



NOMURA  
Office Fund

# NOMURA REAL ESTATE OFFICE FUND

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Financial Results of 7th Fiscal Period  
(Ended April 30, 2007)



NOMURA REAL ESTATE OFFICE FUND



NOMURA REAL ESTATE ASSET MANAGEMENT

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**NOMURA REAL ESTATE OFFICE FUND**

April 2007



# 1. Overview of Fund Management

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# Highlights of the 7th Fiscal Period



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## Performance of the Current Period (181 business days)

	Current Period (April 2007)	Comparison with Previous Period		Forecasts as of February 22, 2007	Comparison with Actual Results	
Operating Revenues	¥ 11,090 mln	+ ¥ 351 mln	+ 3.3%	¥ 10,914 mln	+ ¥ 176 mln	+ 1.6%
Operating Income	¥ 5,137 mln	- ¥ 45 mln	- 0.9%	¥ 4,941 mln	+ ¥ 196 mln	+ 4.0%
Net Income	¥ 4,466 mln	+ ¥ 236 mln	+ 5.6%	¥ 4,327 mln	+ ¥ 138 mln	+ 3.2%
Cash Distribution per Unit	¥16,750 / unit	+ ¥ 845 / unit	+ 5.3%	¥ 16,275 / unit	+ ¥ 475 / unit	+ 2.9%

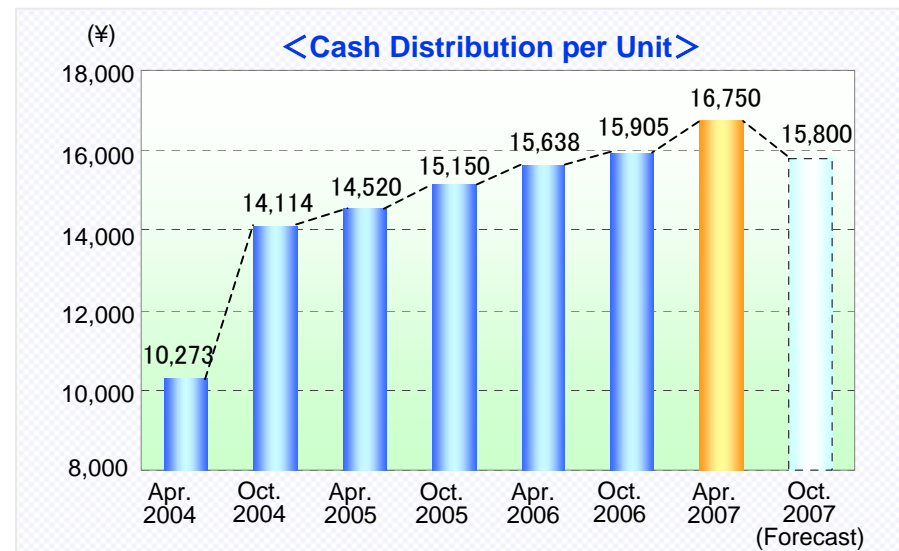
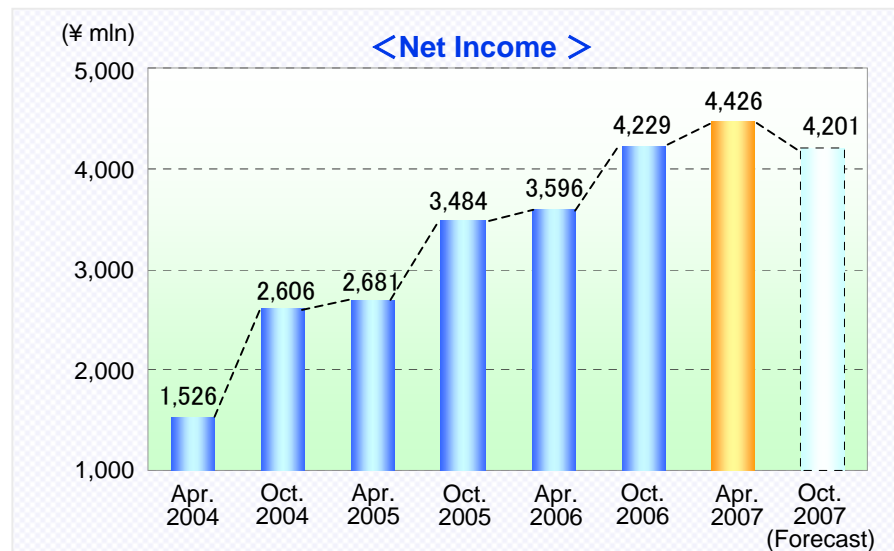
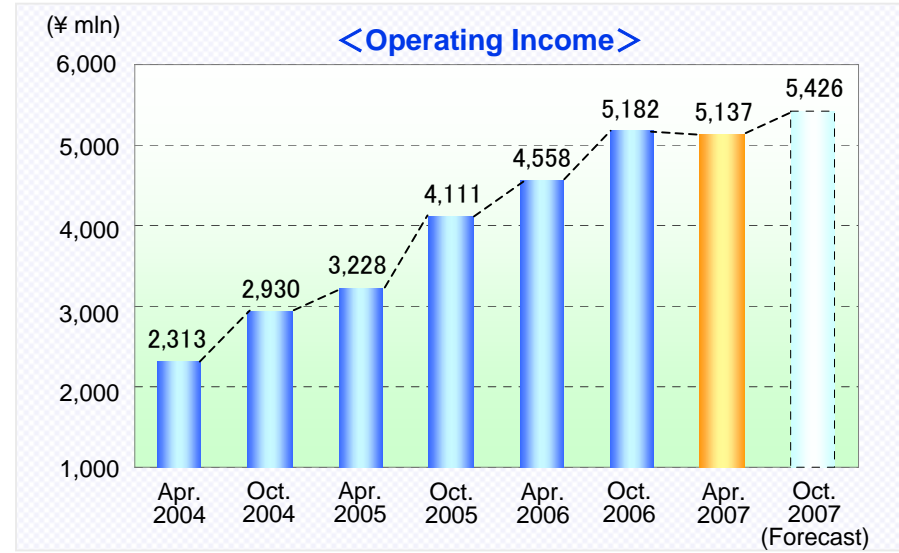
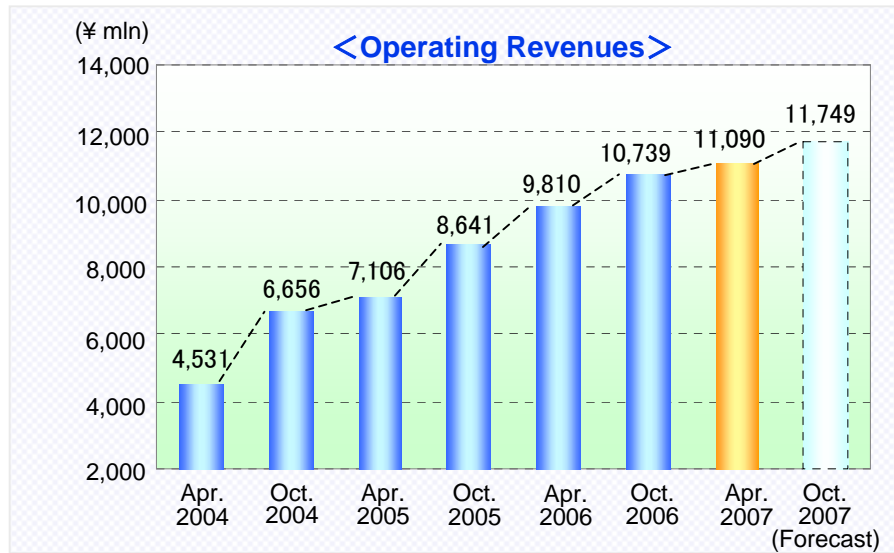
## Notable Activities (November 1, 2006 – April 30, 2007)

Investment Sector	Asset Management Sector	Financial Sector	Others
<p><b>Utilization of Nomura Real Estate Group's Pipeline</b></p> <ul style="list-style-type: none"> <li>Acquisition of Omron Kyoto Center Bldg (¥23.7 bln)</li> </ul> <p>➔ End-of-Period Total Portfolio: <b>¥282.8 bln</b></p>	<p><b>Improved Rental Level</b></p> <ul style="list-style-type: none"> <li>Steady increase in rents for both new and renewed tenants</li> <li>Implementation of various refurbishment works</li> </ul> <p>➔ Average Unit Rent for Portfolio: <b>+1.6%</b> (30 properties held at the end of 6th period)</p>	<p><b>Improved Financial Stability</b></p> <ul style="list-style-type: none"> <li>Improved credit ratings</li> <li>Issuance of Investment Corporation Bonds (total of ¥14.5 bln)</li> </ul> <p>➔ •Duration <b>6.0 years</b> (Average of Total Long-term Debt) •Fixed Interest <b>94.2%</b></p>	<p><b>Established Superficies for NOF Sendai Aoba-dori Bldg</b></p> <ul style="list-style-type: none"> <li>Executed superficies contract with Sendai City, which plans to build a subway in the underground portion of the site.</li> <li>Receipt of compensation from Sendai City contributed to temporary increase in earnings</li> </ul>

# Changes in Performance



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## 2. Future Management Policies

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# Analysis of the Market



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## Real Estate Investment Market

### Current

- Aggressive forecast of rental increase continues to be priced in (decrease in cap rate at the time of acquisition)
- Originators have continued to hold

### Future

- Hikes in long-term interest rates will result in gradual bottoming-out of cap rates
- Increase in sales to realize capital gains (moves to sell property at time of implementation of Financial Products Exchange Act or Refinancing)



**Continue to focus on movements of interest rate and property owners. At the same time, enhance financing capacities to prepare for change in market conditions**

## Office Leasing Market

### Current

- Market rent (asked rent) continues to increase, centering on large Tokyo metropolitan area properties
- Increase in rental levels in regional cities are limited to few areas (Osaka, Nagoya)

### Future

- In Tokyo metropolitan area, rent increase will spread to medium-sized properties and surrounding areas
- In regional cities, rents in cities other than Osaka and Nagoya will start to increase



**For the time being, emphasis on increasing renewed rents centering on Tokyo metropolitan area.**

## J-REIT Market

### Current

- Market lead by foreign investors
- Investment in asset management companies and large volume holding by foreign capital

### Future

- Incorporation of J-REITs to global real estate markets



**Offering strategies and IR activities targeting overseas investors become increasingly important**

# Future Growth Strategies



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## External Growth: "Utilization of 2% Capital Cost"

- Continue investment in carefully selected premium properties
- Actively acquire development and large-size properties
- Continue "the Premium Capital Increase" along with expansion of asset size

- Stabilize profit through portfolio expansion
- Improve BPS

**Aim for  
"Further Stabilization of Fund Profits"  
And  
"Steady Growth of EPS"**

- Improve portfolio NOI
- Smooth repair expenses

## Internal Growth: "2% increase in Rental Level"

- Increase in average unit rent (2-3% p.a.)
- Early implementation of large-scale repair works
- Consider fixing rent for large tenants

- Control interest rate expenses
- Maintain / secure financing capacities

## Financial Strategy: "Preparing for 2% interest rates"

- Maintain stable financial position in preparation for interest rate hikes
- Control interest rate expenses and secure property acquisition capacities through appropriate LTV controls





## 3. Details of the Financial Results

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# Income Statement



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		6th Fiscal Period		7th Fiscal Period			
		May 1, 2006 - Oct 31, 2006		Nov 1, 2006 - Apr 30, 2007			
		(¥000)	(%)	(¥000)	(%)		
Current Profits	Rental Business Revenues	Rental business revenues	9,531,459	88.7	9,981,093	90.0	
		Rental revenues	7,620,705	71.0	8,038,230	72.5	
		Common area charges	1,910,754	17.8	1,942,862	17.5	
		Other rental business revenues	1,208,377	11.3	1,109,894	10.0	
		Monthly parking revenues	222,897	2.1	238,824	2.2	
		Incidental income	913,792	8.5	798,947	7.2	
		Other rental revenues	70,522	0.7	70,899	0.6	
		Miscellaneous revenues	1,165	0.0	1,222	0.0	
		Total Rental Business Revenues	10,739,836	100.0	11,090,987	100.0	
	Operating Profits	Rental Business Expenses	Property management costs	1,065,237	9.9	1,135,710	10.2
			Taxes and duties	827,338	7.7	857,744	7.7
			Utility expenses	882,912	8.2	784,754	7.1
			Insurance expenses	23,439	0.2	22,713	0.2
			Repairs and maintenances	198,792	1.9	350,087	3.2
			Other expenses	150,382	1.4	176,271	1.6
			Depreciation	1,471,825	13.7	1,478,414	13.3
			Total Rental Business Expenses	4,619,929	43.0	4,805,696	43.3
			Rental Profits	6,119,907	57.0	6,285,290	56.7
	Non-operating Profits	Non-operating Profits	Asset management fees	781,981	7.3	976,483	8.8
Selling and administrative expenses			154,975	1.4	171,125	1.5	
Operating Profits			5,182,950	48.3	5,137,681	46.3	
Non-operating revenues			13,813	0.1	404,195	3.6	
Compensation for superficies establishment			—	—	295,747	2.7	
Other non-operating revenues			13,813	0.1	108,447	1.0	
Non-operating expenses			966,442	9.0	1,075,054	9.7	
Interest expenses			510,507	4.8	563,127	5.1	
Interest expenses on bonds			270,423	2.5	306,543	2.8	
Amortization of bond issuance costs			38,429	0.4	40,641	0.4	
Loan arrangement fees	68,116	0.6	87,973	0.8			
Investment unit issuance costs	63,588	0.6	—	—			
Other non-operating expenses	15,378	0.1	76,768	0.7			
Non-operating Profits	▲ 952,628	▲ 8.9	▲ 670,858	▲ 6.0			
Current Profits	4,230,321	39.4	4,466,823	40.3			
Income before income taxes	4,230,321	39.4	4,466,823	40.3			
Corporate, local and enterprise taxes	1,057	0.0	605	0.0			
Tax adjustment	▲ 6	0.0	22	0.0			
Net Income	4,229,270	39.4	4,466,195	40.3			
Retained earnings brought forward	23	0.0	106	0.0			
Retained earnings at end of period	4,229,293	39.4	4,466,301	40.3			

## Rental Business Revenues

The total number of properties in the portfolio at the 7th period has become 31 as a result of new acquisition of 1 property: Omron Kyoto Center Building.

Occupancy rate for the 7th period (April 2007) was 98.5%, up 0.3% from 98.2% for the 6th period (October 2006).

## Taxes and Duties

Property taxes, urban planning taxes and other duties for the 7th period were charged on the 29 properties out of the total 31 properties held at the end of the 7th period.

## Repairs and Maintenances

In addition to cost of repair of ¥350 mln, there was capital expenditure of ¥757 mln, of which ¥131 mln was an initial reserve.

## Rental Profits: ¥6,825 mln

(+ ¥165 mln from the previous period)

Additional revenues from the newly acquired 1 property: + ¥46 mln  
Increase in revenues from the existing 30 properties: + ¥119 mln

Incidental Revenues:	Revenues received as utility charges, charges for usage of facility and signboard, etc.
Other Rental Revenues:	Hourly parking charges, etc.
Miscellaneous Revenues:	Ground rents, etc.
Other Expenses:	Trust fees, commissions, other maintenance fees, etc.
Operating Expenses:	Administrative service, custodian, and auditing fees, etc.
Non-operating Expenses:	Cost of restitution in integrum, etc.

# Balance Sheet



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## Assets

	6th Fiscal Period as of Oct 31, 2006		7th Fiscal Period as of Apr 30, 2007	
	(¥000)	(%)	(¥000)	(%)
<b>Current Assets</b>	<b>28,237,092</b>	<b>9.8%</b>	<b>32,816,788</b>	<b>10.4%</b>
Cash and cash equivalents	11,190,780	3.9%	12,046,410	3.8%
Cash and cash equivalents in trust	16,678,494	5.8%	20,004,404	6.3%
Other current assets	367,818	0.1%	765,973	0.2%
<b>Fixed Assets</b>	<b>259,699,550</b>	<b>90.2%</b>	<b>282,376,844</b>	<b>89.5%</b>
<b>Tangible assets</b>	<b>259,449,826</b>	<b>90.1%</b>	<b>282,130,219</b>	<b>89.5%</b>
<b>Properties</b>	<b>15,253,597</b>	<b>5.3%</b>	<b>15,209,137</b>	<b>4.8%</b>
Buildings	4,252,633	1.5%	4,201,142	1.3%
Lands	11,000,964	3.8%	11,007,994	3.5%
<b>Properties in trust</b>	<b>244,190,524</b>	<b>84.8%</b>	<b>266,903,384</b>	<b>84.6%</b>
Buildings	70,325,629	24.4%	79,250,169	25.1%
Lands	173,864,895	60.4%	187,653,215	59.5%
Other tangible assets	5,704	0.0%	17,697	0.0%
Other tangible assets	5,704	0.0%	17,697	0.0%
Intangible assets	2,031	0.0%	1,929	0.0%
Trust and other intangible assets	2,031	0.0%	1,929	0.0%
Investments and other assets	247,692	0.1%	244,695	0.1%
Security deposits	211,230	0.1%	211,230	0.1%
Investments and other assets	36,462	0.0%	33,465	0.0%
Deferred assets	124,007	0.0%	208,925	0.1%
Issuing cost of corporation bonds	124,007	0.0%	208,925	0.1%
<b>Total Assets</b>	<b>288,060,650</b>	<b>100.0%</b>	<b>315,402,557</b>	<b>100.0%</b>

### Cash and Cash Equivalents

	(¥ mln)
<b>Deposits in own name</b>	<b>12,046</b>
Equivalent to security deposits received	1,913
Equivalent to reserved capital expenditure	3,554
Others	6,578
<b>Deposits in trust</b>	<b>20,004</b>
Equivalent to security deposits received	12,790
Equivalent to reserved capital expenditures	190
Others	7,023

### Tangible Assets

	Acquisition price	Accumulated depreciation	Depreciation for current term	End-of-term book value
<b>Properties</b>	<b>290,329</b>	<b>8,217</b>	<b>(1,478)</b>	<b>282,112</b>
Buildings in trust	87,352	8,101	(1,411)	79,250
Lands in trust	187,653	-	-	187,653
Buildings	4,316	115	(67)	4,201
Lands	11,007	-	-	11,007

## Liabilities and Net Assets

	6th Fiscal Period as of Oct 31, 2006		7th Fiscal Period as of Apr 30, 2007	
	(¥000)	(%)	(¥000)	(%)
<b>Current Liabilities</b>	<b>23,181,723</b>	<b>8.0%</b>	<b>26,768,779</b>	<b>8.5%</b>
Trade accounts payable	553,399	0.2%	644,503	0.2%
Short-term debt	2,000,000	0.7%	1,500,000	0.5%
Long-term debt to be repaid within 1 year	17,500,000	6.1%	21,000,000	6.7%
Other accounts payable	1,252,622	0.4%	1,586,180	0.5%
Rent received in advance	1,759,142	0.6%	1,880,883	0.6%
Other current liabilities	116,559	0.0%	157,212	0.0%
<b>Fixed Liabilities</b>	<b>103,874,728</b>	<b>36.1%</b>	<b>127,412,588</b>	<b>40.4%</b>
Corporation bonds	30,000,000	10.4%	44,500,000	14.1%
Long-term debt	56,500,000	19.6%	63,000,000	20.0%
Security deposits	660,327	0.2%	662,645	0.2%
Security deposits in trust	16,705,318	5.8%	19,195,895	6.1%
Other fixed liabilities	9,082	0.0%	54,048	0.0%
<b>Total Liabilities</b>	<b>127,056,452</b>	<b>44.1%</b>	<b>154,181,368</b>	<b>48.9%</b>
<b>Unitholders' Equity</b>	<b>160,996,487</b>	<b>55.9%</b>	<b>161,233,495</b>	<b>51.1%</b>
Unitholders' capital	156,767,193	54.4%	156,767,193	49.7%
Retained earnings	4,229,293	1.5%	4,466,301	1.4%
Variance from valuation and translation	7,710	0.0%	▲ 12,305	▲ 0.0%
Deferred hedge gains	7,710	0.0%	▲ 12,305	▲ 0.0%
<b>Total Net Assets</b>	<b>161,004,197</b>	<b>55.9%</b>	<b>161,221,189</b>	<b>51.1%</b>
<b>Total Liabilities and Net Assets</b>	<b>288,060,650</b>	<b>100.0%</b>	<b>315,402,557</b>	<b>100.0%</b>

### Debts

<b>Balance of interest-bearing debts</b>	<b>¥130,000 mln</b>
<b>Interest-bearing debts ratio</b>	$\left( \frac{\text{S/T debts} + \text{L/T debts} + \text{Corp bonds}}{\text{Total assets}} \right)$ <b>41.2%</b>
<b>Long-term interest-bearing debt ratio</b>	$\left( \frac{\text{L/T debts} + \text{Corp bonds}}{\text{Total debts}} \right)$ <b>82.7%</b>

# Cash Distribution



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## Cash Distribution

		6th Fiscal Period from May 1, 2006 to Oct 31, 2006	7th Fiscal Period from November 1, 2006 to April 30, 2007
Retained Earnings	(¥000)	4,229,293	4,466,301
Cash Distribution	(¥000)	4,229,187	4,453,875
Cash Distribution per Unit	(¥)	15,905	16,750
Balance Carried Forward	(¥000)	106	12,426

### ● Cash Distribution

Cash distribution for the 7th period was decided to be within the maximum earnings amount prescribed in Article 136 of the Law Concerning Investment Trust and Investment Corporations (amount calculated by subtracting the total unitholders' capital, etc., from net assets on the balance sheet), or ¥ 4,453,995,000, out of the retained earnings amount of ¥4,466,301,000.

With pay-out to total outstanding number of units as of the period-end of 265,903, cash distribution per unit was ¥16,750.

## Comparison with Forecasts

		Forecasts announced on Feb 22, 2007	Actual Results for the 7th Fiscal Period	Difference (amount)	Difference (%)
Operating Revenues	(¥mIn)	10,914	11,090	176	1.6
Current Profits	(¥mIn)	4,328	4,466	138	3.2
Net Income	(¥mIn)	4,327	4,466	138	3.2
Cash Distribution per Unit	(¥)	16,275	16,750	475	2.9

### ● Difference between Forecasts and Actual Results

- Operating Revenues  
Incremental revenues brought by acquisition of Omron Kyoto Center Bldg and the other 30 bldgs: ¥176 mln
- Current Profits  
Difference in non-operating profits from increase in interest payments, etc.: - ¥58 mln

# Interest-Bearing Debts



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As of April 30, 2007

	Lender	Amount	Type of Interest	Interest Rate (p.a.)	Repayment Date	Remarks
Short-term debt (including long-term debt due for repayment within one year)	5 finan insti	¥1,500 mln	Floating	1.10727% (From Mar 19, 2007 to Aug 26, 2007)	Aug. 27, 2007	Unsecured / Unguaranteed
	1 finan insti	¥2,000 mln	Floating	1.24636% (From Feb 28, 2007 to Aug 28, 2007)	Aug. 28, 2007	
	6 finan insti	¥8,500 mln	Fixed (Note 3)	1.00625% (Weighted average after interest rate swap)	Dec. 8, 2007	
	5 finan insti	¥7,500 mln	Fixed (Note 2)	1.22500% (Weighted average after interest rate swap)	Feb. 26, 2008	
	1 finan insti	¥3,000 mln	Fixed	1.05250%	Feb. 26, 2008	
<b>Total short-term debt</b>	<b>12 finan insti</b>	<b>¥22,500 mln</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term debt	4 finan insti	¥4,000 mln	Floating	1.08818% (From Feb 26, 2007 to Aug 27, 2007)	Aug. 26, 2008	Unsecured / Unguaranteed
	5 finan insti	¥8,000 mln	Fixed (Note 1)	1.66750% (Weighted average after interest rate swap)	Dec. 8, 2008	
	4 finan insti	¥5,000 mln	Fixed	1.51625%	Dec. 8, 2008	
	2 finan insti	¥2,000 mln	Fixed (Note 4)	1.19000% (Weighted average after interest rate swap)	Feb. 26, 2009	
	1 finan insti	¥3,000 mln	Fixed (Note 2)	1.77500% (Weighted average after interest rate swap)	Feb. 26, 2010	
	1 finan insti	¥1,000 mln	Fixed	1.50625%	Feb. 26, 2010	
	3 finan insti	¥2,500 mln	Fixed	1.48375%	Feb. 26, 2010	
	2 finan insti	¥2,000 mln	Fixed	1.65500%	Aug. 26, 2010	
	5 finan insti	¥7,500 mln	Fixed (Note 4)	1.68000% (Weighted average after interest rate swap)	Feb. 26, 2011	
	3 finan insti	¥4,000 mln	Fixed (Note 6)	1.63825% (Weighted average after interest rate swap)	Aug. 26, 2011	
	7 finan insti	¥11,000 mln	Fixed (Note 5)	1.89764% (Weighted average after interest rate swap)	Feb. 26, 2012	
	5 finan insti	¥5,000 mln	Fixed	1.43750%	Aug. 26, 2012	
	1 finan insti	¥1,000 mln	Fixed	1.53625%	Aug. 26, 2012	
	1 finan insti	¥1,000 mln	Fixed	1.75250%	Feb. 26, 2013	
	1 finan insti	¥2,000 mln	Fixed	1.99250%	Feb. 26, 2013	
3 finan insti	¥4,000 mln	Fixed	1.98000%	Mar. 19, 2014		
<b>Total long-term debt</b>	<b>27 finan insti</b>	<b>¥63,000 mln</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total debt</b>	<b>28 finan insti</b>	<b>¥85,500 mln</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
1st series corp bond	Private placement	¥5,000 mln	Fixed	1.85%	Mar. 16, 2015	Unsecured / Unguaranteed
2nd series corp bond	Private placement	¥5,000 mln	Fixed	2.47%	Mar. 16, 2020	
3rd series corp bond	Public offering	¥10,000 mln	Fixed	1.19%	Nov. 29, 2010	
4th series corp bond	Public offering	¥10,000 mln	Fixed	2.05%	Nov. 30, 2015	
5th series corp bond	Public offering	¥5,000 mln	Fixed	1.61%	Mar. 19, 2012	
6th series corp bond	Public offering	¥5,000 mln	Fixed	2.21%	Mar. 17, 2017	
7th series corp bond	Public offering	¥4,500 mln	Fixed	2.90%	Mar. 17, 2028	
<b>Total corporation bond</b>	<b>-</b>	<b>¥44,500 mln</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total</b>	<b>28 finan insti</b>	<b>¥130,000 mln</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Note 1) Fixed by interest rate swap from Dec 8, 2003

(Note 2) Fixed by interest rate swap from May 27, 2004

(Note 3) Fixed by interest rate swap from Dec 8, 2004

(Note 4) Fixed by interest rate swap from Feb 27, 2006

(Note 5) Fixed by interest rate swap from Dec 8, 2006

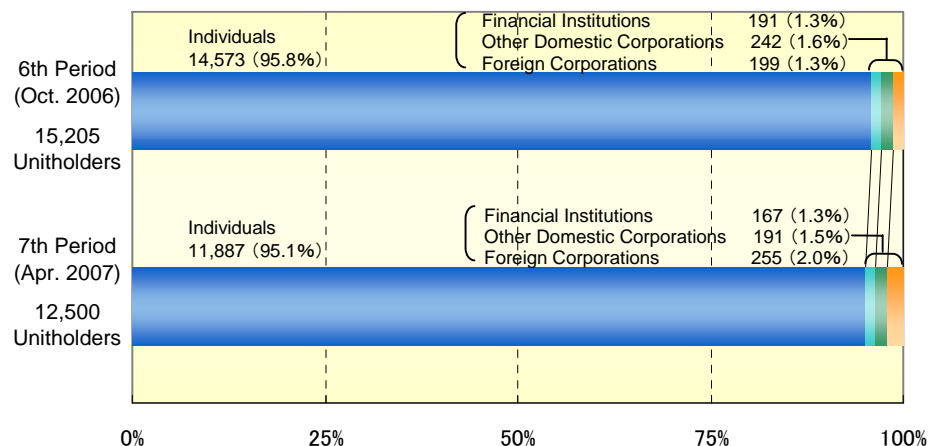
(Note 6) Fixed by interest rate swap from Mar 19, 2007

# Unitholders

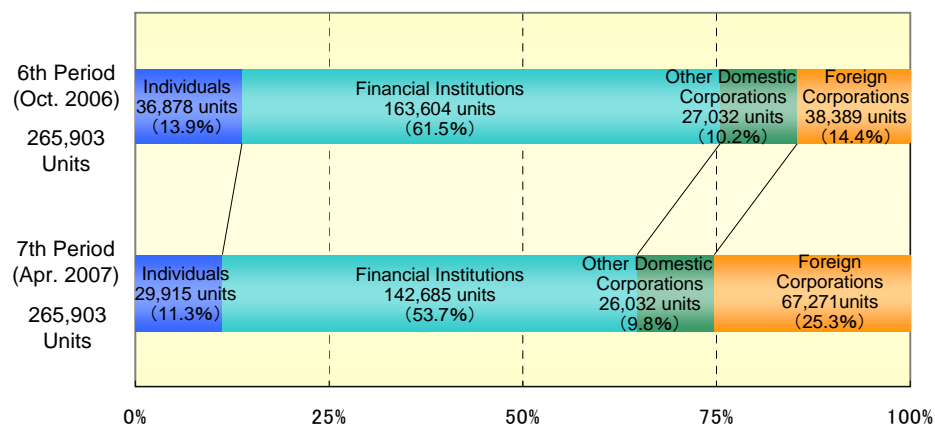


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## Number of Unitholders



## Number of Investment Units



## Breakdown of Financial Institutions

	6th Period		7th Period	
Banks	58,530	22.0%	43,868	16.5%
Trust Banks	71,005	26.7%	71,192	26.8%
Life companies	9,185	3.5%	7,413	2.8%
Non-Life Companies	5,458	2.1%	3,600	1.4%
Other Financial Institutions	19,426	7.3%	16,612	6.2%
<b>Total</b>	<b>163,604</b>	<b>61.5%</b>	<b>142,685</b>	<b>53.7%</b>

## Top 10 Unitholders

Unitholders	Units	Ratio
1 Japan Trustee Services Bank, Ltd.	17,140	6.45%
2 NikkoCiti Trust and Banking Corporation	16,659	6.27%
3 The Master Trust Bank of Japan, Ltd.	16,394	6.17%
4 Nomura Real Estate Development Co., Ltd.	13,326	5.01%
5 Trust & Custody Services Bank, Ltd.	11,642	4.38%
6 The Nomura Trust and Banking Co., Ltd.	7,086	2.66%
7 Kawasaki Gakuen	7,000	2.63%
8 The Bank of New York, Treaty JASDEC Account	6,602	2.48%
9 The Bank of IKEDA, Ltd.	4,691	1.76%
10 National Mutual Insurance Federation of Agricultural Cooperatives	4,393	1.65%
<b>Total</b>	<b>104,933</b>	<b>39.46%</b>

(The ratio of Top 10 Unitholders for the 6th Period: 40.66%)

## 8th Fiscal Period (October 2007) Forecast



NOMURA  
Office Fund

	7th Period	8th Period	Difference	
	(¥mln)	Forecasts (¥mln)	(¥mln)	(%)
Rental business revenues	9,981	10,578	597	6.0
Other rental business revenues	1,109	1,171	61	5.5
<b>Total rental business revenues</b>	<b>11,090</b>	<b>11,749</b>	<b>658</b>	<b>5.9</b>
Property management costs	1,135	1,283	147	13.0
Taxes and duties	857	934	76	8.9
Utility expenses	784	886	101	13.0
Insurance expenses	22	23	0	2.7
Repairs and maintenances	350	494	144	41.3
Other expenses	176	181	5	2.9
Depreciation	1,478	1,476	▲1	▲0.1
<b>Total rental business expenses</b>	<b>4,805</b>	<b>5,280</b>	<b>474</b>	<b>9.9</b>
<b>Profits from rental business</b>	<b>6,285</b>	<b>6,469</b>	<b>183</b>	<b>2.9</b>
Asset Management fees	976	854	▲122	▲12.5
Operating expenses	171	188	17	10.0
<b>Operating Profits</b>	<b>5,137</b>	<b>5,426</b>	<b>288</b>	<b>5.6</b>
Non-operating revenues	404	22	▲381	▲94.5
Non-operating expenses	1,075	1,246	171	16.0
<b>Non-operating Profits</b>	<b>▲670</b>	<b>▲1,224</b>	<b>▲553</b>	<b>82.5</b>
<b>Current Profits</b>	<b>4,466</b>	<b>4,202</b>	<b>▲264</b>	<b>▲5.9</b>
Income before income taxes	4,466	4,202	▲264	▲5.9
Corporate, local and enterprise taxes	0	1	0	65.3
Tax adjustment	0	0	0	—
<b>Net Income</b>	<b>4,466</b>	<b>4,201</b>	<b>▲265</b>	<b>▲5.9</b>
Retained earnings brought forward	0	12	—	—
Retained earnings at end of period	4,466	4,213	—	—
<b>Outstanding units at period-end (unit)</b>	<b>265,903</b>	<b>265,903</b>	<b>0</b>	<b>0.0</b>
<b>Cash distribution per unit (¥)</b>	<b>16,750</b>	<b>15,800</b>	<b>▲950</b>	<b>▲5.7</b>

### Rental Business Revenues

Forecasts were made for the 8th period on the basis that the number of properties under management would remain to be 31 without any new acquisition or sale.

### Taxes and Duties

Property taxes, urban planning taxes and other duties for the 8th period were estimated on the basis that 31 properties, which were held at the end of the 7th period, would be taxable for that period.

### Other Rental Business Revenues:

Revenues received as monthly parking charges, utility charges, charges for usage of facility, etc.

Other Expenses: Trust fees, commissions, other maintenance fees, etc.

### Operating Expenses:

Administrative service, custodian, and auditing fees, etc.

### Non-operating Expenses:

Interests on debts, cost of issuance of investment corporation bonds, etc.



## 4. Fund Management Results

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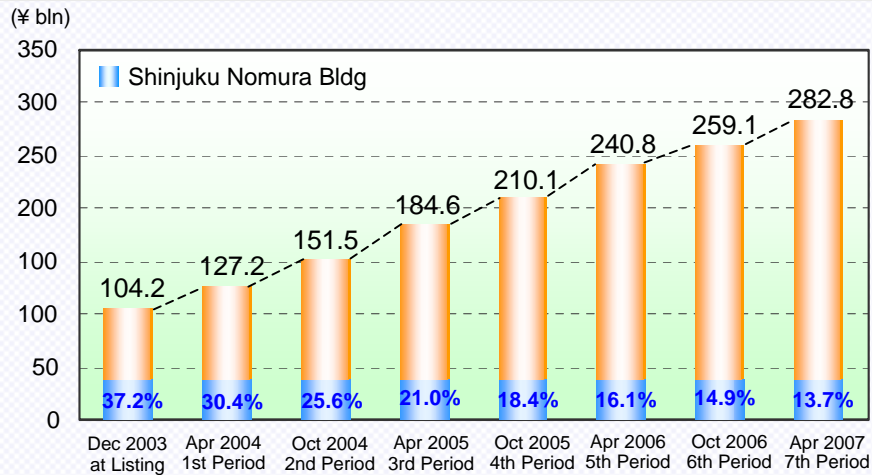


# Results of Investment Sector



NOMURA  
Office Fund

## Changes in Total Portfolio (by Acquisition Price)



### Steady growth of portfolio size

- Result of collaboration with Nomura Real Estate Group
- Carefully selected investment in prime properties that contribute to improvement in portfolio stability and growth

### Diversification of portfolio

- Weight of Shinjuku Nomura Bldg decreased to 13.7%
- Increase in investment risk taking capacities for development and large-size properties

## Investment Environments

### Capital in-flow to market

- Capital demand: continue to be strong
- Investor groups: expand
- Competitors in property acquisition: increase

### Supply of properties to market

- Property information: decreasing trend
- Property owners: tend to hold
- Development: increasing trend

Market continues to be tight as a result of gaps remaining between the two

<Number of information about acquirable properties> \*Office use only

6th Fiscal Period 142

7th Fiscal Period 125

- Cleared standard for consideration: 87
- Considered in detail: 24
- Currently under consideration: 12

# Portfolio Status



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Office Fund

## Acquired in the 7th Period: Omron Kyoto Center Bldg

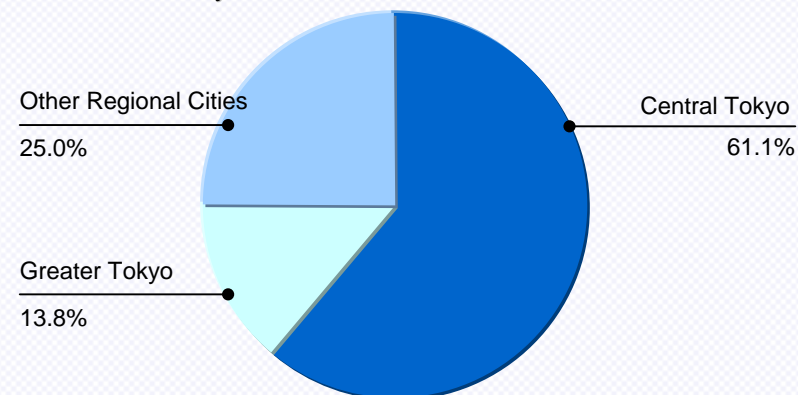


<b>Location</b>	Shimogyo-ku, Kyoto City	<b>【Features】</b>
<b>Floor</b>	34,616.84m <sup>2</sup> (10,471.59 tsubo)	<ul style="list-style-type: none"> <li>5 minutes' walk from Kyoto Station</li> <li>Completed in July 2000 (Building age: 7 years)</li> <li>Long-term leasing contract with Omron Corporation (until March 2021)</li> </ul>
<b>Type of Ownership</b>	(Land) Ownership (Bldg) Ownership	<b>【Policy】</b>
<b>Acquisition Price</b>	¥ 23,700 mln	<ul style="list-style-type: none"> <li>Long-term leasing contract with excellent tenant</li> <li>Improved stability of portfolio revenues</li> </ul>
<b>Date of Acquisition</b>	March 20, 2007	
<b>Seller</b>	Nomura Real Estate Development Co., Ltd.	

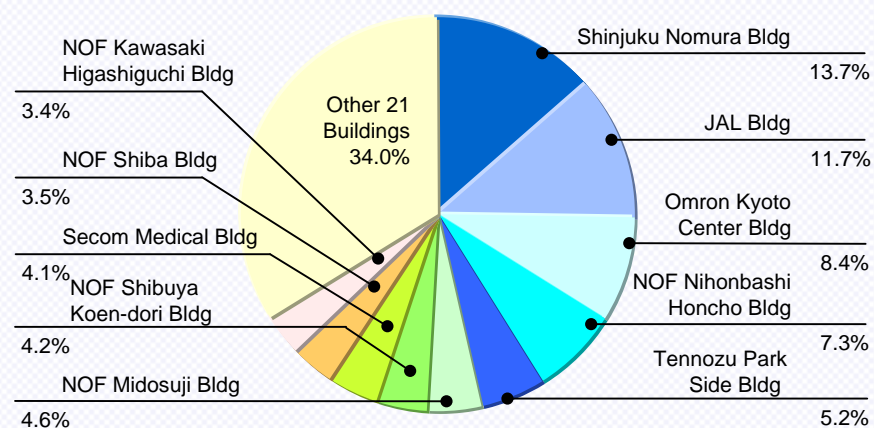
## Diversification of Portfolio (7th Period-End)

### ● Diversification by Location

※Based on Acquisition Price



### ● Diversification by Property (Main Top 10 Properties)



# Diversification of Tenants

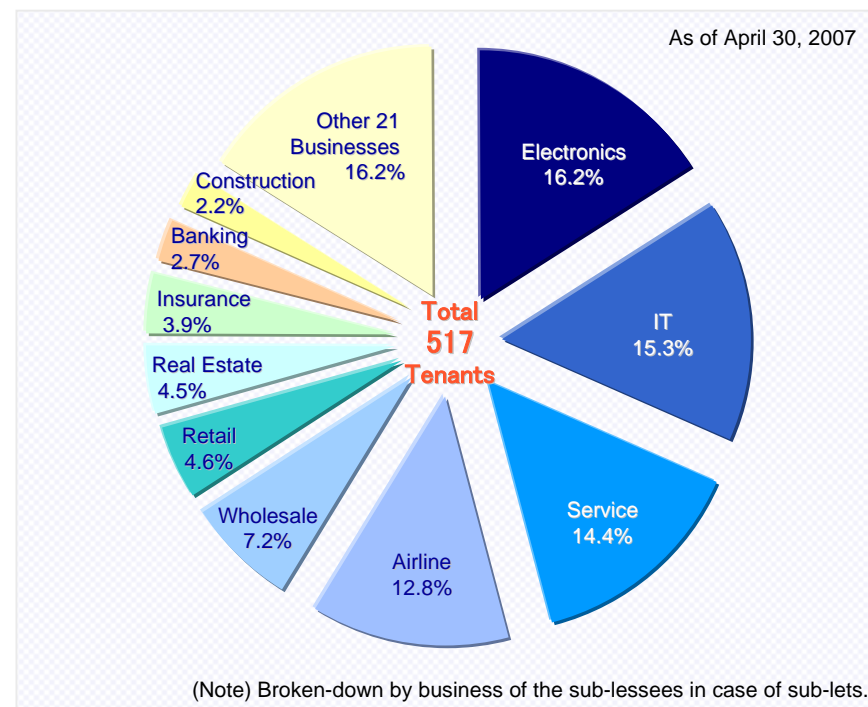


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## Top 10 Tenants (by Space)

Tenant	Industry	Property	Expiry of contract	Leased space (m <sup>2</sup> )	Weight in portfolio (%)	Weight for previous term (%)	
1	Flagship Properties Private Company	Real Estate	JAL Bldg.	Mar. 31, 2015	42,084.11	12.2	13.6
2	OMRON Corporation	Electronic Devices	Omron Kyoto Center Bldg.	Mar. 29, 2021	34,616.84	10.0	—
3	XYMAX AXIS CORPORATION	Real Estate	NOF Toyo-cho Bldg.	Nov. 30, 2009	18,218.17	5.3	5.9
4	FUJITSU LIMITED	Electronic Devices	NOF Technoport Kamata Center Bldg.	Mar. 31, 2009	3,813.62	1.1	1.2
			Faret Tachikawa Center Square	Dec. 31, 2007	255.15	0.1	0.1
			NOF Shin-Yokohama Bldg.	Sep. 30, 2008	6,547.74	1.9	2.1
5	SECOM Co., Ltd.	Services	Secom Medical Bldg.	Feb. 28, 2025	8,821.24	2.6	2.8
			NOF Sendai Aoba-dori Bldg.	Dec. 31, 2008	755.69	0.2	0.2
6	Nomura Real Estate Development Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	Nov. 30, 2013	4,916.89	1.4	1.2
			Nomura Osaka Bldg.	Nov. 30, 2013	345.37	0.1	0.1
			Nomura Yotsubashi Bldg.	Nov. 30, 2013	1,266.19	0.4	0.4
7	Nomura Facilities Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	May 31, 2008	574.11	0.2	0.4
			NOF Utsunomiya Bldg.	Dec. 31, 2007	1,140.85	0.3	0.4
			Nomura Yotsubashi Bldg.	Nov. 30, 2007	1,847.63	0.5	0.6
			Nomura Hiroshima Bldg.	Mar. 31, 2009	2,834.48	0.8	0.9
			NOF Surugadai Plaza Bldg.	Apr. 30, 2007	4,160.94	1.2	1.3
9	Shinsei Bank, Limited.	Bank	NOF Midosuji Bldg.	Jan. 31, 2010	2,774.75	0.8	0.9
			Hiroshima Tatemachi NOF Bldg.	Jan. 31, 2010	647.01	0.2	0.2
10	FUJITSU COMMUNICATION SERVICES LIMITED	IT	Tennozu Park Side Bldg.	Feb. 28, 2009	3,283.17	1.0	1.2
Total					138,903.95	40.2	

## Diversification in Business (by Space)



## Stable (Mid-to-Long Term) Contracts

Mid-to-long term contracts expiring after three years from now:

**7th Period End 33.3%** (based on floor space)

**24.3%** (based on contract rent)

# Results of Asset Management Sector



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Office Fund

## Changes in NOI Return of Portfolio

[Changes in NOI Return of Portfolio (%)]

	Apr 2004	Oct 2004	Apr 2005	Oct 2005	Apr 2006	Oct 2006	Apr 2007
NOI of Portfolio	7.2	6.2	6.1	6.1	5.9	6.0	5.7

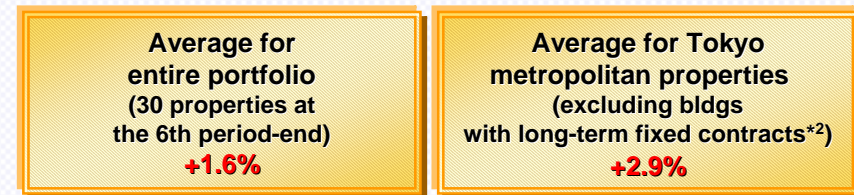
[Breakdown by the number of properties held at each Period-end (%)]

15 for 1st Period	7.2	6.5	6.7	6.6	6.6	7.1	6.9
18 for 2nd Period		6.2	6.3	6.4	6.3	6.8	6.7
19 for 3rd Period			6.1	6.2	6.1	6.4	6.3
23 for 4th Period				6.1	6.0	6.2	6.1
28 for 5th Period					5.9	6.1	6.0
30 for 6th Period						6.0	5.9
31 for 7th Period							5.7

- Main factors for change in NOI between 6th and 7th periods (based on 28 properties held at the beginning of 6th period)
  - Increase of rent/common service fees: + ¥107 mln (+1.2% from previous period) (rent increase from tenant turnover / lease renewals)
  - Increase in outsourcing expenses: - ¥48 mln (+4.6% from previous period) (mainly increased renewal incentive fees)
  - Increase in repair costs: - ¥142 mln (+73.4% from previous period) (due to the low level resulted in the previous period)

## Changes in Average Unit Rent\*1

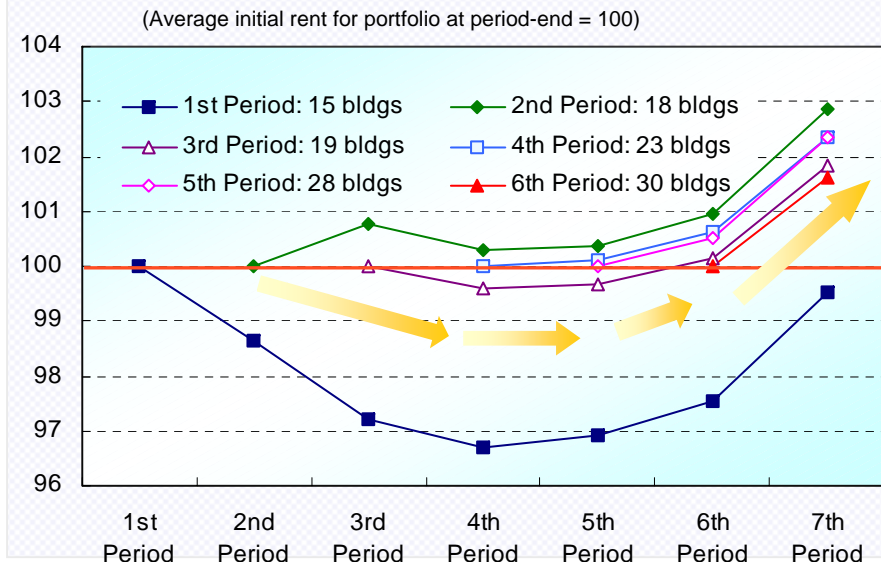
- Ratio of change between 6th and 7th periods



\*1 Average Unit Rent: Average of monthly rent and common area charges prescribed in lease contracts as of period-end.

\*2 JAL Building and Secom Medical Building.

- Changes in average unit rent

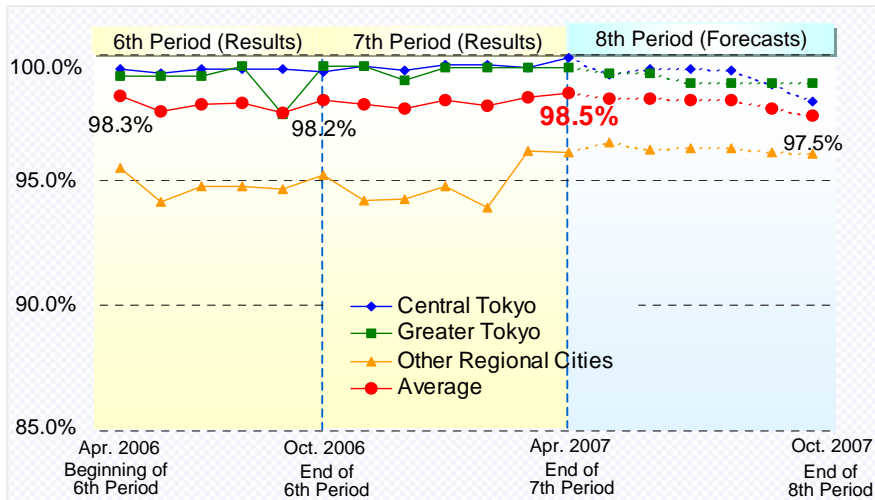


# Increase in Rent of Portfolio

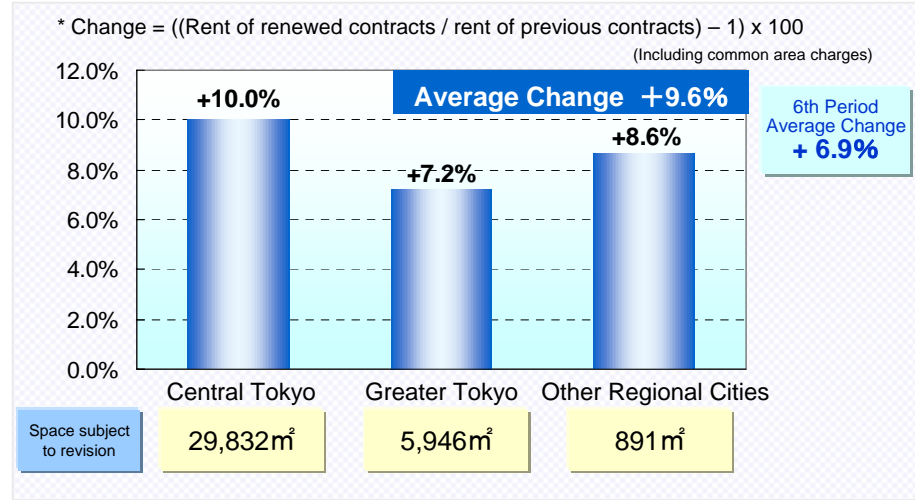


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Office Fund

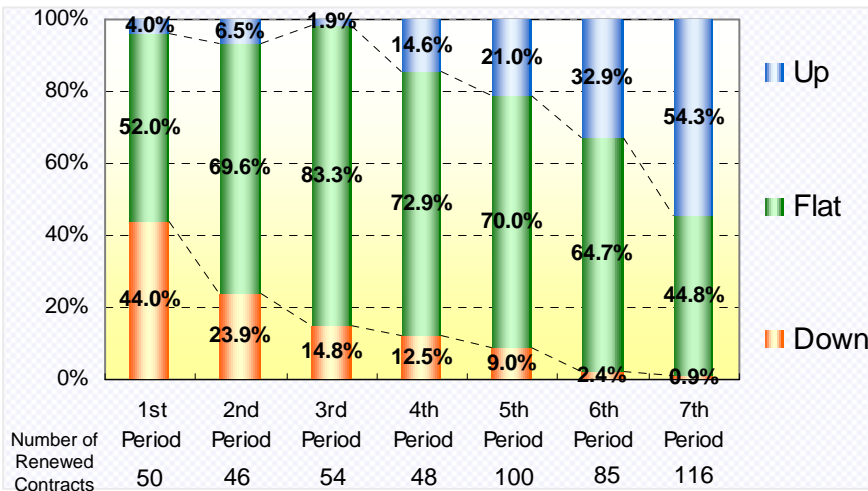
## Stable Occupancy Rate



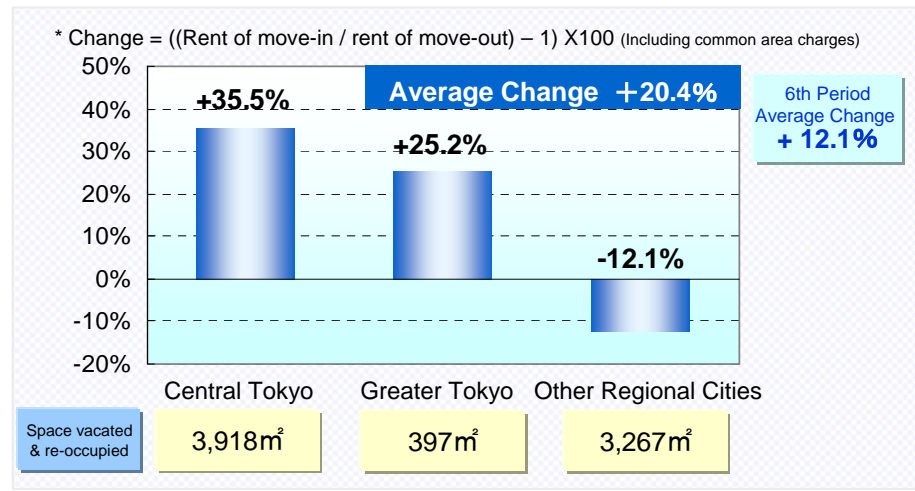
## Rent before and after Upward Revision



## Results of Contract Renewals (number of renewals)



## Rent of the Same Space before Move-out and after Move-in

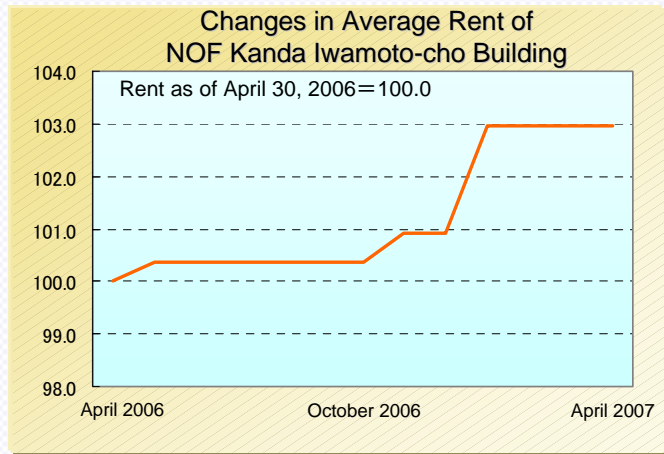
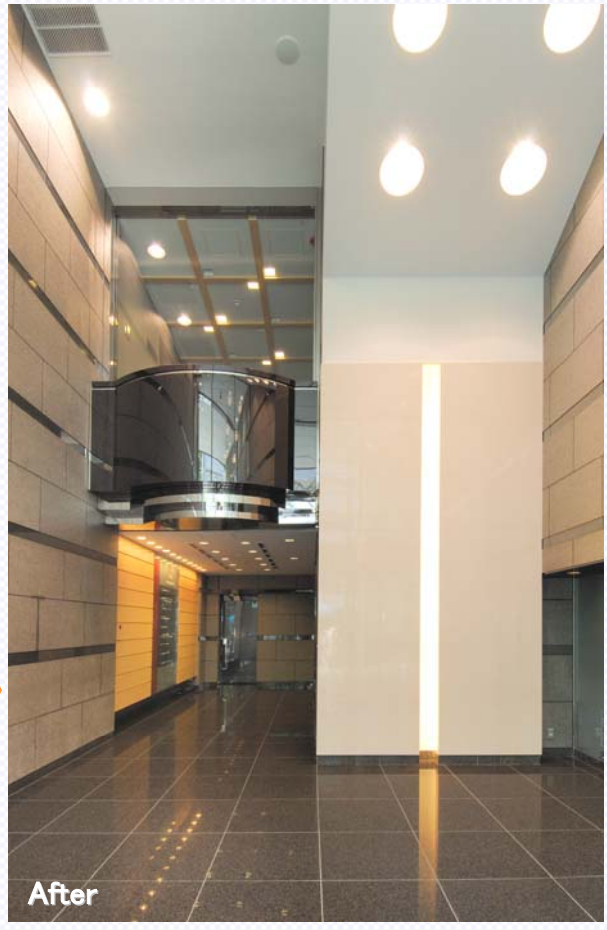




# Enhancing Competitiveness of Property by Renovation

## Major Renovation Work in the 7th Period

- NOF Kanda Iwamoto-cho Building: Entrance Renovation



# End-of-Period Appraisal Value



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Office Fund

## Appraisal Values at 7th Period-End

	6th Period End Appraisal Value (¥mln)	7th Period End Appraisal Value (¥mln)	Change
Central Tokyo (13 bldgs)	198,400	216,830	+ 9.3%
Greater Tokyo (7 bldgs)	43,342	45,285	+ 4.5%
Other Cities (11 bldgs)	*75,995	78,268	+ 3.0%
<b>Total Portfolio (31 bldgs)</b>	<b>* 317,737</b>	<b>340,383</b>	<b>+ 7.1%</b>

◇ Please refer to "Appendix" for details on individual properties.

\* Appraisal value at acquisition is added for property acquired in the 7th period.

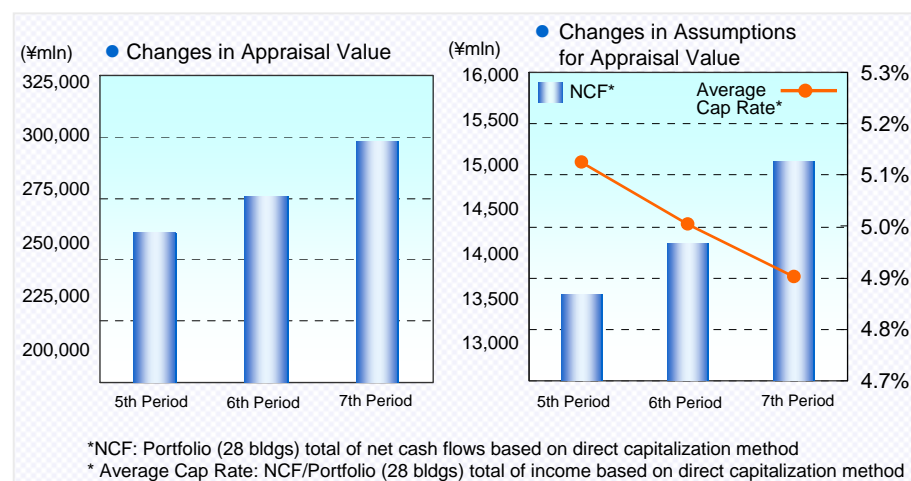
Total Appraisal Value	¥ mln	340,383
Total Book Value	¥ mln	282,130
Total Unrealized Gain/Loss	¥ mln	58,252
Unrealized Gain/Loss per Unit	¥	219,075

\* Unrealized gain/loss: Appraisal value – Book Value

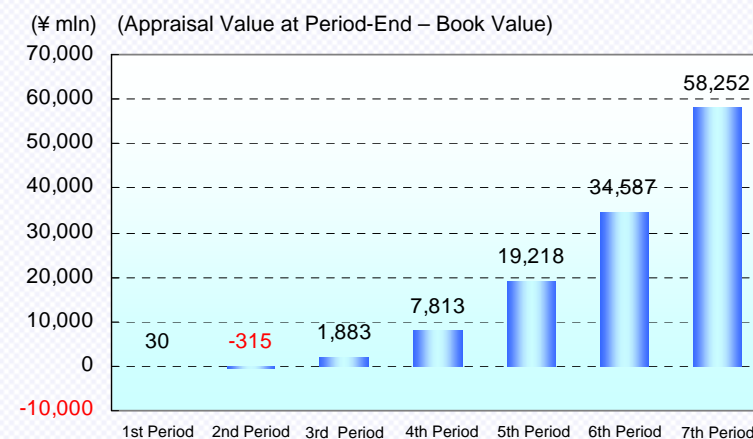
(For Reference) Net Asset per Unit

BPS (Book Value)	¥	606,315
NAV (Based on Appraisal Value)	¥	825,390

## Increase in Appraisal Values (based on 28 buildings held at 5th period-end)



## Changes in Unrealized Gains/Losses for Portfolio



# Move-ins and Move-Outs



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- Space occupied by move-ins and vacated by move-outs

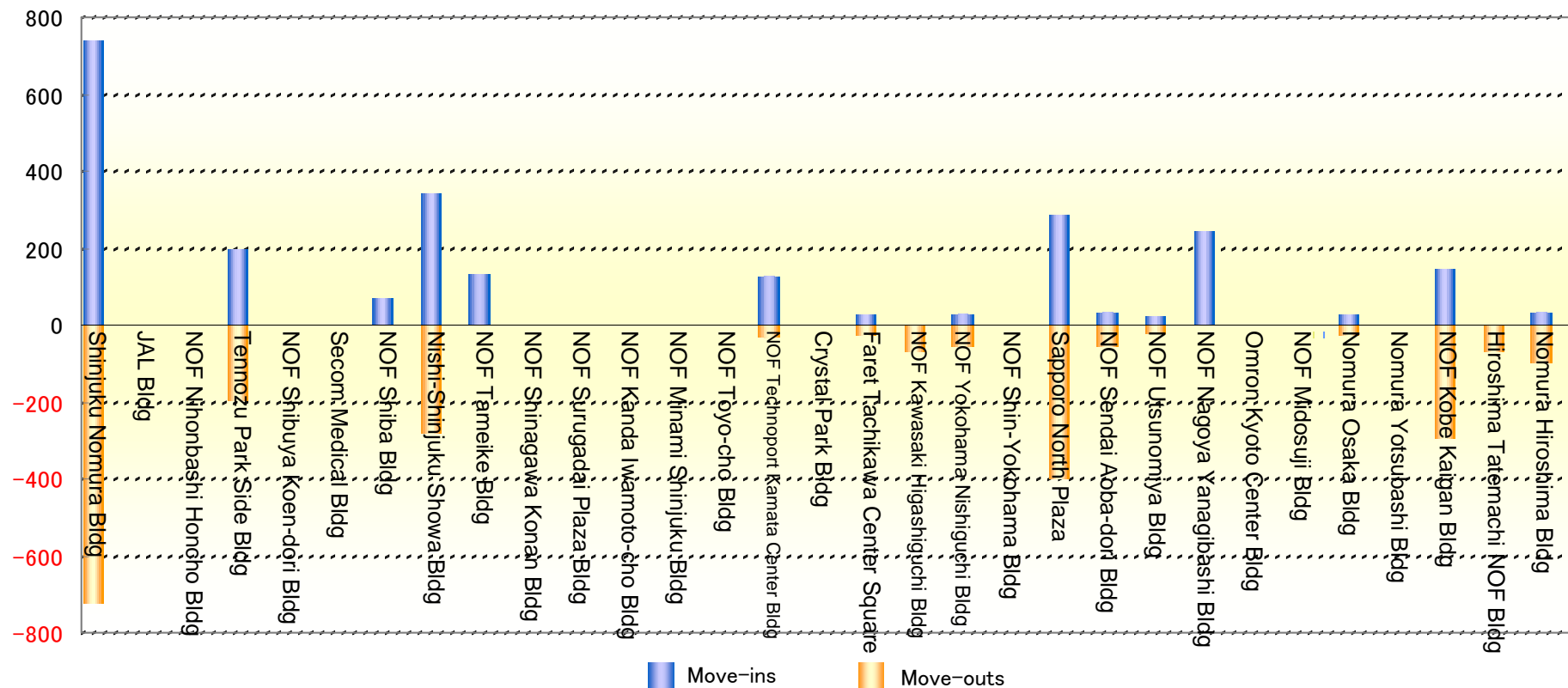
**Move-ins** 8,160 m<sup>2</sup> (2,468 tsubo) : 2.4% of weighted average of total floor space

**Move-outs** 7,842 m<sup>2</sup> (2,372 tsubo) : 2.3% of weighted average of total floor space

⇒ **Change** 318 m<sup>2</sup> (96 tsubo) : More move-ins than move-outs

	Move-ins	Move-outs	Change
Central Tokyo	+1,482 tsubo	-1,205 tsubo	+276 tsubo
Greater Tokyo	+187 tsubo	-190 tsubo	-3 tsubo
Other Regional Cities	+798 tsubo	-975 tsubo	-177 tsubo

(tsubo)



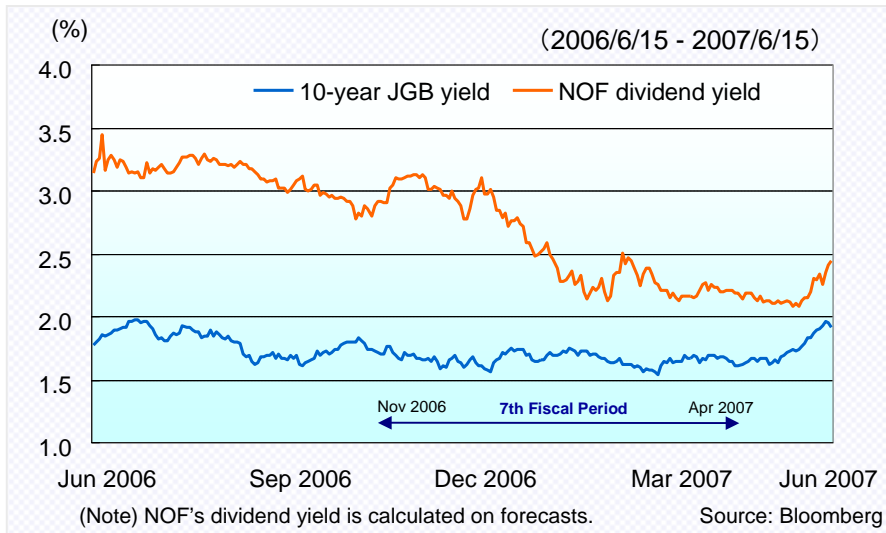


# Results of Financial Sector



NOMURA  
Office Fund

## 10-year JGB Yield vs. NOF's Dividend Yields



## Objectives of Management in Financing

- Maintenance of LTV at a conservative level
- Prolongation of periods and fixing of interest rates
- Diversification of repayment dates (4-5 years on average)
- Diversification of financing methods
- Effective use of capital (security deposits received, etc.)

## Major Achievements

### Improvement in Credit Ratings

Rating Agency	Rating	Outlook
S&P	Long-term Corporate Credit Rating: <b>A</b> Short-term Corporate Credit Rating: <b>A-1</b>	Stable
Moody's	Issuer Rating: <b>A2</b>	Stable
R&I	Issuer Rating: <b>AA-</b>	Stable

Moody's: Upgraded from A3 to A2 effective November 17, 2006  
R&I : Upgraded from A+ to AA- effective February 6, 2007

### Issuance of Investment Corporation Bonds

Series	Amount	Date	Maturity	Yield	Security / Guarantee
5th	¥ 5 bln	3/19/2007	3/19/2012 (5-year)	1.61% p.a.	Unsecured / Unguaranteed
6th	¥ 5 bln	3/19/2007	3/17/2017 (10-year)	2.21% p.a.	Unsecured / Unguaranteed
7th	¥ 4.5 bln	3/19/2007	3/17/2028 (21-year)	2.90% p.a.	Unsecured / Unguaranteed
<b>Total</b>	<b>¥ 14.5 bln</b>				

# End-of-Period Financial Status (1)



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Office Fund

## LTV (Loan to Value)

- LTV as of 7th Period End

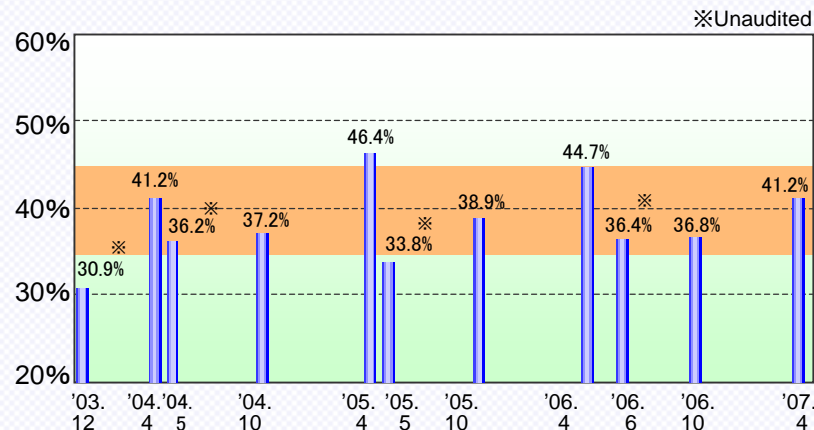
**41.2%**

Interest-Bearing Debts	¥130.0 bln
(borrowings)	¥85.5 bln
(corporation bonds)	¥44.5 bln
<hr/>	
Total Assets	¥315.4 bln



Maintaining Conservative LTV Level

- Changes in LTV



Controlling LTV Between 35% to 45%

## Duration and Borrowing Rate

- Average remaining duration of long-term fixed debts (including Investment Corporation Bonds)



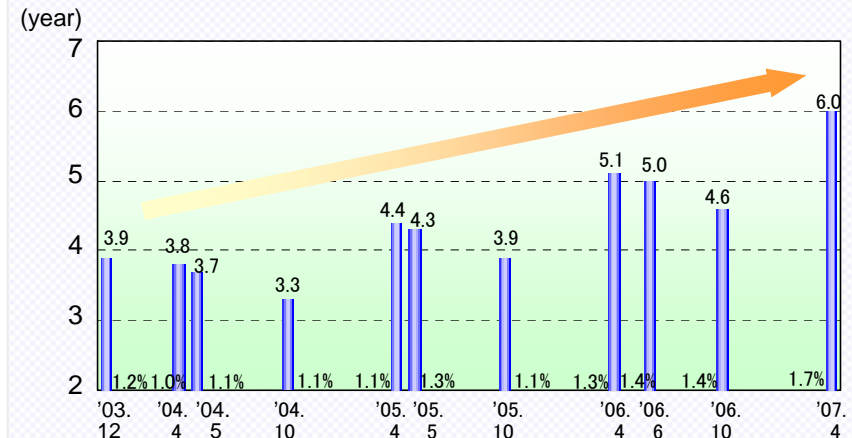
**6.0 years**

- Weighted average of interest rate of all the debts



**1.65%**

- Duration of Long-term fixed interest borrowings and changes in average borrowing rates (all)



Steadily Promoting Prolongation of Duration

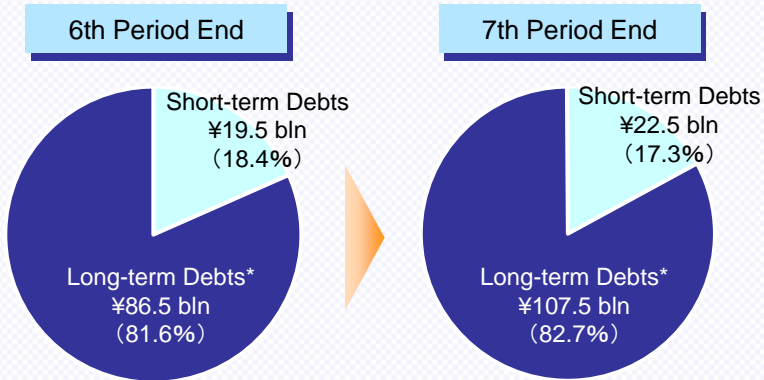
# End-of-Period Financial Status (2)



NOMURA  
Office Fund

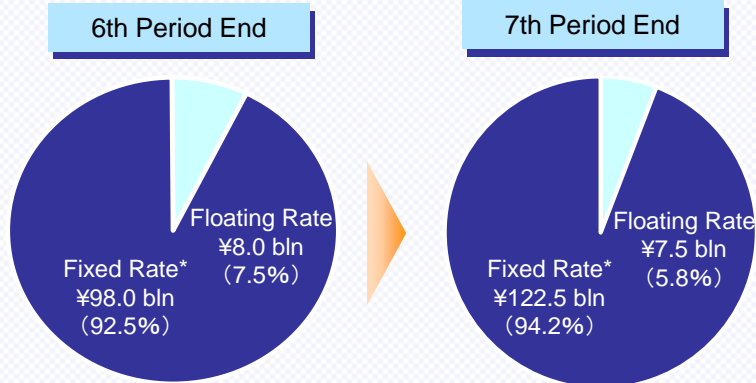
## Interest-Bearing Debts

### Short-term vs. Long-term Debts



\*Including Investment Corporation Bonds

### Floating vs. Fixed Rates

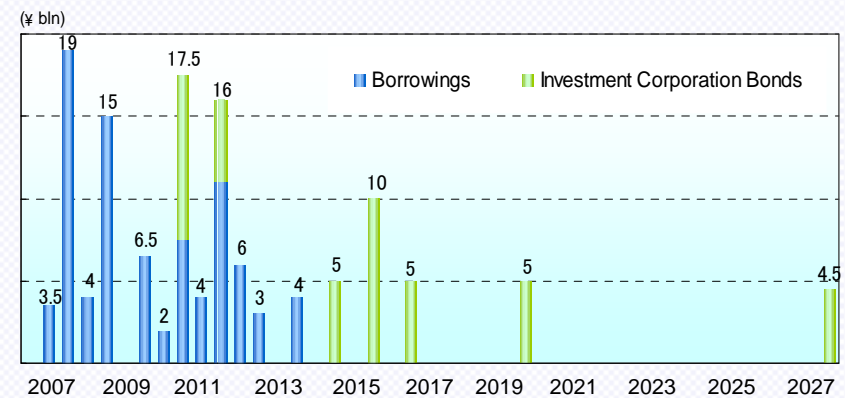


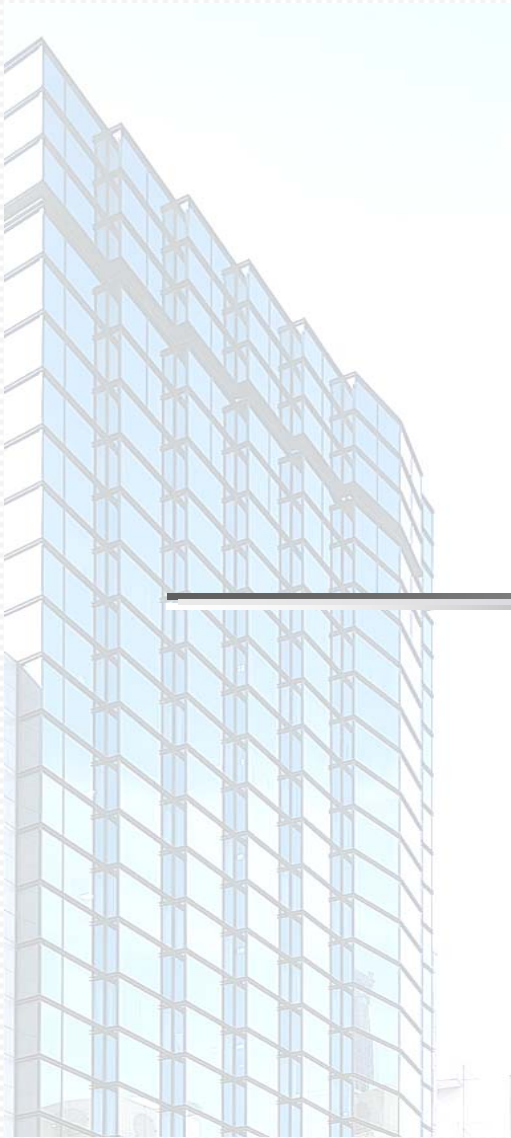
\*Including Interest Rate Swaps

## List of Lenders (Total 28 Financial Institutions)

(¥ mln)			
Lender	Total Amount of Debt Remaining	Lender	Total Amount of Debt Remaining
Bank of Tokyo-Mitsubishi UFJ	13,675	Development Bank of Japan	2,000
Sumitomo Mitsui Banking Corp.	6,875	Zen-Kyo-Ren	2,000
Mitsubishi UFJ Trust and Banking	5,150	Sumitomo Life Insurance Company	2,000
Sumitomo Trust & Banking Corp.	5,150	Hachijuni Bank	1,500
Norinchukin Bank	5,000	Hiroshima Bank	1,500
Dai-ichi Mutual Life Insurance	5,000	Keiyo Bank	1,000
Nomura Trust and Banking	4,000	Mitsui Sumitomo Insurance	1,000
Mitsui Life insurance	4,000	Chugoku Bank	1,000
Iyo Bank	3,500	Bank of Fukuoka	1,000
Mizuho Corporate Bank	3,150	Aozora Bank	1,000
Chiba Bank	3,000	Yamanashi Chuo Bank	1,000
Chuo Mitsui Trust and Banking	3,000	Sompo Japan Insurance Inc.	1,000
Taiyo Life Insurance	3,000	Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000
Daido Life Insurance	3,000	Nippon Life Insurance Company	1,000
<b>Total borrowings</b>			<b>85,500</b>
(Reference) Investment Corporation Bonds			44,500

## Diversification of Maturity





# Appendix

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# List of Property



NOMURA  
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As of April 30, 2007

	Property Name	Location	Completion	Floors (Ground)	Total Floor Space (Note 1, 2)	Leasable Space (㎡)	Leased Space (㎡)	Occupancy Rate	# of Tenants	Standard Floor Space (㎡)	Air Conditioning	Room Height (mm)	PML (Note 3)	Acquisition Date	Acquisition Price (¥ mln)
Central Tokyo	Shinjuku Nomura Bldg	Nishi-Shinjuku, Shinjuku-ku	1978. 5	50	117,258.88 (Entire building)	31,589.26	31,392.07	99.4%	85	1,262.37	Each 1/4 floor	2,600	5%	2003.12	38,730
	JAL Bldg	Higashi-Shinagawa, Shinagawa-ku	1996. 6	26	①81,421.13 ②25,260.48	42,084.11	42,084.11	100.0%	1	2,214.55	Each 1/6 floor	2,700	6%	2005. 3	33,080
	NOF Nihonbashi Honcho Bldg	Nihonbashi Honcho, (Extension 1968.4)	1961. 4	8	29,430.67	19,233.28	19,233.28	100.0%	13	2,615.23	Each span	2,650	14%	2003.12	20,600
	Tennozu Park Side Bldg	Higashi-Shinagawa, Shinagawa-ku	1995. 1	21	①43,893.46 ②17,587.30	18,051.61	18,051.61	100.0%	14	1,331.14	Each 1/4 floor	2,650	6%	2004. 2	14,800
	NOF Shibuya Koen-dori Bldg	Udakawa-cho, Shibuya-ku	1987. 9	8	5,358.55	3,420.16	3,420.16	100.0%	3	442.38	Each span	2,500	12%	2004. 9	12,000
	Secom Medical Bldg	Nibancho, Chiyoda-ku	2005.2	7	8,683.73	8,821.24	8,821.24	100.0%	1	980.00	Each span	2,500 ~2,700	4%	2006. 9	11,500
	NOF Shiba Bldg	Shiba, Minato-ku	1991. 3	7	11,425.20	8,165.10	8,165.10	100.0%	9	1,260.41	Each span	2,600	14%	2004. 5	10,000
	Nishi-Shinjuku Showa Bldg	Nishi-Shinjuku, Shinjuku-ku	1982.4	11	①10,902.22 ②5,858.26	5,659.96	5,659.96	100.0%	20	585.99	Each span	2,500	13%	2005.11	8,800
	NOF Tameike Bldg	Akasaka, Minato-ku	1959. 8	9	6,478.50	4,715.20	4,715.20	100.0%	13	519.06	Each span	2,500	17%	2005. 9	7,400
	NOF Shinagawa Konan Bldg	Higashi-Shinagawa, Shinagawa-ku	1987.11	8	10,077.02	7,850.99	7,850.99	100.0%	5	928.29	Each floor	2,600	11%	2003.12	5,500
	NOF Surugadai Plaza Bldg	Kanda Surugadai, Chiyoda-ku	1997. 4	8	5,782.27	4,160.94	4,160.94	100.0%	1	626.33	Each 1/2 floor	2,700	6%	2004. 2	5,150
	NOF Kanda Iwamoto-cho Bldg	Iwamoto-cho, Chiyoda-ku	1988. 7	9	4,698.97	4,076.38	4,076.38	100.0%	8	480.07	Each floor	2,550	14%	2004. 2	3,080
	NOF Minami Shinjuku Bldg	Sendagaya, Shibuya-ku	1986. 3	8	3,160.05	2,464.71	2,464.71	100.0%	5	327.66	Each floor	2,500	12%	2004. 6	2,280
	Greater Tokyo	NOF Toyo-cho Bldg	Shinsuna, Koto-ku	1989.11	7	18,051.08	18,218.17	18,218.17	100.0%	1	1,986.46	Each span	2,550	14%	2003.12
NOF Technoport Kamata Center Bldg		Minami-Kamata, Ota-ku	1990. 9	11	21,516.54 (Entire B ridge)	13,683.46	13,683.46	100.0%	14	1,148.45	Each span	2,650	10%	2003.12	6,430
Crystal Park Bldg		Gotenyama, Musashino City	1991.10	11	①6,462.19 ②3,868.36	3,900.85	3,900.85	100.0%	11	193.93~590.35	Each floor	2,500	14%	2006. 2	3,700
Faret Tachikawa Center Square		Akebono-cho, Tachikawa City	1994.12	12	①33,706.03 ②6,865.80	6,853.38	6,853.38	100.0%	17	1,099.32	Each 1/4 floor	2,600	10%	2003.12	3,290
NOF Kawasaki Higashiguchi Bldg		Kawasaki-ku, Kawasaki City	1988. 3	12	10,932.69	8,258.09	8,026.72	97.2%	26	684.62	Each 1/3 floor	2,550	16%	2005. 6	9,500
NOF Yokohama Nishiguchi Bldg		Nishi-ku, Yokohama City	1985.10	9	10,055.13	6,817.76	6,722.91	98.6%	30	794.75	Each 1/8 floor	2,500	14%	2005. 5	5,050
NOF Shin-Yokohama Bldg		Kohoku-ku, Yokohama City	1990.10	9	11,149.99	8,074.83	8,074.83	100.0%	3	940.84	Each span	2,500	17%	2003.12	3,600
Other Regional Cities	Sapporo North Plaza	Chuo-ku, Sapporo City	1981. 8	12	18,842.51	13,744.24	12,154.10	88.4%	44	1,105.75	Each floor Auxiliary	2,580	2%	2006. 6	6,820
	NOF Sendai Aoba-dori Bldg	Aoba-ku, Sendai City	1968. 7	11	12,977.45	6,160.26	5,863.05	95.2%	28	802.79	Each span	2,480	8%	2005.11	3,200
	NOF Utsunomiya Bldg	Baba-dori, Utsunomiya City	1999.12	10	10,479.63	5,887.40	5,887.40	100.0%	25	664.68	Each span	2,700	5%	2003.12	2,970
	NOF Nagoya Yanagibashi Bldg	Nakamura-ku, Nagoya City	1991. 3	12	7,363.25	4,655.74	4,655.74	100.0%	12	405.96	Each 1/2 floor	2,460	14%	2005. 9	3,550
	Omron Kyoto Center Bldg	Simogyo-ku, Kyoto City	2000.7	11	34,616.84	34,616.84	34,616.84	100.0%	1	2,035.94	Each 1/16 floor	2,600	9%	2007. 3	23,700
	NOF Midosuji Bldg	Chuo-ku, Osaka City	1974. 4	10	21,007.98	12,240.88	12,240.88	100.0%	16	1,234.14	Each 1/4 floor	2,600	13%	2005.11	12,900
	Nomura Osaka Bldg	Chuo-ku, Osaka City	1983.12	12	23,522.82	16,977.79	16,977.79	100.0%	28	1,336.52	Each floor Auxiliary	2,500	19%	2003.12	6,410
	Nomura Yotsubashi Bldg	Nishi-ku, Osaka City	1991.11	15	16,845.87	11,558.68	11,558.68	100.0%	17	797.35	Each floor Auxiliary	2,650	13%	2003.12	3,940
	NOF Kobe Kaigan Bldg	Chuo-ku, Kobe City	1998. 2	16	10,292.93	6,425.16	5,137.97	80.0%	28	528.43	Each span	2,600	7%	2003.12	3,280
	Hiroshima Tatemachi NOF Bldg	Naka-ku, Hiroshima City	1966.11	12	8,206.91	4,433.44	3,192.62	72.0%	23	515.17	Each span	2,450	13%	2005.11	2,100
	Nomura Hiroshima Bldg	Naka-ku, Hiroshima City	1976. 7	9	11,950.37	7,912.09	7,447.58	94.1%	15	1,047.54	Each floor Auxiliary	2,450	11%	2003.12	1,930
Total						350,712.00	345,308.72	98.5%	517				7.0%		282,840

(Note 1) Total floor space is taken from the registry book.

(Note 2) Total floor space of the properties owned in compartment, except NOF Technoport Kamata Center Bldg, is expressed as ① entire building, and ② portion owned by NOF.

(Note 3) Rate of PML (Probable Maximum Loss) for each building was calculated by Shimizu Construction. 7.0% at the bottom field is for the entire portfolio.

# Earnings by Property



(¥000) **NOMURA**  
Office Fund

Property Name	Shinjuku Nomura Bldg.	JAL Bldg.*	NOF Nihonbashi Honcho Bldg.	Tennozu Park Side Bldg.	Tennozu Park Side Bldg.	Secom Medical Bldg.*	NOF Shiba Bldg.	Nishi-Shinjuku Showa Bldg.	NOF Tameike Bldg.	NOF Shinagawa Konan Bldg.	NOF Surugadai Plaza Bldg.*
Number of business days	181	181	181	181	181	181	181	181	181	181	181
Rental business revenues	1,808,091		850,712	774,362	364,644		332,949	300,574	204,136	257,754	
Rental revenues *incl. common charges	1,626,411		807,019	661,548	335,854		294,991	275,200	189,523	224,573	
Other revenues	181,679		43,693	112,814	28,790		37,958	25,373	14,612	33,180	
Rental business expenses	848,111		262,948	417,611	86,142		125,877	115,748	80,221	98,318	
Property management costs	214,933		74,228	169,352	16,048		24,573	38,659	16,752	24,997	
Taxes and duties	159,635		37,779	51,492	23,834		22,840	27,884	16,655	15,350	
Utility expenses	184,217		43,666	31,421	11,550		20,177	17,144	15,215	22,227	
Insurance expenses	3,196		1,354	836	277		563	748	318	529	
Repairs and maintenances	63,728		12,882	3,213	5,595		7,378	1,417	5,712	3,615	
Other expenses	63,743		6,426	5,497	1,929		3,627	11,010	5,069	2,541	
Depreciation	158,656	145,714	86,610	155,797	26,907	45,026	46,716	18,885	20,497	29,058	30,427
Rental Profits	959,979	614,248	587,763	356,751	278,501	203,232	207,072	184,825	123,915	159,435	116,948
Net Operating Income (NOI)	1,118,636	759,963	674,374	512,549	305,409	248,259	253,788	203,710	144,413	188,494	147,375

Property Name	NOF Kanda Iwamoto-cho Bldg.	NOF Minami Shinjuku Bldg.	NOF Toyo-cho Bldg.*	NOF Technoport Kamata Center Bldg.	Crystal Park Bldg.	Faret Tachikawa Center Square	NOF Kawasaki Higashiguchi Bldg.	NOF Yokohama Nishiguchi Bldg.	NOF Shin-Yokohama Bldg.*	Sapporo North Plaza	NOF Sendai Aoba-dori Bldg.
Number of business days	181	181	181	181	181	181	181	181	181	181	181
Rental business revenues	150,994	101,876		421,522	125,523	234,192	328,773	245,445		338,260	168,932
Rental revenues *incl. common charges	135,427	88,111		362,215	112,652	211,514	283,624	217,337		287,362	142,448
Other revenues	15,566	13,764		59,307	12,871	22,677	45,148	28,107		50,898	26,484
Rental business expenses	47,181	37,904		231,144	53,073	122,923	145,962	99,413		161,329	94,177
Property management costs	13,858	7,730		50,975	22,296	39,875	22,137	22,582		36,953	24,988
Taxes and duties	9,208	8,325		35,120	-	14,132	18,508	18,169		14,845	17,543
Utility expenses	7,491	7,107		42,196	5,980	31,966	24,779	16,788		54,230	15,683
Insurance expenses	241	173		1,001	241	501	569	510		1,066	545
Repairs and maintenances	669	3,804		28,982	2,321	32	12,983	15,762		13,567	9,387
Other expenses	575	1,920		5,640	123	5,285	2,846	1,951		7,997	1,819
Depreciation	15,136	8,843	53,147	67,227	22,109	31,129	64,137	23,648	42,348	32,669	24,209
Rental Profits	103,812	63,971	196,756	190,377	72,450	111,268	182,811	146,031	82,835	176,930	74,755
Net Operating Income (NOI)	118,949	72,815	249,904	257,604	94,560	142,397	246,949	169,679	125,184	209,599	98,964

Property Name	NOF Utsunomiya Bldg.	NOF Nagoya Yanagibashi Bldg.	Omron Kyoto Center Bldg.*	NOF Midosuji Bldg.	Nomura Osaka Bldg.	Nomura Yotsubashi Bldg.	NOF Kobe Kaigan Bldg.	Hiroshima Tatemachi	Nomura Hiroshima Bldg.	Total 31 Properties
Number of business days	181	181	42	181	181	181	181	181	181	
Rental business revenues	174,007	133,743		488,067	534,057	324,401	160,764	101,223	209,638	11,090,987
Rental revenues *incl. common charges	143,931	121,435		420,253	444,351	289,728	133,228	84,070	186,490	9,981,093
Other revenues	30,075	12,307		67,813	89,705	34,672	27,535	17,153	23,148	1,109,894
Rental business expenses	108,172	88,839		239,687	217,772	171,521	112,207	58,993	84,850	4,805,622
Property management costs	23,837	13,136		40,863	65,453	43,363	23,310	15,811	27,795	1,135,710
Taxes and duties	14,725	12,169		51,639	40,650	29,580	16,172	11,398	18,608	857,744
Utility expenses	17,779	11,024		30,983	54,892	30,399	19,979	11,746	17,701	784,754
Insurance expenses	585	356		938	1,160	795	703	331	537	22,713
Repairs and maintenances	6,635	15,783		49,563	7,731	19,870	8,931	5,581	6,595	350,087
Other expenses	4,180	3,776		6,608	3,768	3,982	8,327	4,180	2,137	176,271
Depreciation	40,428	32,593	53,474	59,090	44,115	43,529	34,783	9,942	11,475	1,478,340
Rental Profits	65,834	44,904	46,828	248,380	316,284	152,879	48,557	42,230	124,788	6,285,364
Net Operating Income (NOI)	106,262	77,497	100,303	307,470	360,400	196,408	83,340	52,173	136,263	7,763,705

\* Detailed figures are not disclosed due to compelling reasons. However, they are included in "Total 31 bldgs."

# List of End-of-Period Appraisal Value



NOMURA  
Office Fund

	Property Name	Acquisition Price (¥ mln)	Book Value at 7th Period End (¥ mln)	Appraisal Value at 7th Period End (¥ mln)	Appraisal Value at 6th Period End (¥ mln)	Difference between 6th and 7th Period	
						(¥ mln)	Change
Central Tokyo	Shinjuku Nomura Bldg	38,730	39,076	67,200	54,200	13,000	24.0%
	JAL Bldg	33,080	33,668	32,100	31,220	880	2.8%
	NOF Nihonbashi Honcho Bldg	20,600	20,549	25,000	23,500	1,500	6.4%
	Tennozu Park Side Bldg	14,800	13,923	19,700	17,900	1,800	10.1%
	NOF Shibuya Koen-dori Bldg	12,000	12,558	13,900	13,900	-	-
	Secom Medical Bldg	11,500	11,510	11,600	11,500	100	0.9%
	NOF Shiba Bldg	10,000	10,119	10,800	10,400	400	3.8%
	Nishi-Shinjuku Showa Bldg	8,800	8,786	10,200	10,000	200	2.0%
	NOF Tameike Bldg	7,400	7,665	7,920	7,900	20	0.3%
	NOF Shinagawa Konan Bldg	5,500	5,472	6,480	6,260	220	3.5%
	NOF Surugadai Plaza Bldg	5,150	5,147	5,600	5,520	80	1.4%
	NOF Kanda Iwamoto-cho Bldg	3,080	3,064	3,670	3,550	120	3.4%
	NOF Minami Shinjuku Bldg	2,280	2,268	2,660	2,550	110	4.3%
	<b>Total Central Tokyo</b>	<b>172,920</b>	<b>173,811</b>	<b>216,830</b>	<b>198,400</b>	<b>18,430</b>	<b>9.3%</b>
Greater Tokyo	NOF Toyo-cho Bldg	7,550	7,141	8,190	8,100	90	1.1%
	NOF Technoport Kamata Center Bldg	6,430	6,227	7,130	7,040	90	1.3%
	Crystal Park Bldg	3,700	3,698	4,050	3,900	150	3.8%
	Faret Tachikawa Center Square	3,290	3,094	5,120	4,740	380	8.0%
	NOF Kawasaki Higashiguchi Bldg	9,500	9,634	10,100	9,690	410	4.2%
	NOF Yokohama Nishiguchi Bldg	5,050	5,053	6,625	5,952	673	11.3%
	NOF Shin-Yokohama Bldg	3,600	3,417	4,070	3,920	150	3.8%
	<b>Total Greater Tokyo</b>	<b>39,120</b>	<b>38,267</b>	<b>45,285</b>	<b>43,342</b>	<b>1,943</b>	<b>4.5%</b>
Other Regional Cities	Sapporo North Plaza	6,820	6,934	6,868	6,825	43	0.6%
	NOF Sendai Aoba-dori Bldg	3,200	3,181	3,400	3,380	20	0.6%
	NOF Utsunomiya Bldg	2,970	2,732	3,390	3,320	70	2.1%
	NOF Nagoya Yanagibashi Bldg	3,550	3,617	3,760	3,590	170	4.7%
	Omron Kyoto Center Bldg.	23,700	23,324	23,700	* 23,700	-	-
	NOF Midosuji Bldg	12,900	12,789	13,400	13,300	100	0.8%
	Nomura Osaka Bldg	6,410	6,392	9,790	8,560	1,230	14.4%
	Nomura Yotsubashi Bldg	3,940	3,759	6,070	5,510	560	10.2%
	NOF Kobe Kaigan Bldg	3,280	3,062	3,420	3,420	-	-
	Hiroshima Tatemachi NOF Bldg	2,100	2,080	2,150	2,100	50	2.4%
	Nomura Hiroshima Bldg	1,930	2,176	2,320	2,290	30	1.3%
<b>Total Other Regional Cities</b>	<b>70,800</b>	<b>70,051</b>	<b>78,268</b>	<b>75,995</b>	<b>2,273</b>	<b>3.0%</b>	
<b>Grand Total</b>	<b>282,840</b>	<b>282,130</b>	<b>340,383</b>	<b>317,737</b>	<b>22,646</b>	<b>7.1%</b>	

\* For these buildings acquired at the 7th Period, appraisal value is that of the time of acquisition.

Difference between Book Value and Appraisal Value

**¥ 58,252 mln**

**(¥219,075 / unit)**

(B) - (A)

# Map of Property



NOMURA  
Office Fund

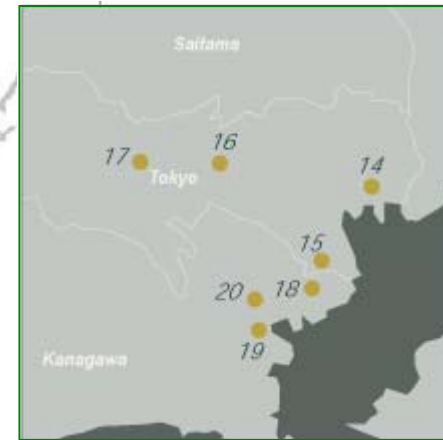
## Central Tokyo



- 01 \_ Shinjuku Nomura Building
- 02 \_ JAL Building
- 03 \_ NOF Nihonbashi Honcho Building
- 04 \_ Tennozu Park Side Building
- 05 \_ NOF Shibuya Koen-dori Building
- 06 \_ Secom Medical Building
- 07 \_ NOF Shiba Building
- 08 \_ Nishi-Shinjuku Showa Building
- 09 \_ NOF Tameike Building
- 10 \_ NOF Shinagawa Konan Building
- 11 \_ NOF Surugadai Plaza Building
- 12 \_ NOF Kanda Iwamoto-cho Building
- 13 \_ NOF Minami Shinjuku Building

## Greater Tokyo

- NOF Toyo-cho Building ...14
- NOF Technoport Kamata Center Building ...15
- Crystal Park Building ...16
- Faret Tachikawa Center Square ...17
- NOF Kawasaki Higashiguchi Building ...18
- NOF Yokohama Nishiguchi Building ...19
- NOF Shin-Yokohama Building ...20



## Other Regional Cities

- 21 \_ Sapporo North Plaza
- 22 \_ NOF Sendai Aoba-dori Building
- 23 \_ NOF Utsunomiya Building
- 24 \_ NOF Nagoya Yanagibashi Building
- 25 \_ Omron Kyoto Center Building
- 26 \_ NOF Midosuji Building
- 27 \_ Nomura Osaka Building
- 28 \_ Nomura Yotsubashi Building
- 29 \_ NOF Kobe Kaigan Building
- 30 \_ Hiroshima Tatemachi NOF Building
- 31 \_ Nomura Hiroshima Building




























# Acquisition Channel of Property



NOMURA  
Office Fund

Acquisition Channel	Key Properties Acquired at Listing	Key Properties Acquired after Listing	
<p>Originally owned by or developed by Nomura Real Estate Group Companies</p>	 Shinjuku Nomura Bldg.  Faret Tachikawa Center Square  Nomura Yotsubashi Bldg.  Nomura Osaka Bldg.	 Tennozu Park Side Bldg.  Secom Medical Bldg.  Omron Kyoto Center Bldg.	<p>8 Properties Cumulative Acquisition Price: ¥ 104.3 bln</p>
<p>• Information from or • Intermediation* by Nomura Real Estate Group Companies</p>	 NOF Nihonbashi Honcho Bldg.  NOF Shinagawa Konan Bldg.  NOF Toyo-cho Bldg.  NOF Kobe Kaigan Bldg.	 JAL Bldg. *  NOF Minami Shinjuku Bldg.  Nishi-Shinjuku Showa Bldg.  Sapporo North Plaza  NOF Yokohama Nishiguchi Bldg.  NOF Sendai Aoba-dori Bldg.  NOF Midosuji Bldg.  Hiroshima Tatemachi NOF Bldg.	<p>16 Properties Cumulative Acquisition Price: ¥ 127.2 bln</p>
<p>Information from sources outside Nomura Real Estate Group</p>		 NOF Shiba Bldg.  NOF Shibuya Koen-dori Bldg.  NOF Kawasaki Higashiguchi Bldg.  NOF Tameike Bldg.	<p>7 Properties Cumulative Acquisition Price: ¥ 51.3 bln</p>

# Fund Summary



NOMURA  
Office Fund

		1st Period April 2004	2nd Period October 2004	3rd Period April 2005	4th Period October 2005	5th Period April 2006	6th Period October 2006	7th Period April 2007
Total Assets	¥ mln	147,946	173,545	208,003	239,067	268,559	288,060	315,402
Interest-bearing Liabilities	¥ mln	61,000	64,500	96,500	93,000	120,000	106,000	130,000
LTV (Based on Total Assets)	%	41.2	37.2	46.4	38.9	44.7	36.8	41.2
Unitholders' Capital	¥ mln	71,706	92,168	92,168	124,610	124,610	156,767	156,767
Outstanding Units Issued	unit	148,600	184,650	184,650	229,970	229,970	265,903	265,903
Net Assets	¥ mln	73,233	94,774	94,849	128,094	128,206	161,004	161,221
Net Assets per Unit	¥	492,820	513,266	513,672	557,004	557,492	605,499	606,315
End-of-Period Closing Unit Price	¥	645,000	767,000	758,000	782,000	998,000	991,000	1,490,000
Market Capitalization	¥ mln	95,847	141,626	139,964	179,836	229,510	263,509	396,195
Operating Revenues	¥ mln	4,531	6,656	7,106	8,641	9,810	10,739	11,090
Operating Income	¥ mln	2,313	2,930	3,228	4,111	4,558	5,182	5,137
Net Income	¥ mln	1,526	2,606	2,681	3,484	3,596	4,229	4,466
Total Cash Distribution	¥ mln	1,526	2,606	2,681	3,484	3,596	4,229	4,453
Cash Distribution per Unit	¥	10,273	14,114	14,520	15,150	15,638	15,905	16,750
Total Portfolio (Based on Acquisition Price)	¥ mln	127,260	151,540	184,620	210,120	240,820	259,140	282,840
Number of Properties		15	18	19	23	28	30	31
Leasable Space	m <sup>2</sup>	180,793.50	194,673.65	236,904.67	261,428.50	293,464.10	316,132.49	350,712.00
Number of Tenants		264	277	287	357	467	512	517
Occupancy Rate	%	93.3	94.4	98.1	97.3	98.4	98.2	98.5
Return on Assets (ROA)	%	1.1	1.6	1.4	1.5	1.4	1.5	1.5
(annualized)	%	2.8	3.1	2.8	3.1	2.9	3.0	3.0
Return on Equity (ROE)	%	2.1	2.8	2.8	2.7	2.8	2.7	2.8
(annualized)	%	5.2	5.6	5.7	5.4	5.7	5.4	5.6
Capital-Asset Ratio	%	49.5	54.6	45.6	53.6	47.7	55.9	51.1
Debt-Service Coverage Ratio (DSCR)	x	11.45	11.05	9.95	10.08	7.92	8.35	7.88
End-of-Period Total Book Value	¥ mln	127,089	151,815	185,406	211,566	241,901	259,449	282,130
End-of-Period Total Appraisal Value	¥ mln	127,120	151,500	187,290	219,380	261,120	294,037	340,383
Total Latent Profit and Loss	¥ mln	30	-315	1,883	7,813	19,218	34,587	58,252
Latent Profit and Loss per Unit	¥	202	-1,707	10,199	33,975	83,572	130,074	219,075
Net Asset Value per Unit (Based on Appraisal Value)	¥	493,023	511,559	523,872	590,979	641,064	735,574	825,390
NOI	¥ mln	3,350	4,451	4,970	6,125	6,952	7,591	7,763
Rate of NOI (p.a.)	%	7.2	6.2	6.1	6.1	5.9	6.0	5.7
Depreciation	¥ mln	666	949	1,023	1,229	1,399	1,471	1,478
Capital Expenditures	¥ mln	22	511	484	1,016	934	588	757
FFO	¥ mln	2,193	3,555	3,719	4,727	5,034	5,739	5,985
FFO per Unit	¥	14,757	19,255	20,142	20,559	21,889	21,585	22,509

# Cash Flow Statement



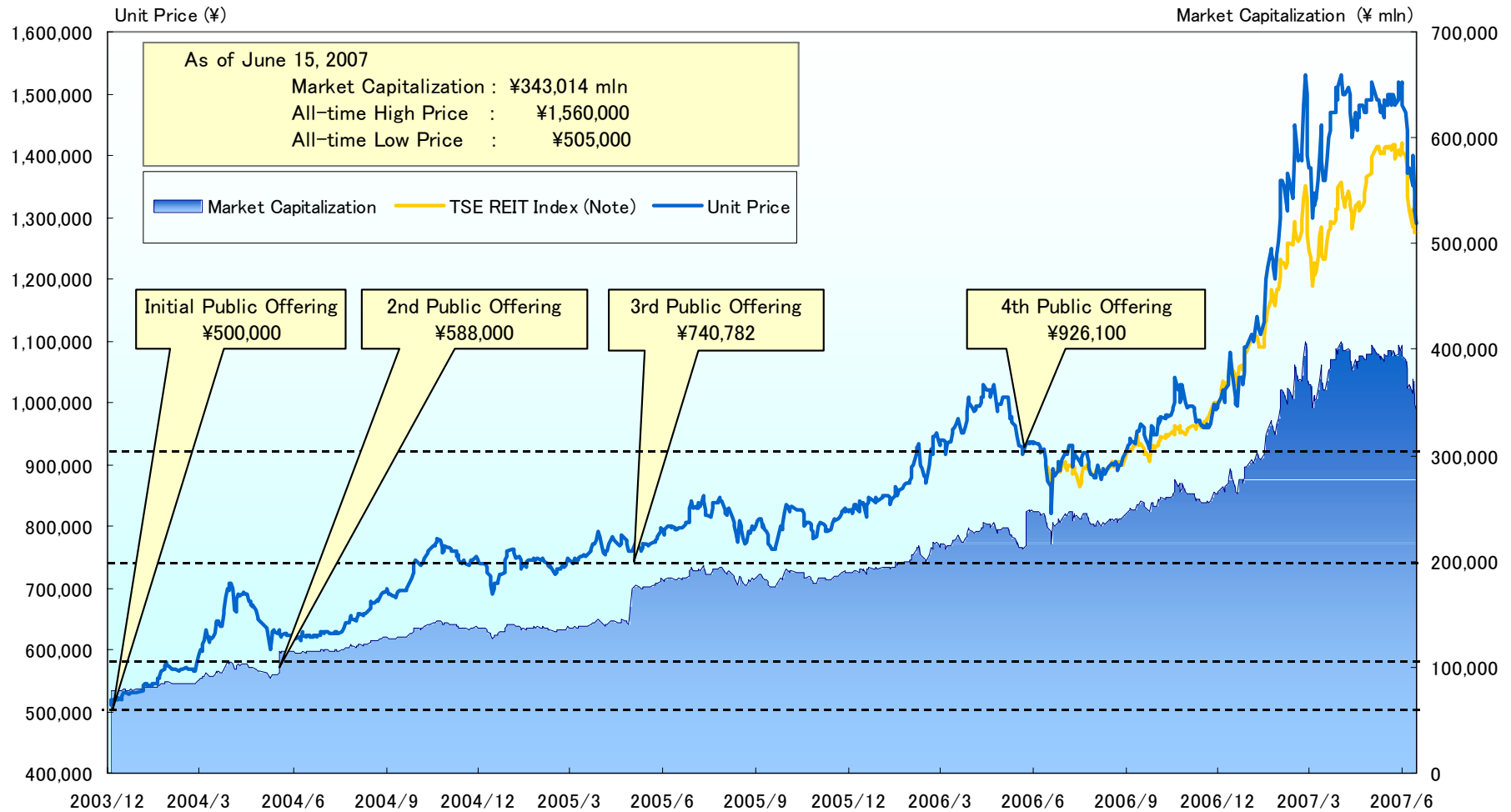
NOMURA  
Office Fund

	6th Fiscal Period		7th Fiscal Period	
	May 1, 2006 - Oct 31, 2006		Nov 1, 2006 - Apr 30, 2007	
	(¥000)		(¥000)	
<b>I. Cash Flow of Operating Activities</b>				
Income before income taxes	4,230,321		4,466,823	
Depreciation	1,471,853		1,478,442	
Amortization of long-term prepaid expenses	808		1,227	
Amortization of corporate bond issuance costs	38,429		40,641	
Interest income	▲ 2,917		▲ 14,027	
Interest expenses	780,930		869,671	
Compensation for superficies establishment	-		▲ 295,747	
Loss on disposal of tangible assets	175		-	
Change in rental receivables	▲ 13,054		5,505	
Change in consumption tax refundable	50,718		▲ 319,807	
Change in trade accounts payable	41,524		91,104	
Change in other accounts payable	▲ 101,964		229,100	
Change in rent received in advance	115,861		121,741	
Change in security deposits received	86,569		37,697	
Others	61,968		▲ 52,063	
<b>Subtotal</b>	<b>6,761,226</b>		<b>6,660,309</b>	
Interest received	2,917		14,027	
Interest paid	▲ 794,534		▲ 832,617	
Taxes and duties	▲ 1,482		▲ 3,279	
<b>Net cash provided by operating activities</b>	<b>5,968,126</b>		<b>5,838,440</b>	
<b>II. Cash Flow of Investing Activities</b>				
Purchase of tangible assets	▲ 11,549,180		▲ 22,675	
Purchase of tangible assets in trust	▲ 7,455,511		▲ 24,070,591	
Purchase of intangible assets	▲ 132		-	
Security deposits paid	▲ 8,835		-	
Security deposits received	502,614		2,317	
Security deposits in trust paid	▲ 354,491		▲ 854,929	
Security deposits in trust received	622,974		3,345,506	
Long-term prepaid expenses	▲ 6,052		-	
Compensation for superficies establishment received	-		295,747	
<b>Net cash used in investing activities</b>	<b>▲ 18,248,614</b>		<b>▲ 21,304,624</b>	
<b>III. Cash Flow of Financing Activities</b>				
Proceeds from short-term debt	2,000,000		1,500,000	
Repayment of short-term debt	▲ 16,000,000		▲ 2,000,000	
Proceeds from long-term debt	-		25,500,000	
Repayment of long-term debt	-		▲ 15,500,000	
Proceeds from investment corporation bonds	-		14,500,000	
Issuing cost of investment corporation bonds	-		▲ 124,542	
Proceeds from investment units	32,156,980		-	
Cash distribution to unitholders	▲ 3,594,338		▲ 4,227,732	
<b>Net cash provided by financing activities</b>	<b>14,562,642</b>		<b>19,647,724</b>	
<b>IV. Change in Cash and Cash Equivalent</b>	<b>2,282,154</b>		<b>4,181,540</b>	
<b>V. Starting Balance of Cash and Cash Equivalent</b>	<b>25,587,120</b>		<b>27,869,274</b>	
<b>VI. Ending Balance of Cash and Cash Equivalent</b>	<b>27,869,274</b>		<b>32,050,815</b>	

# Unit Price and Market Capitalization (Dec. 4, 2003 – June 15, 2007)



NOMURA  
Office Fund

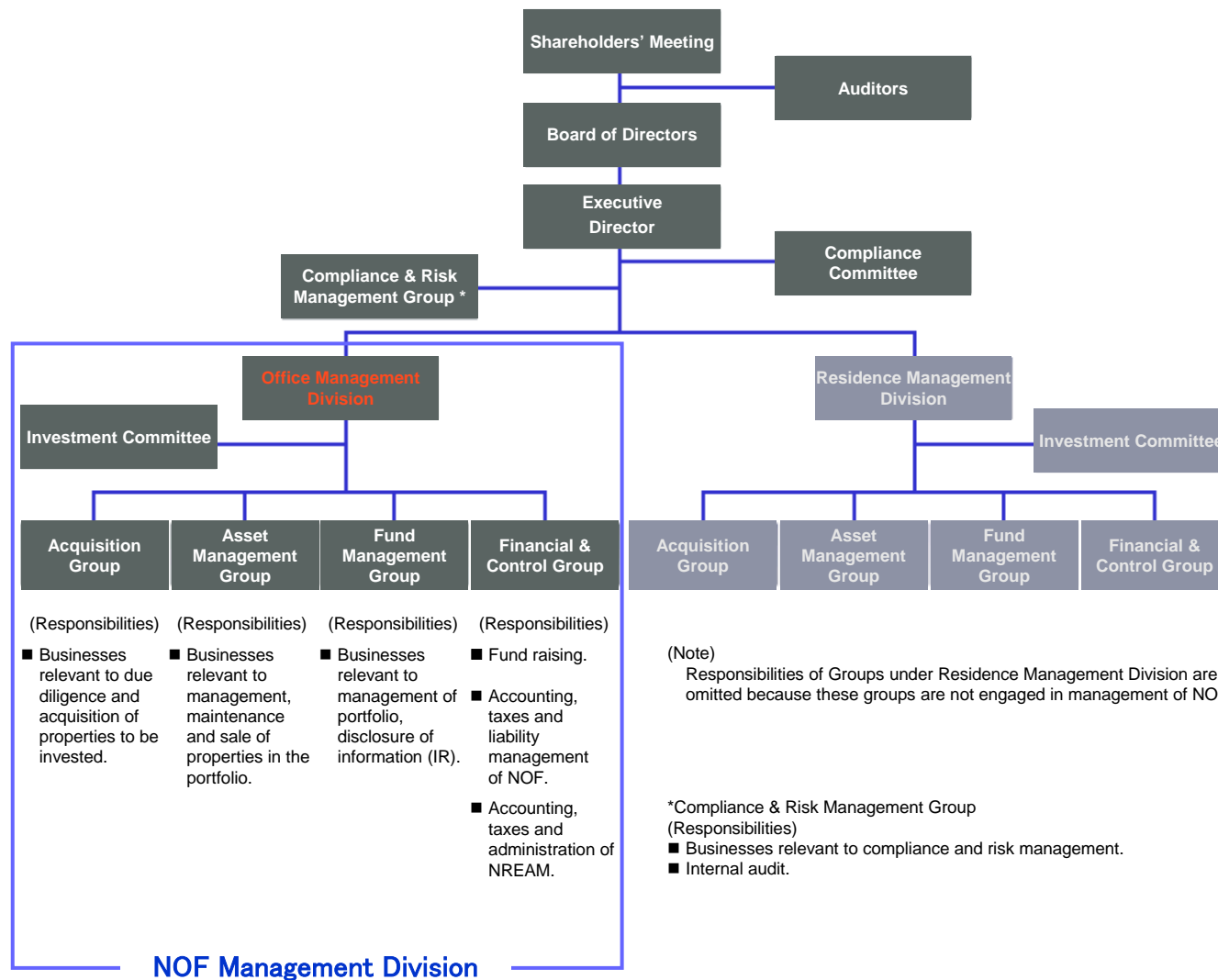


(Note) TSE REIT Index on June 15, 2006 = NOF's closing unit price on the same date (one year from June 15, 2006)

# Organization of the Asset Management Company



NOMURA  
Office Fund



## Corporate Profile

[ Registered Trade Name ]  
Nomura Real Estate Asset Management Co., Ltd.

[ Date of Incorporation ]  
January 24, 2003

[ Capital ]  
¥300,000,000

[ Shareholder ]  
Nomura Real Estate Holdings Inc. (100%)

[ Number of Employees ]  
54 (including Directors)

[ Description of Business ]  
Asset management business for investment corporations (J-REITs)

- ◆ Licensed as an investment corporation engaged in asset management business: Prime Minister No. 28
- ◆ Licensed for discretionary proxy in realty trading: Minister of Land, Infrastructure and Transport No. 18
- ◆ Licensed for real estate trading: Governor of Tokyo No. (1) 81679

Below is a message announced jointly with the asset management company at the time of listing on December 4, 2003.



We, at Nomura Real Estate Office Fund Inc., believe that listing of Real Estate Investment Trust (REIT) serves to form a base on which the nation can build their financial resources. The long-term investment capital will contribute to stabilization of not only the real estate market, but also the Japanese economy as a whole.

Many investors wish stable investment more than anything else. Responding to such needs of asset building, we have set our investment policy as being “stable over mid- to long-term”.

Wishing to make a contribution to the nation’s economic growth in any way, we are determined to continue doing the best of our ability in our function to combine the private financial resources directly with the real estates.

**AN INVESTOR ORIENTED COMPANY**  
respecting the trust and expectation of the investors

**Nomura Real Estate Office Fund, Inc.**  
(TSE code: 8959)

<http://www.nre-of.jp/english/>

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Fund Manager: Nomura Real Estate Asset Management Co., Ltd.

 **NOMURA REAL ESTATE ASSET MANAGEMENT**



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The forward-looking statements with respect to the future financial results contained in this document should not be construed as a guarantee of the actual performance in the future.

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