



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 Revision of Forecasts of Financial Results
for the Fiscal Period Ending November 30, 2013 and Forecasts of Financial Results
for the Fiscal Period Ending May 31, 2014**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or “the Fund”) announced today the revision of forecasts of the financial results for the fourteenth fiscal period (June 1, 2013 to November 30, 2013) and fifteenth fiscal period (December 1, 2013 to May 31, 2014). The revised forecasts are summarized as follows.

1. Revision of forecast of the financial result for the fourteenth fiscal period ending November 30, 2013

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Current Profits (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Yen)	Distribution in Excess of Net Income Per Unit (Yen)
Previous forecast (A)	5,141	2,379	1,827	1,826	12,100	—
Revised forecast (B)	5,351	2,515	1,906	1,905	12,100	—
Difference (B – A)	209	135	79	79	0	—
Percentage change	4.1%	5.7%	4.3%	4.3%	—	—

[Related Information]

Forecast of number of investment units issued and outstanding at end of period: 160,800 units
Forecast of net income per unit: ¥11,851

Note: This document is a public announcement regarding the revision of forecasts of financial results for the fiscal periods ending November 30, 2013 and May 31, 2013 and has not been prepared as an inducement or invitation for investment. We caution readers to refer to the Fund's Offering Circular for the Issue of New Investment Units and Secondary Offering and the Notices of Amendments thereto and to undertake investment decisions at their own examination and responsibility.

2. Forecast of the financial result for the fifteenth fiscal period ending May 31, 2014

	Operating Revenues (Millions of Yen)	Operating Income (Millions of Yen)	Current Profits (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Yen)	Distribution in Excess of Net Income Per Unit (Yen)
Fifteenth Fiscal Period (ended May 31, 2014)	5,571	2,561	1,971	1,969	12,250	—

[Related Information]

Forecast of number of investment units issued and outstanding at end of period: 160,800 units
 Forecast of net income per unit: ¥12,250

[Notes]

- i. The forecasts presented in this document are calculated as of today based on the assumptions as set forth in the attached material “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending November 30, 2013 and May 31, 2014”. The actual operating revenues, net income and cash distribution per unit may vary due to the acquisition and sale 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.
- ii. Nomura Residential Fund may revise the forecasts if the Fund expects a large variance from the forecasts mentioned above.
- iii. The Fund currently owns 151 properties of real estate and beneficial rights in real estate trusts and, as stated in the attached material “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending November 30, 2013 and May 31, 2014 (Investment Portfolio)”, is scheduled to acquire 7 more properties of real estate by the end of the fourteenth fiscal period (ending November 30, 2013).
- iv. Amounts less than the stated units are rounded down.

3. Main reason for Revision

At the Board of Directors meeting of Nomura Residential Fund held today, it was resolved that the Fund would issue additional investment units for the purpose of further acquisition of specified assets. Accordingly, the Fund announces the forecasts of financial results for the Fiscal Period ending May 31, 2014 and revises, as of today, the forecasts for the Fiscal Period ending November 30, 2013 to reflect the change in situation.

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[Exhibit]

Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending November 30, 2013 and May 31, 2014

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Fourteenth Fiscal Period: June 1, 2013 to November 30, 2013 ● Fifteenth Fiscal Period: December 1, 2013 to May 31, 2014
Investment Portfolio	<ul style="list-style-type: none"> ● The Fund, in addition to the 151 properties of real estates and beneficial rights in real estate trusts (the “Acquired Portfolio”) currently owned, intends to acquire more 7 properties by the end of the fourteenth fiscal period. ● The Fund assumes that it will acquire the scheduled acquisitions, URBAN STAGE Ebisu, URBAN STAGE Meguro Aobadai, URBAN STAGE Gakugei Daigaku, URBAN STAGE Nihonbashi Hamacho, URBAN STAGE Kagurazaka, URBAN STAGE Ikebukuro, URBAN STAGE Sakaisuji Honmachi (7 properties) in September 3 2013 (the “Assets of Scheduled Acquisition”). ● In forecasting the financial results, the Fund assumes that the Assets of Scheduled Acquisition will be acquired on the date mentioned above and will remain unchanged without any acquisitions or sales of the portfolio until May 31, 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 information provided by the current owners of each property, the information concerning the existence of competitive properties located in adjoining areas, and the real estate market conditions, etc., and assumes 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, out of the total 158 properties of Acquired Portfolio and the Assets of Scheduled Acquisition, as to the 150 properties out of 151 properties of Acquired Portfolio excluding URBAN STAGE Mejiro acquired on May 30, 2013, and including PRIME URBAN Kita Senzoku transferred on June 27, 2013, the estimated amount of annual tax, ¥258 million will be allocated as rental business expenses to be dealt with during the fourteenth fiscal period. Also, as to the 151 properties including URBAN STAGE Sakaisuji Honmachi of Assets of Scheduled Acquisition and 150 properties out of 151 properties of Acquired Portfolio excluding URBAN STAGE Mejiro acquired on May 30, 2013, the estimated amount of annual tax, ¥263 million will be allocated as rental business expenses to be dealt with during the fifteenth fiscal period. ● Expenses for maintenance and repair are based on the mid-to-long term repair plans the asset management company (Nomura Real Estate Asset Management Co., Ltd.) has established, and the estimated amount required is included. 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 because of expenses for certain types of repair not required annually, causing the estimate to vary. ● The estimated amount of property management fees are allocated

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	<p>as expenses, taking into account the previous results.</p> <ul style="list-style-type: none"> ● Rental business revenues are estimated to be ¥2,234 million for the fourteenth fiscal period and ¥2,366 million for the fifteenth fiscal period. Also the depreciation and amortization is estimated to be ¥1,014 million for the fourteenth fiscal period and ¥1,058 million for the fifteenth fiscal period.
Non-Operating Expenses	<ul style="list-style-type: none"> ● Non-operating expenses required temporarily during the fourteenth fiscal period for the public offering, determined at the Board of Directors Meeting on August 9, 2013, is estimated to be ¥31 million. Also, interest expenses for the fourteenth fiscal period and fifteenth fiscal period are estimated to be ¥566 million and ¥580 million, respectively.
Debt Financing	<ul style="list-style-type: none"> ● The Fund, as of today, has a total of ¥83,002 million in loan debts. ● The Fund intends to procure new loans of ¥6,960 million as a part of the fund to acquire the Assets of Scheduled Acquisitions in September 2013 and to repay ¥90 million of agreed repayments in August 2013, and assumes that at the end of the fourteenth fiscal period the total of loan debts will be ¥89,872 million. ● The Fund assumes that, after the repayment of ¥90 million of agreed repayments in February 2014, the total amount of loan debts at the end of the fifteenth fiscal period will be ¥89,782 million. ● There will be no changes in interest bearing debt amounts apart from the new borrowings and repayments mentioned above up to and including the end of the fifteenth fiscal period; provided, however, that the above amount of debts may change depending upon the issue price of the investment units to be issued additionally.
Investment Units	<ul style="list-style-type: none"> ● The Fund assumes that, in addition to the current 150,936 investment units issued, a total of 9,864 investment units will be issued through public offering of new investment units (9,306 units) and the third-party allotment (up to 558 units). ● The Fund assumes that no additional investment units will be issued until the end of the fifteenth fiscal period. ● Net income per unit and cash distribution per unit are calculated on the basis ● of 160,800 units, the calculated number of investment units at the end of each fiscal period, including the units being issued in the current offering.
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 fourteenth fiscal period (November 30, 2013). ● Cash distribution per unit may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by the tenant replacements, 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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