



NOMURA  
Residential Fund

# NOMURA RESIDENTIAL FUND

NOMURA REAL ESTATE RESIDENTIAL FUND, INC.

Second Fiscal Period Financial Results  
(ended November 2007)



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

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

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- Organization of the Asset Management Company
- Focus on Compliance



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# Highlights of the Second Fiscal Period



## Notable Activities

Property Acquisition	Asset Management	Finance
<ul style="list-style-type: none"> <li>Concluded Agreements: 21 Properties/¥21,366 million</li> <li>⇒ Portfolio including scheduled acquisitions 123 Properties/¥100,281million</li> <li>Concluded Acquisitions: 8 Properties/¥8,385 million (includes the 2 scheduled acquisitions from the 1st Fiscal Period)</li> <li>⇒ Portfolio of acquired properties 97 Properties/¥75,420 million</li> </ul>	<ul style="list-style-type: none"> <li>Promote “integrated operational management” through cooperation with the “optimal property management company for each property”</li> <li>Secured a high level portfolio occupancy rate exceeding 95% throughout the 2nd Fiscal Period (95.8% at the end of the 2nd Fiscal Period)</li> <li>Looking ahead to busy leasing periods and execute various building renovations</li> </ul>	<ul style="list-style-type: none"> <li>Secured the highest credit ranking among J-REITs in July 2007 from 3 rating agencies</li> <li>Promote diversification of lenders (added 2 new institutions)</li> <li>Promote conservative financial strategies (long-term/fixed-rates ratio, duration, etc.)</li> </ul>

## Financial Overview

	Second Fiscal Period (ended November 2007)	Comparison with Forecasts (released July 17, 2007)	
Number of Business Days	183 days	—	—
Operating Revenues	¥2,484 million	+ ¥81 million	+ 3.4 %
Current Profits	¥954 million	+ ¥36 million	+ 4.0 %
Net Income	¥953 million	+ ¥36 million	+ 4.0 %
Cash Distribution Per Unit	¥14,005	+ ¥542	+ 4.0 %



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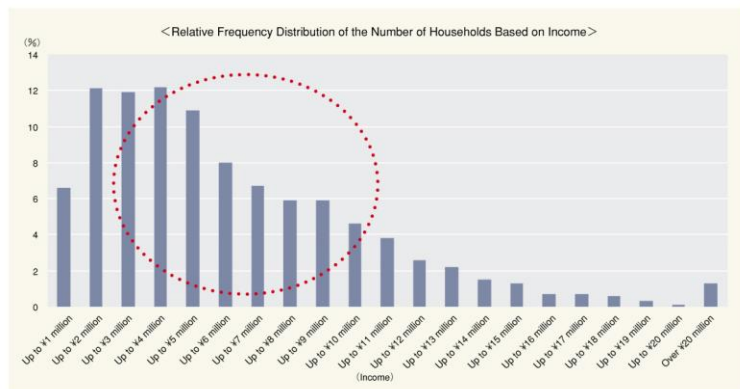
# Fund Management Summary



# Investment Strategy (1) Investing in Properties Expected to have Stable Demand

## Establish Targets Directed at “Rental Demand with a Broad Tenant Class”

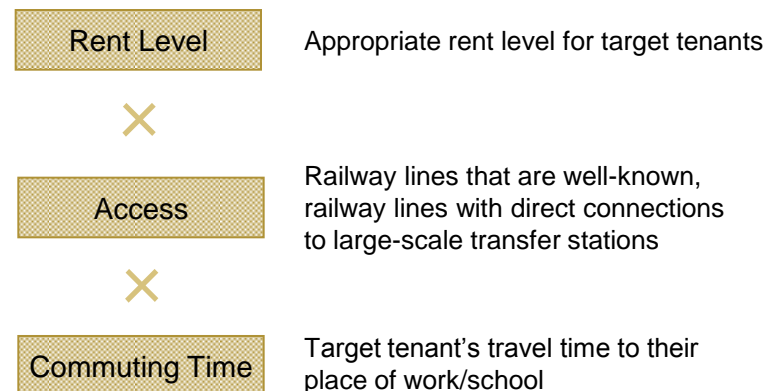
	Focus Tenant Class		Other Tenant Classes
Target	Middle class tenants, centering on students and corporate employees in their 20s and 30s.	Upper middle class tenants, such as foreign company employees.	Upper class tenants, such as companies with rent subsidization systems, business owners, management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



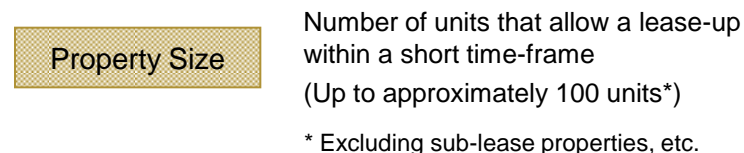
(Note) The section circled in the graph above indicates the Fund's main target tenant class. The Fund will consider investment in properties targeting other tenant classes, if it is deemed to have stable demands from the market characteristics and location viewpoints.

## Core Elements for Property Selection




### Broad tenant demand



### Key points for early lease-up (acquisition of newly developed properties)



## Diverse Sourcing Routes for Each Brand

Brand	<p><b>PROUD FLAT</b></p>  <p>Properties planned/developed by Nomura Real Estate Development &lt;Age of Building: Approx. 1 year or less&gt;</p>	<p><b>PRIME URBAN</b></p>  <p>PRIME URBAN</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development &lt;Age of Building: Approx. 1 year or less&gt;</p>	<p><b>URBAN STAGE</b></p>  <p>URBAN STAGE</p> <p>Properties planned/developed by companies other than Nomura Real Estate Development &lt;Age of Building: Approx. 1 year or more&gt;</p>
Acquisition Strategy	<p><b>Strategic Cooperation with Nomura Real Estate Development</b></p> <p>The strategic cooperation with Nomura Real Estate Development and undertaking the development and acquisition of PROUD FLAT condominiums making full use of its housing related know-how, such as land acquisition, product planning, management, etc., plays a pivotal role in the Fund's growth strategy and will be utilizing the expansive brokerage network held by Nomura Real Estate Group.</p>	<p><b>Utilization of Networks with Providers</b> <b>Utilization of Nomura Real Estate Group Information Networks</b></p> <p>Proactively utilizing the network with providers built through the management of a private fund spanning more than 5 years and the Fund's management extending over 1 year. Additionally, seek to collect timely information on properties for sale by utilizing the expansive brokerage network held by Nomura Real Estate Group.</p>	



Utilize “diverse sourcing routes” to its full extent, in order seek stable acquisition of prime assets



# Investment Performance (1) Results of Acquisition Activities after Listing

## Stable Acquisition Performance in All Brands

(millions of yen)

	PROUD FLAT		PRIME URBAN		URBAN STAGE		Other	
	Property Name	Price	Property Name	Price	Property Name	Price	Property Name	Price
1st Fiscal Period (After listing)  13 Properties 9,334 million	PROUD FLAT Yokohama *	2,340	PRIME URBAN Miyanosawa	576			Benefis Hakata Grand Sweet	830
			PRIME URBAN Maruyama	283			Benefis Yakuin Minami	351
			PRIME URBAN Kanayama *	632				
			PRIME URBAN Senzoku	536				
			PRIME URBAN Kita Jyuichi Jo	600				
			PRIME URBAN Odori Higashi	424				
			PRIME URBAN Chiji Kokan	337				
			PRIME URBAN Kita Nijuyo Jo *	503				
			PRIME URBAN Sapporo Idaimae	731				
			PRIME URBAN Tsurumai*	1,189				
	1 Property	2,340	10 Properties	5,813	—	—	2 Properties	1,181
2nd Fiscal Period  21 Properties 21,366 million	PROUD FLAT Shibuya Sakuragaoka *	800	PRIME URBAN Denenchofu Minami *	900	URBAN STAGE Musashi Kosugi comodo	2,150	Benefis Kashii Verbena	396
	PROUD FLAT Shinjuku Kawadacho *	1,010	PRIME URBAN Meguro Ohashi Hills *	3,580	URBAN STAGE Gyotoku Ekimae	561	Benefis Hakata Higashi Grand Sweet	693
	PROUD FLAT Shinotsuka	695	PRIME URBAN Meguro Riverside	464	URBAN STAGE Minami Gyotoku V	293	Benefis Chihaya Grand Sweet	545
	PROUD FLAT Monzen Nakacho II *	650	PRIME URBAN Nishi Waseda	503	URBAN STAGE Gyotoku	948		
	PROUD FLAT Shirogane Takanawa *	3,510	PRIME URBAN Nakano Kamitakada *	640				
	PROUD FLAT Monzen Nakacho I *	1,130	PRIME URBAN Minami Karasuyama	840				
			PRIME URBAN Karasuyama Galleria	645				
			PRIME URBAN Karasuyama Court	413				
	6 Properties	7,795	8 Properties	7,985	4 Properties	3,952	3 Properties	1,634
3rd Fiscal Period (As of Feb. 28)  10 Properties 12,673 million	PROUD FLAT Kamioooka *	2,770	PRIME URBAN Nagamachi Icchome	1,110	URBAN STAGE Hongo Ikizaka	647	Koganei Habitation	2,390
			PRIME URBAN Yaotome Chuo	428	URBAN STAGE Shinjuku Ochiai	635	Musashino Green Hills	1,590
					URBAN STAGE Kamikitazawa	738		
					URBAN STAGE Shinkawa	2,250		
					URBAN STAGE Kawasaki	115		
	1 Property	2,770	2 Properties	1,538	5 Properties	4,385	2 Properties	3,980
Total 44 Properties 43,373 million	8 Properties	12,905	20 Properties	15,336	9 Properties	8,337	7 Properties	6,795

(Note) The properties mentioned above is the Fund's portfolio from the day of listing to February 28, 2008. The price refers to the acquisition price, all of which are rounded down to the nearest million.

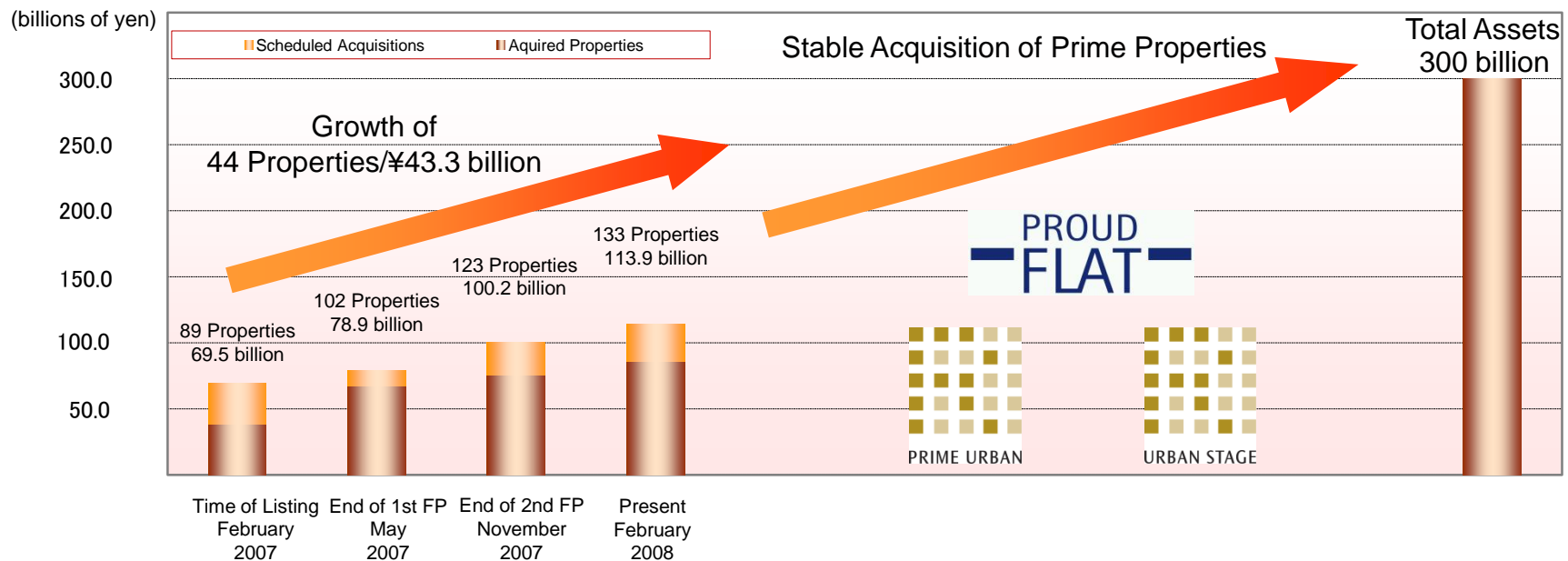
(Note) The building names with a (\*) mark are tentative names.



Through the “utilization of diverse sourcing routes” achieved stable acquisition performance for all brands

## The Growth of Portfolio through Acquisition of Prime Properties

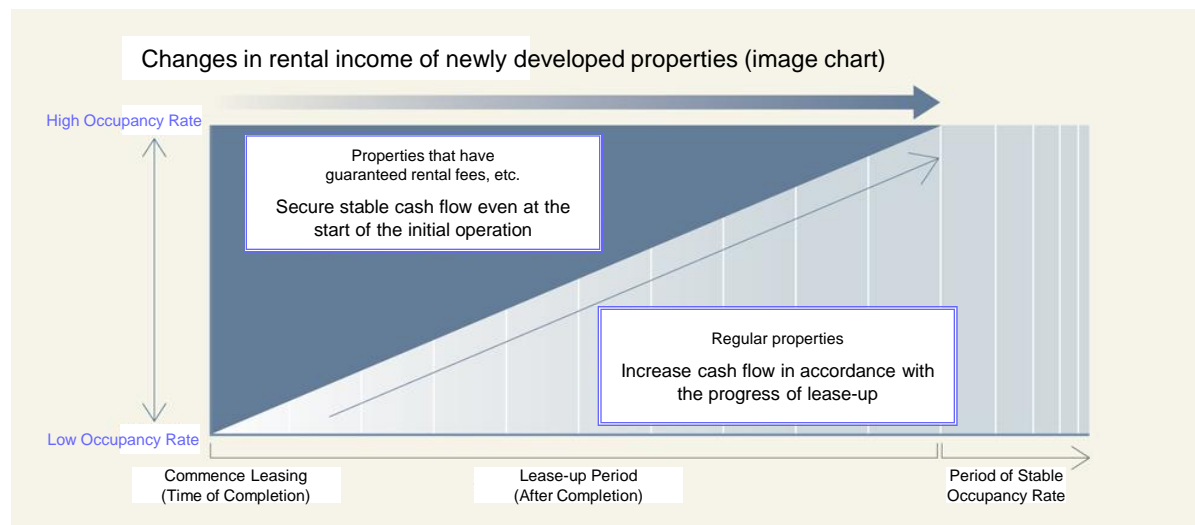
### ■ Illustration of Expansion of Asset Size ■



Aiming for “steady portfolio growth” through stable acquisition of prime properties

# Policies to Secure Stable Cash Flow (Guaranteed rents, etc. in new properties)

## “Stable Earnings until Increase in Occupancy Rate” + “Pursue the Upside Following Lease-up”



Properties which use the method of guaranteed fees, etc.

Property Name	Location	Leasable Units	(Scheduled) Completion Date	(Scheduled) Acquisition Date
PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	58 units	March 2008	March 26, 2008
PRIME URBAN Nagamachi Icchome	Sendai-shi, Miyagi	60 units	January 2008	February 1, 2008
PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	43 units	January 2008	February 1, 2008
PRIME URBAN Tsurumai (tentative name)	Nagoya-shi, Aichi	104 units	July 2008	March 5, 2009
Benefis Kashii Verbenia	Fukuoka-shi, Fukuoka	39 units	February 2008	March 5, 2008
Benefis Hakata Higashi Grand Sweet	Fukuoka-shi, Fukuoka	65 units	March 2008	March 19, 2008
Benefis Chihaya Grand Sweet	Fukuoka-shi, Fukuoka	48 units	March 2008	March 28, 2008



Use the most appropriate methods for early revenues by regarding time of completion, market scale, etc.

## Credit Ratings

Rating Agency	Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term Senior Debt Rating: <b>AA</b>	Stable
Moody's Investors Service	Issuer Rating: <b>A1</b>	Stable
Standard & Poor's	Long-term Corporate Credit Rating: <b>A+</b> Short-term Corporate Credit Rating: <b>A-1</b>	Stable

➡ Selecting the most appropriate procurement methods from “Diverse funding procurement methods,” which include the issuance of investment corporation bonds

## Additional Issue of Investment Units

- Issuance resolution date: January 21, 2008
- Number of units issued: 27,300 units (Public Offering), 1,365 units (Third-party Allotment)
- Offer price: ¥451,780 per unit (2% discounted from the closing price on Feb. 5, 2008)
- Proceeds: ¥11,918 million (Public Offering)
- Payment date: February 13, 2008 (Public Offering)
- Number of units after new issue: 95,400 units (After Public Offering)

➡ Aim at a balanced growth in all aspects of “Property acquisition,” “Asset management,” and “Financial Strategies”



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# Overview of the Financial Results



# Income Statement



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Classification	First Fiscal Period From August 3, 2006 To May 31, 2007		Second Fiscal Period From June 1, 2007 To November 30, 2007	
	Amount ( ¥ 000)	Ratio (%)	Amount ( ¥ 000)	Ratio (%)
Real Estate Rental Business Revenues	2,304,704	100.0	2,484,628	100.0
Rental Business Revenues	2,101,518	91.2	2,372,329	95.5
Other Rental Business Revenues	203,185	8.8	112,298	4.5
Real Estate Rental Business Expenses	963,342	41.8	896,964	36.1
Real Estate Rental Business Expenses	559,993	24.3	446,059	18.0
Tax and Public Dues	5,176	0.2	53,299	2.1
Depreciation and Amortization	398,173	17.3	397,604	16.0
Real Estate Rental Business Profits and Losses	1,341,361	58.2	1,587,663	63.9
Asset Management Fees	141,031	6.1	182,851	7.4
Other Operating Expenses	122,100	5.3	140,999	5.7
Operating Income	1,078,229	46.8	1,263,812	50.9
Non-Operating Revenues	1,003	0.0	6,265	0.3
Non-Operating Expenses	525,942	22.8	315,335	12.7
Current Profits	553,291	24.0	954,743	38.4
Net Income before Tax	553,291	24.0	954,743	38.4
Corporate Income Tax, etc.	1,515	0.1	999	0.0
Net Income before Tax	551,775	23.9	953,743	38.4
Retained Earnings Brought Forward	—	0.0	29	0.0
Retained Earnings at the end of the Fiscal Period	551,775	23.9	953,773	38.4

## \*1 [Real Estate Rental Business Revenues]

As of the end of the 2nd Fiscal Period, the portfolio consists of 97 properties/¥75.4 billion (total acquisition price). The occupancy rate for the portfolio at the end of the 2nd Fiscal Period is 95.8%.

## \*2 [Repair Expenses]

Repair expenses reported as expenses in the 2nd Fiscal Period is ¥85,269,000. In combination with ¥31,586,000 in capital expenditures, a total of ¥116,856,000 in construction was carried out.

## \*3 [Tax and Public Dues]

During the 2nd Fiscal Period, of the 97 properties in the portfolio, 57 properties have reported fixed asset taxes and urban planning taxes in the year 2007 as expenses. Fixed asset taxes and urban planning taxes adjusted with the seller at the time of acquisition (¥45,841,000) have been included in the acquisition price.

## Assets

Items	First Fiscal Period as of May 31, 2007		Second Fiscal Period as of Nov. 30, 2007	
	Amount (¥ 000)	Ratio (%)	Amount (¥ 000)	Ratio (%)
<b>Current Assets</b>	6,941,125	9.2	3,974,905	4.9
Cash and cash equivalents	5,064,215	6.7	2,062,189	2.5
Cash and cash equivalent in trust	1,788,634	2.4	1,820,953	2.3
Other current assets	88,274	0.1	91,762	0.1
<b>Fixed Assets</b>	68,372,764	90.8	76,915,836	95.1
<b>Tangible fixed assets</b>	68,359,040	90.8	76,902,158	95.1 *1
Real estate	9,676,898	12.8	18,435,659	22.8
Building	3,871,120	5.1	7,332,739	9.1
Land	5,805,777	7.7	11,102,920	13.7
Real estate in trust	58,651,995	77.9	58,401,685	72.2
Building in trust	20,642,397	27.4	20,384,968	25.2
Land in trust	38,009,597	50.5	38,016,717	47.0
Construction in progress	30,147	0.0	64,812	0.1
<b>Intangible fixed assets</b>	1,774	0.0	1,635	0.0
Other intangible fixed assets	1,774	0.0	1,635	0.0
<b>Investment and other assets</b>	11,949	0.0	12,043	0.0
Deposits received	10,298	0.0	10,421	0.0
Long-term repaid expenses	1,651	0.0	1,622	0.0
<b>Total Assets</b>	75,313,889	100.0	80,890,742	100.0

### \*1 Tangible fixed assets

(unit: millions of yen)

	Acquisition Price	Accumulated depreciation	(Depreciation for current FP)	Book value at end of FP
<b>Real Estate</b>	<b>77,633</b>	<b>795</b>	<b>(397)</b>	<b>76,837</b>
Building	7,428	95	(80)	7,332
Land	11,102	—	—	11,102
Building in trust	21,085	700	(317)	20,384
Land in trust	38,016	—	—	38,016

## Liabilities and Net Assets

Items	First Fiscal Period as of May 31, 2007		Second Fiscal Period as of Nov. 30, 2007	
	Amount (¥ 000)	Ratio (%)	Amount (¥ 000)	Ratio (%)
<b>Current Liabilities</b>	1,245,843	1.7	5,098,162	6.3
Trade accounts payable	186,131	0.2	109,759	0.1
Short-term loans	440,000	0.6	4,360,000	5.4 *2
Other accounts payable	235,048	0.3	157,649	0.2
Taxes payable	1,346	0.0	653	0.0
Accrued expenses	101,795	0.1	153,568	0.2
Rent received in advance	278,047	0.4	314,883	0.4
Deposits payable	3,473	0.0	1,647	0.0
<b>Fixed Liabilities</b>	32,260,599	42.8	33,583,135	41.5
Long-term loans	31,500,000	41.8	32,740,000	40.5 *2
Security deposits	63,971	0.1	153,032	0.2
Security deposits in trust	696,628	0.9	690,102	0.9
<b>Total Liabilities</b>	33,506,442	44.5	38,681,297	47.8
<b>Unitholders Equity</b>	41,807,447	55.5	42,209,444	52.2
Unitholders capital	41,255,671	54.8	41,255,671	51.0
Retained earnings	551,775	0.7	953,773	1.2
<b>Total New Assets</b>	41,807,447	55.5	42,209,444	52.2
<b>Total Liabilities and Net Assets</b>	75,313,889	100.0	80,890,742	100.0

### \*2 Loans

Balance of interest-bearing debts (millions of yen)	37,100
Total asset interest-bearing debt ratio	$\frac{\text{short-term} + \text{long-term loans}}{\text{total assets}} = 45.9\%$
Long-term interest-bearing debt ratio	$\frac{\text{long-term loans}}{\text{long-term} + \text{short-term loans}} = 88.2\%$

# Forecasts for 3rd and 4th Fiscal Period (announced Jan. 21, 2008)



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3rd Fiscal Period Forecasts (December 1, 2007-May 31, 2008)	
Rental Business Revenues	3,226 million yen
Rental Business Expenses	1,299 million yen
Asset Management Fees	215 million yen
Other Operating Expenses	160 million yen
Operating Income	1,550 million yen
Non-Operating Profit/Loss	480 million yen
Current Profits	1,069 million yen
Net Income	1,068 million yen
Cash Distribution per Unit	11,043 yen
Total Investment Units at end of Fiscal Period	96,765 units

**[Managing Assets]**

Calculation based on 129 properties\*, adding the 32 properties (scheduled to acquire during the 3rd Fiscal Period as of January 21, 2008) to the 97 properties held as of November 30, 2007 (end of 2nd Fiscal Period).

\* As of February 28, 2008, the portfolio consists of 114 properties.

\* URBAN STAGE Kawasaki, acquired February 26, 2008, is not included.

**[Depreciation]**

¥554 million is expected.

**[Loans]**

Assumed that loans as of May 31, 2008 (end of 3rd Fiscal Period) will be a total of ¥53,870 million, through loans for the acquisition of new property already scheduled as of January 21, 2008.

4th Fiscal Period Forecasts (June 1, 2008-November 30, 2008)	
Rental Business Revenues	3,693 million yen
Rental Business Expenses	1,395 million yen
Asset Management Fees	368 million yen
Other Operating Expenses	180 million yen
Operating Income	1,748 million yen
Non-Operating Profit/Loss	471 million yen
Current Profits	1,276 million yen
Net Income	1,275 million yen
Cash Distribution per Unit	13,180 yen
Total Investment Units at end of Fiscal Period	96,765 units

**[Managing Assets]**

Calculation based on 131 properties\*, adding the 2 properties (scheduled to acquire during the 4th Fiscal Period as of January 21, 2008) to the 129 properties held as of May 31, 2008 (end of 3rd Fiscal Period).

\* As of February 28, 2008, the portfolio consists of 114 properties.

\* URBAN STAGE Kawasaki, acquired February 26, 2008, is not included.

**[Depreciation]**

¥644 million is expected.

**[Loans]**

Assumed that loans as of November 30, 2008 (end of 4th Fiscal Period) will be a total of ¥58,718 million, with loans for the acquisition of new property already scheduled as of January 21, 2008.





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# Fund Management Results



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

## PROUD FLAT Shibuya Sakuragaoka (tentative name)



Main Railway Access: 5 minute walk to Shibuya Station on the JR Yamanote and Saikyo Lines, Tokyo Metro Ginza and Hanzomon Lines, Tokyu Toyoko and Denentoshi Lines

Leasable Units: 30

Scheduled Acquisition Price: ¥800 million

Scheduled Acquisition Date: April 21, 2008 (3rd Fiscal Period)

Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥120,000s for 1K units
Access	Within walking distance of Shibuya Station, a large-scale transfer station where 7 lines interchange.
Commuting Time	Walking distance to Shibuya Station area Approximately 20 minutes to other major business areas

## PROUD FLAT Shinjuku Kawadacho (tentative name)



Main Railway Access: 6 minute walk to Wakamatsu Kawada Station on the Toei Subway Oedo Line  
8 minute walk to Akebonobashi Station on the Toei Subway Shinjuku Line

Leasable Units: 41

Scheduled Acquisition Price: ¥1,010 million

Scheduled Acquisition Date: April 21, 2008 (3rd Fiscal Period)

Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥90,000s for 1R units In ¥110,000s for 1DK units
Access	Toei Subway Oedo Line and Shinjuku Line
Commuting Time	Approximately 10 minutes to the Shinjuku area Approximately 20 minutes to the Otemachi area

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

PROUD FLAT Shinotsuka  
(tentative name)



Main Railway Access: 5 minute walk to Shinotsuka Station on the Tokyo Metro Marunouchi Line and Otsuka Station on the JR Yamanote Line

Leasable Units: 35

Scheduled Acquisition Price: ¥695 million

Scheduled Acquisition Date: April 21, 2008 (3rd Fiscal Period)

Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥100,000s for 1K units
Access	Tokyo Metro Marunouchi Line and JR Yamanote Line
Commuting Time	Approximately 20 minutes to Otemachi/Tokyo/Shinjuku areas Approximately 10 minutes to the Ikebukuro area

PROUD FLAT Monzen Nakacho II  
(tentative name)



Main Railway Access: 7 minute walk to Monzen Nakacho Station on the Tokyo Metro Tozai Line  
11 minute walk to Monzen Nakacho Station on the Toei Subway Oedo Line

Leasable Units: 35

Scheduled Acquisition Price: ¥650 million

Scheduled Acquisition Date: April 21, 2008 (3rd Fiscal Period)

Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥90,000 for 1K units
Access	Tokyo Metro Tozai Line and Toei Subway Oedo Line
Commuting Time	Approximately 15 minutes to Otemachi/Nihonbashi areas Approximately 30 minutes to the Roppongi area

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



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PROUD FLAT Shirogane Takanawa  
(tentative name)



Main Railway Access: 5 minute walk to Shirogane Takanawa Station on the Tokyo Metro Namboku Line and Toei Subway Mita Line  
Leasable Units: 106  
Scheduled Acquisition Price: ¥3,510 million  
Scheduled Acquisition Date: September 5, 2008 (4th Fiscal Period)  
Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥120,000s for 1K units
Access	Tokyo Metro Namboku Line and Toei Subway Mita Line
Commuting Time	Approximately 15 minutes to the Roppongi area Approximately 20 minutes to Otemachi/Akasaka areas

PROUD FLAT Monzen Nakacho I  
(tentative name)



Main Railway Access: 5 minutes to Monzen Nakacho Station on the Tokyo Metro Tozai Line  
8 minutes to Monzen Nakacho Station on the Toei Subway Oedo Line  
Leasable Units: 55  
Scheduled Acquisition Price: ¥1,130 million  
Scheduled Acquisition Date: August 5, 2008 (4th Fiscal Period)  
Acquisition Route: Nomura Real Estate Development Co., Ltd.

Rent Level	In ¥100,000s for 1K units
Access	Tokyo Metro Tozai Line and Toei Subway Oedo Line
Commuting Time	Approximately 15 minutes to Otemachi/Nihonbashi areas Approximately 25 minutes to the Roppongi area

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



NOMURA  
Residential Fund

### PRIME URBAN Meguro Riverside



Main Railway Access: 9 minute walk to Meguro Station on the JR Yamanote Line, Tokyu Meguro Line, Tokyo Metro Namboku Line, and Toei Subway Mita Line

Leasable Units: 24

Scheduled Acquisition Price: ¥464 million

Scheduled Acquisition Date: September 27, 2007 (2nd Fiscal Period)

Acquisition Route: Existing provider

Rent Level	In ¥90,000s for 1K units
Access	JR Yamanote Line, Tokyu Meguro Line, Tokyo Metro Namboku Line, and Toei Subway Mita Line
Commuting Time	Approximately 15 minutes to Ebisu/Shibuya areas Approximately 20 minutes to Shinjuku/Roppongi areas

### PRIME URBAN Nishi Waseda



Main Railway Access: 10 minute walk to Waseda Station on the Tokyo Metro Tozai Line

Leasable Units: 28

Scheduled Acquisition Price: ¥503 million

Scheduled Acquisition Date: September 27, 2007 (2nd Fiscal Period)

Acquisition Route: Existing provider

Rent Level	In ¥90,000s for 1K units
Access	Tokyo Metro Tozai Line
Commuting Time	Approximately 25 minutes to Otemachi/Nihonbashi areas Walking distance to Waseda University and other schools



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



NOMURA  
Residential Fund

### PRIME URBAN Karasuyama Galleria



Main Railway Access: 2 minute walk to Chitose Karasuyama Station on the Keio Line  
 Leasable Units: 33  
 Scheduled Acquisition Price: ¥645 million  
 Scheduled Acquisition Date: September 28, 2007 (2nd Fiscal Period)  
 Acquisition Route: Existing provider

Rent Level	In ¥100,000s for 1K units
Access	Keio Line (Extends on to Toei Subway Shinjuku Line)
Commuting Time	Approximately 15-20 minutes to Shinjuku/Shibuya areas Approximately 35 minutes to the Otemachi area

### PRIME URBAN Karasuyama Court



Main Railway Access: 8 minute walk to Chitose Karasuyama Station on the Keio Line  
 7 minute walk to Roka Koen Station on the Keio Line  
 Leasable Units: 23  
 Scheduled Acquisition Price: ¥413 million  
 Scheduled Acquisition Date: September 28, 2007 (2nd Fiscal Period)  
 Acquisition Route: Existing provider

Rent Level	In ¥90,000s for 1K units
Access	Keio Line (extends on to Toei Subway Shinjuku Line)
Commuting Time	Approximately 25 minutes to Shinjuku/Shibuya areas Approximately 40 minutes to the Otemachi area

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



NOMURA  
Residential Fund

PRIME URBAN Meguro Ohashi Hills  
(tentative name)



Main Railway Access: 6 minute walk to Ikejiri Ohashi Station on the Tokyu Denentoshi Line  
Leasable Units: 99  
Scheduled Acquisition Price: ¥3,580 million  
Scheduled Acquisition Date: March 21, 2008 (3rd Fiscal Period)  
Acquisition Route: New provider

Rent Level	In ¥130,000s for 1K units In ¥200,000s for 1LDK units
Access	Tokyu Denentoshi Line (extends on to Tokyo Metro Hanzomon Line)
Commuting Time	Walking distance to Shibuya/Daikanyama areas Approximately 25 minutes to the Otemachi area

PRIME URBAN Denenchofu Minami  
(tentative name)



Main Railway Access: 14 minute walk to Tamagawa Station on the Tokyu Toyoko and Meguro Lines  
4 minute walk to Numabe Station on the Tokyu Tamagawa Line  
Leasable Units: 44  
Scheduled Acquisition Price: ¥900 million  
Scheduled Acquisition Date: March 21, 2008 (3rd Fiscal Period)  
Acquisition Route: New provider

Rent Level	In ¥90,000s for 1K units
Access	Tokyu Toyoko and Meguro Lines (extends on to Tokyo Metro Hibiya and Namboku Lines)
Commuting Time	Approximately 30 minutes to the Shibuya area Approximately 35 minutes to the Roppongi area

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



NOMURA  
Residential Fund

### PRIME URBAN Nakano Kamitakada (tentative name)



Main Railway Access: 5 minute walk to Arai Yakushimae Station on the Seibu Shinjuku Line  
 Leasable Units: 33  
 Scheduled Acquisition Price: ¥640 million  
 Scheduled Acquisition Date: March 3, 2008 (3rd Fiscal Period)  
 Acquisition Route: Existing provider

Rent Level	In ¥80,000s for 1K units In ¥150,000s for 1LDK units
Access	Seibu Shinjuku Line
Commuting Time	Approximately 20 minutes to the Shinjuku area Approximately 35 minutes to Otemachi/Nihonbashi areas

### PRIME URBAN Minami Karasuyama



Main Railway Access: 3 minute walk to Chitose Karasuyama Station on the Keio Line  
 Leasable Units: 41  
 Scheduled Acquisition Price: ¥840 million  
 Scheduled Acquisition Date: September 28, 2007 (2nd Fiscal Period)  
 Acquisition Route: New provider

Rent Level	In ¥100,000s for 1K units
Access	Keio Line (extends on to Toei Subway Shinjuku Line)
Commuting Time	Approximately 20 minutes to Shinjuku/Shibuya areas Approximately 35 minutes to the Otemachi area



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

### URBAN STAGE Musashi Kosugi comodo



Main Railway Access: 5 minute walk to Musashi Kosugi Station on the Tokyu Toyoko and Meguro Lines  
4 minute walk to Musashi Kosugi Station on the JR Nambu Line

Leasable Units: 56

Scheduled Acquisition Price: ¥2,150 million

Scheduled Acquisition Date: September 28, 2007 (2nd Fiscal Period)

Acquisition Route: New provider

Rent Level	In ¥170,000s for 2LDK units In ¥190,000s for 3LDK units
Access	Tokyu Toyoko and Meguro Lines (extends on to Tokyo Metro Hibiya and Namboku Lines)
Commuting Time	Approximately 20 minutes to Shibuya/Yokohama areas Approximately 30-40 minutes to Roppongi/Otemachi areas

### URBAN STAGE Gyotoku Ekimae



Main Railway Access: 7 minute walk to Gyotoku Station on the Tokyo Metro Tozai Line

Leasable Units: 46

Scheduled Acquisition Price: ¥561 million

Scheduled Acquisition Date: December 4, 2007 (3rd Fiscal Period)

Acquisition Route: Existing provider

Rent Level	In ¥70,000s for 1K units
Access	Tokyo Metro Tozai Line
Commuting Time	Approximately 30 minutes to Otemachi/Nihonbashi areas

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



NOMURA  
Residential Fund

### URBAN STAGE Minami Gyotoku V



Main Railway Access: 8 minute walk to Minami Gyotoku Station on the Tokyo Metro Tozai Line  
 Leasable Units: 38  
 Scheduled Acquisition Price: ¥293 million  
 Scheduled Acquisition Date: December 14, 2007 (3rd Fiscal Period)  
 Acquisition Route: Existing provider

Rent Level	In ¥60,000s for 1K units
Access	Tokyo Metro Tozai Line
Commuting Time	Approximately 30 minutes to Otemachi/Nihonbashi areas

### URBAN STAGE Gyotoku



Main Railway Access: 10 minute walk to Gyotoku Station on the Tokyo Metro Tozai Line  
 Leasable Units: 77  
 Scheduled Acquisition Price: ¥948 million  
 Scheduled Acquisition Date: February 15, 2008 (3rd Fiscal Period)  
 Acquisition Route: Existing provider

Rent Level	In ¥70,000s for 1K units
Access	Tokyo Metro Tozai Line
Commuting Time	Approximately 35 minutes to Otemachi/Nihonbashi areas

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



NOMURA  
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### Benefis Kashii Verbena



Main Railway Access: 8 minute walk to Kashii Station on the JR Kagoshima Main and Kashii Lines  
7 minute walk to Nishitetsu Kashii Station on the Nishitetsu Kaizuka Line

Leasable Units: 39

Scheduled Acquisition Price: ¥396 million

Scheduled Acquisition Date: March 5, 2008 (3rd Fiscal Period)

Acquisition Route: Existing provider (Broker: Nomura Real Estate Urban Net)

Rent Level	In ¥60,000s for 1DK units
Access	JR Kagoshima Main Line and Nishitetsu Kaizuka Line
Commuting Time	Approximately 20 minutes to the Hakata area Approximately 40 minutes to the Tenjin area

### Benefis Hakata Higashi Grand Sweet



Main Railway Access: 6 minute walk to Yoshizuka Station on the JR Kagoshima Main and Sasaguri Lines

Leasable Units: 65

Scheduled Acquisition Price: ¥693 million

Scheduled Acquisition Date: March 19, 2008 (3rd Fiscal Period)

Acquisition Route: Existing provider (Broker: Nomura Real Estate Urban Net)

Rent Level	In ¥50,000s for 1R units In ¥50,000-¥60,000s for 1DK units
Access	JR Kagoshima Main Line
Commuting Time	Approximately 10 minutes to the Hakata area

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

### Benefis Chihaya Grand Sweet



Main Railway Access: 5 minute walk to Chihaya Station on the JR Kagoshima Main Line and Nishitetsu Chihaya Station on the Nishitetsu Kaizuka Line

Leasable Units: 48

Scheduled Acquisition Price: ¥545 million

Scheduled Acquisition Date: March 28, 2008 (3rd Fiscal Period)

Acquisition Route: Existing provider (Broker: Nomura Real Estate Urban Net)

Rent Level	In ¥60,000s for 1LDK and 2K units
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Access	JR Kagoshima Main Line and Nishitetsu Kaizuka Line
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Commuting Time	Approximately 15 minutes to the Hakata area Approximately 30 minutes to the Tenjin area
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Portfolio as of the end of the 2nd FP  
(including scheduled acquisitions)

Number of Properties: 123  
Total Acquisition Price: ¥100,281 million

Portfolio as of the end of the 2nd FP

Number of Properties: 97  
Total Acquisition Price: ¥75,420 million



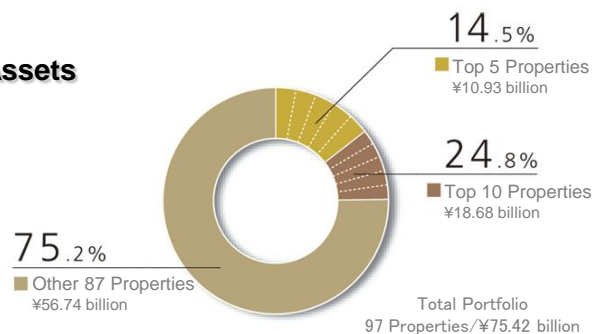
# Status of Portfolio (97 Properties at the end of 2nd Fiscal Period)



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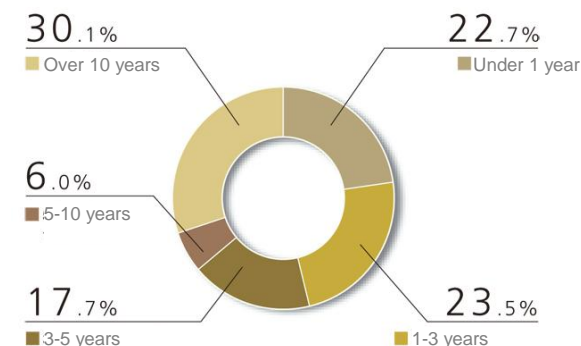
## Diversification Within Assets

Improve portfolio stability  
through promotion of  
diversification



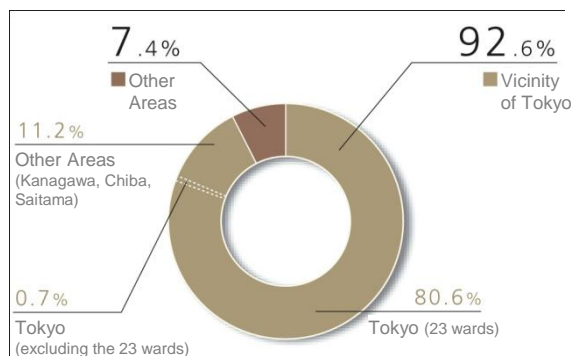
## Building Age

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



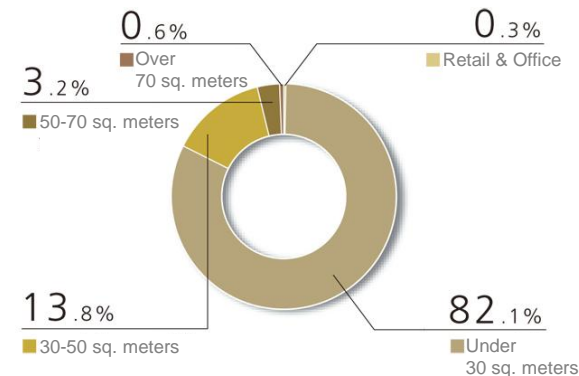
## Investment Area

Vicinity of Tokyo  
70% or more  
Other Areas  
30% or less



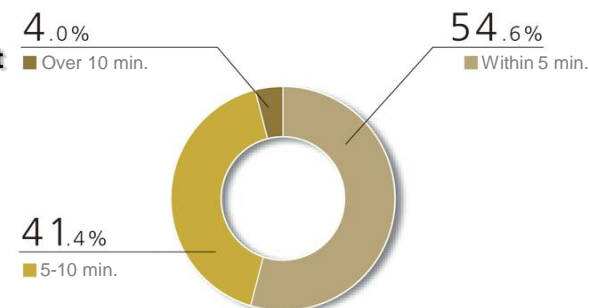
## Floor Area per Unit

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



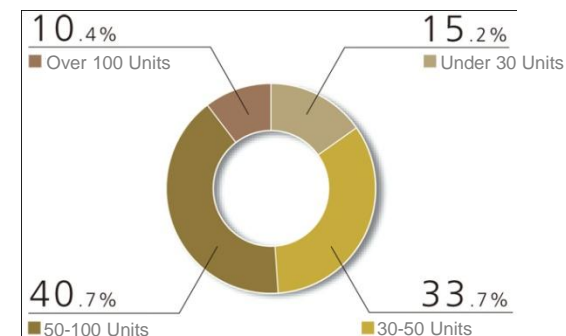
## Nearest Station on Foot

Property selection focusing on  
accessibility to the nearest  
railway station



## Units per Property

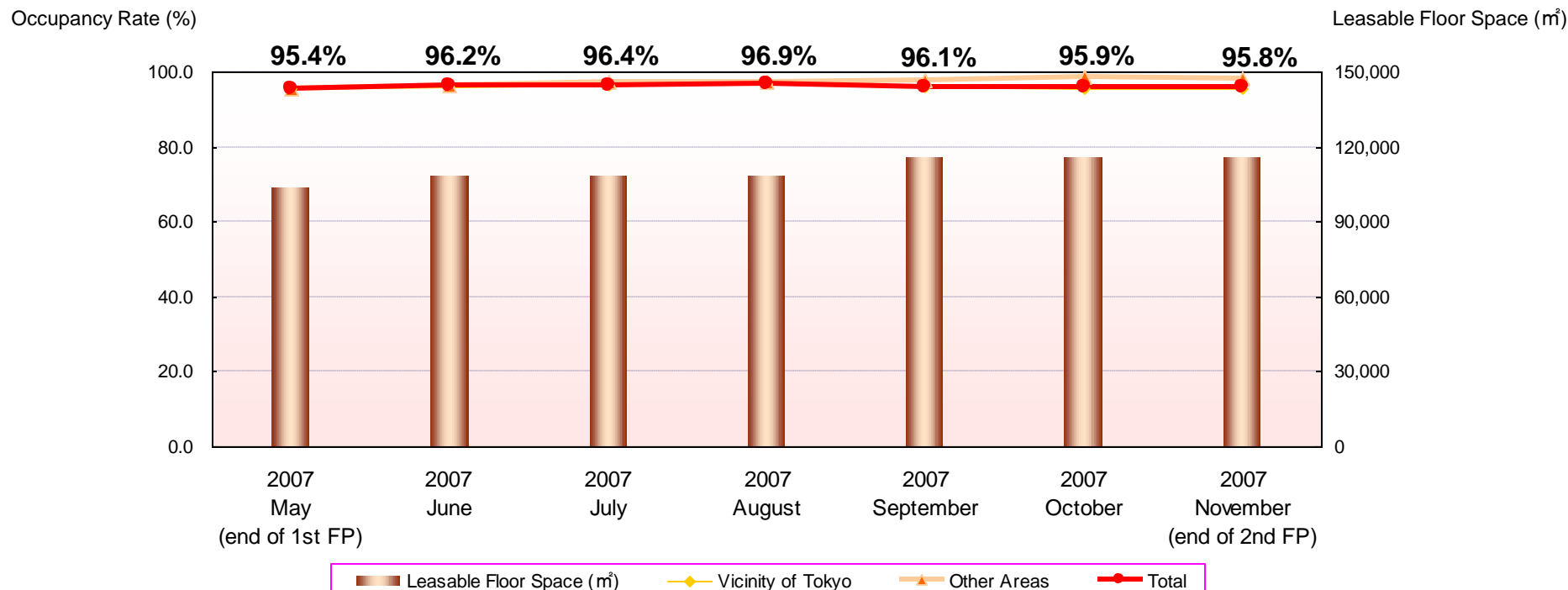
Invest in properties with up to  
approximately 100 units,  
allowing for 100% lease-up  
within a short time-frame  
(Note) excludes sub-lease properties, etc.



(Note) Of the graphs above, "Floor area per unit" is based on units, the others are based on acquisition price.

# Result of Management (1) Portfolio Occupancy Rate

## Stabilized around 96%



(Note) The occupancy rate figures apply to the Total occupancy rate of the portfolio



Apply management which bring out the greatest potential for each property through the “selection of optimal property management company for each property” and the “integrated operation management with the asset management and property management companies”.

## PRIME URBAN Yamahana (previously Presence S17)



- Main details of renovations
  - ⇒ Changing the signs (building nameplate, etc.), etc.
  - ⇒ Enlarge parking space area

## URBAN STAGE Minami Gyotoku II & III



- Main details of renovations
  - ⇒ Change in floor covering (carpet→hard tile flooring)
  - ⇒ Renewal of fittings, washbasin faucets, and showerheads

## Other Properties

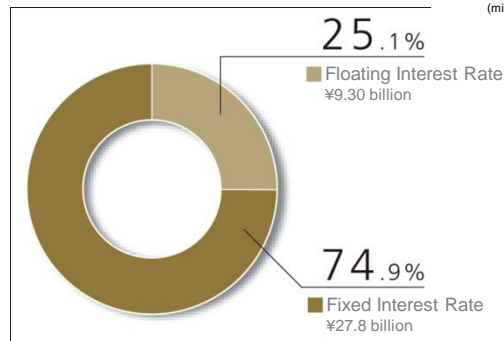
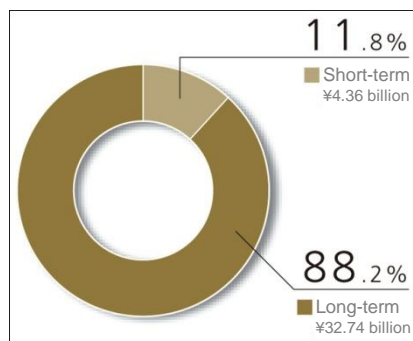
### URBAN STAGE Toritsu Daigaku

- Main details of renovations
  - ⇒ Change in floor covering (carpet→flooring)
  - ⇒ Renewal of prefabricated bath and system kitchen

### URBAN STAGE Kachidoki

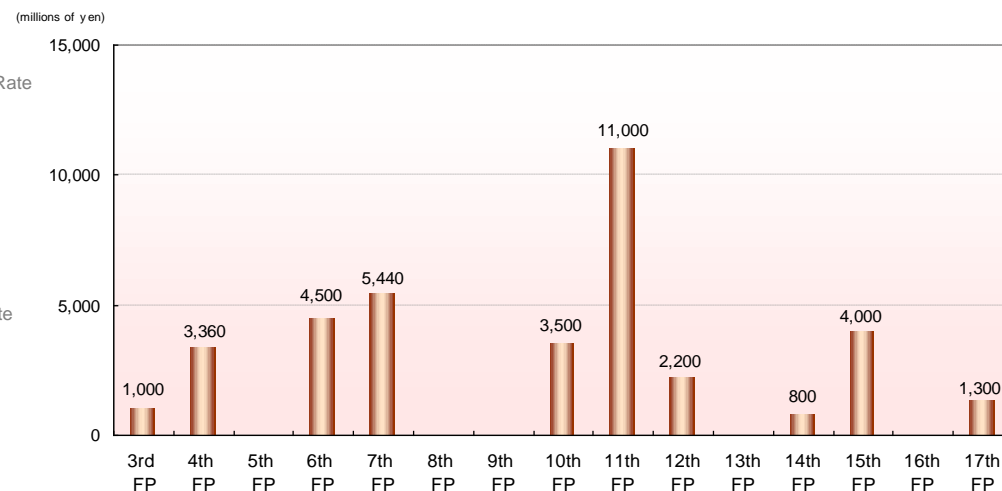
- Main details of renovations
  - ⇒ Change in room plan (2DK Japanese style→adjustable 1LDK unit)
  - ⇒ Change to flooring, renewal of prefab-bath & system kitchen

## Long-term Interest-bearing Debt Ratio Fixed Interest-rate Debt Ratio



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

## Diversification of maturity



## Loan to Value Ratio and Duration

LTV ratio at the end of the 2nd Fiscal Period  
(November 30, 2007)

**45.9%**

Average remaining duration  
at the end of the 2nd Fiscal Period\*  
(November 30, 2007)

**3.6 years**

\* Average remaining duration for long-term loans

4.0 years

## Diversification of Lenders

City Banks (3)	Trust Banks (3)	Regional Banks (2)
Bank of Tokyo-Mitsubishi UFJ Sumitomo Mitsui Banking Mizuho Corporate Bank	Mitsubishi UFJ Trust and Banking Sumitomo Trust and Banking Nomura Trust and Banking	Chiba Bank Iyo Bank
Insurance Companies (4)	Others (2)	
Dai-ichi Mutual Life Insurance Taiyo Life Insurance Daido Life Insurance Mitsui Sumitomo Insurance	Development Bank of Japan Aozora Bank	





NOMURA  
Residential Fund

## APPENDIX



# Portfolio (as of the end of the 2nd Fiscal Period)



NOMURA  
Residential Fund

#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (m <sup>2</sup> )	Leasable Units (Units)	Occupation Rate (end of 2nd FP)
1	PROUD FLAT Yoyogi Uehara	Shibuya-ku, Tokyo	1,100,000	1.5	1,151.34	44	100.0
2	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	865,000	1.1	958.98	31	100.0
3	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	812,000	1.1	934.39	41	100.0
4	PROUD FLAT Meguro Gyoninzaka	Meguro-ku, Tokyo	882,000	1.2	855.23	40	100.0
5	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	2,260,000	3.0	3,055.21	110	100.0
6	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,540,000	2.0	1,793.43	70	100.0
7	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,110,000	1.5	1,450.91	60	98.4
8	PROUD FLAT Sangen Jaya	Setagaya-ku, Tokyo	1,350,000	1.8	1,277.82	48	98.1
9	PROUD FLAT Kamata	Ota-ku, Tokyo	1,140,000	1.5	1,541.64	67	100.0
10	PROUD FLAT Kiyosumi Shirakawa	Koto-ku, Tokyo	900,000	1.2	1,209.56	55	100.0
11	PRIME URBAN Akasaka	Minato-ku, Tokyo	956,000	1.3	1,062.05	25	93.3
12	PRIME URBAN Tamachi	Minato-ku, Tokyo	941,000	1.2	1,107.36	48	97.9
13	PRIME URBAN Ebisu Minami	Shibuya-ku, Tokyo	947,000	1.3	881.89	21	93.0
14	PRIME URBAN Yoyogi	Shibuya-ku, Tokyo	408,000	0.5	439.56	19	88.4
15	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,170,000	1.6	1,277.04	52	92.8
16	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	707,000	0.9	793.87	32	97.2
17	PRIME URBAN Iidabashi	Chiyoda-ku, Tokyo	2,030,000	2.7	2,087.70	90	94.7
18	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,200,000	1.6	1,444.40	29	93.1
19	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,320,000	1.8	1,302.42	49	93.9
20	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	886,000	1.2	1,008.39	32	100.0
21	PRIME URBAN Senzoku	Meguro-ku, Tokyo	536,000	0.7	655.27	22	93.7
22	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	464,000	0.6	453.77	24	100.0
23	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,290,000	1.7	1,459.86	60	95.2
24	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,000,000	1.3	1,162.55	46	100.0
25	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	512,000	0.7	578.18	14	93.0
26	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	503,000	0.7	507.11	28	100.0
27	PRIME URBAN Sangen Jaya	Setagaya-ku, Tokyo	835,000	1.1	874.15	33	94.2
28	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	840,000	1.1	1,049.73	41	7.3
29	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	645,000	0.9	835.05	33	100.0
30	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	413,000	0.5	576.20	23	100.0
31	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	624,000	0.8	961.25	46	91.8
32	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	1,700,000	2.3	2,106.16	99	99.0
33	PRIME URBAN Omori	Ota-ku, Tokyo	824,000	1.1	1,190.70	54	98.1

# Portfolio (as of the end of the 2nd Fiscal Period)



NOMURA  
Residential Fund

#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (㎡)	Leasable Units (Units)	Occupation Rate (end of 2nd FP)
34	PRIME URBAN Kita Senzoku	Ota-ku, Tokyo	576,000	0.8	834.90	46	93.5
35	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	435,000	0.6	543.09	24	100.0
36	PRIME URBAN Otsuka	Toshima-ku, Tokyo	794,000	1.1	944.99	46	95.7
37	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	2,200,000	2.9	3,127.94	117	98.3
38	PRIME URBAN Kameido	Koto-ku, Tokyo	705,000	0.9	1,117.34	52	100.0
39	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	552,000	0.7	813.52	40	100.0
40	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,180,000	1.6	1,886.50	77	100.0
41	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	668,000	0.9	991.62	49	100.0
42	PRIME URBAN Hirai	Edogawa-ku, Tokyo	700,000	0.9	1,095.91	53	90.5
43	PRIME URBAN Kasai	Edogawa-ku, Tokyo	637,000	0.8	905.81	45	84.4
44	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	958,000	1.3	1,437.84	68	98.5
45	PRIME URBAN Urayasu	Urayasu-shi, Chiba	840,000	1.1	1,264.84	60	98.3
46	PRIME URBAN Gyotoku I	Ichikawa-shi, Chiba	635,000	0.8	1,151.36	52	90.4
47	PRIME URBAN Gyotoku II	Ichikawa-shi, Chiba	741,000	1.0	1,244.00	58	100.0
48	PRIME URBAN Gyotoku Ekimae	Ichikawa-shi, Chiba	476,000	0.6	778.19	37	94.6
49	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	772,000	1.0	1,237.80	60	96.7
50	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	991,000	1.3	1,222.13	40	94.8
51	URBAN STAGE Hatagaya	Shibuya-ku, Tokyo	452,000	0.6	650.60	38	100.0
52	URBAN STAGE Toritsu Daigaku	Meguro-ku, Tokyo	524,000	0.7	996.81	16	93.9
53	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	2,290,000	3.0	4,481.82	144	93.4
54	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	655,000	0.9	1,237.98	18	100.0
55	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	324,000	0.4	517.53	32	96.8
56	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	362,000	0.5	567.20	34	97.1
57	URBAN STAGE Kamiuma	Setagaya-ku, Tokyo	900,000	1.2	1,739.86	37	99.1
58	URBAN STAGE Sangen Jaya	Setagaya-ku, Tokyo	755,000	1.0	1,018.72	47	98.2
59	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	730,000	1.0	1,774.01	27	96.2
60	URBAN STAGE Sangen Jaya II	Setagaya-ku, Tokyo	539,000	0.7	810.98	17	87.1
61	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	396,000	0.5	572.41	26	96.9
62	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	344,000	0.5	507.52	28	89.8
63	URBAN STAGE Oimachi	Shinagawa-ku, Tokyo	530,000	0.7	722.70	45	91.1
64	URBAN STAGE Oimachi II	Shinagawa-ku, Tokyo	1,100,000	1.5	1,719.82	92	97.8
65	URBAN STAGE Yukigaya	Ota-ku, Tokyo	970,000	1.3	1,536.59	94	94.6
66	URBAN STAGE Ikegami	Ota-ku, Tokyo	1,460,000	1.9	2,456.48	95	100.0

# Portfolio (as of the end of the 2nd Fiscal Period)



NOMURA  
Residential Fund

#	Name of Property	Location	Acquisition Price (Thousands of Yen)	Percent of Total (%)	Leasable Space (m <sup>2</sup> )	Leasable Units (Units)	Occupation Rate (end of 2nd FP)
67	URBAN STAGE Nakano	Nakano-ku, Tokyo	472,000	0.6	801.30	51	90.9
68	URBAN STAGE Takaido	Suginami-ku, Tokyo	1,080,000	1.4	1,746.20	107	94.5
69	URBAN STAGE Komagome	Toshima-ku, Tokyo	412,000	0.5	990.18	19	100.0
70	URBAN STAGE Mukojima	Sumida-ku, Tokyo	487,000	0.6	1,108.91	55	92.8
71	URBAN STAGE Ekoda	Nerima-ku, Tokyo	385,000	0.5	872.49	35	97.4
72	URBAN STAGE Takinokawa	Kita-ku, Tokyo	287,000	0.4	554.39	29	90.5
73	URBAN STAGE Asakusa	Taito-ku, Tokyo	350,000	0.5	876.70	22	100.0
74	URBAN STAGE Machiya	Arakawa-ku, Tokyo	210,000	0.3	455.19	26	92.5
75	URBAN STAGE Koganei	Koganei-shi, Tokyo	229,000	0.3	682.43	27	97.2
76	URBAN STAGE Hino	Hino-shi, Tokyo	319,000	0.4	994.68	54	88.9
77	URBAN STAGE Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	2,150,000	2.9	3,690.37	56	98.4
78	URBAN STAGE Tsurumi Teraya	Yokohama-shi, Kanagawa	457,000	0.6	952.06	50	98.0
79	URBAN STAGE Tennocho	Yokohama-shi, Kanagawa	136,000	0.2	332.48	20	90.0
80	URBAN STAGE Urayasu	Urayasu-shi, Chiba	277,000	0.4	437.94	27	100.0
81	URBAN STAGE Minami Gyotoku I	Ichikawa-shi, Chiba	357,000	0.5	682.05	41	100.0
82	URBAN STAGE Minami Gyotoku II	Ichikawa-shi, Chiba	285,000	0.4	611.61	37	75.7
83	URBAN STAGE Minami Gyotoku III	Ichikawa-shi, Chiba	263,000	0.3	543.84	33	58.1
84	URBAN STAGE Minami Gyotoku IV	Ichikawa-shi, Chiba	256,000	0.3	535.08	32	90.7
85	URBAN STAGE Minami Urawa	Saitama-shi, Saitama	274,000	0.4	694.05	32	97.0
86	URBAN STAGE Yono Honmachi	Saitama-shi, Saitama	519,000	0.7	1,372.74	70	100.0
87	Cosmo Gracia Yotsuya Gaien Higashi	Shinjuku-ku, Tokyo	1,700,000	2.3	1,759.61	51	95.4
Vicinity of Tokyo (Sub Total 87 Properties)			69,806,000	92.6	100,646.28	4,074	95.4
88	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	682,000	0.9	1,861.56	60	97.3
89	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	377,000	0.5	1,518.58	33	94.5
90	PRIME URBAN Kita Juyo Jo	Sapporo-shi, Hokkaido	336,000	0.4	1,155.60	36	93.6
91	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	530,000	0.7	1,850.20	53	100.0
92	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	322,000	0.4	1,148.72	36	100.0
93	PRIME URBAN Aoi	Nagoya-shi, Aichi	724,000	1.0	1,571.04	46	98.1
94	PRIME URBAN Esaka I	Suita-shi, Osaka	672,000	0.9	1,189.12	48	100.0
95	PRIME URBAN Esaka II	Suita-shi, Osaka	790,000	1.0	1,392.00	57	100.0
96	Benefis Hakata Grand Sweet	Fukuoka-shi, Fukuoka	830,000	1.1	2,176.23	67	98.5
97	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	351,000	0.5	897.84	34	100.0
Other Areas (Sub Total 10 Properties)			5,614,000	7.4	14,760.89	470	98.2
Total			75,420,000	100.0	115,407.17	4,544	95.8

# Scheduled Acquisitions After the 2nd Fiscal Period



NOMURA  
Residential Fund

## Scheduled Acquisitions Determined During the 1st Fiscal Period

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PROUD FLAT Yokohama (tentative name)	Yokohama-shi, Kanagawa	2,340,000	3,118.12	113	March 14, 2008
PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	893,000	1,069.82	42	February 29, 2008
Vicinity of Tokyo (Sub Total 2 Properties)		3,233,000	4,187.94	155	
PRIME URBAN Kita Juichi Jo (Note)	Sapporo-shi, Hokkaido	600,000	1,851.39	60	February 27, 2008
PRIME URBAN Miyanosawa (Note)	Sapporo-shi, Hokkaido	576,200	2,114.53	54	February 27, 2008
PRIME URBAN Odori Higashi (Note)	Sapporo-shi, Hokkaido	424,000	1,494.36	36	February 27, 2008
PRIME URBAN Chiji Kokan (Note)	Sapporo-shi, Hokkaido	337,900	1,007.30	42	February 27, 2008
PRIME URBAN Maruyama (Note)	Sapporo-shi, Hokkaido	283,200	911.07	27	February 27, 2008
PRIME URBAN Kita Nijuyo Jo (tentative name)	Sapporo-shi, Hokkaido	503,700	1,773.90	36	February 29, 2008
PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	731,600	2,439.90	58	March 26, 2008
PRIME URBAN Kanayama (tentative name)	Nagoya-shi, Aichi	632,000	1,391.02	58	February 29, 2008
PRIME URBAN Tsurumai (tentative name)	Nagoya-shi, Aichi	1,189,096	2,502.11	104	March 5, 2009
Other Areas (Sub Total 9 Properties)		5,277,696	15,485.58	475	
Total 11 Properties		8,510,696	19,673.52	630	

(Note) Acquisitions that have been completed by February 28, 2008.

## Scheduled Acquisitions Determined During the 2nd Fiscal Period

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PROUD FLAT Shibuya Sakuragaoka (tentative name)	Shibuya-ku, Tokyo	800,000	638.70	30	April 21, 2008
PROUD FLAT Shinjuku Kawadacho (tentative name)	Shinjuku-ku, Tokyo	1,010,000	1,102.20	41	April 21, 2008
PROUD FLAT Shinotsuka (tentative name)	Toshima-ku, Tokyo	695,000	752.09	35	April 21, 2008
PROUD FLAT Monzen Nakacho II (tentative name)	Koto-ku, Tokyo	650,000	830.55	35	April 21, 2008
PRIME URBAN Meguro Ohashi Hills (tentative name)	Meguro-ku, Tokyo	3,580,000	2,955.74	99	March 21, 2008
PRIME URBAN Denenchofu Minami (tentative name)	Ota-ku, Tokyo	900,000	1,100.17	44	March 21, 2008
PRIME URBAN Nakano Kamitakada (tentative name)	Nakano-ku, Tokyo	640,000	818.75	33	March 3, 2008
URBAN STAGE Gyotoku Ekimae (Note)	Ichikawa-shi, Chiba	561,000	927.33	46	December 4, 2007
URBAN STAGE Minami Gyotoku V (Note)	Ichikawa-shi, Chiba	293,000	662.68	38	December 4, 2007
URBAN STAGE Gyotoku (Note)	Ichikawa-shi, Chiba	948,000	1,766.47	77	February 15, 2008
PROUD FLAT Shirogane Takanawa (tentative name)	Minato-ku, Tokyo	3,510,000	2,950.11	106	September 5, 2008
PROUD FLAT Monzen Nakacho I (tentative name)	Koto-ku, Tokyo	1,130,000	1,191.08	55	August 5, 2008
Vicinity of Tokyo (Sub Total 12 Properties)		14,717,000	15,695.87	639	

# Scheduled Acquisitions After the 2nd Fiscal Period

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
Benefis Kashii Verbenia	Fukuoka-shi, Fukuoka	396,000	1,231.79	39	March 5, 2008
Benefis Hakata Higashi Grand Sweet	Fukuoka-shi, Fukuoka	693,000	1,856.92	65	March 19, 2008
Benefis Chihaya Grand Sweet	Fukuoka-shi, Fukuoka	545,000	1,738.87	48	March 28, 2008
Other Areas (Sub Total 3 Properties)		1,634,000	4,827.58	152	
<b>Total 15 Properties</b>		<b>16,351,000</b>	<b>20,523.45</b>	<b>791</b>	

(Note) Acquisitions that have been completed by February 28, 2008.

## Scheduled Acquisitions Determined After the 2nd Fiscal Period (as of February 28, 2008)

Name of Property	Location	Scheduled Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)	Scheduled Acquisition Date
PROUD FLAT Kamioooka (tentative name)	Yokohama-shi, Kanagawa	2,770,000	4,872.17	200	March 19, 2008
URBAN STAGE Shinkawa (Note)	Chuo-ku, Tokyo	2,250,000	3,600.61	46	December 14, 2007
URBAN STAGE Hongo Ikizaka (Note)	Bunkyo-ku, Tokyo	647,000	662.58	27	December 12, 2007
URBAN STAGE Shinjuku Ochiai (Note)	Shinjuku-ku, Tokyo	635,000	1,053.39	28	December 12, 2007
URBAN STAGE Kamikitazawa (Note)	Setagaya-ku, Tokyo	738,000	1,384.45	29	December 12, 2007
URBAN STAGE Kawasaki (Note)	Kawasaki-shi, Kanagawa	1,150,000	1,706.46	80	February 26, 2008
Koganei Habitation (Note)	Koganei-shi, Tokyo	2,390,000	5,999.80	98	December 12, 2007
Musashino Green Hills (Note)	Koganei-shi, Tokyo	1,590,000	2,970.50	78	December 14, 2007
Vicinity of Tokyo (Sub Total 8 Properties)		12,170,000	22,249.96	586	
PRIME URBAN Nagamachi Icchome (Note)	Sendai-shi, Miyagi	1,110,000	3,411.24	60	February 1, 2008
PRIME URBAN Yaotome Chuo (Note)	Sendai-shi, Miyagi	428,000	1,380.21	43	February 1, 2008
Other Properties (Sub Total 2 Properties)		1,538,000	4,791.45	103	
<b>Total 10 Properties</b>		<b>13,708,000</b>	<b>27,041.41</b>	<b>689</b>	

(Note) Acquisitions that have been completed by February 28, 2008.

## Total of All the Mentioned Properties

	(Scheduled) Acquisition Price (Thousands of Yen)	Leasable Space (㎡)	Leasable Units (Units)
Total Acquired Properties/Scheduled Acquisitions (133 Properties)	113,989,696	182,645.55	6,654

## Interest-bearing Debts (at the end of the 2nd Fiscal Period)



NOMURA  
Residential Fund

	Lender	Amount (Millions of Yen)	Type of Interest	Interest Rate	Date of Repayment	Collateral
Short-term Loan	2 Financial Institutions	1,000	Floating Rate	1.08500%	February 26, 2008	Unsecured Unguaranteed
	3 Financial Institutions	3,360	Floating Rate	1.13667%	September 29, 2008	
Short-term Loan Sub Total	3 Financial Institutions	4,360	—	—	—	—
Long-term Loan	5 Financial Institutions	4,500	Floating Rate	1.17000%	August 27, 2009	Unsecured Unguaranteed
	6 Financial Institutions	5,000	Fixed Rate (Note 1)	1.46045%	February 27, 2010	
	1 Financial Institution	440	Floating Rate	1.14667%	February 27, 2010	
	6 Financial Institutions	3,500	Fixed Rate (Note 2)	1.84464%	September 30, 2011	
	7 Financial Institutions	11,000	Fixed Rate (Note 1)	1.79300%	February 27, 2012	
	2 Financial Institutions	2,200	Fixed Rate	1.81375%	August 27, 2012	
	1 Financial Institution	800	Fixed Rate	1.99875%	September 30, 2013	
	2 Financial Institutions	2,000	Fixed Rate (Note 1)	2.14360%	February 27, 2014	
	1 Financial Institution	2,000	Fixed Rate	2.13625%	February 27, 2014	
	1 Financial Institution	1,300	Fixed Rate	2.23500%	February 27, 2015	
Long-term Loan Sub Total	14 Financial Institutions	32,740	—	—	—	—
Total	14 Financial Institutions	37,100	—	—	—	—

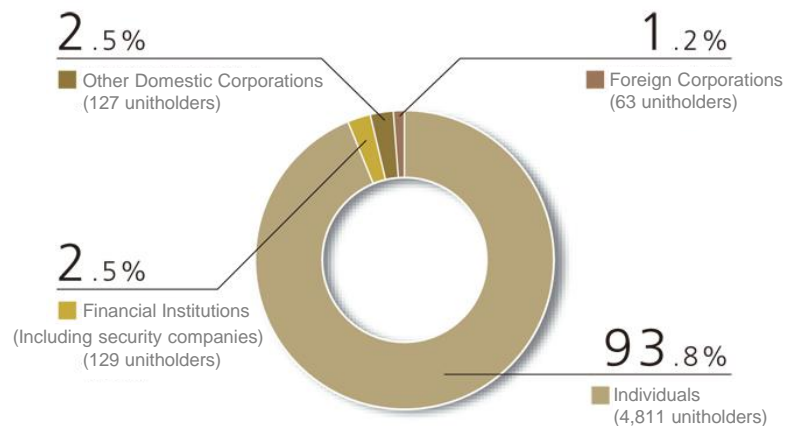
(Note 1) This loan has started the Interest Rate Swap transaction on February 27, 2007.

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

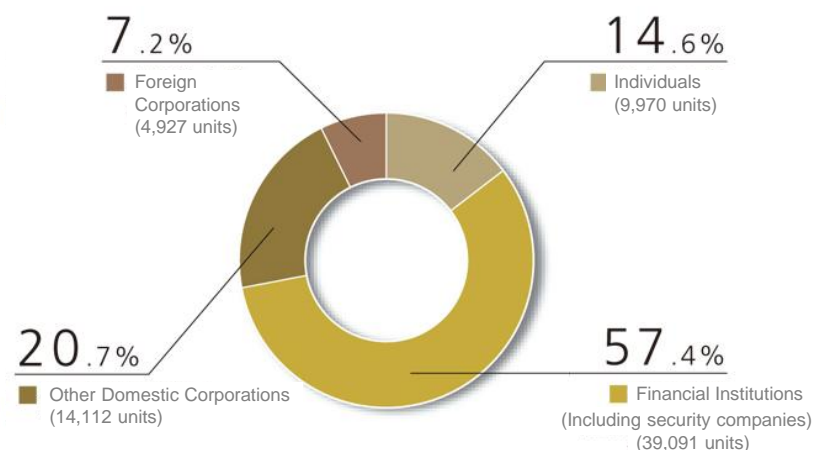


# Unitholders (at the end of the 2nd Fiscal Period)

## Number of Unitholders and Investment Units



Total Number of Unitholders : 5,130



Total Number of Investment Units : 68,100 units

## Top 10 Unitholders

	Unitholders	Units	Ratio
1	Nomura Real Estate Development Co., Ltd.	12,500	18.36%
2	Tokio Marine & Nichido Fire Insurance Co., Ltd.	5,000	7.34%
3	NikkoCiti Trust and Banking Corporation	4,892	7.18%
4	Japan Trustee Services Bank, Ltd.	4,800	7.05%
5	The Master Trust Bank of Japan, Ltd.	3,060	4.49%
6	North Pacific Bank, Ltd.	2,203	3.23%
7	Trust & Custody Services Bank, Ltd.	1,826	2.68%
8	The Bank of Ikeda, Ltd.	1,471	2.16%
9	Asahi Fire & Marine Insurance Co., Ltd.	1,323	1.94%
10	The Nomura Trust and Banking Co., Ltd.	1,035	1.52%
	Total	38,110	55.96%



# Organization of the Asset Management Company

## Corporate Data of NREAM

### Name

Nomura Real Estate Asset Management Co., Ltd.

### Established

January 24, 2003

### Capital

¥300,000,000

### Shareholder

Nomura Real Estate Holdings, Inc. (100%)

### Representative

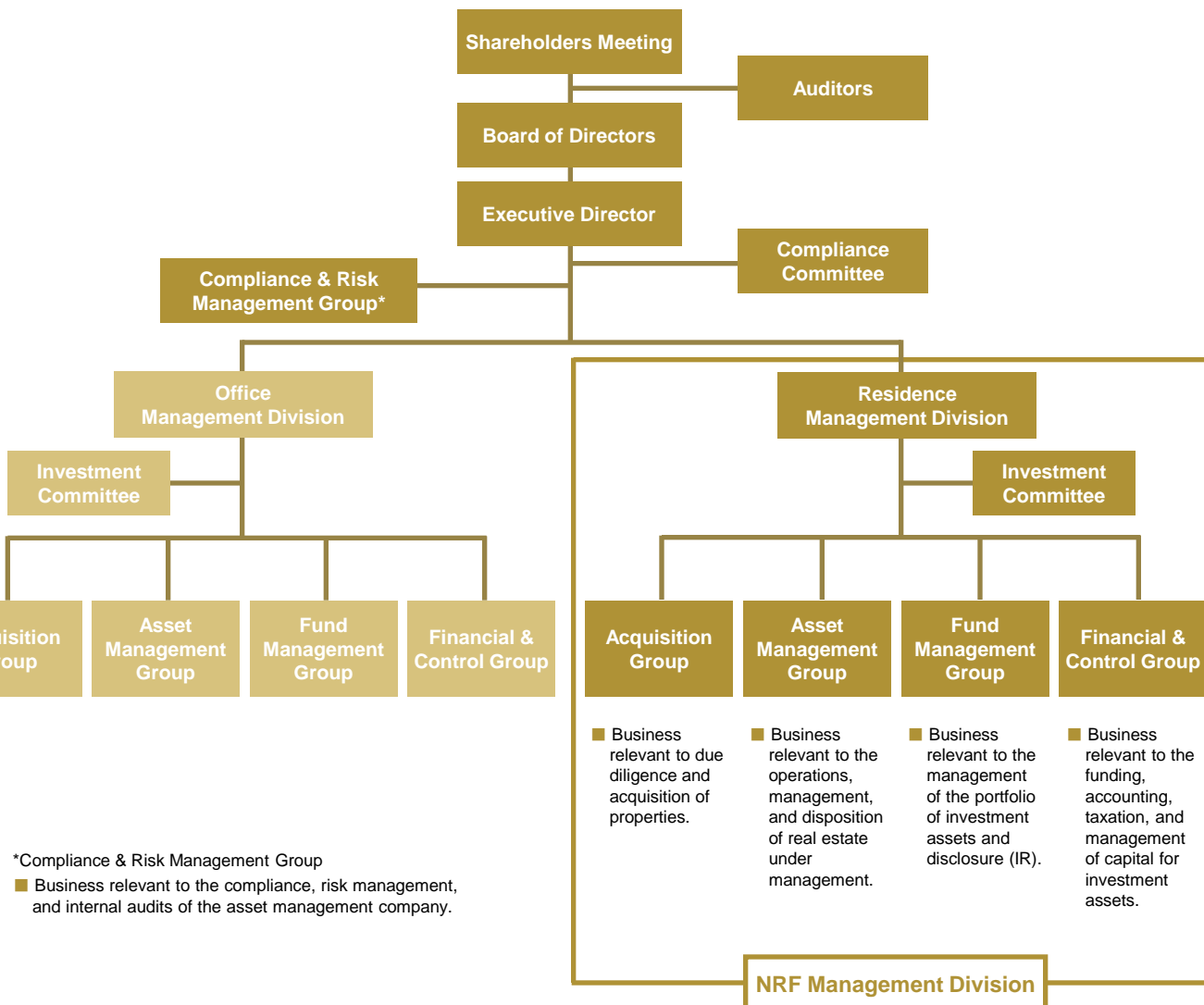
Tatsuo Inoue, President & CEO

### Description of Business

Asset management business for investment corporations (J-REITs)

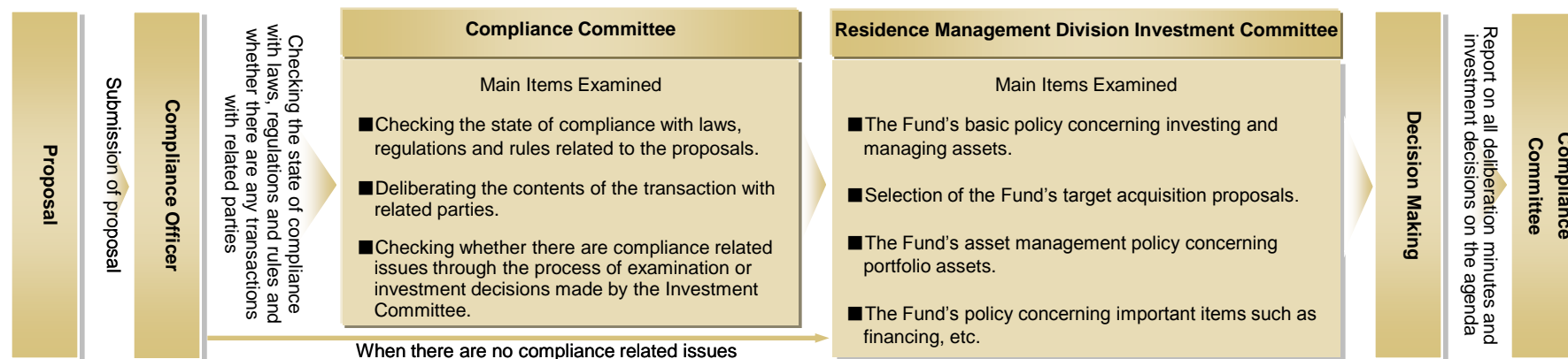
### Registration & Licenses

- Registered for a financial instruments business:  
Director of Kanto Local Finance Bureau No. 374
- Licensed for discretionary proxy in realty trading:  
Minister of Land, Infrastructure and Transport No. 18
- Licensed for real estate trading:  
Governor of Tokyo No. (2) 81679



## Decision making process proven through the listed REIT

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



## Rules for transaction with related parties

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