

December 20, 2006

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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#### Notification on Acquisition of Pacific Residence Ebisu

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

##### 1. Overview of Acquisition

(1) Property Name	S-53 Pacific Residence Ebisu (hereafter, the “Property”)
(2) Asset Type	Real estate
(3) Acquisition Value	3,500,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay all sales proceeds upon transfer
(4) Sale and Purchase Agreement Date	December 20, 2006
(5) Scheduled Acquisition Date	December 26, 2006 ...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	M C FORCE Special Purpose Company (hereafter, the “Seller”)
(7) Financing	Cash on hand or debt financing

(Note) The present name is Storia Ebisu, but the name will be changed promptly to the name given above after NRIC acquires the Property.

## 2. Purpose of Acquisition

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

(1) Reason	In addition to heightening the portfolio share in the 5 central wards of Tokyo (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>(i) Location and Convenience Situated 150m from Ebisu Station on the Tokyo Metro Hibiya Line, approximately 400m from Ebisu Station on the JR Yamanote and Saikyo Lines and approximately 400m from Daikanyama Station on the Tokyu Toyoko Line, the Property is in close proximity to its nearest stations. In addition, many restaurants, retail stores, etc. can be found in the area surrounding the Property, meaning it is convenient in terms of lifestyle as well.</p> <p>The concerned area is located in the inner-city district, making commuting to central business districts convenient. Access to the Shibuya and Roppongi districts and other commercial centers is also easy. Due to these factors, strong rental demand from primarily business people working in the inner-city district is anticipated. NRIC envisions demand for the concerned area from primarily from singles and small households emphasizing the convenience of living right in the city.</p> <p>(ii) Architectural Plan for the Property The Property is a relatively new property for which construction was completed in January 2006 and is an apartment with retail space. The Property is comprised of 61 units in total (of which 2 are stores) and has 15 floors above ground. The interior and exterior finish, facilities within rental units, etc. equal or exceed the standard level.</p> <p>In light of these factors, demand is anticipated primarily from singles and small households emphasizing location such as conveniences in terms of transportation and lifestyle.</p>

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

## 3. Description of Asset to be Acquired

### Overview of Real Estate

Property Name	Pacific Residence Ebisu
Location (Note 1)	1-21-15 Ebisu-Nishi, Shibuya-ku, Tokyo (lot number) 1-21-7 Ebisu-Nishi, Shibuya-ku, Tokyo (residential)

Access		5-minute walk from Ebisu Station on the JR Yamanote and Saikyo Lines 2-minute walk from Ebisu Station on the Tokyo Metro Hibiya Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	485.59m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	500%/100%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store
	Floor Space (Note 1)	2,623.04m <sup>2</sup>
	Construction Completion (Note 1)	January 2006
	Structure (Note 1)	Reinforced concrete structure with flat roof; 15 floors above ground
Acquisition Value		3,500,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		None
Appraisal Method	Appraisal Method	Appraisal by Daiwa Real Estate Appraisal Co., Ltd.
	Appraised Value	3,500,000,000 yen
	Appraised Date	December 10, 2006
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	61 units [1K: 53 units; 1LDK: 6 units; store: 2 units]
	Leased Units	58 units
	Total Leasable Area	2,194.21m <sup>2</sup>
	Total Leased Area	1,890.08m <sup>2</sup>
	Monthly Rent (Note 6)	10,540 thousand yen
	Deposit, etc. (Note 7)	33,540 thousand yen
	Occupancy (based on no. of units)	95.08% (Note 8)
	Occupancy (based on area)	87.00% (Note 8)

(Note 1) Information that appears on the registry was used for the location (excluding residential indication), lot size, type, floor space, construction completion date and structure.

(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) The overview of the lease lists figures as of November 30, 2006.

(Note 5) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. As for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.

(Note 6) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of November 30, 2006. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.

(Note 7) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space

portion) of each of the tenants with whom lease agreements have been concluded as of November 30, 2006. The amount has been rounded down to the nearest thousand yen.  
(Note 8) The occupancy rate is rounded to two decimal places.

Investigation of Building Conditions	Investigator	Tokyo Bldg-Tech Center Co., Ltd.
	Emergency Repairs	No (urgent repairs)
	Near-term Repairs	No (repairs needed within a year)
	Repairs and Upkeep Thought to be Needed Over Next 12 Years	9,700,000 yen
	Replacement Price	577,000,000 yen
	Date of Building Condition Report	December 12, 2006
Earthquake Risk Analysis	PML Value	12.9%
		This PML value was calculated based on the earthquake risk analysis report issued by InterRisk Research Institute & Consulting, Inc. However, this report is no more than the viewpoint of InterRisk and the content is not guaranteed. PML, or probable maximum loss, refers to the probability of the maximum loss from an earthquake and in this case the level of damage that may result from the assumed maximum earthquake size (large earthquake that occurs once every 475 years = large earthquake with 10% or greater probability of occurring within 50 years) assumed for the assumed scheduled use period expressed as a percentage (%) of the replacement cost of the expenses expected to be required to restore the damages.

#### 4. Seller Profile

Company Name	M C FORCE Special Purpose Company
Head Office Address	2-12-3 Minami-Azabu, Minato-ku, Tokyo
Representative	Hiroyasu Nakamura, Director
Paid-in Capital	Specific capital: 100 thousand yen
Major Shareholder	Not disclosed due to the absence of the Seller's consent.
Line of Business	1. Succeeding, managing and disposing of assets in accordance with asset monetization plans based on the Law concerning Liquidation of Assets 2. Other work incidental to the monetization of the abovementioned assets
Relationship with NRIC and Investment Trust Management Company	None

#### 5. Broker Profile

Company Name	LINKMAX Corporation
Head Office Address	1-10-2 Nishi-Shinbashi, Minato-ku, Tokyo

Representative	Yoshiaki Ono, Representative Director
Commission	This is not being disclosed due to confidentiality obligations regulated by the Broker Agreement
Relationship with NRIC and Investment Trust Management Company	None

#### 6. Matters concerning Design, etc. of Asset to be Acquired

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.

As at December 19, 2006, none of the Property's architects, building contractors or designers is a company announced by the Ministry of Land, Infrastructure and Transport to have been involved in properties with fabricated structural calculation documents. However, it was eHomes Ltd. that conducted the building inspection. In light of this, NRIC asked a specialist third party investigation agency (Meiho Facility Works Ltd.) 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 Ebisu
Architect	Total Housing Corporation
Building Contractor	Maeda Corporation
Building Designer	Maeda Corporation
Structural Designer	Maeda Corporation
Building Inspection Agency	eHomes Ltd.

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

Company Name	Meiho Facility Works Ltd.
Head Office Address	5-4 Kojimachi, Chiyoda-ku, Tokyo
Representative	Kazutoshi Omi, President and Representative Director
Paid-in Capital	530,526 thousand yen
Line of Business	<ol style="list-style-type: none"> <li>1. Project management (proposing basic plans for construction projects and providing comprehensive management services from design through to the end of construction as the agent for the client)</li> <li>2. Construction management (assisting in the selection of the building contractor and managing the state of construction implementation as the agent for the client in construction projects)</li> <li>3. Facility management (services involving studying/analyzing and proposing basic facility plans in line with business issues and demands of the client) and related consulting work regarding facility management</li> <li>4. Turnkey building construction, electrical work, plumbing, interior finishing and fire fighting facility construction</li> <li>5. Design work for construction projects (architectural design, setting electrical installations, machinery and facility design, information facility design, office layout, etc.)</li> <li>6. Consulting work for design projects</li> <li>7. Selling and renting office appliances, information and telecommunication equipment, fixtures, interior fittings, etc.</li> <li>8. Developing, selling, leasing and renting computer hardware and software</li> <li>9. Manufacturing, selling, exporting, importing and constructing telecommunication equipment</li> <li>10. Employment agency that dispatches its own full-time workers</li> <li>11. All work incidental to the above</li> </ol>
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"> <li>1. Accepting orders for and consulting on investigative studies concerning risks faced by individuals, corporations, organizations, etc. and risk management</li> <li>2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc.</li> </ol>

	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 Asset

The management performance outlook for NRIC for the fiscal period ending in May 2007 (December 1, 2006 – May 31, 2007) will be announced on a separate occasion.

- 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 Appraisal on the Property's Price

(Unit: thousand yen)

	Description	Appraisal Reasoning
Appraised value (specified price)	3,500,000	
Total income	192,231	
Rental income	181,903	Appraised the assumed rent after considering such factors as the medium- to long-term competitiveness based on rent levels of present agreements and new rent levels and trends of similar buildings in the same supply/demand area.
Parking lot income	3,240	Appraised the assumed rent taking into account current rent levels and rent levels in the surrounding area.
Key money income	4,287	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	953	Appraised based on the assumption that the number of months renewal fee that can potentially be collected upon agreement renewals is 0.5 months and that the average annual tenant replacement rate is 20%.
Other income	415	Appraised in reference to actual amounts charged as usages fees for bike parking space and trunk room.
Operating profit from deposits	1,433	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	31,722	
Building maintenance fee	7,180	Appraised as 900 yen a month per tsubo of leasable space.
Utilities	1,596	Appraised as 200 yen a month per tsubo of leasable space.
Property management fee	5,420	Appraised as 3% of the sum total of rent payments, etc. paid at each payment period after adjusting for vacancy loss.
Tenant soliciting fee	3,459	Recorded as the amount equivalent to 1 month's worth of rent of a new tenant.
Restoration fee	618	Appraised with the replacement rate considered and an assumption of 4,000 yen per tsubo in maintenance costs when tenants move out of their units.
Taxes, etc.	5,787	Land: Appraised by assuming the standard tax amount based on the appraised values of real property for fiscal 2006. In the standard tax



		amount assumption, special regulations on small housing lots were considered. Building: Appraised by assuming the standard tax amount.
Liability insurance premium	244	Appraised as an annual amount of 300 yen per tsubo of floor space.
Losses from vacancies, etc.	4,892	Recorded the vacancy loss related to rental income by appraising the vacancy rate for rental units and the parking lot that is recognized to be stable over the medium and long term, after considering such factors as the current vacancy rates and rent levels in the concerned area, the future supply/demand balance and unique qualities of the subject real estate.
Capital expenditures	2,526	Appraised based on the assumption that the age of the building as well as the repairs and upkeep for the next 15 years according to the engineering report are reasonable and using the average annual amount of that amount.
Net profit	160,509	
Cap rate	4.5%	
Capitalized value from the direct capitalization method	3,570,000	
Price from the DCF method	3,430,000	
Discount rate	4.4%	
Terminal cap rate	4.7%	
Price from the cost approach	2,160,000	The sum total from the cost approach is rounded to the third digit from the top.
Sum of land and building prices	2,161,472	
Land price	1,602,744	
Building price	558,728	

(Note 1) The above figures are the annual income and expenses assumed based on the capitalization method (direct capitalization method) that are indicated on the real estate appraisal, and are not the forecast figures for the current fiscal period.

*This English language notice is a translation of the Japanese language notice dated December 20, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*