



NOMURA
Residential Fund

Semi-Annual Report

12th fiscal period

June 1, 2012 >>> November 30, 2012

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 having given Nomura Real Estate Residential Fund, Inc. the opportunity to serve you in 2012 and tell you how much we look forward to continuing to be a part of your financial portfolio in the coming year.

Closing of accounts for the 12th fiscal period, which ended November 30, 2012, showed the following overview and results.

For the real estate business in this period, we promoted replacement of properties for the purpose of increasing the profitability and quality of our portfolio. Specifically, we sold one property in the Tokyo Metropolitan District, and acquired another. As a result, the NRF portfolio has 153 properties and a total value of 150.58 billion yen as of the end of this fiscal period. This, we believe, will contribute to further increasing portfolio profitability.

For the management of the properties we hold, we reviewed the specifications for restoration to the original state on some of them to focus on leasing with increased competitiveness, which contributed to maintaining an occupancy rate throughout the portfolio of 96.2% as of the end of this fiscal period.

For the refinancing of loans that had reached maturity, we focused on extending repayment periods and fixing interest rates to increase financial stability and address the risk of rising interest rates.

As a result of our fund management, NRF achieved operating revenues of 5,174 million yen, current profits of 1,876 million yen, and net income of 1,875 million yen for the period. Cash Distribution per Unit totaled 12,424 yen.

NRF continues prioritizing stable management over the mid- and long-term in and after the next fiscal period.

Again, NRF is 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 (Nov.2012)(%)
1	PROUD FLAT Shirokane Takanawa	Minato-ku, Tokyo	3,510,000	2.3	2,950.11	106	99.3
2	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	0.7	1,151.34	44	100.0
3	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	0.6	958.98	31	94.5
4	PROUD FLAT Shibuya Sakuragaoka	Shibuya-ku, Tokyo	800,000	0.5	638.70	30	96.7
5	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	0.5	934.39	41	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	99.2
8	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	1.0	1,793.43	70	100.0
9	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,110,000	0.7	1,450.91	60	98.5
10	PROUD FLAT Shinjuku Kawadacho	Shinjuku-ku, Tokyo	1,010,000	0.7	1,102.20	41	100.0
11	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	0.9	1,277.82	48	92.6
12	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	0.8	1,541.64	67	98.5
13	PROUD FLAT Kamata II	Ota-ku, Tokyo	2,980,000	2.0	4,051.72	169	99.0
14	PROUD FLAT Shinotsuka	Toshima-ku, Tokyo	695,000	0.5	752.09	35	91.5
15	PROUD FLAT Kiyosumi Shirakawa	Koto-ku, Tokyo	900,000	0.6	1,209.56	55	100.0
16	PROUD FLAT Monzen Nakacho II	Koto-ku, Tokyo	650,000	0.4	830.55	35	94.9
17	PROUD FLAT Monzen Nakacho I	Koto-ku, Tokyo	1,130,000	0.8	1,191.08	55	98.2
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	100.0
20	PROUD FLAT Yokohama	Yokohama-shi, Kanagawa	2,340,000	1.6	3,118.12	113	98.5
21	PROUD FLAT Kamiooka	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	93.6
23	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	0.6	1,062.05	25	94.4
24	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	0.6	1,107.36	48	95.9
25	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.3	439.56	19	94.2
26	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	0.8	1,277.04	52	91.5
27	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.5	793.87	32	93.8
28	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	1.3	2,087.70	90	98.9
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	98.0
31	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	0.6	1,008.39	32	87.7
32	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.4	655.27	22	100.0
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	92.9
36	PRIME URBAN Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	1.1	1,759.11	51	94.3
37	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	0.9	1,459.86	60	95.5
38	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	0.7	1,162.55	46	97.9
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	100.0
42	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	0.6	1,049.73	41	95.2
43	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.4	835.05	33	90.9
44	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.3	576.20	23	91.3
45	PRIME URBAN Chitose Funabashi	Setagaya-ku, Tokyo	885,000	0.6	1,027.44	38	97.3
46	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.4	961.25	46	100.0
47	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	1.1	2,106.16	99	95.0
48	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	0.5	1,190.70	54	96.3
49	PRIME URBAN Kita Senzoku	Ota-ku, Tokyo	576,000	0.4	834.90	46	97.8
50	PRIME URBAN Denenchofu Minami	Ota-ku, Tokyo	900,000	0.6	1,100.17	44	93.3
51	PRIME URBAN Nakano Kamitakada	Nakano-ku, Tokyo	640,000	0.4	818.75	33	90.2
52	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.3	543.09	24	100.0
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	97.5
55	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.5	1,117.34	52	98.1
56	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.4	813.52	40	95.0
57	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	0.8	1,886.50	77	90.9
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	100.0
60	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.4	905.81	45	80.0
61	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	0.6	1,437.84	68	86.8
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	86.7
64	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	52	80.8
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	97.3
67	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	0.5	1,237.80	60	93.3
68	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,170,000	1.4	2,477.11	98	96.7
69	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	991,000	0.7	1,222.13	40	87.3
70	URBAN STAGE Shibaura LOFT	Minato-ku, Tokyo	1,510,000	1.0	1,905.39	68	98.6
71	URBAN STAGE Hatagaya	Shibuya-ku, Tokyo	452,000	0.3	650.60	38	97.4
72	URBAN STAGE Toritsu Daigaku	Meguro-ku, Tokyo	524,000	0.3	996.81	16	100.0
73	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	2,290,000	1.5	4,524.00	145	95.9
74	URBAN STAGE Shinkawa	Chuo-ku, Tokyo	2,250,000	1.5	3,600.61	46	96.5
75	URBAN STAGE Nihonbashi Yokoyamacho	Chuo-ku, Tokyo	3,530,000	2.3	5,926.17	124	100.0
76	URBAN STAGE Hongo Ikizaka	Bunkyo-ku, Tokyo	647,000	0.4	662.58	27	100.0
77	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.4	1,237.98	18	88.6
78	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	324,000	0.2	517.53	32	90.8
79	URBAN STAGE Shinjuku Ochiai	Shinjuku-ku, Tokyo	635,000	0.4	1,053.39	28	95.6
80	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.2	567.20	34	91.3
81	URBAN STAGE Kamiuma	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	99.1
82	URBAN STAGE Sangen Jaya	Setagaya-ku, Tokyo	755,000	0.5	1,018.72	47	97.0
83	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	0.5	1,774.01	27	85.9
84	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.4	810.98	17	91.2
85	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.3	572.41	26	96.0
86	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	344,000	0.2	507.52	28	90.0
87	URBAN STAGE Kamikitazawa	Setagaya-ku, Tokyo	738,000	0.5	1,384.45	29	96.2
88	URBAN STAGE Yoga	Setagaya-ku, Tokyo	1,150,000	0.8	1,773.05	54	97.6
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	90.1

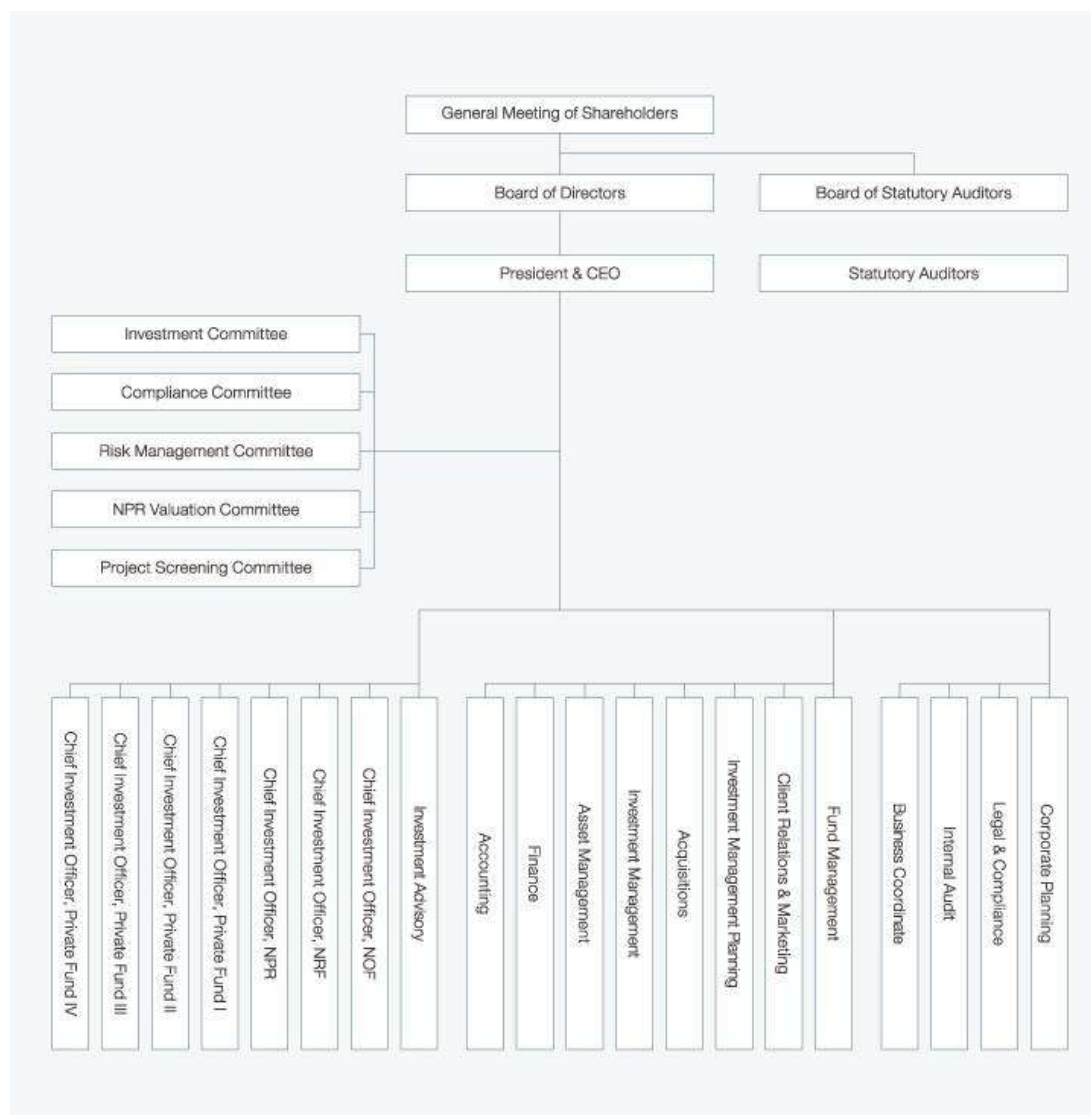
#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (Nov.2012)(%)
91	URBAN STAGE Yukigaya	Ota-ku, Tokyo	970,000	0.6	1,536.59	94	96.8
92	URBAN STAGE Ikegami	Ota-ku, Tokyo	1,460,000	1.0	2,456.48	95	94.8
93	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.3	801.30	51	92.9
94	URBAN STAGE Takaide	Suginami-ku, Tokyo	1,080,000	0.7	1,746.20	107	98.2
95	URBAN STAGE Komagome	Toshima-ku, Tokyo	412,000	0.3	990.18	19	75.3
96	URBAN STAGE Mukojima	Sumida-ku, Tokyo	487,000	0.3	1,108.91	55	90.9
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	94.3
99	URBAN STAGE Takinokawa	Kita-ku, Tokyo	287,000	0.2	554.39	29	96.5
100	URBAN STAGE Itabashi Kuyakushomae	Itabashi-ku, Tokyo	940,000	0.6	1,742.64	68	92.9
101	URBAN STAGE Asakusa	Taito-ku, Tokyo	350,000	0.2	876.70	22	95.4
102	URBAN STAGE Machiya	Arakawa-ku, Tokyo	210,000	0.1	455.19	26	96.4
103	URBAN STAGE Machiya South Court	Arakawa-ku, Tokyo	1,740,000	1.2	4,141.56	77	88.5
104	URBAN STAGE Koganei	Koganei-shi, Tokyo	229,000	0.2	682.43	27	89.1
105	URBAN STAGE Musashi Koganei	Koganei-shi, Tokyo	2,390,000	1.6	5,999.80	98	96.6
106	URBAN STAGE Musashino Hills	Koganei-shi, Tokyo	1,590,000	1.1	2,961.06	80	96.8
107	URBAN STAGE Koganei Honcho	Koganei-shi, Tokyo	725,000	0.5	1,604.72	43	97.3
108	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.2	994.68	54	94.4
109	URBAN STAGE Kumegawa	Higashimurayama-shi, Tokyo	1,370,000	0.9	2,610.05	91	83.3
110	URBAN STAGE Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	1.4	3,691.28	56	96.8
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	100.0
113	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.2	437.94	27	88.9
114	URBAN STAGE Minami Gyotoku I	Ichikawa-shi, Chiba	357,000	0.2	682.05	41	85.5
115	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.2	611.61	37	86.5
116	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.2	542.69	33	93.9
117	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.2	535.08	32	96.9
118	URBAN STAGE Gyotoku Ekimae	Ichikawa-shi, Chiba	561,000	0.4	927.33	46	87.0
119	URBAN STAGE Minami Gyotoku V	Ichikawa-shi, Chiba	293,000	0.2	662.68	38	80.0
120	URBAN STAGE Gyotoku	Ichikawa-shi, Chiba	948,000	0.6	1,766.47	77	100.0
Greater Tokyo Area			121,960,000	81.0	177,653.15	6,542	95.7
121	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.5	1,861.56	60	100.0
122	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	724,000	0.5	1,967.54	64	100.0
123	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	1,430,000	0.9	2,990.68	112	99.0
124	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.3	1,518.58	33	85.7
125	PRIME URBAN Kita Juyo Jo	Sapporo-shi, Hokkaido	336,000	0.2	1,155.60	36	92.9
126	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.4	1,850.20	53	100.0
127	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.2	1,148.72	36	100.0
128	PRIME URBAN Kita Juichi Jo	Sapporo-shi, Hokkaido	600,000	0.4	1,851.39	60	98.3
129	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	576,200	0.4	2,114.53	54	98.4
130	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	424,000	0.3	1,494.36	36	94.5
131	PRIME URBAN Chiji Kokan	Sapporo-shi, Hokkaido	337,900	0.2	1,007.30	42	100.0
132	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	283,200	0.2	911.07	27	100.0
133	PRIME URBAN Kita Nijuyo Jo	Sapporo-shi, Hokkaido	503,700	0.3	1,773.90	36	97.2
134	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	0.5	2,439.90	58	96.4
135	PRIME URBAN Nagamachi Ichhome	Sendai-shi, Miyagi	1,110,000	0.7	3,411.24	60	100.0
136	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	428,000	0.3	1,380.21	43	100.0
137	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	0.5	1,571.04	46	90.3
138	PRIME URBAN Kanayama	Nagoya-shi, Aichi	632,000	0.4	1,391.02	58	100.0
139	PRIME URBAN Tsurumai	Nagoya-shi, Aichi	1,189,096	0.8	2,502.11	104	99.0
140	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.4	1,189.12	48	95.8
141	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	0.5	1,392.00	57	94.8
142	PRIME URBAN Esaka III	Suita-shi, Osaka	1,535,000	1.0	2,151.67	79	93.1
143	URBAN STAGE Sapporo Riverfront	Sapporo-shi, Hokkaido	3,500,000	2.3	15,459.57	310	97.2
144	URBAN STAGE Kita Sanjo Dori	Sapporo-shi, Hokkaido	1,450,000	1.0	5,094.29	114	98.0
145	URBAN STAGE Tsutsumidori Amamiya	Sendai-shi, Miyagi	969,000	0.6	4,251.91	65	100.0
146	URBAN STAGE Kamimaezu	Nagoya-shi, Aichi	1,250,000	0.8	3,541.43	101	94.3
147	URBAN STAGE Izumi	Nagoya-shi, Aichi	2,800,000	1.9	7,543.10	250	99.1
148	URBAN STAGE Tamatsukuri	Osaka-shi, Osaka	906,000	0.6	2,373.10	80	92.2
149	Benefis Hakata Grand Suite	Fukuoka-shi, Fukuoka	830,000	0.6	2,176.23	67	96.9
150	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.2	897.84	34	84.8
151	Benefis Kashii Verben	Fukuoka-shi, Fukuoka	396,000	0.3	1,222.34	39	96.7
152	Benefis Hakata Higashi Grand Suite	Fukuoka-shi, Fukuoka	693,000	0.5	1,854.13	65	98.4
153	Benefis Chihaya Grand Suite	Fukuoka-shi, Fukuoka	545,000	0.4	1,740.70	48	88.4
Other Areas			28,627,696	19.0	85,228.38	2,375	97.0
Total			150,587,696	100.0	262,881.53	8,917	96.2

Profile of the Asset Management Company

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

Company	: Nomura Real Estate Asset Management Co., Ltd.
Capital	: ¥300 million (as of March 31, 2012)
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

		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	8th Period from Jun. 1, 2010 to Nov. 30, 2010
Operating Revenues	(¥mln)	5,174	5,250	4,445	4,510	4,466
of which Real Estate Rental Revenues	(¥mln)	5,174	5,241	4,445	4,497	4,461
Operating Expenses	(¥mln)	2,721	2,743	2,346	2,333	2,315
of which Real Estate Rental Expenses	(¥mln)	2,131	2,188	1,824	1,838	1,797
Operating Profit	(¥mln)	2,452	2,507	2,098	2,177	2,150
Ordinary Income	(¥mln)	1,876	1,857	1,479	1,553	1,515
Net Income	(¥mln)	1,875	1,856	1,477	1,465	1,514
Total Assets	(¥mln)	156,703	156,780	140,152	140,534	140,614
(Changes from Previous Period)	(%)	(Δ 0.0)	(+ 11.9)	(Δ 0.3)	(Δ 0.1)	(+ 1.3)
Interest-Bearing Debts	(¥mln)	83,092	83,182	74,216	74,606	74,676
Net Assets	(¥mln)	70,836	70,818	63,277	63,265	63,314
(Changes from Previous Period)	(%)	(+ 0.0)	(+ 11.9)	(+ 0.0)	(Δ 0.1)	(+ 0.2)
Unitholders' Capital	(¥mln)	68,961	68,961	61,799	61,799	61,799
Number of Units Issued	(Units)	150,936	150,936	125,535	125,535	125,535
Net Assets per Unit	(¥)	469,315	469,193	504,059	503,963	504,357
Total Cash Distribution	(¥mln)	1,875	1,856	1,477	1,465	1,514
Cash Distribution per Unit	(¥)	12,424	12,302	11,770	11,674	12,068
of which Cash Distribution of Profits	(¥)	12,424	12,302	11,770	11,674	12,068
of which Cash Distribution in excess of Profits	(¥)	—	—	—	—	—
ROA (Return on Assets) (Note 1)	(%)	1.2	1.2	1.1	1.1	1.1
Annualized ROA (Note 2)	(%)	2.4	2.4	2.1	2.2	2.2
ROE (Return on Equity) (Note 3)	(%)	2.6	2.6	2.3	2.3	2.4
Annualized ROE (Note 2)	(%)	5.3	5.2	4.7	4.6	4.8
Capital Adequacy Ratio (Note 4)	(%)	45.2	45.2	45.1	45.0	45.0
(Changes from Previous Period)	(%)	(+ 0.0)	(+ 0.0)	(+ 0.1)	(Δ 0.0)	(Δ 0.5)
LTV (Loan-to-Value) (Note 5)	(%)	53.0	53.1	53.0	53.1	53.1
Number of Operating Days	(days)	183	183	183	182	183
Payout Ratio (Note 6)	(%)	99.9	99.9	100.0	99.9	100.0
Number of Properties Held	(bldgs)	153	152	145	143	144
Total Leasable Floor Space	(㎡)	262,881.53	261,275.90	220,129.28	214,215.90	214,145.54
Number of Tenants	(tenants)	153	152	145	143	144
Occupancy Rate	(%)	96.2	96.2	96.8	96.1	96.3
Depreciation	(¥mln)	968	963	804	793	795
Capital Expenditures	(¥mln)	40	41	45	49	42
NOI (Net Operating Income) (Note 7)	(¥mln)	4,010	4,016	3,424	3,452	3,459
FFO (Funds from Operation) (Note 8)	(¥mln)	2,850	2,818	2,285	2,251	2,305
FFO per Unit (Note 9)	(¥)	18,886	18,671	18,207	17,931	18,369

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. 8th period: 183 days, 9th Period: 182 days, 10th Period: 183 days, 11th Period: 183 days, and 12th Period: 183 days.

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

As for 11th period, 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 12TH 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

Although it was predicted that the Japanese economy would gradually recover on demand from post-quake projects, economic performance shifted downward, mainly in exports and industry production, due to the slowing of economic recovery in the U.S., the slowing of growth in China, and the continuing European debt crisis.

The rental housing market continues an increasing trend of single-person and small-family households due to the impact of delayed marriage and the falling birth rate. Because of the continuing flow of population to metropolitan areas and the reducing supply of newly-built properties, occupancy rates for prime properties with excellent locations and merchantability show steady movement. Rents at some properties with market competitiveness increased after tenant replacement, which shows improvement of property terms supported by high occupancy.


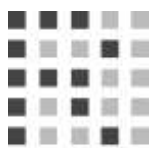
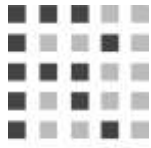
The motivation of companies and individuals in the wealthy class to acquire real estate continues with support from monetary easing policies; as a result, market-derived capitalization rate continues its downward trend.

Four new listings were made on the J-REIT market made after April 2012, and public stock offerings for listed shares also continued one after another. REIT share prices recovered with support from purchases by the Bank of Japan and an inflow of money to investment trusts, all contributing to a recovery of the TSE REIT index to 1,000 following last September, a trend that has continued.

Under the above-mentioned management environment, the 12th fiscal period (ending November 2012) realized the achievements shown below.

(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>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>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 Company promoted the replacement of properties in the portfolio for the purpose of improving portfolio profitability and quality again in the 12th fiscal period. In the previous fiscal period, we sold URBAN STAGE Minami Urawa (Saitama-shi, Saitama, for 292 million yen) and acquired URBAN STAGE Koganei Honcho (Koganei-shi, Tokyo, for 725 million yen) for the purpose of improving the profitability of the portfolio.

As a result, the size of the assets related to the Company is 153 properties and 150,587 million yen (total acquisition prices) at the end of November 2012.

(b) Property Management

In the 12th fiscal period, which was expected to have lower tenant turnover, the Company focused on the management of existing properties to maintain the high rate of occupancy from the previous fiscal period.

In regard to the leasing properties, because of our focus on reorganizing the restoration of properties to their original states to increase property competitiveness, and coordinated planning to maximize occupancy at the completion of construction or remodeling and significantly shorten vacancy periods, we were able to achieve a 96.2% occupancy rate.

The Company also transferred property management(hereinafter referred to as the “PM Company”) for 44 properties in the Tokyo Metropolitan District to Nomura Living Support Co. Ltd. on October 1, 2012 and December 1, 2012, immediately after the end of the 12th fiscal period. Including the relevant 44 properties, a total of 66 properties implemented Living Q Call for Rent, 24-hour emergency services for furnished appliances and special travel and leisure benefits for tenants, which are expected to increase customer satisfaction and property competitiveness.

In this way, we continue to place an emphasis on increasing profit by meeting market needs to maintain and improve occupancy, increase non-rental income, and reduce costs.

(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 12th fiscal period as shown below.

For the acquisition of new properties, we expeditiously procured funds through revolving credit loans. For the refinancing of 12,510 million yen in existing loans, the Company used three term loans to extend the repayment period of interest-bearing debts and fix interest rates with the goal of increasing financial stability and addressing the risk of rising interest rates.

As a result, the ratio of long-term debt is 83.7%, 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 2.6 years (the average maturity of the outstanding long-term interest-bearing debt is 3.0 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 12th 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 12th fiscal period, the Company recorded 5,174 million yen in operating revenue, 2,452 million yen in operating profit, 1,876 million yen in ordinary income, and 1,875 million yen in net income. Concerning distribution, in order to qualify for special tax treatment under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) to have the maximum amount of cash distribution treated as deductible dividends, the Company decided to distribute the entire amount of retained earnings, excluding fractions of the distribution amount per unit less than one yen. As a result, the amount of cash distribution per unit for this fiscal period was 12,424 yen.

3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' Capital until the end of the 12th fiscal period (as of November 30, 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.

		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	8th Period from Jun. 1, 2010 to Nov. 30, 2010
High	(¥)	493,000	440,000	465,000	500,000	434,500
Low	(¥)	372,000	312,500	308,000	359,000	320,000

4. CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15-1 of the Act on Special Measures Concerning Taxation to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥12,424.

		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	8th Period from Jun. 1, 2010 to Nov. 30, 2010
Retained Earnings	(¥000)	1,875,347	1,856,892	1,477,597	1,465,558	1,514,986
Accumulated earnings	(¥000)	118	77	50	63	29
Total cash distribution	(¥000)	1,875,228	1,856,814	1,477,546	1,465,495	1,514,956
(Cash distribution per unit)	(¥)	(12,424)	(12,302)	(11,770)	(11,674)	(12,068)
of which distribution of profits	(¥000)	1,875,228	1,856,814	1,477,546	1,465,495	1,514,956
(Distribution of profits per unit)	(¥)	(12,424)	(12,302)	(11,770)	(11,674)	(12,068)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

The Japanese economy is expected to recover based on an increase in mining and manufacturing production, and a weak yen. However, fiscal restraint in the U.S., anxiety about the potential elongation of the European debt crisis, and the risk of a downward swing in the world economy demand continued attention into the future.

Under these business circumstances, the Company will focus on property management while maximizing our strengths to ensure stable income and steady growth of portfolio assets over the mid-to-long-term.

(a) Property Acquisition

The Company has set the goal of increasing total future assets under management to 300 billion yen. We consider financial contents, utilize stable sourcing routes owned by each property brand, acquire information on prime properties as quickly as possible, and carefully select properties for investment. Based on these policies, the Company promotes further diversification of its portfolio and maintains a balance of property age to ensure stable income over the mid-to-long term.

(b) Property Replacement

The Company continues replacing properties to improve portfolio quality and maintain stable income over the mid-to-long term. In line with our conservative financial strategy, we fund new acquisitions with money acquired through the sale of other properties.

(c) Property Management

While focusing on maintenance and increasing income by promoting unified property management with other property management companies and establishing appropriate leasing strategies for each property, the Company also places effort into maximizing performance by reducing costs as much as possible.

We institute a wide range of measures based on a thorough understanding of property characteristics and market needs to increase occupancy rates and cash flow, and strive to maintain and increase competitiveness and profitability of our properties through appropriate large-scale repair and remodeling.

(d) Fund Procurement

Concerning funding, the Company continues placing effort into establishing an appropriate financial base through the careful control of interest-rate risk by fixing interest rates, by extending repayment periods, by diversifying repayment terms, financial institutions, and fund-raising approaches, and by procuring unsecured and unguaranteed loans. The Company also carefully monitors financial market trends, discusses and selects the most appropriate means of fund procurement, and pursues well-balanced composition of interest-bearing debts.

6. IMPORTANT EVENTS SUBSEQUENT TO THE 12TH FISCAL PERIOD

Transfer of a Property

On January 31, 2013, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and on February 26, 2013, completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

URBAN STAGE Toritsu Daigaku

Type of Assets	: Real Estate
Date of Agreement	: January 31, 2013
Transfer Date	: February 26, 2013
Transfer Price	: ¥564 million
Transferee	: An individual
Impact on Revenues	: Approximately ¥8 million (miscellaneous expenses excluded) of gain on sales of real estate will be recorded for the 13th fiscal period (from December 1, 2012 to May 31, 2013).

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		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)	8th Period (as of Nov. 30, 2010)
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	125,535	125,535	125,535
Amount of unitholders' capital	(¥ mln)	68,961	68,961	61,799	61,799	61,799
Number of unitholders		9,446	9,895	9,417	8,789	9,988

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of November 30, 2012 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	34,745	23.02
Nomura Real Estate Development Co., Ltd.	15,240	10.10
The Nomura Trust and Banking Co., Ltd. (Investment Account)	8,370	5.55
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,414	4.91
Trust and Custody Services Bank, Ltd.(Securities Investment Trust Account)	5,864	3.89
The Joyo Bank, Ltd.	4,602	3.05
Nomura Bank (Luxembourg) S.A.	3,868	2.56
The Bank of New York Treaty Jasdec Account	3,493	2.31
Trust and Custody Services Bank, Ltd. (Money Trust Tax Account)	2,088	1.38
Mizuho Trust & Banking co., Ltd.	1,882	1.25
Total	87,566	58.02

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of November 30, 2012 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	9,061	95.9	24,773	16.4
Financial institutions (Including sales agents for financial instruments firm)	104	1.1	87,600	58.0
Other domestic corporate investors	166	1.8	20,177	13.4
Foreign corporate investors, etc.	115	1.2	18,386	12.2
Total	9,446	100.0	150,936	100.0

4. DIRECTORS AND AUDITOR

(1) Name of directors and an auditor in the 12th fiscal period are as follows (Note 1)

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 12th Period (¥000)
Executive Director	Yoshinori Hirohata	Full-time Statutory Auditor, Nomura Real Estate Urban Net Co., Ltd.(Note 2)	800
Executive Director	Masatomi Natsume	NRF Chief Investment Officer, Nomura Real Estate Asset Management, Co., Ltd.	—
Supervisory Director	Shuhei Yoshida	Representative Lawyer, Yoshida Shuhei Law Office Supervisory Director, Nomura Real Estate Office Fund, Inc. (Note 3)	800
Supervisory Director	Eitoku Aikawa	Director, Fair Appraisers, K.K. Supervisory Director, Nomura Real Estate Office Fund, Inc. (Note 4)	2,400
Supervisory Director	Motoharu Yokose	Advisor, Asahi Tax Corporation. Auditor, YAMATO HOLDINGS CO., LTD.	1,600
Accounting Auditor	Earnst & Young ShinNihon LLC	—	10,000

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: Executive Director Yoshinori Hirohata resigned as a full-time Auditor of Nomura Real Estate Urban Net Co., Ltd. on June 22, 2012.

Note 3: Supervisory Director Shuhei Yoshida resigned as Supervisory Director of Nomura Real Estate Office Fund, Inc. on August 7, 2012.

Note 4: 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 5: Executive Director Yoshinori Hirohata and Supervisory Director Shuhei Yoshida resigned as the Executive Director and Supervisory Director upon the expiration of the term on August 3, 2012.

Note 6: At the fourth General Unitholders' Meeting held on July 31, 2012, Mr. Masatomi Natsume and Mr. Motoharu Yokose were appointed Executive Director and Supervisory Director, respectively, effective on August 4, 2012.

Note 7: 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 8: 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	12th Period (as of Nov. 30, 2012)		11th Period (as of May 31, 2012)	
		Total Amount (¥ mln) (Note 1)	Portion (%)(Note 2)	Total Amount (¥ mln) (Note 1)	Portion (%)(Note 2)
Real estate	Greater Tokyo Area	81,013	51.7	78,141	49.8
	Other	27,109	17.3	27,374	17.5
Real estate in trust	Greater Tokyo Area	39,770	25.4	42,490	27.1
	Other	2,078	1.3	2,094	1.3
Subtotal		149,972	95.7	150,099	95.7
Cash, deposits and other assets		6,731	4.3	6,680	4.3
Grand Total		156,703	100.0	156,780	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 100.0 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 12th 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	3,694	15,459.57	15,023.96	97.2	3.6	Apartment building
PRIME URBAN Meguro Ohashi Hills	3,651	2,955.74	2,930.27	99.1	1.6	Apartment building
URBAN STAGE Nihonbashi Yokoyamacho	3,543	5,926.17	5,926.17	100.0	2.5	Apartment building
PROUD FLAT Shirokane Takanawa	3,453	2,950.11	2,928.26	99.3	1.8	Apartment building
URBAN STAGE Izumi	2,987	7,543.10	7,474.71	99.1	2.6	Apartment building
PROUD FLAT Kamata II	2,974	4,051.72	4,010.07	99.0	2.2	Apartment building
PROUD FLAT Kamioooka	2,652	4,872.17	4,872.17	100.0	1.9	Apartment building
URBAN STAGE Musashi Koganei	2,509	5,999.80	5,794.24	96.6	1.4	Apartment building
URBAN STAGE Kachidoki	2,285	4,524.00	4,337.67	95.9	1.7	Apartment building
PROUD FLAT Yokohama	2,277	3,118.12	3,071.31	98.5	1.4	Apartment building
Total	30,030	57,400.50	56,368.83	98.2	20.8	

3. DETAILS OF PORTFOLIO PROPERTIES

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of November 30, 2012 (¥ mln) (Note 2)
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	5-12-7 Mita, Minato-ku, Tokyo	Real estate	3,080
	PROUD FLAT Yoyogi Uehara	3-25-7 Uehara, Shibuya-ku, Tokyo	Beneficial Interest	908
	PROUD FLAT Hatsudai	2-19-15 Hatsudai, Shibuya-ku, Tokyo	Real estate	668
	PROUD FLAT Shibuya Sakuragaoka	21-8 Sakuragaoka, Shibuya-ku, Tokyo	Real estate	688
	PROUD FLAT Gakugei Daigaku	2-21-20 Meguro Honcho, Meguro-ku, Tokyo	Real estate	756
	PROUD FLAT Meguro Gyoninzaka	1-4-18 Shimo Meguro, Meguro-ku, Tokyo	Real estate	858
	PROUD FLAT Sumida Riverside	1-31-7 Shinkawa, Chuo-ku, Tokyo	Real estate	2,210
	PROUD FLAT Kagurazaka	1-11 Higashi Gokencho, Shinjuku-ku, Tokyo	Real estate	1,470
	PROUD FLAT Waseda	521-9 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo(Note 3)	Real estate	1,030
	PROUD FLAT Shinjuku Kawadacho	3-29 Kawadacho, Shinjuku-ku, Tokyo	Real estate	867
	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	3,040
	PROUD FLAT Shinotsuka	3-12-10 Minami Otsuka, Toshima-ku, Tokyo	Real estate	562
	PROUD FLAT Kiyosumi Shirakawa	2-3 Takabashi, Koto-ku, Tokyo	Real estate	910
	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	959
	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	1,780
	PROUD FLAT Yokohama	8-18 Daimachi Kanagawa-ku, Yokohama-shi, Kanagawa(Note 3)	Real estate	2,100
	PROUD FLAT Kamioooka	3-4-6 Kamioooka Nishi, Konan-ku, Yokohama-shi, Kanagawa	Real estate	2,780
	PROUD FLAT Tsurumi II	20-16 Toyooka-cho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	1,440
	PRIME URBAN Akasaka	7-6-19 Akasaka, Minato-ku, Tokyo	Beneficial Interest	864
	PRIME URBAN Tamachi	3-6-13 Sibaura, Minato-ku, Tokyo	Beneficial Interest	899
	PRIME URBAN Yoyogi	3-51-3 Yoyogi, Shibuya-ku, Tokyo	Beneficial Interest	350
	PRIME URBAN Bancho	2-9-1 Kudanminami, Chiyoda-ku, Tokyo	Beneficial Interest	1,010
	PRIME URBAN Chiyoda Fujimi	2-1-9 Fujimi, Chiyoda-ku, Tokyo	Beneficial Interest	625
	PRIME URBAN Iidabashi	4-8-9,11 Iidabashi, Chiyoda-ku, Tokyo	Beneficial Interest	1,950
	PRIME URBAN Ebisu	1-11-11 Mita, Meguro-ku, Tokyo	Real estate	1,150
	PRIME URBAN Naka Meguro	3-28-24 Kami Meguro, Meguro-ku, Tokyo	Beneficial Interest	1,300
	PRIME URBAN Gakugei Daigaku	2-14-14 Takaban, Meguro-ku, Tokyo	Beneficial Interest	761
	PRIME URBAN Senzoku	2-20-8 Senzoku, Meguro-ku, Tokyo	Beneficial Interest	491
	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	2,770
	PRIME URBAN Hakusan	1-7-9 Mukougaoka, Bunkyo-ku, Tokyo	Real estate	836
	PRIME URBAN Yotsuya Gaien Higashi	14-62 Samoncho, Shinjuku-ku, Tokyo(Note 3)	Beneficial Interest	1,420
	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 November 30, 2012 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Nishi Shinjuku II	5-6-4 Nishi Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	852
	PRIME URBAN Shinjuku Naitomachi	1-55 Naitomachi, Shinjuku-ku, Tokyo(Note 3)	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	701
	PRIME URBAN Minami Karasuyama	5-7-4 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	726
	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	358
	PRIME URBAN Chitose Funabashi	5-40-4 Sakuragaoka, Setagaya-ku, Tokyo	Real estate	753
	PRIME URBAN Shinagawa Nishi	6-24-13 Yukata-cho, Shinagawa-ku, Tokyo	Real estate	547
	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	798
	PRIME URBAN Kita Sensoku	2-14-18 Kita Sensoku, Ota-ku, Tokyo	Real estate (Note 4)	489
	PRIME URBAN Denenchofu Minami	12-5 Denenchofu Minami, Ota-ku, Tokyo	Real estate	768
	PRIME URBAN Nakano Kamitakada	4-43-3 Kami Takada, Nakano-ku, Tokyo	Real estate	531
	PRIME URBAN Nishi Ogikubo	2-27-5 Nishi Ogiminami, Suginami-ku, Tokyo	Beneficial Interest	378
	PRIME URBAN Otsuka	1-3-4 Nishi Sugamo, Toshima-ku, Tokyo	Beneficial Interest	673
	PRIME URBAN Monzen Nakacho	1-5-7 Monzen Nakacho, Koto-ku, Tokyo	Beneficial Interest	2,270
	PRIME URBAN Kameido	2-38-2 Kameido, Koto-ku, Tokyo	Beneficial Interest	745
	PRIME URBAN Sumiyoshi	2-23-3 Ogibashi, Koto-ku, Tokyo	Beneficial Interest	570
	PRIME URBAN Kinshi Koen	4-7-12 Taihei, Sumida-ku, Tokyo	Beneficial Interest	1,190
	PRIME URBAN Kinshicho	5-16-14 Kotobashi, Sumida-ku, Tokyo	Beneficial Interest	689
	PRIME URBAN Hirai	6-23-12 Hirai, Edogawa-ku, Tokyo	Beneficial Interest	673
	PRIME URBAN Kasai	6-18-5 Naka Kasai, Edogawa-ku, Tokyo	Beneficial Interest	613
	PRIME URBAN Kasai II	7-9-7 Higashi Kasai, Edogawa-ku, Tokyo	Beneficial Interest	971
	PRIME URBAN Shinyurigaoka	3-1-17 Manpukuji Asao-ku, Kawasaki-shi, Kanagawa	Real estate	1,110
	PRIME URBAN Urayasu	3-2-13 Todaijima, Urayasu-shi, Chiba	Beneficial Interest	769
	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 (Note 4)	668
	PRIME URBAN Gyotoku Ekimae	2-26-11 Gyotoku Ekimae, Ichikawa-shi, Chiba	Beneficial Interest	466
	PRIME URBAN Nishi Funabashi	437-1,2 Hongocho, Funabashi-shi, Chiba(Note 3)	Beneficial Interest	721
	PRIME URBAN Kawaguchi	3-1-11 Sakae-cho, Kawaguchi-shi, Saitama	Real estate	1,890
	URBAN STAGE Azabu Juban	2-33-9 Higashi Azabu, Minato-ku, Tokyo	Real estate	946
	URBAN STAGE Shibaura LOFT	4-5-17 Shibaura, Minato-ku, Tokyo	Real estate	1,780
	URBAN STAGE Hatagaya	3-28-6 Hatagaya, Shibuya-ku, Tokyo	Real estate (Note 4)	434
	URBAN STAGE Toritsu Daigaku	2-15-14 Yakumo, Meguro-ku, Tokyo	Real estate	457
	URBAN STAGE Kachidoki	6-5-6 Kachidoki, Chuo-ku, Tokyo	Beneficial Interest	2,340
	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	4,030

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of November 30, 2012 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Hongo Ikizaka	2-16-3 Hongo, Bunkyo-ku, Tokyo	Real estate	556
	URBAN STAGE Naka Ochiai	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo	Beneficial Interest	588
	URBAN STAGE Ochiai	2-17-9 Nakai, Shinjuku-ku, Tokyo	Beneficial Interest	331
	URBAN STAGE Shinjuku Ochiai	4-10-9 Kita Shinjuku, Shinjuku-ku, Tokyo	Real estate	549
	URBAN STAGE Roka Koen	1-12-26 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	310
	URBAN STAGE Kamiuma	5-26-14 Kamiuma, Setagaya-ku, Tokyo	Beneficial Interest	846
	URBAN STAGE Sangen Jaya	5-38-12 Kamiuma, Setagaya-ku, Tokyo	Beneficial Interest	663
	URBAN STAGE Chitose Karasuyama	3-32-16 Kasuya, Setagaya-ku, Tokyo	Beneficial Interest	668
	URBAN STAGE Sangen Jaya II	2-4-16 Taishido, Setagaya-ku, Tokyo	Beneficial Interest	460
	URBAN STAGE Komazawa	2-7-18 Komazawa, Setagaya-ku, Tokyo	Beneficial Interest	344
	URBAN STAGE Karasuyama	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo	Beneficial Interest	324
	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	472
	URBAN STAGE Oimachi II	5-10-10 Higashi Oi, Shinagawa-ku, Tokyo	Beneficial Interest	1,170
	URBAN STAGE Yukigaya	34-10 Kita Minemachi, Ota-ku, Tokyo	Real estate	930
	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	459
	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	397
	URBAN STAGE Mukojima	5-19-14 Higashi Mukojima, Sumida-ku, Tokyo	Real estate	518
	URBAN STAGE Kasai East	6-16-9 Higashi Kasai, Edogawa-ku, Tokyo	Real estate	1,090
	URBAN STAGE Ekoda	1-10-5 Asahigaoka, Nerima-ku, Tokyo	Real estate	380
	URBAN STAGE Takinokawa	7-49-18 Takinokawa, Kita-ku, Tokyo	Real estate	259
	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 (Note 4)	342
	URBAN STAGE Machiya	1-32-13 Machiya, Arakawa-ku, Tokyo	Real estate	193
	URBAN STAGE Machiya South Court	3-73-5 Arakawa, Arakawa-ku, Tokyo	Real estate	1,740
	URBAN STAGE Koganei	2-13-14 Nukui Kitamachi, Koganei-shi, Tokyo	Real estate (Note 4)	197
	URBAN STAGE Musashi Koganei	2-11-26 Nakacho, Koganei-shi, Tokyo	Real estate	1,860
	URBAN STAGE Musashino Hills	(A) 2-1-2 Kajinocho, Koganei-shi, Tokyo (B) 2-1 36 Kajinocho, Koganei-shi, Tokyo	Real estate	1,360
	URBAN STAGE Koganei Honcho	4-14-25 Honcho, Koganei-shi Tokyo	Real estate	761
	URBAN STAGE Hino	536-2 Hino Oaza, Hino-shi, Tokyo(Note 3)	Real estate	311
	URBAN STAGE Kumegawa	1-5-6 Sakae-cho, Higashimurayama-shi, Tokyo(Note 3)	Real estate	1,390
	URBAN STAGE Musashi Kosugi comodo	2-902-1 Shin Maruko Higashi Nakahara-ku, Kawasaki-shi, Kanagawa (Note 3)	Real estate	2,000
	URBAN STAGE Kawasaki	1-4-15 Honcho Kawasaki-ku, Kawasaki-shi, Kanagawa(Note 3)	Real estate	926
	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 (Note 4)	218

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of November 30, 2012 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Minami Gyotoku I	3-29-26 Arai, Ichikawa-shi, Chiba	Real estate	308
	URBAN STAGE Minami Gyotoku II	1-4-18 Hiroo, Ichikawa-shi, Chiba	Real estate	239
	URBAN STAGE Minami Gyotoku III	1-21-23 Ainokawa, Ichikawa-shi, Chiba	Real estate	245
	URBAN STAGE Minami Gyotoku IV	1-5-18 Hiroo, Ichikawa-shi, Chiba	Real estate	220
	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	266
	URBAN STAGE Gyotoku	1-2-8 Fukuei, Ichikawa-shi, Chiba	Real estate	815
	Subtotal			113,669
Other	PROUD FLAT Itsutsubashi	2-5-2 Itsutsubashi, Aoba-ku, Sendai-shi, Miyagi	Real estate	652
	PROUD FLAT Kawaramachi	2-10 Aza Hakkenkoji, Minami Koizumi, Wakabayashi-ku, Sendai-shi, Miyagi(Note 3)	Real estate	645
	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	311
	PRIME URBAN Kita Juyo Jo	2-1 Higashi 1-Chome Kita 14-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	320
	PRIME URBAN Odori Koen I	12 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido(Note 3)	Real estate	464
	PRIME URBAN Odori Koen II	12-1 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note 3)	Real estate	303
	PRIME URBAN Kita Juichi Jo	1-3 Higashi 1-Chome Kita 11-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	560
	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(Note 3)	Real estate	420
	PRIME URBAN Chiji Kokan	1-12 Nishi 17-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido(Note 3)	Real estate	278
	PRIME URBAN Maruyama	1-1 Nishi 22-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	248
	PRIME URBAN Kita Nijuyo Jo	2-1 Higashi 1-Chome Kita 23-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	459
	PRIME URBAN Sapporo Idaimae	1-20 Nishi 13-Chome Minami 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	650
	PRIME URBAN Nagamachi Icchome	1-2-30 Nagamachi Taihaku-ku, Sendai-shi, Miyagi	Real estate	1,010
	PRIME URBAN Yaotome Chuo	3-8-70 Yaotome Chuo, Izumi-ku, Sendai-shi, Miyagi	Real estate	416
	PRIME URBAN Aoi	1-13-24 Aoi, Higashi-ku, Nagoya-shi, Aichi	Beneficial Interest	650
	PRIME URBAN Kanayama	4-2-37 Masaki, Naka-ku, Nagoya-shi, Aichi	Real estate	594
	PRIME URBAN Tsurumai	5-8-29 Chiyoda Naka-ku, Nagoya-shi, Aichi	Real estate	1,040
	PRIME URBAN Esaka I	3-26-27 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	617
	PRIME URBAN Esaka II	3-31-31 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	739
	PRIME URBAN Esaka III	10-19 Hiroshiba-cho, Suita-shi, Osaka	Real estate	1,180
	URBAN STAGE Sapporo Riverfront	1-1 Nishi 1-Chome Minami 9-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	4,100
	URBAN STAGE Kita Sanjo Dori	2-2 Higashi 2-Chome Kita 3-Jo, Chuo-ku, Sapporo-shi, Hokkaido(Note 3)	Real estate	1,590
	URBAN STAGE Tsutsumidori Amamiya	4-37 Tsutsumidori Amamiya-machi, Aoba-ku, Sendai-shi, Miyagi	Real estate	823
	URBAN STAGE Kamimaezu	2-4-2 Kamimaezu Naka-ku, Nagoya-shi, Aichi	Real estate	1,450
	URBAN STAGE Izumi	1-20-28 Izumi Higashi-ku, Nagoya-shi, Aichi	Real estate	3,200
	URBAN STAGE Tamatsukuri	2-16-11 Tamatsukuri Chuo-ku, Osaka-shi, Osaka	Real estate	976
	Benefis Hakata Grand Suite	2-14-7 Minoshima, Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	695
	Benefis Yakuin Minami	1-14-10 Shirogane, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	306

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of November 30, 2012 (¥ mln) (Note 2)
Other	Benefis Kashii Verbena	2-3-7 Kashii Ekimae Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	364
	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	562
	Subtotal			28,167
	Total			141,836

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

Note2: "Appraisal Value as of November 30, 2012" 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 12th 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	12th Period (from Jun. 1, 2012 to Nov. 30, 2012)				11th Period (from Dec. 1, 2011 to May 31, 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	99.3	94,439	1.8	1	96.6	93,230	1.8
	PROUD FLAT Yoyogi Uehara	1	100.0	30,227	0.6	1	100.0	31,329	0.6
	PROUD FLAT Hatsudai	1	94.5	23,335	0.5	1	100.0	23,808	0.5
	PROUD FLAT Shibuya Sakuragaoka	1	96.7	22,751	0.4	1	96.7	21,371	0.4
	PROUD FLAT Gakugei Daigaku	1	100.0	24,518	0.5	1	95.4	25,405	0.5
	PROUD FLAT Meguro Gyoninzaka	1	100.0	27,787	0.5	1	97.5	27,755	0.5
	PROUD FLAT Sumida Riverside	1	99.2	73,034	1.4	1	92.8	71,939	1.4
	PROUD FLAT Kagurazaka	1	100.0	47,773	0.9	1	95.2	46,380	0.9
	PROUD FLAT Waseda	1	98.5	34,568	0.7	1	95.3	35,212	0.7
	PROUD FLAT Shinjuku Kawadacho	1	100.0	28,804	0.6	1	92.3	29,752	0.6
	PROUD FLAT Sangen Jaya	1	92.6	35,500	0.7	1	98.3	36,256	0.7
	PROUD FLAT Kamata	1	98.5	36,622	0.7	1	98.5	35,985	0.7
	PROUD FLAT Kamata II	1	99.0	111,744	2.2	1	96.8	107,622	2.1
	PROUD FLAT Shinotsuka	1	91.5	20,649	0.4	1	100.0	19,850	0.4
	PROUD FLAT Kiyosumi Shirakawa	1	100.0	30,689	0.6	1	100.0	30,739	0.6
	PROUD FLAT Monzen Nakacho II	1	94.9	19,728	0.4	1	94.9	21,145	0.4
	PROUD FLAT Monzen Nakacho I	1	98.2	35,234	0.7	1	96.4	33,667	0.6
	PROUD FLAT Fujimidai	1	100.0	56,182	1.1	1	100.0	54,738	1.0
	PROUD FLAT Asakusa Komagata	1	100.0	63,145	1.2	1	95.7	64,618	1.2
	PROUD FLAT Yokohama	1	98.5	74,330	1.4	1	100.0	74,707	1.4
	PROUD FLAT Kamioooka	1	100.0	97,454	1.9	1	100.0	97,265	1.9
	PROUD FLAT Tsurumi II	1	93.6	60,411	1.2	1	98.1	60,157	1.1
	PRIME URBAN Akasaka	1	94.4	27,227	0.5	1	96.7	26,625	0.5
	PRIME URBAN Tamachi	1	95.9	30,620	0.6	1	98.1	28,435	0.5
	PRIME URBAN Yoyogi	1	94.2	11,243	0.2	1	96.0	12,207	0.2
	PRIME URBAN Bancho	1	91.5	31,237	0.6	1	98.2	32,905	0.6
	PRIME URBAN Chiyoda Fujimi	1	93.8	20,672	0.4	1	96.6	21,636	0.4
	PRIME URBAN Iidabashi	1	98.9	59,954	1.2	1	96.8	61,941	1.2
	PRIME URBAN Ebisu	1	100.0	35,931	0.7	1	89.9	37,533	0.7
	PRIME URBAN Naka Meguro	1	98.0	39,235	0.8	1	100.0	40,337	0.8
	PRIME URBAN Gakugei Daigaku	1	87.7	22,722	0.4	1	90.1	22,774	0.4
	PRIME URBAN Senzoku	1	100.0	14,211	0.3	1	100.0	15,342	0.3
	PRIME URBAN Meguro Riverside	1	100.0	14,446	0.3	1	96.0	14,195	0.3
	PRIME URBAN Meguro Ohashi Hills	1	99.1	84,617	1.6	1	92.1	82,019	1.6
	PRIME URBAN Hakusan	1	92.9	25,258	0.5	1	95.7	25,096	0.5
	PRIME URBAN Yotsuya Gaien Higashi	1	94.3	44,763	0.9	1	93.9	45,102	0.9
	PRIME URBAN Nishi Shinjuku I	1	95.5	36,758	0.7	1	96.8	36,196	0.7
	PRIME URBAN Nishi Shinjuku II	1	97.9	28,171	0.5	1	97.8	29,489	0.6
	PRIME URBAN Shinjuku Naitomachi	1	100.0	11,761	0.2	1	93.1	15,133	0.3
	PRIME URBAN Nishi Waseda	1	100.0	15,408	0.3	1	100.0	15,414	0.3
	PRIME URBAN Sangen Jaya	1	100.0	23,397	0.5	1	94.2	23,177	0.4
	PRIME URBAN Minami Karasuyama	1	95.2	24,131	0.5	1	90.4	26,026	0.5
	PRIME URBAN Karasuyama Galleria	1	90.9	19,252	0.4	1	100.0	19,816	0.4
	PRIME URBAN Karasuyama Court	1	91.3	11,604	0.2	1	100.0	13,177	0.3
	PRIME URBAN Chitose Funabashi	1	97.3	22,851	0.4	1	92.5	24,510	0.5
	PRIME URBAN Shinagawa Nishi	1	100.0	21,506	0.4	1	91.8	21,353	0.4
	PRIME URBAN Osaki	1	95.0	56,465	1.1	1	98.0	58,944	1.1
	PRIME URBAN Omori	1	96.3	28,530	0.6	1	98.1	28,334	0.5
	PRIME URBAN Kita Senzoku	1	97.8	18,145	0.4	1	93.5	19,770	0.4
	PRIME URBAN Denenchofu Minami	1	93.3	27,069	0.5	1	100.0	25,988	0.5
	PRIME URBAN Nakano Kamitakada	1	90.2	19,347	0.4	1	100.0	19,258	0.4
	PRIME URBAN Nishi Ogikubo	1	100.0	13,150	0.3	1	95.9	13,639	0.3
	PRIME URBAN Otsuka	1	100.0	22,558	0.4	1	91.5	23,148	0.4
	PRIME URBAN Monzen Nakacho	1	97.5	75,790	1.5	1	98.3	78,941	1.5
	PRIME URBAN Kameido	1	98.1	27,654	0.5	1	98.1	24,885	0.5
	PRIME URBAN Sumiyoshi	1	95.0	18,454	0.4	1	87.5	18,499	0.4

Area	Name of Property	12th Period (from Jun. 1, 2012 to Nov. 30, 2012)				11th Period (from Dec. 1, 2011 to May 31, 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	90.9	41,301	0.8	1	98.7	41,741	0.8
	PRIME URBAN Kinshicho	1	100.0	23,948	0.5	1	100.0	31,324	0.6
	PRIME URBAN Hirai	1	100.0	23,393	0.5	1	90.5	22,373	0.4
	PRIME URBAN Kasai	1	80.0	19,523	0.4	1	95.6	22,738	0.4
	PRIME URBAN Kasai II	1	86.8	31,232	0.6	1	89.7	32,466	0.6
	PRIME URBAN Shinyurigaoka	1	100.0	37,673	0.7	1	100.0	37,752	0.7
	PRIME URBAN Urayasu	1	86.7	25,594	0.5	1	95.0	27,983	0.5
	PRIME URBAN Gyotoku I	1	80.8	21,695	0.4	1	98.1	24,382	0.5
	PRIME URBAN Gyotoku II	1	100.0	24,098	0.5	1	100.0	29,064	0.6
	PRIME URBAN Gyotoku Ekimae	1	97.3	18,428	0.4	1	97.3	16,710	0.3
	PRIME URBAN Nishi Funabashi	1	93.3	25,230	0.5	1	96.7	27,135	0.5
	PRIME URBAN Kawaguchi	1	96.7	71,807	1.4	1	97.5	72,124	1.4
	URBAN STAGE Azabu Juban	1	87.3	30,161	0.6	1	100.0	31,037	0.6
	URBAN STAGE Shibaura LOFT	1	98.6	56,932	1.1	1	94.6	57,997	1.1
	URBAN STAGE Hatagaya	1	97.4	16,170	0.3	1	97.4	16,503	0.3
	URBAN STAGE Toritsu Daigaku	1	100.0	17,362	0.3	1	100.0	18,343	0.3
	URBAN STAGE Kachidoki	1	95.9	88,514	1.7	1	89.8	91,648	1.7
	URBAN STAGE Shinkawa	1	96.5	75,207	1.5	1	95.0	73,501	1.4
	URBAN STAGE Nihonbashi Yokoyamacho	1	100.0	128,073	2.5	1	96.1	131,514	2.5
	URBAN STAGE Hongo Ikizaka	1	100.0	17,591	0.3	1	92.6	18,160	0.3
	URBAN STAGE Naka Ochiai	1	88.6	21,619	0.4	1	89.9	23,091	0.4
	URBAN STAGE Ochiai	1	90.8	13,006	0.3	1	96.8	14,199	0.3
	URBAN STAGE Shinjuku Ochiai	1	95.6	20,334	0.4	1	93.9	21,268	0.4
	URBAN STAGE Roka Koen	1	91.3	10,764	0.2	1	82.5	12,495	0.2
	URBAN STAGE Kamiyuma	1	99.1	32,357	0.6	1	92.3	31,659	0.6
	URBAN STAGE Sangen Jaya	1	97.0	25,833	0.5	1	98.3	24,663	0.5
	URBAN STAGE Chitose Karasuyama	1	85.9	24,823	0.5	1	92.4	26,695	0.5
	URBAN STAGE Sangen Jaya II	1	91.2	15,933	0.3	1	100.0	16,963	0.3
	URBAN STAGE Komazawa	1	96.0	13,969	0.3	1	100.0	13,703	0.3
	URBAN STAGE Karasuyama	1	90.0	12,276	0.2	1	96.7	13,094	0.2
	URBAN STAGE Kamikitazawa	1	96.2	21,951	0.4	1	100.0	22,667	0.4
	URBAN STAGE Yoga	1	97.6	42,805	0.8	1	96.2	39,858	0.8
	URBAN STAGE Oimachi	1	100.0	19,789	0.4	1	100.0	19,110	0.4
	URBAN STAGE Oimachi II	1	90.1	47,734	0.9	1	95.6	49,112	0.9
	URBAN STAGE Yukigaya	1	96.8	37,758	0.7	1	97.9	38,228	0.7
	URBAN STAGE Ikegami	1	94.8	48,689	0.9	1	93.8	51,247	1.0
	URBAN STAGE Nakano	1	92.9	17,836	0.3	1	94.7	19,105	0.4
	URBAN STAGE Takaido	1	98.2	39,703	0.8	1	95.3	39,732	0.8
	URBAN STAGE Komagome	1	75.3	13,077	0.3	1	66.4	16,512	0.3
	URBAN STAGE Mukojima	1	90.9	20,471	0.4	1	92.7	20,826	0.4
	URBAN STAGE Kasai East	1	100.0	36,631	0.7	1	100.0	43,276	0.8
	URBAN STAGE Ekoda	1	94.3	15,017	0.3	1	100.0	14,807	0.3
	URBAN STAGE Takinokawa	1	96.5	10,970	0.2	1	94.5	11,638	0.2
	URBAN STAGE Itabashi Kuyakushomae	1	92.9	36,113	0.7	1	92.9	39,571	0.8
	URBAN STAGE Asakusa	1	95.4	15,466	0.3	1	100.0	15,423	0.3
	URBAN STAGE Machiya	1	96.4	9,433	0.2	1	92.2	8,663	0.2
	URBAN STAGE Machiya South Court	1	88.5	68,153	1.3	1	95.9	70,933	1.4
	URBAN STAGE Koganei	1	89.1	9,608	0.2	1	97.2	10,410	0.2
	URBAN STAGE Musashi Koganei	1	96.6	72,851	1.4	1	91.4	72,410	1.4
	URBAN STAGE Musashino Hills	1	96.8	49,241	1.0	1	92.9	52,471	1.0
	URBAN STAGE Koganei Honcho(Note 2)	1	97.3	27,051	0.5	—	—	—	—
	URBAN STAGE Hino	1	94.4	15,325	0.3	1	96.3	16,085	0.3
	URBAN STAGE Kumegawa	1	83.3	48,545	0.9	1	96.8	55,149	1.1
	URBAN STAGE Musashi Kosugi comodo	1	96.8	65,413	1.3	1	89.9	68,376	1.3
	URBAN STAGE Kawasaki	1	100.0	36,763	0.7	1	96.7	36,162	0.7
	URBAN STAGE Tsurumi Teraya	1	100.0	20,961	0.4	1	93.2	20,580	0.4
	URBAN STAGE Urayasu	1	88.9	8,323	0.2	1	88.9	8,325	0.2

Area	Name of Property	12th Period (from Jun. 1, 2012 to Nov. 30, 2012)				11th Period (from Dec. 1, 2011 to May 31, 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 Minami Gyotoku I	1	85.5	13,704	0.3	1	92.7	14,656	0.3
	URBAN STAGE Minami Gyotoku II	1	86.5	11,524	0.2	1	86.5	11,696	0.2
	URBAN STAGE Minami Gyotoku III	1	93.9	12,087	0.2	1	90.8	11,897	0.2
	URBAN STAGE Minami Gyotoku IV	1	96.9	11,662	0.2	1	96.9	12,660	0.2
	URBAN STAGE Gyotoku Ekimae	1	87.0	18,537	0.4	1	91.3	22,038	0.4
	URBAN STAGE Minami Gyotoku V	1	80.0	12,259	0.2	1	90.0	12,481	0.2
	URBAN STAGE Gyotoku	1	100.0	33,877	0.7	1	100.0	34,008	0.6
	URBAN STAGE Minami Urawa (Note 3)	—	—	—	—	—	—	7,557	0.1
	Subtotal	120	95.7	3,987,291	77.1	119	95.5	4,054,828	77.4
Other	PROUD FLAT Itsutsubashi	1	100.0	29,233	0.6	1	100.0	28,557	0.5
	PROUD FLAT Kawaramachi	1	100.0	29,219	0.6	1	98.6	28,878	0.6
	PROUD FLAT Shin Osaka	1	99.0	58,680	1.1	1	99.2	66,979	1.3
	PRIME URBAN Yamahana	1	85.7	11,793	0.2	1	93.9	12,794	0.2
	PRIME URBAN Kita Juyo Jo	1	92.9	12,008	0.2	1	87.4	12,723	0.2
	PRIME URBAN Odori Koen I	1	100.0	17,177	0.3	1	100.0	17,158	0.3
	PRIME URBAN Odori Koen II	1	100.0	11,142	0.2	1	100.0	11,133	0.2
	PRIME URBAN Kita Juichi Jo	1	98.3	24,320	0.5	1	98.3	24,089	0.5
	PRIME URBAN Miyanosawa	1	98.4	23,441	0.5	1	98.4	23,622	0.5
	PRIME URBAN Odori Higashi	1	94.5	18,689	0.4	1	100.0	18,440	0.4
	PRIME URBAN Chiji Kokan	1	100.0	12,920	0.2	1	100.0	12,565	0.2
	PRIME URBAN Maruyama	1	100.0	11,383	0.2	1	100.0	10,966	0.2
	PRIME URBAN Kita Nijuyo Jo	1	97.2	20,322	0.4	1	97.3	20,562	0.4
	PRIME URBAN Sapporo Idaimae	1	96.4	28,076	0.5	1	97.1	27,851	0.5
	PRIME URBAN Nagamachi Icchome	1	100.0	42,033	0.8	1	100.0	42,128	0.8
	PRIME URBAN Yaotome Chuo	1	100.0	18,567	0.4	1	100.0	18,321	0.3
	PRIME URBAN Aoi	1	90.3	24,908	0.5	1	98.1	25,970	0.5
	PRIME URBAN Kanayama	1	100.0	23,985	0.5	1	98.3	23,765	0.5
	PRIME URBAN Tsurumai	1	99.0	42,983	0.8	1	97.1	42,399	0.8
	PRIME URBAN Esaka I	1	95.8	23,420	0.5	1	95.9	24,537	0.5
	PRIME URBAN Esaka II	1	94.8	28,278	0.5	1	98.3	28,026	0.5
	PRIME URBAN Esaka III	1	93.1	43,341	0.8	1	96.6	44,602	0.9
	URBAN STAGE Sapporo Riverfront	1	97.2	186,041	3.6	1	97.3	181,497	3.5
	URBAN STAGE Kita Sanjo Dori	1	98.0	67,345	1.3	1	97.6	66,444	1.3
	URBAN STAGE Tsutsumidori Amamiya	1	100.0	44,531	0.9	1	98.6	44,211	0.8
	URBAN STAGE Kamimaezu	1	94.3	55,070	1.1	1	95.3	56,617	1.1
	URBAN STAGE Izumi	1	99.1	136,327	2.6	1	97.9	126,532	2.4
	URBAN STAGE Tamatsukuri	1	92.2	36,021	0.7	1	100.0	36,820	0.7
	Benefis Hakata Grand Suite	1	96.9	30,363	0.6	1	98.9	28,880	0.6
	Benefis Yakuin Minami	1	84.8	12,566	0.2	1	100.0	12,728	0.2
	Benefis Kashii Verbena	1	96.7	15,657	0.3	1	94.4	16,653	0.3
	Benefis Hakata Higashi Grand Suite	1	98.4	24,379	0.5	1	89.6	26,349	0.5
	Benefis Chihaya Grand Suite	1	88.4	23,110	0.4	1	100.0	24,099	0.5
	Subtotal	33	97.0	1,187,343	22.9	33	97.7	1,186,912	22.6
Total		153	96.2	5,174,635	100.0	152	96.2	5,241,740	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 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 3: The relevant properties were sold on March 14, 2012. The figure shown in the “rental revenues during the 11th 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 November 30, 2012 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
		Longer than a Year		
Transaction other than market transaction	Interest-rate swap			
	(Receiving floating-rate, paying fixed-rate)	44,992	37,920	△ 212
	Total	44,992	37,920	△ 212

Note 1: Presented based on notional principal of contract.

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

5. STATUS OF THE OTHER ASSETS

Other than the Trust Beneficial Interest and Real Estate listed in the table under the title “3. Details of Portfolio Properties”, the Company had no other assets to integrate into the portfolio as of November 30, 2012.

6. STATUS OF ASSETS BY COUNTRY AND REGION

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

Capital Expenditures

1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of November 30, 2012. 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 12th Period	Paid before 12th Period
URBAN STAGE Ikegami (Ota-ku, Tokyo)	Intercom replacement	From : Jan. 2013 To : Feb. 2013	6,520	-	-
URBAN STAGE Komagome (Toshima-ku, Tokyo)	Unit renovation	From : Oct. 2012 To : Feb. 2013	43,500	-	-
URBAN STAGE Mukojima (Sumida-ku, Tokyo)	Major repair	From : Sep. 2012 To : Dec. 2012	26,150	-	-
URBAN STAGE Minami Gyotoku III (Ichikawa-shi, Chiba)	Intercom replacement	From : Feb. 2013 To : Mar. 2013	3,600	-	-
URBAN STAGE Tsutsumidori Amamiya (Sendai-shi, Miyagi)	Renovation of mechanical parking equipment	From : Nov. 2012 To : Dec. 2012	7,389	-	-

2. CAPITAL EXPENDITURES DURING THE 12TH FISCAL PERIOD

The table below lists capital expenditures during the 12th fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥218,578 thousand: capital expenditures of ¥40,431 thousand and repair expenses of ¥178,147 thousand combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥ 000)
PROUD FLAT Kamioooka (Yokohama-shi, Kanagawa)	Housing equipment refurbishment	From : Oct. 2012 To : Oct. 2012	1,861
URBAN STAGE Azabu Juban (Minato-ku, Tokyo)	Common area renovation	From : Nov. 2012 To : Nov. 2012	2,717
URBAN STAGE Azabu Juban (Minato-ku, Tokyo)	Housing equipment refurbishment	From : Oct. 2012 To : Nov. 2012	1,782
URBAN STAGE Azabu Juban (Minato-ku, Tokyo)	Housing equipment refurbishment	From : Aug. 2012 To : Aug. 2012	1,756
URBAN STAGE Kamiuma (Setagaya-ku, Tokyo)	Housing equipment refurbishment	From : Jul. 2012 To : Aug. 2012	4,026
URBAN STAGE Chitose Karasuyama (Setagaya-ku, Tokyo)	Major repair	From : Sep. 2012 To : Nov. 2012	4,535
Other Properties	Housing equipment refurbishment	From : Jun. 2012 To : Nov. 2012	23,752
Total			40,431

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.

	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	8th Period from Jun. 1, 2010 to Nov. 30, 2010
Balance brought forward from the previous period (¥ mln)	1,385	1,253	1,102	973	818
Amount reserved during the period (¥ mln)	176	168	159	161	160
Amount used during the period (¥ mln)	12	36	9	32	5
Balance brought forward to the next period (¥ mln)	1,548	1,385	1,253	1,102	973

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

		12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012
Asset management fees (Note 1)	(¥000)	379,006	365,310
of which Management Fee I	(¥000)	196,975	185,385
of which Management Fee II	(¥000)	182,030	179,925
of which Management Fee III(Note 2)	—	—	—
Custodian fees	(¥000)	14,968	13,513
General administrative fees	(¥000)	26,701	23,635
Directors' compensation	(¥000)	5,600	7,200
Other expenses	(¥000)	163,709	144,652
Total	(¥000)	589,984	554,312

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 114,200 thousand yen for the 11th period and 7,250 thousand yen for the 12th period.

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

2. STATUS OF BORROWINGS

The status of borrowings from the financial institutions as of November 30, 2012 is as follows.

Current Portion of Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2012 (¥000)	Outstanding as of May 1, 2012 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Daido Life Insurance Company	Apr. 27, 2007	-	1,100,000	1.81375	Aug. 27, 2012	Balloon payment	(Note 4)	Unsecured/Uninsured
Mitsui Sumitomo Insurance Company, Ltd		-	1,100,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2009	-	520,000	1.49300	Aug. 27, 2012			
Sumitomo Mitsui Banking Corp.		-	520,000					
Mizuho Corporate Bank, Ltd.		-	520,000					
Mitsubishi UFJ Trust and Banking Corp.		-	520,000					
Sumitomo Mitsui Trust Bank, Ltd.		-	520,000					
Shinkin Central Bank	Sep. 7, 2010	-	1,720,000	1.25071	Aug. 27, 2012			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 26, 2011	-	1,280,000	0.67000	Aug. 27, 2012			
Sumitomo Mitsui Banking Corp.		-	1,280,000					
Mizuho Corporate Bank, Ltd.		-	700,000					
Mitsubishi UFJ Trust and Banking Corp.		-	780,000					
Sumitomo Mitsui Trust Bank, Ltd.		-	700,000					
The Chiba Bank, Ltd.		-	750,000					
Aozora Bank, Ltd.		-	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 3, 2009	400,000	400,000	1.51625	Dec. 3, 2012			
Sumitomo Mitsui Banking Corp.		400,000	400,000					
Mizuho Corporate Bank, Ltd.		400,000	400,000					
Mitsubishi UFJ Trust and Banking Corp.		400,000	400,000					
Mizuho Corporate Bank, Ltd.	May 23, 2008	1,000,000	1,000,000	1.83625	May 23, 2013			
Taiyo Life Insurance Company		1,000,000	1,000,000					
Development Bank of Japan		3,500,000	3,500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 29, 2008	1,824,000	-	1.74250	Sep. 29, 2013			
Sumitomo Mitsui Banking Corp.		1,824,000	-					
Mitsubishi UFJ Trust and Banking Corp.		1,824,000	-					
The Dai-ichi Life Insurance Company, Limited.	Sep. 27, 2007	800,000	-	1.99875	Sep. 30, 2013			
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		13,552,000	19,790,000					

Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of Nov. 30, 2012 (¥000)	Outstanding as of May 31, 2012 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mitsubishi UFJ Trust and Banking Corp.	Sep. 29, 2008	- - -	1,824,000 1,824,000 1,824,000	1.74250	Sep. 29, 2013	Balloon payment	(Note 4)	Unsecured/ Uninsured
The Dai-ichi Life Insurance Company, Limited.	Sep. 27, 2007	-	800,000	1.99875	Sep. 30, 2013			
Mitsubishi UFJ Trust and Banking Corp. The Nomura Trust and Banking Co., Ltd.	Feb. 27, 2007	1,000,000 1,000,000	1,000,000 1,000,000	2.14360	Feb. 27, 2014			
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. Sumitomo Mitsui Banking Corp. The Nomura Trust and Banking Co., Ltd.	Aug. 26, 2011	500,000 500,000 700,000	500,000 500,000 700,000	0.88417	Feb. 27, 2014			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mizuho Corporate Bank, Ltd. Mitsubishi UFJ Trust and Banking Corp. Sumitomo Mitsui Trust Bank, Ltd. The Nomura Trust and Banking Co., Ltd.	Sep. 30, 2011	500,000 500,000 500,000 500,000 500,000 1,000,000	500,000 500,000 500,000 500,000 500,000 1,000,000	0.88417	Feb. 27, 2014			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mizuho Corporate Bank, Ltd. Mitsubishi UFJ Trust and Banking Corp. Sumitomo Mitsui Trust Bank, Ltd. The Chiba Bank, Ltd.	Aug. 27, 2012	500,000 500,000 320,000 400,000 700,000 750,000	- - - - - -	0.81917	Aug. 27, 2014			
Mizuho Corporate Bank, Ltd. Sumitomo Mitsui Trust Bank, Ltd. Mitsui Sumitomo Insurance Co., Ltd.	Sep. 5, 2011	1,000,000 1,400,000 1,000,000	1,000,000 1,400,000 1,000,000	0.94700	Sep. 5, 2014			
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. The Iyo Bank, Ltd. Resona Bank, Ltd. Mizuho Trust & Banking Co., Ltd. The Tokyo Tomin Bank, Ltd.	Feb. 27, 2012	1,000,000 1,000,000 1,900,000 1,000,000 500,000	1,000,000 1,000,000 1,900,000 1,000,000 500,000	0.96365	Feb. 27, 2015			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mizuho Corporate Bank, Ltd. Mitsubishi UFJ Trust and Banking Corp. Sumitomo Mitsui Trust Bank, Ltd.	Feb. 27, 2012	1,800,000 1,800,000 2,500,000 1,800,000 1,800,000	1,800,000 1,800,000 2,500,000 1,800,000 1,800,000	1.00900	Aug. 27, 2015			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 26, 2011	4,700,000	4,700,000	1.00000	Dec. 26, 2015			
Sumitomo Mitsui Banking Corp. Mitsubishi UFJ Trust and Banking Corp.	Dec. 26, 2011	4,700,000 4,700,000	4,700,000 4,700,000	1.11700	Jun. 26, 2016			
Mitsui Sumitomo Insurance Co., Ltd. Daido Life Insurance Company Shinkin Central Bank	Aug. 27, 2012	1,100,000 1,100,000 1,720,000	- - -	1.08500	Aug. 27, 2017			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. Sumitomo Mitsui Banking Corp. Mizuho Corporate Bank, Ltd. Mitsubishi UFJ Trust and Banking Corp. Sumitomo Mitsui Trust Bank, Ltd. Aozora Bank, Ltd.	Aug. 27, 2012	1,300,000 1,300,000 900,000 900,000 520,000 500,000	- - - - - -	1.12013	Feb. 27, 2018			
Development Bank of Japan, Inc.	Aug. 27, 2009	1,280,000	1,320,000	2.10000	(Note 2)	(Note 2)		
Development Bank of Japan, Inc.	Feb. 26, 2010	1,650,000	1,700,000	2.03000	(Note 3)	(Note 3)		
Subtotal		59,540,000	53,392,000					
Total		73,092,000	73,182,000					

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

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

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

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

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of November 30, 2012 is as follows.

Name of Bonds	Issue Date	Balance as of Nov. 30, 2012 (¥ mln)	Balance as of May 31, 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 12th Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Transfer			
		Date	Price (¥ 000) (Note 1)	Date	Price (¥000)	Book Value (¥000)	Gain (Loss) (¥000)
Beneficial Interest in Real Estate Trust	URBAN STAGE Koganei Honcho (Note 2)	Jun. 8, 2012	725,000	-	-	-	-
Total			725,000	-	-	-	-

Note 1: "Acquisition Price" does not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition 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. 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) (Note 2)
			Date	Price (¥ 000) (Note 1)	
Acquisition	Real Estate(Note 3)	URBAN STAGE Koganei Honcho	Jun. 8, 2012	725,000	752,000

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: According to the revision of the Act on Investment Trusts and Investment Corporations on November 24, 2011, Specified Assets, only limited to land, buildings, or rights or assets associated thereto as specified by Cabinet order, price investigation is not required if real-estate appraisal was conducted prior to the acquisition or transfer. Therefore, the Company did not conduct price investigation for the relevant specified assets.

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) 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 12th fiscal period (from June 1, 2012 to November 30, 2012), 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 the 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 12th fiscal period is as follows.

	Name of Related Party and Major Shareholders	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Contract-out fees	Nomura Living Support Co., Ltd.	200,280	51,829	25.9
Property management fees	Nomura Living Support Co., Ltd.	266,350	64,604	24.3
Commission	Nomura Living Support Co., Ltd.	89,594	630	0.7
Advertising	Nomura Real Estate Urban Net Co., Ltd.	1,422	600	42.2

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.

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

Although Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Company, conducts subsidiary business of Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business there is no relevant matter under this subject as of November 30, 2012.

Other Information

1. NOTICE

Unitholders' Meeting

The 4th General Unitholders' Meeting was held on July 31, 2012.

A summary of the main items approved at the General Unitholders' Meeting are shown below.

Agenda	Summary
Partial Amendment of the Articles of Incorporation	Article of Incorporation were changed for the following reasons: · To make required amendments in conjunction with tax system revisions · Other, including addition of provisions which are necessary and revision of expressions, etc.
Appointment of an Executive Director	Mr. Masatomi Natsume was appointed Executive Director. The term shall be two years from August 4, 2012.
Appointment of a Substitute Executive Director	Mr. Nobuyuki Hamada was appointed Substitute Executive Director.
Appointment of two Supervisory Directors	Mr. Eitoku Aikawa and Mr. Motoharu Yokose were appointed Supervisory Directors. The term shall be two years from August 4, 2012.
Appointment of a Substitute Supervisory Director	Mr. Saneaki Ichijo was appointed Substitute Supervisory Director.

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

Not applicable.

3. OTHER MATTERS

From 1 page to 32 pages of this report, the numbers of amount below unit are truncated and the numbers in percentage are rounded to unit unless otherwise mentioned specifically.

Financial Section

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Balance Sheet

	Thousands of Yen	
	As of November 30, 2012	As of May 31, 2012
ASSETS		
Current Assets:		
Cash and bank deposits	¥6,562,440	¥6,478,090
Rental receivables	28,460	35,292
Income taxes refundable	126	111
Consumption taxes receivable	-	33,794
Other current assets	56,382	49,940
Allowance for doubtful accounts	(588)	(1,047)
Total current assets	6,646,820	6,596,180
Property and Equipment, at Cost:		
Land	83,755,751	83,331,639
Buildings and structures	73,679,949	73,270,591
Machinery and equipment	1,018,097	1,017,337
Tools, furniture and fixtures	90,838	85,946
Construction in progress	15,072	7,054
Subtotal	158,559,707	157,712,567
Less accumulated depreciation	(8,572,502)	(7,605,519)
Net property and equipment	149,987,205	150,107,048
Investments and Other Assets:		
Intangible assets	3,101	3,622
Security deposits	10,879	10,879
Long-term prepaid expenses	1,294	1,427
Deferred investment corporation bond issuance costs	54,514	61,283
Total investments and other assets	69,788	77,211
Total Assets	¥156,703,813	¥156,780,439

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

	Thousands of Yen	
	As of November 30, 2012	As of May 31, 2012
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥203,216	¥222,551
Other accounts payable	305,481	263,019
Current portion of long-term debt	13,552,000	19,790,000
Accrued expenses	168,845	182,378
Accrued income taxes	605	605
Accrued consumption taxes	12,165	-
Rent received in advance	656,113	682,095
Other current liabilities	2,375	5,330
Total current liabilities	14,900,800	21,145,978
Long-term Liabilities:		
Investment corporation bonds	10,000,000	10,000,000
Long-term debt	59,540,000	53,392,000
Security deposits from tenants	1,426,343	1,424,246
Total long-term liabilities	70,966,343	64,816,246
Total Liabilities	85,867,143	85,962,224
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	68,961,323	68,961,323
Surplus		
Retained earnings	1,875,347	1,856,892
Total surplus	1,875,347	1,859,892
Total unitholders' equity	70,836,670	70,818,215
Total Net Assets	70,836,670	70,818,215
Total Liabilities and Net Assets	¥156,703,813	¥156,780,439

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

Statement of Income and Retained Earnings

	Thousands of Yen	
	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
<i>Operating Revenues and Expenses</i>		
Operating Revenues:		
Real estate rental revenues	¥5,174,636	¥5,241,740
Gain on sales of real estate	-	8,376
	5,174,636	5,250,116
Operating Expenses:		
Real estate rental expenses	2,131,898	2,188,737
Asset management fees	379,006	365,311
Asset custody fee	14,969	13,513
Administrative service fees	26,701	23,635
Provision of allowance for doubtful accounts	161	200
Bad debts expenses	200	108
Other operating expenses	168,948	151,545
	2,721,883	2,743,049
Operating Profit	2,452,753	2,507,067
<i>Non-Operating Revenues and Expenses</i>		
Non-Operating Revenues:		
Interest income	629	555
Income from casualty insurance for property	3,135	5,647
Reversal of dividends payable	864	1,159
Other non-operating revenues	106	225
	4,734	7,586
Non-Operating Expenses:		
Interest expense	477,314	518,259
Loan arrangement fees	36,806	65,264
Interest expense on investment corporation bonds	55,709	44,157
Amortization of investment corporation bond issuance costs	7,270	6,026
Investment units issuance costs	-	20,906
Other non-operating expenses	3,894	2,497
	580,993	657,109
Ordinary Income	1,876,494	1,857,544
Income before Income Taxes	1,876,494	1,857,544
Income Taxes:		
Current	1,167	605
Deferred	57	97
Net Income	1,875,270	1,856,842
Retained earnings brought forward	77	50
Retained Earnings at End of Period	¥1,875,347	¥1,856,892

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

Statement of Changes in Net Assets

For the period from June 1, 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

For the period from December 1, 2011 to May 31, 2012

						Thousands of Yen
	Unitholders' Equity					
	Units	Unitholders' Capital	Surplus		Total Unitholders' Equity	Total Net Assets
			Retained Earnings	Total Surplus		
Balance as of November 30, 2011	125,535	¥61,799,485	¥1,477,598	¥1,477,598	¥63,277,083	¥63,277,083
Issuance of investment units	25,401	7,161,838	-	-	7,161,838	7,161,838
Cash distribution paid	-	-	(1,477,548)	(1,477,548)	(1,477,548)	(1,477,548)
Net income	-	-	1,856,842	1,856,842	1,856,842	1,856,842
Balance as of May 31, 2012	150,936	¥68,961,323	¥1,856,892	¥1,856,892	¥70,818,215	¥70,818,215

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

Statement of Cash Flows

	Thousands of Yen	
	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 1,876,494	¥1,857,544
Depreciation	967,547	963,023
Investment units issuance costs	-	20,906
Amortization of investment corporation bonds issuance costs	7,270	6,026
(Decrease) in provision for loss on disaster	-	(8,500)
Interest income	(629)	(555)
Interest expense	533,023	562,416
Increase (Decrease) in allowance for doubtful accounts	(459)	(844)
Decrease (Increase) in rental receivables	6,832	(1,951)
Decrease (Increase) in consumption taxes receivable	33,794	(24,424)
Decrease (Increase) in prepaid expenses	(8,359)	9,523
Increase (Decrease) in trade accounts payable	(19,334)	(25,727)
Increase (Decrease) in other accounts payable	40,414	4,274
Increase (Decrease) in accrued consumption taxes	12,165	-
Increase (Decrease) in rent received in advance	(25,982)	76,343
Decrease in tangible fixed assets in trust due to sales	-	275,534
Other	(5)	5,685
Subtotal	3,422,771	3,719,273
Interest received	629	555
Interest paid	(546,556)	(630,718)
Income taxes paid	(1,181)	(1,678)
Net cash provided by (used in) operating activities	2,875,663	3,087,432
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(844,690)	(16,137,881)
Reimbursement of security deposits to tenants	(134,852)	(198,062)
Proceeds from security deposits from tenants	136,949	350,227
Net cash provided by (used in) investing activities	(842,593)	(15,985,716)
Cash Flows from Financing Activities		
Proceeds from short-term debt	800,000	9,600,000
Repayment of short-term debt	(800,000)	(9,600,000)
Proceeds from long-term debt	12,510,000	29,200,000
Repayment of long-term debt	(12,600,000)	(25,234,000)
Redemption of investment corporation bonds	-	5,000,000
Payments of investment corporation bonds issuance costs	(501)	(36,348)
Proceeds from issuance of investment units	-	7,161,838
Payments of investment units issuance costs	-	(20,906)
Distributions to unitholders	(1,858,219)	(1,480,624)
Net cash provided by (used in) financing activities	(1,948,720)	14,589,960
Net Increase (Decrease) in Cash and Cash Equivalents	84,350	1,691,676
Cash and Cash Equivalents at Beginning of Period	6,478,090	4,786,414
Cash and Cash Equivalents at End of Period	¥6,562,440	¥6,478,090

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 41th J-REIT and started operations on the following day. As of November 30, 2012, the Company owned a portfolio of 153 residential rental properties containing an aggregate of approximately 262,881.53 square meters of leasable area and leased space to 153 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 ¥1,816 thousand for the six-month period ended November 30, 2012 and ¥7,270 thousand for the six-month period ended May 31, 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 November 30, 2012 and May 31, 2012 consist of the following:

	Thousands of Yen	
	As of November 30, 2012	As of May 31, 2012
Cash and bank deposits	¥6,562,440	¥6,478,090
Cash and cash equivalents	¥6,562,440	¥6,478,090

5. SCHEDULE OF PROPERTY AND EQUIPMENT

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

	Thousands of Yen			
	As of November 30, 2012		As of May 31, 2012	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥ 55,094,496	¥55,094,496	¥ 52,982,175	¥ 52,982,175
Buildings and structures	57,975,055		56,542,250	
Accumulated depreciation	(5,726,118)	52,248,937	(4,818,565)	51,723,685
Machinery and equipment	946,587		945,324	
Accumulated depreciation	(205,840)	740,747	(174,351)	770,973
Tools, furniture and fixtures	69,743		63,729	
Accumulated depreciation	(30,903)	38,840	(25,021)	38,708
Construction in progress	15,072	15,072	7,054	7,054
Land in trust	28,661,255	28,661,255	30,349,464	30,349,464
Buildings and structures in trust	15,704,894		16,728,341	
Accumulated depreciation	(2,569,647)	13,135,247	(2,549,706)	14,178,635
Machinery and equipment in trust	71,510		72,013	
Accumulated depreciation	(31,369)	40,141	(28,878)	43,135
Tools, furniture and fixtures in trust	21,095		22,217	
Accumulated depreciation	(8,625)	12,470	(8,998)	13,219
Construction in progress in trust	-	-	-	-
Total	¥149,987,205	¥149,987,205	¥150,107,048	¥150,107,048

6. SHORT-TERM DEBT

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

	As of November 30, 2012		As of May 31, 2012	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from insurance companies due on August 27, 2012	-	-	¥2,200,000	1.81375%
Unsecured loans from banks due on August 27, 2012	-	-	2,600,000	1.49300%
Unsecured loans from a bank due on August 27, 2012	-	-	1,720,000	1.25071%
Unsecured loans from banks due on August 27, 2012	-	-	5,990,000	0.67000%
Unsecured loans from banks due on December 3, 2012	¥1,600,000	1.51625%	1,600,000	1.51625%
Unsecured loans principally from banks due on May 23, 2013	5,500,000	1.83625%	5,500,000	1.83625%
Unsecured loans from banks due on September 29, 2013	5,472,000	1.74250%	-	-
Unsecured loans from an insurance company due on September 30, 2013	800,000	1.99875%	-	-
Unsecured loans from 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	¥13,552,000		¥19,790,000	

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

	As of November 30, 2012		As of May 31, 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 September 29, 2013	-	-	¥5,472,000	1.74250%
Unsecured loans from an insurance company due on September 30, 2013	-	-	800,000	1.99875%
Unsecured loans from banks due on February 27, 2014	¥2,000,000	2.14360%	2,000,000	2.14360%
Unsecured loans from an insurance company due on February 27, 2014	2,000,000	2.13625%	2,000,000	2.13625%
Unsecured loans from banks due on February 27, 2014	1,700,000	0.88417%	1,700,000	0.90115%
Unsecured loans from banks due on February 27, 2014	3,500,000	0.88417%	3,500,000	0.90115%
Unsecured loans from banks due on August 27, 2014	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%	-	-
Unsecured loans from banks due on February 27, 2018	5,420,000	1.12013%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	1,280,000	2.10000%	1,320,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	1,650,000	2.03000%	1,700,000	2.03000%
Total	¥59,540,000		¥53,392,000	

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	15,950,000	17,580,000	15,320,000	5,270,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

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

	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Net asset values per unit	¥469,315	¥469,193
Net income per unit	¥12,424	¥12,317

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

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

	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Net income (Thousands of Yen)	¥1,875,270	¥1,856,842
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,875,270	¥1,856,842
Average number of units during the period	150,936	150,752

11. RELATED PARTY TRANSACTIONS

For the periods from June 1, 2012 to November 30, 2012 and from December 1, 2011 to May 31, 2012

Parent Company and major corporate unitholders

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

For the six-month periods from December 1, 2011 to May 31, 2012 were as follows:

Category	Name of company or individual	Address	Paid incapital or investment (Thousands of Yen)	Business description or occupation	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	Purchase of real estate (Note2)	7,340,000	—	—

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

Note2: Terms and conditions of transaction are decided after price negotiation based on the actual influence of the market.

Subsidiaries and affiliates

Not applicable

Fellow subsidiary companies

Not applicable

Directors and major individual unitholders

Not applicable

12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 40% for the six-month periods ended November 30, 2012 and May 31, 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 ¥1,875,229 thousand and ¥1,856,815 thousand for the six-month periods ended November 30, 2012 and, May 31, 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 June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Statutory tax rate	36.59%	39.33%
Deductible cash distributions	(36.56)	(39.31)
Other	0.04	0.02
Effective tax rate	0.07%	0.04%

13. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

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

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

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

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

Bank deposits are held as a means of investing surplus funds, and the Company is exposed to the credit risk that financial institutions may

default. However, the effect of such risk is limited by diversifying the financial institutions with which surplus funds are deposited.

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

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in “19. Derivatives and Hedge Accounting” below do not represent the market risk involved in these derivative transactions.

Fair Value of Financial Instruments

For the period from June 1, 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)	Thousands of Yen Difference
(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	—	—	—

For the period from December 1, 2011 to May 31, 2012

The following table summarizes the carrying value and the estimated fair values of financial instruments as of May 31, 2012.

	Carrying value(Note 1)	Fair value(Note 1)	Thousands of Yen Difference
(i) Cash and bank deposits	¥6,478,090	¥6,478,090	—
(i i) Current portion of long-term debt	(19,790,000)	(19,859,607)	¥69,607
(i i i) Investment corporation bonds	(10,000,000)	(10,076,510)	76,510
(i v) Long-term debt	(53,392,000)	(53,807,155)	415,155
(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 “19. Derivatives and Hedge Accounting”) is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(iii) Investment corporation bonds

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

(v) Derivative transactions

See “19. Derivatives and Hedge Accounting”.

Note3: 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	Thousands of Yen After five years
Cash and bank deposits	¥6,562,440	—	—	—	—	—
Total	¥6,562,440	—	—	—	—	—

Redemption schedule for cash and bank deposits as of May 31, 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	Thousands of Yen After five years
Cash and bank deposits	¥6,478,090	—	—	—	—	—
Total	¥6,478,090	—	—	—	—	—

Note4: 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

Redemption schedule for investment corporation bonds and debt as of May 31, 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	¥19,790,000	—	—	—	—	—
Investment corporation bonds	—	—	—	¥5,000,000	¥5,000,000	—
Long-term debt	—	¥15,652,000	¥11,280,000	14,580,000	11,880,000	—
Total	¥19,790,000	¥15,652,000	¥11,280,000	¥19,580,000	¥16,880,000	—

14. INVESTMENT AND RENTAL PROPERTIES

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

	Thousands of Yen	
	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Carrying value		
Balance at beginning of the period	¥150,107,048	¥135,213,149
Change during the period	(119,843)	14,893,899
Balance at end of the period	149,987,205	150,107,048
Fair value	¥141,836,000	¥141,011,000

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

Note2: The major increase in the carrying value during the period ended November 30, 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. The major increase in the carrying value during the period ended May 31, 2012 was mainly due to the acquisitions of PROUD FLAT Fujimidai (¥1,431,102 thousand), PROUD FLAT Tsurumi II (¥1,492,690 thousand), URBAN STAGE Machiya South Court (¥1,816,726 thousand), URBAN STAGE Kumegawa (¥1,444,769 thousand), PROUD FLAT Shin Osaka (¥1,509,384 thousand), URBAN STAGE Sapporo Riverfront (¥3,769,768 thousand), URBAN STAGE Kita Sanjo Dori (¥1,552,193 thousand), and URBAN STAGE Izumi (¥3,045,925 thousand), and the major decrease in the carrying value during the period ended May 31, 2012 was mainly due to the sale of URBAN STAGE Minami Urawa (¥275,534 thousand).

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

15. SEGMENT INFORMATION

For the period from June 1, 2012 to November 30, 2012 and from December 1, 2011 to May 31, 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 November 30, 2012 and May 31, 2012 were as follows:

For the six-month the 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

For the six-month the period from December 1, 2011 to May 31, 2011

Name of client	Revenues(Thousands of yen)	Related segment
Haseko Livenet Inc.	¥1,309,364	Real estate leasing business
Nomura Living Support Co., Ltd.	1,042,940	Real estate leasing business
Tokyu Community Corp .	638,067	Real estate leasing business

16. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month period ended November 30, 2012 and May 31, 2012 consist of the following:

	Thousands of Yen	
	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Real estate rental revenues	¥5,174,636	¥5,241,740
Rental revenues	4,833,156	4,834,854
Rental revenues	4,567,410	4,569,911
Common area charges	265,746	264,943
Other rental revenues	341,480	406,886
Parking revenues	134,998	137,119
Incidental income	148,722	202,519
Other miscellaneous revenues	57,760	67,248
Real estate rental expenses	2,131,898	2,188,737
Property management costs	200,280	199,881
Property management fees	266,350	283,053
Property and other taxes	256,024	233,822
Utility expenses	79,098	85,301
Casualty insurance	8,744	8,763
Repairs and maintenance	178,147	224,630
Depreciation	967,547	963,023
Other rental expenses	175,708	190,264
Real estate rental profits	¥3,042,738	¥3,053,003

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

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

	Thousands of Yen	
	For the period from June 1, 2012 to November 30, 2012	For the period from December 1, 2011 to May 31, 2012
Gain on sales of real estate		
Proceeds from sales of real estate	-	¥293,443
Cost of sales of real estate	-	275,534
Other related sales expenses	-	9,533
Gain on sales of real estate	-	¥8,376

18. LEASES

The Company, as a lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years for residential space. The future minimum rental revenues under existing non-cancelable operating lease agreements as of November 30, 2012 and May 31, 2012 are summarized as follows:

	Thousands of Yen	
	As of November 30, 2012	As of May 31, 2012
Due within one year	¥452,796	¥438,603
Due after one year	28,277	1,183
Total	¥481,073	¥439,786

19. DERIVATIVES AND HEDGE ACCOUNTING

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”).

Derivative transactions as of May 31, 2012

(1) There were no derivative financial instruments not subject to hedge accounting.

(2) Derivative financial instruments subject to hedge accounting were as follows:

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	40,572,000	36,372,000	(*)	

* 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”).

20. SIGNIFICANT SUBSEQUENT EVENTS

Transfer of a property

On January 31, 2013, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and on February 26, 2013, completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

URBAN STAGE Toritsu Daigaku

Type of Assets : Real estate
Date of Agreement : January 31, 2013
Transfer Date : February 26, 2013
Transfer Price : ¥564 million
Transferee : An individual
Impact on Revenues : Approximately ¥8million (miscellaneous expenses excluded) of gain on sales of real estate will be recorded for the 13th fiscal period (from December 1, 2012 to May 31, 2013).

Independent Auditor's Report



Ernst & Young ShinNihon LLC
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Chiyoda-ku, Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197

Independent Auditor's Report

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

We have audited the accompanying financial statements of Nomura Real Estate Residential Fund, Inc., which comprise the balance sheet as at November 30, 2012, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

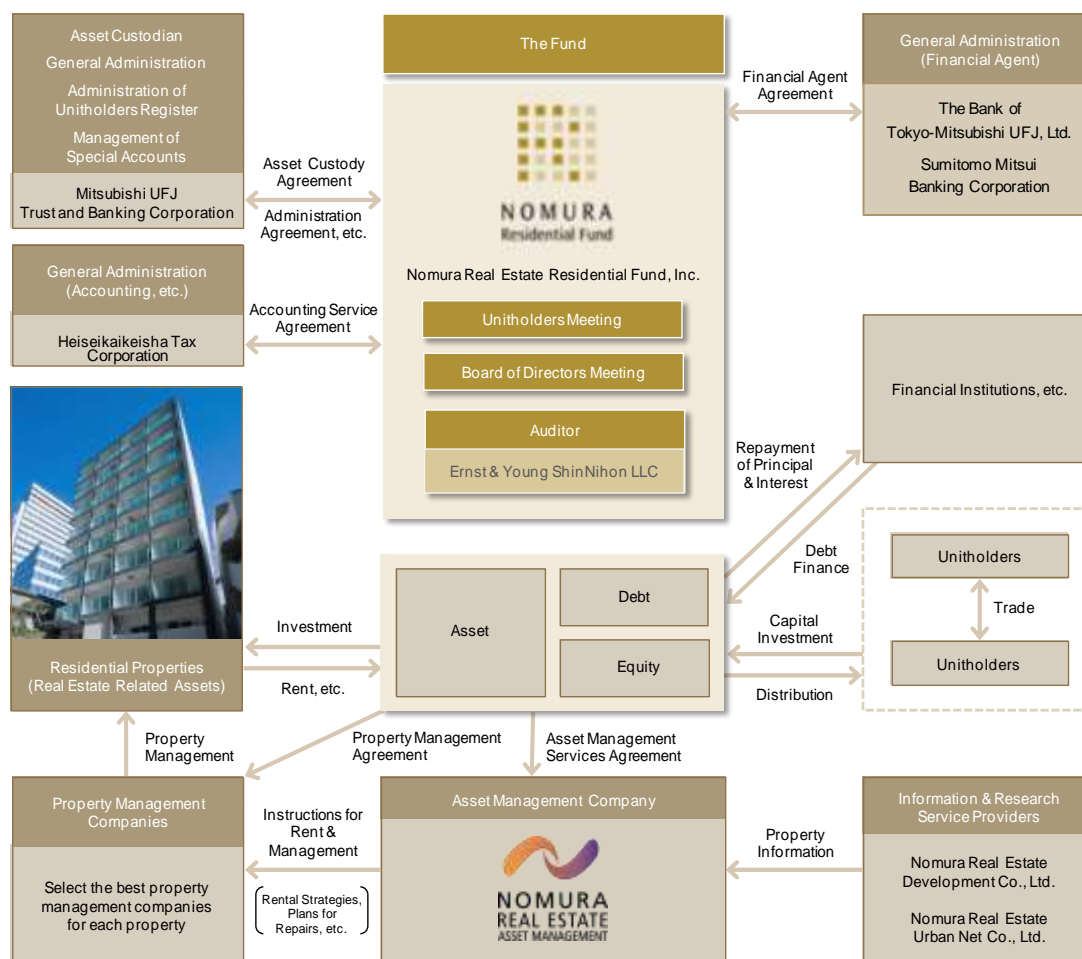
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Residential Fund, Inc. as at November 30, 2012, 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 ShinNihon LLC

February 26, 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 November 30, 2012)

Number of Units Issued

150,936 (as of November 30, 2012)

Number of Unitholders

9,446 (as of November 30, 2012)

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: +81-3-3365-0507

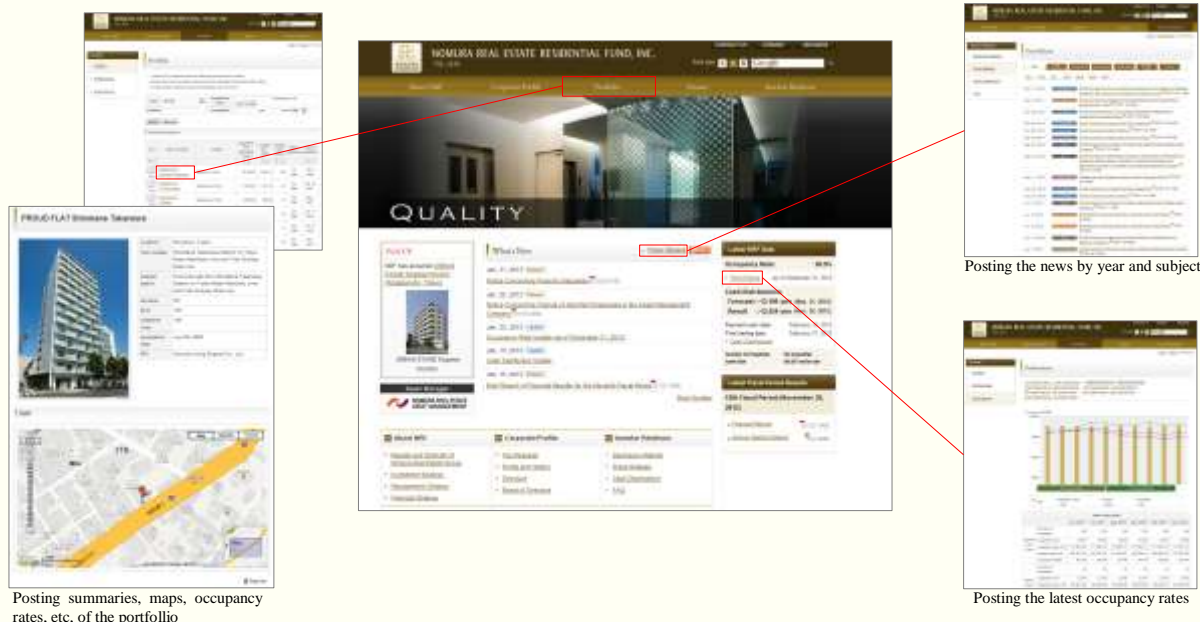
Nomura Real Estate Residential Fund's Website

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

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