



For Translation Purposes Only

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**For Immediate Release**

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**Notice Concerning Amendment to the Lease Agreement  
between a Major Tenant and its Sub-lessee**

Nomura Real Estate Office Fund, Inc. (“Nomura Office Fund” or the “Fund”) announced that Flagship Properties YK (the “Master Lessee”), the lessee of JAL Building (the “Property”) (Note), which is under the management of the Fund, has entered into an amendment (the “Amendment”) to its lease agreement with Japan Airlines International Co., Ltd. (the “Tenant”), the sub-lessee of the Property, today.

(Note) The Property is a comparted-ownership building, and the Fund owns the compartment units and its site (the site is co-owned) through the property trustee.

**1. Grounds for the Amendment**

On January 19, 2010, the Tenant filed a petition for the commencement of a corporate reorganization proceeding with the Tokyo District Court, and the court rendered the order of commencement of said proceeding on the same date. Although it has been agreed that the original lease may not be terminated during its term, the trustee (the “Trustee”) in the reorganization proceeding of the Tenant was entitled to terminate the lease agreement under the Corporate Reorganization Law and, if it did not exercise this termination right, he was entitled to reduce the rent pursuant to the Land and Building Lease Law.

Given these circumstances and considering the current real estate market conditions, etc., the Fund believes that it is beneficial to its unitholders to maintain the relationship with the Tenant and to have the Tenant continue to lease and use a portion of the Property in the future; therefore, the Fund gave its consent to the execution of the Amendment.

## 2. Summary of the Amendment

### (1) Conversion to a Fixed-term Building Lease Agreement

The original agreement is an ordinary lease and shall be converted into a fixed-term building lease that will expire on March 31, 2015.

### (2) Rent Reduction

From July 1, 2010, the rent payable by the Tenant to the Master Lessee shall be reduced by ¥ 43,303,650 per month. (Note 1)

### (3) Partial Vacation

The lease for the common use areas and a part of the compartment units (20,483.83 sq. meters) will expire on March 31, 2011. The rent will decrease accordingly, in proportion to the floor space of the compartment units, the lease of which units will expire on that day. (Note 1)

### (4) Common service charges

The maintenance of the Property is currently conducted by the Tenant at its cost. Since the condition of the Property will be changed for possible leases to multiple tenants (a multi-tenanted building) as of April 1, 2011, the maintenance shall be conducted by the owners. Accordingly, the Tenant shall owe the prescribed common service charges in addition to the rent.

	Terms before the Amendment	Terms after the Amendment	
Type of Lease	Ordinary Lease	Fixed-term Building Lease	
Period in which the Terms are applicable	From April 1, 2005 to March 31, 2015	Until March 31, 2011	From April 1, 2011 to March 31, 2015
Leased Floor Space (Note 2)	Lease of the Whole Building (Note 3)	Lease of the Whole Building (Note 3)	Multi-Tenanted Building (Note 4)
	Compartment Units: 50,117.54 sq. meters Common Use Areas: 32,484.57 sq. meters	Compartment Units: 50,117.54 sq. meters Common Use Areas: 32,484.57 sq. meters	Compartment Units: 29,633.71 sq. meters (Note 5) Common Use Areas: -
Rent (Note 1)	-	Reduced by ¥43,303,650 per month	Further reduced in Proportion to the Floor Space (20,483.83 sq. meters) of the Compartment Units, the Lease of which Units will expire on March 31, 2011
Common Service Charges	N/A	N/A	Applicable

### (5) No Early Termination

The Tenant is not permitted to terminate the lease during its term. As the Trustee chose to perform the lease agreement by entering into the Amendment, he lost its termination right under the Corporate Reorganization Law.

### (6) Rent Revision

The parties agreed that the rent shall not be revised during the lease term and that the parties may not request a rent reduction under the Land and Building Lease Law.

- (Note 1) The rent amount is not disclosed since the Tenant does not give consent to the disclosure. For the amount to be received by the Fund, refer to “3. Structure of the Lease,” below.
- (Note 2) The figures show the leased floor space in the whole Property.
- (Note 3) The whole Property, both the compartment units and the common use areas, such as the hallway and the entrance, are subleased to the Tenant until March 31, 2011. The total floor space of (i) the compartment units owned by the Fund through the property trustee and (ii) the common use areas in the Property, multiplied by the co-ownership ratio of such areas, is 42,084.11 sq. meters. The Fund indicates such figures as the total floor space leased by the Fund in its disclosure documents, etc.
- (Note 4) As of April 1, 2011, the common use areas, which shall be open for use by multiple tenants, will be excluded from the total leasable floor space, and the total leasable floor space of the Property will be 50,117.54 sq. meters.
- (Note 5) The floor space calculated by multiplying the figure shown in the column by the ratio of the Fund’s share in the Property’s common use areas, which areas belong to the Fund through the property trustee, is 15,082.42 sq. meters.

### **3. Structure of the Lease**

The Fund entered into a lease agreement with the Master Lessee through the property trustee. The Master Lessee leased the compartment units belonging to the other unit owner of the Property (Note 1) from such owner and then subleased the whole Property to the Tenant. As rent to the Master Lessee for the lease, the Fund receives, through the property trustee, the amount calculated by multiplying the rent payable by the Tenant to the Master Lessee by the ratio (5,089,619/10,000,000) of the Fund’s share in the Property’s common use areas, which areas belong to the Fund through the property trustee (Note 2).

The Fund does not plan to change the above scheme even after the partial vacation of the premises by the Tenant.

- (Note 1) The only other unit owner of the Property is the trustee of a trust, the beneficiary of which is a special purpose company that Nomura Real Estate Investment Management Co., Ltd., a wholly owned subsidiary of Nomura Real Estate Holdings, Inc., provides advice on the investment and management of the assets.
- (Note 2) The Fund and the above special purpose company entered into an agreement concerning the trust beneficial interests in the Property and its site respectively owned by parties. Such agreement provides that any income and losses arising from the Property and its site shall belong to, or be borne by, the respective beneficiaries according to their co-ownership ratios of the common use areas of the Property.

### **4. Others**

In connection with the execution of the Amendment, it is planned that the name of the Property will be changed and the Property will be operated as a multi-tenanted building. In addition, the Fund will immediately commence leasing activities in preparation for the partial vacation of the premises by the Tenant on March 31, 2011.

### **5. Forecasts of Financial Results**

Forecasts of the financial results of the fiscal period ended October 2010 (from May 1, 2010, to October 31, 2010) have not been changed due to the slight effect of the Amendment.

\*<Nomura Real Estate Office Fund, Inc> URL: <http://www.nre-of.co.jp/english/>