

November 22, 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)

Asset 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 Assets

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

1. Overview of Acquisition

(A) Pacific Residence Nishi-Shinjuku

(1) Property Name	C-50 Pacific Residence Nishi-Shinjuku
(2) Asset Type	Real estate
(3) Acquisition Value	2,020,000,000 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	November 22, 2007
(5) Scheduled Acquisition Date	November 30, 2007
(6) Seller	Pacific Properties Investment Y.K. (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(B) Pacific Residence Hiroo-Minami

(1) Property Name	C-51 Pacific Residence Hiroo-Minami
(2) Asset Type	Real estate
(3) Acquisition Value	1,180,000,000 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	November 22, 2007
(5) Scheduled Acquisition Date	November 30, 2007
(6) Seller	Pacific Properties Investment Y.K. (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(C) Pacific Residence Odori-Koen

(1) Property Name	F-24 Pacific Residence Odori-Koen
(2) Asset Type	Real estate
(3) Acquisition Value	2,680,000,000 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	November 22, 2007
(5) Scheduled Acquisition Date	November 30, 2007
(6) Seller	Pacific Properties Investment Y.K. (hereafter, the "Seller")
(7) Financing	Cash on hand or debt financing

(D) Luxeair Kita-Shinjuku

(1) Property Name	L-16 Luxeair Kita-Shinjuku
(2) Asset Type	Real estate
(3) Acquisition Value	1,900,000,000 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	November 22, 2007
(5) Scheduled Acquisition Date	November 30, 2007
(6) Seller	Pacific Properties Investment Y.K. (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.

(A) Pacific Residence Nishi-Shinjuku

(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 6-minute walk from Nishi-Shinjuku-Gochome Station on the Toei Subway Oedo Line and has excellent convenience in terms of transportation.</p> <p>The Property is in close proximity and boasts outstanding access to the downtown. In addition, the surrounding area features facilities that are convenient in terms of lifestyle. Based on these and other factors, 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.

(B) Pacific Residence Hiroo-Minami

(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 9-minute walk from Hiroo Station on the Tokyo Metro Hibiya Line and has excellent convenience in terms of transportation.</p> <p>The Property is in close proximity and boasts outstanding access to the downtown. In addition, the surrounding area features facilities that are convenient in terms of lifestyle. Based on these and other factors, 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.

(C) Pacific Residence Odori-Koen

(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	<p>The Property is situated a 3-minute walk from Nishi Juitchome Station on the Sapporo City Transportation Subway Tozai Line and has excellent convenience in terms of transportation.</p> <p>The Property boasts relatively outstanding access to central Sapporo City and also a relatively favorable living environment. In addition, the environment being excellent for locating one's place of business due to such reasons as there being government and other public offices and buildings</p>

	nearby serves as a strength of the Property. Based on these and other factors, 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.

(D) Luxeair Kita-Shinjuku

(1) Reason	To heighten the portfolio share in Large Type properties and thereby capture an array of demand in the rental market and enhance the diversification effect of the entire portfolio.
(2) Property Characteristics	<p>The Property stands in a favorable location situated a 6-minute walk from Okubo Station on the JR Sobu Line and boasting relatively excellent access to the downtown.</p> <p>The Property was built in February 1997. In March 2007, the Property underwent major renovation, such as renovation of all residential units (complete remodeling of the interior finishing including change of floor plans), design renewals of the common-use portion (building exterior and entrance), painting work (exterior wall coating and trunk room) and waterproofing work. Demand from moderate-to-high income earners who emphasize comfort in lifestyle and convenience in terms of access to the downtown is anticipated.</p>

3. Description of Assets to be Acquired

(A) Pacific Residence Nishi-Shinjuku

Property Name		Pacific Residence Nishi-Shinjuku
Location (Note 1)		4-272-45 Nishi-Shinjuku, Shinjuku-ku, Tokyo (lot number) 4-24-18 Nishi-Shinjuku, Shinjuku-ku, Tokyo (residential)
Access		6-minute walk from Nishi-Shinjuku-Gochome Station on the Toei Subway Oedo Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 2 residential zone
	Lot Size (Note 1)	1,399.80m ²
	FAR/Building Coverage Ratio (Note 3)	160%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Area (Note 1)	2,731.05m ²
	Construction Completion (Note 1)	May 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 4 floors above ground and 1 floor below ground
Accessory Building	Ownership	Proprietary ownership
	Type (Note 1)	Waste disposal area
	Floor Area (Note 1)	18.16m ²

	Structure (Note 1)	Reinforced concrete structure with flat roof; 1 floor above ground
Acquisition Value		2,020,000,000 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	2,020,000,000 yen
	Appraised Date	November 1, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	74 units in total [1R: 3 units; 1K: 31 units; 1K+N: 2 units; 1DK: 21 units; 1DK+N: 1 unit; 1LDK: 15 units; 1LDK+N: 1 unit]
	Leased Units	32 units
	Total Leasable Area	2,478.31m ²
	Total Leased Area	1,104.30m ²
	Monthly Rent (Note 6)	4,652 thousand yen
	Deposit, etc. (Note 7)	8,532 thousand yen
	Occupancy (based on no. of units)	43.2% (Note 8)
	Occupancy (based on area)	44.6% (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 designated FAR specified in city planning, and the building coverage ratio uses the designated building coverage ratio specified in city planning.

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

(Note 5) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. As for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.

(Note 6) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.

(Note 7) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space portion) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen.

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

Investigation of Building Conditions	Investigator	Tokyo Bldg-Tech Center Co., Ltd.
	Emergency Repairs	No (urgent repairs)
	Near-term Repairs	No (repairs needed within a year)
	Repairs and Upkeep Thought to be Needed Over Next 12 Years	7,000,000 yen
	Replacement Price	667,000,000 yen
	Date of Building Condition Report	November 6, 2007
Earthquake	PML Value	4.7%

Risk Analysis		This PML value was calculated based on the earthquake risk analysis report issued by InterRisk Research Institute & Consulting, Inc. However, this report is no more than the viewpoint of InterRisk and the content is not guaranteed. PML, or probable maximum loss, refers to the probability of the maximum loss from an earthquake and in this case the level of damage that may result from the assumed maximum earthquake size (large earthquake that occurs once every 475 years = large earthquake with 10% or greater probability of occurring within 50 years) assumed for the assumed scheduled use period expressed as a percentage (%) of the replacement cost of the expenses expected to be required to restore the damages.
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(B) Pacific Residence Hiroo-Minami

Property Name		Pacific Residence Hiroo-Minami
Location (Note 1)		2-90-5 Ebisu, Shibuya-ku, Tokyo (lot number) 2-38-1 Ebisu, Shibuya-ku, Tokyo (residential)
Access		9-minute walk from Hiroo Station on the Tokyo Metro Hibiya Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Neighborhood commercial zone Quasi industrial zone
	Lot Size (Note 1)	276.61m ²
	FAR/Building Coverage Ratio (Note 3)	400%/80% 300%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Area (Note 1)	1,335.20m ²
	Construction Completion (Note 1)	August 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 10 floors above ground
Acquisition Value		1,180,000,000 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	1,180,000,000 yen
	Appraised Date	November 1, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	26 units in total [1LDK: 26 units]
	Leased Units	2 units
	Total Leasable Area	1,035.75m ²
	Total Leased Area	78.11m ²
	Monthly Rent (Note 6)	403,000 thousand yen
	Deposit, etc. (Note 7)	806,000 thousand yen

	Occupancy (based on no. of units)	7.7% (Note 8)
	Occupancy (based on area)	7.5% (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 designated FAR specified in city planning, and the building coverage ratio uses the designated building coverage ratio specified in city planning.

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

(Note 5) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. As for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.

(Note 6) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.

(Note 7) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space portion) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen.

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

Investigation of Building Conditions	Investigator	Tokyo Bldg-Tech Center Co., Ltd.
	Emergency Repairs	No (urgent repairs)
	Near-term Repairs	No (repairs needed within a year)
	Repairs and Upkeep Thought to be Needed Over Next 12 Years	7,850,000 yen
	Replacement Price	287,000,000 yen
	Date of Building Condition Report	October 30, 2007
Earthquake Risk Analysis	PML Value	5.2%
		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.

(C) Pacific Residence Odori-Koen

Property Name		Pacific Residence Odori-Koen
Location (Note 1)		13-4-101, 13-4-102, 13-4-103, 13-4-116, 13-4-117, 13-4-118 and 13-4-192 Odori-Nishi, Chuo-ku, Sapporo-shi, Hokkaido (lot number) Residential indication yet to be assigned
Access		3-minute walk from Nishi Juitchome Station on the Sapporo City Transportation Subway Tozai Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	1,727.35m ²
	FAR/Building Coverage Ratio (Note 3)	400%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment, office and store
	Floor Area (Note 1)	8,084.71m ²
	Construction Completion (Note 1)	August 2007
	Structure (Note 1)	Reinforced concrete structure with flat roof; 14 floors above ground and 1 floor below ground
Accessory Building	Ownership	Proprietary ownership
	Type (Note 1)	Parking lot
	Floor Area (Note 1)	113.70m ²
	Structure (Note 1)	Steel-framed structure with galvanized steel plated roof; 1 floor above ground
Accessory Building	Ownership	Proprietary ownership
	Type (Note 1)	Waste disposal area
	Floor Area (Note 1)	11.04m ²
	Structure (Note 1)	Reinforced concrete structure with flat roof; 1 floor above ground
Acquisition Value		2,680,000,000 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	2,680,000,000 yen
	Appraised Date	November 1, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units	109 units in total [Office: 14 units; Store: 2 units; 1K: 22 units; 1DK: 11 units; 1LDK: 15 units; 1LDK+S: 5 units; 2LDK: 28 units; 2LDK+S+N: 11 units; 2LDK+S: 1 unit]
	Leased Units	46 units
	Total Leasable Area	6,230.49m ²
	Total Leased Area	2,223.52m ²
	Monthly Rent (Note 6)	4,947 thousand yen
	Deposit, etc. (Note 7)	12,001 thousand yen
	Occupancy (based on no. of units)	42.2% (Note 8)

	Occupancy (based on area)	35.7% (Note 8)
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(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 designated FAR specified in city planning, and the building coverage ratio uses the designated building coverage ratio specified in city planning.

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

(Note 5) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. As for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.

(Note 6) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.

(Note 7) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space portion) of each of the tenants with whom lease agreements have been concluded as of October 31, 2007. The amount has been rounded down to the nearest thousand yen.

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

Investigation of Building Conditions	Investigator	Tokyo Bldg-Tech Center Co., Ltd.
	Emergency Repairs	No (urgent repairs)
	Near-term Repairs	No (repairs needed within a year)
	Repairs and Upkeep Thought to be Needed Over Next 12 Years	20,260,000 yen
	Replacement Price	1,973,000,000 yen
	Date of Building Condition Report	October 29, 2007
Earthquake Risk Analysis	PML Value	0.6%
		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.

(D) Luxeair Kita-Shinjuku

Property Name		Luxeair Kita-Shinjuku
Location (Note 1)		1-433-32 and 1-433-35 Kita-Shinjuku, Shinjuku-ku, Tokyo (lot number) 1-30-32 Kita-Shinjuku, Shinjuku-ku, Tokyo (residential)
Access		6-minute walk from Okubo Station on the JR Sobu Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 exclusive residential zone for medium- and high-rise buildings
	Lot Size (Note 1)	1,547.40m ²
	FAR/Building Coverage Ratio (Note 3)	300%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Area (Note 1)	2,255.46m ²
	Construction Completion (Note 1)	February 1997
	Structure (Note 1)	Reinforced concrete structure with flat roof; 5 floors above ground and 1 floor below ground
Accessory Building	Ownership	Proprietary ownership
	Type (Note 1)	Waste disposal area and trunk room
	Floor Area (Note 1)	61.32m ²
	Structure (Note 1)	Reinforced concrete and concrete block structure with flat roof; 1 floor above ground
Acquisition Value		1,900,000,000 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	1,900,000,000 yen
	Appraised Date	October 1, 2007
Overview of Lease (Note 4)	No. of Tenants (Note 5)	26
	Leasable Units	26 units in total [1R: 2 units; 1LDK: 10 units; 2LDK: 14 units]
	Leased Units	24 units
	Total Leasable Area	2,173.62m ²
	Total Leased Area	2,006.50m ²
	Monthly Rent (Note 6)	8,237 thousand yen
	Deposit, etc. (Note 7)	14,044 thousand yen
	Occupancy (based on no. of units)	92.3% (Note 8)
	Occupancy (based on area)	92.3% (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 designated FAR specified in city planning, and the building coverage ratio uses the designated building coverage ratio specified in city planning.

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

- (Note 5) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. As for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.
- (Note 6) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of November 21, 2007. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.
- (Note 7) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space portion) of each of the tenants with whom lease agreements have been concluded as of November 21, 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	11,710,000 yen
	Replacement Price	505,000,000 yen
	Date of Building Condition Report	November 2, 2007
Earthquake Risk Analysis	PML Value	6.3%
		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.

4. Seller Profile

(A) Pacific Residence Nishi-Shinjuku, Pacific Residence Hiroo-Minami, and Pacific Residence Odori-Koen

Company Name	Pacific Properties Investment Y.K.
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Takanori Ishii, Director
Paid-in Capital	3 million yen
Major Shareholder	Pacific Management Corporation 100%
Line of Business	1. Owning, selling, purchasing and brokering real estate 2. Work related to leasing, maintaining and managing

	<p>real estate</p> <ol style="list-style-type: none"> 3. Investing into real estate, real estate securitization products, securities and other financial assets 4. Leasing, renting, entrusting the running of and managing rental housing and leased stores, offices, etc. 5. Developing, constructing, surveying, planning, designing and supervising real estate, and related consulting work 6. All work incidental or related to the above items
Relationship with NRIC and Asset Management Company	<p>Pacific Properties Investment Y.K. is a wholly-owned consolidated subsidiary of Pacific Management Corporation. Pacific Management Corporation is a shareholder of Pacific Investment Advisors Corporation. Pacific Investment Advisors Corporation is the asset management company to which NRIC entrusts work related to the management of NRIC's assets (hereafter, the "Asset Management Company"). This makes Pacific Properties Investment 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). Furthermore, Pacific Management Corporation has a 93.8% stake in the Asset Management Company.</p>

(B) Luxeair Kita-Shinjuku

Company Name	Pacific Growth Realty Y.K.
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	So Kanai, Director
Paid-in Capital	3,000 thousand yen
Major Shareholder	Pacific Management Corporation 100%
Line of Business	<ol style="list-style-type: none"> 1. Owning, selling, purchasing and brokering real estate 2. Work related to leasing, maintaining and managing real estate 3. Investing into real estate, real estate securitization products, securities and other financial assets
Relationship with NRIC and Asset Management Company	<p>Pacific Growth Realty Y.K. is a wholly-owned consolidated subsidiary of Pacific Management Corporation. Pacific Management Corporation is a shareholder of Pacific Investment Advisors Corporation. Pacific Investment Advisors Corporation is the asset management company to which NRIC entrusts work related to the management of NRIC's assets (hereafter, the "Asset Management Company"). This makes Pacific Growth Realty 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). Furthermore, Pacific Management Corporation has a 93.8% stake in the Asset Management Company.</p>

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

(A) Pacific Residence Nishi-Shinjuku

Property Name	C-50 Pacific Residence Nishi-Shinjuku	
Status of Titleholders, etc. to the Property	Current Titleholder	Prior Titleholder
Name of Company/Person	Pacific Properties Investment Y.K.	A party other than a party having particular vested interest
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (A) above	—
Acquisition Background, Reason, etc.	For the purpose of investment, a real estate sale and purchase agreement was entered into between the prior titleholder and the parent company of the current titleholder, Pacific Management Corporation, in August 2006 before construction on the building was completed. After conducting construction management, Pacific Management Corporation passed on its position to the current titleholder. The current titleholder made the acquisition after construction on the building was completed.	—
Acquisition Price	Not being disclosed (due to non-disclosure agreement with the concerned party)	—
Agreement Period	August 2006	
Acquisition Timing	June 2007	—

(B) Pacific Residence Hiroo-Minami

Property Name	C-51 Pacific Residence Hiroo-Minami	
Status of Titleholders, etc. to the Property	Current Titleholder	Prior Titleholder
Name of Company/Person	Pacific Properties Investment Y.K.	A party other than a party having particular vested interest
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (A) above	—
Acquisition Background, Reason, etc.	For the purpose of investment, a real estate sale and purchase agreement was entered into between the prior titleholder and the parent company of the current titleholder, Pacific Management Corporation, in September 2006 before construction on the building was completed. After conducting construction management, Pacific Management Corporation	—

	passed on its position to the current titleholder. The current titleholder made the acquisition after construction on the building was completed.	
Acquisition Price	Not being disclosed (due to non-disclosure agreement with the concerned party)	—
Agreement Period	September 2006	
Acquisition Timing	October 2007	—

(C) Pacific Residence Odori-Koen

Property Name	F-24 Pacific Residence Odori-Koen	
Status of Titleholders, etc. to the Property	Current Titleholder	Prior Titleholder
Name of Company/Person	Pacific Properties Investment Y.K.	A party other than a party having particular vested interest
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (A) above	—
Acquisition Background, Reason, etc.	For the purpose of developing rental housing	—
Acquisition Price	—	—
Acquisition Timing	—	—

(D) Luxeair Kita-Shinjuku

Property Name	L-16 Luxeair Kita-Shinjuku	
Status of Titleholders, etc. to the Property	Current Titleholder	Prior Titleholder
Name of Company/Person	Pacific Growth Realty Y.K.	A party other than a party having particular vested interest
Relationship with Party having Particular Vested Interest	Refer to 4. Seller Profile (B) above	—
Acquisition Background, Reason, etc.	Acquired for the purpose of investment, etc.	—
Acquisition Price	Not being disclosed (due to non-disclosure agreement with the concerned party)	—

Agreement Period	October 2006	—
Acquisition Timing	March 2007	—

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.

As at November 21, 2007, none of the Properties' architects, building contractors or designers are a company announced by the Ministry of Land, Infrastructure and Transport to have been involved in properties with fabricated structural calculation documents. However, there was a property for which the building verification was conducted by Bureau Veritas Japan Co., Ltd. and another by Japan ERI Co., Ltd. In light of this, 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 and the respective properties to be safe in terms of structural strength.

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

Property Name	Architect	Building Contractor	Building Designer	Structural Designer	Verification Agency	Inspection Agency
Pacific Residence Nishi-Shinjuku	Nomura Real Estate Development Co., Ltd.	Koshin Kensetsu Co., Ltd.	S&D K.K.	Shou Sekkei Y.K.	Bureau Veritas Japan Co., Ltd.	Bureau Veritas Japan Co., Ltd.

Property Name	Architect	Building Contractor	Building Designer	Structural Designer	Verification Agency	Inspection Agency
Pacific Residence Hiroo-Minami	Okabe Shoukai Y.K.	Daioh Construction Co., Ltd.	First Core K.K.	Terra Sekkei Koubou K.K.	Shibuya Ward Building Official	Shibuya Ward Building Official
Pacific Residence Odori-Koen	Pacific Properties Investment Y.K.	Nishimatsu Construction Co., Ltd. Sapporo Branch Office	Urban Design System Co., Ltd. Sapporo Office	Shiomi Corporation Sapporo Branch	Japan ERI Co., Ltd.	Japan ERI Co., Ltd.
Luxeair Kita-Shinjuku	The Dai-ichi Mutual Life Insurance Company	Obayashi Corporation Tokyo Branch	Obayashi Corporation Tokyo Head Office Ikkyu Kenchikushi Jimusho	Obayashi Corporation Tokyo Head Office Ikkyu Kenchikushi Jimusho	Shinjuku Ward Building Official	Shinjuku Ward Building Official

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

Company Name	Meiho Facility Works Ltd.
Head Office Address	5-4 Kojimachi, Chiyoda-ku, Tokyo
Representative	Kazutoshi Omi, President and Representative Director
Paid-in Capital	531,510 thousand yen
Line of Business	<ol style="list-style-type: none"> 1. Project management (proposing basic plans for construction projects and providing comprehensive management services from design through to the end of construction as the agent for the client) 2. Construction management (assisting in the selection of the building contractor and managing the state of construction implementation as the agent for the client in construction projects) 3. Facility management (services involving studying/analyzing and proposing basic facility plans in line with business issues and demands of the client) and related consulting work regarding facility management 4. Turnkey building construction, electrical work, plumbing, interior finishing and fire fighting facility construction 5. Design work for construction projects (architectural design, setting electrical installations, machinery and facility design, information facility design, office layout, etc.) 6. Consulting work for design projects 7. Selling and renting office appliances, information and telecommunication equipment, fixtures, interior fittings, etc. 8. Developing, selling, leasing and renting computer hardware and software

	9. Manufacturing, selling, exporting, importing and constructing telecommunication equipment 10. Employment agency that dispatches its own full-time workers 11. All work incidental to the above items
Relationship with NRIC	None

(Reference 3) Profile of Third Party Investigation Agency (Earthquake Risk Analysis)

Company Name	InterRisk Research Institute & Consulting, Inc.
Head Office Address	3-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative	Kenichi Enami, President and Representative Director
Paid-in Capital	330 million yen
Line of Business	1. Accepting orders for and consulting on investigative studies concerning risks faced by individuals, corporations, organizations, etc. and risk management 2. Accepting orders for and consulting on investigative studies concerning the economy, finance, society, lifestyle and culture, science and engineering, natural science, etc. 3. Gathering and providing information, training and consulting related to the above two items 4. Holding various workshops and seminars and publishing publications, etc. related to the above items 5. Other work incidental or related to the above items
Relationship with NRIC	None

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

(A) Pacific Residence Nishi-Shinjuku

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	2,020,000	
Operating profit		
(a) Rental income including common expenses	124,163	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 sublessors.
(c) Parking lot income	0	No parking lot income.
(d) Other income	6,467	Recorded key money and renewal fee 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. There is no particular income that should be recorded as other income.
Key money income	2,587	
Renewal fee income	3,880	
Other income	0	
①[(a)+(b)+(c)+(d)]	130,630	
(e) Total losses from vacancies, etc.	6,532	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)]	124,098	
Operating expenses		
(g) Maintenance and management fee	6,741	Appraised in reference to the building maintenance fees, etc. based on the current 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	1,050	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	2,046	Appraised by taking into account the

			restoration fee associated with tenant replacement, as well as the actual amounts of the previous fiscal year, level of similar real estate, and repair costs, etc. according to the engineering report.
	(j) Property management fee	3,716	Appraised in reference to the rate, etc. paid in return for such services based on the current 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.	4,515	Appraised the rental fee and renewal fee as 1 month worth of rental income each, in reference to such factors as the current agreement terms and conditions as well as lease terms and conditions of similar real estate in the surrounding area.
	(l) Taxes, etc.	7,899	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	275	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	578	Recorded such expenses as the CATV usage fee.
	③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	26,820	
	④ Net operating profit [②-③]	97,278	
	(o) Operating profit from deposits	393	Appraised based on a 2.0% return on asset management for the amount arrived at by assuming deposits as 1 month worth of rent and after additionally taking into account the occupancy rate.
	(p) Capital expenditures	2,020	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)]	95,651	
	⑥ Cap rate	4.7%	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]	2,040,000	
	Price from the DCF method	2,000,000	
	Discount rate	4.5%	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	4.9%	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	1,870,000	
Sum of land and building prices	1,873,000	
Land price	1,200,000	
Building price	673,000	
Upward/Downward price revision	0%	Deemed there to have been no price appreciation/depreciation for the land and building combined.

(Note 1) The above figures are the annual income and expenses assumed based on the capitalization method (direct capitalization method) that are indicated on the real estate appraisal, and are not the forecast figures for the current fiscal period.

(B) Pacific Residence Hiroo-Minami

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	1,180,000	
Operating profit		
(a) Rental income including common expenses	63,922	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 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), as well as the attributes of the sublessor occupying the real estate.
(b) Utilities income	0	No utilities income is collected from sublessors.
(c) Parking lot income	3,300	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 usage fee pursuant to current lease agreements and usage fee in the case that new renting is assumed to take place at the real estate subject to the appraisal.
(d) Other income	3,367	Recorded key money and renewal fee 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 income based on B FLET'S equipment installation,
Key money income	1,332	
Renewal fee income	1,998	
Other income	37	

			etc. as other income.
	①[(a)+(b)+(c)+(d)]	70,589	
	(e) Total losses from vacancies, etc.	3,693	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)]	66,896	
	Operating expenses		
	(g) Maintenance and management fee	2,961	Appraised in reference to the building maintenance fees, etc. based on the current 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	578	Appraised in reference to past utilities, and 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	845	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the actual amounts of the previous fiscal year, level of similar real estate, and repair costs, etc. according to the engineering report.
	(j) Property management fee	2,006	Appraised in reference to the rate, etc. paid in return for such services based on the current 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.	2,325	Appraised the rental fee and renewal fee as 1 month worth of rental income each, in reference to such factors as the current agreement terms and conditions as well as lease terms and conditions of similar real estate in the surrounding area.
	(l) Taxes, etc.	3,124	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	123	Appraised by taking into account such factors as the insurance premiums based on budget income and expenses as well as the insurance premium rates of similar buildings.

	(n) Other expenses	99	Recorded the town council fee.
	③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	12,061	
	④ Net operating profit [②-③]	54,835	
	(o) Operating profit from deposits	207	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	1,433	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)]	53,609	
	⑥ Cap rate	4.5%	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]	1,190,000	
	Price from the DCF method	1,170,000	
	Discount rate	4.3%	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	4.7%	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	979,000	
	Sum of land and building prices	816,000	
	Land price	509,000	
	Building price	307,000	
	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) 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.

(C) Pacific Residence Odori-Koen

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	2,710,000	
Operating profit		
(a) Rental income including common expenses	178,497	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 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), as well as the attributes of the sublessor occupying the real estate.
(b) Utilities income	0	No utilities income is collected from sublessors.
(c) Parking lot income	24,720	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 usage fee pursuant to current lease agreements and usage fee in the case that new renting is assumed to take place at the real estate subject to the appraisal.
(d) Other income	880	No key money and renewal fee income will be individually received from tenants. Recorded usage fees for bike parking space, amount of consumption tax refund, etc. as other income.
Key money income	0	
Renewal fee income	0	
Other income	880	
①[(a)+(b)+(c)+(d)]	204,097	
(e) Total losses from vacancies, etc.	14,764	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)]	189,333	
Operating expenses		
(g) Maintenance and management fee	10,836	Appraised in reference to the building maintenance fees, etc. based on the current 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	2,730	Appraised in reference to past utilities, and 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	4,366	Appraised by taking into account the restoration fee associated with tenant replacement, as well as the actual amounts of the previous fiscal year, level of similar real estate, and repair costs, etc. according to the engineering report.
	(j) Property management fee	5,936	Appraised in reference to the rate, etc. paid in return for such services based on the current 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.	3,109	Appraised the rental fee and renewal fee as 1.5 months worth of rental income each, in reference to such factors as the current agreement terms and conditions as well as lease terms and conditions of similar real estate in the surrounding area.
	(l) Taxes, etc.	14,876	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 building price.
	(m) Liability insurance premium	891	Appraised by taking into account such factors as the insurance premium rates of the real estate subject to the appraisal and similar buildings.
	(n) Other expenses	28	Recorded such expenses as the neighborhood association fee and internet maintenance and management fee.
	③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	42,772	
	④ Net operating profit [②-③]	146,561	
	(o) Operating profit from deposits	976	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, 10 months worth of rent for the store portion and 8 months worth of rent for the office portion and after additionally taking into account the occupancy rate.
	(p) Capital expenditures	4,158	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)]	143,379	
	⑥ Cap rate	5.3%	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)]	2,710,000	
Price from the DCF method	2,640,000	
Discount rate	5.1%	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	5.5%	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	2,480,000	
Sum of land and building prices	2,481,000	
Land price	881,000	
Building price	1,600,000	
Upward price revision	0%	Deemed there to have been no price appreciation/depreciation for the land and building combined.

(Note 1) The above figures are the annual income and expenses assumed based on the capitalization method (direct capitalization method) that are indicated on the real estate appraisal, and are not the forecast figures for the current fiscal period.

(D) Luxeair Kita-Shinjuku

(Unit: thousand yen)

Appraisal Item	Description	Appraisal Reasoning
Appraised value (specified price)	1,900,000	
Operating profit		
(a) Rental income including common expenses	106,760	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 income is collected from sublessors.
(c) Parking lot income	7,488	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 usage fee pursuant to current lease agreements, usage fee in the case that new renting is assumed to take place, and other factors.
(d) Other income	5,605	Recorded key money at 1 month of rent and renewal fee at 1 month of rent as income based on appraisal of the number of months
Key money income	2,224	
Renewal fee income	3,336	

	Other income	45	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.
	①[(a)+(b)+(c)+(d)]	119,853	
	(e) Total losses from vacancies, etc.	7,488	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)]	112,365	
	Operating expenses		
	(g) Maintenance and management fee	1,588	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	853	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	1,574	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	3,373	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.	6,037	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.	4,759	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	609	Appraised by taking into account such factors as the insurance premium rates of similar buildings.
	(n) Other expenses	0	There are no particular expenses that should be recorded as other expenses.
	③Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	18,793	
	④Net operating profit [②-③]	93,572	
	(o) Operating profit from deposits	346	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	1,740	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)]	92,178	
	⑥ Cap rate	4.8%	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]	1,920,000	
	Price from the DCF method	1,870,000	
	Discount rate	4.6%	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	1,740,000	
	Sum of land and building prices	1,580,000	
	Land price	1,180,000	
	Building price	400,000	
	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.

[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	99,367,604	75,875,831	36,098,881	29,902,221	241,244,538
Core 2	26,135,000	5,987,000	1,950,000	7,795,900	41,867,900
Sub-core	7,832,000	7,201,600	4,074,600	4,978,900	24,087,100
Total	133,334,604	89,064,431	42,123,481	42,677,021	307,199,538

(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 Properties

(A) Pacific Residence Nishi-Shinjuku



(B) Pacific Residence Hiroo-Minami



(C) Pacific Residence Odori-Koen



(D) Luxeair Kita-Shinjuku



This English language notice is a translation of the Japanese language notice dated November 22, 2007 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.