



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 Interest Rate Swap Agreement

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today the signing of an interest rate swap agreement regarding the 3-year floating rate ¥5,000 million term loan (the “3-Year Loan”), the 5-year floating rate ¥11,000 million term loan (the “5-Year Loan”), and the 7-year floating rate ¥2,000 million term loan (the “7-Year Loan”), which were also announced today.

1. Reason for Signing the Interest Rate Swap Agreement

By fixing the interest rate of the 3-Year Loan, 5-Year Loan, and the 7-Year Loan until the date of repayment, respectively, the Fund will hedge risks arising from fluctuations in interest rates.

2. Details of Interest Rate Swap Agreement

(1) The 3-Year Loan

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|-------------------------------|---|--|
| (a) Counterparty | : | The Sumitomo Trust and Banking Co., Ltd. |
| (b) Notional Principal Amount | : | ¥5,000 million |
| (c) Interest Rate | : | Fixed Payment 1.16045% p.a.
Variable Receipt 6-month yen TIBOR |
| (d) Commencement Date | : | February 27, 2007 |
| (e) Termination Date | : | February 27, 2010 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month (the same date as the “Date of Repayment” of the 3 Year Loan)). |
| (f) Interest Payment Date | : | August 27, 2007 for the first payment, and every February 27 and August 27 thereafter until the end of February 2010 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month) for both the fixed payment and variable receipt. |

Due to the swap agreement, the interest rate will be fixed at 1.46045% until the repayment date of the 3-Year Loan.

(2) The 5-Year Loan

- (a) Counterparty : Mizuho Corporate Bank, Ltd.
- (b) Notional Principal Amount : ¥11,000 million
- (c) Interest Rate : Fixed Payment 1.39300% p.a.
Variable Receipt 6-month yen TIBOR
- (d) Commencement Date : February 27, 2007
- (e) Termination Date : February 27, 2012 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month (the same date as the “Date of Repayment” of the 5-Year Loan)).
- (f) Interest Payment Date : August 27, 2007 for the first payment, and every February 27 and August 27 thereafter until February 2012 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month) for both the fixed payment and variable receipt.

Due to the swap agreement, the interest rate will be fixed at 1.79300% until the repayment date of the 5-Year Loan.

(3) The 7-Year Loan

- (a) Counterparty : Mizuho Corporate Bank, Ltd.
- (b) Notional Principal Amount : ¥2,000 million
- (c) Interest Rate : Fixed Payment 1.59360%
Variable Receipt 6-month yen TIBOR
- (d) Commencement Date : February 27, 2007
- (e) Termination Date : February 27, 2014 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month (the same date as the “Date of Repayment” of the 7-Year Loan)).
- (f) Interest Payment Date : August 27, 2007 for the first payment, and every February 27 and August 27 thereafter until February 2014 (or the following business day if the said date is a non-business day, or the prior business day if the following business day is in the next month) for both the fixed payment and variable receipt.

Due to the swap agreement, the interest rate will be fixed at 2.14360% until the repayment date of the 7-Year Loan.