

August 6, 2009

For Immediate Release



**NIPPON  
RESIDENTIAL  
INVESTMENT  
CORPORATION**

Nippon Residential Investment Corporation  
1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo  
Masaru Nishimura  
Chief Executive Officer  
(Securities Code: 8962)

Asset Management Company:  
Pacific Residential Corporation  
1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo  
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#### Notification of Change in Parent Company at Asset Management Company

Nippon Residential Investment Corporation (NRIC) announces the following with respect to change in the parent company of NRIC's asset management company Pacific Residential Corporation (PRS).

#### 1. Change in Parent Company

##### (1) Overview

Pacific Holdings, Inc. (PHI), which has received a district court order of commencement of corporate reorganization proceedings, and AD Investment Management Co., Ltd. (ADIM) signed into a share transfer agreement (hereafter, the "Share Transfer Agreement") of content that PHI shall transfer its stake in PRS (6,000 PRS shares, or 93.8%, of the total number of PRS shares issued and outstanding) in its entirety (hereafter, the "Shares") to ADIM and that ADIM shall purchase the Shares from PHI (hereafter, the "Share Transfer"). In correlation, PRS' board of directors today approved ADIM's acquisition of the Shares from PHI. Should the Share Transfer take place, it will result in a change in the parent company of PRS.

ADIM is an asset management company that is entrusted with the management of the assets of Advance Residence Investment Corporation (ADR), and has ITOCHU Corporation (ITOCHU) as its main sponsor.

(2) Background and Rationale

PHI, which is a major shareholder of PRS and is NRIC's sponsor company, filed a petition for commencement of corporate reorganization proceedings on March 10, 2009 and received an order of commencement of corporate reorganization proceedings from the Tokyo District Court on March 31, 2009. While this is an issue that is specific to PHI and is not an event that would directly affect NRIC's operations, the presence of a sponsor company is recognized to be necessary in building a stable financial base and growth strategy in the long term for NRIC. Based on this recognition, with the support of an external advisor, NRIC and PRS have been leading the selection of a new sponsor company that will take the place of PHI.

In the selection, a series of considerations have been underway in the quest to select a company from which increasing NRIC's unitholder value can be anticipated, along with having the creditworthiness to dispel the uneasiness over NRIC's credit caused by the failure of PHI and be accepted by NRIC's existing financial institutions. Such has led to the selection of ADIM as the new sponsor as mentioned above, as well as the agreement in principle with respect to a merger of ADR, from which the new Sponsor is entrusted with the management of assets, and NRIC as announced in the "Notice Concerning Signing of Letter of Intent for Merger of Investment Corporations" issued today by ADR and ADIM as well as NRIC and PRS.

The two investment corporations are both REITs specializing in residential properties and have extremely high portfolio affinity. In addition, as the portfolio compositions are mutually complementary, the forming of a long-term, stable and highly-competitive portfolio plus the building of a strong financial base that leverages the creditworthiness of ADR's sponsor company ITOCHU can be realized. Moreover, the increase in asset size through the merger is expected to result in also cost savings and other benefits in the form of economies of scale.

NRIC faces the challenge of concerns over the appraised LTV of financial covenants rising due to drops in reappraisal amounts and the challenge of raising funds to redeem a total of 89.5 billion yen in investment corporation bonds, which are set to become due for redemption, but improvement in NRIC's creditworthiness in correlation with the concerned merger is believed to enable the challenges to be resolved.

ADIM and PRS, the relationship of which will be a parent company and its subsidiary, will each be managing the assets of different investment corporations during the period until the merger between ADR and NRIC becomes effective, but measures will be taken to protect information and prevent other conflicts of interest between the two companies.

## 2. Name, etc. of Concerned Shareholder

Company Name	AD Investment Management Co., Ltd.	
Head Office Address	3-12 Kioicho, Chiyoda-ku, Tokyo	
Representative	Kenji Kousaka	
Line of Business	<ul style="list-style-type: none"> <li>• Investment trust entrustment business (Note)</li> <li>• Investment corporation asset management business (Note)</li> </ul> (Note) The underlying laws and ordinances have changed in correlation with enactment of the Law for Amending the Securities and Exchange Law and Other Financial Laws (Law No. 65 of 2006), changing the name of the business to financial instruments business (investment management business).	
Relationship with NRIC and NRIC's Asset Management Company	Does not constitute an interested party, etc. as of today, but will become PRS' parent company and constitute an interested party, etc. of PRS after execution of the Share Transfer.	
Shareholders and their Shareholdings (number of shares held as a percentage of total number of shares issued and outstanding)	ITOCHU Corporation	45%
	ITOCHU Property Development Co., Ltd.	20%
	Nippon Tochi-Tatemono Co., Ltd.	20%
	Aozora Bank, Ltd.	3%
	Orient Corporation	3%
	Sumitomo Trust & Banking Co., Ltd.	3%
	Century21 Real Estate of Japan Ltd.	3%
	Mizuho Trust & Banking Co., Ltd.	3%

## 3. Schedule of Change

August 6, 2009	Approval of the Share Transfer by PRS' board of directors
August 6, 2009	Signing of the Share Transfer Agreement
September 2009	Execution of the Share Transfer (planned)

#### 4. Shareholder Composition

(Before execution of the Share Transfer)

Shareholder	Shareholding	
	Number of Shares	% of Total Number of Shares Issued and Outstanding
Pacific Holdings, Inc.	6,000	93.8%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	200	3.1%
Odakyu Real Estate Co., Ltd.	200	3.1%
Total	6,400	100.0%

No issue of shares with no voting rights.

(After execution of the Share Transfer)

Shareholder	Shareholding	
	Number of Shares	% of Total Number of Shares Issued and Outstanding
AD Investment Management Co., Ltd.	6,000	93.8%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	200	3.1%
Odakyu Real Estate Co., Ltd.	200	3.1%
Total	6,400	100.0%

No issue of shares with no voting rights.

#### 5. Outlook

The following matters regarding PRS are not scheduled to change in correlation with the Share Transfer at this stage.

- (1) Change in asset management agreement
- (2) Change in structure
- (3) Change in decision-making structure for investment management
- (4) Change in rules for compliance or related parties
- (5) Change in investment policy
- (6) Change in agreement with sponsors, etc.

As announced in the “Notice Concerning Signing of Letter of Intent for Merger of Investment Corporations” issued today by ADR and ADIM as well as NRIC and PRS, ADIM and PRS is scheduled to merge with ADIM as the surviving company and the effective date being the same date as the date the merger between ADR and NRIC becomes effective. In correlation, PRS will be dissolved.

Moreover, in compliance with the Financial Instruments and Exchange Law, Building Lots and Buildings Transaction Business Law and other applicable laws, ordinances and regulations, the required filing and other procedures will be performed in relation to this matter.

- 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 August 6, 2009 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.*