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For Immediate Release



**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

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Notification on Removal of Statement on “Note Regarding the Going Concern Basis”

Nippon Residential Investment Corporation (NRIC) announces the removal of the statement on “Note Regarding the Going Concern Basis” in its Yukashoken Hokokusho (semiannual securities report) for the Eleventh Fiscal Period (December 1, 2008 to May 31, 2009) submitted today to the Director-General of the Kanto Local Finance Bureau as follows.

Details

Pacific Holdings, Inc. (PHI), which is NRIC’s sponsor company and also major shareholder of NRIC’s asset management company Pacific Residential Corporation (hereafter, the “Asset Management Company”), announced on January 27, 2009 that its liabilities exceeded assets in its financial results for the fiscal year ended November 30, 2008, and subsequently filed a petition for commencement of corporate reorganization proceedings with the Tokyo District Court on March 10, 2009 and received an order of commencement of corporate reorganization proceedings from said Court on March 31, 2009.

Although problems specific to PHI do not directly affect NRIC’s operations, PHI’s situation described above led to a state in which there are concerns over the impact of

such on NRIC's future financing from financial institutions and others. In light of such existence of matters of concern for NRIC's cash management, NRIC made a note regarding the going concern basis in its Yukashoken Hokokusho (semiannual securities report) for the Tenth Fiscal Period (June 1, 2008 to November 30, 2008) and Kessan Tanshin (financial report) for the Eleventh Fiscal Period (December 1, 2008 to May 31, 2009).

NRIC and the Asset Management Company recognize the presence of a sponsor company 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 the Asset Management Company have been leading the selection of a new sponsor company that will take the place of PHI.

Such has led to the selection of AD Investment Management Co., Ltd. (ADIM), which is the asset management company of Advance Residence Investment Corporation (ADR), and ITOCHU Corporation (ITOCHU), which is a major shareholder of ADIM, as potential new sponsor companies on August 6, 2009.

In correlation, on the same date, PHI and ADIM signed into a share transfer agreement of content that PHI shall transfer its stake in the Asset Management Company (6,000 shares, or 93.8%, of the Asset Management Company's total number of shares issued and outstanding) in its entirety to ADIM and that ADIM shall purchase the shares from PHI. Execution of the concerned share transfer is scheduled for September 2009. The Asset Management Company is consequently scheduled to become a subsidiary of ADIM.

Moreover, on August 6, 2009, NRIC and ADR signed into a letter of intent for the merging of NRIC and ADR, among other matters. NRIC and ADR are scheduled to sign into a merger agreement in September 2009 based on said letter of intent, but the effective date of the merger is yet to be determined at this stage. The policy is for the investment corporation resulting from the merger to receive support from ITOCHU.

Furthermore, the Asset Management Company and ADIM signed into a letter of intent for the merging of the asset management companies on August 6, 2009, and are subsequently scheduled to sign into a merger agreement on the same date as the signing of the merger agreement between NRIC and ADR.

In addition, there were concerns over possibly not being able to smoothly secure funds for the redemption of investment corporation bonds, which are due for redemption on September 11, 2009 in the amount of 6,000 million yen and October 23, 2009 in the amount of 12,000 million yen. However, as announced in the “Notification of Loans” dated August 27, 2009, NRIC has signed into loan agreements under the objective of allocating the funds to the redemption of these investment corporation bonds.

As a result of the above, the substantial uncertainty about the going concern assumption that existed at the end of the Eleventh Fiscal Period (December 1, 2008 to May 31, 2009) is deemed to have been eliminated and thus the statement on the “Note Regarding the Going Concern Basis” has been removed.

- 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 31, 2009 and was prepared solely for the convenience of, and reference by, overseas investors. NRIC makes no warranties as to its accuracy or completeness.