



NOMURA  
Office Fund



# NOMURA OFFICE FUND

Fifteenth Fiscal Period

**Semi-Annual Report** November 1, 2010 ▶ April 30, 2011

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NOMURA REAL ESTATE OFFICE FUND, INC.



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Office Fund

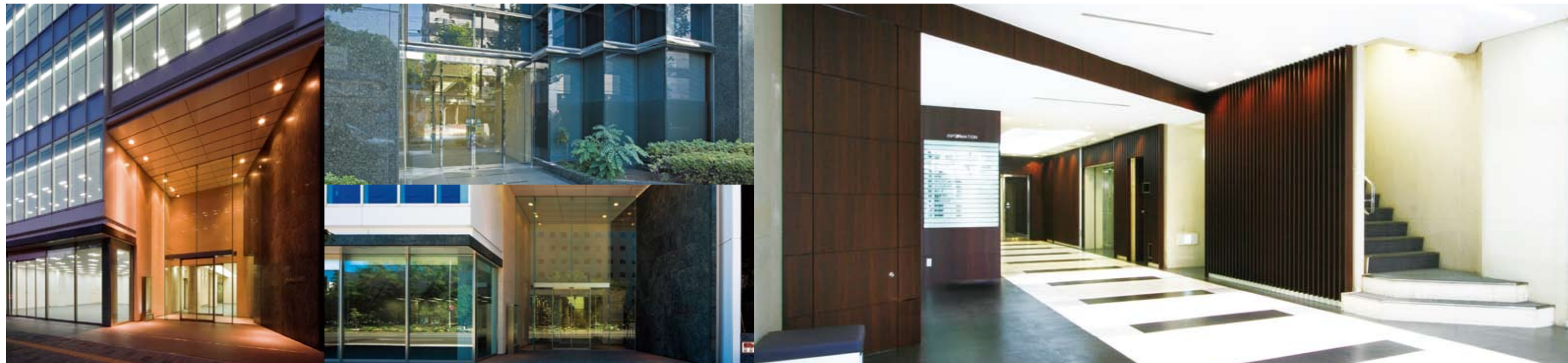
### Profile

Nomura Real Estate Office Fund, Inc. (referred to as “Nomura Office Fund” or the “Company” hereafter) was listed on the Tokyo Stock Exchange on December 4, 2003 as a real estate investment corporation formed to own and invest in office properties, subject to the Law Concerning Investment Trusts and Investment Corporations of Japan. The Company’s basic investment policy is to assure stable rent revenues and steady portfolio growth over the medium- to long-term.

Nomura Real Estate Asset Management Co., Ltd. (referred to as “NREAM” hereafter), a wholly owned subsidiary of Nomura Real Estate Holdings, Inc. is in charge of asset management on behalf of Nomura Office Fund in accordance with the basic investment policy as described above. Through coordination with Nomura Real Estate Holdings, Inc. and other group companies, NREAM aims to achieve these goals and more.

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## To Our Investors

Dear Investors,

We are delighted to be able to present to you the financial results for the fifteenth fiscal period (ended April 30, 2011) and report on our activities during the period herein.

We booked operating revenues for this period of ¥13,117 million, current profits of ¥4,503 million, and net income of ¥4,428 million. Cash distribution per unit was ¥14,512.

In terms of property management, although vacancy rates in certain areas have been showing signs of bottoming out in the office leasing market, it continued to experience strong downward pressure on rents due to heightened cost-consciousness among tenants. Under these circumstances, we actively engaged in tenant leasing activities and the occupancy rate as of the end of the fifteenth period was 93.8% as continuing stable fund management.

In terms of financing, while the Company continues to maintain close relationships with financial institutions, it issued ¥10 billion of investment corporation bonds and promoted elongation of repayment dates/fixation of interest-rates of borrowings, ongoingly ensuring healthy financial conditions.

In this fiscal period, the Company executed the agreement for the sale and purchase of NOF Toyo-cho Building, divided transfer over two fiscal periods, 15th/16th period, pursuant to the property replacement strategy. As a result, the transaction enabled to create capacity to acquire new properties and promoted stable distributions of 15th/16th period by the gain on sale.

The Company will continue to strive for stable asset management in the next fiscal period and thereafter from the mid- to long-term perspectives so as to respond to the needs of our investors for high-quality wealth creation.

Lastly, we would like to thank you again for your patronage in the past periods, and would like to ask for your continued support for the years to come.



*Yuichi Maruko*

Yuichi Maruko  
Executive Director  
Nomura Real Estate Office Fund, Inc.

## Highlights of the Fifteenth Fiscal Period

### Fifteenth period results

Cash distribution per unit **¥14,512**

Operating revenues **¥13,117 million**

Operating profits **¥6,144 million**

Net income **¥4,428 million**

NOI return of portfolio **4.8%**

### Portfolio

Number of properties **51 properties**

Total leasable floor space **415,936.86 m<sup>2</sup>**

Total number of tenants **746**

Total acquisition price **¥376,115 million**

Average occupancy rate **93.8%**

### Finance

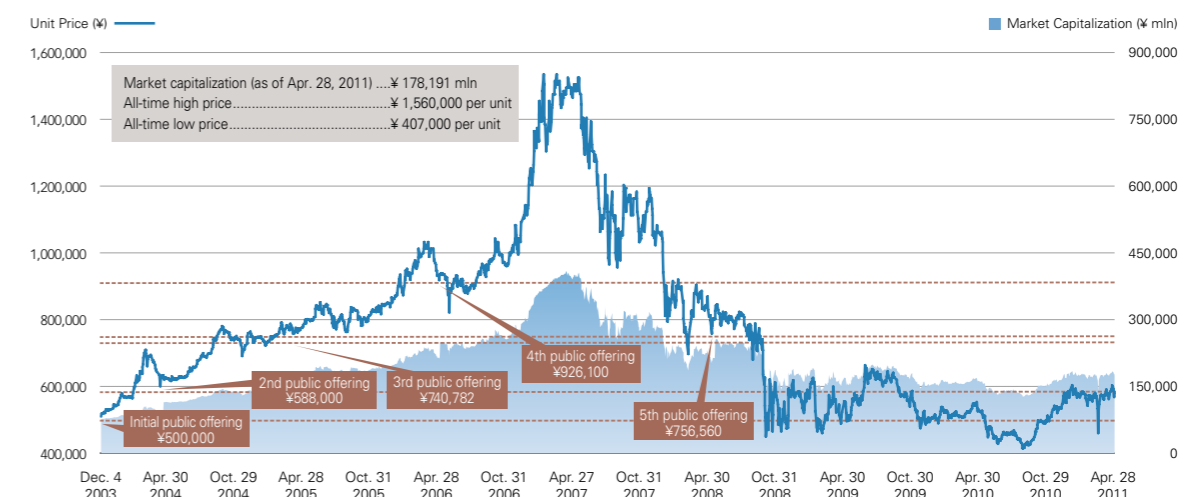
Ratio of long-term debts **75.9%**

Average remaining duration of long-term fixed-rate debts **3.8 years**

Ratio of fixed-rate debts **89.2%**

Weighted average of interest rate of the debts **1.65%**

### CHANGES IN UNIT PRICE AND MARKET CAPITALIZATION



# Management Summary of the Fifteenth Fiscal Period

## Activity summary for this period and management strategy for the future

This section describes the activities of the Company during this period and the management strategy to be implemented in future periods based on our “Basic Management Policy” and “Mid- to Long-term Management Strategy” below.

**Basic Policies**

Secure stable mid- to long-term income

Steady portfolio growth

**Mid- to long-term management strategy**

Asset management with mid- to long-term vision

Promote diversification of assets through asset size expansion

Maintain conservative financial strategy

**Activity summary for this period**

Acquisition	Asset Management
<ul style="list-style-type: none"> <li>- Monitored and analyzed market developments by gathering information on properties</li> <li>- Stabilized distributions by transfer of NOF Toyo-cho Building</li> <li>- Considered replacement of properties to strengthen the portfolio</li> </ul>	<ul style="list-style-type: none"> <li>- Improved the occupancy rate of regional cities from 91.6% to 94.3%</li> <li>- Increased move-in areas by promotion of leasing measures</li> </ul>
Financial Activities	IR
<ul style="list-style-type: none"> <li>- Completed refinance totaling ¥22.5 billion</li> <li>- Promoted stabilization of financial conditions by issuing investment corporation bonds (¥10 billion)</li> <li>- Credit Rating: AA- (Rating and Investment Information, Inc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Participated in events targeted at individual investors (the J-REIT Fair in Osaka, etc.)</li> <li>- Conducted IR activities targeted at domestic and foreign institutional investors</li> </ul>

**Management strategy for the future**

**Profitability Stabilization Measures**

1. Utilization of gain on sale of the NOF Toyo-cho Building – Apply funds from the sale toward stabilization of distributions and the acquisition of new properties.
2. Leasing of the NRE Tennozu Building – Use large floor areas as sales point to lease up and relive earnings concerns.
3. Maintenance or improvement of earnings performance for leasing operations – Maintain high occupancy rates and strive to reduce building management costs.
4. Maintenance of conservative financial profile – Use maturity diversification and financial strength to manage interest rates.

## Impact of the Great East Japan Earthquake

For the Company, the Great East Japan Earthquake of March 11, 2011 resulted in no major harm to either people or property – including one building located in Sendai. Some damage to facilities and cracks, however, did result and are being addressed as described below.

<b>NOF Sendai Aoba-dori Bldg.</b> (Aoba-ku, Sendai city)	<ul style="list-style-type: none"> <li>- Damage to a chimney and a multistoried parking facility</li> <li>- Estimated repair cost: ¥49 million</li> </ul>
<b>18 other properties</b>	<ul style="list-style-type: none"> <li>- Cracks, tile damage, etc.</li> <li>- Estimated repair cost: ¥35 million</li> </ul>

**Estimated total portfolio disaster cost: ¥85 million (Percent of total acquisition cost: 0.02%)**

Excluding ¥10 million in capital expenditures, extraordinary losses of ¥74 million were recorded for the 15th period


## NRE Tennozu Building

Following the reduction of space leased (withdrew from about 20,000 m<sup>2</sup> of exclusive area and the common area) by Japan Airlines Co., Ltd., management of this property as a multi-tenant building began in April 2011.


### Refurbishment of multi-tenant transition

Following the reduction of space leased by the tenant, the building was refurbished for multi-tenant use. Standard floors and retail spaces were renovated, and new signage was installed.

**[Standard floor renovation]**




Elevator hallway




Exclusive area

**[Retail space renovation]**

Retail space expanded into former office space



Before



After

### Leasing status (as of June 30, 2011)

To lease up newly available space, the Company has established a property management system together with Nomura Real Estate Development Co., Ltd., the sponsor, and is pursuing a leasing strategy making the most of the building’s competitive strengths.

**Tenant target**

- Companies with facilities or customers inside and outside Japan
  - ▶ Foreign companies, manufacturing-related companies, carriers, etc.
- Companies in industries highly compatible with the Tennozu area
- Companies planning to cut costs by consolidating operations
  - ▶ IT companies, systems companies, software development companies, etc.

▶

**Leasing strategy**

**Priority on using the large spaces available to gain core tenants**

- Focus on most attractive tenant candidates
- Hold tours using floors already renovated for multi-tenant use
- Direct sales approaches to targeted companies

▶

- **1,798 m<sup>2</sup> lease**
- **Negotiations underway with multiple large tenant candidates**

## Transfer of the NOF Toyo-cho Building

Pursuant to the property replacement strategy, the Company executed the agreement for the sale and purchase of NOF Toyo-cho Building in December 2010, divided transfer over two fiscal periods, 15th (December 8, 2010)/16th (May 10, 2011) period.

Transfer in two fiscal periods

(December 8, 2010)  
Transfer of 33%



(May 10, 2011)  
Transfer of 67%

▶

Gain on sale

15th Period  
¥271 million

16th Period  
¥1,006 million (assumed)

▶

- **Creation of capacity to acquire new properties**
- **Gain on sale promoting stable distributions**

\*The Property is composed of two beneficial interests, in each of which 50% co-ownership interest in the land and building. 33% of the quasi-co-ownership interest in each of the two beneficial interests transferred on December 8, 2010, and 67% of the quasi-co-ownership interest in each of the two beneficial interests transferred on May 10, 2011.

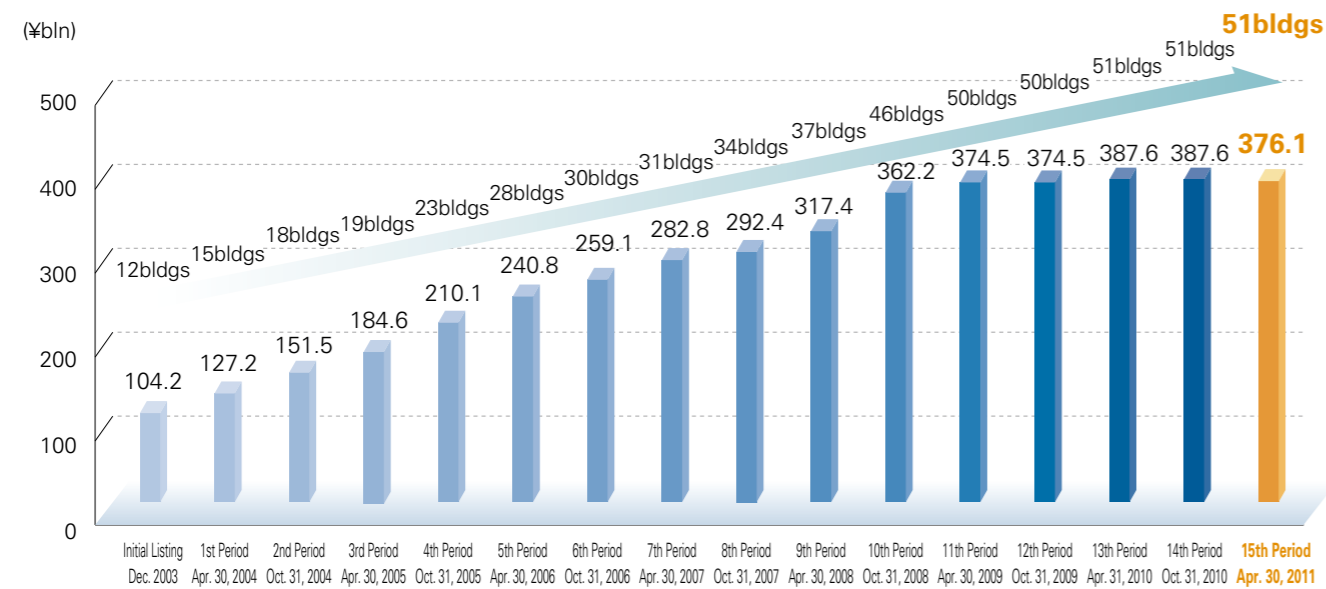
## Portfolio Highlights

# Well Diversified Portfolio

Nomura Office Fund has invested in properties focusing on the geographic diversification and diversification within each property in order to reduce risk of income fluctuation.  
The average occupancy rate at the end of the fifteenth fiscal period: 93.8%.

### CHANGES IN SIZE OF PORTFOLIO

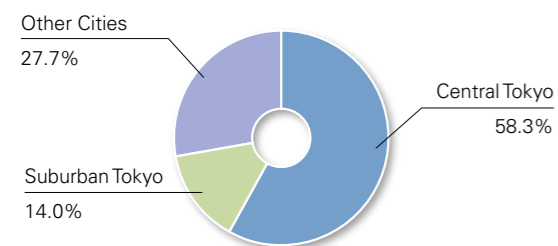
As indicated below, diversification of the portfolio which has steadily increased since listing.



### DIVERSIFICATION BY AREA AND PROPERTY

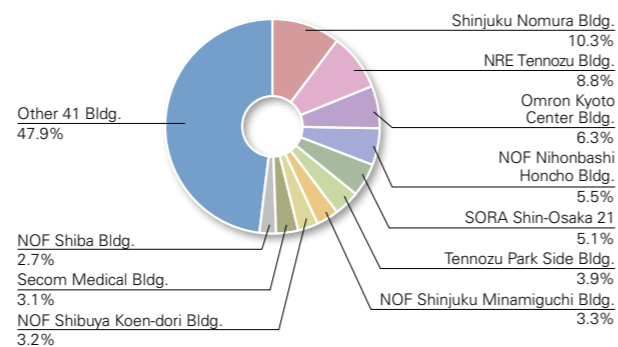
The area and property diversification as of the end of the fifteenth fiscal period are as follows.

#### Area Diversification



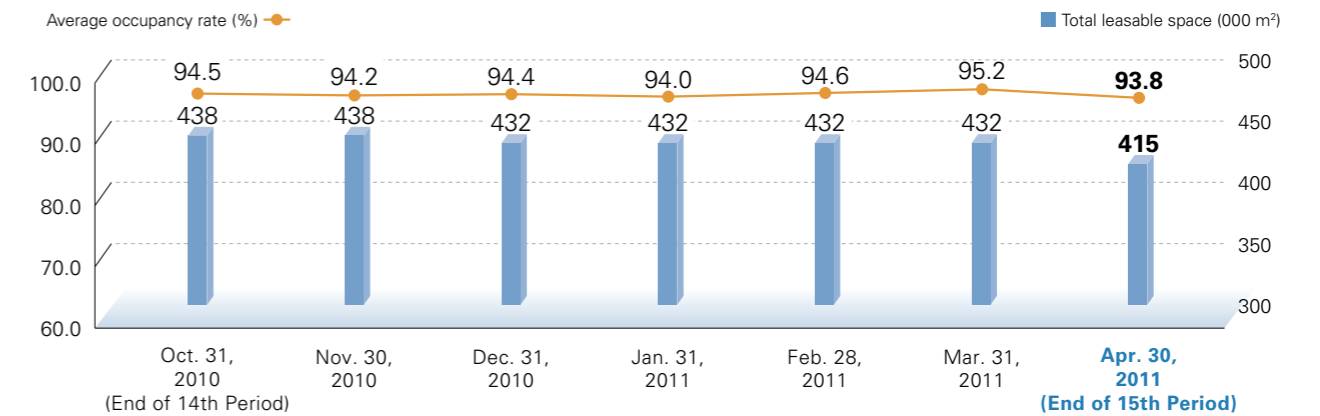
Note: Central Tokyo — Six central wards consisting of Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya  
Suburban Tokyo — Other areas of Tokyo and the Surrounding three prefectures including Kanagawa, Saitama and Chiba  
Other Cities — Major regional cities in other areas  
Note: Based on the acquisition price

#### Property Diversification (Top 10 Properties and other)



### CHANGES IN OCCUPANCY RATE (AVERAGE)

The average occupancy rate maintained stable and high level throughout the fifteenth fiscal period.



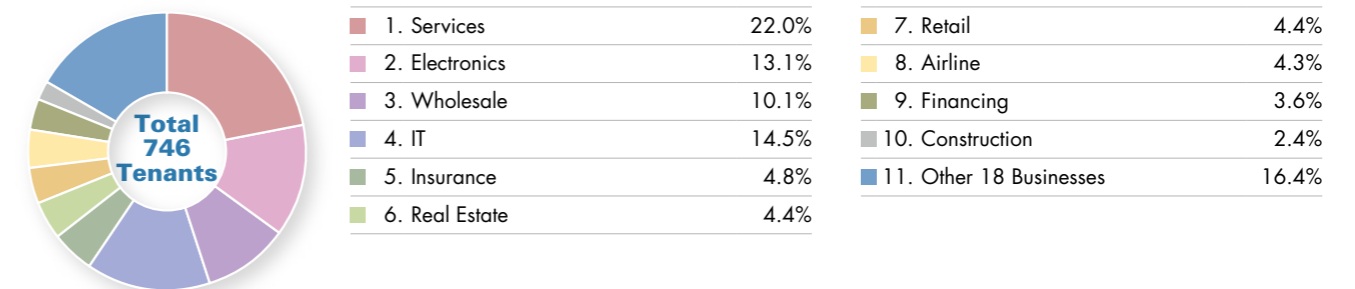
### MAJOR TENANTS

Top 10 tenants in the leased space as of the end of the fifteenth fiscal period are as follows.

Tenant	Industry	Property	Expiry of contract	Leased space (m <sup>2</sup> )	Weight in portfolio (%)	Weight from previous Period (%)	
1	OMRON Corporation	Electronic Devices	Omron Kyoto Center Bldg.	Mar. 29, 2021	34,616.84	8.9	8.4
2	Japan Airlines Co., Ltd.	Airline	NRE Tennozu Bldg.	Mar. 31, 2015	15,082.43	3.9	10.2
3	XYMAX AXIS CORPORATION	Real Estate	NOF Toyo-cho Bldg.	Nov. 30, 2014	12,206.17	3.1	4.4
4	SECOM Co., Ltd.	Services	Secom Medical Bldg.	Feb. 28, 2025	8,821.24	2.3	2.1
			NOF Sendai Aoba-dori Bldg.	Dec. 31, 2012	755.69	0.2	0.2
5	JCB Co., Ltd.	Financing	JCB Sapporo Higashi Bldg.	Feb. 7, 2018	9,062.04	2.3	2.2
6	Nomura Facilities Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	May 31, 2011	574.11	0.2	0.1
			NOF Utsunomiya Bldg.	Dec. 31, 2011	1,140.85	0.3	0.3
			NRE Yotsubashi Bldg.	Nov. 30, 2011	1,847.63	0.5	0.5
			NRE Hiroshima Bldg.	Oct. 31, 2011	2,834.48	0.7	0.7
7	Nomura Real Estate Development Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	Nov. 30, 2013	4,611.02	1.2	1.1
			NRE Yotsubashi Bldg.	Nov. 30, 2013	1,266.19	0.3	0.3
8	SOMPO JAPAN INSURANCE INC.	Insurance	Shinjuku Nomura Bldg.	May 31, 2011	4,834.77	1.2	0.9
			NRE Hiroshima Bldg.	Feb. 28, 2012	283.02	0.1	0.1
9	KYORIN Holdings, Inc.	Wholesale	NOF Surugadai Plaza Bldg.	Mar. 31, 2013	4,160.94	1.1	1.0
10	FUJITSU LIMITED	Electronic Devices	NOF Technoport Kamata Center Bldg.	Apr. 30, 2012	3,813.62	1.0	0.9
			Faret Tachikawa Center Square	Dec. 31, 2011	255.15	0.1	0.1
Total					106,166.19	27.2	

### DIVERSIFICATION IN TENANTS' BUSINESS

The ratio of diversification in tenants' business by space as of the end of the fifteenth fiscal period is as follows.



## Financial Status

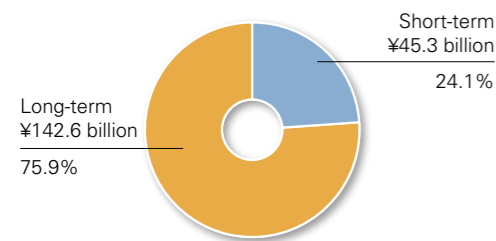
# Carried Out Steady Refinancing

Nomura Office Fund has the basic financial policy for the purpose of securing financial stability and avoiding future interest rate risks. In this period, the Company completed the refinancing of ¥22.5 billion and outstanding interest-bearing debt as of the end of the fifteenth fiscal period is ¥187.9 billion.

### THE RATIO OF LONG- AND SHORT-TERM DEBT AND FIXED- AND FLOATING-RATE DEBT (as of the end of the fifteenth fiscal period)

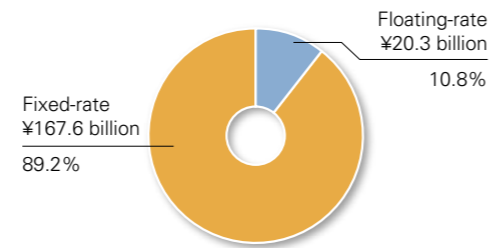
The Company has secured financial stability through promotion of long-term, fixed-rate interest-bearing debt to prepare for the future interest rate hikes.

■ Ratio of long-term and short-term interest-bearing debts



Note: "Short-term" includes current portion of long-term borrowings.

■ Ratio of fixed and floating interest-bearing debts



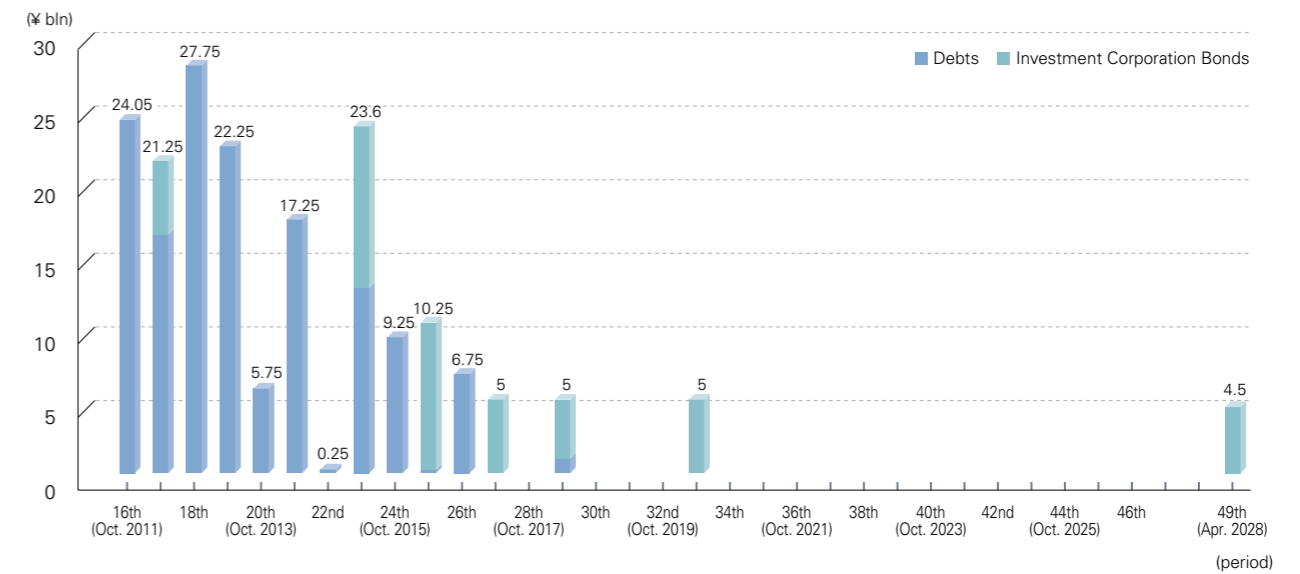
Note: "Fixed" includes floating-rate debts with fixed-rates through interest-rate swap transactions.

### LIST OF LENDERS

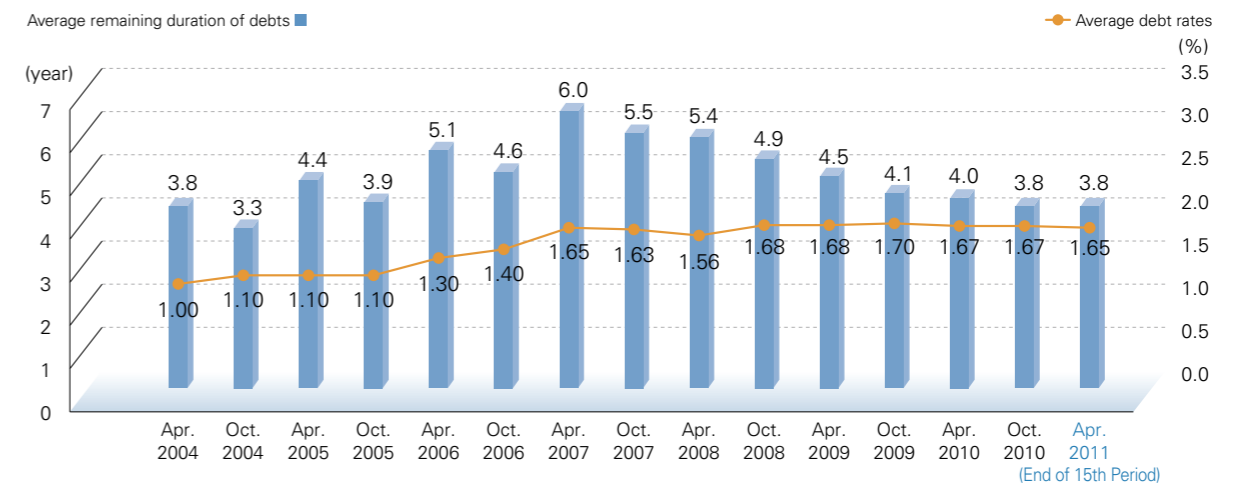
The number of lenders as of the end of the fifteenth fiscal period is 31 financial institutions.

Lender	Total Amount of Debt Remaining (¥ mln)	Lender	Total Amount of Debt Remaining (¥ mln)	Lender	Total Amount of Debt Remaining (¥ mln)
Bank of Tokyo-Mitsubishi UFJ	22,400	Bank of Fukuoka	3,500	Yamanashi Chuo Bank	1,500
Sumitomo Mitsui Banking Corp.	20,900	Norinchukin Bank	3,000	Hyakujushi Bank	1,500
Development Bank of Japan	15,250	Taiyo Life Insurance	3,000	Chiba Bank	1,000
Mitsubishi UFJ Trust and Banking Corp.	11,050	Chuo Mitsui Trust and Banking	3,000	Keiyo Bank	1,000
Sumitomo Trust & Banking Corp.	9,900	Hachijuni Bank	2,000	Mitsui Life Insurance	1,000
Mizuho Corporate Bank	6,900	Daido Life Insurance	2,000	Mitsui Sumitomo Insurance	1,000
The Dai-ichi Life Insurance Company	5,000	Zenkyoren	2,000	Sompo Japan Insurance Inc.	1,000
Sumitomo Life Insurance Company	5,000	Mizuho Trust & Banking	2,000	The 77 Bank	1,000
Nomura Trust and Banking	4,000	Shinkin Central Bank	2,000	Aozora Bank	500
Chugoku Bank	4,000	Nishi-Nippon City Bank	2,000	Total borrowings	143,400
Iyo Bank	3,500	Hiroshima Bank	1,500	(Reference) Investment Corporation Bonds	44,500

### DIVERSITY OF REPAYMENT DATES (as of the end of the fifteenth fiscal period)



### CHANGES IN AVERAGE DURATION OF LONG-TERM FIXED-RATE DEBTS AND WEIGHTED AVERAGE OF INTEREST RATE OF THE DEBTS



### CREDIT RATINGS (as of the end of the fifteenth fiscal period)

Rating Company	Rating	Outlook
Rating and Investment Information, Inc.	AA-: Issuer rating	Stable
Standard & Poor's Ratings Japan K.K.	A: Long-term corporate credit rating	Negative
Moody's Japan K.K.	A2: Issuer rating	Negative

# Summary of Portfolio Properties



MAP No.	Name of Property	Location	Leasable Floor Space (m <sup>2</sup> )	Date Acquired	Acquisition Price (¥ mln)	Ratio (%)
<b>Central Tokyo</b>						
01	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,500.89	Dec. 8, 2003	38,730	10.3
02	NRE Tennozu Building	Shinagawa-ku, Tokyo	25,127.13	Mar. 18, 2005	33,080	8.8
03	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,157.05	Dec. 5, 2003	20,600	5.5
04	Tennozu Park Side Building	Shinagawa-ku, Tokyo	18,051.60	Feb. 27, 2004	14,800	3.9
05	NOF Shinjuku Minamiguchi Building	Shibuya-ku, Tokyo	6,706.46	Jun. 25, 2008	12,300	3.3
06	NOF Shibuya Koen-dori Building	Shibuya-ku, Tokyo	3,420.16	Sep. 28, 2004	12,000	3.2
07	Secom Medical Building	Chiyoda-ku, Tokyo	8,821.24	Sep. 1, 2006	11,500	3.1
08	NOF Shiba Building	Minato-ku, Tokyo	8,165.10	May 25, 2004	10,000	2.7
09	Nishi-Shinjuku Showa Building	Shinjuku-ku, Tokyo	5,670.84	Nov. 30, 2005	8,800	2.3
10	NRE Shibuya Dogenzaka Building	Shibuya-ku, Tokyo	3,436.67	Sep. 26, 2008	7,660	2.0
11	NOF Tameike Building	Minato-ku, Tokyo	4,715.20	Sep. 29, 2005	7,400	2.0
12	Iwamoto-cho Toyo Building	Chiyoda-ku, Tokyo	4,117.26	Jun. 25, 2008	6,020	1.6
13	NOF Shinagawa Konan Building	Shinagawa-ku, Tokyo	7,667.55	Dec. 8, 2003	5,500	1.5
14	NOF Surugadai Plaza Building	Chiyoda-ku, Tokyo	4,160.94	Feb. 27, 2004	5,150	1.4
15	PMO Nihonbashi Honcho	Chuo-ku, Tokyo	2,450.06	Nov. 5, 2008	5,000	1.3
16	NRE Higashi-nihonbashi Building	Chuo-ku, Tokyo	4,554.98	Jan. 14, 2009	4,060	1.1
17	Hatchobori NF Building	Chuo-ku, Tokyo	2,854.83	Aug. 10, 2007	3,160	0.8
18	NOF Kanda Iwamoto-cho Building	Chiyoda-ku, Tokyo	4,076.38	Feb. 26, 2004	3,080	0.8
19	NOF Takanawa Building	Shinagawa-ku, Tokyo	3,361.48	Feb. 27, 2009	3,010	0.8
20	Central Kyobashi Building	Chuo-ku, Tokyo	1,720.05	Jun. 25, 2008	2,550	0.7
21	NOF Minami Shinjuku Building	Shibuya-ku, Tokyo	2,464.71	Jun. 25, 2004	2,280	0.6

MAP No.	Name of Property	Location	Leasable Floor Space (m <sup>2</sup> )	Date Acquired	Acquisition Price (¥ mln)	Ratio (%)
22	Central Shintomicho Building	Chuo-ku, Tokyo	2,465.86	Jun. 25, 2008	1,750	0.5
23	Sunworld Yotsuya Building	Shinjuku-ku, Tokyo	2,367.51	Jun. 25, 2008	778	0.2
Total Central Tokyo (23 Properties)			177,033.95		219,208	58.3
<b>Suburban Tokyo</b>						
24	NRE Ueno Building	Taito-ku, Tokyo	4,869.81	Jan. 14, 2009	7,830	2.1
25	NOF Toyo-cho Building	Koto-ku, Tokyo	12,206.17	Dec. 5, 2003	5,058	1.3
26	NOF Technoport Kamata Center Building	Ota-ku, Tokyo	13,652.45	Dec. 5, 2003	6,416	1.7
27	Toho Edogawabashi Building	Bunkyo-ku, Tokyo	2,058.97	Mar. 28, 2008	2,080	0.6
28	Toshin Meguro Building	Meguro-ku, Tokyo	1,610.07	Jun. 25, 2008	1,340	0.4
29	Crystal Park Building	Musashino City, Tokyo	3,900.85	Feb. 28, 2006	3,700	1.0
30	NOF Kichijoji Honcho Building	Musashino City, Tokyo	1,936.40	Jan. 14, 2009	1,800	0.5
31	Faret Tachikawa Center Square	Tachikawa City, Tokyo	6,851.48	Dec. 5, 2003	3,290	0.9
32	NOF Kawasaki Higashiguchi Building	Kawasaki City, Kanagawa	8,266.67	Jun. 30, 2005	9,500	2.5
33	NOF Yokohama Nishiguchi Building	Yokohama City, Kanagawa	6,817.76	May 12, 2005	5,050	1.3
34	NOF Shin-Yokohama Building	Yokohama City, Kanagawa	8,074.83	Dec. 5, 2003	3,600	1.0
35	Yokohama Odori Koen Building	Yokohama City, Kanagawa	4,234.19	Sep. 28, 2007	2,993	0.8
Total Suburban Tokyo (12 Properties)			74,479.65		52,657	14.0
<b>Other Cities</b>						
36	Sapporo North Plaza	Sapporo City, Hokkaido	13,618.78	Jun. 1, 2006	6,820	1.8
37	NRE Sapporo Building	Sapporo City, Hokkaido	6,559.34	Nov. 5, 2008	5,300	1.4
38	JCB Sapporo Higashi Building	Sapporo City, Hokkaido	9,062.04	Feb. 8, 2008	3,700	1.0
39	NOF Sendai Aoba-dori Building	Sendai City, Miyagi	6,043.28	Nov. 30, 2005	3,200	0.9
40	NOF Utsunomiya Building	Utsunomiya City, Tochigi	5,887.39	Dec. 5, 2003	2,970	0.8
41	NOF Nagoya Fushimi Building	Nagoya City, Aichi	3,282.90	Dec. 25, 2009	4,050	1.1
42	NOF Nagoya Yanagibashi Building	Nagoya City, Aichi	4,655.74	Sep. 29, 2005	3,550	0.9
43	Omron Kyoto Center Building	Kyoto City, Kyoto	34,616.84	Mar. 20, 2007	23,700	6.3
44	SORA Shin-Osaka 21	Osaka City, Osaka	21,298.26	Apr. 25, 2008	19,251	5.1
45	NRE Osaka Building	Osaka City, Osaka	16,977.79	Dec. 5, 2003	6,410	1.7
46	NRE Nishi-Umeda Building	Osaka City, Osaka	5,213.02	Sep. 26, 2008	5,660	1.5
47	NRE Yotsubashi Building	Osaka City, Osaka	11,558.68	Dec. 5, 2003	3,940	1.0
48	NOF Kobe Kaigan Building	Kobe City, Hyogo	6,425.16	Dec. 5, 2003	3,280	0.9
49	NRE Hiroshima Building	Hiroshima City, Hiroshima	7,902.00	Dec. 5, 2003	1,930	0.5
50	NOF Hakata Ekimae Building	Fukuoka City, Fukuoka	7,504.28	Jun. 27, 2008	6,750	1.8
51	NOF Tenjin-Minami Building	Fukuoka City, Fukuoka	3,817.76	Mar. 27, 2009	3,739	1.0
Total Other Cities (16 Properties)			164,423.26		104,250	27.7
Grand Total (51 Properties)			415,936.86		376,115	100.0

Note: The Company owns "Secom Medical Building", "NRE Shibuya Dogenzaka Building", "PMO Nihonbashi Honcho", "NRE Higashi-nihonbashi Building", "NOF Takanawa Building", "NRE Ueno Building", "Toho Edogawabashi Building", "Crystal Park Building", "Yokohama Odori Koen Building", "NRE Sapporo Building", "JCB Sapporo Higashi Building", "NOF Nagoya Fushimi Building", "SORA Shin-Osaka 21" and "NRE Nishi-Umeda Building" as real estate, and other properties in the form of beneficial interest in real estate trusts.

Note: "Ratio" refers to the ratio of each asset based on acquisition price to the entire portfolio (total of 51 properties). As the figures in the above table have been rounded to the first decimal place, the total may not be 100.0%.

Note: Shinjuku Nomura Building is held through the quasi co-ownership of beneficial interest in real estate trust. The Company holds 50.1% of the quasi co-ownership. Total leasable floor space and acquisition price in the above table indicates the figures related to the quasi co-ownership.

Note: The Company transferred a part of the land of NOF Technoport Kamata Center Building (co-owned area) on August 31, 2007. The acquisition price on the list is the amount subtracting a book price of the asset to be transferred (13 million yen) from the acquisition price before the transfer (6,430 million yen). The number of amount below unit is truncated.

Note: The leasable floor space of NRE Tennozu Building is the leasable floor space of the entire building multiplied by the percentage of the common area held through the co-ownership of beneficial interest.

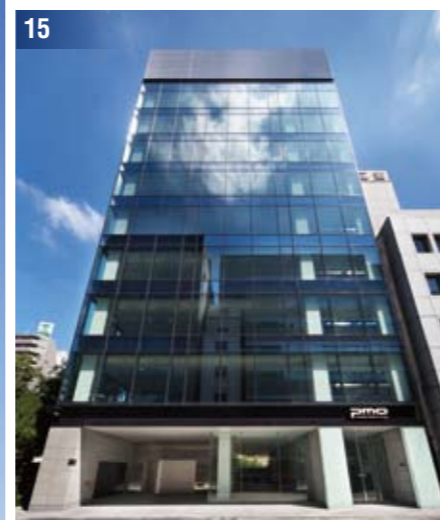
Note: Regarding NOF Toyo-cho Building, the Company transferred 33% of the quasi-co-ownership interest in each of the two beneficial interests on December 8, 2010, and 67% on May 10, 2011, respectively. The leasable floor space and acquisition price in the above table indicates the figures related to the quasi-co-ownership held by the Company as of the end of the 15th fiscal period (67%).

# Major Properties



**48 | NOF Kobe Kaigan Building**

3 Kaigan-dori Chuo-ku Kobe City, Hyogo



**15 | PMO Nihonbashi Honcho**

4-12-20 Nihonbashi Honcho, Chuo-ku, Tokyo

**51 | NOF Tenjin-Minami Building**

3-6-15 Watanabe Dori, Chuo-ku, Fukuoka City, Fukuoka

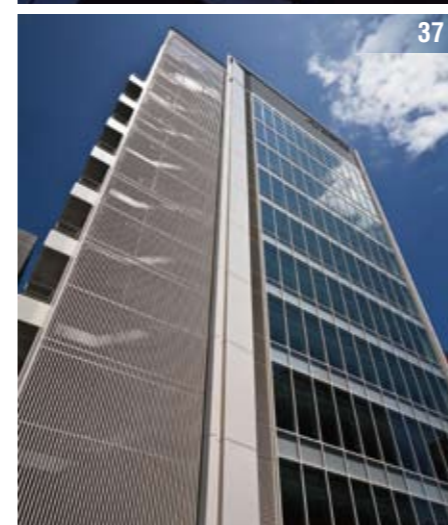
**01 | Shinjuku Nomura Building**

1-26-2 Nishi-Shinjuku Shinjuku-ku, Tokyo



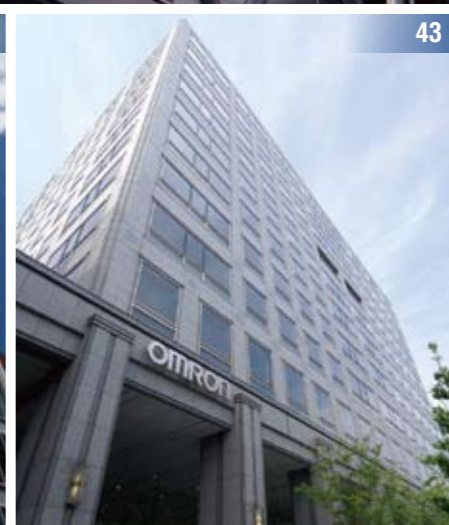
**04 | Tennozu Park Side Building**

2-5-8 Higashi-Shinagawa Shinagawa-ku, Tokyo



**37 | NRE Sapporo Building**

2-15-1, Kitashichijo-Nishi, Kita-ku, Sapporo City, Hokkaido



**43 | Omron Kyoto Center Building**

801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto



**41 | NOF Nagoya Fushimi Building**

2-9-27 Nishiki, Naka-ku, Nagoya City, Aichi

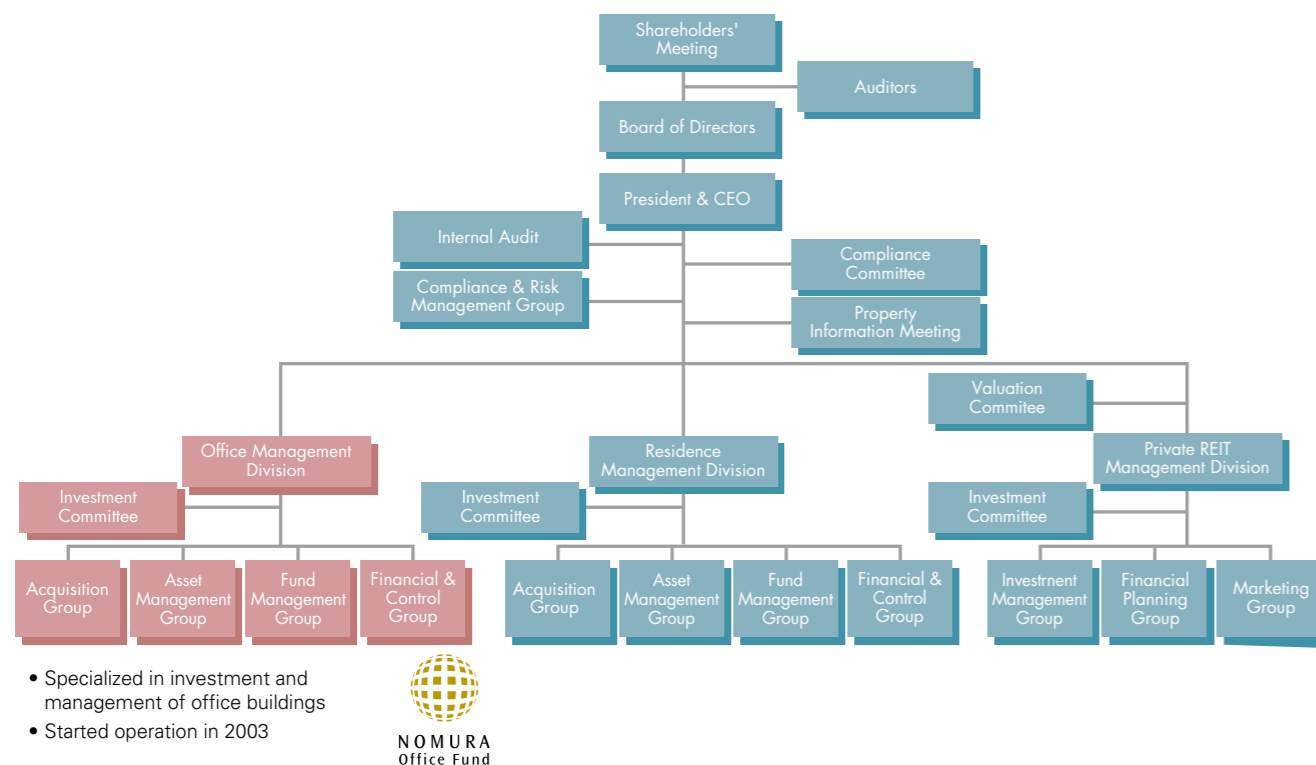


# Profile of the Asset Management Company

The Company has appointed the asset management company, Nomura Real Estate Asset Management, to provide full range of professional asset management services to the Company.

Company: Nomura Real Estate Asset Management Co., Ltd.  
 Capital: ¥300 million (as of April 30, 2011)  
 Shareholder: Nomura Real Estate Holdings, Inc. (100%)  
 Incorporation: January 24, 2003

## Organization of the asset management company



NRE Ueno Building

## Profile of the President and General Manager

**President & CEO Atsushi Ogata**



**Apr. 1987** Entered NRED  
**Nov. 1987** International Business Dept.  
**Dec. 1989** Overseas Project Dept.  
**Apr. 1992** Corporate Sales Division  
**Jun. 1995** Entrusted Sales Division  
**Apr. 2001** External assignment, Nomura Real Estate Urban Net Co., Ltd.  
**Jan. 2003** Asset Management Division  
**Apr. 2003** External Assignment, NREAM  
**Jun. 2005** Director, NREAM (current position)  
**Apr. 2006** General Manager, Office Management Division, NREAM  
**Apr. 2010** President and Chief Executive Officer, NREAM (current position)

**General Manager Kenji Tsuga**



**Apr. 1990** Entered NRED  
**Dec. 1996** Distribution Sales Dept.  
**Mar. 2001** Distribution Business Dept.  
**Oct. 2001** East21 Branch Manager, Nomura Real Estate Urban Net Co., Ltd.  
**Oct. 2004** Corporate Planning Dept., Nomura Real Estate Holdings, Inc.  
**Oct. 2006** Public Relations/IR Dept.  
**Apr. 2011** General Manager, Office Management Division, NREAM (current position)

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# Asset Management Report

## 1. CHANGES IN KEY INDICATORS

		15th Period from Nov. 1, 2010 to Apr. 30, 2011	14th Period from May 1, 2010 to Oct. 31, 2010	13th Period from Nov. 1, 2008 to Apr. 30, 2009	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009
Operating Revenues	¥ mln	<b>13,117</b>	13,364	13,686	14,203	15,409
of which Real Estate Rental Revenues	¥ mln	<b>12,846</b>	13,364	13,686	14,203	14,281
Operating Expenses	¥ mln	<b>6,973</b>	7,141	6,938	7,065	8,331
of which Real Estate Rental Expenses	¥ mln	<b>5,741</b>	5,883	5,667	5,761	5,917
Operating Profits	¥ mln	<b>6,144</b>	6,223	6,747	7,138	7,078
Current Profits	¥ mln	<b>4,503</b>	4,480	5,035	5,339	5,393
Net Income	¥ mln	<b>4,428</b>	4,479	5,034	5,338	5,392
Total Assets	¥ mln	<b>404,069</b>	407,703	410,127	408,312	409,353
(Changes from Previous Period)	%	<b>(△0.9)</b>	(△0.6)	(+0.4)	(△0.3)	(+1.9)
Interest-Bearing Debts	¥ mln	<b>187,900</b>	191,230	191,980	188,730	188,730
Net Assets	¥ mln	<b>189,883</b>	189,934	190,490	190,793	190,847
(Changes from Previous Period)	%	<b>(△0.0)</b>	(△0.3)	(△0.2)	(△0.0)	(+0.1)
Unitholders' Capital	¥ mln	<b>185,455</b>	185,455	185,455	185,455	185,455
Number of Units Issued	Units	<b>305,123</b>	305,123	305,123	305,123	305,123
Net Assets per Unit	¥	<b>622,318</b>	622,486	624,306	625,301	625,478
Total Cash Distribution	¥ mln	<b>4,427</b>	4,479	5,034	5,338	5,392
Cash Distribution per Unit	¥	<b>14,512</b>	14,681	16,500	17,496	17,673
of which Cash Distribution of Profits	¥	<b>14,512</b>	14,681	16,500	17,496	17,673
of which Cash Distribution in excess of Profits	¥	<b>-</b>	-	-	-	-
ROA (Return on Assets) (Note 1)	%	<b>1.1</b>	1.1	1.2	1.3	1.3
Annualized ROA (Note 2)	%	<b>2.2</b>	2.2	2.5	2.6	2.7
ROE (Return on Equity) (Note 3)	%	<b>2.3</b>	2.4	2.6	2.8	2.8
Annualized ROE (Note 2)	%	<b>4.7</b>	4.7	5.3	5.5	5.7
Capital Adequacy Ratio (Note 4)	%	<b>47.0</b>	46.6	46.4	46.7	46.6
(Changes from Previous Period)	%	<b>(+0.4)</b>	(+0.2)	(△0.3)	(+0.1)	(△0.9)
LTV (Loan-to-Value) (Note 5)	%	<b>46.5</b>	46.9	46.8	46.2	46.1
Number of Operating Days	days	<b>181</b>	184	181	184	181
Payout Ratio (Note 6)	%	<b>99.9</b>	100.0	99.9	99.9	100.0
Number of Properties Held	bldgs	<b>51</b>	51	51	50	50
Total Leasable Floor Space	m <sup>2</sup>	<b>415,936.86</b>	438,918.56	439,139.15	435,901.82	436,094.41
Number of Tenants	tenants	<b>746</b>	704	686	666	661
Occupancy Rate	%	<b>93.8</b>	94.5	95.0	95.4	96.4
Depreciation	¥ mln	<b>1,861</b>	1,876	1,865	1,835	1,862
Capital Expenditures	¥ mln	<b>750</b>	597	692	779	1,376
NOI (Net Operating Income) (Note 7)	¥ mln	<b>8,965</b>	9,357	9,884	10,278	10,226
FFO (Funds from Operation) (Note 8)	¥ mln	<b>6,029</b>	6,363	6,908	7,180	7,167
FFO per Unit (Note 9)	¥	<b>19,761</b>	20,855	22,640	23,534	23,488

Note 1: "ROA (Return on Assets)" = Current Profits / ((Total Assets at the beginning of the period + Total Assets at the end of the period) / 2) x 100  
 Note 2: "ROA" and "ROE" are annualized using the following number of operating days. 11th Period: 181 days, 12th Period: 184 days, 13th period: 181 days, 14th Period: 184 days, and 15th Period: 181 days.  
 Note 3: "ROE (Return on Equity)" = Net Income / ((Net Assets at the beginning of the period + Net Assets at the end of the period) / 2) x 100  
 Note 4: "Capital Adequacy Ratio" = Net Assets / Total Assets x 100  
 Note 5: "LTV (Loan-to-Value)" = Interest-Bearing Debts / Total Assets x 100  
 Note 6: Rounded off to the first decimal place.  
 Note 7: "NOI (Net Operating Income)" = Real Estate Rental Revenues - Real Estate Rental Expenses + Depreciation  
 Note 8: "FFO (Funds from Operation)" = Net Income + Depreciation + Amortization of Investment Corporation Bonds Issuance Costs - Real Estate Sale Profit/Loss  
 Note 9: "FFO per Unit" = FFO / Number of Units Issued

## 2. OUTLINE OF INVESTMENTS IN THE FIFTEENTH FISCAL PERIOD

Nomura Real Estate Office Fund, Inc., incorporated on August 7, 2003 under the Law Concerning Investment Trusts and Investment Corporations of Japan, listed the unit certificates in the Real Estate Investment Trust (REIT) Market of the Tokyo Stock Exchange on December 4, 2003 (TSE code 8959). The Company's basic investment policy is to assure stable income from, and steady growth of, investment assets over the mid- to long-term. In accordance with this policy, we invest in properties mostly for office use in three largest conurbations and other major cities, or in property-backed securities that are backed by such properties.

Note: The Law Concerning Investment Trusts and Investment Corporations of Japan (Law No. 198 of 1951) is referred to as the "Investment Trust Law" hereinafter.  
 The term "unit certificates" are the securities issued by the Company and may be referred to as "investment units" or "units" hereinafter.  
 The term "investment assets" refers to those assets that belong to the Company.  
 Unless otherwise stated, for the purpose of this report, the concept of "property(ies)" is construed to include leasehold and superficies.  
 The term "property(ies)" refers to those assets defined in Section 27, Paragraph 1, Article (1) and (2), and "property-backed securities" refers to those assets defined in Section 27, Paragraph 1, Article (3) respectively of the Articles of Incorporation of the Company.  
 The terms "property(ies)" and "property-backed securities" are collectively referred to as "property-related assets" hereinafter.  
 The properties and underlying properties of the property-related assets are collectively referred to as the "investment properties".

### (1) Market Environments

From last year, exports rose in response to a global economic recovery and improvement was seen in corporate earnings. The Japanese economy, however, was dealt a severe blow when the Great East Japan Earthquake struck in March 2011, dragging down production activity by damaging production facilities and supply chains, and resulting in lower exports and personal consumption. With concerns that these impacts could persist, conditions going forward will bear close monitoring.

#### (a) Office Leasing Market

The office leasing market continued to experience strong downward pressure on rents due to heightened cost-consciousness among tenants. Asking rents and occupancy rates in central Tokyo, however, are thought to have bottomed out. That feeling in turn has led to an increasing number of tenants to view the future more positively, as indicated by moves to expand office space and upgrade locations. Meanwhile, in Sapporo, Nagoya, and Fukuoka, declining supplies of new properties are giving rise to hopes of recoveries in those markets.

#### (b) Real Estate Sales Market

During the period, information on prime properties for sale remained limited. On the other hand, with an abundance of purchase desire among potential buyers amid an improving financing environment, conditions were ripe for completing transactions, even if the number of deals was small. Higher transaction activity was noted especially in connection with public offerings by J-REITs. In the wake of the Great East Japan Earthquake, however, it was noted that some sales were postponed or suspended. With sellers now waiting to see how conditions change, the volume of property information has dwindled.

### (2) Status of Managements for the Fifteenth Fiscal Period

Abiding by its basic policy of acquiring only properties that would generate stable returns over the mid- to long-term, the Company continues to invest in and manage properties that offer outstanding competitiveness in terms of both location and basic building features, and stable cash flows.

The Company's total assets under management ("portfolio") as of the end of the fifteenth fiscal period (April 30, 2011) was 51 properties (total leasable floor space: 415,936.86m<sup>2</sup>) totaling ¥376.1 billion (total acquisition price) as there were no changes in the portfolio.

The property management environment remained difficult due to the market conditions described in "(1) Market Environments (a) Office Leasing Market." Seeking to maintain or increase occupancy rates, the Company took the initiative in contacting prospective tenants, while remaining in close communication with existing tenants. In renewing leases, the Company exercised flexibility in actively negotiating terms, while considering individual deviations from market rents, sizes of leased areas, and leasing periods, to minimize declines in rent levels. As a result, the average rent for 50 properties declined by only 2.9% compared to the end of the previous fiscal period (Note 1) and the occupancy rate remained at a high 93.8% at the end of the period.

Making the most of the Nomura Real Estate group's (Note 2) know-how, we also succeeded in keeping earnings stable by reviewing management specifications on an individual property basis and taking other steps to reduce asset management expenses.

Note 1: This statistic excludes 33% quasi co-ownership of beneficiary interests in the NOF Toyo-cho Building sold during the period, and the NRE Tennozu Building, which experienced a change in leasable floor space due to its conversion to multi-tenant building.

Note 2: "Nomura Real Estate Group" refers to a corporate group consisting of the consolidated subsidiaries of Nomura Real Estate Holdings, Inc. (referred to as Nomura Real Estate Holdings hereinafter) including Nomura Real Estate Development Co., Ltd. (referred to as "NRED" hereinafter) but excluding Nomura Real Estate Asset Management Co., Ltd. (referred to as the Asset Management Company hereinafter).

### (3) Status of Funding

Concerning funding through interest-bearing debts, the Company has the basic financial policy of funding through promotion of long-term, diversified and fixed interest rate debts, for the purpose of securing financial stability and avoiding future interest rate risks. Based on this policy, the Company has implemented funding through long-term debts and issuance of investment corporation bonds, while establishing a total of ¥40 billion of commitment line for the purpose of flexible funding at the time of property acquisition and reduction of refinancing risks, from the perspective of securing stable funding base.

During the period under review, a total of ¥12.5 billion was borrowed as a part of repayment funds for existing debts and unsecured investment corporation bonds (eighth series totaling ¥6.0 billion (4-year bonds) and ninth series totaling ¥4.0 billion (7-year bonds)) were issued through public offerings to secure funding for redemption of the third series unsecured investment corporation bonds. As a result, outstanding interest-bearing debt as of the end of the fifteenth fiscal period came to ¥187.9 billion (including investment corporation bonds of ¥44.5 billion.)

Note: The third series unsecured investment corporation bonds are the Nomura Real Estate Office Fund, Inc. Third Series Unsecured Investment Corporation Bonds (ranking pari passu among the specified investment corporation bonds). The "eighth series" refers to the Nomura Real Estate Office Fund, Inc. Eighth Series Unsecured Investment Corporation Bonds (ranking pari passu among the specified investment corporation bonds). The "ninth series" refers to the Nomura Real Estate Office Fund, Inc. Ninth Series Unsecured Investment Corporation Bonds (ranking pari passu among the specified investment corporation bonds).

### 3. STATUS OF CAPITAL

No changes in the number of units issued have been made during the fifteenth fiscal period. Changes in the number of units issued and unitholders' capital until the fifteenth fiscal period are as follows.

Date	Type of Issue	Number of Units Issued (Unit)		Unitholders' Capital (¥ mln)	
		Change	Balance	Change	Balance
Aug. 7, 2003	Initial private placement (Note 1)	400	400	200	200
Dec. 4, 2003	Public offering (Note 2)	148,200	148,600	71,506	71,706
May 19, 2004	Public offering (Note 3)	35,000	183,600	19,866	91,572
Jun. 16, 2004	Third-party allotment (Note 4)	1,050	184,650	595	92,168
May 1, 2005	Public offering (Note 5)	44,000	228,650	31,496	123,665
May 24, 2005	Third-party allotment (Note 6)	1,320	229,970	944	124,610
May 25, 2006	Public offering (Note 7)	34,800	264,770	31,143	155,753
Jun. 23, 2006	Third-party allotment (Note 8)	1,133	265,903	1,013	156,767
May 27, 2008	Public offering (Note 9)	37,000	302,903	27,064	183,831
Jun. 24, 2008	Third-party allotment (Note 10)	2,220	305,123	1,623	185,455

Note 1: Initial private placement at the offer price of ¥500,000 per unit to incorporate the Company.

Note 2: Public offering at the offer price of ¥500,000 (issue price of ¥482,500) to finance acquisition of new properties.

Note 3: Public offering at the offer price of ¥588,000 (issue price of ¥567,600) to finance acquisition of new properties and to repay borrowings.

Note 4: Third-party allotment to Nomura Securities Co., Ltd. at the offer price of ¥567,600 following the public offering on May 19, 2004.

Note 5: Public offering at the offer price of ¥740,782 (issue price of ¥715,837) to finance acquisition of new properties and to repay borrowings.

Note 6: Third-party allotment to Nomura Securities Co., Ltd. at the offer price of ¥715,837 following the public offering on May 1, 2005.

Note 7: Public offering at the offer price of ¥926,100 (issue price of ¥894,915) to finance acquisition of new properties and to repay borrowings.

Note 8: Third-party allotment to Nomura Securities Co., Ltd. at the offer price of ¥894,915 following the public offering on May 25, 2006.

Note 9: Public offering at the offer price of ¥756,560 (issue price of ¥731,470) to redeem the short-term investment corporation bonds and to repay short-term borrowings.

Note 10: Third-party allotment to Nomura Securities Co., Ltd. at the offer price of ¥731,470 following the public offering on May 27, 2008.

### [Changes in Price at the Tokyo Stock Exchange]

Changes in prices of the Company's investment units listed on the Tokyo Stock Exchange are as follows.

		15th Period from Nov. 1, 2010 to Apr. 30, 2011	14th Period from May 1, 2010 to Oct. 31, 2010	13th Period from Nov. 1, 2009 to Apr. 30, 2010	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009
High	(¥)	604,000	536,000	588,000	683,000	645,000
Low	(¥)	433,000	412,000	465,000	495,000	431,000

### 4. CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957) to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥14,512. In addition, the Company posted ¥74 million as extraordinary loss in the fifteenth fiscal period, and scheduled to post ¥10 million as capital expenditures in the sixteenth fiscal period for the expenses associated with the Great East Japan Earthquake.

		15th Period from Nov. 1, 2009 to Apr. 30, 2010	14th Period from May 1, 2010 to Oct. 31, 2010	13th Period from Nov. 1, 2009 to Apr. 30, 2010	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009
Retained Earnings	(¥000)	4,428,126	4,479,515	5,034,679	5,338,534	5,392,502
Accumulated earnings	(¥000)	181	4	149	102	64
Total cash distribution	(¥000)	4,427,944	4,479,510	5,034,529	5,338,432	5,392,438
(Cash distribution per unit)	(¥)	(14,512)	(14,681)	(16,500)	(17,496)	(17,673)
of which distribution of profits	(¥000)	4,427,944	4,479,510	5,034,529	5,338,432	5,392,438
(Distribution of profits per unit)	(¥)	(14,512)	(14,681)	(16,500)	(17,496)	(17,673)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

### 5. INVESTMENT POLICY AND FUTURE ISSUES

#### (1) Investment Environments

With production and consumption activity undercut by the recent earthquake and tsunami, and still no clear picture of what will happen with regard to electricity supply limitations and resolution of the disaster at the Fukushima nuclear plant, there are concerns that the Japanese economy will continue to labor under difficult conditions for the foreseeable future.

Under these circumstances, we believe that it is important to continue to focus on the maintenance of funding capacities through conservative financial management, and flexible property management that minimizes the decrease in portfolio profitability under the current office leasing market, while paying close attention to movements in expected yield and property liquidity in the real estate investment market.

#### (2) Investment Policy and Future Issues

With such environments in mind, the Company will employ the following investment policies to ensure stable income from, and steady growth of the portfolio over the mid- to long-term.

##### (a) Property Management in a Mid- to Long-Term View

In addition to enhancement of property management to satisfy the requirements of existing tenants, proper recognition of the property features and leasing market environments will help us market the potential tenants more organically. We will maintain and uplift the occupancy rate and level of rents in pursuit of sustainable and improved profitability of portfolio, namely internal growth of portfolio, over the mid- to long-term.

By putting the know-how of Nomura Real Estate Group together, we seek to design the most suitable specifications of how to manage and maintain each property in the most effective way, which in turn will ensure stable inflow of revenues.

In order to ensure stable revenues over the mid- to long-term, we will carry out strategic refurbishment and renovation works to maintain and/or improve features of the properties, establishing their uniqueness and increasing their competitiveness.

## Profile of the Company

### (b) Enlargement of Portfolio by Acquisition of New Properties

The Company has set in motion several strategic measures; that is, targeting the expansion of asset size up to ¥500 billion in the medium term in order to achieve higher revenue (i.e. external growth); replacing our property portfolio to enhance its quality; ensuring the portfolio is well-balanced and diversified to minimize fluctuation risks in revenue; and maximizing the advantage of scale to reduce operational and administration costs.

In order for us to make right investments in properties of good value, we will ensure to collect information on properties for sale in an early stage, and conduct an in-depth due diligence to assess the potential risks involved in such investments. As part of our efforts to carry out this investment policy, we will work to find investment opportunities through further expansion of our own sourcing network as well as cooperation with other companies of Nomura Real Estate Group, and to make appropriate investment decisions based on our market research capabilities and technical expertise.

In making an investment decision, we adhere to strict criteria to select best properties that can bring stable revenues to the entire portfolio in light of mid- and long-term perspectives.

### (c) Continuation of Conservative Financial Policy

In order to assure stable financing capability and increase creditworthiness in the market over the mid- to long-term, we will pay particular attention to debt finance. We will seek to continuously keep the LTV low by using more long-term funding at fixed-rates, diversifying the repayment dates, and increasing the number of institutions we bank with.

We will closely monitor the conditions of financial markets, and carefully deliberate and choose the best means of funding, including the usage of commitment lines, issuance of investment corporation bonds and short-term investment corporation bonds from a wide range of available sources of funding to ensure a well-balanced structure of interest-bearing debts.

## 6. IMPORTANT EVENTS SUBSEQUENT TO THE FIFTEENTH FISCAL PERIOD

The significant post-balance sheet events that took place after the end of the fifteenth fiscal period are as follows:

#### Transfer of a Property

The Company completed the transfer of 67% of the quasi-co-ownership interest in each of the two real estate trust beneficial interests of NOF Toyo-cho Building on May 10, 2011. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

#### NOF Toyo-cho Building

Type of Asset (Note 1) : Trust Beneficial Interest

Date of Agreement : December 8, 2010

Transfer Date : May 10, 2011

Transfer Price : ¥5,805,000,000

Transferee : Japanese General Operating Company

Impact on Revenues : Scheduled to be reported ¥1,006 million of gain on sales of real estate (miscellaneous expenses excluded) as operating revenues on sixteenth fiscal period (from May 1, 2011 to October 31, 2011)

Note 1: The Property is composed of two beneficial interests, in each of which 50% co-ownership interest in the land and building is mainly entrusted.

## 1. STATUS OF UNITHOLDERS' CAPITAL

		15th Period (as of Apr. 30, 2011)	14th Period (as of Oct. 31, 2010)	13th Period (as of Apr. 30, 2010)	12th Period (as of Oct. 31, 2009)	11th Period (as of Apr. 30, 2009)
Maximum number of units allowed to issue	(Unit)	<b>2,000,000</b>	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued	(Unit)	<b>305,123</b>	305,123	305,123	305,123	305,123
Amount of unitholders' capital	(¥ mln)	<b>185,455</b>	185,455	185,455	185,455	185,455
Number of unitholders		<b>12,185</b>	13,100	12,970	12,565	12,503

## 2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of April 30, 2011 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Services Bank, Ltd. (Trust Accounts)	48,194	15.79
The Nomura Trust and Banking Co., Ltd. (Trust Accounts)	25,825	8.46
Trust & Custody Services Bank, Ltd. (Securities Trust Accounts)	19,824	6.50
Nomura Real Estate Development Co., Ltd.	15,287	5.01
The Master Trust Bank of Japan, Ltd.(Trust Accounts)	10,132	3.32
Nomura Bank (Luxembourg) S.A.	9,585	3.14
The Senshu Ikeda Bank, Ltd.	7,606	2.49
Kawasaki Gakuen	7,000	2.29
American Life Insurance Company	3,700	1.21
The Hachijuni Bank, Ltd.	3,680	1.21
Total	150,833	49.43

## 3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of April 30, 2011 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	11,572	95.0	31,747	10.4
Financial institutions (Including sales agents for financial instruments firm)	139	1.1	169,761	55.6
Other domestic corporate investors	199	1.6	30,393	10.0
Foreign corporate investors, etc.	275	2.3	73,222	24.0
Total	12,185	100.0	305,123	100.0

#### 4. DIRECTORS AND AUDITOR

##### (1) Name of directors and an auditor in the fifteenth fiscal period are as follows (Note 1).

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during the 15th Period (¥000)
Executive Director	Yuichi Maruko	Corporate Auditor, MEGALOS, Co., Ltd.	2,400
Supervisory Director	Shuhei Yoshida	Representative Lawyer, Yoshida Shuhei Law Office Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Eitoku Aikawa	Director, Fair Appraisers, K.K. Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Saneaki Ichijo	Partner, Anderson Mori & Tomotsune Law Firm	2,400
Supervisory Director	Naohito Miya	Manager of Miya Naohito CPA Firm Senior Representative partner, Futaba Audit Corporation	2,400
Accounting Auditor	Ernst & Young ShinNihon LLC	-	14,500

Note 1: No Executive Directors or Supervisory Directors are in possession of the Company's investment units either under their own or other person's name other than Mr. Yuichi Maruko possesses two units of the Company's investment units as of April 30, 2011. Executive Directors and Supervisory Directors might serve as directors of other companies, but there are no mutual business interests whatsoever between such companies and the Company.

Note 2: At the fourth General Unitholders' Meeting held on July 27, 2009, Mr. Atsushi Ogata, the President and Chief Executive Officer of the Asset Management Company, Nomura Real Estate Asset Management Co., Ltd., has been appointed as substitute Executive Director, to provide against vacancy of the Executive Director's position or lack of statutory quorum. The term will expire at the beginning of the fifth General Unitholders' Meeting scheduled to be held on July 28, 2011.

##### (2) Policy on Determination of Dismissal and Denial of Reappointment of Accounting Auditors

In case an item listed under Article 105, Paragraph 1 of the Investment Trust Law becomes applicable to the accounting auditor, and the Board of Directors determines that there is no likelihood of improvement, the Board of Directors shall dismiss the accounting auditor by unanimous vote of all board members.

In addition, if the Board of Directors determines that the accounting auditor is inappropriate for the position having given thorough consideration to its business execution and other various reasons, the Board of Directors shall dismiss or deny reappointment of the accounting auditor, and present an agenda for appointment of a new accounting auditor at the General Unitholders' Meeting.

#### 5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

Asset Management Company, custodians and administrators as of April 30, 2011 are as follows:

Business	Company Name(s)
Asset Management Company	Nomura Real Estate Asset Management Co., Ltd.
Custodian of assets	Mitsubishi UFJ Trust and Banking Corporation
Custodian of unitholders' register	Mitsubishi UFJ Trust and Banking Corporation (Note 1), The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2), Sumitomo Mitsui Banking Corporation (Note 2)
Manager of special accounts	Mitsubishi UFJ Trust and Banking Corporation
Administrative agent (accounting, etc.)	Mitsubishi UFJ Trust and Banking Corporation
Administrative agent (investment corporation bonds)	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Nomura Securities Co., Ltd., Mizuho Securities Co., Ltd.
Administrative agent (short-term investment corporation bonds)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Note 1: Administers preparation, retention and other tasks related to the Unitholders' Register.

Note 2: Administers preparation, retention and other tasks related to the Investment Company Bond Register.

## Status of Investment Assets of the Company

#### 1. COMPOSITION OF ASSETS

Type of Assets	Area (Note 1)	15th Period (as of Apr. 30, 2011)		14th Period (as of Oct. 31, 2010)	
		Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)	Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)
Real estate	Central Tokyo	30,718	7.6	30,813	7.6
	Suburban Tokyo	16,348	4.0	16,379	4.0
	Other Regional Cities	37,467	9.3	37,715	9.3
Real estate in trust	Central Tokyo	186,533	46.2	186,886	45.8
	Suburban Tokyo	35,029	8.7	37,408	9.2
	Other Regional Cities	65,038	16.1	65,365	16.0
Subtotal		371,136	91.8	374,569	91.9
Cash, deposits and other assets		32,932	8.2	33,133	8.1
Grand Total		404,069	100.0	407,703	100.0

Note 1: "Central Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards; "Suburban Tokyo" refers to Tokyo excluding the Central Tokyo area, Kanagawa, Saitama and Chiba; "Other Regional Cities" refers to areas other than Central Tokyo and Suburban Tokyo. The same applies hereafter.

Note 2: Total amount is taken from the balance sheet. (Real Estate and Real Estate in Trust represent the total book value after depreciation.)

Note 3: The percentage figures may not necessarily add up to 100.0 due to rounding to the nearest first decimal place.

#### 2. BRIEF OF MAJOR PROPERTIES OWNED

The major components of assets (the 10 largest properties by book value) as of Apr. 30, 2011 are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m <sup>2</sup> ) (Note 1)	Leased Space (m <sup>2</sup> ) (Note 2)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
Shinjuku Nomura Bldg.	39,442	31,500.89	30,129.58	95.6	13.3	Office
NRE Tennozu Bldg.	32,616	25,127.13	15,814.19	62.9	(Note 3)	Office
Omron Kyoto Center Bldg.	22,451	34,616.84	34,616.84	100.0	(Note 3)	Office
NOF Nihonbashi Honcho Bldg.	20,617	19,157.05	18,882.36	98.6	5.9	Office
SORA Shin-Osaka 21	18,885	21,298.26	20,338.22	95.5	4.0	Office
Tennozu Park Side Bldg.	12,730	18,051.60	16,086.72	89.1	5.0	Office
NOF Shibuya Koen-dori Bldg.	12,591	3,420.16	3,420.16	100.0	2.5	Office
NOF Shinjuku Minamiguchi Bldg.	12,384	6,706.46	6,706.46	100.0	2.3	Office
Secom Medical Bldg.	11,150	8,821.24	8,821.24	100.0	(Note 3)	Medical Office (Note 4)
NOF Shiba Bldg.	10,053	8,165.10	8,165.10	100.0	2.4	Office
Total	192,922	176,864.73	162,980.87	92.2	47.7 (Note 5)	

Note 1: "Leasable Floor Space" refers to the total leasable space for each asset including offices and shops (for properties owned in compartments, this generally refers to exclusively owned area; however, common spaces will be included if they are being leased. For Shinjuku Nomura Building, the area calculated by multiplying the overall leasable floor space by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by the Company. For NRE Tennozu Building, includes the area calculated by multiplying the overall common space by the co-ownership ratio for the common spaces prescribed in the terms of management of the building owned by the Company through the trustee.), at a certain time. Leasable floor space is calculated not based on the total floor space stated on the registry book, but based on the area stated on the building completion drawing, etc. included in the lease agreement. As such, it may differ from and exceed the total floor space stated on the registry book.

Note 2: "Leased Space" refers to the area included in the leasable floor space of each asset and is actually leased based on a lease agreement (provided, however, it is limited to office and shop spaces (where the entire leased floor space is being leased as a whole, the total area of the leased floor space.), and does not include leased parking spaces. For Shinjuku Nomura Building and NOF Toyo-cho Building, the area calculated by multiplying the overall leased space by the quasi co-ownership ratio of the beneficial interest in real estate trust owned by the Company as of the end of the 15th fiscal period. For NRE Tennozu Building, includes the area calculated by multiplying the overall common space by the co-ownership ratio for the common spaces (as prescribed in the terms of management of the building) owned by the Company through the trustee.).

Note 3: Not disclosed due to compelling reasons.

Note 4: Although this property is currently registered as "clinic/parking" on the registry book, it was originally designed to be used as offices. The Company's Articles of Incorporation allows us to invest in the non-office properties given that they can easily be converted into offices.

Note 5: "Total" for "Portion of Rental Revenues" column include rental revenues for properties which do not disclose "Portion of Rental Revenues" due to unavoidable reasons.



#### 4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of April 30, 2011 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
		Longer than a Year		
Transaction other than market transaction	Interest-rate swap (Receiving floating-rate, paying fixed-rate)	88,850	58,850	△760
<b>Total</b>		<b>88,850</b>	<b>58,850</b>	<b>△760</b>

Note 1: Presented based on notional principal of contract.

Note 2: Evaluated at the price provided by the counterparty based on the prevailing market rate.

#### 5. STATUS OF THE OTHER ASSETS

Other than the Trust Beneficial Interest and Real Estate listed in the table under the title "3. Details of Portfolio Properties", the Company had no other assets to integrate into the portfolio as of April 30, 2011.

#### 6. STATUS OF ASSETS BY COUNTRY AND REGION

As of the end of the fifteenth fiscal period, the real estate and beneficial interest in real estate trust held by the Company by country and region are as follows.

Country	Total Portfolio Amount (Note 1)	Appraisal Value as of Apr. 30, 2011 (Note 2)		
			Portion of Total Portfolio	Number of Properties
Japan	¥371,136 million	¥341,450 million	100.0%	51
<b>Total</b>	<b>¥371,136 million</b>	<b>¥341,450 million</b>	<b>100.0%</b>	<b>51</b>

Note 1: Total portfolio amount stands for the book value after depreciation and amortization.

Note 2: Appraisal value as of Apr. 30, 2011 stands for the value appraised by the real estate appraisers.

## Capital Expenditures

#### 1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of April 30, 2011. The estimated cost of works includes the amount to be charged as "expenses" for accounting purposes.

Name of Property (Location)	Description of Works (Purpose)	Estimated Period	Estimated Cost (¥ mln)		
			Total	Paid during 15th Period	Paid before 15th Period
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renovation of passenger elevator control system (Low/middle level (4 units for each)) (To increase quality) (Note 1)	From: May 2010 To: Oct. 2011	354 (Note 2)	177	177
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renovation of passenger elevator control system (middle level (4 units)) (To increase quality) (Note 1)	From: Jan. 2011 To: Jul. 2012	204 (Note 2)	-	-
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renovation of extra-high substation equipment (To increase quality) (Note 2)	From: Feb. 2011 To: Mar. 2017	460 (Note 2)	-	-
NRE Tennozu Bldg. (Shinagawa-ku, Tokyo)	Refurbishment for multi-tenant building (To increase revenues) (Note 1)	From: Mar. 2011 To: May 2011	132	-	-
Sapporo North Plaza (Chuo-ku, Sapporo City)	Refurbishment of common area (To increase revenues) (Note 1)	From: Mar. 2011 To: May 2011	41	-	-

Note 1: These works have already been implemented as of the date of this report.

Note 2: As for Shinjuku Nomura Building, the posted amount of cost represents 50.1%, our portion of quasi co-ownership, of the total cost of refurbishment of the entire building.

#### 2. CAPITAL EXPENDITURES DURING THE FIFTEENTH FISCAL PERIOD

The table below lists capital expenditures during the fifteenth fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥992 million: capital expenditures of ¥750 million and repair expenses of ¥242 million combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥ mln)
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renovation of passenger elevator control system (Low/middle level (2 units for each)) (To increase quality)	From: May 2010 To: Apr. 2011	169
NOF Shinjuku Minamiguchi Bldg. (Shibuya-ku, Tokyo)	Aseismic retrofitting (To increase quality)	From: Dec. 2010 To: Apr. 2011	66
Sapporo North Plaza (Chuo-ku, Sapporo City)	Refurbishment of the common area for connection of the pedestrian subway (To increase revenues)	From: Jul. 2010 To: Mar. 2011	58
Other Properties	Improvement of features	From: Nov. 2010 To: Apr. 2011	455
<b>Total</b>			<b>750</b>

#### 3. FUNDS RESERVED FOR THE LONG-TERM REPAIR PLANS

Subject to the long-term schedule for repairs and maintenance set down for each building, the Company has accounted for reserves from the operating cash flow to prepare for large-scale engineering works to be carried out in the future.

	15th Period from Nov. 1, 2010 to Apr. 30, 2011	14th Period from May 1, 2010 to Oct. 31, 2010	13th Period from Nov. 1, 2009 to Apr. 30, 2010	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Balance brought forward from the previous period	438	397	436	368	238
Amount reserved during the period	890	900	975	1,570	1,894
Amount used during the period	708	859	1,013	1,502	1,764
Balance brought forward to the next period	620	438	397	436	368

## Expenses and Liabilities

#### 1. EXPENSES RELATED TO ASSET MANAGEMENT

	15th Period from Nov. 1, 2010 to Apr. 30, 2011	14th Period from May 1, 2010 to Oct. 31, 2010
	¥000	¥000
Asset management fees (Note)	1,023,046	1,058,582
of which Management Fee I	705,633	723,621
of which Management Fee II	317,413	334,960
of which Management Fee III	-	-
Custodian fees	29,038	29,129
General administrative fees	65,001	64,651
Directors' compensation	12,000	12,000
Other expenses	102,859	93,461
<b>Total</b>	<b>1,231,946</b>	<b>1,257,824</b>

Note: In the Asset Management Agreement between the Company and the Asset Management Company, there is no provision for the acquisition fees, which are payable to the Asset Management Company by the Company on acquisition of a new property, and such fees are non-existent.





### 3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of April 30, 2011 is as follows.

Name of Bonds	Issue Date	Balance as of		Interest Rate (%)	Maturity Date	Method of Repayment	Use of Proceeds	Note
		Apr. 30, 2011 (¥ mln)	Oct. 31, 2010 (¥ mln)					
First Series Unsecured Investment Corporation Bonds	Mar. 16, 2005	5,000	5,000	1.85	Mar. 16, 2015			
Second Series Unsecured Investment Corporation Bonds	Mar. 16, 2005	5,000	5,000	2.47	Mar. 16, 2020			(Note 2)
Third Series Unsecured Investment Corporation Bonds	Nov. 28, 2005	–	10,000	1.19	Nov. 29, 2010			
Fourth Series Unsecured Investment Corporation Bonds	Nov. 28, 2005	10,000	10,000	2.05	Nov. 30, 2015			
Fifth Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	5,000	5,000	1.61	Mar. 19, 2012	Balloon payment	(Note 1)	
Sixth Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	5,000	5,000	2.21	Mar. 17, 2017			(Note 3)
Seventh Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	4,500	4,500	2.90	Mar. 17, 2028			
Eighth Series Unsecured Investment Corporation Bonds	Nov. 26, 2010	6,000	–	0.94	Nov. 26, 2014			
Ninth Series Unsecured Investment Corporation Bonds	Nov. 26, 2010	4,000	–	1.52	Nov. 24, 2017			
<b>Total</b>		<b>44,500</b>	<b>44,500</b>					

Note 1: The uses of proceeds are to purchase the property-related assets, pay for the costs, and to repay borrowings.

Note 2: Ranking *Pari Passu* among the investment corporation bonds for qualified institutional investors only.

Note 3: Ranking *Pari Passu* among the specified investment corporation bonds.

### 4. STATUS OF SHORT-TERM INVESTMENT CORPORATION BONDS

There are no outstanding short-term investment corporation bonds as of the end of the fifteenth fiscal period.

## Trading during the Fifteenth Fiscal Period

#### 1. STATUS OF REAL ESTATES AND ASSET-BACKED SECURITIES TRADING

Type of Asset	Name of Property	Acquisition		Transfer			
		Date	Price (¥ mln) (Note 1)	Date	Price (¥ mln) (Note 1)	Book Value (¥ mln)	Gain (Loss) (¥ mln) (Note 2)
Beneficial Interest in Real Estate Trust	NOF Toyo-cho Bldg. (Note 3)	–	–	Dec. 8, 2010	2,859	2,322	271
<b>Total</b>			–		2,859	2,322	271

Note 1: "Acquisition price" and "Disposition price" do not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition or disposition of the property (the purchase and sale price of the real estate, etc., as indicated in the Transfer Agreement of Trust Beneficial Interest or Real Estate).

Note 2: For transfer, other sales expenses in addition to the above have been incurred, and "Gain (Loss)" is inclusive of this amount.

Note 3: For NOF Toyo-cho Building, The Company transferred 33% of the quasi-co-ownership interest in each of the two beneficial interests on December 8, 2010.

#### 2. STATUS OF OTHER ASSETS

Not applicable. In addition, the Company's assets other than the above mentioned properties and asset-backed securities, are mostly comprised of direct bank deposits and bank deposits in trust.

### 3. PRICE INVESTIGATION

#### (1) Real Estates

Acquisition/Transfer	Type of Asset	Name of Property	Acquisition/Transfer		Appraisal Value (¥ mln)
			Date	Price (¥ mln)	
Transfer	Beneficial Interest in Real Estate Trust	NOF Toyo-cho Bldg.	Dec. 8, 2010	2,859	2,808

Note: The price investigation procedures were conducted by Ernst & Young ShinNihon LLC at the time of acquisition or transfer in accordance with the guidance under "Price Investigation of Specified Assets Held by Investment Trusts and Investment Corporations", Industry Audit Committee Report No. 23 issued by The Japanese Institute of Certified Public Accountants. The Company has received detailed reports including the location and lot number to identify these properties.

Note: "Acquisition price" and "Transfer price" do not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition or disposition of the property (the purchase and sale price of the real estate, etc., as indicated in the Transfer Agreement of Trust Beneficial Interest or Real Estate).

Note: "Appraisal Value" is appraisal value of the entire building multiplied by 33%, the ratio of the quasi-co-ownership interest held by the Company.

#### (2) Others

With regard to the properties the Company has traded but not included in the above table "(1) Real Estates," the price investigation procedures were conducted by Ernst & Young ShinNihon LLC subject to the requirement by Article 201 of the Investment Trust Law.

For the fifteenth fiscal period (from November 1, 2010 to April 30, 2011), one OTC derivatives transaction was subject to investigation. Ernst & Young ShinNihon LLC was requested to investigate the details of three transactions including the name of counterparty, issues, the number of execution, financial instruments/monetary indicators, put/call options, exercise prices, the period of execution of right, the trading period, etc. The investigation report has been received.

### 4. TRANSACTIONS WITH RELATED PARTIES AND MAJOR SHAREHOLDERS

#### (1) Transactions

Not applicable.

#### (2) Fees Paid to Related Parties and Major Shareholders

Table of fees paid to related parties and major shareholders during the fifteenth fiscal period is as follows.

	Name of Related Party and Major Shareholders	Amount Paid (A)	Total Amount Paid (B)	Portion
		(¥000)	(¥000)	(A) / (B) (%)
Contract-out fees	Nomura Building Management Co., Ltd. (Note 2)	663,823	1,089,966	60.9
	Flagship Properties, Inc. (Note 3)	763		
Property management fees	Nomura Real Estate Development Co., Ltd.	178,381	263,253	67.8
	Nomura Building Management Co., Ltd.	26,467		
Other expenses	Nomura Real Estate Development Co., Ltd.	36,154	89,502	40.4
	Nomura Building Management Co., Ltd.	25,530		

Note 1: The term "related parties" refers to related parties of Asset Management Companies as stipulated by Article 123 of the Enforcement Order of the Act on Investment Trusts and Investment Corporations and by Article 26, Paragraph 1, Item 27 of the Regulations Concerning Investment Reports of Investment Trusts and Investment Corporations, issued by the Investment Trusts Association, Japan. The term "major shareholders" refers to major shareholders of Asset Management Companies as defined by Article 29-4, Paragraph 2 of the Financial Instruments and Exchange Act.

Note 2: In addition to the Property Management Agreement, the Company has entrusted Nomura Building Management Co., Ltd. with daily maintenance of building and equipments, the cost of which is included in "Contract-out Fees".

Note 3: The Company has entrusted certain jobs such as receipt of rents, payment of disbursements and notification of repairs in conjunction with the sublease of NRE Tennozu Building to Flagship Properties. The Contract-out fees paid to Flagship Properties include remuneration for these services. The contract was terminated as of March 31, 2011.

Note 4: Besides the above, the Company has made the following payments for repair works during the fifteenth fiscal period.

Name of Related Party	Amount Paid (¥000)
Nomura Real Estate Development Co., Ltd.	12,336
Nomura Building Management Co., Ltd.	605,247

The management fees paid to the property management companies, which are related parties, are broken down as follows.

Name of Property	Property Management Company	Property Management Fees (¥000) (Note 1) (Note 2)
Shinjuku Nomura Bldg.	Nomura Real Estate Development Co., Ltd.	35,989
NRE Tennozu Bldg.	Nomura Real Estate Development Co., Ltd.	20,378
Tennozu Park Side Bldg.	Nomura Real Estate Development Co., Ltd.	12,335
NOF Shibuya Koen-dori Bldg.	Nomura Real Estate Development Co., Ltd.	5,267
Secom Medical Bldg.	Nomura Real Estate Development Co., Ltd.	3,866
Nishi-Shinjuku Showa Bldg.	Nomura Real Estate Development Co., Ltd.	6,426
NRE Shibuya Dogenzaka Bldg.	Nomura Real Estate Development Co., Ltd.	3,552
NOF Tameike Bldg.	Nomura Real Estate Development Co., Ltd.	4,351
NOF Shinagawa Konan Bldg.	Nomura Real Estate Development Co., Ltd.	4,586
NOF Surugadai Plaza Bldg.	Nomura Real Estate Development Co., Ltd.	5,191
PMO Nihonbashi Honcho	Nomura Real Estate Development Co., Ltd.	3,337
NRE Higashi-nihonbashi Bldg.	Nomura Real Estate Development Co., Ltd.	2,620
Hatchobori NF Bldg.	Nomura Real Estate Development Co., Ltd.	2,091
NOF Minami-Shinjuku Bldg.	Nomura Real Estate Development Co., Ltd.	1,899
NRE Ueno Bldg.	Nomura Real Estate Development Co., Ltd.	4,324
NOF Technoport Kamata Center Bldg.	Nomura Real Estate Development Co., Ltd.	7,081
NOF Kichijoji Honcho Bldg.	Nomura Real Estate Development Co., Ltd.	1,440
Faret Tachikawa Center Square	Nomura Real Estate Development Co., Ltd.	4,460
NOF Yokohama Nishiguchi Bldg.	Nomura Real Estate Development Co., Ltd.	4,598
NOF Shin-Yokohama Bldg.	Nomura Real Estate Development Co., Ltd.	3,398
NRE Sapporo Bldg.	Nomura Real Estate Development Co., Ltd.	4,061
Omron Kyoto Center Bldg.	Nomura Real Estate Development Co., Ltd.	14,735
NRE Osaka Bldg.	Nomura Real Estate Development Co., Ltd.	10,874
NRE Nishi-Umeda Bldg.	Nomura Real Estate Development Co., Ltd.	3,252
NRE Yotsubashi Bldg.	Nomura Real Estate Development Co., Ltd.	8,258
NOF Shinjuku Minamiguchi Bldg.	Nomura Building Management Co., Ltd.	4,813
NOF Takanawa Bldg.	Nomura Building Management Co., Ltd.	2,173
Central Kyobashi Bldg.	Nomura Building Management Co., Ltd.	1,488
Central Shintomicho Bldg.	Nomura Building Management Co., Ltd.	1,008
Sunworld Yotsuya Bldg.	Nomura Building Management Co., Ltd.	689
NOF Toyo-cho Bldg.	Nomura Building Management Co., Ltd.	1,769
Toshin Meguro Bldg.	Nomura Building Management Co., Ltd.	600
NOF Kawasaki Higashiguchi Bldg.	Nomura Building Management Co., Ltd.	5,333
NOF Utsunomiya Bldg.	Nomura Building Management Co., Ltd.	3,764
NOF Nagoya Yanagibashi Bldg.	Nomura Building Management Co., Ltd.	2,025
NRE Hiroshima Bldg.	Nomura Building Management Co., Ltd.	2,800

Note 1: "Property Management Fees" are the aggregated sum of the basic fee and the incentive fee.

Note 2: Daily maintenance of building and equipments is entrusted to Nomura Building Management, but the fees associated with such works are not included here.

### 5. STATUS OF BUSINESS WITH THE ASSET MANAGEMENT COMPANY OVER ITS SUBSIDIARY BUSINESS

Although Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Company, conducts subsidiary business of Type II Financial Instruments Business, there is no relevant matter under this subject.

## Other Information

### 1. NOTICE

Not applicable.

### 2. STATUS OF BENEFICIAL INTEREST IN INVESTMENT TRUSTS ESTABLISHED BY THE COMPANY

Not applicable.

### 3. OTHER MATTERS

For the purpose of this report, the numbers of amount below unit are truncated and the numbers in percentage are rounded to unit unless otherwise mentioned specifically.



NRE Sapporo Building

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## Balance Sheets

	Thousands of Yen	
	As of April 30, 2011	As of October 31, 2010
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and bank deposits	¥ 31,709,202	¥ 32,053,477
Rental receivables	179,547	231,407
Income taxes refundable	-	410
Other current assets	435,536	351,506
<b>Total current assets</b>	<b>32,324,285</b>	<b>32,636,800</b>
<b>Property and Equipment, at Cost:</b>		
Land	264,672,031	265,986,741
Buildings and structures	124,269,002	124,771,281
Machinery and equipment	1,531,293	1,500,266
Tools, furniture and fixtures	264,838	236,323
Leased assets	30,947	30,946
Construction in progress	48,467	104,631
<b>Subtotal</b>	<b>390,816,578</b>	<b>392,630,188</b>
Less accumulated depreciation	(21,580,907)	(19,961,210)
<b>Net property and equipment</b>	<b>369,235,671</b>	<b>372,668,978</b>
<b>Investments and Other Assets:</b>		
Leasehold rights	1,900,905	1,900,905
Intangible assets	2,093	2,357
Long-term prepaid expenses	64,259	6,842
Security deposits	410,850	410,850
Deferred investment corporation bond issuance costs	131,128	76,893
<b>Total investments and other assets</b>	<b>2,509,235</b>	<b>2,397,847</b>
<b>Total Assets</b>	<b>¥ 404,069,191</b>	<b>¥ 407,703,625</b>

The accompanying notes to financial statements are an integral part of these statements.

	Thousands of Yen	
	As of April 30, 2011	As of October 31, 2010
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	¥ 618,270	¥ 708,071
Other accounts payable	1,849,825	869,252
Short-term debt	9,800,000	10,380,000
Current portion of investment corporation bonds	5,000,000	10,000,000
Current portion of long-term debt	30,500,000	29,500,000
Accrued expenses	830,412	880,019
Accrued income taxes	371	-
Accrued consumption taxes	166,366	161,491
Rent received in advance	1,929,481	2,085,652
Provision for loss on disaster	48,336	-
Other current liabilities	90,344	85,194
<b>Total current liabilities</b>	<b>50,833,405</b>	<b>54,669,679</b>
<b>Long-term Liabilities:</b>		
Investment corporation bonds	39,500,000	34,500,000
Long-term debt	103,100,000	106,850,000
Security deposits from tenants	20,746,988	21,740,307
Other long-term liabilities	5,224	8,677
<b>Total long-term liabilities</b>	<b>163,352,212</b>	<b>163,098,984</b>
<b>Total Liabilities</b>	<b>214,185,617</b>	<b>217,768,663</b>
<b>NET ASSETS</b>		
<b>Unitholders' Equity:</b>		
Unitholders' capital	185,455,447	185,455,447
Retained earnings	4,428,127	4,479,515
<b>Total unitholders' equity</b>	<b>189,883,574</b>	<b>189,934,962</b>
<b>Total Net Assets</b>	<b>189,883,574</b>	<b>189,934,962</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 404,069,191</b>	<b>¥ 407,703,625</b>

The accompanying notes to financial statements are an integral part of these statements.

## Statements of Income and Retained Earnings

	Thousands of Yen	
	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
<b>Operating Revenues and Expenses</b>		
<b>Operating Revenues:</b>		
Real estate rental revenues	¥ 12,846,039	¥ 13,364,441
Gain on sales of real estate	271,900	-
	<b>13,117,939</b>	13,364,441
<b>Operating Expenses:</b>		
Real estate rental expenses	5,741,473	5,883,558
Asset management fees	1,023,047	1,058,582
Administrative service and custodian fees	94,040	93,781
Bad debts expenses	2,325	-
Other operating expenses	112,534	105,462
	<b>6,973,419</b>	7,141,383
<b>Operating Profit</b>	<b>6,144,520</b>	6,223,058
<b>Non-Operating Revenues and Expenses</b>		
<b>Non-Operating Revenues:</b>		
Interest income	3,500	6,795
Other non-operating revenues	65,774	39,985
	<b>69,274</b>	46,780
<b>Non-Operating Expenses:</b>		
Interest expense	1,135,712	1,181,508
Loan arrangement fees	91,621	129,946
Interest expense on short-term investment corporation bonds	-	1,182
Interest expense on investment corporation bonds	429,882	433,413
Amortization of investment corporation bond issuance costs	12,127	6,921
Other non-operating expenses	40,750	36,600
	<b>1,710,092</b>	1,789,570
<b>Ordinary Income</b>	<b>4,503,702</b>	4,480,268
<b>Extraordinary Loss</b>		
Loss on disaster	74,468	-
	<b>74,468</b>	-
<b>Income before Income Taxes</b>	<b>4,429,234</b>	4,480,268
<b>Income Taxes:</b>		
Current	1,123	896
Deferred	(11)	6
<b>Net Income</b>	<b>4,428,122</b>	4,479,366
Retained earnings brought forward	5	149
<b>Retained Earnings at End of Period</b>	<b>¥ 4,428,127</b>	¥ 4,479,515

The accompanying notes to financial statements are an integral part of these statements.

## Statements of Changes in Net Assets

For the period from November 1, 2010 to April 30, 2011

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
<b>Balance as of October 31, 2010</b>	305,123	¥185,455,447	¥4,479,515	¥189,934,962	-	-	¥189,934,962
Cash distribution paid	-	-	(4,479,510)	(4,479,510)	-	-	(4,479,510)
Net income	-	-	4,428,122	4,428,122	-	-	4,428,122
<b>Balance as of April 30, 2011</b>	<b>305,123</b>	<b>¥185,455,447</b>	<b>¥4,428,127</b>	<b>¥189,883,574</b>	-	-	<b>¥189,883,574</b>

For the period from May 1, 2010 to October 31, 2010

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
<b>Balance as of April 30, 2010</b>	305,123	¥185,455,447	¥5,034,679	¥190,490,126	-	-	¥190,490,126
Cash distribution paid	-	-	(5,034,530)	(5,034,530)	-	-	(5,034,530)
Net income	-	-	4,479,366	4,479,366	-	-	4,479,366
<b>Balance as of October 31, 2010</b>	<b>305,123</b>	<b>¥185,455,447</b>	<b>¥4,479,515</b>	<b>¥189,934,962</b>	-	-	<b>¥189,934,962</b>

The accompanying notes to financial statements are an integral part of these statements.

## Statements of Cash Flows

	Thousands of Yen	
	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
<b>Cash Flows</b>		
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	¥ 4,429,234	¥ 4,480,268
Depreciation	1,861,399	1,877,066
Amortization of long-term prepaid expenses	7,003	7,740
Amortization of investment corporation bonds issuance costs	12,127	6,921
Increase in provision for loss on disaster	48,336	-
Interest income	(3,500)	(6,795)
Interest expense	1,565,085	1,616,103
Loss on disposal of property and equipment	148	2,107
Decrease (Increase) in rental receivables	51,860	(51,476)
(Decrease) Increase in trade accounts payable	(89,801)	161,111
Increase (Decrease) in other accounts payable	740,899	(228,613)
Increase (Decrease) in accrued consumption taxes	4,876	(42,939)
(Decrease) in rent received in advance	(156,171)	(78,881)
Decrease in tangible fixed assets in trust due to sales	2,322,399	-
Changes in other current assets/liabilities	(143,618)	(22,170)
<b>Subtotal</b>	<b>10,650,276</b>	<b>7,720,442</b>
Interest received	3,500	6,535
Interest paid	(1,614,363)	(1,594,392)
Income taxes paid	(342)	(961)
<b>Net cash provided by operating activities</b>	<b>9,039,071</b>	<b>6,131,624</b>
<b>Cash Flows from Investing Activities</b>		
Payments into time deposits	-	(1,300,000)
Proceeds from time deposits	1,300,000	-
Payments for purchases of property and equipment	(515,119)	(707,316)
Reimbursement of security deposits to tenants	(1,838,544)	(1,400,604)
Proceeds from security deposits from tenants	845,225	593,693
<b>Net cash used in investing activities</b>	<b>(208,438)</b>	<b>(2,814,227)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from short-term debt	5,000,000	4,800,000
Repayment of short-term debt	(5,580,000)	(2,800,000)
Redemption of short-term investment corporation bonds	-	(2,000,000)
Proceeds from long-term debt	7,500,000	5,500,000
Repayment of long-term debt	(10,250,000)	(6,250,000)
Proceeds from investment corporation bonds	10,000,000	-
Redemption of investment corporation bonds	(10,000,000)	-
Payment of investment corporation bonds issuance costs	(66,362)	-
Distributions to unitholders	(4,478,546)	(5,030,273)
<b>Net cash used in financing activities</b>	<b>(7,874,908)</b>	<b>(5,780,273)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>955,725</b>	<b>(2,462,876)</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>30,753,477</b>	<b>33,216,353</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>¥ 31,709,202</b>	<b>¥ 30,753,477</b>

The accompanying notes to financial statements are an integral part of these statements.

## Notes to Financial Statements

### 1. ORGANIZATION

Nomura Real Estate Office Fund, Inc. (the "Company") is a real estate investment corporation formed to own and invest primarily in office properties. The Company is externally managed by a licensed asset management company, Nomura Real Estate Asset Management Co., Ltd. ("NREAM"). NREAM is a wholly-owned subsidiary of Nomura Real Estate Holdings, Inc.

On August 7, 2003, the Company was incorporated under the Law Concerning Investment Trusts and Investment Corporations (the "Investment Trust Law") of Japan. On December 4, 2003, the Company was listed on the Tokyo Stock Exchange as the 9th J-REIT and started operations on the following day. As of April 30, 2011, the Company owned a portfolio of 51 office properties containing an aggregate of approximately 415,936.86 square meters of leasable area and leased office space to 746 tenants.

### 2. BASIS OF PRESENTATION

The Company maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Law of Japan, the Corporation Law of Japan, the Financial Instruments and Exchange Law of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are a translation of the audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information. Amounts have been rounded to the nearest thousand of yen in the accompanying financial statements and the notes thereto, whereas amounts were truncated in the Japanese financial statements prepared in accordance with Japanese GAAP.

The Company's fiscal period is a six-month period which ends at the end of April or October. The Company does not prepare consolidated financial statements because it has no subsidiaries.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments that are highly liquid, readily convertible to cash, with an insignificant risk of market value fluctuation, and with a maturity of three months or less when purchased.

#### Property and equipment (Except for leased assets)

Property and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the fixed assets outlined below:

Buildings	3 - 70 years
Structures	2 - 45 years
Machinery and equipment	3 - 15 years
Tools, furniture and fixtures	2 - 18 years

#### Intangible assets (Except for leased assets)

Intangible assets are amortized by the straight-line method.

#### Leased Assets

Depreciation of leased assets under finance lease transactions, excluding those in which the ownership of the leased assets is deemed to be transferred to the lessee, is calculated by the straight-line method, over the lease term with no residual value.

#### Impairment of fixed assets

The Company reviews fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value of its fixed assets may not be recoverable. An impairment loss is recognized if the carrying value of an asset exceeds the aggregate estimated future cash flows. If a fixed asset is determined to be impaired, it is written down to its recoverable amount and the write-down is recorded as an impairment loss during the period in which it occurs. No impairment losses have been recognized to date.

#### Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.

#### Provision for loss on disaster

Provision for loss on disaster is recorded at the amount estimated as of April 30, 2011 to provide for possible repair and recovery costs arising from the Great East Japan Earthquake.

#### Accounting treatment of beneficial interests in real estate

All assets and liabilities held in trust, for which the real estate in possession of the Company was entrusted, and all related earnings and expenses incurred are reflected in the accompanying balance sheets and statements of income and retained earnings, respectively.

#### Revenue recognition

Operating revenues consist of rental revenues including base rents and common area charges, and other operating revenues including utility charge reimbursements, parking space rental revenues and other income. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts are reasonably estimated.

#### Property related taxes

Property and equipment is subject to property related taxes, urban planning taxes and depreciable property taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties were liable for property related taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the owner registered in the record as of January 1st based on the assessment made by the local government. No such taxes were imposed for the six-month period ended April 30, 2011 and October 31, 2010 as the Company did not acquire any properties.

#### Income taxes

Deferred tax assets and liabilities are computed based on the differences between the financial statements and income tax bases of assets and liabilities using the applicable statutory tax rates.

#### Consumption taxes

Consumption taxes received and paid are not included in the accompanying statements of income and retained earnings.

#### Derivative financial instruments

The Company utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. The Company deferred recognition of gains or losses resulting from changes in the fair value of interest-rate swap contracts which meet the criteria for deferral hedge accounting.

Although the deferred hedge treatment is generally applied, the Company applies special treatment to those interest-rate swap contracts that meet the criteria for such special treatment. Under the special treatment, interest-rate swaps are not remeasured at fair value; instead, the net amount paid or received under the interest rate swap contract is recognized and included in interest expense or income.

## 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of April 30, 2011 and October 31, 2010 consist of the following:

	Thousands of Yen	
	As of April 30, 2011	As of October 31, 2010
Cash and bank deposits	¥31,709,202	¥32,053,477
Bank deposits with original maturities of more than three months	–	(1,300,000)
Cash and cash equivalents	¥31,709,202	¥30,753,477

## 5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of April 30, 2011 and October 31, 2010 consist of the following:

	Thousands of Yen			
	As of April 30, 2011		As of October 31, 2010	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 57,405,168	¥ 57,405,168	¥ 57,405,168	¥ 57,405,168
Buildings and structures	27,450,413		27,381,012	
Accumulated depreciation	(2,703,599)	24,746,814	(2,280,863)	25,100,149
Machinery and equipment	605,286		597,530	
Accumulated depreciation	(135,033)	470,253	(111,197)	486,333
Tools, furniture and fixtures	14,332		12,463	
Accumulated depreciation	(2,794)	11,538	(1,848)	10,615
Construction in progress	–	–	6,210	6,210
Land in trust	207,266,863	207,266,863	208,581,573	208,581,573
Buildings and structures in trust	96,818,589		97,390,269	
Accumulated depreciation	(18,117,121)	78,701,468	(16,999,662)	80,390,607
Machinery and equipment in trust	926,007		902,736	
Accumulated depreciation	(483,947)	442,060	(447,523)	455,213
Tools, furniture and fixtures in trust	250,506		223,860	
Accumulated depreciation	(118,911)	131,595	(104,005)	119,855
Leased assets in trust	30,947		30,946	
Accumulated depreciation	(19,502)	11,445	(16,112)	14,834
Construction in progress in trust	48,467	48,467	98,421	98,421
Total	¥369,235,671	¥369,235,671	¥372,668,978	¥372,668,978

## 6. SHORT-TERM DEBT

Short-term debt as of April 30, 2011 and October 31, 2010 consist of the following:

	As of April 30, 2011		As of October 31, 2010	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note1)
Unsecured loans principally from banks due on December 8, 2010	–	–	¥ 2,500,000	0.94000%
Unsecured loans from banks due on December 24, 2010	–	–	2,580,000	1.05000%
Unsecured loans from banks due on February 26, 2011	–	–	1,000,000	1.04000%
Unsecured loans from banks due on February 26, 2011	–	–	7,500,000	1.68000%
Unsecured loans from a financial institution due on February 28, 2011	–	–	2,000,000	1.04000%
Unsecured loans from banks due on June 10, 2011	¥ 8,500,000	1.43200%	8,500,000	1.43200%
Unsecured loans from banks due on June 24, 2011	2,300,000	1.00077%	2,300,000	1.05000%
Unsecured loans from banks due on August 25, 2011	4,500,000	1.44800%	4,500,000	1.44800%
Unsecured loans from banks due on August 26, 2011	4,000,000	1.63825%	4,000,000	1.63825%
Unsecured loans from banks due on August 26, 2011	2,500,000	0.90000%	2,500,000	0.94000%
Unsecured loans from banks due on September 25, 2011	2,000,000	1.43950%	2,000,000	1.43950%
Unsecured loans from a bank due on December 24, 2011	1,000,000	0.74000%	–	–
Unsecured loans from banks due on February 26, 2012	4,000,000	0.79000%	–	–
Unsecured loans from banks due on February 26, 2012	11,000,000	1.89764%	–	–
Unsecured loans from a bank due on June 25, 2016 (Note 2)	500,000	1.97000%	500,000	1.97000%
Total	¥40,300,000		¥39,880,000	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Installments of ¥250 million will be made on the 25th day of every sixth month starting on December 25, 2009, with the remaining payment of ¥6,750 million to be repaid on June 25, 2016.

The Company entered into ¥40,000 million credit facilities in the form of commitment lines with five financial institutions for the six-month periods ended April 30, 2011 and October 31, 2010. The total unused amounts of such credit facilities were ¥40,000 million as of April 30, 2011 and October 31, 2010.

## 7. LONG-TERM DEBT

Long-term debt as of April 30, 2011 and October 31, 2010 consist of the following:

	As of April 30, 2011		As of October 31, 2010	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on February 26, 2012	–	–	¥ 11,000,000	1.89764%
Unsecured loans from banks due on June 24, 2012	¥12,000,000	1.39575%	12,000,000	1.39575%
Unsecured loans principally from insurance companies due on August 26, 2012	5,000,000	1.43750%	5,000,000	1.43750%
Unsecured loans from a financial institution due on August 26, 2012	1,000,000	1.53625%	1,000,000	1.53625%
Unsecured loans from banks due on August 26, 2012	7,500,000	1.46000%	7,500,000	1.46000%
Unsecured loans from banks due on September 25, 2012	2,000,000	1.61150%	2,000,000	1.61150%
Unsecured loans from banks due on November 4, 2012	10,000,000	1.51175%	10,000,000	1.51175%
Unsecured loans from banks due on December 27, 2012	5,000,000	1.87200%	5,000,000	1.87200%
Unsecured loans from a bank due on February 26, 2013	1,000,000	1.75250%	1,000,000	1.75250%
Unsecured loans from an insurance company due on February 26, 2013	2,000,000	1.99250%	2,000,000	1.99250%
Unsecured loans from banks due on February 26, 2013	4,000,000	1.15000%	4,000,000	1.19000%
Unsecured loans from a bank due on June 24, 2013	2,000,000	1.14050%	2,000,000	1.14050%
Unsecured loans from an insurance company due on June 24, 2013	1,000,000	0.89000%	–	–
Unsecured loans from a bank due on August 26, 2013	2,500,000	0.98550%	2,500,000	0.98550%
Unsecured loans from banks due on December 8, 2013	7,500,000	1.68680%	7,500,000	1.68680%
Unsecured loans principally from banks due on February 26, 2014	5,500,000	1.00000%	–	–
Unsecured loans from insurance companies due on March 19, 2014	4,000,000	1.98000%	4,000,000	1.98000%
Unsecured loans from banks due on December 24, 2014	6,350,000	1.55800%	6,350,000	1.55800%
Unsecured loans from an insurance company due on February 26, 2015	3,000,000	1.91875%	3,000,000	1.91875%
Unsecured loans from a financial institution due on February 26, 2015	3,000,000	1.69300%	3,000,000	1.69300%
Unsecured loans principally from insurance companies due on June 24, 2015	8,000,000	2.31750%	8,000,000	2.31750%
Unsecured loans from an insurance company due on August 26, 2015	1,000,000	1.31125%	1,000,000	1.31125%
Unsecured loans from a bank due on February 26, 2018	1,000,000	1.84650%	–	–
Unsecured loans from a bank due on June 25, 2016 (Note 2)	8,750,000	1.97000%	9,000,000	1.97000%
Total	¥103,100,000		¥106,850,000	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place. As for the borrowings, which were hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted average of interest.

Note 2: Installments of ¥250 million will be made on the 25th of every sixth month starting on December 25, 2009, with the remaining payment of ¥6,750 million to be repaid on June 25, 2016.

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date (excluding the current portion of long-term debt) are as follows.

	Thousands of Yen			
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term debt	50,000,000	23,000,000	12,850,000	9,500,000

## 8. INVESTMENT CORPORATION BONDS

### Investment Corporation Bonds

Details of investment corporation bonds outstanding are summarized as follows:

	As of April 30, 2011		As of Oct. 31, 2010	
	Amount (Thousands of Yen)	Weighted-average interest rate	Amount (Thousands of Yen)	Weighted-average interest rate
First Series of Unsecured Investment Corporation Bonds Due on March 16, 2015	¥ 5,000,000	1.85000%	¥ 5,000,000	1.85000%
Second Series of Unsecured Investment Corporation Bonds Due on March 16, 2020	5,000,000	2.47000%	5,000,000	2.47000%
Third Series of Unsecured Investment Corporation Bonds Due on November 29, 2010	-	-	10,000,000	1.19000%
Fourth Series of Unsecured Investment Corporation Bonds Due on November 30, 2015	10,000,000	2.05000%	10,000,000	2.05000%
Fifth Series of Unsecured Investment Corporation Bonds Due on March 19, 2012	5,000,000	1.61000%	5,000,000	1.61000%
Sixth Series of Unsecured Investment Corporation Bonds Due on March 17, 2017	5,000,000	2.21000%	5,000,000	2.21000%
Seventh Series of Unsecured Investment Corporation Bonds Due on March 17, 2028	4,500,000	2.90000%	4,500,000	2.90000%
Eighth Series of Unsecured Investment Corporation Bonds Due on November 26, 2014	6,000,000	0.94000%	-	-
Ninth Series of Unsecured Investment Corporation Bonds Due on November 24, 2017	4,000,000	1.52000%	-	-
Total	¥44,500,000		¥44,500,000	

The scheduled redemption amounts of investment corporation bonds for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
Investment Corporation Bonds	5,000,000	-	-	11,000,000	10,000,000

## 9. UNITHOLDERS' EQUITY

The Company issues only non-par value investment units in accordance with the Investment Trust Law. The entire amount of the issue price of new units is designated as stated capital. The Company is required to maintain net assets of at least ¥50,000 thousand as set forth in the Investment Trust Law.

## 10. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of April 30, 2011 and October 31, 2010 were as follows:

	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
Net asset values per unit	¥622,318	¥622,486
Net income per unit	¥ 14,512	¥ 14,680

The net income per unit is calculated by dividing net income by the weighted-average number of units outstanding for the respective six-month period.

Note: The basis for calculating net income per unit is as follows.

	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
Net income (Thousands of Yen)	¥4,428,122	¥4,479,366
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥4,428,122	¥4,479,366
Average number of units during the period	305,123	305,123

## 11. RELATED PARTY TRANSACTIONS

*Parent Company, corporate shareholders and other*

Not applicable

*Directors, individual shareholders and other*

Not applicable

*Subsidiary companies and other*

Not applicable

*Fellow subsidiary companies and other*

Not applicable

## 12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 40% for the six-month periods ended April 30, 2011 and October 31, 2010. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Special Taxation Measures Law of Japan. Under this law, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed approximately 100% of its distributable income in the form of cash distributions totaling ¥4,427,945 thousand and ¥4,479,510 thousand for the six-month periods ended April 30, 2011 and October 31, 2010, respectively, such distributions were treated as deductible distributions for purposes of corporate income taxes. The following summarizes the significant differences between the statutory tax rate and the effective tax rate:

	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(39.32)	(39.32)
Other	0.01	0.01
Effective tax rate	0.02%	0.02%

### 13. FINANCIAL INSTRUMENTS

#### Overview

##### (1) Policy for Financial Instruments

Upon acquisition of property-related assets, the Company may raise funds through certain financing methods including borrowings, issuance of investment corporation bonds including short-term investment corporation bonds ("investment corporation bonds"), and issuance of investment units. In financing through interest-bearing debt, to secure stable financing capability and reduce future risk of rising interest rates, the Company's investment policy is to secure longer-term, fixed-rate borrowings with well-diversified maturities.

The Company enters into derivative transactions only for the purpose of reducing risk of future interest rate fluctuations and does not engage in speculative transactions.

##### (2) Type and Risk of Financial Instruments and Related Risk Management

Debts and investment corporation bonds are primarily used to fund the acquisition of property-related assets as well as the repayment of debts and redemption of investment corporation bonds. The Company is exposed to liquidity risk of being unable to meet its obligations on scheduled due dates. The Company controls and limits such risk by diversifying not only the financial institutions, but also the type of financing to include the effective use of surplus funds and direct financing from the capital markets such as issuance of investment units. In addition, the Company is exposed to the market risk arising from fluctuations in interest rates on its floating-rate debts. However, the effect of such risk on the operation of the Company is limited by maintaining the LTV ratio at low levels and the ratio of long-term fixed-rate debts to total debt at high levels. Furthermore, the Company may utilize derivative transactions (interest-rate swap transactions) as a hedging instrument to reduce the market risk under floating-rate debts by swapping such floating-rate interest payments for fixed-rate interest payments.

Bank deposits are held as a means of investing surplus funds, and the Company is exposed to the credit risk that financial institutions may default. However, the effect of such risk is limited by diversifying the financial institutions with which surplus funds are deposited.

Security deposits represent funds deposited by tenants, and the Company is exposed to the risk of returning deposits in the event that a tenant terminates the rental contract. However, the effect of such risk is limited by reserving sufficient funds to allow the Company to meet the obligation to return such deposits.

##### (3) Supplementary Explanation on Estimated Fair Value of Financial Instruments

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in "19. Derivatives and Hedge Accounting" below do not represent the market risk involved in these derivative transactions.

#### Fair Value of Financial Institutions

For the period from November 1, 2010 to April 30, 2011

The following table summarizes the carrying value and the estimated fair values of financial instruments as of April 30, 2011. The following table does not include financial instruments whose fair value is extremely difficult to estimate (see Note 3).

	Thousands of Yen		
	Carrying Value (Note 1)	Fair Value (Note 1)	Difference
(i) Cash and bank deposits	13,912,852	13,912,852	-
(ii) Cash and bank deposits in trust	17,796,350	17,796,350	-
(iii) Short-term debt	(9,800,000)	(9,800,000)	-
(iv) Current portion of investment corporation bonds	(5,000,000)	(5,036,435)	36,435
(v) Current portion of long-term debt	(30,500,000)	(30,745,349)	245,349
(vi) Investment corporation bonds	(39,500,000)	(39,795,289)	295,289
(vii) Long-term debt	(103,100,000)	(105,054,319)	1,954,319
(viii) Derivative transactions	-	-	-

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits and (ii) Cash and bank deposits in trust

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the Carrying Value is reported as the Fair Value.

(iii) Short-term debt

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the Carrying Value is reported as the Fair Value.

(iv) Current portion of investment corporation bonds and (vi) Investment corporation bonds

The fair value of investment corporation bonds issued by the Company is determined based on their market prices.

(v) Current portion of long-term debt and (vii) Long-term debt

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see "19. Derivatives and Hedge Accounting") is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(viii) Derivative transactions

Refer to "19. Derivatives and Hedge Accounting".

Note 3: The fair value of security deposits (with a carrying value of ¥3,881,015 thousand) and security deposits in trust (with a carrying value of ¥16,865,973 thousand) that have been deposited from tenants under lease contracts are not disclosed because they do not have any market price and their effective deposit period from the lease inception to tenant's termination of the rental contract cannot be reliably determined, thus making it impossible to reasonably estimate their future cash flows, and therefore, it is considered to be extremely difficult to estimate their fair value.

Note 4: Redemption schedule for cash and bank deposits and cash and bank deposits in trust

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Cash and bank deposits	13,912,852	-	-	-	-	-
Cash and bank deposits in trust	17,796,350	-	-	-	-	-
Total	31,709,202	-	-	-	-	-

Note 5: Redemption schedule for investment corporation bonds and debt

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Short-term debt	9,800,000	-	-	-	-	-
Investment corporation bonds	5,000,000	-	-	11,000,000	10,000,000	18,500,000
Long-term debt	30,500,000	50,000,000	23,000,000	12,850,000	9,500,000	7,750,000
Total	45,300,000	50,000,000	23,000,000	23,850,000	19,500,000	26,250,000

For the period from May 1, 2010 to October 31, 2010

The following table summarizes the carrying value and the estimated fair values of financial instruments as of October 31, 2010. The following table does not include financial instruments whose fair value is extremely difficult to estimate (see Note 3).

	Thousands of Yen		
	Carrying Value (Note 1)	Fair Value (Note 1)	Difference
(i) Cash and bank deposits	14,007,165	14,007,165	-
(ii) Cash and bank deposits in trust	18,046,312	18,046,312	-
(iii) Short-term debt	(10,380,000)	(10,380,000)	-
(iv) Current portion of investment corporation bonds	(10,000,000)	(10,004,690)	4,690
(v) Current portion of long-term debt	(29,500,000)	(29,713,579)	213,579
(vi) Investment corporation bonds	(34,500,000)	(35,367,286)	867,286
(vii) Long-term debt	(106,850,000)	(109,269,968)	2,419,968
(viii) Derivative transactions	-	-	-

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions

(i) Cash and bank deposits and (ii) Cash and bank deposits in trust

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the Carrying Value is reported as the Fair Value.

(iii) Short-term debt

As these items are settled within a short-term period, their fair value is nearly equal to the carrying value. Therefore, for these items, the Carrying Value is reported as the Fair Value.

(iv) Current portion of investment corporation bonds and (vi) Investment corporation bonds

The fair value of investment corporation bonds issued by the Company is determined based on their market prices.

(v) Current portion of long-term debt and (vii) Long-term debt

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see "19. Derivatives and Hedge Accounting") is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.) The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(viii) Derivative transactions

Refer to "19. Derivatives and Hedge Accounting".

Note 3: The fair value of security deposits (with a carrying value of ¥3,856,470 thousand) and security deposits in trust (with a carrying value of ¥17,883,837 thousand) that have been deposited from tenants under lease contracts are not disclosed because they do not have any market price and their effective deposit period from the lease inception to tenant's termination of the rental contract cannot be reliably determined, thus making it impossible to reasonably estimate their future cash flows, and therefore, it is considered to be extremely difficult to estimate their fair value.

Note 4: Redemption schedule for cash and bank deposits and cash and bank deposits in trust

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Cash and bank deposits	14,007,165	-	-	-	-	-
Cash and bank deposits in trust	18,046,312	-	-	-	-	-
Total	32,053,477	-	-	-	-	-



Note 5: Redemption schedule for investment corporation bonds and debt

	Thousands of Yen					
	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Short-term debt	10,380,000	–	–	–	–	–
Investment corporation bonds	10,000,000	5,000,000	–	–	5,000,000	24,500,000
Long-term debt	29,500,000	39,000,000	27,000,000	12,000,000	21,850,000	7,000,000
Total	49,880,000	44,000,000	27,000,000	12,000,000	26,850,000	31,500,000

#### 14. INVESTMENT AND RENTAL PROPERTIES

##### For the period from November 1, 2010 to April 30, 2011

The Company owns in its portfolio certain office buildings (including land) for lease located in Tokyo and other areas. The following table summarizes the carrying value and the estimated fair value of these properties as of April 30, 2011.

Carrying Value			Fair value	
As of April 30, 2011	Change during the period	As of October 31, 2010	As of April 30, 2011	
371,136,575	(3,433,307)	374,569,882	341,635,000	

Note 1: The Carrying Value represents the acquisition cost less accumulated depreciation.

Note 2: The fair value as of April 30, 2011 represents the sum of the appraisal values estimated by external real estate appraisers. However, for NOF Toyo-cho Building, 67% of the quasi-co-ownership held by the Company as of April 30, 2011, the price on the agreement of sale and purchase on December 8, 2010, is used as the fair value.

The real estate rental revenues and expenses for the six-month period ended April 30, 2011 is presented in "16. Breakdown of Real Estate Rental Revenues and Expenses."

##### For the period from May 1, 2010 to October 31, 2010

The Company owns in its portfolio certain office buildings (including land) for lease located in Tokyo and other areas. The following table summarizes the carrying value and the estimated fair value of these properties as of October 31, 2010.

Carrying Value			Fair value	
As of October 31, 2010	Change during the period	As of April 30, 2010	As of October 31, 2010	
374,569,882	(1,281,609)	375,851,491	353,363,000	

Note 1: The Carrying Value represents the acquisition cost less accumulated depreciation.

Note 2: The fair value as of October 31, 2010 represents the sum of the appraisal values estimated by external real estate appraisers.

The real estate rental revenues and expenses for the six-month period ended October 31, 2010 is presented in "16. Breakdown of Real Estate Rental Revenues and Expenses."

#### 15. SEGMENT INFORMATION

##### For the period from November 1, 2010 to April 30, 2011 and from May 1, 2010 to October 31, 2010

##### Segment Information

Since the Company has been engaged in the real estate leasing business as a single segment, segment information has been omitted.

##### Related Information

##### 1. Information about products and services

Since revenues from external customers of products and services within a single segment are more than 90 percent of total operating revenues, information about products and services has been omitted.

##### 2. Information about geographical areas

##### (1) Revenues

Since more than 90 percent of the total operating revenues were generated from external customers in Japan, geographical breakdown of revenues has been omitted.

##### (2) Property and equipment

Since more than 90 percent of the total property and equipment on the balance sheet are located in Japan, geographical breakdown of property and equipment has been omitted.

##### 3. Information about major clients

Since no single external client represents 10 percent or more of the Company's total operating revenues, information about major clients has been omitted.

#### 16. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month period ended April 30, 2011 and October 31, 2010 consist of the following:

	Thousands of Yen	
	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
<b>Real estate rental revenues</b>	<b>¥12,846,039</b>	¥13,364,441
Rental revenues	11,724,063	12,020,206
Rental revenues	9,475,685	9,779,004
Common area charges	2,248,378	2,241,202
Other rental revenues	1,121,976	1,344,235
Parking revenues	258,602	259,448
Incidental income	792,174	1,015,971
Other miscellaneous revenues	71,200	68,816
<b>Real estate rental expenses</b>	<b>5,741,473</b>	5,883,558
Property management costs	1,089,967	1,078,936
Property management fees	263,254	232,466
Property and other taxes	1,211,199	1,218,289
Utility expenses	826,025	1,028,750
Casualty insurance	23,669	26,275
Repairs and maintenance	242,160	187,697
Depreciation	1,861,135	1,876,802
Other rental expenses	224,064	234,343
<b>Real estate rental profits</b>	<b>¥ 7,104,566</b>	¥ 7,480,883

#### 17. BREAKDOWN OF GAIN AND LOSS ON SALES OF REAL ESTATE

Gain on sales of real estate for the six-month period ended April 30, 2011 and October 31, 2010 consist of the following:

	Thousands of Yen	
	For the period from November 1, 2010 to April 30, 2011	For the period from May 1, 2010 to October 31, 2010
<b>Gain on sales of real estate</b>		
Proceeds from sales of real estate	¥2,859,000	–
Cost of sales of real estate	2,322,399	–
Other related sales expenses	264,701	–
<b>Gain on sales of real estate</b>	<b>¥ 271,900</b>	–

## 18. LEASES

Finance lease agreements, excluding those in which the ownership of the leased assets is deemed to be transferred to the lessee, are mainly for tools, furniture and fixtures in trust. Depreciation of leased assets under finance lease transactions excluding those in which the ownership of the leased assets is deemed to be transferred to the lessee are calculated by the straight-line method, over the lease period with no residual value.

The Company, as a lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years for offices. The future minimum rental revenues under existing non-cancelable operating lease agreements as of April 30, 2011 and October 31, 2010 are summarized as follows:

	Thousands of Yen	
	As of April 30, 2011	As of October 31, 2010
Due within one year	¥ 4,229,219	¥ 4,597,339
Due after one year	20,524,275	23,376,402
Total	¥24,753,494	¥27,973,741

## 19. DERIVATIVES AND HEDGE ACCOUNTING

### Derivative transactions as of April 30, 2011

- (1) There were no derivative financial instruments not subject to hedge accounting.  
 (2) Derivative financial instruments subject to hedge accounting were as follows:

Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
			Due after one year	Due after one year		
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	88,850,000	58,850,000	(*)	

\* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see "13. Financial Instruments (Note 2) (v) Current portion of long-term debt and (vii) Long-term debt" above).

### Derivative transactions as of October 31, 2010

- (1) There were no derivative financial instruments not subject to hedge accounting.  
 (2) Derivative financial instruments subject to hedge accounting were as follows:

Hedge accounting method	Type of derivative instruments	Main hedged item	Notional amount		Fair value	Method used for determining fair value
			Due after one year	Due after one year		
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	95,350,000	68,850,000	(*)	

\* Since the derivative financial instruments qualifying for the special treatment of interest-rate swaps are accounted for as one transaction together with their hedged item, long-term debt, the fair value of these derivatives is included in that of related long-term debt (see "13. Financial Instruments (Note 2) (v) Current portion of long-term debt and (vii) Long-term debt" above).

## 20. SIGNIFICANT SUBSEQUENT EVENTS

### Transfer of a Property

The Company completed the transfer of 67% of the quasi-co-ownership interest in each of the two real estate trust beneficial interests of NOF Toyo-cho Building on May 10, 2011. Consumption taxes and adjustments of property taxes are excluded from the transfer price.

### NOF Toyo-cho Building

Type of Asset (Note 1) : Trust Beneficial Interest  
 Date of Agreement : December 8, 2010  
 Transfer Date : May 10, 2011  
 Transfer Price : ¥5,805,000,000  
 Transferee : Japanese General Operating Company  
 Impact on Revenues : Gain on sales of real estate of ¥1,006 million (miscellaneous expenses excluded), as part of operating revenues for the sixteenth fiscal period (from May 1, 2011 to October 31, 2011) is scheduled to be reported.

Note 1: The Property is composed of two beneficial interests, in each of which 50% co-ownership interest in the land and building is mainly entrusted.



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 Fax: +81 3 3503 1197

## Report of Independent Auditors

To the Board of Directors of  
 Nomura Real Estate Office Fund, Inc.

We have audited the accompanying balance sheets of Nomura Real Estate Office Fund, Inc. as of April 30, 2011 and October 31, 2010, and the related statements of income and retained earnings, changes in net assets, and cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Office Fund, Inc. at April 30, 2011 and October 31, 2010, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

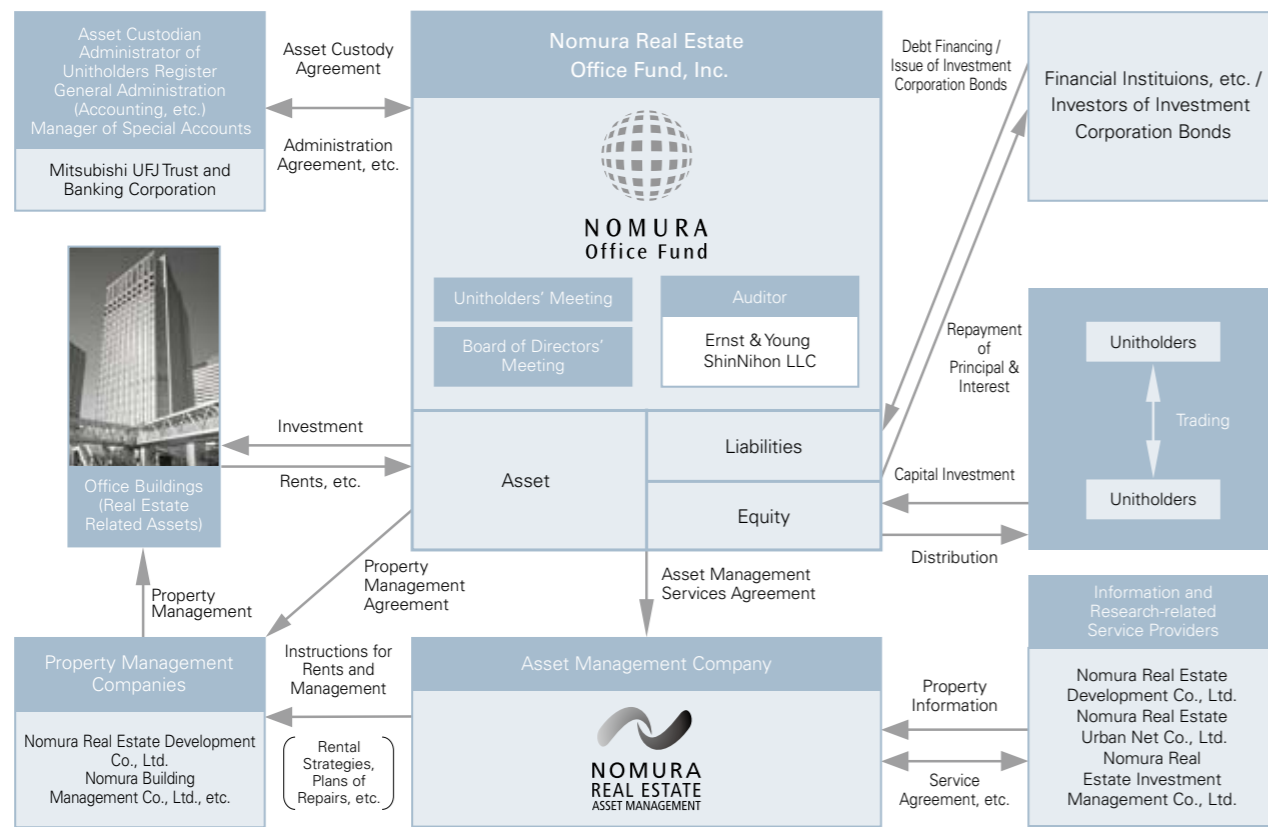
### Supplemental Information

As described in Note 20, Significant Subsequent Events, the Company transferred its property.

July 13, 2011

*Ernst & Young Shin Nihon LLC*

## Business Structure



## Corporate Data

### Corporate Name

Nomura Real Estate Office Fund, Inc.

### Corporate Office

8-5-1 Nishi Shinjuku Shinjuku-ku, Tokyo  
160-0023, Japan  
<http://www.nre-of.co.jp/english/>

### Date of Incorporation

August 7, 2003

### Stock Listing

Tokyo Stock Exchange (Securities Code: 8959)

### Fiscal Period

Six months ending on April 30 and October 31

### Capital

¥185,455,446,935 (as of April 30, 2011)

### Number of Units Issued

305,123 (as of April 30, 2011)

### Number of Unitholders

12,185 (as of April 30, 2011)

### Transfer Agent

Mitsubishi UFJ Trust and Banking Corporation  
1-4-5 Marunouchi Chiyoda-ku, Tokyo 100-8212, Japan

### Business Office of the Transfer Agent

Corporate Agency Department  
Mitsubishi UFJ Trust and Banking Corporation  
7-10-11 Higashisuna Koto-ku, Tokyo 137-8081, Japan  
Tel: +81-3-5683-5111

### Independent Auditors

Ernst & Young ShinNihon LLC  
Hibiya Kokusai Bldg. 2-2-3 Uchisaiwai-cho Chiyoda-ku,  
Tokyo 100-0011, Japan

### Investor Relations

For further information, please contact the Asset Management Company:  
Nomura Real Estate Asset Management Co., Ltd.  
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Tel: +81-3-3365-0507

## Website

### Nomura Office Fund's Website

The Company strives to provide accurate and timely disclosure of information by utilizing the website.

- Strength of NOF, Asset Management Policies, Corporate Profile
- Portfolio Summary, Portfolio Data, Occupancy Rates, Major Tenants
- News, Latest Data, Performance, Distributions, Calendar

We continue to provide information timely and strive to enhance the contents of the website.

(URL) <http://www.nre-of.co.jp/english/>

The screenshots illustrate the website's content:

- Posting the news by year and subject:** A news section with filters for year and subject.
- Posting the latest information on the top page \*RSS compatible:** A top page with a news feed and a map of the portfolio.
- Posting summaries, maps, occupancy rates, etc., of the portfolio:** A detailed view of a specific property with a map and occupancy data.
- Posting the latest fund data:** A section displaying the latest fund performance metrics.

## Disclaimer

This semiannual report includes translations of certain Japanese documents originally filed under the Securities and Exchange Law of Japan. This report was prepared in English solely for the convenience of and reference by readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents always govern the meaning and interpretation. In general, accounting principles and practices used by real estate investment corporations in Japan ("J-REITs") in preparing its financial statements conform with accounting principles generally accepted in Japan ("Japanese GAAP"). However, they may differ from generally accepted accounting principles applied in certain other countries. Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and generally accepted accounting principles in the United States ("U.S. GAAP") or other jurisdictions and how those differences might affect the financial information contained herein. Estimates for Nomura Office Fund's future operating results contained in this semiannual report are forward-looking statements and are based on information currently available to Nomura Office Fund and its asset management company and are subject to risks and uncertainties. Consequently, these projections should not be relied upon as the sole basis for evaluating Nomura Office Fund. Actual results may differ substantially from the projections depending on a number of factors.



**NOMURA**  
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NOMURA REAL ESTATE OFFICE FUND, INC.

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