

March 1, 2007

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

Nippon Residential Investment Corporation  
2-11-1 Nagata-cho, Chiyoda-ku, Tokyo  
Masaru Nishimura  
Chief Executive Officer  
(Securities Code: 8962)

Investment Trust Management Company:  
Pacific Investment Advisors Corporation  
2-11-1 Nagata-cho, Chiyoda-ku, Tokyo  
Akira Yamanouchi  
President and Chairman of the Board

Inquiries:  
Takeshi Takano  
Director  
Phone: +81-(0)3-5251-8528

#### Notification on Acquisition of Pacific Residence Odori-Nishi

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                    | C-38 Pacific Residence Odori-Nishi<br>(hereafter, the "Property")  |
| (2) Asset Type                       | Real estate  |
| (3) Acquisition Value                | 1,790,000,000 yen (excluding acquisition costs,<br>real property tax, city planning tax, consumption<br>tax and local consumption tax)<br>[Payment Schedule]<br>Pay all sales proceeds upon transfer |
| (4) Sale and Purchase Agreement Date | March 5, 2007  |
| (5) Scheduled Acquisition Date       | March 5, 2007  |
| (6) Seller                           | Urban Design System Co., Ltd.<br>(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.

|                              |  |
|------------------------------|--|
| (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 | <p>(i) Location and Convenience<br/>The Property is situated approximately 450m from Nishi Juitchome Station, which is its nearest subway station. In addition, the areas near the central business and commercial districts of Odori Station, Sapporo Station and Susukino Station are accessible by walk.</p> <p>The Property stands in central Sapporo City and, with the Hokkaido Government building, joint government buildings, courts and other government and public offices in the surrounding area, the area is recognized as one of the leading business and commercial districts in Sapporo City. In regards to the store and office portions, demand can be anticipated from business establishments, etc. emphasizing the concerned location conditions.</p> <p>Moreover, as for the residential portion, demand can be anticipated from singles, small households, etc. emphasizing location such as the convenience of having the work and home within close range.</p> <p>(ii) Architectural Plan for the Property<br/>Construction on the Property was completed in December 2006. The residential portion of the Property features “all-electric” specifications in that cooking, heating, hot water and other heat sources are all powered by electricity, which differentiates the Property from competitive properties in the surrounding area. NRIC also anticipates that it will be able to demonstrate competitiveness in leasing as well.</p> |

(Note) 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.

3. Description of Asset to be Acquired

Overview of Real Estate

|                   |  |
|-------------------|--|
| Property Name     | Pacific Residence Odori-Nishi  |
| Location (Note 1) | 8-2-30, 8-2-42 and 8-2-43 Odori-Nishi, Chuo-ku, Sapporo (lot number)<br>8-2-30 Odori-Nishi, Chuo-ku, Sapporo (residential) |

|                                      |                                      |  |
|--------------------------------------|--------------------------------------|--|
| Access                               |                                      | 7-minute walk from Odori Station on the Sapporo City Transportation Subway Namboku, Tozai and Toho Lines<br>6-minute walk from Nishi Juitchome Station on the Sapporo City Transportation Subway Tozai Line<br>4-minute walk from Sapporo City Transportation Streetcar Nishi Hatchome Station |
| Land                                 | Ownership                            | Proprietary ownership  |
|                                      | Zoning (Note 2)                      | Commercial zone  |
|                                      | Lot Size (Note 1)                    | 852.51m <sup>2</sup>   |
|                                      | FAR/Building Coverage Ratio (Note 3) | 600%/80%   |
| Building                             | Ownership                            | Proprietary ownership  |
|                                      | Type (Note 1)                        | Apartment, office and parking lot  |
|                                      | Floor Area (Note 1)                  | 6,916.70m <sup>2</sup>   |
|                                      | Construction Completion (Note 1)     | December 2006  |
|                                      | Structure (Note 1)                   | Reinforced concrete structure with flat roof; 15 floors above ground and 1 below   |
|                                      | Leasable Units                       | 103 units [1K: 12 units; 1DK: 54 units; 1LDK: 12 units; 2LDK: 14 units; store: 1 unit; office: 10 units]   |
|                                      | Total Leasable Area                  | 4,512.24m <sup>2</sup>   |
| Accessory Building                   | Ownership                            | Proprietary  |
|                                      | Type (Note 2)                        | Parking lot  |
|                                      | Floor Area (Note 1)                  | 46.58m <sup>2</sup>  |
|                                      | Structure (Note 1)                   | Steel-framed structure with galvanized steel plated roof; 1 floor above ground   |
| Acquisition Value                    |                                      | 1,790,000,000 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                      | 1,810,000,000 yen  |
|                                      | Appraised Date                       | February 1, 2007   |

- (Note 1) Information that appears on the registry was used for the location (excluding residential indication), lot size, type, floor area, 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.

|                                      |                   |                                   |
|--------------------------------------|-------------------|-----------------------------------|
| 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 | 10,610,000 yen   |
|                          | Replacement Price  | 1,620,000,000 yen  |
|                          | Date of Building Condition Report                          | February 7, 2007   |
| Earthquake Risk Analysis | PML Value  | 0.9%<br>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   | Urban Design System Co., Ltd.   |                   |       |                                     |      |                    |      |  |      |
| Head Office Address  | Humax Shibuya Bldg., 1-14-6 Dogenzaka, Shibuya-ku, Tokyo  |                   |       |                                     |      |                    |      |  |      |
| Representative   | Fumio Kajiwara, Representative Director   |                   |       |                                     |      |                    |      |  |      |
| Paid-in Capital  | 454,875,000 yen   |                   |       |                                     |      |                    |      |  |      |
| Major Shareholders   | <table border="0"> <tr> <td>1. Fumio Kajiwara</td> <td>41.6%</td> </tr> <tr> <td>2. Mitsubishi UFJ Capital Co., Ltd.</td> <td>7.0%</td> </tr> <tr> <td>3. JAFCO Co., Ltd.</td> <td>6.6%</td> </tr> <tr> <td>4. Employees' shareholding association</td> <td>6.0%</td> </tr> </table> <p style="text-align: right;">(as of January 30, 2007)</p>                           | 1. Fumio Kajiwara | 41.6% | 2. Mitsubishi UFJ Capital Co., Ltd. | 7.0% | 3. JAFCO Co., Ltd. | 6.6% | 4. Employees' shareholding association | 6.0% |
| 1. Fumio Kajiwara  | 41.6%   |                   |       |                                     |      |                    |      |  |      |
| 2. Mitsubishi UFJ Capital Co., Ltd.                            | 7.0%  |                   |       |                                     |      |                    |      |  |      |
| 3. JAFCO Co., Ltd.   | 6.6%  |                   |       |                                     |      |                    |      |  |      |
| 4. Employees' shareholding association                         | 6.0%  |                   |       |                                     |      |                    |      |  |      |
| Line of Business   | <ol style="list-style-type: none"> <li>1. Selling, purchasing, exchanging, leasing, managing and brokering real estate</li> <li>2. Designing and supervising building construction, and contracting building construction and civil engineering work</li> <li>3. Consulting work on building construction and real estate</li> <li>4. Business consulting work</li> </ol> |                   |       |                                     |      |                    |      |  |      |
| Relationship with NRIC and Investment Trust Management Company | None  |                   |       |                                     |      |                    |      |  |      |

#### 5. Broker Profile

(1)

|  |  |
|--|--|
| Company Name   | Pacific Management Corporation   |
| Head Office Address  | 2-11-1 Nagata-cho, Chiyoda-ku, Tokyo   |
| Representative   | Masaru Takatsuka, Representative Director  |
| Commission   | 21,902,500 yen<br>(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. |

(2)

|  |   |
|--|---|
| Company Name   | Earth Planning K.K.   |
| Head Office Address  | 1-8-3 Shibuya, Shibuya-ku, Tokyo  |
| Representative   | Tamio Takahashi, Representative Director                                |
| Commission   | 26,797,500 yen<br>(excluding consumption tax and local consumption tax) |
| Relationship with NRIC and Investment Trust Management Company | None  |

(3)

|  |  |
|--|--|
| Company Name   | Toyu Bussan K.K.   |
| Head Office Address  | 21-46 Odori-Nishi, Chuo-ku, Sapporo                                    |
| Representative   | Masaharu Kunioka, Representative Director                              |
| Commission   | 5,000,000 yen<br>(excluding consumption tax and local consumption tax) |
| 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 February 28, 2007, none of the Property's architects, building contractors or designers are 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 Japan ERI Co., 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.

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

|                            |   |
|----------------------------|---|
| Property Name              | Pacific Residence Odori-Nishi             |
| Architect                  | Urban Design System Co., Ltd.             |
| Building Contractor        | Maeda Corporation                         |
| Building Designer          | Taniuchi Architect & Associates Co., Ltd. |
| Structural Designer        | Maeda Kenchiku Jimusho Y.K.               |
| Building Inspection Agency | City of Sapporo<br>Japan ERI Co., 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,</li> </ol> |

|                        |   |
|------------------------|---|
|                        | office layout, etc.)<br>6. Consulting work for design projects<br>7. Selling and renting office appliances, information and telecommunication equipment, fixtures, interior fittings, etc.<br>8. Developing, selling, leasing and renting computer hardware and software<br>9. Manufacturing, selling, exporting, importing and constructing telecommunication equipment<br>10. Employment agency that dispatches its own full-time workers<br>11. 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<br>2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc.<br>3. Gathering and providing information, training and consulting related to the above two items<br>4. Holding various workshops and seminars and publishing publications, etc. related to the above items<br>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) does not change as a result of acquisition of the Property.

- 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)      | 1,810,000   |   |
| Total income                           | 140,497     |   |
| Rental income                          | 121,530     | Appraised the assumed rent after considering such factors as the medium- to long-term competitiveness of the real estate subject to the appraisal based on new rent levels and trends of similar buildings in the same supply/demand area.  |
| Parking lot income                     | 16,128      | Appraised the appropriate rent taking into account the rent levels in the surrounding area.   |
| Key money income (residential portion) | 1,917       | After considering the vacancy rate, appraised by recording as 1 months worth of the assumed new rent from the new tenant.   |
| Operating profit from deposits         | 921         | Found by appraising the yield on investment as 2.0% by comprehensively taking into account the yield on government bonds, financial institutions' lending rate and other rates that provide an indication of long-term interest rates, and multiplying the assumed amount of guarantees received by this rate.  |
| Total expenses                         | 41,803      |   |
| Building maintenance fee               | 5,721       | Appraised as 350 yen a month per tsubo of leasable area.  |
| Utilities                              | 2,452       | Appraised as 150 yen a month per tsubo of leasable area.  |
| Property management fee                | 3,913       | Appraised as 3% of the sum total of rent payments, etc. paid at each payment period after adjusting for vacancy loss.   |
| Taxes, etc.                            | 11,359      | 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.<br>Building: Appraised by assuming the standard tax amount based on architectural drawings, but recorded the standard amount assumed based on the DCF method from the medium- to long-term perspective. |
| Liability insurance premium            | 674         | Appraised as an annual amount of 300 yen per tsubo of floor area.   |



|   |           |  |
|---|-----------|--|
| Tenant soliciting fee                                   | 2,789     | For the rental units, recorded as 1 months worth of assumed new rent of the new tenant when the assumed replacement rate is used.  |
| Tenant replacement cost                                 | 1,180     | Appraised with the replacement rate considered and appraising maintenance costs when tenants move out of their units as being 4,000 yen per tsubo.   |
| Vacancy loss  | 7,236     | 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. |
| Bad debts loss  | –         | Not recorded as it is considered to be covered by the guarantees.  |
| Capital expenditures                                    | 6,480     | Appraised as 0.4% of the replacement cost for the building.  |
| Net profit  | 98,694    |  |
| Cap rate  | 5.4%      |  |
| Capitalized value from the direct capitalization method | 1,830,000 |  |
| Price from the DCF method                               | 1,780,000 |  |
| Discount rate   | 5.3%      |  |
| Terminal cap rate                                       | 5.6%      |  |
| Price from the cost approach                            |           |  |
| Sum of land and building prices                         | 2,110,000 |  |
| Land price  | 487,377   |  |
| Building price  | 1,620,000 |  |

(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.

(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 individual itemized income is taken from the real estate appraisal 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 real estate appraisal are summed up and then that sum total rounded to the nearest thousand yen.

(Note 3) The reason that the value for total expenses listed above does not match the sum total of itemized expenses is because the value for individual itemized expenses is taken from the survey report and each rounded to the nearest thousand yen. The above total expenses is the value arrived at when the values for itemized expenses as indicated in the survey report are summed up and then that sum total rounded to the nearest thousand yen.

*This English language notice is a translation of the Japanese language notice dated March 5, 2007 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*