

April 20, 2006

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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#### Notification on Acquisition of Pacific Residence Higashishinagawa

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	Pacific Residence Higashishinagawa (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	2,317,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 10 million yen (deposit) upon sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	April 20, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller that it shall be no later than September 1, 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	Nichimo 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 23 wards of Tokyo (excluding the 5 central wards of Tokyo (Note)), this will enhance the portfolio by reducing the average age of our portfolio.
(2) Property Characteristics	<p>(i) Location and Convenience The Property is situated within a 7-minute walk from Kitashinagawa Station on the Keikyu Main Line and is also within walking distance from JR Shinagawa Station. Therefore, the Property has favorable access to central business districts and commercial centers in downtown Tokyo.</p> <p>(ii) Architectural Plan for the Property The Property is a brand new property with construction scheduled for completion in August 2006. In addition, the finish including the interior and exterior, size of the rental units, facilities within the rental units, etc. equal the standard level. Thus, we anticipate demand from singles who emphasize the convenience of living within close proximity to the city center and also believe the property's competitiveness to be relatively high.</p>
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method Generally, conclusion of an agreement with set conditions, including the sale and purchase price, early on before building construction 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 conditions on payment of the sales proceeds terms such as that the Seller will construct the building according to design drawings by the scheduled construction completion date and that the Seller will report to NRIC on the progress of construction and other information at regular meetings.</p> <p>(b) Market fluctuation risks through the scheduled construction completion date can be reduced by obtaining a study 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</p>

	The acquisition of the Property will reduce the average age of our portfolio, enabling stable growth of managed assets.
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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 Higashishinagawa
Location (Note 1)		1-8-29, 1-8-30, 1-8-40 and 1-8-41 Higashi-Shinagawa, Shingawa-ku, Tokyo (lot number)
Access		7-minute walk from Kitashinagawa Station on the Keikyū Main Line 13-minute walk from Shinagawa Station on the JR Yamanote Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Quasi-industrial
	Lot Size (Note 1)	928.57m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	300%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Space (Note 1)	3,433.30m <sup>2</sup> (planned)
	Construction Completion	August 2006 (planned)
	Structure (Note 1)	Reinforced concrete structure; 11 floors above ground (planned)
	Leasable Units	122 units (planned) (1K: 122 units)
	Leasable Area	2,588.01m <sup>2</sup> (planned)
Acquisition Value		2,317,000,000 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 remove the mortgage under its responsibility and burden by the time ownership of the Property is transferred.
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	2,320,000,000 yen
	Survey Date	April 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-T05-10-1342) dated May 17, 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) 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 it is difficult to confirm of the subject real estate. Thus, the value was found by the appraiser at the time of reference of the survey by applying the appraisal method under the assumption that construction on the to-be-constructed building was completed as planned.

#### 4. Seller Profile

Company Name	Nichimo Co., Ltd.
Head Office Address	1-4-4 Dojimahama, Kita-ku, Osaka City, Osaka
Representative	Seiji Tsuji, Representative Director
Paid-in Capital	10,550 million yen
Line of Business	<ol style="list-style-type: none"> <li>1. Selling, purchasing, leasing and brokering land and buildings</li> <li>2. Designing, constructing and supervising building construction</li> <li>3. Designing, constructing and supervising carpentry, plastering, painting, waterproofing, interior finishing, fittings, electricity, piping and interior paint work</li> <li>4. Administering land, buildings and incidental facilities</li> <li>5. Survey and diagnosis of buildings and consulting on long-term maintenance and repair plans, etc.</li> <li>6. Issuing real estate backed loans and other monetary loans</li> <li>7. Securities investment</li> <li>8. General insurance agency and work related to soliciting life insurance policies</li> <li>9. Management guidance and management outsourcing for firms engaged in any of the abovementioned work</li> <li>10. All work incidental or related to the above</li> </ol>
Relationship with NRIC	None

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

NRIC has verified the Property's architect, building contractor, building 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 14, 2006, but it was Bureau Veritas Japan Co., Ltd. that conducted the building inspection. However, NRIC asked a specialist third party investigation agency (Kyuken Architect

and Engineers Inc.) to conduct a reinvestigation and has received from Kyuken 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. 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 structural drawings, structural design overviews and other documents of drawings and site studies. In the case of this Property as well, NRIC will ensure analyses are conducted by the date of acquisition and will make the acquisition decision based on those results.

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

Property Name	Pacific Residence Higashishinagawa
Owner	Nichimo Co., Ltd.
Building Contractor	Nissan Rinkai Construction Co., Ltd.
Building Designer	<a href="#">Cosmo Alpha K.K.</a>
Structural Designer	<a href="#">T&amp;A Associates K.K.</a>
Building Inspection Agency	Bureau Veritas Japan Co., Ltd.

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

Company Name	Kyukun Architect and Engineers Inc.
Head Office Address	2-20-8 Kaku-Kita, Oita-shi, Oita
Representative	Kenji Inoue, Representative Director
Paid-in Capital	31.5 million yen
Line of Business	<ol style="list-style-type: none"> <li>1. Supervising building, design, construction and supervision</li> <li>2. Civil engineering, surveying, design and supervision</li> <li>3. Electrical equipment design, construction and supervision</li> <li>4. Machinery and equipment design, construction and supervision</li> <li>5. Waterworks design, construction and supervision</li> <li>6. Wastewater treatment plant design, construction and supervision</li> <li>7. Work related to soil testing, geological research and water resource research in general</li> <li>8. All work incidental to the above</li> </ol>
Relationship with NRIC	None

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

Company Name	InterRisk Research Institute & Consulting, Inc.
Head Office Address	3-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative	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 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

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.

- This document was distributed to the press clubs within the Tokyo Stock Exchange, Ministry of Land, Infrastructure and Transport and construction trade newspaper of the Ministry of Land, Infrastructure and Transport.
- Nippon Residential Investment Corporation's website is <http://www.nric.co.jp>

[Attachment 1] Summary of Survey Report on the Property's Price

(Unit: thousand yen)

	Description	Appraisal Reasoning
Estimated value (specified price)	2,320,000	
Total income	144,289	
Rental income	133,372	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	4,680	
Key money income	4,751	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	1,056	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 guarantees	430	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	31,248	
Building maintenance fee	4,696	Appraised as 500 yen a month per tsubo of leasable area.
Utilities	1,409	Appraised as 150 yen a month per tsubo of leasable area.
Property management fee	3,934	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	3,279	Recorded as the amount equivalent to 1 months worth of rent of a new tenant.
Tenant replacement cost	892	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.	6,604	Land: Appraised based on the appraised values of real property for fiscal 2004. Building: Assumed.
	Liability insurance premium	415	Appraised as an annual amount of 400 yen per tsubo of floor area.
	Losses from vacancies, etc.	6,903	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	3,116	Appraised as an annual amount of 3,000 yen per tsubo of floor area.
	Net profit	113,041	
	Cap rate	4.8%	
	Capitalized value from the direct capitalization method	2,360,000	
	Price from the DCF method	2,270,000	
	Discount rate	4.7%	
	Terminal cap rate	5.0%	
	Price from the cost approach	1,420,000	The appraisal firm decided on the concerned price after combining the land and building prices and then rounding to the <a href="#">nearest 100,000 yen</a> .
	Land price	641,266	
	Building price	779,000	

(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 at the time of reference of the survey 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. 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 April 20, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*