

December 11, 2006

For Immediate Release

Nippon Residential Investment Corporation (Securities Code: 8962)
Pacific Management Corporation (Securities Code: 8902)
Seikatsu Kagaku Unei K.K.

Nippon Residential Investment Corporation and Seikatsu Kagaku Unei Join Forces in “Housing for Senior Citizens”

Nippon Residential Investment Corporation (hereafter, NRIC), the largest J-REIT specializing in residential properties and owner of 107 properties or 6,171 units in rental housing concentrated in the 23 wards of Tokyo, and Seikatsu Kagaku Unei K.K. (hereafter, Seikatsu Kagaku Unei), which operates independence-oriented fee-based senior housing, etc. in 23 locations centering on the Tokyo metropolitan area, Osaka and Nagoya, today signed into an agreement for the assignment of “Life & Senior House Kohoku II.” Seikatsu Kagaku Unei currently owns and conducts the facility management of “Life & Senior House Kohoku II.” The assignment is scheduled to take place in March 2007, after which NRIC will become the owner and Seikatsu Kagaku Unei will rent out the property and continue to conduct facility management.

In this manner, by separating “ownership” and “operation” and making good use of the respective strengths of the two parties, high added-value services will be created and delivered from both the “hardware” and “software” aspects.

Characteristics of “Life & Senior House Kohoku II”

The living environment in Japan is expected to see a rise in households comprised only of elderly members. In conjunction with this, future expansion in the market for senior citizens is envisioned as a result of diversifying residence needs for the elderly who have time and money on their hands.

“Life & Senior House Kohoku II” was established in November 2003 as a fee-based senior housing facility that combines independent and assisted living. Based on the operational know-how of the community-based Seikatsu Kagaku Unei, the creation of a high-quality facility is being pursued while working closely with local residents and the local community responsible for nursing care, food services, etc. “Life & Senior House Kohoku II” is a fully-occupied prime property that is superior in terms of both the “software” (community-based activities with the region, etc.) and the “hardware” (location, age of building, clinical facilities, etc.) aspects.

Enhanced “Security” and “Satisfaction” for Residents of the Facility

Through enabling facilities to be established while securing financial stability by moving assets off the balance sheet, Seikatsu Kagaku Unei is able to build a sense of security for residents expecting to use the facility for the rest of their life. At the same time, Seikatsu Kagaku Unei is able to enhance the satisfaction of residents by focusing those management resources on improving the quality of facility management.

Construction of a “Total Life Support” Structure by NRIC

NRIC is promoting “Total Life Support” – that is, the provision of rental housing for all stages of life and lifestyles – as a comprehensive housing-type REIT. The acquisition of “Life & Senior House Kohoku II” will enable the development of “Total Life Support” providing residences for all stages of life.

Integrating the Philosophies of Both Companies and Launching Joint Service Programs

The provision of forms of living that satisfy an array of needs, such as medical care, nursing care, lifestyle support services and moving, while responding to the needs of residents, is what Seikatsu Kagaku Unei sees as being ideal. Thus, various developments utilizing the affinity with “Total Life Support” that is also in light with NRIC’s philosophy can be anticipated.

Founded on this affinity, Seikatsu Kagaku Unei is scheduled to form a business tie-up with NRIC’s asset management company, Pacific Investment Advisors Co., Ltd. (hereafter, Asset Management Company). Based on this, Seikatsu Kagaku Unei and the Asset Management Company are expected to jointly push for expansion of the customer base and enhance the satisfaction of residents through the development and provision of an array of joint service programs. Also, in the future, the two companies are expected to collaborate in urban development and foster local communities where moves that meet individual needs are promoted and the form of interaction between multi-generations is adopted.

Specifically, the following content is presently being envisioned as joint service programs.

[Planned Joint Service Programs]

(1) Preferential move-in services

Residents of properties owned by NRIC and their relatives are eligible for openings to move into facilities operated by Seikatsu Kagaku Unei on a preferential basis.

(2) Health and nursing care consulting services

Eligible for residents of properties owned by NRIC and their relatives, experts arranged by Seikatsu Kagaku Unei will answer to consultations on concerns over future lifestyles surrounding nursing care and provide concrete advice to people who are considering moving into nursing care facilities.

(3) Trial facility move-in service

Residents of properties owned by NRIC and their relatives are eligible for a service that gives them a discount on the cost of moving into a facility operated by Seikatsu Kagaku Unei on a trial basis.

(4) Preferential services to move into properties owned by NRIC

Residents of facilities operated by Seikatsu Kagaku Unei and their relatives and persons wanting to move in are eligible for “Moving Style,” which waives the entire cost of key money and brokerage fees when moving into properties owned by NRIC.

Equity Investment in Seikatsu Kagaku Unei

Furthermore, Pacific Management Corporation (hereafter, PMC), the real estate investment fund management company that is the parent company of the Asset Management Company, and Seikatsu Kagaku Unei have decided to enter into a business alliance agreement effective today and collaborate in advancing work connected to the management, operation, etc. of real estate owned by Seikatsu Kagaku Unei. PMC will support NRIC’s acquisition of housing for senior citizens, while taking the development and operation of housing for senior citizens with Seikatsu Kagaku Unei into perspective. Moreover, by the end of February 2007, Seikatsu Kagaku Unei plans to increase its capital through third-party allotment with PMC as the underwriter, resulting in PMC owning 49.6% of the voting rights and thereby reinforcing their tie-up.

Details

Property Name	: Life & Senior House Kohoku II
Address	: 2-18-7 Chigasaki-minami, Tsuzuki-ku, Yokohama-shi, Kanagawa
Facility Type	: Fee-based senior housing providing nursing care
Lot Area	: 2,787.23m ²
Floor Area	: 5,334.04 m ² *excluding tenant (clinic on 1F)
Building Structure	: Reinforced concrete structure; 6 floors above ground (steel-framed reinforced concrete structure for 1F and 2F)
Room Type (all private rooms)	: General rooms for living (Life House): 41 units Rooms for living with nursing care (Senior House): 36 units
Collaborative Medical Institution	: Kohoku Medical Clinic
Common Facilities	: Cafeteria, bathroom with nursing care functions, general bathroom (male and female), changing room, multi-purpose room, group activities room, temporary nursing care room, functional training space, social lounge and health consultation room
Establishment Date	: November 2003

<<Profile of Nippon Residential Investment Corporation>>

Corporate Name	: Nippon Residential Investment Corporation
Representative	: Masaru Nishimura
Address	: Sanno Park Tower 22F, 2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Incorporated	: December 2002
Business Description	: Real estate investment trust

<<Profile of Pacific Management Corporation>>

Corporate Name	: Pacific Management Corporation
Representative	: Masaru Takatsuka
Address	: Sanno Park Tower 5F, 2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Incorporated	: April 1995
Business Description	: Management of real estate investment funds
Paid-in Capital	: 10,041,330 thousand yen

<<Profile of Seikatsu Kagaku Unei K.K.>>

Corporate Name : Seikatsu Kagaku Unei K.K.
Representative : Kenta Furutani
Address : Sanyu Bldg, 3-3-3 Takadanobaba, Shinjuku-ku, Tokyo
Incorporated : September 1991 (founded in June 1983)
Member Association : Japanese Association of Retirement Housing
Main Line of Business :

- Planning and operating fee-based senior housing and other service businesses for the elderly
- Nursing care insurance services business (assisted living for residents of specified facilities, etc.)
- Planning and consulting work concerning living environment development, nursing care and welfare
- Holding lectures, symposiums, seminars, etc. on living environment
- Course and training work for acquiring qualifications and skills concerning nursing care

Paid-in Capital : 163,570 thousand yen
Net Sales : 5,275 million yen in fiscal year ended in March 2006 (4th among fee-based senior housing according to Nikkei Marketing Journal)

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[Attachment] Photos of Life & Senior House Kohoku II
Outside view



Cafeteria/Multi-purpose room



Bathroom



Social lounge (Japanese-style room)



Social lounge (Western-style room)

