



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 Revision of Forecasts of Financial Results for the
Fiscal Period Ending May 31, 2008 and November 30, 2008**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or “the Fund”) announced today the revision of forecasts of the financial results for the third fiscal period (December 1, 2007 to May 31, 2008) and fourth fiscal period (June 30, 2008 to November 30, 2008). The revised forecasts are summarized as follows.

	Operating Revenues (Millions of Yen)	Current Profits (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Yen)	Distribution in Excess of Net Income Per Unit (Yen)
Third Fiscal Period (ended May 31, 2008)	3,226	1,069	1,068	11,043	—
Fourth Fiscal Period (ended Nov. 30, 2008)	3,693	1,276	1,275	13,180	—

[Related Information]

As of May 31, 2008

Total number of investment units: 96,765 units

Net income forecast: ¥11,043

As of November 30, 2008

Total number of investment units: 96,765 units

Net income forecast: ¥13,180

Note: This document is a public announcement regarding the revision of forecasts and financial results for the fiscal period ending May 31, 2008 and November 30, 2008 and has not been prepared as an inducement or invitation for investment. We caution readers to refer to the Fund's Offering Circular for the Issue of New Investment Units and Secondary Offering and the Notices of Amendments thereto and to undertake investment decisions at their own examination and responsibility.

[Notes]

1. The forecasts presented in this document are calculated as of today based on the assumptions as set forth in the attached material “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending May 31, 2008 and November 30, 2008”. The actual operating revenues, net income and cash distribution per unit may vary due to the acquisition and sale of properties, if any, changes in the real estate market and other factors affecting the Fund. Nomura Residential Fund also does not guarantee the cash distribution amount identified above.
2. Nomura Residential Fund may revise the forecasts if the Fund expects a large variance from the forecasts mentioned above.
3. The Fund currently owns 105 properties of real estate and beneficial rights to real estate trusts and, as stated in the attached material “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending May 31, 2008 and November 30, 2008 (Investment Portfolio)”, is scheduled to acquire 26 more properties of real estate and beneficial rights to real estate trusts by the end of the fourth fiscal period (ended November 30, 2008).
4. Amounts less than the stated units are rounded down.

[Exhibit]

Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending May 31, 2008 and November 30, 2008

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Third Fiscal Period: December 1, 2007 to May 31, 2008 ● Fourth Fiscal Period: June 1, 2008 to November 30, 2008
Investment Portfolio	<ul style="list-style-type: none"> ● The Fund, in addition to the 105 properties of real estates and beneficial rights to real estate trusts (the “Acquired Portfolio”) currently owned, intends to acquire 24 properties by May 31, 2008 and 2 properties by November 30, 2008 of real estates and beneficial rights to real estate trusts (the “Assets of Scheduled Acquisition”). ● Of the Assets of Scheduled Acquisition, the Fund assumes that it will acquire PRIME URBAN Nagamachi Icchome (tentative name), PRIME URBAN Yaotome Chuo (tentative name), PRIME URBAN Hokudaimae (tentative name), PRIME URBAN Miyanosawa (tentative name), PRIME URBAN Odori Higashi (tentative name), PRIME URBAN Chiji Kokan (tentative name), PRIME URBAN Maruyama (tentative name), PRIME URBAN Hakusan (tentative name), URBAN STAGE Gyotoku (tentative name), PRIME URBAN Kita Nijuyo Jo (tentative name), PRIME URBAN Kanayama (tentative name) (11 properties) in February 2008, Benefis Kashii Verbena, PRIME URBAN Nakano Kamitakada (tentative name), PROUD FLAT Yokohama (tentative name), PROUD FLAT Kamioooka (tentative name), Benefis Hakata Higashi Grand Sweet, PRIME URBAN Meguro Ohashi Hills (tentative name), PRIME URBAN Denenchofu Minami (tentative name), Benefis Chihaya Grand Sweet, PRIME URBAN Odori Minami (tentative name) (9 properties) in March 2008, and PROUD FLAT Shibuya Sakuragaoka (tentative name), PROUD FLAT Shinjuku Kawadacho (tentative name), PROUD FLAT Shinotsuka, PROUD FLAT Monzen Nakacho II (tentative name) (4 properties) in April 2008 (the “Portfolio Scheduled to Acquire in the Third Fiscal Period”). Also, of the Assets of Scheduled Acquisition, the Fund also assumes that it will acquire PROUD FLAT Monzen Nakacho I in August 2008 and PROUD FLAT Shirokane Takanawa (tentative name) in September 2008 (the “Portfolio Scheduled to Acquire in the Fourth Fiscal Period”). ● In forecasting the financial results, the Fund assumes that both the Portfolio Acquired in the Third Fiscal Period and Portfolio Acquired in the Fourth Fiscal Period will be acquired on the dates mentioned above and will remain unchanged without any acquisitions or sales of the portfolio until November 30, 2008. ● It is assumed that the period of actual operation during the third fiscal period (ended May 31, 2008) is 183 days and the fourth fiscal period (ended November 30, 2008) is 183 days. ● The forecast may be subject to potential change, due to the shifting of the investment portfolio.
Operating Revenues	<ul style="list-style-type: none"> ● Rental income is estimated based on the information provided by the current owners of each property, the information concerning the existence of competitive properties located in adjoining areas, and the real estate market conditions, etc. ● Operating revenues are estimated on the basis of no rental income arrears and nonpayment cases.

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Operating Expenses	<ul style="list-style-type: none"> ● Of the leasing business expenses, the major operating expenses (excluding depreciations) are estimated based on the past performance, which is in accordance with the information provided by the owners of each property, and reflecting the factors causing changes of expenses. ● In general, the fixed asset taxes and urban planning taxes of the properties are divided between the seller and the purchaser on a daily pro-rata basis. Although it is settled at the time of acquisition, such taxes are deemed as the acquisition costs and not included in the expenses. Therefore, as to the portfolio acquired during 2007, the fixed asset taxes and urban planning taxes will be recognized as expenses from 2008. As to the portfolio scheduled to be acquired during 2008, the fixed asset taxes and urban planning taxes will be recognized as expenses from 2009. ● Expenses for maintenance and repair are based on the mid-to-long term repair plans the asset management company (Nomura Real Estate Asset Management Co., Ltd.) has established, and the estimated amount required is included. However, it is possible that the actual expenses for maintenance and repair for the fiscal periods may differ significantly from the estimates due to unforeseeable events that may cause serious damage to a building and require expenses for urgent repair or because of expenses for certain types of repair not required annually, causing the estimate to vary. ● Rental business revenues are estimated to be ¥1,299 million for the third fiscal period and ¥1,395 million for the fourth fiscal period. Also the depreciation and amortization is estimated to be ¥554 million for the third fiscal period and ¥644 million for the fourth fiscal period. Regarding the Incentive Fee III, a part of the Asset Management Fees paid to the asset management company, due to the Fund's Articles of Incorporation and the Asset Management Agreement with the asset management company, it is assumed that it will be effective after the third fiscal period (ending May 2008).
Non-Operating Expenses	<ul style="list-style-type: none"> ● Non-operating expenses required during the third fiscal period (ending May 31, 2008) for the public offering, determined at the Board of Directors Meeting on January 21, 2008, is estimated to be ¥53 million. Also, interest expenses for the third fiscal period (ended May 31, 2008) and fourth fiscal period (ending November 30, 2008) are estimated to be ¥388 million and ¥444 million, respectively.
Debt Financing	<ul style="list-style-type: none"> ● The Fund, which currently has a total of ¥46,700 million in loan debts, intends to repay a total of ¥12,200 million, ¥10,600 million of existing loans and ¥1,600 million scheduled loans for financing the acquisition of schedule acquisitions in February 2008, through the proceeds from the offerings of new investment units, and later obtain loans additionally in connection with the acquisition of new property. At the end of the third fiscal period (ending May 31, 2008), the Fund will assume a total of ¥53,870 million in loan debts. ● Regarding the fourth fiscal period (ending November 30, 2008), the Fund assumes that ¥4,848 million in new loans will be obtained and, after this loan, there are no changes in the amount of loan debts until the end of the fourth fiscal period (ending November 30, 2008).
Investment Units	<ul style="list-style-type: none"> ● The Fund assumes that, in addition to the current 68,100 investment units issued, a total of 28,665 investment units will be issued through public offering of new investment units

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	<p>(27,300 units) and the third-party allotment (up to 1,365 units), determined at the Board of Directors Meeting held on January 21, 2008.</p> <ul style="list-style-type: none"> • The Fund assumes that no additional investment units will be issued during the fourth fiscal period (ending November 30, 2008). • Net income per unit and cash distribution per unit are calculated on the basis of 96,765 units, the calculated number of investment units at the end of each fiscal period, including the units being issued in the current offering.
Cash Distribution per Unit	<ul style="list-style-type: none"> • Cash distributions per unit are calculated according to the Fund's distribution policy outlined in its Articles of Incorporation. • Cash distributions per unit may vary due to various factors, including changes of portfolio, changes in rent income caused by replacement of tenants, and unforeseen repairs.
Distribution in Excess of Net Income per Unit	<ul style="list-style-type: none"> • The Fund does not currently plan on any distributions in excess of net income per unit.
Others	<ul style="list-style-type: none"> • The Fund assumes that there will be no amendments in legislation, taxation, Japanese GAAP, listing requirements and the Investment Trusts Association regulations, which affect the above forecasts. • The Fund assumes that there will be no material changes in general economic conditions and real estate markets.

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