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RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Revised Probable Maximum Loss (PML) in
Seismic Risk Analysis

Nippon Residential Investment Corporation (NRIC) assesses investment assets based on seismic risk analyses that NRIC asks InterRisk Research Institute & Consulting, Inc. to conduct as due diligence upon the acquisition of investment assets.

In a seismic risk analysis, the probable maximum loss (PML) (Note 1) of buildings resulting from an earthquake is calculated based on the results of a comprehensive assessment that includes the building's earthquake-resistance, seismic hazard and ground conditions.

NRIC announces the following report received in regards to the PML values for NRIC's investment assets, which had been reassessed based on evaluation methods that were revised in conjunction with a recent change in the seismic risk analysis methods at InterRisk Research Institute & Consulting, Inc.

1. Details of Revised Seismic Risk Analysis Results

Property No.	Property Name	PML Value (%)	
		Before Revision	After Revision
S-1	Pacific Livew Shinkawa	14.8	11.0
S-2	Pacific Livew Shiba Daimon	12.5	9.9
S-3	Glenpark Sangubashi	16.4	6.5
S-5	Leopalace Udagawacho Mansion	11.8	6.4
S-7	Escort Kami-Ikebukuro	12.9	6.2
S-8	Pacific Residence Shin-Nakano	19.5	8.1
S-9	Dormitory Haramachida	18.2	9.4
S-13①	Yoshizuka AG Building No. 6	1.4	1.2
S-13②	Yoshizuka AG Building No. 7	2.4	1.6
S-14	Pacific Livew Shirokanedai	12.6	7.2
S-15	Grand Blue Hakata	2.8	1.5
S-16	J Stage Honancho	14.7	11.1
S-17	Park Habio Kyobashi	14.0	9.2
S-18	Pacific Livew Tenjinbashi	10.2	8.2
S-19	Pacific Residence Yushimasanchome	17.6	7.5
S-20	Pacific Residence Shinjuku East	13.9	5.9
S-21	Pacific Livew Shinjukuhigashi	14.5	6.9
S-22	Pacific Residence Kandaiwamotocho	13.3	8.1
S-23	Umeda Excelheights	7.2	7.8
S-24	Pacific Residence Tsukiji	14.7	8.3
S-25	Pacific Residence Sasaduka	9.4	5.5
S-26	Pacific Residence Minamiazabu	14.2	8.9
S-27	Pacific Residence Ebisuhigashi	10.3	8.9
S-28	Pacific Residence Meguronishi	14.1	6.9
S-29	Pacific Residence Hiroo 3chome	8.9	4.2
S-30	Pacific Residence Akasaka II	13.3	6.4
S-31	Pacific Livew Kyobashi	14.1	7.6
S-32	Pacific Residence Sannomiyahigashi	2.7	3.0
S-33	Pacific Livew Tamagawa	14.4	10.5
S-34	Maison Korakuen	14.4	7.2
S-35	Pacific Livew Ginzahigashi	13.8	9.3
S-36	Relation Oji	14.5	7.6

S-37	No. 6 Zelkova Mansion	12.9	5.5
S-38	Pacific Livew Wasedanishi	14.5	8.3
S-39	KC21 Building	5.5	4.8
S-40	Pacific Livew Hiroo	13.3	8.5
S-41	Cosmo Nishi-Funabashi II	18.1	9.5
S-42	Pacific Livew Yokohama Kannai	19.7	12.3
S-43	K2	18.7	8.4
S-44	FLATS OKURAYAMA	12.0	9.2
S-45	Pianeta Shiodome	14.9	6.8
S-46	ZESTY KOMAZAWADAIGAKU	9.7	5.2
S-47	ZESTY YOYOGI	9.5	4.6
S-48	ZESTY NISHISHINJUKU	9.1	4.6
S-49	ZESTY KYODO	9.2	5.3
S-50	Pacific Livew Utsuboko	7.5	6.4
S-51	Pacific Residence Tsukishima I	12.5	9.0
S-52	CYNTHIA Oimachi	16.7	7.5
S-53	Pacific Residence Ebisu	12.9	5.4
S-54	Pacific Residence Kamiyochi	11.1	6.8
S-55	Pacific Residence Higashi-Shinagawa	11.9	8.1
S-56	LUKE	13.3	7.8
S-57	Pacific Residence Toranomon	11.6	6.8
S-58	Pacific Residence Kamata I	13.9	9.4
C-1	Pacific Residence Bunkyo	13.6	6.4
C-2	Pacific Residence Sengoku	18.4	7.7
C-3	Pacific Livew Jiyugaoka	16.9	9.0
C-4	Pacific Residence Yushima	19.2	5.7
C-6	ZESTY Ikegami Building A and Building B	9.3	8.4
C-8	Pacific Livew Hachioji	17	7.0
C-9	Grand Heights Hibino	14.7	14.1
C-10	Pacific Residence Koyochi	7.1	6.6
C-11	Pacific Livew Nagatacho	14.2	6.9
C-12	Pacific Residence Suidobashi	13.4	10.0
C-13	Pacific Tower Nogizaka	11.2	4.8
C-14	Pacific Residence Akasaka I	11.0	6.4
C-15	Apartments Nishi-Azabu	14.8	6.5

C-16	Pacific Residence Tenjinminami	2.6	1.3
C-17	Pacific Livew Hakataeki-Minami	3.2	1.7
C-18	Pacific Residence Ningyocho	14.2	9.9
C-19	Pacific Residence Daikanyama	14.3	8.0
C-20	Pacific Residence Ichigaya	13.1	6.7
C-21	Pacific Residence Kichijoji	8.8	4.0
C-22	Pacific Residence Bunkyoengoku	15.9	7.4
C-23	Pacific Residence Akasaka Hinokicho	11.7	6.4
C-24	Pacific Residence Takanawa	14.8	8.2
C-25	Pacific Tower Meguro-Fudomae	6.8	6.1
C-26	Storia SANGEN-JAYA	13.0	6.0
C-27	Pacific Livew Chojamaru	10.4	6.2
C-28	L'air Minami Aoyama	8.6	4.3
C-29	Mare	10.4	9.0
C-30	Pacific Livew Kandahigashi	13.1	9.2
C-31	Melody Heim Shin-Osaka	11.3	11.0
C-32	Melody Heim Matsubara	5.3	4.5
C-33	Pacific Livew Iriya	14.3	6.3
C-34	Pacific Residence Higashiazabu	18.3	7.6
C-35	Pacific Residence Ebisu-Minami	13.7	8.2
C-36	Leaf Court Azabu	8.9	7.3
C-38	Pacific Residence Odori-Nishi	0.9	0.7
C-39	Pacific Residence Kita-sanjo	0.9	0.6
F-1	Pacific Residence Sakuragaoka	16.0	7.8
F-2	Pacific Residence Mejiro Otomeyama	10.5	5.1
F-3	Pacific Residence Shinkawa	13.1	8.7
F-4	Setagaya Sun Heights	11.7	8.0
F-9	Sky Heights Hirabari	18.0	11.3
F-10	Pacific Residence Mejiro	13.6	8.4
F-11	Pacific Residence Shibaura	13.0	8.8
F-12	Pacific Residence Shirakabehigashi	9.1	8.2
F-13	Pacific Residence Sakaihigashi	5.1	6.8
F-14	Maison Yachiyodai	14.8	8.1
F-15	Abreast Kasai	21.2	13.2
F-16	Pacific Residence Uzumasa	4.2	3.2

F-17	Pacific Residence Izumi	8.7	7.5
F-18	Pacific Residence Nihonbashi-Bakurocho	11.4	7.5
F-19	Pacific Residence Gotenyama	7.9	7.8
F-20	Pacific Residence Maruyama Kita-gojo	0.9	0.6
F-21	Pacific Residence Tokugawa	8.3	7.3
L-2	Bellwood	14.1	7.5
L-3	Grand Forme Ichigaya Haraikatamachi	14.0	6.7
L-4	Meguro Hillside Court	13.5	5.8
L-5	Petit Cour Kinuta	14.6	7.3
L-7	Motoazabu Place	8.7	5.5
L-8	Pacific Tower Roppongi	6.3	4.1
L-9	Pacific Residence Kamimeguro	9.9	7.5
L-10	Pacific Residence Yoyogikoen	10.0	5.8
L-11	Windsor House Hiroo	10.1	6.5
L-12	SOHO Kita Aoyama	9.5	4.8
L-13	Pacific Residence Oi	7.8	7.8
L-14	Root Azabu Jyuban	13.7	6.8
SE-1	Life & Senior House Kohoku II	10.4	8.4
Subtotal (Note 2)		5.1	4.7

(Note 1) PML, or probable maximum loss, refers to the probability of the maximum loss from an earthquake. PML, as used in this document, represents the level of damage that may result from an earthquake of the assumed maximum size (large earthquake that occurs once every 475 years = large earthquake with 10% probability of occurring within 50 years) 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.

(Note 2) The total PML indicates the PML for the entire portfolio of properties held by NRIC as at the end of April 2007.

2. Change to Seismic Risk Analysis Methods

Concerning the various evaluations involved in a seismic risk analysis conducted by InterRisk Research Institute & Consulting, Inc., evaluation methods have been updated as follows as a result of introducing new knowledge.

(1) Revised Seismic Hazard Assessment

The model was revised in reference to the “Probabilistic Seismic Hazard Map” (Note 1) issued by the Headquarters for Earthquake Research Promotion in 2005.

(2) Seismic Attenuation (Note 2)

In the previous method, the acceleration at the bedrock was assessed by combining four types of attenuation equations obtained from investigative

research of each of Japan and the U.S. in accordance with seismic source characteristics. The revised model follows the method of the “Probabilistic Seismic Hazard Map” and assesses the acceleration at the bedrock using the attenuation equation of Si and Midorikawa (1999).

(3) Amplification of Seismic Motion Due to Ground

In the previous method, the amplification factor (Note 3) was evaluated based on the evaluation method of Onishi and others (1999). The revised model follows the method of the “Probabilistic Seismic Hazard Map” and evaluates the amplification factor by employing the empirical formula of Fujikawa and Midorikawa (2003) based on ground data of the digital national land information (1km mesh).

(4) Vulnerability Assessment of Building in Event of Earthquake

Each type of vulnerability data was updated based on the latest earthquake damage studies and building response analyses (Note 4).

(Note 1) In March 2005, the Headquarters for Earthquake Research Promotion (Ministry of Education, Culture, Sports, Science and Technology) conducted a comprehensive assessment of seismic activity in Japan. The “Probabilistic Seismic Hazard Map” was issued as a result.

(Note 2) Attenuation is a phenomenon whereby the seismic motion (intensity of tremors) on the ground surface at the building location decreases with distance from the seismic source or epicenter.

(Note 3) The proportion that the seismic motion (tremor) amplifies (increases) in the process of transmission of the seismic motion from the bedrock to the ground surface.

(Note 4) A computer-based analysis of the behavior of the building when actual seismic waveforms, etc. are placed on building models.

(Note 5) Efforts were made to use generally-understood expressions in the explanations. Thus, please note that the use of certain terminology may not necessarily be appropriate in engineering terms.

- 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>

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