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For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Changes to the Investment Policy (Asset Manager's Internal
"Management Guidelines") of Nippon Residential Investment Corporation

On November 1, 2005, Pacific Investment Advisors Corporation, the asset manager of Nippon Residential Investment Corporation (NRI), announces changes to a portion (the basic policy and management policy) of its "Management Guidelines," which are the internal rules of the asset manager.

NRI has proactively expanded its assets since listing on March 2, 2004. The content of the Management Guidelines have been altered, however, with the aim of maximizing our unitholder value within the increasingly severe competition among real estate market participants that has emerged as of late.

The following represents the primary changes to our investment indices within the investment policy.

A. Target Portfolio within NRI's Investment Objectives

1) Meeting the needs of all life stages and promoting "total life support"

NRI shall promote "total life support" that fulfills diverse needs of residents by providing superior rental housing that meets the needs of life stages and lifestyles. NRI shall aim to create a "comprehensive residential" portfolio by expanding its

traditional four types of investment properties – single, compact, family and large – to also include housing for seniors. In correlation with this, NRI has also reviewed and changed the investment breakdowns for each type and definition of ordinance designated city, etc. within regional divisions.

Details of these measures are in Attachment “Changes to the Investment Policy (Details)” “A. Basic Policy 1) Portfolio Structuring Policy b. Target Portfolio.”

2) Investment in Housing for Seniors

The senior type corresponds to rental housing for the senior market that provides specifications, facilities and services that consider lifestyle qualities of the elderly. This decision was made after sufficient consideration of the increase in elderly households and the changing environment including residential needs of the elderly with time and money on their hands. This decision was made because NRI deemed there to be a need to seek stability and growth potential for its portfolio by seizing the investment opportunity in housing for seniors, a residential form in which much growth can be anticipated. In addition, NRI has reviewed and changed acquisition standards for investment real estate and investigatory items in due diligence to prepare for the provision of necessary services using our proprietary management organization and know-how.

Please see the details in Attachment “Changes to the Investment Policy (Details)” “A. Basic Policy 1) Portfolio Structuring Policy b. Target Portfolio” and “B. Management Policy 3) Acquisition Standards for Investment Real Estate, Etc. and 4) Investigatory Items of Due Diligence.”

B. Clarification of Asset Divisions

NRI has sought to achieve steady growth and stable earnings from its managed assets over the medium to long term by maintaining and improving the quality of its portfolio. As a result, we expect our total investment value to exceed 150 billion yen (sum total of the acquisition prices of managed assets). In correlation with attaining a certain portfolio scale both for the number of properties owned and the leasable units, NRI made the judgment that there was a need to further improve the earnings balance and the earnings potential of the portfolio. Consequently, in addition to the traditional management policy, NRI has decided to manage owned assets by further dividing them

into core and sub-core assets based on the characteristics of owned assets and the objectives of owning said assets.

Specifically, core assets shall be positioned as the central asset of the portfolio and stability and growth shall be secured by utilizing their strong competitiveness. Sub-core assets shall be incorporated into the portfolio in a flexible and dynamic manner to secure earnings opportunities and to optimize the earnings balance of the portfolio.

In correlation with the above, the brand strategy has been additionally explained and investment into development projects – the primary acquisition means for core assets – and sales policies have been reviewed and changed.

See the following for details: Attachment “Changes to the Investment Policy (Details)” “A Basic Policy 1) Portfolio Structuring Policy a. Usage and 2) Securing Growth;” and “B. Management Policy 1) Asset Divisions 5) Investment into Development Projects, 6) Real Estate Administration and Management Policy and 8) Sales Policy.”

- This document was distributed to the press clubs within the Tokyo Stock Exchange, Ministry of Land, Infrastructure and Transport and construction trade newspaper of the Ministry of Land, Infrastructure and Transport.
- Nippon Residential Investment Corporation’s website is <http://www.nric.co.jp>

Attachment “Changes to the Investment Policy (Details)”

The present investment policy was changed in part as shown below (underlined portions represent changes).

A. Basic Policy

1) Portfolio Structuring Policy

a. Usage

(Omission)

(v) Liquidity in the Real Estate Transaction Market

Compared to other real estate uses, the size of rental housing properties is relatively small. There are assumed to be a diverse array of parties participating in sales and purchase transactions (individuals, corporations, etc.) and their liquidity within the sale of owned properties is relatively high.

(Omission)

b. Target Portfolio

Region	Ratio (Note 4)	Type (Note 5)	Ratio (Note 4)
5 central wards of Tokyo (Note 1)	30-50%	Single type	<u>15-35%</u>
23 wards of Tokyo (excluding 5 central wards of Tokyo)	30-50%	Compact type	<u>25-45%</u>
Tokyo metropolitan area (excluding 23 wards of Tokyo) (Note 2)	0-20%	Family type	<u>10-30%</u>
Ordinance designated cities, etc. (excluding Tokyo metropolitan area) (Note 3)	0-20%	Large type	<u>5-25%</u>
		<u>Senior Type</u>	<u>0-10%</u>

(Note 1) The 5 central wards of Tokyo refer to the Minato, Shibuya, Shinjuku, Meguro and Chiyoda Wards.

(Note 2) The Tokyo metropolitan area refers to the Tokyo, Kanagawa, Saitama and Chiba Prefectures excluding the 23 wards of Tokyo.

(Note 3) Ordinance designated city, etc. refers to an area that is within commuting distance of a central area of an ordinance-designated city and where an increased demand for rental housing, etc. is anticipated.

(Note 4) The ratios are based on investment amounts

(Note 5) The decision concerning what type a property belongs to will be made for each property based on the concerned life stage, residents, dedicated area, layout,

etc.

Moreover, the investment real estate may excessively lean towards a particular region or type temporarily during the expansion process of NRI's portfolio after considering economic conditions and trends in the real estate market.

(Omission)

(ii) Comprehensive Housing Portfolio

In principle, the investment real estate of NRI shall be rental housing. However, this shall also include real estate whose primary purpose is rental housing but for which part of the property's use consists of office space and/or retail property space.

NRI shall aim to be a comprehensive residential investment corporation that invests in a broad range of rental housing. NRI shall provide "total life support" that provides a dwelling environment and services that meet the diverse needs of residents, which emerge from senses of values that correspond to life stages and lifestyles, through the provision of superior rental housing as a comprehensive residential investment corporation.

<Typical Life Stages Assumed by Asset Manager>

<u>Classification</u>	<u>Typical Age Segment</u>	<u>Events</u>	<u>Characteristics</u>
<u>Young singles</u>	<u>Early 20s</u>	<u>Student life, employment</u>	<u>Diverse lifestyles and values</u>
<u>Mature singles</u>	<u>Latter 20s and after</u>	<u>Change of work, work transfers</u>	<u>Diverse lifestyles and values, spare money, needs fitting residential quality</u>
<u>Double income</u>	<u>Late 20s-30s</u>	<u>Marriage, formation of family</u>	<u>Spare money, needs fitting residential quality</u>
<u>Family</u>	<u>30s-50s</u>	<u>Childbirth, children's schooling and employment</u>	<u>Need to change housing in line with growth of children</u>
<u>Empty nesters</u>	<u>Around 60</u>	<u>Retirement, independence of children</u>	<u>Spare time and money, need for new housing after independence of children</u>
<u>Seniors</u>	<u>Mid-60s and</u>	<u>Receipt of pension, old</u>	<u>Spare time and money, need</u>

	<u>after</u>	<u>age lifestyle</u>	<u>for additional services</u>
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The asset manager shall classify housing types by the subject life stage, resident, dedicated area, layout, etc. and controlling investment shares of each type based on these as a means to avoid the risk of tenants leaning excessively to one segment.

Type	Residents, Investment Area, etc. Assumed by Asset Manager
Single type (S)	<p><Primary Life Stage> <u>Early singles and mid singles</u> <Primary Residents> People living alone <Market Characteristics> Demand in this segment will continue to be strong in the Tokyo metropolitan area where both the population and number of households continues to rise and the rent per area is relatively expensive. <Primary Investment Area> Tokyo metropolitan area, ordinance designated cities, etc. <Desirable Surrounding Environment> Convenient transport and retail</p>
Compact type (C)	<p><Primary Life Stage> <u>Mid singles, double income and empty nesters</u> <Primary Residents> Double income no kids households, singles with relatively high levels of income, elderly couples whose kids are now independent <Market Characteristics> Demand in this segment where new families are formed and new work styles are formed due to a diversification of lifestyles has grown in recent years primarily in the central Tokyo metropolitan area. There is greater need for this type as a small office/home office. <Primary Investment Area> Tokyo metropolitan area <Desirable Surrounding Environment> Convenient transport and retail, and proximity to cultural facilities</p>
Family type (F)	<p><Primary Life Stage> <u>Family and double income</u> <Primary Residents></p>

	<p>Families of 3 or more</p> <p><Market Characteristics></p> <p>The desire to rent is gradually growing in this segment, which has a strong motivation to acquire housing. In addition to expected solid demand, the rental period is relatively longer than the other types.</p> <p><Primary Investment Area></p> <p>Tokyo metropolitan area, ordinance designated cities, etc.</p> <p><Desirable Surrounding Environment></p> <p>Quiet, safe, close to educational facilities and there are no “unsavory” facilities nearby</p>
Large type (L)	<p><Primary Life Stage></p> <p><u>All stages</u></p> <p><Primary Residents></p> <p>Wealthy, foreigners employed overseas that are working at foreign corporations and living in Japan</p> <p><Market Characteristics></p> <p>These are luxury rental houses with locations, expansive room layouts and high grade facilities in line with the needs of the wealthy. Although the demand is relatively small, there is a certain level of dwelling demand and rents tend to be raised relatively quickly when the economy improves. Also, these types of products tend to have good asset quality.</p> <p><Primary Investment Area></p> <p>5 central wards of Tokyo</p> <p><Desirable Surrounding Environment></p> <p>Quiet, safe and near the foreign community</p>
<u>Senior type</u> (SE)	<p><Primary Life Stage></p> <p><u>Empty nesters and seniors</u></p> <p><Primary Residents></p> <p><u>Elderly</u></p> <p><Market Characteristics></p> <p><u>There is latent demand and this market is expected to grow immensely hereafter because of the increase in elderly households and diversification of service needs.</u></p> <p><Primary Investment Area></p> <p><u>Tokyo metropolitan area, ordinance designated cities, etc.</u></p>

	<u><Desirable Surrounding Environment></u> <u>Quiet, safe, near or equipped with community facilities</u>
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The asset manager divides the four types of single, compact, family and large according to the following based on the standards of dedicated area per unit and layout (rooms per unit).

Layout	Dedicated Area							
	~30m ²	~40m ²	~50m ²	~60m ²	~70m ²	~80m ²	~90m ²	Over 90m ²
1R	S	S	C	C	L	L	L	L
1K	S	S	C	C	L	L	L	L
1DK	S	C	C	C	L	L	L	L
1LDK	–	C	C	C	L	L	L	L
2DK	–	C	C	C	F	F	L	L
2LDK	–	–	C	C	F	F	L	L
3DK	–	–	C	F	F	F	F	L
3LDK	–	–	–	F	F	F	F	L
4LDK	–	–	–	–	F	F	F	L

(Note 1) Note that the single type is indicated as “S,” compact type as “C,” family type as “F” and large type as “L.” In principle the “–” portion is not assumed to be a target of investment.

(Note 2) The asset manager classified the layouts as follows.

1R: Residence comprised of one main room

1K: Residence comprised of one main room and an independent kitchen

1 (2 or 3) DK: Residence comprised of 1 (2 or 3) main room(s) and an independent kitchen of at least 4.5 tatami mats in size

1 (2, 3 or 4) LDK: Residence comprised of 1 (2, 3 or 4) main room(s), and an independent kitchen and living room of at least 8 tatami mats in size

The subject senior type shall be rental housing for seniors with specifications and facilities that consider the lifestyle qualities of the elderly and that come with certain services provided. Fee-based elderly homes, long-term care facilities and such are also properties. The addition of this type of unit to the above four types makes it possible to provide rental housing to all life stages. In addition, the primary target of the senior type are empty nesters and seniors with spare time and money and the increase in the number of their households indicates the possibility of tremendous growth in this

segment.

2) Securing Growth

Pacific Management Corporation, which is the investing company of the asset manager, has an extensive track record in discovering, selecting, selling, administering and managing investment real estate that are the targets of rental housing nationwide, and such business experience and know-how are passed on to the asset manager. In addition, the asset manager entered into a "Basic Agreement on Business Alliance" signed on November 1, 2005 with Pacific Management Corporation. Under this agreement, of the wealth of information on sales concerning real estate for investment that is obtained by Pacific Management Corporation, Pacific Management Corporation will preferentially provide the asset manager with those information that match the investment standards of NRI. Furthermore, the asset manager will be provided matching information on sellers by providing information on the sale of NRI's properties that it owns to Pacific Management Corporation. By utilizing these network and know-how of Pacific Management Corporation, the asset manager pursues stable growth of managed assets through internal growth and external growth based on the Articles of Incorporation and Management Guidelines as detailed below.

(Omission)

B. Management Policy

1) Asset Divisions

NRI, in principle, endeavors to acquire properties under the objective of owning them for the medium and long term and to secure internal growth through daily management performance of these properties.

Concerning the management of acquired properties, NRI seeks to optimize earnings balance through managing properties by dividing them into core and sub-core assets based on the characteristics of owned assets and the objectives of owning said assets. Specifically, core assets shall be positioned as the central asset of the portfolio and stability and growth shall be secured by utilizing their strong competitiveness. Sub-core assets shall be incorporated into the portfolio in a flexible and dynamic manner to secure earnings opportunities. In addition, NRI will promote the replacement of properties centering on sub-core assets to respond to the changes in the rental housing market as well as maintain and enhance the earnings potential of the portfolio.

<u>Asset Division</u>	<u>Overview</u>
<u>Core Assets</u> <u>(Core)</u>	<p><u>Properties that can provide a particularly strong living environment continuously over the long term from the perspectives of convenience, surrounding environment, administration conditions, state of upkeep, facility specifications, etc.</u></p> <p><u>Properties shall be competitive in the rental housing market, have downward rigidity of relatively high rent and be responsive to upward movements in rent; and thus have long-term stability and growth.</u></p> <p><u>Competitiveness shall be maintained by conducting systematic management from a more long-term perspective.</u></p>
<u>Sub-Core Assets</u> <u>(Sub-Core)</u>	<p><u>Properties that exhibit competitiveness pursuant to core assets, properties that are relatively superior in terms of profitability and liquidity and especially properties from which stable rental income can be anticipated over the medium and long term.</u></p> <p><u>By securing liquidity in the real-estate market, dynamic management that meet the trends in the real-estate market and variations in asset values shall be conducted.</u></p>

(Note) In principle, core assets shall comprise 80~100% of the entire portfolio and sub-core assets 0~20% (the composition is based on investment amounts).

The brand strategy shall, in principle, be promoted by changing the property names of core assets to bear the “Pacific” name starting from those properties for which names can be changed. Furthermore, core assets are further broken down into “Core 1,” which are properties named “Pacific,” and the other properties are categorized as “Core 2.”

In addition, the asset divisions of the properties may be changed at the discretion of the asset manager after taking into account trends in the real-estate market, state of the property, etc. and considering the necessity for reviews on a regular basis.

(Omission)

3) Acquisition Standards for Investment Real Estate, Etc.

In acquiring investment real estate, etc., properties that satisfy the standards of the following items are comprehensively considered. Furthermore, properties that do not

satisfy the following standards may be acquired after going through the asset manager’s process concerning acquisition of managed assets in the case the investment planning division deems the property to be worthy of consideration as investment real estate, etc. for NRI to acquire and own in view of “(1) Investment Policy A. Basic Policy” above.

Item	Acquisition Standard
Location	In principle, within a 10-minute walk (Note) from a station.
Investment Size Per Property	In principle, <ul style="list-style-type: none"> • Investment value shall be 500 million yen or more (purchase value only excluding taxes, acquisition costs, etc.) • Dedicated area shall be 500m² or more per property.
Dedicated Area Per Unit	In principle, the dedicated area per unit shall be 20m ² or more. However, decisions shall be made in due consideration of the market in the region for each property.
Structure	In principle, reinforced concrete (RC) or steel-framed reinforced concrete (SRC) structures.
Rights	(i) Ownership of the building shall, in principle, be ownership of the entire building for reasons such as freedom in creating and implementing repair plans, but there may be cases where sectional ownership is considered for each property. (ii) Ownership of the land shall, in principle, be proprietary ownership, <u>leasehold ownership or fixed-term leasehold ownership</u> .
Management Form	Aside from the management form of regular rental housing, investment will be made in the following properties after considering their characteristics <u>under the objective of “total life support” that meets the lifestyles of residents</u> . (i) Serviced apartments (rental housing that is furnished and provides such services as room cleaning and front desk services): As independent management structure is required, premised on management being entrusted to a professional operator. (ii) Short-term rental condominium (rental housing that is furnished and offers short-term contracts like on a monthly basis): As independent management structure and know-how are required, premised on leasing as an entire block to professional operators.

	<p>(iii) Corporate housing or dormitories: Premised on leasing as an entire block to the corporation that is the tenant, but investment is also restricted to properties that can be managed as regular rental housing even after the concerned tenant moves out.</p> <p>(iv) <u>Fee-based nursing homes, long-term care facilities, etc.: As independent management structure and know-how are required, premised on leasing as an entire block to professional operators. In principle, investment will be made into properties that can be continued to be leased as an entire block or properties that can be converted into other applications even after the concerned operator moves out by preparing back-up operators, etc.</u></p>
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(Note) Based on the Code of Fair Competition concerning Representations for Real Estate (Tokyo metropolitan area) (Fair Trade Commission of Japan Notification No. 14), the figure calculated estimating that it takes 1 minute to walk 80 meters.

4) Investigatory Items of Due Diligence

In selecting real estate, NRI conducts comprehensive studies on the forecast earnings, future potential of the area where the property is situated, construction specifications, earthquake resistance, rights, building administration conditions, environment, soil quality, etc. and sufficient investigations on each of the real estate (Article 11-3 of the Articles of Incorporation). Upon acquiring investment real estate, etc., the asset manager makes a comprehensive judgment after referring to analysis checks, market reports, etc. of the real-estate appraisal reports, building condition reports and earthquake risk analysis reports prepared by third parties that are fair and have investigation skills and experience, and conducts due diligence such as economical, physical and legal investigations on the investment real estate, etc. in order to assess the investment value of the investment real estate, etc. Furthermore, in addition to the above investigations and the management form of investment real estate, etc., the asset manager has external specialist agencies that are skilled and experienced in investigations conduct studies of the financial standing and business operation capacity of the operator, etc. and other studies such as of the business environment. Moreover, in principle, the items described in the following table are studied and considered in conducting the abovementioned investigations.

Investigatory Items		Analytical Items
Economical Investigation	Study on market	<ol style="list-style-type: none"> 1) Confirmation of present state of living environment in the region where the property is situated and medium- and long-term projections 2) Rental housing and for-sale housing demand in the region where the property is situated 3) Trends of competing rental housing in the region where the property is situated 4) Market rents in the region where the property is situated (present state and medium- and long-term projections) 5) Standard levels for discount rates and returns
	Study on tenants	<ol style="list-style-type: none"> 1) Credibility and rental income status of tenants 2) Household status and business type, number, use objectives, etc. of tenants
	<u>Study on operators</u>	<ol style="list-style-type: none"> 1) <u>Financial standing and credibility of operators</u> 2) <u>Business operation capacity of operators</u> 3) <u>Business environment and operator's competitiveness</u>
	Earnings related	<ol style="list-style-type: none"> 1) Confirmation of present state of building management costs and room for cost savings 2) Creation of value improvement proposals through changes in management methods and building construction 3) Creation of medium- and long-term plans for repair and renovation costs 4) Creation of income and expense plans 5) Verification of consistency with portfolio strategy

Investigatory Items		Analytical Items
Physical Investigation	Location	<ol style="list-style-type: none"> 1) Condition of streets and roads and convenience in terms of primary means of transport 2) Proximity to convenient facilities and public offices 3) Present boundary and cross-boundary state with neighboring regions 4) Livability in terms of scenery, natural lighting, noise, ventilation, etc. 5) Presence of “unsavory” facilities 6) Future development plans for surrounding area
	Construction and facility specifications	<ol style="list-style-type: none"> 1) Building structure, building age, builder, etc. 2) Maintenance and administration conditions (conditions of deterioration) of floor layout, ceiling height, internal specifications (ceiling, walls, floors, etc.), materials used for interior and exterior, sanitation, air-conditioning, electricity, elevators, parking lot and other facilities 3) Necessity for emergency repairs 4) <u>Conversion into other applications and management forms</u>
	Earthquake resistance	<ol style="list-style-type: none"> 1) Secures performance that is on par with or exceeds the new earthquake resistance standards (refers to the earthquake resistance standards of buildings, etc. based on Building Standards Law (Law No. 201 of 1950 including amendments thereto) that was revised in 1981 (hereafter, the “Building Standards Law”)) 2) Earthquake probable maximum loss (PML) value (refer to 7) Insurance Policy b.” below) shall be less than 15% in principle and NRI shall consider implementing construction for seismic strengthening or obtaining earthquake insurance for properties with values of 20% or more

	Environment, soil quality, etc.	<ol style="list-style-type: none"> 1) Study for presence of harmful substances in the building 2) Study on history of land use and soil contamination
	Building administration related	<ol style="list-style-type: none"> 1) Status of compliance with related laws and ordinances (Building Standards Law, City Planning Law (Law No. 100 of 1968 including amendments thereto) (hereafter, the “City Planning Law”), National Land Utilization Planning Law (Law No. 49 of 1974 including amendments thereto), etc.) 2) Actual administration status 3) Related to administrator’s quality and agreement

Investigatory Items		Analytical Items
Legal Investigation	Rights related	<ol style="list-style-type: none"> 1) Related to rights of proprietary ownership and mortgage 2) Related to lease agreements 3) <u>Related to agreement with tenants and master lessor and associated details</u> 4) <u>Method of transferring deposits in correlation with moving in and out</u> 5) Confirmation document for the boundaries of the land and memorandum of understanding, etc. concerning crossing the boundaries 6) Permission of occupancy of roads based on the Road Law 7) Status of compliance with regulations, laws and ordinances for environmental conservation, etc. (Law for Natural Environment Conservation (Law No. 85 of 1972 including amendments thereto), Urban Green Space Conservation Law (Law No. 72 of 1973 including amendments thereto), etc.) <p>The assurance of rights of the previous owner shall be considered. With properties under co-ownership, sectional ownership and leasehold ownership and other properties that have complicated rights terms such as NRI not having proprietary ownership or not having sole proprietary ownership, careful consideration shall be made concerning those rights terms including the following points:</p> <ol style="list-style-type: none"> 1) Presence of requirements that go against leasehold ownership and presence of other rights that take precedence over leasehold ownership

		<p>2) Presence of registration on rights for the site, presence of regulations on partitioning and selling the building and site rights and associated registration, and status of ownership composition</p> <p>3) Policy and measures for reserves based on site conservation measures and long-term repair plans</p> <p>4) Presence of special contract on not splitting common possession and associated registration, appropriate measures concerning requesting for a split of common possession or sale of portion of common possession, etc., and debt and credit relationship between co-owners</p> <p>5) Division of property under sectional ownership</p> <p>6) Setting status of collateral placed before NRI's acquisition, details of agreement and its succession</p> <p>7) Details of rules, special contracts, etc. concluded with leasehold setter, sectional-owner, co-owner, etc. (especially the presence of clause on preferential transfer and associated details)</p> <p>8) Attributes such as whether the leasehold setter, sectional-owner, co-owner, etc. are corporations or individuals</p> <p>9) Details of trust agreement for beneficiary interests in trust for real estate</p>
	Study on boundaries	1) Checking boundaries confirmation document, boundaries settlement certificate, etc.
	Tenants	1) Presence of conflicts with tenants

(Note) The items described above are items for consideration when making a decision on whether or not to acquire investment real estate, etc. and the standards in

some of the items may ultimately not be met by the investment real estate, etc. that NRI acquires.

5) Investment into Development Projects

NRI, in principle, does not plan to acquire its own land and construct a building on the acquired land. However, in order to expand methods for acquiring competitive core assets, the asset manager may make investments into real estate that is being developed by a third party if the following conditions are met and after due consideration of the merits in acquiring the concerned real estate as well as demerits in that leasing business income will not be generated for a set period of time and other risks involved in acquiring the concerned real estate.

In addition, there may be cases where NRI will entrust supervision to external specialist agencies, etc. until construction completion/delivery in acquiring real estate that match the following conditions.

- a. Construction completion and building delivery risks can be avoided by concluding a reserved sales agreement subject to the condition that the building is delivered after having verified that the building was constructed as contracted.
- b. The plans and specifications of the concerned real estate match the investment standards of NRI and the concerned real estate is expected to be useful in terms of structuring NRI's portfolio.
- c. A survey and analysis of the rental housing market of the concerned real estate finds there is substantial potential in securing tenants after construction of the building is completed.

(Omission)

6) Real Estate Administration and Management Policy

(Omission)

d. Brand Strategy

NRI employs a naming policy for managed assets in which “Pacific” is made the first word in the names of properties that can constantly provide a particularly strong living environment over a long term. By appealing this quality and providing value-added services, etc., NRI intends to enhance the recognition and reliability of NRI in the real-estate market and firmly establish our brand image of “Pacific Quality.”

(Omission)

8) Sales Policy

NRI endeavors to secure internal growth through acquisition of investment real estate and daily management performance with management for the medium and long term as a basic policy. However, NRI will consider selling owned properties centering on sub-core assets in order to benefit from dynamic property management that responds to trends in the real-estate market, variances in asset values, etc. and results of internal growth. Specifically, upon considering selling an individual property, the asset manager will comprehensively take into account the following details and optimally utilize the relatively high liquidity that is a characteristic of rental housing and the proprietary network and know-how in the real-estate market owned by the investing company of the asset manager in order to secure earnings opportunities.

- a. Medium- and long-term real-estate market trends
- b. Earnings forecasts
- c. Variations in asset values and projections of them
- d. Future potential and stability of the region where the property is situated
- e. Risks of deterioration and obsolescence and related cost projections
- f. Portfolio composition

(Omission)