



NOMURA
Residential Fund

Semi-Annual Report

16th fiscal period

June 1, 2014 >>> November 30, 2014

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.

Contents

To Our Investors	2
Summary of Portfolio Properties	3
Profile of the Asset Management Company	5
Performance Report	6
Financial Section	35
Business Structure/Corporate Data	51
Website	52

To Our Investors

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

With the Company having closed the accounts for the 16th fiscal period ending November 30, 2014, allow me to present an overview of the management status and financial results.

Continuing forward from previous fiscal periods, the 16th fiscal period saw further promotion of the property replacement strategy to enhance portfolio profitability and quality. This included the transfer of three properties amounting to 958 million yen (sum total of transfer prices) that were expected to show decreased competitiveness as maintenance costs increased due to aging and other factors. As a result, assets at the end of the 16th fiscal period (as of November 30, 2014) totaled 150 properties amounting to 159,310 million yen (sum total of acquisition prices). In addition, in December 2014, just after the 16th fiscal period ended, we acquired three properties amounting to 6,300 million yen (sum total of acquisition prices).

In terms of portfolio property management, we continued strategic leasing activities that were appropriate to the conditions of each property, including the completion of the leasing procedures for major vacancies created during the previous period. Some properties whose rents are expected to increase were renovated as a part of aggressive lease management. Leasing activities based on property characteristics enabled us to post a 96.2% portfolio occupancy rate at the end of the 16th fiscal period, an occupancy rate consistent with the high rate that we have maintained since the previous period. The end-of-period appraised value reached 156,590 million yen, which exceeded the amount calculated in the balance sheet by 563 million yen to produce unrealized gains.

Concerning financial activities, we refinanced 3.7 billion yen of 6.6 billion yen in outstanding debt whose repayment had come due, and settled 2.9 billion yen in cash.

As a result of management activities, we achieved operating revenue of 5,480 million yen, ordinary income of 1,878 million yen, and net income of 1,877 million yen for the fiscal period.

gains through the transfer of properties as a reserve for reduction entry, and declared a cash distribution per unit of 11,600 yen, in accordance with Article 66-2 of the Act on Special Measure Concerning Taxation (Special Provisions for Taxation in the Case of Advanced Acquisition of Land, etc. in 2009 and 2010).

We remain committed to stable management through a medium- to long-term perspective in and after the next fiscal period. We ask our investors for their continued support and encouragement.

Shozo Matsumura
Executive Director
Nomura Real Estate Residential Fund, Inc.



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. 2014)(%)
1	PROUD FLAT Shirokane Takanawa	Minato-ku, Tokyo	3,510,000	2.2	2,950.11	106	92.6
2	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	0.7	1,151.34	44	97.9
3	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	0.5	958.98	31	100.0
4	PROUD FLAT Shibuya Sakuragaoka	Shibuya-ku, Tokyo	800,000	0.5	638.70	30	96.7
5	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	0.5	934.39	41	95.2
6	PROUD FLAT Meguro Gyoninzaka	Meguro-ku, Tokyo	882,000	0.6	855.23	40	100.0
7	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	2,260,000	1.4	3,055.21	110	97.8
8	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	1.0	1,793.43	70	97.5
9	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,110,000	0.7	1,450.91	60	91.7
10	PROUD FLAT Shinjuku Kawadacho	Shinjuku-ku, Tokyo	1,010,000	0.6	1,102.20	41	97.1
11	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	0.8	1,277.82	48	94.3
12	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	0.7	1,541.64	67	95.8
13	PROUD FLAT Kamata II	Ota-ku, Tokyo	2,980,000	1.9	4,051.72	169	97.5
14	PROUD FLAT Shinotsuka	Toshima-ku, Tokyo	695,000	0.4	752.09	35	100.0
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	100.0
17	PROUD FLAT Monzen Nakacho I	Koto-ku, Tokyo	1,130,000	0.7	1,191.08	55	96.3
18	PROUD FLAT Fujimidai	Nerima-ku, Tokyo	1,370,000	0.9	2,222.05	94	100.0
19	PROUD FLAT Asakusa Komagata	Taito-ku, Tokyo	1,960,000	1.2	2,685.39	79	99.0
20	PROUD FLAT Yokohama	Yokohama-shi, Kanagawa	2,340,000	1.5	3,118.12	113	95.4
21	PROUD FLAT Kamiooka	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	95.2
23	PRIME URBAN Azabu Juban	Minato-ku, Tokyo	991,000	0.6	1,222.13	40	93.2
24	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	0.6	1,062.05	25	90.0
25	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	0.6	1,107.36	48	100.0
26	PRIME URBAN Shibaura LOFT	Minato-ku, Tokyo	1,510,000	0.9	1,905.39	68	91.2
27	PRIME URBAN Hatagaya	Shibuya-ku, Tokyo	452,000	0.3	650.60	38	94.6
28	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.3	439.56	19	100.0
29	PRIME URBAN Ebisu II	Shibuya-ku, Tokyo	1,030,000	0.6	1,184.85	35	100.0
30	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	0.7	1,277.04	52	96.0
31	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.4	793.87	32	93.8
32	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	1.3	2,087.70	90	96.8
33	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	0.8	1,444.40	29	92.8
34	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,320,000	0.8	1,302.42	49	91.8
35	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	0.6	1,008.39	32	90.9
36	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.3	655.27	22	93.7
37	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	464,000	0.3	453.77	24	91.5
38	PRIME URBAN Meguro Ohashi Hills	Meguro-ku, Tokyo	3,580,000	2.2	2,955.74	99	97.4
39	PRIME URBAN Meguro Aobadai	Meguro-ku, Tokyo	1,190,000	0.7	1,464.14	40	97.7
40	PRIME URBAN Gakugei Daigaku II	Meguro-ku, Tokyo	916,000	0.6	1,109.87	41	95.7
41	PRIME URBAN Kachidoki	Chuo-ku, Tokyo	2,290,000	1.4	4,524.00	145	97.2
42	PRIME URBAN Shinkawa	Chuo-ku, Tokyo	2,250,000	1.4	3,600.61	46	98.3
43	PRIME URBAN Nihonbashi Yokoyamacho	Chuo-ku, Tokyo	3,530,000	2.2	5,926.17	124	99.2
44	PRIME URBAN Nihonbashi Hamacho	Chuo-ku, Tokyo	1,470,000	0.9	2,026.44	52	91.2
45	PRIME URBAN Hongo Ikizaka	Bunkyo-ku, Tokyo	647,000	0.4	662.58	27	100.0
46	PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	0.6	1,069.82	42	100.0
47	PRIME URBAN Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	1.1	1,759.11	51	98.2
48	PRIME URBAN Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.4	1,237.98	18	94.6
49	PRIME URBAN Ochiai	Shinjuku-ku, Tokyo	324,000	0.2	517.53	32	90.9
50	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	0.8	1,459.86	60	100.0
51	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	0.6	1,162.55	46	93.9
52	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.3	578.18	14	86.1
53	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	503,000	0.3	507.11	28	57.1
54	PRIME URBAN Shinjuku Ochiai	Shinjuku-ku, Tokyo	635,000	0.4	1,053.39	28	96.1
55	PRIME URBAN Mejiro	Shinjuku-ku, Tokyo	1,260,000	0.8	1,755.52	65	95.3
56	PRIME URBAN Kagurazaka	Shinjuku-ku, Tokyo	2,640,000	1.7	2,853.82	100	95.7
57	PRIME URBAN Roka Koen	Setagaya-ku, Tokyo	362,000	0.2	567.20	34	94.2
58	PRIME URBAN Kamiuna	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	100.0
59	PRIME URBAN Sangen Jaya III	Setagaya-ku, Tokyo	755,000	0.5	1,018.72	47	100.0
60	PRIME URBAN Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	0.5	1,774.01	27	97.3
61	PRIME URBAN Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.3	810.98	17	78.8
62	PRIME URBAN Karasuyama	Setagaya-ku, Tokyo	344,000	0.2	507.52	28	86.3
63	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	0.5	874.15	33	97.1
64	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	0.5	1,049.73	41	97.6
65	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.4	835.05	33	94.0
66	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.3	576.20	23	95.7
67	PRIME URBAN Kamikitazawa	Setagaya-ku, Tokyo	738,000	0.5	1,384.45	29	86.5
68	PRIME URBAN Chitose Funabashi	Setagaya-ku, Tokyo	885,000	0.6	1,027.44	38	97.6
69	PRIME URBAN Yoga	Setagaya-ku, Tokyo	1,150,000	0.7	1,773.05	54	97.6
70	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.4	961.25	46	97.9
71	PRIME URBAN Oimachi	Shinagawa-ku, Tokyo	530,000	0.3	722.70	45	95.6
72	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	1.1	2,106.16	99	99.0
73	PRIME URBAN Oimachi II	Shinagawa-ku, Tokyo	1,100,000	0.7	1,794.85	93	96.4
74	PRIME URBAN Yukigaya	Ota-ku, Tokyo	970,000	0.6	1,536.59	94	94.7
75	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	0.5	1,190.70	54	98.1
76	PRIME URBAN Denenchofu Minami	Ota-ku, Tokyo	900,000	0.6	1,100.17	44	96.1
77	PRIME URBAN Nakano	Nakano-ku, Tokyo	472,000	0.3	801.30	51	92.9
78	PRIME URBAN Nakano Kamitakada	Nakano-ku, Tokyo	640,000	0.4	818.75	33	97.5
79	PRIME URBAN Takaide	Suginami-ku, Tokyo	1,080,000	0.7	1,746.20	107	89.9
80	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.3	543.09	24	88.1
81	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	0.5	944.99	46	100.0
82	PRIME URBAN Komagome	Toshima-ku, Tokyo	412,000	0.3	991.94	22	90.5
83	PRIME URBAN Ikebukuro	Toshima-ku, Tokyo	3,310,000	2.1	4,376.95	131	96.2
84	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	1.4	3,207.92	118	98.3
85	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.4	1,117.34	52	96.1
86	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.3	813.52	40	94.9
87	PRIME URBAN Mukojima	Sumida-ku, Tokyo	487,000	0.3	1,108.91	55	94.6
88	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	0.7	1,886.50	77	98.7
89	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	0.4	991.62	49	100.0
90	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	0.4	1,095.91	53	94.3

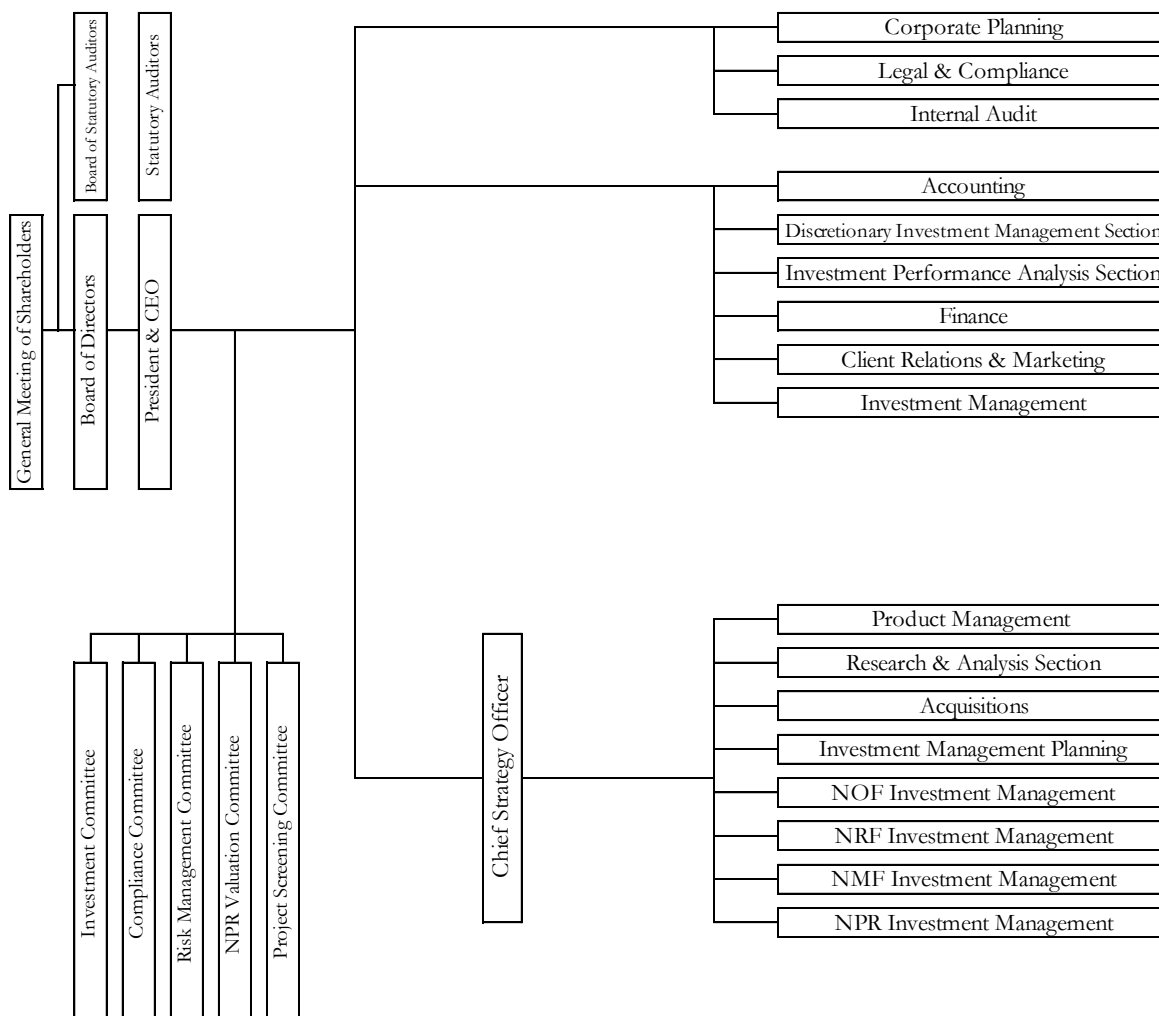
#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (Nov. 2014)(%)
91	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.4	905.81	45	100.0
92	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	0.6	1,437.84	68	97.1
93	PRIME URBAN Kasai East	Edogawa-ku, Tokyo	940,000	0.6	1,884.62	78	100.0
94	PRIME URBAN Ekoda	Nerima-ku, Tokyo	385,000	0.2	872.49	35	100.0
95	PRIME URBAN Itabashi Kuyakushomae	Itabashi-ku, Tokyo	940,000	0.6	1,742.64	68	94.9
96	PRIME URBAN Asakusa	Taito-ku, Tokyo	350,000	0.2	876.70	22	95.4
97	PRIME URBAN Machiya South Court	Arakawa-ku, Tokyo	1,740,000	1.1	4,141.56	77	97.7
98	PRIME URBAN Musashi Koganei	Koganei-shi, Tokyo	2,390,000	1.5	5,999.80	98	94.9
99	PRIME URBAN Musashino Hills	Koganei-shi, Tokyo	1,590,000	1.0	2,961.06	80	95.1
100	PRIME URBAN Koganei Honcho	Koganei-shi, Tokyo	725,000	0.5	1,604.72	43	86.9
101	PRIME URBAN Hino	Hino-shi, Tokyo	319,000	0.2	994.68	54	98.1
102	PRIME URBAN Kumegawa	Higashimurayama-shi, Tokyo	1,370,000	0.9	2,610.05	91	95.7
103	PRIME URBAN Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	1.3	3,692.44	56	98.4
104	PRIME URBAN Kawasaki	Kawasaki-shi, Kanagawa	1,150,000	0.7	1,706.46	80	96.9
105	PRIME URBAN Shinyurigaoka	Kawasaki-shi, Kanagawa	1,210,000	0.8	1,708.19	64	100.0
106	PRIME URBAN Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.3	952.06	50	92.0
107	PRIME URBAN Urayasu II	Urayasu-shi, Chiba	277,000	0.2	437.94	27	100.0
108	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	0.5	1,264.84	60	96.7
109	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	52	88.5
110	PRIME URBAN Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.2	542.69	33	100.0
111	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	0.5	1,244.00	58	100.0
112	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.3	778.19	37	91.9
113	PRIME URBAN Gyotoku Ekimae II	Ichikawa-shi, Chiba	561,000	0.4	927.33	46	97.8
114	PRIME URBAN Gyotoku III	Ichikawa-shi, Chiba	948,000	0.6	1,766.47	77	88.3
115	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	0.5	1,237.80	60	100.0
116	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,170,000	1.4	2,477.11	98	100.0
Greater Tokyo Area			128,903,000	80.9	183,396.22	6,596	96.2
117	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.4	1,861.56	60	100.0
118	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	724,000	0.5	1,967.54	64	95.7
119	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	1,430,000	0.9	2,990.68	112	98.3
120	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.2	1,518.58	33	100.0
121	PRIME URBAN Kita Juyo Jo	Sapporo-shi, Hokkaido	336,000	0.2	1,155.60	36	84.9
122	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.3	1,850.20	53	100.0
123	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.2	1,148.72	36	100.0
124	PRIME URBAN Kita Juichi Jo	Sapporo-shi, Hokkaido	600,000	0.4	1,851.39	60	100.0
125	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	576,200	0.4	2,114.53	54	96.2
126	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	424,000	0.3	1,494.36	36	96.8
127	PRIME URBAN Chiji Kokan	Sapporo-shi, Hokkaido	337,900	0.2	1,007.30	42	95.2
128	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	283,200	0.2	911.07	27	100.0
129	PRIME URBAN Kita Nijuyo Jo	Sapporo-shi, Hokkaido	503,700	0.3	1,773.90	36	100.0
130	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	0.5	2,439.90	58	96.8
131	PRIME URBAN Sapporo Riverfront	Sapporo-shi, Hokkaido	3,500,000	2.2	15,552.59	311	96.7
132	PRIME URBAN Kita Sanjo Dori	Sapporo-shi, Hokkaido	1,450,000	0.9	5,094.29	114	99.0
133	PRIME URBAN Nagamachi Ichhome	Sendai-shi, Miyagi	1,110,000	0.7	3,411.24	60	98.0
134	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	428,000	0.3	1,380.21	43	100.0
135	PRIME URBAN Tsutsumidori Amamiya	Sendai-shi, Miyagi	969,000	0.6	4,251.91	65	98.2
136	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	0.5	1,571.04	46	98.1
137	PRIME URBAN Kanayama	Nagoya-shi, Aichi	632,000	0.4	1,391.02	58	100.0
138	PRIME URBAN Tsurumai	Nagoya-shi, Aichi	1,189,096	0.7	2,502.11	104	97.1
139	PRIME URBAN Kamimaezu	Nagoya-shi, Aichi	1,250,000	0.8	3,541.43	101	96.2
140	PRIME URBAN Izumi	Nagoya-shi, Aichi	2,800,000	1.8	7,543.10	250	96.4
141	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.4	1,189.12	48	83.4
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	1.0	2,151.67	79	90.6
144	PRIME URBAN Tamatsukuri	Osaka-shi, Osaka	906,000	0.6	2,373.10	80	91.3
145	PRIME URBAN Sakaisuji Honmachi	Osaka-shi, Osaka	1,780,000	1.1	3,909.90	82	94.8
146	PRIME URBAN Hakata	Fukuoka-shi, Fukuoka	830,000	0.5	2,176.23	67	92.3
147	PRIME URBAN Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.2	897.84	34	93.1
148	PRIME URBAN Kashii	Fukuoka-shi, Fukuoka	396,000	0.2	1,222.34	39	88.4
149	PRIME URBAN Hakata Higashi	Fukuoka-shi, Fukuoka	693,000	0.4	1,854.13	65	95.7
150	PRIME URBAN Chihaya	Fukuoka-shi, Fukuoka	545,000	0.3	1,740.70	48	94.1
Other Areas			30,407,696	19.1	89,231.30	2,458	96.3
Total			159,310,696	100.0	272,627.52	9,054	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, 2014)
Shareholder	: Nomura Real Estate Holdings, Inc. (100%)
Incorporation	: January 24, 2003

• Organization of the asset management company



• Profile of General Manager , NRF Investment Management



Tetsuya Ohira

Apr. 1989	Entered Nomura Real Estate Development Co., Ltd.
Jul. 1989	Yokohama Business Park Department
Dec. 1992	Osaka Office
Jun. 2003	Residential Sales Section, Residential Sales Department, Residential Company
Apr. 2004	Development Section, Second Business Development Department, Residential Company
Apr. 2007	Development Section, Investment Development Department, Residential Company
Apr. 2011	Development Manager, Investment Development Department, Residential Company
Oct. 2014	Executive Officer, Head of NRF Investment Management Department

Performance Report

Contents

Asset Management Report	7
Profile of the Company	13
Status of Investment Assets of the Company	15
Capital Expenditures	25
Expenses and Liabilities	26
Trading during the 16th fiscal period	29
Other Information	33

Asset Management Report

1. CHANGES IN KEY INDICATORS

		16th Period from Jun. 1, 2014 to Nov. 30, 2014	15th Period from Dec. 1, 2013 to May 31, 2014	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
Operating Revenues (¥mln)		5,480	5,594	5,406	5,257	5,174
of which Real Estate Rental Revenues (¥mln)		5,427	5,556	5,356	5,238	5,174
Operating Expenses (¥mln)		3,057	3,080	2,848	2,823	2,721
of which Real Estate Rental Expenses (¥mln)		2,353	2,453	2,250	2,252	2,131
Operating Profit (¥mln)		2,423	2,513	2,558	2,433	2,452
Ordinary Income (¥mln)		1,878	1,956	1,966	1,878	1,876
Net Income (¥mln)		1,877	1,955	1,965	1,876	1,875
Total Assets (¥mln)		164,852	167,940	168,019	156,576	156,703
(Changes from Previous Period) (%)		(-1.8)	(-0.0)	(+7.3)	(-0.1)	(-0.0)
Interest-Bearing Debts (¥mln)		86,820	89,750	89,840	83,002	83,092
Net Assets (¥mln)		75,148	75,226	75,236	70,838	70,836
(Changes from Previous Period) (%)		(-0.1)	(-0.0)	(+6.2)	(+0.0)	(+0.0)
Unitholders' Capital (¥mln)		73,231	73,231	73,231	68,961	68,961
Number of Units Issued (Units)		160,800	160,800	160,800	150,936	150,936
Net Assets per Unit (¥)		467,340	467,827	467,887	469,326	469,315
Total Cash Distribution (¥mln)		1,865	1,955	1,965	1,836	1,875
Cash Distribution per Unit (¥)		11,600	12,161	12,221	12,170	12,424
of which Cash Distribution of Profits (¥)		11,600	12,161	12,221	12,170	12,424
of which Cash Distribution in excess of Profits (¥)		—	—	—	—	—
ROA (Return on Assets) (Note 1) (%)		1.1	1.2	1.2	1.2	1.2
Annualized ROA (Note 2) (%)		2.3	2.3	2.4	2.4	2.4
ROE (Return on Equity) (Note 3) (%)		2.5	2.6	2.7	2.6	2.6
Annualized ROE (Note 2) (%)		5.0	5.2	5.4	5.3	5.3
Capital Adequacy Ratio (Note 4) (%)		45.6	44.8	44.8	45.2	45.2
(Changes from Previous Period) (%)		(+0.8)	(+0.0)	(-0.5)	(+0.0)	(+0.0)
LTV (Loan-to-Value) (Note 5) (%)		52.7	53.4	53.5	53.0	53.0
Number of Operating Days (days)		183	182	183	182	183
Payout Ratio (Note 6) (%)		99.3	99.9	100.0	97.8	99.9
Number of Properties Held (bldgs)		150	153	155	152	153
Total Leasable Floor Space (m ²)		272,627.52	274,346.62	277,166.54	262,961.11	262,881.53
Number of Tenants (tenants)		150	153	155	152	153
Occupancy Rate (%)		96.2	95.8	96.2	96.4	96.2
Depreciation (¥mln)		1,052	1,053	1,012	967	968
Capital Expenditures (¥mln)		136	95	94	138	40
NOI (Net Operating Income) (Note 7) (¥mln)		4,126	4,156	4,118	3,953	4,010
FFO (Funds from Operation) (Note 8) (¥mln)		2,929	2,979	2,934	2,833	2,850
FFO per Unit (Note 9) (¥)		18,218	18,528	18,251	18,773	18,886

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 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. 12th Period: 183 days, 13th Period: 182 days, 14th Period: 183 days, 15th Period: 182 days and 16th 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 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 15TH 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 during the fiscal period experienced temporary downturns in manufacture as demand sank following a spike ahead of the scheduled hike in the consumption tax. According to Bank of Japan's October 2014 Short-term Economic Survey of Enterprises in Japan (Tankan), the business conditions DI for all enterprises and all industries deteriorated 3 points from the previous survey. On the other hand, however, capital investment is in an increasing trend with improved domestic company profits, and the environment for employment and income has been in an improving trend, which support the gradual recovery of the Japanese economy. There is a need to consider risk factors that may have a negative impact on the economy, including the deterioration of consumer sentiment and slowdown in overseas economies; however, modest upward momentum is expected to continue as the effects of the government's fiscal policy and Bank of Japan's bold monetary easing ripple across the real economy.

Under such circumstances, domestic and foreign investment capital has flowed into the J-REIT market backed by the expectation for the recovery of the Japanese economy and real estate market. Further, since Bank of Japan decided to provide additional monetary easing in October 2014 and to again purchase J-REITs, the Tokyo Stock Exchange REIT Index increased from 1,533.19 at the beginning of the fiscal period (as of June 2, 2014) to 1,826.72 at the end of the fiscal period (as of November 28, 2014). Backed by such a favorable funding environment, J-REITs are actively acquiring properties along with new listings and the issuance of new investment units through public offerings.


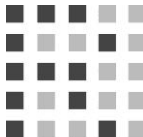
In the rental housing market, continued stable demand is anticipated from single and small households due in part to the continuing inflow of population to the Greater Tokyo Area (Tokyo, Kanagawa, Chiba and Saitama prefectures) and major regional cities as well as such factors as the trend for later marriage and declining birth rates. In addition, in terms of supply, rental housing construction starts remain low, implying that the balance of supply and demand for rental housing will remain favorable for some time. Under such circumstances, the occupancy rate for rental housing held by J-REITs has been hovering at an average level exceeding 96% since July 2011. Concerning rent levels, too, properties with increasing rents have been observed. These, among other factors, suggest that the rental housing market is in a recovery trend.

In the real estate transaction market, property acquisitions were active, centering on J-REITs, other real estate funds, and real estate companies, due in part to a favorable domestic funding conditions due to monetary easing, and signs of recovery in the lease market. On the other hand, competition over acquisitions is overheating due in part to an increase in participants. The supply of rental housing is still limited, which has created a severe environment for the acquisition of properties.

In the management environment described above, the Company made the following management achievements in the 16th fiscal period (ended November 2014).

(a) Asset Acquisition and Disposition.

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 (Note:1)</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 (Note:2)</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 8 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>

Note:1: 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.

Note 2: In terms of the properties planned and developed by other companies, we have used "PRIME URBAN" and "URBAN STAGE" as brand names according to building age at the time of acquisition. However, we began unifying under the name "PRIME URBAN" from May 20, 2014 in an attempt to further enhance property recognition in the rental housing market along with "PROUD FLAT." In this fiscal period, we completed unification of 30 properties under the "PRIME URBAN" name.

As in previous fiscal periods, the Company continued to implement its strategy for property replacement in the 16th fiscal period to enhance portfolio profitability and quality, transferring three properties totaling 958 million yen (sum total of transfer prices) that were expected to show decreased competitiveness and increased maintenance costs due to age and other factors.

As a result of the above, assets at the end of the 16th fiscal period (as of November 30, 2014) totaled 150 properties amounting to 159,310 million yen (sum total of acquisition prices).

(b) Property Management

The small number of tenant replacements in the 16th fiscal period allowed us to focus on maintaining the high occupancy rates that have continued from the 15th fiscal period in properties that we own.

In leasing, the Company worked to maintain and enhance property competitiveness through renovations as well as by raising unit rents through a flexible review of advertized terms and conditions in light of the status of respective properties. In addition, the Company endeavored, as it has in previous fiscal periods, to shorten vacancy through more effective control of the time required to restore units to their original state. These and other efforts allowed the Company to post a portfolio occupancy rate of 96.2% at the end of the 16th fiscal period, an occupancy rate consistent with the high rate that we have maintained since the previous period.

Nomura Real Estate Partners, which the Company entrusts with the management and operation of 115 properties (as of the end of November 30, 2014), provides a wide variety of tenant services through “Chintai Hot Support,” which features a 24-hour call center for unit equipment trouble and other emergencies, as well as travel, leisure and other special benefits, which the Company believes serve to enhance tenant satisfaction and property competitiveness.

In this fiscal period, the Company conducted a survey of tenants. This led to improved services and property renovations that further increased competitiveness.

Furthermore, as mentioned above, unification of property names to increase the recognition of portfolio properties, a process that began May 20, 2014, has been completed.

In this way the Company is continuing its efforts to maintain and improve occupancy rates, rent levels, and tenant satisfaction by meeting market needs.

(c) Status of Funding

In order to assure stable income and the steady growth of portfolio assets over the medium-to-long term, the Company initiated the conservative financial strategies described below in the 16th fiscal period.

In the 16th fiscal period, the Company prepaid outstanding loans of 1,840 million yen, and repaid 1,090 million yen of loans that had come due. The refinancing of 3,730 million yen in existing loans was achieved through the securing of long-term loans, and the interest rates for 2,980 million yen in loans were fixed to enhance financial stability and address the risk of rising interest rates.

As a result, the ratio of long-term debt is 79.8%, the ratio of fixed interest debt (including fixation through interest rate swap transactions) is 99.1%, the average maturity of the outstanding interest-bearing debt is 3.11 years (the average maturity of the outstanding long-term interest-bearing debt is 3.76 years). In the end, the rate of interest-bearing debt in the total assets, which is the loan-to-value (LTV) ratio, becomes 52.7%.

The table below shows the credit ratings of the Company as of the end of the 16th fiscal period.

Rating Company	Rating	Outlook
Japan Credit Rating Agency, Ltd	Long-term Senior Debt Rating : AA	Stable
Standard & Poor's Ratings Services.	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-mentioned strategies during the 16th fiscal period, the Company recorded 5,480 million yen in operating revenue, 2,423 million yen in operating profit, 1,878 million yen in ordinary income, and 1,877 million yen in net income.

Concerning the cash distribution, in accordance with Article 67-15-1 of the Act on Special Measures Concerning Taxation (Act No.26 of 1957) and Article 66-2 of said Act (Special Provisions for Taxation in the Case of Advanced Acquisition of Land, etc. in 2009 and 2010), the Company decided to retain a part of capital gains received through the transfer of properties as a reserve for reduction entry within a range that would not generate taxable income. In order to include the maximum amount of distributed profits as loss, the Company decided to distribute virtually all unappropriated retained earnings from this fiscal period after deducting the reserve for reduction entry. As a result, the amount of cash distribution per unit for this fiscal period was 11,600 yen.

Although the forecast of financial results for the 16th fiscal period (ending November 30, 2014) stated in the summary of financial statements issued on July 15, 2014 was based on the assumption of a reduced reserve for reduction entry of 40 million yen in the 16th fiscal period, the Company decided not to reduce said reserve in consideration of the financial results for the 16th fiscal period after the announcement of said forecast. In regard to reduction of the reserve for reduction entry including the amount reserved during the 16th fiscal period, we will consider the management and distribution status and make appropriate decisions in the future.

3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' Capital until the end of the 16th fiscal period (as of November 30, 2014) 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.

		16th Period from Jun. 1, 2014 to Nov. 30, 2014	15th Period from Dec. 1, 2013 to May 31, 2014	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
High	(¥)	672,000	581,000	572,000	670,000	493,000
Low	(¥)	535,000	504,000	439,000	439,000	372,000

4. CASH DISTRIBUTION

Concerning cash distributions in the 16th fiscal period, by applying special provisions of the tax system (Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957)), along with utilizing the "Special Provisions for Taxation in the Event of Advance Acquisition of Land, etc. in 2009 and 2010" under Article 66-2 of the Act on Special Measures Concerning Taxation, the Company decided that an amount of a portion of the gain on transfer of land, etc. earned in a transfer of property shall be set aside as a reserve for reduction entry within the limit that taxable income will not be generated in the fiscal period. In addition, in order to have the maximum amount of distributions of earnings included in deductible expenses, the Company decided to distribute almost the entire amount of unappropriated retained earnings after deduction of the reserve for reduction entry. As a result, the Company declared a cash distribution per unit of investment equity of 11,600 yen.

		16th Period from Jun. 1, 2014 to Nov. 30, 2014	15th Period from Dec. 1, 2013 to May 31, 2014	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
Retained Earnings	(¥000)	1,877,325	1,955,587	1,965,201	1,876,958	1,875,347
Accumulated earnings	(¥000)	12,045	98	64	40,067	118
Total cash distribution	(¥000)	1,865,280	1,955,488	1,965,136	1,836,891	1,875,228
(Cash distribution per unit)	(¥)	(11,600)	(12,161)	(12,221)	(12,170)	(12,424)
of which distribution of profits	(¥000)	1,865,280	1,955,488	1,965,136	1,836,891	1,875,228
(Distribution of profits per unit)	(¥)	(11,600)	(12,161)	(12,221)	(12,170)	(12,424)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

As described earlier in “2. OUTLINE OF INVESTMENTS IN THE 16TH FISCAL PERIOD,” the Japanese economy is indicating trends of a gradual economic recovery amidst progressive improvements in the employment and income environments. In addition, investment capital is flowing into the J-REIT market and the environment for fund procurement is excellent.

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 16TH FISCAL PERIOD

Not applicable.

(Reference)

The Company acquired the following assets after the end of the 16th fiscal period (end of November 2014).

Name of Property	Location	Leasable units (units)	Acquisition Price (thousandsof yen)	Date of Completion
PRIME URBAN Naka Meguro II	Meguro-ku, Tokyo	66	2,800,000	Dec. 19 2014
PRIME URBAN Nagahara Kamiikedai	Ota-ku, Tokyo	61	1,720,000	Dec. 19 2014
PRIME URBAN Nishi Ogikubo II	Suginami-ku, Tokyo	76	1,780,000	Dec. 19 2014
Total		203	6,300,000	

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		16th Period (as of Nov. 30, 2014)	15th Period (as of May 31, 2014)	14th Period (as of Nov. 30, 2013)	13th Period (as of May 31, 2013)	12th Period (as of Nov. 30, 2012)
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	160,800	160,800	150,936	150,936
Amount of unitholders' capital	(¥ mln)	73,231	73,231	73,231	68,961	68,961
Number of unitholders		10,003	10,595	11,139	10,720	9,446

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of November 30, 2014 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	46,998	29.23
Nomura Real Estate Development Co., Ltd.	15,240	9.48
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,618	4.12
The Nomura Trust and Banking Co., Ltd. (Investment Account)	5,848	3.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,692	3.54
The Fuji Fire and Marine Insurance Co., Ltd. (Standing Proxy: Japan Trustee Services Bank, Ltd.)	3,212	2.00
Trust and Custody Services Bank, Ltd. (Money Trust Tax Account)	3,008	1.87
The Joyo Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2,502	1.56
The Fukui Bank, Ltd. (Standing Proxy: Trust and Custody Services Bank, Ltd.)	1,908	1.19
The Ashikaga Bank, Ltd.	1,707	1.06
Total	92,733	57.67

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of November 30, 2014 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	9,586	95.8	26,869	16.7
Financial institutions (Including sales agents for financial instruments firm)	101	1.0	103,974	64.7
Other domestic corporate investors	185	1.8	20,813	12.9
Foreign corporate investors, etc.	131	1.3	9,144	5.7
Total	10,003	100.0	160,800	100.0

4. DIRECTORS AND AUDITOR

(1) Name of directors and an auditor in the 16th fiscal period are as follows (Note 1)

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 15th Period (¥000)
Executive Director	Masatomi Natsume (Note2)	NRF Chief Investment Officer, Nomura Real Estate Asset Management, Co., Ltd.	—
Executive Director	Shozo Matsumura (Note2)	Auditor, Nomura Real Estate Partners Co., Ltd. Auditor, Nomura Amenityservice Co., Ltd.	800
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	—	11,200

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: Masatomi Natsume resigned as Executive Director of the Company on September 30, 2014 and Shozo Matsumura, who was a Substitute Executive Director, was newly appointed as the Company's Executive Director on the same day. Furthermore, Masatomi Natsume retired from his post as NRF Chief Investment Officer at Nomura Real Estate Asset Management Co., Ltd. on September 30, 2014.

Note 3: Saneaki Ichijo has been appointed as substitute Supervisory Director to provide against vacancy of the Supervisory Director's position or lack of statutory quorum. Mr. Saneaki Ichijo is Supervisory Director of Nomura Real Estate Office Fund, Inc., which entrusts the asset management company of the Company to provide asset management services.

(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	16th Period (as of Nov. 30, 2014)		15th Period (as of May 31, 2014)	
		Total Amount (¥ mln) (Note 3)	Portion (%) (Note 4)	Total Amount (¥ mln) (Note 3)	Portion (%) (Note 4)
Real estate	Greater Tokyo Area	106,576	64.6	107,081	63.8
	Other	27,907	16.9	28,177	16.8
Real estate in trust	Greater Tokyo Area	19,528	11.8	20,504	12.2
	Other	2,014	1.2	2,030	1.2
Subtotal		156,026	94.6	157,793	94.0
Cash, deposits and other assets		8,825	5.4	10,147	6.0
Grand Total		164,852	100.0	167,940	100.0

Note 1: Primary use is apartment building.

Note 2: "Greater Tokyo Area" refers to the metropolis of Tokyo and the three surrounding prefectures, Kanagawa, Chiba and Saitama.

"Other Areas" refer to the three major metropolitan areas, excluding Tokyo, and other major cities throughout Japan, including government designated cities. The same shall apply hereinafter.

Note 3: Total amount is taken from the balance sheet. (Real Estate and Real Estate in Trust represent the total book value after depreciation.)

Note 4: 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 16th 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
PRIME URBAN Meguro Ohashi Hills	3,582	2,955.74	2,878.65	97.4	1.5	Apartment building
PRIME URBAN Sapporo Riverfront	3,543	15,552.59	15,046.37	96.7	3.4	Apartment building
PRIME URBAN Nihonbashi Yokoyamacho	3,454	5,926.17	5,877.37	99.2	2.4	Apartment building
PRIME URBAN Ikebukuro	3,397	4,376.95	4,209.35	96.2	1.9	Apartment building
PROUD FLAT Shirokane Takanawa	3,380	2,950.11	2,733.19	92.6	1.7	Apartment building
PROUD FLAT Kamata II	2,885	4,051.72	3,951.58	97.5	2.0	Apartment building
PRIME URBAN Izumi	2,873	7,543.10	7,273.10	96.4	2.5	Apartment building
PRIME URBAN Kagurazaka	2,710	2,853.82	2,730.65	95.7	1.4	Apartment building
PROUD FLAT Kamiooka	2,542	4,872.17	4,872.17	100.0	1.3	Apartment building
PRIME URBAN Musashi Koganei	2,513	5,999.80	5,692.30	94.9	1.4	Apartment building
Total	30,884	57,082.17	55,264.73	96.8	19.6	

3. DETAILS OF PORTFOLIO PROPERTIES

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	5-12-7 Mita, Minato-ku, Tokyo	Real estate	3,260
	PROUD FLAT Yoyogi Uehara	3-25-7 Uehara, Shibuya-ku, Tokyo	Beneficial Interest	942
	PROUD FLAT Hatsudai	2-19-15 Hatsudai, Shibuya-ku, Tokyo	Real estate	699
	PROUD FLAT Shibuya Sakuragaoka	21-8 Sakuragaoka, Shibuya-ku, Tokyo	Real estate	716
	PROUD FLAT Gakugei Daigaku	2-21-20 Meguro Honcho, Meguro-ku, Tokyo	Real estate	724
	PROUD FLAT Meguro Gyoninzaka	1-4-18 Shimo Meguro, Meguro-ku, Tokyo	Real estate	897
	PROUD FLAT Sumida Riverside	1-31-7 Shinkawa, Chuo-ku, Tokyo	Real estate	2,170
	PROUD FLAT Kagurazaka	1-11 Higashi Gokencho, Shinjuku-ku, Tokyo	Real estate	1,550
	PROUD FLAT Waseda	521-9 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Real estate	1,070
	PROUD FLAT Shinjuku Kawadacho	3-29 Kawadacho, Shinjuku-ku, Tokyo	Real estate	919
	PROUD FLAT Sangen Jaya	1-4-25 Taishido, Setagaya-ku, Tokyo	Real estate	1,160
	PROUD FLAT Kamata	4-21-4 Kamata, Ota-ku, Tokyo	Real estate	1,100
	PROUD FLAT Kamata II	4-25-5 Kamata, Ota-ku, Tokyo	Real estate	3,270
	PROUD FLAT Shinotsuka	3-12-10 Minami Otsuka, Toshima-ku, Tokyo	Real estate	593
	PROUD FLAT Kiyosumi Shirakawa	2-3 Takabashi, Koto-ku, Tokyo	Real estate	892
	PROUD FLAT Monzen Nakacho II	2-6-9 Furuishiba, Koto-ku, Tokyo	Real estate	626
	PROUD FLAT Monzen Nakacho I	2-3-1 Tomioka, Koto-ku, Tokyo	Real estate	989
	PROUD FLAT Fujimidai	3-8-4 Nukui, Nerima-ku, Tokyo	Real estate	1,470
	PROUD FLAT Asakusa Komagata	1-10-6 Komagata, Taito-ku, Tokyo	Real estate	1,920
	PROUD FLAT Yokohama	8-18 Daimachi Kanagawa-ku, Yokohama-shi, Kanagawa	Real estate	2,010
	PROUD FLAT Kamioooka	3-4-6 Kamioooka Nishi, Konan-ku, Yokohama-shi, Kanagawa	Real estate	2,600
	PROUD FLAT Tsurumi II	20-16 Toyooka-cho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	1,610
	PRIME URBAN Azabu Juban	2-33-9 Higashi Azabu, Minato-ku, Tokyo	Real estate	1,030
	PRIME URBAN Akasaka	7-6-19 Akasaka, Minato-ku, Tokyo	Real estate	904
	PRIME URBAN Tamachi	3-6-13 Shibaura, Minato-ku, Tokyo	Beneficial Interest	937
	PRIME URBAN Shibaura LOFT	4-5-17 Shibaura, Minato-ku, Tokyo	Real estate	1,830
	PRIME URBAN Hatagaya	3-28-6 Hatagaya, Shibuya-ku, Tokyo	Real estate	455
	PRIME URBAN Yoyogi	3-51-3 Yoyogi, Shibuya-ku, Tokyo	Real estate	351
	PRIME URBAN Ebisu II	1-13-3 Hiroo, Shibuya-ku, Tokyo	Real estate	1,120
	PRIME URBAN Bancho	2-9-1 Kudanminami, Chiyoda-ku, Tokyo	Real estate	1,060
	PRIME URBAN Chiyoda Fujimi	2-1-9 Fujimi, Chiyoda-ku, Tokyo	Real estate	660
	PRIME URBAN Iidabashi	4-8-9,11 Iidabashi, Chiyoda-ku, Tokyo	Beneficial Interest	2,020
	PRIME URBAN Ebisu	1-11-11 Mita, Meguro-ku, Tokyo	Real estate	1,220
	PRIME URBAN Naka Meguro	3-28-24 Kami Meguro, Meguro-ku, Tokyo	Beneficial Interest	1,360
	PRIME URBAN Gakugei Daigaku	2-14-14 Takaban, Meguro-ku, Tokyo	Beneficial Interest	738
	PRIME URBAN Sensoku	2-20-8 Sensoku, Meguro-ku, Tokyo	Beneficial Interest	467
	PRIME URBAN Meguro Riverside	2-10-16 Shimo Meguro, Meguro-ku, Tokyo	Real estate	401

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Meguro Ohashi Hills	2-4-16 Ohashi, Meguro-ku, Tokyo	Real estate	2,970
	PRIME URBAN Meguro Aobadai	3-18-9 Aobadai, Meguro-ku, Tokyo	Real estate	1,280
	PRIME URBAN Gakugei Daigaku II	3-14-15 Takaban, Meguro-ku, Tokyo	Real estate	1,040
	PRIME URBAN Kachidoki	6-5-6 Kachidoki, Chuo-ku, Tokyo	Beneficial Interest	2,470
	PRIME URBAN Shinkawa	2-16-10 Shinkawa, Chuo-ku, Tokyo	Beneficial Interest	2,100
	PRIME URBAN Nihonbashi Yokoyamacho	3-4 Nihonbashi Yokoyamacho, Chuo-ku, Tokyo	Real estate	4,180
	PRIME URBAN Nihonbashi Hamacho	2-50-8 Nihonbashi Hamacho, Chuo-ku, Tokyo	Real estate	1,520
	PRIME URBAN Hongo Ikizaka	2-16-3 Hongo, Bunkyo-ku, Tokyo	Real estate	571
	PRIME URBAN Hakusan	1-7-9 Mukougaoka, Bunkyo-ku, Tokyo	Real estate	876
	PRIME URBAN Yotsuya Gaien Higashi	14-62 Samoncho, Shinjuku-ku, Tokyo	Real estate	1,450
	PRIME URBAN Naka Ochiai	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo	Real estate	604
	PRIME URBAN Ochiai	2-17-9 Nakai, Shinjuku-ku, Tokyo	Real estate	333
	PRIME URBAN Nishi Shinjuku I	1-19-3 Kita Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	1,050
	PRIME URBAN Nishi Shinjuku II	5-6-4 Nishi Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	879
	PRIME URBAN Shinjuku Naitomachi	1-55 Naitomachi, Shinjuku-ku, Tokyo	Beneficial Interest	425
	PRIME URBAN Nishi Waseda	1-13-11 Nishi Waseda, Shinjuku-ku, Tokyo	Real estate	419
	PRIME URBAN Shinjuku Ochiai	4-10-9 Kita Shinjuku, Shinjuku-ku, Tokyo	Real estate	571
	PRIME URBAN Mejiro	3-22-21 Shimoochiai, Shinjuku-ku Tokyo	Real estate	1,400
	PRIME URBAN Kagurazaka	346-3 Yamabukityo, Shinjuku-ku, Tokyo	Real estate	2,830
	PRIME URBAN Roka Koen	1-12-26 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	324
	PRIME URBAN Kamiuma	5-26-14 Kamiuma, Setagaya-ku, Tokyo	Real estate (Note 4)	836
	PRIME URBAN Sangen JayaIII	5-38-12 Kamiuma, Setagaya-ku, Tokyo	Real estate	692
	PRIME URBAN Chitose Karasuyama	3-32-16 Kasuya, Setagaya-ku, Tokyo	Real estate	703
	PRIME URBAN Sangen Jaya II	2-4-16 Taishido, Setagaya-ku, Tokyo	Real estate	464
	PRIME URBAN Karasuyama	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	345
	PRIME URBAN Sangen Jaya	2-41-3 Sangen Jaya, Setagaya-ku, Tokyo	Beneficial Interest	695
	PRIME URBAN Minami Karasuyama	5-7-4 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	662
	PRIME URBAN Karasuyama Galleria	4-10-24 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	526
	PRIME URBAN Karasuyama Court	4-1-11 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	330
	PRIME URBAN Kamikitazawa	5-21-22 Kami Kitazawa, Setagaya-ku, Tokyo	Real estate	591
	PRIME URBAN Chitose Funabashi	5-40-4 Sakuragaoka, Setagaya-ku, Tokyo	Real estate	743
	PRIME URBAN Yoga	2-27-5 Yoga, Setagaya-ku, Tokyo	Real estate	1,370
	PRIME URBAN Shinagawa Nishi	6-24-13 Yutaka-cho, Shinagawa-ku, Tokyo	Real estate	481
	PRIME URBAN Oimachi	4-10-9 Oi, Shinagawa-ku, Tokyo	Real estate	488
	PRIME URBAN Osaki	5-8-10 Osaki, Shinagawa-ku, Tokyo	Real estate	1,780
	PRIME URBAN Oimachi II	5-10-10 Higashi Oi, Shinagawa-ku, Tokyo	Real estate	1,030
	PRIME URBAN Yukigaya	34-10 Kita Minemachi, Ota-ku, Tokyo	Real estate	947
	PRIME URBAN Omori	1-15-1 Omori Kita, Ota-ku, Tokyo	Beneficial Interest	869

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Denenchofu Minami	12-5 Denenchofu Minami, Ota-ku, Tokyo	Real estate	774
	PRIME URBAN Nakano	2-17-1 Kami Takada, Nakano-ku, Tokyo	Real estate	477
	PRIME URBAN Nakano Kamitakada	4-43-3 Kami Takada, Nakano-ku, Tokyo	Real estate	500
	PRIME URBAN Takaido	4-10-12 Takaido Higashi, Suginami-ku, Tokyo	Real estate	1,050
	PRIME URBAN Nishi Ogikubo	2-27-5 Nishi Ogiminami, Suginami-ku, Tokyo	Real estate	404
	PRIME URBAN Otsuka	1-3-4 Nishi Sugamo, Toshima-ku, Tokyo	Beneficial Interest	680
	PRIME URBAN Komagome	6-12-15 Komagome, Toshima-ku, Tokyo	Beneficial Interest	428
	PRIME URBAN Ikebukuro	2-50-4 Ikebukuro, Toshima-ku, Tokyo	Real estate	3,740
	PRIME URBAN Monzen Nakacho	1-5-7 Monzen Nakacho, Koto-ku, Tokyo	Real estate	2,320
	PRIME URBAN Kameido	2-38-2 Kameido, Koto-ku, Tokyo	Real estate	769
	PRIME URBAN Sumiyoshi	2-23-3 Ogibashi, Koto-ku, Tokyo	Real estate	611
	PRIME URBAN Mukojima	5-19-14 Higashi Mukojima, Sumida-ku, Tokyo	Real estate	518
	PRIME URBAN Kinshi Koen	4-7-12 Taihei, Sumida-ku, Tokyo	Beneficial Interest	1,260
	PRIME URBAN Kinshicho	5-16-14 Kotobashi, Sumida-ku, Tokyo	Real estate	739
	PRIME URBAN Hirai	6-23-12 Hirai, Edogawa-ku, Tokyo	Real estate	692
	PRIME URBAN Kasai	6-18-5 Naka Kasai, Edogawa-ku, Tokyo	Real estate	635
	PRIME URBAN Kasai II	7-9-7 Higashi Kasai, Edogawa-ku, Tokyo	Beneficial Interest	977
	PRIME URBAN Kasai East	6-16-9 Higashi Kasai, Edogawa-ku, Tokyo	Real estate	1,130
	PRIME URBAN Ekoda	1-10-5 Asahigaoka, Nerima-ku, Tokyo	Real estate	404
	PRIME URBAN Itabashi Kuyakushomae	27-13 Honcho, Itabashi-ku, Tokyo	Real estate	1,090
	PRIME URBAN Asakusa	3-33-11 Asakusa, Taito-ku, Tokyo	Real estate	380
	PRIME URBAN Machiya South Court	3-73-5 Arakawa, Arakawa-ku, Tokyo	Real estate	1,880
	PRIME URBAN Musashi Koganei	2-11-26 Nakacho, Koganei-shi, Tokyo	Real estate	1,900
	PRIME URBAN Musashino Hills	2-1-2, 36 Kajinocho, Koganei-shi, Tokyo	Real estate	1,370
	PRIME URBAN Koganei Honcho	4-14-25 Honcho, Koganei-shi Tokyo	Real estate	782
	PRIME URBAN Hino	536-2 Hino Oaza, Hino-shi, Tokyo	Real estate	323
	PRIME URBAN Kumegawa	1-5-6 Sakae-cho, Higashimurayama-shi, Tokyo	Real estate	1,500
	PRIME URBAN Musashi Kosugi comodo	2-902-1 Shin Maruko Higashi Nakahara-ku, Kawasaki-shi, Kanagawa	Real estate	1,900
	PRIME URBAN Kawasaki	1-4-15 Honcho Kawasaki-ku, Kawasaki-shi, Kanagawa	Real estate	949
	PRIME URBAN Shinyurigaoka	3-1-17 Manpukuji Asao-ku, Kawasaki-shi, Kanagawa	Real estate	1,160
	PRIME URBAN Tsurumi Teraya	1-7-10 Teraya Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	488
	PRIME URBAN Urayasu II	2-11-5 Todaijima, Urayasu-shi, Chiba	Real estate	225
	PRIME URBAN Urayasu	3-2-13 Todaijima, Urayasu-shi, Chiba	Real estate	796
	PRIME URBAN Gyotoku I	2-4-10 Fukuei, Ichikawa-shi, Chiba	Real estate	624
	PRIME URBAN Minami Gyotoku III	1-21-23 Ainokawa, Ichikawa-shi, Chiba	Real estate	240
	PRIME URBAN Gyotoku II	1-11-5 Suehiro, Ichikawa-shi, Chiba	Real estate	719
	PRIME URBAN Gyotoku Ekimae	2-26-11 Gyotoku Ekimae, Ichikawa-shi, Chiba	Beneficial Interest	483
	PRIME URBAN Gyotoku Ekimae II	4-6-14 Gyotoku Ekimae, Ichikawa-shi, Chiba	Real estate	511

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Gyotoku III	1-2-8 Fukuei, Ichikawa-shi, Chiba	Real estate	856
	PRIME URBAN Nishi Funabashi	437-1 Hongocho, Funabashi-shi, Chiba	Beneficial Interest	751
	PRIME URBAN Kawaguchi	3-1-11 Sakae-cho, Kawaguchi-shi, Saitama	Real estate	1,590
	Subtotal			125,209
Other	PROUD FLAT Itsutsubashi	2-5-2 Itsutsubashi, Aoba-ku, Sendai-shi, Miyagi	Real estate	630
	PROUD FLAT Kawaramachi	2-10 Aza Hachikenkoji, Minami Koizumi, Wakabayashi-ku, Sendai-shi, Miyagi	Real estate	717
	PROUD FLAT Shin Osaka	6-11-7 Nishi Nakajima Yodogawa-ku, Osaka-shi, Osaka	Real estate	1,580
	PRIME URBAN Yamahana	1-27 Nishi 14-Chome minami 17-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	271
	PRIME URBAN Kita Juyo Jo	2-1 Higashi 1-Chome Kita 14-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	272
	PRIME URBAN Odori Koen I	12 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	488
	PRIME URBAN Odori Koen II	12-1 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	322
	PRIME URBAN Kita Juichi Jo	1-3 Higashi 1-Chome Kita 11-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	536
	PRIME URBAN Miyanosawa	10-20 9-Chome Hassamu 6-Jo Nishi-ku, Sapporo-shi, Hokkaido	Real estate	462
	PRIME URBAN Odori Higashi	12-63 Higashi 7-Chome Odori, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	389
	PRIME URBAN Chiji Koukan	1-12 Nishi 17-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	247
	PRIME URBAN Maruyama	1-1, Nishi 22-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	226
	PRIME URBAN Kita Nijuyo Jo	2-1 Higashi 1-Chome Kita 23-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	426
	PRIME URBAN Sapporo Idaimae	1-20 Nishi 13-Chome Minami 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	607
	PRIME URBAN Sapporo Riverfront	1-1 Nishi 1-Chome Minami 9-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	4,410
	PRIME URBAN Kita Sanjo Dori	2-2 Higashi 2-Chome Kita 3-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	1,680
	PRIME URBAN Nagamachi Icchome	1-2-30 Nagamachi Icchome, Taihaku-ku, Sendai-shi, Miyagi	Real estate	1,120
	PRIME URBAN Yaotome Chuo	3-8-70 Yaotome Chuo, Izumi-ku, Sendai-shi, Miyagi	Real estate	457
	PRIME URBAN Tsutsumidori Amamiya	4-37 Tsutsumidori Amamiya-machi, Aoba-ku, Sendai-shi, Miyagi	Real estate	936
	PRIME URBAN Aoi	1-13-24 Aoi, Higashi-ku, Nagoya-shi, Aichi	Beneficial Interest	692
	PRIME URBAN Kanayama	4-2-37 Masaki, Naka-ku, Nagoya-shi, Aichi	Real estate	639
	PRIME URBAN Tsurumai	5-8-29 Chiyoda Naka-ku, Nagoya-shi, Aichi	Real estate	1,150
	PRIME URBAN Kamimaezu	2-4-2 Kamimaezu Naka-ku, Nagoya-shi, Aichi	Real estate	1,560
	PRIME URBAN Izumi	1-20-28 Izumi Higashi-ku, Nagoya-shi, Aichi	Real estate	3,710
	PRIME URBAN Esaka I	3-26-27 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	649
	PRIME URBAN Esaka II	3-31-31 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	778
	PRIME URBAN Esaka III	10-19 Hiroshiba-cho, Suita-shi, Osaka	Real estate	1,160
	PRIME URBAN Tamatsukuri	2-16-11 Tamatsukuri Chuo-ku, Osaka-shi, Osaka	Real estate	1,010
	PRIME URBAN Sakaisuji Honmachi	1-5-10 Kyutaro-cho, Chuo-ku, Osaka-shi, Osaka	Real estate	1,800
	PRIME URBAN Hakata	2-14-7 Minoshima, Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	586
	PRIME URBAN Yakuin Minami	1-14-10 Shirogane, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	265
	PRIME URBAN Kashii	2-3-7 Kashii Ekimae Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	393
	PRIME URBAN Hakata Higashi	6-4-23 Yoshizuka Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	620

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of Nov. 30, 2014 (¥ mln) (Note 2)
Other	PRIME URBAN Chihaya	4-11-20 Chihaya Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	593
	Subtotal			31,381
	Total			156,590

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, 2014" 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 16th fiscal period, i.e. November 30, 2014, 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.

Note 5: Property names were changed on 16th fiscal period for the following 30 properties.

New Name (After Change)	Old Name (Before Change)
PRIME URBAN Ebisu II	URBAN STAGE Ebisu
PRIME URBAN Meguro Aobadai	URBAN STAGE Meguro Aobadai
PRIME URBAN Gakugei Daigaku II	URBAN STAGE Gakugei Daigaku
PRIME URBAN Nihonbashi Hamacho	URBAN STAGE Nihonbashi Hamacho
PRIME URBAN Naka Ochiai	URBAN STAGE Naka Ochiai
PRIME URBAN Shinjuku Ochiai	URBAN STAGE Shinjuku Ochiai
PRIME URBAN Mejiro	URBAN STAGE Mejiro
PRIME URBAN Kagurazaka	URBAN STAGE Kagurazaka
PRIME URBAN Roka Koen	URBAN STAGE Roka Koen
PRIME URBAN Kamiuma	URBAN STAGE Kamiuma
PRIME URBAN Sangen Jaya II	URBAN STAGE Sangen Jaya II
PRIME URBAN Kamikitazawa	URBAN STAGE Kamikitazawa
PRIME URBAN Nakano	URBAN STAGE Nakano
PRIME URBAN Ikebukuro	URBAN STAGE Ikebukuro
PRIME URBAN Hino	URBAN STAGE Hino
PRIME URBAN Kawasaki	URBAN STAGE Kawasaki
PRIME URBAN Urayasu II	URBAN STAGE Urayasu
PRIME URBAN Minami Gyotoku III	URBAN STAGE Minami Gyotoku III
PRIME URBAN Sapporo Riverfront	URBAN STAGE Sapporo Riverfront
PRIME URBAN Kita Sanjo Dori	URBAN STAGE Kita Sanjo Dori
PRIME URBAN Tsutsumidori Amamiya	URBAN STAGE Tsutsumidori Amamiya
PRIME URBAN Kamimaezu	URBAN STAGE Kamimaezu
PRIME URBAN Izumi	URBAN STAGE Izumi
PRIME URBAN Tamatsukuri	URBAN STAGE Tamatsukuri
PRIME URBAN Sakaisuji Honmachi	URBAN STAGE Sakaisuji Honmachi
PRIME URBAN Hakata	Benefis Hakata Grand Suite
PRIME URBAN Yakuin Minami	Benefis Yakuin Minami
PRIME URBAN Kashii	Benefis Kashii Verbena
PRIME URBAN Hakata Higashi	Benefis Hakata Higashi Grand Suite
PRIME URBAN Chihaya	Benefis Chihaya Grand Suite

Area	Name of Property	16th Period (from Jun. 1, 2014 to Nov 30, 2014)				15th Period (from Dec. 1, 2013 to May 31, 2014)			
		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	92.6	93,324	1.7	1	92.6	94,096	1.7
	PROUD FLAT Yoyogi Uehara	1	97.9	30,032	0.6	1	100.0	30,969	0.6
	PROUD FLAT Hatsudai	1	100.0	23,545	0.4	1	100.0	23,724	0.4
	PROUD FLAT Shibuya Sakuragaoka	1	96.7	22,721	0.4	1	100.0	22,513	0.4
	PROUD FLAT Gakugei Daigaku	1	95.2	24,247	0.4	1	97.1	24,537	0.4
	PROUD FLAT Meguro Gyoninzaka	1	100.0	27,909	0.5	1	92.6	27,431	0.5
	PROUD FLAT Sumida Riverside	1	97.8	74,255	1.4	1	98.6	73,460	1.3
	PROUD FLAT Kagurazaka	1	97.5	47,681	0.9	1	100.0	47,614	0.9
	PROUD FLAT Waseda	1	91.7	34,377	0.6	1	96.9	35,716	0.6
	PROUD FLAT Shinjuku Kawadacho	1	97.1	30,144	0.6	1	100.0	30,757	0.6
	PROUD FLAT Sangen Jaya	1	94.3	32,616	0.6	1	88.3	35,164	0.6
	PROUD FLAT Kamata	1	95.8	37,133	0.7	1	97.1	37,707	0.7
	PROUD FLAT Kamata II	1	97.5	110,533	2.0	1	98.6	106,832	1.9
	PROUD FLAT Shinotsuka	1	100.0	20,473	0.4	1	97.2	19,726	0.4
	PROUD FLAT Kiyosumi Shirakawa	1	100.0	30,679	0.6	1	100.0	30,746	0.6
	PROUD FLAT Monzen Nakacho II	1	100.0	20,762	0.4	1	89.5	21,544	0.4
	PROUD FLAT Monzen Nakacho I	1	96.3	34,664	0.6	1	100.0	33,847	0.6
	PROUD FLAT Fujimidai	1	100.0	56,237	1.0	1	100.0	56,219	1.0
	PROUD FLAT Asakusa Komagata	1	99.0	64,503	1.2	1	96.7	64,809	1.2
	PROUD FLAT Yokohama	1	95.4	74,002	1.4	1	95.9	72,884	1.3
	PROUD FLAT Kamioooka	1	100.0	69,399	1.3	1	87.5	79,234	1.4
	PROUD FLAT Tsurumi II	1	95.2	62,517	1.2	1	100.0	64,395	1.2
	PRIME URBAN Azabu Juban	1	93.2	31,311	0.6	1	89.9	31,928	0.6
	PRIME URBAN Akasaka	1	90.0	25,742	0.5	1	96.6	26,625	0.5
	PRIME URBAN Tamachi	1	100.0	30,351	0.6	1	90.0	29,988	0.5
	PRIME URBAN Shibaura LOFT	1	91.2	55,715	1.0	1	95.9	54,742	1.0
	PRIME URBAN Hatagaya	1	94.6	15,614	0.3	1	100.0	16,110	0.3
	PRIME URBAN Yoyogi	1	100.0	11,645	0.2	1	100.0	10,532	0.2
	PRIME URBAN Ebisu II	1	100.0	34,278	0.6	1	93.7	33,583	0.6
	PRIME URBAN Bancho	1	96.0	32,566	0.6	1	94.4	32,499	0.6
	PRIME URBAN Chiyoda Fujimi	1	93.8	20,700	0.4	1	90.8	20,765	0.4
	PRIME URBAN Iidabashi	1	96.8	61,389	1.1	1	95.7	63,715	1.1
	PRIME URBAN Ebisu	1	92.8	32,447	0.6	1	86.8	37,210	0.7
	PRIME URBAN Naka Meguro	1	91.8	40,274	0.7	1	93.9	40,495	0.7
	PRIME URBAN Gakugei Daigaku	1	90.9	24,077	0.4	1	90.8	25,068	0.5
	PRIME URBAN Senzoku	1	93.7	14,324	0.3	1	91.5	15,498	0.3
	PRIME URBAN Meguro Riverside	1	91.5	12,799	0.2	1	91.5	14,240	0.3
	PRIME URBAN Meguro Ohashi Hills	1	97.4	82,890	1.5	1	95.6	84,218	1.5
	PRIME URBAN Meguro Aobadai	1	97.7	37,721	0.7	1	100.0	37,484	0.7
	PRIME URBAN Gakugei Daigaku II	1	95.7	31,365	0.6	1	98.2	27,694	0.5
	PRIME URBAN Kachidoki	1	97.2	85,591	1.6	1	91.6	90,293	1.6
	PRIME URBAN Shinkawa	1	98.3	73,809	1.4	1	93.0	71,357	1.3
	PRIME URBAN Nihonbashi Yokoyamacho	1	99.2	129,110	2.4	1	99.5	126,578	2.3
	PRIME URBAN Nihonbashi Hamacho	1	91.2	45,251	0.8	1	94.9	47,027	0.8
	PRIME URBAN Hongo Ikizaka	1	100.0	16,954	0.3	1	92.6	18,138	0.3
	PRIME URBAN Hakusan	1	100.0	25,923	0.5	1	96.4	26,082	0.5
	PRIME URBAN Yotsuya Gaen Higashi	1	98.2	43,356	0.8	1	89.8	46,362	0.8
	PRIME URBAN Naka Ochiai	1	94.6	23,484	0.4	1	100.0	21,833	0.4
	PRIME URBAN Ochiai	1	90.9	12,571	0.2	1	93.7	13,155	0.2
	PRIME URBAN Nishi Shinjuku I	1	100.0	35,143	0.6	1	92.2	37,034	0.7
	PRIME URBAN Nishi Shinjuku II	1	93.9	27,333	0.5	1	95.9	28,225	0.5
	PRIME URBAN Shinjuku Naitomachi	1	86.1	12,584	0.2	1	100.0	13,767	0.2
	PRIME URBAN Nishi Waseda	1	57.1	3,828	0.1	1	3.5	12,500	0.2
	PRIME URBAN Shinjuku Ochiai	1	96.1	19,514	0.4	1	91.8	21,409	0.4
	PRIME URBAN Mejiro	1	95.3	40,753	0.8	1	95.6	41,595	0.7
	PRIME URBAN Kagurazaka	1	95.7	77,888	1.4	1	99.3	80,809	1.5

Area	Name of Property	16th Period (from Jun. 1, 2014 to Nov 30, 2014)				15th Period (from Dec. 1, 2013 to May 31, 2014)			
		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 Roka Koen	1	94.2	11,688	0.2	1	91.3	11,858	0.2
	PRIME URBAN Kamiyuma	1	100.0	33,305	0.6	1	95.5	32,934	0.6
	PRIME URBAN Sangen JayaIII	1	100.0	26,021	0.5	1	96.6	25,414	0.5
	PRIME URBAN Chitose Karasuyama	1	97.3	26,899	0.5	1	89.1	26,855	0.5
	PRIME URBAN Sangen Jaya II	1	78.8	16,479	0.3	1	91.2	17,611	0.3
	PRIME URBAN Karasuyama	1	86.3	11,621	0.2	1	96.3	12,594	0.2
	PRIME URBAN Sangen Jaya	1	97.1	23,981	0.4	1	100.0	23,444	0.4
	PRIME URBAN Minami Karasuyama	1	97.6	23,901	0.4	1	95.2	24,934	0.4
	PRIME URBAN Karasuyama Galleria	1	94.0	18,202	0.3	1	97.0	18,989	0.3
	PRIME URBAN Karasuyama Court	1	95.7	12,025	0.2	1	100.0	12,407	0.2
	PRIME URBAN Kamikitazawa	1	86.5	21,066	0.4	1	96.3	20,643	0.4
	PRIME URBAN Chitose Funabashi	1	97.6	22,512	0.4	1	97.3	23,577	0.4
	PRIME URBAN Yoga	1	97.6	41,707	0.8	1	100.0	43,429	0.8
	PRIME URBAN Shinagawa Nishi	1	97.9	21,969	0.4	1	95.9	21,531	0.4
	PRIME URBAN Oimachi	1	95.6	19,337	0.4	1	97.8	19,329	0.3
	PRIME URBAN Osaki	1	99.0	57,809	1.1	1	98.0	58,513	1.1
	PRIME URBAN Oimachi II	1	96.4	49,015	0.9	1	96.2	49,954	0.9
	PRIME URBAN Yukigaya	1	94.7	37,120	0.7	1	100.0	38,679	0.7
	PRIME URBAN Omori	1	98.1	29,777	0.5	1	100.0	30,281	0.5
	PRIME URBAN Denenchofu Minami	1	96.1	23,964	0.4	1	95.5	24,798	0.4
	PRIME URBAN Nakano	1	92.9	18,621	0.3	1	96.2	19,032	0.3
	PRIME URBAN Nakano Kamitakada	1	97.5	19,600	0.4	1	100.0	20,333	0.4
	PRIME URBAN Takaido	1	89.9	38,498	0.7	1	95.4	40,029	0.7
	PRIME URBAN Nishi Ogikubo	1	88.1	12,652	0.2	1	96.1	13,806	0.2
	PRIME URBAN Otsuka	1	100.0	23,835	0.4	1	97.9	23,413	0.4
	PRIME URBAN Komagome	1	90.5	16,921	0.3	1	95.0	18,389	0.3
	PRIME URBAN Ikebukuro	1	96.2	105,594	1.9	1	93.0	107,947	1.9
	PRIME URBAN Monzen Nakacho	1	98.3	78,960	1.5	1	99.2	77,357	1.4
	PRIME URBAN Kameido	1	96.1	26,194	0.5	1	94.3	25,038	0.5
	PRIME URBAN Sumiyoshi	1	94.9	19,983	0.4	1	100.0	20,072	0.4
	PRIME URBAN Mukojima	1	94.6	21,309	0.4	1	100.0	21,707	0.4
	PRIME URBAN Kinshi Koen	1	98.7	41,782	0.8	1	98.7	41,610	0.7
	PRIME URBAN Kinshicho	1	100.0	23,946	0.4	1	100.0	23,965	0.4
	PRIME URBAN Hirai	1	94.3	23,889	0.4	1	100.0	24,551	0.4
	PRIME URBAN Kasai	1	100.0	21,203	0.4	1	97.8	21,765	0.4
	PRIME URBAN Kasai II	1	97.1	32,308	0.6	1	100.0	32,753	0.6
	PRIME URBAN Kasai East	1	100.0	36,630	0.7	1	100.0	36,679	0.7
	PRIME URBAN Ekoda	1	100.0	14,954	0.3	1	97.4	15,438	0.3
	PRIME URBAN Itabashi Kuyakushomae	1	94.9	37,312	0.7	1	91.2	36,003	0.6
	PRIME URBAN Asakusa	1	95.4	15,702	0.3	1	100.0	15,636	0.3
	PRIME URBAN Machiya South Court	1	97.7	73,503	1.4	1	97.6	70,315	1.3
	PRIME URBAN Musashi Koganei	1	94.9	73,675	1.4	1	93.9	74,159	1.3
	PRIME URBAN Musashino Hills	1	95.1	47,902	0.9	1	93.3	49,376	0.9
	PRIME URBAN Koganei Honcho	1	86.9	28,347	0.5	1	97.4	28,107	0.5
	PRIME URBAN Hino	1	98.1	13,477	0.2	1	85.2	14,697	0.3
	PRIME URBAN Kumegawa	1	95.7	56,847	1.0	1	97.4	57,659	1.0
	PRIME URBAN Musashi Kosugi comodo	1	98.4	71,772	1.3	1	100.0	74,152	1.3
	PRIME URBAN Kawasaki	1	96.9	37,243	0.7	1	100.0	38,303	0.7
	PRIME URBAN Shinyurigaoka	1	100.0	37,408	0.7	1	100.0	37,974	0.7
	PRIME URBAN Tsurumi Teraya	1	92.0	20,169	0.4	1	100.0	20,578	0.4
	PRIME URBAN Urayasu II	1	100.0	8,927	0.2	1	96.3	9,282	0.2
	PRIME URBAN Urayasu	1	96.7	26,872	0.5	1	93.3	27,028	0.5
	PRIME URBAN Gyotoku I	1	88.5	21,921	0.4	1	96.2	23,601	0.4
	PRIME URBAN Minami Gyotoku III	1	100.0	12,188	0.2	1	93.9	12,441	0.2
	PRIME URBAN Gyotoku II	1	100.0	24,782	0.5	1	100.0	28,213	0.5
	PRIME URBAN Gyotoku Ekimae	1	91.9	17,123	0.3	1	97.3	16,618	0.3
	PRIME URBAN Gyotoku Ekimae II	1	97.8	19,907	0.4	1	97.8	21,662	0.4

Area	Name of Property	16th Period (from Jun. 1, 2014 to Nov 30, 2014)				15th Period (from Dec. 1, 2013 to May 31, 2014)			
		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 GyotokuIII	1	88.3	31,453	0.6	1	98.7	31,943	0.6
	PRIME URBAN Nishi Funabashi	1	100.0	25,465	0.5	1	98.3	25,984	0.5
	PRIME URBAN Kawaguchi	1	100.0	55,952	1.0	1	86.9	52,891	1.0
	URBAN STAGE Komazawa (Note 2)	—	—	12,895	0.2	1	100.0	12,408	0.2
	URBAN STAGE Ikegami (Note 3)	—	—	—	—	—	—	38,869	0.7
	URBAN STAGE Machiya (Note 4)	—	—	—	—	—	—	9,126	0.2
	URBAN STAGE Minami Gyotoku II (Note 5)	—	—	11,755	0.2	1	94.6	11,479	0.2
	URBAN STAGE Minami Gyotoku IV (Note 6)	—	—	1,662	0.0	1	90.4	11,090	0.2
	Subtotal	116	96.2	4,179,650	77.0	119	95.7	4,303,787	77.5
Other	PROUD FLAT Itsutsubashi	1	100.0	30,500	0.6	1	97.8	29,918	0.5
	PROUD FLAT Kawaramachi	1	95.7	30,101	0.6	1	96.1	30,134	0.5
	PROUD FLAT Shin Osaka	1	98.3	61,250	1.1	1	96.6	62,268	1.1
	PRIME URBAN Yamahana	1	100.0	12,983	0.2	1	96.5	12,991	0.2
	PRIME URBAN Kita Juyo Jo	1	84.9	13,110	0.2	1	93.6	13,415	0.2
	PRIME URBAN Odori Koen I	1	100.0	17,156	0.3	1	100.0	17,142	0.3
	PRIME URBAN Odori Koen II	1	100.0	11,137	0.2	1	100.0	11,134	0.2
	PRIME URBAN Kita Juichi Jo	1	100.0	25,305	0.5	1	100.0	25,511	0.5
	PRIME URBAN Miyanosawa	1	96.2	22,967	0.4	1	98.4	23,908	0.4
	PRIME URBAN Odori Higashi	1	96.8	18,532	0.3	1	100.0	18,372	0.3
	PRIME URBAN Chiji Koukan	1	95.2	12,718	0.2	1	100.0	13,594	0.2
	PRIME URBAN Maruyama	1	100.0	11,581	0.2	1	100.0	11,334	0.2
	PRIME URBAN Kita Nijuyo Jo	1	100.0	19,909	0.4	1	91.6	20,548	0.4
	PRIME URBAN Sapporo Idaimae	1	96.8	27,318	0.5	1	93.5	27,730	0.5
	PRIME URBAN Sapporo Riverfront	1	96.7	186,968	3.4	1	96.4	188,414	3.4
	PRIME URBAN Kita Sanjo Dori	1	99.0	67,617	1.2	1	100.0	69,341	1.2
	PRIME URBAN Nagamachi Ichhome	1	98.0	42,681	0.8	1	94.4	42,231	0.8
	PRIME URBAN Yaotome Chuo	1	100.0	19,655	0.4	1	97.8	19,410	0.3
	PRIME URBAN Tsutsumidori Amamiya	1	98.2	45,054	0.8	1	96.8	45,128	0.8
	PRIME URBAN Aoi	1	98.1	23,506	0.4	1	88.5	25,101	0.5
	PRIME URBAN Kanayama	1	100.0	24,106	0.4	1	96.5	22,730	0.4
	PRIME URBAN Tsurumai	1	97.1	43,845	0.8	1	93.3	41,509	0.7
	PRIME URBAN Kamimaezu	1	96.2	56,323	1.0	1	100.0	56,759	1.0
	PRIME URBAN Izumi	1	96.4	133,229	2.5	1	95.9	133,563	2.4
	PRIME URBAN Esaka I	1	83.4	20,440	0.4	1	85.5	22,578	0.4
	PRIME URBAN Esaka II	1	91.4	27,500	0.5	1	98.3	27,737	0.5
	PRIME URBAN Esaka III	1	90.6	40,270	0.7	1	91.5	40,352	0.7
	PRIME URBAN Tamatsukuri	1	91.3	34,978	0.6	1	95.4	35,532	0.6
	PRIME URBAN Sakaisuji Honmachi	1	94.8	61,597	1.1	1	90.7	58,970	1.1
	PRIME URBAN Hakata	1	92.3	28,692	0.5	1	96.2	28,131	0.5
	PRIME URBAN Yakuin Minami	1	93.1	13,150	0.2	1	100.0	13,121	0.2
	PRIME URBAN Kashii	1	88.4	15,745	0.3	1	92.3	15,512	0.3
	PRIME URBAN Hakata Higashi	1	95.7	25,551	0.5	1	97.4	26,270	0.5
	PRIME URBAN Chihaya	1	94.1	22,845	0.4	1	94.0	22,453	0.4
	Subtotal	34	96.3	1,248,335	23.0	34	96.1	1,252,861	22.5
Total		150	96.2	5,427,985	100.0	153	95.8	5,556,649	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 November 27, 2014. The figure shown in the “rental revenues during the 16th fiscal period” column is before the date of selling.

Note 3: The relevant properties were sold on April 24, 2014. The figure shown in the “rental revenues during the 15th fiscal period” column is before the date of selling.

Note 4: The relevant properties were sold on May 29, 2014. The figure shown in the “rental revenues during the 15th fiscal period” column is before the date of selling.

Note 5: The relevant properties were sold on November 28, 2014. The figure shown in the “rental revenues during the 16th fiscal period” column is before the date of selling.

Note 6: The relevant properties were sold on June 30, 2014. The figure shown in the “rental revenues during the 16th 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, 2014 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 (Receiving floating-rate, paying fixed-rate)	55,600	39,500	Δ453
	Total	55,600	39,500	Δ453

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, 2014.

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, 2014. 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 16th Period	Paid before 16th Period
PRIME URBAN Azabu Juban (Minato-ku, Tokyo)	Major repair	From : Mar. 2015 To : May 2015	24,128	-	-
PRIME URBAN Ebisu (Meguro-ku, Tokyo)	Elevator parts replacement	From : Feb. 2015 To : Mar. 2015	2,850	-	-
PRIME URBAN Nishi Shinjuku I (Koganei-shi, Tokyo)	Elevator parts replacement	From : Feb. 2015 To : Mar. 2015	4,106	-	-
PRIME URBAN Koganei Honcho (Koganei-shi, Tokyo)	Elevator parts replacement	From : Feb. 2015 To : Mar. 2015	2,600	-	-
PRIME URBAN Musashi Kosugi comodo (Nakahara-ku, Kawasaki-shi)	Common area renovation	From : Jan. 2015 To : Feb. 2015	2,600	-	-
PRIME URBAN Tsutsumidori Amamiya (Aoba-ku, Sendai-shi)	Major repair	From : Mar. 2015 To : May 2015	33,878	-	-

2. CAPITAL EXPENDITURES DURING THE 16TH FISCAL PERIOD

The table below lists capital expenditures during the 16th fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totaling ¥393,927 thousand: capital expenditures of ¥136,544 thousand and repair expenses of ¥257,382 thousand combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥000)
PRIME URBAN Shinjuku Ochiai (Shinjuku-ku, Tokyo)	Major repair	From : Sep. 2014 To : Nov. 2014	3,779
PRIME URBAN Takaido (Suginami-ku, Tokyo)	Housing equipment renewal	From : Nov. 2014 To : Nov. 2014	5,107
PRIME URBAN Musashi Koganei (Koganei-shi, Tokyo)	Entrance renewal	From : Jun. 2014 To : Aug. 2014	14,197
PRIME URBAN Tsutsumidori Amamiya (Aoba-ku, Sendai-shi)	Housing equipment renewal	From : Nov. 2014 To : Nov. 2014	5,889
Other Properties	Housing equipment renewal	From : Jun. 2014 To : Nov. 2014	107,571
Total			136,544

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.

	16th Period from Jun. 1, 2014 to Nov. 30, 2014	15th Period from Dec. 1, 2013 to May 31, 2014	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
Balance brought forward from the previous period (¥ mln)	1,829	1,745	1,651	1,548	1,385
Amount reserved during the period (¥ mln)	243	180	175	176	176
Amount used during the period (¥ mln)	122	96	81	73	12
Balance brought forward to the next period (¥ mln)	1,950	1,829	1,745	1,651	1,548

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

		16th Period From Jun. 1, 2014 to Nov. 30, 2014	15th Period From Dec. 1, 2013 to May 31, 2014
Asset management fees (Note 1)	(¥000)	397,390	399,676
of which Management Fee I	(¥000)	210,348	209,449
of which Management Fee II	(¥000)	187,041	190,227
of which Management Fee III (Note 2)	—	—	—
Custodian fees	(¥000)	15,944	15,951
General administrative fees	(¥000)	26,171	24,071
Directors' compensation	(¥000)	5,600	4,800
Other expenses	(¥000)	213,461	182,300
Total	(¥000)	658,568	626,800

Note 1: 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, 2014 is as follows.

Current Portion of Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2014 (¥000)	Outstanding as of Jun. 1, 2014 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	-	500,000	0.71000	Aug. 27, 2014	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		-	500,000					
Mitsubishi UFJ Trust and Banking Corporation		-	400,000					
Sumitomo Mitsui Trust Bank, Limited		-	700,000					
Mizuho Bank, Ltd.		-	320,000					
The Chiba Bank, Ltd.		-	750,000					
Sumitomo Mitsui Trust Bank, Limited	Sep. 5, 2011	-	1,400,000	0.94700	Sep. 5, 2014			
Mitsui Sumitomo Insurance Co., Ltd.		-	1,000,000					
Mizuho Bank, Ltd.		-	1,000,000					
The Bank of Fukuoka, Ltd.	Feb. 26, 2010	1,000,000	1,000,000	1.79200	Feb. 26, 2015			
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	-	1.00900	Aug. 27, 2015			
Sumitomo Mitsui Banking Corporation		1,800,000	-					
Mizuho Bank, Ltd.		2,500,000	-					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	-					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	-					
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		17,580,000	14,450,000					

Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2014 (¥000)	Outstanding as of Jun. 1, 2014 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 27, 2012	-	1,800,000	1.00900	Aug. 27, 2015	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		-	1,800,000					
Mizuho Bank, Ltd.		-	2,500,000					
Mitsubishi UFJ Trust and Banking Corporation		-	1,800,000					
Sumitomo Mitsui Trust Bank, Limited		-	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	500,000	0.69000	Feb. 26, 2017			
Shinkin Central Bank		800,000	800,000					
Aozora Bank, Ltd.		500,000	500,000					
The Chiba Bank, Ltd.	Aug. 27, 2014	750,000	-	0.56182	Aug. 26, 2017			
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					
Mitsubishi UFJ Trust and Banking Corporation		900,000	900,000					
Sumitomo Mitsui Trust Bank, Limited		520,000	520,000					
Mizuho Bank, Ltd.		900,000	900,000					
Aozora Bank, Ltd.		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2013	1,800,000	1,800,000	0.99000	Aug. 26, 2018			
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	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.		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	800,000	1.28277	Aug. 26, 2020			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Oct. 25, 2013	1,000,000	1,000,000	1.18000	Aug. 26, 2020			
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mitsubishi UFJ Trust and Banking Corporation		1,000,000	1,000,000					
Sumitomo Mitsui Trust Bank, Limited		600,000	600,000					
Mizuho Bank, Ltd.		600,000	600,000					
Mizuho Trust & Banking Co., Ltd.		500,000	500,000					

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2014 (¥000)	Outstanding as of Jun. 1, 2014 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Nippon Life Insurance Company	Oct. 25, 2013	500,000	500,000	1.15566	Aug. 26, 2020	Balloon payment	(Note 4)	Unsecured/ Uninsured
Taiyo Life Insurance Company	Feb. 27, 2014	2,000,000	2,000,000	1.17750	Feb. 26, 2021			
Mizuho Bank, Ltd.	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			
The Nomura Trust and Banking Co., Ltd.	Feb 27, 2014	2,700,000	2,700,000	1.24100	Aug. 26, 2021			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb 27, 2014	1,000,000	1,000,000	1.31850	Feb. 26, 2022			
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000					
Mitsubishi UFJ Trust and Banking Corporation		1,500,000	1,500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
Mizuho Bank, Ltd.		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 5, 2014	100,000	-	1.19700	Aug. 26, 2022			
Sumitomo Mitsui Banking Corporation		100,000	-					
Sumitomo Mitsui Trust Bank, Limited		1,780,000	-					
Mizuho Bank, Ltd.		1,000,000	-					
Development Bank of Japan, Inc.	Aug. 27, 2009	1,120,000	1,160,000	2.10000	(Note 2)	(Note 2)		
Development Bank of Japan, Inc.	Feb. 26, 2010	1,450,000	1,500,000	2.03000	(Note 3)	(Note 3)		
Subtotal		59,240,000	65,300,000					
Total		76,820,000	79,750,000					

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.

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of November 30, 2014 is as follows.

Name of Bonds	Issue Date	Balance as of Nov. 30, 2014 (¥ mln)	Balance as of May 31, 2014 (¥ 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 16th 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)	Date	Price (¥000) (Note 1)	Book Value (¥000)	
Real Estate	URBAN STAGE Minami Gyotoku IV	—	—	Jun. 30, 2014	256,840	243,476	6,193
Real Estate	URBAN STAGE Komazawa	—	—	Nov. 27 2014	461,000	399,641	46,640
Real Estate	URBAN STAGE Minami Gyotoku II	—	—	Nov. 28 2014	240,349	278,483	-45,281
Total			—		958,189	921,601	7,551

Note 1: “Transfer Price” do not include various costs (intermediary fees, taxes and duties, etc.) required for 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.

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)	
Transfer	Real Estate	URBAN STAGE Minami Gyotoku IV	Jun. 30 2014	256,840	218,000
Transfer	Real Estate	URBAN STAGE Komazawa	Nov. 27 2014	461,000	346,000
Transfer	Real Estate	URBAN STAGE Minami Gyotoku II	Nov. 28 2014	240,349	231,000

Note 1: “Transfer Price” do not include various costs (intermediary fees, taxes and duties, etc.) required for 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).

(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 16th fiscal period (from June 1, 2014 to November 30, 2014), 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

(1) Transactions

Not applicable.

(2) Fees Paid to Related Parties

Table of fees paid to related parties during the 16th fiscal period is as follows.

Item	Name of Related Party	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Real estate, etc. intermediary fees	Nomura Real Estate Urban Net Co., Ltd.	28,925	15,035	52.0%
Contract-out fees	Nomura Real Estate Partners Co., Ltd.	204,447	158,844	77.7%
Property management fees	Nomura Real Estate Partners Co., Ltd.	278,922	223,264	80.0%
Commission	Nomura Real Estate Partners Co., Ltd.	95,756	1,349	1.4%
Advertising	Nomura Real Estate Urban Net Co., Ltd.	2,022	500	24.7%

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.

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

Property Name	Property Management Fees (¥000)
PROUD FLAT Shirokane Takanawa	4,942
PROUD FLAT Yoyogi Uehara	1,423
PROUD FLAT Hatsudai	1,060
PROUD FLAT Shibuya Sakuragaoka	1,046
PROUD FLAT Gakugei Daigaku	1,532
PROUD FLAT Meguro Gyoninzaka	1,520
PROUD FLAT Sumida Riverside	4,162
PROUD FLAT Kagurazaka	1,860
PROUD FLAT Waseda	1,992
PROUD FLAT Shinjuku Kawadacho	1,549
PROUD FLAT Sangen Jaya	2,160
PROUD FLAT Kamata	1,890
PROUD FLAT Kamata II	6,210
PROUD FLAT Shinotsuka	1,460
PROUD FLAT Kiyosumi Shirakawa	613
PROUD FLAT Monzen Nakacho II	1,127
PROUD FLAT Monzen Nakacho I	2,001
PROUD FLAT Fujimidai	1,564
PROUD FLAT Asakusa Komagata	4,014
PROUD FLAT Yokohama	3,940
PROUD FLAT Kamioooka	7,754
PROUD FLAT Tsurumi II	2,488
PRIME URBAN Azabu Juban	1,870
PRIME URBAN Akasaka	1,286
PRIME URBAN Tamachi	1,854
PRIME URBAN Shibaura LOFT	3,037
PRIME URBAN Hatagaya	594
PRIME URBAN Yoyogi	892
PRIME URBAN Ebisu II	1,683
PRIME URBAN Bancho	1,796
PRIME URBAN Chiyoda Fujimi	1,201
PRIME URBAN Iidabashi	2,995
PRIME URBAN Ebisu	2,943
PRIME URBAN Naka Meguro	2,022
PRIME URBAN Gakugei Daigaku	1,259
PRIME URBAN Senzoku	704
PRIME URBAN Meguro Riverside	729
PRIME URBAN Meguro Ohashi Hills	5,807
PRIME URBAN Meguro Aobadai	1,301
PRIME URBAN Gakugei Daigaku II	1,862
PRIME URBAN Kachidoki	6,347
PRIME URBAN Shinkawa	2,278
PRIME URBAN Nihonbashi Yokoyamacho	6,520
PRIME URBAN Nihonbashi Hamacho	2,032
PRIME URBAN Hongo Ikizaka	1,047
PRIME URBAN Hakusan	1,545
PRIME URBAN Yotsuya Gaien Higashi	2,835
PRIME URBAN Naka Ochiai	884
PRIME URBAN Ochiai	684
PRIME URBAN Nishi Shinjuku I	2,790
PRIME URBAN Nishi Shinjuku II	1,543
PRIME URBAN Shinjuku Naitomachi	910
PRIME URBAN Nishi Waseda	1,312
PRIME URBAN Shinjuku Ochiai	983
PRIME URBAN Kagurazaka	3,488
PRIME URBAN Roka Koen	857
PRIME URBAN Kamiuma	1,955

Property Name	Property Management Fees (¥000)
PRIME URBAN Sangen Jaya III	1,165
PRIME URBAN Chitose Karasuyama	1,503
PRIME URBAN Sangen Jaya II	820
PRIME URBAN Karasuyama	431
PRIME URBAN Sangen Jaya	1,271
PRIME URBAN Minami Karasuyama	1,602
PRIME URBAN Karasuyama Galleria	992
PRIME URBAN Karasuyama Court	487
PRIME URBAN Kamikitazawa	881
PRIME URBAN Chitose Funabashi	1,619
PRIME URBAN Yoga	2,178
PRIME URBAN Shinagawa Nishi	1,267
PRIME URBAN Oimachi	1,088
PRIME URBAN Osaki	3,236
PRIME URBAN Oimachi II	2,799
PRIME URBAN Yukigaya	1,822
PRIME URBAN Omori	1,277
PRIME URBAN Denenchofu Minami	1,497
PRIME URBAN Nakano	1,044
PRIME URBAN Nakano Kamitakada	848
PRIME URBAN Takaido	1,863
PRIME URBAN Nishi Ogikubo	580
PRIME URBAN Otsuka	1,293
PRIME URBAN Komagome	985
PRIME URBAN Ikebukuro	5,693
PRIME URBAN Monzen Nakacho	4,887
PRIME URBAN Kameido	1,814
PRIME URBAN Sumiyoshi	680
PRIME URBAN Mukojima	921
PRIME URBAN Kinshi Koen	1,675
PRIME URBAN Kinshicho	718
PRIME URBAN Hirai	1,335
PRIME URBAN Kasai	1,180
PRIME URBAN Kasai II	1,478
PRIME URBAN Kasai East	1,098
PRIME URBAN Ekoda	743
PRIME URBAN Itabashi Kuyakushomae	1,885
PRIME URBAN Asakusa	964
PRIME URBAN Machiya South Court	3,108
PRIME URBAN Musashi Koganei	5,060
PRIME URBAN Musashino Hills	2,370
PRIME URBAN Koganei Honcho	1,398
PRIME URBAN Hino	707
PRIME URBAN Kumegawa	2,277
PRIME URBAN Musashi Kosugi comodo	3,249
PRIME URBAN Kawasaki	2,066
PRIME URBAN Shinyurigaoka	1,064
PRIME URBAN Tsurumi Teraya	1,049
PRIME URBAN Urayasu II	547
PRIME URBAN Urayasu	1,349
PRIME URBAN Gyotoku I	950
PRIME URBAN Minami Gyotoku III	548
PRIME URBAN Gyotoku II	735
PRIME URBAN Gyotoku Ekimae	1,458
PRIME URBAN Gyotoku Ekimae II	629
PRIME URBAN Gyotoku III	1,274
PRIME URBAN Nishi Funabashi	1,513
PRIME URBAN Kawaguchi	4,347
URBAN STAGE Komazawa	1,051
URBAN STAGE Minami Gyotoku II	639
URBAN STAGE Minami Gyotoku IV	49

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, 2014.

Other Information

1. NOTICE

① General Unitholders Meeting

The Company's 5th General Unitholders Meeting was held on July 31, 2014.

Proposal	Overview
Partial change of the Articles of Incorporation	<p>Changes were made to the Articles of Incorporation for the following reasons:</p> <ul style="list-style-type: none"> • With a law on revision of the Investment Trust Law being passed by approval in the Diet, effective June 12, 2013, required amendments (establishment of new provision regarding purchase of own investment units, amendment of provision to enable omission of public notice in procedures for convocation of general unitholders meetings, establishment of new provision for the record date concerning exercise of voting rights at general unitholders meetings, etc.) were made. • A new provision to provide that the period that a resolution pertaining to the election of substitute directors shall, in principle, be the same as the term of office of the directors being substituted was established. • An amendment was made to the deadline for dispatch of the notice of convocation of meetings of the Board of Directors to allow the period to be shortened without the consent of all executive directors and supervisory directors when there is an urgent necessity. • With revision of the Ordinance for Enforcement of the Law Concerning Investment Trusts and Investment Corporations, amendments were made to provide that the Company's purpose shall be to manage assets mainly as investment in real estate, etc. assets specified in the Ordinance for Enforcement of the Law Concerning Investment Trusts and Investment Corporations. • Alteration of wording, etc. was implemented with The Investment Trusts Association, Japan making the transition to a general incorporated association. • Required changes were made to the cash distribution policy from the perspective of clarification of content and response to and ensuring compliance with cases where laws and regulations and the rules of The Investment Trusts Association, Japan are revised, etc. • Required changes were made to the standards for asset management fees payable to the asset management company from the perspective of standardization of expressions and clarification of content. • In addition to the above, organization of clauses, alteration of wording, etc. were implemented as necessary.
Election of one executive director	Masatomi Natsume was elected as Executive Director. His term of office is two years from August 4, 2014 (Note).
Election of one substitute executive director	Shozo Matsumura was elected as Substitute Executive Director (Note).
Election of two supervisory directors	Eitoku Aikawa and Motoharu Yokose were elected as supervisory directors. Their term of office is two years from August 4, 2014.
Election of one substitute supervisory director	Saneaki Ichijo was elected as Substitute Supervisory Director.

(Note) Masatomi Natsume resigned as Executive Director of the Company on September 30, 2014 and Shozo Matsumura, who was a Substitute Executive Director, was newly appointed as the Company's Executive Director on the same day. The term of office of Executive Director Shozo Matsumura is equivalent to the remaining term of the previous Executive Director, Masatomi Natsume.

② Board of Directors' Meeting

Approval date	Subject	Overview
June 18, 2014	Amendment of the Asset Management Consignment Agreement	Changes were made to the standards for asset management fees payable to the asset management company stipulated in the Asset Management Consignment Agreement concluded with the asset management company on August 3, 2006 from the perspective of standardization of expressions and clarification of content.

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

Not applicable.

3. STATUS OF COMPANIES OWNING REAL ESTATE OVERSEAS AND OF SUCH REAL ESTATE

Not applicable.

4. 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

Contents

Balance Sheet	36
Statement of Income and Retained Earnings	38
Statement of Changes in Net Assets	39
Statement of Cash Flows	40
Notes to Financial Statements	41

Balance Sheet

	Thousands of Yen	
	As of November 30, 2014	As of May 31, 2014
ASSETS		
Current Assets:		
Cash and bank deposits	¥8,678,028	¥9,965,426
Rental receivables	29,626	29,899
Other current assets	66,591	88,526
Allowance for doubtful accounts	(603)	(95)
Total current assets	8,773,642	10,083,756
Property and Equipment, at Cost:		
Land	88,481,743	89,010,763
Buildings and structures	78,508,908	78,833,006
Machinery and equipment	1,086,014	1,085,640
Tools, furniture and fixtures	233,426	190,292
Construction in progress	3,045	-
Subtotal	168,313,136	169,119,701
Less accumulated depreciation	(12,283,591)	(11,326,578)
Net property and equipment	156,029,545	157,793,123
Investments and Other Assets:		
Intangible assets	1,016	1,538
Security deposits	10,879	10,879
Long-term prepaid expenses	11,530	18,513
Deferred investment corporation bond issuance costs	25,432	32,702
Total investments and other assets	48,857	63,632
Total Assets	¥164,852,044	¥167,940,511

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

	Thousands of Yen	
	As of November 30, 2014	As of May 31, 2014
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥267,594	¥313,874
Other accounts payable	341,726	295,373
Current portion of long-term debt	17,580,000	14,450,000
Accrued expenses	115,149	115,671
Accrued income taxes	881	828
Accrued consumption taxes	8,832	51,066
Rent received in advance	702,508	725,085
Other current liabilities	6,777	14,403
Total current liabilities	19,023,467	15,966,300
Long-term Liabilities:		
Investment corporation bonds	10,000,000	10,000,000
Long-term debt	59,240,000	65,300,000
Security deposits from tenants	1,440,198	1,447,569
Total long-term liabilities	70,680,198	76,747,569
Total Liabilities	89,703,665	92,713,869
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	73,231,054	73,231,054
Surplus		
Voluntary reserve		
Reserve for reduction entry	40,000	40,000
Retained earnings	1,877,325	1,955,588
Total surplus	1,917,325	1,995,588
Total unitholders' equity	75,148,379	75,226,642
Total Net Assets	75,148,379	75,226,642
Total Liabilities and Net Assets	¥164,852,044	¥167,940,511

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, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥5,427,985	¥5,556,649
Gain on sales of real estate	52,833	37,365
	5,480,818	5,594,014
Operating Expenses:		
Real estate rental expenses	2,353,783	2,453,509
Loss on sales of real estate	45,282	-
Asset management fees	397,391	399,676
Asset custody fee	15,945	15,952
Administrative service fees	26,171	24,072
Provision of allowance for doubtful accounts	603	95
Bad debts expenses	448	281
Other operating expenses	218,010	186,725
	3,057,633	3,080,310
Operating Profit	2,423,185	2,513,704
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	862	734
Income from casualty insurance for property	3,127	2,550
Reversal of dividends payable	504	728
Other non-operating revenues	110	162
	4,603	4,174
Non-Operating Expenses:		
Interest expense	458,481	464,895
Loan arrangement fees	23,716	30,523
Interest expense on investment corporation bonds	55,929	56,071
Amortization of investment corporation bond issuance costs	7,270	7,270
Other non-operating expenses	4,275	2,622
	549,671	561,381
Ordinary Income	1,878,117	1,956,497
Income before Income Taxes	1,878,117	1,956,497
Income Taxes:		
Current	1,056	977
Deferred	(165)	(3)
Net Income	1,877,226	1,955,523
Retained earnings brought forward	99	65
Retained Earnings at End of Period	¥1,877,325	¥1,955,588

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, 2014 to November 30, 2014

	Thousands of Yen						
			Unitholders' Equity				
			Surplus				
	Units	Unitholders' Capital	Voluntary Reserve Reserve for Reduction Entry	Retained Earnings	Total Surplus	Total Unitholders' Equity	Total Net Assets
Balance as of June 1, 2014	160,800	¥73,231,054	¥40,000	¥1,955,588	¥1,995,588	¥75,226,642	¥75,226,642
Cash distribution paid	-	-	-	(1,955,489)	(1,955,489)	(1,955,489)	(1,955,489)
Net income	-	-	-	1,877,226	1,877,226	1,877,226	1,877,226
Balance as of November 30, 2014	160,800	¥ 73,231,054	¥40,000	¥1,877,325	¥1,917,325	¥75,148,379	¥75,148,379

For the period from December 1, 2013 to May 31, 2014

	Thousands of Yen						
	Unitholders' Equity						
	Surplus						
	Units	Unitholders' Capital	Voluntary Reserve Reserve for Reduction Entry	Retained Earnings	Total Surplus	Total Unitholders' Equity	Total Net Assets
Balance as of December 1, 2013	160,800	¥73,231,054	¥40,000	¥1,965,202	¥2,005,202	¥75,236,256	¥75,236,256
Cash distribution paid	-	-	-	(1,965,137)	(1,965,137)	(1,965,137)	(1,965,137)
Net income	-	-	-	1,955,523	1,955,523	1,955,523	1,955,523
Balance as of May 31, 2014	160,800	¥73,231,054	¥40,000	¥1,955,588	¥1,995,588	¥75,226,642	¥75,226,642

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, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥1,878,117	¥1,956,497
Depreciation	1,052,024	1,053,356
Amortization of investment corporation bonds issuance costs	7,270	7,270
Interest income	(862)	(734)
Interest expense	514,409	520,966
Increase (Decrease) in allowance for doubtful accounts	508	95
Decrease (Increase) in rental receivables	274	10,346
Decrease (Increase) in consumption taxes receivable	-	13,692
Decrease (Increase) in prepaid expenses	(6,331)	18,261
Increase (Decrease) in trade accounts payable	(46,280)	54,290
Increase (Decrease) in other accounts payable	25,773	(21,509)
Increase (Decrease) in accrued consumption taxes	(42,234)	51,066
Increase (Decrease) in rent received in advance	(22,576)	2,678
Decrease in tangible fixed assets due to sales	921,601	211,195
Decrease in tangible fixed assets in trust due to sales	-	1,392,443
Other	29,606	(25,879)
Subtotal	4,311,299	5,244,033
Interest received	862	734
Interest paid	(514,931)	(534,897)
Income taxes paid	(1,003)	(902)
Net cash provided by (used in) operating activities	3,796,227	4,708,968
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(191,062)	(247,068)
Reimbursement of security deposits to tenants	(122,797)	(186,991)
Proceeds from security deposits from tenants	115,425	151,111
Payments for security deposits	-	(60)
Net cash provided by (used in) investing activities	(198,434)	(283,008)
Cash Flows from Financing Activities		
Proceeds from long-term debt	3,730,000	9,200,000
Repayment of long-term debt	(6,660,000)	(9,290,000)
Payments of investment units issuance costs	-	(10)
Distributions to unitholders	(1,955,191)	(1,964,647)
Net cash provided by (used in) financing activities	(4,885,191)	(2,054,657)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,287,398)	2,371,303
Cash and Cash Equivalents at Beginning of Period	9,965,426	7,594,123
Cash and Cash Equivalents at End of Period	¥8,678,028	¥9,965,426

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, 2014, the Company owned a portfolio of 150 residential rental properties containing an aggregate of approximately 272, 627.52 square meters of leasable area and leased space to 150 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.

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. No capitalized property related taxes were incurred for the six-month periods ended November 30, 2014 and May 31, 2014.

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, 2014 and May 31, 2014 consist of the following:

	Thousands of Yen	
	As of November 30, 2014	As of May 31, 2014
Cash and bank deposits	¥8,678,028	¥9,965,426
Cash and cash equivalents	¥8,678,028	¥9,965,426

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of November 30, 2014 and May 31, 2014 consist of the following:

	Thousands of Yen			
	As of November 30, 2014		As of May 31, 2014	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥73,930,463	¥73,930,463	¥73,800,621	¥73,800,621
Buildings and structures	69,721,547		69,780,590	
Accumulated depreciation	(10,000,243)	59,721,304	(9,156,089)	60,624,501
Machinery and equipment	1,035,973		1,035,599	
Accumulated depreciation	(348,985)	686,988	(314,772)	720,827
Tools, furniture and fixtures	206,593		166,571	
Accumulated depreciation	(61,941)	144,652	(53,995)	112,576
Construction in progress	3,045	3,045	-	-
Land in trust	14,551,280	14,551,280	15,210,142	15,210,142
Buildings and structures in trust	8,787,361		9,052,416	
Accumulated depreciation	(1,838,138)	6,949,223	(1,768,943)	7,283,473
Machinery and equipment in trust	50,041		50,041	
Accumulated depreciation	(29,083)	20,958	(27,120)	22,921
Tools, furniture and fixtures in trust	26,833		23,721	
Accumulated depreciation	(5,201)	21,632	(5,659)	18,062
Total	¥156,029,545	¥156,029,545	¥157,793,123	¥157,793,123

6. SHORT-TERM DEBT

Short-term debt as of November 30, 2014 and May 31, 2014 consist of the following:

	As of November 30, 2014		As of May 31, 2014	
	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	0.71000%
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%	-	-
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	¥17,580,000		¥14,450,000	

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, 2014 and May 31, 2014 consist of the following:

	As of November 30, 2014		As of May 31, 2014	
	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, 2015	-	-	¥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%	1,800,000	0.69000%
Unsecured loans from a bank due on August 26, 2017	750,000	0.56182%	-	-
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%	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%	800,000	1.28277%
Unsecured loans from banks due on August 26, 2020	4,700,000	1.18000%	4,700,000	1.18000%
Unsecured loans from an insurance company due on August 26, 2020	500,000	1.15566%	500,000	1.15566%
Unsecured loans from an insurance company due on February 26, 2021	2,000,000	1.17750%	2,000,000	1.17750%
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 26, 2021	2,700,000	1.24100%	2,700,000	1.24100%
Unsecured loans from banks due on February 26, 2022	4,500,000	1.31850%	4,500,000	1.31850%
Unsecured loans from banks due on August 26, 2022	2,980,000	1.19700%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	1,120,000	2.10000%	1,160,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	1,450,000	2.03000%	1,500,000	2.03000%
Total	¥59,240,000		¥65,300,000	

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	15,320,000	7,820,000	10,820,000	1,600,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of November 30, 2014		As of May 31, 2014	
	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, 2014 and May 31, 2014 were as follows:

	For the period from June 1, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Net asset values per unit	¥467,340	¥467,827
Net income per unit	¥11,674	¥12,161

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, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Net income (Thousands of Yen)	¥1,877,226	¥1,955,523
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,877,226	¥1,955,523
Average number of units during the period	160,800	160,800

11. RELATED PARTY TRANSACTIONS

For the periods from June 1, 2014 to November 30, 2014 and from December 1, 2013 to May 31, 2014

Parent company and major corporate unitholders
Not applicable

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, 2014 and May 31, 2014. 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 ¥1,865,280 thousand and ¥1,955,489 thousand for the six-month periods ended November 30, 2014 and May 31, 2014, 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, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Statutory tax rate	34.16%	36.59%
Deductible cash distributions	(33.93)	(36.57)
Other	(0.18)	0.03
Effective tax rate	0.05%	0.05%

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 "19. 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, 2014 to November 30, 2014

The following table summarizes the carrying value and the estimated fair values of financial instruments as of November 30, 2014.

	Carrying value (Note 1)	Fair value (Note 1)	Thousands of Yen Difference
(i) Cash and bank deposits	¥8,678,028	¥8,678,028	—
(i i) Current portion of long-term debt	(17,580,000)	(17,634,302)	¥54,302
(i i i) Investment corporation bonds	(10,000,000)	(10,132,475)	132,475
(i v) Long-term debt	(59,240,000)	(60,080,734)	840,734
(v) Derivative transactions	—	—	—

For the period from December 1, 2013 to May 31, 2014

The following table summarizes the carrying value and the estimated fair values of financial instruments as of May 31, 2014.

	Carrying value (Note 1)	Fair value (Note 1)	Thousands of Yen Difference
(i) Cash and bank deposits	¥9,965,426	¥9,965,426	—
(i i) Current portion of long-term debt	(14,450,000)	(14,498,646)	¥48,646
(i i i) Investment corporation bonds	(10,000,000)	(10,161,385)	161,385
(i v) Long-term debt	(65,300,000)	(65,982,297)	682,297
(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 “19. 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 “19. Derivatives and Hedge Accounting.”

Note 3: Redemption schedule for cash and bank deposits as of November 30, 2014

	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
Cash and bank deposits	¥8,678,028	—	—	—	—	—
Total	¥8,678,028	—	—	—	—	—

Redemption schedule for cash and bank deposits as of May 31, 2014

	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
Cash and bank deposits	¥9,965,426	—	—	—	—	—
Total	¥9,965,426	—	—	—	—	—

Note 4: Redemption schedule for investment corporation bonds and debt as of November 30, 2014

	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	¥17,580,000	—	—	—	—	—
Investment corporation bonds	—	¥5,000,000	¥5,000,000	—	—	—
Long-term debt	—	15,320,000	7,820,000	¥10,820,000	¥1,600,000	¥23,680,000
Total	¥17,580,000	¥20,320,000	¥12,820,000	¥10,820,000	¥1,600,000	¥23,680,000

Redemption schedule for investment corporation bonds and debt as of May 31, 2014

	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	¥14,450,000	—	—	—	—	—
Investment corporation bonds	—	¥5,000,000	¥5,000,000	—	—	—
Long-term debt	—	14,580,000	13,680,000	¥9,340,000	¥5,400,000	¥22,300,000
Total	¥14,450,000	¥19,580,000	¥18,680,000	¥9,340,000	¥5,400,000	¥22,300,000

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, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Carrying value		
Balance at beginning of the period	¥157,793,123	¥160,228,832
Change during the period	(1,763,578)	(2,435,709)
Balance at end of the period	156,029,545	157,793,123
Fair value	¥156,590,000	¥156,322,000

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

Note2: The major decrease in the carrying value during the period ended November 30, 2014 was mainly due to depreciation and the sale of URBAN STAGE Minami Gyotoku IV (¥243,477 thousand), URBAN STAGE Komazawa (¥399,641 thousand) and URBAN STAGE Minami Gyotoku II (¥278,483 thousand). The major decrease in the carrying value during the period ended May 31, 2014 was mainly due to the sale of URBAN STAGE Ikegami (¥1,392,443 thousand) and URBAN STAGE Machiya (¥211,195 thousand).

Note3: The fair value as of November 30, 2014 and May 31, 2014 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, 2014 and May 31, 2014 are presented in “16. Breakdown of Real Estate Rental Revenues and Expenses.”

15. SEGMENT INFORMATION

For the period from June 1, 2014 to November 30, 2014 and from December 1, 2013 to May 31, 2014

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, 2014 and May 31, 2014 were as follows:

For the six-month period from June 1, 2014 to November 30, 2014

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Real Estate Partners Co., Ltd.	¥4,138,897	Real estate leasing business

For the six-month period from December 1, 2013 to May 31, 2014

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Real Estate Partners Co., Ltd.	¥4,262,192	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, 2014 and May 31, 2014 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Real estate rental revenues	¥5,427,985	¥5,556,649
Rental revenues	5,068,067	5,143,831
Rental revenues	4,778,619	4,851,857
Common area charges	289,448	291,974
Other rental revenues	359,918	412,818
Parking revenues	124,612	134,802
Incidental income	160,332	199,126
Other miscellaneous revenues	74,974	78,890
Real estate rental expenses	2,353,783	2,453,509
Property management costs	204,447	207,134
Property management fees	278,923	314,215
Property and other taxes	292,327	263,901
Utility expenses	94,055	109,797
Casualty insurance	7,842	7,958
Repairs and maintenance	257,383	300,325
Depreciation	1,052,024	1,053,356
Other rental expenses	166,782	196,823
Real estate rental profits	¥3,074,202	¥3,103,140

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

Gain and Loss on sales of real estate for the six-month period ended November 30, 2014 and May 31, 2014 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2014 to November 30, 2014	For the period from December 1, 2013 to May 31, 2014
Gain on sales of real estate		
Proceeds from sales of real estate	¥717,606	¥1,678,883
Cost of sales of real estate	643,118	1,603,638
Other related sales expenses	21,655	37,880
Gain on sales of real estate	¥52,833	¥37,365
Loss on sales of real estate		
Proceeds from sales of real estate	¥240,472	-
Cost of sales of real estate	278,483	-
Other related sales expenses	7,271	-
Loss on sales of real estate	¥45,282	-

18. 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, 2014 and May 31, 2014 are summarized as follows:

	Thousands of Yen	
	As of November 30, 2014	As of May 31, 2014
Due within one year	¥547,770	¥435,377
Due after one year	70,516	144,344
Total	¥618,286	¥579,721

19. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of November 30, 2014

(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	55,600,000	39,500,000	(*)	

* 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, 2014

(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	56,020,000	46,220,000	(*)	

* 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”).

20. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable

Independent Auditor's Report



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

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
www.shinnihon.or.jp

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, 2014, 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.

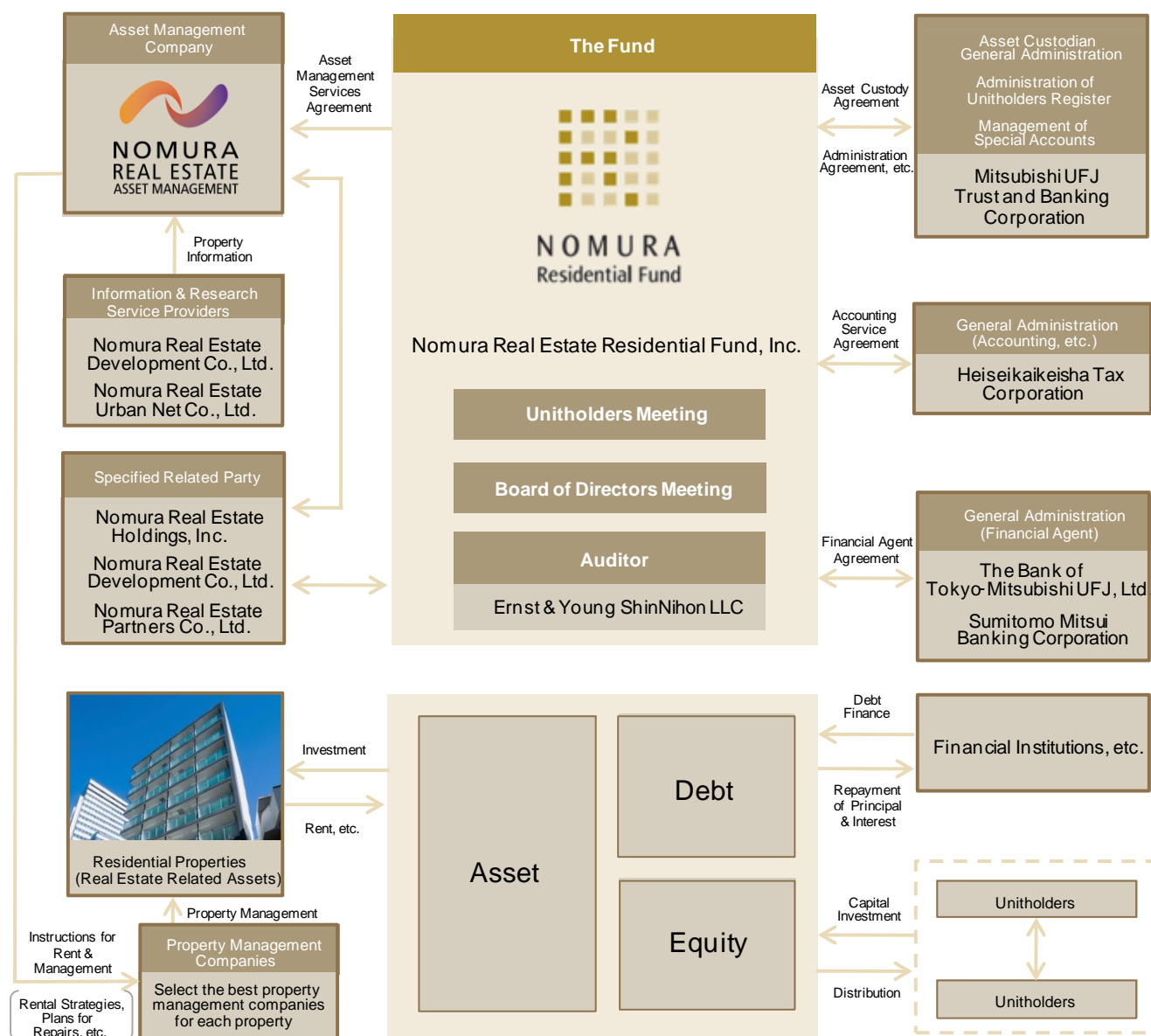
Opinion

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, 2014, 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 20, 2015
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

¥73,231,053,636 (as of May 31, 2014)

Number of Units Issued

160,800 (as of May 31, 2014)

Number of Unitholders

10,595 (as of May 31, 2014)

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

For further information, please contact the Asset Management Company:

Nomura Real Estate Asset Management Co., Ltd.
8-5-1 Nishi Shinjuku, Shinjuku-ku, Tokyo 160-0023, Japan
Tel: +81-3-3365-7729

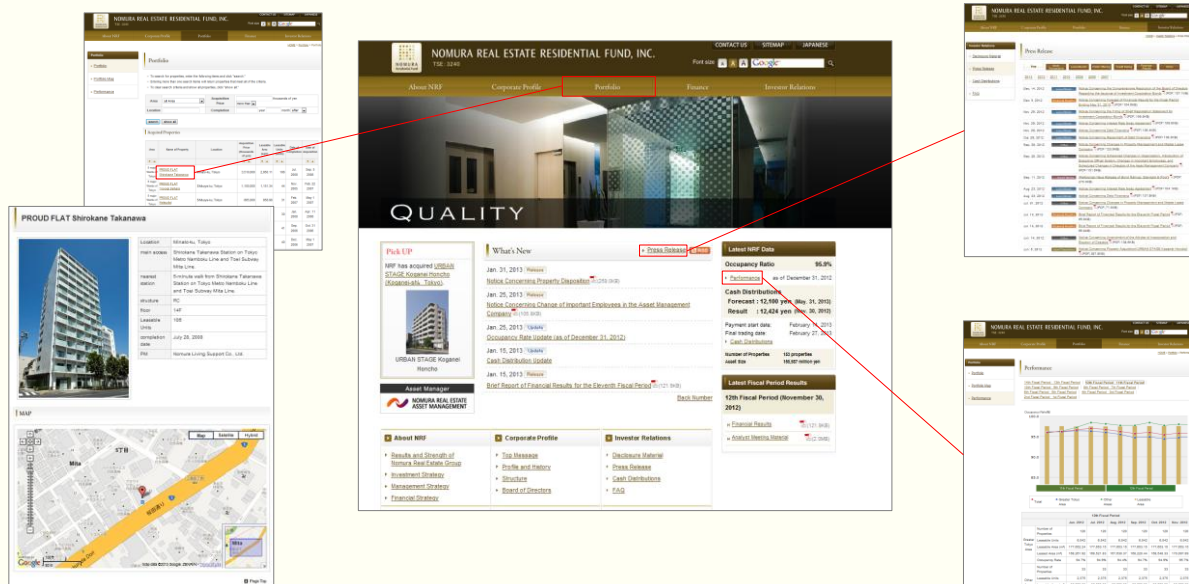
Nomura Real Estate Residential Fund's Website

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.

This document has been prepared for the purpose of provision of information only, and should not be construed as an offer, solicitation or commercial conduct of any nature associated with any specific products. Investors wishing to purchase the investment units of Nomura Real Estate Residential Fund, Inc. should contact their own securities brokers or dealers. A fee may be charged by your financial instruments business operator in relation to the sale or purchase of investment units.

Although the information contained in this document is intended to be complete and thorough, there is no assurance of precision and safety of the same. Please note that the contents of this document is subject to change or cancellation without prior notice.

It is prohibited to make duplication, reproduction, distribution or use of any part or whole of the information contained in this document without express prior written consent.