



**Nippon Residential Investment Corp. (8962)**  
**Explanatory Material on Accounts**

for **12th** Fiscal Period  
(six months ended November 2009)

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# Section I

## Overview of 12th Fiscal Period

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# Summary of 12th Fiscal Period Performance

	8th period	9th period	10th period	11th period	12th period		
					Performance Forecasts as of July 22.,2009	Actual	Actual-Forecasts Comparison
Operating Revenues (million)	7,940	9,316	9,076	9,065	8,842	8,715	-127
(Capital Gain from Sales of Property) (million)	(410)	(704)	(-)	(-)	(-)	(-)	(-)
Ordinary Profit (million)	3,158	3,603	3,096	1,899	2,275	2,314	+39
Net Income (million)	3,150	3,602	769	2,034	2,273	2,307	+34
Distribution per Unit (yen)	12,748	14,577	3,116	8,231	9,200	9,293	+93
Net Operating Income (million)	6,177	6,765	7,402	7,116	-	6,916	-
NOI Yield (Assumption NOI Yield which C-49 MM* guaranteed rate is 100%) %	4.8	4.6 (4.8)	4.8 (5.0)	4.7	-	4.6	-
Area-based occupancy rate %	91.2	93.5	94.7	93.7	93.1	93.0	-0.1
Revenue-based ** occupancy rate %	90.3	89.0	92.5	93.7	-	93.0	-

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

\*\*For C-49 MM, the rent guaranteed rate became 100% as of October 2008, resulting in steady occupancy from the 11th fiscal period. As a result, the area-based occupancy rate and revenue-based occupancy rate are the same.

# Analysis of Variance between Performance Forecasts and Actual Results

**1** Rental income  
1.4% less than forecast

**2** Property operating expenses  
1.7% lower than forecast

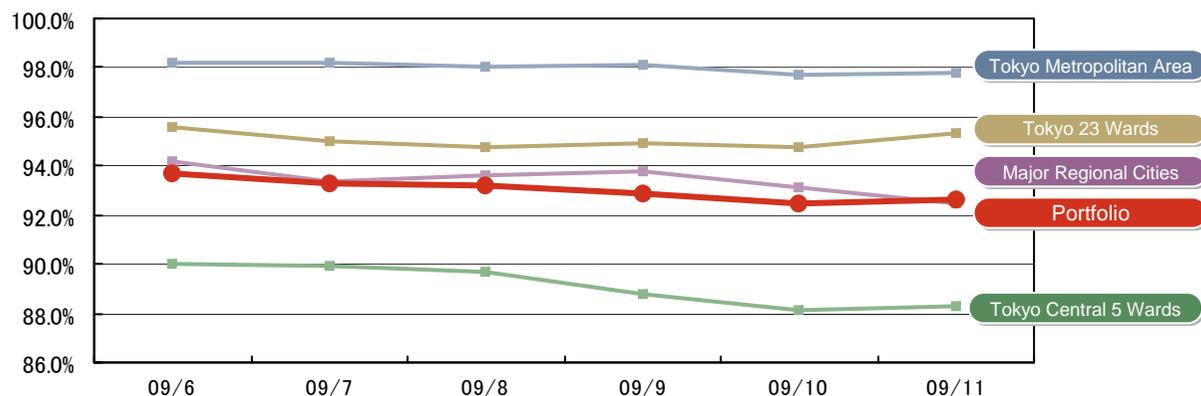
**3** Loan-related expenses  
13.5% lower than forecast

## Factors of Discrepancy from Performance Forecasts

### Breakdown of net income +34Mn yen

Operating revenues	-127Mn yen	<ul style="list-style-type: none"> <li>Primarily due to occupancy rates falling and per-tsubo unit prices decreasing in the Tokyo Central 5 Wards (-127Mn yen)</li> </ul>
Operating expenses	+84Mn yen	<ul style="list-style-type: none"> <li>+29Mn yen                             <ul style="list-style-type: none"> <li>Lower doubtful debt account (+35Mn yen); Higher other operating expenses (-6Mn yen)</li> </ul> </li> <li>+55Mn yen                             <ul style="list-style-type: none"> <li>New contract fees not incurred (+27Mn yen); Lower portion of repair expenses for major repairs recorded in the 12th fiscal period (+26Mn yen); Lower other property expenses (+2Mn yen)</li> </ul> </li> </ul>
Non-operating revenue/expense	+77Mn yen	<ul style="list-style-type: none"> <li>+ Lower borrowing costs from reduced credit risks (+62Mn yen); Other (+15Mn yen)</li> </ul>

### Changes in Occupancy Rates (Actual)



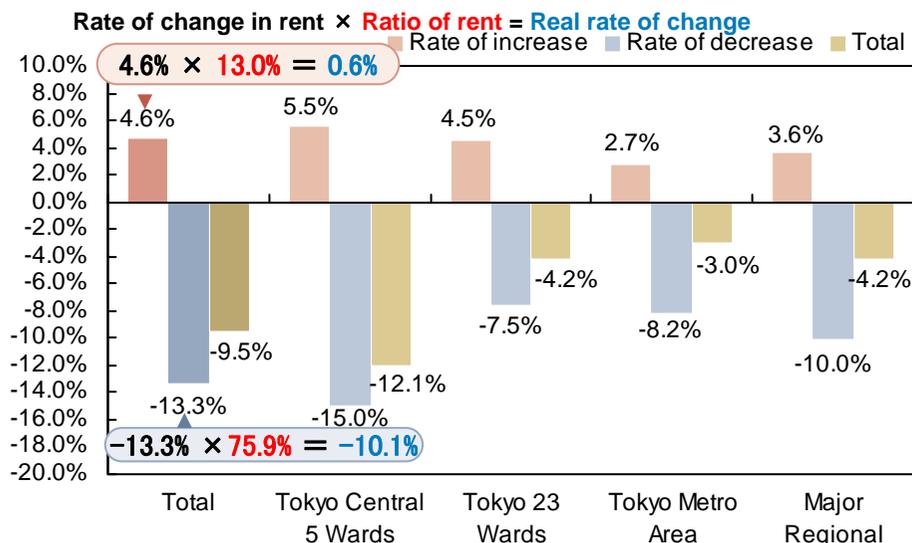
### Comparison between Forecast and Actual Period-Average Occupancy Rates

Area	Forecasts	Actual	Difference
Major Regional Cities	92.8%	93.4%	+0.6%
Tokyo Metropolitan Area	97.7%	98.0%	+0.3%
Tokyo 23 Wards	94.8%	95.1%	+0.3%
Tokyo Central 5 Wards	90.0%	89.1%	-0.9%
Portfolio	93.1%	93.0%	-0.1%

# Leasing Performance – Rate of Change in Rent of Contracts in 12th Period

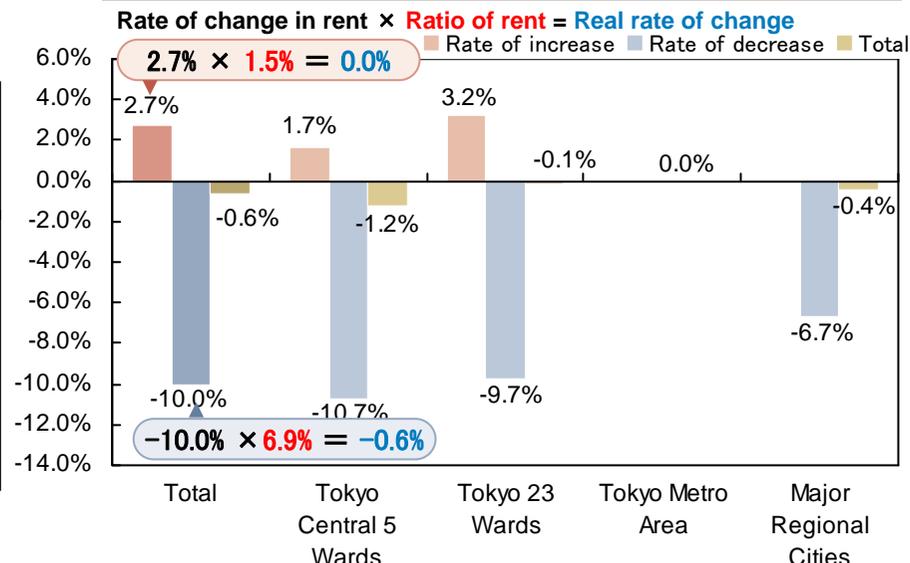
## Rate of Change in Rent of New Contracts

(858 Contracts [Comparison with same period last year -16 Contracts])



## Rate of Change in Rent of Renewal Contracts

(821 Contracts [Comparison with same period last year -29 Contracts])



## Leasing Performance of New Contracts

Ratio of rent	Up	Down	No change
Tokyo Central 5 Wards	8.6%	83.6%	7.8%
Tokyo 23 Wards	16.8%	66.1%	17.1%
Tokyo Metro Area	41.3%	50.2%	8.5%
Major Regional Cities	27.7%	51.4%	20.9%
Total	13.0%	75.9%	11.1%

[Comparison with same period last year (10th fiscal period)]

- ◆ Significant rise in “rate of decrease” of rent for total portfolio (10th fiscal period rate of decrease for total portfolio: -6.2%)
- ◆ Greater “ratio of rent” down for total portfolio (10th fiscal period ratio of rent: Up: 49.8% Down: 26.1% No change: 24.1%)
- ◆ Drop in “real rate of change” for total portfolio (10th fiscal period: +1.3%)

## Leasing Performance of Renewal Contracts

Ratio of rent	Up	Down	No change
Tokyo Central 5 Wards	1.1%	11.3%	87.6%
Tokyo 23 Wards	3.4%	1.9%	94.7%
Tokyo Metro Area	-	-	100.0%
Major Regional Cities	-	5.3%	94.7%
Total	1.5%	6.9%	91.6%

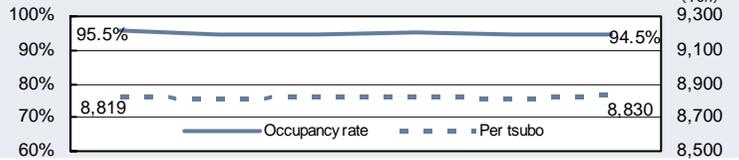
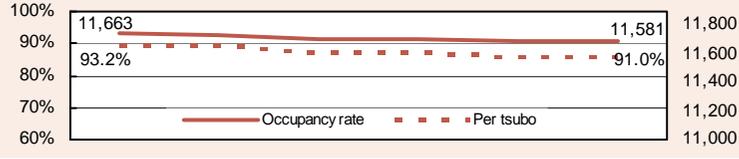
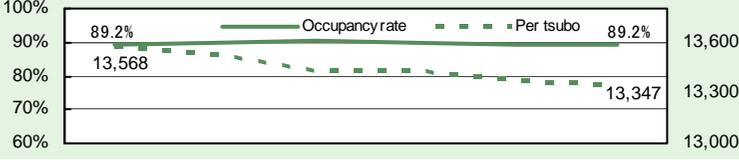
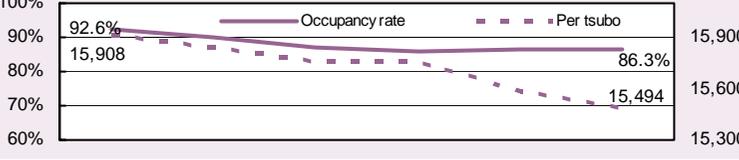
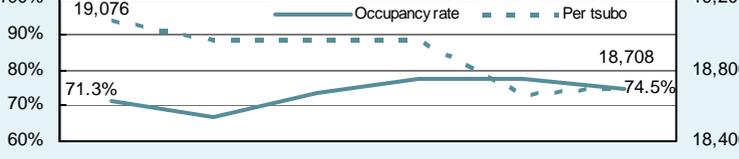
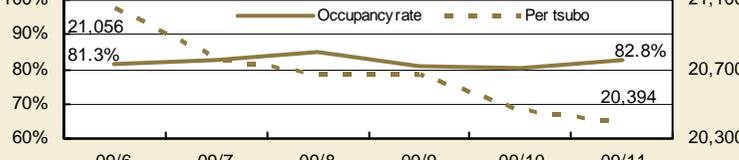
[Comparison with same period last year (10th fiscal period)]

- ◆ Significant rise in “rate of decrease” of rent for total portfolio (10th fiscal period rate of decrease for total portfolio: -4.1%)
- ◆ Smaller “ratio of rent” up for total portfolio (10th fiscal period ratio of rent: Up: 24.5% Down: 0.8% No change: 74.7%)
- ◆ Drop in “real rate of change” for total portfolio (10th fiscal period: +0.5%)

Explanation of Indices

Rate of change in rent =  $(\sum \text{New contracted rent} \div \sum \text{Previous contracted rent}) - 1$   
 Ratio of rent =  $\sum \text{Increased (Decreased) previous contracted rent} \div \sum \text{Total amount of previous rent}$   
 Real rate of change = Rate of change in rent × Ratio of rent

# Leasing Performance – Changes in Revenue-Generating Potential

Ratio of rent income at end of fiscal period		12 <sup>th</sup> Fiscal Period (2009/6 – 2009/11)		Revenue-generating potential V × Ratio of rent income at end of fiscal period	
100,000 yen or less (Single)	End of 10 <sup>th</sup> Period 16.1%		(Yen) 9,300 9,100 8,900 8,700 8,500	Occupancy rate V : -1.1% ↓	-1.0% × 16.8% = -0.2%
	End of 12 <sup>th</sup> Period 16.8%			Per tsubo V : +0.1% ↑ Revenue-generating potential V : -1.0% ↓	
200,000 yen or less, but over 100,000 yen (Single/Compact)	End of 10 <sup>th</sup> Period 40.6%		11,800 11,600 11,400 11,200 11,000	Occupancy rate V : -2.3% ↓	-3.0% × 42.8% = -1.3%
	End of 12 <sup>th</sup> Period 42.8%			Per tsubo V : -0.7% ↓ Revenue-generating Potential V : -3.0% ↓	
300,000 yen or less, but over 200,000 yen (Compact/Family)	End of 10 <sup>th</sup> Period 21.2%		13,600 13,300 13,000	Occupancy rate V : 0.0% →	-1.6% × 22.0% = -0.4%
	End of 12 <sup>th</sup> Period 22.0%			Per tsubo V : -1.6% ↓ Revenue-generating potential V : -1.6% ↓	
500,000 yen or less, but Over 300,000 yen (Family/Large)	End of 10 <sup>th</sup> Period 10.5%		15,900 15,600 15,300	Occupancy rate V : -6.7% ↓	-9.1% × 9.4% = -0.9%
	End of 12 <sup>th</sup> Period 9.4%			Per tsubo V : -2.6% ↓ Revenue-generating potential V : -9.1% ↓	
700,000 yen or less, but over 500,000 yen (Family/Large)	End of 10 <sup>th</sup> Period 3.3%		19,200 18,800 18,400	Occupancy rate V : +4.5% ↑	+2.5% × 2.2% = +0.1%
	End of 12 <sup>th</sup> Period 2.2%			Per tsubo V : -1.9% ↓ Revenue-generating potential V : +2.5% ↑	
Over 700,000 yen (Family/Large)	End of 10 <sup>th</sup> Period 8.3%		21,100 20,700 20,300	Occupancy rate V : +1.9% ↑	-1.3% × 6.8% = -0.1%
	End of 12 <sup>th</sup> Period 6.8%			Per tsubo V : -3.1% ↓ Revenue-generating potential V : -1.3% ↓	
				<b>Revenue-generating potential V of entire portfolio</b> <b>-2.8%</b>	

- Occupancy rate V (Per tsubo V): [Occupancy rate (Per tsubo unit rent) at end of November 2009 ÷ Occupancy rate (Per tsubo unit rent) at end of June 2009] - 1
- Revenue-generating potential: [1 + Occupancy rate V] × [1 + Per tsubo V] - 1

(Note1) Single/Compact/Family/Large are only a rough classification.

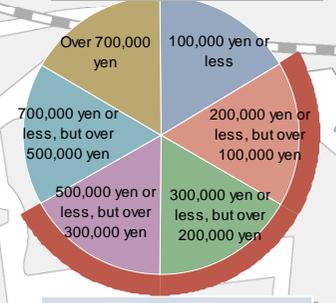
(Note2: Excluding subleased properties and residential units occupied for office or store use)

# Occupancy Rate and Rent Price Range Distribution for Each Zone of Tokyo Central Wards



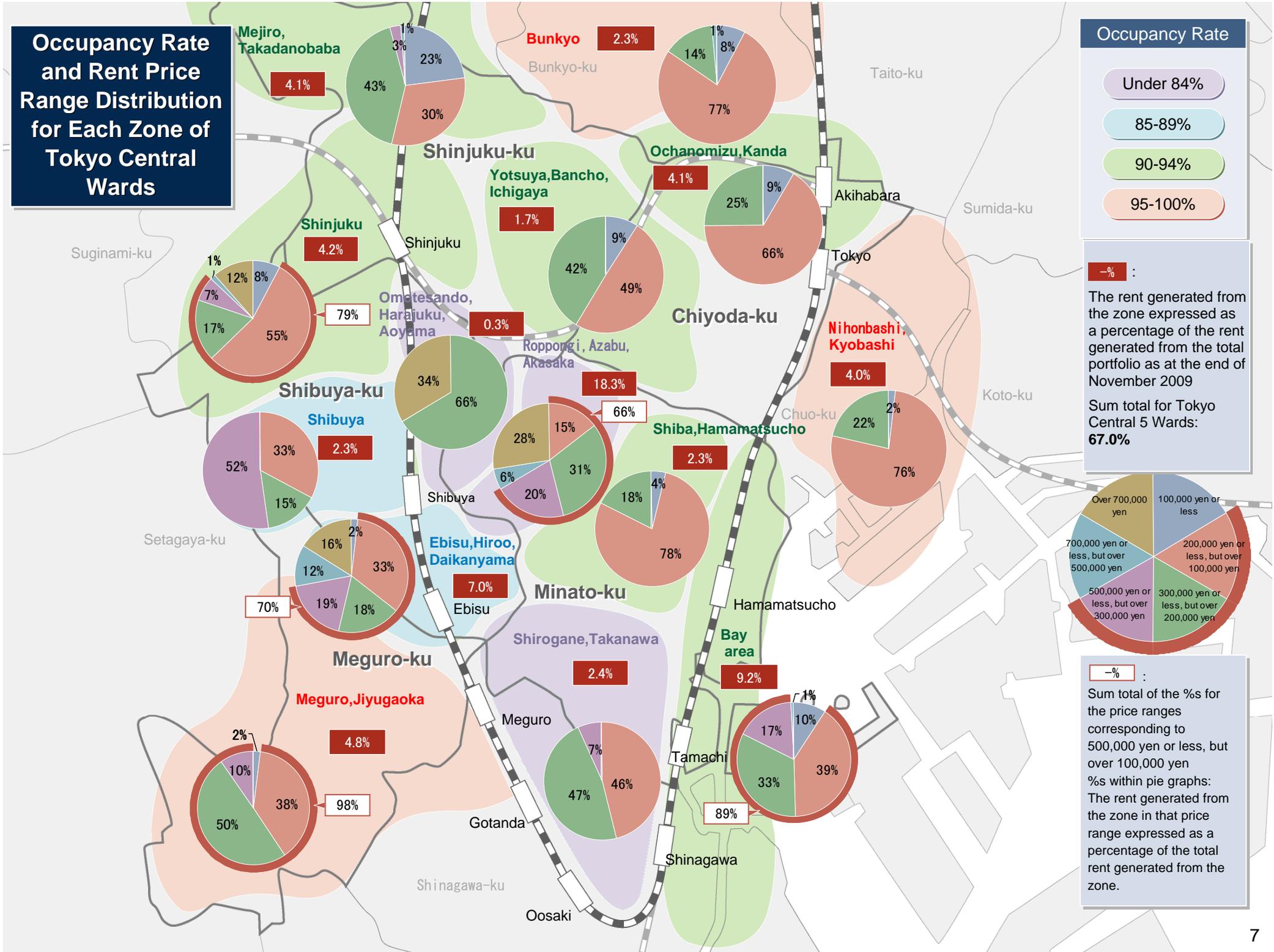
—% :  
 The rent generated from the zone expressed as a percentage of the rent generated from the total portfolio as at the end of November 2009

Sum total for Tokyo Central 5 Wards: **67.0%**



—% :  
 Sum total of the %s for the price ranges corresponding to 500,000 yen or less, but over 100,000 yen

%s within pie graphs:  
 The rent generated from the zone in that price range expressed as a percentage of the total rent generated from the zone.



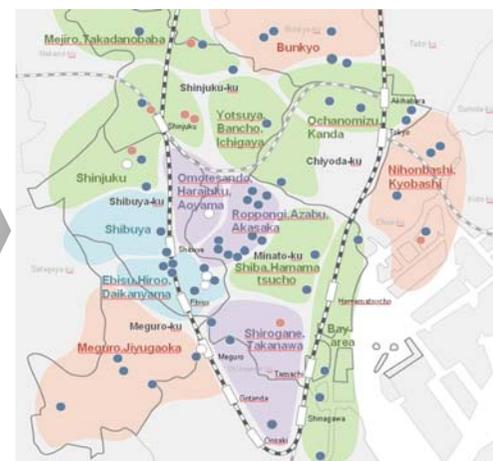
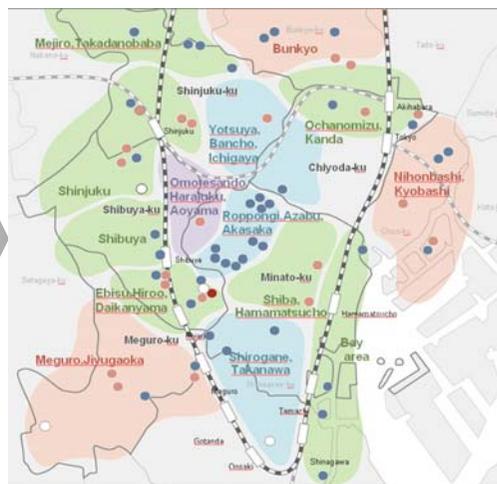
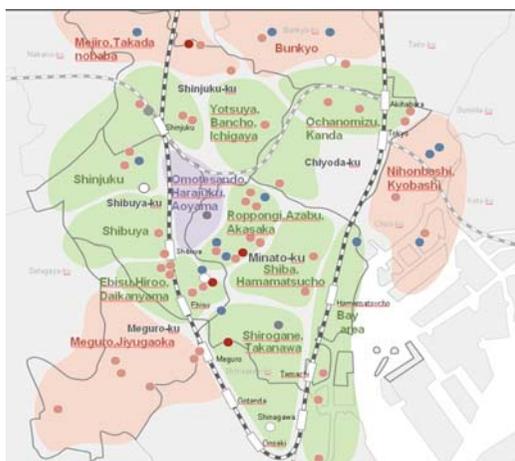
# Leasing Performance – Tokyo Central

## Changes in Leasing Performance and Occupancy Rates of Tokyo Central Wards

10<sup>th</sup> fiscal period (ended Nov 2008)

11<sup>th</sup> fiscal period (ended May 2009)

12<sup>th</sup> fiscal period (ended Nov 2009)



**New Contracts**

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

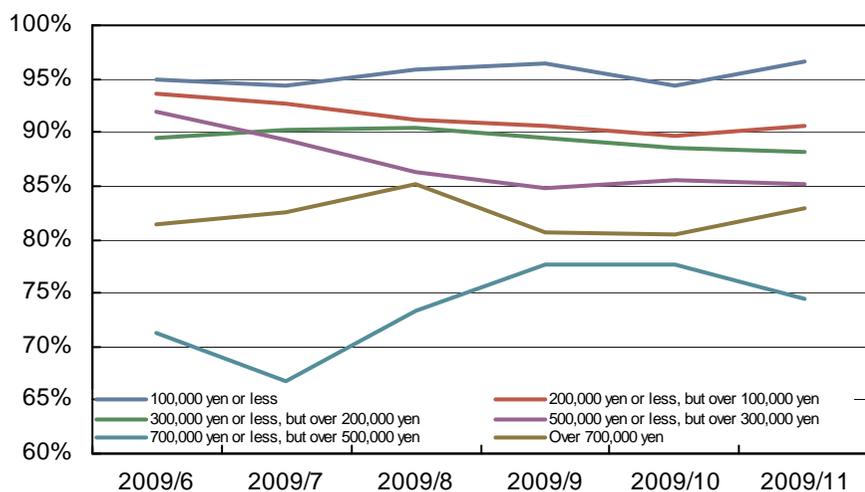
Occupancy Rate Under 84%

Occupancy Rate 85-89%

Occupancy Rate 90-94%

Occupancy Rate 95-100%

## Changes in Occupancy Rates of Tokyo Central Wards by Rent Range



## Trends of Tokyo Central Wards

### Occupancy rate

- Roppongi/Azabu/Akasaka Zone, Shibuya Zone, Ebisu/Hiroo/Daikanyama Zone and Shirogane/Takanawa Zone changing to occupancy rates that fall below the 90% level (change from green → blue)

### Rent of new contracts

- Considerably fewer cases of rent increase in all zones (dots change from red → blue)

# Leasing Management

## Rental Market Conditions

Weak occupancy centering on high-rent residential units in the downtown that was found in the previous fiscal period continues

→ Adjustment of rent at time of tenant replacement and increase in turnover

Downtown	<ul style="list-style-type: none"> <li>Sharp decline in demand centering on the high-rent range of 300,000 yen or over</li> <li>Increasingly heated price war and drastic adjustment of rent as measure to improve occupancy</li> <li>Increase in turnover due in part to relocations in order to lower rent burden</li> </ul>
Tokyo Wards/Surrounding Areas	<ul style="list-style-type: none"> <li>While there are rent drops here and there for residential units of 200,000 yen or less (1L and 2L), occupancy relatively stable</li> <li>Impact on residential units of around 100,000 yen is limited</li> </ul>
Regional Area	<ul style="list-style-type: none"> <li>Continues to be weak as excessive supply remains in Nagoya and Fukuoka</li> </ul>
Serviced Apartments (SAs)	<ul style="list-style-type: none"> <li>Amid price competition due to decline in demand, foreign operators maintain occupancy on the one hand, while Japanese operators see occupancy on a low note and some are also making the change to regular leasing</li> </ul>

## Assumption of the Future

- Falls in rent anticipated to cease due in part to decrease in newly-built properties, narrower gap with rent of surrounding areas in the downtown and contract terminations being on a downward trend in past 3 months
- Meanwhile, there are also concerns of the rent correction phase continuing, such as there being assumed to be ongoing stagnant occupancy centering on residential units for high-end tenants of 500,000 yen or more and increases in contract terminations at time of tenant replacement
- With the portfolio overall facing rent gaps, maintaining occupancy through ongoing flexible management, such as by setting flexible advertised conditions and taking measures to prevent contract terminations, are priority tasks

## Measures for Rental Market

### Flexible Leasing Activities

Enhanced coordination with property managers, and maintained occupancy while limiting decreases in rent by setting advertised conditions that take the market rates of surrounding areas into account and taking measures to prevent contract terminations

- Changed advertised conditions in a timely and flexible manner by grasping rent gaps with competitive properties and advertised situation from scheduled contract terminations, etc.
- Implemented changes in rent, exemption of renewal fees, etc. at time of contract renewal centering on residential units in the downtown

### Early Contract Revision for Rent-Guaranteed Sublease Contracts

Focused on stability of rent income and finalized continuation of sublease contracts for large properties

#### C-25 Pacific Tower Meguro-Fudomae

- Boosted guaranteed rate in light of high occupancy and rising rent following lease-up
- Made minor adjustments to advertised rent in light of current rental market
- Raised guaranteed rent by 8.6% (signed 2-year contract starting in April 2010 in advance)

#### C-49 Pacific Royal Court Minato Mirai Ocean Tower

- Given the unsuccessful lease-up, made major adjustments to advertised rent aimed at improving occupancy and submitted to lower amount of guaranteed rent of -8.0%
- Implemented review of property management and other operating costs by verifying actual results
- Signed in advance at decreased amount of -4.0% on an NOI basis (for 2 years starting February 2010)

### Review of Management of SAs

Reviewed management form in light of the competition situation as a result of less demand

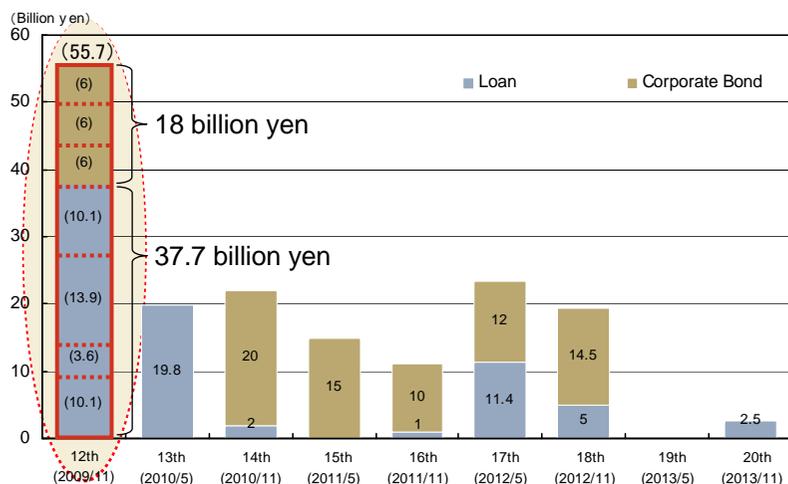
#### L-8 Pacific Tower Roppongi

- Changed management form from pass-through-type SAs to contract-based sublease-type SAs in order to increase occupancy rates and boost revenue-generating potential

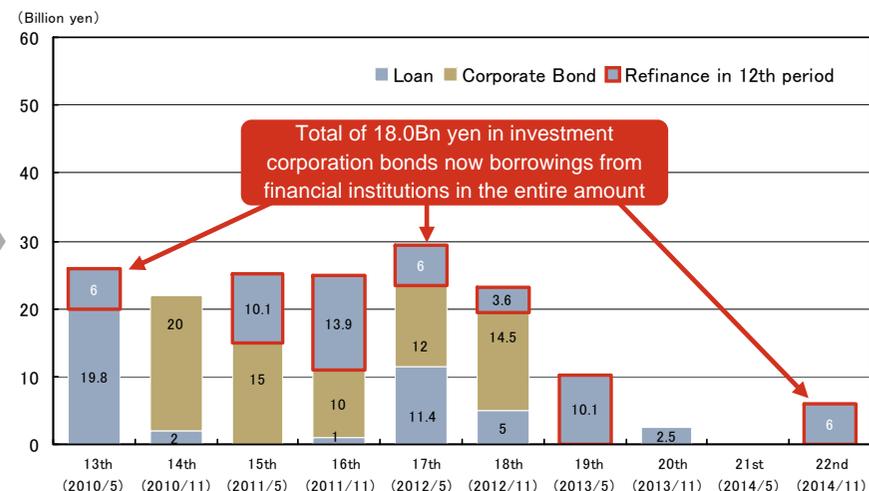
# Actual Financial Results

- Concerning the total of 18.0Bn yen in investment corporation bonds – the greatest concern of the 12th fiscal period, funds were procured in the form of borrowings from financial institutions
- 37.7Bn yen in borrowings were refinanced in the entire amount and into long-term borrowings
- In August and November 2009, carried out procedures related to agreement on collateral granted  
Expenses related to grant of collateral: 126Mn yen (impact on distribution per unit in 12th fiscal period: -512 yen)

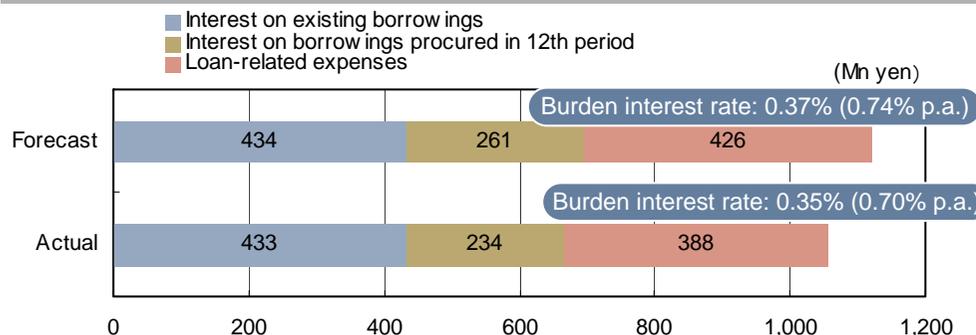
Repayment Dates as at End of 11th Period (May 2009)



Repayment Dates as at End of 12th Period (November 2009)



Itemization of Interest on Borrowings (comparison between forecast and actual results)



## Discrepancy from forecasts

- Interest on borrowings procured in the 12th fiscal period: -27Mn yen (due to managing to procure funds at a lower cost than planned at beginning of period)
- Financing costs: -38Mn yen (due to managing to procure funds at a lower cost than planned at beginning of period)

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

# Analysis of Appraisal Value

## Appraisal Value in 12th Period

	No. of Properties	Appraisal Value (Mn yen)				NOI (Mn yen)				Cap Rate (%)			
		11th	12th	Difference	% Change	11th	12th	Difference	% Change	11th	12th	Difference	% Change
Tokyo Central 5 Wards	54	130,278	123,112	-7,166	-5.5%	6,735	6,591	-144	-2.1%	5.0%	5.2%	0.2%	-3.4%
Tokyo 23 Wards	46	85,680	82,905	-2,775	-3.2%	4,639	4,613	-26	-0.6%	5.2%	5.4%	0.1%	-2.8%
Tokyo Metro Area	11	27,112	26,390	-722	-2.7%	1,668	1,653	-16	-0.9%	5.9%	6.0%	0.1%	-2.0%
Major Regional Cities	26	31,609	30,420	-1,189	-3.8%	2,017	2,008	-8	-0.4%	6.0%	6.3%	0.2%	-3.6%
<b>TOTAL</b>	<b>137</b>	<b>274,679</b>	<b>262,827</b>	<b>-11,852</b>	<b>-4.3%</b>	<b>15,059</b>	<b>14,865</b>	<b>-194</b>	<b>-1.3%</b>	<b>5.3%</b>	<b>5.4%</b>	<b>0.2%</b>	<b>-3.2%</b>

## Changes in Cap Rates

Area	Difference in 11th Period	Difference in 12th Period
Tokyo Central 5 Wards	+0.2%	+0.2%
Tokyo 23 Wards	+0.2%	+0.1%
Tokyo Metropolitan Area	+0.3%	+0.1%
Major Regional Cities	+0.2%	+0.2%

\* Difference in 11th period is difference between 10th and 11th periods, and difference in 12th period is difference between 11th and 12th periods.

## Changes in NOI

Area	Difference in 11th Period (a)	Difference in 12th Period (b)	Difference (b - a)
Tokyo Central 5 Wards	-3.2%	-2.1%	+1.1%
Tokyo 23 Wards	0.2%	-0.6%	-0.8%
Tokyo Metropolitan Area	-0.4%	-0.9%	-0.5%
Major Regional Cities	-1.6%	-0.4%	+1.2%

## Trends

- Rate of increase in cap rates for Tokyo Central 5 Wards and Major Regional Cities same as that found in the 11th fiscal period, while that for Tokyo 23 Wards and Tokyo Metropolitan Area decreasing

## Trends

- Tokyo Central 5 Wards and Major Regional Cities  
→ Less degree of decrease than that found in the 11th fiscal period
- Difference changes from positive to negative for Tokyo 23 Wards
- Degree of decrease greater for Tokyo Metropolitan Area

## Section II

# Forecast of 13th Fiscal Period Performance

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# Forecast of 13th Fiscal Period Performance

## 13th Period (Dec. 2009 ~ Feb. 2010)

13th period forecast  
Distribution per unit

2,400 yen

\*In the 13th period, there will be extraordinary factors such as merger expenses and the impact of imbalance of expenses due to the fiscal period being a 3 month period.

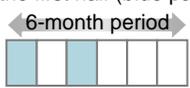
(Unit: million yen)	Reference	
	13th period forecast	After deducting extraordinary factors
Operating revenues	4,376	4,376
Operating profit	1,482	2,040
Ordinary profit	595	1,152
Net income	593	1,151
Depreciation	796	796
Distribution per unit	2,400 yen	4,658 yen
Investment units outstanding at end of period	247,153 unit	247,153 unit

Deduction of extraordinary factors	
<b>Total: 558Mn yen</b>	
(Breakdown)	
Merger expenses	369Mn yen
Impact of operating revenues that will cover for fixed costs being 3 months worth	189Mn yen

e.g.) Of a 6-month period, if payment is made twice in the first half (blue parts)



← 6-month period →

← 3-month period →

Costs, which are usually covered by 6 months worth of revenues, will be covered by 3 months worth of revenues and thus reduce the profit remaining.

## Assumptions

Assets under management	Assumes the 137 properties owned as of end of Nov. 2009.
Average portfolio occupancy rate	92.6%
Interest-bearing debt ratio (Note)	53.2%
Operating revenues/ expenses	<ul style="list-style-type: none"> <li>Of property operating expenses, expenses except for depreciation are calculated based on historical data and reflect elements that may affect expenses.</li> <li>Taxes and dues are assumed to be 294Mn yen.</li> <li>Merger expenses are assumed to be 369Mn yen.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>880Mn yen is expected in interest paid and other loan-related expenses.</li> <li>Assumes that the JPY10,944 million in borrowings that are to become due for repayment on February 19, 2010 will be refinanced in the entire amount. Also, assumes that the JPY62 million in agreed payments due on the last day of February 2010 will be paid with cash on hand.</li> </ul>
Distribution per unit	<ul style="list-style-type: none"> <li>Calculated by assuming the cash distribution policy outlined in NRIC's Articles of Incorporation.</li> </ul>
Other	<ul style="list-style-type: none"> <li>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.</li> <li>Assumes there will be no unpredictable material changes in the environment including general economic trends and real estate market conditions.</li> </ul>

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

# Section III

## Reference Materials

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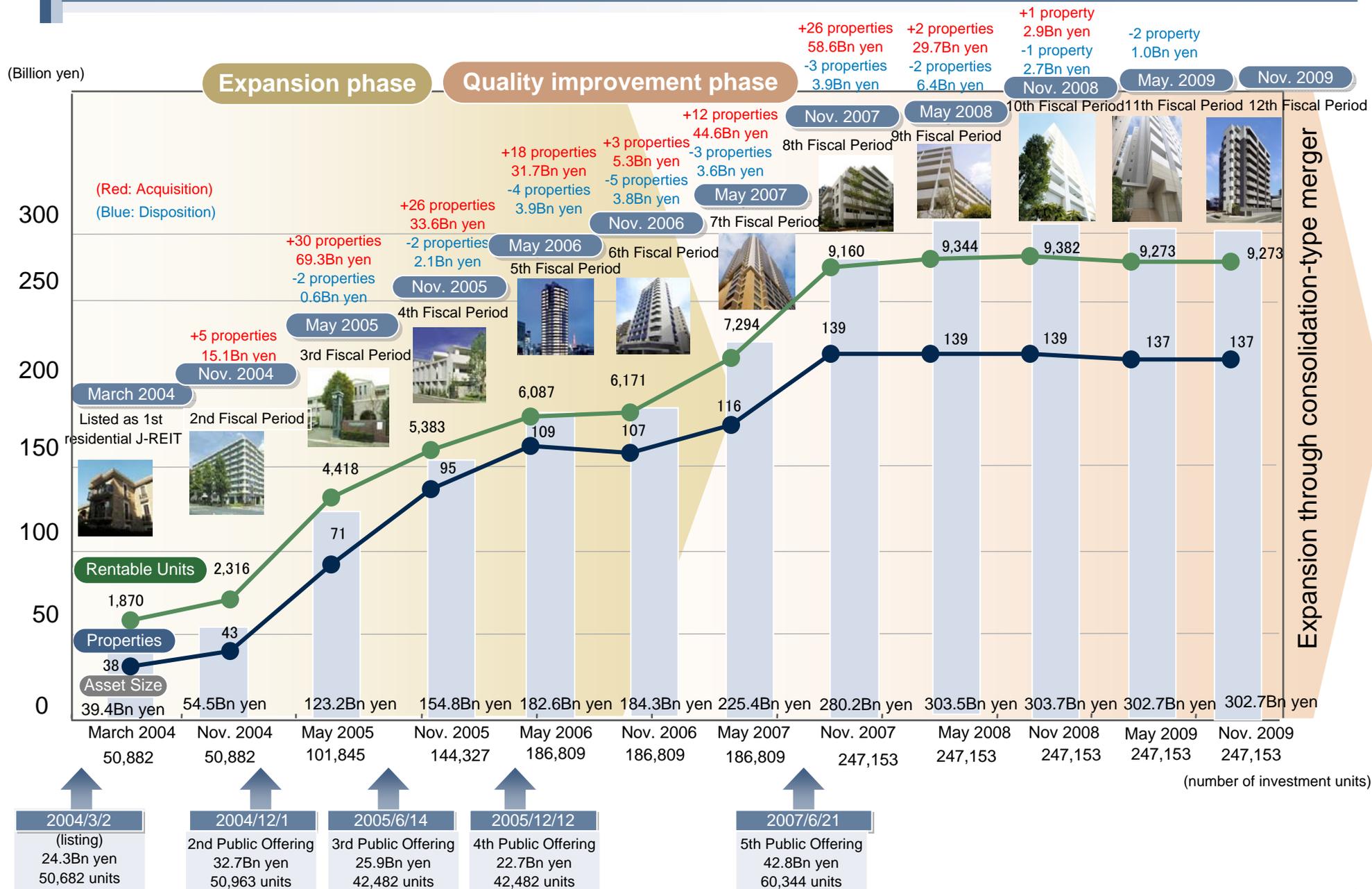


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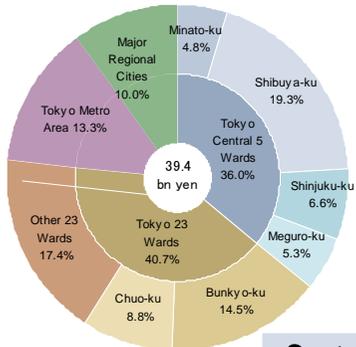
# Portfolio Strategy



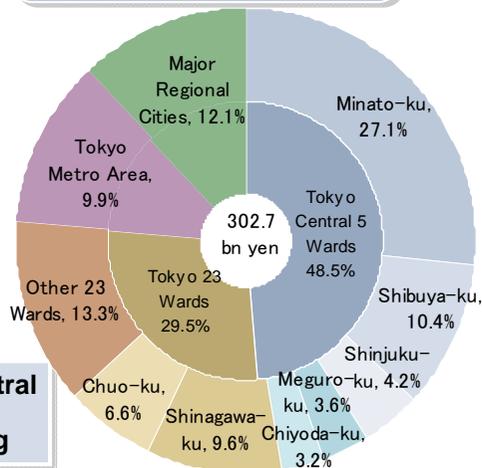
# Changes in Portfolio Quality since IPO

## Geographic Distribution (based on acquisition price)

IPO 38 Assets



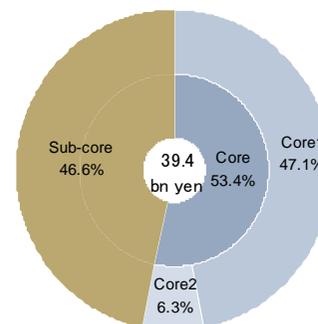
12th Period End 137 Assets



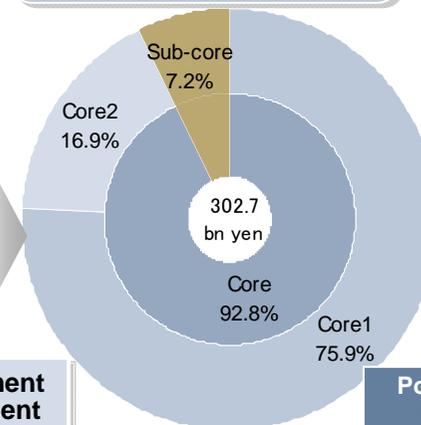
Centered on central Tokyo where demand is strong

## Core & Sub-core Distribution (based on acquisition price)

IPO 38 Assets



12th Period End 137 Assets



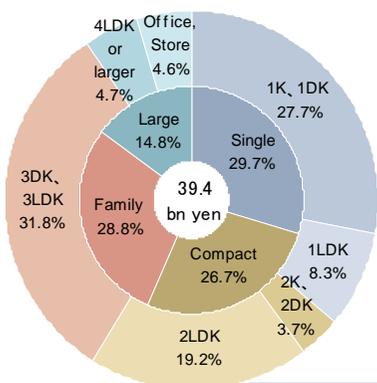
Portfolio PML  
5.9%

Quality enhancement through replacement of properties

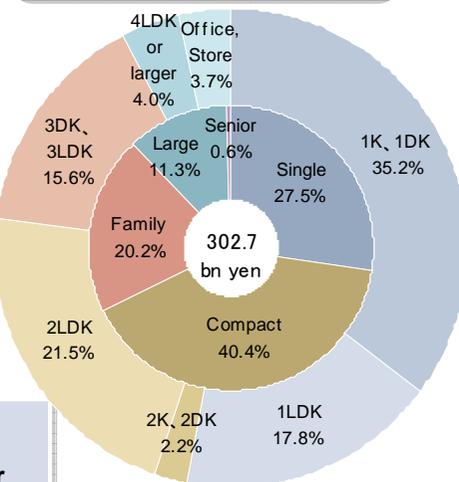
Portfolio PML  
4.9%

## Type Distribution (based on acquisition price)

IPO 38 Assets



12th Period End 137 Assets

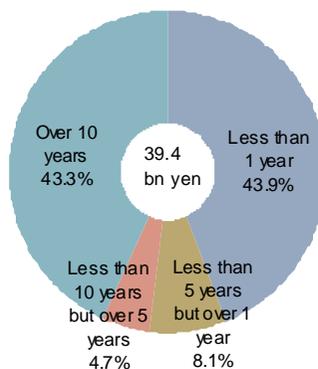


Put priority in investing in assets targeted for smaller sized families

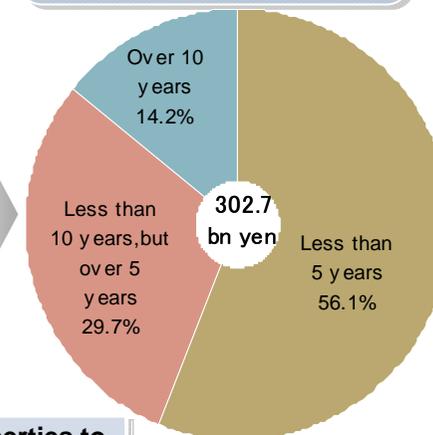
(Note) Room layout is based on rentable floor space.

## Age Distribution (based on acquisition price)

IPO 38 Assets



12th Period End 137 Assets



Weighted Average  
6.6 years

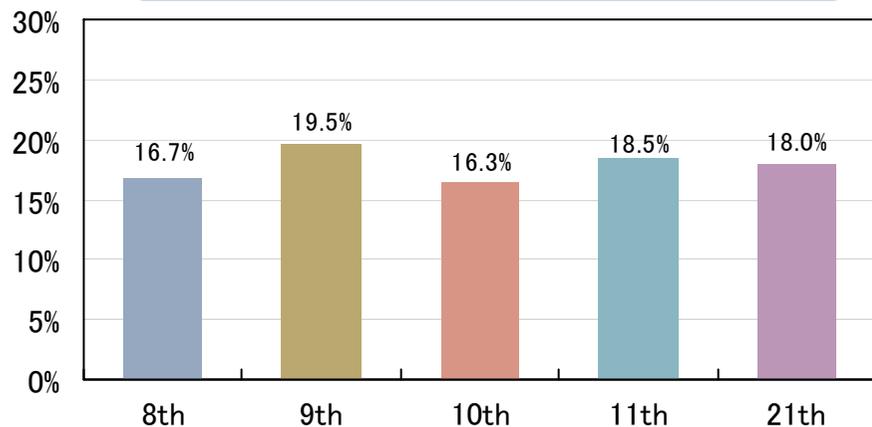
Acquisition of properties to maintain the weighted average age of portfolio within 10 years old

Weighted Average  
5.4 years

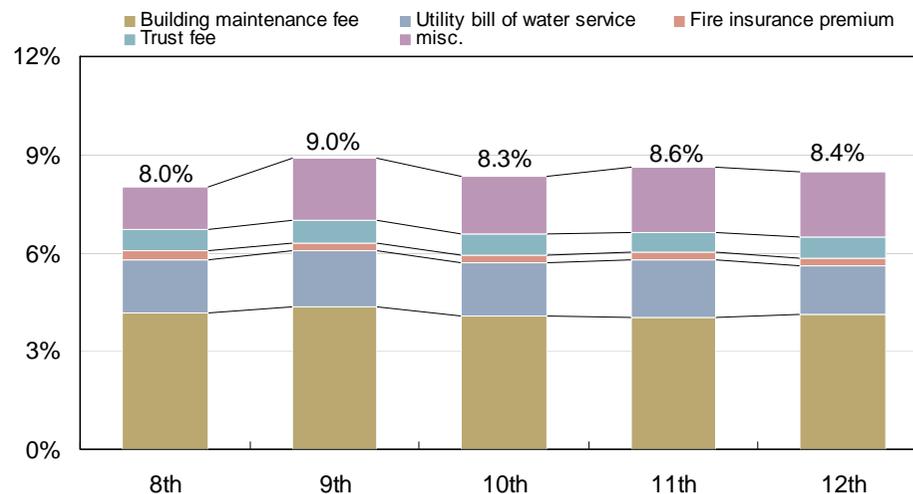
# Changes in Rental Expenses

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

Not including real property tax and city planning tax

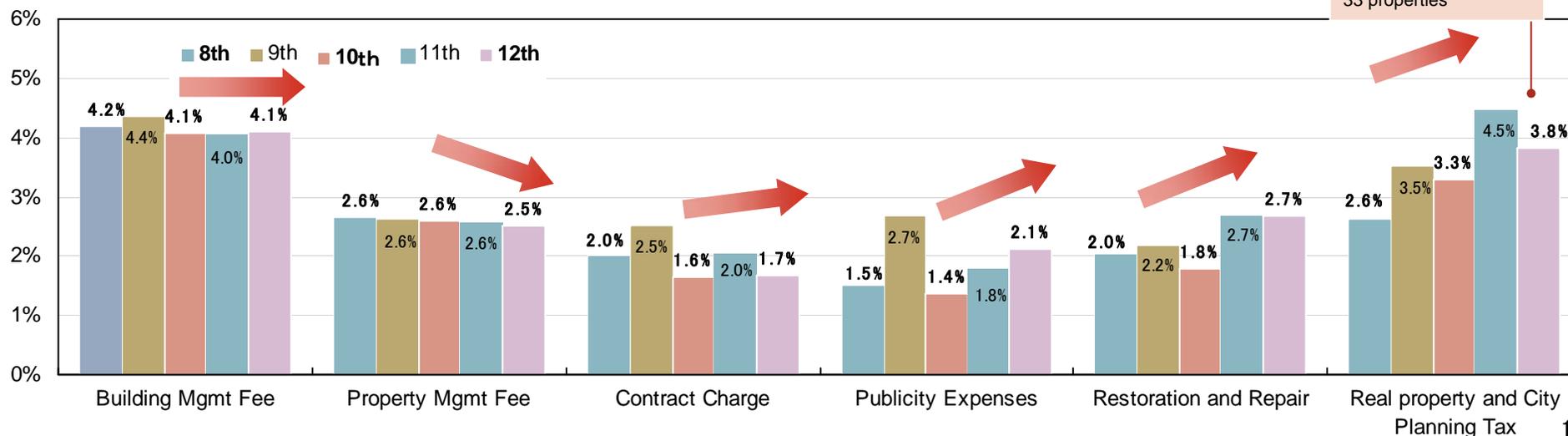


**Changes in Fixed costs**  
(percentage of rents and common expenses (excluding parking income))



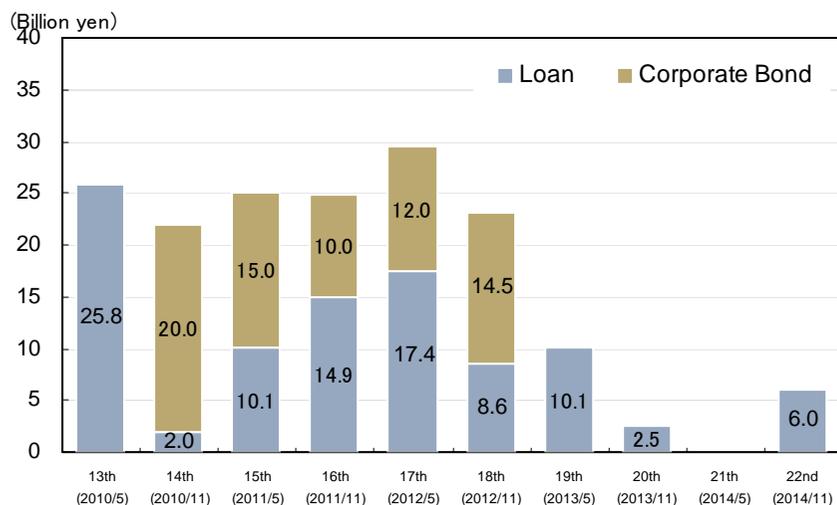
**Changes in Rental Expenses (primary categories; percentage of rents and common expenses (excluding parking income))**

**Factors of increase**  
Due to removal of reduction/ exemption for 33 properties

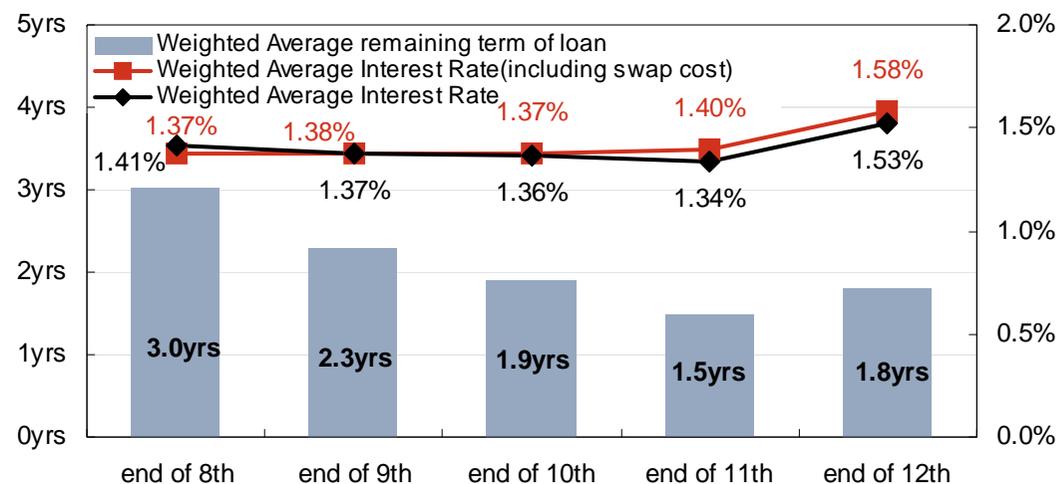


# Financial Data (As of November 2009)

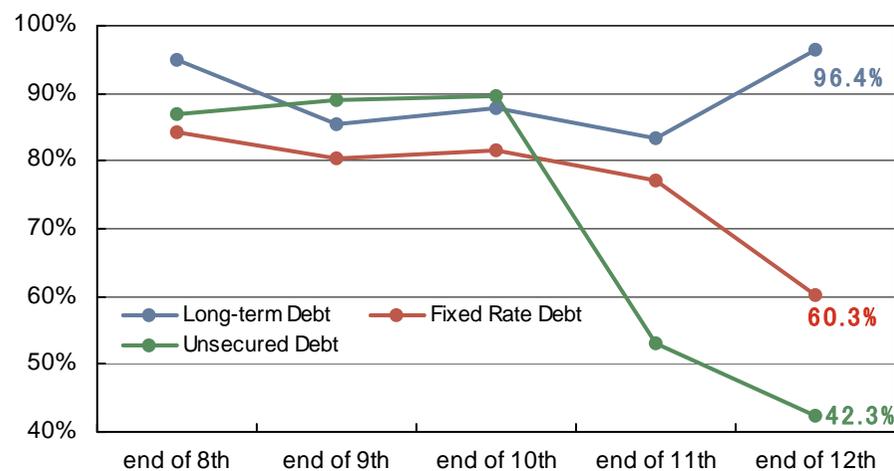
## Dispersion of Maturity Dates



## Change in Weighted Average Interest

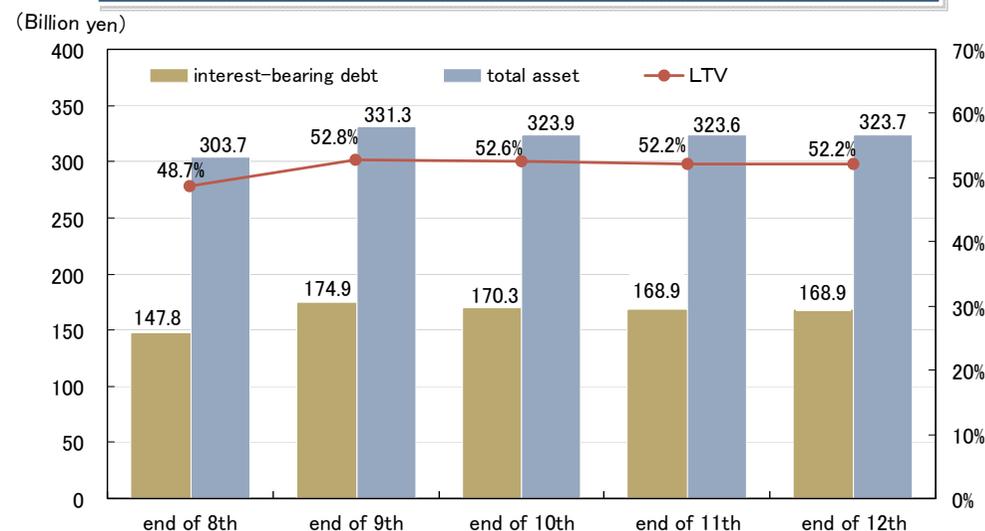


## Promotion of Fixed Interest



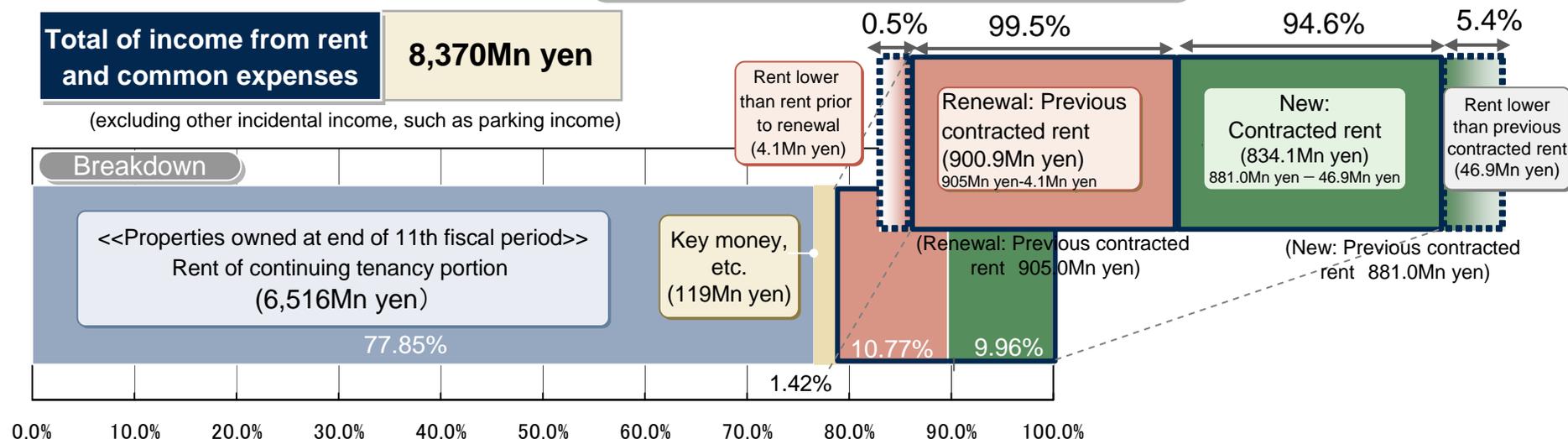
(Note) All portfolio properties were pledged as collateral as of December 26, 2008.

## Change in LTV



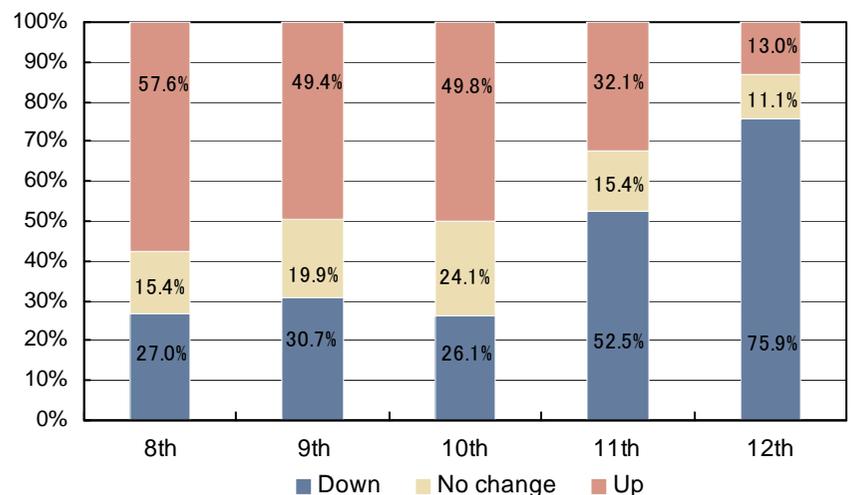
# Actual Rent

## Breakdown of Renewal and New Contracted Rent



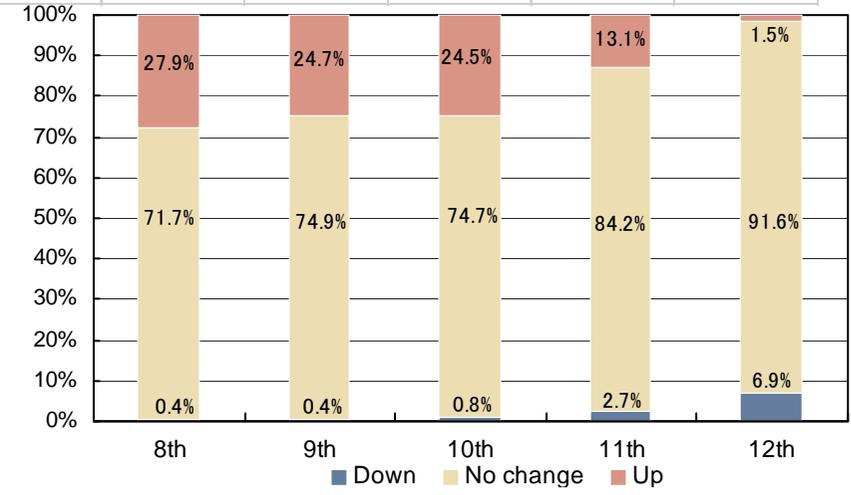
**New (Based on Ratio of Rent\*)**

No. of terminated contracts (a)	655	948	979	1,156	1,023
No. of new contracts (b)	587	998	874	1,162	858
Rate of acquisition of new contracts (b/a)	90%	105%	89%	101%	84%



**Renewal (Based on Ratio of Rent\*)**

Aggregate no. of tenants eligible for renewal (a)	635	1,338	1,017	1,700	1,208
No. of renewal contracts (b)	530	1,110	850	1,281	821
Rate of renewal (b/a)	84%	83%	84%	75%	68%



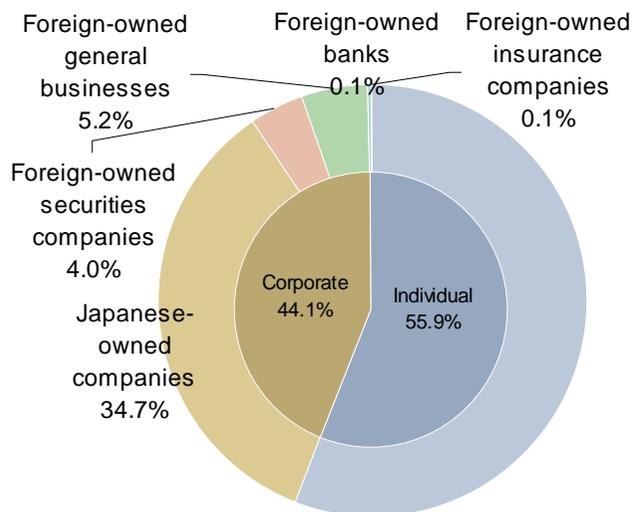
(Note) Tenants with no previous contracted rent are not counted.

\* Ratio of rent =  $\frac{\sum \text{Increased (Decreased) previous contracted rent}}{\sum \text{Total amount of previous rent}}$   
Ratio of rent refers to the ratio of the total amount of rent that has increased, decreased or not changed, respectively, given 100 is the total amount of the previous rent.

# Breakdown of Parties to Contracts and Distribution of Rent (at Period End)

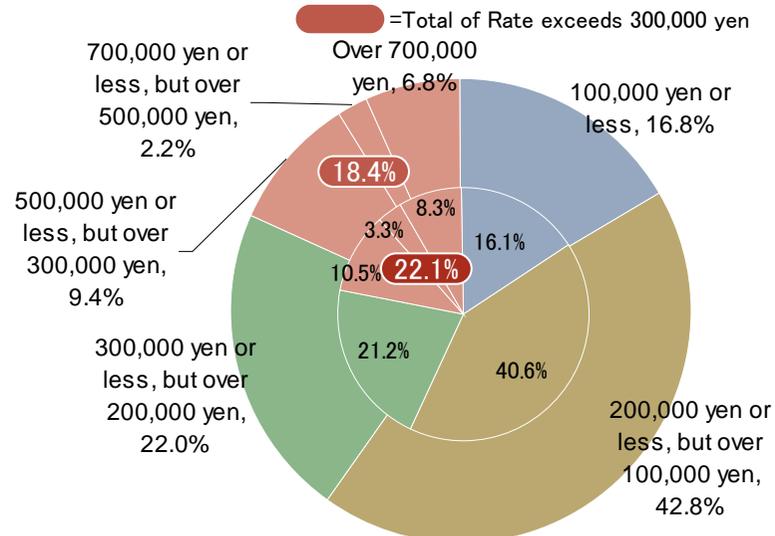
## Parties to Contracts

※based on rent (subleased properties and residential units occupied for office or store use)



## Distribution of Monthly Rent

(Inner: Distribution for 10th period;  
Outer: Distribution for 12th period)



## Comparison with same period last year (10th fiscal period / period ended Nov 2009)

### Breakdown of parties to contracts

- Decrease in ratio of corporate contracts 47.6% → 44.1% (-3.5%)
- Decrease in contracts with foreign-owned securities companies 5.7% → 4.0% (-1.7%)

### Distribution of monthly rent

- Decrease in ratio of contracts with high rent exceeding 300,000 yen 22.1% → 18.4% (-3.7%)

### Average monthly rent

- Average monthly rent for portfolio 159 thousand yen → 155 thousand yen (-4 thousand yen)

## Average Monthly Rent

	~30㎡		~40㎡		~50㎡		~60㎡		~70㎡		~80㎡		~90㎡		Over 90㎡		Average Total	
	Single	Compact	Single	Compact	Single	Compact	Single	Compact										
Tokyo Central 5 Wards	113 (+9.9%)	154 7.9%	154 (-1.6%)	154 6.9%	198 (+0.9%)	198 7.1%	237 (+0.8%)	237 11.2%	267 (-0.7%)	267 5.7%	315 (-2.7%)	315 2.8%	339 (+2.3%)	339 3.2%	780 (-10.2%)	780 10.4%	220 (-0.9%)	55.2%
Tokyo 23 Wards	100 (+8.2%)	132 7.5%	132 (+0.3%)	132 5.6%	166 (+5.9%)	166 5.0%	205 (-5.5%)	205 1.8%	216 (-7.7%)	216 1.8%	222 (-0.7%)	222 1.6%	243 (+13.0%)	243 0.5%	313 (+4.9%)	313 0.7%	139 (+3.2%)	24.5%
Tokyo Metropolitan Area	85 (-12.7%)	98 1.9%	98 (-0.6%)	98 0.4%	156 (-1.7%)	156 0.6%	183 (-4.3%)	183 0.3%	103 (1.3%)	103 0.2%	152 (+10.0%)	152 0.3%	-	-	-	-	104 (-8.7%)	3.7%
Major Regional Cities	64 (+3.1%)	71 4.5%	71 (+6.0%)	71 2.1%	90 (+4.5%)	90 1.5%	109 (-0.6%)	109 2.5%	114 (-6.0%)	114 2.4%	154 (-5.2%)	154 1.9%	193 (-3.0%)	193 1.1%	243 (+7.3%)	243 0.6%	92 (+0.3%)	16.6%
Average	92 (+5.6%)	124 21.8%	124 (+0.7%)	124 15.0%	164 (+2.9%)	164 14.2%	195 (-0.3%)	195 15.8%	192 (-3.2%)	192 10.1%	216 (-2.5%)	216 6.6%	279 (+2.0%)	279 4.8%	650 (-8.7%)	650 11.7%	155	100.0%
Total																		

Upper: Average monthly rent (thousand yen) Lower within ( ): Change compared with same period last year (10th fiscal period / period ended Nov 2008)

Lower: Expressed as % of rent of entire portfolio as of end of Nov 2009

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

# Track Record of Major Repair Work

## Policy of Initiatives

- Asset management company's engineering team draws up long-term repair plans, based on engineering reports by outside organizations and repair plan reports by building management companies
- 【Implement in 7.5th/22.5th year since construction】 painting and waterproof refinishing of steel parts 【15th year since construction】 maintenance of external walls, waterproofing of the roof, maintenance of the interior finishing of common-use areas, replacement of air supply and exhaust installations, etc.  
【30th year since construction】 maintenance of external walls, waterproofing of the roof, maintenance of the interior finishing of common-use areas, replacement of air supply and exhaust installations, upgrading of water supply and exhaust pipes, maintenance of electricity receiving and transformation installations, etc.

## Outline of Construction Work

L-13 Pacific Residence Ohi

- Major repair work(Common-use hallway and work on entrance and maintenance of external walls)

- Number of years since construction at end of 12th Fiscal Period:20.1 years
- Total construction cost:approx. 39Mn yen (expenses: approx. 6Mn yen; capital expenditures: approx. 33Mn yen)



# Balance Sheet (Assets)

(thousand yen)

	11th fiscal period		12th fiscal period		Variance	
	(as of May 31, 2009)		(as of Nov 30, 2009)			
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
<b>(Assets)</b>						
<b>I. Current Assets</b>						
Cash and Deposits	6,356,690		6,859,604		502,913	
Cash in Trust and Deposit intrust	4,299,778		4,229,376		-70,401	
Accounts Receivable	427,375		276,449		-150,926	
Prepaid Expenses	162,465		31,203		-131,262	
Deferred Tax Assets	40,753		25,713		-15,039	
Consumption Tax Receivables	-		8,919		8,919	
Deriavtives Assets	1,077		-		-1,077	
Others	46,614		52,462		5,847	
Allowance for Bad Debt	-106,044		-60,697		45,347	
<b>Total of Current Assets</b>	<b>11,228,712</b>	<b>3.5</b>	<b>11,423,032</b>	<b>3.5</b>	<b>194,320</b>	<b>1.7</b>
<b>II. Fixed Assets</b>						
<b>1. Tangible Fixed Assets</b>						
Buildings	81,669,240		80,828,885		-840,354	
Structures	497,966		484,815		-13,150	
Tools, Funitures & Fixtures	77,792		66,289		-11,503	
Lands	80,646,359		80,646,359		-	
Buildings in Trust	58,540,882		57,939,602		-601,280	
Structures in Trust	346,460		334,867		-11,593	
Tools, Funitures & Fixtures in Trust	72,455		79,656		7,201	
Lands in Trust	87,802,718		87,802,718		-	
Construction in Progress in Trust	-		19,372		19,372	
<b>Total of Tangible Fixed Assets</b>	<b>309,653,877</b>	<b>95.7</b>	<b>308,202,568</b>	<b>95.2</b>	<b>-1,451,308</b>	<b>-0.5</b>
<b>2. Intangible Fix Assets</b>						
Leaseholds	1,214,497		1,214,497		-	
<b>Total of Intangible Fixed Assets</b>	<b>1,214,497</b>	<b>0.4</b>	<b>1,214,497</b>	<b>0.4</b>	<b>-</b>	<b>0.0</b>
<b>3. Investment and other assets</b>						
Long-term Prepaid Expenses	667,450		2,051,924		1,384,473	
Deferred Tax Assets	83,223		78,561		-4,662	
Deriavtives Assets	4,549		389		-4,160	
Security Deposits	1,288		1,288		-	
Security Deposits in Trust	264		316		52	
Guarantee Deposits Paid	717,127		729,149		12,021	
<b>Total of Investment and other assets</b>	<b>1,473,904</b>	<b>0.5</b>	<b>2,861,628</b>	<b>0.9</b>	<b>1,387,724</b>	<b>94.2</b>
<b>Total of Fixed Assets</b>	<b>312,342,278</b>	<b>96.5</b>	<b>312,278,694</b>	<b>96.5</b>	<b>-63,584</b>	<b>0.0</b>
<b>III. Deferred Assets</b>						
Corporate Bonds Issuance cost	81,551		58,777		-22,773	
<b>Total of Deferred Assets</b>	<b>81,551</b>	<b>0.0</b>	<b>58,777</b>	<b>0.0</b>	<b>-22,773</b>	<b>-27.9</b>
<b>Total Assets</b>	<b>323,652,541</b>	<b>100.0</b>	<b>323,760,504</b>	<b>100.0</b>	<b>107,962</b>	<b>0.0</b>

## Current Assets

- Prepaid expenses  
Amortization of financing costs of upfront fees, etc.
- Accounts receivable  
Decrease in correlation with collection  
Decrease due to disposal of doubtful debt

## Fixed Assets

### ■ Tangible fixed assets

Properties acquired in 12th period	None
------------------------------------	------

Properties sold in 12th period	None
--------------------------------	------

Decrease due to depreciation

### ■ Long-term prepaid expenses

Increase in financing costs of upfront fees, etc.

## Breakdown of Reserves

Reserves for repairs	1,487,746 thousand yen
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Reserves for security deposits	2,950,771 thousand yen
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# Balance Sheet (Liabilities and Unitholders' Equity)

(thousand yen)

	11th fiscal period (as of May 31, 2009)		12th fiscal period (as of Nov 30, 2009)		Variance	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
	<b>(Liabilities)</b>					
<b>I. Current Liabilities</b>						
Accounts Payable	208,364		156,493		-51,870	
Short-term Borrowings	27,858,605		6,000,000		-21,858,605	
Corporate Bonds due within 1 year	18,000,000		20,000,000		2,000,000	
Long-term Borrowings due within 1 year	29,653,229		21,789,407		-7,863,822	
Accrued Liabilities	51,497		98,221		46,723	
Accrued Expenses	718,007		704,676		-13,331	
Income Taxes Payable	17,240		508		-16,732	
Consumption Taxes Payable	793		-		-793	
Receipt in Advance	99,467		119,083		19,616	
Derivative Liabilities	13,855		-		-13,855	
Others	507		1,122		614	
<b>Total of Current Liabilities</b>	<b>76,621,569</b>	<b>23.7</b>	<b>48,869,513</b>	<b>15.1</b>	<b>-27,752,055</b>	<b>Δ 36.2</b>
<b>II. Fixed Liabilities</b>						
Corporate Bonds	71,500,000		51,500,000		-20,000,000	
Long-term Borrowings	21,888,904		69,611,331		47,722,427	
Security Deposits and Guarantee Money	1,388,802		1,296,830		-91,971	
Security Deposits and Guarantee Money in Trust	1,711,108		1,653,941		-57,167	
Long-term deposits received	63,548		57,200		-6,348	
Derivative Liabilities	169,998		170,853		855	
<b>Total of Fixed Liabilities</b>	<b>96,722,360</b>	<b>29.9</b>	<b>124,290,158</b>	<b>38.4</b>	<b>27,567,797</b>	<b>28.5</b>
<b>Total Liabilities</b>	<b>173,343,929</b>	<b>53.6</b>	<b>173,159,671</b>	<b>53.5</b>	<b>-184,258</b>	<b>-0.1</b>
<b>(Unitholders' Equity)</b>						
<b>I. Unitholders' Capital</b>						
Unitholders' Capital	148,417,850		148,417,850		-	
Unappropriated retained earnings for the period	2,034,448		2,307,650		273,201	
<b>Total Unitholders' Capital</b>	<b>150,452,299</b>	<b>46.5</b>	<b>150,725,501</b>	<b>46.6</b>	<b>273,201</b>	<b>0.2</b>
<b>II. Evaluation, Currency Translation and etc.</b>						
Deferred Hedge Profit and Loss	-143,687		-124,668		19,018	
<b>Total of Evaluation, Currency Translation and etc.</b>	<b>-143,687</b>	<b>- 0.0</b>	<b>-124,668</b>	<b>- 0.0</b>	<b>19,018</b>	<b>-13.2</b>
<b>Total Unitholders' Equity</b>	<b>150,308,612</b>	<b>46.4</b>	<b>150,600,832</b>	<b>46.5</b>	<b>292,220</b>	<b>0.2</b>
<b>Total Liabilities and Unitholders' Equity</b>	<b>323,652,541</b>	<b>100.0</b>	<b>323,760,504</b>	<b>100.0</b>	<b>107,962</b>	<b>0.0</b>

## Current Liabilities

- End-of-period balance of short-term borrowings
 

End of 12th period	Combined total of 6.0Bn yen from 2 banks
End of 11th period	Combined total of 27.8Bn yen from 7 banks
- New short-term borrowings: 6.0Bn yen
- Repayment of short-term borrowings: 27.8Bn yen
- Corporate bonds  
18.0Bn yen in redemption of 6th and 8th bonds  
Redemption of 1st and 2nd bonds now due within 1 year

## Fixed Liabilities

- End-of-period balance of long-term borrowings
 

End of 12th period	Combined total of 91.4Bn yen from 18 banks
End of 11th period	Combined total of 51.5Bn yen from 18 banks
- New long-term borrowings: 49.7Bn yen
- Payment of long-term borrowings: 9.8Bn yen
- Corporate bonds  
Redemption of 1st and 2nd bonds now due within 1 year

# Income Statement

	11th fiscal period		12th fiscal period		(thousand yen) Variance	
	Amount	Ratio(%)	Amount	Ratio(%)	Amount	(%)
1. Operating Revenues						
Rental income	9,065,625	100.0	8,715,848	100.0	-349,777	-3.9
2. Operating Expenses						
Property operating expenses	3,549,389		3,394,037			
Loss on Sales of real estate	332,610		-			
Asset Management Fees	668,242		678,824			
Asset Custodian Fees	29,092		29,228			
Outsourcing Fees for Administrative Works	45,511		57,603			
Directors' Remuneration	5,400		5,400			
Attorneys' Fees	19,088		102,252			
Audit Fees	13,825		13,000			
Tax and Public Charge	568,648		213,252			
Doubtful Debt Account	60,748		14,822			
Bad Debt Loss	4,048		1,425			
Other Operating Expenses	203,259	60.7	215,192	54.2	-774,824	-14.1
<b>Operating Profit</b>	<b>3,565,761</b>	<b>39.3</b>	<b>3,990,808</b>	<b>45.8</b>	<b>425,047</b>	<b>11.9</b>
3. Non-Operating Revenue						
Interest Received	6,445		1,934			
Miscellaneous Revenue	32,023	0.4	10,761	0.1	-25,771	-67.0
4. Non-Operating Expense						
Interest Paid	627,293		710,968			
Loan-related expenses	428,695		388,412			
Corporate Bond Interest	607,594		558,985			
Amortization for Corporate Bond Issue Expenses	29,839		22,773			
Other non-operating expenses	11,018	18.8	7,768	19.4	-15,532	-0.9
<b>Ordinary Profit</b>	<b>1,899,788</b>	<b>21.0</b>	<b>2,314,597</b>	<b>26.6</b>	<b>414,809</b>	<b>21.8</b>
5. Extraordinary Profit						
Gain on insurance claim	-		898			
Gain on redemption of investment corporate bonds	137,500	1.5	-	0.0	-136,601	-99.3
<b>Net Income Before Tax</b>	<b>2,037,288</b>	<b>22.5</b>	<b>2,315,496</b>	<b>26.6</b>	<b>278,207</b>	<b>13.7</b>
Corporate Tax, Local Inhabitant's Tax and Enterprise Tax	18,529		605			
Adjustment of Income Taxes	-15,677	0.0	7,373	0.1	5,126	179.8
<b>Net Income</b>	<b>2,034,437</b>	<b>22.4</b>	<b>2,307,517</b>	<b>26.5</b>	<b>273,080</b>	<b>13.4</b>
Profit Brought Forward	11		132		120	
<b>Unappropriated Retained Earnings</b>	<b>2,034,448</b>		<b>2,307,650</b>		<b>273,201</b>	

## Operating Revenues

- Rental income  
Revenue contributions by the 137 properties held as at end of the 12th period (reference: no change in properties from 11th period)

## Operating Expenses

- Loss on sales of real estate  
While this was 332,610 thousand yen in the 11th period, no sales in the 12th period
- Attorneys' fees  
Increase in consultations concerning merger
- Tax and public charge  
In the 11th period, incurred 443,379 thousand yen in registration and license tax associated with grant of collateral
- Doubtful debt account / Bad debt loss  
Increase in parties with doubtful debt concerns have settled down

## Non-Operating Expense

- Interest paid, loan-related expenses and corporate bond interest :1,658,365 thousand yen

# Cash Flow Statement

(thousand yen)

Account Titles	11th Fiscal Period	12th Fiscal Period
<b>I. Cash Flow from Operating Activities</b>		
Net Income Before Tax	2,037,288	2,315,496
Depreciation	1,599,874	1,594,387
Bad Debt Loss	4,048	1,425
Write-Off of Long-term Prepaid Expenses	81,681	184,186
Write-Off of Corporate Bond Fees	29,839	22,773
Gain on Redemption of Investment Corporate Bonds	-137,500	-
Interest Received	-6,445	-1,934
Interest Paid	1,234,887	1,269,953
Gain on insurance claim	-	-898
Increase or Decrease in Allowance for Bad Debt	50,995	-45,347
Increase or Decrease in Accounts Receivable	-28,714	149,501
Increase or Decrease in Prepaid Expenses	-152,473	131,262
Increase or Decrease in Accrued Consumption Tax	-	-8,919
Increase or Decrease in Consumption Tax Payable	-57,751	-793
Increase or Decrease in Accounts Payable	-46,492	-51,870
Increase or Decrease in Accrued Liabilities	-11,483	37,912
Increase or Decrease in Accrued Expenses	35,122	12,879
Increase or Decrease in Receipt in Advance	57,310	19,616
Decrease due to Sale of Tangible Fixed Assets	1,018,653	-
Payment of Long-term Prepaid Expenses	-17,465	-1,571,340
Others	-12,947	-4,873
<b>subtotal</b>	<b>5,678,429</b>	<b>4,053,416</b>
Receipt of Interest	6,445	1,934
Payment of Interest	-1,229,844	-1,272,576
Receipt of Insurance Benefit	1,256	21,067
Payment of Corporate Taxes	-6,622	-17,627
<b>Cash Flow from Operating Activities</b>	<b>4,449,663</b>	<b>2,786,215</b>
<b>II. Cash Flow from Investment Activities</b>		
Payment for acquisition of Tangible Assets	-54,738	-33,880
Payment for acquisition of Tangible Assets in Trust	-152,721	-126,809
Payment for Security Deposit & Guarantee Money	-	-12,021
Receipt of Security Deposits & Guarantee Money	13,278	-91,971
Receipt of Security Deposits & Guarantee Money in Trust	-107,044	-57,167
Payments for repayment of long-term deposits	-6,348	-6,348
<b>Cash Flow from Investment Activities</b>	<b>-307,574</b>	<b>-328,197</b>
<b>III. Cash Flow from Financing Activities</b>		
Proceeds from Short-term Borrowings	26,000,000	11,305,568
Repayment of Short-term Borrowings	-18,841,395	-33,164,173
Proceeds from Long-term Borrowings	-	49,712,327
Repayment of Long-term Borrowings	-8,111,589	-9,853,722
Redemption of Investment Corporate Bonds	-	-18,000,000
Retirement by purchase of Investment Corporate Bonds	-362,500	-
Distributions to unitholders	-761,586	-2,025,504
<b>Cash Flow from Financing Activities</b>	<b>-2,077,070</b>	<b>-2,025,504</b>

<b>IV. Increase or Decrease in Cash and Cash Equivalents</b>	<b>2,065,019</b>	<b>432,512</b>
<b>V. Beginning Balance of Cash and Cash Equivalent</b>	<b>8,591,449</b>	<b>10,656,468</b>
<b>VI. Closing Balance of Cash and Cash Equivalents</b>	<b>10,656,468</b>	<b>11,088,980</b>

## Distribution Calculation Table

Account Title	11th fiscal period	12th fiscal period
Unappropriated Retained Earnings (thousand yen)	2,034,448	2,307,650
Distributions (thousand yen)	2,034,316	2,296,792
Distribution per Unit (yen)	8,231	9,293
Retained Earnings Carried Forward (thousand yen)	132	10,857

## Reference Indices

Title	unit	11th fiscal period	12th fiscal period
Capital Expenditures	Mn yen	210	160
Net Operating Income (Note1)	Mn yen	7,116	6,916
FFO per unit (Funds from Operation) (Note2)	yen	16,501	16,625
FFO (Funds from Operation) multiple (Note3)	multiple	4.9	6
Debt-Service Coverage Ratio (Note4)	multiple	3.9	4.1
Net Income Before Amortization of Interest	Mn yen	4,869	5,171
Interest-baring Debt	Mn yen	168,900	168,900
Ratio of Interest-baring Debt to Total Asset at the end of fiscal period (Note5)	%	52.2	52.2
Net Asset Value per unit	yen	608,160	609,343

- (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) 11th fiscal period: FFO multiple = end of May 2009 investment unit price (162,300 yen)/FFO per unit after conversion to annual figure  
12th fiscal period: FFO multiple = end of Nov 2009 investment unit price (200,000 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)

# Debt Financing (As of Jan 1, 2010)

(Yen in millions)

Lenders	Drawdown date	Repayment date	Loans/Bonds	Long/Short	Balance Outstanding	Interest Rate (Annual Rate)	Fixed/Floating	Breakdown of Balance Outstanding
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2007/2/20	2010/2/19	Loans	Long-term	10,944	0.92364%	Floating	1,989
The Sumitomo Trust & Banking Co., Ltd.								1,989
Mitsubishi UFJ Trust and Banking Co.								1,989
The Chuo Mitsui Trust and Banking Co.,Ltd.								1,989
The Chiba Bank Limited								1,989
Shinkin Central Bank		994						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/9/10	2010/3/31	Loans	Short-term	6,000	1.67364%	Floating	3,000
The Sumitomo Trust & Banking Co., Ltd.								3,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2008/2/29	2010/5/31	Loans	Long-term	6,865	0.92364%	Floating	1,989
Mitsubishi UFJ Trust and Banking Co.								1,790
The Sumitomo Trust & Banking Co., Ltd.								1,790
The Chuo Mitsui Trust and Banking Co.,Ltd.								1,293
Sumitomo Mitsui Banking Corporation	2008/2/29	2010/5/31	Loans	Long-term	1,989	0.92364%	Floating	1,989
Bond #1	2005/7/20	2010/7/20	Bonds	Long-term	10,000	0.74000%	Fixed	10,000
Bond #2	2005/9/26	2010/9/24	Bonds	Long-term	10,000	0.84000%	Fixed	10,000
Sumitomo Mitsui Banking Corporation	2007/11/30	2010/11/30	Loans	Long-term	1,989	0.87364%	Floating	1,989
Bond #4	2006/2/20	2011/2/18	Bonds	Long-term	15,000	1.50000%	Fixed	15,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/8/31	2011/4/28	Loans	Long-term	10,137	1.77364%	Floating	1,629
The Chuo Mitsui Trust and Banking Co.,Ltd.								4,352
Mitsubishi UFJ Trust and Banking Co.								4,155
Sumitomo Mitsui Banking Corporation	2009/6/30	2011/6/30	Loans	Long-term	2,984	1.87364%	Floating	2,984
The Dai-ichi Mutual Life Insurance Company	2006/8/29	2011/8/31	Loans	Long-term	994	1.94000%	Fixed	994
Bond #9	2007/9/13	2011/9/13	Bonds	Long-term	10,000	0.99406%	Floating	10,000

# Debt Financing (As of Jan 1, 2010) (cont.)

(Yen in millions)

Lenders	Drawdown date	Repayment date	Loans/Bonds	Long/Short	Balance Outstanding	Interest Rate (Annual Rate)	Fixed/Floating	Breakdown of Balance Outstanding
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/11/30	2011/8/31	Loans	Long-term	10,875	1.57364%	Floating	2,998
The Chuo Mitsui Trust and Banking Co.,Ltd.								1,328
Mitsubishi UFJ Trust and Banking Co.								1,028
The Sumitomo Trust & Banking Co., Ltd.								1,285
Resona Bank, Ltd.								2,050
Aozora Bank, Ltd.								685
The Norinchukin Bank								1,071
The Shizuoka Bank, Ltd.								428
National Mutual Insurance Federation of Agricultural Cooperatives	2006/12/26	2011/12/26	Loans	Long-term	5,472	1.84500%	Fixed	1,989
Taiyo Life Insurance Company								1,492
The Dai-ichi Mutual Life Insurance Company								994
Mitsui Sumitomo Insurance Co., Ltd.								994
The Norinchukin Bank	2006/12/26	2011/12/26	Loans	Long-term	5,969	1.07364%	Floating	4,974
The Hachijuni Bank, Ltd.								994
Bond #7	2007/2/9	2012/2/9	Bonds	Long-term	12,000	1.84000%	Fixed	12,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/10/22	2012/4/27	Loans	Long-term	6,000	2.07364%	Floating	2,000
The Sumitomo Trust & Banking Co., Ltd.								2,000
Sumitomo Mitsui Banking Corporation								2,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/6/30	2012/6/29	Loans	Long-term	3,576	2.02364%	Floating	2,986
Aozora Bank, Ltd.								589
Bond #10	2007/9/13	2012/9/13	Bonds	Long-term	4,800	1.90000%	Fixed	4,800
Taiyo Life Insurance Company	2007/9/19	2012/9/19	Loans	Long-term	994	1.78500%	Fixed	994
Bond #3	2005/9/26	2012/9/24	Bonds	Long-term	9,700	1.28000%	Fixed	9,700
Development Bank of Japan	2007/11/30	2012/11/30	Loans	Long-term	1,989	1.74375%	Fixed	1,989
Development Bank of Japan	2008/6/27	2012/11/30	Loans	Long-term	1,989	1.04364%	Floating	1,989
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/8/31	2013/4/30	Loans	Long-term	10,137	2.27364%	Floating	3,494
The Sumitomo Trust & Banking Co., Ltd.								4,155
Sumitomo Mitsui Banking Corporation								2,487
Daido Life Insurance Company	2007/9/19	2013/9/19	Loans	Long-term	895	1.89250%	Fixed	895
Daido Life Insurance Company	2006/11/17	2013/11/17	Loans	Long-term	1,591	2.19875%	Fixed	1,591
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2009/10/22	2014/9/30	Loans	Long-term	1,000	2.67364%	Floating	1,000
Development Bank of Japan	2009/10/22	2014/9/30	Loans	Long-term	5,000	3.10000%	Fixed	5,000
Total								168,900

# Issuance of Corporate Bonds

Public Private	Date of Issuance	Redemption	Issuance Amount	Interest Rate	Credit Rating
Bond #1	2005/7/20	2010/7/20 (5years)	JPY 10Bn	0.74%	Ba2(Moody's)
Bond #2	2005/9/26	2010/9/24 (5years)	JPY 10Bn	0.84%	Ba2(Moody's)
Bond #3	2005/9/26	2012/9/24 (7years)	JPY 9.7Bn	1.28%	Ba2(Moody's)
Bond #4	2006/2/20	2011/2/18 (5years)	JPY 15Bn	1.50%	Ba2(Moody's)/BBB(R&I)
Bond #7	2007/2/9	2012/2/9 (5years)	JPY 12Bn	1.84%	Ba2(Moody's)/BBB(R&I)
Bond #9	2007/9/13	2011/9/13 (4years)	JPY 10Bn	0.99%	Ba2(Moody's)/BBB(R&I)
Bond #10	2007/9/13	2012/9/13 (5years)	JPY 4.8Bn	1.90%	Ba2(Moody's)/BBB(R&I)
Total	-	-	JPY 71.5Bn	-	-

(Note) Interest rate is as of January 1, 2010 and credit rating is as of January 15, 2010.

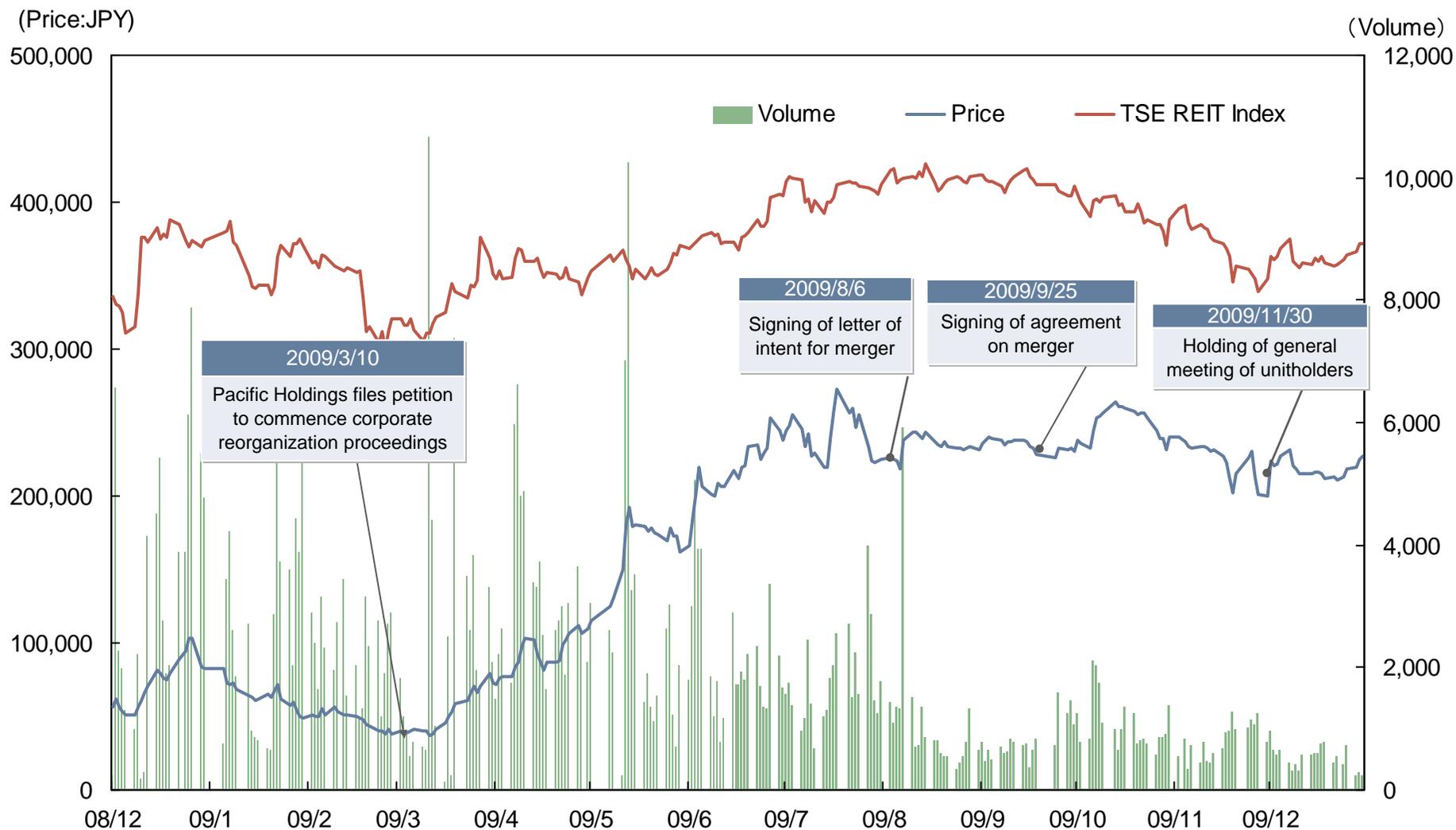
## Credit Rating (as of Jan. 15, 2010)

Credit Rating Agency	Credit Rating	Outlook
Moody's Investor Service Inc.	Ba2	Review for possible upgrade
Rating and Investment Information, Inc.	BBB	Rating monitor with a view to upgrading

## View of Credit Rating Agencies

- Reflects the possibility that business reconstruction measures will proceed early due to feasibility of the merger increasing as a result of progress in the merger process (October 29, 2009; Moody's)
- Reflects the progress in the merger process. Creditworthiness is expected to improve further if the merger materializes. (December 1, 2009; R&I)

# Trend of Stock Price

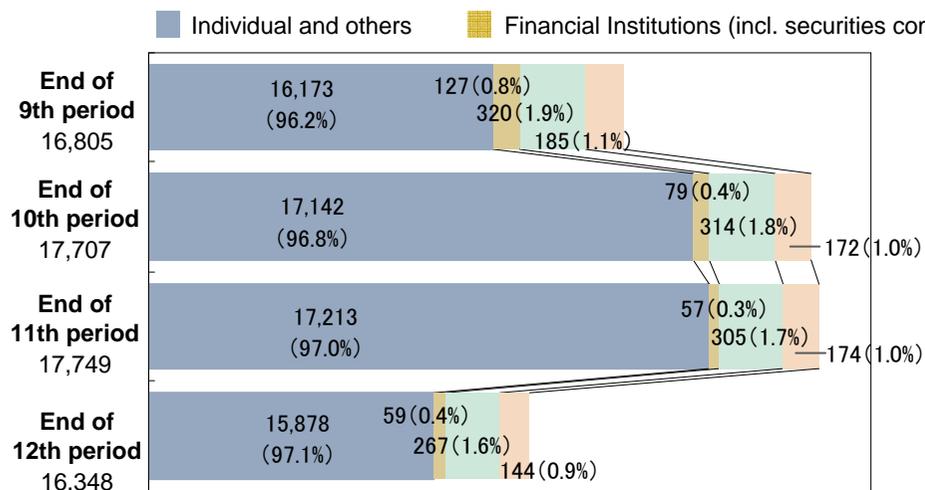


(Source: Bloomberg)

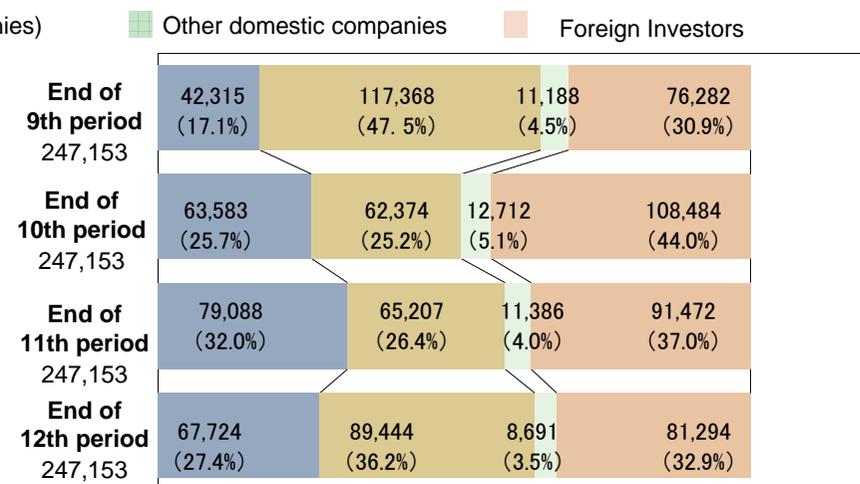
(Note) TSE REIT Index: Index created by taking the TSE REIT Index for March 2, 2004 and transposing it to NRIC's closing price on said date.

# Investment Units

## Number of Investors



## Number of Units held by Investor Type



## Major Investors (As of Nov 30, 2009)

Rank	Name	Number of Units	Share
1	Goldman Sachs International	21,307	8.6%
2	NikkoCiti Trust and Banking Corporation (Trust)	19,181	7.8%
3	Japan Trustee Services Bank, Ltd. (Trust)	18,686	7.6%
4	State Street Bank and Trust Company	16,710	6.8%
5	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	16,533	6.7%
6	The Master Trust Bank of Japan, Ltd. (Trust)	11,768	4.8%
7	The Nomura Trust & Banking Co.,Ltd.(Trust)	8,590	3.5%
8	Deutsche Bank AG London BP Non-treaty Clients 613	4,600	1.9%
9	Morgan Stanley and company International PLC	2,440	1.0%
10	BNP Pariba Securities Service Luxemburg Jasdec Securities	2,402	1.0%
Total		122,217	49.4%

## (Reference) Major Investors (As of May 31, 2009)

Rank	Name	Number of Units	Share
1	Goldman Sachs International	25,253	10.2%
2	NikkoCiti Trust and Banking Corporation (Trust)	19,282	7.8%
3	State Street Bank and Trust Company	14,660	5.9%
4	Japan Trustee Services Bank, Ltd. (Trust)	11,005	4.5%
5	The Master Trust Bank of Japan, Ltd. (Trust)	10,120	4.1%
6	Trust & Custody Services Bank, Ltd. (Securities Investment Trust)	8,526	3.4%
7	Morgan Stanley and company Inc	5,420	2.2%
8	Deutsche Bank AG London BP Non-treaty Clients 613	4,656	1.9%
9	JP Morgan Chase & Co.,380084	3,236	1.3%
10	The Nomura Trust & Banking Co.,Ltd.(Trust)	3,159	1.3%
Total		105,317	42.6%

# Properties Roster (at the end of 12<sup>th</sup> fiscal period)

(Yen in millions)

Property No.	Asset Type	Area	Property Name	Acquisition Price	Balance Sheet Amount	Appraisal Value at End of Period	Occupancy Rate at End of Period
S-1	CO1	23	PL Shinkawa	2,050	2,011	1,860	100.0%
S-2	CO1	5	PL Shiba Daimon	1,900	1,843	1,580	88.6%
S-3	SUB	5	Glenpark Sangubashi	1,040	1,014	785	86.5%
S-5	SUB	5	Leopalace Udagawacho Mansion	569	573	588	100.0%
S-7	SUB	23	Escort Kami-Ikebukuro	644	624	563	95.3%
S-8	CO1	23	PR Shin-Nakano	448	444	352	93.2%
S-13	SUB	MR	Yoshizuka AG Building No.6 and No.7	428	429	258	76.0%
S-14	CO1	23	PL Shirokanedai	1,250	1,286	973	85.6%
S-15	CO2	MR	Grand Blue Hakata	1,582	1,594	1,220	84.3%
S-16	SUB	23	J Stage Honancho	952	987	942	94.9%
S-18	CO1	MR	PL Tenjinbashi	970	967	858	94.8%
S-19	CO1	23	PR Yushimasanchome	1,020	1,007	1,010	100.0%
S-20	CO1	5	PR Shinjuku East	1,397	1,399	1,380	88.3%
S-21	CO1	5	PL Shinjuku Higashi	854	853	942	98.0%
S-22	CO1	5	PR Kandaiwamotocho	1,657	1,650	1,520	90.7%
S-24	CO1	23	PR Tsukiji	1,320	1,361	1,460	89.0%
S-25	CO1	23	PR Sasaduka	1,950	1,948	1,800	96.0%
S-26	CO1	5	PR Minamiazabu	1,060	1,080	874	92.1%
S-27	CO1	5	PR Ebisu Higashi	660	662	554	87.8%
S-28	CO1	23	PR Meguronishi	800	812	722	100.0%
S-29	CO1	5	PR Hiroo 3chome	850	866	725	82.7%
S-30	CO1	5	PR Akasaka II	1,567	1,616	1,330	87.4%
S-31	CO1	23	PL Kyobashi	1,401	1,426	1,220	100.0%
S-32	CO1	MR	PR Sannomiyahigashi	2,247	2,306	2,220	99.5%
S-33	CO1	23	PL Tamagawa	1,514	1,507	1,380	100.0%
S-34	SUB	23	Maison Korakuen	710	713	603	100.0%
S-35	CO1	23	PL Ginzahigashi	2,348	2,330	2,150	100.0%
S-36	SUB	23	Relation Oji	1,027	1,022	867	100.0%
S-37	SUB	TM	No. 6 Zelkova Mansion	609	609	520	100.0%
S-38	CO1	23	PL Wasedanishi	1,100	1,136	1,050	100.0%
S-39	SUB	MR	KC21 Building	1,167	1,181	900	93.3%
S-40	CO1	5	PL Hiroo	1,741	1,790	1,660	96.4%
S-41	SUB	TM	Cosmo Nishi-Funabashi II	799	782	511	92.1%
S-42	CO1	TM	PL Yokohama Kannai	1,950	1,966	1,700	95.7%

Property No.	Asset Type	Area	Property Name	Acquisition Price	Balance Sheet Amount	Appraisal Value at End of Period	Occupancy Rate at End of Period
S-43	SUB	23	K2	393	443	286	100.0%
S-44	SUB	TM	Flats Okurayama	895	904	755	100.0%
S-45	CO2	5	Pianeta Shiodome	2,782	2,819	1,950	93.5%
S-46	SUB	23	ZESTY Komazawadaigaku	393	400	332	100.0%
S-47	SUB	5	ZESTY Yoyogi	377	386	326	93.0%
S-48	SUB	5	ZESTY Nishishinjuku	436	446	363	90.0%
S-49	SUB	23	ZESTY Kyodo	344	359	287	100.0%
S-50	CO1	MR	PL Utsubokoen	1,200	1,245	1,160	96.5%
S-51	CO1	23	PR Tsukishima I	1,176	1,219	1,090	87.1%
S-52	CO2	23	CYNTHIA Oimachi	1,100	1,144	967	74.7%
S-53	CO1	5	PR Ebisu	3,500	3,657	2,670	84.8%
S-54	CO1	5	PR Kamiochiai	1,332	1,408	1,180	95.2%
S-55	CO1	23	PR Higashi-Shinagawa	2,317	2,429	2,040	92.6%
S-56	CO2	5	LUKE	1,530	1,599	1,200	100.0%
S-57	CO1	5	PR Toranomon	1,484	1,563	1,320	93.7%
S-58	CO1	23	PR Kamata I	1,579	1,650	1,360	97.4%
S-59	CO1	TM	PR Musashikosugi	1,767	1,854	1,580	94.4%
S-60	CO1	5	PR Kanda-Ogawamachi	1,370	1,401	1,160	90.8%
S-61	CO1	5	PR Sodai-dori	1,090	1,114	917	100.0%
S-62	CO1	MR	PL Kyoto-ekimae	2,200	2,262	1,970	93.5%
S-63	CO1	23	PR Tsukishima II	2,650	2,724	2,440	95.7%
S-64	CO1	TM	PR Funabashi I and II	3,300	3,448	2,720	100.0%
S-65	CO1	23	PR Oimachi I	1,267	1,309	1,060	94.9%
S-66	CO1	MR	PR Takaoka	3,000	3,156	2,340	98.4%
S-67	CO1	5	PR Ookayama	1,301	1,374	1,080	91.2%
S-68	CO2	23	COSMOS GRACIA Kinshicho Aquver	2,908	3,068	2,420	94.8%
C-1	CO1	23	PR Bunkyoowa	3,590	3,498	3,360	100.0%
C-2	CO1	23	PR Sengoku	760	743	708	85.7%
C-3	CO1	5	PL Jiyugaoka	1,080	1,068	1,040	96.1%
C-4	CO1	23	PR Yushima	1,110	1,089	1,040	93.8%
C-6	SUB	23	ZESTY Ikegami Building A and B	381	376	376	97.1%
C-8	CO1	TM	PL Hachioji	700	670	572	95.1%
C-9	SUB	MR	Grand Heights Hibino	1,230	1,211	1,330	98.8%
C-10	CO1	MR	PR Koyocho	454	448	439	95.1%

(Note) Asset Type: CO1 = Core 1 CO2 = Core 2 SUB = Sub-core

Type of sublease for residential portion: Purple cells = Rent-guaranteed type Other than purple cells = Pass-through type

Area: 5 = Tokyo Central 5 Wards 23 = Tokyo 23 Wards TM = Tokyo Metropolitan Area MR = Major Regional Cities

Property Name: PR = Pacific Residence PL = Pacific Livew PT = Pacific Tower

# Properties Roster (at the end of 12<sup>th</sup> fiscal period) (cont.)

Property No.	Asset Type	Area	Property Name	Acquisition Price	Balance Sheet Amount	Appraisal Value at End of Period	Occupancy Rate at End of Period
C-11	CO1	5	PL Nagatacho	1,000	1,034	719	91.3%
C-12	CO1	5	PR Suidobashi	2,330	2,379	2,310	94.0%
C-13	CO1	5	PT Nogizaka	3,900	3,963	3,680	87.9%
C-14	CO1	5	PR Akasaka I	1,300	1,325	1,180	94.7%
C-15	CO2	5	Apartments Nishi-Azabu	7,920	8,071	6,960	78.8%
C-16	CO1	MR	PR Tenjinminami	1,200	1,186	936	80.4%
C-17	CO1	MR	PL Hakataeki-Minami	420	417	324	89.6%
C-18	CO1	23	PR Ningyocho	572	567	558	100.0%
C-19	CO1	5	PR Daikanyama	2,180	2,137	2,210	82.4%
C-20	CO1	5	PR Ichigaya	2,580	2,544	2,500	94.2%
C-21	CO1	TM	Pacific Residence Kichijoji	1,445	1,447	1,390	91.6%
C-22	CO1	23	PR Bunkyoengoku	1,557	1,599	1,440	90.3%
C-23	CO1	5	PR Akasaka Hinokicho	4,710	4,741	3,610	76.2%
C-24	CO1	5	PR Takanawa	1,550	1,620	1,370	79.8%
C-25	CO1	23	PT Meguro-Fudomae	14,507	15,159	16,500	100.0%
C-26	CO1	23	PR Sangen-jaya I	3,311	3,319	2,760	97.3%
C-27	CO1	23	PL Chojamaru	3,338	3,333	2,550	79.2%
C-28	SUB	5	L'air Minami Aoyama	1,030	1,062	730	65.4%
C-29	CO2	MR	Mare	963	982	692	92.2%
C-30	CO1	5	PL Kandahigashi	1,880	1,938	1,620	91.0%
C-31	SUB	MR	Melody Heim Shin-Osaka	956	979	735	98.6%
C-32	SUB	MR	Melody Heim Matsubara	643	644	431	100.0%
C-33	CO1	23	PL Iriya	1,190	1,199	989	92.5%
C-34	CO1	5	PR Higashiazabu	1,570	1,634	1,430	83.5%
C-35	CO1	5	PR Ebisu-minami	2,436	2,553	2,020	100.0%
C-36	CO1	5	PT Azabu-juban	9,060	9,367	6,270	83.2%
C-37	CO1	MR	PR Minami-ichijo	1,910	2,043	1,640	89.0%
C-38	CO1	MR	PR Odori-Nishi	1,790	1,884	1,320	87.5%
C-39	CO1	MR	PR Kita-sanjo	1,261	1,327	1,130	96.9%
C-40	CO2	5	Cosmos Gracia Shibuya	1,633	1,720	1,250	98.0%
C-41	CO1	23	PL Nakanobu	2,040	2,099	1,880	96.9%
C-42	CO1	5	PR Azabudai	2,040	2,100	1,630	91.9%
C-43	CO1	5	PR Shibadaimon	1,980	2,036	1,740	91.7%
C-44	SUB	23	Glana Nihonbashi	1,550	1,590	1,310	93.6%
C-45	SUB	5	Nostel Court Kanda	1,320	1,365	1,140	91.4%

(Yen in millions)

Property No.	Asset Type	Area	Property Name	Acquisition Price	Balance Sheet Amount	Appraisal Value at End of Period	Occupancy Rate at End of Period
C-46	CO2	23	Cosmos Gracia Shin-okachimachi	2,162	2,266	1,860	98.8%
C-47	CO1	23	PR Sangen-jaya II	1,750	1,844	1,300	85.0%
C-48	CO1	23	PR Chidoricho	1,500	1,561	1,290	91.6%
C-49	CO1	TM	Pacific Royal Court Minato Mirai Ocean Tower	15,221	16,011	14,000	100.0%
C-50	CO1	5	PR Nishi-Shinjuku	2,020	2,076	1,830	98.0%
C-51	CO1	5	PR Hiroo-Minami	1,180	1,202	947	66.1%
F-1	CO1	5	PR Sakuragaoka	3,960	3,887	3,680	84.4%
F-2	CO1	5	PR Mejiro Otomeyama	1,100	1,092	976	84.3%
F-3	CO1	23	PR Shinkawa	1,420	1,397	1,320	90.2%
F-10	CO1	23	PR Mejiro	7,350	7,208	6,370	91.6%
F-11	CO1	5	PR Shibaura	4,900	4,758	4,670	95.4%
F-12	CO1	MR	PR Shirakabehigashi	1,070	1,087	833	97.2%
F-13	CO1	MR	PR Sakaihigashi	890	901	847	100.0%
F-14	SUB	TM	Maison Yachiyodai	1,281	1,271	892	86.0%
F-15	SUB	23	Abreast Kasai	807	806	683	96.7%
F-16	CO1	MR	PR Uzumasa	958	963	701	98.1%
F-17	CO1	MR	PR Izumi	4,400	4,487	3,700	79.6%
F-18	CO1	23	PR Nihonbashi-bakurocho	5,380	5,632	5,490	100.0%
F-19	CO1	23	PR Gotenyama	1,186	1,249	928	56.4%
F-20	CO1	MR	PR Maruyama Kita-gojo	1,284	1,346	1,050	87.3%
F-21	CO1	MR	PR Tokugawa	975	1,024	755	93.4%
F-22	CO1	5	PR Yutenji	5,940	6,138	5,260	93.8%
F-23	CO1	MR	PR Higashiyama-Motomachi	991	1,036	621	100.0%
F-24	CO1	MR	PR Odori-Koen	2,680	2,764	2,010	97.2%
F-25	CO2	5	Park Tower Shibaura Bayward Urban Wing	14,510	14,890	9,680	89.5%
L-7	CO2	5	Motoazabu Place	10,270	10,427	8,890	87.3%
L-8	CO1	5	PT Roppongi	8,456	8,617	7,080	75.7%
L-9	CO1	5	PR Kamimeguro	1,000	977	876	100.0%
L-10	CO1	5	PR Yoyogikoen	1,310	1,331	1,100	70.6%
L-11	CO2	5	Windsor House Hiroo	2,000	1,987	1,750	74.3%
L-13	CO1	23	PR Ohi	1,120	1,117	959	100.0%
L-15	CO1	5	PR Dakanyama Sarugakuchō/Daikanyama Parkside Village	8,140	8,356	7,400	92.8%
L-16	SUB	5	Luxeair Kita-Shinjuku	1,900	1,934	1,460	96.2%
SE-1	CO2	TM	Life & Senior House Kohoku II	1,950	2,067	1,750	100.0%
Total				302,723	309,417	262,827	92.6%

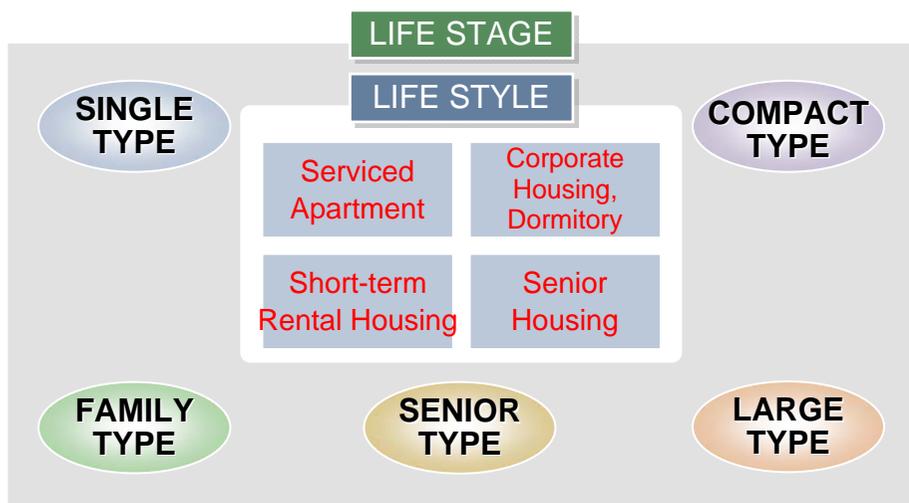
(Note) Asset Type: CO1 = Core 1 CO2 = Core 2 SUB = Sub-core

Type of sublease for residential portion: Purple cells = Rent-guaranteed type Other than purple cells = Pass-through type

Area: 5 = Tokyo Central 5 Wards 23 = Tokyo 23 Wards TM = Tokyo Metropolitan Area MR = Major Regional Cities

Property Name: PR = Pacific Residence PL = Pacific Livew PT = Pacific Tower

# 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-ogawamachi

[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]

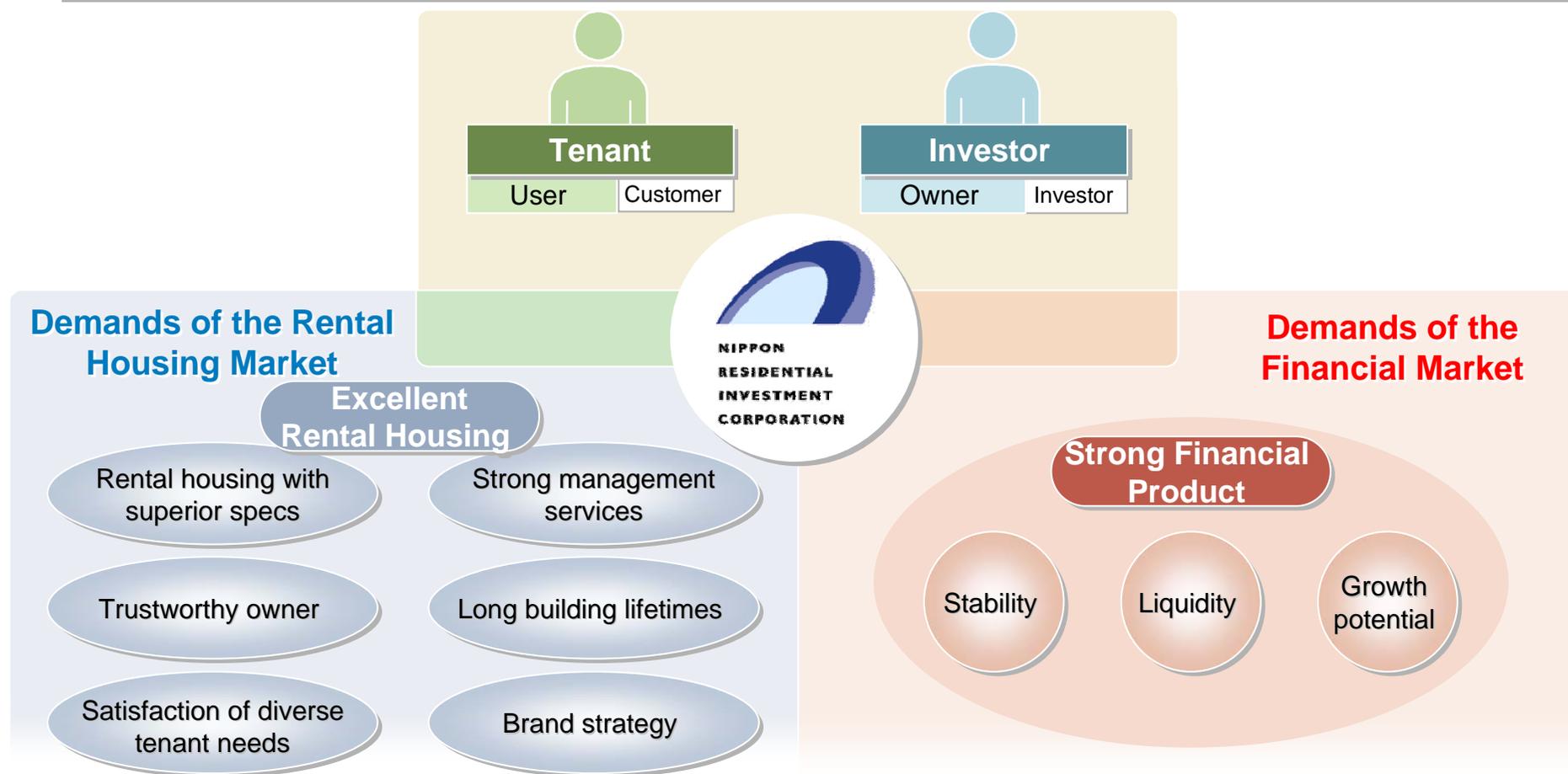
Life & Senior House Kohoku II

[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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