

New City Residence Investment Corporation

Sixth Fiscal Period Results
(September 1, 2007 — February 29, 2008)

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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.

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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.

April 22, 2008

FINANCIAL REPORT FOR THE SIXTH FISCAL PERIOD
(September 1, 2007 — February 29, 2008)

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.
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Planned start of dividend payments: May 21, 2008

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 SIXTH FISCAL PERIOD

(1) Business Results

(Millions of yen; %)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Sixth Fiscal Period	¥6,252	9.1%	¥3,234	8.6%	¥2,456	11.7%
Fifth Fiscal Period	¥5,730	0.9%	¥2,978	(5.5%)	¥2,199	(10.0%)

(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
Sixth Fiscal Period	¥2,453	11.7%	¥14,953	2.8%	1.2%	39.3%
Fifth Fiscal Period	¥2,197	(9.9%)	¥13,393	2.5%	1.2%	38.4%

Notes:

1. Sixth Fiscal Period: September 1, 2007 – February 29, 2008
Fifth Fiscal Period: March 1, 2007 – August 31, 2007
2. Percentage changes are compared to the previous period for operating revenues, operating income, ordinary income and net income.
3. 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 (%)
Sixth Fiscal Period	¥14,954	¥2,453	–	–	100.0%	2.8%
Fifth Fiscal Period	¥13,393	¥2,197	–	–	99.9%	2.5%

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)
Sixth Fiscal Period	¥202,743	¥88,245	43.5%	¥537,859
Fifth Fiscal Period	¥195,685	¥88,006	45.0%	¥536,404

Reference: Unitholders' equity for the Sixth Fiscal Period: 88,245 million yen.

Unitholders' equity for the Fifth Fiscal Period: 88,006 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
Sixth Fiscal Period	¥9,405	(¥14,197)	¥4,651	¥6,395
Fifth Fiscal Period	¥6,076	(¥17,902)	¥11,523	¥6,535

2. FORECAST OF RESULTS FOR THE SEVENTH 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
Seventh Fiscal Period	¥5,897	(5.7%)	¥2,855	(11.7%)	¥1,834	(25.3%)

(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)
Seventh Fiscal Period	¥1,830	(25.4%)	¥10,050	–

Reference:

Estimated net income per unit for Seventh Fiscal Period (full business year): 10,050yen

Notes:

- Seventh Fiscal Period: March 1, 2008 – August 31, 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: No
(B) Change except (A): No

(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
Sixth Fiscal Period	164,068	-
fifth Fiscal Period	164,068	-

The above forecasts were calculated based on currently available information and certain assumptions deemed reasonable by NCRI. 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.

Please see page 5-8 “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 seventh fiscal period.

1. Management Policy and Conditions

(1) Operating Conditions

(A) 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, IITL). 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 has now managed to grow to a portfolio size that is about 3.1 times the IPO level. Specifically, as of the end of February 2008, NCRI has 108 properties worth 189.3 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 92.0% at the end of the fifth fiscal period to 93.8% at the end of the sixth fiscal period.

(B) Operating conditions as of the end of the sixth fiscal period

a. Growth of Portfolio in Sixth Fiscal Period

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

NCRI began the sixth fiscal period with 104 properties (181.9 billion yen on an acquisition price base, 6,479 leasable units, 276,209.31 m² leasable floor space) under asset management. Following this, NCRI made additional investments and sale of investment asset in carefully selected assets, towards our goal of securing steady growth and stable revenues for the medium- to long-term in accordance with our basic policy. As a result, NCRI acquired 7 properties (13.3 billion yen on an acquisition price base, 632 leasable units, 18,585.71 m² leasable floor space), and sold 3 properties (6.7 billion yen in total sale price) during this fiscal period. Thus, the assets owned as of the end of this fiscal period total 108 properties worth 189.3 billion yen with 6,875 leasable units in total.

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)
Sep. 2007	1 property 0.5 billion yen	-	105 properties 182.4 billion yen	6,515 units
Oct. 2007	3 properties 6.7 billion yen	3 properties 6.7 billion yen	105 properties 183.2 billion yen	6,578 units
Nov. 2007	1 property 1.2 billion yen	-	106 properties 184.4 billion yen	6,693 units
Dec. 2007	1 property 1.3 billion yen	-	107 properties 185.7 billion yen	6,753 units
Jan. 2008	1 property 3.6 billion yen	-	108 properties 189.3 billion yen	6,875 units
Feb. 2008	-	-	108 properties 189.3 billion yen	6,875 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.

(C) Capital Procurement Conditions in Sixth 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 taking out a total of 9.6 billion yen in short-term borrowings under the objective of applying the funds to the acquisition of specified assets (the meaning as stipulated in Article 2-1 of the Investment Trust and Investment Corporation Law; hereafter, the same). In addition, NCRI refinanced a total of 8.3 billion yen in existing short-term borrowings in tandem with the maturity of the borrowings. Meanwhile, NCRI refinanced a total of 11.0 billion yen in existing secured long-term borrowings to unsecured borrowings in tandem with the maturity of the borrowings. The borrowing period was also 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 refinancing risks and interest rate fluctuation risks.

As a result, NCRI’s outstanding interest-bearing debt as of the end of this fiscal period was 111.195 billion yen (of which, 49.095 billion yen is in short-term borrowings (including 21.995 billion yen in long-term borrowings scheduled for repayment within a year), 31.1 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 54.8%, the ratio of long-term interest bearing debt was 55.8% and the ratio of long-term fixed interest debt (ratio of fixed interest-bearing debt to total interest-bearing debt) was 64.2%.

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: A2 Outlook: Stable
Rating and Investment Information, Inc. (R&I)	Issuer rating: A+ Outlook: Stable

- (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.

(D) Overview of Performance and Distribution

As a result of the above management, NCRI posted the following performance in the sixth fiscal period: 6,252 million yen in operating revenues, 3,234 million yen in operating income, 2,456 million yen in ordinary income and 2,453 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 14,954 yen.

② Forecast for Next Fiscal Period

(A) Management Policy and Issues

During the sixth fiscal period beginning on September 1, 2007, the Japanese economy – particularly, the real estate investment market – was impacted by the subprime loan issue. The low procurement of non-recourse loans at private funds, stagnant funding from some foreign financial institutions and such had a substantial impact on capital procurement. In addition, changes in the risk position for investment real estate caused the interest rate spread to increase, the LTV to drop and the advantages of investment to decrease. This is also the case in the J-REIT market, where drastic falls in the investment unit price due to selling pressure were recorded, mainly with foreign investors. The J-REIT market is also undergoing reorganization, including a change in the sponsors for some J-REITs.

In the real estate investment market in Japan, the increase in land prices in the inner cities have spread to surrounding areas due to the prolonged economic recovery in Japan's three major metropolitan areas and in core regional cities, as well as condominium and office demand among other factors, amidst the ongoing shift of the population to urban areas. However, the effects of the subprime loan issue in 2007 and onwards along with global concerns being expressed over the price of crude oil and other raw materials have begun to show in also the Japanese economy. The economic trends have begun to shift more or less from recovery towards stagnation and slowdown. In addition, the upward trend in the real estate investment market to date showed a downturn in the latter half of 2007.

Furthermore, according to the official land prices as at January 1, 2008 and publicly announced in late March 2008, the land price trends in the year starting January 2007 continued to increase in the three major metropolitan areas and core regional cities, although the rate of increase was more moderate than the previous year. On the other hand, land prices in regional areas continued to decrease, though the extent of the decrease was less.

Concerning the future outlook, NCRI believes that, while taking the economic slowdown and overall real estate market conditions into view, it will need to monitor the impact of such trends as future economic and interest rate trends, Japanese and foreign investor trends, condominium for-sale pricing and other supply trends as well as corresponding demand trends, and condominium and office rent trends.

Concerning the state of management of portfolio assets at NCRI; however, NCRI has managed to continue maintaining high occupancy rates at its portfolio assets and has managed to keep management costs from rising.

NCRI has positioned the "close, new and large" properties it has been acquiring in Tokyo, Osaka and other major metropolitan areas as core properties within its portfolio. These properties continued

to achieve the raising of rent levels at the time of tenant replacement. In addition to this rise in rent rates, NCRI intends to work to reduce management costs in asset management and to maintain and improve the management level so that sustainable internal growth of earnings can continue to be attained. Furthermore, NCRI intends to increasingly promote its characteristic brand strategy hereafter to distinguish itself from other REITs.

A stance of ensuring compliance is being strongly demanded of listed investment corporations and asset management companies and NCRI has positioned thorough adherence to compliance as a fundamental aspect of its management policy. NCRI will continue to reinforce its corporate governance system while also continuing operations with unwavering diligence.

(B) Forecasts for Operating Conditions

- a. NCRI anticipates the following operating conditions in the seventh period (March 1, 2008 – August 31, 2008): Operating revenues 5,897 million yen, ordinary income 1,834 million yen, net income 1,830 million yen and distributions per unit 10,050 yen. Further, please see Assumptions for Operating Forecasts for the Seventh Fiscal Period on page 10 for the assumptions to this forecast.

(Note) The above forecasts were calculated based on currently available information and certain assumptions deemed reasonable by NCRI. 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.

Area (Note 1)	Tokyo Central Area	Tokyo 23 Wards (excluding Tokyo Central Area)	Tokyo 23 Wards (excluding Tokyo Central Area)	Total
Property No.	C-13	M-6	C-26	
Property Name (Note 2)	NCR Mita	NCR Senzokukoen	NCR Gakugeidaigaku	
Buyer	Y.K. MC Okinawa	NCRI has been unable to obtain the approval of the buyer to disclose this information. Thus, NCRI considers the fact that the concerned information has not been disclosed is a circumstance that is due to circumstances that are outside of its realm of control.	NCRI has been unable to obtain the approval of the buyer to disclose this information. Thus, NCRI considers the fact that the concerned information has not been disclosed is a circumstance that is due to circumstances that are outside of its realm of control.	
Acquisition Price (Millions of yen)	986	9,211,210	1,210	31,172,196
Sale Price (Millions of yen)	1,060	8,601,350	1,350	32,702,410
Delivery Date	March 25, 2008	May 13, 2008	May 13, 2008	

(Note 1) "Tokyo Central Area" comprises Minato Ward, Shibuya Ward, Shinjuku Ward, Chiyoda Ward, Chuo Ward, Shinagawa Ward, Toshima Ward and Meguro Ward.

"Tokyo 23 Wards excluding Tokyo Central Area" comprises all Tokyo 23 wards excluding the aforementioned 8 wards.

(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.

(ii) Third-Party Allocation of Investment Units

NCRI has announced its decision for a third-party allocation of new investment units. Brief details are as follows:

1. Number of new investment units issued : 18,000 units
2. Issue price per unit : ¥285,579 per unit
3. Total issue price : ¥5,140,422,000
4. Subscription date : May 9, 2008 (Friday)
5. Payment due date : May 14, 2008 (Wednesday)
6. Initial date in reckoning distribution : March 1, 2008 (Saturday)
7. Administrative agent commissioned to offer new investment units : Nikko Citigroup Limited.
8. Allottee and number of units to be issued : Funds managed by Fidelity Investments Japan Limited.
(17,622 units)
Funds managed by Fidelity Investments Management (Hong Kong) Limited.
(378 units)

(Note) The aforementioned items shall be subject to the entry into force of the securities registration statement in accordance with the Financial Instruments and Exchange Law.

Assumptions for Operating Forecasts for the Seventh Fiscal Period (March 1, 2008 – August 31, 2008)

Item	Assumptions
Period	Fiscal Period Ending August 31, 2008 : March 1, 2008 to August 31, 2008 (184 days)
Assets under management	Our calculations for the fiscal period ending August 31, 2008 are based on a total of 109 assets under management. This is comprised of 108 properties owned as of February 29, 2008 and is arrived at by adding New City Residence Maruyama Omotesando acquired on March 25, 2008, New City Residence Togoshiekimae, acquired on March 27, 2008, as well as the following two properties scheduled to be acquired; New City Residence Kuramae (tentative name) on April 23, 2008, New City Residence Monzennakacho East (tentative name) on August 29, 2008, and subtracting New City Residence Mita sold on March 25, 2008, New City Residence Gakugeidaigaku and New City Residence Senzokukoen which are scheduled for sale on May 13, 2008. The actual assets under management may vary as a result of changes in the portfolio composition, etc.
Investment Units Issued and Outstanding	The number of investment units issued and outstanding as of February 29, 2008 was 164,068 units. Following a Board of Directors' meeting held on April 22, 2008, NCRI has decided to conduct an additional issue of 18,000 new investment units (third party allotment). Accordingly, forecasts are based on the assumption the number of investment units issued and outstanding shall total 182,068 investment units.
Interest-bearing Liabilities Ratio	The interest-bearing liabilities ratio as of February 29, 2008 is about 56%. Forecasts are based on the assumption that, after considering new borrowings for closing the transactions on properties to be acquired during the seventh fiscal period (including those already acquired to date), and the repayment of debt financing, and the additional issuance of new investment units announced officially today by the third party allotment 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 seventh fiscal period. 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
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 978 million yen for the fiscal period ending August 31, 2008. In general, the prior titleholder is reimbursed a pro rata portion of the property taxes and urban planning taxes paid by the prior titleholder for the assets acquired during the fiscal period. The amount equivalent to such reimbursement is calculated in the acquisition cost as the price to be paid for the purchase and, thus, is not recorded as an operating expense.
Non-Operating Expenses	Costs related to the third-party allocation of new investment units are treated as "deferred unit issuance costs" and are calculated by using the straight line method for depreciation over three years.
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. The amount of distribution per unit may vary due to various factors, including changes in rent income due to changes in the tenant composition, etc., changes in the portfolio composition, fluctuations in interest rates and additional issuances of new investment units.
Distribution in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Others	The Investment Corporation assumes that there will be no amendments to laws and regulations, the taxation system, accounting standards, listing regulations, Investment Trusts Association rules, etc. that would affect the above forecasts. The Investment Corporation assumes that there will be no unforeseen material changes in general economic conditions, real estate market conditions, etc.

2. Financial Statements, etc.

(1) Financial Statements

1. Balance Sheets

Item	As of February 29, 2008	As of August 31, 2007
	Thousands of yen	Thousands of yen
Assets		
Current assets:		
Cash and bank deposits	¥ 4,409,348	¥ 4,245,687
Cash and bank deposits in trust	3,731,835	4,076,730
Rental receivables	106,486	119,610
Prepaid expenses	34,703	33,124
Consumption tax refundable	90,838	41,731
Other current assets	31,060	51,866
Allowance for doubtful receivables	(2,203)	(4,917)
Total current assets	8,402,069	8,563,834
Fixed assets:		
Property and equipment, at cost:		
Land including trust accounts	119,405,383	115,105,970
Buildings including trust accounts	74,495,320	71,007,807
Other tangible assets including trust accounts	2,990,565	2,726,564
Accumulated depreciation	(3,890,760)	(3,081,700)
Total property and equipment	193,000,508	185,758,642
Intangible assets:		
Leasehold interests in trust	913,996	913,996
Other intangible assets	4,444	4,875
Total intangible assets	918,440	918,871
Investments and other assets		
Deposits	11,484	11,454
Long-term prepaid expenses	106,370	108,445
Reserve for repairs and maintenance	210,441	197,441
Derivative assets	-	12,110
Total investments and other assets	328,296	329,453
Total fixed assets	194,247,245	187,006,967
Deferred assets		
Bond issuance costs	93,688	114,657
Total deferred assets	93,688	114,657
Total assets	¥ 202,743,003	¥ 195,685,458
Liabilities and Unitholders' Equity		
Liabilities		
Current liabilities:		
Trade payables	¥ 284,071	¥ 222,623
Short-term loan payable	27,100,000	17,500,000
Long-term loan payable due within one year	21,995,000	12,200,000
Other payables	410,386	571,083
Accrued expenses	337,962	283,164
Accrued income taxes	3,205	1,484
Rents received in advance	548,013	508,475
Deferred tax liabilities	776	7,274
Other current liabilities	47,037	42,084
Total current liabilities	50,726,453	31,336,189
Long-term liabilities		
Investment corporation bonds	31,000,000	31,000,000
Long-term loan payable	31,100,000	43,650,000
Deferred tax liabilities	-	4,770
Leasehold and security deposits	326,982	262,001
Leasehold and security deposits in trust	1,343,994	1,425,269
Derivative liabilities	-	477
Total long-term liabilities	63,770,977	76,342,519
Total liabilities	114,497,430	107,678,709
Unitholders' Equity		
Unitholders' capital	85,791,179	85,791,179
Unappropriated income	2,453,542	2,197,443
Unrealized gain		
Unrealized gain from deferred hedge transactions	851	18,126
Total unitholders' equity	88,245,573	88,006,749
Total liabilities and unitholders' equity	¥ 202,743,003	¥ 195,685,458

2. Statements of Income

Items	For the six month ended February 29, 2008	For the six month ended August 31, 2007
	Thousands of yen	Thousands of yen
Operating Revenues :		
Rental revenues	¥ 5,647,172	¥ 5,328,215
Gain on sale of properties	605,587	401,893
Total operating revenues	6,252,759	5,730,109
Operating Expenses :		
Property operating expenses	2,239,639	2,053,080
Asset management fees	542,312	508,953
Custodian fees	12,284	11,575
Administrative service fees	31,755	19,945
Officers' salaries	4,200	4,200
Other operating expenses	187,782	154,325
Total operating expenses	3,017,975	2,752,080
Operating income	3,234,784	2,978,028
Non-Operating Income		
Interest income	1,371	1,452
Other non-operating income	158,451	2,090
Non-Operating Expenses		
Interest expense on loans	522,000	423,048
Financing related expenses	71,885	98,049
Interest expense on bonds	271,577	238,862
Amortization of bond issue costs	20,968	19,041
Other non-operating expenses	51,634	3,402
Ordinary income	2,456,541	2,199,166
Income before income taxes	2,456,541	2,199,166
Income taxes:		
Current	3,212	1,501
Deferred	(133)	287
Net income	2,453,461	2,197,377
Income carried forward	81	65
Unappropriated income	¥ 2,453,542	¥ 2,197,443

3. Statements of Cash Flows

Item	For the six month ended	For the six month ended
	February 29, 2008	August 31, 2007
	Thousands of yen	Thousands of yen
Cash Flows from Operating Activities		
Income before income taxes	¥ 2,456,541	¥ 2,199,166
Depreciation	920,186	846,941
Amortization of long-term prepaid expenses	32,922	37,129
Amortization of bond issuance costs	20,968	19,041
Interest income	(1,371)	(1,452)
Interest expense	793,577	661,911
(Increase) Decrease of rental receivables	(66,557)	(59,078)
(Increase) Decrease of consumption tax refundable	(49,107)	(41,731)
Increase (Decrease) of trade payables	61,448	(32,456)
Increase (Decrease) of other payables	(51,739)	79,510
Increase (Decrease) of consumption tax payable	-	(32,675)
Increase (Decrease) of rents received in advance	39,538	72,324
Long-term prepaid expenses	(30,847)	(29,418)
Decrease of property and equipment due to sale (including trust accounts)	6,021,259	2,846,117
Others, Net	(2,076)	48,773
Subtotal	10,144,743	6,614,103
Interest income received	1,371	1,452
Interest expense paid	(738,779)	(533,959)
Income taxes paid	(1,491)	(5,000)
Net cash provided by operating activities	9,405,842	6,076,595
Cash Flows from Investing Activities		
Purchases of property and equipment in trust	(166,313)	(34,696)
Purchases of property and equipment	(14,122,368)	(17,912,736)
Purchases of intangible assets	-	(57)
Proceeds from deposits	-	39
Payments for deposits	(30)	(1,220)
Proceeds from leasehold and security deposits in trust	132,967	174,178
Payments for leasehold and security deposits in trust	(148,569)	(141,721)
Payments for restricted bank deposits in trust	(132,295)	(193,045)
Proceeds from restricted bank deposits in trust	219,084	214,842
Proceeds from leasehold and security deposits	102,852	68,760
Payments for leasehold and security deposits	(23,863)	(16,384)
Payments for restricted bank deposits	(109,456)	(79,432)
Proceeds from restricted bank deposits	63,877	31,966
Payments for reserve for repairs and maintenance	(13,135)	(13,135)
Net cash used in investing activities	(14,197,250)	(17,902,643)
Cash Flows from Financing Activities		
Proceeds from short-term loan payable	17,900,000	9,200,000
Repayment of short-term loan payable	(8,300,000)	(17,000,000)
Proceeds from long-term loan payable	11,000,000	6,400,000
Repayment of long-term loan payable	(13,755,000)	(1,550,000)
Proceeds from issuance of investment corporation bonds	-	17,000,000
Payments of bond issuance costs	-	(97,093)
Payment of dividends	(2,193,616)	(2,429,259)
Net cash provided by investing activities	4,651,383	11,523,646
Net change in cash and cash equivalents	(140,024)	(302,401)
Cash and cash equivalents at the beginning of period	6,535,761	6,838,162
Cash and cash equivalents at the end of period	¥ 6,395,736	¥ 6,535,761

【Property Portfolio】

(As of February 29, 2008)

No.	Property Name (Note 2)	Acquisition Price (million yen) (Note3)	Acquisition Date	No. of Leasable Units (units) (Note 4)	Leasable Floor Space (㎡) (Note5)	Occupancy Rate at end of period (%) (Note 6)
Tokyo Central Area (Note 1)						
C-1	NCR Minami Aoyama	3,783	Dec. 15, 2004	62	3,473.28	84.8
C-2	NCR Nishi Azabu Twin Tower	3,315	Dec. 17, 2004	60	3,296.44	88.2
C-3	NCR Nishi Azabu	3,143	Dec. 15, 2004	37	2,802.62	90.9
C-4	NCR Ochanomizu	2,300	Dec. 17, 2004	44	2,507.30	95.0
C-5	NCR Sangubashi	1,734	Dec. 15, 2004	26	1,898.47	95.4
C-8	NCR Nihonbashi East	1,622	Dec. 15, 2004	62	1,940.94	98.6
C-9	NCR Nihonbashi West	1,480	Dec. 15, 2004	55	1,858.34	94.2
C-10	NCR Ginza Twin I	1,133	Dec. 15, 2004	40	1,444.52	98.0
C-11	NCR Ginza Twin II	968	Dec. 15, 2004	33	1,244.54	93.8
C-12	NCR Harajyuku	1,220	Dec. 17, 2004	21	1,225.26	100.0
C-13	NCR Mita	986	Dec. 15, 2004	30	1,128.80	96.2
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	79.2
C-16	NCR Shinjyuku 7 Chome	626	Dec. 17, 2004	23	957.60	94.8
C-17	NCR Ichigaya Sanaicho	577	Dec. 17, 2004	21	694.16	100.0
C-18	NCR Nihonbashi Ningyocho I	1,230	Feb. 25, 2005	32	1,747.90	97.7
C-19	NCR Nihonbashi Ningyocho II	1,290	Feb. 25, 2005	38	1,826.80	100.0
C-20	NCR Shin-Ochanomizu	1,160	Feb. 25, 2005	32	1,308.38	100.0
C-22	NCR Nihonbashi Ningyocho III	1,662	Jun. 10, 2005	63	2,117.46	90.1
C-23	NCR Jinbocho II	1,470	Jul. 5, 2005	60	1,628.80	98.4
C-24	NCR Ginza East III	841	Jul. 5, 2005	41	972.51	95.3
C-25	NCR Shinjuku Gyoen I	3,140	Jul. 28, 2005	108	3,594.16	100.0
C-27	NCR Takawadai	1,180	Jul. 28, 2005	32	1,147.44	96.7
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 Takawadai II	1,530	Sep. 21, 2005	40	1,567.84	98.0
C-32	NCR Minami Azabu	840	Sep. 21, 2005	24	882.67	83.3
C-33	NCR Minami Azabu East	1,260	Dec. 26, 2005	40	1,217.92	95.0
C-34	NCR Ginza	4,000	Apr. 27, 2006	96	3,494.42	91.4
C-35	NCR Nihonbashi Suitengu	3,332	Apr. 27, 2006	88	4,602.95	90.6
C-36	NCR Takanawa	10,995	Jan. 11, 2006	169	10,408.26	90.8
C-37	NCR Higashi Nihonbashi	4,930	Dec. 1, 2006	103	6,442.28	97.1
C-38	Catherina Mita Towersuite (New City Residence)	16,200	Dec. 22, 2006	264 (759) (note 7)	17,553.76	94.1
C-39	NCR Shinjyuku	3,597	Jan. 30, 2008	122	3,150.80	100.0
C-40 (M-5)	NCR Meguro	1,050	Dec. 17, 2004	26	1,414.73	97.6
C-41 (M-12)	NCR Otsuka	1,290	Feb. 25, 2005	54	1,784.50	97.9
C-42 (M-17)	NCR Jiyugaoka	1,470	Jul. 28, 2005	40	1,472.47	96.9
C-43 (M-18)	NCR Mejiro East	1,080	Jul. 29, 2005	29	1,658.90	92.6
C-44 (M-20)	NCR Ikebukuro	3,227	Sep. 21, 2005	87	3,644.35	100.0
C-45 (M-21)	NCR Kaname-cho	1,360	Jan. 11, 2006	73	1,624.06	97.3
C-46 (M-23)	NCR Shinagawa Seaside Tower	9,350	Jun. 30, 2006	208	12,732.35	94.6
C-47 (M-24)	NCR Yakumo	1,160	Dec. 1, 2006	18	1,276.91	84.0
C-48 (M-26)	NCR Togoshiginza	1,960	Dec. 13, 2006	80	2,682.22	95.4
Subtotal		106,883	-	2,622	120,497.08	94.4
Tokyo 23 Wards excluding Central Area (Note 1)						
M-2	NCR Todoroki	1,850	Dec. 15, 2004	22	2,863.78	100.0
M-3	NCR Honjo Azumabashi	1,122	Dec. 15, 2004	35	2,255.88	93.4
M-4	NCR Kitazawa	1,070	Dec. 17, 2004	15	1,220.16	93.8
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	90.3

No.	Property Name (Note 2)	Acquisition Price (million yen) (Note3)	Acquisition Date	No. of Leasable Units (units) (Note 4)	Leasable Floor Space (㎡) (Note5)	Occupancy Rate at end of period (%) (Note 6)
M-11	NCR Kamiikedai	238	Dec. 17, 2004	12	414.45	100.0
M-13	NCR Morishita	985	Feb. 25, 2005	38	1,383.90	100.0
M-14	NCR Wakabayashi Koen	970	Apr. 21, 2005	23	1,425.43	91.1
M-15	NCR Asakusabashi	870	Apr. 19, 2005	32	1,537.84	100.0
M-16	NCR Gakugeidaigaku	1,210	May. 31, 2005	38	1,602.88	100.0
M-19	NCR Iriya	675	Jul. 29, 2005	22	1,415.15	100.0
M-22	NCR Ueno Tower	2,990	Feb. 1, 2006	102	4,197.66	95.5
M-25	NCR Morishita West	810	Jun. 29, 2007	40	1,275.60	100.0
M-27	NCR Minowa	1,720	Aug. 21, 2007	78	2,406.41	90.6
M-28	NCR Jiyugaoka West	720	Aug. 28, 2007	28	857.32	87.1
M-29	NCR Nakano	1,250	Aug. 28, 2007	42	1,613.86	100.0
M-30	NCR Yoga	1,305	Oct. 19, 2007	45	1,472.38	96.0
M-31	NCR Sumiyoshi	1,170	Oct. 31, 2007	60	1,362.60	100.0
M-35	NCR Oshiage	1,267	Dec. 19, 2007	60	1,785.24	100.0
Subtotal		22,534	-	771	33,247.75	96.7
Greater Tokyo excluding Tokyo 23 Wards (Note 1)						
G-1	NCR Yokohama East	6,753	Dec. 15, 2004	228	12,349.46	97.4
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 7)	2,910.25	95.3
G-4	NCR Toyoda	1,053	Dec. 15, 2004	67	3,630.55	94.1
G-5	NCR Nishi Funabashi	997	Dec. 17, 2004	81	1,597.32	98.8
G-6	NCR Maihama	844	Dec. 17, 2004	61	1,287.72	98.4
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	97.0
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	93.9
G-11	NCR Minamigyotoku II	447	Dec. 17, 2004	35	724.63	94.3
G-12	NCR Nogeyama	469	Dec. 17, 2004	30	744.90	100.0
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	84.2
G-15	LM Fuchinobe Honcho	222	Dec. 17, 2004	15 (26) (note 7)	997.92	100.0
G-16	LM Higashi Oume Daisan	175	Dec. 17, 2004	33 (61) (note 7)	659.03	75.9
G-17	PT Ichikawa	620	Jul. 28, 2005	40	876.89	100.0
G-18	PT Shioyaki	310	Jul. 28, 2005	36	583.76	88.9
G-19	PT Horie	193	Jul. 28, 2005	22	374.33	77.3
Subtotal		17,910	-	1,028	36,143.15	96.2
Regional Cities (Note 1)						
R-1	NCR Ohdori-koen	726	Dec. 17, 2004	40	2,996.24	95.1
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	100.0
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	100.0
R-6	LM Maebashi Nishikataikai	202	Dec. 17, 2004	23 (40) (note 7)	1,284.45	93.8
R-7	Aprile Tarumi	1,710	Feb. 25, 2005	99	6,545.25	100.0
R-9	Crest Kusatsu	3,830	Jun. 28, 2005	540	13,452.80	100.0
R-10	NCR Honmachi East	1,740	Dec. 1, 2005	117	3,471.39	95.3
R-11	NCR Shin-Umeda	1,640	Dec. 1, 2005	108	3,279.90	92.5
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	92.9

No.	Property Name (Note 2)	Acquisition Price (million yen) (Note3)	Acquisition Date	No. of Leasable Units (units) (Note 4)	Leasable Floor Space (㎡) (Note5)	Occupancy Rate at end of period (%) (Note 6)
R-14	NCR Otedori	382	Apr. 27, 2006	31	860.48	84.0
R-15	NCR Sakae	1,361	Mar. 23, 2007	73	2,836.00	94.8
R-16	NCR Nipponbashi Kouzu	4,780	Jun. 30, 2006	262	9,334.47	93.8
R-17	NCR Maruyama Urasando	486	Sep. 27, 2007	36	1,522.89	63.2
R-19	NCR Hakataekihigashi	1,230	Nov. 30, 2007	115	3,061.60	44.0
R-20	NCR Shinsaibashi East Tower	4,693	Mar. 27, 2007	133	8,747.40	90.3
R-21	NCR Sannomiya	1,485	Mar. 27, 2007	112	3,071.60	99.1
R-22	NCR Kotodaikoen	655	Apr. 26, 2007	50	1,684.10	97.6
R-23	NCR Ichibancho	965	Jul. 31, 2007	68	2,800.32	97.3
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	52.3
R-26	NCR Higobashi Tower	4,200	Oct. 19, 2007	194	6,230.20	89.2
Subtotal		41,942	-	2,454	97,945.27	91.0
Total		189,268	-	6,875	287,833.25	93.8

(Note 1) “Tokyo Central Area ” comprises Minato Ward, Shibuya Ward, Shinjuku Ward, Chiyoda Ward, Chuo Ward, Shinagawa Ward, Toshima Ward and Meguro Ward. The “Tokyo 23 Wards excluding Tokyo Central Area ” comprises all Tokyo 23 wards excluding the aforementioned 8 wards. “Greater Tokyo excluding Tokyo 23 Wards” comprises Tokyo Prefecture excluding Tokyo 23 wards, 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 Acquisition Price column has the acquisition price of already acquired assets entered.

(Note 4) The No. of Leasable Units column indicates the leasable units of individual real estate and trust real estate as of February 29, 2008.

(Note 5) The No. of Leasable Floor Space column indicates the area of individual real estate and trust real estate acquired by NCR that can be leased.

(Note 6) 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 February, 2008.

(Note 7) 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 Motsumiyoshi, LM Fuchinobe Honcho, LM Higashi Oume Daisan and LM Maebashi Nishikataki.