

October 13, 2006

For Immediate Release



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(Securities Code: 8962)

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#### Notification on Acquisition of Pacific Residence Gotenyama

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	F-19 Pacific Residence Gotenyama (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	1,186,661,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay 30 million yen (down payment) upon conclusion of sale and purchase agreement Pay remainder upon transfer
(4) Sale and Purchase Agreement Date	October 13, 2006
(5) Scheduled Acquisition Date	On a date separately agreed to by NRIC and the seller. However, it shall be no later than February 28, 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	Sunwood 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 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 9-minute walk from Kitashinagawa Station on the Keikyu Line and within a 14-minute walk from Osaki Station on the JR and Rinkai Lines, making major business districts in the inner city easily accessible. The neighborhood of the Property boasts superior access and proximity to the inner city, yet also boasts a favorable residential environment as a quiet upscale residential district.</p> <p>(ii) Architectural Plan for the Property The Property is a brand new property scheduled to be completed in January 2007 that has been designed with for-sale specifications and consequently exhibits excellent facilities and quality. In addition, the size of the rental units, facilities within the rental units, etc. equal or exceed the standard level. Thus, we anticipate demand from primarily family households that emphasize convenience and location of living in the city along with a good residential environment.</p>
(3) Significance, etc. of Acquiring the Property	<p>(i) Expansion of Property Acquisition Method Generally, concluding an agreement with set conditions, including the sale and purchase price, prior to completion of building construction 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 These Risks The Property is real estate that is being developed primarily by the Seller and thus involves potential risks until construction on the building is complete such as construction completion and building delivery risks. However, 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 Seller will report to NRIC on the progress of construction work and other information at regular meetings.</p> <p>(iii) Other Significance of Acquiring the Property</p>

	The acquisition of the Property will reduce the average age of our portfolio and thus stable growth of managed assets can be anticipated.
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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 Gotenyama
Location (Note 1)		5-718-30, 5-718-191 and 5-727-46 Kitashinagawa, Shinagawa-ku, Tokyo (lot number)
Access		9-minute walk from Kitashinagawa Station on the Keikyu Line 14-minute walk from Osaki Station on the JR and Rinkai Lines
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 exclusive residential zone for low-rise buildings
	Lot Size (Note 1)	856.80m <sup>2</sup>
	FAR/Building Coverage Ratio (Note 3)	150%/60% (Note 5)
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment (planned)
	Floor Space (Note 1)	1,765.50m <sup>2</sup> (planned)
	Construction Completion	January 2007 (planned)
	Structure (Note 1)	Reinforced concrete structure; 3 floors above ground and 1 below
	Leasable Units	16 units (1LDK: 2 units; 2LDK: 10 units; 3LDK: 4 units) (planned)
	Leasable Area	1,228.15m <sup>2</sup> (planned)
Acquisition Value		1,186,661,000 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 Daiwa Real Estate Appraisal Co., Ltd. (Note 4)
	Estimated Value	1,200,000,000 yen
	Survey Date	September 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 (2006 Confirmation Construction No. CIAS00126) dated June 6, 2006.

(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.

(Note 5) The designated building coverage ratio for this land is 60%, but the building coverage ratio is 70% as a result of the increase associated with deregulations for corner lots.

#### 4. Seller Profile

Company Name	Sunwood Corporation
Head Office Address	3-2-2 Toranomon, Minato-ku, Tokyo
Representative	Masaaki Nakajima, Representative Director
Paid-in Capital	768,250,200 yen
Line of Business	<ol style="list-style-type: none"> <li>1. Selling, purchasing, leasing, brokering, appraising and managing real estate, along with real estate consulting</li> <li>2. Selling furniture, fittings and other household equipment, and interior goods like curtains, wallpaper and carpet</li> <li>3. Designing, supervising and contracting construction, civil engineering, interior finishing, electrical and plumbing work</li> <li>4. General insurance agency</li> <li>5. All work incidental to the above</li> </ol>
Relationship with NRIC and Investment Trust Management Company	None

#### 5. Broker Profile

Company Name	Pacific Management Corporation
Head Office Address	2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Representative	Masaru Takatsuka, Representative Director
Commission	35,599,830 yen (excluding consumption tax and local consumption tax)
Relationship with NRIC and Investment Trust Management Company	Pacific Management Corporation is a shareholder of NRIC's asset management company and constitutes an interested party, etc. of the asset management company as defined in the Law concerning Investment Trusts and Investment Corporations. Pacific Management Corporation has a 78.2% stake in the asset management company.

#### 6. 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 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 the Asset to be Acquired

Property Name	Pacific Residence Gotenyama
Owner	Sunwood Corporation
Building Contractor	Tobishima Corporation
Building Designer	Miyagawa Kenji Kenchiku Jimusho K.K.
Structural Designer	Wada Structural Engineer Consultant
Building Inspection Agency	Center of International Architectural Standard 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"> <li>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)</li> <li>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)</li> <li>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</li> </ol>

	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.
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	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

7. Outlook of Management Performance After Acquisition of Concerned Asset

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)	1,200,000	
Total income	77,572	
Rental income	71,328	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	3,780	Appraised the assumed rent taking into account the rent levels in the surrounding area.
Key money income	1,676	Appraised based on the tenant replacement rate and vacancy rate.
Renewal fee income	559	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	230	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses	21,673	
Building maintenance fee	5,350	Appraised as 1,200 yen a month per tsubo of leasable floor space.
Utilities	669	Appraised as 150 yen a month per tsubo of leasable floor space.
Property management fee	2,120	Appraised as the amount equivalent to 3.0% of the rental income, etc.
Tenant soliciting fee	1,767	Recorded as the amount equivalent to 1 month worth of rent of a new tenant.
Tenant replacement cost	1,048	Appraised with the replacement rate considered and appraising maintenance

		costs when tenants move out of their units as being 10,000 yen per tsubo.
Taxes, etc.	4,354	Land: Appraised based on the appraised values of real property for fiscal 2006. Building: Assumed.
Liability insurance premium	215	Appraised as the amount equivalent to 0.05% of the replacement cost for the building.
Losses from vacancies, etc.	4,431	Appraised vacancy rate as 6% after considering such factors as the current vacancy rates and rent levels in the concerned area, the future supply/demand balance and unique qualities.
Capital expenditures	1,720	Appraised as the amount equivalent to 0.4% of the replacement cost for the building.
Net profit	55,899	
Cap rate	4.6%	
Capitalized value from the direct capitalization method	1,220,000	
Price from the DCF method	1,180,000	
Discount rate	4.5%	
Terminal cap rate	4.8%	
Price from the cost approach	1,200,000	
Land price	766,512	
Building price	430,000	

(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 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.

(Note 3) The reason that the value for total expenses listed above does not match the sum total of itemized expenses is because the value for itemized expenses is taken from the survey report and each rounded to the nearest thousand yen. The above total expenses is 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 October 13, 2006 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*