



Nippon Residential Investment Corp.

Semiannual Report 11th Fiscal Period From December 1, 2008 to May 31, 2009



Nippon Residential Investment Corp.

Japan's First Residential J-REIT Listed on TSE

On March 2, 2004, NRIC became Japan's first residential J-REIT listed on the Tokyo Stock Exchange.

■ Largest Asset Property Holdings of All Residential J-REITs

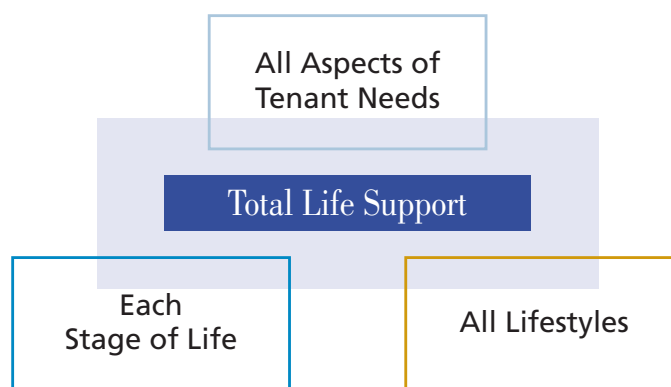
Our portfolio is comprised of 137 properties and 9,273 rentable units worth about ¥302.7 billion (as of the end of May 2009), and is diversified in both geographic and property type distribution.

■ Highly Competitive Portfolio Centered on Superior Properties

Our portfolio is focused on the Tokyo Metropolitan Area and on properties with superior facilities and specifications.

The Comprehensive Residential Property REIT

NRIC is a comprehensive residential property REIT offering "Total Life Support" in superior quality rental housing properties. Our properties offer living environments and services covering all aspects of tenant needs and that are uniquely catered to each tenant's stage of life and lifestyle.



Type						
Life Stage	Early Single	Mid Single	Double Income	Family	Empty Nesters	Senior
Age Group	Early 20s	Late 20s -	Late 20s - 30s	30s - 50s	Around 60	Mid 60s -
Events	Student activities; work	Career switches; job relocation	Marriage; starting a family	Childbirth; education of children; work	Retirement; independence of children	Pension; post-retirement

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To Our Unitholders

I am delighted to have this opportunity to address our unitholders and would like to express my sincere gratitude for your support of Nippon Residential Investment Corporation (NRIC).

Firstly, Pacific Holdings, Inc. (PHI), which is a major shareholder of our asset management company, Pacific Residential Corporation, and which is our sponsor company, filed a petition to commence corporate reorganization proceedings on March 10, 2009 and received an order of commencement of 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 will directly affect our operations, we sincerely apologize for the tremendous inconvenience this may cause to our unitholders.

The financial statements, asset management report and statements on cash distributions concerning our performance for the eleventh fiscal period (December 1, 2008 to May 31, 2009) were approved at a meeting of our board of directors held on July 22, 2009. Below is an overview of our management and details of our financial results.

In the eleventh fiscal period, we sold two properties — Sky Heights Hirabari and Dormitory Haramachida — in anticipation of falling competitiveness. In addition, some investment corporation bonds were retired by purchase. As a result, we registered operating revenues of ¥9,065 million, ordinary profit of ¥1,899 million and net income of ¥2,034 million. Based on these results, we have declared cash distributions of ¥8,231 per investment unit.

Amid the global economic downturn, while the financial and capital markets are showing signs of gradual regaining of composure, the immediate Japanese economic environment still remains bleak. Under such circumstances, we will continue to proceed to maintain and strengthen our financial management base and will keep striving to reduce the total amount of interest-bearing debt, diversify fund procurement methods and increase fund procurement sources.

Moreover, we will provide superior rental housing and management services, and conduct management with the aim of securing steady growth of our assets under management as well as stable revenues in the medium to long term.

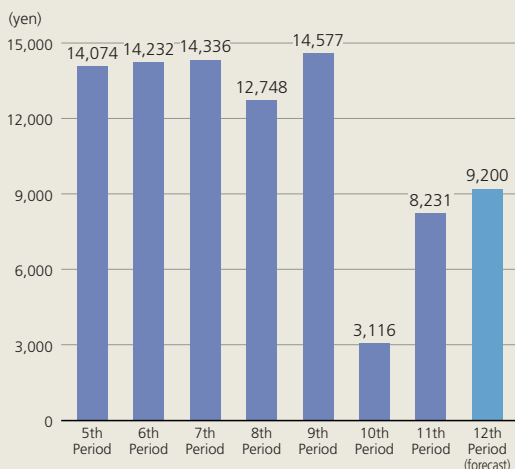
We look forward to your continued support and encouragement.



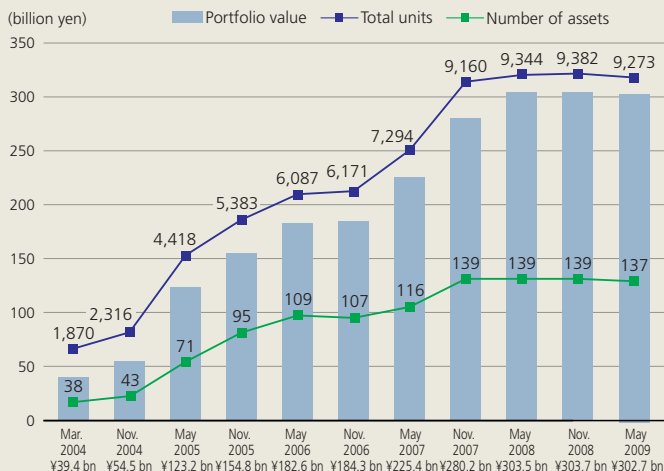
M. Nishimura

Masaru Nishimura
Chief Executive Officer
Nippon Residential Investment Corporation

Distribution per Unit



Portfolio Growth



Report of Activities in the 11th Fiscal Period

Maintaining and Strengthening the Management Base

We would like to express our sincere appreciation to unitholders for your support of NRIC.

The following is a report on the overview of management for the eleventh fiscal period and the future outlook and strategy for NRIC.

Takeshi Takano

President and Chairman of the Board
Pacific Residential Corporation



Introduction

Concerning the Sponsor Company

On March 10, 2009, Pacific Holdings, Inc. (hereafter, "PHI"), which is a major shareholder of Pacific Residential Corporation and sponsor company of NRIC, filed a petition to commence corporate reorganization proceedings. As of March 31, it received an order to commence corporate reorganization proceedings from the Tokyo District Court. Although the event is an issue specific to PHI and is not an event that will directly affect NRIC's operations, we sincerely apologize for the great concern this may have caused unitholders.

The selection of a new sponsor company to replace PHI will be conducted with the aim of developing and implementing a suitable financial strategy for NRIC, and is based on the policy of it being accepted by NRIC's main financial institutions.

Concerning the Management Performance for the Eleventh Fiscal Period

Implemented Property Sales and Retirement by Purchase of Investment Corporation Bonds

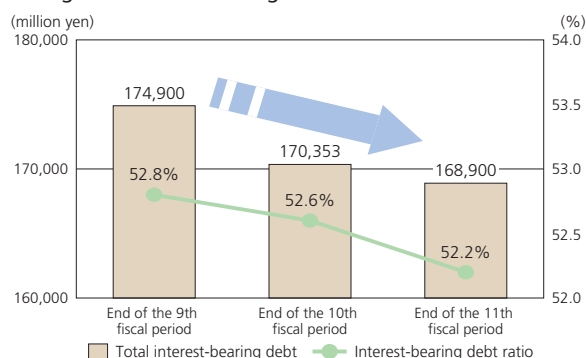
During the eleventh fiscal period, we sold two sub-core properties (Sky Heights Hirabari and Dormitory Haramachida) as part of our portfolio strategy, and posted 332 million yen in loss on sales. We decided to sell these two properties because it was judged that selling them at this point in time will contribute to long-term investor return, in light of the expected (1) decrease

in revenue generating capacity, (2) further decrease in asset value and (3) decrease in competitiveness in the rental housing market.

Furthermore, we implemented retirement by purchase of investment corporation bonds worth 500 million yen in par value for the effective utilization of funds obtained from the abovementioned sales, from the perspective of utilizing a small amount of funds to reduce a larger amount of debt. As a result, we posted 137 million yen in gain on retirement by purchase. This gain on retirement by purchase also offset part of the abovementioned loss on sales, and so the retirement by purchase helped keep the degree of decrease in distributions to a minimum.

We believe that we were able to implement both our portfolio strategy and the strengthening of our financial base at a good balance.

Changes in Interest-Bearing Debt Ratio



Progressed on Our Strategy of Maintaining the Occupancy Rate

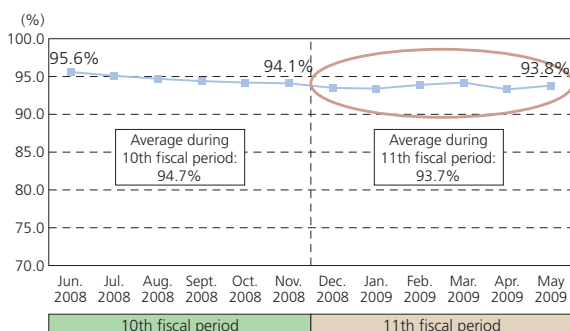
The Japanese economy during the eleventh fiscal period underwent a sudden slowdown in the face of the grave effects of the global financial crisis which widely impacted the real economy. Due to the significant decrease in exports which occurred in correlation with the worsening of the economies of various nations, business earnings deteriorated significantly and capital expenditure was significantly suppressed. Under these circumstances, the employment and income environments have become more severe and personal consumption, which had been decreasing, is not showing continuous signs of improvement.

Under this kind of environment, the rental housing market showed that although there is potentially solid demand such as with the continuation of population influx to the 23 wards of Tokyo, rent levels have generally been weakening due to the impact of the worsening of the economy. This trend was found outstanding especially for luxury rental housing.

Under such an external environment, we immediately reviewed our advertised rents and poured efforts into conducting management that places the greatest emphasis on maintaining the occupancy rate, in order to minimize the decrease in cash flow.

As a result, we were able to maintain the occupancy rate of the entire portfolio as of the end of the eleventh fiscal period at 93.8%.

Actual Area-Based Occupancy Rates



Activities to Maintain and Enhance the Competitiveness of Properties

In general, the deterioration of buildings progresses as the building becomes older, and the property's asset value and competitiveness in the market gradually decrease. NRIC is carrying out systematic major repairs

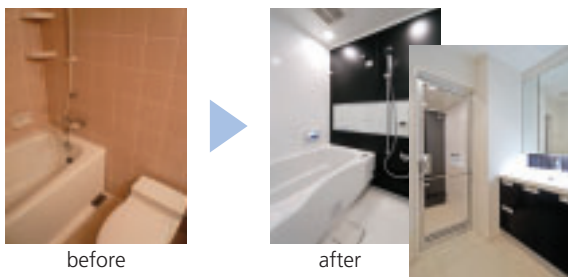
and is striving to maintain and enhance asset values over the long term.

During the eleventh fiscal period, maintenance of external walls and common-use areas, etc., were implemented for three properties which were fifteen years or more in terms of building age (J Stage Honancho, K2 and Grand Heights Hibino). Furthermore, for residential units with inferior specifications for private-use areas in comparison to their location and building quality, we are conducting value enhancement work in order to bring out their latent competitiveness. During the eleventh fiscal period, we conducted value enhancement work for ten residential units in two properties (Pacific Residence Takanawa and Pacific Tower Azabu-juban).

[C-9: Grand Heights Hibino]



[C-24: Pacific Residence Takanawa]



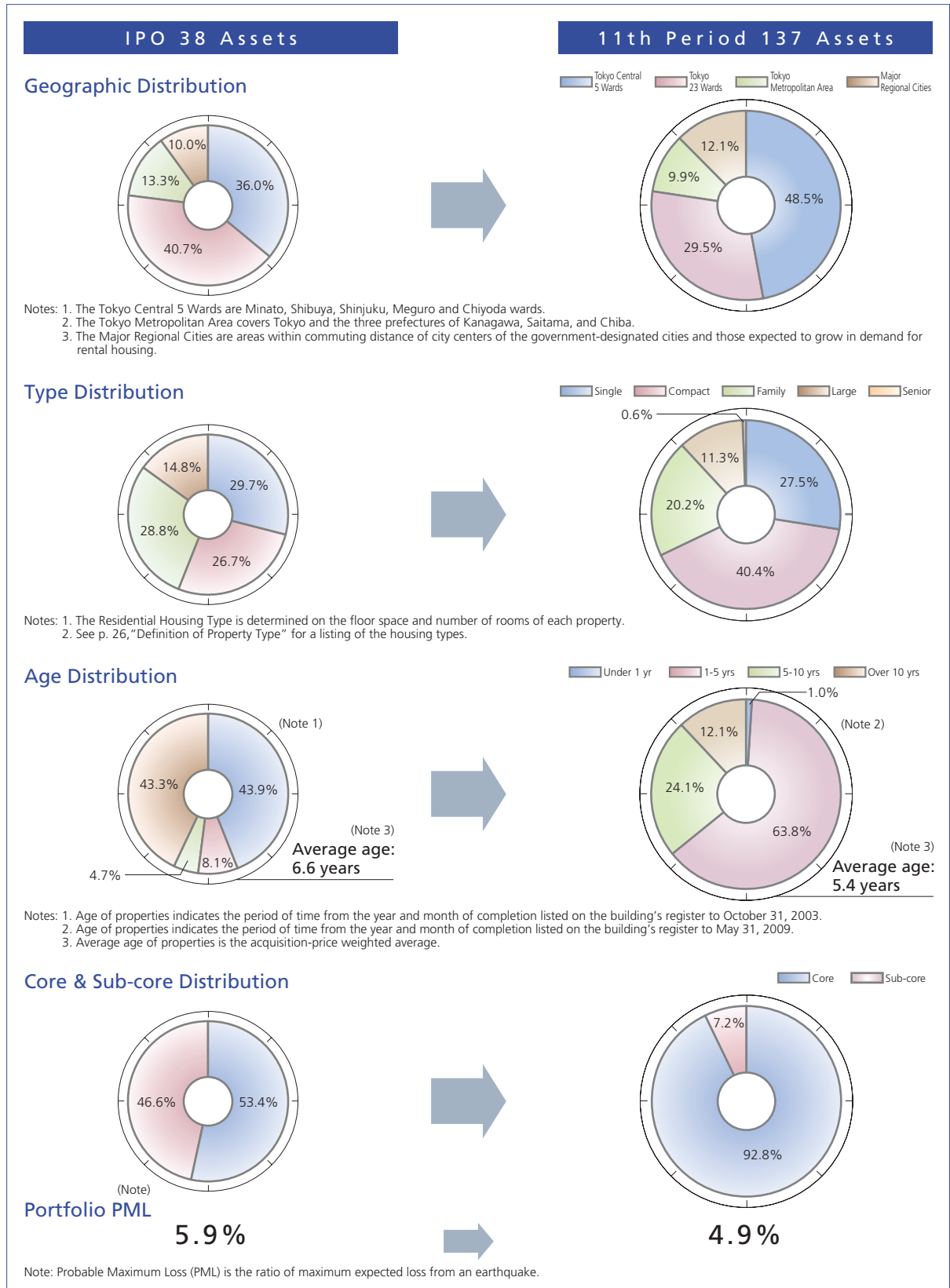
Outlook and Strategy for the Twelfth Fiscal Period

Although the worst of the slowdown is over for the Japanese economy, it is difficult to forecast a strong recovery. For the time being, we believe that harsh conditions will continue for the external environment, such as the real estate market, rental housing market and financial and capital markets.

Under such circumstances, NRIC would like to continue working towards maintaining and strengthening its financial management base, implement leasing by placing an emphasis on occupancy rates and strive to build a stable revenue base. We kindly ask for your continued support and encouragement.

Real Estate Portfolio

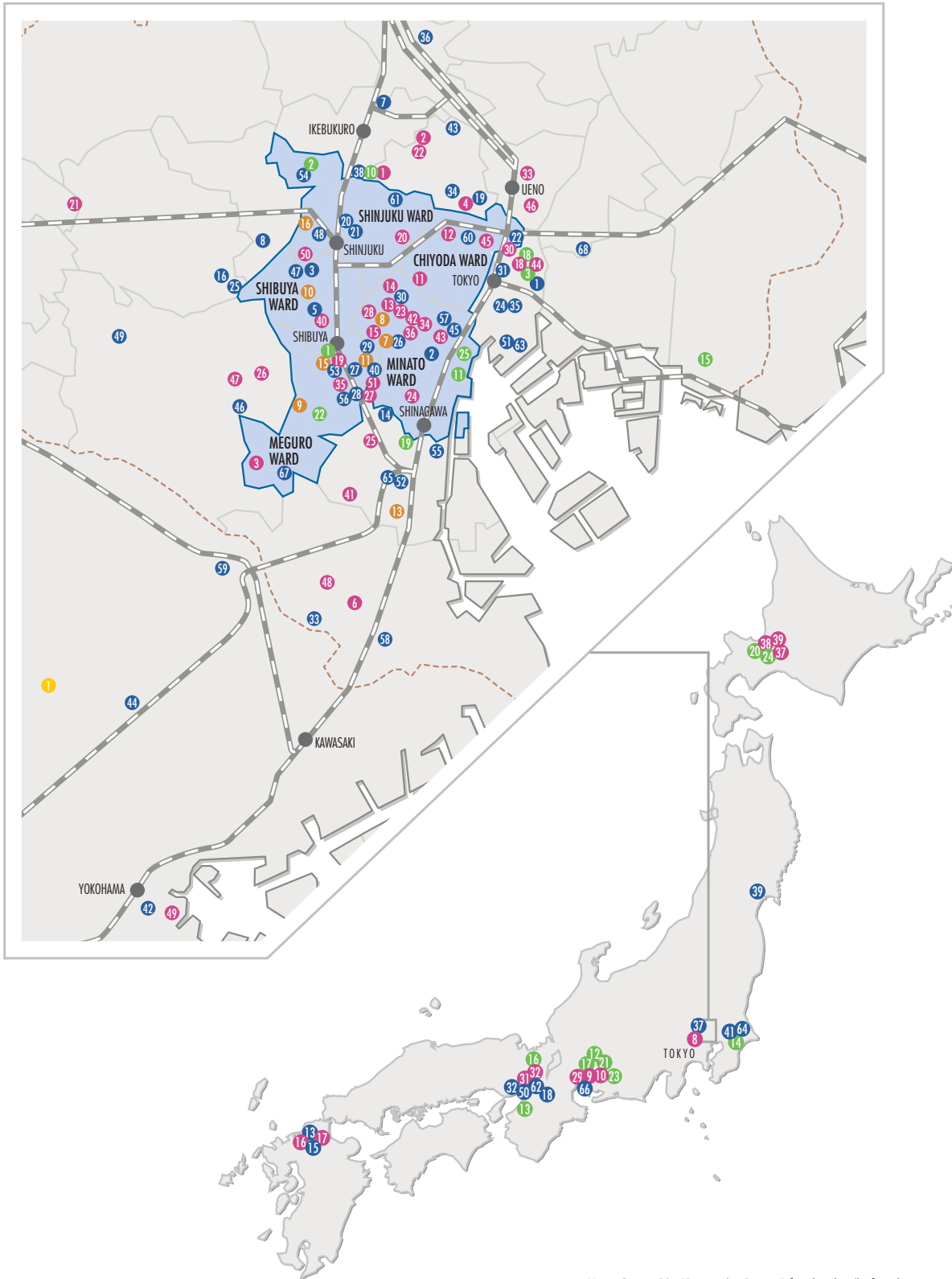
Diversified High Quality Portfolio



Note: The investment ratios above are the ratios of the total acquisition price of assets acquired in each category to the total acquisition price of all acquired assets.

Portfolio Map

● SINGLE TYPE ● COMPACT TYPE ● FAMILY TYPE ● LARGE TYPE ● SENIOR TYPE



Note: See p. 23, "Properties Roster" for the detail of each property.

A modern, bright living and dining area. The room features large windows on the left and right, providing a view of a city skyline. In the center, there is a white sectional sofa with several white pillows. In front of the sofa is a round, white, shaggy rug with a glass-top coffee table. To the left, there is a dark wood dining table with a white chair. The ceiling has two modern, multi-bulb pendant lights. The overall aesthetic is clean and minimalist.

Portfolio Properties

S-30 Pacific Residence Akasaka II

Tokyo Central 5 Wards

Core 1



Property Information

Location: Akasaka, Minato-ku, Tokyo
Land Space: 823.51m²
Rentable Floor Space: 1,480.47m²
Building Structure: RC B1F/5F
Date of Completion: 2005/1
Acquisition Price: ¥1,567 million
Date of Acquisition: 2005/3

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

8-minute walk from Akasaka Station on the Tokyo Metro Chiyoda line and Roppongi Station on the Toei Subway Oedo line

S-50 Pacific Livew Utsuboko

Major Regional Cities



Core 1



Property Information

Location: Utsubohonmachi, Nishi-ku, Osaka-shi, Osaka

Land Space: 467.41m²

Rentable Floor Space: 2,741.46m²

Building Structure: SRC 15F

Date of Completion: 2006/1

Acquisition Price: ¥1,200 million

Date of Acquisition: 2006/2

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

2-minute walk from Honmachi Station on the Osaka Municipal Subway Yotsubashi line

S-55 Pacific Residence Higashi-Shinagawa

Tokyo 23 Wards

Core 1



Property Information

Location: Higashishinagawa,
Shinagawa-ku, Tokyo
Land Space: 928.57m²
Rentable Floor Space: 2,588.01m²
Building Structure: RC 11F
Date of Completion: 2006/8
Acquisition Price: ¥2,317 million
Date of Acquisition: 2006/8

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

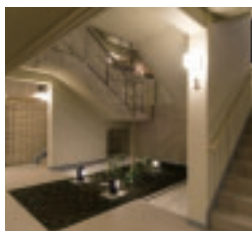
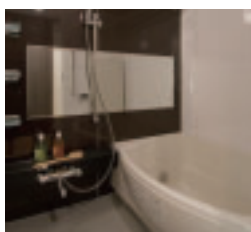
Access

7-minute walk from Kitashinagawa
Station on the Keihin Kyuko line

S-59 Pacific Residence Musashikosugi

Tokyo Metropolitan Area

Core 1



Property Information

Location: Nakahara-ku, Kawasaki-shi, Kanagawa Pref.

Land Space: 1,330.80m²

Rentable Floor Space: 2,560.40m²

Building Structure: RC B1F/5F

Date of Completion: 2007/2

Acquisition Price: ¥1,767 million

Date of Acquisition: 2007/6

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Security cameras in common area

Access

9-minute walk from Musashi-Kosugi Station on the Tokyu-Toyoko line and the Tokyu-Meguro line
9-minute walk from Musashi-Kosugi Station on the JR Nambu line

S-68 COSMOS GRACIA Kinshicho Aquver

Tokyo 23 Wards

Core 2



Good Design Award 2008



Property Information

Location: Midori, Sumida-ku, Tokyo
Land Space: 889.34m²
Rentable Floor Space: 3,394.21m²
Building Structure: RC 14F
Date of Completion: 2008/1
Acquisition Price: ¥2,908 million
Date of Acquisition: 2008/6

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

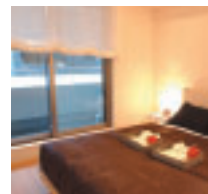
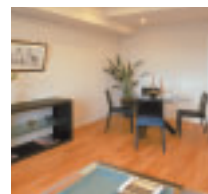
8-minute walk from Kinshicho Station on the Tokyo Metro Hanzomon line and the JR Sobu line

C-15 Apartments Nishi-Azabu

Tokyo Central 5 Wards



Core 2



Property Information

Location: Nishi-Azabu, Minato-ku, Tokyo
Land Space: 1,194.72m²
Rentable Floor Space: 7,078.64m²
Building Structure: SRC B1F/14F
Date of Completion: 2004/7
Acquisition Price: ¥7,920 million
Date of Acquisition: 2004/12

Facilities

- Front staff
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

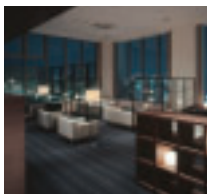
Access

11-minute walk from Hiroo Station on the Tokyo Metro Hibiya line

C-25 Pacific Tower Meguro-Fudomae

Tokyo 23 Wards

Core 1



Property Information

Location: Nishigotanda, Shinagawa-ku, Tokyo

Land Space: 2,929.35m²

Rentable Floor Space: 21,019.77m²

Building Structure: RC B3F/30F

Date of Completion: 2007/1

Acquisition Price: ¥14,507 million

Date of Acquisition: 2007/2

Facilities

- Front staff
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Security cameras in common area
- Disposer
- Sky lounge
- Fitness gym

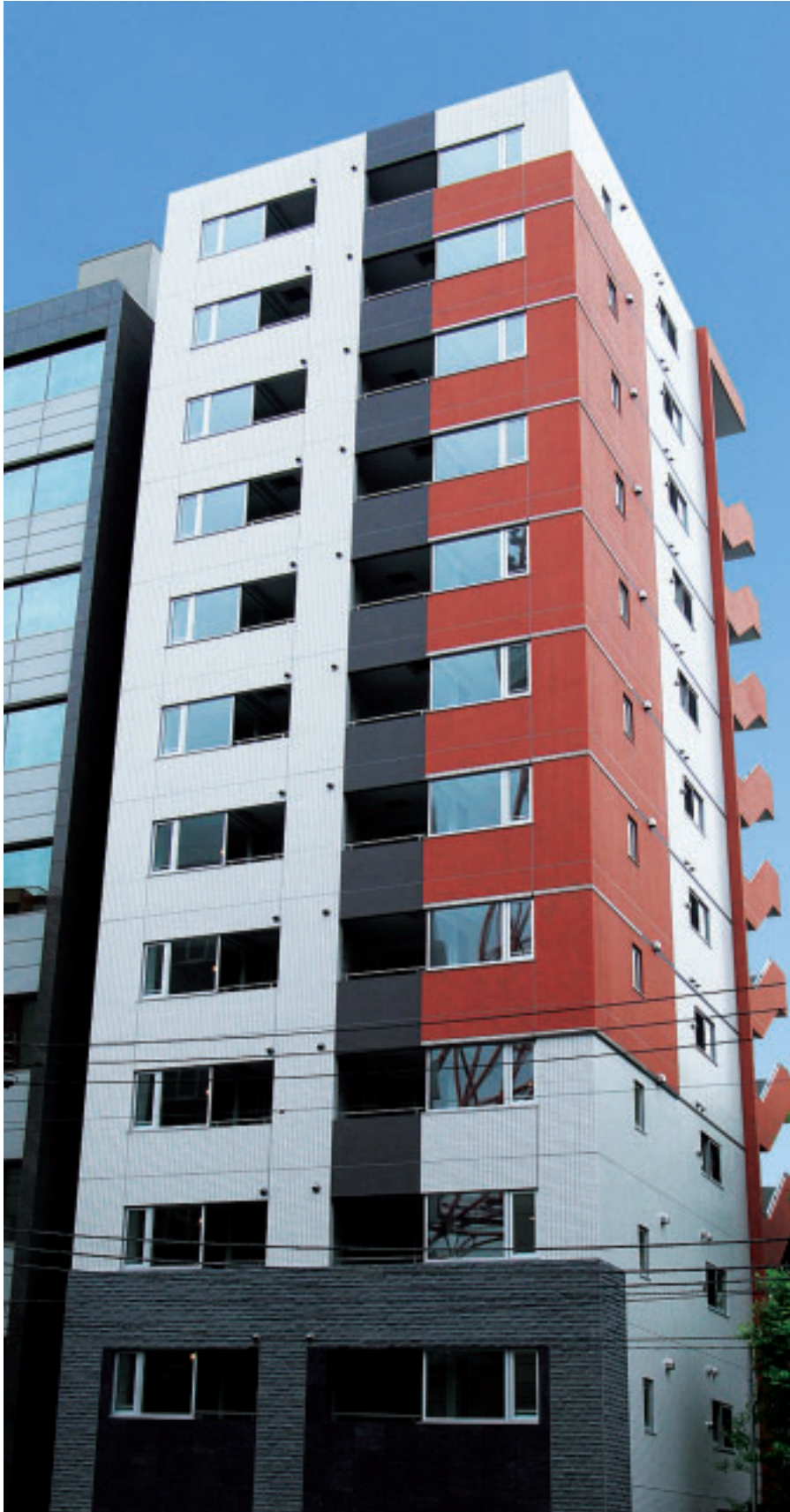
Access

7-minute walk from Fudomae Station on the Tokyu-Meguro line

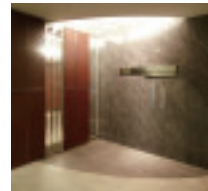
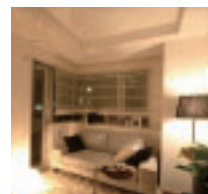
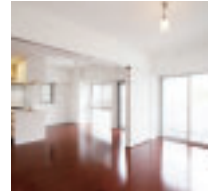
7-minute walk from Gotanda Station on the JR Yamanote line

C-34 Pacific Residence Higashiazabu

Tokyo Central 5 Wards



Core 1



Property Information

Location: Higashiazabu, Minato-ku, Tokyo
Land Space: 284.52m²
Rentable Floor Space: 1,582.54m²
Building Structure: RC 12F
Date of Completion: 2006/4
Acquisition Price: ¥1,570 million
Date of Acquisition: 2006/5

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

5-minute walk from Akabanebashi Station on the Toei Subway Oedo line

C-35 Pacific Residence Ebisu-Minami

Tokyo Central 5 Wards

Core 1



Property Information

Location: Ebisu-Minami, Shibuya-ku, Tokyo

Land Space: 713.24m²

Rentable Floor Space: 2,023.88m²

Building Structure: RC B1F/8F

Date of Completion: 2007/3

Acquisition Price: ¥2,436 million

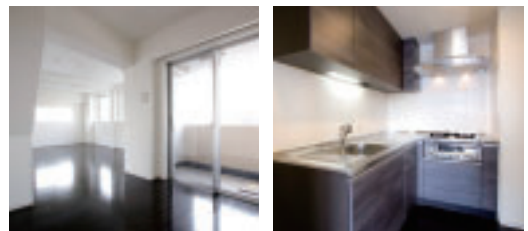
Date of Acquisition: 2007/3

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

8-minute walk from Ebisu Station on the JR Yamanote line

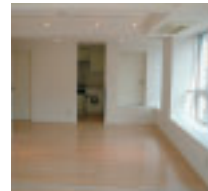


C-36 Pacific Tower Azabu-juban

Tokyo Central 5 Wards



Core 1



Property Information

Location: Mita, Minato-ku, Tokyo
Land Space: 1,096.46m²
Rentable Floor Space: 7,207.18m²
Building Structure: RC B2F/25F
Date of Completion: 2003/1
Acquisition Price: ¥9,060 million
Date of Acquisition: 2006/12

Facilities

- Front concierge
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

4-minute walk from Azabu-Juban Station on the Toei Subway Oedo line and Tokyo Metro Nanboku line

C-49 Pacific Royal Court Minato Mirai Ocean Tower

Tokyo Metropolitan Area

Core 1



Property Information

Location: Minato-Mirai, Nishi-ku,
Yokohama-shi, Kanagawa Pref.

Land Space: 4,990.30m²

Rentable Floor Space: 26,082.53m²

Building Structure: SRC B1F/29F

Date of Completion: 2007/11

Acquisition Price: ¥15,221 million

Date of Acquisition: 2007/12

Facilities

- Front concierge
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area
- Fitness gym
- Trunk room

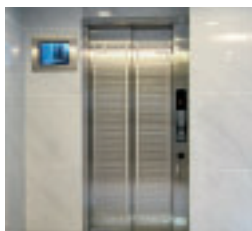
Access

7-minute walk from Shin-Takasima
Station on the Yokohama High-Speed
Railway Minato Mirai line
15-minute walk from Yokohama Station
on the JR Tokaido line

F-17 Pacific Residence Izumi

Major Regional Cities

Core 1



Property Information

Location: Izumi, Higashi-ku, Nagoya-shi, Aichi Pref.

Land Space: 2,575.53m²

Rentable Floor Space: 9,715.22m²

Building Structure: SRC 15F

Date of Completion: 2005/11

Acquisition Price: ¥4,400 million

Date of Acquisition: 2005/12

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Security cameras in common area

Access

7-minute walk from Hisaya-Odori Station on the Nagoya Shieii Subway Sakura-dori line and Meijo line

F-19 Pacific Residence Gotenyama

Tokyo 23 Wards

Core 1



Property Information

Location: Kitashinagawa, Shinagawa-ku, Tokyo

Land Space: 856.80m²

Rentable Floor Space: 1,228.15m²

Building Structure: RC B1F/3F

Date of Completion: 2007/1

Acquisition Price: ¥1,186 million

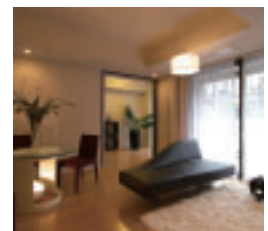
Date of Acquisition: 2007/2

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area
- Disposer

Access

9-minute walk from Kitashinagawa Station on the Keihin-Kyuko line
14-minute walk from Osaki Station on the Rinkai line and JR line

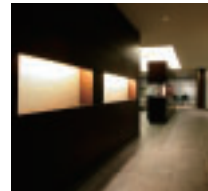
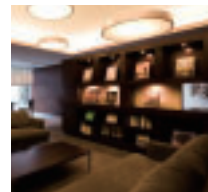
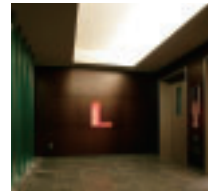


F-22 Pacific Residence Yutenji

Tokyo Central 5 Wards



Core 1



Property Information

Location: Nakameguro, Meguro-ku, Tokyo
Land Space: 2,396.69m²
Rentable Floor Space: 5,423.36m²
Building Structure: RC B1F/7F
Date of Completion: 2006/8
Acquisition Price: ¥5,940 million
Date of Acquisition: 2007/8

Facilities

- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

5-minute walk from Yutenji Station on the Tokyu-Toyoko line

L-7 Motoazabu Place

Tokyo Central 5 Wards

Core 2



Property Information

Location: Moto-Azabu, Minato-ku, Tokyo

Land Space: 6,036.42m²

Rentable Floor Space: 7,382.62m²

Building Structure: RC 3-5F

Date of Completion: 2001/2

Acquisition Price: ¥10,270 million

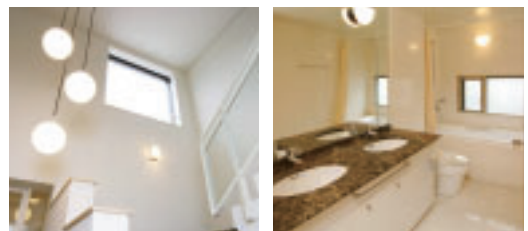
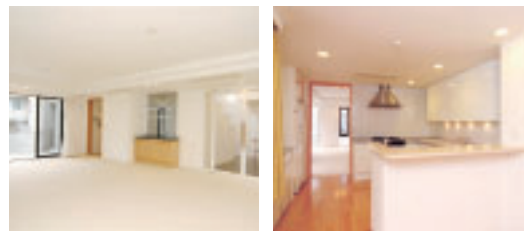
Date of Acquisition: 2005/3

Facilities

- Front staff
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Security cameras in common area

Access

9-minute walk from Azabu-Juban Station on the Tokyo Metro Nanboku line
9-minute walk from Azabu-Juban Station on the Toei Subway Oedo line

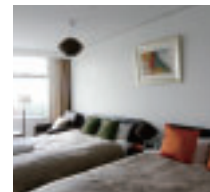


L-8 Pacific Tower Roppongi

Tokyo Central 5 Wards



Core 1



Property Information

Location: Roppongi, Minato-ku, Tokyo
Land Space: 1,038.93m²
Rentable Floor Space: 5,978.20m²
Building Structure: RC B2F/27F
Date of Completion: 2006/2
Acquisition Price: ¥8,456 million
Date of Acquisition: 2006/3

Facilities

- Front concierge
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area
- Fitness gym
- Trunk room

Access

5-minute walk from Roppongi Station on the Tokyo Metro Hibiya line
5-minute walk from Nogizaka Station on the Tokyo Metro Chiyoda line
4-minute walk from Roppongi Station on the Toei Subway Oedo line

Properties Roster

Roster of Assets owned at the end of 11th fiscal period

Property No. (note1)	Asset Type (note2)	Area (note3)	Property Name	Acquisition Price (mn yen) (note 4)	Building Structure (note5,6)	Number of Floors (note5,6)	Rentable Units (note7)	Date of Completion (note5)
S-1	Core1	Tokyo 23 Wards	Pacific Liew Shinkawa	2,050	RC	7F	83	Feb.2003
S-2	Core1	Tokyo Central 5 Wards	Pacific Liew Shiba Daimon	1,900	RC	B1F/10F	63	Nov.2002
S-3	Sub-core	Tokyo Central 5 Wards	Glenpark Sangubashi	1,040	RC	7F	27	Mar.2003
S-5	Sub-core	Tokyo Central 5 Wards	Leopalace Udagawacho Mansion	569	RC	5F	30	Aug.2001
S-7	Sub-core	Tokyo 23 Wards	Escort Kami-Ikebukuro	644	RC	8F	44	Dec.2001
S-8	Core1	Tokyo 23 Wards	Pacific Residence Shin-Nakano	448	SRC	11F	24	Jun.2002
S-13	Sub-core	Major Regional Cities	Yoshizuka AG Building No.6 and No.7	428	RC	5F	86	No.6: Mar.1987 No.7: Jan.1988
S-14	Core1	Tokyo 23 Wards	Pacific Liew Shirokanedai	1,250	RC	B1F/5F	32	May 2004
S-15	Core2	Major Regional Cities	Grand Blue Hakata	1,582	SRC	14F	155	Mar.2002
S-16	Sub-core	Tokyo 23 Wards	J Stage Honancho	952	RC	B1F/7F	91	Mar.1992
S-18	Core1	Major Regional Cities	Pacific Liew Tenjinbashi	970	SRC	12F	78	Feb.2000
S-19	Core1	Tokyo 23 Wards	Pacific Residence Yushimasanchome	1,020	SRC	12F	63	Mar.2004
S-20	Core1	Tokyo Central 5 Wards	Pacific Residence Shinjuku East	1,397	RC	10F	54	Feb.2004
S-21	Core1	Tokyo Central 5 Wards	Pacific Liew Shinjuku higashi	854	SRC	8F	48	Aug.2000
S-22	Core1	Tokyo Central 5 Wards	Pacific Residence Kandaiwamotocho	1,657	RC	B1F/15F	65	Feb.2004
S-24	Core1	Tokyo 23 Wards	Pacific Residence Tsukiji	1,320	RC	11F	54	Dec.2005
S-25	Core1	Tokyo 23 Wards	Pacific Residence Sasaduka	1,950	RC	6F	96	Mar.2000
S-26	Core1	Tokyo Central 5 Wards	Pacific Residence Minamiazabu	1,060	RC	B1F/9F	37	Feb.2001
S-27	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisuhighashi	660	SRC	10F	26	Jan.2001
S-28	Core1	Tokyo 23 Wards	Pacific Residence Meguronishi	800	RC	B1F/7F	20	Oct.1999
S-29	Core1	Tokyo Central 5 Wards	Pacific Residence Hiroo 3chome	850	RC	2-3F	29	Sep.1999
S-30	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka II	1,567	RC	B1F/5F	37	Jan. 2005
S-31	Core1	Tokyo 23 Wards	Pacific Liew Kyobashi	1,401	SRC/S	B1F/15F	52	Jan. 2005
S-32	Core1	Major Regional Cities	Pacific Residence Sannomiyahigashi	2,247	RC	15F	161	Nov. 2005
S-33	Core1	Tokyo 23 Wards	Pacific Liew Tamagawa	1,514	RC	7F	98	Sep. 2004
S-34	Sub-core	Tokyo 23 Wards	Maison Korakuen	710	SRC	11F	31	Oct. 2004
S-35	Core1	Tokyo 23 Wards	Pacific Liew Ginzahigashi	2,348	SRC	B1F/14F	94	Sep. 2004
S-36	Sub-core	Tokyo 23 Wards	Relation Oji	1,027	RC	11F	61	Feb. 2005
S-37	Sub-core	Tokyo Metropolitan Area	No.6 Zelkova Mansion	609	RC	9F	33	Feb. 2003
S-38	Core1	Tokyo 23 Wards	Pacific Liew Wasedanishi	1,100	RC	12F	63	Jul. 2005
S-39	Sub-core	Major Regional Cities	KC21 Building	1,167	SRC	11F	79	Mar. 1997
S-40	Core1	Tokyo Central 5 Wards	Pacific Liew Hiroo	1,741	SRC	12F	76	Nov. 2005
S-41	Sub-core	Tokyo Metropolitan Area	Cosmo Nishi-Funabashi II	799	RC/S	B1F/7F	70	Mar. 1992
S-42	Core1	Tokyo Metropolitan Area	Pacific Liew Yokohama Kannai	1,950	SRC	11F	102	Aug. 2004
S-43	Sub-core	Tokyo 23 Wards	K2	393	SRC/S	B1F/11F	25	Sep. 1992
S-44	Sub-core	Tokyo Metropolitan Area	FLATS OKURAYAMA	895	RC	5F	64	Mar. 1998
S-45	Core2	Tokyo Central 5 Wards	Pianeta Shiodome	2,782	RC	12F	67	Feb. 2005
S-46	Sub-core	Tokyo 23 Wards	ZESTY KOMAZAWADAIGAKU	393	RC	4F	18	Oct. 2004
S-47	Sub-core	Tokyo Central 5 Wards	ZESTY YOYOGI	377	RC	4F	16	Feb. 2005
S-48	Sub-core	Tokyo Central 5 Wards	ZESTY NISHISHINJUKU	436	RC	5F	19	Feb. 2005
S-49	Sub-core	Tokyo 23 Wards	ZESTY KYODO	344	RC	4F	15	Feb. 2005
S-50	Core1	Major Regional Cities	Pacific Liew Utsuboko	1,200	SRC	15F	94	Jan. 2006
S-51	Core1	Tokyo 23 Wards	Pacific Residence Tsukishima I	1,176	RC	9F	40	Feb. 2006
S-52	Core2	Tokyo 23 Wards	CYNTHIA Oimachi	1,100	RC	13F	48	Dec. 2005
S-53	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisu	3,500	RC	15F	61	Jan. 2006
S-54	Core1	Tokyo Central 5 Wards	Pacific Residence Kamiochiai	1,332	RC	B1F/6F	70	Sep. 2006
S-55	Core1	Tokyo 23 Wards	Pacific Residence Higashi-Shinagawa	2,317	RC	11F	122	Aug. 2006
S-56	Core2	Tokyo Central 5 Wards	LUKE	1,530	RC	B1F/5F	34	Jan. 2006
S-57	Core1	Tokyo Central 5 Wards	Pacific Residence Toranomom	1,484	RC	B1F/14F	63	Sep. 2006
S-58	Core1	Tokyo 23 Wards	Pacific Residence Kamata I	1,579	RC	15F	78	Sep. 2006
S-59	Core1	Tokyo Metropolitan Area	Pacific Residence Musashikosugi	1,767	RC	B1F/5F	68	Feb. 2007
S-60	Core1	Tokyo Central 5 Wards	Pacific Residence Kanda-Ogawamachi	1,370	RC	14F	52	Mar. 2006

Property No. (note1)	Asset Type (note2)	Area (note3)	Property Name	Acquisition Price (mn yen) (note 4)	Building Structure (note5,6)	Number of Floors (note5,6)	Rentable Units (note7)	Date of Completion (note5)
S-61	Core1	Tokyo Central 5 Wards	Pacific Residence Sodai-dori	1,090	RC	12F	52	Aug. 2006
S-62	Core1	Major Regional Cities	Pacific Residence Kyoto-ekimae	2,200	RC	B1F/10F	116	Feb. 2006
S-63	Core1	Tokyo 23 Wards	Pacific Residence Tsukishima II	2,650	RC	12F	105	Sep. 2006
S-64	Core1	Tokyo Metropolitan Area	Pacific Residence Funabashi I and II	3,300	RC	9-10F	172	Mar. 2007
S-65	Core1	Tokyo 23 Wards	Pacific Residence Oimachi I	1,267	RC	9F	40	Jul. 2007
S-66	Core1	Major Regional Cities	Pacific Residence Takaoka	3,000	RC	B1F/15F	198	Aug. 2007
S-67	Core1	Tokyo Central 5 Wards	Pacific Residence Ookayama	1,301	RC	B2F/3F	53	Oct. 2007
S-68	Core2	Tokyo 23 Wards	COSMOS GRACIA Kinshicho Aquver	2,908	RC	14F	99	Jan. 2008
C-1	Core1	Tokyo 23 Wards	Pacific Residence Bunkyootowa	3,590	RC	B1F/10F	104	Aug. 2003
C-2	Core1	Tokyo 23 Wards	Pacific Residence Sengoku	760	SRC	12F	33	Feb. 2003
C-3	Core1	Tokyo Central 5 Wards	Pacific Livew Jiyugaoka	1,080	SRC	B1F/10F	28	Mar. 2002
C-4	Core1	Tokyo 23 Wards	Pacific Residence Yushima	1,110	RC	11F	39	Feb. 2003
C-6	Sub-core	Tokyo 23 Wards	ZESTY Ikegami Building A and B	381	RC	4F	19	Jul. 2003
C-8	Core1	Tokyo Metropolitan Area	Pacific Livew Hachioji	700	RC	9F	40	Jan. 1988
C-9	Sub-core	Major Regional Cities	Grand Heights Hibino	1,230	SRC	14F	124	Apr. 1992
C-10	Core1	Major Regional Cities	Pacific Residence Koyochi	454	RC	5F	40	Feb. 2000
C-11	Core1	Tokyo Central 5 Wards	Pacific Livew Nagatacho	1,000	RC	10F	23	Jan. 2003
C-12	Core1	Tokyo Central 5 Wards	Pacific Residence Suidobashi	2,330	SRC	B1F/14F	65	Dec. 2004
C-13	Core1	Tokyo Central 5 Wards	Pacific Tower Nogizaka	3,900	RC	B2F/19F	68	Aug. 2004
C-14	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka I	1,300	RC	5F	37	May 2004
C-15	Core2	Tokyo Central 5 Wards	Apartments Nishi-Azabu	7,920	SRC	B1F/14F	125	Jul. 2004
C-16	Core1	Major Regional Cities	Pacific Residence Tenjinminami	1,200	SRC	15F	56	Jan. 2004
C-17	Core1	Major Regional Cities	Pacific Livew Hakataeki-Minami	420	SRC/RC	11F	39	Jan. 2003
C-18	Core1	Tokyo 23 Wards	Pacific Residence Ningyocho	572	RC	B1F/7F	25	Mar. 2004
C-19	Core1	Tokyo Central 5 Wards	Pacific Residence Daikanyama	2,180	RC	B1F/8F	42	Jul. 2004
C-20	Core1	Tokyo Central 5 Wards	Pacific Residence Ichigaya	2,580	SRC	B1F/14F	85	Aug. 2004
C-21	Core1	Tokyo Metropolitan Area	Pacific Residence Kichijoji	1,445	RC	3F	48	Mar. 1995
C-22	Core1	Tokyo 23 Wards	Pacific Residence Bunkyoosengoku	1,557	SRC	13F	45	Apr. 2005
C-23	Core1	Tokyo Central 5 Wards	Pacific Residence Akasaka Hinokicho	4,710	RC	B1F/8F	88	Sep. 1999
C-24	Core1	Tokyo Central 5 Wards	Pacific Residence Takanawa	1,550	SRC	B2F/8F	32	Jan. 2003
C-25	Core1	Tokyo 23 Wards	Pacific Tower Meguro-Fudomae	14,507	RC	B3F/30F	358	Jan. 2007
C-26	Core1	Tokyo 23 Wards	Pacific Residence Sangen-jaya I	3,311	RC	B1F/14F	78	Jan. 2005
C-27	Core1	Tokyo 23 Wards	Pacific Livew Chojamaru	3,338	RC	B2F/3F	71	Mar. 2005
C-28	Sub-core	Tokyo Central 5 Wards	L'air Minami Aoyama	1,030	RC	B1F/4F	13	Mar. 2005
C-29	Core2	Major Regional Cities	Mare	963	SRC	12F	38	Feb. 2005
C-30	Core1	Tokyo Central 5 Wards	Pacific Livew Kandahigashi	1,880	SRC	15F	64	Oct. 2003
C-31	Sub-core	Major Regional Cities	Melody Heim Shin-Osaka	956	SRC	10F	70	Apr. 1994
C-32	Sub-core	Major Regional Cities	Melody Heim Matsubara	643	RC	8F	53	Mar. 1994
C-33	Core1	Tokyo 23 Wards	Pacific Livew Iriya	1,190	SRC	11F	49	Dec. 2004
C-34	Core1	Tokyo Central 5 Wards	Pacific Residence Higashiazabu	1,570	RC	12F	31	Apr. 2006
C-35	Core1	Tokyo Central 5 Wards	Pacific Residence Ebisu-Minami	2,436	RC	B1F/8F	39	Mar. 2007
C-36	Core1	Tokyo Central 5 Wards	Pacific Tower Azabu-juban	9,060	RC	B2F/25F	113	Jan. 2003
C-37	Core1	Major Regional Cities	Pacific Residence Minami-ichijo	1,910	RC	B1F/15F	179	Dec. 2006
C-38	Core1	Major Regional Cities	Pacific Residence Odori-Nishi	1,790	RC	B1F/15F	103	Dec. 2006
C-39	Core1	Major Regional Cities	Pacific Residence Kita-sanjo	1,261	RC	B1F/11F	100	Jan. 2007
C-40	Core2	Tokyo Central 5 Wards	COSMOS GRACIA Shibuya	1,633	SRC	B1F/11F	40	Jun. 2006
C-41	Core1	Tokyo 23 Wards	Pacific Livew Nakanobu	2,040	RC	14F	65	Nov. 2005
C-42	Core1	Tokyo Central 5 Wards	Pacific Residence Azabudai	2,040	RC	14F	47	Feb. 2006
C-43	Core1	Tokyo Central 5 Wards	Pacific Residence Shibadaimon	1,980	RC	13F	48	Aug. 2006
C-44	Sub-core	Tokyo 23 Wards	Glana Nihonbashi	1,550	RC	10F	45	Aug. 2006
C-45	Sub-core	Tokyo Central 5 Wards	Nostel Court Kanda	1,320	RC	13F	43	Jun. 2006
C-46	Core2	Tokyo 23 Wards	COSMOS GRACIA Shin-Okachimachi	2,162	RC	15F	69	Mar. 2007
C-47	Core1	Tokyo 23 Wards	Pacific Residence Sangen-jaya II	1,750	RC	8F	34	Mar. 2006
C-48	Core1	Tokyo 23 Wards	Pacific Residence Chidoricho	1,500	RC	5F	60	Sep. 2006
C-49	Core1	Tokyo Metropolitan Area	Pacific Royal Court Minato Mirai Ocean Tower	15,221	SRC	B1F/29F	416	Nov. 2007

Property No. (note1)	Asset Type (note2)	Area (note3)	Property Name	Acquisition Price (mn yen) (note 4)	Building Structure (note5,6)	Number of Floors (note5,6)	Rentable Units (note7)	Date of Completion (note5)
C-50	Core1	Tokyo Central 5 Wards	Pacific Residence Nishi-Shinjuku	2,020	RC	B1F/4F	74	May 2007
C-51	Core1	Tokyo Central 5 Wards	Pacific Residence Hiroo-Minami	1,180	RC	10F	26	Aug.2007
F-1	Core1	Tokyo Central 5 Wards	Pacific Residence Sakuragaoka	3,960	SRC	B2F/12F	66	Apr. 2003
F-2	Core1	Tokyo Central 5 Wards	Pacific Residence Mejiro Otomeyama	1,100	RC	B1F/3F	19	Dec. 2002
F-3	Core1	Tokyo 23 Wards	Pacific Residence Shinkawa	1,420	SRC	14F	36	Feb. 2003
F-10	Core1	Tokyo 23 Wards	Pacific Residence Mejiro	7,350	SRC	B1F/10F	162	Jan.1999
F-11	Core1	Tokyo Central 5 Wards	Pacific Residence Shibaura	4,900	SRC	B2F/15F	154	Sep. 1991
F-12	Core1	Major Regional Cities	Pacific Residence Shirakabehigashi	1,070	RC	8F	33	May 2005
F-13	Core1	Major Regional Cities	Pacific Residence Sakaihigashi	890	SRC/RC	15F	50	Aug. 2005
F-14	Sub-core	Tokyo Metropolitan Area	Maison Yachiyodai	1,281	SRC	8F	39	Aug. 1989
F-15	Sub-core	Tokyo 23 Wards	Abreast Kasai	807	RC	7F	29	Jan. 2000
F-16	Core1	Major Regional Cities	Pacific Residence Uzumasa	958	RC	B1F/7F	48	Jan. 2000
F-17	Core1	Major Regional Cities	Pacific Residence Izumi	4,400	SRC	15F	122	Nov. 2005
F-18	Core1	Tokyo 23 Wards	Pacific Residence Nihonbashi-Bakurocho	5,380	RC	17F	132	Feb. 2007
F-19	Core1	Tokyo 23 Wards	Pacific Residence Gotenyama	1,186	RC	B1F/3F	16	Jan. 2007
F-20	Core1	Major Regional Cities	Pacific Residence Maruyama Kita-gojo	1,284	RC	15F	56	Feb. 2007
F-21	Core1	Major Regional Cities	Pacific Residence Tokugawa	975	RC	9F	27	Dec. 2006
F-22	Core1	Tokyo Central 5 Wards	Pacific Residence Yutenji	5,940	RC	B1F/7F	118	Aug. 2006
F-23	Core1	Major Regional Cities	Pacific Residence Higashiyama-Motomachi	991	RC	B1F/4F	23	Sep. 2007
F-24	Core1	Major Regional Cities	Pacific Residence Odori-Koen	2,680	RC	B1F/14F	109	Aug. 2007
F-25	Core2	Tokyo Central 5 Wards	Park Tower Shibaura Bayward Urban Wing	14,510	RC/S	B1F/29F	191	May 2005
L-7	Core2	Tokyo Central 5 Wards	Motozabu Place	10,270	RC	3-5F	41	Feb. 2001
L-8	Core1	Tokyo Central 5 Wards	Pacific Tower Roppongi	8,456	RC	B2F/27F	83	Feb. 2006
L-9	Core1	Tokyo Central 5 Wards	Pacific Residence Kamimeguro	1,000	RC	B1F/5F	16	Jan. 1993
L-10	Core1	Tokyo Central 5 Wards	Pacific Residence Yoyogikoen	1,310	RC	B1F/4F	6	Jul. 1998
L-11	Core2	Tokyo Central 5 Wards	Windsor House Hiroo	2,000	RC	B1F/3F	12	Jun. 2003
L-13	Core1	Tokyo 23 Wards	Pacific Residence Ohi	1,120	RC	B1F/5F	22	Oct. 1989
L-15	Core1	Tokyo Central 5 Wards	Pacific Residence Daikanyama-Sarugakucho/Daikanyama Parkside Village	8,140	RC	B1F/9F B1F/3F	77	May 2006 Nov. 1982
L-16	Sub-core	Tokyo Central 5 Wards	Luxeair Kita-Shinjuku	1,900	RC	B1F/5F	26	Feb. 1997
SE-1	Core2	Tokyo Metropolitan Area	Life & Senior House Kohoku II	1,950	SRC	6F	78	Oct. 2003
Total				302,723	-	-	9,273	-

Note 1. Acquisition (or planned acquisition) properties are assigned "Property Numbers" derived of five letter categories – S (Single Type), C (Compact Type), F (Family Type), L (Large Type) and SE (Senior Type) – and a number.

Note 2. Asset Type (Core, Sub-core)

Core assets are properties determined to have a superior quality environment for residents and long-term value potential as based on evaluation of various aspects, including convenience, surrounding environment, management conditions, deterioration level, and the equipment and specifications of the facilities. Sub-core assets are properties with competitiveness equivalent to the core assets but which are determined to have excellent profitability and liquidity and therefore are viewed as capable of providing steady rental revenue into the mid-and-long terms. Core assets are further divided into Core 1 for properties bearing the "Pacific" brand name and Core 2 for all other properties.

Note 3. Tokyo Central 5 Wards are defined as Minato, Shibuya, Shinjuku, Meguro and Chiyoda Ward. Tokyo 23 Wards are the remaining wards other than Tokyo Central 5 Wards. Tokyo Metropolitan area is the remaining parts in Tokyo (excluding Tokyo 23 Wards) and the adjacent prefectures Kanagawa, Saitama, and Chiba Prefecture. Major Regional Cities are within reasonable commuting distance to the center of the Government-designated cities and where residential rental housing and other property demand are expected to grow.

Note 4. Acquisition Prices are rounded down to the nearest million yen. Therefore, the sum of each figure does not necessarily match the total value.

Note 5. The "Building Structure", "Number of Floors" and "Date of Completion" are based on official registration entries.

Note 6. Abbreviations appearing in the "Building Structure" and "Number of Floors" columns represent the following: RC = reinforced concrete structure, SRC = steel-framed reinforced concrete structure, S = steel structure, and B = underground (basement).

Note 7. "Rentable Units" represents the number of rental units and units that tenants could potentially sublease. The figures are based on data as of the end of May 2009.

Definition of Property Type

Room layout	Exclusive Area (m ²)							
	Up to 30	Up to 40	Up to 50	Up to 60	Up to 70	Up to 80	Up to 90	Over 90
Studio	S	S	C	C	L	L	L	L
1K	S	S	C	C	L	L	L	L
1DK	S	C	C	C	L	L	L	L
1LDK	-	C	C	C	L	L	L	L
2DK	-	C	C	C	F	F	L	L
2LDK	-	-	C	C	F	F	L	L
3DK	-	-	C	F	F	F	F	L
3LDK	-	-	-	F	F	F	F	L
4LDKor Over	-	-	-	-	F	F	F	L

Note 1. Single Type is designated as "S," Compact Type is "C," Family Type is "F," and Large Type is "L." The spaces marked "-" indicate that, in principle, there is no investment property within that category.

Note 2. The asset management company uses the following criteria to classify room layouts.

- Studio Residential accommodation composed of single room with integrated kitchen.
- 1 K Residential accommodation composed of single room with separate kitchen. Residential accommodation composed of one main living room and one separate independent kitchen.
- 1 (2, 3) DK Residential accommodation composed of one (or two or three) bedroom(s) with separate combined dining room and kitchen with a space of 4.5 jo or more. (One jo is about 1.7 square meters)
- 1 (2, 3, 4) LDK Residential accommodation composed of one (or two, three or four) bedroom(s) with separate combined lounge, dining and kitchen room with a space of 8 jo or more.

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FINANCIAL REPORT

For the 11th Period from December 1, 2008 to May 31, 2009

<Results of Operations>

Selected Financial Data

	(Yen in millions)				
	11th. Period	10th. Period	9th. Period	8th. Period	7th. Period
Operating revenues	¥ 9,066	¥ 9,076	¥ 9,317	¥ 7,940	¥ 6,911
Operating expenses	5,500	4,541	4,591	3,743	3,374
Operating income	3,566	4,535	4,726	4,197	3,537
Income before income tax	2,037	772	3,604	3,158	2,680
Net income	2,034	770	3,603	3,151	2,678
Total assets	323,653	323,969	331,385	303,732	247,956
Total unitholders' equity	150,309	149,074	152,061	151,517	108,382
Unitholders' capital	148,418	148,418	148,418	148,418	105,593
Number of units issued (units)	247,153	247,153	247,153	247,153	186,809
Total unitholders' equity per unit (Yen)	608,160	603,165	615,249	613,047	580,177
Cash distribution	2,034	770	3,603	3,151	2,678
Distribution per unit (Yen)	8,231	3,116	14,577	12,748	14,336
Net operating income from property leasing activities	7,116	7,402	6,766	6,177	4,834
FFO (Funds From Operation) per unit (Yen)	16,502	10,962	19,655	17,814	17,873
Debt service coverage ratio (times)	4	3	6	6	6
Number of days	182	183	183	183	182

Funds from Operations

	(Yen in millions)	
	11th. Period	10th. Period
Net income	2,034	770
Adjustments:		
Depreciation	1,600	1,614
Amortization	111	130
Net loss on sales of discontinued operations	(333)	(195)
FFO	4,078	2,709

FFO (funds from operations) is computed as net income (performed in accordance with generally accepted accounting principles in Japan), excluding gains and losses from sales of real estate property, plus real estate related depreciation and other amortization.

Distribution for the Current Period

	(Yen in thousands)	
	11th. Period	10th. Period
Retained earnings	2,034,448	770,140
Undistributed earnings	132	11
Cash distribution	2,034,316	770,129
(per unit) (Yen)	8,231	3,116

Number of properties and related units for the periods presented

		Properties	Number of Units	Purchase Price (Yen in millions)
	At May. 31, 2008	139	9,344	303,584
10th. Period Acquisitions		1	101	2,908
10th. Period Dispositions		1	63	2,725
	At Nov. 30, 2008	139	9,382	303,767
11th. Period Acquisitions		0	0	0
11th. Period Dispositions		2	109	1,044
	At May. 31, 2009	137	9,273	302,723

Total debt summary and debt maturity schedule

Debt Summary		(Yen in millions)
		11th. Period
Secured		79,401
Unsecured		89,500
	Total	168,901
Fixed Rate		130,197
Floating Rate		38,704
	Total	168,901

Debt Maturity Schedule		(Yen in millions)
Year		
within 1 year		75,512
1 to 2 years		36,990
2 to 3 years		34,437
3 to 4 years		19,475
4 to 5 years		2,487
after 5 years		-
	Total	168,901

Above numbers include the amount of bonds issued.

Capitalization

date	remarks	Units outstanding		Paid-in capital	
		Increase	Balance	Increase	Balance
		(number of units)		(Yen in millions)	
Dec 06 2002	Incorporated private offering	200	200	100	100
Mar 02 2004	Initial Public Offering	49,200	49,400	23,616	23,716
Mar 30 2004	Allocation of new units to third party	1,482	50,882	711	24,427
Dec 01 2004	Public Offering	50,000	100,882	32,033	56,460
Dec 17 2004	Allocation of new units to third party	963	101,845	617	57,077
Jun 14 2005	Public Offering	41,000	142,845	24,958	82,035
Jul 08 2005	Allocation of new units to third party	1,482	144,327	902	82,937
Dec 12 2005	Public Offering	41,000	185,327	21,866	104,803
Jan 11 2006	Allocation of new units to third party	1,482	186,809	790	105,593
Jun 21 2007	Public Offering	60,000	246,809	42,581	148,174
Jul 20 2007	Allocation of new units to third party	344	247,153	244	148,418

Investment Portfolio

Living-type

		As of May 31, 2009	
		Investments	Investment to
		Yen in millions	total assets
			%
Trust Assets	Single Type	41,721	12.9
	Compact Type	41,183	12.7
	Family Type	41,631	12.8
	Large Type	22,228	6.9
	Senior Type	–	–
	sub-total	<u>146,763</u>	<u>45.3</u>
Real Property	Single Type	43,882	13.6
	Compact Type	84,950	26.2
	Family Type	20,603	6.4
	Large Type	12,591	3.9
	Senior Type	2,080	0.6
	sub-total	<u>164,106</u>	<u>50.7</u>
Cash and other assets		<u>12,784</u>	<u>4.0</u>
	total assets	<u>323,653</u>	<u>100.0</u>

Asset-type

		As of May 31, 2009	
		Investments	Investment to
		Yen in millions	total assets
			%
Trust Assets	Core Type	134,118	41.4
	Sub-Core Type	12,645	3.9
	sub-total	<u>146,763</u>	<u>45.3</u>
Real Property	Core Type	154,510	47.7
	Sub-Core Type	9,596	3.0
	sub-total	<u>164,106</u>	<u>50.7</u>
Cash and other assets		<u>12,784</u>	<u>4.0</u>
	total assets	<u>323,653</u>	<u>100.0</u>



Independent Auditors' Report

To the Board of Directors of
Nippon Residential Investment Corporation

We have audited the accompanying balance sheets of Nippon Residential Investment Corporation ("NRIC") as of May 31, 2009 and November 30, 2008, and the related statements of operations, changes in unitholders' equity and cash flows for each of the six months ended May 31, 2009 and November 30, 2008 expressed in Japanese yen. These financial statements are the responsibility of NRIC's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NRIC as of May 31, 2009 and November 30, 2008, and the results of its operations and its cash flows for each of the six months ended May 31, 2009 and November 30, 2008, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.

As discussed in Note 9 to the financial statements, as a significant subsequent event, there are events about change of sponsor company, merger of investment corporations and signing of loan agreement.

KPMG AZSA & Co.

Tokyo, Japan
August 28, 2009

NIPPON RESIDENTIAL INVESTMENT CORPORATION

Balance Sheets

as of May 31, 2009 and November 30, 2008

	As of May 31, 2009	As of November 30, 2008
	(Yen in millions)	
ASSETS		
Investments in real estate (including trust accounts)		
Land	¥ 168,449	¥ 168,871
Depreciable property	152,115	152,623
Investments in real estate	320,564	321,494
Accumulated depreciation	(10,910)	(9,429)
Investments in real estate, net	309,654	312,065
Other investments		
Leasehold rights	1,215	1,215
Cash and deposits (including trust accounts)	10,656	8,591
Rent receivables	427	403
Allowance for doubtful receivables	(106)	(55)
Receivables, net	321	348
Long-term prepaid expense	668	733
Other assets	1,139	1,017
TOTAL ASSETS	¥ 323,653	¥ 323,969
LIABILITIES and UNITHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	¥ 978	¥ 1,020
Received in advance	99	42
Short-term loans	27,859	20,700
Income taxes payable	17	7
Accrued consumption taxes	1	58
Long-term loans due within 1 year	29,653	17,754
Bonds due within 1 year	18,000	18,000
Long-term loans	21,889	41,900
Bonds	71,500	72,000
Security deposit	3,100	3,194
Other liabilities	248	220
TOTAL LIABILITIES	¥ 173,344	¥ 174,895
UNITHOLDERS' EQUITY:		
Unitholders' capital	¥ 148,418	¥ 148,418
Units authorized ; 2,000,000 units		
Units issued and outstanding ;		
247,153 units as of May 31, 2009		
247,153 units as of Nov 30, 2008		
Retained earnings	2,034	770
Deferred gains or losses on hedges	(143)	(114)
TOTAL UNITHOLDERS' EQUITY	¥ 150,309	¥ 149,074
TOTAL LIABILITIES and UNITHOLDERS' EQUITY	¥ 323,653	¥ 323,969

The accompanying notes to financial statements are an integral part of these statements.

NIPPON RESIDENTIAL INVESTMENT CORPORATION

Statements of Operations

For the six months ended May 31, 2009 and November 30, 2008

	May 31, 2009	November 30, 2008
	(Yen in millions)	
OPERATING REVENUES		
Rental income	¥ 9,066	¥ 9,076
Total operating revenues	<u>9,066</u>	<u>9,076</u>
OPERATING EXPENSES		
Property operating expenses		
Asset and property management fee	800	761
Property, repairs and maintenance	378	291
Trustee fee	51	55
Real estate taxes and insurance	400	302
Other operating expenses	321	265
Total property operating expenses	<u>1,950</u>	<u>1,674</u>
Property depreciation	1,600	1,614
Loss on sales of investments in real estate	333	195
General and administrative expenses	1,617	1,058
Total operating expenses	<u>5,500</u>	<u>4,541</u>
OPERATING INCOME	<u>3,566</u>	<u>4,535</u>
Gain on bond redemption	138	-
Interest and other income	38	76
Interest expenses	(1,235)	(1,237)
Other financing costs	(429)	(169)
Other depreciation and amortization	(30)	(42)
Penalty loss	-	(2,343)
Other expenses	(11)	(48)
INCOME BEFORE INCOME TAXES	<u>2,037</u>	<u>772</u>
INCOME TAXES		
Current	19	9
Deferred	(16)	(7)
NET INCOME	<u>¥ 2,034</u>	<u>¥ 770</u>
Earnings per unit:		
Net income (in Yen)	¥ 8,231	¥ 3,116
Weighted average number of units outstanding	247,153	247,153

The accompanying notes to financial statements are an integral part of these statements.

NIPPON RESIDENTIAL INVESTMENT CORPORATION
Statements of Changes in Unitholders' Equity
For the six months ended May 31, 2009 and November 30, 2008

	Number of units	(Yen in millions)
Balance as of May 31, 2008	247,153	¥152,061
Cash distributions paid		(3,603)
Net income		770
Deferred gains or losses on hedges		(154)
Balance as of Nov 30, 2008	247,153	¥149,074
Cash distributions paid		(770)
Net income		2,034
Deferred gains or losses on hedges		(29)
Balance as of May 31, 2009	247,153	¥150,309
Balance as of May 31, 2009		
Unitholders' capital		¥148,418
Retained earnings		¥2,034
Deferred gains or losses on hedges		(¥143)
Total amounts of Unitholders' equity		¥150,309

The accompanying notes to financial statements are an integral part of these statements.

NIPPON RESIDENTIAL INVESTMENT CORPORATION

Statements of Cash Flows

For the six months ended May 31, 2009 and November 30, 2008

	(Yen in millions)	
	May 31, 2009	November 30, 2008
Cash Flows from Operating Activities		
Income before income taxes	¥ 2,037	¥ 772
Depreciation and amortization	1,600	1,614
Bad debt loss	4	1
Amortization of long-term prepaid expenses	81	89
Amortization of bond issuance costs	30	41
Gain on bond redemption	(138)	-
Interest income	(6)	(14)
Interest expense	1,235	1,237
Changes in assets and liabilities		
Allowance for doubtful receivables	51	44
Rent receivables	(29)	(104)
Consumption tax receivables	-	102
Accrued consumption taxes	(57)	58
Accounts payable	(46)	56
Other payables	(12)	16
Accrued expenses	35	(99)
Received in advance	57	5
Sales of real estate (including trust accounts)	1,018	2,802
Long-term prepaid expenses	(17)	(32)
Others	(165)	17
	Sub-total	6,605
Interest received	7	14
Interest paid	(1,230)	(1,210)
Proceeds from insurance	2	6
Income taxes paid	(7)	(2)
	Net cash provided by operating activities	5,413
Cash Flows from Investing Activities		
Purchase of real estate (including trust assets)	(208)	(3,275)
Proceeds from security deposit(including trust accounts)	(94)	(27)
Repayment of long-term deposits payable	(6)	(6)
	Net cash used in investing activities	(3,308)
Cash Flows from Financing Activities		
Proceeds from short-term loans	26,000	2,500
Repayment of short-term loans	(18,841)	(7,400)
Proceeds from long-term loans	-	2,000
Repayment of long-term loans	(8,111)	(1,646)
Payments for redemption of bonds	(363)	-
Distributions to unitholders	(762)	(3,598)
	Net cash used in financing activities	(8,144)
Net Increase(Decrease) in Cash and Cash Equivalents	2,065	(6,039)
Cash and Cash Equivalents at the beginning of Period	8,591	14,630
Cash and Cash Equivalents at the end of Period	¥ 10,656	¥ 8,591

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Nippon Residential Investment Corporation

For the period from December 1, 2008 to May 31, 2009 and for the period from June 1, 2008 to November 30, 2008

Note-1 Organization and basis of presentation

Organization

Nippon Residential Investment Corporation (hereinafter “NRIC”) was established on December 6, 2002, with ¥100 million of capital contribution by Pacific Residential Corporation (hereinafter “PRS”) under the Investment Trust Law of Japan.

Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on January 27, 2003. On March 2, 2004, NRIC was listed on the J-REIT section of the Tokyo Stock Exchange, specialized in residential properties in Japan, and started portfolio investment.

As of May 31, 2009, NRIC owned 137 properties (including trust beneficiary rights) containing 9,273 units.

Pacific Investment Advisors Corporation changed its name to Pacific Residential Corporation on June 1, 2008.

Basis of presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Japanese Investment Trust Law and the Japanese Financial Instruments and Exchange Law, and in conformity with accounting principles generally accepted in Japan (hereinafter “Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements have been restructured and translated into English (with some expanded descriptions and the inclusions) from the audited financial statements of NRIC prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. NRIC has not prepared consolidated financial statements, as it has no subsidiaries.

In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan.

Note-2 Summary of significant accounting policies

a) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposit placed with bank and short-term investments, which are highly liquid, readily convertible to cash, and with an insignificant risk of price fluctuation, with original maturity of three months or less.

b) Investments in real estate

Investment properties are recorded at cost, which included the allocated purchase price and consumption tax and related costs and expenses for acquisition of the properties and the beneficiary interests of properties in trust.

Depreciation of investment properties, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings and improvements 3–60 years

Structures 7–20 years

Furniture and fixtures 3–15 years

(Additional Information)

A study of the estimated useful lives conducted on all properties found a discrepancy between the estimated useful lives used in past periods and the currently estimated useful lives. Consequently, the estimated useful lives were changed to those based on current estimates for buildings (building frames) in the period ended November 30, 2008. As a result of this change, depreciation decreased by ¥231,292 thousand, and operating income, and income before income taxes increased by the same amount in the period ended November 30, 2008.

c) Bonds issuance costs

Bonds issuance costs are amortized over the period of the bonds under the straight line method.

d) Allowance for doubtful receivables

To cover possible credit losses, an allowance for doubtful receivables is provided for any amount deemed uncollectible. The allowance is calculated on the basis of historical default rates for normal claims or on the basis of individual assessments on specific claims on debtors threatened with bankruptcy.

e) Taxes on real estate

Property and equipment is subject to various taxes annually, such as property taxes and city planning taxes. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and the taxes are imposed on the owner registered in the record as of January 1 based on the assessment made by the local government.

Taxes on real estate are imposed on properties on calendar year basis. NRIC pays the seller the corresponding amounts of taxes for the period from the properties transfer date to December 31 of that year as included in the purchase prices of each property, and capitalizes as the cost of the property.

f) Revenue recognition

Revenue from leasing of retail space is recognized on an accrual basis over the life of each lease.

g) Income taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities utilizing the applicable statutory tax rate.

h) Derivative financial instruments

NRIC utilizes interest rate swap and cap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. NRIC deferred recognition of gains or losses resulting from changes in fair value of interest rate swap and cap contracts which meet the criteria for deferral hedging accounting.

Note-3 Secured assets

At May 31, 2009 and November 30, 2008 the following assets were pledged as collateral for the following loans:

	As of May 31, 2009 (Yen in millions)	As of Nov 30, 2008
Pledged assets:		
Bank deposits	¥ 6,359	¥ 1,217
Buildings and improvements	140,210	16,979
Structures	845	134
Furniture and fixtures	150	15
Land	168,449	19,639
Leasehold rights	1,215	-
Total	<u>¥ 317,228</u>	<u>¥ 37,984</u>
Loans secured by the pledged assets:		
Short-term loans	¥ 27,859	-
Long-term loans due within 1 year	29,653	¥ 17,754
Long-term loans	21,889	-
Total	<u>¥ 79,401</u>	<u>¥ 17,754</u>

Note-4 Short-term loans and long-term debt

Short-term loans comprise of the following:

	Yen in millions	
	As of May 31,2009	As of Nov 30,2008
Secured loans from banks:		
with interest ranging from 1.04% to 1.84%.....	27,859	-
Unsecured loans from banks:		
with interest ranging from 0.95% to 1.36%.....	-	20,700
Total	¥ 27,859	¥ 20,700

Long-term debt comprise of the following:

	Yen in millions	
	As of May 31,2009	As of Nov 30,2008
Secured loans, representing obligations to banks:		
Due 2009 to 2012 with interest ranging from 0.98% to 1.74%	41,593	-
Due 2009 with interest ranging from 1.22% to 1.30%	-	17,754
Unsecured loans, representing obligations to banks:		
Due 2010 to 2012 with interest ranging from 1.22% to 1.74%.....	-	31,900
Secured loans, representing obligations to insurance companies:		
Due 2011 to 2013 with interest ranging from 1.79% to 2.20%.....	9,949	-
Unsecured loans, representing obligations to insurance companies:		
Due 2011 to 2013 with interest ranging from 1.79% to 2.20%.....	-	10,000
Unsecured 0.74% bonds, due 2010.....	10,000	10,000
Unsecured 0.84% bonds, due 2010.....	10,000	10,000
Unsecured 1.28% bonds, due 2012.....	9,700	10,000
Unsecured 1.50% bonds, due 2011.....	15,000	15,000
Unsecured 1.54% bonds, due 2009.....	12,000	12,000
Unsecured 1.84% bonds, due 2012.....	12,000	12,000
Unsecured 1.58% bonds, due 2009.....	6,000	6,000
Unsecured 1.83% bonds, due 2011.....	10,000	10,000
Unsecured 1.90% bonds, due 2012.....	4,800	5,000
Total	¥ 141,042	¥ 149,654

The annual maturities of long-term debt as of May 31, 2009 were as follows:

	(Yen in millions)
Due after 1 to 2 years	36,990
Due after 2 to 3 years	34,437
Due after 3 to 4 years	19,475
Due after 4 to 5 years	2,487
After 5 years	-
Total	¥ 93,389

Note-5 Per unit information

Net asset value per unit as of May 31, 2009 and November 30, 2008 was ¥608,160 and ¥603,165.

Note-6 Cash and Cash equivalents

Cash and cash equivalents, as of May 31, 2009 and November 30, 2008 consisted of the follows:

	Yen in millions	
	As of May 31,2009	As of Nov 30,2008
Cash and deposits (including trust accounts)	10,656	8,591
Cash and cash equivalents (including trust accounts)	¥ 10,656	¥ 8,591

Note-7 Income taxes

The effective tax rates on NRIC's income as well as applicable statutory tax rates are reflected as follows:

	Rate	
	11th. Period	10th. Period
Statutory effective tax rate	39.33%	39.39%
Deductible cash distributions paid	(39.27)	(39.31)
Others	0.08	0.08
Effective tax rate	0.14%	0.16%

NRIC has a policy of making distributions in excess of 90% of distributable income for a fiscal period to qualify for conditions set forth in the Special Taxation Measures Law of Japan to achieve a deduction of distributions for income tax purposes. Based on such policy, the Company treated the distribution as a tax allowable distribution as defined in the Special Taxation Measures Law of Japan.

In accordance with the distribution policy prescribed in NRIC's articles of incorporation, NRIC intends to distribute approximately 100% of its distributable income for the period ended May 31, 2009 (equivalent to ¥8,231 per unit) to its unitholders (¥3,116 per unit was distributed for the period ended Nov 30, 2008). NRIC intends to make regular distributions to unitholders with respect to its semi-annual fiscal periods, ending at the end of May and November of each year.

Note-8 Derivatives and hedge accounting

NRIC has entered into interest rate swap and cap contracts with several Japanese financial institutions to hedge its variable rate long-term debt obligations. NRIC utilizes interest rate swap and cap contracts, which are derivative financial instruments, only for the purpose of mitigating future risks of fluctuations of interest rates, but does not enter into such transactions for speculative or trading purposes. NRIC entered into such derivative transactions to hedge risk in accordance with its Articles of Incorporation and the established risk management policies of PRS.

The following summarizes the notional amounts and the estimated fair value of the interest-related positions outstanding as of May 31, 2009:

	Yen in millions	
	Notional amount	Fair value
Interest rate swaps:		
Receive/float and pay/fixed	27,844	(199)
Interest rate caps:	17,000	5

Note-9 Significant subsequent events

a) Cash Distribution

As of July 22, 2009, the NRIC Board of Directors resolved to effect payment of a cash distribution of ¥8,231 per unit aggregating ¥ 2,034 million to unitholders of record on May 31, 2009.

b) Change of Sponsor Company, and Mergers of Investment Corporations and Asset Management Companies

1.Change of Sponsor Company

Pacific Holdings, Inc. (hereinafter “PHI”), which is NRIC’s sponsor company and also major shareholder of NRIC’s asset management company Pacific Residential Corporation (hereinafter “Asset Management Company”), 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.

Under such circumstances, 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 ITOCHU Corporation (hereinafter “ITOCHU”) and AD Investment Management Co., Ltd. (hereinafter “ADIM”) as potential new sponsors 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 the 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. As a result, the Asset Management Company is scheduled to become a subsidiary of ADIM.

2.Merger of Investment Corporations

In correlation with 1. above, on August 6, 2009, NRIC and Advance Residence Investment Corporation (hereinafter “ADR”) signed into a letter of intent for the merging of NRIC and ADR, among other matters. Should the merger in the form of an absorption-type merger with ADR as the corporation surviving the absorption-type merger take place, the prospect is that NRIC will dissolve pursuant to Article 143 of the Law concerning Investment Trusts and Investment Corporations and the investment units issued by NRIC will be delisted in accordance with the Criteria for Delisting set forth by Tokyo Stock Exchange, Inc.

The investment corporation resulting from the merger is scheduled to receive support from ITOCHU.

Outline of Merger

(1)Method of Merger

A merger in the form of an absorption-type merger between NRIC as the corporation dissolving in the absorption-type merger and ADR as the corporation surviving the absorption-type merger is planned. However, this may possibly change to a consolidation-type merger. In that case as well, the ratio of allotment shall be determined in accordance with the merger ratio set forth under (2) below.

(2)Ratio of Allotment of Investment Units

0.66 ADR investment units shall be allotted and delivered per 1 NRIC investment unit. The concerned merger ratio (ratio of allotment) may be subject to change through consultation between NRIC and ADR in the event that material facts that impact the terms and conditions underlying the calculation are found or there are material

changes in the terms and conditions.

(3)Schedule of Merger

The merger agreement is scheduled to be signed into in September 2009, but the effective date of the merger is yet to be determined at this stage.

3.Merger of Asset Management Companies

In addition to 1. and 2. above, on August 6, 2009, the Asset Management Company and ADIM signed into a letter of intent for the merging of the asset management companies. They are scheduled to subsequently sign into a merger agreement on the same date as the signing of the merger agreement between NRIC and ADR.

Outline of Merger

(1)Method of Merger

The merger will be in the form of an absorption-type merger with ADIM as the corporation surviving the absorption-type merger and the Asset Management Company will be dissolved as a result of the merger.

(2)Content of Allotment in Relation to Merger

The content of allotment in relation to the merger is yet to be determined at this stage.

(3)Schedule of Merger

The merger agreement is scheduled to be signed into in September 2009. In principle, however, the date on which the merger agreement is to be signed into and the date on which the merger is to take effect between the asset management companies shall be at the same time as the date on which the merger agreement is to be signed into and the date on which the merger is to take effect between NRIC and ADR.

4.Signing of Loan Agreement

On August 27, 2009, NRIC signed into the following loan agreement to fund the redemption of Nippon Residential Investment Corporation Sixth Unsecured Corporate Bonds in the amount of ¥12 billion and Nippon Residential Investment Corporation Eighth Unsecured Corporate Bonds in the amount of ¥6 billion, which are due for redemption within one year of the last day of the period ended May 31, 2009.

Short-term loan

(1)Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Sumitomo Trust & Banking Co., Ltd.

(2)Loan amount: ¥6,000 million

(3)Interest rate: TBD

(4)Drawdown date: September 10, 2009

(5)Principal repayment date: March 31, 2010

(6)Collateral: Secured and non-guaranteed

(7)Purpose of Loan:The funds will be allocated to the redemption of Nippon Residential Investment Corporation Eighth Unsecured Corporate Bonds of which the principal redemption is due on September 11, 2009.

Long-term loan

(1)Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Sumitomo Trust & Banking Co., Ltd.
Sumitomo Mitsui Banking Corporation

(2)Loan amount: ¥6,000 million

- (3)Interest rate: TBD
- (4)Drawdown date: October 22, 2009
- (5)Principal repayment date: April 27, 2012
- (6)Collateral: Secured and non-guaranteed
- (7)Purpose of Loan: The funds will be allocated to the redemption of Nippon Residential Investment Corporation Sixth Unsecured Corporate Bonds of which the principal redemption is due on October 23, 2009.

Long-term loan

- (1)Lenders: (i) The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(ii) Development Bank of Japan Inc.
- (2)Loan amount: (i) ¥1,000 million
(ii) ¥5,000 million
- (3)Interest rate: TBD
- (4)Drawdown date: October 22, 2009
- (5)Principal repayment date: (i) September 30, 2014
(ii) The first repayment of ¥62 million of the principal shall be made on the last day of February 2010. Thereafter, on the last day of February, May, August and November every year, the same amount (¥62 million) shall be repaid, and on September 30, 2014 a lump-sum repayment of the remaining principal of ¥3,812 million shall be made.
- (6)Collateral: Secured and non-guaranteed
- (7)Purpose of Loan: The funds will be allocated to the redemption of Nippon Residential Investment Corporation Sixth Unsecured Corporate Bonds of which the principal redemption is due on October 23, 2009.

As a result of the above, concerning the redemption of investment corporation bonds that are due for redemption within one year of the last day of the period ended May 31, 2009, the substantial uncertainty about the going concern assumption that existed at the end of the period ended May 31, 2009 has now been eliminated.

Corporate Data

Corporate Data of NRIC

Name:	Nippon Residential Investment Corporation
Representative:	Masaru Nishimura, Chief Executive Officer
Address:	1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo
Contact:	Pacific Residential Corporation 1-14-1 Kanda Jimbo-cho, Chiyoda-ku, Tokyo Phone: +81-3-3518-0480

History of NRIC

December 2, 2002	Notification by the founder (Pacific Residential Corporation) of formation of NRIC under the Investment Trust Law of Japan, Article 69, Paragraph 1 (Note)
December 6, 2002	Registration and establishment of NRIC under the Investment Trust Law of Japan, Article 166
December 20, 2002	Notification of acceptance of registration of NRIC under the Investment Trust Law of Japan, Article 188
January 27, 2003	Office of the Prime Minister approves registration of NRIC under the Investment Trust Law of Japan, Article 187 (Kanto Regional Finance Bureau, No. 19)
March 2, 2004	NRIC listed on Tokyo Stock Exchange (Securities Code: 8962)
August 31, 2004	General Meeting of Unitholders
December 1, 2004	Public issue of investment units
December 17, 2004	Private placement of investment units
June 14, 2005	Public issue of investment units
July 8, 2005	Private placement of investment units
December 12, 2005	Public issue of investment units
January 11, 2006	Private placement of investment units
August 30, 2006	General Meeting of Unitholders
June 21, 2007	Public issue of investment units
July 20, 2007	Private placement of investment units
August 28, 2008	General Meeting of Unitholders

Note: The Investment Trust Law of Japan is the abbreviated title of the Law concerning Investment Trusts and Investment Corporations enacted in 1951 (law number 198) and subsequent amendments.

Disclaimer

This semiannual report includes translation of certain documents originally filed and made available in Japan in accordance with the Financial Instruments and Exchange Law of Japan. This English language semiannual report was prepared solely for the convenience of readers outside Japan and is not intended to constitute a statutory document for an offer to sell, or seeking an offer to buy, any securities of Nippon Residential Investment Corporation.

English terms for Japanese legal, accounting, tax, and business concepts used herein may not be precisely identical to the concept of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English translation contained herein, the Japanese documents will always govern the meaning and interpretation.

Pacific Residential Corporation or any of their respective directors, officers, employees, partners, unitholders, agents, affiliates or their advisors will be responsible or liable for the completeness, appropriateness, or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by Nippon Residential Investment Corporation, Pacific Residential Corporation or any of their respective directors, officers, employees, partners, unitholders, agents, affiliates or their advisors.

The financial statements of Nippon Residential Investment Corporation have been prepared in accordance with generally accepted accounting principles in Japan "Japanese GAAP", which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

This semiannual report contains forward-looking statements. These statements appear in a number of places in this semiannual report and include statements regarding the intent, belief, or current and future expectations of Nippon Residential Investment Corporation or Pacific Residential Corporation with respect to its business, financial condition and results of operations. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "would," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or the negative of these terms or other similar terminology. These statements are not guarantees of future performance and are subject to various risks and uncertainties. Actual results, performance or achievements, or those of the industries in which we operate, may differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. In addition, these forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks and uncertainties. Forward-looking statements regarding operating revenues, operating income, net income or profitability from portfolio are particularly subject to a variety of assumptions, some or all of which may not be realized. Accordingly, readers of this document should not interpret the forward-looking statements included herein as predictions or representations of future events or circumstances.

Potential risks and uncertainties also include those identified and discussed in this document. Given these risks and uncertainties, readers of this document are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of information produced herein. We disclaim any obligation to update or, except in the limited circumstances required by Tokyo Stock Exchange, announce publicly any revisions to any of the forward-looking statements contained in this documents.



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