

October 31, 2005

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Acquisition of KC 21 Building

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

1. Overview of Acquisition

(1) Property Name	KC 21 Building (hereafter, the "Property")
(2) Asset Type	Real estate
(3) Acquisition Value	1,167,500,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax) [Payment Schedule] Pay all sale proceeds upon transfer
(4) Sale and Purchase Agreement Date	October 31, 2005
(5) Acquisition Date	October 31, 2005
(6) Sellers	Kikucho Corporation Co., Ltd. and others (hereafter, the "Owners") (Note) Refer to 4. Seller Profile
(7) Financing	Cash on hand and debt financing

2. Purpose of Acquisition

The Property will be acquired with the following objective based on NRI's Articles of Incorporation and investment policy.

(1) Objective	To heighten the portfolio share in ordinance designated cities, etc. (Note) (excluding the Tokyo metropolitan area) and thereby enhance the portfolio.
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(2) Property Characteristics	<p>The Property is a rental condominium comprised of a store on the first floor, offices on the second floor and rental units on the third floor and up, totaling 79 units on 11 floors above ground. It is situated within a 1-minute walk from Itsutsubashi Station on the Sendai City Subway Namboku Line.</p> <p>The Property is situated in central Sendai City and is in close proximity to the central business district and commercial center. In addition, there are many educational facilities including Tohoku University and other universities and vocational schools, medical facilities including Sendai City Hospital and other hospitals and pharmacies, and other facilities in the area.</p> <p>The interior and exterior design, etc. of the Property and facilities inside the rental units are of a standard level. Thus, we anticipate demand from singles, etc. who emphasize location such as close proximity to central Sendai and singles commuting to universities, etc. in the area. We believe the Property to have relatively high competitiveness.</p>
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(Note) Ordinance designated city, etc. refers to an area that is within commuting distance of a central area of an ordinance-designated city.

3. Details of Acquired Asset

Property Name		KC 21 Building
Location (Note 1)		5-5, 5-1 and 5-7 Shimizu-Koji, Wakabayashi-ku, Sendai-shi, Miyagi (lot number) 5-1 Shimizu-Koji, Wakabayashi-ku, Sendai-shi, Miyagi (residential)
Access		1-minute walk from Itsutsubashi Station on the Sendai City Subway Namboku Line
Land	Ownership	Proprietary ownership
	Zoning (Note 2)	Commercial
	Lot Size (Note 1)	681.53m ²
	FAR/Building Coverage Ratio (Note 3)	500%/80% (Note 8)
Building 1	Ownership	Proprietary ownership
	Type (Note 1)	Apartment, office and store
	Floor Space (Note 1)	3,138.81m ²
	Construction Completion (Note 1)	March 1997
	Structure (Note 1)	Steel-framed reinforced concrete structure with flat roof; 11 floors above ground
Building 2	Ownership	Proprietary ownership
	Type (Note 1)	Parking lot
	Floor Space (Note 1)	45.38m ²
	Construction Completion (Note 1)	March 1997

	Structure (Note 1)	Steel-framed structure with galvanized steel plated roof; 1 floor above ground
Acquisition Value		1,167,500,000 yen (excluding acquisition costs, real property tax, city planning tax, consumption tax and local consumption tax)
Appraisal Method	Method	Appraisal by Daiwa Real Estate Appraisal Co., Ltd.
	Appraised Value	1,170,000,000 yen
	Appraised Date	September 10, 2005
Overview of Lease (Note 4)	No. of Tenants (Note 5)	1
	Leasable Units (Note 9)	79 units (1K: 67 units; 2DK: 4 units; 3LDK: 5 units; store: 1 unit; and office: 2 units)
	Leased Units	75 units
	Total Leasable Area	2,716.11m ²
	Total Leased Area	2,558.58m ²
	Monthly Rent (Note 5)	7,103 thousand yen
	Deposit, etc. (Note 6)	29,377 thousand yen
	Occupancy Rate (based on no. of units)	94.9% (Note 7)
Occupancy Rate (based on area)	94.2% (Note 7)	
Other Special Notations		None

(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 overview of the lease lists figures as of the sale and purchase agreement date.

(Note 5) The monthly rent indicated is the total sum of the monthly rent (includes common expenses and monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of the sale and purchase agreement date. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc. In addition, as for sub-leased properties where a single sublessor subleases the property to multiple subtenants, the number of tenants is treated as one tenant.

(Note 6) The deposit, etc. indicates the total sum of the deposits, etc. of each of the tenants with whom lease agreements have been concluded as of the sale and purchase agreement date. The amount has been rounded down to the nearest thousand yen. (This includes the deposit for the parking lot portion.)

(Note 7) The occupancy rate is rounded to one decimal place.

(Note 8) The standard building coverage ratio for this building has been deregulated to 100% as it is a fire-resistant building in a fire zone.

(Note 9) The following abbreviations have been used for leasable units.

1K: Single room + Kitchen
 2DK: 2 bedrooms + Dining room and kitchen
 3LDK: 3 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	68,330,000 yen
	Replacement Price	625,000,000 yen
	Date of Building Condition Report	October 17, 2005
Earthquake Risk Analysis	PML Value	5.5%
		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.

4. Seller Profile

[Seller 1]

Company Name	Kikucho Corporation Co., Ltd.
Head Office Address	5 Shimizu-Koji, Wakabayashi-ku, Sendai-shi, Miyagi
Representative	Etsuko Kikuchi, Representative Director
Paid-in Capital	18 million yen
Line of Business	1. Wholesaling sugar and flour products 2. Selling oil, grease and fuel products 3. Selling, purchasing, leasing, brokering and managing real estate
Relationship with NRI	None

[Seller 2]

The seller is an individual.

Further, the seller is not an interested party as defined in Article 15-2-1 of the Law

Concerning Investment Trusts and Investment Corporations and Article 20 of the Enforcement Order of said Law of the asset manager and is not an interested party as stipulated in the asset manager's self-regulatory rules (rules established to prevent conflicts of interest).

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] 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	0.80
Core 1	S-22	5 central wards of Tokyo	Pacific Residence Kanda Iwamotocho	December 3, 2004	1,657	0.95
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	1.12
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 Ebisuhighashi	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	0.90
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	1.29
Core 1	S-33	23 wards of Tokyo	Pacific Livew Tamagawa	August 12, 2005	1,514	0.87
Core 1	S-35	23 wards of Tokyo	Pacific Livew Ginza Higashi	August 12, 2005	2,348	1.35
Core 1	S-38	23 wards of Tokyo	Pacific Livew Wasedanishi	September 7, 2005	1,100	0.63
Core 1	C-1	23 wards of Tokyo	Pacific Residence Bunkyo Otowa	March 3, 2004	3,590	2.06
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	1.34
Core 1	C-13	5 central wards of Tokyo	Pacific Tower Nogizaka	September 30, 2004	3,900	2.24
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 Ningyocho	December 3, 2004	572	0.33
Core 1	C-19	5 central wards of Tokyo	Pacific Residence Daikanyama	December 3, 2004	2,180	1.25
Core 1	C-20	5 central wards of Tokyo	Pacific Residence Ichigaya	December 3, 2004	2,580	1.48
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	2.71
Core 1	C-24	5 central wards of Tokyo	Pacific Residence Takanawa	March 30, 2005	1,550	0.89
Core 1	C-25	23 wards of Tokyo	Pacific Tower Meguro Yamate (planned acquisition)	(Note 6)	14,507	8.34
Core 1	C-27	23 wards of Tokyo	Pacific Livew Chojyamaru	August 12, 2005	3,338	1.92
Core 1	C-30	5 central wards of Tokyo	Pacific Livew Kandahigashi	October 7, 2005	1,880	1.08

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	2.82
Core 1	F-12	Ordinance designated city, etc.	Pacific Residence Shirakabehigashi	August 5, 2005	1,070	0.61
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 7)	8,442	4.85
Core 1	L-9	5 central wards of Tokyo	Pacific Residence Kamimeguro	June 20, 2005	1,000	0.57
Core 1	L-10	5 central wards of Tokyo	Pacific Residence Yoyogikoen	August 19, 2005	1,310	0.75
Core 1	L-13	23 wards of Tokyo	Pacific Residence Oi	September 1, 2005	1,120	0.64
Core 2	S-1	23 wards of Tokyo	Glenpark Shinkawa	March 2, 2004	2,050	1.18
Core 2	S-2	5 central wards of Tokyo	Maison de Ville Shiba Daimon II	March 30, 2004	1,900	1.09
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	0.91
Core 2	S-17	23 wards of Tokyo	Park Habio Kyobashi	December 2, 2004	2,725	1.57
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	3.02
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	0.57
Core 2	C-15	5 central wards of Tokyo	Apartments Nishi-Azabu	December 2, 2004	7,920	4.55
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	0.83
Core 2	C-26	23 wards of Tokyo	Storia SANGEN-JAYA	April 26, 2005	3,311	1.90
Core 2	C-29	Ordinance designated city, etc.	Mare (planned acquisition)	(Note 8)	963	0.55
Core 2	F-1	5 central wards of Tokyo	Glenpark Sakuragaoka	March 2, 2004	3,960	2.28
Core 2	F-2	5 central wards of Tokyo	Mejiro Otomeyama Duplex R's	March 3, 2004	1,100	0.63
Core 2	F-10	23 wards of Tokyo	Solcher Mejiro	August 30, 2004	7,350	4.22
Core 2	L-2	5 central wards of Tokyo	Bellwood	March 3, 2004	1,530	0.88
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	0.60
Core 2	L-7	5 central wards of Tokyo	Motoazabu Place	March 25, 2005	10,270	5.90
Core 2	L-11	5 central wards of Tokyo	Windsor House Hiroo	September 1, 2005	2,000	1.15
Total acquisition price of core properties					150,664	86.57
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 9)	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	0.72
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	Tokyo metropolitan area	No. 6 Zerkova Mansion	August 12, 2005	609	0.35
Sub-Core	S-39	Ordinance designated city, etc.	KC 21 Building	October 31, 2005	1,167	0.67
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 9)	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	0.59
Sub-Core	F-4	23 wards of Tokyo	Setagaya Sun Heights	March 3, 2004	982	0.56
Sub-Core	F-5	23 wards of Tokyo	Ars Shin-Otsuka	March 2, 2004	1,117	0.64
Sub-Core	F-6	Tokyo metropolitan area	Crane Mansion Tsurumi	March 3, 2004	1,050	0.60
Sub-Core	F-8	Tokyo metropolitan area	Maison Kashiwa	March 2, 2004	840	0.48
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	0.57
Sub-Core	L-5	23 wards of Tokyo	Petit Cour Kinuta	March 2, 2004	684	0.39
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					23,371	13.43
Total acquisition price of entire portfolio					174,035	100.00

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

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

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

(Note 2) 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 3) The "Portfolio Share" is the ratio of the acquisition price for each managed asset versus the total sum of 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 to by NRI and the seller.
- (Note 5) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed to by NRI and the seller.
- (Note 6) In principle, NRI plans to acquire this property by March 31, 2007 on a date separately agreed to by NRI and the seller (planning to acquire this property around February 2007).
- (Note 7) In principle, NRI plans to acquire this property by March 31, 2006 on a date separately agreed to by NRI and the seller.
- (Note 8) In principle, NRI plans to acquire this property on November 1, 2005 or by November 11, 2005 on a date separately agreed to by NRI and the seller
- (Note 9) NRI plans to transfer the beneficiary interests in trust for this property by November 25, 2005 on a date agreed to by NRI and the transferee.

[Attachment 2] Outside View of the Property

