



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 Periods Ending May 31, 2007 and November 30, 2007**

Nomura Real Estate Residential Fund, Inc. (“Nomura Residential Fund” or the “Fund”) announced today the forecasts of the financial results for the first fiscal period (August 3, 2006 to May 31, 2007) and the second fiscal period (June 1, 2007 to November 30, 2007). The forecasts are summarized as follows.

	Operating Revenues (Millions of Yen)	Net Income (Millions of Yen)	Cash Distribution Per Unit (Yen)	Distribution in Excess of Net Income Per Unit (Yen)
First Fiscal Period (Ending May 31, 2007)	2,255	484	7,118	—
Second Fiscal Period (Ending Nov. 30, 2007)	2,354	909	13,359	—

[Related Information]

Expected number of investment units outstanding as of May 31, 2007: 68,100 units
Expected net income per unit for the first fiscal period: ¥7,118

Expected number of investment units outstanding as of November 30, 2007: 68,100 units
Expected net income per unit for the second fiscal period: ¥13,359

Note: This document is a public announcement regarding the forecasts of financial results for the fiscal periods ending May 31, 2007 and November 30, 2007 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.

[Notes]

1. For the calculation of the forecasts, the Fund assumes the offering price of the new investment unit to be ¥620,000.
2. 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 May 31, 2007 and November 30, 2007”. 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.
3. Nomura Residential Fund may revise the forecasts if the Fund expects a large variance from the forecasts mentioned above.
4. The first fiscal period of Nomura Residential Fund commences on August 3, 2006 and ends on May 31, 2007. Thereafter, the six-month fiscal periods commence on either June 1st ending on November 30th or December 1st ending on May 31st the following year.
5. Nomura Residential Fund currently owns 57 properties of real estate and beneficial interests in real estate trusts, and as described in the attached material “Assumptions for Forecasts of the Financial Results for the Fiscal Periods Ending May 31, 2007 and November 30, 2007 – Investment Portfolio”, the Fund plans to purchase 31 additional properties of real estate and beneficial interests in real estate trusts by November 30, 2007, the end of the second fiscal period.
6. The listing of Nomura Residential Fund is scheduled for February 14, 2007.
7. Amounts less than the stated figures are rounded down.

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[Exhibit]

**Assumptions for Forecasts of the Financial Results for the Fiscal Periods
Ending May 31, 2007 and November 30, 2007**

Item	Assumptions
Investment Portfolio	<ul style="list-style-type: none"> ● The Fund, in addition to the 57 properties of real estate or beneficial interests in real estate trusts (the “Acquired Portfolio”) currently owned, intends to acquire 31 properties of real estate or beneficial interests in real estate trusts (the “Assets of Scheduled Acquisition”) by November 30, 2007 (end of second fiscal period) with the proceeds from the offerings of new investment units and the funds procured through debt financing. ● Of the Assets of Scheduled Acquisition, the Fund assumes that it will acquire PROUD FLAT Yoyogi Uehara, PRIME URBAN Tamachi, PRIME URBAN Iidabashi, PRIME URBAN Gakugei Daigaku, PRIME URBAN Nishi Shinjuku I, PRIME URBAN Sangen Jaya, PRIME URBAN Otsuka, PRIME URBAN Kasai II, PRIME URBAN Gyotoku Ekimae, PRIME URBAN Nishi Funabashi, URBAN STAGE Kachidoki, URBAN STAGE Ikegami, PRIME URBAN Aoi, PRESENCE S17 and PRESENCE N14 (15 Properties) on February 22, 2007, PROUD FLAT Kiyosumi Shirakawa, PRIME URBAN Nishi Shinjuku II and PRIME URBAN Shinjuku Naitocho (3 Properties) on February 28, 2007, PRIME URBAN Esaka I on March 1, 2007, PRIME URBAN Esaka II on March 9, 2007, URBAN STAGE Komagome, CLASSE Odori Koen and PRESENCE S1 (3 Properties) on March 30, 2007, and PROUD FLAT Hatsudai, PROUD FLAT Meguro Gyouinazaka, PROUD FLAT Kagurazaka, PROUD FLAT Sangen Jaya, PROUD FLAT Kamata and PROUD FLAT Itsutsubashi (6 Properties) on May 1, 2007, bringing the total to 29 Properties (the “Portfolio Acquired in the First Fiscal Period”). Of the Assets of Scheduled Acquisition, the Fund also assumes that it will acquire PROUD FLAT Sumida Riverside and PROUD FLAT Waseda, a total of 2 properties (the “Portfolio Acquired in the Second Fiscal Period”) on June 1, 2007. ● In forecasting the financial results, the Fund assumes that both the Portfolio Acquired in the First Fiscal Period and Portfolio Acquired in the Second Fiscal Period will be acquired on the above-mentioned dates and will remain unchanged without any acquisitions or sales of portfolio until November 30, 2007. ● The period of actual operation during the first fiscal period (ending May 31, 2007) is assumed to be 247 days. ● 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 competing properties located in adjoining areas, and the real estate market conditions, etc. ● Operating revenues are estimated on the basis of no rental income arrears and nonpayment cases.

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Operating Expenses	<ul style="list-style-type: none"> ● Of the leasing business expenses, the major operating expenses (excluding depreciations) are estimated based on past performances, which is in accordance with the information provided by the owners of each property, and reflecting the factors causing changes in expenses. ● 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. Therefore, as to the portfolio acquired during 2006, the fixed asset taxes and urban planning taxes will be recognized as expenses from 2007. As to the portfolio acquired during 2007, the fixed asset taxes and urban planning taxes will be recognized as expenses from 2008. ● 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 for each fiscal period are 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 by period. ● The depreciation is estimated to be ¥400 million for the first fiscal period (ending May 31, 2007) and ¥380 million for the second fiscal period (ending November 30, 2007).
Non-Operating Expenses	<ul style="list-style-type: none"> ● Non-operating expenses required during the first fiscal period (ending May 31, 2007) for the listing of the Fund's investment units, public offerings and initial expenses are estimated to be ¥228 million. Also, interest expenses for the first fiscal period (ending May 31, 2007) and second fiscal period (ending November 30, 2007) are estimated to be ¥215 million and ¥240 million, respectively.
Debt Financing	<ul style="list-style-type: none"> ● The Fund, which currently has a ¥29.3 billion loan debt outstanding, intends to repay loans through the proceeds from the offerings of new investment units and new borrowings from qualified institutional investors defined in Article 2, Paragraph 3, Item 1 of the Securities and Exchange Law of Japan, and later obtain loans additionally in connection with the acquisition of new property. At the end of the first fiscal period (May 31, 2007), the Fund will assume a loan debt outstanding of ¥27.2 billion. ● The forecasts for the financial results for the second fiscal period are based on the assumption that the Fund will obtain new loans of ¥3.5 billion, and there are no changes in the amount of loan debts until the end of the second fiscal period (November 30, 2007).
Investment Units	<ul style="list-style-type: none"> ● The Fund assumes that, in addition to the current 18,330 investment units issued, 49,770 investment units will be issued through public offering of new investment units (47,400 units) and the third-party allotment (up to 2,370 units), based on the Board of Directors resolution made today. ● The Fund assumes that no more investment units will be issued during the second fiscal period (ending November 30, 2007). ● Net income per unit and cash distribution per unit are calculated on the basis of 68,100 units, the calculated number

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	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. ● 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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