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For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of COSMOS GRACIA Kinshicho Aquver

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-68 COSMOS GRACIA Kinshicho Aquver
(2) Asset Type	Real estate
(3) Acquisition Value	2,908,000,000 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	February 12, 2008
(5) Scheduled Acquisition Date	June 27, 2008. However, the date shall be able to be changed to a date separately agreed to with the seller (see (6) below).
(6) Seller	Cosmos Initia Co., Ltd. (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 23 wards (excluding the Tokyo central 5 wards (Note)), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	The Property is situated an 8-minute walk from Kinshicho Station on the JR Sobu Line and Tokyo Metro Hanzomon Line. Tokyo Station is about a 9-minute ride via express train from Kinshicho Station on the JR Sobu Line and Otemachi Station is about a 12-minute ride from Kinshicho Station on the Tokyo Metro Hanzomon Line. Consequently, the Property boasts relatively excellent access to key central downtown districts. The Property is also located in an area that exhibits a favorable residential environment. Based on these factors, the Property is expected to continue maintaining an adequate level of competitiveness.
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method</p> <p>Generally, concluding an agreement with set conditions, including the sale and purchase price, early on before construction on the building is complete enables acquisition of brand new properties that excel over properties acquired after construction is completed. The aim with this acquisition of the Property is also to secure such an excellent brand new property.</p> <p>(ii) Other Significance of Acquiring the Property</p> <p>The Seller is scheduled to conduct lease-up activities throughout the period up to NRIC's acquisition of the Property after construction completion. Such lease-up activities will result in a certain state of occupancy being able to be anticipated at the time NRIC acquires the Property, even though the Property will be a brand new property with construction completed only less than half a year ago at that time. Based on this and other efforts, NRIC is working to prevent falls in rental income from low occupancy at the Property.</p> <p>Moreover, the acquisition of the Property will reduce the average age of our portfolio, enabling stable growth of managed assets.</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	COSMOS GRACIA Kinshicho Aquver
Location (Note 1)	4-13-5 Midori, Sumida-ku, Tokyo (lot number)

Access		8-minute walk from Kinshicho Station on the JR Sobu Line and Tokyo Metro Hanzomon Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial zone
	Lot Size (Note 1)	889.34m ²
	FAR/Building Coverage Ratio (Note 3)	400%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Area (Note 1)	4,947.80m ² (planned)
	Construction Completion	February 2008 (planned)
	Structure (Note 1)	Reinforced concrete structure; 14 floors above ground (planned)
	Leasable Units	99 units [1R: 65 units; 1LDK: 16 units; 2DK: 8 units; 2LDK: 10 units] (planned)
	Total Leasable Area	3,395.45m ² (planned)
Acquisition Value		2,908,000,000 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.
Appraisal Method	Method	Valuation survey by Japan Real Estate Institute (Note 4)
	Estimated Value	2,850,000,000 yen
	Survey Date	January 1, 2008

(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 and structure are as set forth in the confirmation certificate (No. 2006 Kakunin Kenchiku CIAS001603) dated October 20, 2006, and information for the floor area are as set forth in the confirmation certificate (for architectural structures) (No. 2007 Kaku Ko Kenchiku CIAS00299) dated June 28, 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	Cosmos Initia Co., Ltd.	
Head Office Address	1-3-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo	
Representative	Tadashi Machida, President	
Paid-in Capital	11,907,771,000 yen	
Major Shareholders	1. Unison Capital Partners II (F), L.P.	21.38%
	2. Unison Capital Partners II, L.P.	16.39%
	3. The Bank of New York GCM Client Accounts EISG	4.78%

	4. UC Astro Investors, L.P. 2.22% 5. Cosmos Initia Employee Stock Ownership Association 1.79% (as of September 30, 2007)
Line of Business	1. Selling, purchasing, renting, leasing, brokering, appraising, managing and consulting on real estate 2. Developing and forming land 3. Planning, designing, constructing, supervising, contracting and consulting on building construction and civil engineering work 4. Monetary claims business related to real estate
Relationship with NRIC and Asset Management Company	None

5. Broker Profile

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Masaru Takatsuka, Representative Director
Commission	58,160,000 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Asset 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 93.8% stake in the asset management company.

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 February 8, 2008, none of the Properties' architects, building contractors or designers are a company announced by the Ministry of Land, Infrastructure, Transport and Tourism 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.

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

Property Name	COSMOS GRACIA Kinshicho Aquver
Architect	Cosmos Initia Co., Ltd.
Building Contractor	Kawada Industries, Inc.
Building Designer	Cosmic Sekkei Engineering K.K.
Structural Designer	Fujikawa Kozo Keikaku K.K.
Verification Agency	Center of International Architectural Standard

(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

7. Outlook of Management Performance After Acquisition of Concerned Asset

The management performance outlook for NRIC for the fiscal period ending in May 2008 (December 1, 2007 – May 31, 2008) 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, Transport and Tourism and construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- 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)	2,850,000	
Operating profit		
(a) Rental income including common expenses	165,776	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	11,880	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	8,710	Recorded key money income by appraising it as 1 month based on the level of similar buildings, etc., and in consideration of the replacement rate and vacancy rate. Recorded renewal fee income as 1 month of the new rent by appraising the renewal rate according to the type of rental unit and by considering the vacancy rate. Recorded income such as the amount of consumption tax refund as other income.
Key money income	3,454	
Renewal fee income	5,180	
Other income	76	
①[(a)+(b)+(c)+(d)]	186,366	
(e) Total losses from vacancies, etc.	10,503	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	In light of sublessor conditions, etc., no bad debts loss is recorded.
②Operating profit [①-(e)-(f)]	175,863	
Operating expenses		
(g) Maintenance and management fee	7,636	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	1,680	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	2,730	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	5,279	Appraised by taking into account the rate paid in return for such services at similar real estate and the unique qualities of the real estate subject to the appraisal.
(k) Tenant soliciting fee, etc.	6,029	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.	10,358	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	456	Appraised by taking into account such factors as the insurance premium rates of similar buildings.
	(n) Other expenses	1,071	Recorded the neighborhood association fee and CATV installation fee as other expenses.
	③ Operating expenses [(g)+(h)+(i)+(j)+(k)+(l)+(m)+(n)]	35,239	
	④ Net operating profit [②-③]	140,624	
	(o) Operating profit from deposits	525	Appraised based on a 2.0% return on asset management for the amount arrived at by assuming deposits for the housing portion as 2 months worth of rent and after additionally taking into account the occupancy rate.
	(p) Capital expenditures	3,352	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)]	137,797	
	⑥ Cap rate	4.8%	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 standard cap rate of 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]	2,870,000	
	Price from the DCF method	2,830,000	
	Discount rate	4.6%	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	5.0%	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	2,560,000	
	Sum of land and building prices	2,330,000	
	Land price	1,190,000	

	Building price	1,140,000	
	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) 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	99,367,604	75,875,831	36,098,881	29,902,221	241,244,538
Core 2	40,645,000	8,895,000	1,950,000	2,545,900	54,035,900
Sub-core	6,672,000	7,201,600	4,074,600	4,978,900	22,927,100
Total	146,684,604	91,972,431	42,123,481	37,427,021	318,207,538

(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

The posted CG perspective was drawn based on plans and therefore may slightly vary from the actual property.



This English language notice is a translation of the Japanese language notice dated February 12, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.