

October 31, 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 Residential Corporation  
2-11-1 Nagata-cho, Chiyoda-ku, Tokyo  
Takeshi Takano  
President and Chairman of the Board

Inquiries:  
Shigeki Hirayama  
Director  
Phone: +81-(0)3-5251-8528

#### Notification on Transfer of Park Habio Kyobashi and Future Financial Policy

Nippon Residential Investment Corporation (NRIC) announces the decision made today to transfer the following asset (hereafter, the “Transfer”).

##### 1. Overview of Transfer

(1)	Asset	Real estate (see 10. below for transfer method)
(2)	Name of Asset	Park Habio Kyobashi
(3)	Acquisition Date of Asset	December 2, 2004
(4)	Transfer Value	2,620,000,000 yen (excluding adjusted amount of real property tax and city planning tax, as well as consumption tax and local consumption tax)
(5)	Book Value	2,816,861,747 yen (as of May 31, 2008)
(6)	Difference between Transfer Value and Book Value	-196,861,747 yen (difference between (4) and (5) above)
(7)	Contract Date	October 31, 2008
(8)	Scheduled Delivery Date	November 6, 2008 (hereafter, the “Transfer Execution Date”). However, the Transfer Execution Date shall be able to be changed to a separately agreed date that is no later than November 30, 2008.
(9)	Transferee	Please see “4. Transferee Profile” below.
(10)	Transfer Method	Transfer of the proprietary ownership of the real estate to the transferee indicated in (9) above at the same time that all sales proceeds are paid on the Transfer Execution Date

## 2. Purpose of Transfer and Incurrence of Loss on Sale

### (1) To maintain and strengthen the financial management base

Pacific Residential Corporation, the asset management company to which NRIC entrusts the management of its assets (hereafter, the “Asset Management Company”), has been securing stable revenue inflow and minimizing operating and management costs by making use of economies of scale through judicious investment into highly-competitive, superior properties. As a result of such measures, NRIC has been maintaining favorable profitability and management performance. However, revenue stability is not necessarily enough to turn around the financing environment and capital market conditions. For this reason, the Asset Management Company takes the maintaining and strengthening of the financial management base as a task of top immediate priority.

Moreover, plans are to lower the ratio of interest-bearing debt to total assets at NRIC to around a 50% level and strive to also reduce the total amount of interest-bearing debt through the selling of assets.

### (2) Transfer decision

NRIC reached the decision made today to transfer the asset, having deemed the Transfer to be optimal for NRIC (i) In light of the drastic changes in the external environment surrounding NRIC, especially the global credit crunch spilling over to Japanese capital markets and causing turmoil in particularly the real estate investment trust securities market; and (ii) Based on the asset management objectives and policy as designated in NRIC’s Articles of Incorporation; and (iii) As a result of comprehensively taking into account revenue projections, variations in and projections for asset values, trends in the real estate market, portfolio composition and policy for constructing the portfolio, as well as the abovementioned reduction of the total amount of interest-bearing debt, among other factors.

### (3) Incurrence of loss on sale

A capital loss of about 200 million yen (excluding various costs, etc.) is expected from the Transfer. In spite of this, NRIC’s ongoing focus on internal growth has resulted in operations consistently surpassing the plan set at the beginning of the fiscal period, which NRIC anticipates will absorb the loss from the Transfer.

### 3. Description of Asset to be Transferred

Name of Asset	Park Habio Kyobashi	
Type of Specified Asset	Real estate	
Location	3-7-4 Hacchobori, Chuo-ku, Tokyo	
Land	Ownership	Proprietary ownership
	Zoning	Commercial zone
	Lot Size	541.65m <sup>2</sup>
	FAR/Building Coverage Ratio	600%/80%
Building	Ownership	Proprietary ownership
	Type	Apartment and office
	Floor Area	5,056.14m <sup>2</sup>
	Construction Completion	August 2004
	Structure	Steel-framed reinforced concrete and steel-framed structure with flat roof; 13 floors above ground and 1 floor below ground
	Leasable Units	63 units in total (1R: 8 units; 1K: 32 units; 1LDK: 16 units; 1LDK+N: 5 units; Office: 2 units)
Appraisal Value at End of Period	2,980 million yen	(Time of reference for the survey: May 31, 2008)
Appraiser	Morii Appraisal & Investment Consulting, Inc.	
Tenant Details	No. of Tenants (Note 1)	1
	Monthly Rent (Note 2)	14,092 thousand yen
	Deposit, etc. (Note 3)	62,503 thousand yen
	Total Rentable Area (Note 4)	3,400.43m <sup>2</sup>
	Total Rented Area (Note 4)	3,400.43m <sup>2</sup>
	Occupancy Rate (based on area) (Note 4)	100.0%

(Note 1) The total number of tenants is entered as one tenant when a single tenant leases multiple rental units. 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 2) The monthly rent indicated is the total sum of the monthly rent (includes common expenses but excludes monthly parking space usage fees) of each of the tenants with whom lease agreements have been concluded as of September 30, 2008. The amount has been rounded down to the nearest thousand yen and excludes consumption tax, etc.

(Note 3) The deposit, etc. indicates the total sum of the deposits, etc. (excludes the parking space portion) of each of the tenants with whom lease agreements have been concluded as of September 30, 2008. The amount has been rounded down to the nearest thousand yen.

(Note 4) The total rentable area, total rented area and occupancy rate lists figures as of September 30, 2008.

### 4. Transferee Profile

The transferee of the asset is a leading company of Japan, but details are not disclosed as the sale and purchase agreement sets forth a confidentiality obligation. The transferee is not a party having particular vested interest in NRIC or the Asset Management Company.

## 5. Broker Profile

Not applicable.

## 6. Outlook

As mentioned in 2. (3) above, NRIC has been focusing on internal growth and anticipates this will absorb the loss from the Transfer. The management performance outlook for NRIC for the fiscal period ending in November 2008 (June 1, 2008 – November 30, 2008) does not change as a result of the Transfer.

- 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 October 31, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*