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For Immediate Release



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CORPORATION**

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Notification of Management Performance Forecasts
for Fiscal Period Ending in May 2006

Nippon Residential Investment Corporation (NRI) announces the following concerning the performance outlook (forecast figures) for the fiscal period ending in May 2006 (December 1, 2005 – May 31, 2006).

1. Reason for Announcement

The board of directors of NRI ratified today the additional issuance of investment units. In correlation with this, this announcement discloses our management performance forecasts for the fiscal period ending in May 2006 (Fifth Fiscal Period). Further, this decision does not revise the performance outlook (forecast figures) for the fiscal period ending in November 2005 (June 1, 2005 – November 30, 2005) announced in the September 1, 2005 release “Notification on Revisions to Management Performance Forecasts for Fiscal Period Ending November 2005.”

2. Details of Management Performance Forecasts for the Fifth Fiscal Period

| | Operating Revenues (million yen) | Net Income (million yen) | Distribution per Unit (yen) | Distribution in Excess of Earnings per Unit (yen) |
|--|-------------------------------------|-----------------------------|--------------------------------|--|
| Fiscal period ending May 2006 (Fifth Fiscal Period) | 5,934 | 2,624 | 14,050 | – |
| Fiscal period ending November 2005 (Fourth Fiscal Period) | 4,631 | 2,020 | 14,000 | – |

(Note 1) The forecast number of investment units outstanding as of the end of the Fifth Fiscal Period is 186,809 units.

(Note 2) The above forecast figures were calculated as of today based on 1. above and the assumptions separately set forth in the attachment. The actual operating revenues, net income and distribution per unit may vary depending on future acquisition and sale of real estate, fluctuations in the real estate market and changes in other conditions surrounding NRI. These forecasts are not intended as a guarantee of the distribution amount.

(Note 3) NRI may revise the forecasts if NRI anticipates disparities of more than a certain level with the above forecasts.

(Note 4) The Fifth Fiscal Period (fiscal period ending May 2006) of NRI starts on December 1, 2005 and ends on May 31, 2006.

(Note 5) Figures below the specified unit are rounded off.

- 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>

Assumptions for Fifth Fiscal Period Management Performance Forecasts

| Item | Assumption |
|------------------------------|--|
| Period | Fifth Fiscal Period: December 1, 2005 – May 31, 2006 (182 days) |
| Portfolio | <ul style="list-style-type: none"> • The calculations are based on a portfolio of 109 properties. This is comprised of the 96 properties owned on November 17, 2005, plus the property scheduled for acquisition on November 30, 2005, minus the 2 properties scheduled for sale on November 25, 2005 and plus the 14 properties scheduled for acquisition during the Fifth Fiscal Period. In addition, the premise is that no more than the 3 properties planned for sale in the Fifth Fiscal Period will be sold by the end of the fifth fiscal period (May 31, 2006). In addition, there are chances of changes other than the above (acquisition of new properties, sale of existing properties, etc.). |
| Outstanding Investment Units | <ul style="list-style-type: none"> • The 186,809 units are comprised of the 144,327 units outstanding as of the end of May 2005, plus the 41,000 new investment units to be additionally issued through a public offering and the planned number of new units to be issued through third-party allotment in correlation with the secondary offering via over-allotment (ceiling of 1,482 units) that were resolved by the NRI board of directors on November 17, 2005. This figure is also based on the premise that there will be no additional issue of investment units through to the end of May 2006. |
| Interest-Bearing Debt Ratio | <ul style="list-style-type: none"> • This is based on the premise that the interest-bearing debt ratio will be about 45% as of May 31, 2006 after considering the increase in unitholders' capital generated by the additional issuance of new investment units, etc., the repayment of borrowings accompanying this, new borrowings of closing funds for properties scheduled for acquisition, etc. • The investment-bearing debt ratio in this table was calculated using the following formula. $\text{Interest-bearing debt ratio} = \frac{\text{Interest-bearing debt}}{(\text{Interest-bearing debt} + \text{Unitholders' capital})} \times 100$ • However, the above interest-bearing debt ratio may change as a result of the offer price for the new investment units to be issued. |

| | |
|---|---|
| Operating Expenses | <ul style="list-style-type: none"> • Of rental business expenses, which are the principal operating expense, expenses except for depreciation are calculated based on historical data and reflect other elements that may affect expenses. • Repair and maintenance fees for buildings are recorded as expenses in the amount deemed necessary for each fiscal period. However, the actual amounts may possibly differ substantially from forecast amounts owing to the possibility of unforeseeable emergency situations arising. • Depreciation is calculated based on the straight-line depreciation method inclusive of associated costs and is estimated to be 1,048 million yen. |
| Non-Operating Expenses | <ul style="list-style-type: none"> • A one-off expense of 35 million yen has been anticipated as an expense related to the issuance of investment units, etc. |
| Distribution per Unit | <ul style="list-style-type: none"> • The distribution per unit is calculated in accordance with the cash distribution policy outlined in NRI's Articles of Incorporation. In principle, it is calculated based on the premise that all earnings will be distributed. • The distribution per unit may vary due to variations in rent income caused by changes in the portfolio, changes in tenants and such, unforeseen repairs and maintenance and various other factors. |
| Distribution in Excess of Earnings per Unit | <ul style="list-style-type: none"> • NRI does not currently anticipate paying distributions in excess of earnings (distributions in excess of earnings per unit). |
| Other | <ul style="list-style-type: none"> • NRI assumes that there will be no amendments in laws, ordinances, tax regulations, accounting standards, listing regulations, Investment Trusts Association rules and such that will affect the above forecasts. • NRI assumes there will be no unforeseen material changes in the environment including general economic trends and real estate market conditions. |

Note: This document is a press release for general disclosure of management performance forecasts for NRI's fiscal period ending in May 2006 and was not prepared with the objective of soliciting 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 NRI and to undertake investment decisions at the discretion and responsibility of the investor.