



NOMURA
Residential Fund

For Translation Purposes Only

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For Immediate Release

Nomura Real Estate Residential Fund, Inc.
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(Securities Code: 3240)

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Notice Concerning the Issue of New Investment Units and the Secondary Offering

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today that they have resolved the issue of new Investment Units and secondary offering of the units, at the Board of Directors meeting held on January 21, 2008.

1. Primary Offering of New Investment Units

- (1) Total Number of Units to be Issued: 27,300 units
- (2) Issue Price
To be determined
(The price will be determined at the Board of Directors meeting to be held on one of the days in between February 5-8, 2008 (the “Offer Price etc. Determination Date”).)
- (3) Offering Method
Public Offering. All Units will be underwritten by the following companies (referred to collectively as the “Underwriters”) :

Nomura Securities Co., Ltd. (lead managing underwriter)
Nikko Citigroup Ltd.
Mitsubishi UFJ Securities Co., Ltd.
Merrill Lynch Japan Securities Co., Ltd.
Mizuho Securities Co., Ltd.
Daiwa Securities SMBC Co., Ltd.
Shinko Securities Co., Ltd.

The offer price for the primary offering, the indicative price range being the closing price at Tokyo Stock Exchange, Inc. on the Offer Price etc. Determination Date (the most recent closing price if there is no closing price on the said date) multiplied by 0.90-1.00 (fraction less than one yen is omitted), will be determined after taking into

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consideration the status of market demand, etc.

- (4) Underwriting Agreement
The underwriters will pay the Fund the full amount of the issue price on the payment date mentioned in (7) below, and the total difference between the offer price in the primary offering and the issue price to be paid by the underwriter to the Fund will be the underwriters' proceeds. No underwriting commission will be paid by the Fund.
- (5) Minimum Number of Units for Application
One unit or more, in multiples of one unit
- (6) Application Period
The business day after the Offer Price etc. Determination Date to the following business day.
- (7) Payment Date
A day between February 13, 2008 (Wednesday) to February 18, 2008 (Monday). But, the date will be five business days after the Offer Price etc. Determination Date.
- (8) The issue price and other items required to issue the new Investment Units will be determined at a future Board of Directors meeting.
- (9) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

2. Secondary Offering (Over-Allotment)

- (1) Seller and Number of Units Offered
Nomura Securities Co., Ltd.: 1,365 units
The number of units offered above is the maximum limit and may be lowered or the secondary offering may be canceled depending on demand or other factors. The number of units offered will be determined on the Offer Price Determination Date in consideration of the demand for the new Units and other factors.
- (2) Offer Price
To be determined
(The price will be determined on the Offer Price etc. Determination Date. The offer price will be equal to the offer price for the primary offering.)
- (3) Offering Method
Nomura Securities Co., Ltd., the lead managing underwriter for the primary offering, may borrow up to 1,365 Investment Units (the "Investment Units") from a unitholder of the Fund and sell those units in consideration of the demand for the primary offering.
- (4) Minimum Number of Units for Application
One unit or more, in multiples of one unit
- (5) Application Period
Same as the Application Period for primary offering.

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- (6) Delivery and Settlement Date
One business day after the Payment Date of primary offering.
- (7) The offer price and other items required for the secondary offering will be determined at a future Board of Directors meeting.
- (8) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

3. Issue of New Investment Units (Third-Party Allotment)

- (1) Total Number of Units to be Issued: 1,365 units
- (2) Issue Price
To be determined
(The price will be equal to the issue price for the primary offering.)
- (3) Subscriber and Number of Units Allotted
Nomura Securities Co., Ltd.: 1,370 units
- (4) Minimum Number of Units for Application
One unit or more, in multiples of one unit
- (5) Application Period (application date)
A date between March 10, 2008 (Monday) and March 17, 2008 (Monday). But, the date will be one business day following the 30th day after the primary and secondary offering application period end.
- (6) Payment Date
A date between March 11, 2008 (Tuesday) and March 18, 2008 (Tuesday). But, the date will be two business days following the 30th day after the primary and secondary offering application period end.
- (7) If there are no applications for all or a part of the Units to be issued on or before the application date described in (5) above, the issue of such Units will be canceled.
- (8) The issue price and other items required to issue the new Investment Units will be determined at a future Board of Directors meeting.
- (9) If and when the cancellation of the primary offering takes place, the third-party allotment will also be cancelled.
- (10) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

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[Notes]

1. Secondary Offering etc. (Over-Allotment)

Nomura Securities Co., Ltd. (“NSC”), the lead managing underwriter for the primary offering, may conduct a secondary offering (over-allotment), a maximum limit of 1,370 units, borrowed by NSC from a unitholder of the Fund, after consideration of the demand for the new Investment Units and other factors in the primary offering. The number of Units in the secondary offering (over-allotment) is scheduled to be 1,365 units. However, such number is the maximum limit and may be reduced based on the demand or other factors, or may be cancelled.

In relation to the secondary offering (over-allotment), the Fund has resolved at the Board of Directors meeting held on January 21, 2008 (Monday) to issue 1,365 new Investment Units through third-party allotment (the “Third-Party Allotment”) to NSC, in order for NSC to obtain the Investment Units necessary to return the Investment Units borrowed from the unitholder of the Fund (the “Borrowed Units”). The payment date of the Third-Party Allotment (the “Third-Party Allotment Payment Date”) is determined to be a day between March 11, 2008 (Tuesday) and March 18, 2008 (Tuesday).

Also, NSC may purchase up to the maximum number of Investment Units offered in the said secondary offering (over-allotment) at the Tokyo Stock Exchange in order to return the Borrowed Units (the “Syndicated Cover Transaction”), from the day after the end of the public offering and secondary offering (over-allotment) Application Period to five business days prior to the Payment Date of the Third-Party Allotment (the “Syndicated Cover Transaction Period”). All of the Units purchased by NSC through the Syndicated Cover Transaction will be used to return the Borrowed Units. NSC may also decide not to conduct the Syndicated Cover Transaction or purchase a certain number of Units less than the total over-allotted Units.

Furthermore, with the public offering and secondary offering (over-allotment), NSC may use the stabilization transaction and all or part of the Units purchased through the said stabilization transaction will be used to return the Borrowed Units.

NSC plans to apply for the Third-Party Allotment in order to obtain the same number of Investment Units sold through the secondary offering (over-allotment), excluding the number of Units purchased through the Syndicated Cover Transaction, to return the borrowed Units. Therefore, NSC may not apply for all or part of the Units issued by the Third-Party Allotment, and as a result, the ultimate number of units issued by the Third-Party Allotment may, due to forfeiture, decrease, depending on the applied number of units, or no units may be issued at all.

2. Total Number of Investment Units after the Issue of New Investment Units

Total Number of current Investment Units:	68,100 units
Number of increase in Investment Units by the new issue (public offering):	27,300 units
Number of Investment Units outstanding after the new issue (public offering) of Investment Units:	95,400 units
Number of increase in Investment Units by the new issue (Third-Party Allotment):	1,365 units (Note)
Number of Investment Units outstanding after the new issue (Third-Party Allotment) of Investment Units:	96,765 units (Note)

(Note) The number indicated assumes that NSC applies for all the Units to be issued by the Third-Party Allotment and all such Units are issued.

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3. Reason for the Issue (Use of Proceeds), etc.

(1) Use of Proceeds

The net proceeds obtained from the primary offering (¥16,261,599,000) and the Third-Party Allotment (¥813,079,000) will be used for the repayment of the short-term loan (¥12,200,000,000), and the remainder will be used for a part of the acquisition of specified assets that the Fund is scheduled to acquire.

(Note) The proceeds mentioned state above is the estimated amount, calculation based on the closing price at Tokyo Stock Exchange, Inc. as of January 9, 2008 (Wednesday).

(2) Use of Previous Proceeds

None.

(3) Forecast of Effects on Fund Management

As stated on the “Notice Concerning Revision of Forecasts of Financial Results for the Fiscal Period Ending May 31, 2008 and November 30, 2008” released today.

4. Distributions to Investors, etc.

(1) Basic Policies Regarding Distributions

Cash distributions will be made according to the distribution policies provided for in the Articles of Incorporation of Nomura Residential Fund.

(2) Status of Distributions in Previous Calculation Periods

	First Fiscal Period (ended May 31, 2007)
Net Income Per Unit	16,872 yen
Cash Distribution Per Unit	8,102 yen
Distribution Payout Ratio	99.9%

(Note) Net Income Per Unit is calculated by the Net Income with the average number of investment units during the fiscal period.

5. Others

(1) Limitations of Sale and Additional Issues

a) In connection with the Primary Offering, Nomura Real Estate Development Co., Ltd., which currently holds 12,500 units of the Fund’s investment securities as of November 30, 2007 (second fiscal period end), has entered into an agreement with NSC, the lead managing underwriter, not to sell any Units, etc. (excluding the additional issuance of Units by the Third-Party Allotment or by split-ups of Units) without a prior written consent of NSC, from the Primary Offering Offer Price etc. Determination Date to six months after the Primary Offering Delivery and Settlement Date.

b) In addition, in connection with the Primary Offering, the Fund has entered into an agreement with NSC, the lead managing underwriter, to not offer new investment units (excluding the additional issuance of Units by the Third-Party Allotment or by split-ups of Units) without a prior written consent of NSC, from the Primary Offering Offer Price, etc. Determination Date to three months after the Primary Offering Delivery and Settlement Date.

Also, in the event of either a) or b), NSC, the lead managing underwriter, has the right to cancel a part of or all of the said agreements mentioned above in a) and b), during the restricted period.

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(2) Past Status of Equity Finance, etc.

a) Status of Equity Finance

Date	Total amount issued (Thousand of yen)	Capital amount after the Issue (Thousands of yen)	Remarks
August 3, 2006	¥240,000	¥240,000	Private Placement on incorporation
September 26, 2006	¥10,758,000	¥10,998,000	Private Placement
February 13, 2007	¥28,816,830	¥39,814,830	Public Offering
March 13, 2007	¥1,440,841	¥41,255,671	Third-Party Allotment

b) Changes in Investment Unit Price (Previous Calculation Periods and Before PO)

	Fiscal Period ending May 31, 2007	Fiscal Period ending Nov. 30, 2007	Fiscal Period ending May 31, 2008
Opening Price	¥992,000	¥895,000	¥693,000
Highest Price	¥992,000	¥904,000	¥729,000
Lowest Price	¥794,000	¥623,000	¥508,000
Closing Price	¥904,000	¥693,000	¥602,000

(Note) 1. As the Fund listed on the Tokyo Stock Exchange, Inc.'s real estate investment trust market on February 14, 2007, there are no investment unit prices before that time.

2. The investment unit price for the fiscal period ending May 31, 2008 is the closing price as of January 18, 2008.

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