



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, 2015 (For Reference Purpose Only)**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today the forecasts of the financial results for the eighteenth fiscal period (From June 1, 2015 to November 30, 2015). The forecast is summarized as follows.

For the avoidance of doubt, these forecasts of the financial results do not take into account any effects of the consolidation-type merger (*shinsetsu gappei*) (the “Merger”) through which Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and the Fund are scheduled to be consolidated into a new investment corporation, which is described in “Notice Concerning Execution of Merger Agreement by and among Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc.” released as of today, and such forecasts are announced only for reference for the purpose of continuity of disclosure. Accordingly, please note that these forecasts of the financial results are not the forecasts of the financial results of the Fund concerning the period (i.e., the deemed fiscal period) up to the day immediately preceding the date of the incorporation of the new investment corporation (the “New Investment Corporation”) upon the Merger.

With respect to the forecasts of the financial results of the New Investment Corporation incorporated upon the Merger, please refer to the “Notice Concerning Forecasts of Financial Results for the Fiscal Period Ending February 29, 2016 and the Fiscal Period Ending August 31, 2016 following the Merger between Nomura Real Estate Master Fund, Inc., Nomura Real Estate Office Fund, Inc. and Nomura Real Estate Residential Fund, Inc.” released as of today.

1. Forecasts of Financial Results for the Fiscal Period Ending November 30, 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
5,482	2,420	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 eighteenth fiscal period presented in this document are calculated as of today, based on the assumptions as set forth in the attached Exhibit. The actual operating revenues, operating income, net income and cash distribution per unit may vary due to the acquisition and disposition of properties, changes in the real estate market and other factors affecting the Fund. In addition, the Fund does not assume that the Merger becomes effective for the purpose of these forecasts. The Fund also does not guarantee the amount of cash distribution stated above.
2. The Fund may revise the forecasts if the Fund expects a certain variance from the forecasts mentioned above.
3. Amounts less than the stated units are rounded down.

2. Reasons for Announcement

This notice is to announce the forecasts of the financial results for the fiscal period commencing on June 1, 2015 and ending on November 30, 2015, for the purpose of continuity of disclosure of the forecasts of financial results. The forecast mentioned above will be announced again at the time of the financial results announcement regarding the seventeenth fiscal period (December 1, 2014 to May 31, 2015) scheduled on July 15, 2015, after appropriately revising the assumptions for forecasts.

[Exhibit]

**Assumptions for Forecasts of the Financial Results
for the Fiscal Period Ending November 30, 2015 (For Reference Purpose Only)**

* These forecasts of the financial results do not take into account any effects of the Merger, but are announced only for reference for the purpose of continuity of disclosure. Accordingly, the assumptions stated in this Exhibit are made on the assumptions that the Merger and related transactions, etc. were not to be conducted.

Item	Assumptions
Period	<ul style="list-style-type: none"> ● Eighteenth Fiscal Period: June 1, 2015 to November 30, 2015
Investment Portfolio	<ul style="list-style-type: none"> ● As stated in each “Notice concerning Disposition of Asset” released on March 24, 2015, April 21, 2015 and May 19, 2015, the Fund is scheduled to dispose of 4 properties (PRIME URBAN Karasuyama, PRIME URBAN Hino, PRIME URBAN Roka Koen and PRIME URBAN Minami Gyotoku III) on May 29, 2015, and dispose of 2 properties (PRIME URBAN Naka Ochiai and PRIME URBAN Kamiuma) on June 1, 2015 (these 6 properties are hereinafter collectively referred to as the “Assets to Be Disposed”), among the 152 properties consisting of real estate and real estate beneficial interests in trust that are owned by the Fund as of today (the “Acquired Assets”). ● In forecasting the financial results, the Fund assumes that other than the Assets to Be Disposed that will be disposed on the date mentioned above, there will be no changes in properties (new property acquisitions or sales of portfolio properties) until the end of the fiscal period ending November 30, 2015. ● The forecasts may be subject to change, due to the shifting of the 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. ● Gains on sale upon the sale of assets during the eighteenth fiscal period are estimated to be ¥45 million (reflecting the deduction of disposition related expenses).
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. Of the estimated amount of annual tax, ¥311 million is included in the rental business expenses as the amount corresponding to 146 properties in total (i.e., the total number of Acquired Assets minus the number of the Assets to Be Disposed). ● 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 ¥2,349 million and the depreciation and amortizations are estimated to be ¥1,054 million.
Non-Operating Expenses	<ul style="list-style-type: none"> ● Interest expenses and borrowing related expenses are estimated to be ¥544 million.
Interest-Bearing Debts	<ul style="list-style-type: none"> ● The Fund currently has a total of ¥91,130 million in interest-bearing debts. ● The borrowings in the amount of ¥9,790 million will become due and payable by the end of the fiscal period ending November 30, 2015 (i.e., the end of the eighteenth fiscal period). ● The Fund assumes that it will repay ¥90 million of its loans as scheduled by using cash on hand and repay ¥3,300 million by cash on hand, including proceeds from

Interest-Bearing Debts	<p>the sale of the Assets to be Disposed.</p> <ul style="list-style-type: none"> ● As a result, the Fund estimates its interest-bearing debts to be ¥87,740 million at the end of the fiscal period ending November 30, 2015 (i.e., the end of the eighteenth fiscal period). ● 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 eighteenth fiscal period (ending November 30, 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, Japan regulations, which affect the above forecasts. ● The Fund assumes that there will be no material changes in general economic conditions and real estate markets.