



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 interest rate swap agreements regarding the 7-years 6-months floating rate ¥2,700 million term loan (the “7-years 6-months Loan”) and the 8-years floating rate ¥4,500 million term loan (the “8-years Loan”), as mentioned below.

1. Reasons for Signing the Interest Rate Swap Agreement

By fixing the interest rate of the Loan until the date of repayment, the Fund will hedge risks arising from fluctuations in interest rates.

2. Details of Interest Rate Swap Agreement

(1) Agreement for Interest on Debt Financing of ¥2,700 million (the “7-years 6-months Loan”)

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|------------------------------|---|---|
| 1. Counterparty | : | Mitsubishi UFJ Trust and Banking Corporation |
| 2. Notional Principal Amount | : | ¥2,700 million |
| 3. Interest Rate | : | Fixed Payment 0.56600% p.a.
Variable Receipt JBA 3-months Japanese Yen TIBOR* |
| 4. Commencement Date | : | February 27, 2014 (Same day as the “Date of Loan” of the 7-year 6-months) |
| 5. Termination Date | : | August 26, 2021 (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-years 6-months) |
| 6. Interest Payment Date | : | May 26, 2014 for the first payment, every 26th of February, May, August, and November thereafter until May 2021, and the termination date (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. |

(Note) Due to the swap agreement, the interest rate will be fixed at 1.24100% until the repayment of the Loan.

(2) Agreement for Interest on Debt Financing of ¥4,500 million (the “8-years Loan”)

1. Counterparty : Mitsubishi UFJ Trust and Banking Corporation
2. Notional Principal Amount : ¥4,500 million
3. Interest Rate : Fixed Payment 0.61850% p.a.
Variable Receipt JBA 3-months Japanese Yen TIBOR*
4. Commencement Date : February 27, 2014 (Same day as the “Date of Loan” of the 8-years)
5. Termination Date : February 26, 2022 (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 8-years)
6. Interest Payment Date : May 26, 2014 for the first payment, every 26th of February, May, August, and November thereafter until November 2021, and the termination date (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.

(Note) Due to the swap agreement, the interest rate will be fixed at 1.31850% until the repayment of the Loan.

*Refer to Japanese Bankers Association website (<http://www.zenginkyo.or.jp/en/tibor/>) regarding the JBA Japanese Yen TIBOR.