

Good Design Award 2008 Winner



S-68 COSMOS GRACIA Kinshicho Aquver



Nippon Residential Investment Corp. Explanatory Material on Accounts

for **10th** Fiscal Period

(six months ended November 2008)



NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION



PACIFIC
RESIDENTIAL

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Section I

Overview of 10th Fiscal Period



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Summary of 10th fiscal period performance

	6 th period	7 th period	8 th period	9 th period	10 th period		
					Performance Forecasts as of July 23, 2008	Actual	Actual-Forecasts Comparison
Operating Revenues (million)	6,343	6,911	7,940	9,316	8,967	9,076	+109
(Capital Gain from Sales of Property) (million)	(849)	(761)	(410)	(704)	(-)	(-)	(-)
Ordinary Profit (million)	2,660	2,679	3,158	3,603	2,968	3,096	+128
Net Income (million)	2,658	2,678	3,150	3,602	2,965	769	-2,196
Distribution per Unit (yen)	14,232	14,336	12,748	14,577	12,000	3,116	-8,884
Net Operating Income (million)	4,271	4,834	6,177	6,765	-	7,402	-
NOI Yield				4.6	-	4.8	-
(Assumption NOI Yield which C-49 MM* guaranteed rate is 100%) %	4.7	4.6	4.8	(4.8)	-	(5.0)	-
Area-based occupancy rate %	90.0	90.9	91.2	93.5	-	94.7	-
Revenue-based occupancy rate %	89.8	86.1	90.3	89.0	-	92.5	-

*C-49 MM stands for "C-49 Pacific Royal Court Minato Mirai Ocean Tower".

Analysis of Variance between Performance Forecasts and Actual Results

1 Maintain occupancy rates at 94% or above

2 Incurrence of loss on sale of real estate

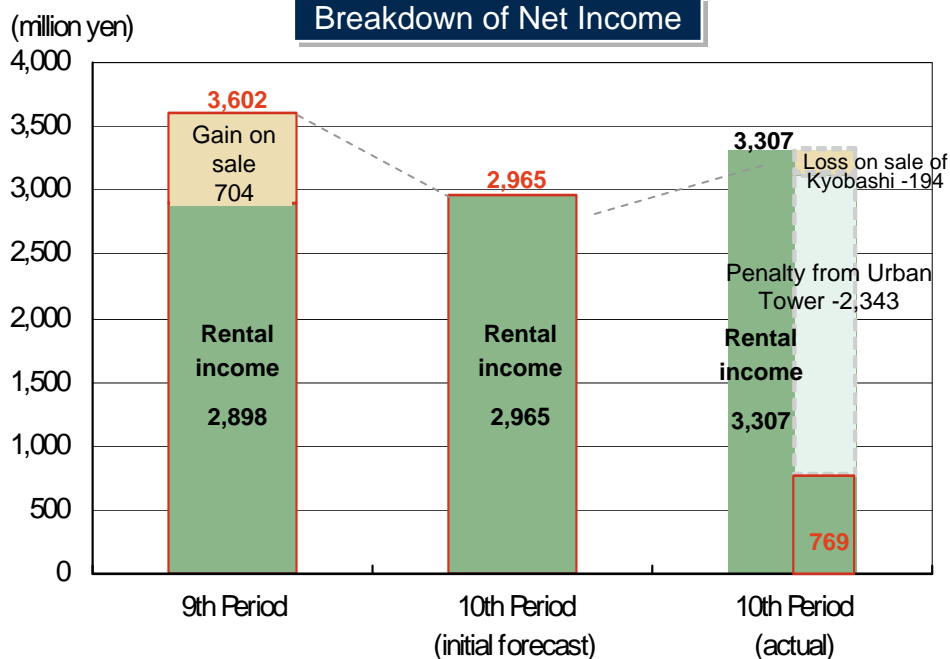
3 Incurrence of penalty from canceling property acquisition

Factors of Discrepancy from Performance Forecasts

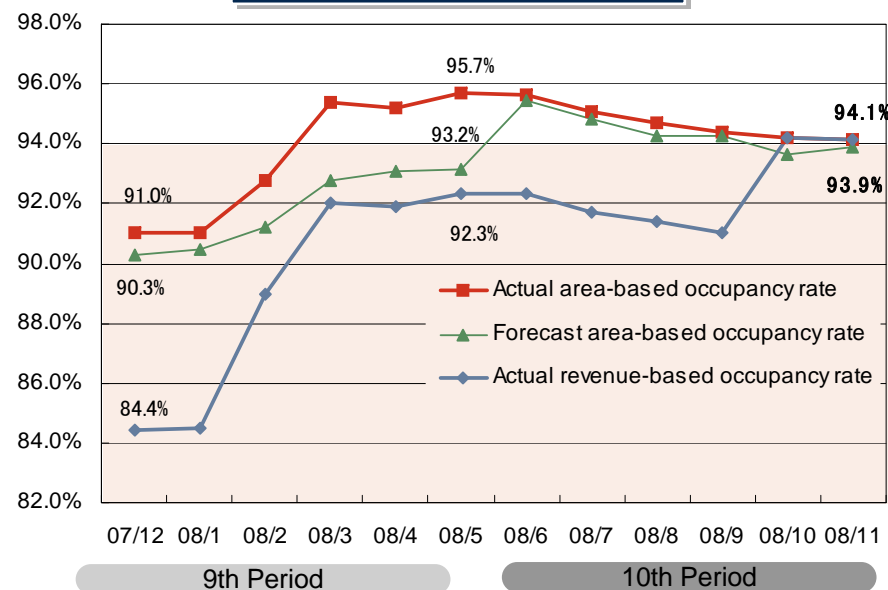
Breakdown of net income -2,196Mn yen

- Operating revenues/expenses +96Mn yen:
 - ⊕ Higher rental income from maintaining high occupancy rates (+109Mn yen); Lower property operating expenses (+181Mn yen);
 - ▲ Incurrence of loss on sale of Park Habio Kyobashi (-194Mn yen)
- Non-operating revenues/expenses +33Mn yen:
 - ⊕ Lower borrowing costs (+37Mn yen); Other (-4Mn yen)
- Extraordinary profit/loss -2,325Mn yen:
 - ⊕ Gain on fire insurance (+18Mn yen);
 - ▲ Penalty from canceling acquisition of Urban Tower (-2,343Mn yen)

Breakdown of Net Income



Changes in Occupancy Rates



Properties acquired/disposed

Acquisition

S-68 COSMOS GRACIA
Kinshicho Aquver



Acquisition Price	2,908 Mn yen
Seller	Cosmos Initia Co., Ltd.
Location	Sumida-ku, Tokyo
Rentable Unit	99
Construction Completion	January 2008
Appraisal Value at the time of acquisition (as of January 2008)	2,850 Mn yen (Japan Real Estate Institute)
Cap Rate	4.8%

Disposition

S-17 Park Habio Kyobashi



Acquisition Price	2,725 Mn yen
Sales Price	2,620 Mn yen
Appraisal Value	2,980 Mn yen
Loss from Sales	▲194 Mn yen
Buyer	Not disclosed (Leading company of Japan)
Location	Chuo-ku, Tokyo
Construction Completion	August 2004

(Note) Appraisal value shows the price at the end of 9th period.

Cancellation of Acquisition of Pacific Royal Court Minato Mirai Urban Tower



Left: Ocean Tower Right: Urban Tower

Events Leading Up to Acquisition

Sept. 27, 2007: Decision on acquisition of Pacific Royal Court Minato Mirai Ocean Tower and Urban Tower

Dec. 26, 2007: Completion of acquisition of Ocean Tower

May 15, 2008: Completion of construction of Urban Tower

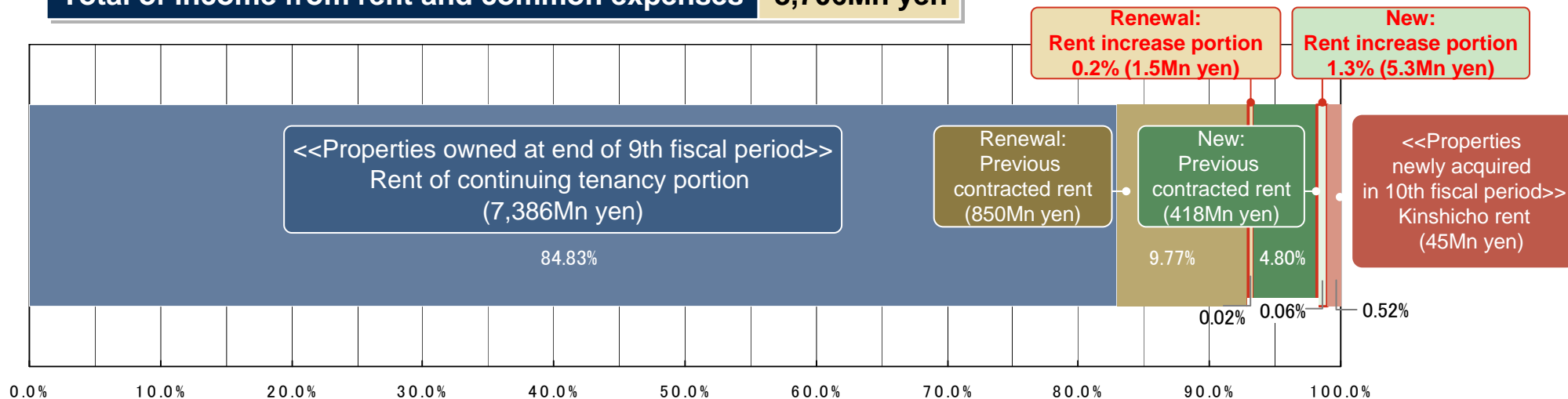
- Decision made to acquire, having deemed that stable revenue inflow will be secured through operation of Urban Tower and Ocean Tower as two buildings together

Reason for Canceling Acquisition

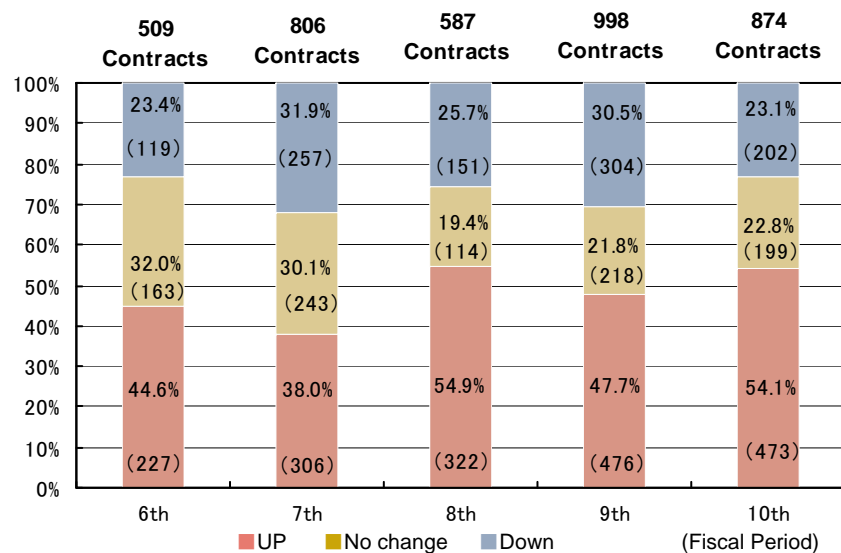
- Fund procurement through issuing new investment units is difficult
- Financial institutions' new lending stance is much stricter
- In line with current financial strategy, reduction of interest-bearing debt was prioritized

Actual Rent

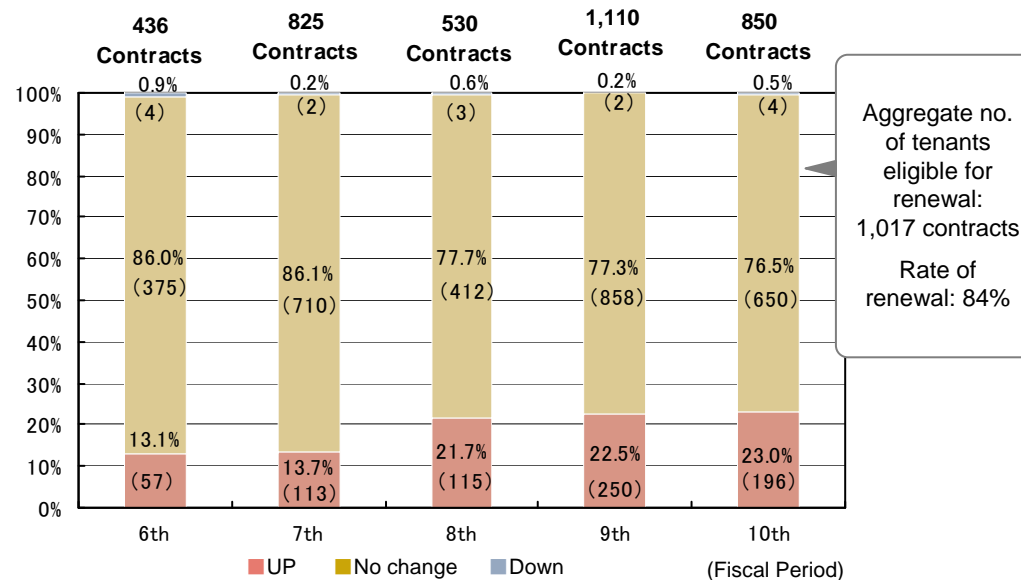
Total of income from rent and common expenses 8,706Mn yen



New (Based on No. of Contracts)



Renewal (Based on No. of Contracts)



(Note) Tenants with no previous contracted rent are not counted.

Leasing Performance – New Contracts

Rate of Change in Rent of New Contracts

Rate of change in rent × Ratio of rent = Real rate of change

$(5.9\% \times 49.8\% = 2.9\%)$

Down
No change
Up

Explanation of Indices

Rate of change in rent = $(\sum \text{New contracted rent} \div \sum \text{Previous contracted rent}) - 1$

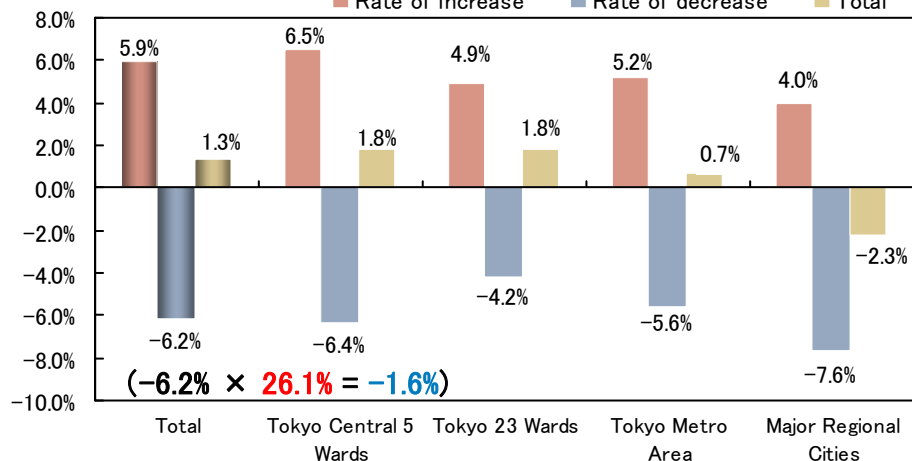
Ratio of rent =

Total amount of increased (decreased) previous contracted rent ÷ Total amount of increased/decreased previous rent

Real rate of change =

Rate of change in rent × Ratio of rent

(): Number of Contracts



Leasing Performance of New Contracts

Tokyo Central 5 Wards and Tokyo 23 Wards ↑

- Narrowed rent gap for Single Type by terminating monthly contracts
- Narrowed rent gap and earned increased rent for Single and Compact Types

Tokyo Metropolitan Area ↑

- Earned increased rent for Single Type

Tokyo Central 5 Wards ↓

- Aligned Large Type to market price

Tokyo 23 Wards and Tokyo Metropolitan Area ↓

- Aligned properties that are 10 years old or older (Single, Compact and Family Types) to market price

Major Regional Cities ↓

- Aligned all Types to market price

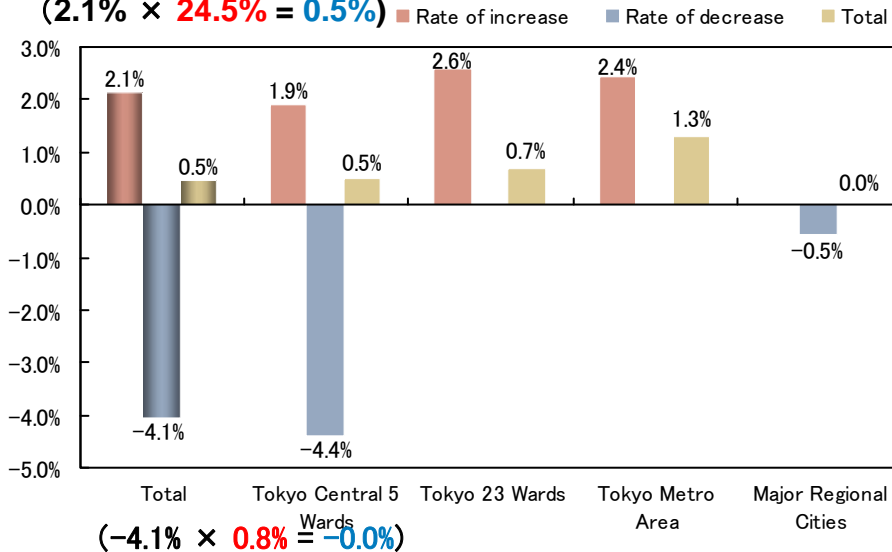
	~30m ²	~40m ²	~50m ²	~60m ²	~70m ²	~80m ²	~90m ²	Over 90m ²	Total
Tokyo Central 5 Wards	-3.0%(2件) (13)	-3.6% (15) (23)	-4.0%(8) (16)	-3.4% (13) (17)	-8.2% (10) (6)	-12.8% (2) (1)	-8.5% (3) (5)	-7.0% (9) (6)	-6.4%(62) (87)
	9.7% (94)	6.1% (31)	3.5% (45)	4.3% (38)	3.5% (18)	6.0% (5)	5.0% (7)	9.8% (14)	6.5% (252)
Tokyo 23 Wards	-2.9%(17) (25)	-5.1%(8) (11)	-5.8% (15) (12)	(2)	-2.9% (6)	-1.3% (3)	No New Contracts		-4.2%(49) (55)
	5.3% (79)	5.8% (33)	3.1% (26)	6.5% (8)	4.1% (5)	(2) (2)	2.4% (2)		4.9% (153)
Tokyo Metro	-5.4% (9) (2)	-5.7% (4)	-2.2% (2) (1)	(1)		1.4% (1)	No New Contracts		-5.6% (16) (4)
	6.0% (11)	9.1% (2)	3.5% (3)		-13.9% (1)				5.2% (17)
Major Regional Cities	-8.7% (20) (24)	-7.6% (17)	-8.2% (11)	-6.3% (10)	-9.5% (7)	-9.0% (4)	-5.6% (3)	-5.4% (3)	-7.6% (75)
	2.1% (21)	(10)	4.4% (7) (5)	3.1% (6) (10)	8.7% (2) (6)	(4) (2)	3.3% (3)		4.0% (51)
Total	-5.3%(48) (64)	-5.0% (44)	-5.5% (36) (36)	-4.0% (23) (26)	-7.3% (24) (10)	-9.2% (9) (7)	-7.4% (6) (5)	-6.9% (12) (7)	-6.2% (202) (199)
	7.3% (205)	6.1% (70)	3.4% (79)	4.5% (56)	4.1% (29)	4.6% (10)	4.7% (10)	9.8% (14)	5.9% (473)

Leasing Performance – Renewal Contracts

Rate of Change in Rent of Renewal Contracts

Rate of change in rent × Ratio of rent = Real rate of change

(2.1% × 24.5% = 0.5%)



Leasing Performance of Renewal Contracts

Tokyo Central 5 Wards ↑

- Narrowed rent gap for Compact Type
- Earned increased rent for Family and Large Types

Tokyo 23 Wards ↑

- Narrowed rent gap for Single, Compact and Family Types
- There were no rent decreases

Tokyo Metropolitan Area ↑

- Earned increased rent for Single and Compact Types
- There were no rent decreases

Tokyo Central 5 Wards ↓

- Aligned Single and Compact Types (3 units) to market price

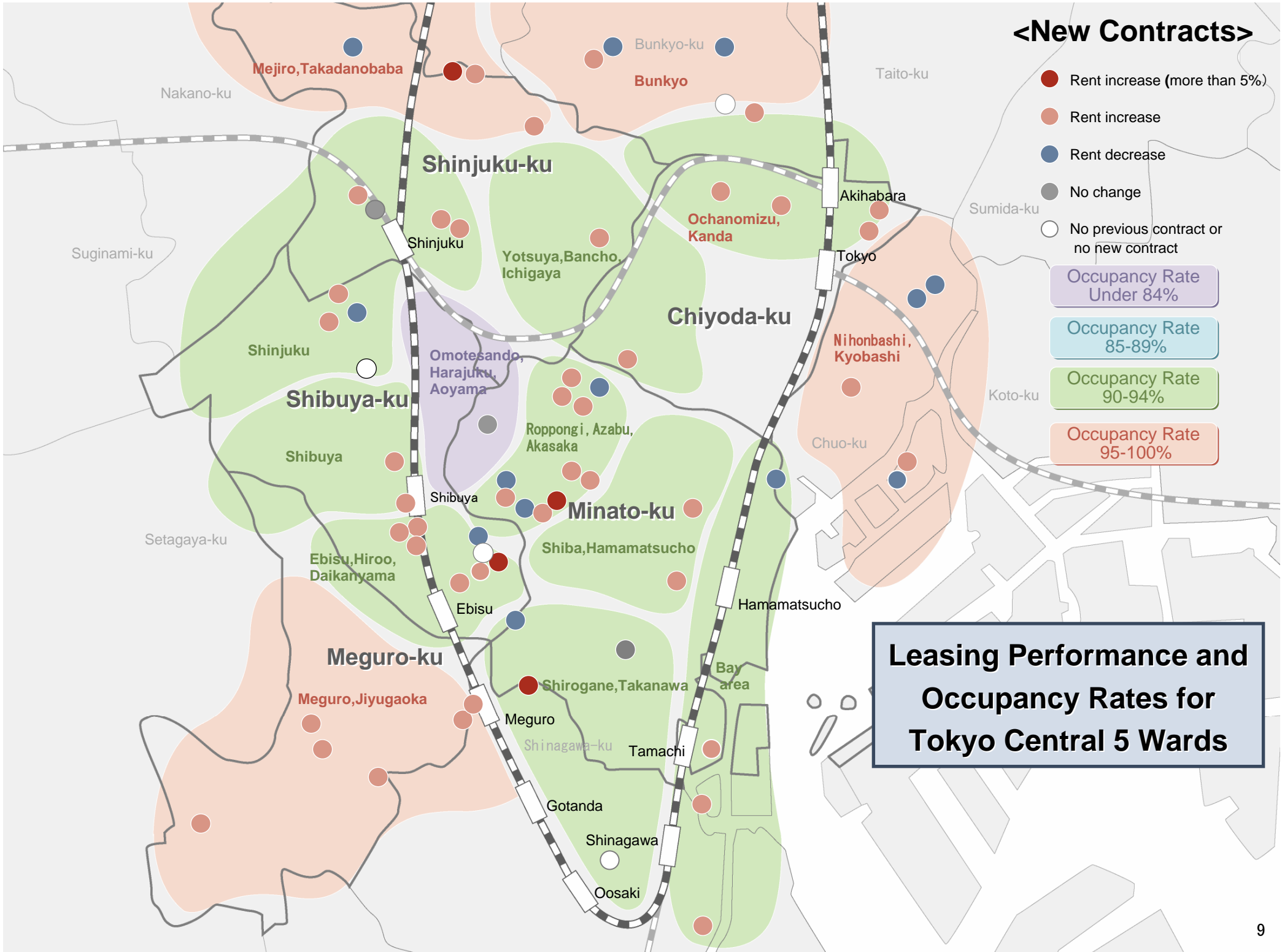
Down
No change
Up
(): Number of Contracts

	~30㎡	~40㎡	~50㎡	~60㎡	~70㎡	~80㎡	~90㎡	Over 90㎡	Total
Tokyo Central 5 wards	(56)	-1.3%(1)	(21)	(45)	-4.1%(1)	(8)	(8)	-5.4%(1)	(231)
	1.9%(29)	1.9%(28)	2.0%(20)	1.8%(18)	2.1%(17)	1.6%(1)	3.9%(2)	1.0%(3)	1.9%(118)
Tokyo 23 Wards	(84)	(28)	(17)	(15)	(8)	(4)	(2)	(3)	(161)
	3.5%(36)	1.9%(8)	1.2%(9)	2.8%(4)	2.0%(2)	2.7%(1)	1.2%(1)		2.6%(61)
Tokyo Metro	(16)	(2)	1.7%(3)	(1)	(3)	No New Renewal Contracts			(22)
	2.8%(10)	4.1%(2)		1.4%(2)					2.4%(17)
Major Regional Cities	(122)	(14)	-0.5%(1)	(27)	(32)	(15)	(10)	(1)	(236)
Total	(278)	-1.3%(1)	-0.5%(1)	(88)	-4.1%(1)	(27)	(20)	-5.4%(1)	(650)
	2.7%(75)	2.0%(38)	1.8%(32)	1.9%(24)	2.1%(19)	2.1%(2)	3.3%(3)	1.0%(3)	2.1%(196)

<New Contracts>

- Rent increase (more than 5%)
- Rent increase
- Rent decrease
- No change
- No previous contract or no new contract

- Occupancy Rate Under 84%
- Occupancy Rate 85-89%
- Occupancy Rate 90-94%
- Occupancy Rate 95-100%



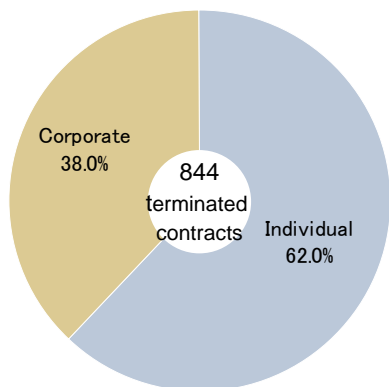
Leasing Performance and Occupancy Rates for Tokyo Central 5 Wards

Tenants Who Have Moved Out and Breakdown of Parties to Contracts

Ratio of Contract Termination of Moved-Out Tenants

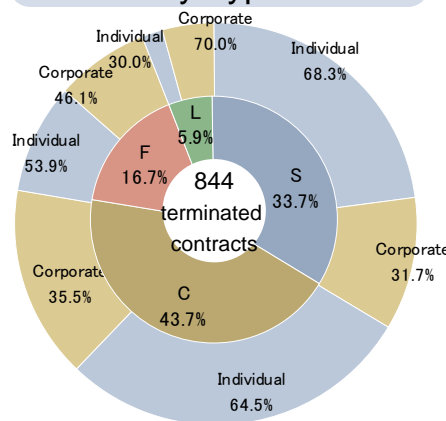
Trends of Moved-Out Tenants

Entire Portfolio

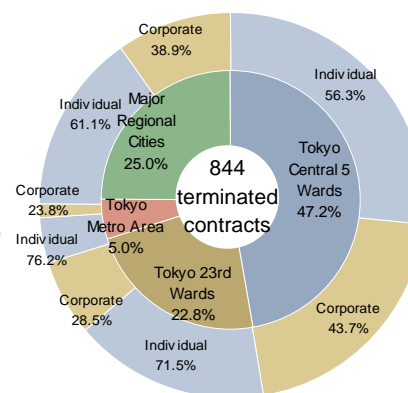


(Note) Excluding termination of contracts with monthly companies

By Type



By Area



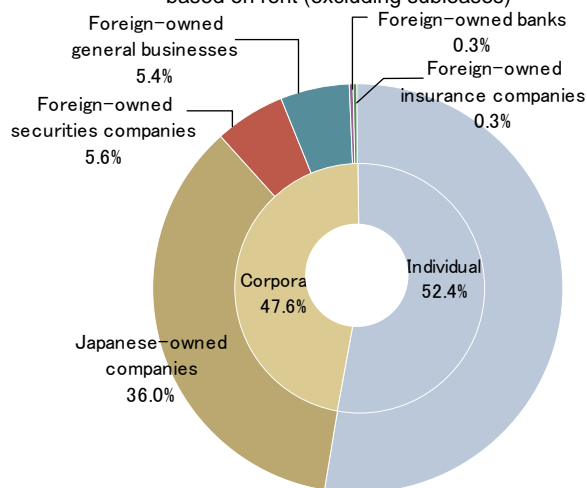
Comparison with previous year (8th fiscal period / period ended Nov. 2007)

(based on properties owned at end of 7th fiscal period)

- No. of contracts terminated in entire portfolio
607 contracts in 8th fiscal period
→ 632 contracts in 10th fiscal period
+25 contracts Up 4%
- No. of contracts terminated for Family/Large Types
92 contracts in 8th fiscal period
→ 119 contracts in 10th fiscal period
+27 contracts Up 29%
- % of contracts terminated that are individual contracts
56.7% in 8th fiscal period
→ 60.9% in 10th fiscal period
Up 4.2%

《Ratio of Corporate Contracts and Individual Contracts》

As at end of Nov. 2008
based on rent (excluding subleases)



《Average Monthly Rent》

As at end of Nov. 2008 (excluding subleases)

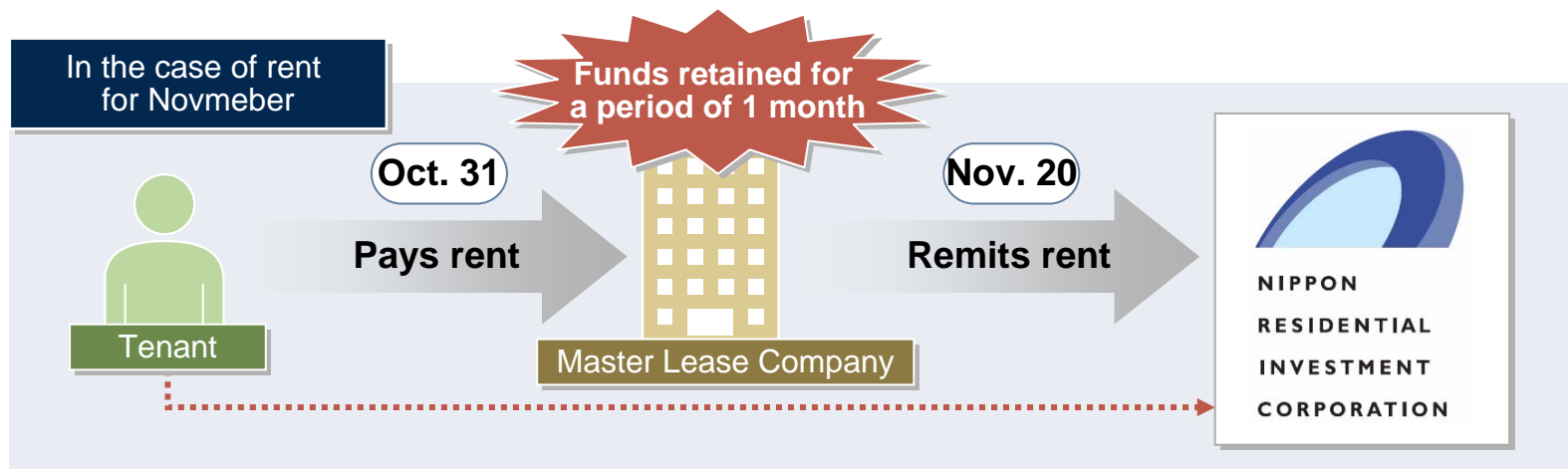
	~30㎡	~40㎡	~50㎡	~60㎡	~70㎡	~80㎡	~90㎡	90㎡超	Average
	Single		Compact		Family/Large			Large	
Tokyo Central 5 Wards	114	158	209	250	275	335	358	856	235
	7.1%	6.9%	7.4%	11.4%	5.7%	2.9%	3.1%	11.5%	56.1%
Tokyo 23 Wards	99	132	167	206	223	234	253	330	141
	6.9%	5.5%	4.7%	1.9%	1.9%	1.6%	0.4%	0.7%	23.5%
Tokyo Metropolitan Area	80	98	157	182	107	154	-	-	99
	2.1%	0.4%	0.6%	0.3%	0.2%	0.3%	0.0%	0.0%	4.0%
Major Regional Cities	64	72	91	110	112	158	200	251	93
	4.3%	1.9%	1.4%	2.5%	2.5%	2.0%	1.1%	0.5%	16.4%
Average	90	127	170	203	192	226	291	722	161
	20.5%	14.8%	14.1%	16.1%	10.4%	6.7%	4.7%	12.7%	100.0%

Upper: Average monthly rent (thousand yen)

Lower: Expressed as % of rent of entire portfolio as of end of Nov. 2008

(Note) Single/Compact/Family/Large are only a rough classification.

Change of Master Lease Agreement



May 2008 ML Company Ratio

(based on rentable floor area)

Rank	Type of Business	Share of Total
1	PM specialist	64.9%
2	Real estate agent	24.6%
3	Developer	3.7%
4	General real estate business	1.7%
5	Other	5.1%
Total		100.0%

Parent company of PM specialist company

Rank	Type of Business	Share of Total
1	Securities company	18.5%
2	Developer	14.1%
3	General real estate business	13.5%
4	Other	18.8%
Total		64.9%

December 2008 ML Company Ratio

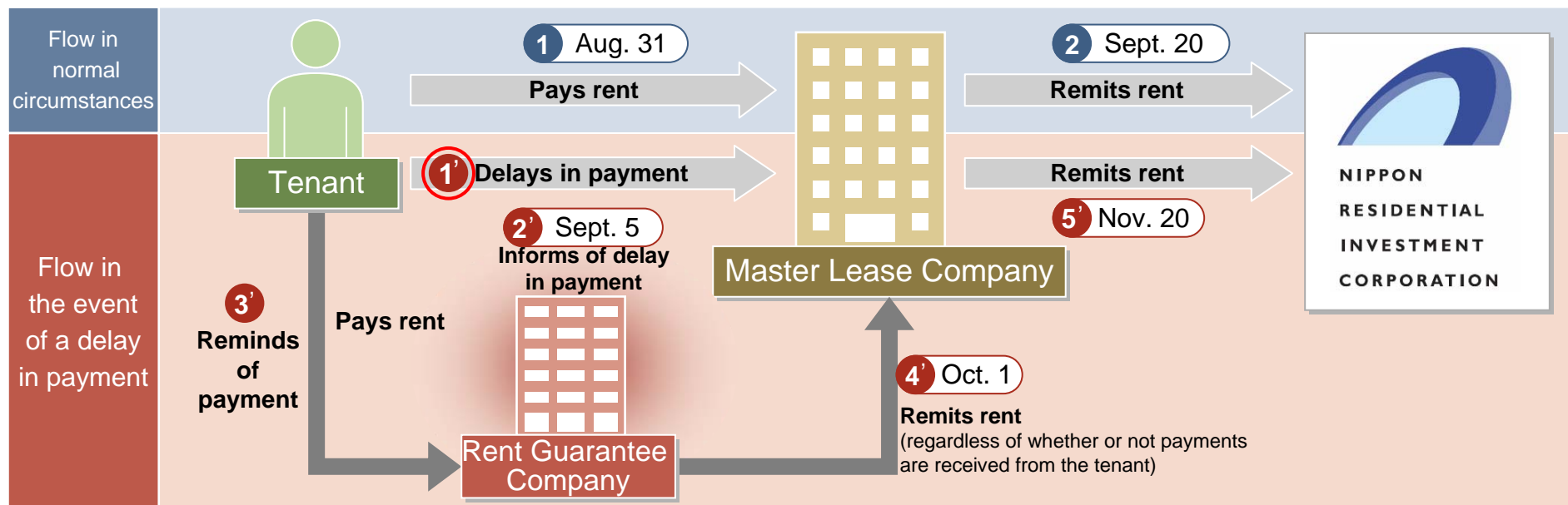
(based on rentable floor area)

Rank	Type of Business	Share of Total	Change
1	PM specialist	66.3%	1.4%
2	Real estate agent	25.7%	1.1%
3	General real estate business	1.7%	0.0%
4	Developer	1.7%	-2.0%
5	Other	4.6%	-0.5%
Total		100.0%	

Parent company of PM specialist company

Rank	Type of Business	Share of Total	Change
1	Securities company	27.8%	9.3%
2	General real estate business	13.5%	0.0%
3	Other	19.5%	0.8%
4	Developer	5.4%	-8.7%
Total		66.3%	1.4%

Breakdown of Rent Guarantee Companies



Ratio of Use of Rent Guarantee Company (based on no. of units)

(total number of rental units as of July 31, 2008: 6,771 units (excluding subleases))

Use of rent guarantee company: **29.5%** Cosigner: 70.5%

Name of Rent Guarantee Company	Share of Total Rental Units
re-plus	14.4%
Recruit forrent insure	9.3%
Zenhoren	1.6%
Speed-net	1.1%
APLUS	0.6%
Other	2.5%
Total	29.5%

No. of Units and Amount of Rent Subject to Possible Uncollectible Rent

As of October 20, 2008

- ① No. of units: 50 units**
- ② Amount of rent: approx. 8.5Mn yen**

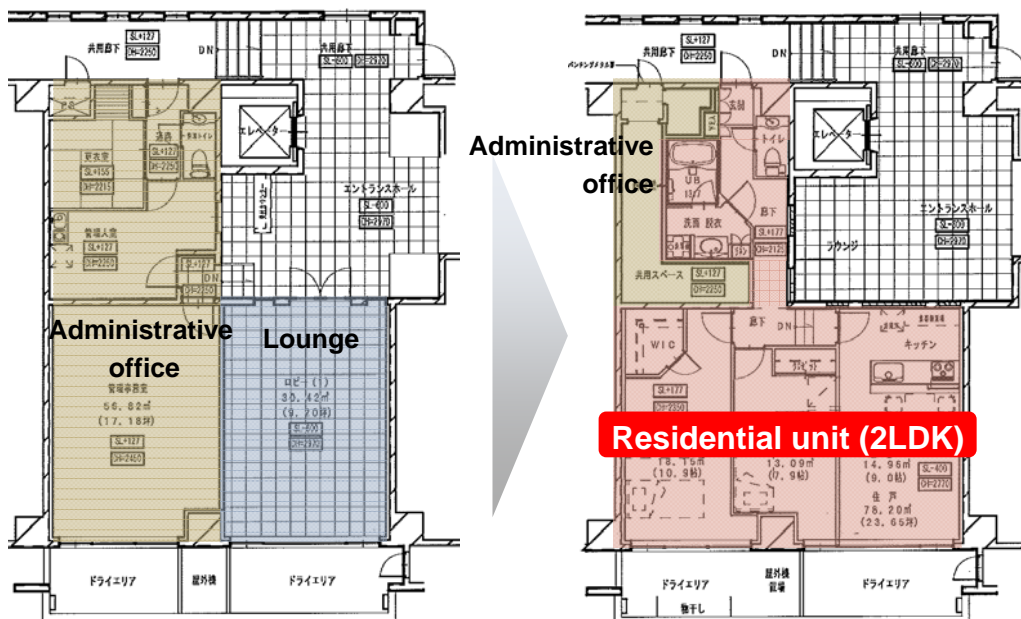
(Reference: Monthly amount of rent under agreements using re-plus as rent guarantee company totals 173Mn yen)

Track Record of Value Enhancement and Major Repair Work

- Raised revenue-generating ability by converting administrative office and common-use lounge into a rental unit
- Minimized risks of decreases in rent by implementing major renovation on properties that is over 10 years old

Example of Value Enhancement

C-24 Pacific Residence Takanawa



Example of Major Renovation

S-13 Yoshizuka AG Building No. 6 and No. 7



Outline of Construction Work

- Enhanced value by converting administrative office and lounge into 1 residential unit (2LDK)
- Total construction cost: approx. 16Mn yen (capital expenditures: approx. 14Mn yen; expenses: 2Mn yen)
- After completion of value enhancement work, leased up within 1 month

Outline of Construction Work

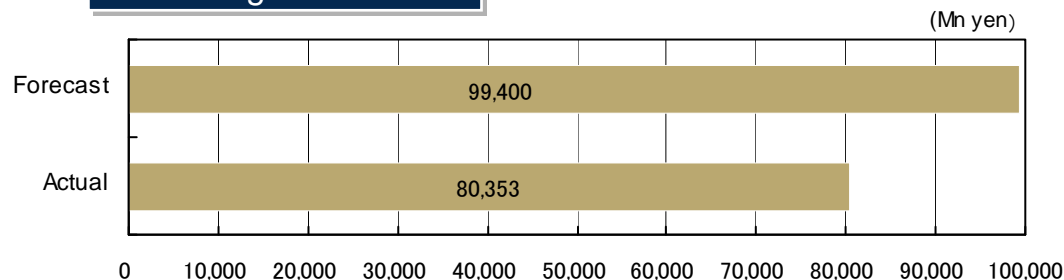
- Renovation of exterior walls, entrance and common-use hallway
- Total construction cost: approx. 31Mn yen (capital expenditures: approx. 21Mn yen; expenses: 10Mn yen)

Actual Financial Results

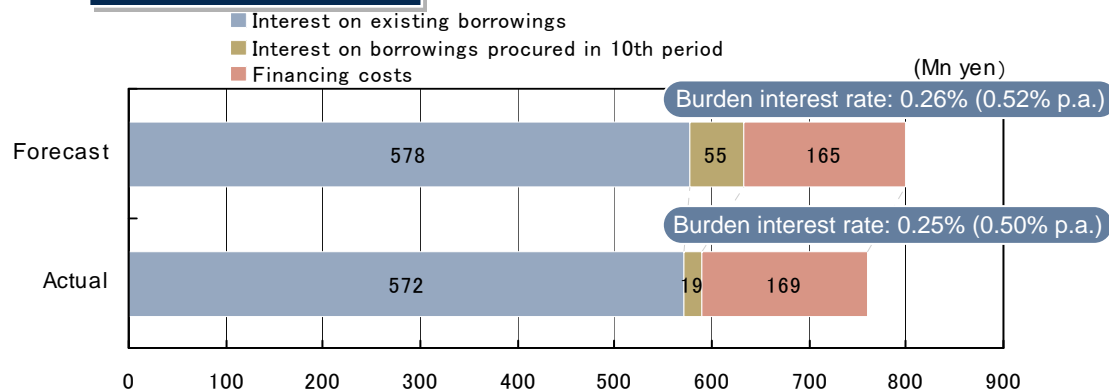
Borrowings from Financial Institutions

Period-end loan to value (LTV): 52.6%

Borrowings Itemization



Interest Itemization



New borrowings: 2.0Bn yen

Average borrowing term: 4.43 years

Average financing interest rate: 1.38% (unsecured) (*as of end of Nov. 2008)

Repayment of existing borrowings: 6.55Bn yen

Period-end balance of borrowings: 80.35Bn yen

Average remaining borrowing term: 1.44 years

Average financing interest rate: 1.31% (*as of end of Nov. 2008)

Percentage of borrowings that are:

Secured: 22.09% Long-term: 74.24% Fixed interest rate: 60.67%

In an environment where the global credit crunch is accelerating, NRIC has identified the maintaining and strengthening of its financial management base as its top priority task in the 10th period and was accordingly dedicated to curbing borrowings and lowering LTV.

• Repayment of existing borrowings by selling property (in Nov. 2008; -1,646Mn yen)

• Cancellation of acquisition of Pacific Royal Court Minato Mirai Urban Tower (MM) (in Nov. 2008; estimated amount of decrease in financing: 12,500Mn yen)

• Repayment of existing borrowings using cash reserves (in Aug. and Nov. 2008; -4,900Mn yen in total)

Discrepancy from Forecasts

■ Interest on existing borrowings: -6Mn yen (due to benchmark interest rate hovering at low levels)

■ Interest on borrowings procured in 10th period: -36Mn yen

• Decrease in interest on borrowings due to cancellation of acquisition of MM (-12,500Mn yen): -22.7Mn yen

• Decrease in interest on borrowings due to repayment using cash reserves (-4,900Mn yen), etc.: -13.2Mn yen

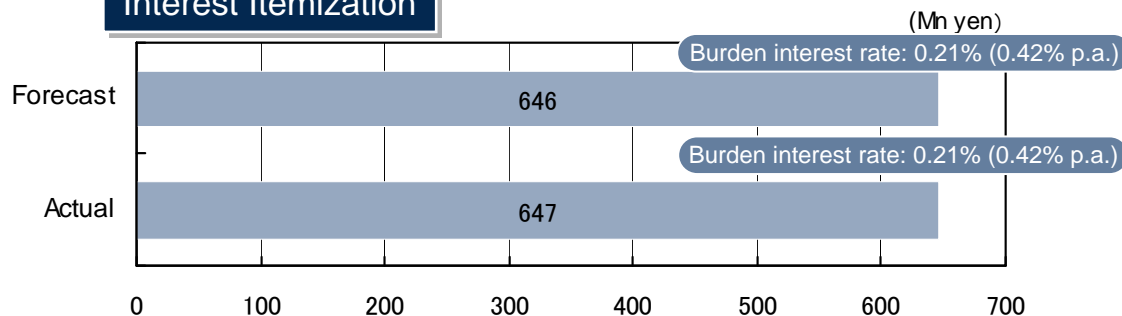
■ Financing costs: +4Mn yen

• Recording of entire amount of associated expenses in correlation with shortening of commitment line: +13Mn yen

• Decrease in financing associated expenses in correlation with decrease in financing in 10th period: -9Mn yen

Corporate Bonds

Interest Itemization



New issues: 0Bn yen

Redemption of issues: 0Bn yen

Period-end balance: 90.0Bn yen

Average remaining issue term: 2.30 years

Average financing interest rate: 1.43% (*as of end of Nov. 2008)

Percentage of bonds that are...

Secured: 0% Long-term: 100% Fixed interest rate: 100%

* Burden interest rate is the interest rate costs, etc. divided by the weighted average acquisition price.

Appraisal Value

Appraisal Value in 10th Period

	No. of Properties	Appraisal Value (Mn yen)				NOI (Mn yen)				Cap Rate (%)			
		10th	9th	Difference	% Change	10th	9th	Difference	% Change	10th	9th	Difference	% Change
Tokyo Central 5 Wards	54	140,260	150,050	-9,790	-6.5%	6,953	7,027	-74	-1.1%	4.8%	4.5%	0.3%	-5.5%
Tokyo 23 Wards	45	86,971	90,845	-3,874	-4.3%	4,488	4,504	-17	-0.4%	5.0%	4.8%	0.2%	-3.9%
Tokyo Metro Area	12	29,168	31,661	-2,493	-7.9%	1,727	1,731	-4	-0.2%	5.6%	5.2%	0.4%	-7.6%
Major Regional Cities	27	34,126	37,446	-3,320	-8.9%	2,081	2,139	-57	-2.7%	5.8%	5.4%	0.4%	-6.2%
TOTAL	138	290,525	310,002	-19,477	-6.3%	15,249	15,401	-152	-1.0%	5.1%	4.8%	0.3%	-5.3%

(Note) Excluding S-68 COSMOS GRACIA Kinshicho Aquver that was acquired in 10th period.

Appraiser A's cap rate varies largely from Appraiser B~E's cap rates

TOTAL	Comparison of Appraisal Items in 9th Period			
	Appraisal Value		NOI	Cap Rate
	-19,477	100.0%	-152	0.3%
Appraiser A	-10,496	53.9%	-46	0.6%
Appraiser B	-5,195	26.7%	-71	0.1%
Appraiser C	-3,006	15.4%	-31	0.2%
Appraiser D	-660	3.4%	-6	0.2%
Appraiser E	-120	0.6%	1	0.1%

Key Areas	Cap Rate Level	Example of NRIC Property	Appraisal in 9th Period	Appraisal in 10th Period	Difference
Minato Ward (Azabu, Aoyama and Akasaka) and Roppongi	4.9% or above	Tower property in Azabu	4.3%	4.9%	0.6%
Ebisu, Daikanyama, Hiroo, Sakuragaoka and Naka-Meguro	4.9~5.0% or above	Family Type property in Sakuragaoka	4.6%	5.1%	0.5%
Minato Ward (Shirokanedai, Takanawa and Mita)	5.0~5.1% or above	Single Type property in Shirokane	4.7%	5.1%	0.4%
Yokohama	5.6~5.7% or above	Tower property in Yokohama	5.2%	5.8%	0.6%
Major Regional Cities	+0.7% or more from previous appraisal	Family Type property in Sapporo	5.4%	6.4%	1.0%

Section II

Future Undertakings



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Undertakings Addressing Priority Tasks (1)

Measures for Appraisal, Refinancing, Distributions and Investment Unit Price

Appraisal Value Tasks



Increase in appraised LTV of financial covenant
Concerns of impairment of fixed assets

- Promote unsecured financing by financing through rearranging the funds of the 79.7Bn yen in borrowings and 90.0Bn yen in corporate bonds (note)
- Reduce debt by increasing capital and selling assets at the appropriate timing and price
- Maintain and enhance profitability by conducting major repair and value enhancement work with priority placed on sub-core asset properties that are 20 years old or older
- Maintain and boost occupancy and rent through leasing measures
- Rearrange the assets of properties that have a discrepancy from the market cap and keep loss on sale of such properties under control

(note) 79.7Bn yen in borrowings and 90.0Bn yen in corporate bonds are as of January 16, 2009.

Refinancing Tasks



- Dec. 26, 2008: Granted 100Bn yen fixed mortgage (→all assets pledged as collateral)
 - 2009 total: 55.8Bn yen (of which, 18.0Bn yen in corporate bonds)
 - 2010 total: 41.9Bn yen (of which, 20.0Bn yen in corporate bonds)
 - 2011 total: 37.5Bn yen (of which, 25.0Bn yen in corporate bonds)
 - 2012 total: 32.0Bn yen (of which, 27.0Bn yen in corporate bonds)
 - 2013 total: 2.5Bn yen

- Promote unsecured financing by financing through rearranging the funds of the 79.7Bn yen in borrowings and 90.0Bn yen in corporate bonds
- Reduce debt by increasing capital and selling assets at the appropriate timing and price

Distributions and Investment Unit Price Tasks



Decrease in DPS by 24,000 yen in a year due to rising financing costs
Fall in market price against BPS of 600,000 yen

- Keep financing costs under control at no higher than operating-profit-based ROA of 2.9%
- Increase investment unit price by eliminating refinancing risks

Undertakings Addressing Priority Tasks (2)

Leasing Measures

Rental Housing Market Trends

In the Tokyo Metropolitan Area, demand/supply is robust centering on residential units near downtown and for one-person households

In the central areas of regional cities, the excessive supply stock of the past few years has entered a correction phase

- Trend of population influx into the Tokyo 23 Wards and central areas of regional cities to continue
- Large decrease in supply of new rental housing in 2008–9
- Demand for dormitories and corporate housing to continue in the Tokyo Metropolitan Area in the coming spring due to ongoing changes in the employment stance of corporations

Impact of changes in economic environment on tenant behavior

- Declining demand for serviced apartments and high-end residential units owing to less frequent overseas business use
- Fall in rent levels for residential units with high rent owing to rent being sensitive to lifestyle
- Drop in number of contracts owing to people putting off moving
- Progress in polarization based on property grade due to recent improvements in rental housing quality

With anticipations for rising rent being limited, implement leasing that prioritizes maintaining and boosting occupancy

- Conduct tenant solicitation activities that respond to market trends on a residential unit basis
 - For residential units with high occupancy in the Tokyo 23 Wards, take rent increase measures to deal with the rent gap at time of tenant replacement
 - For high-end and high-rent residential units in downtown, implement leasing with market price in mind
 - In regional cities for the immediate future, assuming polarization will take place in performance based on rent level and property grade, conduct flexible tenant solicitation measures that will cope with the competition over location, specifications, facilities, etc.
- Take measures aimed at preventing contract terminations
 - While adequately discerning the contract termination and tenant solicitation situation, take measures aimed at minimizing contract terminations at time of contract renewal (review rent at time of contract renewal, exempting renewal fees, etc.)

Increase NOI by creating value through effective asset utilization and driving improvements in cost efficiency

- Create value through effective utilization of vacant vehicle parking spaces
 - Increase leasing to non-tenants via partnership with parking lot operators (NOI +32Mn yen / year)
 - Introduce car-sharing as CS measure for properties in central urban areas
- Improve efficiency through consolidating building management companies
 - Save about 10% in building management fee by consolidating building management companies (NOI +82Mn yen / year)
 - Enhance tenant services by enriching cleaning and inspection services and installing a 24-hour call center through unifying management standards
- Improve efficiency of electricity charges for common-use areas
 - Cut about 12% in electricity charges for common-use areas by changing the electric breaker capacity (at 92 properties) (NOI +13Mn yen / year)

Section III

Performance Forecasts



NIPPON
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INVESTMENT
CORPORATION



Performance Forecasts for 11th and 12th Fiscal Periods

	11th Period (Dec. 2008 ~ May 2009)	12th Period (June ~ Nov. 2009)
Operating revenues	9,260Mn yen	9,287Mn yen
Operating profit	3,871Mn yen	4,603Mn yen
Ordinary profit	2,127Mn yen	2,720Mn yen
Net income	2,125Mn yen	2,718Mn yen
Depreciation	1,605Mn yen	1,605Mn yen
Distribution per unit	8,600 yen	11,000 yen
Investment units outstanding at end of period	247,153 units	247,153 units

Assumptions		
	11th	12th
Asset under management	Assumes the 139 properties owned as of end of November 2008.	
Average portfolio occupancy rate	93.8%	94.0%
Interest-bearing debt ratio (note)	53.4%	
Operating revenues/ expenses	For the 11th period (a busy period), property operating expenses, such as publicity expenses, is expected to be about 270Mn yen more than for the 12th period.	
	Expects 450Mn yen in definitive registration fees.	-
Non-operating expenses	Refinancing costs for the 11th and 12th periods are calculated at the same level as for the 15.1Bn yen due for refinancing on December 26, 2008.	
Distribution per unit	Calculated by assuming the cash distribution policy outlined in NRIC's Articles of Incorporation.	
Other	Assumes there will be no amendments in laws, ordinances, tax regulations, accounting standards, listing regulations, The Investment Trusts Association, Japan rules and such that will affect the above forecasts.	
	Assumes there will be no unpredictable material changes in the environment including general economic trends and real estate market conditions.	
Distribution measures	Assumes refinancing and new financing for the repayment of borrowings and redemption of corporate bonds that are to become due. However, if these are difficult, measures in the real estate trading and capital markets will also be flexibly considered. Accordingly, the performance forecast figures in this material may vary materially as a result of implementation of such measures.	

(Note) Interest-bearing debt ratio = $\frac{\text{interest-bearing debt}}{\text{interest-bearing debt} + \text{unitholders' capital}} \times 100$

MEMO

Section IV

Reference Materials



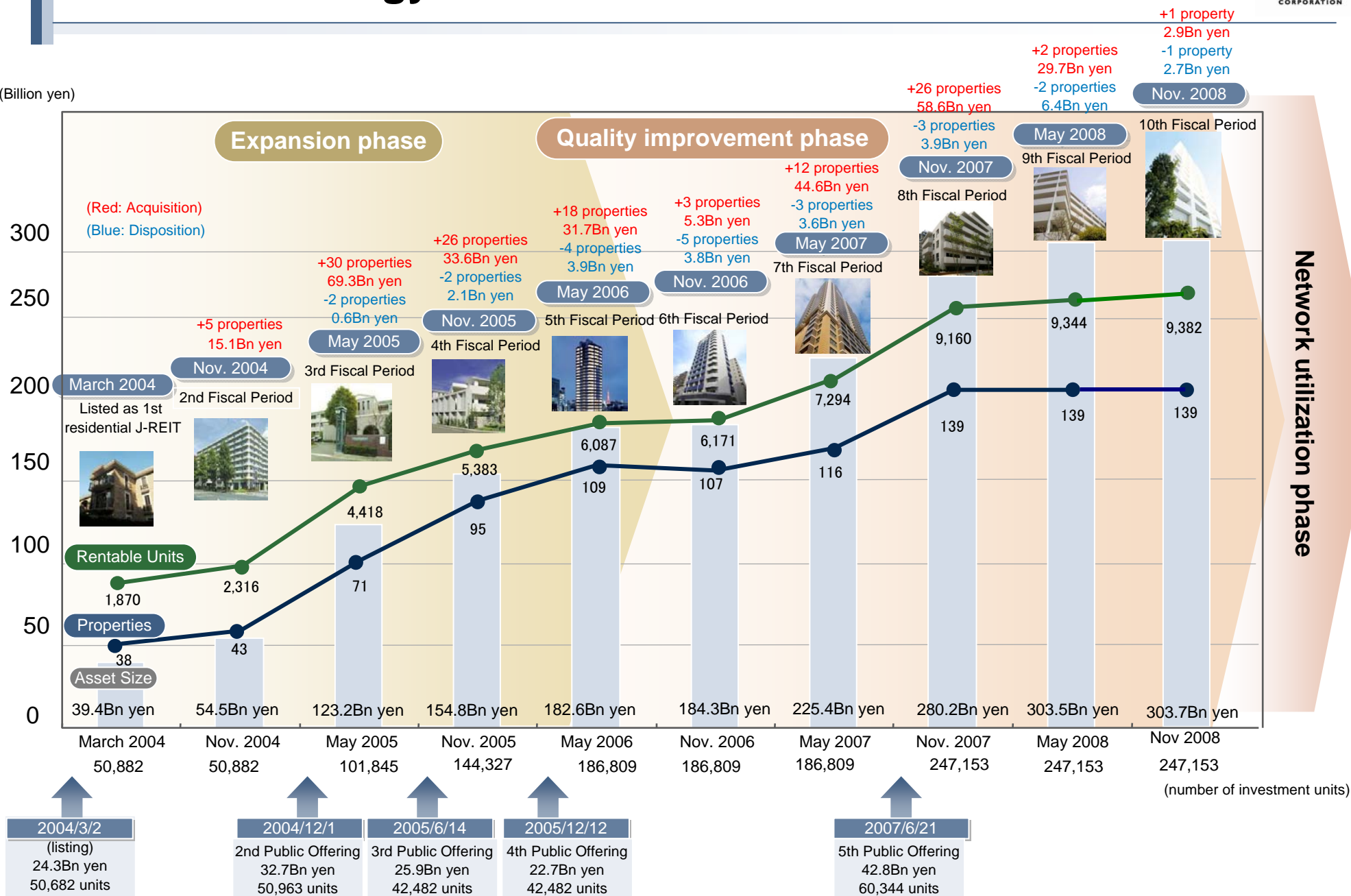
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Portfolio Strategy

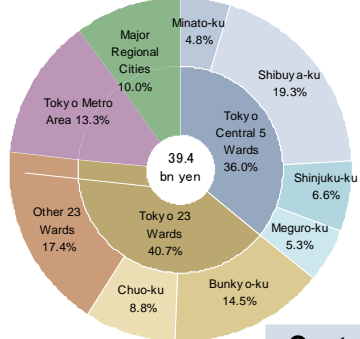
(Billion yen)



Changes in Portfolio Quality since IPO

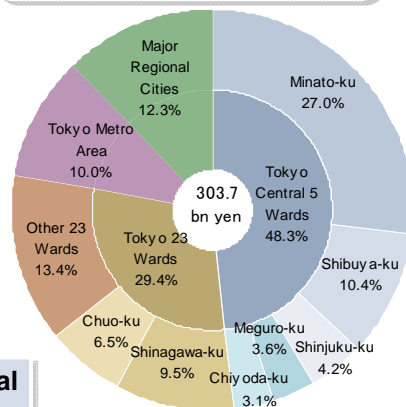
Geographic Distribution

IPO 38 Assets



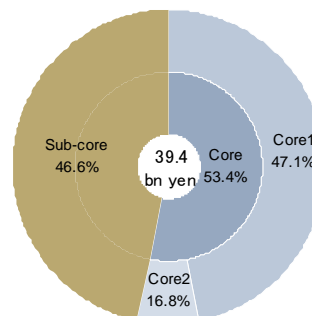
Centered on central Tokyo where demand is strong

10th Period End 139 Assets



Core & Sub-core Distribution

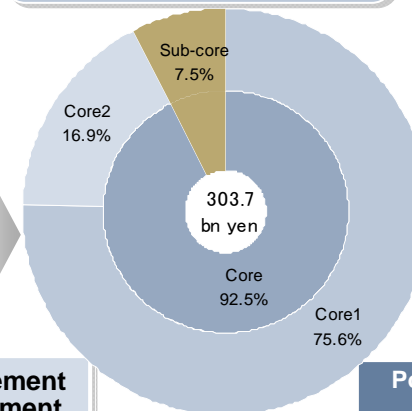
IPO 38 Assets



Portfolio PML
5.9%

Quality enhancement through replacement of properties

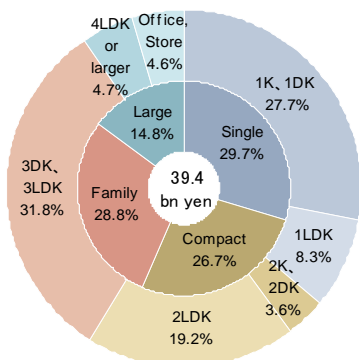
10th Period End 139 Assets



Portfolio PML
5.1%

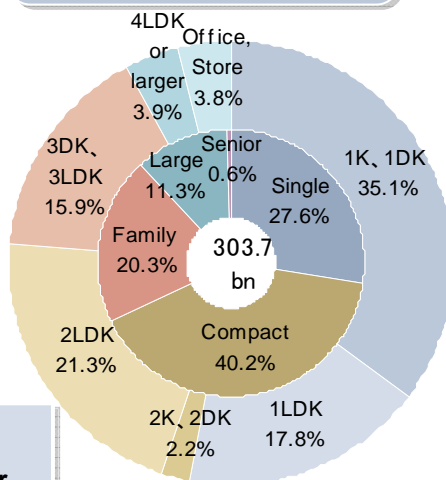
Type Distribution

IPO 38 Assets



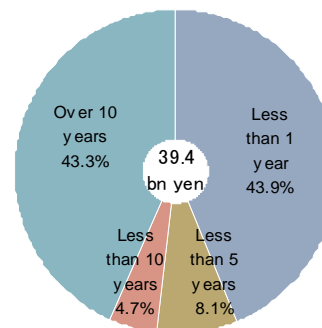
Put priority in investing in assets targeted for smaller sized families

10th Period End 139 Assets



Age Distribution

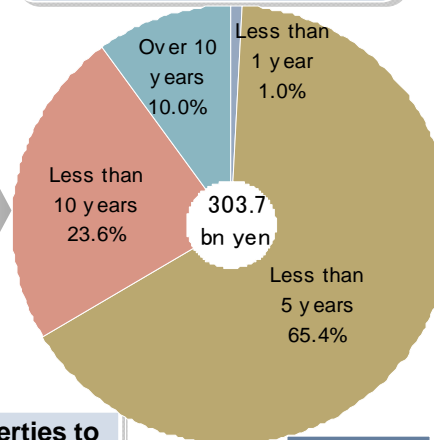
IPO 38 Assets



Weighted Average
6.6 years

Acquisition of properties to maintain the weighted average age of portfolio within 10 years old

10th Period End 139 Assets

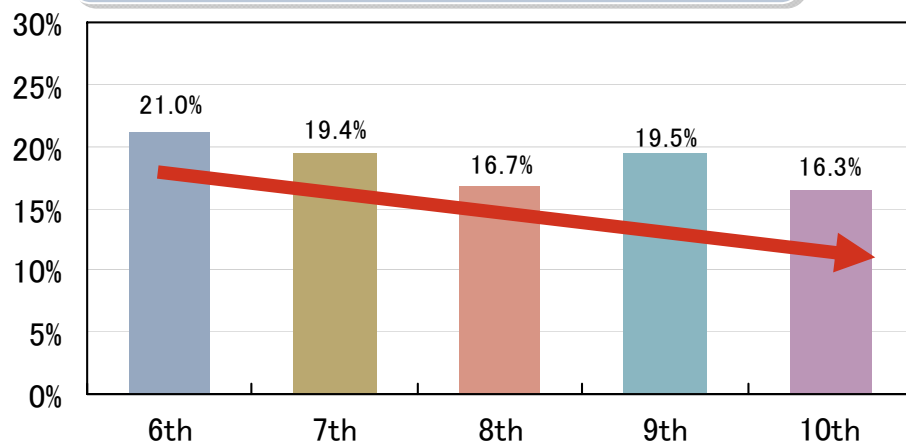


Weighted Average
4.9 years

Changes in Rental Expenses

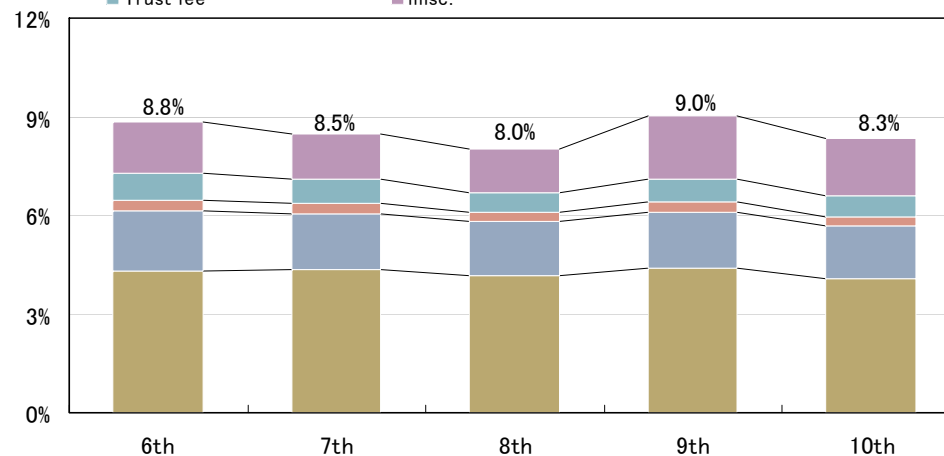
Changes in Rental Expenses
(percentage of rents and common expenses (excluding parking income))

Not including real property tax and city planning tax



Changes in Fixed costs
(percentage of rents and common expenses (excluding parking income))

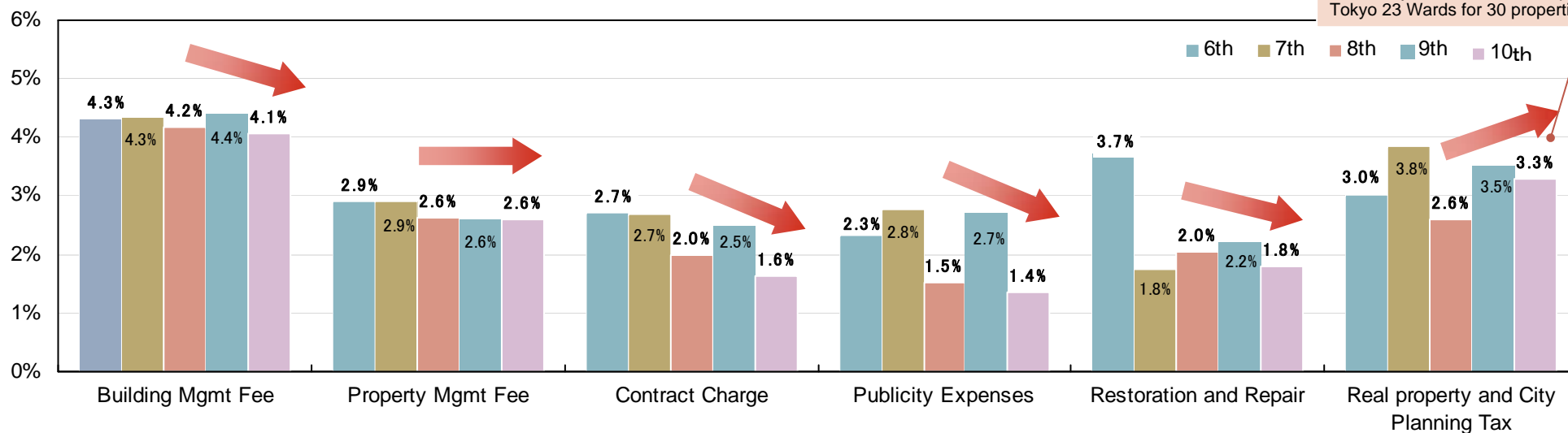
Building maintenance fee Utility bill of water service Fire insurance premium
Trust fee misc.



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

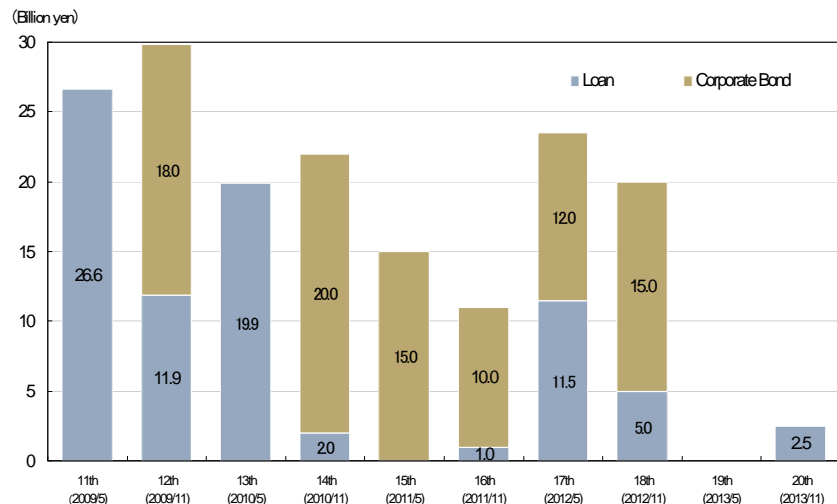
Factors of increase

End of 3-year reduction/exemption within Tokyo 23 Wards for 30 properties

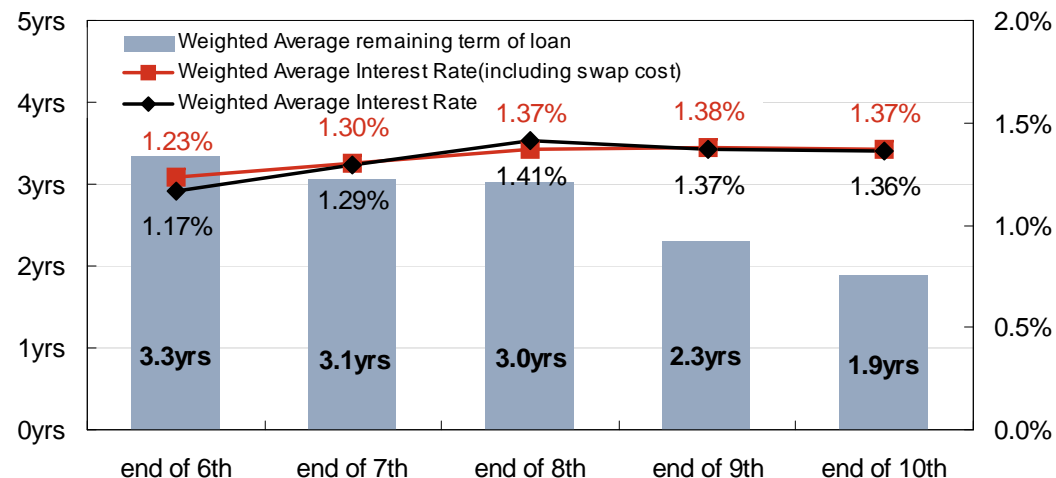


Financial Data (As of November 2008)

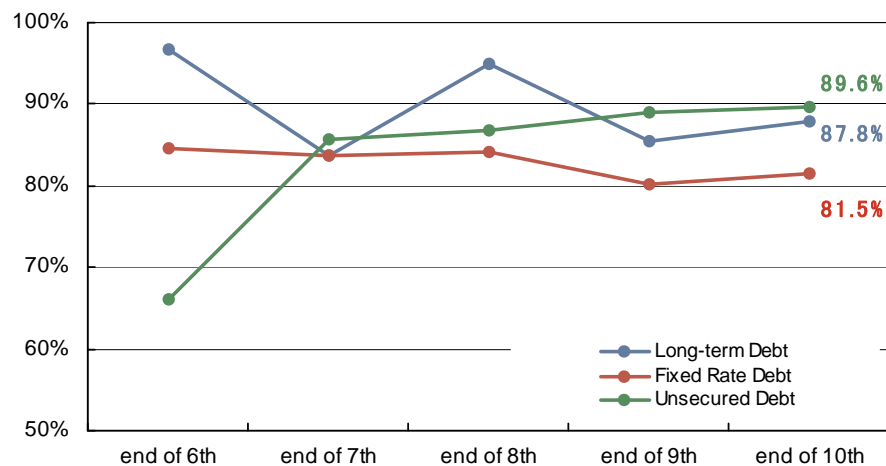
Dispersion of Maturity Dates



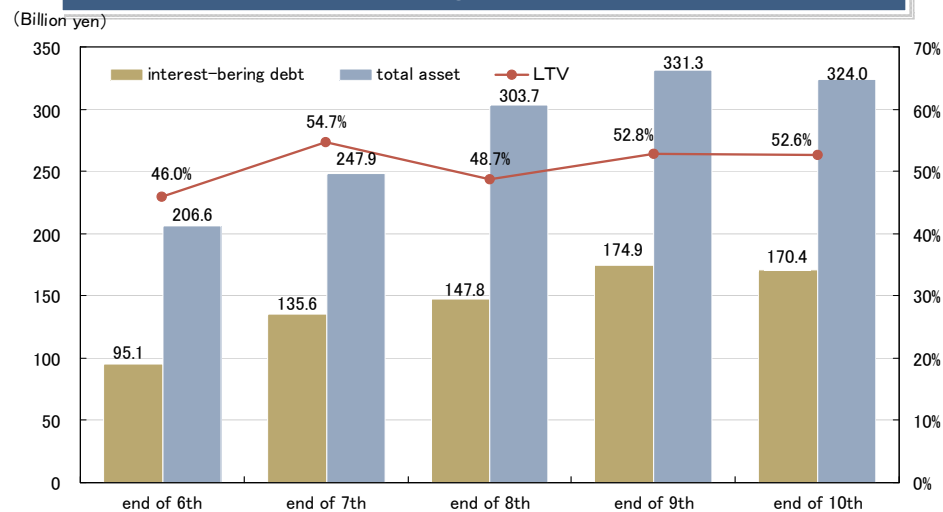
Change in Weighted Average Interest



Promotion of Fixed Interest



Change in LTV



(Note) All portfolio properties were pledged as collateral as of December 26, 2008.

Balance Sheet (Assets)

(thousand yen)

(Assets)	9th fiscal period		10th fiscal period		Variance	
	(as of May 31,2008)		(as of Nov 30,2008)			
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
I. Current Assets						
Cash and Deposits	10,387,809		4,217,145		-6,170,663	
Cash in Trust and Deposit intrust	4,242,032		4,374,303		132,270	
Accounts Receivable	298,635		402,710		104,074	
Prepaid Expenses	32,184		9,992		-22,191	
Deferred Tax Assets	7,111		9,260		2,149	
Accrued Corporate Tax	3,848		-		-3,848	
Accrued Consumption Tax	102,753		-		-102,753	
Deriatives Assets	-		33,427		33,427	
Others	27,348		34,784		7,436	
Allowance for Bad Debt	-10,806		-55,048		-44,241	
Total of Current Assets	15,090,916	4.6	9,026,577	2.8	-6,064,339	-40.2
II. Fixed Assets						
1. Tangible Fixed Assets						
Buildings	83,516,319		82,472,612		-1,043,707	
Structures	523,629		511,108		-12,521	
Tools, Funitures & Fixtures	105,401		89,151		-16,249	
Lands	80,077,496		80,646,359		568,862	
Construction in Progress	4,249		-		-4,249	
Buildings in Trust	60,337,752		59,701,771		-635,980	
Structures in Trust	359,774		354,596		-5,178	
Tools, Funitures & Fixtures in Trust	57,412		64,833		7,421	
Lands in Trust	88,224,581		88,224,581		-	
Total of Tangible Fixed Assets	313,206,617	94.5	312,065,014	96.3	-1,141,603	-0.4
2. Intangible Fix Assets						
Leaseholds	1,214,497		1,214,497		-	
Total of Intangible Fixed Assets	1,214,497	0.4	1,214,497	0.4	-	0.0
3. Investment and other assets						
Long-term Prepaid Expenses	796,348		733,160		-63,188	
Deferred Tax Assets	-		79,695		79,695	
Deriatives Assets	204,980		20,452		-184,528	
Security Deposits	1,288		1,288		-	
Security Deposits in Trust	-		264		264	
Guarantee Deposits Paid	717,127		717,127		-	
Total of Investment and other assets	1,719,744	0.5	1,551,987	0.5	-167,756	-9.8
Total of Fixed Assets	316,140,859	95.4	314,831,499	97.2	-1,309,360	-0.4
III. Deferred Assets						
Corporate Bonds Issuance cost	153,013		111,390		-41,622	
Total of Deferred Assets	153,013	0.0	111,390	0.0	-41,622	-27.2
Total Assets	331,384,789	100.0	323,969,467	100.0	-7,415,321	-2.2

Fixed Assets

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

Properties acquired in 10th Fiscal Period	1 property (total of 3,103 million yen)
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Properties sold in 10th Fiscal Period	1 properties (2,816 million yen in total book value as of May 31, 2008)
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Investment and Other Assets

- Derivative assets

Result of fall in market prices

Deferred Assets

- Corporate bonds issuance cost

10th Fiscal Period amortization	41,622 thousand yen
Unamortized balance	111,390 thousand yen

Balance Sheet (Liabilities and Unitholders' Equity)

(thousand yen)

	9th fiscal period		10th fiscal period		Variance	
	(as of May 31, 2008)		(as of Nov 30, 2008)			
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
(Liabilities)						
I. Current Liabilities						
Accounts Payable	199,002		254,857		55,854	
Short-term Borrowings	25,600,000		20,700,000		-4,900,000	
Corporate Bonds due within 1 year	-		18,000,000		18,000,000	
Long-term Borrowings due within 1 year	7,900,000		17,753,722		9,853,722	
Accrued Liabilities	32,427		53,150		20,722	
Accrued Expenses	810,748		712,610		-98,137	
Income Taxes Payable	3,190		6,622		3,432	
Consumption Taxes Payable	-		58,544		58,544	
Receipt in Advance	27,438		42,156		14,717	
Derivative Liabilities	-		18,116		18,116	
Others	305		1,931		1,625	
Total of Current Liabilities	34,573,113	10.4	57,601,712	17.8	23,028,599	66.6
II. Fixed Liabilities						
Corporate Bonds	90,000,000		72,000,000		-18,000,000	
Long-term Borrowings	51,400,000		41,900,000		-9,500,000	
Deferred Tax Liabilities	25,678		-		-25,678	
Security Deposits and Guarantee Money	1,447,523		1,375,524		-71,999	
Security Deposits and Guarantee Money in Trust	1,772,727		1,818,152		45,424	
Long-term advance received	9,558		-		-9,558	
Long-term deposits received	76,244		69,896		-6,348	
Derivative Liabilities	19,199		130,039		110,840	
Total of Fixed Liabilities	144,750,932	43.7	117,293,612	36.2	-27,457,319	-19.0
Total Liabilities	179,324,045	54.1	174,895,324	54.0	-4,428,720	-2.5
(Unitholders' Equity)						
I. Unitholders' Capital						
Unitholders' Capital	148,417,850		148,417,850		-	
unappropriated retained earnings for the period	3,602,937		770,140		-2,832,797	
Total Unitholders' Capital	152,020,788	45.9	149,187,991	46.1	-2,832,797	-1.9
II. Evaluation, Currency Translation and etc.						
1. Deferred Hedge Profit and Loss	39,955		-113,848		-153,803	
Total of Evaluation, Currency Translation and etc.	39,955	0.0	-113,848	0.0	-153,803	-384.9
Total Unitholders' Equity	152,060,743	45.9	149,074,142	46.0	-2,986,601	-2.0
Total Liabilities and Unitholders' Equity	331,384,789	100.0	323,969,467	100.0	-7,415,321	-2.2

Current Liabilities

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

End of 10th Fiscal Period	Combined total of 20.7billion yen from 7 banks
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End of 9th Fiscal Period	Combined total of 25.6billion yen from 9 banks
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- New borrowings (short-term) 2.5billion yen
- Payment of 7.4billion yen in short-term loans

Fixed Liabilities

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

End of 10th Fiscal Period	Combined total of 59.6 billion yen from 18 banks
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End of 9th Fiscal Period	Combined total of 59.3 billion yen from 18 banks
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- New borrowings (long-term) 2 billion yen
- Prepayment of 1.64 billion yen in long-term loans

Income Statement

(thousand yen)

	9th fiscal period		10th fiscal period		Variance	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
1. Operating Revenues						
Rental income	8,612,346		9,076,055			
Gain on Sale of real estate	704,484	100.0	-	100.0	-240,775	-2.6
2. Operating Expenses						
Property operating expenses	3,661,700		3,288,226			
Loss on Sales of real estate	-		194,652			
Asset Management Fees	712,912		637,662			
Asset Custodian Fees	27,654		29,728			
Outsourcing Fees for Administrative Works	44,410		45,715			
Directors' Remuneration	5,400		5,400			
Attorneys' Fees	10,259		23,496			
Audit Fees	11,000		11,500			
Doubtful Debt Account	9,133		50,856			
Bad Debt Loss	-		791			
Other Operating Expenses	108,232	49.3	252,826	50.0	-49,847	-1.1
Operating Profit	4,726,126	50.7	4,535,198	50.0	-190,927	-4.0
3. Non-Operating Revenue						
Interest Received	19,243		14,239			
Miscellaneous Revenue	209,935	2.5	43,547	0.6	-171,392	-74.8
4. Non-Operating Expense						
Interest Paid	552,099		617,636			
Loan-related expenses	99,267		168,955			
Corporate Bond Interest	622,961		619,703			
Amortization for Corporate Bond Issue Expenses	67,698		41,622			
Other non-operating expenses	9,483	14.5	48,172	16.5	144,581	10.7
Ordinary Profit	3,603,795	38.7	3,096,893	34.1	-506,901	-14.1
5. Extraordinary Profit						
Gain on insurance claim	-	-	17,780	0.2	17,780	-
6. Extraordinary Loss						
Loss on Penalty	-	-	2,343,005	25.8	2,343,005	-
Net Income Before Tax	3,603,795	38.7	771,668	8.5	-2,832,127	-78.6
Corporate Tax, Local Inhabitant's Tax and Enterprise Tax	3,190		9,470			
Adjustment of Income Taxes	-2,088		△ 7,753			
Net Income	3,602,693	38.7	769,952	8.5	-2,832,741	-78.6
Profit Brought Forward	243		188		-55	
Unappropriated Retained Earnings	3,602,937		770,140		-2,832,797	

Operating Revenues

- Rental income

Revenue contributions by 139 properties this fiscal period (reference: 139 properties in 9th fiscal period)

Operating Expenses

- Loss on sale of real estate

(figures in parentheses are net values after deduction of expenses)

Park Habio Kyobashi (194,652 thousand yen)

- Public charges

The adjusted amounts of real property taxes and city planning taxes for properties acquired on January 1, 2008 or after are included in the acquisition costs (not expensed).

- Asset management Fee

Consists of management fees (1) + (2) only

Acquisition compensation is included in the acquisition cost, while transfer (sale) compensation is included in the gain/loss on sale

10 th fiscal period	637,662 thousand yen
9 th fiscal period	712,912 thousand yen

Extraordinary Loss

- Loss on Penalty 2,343,005 thousand yen

Cash Flow Statement

(thousand yen)

Account Titles	9th Fiscal Period	10th Fiscal Period
I. Cash Flow from Operating Activities		
Net Income Before Tax	3,603,795	771,668
Depreciation	1,815,233	1,614,390
Bad Debt Loss	—	791
Write-Off of Long-term Prepaid Expenses	76,692	88,749
Write-Off of Corporate Bond Fees	67,698	41,622
Interest Received	-19,243	-14,239
Interest Paid	1,175,061	1,237,340
Increase or Decrease in Allowance for Bad Debt	6,308	44,241
Increase or Decrease in Accounts Receivable	5,586	-104,865
Increase or Decrease in Accrued Consumption Tax	-1,546	102,753
Increase or Decrease in Consumption Tax Payable	—	58,544
Increase or Decrease in Accounts Payable	40,782	55,854
Increase or Decrease in Accrued Liabilities	-2,293	15,879
Increase or Decrease in Accrued Expenses	37,184	-99,488
Increase or Decrease in Receipt in Advance	-9,575	5,159
Decrease due to Sale of Tangible Fixed Assets	6,718,516	2,801,821
Payment of Long-term Prepaid Expenses	-102,384	-32,009
Others	-23,636	16,511
subtotal	13,388,180	6,604,725
Receipt of Interest	19,243	14,239
Payment of Interest	-1,135,415	-1,209,505
Receipt of Insurance Benefit	25,077	6,447
Payment of Corporate Taxes	-628	-2,189
Cash Flow from Operating Activities	12,296,457	5,413,717
II. Cash Flow from Investment Activities		
Payment for acquisition of Tangible Assets	-17,004,721	-3,190,092
Payment for acquisition of Tangible Assets in Trust	-15,215,647	-84,912
Payments for Guarantee Deposits	-707,127	-
Receipt of Security Deposits & Guarantee Money	-7,471	-71,999
Receipt of Security Deposits & Guarantee Money in Trust	105,672	45,424
Payments for repayment of long-term deposits	-6,348	-6,348
Others	-50	-
Cash Flow from Investment Activities	-32,835,693	-3,307,927
III. Cash Flow from Financing Activities		
Proceeds from Short-term Borrowings	20,180,000	2,500,000
Repayment of Short-term Borrowings	-1,980,000	-7,400,000
Proceeds from Long-term Borrowings	8,900,000	2,000,000
Repayment of Long-term Borrowings	—	-1,646,277
Distributions to unitholders	-3,139,959	-3,597,905
Cash Flow from Financing Activities	23,960,040	-8,144,182

IV. Increase or Decrease in Cash and Cash Equivalents	3,420,804	△ 6,038,392
V. Beginning Balance of Cash and Cash Equivalent	11,209,037	14,629,842
VI. Closing Balance of Cash and Cash Equivalents	14,629,842	8,591,449

Distribution Calculation Table

Account Title	9th fiscal period	10th fiscal period
Unappropriated Retained Earnings (thousand yen)	3,602,937	770,140
Distributions (thousand yen)	3,602,749	770,128
Distribution per Unit (yen)	14,577	3,116
Retained Earnings Carried Forward (thousand yen)	188	11

Reference Indices

Title	unit	9th fiscal period	10th fiscal period
Capital Expenditures	Mn yen	168	169
Net Operating Income (Note1)	Mn yen	6,765	7,402
FFO per unit (Funds from Operation) (Note2)	yen	19,655	10,962
FFO (Funds from Operation) multiple (Note3)	multiple	8.9	2.4
Debt-Service Coverage Ratio (Note4)	multiple	5.6	2.9
Net Income Before Amortization of Interest	Mn yen	6,592	3,621
Interest-baring Debt	Mn yen	174,900	170,353
Ratio of Interest-baring Debt to Total Asset at the end of fiscal period (Note5)	%	52.8	52.6
Net Asset Value per unit	yen	615,249	603,165

(Note 1) Net Operating Income = 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) 9th fiscal period: FFO multiple = end of May 2008 investment unit price (350,000 yen)/FFO per unit after conversion to annual figure
10th fiscal period: FFO multiple = end of Nov 2008 investment unit price (52,000 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 corporate 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)

Loans

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									
Short-term loans	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,150,000	—	—	3,150,000	0.95365%	2008/12/26	(note9)	Unsecured Non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	3,150,000	—	—	3,150,000				
	The Chuo Mitsui Trust and Banking Company, Limited	3,150,000	—	—	3,150,000				
	The Sumitomo Trust & Banking Co. , Ltd.	3,150,000	—	—	3,150,000				
	Mizuho Corporate Bank , Ltd .	1,600,000	—	—	1,600,000				
	Shinkin Central Bank	1,000,000	—	—	1,000,000	1.20750%	2009/2/27	(note 6)	Unsecured Non-guaranteed
	Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000				
	Sumitomo Mitsui Banking Corporation	—	2,000,000	—	2,000,000				
	Sumitomo Mitsui Banking Corporation	—	500,000	—	500,000	1.35365%	2008/12/26	(note 10)	Unsecured Non-guaranteed
	subtotal	25,600,000	2,500,000	7,400,000 (note5)	20,700,000				
Long-term loans due within 1 year	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,002,000	—	—	3,002,000	1.30299% (note2)	2009/2/28	(note6)	Secured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	1,224,500	—	—	1,224,500				
	Mitsubishi UFJ Trust and Banking Corporation	1,027,000	—	—	1,027,000				
	The Sumitomo Trust & Banking Co. , Ltd.	1,027,000	—	—	1,027,000				
	Resona Bank,Ltd.	1,027,000	—	—	1,027,000				
	Aozora Bank, Ltd .	592,500	—	—	592,500	1.21768% (note2)	2009/11/30	(note8)	Secured Non-guaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,250,000	—	465,252	2,784,747				
	The Chuo Mitsui Trust and Banking Company, Limited	1,550,000	—	221,889	1,328,110				
	Mitsubishi UFJ Trust and Banking Corporation	1,200,000	—	171,785	1,028,214				
	The Sumitomo Trust & Banking Co. , Ltd.	1,250,000	—	178,943	1,071,056				
	Resona Bank,Ltd.	1,200,000	—	171,785	1,028,214				
	Aozora Bank, Ltd .	800,000	—	114,523	685,476				
	The Norinchukin Bank	1,250,000	—	178,943	1,071,056				
	The Shizuoka Bank, Ltd.	500,000	—	71,577	428,422				
	The Chiba Bank Limited	500,000	—	71,577	428,422				
subtotal	19,400,000	—	1,646,277	17,753,722					
subtotal	45,000,000	2,500,000	9,046,277	38,453,722					

Loans (continued)

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 loans	The Dai-ichi Mutual Life Insurance Company	1,000,000	—	—	1,000,000	1.94000%	2011/8/31	(note7)	Unsecured Non-guaranteed
	Daido Life Insurance Company	1,600,000	—	—	1,600,000	2.19875%	2013/11/17	(note7)	Unsecured Non-guaranteed
	National Mutual Insurance Federation of Agricultural Cooperatives	2,000,000	—	—	2,000,000	1.84500%	2011/12/26	(note7)	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	1.40750% (note 3)	2011/12/26	(note7)	Unsecured Non-guaranteed
	Mitsui Sumitomo Insurance Co., Ltd.	1,000,000	—	—	1,000,000				
	The Norinchukin Bank	5,000,000	—	—	5,000,000	1.21667% (note 4)	2010/2/19	(note7)	Unsecured Non-guaranteed
	The Hachijuni Bank, Ltd.	1,000,000	—	—	1,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	—	—	2,000,000	1.78500%	2012/9/19	(note7)	Unsecured Non-guaranteed
	The Sumitomo Trust & Banking Co., Ltd.	2,000,000	—	—	2,000,000				
	Mitsubishi UFJ Trust and Banking Corporation	2,000,000	—	—	2,000,000	1.89250%	2013/9/19	(note7)	Unsecured Non-guaranteed
	The Chuo Mitsui Trust and Banking Company, Limited	2,000,000	—	—	2,000,000				
	The Chiba Bank Limited	2,000,000	—	—	2,000,000	1.44000% (note 2)	2010/11/30	(note7)	Unsecured Non-guaranteed
	Shinkin Central Bank	1,000,000	—	—	1,000,000				
	Taiyo Life Insurance Company	1,000,000	—	—	1,000,000	1.74375%	2012/11/30	(note7)	Unsecured Non-guaranteed
	Daido Life Insurance Company	900,000	—	—	900,000				
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	1.25750%	2010/5/31	(note6)	Unsecured Non-guaranteed
	Development Bank of Japan, Inc.	2,000,000	—	—	2,000,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	—	—	2,000,000	1.25750%	2010/5/31	(note6)	Unsecured Non-guaranteed
	Mitsubishi UFJ Trust and Banking Corporation	1,800,000	—	—	1,800,000				
The Sumitomo Trust & Banking Co., Ltd.	1,800,000	—	—	1,800,000	1.25750%	2010/5/31	(note6)	Unsecured Non-guaranteed	
The Chuo Mitsui Trust and Banking Company, Limited	1,300,000	—	—	1,300,000					
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	1.37750%	2012/11/30	(note7)	Unsecured Non-guaranteed	
Development Bank of Japan, Inc.	—	2,000,000	—	2,000,000					
subtotal	39,900,000	2,000,000	—	41,900,000					
Total	84,900,000	4,500,000	9,046,277	80,353,722					

(Note1) The average interest rate is the loan interest rate of each loan agreement (weighted average rate at the end of fiscal period) 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) We purchased an interest rate cap to set the upper limit of applicable interest rate (3-month JPY TIBOR) to 1.07%.

(Note5) Short-term loan shows only lenders with balance at the end of 10th fiscal period.

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

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

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

(Note9) The propose of loan is to purchase real estate and leaseholds.

(Note10) The purpose of loan is to repay existing loans.

(Note11) 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 loans	21,900,000 thousand yen	1,000,000 thousand yen	16,500,000 thousand yen	2,500,000 thousand yen

Issuance of Corporate Bonds

Public Private	Date of Issuance	Redemption	Issuance Amount	Interest Rate	Credit Rating
Public	2005/7/20	2010/7/20 (5years)	JPY 10Bn	0.74%	Ba2 (Moody's)
Public	2005/9/26	2010/9/24 (5years)	JPY 10Bn	0.84%	Ba2 (Moody's)
Public	2005/9/26	2012/9/24 (7years)	JPY 10Bn	1.28%	Ba2 (Moody's)
Public	2006/2/20	2011/2/18 (5years)	JPY 15Bn	1.50%	Ba2 (Moody's) /BB+ (R&I)
Public	2006/10/25	2009/10/23 (3years)	JPY 12Bn	1.54%	Ba2 (Moody's) /BB+ (R&I)
Public	2007/2/9	2012/2/9 (5years)	JPY 12Bn	1.84%	Ba2 (Moody's) /BB+ (R&I)
Public	2007/9/13	2009/9/11 (2years)	JPY 6Bn	1.58%(note1)	Ba2 (Moody's) /BB+ (R&I)
Public	2007/9/13	2011/9/13 (4years)	JPY 10Bn	1.83%(note1)	Ba2 (Moody's) /BB+ (R&I)
Public	2007/9/13	2012/9/13 (5years)	JPY 5Bn	1.90%	Ba2 (Moody's) /BB+ (R&I)
Total	-	-	JPY 90Bn	-	-

(Note 1) 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 2) Interest rate is as at the end of November 2008 and credit rating is as of January 16, 2009.

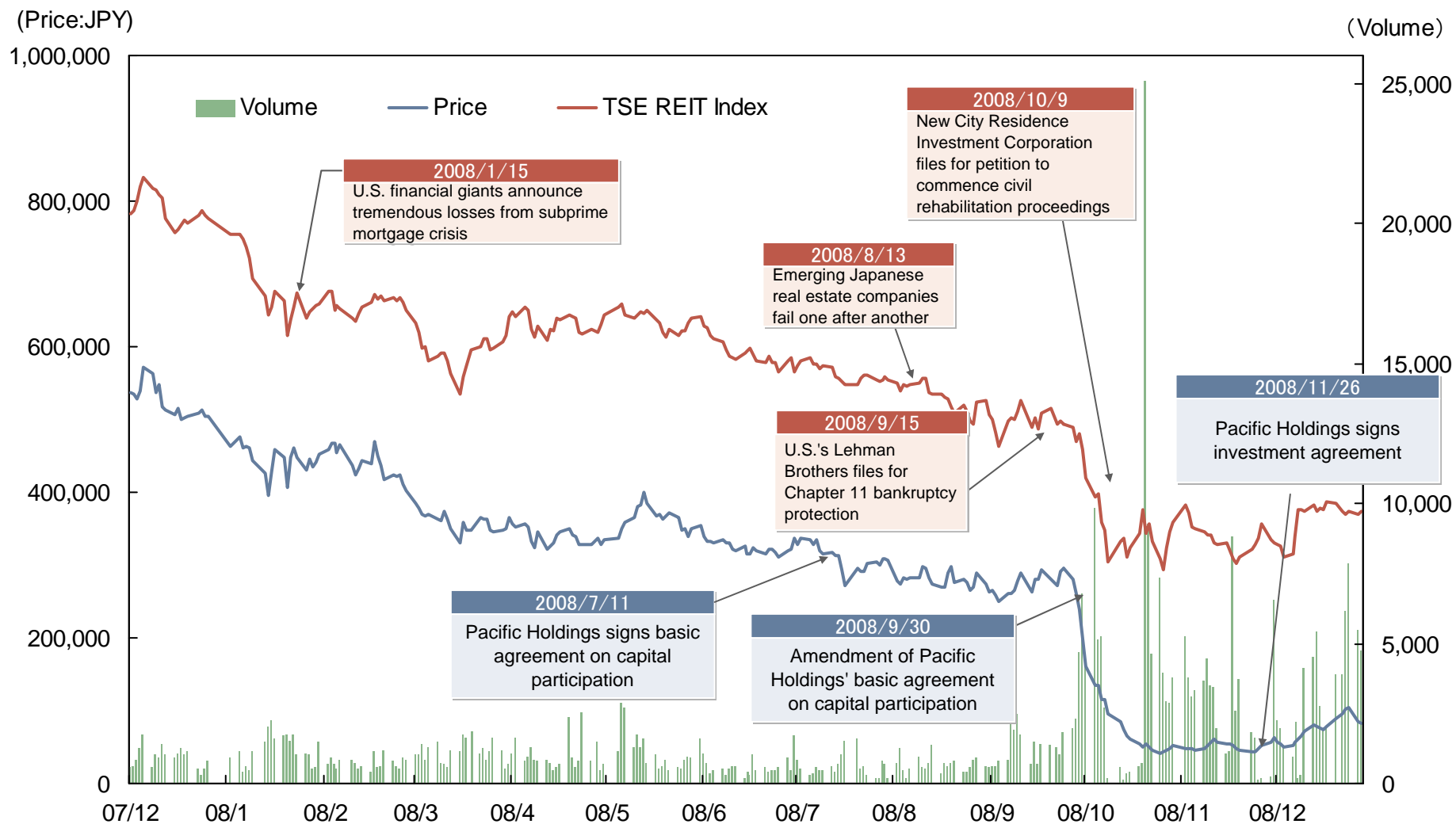
Credit Rating (as of Jan. 16, 2009)

Credit Rating Agency	Credit Rating	Outlook
Moody's Investor Service Inc.	A2→ Ba2	Stable → Negative
Rating and Investment Information, Inc.	A+→ BBB-	Stable → Rating monitor with a view to downgrading

View of Credit Rating Agencies

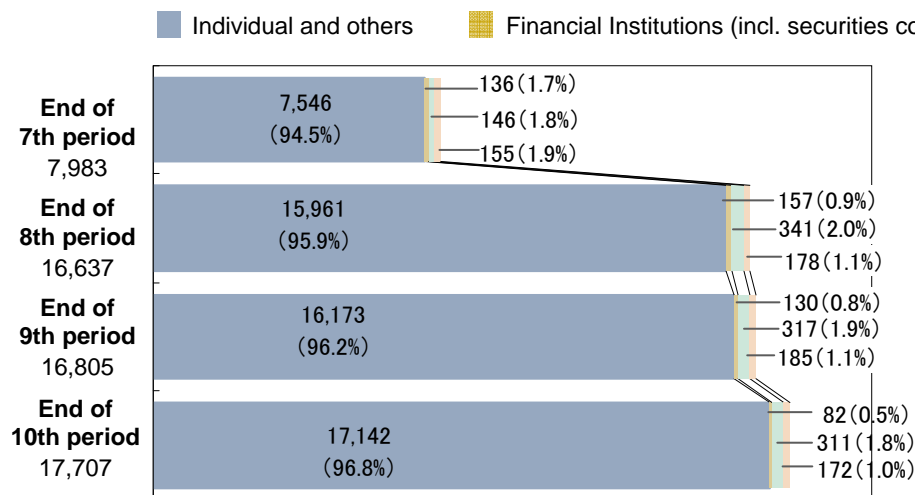
- Concerned that the worsening of the credit quality of sponsors will adversely affect NRIC's ability to raise funds from financial institutions (Moody's)
- Although it is assumed that NRIC's main affiliated bank will continue rendering support, it is assumed that certain pressure will be placed on large-scale refinancing under the current tight environment (R&I)

Trend of Stock Price

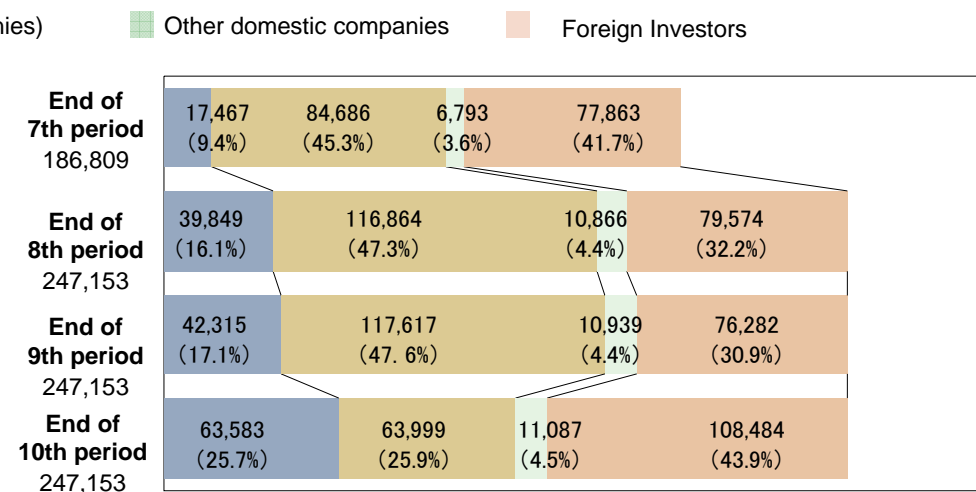


Investment Units

Number of Investors



Number of Units held by Investor Type



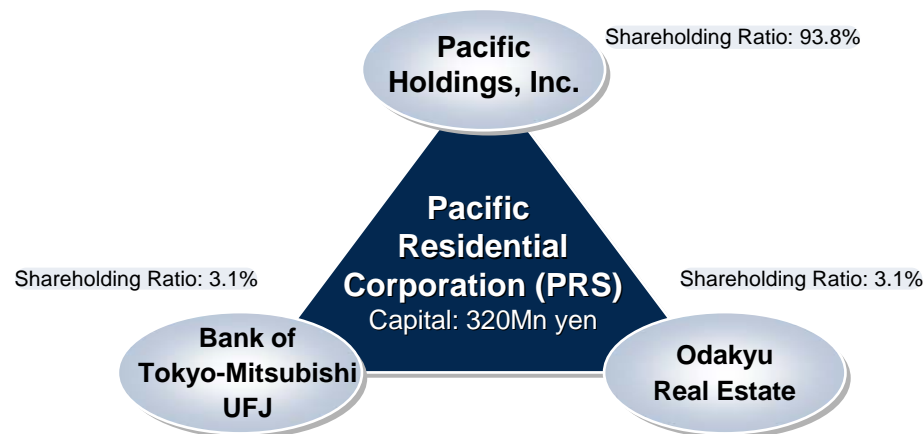
Major Investors (As of Nov 30, 2008)

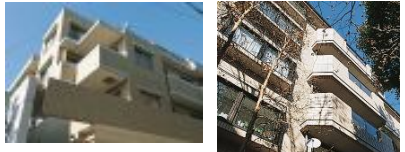





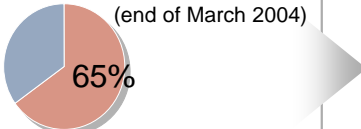
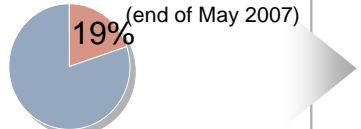
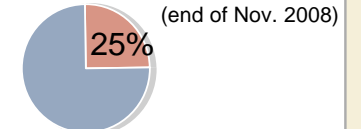
Rank	Name	Number of Units	Share
1	Goldman Sachs International	21,902	8.9%
2	NikkoCiti Trust and Banking Corporation (Trust)	20,220	8.2%
3	UBS AG London Account IPB Segregated Client Account	12,800	5.2%
4	Barclays Bank Plc Barclays Capital Securities	12,304	5.0%
5	State Street Bank and Trust Company	10,256	4.1%
6	The Tachibana Securities Co., Ltd.	7,059	2.9%
7	Japan Trustee Services Bank, Ltd. (Trust)	4,906	2.0%
8	The Nomura Trust & Banking Co.,Ltd.(Trust)	3,983	1.6%
9	AIG Star Life Insurance Co., Ltd. General Account	3,382	1.4%
10	JP Morgan Chase & Co.,380084	3,129	1.3%
Total		99,941	40.4%

(Reference) Major Investors (As of May 31, 2008)

Rank	Name	Number of Units	Share
1	NikkoCiti Trust and Banking Corporation (Trust)	17,836	7.2%
2	Japan Trustee Services Bank, Ltd. (Trust)	15,309	6.2%
3	The Master Trust Bank of Japan, Ltd. (Trust)	9,539	3.9%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	8,810	3.6%
5	National Mutual Insurance Federation of Agricultural Cooperatives	7,930	3.2%
6	The Nomura Trust & Banking Co.,Ltd	7,575	3.1%
7	North Pacific Bank	6,498	2.6%
8	Goldman Sachs International	4,544	1.8%
9	State Street Bank And Trust Company	4,393	1.8%
10	Nomura Securities Co.,Ltd.	4,378	1.8%
Total		86,812	35.1%

Sponsor of Asset Management Company and Property Acquisitions from Sponsor and Others



Acquisition Channel	IPO (March 2004)	2nd-7th Fiscal Period End	8th-10th Fiscal Period End (as of end of Nov. 2008)	Total
Acquisition from Sponsor (Note 1)	 <p>PR Mejiro Otomeyama Bellwood</p>  <p>PR Shinkawa PR Sakuragaoka</p>	 <p>PR Daikanyama PR Kichijoji</p>  <p>PR Ichigaya PR Kamimeguro</p>	 <p>PR Sodai-dori PR Azabudai</p>  <p>PR Daikanyama-Sarugakucho/ Daikanyama Parkside Village</p>	51 properties
Acquisition from Outside Parties	<ul style="list-style-type: none"> ■ Manoa Saginuma ■ Veil Kohinata 	<ul style="list-style-type: none"> ■ PR Tsukiji ■ PT Meguro-Fudomae ■ Motoazabu Place ■ PT Roppongi 	<ul style="list-style-type: none"> ■ PR Musashikosugi ■ PR Takaoka ■ PR Minami-ichijo ■ PR Ookayama 	110 properties
Share of Overall Portfolio Acquired from Sponsor	 <p>(end of March 2004) 65%</p>	 <p>(end of May 2007) 19%</p>	 <p>(end of Nov. 2008) 25%</p>	

(Note 1) This includes acquisitions from the sponsor and funds for which the sponsor handles asset management at the time of acquisition.

(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

Record of Property Sales

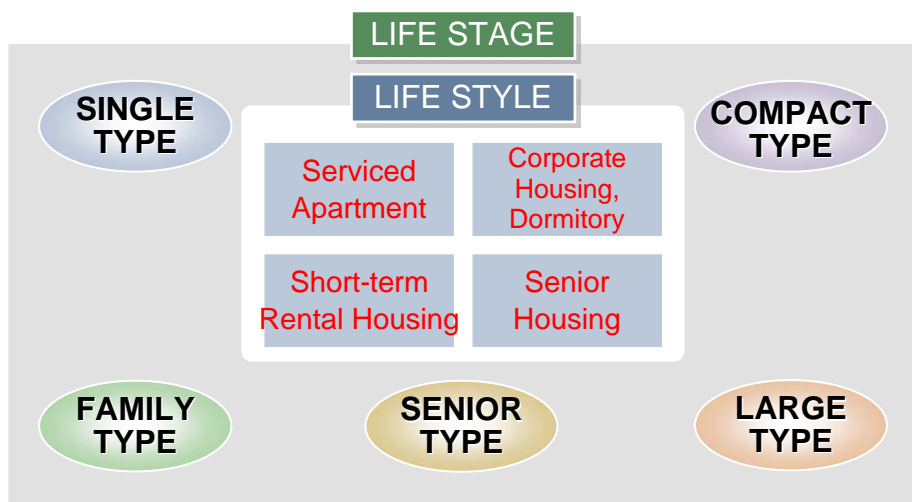
(Yen in millions)

Fiscal Period	Property No.	Asset Name	Core/ Sub-core	Sales Price	①Purchase Price	Appraisal Value	②Gain or Loss from Sales	(②/①)	Building age at the time of disposition
3rd	C-5	Veil Kohinata	Sub-core	345	273	291	46	16.7%	7
	F-7	Manoa Saginuma	Sub-core	450	346	367	73	21.0%	16
4th	S-11	C.F. Kamihongo	Sub-core	1,430	1,140	966	138	12.1%	15
	C-7	W. Higashi-Nippori II	Sub-core	1,170	972	1,020	132	13.5%	15
5th	S-6	Veil Kikuicho	Sub-core	636	520	564	75	14.5%	8
	S-12	Bonne Uji I & II	Sub-core	1,502	1,260	1,240	154	12.3%	19
	F-6	C.M. Tsurumi	Sub-core	1,308	1,050	1,160	170	16.2%	16
	L-6	Nishi-Ogikubo U.H.	Sub-core	1,360	1,050	1,190	239	22.8%	17
6th	S-10	J-Stage Minami-Urawa	Sub-core	932	700	664	174	24.9%	14
	F-8	Maison Kashiwa	Sub-core	1,167	840	981	240	28.6%	17
	S-4	F.yoyogi-Uehara II	Sub-core	651	524	575	84	16.1%	11
	F-5	Als Shin-Otsuka	Sub-core	1,323	1,117	1,220	139	12.5%	18
	L-1	Manoa Okamoto	Sub-core	825	590	516	212	35.9%	18
7th	L-2	Bellwood	Core	1,980	1,530	1,410	408	26.7%	18
	L-3	Grand Forme Ichigaya Haraikatamachi	Core	1,268	970	1,040	185	19.1%	17
	L-4	Meguro Hillside Court	Sub-core	1,253	1,000	1,140	168	16.8%	17
8th	F-4	Setagaya Sun Heights	Sub-core	1,117	982	1,080	92	9.4%	15
	L-5	Petit Cour Kinuta	Sub-core	738	684	687	42	6.1%	18
	L-14	Root Azabu Jyuban	Core	2,570	2,220	2,200	276	12.4%	9
9th	S-23	Umeda Excelheights	Core	6,200	5,250	5,380	471	9.0%	6
	L-12	SOHO Kita Aoyama	Sub-core	1,500	1,160	1,230	234	20.1%	4
10th	S-17	Park Habio Kyobashi	Core	2,620	2,725	2,980	-195	-7.1%	4

(Note 1) Appraisal value: The period end price of each property in the period immediately before the property was sold.

(Note 2) Building age at the time of disposition is rounded up.

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

[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]

PR Higashi-shinagawa, PR Kanda-iwamotocho

[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

[Management case]

PR Sannomiyahigashi, PL Kyotoekimae

[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]

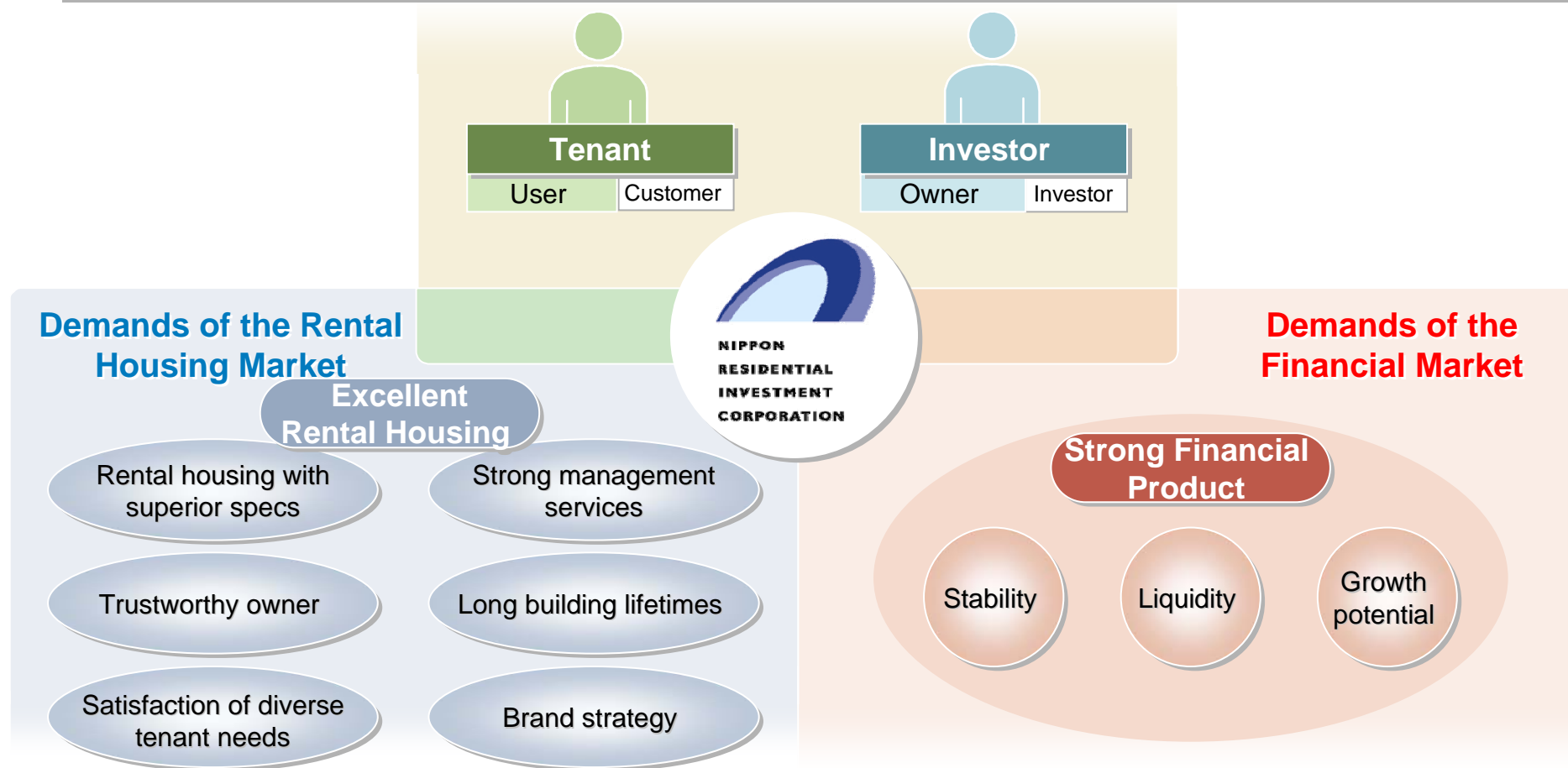
Life & Senior House Kohoku II

[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.

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.



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