

August 5, 2005

For Immediate Release



Nippon Residential Investment
Corporation
2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Akira Yamanouchi
Executive Officer
(Securities Code: 8962)

Inquiries:
Pacific Investment Advisors Corporation
Takeshi Takano
Director
TEL: +81-(0)3-5251-8528

Notification on Acquisition of Pacific Residence Shirakabehigashi

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

1. Overview of Acquisition

(1) Property Name	Pacific Residence Shirakabehigashi (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	1,070,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
(4) Sales and Purchase Agreement Date	August 5, 2005
(5) Acquisition Date	August 5, 2005
(6) Seller	Daikyo Incorporated
(7) Financing	Cash on hand

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. (excluding the Tokyo metropolitan area), this will reduce the average age of our portfolio and enhance the portfolio.
(2) Property	This Property is located in the central area of Higashi Ward in

Characteristics	<p>Nagoya City. Areas like Sakae, the center of Nagoya City, can be reached by car or city bus in about ten minutes, giving it excellent proximity to central Nagoya.</p> <p>The neighboring site of this Property borders a trunk road and the site is in a residential area with low- to medium-rise apartments, corporate housing, general housing, etc. The surrounding area has various retail shops, restaurants and the like centering on alongside the trunk road and there are also educational facilities like high schools.</p> <p>This Property is a newly built property for families completed in May 2005 and it is superior to similar rental condominiums in the surrounding area in regards to the exterior, interior, facilities and other aspects as well as the overall quality of the building. Therefore, it is highly competitive among family households that demand a good living environment and also emphasize convenience such as proximity to the city center.</p>
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(Note) Ordinance designated city, etc. refers to area that is within commuting distance of a central area of an ordinance designated city.

3. Details of Acquired Asset

Overview of Real Estate

Property Name		Pacific Residence Shirakabehigashi
Location (Note 1)		1-1803 Yoshino, Higashi-ku, Nagoya-shi, Aichi (lot number) 1-18-7 Yoshino, Higashi-ku, Nagoya-shi, Aichi (residential)
Access		8-minute walk from Amagasaka Station on the Meitetsu Seto Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Class 1 residential and class 2 residential zones
	Lot Size (Note 1)	1,475.70m ²
	FAR/Building Coverage Ratio (Note 3)	200%/60%
Building	Ownership	Proprietary ownership
	Type (Note 1)	Apartment
	Floor Space (Note 1)	2,863.16m ²
	Construction Completed (Note 1)	May 2005
	Structure (Note 1)	Reinforced concrete structure with flat roof; 8 floors
	Leasable Units (Note 4)	33 (2SLDK: 2 units; 3LDK: 20 units and 4LDK: 11 units)
Acquisition Value		1,070,000,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)

Special Notations (Collateral, etc.)		As of the day this sale and purchase agreement was concluded, there is a fixed mortgage taken out and temporarily registered on this land with the seller as the debtor. Based on this sale and purchase agreement, the seller has the obligation to terminate the arranged fixed mortgage setting and temporary registration under its responsibility and burden by the time ownership of the Property is transferred.
Appraisal Method	Method	Appraisal by Daiwa Real Estate Appraisal Co., Ltd.
	Appraised Value	1,070 million yen
	Appraised Date	June 20, 2005

(Note 1) Information that appears on the registry was used for the location (excluding residential indication), 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 following abbreviations have been used for leasable units.

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

3 (or 4) LDK: 3 (or 4) bedrooms + 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	3,640,000 yen
	Replacement Price	670,000,000 yen
	Date of Building Condition Report	June 28, 2005
Earthquake Risk Analysis	PML Value	9.1%
		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	Daikyo Incorporated
Head Office Address	4-24-13 Sendagaya, Shibuya-ku, Tokyo
Representative	Masaaki Tashiro, Representative Executive Officer
Paid-in Capital	26,999,920,000 yen
Line of Business	<ol style="list-style-type: none"> 1. Selling, purchasing, brokering, leasing, managing and appraising real estate 2. Development and formation of housing lots, etc. 3. Design, construction, supervision and contracting of building construction and civil engineering work
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 this 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
Estimated value (specified price)	1,070,000	
Total income (Note)	79,993	
Annual rents	70,334	Appraised 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 use fee	7,488	Appraised after considering rent levels in the surrounding area.
Key money income	1,114	After considering the vacancy rate, appraised as 1 month of the assumed new rent from the new tenant.
Renewal fee income	835	After considering the fee at time of renewal, appraised as 0.5 months worth of new rent. Further, appraised the average renewal rate for each year to be 30%.
Operating profit from deposits	223	Appraised based on a 2.0% return for the guarantees at full occupancy minus the amounts corresponding to the vacancies.
Total expenses (Note)	21,860	
Building maintenance fee	3,699	Appraised using the estimates submitted by the client as a reference.
Utilities	1,967	Appraised as 200 yen a month per tsubo of leasable space.
Property management fee	2,218	Appraised as 3.0% of the rent income, etc.
Tenant soliciting fee	1,232	Appraised as 1 month's worth of the assumed new rent for the new tenant when the assumed replacement rate is used.
Tenant replacement cost	623	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.	5,364	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.
Liability insurance premium	185	Appraised using the estimates submitted by the client as a reference
Losses from vacancies,	3,891	Appraised as 5.0% after considering such

etc.		factors as the current vacancy rates and rent levels in the concerned area, the future supply/demand balance and its unique qualities.
Capital expenditures	2,680	Appraised as 0.4% of the replacement cost for the building
Net profit	58,134	
Cap rate	5.4%	
Capitalized value from the direct capitalization method	1,050,000	
Price from the DCF method	1,080,000	
Discount rate	5.3%	
Terminal cap rate	5.6%	
Price from the cost approach	952,000	The appraisal firm decided on the concerned price after combining the land and building prices and then rounding to the nearest million yen.
Land price	282,237	
Building price	670,000	

(Note) The reason that the values for Total Income and Total Expenses listed above do not match the sum totals for each income and expense is because the individual itemized incomes and expenses have been rounded to the nearest thousand yen (original values from the appraisal report). The above Total Income and Total Expenses are the figures arrived at when the sums of itemized incomes and expenses from the appraisal report are rounded to the nearest thousand yen.

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

Property No. (Note 1)	Location	Property Name	(Planned) Acquisition Date	(Planned) Acquisition Price (million yen)	Portfolio Share (%) (Note 2)
S-1	23 wards of Tokyo	Glenpark Shinkawa	March 2, 2004	2,050	1.27
S-2	5 central wards of Tokyo	Maison de Ville Shiba Daimon II	March 30, 2004	1,900	1.18
S-3	5 central wards of Tokyo	Glenpark Sangubashi	March 2, 2004	1,040	0.64
S-4	5 central wards of Tokyo	Fresca Yoyogiuehara II	March 3, 2004	524	0.32
S-5	5 central wards of Tokyo	Leopalace Udagawacho Mansion	March 3, 2004	569	0.35
S-6	5 central wards of Tokyo	Veil Kikuicho	March 2, 2004	520	0.32
S-7	23 wards of Tokyo	Escort Kami-Ikebukuro	March 2, 2004	644	0.40
S-8	23 wards of Tokyo	Pacific Residence Shin-Nakano	March 3, 2004	448	0.28
S-9	Tokyo metropolitan area	Dormitory Haramachida	March 2, 2004	490	0.30
S-10	Tokyo metropolitan area	J Stage Minami-Urawa	March 2, 2004	700	0.43
S-11	Tokyo metropolitan area	City Forum Kami-Hongo	March 3, 2004	1,140	0.71
S-12	Ordinance designated city, etc.	Bonne Uji I and II	March 3, 2004	1,260	0.78
S-13	Ordinance designated city, etc.	Yoshizuka AG Building 6 and 7	March 3, 2004	428	0.27
S-14	23 wards of Tokyo	Apartments Shirokanedai	December 2, 2004	1,250	0.77
S-15	Ordinance designated city, etc.	Grand Blue Hakata	September 17, 2004	1,582	0.98
S-16	23 wards of Tokyo	J Stage Honancho	December 2, 2004	952	0.59
S-17	23 wards of Tokyo	Park Habio Kyobashi	December 2, 2004	2,725	1.69
S-18	Ordinance designated city, etc.	Crystate Tenjinbashi	December 3, 2004	970	0.60
S-19	23 wards of Tokyo	Pacific Residence Yushimasanhome	December 3, 2004	1,020	0.63
S-20	5 central wards of Tokyo	Pacific Residence Shinjuku East	December 3, 2004	1,397	0.87
S-21	5 central wards of Tokyo	Shu Shinjuku	December 3, 2004	854	0.53
S-22	5 central wards of Tokyo	Pacific Residence Kanda Iwamotocho	December 3, 2004	1,657	1.03
S-23	Ordinance designated city, etc.	Umeda Excelheights	January 31, 2005	5,250	3.25
S-24	23 wards of Tokyo	Pacific Residence Tsukiji (planned acquisition)	(Note 3)	1,320	0.82
S-25	23 wards of Tokyo	Pacific Residence Sasaduka	March 25, 2005	1,950	1.21
S-26	5 central wards of Tokyo	Pacific Residence Minamiazabu	March 25, 2005	1,060	0.66
S-27	5 central wards of Tokyo	Pacific Residence Ebisuhighashi	March 25, 2005	660	0.41
S-28	23 wards of Tokyo	Pacific Residence Meguronishi	March 25, 2005	800	0.50
S-29	5 central wards of Tokyo	Pacific Residence Hiroo Sanhome	March 25, 2005	850	0.53
S-30	5 central wards of Tokyo	Pacific Residence Akasaka II	March 15, 2005	1,567	0.97
S-31	23 wards of Tokyo	Pacific Livew Kyobashi	March 31, 2005	1,401	0.87
S-32	Ordinance designated city, etc.	Pacific Residence Sannomiya Higashi (planned acquisition)	(Note 4)	2,247	1.39

S-33	23 wards of Tokyo	Pacific Livew Tamagawa (planned acquisition)	August 12, 2005	1,514	0.94
S-34	23 wards of Tokyo	Maison Korakuen (planned acquisition)	August 12, 2005	710	0.44
S-35	23 wards of Tokyo	Pacific Livew Ginzahigashi (planned acquisition)	August 12, 2005	2,348	1.45
S-36	23 wards of Tokyo	Relation Oji (planned acquisition)	August 12, 2005	1,027	0.64
S-37	Tokyo metropolitan area	No. 6 Zelkova Mansion (planned acquisition)	August 12, 2005	609	0.38
C-1	23 wards of Tokyo	Pacific Residence Bunkyo Otowa	March 3, 2004	3,590	2.22
C-2	23 wards of Tokyo	Pacific Residence Sengoku	March 3, 2004	760	0.47
C-3	5 central wards of Tokyo	Joanna Jiyugaoka	March 3, 2004	1,080	0.67
C-4	23 wards of Tokyo	Pacific Residence Yushima	March 3, 2004	1,110	0.69
C-6	23 wards of Tokyo	Zesty Ikegami A and B	March 3, 2004	381	0.24
C-7	23 wards of Tokyo	Wakohre Higashi-Nippori II	March 2, 2004	972	0.60
C-8	Tokyo metropolitan area	Pacific Livew Hachioji	March 3, 2004	700	0.43
C-9	Ordinance designated city, etc.	Grand Heights Hibino	March 3, 2004	1,230	0.76
C-10	Ordinance designated city, etc.	Veil Koyo	March 2, 2004	454	0.28
C-11	5 central wards of Tokyo	J Park Nagatacho	June 24, 2004	1,000	0.62
C-12	5 central wards of Tokyo	Pacific Residence Suidobashi	February 25, 2005	2,330	1.44
C-13	5 central wards of Tokyo	Pacific Tower Nogizaka	September 30, 2004	3,900	2.42
C-14	5 central wards of Tokyo	Pacific Residence Akasaka I	June 30, 2004	1,300	0.81
C-15	5 central wards of Tokyo	Apartments Nishi-Azabu	December 2, 2004	7,920	4.91
C-16	Ordinance designated city, etc.	Sereno Tenjin Minami	December 3, 2004	1,200	0.74
C-17	Ordinance designated city, etc.	Common House Hakataeki-Minami	December 3, 2004	420	0.26
C-18	23 wards of Tokyo	Pacific Residence Ningyocho	December 3, 2004	572	0.35
C-19	5 central wards of Tokyo	Pacific Residence Daikanyama	December 3, 2004	2,180	1.35
C-20	5 central wards of Tokyo	Pacific Residence Ichigaya	December 3, 2004	2,580	1.60
C-21	Tokyo metropolitan area	Espacio Kichijoji	January 31, 2005	1,445	0.90
C-22	23 wards of Tokyo	Pacific Residence Bunkyo-sengoku	May 18, 2005	1,557	0.97
C-23	5 central wards of Tokyo	Pacific Residence Akasaka Hinokicho	March 25, 2005	4,710	2.92
C-24	5 central wards of Tokyo	Pacific Residence Takanawa	March 30, 2005	1,550	0.96
C-25	23 wards of Tokyo	Pacific Tower Meguroyamate (planned acquisition)	(Note 5)	14,507	8.99
C-26	23 wards of Tokyo	Storia SANGEN-JAYA	April 26, 2005	3,311	2.05
C-27	23 wards of Tokyo	Pacific Livew Chojyamaru (planned acquisition)	August 12, 2005	3,338	2.07
F-1	5 central wards of Tokyo	Glenpark Sakuragaoka	March 2, 2004	3,960	2.45
F-2	5 central wards of Tokyo	Mejiro Otomeyama Duplex R's	March 3, 2004	1,100	0.68
F-3	23 wards of Tokyo	Pacific Residence Shinkawa	March 3, 2004	1,420	0.88
F-4	23 wards of Tokyo	Setagaya Sun Heights	March 3, 2004	982	0.61

F-5	23 wards of Tokyo	Ars Shin-Otsuka	March 2, 2004	1,117	0.69
F-6	Tokyo metropolitan area	Crane Mansion Tsurumi	March 3, 2004	1,050	0.65
F-8	Tokyo metropolitan area	Maison Kashiwa	March 2, 2004	840	0.52
F-9	Ordinance designated city, etc.	Sky Heights Hirabari	March 3, 2004	554	0.34
F-10	23 wards of Tokyo	Solcher Mejiro	August 30, 2004	7,350	4.55
F-11	5 central wards of Tokyo	Pacific Residence Shibaura	December 3, 2004	4,900	3.04
F-12	Ordinance designated city, etc.	Pacific Residence Shirakabehigashi	August 5, 2005	1,070	0.66
L-1	23 wards of Tokyo	Manoa Okamoto	March 2, 2004	590	0.37
L-2	5 central wards of Tokyo	Bellwood	March 3, 2004	1,530	0.95
L-3	5 central wards of Tokyo	Grand Forme Ichigaya Haraikatamachi	March 3, 2004	970	0.60
L-4	5 central wards of Tokyo	Meguro Hillside Court	March 3, 2004	1,000	0.62
L-5	23 wards of Tokyo	Petit Cour Kinuta	March 2, 2004	684	0.42
L-6	23 wards of Tokyo	Nishi-Ogikubo Urbane Homes	March 2, 2004	1,050	0.65
L-7	5 central wards of Tokyo	Motoazabu Place	March 25, 2005	10,270	6.36
L-8	5 central wards of Tokyo	Pacific Tower Roppongi (planned acquisition)	(Note 6)	8,442	5.23
L-9	5 central wards of Tokyo	Pacific Residence Kamimeguro	June 20, 2005	1,000	0.62
Total	-	-	-	161,414	100.00

(Note 1) The properties 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 2) The “Portfolio Share” is the ratio of the acquisition price for each managed asset and the Property versus the total sum of the acquisition price of the entire portfolio and the Property (rounded to two decimal places).

(Note 3) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed by NRI and the seller.

(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, 2007 on a date separately agreed by NRI and the seller (planning to acquire around February 2007).

(Note 6) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed by NRI and the seller.

[Attachment 3] Outside View of the Property

