

September 5, 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 Takaoka and Pacific Residence Higashiyama-Motomachi

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 Takaoka

(1) Property Name	S-66 Pacific Residence Takaoka
(2) Asset Type	Real estate
(3) Acquisition Value	3,000,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 300,000,000 yen (down payment) upon conclusion of sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	September 5, 2007
(5) Acquisition Date	September 27, 2007
(6) Seller	Tokyu Land Corporation (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(2) Pacific Residence Higashiyama-Motomachi

(1) Property Name	F-23 Pacific Residence Higashiyama-Motomachi
(2) Asset Type	Real estate
(3) Acquisition Value	991,571,429 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 10,000,000 yen (down payment) upon conclusion of sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	September 5, 2007
(5) Acquisition Date	September 28, 2007
(6) Seller	Kowa Real Estate Co., Ltd. and Mitsui Fudosan Residential Co., Ltd. (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

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 Takaoka

(1) Reason	In addition to heightening the portfolio share in major regional cities (Note) (excluding the Tokyo metropolitan area), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The Property is situated a 1-minute walk from Takaoka Station on the Nagoya City Subway Sakura-dori Line. In addition, Nagoya Station is about a 6-minute ride from Takaoka Station. Consequently, access to the downtown is also favorable. The Property boasts relatively excellent convenience in terms of transportation and the demand for small rental units in the area is also relatively robust. Thus, the Property is expected to continue maintaining an adequate level of competitiveness.

(Note) 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.

(2) Pacific Residence Higashiyama-Motomachi

(1) Reason	In addition to heightening the portfolio share in major regional cities (Note) (excluding the Tokyo metropolitan area), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The Property is situated a 8-minute walk from Higashiyama Koen Station on the Nagoya City Subway Higashiyama Line and takes about a 15-minute ride to Nagoya Station from Higashiyama Koen Station. Consequently, the Property boasts relatively excellent convenience in terms of transportation.

	The Property is a rental condominium complex comprised primarily of Family Type units located in a quiet residential neighborhood in Nagoya City. Convenience in terms of transportation is relatively excellent and the lifestyle environment is also relatively good. Combined with such strengths as excellent quality, etc. of the building, the Property is expected to continue maintaining an adequate level of competitiveness.
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(Note) 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.

3. Description of Assets to be Acquired

(1) Pacific Residence Takaoka

Property Name		Pacific Residence Takaoka
Location (Note 1)		2-2808 Izumi, Higashi-ku, Nagoya-shi, Aichi (lot number) 2-28-18 Izumi, Higashi-ku, Nagoya-shi, Aichi (residential)
Access		1-minute walk from Takaoka Station on the Nagoya City Subway Sakura-dori Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	815.17m ²
	FAR/Building Coverage Ratio (Note 3)	400%/80% 800%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store
	Floor Area (Note 1)	7,854.01m ²
	Construction Completion (Note 1)	August 20, 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 15 floors above ground and 1 floor below ground
	Leasable Units	197 units [Store: 1 unit; 1R: 14 units; 1K: 126 units; 1DK: 56 units]
	Total Leasable Area	5,944.56m ²
Acquisition Value		3,000,000,000 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 Japan Real Estate Institute
	Appraised Value	3,000,000,000 yen
	Appraised Date	August 29, 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	16,410,000 yen
	Replacement Price	1,728,000,000 yen
	Date of Building Condition Report	August 24, 2007
Earthquake Risk Analysis	PML Value	9.3%
		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.

(2) Pacific Residence Higashiyama-Motomachi

Property Name		Pacific Residence Higashiyama-Motomachi
Location (Note 1)		2-69 and 3-5 Higashiyama-Motomachi, Chikusa-ku, Nagoya-shi, Aichi (lot number) Residential indication yet to be assigned
Access		8-minute walk from Higashiyama-Motomachi Station on the Nagoya City Subway Higashiyama Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 exclusive residential zone for low-rise buildings
	Lot Size (Note 1)	2,464.86m ²
	FAR/Building Coverage Ratio (Note 3)	100%/30%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Area (Note 1)	2,104.99m ² (planned)
	Construction Completion	September 2007 (planned)

	Structure (Note 1)	Reinforced concrete structure; 4 floors above ground and 1 floor below ground
	Leasable Units	23 units [1LDK: 2 units; 2LDK: 8 units; 3LDK: 12 units; 4LDK: 1 unit] (planned)
	Total Leasable Area	1,889.99m ²
Acquisition Value		991,571,429 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		None
Appraisal Method	Method	Valuation survey by Japan Real Estate Institute (Note 4)
	Estimated Value	864,000,000 yen
	Survey Date	August 29, 2007

(Note 1) Information that appears on the registry was used for the location and lot size. In addition, information on the building is all from plans. Information for the type, floor area and structure are as set forth in the confirmation certificate (No. S623-1289) dated December 8, 2006.

(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) A valuation survey differs from the appraised value found by the appraisal of real estate prescribed in Article 2-1 of the Law concerning Real-Estate Appraisal. As construction on the subject building is not complete, making confirmation of the subject real estate difficult, the value is one that was found by the appraiser by applying the appraisal method under the assumption that construction on the to-be-constructed building was completed as planned at the time of reference of the survey.

4. Seller Profile

(1) Pacific Residence Takaoka

Company Name	Tokyu Land Corporation								
Head Office Address	1-21-2 Dogenzaka, Shibuya-ku, Tokyo								
Representative	Masatake Ueki, President and Representative Director								
Paid-in Capital	57,551,699,228 yen								
Major Shareholders	<table border="0"> <tr> <td>1. Tokyu Corporation</td> <td>16.76%</td> </tr> <tr> <td>2. Japan Trustee Services Bank, Ltd.</td> <td>6.96%</td> </tr> <tr> <td>3. The Master Trust Bank of Japan, Ltd.</td> <td>5.19%</td> </tr> <tr> <td>4. The Chuo Mitsui Trust and Banking Co., Ltd.</td> <td>4.27%</td> </tr> </table>	1. Tokyu Corporation	16.76%	2. Japan Trustee Services Bank, Ltd.	6.96%	3. The Master Trust Bank of Japan, Ltd.	5.19%	4. The Chuo Mitsui Trust and Banking Co., Ltd.	4.27%
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Line of Business	<table border="0"> <tr> <td>1. Managing, renting, selling, purchasing, brokering and appraising land and real estate</td> </tr> <tr> <td>2. Developing housing subdivisions, etc.</td> </tr> <tr> <td>3. Manufacturing, selling, importing and exporting building materials</td> </tr> </table>	1. Managing, renting, selling, purchasing, brokering and appraising land and real estate	2. Developing housing subdivisions, etc.	3. Manufacturing, selling, importing and exporting building materials					
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2. Developing housing subdivisions, etc.									
3. Manufacturing, selling, importing and exporting building materials									
Relationship with NRIC and Investment Trust Management Company	None								

(2) Pacific Residence Higashiyama-Motomachi

Company Name	Kowa Real Estate Co., Ltd.
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Head Office Address	1-15-5 Minami Aoyama, Minato-ku, Tokyo
Representative	Mikio Nakura, Representative Director
Paid-in Capital	16,800,000,000 yen
Major Shareholders	Tosoh Corporation, Nippon Life Insurance Company, Hitachi, Ltd., Mizuho Corporate Bank, Ltd., and Daido Steel Co., Ltd.
Line of Business	Real estate sales, renting, real estate brokerage and property management
Relationship with NRIC and Investment Trust Management Company	None

Company Name	Mitsui Fudosan Residential Co., Ltd.
Head Office Address	3-1-20 Nihonbashi Muromachi, Chuo-ku, Tokyo
Representative	Mitsuhiro Matsumoto, Representative Director
Paid-in Capital	40,000,000,000 yen
Major Shareholder	Mitsui Fudosan Co., Ltd. 100%
Line of Business	Condominium planning, development and subdivision sales
Relationship with NRIC and Investment Trust Management Company	None

5. 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 Takaoka: 90,000,000 yen Pacific Residence Higashiyama-Motomachi: 19,831,428 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.

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

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

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 Takaoka

Property Name	Pacific Residence Takaoka
Architect	Tokyu Land Corporation Kansai Branch
Building Contractor	Ishi.Grow Corporation Nagoya Branch
Building Designer	Ikuhara Kenchiku Jimusho K.K.
Structural Designer	S&F Inc. and TMH Co., Ltd.
Verification Agency	Center of International Architectural Standard
Inspection Agency	Center of International Architectural Standard

(2) Pacific Residence Higashiyama-Motomachi

Property Name	Pacific Residence Higashiyama-Motomachi
Architect	Mitsui Fudosan Residential Co., Ltd. Chubu Branch
Building Contractor	Obayashi Corporation Nagoya Branch
Building Designer	Obayashi Corporation Nagoya Branch Ikkyu Kenchikushi Jimusho
Structural Designer	Obayashi Corporation Nagoya Branch Ikkyu Kenchikushi Jimusho
Verification Agency	Kakunin Service Inc.
Inspection Agency	Kakunin Service Inc.

(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	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

	<p>selection of the building contractor and managing the state of construction implementation as the agent for the client in construction projects)</p> <ol style="list-style-type: none"> 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	<ol style="list-style-type: none"> 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

7. 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 Takaoka

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	3,000,000	
Operating profit		
(a) Rental income including common expenses	198,708	Appraised the rent, etc. that can potentially be collected on a stable basis over the medium and long term based on the level of average rent on the basis of soliciting terms and conditions and rent in the case that new renting is assumed to take place at the real estate subject to the appraisal (both rents inclusive of common expenses).
(b) Utilities income	0	No utilities income is collected from subtenants.
(c) Parking lot income	15,636	Appraised the usage fee that can potentially be collected on a stable basis over the medium and long term based on the level of average rent on the basis of soliciting terms and conditions and rent in the case that new renting is assumed to take place at the real estate subject to the appraisal.
(d) Other income	6,278	Recorded key money at 1.5 months of rent and renewal fee at 0 months of rent as income based on appraisal of the number of months that collections will be individually received from tenants as well as the average annual tenant replacement rate and average agreement period. Also recorded usage fees for bike parking space, etc. as other income.
Key money income	5,937	
Renewal fee income	0	
Other income	341	
①[(a)+(b)+(c)+(d)]	220,622	
(e) Total losses from vacancies, etc.	14,366	Appraised the occupancy rate of a level that would be stable over the medium and long term based on the occupancy status and supply/demand trends of similar real estate (alternative, competitive, etc. real estate) in similar areas of the same supply/demand area, and based on the past occupancy status and future trends of the real estate subject to the appraisal.
(f) Bad debts loss	0	In light of subtenant conditions, etc., no bad debts loss is recorded.
②Operating profit [①-(e)-(f)]	206,256	
Operating expenses		
(g) Maintenance and management fee	6,842	Appraised in reference to the building maintenance fees, etc. based on planned agreement terms and conditions, and by taking into account the building maintenance fees of similar rental condominiums and the unique qualities of the real estate subject to the appraisal.

(h) Utilities	2,520	Appraised by taking into account the utilities of similar rental condominiums and the unique qualities of the real estate subject to the appraisal.
(i) Repair costs	3,648	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the repair costs, etc. according to the engineering report.
(j) Property management fee	6,309	Appraised in reference to the rate paid in return for such services based on planned agreement terms and conditions, and by taking into account the rate paid in return for such services at similar real estate, the unique qualities, and other factors.
(k) Tenant soliciting fee, etc.	5,534	Appraised the rental fee as 1 month worth of rental income and the renewal fee as one-quarter the renewal fee income.
(l) Taxes, etc.	15,413	In the case of the land, appraised in consideration of special measures for small housing lots. In the case of the building, appraised based on the replacement cost.
(m) Liability insurance premium	656	Appraised by taking into account such factors as the insurance premiums based on planned agreements and the insurance premium rates of similar buildings.
(n) Other expenses	9,548	Recorded such expenses as the usage fees for the parking lot outside the premises and CATV.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	50,470	
④ Net operating profit [②-③]	155,786	
(o) Operating profit from deposits	713	Appraised based on a 2.0% return on asset management for the amount arrived at by assuming deposits as 2 months worth of rent and after additionally taking into account the occupancy rate.
(p) Capital expenditures	4,219	Appraised in view of such factors as the age of the building and the average annual amount of upkeep according to the engineering report.
⑤ Net profit [④+(o)-(p)]	152,280	
⑥ Cap rate	5.0%	Appraised by setting the real estate return deemed to have the lowest investment risk as a reference, and adjusting the spread attributed to such factors as the location, age of the building, size and facility level, along with taking into account such factors as future uncertainties and the return on transaction of similar real estate.
Capitalized value from the direct capitalization method [⑤÷⑥]	3,050,000	
Price from the DCF method	2,940,000	
Discount rate	4.8%	Appraised in reference to the return on transaction of similar real estate, etc., and by

		comprehensively taking into account such factors as the unique qualities of the real estate subject to the appraisal.
Terminal cap rate	5.2%	Appraised in reference to the return on transaction of similar real estate, etc., and by comprehensively taking into account such factors as the future trends of return on investment, risks as a subject of investment, general predictions of future economic growth rates, and real estate price and rent trends.
Price from the cost approach	2,900,000	
Sum of land and building prices	2,635,000	
Land price	995,000	
Building price	1,640,000	
Upward price revision	+10%	In consideration of the marketability as the land and building combined of the real estate subject to the appraisal.

(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 Higashiyama-Motomachi

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	864,000	
Operating profit		
(a) Rental income including common expenses	53,904	Appraised the rent, etc. that can potentially be collected on a stable basis over the medium and long term based on the level of rent and common expenses of the real estate subject to the appraisal and in the case that new renting is assumed to take place, and other factors.
(b) Utilities income	0	No utilities income is collected from sublessors.
(c) Parking lot income	5,520	Appraised the usage fee that can potentially be collected on a stable basis over the medium and long term based on the level of usage fee in the case new renting is assumed to take place, and other factors.
(d) Other income	938	Appraised key money income based on the rent that can potentially be collected on a stable basis over the medium and long term, and by taking into account the expected number of months key money can potentially be collected individually from tenants at the time of new agreement as well as the average annual tenant replacement rate. In light of such factors as the agreement terms and conditions in the concerned area and lease terms and conditions of similar real estate in the surrounding area, no renewal fee income is recorded. Recorded income such as the amount of consumption tax refund as other income.
Key money income	898	
Renewal fee income	0	
Other income	40	
①[(a)+(b)+(c)+(d)]	60,362	
(e) Total losses from vacancies, etc.	2,468	The real estate subject to the appraisal stands in a location that boasts relatively excellent convenience and stable occupancy rates are anticipated in the future. On the other hand, as it is a family-oriented rental condominium, a short turnover period and corresponding vacancies associated with tenant replacement are expected. Appraised the occupancy rate of a level that would be stable over the medium and long term in light of these characteristics of the real estate subject to the appraisal, as well as such factors as the vacancy rates of similar real estate in the surrounding area.
(f) Bad debts loss	0	In light of sublessor conditions, etc., no bad debts loss is recorded.
②Operating profit [①-(e)-(f)]	57,894	
Operating expenses		

(g) Maintenance and management fee	3,150	Appraised in reference to current expenses, and by taking into account the building maintenance fees of similar rental condominiums, the unique qualities of the real estate subject to the appraisal and other factors.
(h) Utilities	840	Appraised in reference to current expenses, and by taking into account the utilities of similar rental condominiums, the unique qualities of the real estate subject to the appraisal and other factors.
(i) Repair costs	1,838	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the repair costs, etc. according to the engineering report.
(j) Property management fee	1,795	Appraised by taking into account the property management fees of similar buildings.
(k) Tenant soliciting fee, etc.	906	Recorded by appraising the administrative fees associated with soliciting and contracting new tenants and tenant renewals as 1 month worth of the aforementioned rental income, in reference to such factors as the current agreement terms and conditions and lease terms and conditions of similar real estate in the surrounding area, and by additionally taking into account the average annual tenant replacement rate and occupancy rate.
(l) Taxes, etc.	4,284	In the case of the land, appraised in consideration of special measures for small housing lots. In the case of the building, appraised based on the replacement cost.
(m) Liability insurance premium	168	Appraised by taking into account such factors as the insurance premium rates of similar buildings.
(n) Other expenses	210	Recorded other expenses based on the estimated amounts submitted by the client.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	13,191	
④ Net operating profit [②-③]	44,703	
(o) Operating profit from deposits	173	Appraised operating profit from deposits by taking the deposits pursuant to the master lease agreement that exhibit the nature of deposits received and multiplying it by the return on asset management. Appraised the return on asset management deemed appropriate for the management of funds during the deposited period as 2.0%.
(p) Capital expenditures	530	Appraised in view of such factors as the age of the building and the average annual amount of upkeep according to the engineering report.
⑤ Net profit [④+(o)-(p)]	44,346	

⑥Cap rate	5.1%	Appraised by setting the real estate return deemed to have the lowest investment risk as a reference, and adjusting the spread attributed to such factors as the location, age of the building, size and facility level, along with taking into account such factors as future uncertainties and the return on transaction of similar real estate.
Capitalized value from the direct capitalization method [(⑤÷⑥)]	870,000	
Price from the DCF method	857,000	
Discount rate	4.9%	Appraised in reference to the return on transaction of similar real estate, etc., and by comprehensively taking into account such factors as the unique qualities of the real estate subject to the appraisal.
Terminal cap rate	5.3%	Appraised in reference to the return on transaction of similar real estate, etc., and by comprehensively taking into account such factors as the future trends of return on investment, risks as a subject of investment, general predictions of future economic growth rates, and real estate price and rent trends.
Price from the cost approach	828,000	
Sum of land and building prices	828,000	
Land price	407,000	
Building price	421,000	
Upward price revision	0%	Deemed there to have been no price appreciation/depreciation for the land and building combined.

(Note 1) In the above survey report, construction on the subject building was yet to be completed, making confirmation of the subject real estate difficult. Therefore, the figures are no more than an appraisal of the price expressing an estimated investment value for the sake of investors under the assumption that the building subject to this survey was completed according to design and specifications at the time of reference of the survey.

[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	94,866,104	70,814,831	9,162,000	27,222,221	202,065,157
Core 2	28,355,400	9,298,000	1,950,000	7,795,900	47,399,300
Sub-core	5,932,000	7,201,600	4,074,600	4,978,900	22,187,100
Total	129,153,504	87,314,431	15,186,600	39,997,021	271,651,557

(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 Takaoka



(2) Pacific Residence Higashiyama-Motomachi



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