



**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 the Issue of  
New Investment Units and the Secondary Offering**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today that they have resolved matters concerning the issue of new Investment Units and secondary offering of the units, at the Board of Directors meeting held on August 9, 2013.

**1. Primary Offering of New Investment Units**

- (1) Total Number of Units to be Issued: 9,306 units
- (2) Issue Price  
To be determined  
(The price will be determined at the Board of Directors meeting to be held on one of the days in between August 19, 2013 (Monday) and August 21, 2013 (Wednesday) (the “Offer Price etc. Determination Date”).)
- (3) Offering Method  
Public Offering. All Units will be underwritten by the following companies (referred to collectively as the “Underwriters”):

Nomura Securities Co., Ltd. (lead managing underwriter)  
SMBC Nikko Securities Inc.  
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
Mizuho Securities Co., Ltd.  
Merrill Lynch Japan Securities Co., Ltd.

The offer price for the primary offering is to be determined based on the indicative pricing range which is obtained by multiplying the closing price at the Tokyo Stock Exchange, Inc. on the offer price determination date (if the closing price is not available on such offer price determination date, the closing price on the

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immediately preceding date) of a figure between 0.90 and 1.00 (any fraction less than one yen shall be disregarded), considering the demand for the new Units as prescribed in Rule 25 of the Regulations Concerning Underwriting, etc. of Securities set forth by Japan Securities Dealers Association.

(4) Underwriting Agreement

The underwriters will pay the Fund the full amount of the issue price on the payment date mentioned in (7) below, and the total difference between the offer price in the primary offering and the issue price to be paid by the underwriter to the Fund will be the underwriters' proceeds. No underwriting commission will be paid by the Fund.

(5) Minimum Number of Units for Application

One unit or more, in multiples of one unit

(6) Application Period

The business day after the Offer Price etc. Determination Date to the following business day.

(7) Payment Date

A day between August 26, 2013(Monday) and August 28, 2013(Wednesday). However the payment date shall be the fifth business day following the offer price determined date.

(8) The issue price and other items required to issue the new Investment Units will be determined at a future Board of Directors meeting.

(9) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

2. Secondary Offering (Over-Allotment)

(1) Seller and Number of Units Offered

Nomura Securities Co., Ltd.: 558 units

The number of units offered above is the maximum limit and may be lowered or the secondary offering may be canceled depending on demand or other factors. The number of units offered will be determined on the Offer Price Determination Date in consideration of the demand for the new Units and other factors.

(2) Offer Price

To be determined

(The price will be determined at the Board of Directors meeting to be held on the Offer Price etc. Determination Date. The offer price will be equal to the offer price for the primary offering.)

(3) Offering Method

Nomura Securities Co., Ltd., the lead managing underwriter for the primary offering, may borrow up to 558 Investment Units (the "Investment Units") from a unitholder of the Fund and sell those units, apart from the primary offering, in consideration of the demand for the primary offering.

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- (4) Minimum Number of Units for Application  
One unit or more, in multiples of one unit
- (5) Application Period  
Same as the Application Period for primary offering
- (6) Delivery and Settlement Date  
The first business day following the payment date of the primary offering
- (7) The offer price and other items required for the secondary offering will be determined at a future Board of Directors meeting.
- (8) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

### 3. Issue of New Investment Units (Third-Party Allotment)

- (1) Total Number of Units to be Issued: 558 units
- (2) Issue Price  
To be determined  
(The price will be determined at the Board of Directors meeting to be held on the Offer Price etc. Determination Date. The issue price will be equal to the issue price for the primary offering.)
- (3) Subscriber and Number of Units Allotted  
Nomura Securities Co., Ltd.: 558 units
- (4) Minimum Number of Units for Application  
One unit or more, in multiples of one unit
- (5) Application Period (application date)  
September 24, 2013 (Tuesday)
- (6) Payment Date  
September 25, 2013 (Wednesday)
- (7) If there are no applications for all or a part of the Units to be issued on or before the application date described in (5) above, the issue of such Units will be canceled.
- (8) The issue price and other items required to issue the new Investment Units will be determined at a future Board of Directors meeting.
- (9) If and when the cancellation of the primary offering takes place, the third-party allotment will also be cancelled.
- (10) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Law.

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## [Notes]

### 1. Secondary Offering etc. (Over-Allotment)

Nomura Securities Co., Ltd. (“NSC”), the lead managing underwriter for the primary offering, may conduct a secondary offering (over-allotment), a maximum limit of 558 units, borrowed by NSC from a unitholder of the Fund, apart from the primary offering, after consideration of the demand for the new Investment Units and other factors in the primary offering. The number of Units in the secondary offering (over-allotment) is scheduled to be 558 units. However, such number is the maximum limit and may be reduced based on the demand or other factors, or may be cancelled.

In relation to the secondary offering (over-allotment), the Fund resolved at the Board of Directors meeting held on August 9, 2013 (Friday) to issue 558 new Investment Units through third-party allotment (the “Third-Party Allotment”) to NSC, in order for NSC to obtain the Investment Units necessary to return the Investment Units borrowed from the unitholder of the Fund (the “Borrowed Units”). The payment date of the Third-Party Allotment (the “Third-Party Allotment Payment Date”) is determined to be September 25, 2013 (Wednesday).

Also, NSC may purchase up to the maximum number of Investment Units offered in the said secondary offering (over-allotment) at the Tokyo Stock Exchange in order to return the Borrowed Units (the “Syndicated Cover Transaction”), from the day after the end of the public offering and secondary offering (over-allotment) Application Period to September 17, 2013 (Tuesday) (the “Syndicated Cover Transaction Period”). All of the Units purchased by NSC through the Syndicated Cover Transaction will be used to return the Borrowed Units. NSC may also decide not to conduct the Syndicated Cover Transaction or purchase a certain number of Units less than the total over-allotted Units.

Furthermore, with the public offering and secondary offering (over-allotment), NSC may use the stabilization transaction and all or part of the Units purchased through the said stabilization transaction will be used to return the Borrowed Units.

NSC plans to apply for the Third-Party Allotment in order to obtain the same number of Investment Units sold through the secondary offering (over-allotment), excluding the number of Units purchased through the Syndicated Cover Transaction, to return the borrowed Units. Therefore, NSC may not apply for all or part of the Units issued by the Third-Party Allotment, and as a result, the ultimate number of units issued by the Third-Party Allotment may, due to forfeiture, decrease, depending on the applied number of units, or no units may be issued at all.

### 2. Total Number of Investment Units after the Issue of New Investment Units

Total Number of current Investment Units:	150,936 units
Number of increase in Investment Units by the new issue (public offering):	9,306 units
Number of Investment Units outstanding after the new issue (public offering) of Investment Units:	160,242 units
Number of increase in Investment Units by the new issue (Third-Party Allotment):	558 units (Note)
Number of Investment Units outstanding after the new issue (Third-Party Allotment) of Investment Units:	160,800 units (Note)

(Note) The number indicated assumes that NSC applies for all the Units to be issued by the Third-Party Allotment and all such Units are issued.

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3. Purpose and Reason for the Issue

The new investment units were issued, as a result of deliberation, while taking the market trends and cash distribution level, etc., into consideration, in order to seek the enhancement of the Fund's portfolio quality, to maintain and increase the mid-to-long term cash distribution level and to enhance the asset size, through the acquisition of new specified assets.

4. Amount, Use, and Scheduled Payment Date of Proceeds

(1) Amount of Proceeds (Net Proceeds)

¥4,650,343,344 (maximum)

(Note) The total amount of the net proceeds obtained from the primary offering (¥4,387,276,476) and the Third-Party Allotment (¥263,066,868). Also, the stated amount is the expected amount calculated based on the closing price at Tokyo Stock Exchange, Inc. on August 2, 2013 (Friday).

(2) Use of Proceeds and Scheduled Payment Date

The net proceeds will be used for the part of the acquisition of the specified assets that the Fund is scheduled to acquire, stated in the "Notice Concerning Property Acquisition" released separately today.

5. Specification of Distribution

None.

6. Forecasts

Please refer to "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" released separately today.

7. Past Status of Operation and Equity Finance, etc.

(1) Status of Operation (Past Three Fiscal Periods)

	Fiscal Period Ended May 31, 2012	Fiscal Period Ended Nov. 30, 2012	Fiscal Period Ended May 31, 2013 (Note2)
Net Income Per Unit (Note1)	¥12,317	¥12,424	¥12,434
Cash Distribution Per Unit	¥12,302	¥12,424	¥12,170
Distribution Payout Ratio	99.9%	99.9%	97.8%
Net Asset Per Unit	¥469,193	¥469,315	¥469,326

(Note1) Net Income per Unit is calculated by dividing the net income by the average number of investment units during the fiscal period.

(Note2) The figure of the fiscal period ended May 31, 2013 has not done with audit in accordance with the Financial Instruments and Exchange Law.

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(2) Status of Investment Unit Price

(i) Past Three Fiscal Periods

	Fiscal Period Ended May 31, 2012	Fiscal Period Ended Nov. 30, 2012	Fiscal Period Ended May 31, 2013
Opening Price	¥321,500	¥388,500	¥465,000
Highest Price	¥440,000	¥493,000	¥670,000
Lowest Price	¥312,500	¥372,000	¥439,000
Closing Price	¥390,000	¥463,000	¥524,000

(ii) Past Six Months

	March 2013	April	May	June	July	August
Opening Price	¥503,000	¥629,000	¥601,000	¥514,000	¥489,000	¥487,000
Highest Price	¥670,000	¥658,000	¥608,000	¥518,000	¥516,000	¥501,000
Lowest Price	¥500,000	¥550,000	¥500,000	¥439,000	¥482,000	¥483,500
Closing Price	¥634,000	¥603,000	¥524,000	¥483,500	¥489,500	¥484,500

(Note) The investment unit prices for August 2013 are numbers as of August 8, 2013.

(iii) Investment Unit the day before

	August 8, 2013
Opening Price	¥486,500
Highest Price	¥489,500
Lowest Price	¥484,000
Closing Price	¥484,500

(3) Past Status of Equity Finance

Public Offering

Offering Date	December 1, 2011
Amount of Proceeds	¥6,662,220,179
Issue Price	¥281,951
Number of Investment Units at Time of Offering	125,535 Units
Number of Investment Units Offered	23,629 Units
Number of Investment Units After Offering	149,164 Units
Initial Use of Proceeds at Time of Offering	Used to fund acquisition of specific assets.
Scheduled Payment Period at Time of Offering	December 2011
Current Status of Appropriation	Total amount used to fund acquisition of specific assets at the time of the scheduled payment day stated above.

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### Third-Party Allotment

Offering Date	December 20, 2011
Amount of Proceeds	¥499,617,172
Issue Price	¥281,951
Number of Investment Units at Time of Offering	149,164 Units
Number of Investment Units Offered	1,772 Units
Number of Investment Units After Offering	150,936 Units
Subscriber	Nomura Securities Co., Ltd.
Initial Use of Proceeds at Time of Offering	Used to fund acquisition of specific assets.
Scheduled Payment Period at Time of Offering	December 2011
Current Status of Appropriation	Total amount used to fund acquisition of specific assets at the time of the scheduled payment day stated above.

### 8. Others (Limitations of Sale and Additional Issues)

- (1) In connection with the Primary Offering, Nomura Real Estate Development Co., Ltd., has entered into an agreement with NSC, the lead managing underwriter, not to sell any Units, etc. (excluding the additional issuance of Units by the Third-Party Allotment or by split-ups of Units) without a prior written consent of NSC, from the Primary Offering Offer Price etc. Determination Date to six months after the Primary Offering Delivery and Settlement Date.
- (2) In addition, in connection with the Primary Offering, the Fund has entered into an agreement with NSC, the lead managing underwriter, to not offer new investment units (excluding the additional issuance of Units by the Primary Offering, Third-Party Allotment, or by split-ups of Units) without a prior written consent of NSC, from the Primary Offering Price, etc. Determination Date to three months after the Primary Offering Delivery and Settlement Date.

Also, in the event of either (1) or (2), NSC, the lead managing underwriter, has the right to cancel a part of or all of the said agreements mentioned above in (1) and (2), during the restricted period.

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