

November 17, 2005

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

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Notification of Board of Directors' Decision on Issuance of New Investment Units  
Through Public Offering and Secondary Offering

Nippon Residential Investment Corporation (NRI) announces the following resolution passed by its Board of Directors on November 17, 2005 concerning the issuing and secondary offering of new investment units.

1. Issuance of New Investment Units Through Public Offering (primary offering)
  - (1) Total number of units to be issued  
41,000 units
  - (2) Issue price  
Undetermined  
(To be decided at a Board of Directors' Meeting to be held on a day between December 2, 2005 (Friday) and December 6, 2005 (Tuesday) (hereafter, "Offer Price Finalization Day").)
  - (3) Offering method  
It shall be a primary offering of all the investment units by Daiwa Securities SMBC Co. Ltd., Morgan Stanley Japan Ltd., Tokyo Branch and Mitsubishi UFJ Securities Co., Ltd. (hereafter, collectively referred to as "Joint Lead Managers") and Nikko Citigroup Ltd., Tokai Tokyo Securities Co., Ltd., Mizuho Securities Co., Ltd. and E\*TRADE SECURITIES Co., Ltd. (hereafter, collectively referred to with the Joint Lead Managers as "Underwriters").

(4) Underwriter consideration

An underwriter fee shall not be paid. In place of this, the net proceeds of the Underwriters shall be the total difference between the offer price of the primary offering and the issue price comprised of the amount paid to NRI by the Underwriters.

(5) Application unit

1 unit or more in multiples of 1 unit

(6) Application period

December 7, 2005 (Wednesday) – December 9, 2005 (Friday)

Further, the above application period may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be December 5, 2005 (Monday) to December 7, 2005 (Wednesday).

(7) Payment date

December 14, 2005 (Wednesday)

Further, this payment date may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be December 12, 2005 (Monday).

(8) Investment securities delivery and settlement date

December 15, 2005 (Thursday)

Further, the investment securities delivery and settlement date may be moved up in consideration of the demand conditions and other factors. In that case, the earliest it can be moved up shall be December 13, 2005 (Tuesday).

(9) Commencement date of cash distribution calculation

December 1, 2005 (Thursday)

(10) The issue price and other matters necessary for the issuance of new investment units shall be finalized at a Board of Directors' Meeting to be held in the future.

(11) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

2. Issuance of New Investment Units Through Third-Party Allotment (third-party allotment conducted in correlation with “3. Secondary Offering of Investment Units (secondary offering via over-allotment)”)

(1) Total number of units to be issued

1,482 units

- (2) Issue price  
Undetermined  
(This shall be the same as the issue price in “1. Issuance of New Investment Units Through Public Offering (primary offering).”)
- (3) Name of scheduled allottee  
Daiwa Securities SMBC Co. Ltd.
- (4) Application period (application deadline)  
January 11, 2006 (Wednesday)
- (5) Payment deadline  
January 11, 2006 (Wednesday)
- (6) Application unit  
1 unit or more in multiples of 1 unit
- (7) Commencement date of cash distribution calculation  
December 1, 2005 (Thursday)
- (8) The issue price and other matters necessary for the issuance of new investment units through the third-party allotment shall be finalized at a Board of Directors’ Meeting to be held in the future.
- (9) Investment units that are not applied for by the application deadline entered in (5) above shall have their issuance terminated.
- (10) When the issuance of new investment units through the public offering and the secondary offering via over-allotment are suspended, this issuance of new investment units through third-party allotment shall also be suspended.
- (11) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

3. Secondary Offering of Investment Units (secondary offering via over-allotment)

- (1) Seller and total number of units to be offered  
Daiwa Securities SMBC Co. Ltd.  
1,482 units  
Further, the above investment units to be offered is the ceiling and the actual number of units to be offered shall be finalized on the Offer Price Finalization Day after considering the demand conditions and other factors in the above “1. Issuance of New Investment Units Through Public Offering (primary offering).”
- (2) Secondary offer price

Undetermined

(This shall be the same price as the offer price determined in the above “1. Issuance of New Investment Units Through Public Offering (primary offering).”)

(3) Secondary offering method

Daiwa Securities SMBC Co. Ltd. shall additionally sell investment securities of NRI it is planning to borrow from NRI investors after considering the demand conditions and other factors of the above “1. Issuance of New Investment Units Through Public Offering (primary offering).”

(4) Application period

This shall be the same as the application period in the above “Issuance of New Investment Units Through Public Offering (primary offering).”

(5) Delivery date

This shall be the business date one day after the payment deadline in the above “Issuance of New Investment Units Through Public Offering (primary offering).”

(6) Application unit

1 unit or more in multiples of 1 unit

(7) The secondary offer price and other matters necessary for the secondary offering of these investment units shall be finalized at a Board of Directors’ Meeting to be held in the future.

(8) The abovementioned respective items shall depend on the securities registration statement filed in accordance with the Securities and Exchange Law taking effect.

4. Secondary Offering Via Over-Allotment

- (1) On the occasion of the issuance of 41,000 new investment units through public offering (primary offering) by NRI, Daiwa Securities SMBC Co. Ltd. is planning a secondary offering of up to 1,482 NRI investment securities that it shall borrow from NRI unitholders Pacific Management Corporation (1,282 units) and Pacific Investment Advisors Corporation (200 units) (hereafter, “borrowed investment securities”) after due consideration of demand conditions and other factors.

The number of units to be offered through this secondary offering via over-allotment indicates the ceiling for the number of units. This number may

be reduced or the secondary offering via over-allotment itself may be suspended as a result of demand conditions and other factors.

In relation to this, NRI's Board of Directors' Meeting on November 17, 2005 (Thursday) resolved to issue, separate from this primary offering, new NRI investment units totaling 1,482 units through a third-party allotment with Daiwa Securities SMBC Co. Ltd. as the allottee (hereafter, "this third-party allotment") and January 11, 2006 (Wednesday) as the payment date. Daiwa Securities SMBC Co. Ltd. may conduct transactions to stabilize unit prices of NRI investment securities during the application period for the primary offering and secondary offering via over-allotment. NRI investment securities acquired through said stabilizing transactions may be allocated to returning the borrowed investment securities.

In addition, there are instances where Daiwa Securities SMBC Co. Ltd. may acquire NRI investment securities on the Tokyo Stock Exchange up to the number of units offered in the secondary offering via over-allotment with the objective of returning the borrowed investment securities (hereafter, "syndicate covering transaction"). This can be done during the period from the day after the end date of the application period for the primary offering and secondary offering via over-allotment to January 6, 2006 (Friday). NRI investment securities acquired in the syndicate covering transaction will be allocated to returning the borrowed investment securities.

Furthermore, Daiwa Securities SMBC Co. Ltd. plans to agree to this third-party allotment for the number of units arrived at when the number of units from the stabilizing transactions and syndicate covering transaction to be allocated to returning borrowed investment securities is subtracted from the number of units offered in the secondary offering via over-allotment.

Accordingly, there are instances where an application will not be filed for all or part of the number of investment units issued in this third-party allotment, which would cause the number of units ultimately issued through this third-party allotment to fall depending on the applied number of units or the issue itself to be terminated completely as a result of the forfeiture.

(2) In regards to the transaction described in the (1) above, Daiwa Securities SMBC Co. Ltd. shall conduct it after negotiations with Morgan Stanley Japan Ltd., Tokyo Branch and Mitsubishi UFJ Securities Co., Ltd.

5. Changes in the Outstanding Number of Investment Units After This Issuance of New Investment Units

|  | (Units) |
|--|---------|
| Total number of investment units presently outstanding                   | 144,327 |
| Increase in investment units due to public offering                      | 41,000  |
| Total number of investment units outstanding after public offering       | 185,327 |
| Increase in investment units due to third-party allotment (scheduled)    | 1,482   |
| Total number of investment units outstanding after third-party allotment | 186,809 |

(Note) The increase in investment units due to the issuance of new investment units related to this third-party allotment and total number of investment units outstanding after issuance of new investment units related to this third-party allotment may change due to the entries in 1. above

6. Use of Procured Capital

(1) Use of Capital Procured Through Issuance

The estimated proceeds from the primary offering will total 23,800 million yen and the estimated proceeds from the new investment units issued through the third-party allotment resolved on the same day as the primary offering of 800 million yen shall be used as capital to acquire specified assets (same meaning as defined in Article 2-1 of the Law Concerning Investment Trusts and Investment Corporations) that NRI plans to acquire, to repay borrowings, etc.

(2) Change in Use of Capital Procured Last Time

Not applicable

7. Distribution of Earnings to Unitholders, etc.

(1) Earnings shall be distributed according to the cash distribution policy established in the articles of incorporation of NRI.

(2) Distribution conditions of the past two fiscal periods...

|                             | Year ended November 2004<br>(2 <sup>nd</sup> fiscal period) | Year ended May 2005<br>(3 <sup>rd</sup> fiscal period) |
|-----------------------------|---|--|
| Distribution per unit (yen) | 18,263  | 13,599   |

8. Other

(1) Restrictions on Sale and Additional Issuance, etc.

- (i) NRI has reached an agreement with the Joint Lead Managers concerning this primary offering that we will not issue additional investment units for 90 days from the date of delivery (however, this excludes the additional issuance by this third-party allotment). Further, in this case also the Joint Lead Managers possess the discretion to cancel all or part of the concerned agreement content or the authority to shorten the restriction period.
- (ii) NRI unitholders Pacific Management Corporation and Pacific Investment Advisors Corporation have reached an agreement with the Joint Lead Managers that they will not sell investment units within 90 days from the date of delivery for this secondary offering without the advance written approval of the Joint Lead Managers (however, this excludes the lending of NRI investment securities to Daiwa Securities SMBC Co. Ltd. for secondary offering via over-allotment).
- (2) Equity Financing Conditions Over Past Three Years

(i) Equity Financing Conditions

| Date              | Total Issuance Amount (million yen) | Post-Issuance Unitholders' Capital (million yen) | Remarks                                  |
|-------------------|-------------------------------------|--|--|
| December 6, 2002  | 100                                 | 100  | Incorporation through private placement  |
| March 2, 2004     | 23,616                              | 23,716   | Capital increase through public offering |
| March 30, 2004    | 711                                 | 24,427   | (Note)                                   |
| December 1, 2004  | 32,033                              | 56,460   | Capital increase through public offering |
| December 17, 2004 | 616                                 | 57,077   | (Note)                                   |
| June 14, 2005     | 24,957                              | 82,034   | Capital increase through public offering |
| July 8, 2005      | 902                                 | 82,936   | (Note)                                   |

(Note) Capital increase through third-party allotment via greenshoe option with Mitsubishi UFJ Securities Co., Ltd. as the allottee.

(ii) History of Investment Unit Prices Over Past Two Fiscal Periods and Most Recent Values

|                | Year Ended November 2003 (Note 1) | Year Ended November 2004 | Year Ended May 2005 | Year Ending November 2005 (Note 2) |
|----------------|-----------------------------------|--------------------------|---------------------|------------------------------------|
| Starting Price | —                                 | 509,000 yen              | 660,000 yen         | 640,000 yen                        |
| High Price     | —                                 | 734,000 yen              | 677,000 yen         | 677,000 yen                        |
| Low Price      | —                                 | 509,000 yen              | 595,000 yen         | 563,000 yen                        |
| Closing Price  | —                                 | 660,000 yen              | 644,000 yen         | 644,000 yen                        |

(Note 1) NRI listed on the Real Estate Investment Trust Market of the Tokyo

Stock Exchange on March 2, 2004 and therefore this item is inapplicable since it is the investment unit price before the listing.  
(Note 2) The investment unit price for the year ending in November 2005 is represented by the unit price as of November 16, 2005.

- 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>

Note: This document is a press release to publicly announce information on Nippon Residential Investment Corporation's issuance of new investment units and secondary offering, and has not been prepared as an inducement or invitation for investment. Before initiating investments, we caution investors to refer to the prospectus for the issue of new investment units and secondary offering, and notices of amendments thereto, prepared by Nippon Residential Investment Corporation and to undertake investment decisions at the discretion of the investor.