



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, 2010 and November 30, 2010**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or “the Fund”) announced today the revision of forecasts of the financial results for the seventh fiscal period (December 1, 2009 to May 31, 2010) and eighth fiscal period (June 30, 2010 to November 30, 2010). The revised forecasts are summarized as follows.

	Operating Revenues (Millions of Yen)	Operating Income (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)
Seventh Fiscal Period (ended May 31, 2010)	4,433	2,098	1,448	1,447	11,529	—
Eighth Fiscal Period (ended Nov. 30, 2010)	4,411	2,162	1,526	1,525	12,152	—

[Related Information]

As of May 31, 2010

Total number of investment units: 125,535 units

Net income forecast: ¥11,529

As of November 30, 2010

Total number of investment units: 125,535 units

Net income forecast: ¥12,152

Note: This document is a public announcement regarding the revision of forecasts of financial results for the fiscal periods ending May 31, 2010 and November 30, 2010 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, 2010 and November 30, 2010”. 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 139 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, 2010 and November 30, 2010 (Investment Portfolio)”, is scheduled to acquire 4 more properties of real estate by the end of the seventh fiscal period (ending May 31, 2010).
4. Amounts less than the stated units are rounded down.

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[Exhibit]

Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending May 31, 2010 and November 30, 2010

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Seventh Fiscal Period: December 1, 2009 to May 31, 2010 ● Eighth Fiscal Period: June 1, 2010 to November 30, 2010
Investment Portfolio	<ul style="list-style-type: none"> ● The Fund, in addition to the 139 properties of real estates and beneficial rights to real estate trusts (the “Acquired Portfolio”) currently owned, intends to acquire 4 properties by May 31, 2010. ● The Fund assumes that it will acquire the scheduled acquisitions, PROUD FLAT Kamata II, PROUD FLAT Asakusa Komagata, URBAN STAGE Shibaura LOFT, and URBAN STAGE Nihonbashi Yokoyamacho (4 properties) in December 2009 (the “Assets of Scheduled Acquisition”). ● In forecasting the financial results, the Fund assumes that the Assets of Scheduled Acquisition will be acquired on the date mentioned above and will remain unchanged without any acquisitions or sales of the portfolio until November 30, 2010. ● 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., and assumes that there are no rental income arrears and nonpayment cases.
Operating Expenses	<ul style="list-style-type: none"> ● 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. However, as to the 138 of the total 143 properties of Acquired Portfolio and the Assets of Scheduled Acquisition, of the estimated amount of annual tax, ¥196 million will be allocated as rental business expenses to be dealt with during the seventh fiscal period. Also, of the estimated amount of annual tax for the total 143 properties, ¥227 million will be allocated as rental business expenses to be dealt with during the eighth fiscal period. ● 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 ¥1,848 million for the seventh fiscal period and ¥1,741 million for the eighth fiscal period. Also the depreciation and amortization is estimated to be ¥795 million for the seventh fiscal period and ¥798 million for the eighth fiscal period.

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Non-Operating Expenses	<ul style="list-style-type: none"> • Non-operating expenses required temporarily during the seventh fiscal period (ending May 31, 2010) for the public offering, determined at the Board of Directors Meeting on November 18, 2009, is estimated to be ¥32 million. Also, interest expenses for the seventh fiscal period (ending May 31, 2010) and eighth fiscal period (ending November 30, 2010) are estimated to be ¥613 million and ¥630 million, respectively.
Debt Financing	<ul style="list-style-type: none"> • The Fund, which currently has a total of ¥70,976 million in loan debts, intends to repay ¥1,020 million through the proceeds from the offerings of new investment units determined at the Board of Directors Meeting held on November 18, 2009. The Fund assumes that at the end of the seventh fiscal period (ending May 31, 2010) the total of loan debts will be ¥69,956. • Regarding the fourth fiscal period (ending November 30, 2010), the Fund assumes that there are no changes in the amount of loan debts until the end of the fiscal period.
Investment Units	<ul style="list-style-type: none"> • The Fund assumes that, in addition to the current 96,765 investment units issued, a total of 28,770 investment units will be issued through public offering of new investment units (27,400 units) and the third-party allotment (up to 1,370 units). • The Fund assumes that no additional investment units will be issued until the end of the eighth fiscal period (ending November 30, 2010). • Net income per unit and cash distribution per unit are calculated on the basis of 125,535 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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