



NOMURA
Residential Fund

Semi-Annual Report

13th fiscal period

December 1, 2012 >>> May 31, 2013

NOMURA REAL ESTATE RESIDENTIAL FUND

Profile

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

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

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To Our Investors

Dear Investors,

I would like to thank all of you for your continuing trust in Nomura Real Estate Residential Fund, Inc. and tell you how much we value being a part of your financial portfolio.

Closing of accounts for the 13th fiscal period, which ended May 31, 2013, showed the following overview and results.

Concerning real estate transactions in the fiscal period under review, we promoted property replacement for the purpose of enhancement of portfolio profitability and quality by utilizing diverse sourcing channels, such as Nomura Real Estate Development Co., Ltd. Specifically, we sold two properties in the Greater Tokyo Area and acquired URBAN STAGE Mejiro. As a result, the size of assets at the end of the fiscal period was 152 properties amounting to 150,960 million yen.

Concerning the management of properties we own, we launched appropriate leasing activities according to property characteristics in the busy tenant turnover season at the end of the fiscal year, resulting in the portfolio occupancy rate at the end of the fiscal period being maintained at a high level of 96.4%. In addition, at URBAN STAGE Komagome, we implemented construction work that split a large residential unit of over 200 square meters into four residential units for remodeling into residential units that meet tenant needs and thereby completed lease-up at an early stage.

Concerning financing activities, we achieved lengthening of loan periods and fixing of interest rates upon refinancing 7.1 billion yen to enhance financial stability and address the risk of rising interest rates.

As a result of the management described above, we achieved operating revenues of 5,257 million yen, ordinary income of 1,878 million yen and net income of 1,876 million yen for the period.

In addition, concerning cash distributions, we 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 by 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. As a result, we declared cash distribution per unit of 12,170 yen.

We will continue prioritizing stable management over the mid- and long-term in and after the next fiscal period.

Again, we are grateful for the trust you have placed in us and we look forward to serving you in 2013.

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

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



Summary of Portfolio Properties

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2013)(%)
1	PROUD FLAT Shirokane Takanawa	Minato-ku, Tokyo	3,510,000	2.3	2,950.11	106	96.7
2	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	0.7	1,151.34	44	98.0
3	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	0.6	958.98	31	93.7
4	PROUD FLAT Shibuya Sakuragaoka	Shibuya-ku, Tokyo	800,000	0.5	638.70	30	93.3
5	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	0.5	934.39	41	100.0
6	PROUD FLAT Meguro Gyoninzaka	Meguro-ku, Tokyo	882,000	0.6	855.23	40	100.0
7	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	2,260,000	1.5	3,055.21	110	97.9
8	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	1.0	1,793.43	70	100.0
9	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,110,000	0.7	1,450.91	60	97.0
10	PROUD FLAT Shinjuku Kawadacho	Shinjuku-ku, Tokyo	1,010,000	0.7	1,102.20	41	97.1
11	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	0.9	1,277.82	48	92.3
12	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	0.8	1,541.64	67	91.4
13	PROUD FLAT Kamata II	Ota-ku, Tokyo	2,980,000	2.0	4,051.72	169	94.7
14	PROUD FLAT Shinotsuka	Toshima-ku, Tokyo	695,000	0.5	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	92.1
17	PROUD FLAT Monzen Nakacho I	Koto-ku, Tokyo	1,130,000	0.7	1,191.08	55	100.0
18	PROUD FLAT Fujimidai	Nerima-ku, Tokyo	1,370,000	0.9	2,222.05	94	100.0
19	PROUD FLAT Asakusa Komagata	Taito-ku, Tokyo	1,960,000	1.3	2,685.39	79	94.3
20	PROUD FLAT Yokohama	Yokohama-shi, Kanagawa	2,340,000	1.6	3,118.12	113	93.2
21	PROUD FLAT Kamioooka	Yokohama-shi, Kanagawa	2,770,000	1.8	4,872.17	200	100.0
22	PROUD FLAT Tsurumi II	Yokohama-shi, Kanagawa	1,430,000	0.9	2,219.74	81	97.1
23	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	0.6	1,062.05	25	100.0
24	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	0.6	1,107.36	48	94.0
25	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.3	439.56	19	96.0
26	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	0.8	1,277.04	52	91.1
27	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.5	793.87	32	100.0
28	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	1.3	2,087.70	90	95.7
29	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	0.8	1,444.40	29	100.0
30	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,320,000	0.9	1,302.42	49	100.0
31	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	0.6	1,008.39	32	91.0
32	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.4	655.27	22	84.7
33	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	464,000	0.3	453.77	24	100.0
34	PRIME URBAN Meguro Ohashi Hills	Meguro-ku, Tokyo	3,580,000	2.4	2,955.74	99	99.1
35	PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	0.6	1,069.82	42	92.2
36	PRIME URBAN Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	1.1	1,759.11	51	97.8
37	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	0.9	1,459.86	60	100.0
38	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	0.7	1,162.55	46	95.7
39	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.3	578.18	14	100.0
40	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	503,000	0.3	507.11	28	100.0
41	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	0.6	874.15	33	94.2
42	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	0.6	1,049.73	41	92.8
43	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.4	835.05	33	88.0
44	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.3	576.20	23	87.0
45	PRIME URBAN Chitose Funabashi	Setagaya-ku, Tokyo	885,000	0.6	1,027.44	38	97.5
46	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.4	961.25	46	95.9
47	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	1.1	2,106.16	99	96.0
48	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	0.5	1,190.70	54	98.1
49	PRIME URBAN Kita Senzoku	Ota-ku, Tokyo	576,000	0.4	834.90	46	95.7
50	PRIME URBAN Denenchofu Minami	Ota-ku, Tokyo	900,000	0.6	1,100.17	44	90.0
51	PRIME URBAN Nakano Kamitakada	Nakano-ku, Tokyo	640,000	0.4	818.75	33	100.0
52	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.3	543.09	24	95.7
53	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	0.5	944.99	46	100.0
54	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	1.5	3,207.92	118	96.7
55	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.5	1,117.34	52	100.0
56	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.4	813.52	40	87.5
57	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	0.8	1,886.50	77	98.7
58	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	0.4	991.62	49	100.0
59	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	0.5	1,095.91	53	92.5
60	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.4	905.81	45	97.8
61	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	0.6	1,437.84	68	95.6
62	PRIME URBAN Shinyurigaoka	Kawasaki-shi, Kanagawa	1,210,000	0.8	1,708.19	64	100.0
63	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	0.6	1,264.84	60	96.7
64	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	52	98.1
65	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	0.5	1,244.00	58	100.0
66	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.3	778.19	37	91.9
67	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	0.5	1,237.80	60	96.7
68	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,170,000	1.4	2,477.11	98	100.0
69	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	991,000	0.7	1,222.13	40	100.0
70	URBAN STAGE Shibaura LOFT	Minato-ku, Tokyo	1,510,000	1.0	1,905.39	68	95.9
71	URBAN STAGE Hatagaya	Shibuya-ku, Tokyo	452,000	0.3	650.60	38	100.0
72	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	2,290,000	1.5	4,524.00	145	90.7
73	URBAN STAGE Shinkawa	Chuo-ku, Tokyo	2,250,000	1.5	3,600.61	46	94.8
74	URBAN STAGE Nihonbashi Yokoyamacho	Chuo-ku, Tokyo	3,530,000	2.3	5,926.17	124	95.9
75	URBAN STAGE Hongo Ikizaka	Bunkyo-ku, Tokyo	647,000	0.4	662.58	27	96.3
76	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.4	1,237.98	18	100.0
77	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	324,000	0.2	517.53	32	97.0
78	URBAN STAGE Shinjuku Ochiai	Shinjuku-ku, Tokyo	635,000	0.4	1,053.39	28	100.0
79	URBAN STAGE Mejiro	Shinjuku-ku, Tokyo	1,260,000	0.8	1,755.52	65	88.1
80	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.2	567.20	34	97.1
81	URBAN STAGE Kamiyama	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	96.4
82	URBAN STAGE Sangen Jaya	Setagaya-ku, Tokyo	755,000	0.5	1,018.72	47	95.1
83	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	0.5	1,774.01	27	96.2
84	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.4	810.98	17	91.3
85	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.3	572.41	26	82.2
86	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	344,000	0.2	507.52	28	100.0
87	URBAN STAGE Kamikitazawa	Setagaya-ku, Tokyo	738,000	0.5	1,384.45	29	90.5
88	URBAN STAGE Yoga	Setagaya-ku, Tokyo	1,150,000	0.8	1,773.05	54	93.0
89	URBAN STAGE Oimachi	Shinagawa-ku, Tokyo	530,000	0.4	722.70	45	100.0
90	URBAN STAGE Oimachi II	Shinagawa-ku, Tokyo	1,100,000	0.7	1,782.26	93	94.2

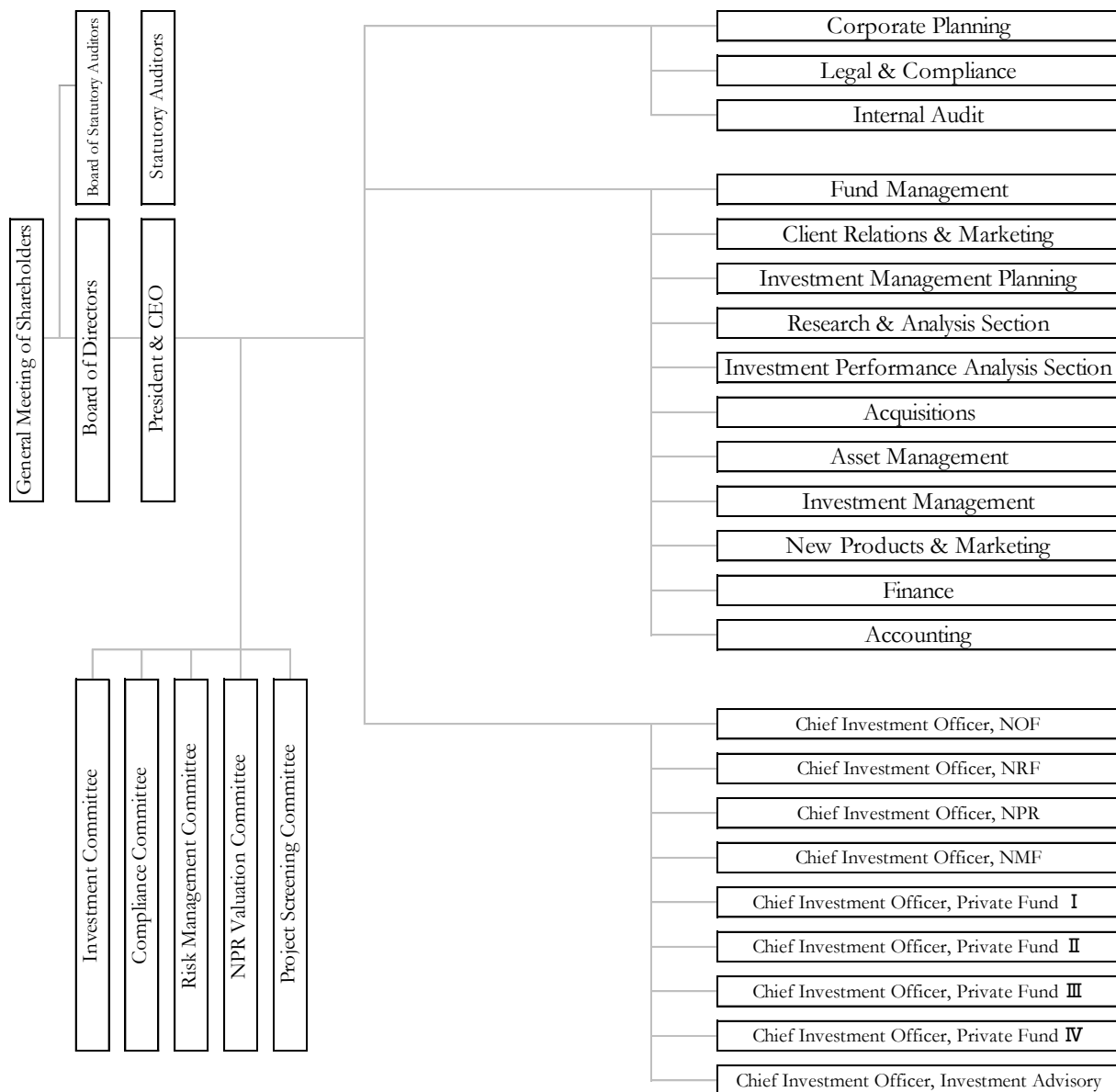
#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2013)(%)
91	URBAN STAGE Yukigaya	Ota-ku, Tokyo	970,000	0.6	1,536.59	94	93.6
92	URBAN STAGE Ikegami	Ota-ku, Tokyo	1,460,000	1.0	2,456.48	95	93.9
93	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.3	801.30	51	100.0
94	URBAN STAGE Takaido	Suginami-ku, Tokyo	1,080,000	0.7	1,746.20	107	95.4
95	URBAN STAGE Komagome	Toshima-ku, Tokyo	412,000	0.3	991.94	22	92.2
96	URBAN STAGE Mukojima	Sumida-ku, Tokyo	487,000	0.3	1,108.91	55	98.2
97	URBAN STAGE Kasai East	Edogawa-ku, Tokyo	940,000	0.6	1,884.62	78	100.0
98	URBAN STAGE Ekoda	Nerima-ku, Tokyo	385,000	0.3	872.49	35	97.5
99	URBAN STAGE Takinokawa	Kita-ku, Tokyo	287,000	0.2	554.39	29	100.0
100	URBAN STAGE Itabashi Kuyakushomae	Itabashi-ku, Tokyo	940,000	0.6	1,742.64	68	93.9
101	URBAN STAGE Asakusa	Taito-ku, Tokyo	350,000	0.2	876.70	22	97.0
102	URBAN STAGE Machiya	Arakawa-ku, Tokyo	210,000	0.1	455.19	26	100.0
103	URBAN STAGE Machiya South Court	Arakawa-ku, Tokyo	1,740,000	1.2	4,141.56	77	94.2
104	URBAN STAGE Koganei	Koganei-shi, Tokyo	229,000	0.2	682.43	27	100.0
105	URBAN STAGE Musashi Koganei	Koganei-shi, Tokyo	2,390,000	1.6	5,999.80	98	98.0
106	URBAN STAGE Musashino Hills	Koganei-shi, Tokyo	1,590,000	1.1	2,961.06	80	86.9
107	URBAN STAGE Koganei Honcho	Koganei-shi, Tokyo	725,000	0.5	1,604.72	43	97.9
108	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.2	994.68	54	88.9
109	URBAN STAGE Kumegawa	Higashimurayama-shi, Tokyo	1,370,000	0.9	2,610.05	91	99.1
110	URBAN STAGE Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	1.4	3,692.44	56	100.0
111	URBAN STAGE Kawasaki	Kawasaki-shi, Kanagawa	1,150,000	0.8	1,706.46	80	100.0
112	URBAN STAGE Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.3	952.06	50	97.6
113	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.2	437.94	27	92.6
114	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.2	611.61	37	64.9
115	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.2	542.69	33	100.0
116	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.2	535.08	32	93.8
117	URBAN STAGE Gyotoku Ekimae	Ichikawa-shi, Chiba	561,000	0.4	927.33	46	100.0
118	URBAN STAGE Minami Gyotoku V	Ichikawa-shi, Chiba	293,000	0.2	662.68	38	90.0
119	URBAN STAGE Gyotoku	Ichikawa-shi, Chiba	948,000	0.6	1,766.47	77	98.7
Greater Tokyo Area			122,339,000	81.0	177,732.73	6,553	96.1
120	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.5	1,861.56	60	97.8
121	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	724,000	0.5	1,967.54	64	100.0
122	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	1,430,000	0.9	2,990.68	112	96.5
123	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.2	1,518.58	33	94.0
124	PRIME URBAN Kita Juyo Jo	Sapporo-shi, Hokkaido	336,000	0.2	1,155.60	36	96.8
125	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.4	1,850.20	53	100.0
126	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.2	1,148.72	36	100.0
127	PRIME URBAN Kita Juichi Jo	Sapporo-shi, Hokkaido	600,000	0.4	1,851.39	60	98.3
128	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	576,200	0.4	2,114.53	54	96.2
129	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	424,000	0.3	1,494.36	36	100.0
130	PRIME URBAN Chiji Kokan	Sapporo-shi, Hokkaido	337,900	0.2	1,007.30	42	100.0
131	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	283,200	0.2	911.07	27	96.3
132	PRIME URBAN Kita Nijuyo Jo	Sapporo-shi, Hokkaido	503,700	0.3	1,773.90	36	97.2
133	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	0.5	2,439.90	58	96.0
134	PRIME URBAN Nagamachi Ichhome	Sendai-shi, Miyagi	1,110,000	0.7	3,411.24	60	100.0
135	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	428,000	0.3	1,380.21	43	100.0
136	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	0.5	1,571.04	46	88.4
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	0.8	2,502.11	104	96.2
139	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.4	1,189.12	48	93.8
140	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	0.5	1,392.00	57	94.0
141	PRIME URBAN Esaka III	Suita-shi, Osaka	1,535,000	1.0	2,151.67	79	92.7
142	URBAN STAGE Sapporo Riverfront	Sapporo-shi, Hokkaido	3,500,000	2.3	15,459.57	310	97.2
143	URBAN STAGE Kita Sanjo Dori	Sapporo-shi, Hokkaido	1,450,000	1.0	5,094.29	114	97.0
144	URBAN STAGE Tsutsumidori Amamiya	Sendai-shi, Miyagi	969,000	0.6	4,251.91	65	100.0
145	URBAN STAGE Kamiaezu	Nagoya-shi, Aichi	1,250,000	0.8	3,541.43	101	98.1
146	URBAN STAGE Izumi	Nagoya-shi, Aichi	2,800,000	1.9	7,543.10	250	95.4
147	URBAN STAGE Tamatsukuri	Osaka-shi, Osaka	906,000	0.6	2,373.10	80	97.5
148	Benefis Hakata Grand Suite	Fukuoka-shi, Fukuoka	830,000	0.5	2,176.23	67	96.2
149	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.2	897.84	34	100.0
150	Benefis Kashii Verben	Fukuoka-shi, Fukuoka	396,000	0.3	1,222.34	39	94.4
151	Benefis Hakata Higashi Grand Suite	Fukuoka-shi, Fukuoka	693,000	0.5	1,854.13	65	98.7
152	Benefis Chihaya Grand Suite	Fukuoka-shi, Fukuoka	545,000	0.4	1,740.70	48	97.9
Other Areas			28,627,696	19.0	85,228.38	2,375	97.2
Total			150,966,696	100.0	262,961.11	8,928	96.4

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 May 31, 2013)
Shareholder	: Nomura Real Estate Holdings, Inc. (100%)
Incorporation	: January 24, 2003

• Organization of the asset management company



Performance Report

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Asset Management Report

1. CHANGES IN KEY INDICATORS

		13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011	9th Period from Dec. 1, 2010 to May 31, 2011
Operating Revenues	(¥mln)	5,257	5,174	5,250	4,445	4,510
of which Real Estate Rental Revenues	(¥mln)	5,238	5,174	5,241	4,445	4,497
Operating Expenses	(¥mln)	2,823	2,721	2,743	2,346	2,333
of which Real Estate Rental Expenses	(¥mln)	2,252	2,131	2,188	1,824	1,838
Operating Profit	(¥mln)	2,433	2,452	2,507	2,098	2,177
Ordinary Income	(¥mln)	1,878	1,876	1,857	1,479	1,553
Net Income	(¥mln)	1,876	1,875	1,856	1,477	1,465
Total Assets	(¥mln)	156,576	156,703	156,780	140,152	140,534
(Changes from Previous Period)	(%)	(Δ0.1)	(Δ 0.0)	(+ 11.9)	(Δ0.3)	(Δ0.1)
Interest-Bearing Debts	(¥mln)	83,002	83,092	83,182	74,216	74,606
Net Assets	(¥mln)	70,838	70,836	70,818	63,277	63,265
(Changes from Previous Period)	(%)	(+ 0.0)	(+ 0.0)	(+ 11.9)	(+ 0.0)	(Δ0.1)
Unitholders' Capital	(¥mln)	68,961	68,961	68,961	61,799	61,799
Number of Units Issued	(Units)	150,936	150,936	150,936	125,535	125,535
Net Assets per Unit	(¥)	469,326	469,315	469,193	504,059	503,963
Total Cash Distribution	(¥mln)	1,836	1,875	1,856	1,477	1,465
Cash Distribution per Unit	(¥)	12,170	12,424	12,302	11,770	11,674
of which Cash Distribution of Profits	(¥)	12,170	12,424	12,302	11,770	11,674
of which Cash Distribution in excess of Profits	(¥)	—	—	—	—	—
ROA (Return on Assets) (Note 1)	(%)	1.2	1.2	1.2	1.1	1.1
Annualized ROA (Note 2)	(%)	2.4	2.4	2.4	2.1	2.2
ROE (Return on Equity) (Note 3)	(%)	2.6	2.6	2.6	2.3	2.3
Annualized ROE (Note 2)	(%)	5.3	5.3	5.2	4.7	4.6
Capital Adequacy Ratio (Note 4)	(%)	45.2	45.2	45.2	45.1	45.0
(Changes from Previous Period)	(%)	(+ 0.0)	(+ 0.0)	(+ 0.0)	(+ 0.1)	(Δ0.0)
LTV (Loan-to-Value) (Note 5)	(%)	53.0	53.0	53.1	53.0	53.1
Number of Operating Days	(days)	182	183	183	183	182
Payout Ratio (Note 6)	(%)	97.8	99.9	99.9	100.0	99.9
Number of Properties Held	(bldgs)	152	153	152	145	143
Total Leasable Floor Space	(㎡)	262,961.11	262,881.53	261,275.90	220,129.28	214,215.90
Number of Tenants	(tenants)	152	153	152	145	143
Occupancy Rate	(%)	96.4	96.2	96.2	96.8	96.1
Depreciation	(¥mln)	967	968	963	804	793
Capital Expenditures	(¥mln)	138	40	41	45	49
NOI (Net Operating Income) (Note 7)	(¥mln)	3,953	4,010	4,016	3,424	3,452
FFO (Funds from Operation) (Note 8)	(¥mln)	2,833	2,850	2,818	2,285	2,251
FFO per Unit (Note 9)	(¥)	18,773	18,886	18,671	18,207	17,931

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

As for 11th period, 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. 9th Period: 182 days, 10th Period: 183 days, 11th Period: 183 days, 12th Period: 183 days, and 13th Period: 182 days.

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

As for 11th period, 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 13TH 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

In the Japanese economy, in addition to the European debt crisis, such other factors as delay in U.S. economic recovery and deceleration of Chinese economic growth led to slowdown in exports and industrial production, resulting in weak economic performance. However, backed by various measures for pulling out of deflation and realizing sustainable economic growth from the change of government at the end of 2012, the weaker yen and higher stock prices led to improvement in the economic sentiment and export environment, and the Japanese economy is thus anticipated to get back on the path to recovery. In addition, with Bank of Japan's June 2013 Short-Term Economic Survey of Enterprises in Japan (*Tankan*) finding the business conditions DI for large manufacturing enterprises improving 12 points compared with the previous survey and an improvement of 6 points being projected as the outlook for three months later, future recovery in corporate business performance is forecast.

In the rental housing market, increase in single households and small households due to population inflow, trends of late marriages and declining birth rates, etc. in the Greater Tokyo Area (Tokyo, Kanagawa, Chiba and Saitama prefectures) and decrease in supply of newly-built properties in Other Areas, among other factors, led to a high occupancy rate being maintained, centering on properties with excellent locations and properties with excellent merchantability. Rent increases were found at some of the properties with market competitiveness and there were other factors showing signs of the rent level bottoming out in certain areas.


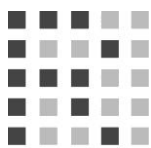
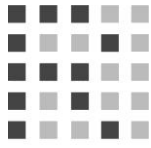
In the real estate investment market, cases of postponement or suspension of transactions in the wake of the Great East Japan Earthquake, as well as widening of the price gap between buyers and sellers, led to transactions continuing to be on a weak note. In addition, contrary to the real estate investment market's stagnation, the financial environment maintained its relatively good status. Due in part to this, there were often found to be such cases as those where refinancing is selected rather than selling portfolio properties even upon the end of the investment period of real estate private funds. However, with expectation for growth of the Japanese economy backed by various measures for pulling out of deflation and realizing sustainable economic growth from the change of government at the end of 2012, signs of a recovery trend in the real estate investment market and increase in the volume and amount of transactions by listed J-REITs are starting to be seen.

The listed J-REIT market is showing a recovery trend as economic recovery and Bank of Japan's purchases of J-REIT investment units, etc. led to supply-demand improvement. Under such circumstances, there was a series of new J-REIT listings and capital increases through public offering by existing J-REITs.

In the management environment described above, the 13th fiscal period (ended May 2013) realized the following management achievements.

(a) Asset Acquisition

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

Brand	Acquisition Strategy
<p>PROUD FLAT</p>  <p>Properties planned/development by Nomura Real Estate Development</p>	<p>Strategic Cooperation with Nomura Real Estate Development</p> <p>The strategic cooperation with Nomura Real Estate Development enables the Fund to undertake the development and acquisition of PROUD FLAT, a residential property brand, which utilizes residential property related know-how for land acquisition, product planning, management, etc. This plays the pivotal role of the Fund's growth strategy and the Fund will utilize it to the full extent.</p>
<p>PRIME URBAN</p>  <p>PRIME URBAN</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development < Age of Building: <u>Approx. 1 year or, less</u> ></p>	<p>Utilization of Networks with Providers Utilization of Nomura Real Estate Group Information Networks</p> <p>Proactively utilizing the network with providers built through the management of private funds which extends over 5 years and the Fund's management which extends over 6 years. By utilizing the expansive brokerage network held by Nomura Real Estate Group, pursuit of collecting adequate information on properties for selling will be fulfilled.</p>
<p>URBAN STAGE</p>  <p>URBAN STAGE</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development < Age of Building: <u>Approx. 1 year or, more</u> ></p>	

Note:

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

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

The promotion of property replacement for the purpose of enhancement of portfolio profitability and quality that the Company has been implementing in previous fiscal periods was continued into the 13th fiscal period. In the 13th fiscal period, the Company sold URBAN STAGE Toritsu Daigaku (Meguro-ku, Tokyo; transfer price: 564 million yen) and URBAN STAGE Minami Gyotoku I (Ichikawa-shi, Chiba; transfer price: 365 million yen) on the one hand, and acquired URBAN STAGE Mejiro (Shinjuku-ku, Tokyo; acquisition price: 1,260 million yen) on the other to achieve enhancement of portfolio profitability and quality.

As a result of the above, the size of assets at the end of the 13th fiscal period (as of May 31, 2013) was 152 properties amounting to 150,966 million yen (sum total of acquisition prices).

(b) Property Management

In terms of property management, since the 13th fiscal period was a period that included the end of the fiscal year when tenant turnover is high, the Company conducted property management with a view to maintaining the 12th fiscal period's high occupancy status.

In leasing, the Company achieved increase in revenues by raising the unit price of rent through flexible review of advertising terms and conditions in light of the status of individual properties and by implementing construction work for splitting a large residential unit. In addition, such efforts as shortening the vacancy period through management of the period of construction work for restoration of properties to their original state, which the Company has been implementing, proved effective in maintaining a high occupancy status with the portfolio occupancy rate at the end of the fiscal period at 96.4%.

In addition, the property management companies (hereinafter referred to as the "PM companies") for 23 of the properties under management in the Greater Tokyo Area were changed to Nomura Living Support Co., Ltd., effective December 1, 2012. The addition of these properties brings the number of properties at which Nomura Living Support Co., Ltd.'s services for tenants "*Chintai Hotto Support*" (24-hour call center for trouble with equipment within residential units and other emergency matters; travel, leisure and other special benefits, etc.) have been introduced to a total of 65 properties, which the Company believes will serve to enhance tenant satisfaction and property competitiveness.

In this manner, following on from previous fiscal periods, the Company continued to strive to enhance earnings through such means as appropriately meeting market needs, maintaining and enhancing occupancy rates, increasing incidental income and reducing expenses.

(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 undertook conservative financial strategies in the 13th fiscal period as shown below.

Regarding refinancing of 1,600 million yen and 5,500 million yen in existing loans, these were refinanced into four long-term loans with fixed interest rates (including those for which the interest rate was fixed through interest rate swap transactions) to achieve lengthening of loan periods and fixing of interest rates of interest-bearing debt and thereby enhancing financial stability and addressing the risk of rising interest rates.

As a result, the ratio of long-term debt is 81.1%, the ratio of fixed interest debt (including fixation through interest rate swap transactions) is 89.9%, the average maturity of the outstanding interest-bearing debt is 2.78 years (the average maturity of the outstanding long-term interest-bearing debt is 3.30 years). In the end, the rate of interest-bearing debt in the total assets, which is the loan-to-value (LTV) ratio, becomes 53.0%.

The table below shows the credit ratings of the Company as of the end of the 13th fiscal period.

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

(d) Financial Performance and Distributions

As a result of the above-described management during the 13th fiscal period, the Company recorded 5,257 million yen in operating revenue, 2,433 million yen in operating profit, 1,878 million yen in ordinary income, and 1,876 million yen in net income. Concerning cash distributions in the 13th 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 generate 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 cash distribution per unit of investment equity of 12,170 yen.

3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' Capital until the end of the 13th fiscal period (as of May 31, 2012) 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

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.

[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.

		13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011	9th Period from Dec. 1, 2010 to May 31, 2011
High	(¥)	670,000	493,000	440,000	465,000	500,000
Low	(¥)	439,000	372,000	312,500	308,000	359,000

4. CASH DISTRIBUTION

Concerning cash distributions in the 13th 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 generate 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 cash distribution per unit of investment equity of 12,170 yen.

		13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011	9th Period from Dec. 1, 2010 to May 31, 2011
Retained Earnings	(¥000)	1,876,958	1,875,347	1,856,892	1,477,597	1,465,558
Accumulated earnings	(¥000)	40,067	118	77	50	63
Total cash distribution	(¥000)	1,836,891	1,875,228	1,856,814	1,477,546	1,465,495
(Cash distribution per unit)	(¥)	(12,170)	(12,424)	(12,302)	(11,770)	(11,674)
of which distribution of profits	(¥000)	1,836,891	1,875,228	1,856,814	1,477,546	1,465,495
(Distribution of profits per unit)	(¥)	(12,170)	(12,424)	(12,302)	(11,770)	(11,674)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

The Japanese economy is anticipated to gradually head toward recovery, backed by improvement in the export environment, effects of economic measures and monetary policies, etc. However, with downward swings in overseas economies serving as a risk of downward swings in the Japanese economy, closer attention to future outlook is required.

In such a business environment, the Company will aim for the securing of 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 the goal for the size of assets in the future at 300 billion yen in total assets. The Company will continue to strive to make selective investment by utilizing strong sourcing channels to obtain information on prime properties at an early stage, while taking into consideration the financial composition. Through this, while further diversifying the portfolio, along with maintaining a balance in terms of building age, etc. of portfolio assets, the Company intends to promote the building of a portfolio that generates stable revenues over the medium to long term.

(b) Property Replacement

The Company will continue to implement property replacement in the portfolio for the purpose of enhancement of portfolio quality and stabilization and enhancement of revenues over the medium to long term. Upon replacement, the funds earned through the sale of properties in the portfolio will be used to fund the acquisition of new properties in order to maintain the conservative financial strategy.

(c) Property Management

The Company will continue to maintain and enhance revenues by promoting integrated management with PM companies and establishing appropriate leasing strategies for each property on the one hand, while reducing costs as much as possible at investment properties on the other hand. This will realize maximization of performance.

The Company will maintain and enhance the competitiveness and profitability of investment properties by considering and implementing various measures for occupancy rate and cash flow enhancement through grasping of the characteristics of investment properties, analysis of market needs, etc., as well as by implementing timely and appropriate large-scale repairs and remodeling work.

(d) Fund Procurement

The Company will continue to establish an appropriate financial base through appropriate control of the risk of interest rate fluctuations by fixing interest rates and lengthening loan periods, as well as distribution of repayment dates, diversification of lending financial institutions and fund procurement means, and unsecured and unguaranteed procurement. In addition, the Company will continue to pursue a well-balanced composition of interest-bearing debt by considering and selecting the most appropriate means of fund procurement from a range of options, while closely monitoring financial market trends.

6. IMPORTANT EVENTS SUBSEQUENT TO THE 13TH FISCAL PERIOD

Transfer of a Property

On June 27, 2013, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

PRIME URBAN Kita Senzoku

Type of Asset	: Real estate
Date of Agreement	: June 27, 2013
Transfer Date	: June 27, 2013
Transfer Price	: ¥597 million
Transferee	: Japanese general operating company
Impact on Revenues	: Approximately ¥9 million (miscellaneous expenses excluded) of gain on sale of real estate will be recorded for the 14th fiscal period (from June 1, 2013 to November 30, 2013).

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		13th Period (as of May 31, 2013)	12th Period (as of Nov. 30, 2012)	11th Period (as of May 31, 2012)	10th Period (as of Nov. 30, 2011)	9th Period (as of May 31, 2011)
Maximum number of units allowed to issue	(Unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued	(Unit)	150,936	150,936	150,936	125,535	125,535
Amount of unitholders' capital	(¥ mln)	68,961	68,961	68,961	61,799	61,799
Number of unitholders		10,720	9,446	9,895	9,417	8,789

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of May 31, 2013 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	29,188	19.34
Nomura Real Estate Development Co., Ltd.	15,240	10.10
The Nomura Trust and Banking Co., Ltd. (Investment Account)	8,519	5.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,049	4.67
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	6,035	4.00
Trust and Custody Services Bank, Ltd. (Money Trust Tax Account)	2,690	1.78
The Joyo Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2,502	1.66
Nomura Bank (Luxembourg) S.A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	2,305	1.53
Mizuho Trust & Banking co., Ltd.	2,067	1.37
The Hokuriku Bank, Ltd.	1,689	1.12
Total	77,284	51.20

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of May 31, 2013 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	10,307	96.1	30,845	20.4
Financial institutions (Including sales agents for financial instruments firm)	105	1.0	83,769	55.5
Other domestic corporate investors	182	1.7	20,581	13.6
Foreign corporate investors, etc.	126	1.2	15,741	10.4
Total	10,720	100.0	150,936	100.0

4. DIRECTORS AND AUDITOR

(1) Name of directors and an auditor in the 13th fiscal period are as follows (Note 1)

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 13th Period (¥000)
Executive Director	Masatomi Natsume	NRF Chief Investment Officer, Nomura Real Estate Asset Management, Co., Ltd.	—
Supervisory Director	Eitoku Aikawa	Director, Fair Appraisers, K.K. Supervisory Director, Nomura Real Estate Office Fund, Inc. (Note 2)	2,400
Supervisory Director	Motoharu Yokose	Advisor, Asahi Tax Corporation. Auditor, YAMATO HOLDINGS CO., LTD.	2,400
Accounting Auditor	Earnst & 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: Supervisory Director Eitoku Aikawa resigned as Director, Fair Appraisers, K.K. on December 15, 2012. And Supervisory Director Eitoku Aikawa resigned as a Supervisory Director of Nomura Real Estate Office Fund, Inc. on December 31, 2012.

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

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

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

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

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

5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

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

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area	13th Period (as of May 31, 2013)		12th Period (as of Nov. 30, 2012)	
		Total Amount (¥ mln) (Note 1)	Portion (%) (Note 2)	Total Amount (¥ mln) (Note 1)	Portion (%) (Note 2)
Real estate	Greater Tokyo Area	88,233	56.4	81,013	51.7
	Other	26,844	17.1	27,109	17.3
Real estate in trust	Greater Tokyo Area	32,510	20.8	39,770	25.4
	Other	2,062	1.3	2,078	1.3
Subtotal		149,650	95.6	149,972	95.7
Cash, deposits and other assets		6,925	4.4	6,731	4.3
Grand Total		156,576	100.0	156,703	100.0

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

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

2. BRIEF OF MAJOR PROPERTIES OWNED

The major component assets of the Company (the 10 largest properties by book value) as of the end of the 13th fiscal period are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²)	Leased Space (m ²)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
URBAN STAGE Sapporo Riverfront	3,656	15,459.57	15,031.90	97.2	3.6	Apartment building
PRIME URBAN Meguro Ohashi Hills	3,634	2,955.74	2,930.27	99.1	1.6	Apartment building
URBAN STAGE Nihonbashi Yokoyamacho	3,520	5,926.17	5,684.39	95.9	2.4	Apartment building
PROUD FLAT Shirokane Takanawa	3,434	2,950.11	2,851.44	96.7	1.8	Apartment building
URBAN STAGE Izumi	2,958	7,543.10	7,199.36	95.4	2.6	Apartment building
PROUD FLAT Kamata II	2,950	4,051.72	3,838.41	94.7	2.0	Apartment building
PROUD FLAT Kamiooka	2,625	4,872.17	4,872.17	100.0	1.9	Apartment building
URBAN STAGE Musashi Koganei	2,505	5,999.80	5,878.80	98.0	1.4	Apartment building
URBAN STAGE Kachidoki	2,280	4,524.00	4,102.64	90.7	1.8	Apartment building
PROUD FLAT Yokohama	2,261	3,118.12	2,906.08	93.2	1.4	Apartment building
Total	29,828	57,400.50	55,295.46	96.3	20.5	

3. DETAILS OF PORTFOLIO PROPERTIES

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	5-12-7 Mita, Minato-ku, Tokyo	Real estate	3,090
	PROUD FLAT Yoyogi Uehara	3-25-7 Uehara, Shibuya-ku, Tokyo	Beneficial Interest	895
	PROUD FLAT Hatsudai	2-19-15 Hatsudai, Shibuya-ku, Tokyo	Real estate	661
	PROUD FLAT Shibuya Sakuragaoka	21-8 Sakuragaoka, Shibuya-ku, Tokyo	Real estate	687
	PROUD FLAT Gakugei Daigaku	2-21-20 Meguro Honcho, Meguro-ku, Tokyo	Real estate	749
	PROUD FLAT Meguro Gyoninzaka	1-4-18 Shimo Meguro, Meguro-ku, Tokyo	Real estate	859
	PROUD FLAT Sumida Riverside	1-31-7 Shinkawa, Chuo-ku, Tokyo	Real estate	2,200
	PROUD FLAT Kagurazaka	1-11 Higashi Gokencho, Shinjuku-ku, Tokyo	Real estate	1,470
	PROUD FLAT Waseda	521-9-5 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo	Real estate	1,030
	PROUD FLAT Shinjuku Kawadacho	3-29 Kawadacho, Shinjuku-ku, Tokyo	Real estate	864
	PROUD FLAT Sangen Jaya	1-4-25 Taishido, Setagaya-ku, Tokyo	Real estate	1,120
	PROUD FLAT Kamata	4-21-4 Kamata, Ota-ku, Tokyo	Real estate	1,050
	PROUD FLAT Kamata II	4-25-5 Kamata, Ota-ku, Tokyo	Real estate	3,110
	PROUD FLAT Shinotsuka	3-12-10 Minami Otsuka, Toshima-ku, Tokyo	Real estate	558
	PROUD FLAT Kiyosumi Shirakawa	2-3 Takabashi, Koto-ku, Tokyo	Real estate	911
	PROUD FLAT Monzen Nakacho II	2-6-9 Furuishiba, Koto-ku, Tokyo	Real estate	602
	PROUD FLAT Monzen Nakacho I	2-3-1 Tomioka, Koto-ku, Tokyo	Real estate	958
	PROUD FLAT Fujimidai	3-8-4 Nukui, Nerima-ku, Tokyo	Real estate	1,380
	PROUD FLAT Asakusa Komagata	1-10-6 Komagata, Taito-ku, Tokyo	Real estate	1,800
	PROUD FLAT Yokohama	8-18 Daimachi Kanagawa-ku, Yokohama-shi, Kanagawa	Real estate	2,100
	PROUD FLAT Kamioooka	3-4-6 Kamioooka Nishi, Konan-ku, Yokohama-shi, Kanagawa	Real estate	2,790
	PROUD FLAT Tsurumi II	20-16 Toyooka-cho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	1,470
	PRIME URBAN Akasaka	7-6-19 Akasaka, Minato-ku, Tokyo	Real estate (Note 4)	865
	PRIME URBAN Tamachi	3-6-13 Sibaura, Minato-ku, Tokyo	Beneficial Interest	900
	PRIME URBAN Yoyogi	3-51-3 Yoyogi, Shibuya-ku, Tokyo	Beneficial Interest	339
	PRIME URBAN Bancho	2-9-1 Kudanshita, Chiyoda-ku, Tokyo	Real estate (Note 4)	1,020
	PRIME URBAN Chiyoda Fujimi	2-1-9 Fujimi, Chiyoda-ku, Tokyo	Real estate (Note 4)	637
	PRIME URBAN Iidabashi	4-8-9,11 Iidabashi, Chiyoda-ku, Tokyo	Beneficial Interest	1,990
	PRIME URBAN Ebisu	1-11-11 Mita, Meguro-ku, Tokyo	Real estate	1,180
	PRIME URBAN Naka Meguro	3-28-24 Kami Meguro, Meguro-ku, Tokyo	Beneficial Interest	1,310
	PRIME URBAN Gakugei Daigaku	2-14-14 Takaban, Meguro-ku, Tokyo	Beneficial Interest	759
	PRIME URBAN Senszoku	2-20-8 Senszoku, Meguro-ku, Tokyo	Beneficial Interest	483
	PRIME URBAN Meguro Riverside	2-10-16 Shimo Meguro, Meguro-ku, Tokyo	Real estate	418
	PRIME URBAN Meguro Ohashi Hills	2-4-16 Ohashi, Meguro-ku, Tokyo	Real estate	2,810
	PRIME URBAN Hakusan	1-7-9 Mukougaoka, Bunkyo-ku, Tokyo	Real estate	839
	PRIME URBAN Yotsuya Gaien Higashi	14-62 Samoncho, Shinjuku-ku, Tokyo	Beneficial Interest	1,400
	PRIME URBAN Nishi Shinjuku I	1-19-3 Kita Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	1,120

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Nishi Shinjuku II	5-6-4 Nishi Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	856
	PRIME URBAN Shinjuku Naitomachi	1-55 Naitomachi, Shinjuku-ku, Tokyo	Beneficial Interest	420
	PRIME URBAN Nishi Waseda	1-13-11 Nishi Waseda, Shinjuku-ku, Tokyo	Real estate	468
	PRIME URBAN Sangen Jaya	2-41-3 Sangen Jaya, Setagaya-ku, Tokyo	Beneficial Interest	700
	PRIME URBAN Minami Karasuyama	5-7-4 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	728
	PRIME URBAN Karasuyama Galleria	4-10-24 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	554
	PRIME URBAN Karasuyama Court	4-1-11 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	353
	PRIME URBAN Chitose Funabashi	5-40-4 Sakuragaoka, Setagaya-ku, Tokyo	Real estate	747
	PRIME URBAN Shinagawa Nishi	6-24-13 Yukata-cho, Shinagawa-ku, Tokyo	Real estate	541
	PRIME URBAN Osaki	5-8-10 Osaki, Shinagawa-ku, Tokyo	Beneficial Interest	1,690
	PRIME URBAN Omori	1-15-1 Omori Kita, Ota-ku, Tokyo	Beneficial Interest	800
	PRIME URBAN Kita Senzoku	2-14-18 Kita Senzoku, Ota-ku, Tokyo	Real estate	489
	PRIME URBAN Denenchofu Minami	12-5 Denenchofu Minami, Ota-ku, Tokyo	Real estate	766
	PRIME URBAN Nakano Kamitakada	4-43-3 Kami Takada, Nakano-ku, Tokyo	Real estate	532
	PRIME URBAN Nishi Ogikubo	2-27-5 Nishi Ogikubo, Suginami-ku, Tokyo	Real estate (Note 4)	378
	PRIME URBAN Otsuka	1-3-4 Nishi Sugamo, Toshima-ku, Tokyo	Beneficial Interest	656
	PRIME URBAN Monzen Nakacho	1-5-7 Monzen Nakacho, Koto-ku, Tokyo	Beneficial Interest	2,300
	PRIME URBAN Kameido	2-38-2 Kameido, Koto-ku, Tokyo	Beneficial Interest	758
	PRIME URBAN Sumiyoshi	2-23-3 Ogibashi, Koto-ku, Tokyo	Real estate (Note 4)	581
	PRIME URBAN Kinshi Koen	4-7-12 Taihei, Sumida-ku, Tokyo	Beneficial Interest	1,210
	PRIME URBAN Kinshicho	5-16-14 Kotobashi, Sumida-ku, Tokyo	Beneficial Interest	702
	PRIME URBAN Hirai	6-23-12 Hirai, Edogawa-ku, Tokyo	Real estate (Note 4)	664
	PRIME URBAN Kasai	6-18-5 Naka Kasai, Edogawa-ku, Tokyo	Beneficial Interest	617
	PRIME URBAN Kasai II	7-9-7 Higashi Kasai, Edogawa-ku, Tokyo	Beneficial Interest	972
	PRIME URBAN Shinyurigaoka	3-1-17 Manpukuji Asao-ku, Kawasaki-shi, Kanagawa	Real estate	1,130
	PRIME URBAN Urayasu	3-2-13 Todaijima, Urayasu-shi, Chiba	Beneficial Interest	766
	PRIME URBAN Gyotoku I	2-4-10 Fukuei, Ichikawa-shi, Chiba	Real estate	591
	PRIME URBAN Gyotoku II	1-11-5 Suehiro, Ichikawa-shi, Chiba	Real estate	668
	PRIME URBAN Gyotoku Ekimae	2-26-11 Gyotoku Ekimae, Ichikawa-shi, Chiba	Beneficial Interest	457
	PRIME URBAN Nishi Funabashi	1, 2-437 Hongocho, Funabashi-shi, Chiba	Beneficial Interest	713
	PRIME URBAN Kawaguchi	3-1-11 Sakae-cho, Kawaguchi-shi, Saitama	Real estate	1,850
	URBAN STAGE Azabu Juban	2-33-9 Higashi Azabu, Minato-ku, Tokyo	Real estate	984
	URBAN STAGE Shibaura LOFT	4-5-17 Shibaura, Minato-ku, Tokyo	Real estate	1,790
	URBAN STAGE Hatagaya	3-28-6 Hatagaya, Shibuya-ku, Tokyo	Real estate	443
	URBAN STAGE Kachidoki	6-5-6 Kachidoki, Chuo-ku, Tokyo	Beneficial Interest	2,370
	URBAN STAGE Shinkawa	2-16-10 Shinkawa, Chuo-ku, Tokyo	Beneficial Interest	2,010
	URBAN STAGE Nihonbashi Yokoyamacho	3-4 Nihonbashi Yokoyamacho, Chuo-ku, Tokyo	Real estate	4,040
	URBAN STAGE Hongo Ikizaka	2-16-3 Hongo, Bunkyo-ku, Tokyo	Real estate	558

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Naka Ochiai	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo	Real estate (Note 4)	580
	URBAN STAGE Ochiai	2-17-9 Nakai, Shinjuku-ku, Tokyo	Real estate (Note 4)	325
	URBAN STAGE Shinjuku Ochiai	4-10-9 Kita Shinjuku, Shinjuku-ku, Tokyo	Real estate	549
	URBAN STAGE Mejiro	3-22-21 Shimoochiai, Shinjuku-ku Tokyo	Real estate	1,310
	URBAN STAGE Roka Koen	1-12-26 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	309
	URBAN STAGE Kamiuma	5-26-14 Kamiuma, Setagaya-ku, Tokyo	Beneficial Interest	859
	URBAN STAGE Sangen Jaya	5-38-12 Kamiuma, Setagaya-ku, Tokyo	Real estate (Note 4)	659
	URBAN STAGE Chitose Karasuyama	3-32-16 Kasuya, Setagaya-ku, Tokyo	Beneficial Interest	691
	URBAN STAGE Sangen Jaya II	2-4-16 Taishido, Setagaya-ku, Tokyo	Beneficial Interest	428
	URBAN STAGE Komazawa	2-7-18 Komazawa, Setagaya-ku, Tokyo	Beneficial Interest	342
	URBAN STAGE Karasuyama	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo	Beneficial Interest	321
	URBAN STAGE Kamikitazawa	5-21-22 Kami Kitazawa, Setagaya-ku, Tokyo	Real estate	585
	URBAN STAGE Yoga	2-27-5 Yoga, Setagaya-ku, Tokyo	Real estate	1,270
	URBAN STAGE Oimachi	4-10-9 Oi, Shinagawa-ku, Tokyo	Real estate	473
	URBAN STAGE Oimachi II	5-10-10 Higashi Oi, Shinagawa-ku, Tokyo	Real estate (Note 4)	1,150
	URBAN STAGE Yukigaya	34-10 Kita Minemachi, Ota-ku, Tokyo	Real estate	921
	URBAN STAGE Ikegami	7-4-11 Ikegami, Ota-ku, Tokyo	Beneficial Interest	1,240
	URBAN STAGE Nakano	2-17-1 Kami Takada, Nakano-ku, Tokyo	Real estate	455
	URBAN STAGE Takaido	4-10-12 Takaido Higashi, Suginami-ku, Tokyo	Real estate	992
	URBAN STAGE Komagome	6-12-15 Komagome, Toshima-ku, Tokyo	Beneficial Interest	457
	URBAN STAGE Mukojima	5-19-14 Higashi Mukojima, Sumida-ku, Tokyo	Real estate	532
	URBAN STAGE Kasai East	6-16-9 Higashi Kasai, Edogawa-ku, Tokyo	Real estate	1,100
	URBAN STAGE Ekoda	1-10-5 Asahigaoka, Nerima-ku, Tokyo	Real estate	382
	URBAN STAGE Takinokawa	7-49-18 Takinokawa, Kita-ku, Tokyo	Real estate	261
	URBAN STAGE Itabashi Kuyakushomae	27-13 Honcho, Itabashi-ku, Tokyo	Real estate	1,070
	URBAN STAGE Asakusa	3-33-11 Asakusa, Taito-ku, Tokyo	Real estate	364
	URBAN STAGE Machiya	1-32-13 Machiya, Arakawa-ku, Tokyo	Real estate	181
	URBAN STAGE Machiya South Court	3-73-5 Arakawa, Arakawa-ku, Tokyo	Real estate	1,750
	URBAN STAGE Koganei	2-13-14 Nukui Kitamachi, Koganei-shi, Tokyo	Real estate	197
	URBAN STAGE Musashi Koganei	2-11-26 Nakacho, Koganei-shi, Tokyo	Real estate	1,860
	URBAN STAGE Musashino Hills	2-1-2, 36 Kajincho, Koganei-shi, Tokyo	Real estate	1,360
	URBAN STAGE Koganei Honcho	4-14-25 Honcho, Koganei-shi Tokyo	Real estate	763
	URBAN STAGE Hino	536-2 Hino Oaza, Hino-shi, Tokyo	Real estate	311
	URBAN STAGE Kumegawa	1-5-6 Sakae-cho, Higashimurayama-shi, Tokyo	Real estate	1,400
	URBAN STAGE Musashi Kosugi comodo	2-902-1 Shin Maruko Higashi Nakahara-ku, Kawasaki-shi, Kanagawa	Real estate	2,000
	URBAN STAGE Kawasaki	1-4-15 Honcho Kawasaki-ku, Kawasaki-shi, Kanagawa	Real estate	927
	URBAN STAGE Tsurumi Teraya	1-7-10 Teraya Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	461
	URBAN STAGE Urayasu	2-11-5 Todaijima, Urayasu-shi, Chiba	Real estate	215

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2013 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Minami Gyotoku II	1-4-18 Hiro, Ichikawa-shi, Chiba	Real estate	229
	URBAN STAGE Minami Gyotoku III	1-21-23 Ainokawa, Ichikawa-shi, Chiba	Real estate	230
	URBAN STAGE Minami Gyotoku IV	1-5-18 Hiro, Ichikawa-shi, Chiba	Real estate	216
	URBAN STAGE Gyotoku Ekimae	4-6-14 Gyotoku Ekimae, Ichikawa-shi, Chiba	Real estate	485
	URBAN STAGE Minami Gyotoku V	2-12-3 Minami Gyotoku, Ichikawa-shi, Chiba	Real estate	269
	URBAN STAGE Gyotoku	1-2-8 Fukuei, Ichikawa-shi, Chiba	Real estate	816
	Subtotal			114,571
Other	PROUD FLAT Itsutsubashi	2-5-2 Itsutsubashi, Aoba-ku, Sendai-shi, Miyagi	Real estate	668
	PROUD FLAT Kawaramachi	2-10 Aza Hachikenkoji, Minami Koizumi, Wakabayashi-ku, Sendai-shi, Miyagi	Real estate	659
	PROUD FLAT Shin Osaka	6-11-7 Nishi Nakajima Yodogawa-ku, Osaka-shi, Osaka	Real estate	1,460
	PRIME URBAN Yamahana	1-27 Nishi 14-Chome minami 17-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	317
	PRIME URBAN Kita Juyo Jo	2-1 Higashi 1-Chome Kita 14-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	327
	PRIME URBAN Odori Koen I	12 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	464
	PRIME URBAN Odori Koen II	12-1 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	303
	PRIME URBAN Kita Juichi Jo	1-3 Higashi 1-Chome Kita 11-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	563
	PRIME URBAN Miyanosawa	10-20 9-Chome Hassamu 6-Jo Nishi-ku, Sapporo-shi, Hokkaido	Real estate	509
	PRIME URBAN Odori Higashi	12-63 Higashi 7-Chome Odori, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	422
	PRIME URBAN Chiji Kokan	1-12 Nishi 17-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	280
	PRIME URBAN Maruyama	1-1, Nishi 22-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	249
	PRIME URBAN Kita Nijuyo Jo	2-1 Higashi 1-Chome Kita 23-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	461
	PRIME URBAN Sapporo Idaimae	1-20 Nishi 13-Chome Minami 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	651
	PRIME URBAN Nagamachi Icchome	1-2-30 Nagamachi Icchome, Taihaku-ku, Sendai-shi, Miyagi	Real estate	1,030
	PRIME URBAN Yaotome Chuo	3-8-70 Yaotome Chuo, Izumi-ku, Sendai-shi, Miyagi	Real estate	426
	PRIME URBAN Aoi	1-13-24 Aoi, Higashi-ku, Nagoya-shi, Aichi	Beneficial Interest	657
	PRIME URBAN Kanayama	4-2-37 Masaki, Naka-ku, Nagoya-shi, Aichi	Real estate	605
	PRIME URBAN Tsurumai	5-8-29 Chiyoda Naka-ku, Nagoya-shi, Aichi	Real estate	1,080
	PRIME URBAN Esaka I	3-26-27 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	626
	PRIME URBAN Esaka II	3-31-31 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	749
	PRIME URBAN Esaka III	10-19 Hiroshiba-cho, Suita-shi, Osaka	Real estate	1,140
	URBAN STAGE Sapporo Riverfront	1-1 Nishi 1-Chome Minami 9-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	4,110
	URBAN STAGE Kita Sanjo Dori	2-2 Higashi 2-Chome Kita 3-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	1,600
	URBAN STAGE Tsutsumidori Amamiya	4-37 Tsutsumidori Amamiya-machi, Aoba-ku, Sendai-shi, Miyagi	Real estate	841
	URBAN STAGE Kamimaezu	2-4-2 Kamimaezu Naka-ku, Nagoya-shi, Aichi	Real estate	1,460
	URBAN STAGE Izumi	1-20-28 Izumi Higashi-ku, Nagoya-shi, Aichi	Real estate	3,350
	URBAN STAGE Tamatsukuri	2-16-11 Tamatsukuri Chuo-ku, Osaka-shi, Osaka	Real estate	973
	Benefis Hakata Grand Suite	2-14-7 Minoshima, Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	692
	Benefis Yakuin Minami	1-14-10 Shirogane, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	307
	Benefis Kashii Verbena	2-3-7 Kashii Ekimae Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	370

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2013 (¥ mln) (Note 2)
Other	Benefis Hakata Higashi Grand Suite	6-4-23 Yoshizuka Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	576
	Benefis Chihaya Grand Suite	4-11-20 Chihaya Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	567
	Subtotal			28,492
	Total			143,063

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 May 31, 2013" stands for the prices appraised by the estate surveyors in accordance with the provisions of the Company's Articles of Incorporation and the "Rules Concerning Calculations of Investment Corporations" (Cabinet Office Ordinance No. 47 of 2006). The appraisal prices are calculated by Daiwa Real Estate Appraisal, Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Japan Real Estate Institution, Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd., using the capitalization approach, with the end of the 13th fiscal period, i.e. November 30, 2012, being taken as the point of evaluation.

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

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

Area	Name of Property	13th Period (from Dec. 1, 2012 to May 31, 2013)				12th Period (from Jun. 1, 2012 to Nov. 30, 2012)			
		at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	1	96.7	96,570	1.8	1	99.3	94,439	1.8
	PROUD FLAT Yoyogi Uehara	1	98.0	30,139	0.6	1	100.0	30,227	0.6
	PROUD FLAT Hatsudai	1	93.7	22,901	0.4	1	94.5	23,335	0.5
	PROUD FLAT Shibuya Sakuragaoka	1	93.3	22,068	0.4	1	96.7	22,751	0.4
	PROUD FLAT Gakugei Daigaku	1	100.0	25,884	0.5	1	100.0	24,518	0.5
	PROUD FLAT Meguro Gyoninzaka	1	100.0	28,744	0.5	1	100.0	27,787	0.5
	PROUD FLAT Sumida Riverside	1	97.9	74,945	1.4	1	99.2	73,034	1.4
	PROUD FLAT Kagurazaka	1	100.0	47,595	0.9	1	100.0	47,773	0.9
	PROUD FLAT Waseda	1	97.0	36,251	0.7	1	98.5	34,568	0.7
	PROUD FLAT Shinjuku Kawadacho	1	97.1	29,066	0.6	1	100.0	28,804	0.6
	PROUD FLAT Sangen Jaya	1	92.3	36,378	0.7	1	92.6	35,500	0.7
	PROUD FLAT Kamata	1	91.4	38,584	0.7	1	98.5	36,622	0.7
	PROUD FLAT Kamata II	1	94.7	105,408	2.0	1	99.0	111,744	2.2
	PROUD FLAT Shinotsuka	1	100.0	18,988	0.4	1	91.5	20,649	0.4
	PROUD FLAT Kiyosumi Shirakawa	1	100.0	30,740	0.6	1	100.0	30,689	0.6
	PROUD FLAT Monzen Nakacho II	1	92.1	21,720	0.4	1	94.9	19,728	0.4
	PROUD FLAT Monzen Nakacho I	1	100.0	35,833	0.7	1	98.2	35,234	0.7
	PROUD FLAT Fujimidai	1	100.0	56,149	1.1	1	100.0	56,182	1.1
	PROUD FLAT Asakusa Komagata	1	94.3	63,393	1.2	1	100.0	63,145	1.2
	PROUD FLAT Yokohama	1	93.2	74,253	1.4	1	98.5	74,330	1.4
	PROUD FLAT Kamioooka	1	100.0	97,168	1.9	1	100.0	97,454	1.9
	PROUD FLAT Tsurumi II	1	97.1	62,714	1.2	1	93.6	60,411	1.2
	PRIME URBAN Akasaka	1	100.0	27,384	0.5	1	94.4	27,227	0.5
	PRIME URBAN Tamachi	1	94.0	31,161	0.6	1	95.9	30,620	0.6
	PRIME URBAN Yoyogi	1	96.0	12,192	0.2	1	94.2	11,243	0.2
	PRIME URBAN Bancho	1	91.1	30,613	0.6	1	91.5	31,237	0.6
	PRIME URBAN Chiyoda Fujimi	1	100.0	21,746	0.4	1	93.8	20,672	0.4
	PRIME URBAN Iidabashi	1	95.7	62,393	1.2	1	98.9	59,954	1.2
	PRIME URBAN Ebisu	1	100.0	37,530	0.7	1	100.0	35,931	0.7
	PRIME URBAN Naka Meguro	1	100.0	41,513	0.8	1	98.0	39,235	0.8
	PRIME URBAN Gakugei Daigaku	1	91.0	22,931	0.4	1	87.7	22,722	0.4
	PRIME URBAN Senzoku	1	84.7	15,771	0.3	1	100.0	14,211	0.3
	PRIME URBAN Meguro Riverside	1	100.0	14,863	0.3	1	100.0	14,446	0.3
	PRIME URBAN Meguro Ohashi Hills	1	99.1	84,469	1.6	1	99.1	84,617	1.6
	PRIME URBAN Hakusan	1	92.2	25,643	0.5	1	92.9	25,258	0.5
	PRIME URBAN Yotsuya Gaien Higashi	1	97.8	45,136	0.9	1	94.3	44,763	0.9
	PRIME URBAN Nishi Shinjuku I	1	100.0	37,226	0.7	1	95.5	36,758	0.7
	PRIME URBAN Nishi Shinjuku II	1	95.7	28,869	0.6	1	97.9	28,171	0.5
	PRIME URBAN Shinjuku Naitomachi	1	100.0	13,773	0.3	1	100.0	11,761	0.2
	PRIME URBAN Nishi Waseda	1	100.0	17,809	0.3	1	100.0	15,408	0.3
	PRIME URBAN Sangen Jaya	1	94.2	23,583	0.5	1	100.0	23,397	0.5
	PRIME URBAN Minami Karasuyama	1	92.8	23,881	0.5	1	95.2	24,131	0.5
	PRIME URBAN Karasuyama Galleria	1	88.0	18,783	0.4	1	90.9	19,252	0.4
	PRIME URBAN Karasuyama Court	1	87.0	12,337	0.2	1	91.3	11,604	0.2
	PRIME URBAN Chitose Funabashi	1	97.5	25,618	0.5	1	97.3	22,851	0.4
	PRIME URBAN Shinagawa Nishi	1	95.9	22,042	0.4	1	100.0	21,506	0.4
	PRIME URBAN Osaki	1	96.0	56,479	1.1	1	95.0	56,465	1.1
	PRIME URBAN Omori	1	98.1	30,306	0.6	1	96.3	28,530	0.6
	PRIME URBAN Kita Senzoku	1	95.7	19,289	0.4	1	97.8	18,145	0.4
	PRIME URBAN Denenchofu Minami	1	90.0	26,008	0.5	1	93.3	27,069	0.5
	PRIME URBAN Nakano Kamitakada	1	100.0	18,449	0.4	1	90.2	19,347	0.4
	PRIME URBAN Nishi Ogikubo	1	95.7	13,459	0.3	1	100.0	13,150	0.3
	PRIME URBAN Otsuka	1	100.0	23,806	0.5	1	100.0	22,558	0.4
	PRIME URBAN Monzen Nakacho	1	96.7	77,194	1.5	1	97.5	75,790	1.5
	PRIME URBAN Kameido	1	100.0	26,144	0.5	1	98.1	27,654	0.5
	PRIME URBAN Sumiyoshi	1	87.5	19,494	0.4	1	95.0	18,454	0.4

Area	Name of Property	13th Period (from Dec. 1, 2012 to May 31, 2013)				12th Period (from Jun. 1, 2012 to Nov. 30, 2012)			
		at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PRIME URBAN Kinshi Koen	1	98.7	42,474	0.8	1	90.9	41,301	0.8
	PRIME URBAN Kinshicho	1	100.0	23,995	0.5	1	100.0	23,948	0.5
	PRIME URBAN Hirai	1	92.5	24,586	0.5	1	100.0	23,393	0.5
	PRIME URBAN Kasai	1	97.8	19,862	0.4	1	80.0	19,523	0.4
	PRIME URBAN Kasai II	1	95.6	30,997	0.6	1	86.8	31,232	0.6
	PRIME URBAN Shinyurigaoka	1	100.0	37,536	0.7	1	100.0	37,673	0.7
	PRIME URBAN Urayasu	1	96.7	26,184	0.5	1	86.7	25,594	0.5
	PRIME URBAN Gyotoku I	1	98.1	21,244	0.4	1	80.8	21,695	0.4
	PRIME URBAN Gyotoku II	1	100.0	24,213	0.5	1	100.0	24,098	0.5
	PRIME URBAN Gyotoku Ekimae	1	91.9	16,529	0.3	1	97.3	18,428	0.4
	PRIME URBAN Nishi Funabashi	1	96.7	26,408	0.5	1	93.3	25,230	0.5
	PRIME URBAN Kawaguchi	1	100.0	70,586	1.3	1	96.7	71,807	1.4
	URBAN STAGE Azabu Juban	1	100.0	31,207	0.6	1	87.3	30,161	0.6
	URBAN STAGE Shibaura LOFT	1	95.9	60,841	1.2	1	98.6	56,932	1.1
	URBAN STAGE Hatagaya	1	100.0	15,596	0.3	1	97.4	16,170	0.3
	URBAN STAGE Toritsu Daigaku (Note 2)	—	—	8,684	0.2	1	100.0	17,362	0.3
	URBAN STAGE Kachidoki	1	90.7	94,285	1.8	1	95.9	88,514	1.7
	URBAN STAGE Shinkawa	1	94.8	73,602	1.4	1	96.5	75,207	1.5
	URBAN STAGE Nihonbashi Yokoyamacho	1	95.9	126,384	2.4	1	100.0	128,073	2.5
	URBAN STAGE Hongo Ikizaka	1	96.3	18,458	0.4	1	100.0	17,591	0.3
	URBAN STAGE Naka Ochiai	1	100.0	23,320	0.4	1	88.6	21,619	0.4
	URBAN STAGE Ochiai	1	97.0	13,722	0.3	1	90.8	13,006	0.3
	URBAN STAGE Shinjuku Ochiai	1	100.0	20,588	0.4	1	95.6	20,334	0.4
	URBAN STAGE Mejiro (Note 3)	1	88.1	1,197	0.0	—	—	—	—
	URBAN STAGE Roka Koen	1	97.1	12,203	0.2	1	91.3	10,764	0.2
	URBAN STAGE Kamiuma	1	96.4	33,248	0.6	1	99.1	32,357	0.6
	URBAN STAGE Sangen Jaya	1	95.1	25,309	0.5	1	97.0	25,833	0.5
	URBAN STAGE Chitose Karasuyama	1	96.2	25,104	0.5	1	85.9	24,823	0.5
	URBAN STAGE Sangen Jaya II	1	91.3	16,356	0.3	1	91.2	15,933	0.3
	URBAN STAGE Komazawa	1	82.2	12,632	0.2	1	96.0	13,969	0.3
	URBAN STAGE Karasuyama	1	100.0	12,563	0.2	1	90.0	12,276	0.2
	URBAN STAGE Kamikitazawa	1	90.5	21,093	0.4	1	96.2	21,951	0.4
	URBAN STAGE Yoga	1	93.0	41,786	0.8	1	97.6	42,805	0.8
	URBAN STAGE Oimachi	1	100.0	20,092	0.4	1	100.0	19,789	0.4
	URBAN STAGE Oimachi II	1	94.2	49,393	0.9	1	90.1	47,734	0.9
	URBAN STAGE Yukigaya	1	93.6	37,323	0.7	1	96.8	37,758	0.7
	URBAN STAGE Ikegami	1	93.9	49,168	0.9	1	94.8	48,689	0.9
	URBAN STAGE Nakano	1	100.0	18,498	0.4	1	92.9	17,836	0.3
	URBAN STAGE Takaido	1	95.4	40,535	0.8	1	98.2	39,703	0.8
	URBAN STAGE Komagome	1	92.2	16,105	0.3	1	75.3	13,077	0.3
	URBAN STAGE Mukojima	1	98.2	20,646	0.4	1	90.9	20,471	0.4
	URBAN STAGE Kasai East	1	100.0	36,676	0.7	1	100.0	36,631	0.7
	URBAN STAGE Ekoda	1	97.5	15,352	0.3	1	94.3	15,017	0.3
	URBAN STAGE Takinokawa	1	100.0	11,111	0.2	1	96.5	10,970	0.2
	URBAN STAGE Itabashi Kuyakushomae	1	93.9	38,546	0.7	1	92.9	36,113	0.7
	URBAN STAGE Asakusa	1	97.0	13,142	0.3	1	95.4	15,466	0.3
	URBAN STAGE Machiya	1	100.0	9,425	0.2	1	96.4	9,433	0.2
	URBAN STAGE Machiya South Court	1	94.2	71,862	1.4	1	88.5	68,153	1.3
	URBAN STAGE Koganei	1	100.0	9,813	0.2	1	89.1	9,608	0.2
	URBAN STAGE Musashi Koganei	1	98.0	74,713	1.4	1	96.6	72,851	1.4
	URBAN STAGE Musashino Hills	1	86.9	48,938	0.9	1	96.8	49,241	1.0
	URBAN STAGE Koganei Honcho (Note 4)	1	97.9	28,838	0.6	1	97.3	27,051	0.5
	URBAN STAGE Hino	1	88.9	15,838	0.3	1	94.4	15,325	0.3
	URBAN STAGE Kumegawa	1	99.1	54,463	1.0	1	83.3	48,545	0.9
	URBAN STAGE Musashi Kosugi comodo	1	100.0	70,458	1.3	1	96.8	65,413	1.3
	URBAN STAGE Kawasaki	1	100.0	37,390	0.7	1	100.0	36,763	0.7
	URBAN STAGE Tsurumi Teraya	1	97.6	21,242	0.4	1	100.0	20,961	0.4

Area	Name of Property	13th Period (from Dec. 1, 2012 to May 31, 2013)				12th Period (from Jun. 1, 2012 to Nov. 30, 2012)			
		at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	URBAN STAGE Urayasu	1	92.6	9,300	0.2	1	88.9	8,323	0.2
	URBAN STAGE Minami Gyotoku I (Note 5)	—	—	8,214	0.2	1	85.5	13,704	0.3
	URBAN STAGE Minami Gyotoku II	1	64.9	10,083	0.2	1	86.5	11,524	0.2
	URBAN STAGE Minami Gyotoku III	1	100.0	12,410	0.2	1	93.9	12,087	0.2
	URBAN STAGE Minami Gyotoku IV	1	93.8	11,266	0.2	1	96.9	11,662	0.2
	URBAN STAGE Gyotoku Ekimae	1	100.0	19,574	0.4	1	87.0	18,537	0.4
	URBAN STAGE Minami Gyotoku V	1	90.0	13,008	0.2	1	80.0	12,259	0.2
	URBAN STAGE Gyotoku	1	98.7	37,906	0.7	1	100.0	33,877	0.7
	Subtotal	119	96.1	4,047,566	77.3	120	95.7	3,987,291	77.1
Other	PROUD FLAT Itsutsubashi	1	97.8	29,856	0.6	1	100.0	29,233	0.6
	PROUD FLAT Kawaramachi	1	100.0	29,816	0.6	1	100.0	29,219	0.6
	PROUD FLAT Shin Osaka	1	96.5	60,275	1.2	1	99.0	58,680	1.1
	PRIME URBAN Yamahana	1	94.0	12,294	0.2	1	85.7	11,793	0.2
	PRIME URBAN Kita Juyo Jo	1	96.8	12,774	0.2	1	92.9	12,008	0.2
	PRIME URBAN Odori Koen I	1	100.0	17,153	0.3	1	100.0	17,177	0.3
	PRIME URBAN Odori Koen II	1	100.0	11,133	0.2	1	100.0	11,142	0.2
	PRIME URBAN Kita Juichi Jo	1	98.3	24,663	0.5	1	98.3	24,320	0.5
	PRIME URBAN Miyanosawa	1	96.2	23,240	0.4	1	98.4	23,441	0.5
	PRIME URBAN Odori Higashi	1	100.0	18,421	0.4	1	94.5	18,689	0.4
	PRIME URBAN Chiji Kokan	1	100.0	13,177	0.3	1	100.0	12,920	0.2
	PRIME URBAN Maruyama	1	96.3	11,697	0.2	1	100.0	11,383	0.2
	PRIME URBAN Kita Nijuyo Jo	1	97.2	20,494	0.4	1	97.2	20,322	0.4
	PRIME URBAN Sapporo Idaimae	1	96.0	28,256	0.5	1	96.4	28,076	0.5
	PRIME URBAN Nagamachi Icchome	1	100.0	42,255	0.8	1	100.0	42,033	0.8
	PRIME URBAN Yaotome Chuo	1	100.0	18,411	0.4	1	100.0	18,567	0.4
	PRIME URBAN Aoi	1	88.4	23,753	0.5	1	90.3	24,908	0.5
	PRIME URBAN Kanayama	1	100.0	24,188	0.5	1	100.0	23,985	0.5
	PRIME URBAN Tsurumai	1	96.2	42,922	0.8	1	99.0	42,983	0.8
	PRIME URBAN Esaka I	1	93.8	23,950	0.5	1	95.8	23,420	0.5
	PRIME URBAN Esaka II	1	94.0	27,216	0.5	1	94.8	28,278	0.5
	PRIME URBAN Esaka III	1	92.7	42,277	0.8	1	93.1	43,341	0.8
	URBAN STAGE Sapporo Riverfront	1	97.2	188,102	3.6	1	97.2	186,041	3.6
	URBAN STAGE Kita Sanjo Dori	1	97.0	68,138	1.3	1	98.0	67,345	1.3
	URBAN STAGE Tsutsumidori Amamiya	1	100.0	44,484	0.8	1	100.0	44,531	0.9
	URBAN STAGE Kamimaezu	1	98.1	55,992	1.1	1	94.3	55,070	1.1
	URBAN STAGE Izumi	1	95.4	133,621	2.6	1	99.1	136,327	2.6
	URBAN STAGE Tamatsukuri	1	97.5	35,679	0.7	1	92.2	36,021	0.7
	Benefis Hakata Grand Suite	1	96.2	29,192	0.6	1	96.9	30,363	0.6
	Benefis Yakui Minami	1	100.0	12,882	0.2	1	84.8	12,566	0.2
	Benefis Kashii Verbena	1	94.4	16,161	0.3	1	96.7	15,657	0.3
	Benefis Hakata Higashi Grand Suite	1	98.7	26,154	0.5	1	98.4	24,379	0.5
	Benefis Chihaya Grand Suite	1	97.9	22,696	0.4	1	88.4	23,110	0.4
	Subtotal	33	97.2	1,191,338	22.7	33	97.0	1,187,343	22.9
Total		152	96.4	5,238,904	100.0	153	96.2	5,174,635	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 February 26, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is after the date of selling.

Note 3: The relevant properties were acquired on May 30, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is after the date of acquisition.

Note 4: The relevant properties were acquired on June 8, 2012. The figure shown in the “rental revenues during the 12th fiscal period” column is after the date of acquisition.

Note 5: The relevant properties were sold on March 21, 2013. The figure shown in the “rental revenues during the 13th fiscal period” column is after 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 May 31, 2013 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
		Longer than a Year		
Transaction other than market transaction	Interest-rate swap	44,392	36,920	Δ76
	(Receiving floating-rate, paying fixed-rate)			
	Total	44,392	36,920	Δ76

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 May 31, 2013.

6. STATUS OF ASSETS BY COUNTRY AND REGION

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

Capital Expenditures

1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of May 31, 2013. The estimated cost of works includes the amount to be charged as “expenses” for accounting purposes.

Name of Property (Location)	Description of Works (Purpose)	Estimated Period	Estimated Cost (¥000)		
			Total	Paid during 13th Period	Paid before 13th Period
URBAN STAGE Yukigaya (Ota-ku, Tokyo)	Intercom replacement	From : Jun. 2013 To : Jul. 2013	6,000	-	-
URBAN STAGE Takaido (Suginami-ku, Tokyo)	Intercom replacement	From : Sep. 2013 To : Oct. 2013	6,500	-	-
URBAN STAGE Ekoda (Nerima-ku, Tokyo)	Major repair	From : Sep. 2013 To : Nov. 2013	18,000	-	-
URBAN STAGE Sapporo Riverfront (Sapporo-shi, Hokkaido)	Common area renovation	From : Sep. 2013 To : Nov. 2013	12,000	-	-
URBAN STAGE Tsutsumidori Amamiya (Sendai-shi, Miyagi)	Mechanical parking renovation	From : Sep. 2013 To : Nov. 2013	7,700	-	-

2. CAPITAL EXPENDITURES DURING THE 13TH FISCAL PERIOD

The table below lists capital expenditures during the 13th fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totaling ¥390,116 thousand: capital expenditures of ¥138,959 thousand and repair expenses of ¥251,156 thousand combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥000)
URBAN STAGE Ikegami (Ota-ku, Tokyo)	Housing equipment renewal	From : Feb. 2013 To : Feb. 2013	5,305
URBAN STAGE Komagome (Toshima-ku, Tokyo)	Exclusive area renovation	From : Oct. 2012 To : Feb. 2013	43,300
URBAN STAGE Mukojima (Sumida-ku, Tokyo)	Major repair	From : Sep. 2012 To : Dec. 2012	6,527
URBAN STAGE Minami Gyotoku III (Ichikawa-shi, Chiba)	Housing equipment renewal	From : Apr. 2013 To : Apr. 2013	3,873
Other Properties	Housing equipment renewal	From : Dec. 2012 To : May 2013	79,952
Total			138,959

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.

		13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012	10th Period from Jun. 1, 2011 to Nov. 30, 2011	9th Period from Dec. 1, 2010 to May 31, 2011
Balance brought forward from the previous period	(¥ mln)	1,548	1,385	1,253	1,102	973
Amount reserved during the period	(¥ mln)	176	176	168	159	161
Amount used during the period	(¥ mln)	73	12	36	9	32
Balance brought forward to the next period	(¥ mln)	1,651	1,548	1,385	1,253	1,102

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

		13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012
Asset management fees (Note 1)	(¥000)	375,947	379,006
of which Management Fee I	(¥000)	195,002	196,975
of which Management Fee II	(¥000)	180,945	182,030
of which Management Fee III (Note 2)	—	—	—
Custodian fees	(¥000)	14,961	14,968
General administrative fees	(¥000)	23,104	26,701
Directors' compensation	(¥000)	4,800	5,600
Other expenses	(¥000)	152,591	163,709
Total	(¥000)	571,405	589,984

Note 1: In addition to the items shown above, asset management fees related to the acquisition of properties calculated in the book value of individual pieces of real estate, etc. were 7,250 thousand yen for the 12th period and 12,600 thousand yen for the 13th period.

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

2. STATUS OF BORROWINGS

The status of borrowings from the financial institutions as of May 31, 2013 is as follows.

Current Portion of Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2013 (¥000)	Outstanding as of Dec. 1, 2012 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 3, 2009	-	400,000	1.51625	Dec. 3, 2012	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		-	400,000					
Mizuho Bank, Ltd. (Note 5)		-	400,000					
Mitsubishi UFJ Trust and Banking Corporation		-	400,000					
Mizuho Bank, Ltd. (Note 5)	May 23, 2008	-	1,000,000	1.83625	May 23, 2013			
Taiyo Life Insurance Company		-	1,000,000					
Development Bank of Japan, Inc.		-	3,500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 29, 2008	1,824,000	1,824,000	1.74250	Sep. 29, 2013			
Sumitomo Mitsui Banking Corporation		1,824,000	1,824,000					
Mitsubishi UFJ Trust and Banking Corporation		1,824,000	1,824,000					
The Dai-ichi Life Insurance Company, Limited	Sep. 27, 2007	800,000	800,000	1.99875	Sep. 30, 2013			
Mitsubishi UFJ Trust and Banking Corporation	Feb. 27, 2007	1,000,000	1,000,000	2.14360	Feb. 27, 2014			
The Nomura Trust and Banking Co., Ltd.		1,000,000	1,000,000					
Taiyo Life Insurance Company	Feb. 27, 2007	2,000,000	2,000,000	2.13625	Feb. 27, 2014			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 26, 2011	500,000	500,000	0.79500	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
The Nomura Trust and Banking Co., Ltd.		700,000	700,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2011	500,000	500,000	0.79500	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Mizuho Bank, Ltd. (Note 5)		500,000	500,000					
Mitsubishi UFJ Trust and Banking Corporation		500,000	500,000					
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
The Nomura Trust and Banking Co., Ltd.		1,000,000	1,000,000					
Development Bank of Japan, Inc.	Aug. 27, 2009	80,000	80,000	2.10000	(Note 2)	(Note 2)		
Development Bank of Japan, Inc.	Feb. 26, 2010	100,000	100,000	2.03000	(Note 3)	(Note 3)		
Subtotal		15,652,000	22,752,000					

Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2013 (¥000)	Outstanding as of Dec. 1, 2012 (¥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	500,000	0.73000	Aug. 27, 2014	Balloon payment	(Note 4)	Unsecured/ Uninsured
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Mizuho Bank, Ltd. (Note 5)		320,000	320,000					
Mitsubishi UFJ Trust and Banking Corporation		400,000	400,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					
The Chiba Bank, Ltd.		750,000	750,000					
Mizuho Bank, Ltd. (Note 5)	Sep. 5, 2011	1,000,000	1,000,000	0.94700	Sep. 5, 2014			
Sumitomo Mitsui Trust Bank, Limited		1,400,000	1,400,000					
Mitsui Sumitomo Insurance Co., Ltd.		1,000,000	1,000,000					
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	1,800,000	1.00900	Aug. 27, 2015			
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
Mizuho Bank, Ltd. (Note 5)		2,500,000	2,500,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	1,800,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 26, 2011	4,700,000	4,700,000	1.00000	Dec. 26, 2015			
Sumitomo Mitsui Banking Corporation	Dec. 26, 2011	4,700,000	4,700,000	1.11700	Jun. 26, 2016			
Mitsubishi UFJ Trust and Banking Corporation		4,700,000	4,700,000					
Mitsui Sumitomo Insurance Co., Ltd.	Aug. 27, 2012	1,100,000	1,100,000	1.08500	Aug. 27, 2017			
Daido Life Insurance Company		1,100,000	1,100,000					
Shinkin Central Bank		1,720,000	1,720,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	1,300,000	1,300,000	1.12013	Feb. 27, 2018			
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
Mizuho Bank, Ltd. (Note 5)		900,000	900,000					
Mitsubishi UFJ Trust and Banking Corporation		900,000	900,000					
Sumitomo Mitsui Trust Bank, Limited		520,000	520,000					
Aozora Bank, Ltd.		500,000	500,000					

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2013 (¥000)	Outstanding as of Dec. 1, 2012 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note		
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 3, 2012	400,000	-	1.16500	Nov. 26, 2019	Balloon payment	(Note 4)	Unsecured/ Uninsured		
Sumitomo Mitsui Banking Corporation		400,000	-							
Mizuho Bank, Ltd. (Note 5)		400,000	-							
Mitsubishi UFJ Trust and Banking Corporation		400,000	-							
Taiyo Life Insurance Company	May 23, 2013	1,000,000	-	1.48625	May 27, 2020					
Mizuho Bank, Ltd. (Note 5)	May 23, 2013	1,000,000	-	1.68200	May 27, 2021					
Development Bank of Japan, Inc.	May 23, 2013	3,500,000	-	1.62500	May 27, 2021					
Development Bank of Japan, Inc.	Aug. 27, 2009	1,240,000	1,280,000	2.10000	(Note 2)	(Note 2)				
Development Bank of Japan, Inc.	Feb. 26, 2010	1,600,000	1,650,000	2.03000	(Note 3)	(Note 3)				
Subtotal		57,350,000	50,340,000							
Total		73,002,000	73,092,000							

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

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

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

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

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

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of May 31, 2013 is as follows.

Name of Bonds	Issue Date	Balance as of May 31, 2013 (¥ mln)	Balance as of Nov. 30, 2012 (¥ 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 13th Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Transfer			Gain (Loss) (¥000) (Note 2)
		Date	Price (¥000) (Note 1)	Date	Price (¥000) (Note 1)	Book Value (¥000)	
Trust Beneficial Interest	URBAN STAGE Mejiro (Note 3)	May 30, 2013	1,260,000	—	—	—	—
Real Estate	URBAN STAGE Toritsu Daigaku	—	—	February 26, 2013	564,000	539,503	8,918
Real Estate	URBAN STAGE Minami Gyotoku I	—	—	March 21, 2013	365,000	345,995	9,291
Total			1,260,000		929,000	885,495	18,210

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

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

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

2. STATUS OF OTHER ASSETS

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

3. PRICE INVESTIGATION

(1) Real Estates

Acquisition/Transfer	Type of Asset	Name of Property	Acquisition/Transfer		Appraisal Value (¥000)
			Date	Price (¥000) (Note 1)	
Acquisition	Real Estate (Note 2)	URBAN STAGE Mejiro	May 30, 2013	1,260,000	1,310,000
Transfer	Real Estate	URBAN STAGE Toritsu Daigaku	February 26, 2013	564,000	459,000
Transfer	Real Estate	URBAN STAGE Minami Gyotoku I	March 21, 2013	365,000	308,000

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

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

(2) Others

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

For the 13th fiscal period (from December 1, 2012 to May 31, 2013), one interest-rate swap transaction was subject to investigation. Akira Sugai C.P.A. Office was requested to investigate the details of the relevant transaction including the name of counterparty, agreed figures, type of financial product or index, the trading period, and the contents of the relevant derivatives transactions. The investigation report has been received.

4. TRANSACTIONS WITH RELATED PARTIES AND MAJOR SHAREHOLDERS

(1) Transactions

Not applicable.

(2) Fees Paid to Related Parties and Major Shareholders

Table of fees paid to related parties and major shareholders during the 13th fiscal period is as follows.

Item	Name of Related Party and Major Shareholders	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Real estate, etc. intermediary fees	Nomura Real Estate Development Co., Ltd.	65,850	11,010	16.7%
Contract-out fees	Nomura Living Support Co., Ltd.	199,946	91,324	45.7%
Property management fees	Nomura Living Support Co., Ltd.	288,760	132,803	46.0%
Commission	Nomura Living Support Co., Ltd.	106,829	1,034	1.0%
Advertising	Nomura Real Estate Urban Net Co., Ltd.	1,824	600	32.9%

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

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

Property Name	Property Management Fees (¥000)
PROUD FLAT Shirokane Takanawa	5,006
PROUD FLAT Yoyogi Uehara	1,716
PROUD FLAT Hatsudai	1,353
PROUD FLAT Shibuya Sakuragaoka	1,247
PROUD FLAT Gakugei Daigaku	2,069
PROUD FLAT Meguro Gyoninzaka	1,872
PROUD FLAT Sumida Riverside	4,821
PROUD FLAT Kagurazaka	2,071
PROUD FLAT Waseda	2,346
PROUD FLAT Shinjuku Kawadacho	1,192
PROUD FLAT Sangen Jaya	2,814
PROUD FLAT Kamata	3,327
PROUD FLAT Kamata II	3,675
PROUD FLAT Shinotsuka	1,255
PROUD FLAT Kiyosumi Shirakawa	614
PROUD FLAT Monzen Nakacho II	1,628
PROUD FLAT Monzen Nakacho I	2,587
PROUD FLAT Fujimidai	1,562
PROUD FLAT Asakusa	2,906
PROUD FLAT Yokohama	4,215
PROUD FLAT Kamioooka	1,943
PROUD FLAT Tsurumi II	3,059
PRIME URBAN Akasaka	1,844
PRIME URBAN Tamachi	1,693
PRIME URBAN Yoyogi	1,022
PRIME URBAN Bancho	2,541
PRIME URBAN Chiyoda Fujimi	1,765
PRIME URBAN Iidabashi	3,017
PRIME URBAN Ebisu	1,832
PRIME URBAN Naka Meguro	2,241
PRIME URBAN Gakugei Daigaku	1,491
PRIME URBAN Senzoku	883
PRIME URBAN Meguro Ohashi Hills	3,527
PRIME URBAN Hakusan	1,435
PRIME URBAN Yotsuya Gaiken Higashi	2,948
PRIME URBAN Nishi Shinjuku I	2,833
PRIME URBAN Shinjuku Naitomachi	642
PRIME URBAN Sangen Jaya	1,569
PRIME URBAN Chitose Funabashi	2,185
PRIME URBAN Osaki	3,718

Property Name	Property Management Fees (¥000)
PRIME URBAN Omori	2,123
PRIME URBAN Otsuka	2,032
PRIME URBAN Shinyurigaoka	1,068
PRIME URBAN Kawaguchi	3,558
URBAN STAGE Azabu Juban	2,755
URBAN STAGE Naka Ochiai	2,078
URBAN STAGE Roka Koen	1,034
URBAN STAGE Kamiuma	1,390
URBAN STAGE Sangen Jaya	1,321
URBAN STAGE Sangen Jaya II	992
URBAN STAGE Komazawa	817
URBAN STAGE Yoga	1,781
URBAN STAGE Oimachi	1,048
URBAN STAGE Oimachi II	3,008
URBAN STAGE Yukigaya	2,013
URBAN STAGE Nakano	1,084
URBAN STAGE Takaido	2,694
URBAN STAGE Komagome	1,506
URBAN STAGE Mukojima	1,760
URBAN STAGE Ekoda	758
URBAN STAGE Takinokawa	616
URBAN STAGE Asakusa	1,337
URBAN STAGE Machiya	583
URBAN STAGE Koganei	975
URBAN STAGE Kumegawa	3,469
URBAN STAGE Toritsu Daigaku	504

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 May 31, 2013.

Other Information

1. NOTICE

Date of Approval of the Board of Directors	Subject	Summary
December 14, 2012	Comprehensive Resolution Regarding the Issuance of Investment Corporation Bonds	A comprehensive resolution regarding the issuance of investment corporation bonds during the period from December 14, 2012 to December 13, 2013 and within an aggregate amount of issuance of 100 billion yen was adopted, candidate companies for the entrustment of administration concerning the investment corporation bonds, etc. were approved, and selection of the party to which such entrustment shall be made and decision of other necessary matters were left to the discretion of the Executive Director.

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

Not applicable.

3. OTHER MATTERS

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

Financial Section

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Balance Sheet

	Thousands of Yen	
	As of May 31, 2013	As of November 30, 2012
ASSETS		
Current Assets:		
Cash and bank deposits	¥6,757,152	¥6,562,440
Rental receivables	31,513	28,460
Income taxes refundable	-	126
Other current assets	68,946	56,382
Allowance for doubtful accounts	(418)	(588)
Total current assets	6,857,193	6,646,820
Property and Equipment, at Cost:		
Land	84,035,986	83,755,751
Buildings and structures	73,957,112	73,679,949
Machinery and equipment	1,017,467	1,018,097
Tools, furniture and fixtures	120,766	90,838
Construction in progress	6,313	15,072
Subtotal	159,137,644	158,559,707
Less accumulated depreciation	(9,480,681)	(8,572,502)
Net property and equipment	149,656,963	149,987,205
Investments and Other Assets:		
Intangible assets	2,580	3,101
Security deposits	10,879	10,879
Long-term prepaid expenses	1,162	1,294
Deferred investment corporation bond issuance costs	47,243	54,514
Total investments and other assets	61,864	69,788
Total Assets	¥156,576,020	¥156,703,813

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

	Thousands of Yen	
	As of May 31, 2013	As of November 30, 2012
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥218,478	¥203,216
Other accounts payable	292,165	305,481
Current portion of long-term debt	15,652,000	13,552,000
Accrued expenses	137,301	168,845
Accrued income taxes	1,069	605
Accrued consumption taxes	14,714	12,165
Rent received in advance	660,264	656,113
Other current liabilities	3,063	2,375
Total current liabilities	16,979,054	14,900,800
Long-term Liabilities:		
Investment corporation bonds	10,000,000	10,000,000
Long-term debt	57,350,000	59,540,000
Security deposits from tenants	1,408,684	1,426,343
Total long-term liabilities	68,758,684	70,966,343
Total Liabilities	85,737,738	85,867,143
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	68,961,323	68,961,323
Surplus		
Retained earnings	1,876,959	1,875,347
Total surplus	1,876,959	1,875,347
Total unitholders' equity	70,838,282	70,836,670
Total Net Assets	70,838,282	70,836,670
Total Liabilities and Net Assets	¥156,576,020	¥156,703,813

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 December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥5,238,905	¥5,174,636
Gain on sales of real estate	18,210	-
	5,257,115	5,174,636
Operating Expenses:		
Real estate rental expenses	2,252,269	2,131,898
Asset management fees	375,948	379,006
Asset custody fee	14,962	14,969
Administrative service fees	23,105	26,701
Provision of allowance for doubtful accounts	257	161
Bad debts expenses	52	200
Other operating expenses	157,082	168,948
	2,823,675	2,721,883
Operating Profit	2,433,440	2,452,753
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	644	629
Income from casualty insurance for property	2,421	3,135
Reversal of dividends payable	466	864
Other non-operating revenues	72	106
	3,603	4,734
Non-Operating Expenses:		
Interest expense	465,391	477,314
Loan arrangement fees	27,294	36,806
Interest expense on investment corporation bonds	56,249	55,709
Amortization of investment corporation bond issuance costs	7,270	7,270
Other non-operating expenses	2,782	3,894
	558,986	580,993
Ordinary Income	1,878,057	1,876,494
Income before Income Taxes	1,878,057	1,876,494
Income Taxes:		
Current	1,199	1,167
Deferred	17	57
Net Income	1,876,841	1,875,270
Retained earnings brought forward	118	77
Retained Earnings at End of Period	¥1,876,959	¥1,875,347

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

Statement of Changes in Net Assets

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

						Thousands of Yen
		Unitholders' Equity				
	Units	Unitholders' Capital	Surplus		Total Unitholders' Equity	Total Net Assets
			Retained Earnings	Total Surplus		
Balance as of November 30, 2012	150,936	¥ 68,961,323	¥1,875,347	¥1,875,347	¥70,836,670	¥70,836,670
Cash distribution paid	-	-	(1,875,229)	(1,875,229)	(1,875,229)	(1,875,229)
Net income	-	-	1,876,841	1,876,841	1,876,841	1,876,841
Balance as of May 31, 2013	150,936	¥ 68,961,323	¥1,876,959	¥1,876,959	¥70,838,282	¥70,838,282

For the period from June 1, 2012 to November 30, 2012

						Thousands of Yen
	Unitholders' Equity					
	Units	Unitholders' Capital	Surplus		Total Unitholders' Equity	Total Net Assets
			Retained Earnings	Total Surplus		
Balance as of May 31, 2012	150,936	¥ 68,961,323	¥1,856,892	¥1,856,892	¥70,818,215	¥70,818,215
Cash distribution paid	-	-	(1,856,815)	(1,856,815)	(1,856,815)	(1,856,815)
Net income	-	-	1,875,270	1,875,270	1,875,270	1,875,270
Balance as of November 30, 2012	150,936	¥ 68,961,323	¥1,875,347	¥1,875,347	¥70,836,670	¥70,836,670

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

Statement of Cash Flows

	Thousands of Yen	
	For the period from December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 1,878,057	¥ 1,876,494
Depreciation	967,194	967,547
Amortization of investment corporation bonds issuance costs	7,270	7,270
Interest income	(644)	(629)
Interest expense	521,640	533,023
Increase (Decrease) in allowance for doubtful accounts	(170)	(459)
Decrease (Increase) in rental receivables	(3,052)	6,832
Decrease (Increase) in consumption taxes receivable	-	33,794
Decrease (Increase) in prepaid expenses	8,604	(8,359)
Increase (Decrease) in trade accounts payable	15,261	(19,334)
Increase (Decrease) in other accounts payable	(35,902)	40,414
Increase (Decrease) in accrued consumption taxes	2,549	12,165
Increase (Decrease) in rent received in advance	4,151	(25,982)
Decrease in tangible fixed assets due to sales	885,499	-
Other	(19,957)	(5)
Subtotal	4,230,500	3,422,771
Interest received	644	629
Interest paid	(553,183)	(546,556)
Income taxes paid	(610)	(1,181)
Net cash provided by (used in) operating activities	3,677,351	2,875,663
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(1,497,857)	(844,690)
Reimbursement of security deposits to tenants	(167,190)	(134,852)
Proceeds from security deposits from tenants	149,531	136,949
Net cash provided by (used in) investing activities	(1,515,516)	(842,593)
Cash Flows from Financing Activities		
Proceeds from short-term debt	-	800,000
Repayment of short-term debt	-	(800,000)
Proceeds from long-term debt	7,100,000	12,510,000
Repayment of long-term debt	(7,190,000)	(12,600,000)
Payments of investment corporation bonds issuance costs	-	(501)
Distributions to unitholders	(1,877,123)	(1,858,219)
Net cash provided by (used in) financing activities	(1,967,123)	(1,948,720)
Net Increase (Decrease) in Cash and Cash Equivalents	194,712	84,350
Cash and Cash Equivalents at Beginning of Period	6,562,440	6,478,090
Cash and Cash Equivalents at End of Period	¥6,757,152	¥6,562,440

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 May 31, 2013, the Company owned a portfolio of 152 residential rental properties containing an aggregate of approximately 262,961.11 square meters of leasable area and leased space to 152 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. The capitalized property related taxes amounted to ¥2,703 thousand for the six-month period ended May 31, 2013 and ¥1,816 thousand for the six-month period ended November 30, 2012.

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 May 31, 2013 and November 30, 2012 consist of the following:

	Thousands of Yen	
	As of May 31, 2013	As of November 30, 2012
Cash and bank deposits	¥6,757,152	¥6,562,440
Cash and cash equivalents	¥6,757,152	¥6,562,440

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of May 31, 2013 and November 30, 2012 consist of the following:

	Thousands of Yen			
	As of May 31, 2013		As of November 30, 2012	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥ 60,568,584	¥60,568,584	¥ 55,094,496	¥55,094,496
Buildings and structures	60,567,021		57,975,055	
Accumulated depreciation	(6,819,926)	53,747,095	(5,726,118)	52,248,937
Machinery and equipment	945,957		946,587	
Accumulated depreciation	(236,645)	709,312	(205,840)	740,747
Tools, furniture and fixtures	91,123		69,743	
Accumulated depreciation	(37,908)	53,215	(30,903)	38,840
Construction in progress	6,313	6,313	15,072	15,072
Land in trust	23,467,402	23,467,402	28,661,255	28,661,255
Buildings and structures in trust	13,390,091		15,704,894	
Accumulated depreciation	(2,346,079)	11,044,012	(2,569,647)	13,135,247
Machinery and equipment in trust	71,510		71,510	
Accumulated depreciation	(33,998)	37,512	(31,369)	40,141
Tools, furniture and fixtures in trust	29,643		21,095	
Accumulated depreciation	(6,125)	23,518	(8,625)	12,470
Total	¥149,656,963	¥149,656,963	¥149,987,205	¥149,987,205

6. SHORT-TERM DEBT

Short-term debt as of May 31, 2013 and November 30, 2012 consist of the following:

	As of May 31, 2013		As of November 30, 2012	
	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 December 3, 2012	-	-	¥1,600,000	1.51625%
Unsecured loans principally from banks due on May 23, 2013	-	-	5,500,000	1.83625%
Unsecured loans from banks due on September 29, 2013	¥5,472,000	1.74250%	5,472,000	1.74250%
Unsecured loans from an insurance company due on September 30, 2013	800,000	1.99875%	800,000	1.99875%
Unsecured loans from banks due on February 27, 2014	2,000,000	2.14360%	-	-
Unsecured loans from an insurance company due on February 27, 2014	2,000,000	2.13625%	-	-
Unsecured loans from banks due on February 27, 2014	1,700,000	0.79500%	-	-
Unsecured loans from banks due on February 27, 2014	3,500,000	0.79500%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	80,000	2.10000%	80,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	100,000	2.03000%	100,000	2.03000%
Total	¥15,652,000		¥13,552,000	

Note1: 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.

Note2: 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.

Note3: 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 May 31, 2013 and November 30, 2012 consist of the following:

	As of May 31, 2013		As of November 30, 2012	
	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 February 27, 2014	-	-	¥2,000,000	2.14360%
Unsecured loans from an insurance company due on February 27, 2014	-	-	2,000,000	2.13625%
Unsecured loans from banks due on February 27, 2014	-	-	1,700,000	0.88417%
Unsecured loans from banks due on February 27, 2014	-	-	3,500,000	0.88417%
Unsecured loans from banks due on August 27, 2014	¥3,170,000	0.73000%	3,170,000	0.81917%
Unsecured loans principally from banks due on September 5, 2014	3,400,000	0.94700%	3,400,000	0.94700%
Unsecured loans from a bank due on February 26, 2015	1,000,000	1.79200%	1,000,000	1.79200%
Unsecured loans from a bank due on February 27, 2015	1,300,000	2.23500%	1,300,000	2.23500%
Unsecured loans from banks due on February 27, 2015	5,400,000	0.96365%	5,400,000	0.96365%
Unsecured loans from banks due on August 27, 2015	9,700,000	1.00900%	9,700,000	1.00900%
Unsecured loans from a bank due on December 26, 2015	4,700,000	1.00000%	4,700,000	1.00000%
Unsecured loans from banks due on June 26, 2016	9,400,000	1.11700%	9,400,000	1.11700%
Unsecured loans 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 November 26, 2019	1,600,000	1.16500%	-	-
Unsecured loans from an insurance company due on May 27, 2020	1,000,000	1.48625%	-	-
Unsecured loans from a bank due on May 27, 2021	1,000,000	1.68200%	-	-
Unsecured loans from a bank due on May 27, 2021	3,500,000	1.62500%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	1,240,000	2.10000%	1,280,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	1,600,000	2.03000%	1,650,000	2.03000%
Total	¥57,350,000		¥59,540,000	

Note1: 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.

Note2: 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.

Note3: 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	14,450,000	14,580,000	11,880,000	9,340,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of May 31, 2013		As of November 30, 2012	
	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 May 31, 2013 and November 30, 2012 were as follows:

	For the period from December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Net asset values per unit	¥469,326	¥469,315
Net income per unit	¥12,434	¥12,424

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 December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Net income (Thousands of Yen)	¥1,876,841	¥1,875,270
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,876,841	¥1,875,270
Average number of units during the period	150,936	150,936

11. RELATED PARTY TRANSACTIONS

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

Parent Company and major corporate unitholders

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

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

Note1: Consumption taxes are not included in the transaction amount.

Note2: Terms and conditions of transaction are decided through negotiation based on the actual condition of the market.

Not applicable from June 1, 2012 to November 30, 2012

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 May 31, 2013 and November 30, 2012. 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 ¥1,836,891 thousand and ¥1,875,229 thousand for the six-month periods ended May 31, 2013 and November 30, 2012, 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 December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	(35.78)	(36.56)
Other	(0.75)	0.04
Effective tax rate	0.06%	0.07%

13. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

Fair Value of Financial Instruments

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

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

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

For the period from June 1, 2012 to November 30, 2012

The following table summarizes the carrying value and the estimated fair values of financial instruments as of November 30, 2012.

	Carrying value (Note 1)	Fair value (Note 1)	Difference
Thousands of Yen			
(i) Cash and bank deposits	¥6,562,440	¥6,562,440	—
(i i) Current portion of long-term debt	(13,552,000)	(13,634,080)	¥82,080
(i i i) Investment corporation bonds	(10,000,000)	(10,136,900)	136,900
(i v) Long-term debt	(59,540,000)	(60,049,377)	509,377
(v) Derivative transactions	—	—	—

Note1: The numbers in parenthesis indicate liabilities.

Note2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits

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

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

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

(iii) Investment corporation bonds

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

(v) Derivative transactions

See “20. Derivatives and Hedge Accounting”.

Note3: Redemption schedule for cash and bank deposits as of May 31, 2013

	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
Thousands of Yen						
Cash and bank deposits	¥6,757,152	—	—	—	—	—
Total	¥6,757,152	—	—	—	—	—

Redemption schedule for cash and bank deposits as of November 30, 2012

	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
Thousands of Yen						
Cash and bank deposits	¥6,562,440	—	—	—	—	—
Total	¥6,562,440	—	—	—	—	—

Note4: Redemption schedule for investment corporation bonds and debt as of May 31, 2013

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

Redemption schedule for investment corporation bonds and debt as of November 30, 2012

	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	¥13,552,000	—	—	—	—	—
Investment corporation bonds	—	—	—	¥5,000,000	¥5,000,000	—
Long-term debt	—	¥15,950,000	¥17,580,000	15,320,000	5,270,000	¥5,420,000
Total	¥13,552,000	¥15,950,000	¥17,580,000	¥20,320,000	¥10,270,000	¥5,420,000

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 December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Carrying value		
Balance at beginning of the period	¥149,987,205	¥150,107,048
Change during the period	(330,242)	(119,843)
Balance at end of the period	149,656,963	149,987,205
Fair value	¥143,063,000	¥141,836,000

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

Note2: The major increase in the carrying value during the period ended May 31, 2013 was mainly due to the acquisition of URBAN STAGE Mejiro (¥1,346,890 thousand), and the major decrease in the carrying value during the period ended May 31, 2013 was mainly due to the sale of URBAN STAGE Toritsu Daigaku (¥539,503 thousand) and URBAN STAGE Minami Gytoku I (¥345,996 thousand). The major increase in the carrying value during the period ended November 30, 2012 was mainly due to the acquisition of URBAN STAGE Koganei Honcho (¥759,517 thousand), and the major decrease in the carrying value during the period ended November 30, 2012 was a result of posting of depreciation.

Note3: The fair value as of May 31, 2013 and November 30, 2012 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 May 31, 2013 and November 30, 2012 are presented in “16. Breakdown of Real Estate Rental Revenues and Expenses.”

15. SEGMENT INFORMATION

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

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 May 31, 2013 and November 30, 2012 were as follows:

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

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

For the six-month period from June 1, 2012 to November 30, 2012

Name of client	Revenues(Thousands of yen)	Related segment
Haseko Livenet Inc.	¥1,319,972	Real estate leasing business
Nomura Living Support Co., Ltd.	1,253,005	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 May 31, 2013 and November 30, 2012 consist of the following:

	Thousands of Yen	
	For the period from December 1, 2012 to May 31, 2013	For the period from June 1, 2012 to November 30, 2012
Real estate rental revenues	¥5,238,905	¥5,174,636
Rental revenues	4,836,943	4,833,156
Rental revenues	4,570,277	4,567,410
Common area charges	266,666	265,746
Other rental revenues	401,962	341,480
Parking revenues	132,230	134,998
Incidental income	201,810	148,722
Other miscellaneous revenues	67,922	57,760
Real estate rental expenses	2,252,269	2,131,898
Property management costs	199,946	200,280
Property management fees	288,761	266,350
Property and other taxes	259,941	256,024
Utility expenses	96,504	79,098
Casualty insurance	8,380	8,744
Repairs and maintenance	251,156	178,147
Depreciation	967,194	967,547
Other rental expenses	180,387	175,708
Real estate rental profits	¥2,986,636	¥3,042,738

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

Gain on sales of real estate for the six-month period ended May 31, 2013 and November 30, 2012 consist of the following:

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

18. BREAKDOWN OF TRANSACTIONS WITH MAJOR UNITHOLDERS

Transactions with major unitholders for the six-month period ended May 31, 2013 and November 30, 2012 consist of the following:

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

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

19. LEASES

The Company, as a lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years

for residential space. The future minimum rental revenues under existing non-cancelable operating lease agreements as of May 31, 2013 and November 30, 2012 are summarized as follows:

	Thousands of Yen	
	As of May 31, 2013	As of November 30, 2012
Due within one year	¥404,047	¥452,796
Due after one year	7,884	28,277
Total	¥411,931	¥481,073

20. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of May 31, 2013

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

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

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

Derivative transactions as of November 30, 2012

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

(2) Derivative financial instruments subject to hedge accounting were as follows.						Thousands of Yen
Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
				Due after one year		
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	44,992,000	37,920,000	(*)	

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

21. SIGNIFICANT SUBSEQUENT EVENTS

(1) Issuance of New Investment units

The Company resolved to issue new investment units at the Board of Directors' meetings held on August 9, 2013 and August 19, 2013. The payment for the issuance of 9,306 new investment units through the public offering was completed on August 26, 2013 and the payment for the issuance of new investment units through the third-party allotment offering will be completed on September 25, 2013.

(a) Issuance of new investment units through public offering (Primary Offering)

Number of units newly issued:	9,306 units
Total issue price (Total offer price):	¥4,173,741,000 (¥448,500 per unit)
Total issue amount (Total amount paid in):	¥4,028,195,160 (¥432,860 per unit)
Payment date:	August 26, 2013
Initial date for dividend accrual:	June 1, 2013

(b) Issuance of new investment units through third-party allotment

Number of units newly issued:	558 units
Total issue amount (Total amount paid in):	¥241,535,880 (¥432,860 per unit)
Payment date:	September 25, 2013
Initial date for dividend accrual:	June 1, 2013
Allottee:	Nomura Securities Co., Ltd.

In the case where the investment units to be issued through the third-party allotment are not subscribed for, in whole or in part, the final number of the investment units with respect to the third-party allotment may be reduced by the number of units not subscribed for, or the issuance itself may be cancelled entirely.

(c) Use of proceeds

The proceeds procured by the public offering and third-party allotment will be used to acquire URBAN STAGE Ebisu, URBAN STAGE Meguro Aobadai, URBAN STAGE Gakugeidaigaku, URBAN STAGE Nihonbashi Hamacho, URBAN STAGE Kagurazaka, URBAN STAGE Ikebukuro, and URBAN STAGE Sakaisuji Honmachi which the Company expects to acquire on September 3, 2013, including expenses related to the acquisitions.

(2) Transfer of a property

On June 27, 2013, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

PRIME URBAN Kita Senzoku

Type of Assets	: Real estate
Date of Agreement	: June 27, 2013
Transfer Date	: June 27, 2013
Transfer Price	: ¥597 million
Transferee	: Japanese industrial company
Impact on Revenues	: Approximately ¥9million (sales expenses excluded) of gain on sales of real estate will be recorded for the 14th fiscal period (from June 1, 2013 to November 30, 2013).

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
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Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197
www.shinnihon.ey.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 May 31, 2013, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

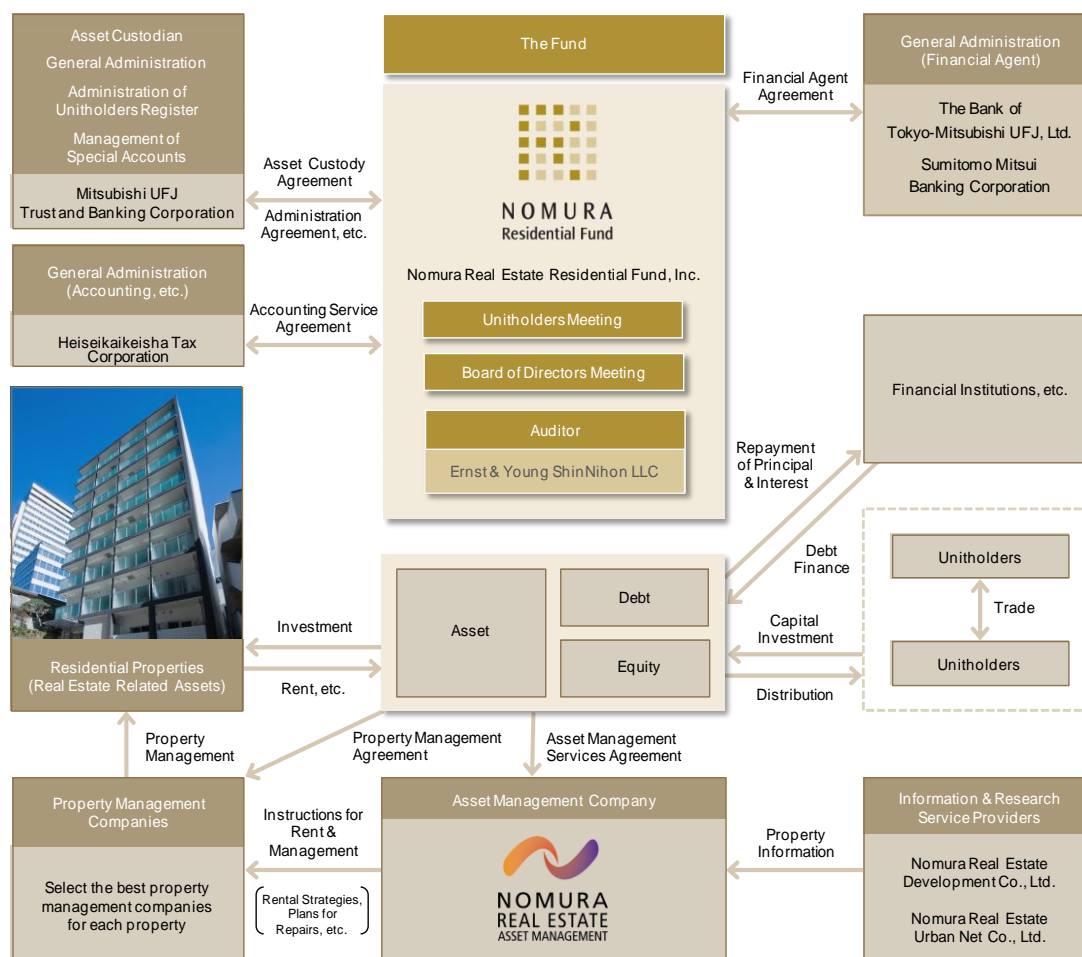
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Residential Fund, Inc. as at May 31, 2013, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

August 28, 2013
Tokyo, Japan

Business Structure



Corporate Data

Corporate Name

Nomura Real Estate Residential Fund, Inc.

Corporate Office

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

Date of Incorporation

August 3, 2006

Stock Listing

Tokyo Stock Exchange (Securities Code: 3240)

Fiscal Period

Six months ending on May 31 and November 30

Capital

¥68,961,322,596 (as of May 31, 2013)

Number of Units Issued

150,936 (as of May 31, 2013)

Number of Unitholders

10,720 (as of May 31, 2013)

Transfer Agent

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

Business Office of the Transfer Agent

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

Independent Auditors

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

Investor Relations

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

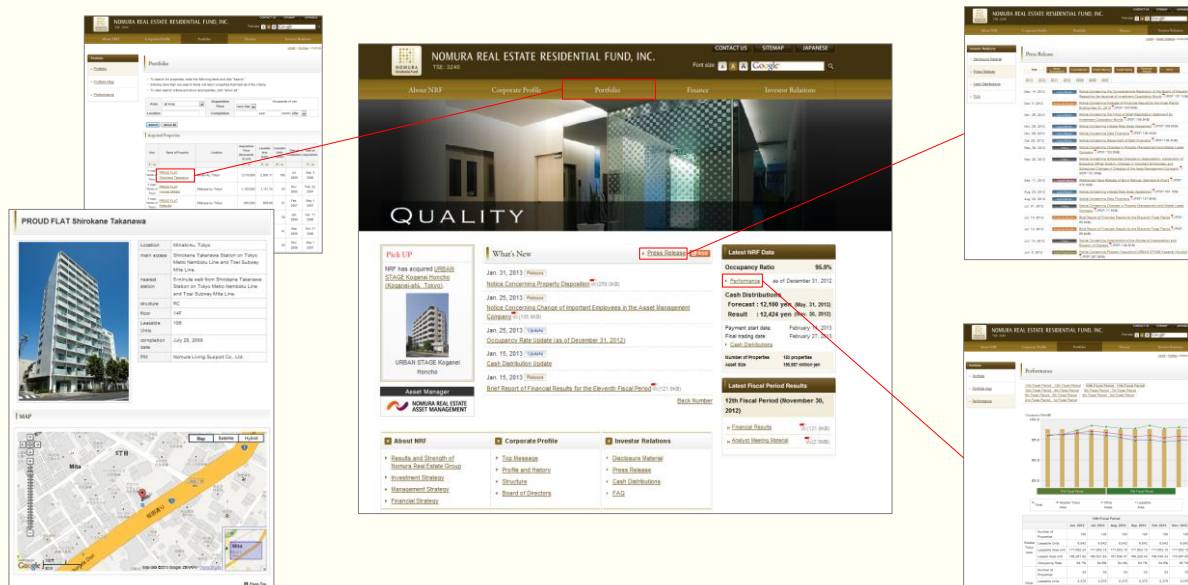
Nomura Real Estate Residential Fund's Website

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/>



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.

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