

March 5, 2007

For Immediate Release



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Notification on Purchase of Interest Rate Caps

Nippon Residential Investment Corporation (NRIC) announces the decision made today to purchase interest rate caps as outlined below.

1. Reason for Purchase of Interest Rate Caps

To hedge the risk of interest rate fluctuations for the 11,000 million yen in long-term loans borrowed on February 20, 2007.

2. Details of Interest Rate Cap Agreement

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|-------------------------------|---|
| (1) Seller: | Mitsubishi UFJ Trust and Banking Corporation |
| (2) Notional Principal: | 5,500 million yen |
| (3) Start Date: | May 19, 2007 |
| (4) End Date: | February 19, 2010 |
| (5) Applicable Interest Rate: | 3 month Japanese Yen TIBOR |
| (6) Interest Rate Reset Date: | On 20th of every February, May, August and November (However, the date shall be the banking day immediately preceding the concerned date when the concerned date is not a banking day. Interest rates shall be determined 2 banking days in |

	advance.)
(7) Strike Rate:	1.07%
(8) Cap Premium:	35,750,000 yen (0.65% of notional principal)
(1) Seller:	Sumitomo Mitsui Banking Corporation
(2) Notional Principal:	5,500 million yen
(3) Start Date:	May 19, 2007
(4) End Date:	February 19, 2010
(5) Applicable Interest Rate:	3-month Japanese Yen TIBOR
(6) Interest Rate Reset Date:	On 20 th of every February, May, August and November (However, the date shall be the banking day immediately preceding the concerned date when the concerned date is not a banking day. Interest rates shall be determined 2 banking days in advance.)
(7) Strike Rate:	1.07%
(8) Cap Premium:	36,245,000 yen (0.659% of notional principal)

3. Outlook

The management performance outlook for NRIC for the fiscal period ending in May 2007 (December 1, 2006 – May 31, 2007) does not change.

[Reference: About Interest Rate Caps]

If an interest rate cap is purchased, when the applicable interest rate exceeds the strike rate, the seller of the interest rate cap pays NRIC an amount corresponding to the interest rate equal to the difference between the applicable interest rate and strike rate on the interest rate reset date.

Consequently, NRIC can in effect hedge the interest rate burden that is in excess of the strike rate and thereby mitigate the risk of interest rate volatility.

- 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>

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.