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For Immediate Release



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#### Notification on Impact of re-plus inc.'s Decision to Start Bankruptcy Proceedings

Nippon Residential Investment Corporation (NRIC) announces the following impact, etc. on NRIC in response to an announcement dated September 24, 2008 issued by re-plus inc. on the decision to start bankruptcy proceedings (the proceedings in question referred hereafter as the "Bankruptcy Proceedings").

##### 1. Profile of re-plus inc.

- (1) Company Name: re-plus inc.
- (2) Address: 4-1-28 Toranomom, Minato-ku, Tokyo
- (3) Name of Representative: Hirofumi Kang
- (4) Paid-in Capital: 3,869 million yen
- (5) Line of Business: Provision of late rent guarantee system for rental housing, etc.

## 2. Impact on NRIC

### (1) NRIC's Relationship with and Overview of re-plus inc.

While there is no direct contractual relationship between NRIC and re-plus inc., the late rent guarantee system provided by re-plus inc. is adopted for some of the rental units of properties in NRIC's portfolio. The concerned guarantee system is a tripartite agreement between (1) the property management (PM) company, to which NRIC entrusts property management, (2) end tenants, and (3) re-plus inc., which is the guarantor for rent and other obligations of end tenants (this agreement referred hereafter as the "Guarantee Agreement"). Under the Guarantee Agreement, the arrangement is for rent paid by end tenants to be temporarily withheld in re-plus inc.'s account. Following the Bankruptcy Proceedings, there is a possibility that some of that withheld rent will not be paid to the PM company and a possibility that such will have repercussions for NRIC as a consequence.

\* For a property in NRIC's portfolio, NRIC (the trustee in the case of a trust property) enters into a building lease (master lease) agreement with a PM company. Based on the agreement, NRIC leases out the building in its entirety and also entrusts the lease management for the building to the PM company. On that basis, the PM company subleases rental units to end tenants. In other words, a management style known as master lease is adopted.

### (2) Number of Units and Amount of Rent Subject to Possible Delayed Collection of Rent or Uncollectible Rent

- a. Number of Units: 120 units
- b. Amount of Rent: Approx. 22 million yen

\* The concerned number of units and amount of rent is the number of units and amount of rent of end tenants in regards to the rent for which the PM company charges a subrogation payment to re-plus inc., the guarantor for rent and other obligations of end tenants. It is not the number of units and amount of rent of end tenants that have already paid that rent to re-plus inc.

As the Guarantee Agreement has no other guarantor aside from re-plus inc., if re-plus inc. no longer functions as the guarantor under the Guarantee Agreement, then the risk of uncollectibility will become relatively greater compared to lease agreements that have other guarantors guaranteeing the underlying rent obligations.

To note, the amount of bad debt expenses recorded in NRIC's most recent fiscal period (the fiscal period ended in May 2008 (December 1, 2007 – May 31, 2008)) was an extremely low level of about 0.02% of the aggregate rental income (rent, common expenses, parking lot income, etc.).

### 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. NRIC will continue to respond appropriately to research on and handling of uncollectible amounts and related matters.

- 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>

*This English language notice is a translation of the Japanese language notice dated September 26, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*