

New City Residence Investment Corporation

Fifth Fiscal Period Results
(March 1, 2007 — August 31, 2007)

DISCLAIMER

This document contains translations of selected information described in the Financial Report (“*Kessan Tanshin*”) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the fifth fiscal period from March 1, 2007 to August 31, 2007, of New City Residence Investment Corporation (“NCRI”) prepared pursuant to the Investment Trust Law of Japan.

This English language document was prepared solely for the convenience of and reference by non-Japanese investors and neither corresponds to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language Financial Report, Financial Statements and Performance Information Report for the aforementioned period should always be referred to as originals of this document.

English terms for legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts 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 statements contained herein, the original Japanese documents will always govern the meaning and interpretation. Neither NCRI, CBRE Residential Management K.K. (“CBRERM”) nor any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portions(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 NCRI, CBRERM or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements of NCRI 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.

Many provisions of this document contain information that constitutes forward-looking statements. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements. NCRI does not intend, and is under no obligation to update any particular forward-looking statement included in this document to reflect future events or circumstances or of any statements or information contained therein.

October 24, 2007

FINANCIAL REPORT FOR THE FIFTH FISCAL PERIOD
(March 1, 2007 — August 31, 2007)

New City Residence Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 8965. Representative person is Jun Arai, Executive Director.
URL: <http://www.ncrinv.co.jp/>

Asset Management Company: CBRE Residential Management K.K.
Representative: Jun Arai, President
Inquiries: Kazuyuki Iwasaki, Director and Chief Financial Officer
Tel: +81-3-6229-3860

Planned start of dividend payments: November 16, 2007

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law. Figures have been rounded down to eliminate amounts of less than one million yen.

1. PERFORMANCE FOR THE FIFTH FISCAL PERIOD

(1) Business Results

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Fifth Fiscal Period	¥5,730	0.9%	¥2,978	(5.5%)	¥2,199	(10.0%)
Fourth Fiscal Period	¥5,678	35.2%	¥3,151	51.8%	¥2,442	49.4%

(Millions of yen, Yen; %)

	Net Income (Millions of yen)	Percentage Change	Net Income per Unit (Yen)	Return on Equity	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
Fifth Fiscal Period	¥2,197	(9.9%)	¥13,393	2.5%	1.2%	38.4%
Fourth Fiscal Period	¥2,437	49.5%	¥16,804	3.1%	1.4%	43.0%

Notes:

- Fifth Fiscal Period: March 1, 2007 – August 31, 2007
Fourth Fiscal Period: September 1, 2006 – February 28, 2007
- Net income per unit was calculated using the following average number of investment units outstanding (weighted average).
Average number of investment units for the Fifth Fiscal Period: 164,068 units
Average number of investment units for the Fourth Fiscal Period: 145,062 units
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
- Equity capital and total assets figures used in return on equity capital and ordinary income to total assets were calculated using the averages of these amounts at the beginning of the fiscal period and the end of the fiscal period.

(2) Distributions

(Millions of yen; Yen; %)

	Distribution per Unit (Yen) Excluding excess of earnings	Total Distributions (Millions of yen)	Distribution in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of yen)	Payout Ratio (%)	Distribution Ratio to Unitholders' Equity (%)
Fifth Fiscal Period	¥13,393	¥2,197	–	–	99.9%	2.5%
Fourth Fiscal Period	¥14,858	¥2,437	–	–	99.9%	2.8%

Note: The payout ratio is rounded down to the nearest first decimal place.

(3) Financial Position

(Millions of yen; Yen; %)

	Total Assets (Millions of yen)	Unitholders' Equity (Millions of yen)	Equity Ratio (%)	Unitholders' Equity per Unit (Yen)
Fifth Fiscal Period	¥195,685	¥88,006	45.0%	¥536,404
Fourth Fiscal Period	¥181,509	¥88,242	48.6%	¥537,843

Reference: Unitholders' equity for the Fifth Fiscal Period: 88,006 million yen.

Unitholders' equity for the Fourth Fiscal Period: 88,242 million yen.

(4) Cash Flow Position

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Fifth Fiscal Period	¥6,076	(¥17,902)	¥11,523	¥6,535
Fourth Fiscal Period	¥11,189	(¥24,690)	¥14,665	¥6,838

2. FORECAST OF RESULTS FOR THE SIXTH FISCAL PERIOD

(Millions of yen; %)

	Operating Revenues (Millions of yen)	Percentage Change	Operating Income (Millions of yen)	Percentage Change	Ordinary Income (Millions of yen)	Percentage Change
Sixth Fiscal Period	¥6,400	11.7%	¥3,423	15.0%	¥2,431	10.6%

(Millions of yen; Yen; %)

	Net Income (Millions of yen)	Percentage Change	Distribution per Unit (Yen) Excluding excess of earnings	Distribution in Excess of Earnings per Unit (Yen)
Sixth Fiscal Period	¥2,429	10.6%	¥14,800	–

Reference:

Estimated net income per unit for Sixth Fiscal Period (full business year): 14,800yen

Notes:

- Sixth Fiscal Period: September 1, 2007 – February 29, 2008
- Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.

3. OTHER

(1) Changes in Accounting Policy

- (A) Changes in accordance with revision of accounting standards: Yes
(B) Change except (A): Yes

(2) Total Number of Investment Units Outstanding

	(Units)	
	Total Number of Investment Units Outstanding as end of fiscal period (including Treasury Investment Units)	Treasury Investment Units as end of fiscal period
Fifth Fiscal Period	164,068	-
Fourth Fiscal Period	164,068	-

Forecasts presented in this report are based on page 9 “Assumptions for Operating Forecasts for the Sixth Fiscal Period (from September 1, 2007 to February 29, 2008)” identified in a separate reference. Forecasts for operating revenues, operating income, ordinary income, net income, distribution per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors including the acquisition and sales of investment properties and changes in real estate markets. Accordingly, New City Residence Investment Corporation does not guarantee any distribution amount. Further, please see page 8 “1. Management Policy and Conditions (2) Operating Conditions ② Forecast for Next Fiscal Period (B) Forecasts for Operating Conditions” for the assumptions for operating forecasts for the sixth fiscal period, note for using operating forecasts and the number of investment units for the same period.

1. Management Policy and Conditions

(1) Management Policy

The basic policy of New City Residence Investment Corporation (NCRI) is to manage investment assets from a medium- to long-term perspective to secure steady growth and stable revenues (Article 27 of the Articles of Incorporation of NCRI (hereafter, AIC)).

NCRI shall invest in real estate related assets comprising of or backed by real estate that is used entirely or partially for residential purposes (as defined in AIC Article 29). In addition, NCRI’s investment region is centered on the Tokyo metropolitan area (refers to the Tokyo, Kanagawa, Chiba and Saitama Prefectures) and also areas that allow a balanced geographically diversified portfolio.

The asset management company of NCRI, CBRE Residential Management K.K. (hereafter, Asset Management Company), shall establish management guidelines in correlation with the management policy applied to investment assets of NCRI and designate these as the management policy for NCRI’s assets under management. These Management Guidelines shall function as the internal rules of the Asset Management Company and consider the basic investment policy for investment assets designated in the AIC while also being based on the AIC and the Asset Management Agreement between the Asset Management Company and NCRI. These Management Guidelines shall be established in a manner that the Asset Management Company judged to be best after considering economic conditions, capital market trends, interest rate trends, the market environment surrounding real estate, development in the local economy, population shifts and changes in household composition, lifestyle changes and residential preferences, changes in the regulatory environment and other factors. Therefore, these Management Guidelines shall be dynamically and flexibly amended at the discretion of the Asset Management Company in an effort to ensure the most effective implementation of the basic investment policy of NCRI designated in the AIC and such amendments shall be made in correlation with changes in the various economic and real estate environments listed above.

(2) Operating Conditions

① Conditions during This Fiscal Period

NCRI was established on September 27, 2004 based on the Investment Trust and Investment Corporation Law (Law No. 198 in 1951 and including amendments thereafter; hereafter, ITC). Later on December 15, 2004, NCRI listed on the Real Estate Investment Trust section of the Tokyo Stock Exchange (TSE) Securities Code: 8965. NCRI aims to improve the management efficiency by entrusting the management of assets to the Asset Management Company and dedicating itself to the management of residential assets, while also aiming to

lower risk by diversifying the geographical areas subject to investment, the tenants and the housing types. These steps are taken to conduct the management of investment assets from a medium- to long-term perspective to secure steady growth and stable revenues.

Owing to consistent efforts to steadily expand portfolio size since listing in December 2004, NCRI achieved its initial target portfolio size of 100.0 billion yen ahead of schedule in September 2005 and has now managed to grow to a portfolio size that is about three times the IPO level. Specifically, as of the end of August 2007, NCRI has 104 properties worth 181.9 billion yen in portfolio size (on an acquisition price basis). NCRI has also been proceeding to boost occupancy rates at the properties in its portfolio, resulting in the occupancy rate of its portfolio improving from 91.7% at the end of the first fiscal period to 92.0% at the end of August 2007. Based on such management performance, NCRI obtained an A3 issuer rating (rating outlook: stable) from Moody's Investors Service, Inc. (Note 1) in December 2005 and an A+ issuer rating (rating outlook: stable) from Rating and Investment Information, Inc. (R&I) (Note 2) in May 2006. Furthermore, Moody's Investors Service, Inc. changed the rating outlook to positive in July 2007.

(Note1) The issuer rating of Moody's Investors Service, Inc. is Moody's opinion on the ability of an issuer to honor its senior unsecured financial obligations and contracts. The outlook is Moody's opinion on the direction of the rating in the medium-term and is expressed as Positive, Negative, Stable, etc.

(Note2) The issuer rating of the Rating & Information Inc., (R&I) is R&I's opinion on the general debt repayment ability for financial debt the issuer has. The rating is an opinion on the medium-term direction of the issuer rating and is expressed as Positive, Negative, Stable, etc.

(A) Operating conditions as of the end of the fifth fiscal period

a. Growth of Portfolio in Fifth Fiscal Period

(i) Acquisition of Additional Properties and the Sale of Owned Properties

NCRI began the fifth fiscal period with 94 properties (167.0 billion yen on an acquisition price base, 5,779 leasable units) under asset management. Following this, NCRI made additional investments and sale of investment asset in carefully selected assets, towards its goal of securing steady growth and stable revenues for the medium- to long-term in accordance with our basic policy. As a result, the assets owned as of the end of this fiscal period total 104 properties worth 181.9 billion yen, meaning that NCRI has grown about 3 times compared to its IPO.

The following uses tables to summarize the NCRI assets under management acquired and sold during this fiscal period.

	Properties Acquired During the Each Month (No. of Properties / Total Acquisition Price) (Note 1)	Properties Sold During the Each Month (No. of Properties / Total Sale Price) (Note 2)	Total at End of Month (No. of Properties / Total Acquisition Price) (based on acquired properties) (Note 3)	Total Leasable Units (Note 4)
Mar. 2007	3 properties 7.5 billion yen	-	97 properties 174.6 billion yen	6,097 units
Apr. 2007	1 property 0.7 billion yen	-	98 properties 175.2 billion yen	6,147 units
May 2007	-	-	98 properties 175.2 billion yen	6,147 units
Jun. 2007	1 property 0.8 billion yen	1 property 3.3 billion yen	98 properties 173.2 billion yen	6,122 units
Jul. 2007	1 property 1.0 billion yen	-	99 properties 174.2 billion yen	6,190 units
Aug. 2007	5 properties 7.7 billion yen	-	104 properties 181.9 billion yen	6,479 units

(Note 1) "Properties Acquired During the Each Month (No. of Properties)" refers to properties acquired during the month under review by NCRI. "Properties Acquired During the Each Month (Total Acquisition Price)" refers to the total acquisition price of real estate for each month. Figures are rounded off to the last indicated figure.

(Note 2) "Properties Sold During the Each Month (No. of Properties)" refers to properties sold during the month under review by NCRI or the underlying assets for trust beneficiary interests for the same period. "Properties Sold During the Each Month (Total Sale Price)" refers to the total sale price of real estate and trust beneficiary interests for each month. Figures are rounded off to the last indicated figure.

(Note 3) "Total at End of Month (No. of Properties)" represents the total number of properties owned by the NCRI at the

end of the month under review and the underlying assets for trust beneficiary interests for the same period. "Total at End of Month (Total Sale Price)" represents the total acquisition price for the real estate and trust beneficiary interests owned by the NCRI at the same period.

(Note 4) "Total Leasable Units" represents the total leasable units in real estate owned by the NCRI at the end of the month under review and the underlying assets for trust beneficiary interests for the same period.

b. Capital Procurement Conditions in Fifth Fiscal Period

NCRI procured capital during this fiscal period based on appropriately reflecting the market environment and financial trends, striving to maintain a stable financial position, ensure flexibility and diversity in capital procurement and reduce capital procurement costs, and under the goal of building the foundation for securing efficient management of and stable revenues from assets.

Results in this fiscal period include the floating of a total of 17.0 billion yen worth of investment corporation bonds (five-year and seven-year bonds) in April 2007 for the purpose of allocating the funds to the repayment of short-term borrowings. In addition, NCRI took out short- and long-term borrowings reaching an amount of 15.6 billion yen in total under the objective of applying the funds to the acquisition of specified assets (the meaning as stipulated in Article 2-1 of the ITL; hereafter, the same). Concerning the long-term borrowings, the borrowing period was set for five years and the interest rate converted to a fixed interest rate via interest rate swaps. By taking such measures, NCRI is striving to hedge interest rate fluctuation risks and refinancing risks. Moreover, the credit limit based on a commitment line was raised to 7.0 billion yen in July 2007 for such reasons as to ensure stability and flexibility in capital procurement.

As a result, NCRI's outstanding interest-bearing debt as of the end of this fiscal period was 104.35 billion yen (of which, 29.7 billion yen is in short-term borrowings (including 12.2 billion yen in long-term borrowings scheduled for repayment within a year), 43.65 billion yen in long-term borrowings and 31.0 billion yen in investment corporation bonds). As a result, the ratio of interest bearing liabilities to total unitholders' equity at the end of the period was 53.3%, the ratio of long-term interest bearing debt was 71.5% and the ratio of long-term fixed interest debt (ratio of fixed interest-bearing debt to total interest-bearing debt) was 67.7%.

Further, the status of the rating of NCRI as of the end of this fiscal period was as follows.

Rating Agency	Rating
Moody's Investors Service, Inc.	Issuer rating: A3 Outlook: Positive
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ Outlook: Stable

c. Overview of Performance and Distribution

As a result of the above management, NCRI posted the following performance in the fifth fiscal period: 5,730 million yen in operating revenues, 2,978 million yen in operating income, 2,199 million yen in ordinary income and 2,197 million yen in net income.

As for distributions, as a result of the application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 in 1957, including revisions thereafter), NCRI is distributing the entire unappropriated income, excluding fractions below one yen, as distributions per unit with the intent of recording profit distributions as losses. Consequently, the distribution per unit has been set at 13,393 yen.

② Forecast for Next Fiscal Period

(A) Management Policy and Issues

According to the Prefectural Land Price Survey current as of July 1, 2007, the national average land price for residential land remained at almost the same level as the previous year while that for commercial land increased, although only slightly, for the first time in sixteen years.

In correlation with this, the deal prices for land suitable for development has climbed in central Tokyo, the major metropolitan areas centered on Tokyo, Osaka and Nagoya and in core regional cities. This combined with the voracious investment demand resulting from the inflow of overseas capital in line with globalization of property investment have intensified the competition to acquire top tier rental housing.

The keys to success or failure of management within this investment environment include the ability to carefully select and acquire superior investment real estate that can secure stable revenues in

the future and the building of a broader pipeline and network that extends to core cities in local areas.

NCRI also has positioned the “close, new and large” properties it has acquired to date in Tokyo, Osaka and other major metropolitan areas as core properties within the portfolio. These top tier properties have experienced rising rent levels with the changing of tenants as a result of the strong rental demand and we expect this trend to become even more conspicuous. In addition to this raising of rent rates, NCRI will work to reduce management costs within asset management and to maintain and improve the management level so that sustainable internal growth of earnings can be attained.

The market size of J-REIT market has grown and the number of J-REITs has grown. These two developments make it necessary for J-REITs to differentiate themselves from others. NCRI intends to continue to do so by constructing a high quality portfolio and further pursuing the brand strategy that distinguishes us from other REITs.

The market and government also desires that both listed investment corporations and asset managers thoroughly adhere to compliance rules and NCRI has positioned compliance adherence as a fundamental aspect of our management policy. NCRI will continue to reinforce our corporate governance system while also continuing our operations with unwavering diligence.

(B) Forecasts for Operating Conditions

- a. NCRI anticipates the following operating conditions in the sixth period (September 1, 2007 – February 29, 2008): Operating revenues 6,400 million yen, ordinary income 2,431 million yen, net income 2,429 million yen and distributions per unit 14,800 yen. Further, please see Assumptions for Operating Forecasts for the Sixth Fiscal Period on page 9 for the assumptions to this forecast.

(Note) The above forecasts were calculated as of today based on certain assumptions and the actual operating revenues, ordinary income, net income and distribution per unit may change as a result of the future acquisition or sale of real estate, fluctuations in the real estate market, etc., other changes in the conditions surrounding NCRI. These forecasts also do not guarantee the amount of distributions.

b. Material facts that developed after the accounts settlement

(i) Conclusion of Asset Transfer Agreement

NCRI has decided and announced the sale of the asset entered below (hereafter, asset scheduled for sale) to enhance the portfolio over the medium to long term and to enhance management efficiency. This decision was reached after deciding the transfer time, price, etc. were appropriate after comprehensively considering the trends in the real estate sale and purchase market, forecasts for developments in the surrounding area, profitability forecasts, the conditions of individual properties and the overall composition of the portfolio. Brief details are as follows and delivery date is October 30, 2007.

Area (Note 1)	Property No.	Property Name (Note 2)	Buyer	Acquisition Price (Millions of yen)	Sale Price (Millions of yen)
Tokyo Central 5 Wards	C-6	NCR Shinjuku Ichibankan	KAG 8 Investment TMK	1,978	2,181
Tokyo Central 5 Wards	C-7	NCR Shinjuku Nibankan		889	979
Tokyo Central 5 Wards	C-26	NCR Sasazuka		3,050	3,507
Total				5,917	6,667

(Note 1) “Tokyo Central 5 Wards” comprise Minato Ward, Shibuya Ward, Shinjuku Ward, Chiyoda Ward and Chuo Ward.

(Note 2) Under “Property Name”, “NCR” is the acronym for New City Residence.

(Note 3) Figures have been rounded down to eliminate amounts of less than one million yen. The total is gross amount of sale prices before rounding of fractions.

Assumptions for Operating Forecasts for the Sixth Fiscal Period (September 1, 2007 – February 29, 2008)

Item	Assumptions
Period	Fiscal Period Ending February 29, 2008 : September 1, 2007 to February 29, 2008 (182 days)
Assets under management	Our calculations for the fiscal period ending February 29, 2008 are based on a total of 106 assets under management. This total is reached by combining the 104 properties under management as of August 31, 2007 and New City Residence Maruyama Urasando, which the Investment Corporation acquired on September 27, 2007, New City Residence Yoga and New City Residence Higobashi Tower, which the Investment Corporation acquired on October 19, 2007, New City Residence Sumiyoshi (tentative name), which the Investment Corporation plan to acquire on October 31, 2007, New City Residence Higashihie (tentative name), which the Investment Corporation plan to acquire on November 30, 2007, and then subtracting New City Residence Shinjuku Ichibankan, New City Residence Shinjuku Nibankan and New City Residence Sasazuka, which the Investment Corporation plans to sell on October 30, 2007.
Investment Units Issued and Outstanding	Forecasts are based on the assumption that the 164,068 investment units outstanding as of August 31, 2007 will not change through to the end of the sixth fiscal period.
Interest-bearing Liabilities Ratio	<p>The interest-bearing liabilities ratio as of August 31, 2007 is about 55%. Forecasts are based on the assumption that, after considering new borrowings for closing the transactions on properties to be acquired during the sixth fiscal period (including those already acquired to date), and the repayment of debt financing, etc. using sale proceeds from the transfer of assets during the same period, interest-bearing liabilities ratio will increase to about 55% by the end of the sixth fiscal period.</p> <p>The interest-bearing liabilities ratio is calculated using the following formula: Interest-bearing liabilities ratio = Interest-bearing liabilities ÷ (Interest-bearing liabilities + Unitholders' equity) x 100</p>
Operating Expenses	Depreciation and amortization expenses including associated costs and future capital expenditures are calculated based on the straight-line method. The Investment Corporation estimates these expenses to total approximately 913 million yen for the fiscal period ending February 29, 2008.
Distribution per Unit	Cash dividends are calculated based on the distribution of 100% of profits (distributable income) in accordance with the Investment Corporation's Articles of Incorporation.
Distribution in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.

2. Financial Statements, etc.

(1) Financial Statements

1. Balance Sheets

Item	As of August 31, 2007		As of February 28, 2007	
	Thousands of yen		Thousands of yen	
Assets				
Current assets:				
Cash and bank deposits	¥	4,245,687	¥	4,713,872
Cash and bank deposits in trust		4,076,730		3,885,406
Rental receivables		119,610		136,718
Prepaid expenses		33,124		47,387
Advanced money		-		700,000
Consumption tax refundable		41,731		-
Other current assets		51,866		24,134
Allowance for doubtful receivables		(4,917)		(3,616)
Total current assets		8,563,834		9,503,902
Fixed assets:				
Property and equipment, at cost:				
Land including trust accounts		115,105,970		107,527,140
Buildings including trust accounts		71,007,807		63,284,072
Other tangible assets including trust accounts		2,726,564		2,182,453
Accumulated depreciation		(3,081,700)		(2,280,442)
Total property and equipment		185,758,642		170,713,224
Intangible assets:				
Leasehold interests in trust		913,996		913,996
Other intangible assets		4,875		5,252
Total intangible assets		918,871		919,248
Investments and other assets				
Deposits		11,454		10,274
Long-term prepaid expenses		108,445		116,156
Reserve for repairs and maintenance		197,441		181,632
Derivative assets		12,110		28,871
Total investments and other assets		329,453		336,934
Total fixed assets		187,006,967		171,969,407
Deferred assets				
Bond issuance costs		114,657		36,604
Total deferred assets		114,657		36,604
Total assets	¥	195,685,458	¥	181,509,914
Liabilities and Unitholders' Equity				
Liabilities				
Current liabilities:				
Trade payables	¥	222,623	¥	255,079
Short-term loan payable		17,500,000		25,300,000
Long-term loan payable due within one year		12,200,000		12,200,000
Other payables		571,083		382,161
Accrued expenses		283,164		155,213
Consumption taxes payable		-		32,675
Accrued income taxes		1,484		4,983
Rents received in advance		508,475		436,150
Deferred tax liabilities		7,274		11,038
Other current liabilities		42,084		13,381
Total current liabilities		31,336,189		38,790,684
Long-term liabilities				
Investment corporation bonds		31,000,000		14,000,000
Long-term loan payable		43,650,000		38,800,000
Deferred tax liabilities		4,770		-
Leasehold and security deposits		262,001		217,062
Leasehold and security deposits in trust		1,425,269		1,455,701
Derivative liabilities		477		3,592
Total long-term liabilities		76,342,519		54,476,356
Total liabilities		107,678,709		93,267,040

Item	As of August 31, 2007	As of February 28, 2007	
	Thousands of yen	Thousands of yen	
Unitholders' Equity			
Unitholders' Capital	85,791,179		85,791,179
Units authorized: 2,000,000 units			
Units issued and outstanding: 164,068 units as of August 31, 2007 and February 28, 2007.			
Unappropriated income	2,197,443		2,437,788
Unrealized gain			
Unrealized gain from deferred hedge transactions	18,126		13,906
Total unitholders' equity	88,006,749		88,242,874
Total liabilities and unitholders' equity	¥ 195,685,458	¥	181,509,914

2. Statements of Income

Item	For the six months ended August 31, 2007	For the six months ended February 28, 2007
	Thousands of yen	Thousands of yen
Operating Revenues :		
Rental revenues	¥ 5,328,215	¥ 4,734,746
Gain on sale of properties	401,893	944,147
Total operating revenues	5,730,109	5,678,893
Operating Expenses :		
Property operating expenses	2,053,080	1,856,401
Asset management fees	508,953	462,192
Custodian fees	11,575	10,704
Administrative service fees	19,945	27,212
Officers' salaries	4,200	4,200
Other operating expenses	154,325	166,782
Total operating expenses	2,752,080	2,527,493
Operating income	2,978,028	3,151,400
Non-Operating Income		
Interest income	1,452	805
Other non-operating income	2,090	1,907
Non-Operating Expenses		
Interest expense on loans	423,048	371,280
Financing related expenses	98,049	123,257
Interest expense on bonds	238,862	110,903
Unit issuance costs	-	88,544
Amortization of bond issue costs	19,041	12,201
Other non-operating expenses	3,402	5,505
Ordinary income	2,199,166	2,442,420
Income before income taxes	2,199,166	2,442,420
Income taxes:		
Current	1,501	5,012
Deferred	287	(333)
Net income	2,197,377	2,437,740
Income carried forward	65	47
Unappropriated income	¥ 2,197,443	¥ 2,437,788

3. Statements of Cash Flows

Item	For the six months ended	For the six months ended
	August 31, 2007	February 28, 2007
	Thousands of yen	Thousands of yen
Cash Flows from Operating Activities		
Income before income taxes	¥ 2,199,166	¥ 2,442,420
Depreciation	846,941	737,301
Amortization of long-term prepaid expenses	37,129	39,552
Amortization of bond issuance costs	19,041	12,201
Interest income	(1,452)	(805)
Interest expense	661,911	482,183
Unit issuance costs	-	88,544
(Increase) Decrease of rental receivables	(59,078)	(9,798)
(Increase) Decrease of consumption tax refundable	(41,731)	46,449
Increase (Decrease) of trade payables	(32,456)	92,562
Increase (Decrease) of other payables	79,510	61,057
Increase (Decrease) of consumption tax payable	(32,675)	32,675
Increase (Decrease) of rents received in advance	72,324	52,406
Long-term prepaid expenses	(29,418)	(60,066)
Decrease of property and equipment due to sale (including trust accounts)	2,846,117	7,706,296
Others, Net	48,773	(86,059)
Subtotal	6,614,103	11,636,922
Interest income received	1,452	805
Interest expense paid	(533,959)	(447,477)
Income taxes paid	(5,000)	(634)
Net cash provided by operating activities	6,076,595	11,189,615
Cash flows from Investing Activities		
Purchases of property and equipment in trust	(34,696)	(16,661,391)
Purchases of property and equipment	(17,912,736)	(7,294,971)
Payments for advanced money	-	(700,000)
Purchases of intangible assets	(57)	(245)
Proceeds from deposits	39	-
Payments for deposits	(1,220)	-
Proceeds from leasehold and security deposits in trust	174,178	277,060
Payments for leasehold and security deposits in trust	(141,721)	(313,338)
Payments for restricted bank deposits in trust	(193,045)	(283,119)
Proceeds from restricted bank deposits in trust	214,842	423,981
Proceeds from leasehold and security deposits	68,760	103,286
Payments for leasehold and security deposits	(16,384)	(3,692)
Payments for restricted bank deposits	(79,432)	(132,678)
Proceeds from restricted bank deposits	31,966	16,380
Payments for reserve for repairs and maintenance	(13,135)	(121,738)
Net cash used in investing activities	(17,902,643)	(24,690,468)
Cash Flows from Financing Activities		
Proceeds from short-term loan payable	9,200,000	25,300,000
Repayment of short-term loan payable	(17,000,000)	(33,500,000)
Proceeds from long-term loan payable	6,400,000	17,700,000
Repayment of long-term loan payable	(1,550,000)	(13,800,000)
Proceeds from issuance of investment corporation bonds	17,000,000	-
Payments of bond issuance costs	(97,093)	-
Proceeds from issuance of units	-	20,684,885
Payments of unit issuance costs	-	(88,544)
Payment of dividends	(2,429,259)	(1,630,984)
Net cash provided by investing activities	11,523,646	14,665,356
Net change in cash and cash equivalents	(302,401)	1,164,504
Cash and cash equivalents at the beginning of period	6,838,162	5,673,658
Cash and cash equivalents at the end of period	¥ 6,535,761	¥ 6,838,162

【Property Portfolio】

(As of August 31, 2007)

No.	Property Name (Note 2)	Acquisition Price (millions of yen) (Note 3)	Acquisition Date	No. of Leasable Units (units) (Note 4)	Leasable Floor Space (㎡) (Note 5)	Occupancy Rate (%) (Note 6)
Tokyo Central Five Wards (Note 1)						
C-1	NCR Minami Aoyama	3,783	Dec. 15, 2004	62	3,473.28	93.4
C-2	NCR Nishi Azabu Twin Tower	3,315	Dec. 17, 2004	60	3,296.44	92.4
C-3	NCR Nishi Azabu	3,143	Dec. 15, 2004	37	2,802.62	88.8
C-4	NCR Ochanomizu	2,300	Dec. 17, 2004	44	2,507.30	87.3
C-5	NCR Sangubashi	1,734	Dec. 15, 2004	26	1,898.47	96.9
C-6	NCR Shinjyuku Ichibankan	1,978	Dec. 15, 2004	105	2,235.58	98.9
C-7	NCR Shinjyuku Nibankan	889	Dec. 15, 2004	41	1,024.49	97.8
C-8	NCR Nihonbashi East	1,622	Dec. 15, 2004	62	1,940.94	97.3
C-9	NCR Nihonbashi West	1,480	Dec. 15, 2004	55	1,858.34	84.7
C-10	NCR Ginza Twin I	1,133	Dec. 15, 2004	40	1,444.52	97.6
C-11	NCR Ginza Twin II	968	Dec. 15, 2004	33	1,244.54	93.7
C-12	NCR Harajyuku	1,220	Dec. 17, 2004	21	1,225.26	95.2
C-13	NCR Mita	986	Dec. 15, 2004	30	1,128.80	93.3
C-14	NCR Yoyogi Uehara	765	Dec. 17, 2004	25	811.95	100.0
C-15	NCR Sendagaya	695	Dec. 17, 2004	21	803.03	100.0
C-16	NCR Shinjyuku 7 Chome	626	Dec. 17, 2004	23	957.60	100.0
C-17	NCR Ichigaya Sanaicho	577	Dec. 17, 2004	21	694.16	95.4
C-18	NCR Nihonbashi Ningyocho I	1,230	Feb. 25, 2005	32	1,747.90	97.3
C-19	NCR Nihonbashi Ningyocho II	1,290	Feb. 25, 2005	38	1,826.80	90.3
C-20	NCR Shin-Ochanomizu	1,160	Feb. 25, 2005	32	1,308.38	100.0
C-22	NCR Nihonbashi Ningyocho III	1,662	June 10, 2005	63	2,117.46	98.8
C-23	NCR Jinbocho II	1,470	Jul. 5, 2005	60	1,628.80	98.2
C-24	NCR Ginza East III	841	Jul. 5, 2005	41	972.51	97.7
C-25	NCR Shinjuku Gyoen I	3,140	Jul. 28, 2005	108	3,594.16	100.0
C-26	NCR Sasazuka	3,050	Jul. 28, 2005	90	3,701.70	93.3
C-27	NCR Takanawadai	1,180	Jul. 28, 2005	32	1,147.44	94.2
C-28	NCR Nihonbashi Ningyocho IV	842	Jul. 28, 2005	48	1,105.20	100.0
C-29	NCR Shinjuku Gyoen II	580	Jul. 28, 2005	27	668.79	100.0
C-30	NCR Ginza East IV	510	Jul. 28, 2005	20	681.00	100.0
C-31	NCR Takanawadai II	1,530	Sep. 21, 2005	40	1,567.84	92.3
C-32	NCR Minami Azabu	840	Sep. 21, 2005	24	882.67	92.8
C-33	NCR Minami Azabu East	1,260	Dec. 26, 2005	40	1,217.92	97.5
C-34	NCR Ginza	4,000	Apr. 27, 2006	96	3,494.42	96.2
C-35	NCR Nihonbashi Suitengu	3,332	Apr. 27, 2006	88	4,602.95	96.3
C-36	NCR Takanawa	10,995	Jan. 11, 2006	169	10,408.26	95.6
C-37	NCR Higashi Nihonbashi	4,930	Dec. 1, 2006	103	6,442.28	97.1
C-38	Catherina Mita Towersuite (NCR)	16,200	Dec. 22, 2006	264 (759) (Note 6)	17,553.76	91.7
Subtotal		87,256	-	2,121	96,017.56	94.7

Tokyo 23 Wards excluding Central Five Wards (Note 1)						
M-2	NCR Todoroki	1,850	Dec. 15, 2004	22	2,863.78	94.9
M-3	NCR Honjo Azumabashi	1,122	Dec. 15, 2004	35	2,255.88	100.0
M-4	NCR Kitazawa	1,070	Dec. 17, 2004	15	1,220.16	73.0
M-5	NCR Meguro	1,050	Dec. 17, 2004	26	1,414.73	100.0
M-6	NCR Senzokukoen	921	Dec. 17, 2004	19	1,608.40	94.2
M-8	NCR Monzennakacho	524	Dec. 15, 2004	31	887.94	100.0
M-9	NCR Denenchofu	511	Dec. 17, 2004	17	1,066.08	100.0
M-10	NCR Negishi	356	Dec. 17, 2004	12	594.79	92.1
M-11	NCR Kamiikedai	238	Dec. 17, 2004	12	414.45	100.0
M-12	NCR Otsuka	1,290	Feb. 25, 2005	54	1,784.50	91.9
M-13	NCR Morishita	985	Feb. 25, 2005	38	1,383.90	97.8
M-14	NCR Wakabayashi Koen	970	Apr. 21, 2005	23	1,425.43	95.8
M-15	NCR Asakusabashi	870	Apr. 19, 2005	32	1,537.84	96.7
M-16	NCR Gakugeidaigaku	1,210	May 31, 2005	38	1,602.88	98.0
M-17	NCR Jiyugaoka	1,470	Jul. 28, 2005	40	1,472.47	97.7
M-18	NCR Mejiro East	1,080	Jul. 29, 2005	29	1,658.90	97.1
M-19	NCR Iriya	675	Jul. 29, 2005	22	1,415.15	96.0
M-20	NCR Ikebukuro	3,227	Sep. 21, 2005	87	3,644.35	94.3
M-21	NCR Kaname-cho	1,360	Jan. 11, 2006	73	1,624.06	97.3
M-22	NCR Ueno Tower	2,990	Feb. 1, 2006	102	4,197.66	91.3
M-23	NCR Shinagawa Seaside Tower	9,350	June 30, 2006	208	12,732.35	95.7
M-24	NCR Yakumo	1,160	Dec. 1, 2006	18	1,276.91	95.4
M-25	NCR Morishita West	810	June 29, 2007	40	1,275.60	100.0
M-26	NCR Togoshiginza	1,960	Dec. 13, 2006	80	2,682.22	98.5
M-27	NCR Minowa	1,720	Aug. 21, 2007	78	2,406.41	-
M-28	NCR Jiyugaoka West	720	Aug. 28, 2007	28	857.32	-
M-29	NCR Nakano	1,250	Aug. 28, 2007	42	1,613.86	-
Subtotal		40,739	-	1,221	56,918.02	87.3
Greater Tokyo excluding Tokyo 23 Wards (Note 1)						
G-1	NCR Yokohama East	6,753	Dec. 15, 2004	228	12,349.46	98.1
G-2	NCR Funabashi Honcho	1,083	Dec. 17, 2004	86	1,496.40	100.0
G-3	SH Motosumiyoshi	1,058	Dec. 15, 2004	57 (73) (Note 6)	2,910.25	96.8
G-4	NCR Toyoda	1,053	Dec. 15, 2004	67	3,630.55	92.4
G-5	NCR Nishi Funabashi	997	Dec. 17, 2004	81	1,597.32	93.8
G-6	NCR Maihama	844	Dec. 17, 2004	61	1,287.72	96.7
G-7	NCR Ichikawamyoden	769	Dec. 17, 2004	58	1,218.00	100.0
G-8	NCR Kumegawa	715	Dec. 17, 2004	31	2,013.93	100.0
G-9	NCR Urayasu	653	Dec. 17, 2004	51	1,074.53	100.0
G-10	NCR Minamigyotoku I	648	Dec. 17, 2004	49	1,031.81	95.9
G-11	NCR Minamigyotoku II	447	Dec. 17, 2004	35	724.63	85.7
G-12	NCR Nogeyama	469	Dec. 17, 2004	30	744.90	96.7
G-13	NCR Minamirinkan	456	Dec. 17, 2004	29	1,489.44	100.0
G-14	NCR Shonan	445	Dec. 17, 2004	19	1,082.28	100.0

G-15	LM Fuchinobe Honcho	222	Dec. 17, 2004	15 (26) (Note 6)	997.92	93.3
G-16	LM Higashi Oume Daisan	175	Dec. 17, 2004	33 (61) (Note 6)	659.03	91.0
G-17	PT Ichikawa	620	Jul. 28, 2005	40	876.89	100.0
G-18	PT Shioyaki	310	Jul. 28, 2005	36	583.76	100.0
G-19	PT Horie	193	Jul. 28, 2005	22	374.33	85.2
Subtotal		17,910	-	1,028	36,143.15	97.0
Regional Cities (Note 1)						
R-1	NCR Odori-koen	726	Dec. 17, 2004	40	2,996.24	94.8
R-2	Goshikiyama Heights	720	Dec. 15, 2004	33	2,253.34	100.0
R-3	NCR Nishikoen	379	Dec. 17, 2004	30	1,483.50	96.7
R-4	NCR Nishi Ohori	258	Dec. 17, 2004	17	1,013.22	94.4
R-5	NCR Kakogawa	274	Dec. 17, 2004	34	1,888.02	97.1
R-6	LM Maebashi Nishikatakai	202	Dec. 17, 2004	23 (40) (Note 6)	1,284.45	94.6
R-7	Aprile Tarumi	1,710	Feb. 25, 2005	99	6,545.25	100.0
R-9	Crest Kusatsu	3,830	June 28, 2005	540	13,452.80	100.0
R-10	NCR Honmachi East	1,740	Dec. 1, 2005	117	3,471.39	92.2
R-11	NCR Shin-Umeda	1,640	Dec. 1, 2005	108	3,279.90	93.7
R-12	NCR Shizuoka Takajo	770	Mar. 30, 2006	45	1,731.52	100.0
R-13	NCR Abeno	5,400	Apr. 27, 2006	153	10,832.11	93.9
R-14	NCR Otedori	382	Apr. 27, 2006	31	860.48	90.0
R-15	NCR Sakae	1,361	Mar. 23, 2007	73	2,836.00	98.9
R-16	NCR Nipponbashi Kouzu	4,780	June 30, 2006	262	9,334.47	94.8
R-20	NCR Shinsaibashi East Tower	4,693	Mar. 27, 2007	133	8,747.40	88.2
R-21	NCR Sannomiya	1,485	Mar. 27, 2007	112	3,071.60	98.3
R-22	NCR Kotodaikoen	655	Apr. 26, 2007	50	1,684.10	100.0
R-23	NCR Ichibancho	965	Jul. 31, 2007	68	2,800.32	100.0
R-24	NCR Omachi	842	Aug. 28, 2007	72	2,149.08	100.0
R-25	NCR Uemachidai	3,214	Aug. 20, 2007	69	5,415.39	-
Subtotal		36,025	-	2,109	87,130.58	90.1
Total		181,930	-	6,479	276,209.31	92.0

(Note 1) "Tokyo Central Five Wards" comprises Minato Ward, Shibuya Ward, Shinjuku Ward, Chiyoda Ward and Chuo Ward. The "Tokyo 23 Wards excluding Central Five Wards" comprises all 23 wards of Tokyo excluding the aforementioned five wards. The "Greater Tokyo excluding Tokyo 23 Wards" comprises Tokyo Prefecture excluding the 23 Wards of Tokyo, and Kanagawa, Chiba, and Saitama Prefectures. "Regional Cities" comprises all other areas excluding the aforementioned.

(Note 2) Under "Property Name," "NCR" is the acronym for New City Residence, "LM" for Lions Mansion, "SH" for Sonnen Heim and "PT" for Park Terrace.

(Note 3) The Leasable Floor Space column indicates the area of the individual real estate and trust real estate acquired by NCRI that can be leased.

(Note 4) The No. of Leasable Units column indicates the leasable units of individual real estate and trust real estate as of August 31, 2007.

(Note 5) The Occupancy column indicates the ratio that the leased floor space of individual real estate and trust real estate comprises of their total leasable floor spaces and the data as of August 31, 2007.

(Note 6) The No. of Leasable Apartments column for the following compartmentalized ownership buildings has the number of apartments included in acquired assets entered with the number of apartments for the entire building entered in the parentheses. Catherina Mita Towersuite (NCR), SH Motosumiyoshi, LM Fuchinobe Honcho, LM Higashi Oume Daisan and LM Maebashi Nishikatakai.