



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 November 30, 2014**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today the forecast of the financial results for the sixteenth fiscal period (June 1, 2014 to November 30, 2014). The forecast is summarized as follows.

1. Forecasts of Financial Results for the Fiscal Period Ending November 30, 2014

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
5,409	2,391	1,826	1,825	11,600	—

[Related Information]

Total number of investment units : 160,800 units

Net income forecast per unit : ¥11,351

[Notes]

1. The forecasts for the sixteenth 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 June 1, 2014 and ends November 30, 2014. The forecast mentioned above will be announced again at the time of the financial results announcement regarding the fifteenth fiscal period (December 1, 2013 to May 31, 2014) scheduled on July 15, 2014, after appropriately revising the assumptions for forecasts.

In regard to forecasts for the fifteenth period (December 1, 2013 to May 31, 2014) announced in the January 15, 2014 summary of financial statements, the 40-million yen reserve for reduction entry scheduled for breakdown and distribution in the fifteenth period (December 1, 2013 to May 31, 2014) will be rescheduled to the sixteenth period (June 1, to November 30, 2014) in consideration of fifteenth period results, including new profits on the sale of real estate recorded after the announcement of the relevant forecasts. There are no further changes in the forecasts of financial results for the fifteenth fiscal period (December 1, 2013 to May 31, 2014).

[Exhibit]

**Assumptions for Forecasts of the Financial Results
for the Fiscal Period Ending November 30, 2014**

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Sixteenth Fiscal Period: June 1, 2014 to November 30, 2014
Investment Portfolio	<ul style="list-style-type: none"> ● The Fund, in regard to the 153 properties of real estate and beneficial rights to real estate trust currently owned, assumes that no changes (new property acquisition and selling of currently owned property) will be made by November 30, 2014. ● 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 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 153 properties currently owned, of the estimated amount of annual tax, ¥292 million will be allocated as rental business expenses. ● 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 ¥2,354 million and the depreciation and amortizations are estimated to be ¥1,058 million.
Non-Operating Expenses	<ul style="list-style-type: none"> ● Interest expenses, etc. are estimated to be ¥555 million.
Interest-Bearing Debts	<ul style="list-style-type: none"> ● The Fund currently has a total of ¥89,750 million in loan debts. ● The Fund assumes that, of the ¥6,660 million in loans scheduled for repayment by the end of the Sixteenth fiscal period (ending November 30, 2014), other than the agreed repayment of ¥90 million, the remaining ¥6,570 million will be repaid through refinancing. ● The Fund assumes that there are no changes in the amount of loan 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 Sixteenth fiscal period (ending November 30, 2014).
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. ● The Fund will break down and distribute the reserve for reduction entry; the assumed amounts are the 40 million yen in the sixteenth fiscal period (November 30, 2014). ● 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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