

September 14, 2007

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of Pacific Residence Sangen-jaya II

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

1. Overview of Acquisition

(1) Property Name	C-47 Pacific Residence Sangen-jaya II (Note)
(2) Asset Type	Real estate
(3) Acquisition Value	1,750,000,000 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	September 14, 2007
(5) Scheduled Acquisition Date	September 19, 2007
(6) Seller	GE Real Estate Corporation (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(Note) The present name of the Property is Aden Sangenjaya, but the name will be changed promptly to the property name given above after NRIC acquires the Property.

2. Purpose of Acquisition

The Property will be acquired with the following reason based on NRIC's Articles of

Incorporation and investment policy.

(1) Reason	In addition to heightening the portfolio share in the Tokyo 23 wards (excluding the Tokyo central 5 wards (Note)), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>The Property stands in an outstanding location, situated an 11-minute walk from Sangen-jaya Station on the Tokyu Denentoshi Line with relatively good transportation access to the downtown.</p> <p>The Property is a property that was built in March 2006 and is expected to draw demand from primarily families and young couple households placing emphasis on lifestyle comfort and convenience in terms of access to the downtown.</p>

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

3. Description of Asset to be Acquired

Property Name		Pacific Residence Sangen-jaya II
Location (Note 1)		2-243-2, 2-243-5 and 2-243-7 Sangenjaya, Setagaya-ku, Tokyo (lot number) 2-46-3 Sangenjaya, Setagaya-ku, Tokyo (residential)
Access		11-minute walk from Sangen-jaya Station on the Tokyu Denentoshi Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 residential zone Neighborhood commercial zone
	Lot Size (Note 1)	667.78m ²
	FAR/Building Coverage Ratio (Note 3)	300%/60% 300%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Area (Note 1)	2,149.38m ²
	Construction Completion (Note 1)	March 2006
	Structure (Note 1)	Reinforced concrete structure with flat roof; 8 floors above ground
Acquisition Value		1,750,000,000 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	1,750,000,000 yen
	Appraised Date	August 1, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	30
	Leasable Units	34 units [1LDK: 4 units; 1LDK+S: 6 units; 2LDK: 24 units]
	Leased Units	31 units
	Total Leasable Area	1,933.54m ²
	Total Leased Area	1,772.50m ²

	Monthly Rent (Note 6)	6,542 thousand yen
	Deposit, etc. (Note 7)	12,842 thousand yen
	Occupancy (based on no. of units)	91.2% (Note 8)
	Occupancy (based on area)	91.7% (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 September 4, 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 September 4, 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 September 4, 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	4,790,000 yen
	Replacement Price	500,000,000 yen
	Date of Building Condition Report	August 20, 2007
Earthquake	PML Value	6.1%

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

Company Name	GE Real Estate Corporation
Head Office Address	1-12-32 Akasaka, Minato-ku, Tokyo
Representative	Tomoyuki Yoshida, President and Representative Director
Paid-in Capital	21,241 million yen
Major Shareholder	GE Japan Holdings, Inc. 100%
Line of Business	<ol style="list-style-type: none"> 1. Acquiring, owning, leasing, managing and utilizing real estate 2. Selling, purchasing, brokering and appraising real estate 3. Work based on the Real Estate Syndication Law 4. Consulting work concerning managing and operating assets 5. Research work concerning the economy, industry and real estate in Japan and abroad ...etc.
Relationship with NRIC and Investment Trust Management Company	None

5. Broker Profile

Company Name	LINKMAX Corporation
Head Office Address	1-10-2 Nishi-Shinbashi, Minato-ku, Tokyo
Representative	Yoshiaki Ono, Representative Director
Commission	This is not being disclosed due to confidentiality obligations regulated by the Broker Agreement.
Relationship with NRIC and Investment Trust Management Company	None

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

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

As at September 13, 2007, none of the Property's 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 Asset to be Acquired

Property Name	Pacific Residence Sangen-jaya II
Architect	Aoyama Mainland Co., Ltd.
Building Contractor	UEKI Corporation Tokyo Branch
Building Designer	Tsuda Sekkei Jimusho Y.K.
Structural Designer	Cross Factory K.K.
Verification Agency	Building Navigation Verification Evaluation Agency K.K.
Inspection Agency	Building Navigation Verification Evaluation Agency K.K.

(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)

	<ol style="list-style-type: none"> 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	<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 Asset

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 Property.

- 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 Property's Price

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	1,750,000	
Operating profit		
(a) Rental income including common expenses	94,068	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 pursuant to current lease agreements, rent and common expenses in the case that new renting is assumed to take place, and other factors.
(b) Utilities income	0	No utilities collected from sublessors.
(c) Parking lot income	3,696	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 pursuant to current lease agreements, usage fee in the case that new renting is assumed to take place, and other factors.
(d) Other income	6,019	Recorded key money at 2 months of rent and renewal fee at 1 month 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 the amount of consumption tax refund, etc. as other income.
Key money income	2,999	
Renewal fee income	2,999	
Other income	21	
①[(a)+(b)+(c)+(d)]	103,783	
(e) Total losses from vacancies, etc.	4,742	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 sublessor conditions, etc., no bad debts loss is recorded.
②Operating profit [①-(e)-(f)]	99,041	
Operating expenses		
(g) Maintenance and management fee	2,835	Appraised 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	735	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	1,021	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	2,938	Appraised 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.	3,023	Recorded by appraising the rental fee as 1 month worth of rental income, and in consideration of the average annual tenant replacement rate and occupancy rate.
(l) Taxes, etc.	5,235	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 fiscal 2007 standard tax amount of the real estate subject to the appraisal.
(m) Liability insurance premium	261	Appraised by taking into account such factors as the insurance premium rates of similar buildings.
(n) Other expenses	61	Recorded the condominium internet system service fees pursuant to the agreement.
③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	16,109	
④ Net operating profit [②-③]	82,932	
(o) Operating profit from deposits	293	Appraised based on a 2.0% return on asset management for the amount arrived at by assuming deposits as 2 months worth of rent for the housing portion and 1 month worth of rent for the parking lot portion and after additionally taking into account the occupancy rate.
(p) Capital expenditures	1,874	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)]	81,351	
⑥ Cap rate	4.6%	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]	1,770,000	
Price from the DCF method	1,720,000	
Discount rate	4.4%	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	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 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	1,630,000	
Sum of land and building prices	1,257,000	
Land price	768,000	
Building price	489,000	
Upward price revision	+30%	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.

[Attachment 2] Portfolio Following Acquisition of the Property
(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	75,875,831	9,162,000	27,222,221	207,076,157
Core 2	28,355,400	5,987,000	1,950,000	7,795,900	44,088,300
Sub-core	5,932,000	7,201,600	4,074,600	4,978,900	22,187,100
Total	129,153,504	89,064,431	15,186,600	39,997,021	273,401,557

(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 Property



This English language notice is a translation of the Japanese language notice dated September 14, 2007 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.