

April 27, 2006

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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#### Notification on Acquisition of Pacific Residence Nihonbashibakurocho

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 Nihonbashibakurocho (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	5,380,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 300,000,000 yen (deposit) upon sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	April 27, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller that shall be no later than April 30, 2007. ...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	Marubeni Corporation (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 1-minute walk from Bakurocho Station on the JR Sobu Line and within a 2-minute walk from Bakuro-yokoyama Station on the Toei Subway Shinjuku Line. An entry/exit to Bakurocho Station is scheduled to be established on the first floor portion of the Property, meaning the Property will enjoy extremely favorable proximity to the nearest station. Access to Nihombashi, Akihabara and other regions with a concentration of retail properties, office buildings, etc. is also favorable.</p> <p>(ii) Architectural Plan for the Property The Property is a brand new property with construction scheduled for completion in March 2007. In addition, the finish including the interior and exterior and facilities within the rental units equal or exceed the standard level. Thus, we anticipate demand from primarily singles and families who emphasize the convenience of living in the city.</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>

	(iii) Other Significance of Acquiring the Property 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 Nihonbashibakurocho
Location (Note 1)		1-1-3, 1-1-5, 1-1-18, 1-1-19, 1-1-21 and 1-1-23 Bakuro-cho, Nihombashi, Chuo-ku, Tokyo (lot number)
Access		1-minute walk from Bakurocho Station on the JR Sobu Line 2-minute walk from Bakuro-yokoyama Station on the Toei Subway Shinjuku Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial
	Lot Size (Note 1)	1,095.23m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	700%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment and store (planned)
	Floor Space (Note 1)	11,374.14m <sup>2</sup> (planned)
	Construction Completion	March 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure; 17 floors above ground and 2 floors below (planned)
	Leasable Units	132 units (planned) (store: 1 unit; 1K: 24 units; 1K+N: 10 units; 1LDK: 11 units; 1LDK+S: 10 units; 2LDK: 8 units; 2LDK+S: 22 units; 3LDK: 27 units; 4LDK: 19 units)
	Leasable Area	8,502.12m <sup>2</sup> (planned)
Acquisition Value		5,380,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)

Special Notations (collateral, etc.)		<ol style="list-style-type: none"> <li>1. The registered owner of the land of the Property as of the day this sale and purchase agreement was concluded is the Organization for Promoting Urban Development (Minto). However, the Seller is scheduled to obtain proprietary ownership on the land of the Property when construction on the Property is completed.</li> <li>2. Under the objective of establishing the subway entry/exit structure, the East Japan Railway Company is scheduled to place sectional surface rights on part of the land of the Property for gratis by the time construction on the Property is completed.</li> </ol>
Appraisal Method	Method	Valuation survey by Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	5,400,000,000 yen
	Survey Date	March 20, 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 ([2005 Confirmation Architecture Information Association](#) No. 01055) dated June 27, 2005 and the confirmation application form (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 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 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.

#### 4. Seller Profile

Company Name	Marubeni Corporation
Head Office Address	1-4-2 Otemachi, Chiyoda-ku, Tokyo
Representative	Nobuo Katsumata, President and Representative Director
Paid-in Capital	262,685,964,870 yen
Line of Business	<ol style="list-style-type: none"> <li>1. Importing and selling domestic and overseas commodities</li> <li>2. Manufacturing and selling general merchandise</li> <li>3. Selling, purchasing, exchanging, leasing, using and managing real estate</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.

NRIC asked a specialized third party investigation agency (Kyuken Architect and Engineers Inc.) to conduct a reinvestigation of the Property 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 Nihonbashibakurocho
Owner	Marubeni Corporation
Building Contractor	Kajima Corporation Kanto Office
Building Designer	Kajima Corporation Kanto Office
Structural Designer	Kajima Corporation Kanto Office
Building Inspection Agency	Housing Loan Progress Association

(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	1. Supervising building, design, construction and supervision 2. Civil engineering, surveying, design and supervision 3. Electrical equipment design, construction and supervision

	4. Machinery and equipment design, construction and supervision 5. Waterworks design, construction and supervision 6. Wastewater treatment plant design, construction and supervision 7. Work related to soil testing, geological research and water resource research in general 8. All work incidental to the above
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)	5,400,000	
Total income	357,395	
Rental income	329,767	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	16,416	
Key money income	7,445	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	2,482	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	1,285	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	93,502	
Building maintenance fee	15,432	Appraised as 500 yen a month per tsubo of leasable area.
Utilities	6,173	Appraised as 200 yen a month per tsubo of leasable area.
Property management fee	9,881	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	7,968	Recorded as the amount equivalent to 1 months worth of rent of a new tenant.
Tenant replacement cost	2,875	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.	22,654	Land: Appraised based on the appraised values of real property for fiscal 2005. Building: Assumed.
Liability insurance premium	1,376	Appraised as an annual amount of 400 yen per tsubo of floor area.
Losses from vacancies, etc.	16,820	Appraised vacancy rate as 5% for residential rental units after considering such factors as the current vacancy rates, rent levels in the concerned area, future supply/demand balance and unique qualities of the property. A figure of 2% was used for the store unit after considering the same factors
Capital expenditures	10,322	Appraised as an annual amount of 3,000 yen per tsubo of floor area.
Net profit	263,893	
Cap rate	4.8%	
Capitalized value from the direct capitalization method	5,500,000	
Price from the DCF method	5,300,000	
Discount rate	4.7%	
Terminal cap rate	5.0%	
Price from the cost approach	4,780,000	The appraisal firm decided on the concerned price after combining the land and building prices and then rounding to the nearest <a href="#">million yen</a> .
Land price	2,201,855	
Building price	2,581,000	

(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 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.*