

April 24, 2009

For Immediate Release



Nippon Residential Investment Corporation
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Masaru Nishimura
Chief Executive Officer
(Securities Code: 8962)

Asset Management Company:
Pacific Residential Corporation
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Notification on Compensation from Asset Management Company

Nippon Residential Investment Corporation (NRIC) announces the decision to accept compensation from Pacific Residential Corporation, which is the asset management company to which NRIC entrusts the management of its assets (hereafter, the “Asset Management Company”). The decision follows the Asset Management Company’s decision to compensate NRIC for repair costs it shouldered for the purpose of ensuring the legal compliance of properties in its portfolio.

1. Details of the Compensation

- (1) The Asset Management Company verifies legal compliance in the due diligence conducted upon the acquisition of properties by NRIC. However, the currently required content, level and other standards of the due diligence investigations differ in many aspects to that at the time of acquisition of the properties. In light of this, among other factors, the Asset Management Company has been investigating legal compliance on its own initiative in accordance with the current standards.
- (2) The investigations were initially conducted primarily on sub-core properties, resulting in finding properties that were not legally compliant. Consequently, corrective construction work was implemented at NRIC’s expense. As at February 2008, the Asset Management Company has compensated NRIC for the amount equivalent to the costs incurred by NRIC in taking these corrective measures. For

details, please refer to the attached “Notification on Compensation from Asset Management Company” dated January 25, 2008.

- (3) The Asset Management Company has since increased the scope of its investigations to include all properties and has been investigating legal compliance on an ongoing basis. Such investigations found some properties to be in a state that was not compliant with the Building Standards Law and other applicable laws and ordinances. Consequently, corrective construction work was implemented at NRIC’s expense. The Asset Management Company is now paying NRIC an amount equivalent to the costs incurred by NRIC in taking these corrective measures as follows:

- No. of properties subject to compensation: 23 properties
- Amount: 24,443,180 yen (sum total of all properties subject to compensation)
- Content of corrective construction work: Construction work to remove blind panels, etc.
- Scheduled date of payment of compensation for loss: By end of May 2009

The investigations of legal compliance described above have been completed for all properties, and the currently required content, level and other standards of the due diligence investigations involve no state or schedule of future compensation other than the foregoing compensation.

2. Impact on NRIC’s Business Performance

The compensation income based on the details described in 1. above will be recorded in the fiscal period ending in May 2009 (Eleventh fiscal period: December 1, 2008 – May 31, 2009). However, the impact of this matter on the management performance for the fiscal period ending in May 2009 is minimal. Accordingly, there is no change to the management performance forecasts.

- 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 April 24, 2009 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.

[Reference]

January 25, 2008

For Immediate Release



Nippon Residential Investment Corporation
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Notification on Compensation from Asset Management Company

Nippon Residential Investment Corporation (NRIC) announces the decision to accept compensation from Pacific Investment Advisors Corporation (PIA), which is the asset management company to which NRIC entrusts the management of its assets. The decision follows PIA's decision to compensate NRIC for repair costs it shouldered for the purpose of ensuring the legal compliance of properties in its portfolio.

1. Details of the Compensation

PIA verifies legal compliance in the due diligence conducted upon the acquisition of properties by NRIC. However, some properties were found to be in a state that was not compliant with the Building Standards Law and other applicable laws and ordinances after NRIC's acquisition of the properties. Consequently, certain corrective measures were taken at NRIC's expense. PIA is now paying NRIC an amount equivalent to the costs incurred by NRIC in taking these corrective measures.

No. of properties subject to compensation: 12 properties

Amount: 36,969,050 yen (sum total of all properties subject to compensation)

Scheduled date of payment of compensation for loss: By end of February 2008

2. Impact on NRIC's Business Performance

The compensation income based on the details described in 1. above will be recorded in the fiscal period ending in May 2008 (ninth fiscal period). However, the impact of this matter on the management performance for the fiscal period ending May 2008 (December 1, 2007 – May 31, 2008) is minimal. Accordingly, there is no change to the management performance forecasts.