



NOMURA
Residential Fund

Semi-Annual Report

15th fiscal period

December 1, 2013 >>> May 31, 2014

NOMURA REAL ESTATE RESIDENTIAL FUND

Profile

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

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

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To Our Investors

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

With the Company having closed the accounts for the 15th fiscal period that ended May 31, 2014, allow me to present an overview of the management status and financial results.

In the 15th fiscal period, continuing on from previous fiscal periods, we promoted the strategy for property replacement to enhance the portfolio profitability and quality, transferring two properties amounting to 1,675 million yen (sum total of transfer prices) that were forecast to show future decrease in property competitiveness and increase in maintenance costs due to aging and other reasons. As a result of the above, the size of assets at the end of the 15th fiscal period (as of May 31, 2014) was 153 properties amounting to 160,247 million yen (sum total of acquisition prices).

In terms of the management of portfolio properties, although the 15th fiscal period was a period that included the fiscal year end when there is frequent tenant turnover and although large tenants moved out of some properties, we launched appropriate leasing activities according to property characteristics and thereby managed to maintain the portfolio occupancy rate at the end of the 15th fiscal period at a high level of 95.8%. In addition, with unification of the names of properties under management underway, the two names “PRIME URBAN” and “URBAN STAGE” that we have been using according to building age at the time of acquisition will be unified to “PRIME URBAN” in an attempt to further enhance property recognition in the rental housing market along with “PROUD FLAT.”

Concerning financing activities, we enhanced financial stability and addressed the risk of rising interest rates by lengthening loan periods and shifting to fixed-interest loans upon refinancing 9.2 billion yen.

As a result of these management activities, we achieved operating revenues of 5,594 million yen, ordinary income of 1,956 million yen and net income of 1,955 million yen for the fiscal period, declaring cash distribution per unit of 12,161 yen.

We will remain committed to stable management with a medium- to long-term perspective in and after the next fiscal period.

We ask our investors for your continued support and encouragement.

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

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



Summary of Portfolio Properties

#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 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 a	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
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 Gaien 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
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 Shinyurigoka	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

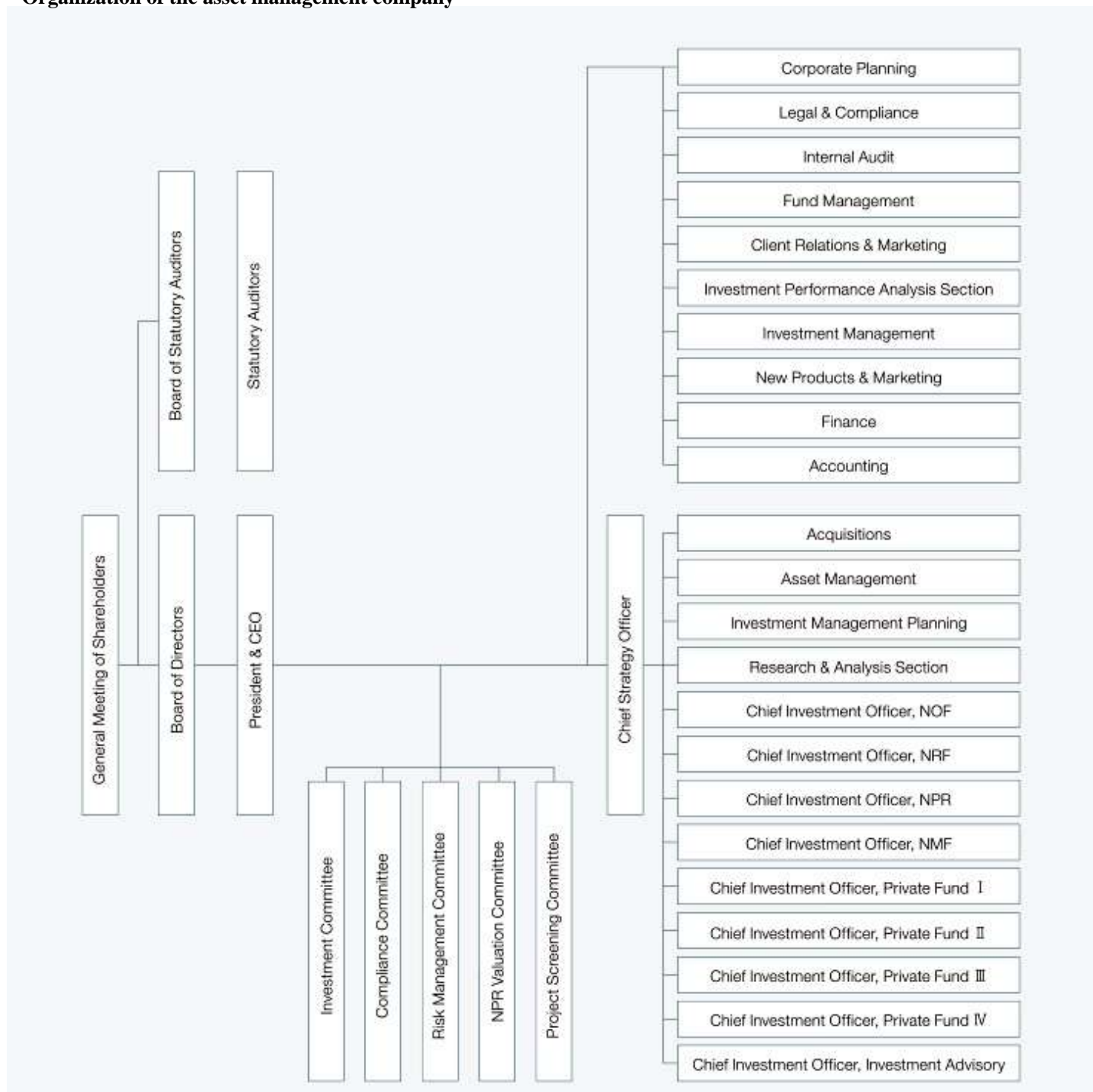
#	Name of Property	Location	Acquisition Price (thousands of yen)	Percentage of Total (%)	Leasable Floor Area (sqm)	Leasable Units (units)	Occupancy Rate (May 2014)(%)
91	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	0.5	1,264.84	60	93.3
92	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.4	1,151.36	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 Kamiyama	Setagaya-ku, Tokyo	900,000	0.6	1,739.86	37	95.5
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 Juyo 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 Nijuyo 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
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 Verbena	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

Profile of the Asset Management Company

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

Company	: Nomura Real Estate Asset Management Co., Ltd.
Capital	: ¥300 million (as of May 31, 2014)
Shareholder	: Nomura Real Estate Holdings, Inc. (100%)
Incorporation	: January 24, 2003

• Organization of the asset management company



Performance Report

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Asset Management Report

1. CHANGES IN KEY INDICATORS

		15th Period from Dec. 1, 2013 to May 31, 2014	14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012
Operating Revenues	(¥mln)	5,594	5,406	5,257	5,174	5,250
of which Real Estate Rental Revenues	(¥mln)	5,556	5,356	5,238	5,174	5,241
Operating Expenses	(¥mln)	3,080	2,848	2,823	2,721	2,743
of which Real Estate Rental Expenses	(¥mln)	2,453	2,250	2,252	2,131	2,188
Operating Profit	(¥mln)	2,513	2,558	2,433	2,452	2,507
Ordinary Income	(¥mln)	1,956	1,966	1,878	1,876	1,857
Net Income	(¥mln)	1,955	1,965	1,876	1,875	1,856
Total Assets	(¥mln)	167,940	168,019	156,576	156,703	156,780
(Changes from Previous Period)	(%)	(-0.0)	(+7.3)	(-0.1)	(-0.0)	(+11.9)
Interest-Bearing Debts	(¥mln)	89,750	89,840	83,002	83,092	83,182
Net Assets	(¥mln)	75,226	75,236	70,838	70,836	70,818
(Changes from Previous Period)	(%)	(-0.0)	(+6.2)	(+0.0)	(+0.0)	(+11.9)
Unitholders' Capital	(¥mln)	73,231	73,231	68,961	68,961	68,961
Number of Units Issued	(Units)	160,800	160,800	150,936	150,936	150,936
Net Assets per Unit	(¥)	467,827	467,887	469,326	469,315	469,193
Total Cash Distribution	(¥mln)	1,955	1,965	1,836	1,875	1,856
Cash Distribution per Unit	(¥)	12,161	12,221	12,170	12,424	12,302
of which Cash Distribution of Profits	(¥)	12,161	12,221	12,170	12,424	12,302
of which Cash Distribution in excess of Profits	(¥)	—	—	—	—	—
ROA (Return on Assets) (Note 1)	(%)	1.2	1.2	1.2	1.2	1.2
Annualized ROA (Note 2)	(%)	2.3	2.4	2.4	2.4	2.4
ROE (Return on Equity) (Note 3)	(%)	2.6	2.7	2.6	2.6	2.6
Annualized ROE (Note 2)	(%)	5.2	5.4	5.3	5.3	5.2
Capital Adequacy Ratio (Note 4)	(%)	44.8	44.8	45.2	45.2	45.2
(Changes from Previous Period)	(%)	(+0.0)	(-0.5)	(+0.0)	(+0.0)	(+0.0)
LTV (Loan-to-Value) (Note 5)	(%)	53.4	53.5	53.0	53.0	53.1
Number of Operating Days	(days)	182	183	182	183	183
Payout Ratio (Note 6)	(%)	99.9	100.0	97.8	99.9	99.9
Number of Properties Held	(bldgs)	153	155	152	153	152
Total Leasable Floor Space	(m ²)	274,346.62	277,166.54	262,961.11	262,881.53	261,275.90
Number of Tenants	(tenants)	153	155	152	153	152
Occupancy Rate	(%)	95.8	96.2	96.4	96.2	96.2
Depreciation	(¥mln)	1,053	1,012	967	968	963
Capital Expenditures	(¥mln)	95	94	138	40	41
NOI (Net Operating Income) (Note 7)	(¥mln)	4,156	4,118	3,953	4,010	4,016
FFO (Funds from Operation) (Note 8)	(¥mln)	2,979	2,934	2,833	2,850	2,818
FFO per Unit (Note 9)	(¥)	18,528	18,251	18,773	18,886	18,671

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

As for 11th period and 14th period, the Total Assets were time-adjusted due to the additional issuance of investment units.

Note 2: "ROA" and "ROE" are annualized using the following number of operating days. 11th Period: 183 days, 12th Period: 183 days, 13th Period: 182 days, 14th Period: 183 days and. 15th Period: 182 days

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

As for 11th period and 14th period, Net Assets were time-adjusted due to the additional issuance of investment units.

Note 4: "Capital Adequacy Ratio" = Net Assets / Total Assets x 100

Note 5: "LTV (Loan-to-Value)" = Interest-Bearing Debts / Total Assets x 100

Note 6: Rounded off to the first decimal place.

Note 7: "NOI (Net Operating Income)" = Real Estate Rental Revenues – Real Estate Rental Expenses + Depreciation

Note 8: "FFO (Funds from Operation)" = Net Income + Depreciation + Amortization of Investment Corporation Bonds Issuance Costs – Real Estate Sale Profit/Loss

Note 9: "FFO per Unit" = FFO / Number of Units Issued

2. OUTLINE OF INVESTMENTS IN THE 15TH FISCAL PERIOD

Nomura Real Estate Residential Fund was incorporated on August 3, 2006 under the Act on Investment Trusts and Investment Corporations of Japan, and listed Investment Securities that represent the units of investment equity of the Company in the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange (TSE) on February 14, 2007 (TSE code: 3240).

The Company's basic investment policy is to assure stable income and steady portfolio asset growth over the medium-to-long-term through investment in specified assets such as properties and property-related securities.

We invest in properties with a focus on residential use in accordance with the Company's basic policy (securities specified for residential properties). In addition, in order to realize stable income over the medium-to-long term, we carry out expeditious asset management according to property characteristics and market conditions (medium-to-long term stable management).

Note:

The Law Concerning Investment Trusts and Investment Corporations of Japan (Law No. 198 of 1951) is referred to as the "Investment Trust Law" hereinafter.

The Tokyo Stock Exchange is referred to hereinafter as the "TSE".

The units of investment equity means the units of investment equity of the Company.

The term "property (ies)" refers to those assets defined in Section 29, Paragraph 1, Article (1) and (2), and "property-backed securities" refers to those assets defined in Section 29, Paragraph 1, Article (3) respectively of the Articles of Incorporation of the Company.

The terms "property (ies)" and "property-backed securities" are collectively referred to as "property-related assets" hereinafter.

The properties and underlying properties of the property-related assets are collectively referred to as the "investment properties".

The term "investment assets" refers to those assets that belong to the Company.

(1) Market Environments and fund performance

The Japanese economy continued to show modest upward momentum as the effects of the government's fiscal policy and Bank of Japan's bold monetary easing rippled across the real economy. While the employment and income environment improved, consumer spending and housing investment remained strong. Entering 2014, the market environment became unstable due to such factors as economic unrest in emerging countries, uncertainty over the situation in Ukraine and concerns of economic slowdown in China, but with improvement in domestic corporate earnings, as well as pickup in capital investment and increase in also demand for reconstruction from the Great East Japan Earthquake and other public works investment, the Japanese economy is showing economic recovery led by domestic demand. According to Bank of Japan's April 2014 Short-Term Economic Survey of Enterprises in Japan (*Tankan*), the business conditions DI for all enterprises and all industries improved 4 points over the previous survey. Although thought to be temporarily affected by the consumption tax hike, the modest upward momentum is forecast to continue going forward.

In such an environment, with domestic and foreign investment capital flowing into real estate markets, including the J-REIT market, and backed also by a favorable environment for fund procurement due to monetary easing, J-REITs are actively acquiring properties accompanying new listings and issuance of new investment units through public offerings.



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

In the real estate transaction market, property acquisitions are active, centering on J-REITs and other real estate funds and real estate companies, due in part to foreign investment capital inflow as well as also a favorable environment for fund procurement due to monetary easing and the leasing market showing signs of recovery. On the other hand, competition over acquisitions is forecast to intensify further going forward due in part to increase in deal participants.

In the management environment described above, the Company made the following management achievements in the 15th fiscal period (ended May 2014).

(a) Asset Acquisition and Disposition.

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

Brand	Acquisition Strategy
<p>PROUD FLAT</p>  <p>Properties planned/development by Nomura Real Estate Development (Note:1)</p>	<p>Strategic Cooperation with Nomura Real Estate Development</p> <p>The strategic cooperation with Nomura Real Estate Development enables the Fund to undertake the development and acquisition of PROUD FLAT, a residential property brand, which utilizes residential property related know-how for land acquisition, product planning, management, etc. This plays the pivotal role of the Fund's growth strategy and the Fund will utilize it to the full extent.</p>
<p>PRIME URBAN</p>  <p>PRIME URBAN</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development (Note:2)</p>	<p>Utilization of Networks with Providers Utilization of Nomura Real Estate Group Information Networks</p> <p>Proactively utilizing the network with providers built through the management of private funds which extends over 5 years and the Fund's management which extends over 7 years. By utilizing the expansive brokerage network held by Nomura Real Estate Group, pursuit of collecting adequate information on properties for selling will be fulfilled.</p>

Note:1: Hereinafter, Nomura Real Estate Development refers to Nomura Real Estate Development Co., Ltd. Nomura Real Estate Group refers to a corporate group consisting of the consolidated subsidiaries of Nomura Real Estate Holdings, Inc. (hereinafter referred to as "Nomura Real Estate Holdings") including Nomura Real Estate Development (hereinafter referred to as "NRED") but excluding Nomura Real Estate Asset Management Co., Ltd., to which the Company assigns asset management-related operations. Age of buildings above means that of the relevant property at the time of acquisition by the Company.

Note 2: Concerning properties planned/developed by companies other than Nomura Real Estate Development, we have been using the two names PRIME URBAN and URBAN STAGE according to building age at the time of acquisition, but these will be unified to PRIME URBAN, starting from May 20, 2014, in an attempt to further enhance property recognition along with PROUD FLAT. Name changes have been made for 31 properties as of the date of this document and a series of changes are scheduled to follow for other properties, too.

In the 15th fiscal period, as it did in previous fiscal periods, the Company continued to implement its strategy for property replacement to enhance the portfolio profitability and quality, transferring two properties totaling 1,675 million yen (sum total of transfer prices) in the fiscal period that were expected to show a decrease in property competitiveness and an increase in maintenance costs due to their ages and other factors.

As a result of the above, the size of assets at the end of the 15th fiscal period (as of May 31, 2014) was 153 properties amounting to 160,247 million yen (sum total of acquisition prices).

(b) Property Management

In terms of property management of portfolio properties, although the 15th fiscal period was a period that included the fiscal year end when there is frequent tenant turnover, advertising activities were enhanced and showrooms within buildings were proactively utilized to lease up the seven new properties that were acquired in September 2013 and maintain the high occupancy status of existing properties.

In leasing, the Company worked to maintain and enhance property competitiveness by continuing to conduct renovations as well as by raising the unit price of rent through a flexible review of advertising terms and conditions in light of the status of respective properties. In addition, the Company endeavored to shorten the vacancy period by controlling the construction period for restoration of units to their original state, as it had done in previous fiscal periods. These and other efforts allowed the Company to maintain the portfolio occupancy rate at the end of the 15th fiscal period at a high level of 95.8%.

Moreover, the Company changed the property management companies (hereafter referred to as the “PM companies”) for 20 properties under management in the Greater Tokyo Area to Nomura Real Estate Partners Co., Ltd. (Note) on December 1, 2013. As a result, Nomura Real Estate Partners’ services for tenants “*Chintai Hotto Support*” (24-hour call center for trouble with equipment within residential units and other emergency matters; travel, leisure and other special benefits, etc.) have been introduced to a total of 117 properties as of the date of this document, which the Company believes will serve to enhance tenant satisfaction and property competitiveness. Furthermore, as mentioned above, unification of property names has been underway, starting from May 20, 2014, in an attempt to enhance the recognition of portfolio properties.

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

Note: Nomura Living Support Co., Ltd. merged with Nomura Building Management Co., Ltd. as the existing company on April 1, 2014 and changed the trade name to Nomura Real Estate Partners Co., Ltd. The same shall apply hereinafter.

(c) Status of Funding

In order to assure stable income and the steady growth of portfolio assets over the medium-to-long-term, the Company undertook conservative financial strategies in the 15th fiscal period as shown below.

Regarding refinancing of 9,200 million yen in existing loans, these were refinanced into three long-term loans with fixed interest rates (including those for which the interest rate was fixed through interest rate swap transactions) to achieve lengthening of loan periods and fixing of interest rates of interest-bearing debt and thereby enhancing financial stability and addressing the risk of rising interest rates.

As a result, the ratio of long-term debt is 83.9%, the ratio of fixed interest debt (including fixation through interest rate swap transactions) is 96.5%, the average maturity of the outstanding interest-bearing debt is 3.21 years (the average maturity of the outstanding long-term interest-bearing debt is 3.72 years). In the end, the rate of interest-bearing debt in the total assets, which is the loan-to-value (LTV) ratio, becomes 53.4%.

The table below shows the credit ratings of the Company as of the end of the 15th fiscal period.

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

(d) Financial Performance and Distributions

As a result of the above-described management during the 15th fiscal period, the Company recorded 5,594 million yen in operating revenue, 2,513 million yen in operating profit, 1,956 million yen in ordinary income, and 1,955 million yen in net income.

Concerning distribution, in order to qualify for special tax treatment under Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957) to have the maximum amount of cash distribution treated as deductible dividends, the Company decided to distribute the entire amount of retained earnings, excluding fractions of the distribution amount per unit less than one yen. As a result, the amount of cash distribution per unit for this fiscal period was 12,161 yen.

3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' Capital until the end of the 15th fiscal period (as of May 31, 2014) are as follows:

Date	Type of Issue	Number of Units Issued (Unit)		Unitholders' Capital (¥ mln)	
		Change	Balance	Change	Balance
Aug. 3, 2006	Initial private placement (Note 1)	400	400	240	240
Sep. 26, 2006	Private Offering (Note 2)	17,930	18,330	10,758	10,998
Feb.13, 2007	Public offering (Note 3)	47,400	65,730	28,816	39,814
Mar.13, 2007	Third-party allotment (Note 4)	2,370	68,100	1,440	41,255
Feb.13, 2008	Public offering (Note 5)	27,300	95,400	11,918	53,173
Mar.11, 2008	Third-party allotment (Note 6)	1,365	96,765	595	53,769
Dec. 7, 2009	Public offering (Note 7)	27,400	124,165	7,647	61,417
Dec.24, 2009	Third-party allotment (Note 8)	1,370	125,535	382	61,799
Dec. 1, 2011	Public offering (Note 9)	23,629	149,164	6,662	68,461
Dec.20, 2011	Third-party allotment (Note 10)	1,772	150,936	499	68,961
Aug.26, 2013	Public offering (Note 11)	9,306	160,242	4,028	72,989
Sep.25, 2013	Third-party allotment (Note 12)	558	160,800	241	73,231

Note1: Investment units were issued at issue price of 600,000 yen per unit upon establishment of the Fund.

Note2: Additional investment units were issued at the price of 600,000 yen per unit for the purpose of financing acquisition of new properties, etc. Asset management commenced.

Note3: Additional investment units were issued at 630,000 yen per unit (subscription price: 607,950 yen) in a public offering, for the purpose of financing acquisition of new properties and repayment of debt.

Note4: In conjunction with the public offering on February 13, 2007, investment units were allocated to Nomura Securities Co., Ltd., at 607,950 yen per unit issue price.

Note5: Additional investment units were issued at 451,780 yen per unit (subscription price: 436,567 yen) in a public offering, for the purpose of financing repayment of debt.

Note6: In conjunction with the public offering on February 13, 2008, investment units were allocated to Nomura Securities Co., Ltd., at 436,567 yen per unit issue price.

Note7: Additional investment units were issued at 289,545 yen per unit (subscription price: 279,097 yen) in a public offering, for the purpose of financing acquisition of new properties and repayment of debt.

Note8: In conjunction with the public offering on December 7, 2009, investment units were allocated to Nomura Securities Co., Ltd., at 279,097 yen per unit issue price.

Note9: Additional investment units were issued at 292,193 yen per unit (subscription price: 281,951 yen) in a public offering, for the purpose of financing acquisition of new properties.

Note10: In conjunction with the public offering on December 1, 2011, investment units were allocated to Nomura Securities Co., Ltd., at 281,951 yen per unit issue price.

Note11: Additional investment units were issued at 448,500 yen per unit (subscription price: 432,860 yen) in a public offering, for the purpose of financing acquisition of new properties.

Note12: In conjunction with the public offering on August 26, 2013, investment units were allocated to Nomura Securities Co., Ltd., at 432,860 yen per unit issue price.

[Changes in Price at the Tokyo Stock Exchange]

Changes in prices of the Company's investment units listed on the Tokyo Stock Exchange are as follows.

		15th Period from Dec. 1, 2013 to May 31, 2014	14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012
High	(¥)	581,000	572,000	670,000	493,000	440,000
Low	(¥)	504,000	439,000	439,000	372,000	312,500

4. CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15-1 of the Act on Special Measures Concerning Taxation to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥12,161.

		15th Period from Dec. 1, 2013 to May 31, 2014	14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012
Retained Earnings	(¥000)	1,955,587	1,965,201	1,876,958	1,875,347	1,856,892
Accumulated earnings	(¥000)	98	64	40,067	118	77
Total cash distribution	(¥000)	1,955,488	1,965,136	1,836,891	1,875,228	1,856,814
(Cash distribution per unit)	(¥)	(12,161)	(12,221)	(12,170)	(12,424)	(12,302)
of which distribution of profits	(¥000)	1,955,488	1,965,136	1,836,891	1,875,228	1,856,814
(Distribution of profits per unit)	(¥)	(12,161)	(12,221)	(12,170)	(12,424)	(12,302)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

As described earlier in “2. OUTLINE OF INVESTMENTS IN THE 15TH FISCAL PERIOD,” the Japanese economy is indicating trends of economic recovery, as evident by such factors as fiscal policy and monetary policy leading to recovery in corporate business performance and improvement in consumer sentiment. Consequently, investment capital is flowing into the J-REIT market, showing signs of recovery.

In such a business environment, the Company will aim to secure stable revenues and steady growth of portfolio assets over the medium to long term by conducting management that makes the most of the Company’s strengths.

(a) Property Acquisition

The Company has set 300 billion yen in total assets as the goal of the size of its assets in the future. The Company will continue striving to make selective investments by utilizing its strong sourcing channels to obtain information on prime properties at an early stage, while taking into consideration the financial composition. By doing so, the Company intends to promote the building of a portfolio that generates stable revenues over the medium to long term, as it works to further diversify the portfolio while keeping its portfolio assets well-balanced in terms of building age, etc.

(b) Property Replacement

The Company will continue to implement property replacement in the portfolio for the purpose of enhancing portfolio quality as well as stabilizing and increasing revenues over the medium to long term. Upon conducting replacement, the Company will use the funds obtained from selling properties in the portfolio to acquire new properties so that it can maintain its conservative financial strategy.

(c) Property Management

The Company will continue working to maintain and enhance revenues by promoting property management in an integrated manner with the PM companies and establishing appropriate leasing strategies for each property, while endeavoring to reduce costs at its investment properties as much as possible. By doing so, the Company aims to maximize performance of the portfolio.

The Company will work to maintain and enhance the competitiveness and profitability of its investment properties by considering and implementing various measures for enhancing the occupancy rates and cash flows through grasping the characteristics of each investment property and analyzing market needs, among other things, as well as by implementing large-scale repairs and remodeling works in a timely and appropriate manner.

(d) Fund Procurement

The Company will continue to establish an appropriate financial base by properly controlling the risk of interest rate fluctuations through fixing interest rates and lengthening loan periods, as well as distributing repayment dates, diversifying lending institutions and fund procurement means, and procuring funds in unsecured and unguaranteed loans. In addition, the Company will continue to pursue a well-balanced composition of its interest-bearing debt by considering and selecting the optimum fund procurement means from among a range of options, while closely monitoring financial market trends.

6. IMPORTANT EVENTS SUBSEQUENT TO THE 15TH FISCAL PERIOD

Transfer of a Property

On June 30, 2014, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

URBAN STAGE Minami Gyotoku IV

Type of Asset	: Real estate
Date of Agreement	: June 30, 2014
Transfer Date	: June 30, 2014
Transfer Price	: ¥256,840 thousand
Transferee	: Japanese general operating company
Impact on Revenues	: Approximately ¥6 million (miscellaneous expenses excluded) of gain on sale of real estate will be recorded for the 16th fiscal period (from June 1, 2014 to November 30, 2014).

(Reference)

Resolutions passed at the 5th General Unitholders’Meeting

At the Company’s 5th General Unitholders Meeting scheduled to be held on July 31, 2014, the Company is scheduled to propose election of one Executive Director, one substitute Executive Director, two Supervisory Directors and one substitute Supervisory Director. The Company is scheduled to also propose partial amendment of the Articles of

Incorporation of content that includes amendment in correlation with revision of the Investment Trust Law (new establishment of provisions pertaining to purchase of own investment units, amendment of provisions to allow omission of the public notice in the procedures for convocation of general unitholders meetings, new establishment of provisions on the record date pertaining to exercise of voting rights at general unitholders meetings, etc.); new establishment of provisions providing that the period that a resolution pertaining to the election of substitute executive directors and substitute supervisory directors remains in force shall, in principle, be the same as the term of office of the executive directors and supervisory directors being substituted; amendment to allow the deadline for dispatch of the notice of convocation of meetings of the Board of Directors to be shortened without the consent of all executive directors and supervisory directors when there is an urgent necessity; amendment in correlation with revision of the Ordinance for Enforcement of the Law Concerning Investment Trusts and Investment Corporations to provide to the effect that its purpose shall be to manage assets mainly as investment in real estate, etc. assets specified in the Ordinance for Enforcement of the Law Concerning Investment Trusts and Investment Corporations; and other required changes from the perspective of standardization of expressions, clarification of content, and response to and ensuring compliance with cases where laws and regulations, etc. are revised, etc.

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

	15th Period (as of May 31, 2014)	14th Period (as of Nov. 30, 2013)	13th Period (as of May 31, 2013)	12th Period (as of Nov. 30, 2012)	11th Period (as of May 31, 2012)
Maximum number of units allowed to issue (Unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued (Unit)	160,800	160,800	150,936	150,936	150,936
Amount of unitholders' capital (¥ mln)	73,231	73,231	68,961	68,961	68,961
Number of unitholders	10,595	11,139	10,720	9,446	9,895

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of May 31, 2014 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	45,540	28.32
Nomura Real Estate Development Co., Ltd.	15,240	9.48
The Nomura Trust and Banking Co., Ltd. (Investment Account)	8,049	5.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,076	3.16
Trust and Custody Services Bank, Ltd. (Securities Investment Trust Account)	5,036	3.13
The Fuji Fire and Marine Insurance Co., Ltd. (Standing Proxy: Japan Trustee Services Bank, Ltd.)	3,212	2.00
Trust and Custody Services Bank, Ltd. (Money Trust Tax Account)	3,010	1.87
The Joyo Bank, Ltd. (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	2,502	1.56
The Fukui Bank, Ltd.	1,987	1.24
The Hokuriku Bank, Ltd.	1,867	1.16
Total	91,519	56.91

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of May 31, 2014 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	10,180	96.1	29,409	18.3
Financial institutions (Including sales agents for financial instruments firm)	101	1.0	100,494	62.5
Other domestic corporate investors	190	1.8	21,071	13.1
Foreign corporate investors, etc.	124	1.2	9,826	6.1
Total	10,595	100.0	160,800	100.0

4. DIRECTORS AND AUDITOR

(1) Name of directors and an auditor in the 15th fiscal period are as follows (Note 1)

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 15th Period (¥000)
Executive Director	Masatomi Natsume	NRF Chief Investment Officer, Nomura Real Estate Asset Management, Co., Ltd.	—
Supervisory Director	Eitoku Aikawa	Director, Japan Association of Real Estate Counselors	2,400
Supervisory Director	Motoharu Yokose	Advisor, Asahi Tax Corporation. Auditor, YAMATO HOLDINGS CO., LTD.	2,400
Accounting Auditor	Ernst & Young ShinNihon LLC	—	11,200

Note 1: No Executive Directors or Supervisory Directors are in possession of the Company's investment units either under their own or another person's name. Other companies at which Supervisory Directors serve as directors have no mutual business interests whatsoever with the Company.

Note 2: Mr. Nobuyuki Hamada, former Advisor to Nomura Real Estate Asset Management Co., Ltd., which is the asset management company of the Company, has been appointed as substitute Executive Director to provide against vacancy of the Executive Director's position or lack of statutory quorum.

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

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

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

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

5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

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

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area	15th Period (as of May. 31, 2014)		14th Period (as of Nov. 30, 2013)	
		Total Amount (¥ mln) (Note 3)	Portion (%) (Note 4)	Total Amount (¥ mln) (Note 3)	Portion (%) (Note 4)
Real estate	Greater Tokyo Area	107,081	63.8	98,094	58.4
	Other	28,177	16.8	28,442	16.9
Real estate in trust	Greater Tokyo Area	20,504	12.2	31,637	18.8
	Other	2,030	1.2	2,046	1.2
Subtotal		157,793	94.0	160,219	95.4
Cash, deposits and other assets		10,147	6.0	7,799	4.6
Grand Total		167,940	100.0	168,019	100.0

Note 1: Primary use is apartment building.

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

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

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

Note 4: The percentage figures may not necessarily add up to 100 due to rounding to the nearest first decimal place.

2. BRIEF OF MAJOR PROPERTIES OWNED

The major component assets of the Company (the 10 largest properties by book value) as of the end of the 15th fiscal period are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²)	Leased Space (m ²)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
PRIME URBAN Meguro Ohashi Hills	3,599	2,955.74	2,824.77	95.6	1.5	Apartment building
URBAN STAGE Sapporo Riverfront	3,581	15,552.59	14,998.12	96.4	3.4	Apartment building
PRIME URBAN Nihonbashi Yokoyamacho	3,476	5,926.17	5,898.17	99.5	2.3	Apartment building
URBAN STAGE Ikebukuro	3,418	4,376.95	4,068.93	93.0	1.9	Apartment building
PROUD FLAT Shirokane Takanawa	3,399	2,950.11	2,732.03	92.6	1.7	Apartment building
PROUD FLAT Kamata II	2,907	4,051.72	3,995.53	98.6	1.9	Apartment building
URBAN STAGE Izumi	2,900	7,543.10	7,233.81	95.9	2.4	Apartment building
URBAN STAGE Kagurazaka	2,728	2,853.82	2,833.34	99.3	1.5	Apartment building
PROUD FLAT Kamiooka	2,570	4,872.17	4,263.38	87.5	1.4	Apartment building
PRIME URBAN Musashi Koganei	2,500	5,999.80	5,634.30	93.9	1.3	Apartment building
Total	31,083	57,082.17	54,482.38	95.4	19.4	

3. DETAILS OF PORTFOLIO PROPERTIES

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	5-12-7 Mita, Minato-ku, Tokyo	Real estate	3,220
	PROUD FLAT Yoyogi Uehara	3-25-7 Uehara, Shibuya-ku, Tokyo	Beneficial Interest	925
	PROUD FLAT Hatsudai	2-19-15 Hatsudai, Shibuya-ku, Tokyo	Real estate	684
	PROUD FLAT Shibuya Sakuragaoka	21-8 Sakuragaoka, Shibuya-ku, Tokyo	Real estate	704
	PROUD FLAT Gakugei Daigaku	2-21-20 Meguro Honcho, Meguro-ku, Tokyo	Real estate	711
	PROUD FLAT Meguro Gyoninzaka	1-4-18 Shimo Meguro, Meguro-ku, Tokyo	Real estate	879
	PROUD FLAT Sumida Riverside	1-31-7 Shinkawa, Chuo-ku, Tokyo	Real estate	2,140
	PROUD FLAT Kagurazaka	1-11 Higashi Gokencho, Shinjuku-ku, Tokyo	Real estate	1,520
	PROUD FLAT Waseda	521-9 Waseda Tsurumaki-cho, Shinjuku-ku, Tokyo (Note3)	Real estate	1,050
	PROUD FLAT Shinjuku Kawadacho	3-29 Kawadacho, Shinjuku-ku, Tokyo	Real estate	905
	PROUD FLAT Sangen Jaya	1-4-25 Taishido, Setagaya-ku, Tokyo	Real estate	1,140
	PROUD FLAT Kamata	4-21-4 Kamata, Ota-ku, Tokyo	Real estate	1,080
	PROUD FLAT Kamata II	4-25-5 Kamata, Ota-ku, Tokyo	Real estate	3,230
	PROUD FLAT Shinotsuka	3-12-10 Minami Otsuka, Toshima-ku, Tokyo	Real estate	582
	PROUD FLAT Kiyosumi Shirakawa	2-3 Takabashi, Koto-ku, Tokyo	Real estate	877
	PROUD FLAT Monzen Nakacho II	2-6-9 Furuishiba, Koto-ku, Tokyo	Real estate	623
	PROUD FLAT Monzen Nakacho I	2-3-1 Tomioka, Koto-ku, Tokyo	Real estate	976
	PROUD FLAT Fujimidai	3-8-4 Nukui, Nerima-ku, Tokyo	Real estate	1,430
	PROUD FLAT Asakusa Komagata	1-10-6 Komagata, Taito-ku, Tokyo	Real estate	1,900
	PROUD FLAT Yokohama	8-18 Daimachi Kanagawa-ku, Yokohama-shi, Kanagawa (Note3)	Real estate	2,110
	PROUD FLAT Kamioooka	3-4-6 Kamioooka Nishi, Konan-ku, Yokohama-shi, Kanagawa	Real estate	2,600
	PROUD FLAT Tsurumi II	20-16 Toyooka-cho, Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	1,560
	PRIME URBAN Azabu Juban	2-33-9 Higashi Azabu, Minato-ku, Tokyo	Real estate	1,020
	PRIME URBAN Akasaka	7-6-19 Akasaka, Minato-ku, Tokyo	Real estate	887
	PRIME URBAN Tamachi	3-6-13 Sibaura, Minato-ku, Tokyo	Beneficial Interest	922
	PRIME URBAN Shibaura LOFT	4-5-17 Shibaura, Minato-ku, Tokyo	Real estate	1,820
	PRIME URBAN Hatagaya	3-28-6 Hatagaya, Shibuya-ku, Tokyo	Real estate	452
	PRIME URBAN Yoyogi	3-51-3 Yoyogi, Shibuya-ku, Tokyo	Real estate (Note4)	346
	PRIME URBAN Bancho	2-9-1 Kudanminami, Chiyoda-ku, Tokyo	Real estate	1,040
	PRIME URBAN Chiyoda Fujimi	2-1-9 Fujimi, Chiyoda-ku, Tokyo	Real estate	651
	PRIME URBAN Iidabashi	4-8-9,11 Iidabashi, Chiyoda-ku, Tokyo	Beneficial Interest	1,990
	PRIME URBAN Ebisu	1-11-11 Mita, Meguro-ku, Tokyo	Real estate	1,190
	PRIME URBAN Naka Meguro	3-28-24 Kami Meguro, Meguro-ku, Tokyo	Beneficial Interest	1,340
	PRIME URBAN Gakugei Daigaku	2-14-14 Takaban, Meguro-ku, Tokyo	Beneficial Interest	731
	PRIME URBAN Senzoku	2-20-8 Senzoku, Meguro-ku, Tokyo	Beneficial Interest	457
	PRIME URBAN Meguro Riverside	2-10-16 Shimo Meguro, Meguro-ku, Tokyo	Real estate	446
	PRIME URBAN Meguro Ohashi Hills	2-4-16 Ohashi, Meguro-ku, Tokyo	Real estate	2,960

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Kachidoki	6-5-6 Kachidoki, Chuo-ku, Tokyo	Beneficial Interest	2,440
	PRIME URBAN Shinkawa	2-16-10 Shinkawa, Chuo-ku, Tokyo	Beneficial Interest	2,090
	PRIME URBAN Nihonbashi Yokoyamacho	3-4 Nihonbashi Yokoyamacho, Chuo-ku, Tokyo	Real estate	4,180
	PRIME URBAN Hongo Ikizaka	2-16-3 Hongo, Bunkyo-ku, Tokyo	Real estate	572
	PRIME URBAN Hakusan	1-7-9 Mukougaoka, Bunkyo-ku, Tokyo	Real estate	875
	PRIME URBAN Yotsuya Gaien Higashi	14-62 Samoncho, Shinjuku-ku, Tokyo (Note3)	Real estate (Note4)	1,450
	PRIME URBAN Ochiai	2-17-9 Nakai, Shinjuku-ku, Tokyo	Real estate	329
	PRIME URBAN Nishi Shinjuku I	1-19-3 Kita Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	1,040
	PRIME URBAN Nishi Shinjuku II	5-6-4 Nishi Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest	870
	PRIME URBAN Shinjuku Naitomachi	1-55 Naitomachi, Shinjuku-ku, Tokyo (Note3)	Beneficial Interest	424
	PRIME URBAN Nishi Waseda	1-13-11 Nishi Waseda, Shinjuku-ku, Tokyo	Real estate	456
	PRIME URBAN Sangen JayaIII	5-38-12 Kamiuma, Setagaya-ku, Tokyo	Real estate	680
	PRIME URBAN Chitose Karasuyama	3-32-16 Kasuya, Setagaya-ku, Tokyo	Real estate (Note4)	689
	PRIME URBAN Karasuyama	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	339
	PRIME URBAN Sangen Jaya	2-41-3 Sangen Jaya, Setagaya-ku, Tokyo	Beneficial Interest	688
	PRIME URBAN Minami Karasuyama	5-7-4 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	745
	PRIME URBAN Karasuyama Galleria	4-10-24 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	565
	PRIME URBAN Karasuyama Court	4-1-11 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	360
	PRIME URBAN Chitose Funabashi	5-40-4 Sakuragaoka, Setagaya-ku, Tokyo	Real estate	760
	PRIME URBAN Yoga	2-27-5 Yoga, Setagaya-ku, Tokyo	Real estate	1,310
	PRIME URBAN Shinagawa Nishi	6-24-13 Yutaka-cho, Shinagawa-ku, Tokyo	Real estate	473
	PRIME URBAN Oimachi	4-10-9 Oi, Shinagawa-ku, Tokyo	Real estate	483
	PRIME URBAN Osaki	5-8-10 Osaki, Shinagawa-ku, Tokyo	Real estate (Note4)	1,750
	PRIME URBAN Oimachi II	5-10-10 Higashi Oi, Shinagawa-ku, Tokyo	Real estate	1,030
	PRIME URBAN Yukigaya	34-10 Kita Minemachi, Ota-ku, Tokyo	Real estate	933
	PRIME URBAN Omori	1-15-1 Omori Kita, Ota-ku, Tokyo	Beneficial Interest	847
	PRIME URBAN Denenchofu Minami	12-5 Denenchofu Minami, Ota-ku, Tokyo	Real estate	773
	PRIME URBAN Nakano Kamitakada	4-43-3 Kami Takada, Nakano-ku, Tokyo	Real estate	554
	PRIME URBAN Takaido	4-10-12 Takaido Higashi, Suginami-ku, Tokyo	Real estate	1,040
	PRIME URBAN Nishi Ogikubo	2-27-5 Nishi Ogiminami, Suginami-ku, Tokyo	Real estate	402
	PRIME URBAN Otsuka	1-3-4 Nishi Sugamo, Toshima-ku, Tokyo	Beneficial Interest	669
	PRIME URBAN Komagome	6-12-15 Komagome, Toshima-ku, Tokyo	Beneficial Interest	423
	PRIME URBAN Monzen Nakacho	1-5-7 Monzen Nakacho, Koto-ku, Tokyo	Real estate (Note4)	2,290
	PRIME URBAN Kameido	2-38-2 Kameido, Koto-ku, Tokyo	Real estate (Note4)	767
	PRIME URBAN Sumiyoshi	2-23-3 Ogibashi, Koto-ku, Tokyo	Real estate	607
	PRIME URBAN Mukojima	5-19-14 Higashi Mukojima, Sumida-ku, Tokyo	Real estate	513
	PRIME URBAN Kinshi Koen	4-7-12 Taihei, Sumida-ku, Tokyo	Beneficial Interest	1,250
	PRIME URBAN Kinshicho	5-16-14 Kotobashi, Sumida-ku, Tokyo	Real estate (Note4)	730

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	PRIME URBAN Hirai	6-23-12 Hirai, Edogawa-ku, Tokyo	Real estate	686
	PRIME URBAN Kasai	6-18-5 Naka Kasai, Edogawa-ku, Tokyo	Real estate (Note4)	630
	PRIME URBAN Kasai II	7-9-7 Higashi Kasai, Edogawa-ku, Tokyo	Beneficial Interest	970
	PRIME URBAN Kasai East	6-16-9 Higashi Kasai, Edogawa-ku, Tokyo	Real estate	1,150
	PRIME URBAN Ekoda	1-10-5 Asahigaoka, Nerima-ku, Tokyo	Real estate	399
	PRIME URBAN Itabashi Kuyakushomae	27-13 Honcho, Itabashi-ku, Tokyo	Real estate	1,090
	PRIME URBAN Asakusa	3-33-11 Asakusa, Taito-ku, Tokyo	Real estate	375
	PRIME URBAN Machiya South Court	3-73-5 Arakawa, Arakawa-ku, Tokyo	Real estate	1,820
	PRIME URBAN Musashi Koganei	2-11-26 Nakacho, Koganei-shi, Tokyo	Real estate	1,900
	PRIME URBAN Musashino Hills	2-1-2, 36 Kajinocho, Koganei-shi, Tokyo	Real estate	1,370
	PRIME URBAN Koganei Honcho	4-14-25 Honcho, Koganei-shi Tokyo	Real estate	782
	PRIME URBAN Kumegawa	1-5-6 Sakae-cho, Higashimurayama-shi, Tokyo (Note3)	Real estate	1,450
	PRIME URBAN Musashi Kosugi comodo	2-902-1 Shin Maruko Higashi Nakahara-ku, Kawasaki-shi, Kanagawa (Note3)	Real estate	2,060
	PRIME URBAN Shinyurigaoka	3-1-17 Manpukuji Asao-ku, Kawasaki-shi, Kanagawa	Real estate	1,150
	PRIME URBAN Tsurumi Teraya	1-7-10 Teraya Tsurumi-ku, Yokohama-shi, Kanagawa	Real estate	477
	PRIME URBAN Urayasu	3-2-13 Todaijima, Urayasu-shi, Chiba	Real estate (Note4)	767
	PRIME URBAN Gyotoku I	2-4-10 Fukuei, Ichikawa-shi, Chiba	Real estate	603
	PRIME URBAN Gyotoku II	1-11-5 Suehiro, Ichikawa-shi, Chiba	Real estate	694
	PRIME URBAN Gyotoku Ekimae	2-26-11 Gyotoku Ekimae, Ichikawa-shi, Chiba	Beneficial Interest	466
	PRIME URBAN Gyotoku Ekimae II	4-6-14 Gyotoku Ekimae, Ichikawa-shi, Chiba	Real estate	493
	PRIME URBAN Gyotoku III	1-2-8 Fukuei, Ichikawa-shi, Chiba	Real estate	826
	PRIME URBAN Nishi Funabashi	437-1 Hongochi, Funabashi-shi, Chiba (Note3)	Beneficial Interest	726
	PRIME URBAN Kawaguchi	3-1-11 Sakae-cho, Kawaguchi-shi, Saitama	Real estate	1,620
	URBAN STAGE Ebisu	1-13-3 Hiroo, Shibuya-ku, Tokyo	Real estate	1,080
	URBAN STAGE Meguro Aobadai	3-18-9 Aobadai, Meguro-ku, Tokyo	Real estate	1,230
	URBAN STAGE Gakugei Daigaku	3-14-15 Takaban, Meguro-ku, Tokyo	Real estate	997
	URBAN STAGE Nihonbashi Hamacho	2-50-8 Nihonbashi Hamacho, Chuo-ku, Tokyo	Real estate	1,510
	URBAN STAGE Naka Ochiai	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo	Real estate	595
	URBAN STAGE Shinjuku Ochiai	4-10-9 Kita Shinjuku, Shinjuku-ku, Tokyo	Real estate	571
	URBAN STAGE Mejiro	3-22-21 Shimoochiai, Shinjuku-ku Tokyo	Real estate	1,360
	URBAN STAGE Kagurazaka	346-3 Yamabukityo, Shinjuku-ku, Tokyo (Note3)	Real estate	2,720
	URBAN STAGE Roka Koen	1-12-26 Minami Karasuyama, Setagaya-ku, Tokyo	Real estate	315
	URBAN STAGE Kamiyama	5-26-14 Kamiyama, Setagaya-ku, Tokyo	Beneficial Interest	820
	URBAN STAGE Sangen Jaya II	2-4-16 Taishido, Setagaya-ku, Tokyo	Real estate (Note4)	457
	URBAN STAGE Komazawa	2-7-18 Komazawa, Setagaya-ku, Tokyo	Real estate	346
	URBAN STAGE Kamikitazawa	5-21-22 Kami Kitazawa, Setagaya-ku, Tokyo	Real estate	590
	URBAN STAGE Nakano	2-17-1 Kami Takada, Nakano-ku, Tokyo	Real estate	474
	URBAN STAGE Ikebukuro	2-50-4 Ikebukuro, Toshima-ku, Tokyo	Real estate	3,610

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2014 (¥ mln) (Note 2)
Greater Tokyo Area	URBAN STAGE Hino	536-2 Hino Oaza, Hino-shi, Tokyo (Note3)	Real estate	314
	URBAN STAGE Kawasaki	1-4-15 Honcho Kawasaki-ku, Kawasaki-shi, Kanagawa (Note3)	Real estate	958
	URBAN STAGE Urayasu	2-11-5 Todaijima, Urayasu-shi, Chiba	Real estate	218
	URBAN STAGE Minami Gyotoku II	1-4-18 Hiro, Ichikawa-shi, Chiba	Real estate	231
	URBAN STAGE Minami Gyotoku III	1-21-23 Ainokawa, Ichikawa-shi, Chiba	Real estate	233
	URBAN STAGE Minami Gyotoku IV	1-5-18 Hiro, Ichikawa-shi, Chiba	Real estate	218
	Subtotal			124,845
Other	PROUD FLAT Itsutsubashi	2-5-2 Itsutsubashi, Aoba-ku, Sendai-shi, Miyagi	Real estate	608
	PROUD FLAT Kawaramachi	2-10 Aza Hachikenkoji, Minami Koizumi, Wakabayashi-ku, Sendai-shi, Miyagi (Note3)	Real estate	691
	PROUD FLAT Shin Osaka	6-11-7 Nishi Nakajima Yodogawa-ku, Osaka-shi, Osaka	Real estate	1,520
	PRIME URBAN Yamahana	1-27 Nishi 14-Chome minami 17-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	269
	PRIME URBAN Kita Juyo Jo	2-1 Higashi 1-Chome Kita 14-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	269
	PRIME URBAN Odori Koen I	12 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	471
	PRIME URBAN Odori Koen II	12-1 Nishi 9-Chome Minami 1-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	312
	PRIME URBAN Kita Juichi Jo	1-3 Higashi 1-Chome Kita 11-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	592
	PRIME URBAN Miyanosawa	10-20 9-Chome Hassamu 6-Jo Nishi-ku, Sapporo-shi, Hokkaido	Real estate	533
	PRIME URBAN Odori Higashi	12-63 Higashi 7-Chome Odori, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	444
	PRIME URBAN Chiji Kokan	1-12 Nishi 17-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	299
	PRIME URBAN Maruyama	1-1, Nishi 22-Chome Kita 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	262
	PRIME URBAN Kita Nijuyo Jo	2-1 Higashi 1-Chome Kita 23-Jo, Higashi-ku, Sapporo-shi, Hokkaido	Real estate	480
	PRIME URBAN Sapporo Idaimae	1-20 Nishi 13-Chome Minami 4-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	681
	PRIME URBAN Nagamachi Icchome	1-2-30 Nagamachi Icchome, Taihaku-ku, Sendai-shi, Miyagi	Real estate	1,120
	PRIME URBAN Yaotome Chuo	3-8-70 Yaotome Chuo, Izumi-ku, Sendai-shi, Miyagi	Real estate	456
	PRIME URBAN Aoi	1-13-24 Aoi, Higashi-ku, Nagoya-shi, Aichi	Beneficial Interest	673
	PRIME URBAN Kanayama	4-2-37 Masaki, Naka-ku, Nagoya-shi, Aichi	Real estate	637
	PRIME URBAN Tsurumai	5-8-29 Chiyoda Naka-ku, Nagoya-shi, Aichi	Real estate	1,150
	PRIME URBAN Esaka I	3-26-27 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	648
	PRIME URBAN Esaka II	3-31-31 Tarumi-cho, Suita-shi, Osaka	Beneficial Interest	767
	PRIME URBAN Esaka III	10-19 Hiroshiba-cho, Suita-shi, Osaka	Real estate	1,170
	URBAN STAGE Sapporo Riverfront	1-1 Nishi 1-Chome Minami 9-Jo, Chuo-ku, Sapporo-shi, Hokkaido	Real estate	4,410
	URBAN STAGE Kita Sanjo Dori	2-2 Higashi 2-Chome Kita 3-Jo, Chuo-ku, Sapporo-shi, Hokkaido (Note3)	Real estate	1,680
	URBAN STAGE Tsutsumidori Amamiya	4-37 Tsutsumidori Amamiya-machi, Aoba-ku, Sendai-shi, Miyagi	Real estate	904
	URBAN STAGE Kamimaezu	2-4-2 Kamimaezu Naka-ku, Nagoya-shi, Aichi	Real estate	1,560
	URBAN STAGE Izumi	1-20-28 Izumi Higashi-ku, Nagoya-shi, Aichi	Real estate	3,670
	URBAN STAGE Tamatsukuri	2-16-11 Tamatsukuri Chuo-ku, Osaka-shi, Osaka	Real estate	1,010
	URBAN STAGE Sakaisuji Honmachi	1-5-10 Kyutaro-cho, Chuo-ku, Osaka-shi, Osaka	Real estate	1,780
	Benefis Hakata Grand Suite	2-14-7 Minoshima, Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	584
	Benefis Yakuin Minami	1-14-10 Shirogane, Chuo-ku, Fukuoka-shi, Fukuoka	Real estate	259

Area	Name of Property	Location (Postal Address)	Type of Ownership (Note 1)	Appraisal Value as of May 31, 2014 (¥ mln) (Note 2)
Other	Benefis Kashii Verbena	2-3-7 Kashii Ekimae Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	383
	Benefis Hakata Higashi Grand Suite	6-4-23 Yoshizuka Hakata-ku, Fukuoka-shi, Fukuoka	Real estate	604
	Benefis Chihaya Grand Suite	4-11-20 Chihaya Higashi-ku, Fukuoka-shi, Fukuoka	Real estate	581
	Subtotal			31,477
	Total			156,322

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

Note2: "Appraisal Value as of May 31, 2014" stands for the prices appraised by the estate surveyors in accordance with the provisions of the Company's Articles of Incorporation and the "Rules Concerning Calculations of Investment Corporations" (Cabinet Office Ordinance No. 47 of 2006). The appraisal prices are calculated by Daiwa Real Estate Appraisal, Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., Japan Real Estate Institution, Tanizawa Sogo Appraisal Co., Ltd., Japan Valuers Co., Ltd., using the capitalization approach, with the end of the 15th fiscal period, i.e. May 31, 2014, being taken as the point of evaluation.

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

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

Note 5: Property names were changed on May 20, 2014 for the following 31 properties.

New Name (After Change)	Old Name (Before Change)
PRIME URBAN Azabu Juban	URBAN STAGE Azabu Juban
PRIME URBAN Shibaura LOFT	URBAN STAGE Shibaura LOFT
PRIME URBAN Hatagaya	URBAN STAGE Hatagaya
PRIME URBAN Kachidoki	URBAN STAGE Kachidoki
PRIME URBAN Shinkawa	URBAN STAGE Shinkawa
PRIME URBAN Nihonbashi Yokoyamacho	URBAN STAGE Nihonbashi Yokoyamacho
PRIME URBAN Hongo Ikizaka	URBAN STAGE Hongo Ikizaka
PRIME URBAN Ochiai	URBAN STAGE Ochiai
PRIME URBAN Sangen JayaIII	URBAN STAGE Sangen Jaya
PRIME URBAN Chitose Karasuyama	URBAN STAGE Chitose Karasuyama
PRIME URBAN Karasuyama	URBAN STAGE Karasuyama
PRIME URBAN Yoga	URBAN STAGE Yoga
PRIME URBAN Oimachi	URBAN STAGE Oimachi
PRIME URBAN Oimachi II	URBAN STAGE Oimachi II
PRIME URBAN Yukigaya	URBAN STAGE Yukigaya
PRIME URBAN Takaido	URBAN STAGE Takaido
PRIME URBAN Komagome	URBAN STAGE Komagome
PRIME URBAN Mukojima	URBAN STAGE Mukojima
PRIME URBAN Kasai East	URBAN STAGE Kasai East
PRIME URBAN Ekoda	URBAN STAGE Ekoda
PRIME URBAN Itabashi Kuyakushomae	URBAN STAGE Itabashi Kuyakushomae
PRIME URBAN Asakusa	URBAN STAGE Asakusa
PRIME URBAN Machiya South Court	URBAN STAGE Machiya South Court
PRIME URBAN Musashi Koganei	URBAN STAGE Musashi Koganei
PRIME URBAN Musashino Hills	URBAN STAGE Musashino Hills
PRIME URBAN Koganei Honcho	URBAN STAGE Koganei Honcho
PRIME URBAN Kumegawa	URBAN STAGE Kumegawa
PRIME URBAN Musashi Kosugi comodo	URBAN STAGE Musashi Kosugi comodo
PRIME URBAN Tsurumi Teraya	URBAN STAGE Tsurumi Teraya
PRIME URBAN Gyotoku Ekimae II	URBAN STAGE Gyotoku Ekimae
PRIME URBAN Gyotoku III	URBAN STAGE Gyotoku

Area	Name of Property	15th Period (from Dec. 1, 2013 to May 31, 2014)				14th Period (from Jun. 1, 2013 to Nov. 30, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PROUD FLAT Shirokane Takanawa	1	92.6	94,096	1.7	1	96.9	92,801	1.7
	PROUD FLAT Yoyogi Uehara	1	100.0	30,969	0.6	1	100.0	30,342	0.6
	PROUD FLAT Hatsudai	1	100.0	23,724	0.4	1	96.9	23,984	0.4
	PROUD FLAT Shibuya Sakuragaoka	1	100.0	22,513	0.4	1	100.0	22,197	0.4
	PROUD FLAT Gakugei Daigaku	1	97.1	24,537	0.4	1	100.0	25,625	0.5
	PROUD FLAT Meguro Gyoninzaka	1	92.6	27,431	0.5	1	97.5	27,980	0.5
	PROUD FLAT Sumida Riverside	1	98.6	73,460	1.3	1	99.3	73,964	1.4
	PROUD FLAT Kagurazaka	1	100.0	47,614	0.9	1	100.0	47,788	0.9
	PROUD FLAT Waseda	1	96.9	35,716	0.6	1	98.5	35,120	0.7
	PROUD FLAT Shinjuku Kawadacho	1	100.0	30,757	0.6	1	95.4	29,075	0.5
	PROUD FLAT Sangen Jaya	1	88.3	35,164	0.6	1	100.0	36,353	0.7
	PROUD FLAT Kamata	1	97.1	37,707	0.7	1	97.4	37,183	0.7
	PROUD FLAT Kamata II	1	98.6	106,832	1.9	1	96.9	103,832	1.9
	PROUD FLAT Shinotsuka	1	97.2	19,726	0.4	1	94.4	19,995	0.4
	PROUD FLAT Kiyosumi Shirakawa	1	100.0	30,746	0.6	1	100.0	30,684	0.6
	PROUD FLAT Monzen Nakacho II	1	89.5	21,544	0.4	1	94.8	20,282	0.4
	PROUD FLAT Monzen Nakacho I	1	100.0	33,847	0.6	1	100.0	33,152	0.6
	PROUD FLAT Fujimidai	1	100.0	56,219	1.0	1	100.0	56,092	1.0
	PROUD FLAT Asakusa Komagata	1	96.7	64,809	1.2	1	97.1	63,819	1.2
	PROUD FLAT Yokohama	1	95.9	72,884	1.3	1	97.2	69,671	1.3
	PROUD FLAT Kamioooka	1	87.5	79,234	1.4	1	100.0	97,332	1.8
	PROUD FLAT Tsurumi II	1	100.0	64,395	1.2	1	98.1	62,267	1.2
	PRIME URBAN Azabu Juban	1	89.9	31,928	0.6	1	97.5	32,568	0.6
	PRIME URBAN Akasaka	1	96.6	26,625	0.5	1	100.0	26,309	0.5
	PRIME URBAN Tamachi	1	90.0	29,988	0.5	1	100.0	30,972	0.6
	PRIME URBAN Shibaura LOFT	1	95.9	54,742	1.0	1	93.9	58,145	1.1
	PRIME URBAN Hatagaya	1	100.0	16,110	0.3	1	100.0	15,533	0.3
	PRIME URBAN Yoyogi	1	100.0	10,532	0.2	1	88.6	11,130	0.2
	PRIME URBAN Bancho	1	94.4	32,499	0.6	1	96.1	30,954	0.6
	PRIME URBAN Chiyoda Fujimi	1	90.8	20,765	0.4	1	97.2	20,907	0.4
	PRIME URBAN Iidabashi	1	95.7	63,715	1.1	1	94.7	61,498	1.1
	PRIME URBAN Ebisu	1	86.8	37,210	0.7	1	94.0	37,586	0.7
	PRIME URBAN Naka Meguro	1	93.9	40,495	0.7	1	95.9	40,456	0.8
	PRIME URBAN Gakugei Daigaku	1	90.8	25,068	0.5	1	100.0	24,210	0.5
	PRIME URBAN Senzoku	1	91.5	15,498	0.3	1	84.2	13,921	0.3
	PRIME URBAN Meguro Riverside	1	91.5	14,240	0.3	1	100.0	14,099	0.3
	PRIME URBAN Meguro Ohashi Hills	1	95.6	84,218	1.5	1	100.0	85,495	1.6
	PRIME URBAN Kachidoki	1	91.6	90,293	1.6	1	96.0	90,123	1.7
	PRIME URBAN Shinkawa	1	93.0	71,357	1.3	1	89.0	71,763	1.3
	PRIME URBAN Nihonbashi Yokoyamacho	1	99.5	126,578	2.3	1	92.7	116,513	2.2
	PRIME URBAN Hongo Ikizaka	1	92.6	18,138	0.3	1	100.0	17,796	0.3
	PRIME URBAN Hakusan	1	96.4	26,082	0.5	1	96.4	25,952	0.5
	PRIME URBAN Yotsuya Gaien Higashi	1	89.8	46,362	0.8	1	98.0	45,376	0.8
	PRIME URBAN Ochiai	1	93.7	13,155	0.2	1	90.9	13,040	0.2
	PRIME URBAN Nishi Shinjuku I	1	92.2	37,034	0.7	1	98.4	37,943	0.7
	PRIME URBAN Nishi Shinjuku II	1	95.9	28,225	0.5	1	100.0	28,518	0.5
	PRIME URBAN Shinjuku Naitomachi	1	100.0	13,767	0.2	1	100.0	13,867	0.3
	PRIME URBAN Nishi Waseda	1	3.5	12,500	0.2	1	100.0	15,408	0.3
	PRIME URBAN Sangen JayaIII	1	96.6	25,414	0.5	1	96.5	25,804	0.5
	PRIME URBAN Chitose Karasuyama	1	89.1	26,855	0.5	1	96.2	26,899	0.5
	PRIME URBAN Karasuyama	1	96.3	12,594	0.2	1	92.7	12,593	0.2
	PRIME URBAN Sangen Jaya	1	100.0	23,444	0.4	1	94.2	21,516	0.4
	PRIME URBAN Minami Karasuyama	1	95.2	24,934	0.4	1	87.7	22,957	0.4
	PRIME URBAN Karasuyama Galleria	1	97.0	18,989	0.3	1	93.9	18,713	0.3
	PRIME URBAN Karasuyama Court	1	100.0	12,407	0.2	1	100.0	11,685	0.2
	PRIME URBAN Chitose Funabashi	1	97.3	23,577	0.4	1	90.1	24,428	0.5

Area	Name of Property	15th Period (from Dec. 1, 2013 to May 31, 2014)				14th Period (from Jun. 1, 2013 to Nov. 30, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	PRIME URBAN Yoga	1	100.0	43,429	0.8	1	98.5	42,009	0.8
	PRIME URBAN Shinagawa Nishi	1	95.9	21,531	0.4	1	93.8	21,332	0.4
	PRIME URBAN Oimachi	1	97.8	19,329	0.3	1	91.1	19,602	0.4
	PRIME URBAN Osaki	1	98.0	58,513	1.1	1	97.0	57,495	1.1
	PRIME URBAN Oimachi II	1	96.2	49,954	0.9	1	100.0	47,257	0.9
	PRIME URBAN Yukigaya	1	100.0	38,679	0.7	1	100.0	36,548	0.7
	PRIME URBAN Omori	1	100.0	30,281	0.5	1	98.1	30,265	0.6
	PRIME URBAN Kita Senzoku (Note 2)	—	—	—	—	—	—	2,640	0.0
	PRIME URBAN Denenchofu Minami	1	95.5	24,798	0.4	1	96.0	24,531	0.5
	PRIME URBAN Nakano Kamitakada	1	100.0	20,333	0.4	1	96.1	18,695	0.3
	PRIME URBAN Takaido	1	95.4	40,029	0.7	1	92.6	39,903	0.7
	PRIME URBAN Nishi Ogikubo	1	96.1	13,806	0.2	1	100.0	13,190	0.2
	PRIME URBAN Otsuka	1	97.9	23,413	0.4	1	90.4	22,956	0.4
	PRIME URBAN Komagome	1	95.0	18,389	0.3	1	100.0	17,237	0.3
	PRIME URBAN Monzen Nakacho	1	99.2	77,357	1.4	1	95.8	74,784	1.4
	PRIME URBAN Kameido	1	94.3	25,038	0.5	1	100.0	25,114	0.5
	PRIME URBAN Sumiyoshi	1	100.0	20,072	0.4	1	100.0	19,447	0.4
	PRIME URBAN Mukojima	1	100.0	21,707	0.4	1	98.1	21,164	0.4
	PRIME URBAN Kinshi Koen	1	98.7	41,610	0.7	1	97.4	41,910	0.8
	PRIME URBAN Kinshicho	1	100.0	23,965	0.4	1	100.0	24,110	0.5
	PRIME URBAN Hirai	1	100.0	24,551	0.4	1	98.1	23,373	0.4
	PRIME URBAN Kasai	1	97.8	21,765	0.4	1	97.8	21,268	0.4
	PRIME URBAN Kasai II	1	100.0	32,753	0.6	1	89.7	30,086	0.6
	PRIME URBAN Kasai East	1	100.0	36,679	0.7	1	100.0	36,631	0.7
	PRIME URBAN Ekoda	1	97.4	15,438	0.3	1	100.0	15,113	0.3
	PRIME URBAN Itabashi Kuyakushomae	1	91.2	36,003	0.6	1	92.7	36,560	0.7
	PRIME URBAN Asakusa	1	100.0	15,636	0.3	1	100.0	15,664	0.3
	PRIME URBAN Machiya South Court	1	97.6	70,315	1.3	1	97.6	71,143	1.3
	PRIME URBAN Musashi Koganei	1	93.9	74,159	1.3	1	98.0	73,834	1.4
	PRIME URBAN Musashino Hills	1	93.3	49,376	0.9	1	91.5	47,488	0.9
	PRIME URBAN Koganei Honcho	1	97.4	28,107	0.5	1	95.0	28,675	0.5
	PRIME URBAN Kumegawa	1	97.4	57,659	1.0	1	98.5	57,885	1.1
	PRIME URBAN Musashi Kosugi comodo	1	100.0	74,152	1.3	1	96.8	71,063	1.3
	PRIME URBAN Shinyurigaoka	1	100.0	37,974	0.7	1	100.0	37,504	0.7
	PRIME URBAN Tsurumi Teraya	1	100.0	20,578	0.4	1	98.0	20,366	0.4
	PRIME URBAN Urayasu	1	93.3	27,028	0.5	1	96.7	27,320	0.5
	PRIME URBAN Gyotoku I	1	96.2	23,601	0.4	1	94.2	22,718	0.4
	PRIME URBAN Gyotoku II	1	100.0	28,213	0.5	1	100.0	24,268	0.5
	PRIME URBAN Gyotoku Ekimae	1	97.3	16,618	0.3	1	91.9	16,488	0.3
	PRIME URBAN Gyotoku Ekimae II	1	97.8	21,662	0.4	1	91.3	19,768	0.4
	PRIME URBAN Gyotoku III	1	98.7	31,943	0.6	1	93.5	32,321	0.6
	PRIME URBAN Nishi Funabashi	1	98.3	25,984	0.5	1	96.7	25,417	0.5
	PRIME URBAN Kawaguchi	1	86.9	52,891	1.0	1	89.3	64,817	1.2
	URBAN STAGE Ebisu (Note 3)	1	93.7	33,583	0.6	1	94.9	15,852	0.3
	URBAN STAGE Meguro Aobadai (Note 3)	1	100.0	37,484	0.7	1	85.7	16,348	0.3
	URBAN STAGE Gakugei Daigaku (Note 3)	1	98.2	27,694	0.5	1	85.9	12,623	0.2
	URBAN STAGE Nihonbashi Hamacho (Note 3)	1	94.9	47,027	0.8	1	97.6	23,286	0.4
	URBAN STAGE Naka Ochiai	1	100.0	21,833	0.4	1	94.0	23,331	0.4
	URBAN STAGE Shinjuku Ochiai	1	91.8	21,409	0.4	1	89.2	19,447	0.4
	URBAN STAGE Mejiro	1	95.6	41,595	0.7	1	85.1	40,435	0.8
	URBAN STAGE Kagurazaka (Note 3)	1	99.3	80,809	1.5	1	93.6	34,775	0.6
	URBAN STAGE Roka Koen	1	91.3	11,858	0.2	1	94.2	12,728	0.2
	URBAN STAGE Kamiuma	1	95.5	32,934	0.6	1	100.0	33,352	0.6
	URBAN STAGE Sangen Jaya II	1	91.2	17,611	0.3	1	100.0	17,438	0.3
	URBAN STAGE Komazawa	1	100.0	12,408	0.2	1	88.8	12,477	0.2
	URBAN STAGE Kamikitazawa	1	96.3	20,643	0.4	1	86.2	20,305	0.4
	URBAN STAGE Ikegami (Note 4)	—	—	38,869	0.7	1	95.4	48,798	0.9

Area	Name of Property	15th Period (from Dec. 1, 2013 to May 31, 2014)				14th Period (from Jun. 1, 2013 to Nov. 30, 2013)			
		at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)	at Period End		Rental Revenues during the Period (¥ 000)	Portion of Rental Revenues (%)
		Number of Tenants (Note 1)	Occupancy Rate (%)			Number of Tenants (Note 1)	Occupancy Rate (%)		
Greater Tokyo Area	URBAN STAGE Nakano	1	96.2	19,032	0.3	1	90.8	18,730	0.3
	URBAN STAGE Ikebukuro (Note 3)	1	93.0	107,947	1.9	1	93.4	52,819	1.0
	URBAN STAGE Takinokawa (Note 5)	—	—	—	—	—	—	6,737	0.1
	URBAN STAGE Machiya (Note 6)	—	—	9,126	0.2	1	95.9	9,324	0.2
	URBAN STAGE Koganei (Note 7)	—	—	—	—	—	—	9,238	0.2
	URBAN STAGE Hino	1	85.2	14,697	0.3	1	92.6	14,430	0.3
	URBAN STAGE Kawasaki	1	100.0	38,303	0.7	1	97.8	37,349	0.7
	URBAN STAGE Urayasu	1	96.3	9,282	0.2	1	96.3	9,186	0.2
	URBAN STAGE Minami Gyotoku II	1	94.6	11,479	0.2	1	78.4	8,468	0.2
	URBAN STAGE Minami Gyotoku III	1	93.9	12,441	0.2	1	93.9	12,094	0.2
	URBAN STAGE Minami Gyotoku IV	1	90.4	11,090	0.2	1	84.6	10,720	0.2
	URBAN STAGE Minami Gyotoku V (Note 8)	—	—	—	—	—	—	12,675	0.2
	Subtotal	119	95.7	4,303,787	77.5	121	95.9	4,137,201	77.2
Other	PROUD FLAT Itsutsubashi	1	97.8	29,918	0.5	1	100.0	30,209	0.6
	PROUD FLAT Kawaramachi	1	96.1	30,134	0.5	1	100.0	29,729	0.6
	PROUD FLAT Shin Osaka	1	96.6	62,268	1.1	1	95.7	59,307	1.1
	PRIME URBAN Yamahana	1	96.5	12,991	0.2	1	97.4	13,160	0.2
	PRIME URBAN Kita Juyo Jo	1	93.6	13,415	0.2	1	96.8	13,363	0.2
	PRIME URBAN Odori Koen I	1	100.0	17,142	0.3	1	100.0	17,163	0.3
	PRIME URBAN Odori Koen II	1	100.0	11,134	0.2	1	100.0	11,139	0.2
	PRIME URBAN Kita Juichi Jo	1	100.0	25,511	0.5	1	96.7	24,669	0.5
	PRIME URBAN Miyanosawa	1	98.4	23,908	0.4	1	95.7	22,695	0.4
	PRIME URBAN Odori Higashi	1	100.0	18,372	0.3	1	94.4	18,842	0.4
	PRIME URBAN Chiji Koukan	1	100.0	13,594	0.2	1	97.6	13,318	0.2
	PRIME URBAN Maruyama	1	100.0	11,334	0.2	1	92.6	11,582	0.2
	PRIME URBAN Kita Nijuyo Jo	1	91.6	20,548	0.4	1	97.2	20,682	0.4
	PRIME URBAN Sapporo Idaimae	1	93.5	27,730	0.5	1	92.1	27,820	0.5
	PRIME URBAN Nagamachi Icchome	1	94.4	42,231	0.8	1	100.0	42,442	0.8
	PRIME URBAN Yaotome Chuo	1	97.8	19,410	0.3	1	100.0	19,006	0.4
	PRIME URBAN Aoi	1	88.5	25,101	0.5	1	100.0	26,042	0.5
	PRIME URBAN Kanayama	1	96.5	22,730	0.4	1	93.1	23,255	0.4
	PRIME URBAN Tsurumai	1	93.3	41,509	0.7	1	90.4	42,055	0.8
	PRIME URBAN Esaka I	1	85.5	22,578	0.4	1	97.9	23,466	0.4
	PRIME URBAN Esaka II	1	98.3	27,737	0.5	1	91.4	26,218	0.5
	PRIME URBAN Esaka III	1	91.5	40,352	0.7	1	93.8	40,895	0.8
	URBAN STAGE Sapporo Riverfront	1	96.4	188,414	3.4	1	96.0	185,883	3.5
	URBAN STAGE Kita 3 Jo Dori	1	100.0	69,341	1.2	1	100.0	68,266	1.3
	URBAN STAGE Tsutsumidori Amamiya	1	96.8	45,128	0.8	1	100.0	45,006	0.8
	URBAN STAGE Kamimaezu	1	100.0	56,759	1.0	1	100.0	56,067	1.0
	URBAN STAGE Izumi	1	95.9	133,563	2.4	1	99.2	134,709	2.5
	URBAN STAGE Tamatsukuri	1	95.4	35,532	0.6	1	96.2	35,883	0.7
	URBAN STAGE Sakaisuji Honmachi (Note 3)	1	90.7	58,970	1.1	1	88.3	28,251	0.5
	Benefis Hakata Grand Suite	1	96.2	28,131	0.5	1	96.9	29,082	0.5
	Benefis Yakuin Minami	1	100.0	13,121	0.2	1	94.5	12,752	0.2
	Benefis Kashii Verbena	1	92.3	15,512	0.3	1	89.3	16,658	0.3
	Benefis Hakata Higashi Grand Suite	1	97.4	26,270	0.5	1	98.7	26,354	0.5
	Benefis Chihaya Grand Suite	1	94.0	22,453	0.4	1	93.9	22,999	0.4
	Subtotal	34	96.1	1,252,861	22.5	34	96.6	1,218,983	22.8
Total		153	95.8	5,556,649	100.0	155	96.2	5,356,185	100.0

Note 1: In the case that a part of or all rental units in individual properties are placed on the rental market, and the tenant of the relevant Lease Agreement (Master Lease Agreement) has entered into an agreement on subleasing the relevant rental unit with the end-tenant (actual sublessee), we deem the lesser of the relevant Master Lease Agreement as one (1). In the case that a specific tenant rents multiple units in a specific property, we deem the tenant of the relevant property as one (1). If a tenant rents units in multiple properties, we show the number of the properties rented by the relevant tenant as the number of tenants.

Note 2: The relevant properties were sold on June 27, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

Note 3: The relevant properties were acquired on September 3, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is after the date of acquisition.

Note 4: The relevant properties were sold on April 24, 2014. The figure shown in the “rental revenues during the 15th fiscal period” column is before the date of selling.

Note 5: The relevant properties were sold on September 20, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

Note 6: The relevant properties were sold on May 29, 2014. The figure shown in the “rental revenues during the 15th fiscal period” column is before the date of selling.

Note 7: The relevant properties were sold on November 22, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

Note 8: The relevant properties were sold on November 27, 2013. The figure shown in the “rental revenues during the 14th fiscal period” column is before the date of selling.

4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of May 31, 2014 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
		Longer than a Year		
Transaction other than market transaction	Interest-rate swap (Receiving floating-rate, paying fixed-rate)	56,020	46,220	Δ352
	Total	56,020	46,220	Δ352

Note 1: Presented based on notional principal of contract.

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

5. STATUS OF THE OTHER ASSETS

Other than the Trust Beneficial Interest and Real Estate listed in the table under the title “3. Details of Portfolio Properties”, the Company had no other assets to integrate into the portfolio as of May 31, 2014.

6. STATUS OF ASSETS BY COUNTRY AND REGION

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

Capital Expenditures

1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of May 31, 2014. The estimated cost of works includes the amount to be charged as “expenses” for accounting purposes.

Name of Property (Location)	Description of Works (Purpose)	Estimated Period	Estimated Cost (¥000)		
			Total	Paid during 15th Period	Paid before 15th Period
PRIME URBAN Takaido (Suginami-ku, Tokyo)	Water receiving tank replacement	From : Oct. 2014 To : Nov. 2014	3,000	-	-
PRIME URBAN Monzen Nakacho (Koto-ku, Tokyo)	Mechanical parking parts replacement	From : Oct. 2014 To : Nov. 2014	6,500	-	-
PRIME URBAN Musashi Koganei (Koganei-shi, Tokyo)	Entrance renewal	From : Jun. 2014 To : Aug. 2014	19,200	-	-
URBAN STAGE Shinjuku Ochiai (Shinjuku-ku, Tokyo)	Major repair	From : Sep. 2013 To : Nov. 2013	22,890	-	-
URBAN STAGE Tsutsumidori Amamiya (Sendai-shi, Miyagi)	Intercom replacement	From : Oct. 2013 To : Nov. 2013	5,500	-	-
URBAN STAGE Tsutsumidori Amamiya (Sendai-shi, Miyagi)	Mechanical parking renovation	From : Oct. 2014 To : Nov. 2014	2,700	-	-

2. CAPITAL EXPENDITURES DURING THE 15TH FISCAL PERIOD

The table below lists capital expenditures during the 15th fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totaling ¥396,067 thousand: capital expenditures of ¥95,742 thousand and repair expenses of ¥300,325 thousand combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥000)
PRIME URBAN Kachidoki (Chuo-ku, Tokyo)	Housing equipment renewal	From : May. 2014 To : May. 2014	13,179
PRIME URBAN Sangen Jaya III (Setagaya-ku, Tokyo)	Housing equipment renewal	From : May. 2014 To : May. 2014	3,372
PRIME URBAN Yukigaya (Ota-ku, Tokyo)	Housing equipment renewal	From : May. 2014 To : May. 2014	3,558
URBAN STAGE Gakugei Daigaku (Meguro-ku, Tokyo)	Exclusive area renovation	From : Jan. 2014 To : Jan. 2014	1,909
Other Properties	Housing equipment renewal	From : Dec. 2013 To : May 2014	73,722
Total			95,742

3. FUNDS RESERVED FOR THE LONG-TERM REPAIR PLANS

Subject to the long-term schedule for repairs and maintenance set down for each building, the Company has accounted for reserves from the operating cash flow to prepare for large-scale engineering works to be carried out in the future.

	15th Period from Dec. 1, 2013 to May 31, 2014	14th Period from Jun. 1, 2013 to Nov. 30, 2013	13th Period from Dec. 1, 2012 to May 31, 2013	12th Period from Jun. 1, 2012 to Nov. 30, 2012	11th Period from Dec. 1, 2011 to May 31, 2012
Balance brought forward from the previous period (¥ mln)	1,745	1,651	1,548	1,385	1,253
Amount reserved during the period (¥ mln)	180	175	176	176	168
Amount used during the period (¥ mln)	96	81	73	12	36
Balance brought forward to the next period (¥ mln)	1,829	1,745	1,651	1,548	1,385

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

		15th Period From Dec. 1, 2013 to May 31, 2014	14th Period From Jun. 1, 2013 to Nov. 30, 2013
Asset management fees (Note 1)	(¥000)	399,676	383,288
of which Management Fee I	(¥000)	209,449	195,900
of which Management Fee II	(¥000)	190,227	187,387
of which Management Fee III (Note 2)	—	—	—
Custodian fees	(¥000)	15,951	14,950
General administrative fees	(¥000)	24,071	23,511
Directors' compensation	(¥000)	4,800	4,800
Other expenses	(¥000)	182,300	171,935
Total	(¥000)	626,800	598,486

Note 1: In addition to the items shown above, asset management fees related to the acquisition of properties calculated in the book value of individual pieces of real estate, etc. were 123,360 thousand yen for the 14th period.

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

2. STATUS OF BORROWINGS

The status of borrowings from the financial institutions as of May31, 2014 is as follows.

Current Portion of Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2014 (¥000)	Outstanding as of Dec. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Mitsubishi UFJ Trust and Banking Corporation	Feb. 27, 2007	-	1,000,000	2.14360	Feb. 27, 2014	Balloon payment	(Note 4)	Unsecured/ Uninsured
The Nomura Trust and Banking Co., Ltd.		-	1,000,000					
Taiyo Life Insurance Company	Feb. 27, 2007	-	2,000,000	2.13625	Feb. 27, 2014			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 26, 2011	-	500,000	0.78591	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		-	500,000					
The Nomura Trust and Banking Co., Ltd.		-	700,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2011	-	500,000	0.78591	Feb. 27, 2014			
Sumitomo Mitsui Banking Corporation		-	500,000					
Mitsubishi UFJ Trust and Banking Corporation		-	500,000					
Sumitomo Mitsui Trust Bank, Limited		-	500,000					
The Nomura Trust and Banking Co., Ltd.		-	1,000,000					
Mizuho Bank, Ltd.		-	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	500,000	500,000	0.71000	Aug. 27, 2014			
Sumitomo Mitsui Banking Corporation		500,000	500,000					
Mitsubishi UFJ Trust and Banking Corporation		400,000	400,000					
Sumitomo Mitsui Trust Bank, Limited		700,000	700,000					
Mizuho Bank, Ltd.		320,000	320,000					
The Chiba Bank, Ltd.		750,000	750,000					
Sumitomo Mitsui Trust Bank, Limited	Sep. 5, 2011	1,400,000	1,400,000	0.94700	Sep. 5, 2014			
Mitsui Sumitomo Insurance Co., Ltd.		1,000,000	1,000,000					
Mizuho Bank, Ltd.		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.	Feb. 26, 2010	1,000,000	-	1.79200	Feb. 26, 2015			
Development Bank of Japan, Inc.	May 15, 2007	1,300,000	-	2.23500	Feb. 27, 2015			
The Nomura Trust and Banking Co., Ltd.	Feb. 27, 2012	1,000,000	-	0.96365	Feb. 27, 2015			
The Iyo Bank, Ltd.		1,000,000	-					
Resona Bank, Ltd.		1,900,000	-					
Mizuho Trust & Banking Co., Ltd.		1,000,000	-					
The Tokyo Tomin Bank, Limited		500,000	-					

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2014 (¥000)	Outstanding as of Dec. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Development Bank of Japan, Inc.	Aug. 27, 2009	80,000	80,000	2.10000	(Note 2)	(Note 2)	(Note 4)	Unsecured/ Uninsured
Development Bank of Japan, Inc.	Feb. 26, 2010	100,000	100,000	2.03000	(Note 3)	(Note 3)		
Subtotal		14,450,000	15,950,000					

Long-term debt

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2014 (¥000)	Outstanding as of Dec. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
The Bank of Fukuoka, Ltd.	Feb. 26, 2010	-	1,000,000	1.79200	Feb. 26, 2015	Balloon payment	(Note 4)	Unsecured/ Uninsured
Development Bank of Japan, Inc.	May 15, 2007	-	1,300,000	2.23500	Feb. 27, 2015			
The Nomura Trust and Banking Co., Ltd.	Feb. 27, 2012	-	1,000,000	0.96365	Feb. 27, 2015			
The Iyo Bank, Ltd.		-	1,000,000					
Resona Bank, Ltd.		-	1,900,000					
Mizuho Trust & Banking Co., Ltd.		-	1,000,000					
The Tokyo Tomin Bank, Limited		-	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 27, 2012	1,800,000	1,800,000	1.00900	Aug. 27, 2015			
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
Mizuho Bank, Ltd.		2,500,000	2,500,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	1,800,000					
Sumitomo Mitsui Trust Bank, Limited		1,800,000	1,800,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 26, 2011	4,700,000	4,700,000	1.00000	Dec. 26, 2015			
Sumitomo Mitsui Banking Corporation	Dec. 26, 2011	4,700,000	4,700,000	1.11700	Jun. 26, 2016			
Mitsubishi UFJ Trust and Banking Corporation		4,700,000	4,700,000					
Resona Bank, Ltd.	Oct. 25, 2013	500,000	500,000	0.69000	Feb. 26, 2017			
Shinkin Central Bank		800,000	800,000					
Aozora Bank, Ltd.		500,000	500,000					
Mitsui Sumitomo Insurance Co., Ltd.	Aug. 27, 2012	1,100,000	1,100,000	1.08500	Aug. 27, 2017			
Daido Life Insurance Company		1,100,000	1,100,000					
Shinkin Central Bank		1,720,000	1,720,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2012	1,300,000	1,300,000	1.12013	Feb. 27, 2018			
Sumitomo Mitsui Banking Corporation		1,300,000	1,300,000					
Mitsubishi UFJ Trust and Banking Corporation		900,000	900,000					
Sumitomo Mitsui Trust Bank, Limited		520,000	520,000					
Mizuho Bank, Ltd.		900,000	900,000					
Aozora Bank, Ltd.		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 30, 2013	1,800,000	1,800,000	0.99000	Aug. 26, 2018			
Sumitomo Mitsui Banking Corporation		1,800,000	1,800,000					
Mitsubishi UFJ Trust and Banking Corporation		1,800,000	1,800,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 3, 2012	400,000	400,000	1.16500	Nov. 26, 2019			
Sumitomo Mitsui Banking Corporation		400,000	400,000					
Mizuho Bank, Ltd.		400,000	400,000					
Mitsubishi UFJ Trust and Banking Corporation		400,000	400,000					
Taiyo Life Insurance Company	May 23, 2013	1,000,000	1,000,000	1.48625	May 27, 2020			
The Dai-ichi Life Insurance Company, Limited	Sep. 30, 2013	800,000	800,000	1.28277	Aug. 26, 2020			

Financial Institutions	Date Borrowed	Outstanding as of May 31, 2014 (¥000)	Outstanding as of Dec. 1, 2013 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note	
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Oct. 25, 2013	1,000,000	1,000,000	1.18000	Aug. 26, 2020	Balloon payment	(Note 4)	Unsecured/ Uninsured	
Sumitomo Mitsui Banking Corporation		1,000,000	1,000,000						
Mitsubishi UFJ Trust and Banking Corporation		1,000,000	1,000,000						
Sumitomo Mitsui Trust Bank, Limited		600,000	600,000						
Mizuho Bank, Ltd.		600,000	600,000						
Mizuho Trust & Banking Co., Ltd.		500,000	500,000						
Nippon Life Insurance Company	Oct. 25, 2013	500,000	500,000	1.15566	Aug. 26, 2020				
Taiyo Life Insurance Company	Feb. 27, 2014	2,000,000	-	1.17750	Feb. 26, 2021				
Mizuho Bank, Ltd.	May 23, 2013	1,000,000	1,000,000	1.68200	May 27, 2021				
Development Bank of Japan, Inc.	May 23, 2013	3,500,000	3,500,000	1.62500	May 27, 2021				
The Nomura Trust and Banking Co., Ltd.	Feb 27, 2014	2,700,000	-	1.24100	Aug. 26, 2021				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb 27, 2014	1,000,000	-	1.31850	Feb. 26, 2022				
Sumitomo Mitsui Banking Corporation		1,000,000	-						
Mitsubishi UFJ Trust and Banking Corporation		1,500,000	-						
Sumitomo Mitsui Trust Bank, Limited		500,000	-						
Mizuho Bank, Ltd.		500,000	-						
Development Bank of Japan, Inc.	Aug. 27, 2009	1,160,000	1,200,000	2.10000	(Note 2)				(Note 2)
Development Bank of Japan, Inc.	Feb. 26, 2010	1,500,000	1,550,000	2.03000	(Note 3)				(Note 3)
Subtotal		65,300,000	63,890,000						
Total		79,750,000	79,840,000						

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

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

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

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

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of May 31, 2014 is as follows.

Name of Bonds	Issue Date	Balance as of May 31, 2014 (¥ mln)	Balance as of Nov. 30, 2013 (¥ mln)	Interest Rate (%)	Maturity Date	Method of Repayment	Use of Proceeds	Note
First Series Unsecured Investment Corporation Bonds	Feb. 25, 2011	5,000	5,000	1.21	Feb. 25, 2016	Balloon payment	(Note 1)	(Note 2)
Second Series Unsecured Investment Corporation Bonds	Feb. 24, 2012	5,000	5,000	1.03	Feb. 24, 2017			
Total		10,000	10,000					

Note 1 : The uses of proceeds are to repay borrowings.

Note 2 : Ranking Pari Passu among the specified investment corporation bonds.

4. STATUS OF SHORT-TERM INVESTMENT CORPORATION BONDS

Not applicable.

Trading during the 15th Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Transfer			Gain (Loss) (¥000) (Note 2)
		Date	Price (¥000)	Date	Price (¥000) (Note 1)	Book Value (¥000)	
Trust Beneficial Interest	URBAN STAGE Ikegami	—	—	Apr. 24, 2014	1,445,160	1,392,442	25,156
Real Estate	URBAN STAGE Machiya	—	—	May 29, 2014	230,000	211,195	12,207
Total			—		1,675,160	1,603,637	37,364

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

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

2. STATUS OF OTHER ASSETS

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

3. PRICE INVESTIGATION

(1) Real Estates

Acquisition/Transfer	Type of Asset	Name of Property	Acquisition/Transfer		Appraisal Value (¥000)
			Date	Price (¥000) (Note 1)	
Transfer	Trust Beneficial Interest	URBAN STAGE Ikegami	Apr. 24, 2014	1,445,160	1,270,000
Transfer	Real Estate	URBAN STAGE Machiya	May 29, 2014	230,000	186,000

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

(2) Others

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

For the 15th fiscal period (from December 1, 2013 to May 31, 2014), three interest-rate swap transactions were subject to investigation. Akira Sugai C.P.A. Office was requested to investigate the details of the relevant transaction including the name of counterparty, agreed figures, type of financial product or index, the trading period, and the contents of the relevant derivatives transactions. The investigation report has been received.

4. TRANSACTIONS WITH RELATED PARTIES

(1) Transactions

Not applicable.

(2) Fees Paid to Related Parties

Table of fees paid to related parties during the 15th fiscal period is as follows.

Item	Name of Related Party	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Real estate, etc. intermediary fees	Nomura Real Estate Development Co., Ltd.	37,180	30,220	81.3%
	Nomura Real Estate Urban Net Co., Ltd.		6,960	18.7%
Contract-out fees	Nomura Real Estate Partners Co., Ltd.	207,133	160,868	77.7%
Property management fees	Nomura Real Estate Partners Co., Ltd.	314,215	251,061	79.9%
Commission	Nomura Real Estate Partners Co., Ltd.	121,186	1,492	1.2%
Advertising	Nomura Real Estate Urban Net Co., Ltd.	1,386	600	43.3%

Note: The term “related parties” refers to related parties of Asset Management Companies as stipulated by Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and by Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations, issued

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

Property Name	Property Management Fees (¥000)
PROUD FLAT Shirokane Takanawa	4,557
PROUD FLAT Yoyogi Uehara	2,336
PROUD FLAT Hatsudai	1,365
PROUD FLAT Shibuya Sakuragaoka	921
PROUD FLAT Gakugei Daigaku	1,266
PROUD FLAT Meguro Gyoinzaka	1,689
PROUD FLAT Sumida Riverside	3,907
PROUD FLAT Kagurazaka	1,634
PROUD FLAT Waseda	2,012
PROUD FLAT Shinjuku Kawadacho	2,099
PROUD FLAT Sangen Jaya	1,362
PROUD FLAT Kamata	1,974
PROUD FLAT Kamata II	5,085
PROUD FLAT Shinotsuka	1,334
PROUD FLAT Kiyosumi Shirakawa	614
PROUD FLAT Monzen Nakacho II	1,470
PROUD FLAT Monzen Nakacho I	1,542
PROUD FLAT Fujimidai	1,589
PROUD FLAT Asakusa Komagata	3,989
PROUD FLAT Yokohama	3,966
PROUD FLAT Kamioooka	10,949
PROUD FLAT Tsurumi II	3,486
PRIME URBAN Azabu Juban	1,820
PRIME URBAN Akasaka	1,915
PRIME URBAN Tamachi	1,832
PRIME URBAN Shibaura LOFT	3,850
PRIME URBAN Hatagaya	1,286
PRIME URBAN Yoyogi	987
PRIME URBAN Bancho	1,574
PRIME URBAN Chiyoda Fujimi	1,239
PRIME URBAN Iidabashi	4,457
PRIME URBAN Ebisu	2,016
PRIME URBAN Naka Meguro	2,722
PRIME URBAN Gakugei Daigaku	1,393
PRIME URBAN Senzoku	1,176
PRIME URBAN Meguro Riverside	708
PRIME URBAN Meguro Ohashi Hills	4,589
PRIME URBAN Kachidoki	4,319
PRIME URBAN Shinkawa	2,705
PRIME URBAN Nihonbashi Yokoyamacho	6,446
PRIME URBAN Hongo Ikizaka	1,372
PRIME URBAN Hakusan	2,035
PRIME URBAN Yotsuya Gaien Higashi	2,980
PRIME URBAN Ochiai	988
PRIME URBAN Nishi Shinjuku I	2,464
PRIME URBAN Nishi Shinjuku II	1,308
PRIME URBAN Shinjuku Naitomachi	482
PRIME URBAN Nishi Waseda	379
PRIME URBAN Sangen JayaIII	1,632
PRIME URBAN Chitose Karasuyama	1,053
PRIME URBAN Karasuyama	1,010
PRIME URBAN Sangen Jaya	1,367
PRIME URBAN Minami Karasuyama	2,082
PRIME URBAN Karasuyama Galleria	1,055
PRIME URBAN Karasuyama Court	818
PRIME URBAN Chitose Funabashi	1,196
PRIME URBAN Yoga	2,463
PRIME URBAN Shinagawa Nishi	1,249
PRIME URBAN Oimachi	1,419

Property Name	Property Management Fees (¥000)
PRIME URBAN Osaki	4,129
PRIME URBAN Oimachi II	2,951
PRIME URBAN Yukigaya	2,213
PRIME URBAN Omori	1,876
PRIME URBAN Denenchofu Minami	1,257
PRIME URBAN Nakano Kamitakada	1,903
PRIME URBAN Takaido	2,942
PRIME URBAN Nishi Ogikubo	750
PRIME URBAN Otsuka	1,553
PRIME URBAN Komagome	1,188
PRIME URBAN Monzen Nakacho	4,905
PRIME URBAN Kameido	883
PRIME URBAN Sumiyoshi	759
PRIME URBAN Mukojima	1,349
PRIME URBAN Kinshi Koen	1,927
PRIME URBAN Kinshicho	838
PRIME URBAN Hirai	1,781
PRIME URBAN Kasai	1,724
PRIME URBAN Kasai II	2,811
PRIME URBAN Kasai East	1,100
PRIME URBAN Ekoda	822
PRIME URBAN Itabashi Kuyakushomae	2,250
PRIME URBAN Asakusa	943
PRIME URBAN Machiya South Court	3,856
PRIME URBAN Musashi Koganei	3,115
PRIME URBAN Musashino Hills	2,568
PRIME URBAN Koganei Honcho	1,426
PRIME URBAN Kumegawa	2,133
PRIME URBAN Musashi Kosugi comodo	4,995
PRIME URBAN Shinyurigaoka	1,310
PRIME URBAN Tsurumi Teraya	1,309
PRIME URBAN Urayasu	1,013
PRIME URBAN Gyotoku I	1,621
PRIME URBAN Gyotoku II	2,579
PRIME URBAN Gyotoku Ekimae	1,054
PRIME URBAN Gyotoku Ekimae II	1,971
PRIME URBAN Gyotoku III	1,817
PRIME URBAN Nishi Funabashi	1,797
PRIME URBAN Kawaguchi	2,985
URBAN STAGE Ebisu	2,674
URBAN STAGE Meguro Aobadai	3,049
URBAN STAGE Gakugei Daigaku	2,079
URBAN STAGE Nihonbashi Hamacho	3,547
URBAN STAGE Naka Ochiai	1,306
URBAN STAGE Shinjuku Ochiai	1,424
URBAN STAGE Kagurazaka	4,311
URBAN STAGE Roka Koen	683
URBAN STAGE Kamiuma	1,375
URBAN STAGE Sangen Jaya II	792
URBAN STAGE Komazawa	1,330
URBAN STAGE Kamikitazawa	1,314
URBAN STAGE Ikegami	1,778
URBAN STAGE Nakano	1,467
URBAN STAGE Ikebukuro	6,105
URBAN STAGE Machiya	580
URBAN STAGE Hino	1,089
URBAN STAGE Kawasaki	2,317
URBAN STAGE Urayasu	655
URBAN STAGE Minami Gyotoku II	1,098
URBAN STAGE Minami Gyotoku III	874
URBAN STAGE Minami Gyotoku IV	1,222

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

Although Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Company, conducts subsidiary business of Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business there is no relevant matter under this subject as of May 31, 2014.

Other Information

1. NOTICE

Not applicable.

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

Not applicable.

3. OTHER MATTERS

From 1 page to 35 pages of this report, the numbers of amount below unit are truncated and the numbers in percentage are rounded to unit unless otherwise mentioned specifically.

Financial Section

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Balance Sheet

	Thousands of Yen	
	As of May 31, 2014	As of November 30, 2013
ASSETS		
Current Assets:		
Cash and bank deposits	¥9,965,426	¥7,594,123
Rental receivables	29,899	40,245
Consumption taxes receivable	-	13,692
Other current assets	88,526	63,873
Allowance for doubtful accounts	(95)	-
Total current assets	10,083,756	7,711,933
Property and Equipment, at Cost:		
Land	89,010,763	90,093,170
Buildings and structures	78,833,006	79,280,994
Machinery and equipment	1,085,640	1,084,946
Tools, furniture and fixtures	190,292	168,746
Construction in progress	-	8,857
Subtotal	169,119,701	170,636,713
Less accumulated depreciation	(11,326,578)	(10,407,881)
Net property and equipment	157,793,123	160,228,832
Investments and Other Assets:		
Intangible assets	1,538	2,059
Security deposits	10,879	10,819
Long-term prepaid expenses	18,513	26,099
Deferred investment corporation bond issuance costs	32,702	39,973
Total investments and other assets	63,632	78,950
Total Assets	¥167,940,511	¥168,019,715

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

	Thousands of Yen	
	As of May 31, 2014	As of November 30, 2013
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥313,874	¥259,584
Other accounts payable	295,373	342,715
Current portion of long-term debt	14,450,000	15,950,000
Accrued expenses	115,671	129,602
Accrued income taxes	828	753
Accrued consumption taxes	51,066	-
Rent received in advance	725,085	722,407
Other current liabilities	14,403	4,949
Total current liabilities	15,966,300	17,410,010
Long-term Liabilities:		
Investment corporation bonds	10,000,000	10,000,000
Long-term debt	65,300,000	63,890,000
Security deposits from tenants	1,447,569	1,483,449
Total long-term liabilities	76,747,569	75,373,449
Total Liabilities	92,713,869	92,783,459
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	73,231,054	73,231,054
Surplus		
Voluntary reserve		
Reserve for reduction entry	40,000	40,000
Retained earnings	1,955,588	1,965,202
Total surplus	1,995,588	2,005,202
Total unitholders' equity	75,226,642	75,236,256
Total Net Assets	75,226,642	75,236,256
Total Liabilities and Net Assets	¥167,940,511	¥168,019,715

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

Statement of Income and Retained Earnings

	Thousands of Yen	
	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥5,556,649	¥5,356,185
Gain on sales of real estate	37,365	50,574
	5,594,014	5,406,759
Operating Expenses:		
Real estate rental expenses	2,453,509	2,250,171
Asset management fees	399,676	383,288
Asset custody fee	15,952	14,950
Administrative service fees	24,072	23,512
Provision of allowance for doubtful accounts	95	-
Bad debts expenses	281	916
Other operating expenses	186,725	175,820
	3,080,310	2,848,657
Operating Profit	2,513,704	2,558,102
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	734	723
Income from casualty insurance for property	2,550	2,614
Reversal of dividends payable	728	715
Other non-operating revenues	162	-
	4,174	4,052
Non-Operating Expenses:		
Interest expense	464,895	465,349
Loan arrangement fees	30,523	40,356
Interest expense on investment corporation bonds	56,071	55,751
Amortization of investment corporation bond issuance costs	7,270	7,270
New investment units issuance costs	-	24,873
Other non-operating expenses	2,622	2,470
	561,381	596,069
Ordinary Income	1,956,497	1,966,085
Income before Income Taxes	1,956,497	1,966,085
Income Taxes:		
Current	977	900
Deferred	(3)	51
Net Income	1,955,523	1,965,134
Retained earnings brought forward	65	68
Retained Earnings at End of Period	¥1,955,588	¥1,965,202

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

Statement of Changes in Net Assets

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

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

For the period from June 1, 2013 to November 30, 2013

							Thousands of Yen
	Units	Unitholders' Capital	Unitholders' Equity Surplus			Total Unitholders' Equity	Total Net Assets
			Voluntary Reserve Reserve for Reduction Entry	Retained Earnings	Total Surplus		
Balance as of June 1, 2013	150,936	¥ 68,961,323	-	¥1,876,959	¥1,876,959	¥70,838,282	¥70,838,282
Issuance of new investment units	9,864	4,269,731	-	-	-	4,269,731	4,269,731
Cash distribution paid	-	-	-	(1,836,891)	(1,836,891)	(1,836,891)	(1,836,891)
Provision of reserve for reduction entry	-	-	40,000	(40,000)	-	-	-
Net income	-	-	-	1,965,134	1,965,134	1,965,134	1,965,134
Balance as of November 30, 2013	160,800	¥ 73,231,054	¥40,000	¥1,965,202	¥2,005,202	¥75,236,256	¥75,236,256

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

Statement of Cash Flows

	Thousands of Yen	
	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥1,956,497	¥ 1,966,085
Depreciation	1,053,356	1,012,451
Amortization of investment corporation bonds issuance costs	7,270	7,270
Investment units issuance costs	-	24,873
Interest income	(734)	(723)
Interest expense	520,966	521,101
Increase (Decrease) in allowance for doubtful accounts	95	(418)
Decrease (Increase) in rental receivables	10,346	(8,733)
Decrease (Increase) in consumption taxes receivable	13,692	(13,692)
Decrease (Increase) in prepaid expenses	18,261	(44,708)
Increase (Decrease) in trade accounts payable	54,290	41,106
Increase (Decrease) in other accounts payable	(21,509)	46,497
Increase (Decrease) in accrued consumption taxes	51,066	(14,714)
Increase (Decrease) in rent received in advance	2,678	62,144
Decrease in tangible fixed assets due to sales	211,195	1,383,205
Decrease in tangible fixed assets in trust due to sales	1,392,443	-
Other	(25,879)	26,529
Subtotal	5,244,033	5,008,273
Interest received	734	723
Interest paid	(534,897)	(528,800)
Income taxes paid	(902)	(1,215)
Net cash provided by (used in) operating activities	4,708,968	4,478,981
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(247,068)	(12,962,645)
Reimbursement of security deposits to tenants	(186,991)	(156,934)
Proceeds from security deposits from tenants	151,111	231,700
Payments for security deposits	(60)	-
Proceeds from collection of security deposits	-	60
Net cash provided by (used in) investing activities	(283,008)	(12,887,819)
Cash Flows from Financing Activities		
Proceeds from short-term debt	-	7,500,000
Repayment of short-term debt	-	(7,500,000)
Proceeds from long-term debt	9,200,000	13,200,000
Repayment of long-term debt	(9,290,000)	(6,362,000)
Proceeds from issuance of new investment units	-	4,269,731
Payments of investment units issuance costs	(10)	(24,863)
Distributions to unitholders	(1,964,647)	(1,837,059)
Net cash provided by (used in) financing activities	(2,054,657)	9,245,809
Net Increase (Decrease) in Cash and Cash Equivalents	2,371,303	836,971
Cash and Cash Equivalents at Beginning of Period	7,594,123	6,757,152
Cash and Cash Equivalents at End of Period	¥9,965,426	¥7,594,123

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

Notes to Financial Statements

1. ORGANIZATION

Nomura Real Estate Residential Fund, Inc. (the “Company”) is a real estate investment corporation formed to own and invest primarily in residential rental properties. The Company is externally managed by a licensed asset management company, Nomura Real Estate Asset Management Co., Ltd. (“NREAM”). NREAM is a wholly-owned subsidiary of Nomura Real Estate Holdings, Inc.

On August 3, 2006, the Company was incorporated under the Act on Investment Trusts and Investment Corporations (the “Investment Trust Act”) of Japan. On February 14, 2007, the Company was listed on the Tokyo Stock Exchange as the 41st J-REIT and started operations on the following day. As of May 31, 2014, the Company owned a portfolio of 153 residential rental properties containing an aggregate of approximately 274,346.62 square meters of leasable area and leased space to 153 tenants.

2. BASIS OF PRESENTATION

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Investment Trust Act of Japan, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information. Amounts have been rounded to the nearest thousand of yen in the accompanying financial statements and the notes thereto, whereas amounts were truncated in the Japanese financial statements prepared in accordance with Japanese GAAP.

The Company’s fiscal period is a six-month period which ends at the end of May or November. The Company does not prepare consolidated financial statements because it has no subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments that are highly liquid, readily convertible to cash, with an insignificant risk of market value fluctuation, and with a maturity of three months or less when purchased.

Property and equipment

Property and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the fixed assets outlined below:

Buildings	3 - 70 years
Structures	2 - 50 years
Machinery and equipment	3 - 15 years
Tools, furniture and fixtures	3 - 15 years

Intangible assets

Intangible assets are amortized by the straight-line method.

Long-term prepaid expenses

Long-term prepaid expenses are amortized by the straight-line method.

Impairment of fixed assets

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of its fixed assets may not be recoverable. An impairment loss is recognized if the carrying value of an asset exceeds the aggregate estimated future cash flows. If a fixed asset is determined to be impaired, it is written down to its recoverable amount and the write-down is recorded as an impairment loss during the period in which it occurs. No impairment losses have been recognized to date.

Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.

Allowance for doubtful accounts

For allowance for doubtful accounts against possible losses arising from default on receivables, uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on a case-by-case examination for doubtful and other specific receivables.

Accounting treatment of beneficial interests in real estate

All assets and liabilities held in trust, for which the real estate in possession of the Company was entrusted, and all related earnings and expenses incurred are reflected in the accompanying balance sheet and statement of income and retained earnings, respectively.

Revenue recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other income. Rental revenues are generally recognized on an accrual basis

over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts are reasonably estimated.

Property related taxes

Property in Japan is subject to property taxes, urban planning taxes and depreciable property taxes on a calendar year basis. The taxes related to property are generally imposed based on the value of the relevant property and incurred for fiscal period.

The seller of a property is liable for property related taxes for the period from the purchase date through the end of that calendar year because taxes are imposed on the owner registered in the record as of January 1 for the entire year based on the assessment made by the local government. The amount applicable to the buyer of a property is usually settled between each party and capitalized as part of the acquisition cost of the property. No capitalized property related taxes were incurred for the six-month period ended May 31, 2014. The capitalized property related taxes amounted to ¥12,493 thousand for the six-month period ended November 30, 2013.

Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statements and income tax bases of assets and liabilities using the applicable statutory tax rates.

Consumption taxes

Consumption taxes received and paid are not included in the accompanying statement of income and retained earnings.

Derivative financial instruments

The Company utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Company defers recognition of gains or losses resulting from changes in the fair value of interest-rate swap contracts which meet the criteria for deferral hedge accounting.

Although the deferred hedge treatment is generally applied, the Company applies special treatment to those interest-rate swap contracts that meet the criteria for such special treatment. Under the special treatment, interest-rate swaps are not remeasured at fair value; instead, the net amount paid or received under the interest rate swap contract is recognized and included in interest expense or income.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of May 31, 2014 and November 30, 2013 consist of the following:

	Thousands of Yen	
	As of May 31, 2014	As of November 30, 2013
Cash and bank deposits	¥9,965,426	¥7,594,123
Cash and cash equivalents	¥9,965,426	¥7,594,123

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of May 31, 2014 and November 30, 2013 consist of the following:

	Thousands of Yen			
	As of May 31, 2014		As of November 30, 2013	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	¥73,800,621	¥73,800,621	¥67,172,205	¥67,172,205
Buildings and structures	69,780,590		66,100,240	
Accumulated depreciation	(9,156,089)	60,624,501	(7,570,893)	58,529,347
Machinery and equipment	1,035,599		1,013,436	
Accumulated depreciation	(314,772)	720,827	(268,654)	744,782
Tools, furniture and fixtures	166,571		134,125	
Accumulated depreciation	(53,995)	112,576	(43,842)	90,283
Construction in progress	-	-	8,857	8,857
Land in trust	15,210,142	15,210,142	22,920,965	22,920,965
Buildings and structures in trust	9,052,416		13,180,754	
Accumulated depreciation	(1,768,943)	7,283,473	(2,479,837)	10,700,917
Machinery and equipment in trust	50,041		71,510	
Accumulated depreciation	(27,120)	22,921	(36,627)	34,883
Tools, furniture and fixtures in trust	23,721		34,621	
Accumulated depreciation	(5,659)	18,062	(8,028)	26,593
Total	¥157,793,123	¥157,793,123	¥160,228,832	¥160,228,832

6. SHORT-TERM DEBT

Short-term debt as of May 31, 2014 and November 30, 2013 consist of the following:

	As of May 31, 2014		As of November 30, 2013	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on February 27, 2014	-	-	¥2,000,000	2.14360%
Unsecured loans from an insurance company due on February 27, 2014	-	-	2,000,000	2.13625%
Unsecured loans from banks due on February 27, 2014	-	-	1,700,000	0.78591%
Unsecured loans from banks due on February 27, 2014	-	-	3,500,000	0.78591%
Unsecured loans from banks due on August 27, 2014	¥3,170,000	0.71000%	3,170,000	0.72091%
Unsecured loans principally from banks due on September 5, 2014	3,400,000	0.94700%	3,400,000	0.94700%
Unsecured loans from a bank due on February 26, 2015	1,000,000	1.79200%	-	-
Unsecured loans from a bank due on February 27, 2015	1,300,000	2.23500%	-	-
Unsecured loans from banks due on February 27, 2015	5,400,000	0.96365%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	80,000	2.10000%	80,000	2.10000%
Unsecured loans from a bank due on February 26, 2017 (Note 3)	100,000	2.03000%	100,000	2.03000%
Total	¥14,450,000		¥15,950,000	

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

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

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

7. LONG-TERM DEBT

Long-term debt as of May 31, 2014 and November 30, 2013 consist of the following:

	As of May 31, 2014		As of November 30, 2013	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on February 26, 2015	-	-	¥1,000,000	1.79200%
Unsecured loans from a bank due on February 27, 2015	-	-	1,300,000	2.23500%
Unsecured loans from banks due on February 27, 2015	-	-	5,400,000	0.96365%
Unsecured loans from banks due on August 27, 2015	¥9,700,000	1.00900%	9,700,000	1.00900%
Unsecured loans from a bank due on December 26, 2015	4,700,000	1.00000%	4,700,000	1.00000%
Unsecured loans from banks due on June 26, 2016	9,400,000	1.11700%	9,400,000	1.11700%
Unsecured loans from banks due on February 26, 2017	1,800,000	0.69000%	1,800,000	0.69000%
Unsecured loans principally from insurance companies due on August 27, 2017	3,920,000	1.08500%	3,920,000	1.08500%
Unsecured loans from banks due on February 27, 2018	5,420,000	1.12013%	5,420,000	1.12013%
Unsecured loans from banks due on August 26, 2018	5,400,000	0.99000%	5,400,000	0.99000%
Unsecured loans from banks due on November 26, 2019	1,600,000	1.16500%	1,600,000	1.16500%
Unsecured loans from an insurance company due on May 27, 2020	1,000,000	1.48625%	1,000,000	1.48625%
Unsecured loans from an insurance company due on August 26, 2020	800,000	1.28277%	800,000	1.28277%
Unsecured loans from banks due on August 26, 2020	4,700,000	1.18000%	4,700,000	1.18000%
Unsecured loans from an insurance company due on August 26, 2020	500,000	1.15566%	500,000	1.15566%
Unsecured loans from an insurance company due on February 26, 2021	2,000,000	1.17750%	-	-
Unsecured loans from a bank due on May 27, 2021	1,000,000	1.68200%	1,000,000	1.68200%
Unsecured loans from a bank due on May 27, 2021	3,500,000	1.62500%	3,500,000	1.62500%
Unsecured loans from a bank due on August 26, 2021	2,700,000	1.24100%	-	-
Unsecured loans from banks due on February 26, 2022	4,500,000	1.31850%	-	-
Unsecured loans from a bank due on August 27, 2016 (Note 2)	1,160,000	2.10000%	1,200,000	2.10000%

Unsecured loans from a bank due on February 26, 2017 (Note 3)	1,500,000	2.03000%	1,550,000	2.03000%
Total	¥65,300,000		¥63,890,000	

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

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

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

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date (excluding the current portion of long-term debt) are as follows.

	Thousands of Yen			
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term debt	14,580,000	13,680,000	9,340,000	5,400,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of May 31, 2014		As of November 30, 2013	
	Amount (Thousands of Yen)	Weighted- average interest rate	Amount (Thousands of Yen)	Weighted- average interest rate
First series of unsecured investment corporation bonds Due on February 25, 2016	¥5,000,000	1.21000%	¥5,000,000	1.21000%
Second series of unsecured investment corporation bonds Due on February 24, 2017	5,000,000	1.03000%	5,000,000	1.03000%
Total	¥10,000,000		¥10,000,000	

The scheduled redemption amounts of investment corporation bonds for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
Investment corporation bonds	—	5,000,000	5,000,000	—	—

9. UNITHOLDERS' EQUITY

The Company issues only non-par value investment units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. The Company is required to maintain net assets of at least ¥50,000 thousand as set forth in the Investment Trust Act.

10. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of May 31, 2014 and November 30, 2013 were as follows:

	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Net asset values per unit	¥467,827	¥467,887
Net income per unit	¥12,161	¥12,591

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

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

	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Net income (Thousands of Yen)	¥1,955,523	¥1,965,134
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥1,955,523	¥1,965,134
Average number of units during the period	160,800	156,072

11. RELATED PARTY TRANSACTIONS

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

Parent company and major corporate unitholders
Not applicable

Subsidiaries and affiliates
Not applicable

Fellow subsidiary companies
Not applicable

Directors and major individual unitholders
Not applicable

12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 40% for the six-month periods ended May 31, 2014 and November 30, 2013. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Act on Special Measures Concerning Taxation of Japan. Under this act, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥1,955,489 thousand and ¥1,965,137 thousand for the six-month periods ended May 31, 2014 and November 30, 2013, respectively, such distributions were treated as deductible distributions for purposes of corporate income taxes. The following summarizes the significant differences between the statutory tax rate and the effective tax rate:

	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Statutory tax rate	36.59%	36.59%
Deductible cash distributions	(36.57)	(36.57)
Other	0.03	0.03
Effective tax rate	0.05%	0.05%

13. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

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

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

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

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

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

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

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

Fair Value of Financial Instruments

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

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

	Carrying value (Note 1)	Fair value (Note 1)	Thousands of Yen Difference
(i) Cash and bank deposits	¥9,965,426	¥9,965,426	—
(ii) Current portion of long-term debt	(14,450,000)	(14,498,646)	¥48,646
(iii) Investment corporation bonds	(10,000,000)	(10,161,385)	161,385
(iv) Long-term debt	(65,300,000)	(65,982,297)	682,297
(v) Derivative transactions	—	—	—

For the period from June 1, 2013 to November 30, 2013

The following table summarizes the carrying value and the estimated fair values of financial instruments as of November 30, 2013.

	Carrying value (Note 1)	Fair value (Note 1)	Thousands of Yen Difference
(i) Cash and bank deposits	¥7,594,123	¥7,594,123	—
(ii) Current portion of long-term debt	(15,950,000)	(15,977,512)	¥27,512
(iii) Investment corporation bonds	(10,000,000)	(10,170,565)	170,565
(iv) Long-term debt	(63,890,000)	(64,570,248)	680,248
(v) Derivative transactions	—	—	—

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits

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

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

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see “19. Derivatives and Hedge Accounting”) is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(iii) Investment corporation bonds

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

(v) Derivative transactions

See “19. Derivatives and Hedge Accounting.”

Note 3: Redemption schedule for cash and bank deposits as of May 31, 2014

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Cash and bank deposits	¥9,965,426	—	—	—	—	—
Total	¥9,965,426	—	—	—	—	—

Redemption schedule for cash and bank deposits as of November 30, 2013

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Cash and bank deposits	¥7,594,123	—	—	—	—	—
Total	¥7,594,123	—	—	—	—	—

Note 4: Redemption schedule for investment corporation bonds and debt as of May 31, 2014

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Current portion of long-term debt	¥14,450,000	—	—	—	—	—
Investment corporation bonds	—	¥5,000,000	¥5,000,000	—	—	—
Long-term debt	—	14,580,000	13,680,000	¥9,340,000	¥5,400,000	¥22,300,000
Total	¥14,450,000	¥19,580,000	¥18,680,000	¥9,340,000	¥5,400,000	¥22,300,000

Redemption schedule for investment corporation bonds and debt as of November 30, 2013

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Current portion of long-term debt	¥15,950,000	—	—	—	—	—
Investment corporation bonds	—	—	¥5,000,000	¥5,000,000	—	—
Long-term debt	—	¥17,580,000	15,320,000	7,070,000	¥10,820,000	¥13,100,000
Total	¥15,950,000	¥17,580,000	¥20,320,000	¥12,070,000	¥10,820,000	¥13,100,000

14. INVESTMENT AND RENTAL PROPERTIES

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

	Thousands of Yen	
	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Carrying value		
Balance at beginning of the period	¥160,228,832	¥149,656,963
Change during the period	(2,435,709)	10,571,869
Balance at end of the period	157,793,123	160,228,832
Fair value	¥156,322,000	¥155,472,000

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

Note2: The major decrease in the carrying value during the period ended May 31, 2014 was mainly due to the sale of URBAN STAGE Ikegami (¥1,392,443 thousand) and URBAN STAGE Machiya (¥211,195 thousand). The major increase in the carrying value during the period ended November 30, 2013 was mainly due to the acquisition of URBAN STAGE Ebisu (¥1,072,272 thousand), URBAN STAGE Meguro Aobadai (¥1,229,308 thousand), URBAN STAGE Gakugei Daigaku (¥946,679 thousand), URBAN STAGE Nihonbashi Hamacho (¥1,524,677 thousand), URBAN STAGE Kagurazaka (¥2,738,757 thousand), URBAN STAGE Ikebukuro (¥3,428,501 thousand) and URBAN STAGE Sakaisuji Honmachi (¥1,869,171 thousand) and the major decrease in the carrying value during the period ended November 30, 2013 was mainly due to the sale of PRIME URBAN Kita Senzoku (¥569,900 thousand), URBAN STAGE Takinogawa (¥291,612 thousand), URBAN STAGE Koganei (¥226,921 thousand) and URBAN STAGE Minami Gyotoku V (¥294,772thousand).

Note3: The fair value as of May 31, 2014 and November 30, 2013 represents the sum of the appraisal values estimated by external real estate appraisers.

The real estate rental revenues and expenses for the six-month period ended May 31, 2014 and November 30, 2013 are presented in “16. Breakdown of Real Estate Rental Revenues and Expenses.”

15. SEGMENT INFORMATION

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

Segment Information

Since the Company has been engaged in the real estate leasing business as a single segment, segment information has been omitted.

Related Information

1. Information about products and services

Since revenues from external customers of products and services within a single segment are more than 90 percent of total operating revenues, information about products and services has been omitted.

2. Information about geographical areas

(1) Revenues

Since more than 90 percent of the total operating revenues were generated from external customers in Japan, geographical breakdown of revenues has been omitted.

(2) Property and equipment

Since more than 90 percent of the total property and equipment on the balance sheet are located in Japan, geographical breakdown of property and equipment has been omitted.

3. Information about major clients

Information about major clients for the six-month period ended May 31, 2014 and November 30, 2013 were as follows:

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

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Real Estate Partners Co., Ltd.	¥4,262,192	Real estate leasing business

For the six-month period from June 1, 2013 to November 30, 2013

Name of client	Revenues(Thousands of yen)	Related segment
Nomura Living Support Co., Ltd.	¥2,794,635	Real estate leasing business
Haseko Livenet Inc.	1,349,384	Real estate leasing business

16. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month period ended May 31, 2014 and November 30, 2013 consist of the following:

	Thousands of Yen	
	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Real estate rental revenues	¥5,556,649	¥5,356,185
Rental revenues	5,143,831	5,013,520
Rental revenues	4,851,857	4,733,340
Common area charges	291,974	280,180
Other rental revenues	412,818	342,665
Parking revenues	134,802	134,455
Incidental income	199,126	140,643
Other miscellaneous revenues	78,890	67,567
Real estate rental expenses	2,453,509	2,250,171
Property management costs	207,134	203,625
Property management fees	314,215	268,809
Property and other taxes	263,901	260,682
Utility expenses	109,797	92,470
Casualty insurance	7,958	8,419
Repairs and maintenance	300,325	225,278
Depreciation	1,053,356	1,012,451
Other rental expenses	196,823	178,437
Real estate rental profits	¥3,103,140	¥3,106,014

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

Gain on sales of real estate for the six-month period ended May 31, 2014 and November 30, 2013 consist of the following:

	Thousands of Yen	
	For the period from December 1, 2013 to May 31, 2014	For the period from June 1, 2013 to November 30, 2013
Gain on sales of real estate		
Proceeds from sales of real estate	¥1,678,883	¥1,478,329
Cost of sales of real estate	1,603,638	1,383,205
Other related sales expenses	37,880	44,550
Gain on sales of real estate	¥37,365	¥50,574

18. LEASES

The Company, as a lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years for residential space. The future minimum rental revenues under existing non-cancelable operating lease agreements as of May 31, 2014 and November 30, 2013 are summarized as follows:

	Thousands of Yen	
	As of May 31, 2014	As of November 30, 2013
Due within one year	¥435,377	¥482,969
Due after one year	144,344	16,813
Total	¥579,721	¥499,782

19. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of May 31, 2014

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

Thousands of Yen

			Thousands of Yen			
Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
				Due after one year		
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	56,020,000	46,220,000	(*)	

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note 2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

Derivative transactions as of November 30, 2013

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

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

Thousands of Yen

			Thousands of Yen			
Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
			Due after one year			
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	50,820,000	45,420,000	(*)	

* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see “13. Financial Instruments (Note 2) (ii) Current portion of long-term debt and (iv) Long-term debt”).

20. SIGNIFICANT SUBSEQUENT EVENTS

Transfer of a property

On June 30, 2014, the Company entered into a sale and purchase agreement regarding the transfer of the property stated below and completed the transfer. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

URBAN STAGE Minami Gyotoku IV

Type of Assets : Real estate
Date of Agreement : June 30, 2014
Transfer Date : June 30, 2014
Transfer Price : ¥256,840 thousand
Transferee : Japanese industrial company
Impact on Revenues : Approximately ¥6million (sales expenses excluded) of gain on sales of real estate will be recorded for the 16th fiscal period (from June 1, 2014 to November 30, 2014).

Independent Auditor's Report



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Independent Auditor's Report

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

We have audited the accompanying financial statements of Nomura Real Estate Residential Fund, Inc., which comprise the balance sheet as at May 31, 2014, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

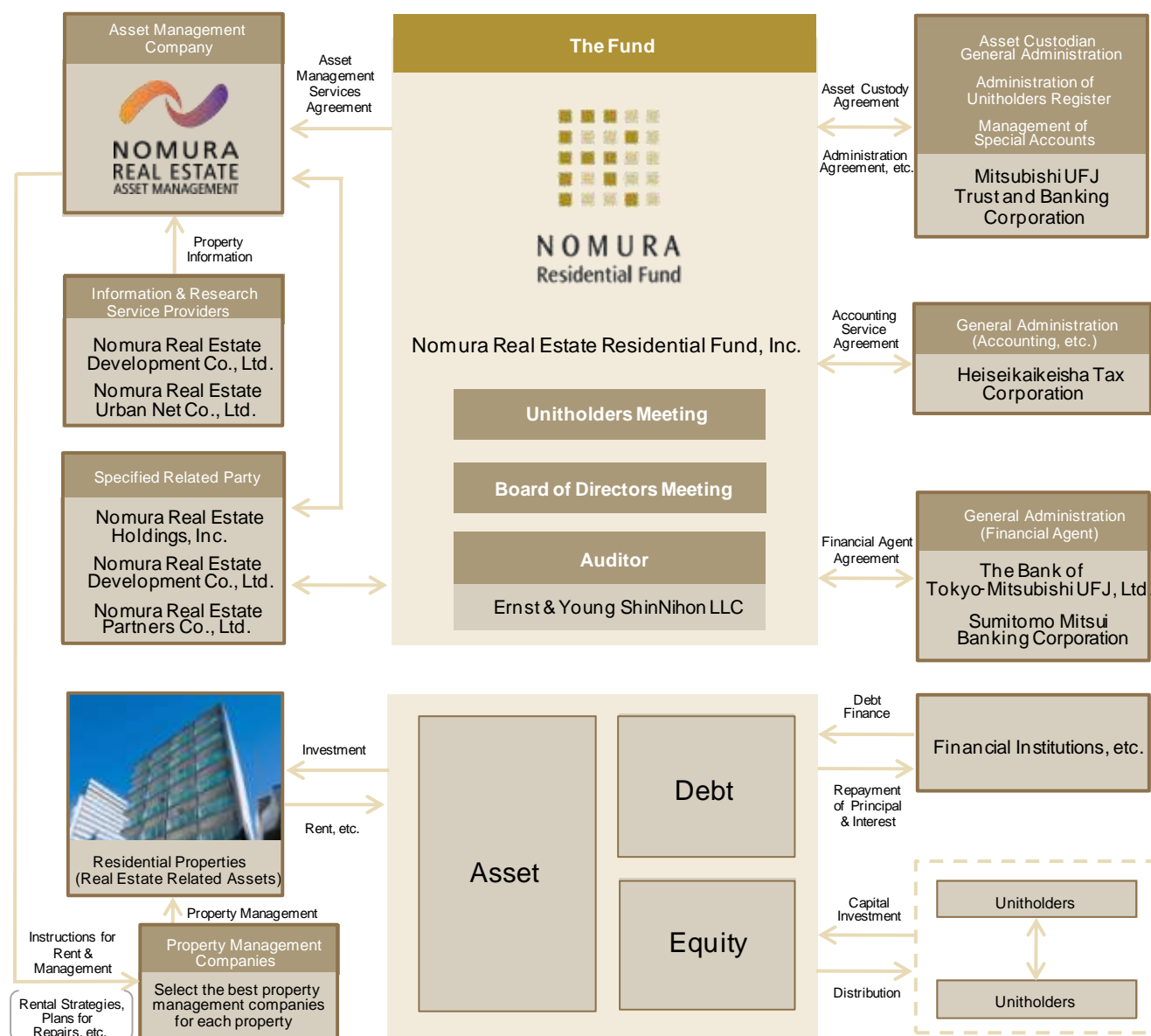
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Residential Fund, Inc. as at May 31, 2014, and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

August 22, 2014
Tokyo, Japan

Business Structure



Corporate Data

Corporate Name

Nomura Real Estate Residential Fund, Inc.

Corporate Office

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

Date of Incorporation

August 3, 2006

Stock Listing

Tokyo Stock Exchange (Securities Code: 3240)

Fiscal Period

Six months ending on May 31 and November 30

Capital

¥73,231,053,636 (as of May 31, 2014)

Number of Units Issued

160,800 (as of May 31, 2014)

Number of Unitholders

10,595 (as of May 31, 2014)

Transfer Agent

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

Business Office of the Transfer Agent

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

Independent Auditors

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

Investor Relations

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Tel: +81-3-3365-7729

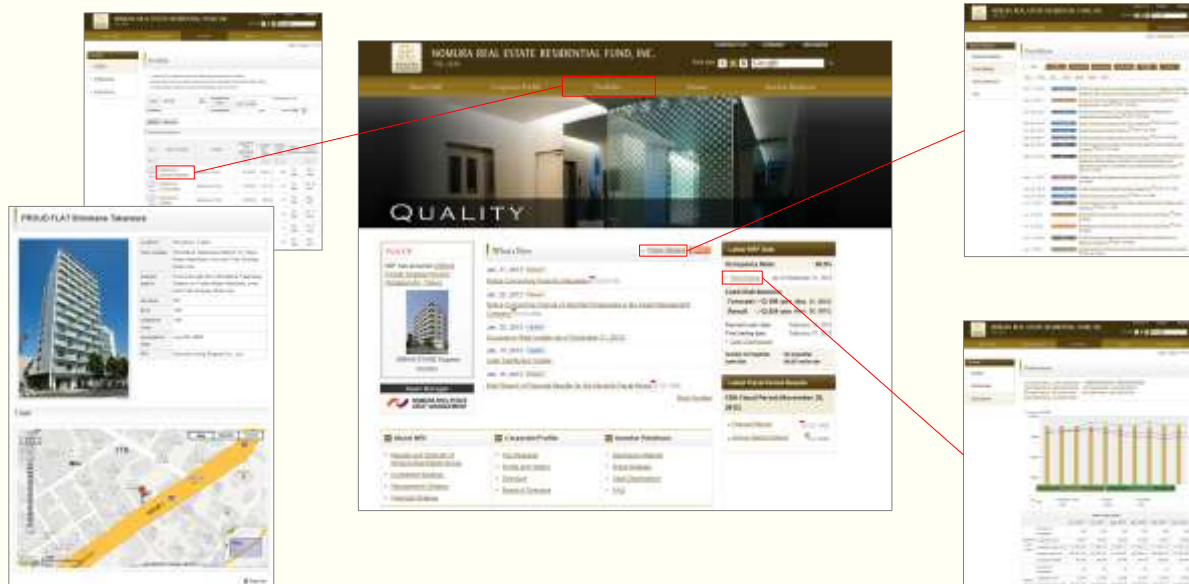
Nomura Real Estate Residential Fund's Website

The Company strives to provide accurate and timely disclosure of information by utilizing the website.

- Strength of NRF, Asset Management Policies, Corporate Profile
- Portfolio Summary, Portfolio Data, Occupancy Rates.
- News, Latest Data, Performance, Distributions, Calendar

We continue to provide information timely and strive to enhance the contents of the website.

(URL) <http://www.nre-rf.co.jp/english/>



Posting summaries, maps, occupancy rates, etc. of the portfolio

Posting the latest occupancy rates

Disclaimer

This semiannual report includes translations of certain Japanese documents originally filed under the Financial Instruments and Exchange Act of Japan. This report was prepared in English solely for the convenience of and reference by readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents always govern the meaning and interpretation.

In general, accounting principles and practices used by real estate investment corporations in Japan ("J-REITs") in preparing its financial statements conform with accounting principles generally accepted in Japan ("Japanese GAAP"). However, they may differ from generally accepted accounting principles applied in certain other countries. Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and generally accepted accounting principles in the United States ("U.S. GAAP") or other jurisdictions and how those differences might affect the financial information contained herein.

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