

December 2, 2005

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Issuing and Pricing of New Investment Units

Nippon Residential Investment Corporation (NRIC) announces that the Board of Directors' Meeting held on December 2, 2005 resolved the offer price, secondary offer price and other details indicated below in relation to the issuing and secondary offering of new investment units resolved at a Board of Directors' Meeting held on November 17, 2005.

1. Issuance of New Investment Units Through Public Offering (primary offering)

(1) Total number of units to be issued	41,000 units
(2) Offer price	552,000 yen per unit
(3) Total offer amount	22,632,000,000 yen
(4) Issue price	533,312 yen per unit
(5) Total issue amount	21,865,792,000 yen
(6) Application period	December 5, 2005 (Monday) – December 7, 2005 (Wednesday)

2. Issuance of New Investment Units Through Third-Party Allotment (third-party allotment conducted in correlation with “3. Secondary Offering of Investment Units (secondary offering via over-allotment)”)

(1) Total number of units to be issued	1,482 units
(2) Offer price	533,312 yen per unit

(3) Total offer amount	790,368,384 yen
(4) Issue price	533,312 yen per unit
(5) Total issue amount	790,368,384 yen
(6) Application period	January 11, 2006 (Wednesday)
(7) Payment date	January 11, 2006 (Wednesday)
(8) Third party and allotted units	Daiwa Securities SMBC Co. Ltd. 1,482 units

(Note) If no application is made by the allottee for all or a part of the units to be allotted, the investment units that were not applied for shall be forfeited.

3. Secondary Offering of Investment Units (secondary offering via over-allotment)

(1) Total number of units to be offered	1,482 units
(2) Secondary offer price	552,000 yen per unit
(3) Total offer amount	818,064,000 yen
(4) Application period	December 5, 2005 (Monday) – December 7, 2005 (Wednesday)

<Reference>

1. Calculation of Issue Price and Offer Price

(1) Reference date for calculation	December 2, 2005
(2) Closing investment unit price on reference date*	575,000 yen
(3) Discount rate	4.00%

*Calculated based on the discount rate given in (3)

2. Secondary Offering Via Over-Allotment

(1) On the occasion of the primary offering by NRIC, Daiwa Securities SMBC Co. Ltd. shall conduct a secondary offering via over-allotment of 1,482 NRIC investment securities that it shall borrow from NRIC unitholders Pacific Management Corporation (1,282 units) and Pacific Investment Advisors Corporation (200 units) (hereafter, “borrowed investment securities”) after due consideration of demand conditions and other factors.

In relation to this, NRIC resolved at the Board of Directors’ Meetings held on November 17, 2005 (Thursday) and December 2, 2005 (Friday) to issue, separate from the primary offering, new NRIC investment units totaling 1,482 units through a third-party allotment with Daiwa Securities SMBC Co. Ltd. as the allottee (hereafter, “this third-party allotment”) and January 11, 2006

(Wednesday) as the payment date. Daiwa Securities SMBC Co. Ltd. may conduct transactions to stabilize unit prices of NRIC investment securities during the application period for the primary offering and secondary offering via over-allotment between December 5, 2005 (Monday) and December 7, 2005 (Wednesday). NRIC investment securities acquired through said stabilizing transactions may be allocated to returning the borrowed investment securities.

In addition, between December 8, 2005 (Thursday) and January 6, 2005 (Friday), there are instances where Daiwa Securities SMBC Co. Ltd. may acquire NRIC investment securities on the Tokyo Stock Exchange up to the number of units offered in the secondary offering via over-allotment (1,482 units) with the objective of returning the borrowed investment securities (hereafter, “syndicate covering transaction”). NRIC investment securities acquired in the syndicate covering transaction will be allocated to returning the borrowed investment securities.

Furthermore, Daiwa Securities SMBC Co. Ltd. plans to agree to this third-party allotment for the number of units arrived at when the number of units from the stabilizing transactions and syndicate covering transaction to be allocated to returning borrowed investment securities is subtracted from the number of units offered in the secondary offering via over-allotment (1,482 units).

Accordingly, there are instances where an application will not be filed for all or part of the number of investment units issued in this third-party allotment, which would cause the number of units ultimately issued through this third-party allotment to fall depending on the applied number of units or the issue itself to be terminated completely as a result of the forfeiture.

- (2) In regards to the transaction described in the (1) above, Daiwa Securities SMBC Co. Ltd. shall conduct it after negotiations with Morgan Stanley Japan Ltd., Tokyo Branch and Mitsubishi UFJ Securities Co., Ltd.

3. Use of Procured Capital

The sum of NRIC’s proceeds from the primary offering (21,865,792,000 yen) and the proceeds from the issue of new investment units through third-party allotment that was

resolved on the same date as the primary offering (up to 790,368,384 yen) shall be allocated to repay short-term loans and as funds for NRIC to acquire specified assets (same meaning as defined in Article 2-1 of the Law Concerning Investment Trusts and Investment Corporations).

- 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>

Note: This document is a press release to publicly announce information on Nippon Residential Investment Corporation's issuance of new investment units and secondary offering, and has not been prepared as an inducement or invitation for investment. Before initiating investments, we caution investors to refer to the prospectus for the issue of new investment units and secondary offering, and notices of amendments thereto, prepared by Nippon Residential Investment Corporation and to undertake investment decisions at the discretion of the investor.

This English language notice is a translation of the Japanese language notice dated December 2, 2005 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.