

March 27, 2006

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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Notification on Acquisition of Pacific Residence Kamiochiai  
and  
Completion of Asset Acquisitions

Nippon Residential Investment Corporation (NRIC) announces the decision made today to acquire the following asset as detailed below. NRIC additionally notifies it has completed the acquisition of the following assets announced in “Notification on Acquisition of Assets” dated November 9, 2005.

I. Acquisition of Pacific Residence Kamiochiai

1. Overview of Acquisition

(1) Property Name	Pacific Residence Kamiochiai (hereafter, the “Property”)
(2) Asset Type	Real estate
(3) Acquisition Value	1,310,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 65,500,000 yen (down payment) upon sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	March 27, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller. However, it shall be no later than November 30, 2006.

	...Execute transfer based on the concerned real estate sale and purchase agreement when the terms for payment of sales proceeds specified in the concerned agreement are fulfilled.
(6) Seller	Soken 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 5 central wards of Tokyo (Note), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>(i) Location and Convenience The Property is situated within a 4-minute walk from Ochiai Station on the Tokyo Metro Tozai Line and within a 3-minute walk from Nakai Station on the Toei Oedo Subway Line. The Nakai Station on the Seibu Shinjuku Line and Higashi-Nakano Station on the JR Chuo Line are also accessible from the Property. This location enables favorable access to central business districts and commercial centers such as Ikebukuro and Shinjuku.</p> <p>(ii) Architectural Plan for the Property The Property is a brand new property with construction scheduled for completion in September 2006. In addition, the finish including the interior and exterior, size of the rental units, facilities within the rental units, etc. equal or exceed the standard level. Thus, we anticipate demand from singles who emphasize proximity to the city center and singles who commute to nearby universities, etc.</p>
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method Generally, by 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 Property is also to secure such an excellent brand new property.</p> <p>(ii) Risks of Investing in Development Projects and How to Avoid Them The Property is real estate that is being developed primarily by the Seller and thus involves risks until construction on the building is complete such as construction completion and building delivery risks and risks related to market fluctuations including real-estate prices and rents. These potential risks can be minimized in the following manner:</p> <p>(a) Construction completion and building delivery risks can be avoided by setting as conditions on payment of the sales proceeds terms like that the Seller will construct the building according to the design and specifications by the scheduled construction completion date and that the</p>

	<p>Seller will report to NRIC on the progress of construction work and other information at regular meetings.</p> <p>(b) Market fluctuation risks through the scheduled construction completion date can be avoided by obtaining a survey report concerning the price of the Property as set forth in “3. Description of Asset to be Acquired (1) Overview of Real Estate Appraisal Method” below from Daiwa Real Estate Appraisal Co., Ltd.</p> <p>(iii) Other Significance of Acquiring the Property The acquisition of the Property will reduce the average age of our portfolio and thus stable growth of managed assets can be anticipated.</p>
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(Note) The 5 central wards of Tokyo refer to the Minato, Shibuya, Shinjuku, Meguro and Chiyoda Wards.

### 3. Description of Asset to be Acquired

#### (1) Overview of Real Estate

Property Name		Pacific Residence Kamiochiai
Location (Note 1)		3-598-1, 3-598-4, 3-613-17 and 3-613-18 Kamiochiai, Shinjuku-ku, Tokyo (lot number)
Access		4-minute walk from Ochiai Station on the Tokyo Metro Tozai Line 3-minute walk from Nakai Station on the Toei Oedo Subway Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Neighborhood commercial zone and class 1 residential zone
	Lot Size (Note 1)	819.34m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	400%/80%, 300%/60% (Note 4)
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Space (Note 1)	2,102.04m <sup>2</sup> (planned)
	Construction Completion	September 2006 (planned)
	Structure (Note 1)	Reinforced concrete structure; 6 floors above ground and 1 below ground (planned)
	Leasable Units (Note 6)	75 units (planned) (1K: 67 units and 1LDK: 8 units)
	Leasable Area	1,740.50m <sup>2</sup> (planned)
Acquisition Value		1,310,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)

Special Notations (collateral, etc.)		As of the day this sale and purchase agreement was concluded, there is a mortgage taken out and registered on the land of the Property with the Seller as the debtor. Based on this sale and purchase agreement, the Seller has the obligation to furnish all documents necessary to remove the arranged mortgage setting and registration.
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 5)
	Estimated Value	1,310,000,000 yen
	Survey Date	March 1, 2006

- (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 type, floor space and structure are as set forth in the confirmation certificate (No. BVJ-T05-10-3255) dated September 30, 2005.
- (Note 2) The entry for the zoning is from the zoning type indicated in Article 8-1-1 of the City Planning Law.
- (Note 3) The FAR uses the ratio of the floor area of the building versus the lot area as designated in Article 52 of the Building Standards Law and the building coverage ratio uses the building area versus the lot area as designated in Article 53 of the Building Standards Law.
- (Note 4) The designated building coverage ratio is 80% for parts of the land up to 22 meters from the center line of the road to the north and 60% for parts of the land more than 22 meters away. However, the standard building coverage ratio is 83.72% for this land as a result of relaxed regulations for fire-resistant buildings in a fire zone and as a result of a weighted average from being situated in an area that has different regulations. The designated FAR is 400% for parts of the land up to 22 meters from the center line of the road to the north and 300% for parts of the land more than 22 meters away. The standard FAR applicable to this land, however, is 196.59% as a result of regulations related to road frontage and a weighted average from being situated in an area that has different regulations.
- (Note 5) 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 and thus confirmation of the subject real estate is 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.
- (Note 6) The following abbreviations have been used for leasable units.  
1K: Single room + Kitchen  
1LDK: 1 bedroom + Living room, dining room and kitchen

#### 4. Seller Profile

Company Name	Soken Co., Ltd.
Head Office Address	2-8-14 Tsukamoto, Yodogawa-ku, Osaka-shi, Osaka
Representative	Takafumi Yoshimura, Representative Director
Paid-in Capital	40 million yen
Line of Business	1. Selling, purchasing, leasing, managing and brokering real estate

	2. Designing, supervising and constructing civil engineering work 3. Forming and marketing housing lots 4. Turnkey building construction 5. Manufacturing, marketing and leasing supercooling equipment 6. All work incidental to the above
Relationship with NRIC	None

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

NRIC has verified the Property's architect, building contractor, architectural designer, structural designer (engineer) and building inspection agency. The details are given in the following tables.

Neither of the Property's architect, building contractor or designers is a company announced by the Ministry of Land, Infrastructure and Transport as of March 24, 2006, but it was Bureau Veritas Japan Co., Ltd. that conducted the building inspection. However, NRIC asked a specialized third party investigation agency (Plus PM Co., 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 building inspection agency's building inspection investigation. 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 and site studies using the structural drawings, structural design outline and other documents. In the case of this Property as well, NRIC will ensure analyses are conducted by the date of acquisition and will make acquisition decisions based on those results.

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

Property Name	Pacific Residence Kamiochiai
Architect	Soken Co., Ltd.
Building Contractor	Muramoto Corporation Tokyo Branch
Architectural Designer	IAO Takeda Architect Associates Co., Ltd.
Structural Designer	Muramoto Corporation First-Class Architect's Office

Building Inspection Agency	Bureau Veritas Japan Co., Ltd.
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(Reference 2) Profile of Third Party Investigation Agency (Reinvestigation of Structural Calculation Documents)

Company Name	Plus PM Co., Ltd.
Head Office Address	2-2-9 Esaka-cho, Suita-shi, Osaka
Representative	Joji Kimura, Representative Director
Paid-in Capital	20 million yen
Line of Business	1. Designing and construction of building construction and interior construction work 2. Brokering, selling and leasing real estate 3. Consulting on construction 4. Managing nursing homes 5. 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	Tadashi Yasuda, 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 technology, 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

6. Outlook

The management performance outlook for NRIC for the fiscal period ending in May 2006 (December 1, 2005 – May 31, 2006) does not change as a result of acquisition of the Property.

II. Completion of Acquisition of Assets

Acquired assets: Beneficiary interests in trust (real estate)

	Property Name	Acquisition Price (Note 1) (million yen)
Property 1	Pacific Livew Yokohama Kannai	1,950
Property 2	Pacific Livew Iriya	1,190
Property 3	K2	393
Property 4	Flats Okurayama	895
Property 5	Pianeta Shiodome	2,782
Property 6	Zesty Komazawadaigaku	393
Property 7	Zesty Yoyogi	377
Property 8	Zesty Nishishinjuku	436
Property 9	Zesty Kyodo	344
	Total	8,760

(Note 1) Excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax. Figures above have been rounded down to the nearest million yen.

(Note 2) The present names of Properties 1 and 2 are Azur Yokohama Kannai and Ardeal Iriya respectively, but the names will be promptly changed to the names given above after NRIC acquires the properties.

Please refer to “Notification on Acquisition of Assets” dated November 9, 2005 for details on the abovementioned acquired assets and other information.

- 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 Price of the Property (Pacific Residence Kamiochiai)

(Unit: thousand yen)

	Description	Appraisal Reasoning
Estimated value (specified price)	1,310,000	
Total income	85,716	
Rental income	82,134	Appraised the assumed rent after considering such factors as the medium- to long-term competitiveness based on new rent levels and trends of similar buildings in the same supply/demand area.
Parking lot income	720	
Key money income	1,951	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	650	After considering the fee at time of renewal, recorded as 0.5 months worth of new rent. Further, appraised the average renewal rate for each year as 20%.
Operating profit from deposits	261	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	21,504	
Building maintenance fee	4,739	Appraised as 750 yen a month per tsubo of leasable area.
Utilities	948	Appraised as 150 yen a month per tsubo of leasable area.
Property management fee	2,361	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	1,968	Recorded as the amount equivalent to 1 months worth of rent of a new tenant.
Tenant replacement cost	600	Appraised with the replacement rate considered and an assumption of 4,000 yen per tsubo in maintenance costs when



		tenants move out of their units.
Taxes, etc.	4,406	Land: Appraised based on the appraised values of real property for fiscal 2005. Building: Assumed.
Liability insurance premium	260	Appraised as 0.05% of the building replacement cost.
Losses from vacancies, etc.	4,143	Appraised vacancy rate as 5% for rental units after considering such factors as the current vacancy rates and rent levels in the concerned area, the future supply/demand balance and unique qualities of the property.
Capital expenditures	2,080	Appraised as 0.4% of the building replacement cost.
Net profit	64,212	
Cap rate	4.8%	
Capitalized value from the direct capitalization method	1,340,000	
Price from the DCF method	1,270,000	
Discount rate	4.7%	
Terminal cap rate	5.0%	
Price from the cost approach	922,000	The appraisal firm decided on the concerned price after combining the land and building prices and then rounding to the nearest ten thousand yen.
Land price	402,380	
Building price	520,000	

(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. Thus, when construction on the property is actually completed, the respective values may differ from the above amounts.

(Note 2) The reason that the value for total expenses listed above does not match the sum total of itemized expenses is because the value for individual itemized expenses is taken from the survey report and each rounded to the nearest thousand yen. The above total expenses are the value arrived at when the values for itemized expenses as indicated in the survey report are summed up and then that sum total rounded to the nearest thousand yen.

*This English language notice is a translation of the Japanese language notice dated March 27, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*