

October 5, 2005

For Immediate Release



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Notification on Acquisition of Pacific Residence Sakaihigashi

Nippon Residential Investment Corporation (NRI) announces the decision to acquire the following asset as detailed below.

1. Overview of Acquisition

(1) Property Name	Pacific Residence Sakaihigashi (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	890,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
(4) Sales Agreement Date	October 5, 2005
(5) Acquisition Date	October 5, 2005
(6) Seller	Hinode Home Co., Ltd.
(7) Financing	Cash on hand and debt financing

2. Purpose of Acquisition

The Property will be acquired under the following objective based on NRI's regulations and investment policy.

(1) Objective	In addition to heightening the portfolio share in ordinance designated cities, etc. (Note) outside of the Tokyo metropolitan area, this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property Characteristics	<p>The Property is located in Sakai City (Osaka Prefecture), which is scheduled to be designated an ordinance-designated city in April 2006. The Property is located in the central area of Sakai City that spreads out around the Nankai Koya Line Sakai Higashi Station and Sakai Station. The Osaka City major terminal station of Namba is a roughly 10-minute train ride from both stations, making its proximity to central Osaka strong.</p> <p>In the area around the Property there are various retail, food service and other outlets centering on along the trunk roads. There are also many retail properties around the nearest stations. This area has also enjoyed strong demand for rental condominiums in reflection of excellent lifestyle conveniences including the city hall, city hospitals and other public facilities.</p> <p>The Property was completed in August 2005 and is a newly-built family-oriented property. The Property is comparatively competitive among the family sector considering the pursuit of a good living environment and convenience such as the proximity to downtown Osaka.</p>

(Note) Ordinance-designated city, etc. means an area that is within commuting distance of the downtown of an ordinance-designated city.

3. Details of Acquired Asset

(1) Overview of Real Estate

Property Name		Pacific Residence Sakaihigashi
Location (Note 1)		3-107 Nakayasui-cho, Sakai-shi, Osaka (lot number) 3-4-6 Nakayasui-cho, Sakai-shi, Osaka (residential)
Access		10-minute walk from Sakai Higashi Station on the Nankai Koya Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial, neighborhood commercial
	Lot Size (Note 1)	620.72m ²
	FAR/Building Coverage Ratio (Note 3)	600%/80%, 300%/80% (Note 4)
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Space (Note 1)	3,578.88m ²
	Construction Completed (Note 1)	August 2005
	Structure (Note 1)	15-story steel-framed reinforced concrete with flat roof
	Leasable Units (Note 5)	50 units (2LDK: 11 units; 2SLDK: 7 units; 3LDK: 30 units; 4LDK: 2 units)
	Leasable Area	3,246.81m ²
Acquisition Price		890,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Special Notations (collateral, etc.)		No
Appraisal Method	Appraisal Method	Appraisal by Daiwa Real Estate Appraisal Co., Ltd.
	Appraised Value	908 million yen
	Appraised Date	August 20, 2005

(Note 1) Information that appears on the registry was used for the location (excluding residential), lot size, type, floor space, construction completion date 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 the Building Standards Law Article 52 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) The standard building coverage ratio for this land has been deregulated to 100% based on Article 53-5-1 and 53-6 of the Building Standards Law. In addition, the designated FAR for this land is 600% up to 25 meters from the boundary with the road to the northeast and 300% for parts of the land more than 25 meters away. As a result, the standard FAR for this land based on a proportional weighting interpolation and the road frontage is 548.90%.

(Note 5) The following abbreviations have been used for leasable units.

2 (3 or 4) LDK: 2 (3 or 4) bedrooms + Living room, dining room and kitchen

2SLDK: 2 bedrooms + Service room (study) + Living room, dining room and kitchen

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	4,050,000 yen
	Replacement Price	739,000,000 yen
	Date of Building Condition Report	September 13, 2005
Earthquake	PML Value	5.1%

Risk Analysis		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.
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4. Seller Profile

Company Name	Hinode Home Co., Ltd.
Head Office Address	2-10-3 Habu-cho, Kishiwada-shi, Osaka
Representative	Shuheii Yamamoto, President
Paid-In Capital	13,200,000 yen
Line of Business	<ol style="list-style-type: none"> 1. Real estate sale, purchase and brokering 2. Construction and civil engineering work 3. All work related to the above
Relationship with NRI	None

5. Outlook

The management performance outlook for NRI for the fiscal period ending in November 2005 (June 1, 2005 – November 30, 2005) 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] Appraisal Summary for the Property's Value

(Unit: thousand yen)

	Description	Appraisal Reason
Appraised Value (specified price)	908,000	
Total Income	80,515	
Annual Rents	70,716	Appraised after considering the medium to long-term competitiveness based on new rent standards and trends of similar buildings in the same supply/demand area.
Parking Lot Use Fee	4,536	Appraised after considering rent levels in the surrounding area.
Key Money Income	5,039	After considering the vacancy rate, appraised it to be 3 months of the assumed new rent from the replacement area.
Operating Profit from Deposits	224	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total Expenses	24,569	
Building Maintenance	4,419	Appraised after referring to estimates submitted by the client.
Utilities	2,357	Appraised as 200 yen a month per tsubo of leasable space.
Property Management fee	2,145	Appraised as 3.0% of the rent income, etc.
Tenant Soliciting Fee	1,787	Appraised as one month of the assumed

		new rent for the replacement area when the assumed replacement rate is used.
Tenant Replacement Cost	1,120	Appraised with the replacement rate considered and an assumption of 4,000 yen per tsubo in maintenance costs when tenants quit their units.
Taxes, etc.	5,603	In the case of the land, appraised after considering special regulations on small housing lots. In the case of the building, recorded the standard amount assuming the DCF method from the medium- to long-term perspective after assuming the standard tax amount for the building.
Insurance Premium	370	Appraised as 0.05% the replacement cost of the building.
Losses from Vacancies, etc.	3,763	Appraised as 5.0% after considering the current vacancy rates and rent rates in the concerned area, the future supply/demand balance of the area and its unique qualities.
Capital Expenditures	3,006	Appraised while referring to the Building Condition Report submitted by the client.
Net Profit	55,946	
Cap Rate	6.1%	
Capitalized Value from the Direct Capitalization Method	917,000	
Price from the DCF method	899,000	
Discount Rate	6.0%	
Terminal Cap Rate	6.3%	
Price from the Cost Approach	911,000	The appraisal firm decided on the concerned value after combining the totals for the land and building values and rounding down to the nearest million yen.
Land Price	171,939	

Building Price	739,000
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(Note) The above values have been rounded down to the nearest thousand yen.

[Attachment 2] NRI's Real Estate Portfolio Following Acquisition of the Property

Asset Type (Note 1)	Property No. (Note 2)	Location	Property Name	(Planned) Acquisition Date	(Planned) Acquisition Price (million yen)	Portfolio Share (%) (Note 3)
Core 1	S-8	23 wards of Tokyo	Pacific Residence Shin-Nakano	March 3, 2004	448	0.26
Core 1	S-19	23 wards of Tokyo	Pacific Residence Yushimasanchome	December 3, 2004	1,020	0.59
Core 1	S-20	5 central wards of Tokyo	Pacific Residence Shinjuku East	December 3, 2004	1,397	0.81
Core 1	S-22	5 central wards of Tokyo	Pacific Residence Kanda Iwamotocho	December 3, 2004	1,657	0.96
Core 1	S-24	23 wards of Tokyo	Pacific Residence Tsukiji (planned acquisition)	(Note 4)	1,320	0.76
Core 1	S-25	23 wards of Tokyo	Pacific Residence Sasaduka	March 25, 2005	1,950	1.13
Core 1	S-26	5 central wards of Tokyo	Pacific Residence Minamiazabu	March 25, 2005	1,060	0.61
Core 1	S-27	5 central wards of Tokyo	Pacific Residence Ebisuhashi	March 25, 2005	660	0.38
Core 1	S-28	23 wards of Tokyo	Pacific Residence Meguronishi	March 25, 2005	800	0.46
Core 1	S-29	5 central wards of Tokyo	Pacific Residence Hiroo Sanchome	March 25, 2005	850	0.49
Core 1	S-30	5 central wards of Tokyo	Pacific Residence Akasaka II	March 15, 2005	1,567	0.91
Core 1	S-31	23 wards of Tokyo	Pacific Livew Kyobashi	March 31, 2005	1,401	0.81
Core 1	S-32	Ordinance designated city, etc.	Pacific Residence Sannomiya Higashi (planned acquisition)	(Note 5)	2,247	1.30
Core 1	S-33	23 wards of Tokyo	Pacific Livew Tamagawa	August 12, 2005	1,514	0.88
Core 1	S-35	23 wards of Tokyo	Pacific Livew Ginza Higashi	August 12, 2005	2,348	1.36
Core 1	S-38	23 wards of Tokyo	Pacific Livew Wasedanishi	September 7, 2005	1,100	0.64
Core 1	C-1	23 wards of Tokyo	Pacific Residence Bunkyo Otowa	March 3, 2004	3,590	2.08
Core 1	C-2	23 wards of Tokyo	Pacific Residence Sengoku	March 3, 2004	760	0.44
Core 1	C-4	23 wards of Tokyo	Pacific Residence Yushima	March 3, 2004	1,110	0.64
Core 1	C-8	Tokyo metropolitan area	Pacific Livew Hachioji	March 3, 2004	700	0.40
Core 1	C-12	5 central wards of Tokyo	Pacific Residence Suidobashi	February 25, 2005	2,330	1.35
Core 1	C-13	5 central wards of Tokyo	Pacific Tower Nogizaka	September 30, 2004	3,900	2.26

Core 1	C-14	5 central wards of Tokyo	Pacific Residence Akasaka I	June 30, 2004	1,300	0.75
Core 1	C-18	23 wards of Tokyo	Pacific Residence Ningyoucho	December 3, 2004	572	0.33
Core 1	C-19	5 central wards of Tokyo	Pacific Residence Daikanyama	December 3, 2004	2,180	1.26
Core 1	C-20	5 central wards of Tokyo	Pacific Residence Ichigaya	December 3, 2004	2,580	1.49
Core 1	C-22	23 wards of Tokyo	Pacific Residence Bunkyo-sengoku	May 18, 2005	1,557	0.90
Core 1	C-23	5 central wards of Tokyo	Pacific Residence Akasaka Hinokicho	March 25, 2005	4,710	2.72
Core 1	C-24	5 central wards of Tokyo	Pacific Residence Takanawa	March 30, 2005	1,550	0.90
Core 1	C-25	23 wards of Tokyo	Pacific Tower Meguroyamate (planned acquisition)	(Note 6)	14,507	8.39
Core 1	C-27	5 central wards of Tokyo	Pacific Livew Chojamaru	August 12, 2005	3,338	1.93
Core 1	C-30	5 central wards of Tokyo	Pacific Livew Kandahigashi (planned acquisition)	(Note 7)	1,880	1.09
Core 1	F-3	23 wards of Tokyo	Pacific Residence Shinkawa	March 3, 2004	1,420	0.82
Core 1	F-11	5 central wards of Tokyo	Pacific Residence Shibaura	December 3, 2004	4,900	2.83
Core 1	F-12	Ordinance designated city, etc.	Pacific Residence Shirakabehigashi	August 5, 2005	1,070	0.62
Core 1	F-13	Ordinance designated city, etc.	Pacific Residence Sakaihigashi	October 5, 2005	890	0.51
Core 1	L-8	5 central wards of Tokyo	Pacific Tower Roppongi (planned acquisition)	(Note 8)	8,442	4.88
Core 1	L-9	5 central wards of Tokyo	Pacific Residence Kamimeguro	June 20, 2005	1,000	0.58
Core 1	L-10	5 central wards of Tokyo	Pacific Residence Yoyogikoen	August 19, 2005	1,310	0.76
Core 1	L-13	23 wards of Tokyo	Pacific Residence Oi	September 1, 2005	1,120	0.65
Core 2	S-1	23 wards of Tokyo	Glenpark Shinkawa	March 2, 2004	2,050	1.19
Core 2	S-2	5 central wards of Tokyo	Maison de Ville Shiba Daimon II	March 30, 2004	1,900	1.10
Core 2	S-14	23 wards of Tokyo	Apartments Shirokanedai	December 2, 2004	1,250	0.72
Core 2	S-15	Ordinance designated city, etc.	Grand Blue Hakata	September 17, 2004	1,582	0.92
Core 2	S-17	23 wards of Tokyo	Park Habio Kyobashi	December 2, 2004	2,725	1.58
Core 2	S-18	Ordinance designated city, etc.	Cristate Tenjinbashi	December 3, 2004	970	0.56
Core 2	S-21	5 central wards of Tokyo	Shu Shinjuku	December 3, 2004	854	0.49
Core 2	S-23	Ordinance designated city, etc.	Umeda Excelheights	January 31, 2005	5,250	3.04
Core 2	C-3	5 central wards of Tokyo	Joanna Jiyugaoka	March 3, 2004	1,080	0.62
Core 2	C-10	Ordinance designated city, etc.	Veil Koyo	March 2, 2004	454	0.26
Core 2	C-11	5 central wards of Tokyo	J Park Nagatacho	June 24, 2004	1,000	0.58
Core 2	C-15	5 central wards of Tokyo	Apartments Nishi-Azabu	December 2, 2004	7,920	4.58

Core 2	C-16	Ordinance designated city, etc.	Sereno Tenjin Minami	December 3, 2004	1,200	0.69
Core 2	C-17	Ordinance designated city, etc.	Common House Hakataeki-Minami	December 3, 2004	420	0.24
Core 2	C-21	Tokyo metropolitan area	Espacio Kichijoji	January 31, 2005	1,445	0.84
Core 2	C-26	23 wards of Tokyo	Storia Sangen-Jaya	April 26, 2005	3,311	1.92
Core 2	C-29	Ordinance designated city, etc.	Mare (planned acquisition)	(Note 9)	963	0.56
Core 2	F-1	5 central wards of Tokyo	Glenpark Sakuragaoka	March 2, 2004	3,960	2.29
Core 2	F-2	5 central wards of Tokyo	Mejiri Otomeyama Duplex R's	March 3, 2004	1,100	0.64
Core 2	F-10	23 wards of Tokyo	Solcher Mejiro	August 30, 2004	7,350	4.25
Core 2	L-2	5 central wards of Tokyo	Bellwood	March 3, 2004	1,530	0.89
Core 2	L-3	5 central wards of Tokyo	Grand Forme Ichigaya Haraikatamachi	March 3, 2004	970	0.56
Core 2	L-6	23 wards of Tokyo	Nishi-Ogikubo Urbane Homes	March 2, 2004	1,050	0.61
Core 2	L-7	5 central wards of Tokyo	Motoazabu Place	March 25, 2005	10,270	5.94
Core 2	L-11	5 central wards of Tokyo	Windsor House Hiroo	September 1, 2005	2,000	1.16
Total acquisition price of core properties					150,664	87.16
Sub-Core	S-3	5 central wards of Tokyo	Glenpark Sangubashi	March 2, 2004	1,040	0.60
Sub-Core	S-4	5 central wards of Tokyo	Fresca Yoyogiuehara II	March 3, 2004	524	0.30
Sub-Core	S-5	5 central wards of Tokyo	Leopalace Udagawacho Mansion	March 3, 2004	569	0.33
Sub-Core	S-6	5 central wards of Tokyo	Veil Kikuicho	March 2, 2004	520	0.30
Sub-Core	S-7	23 wards of Tokyo	Escort Kami-Ikebukuro	March 2, 2004	644	0.37
Sub-Core	S-9	Tokyo metropolitan area	Dormitory Haramachida	March 2, 2004	490	0.28
Sub-Core	S-10	Tokyo metropolitan area	J Stage Minami-Urawa	March 2, 2004	700	0.40
Sub-Core	S-11	Tokyo metropolitan area	City Forum Kami-Hongo (planned sale) (Note 10)	March 3, 2004	1,140	0.66
Sub-Core	S-12	Ordinance designated city, etc.	Bonne Uji I and II	March 3, 2004	1,260	0.73
Sub-Core	S-13	Ordinance designated city, etc.	Yoshizuka AG Building 6 and 7	March 3, 2004	428	0.25
Sub-Core	S-16	23 wards of Tokyo	J Stage Honancho	December 2, 2004	952	0.55
Sub-Core	S-34	23 wards of Tokyo	Maison Korakuen	August 12, 2005	710	0.41
Sub-Core	S-36	23 wards of Tokyo	Relation Oji	August 12, 2005	1,027	0.59
Sub-Core	S-37	23 wards of Tokyo	No. 6 Zelvova Mansion	August 12, 2005	609	0.35
Sub-Core	C-6	23 wards of Tokyo	Zesty Ikegami A and B	March 3, 2004	381	0.22
Sub-Core	C-7	23 wards of Tokyo	Wakohre Higashi-Nippori II (planned sale) (Note 10)	March 2, 2004	972	0.56
Sub-Core	C-9	Ordinance designated city, etc.	Grand Heights Hibino	March 3, 2004	1,230	0.71

Sub-Core	C-28	5 central wards of Tokyo	L'air Minami Aoyama	September 29, 2005	1,030	0.60
Sub-Core	F-4	23 wards of Tokyo	Setagaya Sun Heights	March 3, 2004	982	0.57
Sub-Core	F-5	23 wards of Tokyo	Ars Shin-Otsuka	March 2, 2004	1,117	0.65
Sub-Core	F-6	Tokyo metropolitan area	Crane Mansion Tsurumi	March 3, 2004	1,050	0.61
Sub-Core	F-8	Tokyo metropolitan area	Maison Kashiwa	March 2, 2004	840	0.49
Sub-Core	F-9	Ordinance designated city, etc.	Sky Heights Hirabari	March 3, 2004	554	0.32
Sub-Core	L-1	23 wards of Tokyo	Manoa Okamoto	March 2, 2004	590	0.34
Sub-Core	L-4	5 central wards of Tokyo	Meguro Hillside Court	March 3, 2004	1,000	0.58
Sub-Core	L-5	23 wards of Tokyo	Petit Cour Kinuta	March 2, 2004	684	0.40
Sub-Core	L-12	5 central wards of Tokyo	SOHO Kita Aoyama	September 29, 2005	1,160	0.67
Total acquisition price of sub-core assets					22,203	12.84
Total acquisition price of entire portfolio					172,867	100.00

(Note 1) Asset Type (Core/Sub-Core)

Based on the asset management property targets and policy designated in the bylaws of NRI, the respective properties are indicated as “Core (assets)” when they are appropriate for long-term ownership of ten years or more and “Sub-Core (assets)” in other cases.

In addition, “Core (assets)” are further broken down into “Core 1,” which are properties named “Pacific,” and other properties as “Core 2.”

(Note 2) Each property managed by NRI are categorized into four property types S (single type), C (compact type), F (family type) and L (large type), and then assigned a number, which serves as the “Property No.” Further, properties that are comprised of several types are indicated by the type that comprises the greatest proportion of their area.

(Note 3) The “Portfolio Share” is the ratio of the acquisition price for each managed asset versus the acquisition price of the entire portfolio (rounded to two decimal places).

(Note 4) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed by NRI and the seller.

(Note 5) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed by NRI and the seller.

(Note 6) In principle, NRI plans to acquire this property by March 31, 2007 on a date separately agreed by NRI and the seller (planning to acquire by around February 2007).

(Note 7) In principle, NRI plans to acquire this property by October 7, 2005 or October 31, 2005 on a date separately agreed by NRI.

- (Note 8) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed by NRI and the seller.
- (Note 9) In principle, NRI plans to acquire this property by November 1, 2005 or November 11, 2005 on a date separately agreed by NRI and the seller.
- (Note 10) The beneficiary interests in trust for this property will be transferred on a date agreed to between the buyer and NRI by no later than November 25, 2005.

[Attachment 3] Outside View of the Property

