

<<Major Questions and Answers at the Analyst Meeting Held on November 19, 2008>>

Question	Answer
Am I correct to understand that you are tired of negotiations with financial institutions and will not apply for civil rehabilitation?	We will not apply for civil rehabilitation.
Suppose Pacific Holdings, Inc. (hereafter, “PHI”), the principal sponsor of the asset manager (hereafter, “PRS”), goes bankrupt, how will you explain this to financial institutions and negotiate with them?	We believe that, in order to win the support of financial institutions, it is essential for the sponsors of PRS to regain credit. In the worst case, we may discuss with PHI and study the transfer of PRS shares owned by PHI to third parties.
What is the amount or volume of property transfer that you would consider for the future?	Two of our corporate bond series equivalent to 18 billion yen will mature next year. If they are to be redeemed by using the funds gained from selling properties, we would need to take measures centering on selling properties totaling 12 to 13 billion yen.
What is the average cash position you want to have on your books?	We need a minimum of around 1 billion yen to cover monthly running costs. Normally, we want to keep our cash position at 5 to 6 billion yen.
Have you experienced changes in the stance of financial institutions concerning provision of collateral?	Our understanding is that provision of collateral will heighten the probability of refinancing.
Do you mean that financial institutions are positive about providing loans as long as they are collateralized?	We believe that would be a correct understanding.
Will your corporate bonds be refinanced with collateralized loans?	Presently, we understand that will be the case. Aside from the principal five banks, we want to negotiate with other financial institutions regarding such loans.
What is the situation of your negotiations with banks concerning borrowing of funds for the redemption of corporate bonds?	Currently we are engaged in negotiations on loans due in February next year. Therefore, it is difficult for us to simultaneously negotiate refinancing for corporate bonds.
I understand PRS has sponsors other than PHI. Aren’t you in a situation in which you should look for a new sponsor now, not after you enter a worst case scenario? You could negotiate with the other sponsors or pick up a new third-party sponsor, for example.	We have set our principal scenario of realizing rehabilitation together with PHI. Thus, we are not conducting a search for a sponsor on our own. As for the worst case scenario, we have the same view as you pointed out that we need to consider the option of having a third party involved as a new sponsor.
When you decided to buy Minato Mirai Urban Tower in September 2007, was the resolution by the Board of Directors of PRS on the purchase a unanimous one? What types of materials did you submit to the Board of Directors of Nippon Residential Investment Corporation (hereafter, “NRI”)?	The Board of Directors of PRS made the resolution unanimously. Also, we submitted to NRI’s Board of Directors all of the materials that were used by PRS’s Board of Directors as well as the discussion minutes, and provided full explanations.

<p>Is the LTV (loan to value) rate of 50% a request from financial institutions? Which banks do you mean when you say the five principal banks?</p>	<p>The LTV level is not a request from financial institutions but our own target. The five principal banks are The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Trust and Banking Corporation, The Chuo Mitsui Trust and Banking Company, Limited and The Sumitomo Trust and Banking Co., Ltd.</p>
<p>NRI is one of the largest in size among J-REITs specialized in residential properties. As such, I want NRI to continue as a going concern. What is the stance of the Bank of Tokyo-Mitsubishi UFJ, your main bank, in terms of support? Is there any difference in their eagerness to support compared to other banks?</p>	<p>We recognize the support of our main bank as being strong. We are discussing future measures with the bank on the premise that we continue as a going concern. Furthermore, we do not perceive there to be any difference in eagerness between the main bank and the other four primary banks.</p>
<p>I believe that some of the employees of the asset manager have been seconded from PHI. What do they think of the situation?</p>	<p>All employees are from PHI, but they have strong attachments and a sense of belongingness to PRS as most of them have worked for NRI from the beginning. All of the employees are united and committed to their assignments, as I encourage them by briefing them on the latest developments at least once a week, and such.</p>
<p>Concerning collateral you will provide, what will be the percentage against total assets? Do you also plan to provide collateral to all financial institutions involved?</p>	<p>The percentage of collateral will be similar to the ratio of loans to total assets. It will not be as much as 70 to 80% of total assets. Due to the covenant provisions, we must provide collateral to all participating financial institutions.</p>
<p>What were your discussions with the Financial Services Agency and the Ministry of Land, Infrastructure, Transport and Tourism?</p>	<p>We reported to the authorities on the issue (suspension of acquiring Pacific Royal Court Minato Mirai Urban Tower)</p>
<p>Was there a possibility of reducing the cancellation penalty of 2.4 billion yen?</p>	<p>The SPC (the seller of the property) had multiple related parties including third parties, and we were unfortunately not able to reach agreement with all of them.</p>
<p>I read an article in the Fudosan Keizai Tsushin (Real Estate Economy News) that implied that New City Residence recognized LTV differently than financial institutions. In the case of NRI, how do financial institutions recognize its LTV?</p>	<p>Due to the covenant provisions we are not able to comment on the level of LTV.</p>
<p>What is the situation concerning PHI's search for a new sponsor?</p>	<p>We are not in a position to comment on the situation of negotiations by PHI.</p>