

October 31, 2007

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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#### Notification on Acquisition of Pacific Residence Ookayama

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	S-67 Pacific Residence Ookayama
(2) Asset Type	Real estate
(3) Acquisition Value	1,301,500,000 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	October 31, 2007
(5) Scheduled Acquisition Date	A date separately agreed to by NRIC and the seller. However, the date shall be no later than November 30, 2007.
(6) Seller	Olympia K.K. (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

##### 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 central 5 wards (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>The Property is situated a 7-minute walk from Ookayama Station on the Tokyu Meguro and Tokyu Oimachi Lines. It has direct access to such stations as Meguro, Jiyugaoka and Oimachi. In addition, it also has excellent access to major city centers via the Tokyo Metro Namboku Line, Toei Subway Mita Line and other lines under mutual trackage at Meguro Station.</p> <p>The Property boasts excellent convenience in terms of transportation and the region's living environment is also good. Thus, the Property is expected to continue maintaining an adequate level of competitiveness.</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 Ookayama
Location (Note 1)		1-62-59 Ookayama, Meguro-ku, Tokyo (lot number)
Access		7-minute walk from Ookayama Station on the Tokyu Meguro and Tokyu Oimachi Lines
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 residential zone for low-rise buildings
	Lot Size (Note 1)	936.32m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	150%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Area (Note 1)	1,810.43m <sup>2</sup> (planned)
	Construction Completion	November 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure; 3 floors above ground and 2 floors below ground (planned)
	Leasable Units	53 units [1R: 19 units; 1K: 28 units; 2LDK+N: 6 units] (planned)
	Total Leasable Area	1,522.52m <sup>2</sup> (planned)
Acquisition Value		1,301,500,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		The boundary with the adjacent land to the east is yet to be defined. In addition, part of the block wall crosses over from the concerned adjacent land to the land on which the Property stands.
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	1,320,000,000 yen
	Survey Date	October 1, 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 (BCJ06 Hon Ken Kaku 078 Hen 3) dated October 9, 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 designated FAR specified in city planning, and the building coverage ratio uses the designated building coverage ratio specified in city planning.

(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

Company Name	Olympia K.K.
Head Office Address	13-3 Nihonbashi Tomizawa-cho, Chuo-ku, Tokyo
Representative	Kazuhiro Nishimura, President and Representative Director
Paid-in Capital	99.80 million yen
Major Shareholder	Kazuhiro Nishimura (shareholding ratio is not disclosed due to the absence of consent for disclosure)
Line of Business	1. Selling, buying, renting and managing real estate, and related brokerage 2. Marketing beneficiary interests in trust, and related agency and mediation work 3. Designing structures and managing its construction
Relationship with NRIC and Asset Management Company	None

#### 5. Broker Profile

(1)

Company Name	Nomura Real Estate Urban Net Co., Ltd.
Head Office Address	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Akira Kitamura, President and Representative Director
Commission	10,000,000 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Asset Management Company	None

(2)

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Masaru Takatsuka, Representative Director
Commission	29,045,000 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Asset Management	Pacific Management Corporation is a shareholder of NRIC's asset management company and constitutes an

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

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

As at October 30, 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 Ookayama
Architect	Olympia K.K.
Building Contractor	Satohide Corporation
Building Designer	Kato Hikaru Toshi Kenchiku Kenkyusho K.K.
Structural Designer	JTM Ikkyu Kenchikushi Jimusho Y.K.
Verification Agency	The Building Center of Japan

#### (Reference 2) Profile of Third Party Investigation Agency (Reinvestigation of Structural Calculation Documents)

Company Name	Meiho Facility Works Ltd.
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Head Office Address	5-4 Kojimachi, Chiyoda-ku, Tokyo
Representative	Kazutoshi Omi, President and Representative Director
Paid-in Capital	531,510 thousand yen
Line of Business	<ol style="list-style-type: none"> <li>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)</li> <li>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)</li> <li>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</li> <li>4. Turnkey building construction, electrical work, plumbing, interior finishing and fire fighting facility construction</li> <li>5. Design work for construction projects (architectural design, setting electrical installations, machinery and facility design, information facility design, office layout, etc.)</li> <li>6. Consulting work for design projects</li> <li>7. Selling and renting office appliances, information and telecommunication equipment, fixtures, interior fittings, etc.</li> <li>8. Developing, selling, leasing and renting computer hardware and software</li> <li>9. Manufacturing, selling, exporting, importing and constructing telecommunication equipment</li> <li>10. Employment agency that dispatches its own full-time workers</li> <li>11. All work incidental to the above items</li> </ol>
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"> <li>1. Accepting orders for and consulting on investigative studies concerning risks faced by individuals, corporations, organizations, etc. and risk management</li> <li>2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc.</li> <li>3. Gathering and providing information, training and consulting related to the above two items</li> <li>4. Holding various workshops and seminars and publishing publications, etc. related to the above</li> </ol>

	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 Survey Report on the Property's Price

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Estimated value (specified price)	1,320,000	
Operating profit		
(a) Rental income including common expenses	76,129	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 advertised for similar buildings.
(b) Utilities income	0	None.
(c) Parking lot income	3,204	Appraised the usage fee that can potentially be collected on a stable basis over the medium and long term based on the level of case examples in the surrounding area.
(d) Other income	3,262	Recorded income from key money, etc. by appraising it as 1.5 months based on the level of similar buildings, etc., and in consideration of the replacement rate and vacancy rate. Recorded renewal fee income as 0.5 months worth of the new rent by appraising the renewal rate according to the type of rental unit and by considering the vacancy rate.
Income from key money, etc.	2,634	
Renewal fee income	629	
Other income	0	
①[(a)+(b)+(c)+(d)]	82,596	
(e) Total losses from vacancies, etc.	4,094	Appraised the vacancy rate by taking into account such factors as the competitiveness of the subject real estate in the rental market.
(f) Bad debts loss	0	Not recorded as it is recognized to be covered by the guarantees, etc.
②Operating profit [①-(e)-(f)]	78,501	
Operating expenses		
(g) Maintenance and management fee	2,764	Based on the level of maintenance and management fees of similar real estate, appraised as 500 yen a month per tsubo of leasable area.
(h) Utilities	829	Based on the level of utilities of similar real estate, appraised as 150 yen a month per tsubo of leasable area.
(i) Repair costs	1,017	Appraised based on the level of repair costs of similar real estate. In addition, separately recorded maintenance costs when sublessors move out of their units by appraising it as 4,000 yen a month per tsubo of leasable area, and in consideration of the replacement rate and vacancy rate.
(j) Property management fee	2,257	In reference to the level of property management fees of similar real estate, appraised the monthly return for leasing as 3.0% of the rental income, etc.
(k) Tenant soliciting fee, etc.	2,731	Recorded by appraising as 1.5 months worth

			of the assumed new rent based on the level of tenant soliciting fees and advertising expenses of similar real estate, and in consideration of the replacement rate and vacancy rate.
	(l) Taxes, etc.	4,104	In the case of the land, appraised based on actual fiscal 2007 amounts and taking into account future rises in land prices. In the case of the building, recorded the standard amount assumed based on the replacement cost.
	(m) Liability insurance premium	215	Based on the level of liability insurance premiums of similar real estate, etc., recorded having deemed that the amount equivalent to 0.05% of the replacement cost for the building is reasonable.
	(n) Other expenses	101	Recorded the CATV usage fee.
	③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	14,017	
	④ Net operating profit [②-③]	64,484	
	(o) Operating profit from deposits	245	Recorded by assuming guarantees, etc. as 2.0 months worth of rent, and multiplying by an operating return on deposits of 2.0% that was appraised based on such factors as the return on asset management over the long term.
	(p) Capital expenditures	1,533	Appraised based on the level of the amount of upkeep and cost of major repairs of similar real estate.
	⑤ Net profit [④+(o)-(p)]	63,196	
	⑥ Cap rate	4.7%	Comprehensively taking into account such factors as the return on transaction in the market of similar apartments and the results of real estate investor surveys, determined the cap rate of apartments located in areas with the lowest risk. Furthermore, appraised the cap rate based on cap rates from appraisals of the subject real estate and similar real estate, and taking into account the disparity appraised in view of rental supply/demand trends, market trends in the transaction market and other trends.
	Capitalized value from the direct capitalization method [⑤÷⑥]	1,340,000	
	Price from the DCF method	1,310,000	
	Discount rate	4.5%	Appraised by a combination of the approach involving finding by comparing to case examples of transaction of similar real estate and the approach involving finding by taking the return on financial assets coupled with the unique qualities of the real estate, and also in reference to interviews of investors, etc.
	Terminal cap rate	4.9%	Appraised by taking the cap rate and



			adjusting for the attributes of the net profit employed, future uncertainties and other factors.
Price from the cost approach		1,150,000	
Sum of land and building prices		1,150,000	
	Land price	720,959	
	Building price	429,510	
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.

(Note 2) The reason that the values for total income and total expenses listed above do not match the sum totals of itemized income and itemized expenses is because the values for individual itemized income and individual itemized expenses 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 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	96,167,604	72,564,831	36,098,881	27,222,221	232,053,538
Core 2	26,135,000	9,298,000	1,950,000	7,795,900	45,178,900
Sub-core	5,932,000	7,201,600	4,074,600	4,978,900	22,187,100
Total	128,234,604	89,064,431	42,123,481	39,997,021	299,419,538

(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

