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For Immediate Release



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#### Notification on Review of NRIC's Rating

##### 1. Review of Rating

Today, the credit rating agency of Nippon Residential Investment Corporation (NRIC), Rating and Investment Information, Inc. (hereafter, "R&I"), released an announcement stating that it has downgraded NRIC's rating to BBB+ and placed it on the Rating Monitor with a view to downgrading it further. These reflect R&I's view that the downgrading of the rating of Pacific Holdings, Inc. (hereafter, "Pacific Holdings"), the principal shareholder of the asset management company to which NRIC entrusts the management of its assets, Pacific Residential Corporation (hereafter, the "Asset Management Company"), is expected to affect the sentiment of financial institutions in relation to the 28.1 billion yen in loans due for repayment by February 2009 and the new property acquisition worth about 11.7 billion yen scheduled to take place by the end of November 2008. In addition, the decline in the salability of rental housing properties was cited as another primary reason.

##### 2. Independence of Management and Decline in Salability

The Asset Management Company believes that the downgrading of Pacific Holdings'

rating will not have a major impact on NRIC's management or its agreements.

As of today, no relationship of monetary debts or credits exists between Pacific Holdings and NRIC, and problems specific to Pacific Holdings do not have any direct negative effect on NRIC's operations.

Furthermore, the Asset Management Company recognizes the decline in the liquidity of the real estate trading market as a general fact, but does not believe that it is specific to NRIC nor an event that would impact NRIC alone.

### 3. Maintaining and Strengthening of the Financial Management Base

The Asset Management Company takes the maintaining and strengthening of the financial management base as a task of top priority for NRIC and is currently in talks with financial institutions in view of smooth raising of funds.

Moreover, plans are to lower the ratio of interest-bearing debt to total assets at NRIC to around a 50% level. As indicated in the "Notification on Transfer of Park Habio Kyobashi and Future Financial Policy" and "Notification on Loan Repayment" press releases that were separately issued today, efforts are also being pursued to reduce the total amount of interest-bearing debt through the selling of assets.

- 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.*