



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 matters concerning the issue of new Investment Units and secondary offering of the units, at the Board of Directors meeting held on November 18, 2009.

1. Primary Offering of New Investment Units

- (1) Total Number of Units to be Issued: 27,400 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 November 30, 2009 (Monday) and December 3, 2009 (Thursday) (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 Cordial Securities, Inc.
Mitsubishi UFJ Securities Co., Ltd.
Mizuho Securities Co., Ltd.
Merrill Lynch Japan 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 omitted), will be determined after taking into consideration the status of market demand, etc.

Note: This document is a public announcement regarding the issue of new investment units and the secondary offering 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.

- (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 December 7, 2009 (Monday) and December 10, 2009 (Thursday).
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.: 1,370 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 1,370 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: 1,370 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)
December 22, 2009 (Tuesday)
- (6) Payment Date
December 24, 2009 (Thursday)
- (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 1,370 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 resolved at the Board of Directors meeting held on November 18, 2009 (Wednesday) to issue 1,370 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 December 24, 2009 (Thursday).

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 December 16, 2009 (Wednesday) (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:	96,765 units
Number of increase in Investment Units by the new issue (public offering):	27,400 units
Number of Investment Units outstanding after the new issue (public offering) of Investment Units:	124,165 units
Number of increase in Investment Units by the new issue (Third-Party Allotment):	1,370 units (Note)
Number of Investment Units outstanding after the new issue (Third-Party Allotment) of Investment Units:	125,535 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. Purpose and Reason for the Issue

The new investment units were issued, as a result of deliberation, while taking the market trends and cash distribution level, etc., into consideration, in order to see external growth through the acquisition of new assets and to enhance financial soundness through partial repayment of the loans.

4. Amount, Use, and Scheduled Payment Date of Proceeds

(1) Amount of Proceeds (Net Proceeds)

¥11,513,235,000 (maximum)

(Note) The total amount of the net proceeds obtained from the primary offering (¥10,964,986,000) and the Third-Party Allotment (¥548,249,000). Also, the stated amount is the expected amount calculated based on the closing price at Tokyo Stock Exchange, Inc. on November 6, 2009 (Friday).

(2) Use of Proceeds and Scheduled Payment Date

The net proceeds will be used for the acquisition of the specified assets that the Fund is schedule to acquire, stated in the “Notice Concerning Property Acquisition” released separately today, and for a part of the repayment of the short-term loan (¥2,240,000,000).

5. Specification of Distribution

The Underwriters, as the Fund’s intended buyer, are scheduled to sell 2,740 units of the Fund’s investment units from the public offering to Nomura Real Estate Development Co., Ltd. (“NRED”). Currently NRED is 100% owned and is an affiliated company of Nomura Real Estate Holdings, Inc., which is the only shareholder of Nomura Real Estate Asset Management Co., Ltd., a licensed investment trust management company retained by the Fund.

6. Forecasts

Please refer to “Notice concerning the Revision of Forecasts of Financial Results for the Fiscal Period Ending May 31, 2010 and November 30, 2010” released today. Also, regarding the forecasts for the fiscal period ending November 30, 2009 (Sixth Fiscal Period), there are no changes from the forecasts in the Financial Report released on July 15, 2009.

7. Past Status of Operation and Equity Finance, etc.

(1) Status of Operation (Past Three Fiscal Periods)

	Fiscal Period Ended May 31, 2008	Fiscal Period Ended Nov. 30, 2008	Fiscal Period Ended May 31, 2009
Net Income Per Unit (Note)	¥13,810	¥14,144	¥13,909
Cash Distribution Per Unit	¥12,127	¥14,144	¥13,910
Distribution Payout Ratio	99.9%	99.9%	100.0%
Net Asset Per Unit	¥567,802	¥569,819	¥569,585

(Note) Net Income per Unit is calculated by dividing the net income by the average number of investment units during the fiscal period.

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(2) Status of Investment Unit Price

(i) Past Three Fiscal Periods

	Fiscal Period Ended May 31, 2008	Fiscal Period Ended Nov. 30, 2008	Fiscal Period Ended May 31, 2009
Opening Price	¥693,000	¥447,000	¥346,000
Highest Price	¥729,000	¥459,000	¥400,000
Lowest Price	¥390,000	¥280,000	¥287,600
Closing Price	¥450,000	¥345,000	¥398,000

(ii) Past Six Months

2009	June	July	August	September	October	November
Opening Price	¥393,000	¥391,000	¥415,000	¥430,000	¥430,000	¥430,000
Highest Price	¥419,000	¥416,000	¥433,000	¥445,000	¥445,000	¥439,000
Lowest Price	¥383,000	¥373,000	¥403,000	¥411,000	¥419,000	¥390,000
Closing Price	¥390,000	¥416,000	¥427,000	¥428,000	¥430,000	¥396,000

(Note) The investment unit prices for November are numbers as of November 17, 2009.

(iii) Investment Unit the day before

	November 17, 2009
Opening Price	¥405,000
Highest Price	¥405,000
Lowest Price	¥390,000
Closing Price	¥396,000

(3) Past Status of Equity Finance

Public Offering

Offering Date	February 13, 2008
Amount of Proceeds	¥11,918,279,100
Issue Price	¥436,567
Number of Investment Units at Time of Offering	68,100 Units
Number of Investment Units Offered	27,300 Units
Number of Investment Units After Offering	95,400 Units
Initial Use of Proceeds at Time of Offering	Total amount used to repay loans, etc.
Scheduled Payment Period at Time of Offering	February 2008
Current Status of Appropriation	Total amount used to repay loans, etc at the time of the scheduled payment day stated above.

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Third-Party Allotment

Offering Date	March 11, 2008
Amount of Proceeds	¥595,913,955
Issue Price	¥436,567
Number of Investment Units at Time of Offering	95,400 Units
Number of Investment Units Offered	1,365 Units
Number of Investment Units After Offering	96,765 Units
Subscriber	Nomura Securities Co., Ltd.
Initial Use of Proceeds at Time of Offering	Total amount used to repay loans, etc.
Scheduled Payment Period at Time of Offering	February 2008 (Note)
Current Status of Appropriation	Total amount used to repay loans, etc at the time of the scheduled payment day stated above.

(Note) The Scheduled Payment Period including the Public Offering is stated.

5. Others (Limitations of Sale and Additional Issues)

- (1) In connection with the Primary Offering, NRED which currently holds 12,500 units of the Fund's investment securities as of May 31, 2009 (fifth fiscal period end), is scheduled to acquire 2,740 units of the investment units offered in the Primary Offering. NRED 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.
- (2) 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 Price, etc. Determination Date to three months after the Primary Offering Delivery and Settlement Date.

Also, in the event of either (1) or (2), NSC, the lead managing underwriter, has the right to cancel a part of or all of the said agreements mentioned above in (1) and (2), during the restricted period.

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