



**NOMURA**  
Residential Fund

For Translation Purposes Only

March 24, 2015

**For Immediate Release**

Nomura Real Estate Residential Fund, Inc.  
Shozo Matsumura, Executive Director  
(Securities Code: 3240)

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**Notice Concerning Property Disposition**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today that Nomura Real Estate Asset Management Co., Ltd. (“the Asset Management Company”), the asset management company for the Fund, has determined the disposition of real estate as briefly explained below.

1. Summary of Asset Scheduled to be Disposed

(1) Property Name	PRIME URBAN Naka Ochiai	PRIME URBAN Kamiuma	PRIME URBAN Karasuyama
(2) Scheduled Date of Agreement	March 31, 2015	March 31, 2015	March 30, 2015
(3) Scheduled Date of Disposition	June 1, 2015	June 1, 2015	May 29, 2015
(4) Scheduled Price of Disposition (Note 1)	¥708,339 thousand	¥905,000 thousand	¥358,000 thousand
(5) Book Value (Note 2)	¥652,528 thousand	¥896,212 thousand	¥340,878 thousand
(6) Difference	¥55,811 thousand	¥8,787 thousand	¥17,121 thousand
(7) Buyer	Refer to “4. Buyer Profile” below.		
(8) Form of Payment	Full payment at time of disposition.		

(1) Property Name	PRIME URBAN Oimachi	PRIME URBAN Hino
(2) Scheduled Date of Agreement	March 31, 2015	March 26, 2015
(3) Scheduled Date of Disposition	April 21, 2015	May 29, 2015
(4) Scheduled Price of Disposition (Note 1)	¥555,000 thousand	¥301,568 thousand
(5) Book Value (Note 2)	¥528,313 thousand	¥301,759 thousand
(6) Difference	¥26,686 thousand	-¥191 thousand
(7) Buyer	Refer to “4. Buyer Profile” below.	
(8) Form of Payment	Full payment at time of disposition.	Deposit paid at time of agreement, remaining amount paid at time of disposition.

(Note 1) The amount excluding fixed asset taxes, urban planning taxes, consumption taxes and local consumption taxes is stated.

(Note 2) The figures as of November 30, 2014 are stated.

## 2. Reasons for Disposition

The Fund decided to dispose of these properties, taking into account the entire portfolio's asset composition, profitability in the future, etc.

## 3. Property Summary

### (1) PRIME URBAN Naka Ochiai

Property Name		PRIME URBAN Naka Ochiai
Type of Asset		Real Estate
Location (Note 1)	Registry	1-1757-9 Naka Ochiai, Shinjuku-ku, Tokyo
	Street Address	1-7-19 Naka Ochiai, Shinjuku-ku, Tokyo
Access		6-minutes walk from Nakai Station on the Seibu Shinjuku Line Line.
Land	Ownership	Ownership
	Area (Note 1)	949.20 sq. meters
	Building Coverage	70%(Note2)
	Floor Area Ratio	160% (Note3)
Building	Ownership	Ownership
	Use (Note 1)	Apartment building
	Completion Date (Note 1)	August 24, 1990
	Total Floor Area (Note 1)	1,317.30 sq. meters
	Structure (Note 1)	RC, 4F
	Leasable Units (Note 4)	18 units (50-70 sq. meters: 11 units, Over 70 sq. meters: 7 units)
Acquisition Price		¥655,000 thousand
Scheduled Price of Disposition		¥708,339 thousand
Book Value		¥652,528 thousand (as of November 30, 2014)
Difference (Scheduled Price of Disposition - Book Value)		¥55,811 thousand
Appraisal	Appraisal Method	Appraisal by Daiwa Real Estate Appraisal, Co., Ltd.,
	Appraisal Value	¥604,000 thousand
	Appraisal Date	November 30, 2014
Leasing Status (as of March 24, 2015)		
Total Number of Tenants		1
Total Rental Income (Note 5)		¥38,052 thousand
Security Deposits		¥4,755 thousand
Occupancy Rate		94.0%
Total Leased Floor Area (Note 6)		1,163.22 sq. meters
Total Leasable Floor Area (Note 4)		1,237.98 sq. meters

- (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  
As the property is located within a Category 1 exclusive district for medium and high-rise residential buildings, the Building Coverage would originally be 60%, however, the Building Coverage has been increased to 70%, as the Property is a corner lot.
- (Note 3) Floor Area Ratio  
The Property's Floor Area Ratio limit was originally set at 200%, but the frontal road regulation (4.00 meters×40%) is prioritized.
- (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 be always equal, and at times may be higher than, the floor area written in the real estate registry).
- (Note 5) Total Rental Income  
Total Rental Income indicates the total monthly rent (total of the rent and common area expense of the resident etc. However, when parking lot fees are included in the rent under the lease agreement, this includes the parking lot fees. Also, when the master lease company is applying the rent guaranteed master lease on all or any of the units, the said units are based on the rent and other terms stated on the lease agreement with the master lease company.) that is stated on the lease agreement and is actually executed with the end-tenant, multiplied by twelve (amounts under a thousand yen are rounded down.), regarding the property, as of today. Also, regarding the tenants who receive a certain period of free rent due to the agreement, the said period is not included.
- (Note 6) 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.

(2) PRIME URBAN Kamiiuma

Property Name		PRIME URBAN Kamiiuma
Type of Asset		Real Estate
Location (Note 1)	Registry	5-106-2 Kamiiuma, Setagaya-ku, Tokyo
	Street Address	5-26-14 Kamiiuma, Setagaya-ku, Tokyo
Access		5-minutes walk from Shoin Jinjya Mae Station on the Tokyu Setagaya Line.
Land	Ownership	Ownership
	Area (Note 1)	766.25 sq. meters
	Building Coverage	80% · 60%(Note 2)
	Floor Area Ratio	300% · 200%(Note 3)
Building	Ownership	Ownership
	Use (Note 1)	Apartment building, retail
	Completion Date (Note 1)	October 10, 1985
	Total Floor Area (Note 1)	2,266.41 sq. meters
	Structure (Note 1)	SRC · RC, 10F
	Leasable Units (Note 4)	37 units (Under 30 sq. meters: 12 units, 30-50 sq. meters: 20 units, Over 70 sq. meters: 3 units, Retail/Office : 2 units)
Acquisition Price		¥900,000 thousand
Scheduled Price of Disposition		¥905,000 thousand
Book Value		¥896,212 thousand (as of November 30, 2014)

Difference (Scheduled Price of Disposition - Book Value)		¥8,787 thousand
Survey	Appraisal Method	Appraisal by Daiwa Real Estate Appraisal, Co., Ltd.,
	Appraisal Value	¥836,000 thousand
	Appraisal Date	November 30, 2014
Leasing Status (as of March 24, 2015)		
Total Number of Tenants	1	
Total Rental Income (Note 5)	¥66,068 thousand	
Security Deposits	¥56,399 thousand	
Occupancy Rate	99.1%	
Total Leased Floor Area (Note 6)	1,723.39 sq. meters	
Total Leasable Floor Area (Note 4)	1,739.86 sq. meters	

(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 property lot, the area from the west street boundary to within 30 meters is a neighborhood commercial district of 80% and the area over 30 meters is a Category 1 exclusive district for medium and high-rise residential buildings of 60%.

(Note 3) Floor Area Ratio  
The property's land is a neighboring commercial district 300% and a Category 1 exclusive district for medium and high-rise residential buildings 200%, 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 be always equal, and at times may be higher than, the floor area written in the real estate registry).

(Note 5) Total Rental Income  
Total Rental Income indicates the total monthly rent (total of the rent and common area expense of the resident etc. However, when parking lot fees are included in the rent under the lease agreement, this includes the parking lot fees. Also, when the master lease company is applying the rent guaranteed master lease on all or any of the units, the said units are based on the rent and other terms stated on the lease agreement with the master lease company.) that is stated on the lease agreement and is actually executed with the end-tenant, multiplied by twelve (amounts under a thousand yen are rounded down.), regarding the property, as of today. Also, regarding the tenants who receive a certain period of free rent due to the agreement, the said period is not included.

(Note 6) 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.

## (3) PRIME URBAN Karasuyama

Property Name		PRIME URBAN Karasuyama
Type of Asset		Real Estate
Location (Note 1)	Registry	4-376-7 Minami Karasuyama, Setagaya-ku, Tokyo
	Street Address	4-5-15 Minami Karasuyama, Setagaya-ku, Tokyo
Access		5-minutes walk from Chitose Karasuyama Station on the Keio Line.
Land	Ownership	Ownership(ratio of right to use land 100%)
	Area (Note 1)	187.88 sq. meters
	Building Coverage	80%
	Floor Area Ratio	300%
Building	Ownership	Ownership(Compartmentalized Ownership 100%)
	Use (Note 1)	Retail, Apartment building
	Completion Date (Note 1)	March 6, 1992
	Total Floor Area (Note 1)	555.08 sq. meters
	Structure (Note 1)	RC, 6F
	Leasable Units (Note 2)	28 units (Under 30 sq. meters: 27 units, Retail/Office : 1 unit)
Acquisition Price		¥344,000 thousand
Scheduled Price of Disposition		¥358,000 thousand
Book Value		¥340,878 thousand (as of November 30, 2014)
Difference (Scheduled Price of Disposition - Book Value)		¥17,121 thousand
Appraisal	Survey Method	Price Survey by Daiwa Real Estate Appraisal, Co., Ltd.,
	Survey Value	¥345,000 thousand
	Survey Date	November 30, 2014
Leasing Status (as of March 24, 2015)		
Total Number of Tenants		1
Total Rental Income (Note 3)		¥23,148 thousand
Security Deposits		¥2,656 thousand
Occupancy Rate		96.3%
Total Leased Floor Area (Note 4)		488.88 sq. meters
Total Leasable Floor Area (Note 2)		507.52 sq. meters

(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) 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 be always equal, and at times may be higher than, the floor area written in the real estate registry).

(Note 3) Total Rental Income

Total Rental Income indicates the total monthly rent (total of the rent and common area expense of the resident etc. However, when parking lot fees are included in the rent under the lease agreement, this includes the parking lot fees. Also, when the master lease company is applying the rent guaranteed master lease on all or any of the units, the said units are based on the rent and other terms stated on the

lease agreement with the master lease company.) that is stated on the lease agreement and is actually executed with the end-tenant, multiplied by twelve (amounts under a thousand yen are rounded down.), regarding the property, as of today. Also, regarding the tenants who receive a certain period of free rent due to the agreement, the said period is not included.

(Note 4) 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.

#### (4) PRIME URBAN Oimachi

Property Name		PRIME URBAN Oimachi
Type of Asset		Real Estate
Location (Note 1)	Registry	4-10-18 Oi, Shinagawa-ku, Tokyo
	Street Address	4-10-9 Oi, Shinagawa-ku, Tokyo
Access		5-minutes walk from Oimachi Station on the JR Keihin Tohoku Line, Tokyu Oimachi Line, and Tokyo Waterfront Area Rapid Transit Rinkai Line.
Land	Ownership	Ownership
	Area (Note 1)	413.44 sq. meters
	Building Coverage	70%(Note 2)
	Floor Area Ratio	279.6%(Note 3)
Building	Ownership	Ownership
	Use (Note 1)	Apartment building
	Completion Date (Note 1)	July 21, 1986
	Total Floor Area (Note 1)	805.92 sq. meters
	Structure (Note 1)	RC, 5F
	Leasable Units (Note 4)	45 units (Under 30 sq. meters: 45 units)
Acquisition Price		¥530,000 thousand
Scheduled Price of Disposition		¥555,000 thousand
Book Value		¥528,313 thousand (as of November 30, 2014)
Difference (Scheduled Price of Disposition - Book Value)		¥26,686 thousand
Appraisal	Survey Method	Price Survey by Daiwa Real Estate Appraisal, Co., Ltd.,
	Survey Value	¥488,000 thousand
	Survey Date	November 30, 2014
Leasing Status (as of March 24, 2015)		
Total Number of Tenants		1
Total Rental Income (Note 5)		¥38,343 thousand
Security Deposits		¥4,343 thousand
Occupancy Rate		100.0%
Total Leased Floor Area (Note 6)		722.70 sq. meters
Total Leasable Floor Area (Note 4)		722.70 sq. meters

(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**  
As the property is located within a Category 1 residential district, the Building Coverage would originally be 60%, however, the Building Coverage has been increased to 70%, as the Property is a corner lot.
- (Note 3) **Floor Area Ratio**  
The Property's Floor Area Ratio limit was originally set at 300%, but the frontal road regulation (6.99 meters×40%) is prioritized.
- (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 be always equal, and at times may be higher than, the floor area written in the real estate registry).
- (Note 5) **Total Rental Income**  
Total Rental Income indicates the total monthly rent (total of the rent and common area expense of the resident etc. However, when parking lot fees are included in the rent under the lease agreement, this includes the parking lot fees. Also, when the master lease company is applying the rent guaranteed master lease on all or any of the units, the said units are based on the rent and other terms stated on the lease agreement with the master lease company.) that is stated on the lease agreement and is actually executed with the end-tenant, multiplied by twelve (amounts under a thousand yen are rounded down.), regarding the property, as of today. Also, regarding the tenants who receive a certain period of free rent due to the agreement, the said period is not included.
- (Note 6) **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.

(5) PRIME URBAN Hino

Property Name		PRIME URBAN Hino
Type of Asset		Real Estate
Location (Note 1)	Registry	536-2 Hino Oaza, Hino-shi, Tokyo
	Street Address	536-2 Hino Oaza, Hino-shi, Tokyo(Note 2)
Access		15-minute walk from Hino Station on the JR Chuo Line.
Land	Ownership	Ownership
	Area (Note 1)	609sq. meters(Note 3)
	Building Coverage	60%
	Floor Area Ratio	200%
Building	Ownership	Ownership
	Use (Note 1)	Apartment building
	Completion Date (Note 1)	March 3, 1992
	Total Floor Area (Note 1)	1,142.35 sq. meters
	Structure (Note 1)	RC, 5F
	Leasable Units (Note 4)	54 units (Under 30 sq. meters: 54 units)
Acquisition Price		¥319,000 thousand
Scheduled Price of Disposition		¥301,568 thousand
Book Value		¥301,759 thousand (as of November 30, 2014)
Difference (Scheduled Price of Disposition - Book Value)		-¥191 thousand
Appraisal	Survey Method	Price Survey by Japan Real Estate Institution,

	Survey Value	¥323,000 thousand
	Survey Date	November 30, 2014
Leasing Status (as of March 24, 2015)		
Total Number of Tenants		1
Total Rental Income (Note 5)		¥27,876 thousand
Security Deposits		¥2,449 thousand
Occupancy Rate		98.1%
Total Leased Floor Area (Note 6)		976.26 sq. meters
Total Leasable Floor Area (Note 4)		994.68 sq. meters

(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) Street Address  
As this property is located in an area without Street Addressing System, the building address indicated in the real estate registry is stated.

(Note 3) Area  
Include space of approx. 16.20 m<sup>2</sup> regarded as a road under the provision of Article 42 Paragraph 2 of the Building Standard Act.

(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 be always equal, and at times may be higher than, the floor area written in the real estate registry).

(Note 5) Total Rental Income  
Total Rental Income indicates the total monthly rent (total of the rent and common area expense of the resident etc. However, when parking lot fees are included in the rent under the lease agreement, this includes the parking lot fees. Also, when the master lease company is applying the rent guaranteed master lease on all or any of the units, the said units are based on the rent and other terms stated on the lease agreement with the master lease company.) that is stated on the lease agreement and is actually executed with the end-tenant, multiplied by twelve (amounts under a thousand yen are rounded down.), regarding the property, as of today. Also, regarding the tenants who receive a certain period of free rent due to the agreement, the said period is not included.

(Note 6) 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.



#### 4. Buyer Profile

(1) PRIME URBAN Naka Ochiai, PRIME URBAN Kamiyama, PRIME URBAN Oimachi ,  
PRIME URBAN Hino

As the Fund has not obtained consent for disclosure from the Buyers of each property, which are Japanese general operating companies, this information is not disclosed.

There is no capital, personnel, and transaction relationship between the buyer and the Fund and/or the Asset Management Company. Also, the buyer is not considered a directly associating party of the Fund and/or the Asset Management Company.

(2) PRIME URBAN Karasuyama

The buyer is an individual. According to the wishes of the buyer, his detail is not disclosed.

There are no capital, personnel, and transaction relationship between the buyer and the Fund and/or asset management company. Also, the buyer is not considered a directly associating party of the Fund and/or asset management company.

## 5. Broker Profile

### (1) PRIME URBAN Naka Ochiai

Company Name	Nomura Real Estate Development Co., Ltd. (NRED)
Head Office	1-26-2, Nishishinjuku, Shinjuku-ku, Tokyo
Representative	Kamezo Nakai, President
Principal Business	Real Estate Business
Capital	¥2,000 million (as of April 1, 2014)
Established	April 15, 1957
Relationship with the Fund and/or asset management company	
Capital	NRED holds 9.48% of the Fund's investment units as of November 30, 2012. NRED is an affiliated company of NREHD, which holds 100% ownership of Nomura Real Estate Asset Management Co., Ltd. ("NREAM"), the Fund's Asset Management Company, and therefore, is the "Related Party" under the Act on Investment Trusts and Investment Corporations ("Investment Trust Act")
Personnel	The Asset Management Company's employees are dispatched from the said company.
Transaction	There is no transaction between the said company and the Fund. NREAM concluded "Information Provision Agreement" with NRED.
Status of Related Parties	The said company is not considered a directly associating party of the Fund. However, as stated above, the said company is a Related Party of the Asset Management Company as it is a fellow subsidiary.
Commission	¥21,310 million yen (excluding consumption taxes and local consumption taxes)

### (2) PRIME URBAN Karasuyama, PRIME URBAN Oimachi, PRIME URBAN Hino

Company Name	Nomura Real Estate Urban Net Co., Ltd.
Head Office	1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Seishi Miyajima, President
Principal Business	Real Estate Business
Capital	¥1,000 million
Established	November 6, 2000
Relationship with the Fund and/or asset management company	
Capital	Nomura Real Estate Urban Net Co., Ltd. is an affiliated company of Nomura Real Estate Holdings, Inc., which has 100% ownership of Nomura Real Estate Asset Management Co., Ltd., the Fund's asset management company, and therefore, is a Related Party under the Investment Trust Law.
Personnel	There is no personnel involvement between the said company and the Fund or asset management company. There is also no personnel involvement between related parties of the said company and related parties of the Fund or asset management company.
Transaction	There is no transaction between the said company and the Fund or asset management company. There is also no transaction between related parties of the said company and related parties of the Fund or asset management company.
Status of Related Parties	The said company is not considered a directly associating party of the Fund. However, as stated above, the said company is a Related Party of the Asset Management Company as it is a fellow subsidiary.
Commission	PRIME URBAN Karasuyama : ¥10,800 million yen PRIME URBAN Oimachi : ¥16,710 million yen PRIME URBAN Hino : ¥9,107 million yen (each figure excludes consumption taxes and local consumption taxes)

### (3) PRIME URBAN Kamiyama

No brokers were involved in the disposition of the Property.

#### 6. Transaction with Related Parties

Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Urban Net Co., Ltd., the brokers of the disposition of PRIME URBAN Naka Ochiai, PRIME URBAN Karasuyama, PRIME URBAN Oimachi and PRIME URBAN Hino are a Related Party under the Investment Trusts Act. Therefore, the Asset Management Company determined the transfer and the terms and conditions of the transaction, including the commission and the other conditions to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Act and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee of the Asset Management Company.

#### 7. Forecasts

Loss on disposition is expected to occur in the seventeenth fiscal period (December 1, 2014 to May 31, 2015) concerning the disposition of PRIME URBAN Hino as the scheduled price of disposition falls below the book value. However, the impact of the disposition of the concerned property and 4 other properties on the financial results for the seventeenth fiscal period will be minimal. Thus, the forecasts of financial results have not been changed.

## 8. Appraisal (Survey) Report Summary

### (1) PRIME URBAN Naka Ochiai

Property Name	PRIME URBAN Naka Ochiai
Appraisal Value	¥604,000,000
Appraisal Agency	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	November 30, 2014

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	604,000,000	Appraised using both the value calculated by means of the Direct Capitalization Method and the value using the Discount Cash Flow Method equally.
Value using the Direct Capitalization Method	609,000,000	
(1) Gross Income	43,615,201	
Potential Gross Income: (a)~(c)	46,827,616	
(a) Potential Rental Income	40,040,256	Appraisal of standard stable mid to long term collectable rent, based on the attributes of the current lease agreement, standard new rent, and the occupying tenants of the residential and storage areas.
(b) Parking Lot Income	2,974,300	Appraisal of the standard stable mid to long term collectable usage charge, based on the average usage charge and new rent average, according to the current lease agreement.
(c) Other Income	3,813,060	Key money income is not allocated, taking into account the current lease. Renewal fee and other income are appraised based on agreement conditions, etc.
Vacancy and Other Losses	3,212,415	Appraisal based on the standard stable mid to long term occupancy rate.
Bad Debt Losses	0	Not allocated, as the security deposit covers bad debt.
(2) Operating Expenses	10,615,811	
Maintenance Expenses	1,476,000	Appraised based on actual amount, general standard, etc.
Utility Expenses	1,033,565	Appraisal based on the actual amount.
Repair Expenses	2,551,210	Allocation of appraised restoration expenses and repair expenses based on the Building Condition Appraisal Report.
Property Management Fees	1,297,354	Appraisal based on agreement conditions, general standard, etc.
Tenant Recruit Expenses, etc.	1,558,991	Appraisal based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit and parking lot lease.
Tax and Public Dues	2,313,931	Appraisal based on mid to long term perspective of the tax base of year 2014.
Damage Insurance Fees	70,160	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other Expenses	314,600	Allocation of cable fees and other building management fees.
(3) Net Operating Income ((1)-(2))	32,999,390	
(4) Management Profit from Temporary Deposits	91,964	Appraisal based on the assumption that the temporary deposit has a 2.0% investment yield.
(5) Capital Expenditures	2,053,083	Appraised, assuming that average funds are accumulated every period and taking into account the building age, lease renewal fee average from the Building Condition Appraisal Report, the standard capital expenditures of similar building, etc.
(6) Net Cash Flow ((3)+(4)-(5))	31,038,271	
(7) Capitalization Rate	5.1%	Appraised, taking into account the uncertainty and investment cap rate, etc., of similar buildings, while decreasing the spread that attributes from individual factors such as the property's location, building conditions, and other conditions, etc., based on the property's cap rate.
Revenue Value Using the Discounted Cash Flow Method	602,000,000	

	Discount Rate	4.9%	Appraised, taking into account the total individuality of the property, with reference to the investment cap rate from transactions with similar properties.
	Final Capitalization Rate	5.3%	Appraised, with reference to the investment cap rate, etc., with similar buildings, and taking into account the overall future trends of the investment cap rate, the property's risk as an investment, the general forecast of the economic growth in the future, and real estate price and rent movements, etc.
Cost Approach Value		574,000,000	
	Land Ratio	72.9%	
	Building Ratio	27.1%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	-
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## (2) PRIME URBAN Kamiuma

Property Name	PRIME URBAN Kamiuma
Appraisal Value	¥836,000,000
Appraisal Agency	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	November 30, 2014

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	836,000,000	Appraised using both the value calculated by means of the Direct Capitalization Method and the value using the Discount Cash Flow Method equally.
Value using the Direct Capitalization Method	840,000,000	
(1) Gross Income	64,534,807	
Potential Gross Income: (a)~(c)	67,833,831	
(a) Potential Rental Income	65,980,476	Appraisal of standard stable mid to long term collectable rent, based on the attributes of the current lease agreement, standard new rent, and the occupying tenants of the residential and storage areas.
(b) Parking Lot Income	0	
(c) Other Income	1,853,355	Key money income, Renewal fee and other income are appraised based on agreement conditions, etc.
Vacancy and Other Losses	3,299,024	Appraisal based on the standard stable mid to long term occupancy rate.
Bad Debt Losses	0	Not allocated, as the security deposit covers bad debt.
(2) Operating Expenses	13,739,149	
Maintenance Expenses	1,968,000	Appraised based on actual amount, general standard, etc.
Utility Expenses	947,214	Appraisal based on the actual amount.
Repair Expenses	3,949,253	Allocation of appraised restoration expenses and repair expenses based on the Building Condition Appraisal Report.
Property Management Fees	1,888,549	Appraisal based on agreement conditions, general standard, etc.
Tenant Recruit Expenses, etc.	1,941,320	Appraisal based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit and parking lot lease.
Tax and Public Dues	2,678,260	Appraisal based on mid to long term perspective of the tax base of year 2014.
Damage Insurance Fees	108,953	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other Expenses	257,600	Allocation of cable fees and other building management fees.
(3) Net Operating Income ((1)-(2))	50,795,658	
(4) Management Profit from Temporary Deposits	365,098	Appraisal based on the assumption that the temporary deposit has a 2.0% investment yield.
(5) Capital Expenditures	7,488,900	Appraised, assuming that average funds are accumulated every period and taking into account the building age, lease renewal fee average from the Building Condition Appraisal Report, the standard capital expenditures of similar building, etc.
(6) Net Cash Flow ((3)+(4)-(5))	43,671,856	
(7) Capitalization Rate	5.2%	Appraised, taking into account the uncertainty and investment cap rate, etc., of similar buildings, while decreasing the spread that attributes from individual factors such as the property's location, building conditions, and other conditions, etc., based on the property's cap rate.
Revenue Value Using the Discounted Cash Flow Method	834,000,000	
Discount Rate	5.0%	Appraised, taking into account the total individuality of the property, with reference to the investment cap rate from transactions with similar properties.

	Final Capitalization Rate	5.4%	Appraised, with reference to the investment cap rate, etc., with similar buildings, and taking into account the overall future trends of the investment cap rate, the property's risk as an investment, the general forecast of the economic growth in the future, and real estate price and rent movements, etc.
Cost Approach Value		780,000,000	
	Land Ratio	74.2%	
	Building Ratio	25.8%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	-
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## (3) PRIME URBAN Karasuyama

Property Name	PRIME URBAN Karasuyama
Survey Value	¥345,000,000
Evaluation Agency	Daiwa Real Estate Appraisal Co., Ltd.
Survey Date	November 30, 2014

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	345,000,000	Appraised using both the value calculated by means of the Direct Capitalization Method and the value using the Discount Cash Flow Method equally.
Value using the Direct Capitalization Method	349,000,000	
(1) Gross Income	24,767,600	
Potential Gross Income: (a)~(c)	25,974,038	
(a) Potential Rental Income	24,128,760	Appraisal of standard stable mid to long term collectable rent, based on the attributes of the current lease agreement, standard new rent, and the occupying tenants of the residential and storage areas.
(b) Parking Lot Income	0	
(c) Other Income	1,845,278	Key money income, Renewal fee and other income are appraised based on agreement conditions, etc.
Vacancy and Other Losses	1,206,438	Appraisal based on the standard stable mid to long term occupancy rate.
Bad Debt Losses	0	Not allocated, as the security deposit covers bad debt.
(2) Operating Expenses	6,231,408	
Maintenance Expenses	1,272,000	Appraised based on actual amount, general standard, etc.
Utility Expenses	460,560	Appraisal based on the actual amount.
Repair Expenses	1,780,845	Allocation of appraised restoration expenses and repair expenses based on the Building Condition Appraisal Report.
Property Management Fees	721,510	Appraisal based on agreement conditions, general standard, etc.
Tenant Recruit Expenses, etc.	1,017,490	Appraisal based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit and parking lot lease.
Tax and Public Dues	869,843	Appraisal based on mid to long term perspective of the tax base of year 2014.
Damage Insurance Fees	34,857	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other Expenses	74,303	Allocation of cable fees and other building management fees.
(3) Net Operating Income ((1)-(2))	18,536,192	
(4) Management Profit from Temporary Deposits	76,998	Appraisal based on the assumption that the temporary deposit has a 2.0% investment yield.
(5) Capital Expenditures	471,083	Appraised, assuming that average funds are accumulated every period and taking into account the building age, lease renewal fee average from the Building Condition Appraisal Report, the standard capital expenditures of similar building, etc.
(6) Net Cash Flow ((3)+(4)-(5))	18,142,107	
(7) Capitalization Rate	5.2%	Appraised, taking into account the uncertainty and investment cap rate, etc., of similar buildings, while decreasing the spread that attributes from individual factors such as the property's location, building conditions, and other conditions, etc., based on the property's cap rate.
Revenue Value Using the Discounted Cash Flow Method	343,000,000	
Discount Rate	5.0%	Appraised, taking into account the total individuality of the property, with reference to the investment cap rate from transactions with similar properties.



		Final Capitalization Rate	5.4%	Appraised, with reference to the investment cap rate, etc., with similar buildings, and taking into account the overall future trends of the investment cap rate, the property's risk as an investment, the general forecast of the economic growth in the future, and real estate price and rent movements, etc.
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Items applied to adjustments in approaches to the value and the determination of the survey value	-
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## (4) PRIME URBAN Oimachi

Property Name	PRIME URBAN Oimachi
Survey Value	¥488,000,000
Evaluation Agency	Daiwa Real Estate Appraisal Co., Ltd.
Survey Date	November 30, 2014

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	488,000,000	Appraised using both the value calculated by means of the Direct Capitalization Method and the value using the Discount Cash Flow Method equally.
Value using the Direct Capitalization Method	493,000,000	
(1) Gross Income	36,685,831	
Potential Gross Income: (a)~(c)	38,969,059	
(a) Potential Rental Income	38,053,800	Appraisal of standard stable mid to long term collectable rent, based on the attributes of the current lease agreement, standard new rent, and the occupying tenants of the residential and storage areas.
(b) Parking Lot Income	0	
(c) Other Income	915,259	Key money income, Renewal fee and other income are appraised based on agreement conditions, etc.
Vacancy and Other Losses	2,283,228	Appraisal based on the standard stable mid to long term occupancy rate.
Bad Debt Losses	0	Not allocated, as the security deposit covers bad debt.
(2) Operating Expenses	10,059,836	
Maintenance Expenses	2,016,600	Appraised based on actual amount, general standard, etc.
Utility Expenses	419,904	Appraisal based on the actual amount.
Repair Expenses	3,467,333	Allocation of appraised restoration expenses and repair expenses based on the Building Condition Appraisal Report.
Property Management Fees	1,079,760	Appraisal based on agreement conditions, general standard, etc.
Tenant Recruit Expenses, etc.	1,665,182	Appraisal based on the agreement conditions, taking into account the standard tenant recruit expenses of similar buildings, and applying the estimated turnover ratio of unit and parking lot lease.
Tax and Public Dues	1,249,697	Appraisal based on mid to long term perspective of the tax base of year 2014.
Damage Insurance Fees	51,303	Allocation, taking into account the actual amount, insurance premium rates of similar buildings, etc.
Other Expenses	110,057	Allocation of cable fees and other building management fees.
(3) Net Operating Income ((1)-(2))	26,625,995	
(4) Management Profit from Temporary Deposits	111,012	Appraisal based on the assumption that the temporary deposit has a 2.0% investment yield.
(5) Capital Expenditures	1,577,167	Appraised, assuming that average funds are accumulated every period and taking into account the building age, lease renewal fee average from the Building Condition Appraisal Report, the standard capital expenditures of similar building, etc.
(6) Net Cash Flow ((3)+(4)-(5))	25,159,840	
(7) Capitalization Rate	5.1%	Appraised, taking into account the uncertainty and investment cap rate, etc., of similar buildings, while decreasing the spread that attributes from individual factors such as the property's location, building conditions, and other conditions, etc., based on the property's cap rate.
Revenue Value Using the Discounted Cash Flow Method	486,000,000	
Discount Rate	4.9%	Appraised, taking into account the total individuality of the property, with reference to the investment cap rate from transactions with similar properties.

		Final Capitalization Rate	5.3%	Appraised, with reference to the investment cap rate, etc., with similar buildings, and taking into account the overall future trends of the investment cap rate, the property's risk as an investment, the general forecast of the economic growth in the future, and real estate price and rent movements, etc.
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Items applied to adjustments in approaches to the value and the determination of the survey value	-
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## (5) PRIME URBAN Hino

Property Name	PRIME URBAN Hino
Survey Value	¥323,000,000
Evaluation Agency	Japan Real Estate Institute
Survey Date	November 30, 2014

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	323,000,000	Appraised using both the value calculated by means of the Direct Capitalization Method and the Value using the discount Cash Flow Method equally.
Value using the Direct Capitalization Method	331,000,000	
(1) Gross Income	29,198,000	
Potential Gross Income: (a)~(d)	30,935,000	
(a) Potential Rental Income	27,788,000	Appraisal of collectable rent, based on the current lease agreement.
(b) Utility Expense Income	0	
(c) Parking Lot Income	120,000	
(d) Other Income	3,027,000	Appraised key money and renewal fees income as well as allocation of other income based on the collectable number of months.
Vacancy and Other Losses	1,737,000	Appraisal based on the standard stable mid to long term occupancy rate
Bad Debt Losses	0	Decided the allocation is unnecessary, taking into account the tenants situation, etc.
(2) Total Expenses	7,109,000	
Maintenance Expenses	1,660,000	Appraised in consideration of the individuality of the property in reference to actual profit in previous years.
Utility Expenses	700,000	Appraised in consideration of the individuality of the property in reference to actual profit in previous years.
Repair Expenses	1,605,000	Allocation of appraised restoration expenses and repair expenses.
Property Management Fees	710,000	Appraised in consideration of management fees of similar properties and the individuality of the property in reference to management fees based on current agreement conditions.
Tenant Recruit Expenses, etc.	830,000	Appraised in reference to current agreement and lease conditions of similar properties in the neighborhood
Tax and Public Dues	1,427,000	Appraised based on the tax base of year 2014
Damage Insurance Fees	57,000	Appraised in reference to insurance premiums, etc. based on the current insurance agreements.
Other Expenses	120,000	Appraised in consideration of CATV fees as Other Expenses.
(3) Net Operating Income ((1)-(2))	22,089,000	
(4) Management Profit from Temporary Deposits	46,000	Appraisal based on the assumption that the temporary deposit has a 2.0% investment yield.
(5) Capital Expenditures	1,630,000	Appraised in consideration of building age, as well as average maintenance and lease renewal fees based on the engineering report.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	20,505,000	
(7) Capitalization Rate	6.2%	Appraised in consideration of uncertainty based on property yields.
Revenue Value Using the Discounted Cash Flow Method	315,000,000	
Discount Rate	6.0%	Appraised in reference to yields on investments for similar property transactions.
Final Capitalization Rate	6.8%	Appraised comprehensively in consideration of the forecast of yields on investments in reference to the transaction yields for similar properties.

Items applied to adjustments in approaches to the value and the determination of the survey value	-
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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	PRIME URBAN Gvotoku III	Ichikawa-shi, Chiba	1,766.47	77	948,000	0.6	3rd FP
	PRIME URBAN Nishi Funabashi	Funabashi-shi, Chiba	1,237.80	60	772,000	0.5	1st FP
	PRIME URBAN Kawaguchi	Kawaguchi-shi, Saitama	2,477.11	98	2,170,000	1.3	3rd FP
	Sub Total (114 Properties)			185,094.88	6,617	132,455,000	81.3
Other Areas	PROUD FLAT Itsutsubashi	Sendai-shi, Miyagi	1,861.56	60	682,000	0.4	1st FP
	PROUD FLAT Kawaramachi	Sendai-shi, Miyagi	1,967.54	64	724,000	0.4	5th FP
	PROUD FLAT Shin Osaka	Osaka-shi, Osaka	2,990.68	112	1,430,000	0.9	11th FP
	PRIME URBAN Yamahana	Sapporo-shi, Hokkaido	1,518.58	33	377,000	0.2	1st FP
	PRIME URBAN Kita Iwano Iwano	Sapporo-shi, Hokkaido	1,155.60	36	336,000	0.2	1st FP
	PRIME URBAN Odori Koen I	Sapporo-shi, Hokkaido	1,850.20	53	530,000	0.3	1st FP
	PRIME URBAN Odori Koen II	Sapporo-shi, Hokkaido	1,148.72	36	322,000	0.2	1st FP
	PRIME URBAN Kita Iwano Iwano	Sapporo-shi, Hokkaido	1,851.39	60	600,000	0.4	3rd FP
	PRIME URBAN Miyanosawa	Sapporo-shi, Hokkaido	2,114.53	54	576,200	0.4	3rd FP
	PRIME URBAN Odori Higashi	Sapporo-shi, Hokkaido	1,494.36	36	424,000	0.3	3rd FP
	PRIME URBAN Chiji Koukan	Sapporo-shi, Hokkaido	1,007.30	42	337,900	0.2	3rd FP
	PRIME URBAN Maruyama	Sapporo-shi, Hokkaido	911.07	27	283,200	0.2	3rd FP
	PRIME URBAN Kita Niinui Iwano	Sapporo-shi, Hokkaido	1,773.90	36	503,700	0.3	3rd FP
	PRIME URBAN Sapporo Idaimae	Sapporo-shi, Hokkaido	2,439.90	58	731,600	0.4	3rd FP
	PRIME URBAN Sapporo Riverfront	Sapporo-shi, Hokkaido	15,552.59	311	3,500,000	2.1	11th FP
	PRIME URBAN Kita 3 Iwano Dori	Sapporo-shi, Hokkaido	5,094.29	114	1,450,000	0.9	11th FP
	PRIME URBAN Nagamachi Icchome	Sendai-shi, Miyagi	3,411.24	60	1,110,000	0.7	3rd FP
	PRIME URBAN Yaotome Chuo	Sendai-shi, Miyagi	1,380.21	43	428,000	0.3	3rd FP
	PRIME URBAN Tsusumidori Amamiya	Sendai-shi, Miyagi	4,251.91	65	969,000	0.6	4th FP
	PRIME URBAN Aoi	Nagoya-shi, Aichi	1,571.04	46	724,000	0.4	1st FP
	PRIME URBAN Kanayama	Nagoya-shi, Aichi	1,391.02	58	632,000	0.4	3rd FP
	PRIME URBAN Tsurumai	Nagoya-shi, Aichi	2,502.11	104	1,189,096	0.7	5th FP
	PRIME URBAN Kamimaezu	Nagoya-shi, Aichi	3,541.43	101	1,250,000	0.8	10th FP
	PRIME URBAN Izumi	Nagoya-shi, Aichi	7,543.10	250	2,800,000	1.7	11th FP
	PRIME URBAN Esaka I	Suita-shi, Osaka	1,189.12	48	672,000	0.4	1st FP
	PRIME URBAN Esaka II	Suita-shi, Osaka	1,392.00	57	790,000	0.5	1st FP
	PRIME URBAN Esaka III	Suita-shi, Osaka	2,151.67	79	1,535,000	0.9	5th FP
	PRIME URBAN Tamatsukuri	Osaka-shi, Osaka	2,373.10	80	906,000	0.6	10th FP
	PRIME URBAN Sakaisui Honmachi	Osaka-shi, Osaka	3,909.90	82	1,780,000	1.1	14th FP
	PRIME URBAN Hakata	Fukuoka-shi, Fukuoka	2,176.23	67	830,000	0.5	1st FP
	PRIME URBAN Yakun Minami	Fukuoka-shi, Fukuoka	897.84	34	351,000	0.2	1st FP
	PRIME URBAN Kashii	Fukuoka-shi, Fukuoka	1,222.34	39	396,000	0.2	3rd FP
	PRIME URBAN Hakata Higashi	Fukuoka-shi, Fukuoka	1,854.13	65	693,000	0.4	3rd FP
	PRIME URBAN Chihaya	Fukuoka-shi, Fukuoka	1,740.70	48	545,000	0.3	3rd FP
Sub Total (34 Properties)			89,231.30	2,458	30,407,696	18.7	
Total (148 Properties)			274,326.18	9,075	162,862,696	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" refers to the Fund's fiscal period in which the acquisition of each property is completed.

1st FP: August 3, 2006 - May 31, 2007

2nd FP: June 1, 2007 - November 30, 2007

3rd FP: December 1, 2007 - May 31, 2008

4th FP: June 1, 2008 - November 30, 2008

5th FP: December 1, 2008 - May 31, 2009

6th FP: June 1, 2009 - November 30, 2009

7th FP: December 1, 2009 - May 31, 2010

8th FP: June 1, 2010 - November 30, 2010

9th FP: December 1, 2010 - May 31, 2011

10th FP: June 1, 2011 - November 30, 2011

11th FP: December 1, 2011 - May 31, 2012

12th FP: June 1, 2012 - November 30, 2012

13th FP: December 1, 2012 - May 31, 2013

14th FP: June 1, 2013 - November 30, 2013

15th FP: December 1, 2013 - May 31, 2014

16th FP: June 1, 2014 - November 30, 2014

17th FP: December 1, 2014 - May 31, 2015