

October 30, 2006

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of

Pacific Residence Kita-sanjo and Pacific Residence Maruyama Kita-gojo

Nippon Residential Investment Corporation (NRIC) announces the decision made today to acquire the following assets as detailed below.

1. Overview of Acquisition

(a) Pacific Residence Kita-sanjo

(1) Property Name	C-39 Pacific Residence Kita-sanjo (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	1,261,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 65,310,000 yen (down payment) upon conclusion of sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	October 30, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller. However, it shall be no later than March 31, 2007. ...Execute transfer based on the concerned real estate sale and purchase agreement when the

	terms for payment of sales proceeds specified in the concerned agreement are fulfilled.
(6) Seller	Tokyu Land Corporation (hereafter, the “Seller”)
(7) Financing	Cash on hand or debt financing

(b) Pacific Residence Maruyama Kita-gojo

(1) Property Name	F-20 Pacific Residence Maruyama Kita-gojo (hereafter, the “Property”)
(2) Asset Type	Real estate
(3) Acquisition Value	1,284,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 66,165,000 yen (down payment) upon conclusion of sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	October 30, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller. However, it shall be no later than the end of March 2007. ...Execute transfer based on the concerned real estate sale and purchase agreement when the terms for payment of sales proceeds specified in the concerned agreement are fulfilled.
(6) Seller	Tokyu Land Corporation (hereafter, the “Seller”)
(7) Financing	Cash on hand or debt financing

2. Purpose of Acquisition

The Property will be acquired with the following reason based on NRIC’s Articles of Incorporation and investment policy.

(a) Pacific Residence Kita-sanjo

(1) Reason	In addition to heightening the portfolio share in ordinance designated cities (excluding the Tokyo metropolitan area), etc. (Note 1), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The Property is situated within a 7-minute walk of each of Sapporo Station on the Sapporo City Transportation Toho and Nanboku Subway Lines and Bus Center Mae Station on the Sapporo City Transportation Tozai Subway Line, and within a 12-minute walk of Sapporo Station on the JR Line. Three stations being accessible from the Property is one factor that gives the Property excellent transportation convenience. Additionally, the Property is situated within walking distance to the northeast of Sapporo City’s business/commercial center. Thus, the Property boasts close proximity to downtown Sapporo and outstanding lifestyle convenience. The Property’s neighborhood and surrounding area have been home to apartment complexes from before, but the construction of new apartment complexes can be found in

	<p>great numbers these days due to the recent conspicuous trend to return to the city. Furthermore, the Property is a brand new property scheduled to be completed in February 2007. The Property has been designed with for-sale specifications, including adopting the FACT System (Note 2) in all units for the heating facility. Consequently, the Property exhibits excellent design and quality. 1R~2LDK are being planned for the floor layout of the units. In light of these factors, NRIC anticipates a wide range of demand, including singles and small households that desire comfort in living yet also emphasize the convenience of living in the city and location, as well as corporations on the assumption that the Property will be used as corporate housing.</p>
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method Generally, concluding an agreement with set conditions, including the sale and purchase price, prior to completion of building construction enables acquisition of brand new properties that excel over properties acquired after construction is completed. The aim with this Property is also to secure such an excellent brand new property.</p> <p>(ii) Risks of Investing in Development Projects and How to Avoid These Risks The Property is real estate that is being developed primarily by the Seller and thus involves potential risks until construction on the building is complete such as construction completion and building delivery risks. However, NRIC has taken steps to avoid such construction completion and building delivery risks by setting as conditions on payment of the sales proceeds terms like that the Seller will construct the building according to the design and specifications by the scheduled construction completion date and that the Seller will report to NRIC on the progress of construction work and other information at regular meetings.</p> <p>(iii) Other Significance of Acquiring the Property In recent years, signs of a trend to return to the city have also been seen in regional cities. In Chuo Ward, Sapporo City, the population and number of households have both continued to increase since 2000. Owning the Property, which stands in the described central Sapporo, will enhance the portfolio and further secure geographical dispersion of the portfolio.</p> <p>Moreover, the acquisition of the Property will reduce the average age of our portfolio and thus stable growth of managed assets can be anticipated.</p>

(Note 1) 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 2) The FACT System is an energy-saving floor heating and hot water system that Hokkaido Gas Co., Ltd. has developed newly for household use.

(b) Pacific Residence Maruyama Kita-gojo

(1) Reason	In addition to heightening the portfolio share in ordinance designated cities (excluding the Tokyo metropolitan area), etc. (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>The Property stands in the range of an area spread out within walking distance of Nishi Nijuhatchome Station and Maruyama Koen Station on the Sapporo City Transportation Tozai Subway Line. The Property is situated within an 8-minute walk of Nishi Nijuhatchome Station, its nearest station. Odori Station, where Sapporo City's business/commercial center can be found, is three stations, or about 10 minutes, from Nishi Nijuhatchome Station and thus the Property boasts close proximity to the downtown. The Property's neighborhood is an area with a mix of medium- and high-rise apartment complexes, small stores, etc. The area has been home to apartment complexes from before, but the construction of new apartment complexes can be found in great numbers these days due to the recent conspicuous trend to return to the city. Furthermore, the Property is a brand new property scheduled to be completed in February 2007. The Property has been designed with for-sale specifications, including adopting the FACT System (Note 2) in all units for the heating facility. Consequently, the Property exhibits excellent design and quality. The floor layout of the units has been structured to target the family segment. In light of these factors, NRIC anticipates demand primarily from households headed by a white collar worker who commutes to work in nearby office areas and prefers proximity to central city areas and the convenience of urban lifestyles.</p>
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method Generally, concluding an agreement with set conditions, including the sale and purchase price, prior to completion of building construction enables acquisition of brand new properties that excel over properties acquired after construction is completed. The aim with this Property is also to secure such an excellent brand new property.</p> <p>(ii) Risks of Investing in Development Projects and How to Avoid These Risks The Property is real estate that is being developed primarily by the Seller and thus involves potential risks until construction on the building is complete such as construction completion and building delivery risks. However, NRIC has taken steps to avoid such construction completion and building delivery risks by setting as conditions on payment of the sales proceeds terms like that the Seller will construct the building according to the design and specifications by the scheduled construction completion date and that the Seller will report to NRIC on the progress of construction work and other information at regular meetings.</p> <p>(iii) Other Significance of Acquiring the Property In recent years, signs of a trend to return to the city have also been seen in regional cities. In Chuo Ward, Sapporo City, the</p>

	<p>population and number of households have both continued to increase since 2000. Owning the Property, which stands in the described central Sapporo, will enhance the portfolio and further secure geographical dispersion of the portfolio.</p> <p>Moreover, the acquisition of the Property will reduce the average age of our portfolio and thus stable growth of managed assets can be anticipated.</p>
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(Note 1) 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 2) The FACT System is an energy-saving floor heating and hot water system that Hokkaido Gas Co., Ltd. has developed newly for household use.

3. Description of Assets to be Acquired

(a) Pacific Residence Kita-sanjo

Property Name		Pacific Residence Kita-sanjo
Location (Note 1)		3-1-15 Kita-sanjo Higashi, Chuo-ku, Sapporo (lot number)
Access		<p>7-minute walk from Sapporo Station on the Sapporo City Transportation Toho and Nanboku Lines</p> <p>7-minute walk from Bus Center Mae Station on the Sapporo City Transportation Tozai Line</p> <p>12-minute walk from Sapporo Station on the JR Line</p>
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	1,010.70m ²
	FAR/Building Coverage Ratio (Note 3)	400%/80% (Note 5)
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Space (Note 1)	5,247.62m ² (planned)
	Construction Completion	February 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure; 11 floors above ground and 1 below
	Leasable Units	100 units (1K: 40 units; 1LDK: 40 units; 2LDK: 20 units) (planned)
	Leasable Area	3,867.60m ² (planned)
Acquisition Value		1,261,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		None
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	1,270,000,000 yen
	Survey Date	October 1, 2006

(Note 1) Information that appears on the registry was used for the location and lot size. In addition, information on the building is all from plans.

- Information for type, floor space and structure are as set forth in the confirmation certificate (No. ERI05047374) dated January 10, 2006.
- (Note 2) The entry for the zoning is from the zoning type indicated in Article 8-1-1 of the City Planning Law.
- (Note 3) The FAR uses the ratio of the floor area of the building versus the lot area as designated in Article 52 of the Building Standards Law and the building coverage ratio uses the building area versus the lot area as designated in Article 53 of the Building Standards Law.
- (Note 4) A valuation survey differs from the appraised value found by the appraisal of real estate prescribed in Article 2-1 of the Law concerning Real-Estate Appraisal. As construction on the subject building is not complete, making confirmation of the subject real estate difficult, the value is one that was found by the appraiser by applying the appraisal method under the assumption that construction on the to-be-constructed building was completed as planned at the time of reference of the survey.
- (Note 5) The designated building coverage ratio for this land is 80%, but the building coverage ratio is 90% as a result of the increase associated with deregulations for corner lots.

(b) Pacific Residence Maruyama Kita-gojo

Property Name		Pacific Residence Maruyama Kita-gojo
Location (Note 1)		24-5-1 Kita-gojo Nishi, Chuo-ku, Sapporo (lot number)
Access		8-minute walk from Nishi Nijuhatchome Station on the Sapporo City Transportation Tozai Line 13-minute walk from Maruyama Koen Station on the Sapporo City Transportation Tozai Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Neighborhood commercial zone
	Lot Size (Note 1)	1,371.65m ²
	FAR/Building Coverage Ratio (Note 3)	300%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Space (Note 1)	4,723.05m ² (planned)
	Construction Completion	February 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure; 15 floors above ground
	Leasable Units	56 units (2LDK: 28 units; 3LDK: 28 units) (planned)
	Leasable Area	3,920.00m ² (planned)
Acquisition Value		1,284,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		None
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	1,290,000,000 yen
	Survey Date	October 1, 2006

- (Note 1) Information that appears on the registry was used for the location and lot size. In addition, information on the building is all from plans. Information for type, floor space and structure are as set forth in the confirmation certificate (No. HPA-06-00325-1) dated February 28, 2006.
- (Note 2) The entry for the zoning is from the zoning type indicated in Article 8-1-1 of the City Planning Law.
- (Note 3) The FAR uses the ratio of the floor area of the building versus the lot area as designated in Article 52 of the Building Standards Law and the building coverage ratio uses the building area versus the lot area as designated in Article 53 of the Building Standards Law.
- (Note 4) A valuation survey differs from the appraised value found by the appraisal of real estate prescribed in Article 2-1 of the Law concerning Real-Estate Appraisal. As construction on the subject building is not complete, making confirmation of the subject real estate difficult, the value is one that was found by the appraiser by applying the appraisal method under the assumption that construction on the to-be-constructed building was completed as planned at the time of reference of the survey.

4. Seller Profile

Company Name	Tokyu Land Corporation
Head Office Address	1-21-2 Dogenzaka, Shibuya-ku, Tokyo
Representative	Masatake Ueki, Representative Director
Paid-in Capital	57,551,699,228 yen
Line of Business	1. Managing, leasing, selling, purchasing, brokering and appraising real estate 2. Developing housing subdivisions, etc. 3. Manufacturing, selling, importing and exporting building materials
Relationship with NRIC and Investment Trust Management Company	None

5. Broker Profile

(a) Pacific Residence Kita-sanjo

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Masaru Takatsuka, Representative Director
Commission	37,830,000 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Investment Trust Management Company	Pacific Management Corporation is a shareholder of NRIC's asset management company and constitutes an interested party, etc. of the asset management company as defined in the Law concerning Investment Trusts and Investment Corporations. Pacific Management Corporation has a 78.2% stake in the asset management company.

(b) Pacific Residence Maruyama Kita-gojo

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo

Representative	Masaru Takatsuka, Representative Director
Commission	37,520,000 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Investment Trust Management Company	Pacific Management Corporation is a shareholder of NRIC's asset management company and constitutes an interested party, etc. of the asset management company as defined in the Law concerning Investment Trusts and Investment Corporations. Pacific Management Corporation has a 78.2% stake in the asset management company.

6. Matters concerning Design, etc. of Assets to be Acquired

(a) Pacific Residence Kita-sanjo

NRIC has verified the Property's architect, building contractor, building designer, structural designer (engineer) and building inspection agency. The details are given in the following tables.

None of the Property's architects, building contractors or designers are a company announced by the Ministry of Land, Infrastructure and Transport as of October 29, 2006. However, it was Japan ERI Co., Ltd. that conducted the building inspection. In light of this, NRIC asked a specialist third party investigation agency (Kyukun Architect & Engineers Inc.) to conduct a reinvestigation and has received investigation results reporting that no willful falsification, fabrication or other illegal act was found with the structural calculation and other documents and that it deemed the structural calculations to be compliant with legal requirements.

In the due diligence conducted when properties are purchased, NRIC also has earthquake risk analyses conducted without fail from a different perspective to the building inspection agency's building inspection. NRIC makes acquisition decisions only after appropriate earthquake risk analyses have been conducted on the property that is to be purchased, independently taking into account the structural resistance of the building that is to be purchased based on examinations of structural drawings, structural design overviews and other documents or drawings and site inspections. In the case of this Property as well, NRIC will ensure analyses are conducted by the date of acquisition and will make the acquisition decision based on those results.

(Reference 1) Businesses Associated with Designing the Asset to be Acquired

Property Name	Pacific Residence Kita-sanjo
Owner	Tokyu Land Corporation Sapporo Branch
Building Contractor	Tokyu Construction Co., Ltd. Sapporo Branch

Building Designer	Sapporo Nissoken Architects & Engineers
Structural Designer	Sapporo Nissoken Architects & Engineers
Building Inspection Agency	Japan ERI Co., Ltd.

(Reference 2) Profile of Third Party Investigation Agency (Reinvestigation of Structural Calculation Documents)

Company Name	Kyukun Architect & Engineers Inc.
Head Office Address	2-20-8 Kaku-kita, Oita-shi, Oita
Representative	Kenji Inoue, Representative Director
Paid-in Capital	31.5 million yen
Line of Business	<ol style="list-style-type: none"> 1. Architectural designing and supervising the construction 2. Surveying and designing civil engineering work and supervising the construction 3. Designing electrical installations and supervising the construction 4. Designing machinery installations and supervising the construction 5. Designing water supply and sewerage facilities and supervising the construction 6. Designing wastewater treatment plants and supervising the construction 7. Work related to soil testing, geological research and water resource research in general 8. All work incidental to the above
Relationship with NRIC	None

(Reference 3) Profile of Third Party Investigation Agency (Earthquake Risk Analysis)

Company Name	InterRisk Research Institute & Consulting, Inc.
Head Office Address	3-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative	Kenichi Enami, President and Representative Director
Paid-in Capital	330 million yen
Line of Business	<ol style="list-style-type: none"> 1. Accepting orders for and consulting on investigative studies concerning risks faced by individuals, corporations, organizations, etc. and risk management 2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc. 3. Gathering and providing information, training and consulting related to the above two items 4. Holding various workshops and seminars and publishing publications, etc. related to the above items 5. Other work incidental or related to the above items
Relationship with NRIC	None

(b) Pacific Residence Maruyama Kita-gojo

NRIC has verified the Property's architect, building contractor, building designer,

structural designer (engineer) and building inspection agency. The details are given in the following tables.

NRIC asked a specialist third party investigation agency (Kyuken Architect & Engineers Inc.) to conduct a reinvestigation and has received investigation results reporting that no willful falsification, fabrication or other illegal act was found with the structural calculation and other documents and that it deemed the structural calculations to be compliant with legal requirements.

In the due diligence conducted when properties are purchased, NRIC also has earthquake risk analyses conducted without fail from a different perspective to the building inspection agency's building inspection. NRIC makes acquisition decisions only after appropriate earthquake risk analyses have been conducted on the property that is to be purchased, independently taking into account the structural resistance of the building that is to be purchased based on examinations of structural drawings, structural design overviews and other documents or drawings and site inspections. In the case of this Property as well, NRIC will ensure analyses are conducted by the date of acquisition and will make the acquisition decision based on those results.

(Reference 1) Businesses Associated with Designing the Asset to be Acquired

Property Name	Pacific Residence Maruyama Kita-gojo
Owner	Tokyu Land Corporation Sapporo Branch
Building Contractor	Tokai Kogyo Co., Ltd. Sapporo Branch
Building Designer	IAC Corporation
Structural Designer	Tokai Kogyo Co., Ltd. Sapporo Branch
Building Inspection Agency	Houseplus Corporation, Inc.

(Reference 2) Profile of Third Party Investigation Agency (Reinvestigation of Structural Calculation Documents)

Company Name	Kyukun Architect & Engineers Inc.
Head Office Address	2-20-8 Kaku-kita, Oita-shi, Oita
Representative	Kenji Inoue, Representative Director
Paid-in Capital	31.5 million yen
Line of Business	1. Architectural designing and supervising the construction 2. Surveying and designing civil engineering work and supervising the construction 3. Designing electrical installations and supervising the construction 4. Designing machinery installations and supervising the construction 5. Designing water supply and sewerage facilities and

	supervising the construction 6. Designing wastewater treatment plants and supervising the construction 7. Work related to soil testing, geological research and water resource research in general 8. All work incidental to the above
Relationship with NRIC	None

(Reference 3) Profile of Third Party Investigation Agency (Earthquake Risk Analysis)

Company Name	InterRisk Research Institute & Consulting, Inc.
Head Office Address	3-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative	Kenichi Enami, President and Representative Director
Paid-in Capital	330 million yen
Line of Business	1. Accepting orders for and consulting on investigative studies concerning risks faced by individuals, corporations, organizations, etc. and risk management 2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc. 3. Gathering and providing information, training and consulting related to the above two items 4. Holding various workshops and seminars and publishing publications, etc. related to the above items 5. Other work incidental or related to the above items
Relationship with NRIC	None

7. Outlook of Management Performance After Acquisition of Concerned Assets

The management performance outlook for NRIC for the fiscal period ending in November 2006 (June 1, 2006 – November 30, 2006) does not change as a result of acquisition of the abovementioned properties.

- 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 1] Summary of Survey Report on the Property's Price

(a) Pacific Residence Kita-sanjo

(Unit: thousand yen)

	Description	Appraisal Reasoning
Appraised value (specified price)	1,270,000	
Total income	104,042	
Rental income	91,260	Appraised the assumed rent after considering such factors as the medium-to long-term competitiveness based on new rent levels and trends of similar buildings in the same supply/demand area.
Parking lot income	9,588	Appraised the appropriate rent taking into account the rent levels in the surrounding area.
Key money income	2,167	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	722	After considering the fee at time of renewal, recorded as 0.5 months worth of new rent. Further, assumed the average renewal rate for each year as 20%.
Operating profit from guarantees, etc.	304	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	30,605	
Building maintenance fee	4,138	Appraised using the estimates submitted by the client as a reference.
Utilities	2,527	Appraised as 180 yen a month per tsubo of leasable floor space.
Property management fee	2,874	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	2,395	Recorded as the amount equivalent to 1 month worth of rent of a new tenant.
Tenant replacement cost	1,334	Appraised with the replacement rate considered and appraising maintenance

		costs when tenants move out of their units as being 4,000 yen per tsubo.
Taxes, etc.	7,692	Land: Appraised based on the appraised values of real property for fiscal 2006. Building: Assumed.
Liability insurance premium	476	Appraised as an annual amount of 300 yen per tsubo of floor space.
Losses from vacancies, etc.	5,042	Appraised as 5% after considering such factors as the average vacancy rates in the concerned area, the future supply/demand balance and the unique qualities of the subject real estate.
Capital expenditures	4,127	Appraised as an annual amount of 2,600 yen per tsubo of floor space.
Net profit	73,437	
Cap rate	5.7%	
Capitalized value from the direct capitalization method	1,290,000	
Price from the DCF method	1,250,000	
Discount rate	5.6%	
Terminal cap rate	5.9%	
Price from the cost approach	1,220,000	
Land price	195,065	
Building price	1,023,000	

(Note 1) In the above survey report, construction on the subject building was yet to be completed, making confirmation of the subject real estate difficult. Therefore, the figures are no more than an appraisal of the price expressing an estimated investment value for the sake of investors under the assumption that the building subject to this survey was completed according to design and specifications at the time of reference of the survey.

(Note 2) The reason that the value for total income listed above does not match the sum total of itemized income is because the value for itemized income is taken from the survey report and each rounded to the nearest thousand yen. The above total income is the value arrived at when the values for itemized income as indicated in the survey report are summed up and then that sum total rounded to the nearest thousand yen.

(b) Pacific Residence Maruyama Kita-gojo

(Unit: thousand yen)

	Description	Appraisal Reasoning
Appraised value (specified price)	1,290,000	
Total income	102,828	
Rental income	89,646	Appraised the assumed rent after considering such factors as the medium-to long-term competitiveness based on new rent levels and trends of similar buildings in the same supply/demand area.
Parking lot income	10,752	Appraised the appropriate rent taking into account the rent levels in the surrounding area.
Key money income	2,129	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	—	
Operating profit from guarantees, etc.	301	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	29,803	
Building maintenance fee	4,407	Appraised using the estimates submitted by the client as a reference.
Utilities	2,561	Appraised as 180 yen a month per tsubo of leasable floor space.
Property management fee	2,861	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	2,384	Recorded as the amount equivalent to 1 month worth of rent of a new tenant.
Tenant replacement cost	1,352	Appraised with the replacement rate considered and appraising maintenance costs when tenants move out of their units as being 4,000 yen per tsubo.
Taxes, etc.	7,074	Land: Appraised based on the appraised values of real property for fiscal 2006.

		Building: Assumed.
Liability insurance premium	429	Appraised as an annual amount of 300 yen per tsubo of floor space.
Losses from vacancies, etc.	5,020	Appraised as 5% after considering such factors as the average vacancy rates in the concerned area, the future supply/demand balance and the unique qualities of the subject real estate.
Capital expenditures	3,715	Appraised as an annual amount of 2,600 yen per tsubo of floor space.
Net profit	73,025	
Cap rate	5.6%	
Capitalized value from the direct capitalization method	1,300,000	
Price from the DCF method	1,270,000	
Discount rate	5.5%	
Terminal cap rate	5.8%	
Price from the cost approach	1,180,000	
Land price	252,384	
Building price	929,000	

(Note 1) In the above survey report, construction on the subject building was yet to be completed, making confirmation of the subject real estate difficult. Therefore, the figures are no more than an appraisal of the price expressing an estimated investment value for the sake of investors under the assumption that the building subject to this survey was completed according to design and specifications at the time of reference of the survey.

This English language notice is a translation of the Japanese language notice dated October 30, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.