



**NOMURA**  
Residential Fund

For Translation Purposes Only

December 13, 2007

**For Immediate Release**

Nomura Real Estate Residential Fund, Inc.  
Nobuyuki Hamada, Representative and Executive Director  
(Securities Code: 3240)

Asset Management Company:  
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**Notice Concerning Property Acquisition**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today that it has determined, and reached an agreement with the seller to acquire real estate, as briefly explained below.

1. Summary of the Assets

(1) URBAN STAGE Shinkawa

Type of Asset	Beneficial Interest in Real Estate Trust
Property Name	URBAN STAGE Shinkawa
Acquisition Price	¥2,250,000 thousand (excluding acquisition related costs, fixed asset taxes, urban planning taxes, consumption taxes and local consumption taxes)
Date of Agreement	December 14, 2007 (date of agreement on purchase and sale of the real estate)
Scheduled Date of Acquisition	December 14, 2007 (date of delivery of the real estate)
Seller	Noel Co., Ltd. (refer to “6. Seller Profile” below)
Financing	Debt Financing
Form of Payment	Payment in full at the time of purchase

(2) Musashino Green Hills

Type of Asset	Real estate
Property Name	Musashino Green Hills
Acquisition Price	¥1,590,000 thousand (excluding acquisition related costs, fixed asset taxes, urban planning taxes, consumption taxes and local consumption taxes)
Date of Agreement	December 14, 2007 (date of agreement on purchase and sale of the real estate)
Scheduled Date of Acquisition	December 14, 2007 (date of delivery of the real estate)
Seller	Noel Co., Ltd. (refer to “6. Seller Profile” below)
Financing	Debt Financing
Form of Payment	Payment in full at the time of purchase

## 2. Reason for Acquisition

Nomura Residential Fund will acquire the properties in accordance with the Fund's policies as stipulated in the Articles of Incorporation. The Fund places particular value on the following factors.

### (1) URBAN STAGE Shinkawa

- This property has easy access to 3 lines, Tokyo Metro Tozai Line (7-minute walk to Kayabacho Station), Hibiya Line (7-minute walk to Hacchobori Station), and JR Keiyo Line (4-minute walk to Hacchobori Station), and is close to main business areas such as Otemachi Station (approx. 3 minutes on the Tokyo Metro Tozai Line), Hibiya Station (approx. 7 minutes on the Tokyo Metro Hibiya Line), etc.
- Adding to the property being within walking distance of nationally known commercial areas such as Nihonbashi, Ginza, and Tokyo Station, a transportation base where development of Daimaru Tokyo, Grand Tokyo, etc. are underway, Sumida River and river bank parks are also nearby, providing excellent living atmosphere and convenience in the city.
- The building has adopted a granite applied design with depth on the lower part, which provides adequate quality and visibility as a office/residence.
- The residential floors (4-14 floor) consists of mostly 2LDK rooms provided in 7 room layouts (2LDK-4LDK), and all the room layouts are either corner rooms or have a wide span of space, which is adequate to meet the merchantability needs of urbanized DINKs and families.
- Regarding the retail/office floors (1-3 floor), there are various office buildings, including company headquarters of listed corporations, in the surrounding area, and can expect stable tenant demands.

### (2) Musashino Green Hills

- This property is located 13 minutes from Higashi Koganei Station on the JR Chuo Line, and can access to Shinjuku Station, the commercial and business center, on the same line in approx. 22 minutes (on the Chuo Special Express from Mitaka Station).
- The property is accessible to the commercial areas surrounding Higashi Koganei Station and Musashi Sakai Station, both stations currently undergoing the renovation of the station buildings due to the elevation construction of the JR Chuo Line. Also in the surrounding areas are convenient facilities such as super markets and restaurants, with excellent livability.
- Within walking distance of this property is Koganei Park, famous for its cherry trees (approx. 1,800 trees within the park), and has sports facilities, etc. located within the 77 hectares of greenery, which provides an excellent living atmosphere.
- This property consists of 2 buildings, the 5 story Building A and the 3 story Building B, and as for the room layouts, Building A has mostly 2LDK units facing south, and all units in Building B are functional 1Rs. The Fund expects steady demand from DINKs and families who seek a good living environment and single adults, etc. who commute to the city.

## 3. Property Summary

### (1) URBAN STAGE Shinkawa

Property Name	URBAN STAGE Shinkawa
Type of Asset	Beneficial Interest in Real Estate Trust
Trustee of Beneficial Trust	The Chuo Mitsui Trust and Banking Co., Ltd.

Beneficial Trust Contract Period		September 3, 2007 – August 31, 2017			
Location (Note 1)	Registry	2-104-1 Shinkawa Chuo-ku, Tokyo			
	Street Address	2-16-10 Shinkawa Chuo-ku, Tokyo			
Access		7-minute walk from Kayabacho Station on the Tokyo Metro Tozai Line and Hacchobori Station on the Tokyo Metro Hibiya Line. 4-minute walk from Hacchobori Station on the JR Keiyo Line.			
Land	Ownership	Ownership			
	Area (Note 1)	503.81 sq. meters			
	Building Coverage	80%			
	Floor Area Ratio	700%			
Building	Ownership	Ownership			
	Use (Note 1)	Apartment building, retail shop, and office			
	Completion Date (Note 1)	September 30, 1999			
	Total Floor Area (Note 1)	4,696.77 sq. meters			
	Structure (Note 1)	SRC, B1/14F			
	Leasable Units (Note 2)	46 Units (50-70 sq. meters: 37 units, over 70 sq. meters: 6 units, retail/office: 3)			
Property Management Company (Note 3)		Haseko Livenet, Inc.			
Master Leasing Company (Note 4)		Haseko Livenet, Inc.			
Type of Master Lease (Note 5)		Pass-through Structure			
Collateral		None			
Notes		This property is designed and constructed according to the Building Standard Law at the time of construction, and does not comply to the current Floor Area Ratio regulations.			
Acquisition Price		¥2,250,000 thousand			
Appraisal	Appraisal Method	Price survey by HIRO & REAS Network, Inc.			
	Appraisal Value	¥2,250,000 thousand			
	Appraisal Date	November 15, 2007			
Estimated NOI (Note 6)		¥115,159 thousand			
Leasing Status (as of December 13, 2007)					
Total Number of Tenants		1			
Total Rental Income		¥134,597 thousand			
Security Deposits		¥49,450 thousand			
Occupancy Rate		100%			
Total Leased Floor Area (Note 7)		3,600.61 sq. meters			
Total Leasable Floor Area (Note 2)		3,600.61 sq. meters			
Past Occupancy Rates (Note 8)	May 31, 2003	May 31, 2004	May 31, 2005	May 31, 2006	May 31, 2007
	—%	—%	—%	—%	—%

(Note 1) Location and Other Items

Location (registry), Area, Completion Date, Total Floor Area and Structure are based on the information in the real estate registry. Use is based on the main use of the type of building indicated in the real estate registry is stated. Also, regarding Area, approx. 15.45 sq. meters is considered to be part of the road according to Article 42, Paragraph 2 of the Building Standard Law.

- (Note 2) **Leasable Units and Total Leasable Floor Area**  
Leasable Units indicates the number of leasable units as of today (which includes the number of stores, if any). Also, Total Leasable Floor Area indicates the total floor area of the leasable residences as of today (in the case where the common area, etc. is leased, the said area is also included. The Total Leasable Floor Area is not based on the real estate registry, but the floor area indicated in the lease agreement or the floor area calculated from the building as-built drawing, etc., and will not always equal, and at times may be higher than, the floor area written in the real estate registry).
- (Note 3) **Property Management Company**  
From the day of this property's acquisition to January 31, 2008, the property management will continue to be Xymax Axis Corporation, consigned by the owner, and as of February 1, 2008, the property management company is scheduled to be switched over to Haseko Livenet Inc.
- (Note 4) **Master Leasing Company**  
From the day of this property's acquisition to January 31, 2008, the master leasing company will continue to be Xymax Axis Corporation, leased by the owner, and as of February 1, 2008, the master leasing company is scheduled to be switched over to Haseko Livenet Inc.
- (Note 5) **Type of Master Lease**  
The type of master lease scheduled for use upon completion of the acquisition is stated. Pass-through Structure refers to a lease structure involving the master lease company paying an amount the same as rent, based on the lease agreement with the end-tenant. However, this property is recognized as a specific high quality apartment (Tokyo metropolitan citizen residence) under the law concerning the advancement of providing specific high quality apartments, and the master leasing company will receive the tenants shared expense from the end-tenant and the subsidies from Tokyo Metropolitan Government.
- (Note 6) **Estimated NOI**  
NOI stands for Net Operating Income, and is the amount of the Property's rental income, minus the total of all leasing business expenses.  
Estimated NOI is the fiscal year's estimated figure, excluding the special causes during the first year of acquisition, and is prepared under the terms mentioned below. That said, the stated amount, therefore, is not the Fund's forecast figure for the specified fiscal period.  
(i) Assuming that the occupation rate is 95.9% concerning the rental revenue.  
(ii) Expected to have the same amount of expenditures as the tax payment in the year 2007, concerning the tax and public dues.
- (Note 7) **Total Leased Floor Area**  
Total Leased Floor Area indicates the floor area (based on the floor area in the lease agreement. However, it is limited to the floor area of residences and retail stores, etc. (when all units are leased in bulk, the floor area of the entire premises) and it excludes the leased area of parking lots) that is actually leased and a lease agreement is executed with the end-tenant, as of today.
- (Note 8) **Occupancy Rates**  
Regarding the occupancy rates before May 2007, the figures are not stated, as the information has not been received from the owner.

## (2) Musashino Green Hills

(Note) This property has consists of two buildings, Building A and Building B, and although each have separately concluded the building conformation procedure, etc., as the property is developed as one establishment, the status of the whole property (both Building A and Building B) is stated below, unless otherwise indicated.

Property Name		Musashino Green Hills
Type of Asset		Real Estate
Location (Note 1)	Registry	2-211-1 Kajino-cho Koganei-shi, Tokyo
	Street Address	Building A: 2-1-2 Kajino-cho Koganei-shi, Tokyo Building B: 2-1-36 Kajino-cho Koganei-shi, Tokyo
Access		13-minute walk from Higashi Koganei Station and an 18-minute walk from Musashi Sakai Station, both on the JR Chuo Line.
Land	Ownership	Ownership
	Area (Note 1)	2,812.25 sq. meters
	Building Coverage	Building A: 70%, 50% (Note 2) Building B: 40%

	Floor Area Ratio	Building A: 200%, 80% (Note 3) Building B: 80%				
Building	Ownership	Ownership				
	Use (Note 1)	Building A: Apartment and retail shop Building B; Apartment				
	Completion Date (Note 1)	Building A: March 14, 1993 Building B; January 16, 1993				
	Total Floor Area (Note 1)	Building A: 2,389.01 sq. meters Building B: 835.39 sq. meters				
	Structure (Note 1)	Building A: RC, 5F Building B: RC, 3F				
	Leasable Units (Note 4)	Building A: 40 units (30-50 sq. meters: 12 units, 50-70 sq. meters: 24 units, over 70 sq. meters: 1 unit, retail/office: 3 units) Building B: 38 units (under 30 sq. meters: 38 units)				
Property Management Company (Note 5)		Haseko Livenet Inc.				
Master Leasing Company (Note 6)		Haseko Livenet Inc.				
Type of Master Lease (Note 7)		Pass-through Structure				
Collateral		None				
Notes		None				
Acquisition Price		¥1,590,000 thousand				
Appraisal	Appraisal Method	Price survey by HIRO & REAS Network, Inc.				
	Appraisal Value	¥1,590,000 thousand				
	Appraisal Date	November 15, 2007				
Estimated NOI (Note 8)		¥87,856 thousand				
Leasing Status (as of December 13, 2007)						
Total Number of Tenants (Note 9)		20				
Total Rental Income		¥68,544 thousand				
Security Deposits		¥19,438 thousand				
Occupancy Rate		63.1%				
Total Leased Floor Area (Note 10)		1,873.30 sq. meters				
Total Leasable Floor Area (Note 4)		2,970.70 sq. meters				
Past Occupancy Rates (Note 11)		May 31, 2003	May 31, 2004	May 31, 2005	May 31, 2006	May 31, 2007
		—%	—%	—%	—%	—%

(Note 1) Location and Other Items  
Location (registry), Area, Completion Date, Total Floor Area and Structure are based on the information in the real estate registry. Use is based on the main use of the type of building indicated in the real estate registry is stated.

(Note 2) Building Coverage  
Of the Building A lot, the area from the south street boundary to within 20 meters is a Category 2 exclusive district for medium and high-rise residential buildings of 60% and the area over 20 meters is a Category 1 exclusive district for low-rise residential buildings of 40%. As the property is a corner lot, the Building Coverage is 70% and 50%, respectively, and the weighted average figures are applied according to the area ratio.

(Note 3) Floor Area Ratio  
Of the Building A, Category 2 exclusive district for medium and high-rise residential buildings is 200%, Category 1 exclusive district for low-rise residential buildings is 80%, and the weighted average figures are applied according to the area ratio.

- (Note 4) **Leasable Units and Total Leasable Floor Area**  
Leasable Units indicates the number of leasable units as of today (which includes the number of stores, if any). Also, Total Leasable Floor Area indicates the total floor area of the leasable residences as of today (in the case where the common area, etc. is leased, the said area is also included. The Total Leasable Floor Area is not based on the real estate registry, but the floor area indicated in the lease agreement or the floor area calculated from the building as-built drawing, etc., and will not always equal, and at times may be higher than, the floor area written in the real estate registry).
- (Note 5) **Property Management Company**  
The scheduled property management company after the acquisition is stated.
- (Note 6) **Master Leasing Company**  
The master leasing company scheduled to enter into a master lease agreement after the completion of the acquisition is stated.
- (Note 7) **Type of Master Lease**  
The type of master lease scheduled for use upon completion of the acquisition is stated. Pass-through Structure refers to a lease structure involving the master lease company paying an amount the same as rent, based on the lease agreement with the end-tenant.
- (Note 8) **Estimated NOI**  
NOI stands for Net Operating Income, and is the amount of the Property's rental income, minus the total of all leasing business expenses.  
Estimated NOI is the fiscal year's estimated figure, excluding the special causes during the first year of acquisition, and is prepared under the terms mentioned below. That said, the stated amount, therefore, is not the Fund's forecast figure for the specified fiscal period.  
(i) Assuming that the residential section's occupancy rate is 96.1% and the retail section's occupancy rate is 94.9% concerning the rental revenue.  
(ii) Expected to have the same amount of expenditures as the tax payment in the year 2007, concerning the tax and public dues.
- (Note 9) **Total Number of Tenants**  
The total number of tenants that have actually leased and a lease agreement has been executed with the end-tenant, as of today, has been indicated, but by the time of delivery, a master lease agreement is scheduled to be executed with the master lease company, and after the agreement, the total number of tenants is scheduled to be 1.
- (Note 10) **Total Leased Floor Area**  
Total Leased Floor Area indicates the floor area (based on the floor area in the lease agreement. However, it is limited to the floor area of residences and retail stores, etc. (when all units are leased in bulk, the floor area of the entire premises) and it excludes the leased area of parking lots) that is actually leased and a lease agreement is executed with the end-tenant, as of today.
- (Note 11) **Occupancy Rates**  
Regarding the occupancy rates before May 2007, the figures are not stated, as the information has not been received from the owner.

#### 4. Building Condition Appraisal Report Summary

##### (1) Building Condition Appraisal Report

	URBAN STAGE Shinkawa
Building Condition Appraisal Report Issuer	Tokyo Bldg-Tech Center Co., Ltd.
Building Condition Appraisal Report Issue Date	November 28, 2007
Estimated Amount of Emergency Repair Expenses (Note 1)	—
Estimated Amount of Short Term Repair Expenses (Note 2)	—
Estimated Amount of Long Term Repair Expenses (Note 3)	¥76,190 thousand

	Musashino Green Hills	
	Building A	Building B
Building Condition Appraisal Report Issuer	Tokyo Bldg-Tech Center Co., Ltd.	Tokyo Bldg-Tech Center Co., Ltd.
Building Condition Appraisal Report Issue Date	November 28, 2007	November 28, 2007
Estimated Amount of Emergency Repair Expenses (Note 1)	—	—
Estimated Amount of Short Term Repair Expenses (Note 2)	—	—
Estimated Amount of Long Term Repair Expenses (Note 3)	¥30,700 thousand	¥28,730 thousand

(Note 1) Emergency Repair Expenses indicate the amount of repair expenses for items that are functionally deficient and hinder daily routine or items that have legal instructions for improvement and have yet to be repaired, depending on the level of urgency.

(Note 2) Short Term Repair Expenses indicate the amount for repairs, items that are in need of immediate improvements due to rapid deterioration (excluding standard repair expenses and interior/facility renewal expenses), or items that may malfunction if left unattended.

(Note 3) The Estimated Amount of Long Term Repair Expenses is the total amount indicated by the issuer, mentioned above, in the Long Term Repair Expenses Forecast (12 years), which is based on the Building Condition Appraisal Report.

## (2) PML Appraisal Report

	URBAN STAGE Shinkawa
Earthquake PML Appraisal Report Issuer	Sompo Japan Risk Management, Inc.
Earthquake PML Appraisal Report Issue Date	November 2007
Earthquake Risk Analysis (PML) (Note)	2.21%

	Musashino Green Hills	
	Building A	Building B
Earthquake PML Appraisal Report Issuer	Sompo Japan Risk Management, Inc.	Sompo Japan Risk Management, Inc.
Earthquake PML Appraisal Report Issue Date	November 2007	November 2007
Earthquake Risk Analysis (PML) (Note)	8.86%	2.45%

(Note) PML (Probable Maximum Loss), which is expressed as a percentage of the replacement value, indicates an estimate of costs to be incurred during the anticipated usable period (generally, the duration of a building is 50 years) for restoration of the property to pre-earthquake condition (a large scale earthquake is likely to occur every 475 years; the possibility of an earthquake occurring during the next 50 years is 10%).

## 5. Architect/ Contractor/ Building Permit Agency/ Evaluation Agency

The architect, contractor, building permit agency and evaluation agency for the Property are as follows:

The Fund has received appraisal results for the two properties, from a third party specialized agency, in respect of the confirmation of structural calculation (terms and results of the calculation and drawing consistency with the structural calculations), and such appraisal results state that, “The structural calculations have an earthquake resistance capacity that complies with the Building Standard Law.”

Property Name	Architect	Contractor	Building Permit Agency	Evaluation Agency
URBAN STAGE Shinkawa	Irie Miyake Architects & Engineers	Mitsui Construction Co., Ltd.	Chuo City	HI International Consultant Co., Ltd
Musashino Green Hills	Sanyo Kensetsu Architecture Office	Sanyo Kensetsu Kogyo	Tokyo Metropolitan Government	HI International Consultant Co., Ltd

#### 6. Seller Profile

Company Name	Noel Co., Ltd.
Head Office	5-1-1 Futago, Takatsu-ku Kawasaki-shi, Kanagawa
Representative	Masatoshi Kaneko, President
Capital	¥2,268,794 thousand (as of December 13, 2007)
Principal Shareholder	Masatoshi Kaneko
Principal Business	Real estate business
Relationship with the Fund and/ or NREAM	None

#### 7. Broker Profile

Broker	Linkmax Corporation
Relationship with the Fund and/ or NREAM	None
Commission	Due to the confidentiality obligation appointed in the brokerage contract, this information is not disclosed.

#### 8. Forecasts

Forecasts of financial results for the third fiscal period (December 1, 2007 to May 31, 2008) after the acquisition of the two properties are scheduled to be announced separately, at the time of the second fiscal period end results (scheduled to be announced January 2008).

#### Attachments:

Reference Material 1 “Appraisal Report Summary”

Reference Material 2 “Portfolio After Acquisition of the Properties”

Reference Material 3 “Property Image”



## Appraisal Report Summary

Property Name	URBAN STAGE Shinkawa
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Appraisal Value	¥2,250,000,000
Appraisal Agency	HIRO & REAS Network, Inc.
Appraisal Date	November 15, 2007

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	2,250,000,000	Using the value calculated by means of the Direct Capitalization Method as a reference, a value using the Discount Cash Flow Method was adopted.
Value using the Direct Capitalization Method	2,380,000,000	Calculated by the discount cap rate, using the 1-11 year net cash flow chart relating to the DCF method.
(1) Gross Income ((a)-(b))	143,223,624	
(a) Potential Rental Income	149,330,115	Appraisal based on the standard market rent.
(b) Vacancy Loss, etc.	6,106,491	Appraisal based on the market vacancy ratio.
(2) Operating Expenses	32,186,506	
Maintenance Expenses	10,262,681	Appraisal based on the estimated amount.
Utility Expenses	5,220,977	Appraisal based on the actual amount, etc.
Repair Expenses	1,904,750	Appraisal based on the Building Condition Appraisal Report by Tokyo Bldg-Tech Center Co., Ltd.
Unit Restoration Expenses	261,049	Appraisal based on the general standard, etc.
Property Management Fees	4,167,720	Appraisal based on the contract conditions, general standard, etc.
Tenant Recruit Expenses, etc.	1,682,174	Appraisal based on the contract conditions, general standard, etc.
Tax and Public Dues	685,801	Appraisal based on the actual amount, etc.
Insurance Fees	7,572,584	Actual amount of the year 2007.
Other Expenses	428,770	Appraisal based on the estimated amount.
(3) Net Operating Income (NOI=(1)-(2))	111,037,118	
(4) Temporary Deposit Management Profits, etc.	491,035	Considering the ordinary deposit interest, etc.
(5) Capital Expenditures	4,444,417	Appraisal based on the Building Condition Appraisal Report by Tokyo Bldg-Tech Center Co., Ltd.
(6) Standardized Net Cash Flow (NCF=(3)-(4))	107,083,736	
(7) Capitalization Rate	4.5%	Appraisal based on the real estate's regional individual characteristics of real estate, while also taking into account the investment cap rate of the surrounding area.
Value Using the Discounted Cash Flow Method	2,250,000,000	
Discount Rate	4.5%	
Final Capitalization Rate	4.8%	
Cost Approach Value	2,290,000,000	
Land Ratio	61.7%	
Building Ratio	38.3%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	The property is located in an area close to the city and various convenient facilities. It is a rental apartment with quality furnishings, and can expect stable occupancy rates, as the building standard, etc. meets the needs of mainly family tenants who strongly seek an urban lifestyle. Also, as an investment, it is a reasonable real estate size and can be called a property high in rarity. The appraisal value was determined in light of the above factors.
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[Acquired Properties]

Area (Note 1)	Name of Property	Location	Leasable Floor Area (sqm) (Note 2)	Leasable Units (Units)	Acquisition Price (Thousands of Yen) (Note 3)	Percent of Total (%) (Note 4)	Acquired Period (Note 5)
Greater Tokyo Area	PROUD FLAT Yovogi Uehara	Shibuya-ku, Tokyo	1,151.34	44	1,100,000	1.0	1st FP
	PROUD FLAT Hatsudai	Shibuya-ku, Tokyo	958.98	31	865,000	0.8	1st FP
	PROUD FLAT Gakugei Daigaku	Meguro-ku, Tokyo	934.39	41	812,000	0.7	1st FP
	PROUD FLAT Meguro Gvoinzaka	Meguro-ku, Tokyo	855.23	40	882,000	0.8	1st FP
	PROUD FLAT Sumida Riverside	Chuo-ku, Tokyo	3,055.21	110	2,260,000	2.1	2nd FP
	PROUD FLAT Kagurazaka	Shinjuku-ku, Tokyo	1,793.43	70	1,540,000	1.4	1st FP
	PROUD FLAT Waseda	Shinjuku-ku, Tokyo	1,450.91	60	1,110,000	1.0	2nd FP
	PROUD FLAT Sangen Java	Setagaya-ku, Tokyo	1,277.82	48	1,350,000	1.2	1st FP
	PROUD FLAT Kamata	Ota-ku, Tokyo	1,541.64	67	1,140,000	1.0	1st FP
	PROUD FLAT Kiyosumi Shirakawa	Koto-ku, Tokyo	1,209.56	55	900,000	0.8	1st FP
	PRIME URBAN Akasaka	Minato-ku, Tokyo	1,062.05	25	956,000	0.9	1st FP
	PRIME URBAN Tamachi	Minato-ku, Tokyo	1,107.36	48	941,000	0.9	1st FP
	PRIME URBAN Ebisu Minami	Shibuya-ku, Tokyo	881.89	21	947,000	0.9	1st FP
	PRIME URBAN Yovogi	Shibuya-ku, Tokyo	439.56	19	408,000	0.4	1st FP
	PRIME URBAN Bancho	Chiyoda-ku, Tokyo	1,277.04	52	1,170,000	1.1	1st FP
	PRIME URBAN Chiyoda Fujimi	Chiyoda-ku, Tokyo	793.87	32	707,000	0.6	1st FP
	PRIME URBAN Idabashi	Chiyoda-ku, Tokyo	2,087.70	90	2,030,000	1.8	1st FP
	PRIME URBAN Ebisu	Meguro-ku, Tokyo	1,444.40	29	1,200,000	1.1	1st FP
	PRIME URBAN Naka Meguro	Meguro-ku, Tokyo	1,302.42	49	1,320,000	1.2	1st FP
	PRIME URBAN Gakugei Daigaku	Meguro-ku, Tokyo	1,008.39	32	886,000	0.8	1st FP
	PRIME URBAN Senzoku	Meguro-ku, Tokyo	655.27	22	536,000	0.5	1st FP
	PRIME URBAN Meguro Riverside	Meguro-ku, Tokyo	453.77	24	464,000	0.4	2nd FP
	PRIME URBAN Nishi Shinjuku I	Shinjuku-ku, Tokyo	1,459.86	60	1,290,000	1.2	1st FP
	PRIME URBAN Nishi Shinjuku II	Shinjuku-ku, Tokyo	1,162.55	46	1,000,000	0.9	1st FP
	PRIME URBAN Shinjuku Naitomachi	Shinjuku-ku, Tokyo	578.18	14	512,000	0.5	1st FP
	PRIME URBAN Nishi Waseda	Shinjuku-ku, Tokyo	507.11	28	503,000	0.5	2nd FP
	PRIME URBAN Sangen Java	Setagaya-ku, Tokyo	874.15	33	835,000	0.8	1st FP
	PRIME URBAN Minami Karasuyama	Setagaya-ku, Tokyo	1,049.73	41	840,000	0.8	2nd FP
	PRIME URBAN Karasuyama Galleria	Setagaya-ku, Tokyo	835.05	33	645,000	0.6	2nd FP
	PRIME URBAN Karasuyama Court	Setagaya-ku, Tokyo	576.20	23	413,000	0.4	2nd FP
	PRIME URBAN Shinagawa Nishi	Shinagawa-ku, Tokyo	961.25	46	624,000	0.6	1st FP
	PRIME URBAN Osaki	Shinagawa-ku, Tokyo	2,106.16	99	1,700,000	1.5	1st FP
	PRIME URBAN Omori	Ota-ku, Tokyo	1,190.70	54	824,000	0.7	1st FP
	PRIME URBAN Kita Senzoku	Ota-ku, Tokyo	834.90	46	576,000	0.5	1st FP
	PRIME URBAN Nishi Ogikubo	Suginami-ku, Tokyo	543.09	24	435,000	0.4	1st FP
	PRIME URBAN Otsuka	Toshima-ku, Tokyo	944.99	46	794,000	0.7	1st FP
	PRIME URBAN Monzen Nakacho	Koto-ku, Tokyo	3,127.94	117	2,200,000	2.0	1st FP
	PRIME URBAN Kameido	Koto-ku, Tokyo	1,117.34	52	705,000	0.6	1st FP
	PRIME URBAN Sumiyoshi	Koto-ku, Tokyo	813.52	40	552,000	0.5	1st FP
	PRIME URBAN Kinshi Koen	Sumida-ku, Tokyo	1,886.50	77	1,180,000	1.1	1st FP
	PRIME URBAN Kinshicho	Sumida-ku, Tokyo	991.62	49	668,000	0.6	1st FP
	PRIME URBAN Hirai	Edogawa-ku, Tokyo	1,095.91	53	700,000	0.6	1st FP
	PRIME URBAN Kasai	Edogawa-ku, Tokyo	905.81	45	637,000	0.6	1st FP
	PRIME URBAN Kasai II	Edogawa-ku, Tokyo	1,437.84	68	958,000	0.9	1st FP
	PRIME URBAN Uravasu	Uravasu-shi, Chiba	1,264.84	60	840,000	0.8	1st FP
	PRIME URBAN Gvotoku I	Ichikawa-shi, Chiba	1,151.36	52	635,000	0.6	1st FP
	PRIME URBAN Gvotoku II	Ichikawa-shi, Chiba	1,244.00	58	741,000	0.7	1st FP
	PRIME URBAN Gvotoku Ekimae	Ichikawa-shi, Chiba	778.19	37	476,000	0.4	1st FP
	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	1,237.80	60	772,000	0.7	1st FP
	URBAN STAGE Azabu Juban	Minato-ku, Tokyo	1,222.13	40	991,000	0.9	1st FP
	URBAN STAGE Hatagava	Shibuya-ku, Tokyo	650.60	38	452,000	0.4	1st FP
	URBAN STAGE Toritsu Daigaku	Meguro-ku, Tokyo	996.81	16	524,000	0.5	1st FP
	URBAN STAGE Kachidoki	Chuo-ku, Tokyo	4,481.82	144	2,290,000	2.1	1st FP
	URBAN STAGE Hongo Ikizaka	Bunkyo-ku, Tokyo	662.58	27	647,000	0.6	3rd FP
	URBAN STAGE Naka Ochiai	Shinjuku-ku, Tokyo	1,237.98	18	655,000	0.6	1st FP
	URBAN STAGE Ochiai	Shinjuku-ku, Tokyo	517.53	32	324,000	0.3	1st FP
	URBAN STAGE Shinjuku Ochiai	Shinjuku-ku, Tokyo	1,053.39	28	635,000	0.6	3rd FP
	URBAN STAGE Roka Koen	Setagaya-ku, Tokyo	567.20	34	362,000	0.3	1st FP
	URBAN STAGE Kamiyama	Setagaya-ku, Tokyo	1,739.86	37	900,000	0.8	1st FP
	URBAN STAGE Sangen Java	Setagaya-ku, Tokyo	1,018.72	47	755,000	0.7	1st FP
	URBAN STAGE Chitose Karasuyama	Setagaya-ku, Tokyo	1,774.01	27	730,000	0.7	1st FP
	URBAN STAGE Sangen Java II	Setagaya-ku, Tokyo	810.98	17	539,000	0.5	1st FP
	URBAN STAGE Komazawa	Setagaya-ku, Tokyo	572.41	26	396,000	0.4	1st FP
	URBAN STAGE Karasuyama	Setagaya-ku, Tokyo	507.52	28	344,000	0.3	1st FP
	URBAN STAGE Kamikitazawa	Setagaya-ku, Tokyo	1,384.45	29	738,000	0.7	3rd FP
	URBAN STAGE Oimachi	Shinagawa-ku, Tokyo	722.70	45	530,000	0.5	1st FP
	URBAN STAGE Oimachi II	Shinagawa-ku, Tokyo	1,719.82	92	1,100,000	1.0	1st FP
	URBAN STAGE Yukigava	Ota-ku, Tokyo	1,536.59	94	970,000	0.9	1st FP
	URBAN STAGE Ikegami	Ota-ku, Tokyo	2,456.48	95	1,460,000	1.3	1st FP
	URBAN STAGE Nakano	Nakano-ku, Tokyo	801.30	51	472,000	0.4	1st FP
	URBAN STAGE Takaido	Suginami-ku, Tokyo	1,746.20	107	1,080,000	1.0	1st FP
	URBAN STAGE Komagome	Toshima-ku, Tokyo	990.18	19	412,000	0.4	1st FP
	URBAN STAGE Mukojima	Sumida-ku, Tokyo	1,108.91	55	487,000	0.4	1st FP
	URBAN STAGE Ekoda	Nerima-ku, Tokyo	872.49	35	385,000	0.3	1st FP
	URBAN STAGE Takinokawa	Kita-ku, Tokyo	554.39	29	287,000	0.3	1st FP
	URBAN STAGE Asakusa	Taito-ku, Tokyo	876.70	22	350,000	0.3	1st FP
	URBAN STAGE Machiya	Arakawa-ku, Tokyo	455.19	26	210,000	0.2	1st FP
	URBAN STAGE Koganei	Koganei-shi, Tokyo	682.43	27	229,000	0.2	1st FP
	URBAN STAGE Hino	Hino-shi, Tokyo	994.68	54	319,000	0.3	1st FP
	URBAN STAGE Musashi Kosugi comodo	Kawasaki-shi, Kanagawa	3,690.37	56	2,150,000	2.0	2nd FP
	URBAN STAGE Tsurumi Terava	Yokohama-shi, Kanagawa	952.06	50	457,000	0.4	1st FP
	URBAN STAGE Tennocho	Yokohama-shi, Kanagawa	332.48	20	136,000	0.1	1st FP
	URBAN STAGE Uravasu	Uravasu-shi, Chiba	437.94	27	277,000	0.3	1st FP
	URBAN STAGE Minami Gvotoku I	Ichikawa-shi, Chiba	682.05	41	357,000	0.3	1st FP
	URBAN STAGE Minami Gvotoku II	Ichikawa-shi, Chiba	611.61	37	285,000	0.3	1st FP
	URBAN STAGE Minami Gvotoku III	Ichikawa-shi, Chiba	543.84	33	263,000	0.2	1st FP
	URBAN STAGE Minami Gvotoku IV	Ichikawa-shi, Chiba	535.08	32	256,000	0.2	1st FP
	URBAN STAGE Gvotoku Ekimae	Ichikawa-shi, Chiba	927.33	46	561,000	0.5	3rd FP
	URBAN STAGE Minami Gvotoku V	Ichikawa-shi, Chiba	662.68	38	293,000	0.3	3rd FP
	URBAN STAGE Minami Urawa	Saitama-shi, Saitama	694.05	32	274,000	0.2	1st FP
	URBAN STAGE Yono Hommachi	Saitama-shi, Saitama	1,372.74	70	519,000	0.5	1st FP
	Cosmo Gracia Yotsuya Gaiken Higashi	Shinjuku-ku, Tokyo	1,759.61	51	1,700,000	1.5	1st FP
	Koganei Habitation	Koganei-shi, Tokyo	5,999.80	98	2,390,000	2.2	3rd FP
	Sub Total (93 Properties)		111,336.51	4,340	75,070,000	68.2	

Area (Note 1)	Name of Property	Location	Leasable Floor Area (sqm) (Note 2)	Leasable Units (Units)	Acquisition Price (Thousands of Yen) (Note 3)	Percent of Total (%) (Note 4)	Acquired Period (Note 5)
Other Areas	PROUD FLAT Itsutsubashi	Sendai-shi, Mivagi	1,861.56	60	682,000	0.6	1st FP
	PRIME URBAN Yamahana (Note 6)	Sapporo-shi, Hokkaido	1,518.58	33	377,000	0.3	1st FP
	PRIME URBAN Kita Juyo Jo (Note 7)	Sapporo-shi, Hokkaido	1,155.60	36	336,000	0.3	1st FP
	PRIME URBAN Odori Koen I (Note 8)	Sapporo-shi, Hokkaido	1,850.20	53	530,000	0.5	1st FP
	PRIME URBAN Odori Koen II (Note 9)	Sapporo-shi, Hokkaido	1,148.72	36	322,000	0.3	1st FP
	PRIME URBAN Aoi	Nagoya-shi, Aichi	1,571.04	46	724,000	0.7	1st FP
	PRIME URBAN Esaka I	Suita-shi, Osaka	1,189.12	48	672,000	0.6	1st FP
	PRIME URBAN Esaka II	Suita-shi, Osaka	1,392.00	57	790,000	0.7	1st FP
	Benefis Hakata Grand Suite	Fukuoka-shi, Fukuoka	2,176.23	67	830,000	0.8	1st FP
	Benefis Yakuin Minami	Fukuoka-shi, Fukuoka	897.84	34	351,000	0.3	1st FP
		Sub Total (10 Properties)		14,760.89	470	5,614,000	5.1
	Total (103 Properties)		126,097.40	4,810	80,684,000	73.3	

[Scheduled Acquisitions]

Area (Note 1)	Name of Property	Location	Leasable Floor Area (sqm) (Note 2)	Leasable Units (Units)	Acquisition Price (Thousands of Yen) (Note 3)	Percent of Total (%) (Note 4)	Acquiring Period (Note 5)
Greater Tokyo Area	PROUD FLAT Shibuya Sakuragaoka (tentative name)	Shibuya-ku, Tokyo	638.70	30	800,000	0.7	3rd FP
	PROUD FLAT Shinjuku Kawadacho (tentative name)	Shinjuku-ku, Tokyo	1,102.20	41	1,010,000	0.9	3rd FP
	PROUD FLAT Shinotsuka (tentative name)	Toshima-ku, Tokyo	752.09	35	700,000	0.6	3rd FP
	PROUD FLAT Monzen Nakacho II (tentative name)	Koto-ku, Tokyo	830.55	35	650,000	0.6	3rd FP
	PROUD FLAT Yokohama (tentative name)	Yokohama-shi, Kanagawa	3,118.12	113	2,340,000	2.1	3rd FP
	PRIME URBAN Meguro Ohashi Hills (tentative name)	Meguro-ku, Tokyo	2,955.74	99	3,580,000	3.3	3rd FP
	PRIME URBAN Hakusan	Bunkyo-ku, Tokyo	1,069.82	42	893,000	0.8	3rd FP
	PRIME URBAN Denenchofu Minami (tentative name)	Ota-ku, Tokyo	1,100.17	44	900,000	0.8	3rd FP
	PRIME URBAN Nakano Kamitakada (tentative name)	Nakano-ku, Tokyo	818.75	33	640,000	0.6	3rd FP
	URBAN STAGE Shinkawa	Chuo-ku, Tokyo	3,600.61	46	2,250,000	2.0	3rd FP
	URBAN STAGE Gvotoku	Ichikawa-shi, Chiba	2,237.19	77	948,000	0.9	3rd FP
	Musashino Green Hills	Koganei-shi, Tokyo	2,970.70	78	1,590,000	1.4	3rd FP
	PROUD FLAT Shirokane Takanawa (tentative name)	Minato-ku, Tokyo	2,950.11	106	3,510,000	3.2	4th FP
	PROUD FLAT Monzen Nakacho I (tentative name)	Koto-ku, Tokyo	1,191.08	55	1,130,000	1.0	4th FP
		Sub Total (14 Properties)		25,335.83	834	20,941,000	19.0
Other Areas	PRIME URBAN Hokudaimae (tentative name)	Sapporo-shi, Hokkaido	1,851.39	60	600,000	0.5	3rd FP
	PRIME URBAN Kita Nijuyo Jo (tentative name)	Sapporo-shi, Hokkaido	1,773.90	36	503,700	0.5	3rd FP
	PRIME URBAN Mivanosawa (tentative name)	Sapporo-shi, Hokkaido	2,114.53	54	576,200	0.5	3rd FP
	PRIME URBAN Odori Higashi (tentative name)	Sapporo-shi, Hokkaido	1,494.36	36	424,000	0.4	3rd FP
	PRIME URBAN Chiji Koukan (tentative name)	Sapporo-shi, Hokkaido	1,007.30	42	337,900	0.3	3rd FP
	PRIME URBAN Maruyama (tentative name)	Sapporo-shi, Hokkaido	911.07	27	283,200	0.3	3rd FP
	PRIME URBAN Odori Minami (tentative name)	Sapporo-shi, Hokkaido	2,439.90	58	731,600	0.7	3rd FP
	PRIME URBAN Nagamachi Ichhome (tentative name)	Sendai-shi, Mivagi	3,411.24	60	1,110,000	1.0	3rd FP
	PRIME URBAN Yaotome Chuo (tentative name)	Sendai-shi, Mivagi	1,380.21	43	428,000	0.4	3rd FP
	PRIME URBAN Kanavama (tentative name)	Nagoya-shi, Aichi	1,391.02	58	632,000	0.6	3rd FP
	Benefis Kashii Verbena (Note 10)	Fukuoka-shi, Fukuoka	1,231.79	39	396,000	0.4	3rd FP
	Benefis Hakata Higashi Grand Suite (Note 11)	Fukuoka-shi, Fukuoka	1,856.92	65	693,000	0.6	3rd FP
	Benefis Chihaya Grand Suite (Note 12)	Fukuoka-shi, Fukuoka	1,738.87	48	545,000	0.5	3rd FP
	PRIME URBAN Tsurumai (tentative name)	Nagoya-shi, Aichi	2,502.11	104	1,189,096	1.1	5th FP
	Sub Total (14 Properties)		25,104.61	730	8,449,696	7.7	
	Total (28 Properties)		50,440.44	1,564	29,390,696	26.7	

[Acquired Properties and Scheduled Acquisitions Total]

Area (Number of Properties) (Note 1)	Leasable Floor Area (sqm) (Note 2)	Leasable Units (Units)	Acquisition Price (Thousands of Yen) (Note 3)	Percent of Total (%) (Note 4)
Greater Tokyo Area (107 Properties)	136,672.34	5,174	96,011,000	87.2
Other Areas (24 Properties)	39,865.50	1,200	14,063,696	12.8
Total (131 Properties)	176,537.84	6,374	110,074,696	100.0

(Note 1) "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.

(Note 2) "Leasable Floor Area" refers to the area entered in the Lease Agreement and calculated from the as-built drawings, not from the real estate registry.  
As a result, the sum of Leasable Floor Area may exceed the total floor area.

(Note 3) "Acquisition Price" refers to the amount entered in the Sales Contract of Real Estate or Trust Beneficiary Rights, or the Conditional Sales Contract, and does not include the expenses in the acquisition, such as trading intermediate fees, taxes and public dues.

(Note 4) "Percentage of Total" refers to the acquisition price ratio of each property, based on the acquisition price.

(Note 5) "Acquired Period" "Acquiring Period" refers to the Fund's fiscal period in which the acquisition, or the scheduled acquisition, of each property is completed, or scheduled to be completed.

First Fiscal Period: August 3, 2006 - May 31, 2007  
Second Fiscal Period: June 1, 2007 - November 30, 2007  
Third Fiscal Period: December 1, 2007 - May 31, 2008  
Fourth Fiscal Period: June 1, 2008 - November 30, 2008  
Fifth Fiscal Period: December 1, 2008 - May 31, 2009

(Note 6) As of October 30, 2007, the property name has changed from "Presence S17" to "PRIME URBAN Yamahana."

(Note 7) As of October 30, 2007, the property name has changed from "Presence N14" to "PRIME URBAN Kita Juyo Jo."

(Note 8) As of October 30, 2007, the property name has changed from "Classe Odori Koen" to "PRIME URBAN Odori Koen I."

(Note 9) As of October 30, 2007, the property name has changed from "Presence S1" to "PRIME URBAN Odori Koen II."

(Note 10) As of December 6, 2007, the property name has changed from "Benefis Kashii (tentative name)" to "Benefis Kashii Verbena."

(Note 11) As of December 6, 2007, the property name has changed from "Benefis Yoshizuka Grand Suite (tentative name)" to "Benefis Hakata Higashi Grand Suite."

(Note 12) As of December 6, 2007, the property name has changed from "Benefis Chihaya (tentative name)" to "Benefis Chihaya Grand Suite."

## Appraisal Report Summary

Property Name	Musashino Green Hills
Appraisal Value	¥1,590,000,000
Appraisal Agency	HIRO & REAS Network, Inc.
Appraisal Date	November 15, 2007

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	1,590,000,000	Using the value calculated by means of the Direct Capitalization Method as a reference, a value using the Discount Cash Flow Method was adopted.
Value using the Direct Capitalization Method	1,650,000,000	Calculated by the discount cap rate, using the 1-11 year net cash flow chart relating to the DCF method.
(1) Gross Income ((a)-(b))	106,509,129	
(a) Potential Rental Income	110,826,907	Appraisal based on the standard market rent.
(b) Vacancy Loss, etc.	4,317,778	Appraisal based on the market vacancy ratio.
(2) Operating Expenses	18,143,793	
Maintenance Expenses	3,516,000	Appraisal based on the estimated amount.
Utility Expenses	1,772,316	Appraisal based on the actual amount, etc.
Repair Expenses	1,485,750	Appraisal based on the Building Condition Appraisal Report by Tokyo Bldg-Tech Center Co., Ltd.
Unit Restoration Expenses	571,267	Appraisal based on the general standard, etc.
Property Management Fees	3,066,536	Appraisal based on the contract conditions, general standard, etc.
Tenant Recruit Expenses, etc.	2,491,857	Appraisal based on the contract conditions, general standard, etc.
Tax and Public Dues	4,960,457	Actual amount of the year 2007.
Insurance Fees	279,610	Appraisal based on the estimated amount.
(3) Net Operating Income (NOI=(1)-(2))	88,365,336	
(4) Temporary Deposit Management Profits, etc.	277,614	Considering the ordinary deposit interest, etc.
(5) Capital Expenditures	7,830,386	Appraisal based on the Building Condition Appraisal Report by Tokyo Bldg-Tech Center Co., Ltd.
(6) Standardized Net Cash Flow (NCF=(3)-(4))	80,812,564	
(7) Capitalization Rate	4.9%	Appraisal based on the real estate's regional individual characteristics of real estate, while also taking into account the investment cap rate of the surrounding area.
Value Using the Discounted Cash Flow Method	1,590,000,000	
Discount Rate	4.9%	
Final Capitalization Rate	5.2%	
Cost Approach Value	1,483,000,000	
Land Ratio	72.1%	Building A: 43.2%, Building B: 28.9%
Building Ratio	27.9%	Building A: 20.8%, Building B: 7.1%

<p>Items applied to adjustments in approaches to the value and the determination of the appraisal value</p>	<p>The real estate is located 13 minutes from Higashi Koganei Station on the JR Chuo Line. The surrounding area has seen an increase in apartments built for families and is a developing suburb. Although it is a 15-year-old property, it is equipped with standard building installations and appropriate maintenance management, and can expend steady demand targeting families. The appraisal value was determined in light of the above factors.</p>
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(Reference Material 3)

Property Image

1. URBAN STAGE Shinkawa



## Property Image

### 2. Musashino Green Hills

