



NOMURA
Residential Fund

Semi-Annual Report

14th fiscal period

June 1, 2013 >>> November 30, 2013

NOMURA REAL ESTATE RESIDENTIAL FUND

Profile

Nomura Real Estate Residential Fund, Inc. (referred to as “Nomura Residential Fund” or the “Company” hereinafter) was listed on the Tokyo Stock Exchange on February 14, 2007 as a real estate investment corporation formed to own and invest in Residential properties, subject to the Act on Investment Trusts and Investment Corporations of Japan. The Company’s basic investment policy is to assure stable rent revenues and steady portfolio growth over the medium-to-long-term.

Nomura Real Estate Asset Management Co., Ltd. (referred to as “NREAM” hereinafter), a wholly owned subsidiary of Nomura Real Estate Holdings, Inc. is in charge of asset management on behalf of Residential Fund in accordance with the basic investment policy as described above. Through coordination with Nomura Real Estate Holdings, Inc. and other group companies, NREAM aims to achieve these goals and more.

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To Our Investors

Dear investors,

On behalf of Nomura Real Estate Residential Fund, Inc. (the Company), I would like to express our gratitude for your trust and patronage.

As the Company closed its accounts for the 14th fiscal period that ended November 30, 2013, allow me to present an overview of the management status and financial results.

During the 14th fiscal period, the Company acquired seven properties totaling 12.33 billion yen, primarily located in central Tokyo, by using funds procured through the issuance of new investment units in August 2013, the fourth public offering since its listing. Meanwhile, we transferred four properties in our continued efforts to implement property replacement for the purpose of enhancing portfolio quality. Consequently, the size of assets grew to 161.91 billion yen comprising 155 properties at the end of the fiscal period under review.

In terms of the management of properties owned by the Company, we conducted large-scale renovations as well as managed to improve profitability by flexibly arranging leasing terms in accordance with conditions of respective properties. By doing so, we endeavored to maintain and reinforce property competitiveness. These efforts allowed us to keep the portfolio occupancy rate at a high level, standing at 96.2% as of the end of the fiscal period.

Concerning financing activities, we flexibly conducted new borrowings in the line of credit loans to fund the above-mentioned property acquisitions. Upon refinancing the relevant line of credit loans as well as existing loans, we strived to establish a stable financial base by lengthening loan periods and shifting to fixed-interest loans.

As a result of these management activities, we achieved operating revenues of 5,406 million yen, ordinary income of 1,966 million yen and net income of 1,965 million yen for the fiscal period, declaring a cash distribution per unit of 12,221 yen.

In the next fiscal period and afterwards, we will remain committed to stable management with a medium- to long-term perspective.

We ask our investors for your continued support and encouragement.

Masatomi Natsume
Executive Director
Nomura Real Estate Residential Fund, Inc.

Chief Investment Officer, NRF
Nomura Real Estate Asset Management Co., Ltd.



Summary of Portfolio Properties

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (Nov. 2013)(%)
1	PROUD FLAT Shirokane Takanawa	Minato-ku, Tokyo	3,510,000	2.2	2,950.11	106	96.9
2	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	0.7	1,151.34	44	100.0
3	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	0.5	958.98	31	96.9
4	PROUD FLAT Shibuya Sakuragaoka	Shibuya-ku, Tokyo	800,000	0.5	638.70	30	100.0
5	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	0.5	934.39	41	100.0
6	PROUD FLAT Meguro Gyoninzaka	Meguro-ku, Tokyo	882,000	0.5	855.23	40	97.5
7	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	2,260,000	1.4	3,055.21	110	99.3
8	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	1.0	1,793.43	70	100.0
9	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,110,000	0.7	1,450.91	60	98.5
10	PROUD FLAT Shinjuku Kawadacho	Shinjuku-ku, Tokyo	1,010,000	0.6	1,102.20	41	95.4
11	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	0.8	1,277.82	48	100.0
12	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	0.7	1,541.64	67	97.4
13	PROUD FLAT Kamata II	Ota-ku, Tokyo	2,980,000	1.8	4,051.72	169	96.9
14	PROUD FLAT Shinotsuka	Toshima-ku, Tokyo	695,000	0.4	752.09	35	94.4
15	PROUD FLAT Kiyosumi Shirakawa	Koto-ku, Tokyo	900,000	0.6	1,209.56	55	100.0
16	PROUD FLAT Monzen Nakacho II	Koto-ku, Tokyo	650,000	0.4	830.55	35	94.8
17	PROUD FLAT Monzen Nakacho I	Koto-ku, Tokyo	1,130,000	0.7	1,191.08	55	100.0
18	PROUD FLAT Fujimidai	NERIMA-ku, Tokyo	1,370,000	0.8	2,222.05	94	100.0
19	PROUD FLAT Asakusa Komagata	Taito-ku, Tokyo	1,960,000	1.2	2,685.39	79	97.1
20	PROUD FLAT Yokohama	Yokohama-shi, Kanagawa	2,340,000	1.4	3,118.12	113	97.2
21	PROUD FLAT Kamioooka	Yokohama-shi, Kanagawa	2,770,000	1.7	4,872.17	200	100.0
22	PROUD FLAT Tsurumi II	Yokohama-shi, Kanagawa	1,430,000	0.9	2,219.74	81	98.1
23	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	0.6	1,062.05	25	100.0
24	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	0.6	1,107.36	48	100.0
25	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.3	439.56	19	88.6
26	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	0.7	1,277.04	52	96.1
27	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.4	793.87	32	97.2
28	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	1.3	2,087.70	90	94.7
29	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	0.7	1,444.40	29	94.0
30	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,320,000	0.8	1,302.42	49	95.9
31	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	0.5	1,008.39	32	100.0
32	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.3	655.27	22	84.2
33	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	464,000	0.3	453.77	24	100.0
34	PRIME URBAN Meguro Ohashi Hills	Meguro-ku, Tokyo	3,580,000	2.2	2,955.74	99	100.0
35	PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	0.6	1,069.82	42	96.4
36	PRIME URBAN Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	1.0	1,759.11	51	98.0
37	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	0.8	1,459.86	60	98.4
38	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	0.6	1,162.55	46	100.0
39	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.3	578.18	14	100.0
40	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	503,000	0.3	507.11	28	100.0
41	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	0.5	874.15	33	94.2
42	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	0.5	1,049.73	41	87.7
43	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.4	835.05	33	93.9
44	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.3	576.20	23	100.0
45	PRIME URBAN Chitose Funabashi	Setagaya-ku, Tokyo	885,000	0.5	1,027.44	38	90.1
46	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.4	961.25	46	93.8
47	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	1.0	2,106.16	99	97.0
48	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	0.5	1,190.70	54	98.1
49	PRIME URBAN Denenchofu Minami	Ota-ku, Tokyo	900,000	0.6	1,100.17	44	96.0
50	PRIME URBAN Nakano Kamitakada	Nakano-ku, Tokyo	640,000	0.4	818.75	33	96.1
51	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.3	543.09	24	100.0
52	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	0.5	944.99	46	90.4
53	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	1.4	3,207.92	118	95.8
54	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.4	1,117.34	52	100.0
55	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.3	813.52	40	100.0
56	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	0.7	1,886.50	77	97.4
57	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	0.4	991.62	49	100.0
58	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	0.4	1,095.91	53	98.1
59	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.4	905.81	45	97.8
60	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	0.6	1,437.84	68	89.7
61	PRIME URBAN Shinyurigaoka	Kawasaki-shi, Kanagawa	1,210,000	0.7	1,708.19	64	100.0
62	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	0.5	1,264.84	60	96.7
63	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	52	94.2
64	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	0.5	1,244.00	58	100.0
65	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.3	778.19	37	91.9
66	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	0.5	1,237.80	60	96.7
67	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,170,000	1.3	2,477.11	98	89.3
68	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	991,000	0.6	1,222.13	40	97.5
69	URBAN STAGE Shibaura LOFT	Minato-ku, Tokyo	1,510,000	0.9	1,905.39	68	93.9
70	URBAN STAGE Hatagaya	Shibuya-ku, Tokyo	452,000	0.3	650.60	38	100.0
71	URBAN STAGE Ebisu	Shibuya-ku, Tokyo	1,030,000	0.6	1,184.98	35	94.9
72	URBAN STAGE Meguro Aobadai	Meguro-ku, Tokyo	1,190,000	0.7	1,464.14	40	85.7
73	URBAN STAGE Gakugei Daigaku	Meguro-ku, Tokyo	916,000	0.6	1,109.87	41	85.9
74	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	2,290,000	1.4	4,524.00	145	96.0
75	URBAN STAGE Shinkawa	Chuo-ku, Tokyo	2,250,000	1.4	3,600.61	46	89.0
76	URBAN STAGE Nihonbashi Yokoyamacho	Chuo-ku, Tokyo	3,530,000	2.2	5,926.17	124	92.7
77	URBAN STAGE Nihonbashi Hamacho	Chuo-ku, Tokyo	1,470,000	0.9	2,026.44	52	97.6
78	URBAN STAGE Hongo Ikizaka	Bunkyo-ku, Tokyo	647,000	0.4	662.58	27	100.0
79	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.4	1,237.98	18	94.0
80	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	324,000	0.2	517.53	32	90.9
81	URBAN STAGE Shinjuku Ochiai	Shinjuku-ku, Tokyo	635,000	0.4	1,053.39	28	89.2
82	URBAN STAGE Mejiro	Shinjuku-ku, Tokyo	1,260,000	0.8	1,755.52	65	85.1
83	URBAN STAGE Kagurazaka	Shinjuku-ku, Tokyo	2,640,000	1.6	2,854.96	100	93.6
84	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.2	567.20	34	94.2
85	URBAN STAGE Kamiyama	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	100.0
86	URBAN STAGE Sangen Jaya	Setagaya-ku, Tokyo	755,000	0.5	1,018.72	47	96.5
87	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	0.5	1,774.01	27	96.2
88	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.3	810.98	17	100.0
89	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.2	572.41	26	88.8
90	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	344,000	0.2	507.52	28	92.7

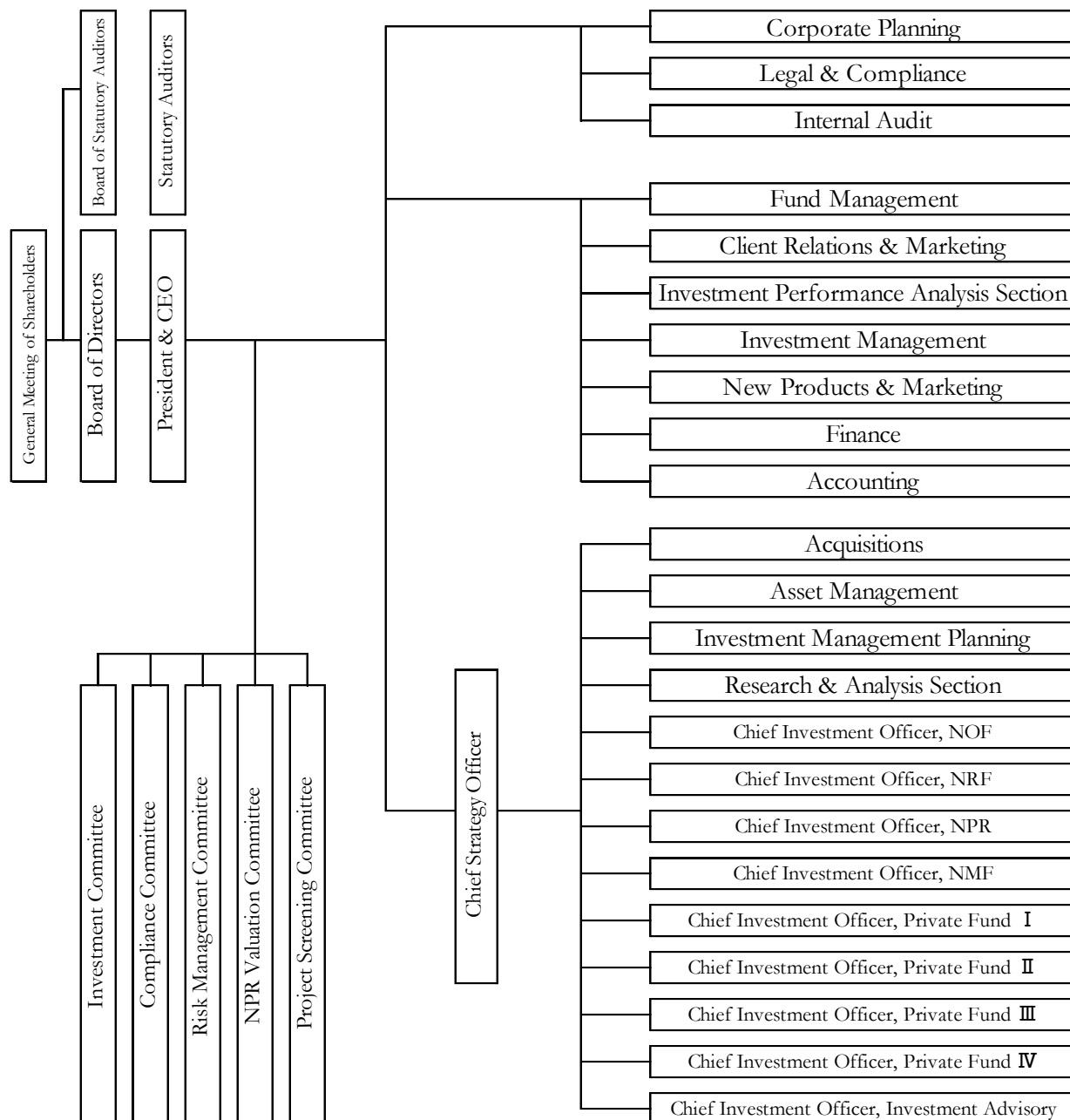
#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (Nov. 2013)(%)
91	URBAN STAGE Kamikitazawa	Setagaya-ku, Tokyo	738,000	0.5	1,384.45	29	86.2
92	URBAN STAGE Yoga	Setagaya-ku, Tokyo	1,150,000	0.7	1,773.05	54	98.5
93	URBAN STAGE Oimachi	Shinagawa-ku, Tokyo	530,000	0.3	722.70	45	91.1
94	URBAN STAGE Oimachi II	Shinagawa-ku, Tokyo	1,100,000	0.7	1,794.85	93	100.0
95	URBAN STAGE Yukigaya	Ota-ku, Tokyo	970,000	0.6	1,536.59	94	100.0
96	URBAN STAGE Ikegami	Ota-ku, Tokyo	1,460,000	0.9	2,456.48	95	95.4
97	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.3	801.30	51	90.8
98	URBAN STAGE Takaide	Suginami-ku, Tokyo	1,080,000	0.7	1,746.20	107	92.6
99	URBAN STAGE Komagome	Toshima-ku, Tokyo	412,000	0.3	991.94	22	100.0
100	URBAN STAGE Ikebukuro	Toshima-ku, Tokyo	3,310,000	2.0	4,376.95	131	93.4
101	URBAN STAGE Mukojima	Sumida-ku, Tokyo	487,000	0.3	1,108.91	55	98.1
102	URBAN STAGE Kasai East	Edogawa-ku, Tokyo	940,000	0.6	1,884.62	78	100.0
103	URBAN STAGE Ekoda	Nerima-ku, Tokyo	385,000	0.2	872.49	35	100.0
104	URBAN STAGE Itabashi Kuyakushomae	Itabashi-ku, Tokyo	940,000	0.6	1,742.64	68	92.7
105	URBAN STAGE Asakusa	Taito-ku, Tokyo	350,000	0.2	876.70	22	100.0
106	URBAN STAGE Machiya	Arakawa-ku, Tokyo	210,000	0.1	455.19	26	95.9
107	URBAN STAGE Machiya South Court	Arakawa-ku, Tokyo	1,740,000	1.1	4,141.56	77	97.6
108	URBAN STAGE Musashi Koganei	Koganei-shi, Tokyo	2,390,000	1.5	5,999.80	98	98.0
109	URBAN STAGE Musashino Hills	Koganei-shi, Tokyo	1,590,000	1.0	2,961.06	80	91.5
110	URBAN STAGE Koganei Honcho	Koganei-shi, Tokyo	725,000	0.4	1,604.72	43	95.0
111	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.2	994.68	54	92.6
112	URBAN STAGE Kumegawa	Higashimurayama-shi, Tokyo	1,370,000	0.8	2,610.05	91	98.5
113	URBAN STAGE Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	1.3	3,692.44	56	96.8
114	URBAN STAGE Kawasaki	Kawasaki-shi, Kanagawa	1,150,000	0.7	1,706.46	80	97.8
115	URBAN STAGE Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.3	952.06	50	98.0
116	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.2	437.94	27	96.3
117	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.2	611.61	37	78.4
118	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.2	542.69	33	93.9
119	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.2	535.08	32	84.6
120	URBAN STAGE Gyotoku Ekimae	Ichikawa-shi, Chiba	561,000	0.3	927.33	46	91.3
121	URBAN STAGE Gyotoku	Ichikawa-shi, Chiba	948,000	0.6	1,766.47	77	93.5
Greater Tokyo Area			131,510,000	81.2	188,028.26	6,812	95.9
122	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.4	1,861.56	60	100.0
123	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	724,000	0.4	1,967.54	64	100.0
124	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	1,430,000	0.9	2,990.68	112	95.7
125	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.2	1,518.58	33	97.4
126	PRIME URBAN Kita Juyo Jo	Sapporo-shi, Hokkaido	336,000	0.2	1,155.60	36	96.8
127	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.3	1,850.20	53	100.0
128	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.2	1,148.72	36	100.0
129	PRIME URBAN Kita Juichi Jo	Sapporo-shi, Hokkaido	600,000	0.4	1,851.39	60	96.7
130	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	576,200	0.4	2,114.53	54	95.7
131	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	424,000	0.3	1,494.36	36	94.4
132	PRIME URBAN Chiji Koukan	Sapporo-shi, Hokkaido	337,900	0.2	1,007.30	42	97.6
133	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	283,200	0.2	911.07	27	92.6
134	PRIME URBAN Kita Nijuyo Jo	Sapporo-shi, Hokkaido	503,700	0.3	1,773.90	36	97.2
135	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	0.5	2,439.90	58	92.1
136	PRIME URBAN Nagamachi Ichhome	Sendai-shi, Miyagi	1,110,000	0.7	3,411.24	60	100.0
137	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	428,000	0.3	1,380.21	43	100.0
138	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	0.4	1,571.04	46	100.0
139	PRIME URBAN Kanayama	Nagoya-shi, Aichi	632,000	0.4	1,391.02	58	93.1
140	PRIME URBAN Tsurumai	Nagoya-shi, Aichi	1,189,096	0.7	2,502.11	104	90.4
141	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.4	1,189.12	48	97.9
142	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	0.5	1,392.00	57	91.4
143	PRIME URBAN Esaka III	Suita-shi, Osaka	1,535,000	0.9	2,151.67	79	93.8
144	URBAN STAGE Sapporo Riverfront	Sapporo-shi, Hokkaido	3,500,000	2.2	15,459.57	310	96.0
145	URBAN STAGE Kita 3 Jo Dori	Sapporo-shi, Hokkaido	1,450,000	0.9	5,094.29	114	100.0
146	URBAN STAGE Tsutsumidori Amamiya	Sendai-shi, Miyagi	969,000	0.6	4,251.91	65	100.0
147	URBAN STAGE Kamimaezu	Nagoya-shi, Aichi	1,250,000	0.8	3,541.43	101	100.0
148	URBAN STAGE Izumi	Nagoya-shi, Aichi	2,800,000	1.7	7,543.10	250	99.2
149	URBAN STAGE Tamatsukuri	Osaka-shi, Osaka	906,000	0.6	2,373.10	80	96.2
150	URBAN STAGE Sakaisuji Honmachi	Osaka-shi, Osaka	1,780,000	1.1	3,909.90	82	88.3
151	Benefis Hakata Grand Suite	Fukuoka-shi, Fukuoka	830,000	0.5	2,176.23	67	96.9
152	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.2	897.84	34	94.5
153	Benefis Kashii Verbena	Fukuoka-shi, Fukuoka	396,000	0.2	1,222.34	39	89.3
154	Benefis Hakata Higashi Grand Suite	Fukuoka-shi, Fukuoka	693,000	0.4	1,854.13	65	98.7
155	Benefis Chihaya Grand Suite	Fukuoka-shi, Fukuoka	545,000	0.3	1,740.70	48	93.9
Other Areas			30,407,696	18.8	89,138.28	2,457	96.6
Total			161,917,696	100.0	277,166.54	9,269	96.2

Profile of the Asset Management Company

As of October 1, 2011, Nomura Real Estate Asset Management Co., Ltd. (NREAM) was merged with Nomura Real Estate Investment Management Co., Ltd. (NREIM) and Nomura Real Estate Capital Management Co., Ltd. (NRECM), with a change of its Japanese trade name from Nomura Fudosan Toshin to Nomura Fudosan Toshi Komon. We believe that the Company can benefit from various synergy effects from this merger including the ability to quickly respond to changes in the real estate and financial markets, the enhancement of expertise and experience necessary for real estate investment, and the ability to provide asset management services through one of the largest real estate asset management companies in Japan.

Company	: Nomura Real Estate Asset Management Co., Ltd.
Capital	: ¥300 million (as of November 30, 2013)
Shareholder	: Nomura Real Estate Holdings, Inc. (100%)
Incorporation	: January 24, 2003

• Organization of the asset management company



Performance Report

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Asset Management Report

1. CHANGES IN KEY INDICATORS

		14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011
Operating Revenues (¥mln)		5,406	5,257	5,174	5,250	4,445
of which Real Estate Rental Revenues (¥mln)		5,356	5,238	5,174	5,241	4,445
Operating Expenses (¥mln)		2,848	2,823	2,721	2,743	2,346
of which Real Estate Rental Expenses (¥mln)		2,250	2,252	2,131	2,188	1,824
Operating Profit (¥mln)		2,558	2,433	2,452	2,507	2,098
Ordinary Income (¥mln)		1,966	1,878	1,876	1,857	1,479
Net Income (¥mln)		1,965	1,876	1,875	1,856	1,477
Total Assets (¥mln)		168,019	156,576	156,703	156,780	140,152
(Changes from Previous Period)	(%)	(+7.3)	(Δ0.1)	(Δ 0.0)	(+11.9)	(Δ0.3)
Interest-Bearing Debts (¥mln)		89,840	83,002	83,092	83,182	74,216
Net Assets (¥mln)		75,236	70,838	70,836	70,818	63,277
(Changes from Previous Period)	(%)	(+6.2)	(+0.0)	(+0.0)	(+11.9)	(+0.0)
Unitholders' Capital (¥mln)		73,231	68,961	68,961	68,961	61,799
Number of Units Issued (Units)		160,800	150,936	150,936	150,936	125,535
Net Assets per Unit (¥)		467,887	469,326	469,315	469,193	504,059
Total Cash Distribution (¥mln)		1,965	1,836	1,875	1,856	1,477
Cash Distribution per Unit (¥)		12,221	12,170	12,424	12,302	11,770
of which Cash Distribution of Profits (¥)		12,221	12,170	12,424	12,302	11,770
of which Cash Distribution in excess of Profits (¥)		—	—	—	—	—
ROA (Return on Assets) (Note 1) (%)		1.2	1.2	1.2	1.2	1.1
Annualized ROA (Note 2) (%)		2.4	2.4	2.4	2.4	2.1
ROE (Return on Equity) (Note 3) (%)		2.7	2.6	2.6	2.6	2.3
Annualized ROE (Note 2) (%)		5.4	5.3	5.3	5.2	4.7
Capital Adequacy Ratio (Note 4) (%)		44.8	45.2	45.2	45.2	45.1
(Changes from Previous Period)	(%)	(Δ0.5)	(+0.0)	(+0.0)	(+0.0)	(+0.1)
LTV (Loan-to-Value) (Note 5) (%)		53.5	53.0	53.0	53.1	53.0
Number of Operating Days (days)		183	182	183	183	183
Payout Ratio (Note 6) (%)		100.0	97.8	99.9	99.9	100.0
Number of Properties Held (bldgs)		155	152	153	152	145
Total Leasable Floor Space (m ²)		277,166.54	262,961.11	262,881.53	261,275.90	220,129.28
Number of Tenants (tenants)		155	152	153	152	145
Occupancy Rate (%)		96.2	96.4	96.2	96.2	96.8
Depreciation (¥mln)		1,012	967	968	963	804
Capital Expenditures (¥mln)		94	138	40	41	45
NOI (Net Operating Income) (Note 7) (¥mln)		4,118	3,953	4,010	4,016	3,424
FFO (Funds from Operation) (Note 8) (¥mln)		2,934	2,833	2,850	2,818	2,285
FFO per Unit (Note 9) (¥)		18,251	18,773	18,886	18,671	18,207

Note 1: "ROA (Return on Assets)" = Ordinary Income / {(Total Assets at the beginning of the period + Total Assets at the end of the period) / 2} x 100

As for 11th period and 14th period, the Total Assets were time-adjusted due to the additional issuance of investment units.

Note 2: "ROA" and "ROE" are annualized using the following number of operating days. 10th Period: 183 days, 11th Period: 183 days, 12th Period: 183 days, 13th Period: 182 days, and 14th Period: 183 days.

Note 3: "ROE (Return on Equity)" = Net Income / {(Net Assets at the beginning of the period + Net Assets at the end of the period) / 2} x 100

As for 11th period and 14th period, Net Assets were time-adjusted due to the additional issuance of investment units.

Note 4: "Capital Adequacy Ratio" = Net Assets / Total Assets x 100

Note 5: "LTV (Loan-to-Value)" = Interest-Bearing Debts / Total Assets x 100

Note 6: Rounded off to the first decimal place.

Note 7: "NOI (Net Operating Income)" = Real Estate Rental Revenues – Real Estate Rental Expenses + Depreciation

Note 8: "FFO (Funds from Operation)" = Net Income + Depreciation + Amortization of Investment Corporation Bonds Issuance Costs – Real Estate Sale Profit/Loss

Note 9: "FFO per Unit" = FFO / Number of Units Issued

2. OUTLINE OF INVESTMENTS IN THE 14TH FISCAL PERIOD

Nomura Real Estate Residential Fund was incorporated on August 3, 2006 under the Act on Investment Trusts and Investment Corporations of Japan, and listed Investment Securities that represent the units of investment equity of the Company in the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange (TSE) on February 14, 2007 (TSE code: 3240).

The Company's basic investment policy is to assure stable income and steady portfolio asset growth over the medium-to-long-term through investment in specified assets such as properties and property-related securities.

We invest in properties with a focus on residential use in accordance with the Company's basic policy (securities specified for residential properties). In addition, in order to realize stable income over the medium-to-long term, we carry out expeditious asset management according to property characteristics and market conditions (medium-to-long term stable management).

Note:

The Law Concerning Investment Trusts and Investment Corporations of Japan (Law No. 198 of 1951) is referred to as the "Investment Trust Law" hereinafter.

The Tokyo Stock Exchange is referred to hereinafter as the "TSE".

The units of investment equity means the units of investment equity of the Company.

The term "property (ies)" refers to those assets defined in Section 29, Paragraph 1, Article (1) and (2), and "property-backed securities" refers to those assets defined in Section 29, Paragraph 1, Article (3) respectively of the Articles of Incorporation of the Company.

The terms "property (ies)" and "property-backed securities" are collectively referred to as "property-related assets" hereinafter.

The properties and underlying properties of the property-related assets are collectively referred to as the "investment properties".

The term "investment assets" refers to those assets that belong to the Company.

(1) Market Environments and fund performance

The Japanese economy showed a modest recovery trend, with improvements in the business sentiment and the export environment associated with the weaker yen and higher stock prices, given the various measures to pull out of deflation and achieve sustainable economic growth by the new administration that took office at the end of 2012, as well as with corporate performance improving mainly at large companies. In addition, the Bank of Japan's September 2013 Short-Term Economic Survey of Enterprises in Japan (*Tankan*) indicated that the business conditions DI for all industries of all sizes improved 4 points over the previous survey, with the outlook for three months ahead expected to improve by 1 point, suggesting a recovery in corporate performance going forward.

The improvement in the business sentiment as well as the monetary easing and expectations for pulling out of deflation caused a continued capital inflow into the J-REIT market. In the resulting favorable environment for fund procurement, J-REITs actively acquired properties accompanying new listings and issuance of new investment units through public offerings. Consequently, property acquisitions by J-REITs in 2013 significantly surpassed the results in 2012 by value.


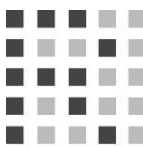
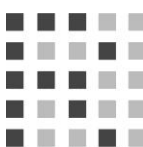
In the rental housing market, stable demand is anticipated to continue for rental housing in the Greater Tokyo Area (Tokyo, Kanagawa, Chiba and Saitama prefectures) and major regional cities due to an increase in single households and small households as a result of population inflow from other regions as well as the trends of late marriages and declining birth rates, etc. As for supply, rental housing construction starts remain low, implying that the supply and demand balance of rental housing will remain in a favorable environment for some time. Under such circumstances, signs of rent levels bottoming out have been observed in some areas, with rent increases at some properties with market competitiveness.

The real estate investment market started to give signs of a recovery trend, triggered by expectations for the Japanese economy to grow in light of the various measures to pull out of deflation and achieve continuous economic growth by the new administration that took office at the end of 2012, and listed J-REITs showing an increase in transactions both in terms of volume and amount. On the other hand, there is a sense of the market getting overheated due to an increase in deal participants and other factors, suggesting that competition over acquisitions will intensify going forward.

In the management environment described above, the Company made the following management achievements for the 14th fiscal period (ended November 2013).

(a) Asset Acquisition

The Company has fully utilized the strong sourcing routes of each property brand listed in the table below, and has continued acquisition activities.

Brand	Acquisition Strategy
<p>PROUD FLAT</p>  <p>Properties planned/development by Nomura Real Estate Development</p>	<p>Strategic Cooperation with Nomura Real Estate Development</p> <p>The strategic cooperation with Nomura Real Estate Development enables the Fund to undertake the development and acquisition of PROUD FLAT, a residential property brand, which utilizes residential property related know-how for land acquisition, product planning, management, etc. This plays the pivotal role of the Fund's growth strategy and the Fund will utilize it to the full extent.</p>
<p>PRIME URBAN</p>  <p>PRIME URBAN</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development < Age of Building: <u>Approx. 1 year or, less</u> ></p>	<p>Utilization of Networks with Providers Utilization of Nomura Real Estate Group Information Networks</p> <p>Proactively utilizing the network with providers built through the management of private funds which extends over 5 years and the Fund's management which extends over 7 years. By utilizing the expansive brokerage network held by Nomura Real Estate Group, pursuit of collecting adequate information on properties for selling will be fulfilled.</p>
<p>URBAN STAGE</p>  <p>URBAN STAGE</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development < Age of Building: <u>Approx. 1 year or, more</u> ></p>	

Note:

We implemented an acquisition strategy for properties other than the above-mentioned three in accordance with that implemented for PRIME URBAN and URBAN STAGE. Hereinafter, Nomura Real Estate Development refers to Nomura Real Estate Development Co., Ltd. Nomura Real Estate Group refers to a corporate group consisting of the consolidated subsidiaries of Nomura Real Estate Holdings, Inc. (hereinafter referred to as "Nomura Real Estate Holdings") including Nomura Real Estate Development (hereinafter referred to as "NRED") but excluding Nomura Real Estate Asset Management Co., Ltd., to which the Company assigns asset management-related operations.

Age of buildings above means that of the relevant property at the time of acquisition by the Company.

In the 14th fiscal period, the Company acquired seven properties totaling 12,336 million yen (sum total of acquisition prices) in association with the issuance of new investment units through public offering, achieving an improvement in the portfolio quality. In addition, as it did in previous fiscal periods, the Company continued to implement its strategy for property replacement to enhance the portfolio profitability and quality, transferring four properties totaling 1,477 million yen (sum total of transfer prices) in the fiscal period that were expected to show a decrease in property competitiveness and an increase in maintenance costs because they were small in size and rather aged, among other reasons.

As a result of the above, the size of assets at the end of the 14th fiscal period (as of November 30, 2013) was 155 properties amounting to 161,917 million yen (sum total of acquisition prices).

(b) Property Management

In the 14th fiscal period, which marks a period when tenant turnover is low, the Company conducted property management from the perspective of maintaining the high occupancy status achieved in the 13th fiscal period.

In leasing, the Company worked to maintain and enhance property competitiveness by conducting large-scale renovations as well as managing to improve profitability through a flexible review of advertising terms and conditions in light of the status of respective properties. In addition, the Company endeavored to shorten the vacancy period by controlling the construction period for restoration of units to their original state, as it had done in previous fiscal periods. These and other efforts allowed the Company to maintain a high level portfolio occupancy rate of 96.2% as of the end of the fiscal period.

Moreover, in the 14th fiscal period, the Company changed the property management companies (hereafter referred to as the “PM companies”) for 32 properties under management in the Greater Tokyo Area to Nomura Living Support Co., Ltd. As a result, property management services for 101 properties in total were consigned to Nomura Living Support as of the end of the 14th fiscal period (the figure has increased to 121 since December 1, 2013). Nomura Living Support implements various measures to tenants, including the “*Chintai Hotto Support*” (24-hour call center for trouble with equipment within residential units and other emergency matters; travel, leisure and other special benefits, etc.), and the Company believes that these services help enhance tenant satisfaction and property competitiveness at the properties it owns.

In this manner, as in previous fiscal periods, the Company continued its efforts to appropriately meet market needs, and enhance earnings by maintaining and enhancing occupancy rates, increasing incidental income and reducing expenses, among other measures.

(c) Status of Funding

In the 14th fiscal period, the Company issued additional investment units, the fourth such issuance since listing, with the aim of expanding the size, improving quality and enhancing profitability of the portfolio through new property acquisitions, and procured 4,269 million yen (sum total of funds obtained through public offering and third-party allotment). This increased the unitholders’ capital to 73,231 million yen.

In terms of debt financing, the Company continuously undertook conservative financial strategies in the 14th fiscal period to secure stable income and steady growth of portfolio assets over the medium to long term. Upon acquiring new properties, the Company procured funds flexibly using line of credit loans. In conducting the refinance of 7,500 million yen in the said line of credit loans and 6,272 million yen in existing loans, the Company repaid them by borrowing 5 term loans as well as repaid 572 million yen in interest-bearing debt by partly using cash on hand, in an effort to establish a stable financial base.

As a result, the ratio of long-term debt was 82.2%, the ratio of fixed interest debt (including fixation through interest rate swap transactions) was 90.7%, and the average maturity of the outstanding interest-bearing debt was 2.92 years (the average maturity of the outstanding long-term interest-bearing debt was 3.45 years) as of the end of the 14th fiscal period, with the rate of interest-bearing debt in total assets (the loan-to-value (LTV) ratio) being 53.5%.

The table below shows the credit ratings of the Company as of the end of the 14th fiscal period.

Rating Company	Rating	Outlook
Japan Credit Rating Agency, Ltd	Long-term Senior Debt Rating : AA	Stable
Standard & Poor’s Ratings Japan K.K.	Long-term corporate credit rating : A	Stable
	Short-term Corporate Credit Rating : A-1	—

(d) Financial Performance and Distributions

As a result of the above-described management during the 14th fiscal period, the Company recorded 5,406 million yen in operating revenue, 2,558 million yen in operating profit, 1,966 million yen in ordinary income, and 1,965 million yen in net income.

Concerning distribution, in order to qualify for special tax treatment under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) to have the maximum amount of cash distribution treated as deductible dividends, the Company decided to distribute the entire amount of retained earnings, excluding fractions of the distribution amount per unit less than one yen. As a result, the amount of cash distribution per unit for this fiscal period was 12,221 yen.

3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' Capital until the end of the 14th fiscal period (as of November 30, 2013) are as follows:

Date	Type of Issue	Number of Units Issued (Unit)		Unitholders' Capital (¥ mln)	
		Change	Balance	Change	Balance
Aug. 3, 2006	Initial private placement (Note 1)	400	400	240	240
Sep. 26, 2006	Private Offering (Note 2)	17,930	18,330	10,758	10,998
Feb.13, 2007	Public offering (Note 3)	47,400	65,730	28,816	39,814
Mar.13, 2007	Third-party allotment (Note 4)	2,370	68,100	1,440	41,255
Feb.13, 2008	Public offering (Note 5)	27,300	95,400	11,918	53,173
Mar.11, 2008	Third-party allotment (Note 6)	1,365	96,765	595	53,769
Dec. 7, 2009	Public offering (Note 7)	27,400	124,165	7,647	61,417
Dec.24, 2009	Third-party allotment (Note 8)	1,370	125,535	382	61,799
Dec. 1, 2011	Public offering (Note 9)	23,629	149,164	6,662	68,461
Dec.20, 2011	Third-party allotment (Note 10)	1,772	150,936	499	68,961
Aug.26, 2013	Public offering (Note 11)	9,306	160,242	4,028	72,989
Sep.25, 2013	Third-party allotment (Note 12)	558	160,800	241	73,231

Note1: Investment units were issued at issue price of 600,000 yen per unit upon establishment of the Fund.

Note2: Additional investment units were issued at the price of 600,000 yen per unit for the purpose of financing acquisition of new properties, etc. Asset management commenced.

Note3: Additional investment units were issued at 630,000 yen per unit (subscription price: 607,950 yen) in a public offering, for the purpose of financing acquisition of new properties and repayment of debt.

Note4: In conjunction with the public offering on February 13, 2007, investment units were allocated to Nomura Securities Co., Ltd., at 607,950 yen per unit issue price.

Note5: Additional investment units were issued at 451,780 yen per unit (subscription price: 436,567 yen) in a public offering, for the purpose of financing repayment of debt.

Note6: In conjunction with the public offering on February 13, 2008, investment units were allocated to Nomura Securities Co., Ltd., at 436,567 yen per unit issue price.

Note7: Additional investment units were issued at 289,545 yen per unit (subscription price: 279,097 yen) in a public offering, for the purpose of financing acquisition of new properties and repayment of debt.

Note8: In conjunction with the public offering on December 7, 2009, investment units were allocated to Nomura Securities Co., Ltd., at 279,097 yen per unit issue price.

Note9: Additional investment units were issued at 292,193 yen per unit (subscription price: 281,951 yen) in a public offering, for the purpose of financing acquisition of new properties.

Note10: In conjunction with the public offering on December 1, 2011, investment units were allocated to Nomura Securities Co., Ltd., at 281,951 yen per unit issue price.

Note11: Additional investment units were issued at 448,500 yen per unit (subscription price: 432,860 yen) in a public offering, for the purpose of financing acquisition of new properties.

Note12: In conjunction with the public offering on August 26, 2013, investment units were allocated to Nomura Securities Co., Ltd., at 432,860 yen per unit issue price.

[Changes in Price at the Tokyo Stock Exchange]

Changes in prices of the Company's investment units listed on the Tokyo Stock Exchange are as follows.

		14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011
High	(¥)	572,000	670,000	493,000	440,000	465,000
Low	(¥)	439,000	439,000	372,000	312,500	308,000

4. CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15-1 of the Act on Special Measures Concerning Taxation to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥12,221.

		14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011
Retained Earnings	(¥000)	1,965,201	1,876,958	1,875,347	1,856,892	1,477,597
Accumulated earnings	(¥000)	64	40,067	118	77	50
Total cash distribution	(¥000)	1,965,136	1,836,891	1,875,228	1,856,814	1,477,546
(Cash distribution per unit)	(¥)	(12,221)	(12,170)	(12,424)	(12,302)	(11,770)
of which distribution of profits	(¥000)	1,965,136	1,836,891	1,875,228	1,856,814	1,477,546
(Distribution of profits per unit)	(¥)	(12,221)	(12,170)	(12,424)	(12,302)	(11,770)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

The Japanese economy is expected to head for recovery in a more assured way, with exports starting to pick up and the economic measures and monetary policies proving effective. However, downward swings in overseas economies still pose a downside risk on the Japanese economy, making it necessary to pay close attention to the outlook for the periods ahead.

In such a business environment, the Company will aim to secure stable revenues and steady growth of portfolio assets over the medium to long term by conducting management that makes the most of the Company's strengths.

(a) Property Acquisition

The Company has set 300 billion yen in total assets as the goal of the size of its assets in the future. The Company will continue striving to make selective investments by utilizing its strong sourcing channels to obtain information on prime properties at an early stage, while taking into consideration the financial composition. By doing so, the Company intends to promote the building of a portfolio that generates stable revenues over the medium to long term, as it works to further diversify the portfolio while keeping its portfolio assets well-balanced in terms of building age, etc.

(b) Property Replacement

The Company will continue to implement property replacement in the portfolio for the purpose of enhancing portfolio quality as well as stabilizing and increasing revenues over the medium to long term. Upon conducting replacement, the Company will use the funds obtained from selling properties in the portfolio to acquire new properties so that it can maintain its conservative financial strategy.

(c) Property Management

The Company will continue working to maintain and enhance revenues by promoting property management in an integrated manner with the PM companies and establishing appropriate leasing strategies for each property, while endeavoring to reduce costs at its investment properties as much as possible. By doing so, the Company aims to maximize performance of the portfolio.

The Company will work to maintain and enhance the competitiveness and profitability of its investment properties by considering and implementing various measures for enhancing the occupancy rates and cash flows through grasping the characteristics of each investment property and analyzing market needs, among other things, as well as by implementing large-scale repairs and remodeling works in a timely and appropriate manner.

(d) Fund Procurement

The Company will continue to establish an appropriate financial base by properly controlling the risk of interest rate fluctuations through fixing interest rates and lengthening loan periods, as well as distributing repayment dates, diversifying lending institutions and fund procurement means, and procuring funds in unsecured and unguaranteed loans. In addition, the Company will continue to pursue a well-balanced composition of its interest-bearing debt by considering and selecting the optimum fund procurement means from among a range of options, while closely monitoring financial market trends.

6. IMPORTANT EVENTS SUBSEQUENT TO THE 14TH FISCAL PERIOD

There is no relevant matter under this subject.

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		14th Period (as of Nov. 30, 2013)	13th Period (as of May 31, 2013)	12th Period (as of Nov. 30, 2012)	11th Period (as of May 31, 2012)	10th Period (as of Nov. 30, 2011)
Maximum number of units allowed to issue	(Unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued	(Unit)	160,800	150,936	150,936	150,936	125,535
Amount of unitholders' capital	(¥ mln)	73,231	68,961	68,961	68,961	61,799
Number of unitholders		11,139	10,720	9,446	9,895	9,417

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of November 30, 2013 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	39,231	24.40
Nomura Real Estate Development Co., Ltd.	15,240	9.48
The Nomura Trust and Banking Co., Ltd. (Investment Account)	8,807	5.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,168	4.46
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,693	3.54
Trust and Custody Services Bank, Ltd. (Money Trust Tax Account)	3,030	1.88
The Joyo Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2,502	1.56
The Fuji Fire and Marine Insurance Co., Ltd. (Standing Proxy: Japan Trustee Services Bank, Ltd.)	2,206	1.37
The Chase Manhattan Bank, N. A. London Secs Lending Omnibus Account (Standing Proxy: Mizuho Bank, Ltd. Settlement & Clearing Services Division)	2,043	1.27
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	2,031	1.26
Total	87,951	54.70

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of November 30, 2013 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	10,698	96.0	31,405	19.5
Financial institutions (Including sales agents for financial instruments firm)	108	1.0	94,734	58.9
Other domestic corporate investors	200	1.8	21,112	13.1
Foreign corporate investors, etc.	133	1.2	13,549	8.4
Total	11,139	100.0	160,800	100.0

4. DIRECTORS AND AUDITOR

(1) Name of directors and an auditor in the 14th fiscal period are as follows (Note 1)

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 14th Period (¥000)
Executive Director	Masatomi Natsume	NRF Chief Investment Officer, Nomura Real Estate Asset Management, Co., Ltd.	—
Supervisory Director	Eitoku Aikawa	Director, Japan Association of Real Estate Counselors	2,400
Supervisory Director	Motoharu Yokose	Advisor, Asahi Tax Corporation. Auditor, YAMATO HOLDINGS CO., LTD.	2,400
Accounting Auditor	Ernst & Young ShinNihon LLC	—	(Note 2) 14,200

Note 1: No Executive Directors or Supervisory Directors are in possession of the Company's investment units either under their own or another person's name. Other companies at which Supervisory Directors serve as directors have no mutual business interests whatsoever with the Company.

Note 2: The total amount of fees paid to Ernst & Young Shin Nihon LLC includes remuneration of ¥3 million in relation to a job (examination of agreed procedures concerning new issue of investment units on August 26, 2013 and September 25, 2013), which is outside the stipulation of Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948)

Note 3: Mr. Nobuyuki Hamada, Director and Executive Officer of Nomura Real Estate Asset Management Co., Ltd., which is the asset management company of the Company, has been appointed as Substitute Executive Director to provide against vacancy of the Executive Director's position or lack of statutory quorum.

Note 4: Mr. Saneaki Ichijo has been appointed as substitute Supervisory Director to provide against vacancy of the Supervisory Director's position or lack of statutory quorum.

(2) Policy on Determining the Dismissal and Denial of Reappointment of Accounting Auditors

In case an item listed under Article 105, Paragraph 1 of the Investment Trust Law becomes applicable to the accounting auditor, and the Board of Directors determines that there is no likelihood of improvement, the Board of Directors shall dismiss the accounting auditor by unanimous vote of all board members.

In addition, if the Board of Directors determines that the accounting auditor is inappropriate for the position having given thorough consideration to its execution of business and other factors, the Board of Directors shall dismiss or deny reappointment of the accounting auditor, and present an agenda for appointment of a new accounting auditor at the General Unitholders' Meeting.

5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

Business	Company Name(s)
Asset Management Company	Nomura Real Estate Asset Management Co., Ltd.
Custodian of assets	Mitsubishi UFJ Trust and Banking Corporation
Custodian of unitholders' register	Mitsubishi UFJ Trust and Banking Corporation
Manager of special accounts	Mitsubishi UFJ Trust and Banking Corporation
General Administration (accounting, etc.)	Heiseikaikeisha("HSK") Tax Corporation
General Administration(Administrative work for organizational operation)	Mitsubishi UFJ Trust and Banking Corporation
General Administration (Financial agent.)	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area	14th Period (as of Nov. 30, 2013)		13th Period (as of May 31, 2013)	
		Total Amount (¥ mln) (Note 1)	Portion (%) (Note 2)	Total Amount (¥ mln) (Note 1)	Portion (%) (Note 2)
Real estate	Greater Tokyo Area	98,094	58.4	88,233	56.4
	Other	28,442	16.9	26,844	17.1
Real estate in trust	Greater Tokyo Area	31,637	18.8	32,510	20.8
	Other	2,046	1.2	2,062	1.3
Subtotal		160,219	95.4	149,650	95.6
Cash, deposits and other assets		7,799	4.6	6,925	4.4
Grand Total		168,019	100.0	156,576	100.0

Note 1: Total amount is taken from the balance sheet. (Real Estate and Real Estate in Trust represent the total book value after depreciation.)

Note 2: The percentage figures may not necessarily add up to 100 due to rounding to the nearest first decimal place.

2. BRIEF OF MAJOR PROPERTIES OWNED

The major component assets of the Company (the 10 largest properties by book value) as of the end of the 14th fiscal period are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²)	Leased Space (m ²)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
URBAN STAGE Sapporo Riverfront	3,618	15,459.57	14,840.95	96.0	3.5	Apartment building
PRIME URBAN Meguro Ohashi Hills	3,617	2,955.74	2,955.74	100.0	1.6	Apartment building
URBAN STAGE Nihonbashi Yokoyamacho	3,498	5,926.17	5,493.75	92.7	2.2	Apartment building
URBAN STAGE Ikebukuro	3,417	4,376.95	4,088.83	93.4	1.0	Apartment building
PROUD FLAT Shirokane Takanawa	3,417	2,950.11	2,859.44	96.9	1.7	Apartment building
PROUD FLAT Kamata II	2,929	4,051.72	3,924.82	96.9	1.9	Apartment building
URBAN STAGE Izumi	2,929	7,543.10	7,484.90	99.2	2.5	Apartment building
URBAN STAGE Kagurazaka	2,730	2,854.96	2,671.93	93.6	0.6	Apartment building
PROUD FLAT Kamiooka	2,598	4,872.17	4,872.17	100.0	1.8	Apartment building
URBAN STAGE Musashi Koganei	2,501	5,999.80	5,878.80	98.0	1.4	Apartment building
Total	31,257	56,990.29	55,071.33	96.6	18.3	

3. DETAILS OF PORTFOLIO PROPERTIES

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	5-12-7 Mita, Minato-ku, Tokyo	Real estate	3,150
	PROUD FLAT Yoyogi Uehara	3-25-7 Uehara, Shibuya-ku, Tokyo	Beneficial Interest	908
	PROUD FLAT Hatsudai	2-19-15 Hatsudai, Shibuya-ku, Tokyo	Real estate	671
	PROUD FLAT Shibuya Sakuragaoka	21-8 Sakuragaoka, Shibuya-ku, Tokyo	Real estate	691
	PROUD FLAT Gakugei Daigaku	2-21-20 Meguro Honcho, Meguro-ku, Tokyo	Real estate	698
	PROUD FLAT Meguro Gyoninzaka	1-4-18 Shimo Meguro, Meguro-ku, Tokyo	Real estate	868
	PROUD FLAT Sumida Riverside	1-31-7 Shinkawa, Chuo-ku, Tokyo	Real estate	2,220
	PROUD FLAT Kagurazaka	1-11 Higashi Gokencho, Shinjuku-ku, Tokyo	Real estate	1,490
	PROUD FLAT Waseda	521-9 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo (Note3)	Real estate	1,040
	PROUD FLAT Shinjuku Kawadacho	3-29 Kawadacho, Shinjuku-ku, Tokyo	Real estate	878
	PROUD FLAT Sangen Jaya	1-4-25 Taishido, Setagaya-ku, Tokyo	Real estate	1,130
	PROUD FLAT Kamata	4-21-4 Kamata, Ota-ku, Tokyo	Real estate	1,070
	PROUD FLAT Kamata II	4-25-5 Kamata, Ota-ku, Tokyo	Real estate	3,170
	PROUD FLAT Shinotsuka	3-12-10 Minami Otsuka, Toshima-ku, Tokyo	Real estate	575
	PROUD FLAT Kiyosumi Shirakawa	2-3 Takabashi, Koto-ku, Tokyo	Real estate	930
	PROUD FLAT Monzen Nakacho II	2-6-9 Furuishiba, Koto-ku, Tokyo	Real estate	616
	PROUD FLAT Monzen Nakacho I	2-3-1 Tomioka, Koto-ku, Tokyo	Real estate	968
	PROUD FLAT Fujimidai	3-8-4 Nukui, Nerima-ku, Tokyo	Real estate	1,410
	PROUD FLAT Asakusa Komagata	1-10-6 Komagata, Taito-ku, Tokyo	Real estate	1,850
	PROUD FLAT Yokohama	8-18 Daimachi Kanagawa-ku, Yokohama-shi, Kanagawa (Note3)	Real estate	2,110
	PROUD FLAT Kamioooka	3-4-6 Kamioooka Nishi, Konan-ku, Yokohama-shi, Kanagawa	Real estate	2,780
	PROUD FLAT Tsurumi II	20-16 Toyooka-cho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	1,490
	PRIME URBAN Akasaka	7-6-19 Akasaka, Minato-ku, Tokyo	Real estate	865
	PRIME URBAN Tamachi	3-6-13 Sibaura, Minato-ku, Tokyo	Beneficial Interest	902
	PRIME URBAN Yoyogi	3-51-3 Yoyogi, Shibuya-ku, Tokyo	Beneficial Interest	340
	PRIME URBAN Bancho	2-9-1 Kudanminami, Chiyoda-ku, Tokyo	Real estate	1,020
	PRIME URBAN Chiyoda Fujimi	2-1-9 Fujimi, Chiyoda-ku, Tokyo	Real estate	637
	PRIME URBAN Iidabashi	4-8-9,11 Iidabashi, Chiyoda-ku, Tokyo	Beneficial Interest	1,950
	PRIME URBAN Ebisu	1-11-11 Mita, Meguro-ku, Tokyo	Real estate	1,170
	PRIME URBAN Naka Meguro	3-28-24 Kami Meguro, Meguro-ku, Tokyo	Beneficial Interest	1,310
	PRIME URBAN Gakugei Daigaku	2-14-14 Takaban, Meguro-ku, Tokyo	Beneficial Interest	764
	PRIME URBAN Senzoku	2-20-8 Senzoku, Meguro-ku, Tokyo	Beneficial Interest	492
	PRIME URBAN Meguro Riverside	2-10-16 Shimo Meguro, Meguro-ku, Tokyo	Real estate	438
	PRIME URBAN Meguro Ohashi Hills	2-4-16 Ohashi, Meguro-ku, Tokyo	Real estate	2,840
	PRIME URBAN Hakusan	1-7-9 Mukougaoka, Bunkyo-ku, Tokyo	Real estate	841
	PRIME URBAN Yotsuya Gaien Higashi	14-62 Samoncho, Shinjuku-ku, Tokyo (Note3)	Beneficial Interest	1,430
	PRIME URBAN Nishi Shinjuku I	1-19-3 Kita Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	1,020

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Nishi Shinjuku II	5-6-4 Nishi Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	872
	PRIME URBAN Shinjuku Naitomachi	1-55 Naitomachi, Shinjuku-ku, Tokyo (Note3)	Beneficial Interest	421
	PRIME URBAN Nishi Waseda	1-13-11 Nishi Waseda, Shinjuku-ku, Tokyo	Real estate	449
	PRIME URBAN Sangen Jaya	2-41-3 Sangen Jaya, Setagaya-ku, Tokyo	Beneficial Interest	678
	PRIME URBAN Minami Karasuyama	5-7-4 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	735
	PRIME URBAN Karasuyama Galleria	4-10-24 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	564
	PRIME URBAN Karasuyama Court	4-1-11 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	357
	PRIME URBAN Chitose Funabashi	5-40-4 Sakuragaoka, Setagaya-ku, Tokyo	Real estate	750
	PRIME URBAN Shinagawa Nishi	6-24-13 Yutaka-cho, Shinagawa-ku, Tokyo	Real estate	470
	PRIME URBAN Osaki	5-8-10 Osaki, Shinagawa-ku, Tokyo	Beneficial Interest	1,720
	PRIME URBAN Omori	1-15-1 Omori Kita, Ota-ku, Tokyo	Beneficial Interest	830
	PRIME URBAN Denenchofu Minami	12-5 Denenchofu Minami, Ota-ku, Tokyo	Real estate	764
	PRIME URBAN Nakano Kamitakada	4-43-3 Kami Takada, Nakano-ku, Tokyo	Real estate	533
	PRIME URBAN Nishi Ogikubo	2-27-5 Nishi Ogiminami, Suginami-ku, Tokyo	Real estate	394
	PRIME URBAN Otsuka	1-3-4 Nishi Sugamo, Toshima-ku, Tokyo	Beneficial Interest	656
	PRIME URBAN Monzen Nakacho	1-5-7 Monzen Nakacho, Koto-ku, Tokyo	Beneficial Interest	2,240
	PRIME URBAN Kameido	2-38-2 Kameido, Koto-ku, Tokyo	Beneficial Interest	756
	PRIME URBAN Sumiyoshi	2-23-3 Ogibashi, Koto-ku, Tokyo	Real estate	594
	PRIME URBAN Kinshi Koen	4-7-12 Taihei, Sumida-ku, Tokyo	Beneficial Interest	1,220
	PRIME URBAN Kinshicho	5-16-14 Kotobashi, Sumida-ku, Tokyo	Beneficial Interest	716
	PRIME URBAN Hirai	6-23-12 Hirai, Edogawa-ku, Tokyo	Real estate	669
	PRIME URBAN Kasai	6-18-5 Naka Kasai, Edogawa-ku, Tokyo	Beneficial Interest	615
	PRIME URBAN Kasai II	7-9-7 Higashi Kasai, Edogawa-ku, Tokyo	Beneficial Interest	960
	PRIME URBAN Shinyurigaoka	3-1-17 Manpukuji Asao-ku, Kawasaki-shi, Kanagawa	Real estate	1,130
	PRIME URBAN Urayasu	3-2-13 Todaijima, Urayasu-shi, Chiba	Beneficial Interest	768
	PRIME URBAN Gyotoku I	2-4-10 Fukuei, Ichikawa-shi, Chiba	Real estate	592
	PRIME URBAN Gyotoku II	1-11-5 Suehiro, Ichikawa-shi, Chiba	Real estate	685
	PRIME URBAN Gyotoku Ekimae	2-26-11 Gyotoku Ekimae, Ichikawa-shi, Chiba	Beneficial Interest	458
	PRIME URBAN Nishi Funabashi	437-1 Hongochi, Funabashi-shi, Chiba (Note3)	Beneficial Interest	713
	PRIME URBAN Kawaguchi	3-1-11 Sakae-cho, Kawaguchi-shi, Saitama	Real estate	1,650
	URBAN STAGE Azabu Juban	2-33-9 Higashi Azabu, Minato-ku, Tokyo	Real estate	986
	URBAN STAGE Shibaura LOFT	4-5-17 Shibaura, Minato-ku, Tokyo	Real estate	1,790
	URBAN STAGE Hatagaya	3-28-6 Hatagaya, Shibuya-ku, Tokyo	Real estate	446
	URBAN STAGE Ebisu	1-13-3 Hiroo, Shibuya-ku, Tokyo	Real estate	1,060
	URBAN STAGE Meguro Aobadai	3-18-9 Aobadai, Meguro-ku, Tokyo	Real estate	1,200
	URBAN STAGE Gakugei Daigaku	3-14-15 Takaban, Meguro-ku, Tokyo	Real estate	937
	URBAN STAGE Kachidoki	6-5-6 Kachidoki, Chuo-ku, Tokyo	Beneficial Interest	2,390
	URBAN STAGE Shinkawa	2-16-10 Shinkawa, Chuo-ku, Tokyo	Beneficial Interest	2,030

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Nihonbashi Yokoyamacho	3-4 Nihonbashi Yokoyamacho, Chuo-ku, Tokyo	Real estate	4,050
	URBAN STAGE Nihonbashi Hamacho	2-50-8 Nihonbashi Hamacho, Chuo-ku, Tokyo	Real estate	1,480
	URBAN STAGE Hongo Ikizaka	2-16-3 Hongo, Bunkyo-ku, Tokyo	Real estate	560
	URBAN STAGE Naka Ochiai	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo	Real estate	589
	URBAN STAGE Ochiai	2-17-9 Nakai, Shinjuku-ku, Tokyo	Real estate	325
	URBAN STAGE Shinjuku Ochiai	4-10-9 Kita Shinjuku, Shinjuku-ku, Tokyo	Real estate	551
	URBAN STAGE Mejiro	3-22-21 Shimoochiai, Shinjuku-ku Tokyo	Real estate	1,330
	URBAN STAGE Kagurazaka	346-3 Yamabukityo, Shinjuku-ku, Tokyo (Note3)	Real estate	2,660
	URBAN STAGE Roka Koen	1-12-26 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	314
	URBAN STAGE Kamiuma	5-26-14 Kamiuma, Setagaya-ku, Tokyo	Beneficial Interest	806
	URBAN STAGE Sangen Jaya	5-38-12 Kamiuma, Setagaya-ku, Tokyo	Real estate	672
	URBAN STAGE Chitose Karasuyama	3-32-16 Kasuya, Setagaya-ku, Tokyo	Beneficial Interest	688
	URBAN STAGE Sangen Jaya II	2-4-16 Taishido, Setagaya-ku, Tokyo	Beneficial Interest	448
	URBAN STAGE Komazawa	2-7-18 Komazawa, Setagaya-ku, Tokyo	Real estate (Note 4)	346
	URBAN STAGE Karasuyama	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate (Note 4)	336
	URBAN STAGE Kamikitazawa	5-21-22 Kami Kitazawa, Setagaya-ku, Tokyo	Real estate	585
	URBAN STAGE Yoga	2-27-5 Yoga, Setagaya-ku, Tokyo	Real estate	1,290
	URBAN STAGE Oimachi	4-10-9 Oi, Shinagawa-ku, Tokyo	Real estate	479
	URBAN STAGE Oimachi II	5-10-10 Higashi Oi, Shinagawa-ku, Tokyo	Real estate	1,020
	URBAN STAGE Yukigaya	34-10 Kita Minemachi, Ota-ku, Tokyo	Real estate	926
	URBAN STAGE Ikegami	7-4-11 Ikegami, Ota-ku, Tokyo	Beneficial Interest	1,270
	URBAN STAGE Nakano	2-17-1 Kami Takada, Nakano-ku, Tokyo	Real estate	461
	URBAN STAGE Takaido	4-10-12 Takaido Higashi, Suginami-ku, Tokyo	Real estate	1,020
	URBAN STAGE Komagome	6-12-15 Komagome, Toshima-ku, Tokyo	Beneficial Interest	467
	URBAN STAGE Ikebukuro	2-50-4 Ikebukuro, Toshima-ku, Tokyo	Real estate	3,540
	URBAN STAGE Mukojima	5-19-14 Higashi Mukojima, Sumida-ku, Tokyo	Real estate	502
	URBAN STAGE Kasai East	6-16-9 Higashi Kasai, Edogawa-ku, Tokyo	Real estate	1,130
	URBAN STAGE Ekoda	1-10-5 Asahigaoka, Nerima-ku, Tokyo	Real estate	391
	URBAN STAGE Itabashi Kuyakushomae	27-13 Honcho, Itabashi-ku, Tokyo	Real estate	1,070
	URBAN STAGE Asakusa	3-33-11 Asakusa, Taito-ku, Tokyo	Real estate	366
	URBAN STAGE Machiya	1-32-13 Machiya, Arakawa-ku, Tokyo	Real estate	184
	URBAN STAGE Machiya South Court	3-73-5 Arakawa, Arakawa-ku, Tokyo	Real estate	1,790
	URBAN STAGE Musashi Koganei	2-11-26 Nakacho, Koganei-shi, Tokyo	Real estate	1,850
	URBAN STAGE Musashino Hills	2-1-2, 36 Kajinocho, Koganei-shi, Tokyo	Real estate	1,370
	URBAN STAGE Koganei Honcho	4-14-25 Honcho, Koganei-shi Tokyo	Real estate	767
	URBAN STAGE Hino	536-2 Hino Oaza, Hino-shi, Tokyo (Note3)	Real estate	313
	URBAN STAGE Kumegawa	1-5-6 Sakae-cho, Higashimurayama-shi, Tokyo (Note3)	Real estate	1,420
	URBAN STAGE Musashi Kosugi comodo	2-902-1 Shin Maruko Higashi Nakahara-ku, Kawasaki-shi, Kanagawa (Note3)	Real estate	2,020

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Kawasaki	1-4-15 Honcho Kawasaki-ku, Kawasaki-shi, Kanagawa (Note3)	Real estate	941
	URBAN STAGE Tsurumi Teraya	1-7-10 Teraya Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	469
	URBAN STAGE Urayasu	2-11-5 Todaijima, Urayasu-shi, Chiba	Real estate	214
	URBAN STAGE Minami Gyotoku II	1-4-18 Hiro, Ichikawa-shi, Chiba	Real estate	228
	URBAN STAGE Minami Gyotoku III	1-21-23 Ainokawa, Ichikawa-shi, Chiba	Real estate	230
	URBAN STAGE Minami Gyotoku IV	1-5-18 Hiro, Ichikawa-shi, Chiba	Real estate	216
	URBAN STAGE Gyotoku Ekimae	4-6-14 Gyotoku Ekimae, Ichikawa-shi, Chiba	Real estate	485
	URBAN STAGE Gyotoku	1-2-8 Fukuei, Ichikawa-shi, Chiba	Real estate	814
	Subtotal			124,513
Other	PROUD FLAT Itsutsubashi	2-5-2 Itsutsubashi, Aoba-ku, Sendai-shi, Miyagi	Real estate	683
	PROUD FLAT Kawaramachi	2-10 Aza Hachikenkoji, Minami Koizumi, Wakabayashi-ku, Sendai-shi, Miyagi (Note3)	Real estate	679
	PROUD FLAT Shin Osaka	6-11-7 Nishi Nakajima Yodogawa-ku, Osaka-shi, Osaka	Real estate	1,500
	PRIME URBAN Yamahana	1-27 Nishi 14-Chome minami 17-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	269
	PRIME URBAN Kita Juyo Jo	2-1 Higashi 1-Chome Kita 14-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	266
	PRIME URBAN Odori Koen I	12 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	453
	PRIME URBAN Odori Koen II	12-1 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	300
	PRIME URBAN Kita Juichi Jo	1-3 Higashi 1-Chome Kita 11-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	585
	PRIME URBAN Miyanosawa	10-20 9-Chome Hassamu 6-Jo Nishi-ku, Sapporo-shi, Hokkaido	Real estate	522
	PRIME URBAN Odori Higashi	12-63 Higashi 7-Chome Odori, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	437
	PRIME URBAN Chiji Kokan	1-12 Nishi 17-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	292
	PRIME URBAN Maruyama	1-1, Nishi 22-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	257
	PRIME URBAN Kita Nijuyo Jo	2-1 Higashi 1-Chome Kita 23-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	474
	PRIME URBAN Sapporo Idaimae	1-20 Nishi 13-Chome Minami 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	671
	PRIME URBAN Nagamachi Icchome	1-2-30 Nagamachi Icchome, Taihaku-ku, Sendai-shi, Miyagi	Real estate	1,090
	PRIME URBAN Yaotome Chuo	3-8-70 Yaotome Chuo, Izumi-ku, Sendai-shi, Miyagi	Real estate	448
	PRIME URBAN Aoi	1-13-24 Aoi, Higashi-ku, Nagoya-shi, Aichi	Beneficial Interest	652
	PRIME URBAN Kanayama	4-2-37 Masaki, Naka-ku, Nagoya-shi, Aichi	Real estate	617
	PRIME URBAN Tsurumai	5-8-29 Chiyoda Naka-ku, Nagoya-shi, Aichi	Real estate	1,110
	PRIME URBAN Esaka I	3-26-27 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	639
	PRIME URBAN Esaka II	3-31-31 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	764
	PRIME URBAN Esaka III	10-19 Hiroshiba-cho, Suita-shi, Osaka	Real estate	1,150
	URBAN STAGE Sapporo Riverfront	1-1 Nishi 1-Chome Minami 9-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	4,280
	URBAN STAGE Kita Sanjo Dori	2-2 Higashi 2-Chome Kita 3-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	1,640
	URBAN STAGE Tsutsumidori Amamiya	4-37 Tsutsumidori Amamiya-machi, Aoba-ku, Sendai-shi, Miyagi	Real estate	873
	URBAN STAGE Kamimaezu	2-4-2 Kamimaezu Naka-ku, Nagoya-shi, Aichi	Real estate	1,500
	URBAN STAGE Izumi	1-20-28 Izumi Higashi-ku, Nagoya-shi, Aichi	Real estate	3,490
	URBAN STAGE Tamatsukuri	2-16-11 Tamatsukuri Chuo-ku, Osaka-shi, Osaka	Real estate	991
	URBAN STAGE Sakaisuji Honmachi	1-5-10 Kyutaro-cho, Chuo-ku, Osaka-shi, Osaka	Real estate	1,790

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2013 (¥ mln) (Note 2)
Other	Benefis Hakata Grand Suite	2-14-7 Minoshima, Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	698
	Benefis Yakuin Minami	1-14-10 Shirogane, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	308
	Benefis Kashii Verbena	2-3-7 Kashii Ekimae Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	374
	Benefis Hakata Higashi Grand Suite	6-4-23 Yoshizuka Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	586
	Benefis Chihaya Grand Suite	4-11-20 Chihaya Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	571
	Subtotal			30,959
	Total			155,472

Note 1: "Beneficial interest" described in "Type of Ownership" refers to the beneficiary right of trusts whose major properties are real estate.

Note2: "Appraisal Value as of November 30, 2013" stands for the prices appraised by the estate surveyors in accordance with the provisions of the Company's Articles of Incorporation and the "Rules Concerning Calculations of Investment Corporations" (Cabinet Office Ordinance No. 47 of 2006). The appraisal prices are calculated by Daiwa Real Estate Appraisal, Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Japan Real Estate Institution, Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd., using the capitalization approach, with the end of the 14th fiscal period, i.e. November 30, 2013, being taken as the point of evaluation.

Note 3: Residential indication of the property is not available yet.

Note 4: The "Type of Ownership" of the relevant properties is changed from "Beneficial interest" to "Real estate" along with the cancellation or expiration of the term of the trust.

Area	Name of Property	14th Period (from Jun. 1, 2013 to Nov. 30, 2013)				13th Period (from Dec. 1, 2012 to May 31, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	1	96.9	92,801	1.7	1	96.7	96,570	1.8
	PROUD FLAT Yoyogi Uehara	1	100.0	30,342	0.6	1	98.0	30,139	0.6
	PROUD FLAT Hatsudai	1	96.9	23,984	0.4	1	93.7	22,901	0.4
	PROUD FLAT Shibuya Sakuragaoka	1	100.0	22,197	0.4	1	93.3	22,068	0.4
	PROUD FLAT Gakugei Daigaku	1	100.0	25,625	0.5	1	100.0	25,884	0.5
	PROUD FLAT Meguro Gyoninzaka	1	97.5	27,980	0.5	1	100.0	28,744	0.5
	PROUD FLAT Sumida Riverside	1	99.3	73,964	1.4	1	97.9	74,945	1.4
	PROUD FLAT Kagurazaka	1	100.0	47,788	0.9	1	100.0	47,595	0.9
	PROUD FLAT Waseda	1	98.5	35,120	0.7	1	97.0	36,251	0.7
	PROUD FLAT Shinjuku Kawadacho	1	95.4	29,075	0.5	1	97.1	29,066	0.6
	PROUD FLAT Sangen Jaya	1	100.0	36,353	0.7	1	92.3	36,378	0.7
	PROUD FLAT Kamata	1	97.4	37,183	0.7	1	91.4	38,584	0.7
	PROUD FLAT Kamata II	1	96.9	103,832	1.9	1	94.7	105,408	2.0
	PROUD FLAT Shinotsuka	1	94.4	19,995	0.4	1	100.0	18,988	0.4
	PROUD FLAT Kiyosumi Shirakawa	1	100.0	30,684	0.6	1	100.0	30,740	0.6
	PROUD FLAT Monzen Nakacho II	1	94.8	20,282	0.4	1	92.1	21,720	0.4
	PROUD FLAT Monzen Nakacho I	1	100.0	33,152	0.6	1	100.0	35,833	0.7
	PROUD FLAT Fujimidai	1	100.0	56,092	1.0	1	100.0	56,149	1.1
	PROUD FLAT Asakusa Komagata	1	97.1	63,819	1.2	1	94.3	63,393	1.2
	PROUD FLAT Yokohama	1	97.2	69,671	1.3	1	93.2	74,253	1.4
	PROUD FLAT Kamioooka	1	100.0	97,332	1.8	1	100.0	97,168	1.9
	PROUD FLAT Tsurumi II	1	98.1	62,267	1.2	1	97.1	62,714	1.2
	PRIME URBAN Akasaka	1	100.0	26,309	0.5	1	100.0	27,384	0.5
	PRIME URBAN Tamachi	1	100.0	30,972	0.6	1	94.0	31,161	0.6
	PRIME URBAN Yoyogi	1	88.6	11,130	0.2	1	96.0	12,192	0.2
	PRIME URBAN Bancho	1	96.1	30,954	0.6	1	91.1	30,613	0.6
	PRIME URBAN Chiyoda Fujimi	1	97.2	20,907	0.4	1	100.0	21,746	0.4
	PRIME URBAN Iidabashi	1	94.7	61,498	1.1	1	95.7	62,393	1.2
	PRIME URBAN Ebisu	1	94.0	37,586	0.7	1	100.0	37,530	0.7
	PRIME URBAN Naka Meguro	1	95.9	40,456	0.8	1	100.0	41,513	0.8
	PRIME URBAN Gakugei Daigaku	1	100.0	24,210	0.5	1	91.0	22,931	0.4
	PRIME URBAN Senzoku	1	84.2	13,921	0.3	1	84.7	15,771	0.3
	PRIME URBAN Meguro Riverside	1	100.0	14,099	0.3	1	100.0	14,863	0.3
	PRIME URBAN Meguro Ohashi Hills	1	100.0	85,495	1.6	1	99.1	84,469	1.6
	PRIME URBAN Hakusan	1	96.4	25,952	0.5	1	92.2	25,643	0.5
	PRIME URBAN Yotsuya Gaien Higashi	1	98.0	45,376	0.8	1	97.8	45,136	0.9
	PRIME URBAN Nishi Shinjuku I	1	98.4	37,943	0.7	1	100.0	37,226	0.7
	PRIME URBAN Nishi Shinjuku II	1	100.0	28,518	0.5	1	95.7	28,869	0.6
	PRIME URBAN Shinjuku Naitomachi	1	100.0	13,867	0.3	1	100.0	13,773	0.3
	PRIME URBAN Nishi Waseda	1	100.0	15,408	0.3	1	100.0	17,809	0.3
	PRIME URBAN Sangen Jaya	1	94.2	21,516	0.4	1	94.2	23,583	0.5
	PRIME URBAN Minami Karasuyama	1	87.7	22,957	0.4	1	92.8	23,881	0.5
	PRIME URBAN Karasuyama Galleria	1	93.9	18,713	0.3	1	88.0	18,783	0.4
	PRIME URBAN Karasuyama Court	1	100.0	11,685	0.2	1	87.0	12,337	0.2
	PRIME URBAN Chitose Funabashi	1	90.1	24,428	0.5	1	97.5	25,618	0.5
	PRIME URBAN Shinagawa Nishi	1	93.8	21,332	0.4	1	95.9	22,042	0.4
	PRIME URBAN Osaki	1	97.0	57,495	1.1	1	96.0	56,479	1.1
	PRIME URBAN Omori	1	98.1	30,265	0.6	1	98.1	30,306	0.6
	PRIME URBAN Kita Senzoku (Note 2)	—	—	2,640	0.0	1	95.7	19,289	0.4
	PRIME URBAN Denenchofu Minami	1	96.0	24,531	0.5	1	90.0	26,008	0.5
	PRIME URBAN Nakano Kamitakada	1	96.1	18,695	0.3	1	100.0	18,449	0.4
	PRIME URBAN Nishi Ogikubo	1	100.0	13,190	0.2	1	95.7	13,459	0.3
	PRIME URBAN Otsuka	1	90.4	22,956	0.4	1	100.0	23,806	0.5
	PRIME URBAN Monzen Nakacho	1	95.8	74,784	1.4	1	96.7	77,194	1.5
	PRIME URBAN Kameido	1	100.0	25,114	0.5	1	100.0	26,144	0.5
	PRIME URBAN Sumiyoshi	1	100.0	19,447	0.4	1	87.5	19,494	0.4

Area	Name of Property	14th Period (from Jun. 1, 2013 to Nov. 30, 2013)				13th Period (from Dec. 1, 2012 to May 31, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PRIME URBAN Kinshi Koen	1	97.4	41,910	0.8	1	98.7	42,474	0.8
	PRIME URBAN Kinshicho	1	100.0	24,110	0.5	1	100.0	23,995	0.5
	PRIME URBAN Hirai	1	98.1	23,373	0.4	1	92.5	24,586	0.5
	PRIME URBAN Kasai	1	97.8	21,268	0.4	1	97.8	19,862	0.4
	PRIME URBAN Kasai II	1	89.7	30,086	0.6	1	95.6	30,997	0.6
	PRIME URBAN Shinyurigaoka	1	100.0	37,504	0.7	1	100.0	37,536	0.7
	PRIME URBAN Urayasu	1	96.7	27,320	0.5	1	96.7	26,184	0.5
	PRIME URBAN Gyotoku I	1	94.2	22,718	0.4	1	98.1	21,244	0.4
	PRIME URBAN Gyotoku II	1	100.0	24,268	0.5	1	100.0	24,213	0.5
	PRIME URBAN Gyotoku Ekimae	1	91.9	16,488	0.3	1	91.9	16,529	0.3
	PRIME URBAN Nishi Funabashi	1	96.7	25,417	0.5	1	96.7	26,408	0.5
	PRIME URBAN Kawaguchi	1	89.3	64,817	1.2	1	100.0	70,586	1.3
	URBAN STAGE Azabu Juban	1	97.5	32,568	0.6	1	100.0	31,207	0.6
	URBAN STAGE Shibaura LOFT	1	93.9	58,145	1.1	1	95.9	60,841	1.2
	URBAN STAGE Hatagaya	1	100.0	15,533	0.3	1	100.0	15,596	0.3
	URBAN STAGE Ebisu (Note 3)	1	94.9	15,852	0.3	—	—	—	—
	URBAN STAGE Toritsu Daigaku (Note 4)	—	—	—	—	—	—	8,684	0.2
	URBAN STAGE Meguro Aobadai (Note 3)	1	85.7	16,348	0.3	—	—	—	—
	URBAN STAGE Gakugei Daigaku (Note 3)	1	85.9	12,623	0.2	—	—	—	—
	URBAN STAGE Kachidoki	1	96.0	90,123	1.7	1	90.7	94,285	1.8
	URBAN STAGE Shinkawa	1	89.0	71,763	1.3	1	94.8	73,602	1.4
	URBAN STAGE Nihonbashi Yokoyamacho	1	92.7	116,513	2.2	1	95.9	126,384	2.4
	URBAN STAGE Nihonbashi Hamacho (Note 3)	1	97.6	23,286	0.4	—	—	—	—
	URBAN STAGE Hongo Ikizaka	1	100.0	17,796	0.3	1	96.3	18,458	0.4
	URBAN STAGE Naka Ochiai	1	94.0	23,331	0.4	1	100.0	23,320	0.4
	URBAN STAGE Ochiai	1	90.9	13,040	0.2	1	97.0	13,722	0.3
	URBAN STAGE Shinjuku Ochiai	1	89.2	19,447	0.4	1	100.0	20,588	0.4
	URBAN STAGE Mejiro (Note 5)	1	85.1	40,435	0.8	1	88.1	1,197	0.0
	URBAN STAGE Kagurazaka (Note 3)	1	93.6	34,775	0.6	—	—	—	—
	URBAN STAGE Roka Koen	1	94.2	12,728	0.2	1	97.1	12,203	0.2
	URBAN STAGE Kamiuma	1	100.0	33,352	0.6	1	96.4	33,248	0.6
	URBAN STAGE Sangen Jaya	1	96.5	25,804	0.5	1	95.1	25,309	0.5
	URBAN STAGE Chitose Karasuyama	1	96.2	26,899	0.5	1	96.2	25,104	0.5
	URBAN STAGE Sangen Jaya II	1	100.0	17,438	0.3	1	91.3	16,356	0.3
	URBAN STAGE Komazawa	1	88.8	12,477	0.2	1	82.2	12,632	0.2
	URBAN STAGE Karasuyama	1	92.7	12,593	0.2	1	100.0	12,563	0.2
	URBAN STAGE Kamikitazawa	1	86.2	20,305	0.4	1	90.5	21,093	0.4
	URBAN STAGE Yoga	1	98.5	42,009	0.8	1	93.0	41,786	0.8
	URBAN STAGE Oimachi	1	91.1	19,602	0.4	1	100.0	20,092	0.4
	URBAN STAGE Oimachi II	1	100.0	47,257	0.9	1	94.2	49,393	0.9
	URBAN STAGE Yukigaya	1	100.0	36,548	0.7	1	93.6	37,323	0.7
	URBAN STAGE Ikegami	1	95.4	48,798	0.9	1	93.9	49,168	0.9
	URBAN STAGE Nakano	1	90.8	18,730	0.3	1	100.0	18,498	0.4
	URBAN STAGE Takaido	1	92.6	39,903	0.7	1	95.4	40,535	0.8
	URBAN STAGE Komagome	1	100.0	17,237	0.3	1	92.2	16,105	0.3
	URBAN STAGE Ikebukuro (Note 3)	1	93.4	52,819	1.0	—	—	—	—
	URBAN STAGE Mukojima	1	98.1	21,164	0.4	1	98.2	20,646	0.4
	URBAN STAGE Kasai East	1	100.0	36,631	0.7	1	100.0	36,676	0.7
	URBAN STAGE Ekoda	1	100.0	15,113	0.3	1	97.5	15,352	0.3
	URBAN STAGE Takinokawa (Note 6)	—	—	6,737	0.1	1	100.0	11,111	0.2
	URBAN STAGE Itabashi Kuyakushomae	1	92.7	36,560	0.7	1	93.9	38,546	0.7
	URBAN STAGE Asakusa	1	100.0	15,664	0.3	1	97.0	13,142	0.3
	URBAN STAGE Machiya	1	95.9	9,324	0.2	1	100.0	9,425	0.2
	URBAN STAGE Machiya South Court	1	97.6	71,143	1.3	1	94.2	71,862	1.4
	URBAN STAGE Koganei (Note 7)	—	—	9,238	0.2	1	100.0	9,813	0.2
	URBAN STAGE Musashi Koganei	1	98.0	73,834	1.4	1	98.0	74,713	1.4
	URBAN STAGE Musashino Hills	1	91.5	47,488	0.9	1	86.9	48,938	0.9

Area	Name of Property	14th Period (from Jun. 1, 2013 to Nov. 30, 2013)				13th Period (from Dec. 1, 2012 to May 31, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	URBAN STAGE Koganei Honcho	1	95.0	28,675	0.5	1	97.9	28,838	0.6
	URBAN STAGE Hino	1	92.6	14,430	0.3	1	88.9	15,838	0.3
	URBAN STAGE Kumegawa	1	98.5	57,885	1.1	1	99.1	54,463	1.0
	URBAN STAGE Musashi Kosugi comodo	1	96.8	71,063	1.3	1	100.0	70,458	1.3
	URBAN STAGE Kawasaki	1	97.8	37,349	0.7	1	100.0	37,390	0.7
	URBAN STAGE Tsurumi Teraya	1	98.0	20,366	0.4	1	97.6	21,242	0.4
	URBAN STAGE Urayasu	1	96.3	9,186	0.2	1	92.6	9,300	0.2
	URBAN STAGE Minami Gyotoku I (Note 8)	—	—	—	—	—	—	8,214	0.2
	URBAN STAGE Minami Gyotoku II	1	78.4	8,468	0.2	1	64.9	10,083	0.2
	URBAN STAGE Minami Gyotoku III	1	93.9	12,094	0.2	1	100.0	12,410	0.2
	URBAN STAGE Minami Gyotoku IV	1	84.6	10,720	0.2	1	93.8	11,266	0.2
	URBAN STAGE Gyotoku Ekimae	1	91.3	19,768	0.4	1	100.0	19,574	0.4
	URBAN STAGE Minami Gyotoku V (Note 9)	—	—	12,675	0.2	1	90.0	13,008	0.2
	URBAN STAGE Gyotoku	1	93.5	32,321	0.6	1	98.7	37,906	0.7
	Subtotal	121	95.9	4,137,201	77.2	119	96.1	4,047,566	77.3
Other	PROUD FLAT Itsutsubashi	1	100.0	30,209	0.6	1	97.8	29,856	0.6
	PROUD FLAT Kawaramachi	1	100.0	29,729	0.6	1	100.0	29,816	0.6
	PROUD FLAT Shin Osaka	1	95.7	59,307	1.1	1	96.5	60,275	1.2
	PRIME URBAN Yamahana	1	97.4	13,160	0.2	1	94.0	12,294	0.2
	PRIME URBAN Kita Juyo Jo	1	96.8	13,363	0.2	1	96.8	12,774	0.2
	PRIME URBAN Odori Koen I	1	100.0	17,163	0.3	1	100.0	17,153	0.3
	PRIME URBAN Odori Koen II	1	100.0	11,139	0.2	1	100.0	11,133	0.2
	PRIME URBAN Kita Juichi Jo	1	96.7	24,669	0.5	1	98.3	24,663	0.5
	PRIME URBAN Miyanosawa	1	95.7	22,695	0.4	1	96.2	23,240	0.4
	PRIME URBAN Odori Higashi	1	94.4	18,842	0.4	1	100.0	18,421	0.4
	PRIME URBAN Chiji Koukan	1	97.6	13,318	0.2	1	100.0	13,177	0.3
	PRIME URBAN Maruyama	1	92.6	11,582	0.2	1	96.3	11,697	0.2
	PRIME URBAN Kita Nijuyo Jo	1	97.2	20,682	0.4	1	97.2	20,494	0.4
	PRIME URBAN Sapporo Idaimae	1	92.1	27,820	0.5	1	96.0	28,256	0.5
	PRIME URBAN Nagamachi Icchome	1	100.0	42,442	0.8	1	100.0	42,255	0.8
	PRIME URBAN Yaotome Chuo	1	100.0	19,006	0.4	1	100.0	18,411	0.4
	PRIME URBAN Aoi	1	100.0	26,042	0.5	1	88.4	23,753	0.5
	PRIME URBAN Kanayama	1	93.1	23,255	0.4	1	100.0	24,188	0.5
	PRIME URBAN Tsurumai	1	90.4	42,055	0.8	1	96.2	42,922	0.8
	PRIME URBAN Esaka I	1	97.9	23,466	0.4	1	93.8	23,950	0.5
	PRIME URBAN Esaka II	1	91.4	26,218	0.5	1	94.0	27,216	0.5
	PRIME URBAN Esaka III	1	93.8	40,895	0.8	1	92.7	42,277	0.8
	URBAN STAGE Sapporo Riverfront	1	96.0	185,883	3.5	1	97.2	188,102	3.6
	URBAN STAGE Kita 3 Jo Dori	1	100.0	68,266	1.3	1	97.0	68,138	1.3
	URBAN STAGE Tsutsumidori Amamiya	1	100.0	45,006	0.8	1	100.0	44,484	0.8
	URBAN STAGE Kamimaezu	1	100.0	56,067	1.0	1	98.1	55,992	1.1
	URBAN STAGE Izumi	1	99.2	134,709	2.5	1	95.4	133,621	2.6
	URBAN STAGE Tamatsukuri	1	96.2	35,883	0.7	1	97.5	35,679	0.7
	URBAN STAGE Sakaisuji Honmachi (Note 3)	1	88.3	28,251	0.5	—	—	—	—
	Benefis Hakata Grand Suite	1	96.9	29,082	0.5	1	96.2	29,192	0.6
	Benefis Yakuin Minami	1	94.5	12,752	0.2	1	100.0	12,882	0.2
	Benefis Kashii Verbena	1	89.3	16,658	0.3	1	94.4	16,161	0.3
	Benefis Hakata Higashi Grand Suite	1	98.7	26,354	0.5	1	98.7	26,154	0.5
	Benefis Chihaya Grand Suite	1	93.9	22,999	0.4	1	97.9	22,696	0.4
	Subtotal	34	96.6	1,218,983	22.8	33	97.2	1,191,338	22.7
Total		155	96.2	5,356,185	100.0	152	96.4	5,238,904	100.0

Note 1: In the case that a part of or all rental units in individual properties are placed on the rental market, and the tenant of the relevant Lease Agreement (Master Lease Agreement) has entered into an agreement on subleasing the relevant rental unit with the end-tenant (actual sublessee), we deem the lesser of the relevant Master Lease Agreement as one (1). In the case that a specific tenant rents multiple units in a specific property, we deem the tenant of the relevant property as one (1). If a tenant rents units in multiple properties, we show the number of the properties rented by the relevant tenant as the number of tenants.

Note 2: The relevant properties were sold on June 27, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

Note 3: The relevant properties were acquired on September 3, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is after the date of acquisition.

Note 4: The relevant properties were sold on February 26, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is before the date of selling.

Note 5: The relevant properties were acquired on May 30, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is after the date of acquisition.
Note 6: The relevant properties were sold on September 20, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.
Note 7: The relevant properties were sold on November 22, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.
Note 8: The relevant properties were sold on March 21, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is before the date of selling.
Note 9: The relevant properties were sold on November 27, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of November 30, 2013 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
		Longer than a Year		
Transaction other than market transaction	Interest-rate swap	50,820	45,420	Δ224
	(Receiving floating-rate, paying fixed-rate)			
	Total	50,820	45,420	Δ224

Note 1: Presented based on notional principal of contract.

Note 2: Evaluated at the price provided by the counterparty based on the prevailing market rate.

5. STATUS OF THE OTHER ASSETS

Other than the Trust Beneficial Interest and Real Estate listed in the table under the title “3. Details of Portfolio Properties”, the Company had no other assets to integrate into the portfolio as of November 30, 2013.

6. STATUS OF ASSETS BY COUNTRY AND REGION

The Company had no assets in countries or regions outside Japan.

Capital Expenditures

1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of November 30, 2013. The estimated cost of works includes the amount to be charged as “expenses” for accounting purposes.

Name of Property (Location)	Description of Works (Purpose)	Estimated Period	Estimated Cost (¥000)		
			Total	Paid during 14th Period	Paid before 14th Period
PRIME URBAN Kawaguchi (Kawaguchi-shi, Saitama)	Exclusive area renovation	From : Jan. 2014 To : Feb. 2014	7,000	-	-
URBAN STAGE Kachidoki (Chuo-ku, Tokyo)	Water supply pipe rehabilitation	From : Jan. 2014 To : Feb. 2014	21,835	-	-
URBAN STAGE Sangen Jaya (Setagaya-ku, Tokyo)	Water supply system alteration	From : Dec. 2013 To : Dec. 2013	4,000	-	-
URBAN STAGE Yukigaya (Ota-ku, Tokyo)	Water supply system alteration	From : Dec. 2013 To : Dec. 2013	4,000	-	-
URBAN STAGE Nakano (Nakano-ku, Tokyo)	Water supply system alteration	From : Dec. 2013 To : Dec. 2013	4,000	-	-
URBAN STAGE Musashi Koganei (Koganei-shi, Tokyo)	Major repair (East Tower)	From : Jan. 2014 To : May 2014	27,900	-	-

2. CAPITAL EXPENDITURES DURING THE 14TH FISCAL PERIOD

The table below lists capital expenditures during the 14th fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totaling ¥320,038 thousand: capital expenditures of ¥94,760 thousand and repair expenses of ¥225,277 thousand combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥000)
URBAN STAGE Takaido (Suginami-ku, Tokyo)	Housing equipment renewal	From : Oct. 2013 To : Oct. 2013	6,092
URBAN STAGE Yukigaya (Ota-ku, Tokyo)	Housing equipment renewal	From : Jun. 2013 To : Jul. 2013	5,702
URBAN STAGE Ekoda (Nerima-ku, Tokyo)	Major repair	From : Sep. 2013 To : Nov. 2013	6,297
URBAN STAGE Minami Gyotoku II (Ichikawa-shi, Chiba)	Housing equipment renewal	From : Jun. 2013 To : Jul. 2013	4,191
Other Properties	Housing equipment renewal	From : Jun. 2013 To : Nov. 2013	72,475
Total			94,760

3. FUNDS RESERVED FOR THE LONG-TERM REPAIR PLANS

Subject to the long-term schedule for repairs and maintenance set down for each building, the Company has accounted for reserves from the operating cash flow to prepare for large-scale engineering works to be carried out in the future.

	14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011
Balance brought forward from the previous period (¥ mln)	1,651	1,548	1,385	1,253	1,102
Amount reserved during the period (¥ mln)	175	176	176	168	159
Amount used during the period (¥ mln)	81	73	12	36	9
Balance brought forward to the next period (¥ mln)	1,745	1,651	1,548	1,385	1,253

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

		14th Period From Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013
Asset management fees (Note 1)	(¥000)	383,288	375,947
of which Management Fee I	(¥000)	195,900	195,002
of which Management Fee II	(¥000)	187,387	180,945
of which Management Fee III (Note 2)	—	—	—
Custodian fees	(¥000)	14,950	14,961
General administrative fees	(¥000)	23,511	23,104
Directors' compensation	(¥000)	4,800	4,800
Other expenses	(¥000)	171,935	152,591
Total	(¥000)	598,486	571,405

Note 1: In addition to the items shown above, asset management fees related to the acquisition of properties calculated in the book value of individual pieces of real estate, etc. were 12,600 thousand yen for the 13th period and 123,360 thousand yen for the 14th period.

Note 2: If the total assets listed on the balance sheet as of the date of settlement during the fiscal period immediately before the relevant fiscal period is less than 300 billion yen, management fee III for the relevant fiscal period is not applied.

2. STATUS OF BORROWINGS

The status of borrowings from the financial institutions as of November 30, 2013 is as follows.

Current Portion of Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2013 (¥000)	Outstanding as of Jun. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 29, 2008	-	1,824,000	1.74250	Sep. 29, 2013	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		-	1,824,000					
Mitsubishi UFJ Trust and Banking Corporation		-	1,824,000					
The Dai-ichi Life Insurance Company, Limited	Sep. 27, 2007	-	800,000	1.99875	Sep. 30, 2013			
Mitsubishi UFJ Trust and Banking Corporation	Feb. 27, 2007	1,000,000	1,000,000	2.14360	Feb. 27, 2014			
The Nomura Trust and Banking Co., Ltd.		1,000,000	1,000,000					
Taiyo Life Insurance Company	Feb. 27, 2007	2,000,000	2,000,000	2.13625	Feb. 27, 2014			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 26, 2011	500,000	500,000	0.78591	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
The Nomura Trust and Banking Co., Ltd.		700,000	700,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2011	500,000	500,000	0.78591	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Mizuho Bank, Ltd. (Note 5)		500,000	500,000					
Mitsubishi UFJ Trust and Banking Corporation		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
The Nomura Trust and Banking Co., Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	500,000	500,000	0.72091	Aug. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Mizuho Bank, Ltd. (Note 5)		320,000	320,000					
Mitsubishi UFJ Trust and Banking Corporation		400,000	400,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					
The Chiba Bank, Ltd.		750,000	750,000					
Mizuho Bank, Ltd. (Note 5)	Sep. 5, 2011	1,000,000	1,000,000	0.94700	Sep. 5, 2014			
Sumitomo Mitsui Trust Bank, Limited		1,400,000	1,400,000					
Mitsui Sumitomo Insurance Co., Ltd.		1,000,000	1,000,000					
Development Bank of Japan, Inc.	Aug. 27, 2009	80,000	80,000	2.10000	(Note 2)	(Note 2)		
Development Bank of Japan, Inc.	Feb. 26, 2010	100,000	100,000	2.03000	(Note 3)	(Note 3)		
Subtotal		15,950,000	22,222,000					

Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2013 (¥000)	Outstanding as of Jun. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Fukuoka, Ltd.	Feb. 26, 2010	1,000,000	1,000,000	1.79200	Feb. 26, 2015	Balloon payment	(Note 4)	Unsecured/ Uninsured
Development Bank of Japan, Inc.	May 15, 2007	1,300,000	1,300,000	2.23500	Feb. 27, 2015			
The Nomura Trust and Banking Co., Ltd.	Feb. 27, 2012	1,000,000	1,000,000	0.96365	Feb. 27, 2015			
The Iyo Bank, Ltd.		1,000,000	1,000,000					
Resona Bank, Ltd.		1,900,000	1,900,000					
Mizuho Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Tokyo Tomin Bank, Limited		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 27, 2012	1,800,000	1,800,000	1.00900	Aug. 27, 2015			
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
Mizuho Bank, Ltd. (Note 5)		2,500,000	2,500,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	1,800,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 26, 2011	4,700,000	4,700,000	1.00000	Dec. 26, 2015			
Sumitomo Mitsui Banking Corporation	Dec. 26, 2011	4,700,000	4,700,000	1.11700	Jun. 26, 2016			
Mitsubishi UFJ Trust and Banking Corporation		4,700,000	4,700,000					
Resona Bank, Ltd.	Oct. 25, 2013	500,000	-	0.69000	Feb. 26, 2017			
Shinkin Central Bank		800,000	-					
Aozora Bank, Ltd.		500,000	-					
Mitsui Sumitomo Insurance Co., Ltd.	Aug. 27, 2012	1,100,000	1,100,000	1.08500	Aug. 27, 2017			
Daido Life Insurance Company		1,100,000	1,100,000					
Shinkin Central Bank		1,720,000	1,720,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	1,300,000	1,300,000	1.12013	Feb. 27, 2018			
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
Mizuho Bank, Ltd. (Note 5)		900,000	900,000					
Mitsubishi UFJ Trust and Banking Corporation		900,000	900,000					
Sumitomo Mitsui Trust Bank, Limited		520,000	520,000					
Aozora Bank, Ltd.		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2013	1,800,000	-	0.99000	Aug. 26, 2018			
Sumitomo Mitsui Banking Corporation		1,800,000	-					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	-					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 3, 2012	400,000	400,000	1.16500	Nov. 26, 2019			
Sumitomo Mitsui Banking Corporation		400,000	400,000					
Mizuho Bank, Ltd. (Note 5)		400,000	400,000					
Mitsubishi UFJ Trust and Banking Corporation		400,000	400,000					
Taiyo Life Insurance Company	May 23, 2013	1,000,000	1,000,000	1.48625	May 27, 2020			
The Dai-ichi Life Insurance Company, Limited	Sep. 30, 2013	800,000	-	1.28277	Aug. 26, 2020			

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2013 (¥000)	Outstanding as of Jun. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Oct. 25, 2013	1,000,000	-	1.18000	Aug. 26, 2020	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		1,000,000	-					
Mitsubishi UFJ Trust and Banking Corporation		1,000,000	-					
Mizuho Bank, Ltd. (Note 5)		600,000	-					
Sumitomo Mitsui Trust Bank, Limited		600,000	-					
Mizuho Trust & Banking Co., Ltd.		500,000	-					
Nippon Life Insurance Company	Oct. 25, 2013	500,000	-	1.15566	Aug. 26, 2020			
Mizuho Bank, Ltd. (Note 5)	May. 23, 2013	1,000,000	1,000,000	1.68200	May. 27, 2021			
Development Bank of Japan, Inc.	May. 23, 2013	3,500,000	3,500,000	1.62500	May. 27, 2021			
Development Bank of Japan, Inc.	Aug. 27, 2009	1,200,000	1,240,000	2.10000	(Note 2)	(Note 2)		
Development Bank of Japan, Inc.	Feb. 26, 2010	1,550,000	1,600,000	2.03000	(Note 3)	(Note 3)		
Subtotal		63,890,000	50,780,000					
Total		79,840,000	73,002,000					

Note 1 : The average interest rate is weighted by the balance of each borrowing as at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2 : Instalments of ¥40 million will be made on the 27th day of every 6th month starting on February 27, 2010, with the remaining payment of ¥1,080 million to be repaid on August 27, 2016.

Note 3 : Instalments of ¥50 million will be made on the 26th day of every 6th month starting on August 26, 2010, with the remaining payment of ¥1,350 million to be repaid on February 26, 2017.

Note 4 : The use of borrowings is to purchase property-related assets, the related miscellaneous expenses and the repayment of borrowings.

Note 5 : Mizuho Corporate Bank, Ltd. and Mizuho Bank, Ltd. merged on July 1, 2013 to become Mizuho Bank, Ltd. as indicated here.

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of November 30, 2013 is as follows.

Name of Bonds	Issue Date	Balance as of Nov. 30, 2013 (¥ mln)	Balance as of May. 31, 2013 (¥ mln)	Interest Rate (%)	Maturity Date	Method of Repayment	Use of Proceeds	Note
First Series Unsecured Investment Corporation Bonds	Feb. 25, 2011	5,000	5,000	1.21	Feb. 25, 2016	Balloon payment	(Note 1)	(Note 2)
Second Series Unsecured Investment Corporation Bonds	Feb. 24, 2012	5,000	5,000	1.03	Feb. 24, 2017			
Total		10,000	10,000					

Note 1: The uses of proceeds are to repay borrowings.

Note 2: Ranking Pari Passu among the specified investment corporation bonds.

4. STATUS OF SHORT-TERM INVESTMENT CORPORATION BONDS

Not applicable.

Trading during the 14th Fiscal Period

1. STATUS OF REAL ESTATES AND ASSET-BACKED SECURITIES TRADING

Type of Asset	Name of Property	Acquisition		Transfer			Gain (Loss) (¥000) (Note 2)
		Date	Price (¥000) (Note 1)	Date	Price (¥000) (Note 1)	Book Value (¥000)	
Trust Beneficial Interest	URBAN STAGE Ebisu (Note 3)	Sep. 3, 2013	1,030,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Meguro Aobadai (Note 3)	Sep. 3, 2013	1,190,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Gakugei Daigaku (Note 3)	Sep. 3, 2013	916,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Nihonbashi Hamacho (Note 3)	Sep. 3, 2013	1,470,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Kagurazaka (Note 3)	Sep. 3, 2013	2,640,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Ikebukuro (Note 3)	Sep. 3, 2013	3,310,000	—	—	—	—
Trust Beneficial Interest	URBAN STAGE Sakaisuji Honmachi (Note 3)	Sep. 3, 2013	1,780,000	—	—	—	—
Real Estate	PRIME URBAN Kita Senzoku	—	—	Jun. 27, 2013	597,000	569,899	9,967
Real Estate	URBAN STAGE Takinokawa	—	—	Sep. 20, 2013	307,000	291,612	6,351
Real Estate	URBAN STAGE Koganei	—	—	Nov. 22, 2013	251,000	226,920	16,616
Real Estate	URBAN STAGE Minami Gyotoku V	—	—	Nov. 27, 2013	322,000	294,772	17,638
Total			12,336,000		1,477,000	1,383,205	50,573

Note 1: "Acquisition Price" and "Transfer Price" do not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition or transfer of the property (the purchase and sale price of the real estate, etc., as indicated in the Transfer Agreement of Trust Beneficial Interest or Real Estate).

Note 2: For transfer, other sales expenses in addition to the above have been incurred, and "Gain (Loss)" is inclusive of this amount.

Note 3: After acquiring Trust Beneficial Interest, whose real estate is trust property, on the date of acquisition shown above, the Company dissolved the Trust Contract and held the property as real estate.

2. STATUS OF OTHER ASSETS

Not applicable. In addition, the Company's assets other than the above mentioned properties and asset-backed securities, are mostly comprised of direct bank deposits and bank deposits in trust.

3. PRICE INVESTIGATION

(1) Real Estates

Acquisition/Transfer	Type of Asset	Name of Property	Acquisition/Transfer		Appraisal Value (¥000)
			Date	Price (¥000) (Note 1)	
Acquisition	Real Estate (Note 2)	URBAN STAGE Ebisu	Sep. 3, 2013	1,030,000	1,060,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Meguro Aobadai	Sep. 3, 2013	1,190,000	1,200,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Gakugei Daigaku	Sep. 3, 2013	916,000	936,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Nihonbashi Hamacho	Sep. 3, 2013	1,470,000	1,480,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Kagurazaka	Sep. 3, 2013	2,640,000	2,660,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Ikebukuro	Sep. 3, 2013	3,310,000	3,510,000
Acquisition	Real Estate (Note 2)	URBAN STAGE Sakaisuji Honmachi	Sep. 3, 2013	1,780,000	1,790,000
Transfer	Real Estate	PRIME URBAN Kita Senzoku	Jun. 27, 2013	597,000	490,000
Transfer	Real Estate	URBAN STAGE Takinokawa	Sep. 20, 2013	307,000	265,000
Transfer	Real Estate	URBAN STAGE Koganei	Nov. 22, 2013	251,000	198,000
Transfer	Real Estate	URBAN STAGE Minami Gyotoku V	Nov. 27, 2013	322,000	267,000

Note 1: "Acquisition Price" and "Transfer Price" do not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition or transfer of the property (the purchase and sale price of the real estate, etc., as indicated in the Transfer Agreement of Trust Beneficial Interest or Real Estate).

Note 2: After acquiring Trust Beneficial Interest, whose real estate is trust property, on the date of acquisition shown above, the Company dissolved the Trust Contract and held the property as real estate.

(2) Others

With regard to the properties the Company has traded but not included in the above table “(1) Real Estate,” the price investigation procedures were conducted by Akira Sugai C.P.A. Office subject to the requirement by Article 201 of the Investment Trust Act.

For the 14th fiscal period (from June 1, 2013 to November 30, 2013), three interest-rate swap transactions were subject to investigation. Akira Sugai C.P.A. Office was requested to investigate the details of the relevant transaction including the name of counterparty, agreed figures, type of financial product or index, the trading period, and the contents of the relevant derivatives transactions. The investigation report has been received.

4. TRANSACTIONS WITH RELATED PARTIES AND MAJOR SHAREHOLDERS

(1) Transactions

Not applicable.

(2) Fees Paid to Related Parties and Major Shareholders

Table of fees paid to related parties and major shareholders during the 14th fiscal period is as follows.

Item	Name of Related Party and Major Shareholders	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Real estate, etc. intermediary fees	Nomura Real Estate Urban Net Co., Ltd.	44,550	44,550	100.0%
Contract-out fees	Nomura Living Support Co., Ltd.	106,270	203,624	52.2%
Property management fees	Nomura Living Support Co., Ltd.	141,702	268,808	52.7%
Commission	Nomura Living Support Co., Ltd.	1,416	101,194	1.4%
Advertising	Nomura Real Estate Urban Net Co., Ltd.	600	975	61.5%

Note: The term “related parties” refers to related parties of Asset Management Companies as stipulated by Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and by Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations, issued by the Investment Trusts Association, Japan. The term “major shareholders” refers to major shareholders of Asset Management Companies as defined by Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Act.

In addition, the following are the property management fees paid to related party Nomura Living Support Co., Ltd. shown as a breakdown by property.

Property Name	Property Management Fees (¥000)
PROUD FLAT Shirokane Takanawa	4,682
PROUD FLAT Yoyogi Uehara	1,762
PROUD FLAT Hatsudai	1,559
PROUD FLAT Shibuya Sakuragaoka	1,255
PROUD FLAT Gakugei Daigaku	1,237
PROUD FLAT Meguro Gyoninzaka	1,500
PROUD FLAT Sumida Riverside	4,458
PROUD FLAT Kagurazaka	1,441
PROUD FLAT Waseda	1,931
PROUD FLAT Shinjuku Kawadacho	1,039
PROUD FLAT Sangen Jaya	2,478
PROUD FLAT Kamata	2,347
PROUD FLAT Kamata II	4,802
PROUD FLAT Shinotsuka	883
PROUD FLAT Kiyosumi Shirakawa	613
PROUD FLAT Monzen Nakacho II	1,086
PROUD FLAT Monzen Nakacho I	1,532
PROUD FLAT Fujimidai	1,560
PROUD FLAT Asakusa Komagata	3,905
PROUD FLAT Yokohama	3,967
PROUD FLAT Kamioooka	1,946
PROUD FLAT Tsurumi II	2,682
PRIME URBAN Akasaka	1,451
PRIME URBAN Tamachi	1,811
PRIME URBAN Yoyogi	1,043
PRIME URBAN Bancho	2,130
PRIME URBAN Chiyoda Fujimi	1,008
PRIME URBAN Iidabashi	3,498
PRIME URBAN Ebisu	2,087
PRIME URBAN Naka Meguro	2,414

Property Name	Property Management Fees (¥000)
PRIME URBAN Gakugei Daigaku	1,451
PRIME URBAN Senzoku	819
PRIME URBAN Meguro Riverside	503
PRIME URBAN Meguro Ohashi Hills	4,165
PRIME URBAN Hakusan	1,538
PRIME URBAN Yotsuya Gaien Higashi	2,186
PRIME URBAN Nishi Shinjuku I	1,872
PRIME URBAN Shinjuku Naitomachi	866
PRIME URBAN Nishi Waseda	308
PRIME URBAN Sangen Jaya	1,301
PRIME URBAN Minami Karasuyama	777
PRIME URBAN Karasuyama Galleria	697
PRIME URBAN Karasuyama Court	436
PRIME URBAN Chitose Funabashi	1,206
PRIME URBAN Osaki	3,343
PRIME URBAN Omori	2,058
PRIME URBAN Nishi Ogikubo	611
PRIME URBAN Otsuka	837
PRIME URBAN Kameido	194
PRIME URBAN Sumiyoshi	162
PRIME URBAN Kinshi Koen	1,389
PRIME URBAN Hirai	153
PRIME URBAN Kasai	341
PRIME URBAN Kasai II	249
PRIME URBAN Shinyurigaoka	1,067
PRIME URBAN Urayasu	254
PRIME URBAN Gyotoku I	97
PRIME URBAN Gyotoku II	118
PRIME URBAN Gyotoku Ekimae	76
PRIME URBAN Nishi Funabashi	512
PRIME URBAN Kawaguchi	4,059
URBAN STAGE Azabu Juban	1,213
URBAN STAGE Hatagaya	601
URBAN STAGE Ebisu	862
URBAN STAGE Meguro Aobadai	1,395
URBAN STAGE Gakugei Daigaku	566
URBAN STAGE Nihonbashi Hamacho	1,036
URBAN STAGE Naka Ochiai	936
URBAN STAGE Ochiai	368
URBAN STAGE Kagurazaka	2,125
URBAN STAGE Roka Koen	498
URBAN STAGE Kamiuma	1,738
URBAN STAGE Sangen Jaya	1,517
URBAN STAGE Chitose Karasuyama	1,014
URBAN STAGE Sangen Jaya II	1,087
URBAN STAGE Komazawa	1,298
URBAN STAGE Karasuyama	360
URBAN STAGE Yoga	2,845
URBAN STAGE Oimachi	989
URBAN STAGE Oimachi II	2,956
URBAN STAGE Yukigaya	1,911
URBAN STAGE Nakano	843
URBAN STAGE Takaido	2,010
URBAN STAGE Komagome	773
URBAN STAGE Ikebukuro	2,362
URBAN STAGE Mukojima	1,101
URBAN STAGE Kasai East	183
URBAN STAGE Ekoda	1,112
URBAN STAGE Asakusa	1,105
URBAN STAGE Machiya	328
URBAN STAGE Machiya South Court	2,778
URBAN STAGE Kumegawa	1,905
URBAN STAGE Musashi Kosugi comodo	1,995

Property Name	Property Management Fees (¥000)
URBAN STAGE Urayasu	150
URBAN STAGE Minami Gyotoku II	393
URBAN STAGE Minami Gyotoku III	108
URBAN STAGE Minami Gyotoku IV	96
URBAN STAGE Gyotoku Ekimae	33
URBAN STAGE Gyotoku	146
URBAN STAGE Takinokawa	336
URBAN STAGE Koganei	710
URBAN STAGE Minami Gyotoku V	114

5. STATUS OF BUSINESS WITH THE ASSET MANAGEMENT COMPANY OVER ITS SUBSIDIARY BUSINESS

Although Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Company, conducts subsidiary business of Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business there is no relevant matter under this subject as of November 30, 2013.

Other Information

1. NOTICE

Date of Approval of the Board of Directors	Subject	Summary
August 9, 2013	Conclusion of New Investment Unit Underwriting Agreement	Concerning the issuance of new investment units approved at the Board of Directors meetings held on August 9 and 19, 2013, the work related to offering of investment units of the Company was entrusted to underwriters (Nomura Securities Co., Ltd. and four others (Note)) as of August 19, 2013.
November 20, 2013	Comprehensive Resolution Regarding the Issuance of Investment Corporation Bonds	A comprehensive resolution regarding the issuance of investment corporation bonds during the period from December 14, 2013 to December 6, 2014 and within an aggregate amount of issuance of 100 billion yen was adopted, candidate companies for the entrustment of administration concerning the investment corporation bonds, etc. were approved, and selection of the party to which such entrustment shall be made and decision of other necessary matters were left to the discretion of the Executive Director.

(Note) The underwriters are Nomura Securities Co., Ltd, the lead-managing underwriter, SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., and Merrill Lynch Japan Securities Co., Ltd.

2. STATUS OF BENEFICIAL INTEREST IN INVESTMENT TRUSTS ESTABLISHED BY THE COMPANY

Not applicable.

3. OTHER MATTERS

From 1 page to 34 pages of this report, the numbers of amount below unit are truncated and the numbers in percentage are rounded to unit unless otherwise mentioned specifically.

Financial Section

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Balance Sheet

	Thousands of Yen	
	As of November 30, 2013	As of May 31, 2013
ASSETS		
Current Assets:		
Cash and bank deposits	¥7,594,123	¥6,757,152
Rental receivables	40,245	31,513
Consumption taxes receivable	13,692	-
Other current assets	63,873	68,946
Allowance for doubtful accounts	-	(418)
Total current assets	7,711,933	6,857,193
Property and Equipment, at Cost:		
Land	90,093,170	84,035,986
Buildings and structures	79,280,994	73,957,112
Machinery and equipment	1,084,946	1,017,467
Tools, furniture and fixtures	168,746	120,766
Construction in progress	8,857	6,313
Subtotal	170,636,713	159,137,644
Less accumulated depreciation	(10,407,881)	(9,480,681)
Net property and equipment	160,228,832	149,656,963
Investments and Other Assets:		
Intangible assets	2,059	2,580
Security deposits	10,819	10,879
Long-term prepaid expenses	26,099	1,162
Deferred investment corporation bond issuance costs	39,973	47,243
Total investments and other assets	78,950	61,864
Total Assets	¥168,019,715	¥156,576,020

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

	Thousands of Yen	
	As of November 30, 2013	As of May 31, 2013
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥259,584	¥218,478
Other accounts payable	342,715	292,165
Current portion of long-term debt	15,950,000	15,652,000
Accrued expenses	129,602	137,301
Accrued income taxes	753	1,069
Accrued consumption taxes	-	14,714
Rent received in advance	722,407	660,264
Other current liabilities	4,949	3,063
Total current liabilities	17,410,010	16,979,054
Long-term Liabilities:		
Investment corporation bonds	10,000,000	10,000,000
Long-term debt	63,890,000	57,350,000
Security deposits from tenants	1,483,449	1,408,684
Total long-term liabilities	75,373,449	68,758,684
Total Liabilities	92,783,459	85,737,738
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	73,231,054	68,961,323
Surplus		
Voluntary reserve		
Reserve for reduction entry	40,000	-
Retained earnings	1,965,202	1,876,959
Total surplus	2,005,202	1,876,959
Total unitholders' equity	75,236,256	70,838,282
Total Net Assets	75,236,256	70,838,282
Total Liabilities and Net Assets	¥168,019,715	¥156,576,020

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

Statement of Income and Retained Earnings

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥5,356,185	¥5,238,905
Gain on sales of real estate	50,574	18,210
	5,406,759	5,257,115
Operating Expenses:		
Real estate rental expenses	2,250,171	2,252,269
Asset management fees	383,288	375,948
Asset custody fee	14,950	14,962
Administrative service fees	23,512	23,105
Provision of allowance for doubtful accounts	-	257
Bad debts expenses	916	52
Other operating expenses	175,820	157,082
	2,848,657	2,823,675
Operating Profit	2,558,102	2,433,440
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	723	644
Income from casualty insurance for property	2,614	2,421
Reversal of dividends payable	715	466
Other non-operating revenues	-	72
	4,052	3,603
Non-Operating Expenses:		
Interest expense	465,349	465,391
Loan arrangement fees	40,356	27,294
Interest expense on investment corporation bonds	55,751	56,249
Amortization of investment corporation bond issuance costs	7,270	7,270
New investment units issuance costs	24,873	-
Other non-operating expenses	2,470	2,782
	596,069	558,986
Ordinary Income	1,966,085	1,878,057
Income before Income Taxes	1,966,085	1,878,057
Income Taxes:		
Current	900	1,199
Deferred	51	17
Net Income	1,965,134	1,876,841
Retained earnings brought forward	68	118
Retained Earnings at End of Period	¥1,965,202	¥1,876,959

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

Statement of Changes in Net Assets

For the period from June 1, 2013 to November 30, 2013

	Thousands of Yen						
	Units	Unitholders' Capital	Unitholders' Equity Surplus			Total Unitholders' Equity	Total Net Assets
			Voluntary Reserve Reserve for Reduction Entry	Retained Earnings	Total Surplus		
Balance as of June 1, 2013	150,936	¥ 68,961,323	-	¥1,876,959	¥1,876,959	¥70,838,282	¥70,838,282
Issuance of new investment units	9,864	4,269,731	-	-	-	4,269,731	4,269,731
Cash distribution paid	-	-	-	(1,836,891)	(1,836,891)	(1,836,891)	(1,836,891)
Provision of reserve for reduction entry	-	-	40,000	(40,000)	-	-	-
Net income	-	-	-	1,965,134	1,965,134	1,965,134	1,965,134
Balance as of November 30, 2013	160,800	¥ 73,231,054	¥40,000	¥1,965,202	¥2,005,202	¥75,236,256	¥75,236,256

For the period from December 1, 2012 to May 31, 2013

	Thousands of Yen						
	Units	Unitholders' Capital	Unitholders' Equity Surplus			Total Unitholders' Equity	Total Net Assets
			Voluntary Reserve Reserve for Reduction Entry	Retained Earnings	Total Surplus		
Balance as of December 1, 2012	150,936	¥ 68,961,323	-	¥1,875,347	¥1,875,347	¥70,836,670	¥70,836,670
Cash distribution paid	-	-	-	(1,875,229)	(1,875,229)	(1,875,229)	(1,875,229)
Net income	-	-	-	1,876,841	1,876,841	1,876,841	1,876,841
Balance as of May 31, 2013	150,936	¥ 68,961,323	-	¥1,876,959	¥1,876,959	¥70,838,282	¥70,838,282

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

Statement of Cash Flows

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 1,966,085	¥ 1,878,057
Depreciation	1,012,451	967,194
Amortization of investment corporation bonds issuance costs	7,270	7,270
Investment units issuance costs	24,873	-
Interest income	(723)	(644)
Interest expense	521,101	521,640
Increase (Decrease) in allowance for doubtful accounts	(418)	(170)
Decrease (Increase) in rental receivables	(8,733)	(3,052)
Decrease (Increase) in consumption taxes receivable	(13,692)	-
Decrease (Increase) in prepaid expenses	(44,708)	8,604
Increase (Decrease) in trade accounts payable	41,106	15,261
Increase (Decrease) in other accounts payable	46,497	(35,902)
Increase (Decrease) in accrued consumption taxes	(14,714)	2,549
Increase (Decrease) in rent received in advance	62,144	4,151
Decrease in tangible fixed assets due to sales	1,383,205	885,499
Other	26,529	(19,957)
Subtotal	5,008,273	4,230,500
Interest received	723	644
Interest paid	(528,800)	(553,183)
Income taxes paid	(1,215)	(610)
Net cash provided by (used in) operating activities	4,478,981	3,677,351
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(12,962,645)	(1,497,857)
Reimbursement of security deposits to tenants	(156,934)	(167,190)
Proceeds from security deposits from tenants	231,700	149,531
Reimbursement of security deposits from tenants	60	-
Net cash provided by (used in) investing activities	(12,887,819)	(1,515,516)
Cash Flows from Financing Activities		
Proceeds from short-term debt	7,500,000	-
Repayment of short-term debt	(7,500,000)	-
Proceeds from long-term debt	13,200,000	7,100,000
Repayment of long-term debt	(6,362,000)	(7,190,000)
Proceeds from issuance of new investment units	4,269,731	-
Payments of investment units issuance costs	(24,863)	-
Distributions to unitholders	(1,837,059)	(1,877,123)
Net cash provided by (used in) financing activities	9,245,809	(1,967,123)
Net Increase (Decrease) in Cash and Cash Equivalents	836,971	194,712
Cash and Cash Equivalents at Beginning of Period	6,757,152	6,562,440
Cash and Cash Equivalents at End of Period	¥7,594,123	¥6,757,152

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

Notes to Financial Statements

1. ORGANIZATION

Nomura Real Estate Residential Fund, Inc. (the “Company”) is a real estate investment corporation formed to own and invest primarily in residential rental properties. The Company is externally managed by a licensed asset management company, Nomura Real Estate Asset Management Co., Ltd. (“NREAM”). NREAM is a wholly-owned subsidiary of Nomura Real Estate Holdings, Inc.

On August 3, 2006, the Company was incorporated under the Act on Investment Trusts and Investment Corporations (the “Investment Trust Act”) of Japan. On February 14, 2007, the Company was listed on the Tokyo Stock Exchange as the 41st J-REIT and started operations on the following day. As of November 30, 2013, the Company owned a portfolio of 155 residential rental properties containing an aggregate of approximately 277,166.54 square meters of leasable area and leased space to 155 tenants.

2. BASIS OF PRESENTATION

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Act of Japan, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. 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 format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information. Amounts have been rounded to the nearest thousand of yen in the accompanying financial statements and the notes thereto, whereas amounts were truncated in the Japanese financial statements prepared in accordance with Japanese GAAP.

The Company’s fiscal period is a six-month period which ends at the end of May or November. The Company does not prepare consolidated financial statements because it has no subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments that are highly liquid, readily convertible to cash, with an insignificant risk of market value fluctuation, and with a maturity of three months or less when purchased.

Property and equipment

Property and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the fixed assets outlined below:

Buildings	3 - 70 years
Structures	2 - 50 years
Machinery and equipment	3 - 15 years
Tools, furniture and fixtures	3 - 15 years

Intangible assets

Intangible assets are amortized by the straight-line method.

Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

Impairment of fixed assets

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of its fixed assets may not be recoverable. An impairment loss is recognized if the carrying value of an asset exceeds the aggregate estimated future cash flows. If a fixed asset is determined to be impaired, it is written down to its recoverable amount and the write-down is recorded as an impairment loss during the period in which it occurs. No impairment losses have been recognized to date.

Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.

Investment units issuance costs

The entire costs associated with the issuance of the new investment units are expensed as incurred.

Allowance for doubtful accounts

For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on a case-by-case examination for doubtful and other specific receivables.

Accounting treatment of beneficial interests in real estate

All assets and liabilities held in trust, for which the real estate in possession of the Company was entrusted, and all related earnings and expenses incurred are reflected in the accompanying balance sheet and statement of income and retained earnings, respectively.

Revenue recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other income. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts are reasonably estimated.

Property related taxes

Property in Japan is subject to property taxes, urban planning taxes and depreciable property taxes on a calendar year basis. The taxes related to property are generally imposed based on the value of the relevant property and incurred for fiscal period.

The seller of a property is liable for property related taxes for the period from the purchase date through the end of that calendar year because taxes are imposed on the owner registered in the record as of January 1 for the entire year based on the assessment made by the local government. The amount applicable to the buyer of a property is usually settled between each party and capitalized as part of the acquisition cost of the property. The capitalized property related taxes amounted to ¥12,493 thousand for the six-month period ended November 30, 2013 and ¥2,703 thousand for the six-month period ended May 31, 2013.

Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statements and income tax bases of assets and liabilities using the applicable statutory tax rates.

Consumption taxes

Consumption taxes received and paid are not included in the accompanying statement of income and retained earnings.

Derivative financial instruments

The Company utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Company defers recognition of gains or losses resulting from changes in the fair value of interest-rate swap contracts which meet the criteria for deferral hedge accounting.

Although the deferred hedge treatment is generally applied, the Company applies special treatment to those interest-rate swap contracts that meet the criteria for such special treatment. Under the special treatment, interest-rate swaps are not remeasured at fair value; instead, the net amount paid or received under the interest rate swap contract is recognized and included in interest expense or income.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of November 30, 2013 and May 31, 2013 consist of the following:

	Thousands of Yen	
	As of November 30, 2013	As of May 31, 2013
Cash and bank deposits	¥7,594,123	¥6,757,152
Cash and cash equivalents	¥7,594,123	¥6,757,152

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of November 30, 2013 and May 31, 2013 consist of the following:

	Thousands of Yen			
	As of November 30, 2013		As of May 31, 2013	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥67,172,205	¥67,172,205	¥ 60,568,584	¥60,568,584
Buildings and structures	66,100,240		60,567,021	
Accumulated depreciation	(7,570,893)	58,529,347	(6,819,926)	53,747,095
Machinery and equipment	1,013,436		945,957	
Accumulated depreciation	(268,654)	744,782	(236,645)	709,312
Tools, furniture and fixtures	134,125		91,123	
Accumulated depreciation	(43,842)	90,283	(37,908)	53,215
Construction in progress	8,857	8,857	6,313	6,313
Land in trust	22,920,965	22,920,965	23,467,402	23,467,402
Buildings and structures in trust	13,180,754		13,390,091	
Accumulated depreciation	(2,479,837)	10,700,917	(2,346,079)	11,044,012
Machinery and equipment in trust	71,510		71,510	
Accumulated depreciation	(36,627)	34,883	(33,998)	37,512
Tools, furniture and fixtures in trust	34,621		29,643	
Accumulated depreciation	(8,028)	26,593	(6,125)	23,518
Total	¥160,228,832	¥160,228,832	¥149,656,963	¥149,656,963

6. SHORT-TERM DEBT

Short-term debt as of November 30, 2013 and May 31, 2013 consist of the following:

	As of November 30, 2013		As of May 31, 2013	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on September 29, 2013	-	-	¥5,472,000	1.74250%
Unsecured loans from an insurance company due on September 30, 2013	-	-	800,000	1.99875%
Unsecured loans from banks due on February 27, 2014	¥2,000,000	2.14360%	2,000,000	2.14360%
Unsecured loans from an insurance company due on February 27, 2014	2,000,000	2.13625%	2,000,000	2.13625%
Unsecured loans from banks due on February 27, 2014	1,700,000	0.78591%	1,700,000	0.79500%
Unsecured loans from banks due on February 27, 2014	3,500,000	0.78591%	3,500,000	0.79500%
Unsecured loans from banks due on August 27, 2014	3,170,000	0.72091%	-	-
Unsecured loans principally from banks due on September 5, 2014	3,400,000	0.94700%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	80,000	2.10000%	80,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	100,000	2.03000%	100,000	2.03000%
Total	¥15,950,000		¥15,652,000	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Installments of ¥40 million will be made on the 27th day of every sixth month starting on February 27, 2010, with the remaining payment of ¥1,080 million to be repaid on August 27, 2016.

Note 3: Installments of ¥50 million will be made on the 26th day of every sixth month starting on August 26, 2010, with the remaining payment of ¥1,350 million to be repaid on February 26, 2017.

7. LONG-TERM DEBT

Long-term debt as of November 30, 2013 and May 31, 2013 consist of the following:

	As of November 30, 2013		As of May 31, 2013	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on August 27, 2014	-	-	¥3,170,000	0.73000%
Unsecured loans principally from banks due on September 5, 2014	-	-	3,400,000	0.94700%
Unsecured loans from a bank due on February 26, 2015	¥1,000,000	1.79200%	1,000,000	1.79200%
Unsecured loans from a bank due on February 27, 2015	1,300,000	2.23500%	1,300,000	2.23500%
Unsecured loans from banks due on February 27, 2015	5,400,000	0.96365%	5,400,000	0.96365%
Unsecured loans from banks due on August 27, 2015	9,700,000	1.00900%	9,700,000	1.00900%
Unsecured loans from a bank due on December 26, 2015	4,700,000	1.00000%	4,700,000	1.00000%
Unsecured loans from banks due on June 26, 2016	9,400,000	1.11700%	9,400,000	1.11700%
Unsecured loans from banks due on February 26, 2017	1,800,000	0.69000%	-	-
Unsecured loans principally from insurance companies due on August 27, 2017	3,920,000	1.08500%	3,920,000	1.08500%
Unsecured loans from banks due on February 27, 2018	5,420,000	1.12013%	5,420,000	1.12013%
Unsecured loans from banks due on August 26, 2018	5,400,000	0.99000%	-	-
Unsecured loans from banks due on November 26, 2019	1,600,000	1.16500%	1,600,000	1.16500%
Unsecured loans from an insurance company due on May 27, 2020	1,000,000	1.48625%	1,000,000	1.48625%
Unsecured loans from an insurance company due on August 26, 2020	800,000	1.28277%	-	-
Unsecured loans from banks due on August 26, 2020	4,700,000	1.18000%	-	-
Unsecured loans from an insurance company due on August 26, 2020	500,000	1.15566%	-	-
Unsecured loans from a bank due on May 27, 2021	1,000,000	1.68200%	1,000,000	1.68200%
Unsecured loans from a bank due on May 27, 2021	3,500,000	1.62500%	3,500,000	1.62500%
Unsecured loans from a bank due on August 27, 2016 (Note 2)	1,200,000	2.10000%	1,240,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	1,550,000	2.03000%	1,600,000	2.03000%
Total	¥63,890,000		¥57,350,000	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Installments of ¥40 million will be made on the 27th day of every sixth month starting on February 27, 2010, with the remaining payment of ¥1,080 million to be repaid on August 27, 2016.

Note 3: Installments of ¥50 million will be made on the 26th day of every sixth month starting on August 26, 2010, with the remaining payment of ¥1,350 million to be repaid on February 26, 2017.

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date (excluding the current portion of long-term debt) are as follows.

	Thousands of Yen			
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term debt	17,580,000	15,320,000	7,070,000	10,820,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of November 30, 2013		As of May 31, 2013	
	Amount (Thousands of Yen)	Weighted- average interest rate	Amount (Thousands of Yen)	Weighted- average interest rate
First series of unsecured investment corporation bonds Due on February 25, 2016	¥5,000,000	1.21000%	¥5,000,000	1.21000%
Second series of unsecured investment corporation bonds Due on February 24, 2017	5,000,000	1.03000%	5,000,000	1.03000%
Total	¥10,000,000		¥10,000,000	

The scheduled redemption amounts of investment corporation bonds for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
Investment corporation bonds	—	—	5,000,000	5,000,000	—

9. UNITHOLDERS' EQUITY

The Company issues only non-par value investment units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Company is required to maintain net assets of at least ¥50,000 thousand as set forth in the Investment Trust Act.

10. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of November 30, 2013 and May 31, 2013 were as follows:

	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Net asset values per unit	¥467,887	¥469,326
Net income per unit	¥12,591	¥12,434

The net income per unit is calculated by dividing net income by the weighted-average number of units outstanding for the respective six-month period.

Note: The basis for calculating net income per unit is as follows.

	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Net income (Thousands of Yen)	¥1,965,134	¥1,876,841
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,965,134	¥1,876,841
Average number of units during the period	156,072	150,936

11. RELATED PARTY TRANSACTIONS

For the periods from June 1, 2013 to November 30, 2013 and from December 1, 2012 to May 31, 2013

Parent company and major corporate unitholders

Not applicable from June 1, 2013 to November 30, 2013

For the six-month period from December 1, 2012 to May 31, 2013 were as follows:

Category	Name of company or individual	Address	Paid incapital or investment (Thousands of Yen)	Business description	Voting rights holding ratio (%)	Nature of transaction	Transaction amount (Thousands of Yen) (Note1)	Balance at end of period	
								Account	Amount (Thousands of Yen)
Major corporate unitholders	Nomura Real Estate Development Co.,Ltd	Shinjuku-ku Tokyo	2,000,000	Real estate business	Held through direct ownership 10.10	Dealing mediation for real estate (Note2)	11,010	—	—

Note 1: Consumption taxes are not included in the transaction amount.

Note 2: Terms and conditions of transaction are decided through negotiation based on the actual condition of the market.

Subsidiaries and affiliates

Not applicable

Fellow subsidiary companies

Not applicable

Directors and major individual unitholders

Not applicable

12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 40% for the six-month periods ended November 30, 2013 and May 31, 2013. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Act on Special Measures Concerning Taxation of Japan. Under this act, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥1,965,136 thousand and ¥1,836,891 thousand for the six-month periods ended November 30, 2013 and May 31, 2013, respectively, such distributions were treated as deductible distributions for purposes of corporate income taxes. The following summarizes the significant differences between the statutory tax rate and the effective tax rate:

	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	(36.57)	(35.78)
Other	0.03	(0.75)
Effective tax rate	0.05%	0.06%

13. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

Upon acquisition of property-related assets, the Company may raise funds through certain financing methods including borrowings, issuance of investment corporation bonds and issuance of investment units. In financing through interest-bearing debt, to secure stable financing capability and reduce future risks of rising interest rates, the Company's investment policy is to secure longer-term, fixed-rate borrowings with well-diversified maturities.

The Company enters into derivative transactions only for the purpose of reducing risk of future interest rate fluctuations and does not engage in speculative transactions.

(2) Type and Risk of Financial Instruments and Related Risk Management

Debts and investment corporation bonds are primarily used to fund the acquisition of property-related assets as well as the repayment of debts and redemption of investment corporation bonds. The Company is exposed to liquidity risk of being unable to meet its obligations on scheduled due dates. The Company controls and limits such risk by diversifying not only the financial institutions, but also the type of financing to include the effective use of surplus funds and direct financing from the capital markets such as issuance of investment units. In addition, the Company is exposed to the market risk arising from fluctuations in interest rates on its floating-rate debts. However, the effect of such risk on the operation of the Company is limited by maintaining the LTV ratio at low levels and the ratio of long-term fixed-rate debts to total debt at high levels. Furthermore, the Company may utilize derivative transactions (interest-rate swap transactions) as a hedging instrument to reduce the market risk under floating-rate debts by swapping such floating-rate interest payments for fixed-rate interest payments.

Bank deposits are held as a means of investing surplus funds, and the Company is exposed to the credit risk that financial institutions may default. However, the effect of such risk is limited by diversifying the financial institutions with which surplus funds are deposited.

(3) Supplementary Explanation on Estimated Fair Value of Financial Instruments

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in “20. Derivatives and Hedge Accounting” below do not represent the market risk involved in these derivative transactions.

Fair Value of Financial Instruments

For the period from June 1, 2013 to November 30, 2013

The following table summarizes the carrying value and the estimated fair values of financial instruments as of November 30, 2013.

		Thousands of Yen		
		Carrying value (Note 1)	Fair value (Note 1)	Difference
(i)	Cash and bank deposits	¥7,594,123	¥7,594,123	—
(ii)	Current portion of long-term debt	(15,950,000)	(15,977,512)	¥27,512
(iii)	Investment corporation bonds	(10,000,000)	(10,170,565)	170,565
(iv)	Long-term debt	(63,890,000)	(64,570,248)	680,248
(v)	Derivative transactions	—	—	—

For the period from December 1, 2012 to May 31, 2013

The following table summarizes the carrying value and the estimated fair values of financial instruments as of May 31, 2013.

		Thousands of Yen		
		Carrying value (Note 1)	Fair value (Note 1)	Difference
(i)	Cash and bank deposits	¥6,757,152	¥6,757,152	—
(ii)	Current portion of long-term debt	(15,652,000)	(15,721,396)	¥69,396
(iii)	Investment corporation bonds	(10,000,000)	(10,098,440)	98,440
(iv)	Long-term debt	(57,350,000)	(57,605,931)	255,931
(v)	Derivative transactions	—	—	—

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the carrying value is reported as the fair value.

(ii) Current portion of long-term debt and (iv) Long-term debt

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see “20. Derivatives and Hedge Accounting”) is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(iii) Investment corporation bonds

The fair value of investment corporation bonds issued by the Company is determined based on their market prices.

(v) Derivative transactions

See “20. Derivatives and Hedge Accounting.”

Note 3: Redemption schedule for cash and bank deposits as of November 30, 2013

		Thousands of Yen				
		Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years
Cash and bank deposits		¥7,594,123	—	—	—	—
Total		¥7,594,123	—	—	—	—

Redemption schedule for cash and bank deposits as of May 31, 2013

		Thousands of Yen				
		Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years
Cash and bank deposits		¥6,757,152	—	—	—	—
Total		¥6,757,152	—	—	—	—

Note 4: Redemption schedule for investment corporation bonds and debt as of November 30, 2013

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Current portion of long-term debt	¥15,950,000	—	—	—	—	—
Investment corporation bonds	—	—	¥5,000,000	¥5,000,000	—	—
Long-term debt	—	¥17,580,000	15,320,000	7,070,000	¥10,820,000	¥13,100,000
Total	¥15,950,000	¥17,580,000	¥20,320,000	¥12,070,000	¥10,820,000	¥13,100,000

Redemption schedule for investment corporation bonds and debt as of May 31, 2013

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Current portion of long-term debt	¥15,652,000	—	—	—	—	—
Investment corporation bonds	—	—	¥5,000,000	¥5,000,000	—	—
Long-term debt	—	¥14,450,000	14,580,000	11,880,000	¥9,340,000	¥7,100,000
Total	¥15,652,000	¥14,450,000	¥19,580,000	¥16,880,000	¥9,340,000	¥7,100,000

14. INVESTMENT AND RENTAL PROPERTIES

The Company owns in its portfolio certain residential buildings (including land) for lease located in Tokyo and other areas. The following table summarizes the carrying value and the estimated fair value of these properties.

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Carrying value		
Balance at beginning of the period	¥149,656,963	¥149,987,205
Change during the period	10,571,869	(330,242)
Balance at end of the period	160,228,832	149,656,963
Fair value	¥155,472,000	¥143,063,000

Note1: The carrying value represents the acquisition cost less accumulated depreciation.

Note2: The major increase in the carrying value during the period ended November 30, 2013 was mainly due to the acquisition of URBAN STAGE Ebisu (¥1,072,272 thousand), URBAN STAGE Meguro Aobadai (¥1,229,308 thousand), URBAN STAGE Gakugei Daigaku (¥946,679 thousand), URBAN STAGE Nihonbashi Hamacho (¥1,524,677 thousand), URBAN STAGE Kagurazaka (¥2,738,757 thousand), URBAN STAGE Ikebukuro (¥3,428,501 thousand) and URBAN STAGE Sakaisuji Honmachi (¥1,869,171 thousand) and the major decrease in the carrying value during the period ended November 30, 2013 was mainly due to the sale of PRIME URBAN Kita Senzoku (¥569,900 thousand), URBAN STAGE Takinogawa (¥291,612 thousand), URBAN STAGE Koganei (¥226,921 thousand) and URBAN STAGE Minami Gyotoku V (¥294,772thousand). The major increase in the carrying value during the period ended May 31, 2013 was mainly due to the acquisition of URBAN STAGE Mejiro (¥1,346,890 thousand), and the major decrease in the carrying value during the period ended May 31, 2013 was mainly due to the sale of URBAN STAGE Toritsu Daigaku (¥539,503 thousand) and URBAN STAGE Minami Gyotoku I (¥345,996 thousand).

Note3: The fair value as of November 30, 2013 and May 31, 2013 represents the sum of the appraisal values estimated by external real estate appraisers.

The real estate rental revenues and expenses for the six-month period ended November 30, 2013 and May 31, 2013 are presented in “16. Breakdown of Real Estate Rental Revenues and Expenses.”

15. SEGMENT INFORMATION

For the period from June 1, 2013 to November 30, 2013 and from December 1, 2012 to May 31, 2013

Segment Information

Since the Company has been engaged in the real estate leasing business as a single segment, segment information has been omitted.

Related Information

1. Information about products and services

Since revenues from external customers of products and services within a single segment are more than 90 percent of total operating revenues, information about products and services has been omitted.

2. Information about geographical areas

(1) Revenues

Since more than 90 percent of the total operating revenues were generated from external customers in Japan, geographical breakdown of revenues has been omitted.

(2) Property and equipment

Since more than 90 percent of the total property and equipment on the balance sheet are located in Japan, geographical breakdown of property and equipment has been omitted.

3. Information about major clients

Information about major clients for the six-month period ended November 30, 2013 and May 31, 2013 were as follows:

For the six-month period from June 1, 2013 to November 30, 2013

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Living Support Co., Ltd.	¥2,794,635	Real estate leasing business
Haseko Livenet Inc.	1,349,384	Real estate leasing business

For the six-month period from December 1, 2012 to May 31, 2013

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Living Support Co., Ltd.	¥2,353,561	Real estate leasing business
Haseko Livenet Inc.	1,332,585	Real estate leasing business

16. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month period ended November 30, 2013 and May 31, 2013 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Real estate rental revenues	¥5,356,185	¥5,238,905
Rental revenues	5,013,520	4,836,943
Rental revenues	4,733,340	4,570,277
Common area charges	280,180	266,666
Other rental revenues	342,665	401,962
Parking revenues	134,455	132,230
Incidental income	140,643	201,810
Other miscellaneous revenues	67,567	67,922
Real estate rental expenses	2,250,171	2,252,269
Property management costs	203,625	199,946
Property management fees	268,809	288,761
Property and other taxes	260,682	259,941
Utility expenses	92,470	96,504
Casualty insurance	8,419	8,380
Repairs and maintenance	225,278	251,156
Depreciation	1,012,451	967,194
Other rental expenses	178,437	180,387
Real estate rental profits	¥3,106,014	¥2,986,636

17. BREAKDOWN OF GAIN AND LOSS ON SALES OF REAL ESTATE

Gain on sales of real estate for the six-month period ended November 30, 2013 and May 31, 2013 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
Gain on sales of real estate		
Proceeds from sales of real estate	¥1,478,329	¥931,699
Cost of sales of real estate	1,383,205	885,499
Other related sales expenses	44,550	27,990
Gain on sales of real estate	¥50,574	¥18,210

18. BREAKDOWN OF TRANSACTIONS WITH MAJOR UNITHOLDERS

Transactions with major unitholders for the six-month period ended November 30, 2013 and May 31, 2013 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2013 to November 30, 2013	For the period from December 1, 2012 to May 31, 2013
From operating transactions		
Other related sales expenses (Note)	-	¥11,010

Note: Gain on sales of real estate is calculated by deducting other related sales expenses.

19. LEASES

The Company, as a lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years for residential space. The future minimum rental revenues under existing non-cancelable operating lease agreements as of November

30, 2013 and May 31, 2013 are summarized as follows:

	As of November 30, 2013	Thousands of Yen As of May 31, 2013
Due within one year	¥482,969	¥404,047
Due after one year	16,813	7,884
Total	¥499,782	¥411,931

20. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of November 30, 2013

- (1) There were no derivative financial instruments not subject to hedge accounting.
(2) Derivative financial instruments subject to hedge accounting were as follows:

					Thousands of Yen	
Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
			Due after one year			
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	50,820,000	45,420,000	(*)	

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note 2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

Derivative transactions as of May 31, 2013

- (1) There were no derivative financial instruments not subject to hedge accounting.
(2) Derivative financial instruments subject to hedge accounting were as follows:

					Thousands of Yen	
Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
			Due after one year			
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	44,392,000	36,920,000	(*)	

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note 2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

21. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Nomura Real Estate Residential Fund, Inc.

We have audited the accompanying financial statements of Nomura Real Estate Residential Fund, Inc., which comprise the balance sheet as at November 30, 2013, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

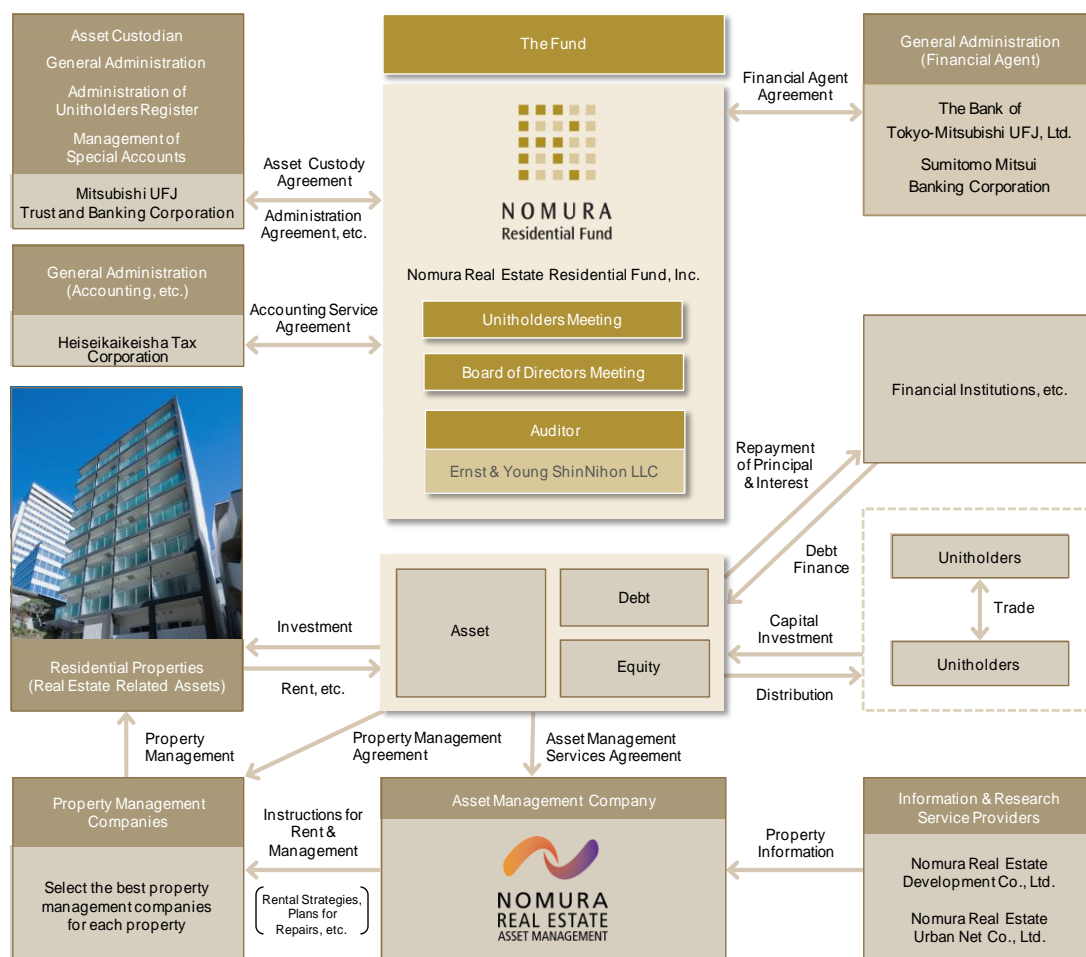
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Residential Fund, Inc. as at November 30, 2013, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

February 21, 2014
Tokyo, Japan

Business Structure



Corporate Data

Corporate Name

Nomura Real Estate Residential Fund, Inc.

Corporate Office

8-5-1 Nishi Shinjuku Shinjuku-ku, Tokyo
160-0023, Japan
<http://www.nre-rf.co.jp/english/>

Date of Incorporation

August 3, 2006

Stock Listing

Tokyo Stock Exchange (Securities Code: 3240)

Fiscal Period

Six months ending on May 31 and November 30

Capital

¥68,961,322,596 (as of May 31, 2013)

Number of Units Issued

150,936 (as of May 31, 2013)

Number of Unitholders

10,720 (as of May 31, 2013)

Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi Chiyoda-ku, Tokyo 100-8212, Japan

Business Office of the Transfer Agent

Corporate Agency Department
Mitsubishi UFJ Trust and Banking Corporation
7-10-11 Higashisuna Koto-ku, Tokyo 137-8081, Japan
Tel: +81-3-5683-5111

Independent Auditors

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg. 2-2-3 Uchisaiwai-cho Chiyoda-ku,
Tokyo 100-0011, Japan

Investor Relations

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Nomura Real Estate Asset Management Co., Ltd.
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Tel: +81-3-3365-7729

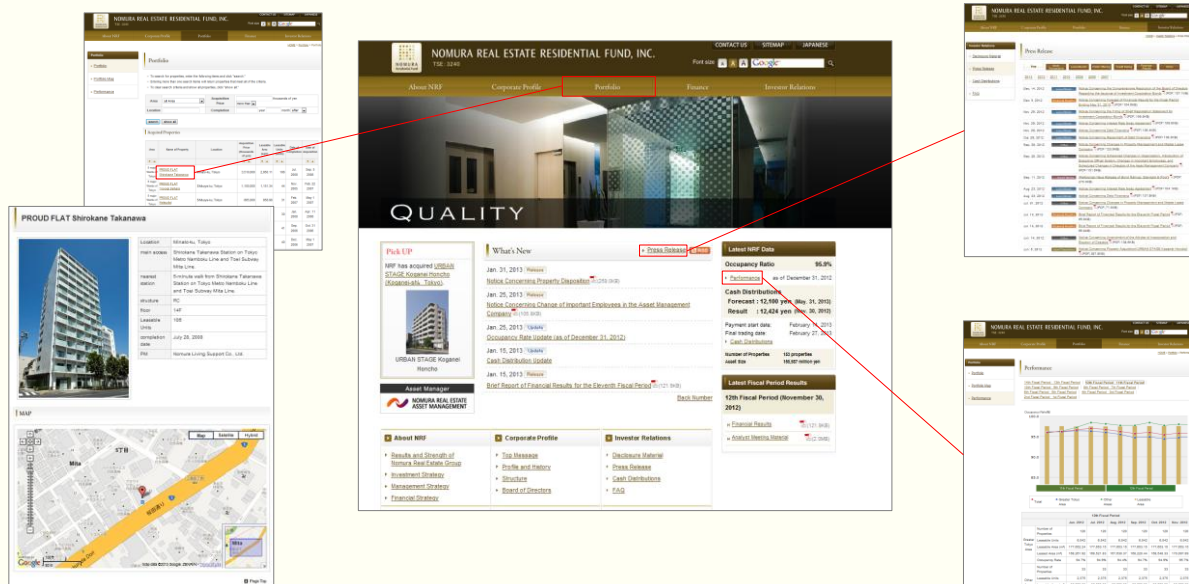
Nomura Real Estate Residential Fund's Website

The Company strives to provide accurate and timely disclosure of information by utilizing the website.

- Strength of NRF, Asset Management Policies, Corporate Profile
- Portfolio Summary, Portfolio Data, Occupancy Rates.
- News, Latest Data, Performance, Distributions, Calendar

We continue to provide information timely and strive to enhance the contents of the website.

(URL) <http://www.nre-rf.co.jp/english/>



Posting summaries, maps, occupancy rates, etc. of the portfolio

Posting the latest occupancy rates

Disclaimer

This semiannual report includes translations of certain Japanese documents originally filed under the Financial Instruments and Exchange Act of Japan. This report was prepared in English solely for the convenience of and reference by readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents always govern the meaning and interpretation.

In general, accounting principles and practices used by real estate investment corporations in Japan ("J-REITs") in preparing its financial statements conform with accounting principles generally accepted in Japan ("Japanese GAAP"). However, they may differ from generally accepted accounting principles applied in certain other countries. Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and generally accepted accounting principles in the United States ("U.S. GAAP") or other jurisdictions and how those differences might affect the financial information contained herein.

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