

January 25, 2008

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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

Asset Management Company:
Pacific Investment Advisors Corporation
2-11-1 Nagata-cho, Chiyoda-ku, Tokyo
Akira Yamanouchi
President and Chairman of the Board

Inquiries:
Takeshi Takano
Director
Phone: +81-(0)3-5251-8528

Notification on Compensation from Asset Management Company

Nippon Residential Investment Corporation (NRIC) announces the decision to accept compensation from Pacific Investment Advisors Corporation (PIA), which is the asset management company to which NRIC entrusts the management of its assets. The decision follows PIA's decision to compensate NRIC for repair costs it shouldered for the purpose of ensuring the legal compliance of properties in its portfolio.

1. Details of the Compensation

PIA verifies legal compliance in the due diligence conducted upon the acquisition of properties by NRIC. However, some properties were found to be in a state that was not compliant with the Building Standards Law and other applicable laws and ordinances after NRIC's acquisition of the properties. Consequently, certain corrective measures were taken at NRIC's expense. PIA is now paying NRIC an amount equivalent to the costs incurred by NRIC in taking these corrective measures.

No. of properties subject to compensation: 12 properties

Amount: 36,969,050 yen (sum total of all properties subject to compensation)

Scheduled date of payment of compensation for loss: By end of February 2008

2. Impact on NRIC's Business Performance

The compensation income based on the details described in 1. above will be recorded in the fiscal period ending in May 2008 (ninth fiscal period). However, the impact of this matter on the management performance for the fiscal period ending May 2008 (December 1, 2007 – May 31, 2008) is minimal. Accordingly, there is no change to the management performance forecasts.

- 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>

This English language notice is a translation of the Japanese language notice dated January 25, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.