

September 22, 2008

For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

Nippon Residential Investment Corporation
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(Securities Code: 8962)

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Notification on Possibility of Delinquent or Delayed Collection of Obligations
Payable by SBA Management Co., Ltd.

Nippon Residential Investment Corporation (NRIC) announces the amount it is owed by SBA Management Co., Ltd., a company with which NRIC was in a master lease agreement (hereafter, the “Former Sublessor”), will possibly be delinquent or the collection of the amount will possibly be delayed as described below. The amount owed by the Former Sublessor is for termination of the master lease agreement between NRIC and the Former Sublessor in conjunction with the Former Sublessor filing for the start of bankruptcy proceedings on September 22, 2008.

1. Profile of the Former Sublessor

- (1) Company Name: SBA Management Co., Ltd.
- (2) Address: 5-7-2 Koji-machi, Chiyoda-ku, Tokyo
- (3) Name of Representative: Akinori Takashima
- (4) Paid-in Capital: 250 million yen
- (5) Line of Business: Real estate management services agency

2. Type and Amount of Obligations Payable by the Former Sublessor

(1) Type of Obligations

Pursuant to NRIC's investment policy, NRIC regularly evaluates property management (PM) companies, to which NRIC entrusts the property management of its assets, and changes PM companies as needed depending on that evaluation. Although NRIC was in building management entrustment and master lease agreements with the Former Sublessor for the 10 properties listed below as of May 31, 2008, the agreements were terminated for all 10 properties by September 1, 2008 in view of master lease risks* as a result of the abovementioned evaluation.

However, there is a portion of the amount still due from the settlement work arising incidental to the change of the PM company. There is a possibility that this amount still due will be delinquent or its collection delayed.

(2) Amount of Obligations

- a. Master lease rent obligations
(amount payable to NRIC by the Former Sublessor): approx. 59 million yen
- b. Expense reimbursement payable
(amount payable to the Former Sublessor by NRIC): approx. 36 million yen
- c. Amount owing from termination of agreement
(amount arrived at when b. is subtracted from a.): approx. 23 million yen

* A PM company for a property in NRIC's portfolio enters into a building lease (master lease) agreement with NRIC. Based on the agreement, the PM company leases the building in its entirety and is also entrusted with the lease management for the building. On that basis, the PM company subleases rental units to third parties (end tenants). In other words, a management style known as master lease is adopted. Along with being in charge of collecting rent from end tenants, the PM company pays advances on building repair and other building maintenance fees, etc. that are incurred in maintaining and operating the building. Therefore, the amount arrived at after the advances paid for expenses are subtracted from the collected rent is the amount payable to NRIC by the PM company. On this occasion, a part of such obligations remain outstanding as the amount still due from termination of the master lease agreement. There is a possibility that this amount still due will be delinquent or its collection delayed.

3. Impact of this Fact on NRIC's Business Performance

The impact of this fact on NRIC's business performance is minimal. Accordingly, there is no change to the management performance forecasts for the fiscal period ending in November 2008 (June 1, 2008 – November 30, 2008) that was announced in the Kessan Tanshin (financial report) dated July 23, 2008.

(Reference)

As of May 31, 2008

Name of PM Company	Leased Properties	Leased Area	Leased Area as Percentage of Total Leased Area
SBA Management Co., Ltd.	Yoshizuka AG Building No.6 and No.7 Pacific Liew Kyobashi Grand Heights Hibino Pacific Residence Tenjinminami Pacific Liew Hakataeki-Minami Mare Melody Heim Shin-Osaka Sky Heights Hirabari Pacific Residence Shirakabehigashi Pacific Tower Roppongi	29,228.62m ²	7.3%

As of September 1, 2008

Name of PM Company	Leased Properties	Leased Area	Leased Area as Percentage of Total Leased Area
SBA Management Co., Ltd.	None	– m ²	– %

- This document was distributed to the press clubs within the Tokyo Stock Exchange, Ministry of Land, Infrastructure, Transport and Tourism and construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- Nippon Residential Investment Corporation's website is <http://www.nric.co.jp>

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