



NOMURA
Residential Fund

NOMURA REAL ESTATE RESIDENTIAL FUND

15th Fiscal Period

(Ended May 31, 2014)

Analyst Meeting Presentation Material



PROUD FLAT Kawaramachi



PROUD FLAT Shinotsuka



PROUD FLAT Tsurumi II

July 17, 2014

NOMURA Residential Fund 3240



PROUD FLAT Kamata II

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NOMURA REAL ESTATE RESIDENTIAL FUND

July 17, 2014



15th FP Performance

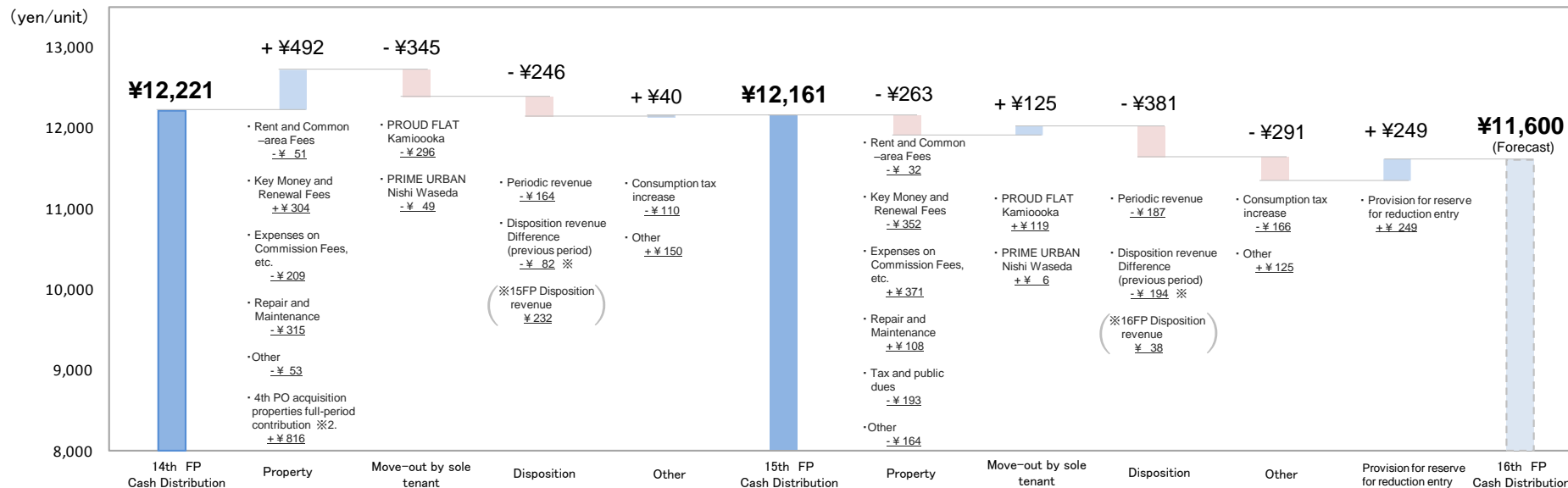
15th FP Financial Statement Overview

Financial Statement Overview

	14th Fiscal Period (ended Nov. 30, 2013)	15th FP Forecasts (ending May 31, 2014)	Difference (previous period)	16th FP Forecasts (ending Nov. 30, 2014)	Difference to 15th FP Results
Operating Revenues	¥5,406 million	¥5,594 million	+ 3.5 %	(Forecast) ¥5,406 million	- 3.3 %
Operating Profits	¥2,558 million	¥2,513 million	- 1.7 %	(Forecast) ¥2,382 million	- 5.2 %
Net Income	¥1,965 million	¥1,955 million	- 0.5 %	(Forecast) ¥1,825 million	- 6.7 %
Cash Distribution Per Unit	¥12,221	¥12,161	- 0.5 %	(Forecast) ¥11,600	- 4.6 %

(Forecast Announced in Jan. 2014: ¥12,050/unit)

Difference in Cash Distribution



※1. Cash distribution per unit for the 15th fiscal period (ending May 2014) shown in the chart is the forecast as of July 15, 2014. Actual figures may change due to the acquisition or sales of properties, changes in real estate markets, and other conditions surrounding NRF. NRF does not guarantee the cash distribution per unit predicted in this forecast.

※2. 4th PO acquisition properties refer to "URBAN STAGE Ebisu," "URBAN STAGE Meguro Aobadai," "URBAN STAGE Gakugei Daigaku," "URBAN STAGE Nihonbashi Hamacho," "URBAN STAGE Kagurazaka," "URBAN STAGE Ikebukuro" and "URBAN STAGE Sakaisuji Honmachi" that were acquired in September 2014.

Highlights of the 15th Fiscal Period

Acquisition

- Continuing strategy for replacing properties

Properties disposition



URBAN STAGE Ikegami

- Disposition Price : ¥1,445 million
- Building Age : 20.2 years



URBAN STAGE Machiya

- Disposition Price : ¥ 230 million
- Building Age : 26.1 years

16th



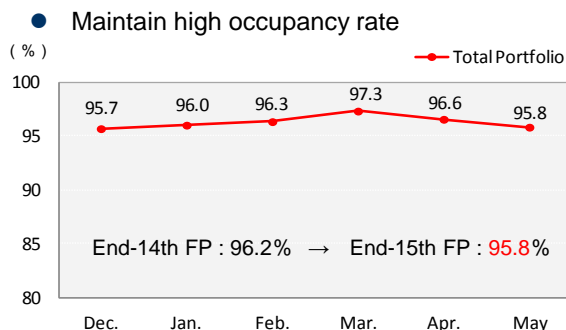
URBAN STAGE Minami Gyotoku IV

- Disposition Price : ¥ 256 million
- Building Age : 21.2 years

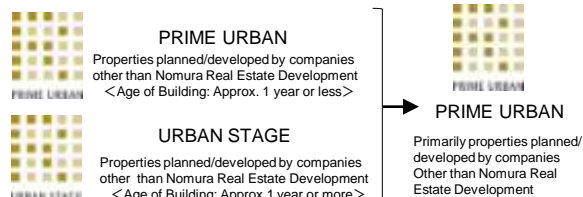
[Portfolio at May 31, 2014 (153 properties)]

Asset Size	:	¥160.24 billion
Portfolio NOI Yield	:	5.2 %
Building Age	:	10.4 years

Management



- Unification of Property Names

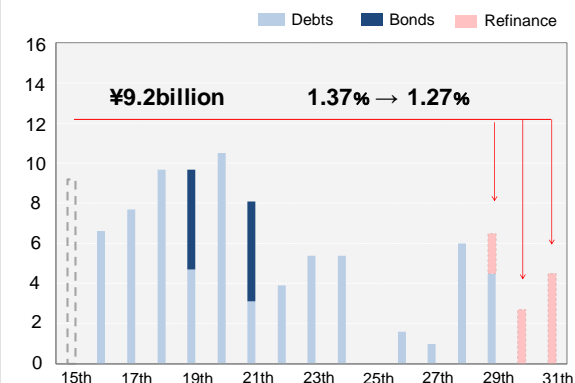


[Period average occupancy rate]

	(14th FP)	(15th FP)	
Total Portfolio	96.2%	96.3%	(+0.1pt)
Greater Tokyo Area	95.7%	95.9%	(+0.2pt)
Other Areas	97.4%	97.0%	(-0.4pt)

Finance

- Refinancing approx. ¥9.2 billion



- Elongation/fixation of debt financing
- Diversification of repayment date
- Lower interest costs

	(14th FP)	(15th FP)	
Weighted Average Interest Rate	1.17%	1.16%	(-0.01pt)
Average Remaining Duration of Interest-bearing Debt	2.9years	3.2years	(+0.3years)

Improving Portfolio Quality + Maintain High Occupancy Rate + Effective Refinancing

Continuing Stable Cash Distribution

※. The building age is as of the point of acquisition or sale of each property.



Performance and Future Management Policy

Continuing Implementation of Strategy for Replacing Properties

- ✓ Have been transferring properties, taking building age, merchantability, etc. into consideration, since the 8th Fiscal Period (transfer of 2 properties (total: 1,670 million yen) in the 15th Fiscal Period)
- ✓ Create acquisition capacity with funds from the transfers

Disposition

15th



URBAN STAGE Ikegami

- Disposition Price : ¥1,445 million
- Building Age : 20.2 years



URBAN STAGE Machiya

- Disposition Price : ¥ 230 million
- Building Age : 26.1 years

16th



URBAN STAGE Minami Gyotoku IV

- Disposition Price : ¥ 256 million
- Building Age : 21.2 years

- Aging of buildings
- Decrease of profitability

Cumulative results (as of the date of this document)

Number of Properties	13 Properties	Average NOI Yield	4.3 % ※1.
Property Price	6.06 Billion yen	Average Building Age	19.9 Years ※2.

Acquisition

Cumulative results

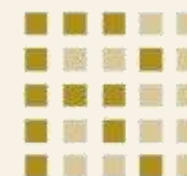
Number of Properties	7 Properties	Average NOI Yield	6.2 % ※3.
Property Price	7.17 Billion yen	Average Building Age	4.7 Years ※4.

Reinvestment with funds from sale

Creation of acquisition capacity

- Low building age
- High profitability

Increase of the portfolio's quality and profitability



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Portfolio at 15th Fiscal Period End

Number of Properties	153	Properties
Property Price	160.24	Billion yen
Portfolio NOI Yield	5.2	%
Average Building Age	10.4	Years

※1. The average NOI yield is the NOI in the appraisal report weighted by the acquisition price.

※2. The average building age is weighted by acquisition price.

※3. The average NOI yield is weighted by acquisition price.

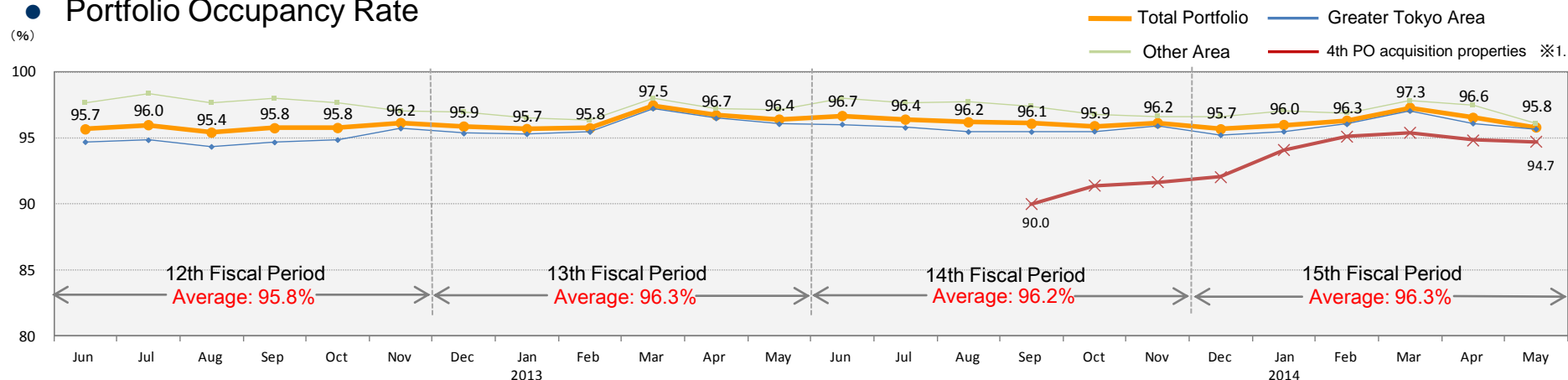
※4. The average building age is weighted by acquisition price.

※5. Properties acquired with the 3rd and 4th public offerings are not included as they are not part of the strategy for replacing properties.

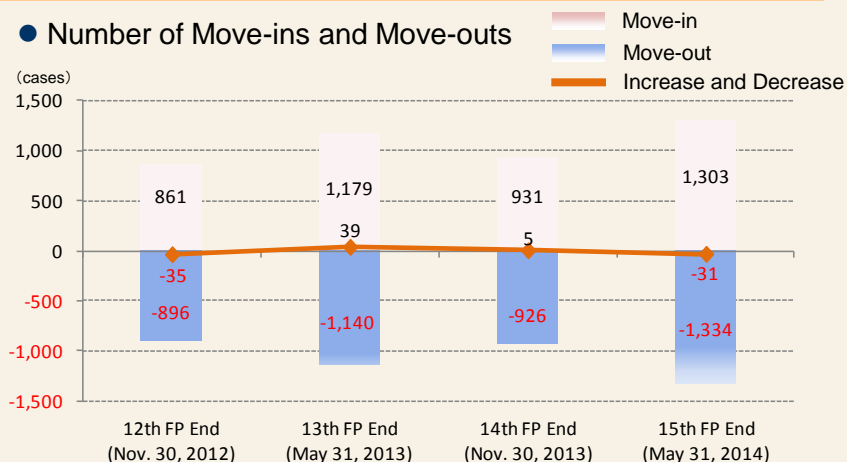
Portfolio Occupancy Rate

- ✓ Maintained high occupancy rate (average occupancy rate in the 15th fiscal period: 96.3%)
- ✓ Occupancy rate of the 7 properties acquired upon previous year's public offering increased to 94.7% (+4.7pt from that at time of acquisition)

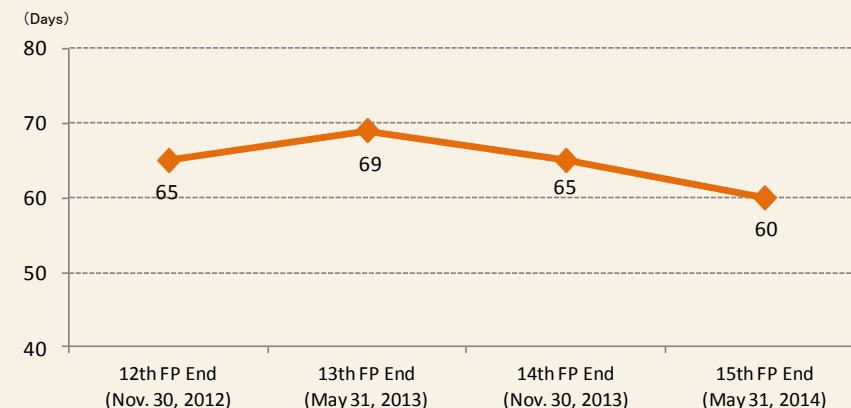
Portfolio Occupancy Rate



Number of Move-ins and Move-outs



Average Vacancy Period ※2.



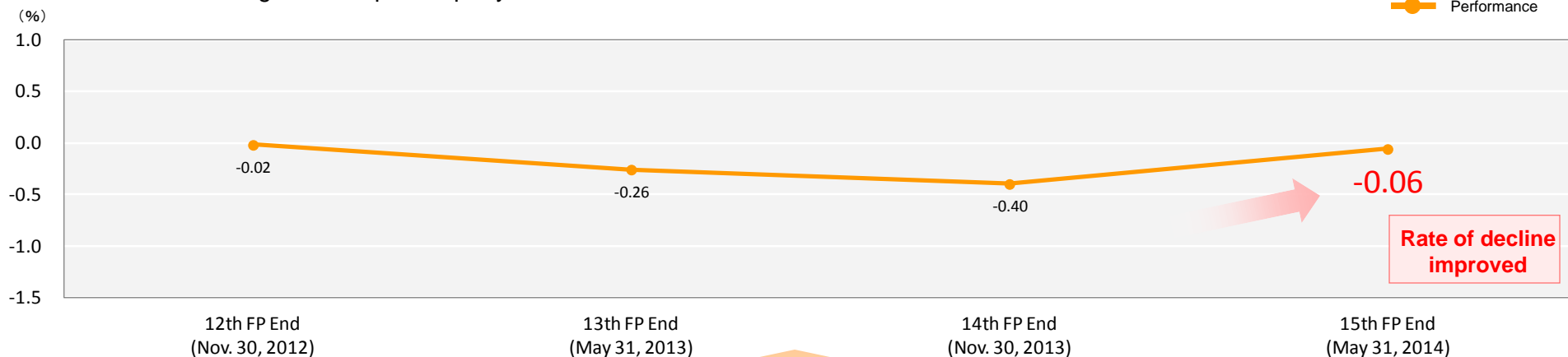
※1. 4th PO acquisition properties refer to "URBAN STAGE Ebisu," "URBAN STAGE Meguro Aobadai," "URBAN STAGE Gakugei Daigaku," "URBAN STAGE Nihonbashi Hamacho," "URBAN STAGE Kagurazaka," "URBAN STAGE Ikebukuro" and "URBAN STAGE Sakaisuji Honmachi" that were acquired in September 2014.

※2. The average vacancy period is the average period between the moving out of tenants and the contracting of new tenants.

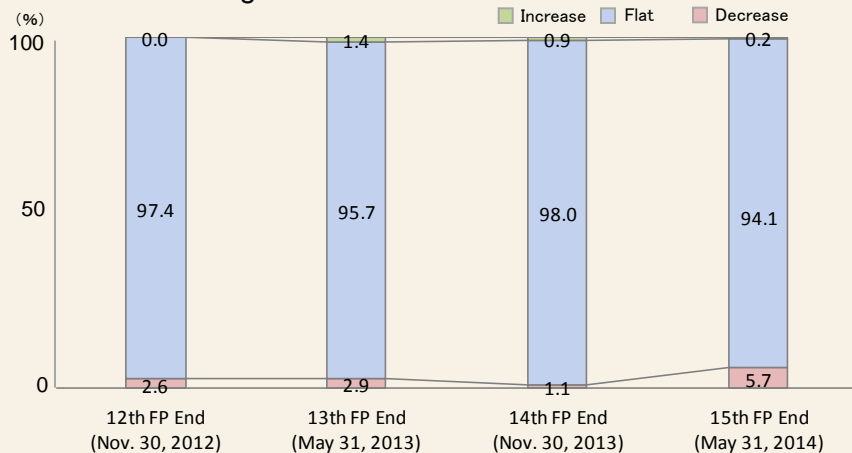
Changes in Leased Units and Rent Level

- ✓ Rate of decline in rent per tsubo largely improved
- ✓ Ratio of increase in rent in new tenant turnover also significantly up

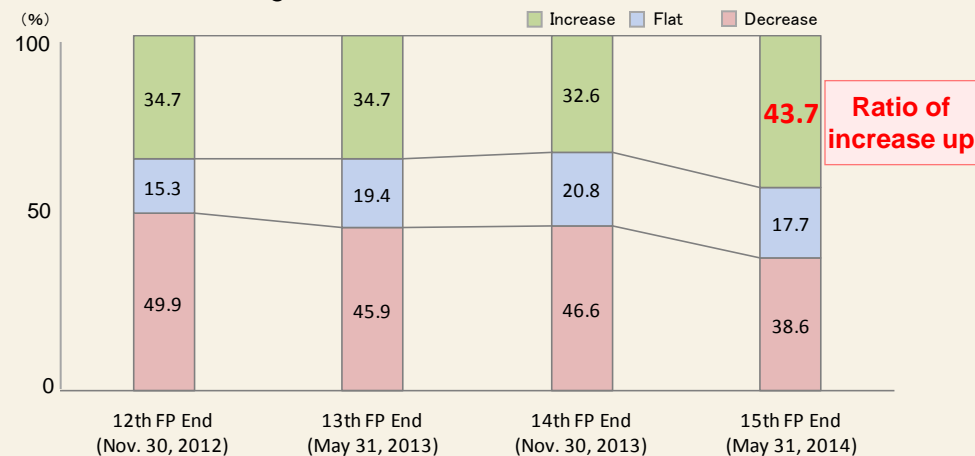
● Rate of Change in Rent per Property ※1.



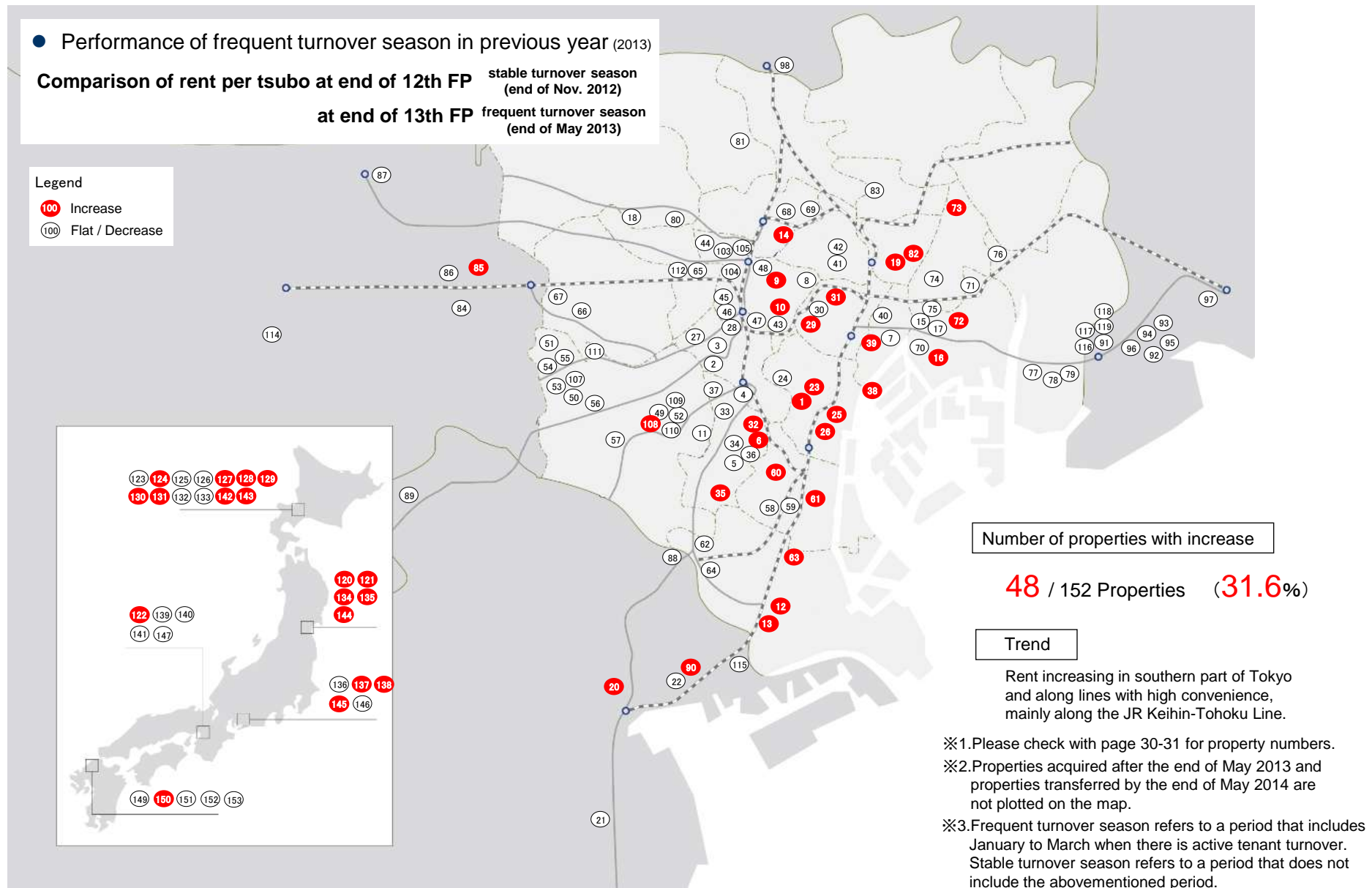
● Rent Change at Lease Renewals



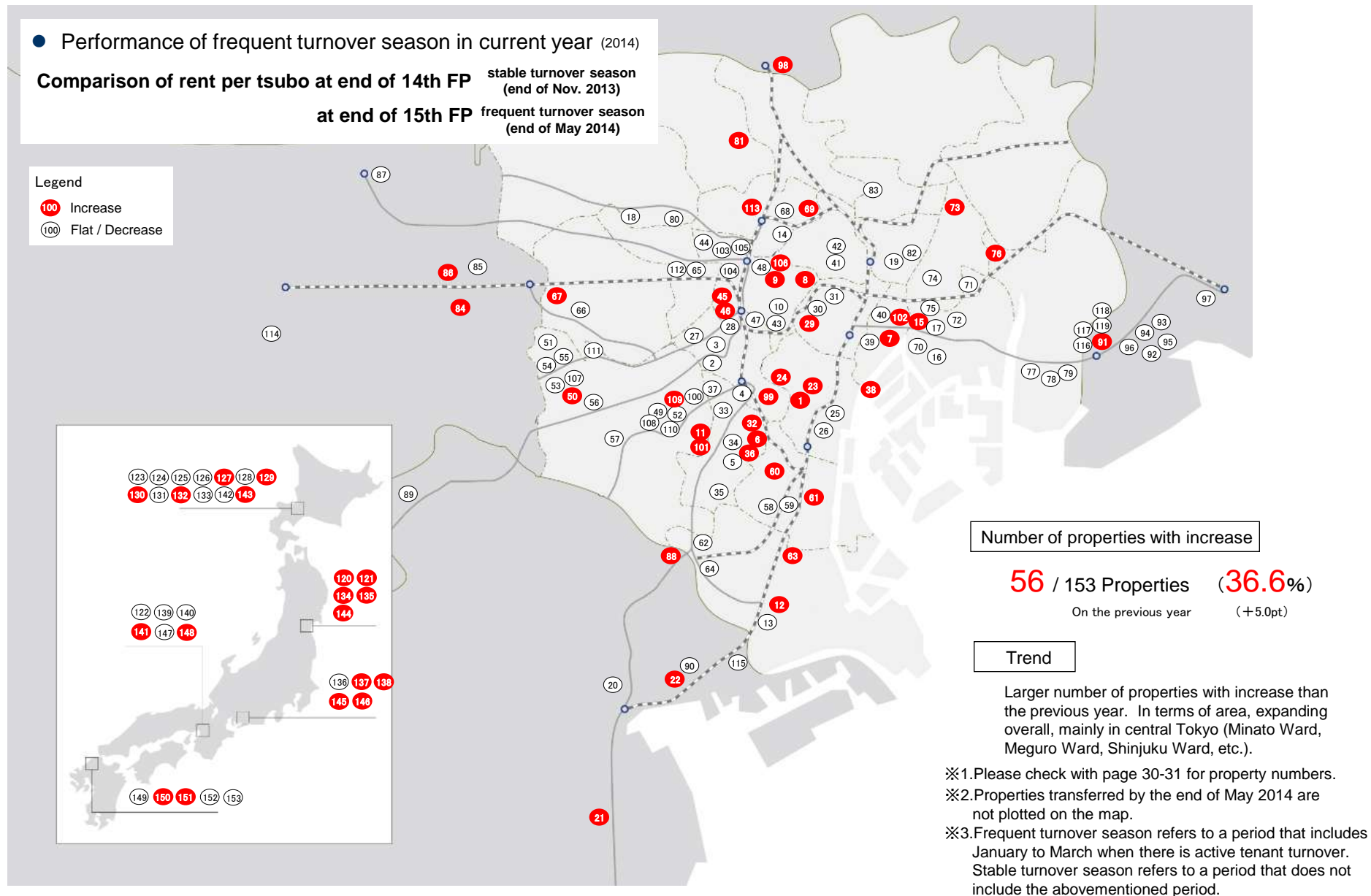
● Rent Change Before Move-out and After Move-in



Changes in Rent per Tsubo: Map by Area ①



Changes in Rent per Tsubo: Map by Area ②



Unification of Property Names and Merger of Property Management Companies

- ✓ Names of properties planned/developed by companies other than Nomura Real Estate Development will be unified to “PRIME URBAN”
- ✓ Sponsor group property management companies “Nomura Living Support” and “Nomura Building Management” merged to form “Nomura Real Estate Partners”

Unification of Property Names



PRIME URBAN

Properties planned/developed by companies other than Nomura Real Estate Development
<Age of Building: Approx. 1 year or less>



URBAN STAGE

Properties planned/developed by companies other than Nomura Real Estate Development
<Age of Building: Approx. 1 year or more>




Unification



PRIME URBAN

Primarily properties planned/developed by companies other than Nomura Real Estate Development

Major properties

PRIME URBAN Shibaura LOFT PRIME URBAN Yoga PRIME URBAN Shinkawa


Expected effect in the future

Enhancement of market recognition of portfolio properties



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Merger of Sponsor Group Property Management Companies



NOMURA LIVING SUPPORT


- Management of housing, mainly PROUD
- Property management services for rental condominiums



NOMURA BUILDING MANAGEMENT

- Facility management, repair work and property management services for office buildings, etc.

Merger



NOMURA REAL ESTATE PARTNERS

Real estate management company with capability to perform overall management

- Building management business
- Condominium management business
- Building interior business
- Property management business ... etc.

Property management utilizing operational know-how accumulated by comprehensive real estate management company

Financial Status

Interest-bearing Debt

Interest-bearing Debt Total	¥ 89,750 million
Average Remaining Duration of Interest-bearing Debt	3.2 years
Weighted Average Interest Rate	1.16 %
Long-term Interest-bearing Debt Ratio	83.9 %
Fixed-rate Interest-bearing Debt Ratio	96.5 %
LTV Level	53.4 %

Credit Rating

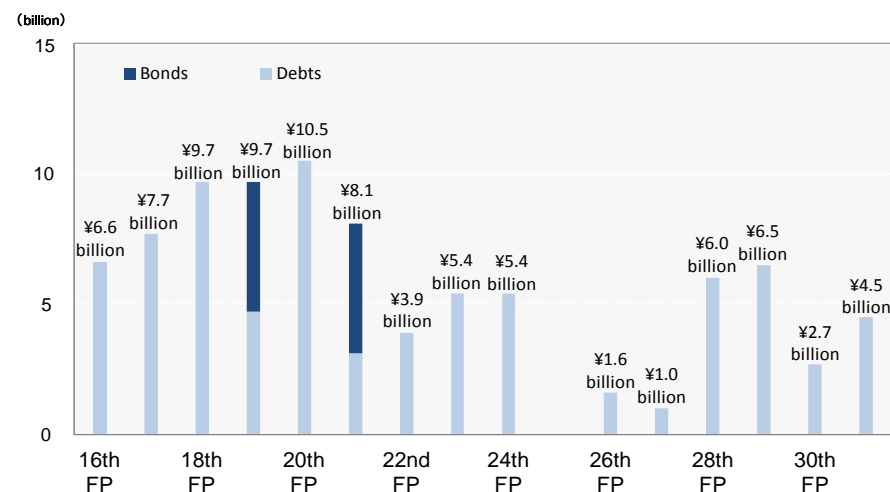
Agency	Rating		Outlook
JCR	Long-term issuer rating:	AA	Stable
S&P	Long-Term Corporate Credit Ratings:	A	Stable
	Short-Term Corporate Credit Ratings:	A-1	

*Investment Corporation Bonds are included in the "Interest-bearing Debt."

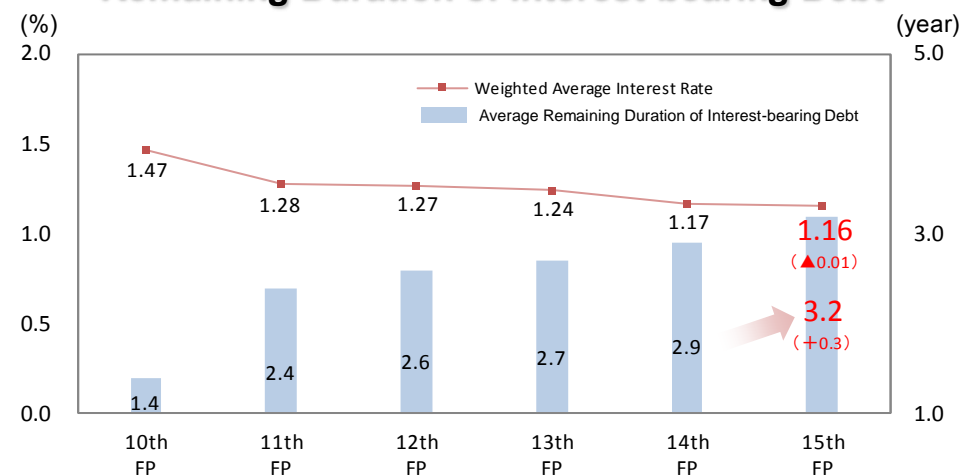
*Long-term Ratio, when including "long-term loans due within a year" in long-term loans, is 100.0%.

**"Loan Interest Rate Fixed Ratio" includes floating rate loans which have been fixed through interest rate swaps.

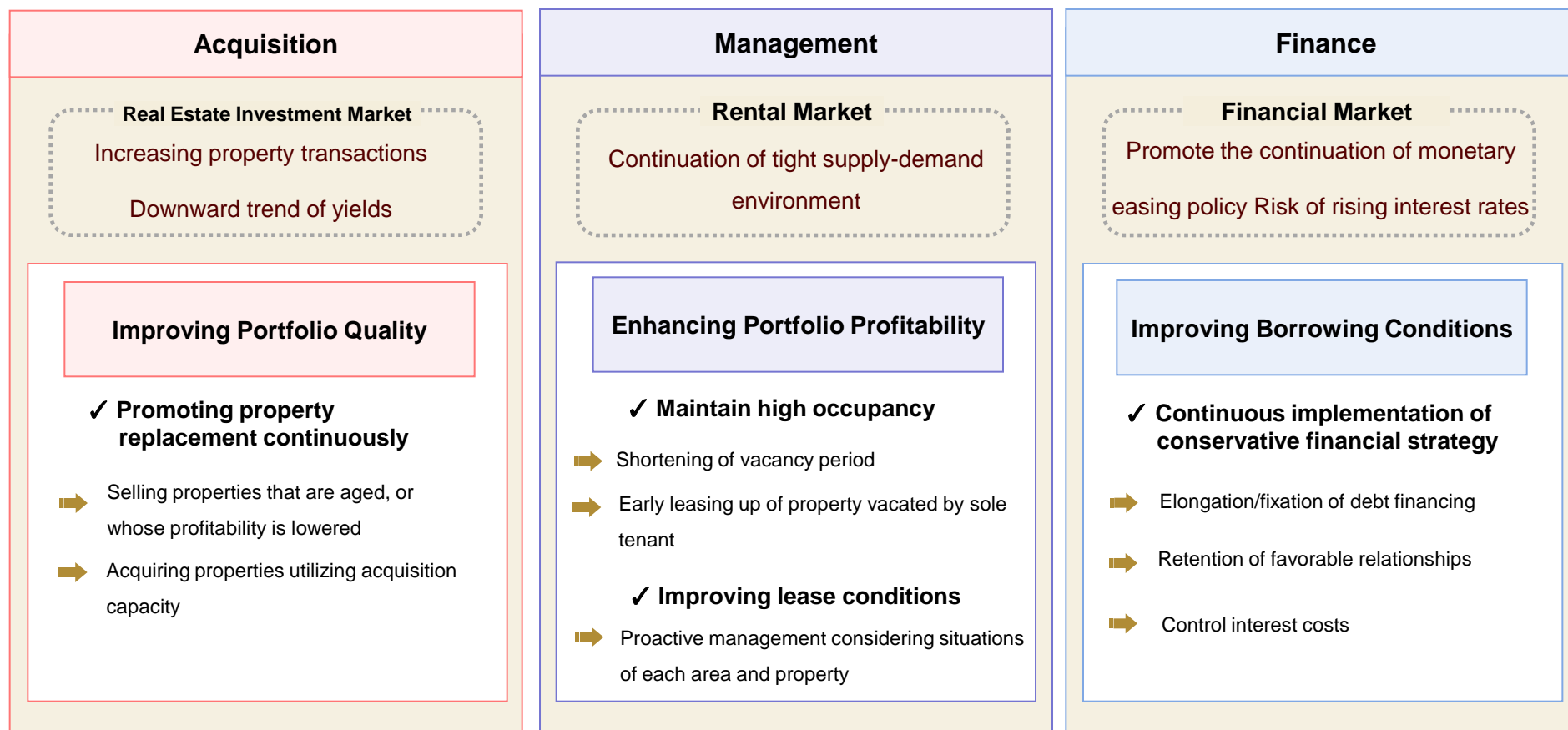
Maturity Diversification




Weighted Average Interest Rate and Average Remaining Duration of Interest-bearing Debt



Management Strategies



Maintaining a Stable Level of Cash Distribution

A photograph of a modern building's interior, featuring a staircase with glass railings and a glass-walled corridor. The word "APPENDIX" is overlaid in a serif font, with a horizontal line extending from the left margin through the text.

APPENDIX



Details of the Financial Results

Income statement

		14th Fiscal Period From Jun. 1, 2013 To Nov. 30, 2013	15th Fiscal Period From Dec. 1, 2013 To May 31, 2014	Difference from Previous Period (14th FP - 15th FP)	
		Amount (¥ 000)	Amount (¥ 000)	Difference (¥ 000)	Difference (%)
Operating Revenue		5,406,759	5,594,013	187,254	3.5
Real Estate Rental Business Revenues	*1	5,356,185	5,556,649	200,463	3.7
Rental Business Revenues		5,013,520	5,143,831	130,311	2.6
Other Rental Business Revenues		342,665	412,817	70,152	20.5
Parking Lot Revenue		134,455	134,802	346	0.3
Incidental Revenue	*2	140,643	199,126	58,483	41.6
Other Real Estate Rental Revenues	*3	67,566	78,889	11,322	16.8
Real Estate Disposition Revenue		50,573	37,364	-13,208	-26.1
Operating Expense		2,848,657	3,080,309	231,652	8.1
Real Estate Rental Business Expenses	*1	2,250,171	2,453,509	203,337	9.0
Repair Expenses	*4	225,277	300,325	75,047	33.3
Tax and Public Dues	*5	260,682	263,900	3,218	1.2
Depreciation and Amortization		1,012,451	1,053,355	40,904	4.0
Other Rental Business Expenses		751,760	835,927	84,167	11.2
Asset Management Fees		383,288	399,676	16,388	4.3
Other Operating Expenses	*6	215,198	227,124	11,926	5.5
Operating Profits		2,558,101	2,513,704	-44,397	-1.7
Non-Operating Revenues		4,052	4,173	120	3.0
Non-Operating Expenses		596,069	561,381	-34,687	-5.8
Interest Expenses		465,349	464,894	-454	-0.1
Investment Corporation Bond Interest		55,751	56,071	319	0.6
Other Non-Operating Expenses	*7	74,968	40,415	-34,553	-46.1
Ordinary Income		1,966,085	1,956,496	-9,588	-0.5
Net Income Before Tax		1,966,085	1,956,496	-9,588	-0.5
Corporate Income Tax, etc.		951	974	22	2.4
Net Income		1,965,133	1,955,522	-9,611	-0.5
Retained Earnings Brought Forward		67	64	-2	-4.3
Retained Earnings at Fiscal Period End		1,965,201	1,955,587	-9,614	-0.5
Total Cash Distribution		1,965,136	1,955,488	-9,648	-0.5

*Reference [15th Fiscal Period]

1. Real Estate Rental Business Revenues : ¥3,103,140 thousand
(from previous FP : ¥-2,874 thousand)

2. Incidental Revenues
Key Money : ¥79,221 thousand
Renewal Fee : ¥103,355 thousand

3. Other Real Estate Rental Revenues
Revenue from reversal of provision for loss on disaster,
cellphone antennae, vending machines, etc.

4. Renovation Expenses
Repair Expenses : ¥300,325 thousand
Capital Expenditure : ¥95,742 thousand
Total : ¥396,067 thousand

5. Tax and Public Dues (152 properties at FP End)
Subject Property : 146 properties
Excluded Property : 7 properties
Total : 153 properties

6. Other Operating Expenses
Duty Entrustment Fee : ¥40,023 thousand
Directors Fee, etc. : ¥4,800 thousand

7. Other Non-Operating Expenses
Loan Related Expense, etc. : ¥30,523 thousand

(Figures are rounded down to the nearest thousand)

Balance Sheet

Assets

	14th Fiscal Period as of Nov. 30, 2013		15th Fiscal Period as of May 31, 2014	
	Amount (¥ 000)	Ratio (%)	Amount (¥ 000)	Ratio (%)
Current Assets	7,711,933	4.6	10,083,755	6.0
Cash and Cash Equivalents	6,791,327	4.0	9,400,388	5.6
Cash and Cash Equivalent in Trust	802,795	0.5	565,037	0.3
Other Current Assets	117,810	0.1	118,329	0.1
Fixed Assets	160,267,808	95.4	157,824,052	94.0
Tangible Fixed Assets * 1	160,228,831	95.4	157,793,123	94.0
Real Estate	126,536,617	75.3	135,258,525	80.5
Building	59,364,412	35.3	61,457,903	36.6
Land	67,172,205	40.0	73,800,621	43.9
Real Estate in Trust	33,683,356	20.0	22,534,598	13.4
Building in Trust	10,762,391	6.4	7,324,455	4.4
Land in Trust	22,920,964	13.6	15,210,142	9.1
Construction in Progress	8,857	0.0	-	-
Intangible Fixed Assets	2,058	0.0	1,537	0.0
Other Intangible Fixed Assets	2,058	0.0	1,537	0.0
Investment and Other Assets	36,918	0.0	29,391	0.0
Security Deposits	10,819	0.0	10,879	0.0
Long-term Repaid Expenses	26,098	0.0	18,512	0.0
Deferred Assets	39,972	0.0	32,702	0.0
Investment Corporation Bond Issuing Exp	39,972	0.0	32,702	0.0
Total Assets	168,019,715	100.0	167,940,510	100.0

*1 Tangible Fixed Asset

(unit : million of yen)

	Acquisition Price	Accumulated Depreciation	(Depreciation for current FP)	Book value at FP end
Real Estate, etc.	169,119	11,326	(1,053)	157,793
Building	70,982	9,524	(925)	61,457
Land	73,800	-	-	73,800
Building in Trust	9,126	1,801	(127)	7,324
Land in Trust	15,210	-	-	15,210
Construction in Progress	8	-	-	8

Liabilities and Net Assets

	14th Fiscal Period as of Nov. 30, 2013		15th Fiscal Period as of May 31, 2014	
	Amount (¥ 000)	Ratio (%)	Amount (¥ 000)	Ratio (%)
Current Liabilities	17,410,010	10.4	15,966,300	9.5
Trade Accounts Payable	259,584	0.2	313,873	0.2
Long-term Loan Due Within One Year * 2	15,950,000	9.5	14,450,000	8.6
Other Accounts Payable	342,714	0.2	295,373	0.2
Taxes Payable	753	0.0	51,893	0.0
Accrued Expenses	129,601	0.1	115,670	0.1
Rent Received in Advance	722,407	0.4	725,084	0.4
Deposits Payable	4,949	0.0	14,403	0.0
Fixed Liabilities	75,373,449	44.9	76,747,569	45.7
Investment Corporation Bonds * 2	10,000,000	6.0	10,000,000	6.0
Long-term Loans * 2	63,890,000	38.0	65,300,000	38.9
Security Deposits	1,101,348	0.7	1,175,682	0.7
Security Deposits in Trust	382,100	0.2	271,886	0.2
Total Liabilities	92,783,459	55.2	92,713,869	55.2
Unitholders Equity	75,236,255	44.8	75,226,641	44.8
Unitholders Capital	73,231,053	43.6	73,231,053	43.6
Retained Earnings	2,005,201	1.2	1,995,587	1.2
Total Net Assets	75,236,255	44.8	75,226,641	44.8
Total Liabilities and Net Assets	168,019,715	100.0	167,940,510	100.0

*2 Loans (long-term loans due within a year are included in the short-term loans)

Balance of interest-bearing debts (millions of yen) 89,750

Total asset interest-bearing debt ratio $\left[\frac{\text{Short-term loans+bonds + Long-term loans}}{\text{total assets}} \right]$ 53.4%

Long-term interest-bearing debt ratio $\left[\frac{\text{Bonds + Long-term loans}}{\text{Short-term loans+bonds + Long-term loans}} \right]$ 83.9%

Forecasts for the 16th Fiscal Period

	15th FP Forecast From Dec. 1, 2013 To May 31, 2014 Amount (millions of yen)	16th FP Forecast From Jun. 1, 2014 To Nov. 30, 2014 Amount (millions of yen)	Difference Amount (millions of yen)
Operating Revenue	5,594	5,406	-188
Real Estate Rental Business Revenues	5,556	5,400	-156
Real Estate Disposition Revenue	37	6	-31
Operating Expense	3,080	3,024	-56
Real Estate Rental Business Expenses	2,453	2,349	-104
Repair Expenses	300	257	-43
Tax and Public Dues	263	292	29
Depreciation and Amortization	1,053	1,057	4
Asset Management Fees	399	393	-6
Other Operating Expenses	227	282	55
Operating Profits	2,513	2,382	-131
Non-Operating Expenses	561	555	-6
Interest Expenses	520	519	-1
Ordinary Income	1,956	1,826	-130
Net Income	1,955	1,825	-130
Number of Investment Units Issued (units)	160,800	160,800	0
Cash Distribution Per Unit (yen)	12,161	11,600	-561
Number of Properties (properties)	153	152	-1
Leasable Floor Area (sqm)	274,346.62	273,811.54	-535
Average Occupancy Rate (%)	96.3	95.9	-0.4

16th FP Forecast

(announced Jul. 2014) Assumptions

【Properties】

Number of Properties	:	152 properties
Total Amount of Acquisition Price	:	¥159,991 million

【Repair Expenses】

¥396 million for 15th Fiscal Period
(¥95 million of which is capital expenditure)

Example)

PU Musashi Koganei (large-scale renovation)	:	¥62 million
PU Kachidoki (Water supply pipe rehabilitation)	:	¥17 million

¥374 million for 16th Fiscal Period
(¥117 million of which is capital expenditure)

Example)

PU Musashi Koganei (Entrance renewal)	:	¥19 million
US Shinjuku Ochiai (large-scale renovation)	:	¥22 million

【Lorns】

Total Interest-bearing Debt (as of Jul. 17, 2014)	:	¥87,910 million
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Interest-Bearing Debt Repayment Due During 16th FP (after Jul. 17, 2014)		
Repayment through loans (Aug. , Sep. 2014)	:	¥4,730 million
Agreed Repayment (Aug. 2014)	:	¥90 million

Changes in Asset Size

- ✓ Focused investment in properties targeting single and DINKs households
- ✓ The portfolio has grown steadily to approx. 2.4 times the size at the time of listing

Portfolio Overview (15th Fiscal Period End)

Acquisition Price **160,247** million

Number of Properties **153** properties

Total Leasable Floor Area **274,346.62** m²

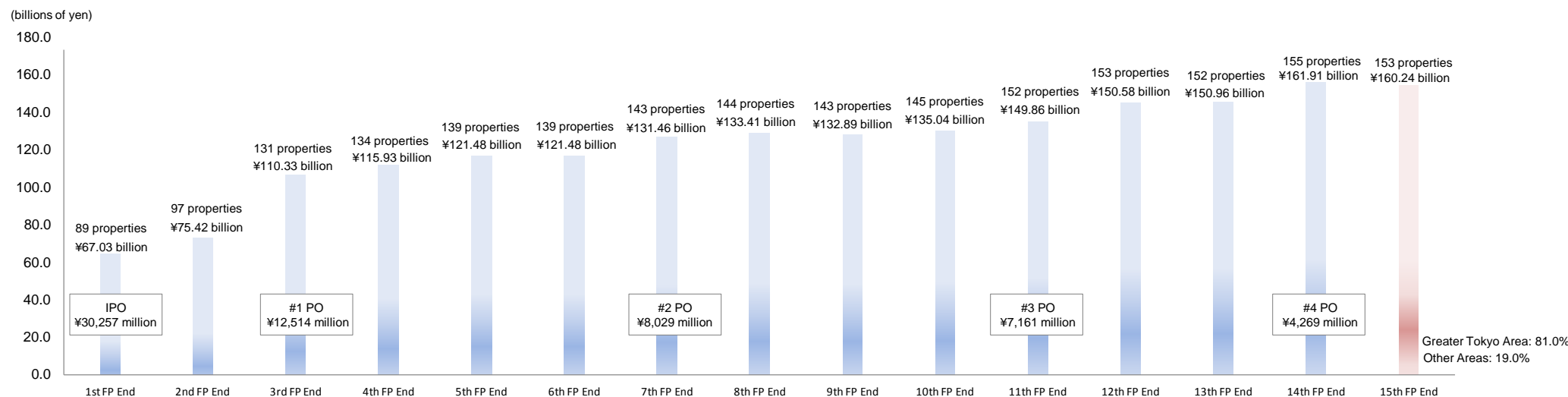
Leasable Units **9,149** units

Average Rent Per Unit approx. **97** thousand

Average Leasable

Floor Area Per Unit approx. **29.9** sqm

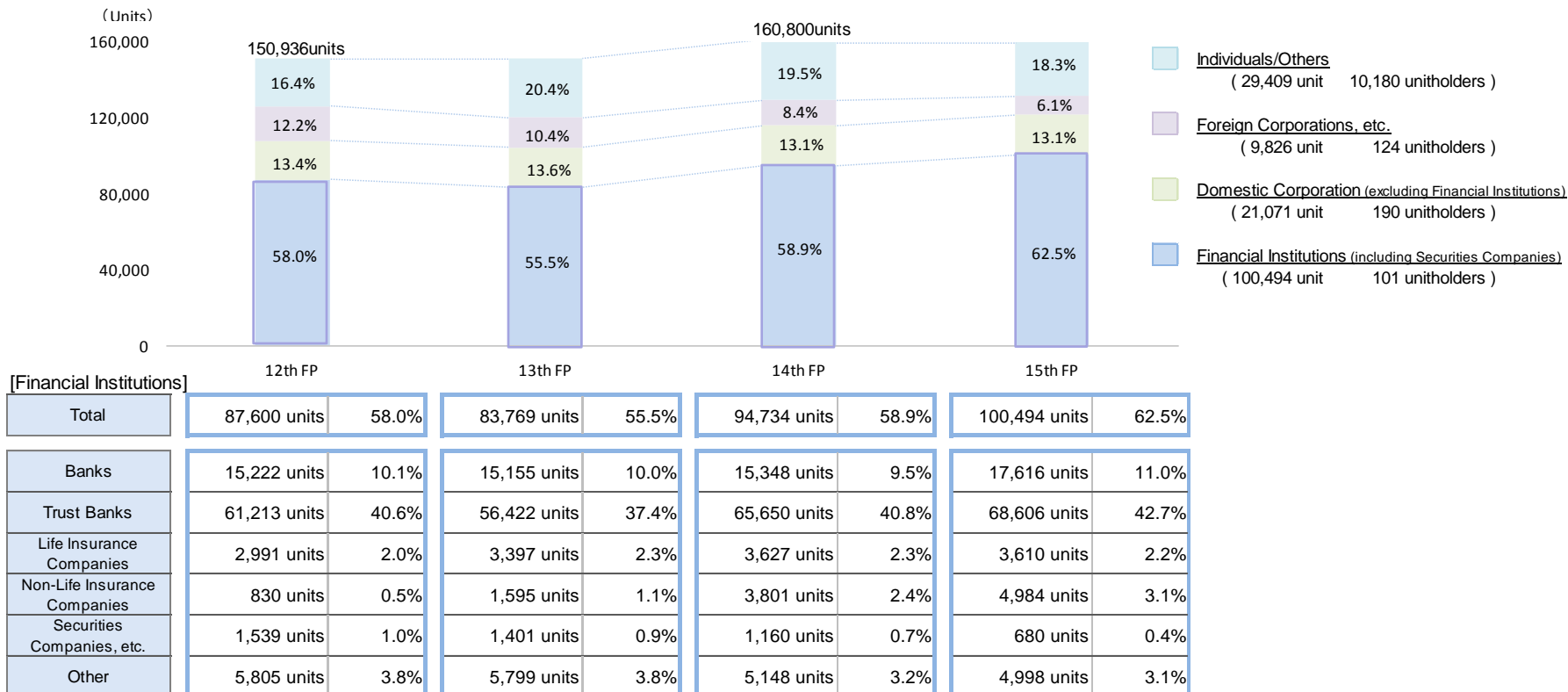
Stable Growth of Portfolio



*The graph is based on the total acquisition price as of each fiscal period end (rounded down to the nearest 10 million).

Unitholders

Changes in Ratio of Units Held by Unitholders



Top 10 Unitholders

#	Unitholders	Units	Ratio (%)
1	Japan Trustee Services Bank, Ltd.	45,540	28.32
2	Nomura Real Estate Development Co., Ltd.	15,240	9.48
3	The Nomura Trust and Banking Co., Ltd.	8,049	5.01
4	The Master Trust Bank of Japan, Ltd.	5,076	3.16
5	Trust & Custody Services Bank, Ltd.	5,036	3.13

#	Unitholders	Units	Ratio (%)
6	The Fuji Fire and Marine Insurance Co., Ltd.	3,212	2.00
7	Trust & Custody Services Bank, Ltd.	3,010	1.87
8	The Joyo Bank, Ltd.	2,502	1.56
9	The Fukui Bank, Ltd.	1,987	1.24
10	The Hokuriku Bank, Ltd.	1,867	1.16
Total		91,519	56.91

(Note) The Ratio is calculated as the percentage of Total Number of Owned Investment Units divided by Total Number of Issued Investment Units.

Appraisal Value Status

Appraisal Value

14th FP End Appraisal Value (A)* **¥154,018 million**

15th FP End Appraisal Value (B) **¥156,322 million**

Difference (B)-(A) + ¥2,304 million

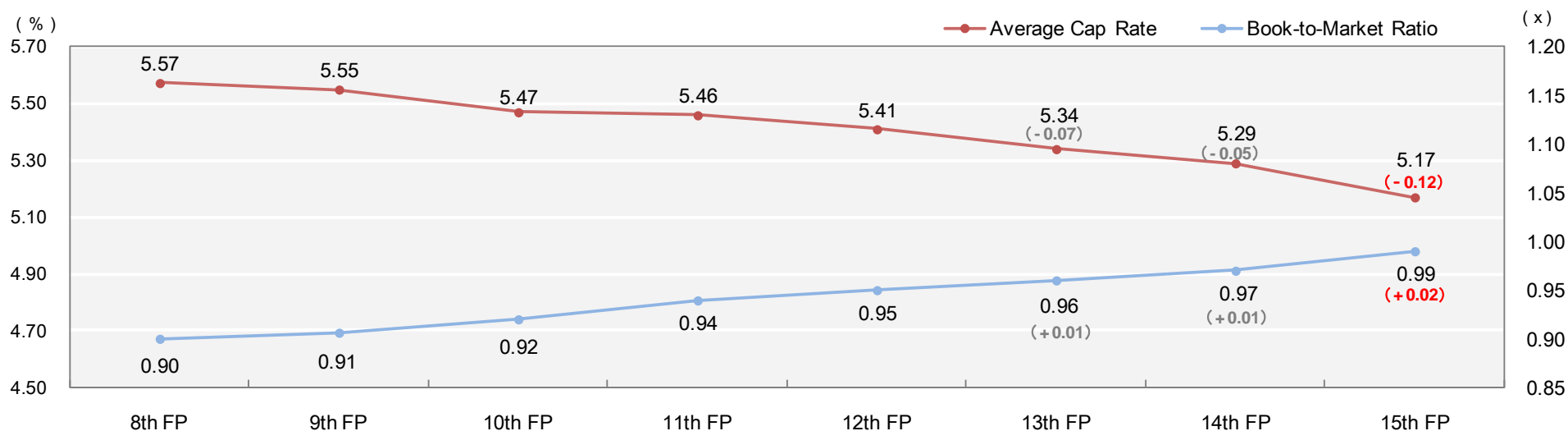
[Reference]

● BPS	:	¥467,827
● NAV per Unit	:	¥458,678

Appraisal Value Details

● Increase	136 properties	(88.9 %)
● Flat	4 properties	(2.6 %)
● Decrease	13 properties	(8.5 %)
Total	153 properties	(100.0 %)

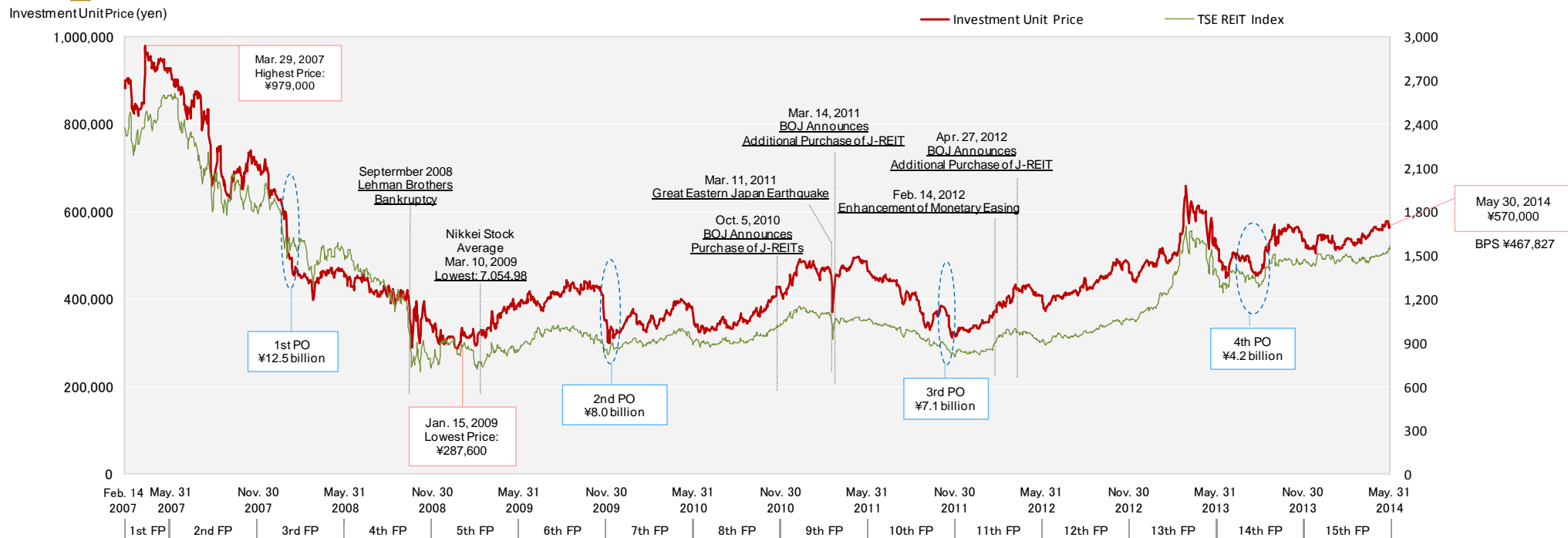
Range of Cap Rate and Book-to-Market Ratio



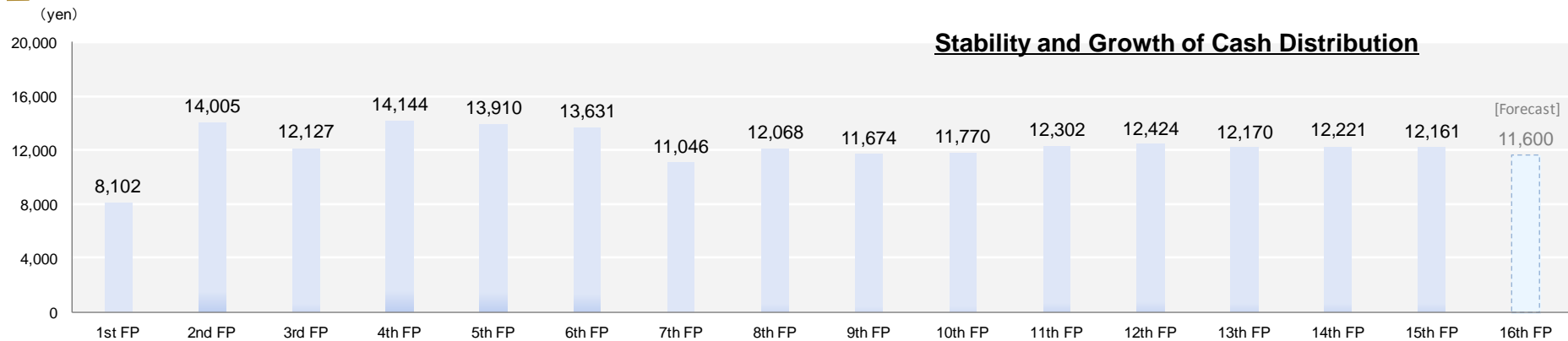
*14th FP End Appraisal Value" excludes the appraisal value of 2 property disposed during the 15th FP.

Changes in Investment Unit Price and Cash Distribution

Changes in Investment Unit Price



Changes in Cash Distribution





Characteristics of NRF

PROUD FLAT Shirokane Takanawa



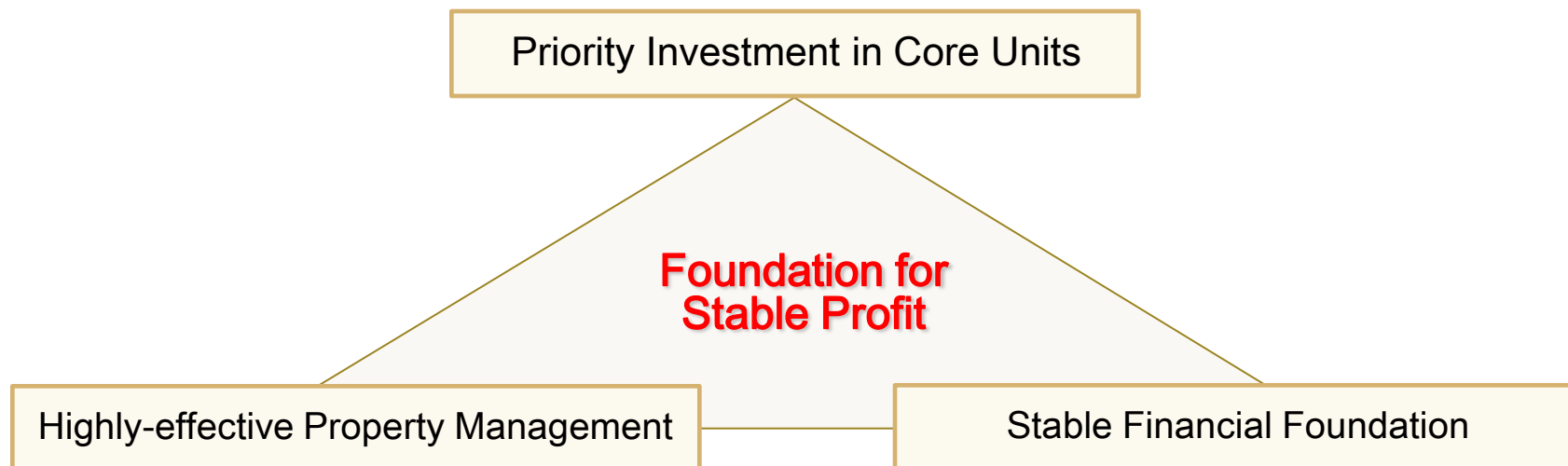
PRIME URBAN Naka Meguro



PRIME URBAN Chitose Funabashi

Characteristics of NRF

Structure for Generating Stable Profit

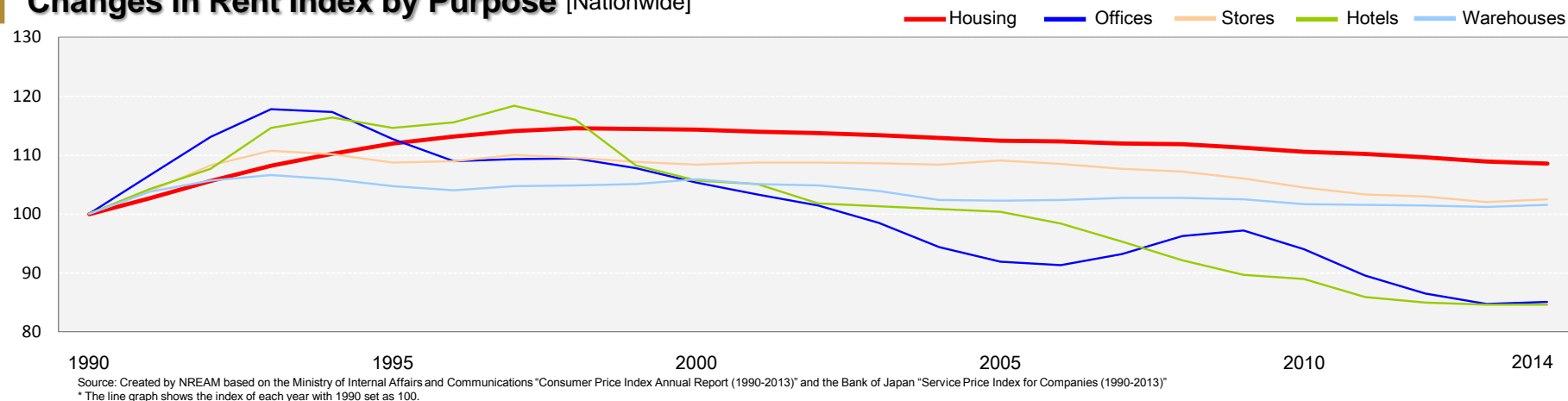


- Priority Investment in Core Units : Units with rents ¥150,000 or less, and areas under 50sqm
- Highly-effective Property Management : Taking measures for increasing property competitiveness and occupancy rate
- Stable Financial Foundation : Maintaining conservative financial policy

Rental Housing Investment Characteristics

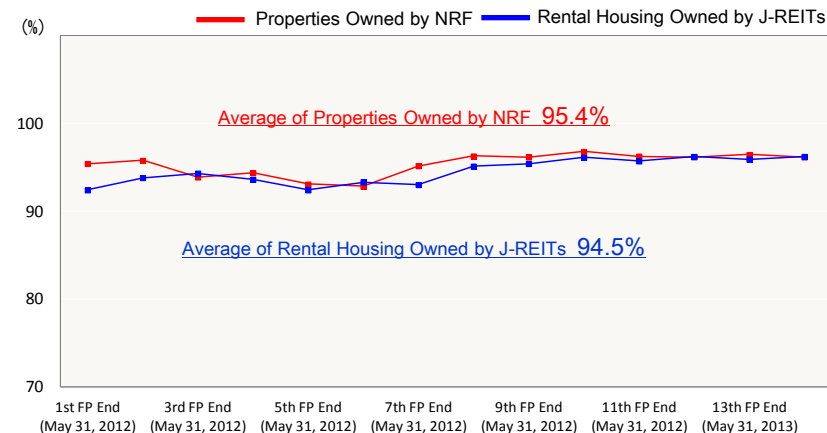
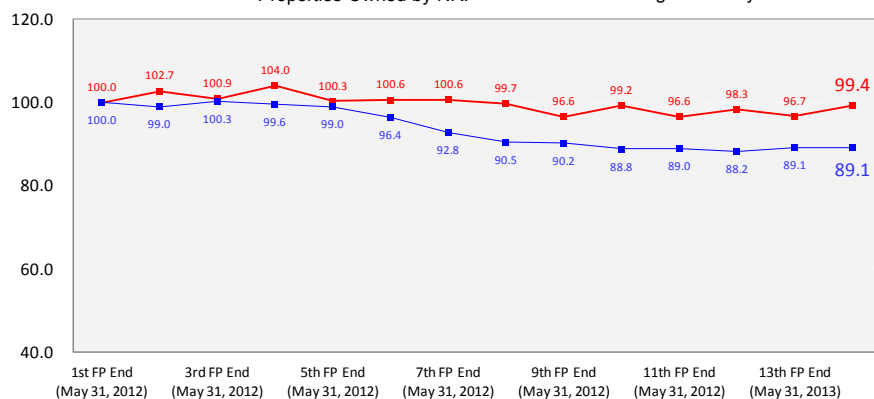
- ✓ Rent index for rental housing is relatively stable compared to other sectors
- ✓ Rent index and occupancy rate of NRF's properties are stable compared to J-REIT-owned rental housing properties

Changes in Rent Index by Purpose [Nationwide]



Projections on Number of Households → Ongoing demand expected from small households

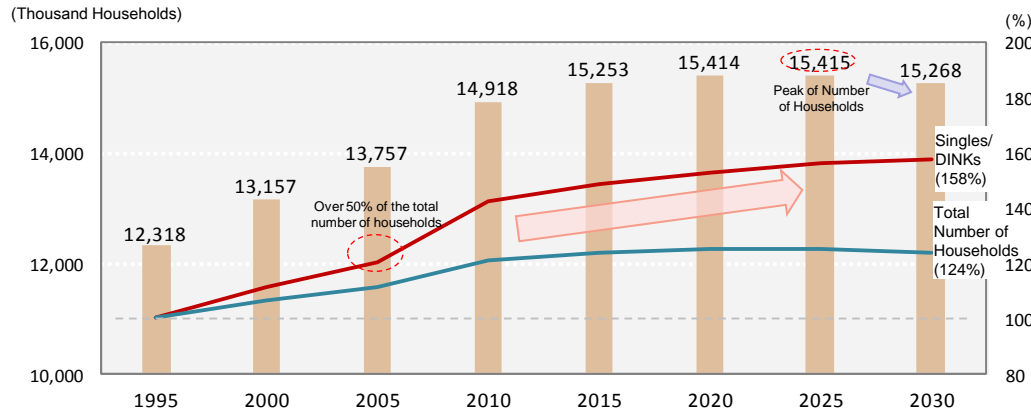
- Changes in Rent Index [Tokyo's 23 Wards]
- Changes in Occupancy Rate [Nationwide]



Priority Investment in Key Segments

Investment in the segments with high demand for rental properties

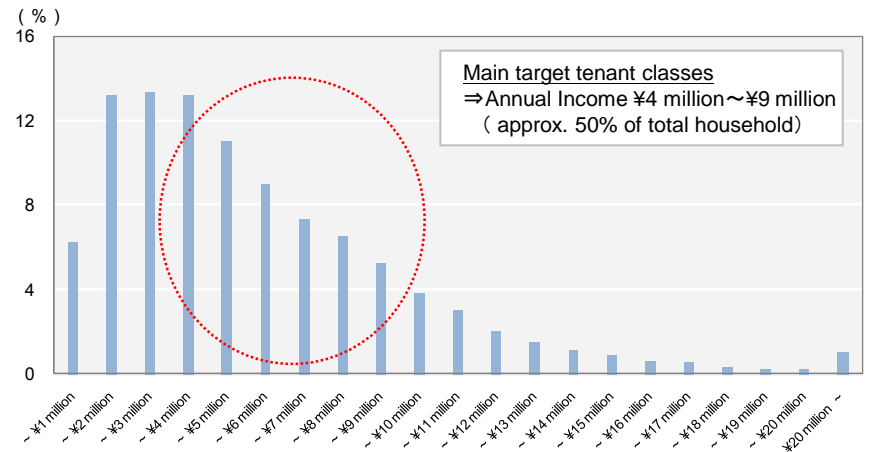
Changes in Number of Households ("Total" "Singles" "DINKs") [Greater Tokyo Area]



Source: Created by NREAM based on the National Institute of Population and Social Security Research (IPSS) "Number of Households by Family Type, Age (five-year groups), and Sex group."

* The line graph shows changes in number of single or couple-only households and total number of households with 1995 set as 100.

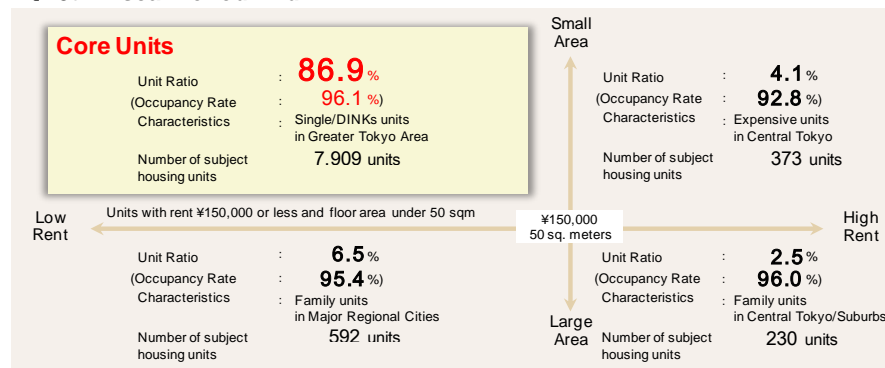
Relative Frequency Distribution of Number of Households by Income [Nationwide]



Source: The Ministry of Health, Labour and Welfare (MHLW) "Overview of National Livelihood Survey 2012"

Core Units (rent ¥150,000 or less, floor area under 50 sqm)

At 15th Fiscal Period End

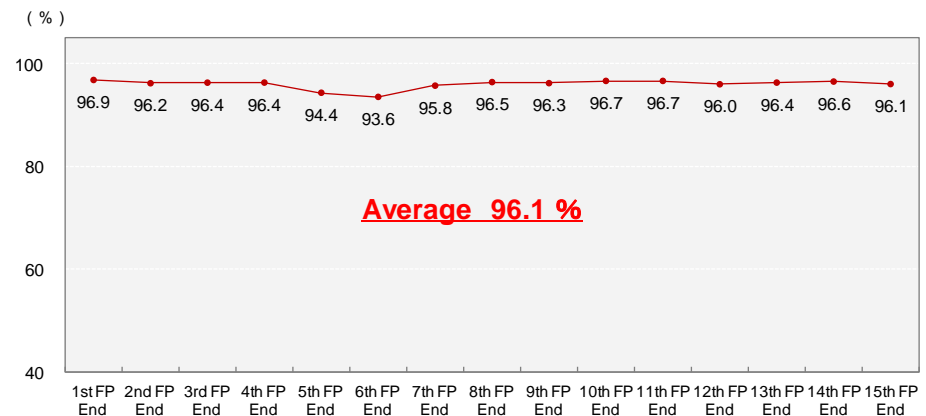


* Figures do not include data on stores.

(For reference) Total NRF portfolio

• Average Rent Per Unit	approx. ¥97 thousand	• Leasable Units	9,149 units
• Average Leasable Floor Area Per Unit	approx. 29.9 sqm		

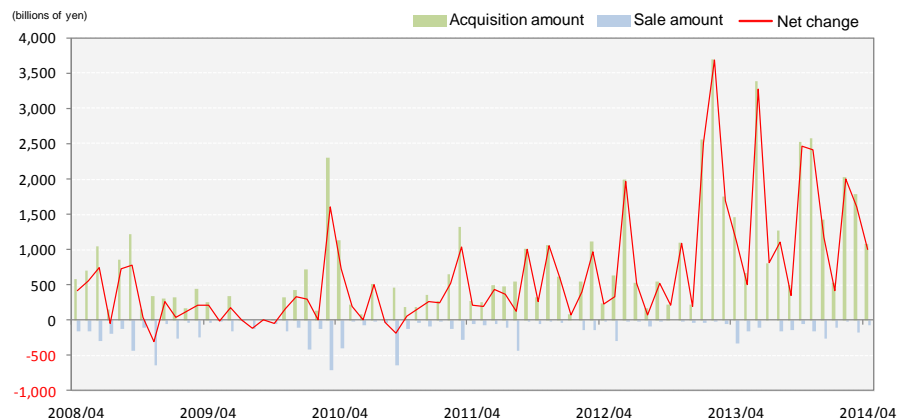
Changes in Occupancy Rate of Core Units



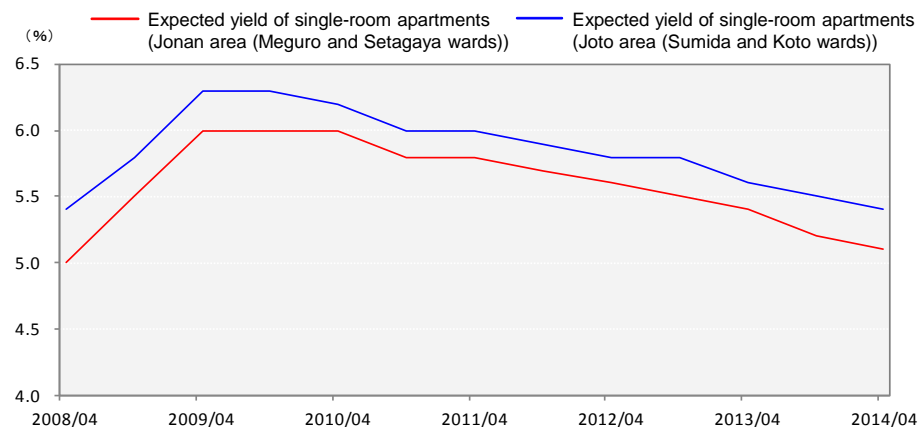
Rental Housing Investment Characteristics

- ✓ Real estate acquisition and sale amounts increased in 2013 and expected yields have decreased
- ✓ The supply of new properties continues to be at a low level and demand from single and DINKs households is expected to be stable

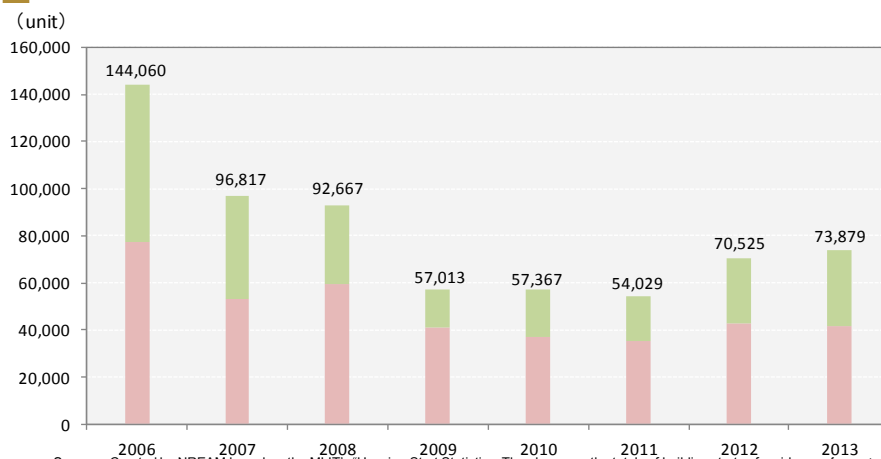
Change in J-REIT Real Estate Acquisition and Sale Amount



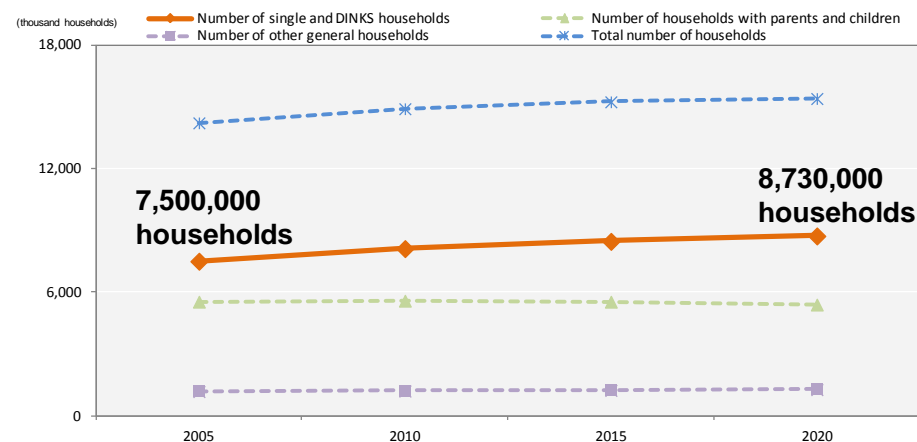
Change in Expected Yield



Supply of New Properties (Number of Building Starts)

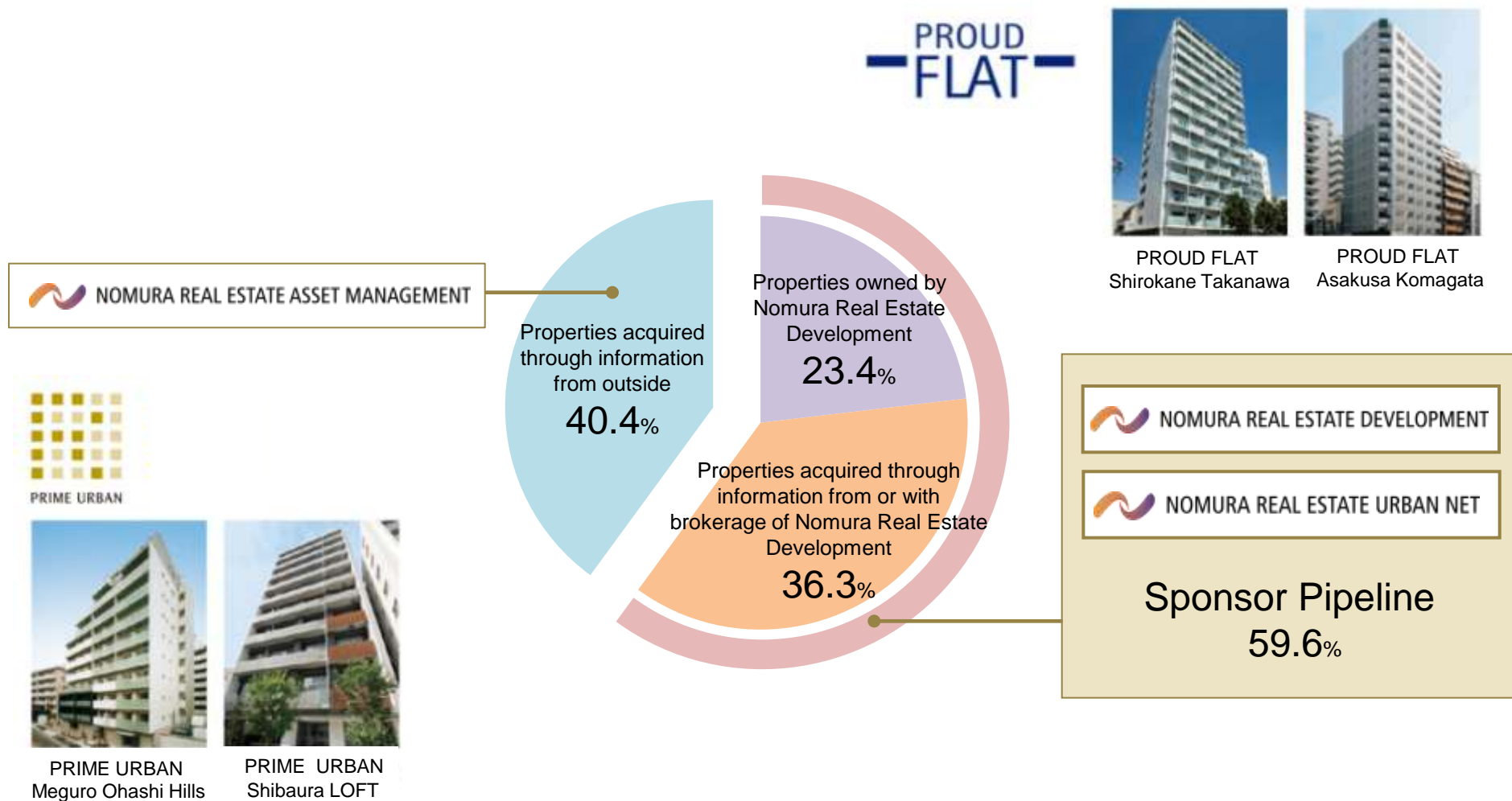


Projections on Number of Households



Utilization of Diverse Sourcing Routes

Breakdown of Acquired Properties by Sourcing Route



Portfolio Status

Diversification Within Assets

Improve portfolio stability through promotion of diversification

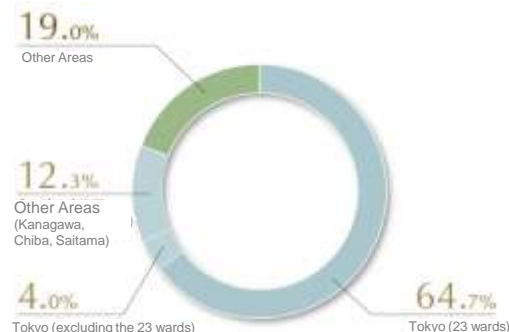
⇒ Top 10 Properties **19.4%**



Investment Area

Greater Tokyo Area 70% or more
Other Areas 30% or less

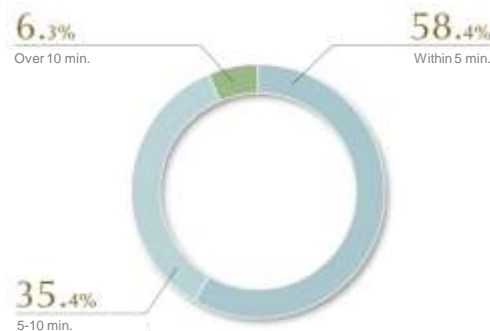
⇒ Greater Tokyo Area **81.0%**



Nearest Station on Foot

Selection focusing on accessibility to the nearest railway stations

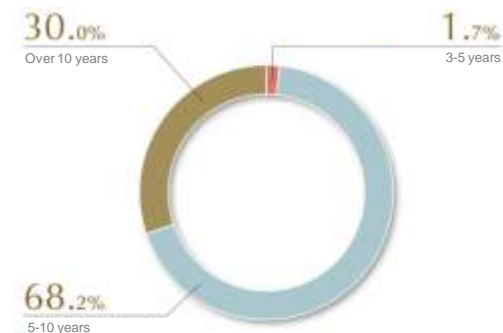
⇒ Within 10 min. **93.7%**



Building Age

Considering the combination of various building age to avoid the bias of large-scale repair expenses

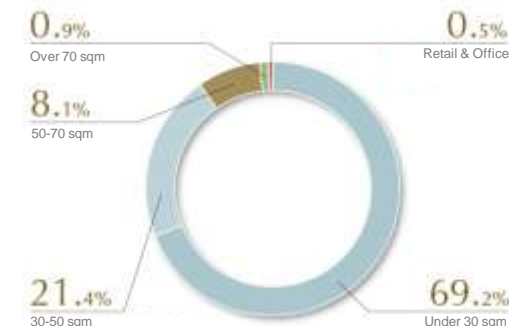
⇒ Average Building Age **10.4 Years**



Floor Area Per Unit

Investing in properties targeting single/DINKS/young family households for the foreseeable future

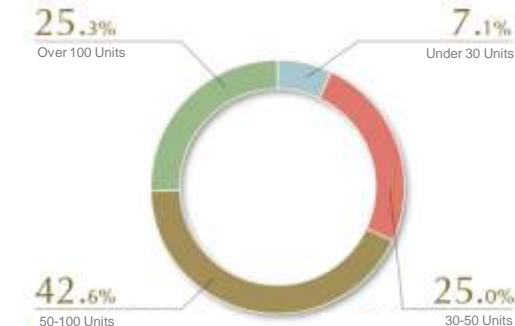
⇒ Under 50 sqm **90.5%**



Units Per Property

Investing in properties with strong lease-up potential in a short timeframe

⇒ Average Unit Per Property **59 Units**

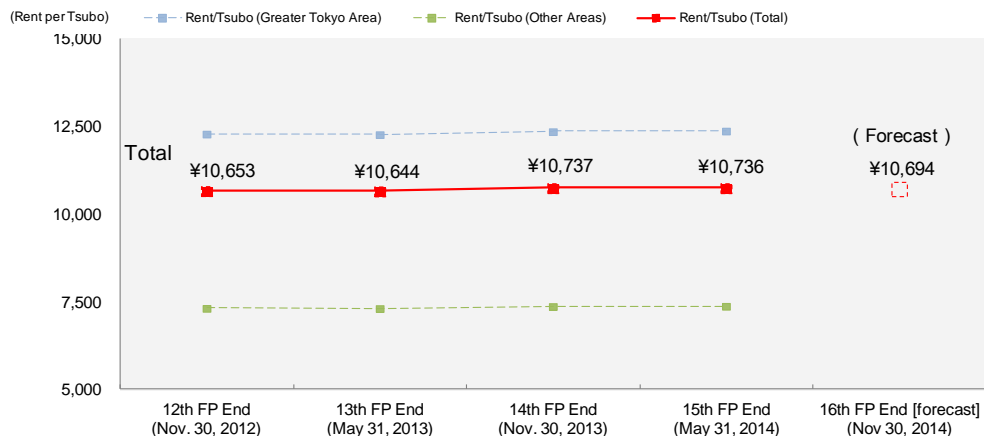


*In the above graphs, "floor area per unit" as of the end of May 2014 is based on the number units while other figures are based on acquisition price.

Changes in Revenue

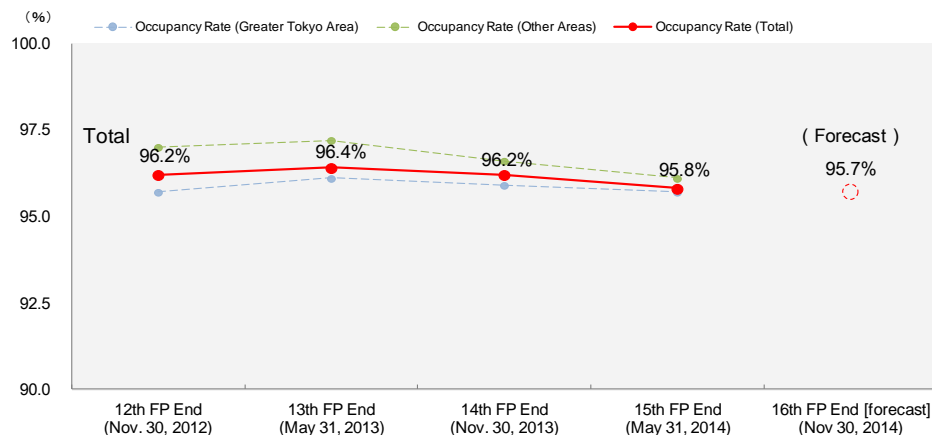
Changes in Rent per Tsubo and Occupancy Rate (12th FP End-16th FP End (forecast))

[Rent per Tsubo]



		12th FP End (Nov. 30, 2012)	13th FP End (May 31, 2013)	14th FP End (Nov. 30, 2013)	15th FP End (May 31, 2014)	15th FP End (May 31, 2014)
Rent per Tsubo	Total	¥10,653	¥10,644	¥10,737	¥10,736	¥10,694
	Greater Tokyo	¥12,280	¥12,264	¥12,349	¥12,366	—
	Other Areas	¥7,306	¥7,302	¥7,360	¥7,366	—

[Occupancy Rate]

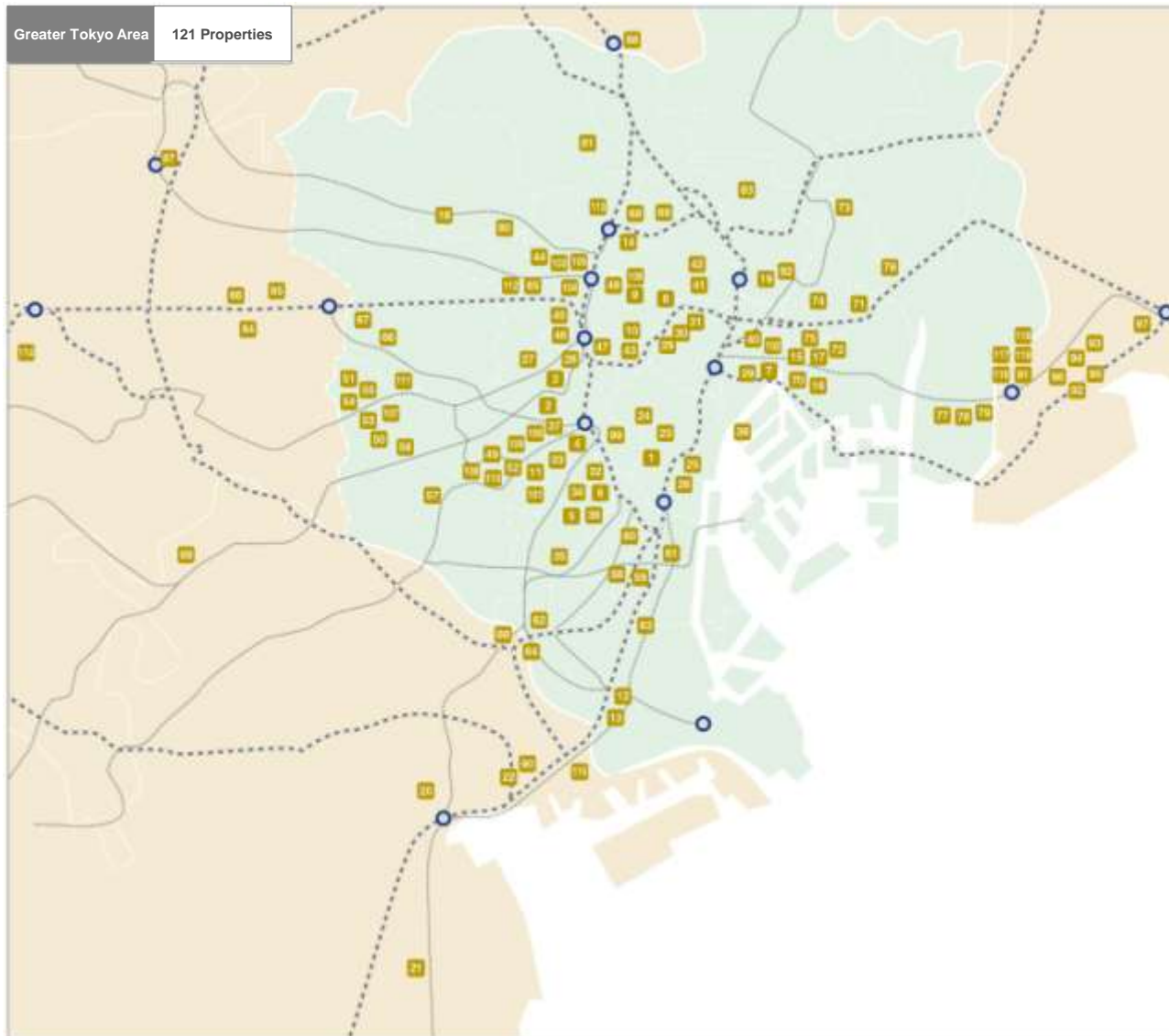


		12th FP End (Nov. 30, 2012)	13th FP End (May 31, 2013)	14th FP End (Nov. 30, 2013)	15th FP End (May 31, 2014)	15th FP End (May 31, 2014)
Occupancy Rate	Total	96.2%	96.4%	96.2%	95.8%	95.7%
	Greater Tokyo	95.7%	96.1%	95.9%	95.7%	—
	Other Areas	97.0%	97.2%	96.6%	96.1%	—

(Reference)

		12th FP End (Nov. 30, 2012)	13th FP End (May 31, 2013)	14th FP End (Nov. 30, 2013)	15th FP End (May 31, 2014)	15th FP End (May 31, 2014)
Turnover Ratio	Total	9.7%	13.2%	10.0%	14.2%	11.1%

Portfolio Map (Greater Tokyo Area)



1	PROUD FLAT Shirokane Takanawa	61	PRIME URBAN Omachi II
2	PROUD FLAT Yoyogi Uehara	62	PRIME URBAN Yukiya
3	PROUD FLAT Hatsudai	63	PRIME URBAN Omori
4	PROUD FLAT Shibuya Sakuragaoka	64	PRIME URBAN Denenchofu Mnam
5	PROUD FLAT Gakugei Daigaku	65	PRIME URBAN Nakano Kamitakada
6	PROUD FLAT Meguro Gyoninzaka	66	PRIME URBAN Takaido
7	PROUD FLAT Sumida Riverside	67	PRIME URBAN Nishi Ogkubo
8	PROUD FLAT Kagurazaka	68	PRIME URBAN Otsuka
9	PROUD FLAT Waseda	69	PRIME URBAN Komagome
10	PROUD FLAT Shinjuku Kaw adacho	70	PRIME URBAN Monzen Nakacho
11	PROUD FLAT Sangen Jaya	71	PRIME URBAN Karneido
12	PROUD FLAT Kamata	72	PRIME URBAN Sunmyoshi
13	PROUD FLAT Kamata II	73	PRIME URBAN Mukojima
14	PROUD FLAT Shinotsuka	74	PRIME URBAN Kashi Koen
15	PROUD FLAT Kyosum Shirakawa	75	PRIME URBAN Kinshicho
16	PROUD FLAT Monzen Nakacho II	76	PRIME URBAN Hirai
17	PROUD FLAT Monzen Nakacho I	77	PRIME URBAN Kasai
18	PROUD FLAT Fujimidi	78	PRIME URBAN Kasai II
19	PROUD FLAT Asakusa Komagata	79	PRIME URBAN Kasai East
20	PROUD FLAT Yokohama	80	PRIME URBAN Eboda
21	PROUD FLAT Kamooka	81	PRIME URBAN Itabashi Kuyakushomae
22	PROUD FLAT Tsurumi II	82	PRIME URBAN Asakusa
23	PRIME URBAN Azabu Juban	83	PRIME URBAN Machiya South Court
24	PRIME URBAN Akasaka	84	PRIME URBAN Musashi Koganei
25	PRIME URBAN Tamachi	85	PRIME URBAN Musashino Hills
26	PRIME URBAN Shibaura LOFT	86	PRIME URBAN Koganei Honcho
27	PRIME URBAN Hatagaya	87	PRIME URBAN Kamegawa
28	PRIME URBAN Yoyogi	88	PRIME URBAN Musashi Kosugi comodo
29	PRIME URBAN Bancho	89	PRIME URBAN Shinyurigaoka
30	PRIME URBAN Chiyoda Fujimi	90	PRIME URBAN Tsurumi Teraya
31	PRIME URBAN Itabashi	91	PRIME URBAN Urayasu
32	PRIME URBAN Ebisu	92	PRIME URBAN Gyotoku I
33	PRIME URBAN Naka Meguro	93	PRIME URBAN Gyotoku II
34	PRIME URBAN Gakugei Daigaku	94	PRIME URBAN Gyotoku Ekimae
35	PRIME URBAN Senzoku	95	PRIME URBAN Gyotoku Ekimae II
36	PRIME URBAN Meguro Riverside	96	PRIME URBAN Gyotoku III
37	PRIME URBAN Meguro Ohashi Hills	97	PRIME URBAN Nishi Funabashi
38	PRIME URBAN Kachidoki	98	PRIME URBAN Kawaguchi
39	PRIME URBAN Shinkawa	99	URBAN STAGE Ebisu
40	PRIME URBAN Nishinashi Yokoyamacho	100	URBAN STAGE Meguro Aobadai
41	PRIME URBAN Hongo Iizaka	101	URBAN STAGE Gakugei Daigaku
42	PRIME URBAN Hokusai	102	URBAN STAGE Nishinashi Hamacho
43	PRIME URBAN Yotsuya Gaen Hgashi	103	URBAN STAGE Naka Ochiai
44	PRIME URBAN Ochiai	104	URBAN STAGE Shinjuku Ochiai
45	PRIME URBAN Nishi Shinjuku I	105	URBAN STAGE Meijo
46	PRIME URBAN Nishi Shinjuku II	106	URBAN STAGE Kagurazaka
47	PRIME URBAN Shinjuku Naitomachi	107	URBAN STAGE Roka Koen
48	PRIME URBAN Nishi Waseda	108	URBAN STAGE Kamiura
49	PRIME URBAN Sangen Jaya III	109	URBAN STAGE Sangen Jaya II
50	PRIME URBAN Chitose Karasuyama	110	URBAN STAGE Komazawa
51	PRIME URBAN Karasuyama	111	URBAN STAGE Kamitazawa
52	PRIME URBAN Sangen Jaya	112	URBAN STAGE Nakano
53	PRIME URBAN Mnam Karasuyama	113	URBAN STAGE kebukuro
54	PRIME URBAN Karasuyama Galleria	114	URBAN STAGE Hino
55	PRIME URBAN Karasuyama Court	115	URBAN STAGE Kawasaki
56	PRIME URBAN Chitose Funabashi	116	URBAN STAGE Urayasu
57	PRIME URBAN Yoga	117	URBAN STAGE Mnam Gyotoku II
58	PRIME URBAN Shinagawa Nishi	118	URBAN STAGE Mnam Gyotoku III
59	PRIME URBAN Omachi	119	URBAN STAGE Mnam Gyotoku IV
60	PRIME URBAN Osaki		

Portfolio Map (Other Areas)



Portfolio

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
1	PROUD FLAT Shirokane Takanawa	Minato-ku, Tokyo	3,510,000	2.2	2,950.11	106	92.6
2	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	0.7	1,151.34	44	100.0
3	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	0.5	958.98	31	100.0
4	PROUD FLAT Shibuya Sakuragaoka	Shibuya-ku, Tokyo	800,000	0.5	638.70	30	100.0
5	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	0.5	934.39	41	97.1
6	PROUD FLAT Meguro Gyoninzaka	Meguro-ku, Tokyo	882,000	0.6	855.23	40	92.6
7	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	2,260,000	1.4	3,055.21	110	98.6
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	96.9
10	PROUD FLAT Shinjuku Kawadacho	Shinjuku-ku, Tokyo	1,010,000	0.6	1,102.20	41	100.0
11	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	0.8	1,277.82	48	88.3
12	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	0.7	1,541.64	67	97.1
13	PROUD FLAT Kamata II	Ota-ku, Tokyo	2,980,000	1.9	4,051.72	169	98.6
14	PROUD FLAT Shinotsuka	Toshima-ku, Tokyo	695,000	0.4	752.09	35	97.2
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	89.5
17	PROUD FLAT Monzen Nakacho I	Koto-ku, Tokyo	1,130,000	0.7	1,191.08	55	100.0
18	PROUD FLAT Fujimidai	Nerima-ku, Tokyo	1,370,000	0.9	2,222.05	94	100.0
19	PROUD FLAT Asakusa Komagata	Taito-ku, Tokyo	1,960,000	1.2	2,685.39	79	96.7
20	PROUD FLAT Yokohama	Yokohama-shi, Kanagawa	2,340,000	1.5	3,118.12	113	95.9
21	PROUD FLAT Kamioooka	Yokohama-shi, Kanagawa	2,770,000	1.7	4,872.17	200	87.5
22	PROUD FLAT Tsurumi II	Yokohama-shi, Kanagawa	1,430,000	0.9	2,219.74	81	100.0
23	PRIME URBAN Azabu Juban	Minato-ku, Tokyo	991,000	0.6	1,222.13	40	89.9
24	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	0.6	1,062.05	25	96.6
25	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	0.6	1,107.36	48	90.0
26	PRIME URBAN Shibaura LOFT	Minato-ku, Tokyo	1,510,000	0.9	1,905.39	68	95.9
27	PRIME URBAN Hatagaya	Shibuya-ku, Tokyo	452,000	0.3	650.60	38	100.0
28	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.3	439.56	19	100.0
29	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	0.7	1,277.04	52	94.4
30	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.4	793.87	32	90.8
31	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	1.3	2,087.70	90	95.7
32	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	0.7	1,444.40	29	86.8
33	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,320,000	0.8	1,302.42	49	93.9
34	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	0.6	1,008.39	32	90.8
35	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.3	655.27	22	91.5
36	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	464,000	0.3	453.77	24	91.5

Portfolio

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
37	PRIME URBAN Meguro Ohashi Hills	Meguro-ku, Tokyo	3,580,000	2.2	2,955.74	99	95.6
38	PRIME URBAN Kachidoki	Chuo-ku, Tokyo	2,290,000	1.4	4,524.00	145	91.6
39	PRIME URBAN Shinkawa	Chuo-ku, Tokyo	2,250,000	1.4	3,600.61	46	93.0
40	PRIME URBAN Nihonbashi Yokoyamacho	Chuo-ku, Tokyo	3,530,000	2.2	5,926.17	124	99.5
41	PRIME URBAN Hongo Ikizaka	Bunkyo-ku, Tokyo	647,000	0.4	662.58	27	92.6
42	PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	0.6	1,069.82	42	96.4
43	PRIME URBAN Yotsuya Gaen Higashi	Shinjuku-ku, Tokyo	1,700,000	1.1	1,759.11	51	89.8
44	PRIME URBAN Ochiai	Shinjuku-ku, Tokyo	324,000	0.2	517.53	32	93.7
45	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	0.8	1,459.86	60	92.2
46	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	0.6	1,162.55	46	95.9
47	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.3	578.18	14	100.0
48	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	503,000	0.3	507.11	28	3.5
49	PRIME URBAN Sangen Jaya III	Setagaya-ku, Tokyo	755,000	0.5	1,018.72	47	96.6
50	PRIME URBAN Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	0.5	1,774.01	27	89.1
51	PRIME URBAN Karasuyama	Setagaya-ku, Tokyo	344,000	0.2	507.52	28	96.3
52	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	0.5	874.15	33	100.0
53	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	0.5	1,049.73	41	95.2
54	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.4	835.05	33	97.0
55	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.3	576.20	23	100.0
56	PRIME URBAN Chitose Funabashi	Setagaya-ku, Tokyo	885,000	0.6	1,027.44	38	97.3
57	PRIME URBAN Yoga	Setagaya-ku, Tokyo	1,150,000	0.7	1,773.05	54	100.0
58	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.4	961.25	46	95.9
59	PRIME URBAN Oimachi	Shinagawa-ku, Tokyo	530,000	0.3	722.70	45	97.8
60	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	1.1	2,106.16	99	98.0
61	PRIME URBAN Oimachi II	Shinagawa-ku, Tokyo	1,100,000	0.7	1,794.85	93	96.2
62	PRIME URBAN Yukigaya	Ota-ku, Tokyo	970,000	0.6	1,536.59	94	100.0
63	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	0.5	1,190.70	54	100.0
64	PRIME URBAN Denenchofu Minami	Ota-ku, Tokyo	900,000	0.6	1,100.17	44	95.5
65	PRIME URBAN Nakano Kamitakada	Nakano-ku, Tokyo	640,000	0.4	818.75	33	100.0
66	PRIME URBAN Takaido	Suginami-ku, Tokyo	1,080,000	0.7	1,746.20	107	95.4
67	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.3	543.09	24	96.1
68	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	0.5	944.99	46	97.9
69	PRIME URBAN Komagome	Toshima-ku, Tokyo	412,000	0.3	991.94	22	95.0
70	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	1.4	3,207.92	118	99.2
71	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.4	1,117.34	52	94.3
72	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.3	813.52	40	100.0

Portfolio

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
73	PRIME URBAN Mukojima	Sumida-ku, Tokyo	487,000	0.3	1,108.91	55	100.0
74	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	0.7	1,886.50	77	98.7
75	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	0.4	991.62	49	100.0
76	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	0.4	1,095.91	53	100.0
77	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.4	905.81	45	97.8
78	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	0.6	1,437.84	68	100.0
79	PRIME URBAN Kasai East	Edogawa-ku, Tokyo	940,000	0.6	1,884.62	78	100.0
80	PRIME URBAN Ekoda	Nerima-ku, Tokyo	385,000	0.2	872.49	35	97.4
81	PRIME URBAN Itabashi Kuyakushomae	Itabashi-ku, Tokyo	940,000	0.6	1,742.64	68	91.2
82	PRIME URBAN Asakusa	Taito-ku, Tokyo	350,000	0.2	876.70	22	100.0
83	PRIME URBAN Machiya South Court	Arakawa-ku, Tokyo	1,740,000	1.1	4,141.56	77	97.6
84	PRIME URBAN Musashi Koganei	Koganei-shi, Tokyo	2,390,000	1.5	5,999.80	98	93.9
85	PRIME URBAN Musashino Hills	Koganei-shi, Tokyo	1,590,000	1.0	2,961.06	80	93.3
86	PRIME URBAN Koganei Honcho	Koganei-shi, Tokyo	725,000	0.5	1,604.72	43	97.4
87	PRIME URBAN Kumegawa	Higashimurayama-shi, Tokyo	1,370,000	0.9	2,610.05	91	97.4
88	PRIME URBAN Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	1.3	3,692.44	56	100.0
89	PRIME URBAN Shinyurigaoka	Kawasaki-shi, Kanagawa	1,210,000	0.8	1,708.19	64	100.0
90	PRIME URBAN Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.3	952.06	50	100.0
91	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	0.5	1,264.84	60	93.3
92	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	52	96.2
93	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	0.5	1,244.00	58	100.0
94	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.3	778.19	37	97.3
95	PRIME URBAN Gyotoku Ekimae II	Ichikawa-shi, Chiba	561,000	0.4	927.33	46	97.8
96	PRIME URBAN Gyotoku III	Ichikawa-shi, Chiba	948,000	0.6	1,766.47	77	98.7
97	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	0.5	1,237.80	60	98.3
98	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,170,000	1.4	2,477.11	98	86.9
99	URBAN STAGE Ebisu	Shibuya-ku, Tokyo	1,030,000	0.6	1,184.85	35	93.7
100	URBAN STAGE Meguro Aobadai	Meguro-ku, Tokyo	1,190,000	0.7	1,464.14	40	100.0
101	URBAN STAGE Gakugei Daigaku	Meguro-ku, Tokyo	916,000	0.6	1,109.87	41	98.2
102	URBAN STAGE Nihonbashi Hamacho	Chuo-ku, Tokyo	1,470,000	0.9	2,026.44	52	94.9
103	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.4	1,237.98	18	100.0
104	URBAN STAGE Shinjuku Ochiai	Shinjuku-ku, Tokyo	635,000	0.4	1,053.39	28	91.8
105	URBAN STAGE Mejiro	Shinjuku-ku, Tokyo	1,260,000	0.8	1,755.52	65	95.6
106	URBAN STAGE Kagurazaka	Shinjuku-ku, Tokyo	2,640,000	1.6	2,853.82	100	99.3
107	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.2	567.20	34	91.3
108	URBAN STAGE Kamiuma	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	95.5

Portfolio

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
109	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.3	810.98	17	91.2
110	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.2	572.41	26	100.0
111	URBAN STAGE Kamikitazawa	Setagaya-ku, Tokyo	738,000	0.5	1,384.45	29	96.3
112	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.3	801.30	51	96.2
113	URBAN STAGE Ikebukuro	Toshima-ku, Tokyo	3,310,000	2.1	4,376.95	131	93.0
114	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.2	994.68	54	85.2
115	URBAN STAGE Kawasaki	Kawasaki-shi, Kanagawa	1,150,000	0.7	1,706.46	80	100.0
116	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.2	437.94	27	96.3
117	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.2	611.61	37	94.6
118	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.2	542.69	33	93.9
119	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.2	535.08	32	90.4
	Greater Tokyo Area		129,840,000	81.0	185,115.32	6,691	95.7
120	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.4	1,861.56	60	97.8
121	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	724,000	0.5	1,967.54	64	96.1
122	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	1,430,000	0.9	2,990.68	112	96.6
123	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.2	1,518.58	33	96.5
124	PRIME URBAN Kita Juyō Jo	Sapporo-shi, Hokkaido	336,000	0.2	1,155.60	36	93.6
125	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.3	1,850.20	53	100.0
126	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.2	1,148.72	36	100.0
127	PRIME URBAN Kita Juichi Jo	Sapporo-shi, Hokkaido	600,000	0.4	1,851.39	60	100.0
128	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	576,200	0.4	2,114.53	54	98.4
129	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	424,000	0.3	1,494.36	36	100.0
130	PRIME URBAN Chiji Koukan	Sapporo-shi, Hokkaido	337,900	0.2	1,007.30	42	100.0
131	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	283,200	0.2	911.07	27	100.0
132	PRIME URBAN Kita Nijuyō Jo	Sapporo-shi, Hokkaido	503,700	0.3	1,773.90	36	91.6
133	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	0.5	2,439.90	58	93.5
134	PRIME URBAN Nagamachi Ichhome	Sendai-shi, Miyagi	1,110,000	0.7	3,411.24	60	94.4
135	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	428,000	0.3	1,380.21	43	97.8
136	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	0.5	1,571.04	46	88.5
137	PRIME URBAN Kanayama	Nagoya-shi, Aichi	632,000	0.4	1,391.02	58	96.5
138	PRIME URBAN Tsurumai	Nagoya-shi, Aichi	1,189,096	0.7	2,502.11	104	93.3
139	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.4	1,189.12	48	85.5
140	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	0.5	1,392.00	57	98.3
141	PRIME URBAN Esaka III	Suita-shi, Osaka	1,535,000	1.0	2,151.67	79	91.5
142	URBAN STAGE Sapporo Riverfront	Sapporo-shi, Hokkaido	3,500,000	2.2	15,552.59	311	96.4
143	URBAN STAGE Kita 3 Jo Dori	Sapporo-shi, Hokkaido	1,450,000	0.9	5,094.29	114	100.0

Portfolio

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
144	URBAN STAGE Tsutsumidori Amamiya	Sendai-shi, Miyagi	969,000	0.6	4,251.91	65	96.8
145	URBAN STAGE Kamimaezu	Nagoya-shi, Aichi	1,250,000	0.8	3,541.43	101	100.0
146	URBAN STAGE Izumi	Nagoya-shi, Aichi	2,800,000	1.7	7,543.10	250	95.9
147	URBAN STAGE Tamatsukuri	Osaka-shi, Osaka	906,000	0.6	2,373.10	80	95.4
148	URBAN STAGE Sakaisuji Honmachi	Osaka-shi, Osaka	1,780,000	1.1	3,909.90	82	90.7
149	Benefis Hakata Grand Suite	Fukuoka-shi, Fukuoka	830,000	0.5	2,176.23	67	96.2
150	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.2	897.84	34	100.0
151	Benefis Kashii Verben	Fukuoka-shi, Fukuoka	396,000	0.2	1,222.34	39	92.3
152	Benefis Hakata Higashi Grand Suite	Fukuoka-shi, Fukuoka	693,000	0.4	1,854.13	65	97.4
153	Benefis Chihaya Grand Suite	Fukuoka-shi, Fukuoka	545,000	0.3	1,740.70	48	94.0
	Other Areas		30,407,696	19.0	89,231.30	2,458	96.1
	Total		160,247,696	100.0	274,346.62	9,149	95.8

Changes in Financial Performance

		10th FP	11th FP	12th FP	13th FP	14th FP	15th FP
Operating Revenues	million yen	4,445	5,250	5,174	5,257	5,406	5,594
Operating Profits	million yen	2,098	2,507	2,452	2,433	2,558	2,513
Net Income	million yen	1,477	1,856	1,875	1,876	1,965	1,955
Asset Total	million yen	140,152	156,780	156,703	156,576	168,019	167,940
Interest-bearing Debt Total	million yen	74,216	83,182	83,092	83,002	89,840	89,750
Net Asset	million yen	63,277	70,818	70,836	70,838	75,236	75,226
Return on Assets (ROA)	%	2.1	2.4	2.4	2.4	2.4	2.3
Return on Equity (ROE)	%	4.7	5.2	5.3	5.3	5.4	5.2
FP End Capital Adequacy Ratio	%	45.1	45.2	45.2	45.2	44.8	44.8
LTV	%	53.0	53.1	53.0	53.0	53.5	53.4
Interest Coverage Ratio	times	3.6	4.3	4.5	4.6	4.8	4.8
Weighted Average Interest Rate	%	1.47	1.28	1.27	1.24	1.17	1.16
Long-term Debt Average Remaining Duration	years	2.5	3.0	3.0	3.3	3.5	3.7
Rent NOI	million yen	3,424	4,016	4,010	3,953	4,118	4,156
NOI Yield (acquisition price base)	%	5.06	5.34	5.31	5.25	5.03	5.20
FFO	million yen	2,285	2,817	2,850	2,833	2,934	2,979
Portfolio	properties	145	152	153	152	155	153
Acquisition Price Total	million yen	135,046	149,862	150,587	150,966	161,917	160,247
Book Value Total	million yen	135,196	150,099	149,972	149,650	160,219	157,793
Appraisal Value Total	million yen	124,512	141,011	141,836	143,063	155,472	156,322
NAV per Unit	thousand yen	418	408	415	425	438	458

ROA=Current Profits/((Total Asset Value at Start of FP+Total Asset Value at FP End)÷2)×100 *annual basis

ROE=Net Income/((Net Asset at FP Start+Net Asset at FP End)÷2)×100 *annual basis

Capital Adequacy Ratio at FP End=Net Asset at FP End/Total Asset at FP End × 100

LTV=Total Interest-bearing Debt at FP End/Total Asset at FP End × 100

Interest Coverage Ratio=Net Income Before Interest Depreciation/(Interest Expenses+Investment Corporation Bond Interest)

Rent NOI=Real Estate Rental Business Revenues-Real Estate Rental Business Income+Current FP Depreciation and Amortization

NOI Yield (Acquisition Price Base)=Rent NOI/Total Acquisition Price × 100 *annual basis

FFO=Net Income+Current FP Depreciation and Amortization+Investment Corporation Bond Issuance Amortization-Real Estate Disposition Profit & Loss

NAV per Unit=(Net Asset Total-(Income Statement Total-Appraisal Value Total))/Total Number of Investment Units Issued

Interest-bearing Debts

Maturity Diversification

FP of Repayment	Amount of Repayment	Lender	Amount	Interest Rate	Date of Loan	Date of Repayment	Category
16th Fiscal Period (ending Nov. 30, 2014)	¥6,660 million	6 Lenders	¥3,170 million	0.71000%	Aug. 27, 2012	Aug. 27, 2014	Short-term Loan ¥ 14,450 million
		3 Lenders	¥3,400 million	0.94700%	Sep. 05, 2011	Sep. 05, 2014	
		1 Lender	¥40 million	2.10000%	Aug. 27, 2009	(Note 2)	
		1 Lender	¥50 million	2.03000%	Feb. 26, 2010	(Note 3)	
17th Fiscal Period (ending May 31, 2015)	¥7,790 million	1 Lender	¥1,000 million	1.79200%	Feb. 26, 2010	Feb. 26, 2015	
		1 Lender	¥1,300 million	2.23500%	May. 15, 2007	Feb. 27, 2015	
		5 Lenders	¥5,400 million	0.96365%	Feb. 27, 2012	Feb. 27, 2015	
		1 Lender	¥40 million	2.10000%	Aug. 27, 2009	(Note 2)	
		1 Lender	¥50 million	2.03000%	Feb. 26, 2010	(Note 3)	
		5 Lenders	¥9,700 million	1.00900%	Feb. 27, 2012	Aug. 27, 2015	
18th Fiscal Period (ending Nov. 30, 2015)	¥9,790 million	1 Lender	¥40 million	2.10000%	Aug. 27, 2009	(Note 2)	Long-term Loan ¥ 65,300 million
		1 Lender	¥50 million	2.03000%	Feb. 26, 2010	(Note 3)	
		1 Lender	¥4,700 million	1.00000%	Dec. 26, 2011	Dec. 26, 2015	
19th Fiscal Period (ending May 31, 2016)	¥4,790 million	1 Lender	¥40 million	2.10000%	Aug. 27, 2009	(Note 2)	
		1 Lender	¥50 million	2.03000%	Feb. 26, 2010	(Note 3)	
		2 Lenders	¥9,400 million	1.11700%	Dec. 26, 2011	Jun. 26, 2016	
20th Fiscal Period (ending Nov. 30, 2016)	¥10,530 million	1 Lender	¥1,080 million	2.10000%	Aug. 27, 2009	Aug. 27, 2016	
		1 Lender	¥50 million	2.03000%	Feb. 26, 2010	(Note 3)	
		3 Lender	¥1,800 million	0.69000%	Oct. 25, 2013	Feb. 26, 2017	
21st Fiscal Period (ending May 31, 2017)	¥3,150 million	1 Lender	¥1,350 million	2.03000%	Feb. 26, 2010	Feb. 26, 2017	
22th Fiscal Period (ending Nov. 30, 2017)	¥3,920 million	3 Lender	¥3,920 million	1.08500%	Aug. 27, 2012	Aug. 27, 2017	
23th Fiscal Period (ending May 31, 2018)	¥5,420 million	6 Lender	¥5,420 million	1.12013%	Aug. 27, 2012	Feb. 27, 2018	
24th Fiscal Period (ending Nov. 30, 2018)	¥5,400 million	3 Lender	¥5,400 million	0.99000%	Sep. 30, 2013	Aug. 26, 2018	
26th Fiscal Period (ending Nov. 30, 2019)	¥1,600 million	4 Lender	¥1,600 million	1.16500%	Dec. 03, 2012	Nov. 26, 2019	
27th Fiscal Period (ending May 31, 2020)	¥1,000 million	1 Lender	¥1,000 million	1.48625%	May. 23, 2013	May. 27, 2020	
28th Fiscal Period (ending Nov. 30, 2020)	¥6,000 million	1 Lender	¥800 million	1.28277%	Sep. 30, 2013	Aug. 26, 2020	Bond
		6 Lender	¥4,700 million	1.18000%	Oct. 25, 2013	Aug. 26, 2020	
		1 Lender	¥500 million	1.15566%	Oct. 25, 2013	Aug. 26, 2020	
		1 Lender	¥2,000 million	1.17750%	Feb. 27, 2014	Feb. 26, 2021	
29th Fiscal Period (ending May 31, 2021)	¥6,500 million	1 Lender	¥1,000 million	1.68200%	May. 23, 2013	May. 27, 2021	
		1 Lender	¥3,500 million	1.62500%	May. 23, 2013	May. 27, 2021	
		1 Lender	¥2,700 million	1.24100%	Feb. 27, 2014	Aug. 26, 2021	
30th Fiscal Period (ending Nov. 30, 2021)	¥2,700 million	1 Lender	¥2,700 million	1.24100%	Feb. 27, 2014	Aug. 26, 2021	
31th Fiscal Period (ending May 31, 2022)	¥4,500 million	5 Lender	¥4,500 million	1.31850%	Feb. 27, 2014	Feb. 26, 2022	
	¥79,750 million	20 Lenders	-	-	-	-	
19th Fiscal Period (ending May 31, 2016)	¥5,000 million	Investment Corporation Bond	¥5,000 million	1.21000%	Feb. 25, 2011	Feb. 25, 2016	
21st Fiscal Period (ending May 31, 2017)	¥5,000 million	Investment Corporation Bond	¥5,000 million	1.03000%	Feb. 24, 2012	Feb. 24, 2017	
	¥89,750 million	-	-	-	-	-	

(Note 1) The interest rate stated regarding this loan takes into consideration the Interest Rate Swap transaction.

(Note 2) The amount of ¥ 40 million to be repayed on February 27, 2010, the first repayment date, and every August 27 and February 27 thereafter, until the last repayment of ¥ 1,080 million on August 27, 2016.

(Note 3) The amount of ¥ 50 million to be repayed on August 26, 2010, the first repayment date, and every February 26 and August 26 thereafter, until the last repayment of ¥ 1,350 million on February 26, 2017.

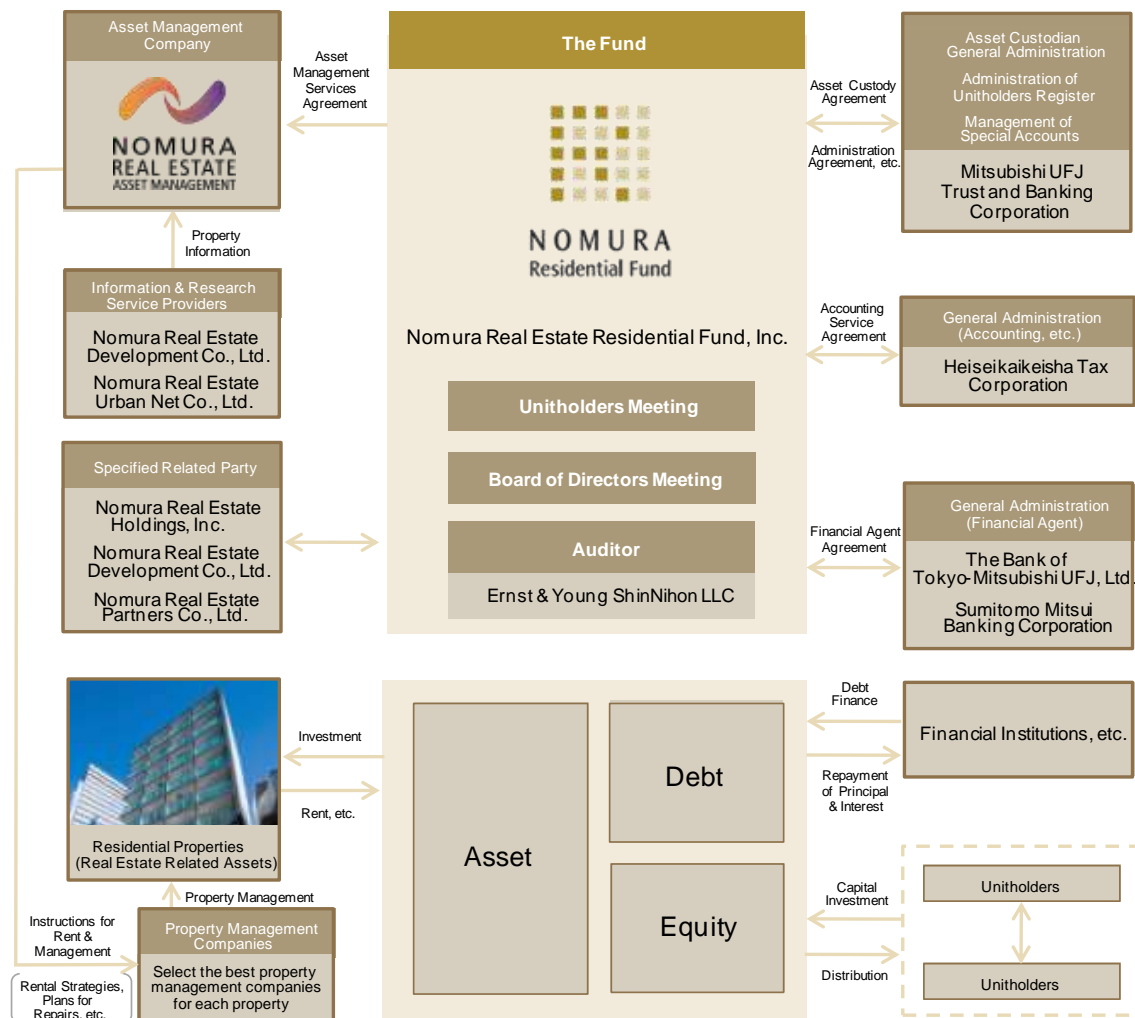
(Note 4) Regarding the Floating Rate, the interest rate as of the end of the 11th Fiscal Period is stated.

Lender Diversification (20 Lenders)

	Lender	Amount (millions of yen)
Major Banks (4)	The Bank of Tokyo-Mitsubishi UFJ	12,500
	Sumitomo Mitsui Banking	12,500
	Mizuho Corporate Bank	7,220
	Resona Bank	2,400
Trust Banks (4)	Mitsubishi UFJ Trust and Banking	12,500
	Sumitomo Mitsui Trust Bank	5,520
	The Nomura Trust and Banking	3,700
	Mizuho Trust & Banking	1,500
Regional Banks (4)	The Iyo Bank	1,000
	The Bank of Fukuoka	1,000
	The Chiba Bank	750
	The Tokyo Tomin Bank	500
Insurance Companies (5)	Taiyo Life Insurance	3,000
	Mitsui Sumitomo Insurance	2,100
	Daido Life Insurance	1,100
	Dai-ichi Life Insurance Co., Ltd.	800
	Nippon Life Insurance Company	500
Others (3)	Development Bank of Japan	7,640
	Shinkin Central Bank	2,520
	Aozora Bank	1,000
Total (20)		79,750
Bond	First Series Unsecured Investment Corporation Bonds	5,000
	Second Series Unsecured Investment Corporation Bonds	5,000
	Total	10,000

Fund Profile

Structure



History

July 28, 2006

Notification of incorporation by the founder (Nomura Real Estate Asset Management Co., Ltd.) under Article 69 of the Investment Trust Law.

August 3, 2006

Registration of incorporation under Article 166 of the Investment Trust Law. Incorporation of the Nomura Real Estate Residential Fund, Inc.

August 4, 2006

Applied for registration under Article 188 of the Investment Trust Law.

August 24, 2006

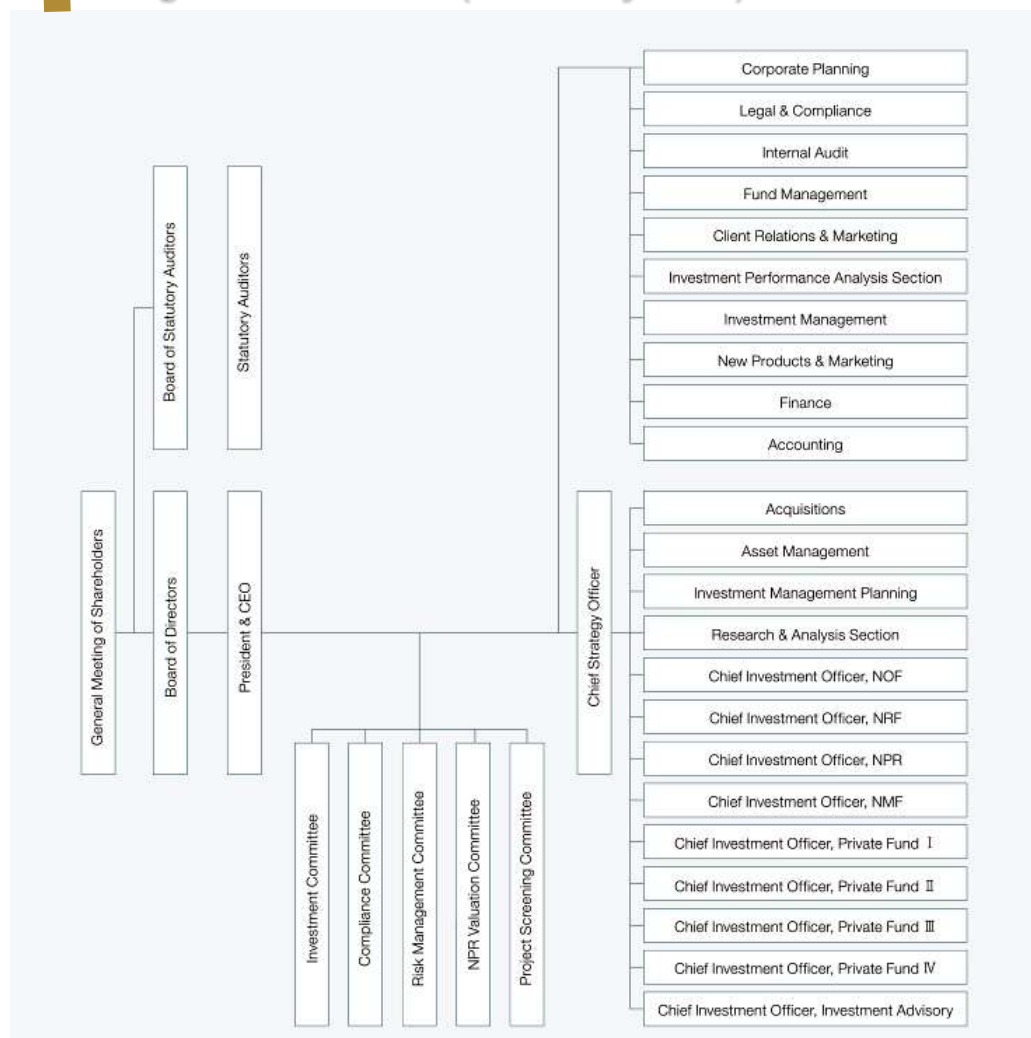
Registration approved by the Prime Minister of Japan under Article 187 of the Investment Trust Law (Registration number 56, filed with the Director of the Kanto Local Finance Bureau).

February 14, 2007

Listing on the Tokyo Stock Exchange.

Asset Management Company Overview

Organization Chart (as of May 2014)



Overview

Company name Nomura Real Estate Asset Management Co., Ltd.

Shareholder Nomura Real Estate Holdings, Inc. (100%)

Location 8-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Contact Information +81-3-3365-7729 nrf3240@nomura-re.co.jp

Registration, License, etc.

- Financial instruments business operator registration: Commissioner of the Kanto Local Finance Bureau (Financial Instruments) No. 374
- Licensed for discretionary proxy in realty trading: Minister of Land, Infrastructure and Transport Permit No.18
- Licensed for real estate trading: Governor of Tokyo (3) No. 81679

Memberships

- The Investment Trusts Association, Japan; The Japan Investment Advisers Association, The Association for Real Estate Securitization, etc.

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For management fees that the Fund pays to Nomura Real Estate Asset Management Co., Ltd., please refer to the terms and conditions of the Fund, asset management reports, etc.

The forward-looking statements with respect to the future financial results contained in this document are based on the current facts about the investment policy of the Fund, applicable laws and regulations, the market environment, business practice, etc., as of the preparation date of this document and do not reflect or consider any changes in the circumstances after the preparation date. These forward-looking statements inherently reflect uncertainty about known risks as well as unknown risks and other factors and may deviate from the actual operating and management results, financial conditions, etc., of the Fund.

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