

September 29, 2006

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of Pacific Residence Kamata I

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 Kamata I (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	1,579,250,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay all upon transfer
(4) Sale and Purchase Agreement Date	September 29, 2006
(5) Acquisition Date	September 29, 2006
(6) Seller	Aoyama Mainland 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 reduce the average age of our portfolio and enhance the portfolio.
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(2) Property Characteristics	<p>(i) Location and Convenience The Property, which is situated approximately a 4-minute walk from Kamata Station on the JR Keihin-Tohoku and Negishi Lines and approximately a 12-minute walk from Kamata Station on the Keihin Electric Express Railway Line, has access to two railways stations and three railway lines. With Shinagawa Station about a 10-minute train ride and Tokyo Station about a 19-minute train ride directly from Kamata Station, the Property is generally in close vicinity to the city center.</p> <p>(ii) Architectural Plan for the Property The Property is a brand new property that was completed in September 2006. Concerning the rental units, the security, facilities, etc. have been designed with for-sale specifications and the layout is one that is in high demand. These factors suggest that we can anticipate demand from business people who emphasize proximity to the Tokyo, Shinagawa, Yokohama and other areas where there is a concentration of offices, and also believe the Property's competitiveness to be relatively high in that particular demand/supply area.</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 Acquired Asset

(1) Overview of Real Estate

Property Name		Pacific Residence Kamata I
Location (Note 1)		5-45-7 and 5-45-8 Kamata, Ota-ku, Tokyo (lot number) 5-45-11 Kamata, Ota-ku, Tokyo (residential)
Access		4-minute walk from Kamata Station on the JR Keihin-Tohoku and Negishi Lines 12-minute walk from Kamata Station on the Keihin Express Electric Railway Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial
	Lot Size (Note 1)	342.64m ²
	FAR/Building Coverage Ratio (Note 3)	480%/80%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Space (Note 1)	2,210.86m ²
	Construction Completion (Note 1)	September 2006
	Structure (Note 1)	Reinforced concrete structure with flat roof; 15 floors above ground
	Leasable Units	78 units (1K: 72 units; 1LDK: 6 units)
	Leasable Area	1,929.24m ²
Acquisition Value		1,579,250,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		None

Appraisal Method	Method	Valuation survey by Mori Appraisal & Investment Consulting, Inc. (Note 4)
	Estimated Value	1,580,000,000 yen
	Survey Date	September 1, 2006

(Note 1) Information that appears on the registry was used for the location (except residential), lot size, type, floor space, construction completion and 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, 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.

Investigation of Building Conditions	Investigator	Tokyo Bldg-Tech Center Co., Ltd.
	Emergency Repairs	No (urgent repairs)
	Near-term Repairs	No (repairs needed within a year)
	Repairs and Upkeep Thought to be Needed Over Next 12 Years	5,840,000 yen
	Replacement Price	580,000,000 yen
	Date of Building Condition Report	September 11, 2006
Earthquake Risk Analysis	PML Value	13.9%
		This PML value was calculated based on the earthquake risk analysis report issued by InterRisk Research Institute & Consulting, Inc. However, this report is no more than the viewpoint of InterRisk and the content is not guaranteed. PML, or probable maximum loss, refers to the probability of the maximum loss from an earthquake and in this case the level of damage that may result from the assumed maximum earthquake size (large earthquake that occurs once every 475 years = large earthquake with 10% or greater probability of occurring within 50 years) assumed for the assumed scheduled use period expressed as a percentage (%) of the replacement cost of the expenses expected to be required to restore the damages.

4. Seller Profile

Company Name	Aoyama Mainland Co., Ltd.
Head Office Address	1-7-6 Uchi-Kanda, Chiyoda-ku, Tokyo
Representative	Ryozo Nishihara, President and Representative Director
Paid-in Capital	100 million yen
Line of Business	<ol style="list-style-type: none"> 1. Owning, leasing, managing, selling, purchasing and brokering rental buildings and other real estate 2. Providing real estate backed loans and other monetary loans 3. Contracting, designing and managing construction and civil engineering work 4. General insurance agency 5. Matters related to soliciting life insurance 6. Operating restaurants 7. All work incidental to the above
Relationship with NRIC	None

5. Matters concerning Design, etc. of Acquired Asset

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 September 28, 2006, but it was Bureau Veritas Japan Co., Ltd. that conducted the building inspection. However, 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.

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 or drawings and site inspections. 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 Acquired Asset

Property Name	Pacific Residence Kamata I
Owner	Aoyama Mainland Co., Ltd.
Building Contractor	Matsui Kensetsu K.K.
Building Designer	Komatsu Architectural Design Co.,Ltd.
Structural Designer	Komatsu Architectural Design Co.,Ltd.
Building Inspection Agency	Bureau Veritas Japan Co., Ltd.

(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	530,526,000 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
Relationship with NRIC	None

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

Company Name	InterRisk Research Institute & Consulting, Inc.
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Head Office Address	3-9 Kanda-Surugadai, Chiyoda-ku, Tokyo
Representative	Kenichi Enami, President and Representative Director
Paid-in Capital	330 million yen
Line of Business	<ol style="list-style-type: none"> 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 November 2006 (June 1, 2006 – November 30, 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
Appraised value (specified price)	1,580,000	
Total income	96,506	
Rental income	92,186	Appraised based on similar real estate.
Parking lot use fee	1,080	Appraised based on similar real estate.
Operating profit from and amortization of key money, etc.	2,020	Assumed key money as 1.0 month of the tenant rent and appraised the return as 2.0%.
Renewal fee income	912	Recorded as 0.5 months worth of real monthly rent.
Operating profit from guarantees, etc.	307	Assumed guarantees as 2.0 months of the tenant rent and appraised the return as 2.0%.
Total expenses	20,632	
Maintenance and management fee	2,801	Appraised as 1,452 yen/m ² × leased area.
Repair costs	528	Appraised as 200 yen/m ² × floor area.
Utilities	700	Appraised as 363 yen/m ² × leased area.
Property management fee	2,627	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	1,790	Appraised as the average of the estimated amounts for 10 years.
Housing restoration fee	529	Appraised as 1,155 yen/m ² × vacant area.
Taxes, etc.	5,030	Assumed amount for both the land and building.
Liability insurance premium	317	Appraised with the assumption that it is a certain percentage of the replacement cost.
Reserves for demolition of building, etc.	528	Appraised as 0.1% of the replacement cost.
Losses from vacancies, etc.	4,726	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.
	Cost of major repairs	1,056	Appraised as 400 yen/m ² × floor area.
	Net profit	75,874	
	Cap rate	4.8%	
	Capitalized value from the direct capitalization method	1,580,000	
	Price from the DCF method	1,580,000	
	Discount rate	4.5%	
	Terminal cap rate	4.9%	
	Price from the cost approach	1,000,000	
	Land price	528,000	
	Building price	473,000	

(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.

(Note 2) The reason that the value for total income listed above does not match the sum total of itemized income is because the value for individual itemized income is taken from the survey report and each rounded to the nearest thousand yen. The above total income is the value arrived at when the values for itemized income 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 September 29, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.