



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 Change in Acquisition Price**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today that it has determined, and reached an agreement with the seller to change the acquisition price of PROUD FLAT Shinotsuka (tentative name), an acquisition that was determined and announced on October 30, 2007.

1. Acquisition Price

Before Change: ¥700 million

After Change: ¥695 million

(Note) Both prices before and after change exclude acquisition related costs, fixed asset taxes, urban planning taxes, consumption taxes and local consumption taxes.

2. Reason for Change

This property has already reached an agreement with the seller on October 30, 2007, but as there were changes in the assumption of the balance of payments estimates, after deliberation with the seller, determined the change in acquisition price.

In changing the acquisition price, an appraisal by an appraisal agency has been conducted again, and it has been confirmed that the appraisal value and the acquisition price after change mentioned above are the same.

Also, regarding the contents of the scheduled acquisition, excluding the acquisition price, appraisal value and NOI estimate (after change: ¥34,589 thousand), there are no changes in the “Notice Concerning Property Acquisition” released on October 30, 2007.

(Reference Material) Appraisal Report Summary

## Appraisal Report Summary

Property Name	PROUD FLAT Shinotsuka (tentative name)
Appraisal Value	¥695,000,000
Appraisal Agency	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Date	August 31, 2007

(Yen)

Item	Content	Basis
Income Capitalization Approach Value	695,000,000	As it has been decided that the value from the Discount Cash Flow Method has more conviction, the Income Capitalization Approach Value has been calculated with also verification from the Direct Capitalization Method Value.
Value using the Direct Capitalization Method	709,000,000	
(1) Valid Gross Income	43,440,000	
Rental Income	43,489,000	Appraisal based on the expected new rent.
Other Income	2,240,000	Allocation of premium and renewal fee income, etc.
Potential Gross Income	45,730,000	
Vacancy Loss Equivalent	2,290,000	Appraisal based on distinctness of the said real estate.
Bad Debt Loss Equivalent	0	Not allocated, as the security deposit covers bad debt.
(2) Total Expenses	8,851,000	
Maintenance Expenses	4,151,000	Appraisal based on the estimated amount.
Tax and Public Dues	2,019,000	Allocation of estimate.
Damage Insurance Fees	103,000	Appraisal based on the estimated amount.
Other Expenses	2,578,000	Allocation of tenant recruit expenses and tenant replacement expenses, etc.
(3) Leasing Net Operating Income (NOI=(1)-(2))	34,589,000	
(4) Management Profit from Temporary Deposits	130,000	Appraisal based on the assumption that the operation has a 2.0% investment yield.
(5) Annual Funding for Large Scale Repair Costs	695,000	Appraised, taking into account the Building Condition Appraisal Report and the standard expenditures of similar buildings.
(6) Standardized Net Cash Flow (NCF=(3)+(4)-(5))	34,024,000	
(7) Capitalization Rate	4.8%	Appraised, taking into account the real estate's overall regional characteristics and individuality, etc.
Value Using the Discounted Cash Flow Method	689,000,000	
Discount Rate	4.6%	
Final Capitalization Rate	5.0%	
Cost Approach Value	437,000,000	
Land Ratio	43.2%	
Building Ratio	56.8%	

<p>Items applied to adjustments in value calculations and to the determination of the appraisal value</p>	<p>The property is located within a 5-minute walk from Shin Otsuka Station on the Tokyo Metro Marunouchi Line and Otsuka Station on the JR Yamanote Line, convenient accessibility to major commercial areas such as Ikebukuro, Shinjuku and Otemachi, etc., with the use of 2 lines. The property is located along a row of cherry trees, on the inner side of a highway, in an area integrated with retail shops and restaurants etc., around the station. As the property has a good living environment, it can expect stable demand from mainly single adults who focus on convenient access to the inner city.</p>
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(Note) In the Appraisal Report, the real estate appraiser has assessed the appraisal value relying on the standard valuation method, on the appraisal date, assuming that the building will be completed as scheduled.