



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 Forecasts of Financial Results
for the Fiscal Period Ending May 31, 2015**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today the forecast of the financial results for the seventeenth fiscal period (December 1, 2014 to May 31, 2015). The forecast is summarized as follows.

1. Forecasts of Financial Results for the Fiscal Period Ending May 31, 2015

Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Ordinary Income (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Yen)	Distribution in Excess of Net Income Per Unit
5,606	2,429	1,866	1,865	11,600	—

[Related Information]

Total number of investment units : 160,800 units

Net income forecast per unit : ¥11,600

[Notes]

1. The forecasts for the seventeenth fiscal period presented in this document are calculated as of today, based on the assumptions as set forth in the attached material. The actual operating revenues, operating income, net income and cash distribution per unit may vary due to the acquisition and disposition 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. Amounts less than the stated units are rounded down.

2. Reasons for Announcement

The Fund announced the forecast of financial results, as it has been consecutively provided at the start of every fiscal period, regarding the operating period which started December 1, 2014 and ends May 31, 2015. The forecast mentioned above will be announced again at the time of the financial results announcement regarding the sixteenth fiscal period (June 1, 2014 to November 30, 2014) scheduled on January 15, 2015, after appropriately revising the assumptions for forecasts.

[Exhibit]

**Assumptions for Forecasts of the Financial Results
for the Fiscal Period Ending May 31, 2015**

Item	Assumptions
Period	<ul style="list-style-type: none"> Seventeenth Fiscal Period: December 1, 2014 to May 31, 2015
Investment Portfolio	<ul style="list-style-type: none"> The Fund, in addition to the 150 properties of real estate and beneficial rights in real estate trusts (the “Acquired Portfolio”) currently owned, intends to acquire 3 more properties mentioned in the “Notice Concerning Property Acquisition” separately announced today, which are PRIME URBAN Naka Meguro II, PRIME URBAN Nagahara Kamiikedai and PRIME URBAN Nishi Ogikubo II (the “Assets of Scheduled Acquisition”), on December 19, 2014. In forecasting the financial results, the Fund assumes that other than the Assets of Scheduled Acquisition that will be acquired on the date mentioned above, there will be no changes (new property acquisitions and selling of portfolio properties) made before May 31, 2015. 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 tenant trends, the information concerning the existence of competitive properties located in adjacent areas, and the real estate market conditions, etc., and 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 settled at the time of acquisition, such taxes are deemed as acquisition costs and are not included in the expenses. However, out of the total 153 properties of the Acquired Portfolio and the Assets of Scheduled Acquisition, the estimated amount of annual tax, ¥297 million for 150 properties of the Acquired Portfolio, will be allocated as rental business expenses to be dealt with during the seventeenth fiscal period (ending May 31, 2015). Required expenses for maintenance and repair are calculated based on the mid-to-long term repair plans the asset management company has established. 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 due to expenses for certain types of repair not required annually, causing the estimate to vary. Property management fees are allocated according to the estimated amount, taking into consideration past figures, etc. Rental business expenses are estimated to be ¥2,492 million and the depreciation and amortizations are estimated to be ¥1,072 million.
Non-Operating Expenses	<ul style="list-style-type: none"> Interest expenses and borrowing related expenses are estimated to be ¥551 million.
Interest-Bearing Debts	<ul style="list-style-type: none"> The Fund currently has a total of ¥86,820 million in interest-bearing debts. The Fund intends to procure new loans of ¥4,400 million as a part of the funds to acquire the Assets of Scheduled Acquisition in December 2014. The Fund assumes that, of the ¥7,790 million in loans scheduled for repayment by the end of the Seventeenth fiscal period (ending May 31, 2015), other than the agreed repayment of ¥90 million, the remaining ¥7,700 million will be repaid through refinancing. As a result, the total amount of interest-bearing debts at the end of the Seventeenth fiscal period (ending May 31, 2015) is estimated to be ¥91,130 million. The Fund assumes that there are no changes in the amount of interest-bearing debts other than the amount stated above.
Investment Units	<ul style="list-style-type: none"> The Fund, currently with a total of 160,800 investment units, assumes that no new investment units will be issued until the end of the Seventeenth fiscal period (ending May 31, 2015).

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.