



NOMURA REAL ESTATE OFFICE FUND

Financial Results of the Sixth Fiscal Period
(October 2006)





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1. Overview of Fund Management

NOMURA REAL ESTATE OFFICE FUND

Highlights of the 6th Fiscal Period

Performance of the Current Period (184 business days)

	Current Period	Comparison with Previous Period		Forecasts as of June 22, 2006	Comparison with Actual Results	
Operating Revenues	¥10,739 mln	+ ¥929 mln	+ 9.5%	¥10,590 mln	+ ¥148 mln	+ 1.4%
Operating Income	¥5,182 mln	+ ¥624 mln	+ 13.7%	¥4,798 mln	+ ¥384 mln	+ 8.0%
Net Income	¥4,229 mln	+ ¥633 mln	+ 17.6%	¥3,837 mln	+ ¥392 mln	+ 10.2%
Cash Distribution per Unit	¥15,905 / unit	+ ¥267 / unit	+ 1.7%	¥14,430 / unit	+ ¥1,475 / unit	+ 10.2%

Notable Activities (May 1, 2006 – Oct. 31, 2006)

Investment Sector

Acquisition from Nomura Real Estate group

- Sapporo North Plaza (¥6.82 bln)
- Secom Medical Bldg (¥11.5 bln)

➔ End-of-Period Total Portfolio: ¥259.1 bln
(up ¥18.3 bln from previous period)

Asset Management Sector

Further internal growth

- Steady increase in rents for both new and renewed tenants
- Implementation of refurbishment works

➔ End-of-Period NOI return of 28 properties
5.9% (5th period) ⇒ 6.1% (6th period)

Financial Sector

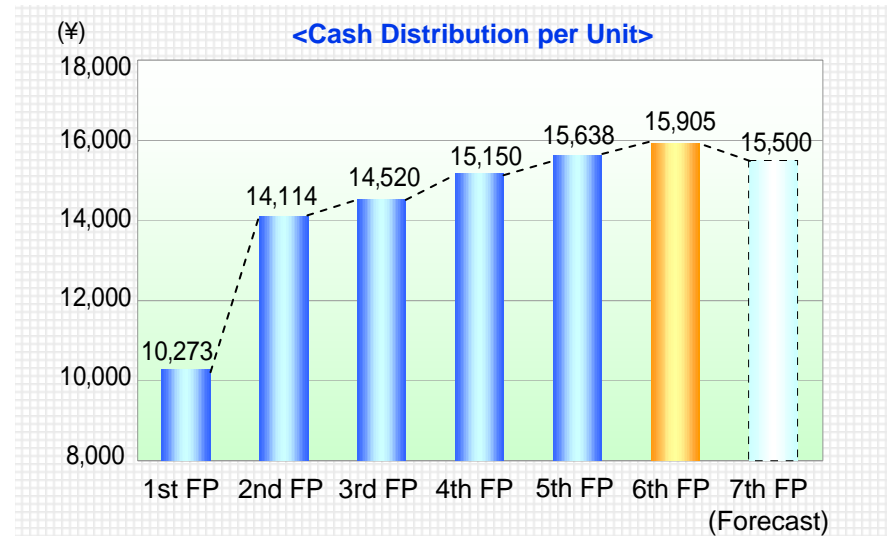
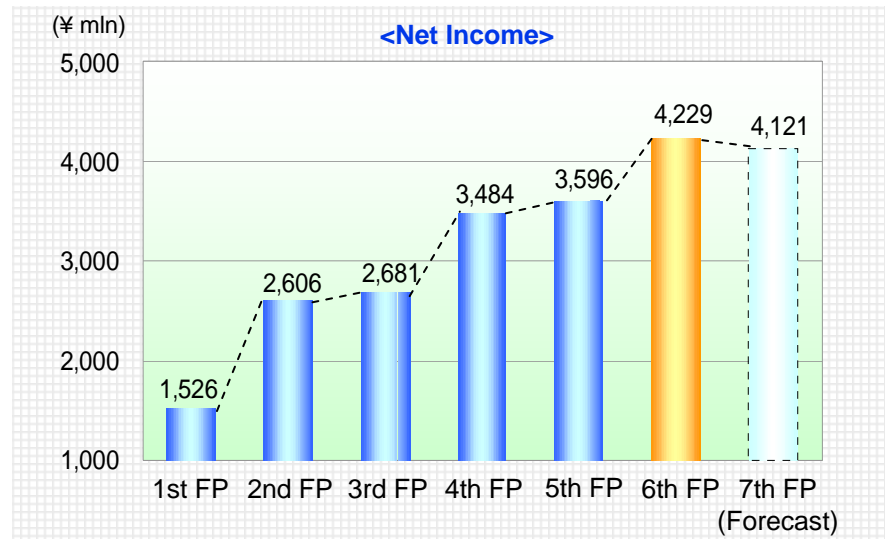
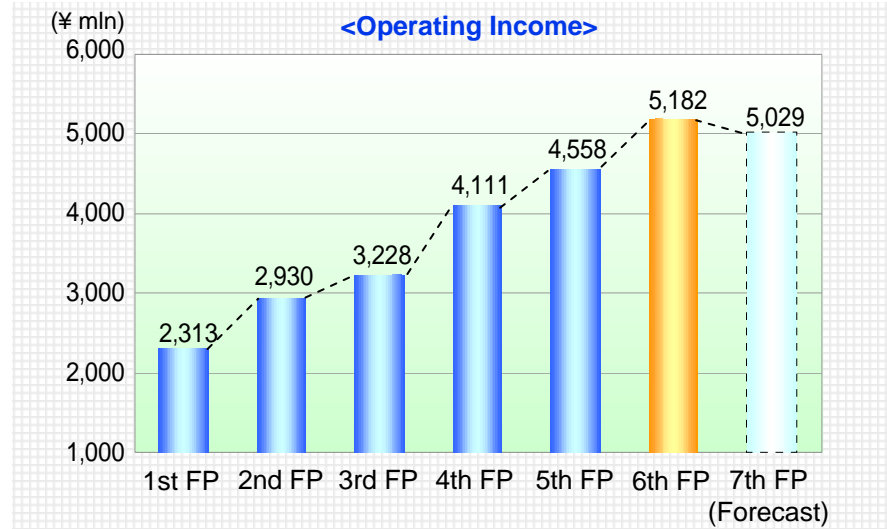
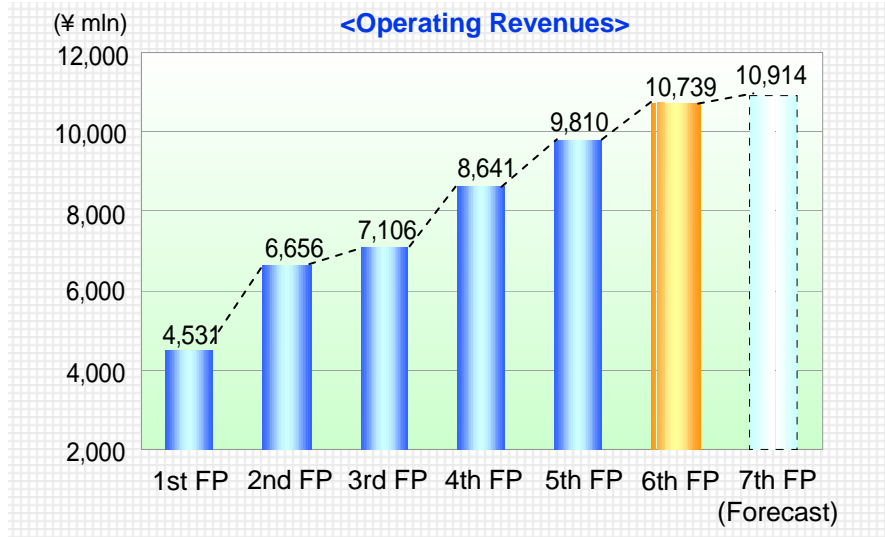
Improvement in financial base and capital efficiency

- 3rd public offering since inception (¥32.1 bln)
- Adherence to conservative financial policies

➔ Decrease in LTV (44.7% ⇒ 36.8%)
Increase in BPS (¥557,000 ⇒ ¥605,000)

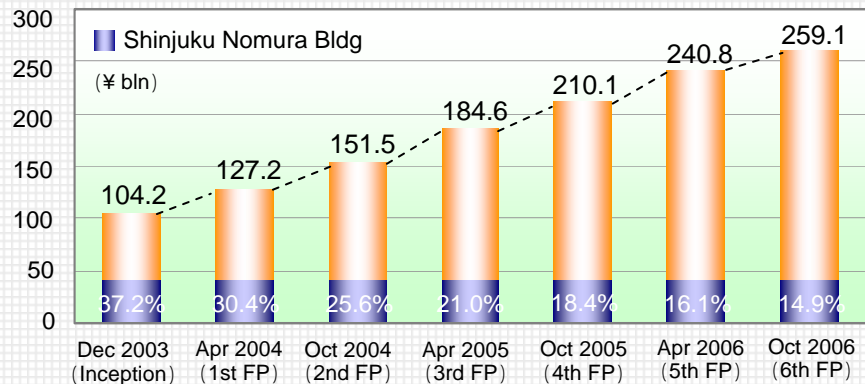


Growth of the Fund (1) “Changes in Performance”



Growth of the Fund (2) “Changes in Fund Management”

Changes in Total Portfolio (by Acquisition Price)



Steady growth of portfolio size

- Result of collaboration with Nomura Real Estate group

Diversification of portfolio

- Weight of Shinjuku Nomura Bldg decreased to 14.9%

Changes in NOI Return of Portfolio

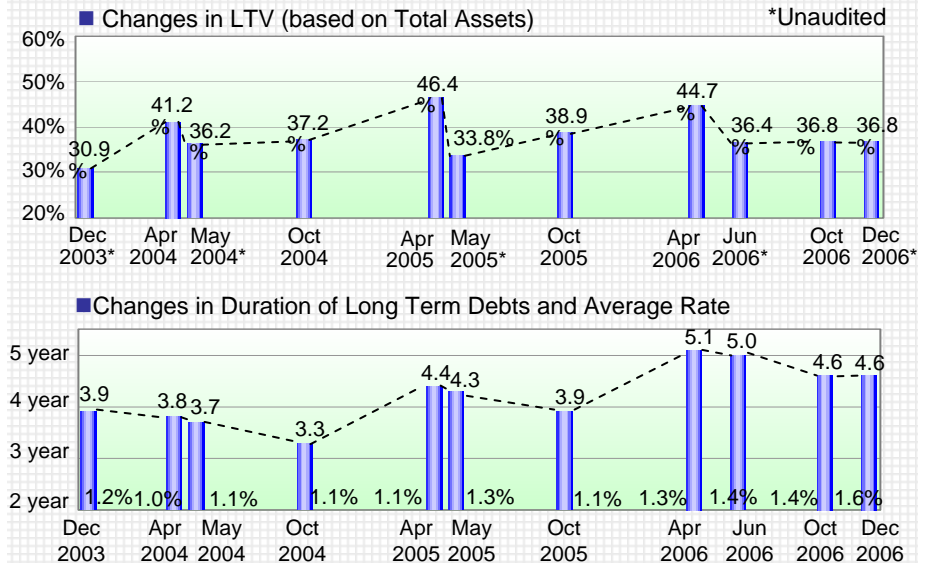
[Changes in NOI Return of Portfolio (%)]

	1st FP (Apr 04)	2nd FP (Oct 04)	3rd FP (Apr 05)	4th FP (Oct 05)	5th FP (Apr 06)	6th FP (Oct 06)
NOI of portfolio	7.2	6.2	6.1	6.1	5.9	6.0

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

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

Changes in Debt Financing – Fixture at Long Term



Forecasts of the 7th Fiscal Period

Item	6th FP	7th FP (forecast)	Difference	
	(¥ mln)	(¥ mln)	(¥ mln)	(%)
Reantal business revenues	9,531	9,809	278	2.9
Other rental business revenues	1,208	1,104	103	8.6
Total rental business revenues	10,739	10,914	174	1.6
Outsourcing expenses	1,065	1,183	118	11.1
Taxes and duties	827	839	12	1.5
Utility expenses	882	822	59	6.8
Insurance expenses	23	22	1	4.3
Repairs and maintenances	198	331	132	66.8
Other expenses	150	132	18	12.2
Depreciation	1,471	1,536	64	4.4
Total rental business expenses	4,619	4,868	248	5.4
Profits from rental business	6,119	6,046	73	1.2
Asset Management fees	781	852	70	9.1
Operating expenses	154	163	8	5.7
Operating profit and loss	5,182	5,029	153	3.0
Non-operating revenues	13	-	13	100.0
Non-operating expenses	966	906	59	6.2
Non-operating profit and loss	952	906	45	4.8
Current profit	4,230	4,122	107	2.5
Net income before tax	4,230	4,122	107	2.5
Corporate, local and enterprise taxes	1	1	0	5.5
Tax adjustment	0	0	0	0.0
Net income	4,229	4,121	107	2.5
Balance brought forward	0	0	-	-
Retained earnings	4,229	4,121	-	-
Outstanding units at period-end (unit)	265,903	265,903	0	0.0
Cash distribution per unit (¥)	15,905	15,500	405	2.5

Rental Business Revenues

Forecasts were made for the 7th fiscal period on the basis that the number of properties under management would remain to be 30 without any new acquisition or sale.

Taxes and Duties

Property taxes, urban planning taxes and other duties for the 7th fiscal period were estimated on the basis that 29 properties out of 30, which are held at the end of the 6th fiscal period, would be taxable for the 7th fiscal period.

Other Rental Business Revenues:

Revenues received as hourly 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 units, etc.



2. Future Management Policies



NOMURA REAL ESTATE OFFICE FUND

Analysis of the Market

Real Estate Investment Market

- Offer from originators have decreased; Private funds have continued to hold.
- Cap rate at the time of acquisition continued on a decreasing trend.

➔ Exclusive information sources such as sponsors play an important role.

Office Leasing Market

- Upward revisions of rent at renewal have increased in central and suburban Tokyo.
- Lower vacancy rate in regional cities resulted in dramatic decrease in downward revisions of rent.

➔ These are ideal phenomena to enhance profitability of portfolio.

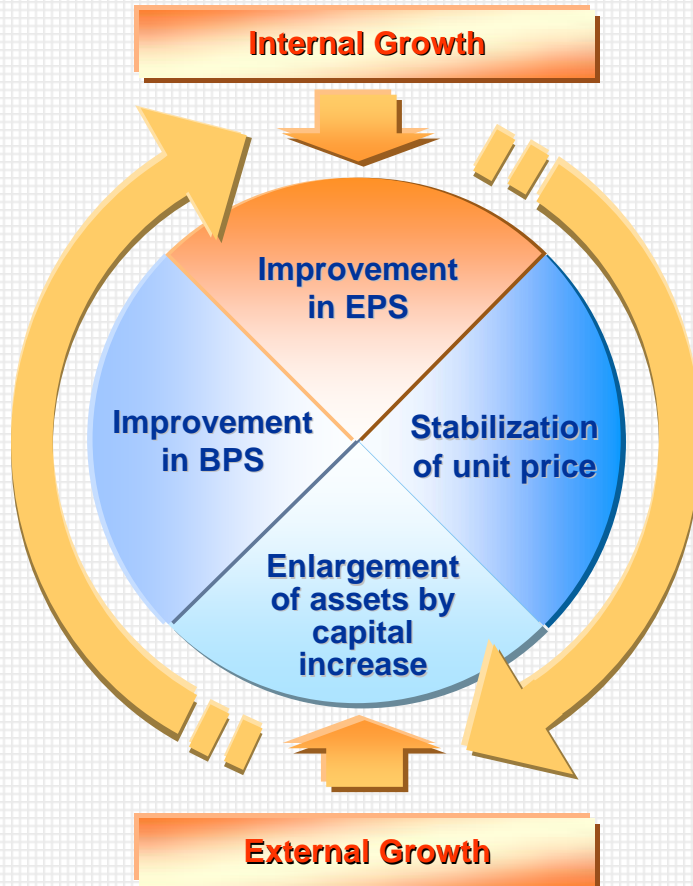
J-REIT Market

- 40 funds being available in the market, investors cast more strict eye at growth potential and risk control.
- Key evaluation criterion is how to hedge risk for the higher interest rate in future.

➔ Further bipolarization – more stringent selection of funds – will develop.

Future Growth Strategies “Sustainability of Growth Cycle” 1

Growth Cycle of REIT



The above cycle is to work continuously.

EPS: Earnings per share BPS: Book-value per share

Growth of EPS

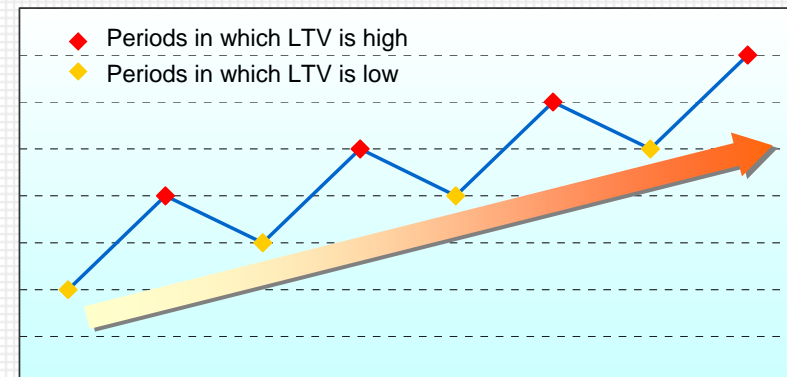
- Components of EPS

$$\text{EPS} = \frac{\text{Net Income}}{\text{Total Assets}} \times \frac{\text{Total Assets}}{\text{Total Capital}} \times \frac{\text{Total Capital}}{\text{Total number of unit}}$$

Profitability
 Leverage
 BPS

- Leverage will fluctuate during the course of investment.
- Higher profitability and BPS are key factors to uplift EPS.

- Image of growth of EPS



Stable growth (uplifting of EPS) over mid- to long-term is aimed at by improving profitability and BPS.

Future Growth Strategies “Sustainability of Growth Cycle” 2

Stable Growth of EPS (Earning per Share)

1. Promotion of internal growth

- Increase in rental revenues (improved NOI return)
⇒ Use of the current phase of rising rent levels

2. Selective investment in prime properties

- Acquisition of properties brings revenue growth over mid- to long-term
- Acquisition of properties contributes to improvement of portfolio quality
⇒ Proactive commitment to development projects (Averaging the age of properties, securement of retained earnings)

Stable Growth of BPS (Book-value per Share)

1. Promotion of external growth

- Enlargement of asset base along with capital increase

2. Sustainment of / improvement in unit price

- Keeping up with investors' expectation of dividend yield (Decrease in risk premium due to improved credit)
⇒ Uncompromising risk management system
⇒ High transparency in disclosure of information

3. Implementation of strategic offering

- Capital increase at continuously rising public offer price (growth of BPS)
- Strategic acquisition corresponding to the capital increase



3. Financial Results

NOMURA REAL ESTATE OFFICE FUND



Income Statement

Item		5th Fiscal Period		6th Fiscal Period		
		Nov 1, 2005 - Apr 30, 2006		May 1, 2006 - Oct 31, 2006		
		(¥000)	(%)	(¥000)	(%)	
Current Profit and Loss	Operating Profit and Loss	Rental business revenues	8,815,222	89.9	9,531,459	88.7
		Rental revenues	7,027,837	71.7	7,620,705	71.0
		Common service charges	1,787,384	18.2	1,910,754	17.8
		Other rental business revenues	995,303	10.1	1,208,377	11.3
		Monthly parking revenues	189,348	1.9	222,897	2.1
		Incidental revenues	734,285	7.5	913,792	8.5
		Other rental revenues	69,505	0.7	70,522	0.7
		Miscellaneous revenues	2,164	0.0	1,165	0.0
		Total rental business revenues	9,810,526	100.0	10,739,836	100.0
		Rental Business Expenses	Property management fees	981,358	10.0	1,065,237
	Taxes and duties	666,061	6.8	827,338	7.7	
	Utility expenses	726,301	7.4	882,912	8.2	
	Insurance expenses	22,318	0.2	23,439	0.2	
	Repairs and maintenances	302,896	3.1	198,792	1.9	
	Other expenses	159,138	1.6	150,382	1.4	
	Depreciation	1,399,417	14.3	1,471,825	13.7	
	Total rental business expenses	4,257,491	43.4	4,619,929	43.0	
	Profits from rental business	5,553,034	56.6	6,119,907	57.0	
	Asset management fees	851,350	8.7	781,981	7.3	
	Selling and administrative expenses	142,982	1.5	154,975	1.4	
Operating profit and loss	4,558,701	46.5	5,182,950	48.3		
Non-operating Profit and Loss	Non-operating revenues	9,789	0.1	13,813	0.1	
	Non-operating expenses	971,391	9.9	966,442	9.0	
	Interest expenses	482,883	4.9	510,507	4.8	
	Interest expenses on bonds	244,722	2.5	270,423	2.5	
	Amortization of bond issuance costs	38,429	0.4	38,429	0.4	
	Loan arrangement fees	101,660	1.0	68,116	0.6	
	Investment unit issuance costs	-	-	63,588	0.6	
	Other non-operating expenses	103,696	1.1	15,378	0.1	
Non-operating profit and loss	961,602	9.8	952,628	8.9		
Current profit	3,597,098	36.7	4,230,321	39.4		
Net income before tax	3,597,098	36.7	4,230,321	39.4		
Corporate, local and enterprise taxes	926	0.0	1,057	0.0		
Tax adjustment	4	0.0	6	0.0		
Net income	3,596,167	36.7	4,229,270	39.4		
Balance brought forward	126	0.0	23	0.0		
Retained earnings	3,596,294	36.7	4,229,293	39.4		

Rental Business Revenues

The total number of properties in the portfolio at the end of the 6th period has become 30 as a result of new acquisition of 2 properties: Sapporo North Plaza and Secom Medical Building.

Occupancy rate at the end of the 6th period was 98.2%, down 0.2% from 98.4% at the end of the 5th period.

Taxes and Duties

Property taxes, urban planning taxes and other duties for the 6th period were charged on the 27 properties out of the total 30 properties held at the end of the 6th period.

Repairs and Maintenances

In addition to cost of repair of ¥198 million, there was capital expenditure of ¥588 million, of which ¥183 million was an initial reserve.

Rental Profits: ¥6,119 mln (up ¥566 mln from the previous period)

Additional revenues from the newly acquired 2 properties: ¥245 million
Increase in revenues from the existing 28 properties: ¥321 million

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

Assets

Item	5th Fiscal Period as of Apr 30, 2006		6th Fiscal Period as of Oct 31, 2006	
	(¥000)	(%)	(¥000)	(%)
Current Assets	26,092,423	9.7%	28,237,092	9.8%
Cash and cash equivalents	8,074,521	3.0%	11,190,780	3.9%
Cash and cash equivalents in trust	17,512,598	6.5%	16,678,494	5.8%
Other current assets	505,302	0.2%	367,818	0.1%
Fixed Assets	242,304,198	90.2%	259,699,550	90.2%
Tangible assets	241,901,061	90.1%	259,449,826	90.1%
Properties	3,741,462	1.4%	15,253,597	5.3%
Buildings	1,134,195	0.4%	4,252,633	1.5%
Lands	2,607,266	1.0%	11,000,964	3.8%
Properties in trust	238,152,308	88.7%	244,190,524	84.8%
Buildings	69,056,085	25.7%	70,325,629	24.4%
Lands	169,096,222	63.0%	173,864,895	60.4%
Other tangible assets	7,290	0.0%	5,704	0.0%
Other tangible assets	7,290	0.0%	5,704	0.0%
Intangible assets	2,001	0.0%	2,031	0.0%
Trust and other intangible assets	2,001	0.0%	2,031	0.0%
Investments and other assets	401,136	0.1%	247,692	0.1%
Security deposits	211,230	0.1%	211,230	0.1%
Investments and other assets	189,906	0.1%	36,462	0.0%
Deferred Assets	162,436	0.1%	124,007	0.0%
Issuing cost of corporation bond	162,436	0.1%	124,007	0.0%
Total assets	268,559,058	100.0%	288,060,650	100.0%

Cash and cash equivalent

	(¥ mln)
Deposits in own name	11,190
Equivalent to security deposits received	2,396
Equivalent to reserved capital expenditure	3,718
Others	5,075
Deposits in trust	16,678
Equivalent to security deposits received	10,277
Equivalent to reserved capital expenditures	327
Others	6,072

Tangible Assets

	Acquisition price	Accumulated depreciation	Depreciation for current term	End-of-term book value
Properties	266,182	6,738	(1,471)	259,444
Buildings in trust	77,016	6,690	(1,434)	70,325
Lands in trust	173,864	-	-	173,864
Buildings	4,300	48	(37)	4,252
Lands	15,301	-	-	15,301

Liabilities and Capital

Item	5th Fiscal Period as of Apr 30, 2006		6th Fiscal Period as of Oct 31, 2006	
	(¥000)	(%)	(¥000)	(%)
Current liabilities	35,067,420	13.1%	23,181,723	8.0%
Accounts payable on trade	511,875	0.2%	553,399	0.2%
Short-term debts	16,000,000	6.0%	2,000,000	0.7%
Long-term debts due to repay within 1 year	15,500,000	5.8%	17,500,000	6.1%
Other accounts payable	1,350,681	0.5%	1,252,622	0.4%
Advance receipts	1,643,280	0.6%	1,759,142	0.6%
Other current liabilities	61,583	0.0%	116,559	0.0%
Fixed liabilities	105,285,130	39.2%	103,874,728	36.1%
Corporation bonds	30,000,000	11.2%	30,000,000	10.4%
Long-term debts	58,500,000	21.8%	56,500,000	19.6%
Security deposits	166,548	0.1%	660,327	0.2%
Security deposits in trust	16,436,835	6.1%	16,705,318	5.8%
Other fixed liabilities	181,746	0.1%	9,082	0.0%
Total liabilities	140,352,551	52.3%	127,056,452	44.1%
Net Assets	128,206,507	47.7%	161,004,197	55.9%
Unitholders capital	124,610,212	46.4%	156,767,193	54.4%
Retained earnings	3,596,294	1.3%	4,229,293	1.5%
Deferred hedge P/L	-	-	7,710	0.0%
Total Net Assets	128,206,507	47.7%	161,004,197	55.9%
Total Liabilities and Net Assets	268,559,058	100.0%	288,060,650	100.0%

Debts

Balance of interest-bearing debts (¥ mln)	106,000
Interest-bearing debts ratio	$\frac{\text{S/T debts} + \text{L/T debts} + \text{Corp bonds}}{\text{Total assets}} = 36.8\%$
Long-term interest-bearing debt ratio	$\frac{\text{L/T debts} + \text{Corp bonds}}{\text{Total debts}} = 81.6\%$

Cash Distribution

Cash Distribution

Item		5th Fiscal Period from Nov 1, 2005 to Apr 30, 2006	6th Fiscal Period from May 1, 2006 to Oct 31, 2006
Retained Earnings	(¥000)	3,596,294	4,229,293
Cash Distribution	(¥000)	3,596,270	4,229,187
Cash Distribution per Unit	(¥)	15,638	15,905
Balance Carried Forward	(¥000)	23	106

● Cash Distribution

The total outstanding number of units as of the period-end was 265,903, for which we paid out almost the entire amount of retained earnings for the period, resulting in the cash distribution per unit being ¥15,905.

Comparison with Forecasts

Item		Forecasts announced on Jun 22, 2006	Actual results for the 6th Fiscal Period	Difference (amount)	Difference (%)
Operating Revenues	(¥ mln)	10,590	10,739	148	1.4
Current Profits	(¥ mln)	3,838	4,230	392	10.2
Net Income	(¥ mln)	3,837	4,229	392	10.2
Cash Distribution per Unit	(¥)	14,430	15,905	1,475	10.2

● Difference between forecasts and actual results

- Operating Revenues
Incremental revenues brought by Secom Medical Bldg: ¥84 million
Incremental revenues brought by the other 29 bldgs: ¥64 million
- Current Profits
Decremental expenses brought by reduction of taxes
and other rental business expenses: ¥235 million

Financial Indices

Comparison through Six Fiscal Periods

		1st FP	2nd FP	3rd FP	4th FP	5th FP	6th FP
Return on Assets (ROA)	(%)	1.1	1.6	1.4	1.5	1.4	1.5
(annualized)	(%)	2.8	3.1	2.8	3.1	2.9	3.0
Return on Equity (ROE)	(%)	2.1	2.8	2.8	2.7	2.8	2.7
(annualized)	(%)	5.2	5.6	5.7	5.4	5.7	5.4
Capital-Asset Ratio	(%)	49.5	54.6	45.6	53.6	47.7	55.9
Loan to Value Ratio (LTV ^①)	(%)	41.2	37.2	46.4	38.9	44.7	36.8
Loan to Value Ratio (LTV ^②)	(%)	48.0	42.6	51.5	42.4	46.0	36.0
Debt Service Coverage Ratio (DSCR)	(x)	11.45	11.05	9.95	10.08	7.92	8.35
Net Operating Income (NOI)	(¥ mln)	3,350	4,451	4,970	6,125	6,952	7,591
Funds from Operation (FFO)	(¥ mln)	2,193	3,555	3,719	4,727	5,034	5,739

Definition of Indices

ROA = Current profits / Average total assets
 Number of days used for annualization are as follows.
 1st FP: 148 days, 2nd FP: 184 days, 3rd FP: 181 days
 4th FP: 184 days, 5th FP: 181 days, 6th FP: 184 days

ROE = Net income / Average unitholders equity
 Number of days used for annualization are as follows.
 1st FP: 148 days, 2nd FP: 184 days, 3rd FP: 181 days
 4th FP: 184 days, 5th FP: 181 days, 6th FP: 184 days

Capital-Asset Ratio = Unitholders equity / Total assets

LTV^① = Total interest-bearing debts / Total assets

LTV^② = Total interest-bearing debts / Total appraisal value of property

DSCR = Net income before interest / Interest expenses

NOI = Rental business revenues
 – Rental business expenses + Depreciation

FFO = Net income + Depreciation
 + Amortization of issuing cost of corporation bonds



Cash Flow Statement

Item	5th Fiscal Period	6th Fiscal Period
	Nov 1, 2005 – Apr 30, 2006 (¥000)	May 1, 2006 – Oct 31, 2006 (¥000)
I. Cash flow of Operating Activities		
Income before tax	3,597,098	4,230,321
Depreciation	1,399,445	1,471,853
Amortization of long-term prepaid expenses	725	808
Amortization of corporate bond issuance costs	38,429	38,429
Interest income	138	2,917
Interest expenses	727,605	780,930
Scrapping cost of tangible assets	-	175
Change in rental receivables	22,812	13,054
Change in consumption tax refundable	51,349	50,718
Change in trade accounts payable	17,526	41,524
Change in other accounts payable	138,097	101,964
Change in rent received in advance	203,434	115,861
Change in security deposits received	18,241	86,569
Change in other accounts	122,428	61,968
Subtotal	5,908,821	6,761,226
Interest received	138	2,917
Interest paid	548,029	794,534
Taxes and duties	1,009	1,482
Net cash provided by operating activities	5,359,920	5,968,126
II. Cash flow of Investment Activities		
Purchase of tangible assets	3,752,510	11,549,180
Purchase of tangible assets in trust	27,867,046	7,455,511
Purchase of intangible assets	105	132
Security deposits paid	-	8,835
Security deposits received	166,548	502,614
Security deposits in trust paid	478,226	354,491
Security deposits in trust received	2,062,794	622,974
Security deposits paid	450	-
Long-term prepaid expenses	-	6,052
Net cash used in investment activities	29,868,995	18,248,614
III. Cash flow of Financing Activities		
Proceeds from short-term debt	18,000,000	2,000,000
Repayment of short-term debt	23,000,000	16,000,000
Proceeds from long-term debt	19,500,000	-
Repayment of long-term debt	7,500,000	-
Proceeds from corporation bonds	20,000,000	-
Issuance cost of corporation bonds	140,026	-
Proceeds from investment units	-	32,156,980
Cash distribution to unitholders	3,480,349	3,594,338
Net cash provided by financing activities	23,379,623	14,562,642
IV. Change in cash and cash equivalent	1,129,450	2,282,154
V. Starting balance of cash and cash equivalent	26,716,571	25,587,120
VI. Ending balance of cash and cash equivalent	25,587,120	27,869,274

Debt Financing

as of End of 6th FP (Oct 31, 2006)

	Lender	Amount	Type of interest	Interest rate (p.a.)	Repayment Date	Remarks
Short-term debts (including long-term debts due for repayment within one year)	5 finan insti	¥2,000 mln	Floating	0.84000% (From Aug 31, 2006 to Nov 30, 2006)	Nov. 30, 2006	Unsecured/ Unguaranteed
	9 finan insti	¥12,500 mln	Fixed (Note 1)	1.14500% (Weighted average after interest rate swap)	Dec. 8, 2006	
	2 finan insti	¥3,000 mln	Fixed	1.04500%	Dec. 8, 2006	
	1 finan insti	¥2,000 mln	Floating	1.06909% (From Aug 29, 2006 to Feb 28, 2007)	Aug. 28, 2007	
Total short-term debts	12 finan insti	¥19,500 mln				
Long-term debts	6 finan insti	¥8,500 mln	Fixed (Note 3)	1.00625% (Weighted average after interest rate swap)	Dec. 8, 2007	Unsecured/ Unguaranteed
	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	
	4 finan insti	¥4,000 mln	Floating	0.91909% (From Aug 29, 2006 to Feb 26, 2007)	Aug. 26, 2008	
	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	
	5 finan insti	¥7,500 mln	Fixed (Note 4)	1.68000% (Weighted average after interest rate swap)	Feb. 26, 2011	
	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	
	Total long-term debts	24 finan insti	¥56,500 mln			
Total debts	25 finan insti	¥76,000 mln				
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	
Total corporation bond		¥30,000 mln				
Grand total	25 finan insti	¥106,000 mln				

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

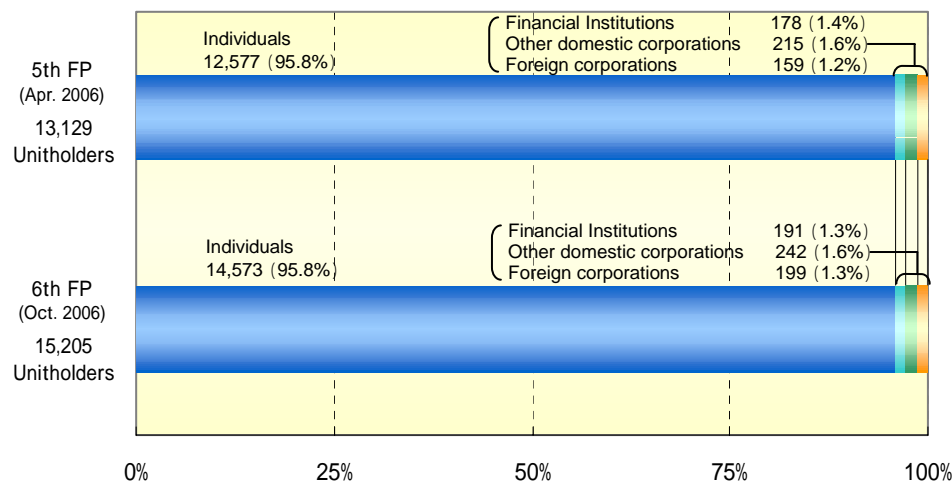
(Note 2) Fixed by interest rate swap from May 27, 2004

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

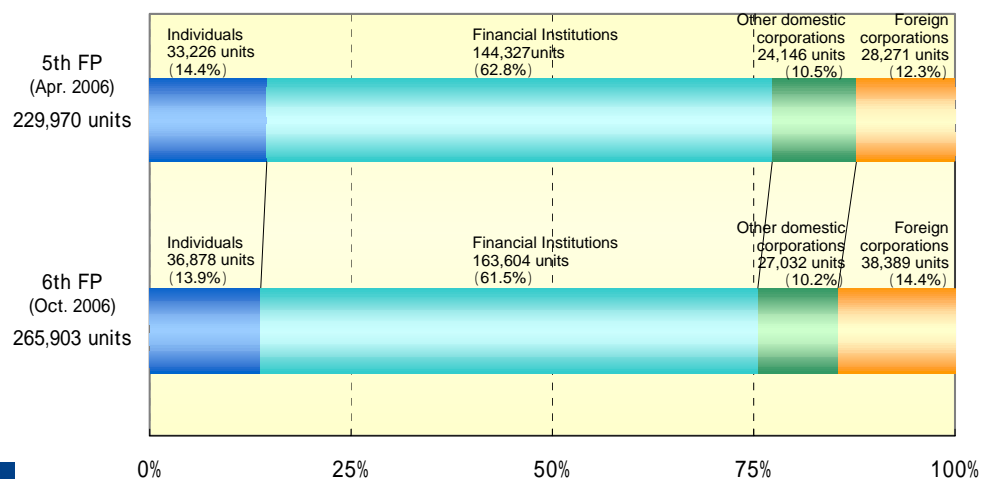
(Note 4) Fixed by interest rate swap from Feb 27, 2006

Unitholders

Number of Unitholders



Number of Investment Units



Breakdown of Financial Institutions

	5th Fiscal Period		6th Fiscal Period	
Banks	51,576	22.4%	58,530	22.0%
Trust Banks	58,958	25.6%	71,005	26.7%
Life companies	10,197	4.4%	9,185	3.5%
Non-life companies	5,516	2.4%	5,458	2.1%
Other financial institutions	18,080	7.9%	19,426	7.3%
Total	144,327	62.8%	163,604	61.5%

Top 10 Unitholders

Unitholders	Units	Ratio
1 Japan Trustee Services Bank, Ltd.	24,343	9.15%
2 NikkoCiti Trust and Banking Corporation	20,323	7.64%
3 Nomura Real Estate Development Co., Ltd.	13,326	5.01%
4 Trust & Custody Services Bank, Ltd.	11,189	4.21%
5 The Master Trust Bank of Japan, Ltd.	11,165	4.20%
6 Kawasaki Gakuen	7,000	2.63%
7 The Hiroshima Bank, Ltd.	5,772	2.17%
8 The Bank of IKEDA, Ltd.	5,494	2.07%
9 The Gibraltar Life Insurance Co., Ltd.	5,111	1.92%
10 National Mutual Insurance Federation of Agricultural Cooperatives	4,393	1.65%
Total	108,116	40.66%

(The ratio of Top 10 Unitholders for the previous term: 39.2%)



4. Fund Management Results




NOMURA REAL ESTATE OFFICE FUND

Results of Investment Sector

Investment Environments

- Sale by corporate owners has been on a decreasing trend.
- Slippage of cap rate has become prominent nationwide.
- Acquisition (particularly from the third parties) of office buildings by J-REITs has decreased.
- Certain amount of information about development projects has continued to be brought.

- 
- Highly competitive investment circumstances continue.
 - Strong tie with sponsors becomes essential.

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

5th fiscal period 160

6th fiscal period 142

- Cleared standard for consideration : 107
- Once considered in detail : 23
- Currently under consideration : 15

Major Results

Collaboration with Nomura Real Estate group

1. Acquisition of properties developed by NRED

- Secom Medical Building

Development and asset management
by Nomura Real Estate Holdings

Development
Nomura Real Estate
Development



Asset management
Nomura Real Estate
Asset Management

- Power of information collected across the group
- Professional know-how of development
- Strong capability of tenant leasing
- High standard of risk and portfolio management
- Competitive pricing power, uncompromising due diligence

2. Collaboration with private funds

- Sapporo North Plaza
 - Acquisition from a private fund managed by Nomura Real Estate group
 - Prompt acquisition after capital increase at the beginning of the period

Properties Acquired during the 6th Fiscal Period

Sapporo North Plaza



Location Kita-ichijo-nishi, Chuo-ku
Sapporo City

Floor Space 18,842.51m² (5,699.85 tsubo)

Type of Ownership (Land) Ownership
(Bldg) Ownership

Acquisition Price ¥6,820 mln

Date of Acquisition Jun 1, 2006

[Features]

- At the heart of business/commercial area of Sapporo
- Connection to Sapporo Station (JR) by underpass expected to complete in 2010

[Policy]

- Leasing corresponding to market recovery → Greater revenues due to higher occupancy rate
- Renovation plan in view of underpass connection → More stable management base

Secom Medical Building



Location Niban-cho, Chiyoda-ku,
Tokyo

Floor Space 8,683.73m² (2,626.82 tsubo)

Type of Ownership (Land) Ownership
(Bldg) Ownership

Acquisition Price ¥11,500 mln

Date of Acquisition Sep 1, 2006

[Features]

- 20-year term contract with SECOM
- Good accessibility by both Kojimachi and Yotsuya stations (subway)
- Fairly new (built in Feb 2005) and seismically isolated building

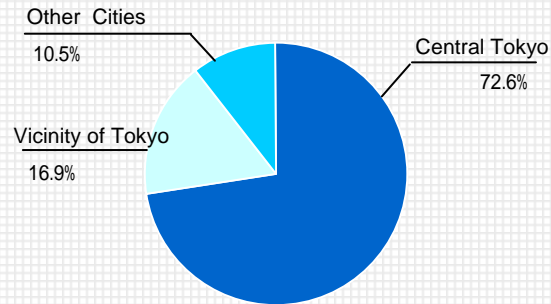
[Policy]

- Long-term leasing contract with excellent tenant → Improved stability of portfolio revenue

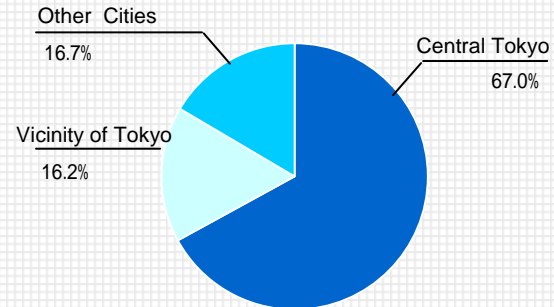
Diversification of Portfolio (1) "Assets"

Diversification by Location (based on Acquisition Price)

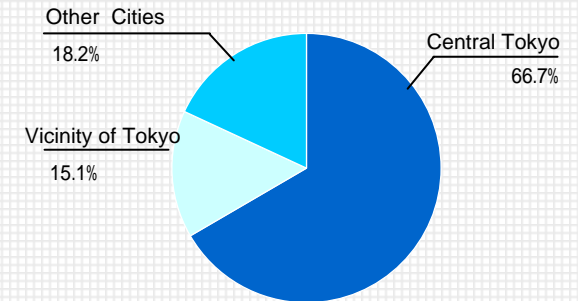
End of 4th FP (Oct. 2005)



End of 5th FP (Apr. 2006)

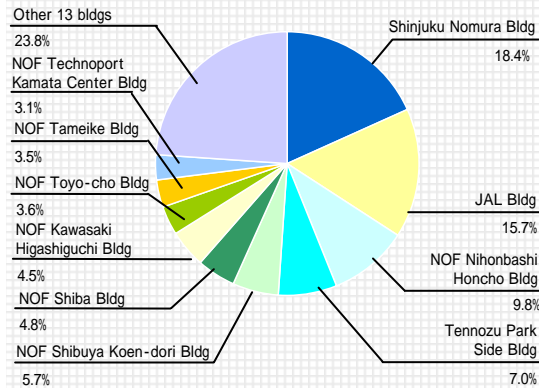


End of 6th FP (Oct. 2006)

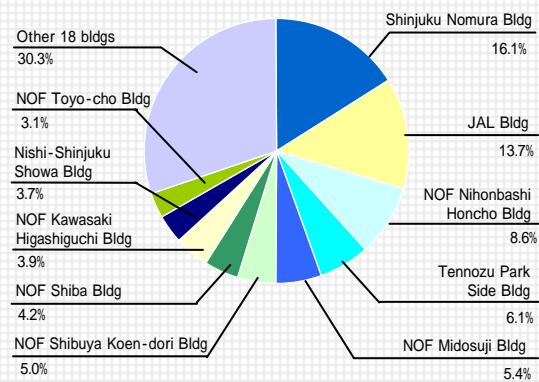


Diversification by Property (Top 10 Named based on Acquisition Price)

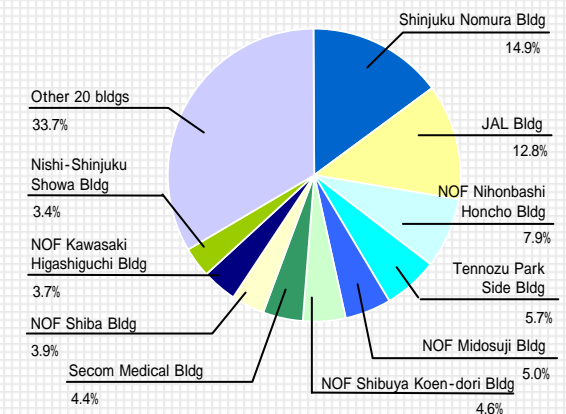
End of 4th FP (Oct. 2005)



End of 5th FP (Apr. 2006)



End of 6th FP (Oct. 2006)



Diversification of Portfolio (2) "Tenants"

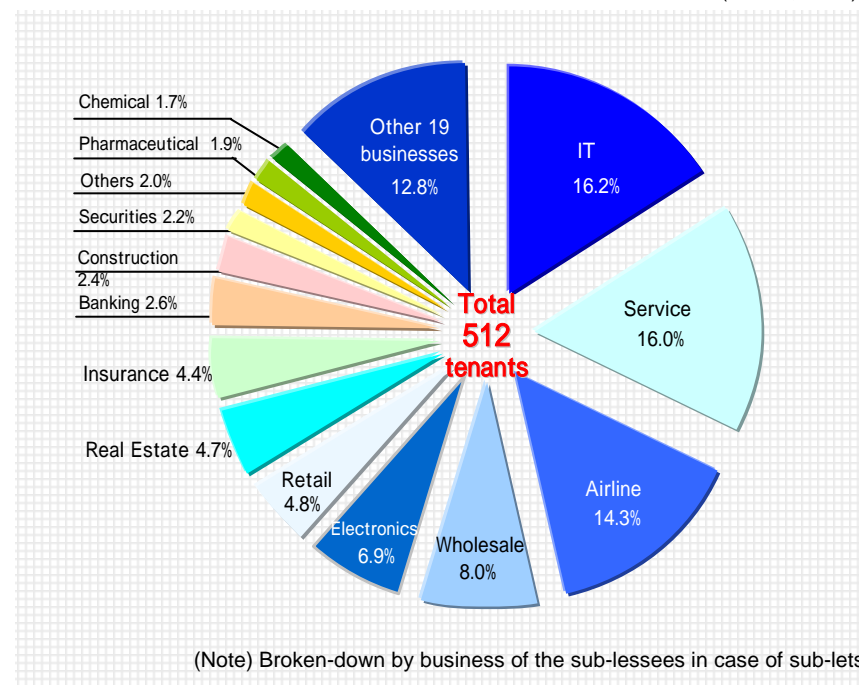
Top 10 Tenants (by Space)

End of 6th FP (Oct 31, 2006)

	Tenant	Industry	Property	Expiry of contract	Leased space (m ²)	Weight in portfolio (%)	Weight for previous term (%) (Note 2)
1	Flagship Properties Private Company	Real Estate	JAL Bldg.	Mar. 31, 2015	42,084.11	13.6	14.6
2	XYMAX AXIS CORPORATION	Real Estate	NOF Toyo-cho Bldg.	Nov. 30, 2009	18,218.17	5.9	6.3
3	FUJITSU LIMITED	Electronic Devices	NOF Technoport Kamata Center Bldg.	Mar. 31, 2007	3,699.38	1.2	1.3
			Faret Tachikawa Center Square	Dec. 31, 2007	255.15	0.1	0.2
			NOF Shin-Yokohama Bldg.	Sep. 30, 2008	6,547.74	2.1	2.3
4	SECOM Co., Ltd.	Services	Secom Medical Bldg.	Feb. 28, 2025	8,821.24	2.8	-
			NOF Sendai Aoba-dori Bldg.	Dec. 31, 2006	755.69	0.2	0.3
5	Nomura Facilities Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	May 31, 2008	1,206.55	0.4	0.4
			NOF Utsunomiya Bldg.	Dec. 31, 2007	1,140.85	0.4	0.4
			Nomura Yotsubashi Bldg.	Nov. 30, 2007	1,847.63	0.6	0.6
			Nomura Hiroshima Bldg.	Mar. 31, 2007	2,834.48	0.9	1.0
6	Nomura Real Estate Development Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	Nov. 30, 2013	3,607.48	1.2	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	FUJI XEROX OFFICE SUPPLY	Wholesale	NOF Surugadai Plaza Bldg.	Apr. 30, 2007	4,160.94	1.3	1.4
8	FUJITSU COMMUNICATION SERVICES LIMITED	IT	Tennozu Park Side Bldg.	Feb. 28, 2007	3,598.83	1.2	1.2
9	Shinsei Bank, Limited.	Bank	NOF Midosuji Bldg.	Jan. 31, 2010	2,774.75	0.9	1.0
			Hiroshima Tatemachi NOF Bldg.	Jan. 31, 2010	647.01	0.2	0.2
10	DAIKEN CORPORATION	Residential Materials	NOF Nihonbashi Honcho Bldg.	Feb. 14, 2007	3,221.93	1.0	1.1
Total					107,033.49	34.5	

Diversification in Business (by Space)

End of 6th FP (Oct 31, 2006)



Medium-Term Contracts

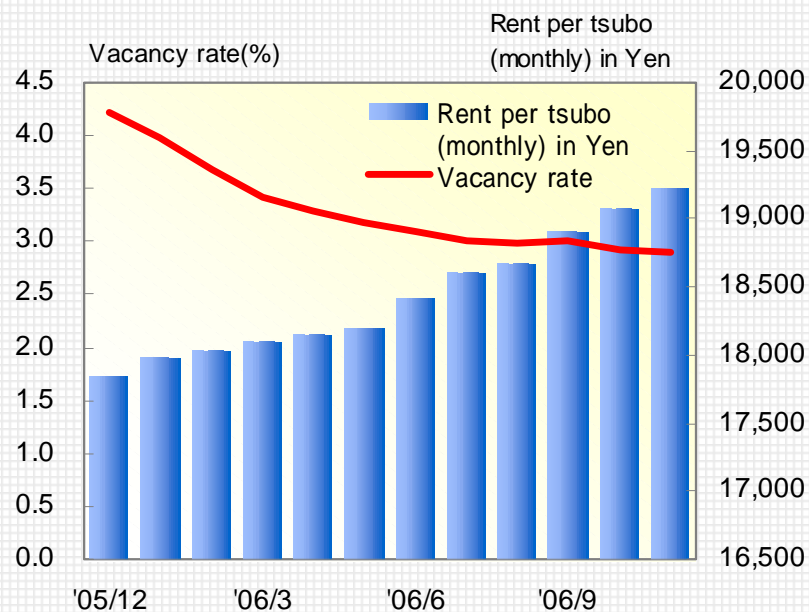
Medium-term contracts expiring after three years from now:

End of 6th FP (Oct 31, 2006) 26.19% (based on floor space)
22.21% (based on contract rent)

Results of Asset Management Sector

Investment Circumstances of the 6th Fiscal Period

- Overview of office market in Tokyo's business district (5 central wards)



(Source: Miki Shoji)

- Vacancy rate : 4.2% ('05/12) 2.9% ('06/11) (1.3%)
- Average asking rent : ¥17,844 / tsubo ('05/12)
→ ¥19,221 / tsubo ('06/11) (+7.7%)

Results of the 6th Fiscal Period

Pursuit of internal growth, and stable revenue base over mid- to long-term

Right management and control of properties

Competitiveness enhanced by renovation works

Rise in rent

Improvement in profitability of portfolio

Increase in asset value

Improved portfolio NOI

5.9% ⇒ 6.1%

Improved appraised value

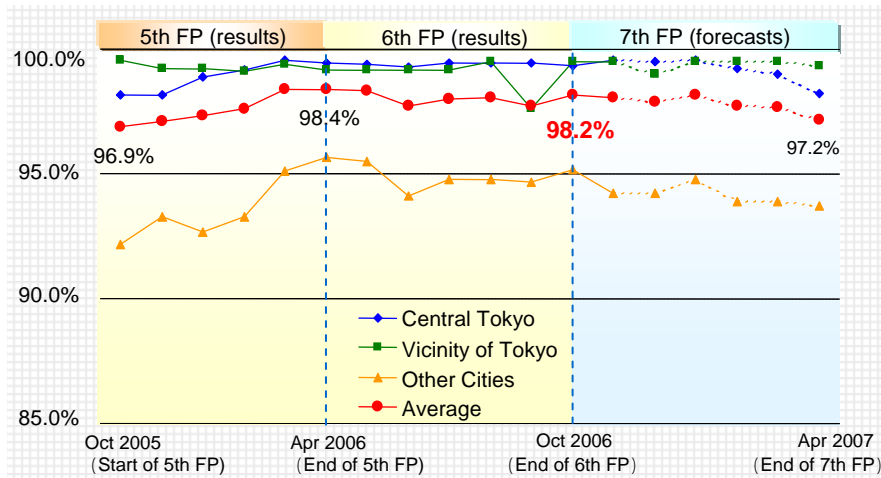
+ 5.2%

* For 28 properties held at the end of 5th period

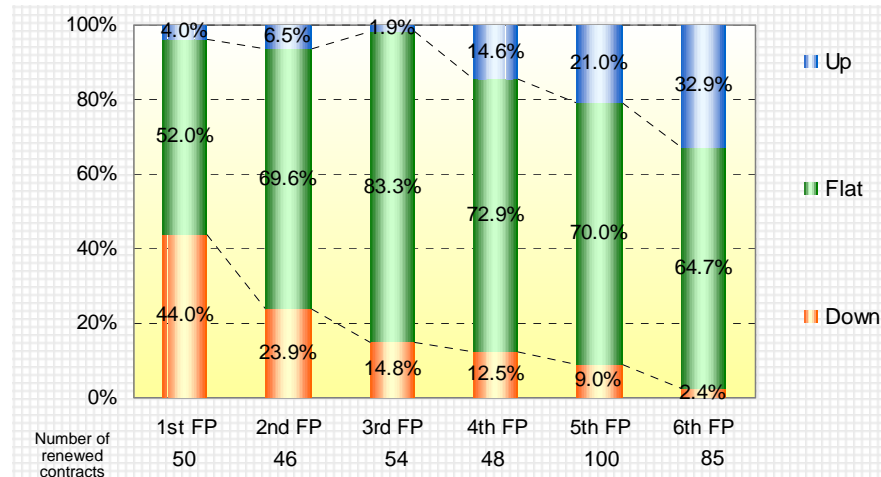
* For 30 properties held at the end of 6th period

Increase in Earning Power of Portfolio

Stable Occupancy Rate

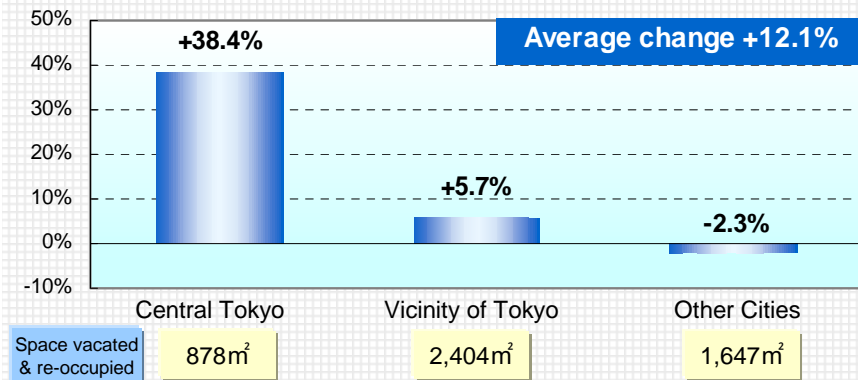


Changes in Rent of Renewed Tenants



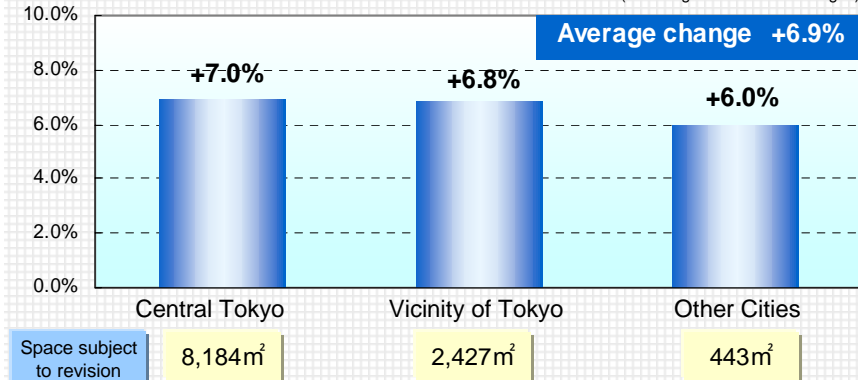
Comparison of Rent of the Same Space before Move-out and after Move-in

* Change = ((Rent of move-in / rent of move-out) - 1) X100 (Including common area charges)



Comparison of Rent before and after Upward Revision

* Change = ((Rent of renewed contracts / rent of previous contracts) - 1) x 100 (Including common area charges)



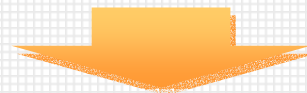
Enhancing Competitiveness of Property by Renovation

Major Renovation Works during the 6th Fiscal Period

- Nomura Hiroshima Bldg
[Entrance Renovation]



- NOF Nagoya Yanagibashi Bldg
[Entrance Renovation]

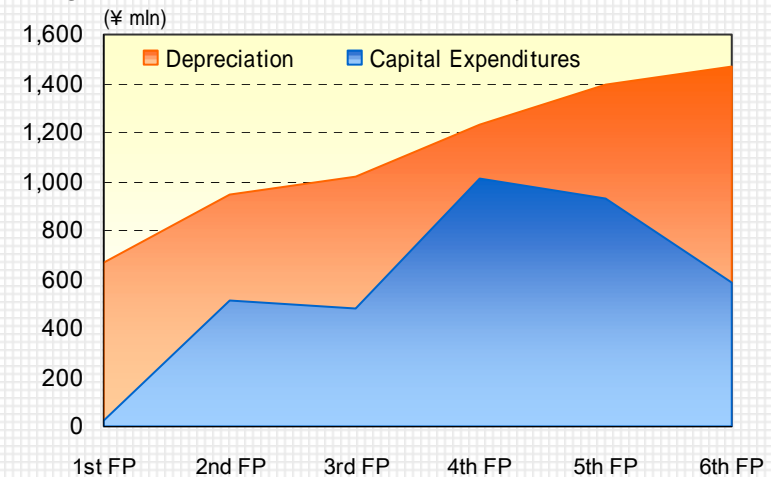


Effects of Renovation

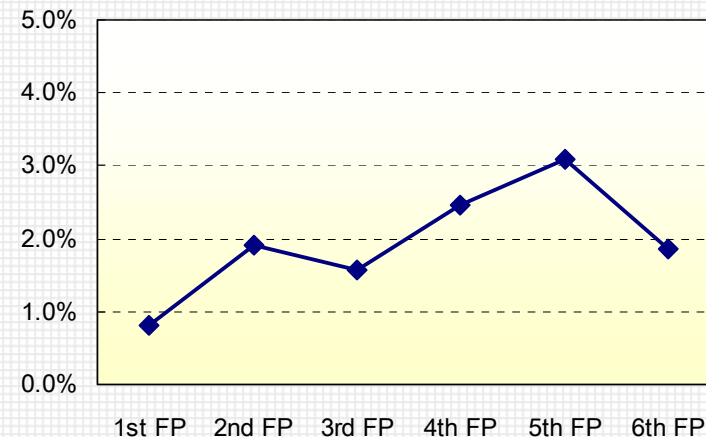
Improve tenants' satisfaction
Differentiate it in the surrounding buildings

Capital Expenditures and Repair Costs

- Changes in Depreciation and Capital Expenditures



- Ratio of Repair Costs in Rental Business Revenues



End-of-Period Appraisal Value

	Property	Acquisition Price (¥ mln)	Book Value at End of 6th FP (¥ mln)	Appraisal Value at End of 6th FP (¥ mln)	Book Value at End of 5th FP (¥ mln)	Difference from Previous Term	
						(¥ mln)	Change
Central Tokyo	Shinjuku Nomura Bldg	38,730	39,125	54,200	48,000	6,200	12.9%
	JAL Bldg	33,080	33,805	31,220	30,940	280	0.9%
	NOF Nihonbashi Honcho Bldg	20,600	20,557	23,500	22,200	1,300	5.9%
	Tennozu Park Side Bldg	14,800	14,067	17,900	16,900	1,000	5.9%
	NOF Shibuya Koen-dori Bldg	12,000	12,583	13,900	13,900	-	-
	Secom Medical Bldg	11,500	11,532	11,500	* 11,500	-	-
	NOF Shiba Bldg	10,000	10,166	10,400	10,300	100	1.0%
	Nishi-Shinjuku Showa Bldg	8,800	8,793	10,000	9,110	890	9.8%
	NOF Tameike Bldg	7,400	7,655	7,900	7,510	390	5.2%
	NOF Shinagawa Konan Bldg	5,500	5,422	6,260	5,960	300	5.0%
	NOF Surugadai Plaza Bldg	5,150	5,178	5,520	5,430	90	1.7%
	NOF Kanda Iwamoto-cho Bldg	3,080	3,059	3,550	3,430	120	3.5%
	NOF Minami Shinjuku Bldg	2,280	2,277	2,550	2,460	90	3.7%
	Total Central Tokyo	172,920	174,225	198,400	187,640	10,760	5.7%
Vicinity of Tokyo	NOF Toyo-cho Bldg	7,550	7,175	8,100	7,950	150	1.9%
	NOF Technoport Kamata Center Bldg	6,430	6,268	7,040	6,870	170	2.5%
	Crystal Park Bldg	3,700	3,721	3,900	3,800	100	2.6%
	Faret Tachikawa Center Square	3,290	3,124	4,740	4,050	690	17.0%
	NOF Kawasaki Higashiguchi Bldg	9,500	9,688	9,690	9,680	10	0.1%
	NOF Yokohama Nishiguchi Bldg	5,050	5,071	5,952	5,580	372	6.7%
	NOF Shin-Yokohama Bldg	3,600	3,449	3,920	3,790	130	3.4%
Total Suburban of Tokyo	39,120	38,499	43,342	41,720	1,622	3.9%	
Other Cities	Sapporo North Plaza	6,820	6,858	6,825	* 6,820	5	0.1%
	NOF Sendai Aoba-dori Bldg	3,200	3,171	3,380	3,220	160	5.0%
	NOF Utsunomiya Bldg	2,970	2,772	3,320	3,210	110	3.4%
	NOF Nagoya Yanagibashi Bldg	3,550	3,642	3,590	3,580	10	0.3%
	NOF Midosuji Bldg	12,900	12,811	13,300	13,100	200	1.5%
	Nomura Osaka Bldg	6,410	6,339	8,560	7,700	860	11.2%
	Nomura Yotsubashi Bldg	3,940	3,798	5,510	4,950	560	11.3%
	NOF Kobe Kaigan Bldg	3,280	3,096	3,420	3,320	100	3.0%
	Hiroshima Tatemachi NOF Bldg	2,100	2,081	2,100	2,100	-	-
	Nomura Hiroshima Bldg	1,930	2,152	2,290	2,080	210	10.1%
Total Other Cities	47,100	46,725	52,295	50,080	2,215	4.4%	
Grand Total	259,140	259,449	294,037	279,440	14,597	5.2%	

(A)

(B)

* For these buildings acquired during the 6th FP, appraisal value is that of the time of acquisition.

Difference between Appraisal
Value and Book Value

¥34,587 mln

(¥130,074/unit)

(B) - (A)

Move-Ins and Move-Outs

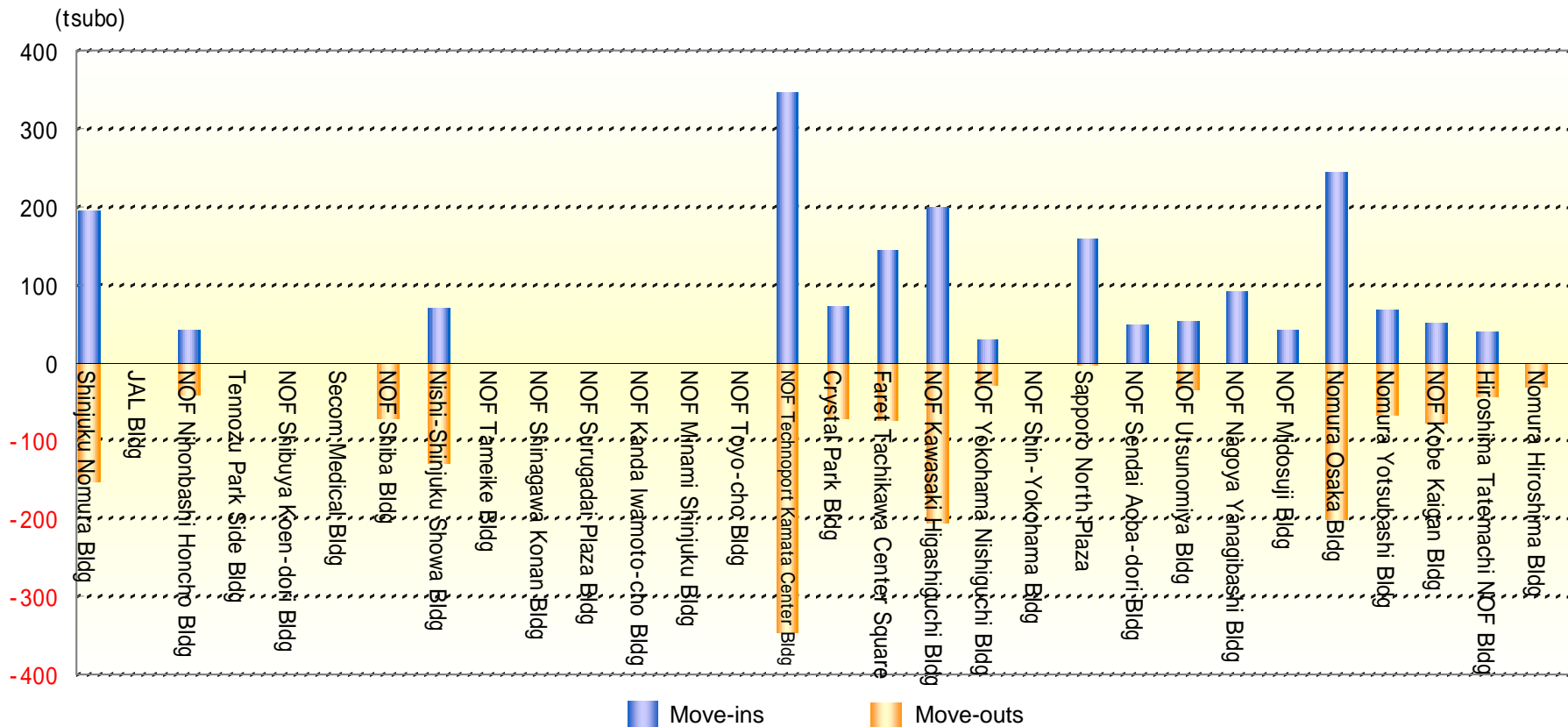
- Space occupied by move-ins and vacated by move-outs

Move-ins 1,897 tsubo (6,273m²) :about 2.0% of weighted average of total floor space

Move-outs 1,589 tsubo (5,254m²) :about 1.7% of weighted average of total floor space

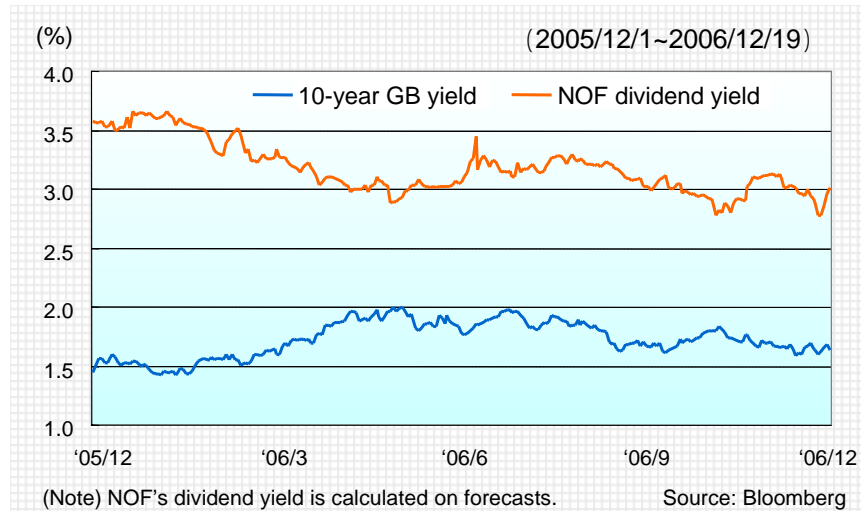
Change 308 tsubo (1,019m²) : More move-ins than move-outs

	Move-ins	Move-outs	Change
Central Tokyo	+305 tsubo	-396 tsubo	-90 tsubo
Vicinity of Tokyo	+791 tsubo	-730 tsubo	+60 tsubo
Other Cities	+800 tsubo	-462 tsubo	+338 tsubo



Results of Financial Sector

NOF's Dividend Yield vs. 10-year Government Bond Yield



Objectives of Well-balanced Debt Management

- 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 security deposits received, etc.

Major Achievements

Improvement in financial stability and maneuverability

3rd capital increase by public offering after inception

Pull-up of Commitment Line

Improvement in credit rating

Securement of financing ability that enables us to sustain growth into the future

Additional Issuance of Investment Units / Credit Ratings

Issuance of Investment Units (Capital Increase)

Overview of capital increase

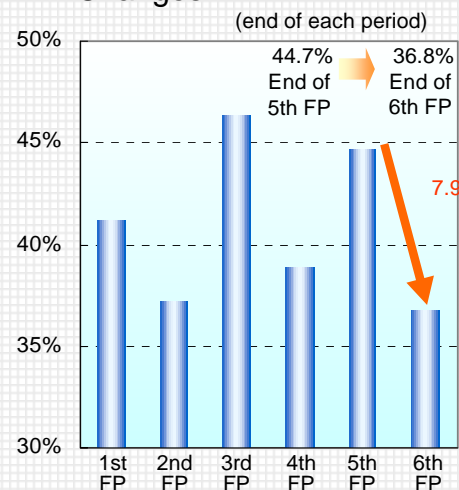
- Number of units issued (public offering) 34,800
- Number of units issued (third party allotment) 1,133
- Offer price ¥926,100 / unit
- Total sum raised ¥32,156 mln
- Payment date May 25, 2006 (public offering)
Jun 23, 2006 (third party allotment)

Changes in offer price of units by public offering

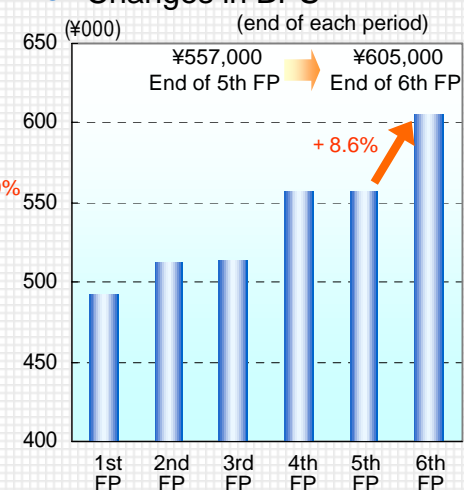


Effects of Capital Increase

Changes in LTV



Changes in BPS



Status of Credit Rating

Rating Company	Rating	Outlook
S&P	Long-term Corporate Credit Rating: A Short-term Corporate Credit Rating: A-1	Stable
Moody's	Issuer Rating: A2*	Stable
R&I	Issuer Rating: A+	Positive

* Upgraded to A2 from A3 effective November 17, 2006.

Overview of Financial Status

Financial Status (as of Oct. 31, 2006)

- LTV (loan to value on a basis of total assets)

End of 6th fiscal period: 36.8%

(7.9% from previous term)



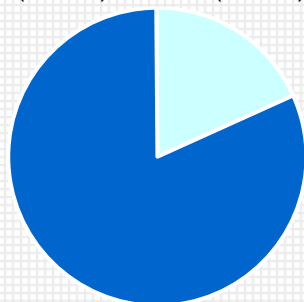
Decrease in LTV by capital increase
Securement of acquisition capacity

- Status of Debts

ST vs. LT Debts

Long-term*
¥86.5 bln
(81.6%)

Shot-term
¥19.5 bln
(18.4%)

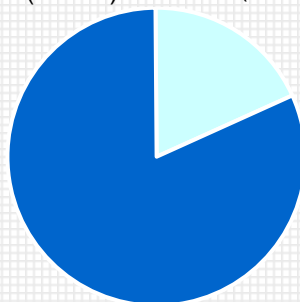


*Including Corporation Bonds

Floating vs. Fixed Rates

Fixed rate*
¥98.0 bln
(92.5%)

Floating rate
¥8.0 bln
(7.5%)



*Including Interest Rate Swaps

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



4.6 years

Previous term: 5.1 years

- Weighted average of interest rate of all the debts



1.44%

Previous term: 1.29%

- List of lenders (Total 25 financial institutions)

Lender	Total amount of debt remaining	Lender	Total amount of debt remaining
Bank of Tokyo-Mitsubishi UFJ	13.9	Development Bank of Japan	2.0
Sumitomo Mitsui Banking Corp.	7.0	Zen-Kyo-Ren	2.0
Mitsubishi UFJ Trust and Banking	5.2	Hachijuni Bank	1.5
Sumitomo Trust & Banking Corp.	5.2	Hiroshima Bank	1.5
Norinchukin Bank	5.0	Mizuho Corporate Bank	1.2
Dai-ichi Mutual Life Insurance	5.0	Keiyo Bank	1.0
Nomura Trust and Banking	4.0	Meiji Yasuda Life Insurance	1.0
Mitsui Life insurance	4.0	Mitsui Sumitomo Insurance	1.0
Chiba Bank	3.0	Chugoku Bank	1.0
Iyo Bank	2.5	Bank of Fukuoka	1.0
Chuo Mitsui Trust and Banking	2.0	Aozora Bank	1.0
Taiyo Life Insurance	2.0	Yamanashi Chuo Bank	1.0
Daido Life Insurance	2.0		
		Total borrowings	76.0
		Corporation Bonds	30.0

Post-Balance Sheet Financial Status

Financial Status (as of Dec. 20, 2006)

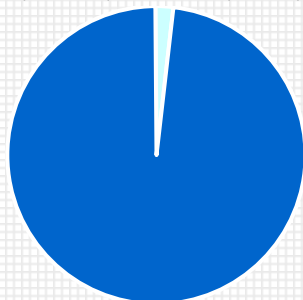
- LTV (loan to value on a basis of total assets)
as of Dec. 20, 2006: 36.8% (unaudited)
- Refinancing (Total ¥17.5 billion)
 - Prolongation of borrowing periods
 - Financial institutions to bank with 25 28

Status of Debts

ST vs. LT Debts

Long-term*
¥104.0 bln
(98.1%)

Shot-term
¥2.0 bln
(1.9%)

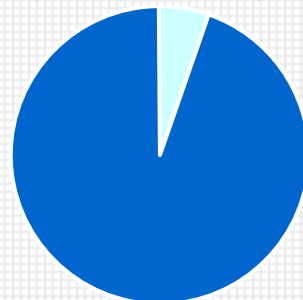


*Including Corporation Bonds

Floating vs. Fixed Rates

Fixed rate*
¥100.0 bln
(94.3%)

Floating rate
¥6.0 bln
(5.7%)



*Including Interest Rate Swaps

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



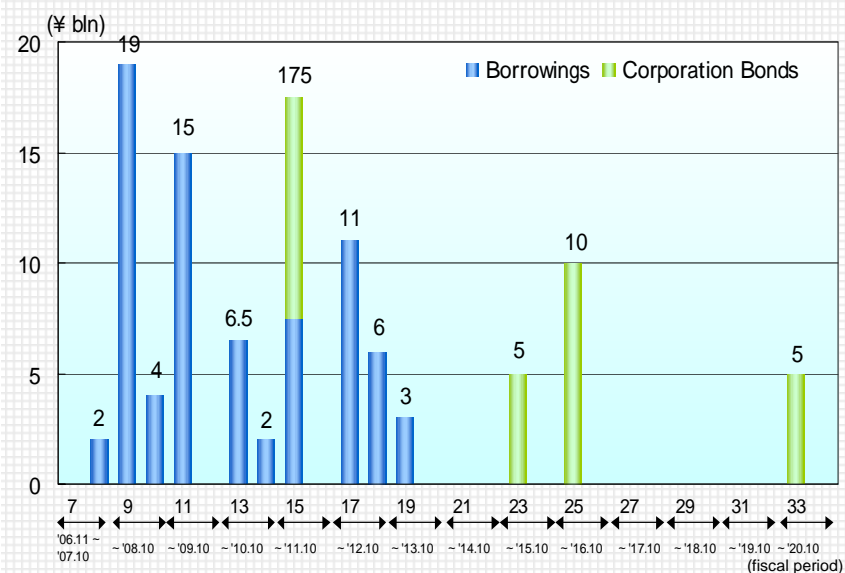
4.6 years

- Weighted average of interest rate of all the debts



1.56%

- Diversification of maturity





Appendix

NOMURA REAL ESTATE OFFICE FUND

List of Property

As of End of 6FP (Oct 31, 2006)

	Property	Location	Completion	Floors (Ground)	Total Floor Space (Note 1, 2)	Leasable Space (㎡)	Leased Space (㎡)	Occupancy Rate	Number 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	31,349.11	99.2%	86	1,262.37	Each 1/4 floor	2,600	5%	2003.12	38,730
	JAL Bldg	Higashi-Shinagawa, Shinagawa-ku	1996.6	26	81,421.13 25,260.48	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, Chuo-ku	1961.4 (Extension 1988.4)	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	43,893.46 17,587.30	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	7,927.28	97.1%	9	1,260.41	Each span	2,600	14%	2004.5	10,000
	Nishi-Shinjuku Showa Bldg	Nishi-Shinjuku, Shinjuku-ku	1982.4	11	10,902.22 5,858.26	5,659.96	5,466.42	96.6%	18	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	4,275.52	90.7%	12	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
	Vicinity of 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	13,370.32	97.7%	14	1,148.45	Each span	2,650	10%	2003.12	6,430
Crystal Park Bldg		Gotenyama, Musashino City	1991.10	11	6,462.19 3,868.36	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	33,706.03 6,865.80	6,853.38	6,853.38	100.0%	16	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	8,255.26	8,255.26	100.0%	27	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	6,817.76	100.0%	29	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 Cities	Sapporo North Plaza	Chuo-ku, Sapporo City	1981.8	12	18,842.51	13,767.12	12,522.01	91.0%	43	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	6,165.70	5,947.52	96.5%	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	3,854.44	82.8%	10	405.96	Each 1/2 floor	2,460	14%	2005.9	3,550
	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	6,427.01	5,624.38	87.5%	29	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	4,443.55	3,426.02	77.1%	24	515.17	Each span	2,450	13%	2005.11	2,100
	Nomura Hiroshima Bldg	Naka-ku, Hiroshima City	1976.7	9	11,950.37	7,911.97	7,662.40	96.8%	15	1,047.54	Each floor Auxiliary	2,450	11%	2003.12	1,930
Total						316,132.49	310,373.84	98.2%	512			7.2%		259,140	

(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 entire building, and portion owned by the Fund.

(Note 3) Rate of PML (Probable Maximum Loss) for each building was calculated by Shimizu Construction. 7.2% at the bottom field is for the entire portfolio.



Earnings by Property

(¥'000)

	Shinjuku Nomura Bldg.	JAL Bldg.*	NOF Nihonbashi Honcho Bldg.	Tennozu Park Side Bldg.	NOF Shibuya Koen-dori Bldg.	Secom Medical Bldg.*	NOF Shiba Bldg.	Nishi-Shinjuku Showa Bldg.	NOF Tameike Bldg.	NOF Shinagawa Konan Bldg.
Number of business days	184	184	184	184	184	61	184	184	184	184
Rental business revenues	1,794,423		845,192	791,544	366,222		331,552	286,042	190,688	260,291
Rental revenues (incl. common area charges)	1,588,895		801,928	659,791	335,854		291,071	259,020	175,419	224,131
Other revenues	205,527		43,263	131,753	30,368		40,480	27,022	15,269	36,160
Rental business expenses	852,839		279,891	414,416	88,798		120,651	112,295	82,386	96,840
Property management fees	199,849		76,964	154,229	16,234		20,320	36,407	20,099	19,383
Taxes and duties	162,786		39,952	51,951	24,166		23,746	28,156	16,634	15,892
Utility expenses	209,340		49,295	41,181	13,621		23,700	18,759	15,741	24,075
Insurance expenses	3,363		1,423	1,601	291		592	752	336	557
Repair and maintenance	31,025		1,946	7,060	5,346		2,939	1,784	4,709	3,417
Other expenses	49,541		5,677	2,620	2,269		2,500	7,748	5,463	2,338
Depreciation	196,930	145,498	104,632	155,770	26,868	14,947	46,850	18,687	19,401	31,175
Rental Profits	941,584	615,667	565,300	377,128	277,424	67,803	210,901	173,746	108,301	163,450
Net Operating Income (NOI)	1,138,515	761,166	669,932	532,899	304,292	82,750	257,752	192,434	127,703	194,626

	NOF Surugadai Plaza Bldg.*	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.*
Number of business days	184	184	184	184	184	184	184	184	184	184
Rental business revenues		149,725	104,708		439,146	124,148	227,625	316,053	246,669	
Rental revenues (incl. common area charges)		132,967	88,111		368,076	109,805	202,231	270,347	215,501	
Other revenues		16,757	16,596		71,069	14,343	25,393	45,706	31,168	
Rental business expenses		45,563	36,858		229,423	53,218	125,382	149,198	91,024	
Property management fees		9,889	7,887		53,345	20,569	35,222	23,014	22,137	
Taxes and duties		9,264	8,558		35,118	0	14,134	18,544	18,168	
Utility expenses		8,669	8,769		47,496	8,962	31,058	27,229	19,397	
Insurance expenses		254	182		1,055	90	527	604	542	
Repair and maintenance		1,219	676		17,278	387	7,866	13,595	4,570	
Other expenses		550	1,929		8,546	1,110	5,480	2,827	2,629	
Depreciation	30,385	15,716	8,854	73,434	66,584	22,097	31,092	63,382	23,578	42,175
Rental Profits	122,730	104,162	67,849	173,198	209,722	70,929	102,242	166,855	155,645	86,990
Net Operating Income (NOI)	153,115	119,878	76,704	246,632	276,306	93,027	133,335	230,238	179,223	129,165

	Sapporo North Plaza	NOF Sendai Aoba-dori Bldg.	NOF Utsunomiya Bldg.	NOF Nagoya Yanagibashi Bldg.	NOF Midosuji Bldg.	Nomura Osaka Bldg.	Nomura Yotsubashi Bldg.	NOF Kobe Kaigan Bldg.	Hiroshima Tatemachi NOF Bldg	Nomura Hiroshima Bldg.	Total 30 bldgs
Number of business days	153	184	184	184	184	184	184	184	184	184	
Rental business revenues	288,694	169,487	176,708	118,550	497,306	523,697	329,021	187,951	104,746	216,170	10,739,836
Rental revenues (incl. common area charges)	247,668	141,995	144,111	104,943	418,324	434,743	288,912	152,884	85,589	190,790	9,531,459
Other revenues	41,026	27,492	32,597	13,607	78,982	88,954	40,109	35,066	19,157	25,379	1,208,377
Rental business expenses	111,460	87,152	105,238	82,928	197,680	241,763	166,239	109,365	58,204	93,945	4,619,841
Property management fees	30,729	24,998	24,065	12,923	39,645	63,336	43,808	23,980	15,921	26,649	1,065,237
Taxes and duties	13	17,552	14,995	12,216	52,151	40,718	29,528	16,213	11,329	18,556	827,338
Utility expenses	42,652	15,721	17,894	12,112	35,958	63,459	37,197	24,506	12,809	28,773	882,912
Insurance expenses	812	576	618	378	986	1,223	839	742	348	584	23,439
Repair and maintenance	4,700	3,223	3,431	11,006	5,143	14,372	9,264	5,248	3,940	4,500	198,792
Other expenses	6,539	1,176	4,318	2,301	5,100	5,799	3,076	3,989	4,099	1,538	150,382
Depreciation	26,012	23,903	39,912	31,989	58,693	52,852	42,523	34,685	9,755	13,343	1,471,738
Rental Profits	177,234	82,335	71,470	35,622	299,625	281,934	162,782	78,586	46,542	122,224	6,119,995
Net Operating Income (NOI)	203,247	106,239	111,383	67,611	358,319	334,786	205,306	113,271	56,297	135,568	7,591,733

* Detailed figures are not disclosed due to compelling reasons. However, they are included in "Total 30 bldgs".



Map of Property

Tokyo Central Area



- 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

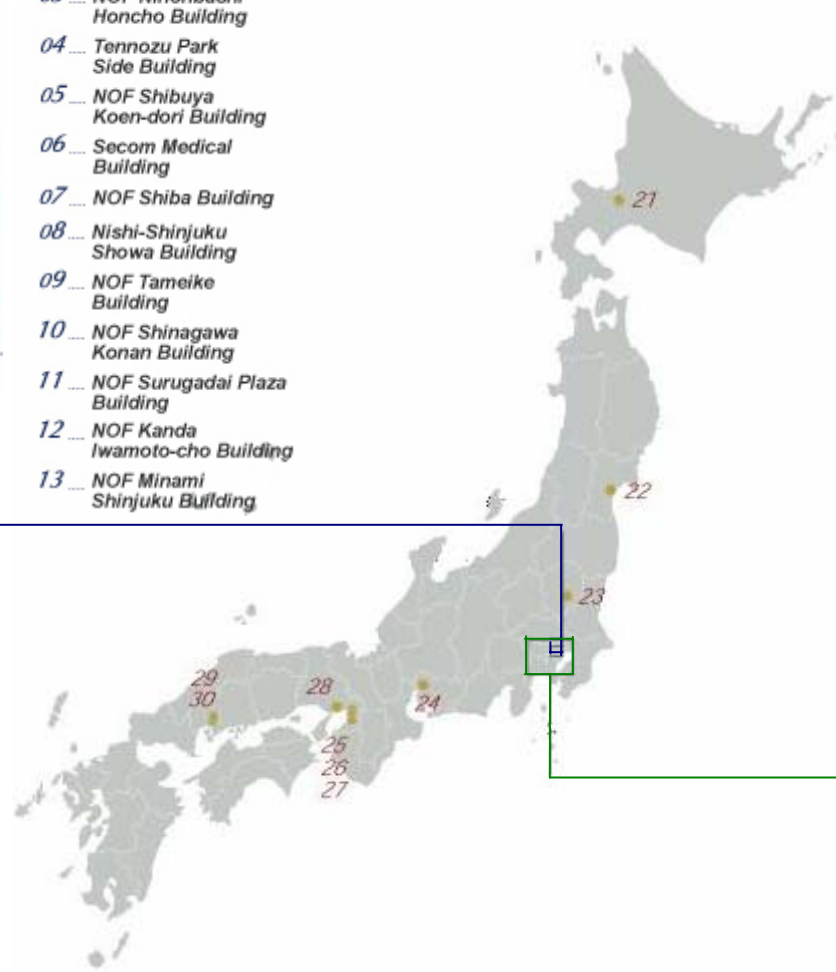
Tokyo Central Area
Central 6 Wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, Shinagawa-ku, Shibuya-ku

Vicinity of Tokyo
Tokyo (other than Tokyo Central Area), Kanagawa, Saitama, Chiba

Other Cities

Other Cities

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



Vicinity of 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

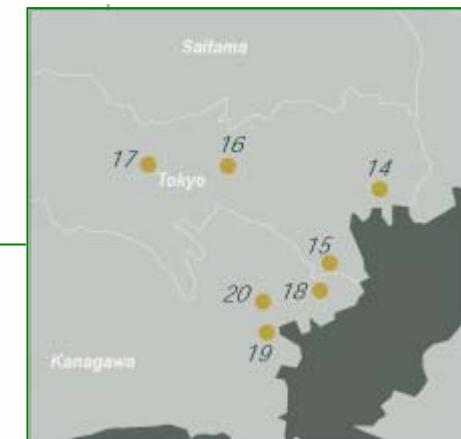




Photo of Property (30 properties as of Dec 20, 2006)

01



Shinjuku
Nomura Bldg

02



JAL Bldg

03



NOF Nihonbashi
Honcho Bldg

04



Tennozu
Park Side Bldg

05



NOF Shibuya
Koen-dori Bldg

06



Secom Medical Bldg

07



NOF Shiba Bldg

08



Nishi-Shinjuku
Showa Bldg

09



NOF Tameike Bldg

10



NOF Shinagawa
Konan Bldg

11



NOF Surugadai
Plaza Bldg

12



NOF Kanda
Iwamoto-cho Bldg

13



NOF Minami-
Shinjuku Bldg

14



NOF Toyo-cho Bldg

15



NOF Technoport
Kamata Center Bldg

16



Crystal Park Bldg

17



Faret Tachikawa
Center Square

18



NOF Kawasaki
Higashiguchi Bldg

19



NOF Yokohama
Nishiguchi Bldg

20



NOF Shin-
Yokohama Bldg

21



Sapporo North Plaza

22



NOF Sendai
Aoba-dori Bldg

23



NOF Utsunomiya
Bldg

24



NOF Nagoya
Yanagibashi Bldg

25



NOF Midosuji Bldg

26



Nomura Osaka Bldg

27



Nomura
Yotsubashi Bldg

28



NOF Kobe
Kaigan Bldg

29



Hiroshima Tatemachi
NOF Bldg

30



Nomura
Hiroshima Bldg



NOMURA
Office Fund

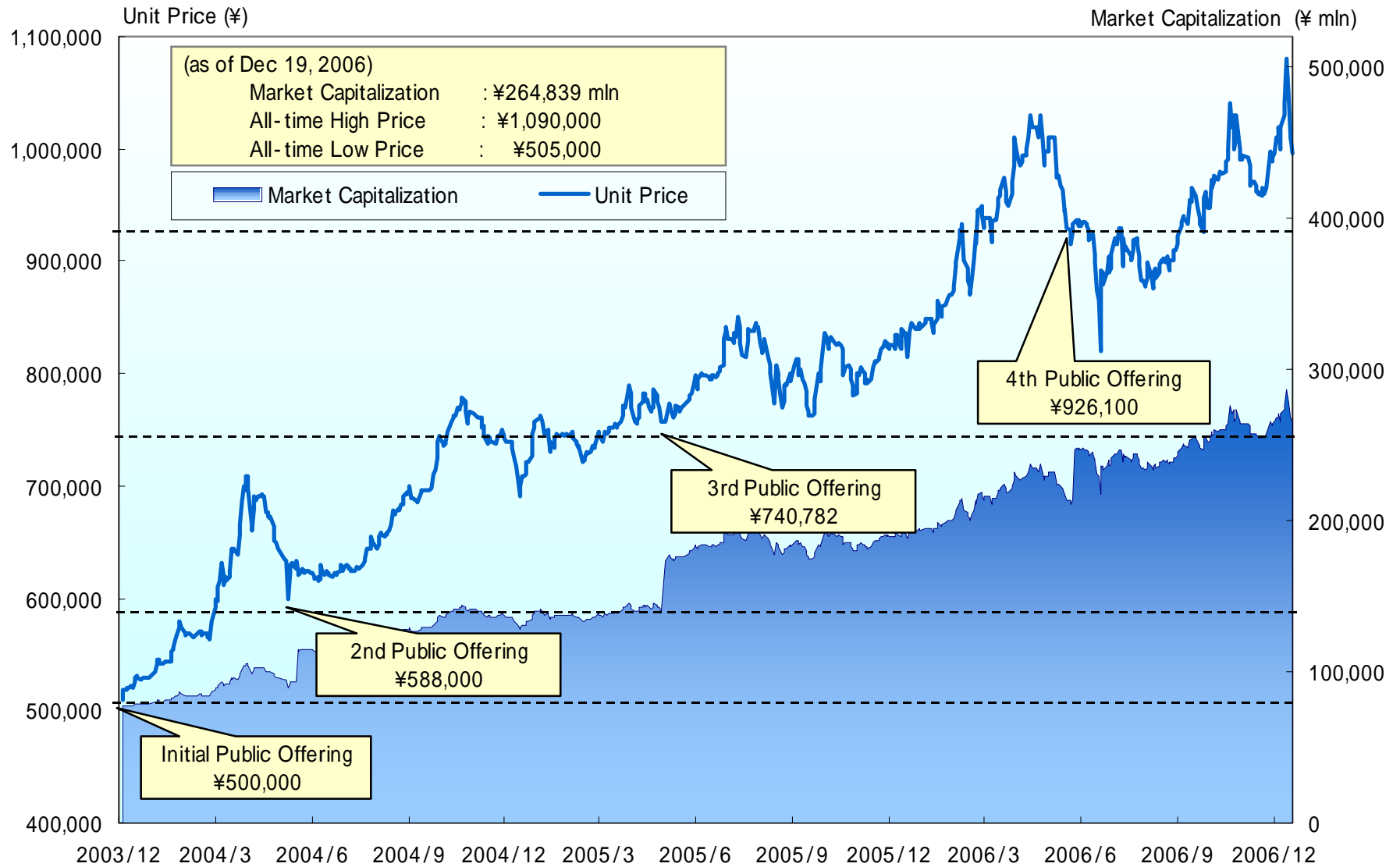
Acquisition Channel of Property

Acquisition channel	Acquired at the time of inception	During 1st and 3rd FP	During 4th FP	During 5th FP	During 6th FP
Originally owned by Nomura Real Estate Development	 Shinjuku Nomura Bldg  Faret Tachikawa Center Square  Nomura Osaka Bldg  Nomura Yotsubashi Bldg  Nomura Hiroshima Bldg  Tennozu Park Side Bldg				 Secom Medical Bldg
<ul style="list-style-type: none"> Information from or Intermediation by Nomura Real Estate group companies (*) 	 NOF Nihonbashi Honcho Bldg  NOF Shinagawa Konan Bldg  NOF Toyo-cho Bldg  NOF Technoport Kamata Center Bldg  NOF Shin-Yokohama Bldg  NOF Utsunomiya Bldg  NOF Kobe Kaigan Bldg  NOF Kanda Iwamoto-cho Bldg  NOF Minami-Shinjuku Bldg  JAL Bldg *		 NOF Yokohama Nishiguchi Bldg	 Nishi-Shinjuku Showa Bldg  NOF Sendai Aoba-dori Bldg  NOF Midosuji Bldg  Hiroshima Tatemachi NOF Bldg	 Sapporo North Plaza
Information from sources outside Nomura Real Estate group		 NOF Surugadai Plaza Bldg  NOF Shibuya Koen-dori Bldg  NOF Shiba Bldg	 NOF Tameike Bldg  NOF Nagoya Yanagibashi Bldg  NOF Kawasaki Higashiguchi Bldg	 Crystal Park Bldg	

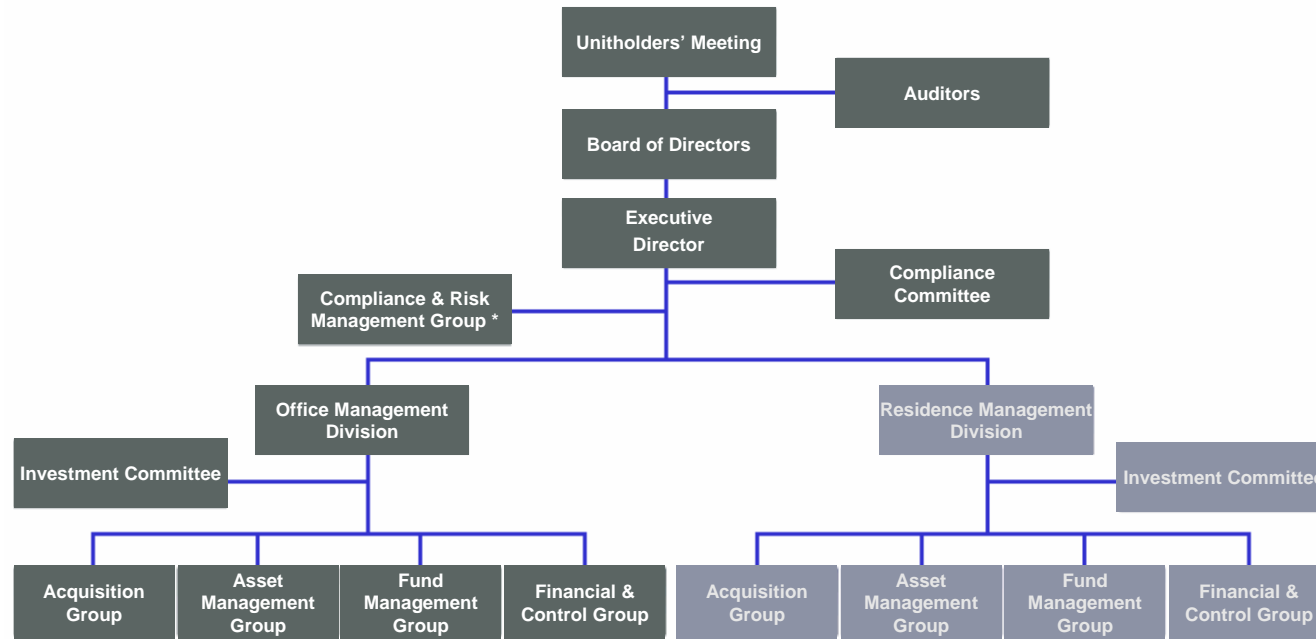
Fund Summary

		1st FP Apr 2004	2nd FP Oct 2004	3rd FP Apr 2005	4th FP Oct 2005	5th FP Apr 2006	6th FP Oct 2006
Total Assets	¥mln	147,946	173,545	208,003	239,067	268,559	288,060
Interest-bearing Liabilities	¥mln	61,000	64,500	96,500	93,000	120,000	106,000
LTV (Total Assets basis)	%	41.2	37.2	46.4	38.9	44.7	36.8
Unitholders' Capital	¥mln	71,706	92,168	92,168	124,610	124,610	156,767
Outstanding Units Issued	Unit	148,600	184,650	184,650	229,970	229,970	265,903
Net Assets	¥mln	73,233	94,774	94,849	128,094	128,206	161,004
Net Assets per Unit	¥	492,820	513,266	513,672	557,004	557,492	605,499
Closing Price of Units	¥	645,000	767,000	758,000	782,000	998,000	991,000
Market Capitalization	¥mln	95,847	141,626	139,964	179,836	229,510	263,509
Operating Revenues	¥mln	4,531	6,656	7,106	8,641	9,810	10,739
Operating Income	¥mln	2,313	2,930	3,228	4,111	4,558	5,182
Net Income	¥mln	1,526	2,606	2,681	3,484	3,596	4,229
Total Cash Distribution	¥mln	1,526	2,606	2,681	3,484	3,596	4,229
Cash Distribution per Unit	¥	10,273	14,114	14,520	15,150	15,638	15,905
Total Portfolio (Acquisition Price)	¥mln	127,260	151,540	184,620	210,120	240,820	259,140
Number of Properties		15	18	19	23	28	30
Leasable Space	m ²	180,793.50	194,673.65	236,904.67	261,428.50	293,464.10	316,132.49
Number of Tenants		264	277	287	357	467	512
Occupancy Rate	%	93.3	94.4	98.1	97.3	98.4	98.2
End-of-Period Total Book Value	¥mln	127,089	151,815	185,406	211,566	241,901	259,449
End-of-Period Total Appraisal Value	¥mln	127,120	151,500	187,290	219,380	261,120	294,037
Total Latent Profit and Loss	¥mln	30	-315	1,883	7,813	19,218	34,587
Latent Profit and Loss per Unit	¥	202	-1,707	10,199	33,975	83,572	130,074
Net Asset Value per Unit (Book Value Base)	¥	493,023	511,559	523,872	590,979	641,064	735,574
NOI on Lease	¥mln	3,350	4,451	4,970	6,125	6,952	7,591
NOI Return on Lease (p.a.)	%	7.2	6.2	6.1	6.1	5.9	6.0
Depreciation	¥mln	666	949	1,023	1,229	1,399	1,471
Capital Expenditures	¥mln	22	511	484	1,016	934	588
FFO	¥mln	2,193	3,555	3,719	4,727	5,034	5,739
FFO per Unit	¥	14,757	19,255	20,142	20,559	21,889	21,585

Unit Price and Market Capitalization (Dec. 4, 2003 – Dec. 19, 2006)



Structure of the Asset Management Company



(Responsibilities) (Responsibilities) (Responsibilities) (Responsibilities)

■ Businesses relevant to due diligence and acquisition of properties to be invested.

■ Businesses relevant to management, maintenance and sale of properties in the portfolio.

■ Businesses relevant to management of portfolio, disclosure of information (IR).

■ Fund raising.
■ Accounting, taxes and liability management of NOF.
■ Accounting, taxes and administration of NREAM.

(Note)

Responsibilities of Groups under Residence Management Division are omitted because these groups are not engaged in management of the investment assets of the portfolio.

*Compliance & Risk Management Group (Responsibilities)

■ Businesses relevant to compliance and risk management.
■ Internal audit.

Corporate Profile

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

[Date of Incorporation]
January 24, 2003

[Paid-up Capital]
¥300,000,000

[Shareholder]
Nomura Real Estate Holdings Co., Ltd. (100%)

[Number of Employees]
54 (including Directors)

[Description of Business]
Investment corporation engaged
in asset management business

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.



NOMURA
Office Fund



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/>

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



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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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