

May 31, 2007

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

Nippon Residential Investment Corporation
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Notification of Board of Directors' Decision on
Issuance of New Investment Units Through Public Offering and Third-Party Allotment,
and Secondary Offering of Investment Units

Nippon Residential Investment Corporation (NRIC) announces the following resolution concerning the issuance of new investment units and secondary offering of investment units passed at a meeting of its Board of Directors held on May 31, 2007.

1. Issuance of New Investment Units Through Public Offering (primary offering)

(1) Total number of units to be issued

60,000 units

(2) Offer price

Undetermined

(The offer price (offering price) shall be determined by taking the price arrived at when the closing price on the Tokyo Stock Exchange, Inc. on a day between June 13, 2007 (Wednesday) and June 15, 2007 (Friday) (hereafter, "Offer Price

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Finalization Day”) (when there is no closing price on the Offer Price Finalization Day, the closing price on the day immediately preceding the Offer Price Finalization Day) is multiplied by a factor between 0.90 and 1.00 (amounts less than 1 yen shall be omitted) as the provisional price, then taking the demand conditions and other factors into account.)

(3) Issue price

Undetermined

(To be decided at a meeting of the Board of Directors to be held on the Offer Price Finalization Day.)

(4) Total issue amount

Undetermined

(5) Offering method

Through a primary offering, all the investment units shall be purchased and underwritten by an underwriting syndicate group comprised of Daiwa Securities SMBC Co. Ltd., Morgan Stanley Japan Securities Co., Ltd. and Deutsche Securities Inc. (hereafter, collectively referred to as “Joint Lead Managers”). Underwriting firms other than the Joint Lead Managers (hereafter, collectively referred to with the Joint Lead Managers as “Underwriters”) are scheduled to be determined in mid June.

(6) Underwriter consideration

An underwriter fee shall not be paid. In place of this, the net proceeds of the Underwriters shall be the total difference between the offer price of the primary offering and the issue price comprised of the amount paid to NRIC by the Underwriters.

(7) Application unit

1 unit or more in multiples of 1 unit

(8) Application period

From June 18, 2007 (Monday) to June 20, 2007 (Wednesday)

Further, the above application period may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be June 14, 2007 (Thursday) to June 18, 2007 (Monday).

(9) Payment date

June 25, 2007 (Monday)

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Further, the above payment date may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be June 21, 2007 (Thursday).

(10) Investment securities delivery and settlement date

June 26, 2007 (Tuesday)

Further, the above investment securities delivery and settlement date may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be June 22, 2007 (Friday).

(11) The offer price, issue price, underwriting firms other than the Joint Lead Managers and other matters necessary for this issuance of new investment units shall be finalized at a future meeting of the Board of Directors.

(12) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

2. Issuance of New Investment Units Through Third-Party Allotment (third-party allotment conducted in correlation with “3. Secondary Offering of Investment Units (secondary offering via over-allotment)”)

(1) Total number of units to be issued

1,482 units

(2) Issue price

Undetermined

(To be decided at a meeting of the Board of Directors to be held on the Offer Price Finalization Day. This shall be the same as the issue price in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above.)

(3) Total issue amount

Undetermined

(4) Name of allottee and total number of units to be allotted

Daiwa Securities SMBC Co. Ltd.

1,482 units

(5) Application unit

1 unit or more in multiples of 1 unit

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- (6) Application period (application deadline)
July 19, 2007 (Thursday)
- (7) Payment date
July 20, 2007 (Friday)
- (8) The issue price and other matters necessary for the issuance of new investment units through the third-party allotment shall be finalized at a future meeting of the Board of Directors.
- (9) Investment units that are not applied for by the application deadline entered in (6) above shall have their issuance terminated.
- (10) When the issuance of new investment units through the public offering and the secondary offering via over-allotment are suspended, this issuance of new investment units through third-party allotment shall also be suspended.
- (11) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

3. Secondary Offering of Investment Units (secondary offering via over-allotment)

- (1) Seller and total number of units to be offered
Daiwa Securities SMBC Co. Ltd.
1,482 units
Further, the above total number of investment units to be offered through the secondary offering is the ceiling and the final total number of investment units to be offered through the secondary offering shall be finalized on the Offer Price Finalization Day after considering the demand conditions and other factors in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above.
- (2) Secondary offer price
Undetermined
(To be decided on the Offer Price Finalization Day. This shall be the same price as the offer price determined in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above.)
- (3) Total secondary issue amount
Undetermined

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(4) Secondary offering method

Taking the demand conditions and other factors in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above into consideration, Daiwa Securities SMBC Co. Ltd. shall execute a secondary offering of NRIC investment securities that it is to borrow from NRIC unitholders Pacific Management Corporation and Pacific Investment Advisors Corporation. Daiwa Securities SMBC Co. Ltd. shall borrow no more than 1,282 units from the former and no more than 200 units from the latter.

(5) Application period

This shall be the same as the application period in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above.

(6) Amount payable on application

The amount payable on application shall be the same amount as the secondary offer price.

(7) Delivery date

This shall be the next business day after the payment date in “1. Issuance of New Investment Units Through Public Offering (primary offering)” above.

(8) Application unit

1 unit or more in multiples of 1 unit

(9) The secondary offer price and other matters necessary for the secondary offering of these investment units shall be finalized at a future meeting of the Board of Directors.

(10) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

4. Secondary Offering Via Over-Allotment

- (1) On the occasion of this issuance of 60,000 new investment units through public offering (primary offering), Daiwa Securities SMBC Co. Ltd. may execute a secondary offering (secondary offering via over-allotment) of NRIC investment securities that it shall borrow from NRIC unitholders Pacific Management Corporation (from which no more than 1,282 units shall be borrowed) and Pacific Investment Advisors Corporation (from which no more than 200 units

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shall be borrowed) (hereafter, “borrowed investment securities”) after due consideration of demand conditions and other factors.

The number of units to be offered through this secondary offering via over-allotment indicates the ceiling for the number of units. This number may be reduced or the secondary offering via over-allotment itself may be suspended as a result of demand conditions and other factors.

In relation to this, a meeting of NRIC’s Board of Directors on May 31, 2007 (Thursday) resolved to issue, separate from this primary offering, new NRIC investment units totaling 1,482 units through a third-party allotment with Daiwa Securities SMBC Co. Ltd. as the allottee (hereafter, “this third-party allotment”) and July 20, 2007 (Friday) as the payment date. Daiwa Securities SMBC Co. Ltd. may conduct transactions to stabilize unit prices of NRIC investment securities during the application period for the primary offering and secondary offering via over-allotment. NRIC investment securities acquired through said stabilizing transactions may be allocated to returning the borrowed investment securities.

In addition, there are instances where Daiwa Securities SMBC Co. Ltd. may acquire NRIC investment securities on the Tokyo Stock Exchange up to the number of units offered through the secondary offering via over-allotment (hereafter, “syndicate covering transaction”). This can be done during the period from the day after the end date of the application period to July 18, 2007 (Wednesday) (hereafter, “syndicate covering transaction period”). NRIC investment securities acquired in the syndicate covering transaction will be allocated to returning the borrowed investment securities. Also during the syndicate covering transaction period, there may be cases where, at the discretion of Daiwa Securities SMBC Co. Ltd., no syndicate covering transaction is performed whatsoever or the syndicate covering transaction is ended even if the number of units acquired is less than the maximum acquirable number of units.

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Furthermore, Daiwa Securities SMBC Co. Ltd. plans to agree to this third-party allotment for the number of units arrived at when the number of units from the abovementioned stabilizing transactions and syndicate covering transaction to be allocated to returning borrowed investment securities is subtracted from the number of units offered in the secondary offering via over-allotment.

Accordingly, there are instances where an application will not be filed for all or part of the number of investment units issued in this third-party allotment, which would cause the number of units ultimately issued through this third-party allotment to fall depending on the applied number of units or the issue itself to be terminated completely as a result of the forfeiture.

- (2) In regards to the transactions described in (1) above, Daiwa Securities SMBC Co. Ltd. shall conduct it after negotiations with Morgan Stanley Japan Securities Co., Ltd. and Deutsche Securities Inc.

5. Changes in the Outstanding Number of Investment Units After This Issuance of New Investment Units

	(Units)	
Total number of investment units presently outstanding	186,809	
Increase in number of investment units due to primary offering	60,000	
Total number of investment units outstanding after primary offering	246,809	
Increase in number of investment units due to this third-party allotment	1,482	(Note)
Total number of investment units outstanding after this third-party allotment	248,291	(Note)

(Note) These are the figures in the case that an application is received from Daiwa Securities SMBC Co. Ltd. for all the new investment units to be issued through this third-party allotment and the issuance is actually conducted.

6. Reason for Issuance (Use of Procured Capital), etc.

(1) Reason for Issuance (Use of Capital Procured Through Issuance)

The estimated proceeds from this primary offering (44,800 million yen) combined with the estimated maximum proceeds from the new investment units issued through this third-party allotment resolved on the same day as the

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primary offering (1,100 million yen) shall be used as funds for NRIC to acquire specified assets (same meaning as defined in Article 2-1 of the Law Concerning Investment Trusts and Investment Corporations) (29,690 million yen) and the remaining amount used to repay short-term loans, etc.

(2) Change in Use of Capital Procured Last Time

Not applicable.

(3) Outlook of Impact on Management of NRIC

Indicated in the separately announced “Notification of Management Performance Forecasts for Fiscal Period Ending in November 2007” dated the same date.

7. Distribution of Earnings to Unitholders, etc.

(1) Earnings shall be distributed according to the cash distribution policy established in NRIC’s Articles of Incorporation.

(2) Distribution Conditions, etc. of the Past Three Fiscal Periods

	Fiscal Period Ended in November 2005 (Fourth Fiscal Period)	Fiscal Period Ended in May 2006 (Fifth Fiscal Period)	Fiscal Period Ended in November 2006 (Sixth Fiscal Period)
Net income per unit	14,321 yen	14,289 yen	14,232 yen
Distribution per unit	14,002 yen	14,074 yen	14,232 yen
Actual payout ratio	99.9%	100.0%	99.9%

(Note) The amount of net income per unit is calculated by dividing the amount of net income by the weighted average number of investment units based on the number of days (Fourth Fiscal Period: 141,115 units; Fifth Fiscal Period: 183,997 units; Sixth Fiscal Period: 186,809 units).

8. Other

(1) Designation of Distribution Recipients

Not applicable.

(2) Restrictions on Sale and Additional Issuance, etc.

(i) NRIC has reached an agreement with the Joint Lead Managers concerning this primary offering that NRIC will not engage in an additional issuance of investment units for 90 days from the date of delivery for the primary

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offering (however, this excludes the additional issuance by this third-party allotment).

- (ii) NRIC unitholders Pacific Management Corporation and Pacific Investment Advisors Corporation have reached an agreement with the Joint Lead Managers that they will not sell, etc. investment units within 90 days from the date of delivery for the primary offering without the advance written approval of the Joint Lead Managers (however, this excludes the lending of NRIC investment securities to Daiwa Securities SMBC Co. Ltd. for secondary offering via over-allotment).
- (iii) Further, in either of the cases (i) or (ii) above, the Joint Lead Managers possess the discretion to cancel all or part of the concerned agreement content or the authority to shorten the restriction period.

(3) Equity Financing Conditions, etc. Over Past Three Years

(i) Equity Financing Conditions

Date	Total Issue Amount (million yen)	Post-Issuance Unitholders' Capital (million yen)	Remarks
December 6, 2002	100	100	Incorporation through private placement
March 2, 2004	23,616	23,716	Capital increase through public offering
March 30, 2004	711	24,427	Third-party allotment
December 1, 2004	32,033	56,460	Capital increase through public offering
December 17, 2004	616	57,077	Third-party allotment
June 14, 2005	24,957	82,034	Capital increase through public offering
July 8, 2005	902	82,936	Third-party allotment
December 12, 2005	21,865	104,802	Capital increase through public offering
January 11, 2006	790	105,593	Third-party allotment

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(ii) History of Investment Unit Prices Over Past Three Fiscal Periods and Most Recent Values

	Fiscal Period Ended in November 2005	Fiscal Period Ended in May 2006	Fiscal Period Ended in November 2006	Fiscal Period Ended in May 2007 (Note)
Starting Price	640,000 yen	607,000 yen	587,000 yen	629,000 yen
High Price	677,000 yen	652,000 yen	671,000 yen	840,000 yen
Low Price	563,000 yen	559,000 yen	528,000 yen	623,000 yen
Closing Price	606,000 yen	592,000 yen	639,000 yen	775,000 yen

(Note) The figures as of May 30, 2007 are indicated for the investment unit price for the fiscal period ended in May 2007.

- 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 May 31, 2007 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.

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