



Nippon Residential Investment Corp.

Semiannual Report 10th Fiscal Period From June 1, 2008 to November 30, 2008



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 J-REITs

With 139 properties and 9,382 rentable units (as of the end of November 2008), our portfolio remains highly diversified.

■ Highly Competitive Portfolio Centered on Superior Properties

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

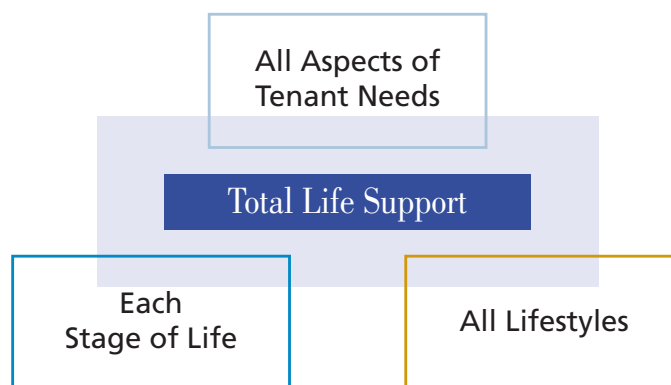
■ Close Cooperation with Pacific Holdings Inc.

The sponsor company of our Asset Management Company is a residential property management professional, providing us with the full benefit of its extensive network and know-how.

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).

The financial statements, asset management report and statements on cash distributions concerning our performance for the tenth fiscal period (June 1, 2008 to November 30, 2008) were approved at a meeting of our board of directors held on January 20, 2009. Below is an overview of our management and details of our financial results.

In the tenth fiscal period, we were liable to pay a penalty for canceling the acquisition of Pacific Royal Court Minato Mirai and incurred a loss on the sale of Park Habio Kyobashi. These caused earnings to fall far short of initial projections. We deeply regret and sincerely apologize for the tremendous inconvenience this may cause to unitholders.

While securing operating revenues of ¥9,076 million, the above resulted in ordinary profit of ¥3,096 million and net income of ¥769 million. Based on these results, we have declared cash distributions of ¥3,116 per investment unit.

Given the increasing severity of the financial and real estate trading markets, we have identified the maintenance and strengthening of our financial management base as a task of top priority, 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.

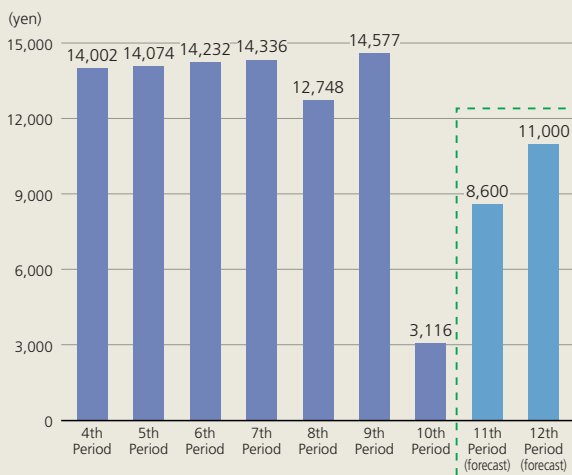
We look forward to your continued support and encouragement.



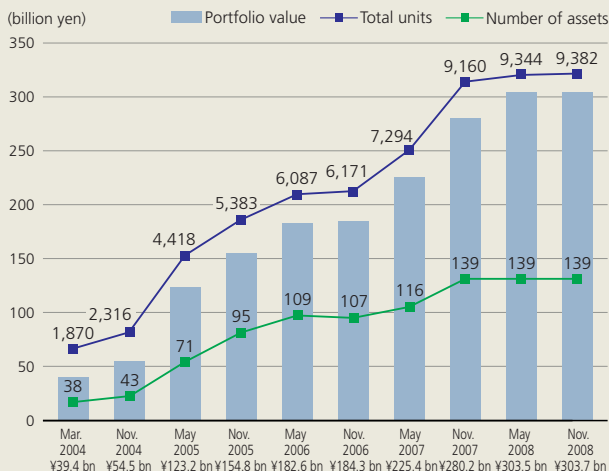
M. Nishimura

Masaru Nishimura
Chief Executive Officer
Nippon Residential Investment Corporation

Distribution per Unit



Portfolio Growth



Report of Activities in the 10th Fiscal Period

Building a Stable Financial Management Base

The cancellation of the acquisition of a property announced on November 18, 2008 has resulted in distributions being considerably lower than initial forecasts. We sincerely apologize for the tremendous inconvenience to unitholders.

As the severity of the financial and real estate trading markets continues to grow, we will keep devoting all our energies to maintaining and strengthening our financial management base and restoring trust.

The following reports our outlook and strategy for the tenth fiscal period and beyond.

Takeshi Takano

President and Chairman of the Board
Pacific Residential Corporation



Striving Towards Maintaining and Strengthening Our Financial Management Base

Decision to Cancel Acquisition of New Property

During the tenth fiscal period, the acquisition of Pacific Royal Court Minato Mirai Urban Tower (hereafter, the "Property"), which was scheduled to be acquired by the end of November 2008, was cancelled. Below describes an overview of such.

(1) Events Leading Up to Decision on Acquisition of the Property

The decision to acquire the Property was made on September 27, 2007 in view of the following:

- (i) Of the residential properties under construction in the "Minato Mirai 21" area in which the Property is located, the Property is the only super high-rise large rental condominium complex, and thus the Property is highly rare;
- (ii) Opportunities to acquire twin-tower-type prime properties will be extremely limited in NRIC's investment areas in the future as well;
- (iii) There is social significance in a listed REIT taking part in the urban development of the "Minato Mirai 21" area that is being promoted by Kanagawa Prefecture's City of Yokohama; and
- (iv) Stable revenue inflow can be consistently secured by having the Property and Ocean Tower, which is located opposite the Property, operated together in the form of two buildings as one.

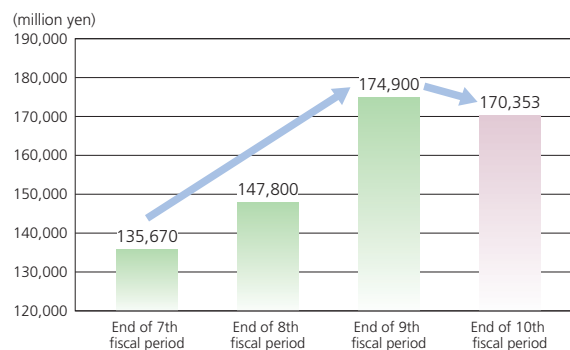
In addition, concerning the outlook at the time in terms of financing, several financing means were

envisaged and the probability of a penalty being incurred for not being able to acquire the Property was deemed to be extremely low.

(2) Reason for Canceling the Acquisition

The global credit crunch stemming from the subprime mortgage crisis began to spread to the Japanese market from around December 2007, leading to turmoil in the financial markets and a sharp downturn in the real estate trading market. The bankruptcy of Lehman Brothers in September 2008 caused the credit crunch to further accelerate and the environment surrounding NRIC to change rapidly from that at the time the decision to acquire the Property was made. Financing through an increase in capital was difficult and the new lending stance adopted by financial institutions was tighter under such circumstances, and a reduction in the total amount of interest-bearing debt was to be promoted in order to maintain and strengthen our

Changes in Total Interest-Bearing Debt



financial management base under the current environment. Based on a comprehensive view of these and other factors of NRIC's asset management in the future, we reached the conclusion that acquisition of the Property should be cancelled.

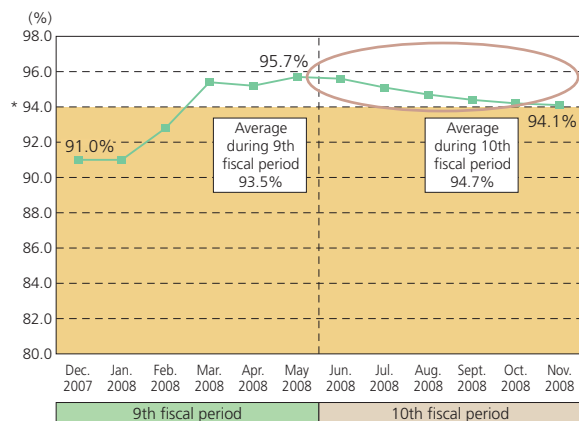
The building of a financial management base that will contribute to a consistent and stable asset management structure for the future of NRIC is regarded as the task of utmost importance and the task that should be the top priority under the current environment. We will remain committed to resolving this issue.

Internal Growth

Achieving Record-High Occupancy Rates

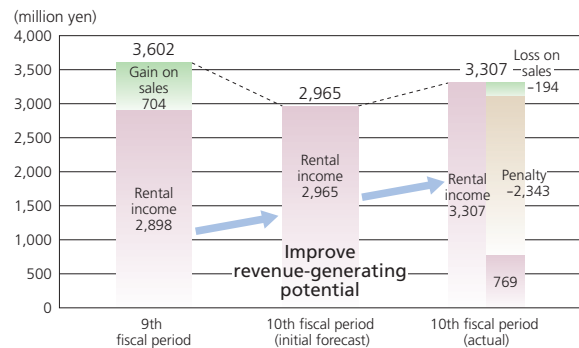
As a result of conducting asset management based on a meticulous leasing strategy, the average occupancy rate for the entire portfolio during the tenth fiscal period reached 94.7%, which is the highest occupancy rate recorded since NRIC's listing. The high occupancy rates also contributed to enhancing NRIC's profitability.

Actual Area-Based Occupancy Rates



* Occupancy is regarded as being steady at an occupancy rate of 94%.

Changes in Net Income



Note: The above figure illustrates the rent revenue-generating potential exclusive of the gain/loss on sales and extraordinary factors.

Outlook and Strategy for the Eleventh Fiscal Period

Market Trends and Leasing Measures

For luxury rental housing in downtown Tokyo, there are signs of demand declining due in part to an acceleration of downsizing at non-Japanese financial institutions that were hit by the financial crisis. Meanwhile, the net migration into the Tokyo metropolitan area has been on the rise since 1997, and this net migration trend continued even in 2008 when the slowing of the economy came to the fore. In addition, concerns over future economic stagnation and decreasing household income have resulted in less motivation for people to buy homes, and we envisage that such an environment will prompt people to delay moving. Furthermore, the latent demand to acquire for-sale condominiums, etc. will be replaced by the demand for rental condominiums. These factors will serve as positive factors for the rental housing market, and the market is thus anticipated to continue to remain brisk.

Nevertheless, in light of the economic environment, our undertakings in the eleventh fiscal period will prioritize the maintenance and improvement of occupancy rates as expectations of rent increases are limited. This will be pursued through such means as (1) conducting tenant solicitation activities that respond to market trends on a residential unit basis, and (2) taking measures aimed at minimizing the number of contracts being terminated at the time of contract renewal. In this manner, we will seek to maintain and boost profitability.

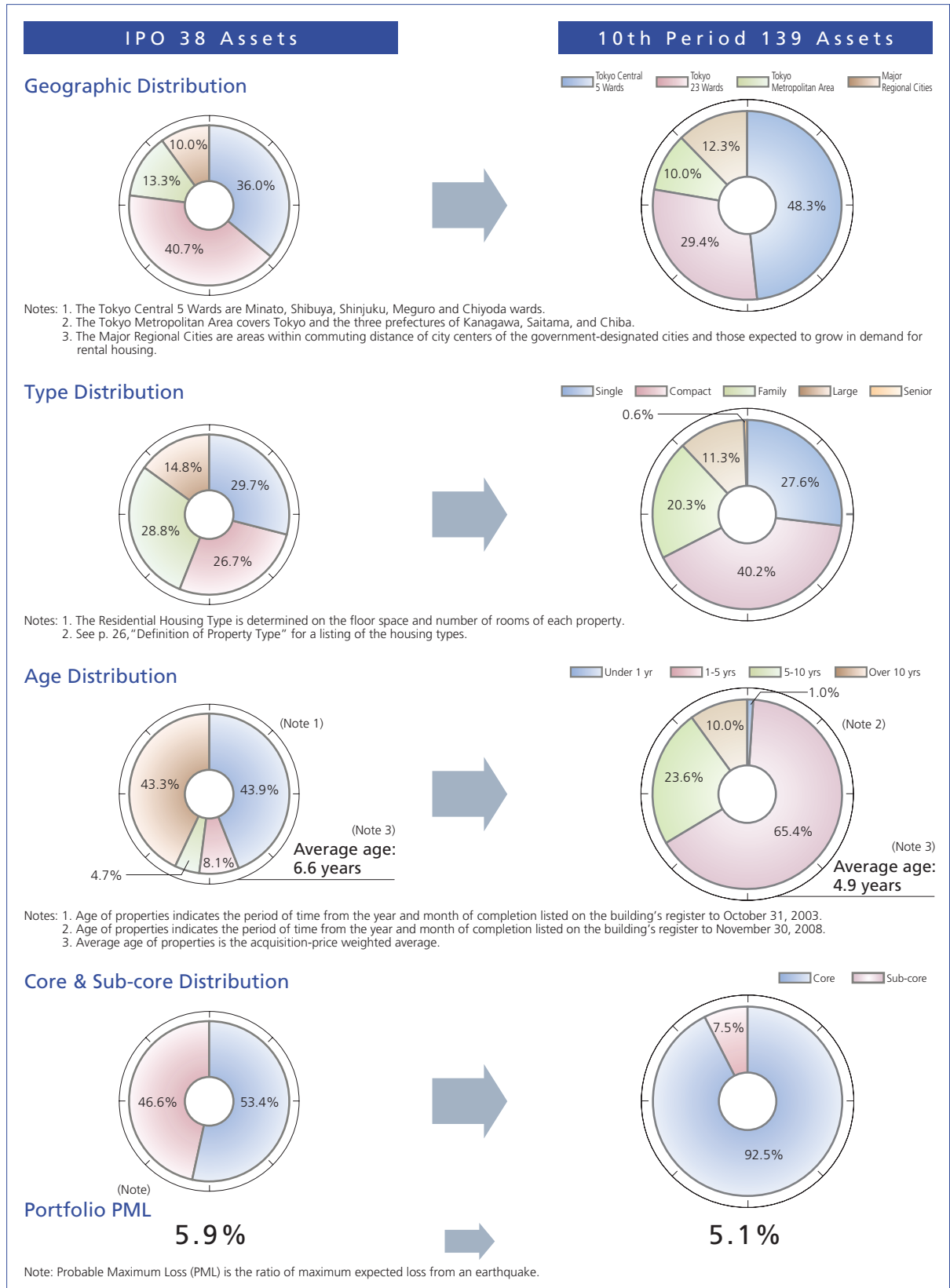
Efforts Towards Maintaining and Strengthening Our Financial Management Base

The task NRIC should focus on most under the current environment is the maintenance and strengthening of our financial management base, which we have been addressing in an ongoing manner since last year. Among the causes for concern in the J-REIT market are refinancing risks. With the lending stance of financial institutions expected to remain tight, focusing on reducing this risk, at least for the present, is thought to be of utmost importance in looking ahead to the future of NRIC and is believed to lead to the building of a stable management base.

Concerning future repayment of borrowings that are to become due and redemption of investment corporation bonds, refinancing and new borrowings are considered as the base scenarios. While the external environment surrounding NRIC undergoes rapid changes on a day-to-day basis, we will dedicate ourselves even further to promptly restoring the trust of unitholders. We kindly ask for your continued support and encouragement.

Real Estate Portfolio

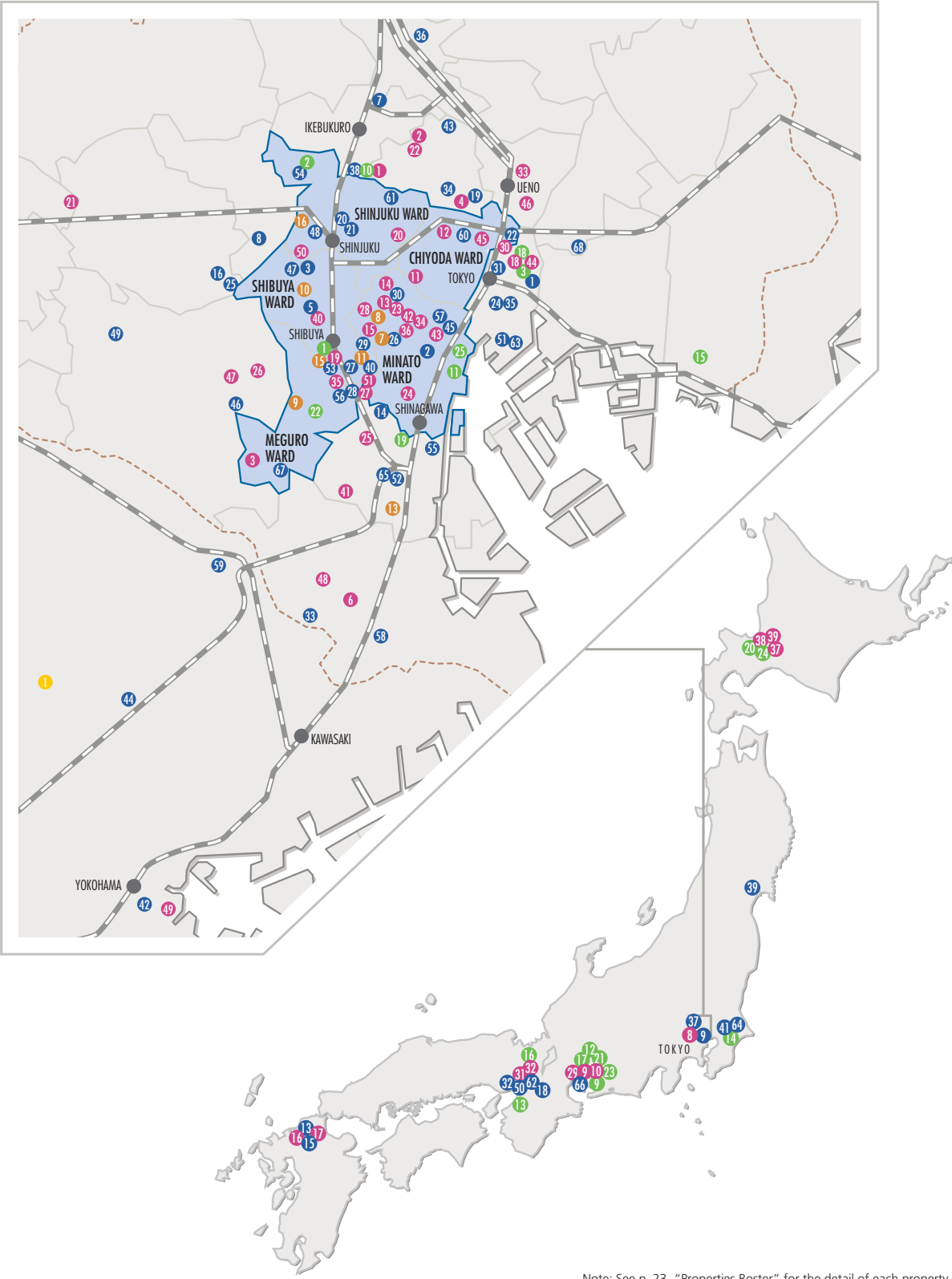
Diversified High Quality Portfolio



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.



Portfolio Properties

S-59 Pacific Residence Musashikosugi

Tokyo Metropolitan Area



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

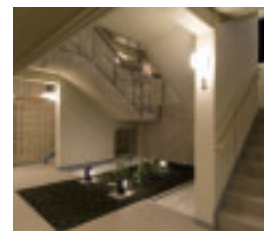
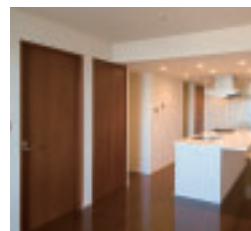
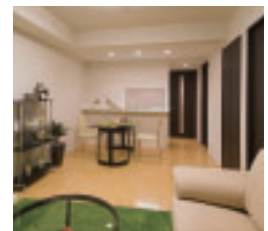
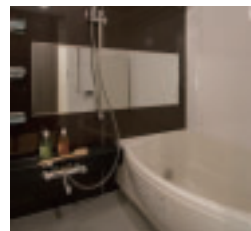
Date of Acquisition: 2007/6

Facilities

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

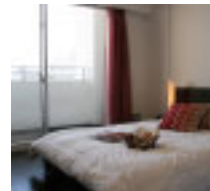
Access

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



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

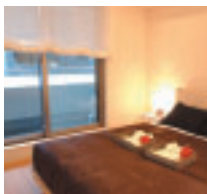
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

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



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

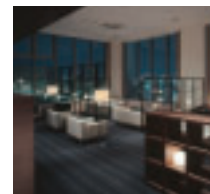
- Front staff
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

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

C-25 Pacific Tower Meguro-Fudomae

Tokyo 23 Wards



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

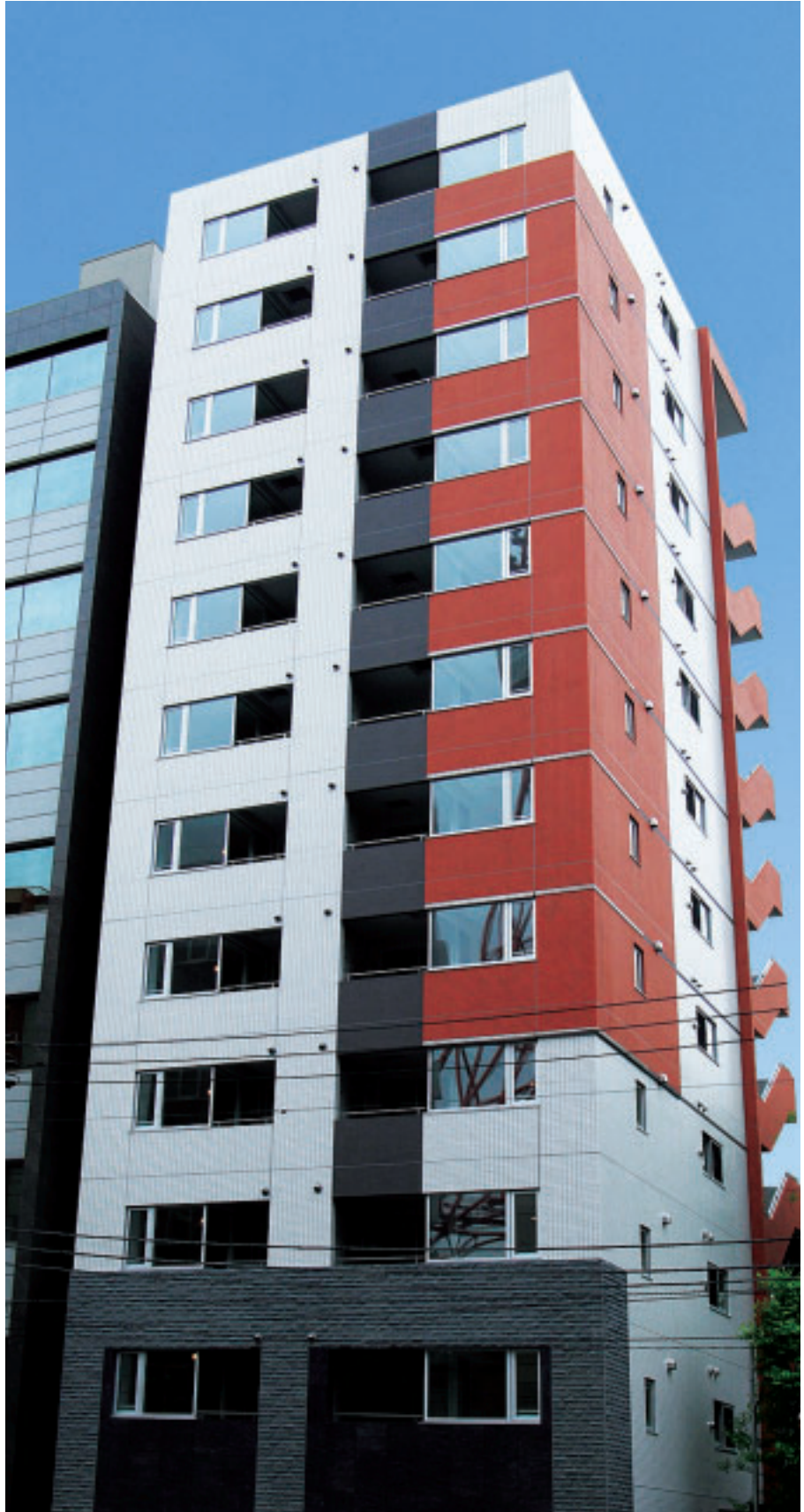
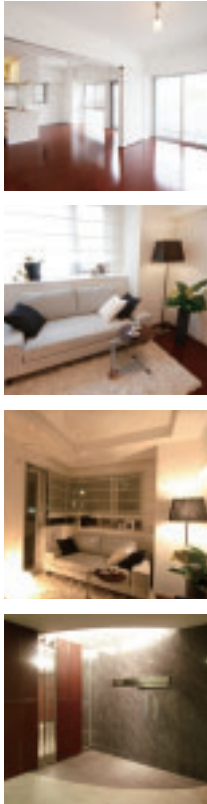
Access

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



Property Information

Location: Higashiazabu, Mitato-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

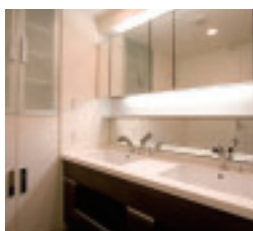
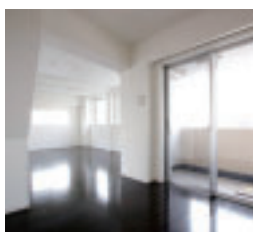
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

Access

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

C-35 Pacific Residence Ebisu-Minami

Tokyo Central 5 Wards



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



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

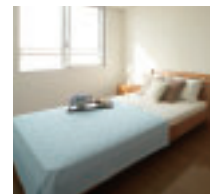
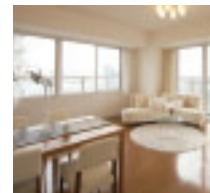
- Front concierge
- Keyed main entrance
- TV intercom
- Elevator
- Parking lot
- Delivery box
- Security cameras in common area

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



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



Property Information

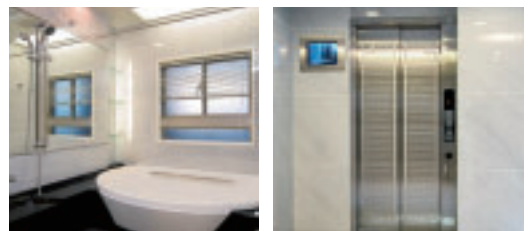
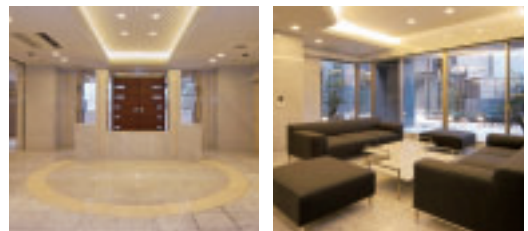
Location: Izumi, Higashi-ku, Nagoya-shi, Aichi Pref.
Land Space: 2,575.53m²
Rentable Floor Space: 9,715.22m²
Building Structure: SRC 15F
Date of Completion: 2005/11
Acquisition Price: ¥4,400 million
Date of Acquisition: 2005/12

Facilities

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

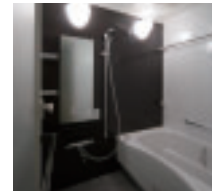
Access

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



F-18 Pacific Residence Nihonbashi-Bakurocho

Tokyo 23 Wards



Property Information

Location: Nihonbashi-Bakurocho, Chuo-ku, Tokyo
Land Space: 1,095.45m²
Rentable Floor Space: 8,502.12m²
Building Structure: RC 17F
Date of Completion: 2007/2
Acquisition Price: ¥5,380 million
Date of Acquisition: 2007/4

Facilities

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

Access

1-minute walk from Bakurocho Station on the JR Sobu line
2-minute walk from Bakuroyokoyama Station on the Toei Subway Shinjuku line

F-19 Pacific Residence Gotenyama

Tokyo 23 Wards



Property Information

Location: Kita-Shinagawa, 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

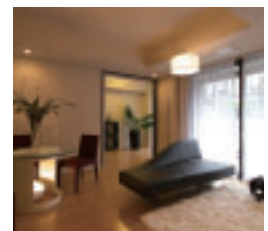
Date of Acquisition: 2007/2

Facilities

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

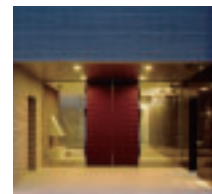
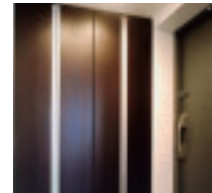
Access

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



F-21 Pacific Residence Tokugawa

Major Regional Cities



Property Information

Location: Higashi-ku, Nagoya-shi, Aichi pref.
Land Space: 1,193.12m²
Rentable Floor Space: 2,282.49m²
Building Structure: RC 9F
Date of Completion: 2006/12
Acquisition Price: ¥975 million
Date of Acquisition: 2007/1

Facilities

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

Access

5-minute walk from Morishita Station on the Meitetsu Seto line

F-22 Pacific Residence Yutenji

Tokyo Central 5 Wards



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



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



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

L-15 Pacific Residence Daikanyama-Sarugakucho/Daikanyama Parkside Village

Tokyo Central 5 Wards



Property Information

Location: Sarugakucho, Shibuya-ku, Tokyo

Land Space: 2,469.06m²

Rentable Floor Space: 5,977.18m²

Building Structure: RC B1F/9F,B1F/3F

Date of Completion: 2006/5,1982/11

Acquisition Price: ¥8,140 million

Date of Acquisition: 2007/6

Facilities

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

Access

7-minute walk from Daikanyama Station on the Tokyu-Toyoko line

Properties Roster

Roster of Assets owned at the end of 10th 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-9	Sub-core	Tokyo Metropolitan Area	Dormitory Haramachida	490	SRC/S	B1F/12F	73	Jul.1992
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 Utsubokoan	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

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-60	Core1	Tokyo Central 5 Wards	Pacific Residence Kanda-Ogawamachi	1,370	RC	14F	52	Mar. 2006
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	Core2	Tokyo 23 Wards	Pacific Residence Ookayama	1,301	RC	B2F/3F	53	Nov. 2007
S-68	Core1	Tokyo Central 5 Wards	COSMOS GRACIA Kinshicho Aquver	2,908	RC	14F	99	Jan. 2008
C-1	Core1	Tokyo 23 Wards	Pacific Residence Bunkyo-towa	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 Building 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 Bunkyo-sengoku	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-9	Sub-core	Major Regional Cities	Sky Heights Hirabari	554	RC	B1F/9F	36	Feb.1995
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				303,767	-	-	9,382	-

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 November 2008.

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 10th Period from June 1, 2008 to November 30, 2008

<Results of Operations>

Selected Financial Data

	10th. Period	9th. Period	8th. Period	7th. Period	6th. Period
	(Yen in millions)				
Operating revenues	¥ 9,076	¥ 9,317	¥ 7,940	¥ 6,911	¥ 6,343
Operating expenses	4,541	4,591	3,743	3,374	3,061
Operating income	4,535	4,726	4,197	3,537	3,282
Income before income tax	772	3,604	3,158	2,680	2,661
Net income	770	3,603	3,151	2,678	2,659
Total assets	323,969	331,385	303,732	247,956	206,636
Total unitholders' equity	149,074	152,061	151,517	108,382	108,360
Unitholders' capital	148,418	148,418	148,418	105,593	105,593
Number of units issued (units)	247,153	247,153	247,153	186,809	186,809
Total unitholders' equity per unit (Yen)	603,165	615,249	613,047	580,177	580,056
Cash distribution	770	3,603	3,151	2,678	2,658
Distribution per unit (Yen)	3,116	14,577	12,748	14,336	14,232
Net operating income from property leasing activities	7,402	6,766	6,177	4,834	4,271
FFO (Funds From Operation) per unit (Yen)	10,962	19,655	17,814	17,873	16,323
Debt service coverage ratio (times)	3	6	6	6	8
Number of days	183	183	183	182	183

Funds from Operations

	10th. Period	9th. Period
	(Yen in millions)	
Net income	770	3,603
Adjustments:		
Depreciation	1,614	1,816
Amortization	130	144
Net gain(loss) on sales of discontinued operations	(195)	705
FFO	2,709	4,858

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

	10th. Period	9th. Period
	(Yen in thousands)	
Retained earnings	770,140	3,602,937
Undistributed earnings	11	188
Cash distribution (per unit) (Yen)	3,116	14,577

Number of properties and related units for the periods presented

	Properties	Number of Units	Purchase Price (Yen in millions)
At Nov. 30, 2007	139	9,160	280,262
9th. Period Acquisitions	2	608	29,732
9th. Period Dispositions	2	424	6,410
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

Total debt summary and debt maturity schedule

Debt Summary

	10th. Period
Secured	17,754
Unsecured	152,600
Total	170,354
Fixed Rate	138,754
Floating Rate	31,600
Total	170,354

Debt Maturity Schedule

Year	Yen in millions
within 1 year	56,454
1 to 2 years	41,900
2 to 3 years	26,000
3 to 4 years	43,500
4 to 5 years	2,500
after 5 years	-

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 November 30, 2008	
		Investments	Investment to
		Yen in millions	total assets
			%
Trust Assets	Single Type	42,363	13.1
	Compact Type	41,328	12.7
	Family Type	42,367	13.1
	Large Type	22,288	6.9
	Senior Type	–	–
	sub-total	<u>148,346</u>	<u>45.8</u>
Real Property	Single Type	44,076	13.6
	Compact Type	85,403	26.4
	Family Type	20,719	6.4
	Large Type	12,643	3.9
	Senior Type	2,092	0.6
	sub-total	<u>164,933</u>	<u>50.9</u>
Cash and other assets		<u>10,690</u>	<u>3.3</u>
total assets		<u>323,969</u>	<u>100.0</u>

Asset-type

		As of November 30, 2008	
		Investments	Investment to
		Yen in millions	total assets
			%
Trust Assets	Core Type	134,686	41.6
	Sub-Core Type	13,660	4.2
	sub-total	<u>148,346</u>	<u>45.8</u>
Real Property	Core Type	155,285	47.9
	Sub-Core Type	9,648	3.0
	sub-total	<u>164,933</u>	<u>50.9</u>
Cash and other assets		<u>10,690</u>	<u>3.3</u>
total assets		<u>323,969</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 November 30, 2008 and May 31, 2008, and the related statements of operations, changes in unitholders' equity and cash flows for each of the six months ended November 30, 2008 and May 31, 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 November 30, 2008 and May 31, 2008, and the results of its operations and its cash flows for each of the six months ended November 30, 2008 and May 31, 2008, in conformity with accounting principles generally accepted in Japan.

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

(1) As discussed in Note 9 to the financial statements on significant subsequent events, there is a concern about NRIC's future financing from financial institutions in connection with the breach by Pacific Holdings, Inc., which is NRIC's sponsor company, of financial covenants resulting from capital deficits for the fiscal year ended November 2008, as announced on January 27, 2009. This situation indicates the existence of material uncertainty which may cast significant doubt on NRIC's ability to continue as a going concern. NRIC's business plan to deal with the situation and certain other information are disclosed in Note 9. The accompanying financial statements have been prepared on a going concern basis, and do not reflect the impact of the aforementioned material uncertainty which may cast significant doubt about NRIC's ability to continue as a going concern.

(2) As discussed in Note 9 to the financial statements, as a significant subsequent event, NRIC collateralized a major portion of its assets.

KPMG AZSA & Co.

Tokyo, Japan
February 26, 2009

NIPPON RESIDENTIAL INVESTMENT CORPORATION
BALANCE SHEETS
as of November 30, 2008 and May 31, 2008

	As of November 30, 2008	As of May 31, 2008
	(Yen in millions)	
ASSETS		
Investments in real estate (including trust accounts)		
Land	¥ 168,871	¥ 168,302
Depreciable property	152,623	152,857
Construction in progress	-	5
Investments in real estate	<u>321,494</u>	<u>321,164</u>
Accumulated depreciation	(9,429)	(7,957)
Investments in real estate, net	<u>312,065</u>	<u>313,207</u>
Other investments		
Leasehold rights	1,215	1,215
Cash and deposits (including trust accounts)	8,591	14,630
Rent receivables	403	299
Allowance for doubtful receivables	(55)	(11)
Receivables, net	<u>348</u>	<u>288</u>
Consumption taxes receivable	-	102
Long-term prepaid expense	733	796
Other assets	1,017	1,147
TOTAL ASSETS	<u>¥ 323,969</u>	<u>¥ 331,385</u>
LIABILITIES and UNITHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable and accrued expenses	¥ 1,020	¥ 1,042
Received in advance	42	37
Short-term loans	20,700	25,600
Income taxes payable	7	3
Accrued consumption taxes	58	-
Long-term loans due within 1 year	17,754	7,900
Bonds due within 1 year	18,000	-
Long-term loans	41,900	51,400
Bonds	72,000	90,000
Security deposit	3,194	3,220
Other liabilities	220	122
TOTAL LIABILITIES	<u>¥ 174,895</u>	<u>¥ 179,324</u>
UNITHOLDERS' EQUITY:		
Unitholders' capital	¥ 148,418	¥ 148,418
Units authorized ; 2,000,000 units		
Units issued and outstanding ;		
247,153 units as of Nov 30, 2008		
247,153 units as of May 30, 2008		
Retained earnings	770	3,603
Deferred gains or losses on hedges	(114)	40
TOTAL UNITHOLDERS' EQUITY	<u>¥ 149,074</u>	<u>¥ 152,061</u>
TOTAL LIABILITIES and UNITHOLDERS' EQUITY	<u>¥ 323,969</u>	<u>¥ 331,385</u>

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 November 30, 2008 and May 31, 2008

	November 30, 2008	May 31, 2008
	(Yen in millions)	
OPERATING REVENUES		
Rental income	¥ 9,076	¥ 8,612
Gain on sales of investments in real estate	-	705
Total operating revenues	<u>9,076</u>	<u>9,317</u>
OPERATING EXPENSES		
Property operating expenses		
Asset and property management fee	761	813
Property, repairs and maintenance	291	311
Trustee fee	55	54
Real estate taxes and insurance	302	301
Other operating expenses	265	367
Total property operating expenses	<u>1,674</u>	<u>1,846</u>
Property depreciation	1,614	1,816
Loss on sales of investments in real estate	195	-
General and administrative expenses	1,058	929
Total operating expenses	<u>4,541</u>	<u>4,591</u>
OPERATING INCOME	<u>4,535</u>	<u>4,726</u>
Interest and other income	76	229
Interest expenses	(1,237)	(1,175)
Other financing costs	(169)	(99)
Other depreciation and amortization	(42)	(68)
Penalty loss	(2,343)	-
Other expenses	(48)	(9)
INCOME BEFORE INCOME TAXES	<u>772</u>	<u>3,604</u>
INCOME TAXES		
Current	9	3
Deferred	(7)	(2)
NET INCOME	<u>¥ 770</u>	<u>¥ 3,603</u>
Earnings per unit:		
Net income (in Yen)	¥ 3,116	¥ 14,577
Weighted average number of units outstanding	247,153	247,153

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

Statements of Changes in Unitholders' Equity

	Number of units	(Yen in millions)
Balance as of Nov 30, 2007	247,153	¥151,517
Cash distributions paid		(3,151)
Net income		3,603
Deferred gains or losses on hedges		92
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
Balance as of Nov 30, 2008		
Unitholders' capital		¥148,418
Retained earnings		¥770
Deferred gains or losses on hedges		(¥114)
Total amounts of Unitholders' equity		¥149,074

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 November 30, 2008 and May 31, 2008

	(Yen in millions)	
	November 30, 2008	May 31, 2008
Cash Flows from Operating Activities		
Income before income taxes	¥ 772	¥ 3,604
Depreciation and amortization	1,614	1,816
Bad debt loss	1	-
Amortization of long-term prepaid expenses	89	77
Amortization of bond issuance costs	41	68
Interest income	(14)	(19)
Interest expense	1,237	1,175
Changes in assets and liabilities		
Allowance for doubtful receivables	44	7
Rent receivables	(104)	5
Consumption tax receivables	102	(1)
Accrued consumption taxes	58	-
Accounts payable	56	41
Other payables	16	(2)
Accrued expenses	(99)	37
Received in advance	5	(9)
Sales of real estate (including trust accounts)	2,802	6,718
Long-term prepaid expenses	(32)	(102)
Others	17	(27)
Sub-total	6,605	13,388
Interest received	14	19
Interest paid	(1,210)	(1,135)
Proceeds from insurance	6	25
Income taxes paid	(2)	(0)
Net cash provided by operating activities	5,413	12,297
Cash Flows from Investing Activities		
Purchase of real estate (including trust assets and leasehold rights)	(3,275)	(32,220)
Payments for deposit	-	(707)
Proceeds from security deposit(including trust accounts)	(27)	97
Repayment of long-term deposits payable	(6)	(6)
Others	-	(0)
Net cash used in investing activities	(3,308)	(32,836)
Cash Flows from Financing Activities		
Proceeds from short-term loans	2,500	20,180
Repayment of short-term loans	(7,400)	(1,980)
Proceeds from long-term loans	2,000	8,900
Repayment of long-term loans	(1,646)	-
Distributions to unitholders	(3,598)	(3,140)
Net cash provided by financing activities	(8,144)	23,960
Net Increase(Decrease) in Cash and Cash Equivalents	(6,039)	3,421
Cash and Cash Equivalents at the beginning of Period	14,630	11,209
Cash and Cash Equivalents at the end of Period	¥ 8,591	¥ 14,630

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 June 1, 2008 to November 30, 2008 and for the period from December 1, 2007 to May 31, 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 November 30, 2008, NRIC owned 139 properties (including beneficiary rights) containing 9,382 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.

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

	As of Nov 30, 2008	As of May 31, 2008
	(Yen in millions)	
Pledged assets:		
Bank deposits	¥ 1,217	¥ 1,040
Buildings and improvements	16,979	18,622
Structures	134	140
Furniture and fixtures	15	12
Land	19,639	20,998
Total	<u>¥ 37,984</u>	<u>¥ 40,812</u>
Loans secured by the pledged assets:		
Long-term loans due within 1 year	¥ 17,754	¥ 7,900
Long-term loans	-	11,500
Total	<u>¥ 17,754</u>	<u>¥ 19,400</u>

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

Short-term loans comprise of the following:

	Yen in millions	
	As of Nov 30,2008	As of May 31,2008
Unsecured loans from banks:		
with interest ranging from 0.95% to 1.36%.....	20,700	-
with interest ranging from 1.14% to 1.19%.....	-	25,600
Total	¥ 20,700	¥ 25,600

Long-term debt comprise of the following:

	Yen in millions	
	As of Nov 30,2008	As of May 31,2008
Secured loans, representing obligations to banks:		
Due 2009 with interest ranging from 1.22% to 1.30%	17,754	-
Due 2009 with interest ranging from 1.22% to 1.28%	-	19,400
Unsecured loans, representing obligations to banks:		
Due 2010 to 2012 with interest ranging from 1.22% to 1.74%.....	31,900	-
Due 2010 to 2012 with interest ranging from 1.24% to 1.74%.....	-	29,900
Unsecured loans, representing obligations to insurance companies:		
Due 2011 to 2013 with interest ranging from 1.79% to 2.20%.....	10,000	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.....	10,000	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.....	5,000	5,000
Total	¥ 149,654	¥ 149,300

The annual maturities of long-term debt as of November 30, 2008 were as follows:

	(Yen in millions)
Due after 1 to 2 years	41,900
Due after 2 to 3 years	26,000
Due after 3 to 4 years	43,500
Due after 4 to 5 years	2,500
After 5 years	-
Total	¥ 113,900

Note-5 Per unit information

Net asset value per unit as of November 30, 2008 and May 31, 2008 was ¥603,165 and ¥ 615,249.

Note-6 Cash and Cash equivalents

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

	Yen in millions	
	As of Nov 30,2008	As of May 31,2008
Cash and deposits (including trust accounts)	8,591	14,630
Cash and cash equivalents(including trust accounts)	¥ 8,591	¥ 14,630

Note-7 Income taxes

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

	Rate	
	10th. Period	9th. Period
Statutory effective tax rate	39.39%	39.39%
Deductible cash distributions paid	(39.31)	(39.38)
Others	0.08	0.02
Effective tax rate	0.16%	0.03%

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 Nov 30, 2008 (equivalent to ¥3,116 per unit) to its unitholders (¥14,577 per unit was distributed for the period ended May 31, 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.

(Change in Tax Rate)

In correlation with the change in the tax rate for corporate enterprise tax and the introduction of special local corporate tax (special local corporate tax applies from the fiscal year starting on or after October 1, 2008), the statutory effective tax rate used in the calculation of deferred tax assets was changed from the 39.39% used in past periods to 39.33%. The amount of the effect of this change is minimal.

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 Nov 30, 2008:

	Yen in millions	
	Notional amount	Fair value
Interest rate swaps:		
Receive/float and pay/fixed	37,754	(125)
Interest rate caps:	17,000	20

Note-9 Significant subsequent events

a) Cash Distribution

As of January 20, 2009, the NRIC Board of Directors resolved to effect payment of a cash distribution of ¥3,116 per unit aggregating ¥ 770 million to unitholders of record on November 30, 2008.

b) Company Continuity

Liabilities Exceeding Assets at the 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”), announced on January 27, 2009 that its liabilities exceeded assets in its financial results for the fiscal year ended November 2008 and is consequently in a state that is in breach of financial covenants.

Based on a support agreement signed with the Asset Management Company, PHI and its subsidiary Pacific Realty Corporation (hereinafter “PRL”) fulfill the function of providing information to NRIC on investment properties held by PHI and PRL and supporting NRIC’s long-term growth strategy in other ways. Although problems specific to PHI do not directly affect NRIC’s operations, PHI’s situation described above has 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 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 income and ¥770 million in net income. In addition, cash flows resulted in net cash provided by operating activities of ¥5,413 million. Given these results, NRIC believes that there are no grave concerns in particular in terms of revenue.

Moreover, NRIC has not breached any financial covenants set forth in basic agreements entered into with lending financial institutions as of the end of the period ended November 30, 2008, and recognizes that a situation arising where any type of management indicator, etc. is in breach of the covenants would be inconceivable for the time being subsequent to the end of the period ended November 30, 2008 also.

NRIC is advancing talks with its financial institutions with respect to procuring the funds for refinancing of the ¥38,454 million in loans and redemption of the ¥18,000 million in bonds that are due for repayment or redemption within one year of the end of the period ended November 30, 2008. While NRIC has already refinanced ¥15,100 million of the ¥15,700 million in loans that have become due subsequent to the end of the period ended November 30, 2008 as of the date of publication, there is a possibility that it will not be able to smoothly secure the funds for the loans and bonds that are to become due for repayment or redemption in the future.

In this manner, the existence of matters of concern for NRIC’s cash management has raised substantial doubt about the going concern assumption.

In view of conducting stable asset management by relieving such circumstances and maintaining and

strengthening the financial management base, NRIC is promoting the following measures:

- ① NRIC plans to lower the ratio of interest-bearing debt to total assets to around a 50% level in phases by selling assets and taking other steps over two years (target schedule). While the size of the selling of assets and the other steps is yet to be determined, these will be implemented while gauging real estate trading market and financial market trends.
- ② Having developed good relationships with its financial institutions from before, NRIC seeks to secure cash management with the support of financial institutions by continuing to maintain good relationships.
- ③ Concerning the bonds due for redemption within one year of the end of the period ended November 30, 2008, NRIC intends to decide on issuance to new investors, borrowing from financial institutions and others, selling of assets or other methods by the end of May 2009 (target schedule) and thereby seeks to facilitate redemption.

In light of the abovementioned circumstances, the financial statements have been prepared on a going concern basis and the financial statements do not reflect such substantial doubt about the going concern assumption.

c) Provision of Collateral on Significant Assets

NRIC signed agreements to grant a fixed mortgage (revolving amount of ¥100 billion) or fixed pledge with existing lenders on December 26, 2008 as follows.

1.Assets to be Pledged as Collateral

The assets that are to be pledged as collateral are the following real estate and beneficiary interests in trust for real estate, as well as contingent assets (right to claim fire insurance benefits, etc.).

Property No.	Property Name	Form of Ownership
S-2	Pacific Livew Shiba Daimon	Trust beneficiary interests
S-3	Glenpark Sangubashi	Trust beneficiary interests
S-5	Leopalace Udagawacho Mansion	Trust beneficiary interests
S-7	Escort Kami-Ikebukuro	Trust beneficiary interests
S-9	Dormitory Haramachida	Trust beneficiary interests
S-13	Yoshizuka AG Building No.6 and No.7	Trust beneficiary interests
S-14	Pacific Livew Shirokanedai	Real estate
S-15	Grand Blue Hakata	Real estate
S-16	J Stage Honancho	Trust beneficiary interests
S-21	Pacific Livew Shinjuku higashi	Trust beneficiary interests
S-22	Pacific Residence Kandaiwamotocho	Trust beneficiary interests
S-24	Pacific Residence Tsukiji	Real estate
S-25	Pacific Residence Sasaduka	Trust beneficiary interests
S-26	Pacific Residence Minamiazabu	Trust beneficiary interests
S-27	Pacific Residence Ebisu Higashi	Trust beneficiary interests
S-28	Pacific Residence Meguronishi	Trust beneficiary interests
S-29	Pacific Residence Hiroo 3chome	Trust beneficiary interests
S-30	Pacific Residence Akasaka II	Real estate
S-31	Pacific Livew Kyobashi	Real estate
S-32	Pacific Residence Sannomiyahigashi	Real estate
S-33	Pacific Livew Tamagawa	Trust beneficiary interests

Property No.	Property Name	Form of Ownership
S-34	Maison Korakuen	Trust beneficiary interests
S-35	Pacific Livew Ginza Higashi	Trust beneficiary interests
S-36	Relation Oji	Trust beneficiary interests
S-37	No. 6 Zelkova Mansion	Trust beneficiary interests
S-38	Pacific Livew Wasedanishi	Real estate
S-39	KC21 Building	Real estate
S-40	Pacific Livew Hiroo	Real estate
S-41	Cosmo Nishi-Funabashi II	Real estate
S-42	Pacific Livew Yokohama Kannai	Trust beneficiary interests
S-43	K2	Trust beneficiary interests
S-44	FLATS Okurayama	Trust beneficiary interests
S-45	Pianeta Shiodome	Trust beneficiary interests
S-46	ZESTY Komazawadaigaku	Trust beneficiary interests
S-47	ZESTY Yoyogi	Trust beneficiary interests
S-48	ZESTY Nishishinjuku	Trust beneficiary interests
S-49	ZESTY Kyodo	Trust beneficiary interests
S-50	Pacific Livew Utsubokoen	Real estate
S-51	Pacific Residence Tsukishima I	Real estate
S-52	CYNTHIA Oimachi	Real estate
S-53	Pacific Residence Ebisu	Real estate
S-54	Pacific Residence Kamiochiai	Real estate
S-55	Pacific Residence Higashi-Shinagawa	Real estate
S-56	LUKE	Real estate
S-57	Pacific Residence Toranomon	Real estate
S-58	Pacific Residence Kamata I	Real estate
S-59	Pacific Residence Musashikosugi	Real estate
S-60	Pacific Residence Kanda-Ogawamachi	Real estate
S-61	Pacific Residence Sodai-dori	Real estate
S-62	Pacific Livew Kyoto-ekimae	Trust beneficiary interests
S-63	Pacific Residence Tsukishima II	Trust beneficiary interests
S-64	Pacific Residence Funabashi I and II	Trust beneficiary interests
S-65	Pacific Residence Oimachi I	Real estate
S-66	Pacific Residence Takaoka	Real estate
S-67	Pacific Residence Ookayama	Real estate
S-68	COSMOS GRACIA Kinshicho Aquaver	Real estate
C-6	ZESTY Ikegami Building A and Building B	Trust beneficiary interests
C-9	Grand Heights Hibino	Trust beneficiary interests
C-11	Pacific Livew Nagatacho	Real estate
C-12	Pacific Residence Suidobashi	Real estate
C-13	Pacific Tower Nogizaka	Real estate
C-14	Pacific Residence Akasaka I	Real estate
C-15	Apartments Nishi-Azabu	Trust beneficiary interests
C-16	Pacific Residence Tenjinminami	Trust beneficiary interests

Property No.	Property Name	Form of Ownership
C-17	Pacific Livew Hakataeki-Minami	Trust beneficiary interests
C-18	Pacific Residence Ningyocho	Trust beneficiary interests
C-21	Pacific Residence Kichijoji	Trust beneficiary interests
C-22	Pacific Residence Bunkyo-sengoku	Real estate
C-23	Pacific Residence Akasaka Hinokicho	Trust beneficiary interests
C-24	Pacific Residence Takanawa	Real estate
C-25	Pacific Tower Meguro-Fudomae	Real estate
C-26	Pacific Residence Sangen-Jaya I	Real estate
C-27	Pacific Livew Chojamaru	Trust beneficiary interests
C-28	L'air Minami Aoyama	Real estate
C-29	Mare	Real estate
C-30	Pacific Livew Kandahigashi	Real estate
C-31	Melody Heim Shin-Osaka	Real estate
C-32	Melody Heim Matsubara	Real estate
C-33	Pacific Livew Iriya	Trust beneficiary interests
C-34	Pacific Residence Higashiazabu	Real estate
C-35	Pacific Residence Ebisu-Minami	Real estate
C-36	Pacific Tower Azabu-juban	Real estate
C-37	Pacific Residence Minami-ichijo	Real estate
C-38	Pacific Residence Odori-Nishi	Real estate
C-39	Pacific Residence Kita-sanjo	Real estate
C-40	COSMOS GRACIA Shibuya	Real estate
C-41	Pacific Livew Nakanobu	Trust beneficiary interests
C-42	Pacific Residence Azabudai	Trust beneficiary interests
C-43	Pacific Residence Shibadaimon	Trust beneficiary interests
C-44	Glana Nihonbashi	Real estate
C-45	Nostel Court Kanda	Real estate
C-46	COSMOS GRACIA Shin-Okachimachi	Real estate
C-47	Pacific Residence Sangen-Jaya II	Real estate
C-48	Pacific Residence Chidoricho	Real estate
C-49	Pacific Royal Court Minato Mirai Ocean Tower	Real estate
C-50	Pacific Residence Nishi-Shinjuku	Real estate
C-51	Pacific Residence Hiroo-Minami	Real estate
F-9	Sky Heights Hirabari	Trust beneficiary interests
F-12	Pacific Residence Shirakabehigashi	Real estate
F-13	Pacific Residence Sakaihigashi	Real estate
F-14	Maison Yachiyodai	Trust beneficiary interests
F-15	Abreast Kasai	Trust beneficiary interests
F-16	Pacific Residence Uzumasa	Real estate
F-17	Pacific Residence Izumi	Real estate
F-18	Pacific Residence Nihonbashi-Bakurocho	Real estate
F-19	Pacific Residence Gotenyama	Real estate
F-20	Pacific Residence Maruyama Kita-gojo	Real estate

Property No.	Property Name	Form of Ownership
F-21	Pacific Residence Tokugawa	Real estate
F-22	Pacific Residence Yutenji	Trust beneficiary interests
F-23	Pacific Residence Higashiyama-Motomachi	Real estate
F-24	Pacific Residence Odori-Koen	Real estate
F-25	Park Tower Shibaura Bayward Urban Wing	Trust beneficiary interests
L-7	Motoazabu Place	Trust beneficiary interests
L-8	Pacific Tower Roppongi	Real estate
L-9	Pacific Residence Kamimeguro	Trust beneficiary interests
L-10	Pacific Residence Yoyogikoen	Trust beneficiary interests
L-11	Windsor House Hiroo	Real estate
L-13	Pacific Residence Ohi	Trust beneficiary interests
L-15	Pacific Residence Daikanyama-Sarugakucho / Daikanyama Parkside Village	Trust beneficiary interests
L-16	Luxeair Kita-Shinjuku	Real estate
SE-1	Life & Senior House Kohoku II	Real estate

Above book value of assets (Yen in millions)

Account	Book value
Land	149,232
Depreciable property	126,062
Leasehold rights	1,215
Total	276,509

2.Outline of Loans to Become Secured Liabilities

Lenders	Drawdown Date	Repayment Date	Loans Outstanding (Yen in millions)
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Chuo Mitsui Trust and Banking Co., Ltd. The Sumitomo Trust and Banking Co., Ltd. Sumitomo Mitsui Banking Corporation	Dec. 26, 2008	Aug. 31, 2009	13,100
Sumitomo Mitsui Banking Corporation	Feb. 29, 2008	Feb. 27, 2009	3,000
Sumitomo Mitsui Banking Corporation	Aug. 29, 2008	Aug. 31, 2009	2,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 26, 2008	Aug. 31, 2009	2,000
The Dai-ichi Mutual Life Insurance Company	Aug. 29, 2006	Aug. 31, 2011	1,000
Daido Life Insurance Company	Nov. 17, 2006	Nov. 17, 2013	1,600
National Mutual Insurance Federation of Agricultural Cooperatives Taiyo Life Insurance Company The Dai-ichi Mutual Life Insurance Company Mitsui Sumitomo Insurance Co., Ltd.	Dec. 26, 2006	Dec. 26, 2011	5,500
The Norinchukin Bank The Hachijuni Bank, Ltd.	Dec. 26, 2006	Dec. 26, 2011	6,000

The Bank of Tokyo-Mitsubishi UFJ, Ltd. The Sumitomo Trust and Banking Co., Ltd. Mitsubishi UFJ Trust and Banking Corporation The Chuo Mitsui Trust and Banking Co., Ltd. The Chiba Bank, Ltd. Shinkin Central Bank	Feb. 20, 2007	Feb. 19, 2010	11,000
Taiyo Life Insurance Company	Sept. 19,2007	Sept. 19,2012	1,000
Daido Life Insurance Company	Sept. 19,2007	Sept. 19,2013	900
Sumitomo Mitsui Banking Corporation	Nov. 30, 2007	Nov. 30, 2010	2,000
Development Bank of Japan Inc.	Nov. 30, 2007	Nov. 30, 2012	2,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation The Sumitomo Trust and Banking Co., Ltd. The Chuo Mitsui Trust and Banking Co., Ltd.	Feb. 29, 2008	May 31, 2010	6,900
Sumitomo Mitsui Banking Corporation	Feb. 29, 2008	May 31, 2010	2,000
Development Bank of Japan Inc.	Jun. 27, 2008	Nov. 30, 2012	2,000
Total Loans Outstanding			62,000

The balance outstanding as at December 26, 2008 is shown.

Corporate Data

Corporate Data of NRIC

Name:	Nippon Residential Investment Corporation
Representative:	Masaru Nishimura, Chief Executive Officer
Address:	11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo
Contact:	Pacific Residential Corporation 11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo Phone: +81-3-5251-8528

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.

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**NIPPON
RESIDENTIAL
INVESTMENT
CORPORATION**

Sanno Park Tower, 11-1, Nagata-cho 2-chome
Chiyoda-ku, Tokyo, Japan
Phone: +81-3-5251-8528 Facsimile: +81-3-5251-8539
<http://www.nric.co.jp>

