



NOMURA  
Residential Fund

# NOMURA RESIDENTIAL FUND

NOMURA REAL ESTATE RESIDENTIAL FUND, INC.

First Fiscal Period Financial Results  
(ended May 2007)

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# Highlights of the First Fiscal Period

## Notable Activities

Listing on the Tokyo Stock Exchange	End-of-Period Portfolio Total: 89 properties, ¥67 billion	End-of-Period Occupancy Rate: 95.4%
<ul style="list-style-type: none"> <li>• Incorporated in August 2006</li> <li>• Private offering (¥10.7 billion) and commencing of asset management in September 2006</li> <li>• Public offering in February 2007 (¥28.8 billion), and listed on the Tokyo Stock Exchange (TSE) on February 14, 2007 (securities code: 3240)</li> <li>• With the third party allotment in March 2007 (¥1.4 billion), capital at the end of the First Fiscal Period reached ¥41.2 billion</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired 57 properties (¥38.4 bill) in Sep/Oct of 2006 with funds raised by private offerings, etc.</li> <li>• After listing on the TSE, acquired the 29 properties (¥26.8 billion) scheduled for acquisition during the First Fiscal Period</li> <li>• Through aggressive efforts after the listing, acquired 3 additional properties (¥1.7 billion)</li> <li>• Purchase agreements executed for additional 10 properties (¥7.61 billion) (acquisition scheduled for the 3rd FP onwards)</li> </ul>	<ul style="list-style-type: none"> <li>• Smooth turnover of tenants achieved by accurate understanding of tenant intentions for the fiscal year-end</li> <li>• New properties achieved early 100% lease-up through collaboration with the property management companies, etc.</li> <li>• As a result of the above, the occupancy rate for the First Fiscal Period was 95.4%</li> </ul>

## Financial Overview

	First Fiscal Period (ended May 2007)	Comparison with Forecasts (released February 14, 2007)	
Number of Business Days	247 Days	—	—
Operating Revenues	¥2,304 million	+ ¥49 million	+ 2.2 %
Current Profits	¥553 million	+ ¥64 million	+ 13.1 %
Net income	¥551 million	+ ¥64 million	+ 13.3 %
Cash Distribution Per Unit	¥8,102	+ ¥950	+ 13.3 %



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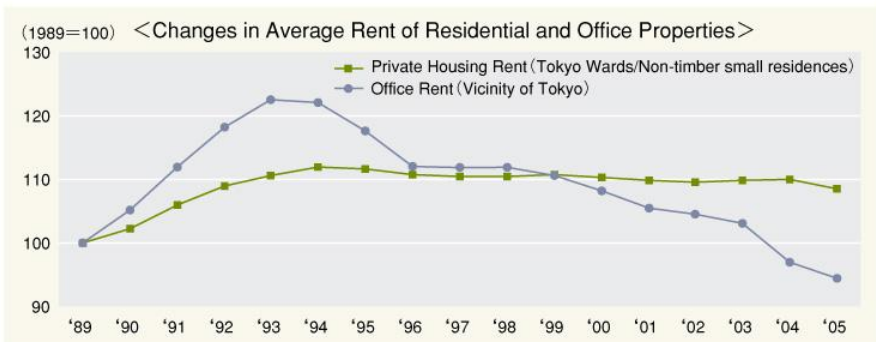
# Nomura Real Estate Residential Fund Management Policies

The Fund will adhere to the following basic principles in order to execute fund management in accordance with solid investment policies for investment in residential properties:

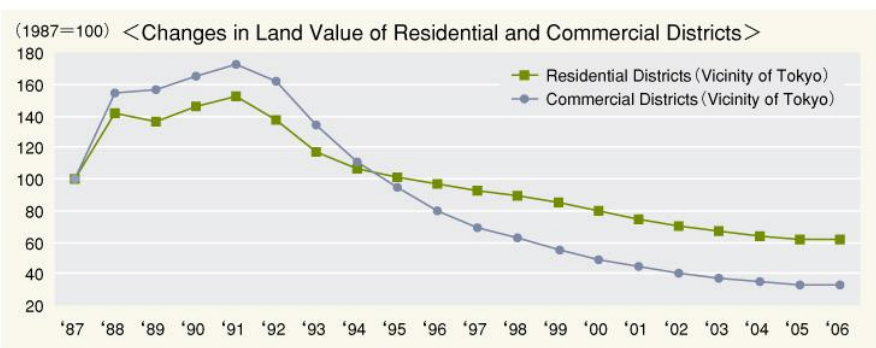
<b>Strategy</b>	The Fund will aim to secure stable mid to long term earnings through the strategic selection of investment properties and expert asset management based on sufficient understanding of “tenancy demands” reflecting the characteristics of residential rental property investments and trends in residential property markets.
<b>Acquisition</b>	The Fund will create stable portfolio with consideration to rental levels, investment area, building age and types of properties, through continuous acquisition of “Proud Flat” from Nomura Real Estate group and “Prime Urban” and “Urban Stage” properties from other sources, utilizing our sourcing expertise.
<b>Asset Management</b>	To maximize long-term profitability and asset value of investment properties, the Fund will select the “optimal property management company corresponding to the characteristics of the property,” and at the same time, implement flexible and organized leasing and renewal strategies corresponding to tenant turnovers, aging of the portfolio, and expansion of portfolio assets.
<b>Finance</b>	The Fund will establish a strong financial base such as “conservative LTV ratio,” “appropriate control of duration and fixed interest rates,” and “diversification of financial institutions,” in order to manage the Fund in a stable manner, with minimum impact from the financial market conditions.
<b>Compliance</b>	The Fund will implement fair and transparent management through prevention of conflict of interests and enforcement of compliance, to maintain our position as a “REIT committed to meeting the trust and expectations of the investors.”

## Characteristics of investment in rental housings

### Relative Stability of Rent



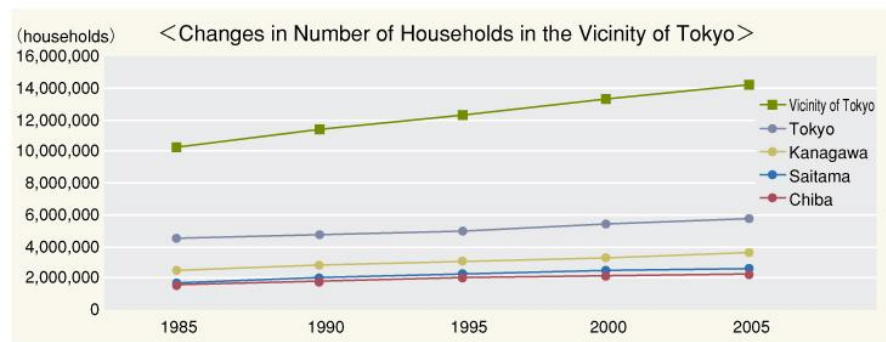
### Relative Stability of Average Land Value



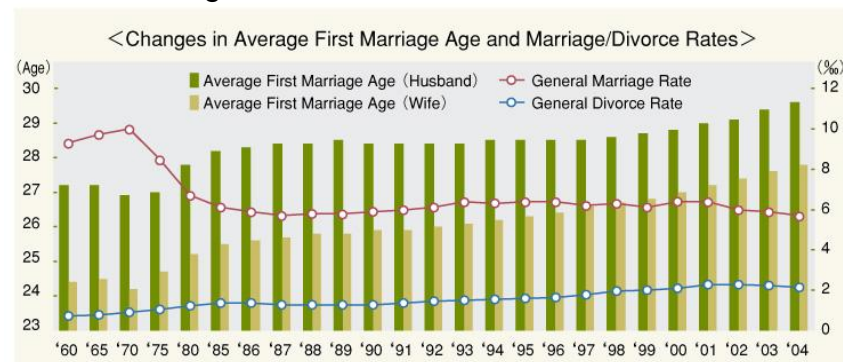
Rental income and asset value of rental housings have remained stable compared to office buildings, etc.

## Status and outlook for the rental housing market

### Increase in Households in Greater Tokyo Area



### Increase in Single and DINKS Households



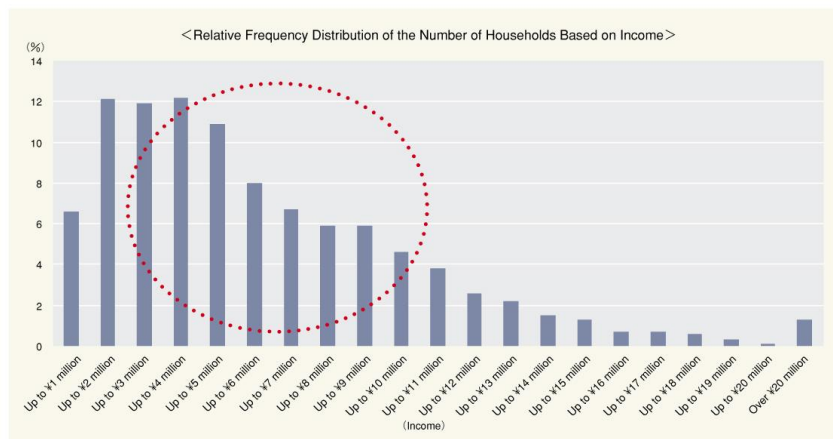
- Increase of single and DINKS households centered around the metropolitan areas
- Implement location selection/property management reflecting the above

## Main target tenant classes

	Focus Tenant Class		Other Tenant Classes
Target	Middle class tenants, centering on students and corporate employees in their 20s and 30s.	Upper middle class tenants, such as foreign company employees.	Upper class tenants, such as companies with rent subsidization systems, business owners, management class employees of foreign
Features	Priority on certain level of convenience for commuting and rent.  Annual income (disposable) is stable. Less likely to be affected by economic trends.	Priority on location, floor plan, and specifications/equipments.  Annual income (disposable) is relatively stable. Relatively less likely to be affected by economic trends.	Priority on prime metropolitan location, property grade and value-added services.  Annual income (disposable) is likely to be affected by economic trends.
Turn-Over	Significantly affected by seasonal factors, such as the concentration of termination and execution of rental agreements in March, when corporate employees enter/get transferred and students enter/ graduate.	Effect of seasonal factors is relatively small compared to the middle class.	Demand is limited, and vacancy tends to be longer.
Rent	(Generally) less than ¥100,000/month	(Generally) ¥100,000-¥150,000/month	(Generally) over ¥150,000/month

Select properties mainly targeting tenant classes where stable demand is expected:

- Monthly rent: less than ¥100,000
- Monthly rent: ¥100,000 - ¥150,000

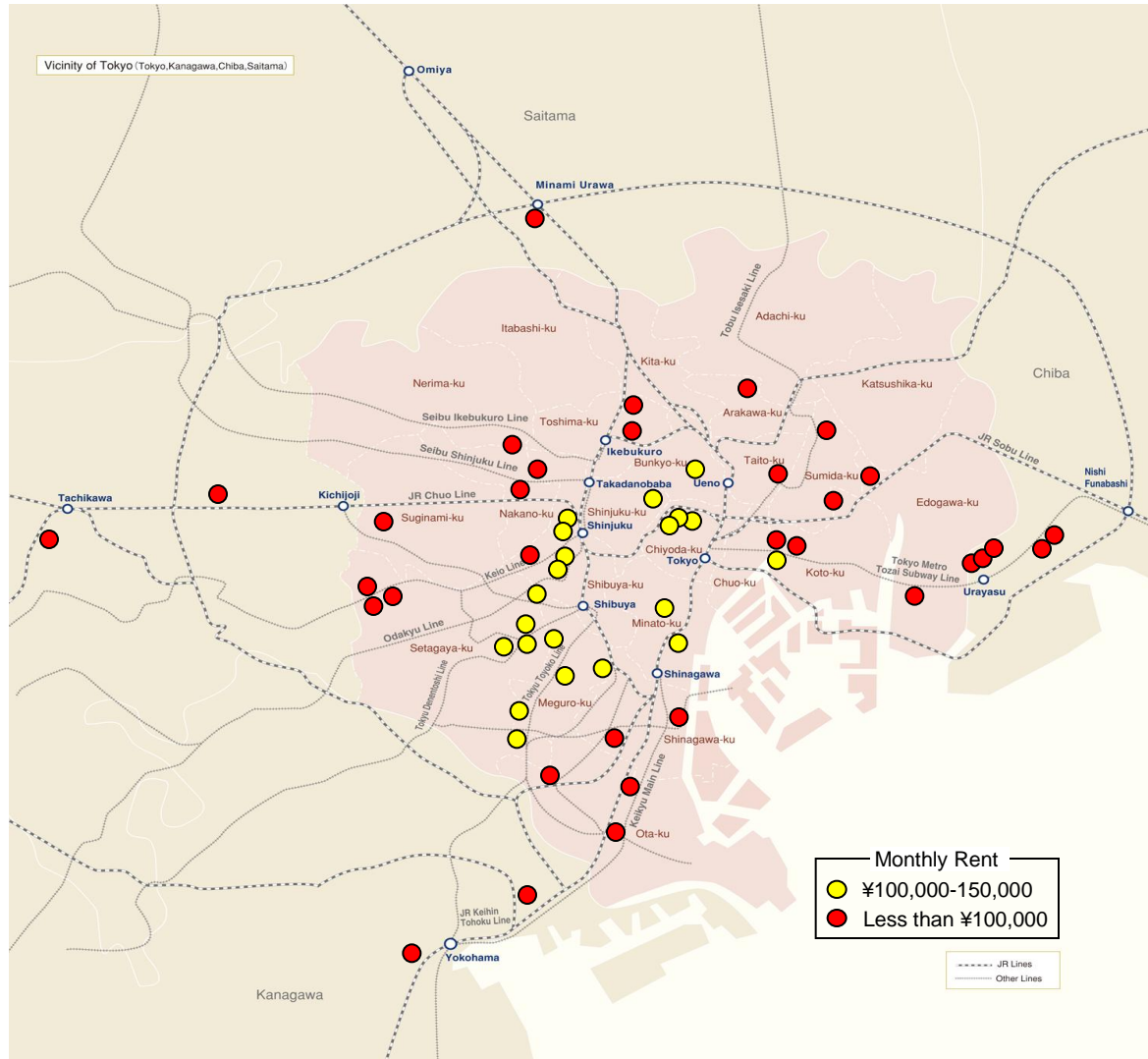


(Note) The section circled in the left graph indicates the Fund's main target tenant class. The Fund will consider investment in properties targeting other tenant classes, if it is deemed to have stable demands from the market characteristics and location viewpoints.



# Investment Strategy (3) Distribution of Target Properties

## Distribution Based on Rent Levels in the Vicinity of Tokyo



Demand for rental housing is widespread, centering on central Tokyo area



Selection of properties with “depth in demands” based on the following investment criteria

### ■ Key Considerations for Property Selection ■

#### Rent Level

Rent level matching target tenants



#### Access

Popular area; direct access to major transfer stations



#### Commuting Time

Commuting time for the base of target tenants

# « Distribution of Portfolio Properties »



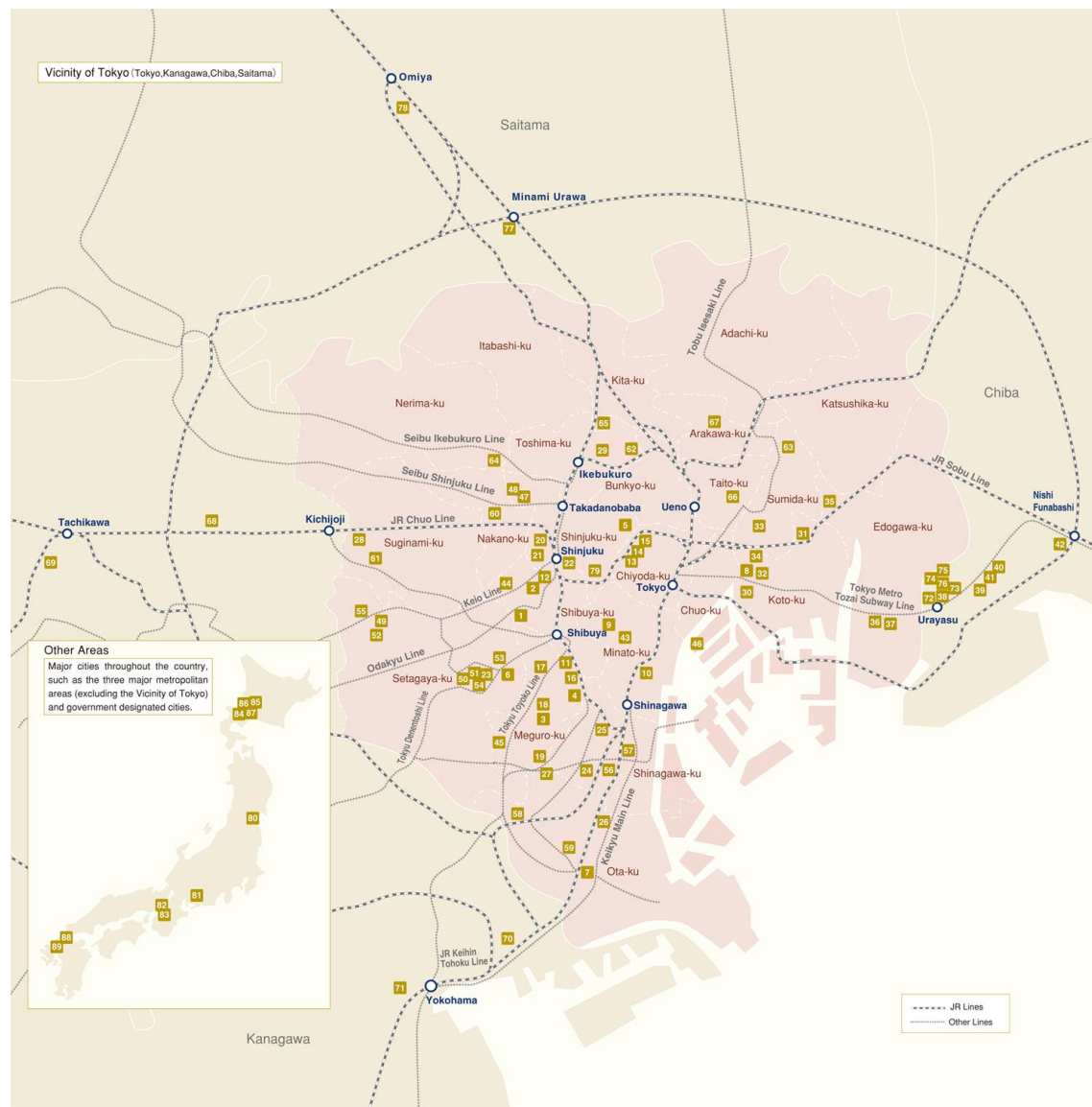
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## Vicinity of Tokyo

- |                                    |  |
|------------------------------------|--|
| 1 PROUD FLAT Yoyogi Uehara         | 41 PRIME URBAN Gyotoku Ekimae          |
| 2 PROUD FLAT Hatsudai              | 42 PRIME URBAN Nishi Funabashi         |
| 3 PROUD FLAT Gakugei Daigaku       | 43 URBAN STAGE Azabu Juban             |
| 4 PROUD FLAT Meguro Gyouinza       | 44 URBAN STAGE Hatagaya                |
| 5 PROUD FLAT Kagurazaka            | 45 URBAN STAGE Toritsu Daigaku         |
| 6 PROUD FLAT Sangen Jaya           | 46 URBAN STAGE Kachidoki               |
| 7 PROUD FLAT Kamata                | 47 URBAN STAGE Naka Ochiai             |
| 8 PROUD FLAT Kiyosumi Shirakawa    | 48 URBAN STAGE Ochiai                  |
| 9 PRIME URBAN Akasaka              | 49 URBAN STAGE Roka Koen               |
| 10 PRIME URBAN Tamachi             | 50 URBAN STAGE Kamiyama                |
| 11 PRIME URBAN Ebisu Minami        | 51 URBAN STAGE Sangen Jaya             |
| 12 PRIME URBAN Yoyogi              | 52 URBAN STAGE Chitose Karasuyama      |
| 13 PRIME URBAN Bancho              | 53 URBAN STAGE Sangen Jaya II          |
| 14 PRIME URBAN Chiyoda Fujimi      | 54 URBAN STAGE Komazawa                |
| 15 PRIME URBAN Iidabashi           | 55 URBAN STAGE Karasuyama              |
| 16 PRIME URBAN Ebisu               | 56 URBAN STAGE Oimachi                 |
| 17 PRIME URBAN Nakameguro          | 57 URBAN STAGE Oimachi II              |
| 18 PRIME URBAN Gakugei Daigaku     | 58 URBAN STAGE Yukigaya                |
| 19 PRIME URBAN Senzoku             | 59 URBAN STAGE Ikegami                 |
| 20 PRIME URBAN Nishi Shinjuku I    | 60 URBAN STAGE Nakano                  |
| 21 PRIME URBAN Nishi Shinjuku II   | 61 URBAN STAGE Takaido                 |
| 22 PRIME URBAN Shinjuku Naitomachi | 62 URBAN STAGE Komagome                |
| 23 PRIME URBAN Sangen Jaya         | 63 URBAN STAGE Mukojima                |
| 24 PRIME URBAN Shinagawa Nishi     | 64 URBAN STAGE Ekoda                   |
| 25 PRIME URBAN Osaki               | 65 URBAN STAGE Takinokawa              |
| 26 PRIME URBAN Omori               | 66 URBAN STAGE Asakusa                 |
| 27 PRIME URBAN Kita Senzoku        | 67 URBAN STAGE Machiya                 |
| 28 PRIME URBAN Nishi Ogikubo       | 68 URBAN STAGE Koganei                 |
| 29 PRIME URBAN Otsuka              | 69 URBAN STAGE Hino                    |
| 30 PRIME URBAN Monzen Nakacho      | 70 URBAN STAGE Tsurumi Teraya          |
| 31 PRIME URBAN Kameido             | 71 URBAN STAGE Tennocho                |
| 32 PRIME URBAN Sumiyoshi           | 72 URBAN STAGE Urayasu                 |
| 33 PRIME URBAN Kinshi Koen         | 73 URBAN STAGE Minami Gyotoku I        |
| 34 PRIME URBAN Kinshicho           | 74 URBAN STAGE Minami Gyotoku II       |
| 35 PRIME URBAN Hirai               | 75 URBAN STAGE Minami Gyotoku III      |
| 36 PRIME URBAN Kasai               | 76 URBAN STAGE Minami Gyotoku IV       |
| 37 PRIME URBAN Kasai II            | 77 URBAN STAGE Minami Urawa            |
| 38 PRIME URBAN Urayasu             | 78 URBAN STAGE Yono Honmachi           |
| 39 PRIME URBAN Gyotoku I           | 79 Cosmo Gracia Yotsuya Gaiken Higashi |
| 40 PRIME URBAN Gyotoku II          |  |

## Other Areas

- |                            |                               |
|----------------------------|-------------------------------|
| 80 PROUD FLAT Itsutsubashi | 85 Presence N14               |
| 81 PRIME URBAN Aoi         | 86 Classe Odori Koen          |
| 82 PRIME URBAN Esaka I     | 87 Presence S1                |
| 83 PRIME URBAN Esaka II    | 88 Benefis Hakata Grand Sweet |
| 84 Presence S17            | 89 Benefis Yakuin Minami      |



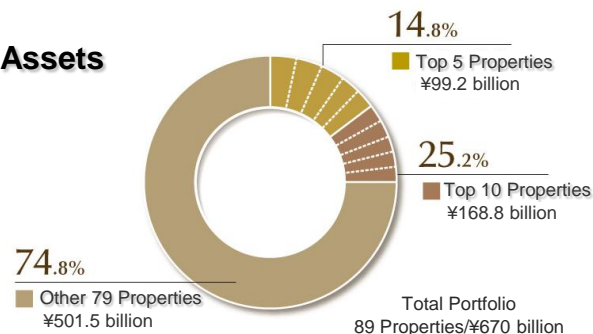
# Investment Strategy (5) Create Balanced Portfolio



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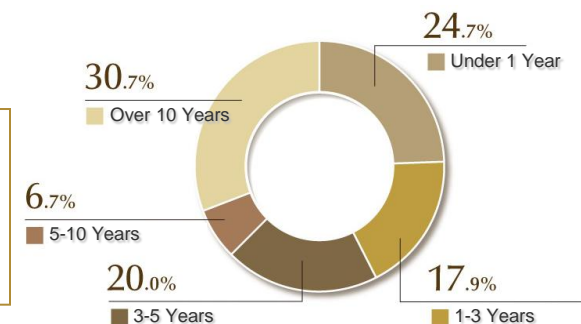
## Diversification Within Assets

Improve portfolio stability  
through promotion of  
diversification



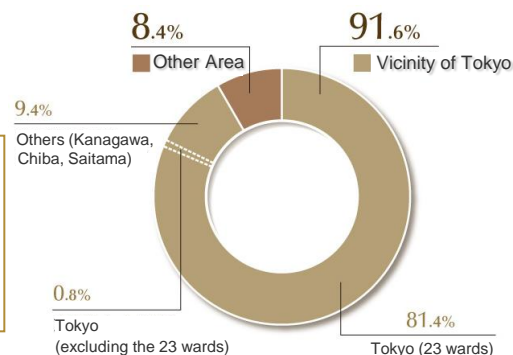
## Building Age

Consider the combination of  
various building age to avoid  
concentration of large-scale  
repair expenses in the future



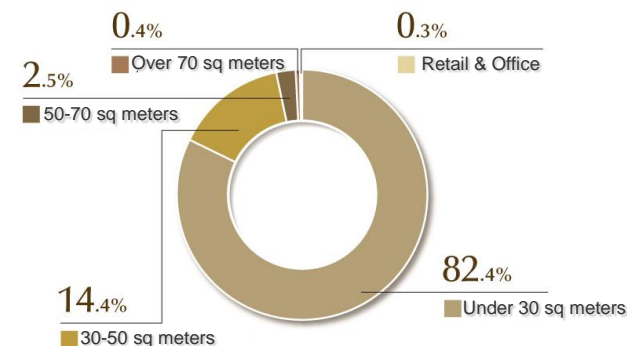
## Investment Area

Vicinity of Tokyo: 70% or more  
Others: 30% or less



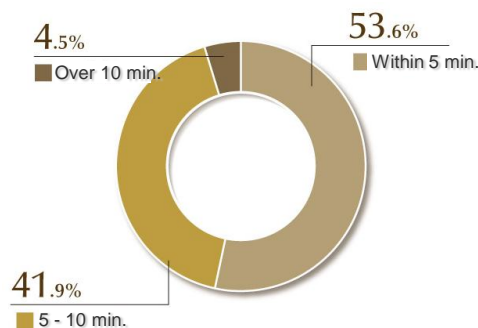
## Floor Area per Unit

For the time being,  
invest in properties targeting  
single/DINKS/young  
family households



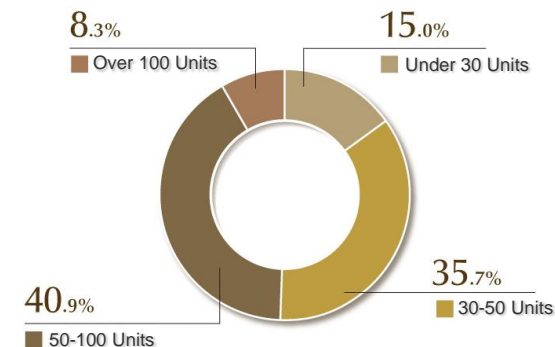
## Nearest Station on Foot

Property selection focusing  
on accessibility to nearest  
railway station



## Units per Property

Invest in properties with up to  
approximately 100 units,  
allowing for 100% lease-up  
within a short time-frame  
(Note) excluding sub-lease properties, etc.



(Note) The graphs above indicate end-of-period conditions ("Floor area per unit" and "Units per property" are based on units; others are based on acquisition price)



# Investment Strategy (6)

## Strategic Collaboration with Nomura Real Estate Group: “PROUD FLAT” Series



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### Mutual growth through acquisition and development of the “PROUD FLAT” series

The PROUD brand signifies a home that its residents, creators, and even the local community can be PROUD of.

— PROUD —

— PROUD —  
CITY

Large-scale  
Condominiums

— PROUD —  
TOWER

Super High-rise  
Condominiums

— PROUD —  
GEM

Compact  
Condominiums

— PROUD —  
TOWN

Large-scale  
Housing

— PROUD —  
SEASON

Urban  
Housing



PROUD FLAT Kiyosumi Shirakawa



PROUD FLAT Gakugei Daigaku



PROUD FLAT Meguro Gyoninzaka



PROUD FLAT Yokohama (tentative name)

#### Examples of the PROUD series



PROUD Minami Aoyama



PROUD TOWER  
Futako Tamagawa



PROUD CITY Oizumi Gakuen

(Note) The photos show examples of the PROUD series, but are not acquisition targets of the Fund.

Collaboration through development and acquisition of the PROUD FLAT rental condominiums, utilizing the housing related expertise such as land acquisition, product planning, and asset management

— PROUD —  
FLAT —

Ratio within the current portfolio: 18.8% (12 buildings; ¥14,981 million)  
(Including properties scheduled to be acquired)



Considered to be  
the “external growth driver”  
and will aim for continuous acquisition

# Investment Strategy (7)

## Utilization of Nomura Real Estate Group Information Network



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### Properties held/developed by Nomura Real Estate Group



PROUD FLAT Yokohama (tentative name)  
(Scheduled to be acquired during the 3rd FP)

- Acquisition through collaboration with two Nomura Real Estate Group companies  
(Joint development by Nomura Real Estate and Nomura Real Estate Urban Net)

### Properties brokered by Nomura Real Estate Group



Benefis Hakata Grand Sweet  
(Acquired during the 1st FP)

- Acquisition through direct sale brokered by Nomura Real Estate Urban Net
- Create a network of providers/property management companies in new investment areas



Benefis Yakuin Minami  
(Acquired during the 1st FP)



Maximum utilization of the “developer function” and “brokerage function” of Nomura Real Estate (Residential Development Company/Corporate Real Estate Service Company) and Nomura Real Estate Urban Net

## “PRIME URBAN” and “URBAN STAGE” series

Acquisition of ¥10 to 15 billion per annum through a private fund targeting “residential properties” within Nomura Real Estate Group



(Note) Investment for the above series are limited to the Vicinity of Tokyo, and does not include PROUD FLAT series.

Members with property acquisition experience at the private fund have been transferred to provide their management know-how

Asset Management Company  
**NOMURA REAL ESTATE ASSET MANAGEMENT**



PRIME URBAN Kasai II



PRIME URBAN Gakugei Daigaku



PRIME URBAN Nishi Shinjuku I



PRIME URBAN Iidabashi

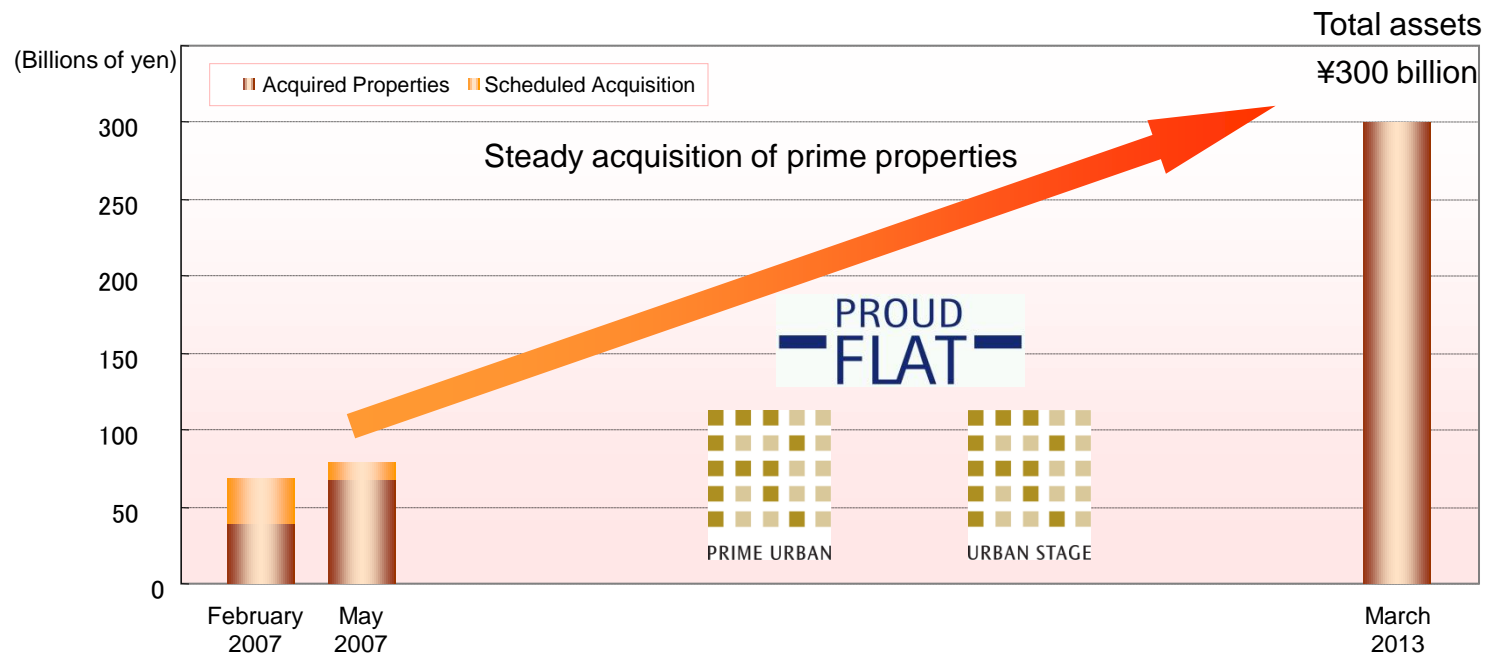


Strong resourcing abilities enabling acquisition from parties other than the sponsor, utilizing the “provider network” established through management of the private fund



### Expansion of portfolio through stable acquisition of prime properties

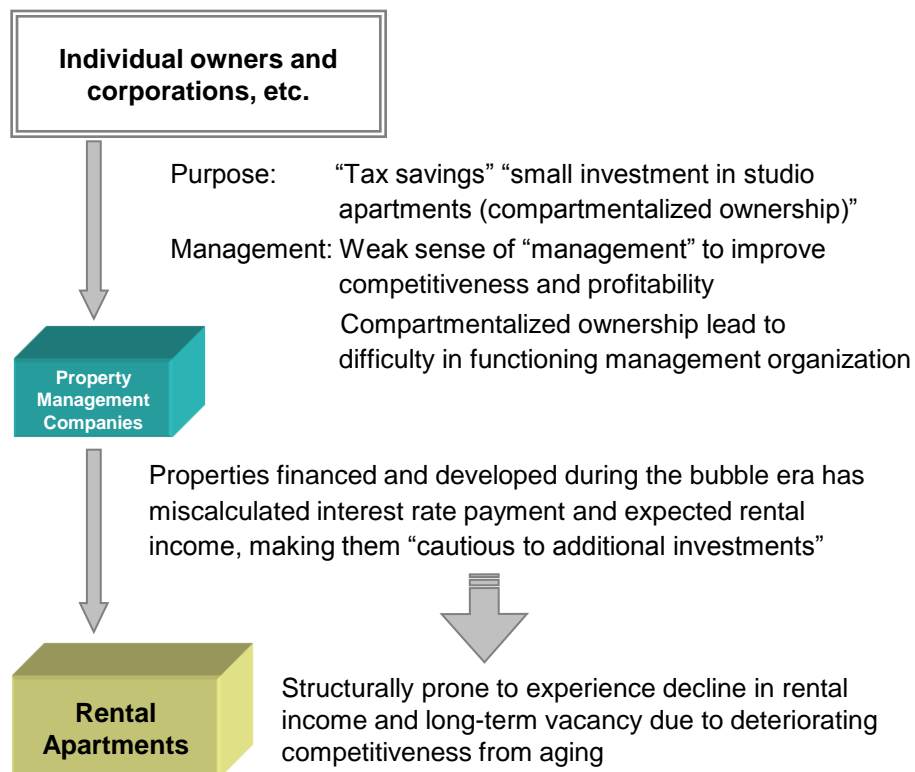
#### ■ Illustration of Expansion of Asset Size ■



Seek “external growth” through continuous acquisition of prime properties and “improved liquidity” through increased total market capitalization

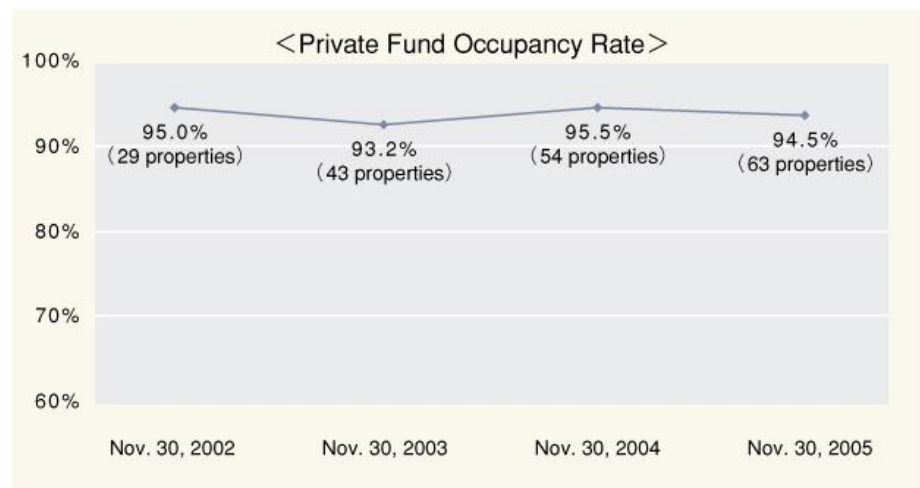
### (Reference)

#### Past residential housing holding structure



#### Expertise from private fund management

Over 5 years of proven stable management for a private fund targeting "residential properties" within Nomura Real Estate Group



Members with property acquisition experience at the private fund have been transferred to provide their management know-how

Asset Management Company

 NOMURA REAL ESTATE ASSET MANAGEMENT



Strategic management by asset management professionals, a structure departing from the past



#### Properties with Various Characteristics

(Location, access, environment, rental range, size, target tenants, etc.)



The asset management company selects the optimal property management company for each property

PMC with  
strength in  
corporate  
demands

PMC with  
strength in  
specific  
areas

General  
property  
PMC

PMC with  
strength in  
the student  
market

PMC with  
strength in  
regional  
areas



Maximize performance by “integrated management” with “optimal property management company” that matches the characteristics of the properties

# [Reference] Example of Management by the Private Fund

## (1) URBAN STAGE Kachidoki

### URBAN STAGE Kachidoki



#### Property Summary

- Location: 6-5-6 Kachidoki, Chuo-ku, Tokyo
- Units: 144
- Access: 9 min. walk from Kachidoki Station, Toei Subway Oedo Line
- Completed: February 1987

#### Market Analysis (at time of investment)

- Within 3 km from the center of Tokyo, allowing short commute, with popular waterfront location
- Large scale development continues since full opening of Toei Subway Oedo Line in 2000 (e.g. "Triton Square" (2001), "Kachidoki 6-chome redevelopment project (THE TOKYO TOWERS)" (2008))
- Development of neighboring area expected (Development of large commercial and residential complex in Toyosu area, etc.)

#### Management Policy

- With supermarkets and other convenience facilities scheduled to open in the adjacent high-rise apartment, leasing activity focus is on improved images from neighborhood development and convenience.
- 1K type: As few properties targeting single households exist in the area, we seek to maintain current management policy to continue stable occupancy.
- 2DK type: Review target tenants (Former: Local elderly population → New: Young DINKS such as (1) commuters to Shiodome/Shinbashi area, and (2) workers in multiple hospitals in the area). Seek higher occupancy rate and new rental prices through expansion of leasing activity area and incorporation of corporate demand.

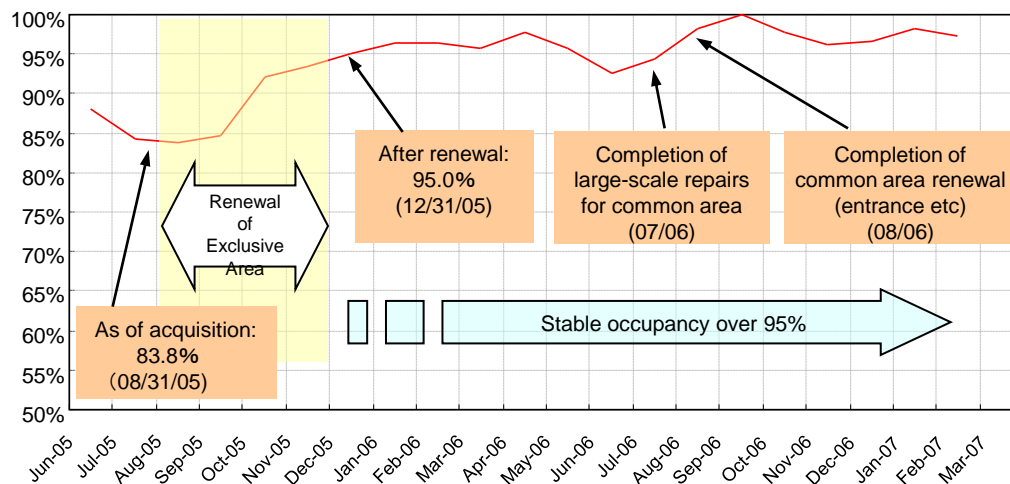
# [Reference] Example of Management by the Private Fund

## (1) URBAN STAGE Kachidoki



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[Occupancy Rate]



[Rents for New Tenants]

### 1K Type Units

(unit: yen)

	10/05	11/05		05/06		02/07	03/07
2F/Unit A (19.72m <sup>2</sup> )	75,000			75,000			
3F/Unit B (19.72m <sup>2</sup> )	76,000					76,000	
5F/Unit C (19.72m <sup>2</sup> )		78,000					78,000

Remained flat

### 2DK Type Units (Converted to 1LDK)

(unit: yen)

	10/05	11/05		07/06	08/06		12/06		02/07
2F/Unit D (42.39m <sup>2</sup> )		122,000					126,000		
4F/Unit E (42.39m <sup>2</sup> )	126,000			128,000					
4F/Unit F (42.39m <sup>2</sup> )	125,000				129,000				129,000

Upward trend

Exclusive area renewal



Renovated to timber flooring  
1LDK with adjustable partitions  
(Formerly 2DK including a  
Japanese room)

Common area renewal



Sophisticated impression achieved  
by complete overhaul of the  
entrance and entrance hall

- Improved occupancy rate to 95% level by strategic renewals and review of leasing methods in an aged building experiencing sluggish occupancy rate
- Rents for the 2DK type units increased while maintaining stable occupancy

# [Reference] Example of Management by the Private Fund

## (2) URBAN STAGE Minami Gyotoku IV



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### URBAN STAGE Minami Gyotoku IV



#### Property Summary

- Location: 1-5-18 Hiroo, Ichikawa-shi, Chiba
- Units: 32
- Access: 17 min. walk from Minami Gyotoku Station, Tokyo Metro Tozai Line
- Completion: April 1994

#### Market Analysis (at time of investment)

- Area between Gyotoku, Minami-Gyotoku and Urayasu Stations on the Tokyo Metro Tozai Line enjoys strong demands for corporate housing and dormitories, as the rent level is deemed low compared to Tokyo, even though commuting to Otemachi takes less than 30 minutes.

#### Management Policy

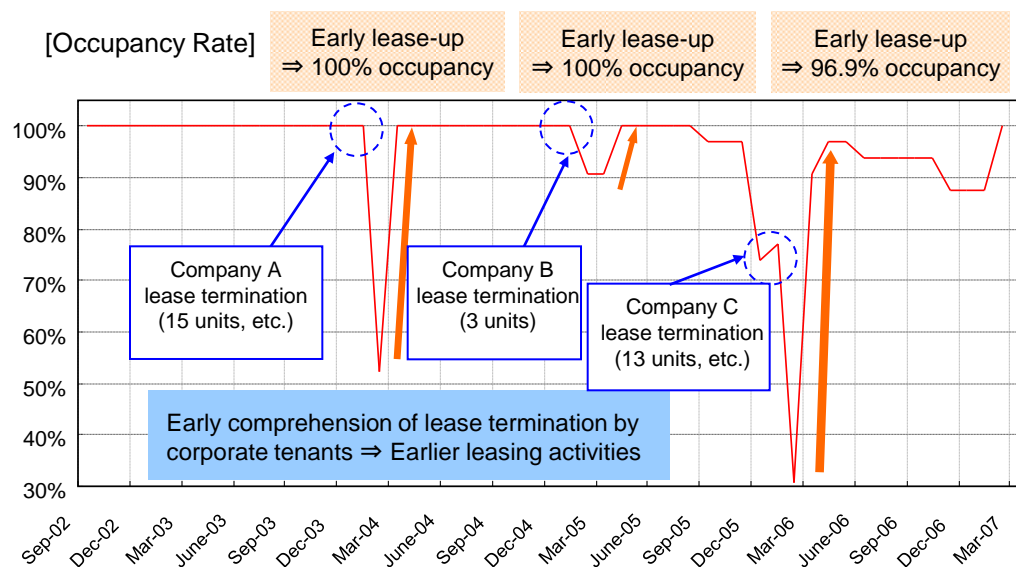
- Dainichi Corporation, with strong client base in the area as well as various corporate client demands, was selected as the property management company, to promote integrated management.
- Implement leasing strategy with emphasis on smooth move-in at tenant turnover, to target corporate housing contracts involving multiple units.

# [Reference] Example of Management by the Private Fund

## (2) URBAN STAGE Minami Gyotoku IV



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[Rents for New Tenants]

(Unit: Yen)

	03/04	04/05	03/06	04/06	02/07
2F/Unit A (16.50㎡)		61,000		65,000	61,000
2F/Unit B (16.50㎡)	61,000				61,000
3F/Unit C (16.50㎡)	62,000				62,000
4F/Unit D (18.48㎡)	63,000		63,000		
4F/Unit E (18.48㎡)	64,000		64,000		
4F/Unit F (19.60㎡)	64,000		64,000		



Remained Flat



- Stable high occupancy achieved by incorporating corporate demands
- Early lease-up at turnover shortened vacancy



# [Reference] Example of Management by the Private Fund

## (3) URBAN STAGE Hino



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### URBAN STAGE Hino



#### Property Summary

- Location: 536-2 Hino, Hino-shi, Tokyo
- Units: 54
- Access: 15 min. walk from Hino Station, JR Chuo Line
- Completed: March 1992

#### Market Analysis (at time of investment)

- Hino/Hachioji area promises stable student demand from the presence of numerous universities (Jissen Women's Educational Institute, Chuo University, Hosei University, Teikyo University, Meisei University, etc.)

#### Management Policy

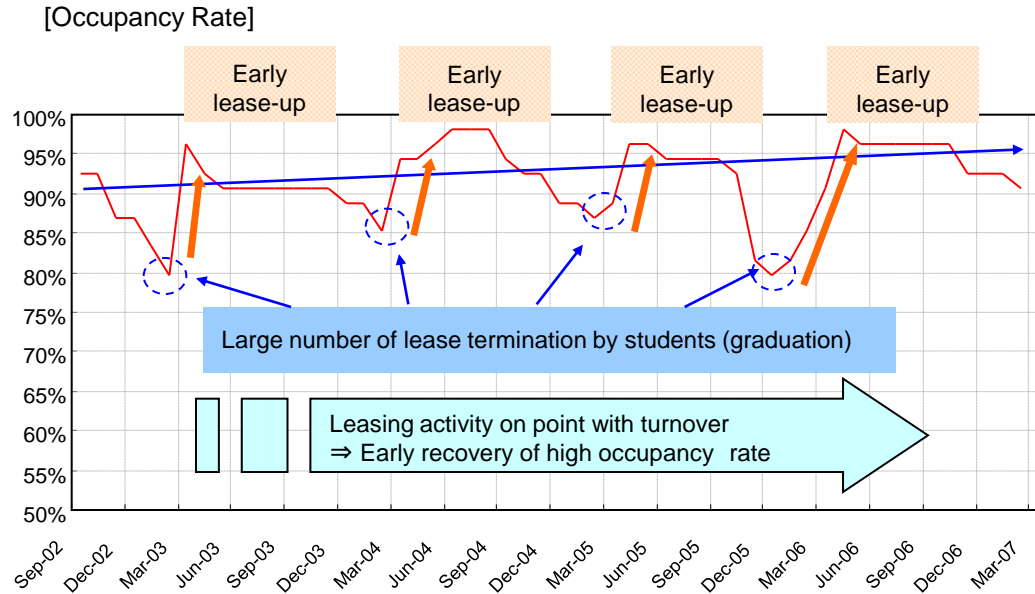
- Students will be the main target tenants instead of workers commuting to central Tokyo, considering the number of universities in the area.
- Mainichi Comnet Co. Ltd., which specializes in rental properties for students, having pipelines with universities and regional high schools, was selected as the property management company.
- By aiming mainly at students, seek smooth turnover at end/beginning of school year (March/April) by estimating the number and timing of lease termination early on.

# [Reference] Example of Management by the Private Fund

## (3) URBAN STAGE Hino



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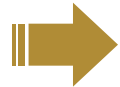


[Rents for New Tenants]

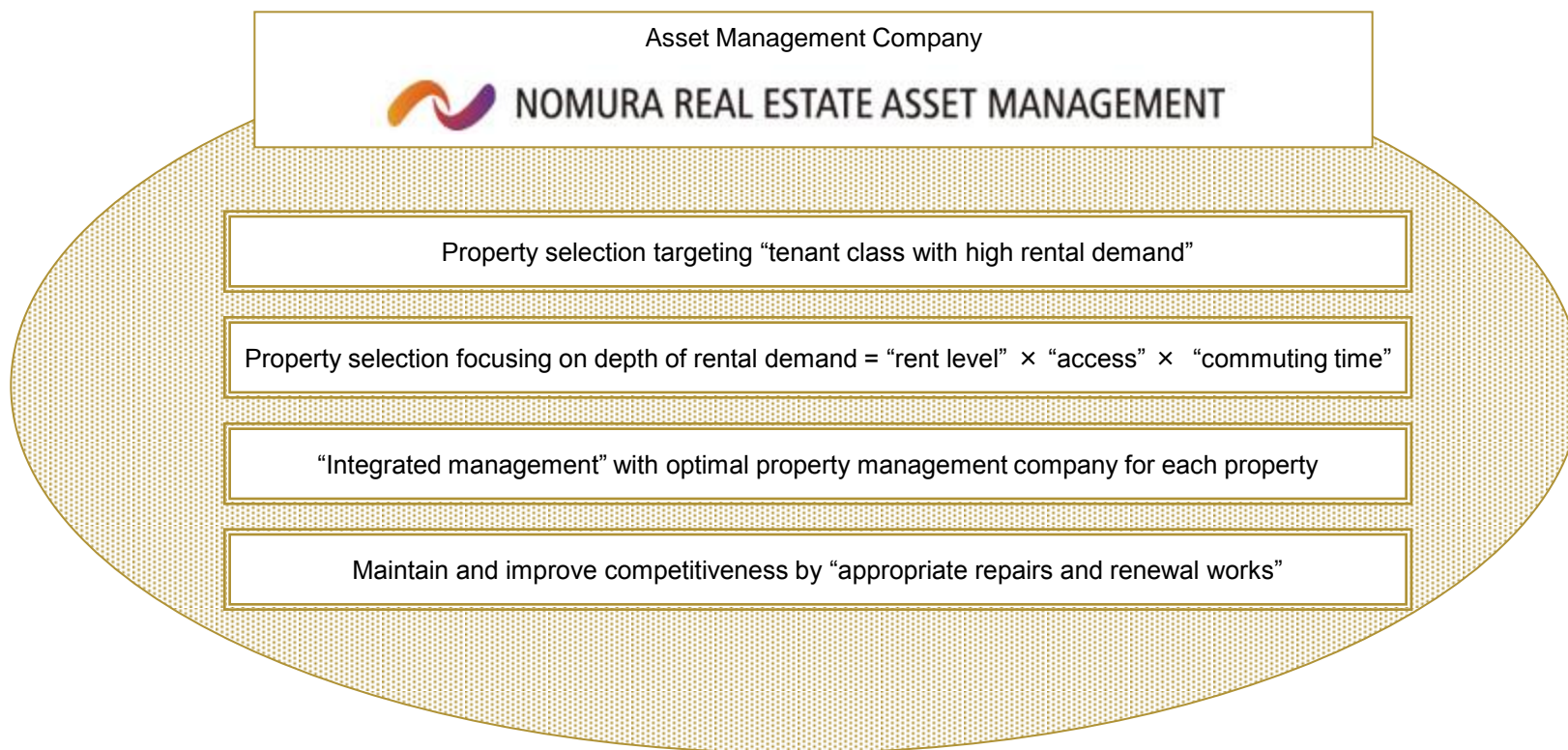
(Unit: Yen)

	03/03	04/03	05/03		03/06	03/07
1F/Unit A (18.42㎡)	54,000				49,000	
1F/Unit B (18.42㎡)			49,000		49,000	
2F/Unit C (18.42㎡)	53,000					53,000
2F/Unit D (18.42㎡)	53,000				53,000	
3F/Unit E (18.42㎡)	53,000					53,000
4F/Unit F (18.42㎡)	54,000					54,000
5F/Unit G (18.42㎡)		54,000			54,000	

Remained mostly flat



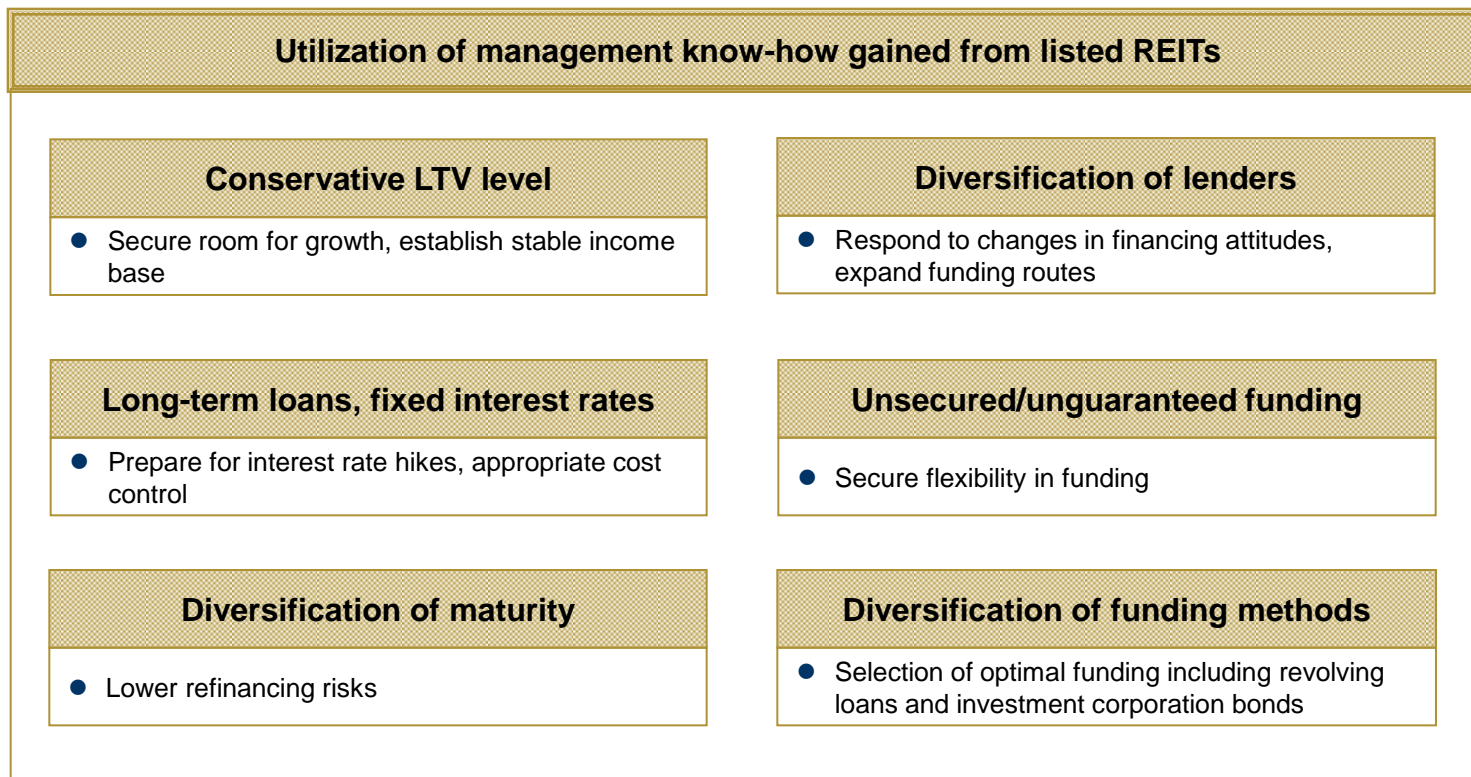
- Early lease-up achieved through taking in freshman demands (April) after the lowering of occupancy rate around graduation (March)
- Maintain stable high occupancy rate by focusing on students



Implementation of investment and management leveraging on the “high management abilities” of the members of the asset management company



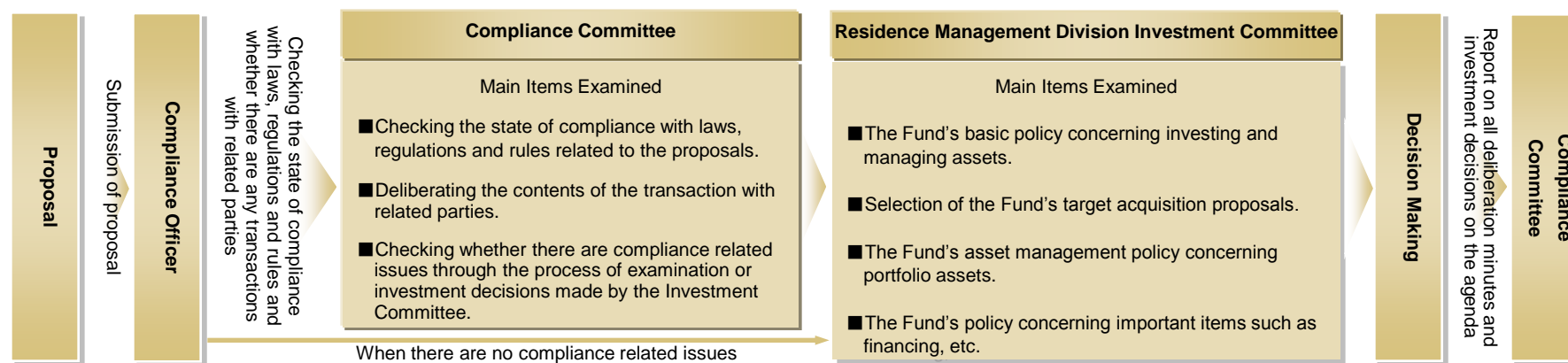
## Funding with consideration to stability of financial conditions



“Establish strong financial structure” that is not affected by changes in financial environment such as interest rate hikes, etc.

## Decision making process proven through the listed REIT

Proposal to Investment Committee	<ul style="list-style-type: none"> <li>All projects require prior approval by the compliance officer before making proposal</li> <li>Transactions with related parties require approval by the Compliance Committee, including two external members (attorney/expert)</li> </ul>
Resolution by the Investment Committee	<ul style="list-style-type: none"> <li>Unanimous vote by all members with voting rights (drafter and the compliance officer does not have voting rights)</li> </ul> <p>⇒ Heads of each division performs <u>multifaceted reviews and analysis</u>, and <u>approves only if unanimous vote is reached</u></p>



## Rules for transaction with related parties

Property Acquisition	<ul style="list-style-type: none"> <li>Acquisition price must meet or be lower than the appraisal value* by an independent real estate appraiser that is not a related party</li> </ul> <p>*(Note) For uncompleted properties, appraisal value calculated by the real estate appraiser using appraisal methods</p>
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## “Formulation of Investment Strategies for Residential Properties”

Target “Students/Workers/DINKS,” a class with perpetual demand for rental properties

Acquisition of properties assuming long-term holding, appropriate for standing listed REITs

Maintain stable occupancy rate  
Early lease-up of development projects

- “Annual income approach” for above target tenants (approx. ¥4-9 million)
- Property selection centering on properties with monthly rental of “less than ¥100,000” and “¥100,000-150,000”

- Prevent concentration of large-scale repairs
- Sale of property for restructuring of portfolio is largely affected by the real estate market

- Size of property appropriate for early lease-up
- Expensive/large properties have limited demand, is prone to be affected by economy, and may compete with sold properties

- Application of “access strategy”
- Investment in properties along “JR and popular private railways”

- “Capital gain/loss risk” will not be tolerated
- Leveling of repair expenses by “diversification of property age”

- Focus on single and compact type properties
- Number of units per building up to approximately 100 units

## “Maximum Leverage on Investment Characteristics of Residential Properties”

Rent and land price levels less prone to be affected by economy

Demand spread to wider area

Smaller investment amount allows diversification of risks

- Basically “defensive” assets
- Fund revenue is unstable when interest rate rises
- Smaller revenue downside when interest rate falls (economic recession)

- Clients are general individuals (retail)
- Utilization of property management companies optimal for target clients (tenant) and locale is most effective for achieving management efficiency

- Strongest point for the residential fund is its capacity to create a highly diversified portfolio
- Focus should be on stability of revenue as a portfolio, not each property

Financial strategy should be more conservative compared to office properties, as internal growth potential is limited

Respond to growth in asset size by utilizing various property management companies

Top 5 properties constitute only 14.8% of the entire portfolio



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Residential Fund

# Overview of the Financial Results

# Income Statement

Classification	First Fiscal Period From August 3, 2006 To May 31, 2007	
	Amount (¥000)	Ratio (%)
Real Estate Rental Business Revenues	2,304,704	100.0%
Rental Business Revenues	2,101,518	91.2%
Other Rental Business Revenues	203,185	8.8%
Real Estate Rental Business Expenses	963,342	41.8%
Real Estate Rental Business Expenses	559,993	24.3%
Tax and Public Dues	5,176	0.2%
Depreciation and Amortization	398,173	17.3%
Real Estate Rental Business Profits and Losses	1,341,361	58.2%
Asset Management Fees	141,031	6.1%
Other Operating Expenses	122,100	5.3%
Operating Income	1,078,229	46.8%
Non-Operating Revenues	1,003	0.0%
Non-Operating Expenses	525,942	22.8%
Current Profits	553,291	24.0%
Net Income before Tax	553,291	24.0%
Corporate Income Tax, etc.	1,515	0.1%
Net Income	551,775	23.9%
Retained Earnings	551,775	23.9%

## \*1 Real Estate Rental Business Revenues

As of end of 1st fiscal period, the portfolio comprises of 89 properties, worth ¥67 billion (total acquisition price).

The occupancy rate as of end of 1st fiscal period was 95.4%.

## \*2 Tax and Public Dues

Within 89 properties in the portfolio, 14 properties have reported property taxes and urban planning taxes of 2007 as expenses.

Property taxes and urban planning taxes adjusted with the sellers at acquisition (¥37.5 million) has been included in the acquisition price.

## \*3 Asset Management Fees

Break down of asset management fees for the 1st fiscal period are as follows:

Asset Management Fee I: ¥80 million

Asset Management Fee II: ¥60 million

# Balance Sheet



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## Assets

Items	1st Fiscal Period as of May 31, 2007	
	Amount (¥000)	Ratio (%)
<b>Current Assets</b>	6,941,125	9.2
Cash and cash equivalents	5,064,215	6.7
Cash and cash equivalent in trust	1,788,634	2.4
Other current assets	88,274	0.1
<b>Fixed Assets</b>	68,372,764	90.8
Tangible fixed assets	68,359,040	90.8
Real estate	9,676,898	12.8
Building	3,871,120	5.1
Land	5,805,777	7.7
Real estate in trust	58,651,995	77.9
Building in trust	20,642,397	27.4
Land in trust	38,009,597	50.5
Construction in progress	30,147	0.0
Intangible fixed assets	1,774	0.0
Other intangible fixed assets	1,774	0.0
Investment and other assets	11,949	0.0
Deposits received	10,298	0.0
Long-term prepaid expenses	1,651	0.0
<b>Total Assets</b>	<b>75,313,889</b>	<b>100.0</b>

### \*1 Tangible fixed assets

(Unit: millions of yen)

	Acquisition Price	Accumulated depreciation	(Depreciation for current FP)	Book value at end of FP
Real Estate	68,727	398	(398)	68,328
Building	3,886	15	(15)	3,871
Land	5,805	—	—	5,805
Building in trust	21,025	383	(383)	20,642
Land in trust	38,009	—	—	38,009

## Liabilities and net assets

Items	1st Fiscal Period as of May 31, 2007	
	Amount (¥000)	Ratio (%)
<b>Current Liabilities</b>	1,245,843	1.7
Trade accounts payable	186,131	0.2
Short-term loans	440,000	0.6
Other accounts payable	235,048	0.3
Taxes payable	1,346	0.0
Accrued expenses	101,795	0.1
Rent received in advance	278,047	0.4
Deposits payable	3,473	0.0
<b>Fixed Liabilities</b>	32,260,599	42.8
Long-term loans	31,500,000	41.8
Security deposits	63,971	0.1
Security deposits in trust	696,628	0.9
<b>Total Liabilities</b>	<b>33,506,442</b>	<b>44.5</b>
<b>Unitholders Equity</b>	41,807,447	55.5
Unitholders capital	41,255,671	54.8
Retained earnings	551,775	0.7
<b>Total Net Assets</b>	<b>41,807,447</b>	<b>55.5</b>
<b>Total Liabilities and Net Assets</b>	<b>75,313,889</b>	<b>100.0</b>

### \*2 Loans

Balance of interest-bearing debts (millions of yen) 31,940

Total asset interest-bearing debt ratio  $\left[ \frac{\text{short-term} + \text{long-term loans}}{\text{total assets}} \right]$  42.4%

Long-term interest-bearing debt ratio  $\left[ \frac{\text{long-term loans}}{\text{long-term} + \text{short-term loans}} \right]$  98.6%

# Second Fiscal Period (November 2007) Forecast

2nd Fiscal Period Forecasts (June 1, 2007-November 31, 2007)	
Rental Business Revenues	2,403 million yen
Rental Business Expenses	872 million yen
Asset Management Fees	180 million yen
Other Operating Expenses	137 million yen
Operating Income	1,213 million yen
Non-Operating Profit/Loss	295 million yen
Current Profits	918 million yen
Net Income	916 million yen
Outstanding Investment Units at End-of-Fiscal Period	68,100 units
Cash Distribution per Unit	13,463 yen

Assumption
<p>[Managing Assets]</p> <p>Calculation based on 91 properties, adding 2 properties acquired on June 1, 2007, to the 89 properties held as of May 31, 2007 (end of 1st fiscal period).</p>
<p>[Depreciation]</p> <p>¥ 394 million expected.</p>
<p>[Loans]</p> <p>Assumed that the outstanding loans (¥31,940 million) will not change until the end of the 2nd fiscal period.</p>
<p>[Investment Units]</p> <p>Assumed that the outstanding units (68,100) will not change until the end of the 2nd fiscal period.</p>



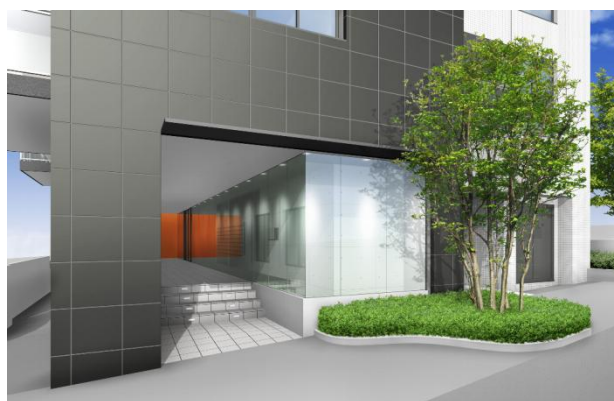


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# Fund Management Results

# Results of Investment (1) Acquisition from Nomura Real Estate

## PROUD FLAT Yokohama (tentative name)



Main Railway Access: 7 min. walk to Yokohama Station on 3 JR Lines including Tokaido Line, Tokyu Toyoko Line, Minatomirai Line, Keikyu Main Line, Sotetsu Main Line, and Yokohama Municipal Subway

Leasable Units: 113

Scheduled Acquisition Price: ¥ 2,340 million

Scheduled Acquisition Date: March 14, 2008 (3rd fiscal period)

(Joint development by Nomura Real Estate and Nomura Real Estate Urban Net)

Rent Level	In ¥90,000s for 1K Units In ¥13,000s and ¥140,000s for 1LDK Units
Access	9 railway lines including JR and Tokyu Toyoko Line. (Walking distance to Yokohama Station, one of the main terminal stations within metropolitan area)
Commuting Time	Walking distance to Yokohama Station area 30-40 min. to Shinagawa/Tokyo area

## Results of Investment (2) Acquisition from External Providers



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### PRIME URBAN Sensoku



Main Railway Access: 2 min. walk to Sensoku Station on Tokyu Meguro Line  
Leasable Units: 22  
Acquisition Price: ¥536 million  
Acquisition Date: March 30, 2007 (1st fiscal period)  
Acquisition Route: Existing provider

Rent Level	In ¥90,000s for 1K units In ¥140,000s for 1LDK units
Access	Tokyu Meguro Line (direct connection with Toei Subway Mita Line and Tokyo Metro Namboku Line)
Commuting Time	Approx. 30 min. to Otemachi/Hibiya area Approx. 30 min. to Roppongi/Tameike area

### Benefis Hakata Grand Sweet



Main Railway Access: 18 min. walk to Hakata Station on JR Kagoshima Main Line and Fukuoka City Subway Kuko Line, and Nishitetsu Hirao Station on Nishitetsu Tenjin Omuta Line  
Leasable Units: 67  
Acquisition Price: ¥830 million  
Acquisition Date: May 16, 2007 (1st fiscal period)  
Acquisition Route: New provider (broker: Nomura Real Estate Urban Net)

Rent Level	In ¥60,000s for 1K units
Access	JR Line, Fukuoka City Subway Kuko Line, and Nishitetsu Tenjin Omuta Line
Commuting Time	Walking distance to Hakata Station area (numerous bus services) Approx. 30 min. to Tenjin area

### Benefis Yakuin Minami



#### Portfolio as of the end of the 1st FP

Number of Units: 89

Total Acquisition Price: ¥67,035 million

Main Railway Access: 6 min. walk from Yakuin Station, Nishitetsu Tenjin Omuta Line, Fukuoka City Subway Nanakuma Line

Leasable Units: 34

Acquisition Price: ¥351 million

Acquisition Date: May 16, 2007 (1st fiscal period)

Acquisition Route: New provider (broker: Nomura Real Estate Urban Net)

Rent Level	In ¥50,000s for 1K units
Access	Nishitetsu Tenjin Omuta Line and Fukuoka City Subway Nanakuma Line (1 Station, approx. 3 min. ride to Nishitetsu Fukuoka Tenjin (Tenjin) Station on Nishitetsu Line)
Commuting Time	Approx. 10 min. to Tenjin area (accessible by bicycle)

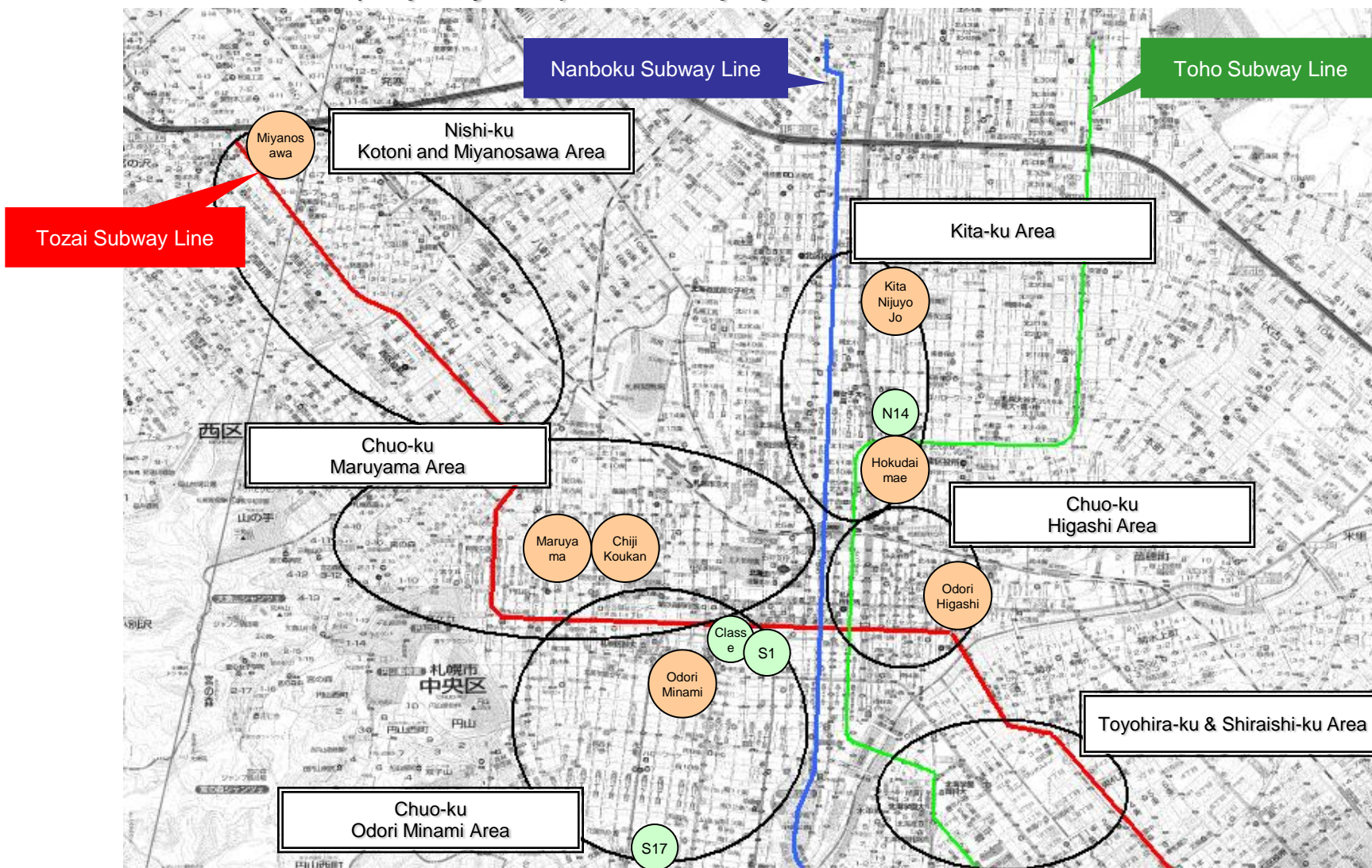


## Results of Investment (2) Acquisition from External Providers



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### PRIME URBAN Hokudaimae (temporary name) and 6 other properties



## Results of Investment (2) Acquisition from External Providers



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### PRIME URBAN Hokudaimae (tentative name)



### PRIME URBAN Miyanosawa (tentative name)



Main Railway Access: 4 min. walk to Kita Jusanjo Higashi Station on Sapporo Municipal Subway Toho Line, 7 min. Walk from Kita Junijo Station on Sapporo Municipal Subway Namboku Line, and 9 min. walk from JR Sapporo Station

Leasable Units: 60

Scheduled Acquisition Price: ¥600 million

Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)

Acquisition Route: Existing provider

Main Railway Access: 2 min. walk from Miyanosawa Station on Sapporo Municipal Subway Tozai Line

Leasable Units: 54

Scheduled Acquisition Price: ¥576 million

Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)

Acquisition Route: Existing provider

Rent Level	In ¥60,000s for 1DK units
Access	Subway Toho and Namboku Lines, and 3 JR Lines (approx. 4 min., 2 stations to Odori Station by subway)
Commuting Time	Approx. 10 min. walk to Sapporo Station area 8 min. walk to Hokkaido University

Rent Level	In ¥50,000s for 1LDK units In ¥70,000s for 2LDK units
Access	Sapporo Municipal Subway Tozai Line (buses to Sapporo Station and New Chitose Airport, etc., also available)
Commuting Time	Approx. 20 min. to Odori Station area

# Results of Investment (2) Acquisition from External Providers



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## PRIME URBAN Kita Nijuyo Jo (tentative name)



Main Railway Access: 6 min. walk to Kita Nijuyo Jo Station on Sapporo Municipal Subway Namboku Line  
Leasable Units: 36  
Scheduled Acquisition Price: ¥503.7 million  
Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)  
Acquisition Route: New provider

Rent Level	In ¥80,000s for 2LDK units
Access	Sapporo Municipal Subway Namboku Line. (approx. 5 min. to Sapporo Station, approx. 7 min. to Odori Station)
Commuting Time	Approx. 15 min. to Sapporo Station area Approx. 15 min. to Odori Station area

## PRIME URBAN Odori Higashi (tentative name)



Main Railway Access: 5 min. walk to Bus Center Station on Sapporo Municipal Subway Tozai Line  
Leasable Units: 36  
Scheduled Acquisition Price: ¥424 million  
Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)  
Acquisition Route: Existing provider

Rent Level	In ¥60,000s for 1LDK units In ¥80,000s for 2LDK units
Access	Sapporo Municipal Subway Tozai Line (approx. 2 min., 1 station ride to Odori Station)
Commuting Time	Approx. 10 min. to Odori Station area (walking access through underground path available)



# Results of Investment (2) Acquisition from External Providers



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## PRIME URBAN Chiji Koukan (tentative name)



Main Railway Access: 9 min. walk to Nishi Juhatchome Station on Sapporo Municipal Subway Tozai Line  
 Leasable Units: 42  
 Scheduled Acquisition Price: ¥337.9 million  
 Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)  
 Acquisition Route: Existing provider

Rent Level	In ¥50,000s for 1K units
Access	Subway Tozai Line (approx. 4 min. to Odori Station)
Commuting Time	Approx. 15 min. to Odori Station area Walking/bicycle access to universities, etc.

## PRIME URBAN Maruyama (tentative name)



Main Railway Access: 10 min. walk from Nishi Nijuhatchome Station, 12 min. walk from Nishi Juhatchome Station. And 13 min. walk from Mauyama Koen Station on Sapporo Municipal Subway Tozai Line  
 Leasable Units: 27  
 Scheduled Acquisition Price: ¥283.2 million  
 Scheduled Acquisition Date: February 29, 2008 (3rd fiscal period)  
 Acquisition Route: Existing provider

Rent Level	In ¥60,000s for 1LDK units
Access	Subway Tozai Line (approx. 4 min., 2 stations from Nishi Juhatchome Station to Odori Station)
Commuting Time	Approx. 20 min. to Odori Station area



# Results of Investment (2) Acquisition from External Providers



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## PRIME URBAN Odori Minami (tentative name)



Main Railway Access: 11 min. walk from Nishi Jitcho Station on Sapporo Municipal Subway Tozai Line, 6 min. walk from Nishisen Rokujo Station on Sapporo Streetcar

Leasable Units: 58

Scheduled Acquisition Price: ¥731.6 million

Scheduled Acquisition Date: March 31, 2008 (3rd fiscal period)

Acquisition Route: Existing provider

## (List of the Seven New Acquisitions)

Name of Property	Location	Acquisition Price (thousands of yen)	Leasable Units (units)
PRIME URBAN Hokudaimae (tentative name)	Higashi-ku, Sapporo	600,000	60
PRIME URBAN Miyanosawa (tentative name)	Nishi-ku, Sapporo	576,200	54
PRIME URBAN Kita Nijuyo Jo (tentative name)	Higashi-ku, Sapporo	503,700	36
PRIME URBAN Odori Higashi (tentative name)	Chuo-ku, Sapporo	424,000	36
PRIME URBAN Chiji Koukan (tentative name)	Chuo-ku, Sapporo	337,900	42
PRIME URBAN Maruyama (tentative name)	Chuo-ku, Sapporo	283,200	27
PRIME URBAN Odori Minami (tentative name)	Chuo-ku, Sapporo	731,600	58
Total (7 properties)		3,456,600	313

Rent Level	In ¥60,000s for 1LDK units In ¥90,000s for 3LDK units
Access	Subway Tozai Line and Sapporo Streetcar (approx. 2 min. to Odori Station on Tozai Line)
Commuting Time	Approx. 15 min. to Odori Station area 10. min walk to major medical facilities in the neighborhood

# Results of Investment (2) Acquisition from External Providers

## PRIME URBAN Kanayama (tentative name)



Main Railway Access: 7 min. walk to Kanayama Station on JR Tokaido and Chuo Main Lines, Meitetsu Nagoya Main Line, Subway Meijo and Meiko Lines  
 Leasable Units: 58  
 Scheduled Acquisition Price: ¥632 million  
 Scheduled Acquisition Date: February 29, 2008 (3rd Fiscal Period)  
 Acquisition Route: New provider

Rent Level	In ¥60,000s for 1K units
Access	5 lines including JR, Meitetsu and subway (walking distance to major terminal station Kanayama Station)
Commuting Time	Approx. 15 min. to Sakae Station area Approx. 15 min. to Nagoya Station area

## PRIME URBAN Tsurumai (tentative name)



Main Railway Access: 5 min. walk to Tsurumai Station on JR Chuo Main Line, 7 min. walk to Tsurumai Station on Nagoya Municipal Subway Tsurumai Line  
 Leasable Units: 104  
 Scheduled Acquisition Price: ¥1,189.096 million  
 Scheduled Acquisition Date: March 5, 2009 (5th Fiscal Period)  
 Acquisition Route: New provider

Rent Level	In ¥60,000s for 1K units
Access	JR Chuo Main Line and Subway Tsurumai Line (approx. 8 min. to Nagoya Station, approx. 5 min. to Fushimi Station)
Commuting Time	Approx. 15 min. to Nagoya and Fushimi area Walking distance to neighborhood universities

## (Reference) Investment after the end of the 1st FP



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Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PRIME URBAN Denenchofu Minami (tentative name)	Ota-ku, Tokyo	900,000	1,100.17	44	March 21, 2008
PRIME URBAN Meguro Ohashi Hills (tentative name)	Meguro-ku, Tokyo	3,580,000	2,955.74	99	March 21, 2008
Benefis Kashii (tentative name)	Fukuoka-shi, Fukuoka	396,000	1,231.79	39	March 5, 2008
Benefis Yoshizuka Grand Sweet (tentative name)	Fukuoka-shi, Fukuoka	693,000	1,856.92	65	March 19, 2008
Benefis Chihaya (tentative name)	Fukuoka-shi, Fukuoka	545,000	1,738.87	48	March 28, 2008
Total		6,114,000	8,883	295	



PRIME URBAN Denenchofu Minami  
(tentative name)



PRIME URBAN Meguro Ohashi Hills  
(tentative name)



Benefis Yoshizuka Grand Sweet  
(tentative name)



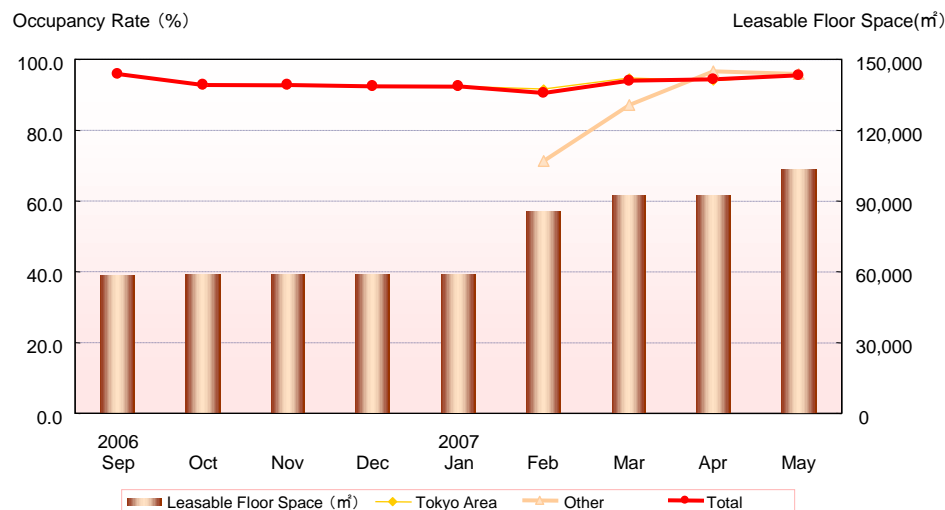
Benefis Kashii (tentative name)



Benefis Chihaya (tentative name)

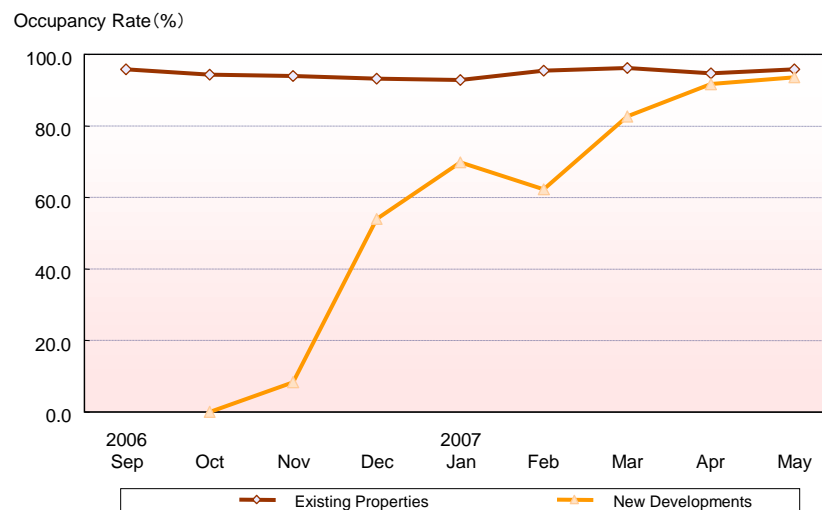
# Result of Management (1) Portfolio Occupancy Rate

## Stable occupancy rate



- Maintained high occupancy rate even with additional acquisition of newly developed properties
- Occupancy rate as of the end of the 1st FP (May 31, 2007): 95.4%

## Occupancy rate based on property type (existing/newly developed)



### Existing Properties (1 yr or older at acquisition)

Planned and active leasing taking into consideration the property characteristics and target tenant movement around fiscal year-end, when tenant movements concentrate.

⇒ Achieved smooth tenant turnover after lease termination

### Newly Developed Properties (Less than 1 yr old at acquisition)

Strategic leasing through effective advertising tools and utilization of leasing agents.

⇒ Achieved early lease-up with short vacancy

### URBAN STAGE Kachidoki



#### Strategic renewal resulting from change of target tenants

- Renewal of exclusive area
  - ⇒ Change from Japanese-room type 2DK to adjustable 1LDK unit
  - ⇒ Timber flooring, prefabricated bath, and the kitchen were renewed

### URBAN STAGE Toritsu Daigaku

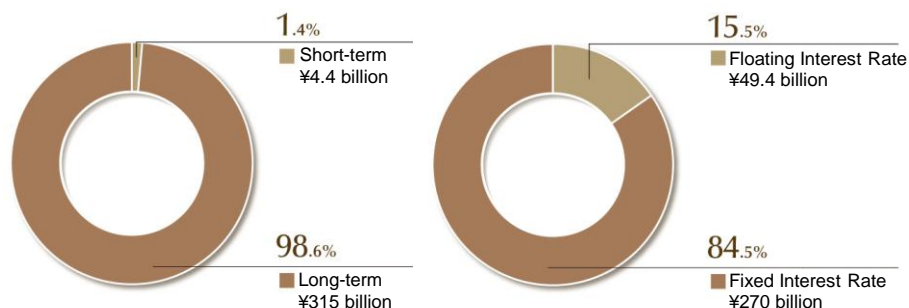


#### Renewal to maintain and improve competitiveness

- Renewal of exclusive area
  - ⇒ Timber flooring, prefabricated bath, and the kitchen were renewed



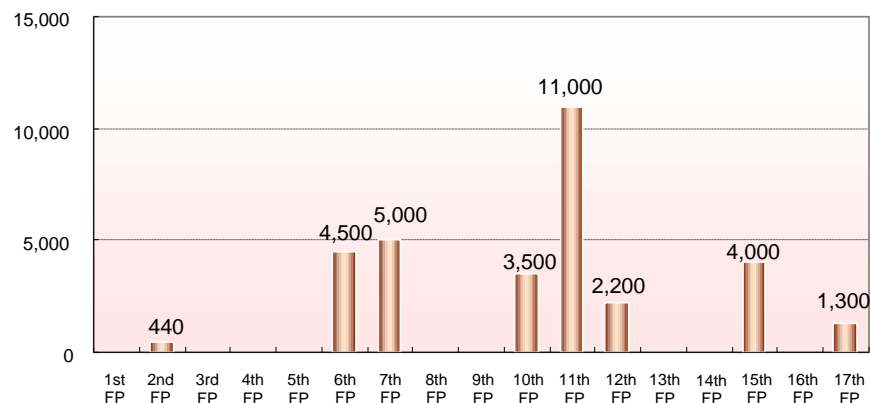
## Long-term interest-bearing debt ratio and fixed interest-rate debt ratio



(Note) "Fixed interest rate" includes floating interest rate borrowings which have been fixed through interest rate swaps.

## Diversification of maturity

(millions of yen)



## Loan to value ratio and duration

● LTV ratio as of end of 1st fiscal period (May 31, 2007) **42.4%**

● Average outstanding duration as of end of 1st fiscal period (May 31, 2007) **4.38 years**

## Diversification of lenders

Commercial Banks (3)	Trust Banks (3)	Regional Banks (2)
Bank of Tokyo Mitsubishi UFJ	Mitsubishi UFJ Trust & Banking	Chiba Bank
Sumitomo Mitsui Banking Corp	Sumitomo Trust & Banking	Iyo Bank
Mizuho Corporate Bank	Nomura Trust & Banking	

Insurance Companies (3)	Government Affiliated (1)
Taiyo Life Insurance	Development Bank of Japan
Daido Life Insurance	
Mitsui Sumitomo Insurance	



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# APPENDIX



# Portfolio 1 (as of the end of the 1st FP)



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#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (㎡)	Leasable Units (Units)	Occupation Rate (end of 1st FP)
1	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	1.6	1,151.34	44	97.9
2	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	1.3	958.98	31	64.3
3	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	1.2	934.39	41	100.0
4	PROUD FLAT Meguro Gyoinzaka	Meguro-ku, Tokyo	882,000	1.3	855.23	40	100.0
5	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	2.3	1,793.43	70	100.0
6	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	2.0	1,277.82	48	79.8
7	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	1.7	1,541.64	67	100.0
8	PROUD FLAT Kiyosumi Shirakawa	Koto-ku, Tokyo	900,000	1.3	1,209.56	55	100.0
9	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	1.4	1,062.05	25	96.7
10	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	1.4	1,107.36	48	89.3
11	PRIME URBAN Ebisu Minami	Shibuya-ku, Tokyo	947,000	1.4	881.89	21	90.7
12	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.6	439.56	19	93.6
13	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	1.7	1,277.04	52	97.9
14	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	1.1	793.87	32	90.3
15	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	3.0	2,087.70	90	100.0
16	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	1.8	1,444.40	29	86.8
17	PRIME URBAN Nakameguro	Meguro-ku, Tokyo	1,320,000	2.0	1,302.42	49	100.0
18	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	1.3	1,008.39	32	93.4
19	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.8	655.27	22	96.9
20	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	1.9	1,459.86	60	98.4
21	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	1.5	1,162.55	46	55.4
22	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.8	578.18	14	71.7
23	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	1.2	874.15	33	97.1
24	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.9	961.25	46	100.0
25	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	2.5	2,106.16	99	98.0
26	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	1.2	1,190.70	54	100.0
27	PRIME URBAN Kita Senzoku	Ota-ku, Tokyo	576,000	0.9	834.90	46	97.8
28	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.6	543.09	24	95.1
29	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	1.2	944.99	46	100.0
30	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	3.3	3,127.94	117	97.5
31	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	1.1	1,117.34	52	100.0

## Portfolio 2 (as of the end of the 1st FP)



NOMURA  
Residential Fund

#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (㎡)	Leasable Units (Units)	Occupation Rate (end of 1st FP)
32	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.8	813.52	40	100.0
33	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	1.8	1,886.50	77	98.7
34	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	1.0	991.62	49	100.0
35	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	1.0	1,095.91	53	100.0
36	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	1.0	905.81	45	100.0
37	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	1.4	1,437.84	68	100.0
38	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	1.3	1,264.84	60	100.0
39	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.9	1,151.36	52	96.2
40	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	1.1	1,244.00	58	100.0
41	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.7	778.19	37	97.3
42	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	1.2	1,237.80	60	98.3
43	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	991,000	1.5	1,222.13	40	92.1
44	URBAN STAGE Hatagaya	Shibuya-ku, Tokyo	452,000	0.7	650.60	38	100.0
45	URBAN STAGE Toritsu Daigaku	Meguro-ku, Tokyo	524,000	0.8	996.81	16	87.2
46	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	2,290,000	3.4	4,481.82	144	94.6
47	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	1.0	1,237.98	18	88.9
48	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	324,000	0.5	517.53	32	100.0
49	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.5	567.20	34	100.0
50	URBAN STAGE Kamiuma	Setagaya-ku, Tokyo	900,000	1.3	1,739.86	37	97.4
51	URBAN STAGE Sangen Jaya	Setagaya-ku, Tokyo	755,000	1.1	1,018.72	47	95.2
52	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	1.1	1,774.01	27	96.2
53	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.8	810.98	17	95.5
54	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.6	572.41	26	96.0
55	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	344,000	0.5	507.52	28	89.8
56	URBAN STAGE Oimachi	Shinagawa-ku, Tokyo	530,000	0.8	722.70	45	100.0
57	URBAN STAGE Oimachi II	Shinagawa-ku, Tokyo	1,100,000	1.6	1,719.82	92	95.8
58	URBAN STAGE Yukigaya	Ota-ku, Tokyo	970,000	1.4	1,536.59	94	96.7
59	URBAN STAGE Ikegami	Ota-ku, Tokyo	1,460,000	2.2	2,456.48	95	84.9
60	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.7	801.30	51	98.2
61	URBAN STAGE Takaido	Suginami-ku, Tokyo	1,080,000	1.6	1,746.20	107	97.2
62	URBAN STAGE Komagome	Toshima-ku, Tokyo	412,000	0.6	990.18	19	100.0

# Portfolio 3 (as of the end of the 1st FP)



NOMURA  
Residential Fund

#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (㎡)	Leasable Units (Units)	Occupation Rate (end of 1st FP)
63	URBAN STAGE Mukojima	Sumida-ku, Tokyo	487,000	0.7	1,108.91	55	100.0
64	URBAN STAGE Ekoda	Nerima-ku, Tokyo	385,000	0.6	872.49	35	97.4
65	URBAN STAGE Takinogawa	Kita-ku, Tokyo	287,000	0.4	554.39	29	93.5
66	URBAN STAGE Asakusa	Taito-ku, Tokyo	350,000	0.5	876.70	22	94.9
67	URBAN STAGE Machiya	Arakawa-ku, Tokyo	210,000	0.3	455.19	26	92.2
68	URBAN STAGE Koganei	Koganei-shi, Tokyo	229,000	0.3	682.43	27	89.5
69	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.5	994.68	54	96.3
70	URBAN STAGE Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.7	952.06	50	96.1
71	URBAN STAGE Tennocho	Yokohama-shi, Kanagawa	136,000	0.2	332.48	20	95.0
72	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.4	437.94	27	100.0
73	URBAN STAGE Minami Gyotoku I	Ichikawa-shi, Chiba	357,000	0.5	682.05	41	100.0
74	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.4	611.61	37	100.0
75	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.4	543.84	33	97.1
76	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.4	535.08	32	96.9
77	URBAN STAGE Minami Urawa	Saitama-shi, Saitama	274,000	0.4	694.05	32	94.0
78	URBAN STAGE Yono Hommachi	Saitama-shi, Saitama	519,000	0.8	1,372.74	70	98.6
79	Cosmo Gracia Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	2.5	1,759.61	51	98.5
Vicinity of Tokyo Sub Total			61,421,000	91.6	89,027.93	3,699	95.4
80	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	1.0	1,861.56	60	92.0
81	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	1.1	1,571.04	46	100.0
82	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	1.0	1,189.12	48	100.0
83	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	1.2	1,392.00	57	100.0
84	Presence S17	Sapporo-shi, Hokkaido	377,000	0.6	1,518.58	33	77.1
85	Presence N14	Sapporo-shi, Hokkaido	336,000	0.5	1,155.60	36	96.8
86	Classe Odori Koen	Sapporo-shi, Hokkaido	530,000	0.8	1,850.20	53	100.0
87	Presence S1	Sapporo-shi, Hokkaido	322,000	0.5	1,148.72	36	100.0
88	Benefis Hakata Grand Sweet	Fukuoka-shi, Fukuoka	830,000	1.2	2,176.23	67	95.4
89	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.5	897.84	34	100.0
Other Areas Sub Total			5,614,000	8.4	14,760.89	470	95.7
Total			67,035,000	100.0	103,788.82	4,169	95.4



# Scheduled Acquisitions After the 2nd FP



NOMURA  
Residential Fund

## Scheduled Acquisitions Determined During the 1st FP

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PROUD FLAT Sumida Riverside (Note)	Chuo-ku, Tokyo	2,260,000	3,055.21	110	June 1, 2007
PROUD FLAT Waseda (Note)	Shinjuku-ku, Tokyo	1,110,000	1,450.91	60	June 1, 2007
PROUD FLAT Yokohama (tentative name)	Yokohama-shi, Kanagawa	2,340,000	3,118.12	113	March 14, 2008
PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	1,069.32	42	February 29, 2008
Vicinity of Tokyo Sub Total		6,603,000	8,693.56	325	
PRIME URBAN Hokudaimae (tentative name)	Sapporo-shi, Hokkaido	600,000	1,851.39	60	February 29, 2008
PRIME URBAN Miyanosawa (tentative name)	Sapporo-shi, Hokkaido	576,200	2,114.53	54	February 29, 2008
PRIME URBAN Kita Nijuyo Jo (tentative name)	Sapporo-shi, Hokkaido	503,700	1,773.90	36	February 29, 2008
PRIME URBAN Odori Higashi (tentative name)	Sapporo-shi, Hokkaido	424,000	1,494.36	36	February 29, 2008
PRIME URBAN Chiji Koukan (tentative name)	Sapporo-shi, Hokkaido	337,900	1,007.30	42	February 29, 2008
PRIME URBAN Maruyama (tentative name)	Sapporo-shi, Hokkaido	283,200	911.07	27	February 29, 2008
PRIME URBAN Odori Minami (tentative name)	Sapporo-shi, Hokkaido	731,600	2,439.90	58	March 31, 2008
PRIME URBAN Kanayama (tentative name)	Nagoya-shi, Aichi	632,000	1,391.02	58	February 29, 2008
PRIME URBAN Tsurumai (tentative name)	Nagoya-shi, Aichi	1,189,096	2,502.11	104	March 5, 2009
Other Areas Sub Total		5,277,696	15,485.58	475	
Total		11,880,696	24,179.14	800	

(Note) Has been acquired on June 1, 2007.

## Scheduled Acquisitions Determined After the 1st FP

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PRIME URBAN Denenchofu Minami (tentative name)	Ota-ku, Tokyo	900,000	1,100.17	44	March 21, 2008
PRIME URBAN Meguro Ohashi Hills (tentative name)	Meguro-ku, Tokyo	3,580,000	2,955.74	99	March 21, 2008
Benefis Kashii (tentative name)	Fukuoka-shi, Fukuoka	396,000	1,231.79	39	March 5, 2008
Benefis Yoshizuka Grand Sweet (tentative name)	Fukuoka-shi, Fukuoka	693,000	1,856.92	65	March 19, 2008
Benefis Chihaya (tentative name)	Fukuoka-shi, Fukuoka	545,000	1,738.87	48	March 28, 2008
Total		6,114,000	8,883	295	

## Total of All the Mentioned Properties

Name of Property	(Scheduled) Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)
Total Acquired Properties/Scheduled Acquisitions (107 Properties)	85,029,696	136,851.45	5,264

## Interest-bearing Debts (end of the 1st FP)



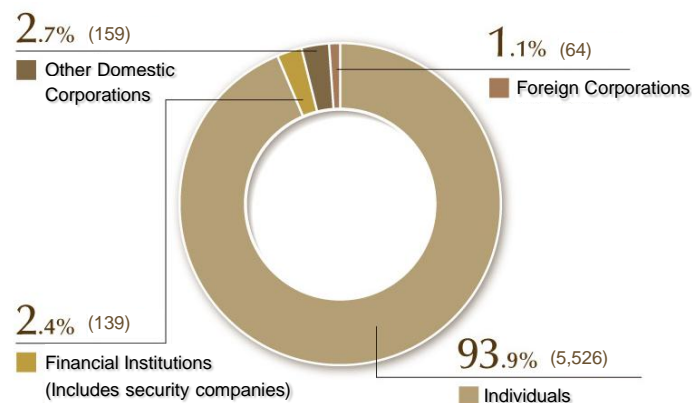
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	Lender	Amount (Millions of Yen)	Type of Interest	Interest Rate	Date of Repayment	Collateral
Short-term Loan	2 Financial Institutions	440	Floating Rate	0.90727%	September 28, 2007	Unsecured Unguaranteed
Short-ter Loan Sub Total	2 Financial Institutions	440				
Long-term Loan	5 Financial Institutions	4,500	Floating Rate	0.94917%	August 27, 2009	Unsecured Unguaranteed
	6 Financial Institutions	5,000	Fixed Rate (Note 1)	1.46045%	February 27, 2010	
	6 Financial Institutions	3,500	Fixed Rate (Note 2)	1.84464%	September 30, 2011	
	7 Financial Institutions	11,000	Fixed Rate (Note 1)	1.79300%	February 27, 2012	
	2 Financial Institutions	2,200	Fixed Rate	1.81375%	August 27, 2012	
	2 Financial Institutions	2,000	Fixed Rate (Note 1)	2.14360%	February 27, 2014	
	1 Financial Institution	2,000	Fixed Rate	2.13625%	February 27, 2014	
	1 Financial Institution	1,300	Fixed Rate	2.23500%	February 27, 2015	
Long-term Loan Sub Total	12 Financial Institutions	31,500				
Total	12 Financial Institutions	31,940				

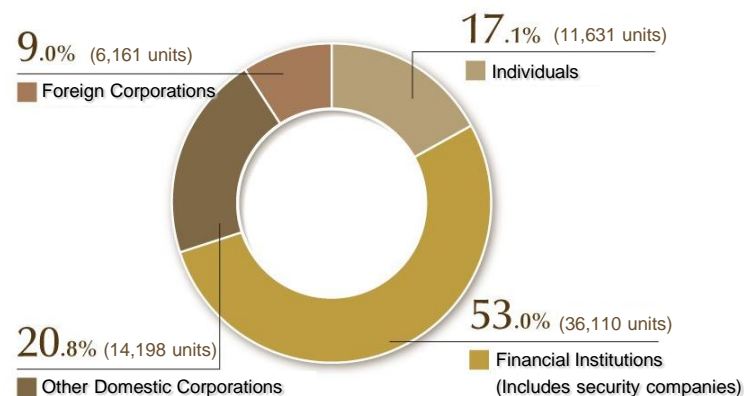
(Note 1) This loan has started the Interest Rate Swap transaction on February 27, 2007.

(Note 2) This loan has started the Interest Rate Swap transaction on May 31, 2007.

## Number of Unitholders and Investment Units



Total Number of Unitholders : 5,888



Total Number of Investment Units : 68,100

## Top 10 Unitholders

	Unitholders	Units	Ratio
1	Nomura Real Estate Development Co., Ltd.	12,500	18.36%
2	Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,000	7.34%
3	NikkoCiti Trust and Banking Corporation	4,164	6.11%
4	The Master Trust Bank of Japan, Ltd.	2,638	3.87%
5	Japan Trustee Services Bank, Ltd.	2,503	3.68%
6	Fuji Fire and Marine Insurance Co., Ltd.	2,168	3.18%
7	The Jyo Bank, Ltd.	1,994	2.93%
8	Trust & Custody Services Bank, Ltd.	1,554	2.28%
9	The Bank of Ikeda, Ltd.	1,400	2.06%
10	The Nomura Trust and Banking Co., Ltd.	1,258	1.85%
	Total	35,179	51.66%

## History of the Fund

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 Nomura Real Estate Residential Fund.

August 4, 2006

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

August 24, 2006

Registered with 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

Listed on the Tokyo Stock Exchange

## Corporate Data of NREAM

Corporate Name	Nomura Real Estate Asset Management Co., Ltd.
Capital	¥300,000,000
Shareholder	Nomura Real Estate Holdings, Inc. (100%)
History	<p>January 24, 2003 Established</p> <p>February 28, 2003 Licensed for real estate trading (Governor of Tokyo No. (1) 81679)</p> <p>June 17, 2003 Licensed for discretionary proxy in realty trading (Minister of Land, Infrastructure and Transport No. 18)</p> <p>July 23, 2003 Licensed as investment trust manager under the Investment Trust Law (Prime Minister No. 28)</p> <p>February 7, 2006 Licensed under the Article 10-2 of the Investment Trust Law (for changes in business methods, etc.) (Note)</p> <p>(Note) With intent to establish a governance system for the purpose of managing the assets of multiple REITs.</p>



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