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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 of Sponsor Company's
Petition to Commence Corporate Reorganization Proceedings

Nippon Residential Investment Corporation (NRIC) announces a petition to commence corporate reorganization proceedings was filed with the Tokyo District Court on March 10, 2009 by NRIC's sponsor company and also major shareholder of Pacific Residential Corporation (the asset management company to which NRIC entrusts the management of its assets; hereafter, the "Asset Management Company"), Pacific Holdings, Inc. (PHI), and was accepted by the Court on the same day (hereafter, the "Event") as outlined below.

Considering that the Event is an issue specific to PHI and is not an event that would directly affect NRIC's operations, NRIC and the Asset Management Company will continue to operate soundly as follows:

1. NRIC and PHI are separate corporations. In addition, NRIC's assets are under custody completely separate from that of PHI. Given these facts, PHI's business conditions do not directly impact NRIC.
2. In the period ended November 30, 2008, despite posting a loss from a penalty incurred for canceling the acquisition of a specified asset, NRIC maintained steady

business performance with ¥4,535 million in operating revenues, ¥3,096 million in ordinary profit and ¥769 million in net income. In addition, cash flows resulted in net cash provided by operating activities of ¥5,413 million. Given these results, PHI's business conditions do not directly impact NRIC.

3. The Asset Management Company possesses the properties necessary for its continuity as stipulated in applicable laws and regulations and will maintain its asset management structure as usual irregardless of the Event.
4. NRIC's investment units will remain listed on the Tokyo Stock Exchange as before.

Furthermore, NRIC also announces its policy for its endeavors to respond promptly and appropriately to the Event.

Details

1. NRIC's and Asset Management Company's Relationship with PHI

(1) Relationship between PHI and NRIC

(a) Capital Ties (as of March 10, 2009)

The number of investment units held by PHI is 1,282 units (0.52% of the number of investment units outstanding).

[The Asset Management Company holds 200 units (0.08% of the number of investment units outstanding).]

(b) Personnel Ties

None

(c) Major Business Ties

- While there is no direct contractual relationship between PHI and NRIC, NRIC is provided real estate information, etc. via the Asset Management Company for the purpose of NRIC's ongoing portfolio growth based on the Support Agreement that the Asset Management Company has entered into with PHI and PHI's subsidiary Pacific Realty Corporation (PRL).
- In addition, for the purpose of promoting the Pacific Residence brand strategy, NRIC is granted a free license for the relevant trademark rights of PRL based on the Trademark License Agreement that NRIC has entered into with PRL (the holder of the relevant trademark rights is PHI; PRL is licensed to the relevant trademark rights by PHI and PRL then sublicenses the relevant trademark rights to NRIC).

(2) Relationship between PHI and Asset Management Company

(a) Capital Ties (as of March 10, 2009)

The number of shares held by PHI is 6,000 shares (93.8% of the number of shares outstanding).

(b) Personnel Ties

As of today, the 27 employees of the Asset Management Company, with the exception of the 3 directors and 1 compliance officer, are seconded from PHI.

In addition, the Asset Management Company's President and Chairman of the Board Takeshi Takano assumed the position of director (part-time) of PHI, effective February 26, 2009, but he today submitted to the provisional administrator of PHI a letter stating that he will resign from the position of director of PHI.

(c) Major Business Ties

- PHI provides real estate information, etc. to the Asset Management Company based on the Support Agreement mentioned in 1.(1)(c) above.
- The Asset Management Company has lent ¥300 million in cash to PHI.
- The Asset Management Company has entered into an agreement with PHI that entrusts PHI with administration operations. Based on the agreement, the Asset Management Company receives human resources, general affairs, system maintenance and other support.
- The Asset Management Company has entered into a basic agreement with PHI on the seconding of personnel. Based on the agreement, the Asset Management Company receives personnel support as mentioned in (b) above.

2. Future Prospects of NRIC and Asset Management Company

(1) NRIC

- (a) PHI, along with its subsidiary PRL, serves an important role of providing information to NRIC on investment properties held by PHI and PRL and supporting NRIC's long-term portfolio growth in other ways based on the Support Agreement entered into with the Asset Management Company. While no new property acquisitions are scheduled owing to the recent worsening financial and real estate market environment, if a situation arises where NRIC no longer receives such support in the long term, then there will be a possibility that it will have certain impact on NRIC's growth strategy. In addition, if a

situation arises where NRIC is no longer granted a free license for the trademark rights relating to the Pacific Residence brand, then there will similarly be a possibility that it will have certain impact on NRIC's growth strategy.

- (b) NRIC and PHI are separate corporations and NRIC's assets are also under custody separate from that of PHI. Given these facts, NRIC's assets are not included in the scope of PHI's corporate reorganization proceedings. An issue specific to PHI like that described does not directly affect NRIC's operations. However, there are concerns over the Event possibly causing impact on NRIC's financing from financial institutions and others. Additionally, there may be cases where it will have certain impact on the business ties between PHI and NRIC, such as the items given in 1.(1)(c) above.
 - (c) On the other hand, concerning the refinancing of ¥3.0 billion and ¥7.9 billion in loans that were due for repayment on February 27, 2009 and February 28, 2009, respectively, totaling ¥10.9 billion, NRIC refinanced the full amount as announced on February 25, 2009. The next date on which there will be loans due for repayment, etc. is the end of June 2009 in the principal amount totaling ¥10.9 billion. NRIC has adopted refinancing, centering on its main financial institutions, as its basic policy for these loans as well.
 - (d) The refinancing of loans and redemption of investment corporation bonds due for repayment or redemption will subsequently become due hereafter. NRIC is advancing the measures mentioned in 3. below in order to smoothly secure the funds for such,
 - (e) As of today, NRIC has not breached any financial covenants set forth in basic agreements entered into with its financial institutions. In addition, the occurrence of the Event does not cause NRIC to be in breach of those financial covenants.
- (2) Asset Management Company
- (a) PHI is the Asset Management Company's parent company holding 93.8% of the Asset Management Company's number of shares outstanding. The employees of the Asset Management Company, with the exception of 3 full-time directors and 1 compliance officer, are seconded from PHI. Following the Event, procedures have been underway for all officials to transfer to the Asset Management Company, effective March 16, 2009. Consequently, the Event does not pose any problems in terms of the asset management conducted by the

Asset Management Company.

In addition, the Asset Management Company's President and Chairman of the Board Takeshi Takano assumed the position of director (part-time) of PHI, effective February 26, 2009, but he today submitted to the provisional administrator of PHI a letter stating that he will resign from the position of director of PHI.

- (b) The Asset Management Company has been issued an unqualified opinion from Deloitte Touche Tohmatsu for the financial statements and supplementary schedules for its 7th fiscal year (fiscal year started April 1, 2007 and ended March 31, 2008).
- (c) As mentioned in 1.(2)(c) above, the Asset Management Company has lent ¥300 million in cash to PHI. There is a possibility that such funds lent will become delinquent. Nevertheless, the Asset Management Company implemented such lending within the scope of its surplus funds. Thus, no problems will arise in the Asset Management Company's cash management even in the event of delinquency of such funds lent. In addition to these, the Asset Management Company's most recent financial conditions also show that there have been no events that would pose as problems in the asset management structure and nor has it taken out borrowings.

3. Future Undertakings

(1) Financial Management Policy

As discussed above, NRIC acknowledges that there is a possibility that the Event could have an unduly large impact on its financial management. Concerning the loans that are due for repayment in the future, NRIC has adopted refinancing, centering on its main financial institutions, as its basic policy. As for the investment corporation bonds that are due for redemption, NRIC sees the approaches available to it to be to (a) Borrow from financial institutions and others; (b) Issue privately-placed bonds, etc.; (c) Sell assets; or (d) Increase capital or implement some other method. As an increase in capital will cause dilution effects that will extend over a long term, NRIC sees this to be the very last choice. Accordingly, NRIC is giving priority consideration to raising funds by combining the methods of (a) to (c) above. Furthermore, concerning the selling of assets that is currently under negotiation, there is a high possibility that a loss on sale will be

incurred like with Park Habio Kyobashi, which was sold in the Tenth Fiscal Period.

Consequently, in the event of a sale of an asset that will be accompanied by a loss on sale like the above, although there will probably be a significant decrease in distributable income and decrease in distribution per unit, NRIC plans to execute the sale with priority placed on keeping NRIC in operation over the long term.

(2) Selection of Candidates for New Sponsor

NRIC believes that the impact of the absence of a sponsor company on operating NRIC to be minimal in the short term. NRIC does, however, believe that the presence of a sponsor company would be necessary in building a stable financial base and growth strategy in the long term.

Concerning the selection of a new sponsor, NRIC is moving the selection forward with the cooperation of its financial institutions and will keep informing of the progress.

4. Other

Any subsequent changes, such as in the management performance of NRIC or the situation at the Asset Management Company, will be announced once ascertained.

- 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 March 10, 2009 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.