

September 27, 2007

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of Pacific Royal Court Minato Mirai

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-49 Pacific Royal Court Minato Mirai (hereafter, the "Property")
(2) Asset Type	Real estate and leasehold rights for the real estate (Note)
(3) Acquisition Value	26,936,881,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) 1,523,119,000 yen on top of the above sales proceeds as payment for transfer of the right to demand from the titleholder of the land a refund of guarantees paid (Breakdown) (i) Pacific Royal Court Minato Mirai Ocean Tower 15,221,852,000 yen 778,148,000 yen on top of the above sales proceeds as payment for transfer of the right to demand from the titleholder of the land a refund of guarantees paid (ii) Pacific Royal Court Minato Mirai Urban Tower

	11,715,029,000 yen 744,971,000 yen on top of the above sales proceeds as payment for transfer of the right to demand from the titleholder of the land a refund of guarantees paid [Payment Schedule] Pay all sales proceeds upon transfer
(4) Sale and Purchase Agreement Date	September 27, 2007
(5) Scheduled Acquisition Date	(i) A date separately agreed to by NRIC and the seller. However, the date shall be no later than the end of December 2007 (ii) A date separately agreed to by NRIC and the seller. However, the date shall be no later than the end of November 2008 ...Execute transfer based on the concerned real estate sale and purchase agreement when the terms for payment of sales proceeds specified in the concerned agreement are fulfilled.
(6) Seller	(i) DH Development Minato Mirai Y.K. (ii) PD Minato Mirai TMK
(7) Financing	Cash on hand or debt financing

(Note) A building with leasehold rights comprised of the building and leasehold on the land. The leasehold on the land is a general fixed-term leasehold as designated in Article 22 of the Land and House Lease Law.

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 metropolitan area (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The "Minato Mirai 21" area in which the Property stands is a grand urban development project that extends over a total area of about 186 hectares under which developments are underway in an aim to integrate advanced urban functions of Yokohama. The Property is situated in Block 50 of said area that is currently under development. Construction projects of an array of properties, including retail, cultural and sports facilities, are underway around the site. While construction of residential properties in the "Minato Mirai 21" area are centered on for-sale condominium complexes, the Property is the only super high-rise large rental condominium complex and thus the Property is arguably highly rare. In addition, the Property applies the Urban Renaissance Agency's "Minkan Kyokyu Shien Gata Chintai Jyutaku Seido." The "Minkan Kyokyu Shien Gata Chintai Jyutaku Seido" is a program aimed at creating a stock of prime rental housing in

	<p>the inner-city district of major metropolitan areas and other areas. Utilizing sites the Urban Renaissance Agency has implemented infrastructure development, sites are offered to private enterprises to promote construction and supply of rental housing by enterprises. Under the program, sites are rent out to enterprises (fixed-term leasehold tenure of 50 years or more) and the enterprises construct and supply rental housing.</p> <p>Objective of the “Minkan Kyokyu Shien Gata Chintai Jyutaku Seido” The objective of this program is to drive the supply of family-oriented rental housing, etc. by enterprises by renting out sites the Urban Renaissance Agency has developed utilizing expansive former factory sites, etc. to enterprises that will construct and supply rental housing as a means to promote urban living, ensure residential stability for the elderly, etc. and promote urban renaissance.</p>
<p>(3) Significance, etc. of Acquiring the Property</p>	<p>(i) Enhancement of entire portfolio and diversification effects Since listing, NRIC has been acquiring properties of a scale that considered the asset size as at the respective points in time and the impact on the entire portfolio. Recently, however, NRIC has been registering robust external growth and, in correlation, NRIC’s asset size has exceeded some 260 billion yen (sum total of acquisition prices). As a result, the impact that an acquisition of a large property has on the entire portfolio has decreased. Rather, NRIC deems that acquiring large properties will contribute to enhanced stable growth of portfolio assets.</p> <p>As described herein, Pacific Royal Court Minato Mirai is a large property and highly competitive in terms of location and convenience as well as the architectural plan. NRIC perceives future opportunities to acquire prime properties like this to be extremely limited in NRIC’s investment areas. Consequently, NRIC deemed the Property to be highly rare and thus decided to acquire the Property.</p> <p>(ii) Expansion of method for acquiring brand new prime properties Generally, concluding an agreement with set conditions, including the sale and purchase price, and securing the property early on before construction on the building is complete enables NRIC to work towards specifications, designs and other elements in accordance with NRIC’s preferences in collaboration with the seller. Consequently, NRIC believes that this enables a property that reflects the wealth of experience the asset management company has obtained to date through operating the properties owned by NRIC and to create an even more highly competitive property.</p> <p>(iii) Risks of investing in development projects and how to avoid these risks The Property is real estate that is being developed and thus</p>

	<p>involves development risks (risks related to completion of the building, risks of delays in the schedule, risks of increases in construction cost, etc.), risks related to fluctuations in the rental market, and other risks arising from future uncertainty. NRIC, however, has established an appropriate risk management method, valuation method and investment criteria through our track record in the acquisition of numerous development properties to date. This acquisition has been subject to the same investment judgment and, as a result, meets the conditions below. Moreover, after completion of construction, the brand new property is anticipated to provide stable growth in our portfolio assets by demonstrating competitiveness in the real estate rental market and maintaining the average age of our portfolio. These factors led to the decision to acquire the Property.</p> <p>(a) Construction completion and building delivery risks can be avoided by concluding a sale and purchase agreement subject to the condition that the seller delivers the building to NRIC having constructed the building according to the design and specifications.</p> <p>(b) A survey and analysis of the real estate rental market in the area where the concerned property is located finds that stable demand can be anticipated; it is highly competitive in terms of the quality of the building, size of rental units, facilities within the rental units, etc.; and it has substantial potential in securing tenants after construction on the building is complete.</p>
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(Note) The Tokyo metropolitan area refers to the Tokyo (excluding the Tokyo 23 wards), Kanagawa, Saitama and Chiba Prefectures.

3. Description of Asset to be Acquired

(1) Pacific Royal Court Minato Mirai Ocean Tower

Property Name		Pacific Royal Court Minato Mirai Ocean Tower
Location (Note 1)		5-3-2 Minato Mirai, Nishi-ku, Yokohama-shi, Kanagawa (lot number)
Access		7-minute walk from Shin-Takashima Station on the Yokohama Minatomirai Railway Minatomirai Line 8-minute walk from Minatomirai Station on the Yokohama Minatomirai Railway Minatomirai Line 15-minute walk from Yokohama Station on the JR Tokaido Line and other lines
Land	Ownership	Leasehold ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	4,990.30m ²
	FAR/Building Coverage Ratio (Note 3)	600%/80%
Building	Ownership	Proprietary ownership

	Type (Note 1)	Apartment and merchandise store (planned)
	Total Floor Area (Note 1)	45,650.84m ² (planned)
	Construction Completion (Note 1)	December 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure and partly steel structure; 29 floors above ground and 1 floor below ground (planned)
	Leasable Units	416 units [1K: 185 units; 1LDK: 118 units; 2LDK: 99 units; 3LDK: 10 units; Store: 4 units] (planned)
	Total Leasable Area	26,082.87m ² (planned)
Acquisition Value		15,221,852,000 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	15,700,000,000 yen
	Survey Date	September 1, 2007
Other Special Notations		<p>The land is completely owned by the Urban Renaissance Agency (hereafter, the “Land Titleholder”). The right to use the site of the building is a leasehold right based on a general fixed-term leasehold establishment agreement. The following is an overview of the concerned agreement.</p> <ol style="list-style-type: none"> 1) Lease purpose: Owning of building for use in rental housing operations 2) Agreement period: A period of 60 years from March 31, 2004 to March 30, 2064 (no renewal of agreement or extension of the duration through construction of building) 3) Monthly rent due: 7,455,000 yen (fiscal 2007) 4) Guarantee paid: 778,148,000 yen (fiscal 2007) 5) Other: <ol style="list-style-type: none"> i) NRIC has the obligation to return to the Land Titleholder the land after restoring it to its original state upon lease maturity. ii) During the period from the day marking 30 years after the start of the agreement through to 1 year prior to the agreement maturity, NRIC has the right to submit a statement to the Land Titleholder that it will transfer the land. The conditions to the transfer in the case of such shall be stipulated by the Land Titleholder.

	<ul style="list-style-type: none"> iii) The rent due is reviewed annually in accordance with fluctuations in land taxes, etc. In addition, the rent due is reviewed once every 3 years in line with changes in the consumer price index. iv) The guarantee paid is reviewed once every 3 years in line with changes in the consumer price index. If there is an increase, the amount of increase shall be additionally paid. v) Written consent is required of the Land Titleholder in the case that the leased land is to be subleased in its entirety or in part, in the case that the leasehold rights or the building on the leased land, etc. is to be transferred, or in the case that a building other than the building on the leased land is to be constructed or reconstructions, extensions or renovations are to be conducted on the building.
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(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. ERI07017474) dated June 15, 2007.

(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.

(2) Pacific Royal Court Minato Mirai Urban Tower

Property Name	Pacific Royal Court Minato Mirai Urban Tower
Location (Note 1)	5-3-1 Minato Mirai, Nishi-ku, Yokohama-shi, Kanagawa (lot number)
Access	<p>7-minute walk from Shin-Takashima Station on the Yokohama Minatomirai Railway Minatomirai Line</p> <p>8-minute walk from Minatomirai Station on the Yokohama Minatomirai Railway Minatomirai Line</p> <p>15-minute walk from Yokohama Station on the JR Tokaido Line and other lines</p>

Land	Ownership	Leasehold ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	4,990.36m ²
	FAR/Building Coverage Ratio (Note 3)	600%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and merchandise store (planned)
	Floor Area (Note 1)	45,893.33m ² (planned)
	Construction Completion (Note 1)	June 2008 (planned)
	Structure (Note 1)	Reinforced concrete structure and partly steel structure; 29 floors above ground and 1 floor below ground (planned)
	Leasable Units	417 units [1K: 185 units; 1LDK: 118 units; 2LDK: 104 units; 3LDK: 8 units; Store: 2 units] (planned)
	Total Leasable Area	26,292.89m ² (planned)
Acquisition Value		11,715,029,000 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	12,300,000,000 yen
	Survey Date	September 1, 2007
Other Special Notations		<p>The land is completely owned by the Urban Renaissance Agency (hereafter, the "Land Titleholder"). The right to use the site of the building is a leasehold right based on a general fixed-term leasehold establishment agreement. The following is an overview of the concerned agreement.</p> <ol style="list-style-type: none"> 1) Lease purpose: Owning of building for use in rental housing operations 2) Agreement period: A period of 65 years from March 31, 2005 to March 30, 2070 (no renewal of agreement or extension of the duration through construction of building) 3) Monthly rent due: 20,225,000 yen (fiscal 2007) 4) Guarantee paid: 744,971,000 yen (fiscal 2007) 5) Other: <ol style="list-style-type: none"> i) NRIC has the obligation to return to the Land Titleholder the land after restoring it to its original state upon lease maturity.

	<ul style="list-style-type: none"> ii) During the period from the day marking 30 years after the start of the agreement through to 1 year prior to the agreement maturity, NRIC has the right to submit a statement to the Land Titleholder that it will transfer the land. The conditions to the transfer in the case of such shall be stipulated by the Land Titleholder. iii) The rent due is reviewed annually in accordance with fluctuations in land taxes, etc. In addition, the rent due is reviewed once every 3 years in line with changes in the consumer price index. iv) The guarantee paid is reviewed once every 3 years in line with changes in the consumer price index. If there is an increase, the amount of increase shall be additionally paid. v) Written consent is required of the Land Titleholder in the case that the leased land is to be subleased in its entirety or in part, in the case that the leasehold rights or the building on the leased land, etc. is to be transferred, or in the case that a building other than the building on the leased land is to be constructed or reconstructions, extensions or renovations are to be conducted on the building.
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(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. ERI06028803) dated October 5, 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 Royal Court Minato Mirai Ocean Tower

Company Name	DH Development Minato Mirai Y.K.
Head Office Address	3-2-3 Marunouchi, Chiyoda-ku, Tokyo c/o Tokyo Kyodo Accounting Office
Representative	Shinji Arakawa, Director
Paid-in Capital	3,000 thousand yen
Major Shareholders	Not disclosed due to the absence of the Seller's consent.
Line of Business	<ol style="list-style-type: none"> 1. Acquiring, owning and disposing of real estate 2. Developing and managing office buildings, retail properties, etc. 3. Developing and managing residential land, residential facilities, etc. 4. Renting and managing real estate 5. Acquiring, owning and disposing of real estate beneficiary interests in trust 6. Acquiring and disposing of securities and monetary claims 7. Other work incidental or related to work in the above items
Relationship with NRIC and Investment Trust Management Company	None

(2) Pacific Royal Court Minato Mirai Urban Tower

Company Name	PD Minato Mirai TMK
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Kenji Mori, Director
Paid-in Capital	Specific capital: 500 thousand yen Preferred capital: 900,000 thousand yen
Major Shareholders	Not disclosed due to the absence of the Seller's consent.
Line of Business	<ol style="list-style-type: none"> 1. Succeeding, managing and disposing of qualified assets in accordance with asset monetization plans based on the Law concerning Liquidation of Assets 2. All work incidental or related to the above
Relationship with NRIC and Investment Trust Management Company	<p>Pacific Management Corporation has a 50% stake in the preferred capital of and a certain amount of voting rights in PD Minato Mirai TMK (hereafter, the "Seller"). Pacific Management Corporation is a shareholder of 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. Consequently, NRIC deems that the acquisition of assets from the Seller constitutes a transaction with 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).</p>

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

Property Name	C-49 Pacific Royal Court Minato Mirai Urban Tower		
Status of Titleholders, etc. to the Property	Current Titleholder	Prior Titleholder	Titleholder Preceding the Prior Titleholder
Name of Company/Person	PD Minato Mirai TMK	—	—
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (2) above	—	—
Acquisition Background, Reason, etc.	For the purpose of developing rental housing	—	—
Acquisition Price (including other expenses)	—	—	—
Acquisition Timing	—	—	—

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	Ocean Tower: 456,655,560 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.

(Note) There is no broker for Urban Tower.

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

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

As at September 25, 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.

The Property is a super high-rise architectural structure with a building height that exceeds 60m and adopts the system of damping structure (Note). The Building Standards Law and other laws require ministerial authorization concerning the safety of such structures. Accordingly, a performance evaluation committee comprised of experts was established at Japan ERI Co., Ltd. Upon a careful evaluation, the committee evaluated there to be no problems in terms of structural strength. Based on this evaluation, ministerial authorization was obtained stating that safety in terms of structural strength can be ascertained.

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.

(Note) A damping structure refers to a structure that concentrates the energy of an earthquake to damping panels mounted on the building in the event of a major earthquake.

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

(1) Pacific Royal Court Minato Mirai Ocean Tower

Architect	DH Development Minato Mirai Y.K.
Building Contractor	Daiwa House Industry Co., Ltd. Tokyo Office
Building Designer	Daiwa House Industry Co., Ltd. Tokyo Office
Structural Designer (Note)	Institute of New Architecture Inc.
Building Inspection Agency	Japan ERI Co., Ltd.

(2) Pacific Royal Court Minato Mirai Urban Tower

Architect	PD Minato Mirai TMK
Building Contractor	Daiwa House Industry Co., Ltd. Tokyo Office
Building Designer	Daiwa House Industry Co., Ltd. Tokyo Office
Structural Designer (Note)	Institute of New Architecture Inc.
Building Inspection Agency	Japan ERI Co., Ltd.

(Note) The structural designer refers to the agent to which structural calculation services have been re-delegated by the building designer.

(Reference 2) Summary of Authorization and Performance Evaluation Report

(1) Pacific Royal Court Minato Mirai Ocean Tower

Summary of Authorization	No.	Ministry of Land, Infrastructure and Transport / Housing Bureau / Building Guidance Division No. 1935
	Date	August 29, 2007
	Issuer	Tetsuzo Fuyushiba, Minister of Land, Infrastructure and Transport
Summary of Performance Evaluation Report	No.	ERI-H05012-01
	Date	August 9, 2007
	Issuer	Japan ERI Co., Ltd. Yoshiki Nakazawa, Representative Director

(2) Pacific Royal Court Minato Mirai Urban Tower

Summary of Authorization	No.	Ministry of Land, Infrastructure and Transport / Housing Bureau / Building Guidance Division No. 2397
	Date	January 10, 2006
	Issuer	Kazuo Kitagawa, Minister of Land, Infrastructure and Transport
Summary of Performance Evaluation Report	No.	ERI-H05035
	Date	December 1, 2005
	Issuer	Japan ERI Co., Ltd. Yoshiki Nakazawa, Representative Director

(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

8. Other Matters of Note

(1) Classification of Sublease for Housing Portion of the Property

In the management of the Property, concerning the housing portion excluding stores, parking lots, etc., NRIC will conclude a master lease agreement that guarantees NRIC receive a fixed amount of rent for the majority and conclude a pass-through master

lease agreement for the remaining with Daiwa Living Co., Ltd. (Note 1). In addition, the residential units of the concerned pass-through portion will be under an agreement that leases the units in its entirety with Daiwa Living Co., Ltd. as the sublessor and Daiwa Monthly Co., Ltd. as the sublessee. Consequently, for NRIC, the housing portion of the Property will, in effect, be a master lease agreement that guarantees NRIC receive a fixed amount of rent.

The agreement has been set out in a way that the monthly income NRIC receives based on the guaranteed rent will gradually increase from the start of management (Note 2). The timing of the shift to a guarantee of the full amount is expected to be October 2008 for Ocean Tower and December 2008 for Urban Tower.

Furthermore, NRIC has concluded a pass-through master lease agreement with Daiwa Living Co., Ltd. for the stores, parking lots, etc.

(Note 1) For Ocean Tower, of the 412 units of the housing portion excluding stores, 360 units are scheduled to be under a master lease agreement that guarantees NRIC receive a fixed amount of rent and 52 units under a pass-through master lease agreement. For Urban Tower, of the 415 units of the housing portion excluding stores, 365 units are scheduled to be under a master lease agreement that guarantees NRIC receive a fixed amount of rent and 50 units under a pass-through master lease agreement.

(Note 2) For Ocean Tower, this is scheduled to be 0 yen in the first month (January 2008) and an amount equivalent to 40% of the sublease rent in the second month and after (February to September 2008). For Urban Tower, this is scheduled to be an amount equivalent to 54% of the sublease rent in the first month (November 2008).

(2) Depreciation of the Property

The Property is a building with leasehold rights comprised of the building and leasehold on the land and the entire amount of the acquisition price corresponds to the building price. Accordingly, the percentage of depreciation against acquisition price is higher compared to properties comprised of land and building.

9. Outlook of Management Performance After Acquisition of Concerned Asset

Concerning the performance outlook as it stands after acquisition of the Property, NRIC plans to officially announce it within the performance outlook for the fiscal period ending in May 2008 (December 1, 2007 – May 31, 2008) when NRIC announces the financial results for the fiscal period ending in November 2007 (June 1, 2007 – November 30, 2007).

- This document was distributed to the press clubs within the Tokyo Stock Exchange, Ministry of Land, Infrastructure and Transport and construction trade newspaper of the Ministry of Land, Infrastructure and Transport.
- Nippon Residential Investment Corporation's website is <http://www.nric.co.jp>

[Attachment 1] Summary of Survey Report on the Property's Price

(1) Pacific Royal Court Minato Mirai Ocean Tower

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Estimated value (specified price)	15,700,000	
Operating profit		
(a) Rental income	1,110,235	In the master lease agreement scheduled to be concluded, for the housing portion for which NRIC is guaranteed to receive a fixed amount of rent, recorded the fixed rent pursuant to agreement terms and conditions in consideration of the level of contracted rent in the surrounding area, etc. and having deemed that it is rent that will be collected on a stable basis over the medium and long term. For the housing portion under pass-through master lease agreement (monthly), recorded the fixed rent pursuant to the planned sublease agreement in consideration of the level of contracted rent in the surrounding area, etc. For the store portion, recorded the amount appraised in consideration of the level of contracted rent in the surrounding area, etc.
Housing portion (general)	937,494	
Housing portion (monthly)	137,762	
Store portion	34,979	
(b) Common expenses income	0	In accordance with the planned master lease agreement terms and conditions, no income is recorded.
(c) Utilities income	0	In accordance with the planned master lease agreement terms and conditions, no income is recorded.
(d) Ancillary facilities income	95,116	Deeming that the usage fee scheduled to be offered is a reasonable level, recorded the concerned usage fee as income from ancillary facilities under pass-through master lease agreement (parking lot, bike parking space, trunk room, etc.).
(e) Other income	915	Recorded the amount of consumption tax refund as other income. In accordance with the planned master lease agreement terms and conditions, key money income and renewal fee income are not recorded for the housing portion (general and monthly). Under the assumption that no key money will be received in reference to the planned agreement terms and conditions and case examples in the surrounding area, no income
Key money income	0	
Renewal fee income	0	
Other income	915	

		is recorded for the store portion.	
	①[(a)+(b)+(c)+(d)+(e)]	1,206,266	
	(f) Total losses from vacancies, etc.	30,284	No losses from vacancies, etc. are recorded for the housing portion for which NRIC is guaranteed to receive a fixed amount of rent. In consideration of the agreement type of the sublease agreement, no losses from vacancies, etc. are recorded for the housing portion under pass-through master lease agreement (monthly). Concerning the store portion and ancillary facilities that are under pass-through master lease agreement, 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 location and building qualities and future trends of the real estate subject to the appraisal.
	(g) Bad debts loss	0	In light of sublessor conditions, etc., no bad debts loss is recorded.
	②Operating profit [①-(f)-(g)]	1,175,982	
	Operating expenses		
	(h) Maintenance and management fee	114,770	Appraised in reference to the estimated amount for building maintenance fees, etc. 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.
	(i) Utilities	0	In accordance with the planned master lease agreement terms and conditions, no utilities are recorded for the common-use portion.
	(j) Repair costs	22,236	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the repair costs, etc. according to the engineering report.
	(k) Property management fee	9,789	Appraised in reference to the rate paid in return for such services based on planned master lease 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.
	(l) Tenant soliciting fee, etc.	291	In accordance with the planned master lease agreement terms and conditions, no fee is recorded for the housing portion (general and monthly). Appraised the rental fee as 1 month worth of rental income for the store portion.
	(m) Taxes, etc.	92,373	In the case of the land, not recorded since the right to use the site is a general fixed-term leasehold. In the case of the building,
	Land	0	
	Building	92,373	

			appraised based on the replacement cost.
	(n) Liability insurance premium	3,175	Appraised by taking into account such factors as the estimated amount of insurance premiums and the insurance premium rates of similar buildings.
	(o) Other expenses (amount equivalent to ground rent)	69,419	Based on the amount equivalent to the current ground rent pursuant to the general fixed-term leasehold agreement, appraised the amount equivalent to the ground rent that has been adjusted for in consideration of agreement terms and conditions revised based on fluctuations in land taxes, etc. (assumed special measures for small housing lots will be applicable immediately after construction completion).
	③ Operating expenses [(h)+(i)+(j)+(k)+(l)+(m)+(n)+(o)]	312,053	
	④ Net operating profit [②-③]	863,929	
	(p) Operating profit from deposits	2,221	For the housing portion, appraised deposits based on planned agreement terms and conditions. For the stores and ancillary facilities, appraised based on a 2.0% return on asset management for the amount arrived at after appraising the number of months of deposits collected on a stable basis over the medium and long term and by additionally taking into account the occupancy rate.
	(q) Losses from guarantee operating opportunities	15,563	For guarantees paid to the land sublessor, appraised losses from operating opportunities in correlation with payment. In the appraisal, recorded based on a 2.0% return on asset management in view of the deposited period.
	(r) Capital expenditures	30,870	Appraised in reference to such factors as the average annual amount of upkeep according to the engineering report.
	⑤ Net profit [④+(p)-(q)-(r)]	819,717	
	⑥ Cap rate	5.2%	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]	15,800,000	
	Price from the DCF method	15,600,000	
	Discount rate	4.7%	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	12,900,000		
Sum of land and building prices	10,723,000		
Land price (leasehold price)	223,000		Appraised based on a 5% rate of leasehold for the land price.
Building price	10,500,000		
Upward price revision	+20%		In consideration of the marketability as the land and building combined of the real estate subject to the appraisal.

(2) Pacific Royal Court Minato Mirai Urban Tower

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Estimated value (specified price)	12,300,000	
Operating profit		
(a) Rental income	1,061,398	In the master lease agreement scheduled to be concluded, for the housing portion for which NRIC is guaranteed to receive a fixed amount of rent, recorded the fixed rent pursuant to agreement terms and conditions in consideration of the level of contracted rent in the surrounding area, etc. and having deemed that it is rent that will be collected on a stable basis over the medium and long term. For the housing portion under pass-through master lease agreement (monthly), recorded the fixed rent pursuant to the planned sublease agreement in consideration of the level of contracted rent in the surrounding area, etc. For the store portion, recorded the amount appraised in consideration of the level of contracted rent in the surrounding area, etc.
Housing portion (general)	897,124	
Housing portion (monthly)	131,732	
Store portion	32,542	
(b) Common expenses income	0	In accordance with the planned master lease agreement terms and conditions, no income is recorded.
(c) Utilities income	0	In accordance with the planned master lease agreement terms and conditions, no income is recorded.
(d) Ancillary facilities income	93,300	Deeming that the usage fee scheduled to be offered is a reasonable level, recorded the concerned usage fee as income from ancillary facilities under pass-through master lease agreement (parking lot, bike parking space, trunk room, etc.).

	(e) Other income	924	Recorded the amount of consumption tax refund as other income. In accordance with the planned master lease agreement terms and conditions, key money income and renewal fee income are not recorded for the housing portion (general and monthly). Under the assumption that no key money will be received in reference to the planned agreement terms and conditions and case examples in the surrounding area, no income is recorded for the store portion.
	Key money income	0	
	Renewal fee income	0	
	Other income	924	
	①[(a)+(b)+(c)+(d)+(e)]	1,155,622	
	(f) Total losses from vacancies, etc.	29,617	No losses from vacancies, etc. are recorded for the housing portion for which NRIC is guaranteed to receive a fixed amount of rent. In consideration of the agreement type of the sublease agreement, no losses from vacancies, etc. are recorded for the housing portion under pass-through master lease agreement (monthly). Concerning the store portion and ancillary facilities that are under pass-through master lease agreement, 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 location and building qualities and future trends of the real estate subject to the appraisal.
	(g) Bad debts loss	0	In light of sublessor conditions, etc., no bad debts loss is recorded.
	②Operating profit [①-(f)-(g)]	1,126,005	
	Operating expenses		
	(h) Maintenance and management fee	114,770	Appraised in reference to the estimated amount for building maintenance fees, etc. 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.
	(i) Utilities	0	In accordance with the planned master lease agreement terms and conditions, no utilities are recorded for the common-use portion.
	(j) Repair costs	22,512	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the repair costs, etc. according to the engineering report.
	(k) Property management fee	9,416	Appraised in reference to the rate paid in return for such services based on planned master lease 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.
(l) Tenant soliciting fee, etc.	271		In accordance with the planned master lease agreement terms and conditions, no fee is recorded for the housing portion (general and monthly). Appraised the rental fee as 1 month worth of rental income for the store portion.
(m) Taxes, etc.	93,253		In the case of the land, not recorded since the right to use the site is a general fixed-term leasehold. In the case of the building, appraised based on the replacement cost.
Land	0		
Building	93,253		
(n) Liability insurance premium	3,170		Appraised by taking into account such factors as the estimated amount of insurance premiums and the insurance premium rates of similar buildings.
(o) Other expenses (amount equivalent to ground rent)	222,659		Based on the amount equivalent to the current ground rent pursuant to the general fixed-term leasehold agreement, appraised the amount equivalent to the ground rent that has been adjusted for in consideration of agreement terms and conditions revised based on fluctuations in land taxes, etc. (assumed special measures for small housing lots will be applicable immediately after construction completion).
③ Operating expenses [(h)+(i)+(j)+(k)+(l)+(m)+(n)+(o)]	466,051		
④ Net operating profit [②-③]	659,954		
(p) Operating profit from deposits	2,114		For the housing portion, appraised deposits based on planned agreement terms and conditions. For the stores and ancillary facilities, appraised based on a 2.0% return on asset management for the amount arrived at after appraising the number of months of deposits collected on a stable basis over the medium and long term and by additionally taking into account the occupancy rate.
(q) Losses from guarantee operating opportunities	14,899		For guarantees paid to the land sublessor, appraised losses from operating opportunities in correlation with payment. In the appraisal, recorded based on a 2.0% return on asset management in view of the deposited period.
(r) Capital expenditures	31,164		Appraised in reference to such factors as the average annual amount of upkeep according to the engineering report.
⑤ Net profit [④+(p)-(q)-(r)]	616,005		
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)]	12,300,000	
Price from the DCF method	12,200,000	
Discount rate	4.7%	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	5.0%	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	13,000,000	
Sum of land and building prices	10,805,000	
Land price (leasehold price)	205,000	Appraised based on a 5% rate of leasehold for the land price.
Building price	10,600,000	
Upward price revision	+20%	In consideration of the marketability as the land and building combined of the real estate subject to the appraisal.

- (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.
- (Note 2) The above figures are the annual income and expenses assumed based on the capitalization method (direct capitalization method) that are indicated on the survey report, and are not the forecast figures for the current fiscal period.
- (Note 3) The reason that the value for total income and the value for total expenses listed above do not match the sum total of itemized income and the sum total of itemized expenses is because the value for individual itemized income and the value for individual itemized expense are taken from the survey report and each rounded to the nearest thousand yen. The above total income and total expenses are the values arrived at when the values for itemized income and the values for itemized expenses as indicated in the survey report are summed up and then that sum total rounded to the nearest thousand yen.

[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	72,564,831	36,098,881	27,222,221	230,752,038
Core 2	26,135,000	9,298,000	1,950,000	7,795,900	47,178,900
Sub-core	5,932,000	7,201,600	4,074,600	4,978,900	22,187,100
Total	126,933,104	89,064,431	42,123,481	39,997,021	298,118,038

(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 (Left: Ocean Tower; Right: Urban Tower)



This English language notice is a translation of the Japanese language notice dated September 27, 2007 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.