



**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, in carrying out the listing of the Fund’s investment units (the “Investment Units” or the “Units”) on the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”), has resolved to issue new Investment Units and secondary offering of the units, at the Board of Directors meeting held on January 11, 2007.

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

- (1) Total Number of Units to be Issued: 47,400 units
- (2) Issue Price  
To be determined  
(The price will be determined at the Board of Directors meeting to be held on February 5, 2007 (the “Offer Price 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)  
Mitsubishi UFJ Securities Co., Ltd.  
Mizuho Securities Co., Ltd.  
Daiwa Securities SMBC Co., Ltd.  
Merrill Lynch Japan Securities Co., Ltd.  
Shinko Securities Co., Ltd.  
Monex, Inc.

Note: This document is a public announcement regarding the issue of new investment units and the secondary offering 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.

The offer price for the primary offering will be determined through book-building, a method to determine issue price after comprehending the level of investors demand for the issue by suggesting provisional conditions of the issue price or selling price to investors according to the regulations of the Tokyo Stock Exchange.

- (4) Underwriting Agreement  
The underwriters will pay the Fund the full amount of the issue price on the payment date mentioned in (8) 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) Book-Building Period  
January 29, 2007 (Monday) to February 2, 2007 (Friday)
- (6) Minimum Number of Units for Application  
One unit or more, in multiples of one unit
- (7) Application Period  
February 6, 2007 (Tuesday) to February 9, 2007 (Friday)
- (8) Payment Date  
February 13, 2007 (Tuesday)
- (9) Delivery Date  
February 14, 2007 (Wednesday)
- (10) The issue price and other items required to issue the new Investment Units will be determined at a future Board of Directors meeting.
- (11) All preceding items will be subject to the effectiveness of the Securities Registration Statement filed in accordance with the Securities and Exchange Law of Japan.

## 2. Secondary Offering (Over-Allotment)

- (1) Seller and Number of Units Offered  
Nomura Securities Co., Ltd.: 2,370 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 on the Offer Price 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, will borrow up to 2,370 Investment Units from unitholders of the Fund and sell those units 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  
February 6, 2007 (Tuesday) to February 9, 2007 (Friday)
- (6) Delivery and Settlement Date  
February 14, 2007 (Wednesday)
- (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 Securities and Exchange Law of Japan.

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

- (1) Total Number of Units to be Issued: 2,370 units
- (2) Issue Price  
To be determined  
(The price will be equal to the issue price for the primary offering.)
- (3) Subscriber and Number of Units Allotted  
Nomura Securities Co., Ltd.: 2,370 units
- (4) Minimum Number of Units for Application  
One unit or more, in multiples of one unit
- (5) Application Period (application date)  
March 12, 2007 (Monday)
- (6) Payment Date  
March 13, 2007 (Tuesday)
- (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) Regarding the issue of new Investment Units by third-party allotment, the Securities Notice (*Yukashoken Tsuchisho*) will be filed on January 11, 2007 (Thursday) in accordance with the Securities and Exchange Law of Japan.

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## [Notes]

1. The listing of the Nomura Residential Fund on the Tokyo Stock Exchange is scheduled for February 14, 2007 (Wednesday).

2. Secondary Offering (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 2,370 units, borrowed by NSC from unitholders of the Fund, 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 2,370 units. However, such number is the maximum limit and may be reduced or cancelled based on the demand or other factors.

In relation to the secondary offering (over-allotment), the Fund has resolved at the Board of Directors meeting held on January 11, 2007 (Thursday) to issue 2,370 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”) will be March 13, 2007 (Tuesday).

Furthermore, 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 February 14, 2007 (Wednesday) to March 6, 2007 (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.

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 expiration, decrease, depending on the applied number of units, or no units may be issued at all.

3. Total Number of Investment Units after the Issue of New Investment Units

Total Number of current Investment Units:	18,330 units
Number of increase in Investment Units by the new issue (public offering):	47,400 units
Number of Investment Units outstanding after the new issue (public offering) of Investment Units:	65,730 units
Number of increase in Investment Units by the new issue (Third-Party Allotment):	2,370 units (Note)
Number of Investment Units outstanding after the new issue (Third-Party Allotment) of Investment Units:	68,100 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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#### 4. Reason for the Issue (Use of Proceeds)

The net proceeds obtained from the primary offering and the Third-Party Allotment will be used for the acquisition of specified assets that the Fund intends to acquire and the repayment of loans, etc.

#### 5. Distributions to Investors

Cash distributions will be made according to the distribution policies provided for in the Articles of Incorporation of Nomura Residential Fund.

#### 6. Others

##### (1) Limitations of Sale and Additional Issues

(a) Nomura Real Estate Development Co., Ltd., Tokio Marine & Nichido Fire Insurance Co., Ltd., and NIPPONKOA Insurance Company, Ltd., all unitholders of the Fund, have entered into an agreement regarding the primary offering with NSC, the lead managing underwriter, not to sell or otherwise dispose of any Units (excluding the lending units to NSC in connection with the secondary offering (over-allotment)) without the prior written consent of NSC from February 5, 2007 (Monday) to August 14, 2007 (Tuesday).

(b) In connection with the Primary Offering, Nomura Residential Fund has entered into an agreement with NSC, the lead managing underwriter, not to issue additional Investment Units (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 February 5, 2007 (Monday) to May 14, 2007 (Monday).

NSC, the lead managing underwriter, has the right to cancel a part of or all of the said agreements mentioned above, during the restricted period.

(c) In addition, apart from the restrictions mentioned in a) and b) above, at the time of the Fund's listing of the Investment Units on the Tokyo Stock Exchange, current unitholders of the Fund as of January 11, 2007, in accordance with the regulation of the Tokyo Stock Exchange, have affirmed the continuance of ownership with the Fund, and not to sell any Units until the day after six months from the listing. At the time of the said date, if a term of one year has not passed from the effective date of the issuance of the Investment Units (of the Investment Units which Nomura Real Estate Development Co. Ltd. owns, 400 Units were effective on August 3, 2006 and the remaining Units, September 26, 2006) the date then will be the day after a term of one year has passed from the effective date of the issuance of the Investment Units.

##### (2) Status of Past Equity Finance, etc.

Date	Total amount issued	Capital amount after the Issue	Remarks
August 3, 2006	¥240,000,000	¥240,000,000	Private Placement on incorporation
September 26, 2006	¥10,758,000,000	¥10,998,000,000	Private Placement

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