

August 24, 2007

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

Nippon Residential Investment Corporation
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Notification on Acquisition of
Pacific Residence Yutenji and Pacific Residence Funabashi I and II

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

1. Overview of Acquisition

(1) Pacific Residence Yutenji

(1) Property Name	F-22 Pacific Residence Yutenji
(2) Asset Type	Beneficiary interests in trust
(3) Acquisition Value	5,940,000,000 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	August 24, 2007
(5) Scheduled Acquisition Date	August 29, 2007
(6) Seller	Tameike Residential Properties LLC (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(2) Pacific Residence Funabashi I and II

(1) Property Names	S-64 Pacific Residence Funabashi I and II (Note)
(2) Asset Type	Beneficiary interests in trust
(3) Acquisition Value	3,300,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) (Breakdown) (i) Pacific Residence Funabashi I Property price: 1,710,000,000 yen (Land worth: 958,000,000 yen Building worth: 752,000,000 yen) (ii) Pacific Residence Funabashi II Property price: 1,590,000,000 yen (Land worth: 890,000,000 yen Building worth: 700,000,000 yen) [Payment Schedule] Pay all sales proceeds upon transfer
(4) Sale and Purchase Agreement Date	August 24, 2007
(5) Scheduled Acquisition Date	August 29, 2007. However, the date shall be able to be changed if agreed to by NRIC and the Seller described in (6) below.
(6) Seller	J. Metropolis 1 LLC (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(Note) The present names of the Properties are Lifeport Funabashi Ichibankan and Nibankan, but the names will be changed promptly to the property names given above after NRIC acquires the Properties.

2. Purpose of Acquisition

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

(1) Pacific Residence Yutenji

(1) Reason	In addition to heightening the portfolio share in the Tokyo central 5 wards (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The Property is situated approximately a 5-minute walk from Yutenji Station on the Tokyu Toyoko Line and thus boasts favorable access to the downtown. With numerous buildings where the first floors are being used as stores along Komazawa Dori, which the Property faces, convenience in terms of lifestyle is also excellent. The Property is a property that was built in August 2006 and is expected to draw demand from primarily singles and small households placing emphasis on location such as the comfort and convenience of living in the downtown.

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

(2) Pacific Residence Funabashi I and II

(1) Reason	In addition to heightening the portfolio share in the Tokyo metropolitan area (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>The Properties are situated a 7-minute walk from Funabashi Station on the JR Sobu Line. With Tokyo Station approximately a 24-minute ride from Funabashi Station, the Properties have relatively good access to the inner-city district. There are several retail facilities in the area surrounding Funabashi Station and also a park near the subject real estate. These, among other factors, are thought to translate to both favorable convenience in terms of lifestyle and living comfort.</p> <p>The Properties are properties that were built in March 2007 and are expected to draw demand from singles placing emphasis on such factors as convenience in terms of lifestyle and close proximity to the downtown.</p>

(Note) The Tokyo metropolitan area refers to the Tokyo (excluding the Tokyo 23 wards), Kanagawa, Saitama and Chiba Prefectures.

3. Description of Assets to be Acquired

(1) Pacific Residence Yutenji

Details of Trust Property		Real estate placed in trust
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Name Identifying Concerned Trust		Pacific Residence Yutenji
Trust Period		From: October 27, 2006 To: October 31, 2016
Location (Note 1)		5-1073-3, 5-1074-6 and 5-1077-5 Nakameguro, Meguro-ku, Tokyo (lot number) 5-27-18 Nakameguro, Meguro-ku, Tokyo (residential)
Access		5-minute walk from Yutenji Station on the Tokyu Toyoko Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Neighborhood commercial zone and class 1 residential zone
	Lot Size (Note 1)	2,396.69m ²
	FAR/Building Coverage Ratio (Note 3)	300%/80% 200%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store
	Floor Area (Note 1)	5,846.64m ²
	Construction Completion (Note 1)	August 2006
	Structure (Note 1)	Reinforced concrete structure with flat roof; 7 floors above ground and 1 floor below ground
Acquisition Value		5,940,000,000 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	5,940,000,000 yen
	Appraised Date	July 15, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	118 units in total [Store: 1 unit; 1R: 1 unit; 1K: 39 units; 1LDK: 32 units; 2LDK: 34 units; 1LDK+N: 11 units]
	Leased Units	116 units
	Total Leasable Area	5,423.36m ²
	Total Leased Area	5,307.99m ²
	Monthly Rent (Note 6)	25,574 thousand yen
	Deposit, etc. (Note 7)	62,308 thousand yen
	Occupancy (based on no. of units)	98.3% (Note 8)
	Occupancy (based on area)	97.9% (Note 8)

(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.

(Note 4) The overview of the lease lists figures as of July 31, 2007.

(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 July 31, 2007. 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 July 31, 2007. The amount has been rounded down to the nearest thousand yen.

(Note 8) The occupancy rate is rounded to one decimal place.

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	14,640,000 yen
	Replacement Price	1,469,000,000 yen
	Date of Building Condition Report	August 9, 2007
Earthquake	PML Value	6.2%

Risk Analysis		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.
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(2) Pacific Residence Funabashi I and II

(a) Pacific Residence Funabashi I

Details of Trust Property		Real estate placed in trust
Trustee		The Chuo Mitsui Trust and Banking Co., Ltd.
Name Identifying Concerned Trust		Pacific Residence Funabashi I
Trust Period		From: March 23, 2007 To: March 22, 2012
Location (Note 1)		6-1400-1 and 6-1400-2 Hon-cho, Funabashi-shi, Chiba (lot number) 6-10-1 Hon-cho, Funabashi-shi, Chiba (residential)
Access		7-minute walk from Funabashi Station on the JR Sobu Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Quasi residential zone and class 2 residential zone
	Lot Size (Note 1)	1,287.15m ²
	FAR/Building Coverage Ratio (Note 3)	Quasi residential zone: 200%/60% Class 2 residential zone: 200%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store
	Floor Area (Note 1)	2,554.86m ²
	Construction Completion (Note 1)	March 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 10 floors above ground
Acquisition Value		1,710,000,000 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	1,710,000,000 yen

	Appraised Date	July 20, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	91 units [Store: 1 unit; 1K: 90 units]
	Leased Units	91 units (Note 8)
	Total Leasable Area	2,407.91m ²
	Total Leased Area	2,407.91m ²
	Monthly Rent (Note 6)	8,135 thousand yen
	Deposit, etc. (Note 7)	20,608 thousand yen
	Occupancy (based on no. of units)	100.0% (Note 9)
	Occupancy (based on area)	100.0% (Note 9)

(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.

(Note 4) The overview of the lease lists figures as of August 21, 2007.

(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 August 21, 2007. 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 August 21, 2007. The amount has been rounded down to the nearest thousand yen.

(Note 8) 90 units (the 91 units in total with the exception of the store) are subleased in its entirety to a single subtenant.

(Note 9) The occupancy rate is rounded to one decimal place.

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	6,900,000 yen
	Replacement Price	596,000,000 yen
	Date of Building Condition Report	August 14, 2007
Earthquake	PML Value	9.4%

Risk Analysis		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.
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(b) Pacific Residence Funabashi II

Details of Trust Property		Real estate placed in trust
Trustee		The Chuo Mitsui Trust and Banking Co., Ltd.
Name Identifying Concerned Trust		Pacific Residence Funabashi II
Trust Period		From: March 23, 2007 To: March 22, 2012
Location (Note 1)		6-1393-1, 6-1399-1 and 6-1399-2 Hon-cho, Funabashi-shi, Chiba (lot number) 6-9-3 Hon-cho, Funabashi-shi, Chiba (residential)
Access		6-minute walk from Funabashi Station on the JR Sobu Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 2 residential zone
	Lot Size (Note 1)	1,158.61m ²
	FAR/Building Coverage Ratio (Note 3)	200%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store
	Floor Area (Note 1)	2,315.95m ²
	Construction Completion (Note 1)	March 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 9 floors above ground
Acquisition Value		1,590,000,000 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	1,570,000,000 yen
	Appraised Date	July 20, 2007
Overview	No. of Tenants (Note 5)	1

of Lease (Note 4)	Leasable Units	81 units [Store: 1 unit; 1K: 80 units]
	Leased Units	81 units (Note 8)
	Total Leasable Area	2,127.53m ²
	Total Leased Area	2,127.53m ²
	Monthly Rent (Note 6)	7,152 thousand yen
	Deposit, etc. (Note 7)	12,916 thousand yen
	Occupancy (based on no. of units)	100.0% (Note 9)
	Occupancy (based on area)	100.0% (Note 9)

(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.

(Note 4) The overview of the lease lists figures as of August 21, 2007.

(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 August 21, 2007. 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 August 21, 2007. The amount has been rounded down to the nearest thousand yen.

(Note 8) 80 units (the 81 units in total with the exception of the store) are subleased in its entirety to a single subtenant.

(Note 9) The occupancy rate is rounded to one decimal place.

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	9,530,000 yen
	Replacement Price	598,000,000 yen
	Date of Building Condition Report	August 14, 2007
Earthquake	PML Value	9.9%

Risk Analysis		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.
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4. Seller Profile

(1) Pacific Residence Yutenji

Company Name	Tameike Residential Properties LLC
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative Member	PUOREF Limited Liability Intermediate Corporation Executive officer: Noriaki Yamada
Paid-in Capital	1 million yen
Investor	PUOREF Limited Liability Intermediate Corporation
Line of Business	<ol style="list-style-type: none"> 1. Acquiring, owning and disposing of real estate 2. Renting and managing real estate 3. Acquiring, owning and disposing of beneficiary interests in trust for real estate 4. All work incidental or related to the above items
Relationship with NRIC and Investment Trust Management Company	<p>Tameike Residential Properties LLC (hereafter, the “Seller”) does not constitute an interested party, etc. of the asset management company as defined in the Law concerning Investment Trusts and Investment Corporations (1951 Law No. 198, including amendments thereto), and for NRIC to acquire assets from the Seller does not constitute a “transaction with an interested party, etc.” as defined in said Law. Moreover, according to the self-imposed rules of NRIC (Rules on Safeguards Against Conflicts of Interest) stipulated by Pacific Investment Advisors Corporation (hereafter, the “Asset Management Company”), the investment trust management company to which NRIC entrusts work related to the management of NRIC’s assets, the acquisition also does not constitute an acquisition from a “related party” of the Asset Management Company. However, in light of the fact that a real estate investment advisory agreement has been concluded between Pacific Investment Partners Corporation, which is an interested party, etc. of the Asset Management Company, and the Seller, NRIC has adopted the same procedures that</p>

	would have been undertaken if the acquisition were from a “related party” of the Asset Management Company.
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(2) Pacific Residence Funabashi I and II

Company Name	J. Metropolis 1 LLC
Head Office Address	Akasaka Chuo Bldg., 3-2-6 Akasaka, Minato-ku, Tokyo Within Actus Management Services, K.K.
Representative	Representative member: J. Metropolis Holdings Limited Liability Intermediate Corporation Executive officer: Naoto Kasuya
Paid-in Capital	1 million yen
Line of Business	5. Acquiring, owning and selling beneficiary interests in trust for real estate 6. Acquiring, owning, selling, renting and managing real estate 7. All work incidental to the above items
Relationship with NRIC and Investment Trust Management Company	None

5. Status of Property Buyers, etc. (Current and Prior Titleholders)

(1) Pacific Residence Yutenji

Property Name	F-22 Pacific Residence Yutenji		
Status of Titleholders, etc. to the Property	Current Titleholder / Trust Beneficiary Interest Holder	Prior Titleholder / Trust Beneficiary Interest Holder (Note 1)	Titleholder / Trust Beneficiary Interest Holder Preceding the Prior Titleholder / Trust Beneficiary Interest Holder (Note 1)
Name of Company/Person	Tameike Residential Properties LLC	Pacific Properties Investment Y.K.	A party other than a party having particular vested interest
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (1) above	Consolidated subsidiary of the Asset Management Company's shareholder	—
Acquisition Background, Reason, etc.	Warehousing	For the purpose of developing rental housing	—
Acquisition Price (including other expenses)	Not being disclosed (due to non-disclosure agreement with the concerned party)	Not being disclosed (due to non-disclosure agreement with the concerned party)	—
Acquisition Timing	October 27, 2006	March 24, 2005	—

(Note 1) After joint development with C's Create Co., Ltd. (a party other than a party having

particular vested interest), Pacific Properties Investment Y.K. (the prior titleholder), acquired the holdings held by C's Create Co., Ltd. for tenancy in severalty.

6. Broker Profile

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Masaru Takatsuka, Representative Director
Commission	Pacific Residence Yutenji : 118,800,000 yen Pacific Residence Funabashi I and II : 98,400,000 yen (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.

7. Matters concerning Design, etc. of Assets to be Acquired

NRIC has verified the Properties' architect, building contractor, building designer, structural designer, building verification agency and inspection agency. The details are given in the following tables.

As at August 23, 2007, none of the Properties' 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. 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 verification and inspection agencies' investigation of building verification. 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 drawings using structural drawings, structural design overviews and other documents and based on site inspections.

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

(1) Pacific Residence Yutenji

Property Name	Pacific Residence Yutenji
Architect	C's Create Co., Ltd. Pacific Properties Investment Y.K.
Building Contractor	Tokai Kogyo Co., Ltd. Kenchiku Jigyo Honbu
Building Designer	PAT Kenchiku Sekkei Jimusho K.K.
Structural Designer	Izumi Kenchiku Kozo Jimusho Y.K.
Verification Agency	Fuji Building Consulting, Inc.
Inspection Agency	Fuji Building Consulting, Inc.

(2) Pacific Residence Funabashi I and II

Property Name	Pacific Residence Funabashi I	Pacific Residence Funabashi II
Architect	ZECS Co., Ltd. Chuo Corporation	ZECS Co., Ltd. Chuo Corporation
Building Contractor	Kagata Corporation Tokyo Branch	Haseko Corporation
Building Designer	Totsuka Architect & Consultant	Totsuka Architect & Consultant
Structural Designer	BEC K.K.	BEC K.K.
Verification Agency	Urban Housing Evaluation Center	Urban Housing Evaluation Center
Inspection Agency	Urban Housing Evaluation Center	Urban Housing Evaluation Center

(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	531,510 thousand yen
Line of Business	<ol style="list-style-type: none"> 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) 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) 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 4. Turnkey building construction, electrical work, plumbing, interior finishing and fire fighting

	facility construction 5. Design work for construction projects (architectural design, setting electrical installations, machinery and facility design, information facility design, office layout, etc.) 6. Consulting work for design projects 7. Selling and renting office appliances, information and telecommunication equipment, fixtures, interior fittings, etc. 8. Developing, selling, leasing and renting computer hardware and software 9. Manufacturing, selling, exporting, importing and constructing telecommunication equipment 10. Employment agency that dispatches its own full-time workers 11. All work incidental to the above items
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 2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc. 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

8. Outlook of Management Performance After Acquisition of Concerned Assets

The management performance outlook for NRIC for the fiscal period ending in November 2007 (June 1, 2007 – November 30, 2007) does not change as a result of acquisition of the Properties.

- 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 Properties' Price

(1) Pacific Residence Yutenji

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	5,940,000	
Operating profit		
(a) Rental income including common expenses	311,462	Appraised based on rent and common expenses of the currently occupied portion.
(b) Utilities income	0	
(c) Parking lot income	14,361	For income from the parking lot, appraised based on usage fees of the currently occupied portion. For income from the bike parking space, recorded actual amounts taking into account losses from vacancies, etc. on the basis of actual amounts.
(d) Other income	12,754	Appraised income from key money, etc. based on the assumption that it is 1.5 months (housing portion), and in consideration of the replacement rate and vacancy rate. Appraised renewal fee income as 0.5 months worth of the assumed new rent, and in consideration of the renewal rate and vacancy rate.
Income from key money, etc.	10,435	
Renewal fee income	2,319	
Other income	0	
①[(a)+(b)+(c)+(d)]	338,577	
(e) Total losses from vacancies, etc.	12,158	Appraised the vacancy rate based on the actual vacancy rate and the standard vacancy rates of similar apartments, and taking into account such factors as the competitiveness of the subject real estate in the rental market.
(f) Bad debts loss	0	Not recorded as it will be covered by the guarantees, etc.
②Operating profit [①-(e)-(f)]	326,419	
Operating expenses		
(g) Maintenance and management fee	6,173	Appraised based on actual amounts.
(h) Utilities	2,953	Based on the level of utilities of similar real estate, appraised as 150 yen a month per tsubo of leased area.
(i) Repair costs	3,650	Based on the level of repair costs of similar real estate, appraised as the amount equivalent to 0.12% of the replacement cost for the building. In addition, recorded by appraising maintenance costs when sublessors move out of their units as 4,000 yen per tsubo of leased area, and in consideration of the replacement rate and vacancy rate.
(j) Property management fee	9,410	Pursuant to current agreements, appraised as the amount equivalent to 3.0% of the rental income, etc.
(k) Tenant soliciting fee, etc.	10,942	Recorded by appraising as 1.5 months worth of a new tenant in reference to historical data, and in consideration of the replacement rate and vacancy rate.

(l) Taxes, etc.	11,667	In the case of the land, appraised based on actual fiscal 2007 amounts and taking into account future rises in land prices. In the case of the building, appraised based on actual fiscal 2007 amounts and taking into account correcting for aging.
(m) Liability insurance premium	1,286	Appraised based on actual amounts.
(n) Other expenses	787	Appraised based on actual amounts of broadcasting service usage fees and the amount due to be paid for town council fees.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	46,868	
④ Net operating profit [②-③]	279,551	
(o) Operating profit from deposits	1,382	Recorded by assuming guarantees, etc. as 2 months worth for the housing portion and 12 months worth for the store portion, and multiplying by an operating return on deposits of 2.0% that was appraised based on such factors as the return on asset management over the long term.
(p) Capital expenditures	4,236	Based on the level of the amount of upkeep and cost of major repairs of similar real estate, appraised as the amount equivalent to 0.28% of the replacement cost for the building.
⑤ Net profit [④+(o)-(p)]	276,697	
⑥ Cap rate	4.6%	Comprehensively taking into account such factors as the return on transaction in the market of similar apartments and the results of real estate investor surveys, determined the standard cap rate of apartments located in areas with the lowest risk. Furthermore, appraised the cap rate based on cap rates from appraisals of the subject real estate and similar real estate, and taking into account the disparity appraised in view of rental supply/demand trends, market trends in the transaction market and other trends.
Capitalized value from the direct capitalization method [⑤÷⑥]	6,020,000	
Price from the DCF method	5,900,000	
Discount rate	4.4%	Appraised by a combination of the approach involving finding by comparing to case examples of transaction of similar real estate and the approach involving finding by taking the return on financial assets coupled with the unique qualities of the real estate, and also in reference to interviews of investors, etc.
Terminal cap rate	4.8%	Appraised by taking the cap rate and adjusting for the attributes of the net profit employed, future uncertainties and other factors.
Price from the cost approach	3,750,000	The sum of the land price and building price

		rounded to the third digit from the top.
Sum of land and building prices	3,750,739	
Land price	2,285,651	
Building price	1,465,088	
Upward/Downward price revision	0%	Deemed there to have been no price appreciation/depreciation for the land and building combined.

(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.

(2) Pacific Residence Funabashi I and II

(a) Pacific Residence Funabashi I

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	1,710,000	
Operating profit		
(q) Rental income including common expenses	105,932	Appraised based on new rent levels and trends of similar buildings in case examples of renting and in the same supply/demand area, and taking into account the actual amounts, medium- to long-term competitiveness of the subject real estate and other factors.
(r) Utilities income	0	None.
(s) Parking lot income	3,240	Appraised after considering the rent levels in case examples of renting and in the same supply/demand area, actual amounts and other factors.
(t) Other income	2,828	Appraised income from key money, etc., based on the assumed key money, etc. and in consideration of the replacement rate and vacancy rate. Appraised renewal fee income as 0.5 months worth of the assumed new rent in view of the fee paid at the time of renewal, and appraised in consideration of the renewal rate (assumed to be 20%) and vacancy rate.
Income from key money, etc.	2,121	
Renewal fee income	707	
Other income	0	
①[(a)+(b)+(c)+(d)]	112,000	
(u) Total losses from vacancies, etc.	5,288	Based on such factors as the current vacancy rates of end tenants and taking into account such factors as the competitiveness of the subject real estate in the rental market, appraised the vacancy rate applicable to the rental income and parking lot income that is recognized to be stable over the medium and long term.
(v) Bad debts loss	0	Not recorded as it is recognized to be covered by the guarantees, etc.
②Operating profit [①-(e)-(f)]	106,712	
Operating expenses		

(w) Maintenance and management fee	2,544	Appraised based on actual amounts according to current agreements, and considering also the level of maintenance and management fees of similar real estate.
(x) Utilities	1,049	Based on the level of utilities of similar real estate, appraised as 120 yen a month per tsubo of leasable area.
(y) Repair costs	1,474	Based on the level of repair costs of similar real estate, appraised as the amount equivalent to 0.12% of the replacement cost for the building. In addition, recorded by appraising maintenance costs when sublessors move out of their units as 4,000 yen per tsubo of leased area, and in consideration of the replacement rate and vacancy rate.
(z) Property management fee	3,117	Based on the leasing entrustment agreement and after verifying the level of property management fees of similar real estate, appraised as 3.0% of the rental income, etc. as the monthly return for leasing.
(aa) Tenant soliciting fee, etc.	3,492	For the rental units and parking lot, recorded by appraising as 1.5 months worth of the assumed new rent and in consideration of the replacement rate and vacancy rate.
(bb) Taxes, etc.	5,344	In the case of the land, recorded by appraising the standard tax amount based on the appraised values indicated on the fiscal 2007 real property tax and city planning tax taxation certificates. Appraisal of the standard tax amount was conducted from the view that special regulations on small housing lots will apply. In the case of the building, appraised based on the replacement cost. However, from a medium- to long-term perspective in consideration of correcting for aging, recorded by appraising the assumed tax amount in the 11th year after construction.
(cc) Liability insurance premium	307	Taking into account such factors as the level of liability insurance premiums of similar real estate, recorded the amount equivalent to 0.05% of the replacement cost for the building.
(dd) Other expenses	719	Recorded the CATV usage fee and safety service fees for electrical facilities for private use pursuant to the agreement.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	18,046	
④ Net operating profit [②-③]	88,665	
(ee) Operating profit from deposits	410	Found by appraising the return on asset management as 2.0% from a medium- to long-term perspective based on 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 deposits received (deposits, guarantees, etc.) by this rate.
	(ff) Capital expenditures	2,100	Deeming that the amount of upkeep and cost of major repairs according to the engineering report are generally reasonable, recorded the average annual amount over 15 years.
	⑤ Net profit [(4)+(o)-(p)]	86,976	
	⑥ Cap rate	5.0%	Appraised by setting the cap rate of apartments located in areas with the lowest investment risk as a reference, and taking into account rental demand trends, market trends in the transaction market and other trends.
	Capitalized value from the direct capitalization method [(5)÷(6)]	1,740,000	
	Price from the DCF method	1,700,000	
	Discount rate	4.8%	Appraised by a combination of the approach involving finding by comparing to case examples of transaction of similar real estate and the approach involving finding by taking the return on financial assets coupled with the unique qualities of the real estate, and also in reference to interviews of investors, etc.
	Terminal cap rate	5.2%	Appraised by taking the cap rate appraised in the previous item and adjusting for the attributes of the net profit employed, future uncertainties and other factors.
	Price from the cost approach	1,150,000	
	Sum of land and building prices	1,145,473	
	Land price	531,593	
	Building price	613,880	

(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.

(b) Pacific Residence Funabashi II

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	1,570,000	
Operating profit		
(a) Rental income including common expenses	94,646	Appraised based on new rent levels and trends of similar buildings in case examples of renting and in the same supply/demand area, and taking into account the actual amounts, medium- to long-term competitiveness of the subject real estate

			and other factors.
(b) Utilities income	0		None.
(c) Parking lot income	8,640		Appraised after considering the rent levels in case examples of renting and in the same supply/demand area, actual amounts and other factors.
(d) Other income	2,559		Appraised income from key money, etc., based on the assumed key money, etc. and in consideration of the replacement rate and vacancy rate. Appraised renewal fee income as 0.5 months worth of the assumed new rent in view of the fee paid at the time of renewal, and appraised in consideration of the renewal rate (assumed to be 20%) and vacancy rate.
Income from key money, etc.	1,919		
Renewal fee income	640		
Other income	0		
①[(a)+(b)+(c)+(d)]	105,845		
(e) Total losses from vacancies, etc.	5,752		Based on such factors as the current vacancy rates of end tenants and taking into account such factors as the competitiveness of the subject real estate in the rental market, appraised the vacancy rate applicable to the rental income and parking lot income that is recognized to be stable over the medium and long term.
(f) Bad debts loss	0		Not recorded as it is recognized to be covered by the guarantees, etc.
②Operating profit [①-(e)-(f)]	100,093		
Operating expenses			
(g) Maintenance and management fee	3,312		Appraised based on actual amounts according to current agreements, and considering also the level of maintenance and management fees of similar real estate.
(h) Utilities	941		Based on the level of utilities of similar real estate, appraised as 120 yen a month per tsubo of leasable area.
(i) Repair costs	1,758		Deeming that the amount of repair costs according to the engineering report is generally reasonable, recorded the average annual amount over 15 years. In addition, recorded by appraising maintenance costs when sublessors move out of their units as 4,000 yen per tsubo of leased area, and in consideration of the replacement rate and vacancy rate.
(j) Property management fee	2,926		Based on the leasing entrustment agreement and after verifying the level of property management fees of similar real estate, appraised as 3.0% of the rental income, etc. as the monthly return for leasing.
(k) Tenant soliciting fee, etc.	3,322		For the rental units and parking lot, recorded by appraising as 1.5 months worth of the assumed new rent and in consideration of the replacement rate and vacancy rate.

(l) Taxes, etc.	5,328	In the case of the land, recorded by appraising the standard tax amount based on the appraised values indicated on the fiscal 2007 real property tax and city planning tax taxation certificates. Appraisal of the standard tax amount was conducted from the view that special regulations on small housing lots will apply. In the case of the building, appraised based on the replacement cost. However, from a medium- to long-term perspective in consideration of correcting for aging, recorded by appraising the assumed tax amount in the 11th year after construction.
(m) Liability insurance premium	308	Taking into account such factors as the level of liability insurance premiums of similar real estate, recorded the amount equivalent to 0.05% of the replacement cost for the building.
(n) Other expenses	659	Recorded the CATV usage fee and safety service fees for electrical facilities for private use pursuant to the agreement.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	18,553	
④ Net operating profit [②-③]	81,540	
(o) Operating profit from deposits	262	Found by appraising the return on asset management as 2.0% from a medium- to long-term perspective based on 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 deposits received (deposits, guarantees, etc.) by this rate.
(p) Capital expenditures	1,913	Deeming that the amount of upkeep and cost of major repairs according to the engineering report are generally reasonable, recorded the average annual amount over 15 years.
⑤ Net profit [④+(o)-(p)]	79,889	
⑥ Cap rate	5.0%	Appraised by setting the cap rate of apartments located in areas with the lowest investment risk as a reference, and taking into account rental demand trends, market trends in the transaction market and other trends.
Capitalized value from the direct capitalization method [⑤÷⑥]	1,600,000	
Price from the DCF method	1,550,000	
Discount rate	4.8%	Appraised by a combination of the approach involving finding by comparing to case examples of transaction of similar real estate and the approach involving finding by taking the return on financial assets coupled with the unique qualities of the real estate, and

			also in reference to interviews of investors, etc.
	Terminal cap rate	5.2%	Appraised by taking the cap rate appraised in the previous item and adjusting for the attributes of the net profit employed, future uncertainties and other factors.
	Price from the cost approach	1,110,000	
	Sum of land and building prices (⇒)	1,106,032	
	Land price	490,092	
	Building price	615,940	

(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.

[Attachment 2] Portfolio Following Acquisition of the Properties
(based on (planned) acquisition price)

(Unit: thousand yen)

Asset Category (Note 1)	Area (Note 2)				Total
	Tokyo central 5 wards	Tokyo 23 wards	Tokyo metropolitan area	Major regional cities	
Core 1	85,806,104	68,047,831	9,162,000	23,230,650	182,246,586
Core 2	37,415,400	9,298,000	1,950,000	7,795,900	56,459,300
Sub-core	5,932,000	7,201,600	4,074,600	4,978,900	22,187,100
Total	129,153,504	84,547,431	15,186,600	36,005,450	264,892,986

(Note 1) Asset Category (Core / Sub-core)

Core assets are properties that can provide a particularly favorable residential environment from the perspectives of convenience, surrounding environment, management conditions, state of upkeep, facility specifications, etc. that is sustainable over the long term. While exhibiting competitiveness equivalent to core assets, sub-core assets are properties that are relatively superior in terms of profitability and liquidity and are especially properties from which stable rental income can be anticipated over the medium and long term. Of core assets, properties bearing the “Pacific” brand are classified as “Core 1” while all other properties are classified as “Core 2.”

(Note 2) The Tokyo central 5 wards refer to the Minato, Shibuya, Shinjuku, Meguro and Chiyoda Wards. The Tokyo 23 wards refer to the remaining wards other than the Tokyo central 5 wards. The Tokyo metropolitan area refers to the Tokyo (excluding the Tokyo 23 wards), Kanagawa, Saitama and Chiba Prefectures. Major regional cities refer to areas that are within commuting distance of a central area of a government-designated city or other areas where an increased demand for rental housing, etc. is anticipated.

(Note 3) The above figures are each rounded down to the nearest specified unit.

[Attachment 3] Outside View of the Properties

(1) Pacific Residence Yutenji



(2) Pacific Residence Funabashi I and II

(a) Pacific Residence Funabashi I



(b) Pacific Residence Funabashi II

