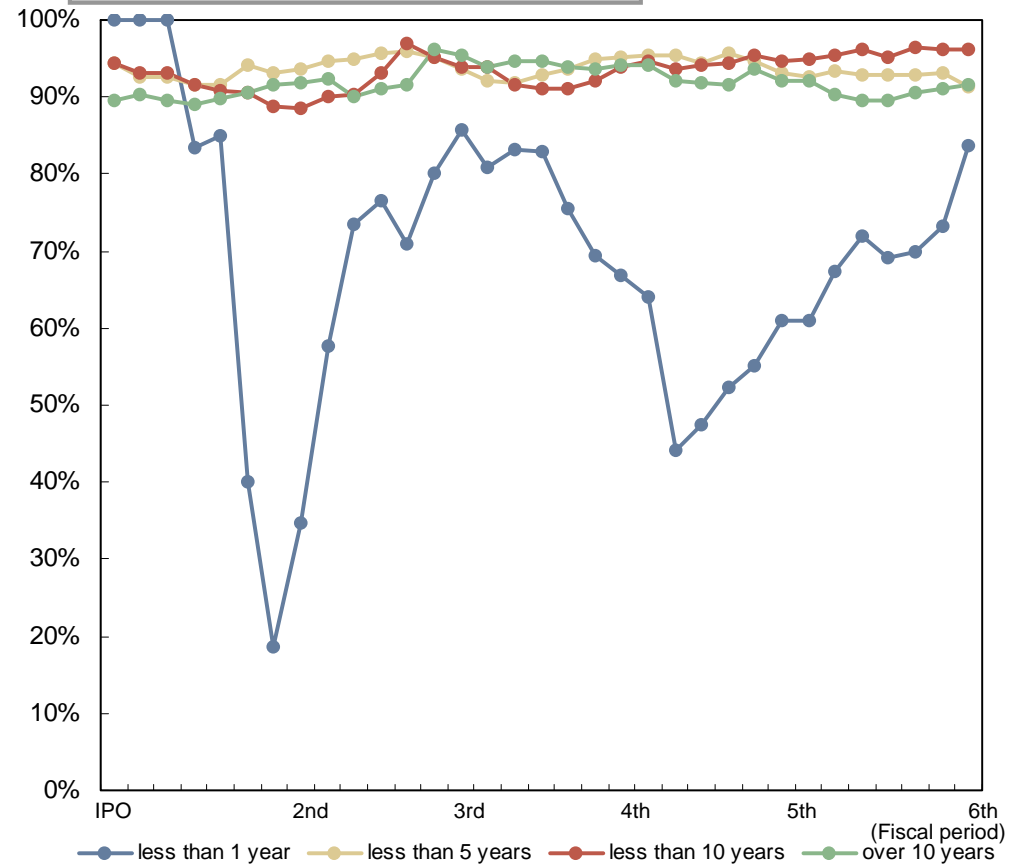
Incorporated properties centered on under-development properties that have the same level of spec. as for-sale condominiums

Occupancy History

Occupancy by Acquisition Period

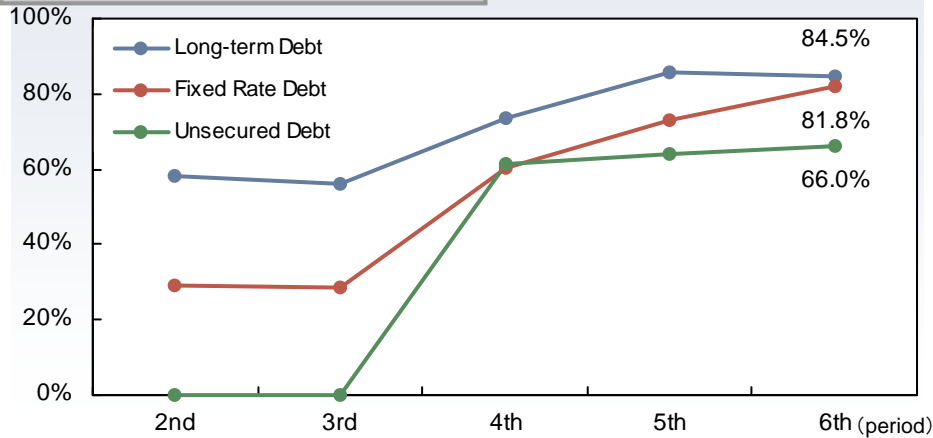


Occupancy by Building Age

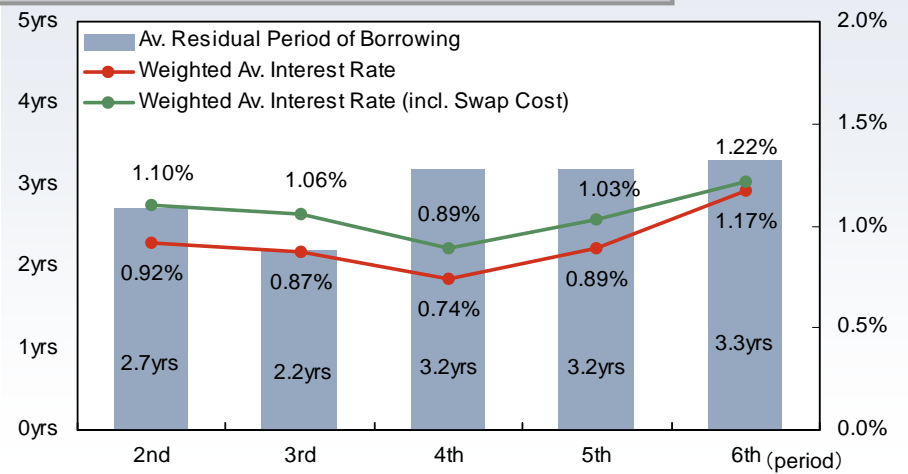


Building a Sound Financial Base

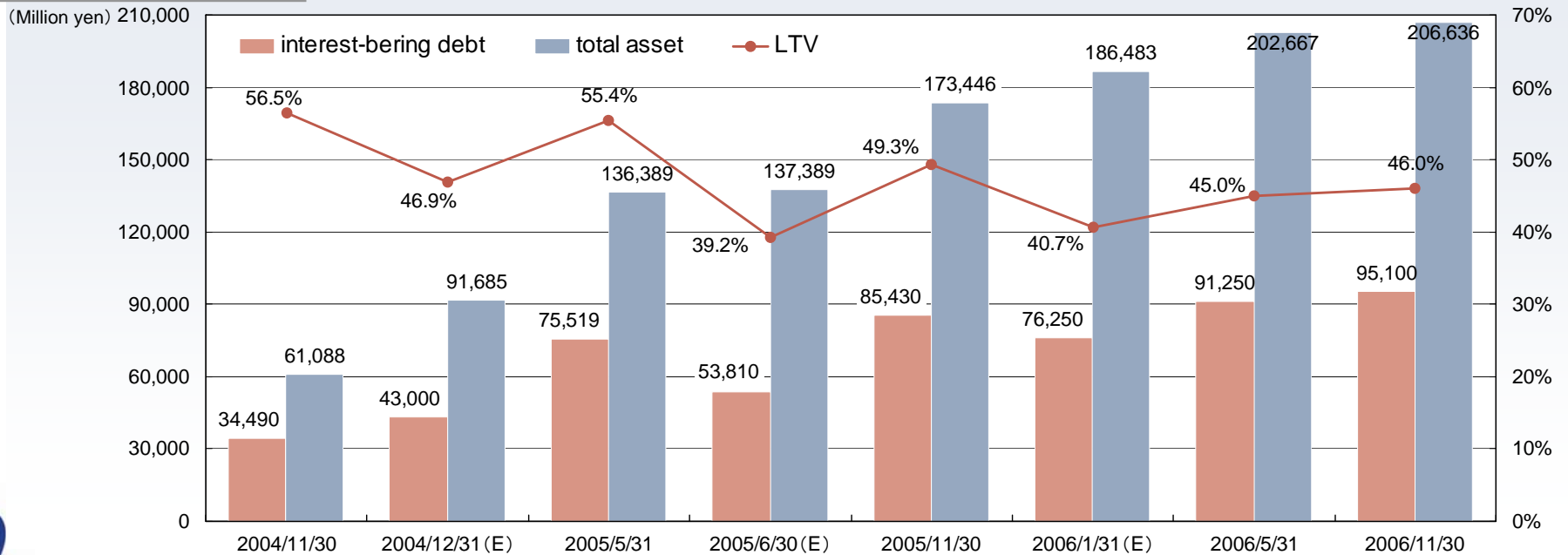
Promotion of Fixed Interest



Change in Weighted Average Interest



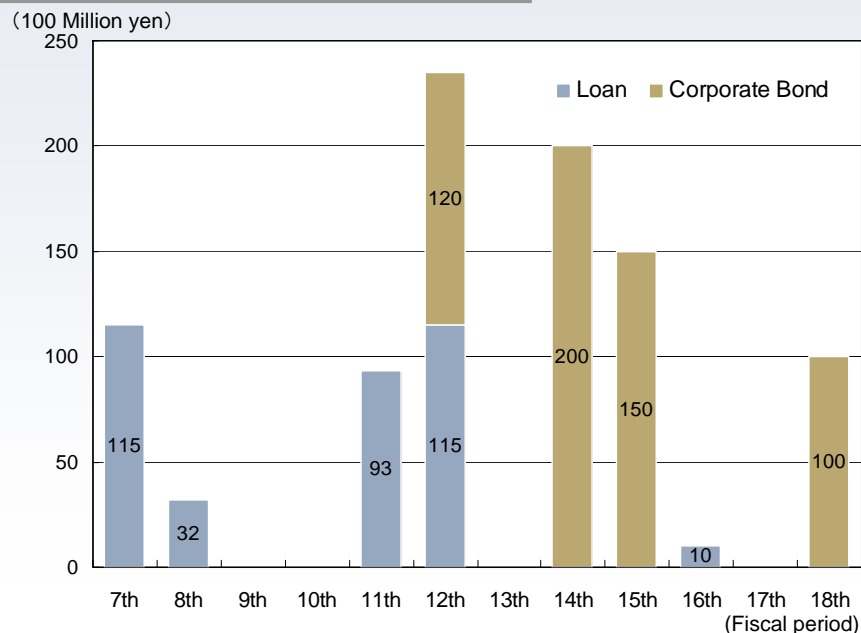
Change in LTV



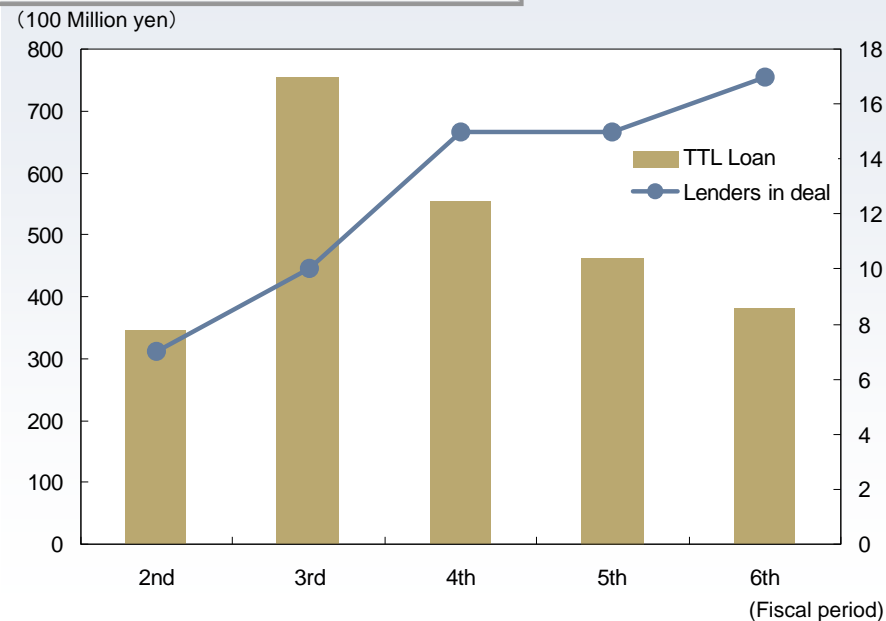
(Note) E=Estimate

Building a Sound Financial Base

Dispersion of Maturity Dates



Diversification of Lender



Issuance of Corporate Bond

Public Private	Date of Issuance	Redemption	Issuance Amount	Interest Rate	Credit Rating
Public	2005/7/20	2010/7/20 (5years)	JPY 10Bn	0.74%	A3 (Moody's)
Public	2005/9/26	2010/9/24 (5years)	JPY 10Bn	0.84%	A3 (Moody's)
Public	2005/9/26	2012/9/24 (7years)	JPY 10Bn	1.28%	A3 (Moody's)
Public	2006/2/20	2011/2/18 (5years)	JPY 15Bn	1.50%	A3 (Moody's) A+ (R&I)
Public	2006/10/25	2009/10/23 (3years)	JPY 12Bn	1.54%	A3 (Moody's) A+ (R&I)
Total	-	-	JPY 57Bn	-	-

Credit Rating

Credit Rating Agency	Credit Rate	Outlook
Moody's Investor Service Inc.	A3	Stable
Rating and Investment Information, Inc.	A+	Stable

Section II

Detail of 6th Fiscal Period Accounts



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Balance Sheet (Assets)

	6th fiscal period (as of Nov. 30, 2006)		5th fiscal period (as of May 31, 2006)		Change	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
(Assets)						
I. Current Assets						
Cash and Deposits	9,138,592		6,032,421		3,106,170	
Cash in Trust and Deposit intrust	3,325,813		3,381,337		△ 55,523	
Accounts Receivable	286,843		255,945		30,897	
Prepaid Expenses	18,314		27,192		△ 8,878	
Deferred Tax Assets	5,314		4,395		919	
Accrued Revenue	5,000		1,771		3,228	
Accrued Consumption Tax	55,369		123,630		△ 68,260	
Other Current Assets	13,069		13,912		△ 842	
Allowance for Bad Debt	△ 6,274		△ 4,616		△ 1,657	
Total of Current Assets	12,842,043	6.2	9,835,989	4.8	3,006,053	30.6
II. Fixed Assets						
1. Tangible Fixed Assets						
Buildings	36,774,863		34,903,497		1,871,366	
Structures	178,506		167,427		11,079	
Tools ,Funitures & Fixtures	20,197		8,224		11,972	
Lands	39,387,204		35,863,182		3,524,022	
Construction in Progress	1,401,214		1,188,559		212,655	
Buildings in Trust	48,898,619		50,824,075		△ 1,925,455	
Structures in Trust	321,948		345,166		△ 23,217	
Machinery and Equipment in Trust	546		564		△ 18	
Tools ,Funitures & Fixtures in Trust	45,208		42,328		2,880	
Lands in Trust	64,539,268		67,067,035		△ 2,527,767	
Total of Tangible Fixed Assets	191,567,577	92.7	190,410,060	94.0	1,157,517	0.6
2. Intangible Fix Assets						
Leaseholds	1,214,497		1,214,497			
Total of Intangible Fixed Assets	1,214,497	0.6	1,214,497	0.6	-	-
3. Investment and other assets						
Long-term Prepaid Expenses	640,367		717,122		△ 76,755	
Deriatives Assets	174,313		292,528		△ 118,215	
Security Deposits	600		600			
Guarantee Deposits Paid	10,000		10,000			
Total of Investment and other assets	825,280	0.4	1,020,251	0.5	△ 194,971	△ 19.1
Total of Fixed Assets	193,607,356	93.7	192,644,809	95.1	962,546	0.5
III. Deferred Assets						
Initial Expenses	13,248		19,873		△ 6,624	
Corporate Bonds Issuance cost	173,720		166,866		6,854	
Total of Deferred Assets	186,969	0.1	186,740	0.1	229	0.1
Total Assets	206,636,368	100.0	202,667,539	100.0	3,968,829	2.0

Fixed Assets

- Buildings, land, buildings in trust and land in trust

Properties acquired in 6th Fiscal Period	3 properties (total of 5,380 million yen)
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Properties sold in 6th Fiscal Period	5 properties (3,870 million yen in total book value as of November 30, 2006)
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Deferred Assets

- Corporate bond issuance cost
Accompanying 12 billion yen issuance of sixth unsecured investment corporation bond

(Reference)

6th Fiscal Period amortization	47,677 thousand yen
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Unamortized balance	173,720 thousand yen
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Balance Sheet (Liabilities and Unitholders' Equity)

(thousand yen)

	6th fiscal period		5th fiscal period		Change	
	(as of Nov. 30, 2006)		(as of May 31, 2006)		Amount	(%)
	Amount	Ratio(%)	Amount	Ratio(%)		
(Liabilities)						
I. Current Liabilities						
Accounts Payable	245,668		102,718		142,949	
Short-term Borrowings	3,200,000		13,250,000		Δ 10,050,000	
Current Portion of Long-term Borrowings	11,500,000		11,500,000		-	
Accrued Liabilities	34,634		57,554		Δ 22,920	
Accrued Expenses	532,801		507,430		25,371	
Income Tax Payable	2,664		4,000		Δ 1,335	
Receipt in Advance	16,984		9,534		7,449	
Other Current Liabilities	288		257		31	
Total of Current Liabilities	15,533,042	7.5	25,431,496	12.5	Δ 9,898,543	Δ 38.9
II. Fixed Liabilities						
Corporate Bond	57,000,000		45,000,000		12,000,000	
Long-term Borrowings	23,400,000		21,500,000		1,900,000	
Deferred Tax Liabilities	69,488		118,127		48,638	
Security Deposits and Guarantee Money	822,664		712,175		110,488	
Security Deposits and Guarantee Money in Trust	1,441,181		1,490,288		Δ 49,107	
Other Fixed Liabilities	10,270		10,270		-	
Total of Fixed Liabilities	82,743,605	40.1	68,830,861	34.0	13,921,743	20.2
Total Liabilities	98,276,647	47.6	94,262,357	46.5	4,014,289	4.3
(Unitholders' Equity)						
I. Unitholders' Capital						
1. Unitholders' Capital	105,593,101		105,593,101		-	
2. Retained Earnings						
unappropriated retained earnings for the period	2,658,807		2,629,204		29,602	
Total Unitholders' Capital	108,251,909	52.3	108,222,306	53.4	29,602	-
II. Evaluation, Currency Translation and etc.						
1. Deferred Hedge Profit and Loss	107,812		182,874		Δ 75,062	
Total of Evaluation, Currency Translation and etc.	107,812	0.1	182,874	0.1	Δ 75,062	Δ 41.0
Total Unitholders' Equity	108,359,721	52.4	108,405,181	53.5	Δ 45,459	-
Total Liabilities and Unitholders' Equity	206,636,368	100.0	202,667,539	100.0	3,968,829	2.0

Current Liabilities

- End-of-period balance of short-term loans

End of 6 th Fiscal Period	Combined total of 3.2 billion yen from 2 banks
End of 5 th Fiscal Period	Combined total of 13.2 billion yen from 7 banks

- Prepayment of 13.2 billion yen in short-term loans
- End-of-period balance of long-term loans due within 1 year

End of 6 th Fiscal Period	Combined total of 11.5 billion yen from 9 banks
End of 5 th Fiscal Period	Combined total of 11.5 billion yen from 9 banks

Fixed Liabilities

- Investment corporation bonds
12 billion yen through raising of capital by issuing sixth investment corporation bond (gross amount: 57 billion yen)

- End-of-period balance of long-term loans

End of 6 th Fiscal Period	Combined total of 23.4 billion yen from 11 banks
End of 5 th Fiscal Period	Combined total of 21.5 billion yen from 9 banks

Income Statement

(thousand yen)

	6th fiscal period		5th fiscal period		Change	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
1. Operating Revenue						
Real Estate Rental Business Revenue	5,493,619		5,178,077			
Gain on Sale of Real Estate	849,734	100.0	638,477	100.0	526,799	9.1
2. Operating Expenses						
Real Estate Rental Business Expenses	2,329,468		2,103,205			
Asset Management Fees	447,368		422,437			
Asset Custodian Fees	22,703		19,665			
Outsourcing Fees for Administrative Works	62,551		59,016			
Directors' Remuneration	3,600		3,000			
Attorneys' Fees	25,333		19,366			
Audit Fees	19,150		18,500			
Doubtful Debt Account	2,237		3,824			
Bad Debt Loss	-		775			
Other Operating Expenses	148,406	48.3	113,144	47.5	297,884	10.8
Operating Profit	3,282,533	51.7	3,053,618	52.5	228,915	7.5
3. Non-Operating Revenue						
Interest Received	1,166		63			
Miscellaneous Revenue	70,353	1.1	175,667	3.0	△ 104,210	△ 59.3
4. Non-Operating Expense						
Interest Paid	242,201		218,933			
Loan-related expenses	85,543		75,195			
Corporate Bond Interest	274,933		204,868			
Amortization for Corporate Bond Issue Expenses	47,677		38,702			
Expenditure for Issue of New Investment Units	-		33,623			
Write-off of Initial Expenses	6,624		6,624			
Other non-operating expenses	36,199	10.9	22,866	10.3	92,365	15.4
Ordinary Profit	2,660,874	41.9	2,628,535	45.2	32,339	1.2
5. Extraordinary Revenue						
Gain on Insurance Adjustment	-	0.0	2,534	0.0	△ 2,534	△ 100.0
Net Income Before Tax	2,660,874		2,631,069	45.2	29,805	1.1
Corporate Tax, Local Inhabitant's Tax and Enterprise Tax	2,897		4,011			
Adjustment of Income Taxes	△ 775		△ 2,081	0.0	192	9.9
Net Income	2,658,752	41.9	2,629,139	45.2	29,613	1.1
Profit Brought Forward	54		65		△ 11	
Unappropriated Retained Earnings	2,658,807		2,629,204		29,602	

Operating Revenues

- Rental income
Revenue contributions by 107 properties this fiscal period (reference: 109 properties in 5th fiscal period)
- Gain on sales of investments in real estate (figures in parentheses are net values after deduction of expenses) Sale of
F.yoyogi-Ueharall (84,416,000 yen)
J-Stage Minami-Urawa (174,001,000 yen)
Als Shin-Otsuka (139,451,000 yen)
Maison Kashiwa (240,328,000 yen)
Manoa Okamoto (211,536,000 yen)

Operating Expenses

- Public charges
The adjusted amounts of real property taxes and city planning taxes for properties acquired on January 1, 2006 or after are included in the acquisition costs (not expensed).
- Asset management compensation
Consists of management compensation (1) + (2) alone
Acquisition compensation is included in the acquisition cost while transfer (sale) compensation is deducted from the capital gains

6 th fiscal period	447,368,000 yen
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5 th fiscal period	422,437,000 yen
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Non-Operating Revenues

- Of these, revenues from refunded consumption tax: 61,700,000 yen (consumption tax included in acquisition costs during accounting inclusive of taxes)

Cash Flow Statement

Account Titles	(thousand yen)	
	6th Fiscal Period	5th Fiscal Period
I. Cash Flow from Operating Activities		
Net Income Before Tax	2,660,874	2,631,069
Depreciation	1,106,870	1,051,500
Bad Debt Loss	—	775
Write-Off of Long-term Prepaid Expenses	79,255	75,701
Write-Off of Initial Expenses	6,624	6,624
Write-Off of Corporate Bond Fees	47,677	38,702
Interest Received	△ 1,166	△ 63
Interest Paid	517,134	423,802
Gain on Insurance Adjustment	—	△ 2,534
Increase or Decrease in Allowance for Bad Debt	1,657	3,062
Increase or Decrease in Accounts Receivable	△ 30,897	△ 43,547
Increase or Decrease in Accrued Revenue	△ 3,228	68,176
Increase or Decrease in Accrued Consumption Tax	68,260	43,471
Increase or Decrease in Accounts Payable	142,949	△ 9,983
Increase or Decrease in Accrued Liabilities	△ 22,473	21,152
Increase or Decrease in Accrued Expenses	8,817	60,746
Increase or Decrease in Receipt in Advance	7,449	△ 181,385
Decrease due to Sale of Tangible Fixed Assets in Trust	3,862,986	4,004,416
Payment of Long-term Prepaid Expenses	△ 6,744	△ 56,667
Others	9,615	△ 17,851
subtotal	8,455,662	8,117,168
Receipt of Interest	1,166	63
Payment of Interest	△ 497,119	△ 361,449
Receipt of Insurance Benefit	4,244	7,048
Payment of Corporate Taxes	△ 4,233	△ 4,300
Cash Flow from Operating Activities	7,959,722	7,758,530
II. Cash Flow from Investment Activities		
Payment for acquisition of Tangible Assets	△ 6,074,300	△ 24,268,854
Payment for acquisition of Tangible Assets in Trust	△ 64,688	△ 9,340,460
Payment for acquisition of Intangible Assets	110,488	150,407
Receipt of Security Deposits & Guarantee Money	△ 49,107	△ 55,598
Receipt of Security Deposits & Guarantee Money in Trust	—	△ 600
Others	△ 6,077,606	△ 33,515,105
Cash Flow from Investment Activities		
III. Cash Flow from Financing Activities	3,200,000	—
Money Borrowed: Short-term Borrowings	△ 13,250,000	△ 9,180,000
Repayment: Short-term Borrowings	2,600,000	—
Repayment: Long-term Borrowings	△ 700,000	—
Income by Issue of New Investment Units	—	22,622,533
Income by Issue of Corporate Bonds	11,945,468	14,924,242
Payment of Distributions	△ 2,626,937	△ 2,018,275
Cash Flow from Financing Activities	1,168,531	26,348,500
IV. Increase in Cash and Cash Equivalents	3,050,646	591,925
V. Beginning Balance of Cash and Cash Equivalent	9,413,758	8,821,833
VI. Closing Balance of Cash and Cash Equivalents	12,464,405	9,413,758

Distribution Calculation Table

Account Title	6th fiscal period	5th fiscal period
Unappropriated Retained Earnings (thousand yen)	2,658,807	2,629,204
Distributions (thousand yen)	2,658,665	2,629,149
Distribution per Unit (yen)	14,232	14,074
Retained Earnings Carried Forward (thousand yen)	141	54

Reference Indices

Title	unit	6th fiscal period	5th fiscal period
Current Capital Expenditures	Mn yen	126	45
Rental NOI(Net Operating Income) (Note1)	Mn yen	4,271	4,126
FFO per unit(Funds from Operation) (Note2)	yen	16,323	16,932
FFO(Funds from Operation) multiple (Note3)	multiple	19.6	17.4
Debt-Service Coverage Ratio (Note4)	multiple	8.3	9.7
Current Net Income Before Amortization of Interest	Mn yen	4,282	4,104
Interest-baring Debt	Mn yen	95,100	91,250
Ratio of Interest-baring Debt to Gross Asset at the end of fiscal period (Note5)	%	46.0	45.0
Net Asset Value per unit	yen	580,056	580,300

(Note 1) Rental NOI = rental income – rental expenses + 5th fiscal period depreciation and amortization

(Note 2) FFO per unit = FFO (= net income + 5th fiscal period depreciation and amortization + other amortization – gain on sales of investments in real estate)/investment units issued as of end of period (recorded with decimal points rounded off)

(Note 3) 4th fiscal period: FFO multiple = end of November 2005 investment unit price (606,000 yen)/FFO per unit after conversion to annual figure
5th fiscal period: FFO multiple = end of May 2006 investment unit price (592,000 yen)/FFO per unit after conversion to annual figure
(FFO multiple is rounded to one decimal place)

(Note 4) Debt service coverage ratio = Net income prior to deduction of interest/interest expenses (including interest on investment corporation bonds)

(Note 5) Ratio of interest-bearing debt to total assets at end of period = End-of-period interest-bearing debt/end-of-period total assets x 100 (recorded with figure rounded to one decimal place)

Section III

Future Management Strategy



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Market Awareness and Future Measures

Market Awareness

Rental Housing Market

- The trend of the population to return to the city center continued, and, although the quantity of superior rental housing being supplied in major urban areas grew the percentage of such properties within the entire housing stock is still small,.
- Increase in demand for high-class properties from overseas firms setting up base in Japan and demand for dormitories and corporate housing rose due to liquidation and resumption of use of welfare assets by domestic firms
- The burden of acquiring for-sale condominiums is on the rise due to increases in the price of development land and loan interest rates
→ While competition will intensify in areas with increased supply, supply and demand will be strong in the medium term and opportunities to raise rents centering on major urban areas will emerge

Real Estate Sales Market

- Change in key players and continued competition over acquisition of superior properties due to thorough enforcement of compliance and effects of capital procurement
- Increase in demand for for-sale and development land due to favorable sales of for-sale housing
- Private funds tend to hold superior properties and dump properties that have relatively low quality into the market
- With transactions of development land having gone full circle in the central city district, people are looking to redevelopment of government-owned land
→ Vital to utilize pipelines with sponsors and developers

Financial Market

- Short-term interest rates on the rise and volatile long-term interest rates
- Stricter assessments by investors regarding portfolio content and due diligence
- Intensification of competition caused by increase in listed REITs
→ Greater disparity between REITs in respect to costs and freedom in raising capital

Future Issues and Measures

External Growth

Enhance revenue-generating potential of the portfolio

- Construct portfolio focused on highly-competitive properties
- Use extensive acquisition pipeline and commit to properties from the development phase
- Heighten revenue-generating ability by incorporating operational assets
- Launch “total life support” services (invest into senior housing)

Internal Growth

Improve NOI by utilizing the portfolio network

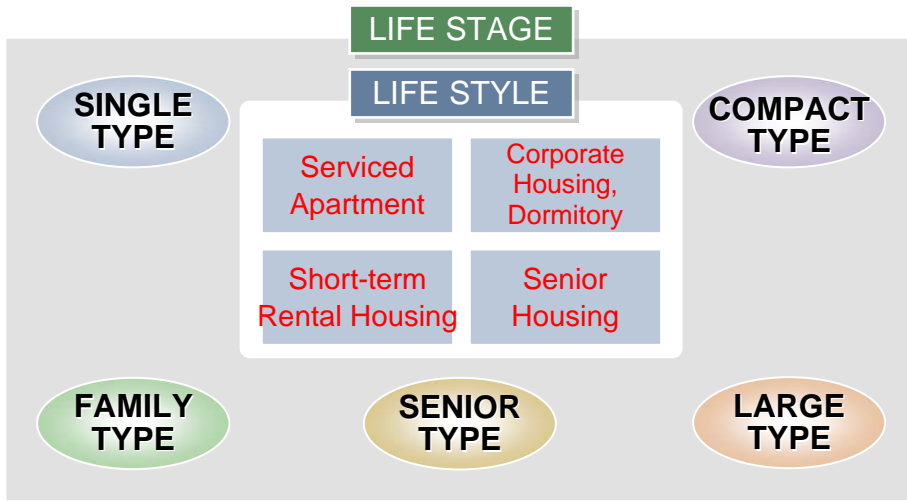
- Implement measures to raise occupancy and rent by utilizing databases
- Maintain and improve property competitiveness through renovations, etc.
- Realize greater cost efficiency by applying economies of scale
- Enhance tenant satisfaction and retention through reinforcement of brand strength

Financial and Management Policy

Reduce NRI risk premium

- Build growth strategy focused on enhancing stable returns
- Hedge against risk of interest rates rising while suppressing costs for raising capital
- Spread out remaining term for borrowings and expand sources and methods for raising capital
- Thoroughly enforce compliance and risk management
- Conduct highly-transparent information disclosure

Promotion of Portfolio Strategy “Total Life Support”



TYPE	LARGE						
						SENIOR	
				FAMILY			
		COMPACT				COMPACT	
	SINGLE						
LIFE STAGE	Early Single	Mid Single	Double Income	Family	Empty Nesters	Senior	
Age Group	Early 20s	Late 20s	Late 20s -30s	30s-50s	Around 60	Mid 60s	
Events	Student life and being employed	Career switches and job relocation	Marriage and start of family life	Childbirth, education, and working for children	Retirement and independence of children	Pension and post-retirement life time	

1. Serviced apartments

[Management case]

PT Roppongi, PR Takanawa, etc.

[Required conditions]

Properties located downtown in an area neighboring a major office area, excellent building quality and located near a station

2. Short-term rental condominiums

[Management case]

PL Nagatacho, PL Wasedanishi, PR Kandaiwamotocho, etc.

[Required conditions]

Properties located downtown or near downtown and located near a station. NRIC is allied with a very reliable monthly condominium firm.

3. Corporate housing and dormitories

[Management case]

PR Sannomiyahigashi, PL Yokohama Kannai etc.

[Required conditions]

Properties located in an area near downtown on a commuter line with good convenience to major office areas, or a property near a terminal station in an ordinance designated city

4. Senior housing

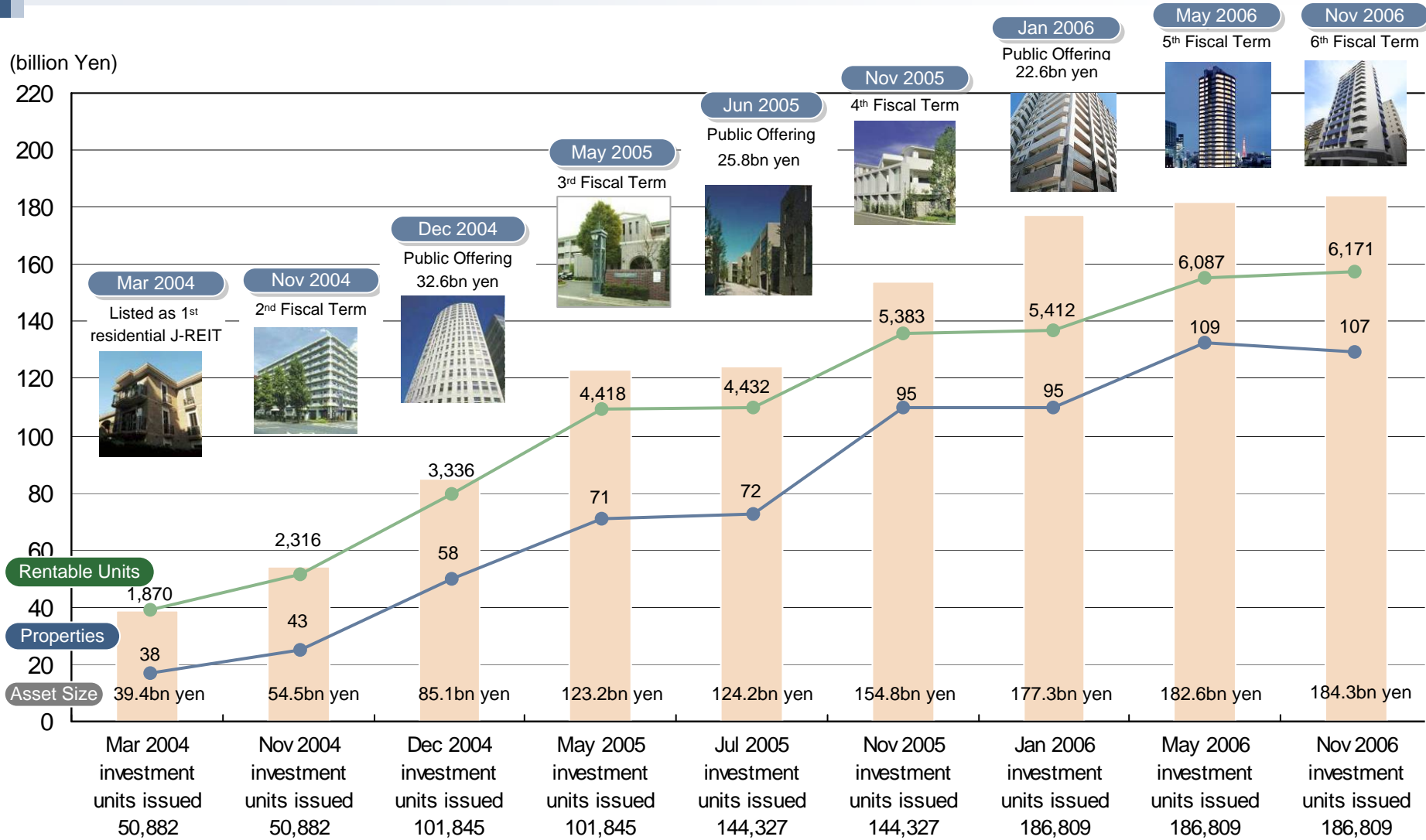
[Management case]

Life & Senior House Kohoku II

[Required conditions]

Properties with specifications that are friendly to the elderly. They have a good neighboring environment and are located in the Tokyo metropolitan area or a core regional city. It has a community facility adjoining it and NRIC is allied with an operator that boasts a strong business plan and good reliability.

Portfolio Strategy



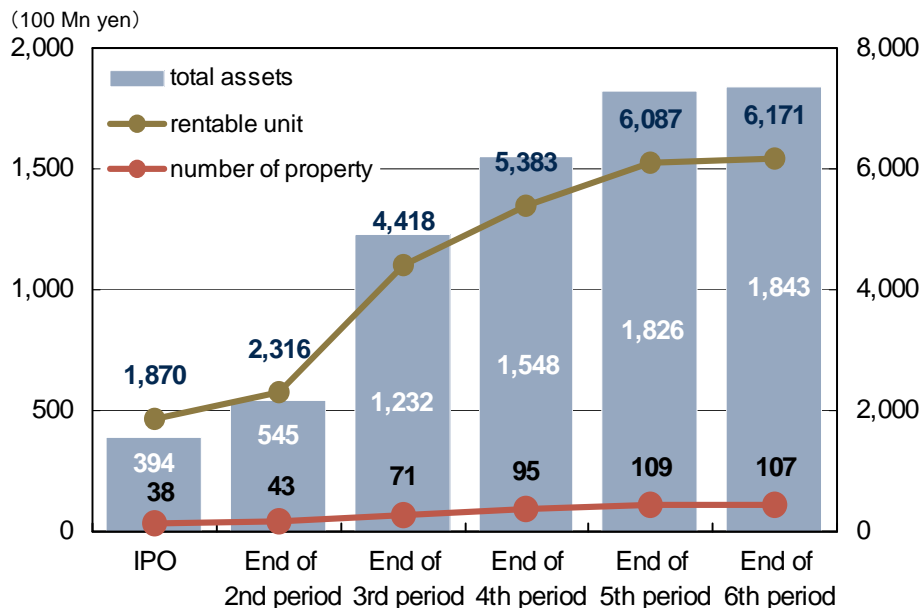
Network utilization phase

IPO and expansion phase

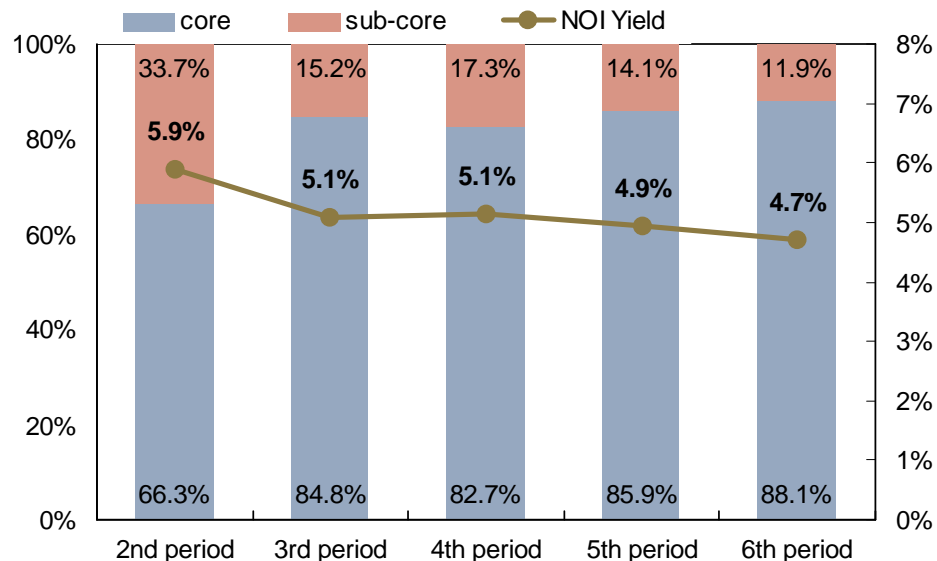
Quality improvement phase

History of Portfolio Performance

Portfolio Growth



Portfolio Composition and Change in NOI Yield



Portfolio Yield Based on End-of-Period Assessments

Period Acquired	Acquisition Price (Mn yen)	Appraisal			Actual Result	
		Period end Price (Mn yen)	WA. NOI yield	Premised Occupancy	WA. NOI yield	Av. Occupancy (6th period)
2nd	44,206	46,621	5.7%	94.6%	5.1%	91.9%
3rd	69,308	70,572	5.2%	93.9%	5.1%	95.8%
4th	33,647	33,766	5.3%	94.7%	4.6%	92.4%
5th	31,760	32,058	5.2%	94.3%	3.6%	75.1%
6th	5,380	5,390	4.9%	95.4%	0.4%	43.8%
TTL	184,303	188,407	5.3%	94.4%	4.7%	90.0%

(Note) Yield is the weighted average based on acquisition price
Occupancy is the weighted average based on area

Underperforming Properties

Property	Acquisition Price (Mn yen)	Av. Occupancy (6th period)	NOI differences between actual and appraised NOI
L-8 PT Roppongi	8,456	51.2%	(119)
F-17 PR Izumi	4,400	53.3%	(70)
S-45 Pianeta Shiodome	2,782	51.1%	(34)
C-27 PL Chojamaru	3,338	82.0%	(24)
C-31 MH Shin-Osaka	956	81.2%	(22)

(Note) Of the properties with large differences between the appraised NOI and actual NOI, these are the properties that NRIC acquired more than 7 months ago and are shown in descending order.

Portfolio Strategy:

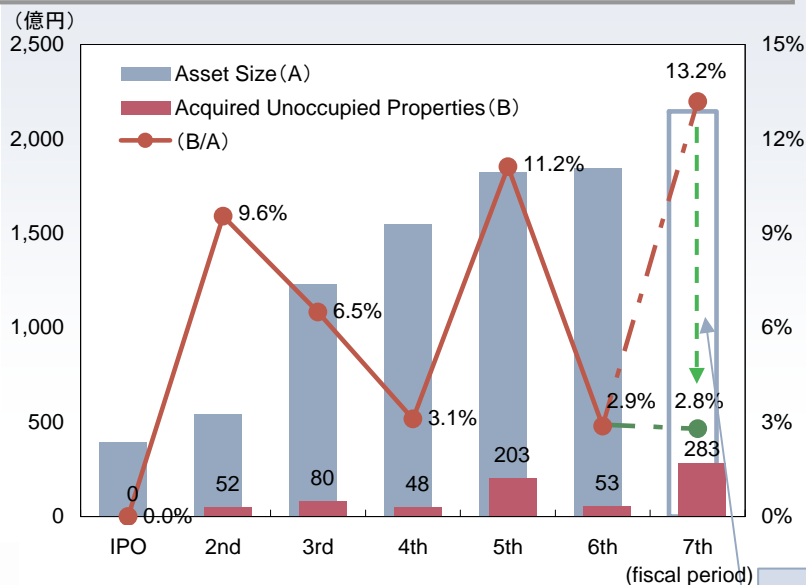
Investing in Properties Under-Development ~ Leasing Up of Unoccupied Properties

Enhance portfolio quality by incorporating competitive core assets into the portfolio

By working with developers from the development phase, specs are set based on plans, designs and NRIC spec documents that take into account medium- to long-term management and market demand

Realize property potential early by drafting and implementing leasing-up plans based on competitive analyses and market trend analyses of rental information on NRIC properties

Percentage of Unoccupied Properties Out of All Acquisitions



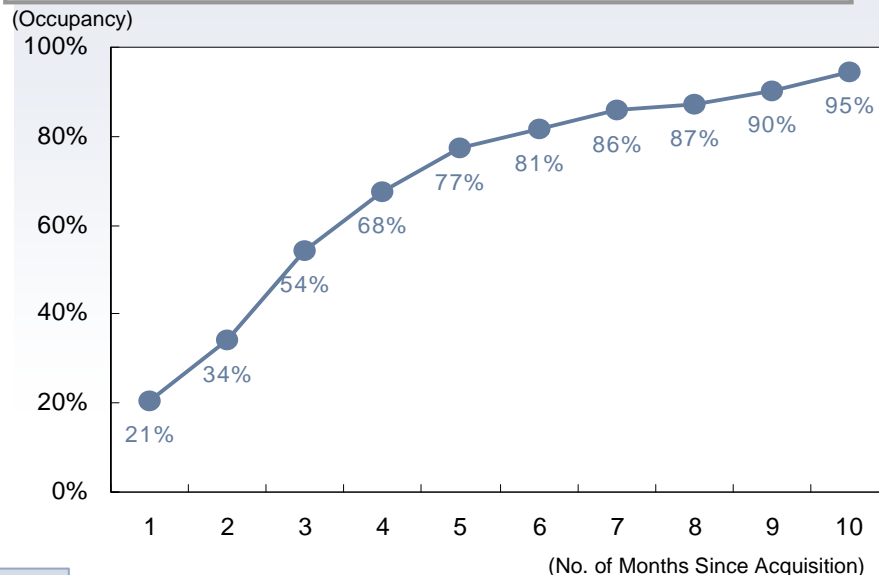
(Note) Data for 7th Fiscal Period compiled based on data disclosed as of the end of December 2006.

Use of subleases in which rent is guaranteed

List of Unoccupied Properties to be Acquired During 7th Fiscal Period

Property Name	Acquisition Price (mn yen)	Rentable Units (Plan)	NOI Yield	Lease Method
C-25 PT Meguro-Fudomae	14,507	356	5.5%	Fixed Rent
F-18 PR Nihonbashi-Bakurocho	5,380	132	5.1%	Fixed Rent
C-35 PR Ebisu-Minami	2,436	39	4.8%	Fixed Rent
S-54 PR Kamiochiai	1,332	70	5.1%	Pass-through
C-39 PR Kita-sanjo	1,261	100	6.0%	Pass-through
F-19 PR Goten-yama	1,186	16	6.1%	Pass-through
F-20 PR Maruyama-kitagojo	1,284	56	4.8%	Pass-through
F-21 PR Tokugawa	975	27	5.7%	Pass-through
TOTAL	0	796	5.3%	

Lease Up Results for Unoccupied Properties



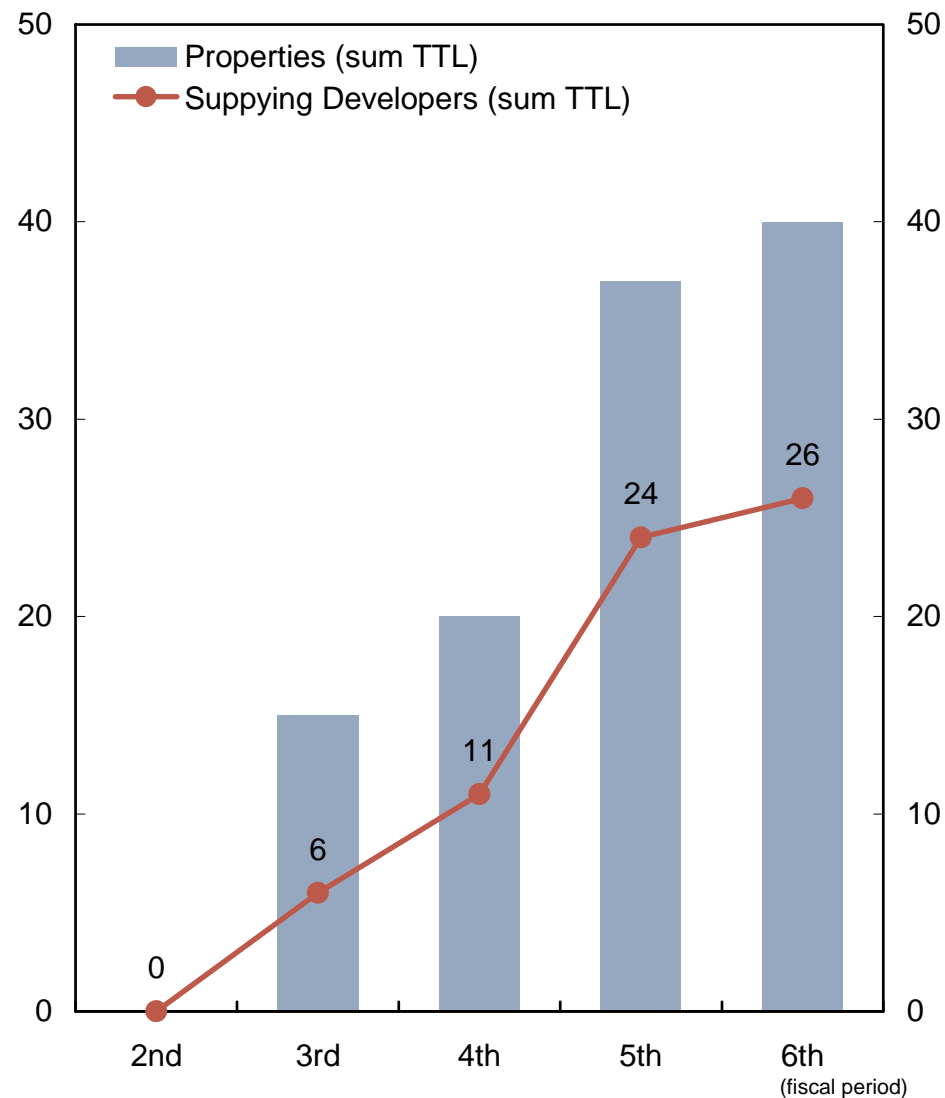
(Note) Average occupancy based on the area of the 20 properties acquired as unoccupied properties up to the 6th Fiscal Period

Extensive Pipeline and Acquisition Track Record

Assets Acquired by Developer

Developer	Acquisition assets
Tokyo Tatemono Co.,Ltd.	Apartments Nishi-Azabu other1assets
SECOM HOME LIFE Co.,Ltd.	PT Roppongi
DAIKYO INCORPORATED	PR Shirakabehigashi other1assets
SHIMIZU CORPORATION	PR Shibaura
AoyamaMainland.	PR Higashi-Azabu other2assets
Sumitomo Realty & Development Co.,Ltd.	PR Daikanyama other1assets
Odakyu Real Estate Co.,Ltd.	PR Ichigaya other1assets
Shinnihon Corporation	PT Nogizaka
TOTAL HOUSING CORPORATION	Storia SANGEN-JAYA
JOINT Corporation	Windsor House Hiroo other1assets
MITSUBISHIESTATE Co.,Ltd.	Park Habio Kyobashi
Nichimo Co.,Ltd.	PR Higashi-Shinagawa
SOJITZ URBAN DEVELOPMENT CORPORATION	PR Sannomiyahigashi
THE JAPAN GENERAL ESTATE CO.,LTD.	PL Kanda-Higashi
Gold Crest Co.,Ltd.	PR Kandaiwamotocho
KAJIMA CORPORATION	PR Akasaka II
Nomura Real Estate Development Co., Ltd.	LUKE
ORIX Corporation	PR Kichijoji
Marubeni Corporation	PR Tsukiji
Hoosiers Corporation	PR Akasaka I
TOKYU LAND CORPORATION	PL Utsubo-Koen
Mitsui Fudosan Residential Co.,Ltd.	PR Tsukishima I
ZEPHYR CO.,LTD.	PL Yokohama-Kannai other8assets

Changes in No. of Supplying Developers



Portfolio Strategy: Policy and Performance of Property Sales

Promote the replacement of properties centering on sub-core assets and thus proactively respond to changes in the rental housing market

Optimal use of the network and know-how of Pacific Management Corporation

High relative liquidity that is the characteristic of rental housing

Maintain and improve portfolio's revenue potential

(in thousand yen)

Fiscal Period	3rd		4th		5th				6th				
1.Asset Name	Veil Kohinata	Manoa Saginuma	C.F. Kamihongo	W. Higashi-Nippori	Veil Kikuicho	Bonne Uji I & II	C.M. Tsurumi	Nishi-Ogikubo U.H.	J-Stage Minami-Urawa	Maison Kashiwa	F.yoyogi-Uehara II	Als Shin-Otsuka	Manoa Okamoto
2.Sales Price	345,475	450,000	1,430,000	1,170,000	636,000	1,502,000	1,308,000	1,360,000	932,000	1,167,000	651,000	1,323,000	825,000
3.Purchase Price	273,000	346,000	1,140,000	972,000	520,000	1,260,000	1,050,000	1,050,000	700,000	840,000	524,000	1,117,000	590,000
4.Book Value	285,810	359,643	1,174,962	987,045	534,561	1,281,899	1,084,132	1,103,823	709,864	879,490	539,994	1,129,346	604,290
5.Appraisal Value	291,000	367,000	966,000	1,020,000	564,000	1,240,000	1,160,000	1,190,000	664,000	981,000	575,000	1,220,000	649,000
6.Gain from Sales	45,715	72,690	138,070	131,705	75,419	154,431	169,729	238,897	174,001	240,328	84,416	139,451	211,536
7.(6/3)	17%	21%	12%	14%	15%	12%	16%	23%	25%	29%	16%	12%	36%

(Note) Book value: Recorded based on the book value at the time of sale in the case of the 3rd through 6th fiscal period

Appraisal value: The appraisal values are entered according to the following rules: as of November 30, 2004 for the 3rd fiscal period, as of May 31, 2005 for the 4th fiscal period, as of November 30, 2005 for the 5th fiscal period and as of May 31, 2006 for the 6th fiscal period.

Commitment to Operational Assets I: Pacific Tower Roppongi

- Good location and high-grade specifications were optimally applied with conversion of about one-third of the units into serviced apartments
- Leased at rent levels that exceeded initial assumptions

Advertising plan

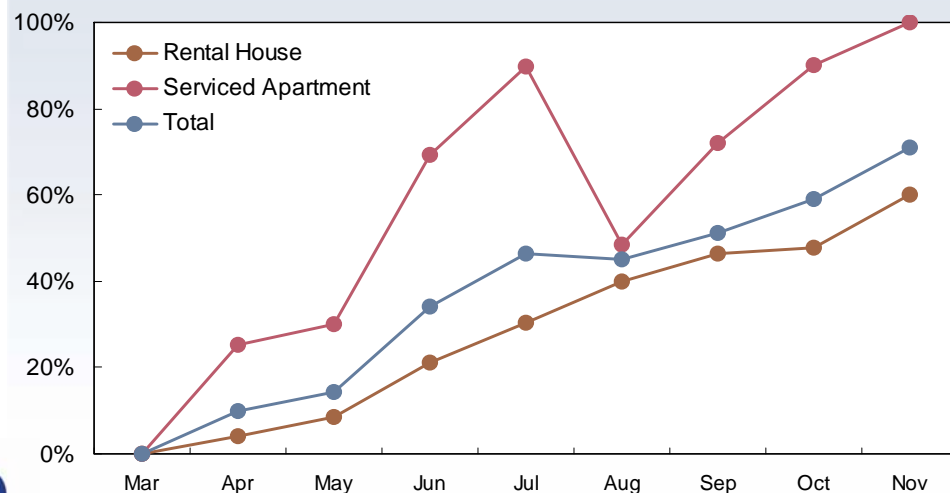
Started advertising with an aim to increase the unit price of rent by 40% and to achieve an NOI return of 5.1%

Start advertising

Actual results

Leased at 45% more than the unit price of rent
Of which, the serviced apartments portion: Rose 73%
the general rental housing portion: Rose 27%

Change of Occupancy (March – November)



Description of Serviced Apartment Services

Front desk:	<p>Reception and bilingual support by concierge (06:30-21:30)</p> <ul style="list-style-type: none"> • Free rental of DVDs and paperback books • Laundry service, arrangement of taxis and hospital guides • Newspaper service, baggage claim, etc.
Business service:	<ul style="list-style-type: none"> • Color copy service • Facsimile service, etc.
Cleaning service:	Room cleaning and linen changing
Internet:	Free internet connection

Commitment to Operational Assets II: Life & Senior House Kohoku II

Property Characteristics

- Launch “total life support” services through the acquisition of an un-assisted nursing care facility that is situated in a good location and has high occupancy
- Operate facility with Seikatsu Kagaku Unei as the operator
- Construct structure for avoiding risks specific to the senior housing business



Property Name	SE-1 Life & Senior House Kohoku II
Place	Chigasakiminami, Tsuzuki Ward, Yokohama
Acquisition Price (Planned)	1,950 million yen (Reduction yield:6.2%)

Operator Characteristics

24-year track record in facility management

Established presence in the nursing home industry
(4th in sales in 2005)

Rank	Company	Sales (Million yen)
1	Message Co.,Ltd.	12,862
2	Life Commune Co., Ltd.	12,847
3	Half Century More.	12,764
4	Seikatsu Kagaku Unei	5,275
5	Watami no KAIGO Co., Ltd.	4,391
6	COMSN	4,243

*Source: Nikkei Marketing Journal (Nov. 15, 2006)

Original NPO-based network

Extensive track record in joint development projects
with the Urban Renaissance Agency



Life & Senior House
Ribbon City Kawaguchi

Commitment to Operational Assets II: Life & Senior House Kohoku II

- Construct structure for avoiding risks specific to the senior housing business
- Promote “total life support” services by launching new programs

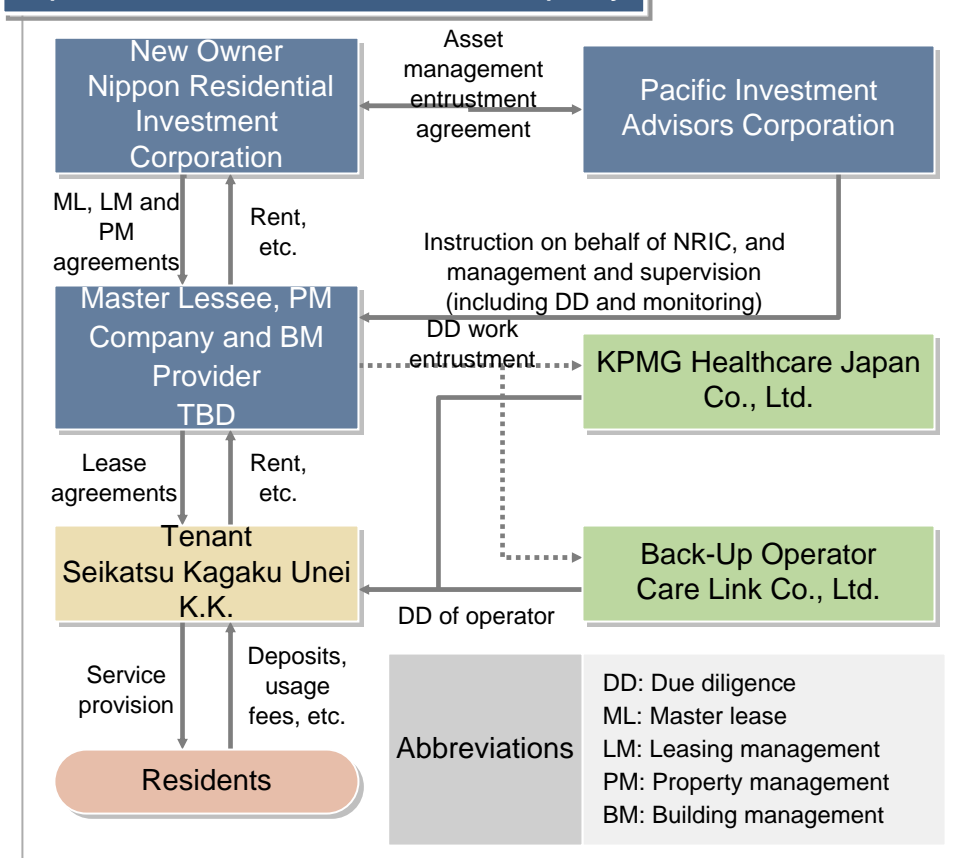
Risks Specific to Senior Housing Business

- Risk of legislative changes to nursing care insurance benefits, etc.
- Risk of malpractice in facility management
- Fall in competitiveness of the facility in re-advertising after resident move out
- Risks related to resident deposits

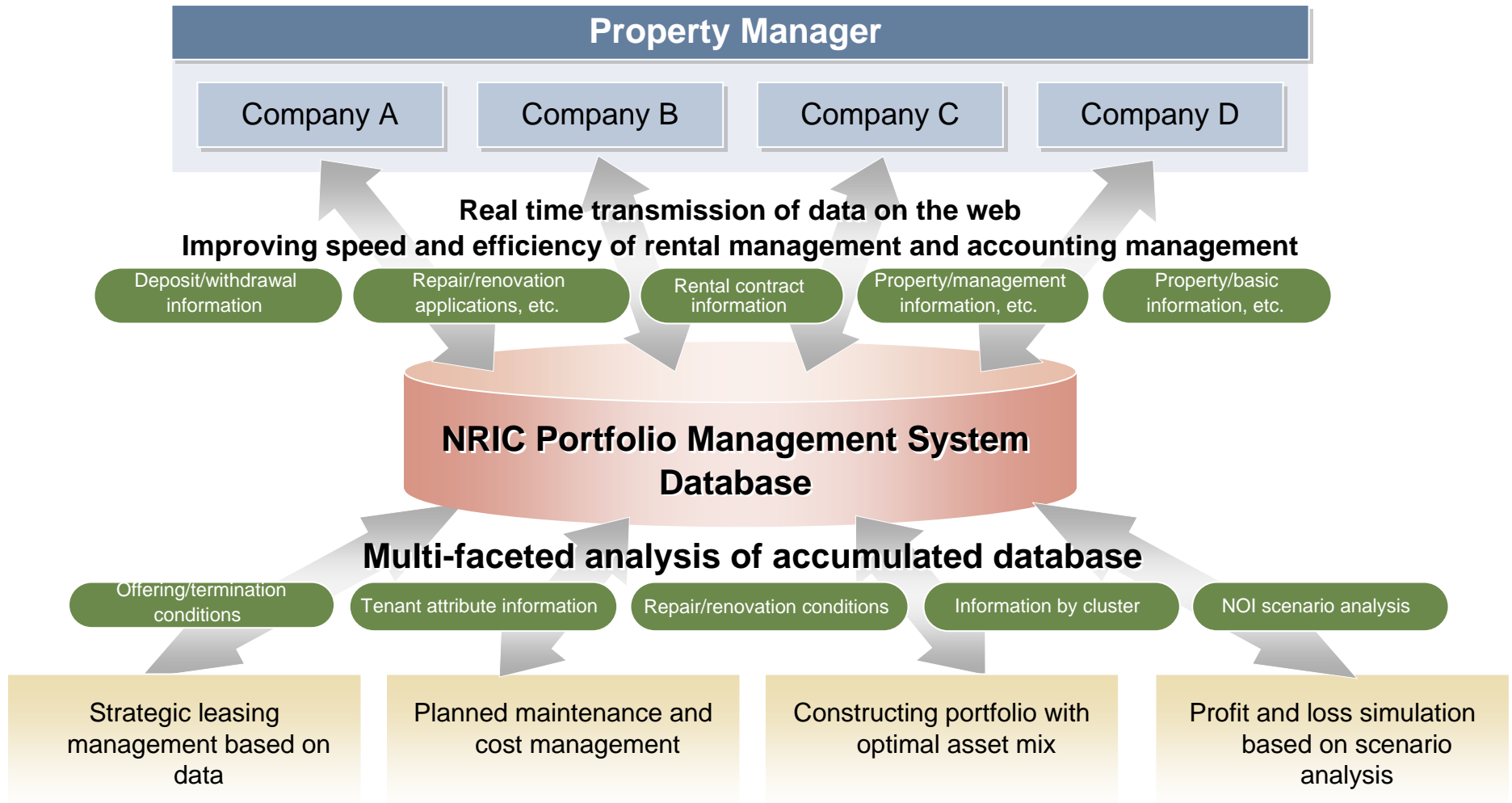
Risk Management

- Reduce risks of facility operation by entrusting facility operation to a leading firm in the industry, Seikatsu Kagaku Unei
- Minimize facility operation risks by monitoring the business environment, operating conditions and financial condition of the operator
- Lower risks of dependence on the operator by installing a back-up operator
- Avoid falls in competitiveness corresponding to deterioration of the facility through a systematic maintenance program

Operational Structure of the Property



Database Portfolio Management



Trend of New Contracted Rent

6th Fiscal Period Measures

Implemented measures to raise rent at the time of new contracts centered on central Tokyo

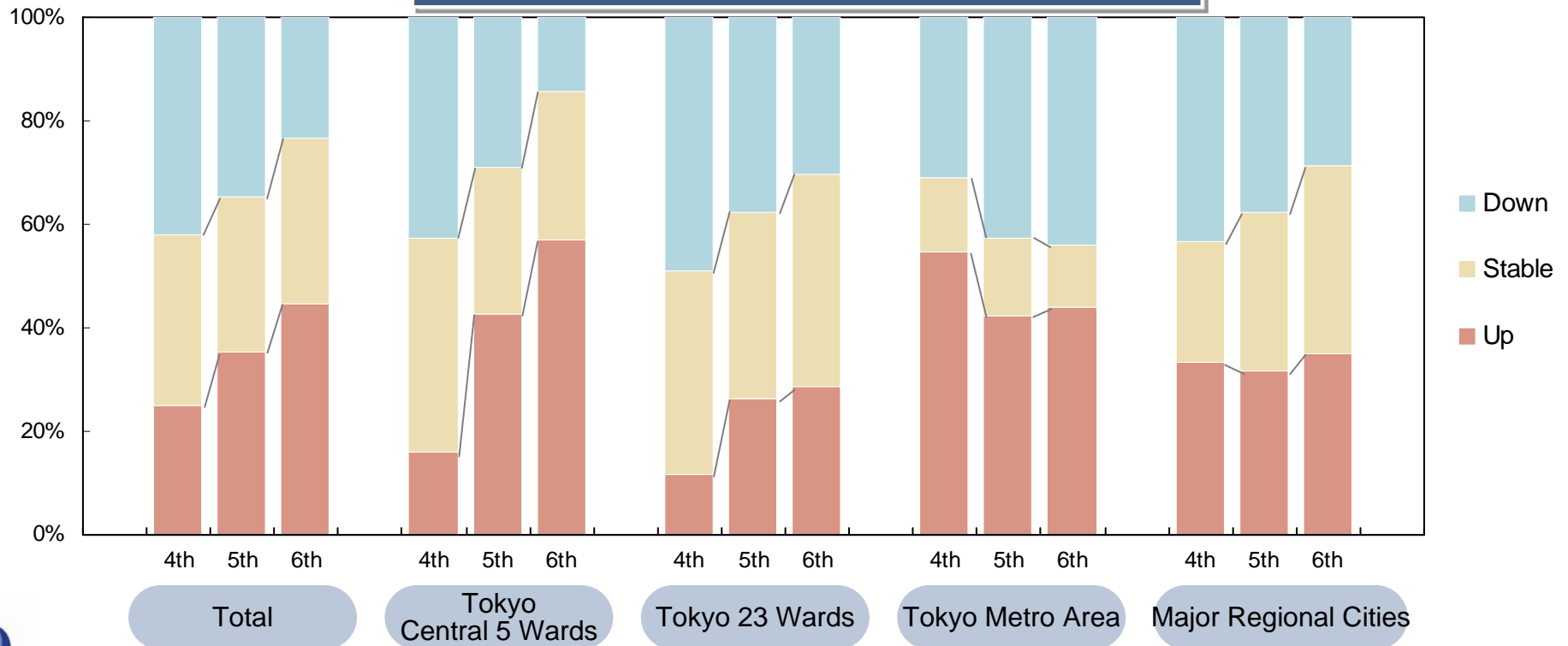
→ Newly contracted rent increased centered on specific zones and highly-competitive properties

(Tokyo's central 5 wards: Substantial increase in number of contracts with increased rent; New contracted rent up 1.9%)

Approaches in 7th Fiscal Period and Onwards

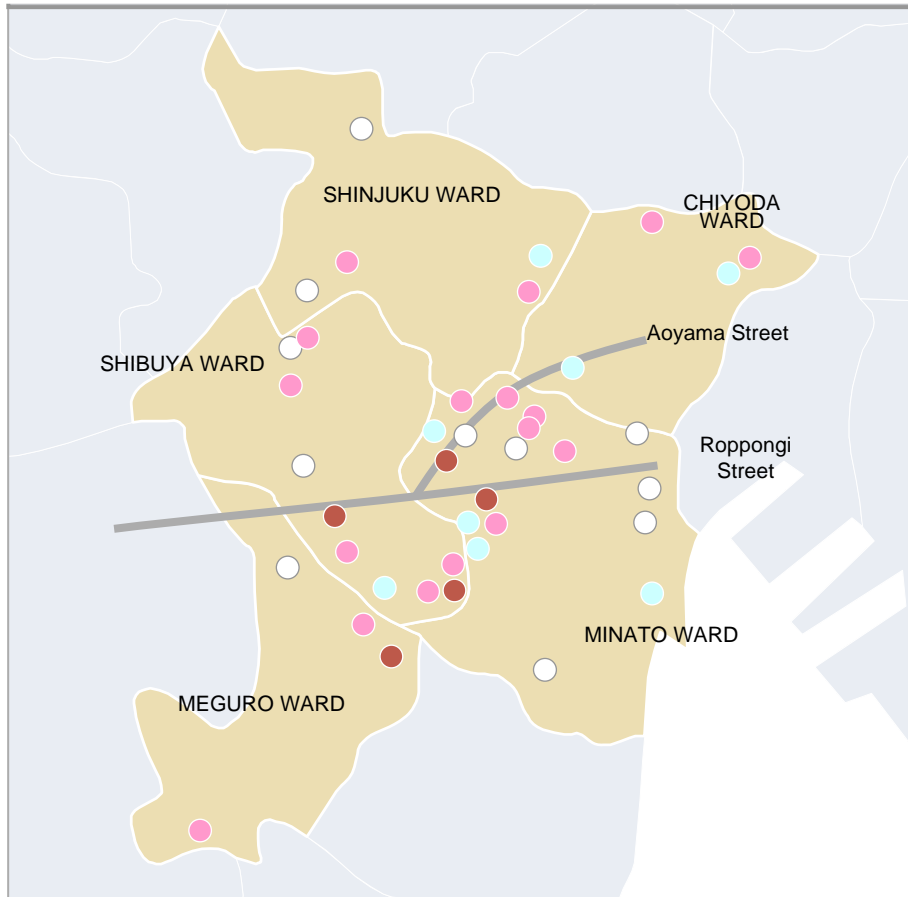
- Properties in zones with increasing rent
 - Expand size of rental increase for new contracts
 - Promote rent hikes at time of contract renewal
- Properties around rent increase zones
 - Raise newly contracted rent levels while taking into account solicitation trends

Rent Trends (based on no. of new lease agreements)



Rental Housing Market Trends(1) MAJOR 5 WARDS

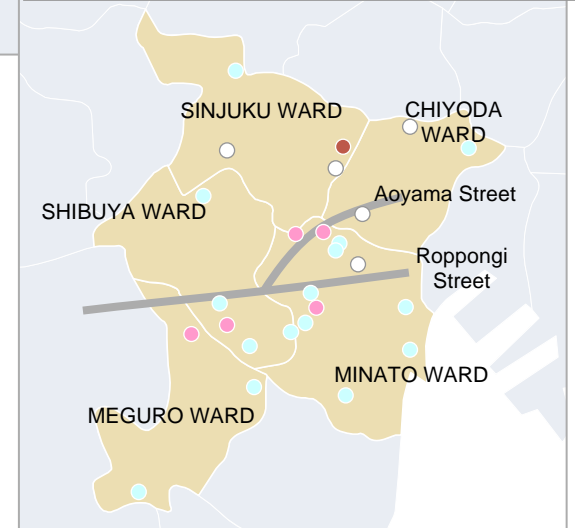
MAJOR 5 WARDS IN TOKYO(6th)



MAJOR 5 WARDS IN TOKYO(5th)

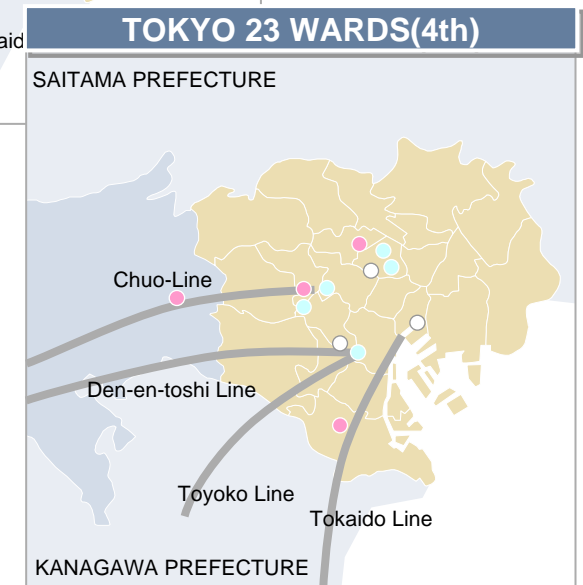
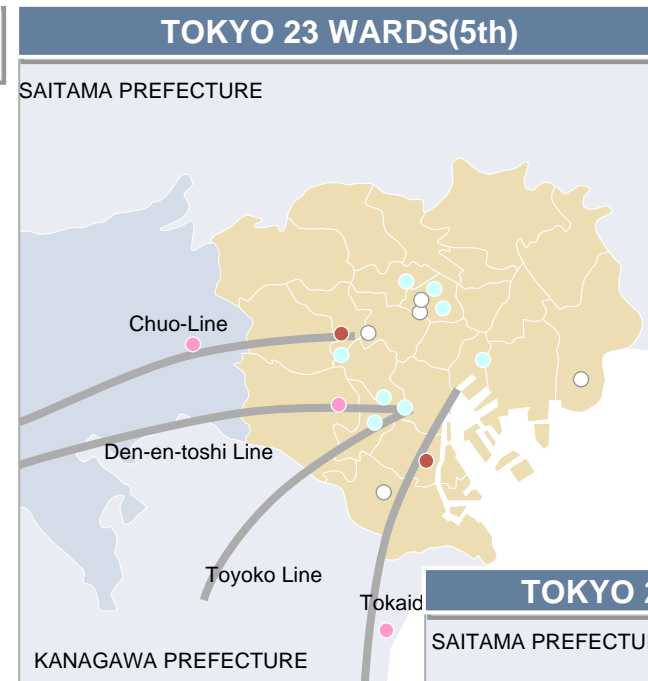
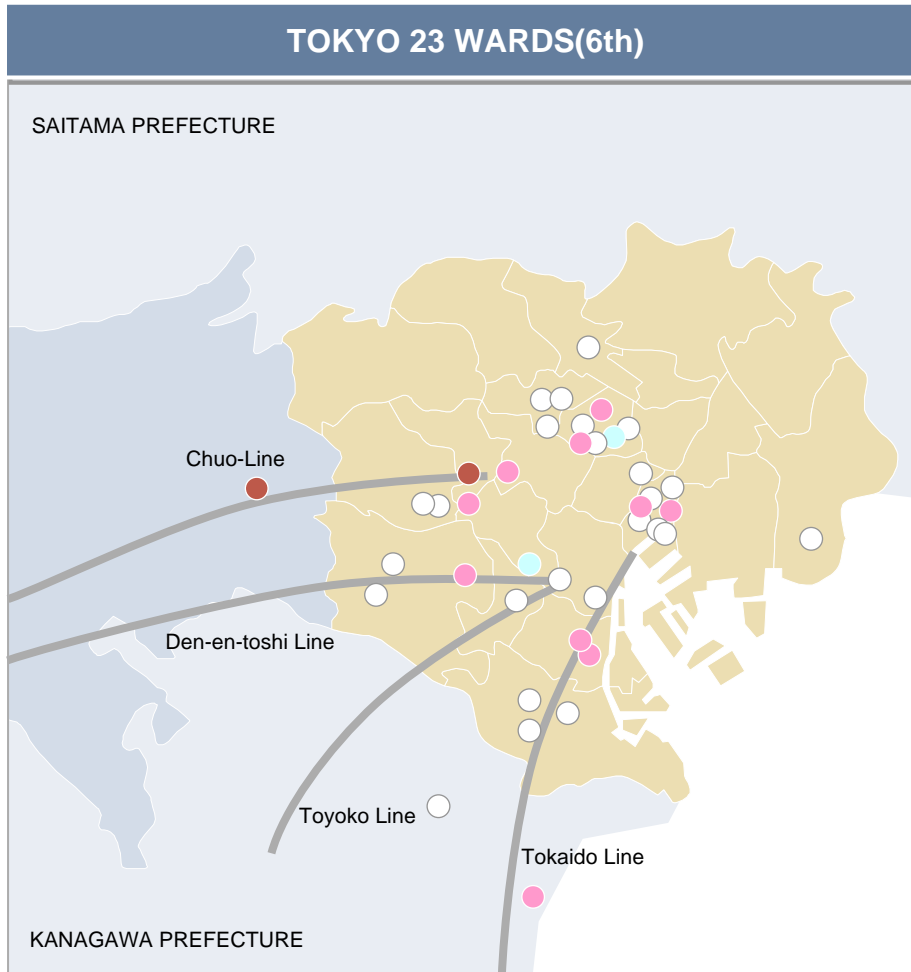


MAJOR 5 WARDS IN TOKYO(4th)



○ Stable ● Down ● Up ● Up (Over 5%)

Rental Housing Market Trends(2) TOKYO 23 WARDS



○ Stable ● Down ● Up ● Up (Over 5%)

Rental Housing Market Trends by Zone (6th fiscal period)

Zone	No.	Assets name	Difference rate
Roppongi Azabu Akasaka	S-26	Pacific Residence Minamiazabu	-1.3%
	S-30	Pacific Residence Akasaka II	2.6%
	C-13	Pacific Tower Nogizaka	2.7%
	C-14	Pacific Residence Akasaka I	3.4%
	C-15	Apartments Nishi-Azabu	2.6%
	C-23	Pacific Residence Akasaka Hinokicho	1.0%
	L-7	Motoazabu Place	10.5%
	L-8	Pacific Tower Roppongi	0.0%
Ebisu Hiroo Daikanyama	L-14	Root Azabu Jyuban	0.0%
	S-27	Pacific Residence Ebisu Higashi	-2.6%
	S-29	Pacific Residence Hiroo 3chome	1.2%
	S-40	Pacific Livew Hiroo	8.1%
	C-19	Pacific Residence Daikanyama	1.3%
	F-1	Pacific Residence Sakuragaoka	8.3%
Omotesando Harajuku Aoyama	L-11	Windsor House Hiroo	2.8%
	C-28	L'air Minami Aoyama	15.2%
	L-12	SOHO Kita Aoyama	-4.7%
Meguro Shirogane Takanawa	L-2	Bellwood	-12.3%
	S-14	Pacific Livew Shirokanedai	0.0%
	S-28	Pacific Residence Meguronishi	0.0%
	S-56	LUKE	4.7%
	C-24	Pacific Residence Takanawa	0.0%
Syoto Uehara	C-27	Pacific Livew Chojamaru	-11.0%
	L-4	Meguro Hillside Court	5.6%
	S-4	Fresca Yoyogiuehara II	2.4%
	S-5	Leopalace Udagawacho Mansion	N/A
Nakameguro Jiyugaoka	L-10	Pacific Residence Yoyogikoen	N/A
	C-3	Pacific Livew Jiyugaoka	1.3%
Shinjuku	L-9	Pacific Residence Kamimeguro	N/A
	S-3	Glenpark Sangubashi	1.5%
	S-20	Pacific Residence Shinjuku East	1.9%
	S-21	Pacific Livew Shinjuku Higashi	4.1%
	S-47	ZESTY YOYOGI	0.0%
S-48	ZESTY NISHISHINJUKU	0.0%	

Zone	No.	Assets name	Difference rate
Mejiro Takadanobaba	S-38	Pacific Livew Wasedanishi	0.0%
	F-2	Pacific Residence Mejiro Otomeyama	N/A
	F-10	Pacific Residence Mejiro	-4.0%
Yotsuya Bancho Ichigaya	C-11	Pacific Livew Nagatacho	-15.5%
	C-20	Pacific Residence Ichigaya	0.7%
	L-3	Grand Forme Ichigaya Haraikatamachi	-8.2%
Shiba Hamamatsucho	S-2	Pacific Livew Shiba Daimon	0.0%
	S-45	Pianeta Shiodome	0.0%
	S-57	Pacific Residence Toranomom	N/A
	C-34	Pacific Residence Higashiazabu	2.9%
Bay area	S-51	Pacific Residence Tsukishima I	N/A
	S-55	Pacific Residence Higashi-Shinagawa	N/A
	F-11	Pacific Residence Shibaura	-5.1%
Nihon-bashi Kyo-bashi	S-1	Pacific Livew Shinkawa	N/A
	S-17	Park Habio Kyobashi	N/A
	S-24	Pacific Residence Tsukiji	0.5%
	S-31	Pacific Livew Kyobashi	N/A
	S-35	Pacific Livew Ginzahigashi	N/A
	C-18	Pacific Residence Ningyocho	N/A
Ochanomizu Kanda	F-3	Pacific Residence Shinkawa	1.0%
	S-22	Pacific Residence Kandaiwamotocho	0.2%
	S-34	Maison Korakuen	0.2%
	C-12	Pacific Residence Suidobashi	1.5%
	C-30	Pacific Livew Kandahigashi	-3.3%
Bunkyo	C-1	Pacific Residence Bunkyoootowa	N/A
	C-2	Pacific Residence Sengoku	2.5%
	C-22	Pacific Residence Bunkyosengoku	0.0%

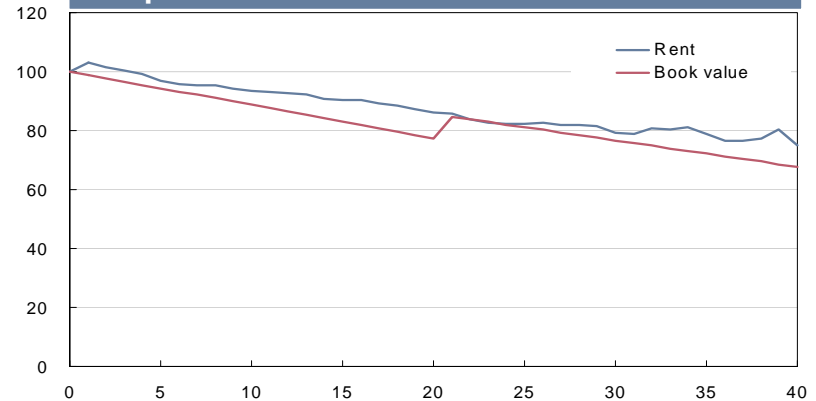
	Up (Over 5%)
	Up (Less than 5%)
	Stable
	Down
	N/A No contract

Renovation Case Examples: Meguro Hillside Court

- Create an almost brand new feel by renovating the deteriorated housing facilities and creating a new layout
- Contracted rent up by 11% and rent levels have recovered to the same levels as relatively new properties in the surrounding area

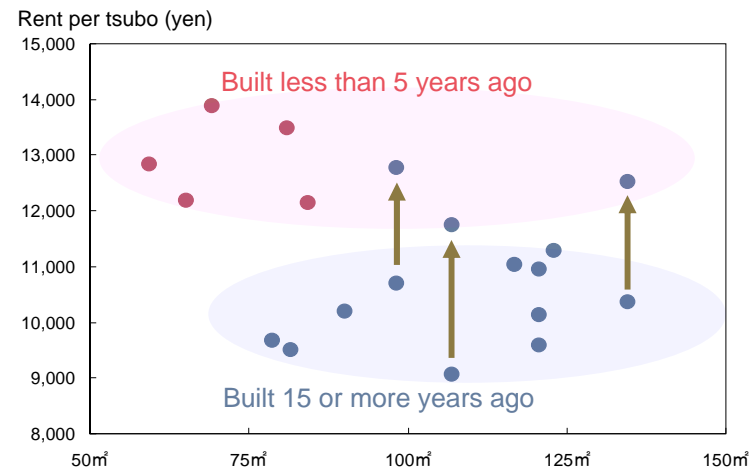


Comparison between rent trend and book value



Source: Attractors Lab
 (Note) Book value added by asset management company
 [Assumptions made in calculating book value]
 • The breakdown of the initial investment is land: 60%, building: 30% and facilities: 10%.
 • Depreciation of 40 years for buildings and 20 years for facilities. Reinvest 20% of initial investment in the 21st year for buildings and facilities.

Rent comparison with Competitors



(Note) Compared by extracting a sample of 2LDK or larger units from among competitive properties in the surrounding area.

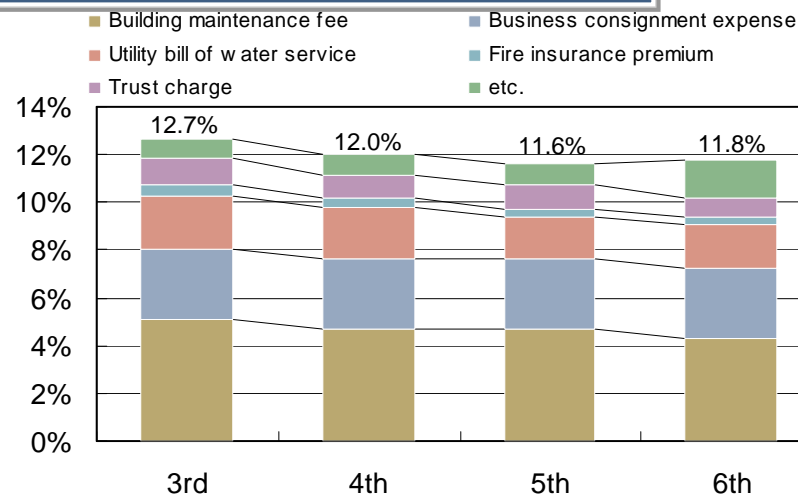
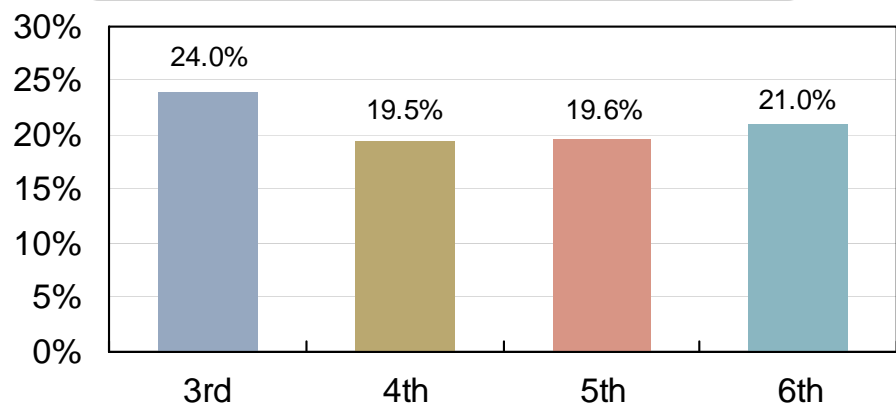
Renovation outline of construction

Property Name	L-4 Meguro Hillside Court		
Address	5-10-24 Shimomeguro, Meguro Ward		
Acquisition Value	1,000 million yen	Construction Completion	February 1991
Structures Floor Number	RC, 3F	Rentable unit	18units
Object unit	No.104,No.301,No.305 3units		
Major Renovations	Altered partitioning of living and dining rooms and adopted open kitchen style		

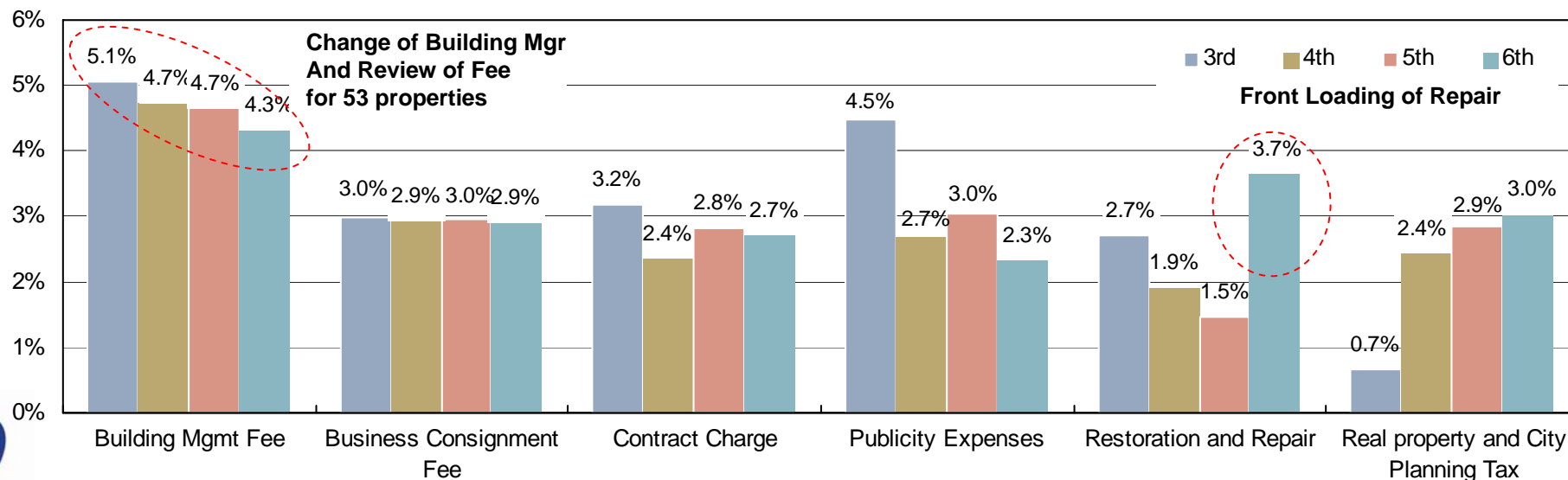
Reducing Property Management Costs Utilizing Scale Merits

Changes in Rental Expenses and Fixed costs (percentage of rents and common expenses)

Not including real property tax and city planning tax



Changes in Rental Expenses (primary categories; percentage of rents and common expenses)



Support System of Sponsor Group



Support of external growth

Provision of property information

Collaboration on major development projects

Provision of warehousing function

Support of internal growth

Setting NRIC specifications through construction management



NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION



PACIFIC
INVESTMENT
ADVISORS
CORPORATION



Support of internal growth

Provision of dedicated leasing site

Provision of dedicated resident site

Provision of tenant program services

Conducting of tenant survey

Concluded a term leasehold agreement for land in the Minato Mirai District that was owned by the Urban Renaissance Agency and began developing a rental condominium jointly with Daiwa House Industry Co., Ltd. on it

In March 2006, Pacific proposed lodging use by utilizing a J-REIT in the “5th Specialist Conference on Relocating National Public Servant Housing and Use of Former Sites”



Address	5-50W Minato Mirai, Nishi Ward, Yokohama City, Kanagawa Prefecture
Site	4,990.35m ²
Total floor space	29,823.45m ² (under FAR)
Rentable units	415units(also 2 store areas)
Layout	Studio(38.98m ²) ~3LDK(147.42m ²)
Planned construction completion date	end of July 2008



"Pacific" Brand Strategy

PACIFIC

RESIDENCE

We are working to spread and reinforce the "Pacific" brand within the luxury rental condominium market

1 We are building a brand beginning with introducing a logo with a refined image for Pacific Residence as a means to reinforce tenant leasing

Dedicated leasing site <http://www.pacific-rent.com/>



2 We have begun providing various tenant services to improve tenant satisfaction

Dedicated resident website



MOVING STYLE Offer

日本レジデンシャル投資法人所有のマンションから、日本レジデンシャル投資法人所有のマンションに転居される場合に限り、**礼金・仲介手数料はいただきません。**

Case 1. 単身の方が、転居される場合

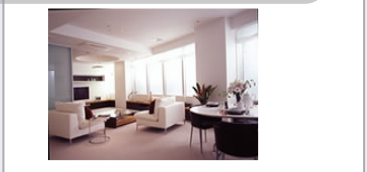
シングルタイプ → シングルタイプ

Case 2. ご結婚を機に転居される場合

シングルタイプ → コンパクトタイプ

3 Provision of plans based on diversifying tenant needs

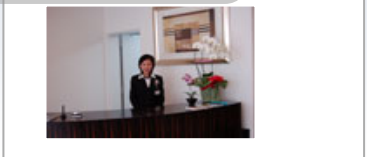
Serviced apartments



Pet raising



Concierge



Lounge



4 Introducing enhanced specifications and facilities based on an insistence for a quality building

Security

Security camera



Entry door



Environment

"Sick-house syndrome" countermeasures



Comfort

Bathroom heater/dryer

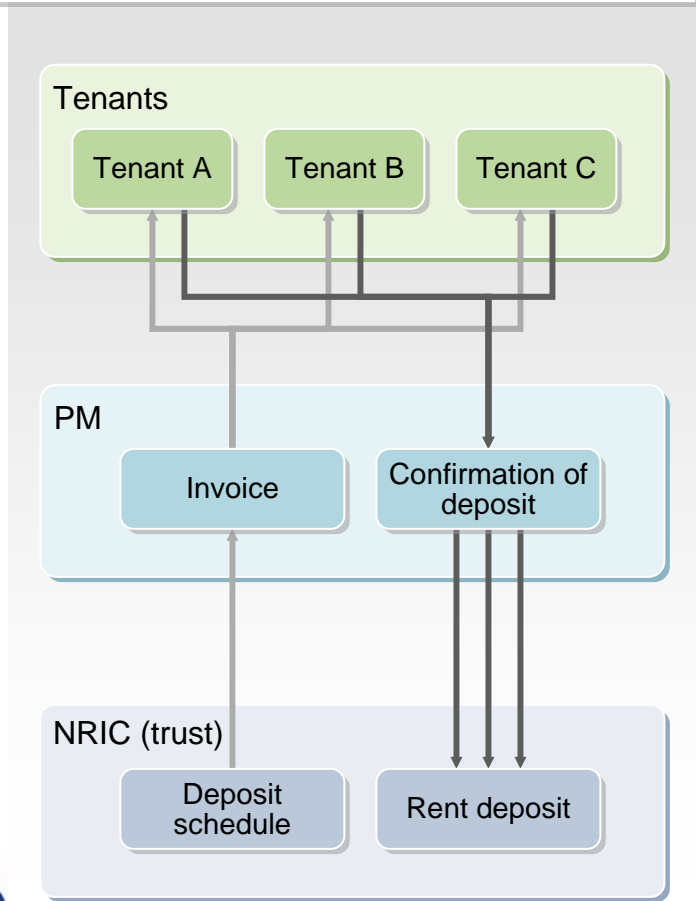


The above describes services provided at some of the assets managed by NRIC. Although these services are not provided at all of our managed assets, NRIC intends to continue enhancing the measures and services we provide to our tenants hereafter.

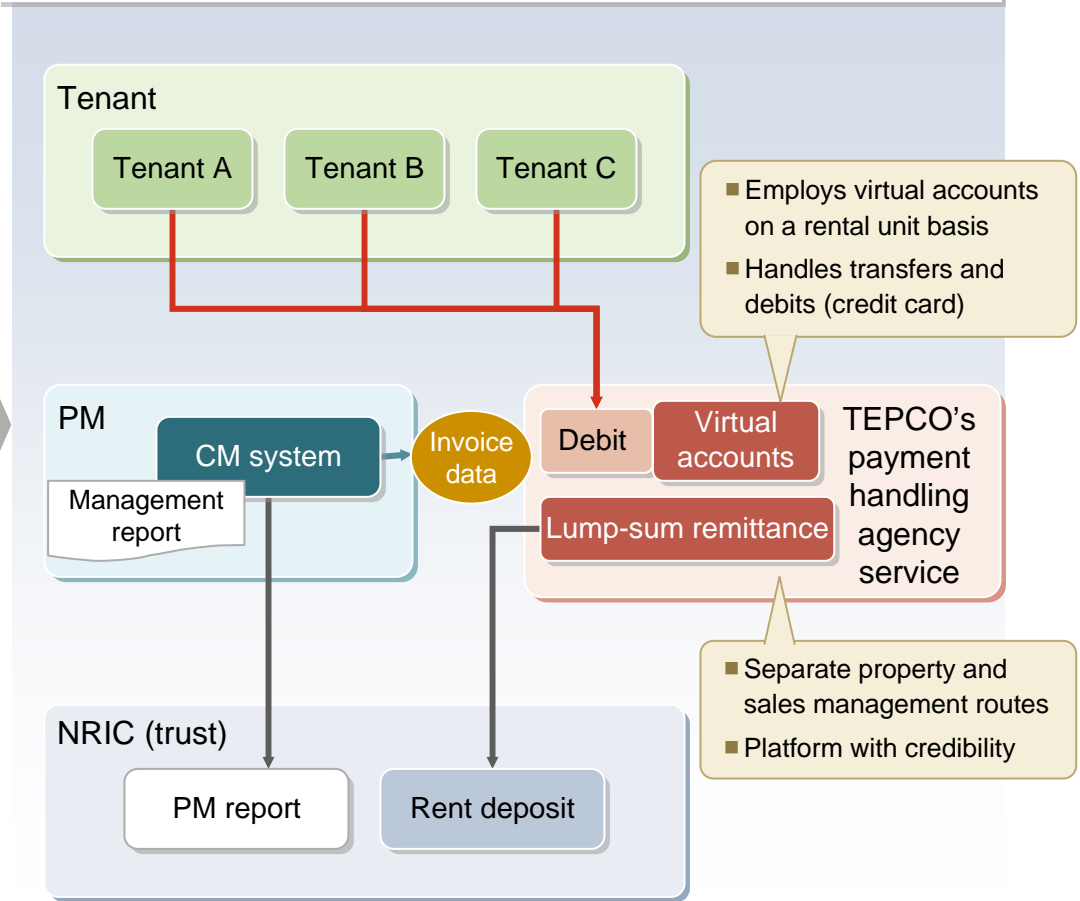
Adoption of Cash Management System

Separate/safeguard payment receipt operations from property management company by utilizing automatic debit services via virtual accounts

Before Adoption of CM System

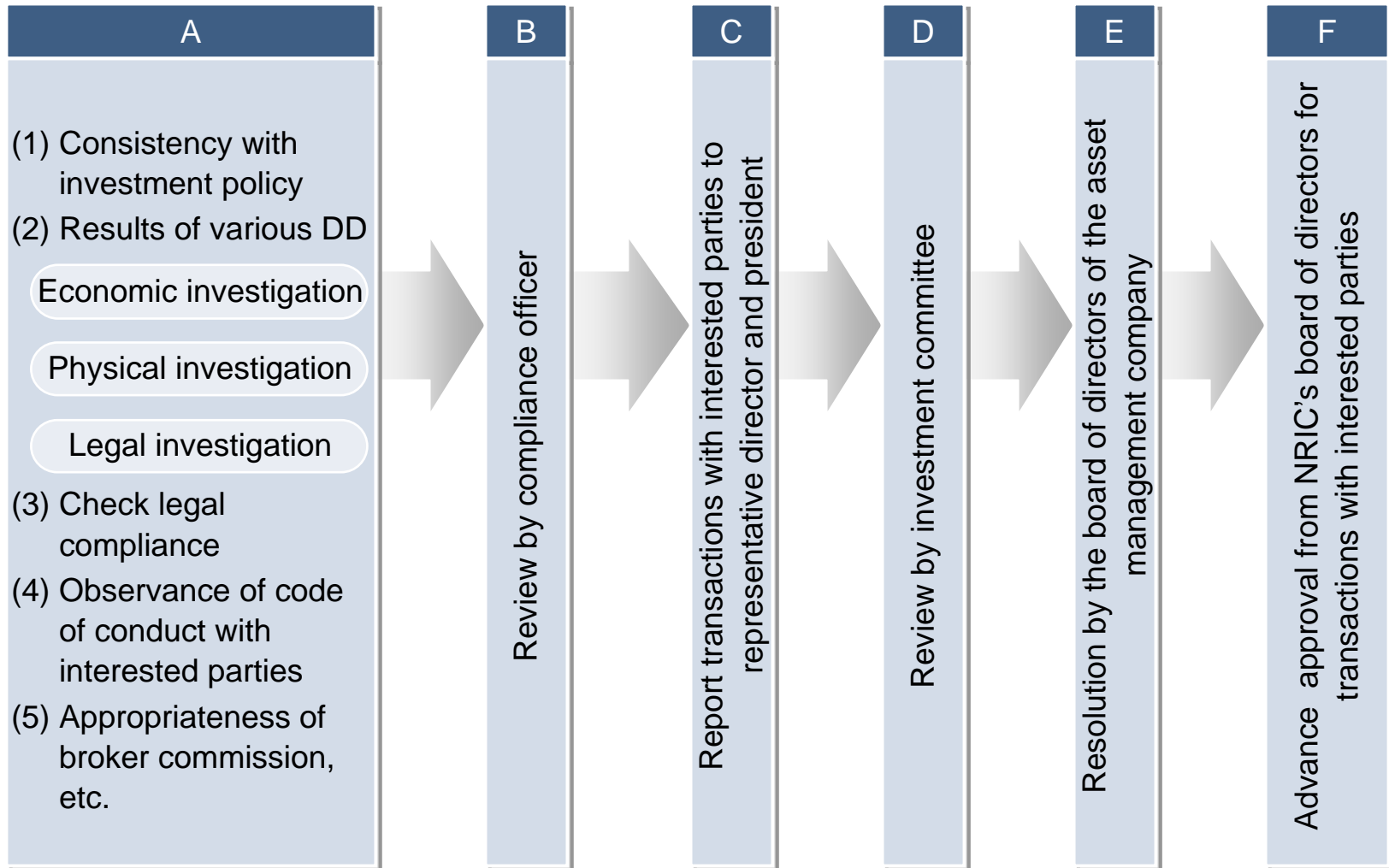


After Adoption of CM System



Compliance Structure

Property Acquisition/Sale Procedures



Organizational Chart of Asset Management Company

Number of Directors and Employees: 45 (as of end of Nov 2006)

Directors (including part-time)	6
Internal Auditor, Compliance and Risk Management Office	3
Investment Planning Department	8
Asset Management Department	12
Administrative Department	16

General Meeting of Shareholders

Board of Directors

President and Representative Director

Auditor

Investment Committee

Disclosure Committee

Internal Auditor

- Conducts internal audits based on the internal audit plan
- Prepares the internal audit report, and reports the internal audit results to the board of directors

Compliance and Risk Management Office

- Checks compliance with internal rules and regulations, etc.
- Checks compliance of overall work with laws, regulations, etc.
- Decides basic items concerning risk management
- Conducts management correlating to the establishment and execution of business plans

Investment Planning Department

- Planning and forming investment corporation
- Selection, evaluation and acquisition work for managed assets to be incorporated into the investment corporation
- Work related to the selling of managed assets owned by the investment corporation

Asset Management Department

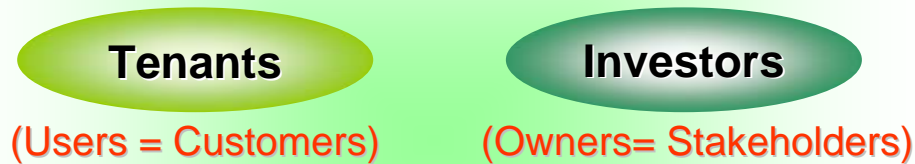
- Asset management (AM) work (preparation of the asset management plan, PM work, selection, instruction and monitoring of managers; and grasping and confirming management conditions) related to individual managed assets owned by the investment corporation
- Work related to the overall operation and management of the investment corporation portfolio

Administrative Department

- Work related to the overall procurement of capital (issuing investment units and investment corporation bonds, borrowings) for the investment corporation
- Work related to the overall accounting of the investment corporation
- Work related to overall IR and disclosure of the investment corporation
- Work related to the administration and planning of the general meeting of unitholders and board of directors of the investment corporation
- Work related to the overall management of the asset manager

Vision of Nippon Residential Investment Corporation

Nippon Residential Investment Corporation is committed to being an **infrastructure** of the Japanese economy by providing **superior financial products** and **excellent rental housing**.



NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION

Requirements for Housing Rent Market

Excellent
House Specification

High Quality Property
Management Service

Credible Owner

Long Life of Building

Response to Various
Customer Needs

Brand Strategy

Requirements for Financial Market

High-Grade Financial Products

Stability

Liquidity

Growth
Potential

Section IV

Reference Materials



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**



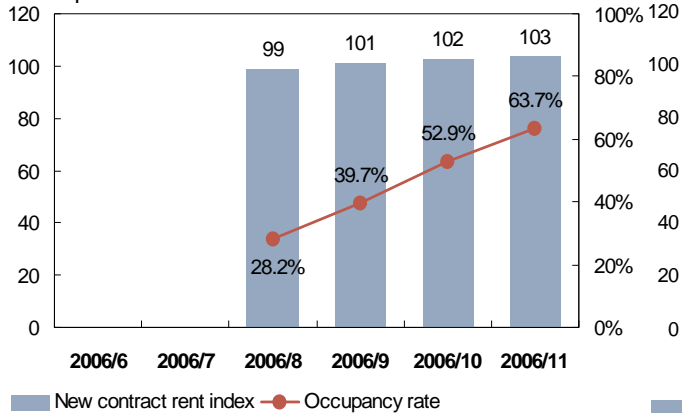
**PACIFIC
INVESTMENT
ADVISORS
CORPORATION**

Portfolio Strategy:

Leasing Up Cases for Under-Development and Unoccupied Properties

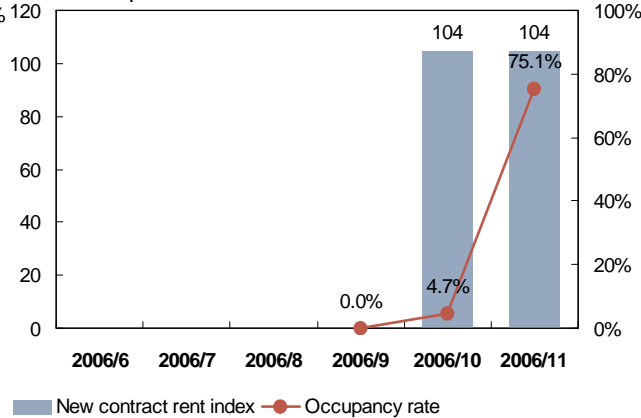
S-55 Pacific Residence Higashi-Shinagawa

Situated in the Shinagawa redevelopment area and popular among people who were transferred to Tokyo. Leasing activities targeted at singles and some units operated as short-term rentals.



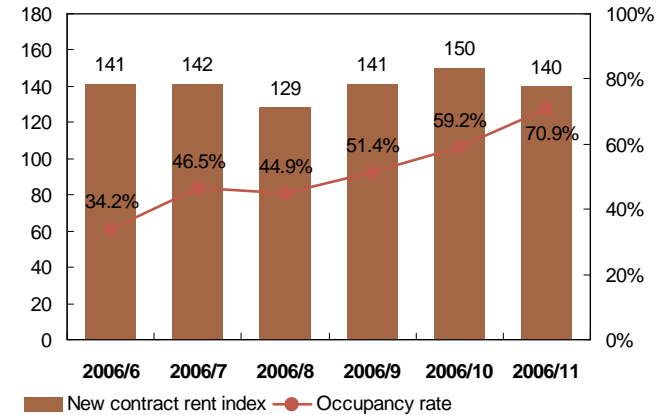
S-58 Pacific Residence Kamata I

Situated a 4-minute walk from Kamata Station with access to three railway lines, Single Type popular among both companies and individuals, and some units operated as short-term rentals.



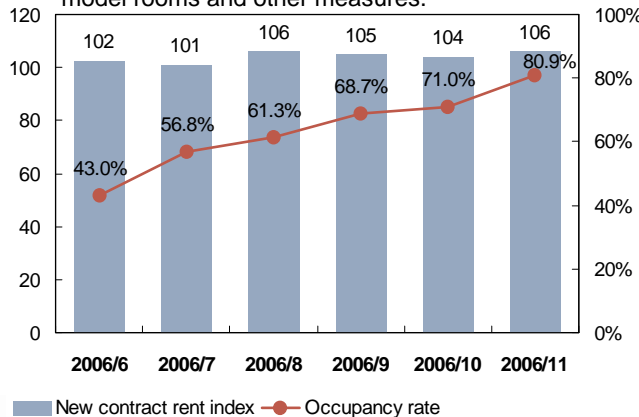
L-8 Pacific Tower Roppongi

One of the best views in the Roppongi area and creation of a high value added rental market by introducing serviced apartments.



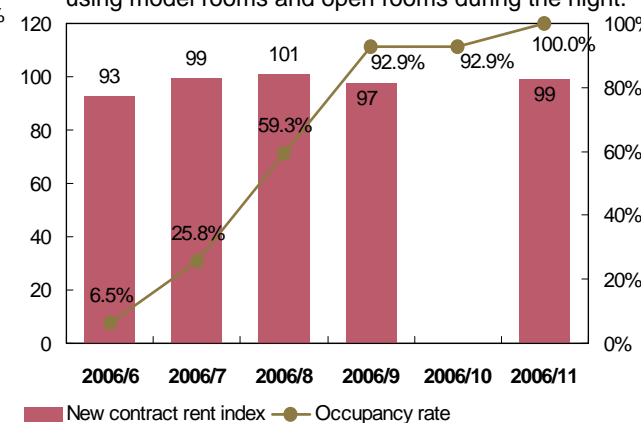
S-51 Pacific Residence Tsukishima I

Located in a popular waterfront redevelopment area. Leasing activities targeted at singles used model rooms and other measures.



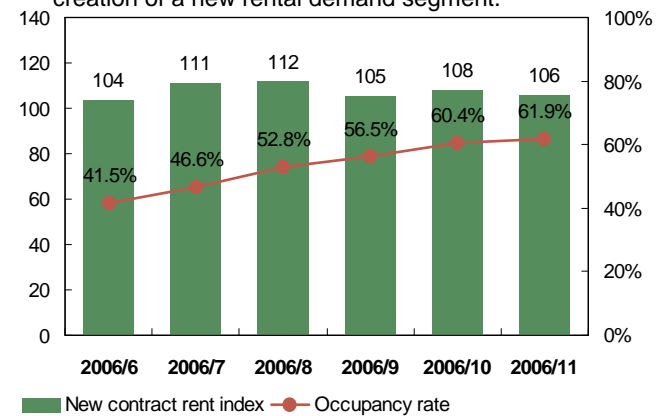
C-34 Pacific Residence Higashi-Azabu

Situated in a popular downtown area with views of Tokyo Tower and Roppongi Hills. Attract tenants using model rooms and open rooms during the night.



F-17 Pacific Residence Izumi

Best building quality in the class within the central business district of Nagoya and the creation of a new rental demand segment.



(Note) The above new contract rental index uses the assumed rent standard (=100) in the appraisal obtained at the time of purchase. When bought unoccupied, the figures indicate a property for which two months had passed.

Portfolio Strategy: Characteristics of Core Assets and Sub-Core Assets

Core Assets

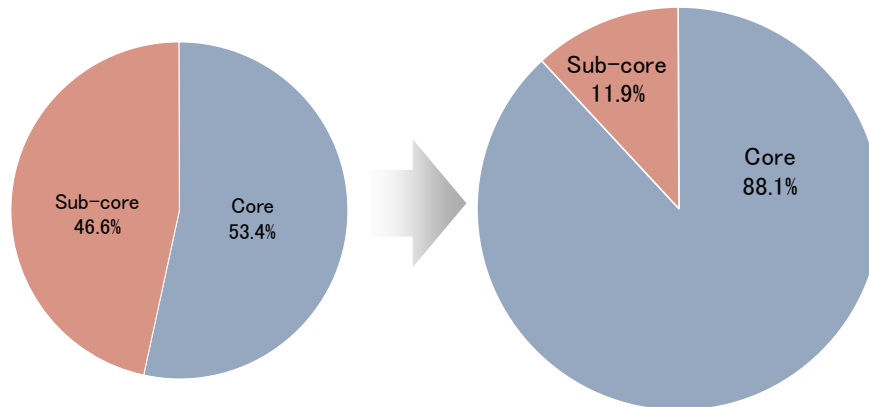
- Properties that can provide a particularly good living environment continually over the long-term
- Competitiveness in the rental housing market
- Long-term stability and growth potential
- Planned management from a longer-term perspective
- Promotion of the brand strategy

Sub-core Assets

- Properties with relatively strong profitability and liquidity for which steady rental income can be expected over the medium- to long-term
- Secure revenue-earning opportunity through flexible, dynamic incorporation into the portfolio
- Secure liquidity in the real estate market
- Dynamic management in line with real estate market trends and asset value variations

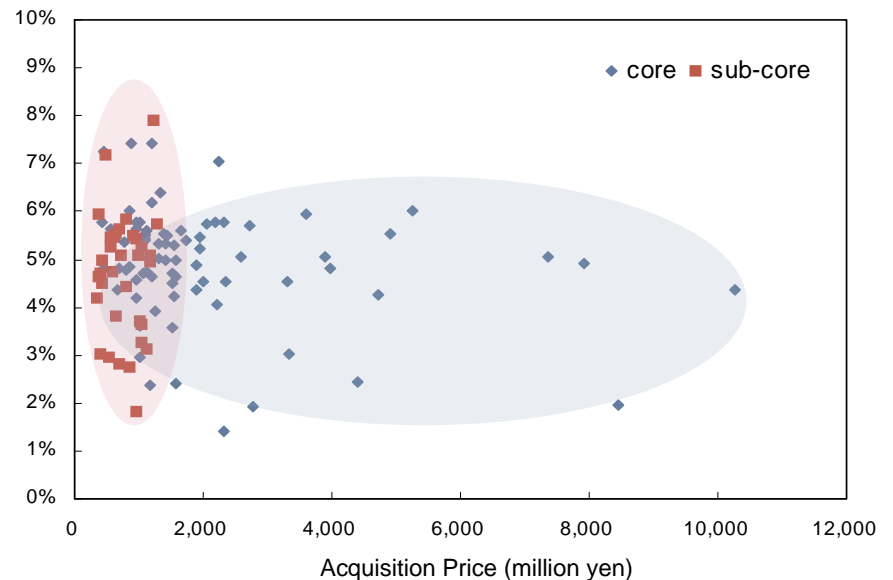
IPO 38 Assets

6th period 107 assets



(Note) The investment ratio is the percentage that the total acquisition prices of acquired assets belonging to a certain category comprise of the total acquisition prices for all acquired assets. Further, sold properties are classified as sub-core.

NOI yield during 6th fiscal period



Examples of Investments into Properties Under Construction or Development

To be acquired during 7th period and onwards

S-54 Pacific Residence Kamiochiai

	Acquisition Value (Planned)	1,332Mn yen
	Seller	Soken Co., Ltd.
	Location	Shinjuku-ku, Tokyo
	Rentable Unit	70
	Construction Completion	September 2006

C-25 Pacific Tower Meguro-Fudomae

	Acquisition Value (Planned)	14,507Mn yen
	Seller	Grand Tower T.M.K.
	Location	Shinagawa-ku, Tokyo
	Rentable Unit	358
	Construction Completion	January 2007

C-35 Pacific Residence Ebisu-Minami

	Acquisition Value (Planned)	2,436Mn yen
	Seller	AoyamaMainland.
	Location	Shibuya-ku, Tokyo
	Rentable Unit	39(planned)
	Construction Completion	March 2007

C-37 Pacific Residence Minami-ichijo

	Acquisition Value (Planned)	1,910Mn yen
	Seller	DAIWA HOUSE INDUSTRY CO., LTD
	Location	Sapporo City, Hokkaido
	Rentable Unit	179(planned)
	Construction Completion	January 2007


C-39 Pacific Residence Kita-sanjo

	Acquisition Value (Planned)	1,261Mn yen
	Seller	TOKYU LAND CORPORATION
	Location	Sapporo City, Hokkaido
	Rentable Unit	100(planned)
	Construction Completion	February 2007

F-18 Pacific Residence Nihonbashi-Bakurocho

	Acquisition Value (Planned)	5,380Mn yen
	Seller	Marubeni Corporation
	Location	Chuo-ku, Tokyo
	Rentable Unit	132(planned)
	Construction Completion	March 2007

F-19 Pacific Residence Gotenyama

	Acquisition Value (Planned)	1,186Mn yen
	Seller	Sunwood Corporation
	Location	Shinagawa-ku, Tokyo
	Rentable Unit	16
	Construction Completion	January 2007

F-20 Pacific Residence Maruyama Kita-gojo

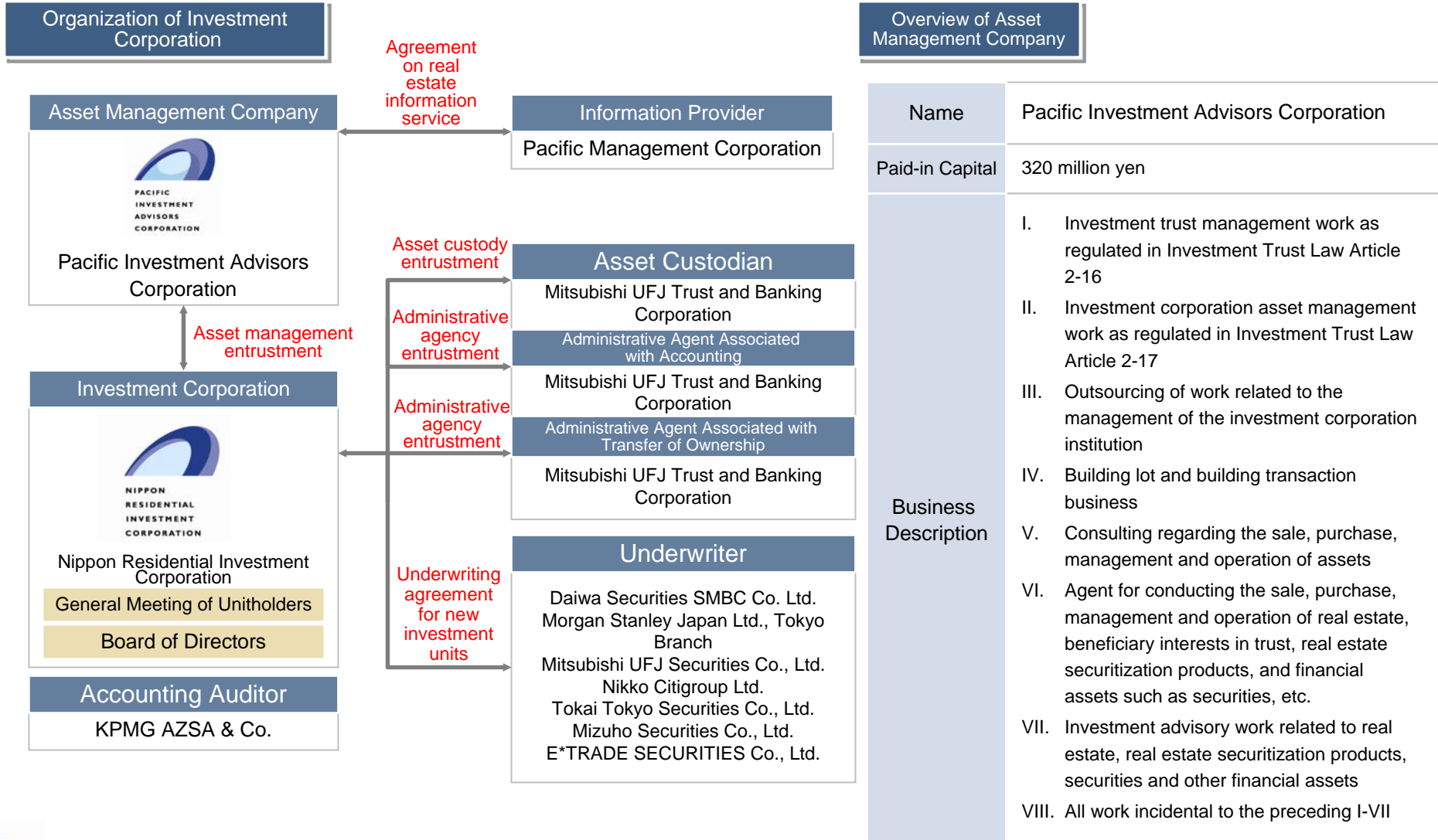
	Acquisition Value (Planned)	1,284Mn yen
	Seller	TOKYU LAND CORPORATION
	Location	Sapporo City, Hokkaido
	Rentable Unit	56(planned)
	Construction Completion	February 2007

F-21 Pacific Residence Tokugawa

	Acquisition Value (Planned)	976Mn yen
	Seller	Mitsui Fudosan Residential Co.,Ltd.
	Location	Nagoya City Aichi Prefecture
	Rentable Unit	27
	Construction Completion	December 2006

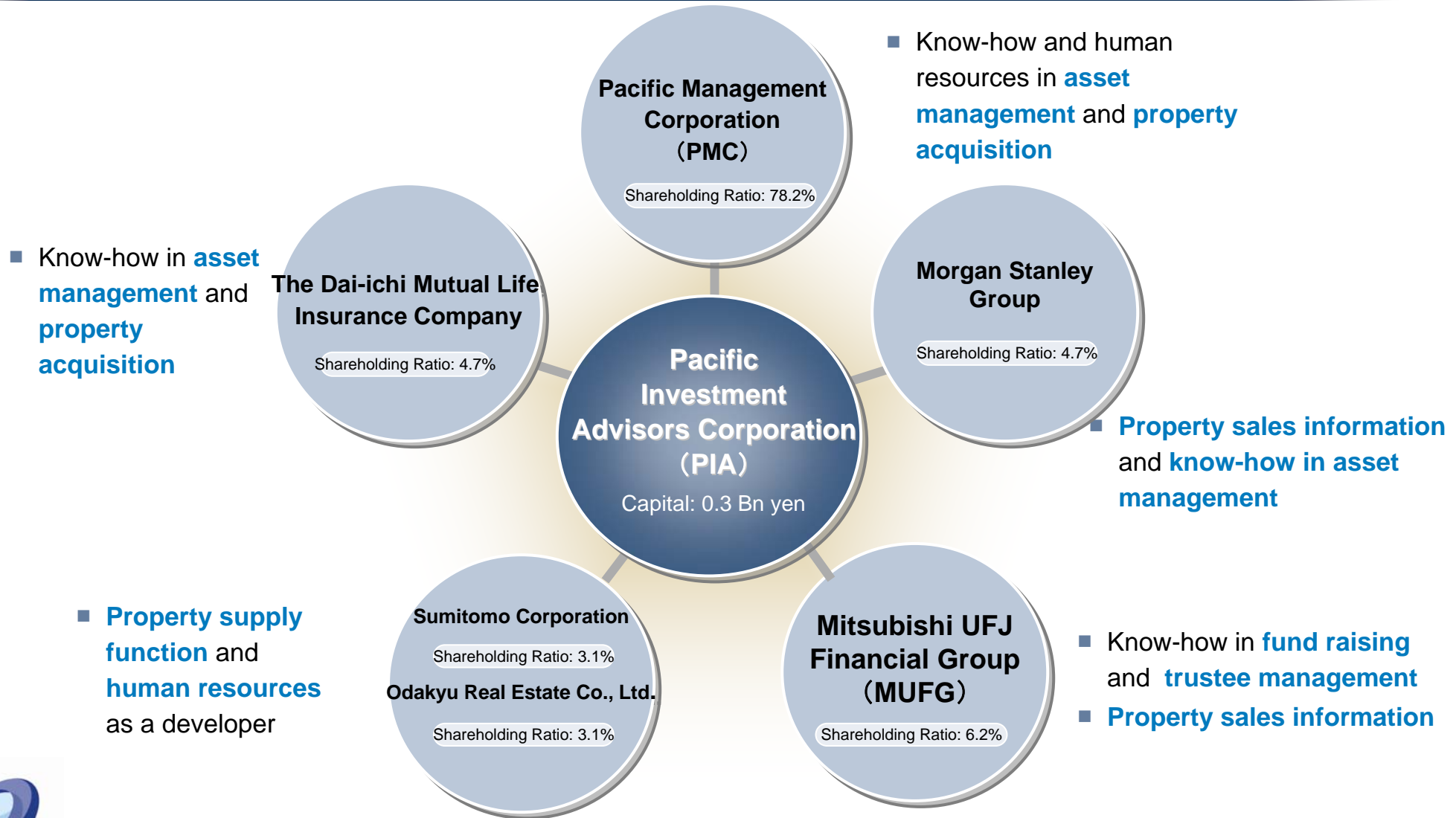
(Note) All of the images on this slide are conceptual drawings prepared based on the building planned for construction using design documents and thus may differ from the actual completed building.

Overview of Investment Corporation/Asset Management Company



Profile of Pacific Investment Advisors Corp.

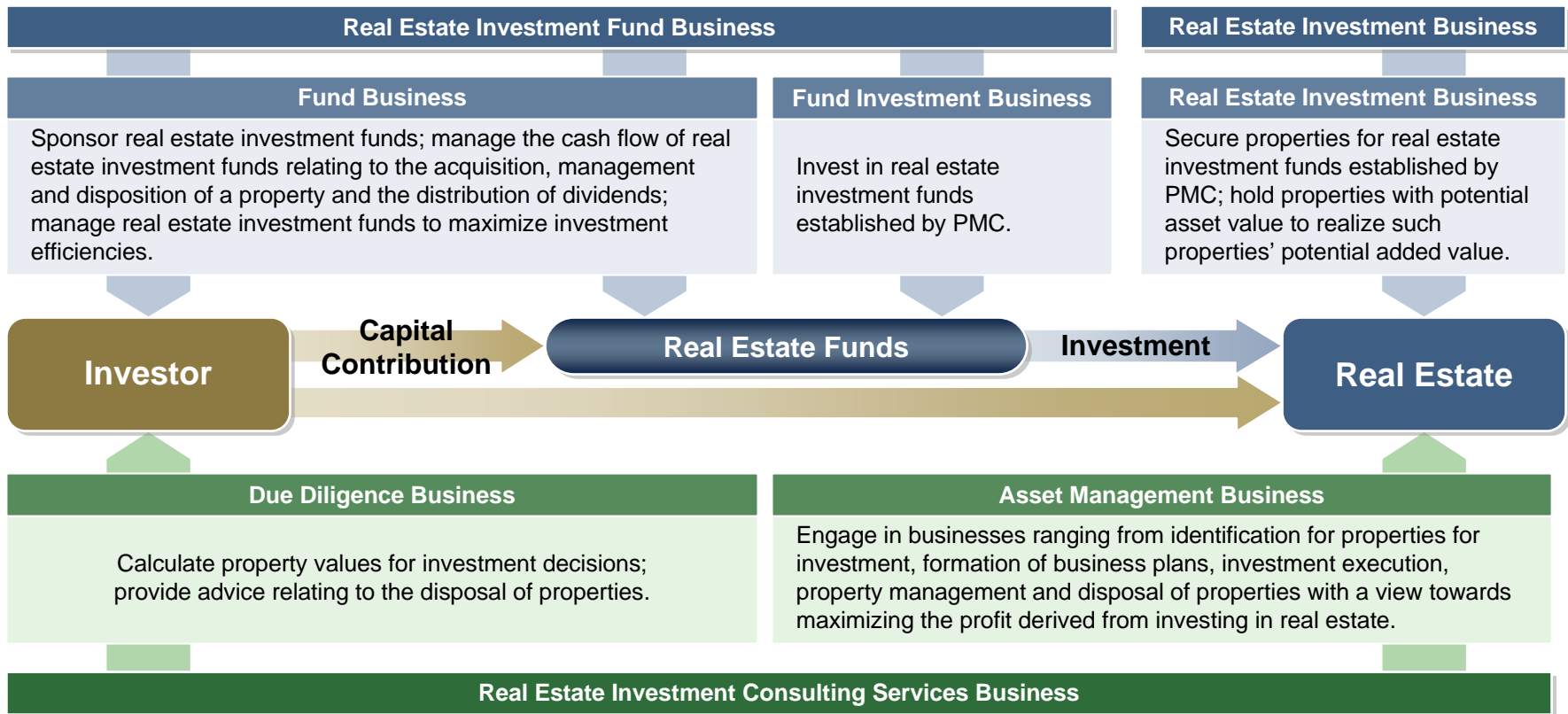
Sponsored by Pacific Management Corporation and Other Companies



Description of Pacific Management Corporation

Company Overview	
Representative	Masaru Takatsuka
Listed Exchange	1st tier, Tokyo Stock Exchange
Code No.	8902

Consolidated Financial Statements Overview (year ended November 2005)			
Sales	72,743 million yen	Total Assets	135,707 million yen
Ordinary Income	8,466 million yen	Shareholders' Equity	27,679 million yen
Net Income	4,546 million yen	Shareholders' Equity to Total Assets	20.4%



Properties Roster

107 Properties owned at the end of 6th fiscal period

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units		Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
S-1	Core1	Tokyo 23 Wards	Pacific Livew Shinkawa	2,050	83	S-48	Sub-core	Tokyo Central 5 Wards	ZESTY NISISINJUKU	436	19
S-2	Core1	Tokyo Central 5 Wards	Pacific Livew Shiba Daimon	1,900	63	S-49	Sub-core	Tokyo 23 Wards	ZESTY KYODO	344	15
S-3	Sub-core	Tokyo Central 5 Wards	Glenpark Sangubashi	1,040	27	S-50	Core1	Major Regional Cities	Pacific Livew Utsuboko	1,200	94
S-5	Sub-core	Tokyo Central 5 Wards	Leopalace Udagawacho Mansion	569	30	S-51	Core1	Tokyo 23 Wards	Pacific Residence Tsukushima I	1,176	40
S-7	Sub-core	Tokyo 23 Wards	Escort Kami-Ikebukuro	644	44	S-52	Core2	Tokyo 23 Wards	CYNTHIA Oimachi	1,100	48
S-8	Core1	Tokyo 23 Wards	Pacific Residence Shin-Nakano	448	24	S-55	Core1	Tokyo 23 Wards	Pacific Residence Higashishinagawa	2,317	122
S-9	Sub-core	Tokyo Metropolitan Area	Dormitory Haramachida	490	73	S-56	Core2	Tokyo Central 5 Wards	LUKE	1,530	34
S-13	Sub-core	Major Regional Cities	Yoshizuka AG Building No.6 and No.7	428	86	S-57	Core1	Tokyo Central 5 Wards	Pacific Residence Toranomon	1,484	63
S-14	Core1	Tokyo 23 Wards	Pacific Livew Shirokanedai	1,250	32	S-58	Core1	Tokyo 23 Wards	Pacific Residence Kamata I	1,579	78
S-15	Core2	Major Regional Cities	Grand Blue Hakata	1,582	155	C-1	Core1	Tokyo 23 Wards	Pacific ResidenceBunkyootowa	3,590	104
S-16	Sub-core	Tokyo 23 Wards	J Stage Honancho	952	91	C-2	Core1	Tokyo 23 Wards	Pacific Residence Sengoku	760	33
S-17	Core2	Tokyo 23 Wards	Park Habio Kyobashi	2,725	63	C-3	Core1	Tokyo Central 5 Wards	Pacific Livew Jiyugaoka	1,080	28
S-18	Core1	Major Regional Cities	Pacific Livew Tenjinbashi	970	78	C-4	Core1	Tokyo 23 Wards	Pacific Residence Yushima	1,110	39
S-19	Core1	Tokyo 23 Wards	Pacific Residence Yushimasanchome	1,020	63	C-6	Sub-core	Tokyo 23 Wards	ZESTY Ikegami Building A and B	381	19
S-20	Core1	Tokyo Central 5 Wards	Pacific Residence Shinjuku East	1,397	54	C-8	Core1	Tokyo Metropolitan Area	Pacific Livew Hachioji	700	40
S-21	Core1	Tokyo Central 5 Wards	Pacific Livew Shinjuku Higashi	854	48	C-9	Sub-core	Major Regional Cities	Grand Heights Hibino	1,230	124
S-22	Core1	Tokyo Central 5 Wards	Pacific Residence Kandaiwamotocho	1,657	65	C-10	Core1	Major Regional Cities	Pacific Residence Koyochi	454	40
S-23	Core2	Major Regional Cities	Umead Excelheights	5,250	414	C-11	Core1	Tokyo Central 5 Wards	Pacific Livew Nagatacho	1,000	23
S-24	Core1	Tokyo 23 Wards	Pacific Residence Tsukiji	1,320	54	C-12	Core1	Tokyo Central 5 Wards	Pacific Residence Suidobashi	2,330	65
S-25	Core1	Tokyo 23 Wards	Pacific Residence Sasaduka	1,950	96	C-13	Core1	Tokyo Central 5 Wards	Pacific Tower Nogizaka	3,900	68
S-26	Core1	Tokyo Central 5 Wards	Pacific Residence Minamiazabu	1,060	37	C-14	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka I	1,300	37
S-27	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisuhighashi	660	26	C-15	Core2	Tokyo Central 5 Wards	Apartments Nishi-Azabu	7,920	125
S-28	Core1	Tokyo 23 Wards	Pacific Residence Meguronishi	800	20	C-16	Core1	Major Regional Cities	Pacific Residence Tenjinminami	1,200	56
S-29	Core1	Tokyo Central 5 Wards	Pacific ResidenceHiroo 3chome	850	29	C-17	Core1	Major Regional Cities	Pacific Livew Hakataeki-Minami	420	39
S-30	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka II	1,567	37	C-18	Core1	Tokyo 23 Wards	Pacific Residence Ningyocho	572	25
S-31	Core1	Tokyo 23 Wards	Pacific Livew Kyobashi	1,401	52	C-19	Core1	Tokyo Central 5 Wards	Pacific Residence Daikanyama	2,180	42
S-32	Core1	Major Regional Cities	Pacific Residence Sannomiyahigashi	2,247	161	C-20	Core1	Tokyo Central 5 Wards	Pacific Residence Ichigaya	2,580	85
S-33	Core1	Tokyo 23 Wards	Pacific Livew Tamagawa	1,514	98	C-21	Core1	Tokyo Metropolitan Area	Pacific Residence Kichioji	1,445	48
S-34	Sub-core	Tokyo 23 Wards	Maison Korakuen	710	31	C-22	Core1	Tokyo 23 Wards	Pacific Residence Bunkyosengoku	1,557	45
S-35	Core1	Tokyo 23 Wards	Pacific Livew Ginzahigashi	2,348	94	C-23	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka Hinokicho	4,710	87
S-36	Sub-core	Tokyo 23 Wards	Relation Oji	1,027	61	C-24	Core1	Tokyo Central 5 Wards	Pacific Residence Takanawa	1,550	31
S-37	Sub-core	Tokyo Metropolitan Area	No.6 Zelkova Mansion	609	33	C-26	Core2	Tokyo 23 Wards	Storia SANGEN-JAYA	3,311	78
S-38	Core1	Tokyo 23 Wards	Pacific Livew Wasedanishi	1,100	63	C-27	Core1	Tokyo 23 Wards	Pacific Livew Chojamaru	3,338	71
S-39	Sub-core	Major Regional Cities	KC21Building	1,167	79	C-28	Sub-core	Tokyo Central 5 Wards	L'air Minami Aoyama	1,030	13
S-40	Core1	Tokyo Central 5 Wards	Pacific Livew Hiroo	1,741	76	C-29	Core2	Major Regional Cities	Mare	963	38
S-41	Sub-core	Tokyo Metropolitan Area	Cosmo Nishi-Funabashi II	799	70	C-30	Core1	Tokyo Central 5 Wards	Pacific Livew Kandahigashi	1,880	64
S-42	Core1	Tokyo Metropolitan Area	Pacific Livew Yokohama Kannai	1,950	102	C-31	Sub-core	Major Regional Cities	Melody Heim Shin-Osaka	956	70
S-43	Sub-core	Tokyo 23 Wards	K2	393	22	C-32	Sub-core	Major Regional Cities	Melody Heim Matsubara	643	53
S-44	Sub-core	Tokyo Metropolitan Area	FLATS OKURAYAMA	895	64	C-33	Core1	Tokyo 23 Wards	Pacific Livew Iriya	1,190	49
S-45	Core2	Tokyo Central 5 Wards	Planeta Shiodome	2,782	67	C-34	Core1	Tokyo Central 5 Wards	Pacific Residence Higashiazabu	1,570	31
S-46	Sub-core	Tokyo 23 Wards	ZESTY KOMAZAWADAIGAKU	393	18	F-1	Core1	Tokyo Central 5 Wards	Pacific Residence Sakuragaoka	3,960	66
S-47	Sub-core	Tokyo Central 5 Wards	ZESTY YOYOGI	377	16	F-2	Core1	Tokyo Central 5 Wards	Pacific Residence Mejiro Otomeyama	1,100	19

Properties Roster

107 Properties owned at the end of 6th fiscal period

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
F-3	Core1	Tokyo 23 Wards	Pacific Residence Shinkawa a	1,420	36
F-4	Sub-core	Tokyo 23 Wards	Setagaya Sun Heights	982	38
F-9	Sub-core	Major Regional Cities	Sky Heights Hirabari	554	36
F-10	Core1	Tokyo 23 Wards	Pacific Residence Mejiro	7,350	162
F-11	Core1	Tokyo Central 5 Wards	Pacific Residence Shibaura	4,900	154
F-12	Core1	Major Regional Cities	Pacific Residence Shirakabehigashi	1,070	33
F-13	Core1	Major Regional Cities	Pacific Residence Sakaihigashi	890	50
F-14	Sub-core	Tokyo Metropolitan Area	Maison Yachiyodai	1,281	39
F-15	Sub-core	Tokyo 23 Wards	Abreast Kasai	807	29
F-16	Core1	Major Regional Cities	Pacific Residence Uzumasa	958	48
F-17	Core1	Major Regional Cities	Pacific Residence Izumi	4,400	122
L-2	Core2	Tokyo Central 5 Wards	Bellwood	1,530	6
L-3	Core2	Tokyo Central 5 Wards	Grand Forme Ichigaya Haraikatamachi	970	6
L-4	Sub-core	Tokyo Central 5 Wards	Meguro Hillside Court	1,000	18
L-5	Sub-core	Tokyo 23 Wards	Petit Cour Kinuta	684	11
L-7	Core2	Tokyo Central 5 Wards	Motoazabu Place	10,270	41
L-8	Core1	Tokyo Central 5 Wards	Pacific Tower Roppongi	8,456	83
L-9	Core1	Tokyo Central 5 Wards	Pacific Residence Kamimeguro	1,000	16
L-10	Core1	Tokyo Central 5 Wards	Pacific Residence Yoyogikoen	1,310	6
L-11	Core2	Tokyo Central 5 Wards	Windsor House Hiroo	2,000	12
L-12	Sub-core	Tokyo Central 5 Wards	SOHO Kita Aoyama	1,160	10
L-13	Core1	Tokyo 23 Wards	Pacific Residence Ohi	1,120	22
L-14	Core2	Tokyo Central 5 Wards	Root Azabu Jyuban	2,220	26
TOTAL				184,303	6,171



Properties (to be) acquired during 7th period and onwards

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units (plan)
S-54	Core1	Tokyo Central 5 Wards	Pacific Residence Kamiuchiai	1,332	70
S-53	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisu	3,500	61
C-25	Core1	Tokyo 23 Wards	Pacific Tower Meguro-fudomae	14,507	358
C-35	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisu-minami	2,436	39
C-36	Core1	Tokyo Central 5 Wards	Leaf Court Azabu	9,060	113
C-37	Core1	Major Regional Cities	Pacific Residence Minami-ichijo	1,910	179
C-39	Core1	Major Regional Cities	Pacific Residence Kita-sanjo	1,261	100
F-18	Core1	Tokyo 23 Wards	Pacific Residence Nihonbashi-bakurocho	5,380	132
F-19	Core1	Tokyo 23 Wards	Pacific Residence Gotenyama	1,186	16
F-20	Core1	Major Regional Cities	Pacific Residence Maruyama-kitagojo	1,284	56
F-21	Core1	Major Regional Cities	Pacific Residence Tokugawa	975	27
SE-1	Core1	Tokyo Metropolitan Area	Life & Senior House Kohoku II	1,950	77
TOTAL				44,783	1,228

Borrowings

(short term and long term repayable within 1 year)

Classification		Balance at previous period end (thousand)	Increase in current period (thousand yen)	Decrease in current period (thousand yen)	Balance as of report date (thousand yen)	Average interest rate (note1)	Repayment date	Purpose	Remarks
Lender									
Short term loan	AOZORA BANK, LTD.	—	1,500,000	—	1,500,000	0.89267%	2007/8/29	(note4)	Unsecured Non-guaranteed
	Mizuho Corporate Bank, Ltd.	—	1,700,000	—	1,700,000	0.86455%	2007/9/29	(note4)	
	subtotal	13,250,000 (note3)	3,200,000	13,250,000 (note3)	3,200,000				
Long term loan (repayable within one year)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250,000	—	—	3,250,000	0.89000%	2007/11/30	(note5)	Unsecured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	1,550,000	—	—	1,550,000				
	Mitsubishi UFJ Trust and Banking Corporation	1,200,000	—	—	1,200,000				
	The Sumitomo Trust & Banking Co., Ltd.	1,250,000	—	—	1,250,000				
	RESONA BANK,LTD.	1,200,000	—	—	1,200,000				
	AOZORA BANK, LTD.	800,000	—	—	800,000				
	The Norinchukin Bank	1,250,000	—	—	1,250,000				
	THE SHIZUOKA BANK, LTD.	500,000	—	—	500,000				
	The Chiba Bank Limited	500,000	—	—	500,000				
subtotal	11,500,000	—	—	11,500,000					
Total		24,750,000	3,200,000	13,250,000	14,700,000				

Borrowing (Long Term Borrowing)

Classification		Balance at previous period end (thousand)	Increase in current period (thousand yen)	Decrease in current period (thousand yen)	Balance as of report date (thousand yen)	Average interest rate (note1)	Repayment date	Purpose	Remarks
Lender									
Long term loan	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,800,000	—	266,000	3,534,000	1.39152% (note2)	2009/2/28	(note6)	Secured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	1,550,000	—	108,500	1,441,500				
	Mitsubishi UFJ Trust and Banking Corporation	1,300,000	—	91,000	1,209,000				
	The Sumitomo Trust & Banking Co., Ltd.	1,300,000	—	91,000	1,209,000				
	RESONA BANK,LTD.	1,300,000	—	91,000	1,209,000				
	AOZORA BANK, LTD.	750,000	—	52,500	697,500				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250,000	—	—	3,250,000	1.30374% (note2)	2009/11/30	(note5)	Secured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	1,550,000	—	—	1,550,000				
	Mitsubishi UFJ Trust and Banking Corporation	1,200,000	—	—	1,200,000				
	The Sumitomo Trust & Banking Co., Ltd.	1,250,000	—	—	1,250,000				
	RESONA BANK,LTD.	1,200,000	—	—	1,200,000				
	AOZORA BANK, LTD.	800,000	—	—	800,000				
	The Norinchukin Bank	1,250,000	—	—	1,250,000				
	THE SHIZUOKA BANK, LTD.	500,000	—	—	500,000				
	The Chiba Bank Limited	500,000	—	—	500,000				
	The Dai-ichi Mutual Life Insurance Company	0	1,000,000	—	1,000,000	1.94000%	2011/8/31	(note4)	Unsecured Non-guaranteed
	DAIDO LIFE INSURANCE COMPANY	0	1,600,000	—	1,600,000	2.19875%	2013/11/17	(note4)	Unsecured Non-guaranteed
	subtotal	21,500,000	2,600,000	700,000	23,400,000				
	Total	46,250,000	5,800,000	13,950,000	38,100,000				

(Note 1) The average interest rate is the loan interest rate of each loan agreement (weighted average of end-of-period balance) rounded to five decimal places.

(Note 2) The weighted average interest rate that considers the effect of the interest rate swap is listed for borrowings for which interest rate swap transactions were conducted with the objective of avoiding interest rate fluctuation risks.

(Note 3) The 13,250,000 thousand yen in short-term borrowings borrowed prior to the end of the previous fiscal period was repaid before the maturity date by the end of this fiscal period.

(Note 4) Used to purchase real estate.

(Note 5) Used to purchase real estate and real estate in trust, and to repay short-term borrowings.

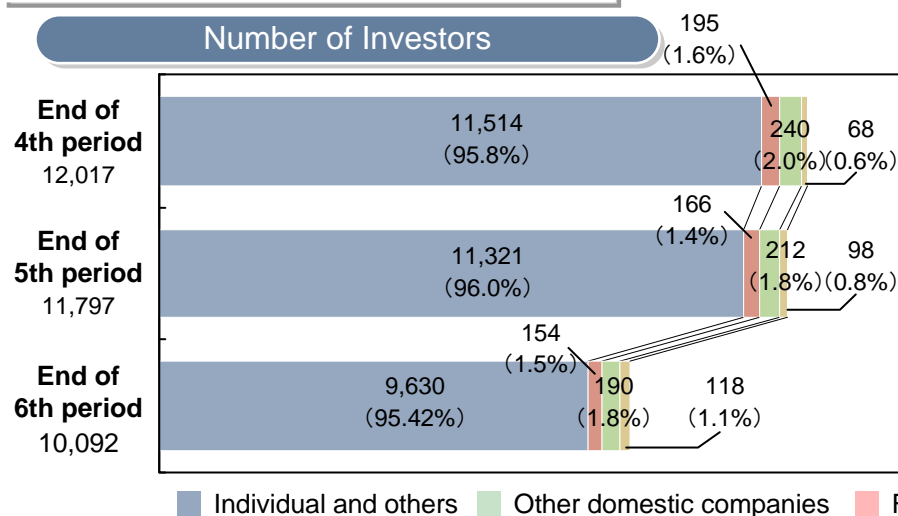
(Note 6) Used to purchase real estate in trust.

(Note 7) The following represents the scheduled repayment amounts for each year over the next 5 years calculated from the end of this fiscal period for long-term borrowings (excluding that to be repaid within one year).

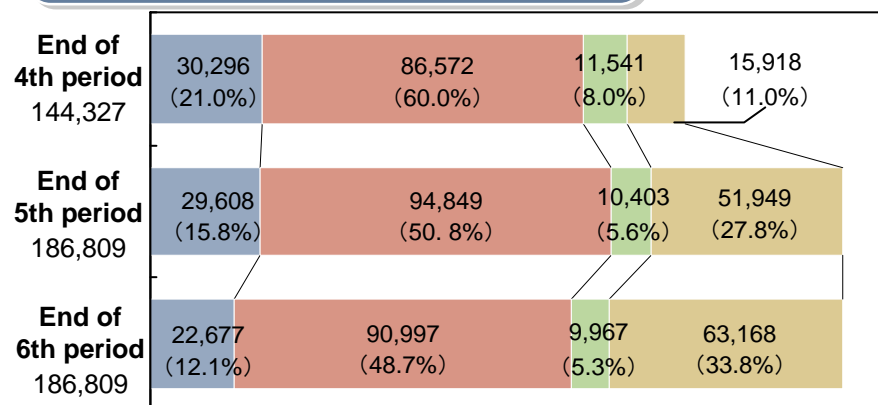
	within 2 years	within 3 years	within 4 years	within 5 years
Long-term loan	—	20,800,000(thousand yen)	—	1,000,000(thousand yen)

Investment Units Conditions

Possession of Investment Units



Number of Units held by Investor Type



Major Investors (As of Nov. 30, 2006)

Rank	Name	Number of Units
1	NikkoCiti Trust and Banking Corporation (Trust)	14,188
2	Japan Trustee Services Bank, Ltd. (Trust)	13,652
3	CBLDN Standard Life Assurance Limited	7,985
4	The Master Trust Bank of Japan, Ltd. (Trust)	5,854
5	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	5,841
6	North Pacific Bank, Ltd.	4,937
7	Credit Suisse First Boston Europe PB Sec Int Non-Treaty Client	4,178
8	Aiden Corporation, Ltd.	4,127
9	National Mutual Insurance Federation of Agricultural Cooperatives	4,001
10	State Street Bank And Trust Company	3,983

(Reference) Major Investors (As of May. 31, 2006)

Rank	Name	Number of Units
1	Japan Trustee Services Bank, Ltd. (Trust)	11,850
2	NikkoCiti Trust and Banking Corporation (Trust)	11,715
3	The Master Trust Bank of Japan, Ltd. (Trust)	6,752
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	5,701
5	CBLDN Standard Life Assurance Company	4,523
6	State Street Bank And Trust Company	4,282
7	Aiden Corporation, Ltd.	4,127
8	National Mutual Insurance Federation of Agricultural Cooperatives	4,001
9	Morgan Stanley and company Inc	3,989
10	Ikeda Bank, Ltd.	3,519

Information Disclosure and IR Activities

	Mass media	Domestic investors	Individual investors	Debt investors	Overseas investors
Ongoing disclosure	Information disclosure based on TSE regulations: Disclosure via TDnet registration and press releases				
	Financial accounts (kessan tanshin)				
Disclosure on website	Proactive disclosure utilizing website http://www.nric.co.jp				Disclosure on English website http://www.nric.co.jp/eng/
	Audio distribution of briefing on financial accounts (on website)				
Disclosure of financial (accounts) information		Asset management report (sent to existing unitholders)			Annual reports
	Briefing on financial accounts	Briefing on financial accounts	Briefing for individual investors	Briefing for debt investors	Briefing for overseas investors
Holding individual face-to-face meetings	Individual interview	Individual meeting		Individual meeting	Individual meeting
Other		Property viewing	Property viewing (plan to conduct)	Property viewing	Property viewing

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