

# Nippon Residential Investment Corp. Explanatory Material on Accounts

for **7<sup>th</sup>** Fiscal Period

(six months ended May 2007)



NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION



PACIFIC  
INVESTMENT  
ADVISORS  
CORPORATION



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# Section I

## Overview of 7<sup>th</sup> Fiscal Period Accounts

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# Performance Highlights for 7<sup>th</sup> Fiscal Period

1

## Paid distribution of 14,336 yen per unit (period-on-period increase: 104yen; forecast for 8<sup>th</sup> fiscal period: 13,100 yen)

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

2

## Built a highly competitive portfolio

- Acquired 12 assets (44.6 billion yen) and sold 3 assets (3.5 billion yen)  
Heightened the quality (competitiveness of assets) of the portfolio through the replacement of properties
- Investment ratio in Tokyo 23 wards: 81.4%

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<sup>(Note 1)</sup>: 93.2% (+2.4%)
- Implemented measures to raise rent when tenants are replaced centering on highly competitive properties in central Tokyo. Achieved some rental increase for existing tenants.

4

## Reinforced financial foundation

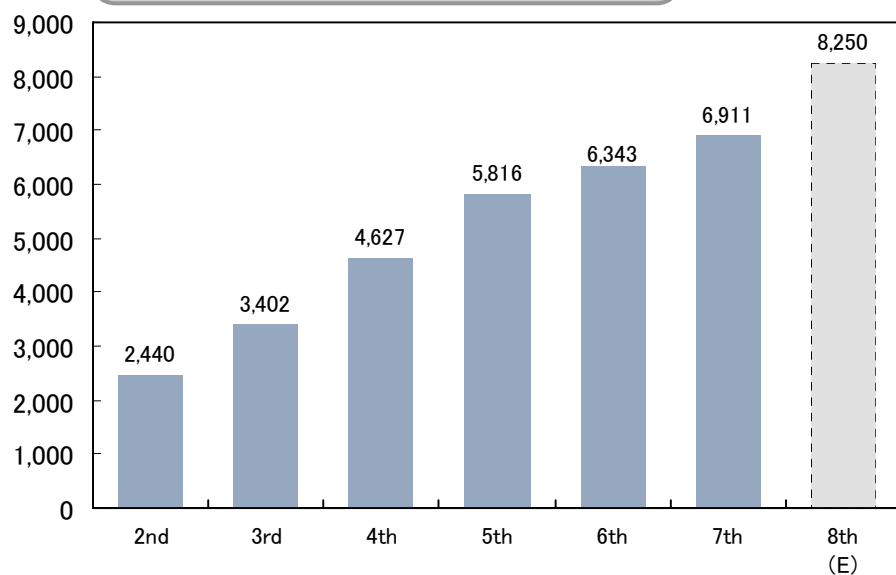
- Improved credit rating: Moody's upgraded from A3 to A2
- Promoted greater ratio of borrowings with fixed interest rates (ratio of borrowings with fixed interest rates increased to 83.7%<sup>(Note 2)</sup>)
- Secured financial stability (expanded lenders: from 17 to 21 lenders)

(Note 1) The 107 properties owned as of the end of the 6<sup>th</sup> Fiscal Period minus the 3 properties sold during 7<sup>th</sup> fiscal period

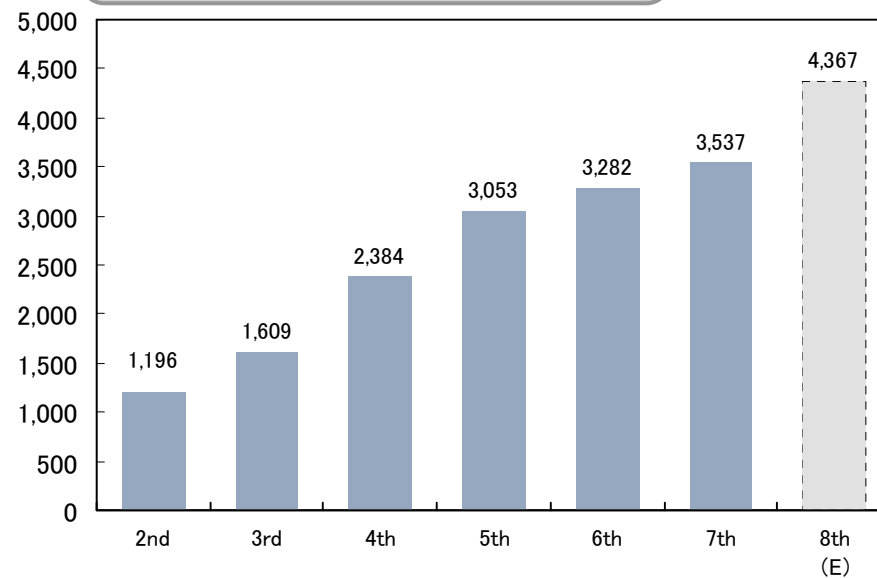
(Note 2) As of the end of the 7<sup>th</sup> Fiscal Period

# Performance Trend

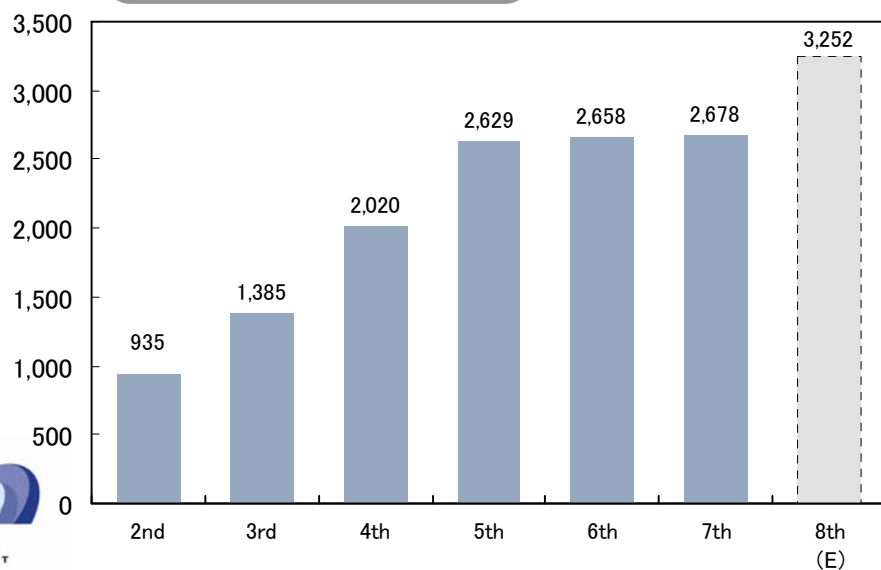
Operating Revenues (Million yen)



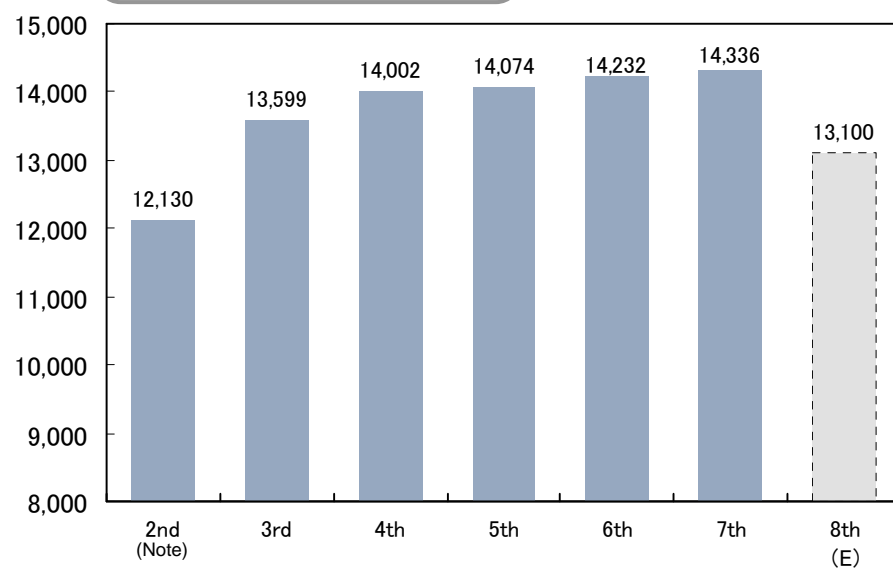
Operating Profits (Million yen)



Net Income (Million yen)



Distribution per unit (yen)



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

# Summary of 7<sup>th</sup> fiscal period performance

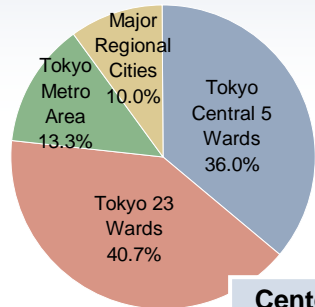
	7 <sup>th</sup> period (Actual)	period-on-period Comparison		Performance Forecasts as of Jan. 24, 2007	Actual-Forecasts Comparison	
Operating Revenues	<b>6,911Mn Yen</b>	+568Mn Yen	+9.0%	6,723Mn Yen	+188Mn Yen	+2.8%
Operating Profit	<b>3,537Mn Yen</b>	+254Mn Yen	+7.8%	-	-	-
Net Profit	<b>2,678Mn Yen</b>	+19Mn Yen	+0.7%	2,503Mn Yen	+175Mn Yen	7.0%
Capital Gain from Sales of property	<b>761Mn Yen</b>	-88Mn Yen	-10.4%	427Mn Yen	+334Mn Yen	+78.2%
Depreciation	<b>1,289Mn Yen</b>	+182Mn Yen	+16.5%	1,251Mn Yen	+38Mn Yen	+3.0%
Distribution per Unit	<b>14,336 Yen</b>	+104 Yen	+0.7%	13,400 Yen	+936 Yen	+7.0%

(Note) Figures are displayed with values below the indicated unit rounded off. Ratios are rounded to the 1<sup>st</sup> decimal place.

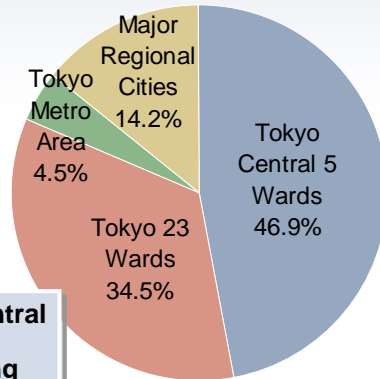
# Changes in Portfolio Quality

## Geographic Distribution

IPO 38 Assets



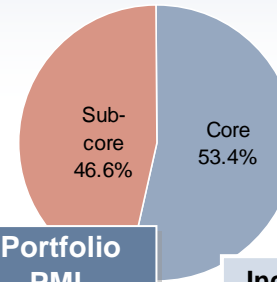
7th Period End 116 Assets



Centered on central Tokyo where demand is strong

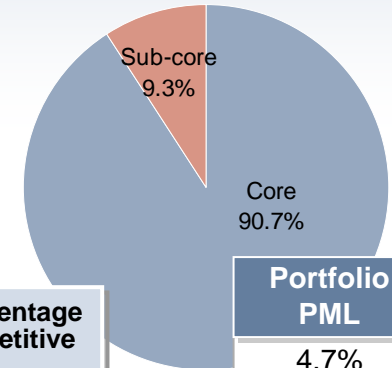
## Core & Sub-core Distribution

IPO 38 Assets



Portfolio PML  
5.9%

7th Period End 116 Assets

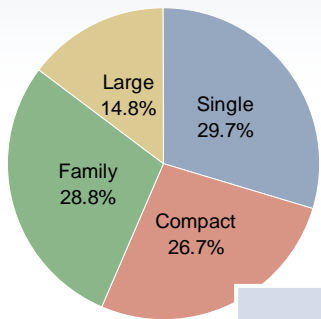


Portfolio PML  
4.7%

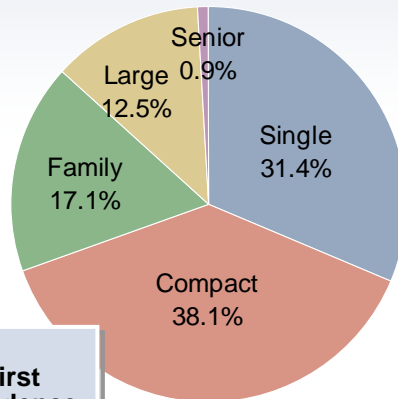
Increased percentage of highly competitive core assets

## Type Distribution

IPO 38 Assets



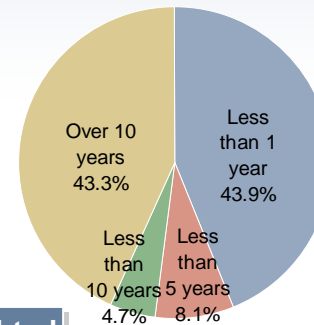
7th Period End 116 Assets



Acquisition of first senior type residence

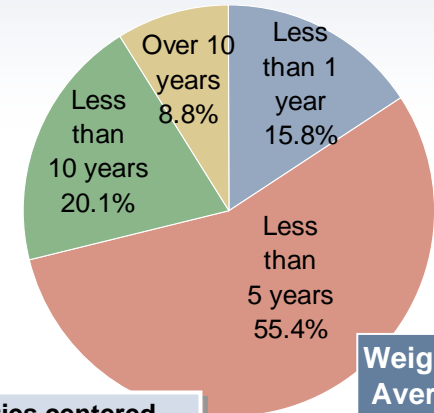
## Age Distribution

IPO 38 Assets



Weighted Average  
6.6 years

7th Period End 116 Assets

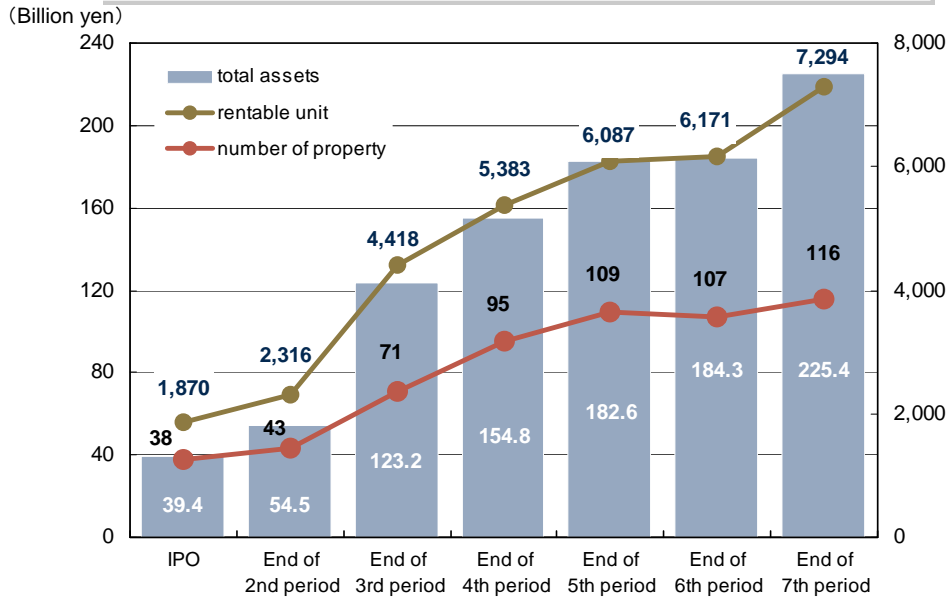


Weighted Average  
4.3 years

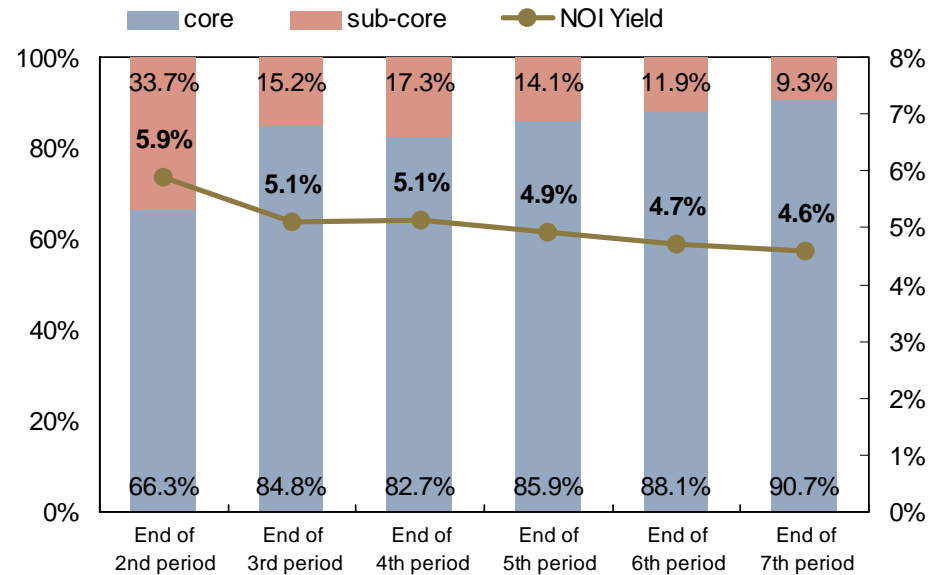
Incorporated properties centered on under-development properties that have the same level of spec. as for-sale condominiums

# History of Portfolio Performance

## Portfolio Growth



## Portfolio Composition and Change in NOI Yield



## Portfolio Yield by Acquisition Period

Period Acquired	Acquisition Price (Mn yen)	Appraisal Value		Actual Result (7th period)			Actual Result (6th period)	
		Period End (Mn yen)	WA. NOI yield	WA. NOI yield	Av. Occupancy	WA. NOI yield	Av. Occupancy	
Before 2nd	40,706	43,558	5.7%	5.2%	92.6%	5.1%	91.9%	
3rd	69,308	71,479	5.2%	5.1%	94.7%	5.1%	95.8%	
4th	33,647	33,495	5.2%	4.9%	93.6%	4.6%	92.4%	
5th	31,760	32,150	5.1%	4.4%	86.4%	3.6%	75.1%	
6th	5,380	5,390	4.9%	3.3%	94.5%	0.4%	43.8%	
6th Total	180,803	186,072	5.3%	4.9%	92.5%	4.7%	90.0%	
7th	44,663	46,664	5.2%	2.6%	81.9%	-	-	
7th Total	225,466	232,736	5.3%	4.6%	91.1%	-	-	

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

## Primary Variation Factors for NOI Yield between 6th and 7th Fiscal Periods

- Properties acquired between the 2nd and 6th fiscal periods performed well
- NOI yield of properties acquired in 7th fiscal period: 2.6%
  - Yield of three subleased properties (Note): 1.8%

## Forecast for 8th Fiscal Period

- Implied NOI yield of three subleased properties: 4.6% (+2.8%)
  - Impact on NOI yield of properties acquired in 7th fiscal period: +1.9%

(Note) Pacific Tower Meguro-Fudomae, Pacific Residence Ebisu-Minami, and Pacific Residence Nihonbashi-Bakurocho are the three properties with sublease contracts in which rent is guaranteed.

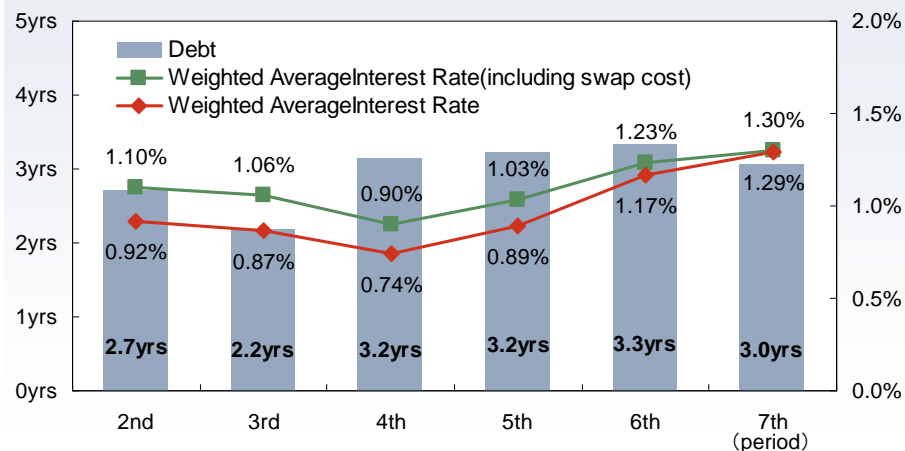


# Building a Sound Financial Base

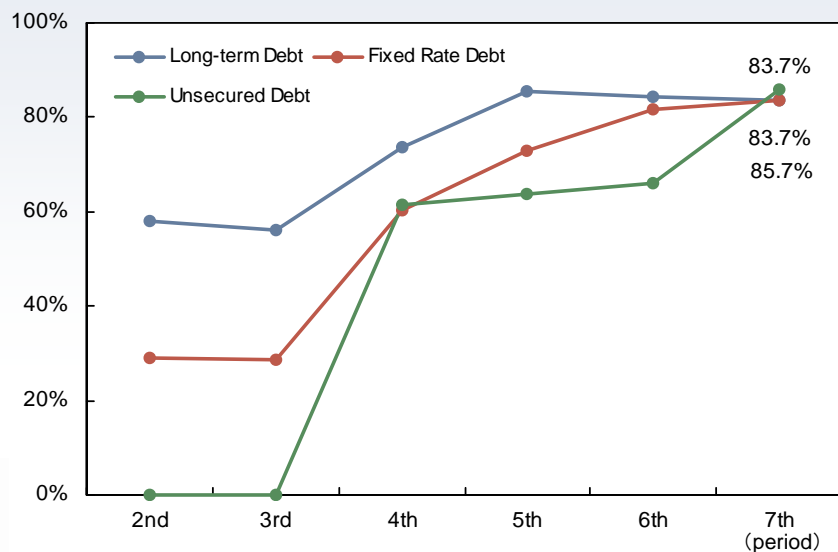
## Policy for NRIC Building a Financial Foundation

- Extending periods of borrowing and fixing interest rates on loans
- Maintaining a sound debt ratio
- Diversification of repayment dates
- Securing diverse means for procuring funds
- Expanding sources for raising capital

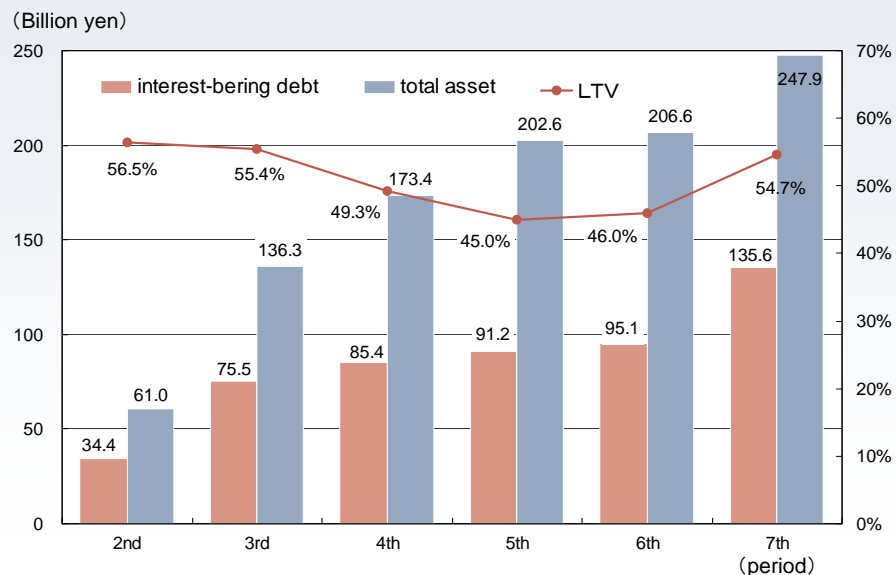
## Change in Weighted Average Interest



## Promotion of Fixed Interest

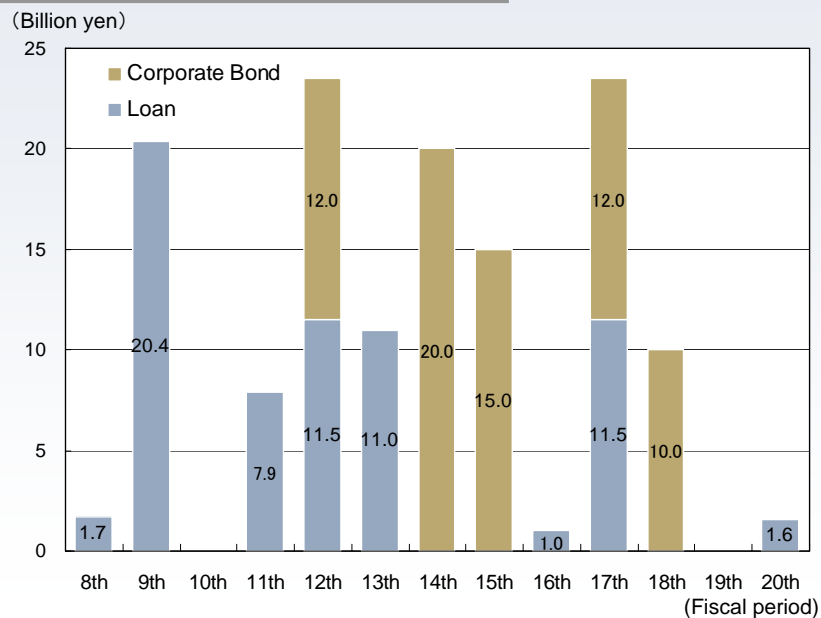


## Change in LTV

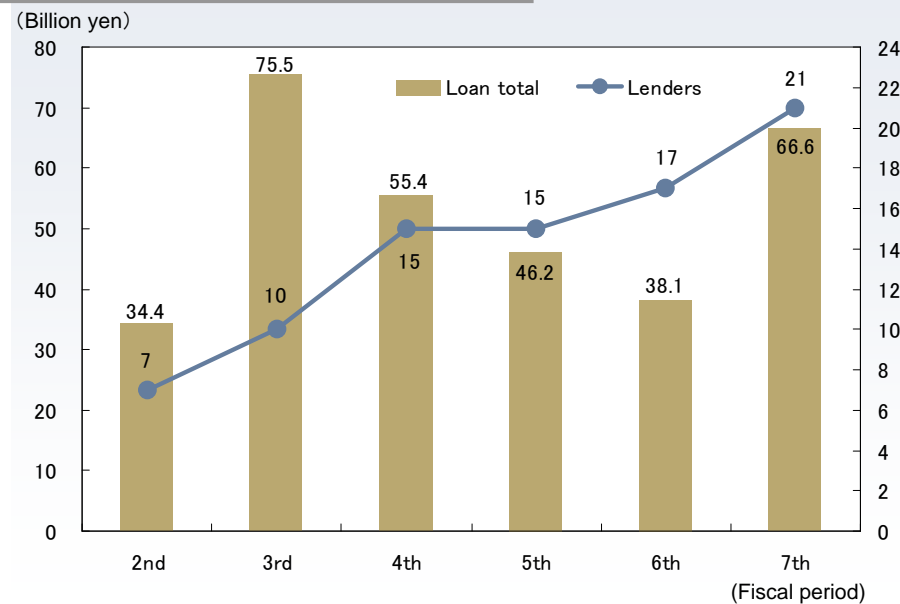


# Building a Sound Financial Base

## 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%	A2 (Moody's)
Public	2005/9/26	2010/9/24 (5years)	JPY 10Bn	0.84%	A2 (Moody's)
Public	2005/9/26	2012/9/24 (7years)	JPY 10Bn	1.28%	A2 (Moody's)
Public	2006/2/20	2011/2/18 (5years)	JPY 15Bn	1.50%	A2 (Moody's) / A+ (R&I)
Public	2006/10/25	2009/10/23 (3years)	JPY 12Bn	1.54%	A2 (Moody's) / A+ (R&I)
Public	2007/2/9	2012/2/9 (5years)	JPY 12Bn	1.84%	A2 (Moody's) / A+ (R&I)
Total	-	-	JPY 69Bn	-	-

(As of the end of June 2007)

## Credit Rating

**Moody's upgraded rating from A3 to A2 effective May 21, 2007**

Credit Rating Agency	Credit Rate	Outlook
Moody's Investor Service Inc.	A2	Stable
Rating and Investment Information, Inc.	A+	Stable

(As of the end of June 2007)

# Section II

## Overview of Public Offering

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# Overview of Public Offering

## Overview of Public Offering

Primary Offering	60,000 units/42.5 Bn Yen
Over Allotment	1,482 units/1 Bn Yen (up to)
Offering Price (Issuing Price)	734,020 Yen (709,677 Yen)
Underwriter	Daiwa Securities SMBC Co. Ltd. Morgan Stanley Japan Securities Co., Ltd. Deutsche Securities Inc. ("Joint Lead Managers") Other 5 companies

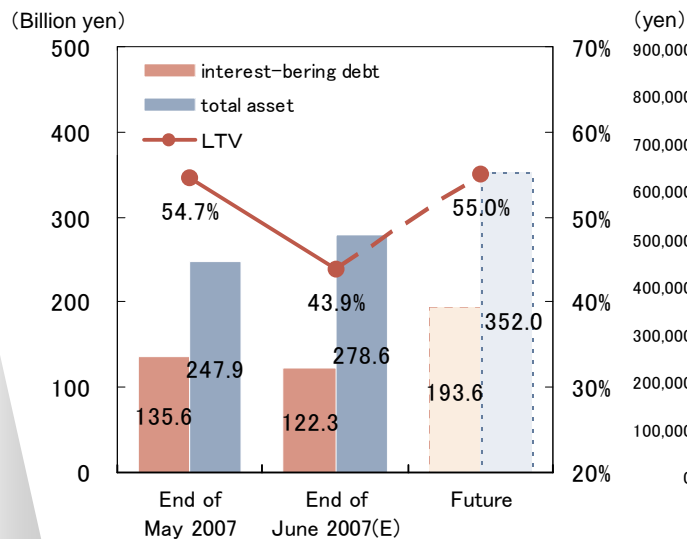
## Schedule

Launch Date	May 31, 2007
Book Building	June 6, 2007- June 13, 2007
Offer Price Finalization Day	June 13, 2007
Application period	June 14, 2007- June 18, 2007
Payment Date	June 21, 2007
Delivery date	June 22, 2007

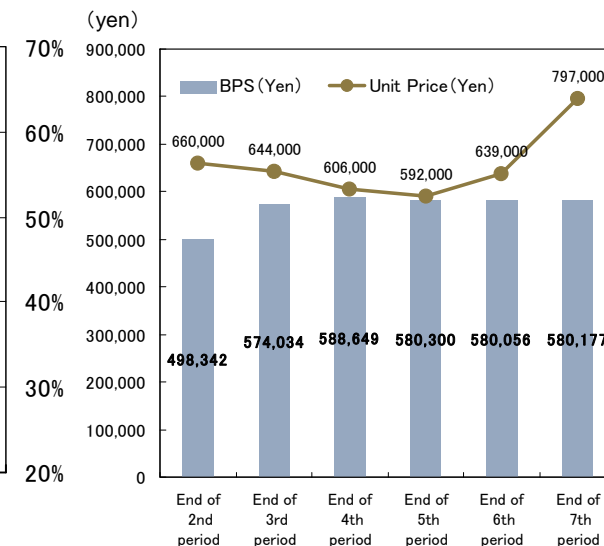
## Use of Procured Capital

Acquisition of Assets	13 properties, 29.6 Bn Yen
Repayment of Loan	Remaining Amount
Total	42.5 Bn Yen (Total Issue Price)

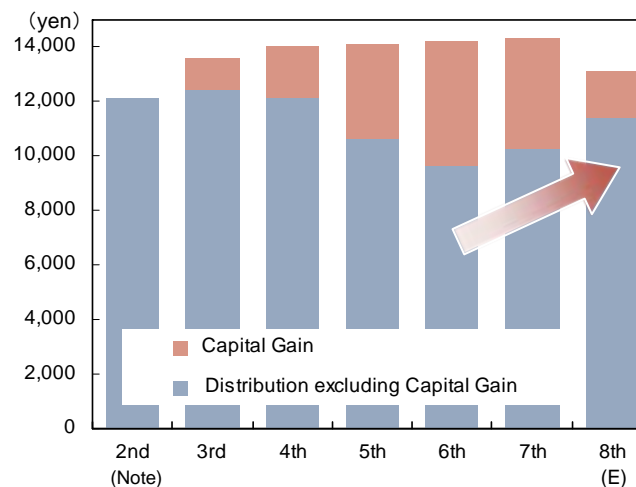
## LTV Securing Extra Capability for Acquisition



## Trend of BPS



## Trend of Distribution Steady growth in EPS



Primary premises behind forecast distribution for 8th fiscal period (13,100 yen per unit)

- Acquisition of 13 properties
- Sale of 3 properties
- End-of-period LTV: 44.0%

Strive for growth in EPS with acquisition in new properties using extra capability to conduct borrowings

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

# New Acquisitions through Public Offering

acquired during 8<sup>th</sup> period

Total Acquisition Value : 29.6 Bn Yen W.A. NOI CAP : 4.9%

## S-59 Pacific Residence Musashikosugi

	Acquisition Value	1,767Mn yen
	NOI CAP	5.0%
	Seller	ORIX Real Estate Corporation/ Fujimitsu Construction Co., Ltd.
	Location	Kawasaki City, Kanagawa Pref.
	Rentable Unit	68
	Construction Completion	February, 2007

## S-60 Pacific Residence Kanda-Ogawamachi

	Acquisition Value	1,370Mn yen
	NOI CAP	4.7%
	Seller	Pacific Growth Realty Y.K.
	Location	Chiyoda-ku, Tokyo
	Rentable Unit	52
	Construction Completion	March, 2006

## S-61 Pacific Residence Sodai-dori

	Acquisition Value	1,090Mn yen
	NOI CAP	4.7%
	Seller	Pacific Growth Realty Y.K.
	Location	Shinjuku-ku, Tokyo
	Rentable Unit	52
	Construction Completion	August, 2006

## S-62 Pacific Livew Kyoto-ekimae

	Acquisition Value	2,200Mn yen
	NOI CAP	5.5%
	Seller	Sanno Residential Properties LLC
	Location	Kyoto City, Kyoto Pref.
	Rentable Unit	116
	Construction Completion	February, 2006

## S-63 Pacific Residence Tsukishima II

	Acquisition Value	2,650Mn yen
	NOI CAP	5.0%
	Seller	Tameike Residential Properties LLC
	Location	Chuo-ku, Tokyo
	Rentable Unit	105
	Construction Completion	September, 2006

## C-37 Pacific Residence Minami-Ichijo

	Acquisition Value	1,910Mn yen
	NOI CAP	6.0%
	Seller	Daiwa House Industry Co., Ltd.
	Location	Sapporo City, Hokkaido Pref.
	Rentable Unit	179
	Construction Completion	December, 2006

## C-40 Cosmos Gracia Shibuya

	Acquisition Value	1,633Mn yen
	NOI CAP	4.7%
	Seller	KRF11 Y.K.
	Location	Shibuya-ku, Tokyo
	Rentable Unit	40
	Construction Completion	June, 2006

## C-41 Pacific Livew Nakanobu

	Acquisition Value	2,040Mn yen
	NOI CAP	5.0%
	Seller	Sanno Residential Properties LLC
	Location	Shinagawa-ku, Tokyo
	Rentable Unit	65
	Construction Completion	November, 2005

## C-42 Pacific Residence Azabudai

	Acquisition Value	2,040Mn yen
	NOI CAP	4.7%
	Seller	Sanno Residential Properties LLC
	Location	Minato-ku, Tokyo
	Rentable Unit	47
	Construction Completion	February, 2006

# New Acquisitions through Public Offering

acquired during 8<sup>th</sup> period

## C-43 Pacific Residence Shibadaimon

	Acquisition Value	1,980Mn yen
	NOI CAP	4.8%
	Seller	Tameike Residential Properties LLC
	Location	Minato-ku, Tokyo
	Rentable Unit	48
	Construction Completion	August, 2006


## C-44 Grana Nihonbashi

	Acquisition Value	1,550Mn yen
	NOI CAP	5.0%
	Seller	Uranos Investment Y.K.
	Location	Chuo-ku, Tokyo
	Rentable Unit	45
	Construction Completion	August, 2006

## C-45 Nostel Court Kanda

	Acquisition Value	1,320Mn yen
	NOI CAP	4.8%
	Seller	Doga Y.K.
	Location	Chiyoda-ku, Tokyo
	Rentable Unit	43
	Construction Completion	June, 2006

## L-15 Pacific Residence Daikanyama-Sarugakucho / Daikanyama Parkside Village

	Acquisition Value	8,140Mn yen
	NOI CAP	4.6%
	Seller	Sanno Residential Properties LLC
	Location	Shibuya-ku, Tokyo
	Rentable Unit	77
	Construction Completion	May, 2006

# Section III

## Future Management Strategy

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# Market Awareness and Future Measures

## Market Awareness

### Rental Housing Market

- The trend of the population returning to the city center
- Demand for high-class properties
- New building of dormitories and corporate housing
- Rise in acquisition costs of for-sale condominiums  
→ **Rental demand is strong for the medium-term**

### Real Estate Sales Market

- Continued competition for acquisition
- Strong demand for development land
- Properties being distributed are primarily low quality properties  
→ **Utilization of pipeline even more important**

### Financial Market

- Signs of interest rate rising
- Focus on corporate governance stance
- Intensification of selection among REITs  
→ **Growing disparity in abilities to raise capital**

## Future Issues and Measures

### Internal Growth

#### Improve NOI by Utilizing the Portfolio Network

- Raising new and continuing rents
- Maintaining and improving competitiveness through renovations, etc.
- Realizing greater cost efficiency by applying economies of scale
- Reinforcing brand strength

### External Growth

#### Enhance the Revenue-generating Potential of the Portfolio

- Acquiring high-quality properties via sponsors
- Continuing utilization of broad pipeline
- Launching “total life support” services (senior housing)

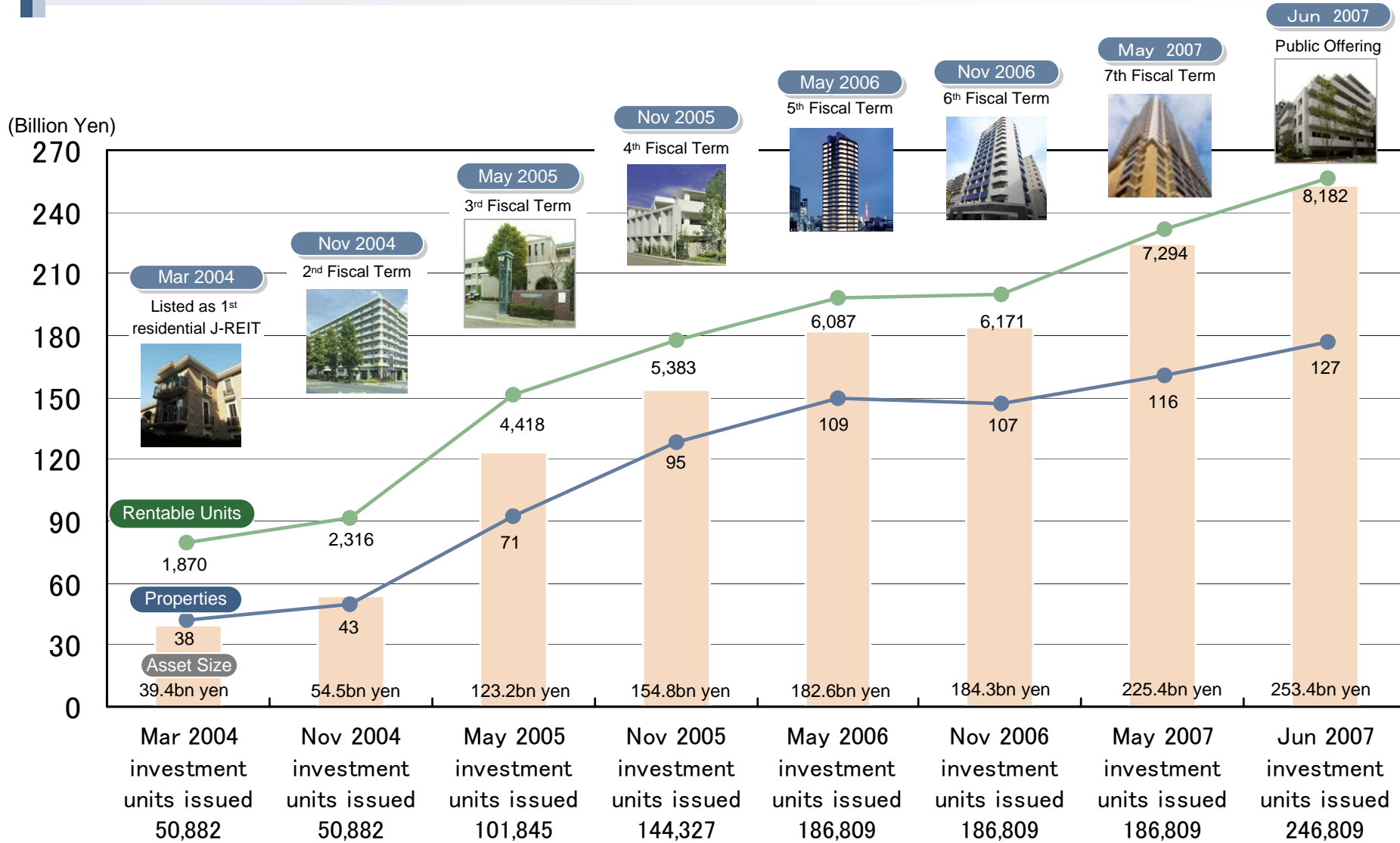
### Financial and Management Policy

#### Reduce NRI Risk Premium

- Spreading remaining terms for borrowings and expanding sources and methods for raising capital
- Thoroughly enforcing compliance and risk management
- Conducting highly-transparent information disclosure



# Portfolio Strategy



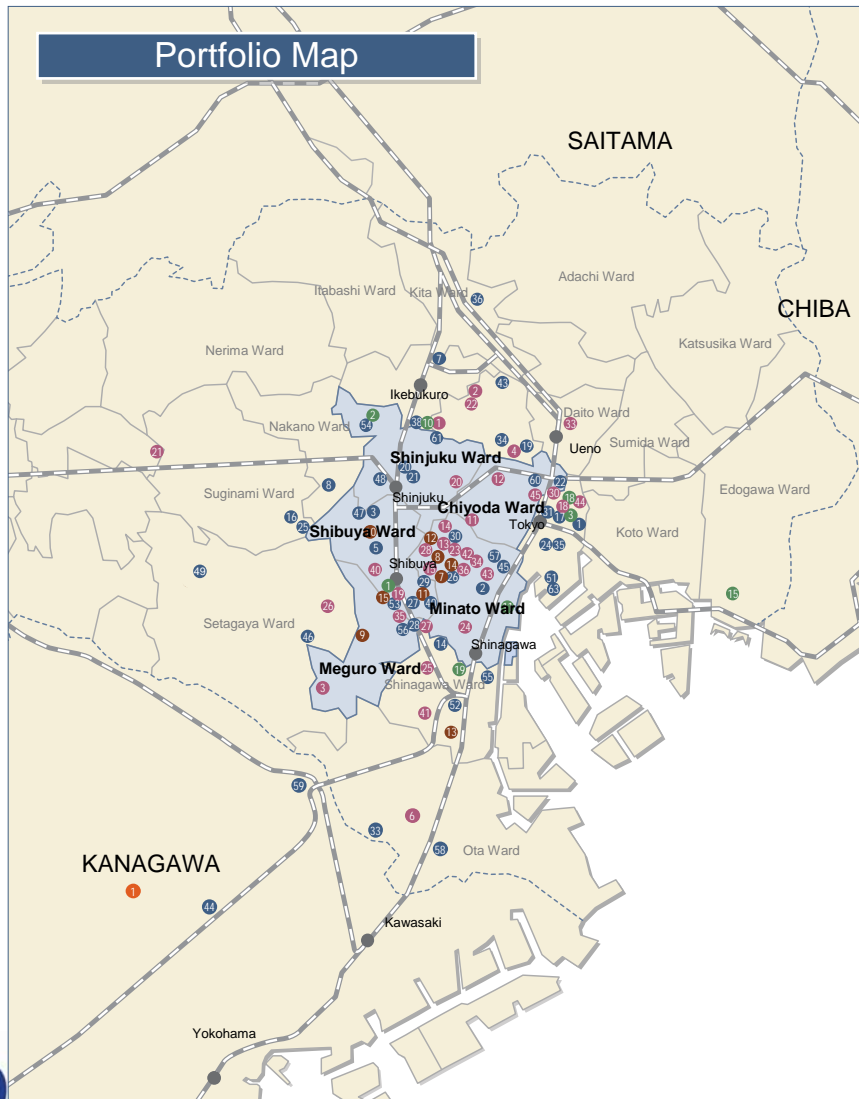
Network utilization phase

IPO and expansion phase

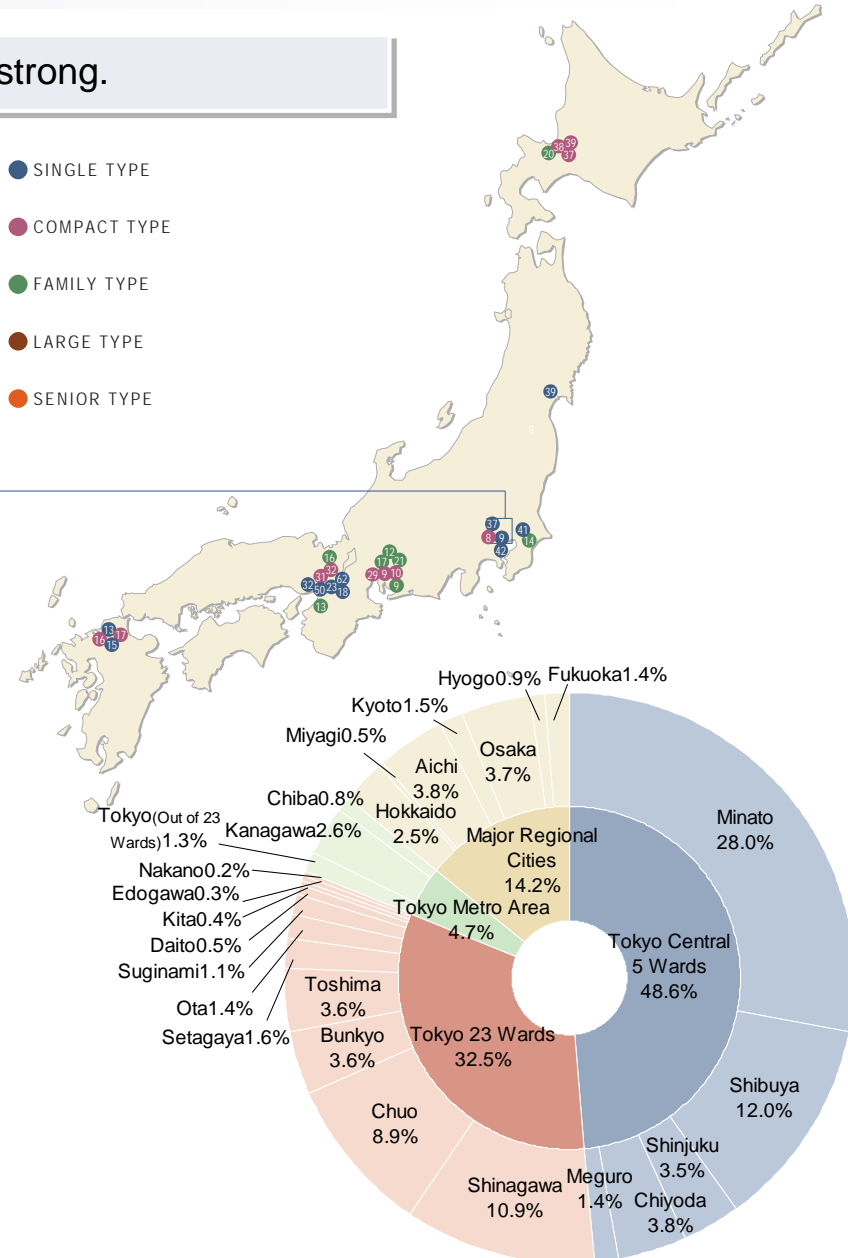
Quality improvement phase

# Portfolio Strategy (Investment Ratio by Area)

■ Keep on investing in Tokyo area where rental demand is strong.

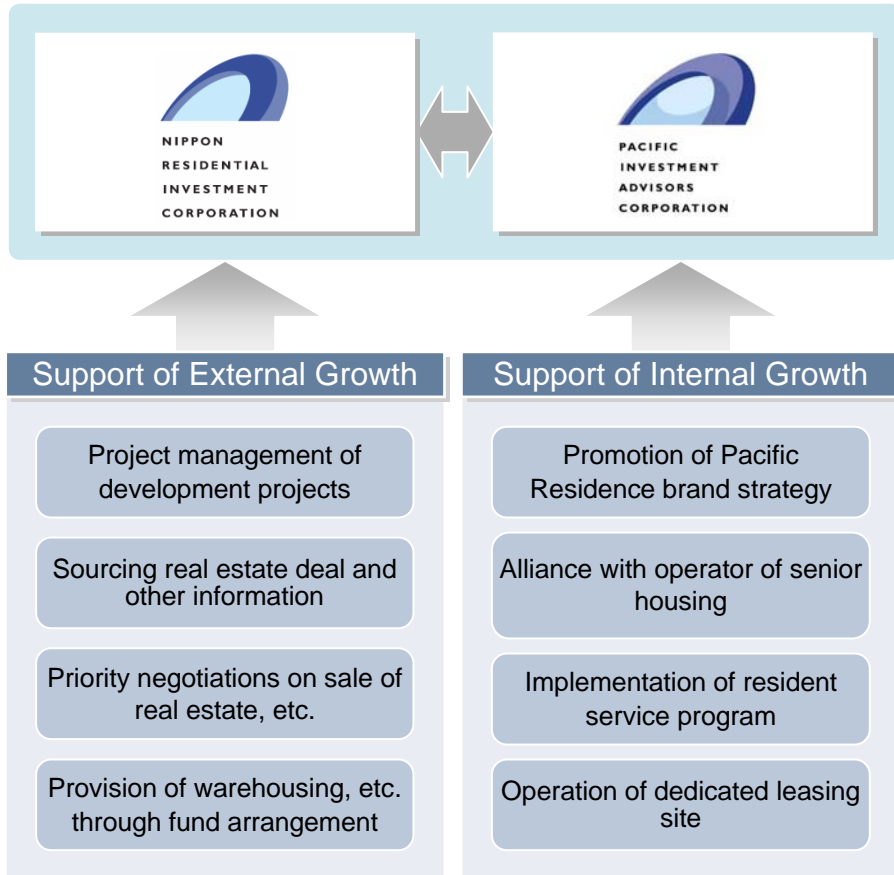


- SINGLE TYPE
- COMPACT TYPE
- FAMILY TYPE
- LARGE TYPE
- SENIOR TYPE



# Support by the Pacific Management (PMC) Group

## Overview of Support



## Acquisition of High Quality Properties through Group Support

### Support Functions of the PMC Group

#### Project Management Function

- Planning and development**  
 Works with the developer and such in the various processes of real estate development projects and promotes the projects  
 Planning > design > construction > leasing up
- Monitoring of development properties**  
 Control the quality of areas difficult to find after completion by monitoring the construction conditions

#### Fund Arrangement Function

Application of skills and know-how cultivated as manager of real estate funds

#### Warehousing Fund

Owned with primary objective of adjusting timing for NRIC to acquire properties

#### Development SPC

Conducts development through joint investment with developer, etc.

#### Leasing-up Fund

Leases up properties that aren't leased or have been leased only to a low level

Collaboration with various developers

Acquisition of highly competitive properties

### Examples of PMC Group support in acquiring assets during the 7th and 8th fiscal periods

#### Application of project management function



- Pacific Tower Meguro-Fudomae
- Pacific Residence Nihonbashi-Bakurocho
- Pacific Residence Ebisu-Minami
- Pacific Residence Minami-ichijo
- Pacific Residence Odori-Nishi
- Pacific Residence Kamiochiai
- Pacific Residence Maruyama Kita-gojo
- Pacific Residence Kita-sanjo
- Pacific Residence Gotenyama
- Pacific Residence Tokugawa



- Pacific Residence Daikanyama-Sarugakucho/Daikanyama Parkside Village
- Pacific Residence Tsukishimall
- Pacific Livew Kyoto-ekimae
- Pacific Livew Nakanobu
- Pacific Residence Azabudai
- Pacific Residence Shibadaimon



- Pacific Residence Kanda-Ogawamachi
- Pacific Residence Sodai-dori

#### Application of fund arrangement function

# Development Examples: Pacific Residence Daikanyama Sarugakucho/Daikanyama Parkside Village

The new development of Pacific Residence Daikanyama-Sarugakucho (expansion) will be conducted with the same concept as the renovation work at the neighboring Daikanyama Parkside Village an existing tower. NRIC is aiming to create synergistic added value by fusing these two properties.



These CG images may differ from the actual final product and were made based on design drawings



## Project Management

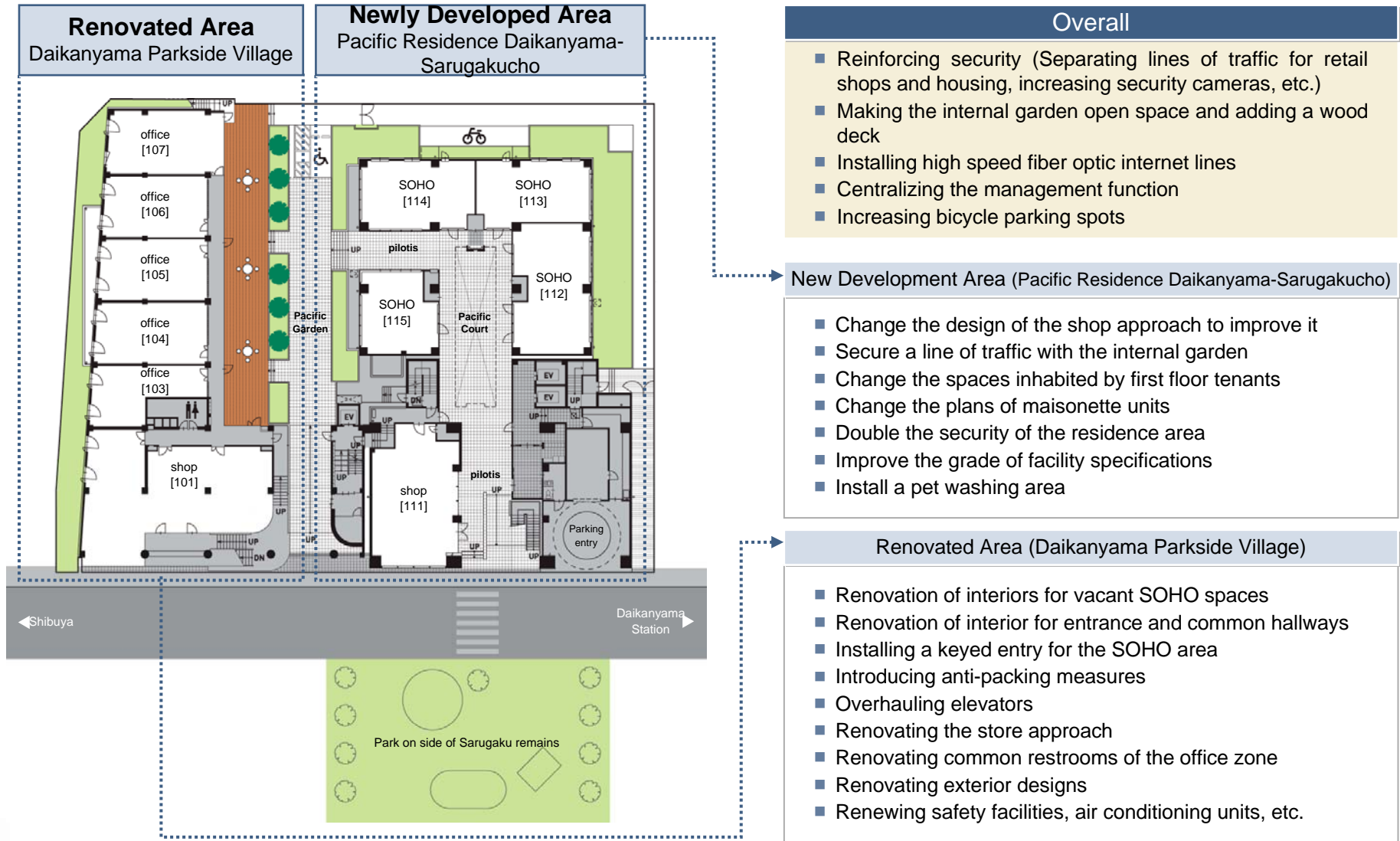
- Participation in the project from before completion of the newly developed tower, monitoring of construction, planning and design changes, etc.
- Participation in the project by several companies including an outside contractor, designer, etc.
- Plan to fuse the designs of the two towers and gain synergy effects by integrating the concepts of the newly developed tower and the existing tower

## Fund Arrangement

- Raising capital by originating a development SPC and using the cash income of the existing tower
- Originated a leasing-up fund for the leasing-up period of the newly developed tower
- Coordinated the time for incorporating properties into NRIC by using warehousing

# Development Examples: Pacific Residence Daikanyama Sarugakucho/Daikanyama Parkside Village

Raising the Value of Pacific Residence Daikanyama-Sarugakucho and Daikanyama Parkside Village



# “Pacific Residence” series Produced by PMC Group

Pacific Residence Meguro-Honcho



Area	Tokyo Central 5 Wards
Location	Meguro-ku, Tokyo
Rentable Unit	41
Structure Floor	RC, 7F
Construction Completion	March, 2007

Pacific Tower Nakameguro



Area	Tokyo Central 5 Wards
Location	Meguro-ku, Tokyo
Rentable Unit	70
Structure Floor	RC, 19F・B1/6F
Construction Completion	April, 2007

Pacific Tower Atagoyama



Area	Tokyo Central 5 Wards
Location	Minato-ku, Tokyo
Rentable Unit	165
Structure Floor	RC, 30F・B1
Construction Completion	February, 2007

Pacific Residence Meguro Mita



Area	Tokyo Central 5 Wards
Location	Meguro-ku, Tokyo
Rentable Unit	28
Structure Floor	RC, 5F・B1
Construction Completion	February, 2007

Pacific Residence Yutenji



Area	Tokyo Central 5 Wards
Location	Meguro-ku, Tokyo
Rentable Unit	117
Structure Floor	RC, 6~7F
Construction Completion	September, 2006

Pacific Residence Tsutsujigaoka



Area	Major Regional Cities
Location	Chofu-City, Tokyo
Rentable Unit	68
Structure Floor	RC, 9F
Construction Completion	March, 2007

Pacific Residence Nishi-shinjuku



Area	Tokyo Central 5 Wards
Location	Shinjuku-ku, Tokyo
Rentable Unit	74
Structure Floor	RC, 4F・B1
Construction Completion	May, 2007

Pacific Residence Kamata II



Area	Tokyo 23 Wards
Location	Ota-ku, Tokyo
Rentable Unit	82
Structure Floor	RC, 10F
Construction Completion	October, 2006

Pacific Residence Shiba 1-chome



Area	Tokyo Central 5 Wards
Location	Minato-ku, Tokyo
Rentable Unit	65
Structure Floor	RC, 14F
Construction Completion	February, 2007

(Note1) None of the above properties are planned to be acquired by NRIC as of the July 18, 2007 )

(Note2) Property information are based on the quote from the leasing site: <http://www.pacific-rent.com/>

# Property Acquisitions from Sponsor and Others

Acquisition Channel	IPO (March 2004)	2nd-7th Fiscal Periods (May 2007)	8th Fiscal Period (as of end of June 2007)	Total
Acquisition from Sponsor (Note 1)	 Manoa Okamoto  Bellwood	 PR Daikanyama  PR Kichijoji	 PR Sodai-dori  PR Azabudai	41 properties
	 PR Shinkawa  PR Sakuragaoka	 PR Ichigaya  PR Kamimeguro	 PR Daikanyama-Sarugakucho/ Daikanyama Parkside Village	
Acquisition from Outside Parties	 Manoa Saginuma  Veil Kohinata	 PR Tsukiji  PT Meguro-Fudomae	 PR Musashikosugi  PR Minami-ichijo	104 properties
		 Motoazabu Place  PT Roppongi		
Share of Overall Portfolio Acquired from Sponsor	 <p>(end of March 2004)</p>	 <p>(end of May 2007)</p>	 <p>(end of June 2007)</p>	

(Note 1) This includes acquisitions from the sponsor and funds that the sponsor handles asset management of.

(Note 2) PR stands for Pacific Residence and PT for Pacific Tower.

(Note 3) The table shows representative examples of properties.

# Maintaining and Improving Portfolio's Revenue Potential

## Acquisition of highly competitive properties




- Acquisition of primarily core assets
- Investment in development projects
- Implementation of brand strategy

Maintaining and improving revenue-generating potential of portfolio

## Replacing properties through their sale

- Dynamic portfolio management based on analysis of real estate market trends, variation in asset value, etc.
- Obtaining the blessings of internal growth

## Risk Control in Acquiring Development Properties

Acquisition Method		Employed Case
Direct acquisition	Pass-through	 <ul style="list-style-type: none"> <li>• Received benefit of upside</li> </ul> <p>Pacific Residence Kamiochiai</p>
	Rent guaranteed subleases	 <ul style="list-style-type: none"> <li>• Avoided downside risk through leasing</li> <li>• Employed with large properties</li> </ul> <p>Pacific Tower Meguro-Fudomae (Subleasing by Mitsui Fudosan Housing Lease)</p>
Warehousing (after leasing up)		 <ul style="list-style-type: none"> <li>• Avoided downside risk through leasing</li> <li>• Considered tolerable risk of portfolio and employed this method</li> </ul> <p>Pacific Residence Azabudai (Acquired from Sanno Residential Properties LLC.)</p>

## Property Sales

(in thousand yen)

Fiscal Period	Asset Name	Sales Price	①Purchase Price	Appraisal Value	②Gain from Sales	(②/①)
3rd	Veil Kohinata	345,475	273,000	291,000	45,715	17%
	Manoa Saginuma	450,000	346,000	367,000	72,690	21%
4th	C.F. Kamihongo	1,430,000	1,140,000	966,000	138,070	12%
	W. Higashi-Nippori II	1,170,000	972,000	1,020,000	131,705	14%
5th	Veil Kikuicho	636,000	520,000	564,000	75,419	15%
	Bonne Uji I & II	1,502,000	1,260,000	1,240,000	154,431	12%
	C.M. Tsurumi	1,308,000	1,050,000	1,160,000	169,729	16%
6th	Nishi-Ogikubo U.H.	1,360,000	1,050,000	1,190,000	238,897	23%
	J-Stage Minami-Urawa	932,000	700,000	664,000	174,001	25%
	Maison Kashiwa	1,167,000	840,000	981,000	240,328	29%
	F.yoyogi-Uehara II	651,000	524,000	575,000	84,416	16%
7th	Als Shin-Otsuka	1,323,000	1,117,000	1,220,000	139,451	12%
	Manoa Okamoto	825,000	590,000	516,000	211,536	36%
	Bellwood	1,980,000	1,530,000	1,410,000	421,319	28%
8th	Grand Forme Ichigaya Haraikatamachi	1,268,000	970,000	1,040,000	231,596	24%
	Meguro Hillside Court	1,253,000	1,000,000	1,140,000	212,265	21%
8th	Setagaya Sun Heights	1,117,040	982,000	1,080,000	113,313	12%
	Petit Cour Kinuta	737,983	684,000	687,000	50,641	7%
	Root Azabu Jyuban	2,570,000	2,220,000	2,200,000	278,400	13%

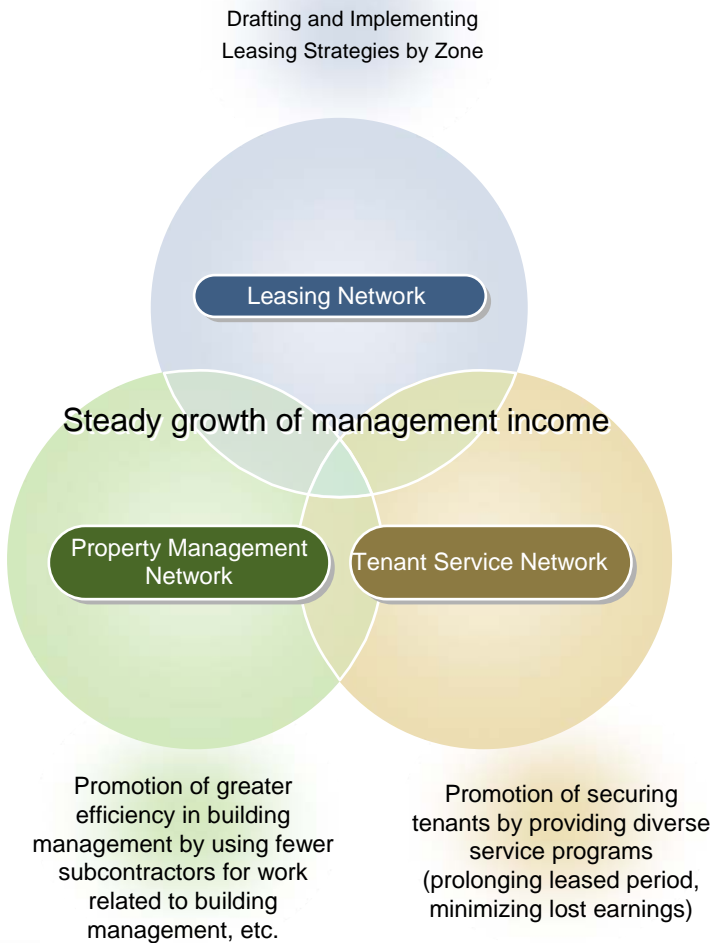
(Note 1) End-of-period calculation: The period end price of each property in the period immediately before sale is entered.

(Note 2) Capital gains: The capital gains from the sale of properties in the 8th fiscal period states the difference between the sales price and the book value at the end of the 7th fiscal period.

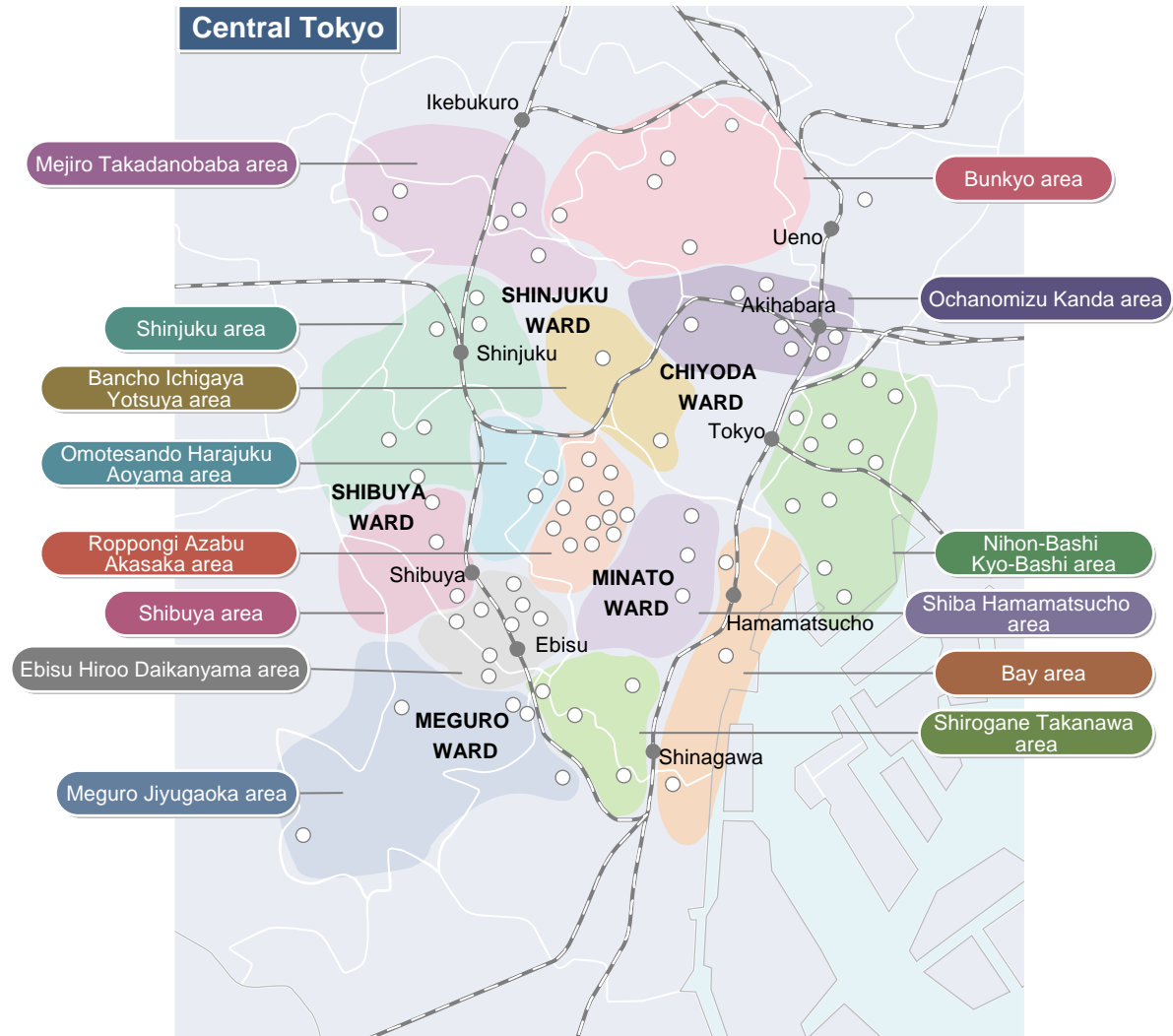


# Internal Growth Strategy: Utilizing the Portfolio Network

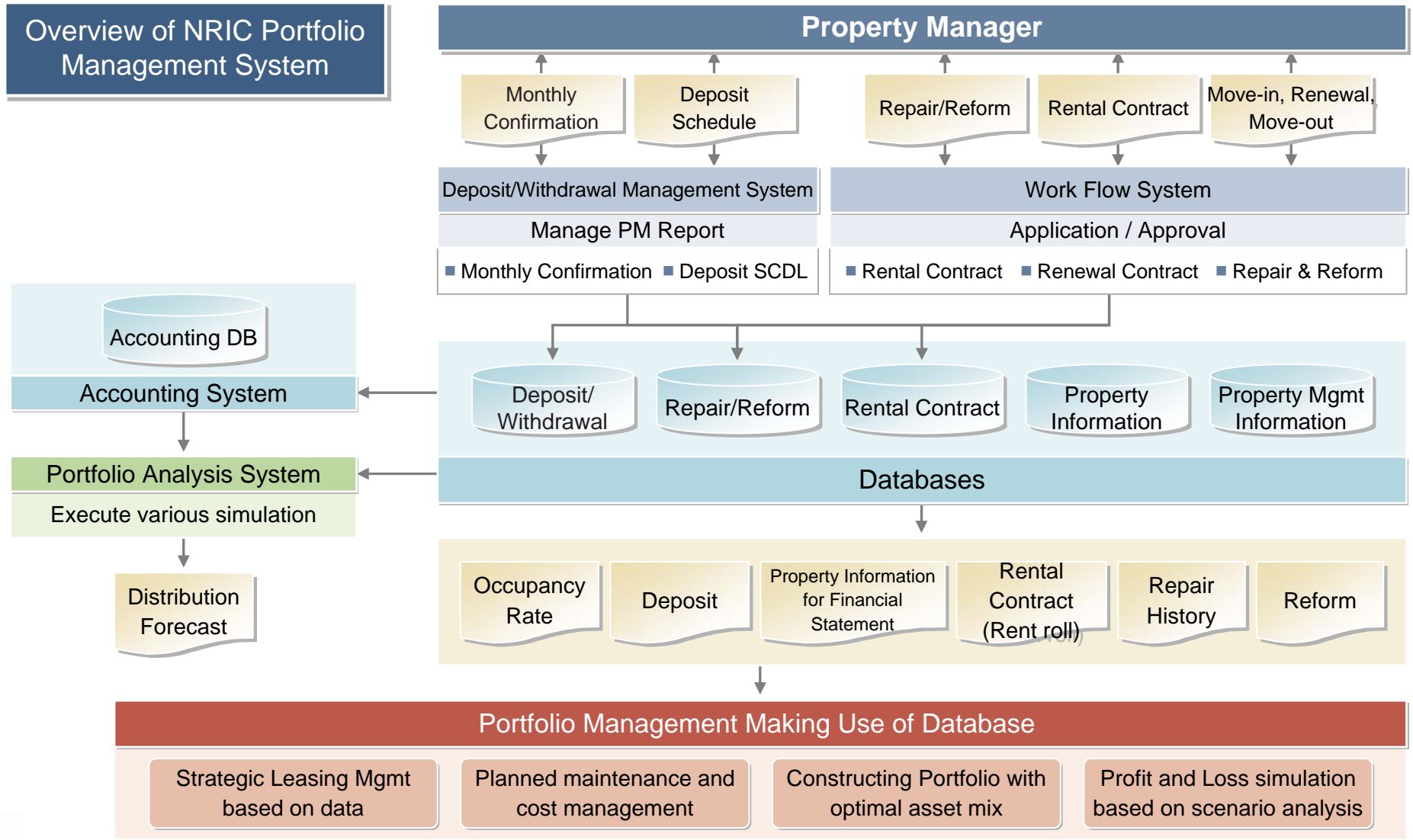
## Utilizing the Portfolio Network



## Promoting Zone Strategy



# Internal Growth Strategy: Utilizing the Portfolio Network



# Trend of Rents

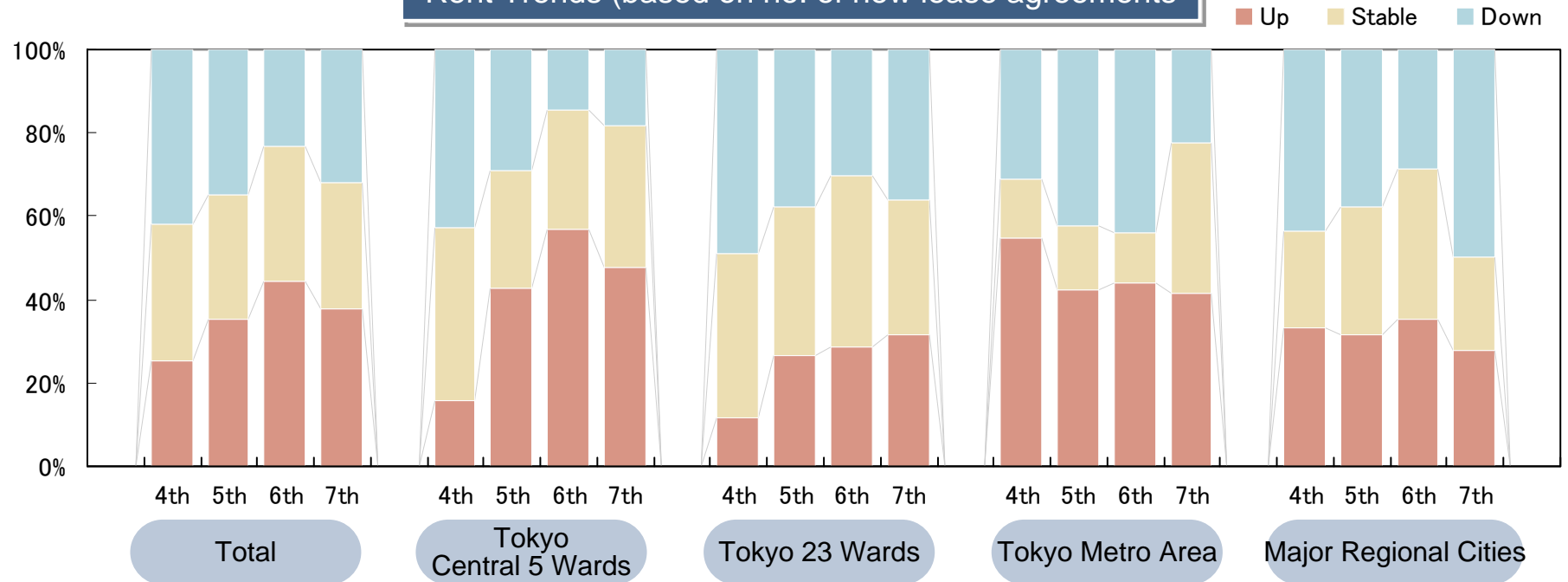
## 7<sup>th</sup> Fiscal Period Measures

- Implemented measures to continuously 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: More than 50% of contracts with increased rent; New contracted rent up 0.6%)
- Achieved some rental increase for tenants for renewal contract

## Approaches in 8<sup>th</sup> 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)



Changes (note)

-0.2%

+0.6%

-1.9%

+2.0%

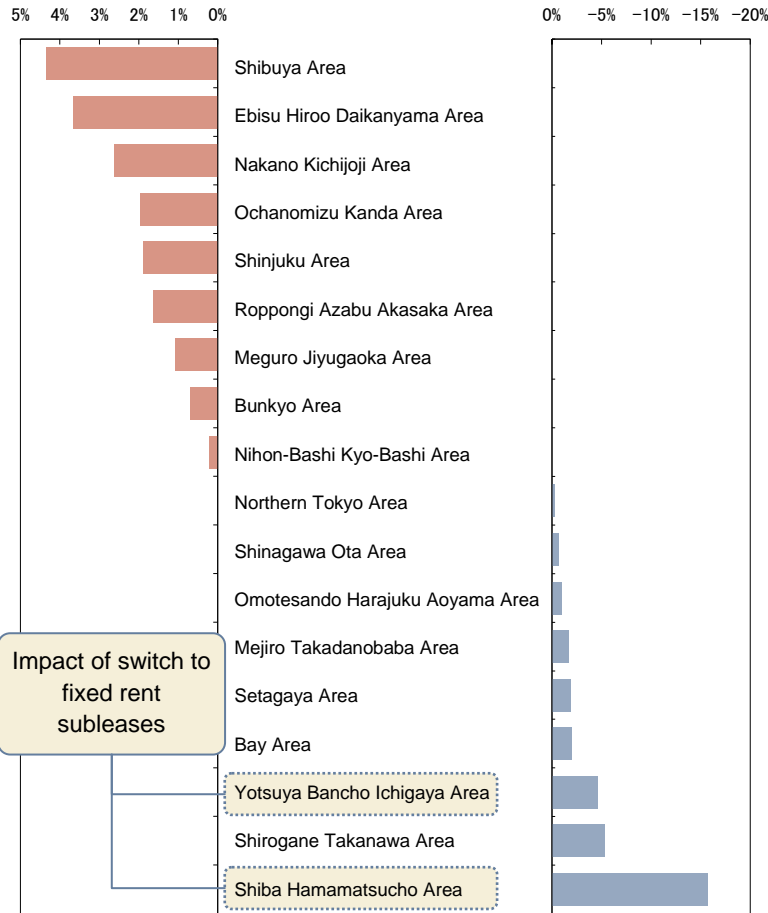
-3.0%

(Note) Changes indicates the difference between the total rent of move-in and total rent move-out



# Trend of Rent

## Rent Trends by Zone



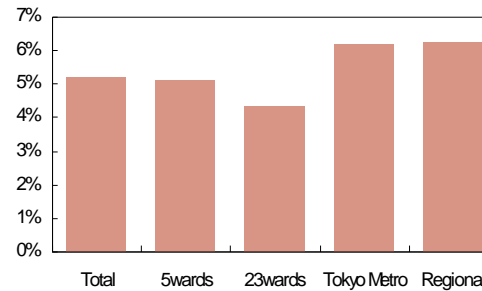
(Note) This is a tabulation by zone of the change rate between the total rents paid by tenants who have left units and the total rents of new tenants in cases where rents rose upon the replacement of tenants during the period.

## Rate of Rent Growth for New Contracts

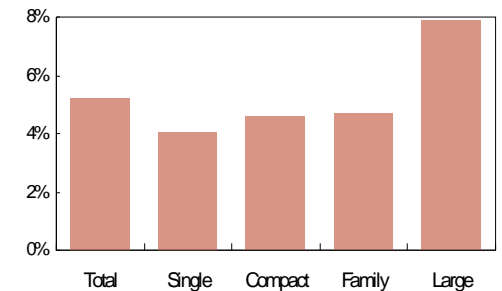
Average increase per contract

5.2%

### By Area



### By Type

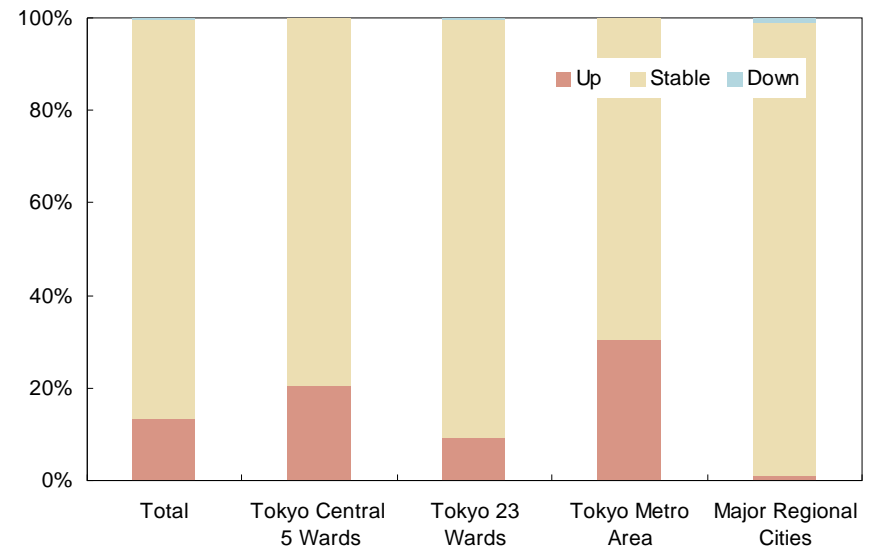


(Note) This is a tabulation of the change rate between the total rents paid by tenants who have left units and the total rents of new tenants in cases where rents rose upon the replacement of tenants during the period.

## Trends for Renewed Rents (number of cases based)

Average increase per contract

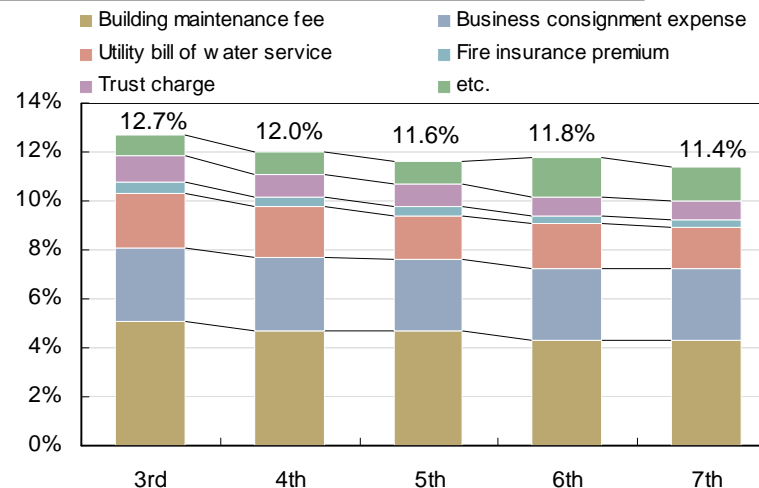
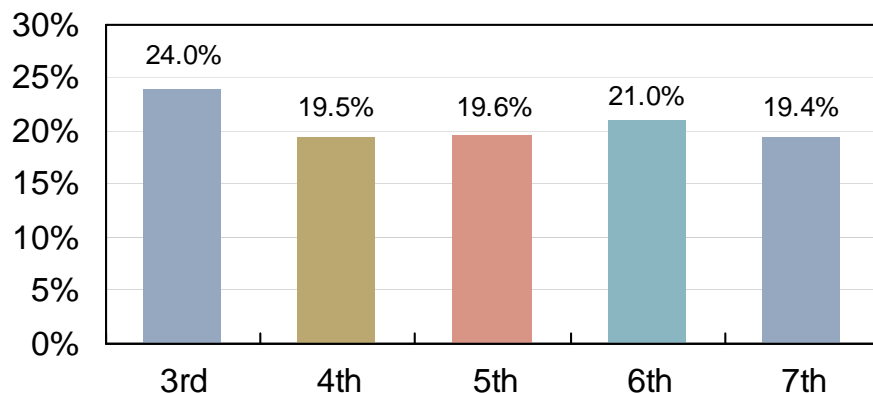
2.5%



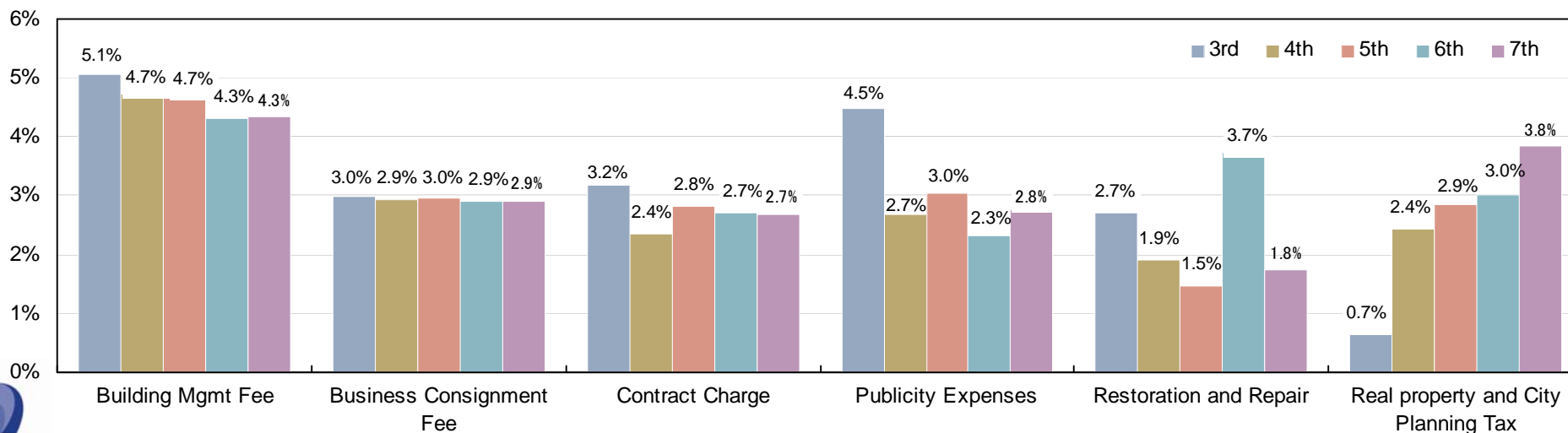
# Reducing Property Management Costs Utilizing Scale Merits

## 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)



# “Pacific” Brand Strategy

NRIC is Promoting the Spread and Reinforcement of the “Pacific” Brand within the Rental Condominium Market

## PLANNING

Planning that meets various needs

Location

Design

Facilities and specs



## BASIC PERFORMANCE

Basic Performance that provides security and comfort

Quality standards for security and safety

Anti-seismic and safety measures

Security systems



Planning and architectural design that meets area attributes and target needs

## PACIFIC QUALITY

Service program that meets tenant needs in detail

## SERVICE & SUPPORT

Providing services to tenants for living comfort and ease

Pacific Residence Moving Style

Service program for residents

Concierge

Various common facilities

Pacific Residence Card

Running internet site



Entrance



Internet site



Parcel lockers

# Brand Strategy: Planning

## PLANNING

### Pacific Quality of Pacific Residence

Planning

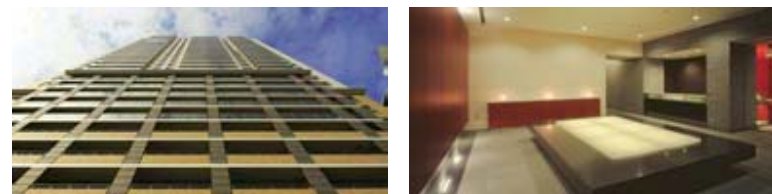
#### Location

The Pacific Residence Series is primarily pursued in areas where demand for rental housing can be expected in the medium-to-long-term based on consideration of the transportation access (convenience) to offices and retail destinations, surrounding environment, appeal of the town area (status, etc.) and future projections including planned development in the surrounding area.



#### Design

Improved product value and tenant satisfaction is sought by giving consideration to the design of the exterior, entrance lobby, common hallways, residential approaches, etc. The basic focus is to select a universal design that maintains appeal over the long term and considers functionality, ease of use, finished material quality, etc.



Pacific Tower Meguro-Fudomae

Pacific Tower Meguro-Fudomae

#### Facilities and Specs

The Pacific Residence Series employs facilities and specs that fit with the concept of each property by considering their functionality, comfort, maintainability and such as a means to further enhance the residence.

- Multimedia outlets
- Hands free intercoms
- Floor guide lights
- Artificial marble kitchen counters
- Electronic cooking stoves
- Single lever faucets
- Automatic bath water heaters
- Sliding shower bars
- Bathroom heater/dryer
- Shower toilets
- Non-contact IC key system
- Glass-top stoves
- Wide plate switches
- Walk-in closets
- Shoe closets





# Brand Strategy: Basic Performance

## BASIC PERFORMANCE

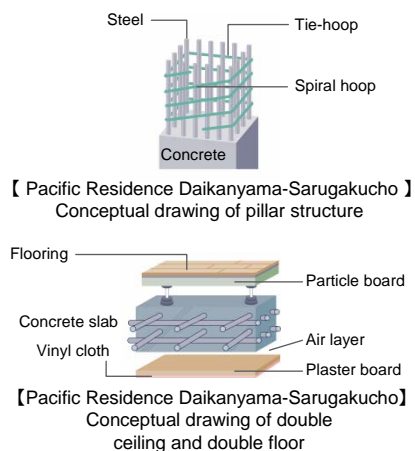
Safe and secure residence

Basic performance

### Quality Standards for Security and Safety

The Pacific Residence Series has established quality standards for the series regarding the basic structure, sound proofing, heat blocking, water proof level, security and safety functions, facilities, common facilities, etc. Professional staff inspect and confirm drawings and the construction site of development projects in line with these standards and thus promote the standardizing of quality. Completed properties in which the PMC Group was not involved with their building are only managed as the Pacific Residence series after confirming that their quality satisfies the standards. As a result, NRIC is able to secure the provision of residences that continually provide residents with a safe and comfortable life.

#### Basic structure



### Anti-seismic and Safety Measures

NRIC promotes the installation of facilities to protect not only against earthquakes, fires and other disasters but also to protect residents from unforeseen accidents in their daily lives.

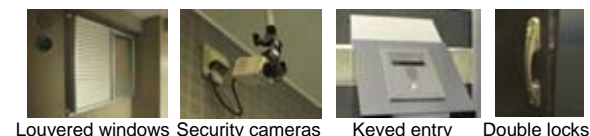
- Earthquake detection system elevator
- Fire alarm
- Screen with safety stopper
- Elevator door with safety sensor
- Locking storage with earthquake detectors
- Anti-seismic function doors
- Outlets with ground
- Door stopper with hook
- Bath faucet with thermostat
- Gas microcomputer meter
- Stove burners with child lock
- Sprinkler facilities



### Security System

The Pacific Residence series has established detailed guidelines for the security system and installed basic theft prevention facilities

- Louvered windows
- Security cameras
- Keyed entry
- Double locks
- Automatic shutter gates
- Anti-theft window sensors



(Note) NRIC also owns properties that are not a part of the Pacific Residence Series. Also, the items entered in this brand strategy indicate a quality standard the Pacific Residence series aspires to and not all of the properties meet these standards.

# Brand Strategy: Service & Support

## SERVICE & SUPPORT

For easy and comfortable living

Services provided to residents

### Pacific Residence Moving Style

NRIC has a service in which key money and brokerage fees are unnecessary when the tenant of one of our properties and his or her family moves to another property owned by NRIC.

### Concierge

Our front desk concierge provides support for a lot of scenes of daily lives for our tenants including arranging for dry cleaning, taxis, etc.  
(Property providing this service: Pacific Tower Roppongi, etc.)

### Various Common Facilities

Clean stations on each floor that allow for garbage to be disposed of 24 hours a day, common inner hallways, pet facilities (elevators and feet washing sinks), outside terraces, lobbies, sky lounges, fitness gyms, parcel lockers and such are installed.



### Running an Internet Site

NRIC runs a dedicated website for Pacific Residence ([www.pacific-rent.com](http://www.pacific-rent.com)) in which property information and real time vacancy information can be viewed.



### Service Program for Residents

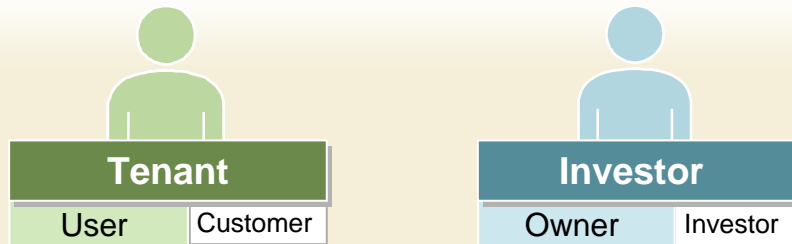
We have prepared pet sitter services, home appliance rental services, house cleaning services, unneeded item collection services, parcel collection and delivery services and other programs.  
(Property providing this service: Pacific Residence Higashiazabu, etc.)

### Pacific Residence Card

Use of the Pacific Residence Card enables the resident to automatically make monthly rent payments from the bank account designated for the card. Payment of monthly rent in this fashion also accumulates credit card points. Depending on the credit of the credit card company, a guarantor may not be necessary at the time of contracting for the residence.  
(Property providing this service: Pacific Residence Ebisu-Minami, etc.)

# Philosophy of Nippon Residential Investment Corporation

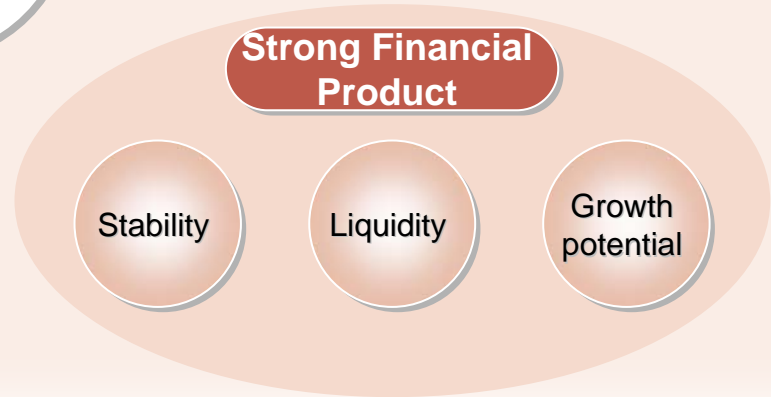
Nippon Residential Investment Corporation will optimally manage rental housing – a vital societal asset of Japan – from a long-term perspective to provide Superior Rental Housing and a Superior Financial Product to society and build a socio-economic foundation that is forever trusted by the people of Japan.



## Demands of the Rental Housing Market

- Rental housing with superior specs
- Trustworthy owner
- Satisfaction of diverse tenant needs
- Strong management services
- Long building lifetimes
- Brand strategy

## Demands of the Financial Market



# Section IV

## Detail of 7th Fiscal Period Accounts

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**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**



**PACIFIC  
INVESTMENT  
ADVISORS  
CORPORATION**

# Balance Sheet (Assets)

(thousand yen)

	6th fiscal period (as of Nov. 30, 2006)		7th fiscal period (as of May 31, 2007)		Change	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
<b>(Assets)</b>						
<b>I. Current Assets</b>						
Cash and Deposits	9,138,592		8,498,922		△ 639,669	
Cash in Trust and Deposit in trust	3,325,813		3,226,380		△ 99,433	
Accounts Receivable	286,843		292,057		5,213	
Prepaid Expenses	18,314		39,817		21,503	
Deferred Tax Assets	5,314		11,499		6,184	
Accrued Revenue	5,000		—		△ 5,000	
Accrued Consumption Tax	55,369		113,735		58,365	
Other Current Assets	13,069		13,369		299	
Allowance for Bad Debt	△ 6,274		△ 7,806		△ 1,531	
<b>Total of Current Assets</b>	<b>12,842,043</b>	<b>6.2</b>	<b>12,187,975</b>	<b>4.9</b>	<b>△ 654,067</b>	<b>△ 5.1</b>
<b>II. Fixed Assets</b>						
<b>1. Tangible Fixed Assets</b>						
Buildings	36,774,863		57,520,971		20,746,108	
Structures	178,506		330,644		152,137	
Tools, Furniture & Fixtures	20,197		109,413		89,215	
Lands	39,387,204		65,670,518		26,283,314	
Construction in Progress	1,401,214		23,632		△ 1,377,581	
Buildings in Trust	48,898,619		47,279,624		△ 1,618,995	
Structures in Trust	321,948		308,052		△ 13,895	
Machinery and Equipment in Trust	546		—		△ 546	
Tools, Furniture & Fixtures in Trust	45,208		32,158		△ 13,050	
Lands in Trust	64,539,268		61,952,566		△ 2,586,701	
Construction in Progress in Trust	—		1,159		1,159	
<b>Total of Tangible Fixed Assets</b>	<b>191,567,577</b>	<b>92.7</b>	<b>233,228,741</b>	<b>94.0</b>	<b>41,661,163</b>	<b>21.7</b>
<b>2. Intangible Fixed Assets</b>						
Leaseholds	1,214,497		1,214,497		—	
<b>Total of Intangible Fixed Assets</b>	<b>1,214,497</b>	<b>0.6</b>	<b>1,214,497</b>	<b>0.5</b>	<b>—</b>	<b>—</b>
<b>3. Investment and other assets</b>						
Long-term Prepaid Expenses	640,367		771,754		131,387	
Derivatives Assets	174,313		358,866		184,553	
Security Deposits	600		600		—	
Guarantee Deposits Paid	10,000		10,000		—	
<b>Total of Investment and other assets</b>	<b>825,280</b>	<b>0.4</b>	<b>1,141,221</b>	<b>0.5</b>	<b>315,940</b>	<b>38.3</b>
<b>Total of Fixed Assets</b>	<b>193,607,356</b>	<b>93.7</b>	<b>235,584,460</b>	<b>95.0</b>	<b>41,977,104</b>	<b>21.7</b>
<b>III. Deferred Assets</b>						
Initial Expenses	13,248		6,624		△ 6,624	
Corporate Bonds Issuance cost	173,720		177,086		3,365	
<b>Total of Deferred Assets</b>	<b>186,969</b>	<b>0.1</b>	<b>183,710</b>	<b>0.1</b>	<b>△ 3,258</b>	<b>△ 1.7</b>
<b>Total Assets</b>	<b>206,636,368</b>	<b>100.0</b>	<b>247,956,146</b>	<b>100.0</b>	<b>41,319,777</b>	<b>20.0</b>

## Fixed Assets

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

Properties acquired in 7th Fiscal Period	12 properties (total of 44,663 million yen)
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Properties sold in 7th Fiscal Period	3 properties (3,635 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 seventh unsecured investment corporation bond

(Reference)

7th Fiscal Period amortization	57,885 thousand yen
Unamortized balance	177,086 thousand yen

# Balance Sheet (Liabilities and Unitholders' Equity)

(thousand yen)

	6th fiscal period		7th fiscal period		Change	
	(as of Nov. 30, 2006)		(as of May 31, 2007)			
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
<b>(Liabilities)</b>						
<b>I. Current Liabilities</b>						
Accounts Payable	245,668		150,589		△ 95,078	
Short-term Borrowings	3,200,000		22,170,000		18,970,000	
Current Portion of Long-term Borrowings	11,500,000		—		△ 11,500,000	
Accrued Liabilities	34,634		56,063		21,429	
Accrued Expenses	532,801		653,152		120,351	
Income Tax Payable	2,664		6,803		4,139	
Receipt in Advance	16,984		249,971		232,986	
Other Current Liabilities	288		225		△ 62	
<b>Total of Current Liabilities</b>	<b>15,533,042</b>	<b>7.5</b>	<b>23,286,807</b>	<b>9.4</b>	<b>7,753,765</b>	<b>49.9</b>
<b>II. Fixed Liabilities</b>						
Corporate Bond	57,000,000		69,000,000		12,000,000	
Long-term Borrowings	23,400,000		44,500,000		21,100,000	
Deferred Tax Liabilities	69,488		71,289		1,800	
Security Deposits and Guarantee Money	822,664		1,266,984		444,319	
Security Deposits and Guarantee Money in Trust	1,441,181		1,349,523		△ 91,658	
Long-term deposits received	—		88,940		88,940	
Other Fixed Liabilities	10,270		10,270		—	
<b>Total of Fixed Liabilities</b>	<b>82,743,605</b>	<b>40.1</b>	<b>116,287,007</b>	<b>46.9</b>	<b>33,543,402</b>	<b>40.5</b>
<b>Total Liabilities</b>	<b>98,276,647</b>	<b>47.6</b>	<b>139,573,814</b>	<b>56.3</b>	<b>41,297,167</b>	<b>42.0</b>
<b>(Unitholders' Equity)</b>						
<b>I. Unitholders' Capital</b>						
1. Unitholders' Capital	105,593,101		105,593,101		—	
2. Retained Earnings						
unappropriated retained earnings for the period	2,658,807		2,678,231		19,424	
Total Unitholders' Capital	108,251,909	52.3	108,271,333	43.6	19,424	0.0
<b>II. Evaluation, Currency Translation and etc.</b>						
1. Deferred Hedge Profit and Loss	107,812		110,997		3,185	
Total of Evaluation, Currency Translation and etc.	107,812	0.1	110,997	0.1	3,185	3.0
<b>Total Unitholders' Equity</b>	<b>108,359,721</b>	<b>52.4</b>	<b>108,382,331</b>	<b>43.7</b>	<b>22,609</b>	<b>0.0</b>
<b>Total Liabilities and Unitholders' Equity</b>	<b>206,636,368</b>	<b>100.0</b>	<b>247,956,146</b>	<b>100.0</b>	<b>41,319,777</b>	<b>20.0</b>

## Current Liabilities

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

End of 7 <sup>th</sup> Fiscal Period	Combined total of 22.1 billion yen from 8 banks
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End of 6 <sup>th</sup> Fiscal Period	Combined total of 3.2 billion yen from 2 banks
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- Prepayment of 15.0 billion yen in short-term loans
- Prepayment of 12.9 billion yen in long-term loans

## Fixed Liabilities

- Investment corporation bonds  
12 billion yen through raising of capital by issuing seventh investment corporation bond  
(gross amount: 69 billion yen)

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

End of 7 <sup>th</sup> Fiscal Period	Combined total of 44.5 billion yen from 16 banks
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End of 6 <sup>th</sup> Fiscal Period	Combined total of 23.4 billion yen from 11 banks
--------------------------------------	--

# Income Statement

(thousand yen)

	6th fiscal period		7th fiscal period		Change	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
1. Operating Revenue						
Real Estate Rental Business Revenue	5,493,619		6,150,093			
Gain on Sale of Real Estate	849,734	100.0	761,353	100.0	568,093	9.0
2. Operating Expenses						
Real Estate Rental Business Expenses	2,329,468		2,604,850			
Asset Management Fees	447,368		511,674			
Asset Custodian Fees	22,703		22,975			
Outsourcing Fees for Administrative Works	62,551		62,304			
Directors' Remuneration	3,600		5,400			
Attorneys' Fees	25,333		44,686			
Audit Fees	19,150		14,350			
Doubtful Debt Account	2,237		3,055			
Bad Debt Loss	—		1,435			
Other Operating Expenses	148,406	48.3	103,221	48.8	313,135	10.2
<b>Operating Profit</b>	<b>3,282,533</b>	<b>51.7</b>	<b>3,537,491</b>	<b>51.2</b>	<b>254,958</b>	<b>7.8</b>
3. Non-Operating Revenue						
Interest Received	1,166		6,643			
Miscellaneous Revenue	70,353	1.1	115,492	1.8	50,616	70.8
4. Non-Operating Expense						
Interest Paid	242,201		372,555			
Loan-related expenses	85,543		98,990			
Corporate Bond Interest	274,933		414,699			
Amortization for Corporate Bond Issue Expenses	47,677		57,885			
Expenditure for Issue of New Investment Units	—		21,222			
Write-off of Initial Expenses	6,624		6,624			
Other non-operating expenses	36,199	10.9	7,882	14.2	286,680	41.4
<b>Ordinary Profit</b>	<b>2,660,874</b>	<b>41.9</b>	<b>2,679,768</b>	<b>38.8</b>	<b>18,894</b>	<b>0.7</b>
<b>Net Income Before Tax</b>	<b>2,660,874</b>	<b>41.9</b>	<b>2,679,768</b>	<b>38.8</b>	<b>18,894</b>	<b>0.7</b>
Corporate Tax, Local Inhabitant's Tax and Enterprise Tax	2,897		8,132			
Adjustment of Income Taxes	△ 775	0.0	△ 6,454	0.0	△ 445	△ 20.9
<b>Net Income</b>	<b>2,658,752</b>	<b>41.9</b>	<b>2,678,090</b>	<b>38.8</b>	<b>19,338</b>	<b>0.7</b>
Profit Brought Forward	54		141		87	
<b>Unappropriated Retained Earnings</b>	<b>2,658,807</b>		<b>2,678,231</b>		<b>19,424</b>	

## Operating Revenues

- Rental income  
Revenue contributions by 116 properties this fiscal period (reference: 107 properties in 6<sup>th</sup> fiscal period)
- Gain on sales of investments in real estate (figures in parentheses are net values after deduction of expenses) Sale of  
Bellwood (407,900,000 yen)  
Grand Forme Ichigaya Haraikatamachi (185,160,000 yen)  
Meguro Hillside Court (168,292,000 yen)

## Operating Expenses

- Public charges  
The adjusted amounts of real property taxes and city planning taxes for properties acquired on January 1, 2007 or after are included in the acquisition costs (not expensed).
- Asset management Fee  
Consists of management fee (1) + (2) alone  
Acquisition compensation is included in the acquisition cost while transfer (sale) compensation is deducted from the capital gains

7 <sup>th</sup> fiscal period	511,674,000 yen
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6 <sup>th</sup> fiscal period	447,368,000 yen
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## Non-Operating Revenues

- Of these, revenues from refunded consumption tax: 106,620,000 yen (consumption tax included in acquisition costs during accounting inclusive of taxes)

# Cash Flow Statement

Account Titles	(thousand yen)	
	6th Fiscal Period	7th Fiscal Period
<b>I. Cash Flow from Operating Activities</b>		
Net Income Before Tax	2,660,874	2,679,768
Depreciation	1,106,870	1,289,061
Bad Debt Loss	—	1,435
Write-Off of Long-term Prepaid Expenses	79,255	68,695
Write-Off of Initial Expenses	6,624	6,624
Write-Off of Corporate Bond Fees	47,677	57,885
Interest Received	△ 1,166	△ 6,643
Interest Paid	517,134	787,254
Increase or Decrease in Allowance for Bad Debt	1,657	1,531
Increase or Decrease in Accounts Receivable	△ 30,897	△ 6,649
Increase or Decrease in Accrued Revenue	△ 3,228	5,000
Increase or Decrease in Accrued Consumption Tax	68,260	△ 58,365
Increase or Decrease in Accounts Payable	142,949	△ 95,078
Increase or Decrease in Accrued Liabilities	△ 22,473	24,258
Increase or Decrease in Accrued Expenses	8,817	54,044
Increase or Decrease in Receipt in Advance	7,449	232,986
Decrease due to Sale of Tangible Fixed Assets in Trust	3,862,986	3,617,049
Payment of Long-term Prepaid Expenses	△ 6,744	△ 201,554
Others	9,615	△ 4,689
<b>subtotal</b>	<b>8,455,662</b>	<b>8,452,615</b>
Receipt of Interest	1,166	6,643
Payment of Interest	△ 497,119	△ 893,412
Receipt of Insurance Benefit	4,244	1,453
Payment of Corporate Taxes	△ 4,233	△ 3,992
<b>Cash Flow from Operating Activities</b>	<b>7,959,722</b>	<b>7,563,307</b>
<b>II. Cash Flow from Investment Activities</b>		
Payments for deposit of time deposits	—	△ 1,000,000
Payment for acquisition of Tangible Assets	△ 6,074,300	△ 46,516,796
Payment for acquisition of Tangible Assets in Trust	△ 64,688	△ 55,235
Receipt of Security Deposits & Guarantee Money	110,488	444,319
Receipt of Security Deposits & Guarantee Money in Trust	△ 49,107	△ 91,658
Proceeds from long-term deposits	—	92,114
Payments for repayment of long-term deposits	—	△ 3,174
<b>Cash Flow from Investment Activities</b>	<b>△ 6,077,606</b>	<b>△ 47,130,430</b>
<b>III. Cash Flow from Financing Activities</b>		
Money Borrowed: Short-term Borrowings	3,200,000	20,470,000
Repayment: Short-term Borrowings	△ 13,250,000	△ 1,500,000
Money Borrowed: Long-term Borrowings	2,600,000	22,500,000
Repayment: Long-term Borrowings	△ 700,000	△ 12,900,000
Income by Issue of Corporate Bonds	11,945,468	11,938,748
Payment of Distributions	△ 2,626,937	△ 2,659,506
Others	—	△ 21,222
<b>Cash Flow from Financing Activities</b>	<b>1,168,531</b>	<b>37,828,020</b>
<b>IV. Increase in Cash and Cash Equivalents</b>	<b>3,050,646</b>	<b>△ 1,739,102</b>
<b>V. Beginning Balance of Cash and Cash Equivalent</b>	<b>9,413,758</b>	<b>12,464,405</b>
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>12,464,405</b>	<b>10,725,302</b>

## Distribution Calculation Table

Account Title	6th fiscal period	7th fiscal period
Unappropriated Retained Earnings (thousand yen)	2,658,807	2,678,231
Distributions (thousand yen)	2,658,665	2,678,093
Distribution per Unit (yen)	14,232	14,336
Retained Earnings Carried Forward (thousand yen)	141	138

## Reference Indices

Title	unit	6th fiscal period	7th fiscal period
Current Capital Expenditures	Mn yen	126	180
Rental NOI(Net Operating Income)	(Note1) Mn yen	4,271	4,834
FFO per unit(Funds from Operation)	(Note2) yen	16,323	17,873
FFO(Funds from Operation) multiple	(Note3) multiple	19.6	22.2
Debt-Service Coverage Ratio	(Note4) multiple	8.3	6.0
Current Net Income Before Amortization of Interest	Mn yen	4,282	4,754
Interest-baring Debt	Mn yen	95,100	135,670
Ratio of Interest-baring Debt to Gross Asset at the end of fiscal period	(Note5) %	46.0	54.7
Net Asset Value per unit	yen	580,056	580,177

(Note 1) Rental NOI = rental income – rental expenses + depreciation and amortization

(Note 2) FFO per unit = FFO (= net income + 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) 6<sup>th</sup> fiscal period: FFO multiple = end of November 2006 investment unit price (639,000 yen)/FFO per unit after conversion to annual figure  
7<sup>th</sup> fiscal period: FFO multiple = end of May 2007 investment unit price (797,000 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 V

## Reference Materials

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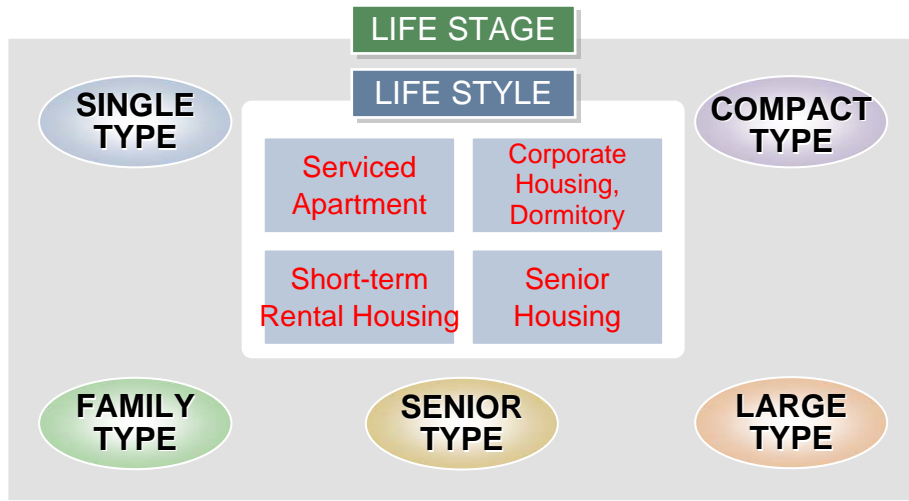


**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**



**PACIFIC  
INVESTMENT  
ADVISORS  
CORPORATION**

# 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]

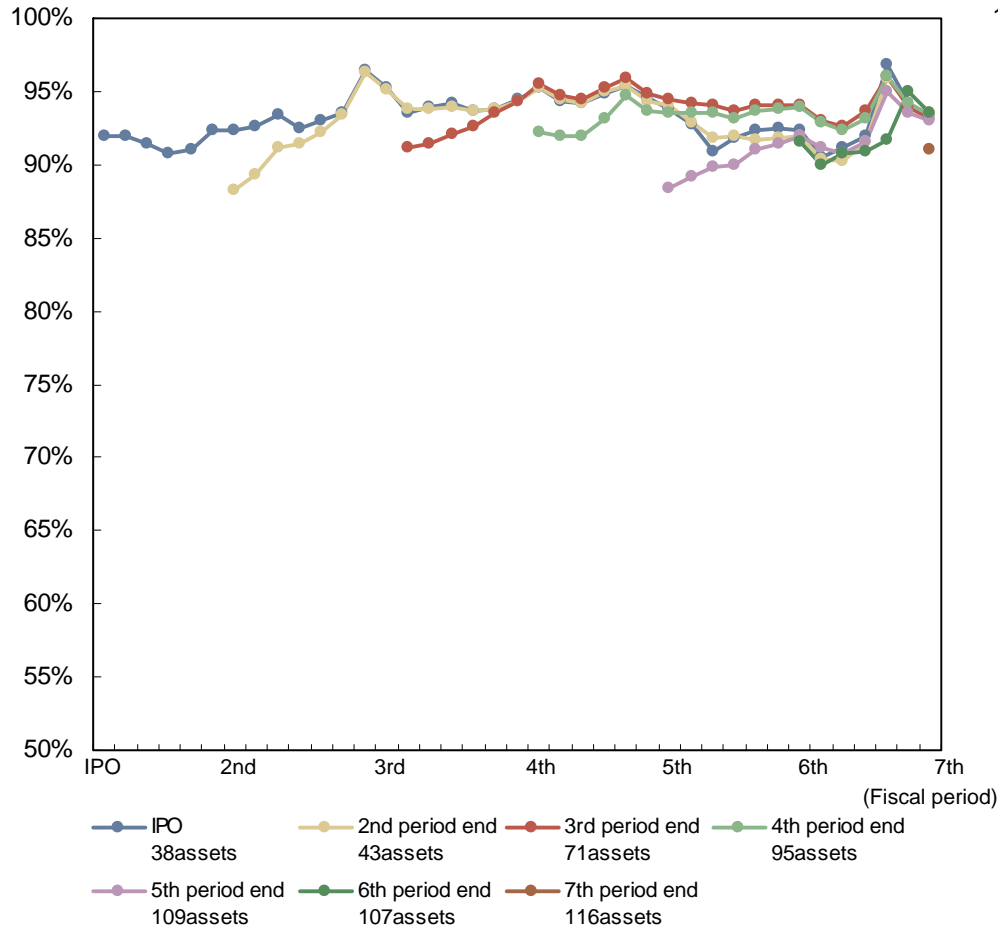
Life & Senior House Kohoku II

[Required conditions]

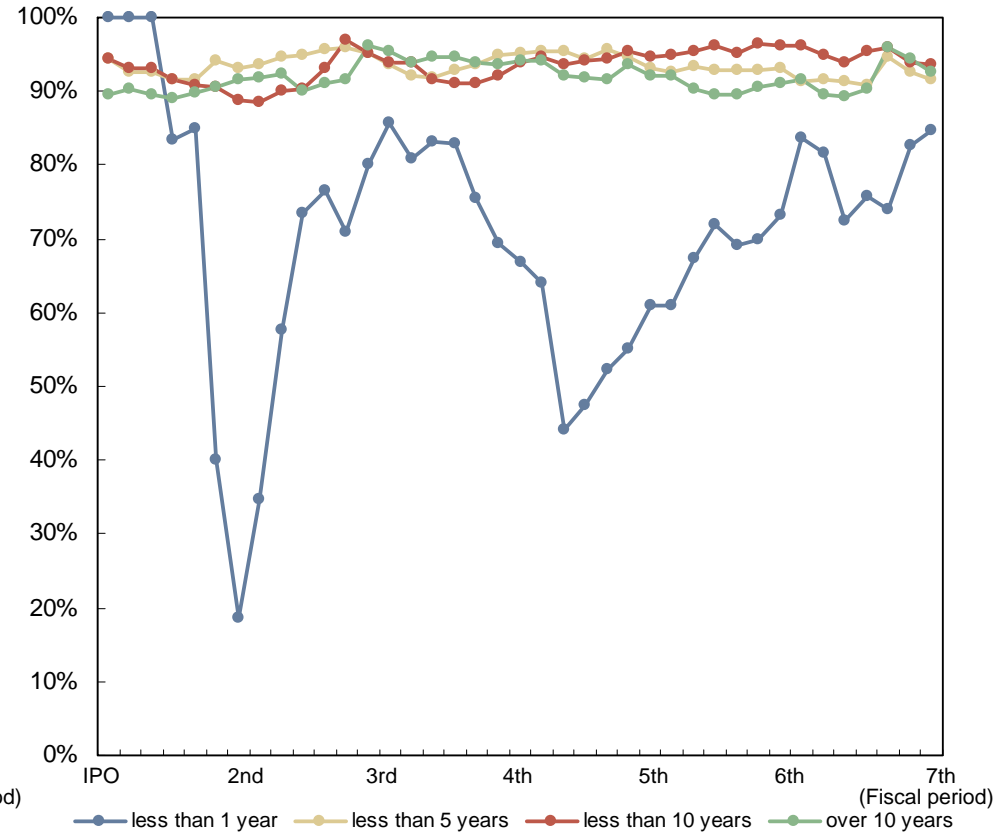
Properties with specifications that are friendly to the elderly. They have a good neighboring environment and are located in the Tokyo metropolitan area or a core regional city. It has a community facility adjoining it and NRIC is allied with an operator that boasts a strong business plan and good reliability.

# Occupancy History

## Occupancy by Acquisition Period



## Occupancy by Building Age



# New Acquisitions

acquired during 7<sup>th</sup> fiscal period

Total Acquisition Value: 44.6 Bn Yen W.A. NOI CAP: 5.2%

S-53 Pacific Residence Ebisu

	Acquisition Value	3,500Mn yen
	NOI CAP	4.6%
	Seller	M C FORCE Special Purpose Company
	Location	Shibuya-ku, Tokyo
	Rentable Unit	61
	Construction Completion	January, 2006

S-54 Pacific Residence Kamiochiai

	Acquisition Value	1,332Mn yen
	NOI CAP	5.1%
	Seller	Soken Co.,Ltd.
	Location	Shinjuku-ku, Tokyo
	Rentable Unit	70
	Construction Completion	September, 2006

C-25 Pacific Tower Meguro-fudomae

	Acquisition Value	14,507Mn yen
	NOI CAP	5.5%
	Seller	Gran Tower Special Purpose Company
	Location	Shinagawa-ku, Tokyo
	Rentable Unit	358
	Construction Completion	January, 2007

C-35 Pacific Residence Ebisu-minami

	Acquisition Value	2,436Mn yen
	NOI CAP	4.8%
	Seller	Aoyama Mainland Co.,Ltd.
	Location	Shibuya-ku, Tokyo
	Rentable Unit	39
	Construction Completion	March, 2007

C-36 Leaf Court Azabu

	Acquisition Value	9,060Mn yen
	NOI CAP	4.6%
	Seller	Mars Asset TMK Limited
	Location	Minato-ku, Tokyo
	Rentable Unit	113
	Construction Completion	January, 2003

C-38 Pacific Residence Odori-Nishi

	Acquisition Value	1,790Mn yen
	NOI CAP	5.8%
	Seller	Urban Design System Co.,Ltd.
	Location	Sapporo-City, Hokkaido Pref.
	Rentable Unit	103
	Construction Completion	December, 2006

C-39 Pacific Residence Kita-sanjo

	Acquisition Value	1,261Mn yen
	NOI CAP	6.1%
	Seller	Tokyo Land Corporation
	Location	Sapporo-City, Hokkaido Pref.
	Rentable Unit	100
	Construction Completion	January, 2007

F-18 Pacific Residence Nihonbashi-bakurocho

	Acquisition Value	5,380Mn yen
	NOI CAP	5.1%
	Seller	Marubeni Corporation
	Location	Chuo-ku, Tokyo
	Rentable Unit	132
	Construction Completion	February, 2007

F-19 Pacific Residence Gotenyama

	Acquisition Value	1,186Mn yen
	NOI CAP	4.8%
	Seller	Sunwood Corporation
	Location	Shinagawa-ku, Tokyo
	Rentable Unit	16
	Construction Completion	January, 2007


F-20 Pacific Residence Maruyama-kitagojo

	Acquisition Value	1,284Mn yen
	NOI CAP	6.0%
	Seller	Tokyo Land Corporation
	Location	Sapporo-City, Hokkaido Pref.
	Rentable Unit	56
	Construction Completion	February, 2007

F-21 Pacific Residence Tokugawa

	Acquisition Value	975Mn yen
	NOI CAP	5.8%
	Seller	Mitsui Fudosan Residential Co.,Ltd.
	Location	Nagoya-City, Aichi Pref.
	Rentable Unit	27
	Construction Completion	December, 2006

SE-1 Life & Senior House Kohoku II

	Acquisition Value	1,950Mn yen
	NOI CAP	6.5%
	Seller	Seikatsu Kagaku Unei K.K
	Location	Yokohama-City, Kanagawa Pref.
	Rentable Unit	78
	Construction Completion	October, 2003

# Properties Roster(1/2)

116 Properties owned at the end of 7th fiscal period

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
S-1	Core1	Tokyo 23 Wards	Pacific Livew Shinkawa	2,050	83
S-2	Core1	Tokyo Central 5 Wards	Pacific Livew Shiba Daimon	1,900	63
S-3	Sub-core	Tokyo Central 5 Wards	Glenpark Sangubashi	1,040	27
S-5	Sub-core	Tokyo Central 5 Wards	Leopalace Udagawacho Mansion	569	30
S-7	Sub-core	Tokyo 23 Wards	Escort Kami-Ikebukuro	644	44
S-8	Core1	Tokyo 23 Wards	Pacific Residence Shin-Nakano	448	24
S-9	Sub-core	Tokyo Metropolitan Area	Dormitory Haramachida	490	73
S-13	Sub-core	Major Regional Cities	Yoshizuka AG Building No.6 and No.7	428	86
S-14	Core1	Tokyo 23 Wards	Pacific Livew Shirokanedai	1,250	32
S-15	Core2	Major Regional Cities	Grand Blue Hakata	1,582	155
S-16	Sub-core	Tokyo 23 Wards	J Stage Honancho	952	91
S-17	Core2	Tokyo 23 Wards	Park Habio Kyobashi	2,725	63
S-18	Core1	Major Regional Cities	Pacific Livew Tenjinbashi	970	78
S-19	Core1	Tokyo 23 Wards	Pacific Residence Yushimasanchome	1,020	63
S-20	Core1	Tokyo Central 5 Wards	Pacific Residence Shinjuku East	1,397	54
S-21	Core1	Tokyo Central 5 Wards	Pacific Livew Shinjuku Higashi	854	48
S-22	Core1	Tokyo Central 5 Wards	Pacific Residence Kandaiwamotocho	1,657	65
S-23	Core2	Major Regional Cities	Umeda Excelheights	5,250	414
S-24	Core1	Tokyo 23 Wards	Pacific Residence Tsukiji	1,320	54
S-25	Core1	Tokyo 23 Wards	Pacific Residence Sasaduka	1,950	96
S-26	Core1	Tokyo Central 5 Wards	Pacific Residence Minamiazabu	1,060	37
S-27	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisuhighashi	660	26
S-28	Core1	Tokyo 23 Wards	Pacific Residence Meguronishi	800	20
S-29	Core1	Tokyo Central 5 Wards	Pacific ResidenceHiroo 3chome	850	29
S-30	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka II	1,567	37
S-31	Core1	Tokyo 23 Wards	Pacific Livew Kyobashi	1,401	52
S-32	Core1	Major Regional Cities	Pacific Residence Sannomiyahigashi	2,247	161
S-33	Core1	Tokyo 23 Wards	Pacific Livew Tamagawa	1,514	98
S-34	Sub-core	Tokyo 23 Wards	Maison Korakuen	710	31
S-35	Core1	Tokyo 23 Wards	Pacific Livew Ginzahigashi	2,348	94
S-36	Sub-core	Tokyo 23 Wards	Relation Oji	1,027	61
S-37	Sub-core	Tokyo Metropolitan Area	No.6 Zelkova Mansion	609	33
S-38	Core1	Tokyo 23 Wards	Pacific Livew Wasedanishi	1,100	63
S-39	Sub-core	Major Regional Cities	KC21Building	1,167	79
S-40	Core1	Tokyo Central 5 Wards	Pacific Livew Hiroo	1,741	76
S-41	Sub-core	Tokyo Metropolitan Area	Cosmo Nishi-Funabashi II	799	70
S-42	Core1	Tokyo Metropolitan Area	Pacific Livew Yokohama Kannai	1,950	102
S-43	Sub-core	Tokyo 23 Wards	K2	393	22
S-44	Sub-core	Tokyo Metropolitan Area	Flats Okurayama	895	64
S-45	Core2	Tokyo Central 5 Wards	Planeta Shiodome	2,782	67
S-46	Sub-core	Tokyo 23 Wards	ZESTY Komazawadaigaku	393	18
S-47	Sub-core	Tokyo Central 5 Wards	ZESTY Yoyogi	377	16

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
S-48	Sub-core	Tokyo Central 5 Wards	ZESTY Nishishinjuku	436	19
S-49	Sub-core	Tokyo 23 Wards	ZESTY Kyodo	344	15
S-50	Core1	Major Regional Cities	Pacific Livew Utsubokoan	1,200	94
S-51	Core1	Tokyo 23 Wards	Pacific Residence Tsukishima I	1,176	40
S-52	Core2	Tokyo 23 Wards	CYNTHIA Oimachi	1,100	48
S-53	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisu	3,500	61
S-54	Core1	Tokyo Central 5 Wards	Pacific Residence Kamiochiai	1,332	70
S-55	Core1	Tokyo 23 Wards	Pacific Residence Higashishinagawa	2,317	122
S-56	Core2	Tokyo Central 5 Wards	LUKE	1,530	34
S-57	Core1	Tokyo Central 5 Wards	Pacific Residence Toranomon	1,484	63
S-58	Core1	Tokyo 23 Wards	Pacific Residence Kamata I	1,579	78
C-1	Core1	Tokyo 23 Wards	Pacific ResidenceBunkyoootowa	3,590	104
C-2	Core1	Tokyo 23 Wards	Pacific Residence Sengoku	760	33
C-3	Core1	Tokyo Central 5 Wards	Pacific Livew Jiyugaoka	1,080	28
C-4	Core1	Tokyo 23 Wards	Pacific Residence Yushima	1,110	39
C-6	Sub-core	Tokyo 23 Wards	ZESTY Ikegami Building A and B	381	19
C-8	Core1	Tokyo Metropolitan Area	Pacific Livew Hachioji	700	40
C-9	Sub-core	Major Regional Cities	Grand Heights Hibino	1,230	124
C-10	Core1	Major Regional Cities	Pacific Residence Koyocho	454	40
C-11	Core1	Tokyo Central 5 Wards	Pacific Livew Nagatacho	1,000	23
C-12	Core1	Tokyo Central 5 Wards	Pacific Residence Suidobashi	2,330	65
C-13	Core1	Tokyo Central 5 Wards	Pacific Tower Nogizaka	3,900	68
C-14	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka I	1,300	37
C-15	Core2	Tokyo Central 5 Wards	Apartments Nishi-Azabu	7,920	125
C-16	Core1	Major Regional Cities	Pacific Residence Tenjinminami	1,200	56
C-17	Core1	Major Regional Cities	Pacific Livew Hakataeki-Mnami	420	39
C-18	Core1	Tokyo 23 Wards	Pacific Residence Ninyocho	572	25
C-19	Core1	Tokyo Central 5 Wards	Pacific Residence Daikanyama	2,180	42
C-20	Core1	Tokyo Central 5 Wards	Pacific Residence Ichigaya	2,580	85
C-21	Core1	Tokyo Metropolitan Area	Pacific Residence Kichijoji	1,445	48
C-22	Core1	Tokyo 23 Wards	Pacific Residence BunkyoSengoku	1,557	45
C-23	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka Hinokicho	4,710	87
C-24	Core1	Tokyo Central 5 Wards	Pacific Residence Takanawa	1,550	31
C-25	Core1	Tokyo 23 Wards	Pacific Tower Meguro-fudomae	14,507	358
C-26	Core2	Tokyo 23 Wards	Storia Sangen-jaya	3,311	78
C-27	Core1	Tokyo 23 Wards	Pacific Livew Chojamaru	3,338	71
C-28	Sub-core	Tokyo Central 5 Wards	L'air Minami Aoyama	1,030	13
C-29	Core2	Major Regional Cities	Mare	963	38
C-30	Core1	Tokyo Central 5 Wards	Pacific Livew Kandahigashi	1,880	64
C-31	Sub-core	Major Regional Cities	Melody Heim Shin-Osaka	956	70
C-32	Sub-core	Major Regional Cities	Melody Heim Matsubara	643	53
C-33	Core1	Tokyo 23 Wards	Pacific Livew Iriya	1,190	49

# Properties Roster(2/2)

## 116 Properties owned at the end of 7th fiscal period

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
C-34	Core1	Tokyo Central 5 Wards	Pacific Residence Higashiazabu	1,570	31
C-35	Core1	Tokyo Central 5 Wards	Pacific Residence Ebusu-minami	2,436	39
C-36	Core2	Tokyo Central 5 Wards	Leaf Court Azabu	9,060	113
C-38	Core1	Major Regional Cities	Pacific Residence Odori-Nishi	1,790	103
C-39	Core1	Major Regional Cities	Pacific Residence Kita-sanjo	1,261	100
F-1	Core1	Tokyo Central 5 Wards	Pacific Residence Sakuragaoka	3,960	66
F-2	Core1	Tokyo Central 5 Wards	Pacific Residence Mejiro Otomeyama	1,100	19
F-3	Core1	Tokyo 23 Wards	Pacific Residence Shinkawa	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
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
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
SE-1	Core2	Tokyo Metropolitan Area	Life & Senior House Kohoku II	1,950	78
Total				225,466	7,294

## Properties (to be) acquired during 8th period and onwards

	Asset Type	Area	Property Name	Acquisition Price (million yen)	Rentable Units
S-59	Core1	Tokyo Metropolitan Area	Pacific Residence Musashikosugi	1,767	68
S-60	Core1	Tokyo Central 5 Wards	Pacific Residence Kanda-Ogawamachi	1,370	52
S-61	Core1	Tokyo Central 5 Wards	Pacific Residence Sodai-dori	1,090	52
S-62	Core1	Major Regional Cities	Pacific Livew Kyotoekimae	2,200	116
S-63	Core1	Tokyo 23 Wards	Pacific Residence Tsukishima II	2,650	105
C-37	Core1	Major Regional Cities	Pacific Residence Minami-ichijo	1,910	179
C-40	Core2	Tokyo Central 5 Wards	Cosmos Gracia Shibuya	1,633	40
C-41	Core1	Tokyo 23 Wards	Pacific Livew Nakanobu	2,040	65
C-42	Core1	Tokyo Central 5 Wards	Pacific Residence Azabudai	2,040	47
C-43	Core1	Tokyo Central 5 Wards	Pacific Residence Shibadaimon	1,980	48
C-44	Sub-core	Tokyo 23 Wards	Glana Nihonbashi	1,550	45
C-45	Sub-core	Tokyo Central 5 Wards	Nostel Court Kanda	1,320	43
L-15	Core1	Tokyo Central 5 Wards	Pacific Residence Daikanyama-Sarugakucho/Daikanyama Parkside Village	8,140	77
Total				29,690	937



# Loans

## (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	Mizuho Corporate Bank, Ltd.	1,700,000	—	—	1,700,000	1.10909%	2007/9/29	(note6)	Unsecured Non-guaranteed				
	Sumitomo Mitsui Banking Corporation	—	2,000,000	—	2,000,000	1.10909%	2007/12/26						
	The Bank of Fukuoka, Ltd.	—	1,000,000	—	1,000,000	1.10909%	2008/1/26						
	Mitsubishi UFJ Trust and Banking Corporation	—	1,500,000	—	1,500,000	0.90700%	2008/2/20						
	The Chuo Mitsui Trust and Banking Company, Limited	—	1,000,000	—	1,000,000								
	Shinkin Central Bank	—	1,000,000	—	1,000,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	700,000	—	700,000								
	The Sumitomo Trust & Banking Co., Ltd.	—	500,000	—	500,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	300,000	—	300,000								
	Mitsubishi UFJ Trust and Banking Corporation	—	300,000	—	300,000	1.26417%	2008/2/20						
	The Sumitomo Trust & Banking Co., Ltd.	—	300,000	—	300,000								
	The Chuo Mitsui Trust and Banking Company, Limited	—	300,000	—	300,000								
	Mizuho Corporate Bank, Ltd.	—	120,000	—	120,000								
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,000,000	—	1,000,000								
	The Sumitomo Trust & Banking Co., Ltd.	—	1,000,000	—	1,000,000					1.00909%	2008/2/28		
	The Bank of Fukuoka, Ltd.	—	600,000	—	600,000					1.00000%	2008/3/5		
	Sumitomo Mitsui Banking Corporation	—	2,300,000	—	2,300,000								
	Mizuho Corporate Bank, Ltd.	—	1,600,000	—	1,600,000							1.01487%	2008/3/28
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	1,125,000	—	1,125,000							1.26417%	2008/4/2
	Mitsubishi UFJ Trust and Banking Corporation	—	1,125,000	—	1,125,000								
	The Sumitomo Trust & Banking Co., Ltd.	—	1,125,000	—	1,125,000								
	The Chuo Mitsui Trust and Banking Company, Limited	—	1,125,000	—	1,125,000								
	Mizuho Corporate Bank, Ltd.	—	450,000	—	450,000								
subtotal	3,200,000 (note4)	20,470,000	1,500,000 (note4)	22,170,000									
Long term loan (repayable within one year) subtotal		11,500,000 (note5)	—	11,500,000 (note5)	—								
Total		14,700,000	20,470,000	13,000,000	22,170,000								

# Loan (Long Term Loan)

Classification		Balance at previous period end (thousand yen)	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.	3,534,000	—	532,000	3,002,000	1.39951% (note2)	2009/2/28	(note7)	Secured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	1,441,500	—	217,000	1,224,500				
	Mitsubishi UFJ Trust and Banking Corporation	1,209,000	—	182,000	1,027,000				
	The Sumitomo Trust & Banking Co., Ltd.	1,209,000	—	182,000	1,027,000				
	Resona Bank,Ltd.	1,209,000	—	182,000	1,027,000				
	Aozora Bank, Ltd.	697,500	—	105,000	592,500				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250,000	—	—	3,250,000	1.28731% (note2)	2009/11/30	(note8)	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	1,000,000	—	—	1,000,000	1.94000%	2011/8/31	(note6)	Unsecured Non-guaranteed
	Daido Life Insurance Company	1,600,000	—	—	1,600,000	2.19875%	2013/11/17		



# Loan (Long Term Loan)

Classification		Balance at previous period end (thousand yen)	Increase in current period (thousand yen)	Decrease in current period (thousand yen)	Balance as of report date (thousand yen)	Average interest rate (note 1)	Repayment date	Purpose	Remarks
Lender									
Long term loan	National Mutual Insurance Federation of Agricultural Cooperatives	—	2,000,000	—	2,000,000	1.84500%	2011/12/26	(note6)	Unsecured Non-guaranteed
	Taiyo Life Insurance Company	—	1,500,000	—	1,500,000				
	The Dai-ichi Mutual Life Insurance Company	—	1,000,000	—	1,000,000				
	Mitsui Sumitomo Insurance Co., Ltd.	—	1,000,000	—	1,000,000				
	The Norinchukin Bank	—	5,000,000	—	5,000,000	1.20909% (note3)			
	The Hachijuni Bank, Ltd.	—	1,000,000	—	1,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	—	2,000,000	—	2,000,000	1.05333% (note9)	2010/2/19		
	The Sumitomo Trust & Banking Co., Ltd.	—	2,000,000	—	2,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	—	2,000,000	—	2,000,000				
	The Chuo Mitsui Trust and Banking Company, Limited	—	2,000,000	—	2,000,000				
	The Chiba Bank Limited	—	2,000,000	—	2,000,000				
	Shinkin Central Bank	—	1,000,000	—	1,000,000				
	subtotal	23,400,000	22,500,000	1,400,000	44,500,000				
Total	38,100,000 (note4)(note5)	42,970,000	14,400,000 (note4)(note5)	66,670,000					

(Note1) The average interest rate is the loan interest rate of each loan agreement rounded to five decimal places.

(Note2) 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.

(Note3) We purchased an interest rate cap to set the upper limit of applicable interest rate (3-month JPY TIBOR) to 1.38%.

(Note4) Short-term loan shows only lenders with balance at the end of this fiscal period. Out of 3,200,000 thousand yen in short-term loans borrowed prior to the end of the previous fiscal period, 1,500,000 thousand yen was repaid by the end of this fiscal period.

(Note5) Long-term loan (repayable within one year) shows only the subtotal column as there is no lender with balance at the end of this period. The 11,500,000 thousand yen in long-term loan (repayable within one year) borrowed prior to the end of the previous fiscal period was repaid by the end of this fiscal period.

(Note6) The purpose of loan is to purchase real estate.

(Note7) The purpose of loan is to purchase real estate in trust.

(Note8) The purpose of loan is to purchase real estate and real estate in trust, and to repay short-term loans.

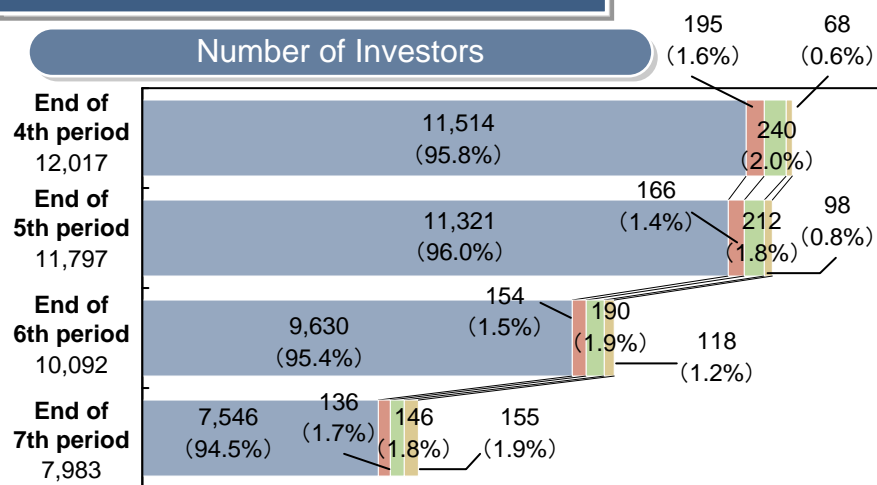
(Note9) We purchased an interest rate cap to set the upper limit of applicable interest rate (3-month JPY TIBOR) to 1.07%.

(Note10) 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 loans (excluding the amount to be repaid within one year)

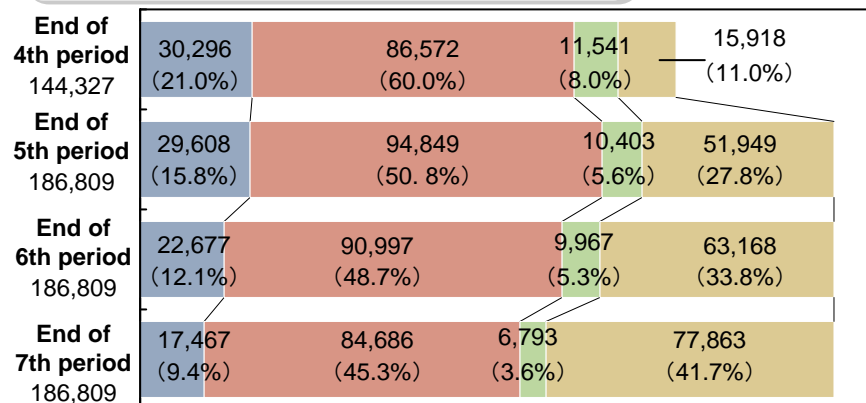
	within 2 years	within 3 years	within 4 years	within 5 years
Long-term loan	7,900,000(thousand yen)	22,500,000(thousand yen)	—	12,500,000(thousand yen)

# Investment Units

## Possession of Investment Units



### Number of Units held by Investor Type



■ Individual and others ■ Financial Institutions (incl. securities companies) ■ Other domestic companies ■ Foreign Investors

### Major Investors (As of May. 31, 2007)

Rank	Name	Number of Units
1	Japan Trustee Services Bank, Ltd. (Trust)	15,740
2	NikkoCiti Trust and Banking Corporation (Trust)	11,640
3	The Bank of New York, Treaty Jasdec Account	7,939
4	CBLDN Standard Life Assurance Limited	6,811
5	The Master Trust Bank of Japan, Ltd. (Trust)	5,634
6	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	4,761
7	National Mutual Insurance Federation of Agricultural Cooperatives	4,001
8	North Pacific Bank	3,894
9	Mellon Bank Treaty Clients Omnibus	3,811
10	Bank of Ikeda	3,519

### (Reference) 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

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