



NOMURA
Office Fund

NOMURA OFFICE FUND

Twelfth Fiscal Period

Semi-Annual Report May 1, 2009 ▶ October 31, 2009

NOMURA REAL ESTATE OFFICE FUND, INC.



NOMURA
Office Fund

Profile

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

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

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To Our Investors

Dear Investors,

We are delighted to be able to present to you the financial results for the twelfth fiscal period (ended October 31, 2009) and report on our activities during the period herein.

We booked operating revenues for this period of ¥14,203 million, current profits of ¥5,339 million, and net income of ¥5,338 million. Cash distribution per unit was ¥17,496.

The economic environment remained uncertain during this fiscal period, and we actively participated in attracting tenants in order to maintain the average occupancy rate. The Company maintained stable fund operation, with the average occupancy rate at the end of the twelfth fiscal period of 95.4%.

In terms of financing, the Company has maintained good relationship with financial institutions and secured stable funding, and continues to enjoy a healthy balance sheet.

To satisfy our investors' needs for high quality asset building, we will continue to make stable investments with mid- to long-term vision in the future.

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



Yuichi Maruko

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

Highlights of the Twelfth Fiscal Period

Twelfth period results

Cash distribution per unit **¥17,496**

Operating revenues **¥14,203 million**

Operating profits **¥7,138 million**

Net income **¥5,338 million**

NOI return of portfolio **5.5%**

Portfolio

Number of properties **50 properties**

Total leasable floor space **435,901.82m²**

Total number of tenants **666**

Total acquisition price **¥374,557 million**

Average occupancy rate **95.4%**

Finance

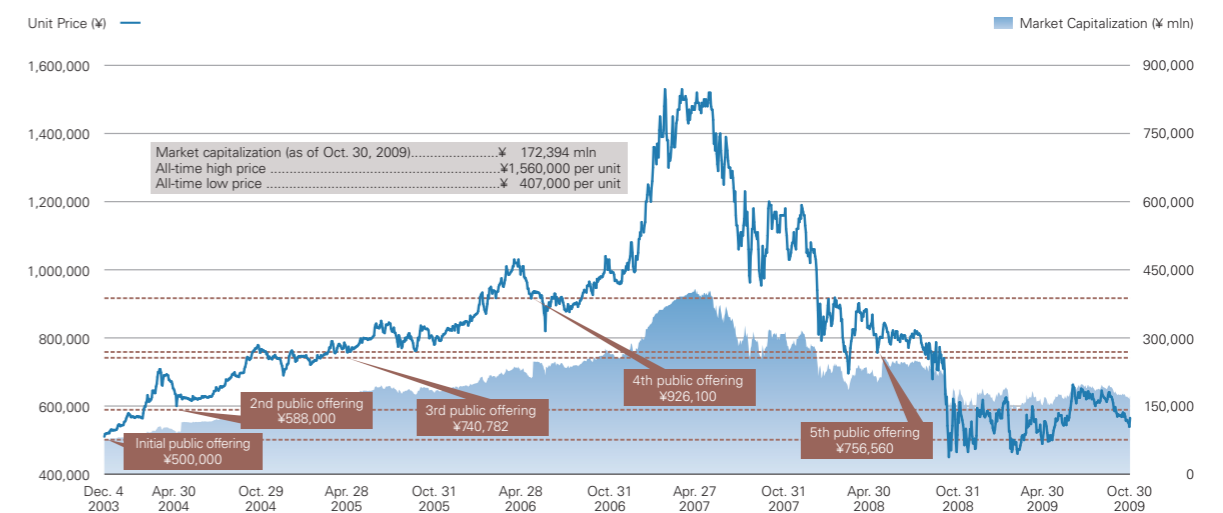
Ratio of long-term debts **85.8%**

Average remaining duration of long-term fixed debts **4.1 years**

Ratio of fixed-rate debts **89.3%**

Weighted average of interest rate of all the debts **1.70%**

CHANGES IN UNIT PRICE AND MARKET CAPITALIZATION



Management Summary of the Twelfth Fiscal Period

Utilized Ability of Asset Management

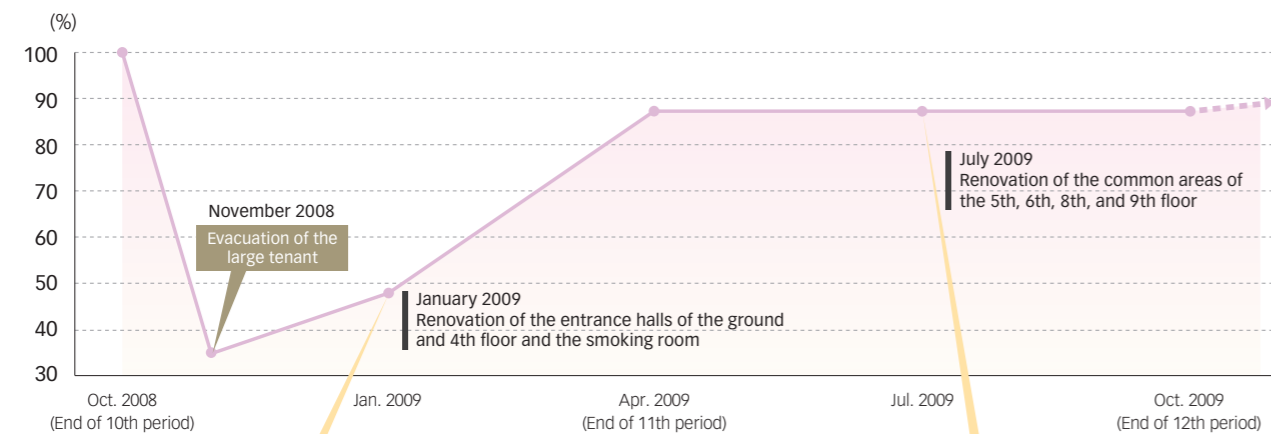
Nomura Office Fund has maintained stable profits, through securing profits by utilizing the know-how of the Nomura Real Estate Group to attract tenants and reduce asset management expenses.

ACTIVE LEASING RECOVERS OCCUPANCY RATE

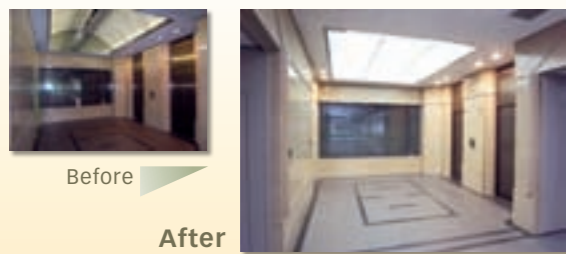
Example NOF Shin-Yokohama Building

A large tenant in NOF Shin-Yokohama Building cancelled its lease agreement in November 2008. The Company engaged in strategic leasing activities including enhancement of the appeal of the building by various renovations; open inspections in cooperation with the property management company and real estate agent; and advertisements targeting a wide range of prospective tenants. As a result, the occupancy rate has returned to over 90%.

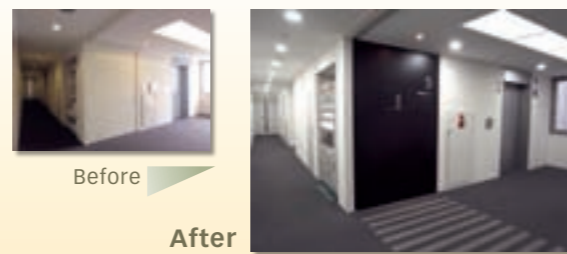
Occupancy rate and renovations of NOF Shin-Yokohama Building



Renovation of the entrance hall



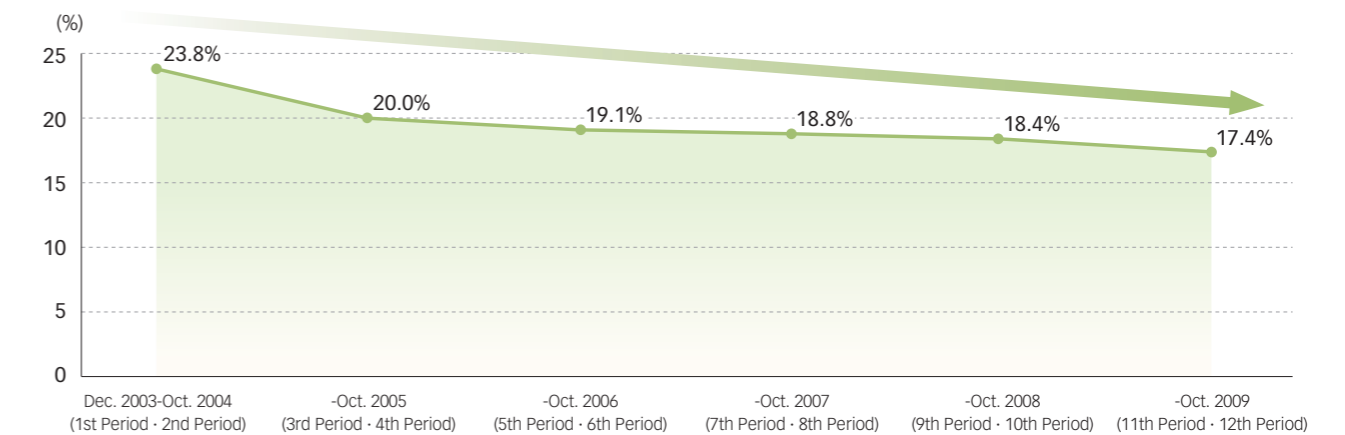
Renovation of the common area



ENHANCE PROFITABILITY THROUGH COST REDUCTION

The Company actively pursued reduction of ratio of building management costs to enhance the portfolio profitability through expansion of asset base and active reduction in various building management costs.

Ratio of Building Management Costs against Rental Revenues (Building management costs + Utility expenses/Rental business revenues)



- Cost reduction plans for the building management costs ... Improved efficiency of the property management company and the contents of the entrustment building management work, took advantages of economies of scale and increased efficiency due to management commission of multiple buildings
- Cost reduction plans for the utility expenses ... Changed the electric companies, replaced the normal lighting equipment to energy-saving lighting equipment, installed energy-saving equipment at the time of renovations of large-scale facilities such as elevators, etc.



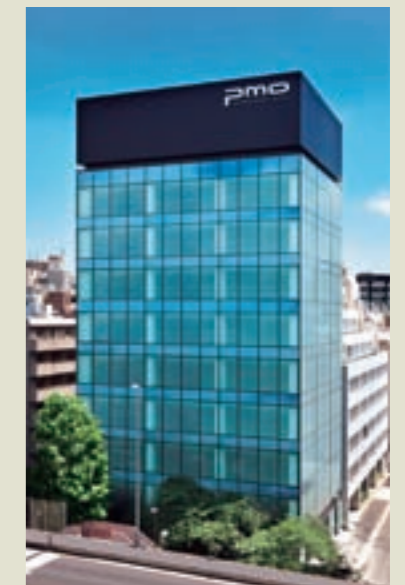
PMO-Series receives the "Good Design Award 2009"

The PMO-Series, including "PMO Nihonbashi Honcho" received the prestigious Good Design Award 2009, sponsored by the Japan Industrial Design Production Organization, for the Office, Retail and Production Facilities Category.

"PMO (Premium MidSize Office)" is developed by Nomura Real Estate Development in response to the customers' wishes to "lease a compact office building that has the qualities of a large office building." PMO Nihonbashi Honcho, owned by the Company, has been appreciated by the tenants for providing comfortable office space with sophisticated designs and various facilities. (Occupancy rate at the end of the twelfth fiscal period: 100%)



<PMO Nihonbashi Honcho (interior)> Ground floor entrance area with indirect lighting and complemented with aroma air conditioning.



<PMO Nihonbashi Honcho (exterior)> A sophisticated design that blends into the surrounding area.

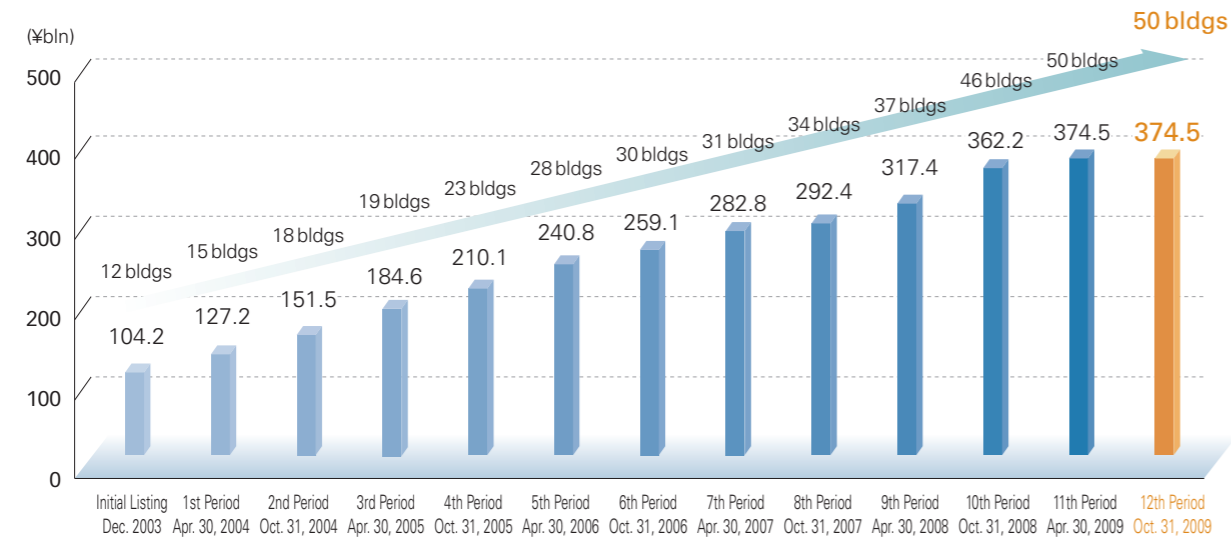
Portfolio Highlights

Ongoing Portfolio Growth

Nomura Office Fund has invested in properties focusing on the geographic diversification and diversification within each property in order to reduce risk of income fluctuation. The average occupancy rate at the end of the twelfth fiscal period: 95.4%.

CHANGES IN SIZE OF PORTFOLIO

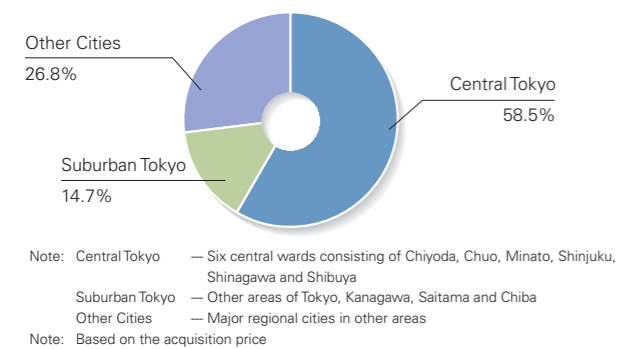
As indicated below, diversification of the portfolio, which has steadily increased since listing.



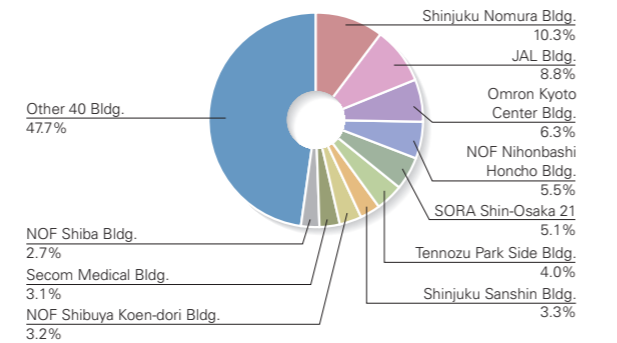
DIVERSIFICATION BY AREA AND PROPERTY

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

Area Diversification

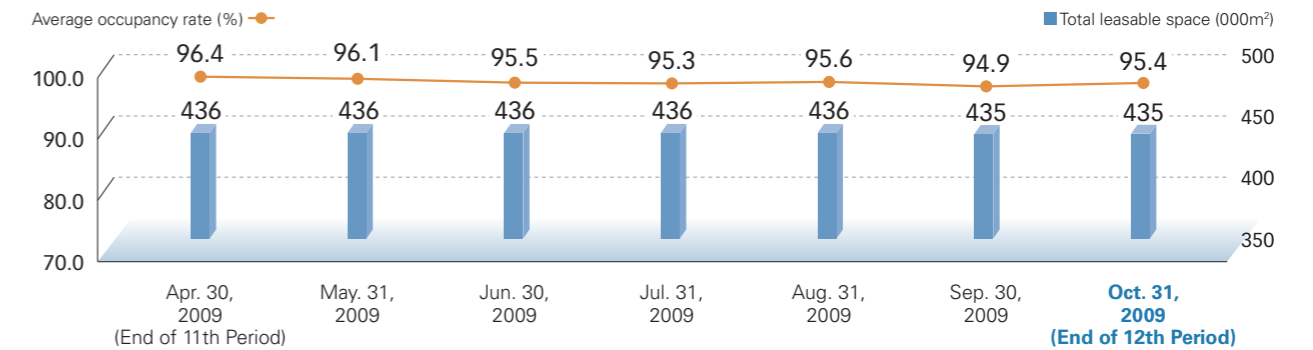


Property Diversification (Top 10 Properties and other)



CHANGES IN OCCUPANCY RATE (AVERAGE)

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



MAJOR TENANTS

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

Tenant	Industry	Property	Expiry of contract	Leased space (m ²)	Weight in portfolio (%)	
1	Flagship Properties Private Company	Real Estate	JAL Bldg.	Mar. 31, 2015	42,084.11	10.1
2	OMRON Corporation	Electronic Devices	Omron Kyoto Center Bldg.	Mar. 29, 2021	34,616.84	8.3
3	XYMAX AXIS CORPORATION	Real Estate	NOF Toyo-cho Bldg.	Nov. 30, 2014	18,218.17	4.4
			NOF Tenjin-Minami Bldg.	Mar. 31, 2013	737.02	0.2
4	SECOM Co., Ltd.	Services	Secom Medical Bldg.	Feb. 28, 2025	8,821.24	2.1
5	JCB Co., Ltd.	Financing	NOF Sendai Aoba-dori Bldg.	Dec. 31, 2010	755.69	0.2
			JCB Sapporo Higashi Bldg.	Feb. 7, 2018	9,062.04	2.2
6	Nomura Facilities Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	May 31, 2011	574.11	0.1
			NOF Utsunomiya Bldg.	Dec. 31, 2009	1,140.85	0.3
			NRE Yotsubashi Bldg.	Nov. 30, 2009	1,847.63	0.4
			NRE Hiroshima Bldg.	Mar. 31, 2011	2,834.48	0.7
7	Nomura Real Estate Development Co., Ltd.	Real Estate	Shinjuku Nomura Bldg.	Nov. 30, 2013	4,594.06	1.1
			NRE Osaka Bldg.	Nov. 30, 2013	345.37	0.1
			NRE Yotsubashi Bldg.	Nov. 30, 2013	1,266.19	0.3
8	FUJITSU LIMITED	Electronic Devices	NOF Technoport Kamata Center Bldg.	Jul. 31, 2011	3,813.62	0.9
			Faret Tachikawa Center Square	Dec. 31, 2009	255.15	0.1
			NOF Shin-Yokohama Bldg.	Sep. 30, 2010	1,293.78	0.3
9	SOMPO JAPAN INSURANCE INC.	Insurance	Shinjuku Nomura Bldg.	May.31, 2011	4,065.64	1.0
			NRE Hiroshima Bldg.	Feb. 28, 2010	283.02	0.1
10	KYORIN Co., Ltd.	Wholesale	NOF Surugadai Plaza Bldg.	Mar. 31, 2013	4,160.94	1.0
Total					140,769.95	33.9

DIVERSIFICATION IN TENANTS' BUSINESS

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



Financial Status of the Twelfth Fiscal Period

Carried Out Steady Refinancing

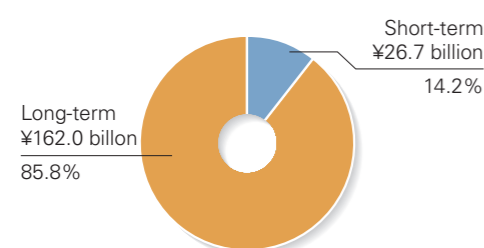
Nomura Office Fund has the basic financial policy for the purpose of securing financial stability and avoiding future interest rate risks. In this period, the Company completed the refinancing of ¥24.8 billion and outstanding interest-bearing debts as of the end of the twelfth fiscal period is ¥188.7 billion.

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

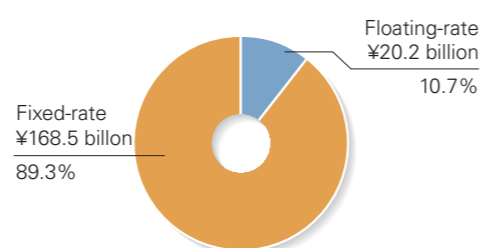
The Company has secured financial stability through promotion of long-term, fixed-rate interest-bearing debt to prepare for the future interest rate hikes.

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

■ Ratio of fixed and floating interest-bearing debts



Note: "Short-term" includes long-term debts to be repaid within one year.



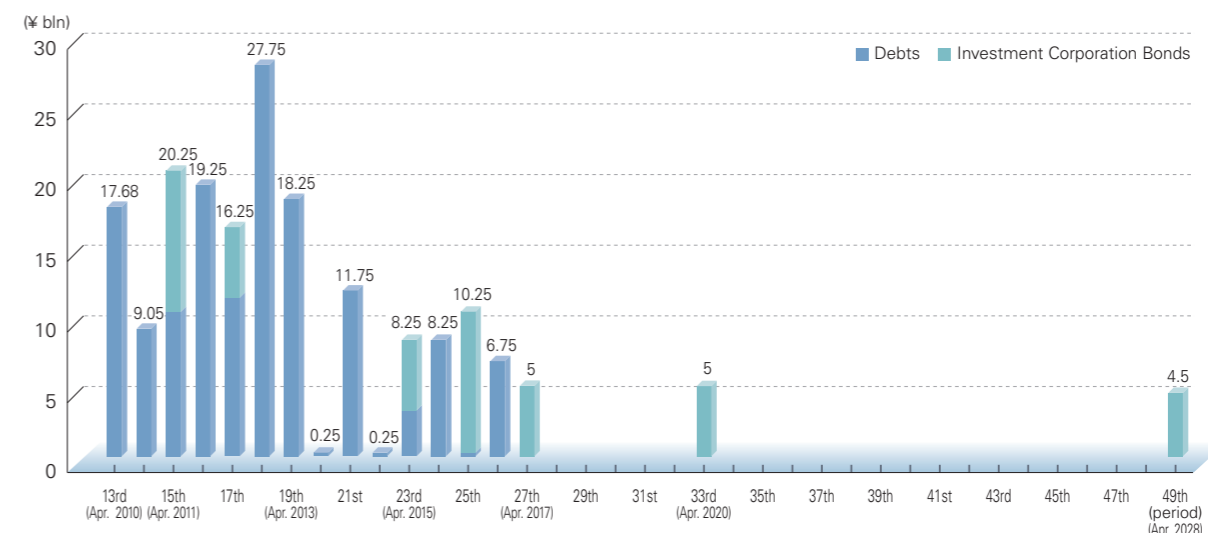
Note: "Fixed" includes floating-rate debts with fixed-rates through interest-rate swap transactions.

LIST OF LENDERS

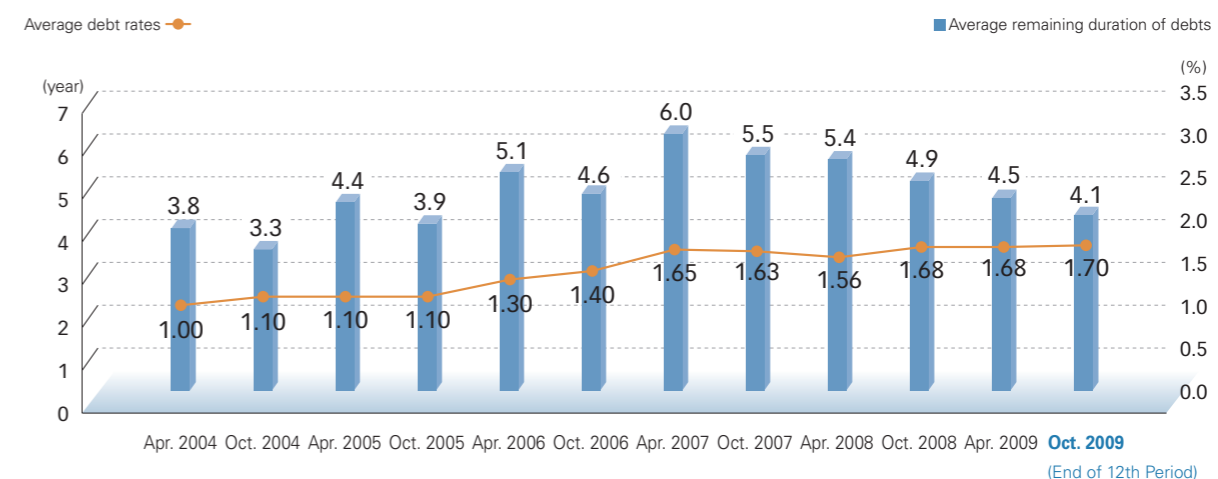
The number of lenders as of the end of the twelfth period is 29 financial institutions.

Lender	Total Amount of Debt Remaining	Lender	Total Amount of Debt Remaining	Lender	Total Amount of Debt Remaining
Bank of Tokyo-Mitsubishi UFJ	25,450	Norinchukin Bank	3,000	Hyakujushi Bank	1,500
Sumitomo Mitsui Banking Corp.	23,550	Taiyo Life Insurance	3,000	Keiyo Bank	1,000
Development Bank of Japan	16,000	Chuo Mitsui Trust and Banking	3,000	Chugoku Bank	1,000
Mitsubishi UFJ Trust and Banking Corp.	12,100	Mitsui Life Insurance	2,000	Bank of Fukuoka	1,000
Sumitomo Trust & Banking Corp.	11,530	Daido Life Insurance	2,000	Mitsui Sumitomo Insurance	1,000
Mizuho Corporate Bank	7,100	Hachijuni Bank	2,000	Sompo Japan Insurance Inc.	1,000
Dai-ichi Mutual Life Insurance	5,000	National Mutual Insurance Federation of Agricultural Cooperatives	2,000	Tokio Marine & Nichido Fire Insurance	1,000
Sumitomo Life Insurance Company	5,000	Chiba Bank	1,500	Nippon Life Insurance Company	1,000
Nomura Trust and Banking	4,000	Hiroshima Bank	1,500	The 77 Bank	1,000
Iyo Bank	3,500	Yamanashi Chuo Bank	1,500	Total borrowings	144,230
		(Reference)	Investment Corporation Bonds		44,500

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



CHANGES IN AVERAGE DURATION OF LONG-TERM FIXED-RATE DEBTS AND AVERAGE COST OF ALL DEBTS



CREDIT RATINGS

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

Summary of Portfolio Properties



MAP No.	Name of Property	Location	Leasable Floor Space (m ²)	Date Acquired	Acquisition Price (¥mln)	Ratio (%)
Central Tokyo						
01	Shinjuku Nomura Building	Shinjuku-ku, Tokyo	31,500.89	Dec. 8, 2003	38,730	10.3
02	JAL Building	Shinagawa-ku, Tokyo	42,084.11	Mar. 18, 2005	33,080	8.8
03	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,156.01	Dec. 5, 2003	20,600	5.5
04	Tennozu Park Side Building	Shinagawa-ku, Tokyo	18,051.60	Feb. 27, 2004	14,800	4.0
05	Shinjuku Sanshin Building	Shibuya-ku, Tokyo	6,685.52	Jun. 25, 2008	12,300	3.3
06	NOF Shibuya Koen-dori Building	Shibuya-ku, Tokyo	3,420.16	Sep. 28, 2004	12,000	3.2
07	Secom Medical Building	Chiyoda-ku, Tokyo	8,821.24	Sep. 1, 2006	11,500	3.1
08	NOF Shiba Building	Minato-ku, Tokyo	8,165.10	May 25, 2004	10,000	2.7
09	Nishi-Shinjuku Showa Building	Shinjuku-ku, Tokyo	5,665.62	Nov. 30, 2005	8,800	2.3
10	NRE Shibuya Dogenzaka Building	Shibuya-ku, Tokyo	3,436.67	Sep. 26, 2008	7,660	2.0
11	NOF Tameike Building	Minato-ku, Tokyo	4,715.20	Sep. 29, 2005	7,400	2.0
12	Iwamoto-cho Toyo Building	Chiyoda-ku, Tokyo	4,117.26	Jun. 25, 2008	6,020	1.6
13	NOF Shinagawa Konan Building	Shinagawa-ku, Tokyo	7,667.55	Dec. 8, 2003	5,500	1.5
14	NOF Surugadai Plaza Building	Chiyoda-ku, Tokyo	4,160.94	Feb. 27, 2004	5,150	1.4
15	PMO Nihonbashi Honcho	Chuo-ku, Tokyo	2,450.06	Nov. 5, 2008	5,000	1.3
16	NRE Higashi-nihonbashi Building	Chuo-ku, Tokyo	4,554.98	Jan. 14, 2009	4,060	1.1
17	Hatchobori NF Building	Chuo-ku, Tokyo	2,854.83	Aug. 10, 2007	3,160	0.8
18	NOF Kanda Iwamoto-cho Building	Chiyoda-ku, Tokyo	4,076.38	Feb. 26, 2004	3,080	0.8
19	MY Higashi Gotanda Building	Shinagawa-ku, Tokyo	3,361.48	Feb. 27, 2009	3,010	0.8

MAP No.	Name of Property	Location	Leasable Floor Space (m ²)	Date Acquired	Acquisition Price (¥mln)	Ratio (%)
20	Central Kyobashi Building	Chuo-ku, Tokyo	1,720.05	Jun. 25, 2008	2,550	0.7
21	NOF Minami Shinjuku Building	Shibuya-ku, Tokyo	2,464.71	Jun. 25, 2004	2,280	0.6
22	Central Shintomicho Building	Chuo-ku, Tokyo	2,467.14	Jun. 25, 2008	1,750	0.5
23	Sunworld Yotsuya Building	Shinjuku-ku, Tokyo	2,367.51	Jun. 25, 2008	778	0.2
Total Central Tokyo (23 Properties)			193,965.01		219,208	58.5
Suburban Tokyo						
24	NRE Ueno Building	Taito-ku, Tokyo	4,873.20	Jan. 14, 2009	7,830	2.1
25	NOF Toyo-cho Building	Koto-ku, Tokyo	18,218.17	Dec. 5, 2003	7,550	2.0
26	NOF Technoport Kamata Center Building	Ota-ku, Tokyo	13,652.45	Dec. 5, 2003	6,416	1.7
27	Toho Edogawabashi Building	Bunkyo-ku, Tokyo	2,058.97	Mar. 28, 2008	2,080	0.6
28	Toshin Meguro Building	Meguro-ku, Tokyo	1,610.07	Jun. 25, 2008	1,340	0.4
29	Crystal Park Building	Musashino City, Tokyo	3,900.85	Feb. 28, 2006	3,700	1.0
30	Kichijoji Mark Building	Musashino City, Tokyo	1,936.40	Jan. 14, 2009	1,800	0.5
31	Faret Tachikawa Center Square	Tachikawa City, Tokyo	6,852.96	Dec. 5, 2003	3,290	0.9
32	NOF Kawasaki Higashiguchi Building	Kawasaki City, Kanagawa	8,266.67	Jun. 30, 2005	9,500	2.5
33	NOF Yokohama Nishiguchi Building	Yokohama City, Kanagawa	6,817.76	May 12, 2005	5,050	1.3
34	NOF Shin-Yokohama Building	Yokohama City, Kanagawa	8,074.83	Dec. 5, 2003	3,600	1.0
35	Yokohama Odori Koen Building	Yokohama City, Kanagawa	4,235.42	Sep. 28, 2007	2,993	0.8
Total Suburban Tokyo (12 Properties)			80,497.75		55,149	14.7
Other Cities						
36	Sapporo North Plaza	Sapporo City, Hokkaido	13,624.12	Jun. 1, 2006	6,820	1.8
37	NRE Sapporo Building	Sapporo City, Hokkaido	6,559.34	Nov. 5, 2008	5,300	1.4
38	JCB Sapporo Higashi Building	Sapporo City, Hokkaido	9,062.04	Feb. 8, 2008	3,700	1.0
39	NOF Sendai Aoba-dori Building	Sendai City, Miyagi	6,154.45	Nov. 30, 2005	3,200	0.9
40	NOF Utsunomiya Building	Utsunomiya City, Tochigi	5,887.40	Dec. 5, 2003	2,970	0.8
41	NOF Nagoya Yanagibashi Building	Nagoya City, Aichi	4,655.74	Sep. 29, 2005	3,550	0.9
42	Omron Kyoto Center Building	Kyoto City, Kyoto	34,616.84	Mar. 20, 2007	23,700	6.3
43	SORA Shin-Osaka 21	Osaka City, Osaka	21,462.47	Apr. 25, 2008	19,251	5.1
44	NRE Osaka Building	Osaka City, Osaka	16,977.79	Dec. 5, 2003	6,410	1.7
45	NRE Nishi-Umeda Building	Osaka City, Osaka	5,213.02	Sep. 26, 2008	5,660	1.5
46	NRE Yotsubashi Building	Osaka City, Osaka	11,558.68	Dec. 5, 2003	3,940	1.1
47	NOF Kobe Kaigan Building	Kobe City, Hyogo	6,425.16	Dec. 5, 2003	3,280	0.9
48	NRE Hiroshima Building	Hiroshima City, Hiroshima	7,903.22	Dec. 5, 2003	1,930	0.5
49	EME Hakata Ekimae Building	Fukuoka City, Fukuoka	7,504.44	Jun. 27, 2008	6,750	1.8
50	NOF Tenjin-Minami Building	Fukuoka City, Fukuoka	3,834.35	Mar. 27, 2009	3,739	1.0
Total Other Cities (15 Properties)			161,439.06		100,200	26.8
Grand Total (50 Properties)			435,901.82		374,557	100.0

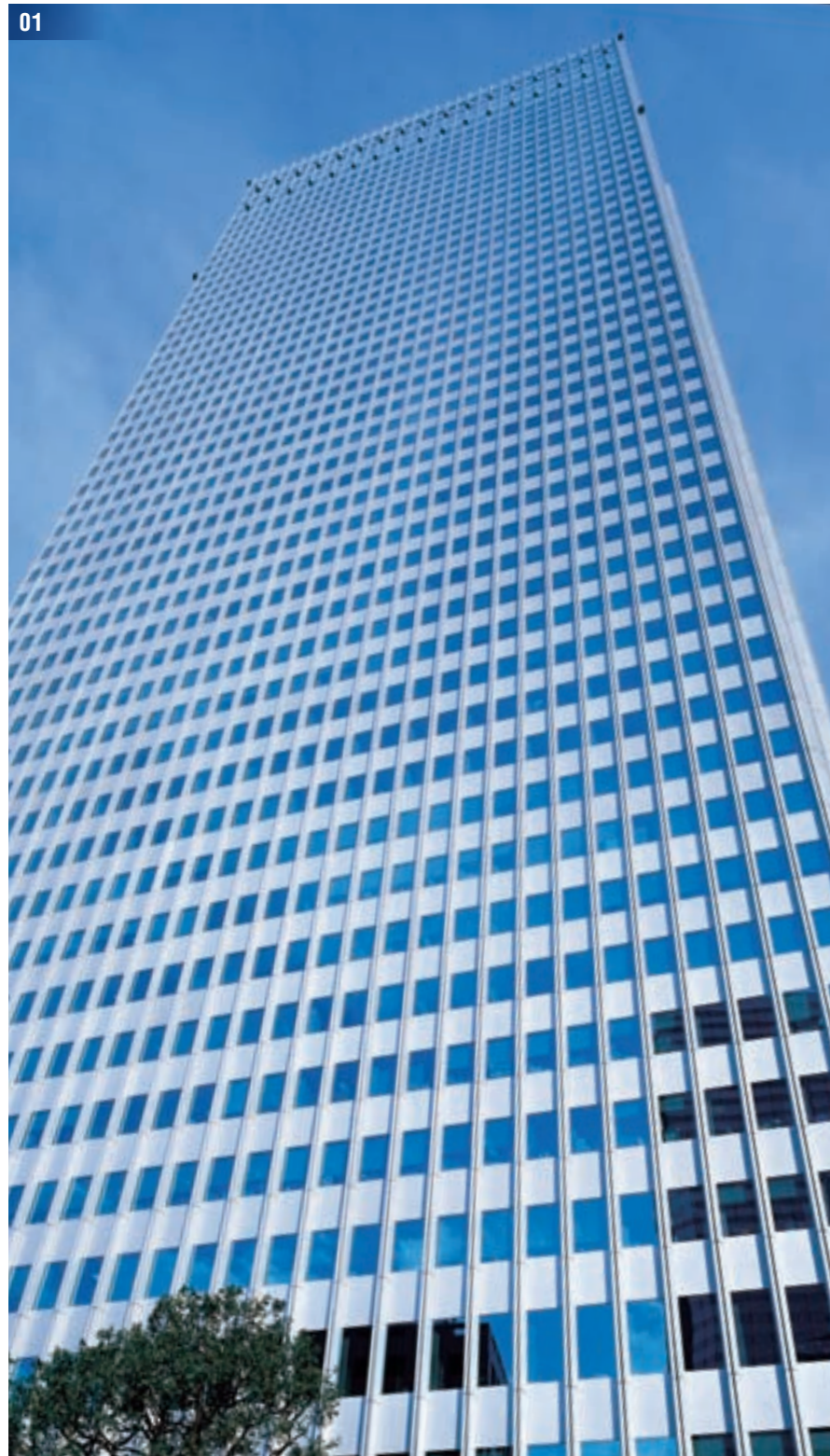
Note : The Company owns "Secom Medical Building", "NRE Shibuya Dogenzaka Building", "PMO Nihonbashi Honcho", "NRE Higashi-nihonbashi Building", "MY Higashi Gotanda Building", "NRE Ueno Building", "Toho Edogawabashi Building", "Crystal Park Building", "Yokohama Odori Koen Building", "NRE Sapporo Building",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

Note : "Ratio" refers to the ratio of each asset based on acquisition price to the entire portfolio (total of 50 properties). As the figures in the above table have been rounded to the first decimal place, the total may not be 100.0%.

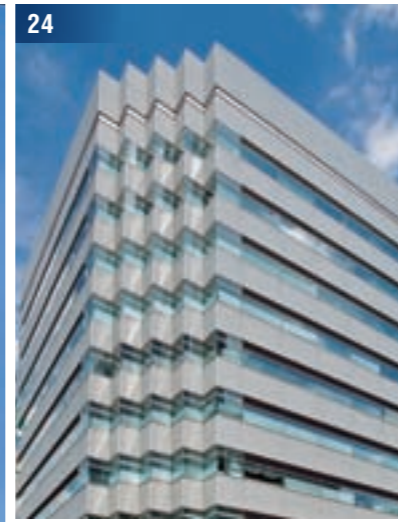
Note : Shinjuku Nomura Building is held through the quasi co-ownership of beneficial interest in real estate trust. The Company holds 50.1% of the quasi co-ownership. Total leasable floor space and acquisition price in the above table indicates the figures related to the quasi co-ownership.

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

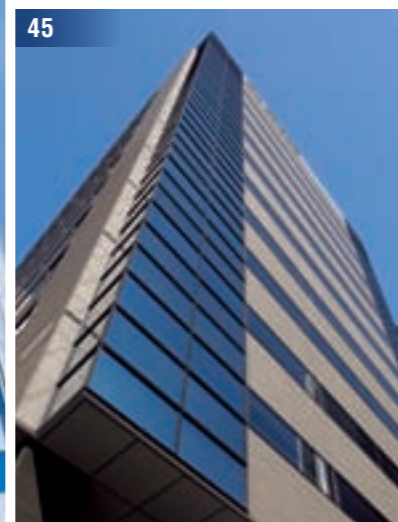
Major Properties



01 | Shinjuku Nomura Building
1-26-2 Nishi-Shinjuku Shinjuku-ku, Tokyo



24 | NRE Ueno Building
1-14-4, Higashi-Ueno, Taito-Ku, Tokyo



45 | NRE Nishi-Umeda Building
2-1-22, Umeda, Kita-ku, Osaka City, Osaka



32 | NOF Kawasaki Higashiguchi Building
3-1 Ekimae-Honcho Kawasaki-ku Kawasaki City, Kanagawa



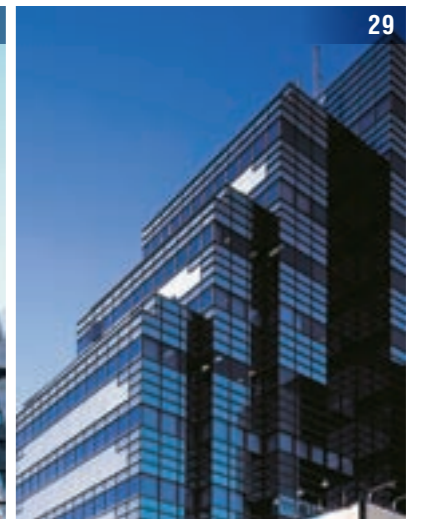
07 | Secom Medical Building
7-7 Nibancho Chiyoda-ku, Tokyo



25 | NOF Toyo-cho Building
1-6-35 Shinsuna Koto-ku, Tokyo



41 | NOF Nagoya Yanagibashi Building
1-16-28 Meieki-Minami Nakamura-ku Nagoya City, Aichi



29 | Crystal Park Building
1-1-3 Gotenyama Musashino City, Tokyo

Major Properties



04 | Tennozu Park Side Building
2-5-8 Higashi-Shinagawa Shinagawa-ku, Tokyo

06 | NOF Shibuya Koen-dori Building
20-17 Udagawa-cho Shibuya-ku, Tokyo

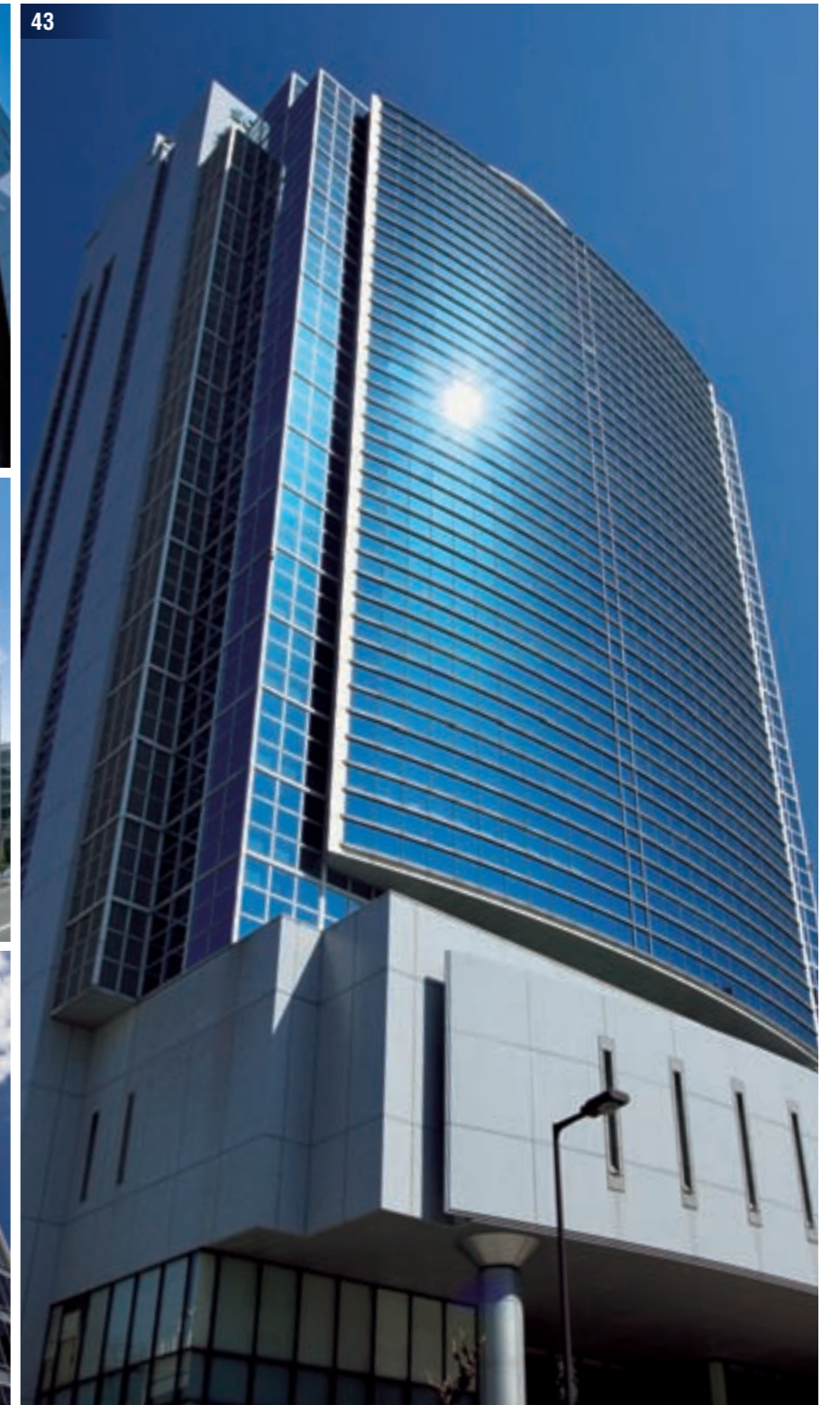
12 | Iwamoto-cho Toyo Building
3-1-2 Iwamoto-cho, Chiyoda-ku, Tokyo

47 | NOF Kobe Kaigan Building
3 Kaigan-dori Chuo-ku Kobe City, Hyogo



31 | Faret Tachikawa Center Square
2-36-2 Akebono-cho Tachikawa City, Tokyo

42 | Omron Kyoto Center Building
801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto



37 | NRE Sapporo Building
2-15-1, Kitashichijo-Nishi, Kita-ku, Sapporo City, Hokkaido

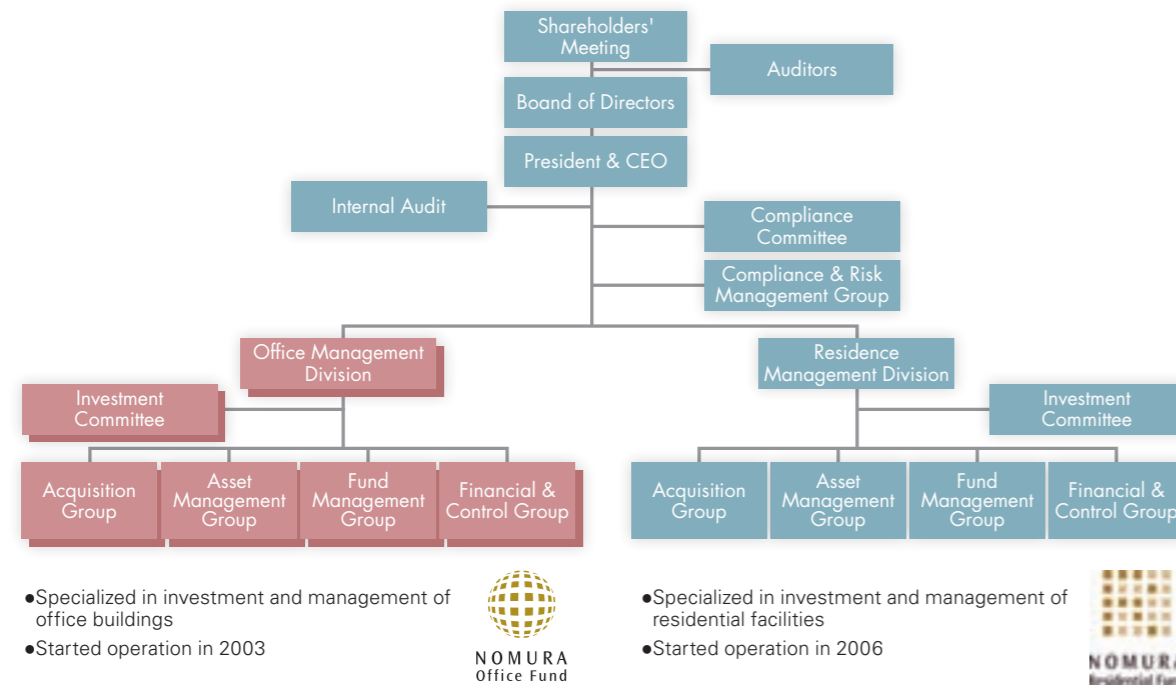
43 | SORA Shin-Osaka 21
2-1-3 Nishi-Miyahara Yodogawa-ku, Osaka City, Osaka

Profile of the Asset Management Company

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

Company: Nomura Real Estate Asset Management Co., Ltd.
 Capital: ¥300 million (as of October 31, 2009)
 Shareholder: Nomura Real Estate Holdings, Inc. (100%)
 Incorporation: January 24, 2003

Organization of the asset management company



- Specialized in investment and management of office buildings
- Started operation in 2003



- Specialized in investment and management of residential facilities
- Started operation in 2006



Profile of Directors

President & CEO Tatsuo Inoue



- Apr. 1981** Entered NRED
- Jun. 1993** Manager, Building Sales Division I
- Jun. 1995** Manager, General Affairs Division
- Mar. 2003** General Manager, Commercial Property Development & Management Dept.
- Jun. 2005** Director and Deputy Company President of Corporate Real Estate Service Company, and General Manager (temporary) of Commercial Property Development & Management Dept.
- Apr. 2006** President and Chief Executive Officer, NREAM (current position)

Director and Manager Atsushi Ogata



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



PMO Nihonbashi Honcho Building

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Asset Management Report

1. CHANGES IN KEY INDICATORS

		12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009	10th Period from May 1, 2008 to Oct. 31, 2008	9th Period from Nov. 1, 2007 to Apr. 30, 2008	8th Period from May 1, 2007 to Oct. 31, 2007
Operating Revenues	¥ mln	14,203	15,409	13,925	12,183	11,968
of which Real Estate Rental Revenues	¥ mln	14,203	14,281	13,925	12,183	11,958
Operating Expenses	¥ mln	7,065	8,331	6,993	6,359	6,243
of which Real Estate Rental Expenses	¥ mln	5,761	5,917	5,790	5,213	5,190
Operating Profits	¥ mln	7,138	7,078	6,932	5,823	5,725
Current Profits	¥ mln	5,339	5,393	5,256	4,500	4,486
Net Income	¥ mln	5,338	5,392	5,255	4,499	4,486
Total Assets	¥ mln	408,312	409,353	401,684	353,730	326,711
(Changes from Previous Period)	%	(△0.3)	(+1.9)	(+13.6)	(+8.3)	(+3.6)
Interest-Bearing Debts	¥ mln	188,730	188,730	182,100	165,700	140,000
Net Assets	¥ mln	190,793	190,847	190,711	161,267	161,272
(Changes from Previous Period)	%	(△0.0)	(+0.1)	(+18.3)	(△0.0)	(+0.0)
Unitholders' Capital	¥ mln	185,455	185,455	185,455	156,767	156,767
Number of Units Issued	Units	305,123	305,123	305,123	265,903	265,903
Net Assets per Unit	¥	625,301	625,478	625,031	606,488	606,510
Total Cash Distribution	¥ mln	5,338	5,392	5,255	4,499	4,498
Cash Distribution per Unit	¥	17,496	17,673	17,225	16,923	16,918
of which Cash Distribution of Profits	¥	17,496	17,673	17,225	16,923	16,918
of which Cash Distribution in excess of Profits	¥	—	—	—	—	—
ROA (Return on Assets) (Note 1)	%	1.3	1.3	1.4	1.3	1.4
Annualized ROA (Note 2)	%	2.6	2.7	2.7	2.7	2.8
ROE (Return on Equity) (Note 3)	%	2.8	2.8	2.8	2.8	2.8
Annualized ROE (Note 2)	%	5.5	5.7	5.6	5.6	5.5
Capital Adequacy Ratio (Note 4)	%	46.7	46.6	47.5	45.6	49.4
(Changes from Previous Period)	%	(+0.1)	(△0.9)	(+1.9)	(△3.8)	(△1.7)
LTV (Loan-to-Value) (Note 5)	%	46.2	46.1	45.3	46.8	42.9
Number of Operating Days	days	184	181	184	182	184
Payout Ratio (Note 6)	%	99.9	100.0	99.9	99.9	100.2
Number of Properties Held	bldgs	50	50	46	37	34
Total Leasable Floor Space	m ²	435,901.82	436,094.41	430,487.81	395,330.99	362,773.62
Number of Tenants	tenants	666	661	676	583	533
Occupancy Rate	%	95.4	96.4	97.3	97.6	97.9
Depreciation	¥ mln	1,835	1,862	1,793	1,601	1,518
Capital Expenditures	¥ mln	779	1,376	1,552	1,346	1,252
NOI (Net Operating Income) (Note 7)	¥ mln	10,278	10,226	9,927	8,572	8,286
FFO (Funds from Operation) (Note 8)	¥ mln	7,180	7,167	7,087	6,134	6,039
FFO per Unit (Note 9)	¥	23,534	23,488	23,228	23,069	22,714

Note 1: "ROA (Return on Assets)" = Current Profits / ((Total Assets at the beginning of the period + Total Assets at the end of the period) / 2) x 100
As for the 10th period, the Total Assets were time-adjusted due to the additional issuance of investment units.

Note 2: "ROA" and "ROE" are annualized using the following number of operating days. 8th period: 184 days, 9th Period: 182 days, 10th Period: 184 days, 11th Period: 181 days, and 12th Period: 184 days.

Note 3: "ROE (Return on Equity)" = Net Income / ((Net Assets at the beginning of the period + Net Assets at the end of the period) / 2) x 100
As for the 10th period, Net Assets is time-adjusted due to the additional issuance of investment units.

Note 4: "Capital Adequacy Ratio" = Net Assets / Total Assets x 100

Note 5: "LTV (Loan-to-Value)" = Interest-Bearing Debts / Total Assets x 100

Note 6: Rounded off to the first decimal place.

Note 7: "NOI (Net Operating Income)" = Real Estate Rental Revenues - Real Estate Rental Expenses + Depreciation

Note 8: "FFO (Funds from Operation)" = Net Income + Depreciation + Amortization of Investment Corporation Bonds Issuance Costs - Real Estate Sale Profit/Loss

Note 9: "FFO per Unit" = FFO / Number of Units Issued

2. OUTLINE OF INVESTMENTS IN THE TWELFTH FISCAL PERIOD

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

Note: The Law Concerning Investment Trusts and Investment Corporations of Japan (Law No. 198 of 1951) is referred to as the "Investment Trust Law" hereinafter.

The term "unit certificates" are the securities issued by the Company and may be referred to as "investment units" or "units" hereinafter.

The term "investment assets" refers to those assets that belong to the Company.

Unless otherwise stated, for the purpose of this report, the concept of "property(ies)" is construed to include leasehold and superficies.

The term "property(ies)" refers to those assets defined in Section 27, Paragraph 1, Article (1) and (2), and "property-backed securities" refers to those assets defined in Section 27, Paragraph 1, Article (3) respectively of the Articles of Incorporation of the Company.

The terms "property(ies)" and "property-backed securities" are collectively referred to as "property-related assets" hereinafter.

The properties and underlying properties of the property-related assets are collectively referred to as the "investment properties".

(1) Market Environments

During this period, the Japanese economy is showing some signs of bottoming-out owing to the recovery of exports and effects of the economic stimulus measures. However, recovery in capital expenditure and general consumption is taking time as corporations continue to review their business contents and make employment adjustments. As such, the future of the economy remains unclear.

(a) Office Leasing Market

Due to the slowing of the Japanese economy, corporations actively sought to reduce costs through business rationalization and down-sizing. With the decrease in overall demand for office space from corporations and decline in area occupancy rates in most regions, tenants continue to have the advantage. On the other hand, while there is polarization in the market based on location, size and basic facilities of the buildings, the occupancy rates seem to be bottoming out, with some tenants starting to secure new office spaces. However, some cities have experienced further market easing from sharp increase in new supplies combined with corporate moves to close or integrate regional offices. Due to the high levels of vacancies, the office rental levels continue on a downward trend for new asking rents and the renewal levels of existing tenants. This trend is expected to continue until a clear recovery is confirmed for the Japanese economy.

(b) Real Estate Sales Market

The real estate sales market in this period showed some signs of recovery despite the financial institutions' continued conservatism towards lending to the real estate sector, as witnessed through active investments by railway companies that have stable financial basis and ample funding capacities. However, the market remains weak due to the continued upward trend of expected returns on profitable properties against the backdrop of decline in rental income caused by the deteriorating office leasing market.

(2) Status of Managements for the Twelfth Fiscal Period

To comply with the basic policy of acquiring only such properties that would generate stable cash flow over the mid- to long-term, the Company continues to invest in properties with strong competitiveness both in terms of locations and basic building features.

The Company's total assets under management ("portfolio") as of the end of the twelfth fiscal period (October 31, 2009) was 50 properties (total leasable floor space: 435,901.82m²) totaling ¥374.5 billion (total acquisition price) as there were no changes in the portfolio.

In property management, against the backdrop of the environment described in "(1) Market Environments (a) Office Leasing Market" above, decrease in demand of office space resulted in a rise in the number of cancellation notices, partial cancellation of leased space, and requests for decrease in rent from tenants. To minimize the decline in portfolio profitability, the Company concentrated on maintenance and improvement of the occupancy rate through aggressively approaching prospective tenants and promoting lease renewals utilizing our close relationship with the existing tenants. At lease renewals, the Company engaged in active negotiation to minimize the decrease in rent levels, while responding flexibly to the needs of each tenant, considering the deviation from the market asking-rent, the size of leased space, leasing period, and the timing of rent renewal. As a result, the average rent for the 50 properties declined only 1.2% compared to the previous fiscal period, and the occupancy rate remained high at 95.4% at the end of the period.

In addition, we have maintained stable profits, through securing profits by utilizing the know-how of the Nomura Real Estate Group (Note) to reduce asset management expenses, such as reviewing utility expenses and property management specifications for each building.

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

(3) Status of Funding

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

As to debts, a total of ¥24.8 billion was borrowed as repayment funds for existing debts. As a result, outstanding interest-bearing debt as of the end of the twelfth fiscal period was ¥188.7 billion, same as the previous fiscal period.

3. STATUS OF CAPITAL

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

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

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

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

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

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

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

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

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

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

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

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

[Changes in Price at the Tokyo Stock Exchange]

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

		12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009	10th Period from May 1, 2008 to Oct. 31, 2008	9th Period from Nov. 1, 2007 to Apr. 30, 2008	8th Period from May 1, 2007 to Oct. 31, 2007
High	(¥)	683,000	645,000	874,000	1,200,000	1,540,000
Low	(¥)	495,000	431,000	407,000	655,000	935,000

4. CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957) to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥17,496.

		12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009	10th Period from May 1, 2008 to Oct. 31, 2008	9th Period from Nov. 1, 2007 to Apr. 30, 2008	8th Period from May 1, 2007 to Oct. 31, 2007
Retained Earnings	(¥000)	5,338,534	5,392,502	5,255,922	4,500,000	4,498,622
Accumulated earnings	(¥000)	102	64	178	124	76
Total cash distribution	(¥000)	5,338,432	5,392,438	5,255,743	4,499,876	4,498,546
(Cash distribution per unit)	(¥)	(17,496)	(17,673)	(17,225)	(16,923)	(16,918)
of which distribution of profits	(¥000)	5,338,432	5,392,438	5,255,743	4,499,876	4,498,546
(Distribution of profits per unit)	(¥)	(17,496)	(17,673)	(17,225)	(16,923)	(16,918)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

(1) Investment Environments

Although there are some signs of a bottom for certain aspects, the Japanese economy is expected to search for the timing of bottoming out and recovery amid the global economic downturn.

Under these circumstances, we believe that defensive asset management is important such as maintenance of funding capacities through conservative financial management, flexible property management that minimizes the decrease in portfolio profitability assuming further deterioration of the office leasing market, and paying close attention to movements in expected yields and property liquidity in the real estate investment market.

(2) Investment Policy and Future Issues

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

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

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

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

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

(b) Continuation of Conservative Financial Policy

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

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		12th Period (as of Oct. 31, 2009)	11th Period (as of Apr. 30, 2009)	10th Period (as of Oct. 31, 2008)	9th Period (as of Apr. 30, 2008)	8th Period (as of Oct. 31, 2007)
Maximum number of units allowed to issue	(Unit)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Number of units issued	(Unit)	305,123	305,123	305,123	265,903	265,903
Amount of unitholders' capital	(¥ mln)	185,455	185,455	185,455	156,767	156,767
Number of unitholders		12,565	12,503	12,406	11,120	11,492

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of October 31, 2009 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Service Bank, Ltd.(Trust Accounts)	26,435	8.66
NikkoCiti Trust and Banking Corp. (Trust Accounts)	24,330	7.97
Trust & Custody Services Bank, Ltd. (Securities Trust Accounts)	20,901	6.85
The Master Trust Bank of Japan, Ltd.(Trust Accounts)	16,102	5.28
Nomura Real Estate Development Co., Ltd.	15,287	5.01
The Nomura Trust and Banking Co., Ltd. (Trust Accounts)	10,147	3.33
Kawasaki Gakuen	7,000	2.29
The Bank of Ikeda, Ltd.	5,669	1.86
The Chase Manhattan Bank 385036	5,137	1.68
North Pacific Bank, Ltd.	4,973	1.63
Total	135,981	44.57

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of October 31, 2009 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholder	Portion (%)
Private and other investors	11,917	94.8	30,870	10.1
Financial institutions (Including sales agents for financial instruments firm)	151	1.2	169,017	55.4
Other domestic corporate investors	201	1.6	29,222	9.6
Foreign corporate investors, etc.	296	2.4	76,014	24.9
Total	12,565	100.0	305,123	100.0

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

(c) Enlargement of Portfolio by Acquisition of New Properties

Although the Company is targeting portfolio size of ¥500 billion in the medium term, we believe careful decisions are necessary for new property acquisition, having thoroughly considered the capital and real estate sales market conditions as well as the financial status of the Company.

6. IMPORTANT EVENTS SUBSEQUENT TO THE TWELFTH FISCAL PERIOD

There is no relevant matter under this subject.

4. DIRECTORS AND AUDITOR

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

Title	Name	Other Major Title (s)	Total Amount of Fees Paid during the 12th Period (¥000)
Executive Director	Mitsuharu Sato (Note 2)	Corporate Auditor, Nomura Real Estate Holdings, Inc. Corporate Auditor, Nomura Real Estate Development Co., Ltd.	1,200
Executive Director	Yuichi Maruko (Note 3)	Corporate Auditor, MEGALOS, Co., Ltd.	1,200
Supervisory Director	Shuheï Yoshida (Note 3)	Representative Lawyer, Yoshida Shuheï Law Office Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Eitoku Aikawa (Note 3)	Director, Fair Appraisers, K.K. Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Saneaki Ichijo (Note 3)	Partner, Anderson Mori & Tomotsune Law Firm	2,400
Supervisory Director	Motoharu Yokose (Note 2)	Advisor, Asahi Tax Partners	1,200
Supervisory Director	Naohito Miya (Note 3)	Manager of Miya Naohito CPA Firm	1,200
Accounting Auditor	Earnst & Young ShinNihon LLC	–	14,500

Note 1: No Executive Directors or Supervisory Directors are in possession of the Company's investment units either under their own or other person's name other than Mr. Yuichi Maruko possesses two units of the Company's investment units as of October 31, 2009. Executive Directors and Supervisory Directors might serve as directors of other companies, but there are no mutual business interests whatsoever between such companies and the Company.

Note 2: Resigned as of August 7, 2009, at expiry of the term.

Note 3: Appointed as directors of the Company as of August 8, 2009, based on the resolution of the fourth General Unitholders' Meeting held on July 27, 2009 (Supervisory Directors Mr. Yoshida, Mr. Aikawa and Mr. Ichijo are reappointed, Executive Director Mr. Maruko and Supervisory Director Mr. Miya are newly appointed).

Note 4: At the fourth General Unitholders' Meeting held on July 27, 2009, Mr. Atsushi Ogata, Director of the Asset Management Company, Nomura Real Estate Asset Management Co., Ltd., has been appointed as substitute Executive Director, to provide against vacancy of the Executive Director's position or lack of statutory quorum.

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

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

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

5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

Asset Management Company, custodians and administrators as of October 31, 2009 are as follows:

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

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

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

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area (Note 1)	12th Period (as of Oct. 31, 2009)		11th Period (as of Apr. 30, 2009)	
		Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)	Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)
Real estate	Central Tokyo	31,018	7.6	31,133	7.6
	Suburban Tokyo	16,489	4.0	16,539	4.0
	Other Regional Cities	33,954	8.3	34,146	8.3
Real estate in trust	Central Tokyo	187,897	46.0	188,379	46.0
	Suburban Tokyo	37,513	9.2	37,524	9.2
	Other Regional Cities	65,917	16.1	66,109	16.1
Subtotal		372,790	91.3	373,833	91.3
Cash, deposits and other assets		35,522	8.7	35,519	8.7
Grand Total		408,312	100.0	409,353	100.0

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

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

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

2. BRIEF OF MAJOR PROPERTIES OWNED

The major components of assets (the 10 largest properties by book value) as of October 31, 2009 are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²) (Note1)	Leased Space (m ²) (Note2)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
Shinjuku Nomura Bldg.	39,520	31,500.89	29,470.90	93.6	13.3	Office
JAL Bldg.	32,962	42,084.11	42,084.11	100.0	(Note 3)	Office
Omron Kyoto Center Bldg.	22,897	34,616.84	34,616.84	100.0	(Note 3)	Office
NOF Nihonbashi-Honcho Bldg.	20,749	19,156.01	15,215.46	79.4	5.8	Office
SORA Shin-Osaka 21	19,237	21,462.47	19,227.45	89.6	4.0	Office
Tennozu Park Side Bldg.	13,174	18,051.60	17,735.94	98.3	5.7	Office
NOF Shibuya Koen-dori Bldg.	12,593	3,420.16	3,420.16	100.0	2.6	Office
Shinjuku Sanshin Bldg.	12,314	6,685.52	6,685.52	100.0	2.3	Office
Secom Medical Bldg.	11,284	8,821.24	8,821.24	100.0	(Note 3)	Medical Office (Note 4)
NOF Shiba Bldg.	10,112	8,165.10	8,165.10	100.0	2.5	Office
Total	194,846	193,963.94	185,442.72	95.6	48.4 (Note 5)	

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

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

Note 3: Not disclosed due to compelling reasons.

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

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

3. DETAILS OF PORTFOLIO PROPERTIES

Name of Property	Location (Postal Address)	Type of Ownership	Appraisal Value as of Oct. 31, 2009 (¥ min) (Note 1)	Book Value (¥ min) (Note 2)
Central Tokyo				
Shinjuku Nomura Bldg. (Note 3)	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest in Real Estate Trust	52,800	39,520
JAL Bldg.	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	32,200	32,962
NOF Nihonbashi Honcho Bldg.	2-7-1 Nihonbashi-Honcho, Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	23,200	20,749
Tennozu Park Side Bldg.	2-5-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	20,900	13,174
Shinjuku Sanshin Bldg.	2-4-9 Yoyogi, Shibuya-ku, Tokyo	Beneficial Interest in Real Estate Trust	10,500	12,314
NOF Shibuya Koen-dori Bldg.	20-17 Udagawa-cho, Shibuya-ku, Tokyo	Beneficial Interest in Real Estate Trust	12,200	12,593
Secom Medical Bldg.	7-7 Niban-cho, Chiyoda-ku, Tokyo (Note 4)	Real Estate	10,400	11,284
NOF Shiba Bldg.	4-2-3 Shiba, Minato-ku, Tokyo	Beneficial Interest in Real Estate Trust	10,200	10,112
Nishi-Shinjuku Showa Bldg.	1-13-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest in Real Estate Trust	8,960	8,716
NRE Shibuya Dogenzaka Bldg.	2-16-4 Dogenzaka, Shibuya-ku, Tokyo	Real Estate	6,370	7,665
NOF Tameike Bldg.	1-1-14 Akasaka, Minato-ku, Tokyo	Beneficial Interest in Real Estate Trust	7,420	7,592
Iwamoto-cho Toyo Bldg.	3-1-2 Iwamoto-cho, Chiyoda-ku, Tokyo	Beneficial Interest in Real Estate Trust	5,170	5,975
NOF Shinagawa Kounan Bldg.	1-2-5 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	6,380	5,431
NOF Surugadai Plaza Bldg.	2-5-12 Kanda Surugadai, Chiyoda-ku, Tokyo	Beneficial Interest in Real Estate Trust	6,690	5,028
PMO Nihonbashi Honcho	4-12-20 Nihonbashi Honcho, Chuo-ku, Tokyo	Real Estate	4,360	4,972
NRE Higashi-nihonbashi Bldg.	1-1-7 Higashi-nihonbashi, Chuo-ku, Tokyo	Real Estate	3,860	4,064
Hatchobori NF Bldg.	2-21-6 Hatchobori, Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	2,920	3,196
NOF Kanda Iwamoto-cho Bldg.	3-8-16 Iwamoto-cho, Chiyoda-ku, Tokyo	Beneficial Interest in Real Estate Trust	3,580	3,102
MY Higashi Gotanda Bldg.	2-20-4 Higashi Gotanda, Shinagawa-ku, Tokyo	Real Estate	2,780	3,030
Central Kyobashi Bldg.	1-4-13 Kyobashi, Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	2,380	2,553
NOF Minami-Shinjuku Bldg.	5-32-7 Sendagaya, Shibuya-ku, Tokyo	Beneficial Interest in Real Estate Trust	2,670	2,313
Central Shintomicho Bldg.	3-5-10 Minato, Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	1,510	1,772
Sunworld Yotsuya Bldg.	13-9 Araki-cho, Shinjuku-ku, Tokyo	Beneficial Interest in Real Estate Trust	659	789
Subtotal			238,109	218,915
Suburban Tokyo				
NRE Ueno Bldg.	1-14-4, Higashi-Ueno, Taito-ku, Tokyo	Real Estate	7,110	7,870
NOF Toyo-cho Bldg.	1-6-35 Shinsuna, Koto-ku, Tokyo	Beneficial Interest in Real Estate Trust	8,490	7,102
NOF Technoport Kamata Center Bldg.	2-16-1 Minami-Kamata, Ota-ku, Tokyo	Beneficial Interest in Real Estate Trust	7,330	6,514
Toho Edogawabashi Bldg.	1-24-8 Sekiguchi Bunkyo-ku, Tokyo	Real Estate	1,530	2,088
Toshin Meguro Bldg.	2-20-28 Shimo Meguro, Meguro-ku, Tokyo	Beneficial Interest in Real Estate Trust	1,140	1,341
Crystal Park Bldg.	1-1-3 Gotenyama, Musashino City, Tokyo	Real Estate	3,650	3,620
Kichijoji Mark Bldg.	1-10-31, Kichijoji Honcho, Musashino City, Tokyo	Beneficial Interest in Real Estate Trust	1,680	1,804
Faret Tachikawa Center Square	2-36-2 Akebono-cho, Tachikawa City, Tokyo	Beneficial Interest in Real Estate Trust	4,990	2,966
NOF Kawasaki Higashiguchi Bldg.	3-1 Ekimae Honcho, Kawasaki-ku, Kawasaki City, Kanagawa (Note 4)	Beneficial Interest in Real Estate Trust	8,730	9,462
NOF Yokohama Nishiguchi Bldg.	1-11-11 Kita-Saiwai, Nishi-ku, Yokohama City, Kanagawa	Beneficial Interest in Real Estate Trust	6,061	4,998
NOF Shin-Yokohama Bldg.	2-15-16 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa	Beneficial Interest in Real Estate Trust	3,980	3,321
Yokohama Odori Koen Bldg.	2-4-1 Horai-cho, Naka-ku, Yokohama City, Kanagawa (Note 4)	Real Estate	2,320	2,909
Subtotal			57,011	54,002
Other Cities				
Sapporo North Plaza	4-2-2 Kitaichijo-nishi, Chuo-ku, Sapporo City, Hokkaido (Note 4)	Beneficial Interest in Real Estate Trust	6,094	7,494
NRE Sapporo Bldg.	2-15-1, Kitashichijo-Nishi, Kita-ku, Sapporo City, Hokkaido	Real Estate	4,720	5,246
JCB Sapporo Higashi Bldg.	1-1 Minamiichijo-Nishi Chuo-ku, Sapporo City (Note 4)	Real Estate	3,190	3,738
NOF Sendai Aoba-dori Bldg.	2-1-2 Ichiban-cho, Aoba-ku, Sendai City, Miyagi	Beneficial Interest in Real Estate Trust	2,800	3,171
NOF Utsunomiya Bldg.	2-1-1 Baba-dori, Utsunomiya City, Tochigi	Beneficial Interest in Real Estate Trust	3,000	2,539
NOF Nagoya Yanagibashi Bldg.	1-16-28 Meieki-Minami, Nakamura-ku, Nagoya City, Aichi	Beneficial Interest in Real Estate Trust	3,170	3,688
Omron Kyoto Center Bldg.	801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto (Note 4)	Beneficial Interest in Real Estate Trust	20,100	22,897
SORA Shin-Osaka 21	2-1-3 Nishi-Miyahara, Yodogawa-ku, Osaka City	Real Estate	14,300	19,237
NRE Osaka Bldg.	1-8-15 Azuchi-cho, Chuo-ku, Osaka City, Osaka	Beneficial Interest in Real Estate Trust	9,120	6,384
NRE Nishi-Umeda Bldg.	2-1-22, Umeda, Kita-ku, Osaka City, Osaka	Real Estate	4,620	5,730
NRE Yotsubashi Bldg.	1-4-4 Awaza, Nishi-ku, Osaka City, Osaka	Beneficial Interest in Real Estate Trust	5,600	3,706
NOF Kobe Kaigan Bldg.	3 Kaigan-dori, Chuo-ku, Kobe City, Hyogo (Note 4)	Beneficial Interest in Real Estate Trust	3,110	2,925

NRE Hiroshima Bldg.	2-23 Tatemachi, Naka-ku, Hiroshima City, Hiroshima	Beneficial Interest in Real Estate Trust	2,180	2,658
EME Hakata Ekimae Bldg.	1-15-20 Hakata Ekimae, Hakata-ku, Fukuoka City, Fukuoka	Beneficial Interest in Real Estate Trust	4,740	6,704
NOF Tenjin-Minami Bldg.	3-6-15 Watanabe Dori, Chuo-ku, Fukuoka City, Fukuoka	Beneficial Interest in Real Estate Trust	2,350	3,748
Subtotal			89,094	99,871
Grand total			384,214	372,790

Note 1: "Appraisal Value as of Oct. 31, 2009" stands for the prices appraised by the estate surveyors in accordance with the provisions of the Company's Articles of Incorporation and the "Rules Concerning Calculations of Investment Corporations" (Cabinet Office Regulation No. 47 of 2006). The appraisal prices are calculated by Japan Real Estate Institution, Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd., HIRO & REAS Network, Inc., Appraisal Firm A-Square Co., Ltd., Chuo Real Estate Appraisal Co., Ltd., or Mori Appraisal & Investment Consulting Inc. using the capitalization approach, with the end of the twelfth fiscal period, i.e. October 31, 2009, being taken as the point of evaluation.

Note 2: "Book Value" stands for the aggregate purchase price of lands, buildings, structures, machinery and equipments, tools and fixtures, leased assets, construction in progress, and leaseholds owned directly or held in trust, less depreciation including expenses associated with these purchases.

Note 3: The Company's stake in this property is quasi co-ownership of 50.1% of entirety. The appraisal value and book value as of October 31, 2009 accounted solely for the quasi co-ownership.

Note 4: Residential indication of the property is not available yet.

Note 5: In addition to the buildings in the table, the Fund acquired "NOF Nagoya Fushimi Bldg" on December 25, 2009. The appraisal value of the building is ¥2,370 million as of October 31, 2009.

Name of Property	12th Period (from May 1, 2009 to Oct. 31, 2009)				11th Period (from Nov. 1, 2008 to Apr. 30, 2009)			
	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ min)	Portion of Rental Revenues (%)	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ min)	Portion of Rental Revenues (%)
	Central Tokyo				Suburban Tokyo			
Shinjuku Nomura Bldg.	82	93.6	1,883	13.3	83	97.3	1,990	13.9
JAL Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Nihonbashi Honcho Bldg.	11	79.4	829	5.8	12	95.9	865	6.1
Tennozu Park Side Bldg.	15	98.3	808	5.7	16	98.3	805	5.6
Shinjuku Sanshin Bldg.	15	100.0	319	2.3	14	94.8	317	2.2
NOF Shibuya Koen-dori Bldg.	3	100.0	367	2.6	3	100.0	369	2.6
Secom Medical Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Shiba Bldg.	8	100.0	358	2.5	9	100.0	353	2.5
Nishi-Shinjuku Showa Bldg.	21	100.0	325	2.3	21	100.0	325	2.3
NRE Shibuya Dogenzaka Bldg.	6	100.0	180	1.3	6	100.0	194	1.4
NOF Tameike Bldg.	11	90.7	201	1.4	12	90.7	220	1.5
Iwamoto-cho Toyo Bldg.	7	100.0	172	1.2	7	100.0	154	1.1
NOF Shinagawa Kounan Bldg.	5	100.0	250	1.8	5	100.0	230	1.6
NOF Surugadai Plaza Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
PMO Nihonbashi Honcho	7	100.0	121	0.9	6	87.5	102	0.7
NRE Higashi-nihonbashi Bldg.	6	100.0	153	1.1	6	100.0	91	0.6
Hatchobori NF Bldg.	7	100.0	111	0.8	7	100.0	91	0.6
NOF Kanda Iwamoto-cho Bldg.	7	90.6	125	0.9	7	90.6	147	1.0
MY Higashi Gotanda Bldg.	13	97.1	115	0.8	13	100.0	40	0.3
Central Kyobashi Bldg.	8	100.0	82	0.6	8	100.0	86	0.6
NOF Minami-Shinjuku Bldg.	4	100.0	106	0.7	5	100.0	103	0.7
Central Shintomicho Bldg.	6	91.3	68	0.5	7	100.0	69	0.5
Sunworld Yotsuya Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Subtotal	246	96.2	8,011	56.4	251	98.2	7,989	55.9
Other Cities								
Sapporo North Plaza	36	84.5	330	2.3	39	89.4	338	2.4
NRE Sapporo Bldg.	6	100.0	194	1.4	6	100.0	130	0.9
JCB Sapporo Higashi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Kita-Sanjo Bldg. (Note 3)	-	-	-	-	-	-	47	0.3
NOF Sendai Aoba-dori Bldg.	29	90.9	157	1.1	28	90.4	165	1.2
NOF Utsunomiya Bldg.	22	94.1	161	1.1	23	96.2	168	1.2
NOF Nagoya Yanagibashi Bldg.	11	100.0	128	0.9	11	91.3	140	1.0
Omron Kyoto Center Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
SORA Shin-Osaka 21	27	89.6	571	4.0	25	91.5	586	4.1
NOF Midosuji Bldg. (Note 3)	-	-	-	-	-	-	169	1.2
NRE Osaka Bldg.	24	92.8	511	3.6	25	93.6	510	3.6
NRE Nishi-Umeda Bldg.	13	100.0	188	1.3	11	100.0	202	1.4
NRE Yotsubashi Bldg.	17	97.8	313	2.2	16	94.7	311	2.2
NOF Kobe Kaigan Bldg.	32	93.8	187	1.3	34	97.2	190	1.3
Hiroshima Tatemachi NOF Bldg. (Note 3)	-	-	-	-	-	-	69	0.5
NRE Hiroshima Bldg.	14	93.3	196	1.4	11	94.1	179	1.3
EME Hakata Ekimae Bldg.	36	93.1	189	1.3	33	87.6	189	1.3
NOF Tenjin-Minami Bldg.	18	95.6	59	0.4	12	82.2	8	0.1
Subtotal	287	94.8	3,930	27.7	276	94.8	4,149	29.1
Grand Total	666	95.4	14,203 (Note 4)	100.0	661	96.4	14,281 (Note 4)	100.0

Note 1: In the case a master lease agreement is in place, in which the master tenant of the said lease agreement subleases a part or whole of the leased floor spaces to the end tenants, only the master tenant is counted as the number of tenants. For PMO Nihonbashi Honcho, which involves a "pass-through type" master lease agreement where the amount of rent received from the master tenant is the same as the rent received by said master tenant from the end tenant, the total number of end tenants is shown. In the case more than one space within the same building are leased by the same tenant, such spaces are combined to count for just one tenant. However, when the same tenant leased floor spaces in more than one building, such spaces are counted separately for each building as if they are leased by different tenants. As for Shinjuku Nomura Building, the number of tenants in the entire building is taken into account.

Note 2: Not disclosed due to compelling reasons.

Note 3: The Company has disposed "Kita-Sanjo Bldg." and "NOF Midosuji Bldg." on January 14, 2009, "Hiroshima Tatemachi NOF Bldg." on February 27, 2009.

Note 4: Subtotal of "Rental Revenues" and "Portion of Rental Revenues" for each area is not disclosed due to compelling reasons.

4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of October 31, 2009 are as follows.

Segment	Type of Transaction	Contract Amount (¥ mln) (Note 1)		Current Price (¥ mln) (Note 2)
			Longer than a Year	
Transaction other than market transaction	Interest-rate swap (Receiving floating-rate, paying fixed-rate)	84,500	81,500	△955
Total		84,500	81,500	△955

Note 1: Presented based on notional principal of contract.

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

5. STATUS OF THE OTHER ASSETS

Other than the Trust Beneficial Interest and Real Estate listed in the table under the title "3. Details of Portfolio Properties," the Company had no other assets to integrate into the portfolio as of October 31, 2009.

6. STATUS OF ASSETS BY COUNTRY AND REGION

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

Country	Total Portfolio Amount (Note 1)	Appraisal Value as of Oct. 31, 2009 (Note 2)		Number of Properties
			Portion of Total Portfolio	
Japan	¥372,790 million	¥384,214 million	100.0%	50
Total	¥372,790 million	¥384,214 million	100.0%	50

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

Note 2: Appraisal value as of Oct. 31, 2009 stands for the value appraised by the real estate appraisers.

Capital Expenditures

1. PLAN OF CAPITAL EXPENDITURES

The table below lists major capital expenditures in conjunction with the refurbishment and/or renewal works scheduled for the future (finished in part) on the properties held as of October 31, 2009. The estimated cost of works includes the amount to be charged as "expenses" for accounting purposes.

Name of Property (Location)	Description of Works (Purpose)	Estimated Period	Estimated Cost (¥ mln)		
			Total	Paid during 12th Period	Paid before 12th Period
NOF Shibuya Koen-dori Bldg. (Shibuya-ku, Tokyo)	Renewal of air-conditioning system (To increase quality) (Note 1)	From: Nov. 2009 To: Nov. 2009	63	-	-
NOF Technoport Kamata Center Bldg. (Ota-ku, Tokyo)	Renewal of through the wall air-conditioning system (To increase quality) (Note 2)	From: Nov. 2009 To: Mar. 2010	83	-	-
Sapporo North Plaza (Chuo-ku, Sapporo City)	Refurbishment of multistoried parking facility (To increase quality)	From: Apr. 2010 To: Jun. 2010	120	-	-

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

Note 2: These works have already been implemented as of the date of this report.

2. CAPITAL EXPENDITURES DURING THE TWELFTH FISCAL PERIOD

The table below lists capital expenditures during the twelfth fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥1,004 million: capital expenditures of ¥779 million and repair expenses of ¥225 million combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥ mln)
NOF Shibuya Koen-dori Bldg. (Shibuya-ku, Tokyo)	Renewal of air-conditioning system (To increase quality)	From: May 2009 To: Oct. 2009	59
NOF Technoport Kamata Center Bldg. (Ota-ku, Tokyo)	Renewal of through the wall air-conditioning system (To increase quality)	From: May 2009 To: Oct. 2009	114
Sapporo North Plaza (Chuo-ku, Sapporo City)	Refurbishment of multistoried parking facility (To increase quality)	From: Sep. 2009 To: Oct. 2009	57
NRE Hiroshima Bldg. (Naka-ku, Hiroshima City)	Renewal of elevators (To increase quality)	From: May 2009 To: Aug. 2009	71
Other Properties	Improvement of features	From: May 2009 To: Oct. 2009	476
Total			779

3. FUNDS RESERVED FOR THE LONG-TERM REPAIR PLANS

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

	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009	10th Period from May 1, 2008 to Oct. 31, 2008	9th Period from Nov. 1, 2007 to Apr. 30, 2008	8th Period from May 1, 2007 to Oct. 31, 2007
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Balance brought forward from the previous period	368	238	290	596	938
Amount reserved during the period	1,570	1,894	1,716	1,118	718
Amount used during the period	1,502	1,764	1,768	1,424	1,060
Balance brought forward to the next period	436	368	238	290	596

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

	12th Period from May 1, 2009 to Oct. 31, 2009	11th Period from Nov. 1, 2008 to Apr. 30, 2009
	¥000	¥000
Asset management fees (Note)	1,100,252	1,159,373
of which Management Fee I	722,256	703,874
of which Management Fee II	377,996	381,171
of which Management Fee III	-	74,327
Custodian fees	29,101	28,813
General administrative fees	65,245	67,580
Directors' compensation	12,000	12,000
Other expenses	97,359	113,228
Total	1,303,957	1,380,996

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

2. STATUS OF BORROWINGS

The status of borrowings from the financial institutions as of Oct.31, 2009 is as follows.

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2009 (¥000)	Outstanding as of Apr. 30, 2009 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Short-term Borrowings								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 24, 2008	-	5,250,000	1.43500	Jun. 24, 2009			
Sumitomo Mitsui Banking Corp.		-	5,250,000					
The Mizuho Corporate Bank, Ltd.		-	1,500,000					
Mitsubishi UFJ Trust and Banking Corp.		-	1,500,000					
Sumitomo Trust and Banking Co., Ltd.		-	1,500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 25, 2008	-	4,410,000	1.33500	Jun. 25, 2009			
Sumitomo Mitsui Banking Corp.		-	2,450,000					
The Mizuho Corporate Bank, Ltd.		-	980,000					
Mitsubishi UFJ Trust and Banking Corp.		-	980,000					
Sumitomo Trust and Banking Co., Ltd.		-	980,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 24, 2008	1,750,000	1,750,000	1.44333	Dec. 24, 2009	Balloon payment	(Note 2)	Unsecured/Uninsured
Sumitomo Mitsui Banking Corp.		1,750,000	1,750,000					
The Mizuho Corporate Bank, Ltd.		500,000	500,000					
Mitsubishi UFJ Trust and Banking Corp.		500,000	500,000					
Sumitomo Trust and Banking Co., Ltd.		500,000	500,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 24, 2008	1,200,000	1,200,000	1.17545	Dec. 24, 2009			
Sumitomo Mitsui Banking Corp.		1,800,000	1,800,000					
Mitsubishi UFJ Trust and Banking Corp.		500,000	500,000					
Sumitomo Trust and Banking Co., Ltd.		430,000	430,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 26, 2009	900,000	900,000	1.18417	Mar. 26, 2010			
Sumitomo Mitsui Banking Corp.		500,000	500,000					
The Mizuho Corporate Bank, Ltd.		200,000	200,000					
Mitsubishi UFJ Trust and Banking Corp.		200,000	200,000					
Sumitomo Trust and Banking Co., Ltd.		200,000	200,000					
The Mizuho Corporate Bank, Ltd.	Jun. 24, 2009	1,400,000	-	1.22545	Jun. 24, 2010			
Sumitomo Trust and Banking Co., Ltd.		1,400,000	-					
Subtotal		13,730,000	35,730,000					
Long-term Borrowings to be Repaid within a Year								
The Norinchukin Bank, Ltd.	Feb. 26, 2004	3,000,000	3,000,000	1.77500	Feb. 26, 2010	Balloon payment	(Note 2)	Unsecured/Uninsured
Mitsui Life Insurance Company	Feb. 26, 2004	1,000,000	1,000,000	1.50625	Feb. 26, 2010			
The Chiba Bank, Ltd.	Dec. 8, 2006	1,000,000	1,000,000	1.48375	Feb. 26, 2010			
The Hiroshima Bank, Ltd.		500,000	500,000					
Tokio Marine & Nichido Fire Insurance Co. Ltd.		1,000,000	1,000,000					
Nippon Life Insurance Company	Nov. 30, 2006	1,000,000	-	1.65500	Aug. 26, 2010			
Sompo Japan Insurance Inc.		1,000,000	-					
Sumitomo Mitsui Banking Corp.	Aug. 26, 2008	1,000,000	-	1.01455	Aug. 26, 2010			
The Yamanashi Chuo Bank, Ltd.		1,000,000	-					
The Chugoku Bank, Ltd.		1,000,000	-					
The Bank of Fukuoka, Ltd.		1,000,000	-					
Development Bank of Japan	Jun. 25, 2009	500,000	-	1.97000	(Note 3)	(Note 3)		
Subtotal		13,000,000	6,500,000					
Total Short-term Borrowings		26,730,000	42,230,000					

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2009 (¥000)	Outstanding as of Apr. 30, 2009 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Long-term Borrowings								
Nippon Life Insurance Company	Nov. 30, 2006	-	1,000,000	1.65500	Aug. 26, 2010	Balloon payment	(Note 2)	Unsecured/Uninsured
Sompo Japan Insurance Inc.		-	1,000,000					
Sumitomo Mitsui Banking Corp.	Aug. 26, 2008	-	1,000,000	1.12667	Aug. 26, 2010			
The Yamanashi Chuo Bank, Ltd.		-	1,000,000					
The Chugoku Bank, Ltd.		-	1,000,000					
The Bank of Fukuoka, Ltd.		-	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2008	1,000,000	1,000,000	1.12182	Dec. 8, 2010			
Mitsubishi UFJ Trust and Banking Corp.		500,000	500,000					
Mitsui Sumitomo Insurance Co. Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 27, 2006	1,000,000	1,000,000	1.68000	Feb. 26, 2011			
The Mizuho Corporate Bank, Ltd.		1,000,000	1,000,000					
Mitsubishi UFJ Trust and Banking Corp.		500,000	500,000					
Sumitomo Trust and Banking Co., Ltd.		3,000,000	3,000,000					
The Nomura Trust & Banking Co., Ltd.		2,000,000	2,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 10, 2007	4,000,000	4,000,000	1.43200	Jun. 10, 2011			
Sumitomo Mitsui Banking Corp.		1,000,000	1,000,000					
The Chiba Bank, Ltd.		500,000	500,000					
The Hiroshima Bank, Ltd.		1,000,000	1,000,000					
The Keiyo Bank, Ltd.		1,000,000	1,000,000					
The Mizuho Corporate Bank, Ltd.	Apr. 25, 2008	1,000,000	1,000,000	1.44800	Aug. 25, 2011			
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	1,000,000					
Sumitomo Trust and Banking Co., Ltd.		1,000,000	1,000,000					
The Hachijuni Bank, Ltd.		1,000,000	1,000,000					
The Yamanashi Chuo Bank, Ltd.		500,000	500,000					
The Mizuho Corporate Bank, Ltd.	Mar. 19, 2007	2,000,000	2,000,000	1.63825	Aug. 26, 2011			
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		1,000,000	1,000,000					
The 77 Bank, Ltd.	Sep. 25, 2008	1,000,000	1,000,000	1.43950	Sep. 25, 2011			
The Hyakujushi Bank, Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2006	2,000,000	2,000,000	1.89764	Feb. 26, 2012			
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000					
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	1,000,000					
Sumitomo Trust and Banking Co., Ltd.		2,000,000	2,000,000					
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Nomura Trust & Banking Co., Ltd.		2,000,000	2,000,000					
The Iyo Bank, Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 24, 2009	5,600,000	-	1.39575	Jun. 24, 2012			
Sumitomo Mitsui Banking Corp.		4,500,000	-					
Mitsubishi UFJ Trust and Banking Corp.		1,400,000	-					
The Hyakujushi Bank, Ltd.		500,000	-					
Mitsui Life Insurance Co., Ltd.	Nov. 29, 2005	1,000,000	1,000,000	1.43750	Aug. 26, 2012			
Taiyo Life Insurance Company		1,000,000	1,000,000					
Daido Life Insurance Company		1,000,000	1,000,000					
National Mutual Insurance Federation of Agricultural Cooperative Development Bank of Japan		1,000,000	1,000,000					
National Mutual Insurance Federation of Agricultural Cooperative	Dec. 9, 2005	1,000,000	1,000,000	1.53625	Aug. 26, 2012			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 26, 2008	2,000,000	2,000,000	1.46000	Aug. 26, 2012			
Sumitomo Mitsui Banking Corp.		1,500,000	1,500,000					
Mitsubishi UFJ Trust and Banking Corp.		2,500,000	2,500,000					
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
Mitsubishi UFJ Trust and Banking Corp.	Sep. 25, 2008	1,000,000	1,000,000	1.61150	Sep. 25, 2012			
Sumitomo Trust and Banking Co., Ltd.		1,000,000	1,000,000					
Mitsubishi UFJ Trust and Banking Corp.	Nov. 4, 2008	3,000,000	3,000,000	1.51175	Nov. 4, 2012			
Sumitomo Mitsui Banking Corp.		3,000,000	3,000,000					
Mitsubishi UFJ Trust and Banking Corp.		2,000,000	2,000,000					
Sumitomo Trust and Banking Co., Ltd.		2,000,000	2,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 27, 2008	2,000,000	2,000,000	1.87200	Dec. 27, 2012			
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000					
The Mizuho Corporate Bank, Ltd.		1,000,000	1,000,000					
Development Bank of Japan	Mar. 17, 2005	1,000,000	1,000,000	1.75250	Feb. 26, 2013			
The Daiichi Mutual Life Insurance Company	Dec. 8, 2006	2,000,000	2,000,000	1.99250	Feb. 26, 2013			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2008	1,000,000	1,000,000	1.68680	Dec. 8, 2013			
Sumitomo Mitsui Banking Corp.		4,500,000	4,500,000					
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		1,000,000	1,000,000					
Taiyo Life Insurance Company	Mar. 19, 2007	1,000,000	1,000,000	1.98000	Mar. 19, 2014			
Daido Life Insurance Company		1,000,000	1,000,000					
Sumitomo Life Insurance Company		2,000,000	2,000,000					
The Daiichi Mutual Life Insurance Company	Feb. 26, 2008	3,000,000	3,000,000	1.91875	Feb. 26, 2015			
Taiyo Life Insurance Company	Jun. 24, 2008	1,000,000	1,000,000	2.31750	Jun. 24, 2015			
Sumitomo Life Insurance Company		3,000,000	3,000,000					
Development Bank of Japan		4,000,000	4,000,000					
Development Bank of Japan	Jun. 25, 2009	9,500,000	-	1.97000	(Note 3)	(Note 3)		
Subtotal		117,500,000	102,000,000					
Total		144,230,000	144,230,000					

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

Note 2: The use of borrowings is to purchase property-related assets, the related miscellaneous expenses and the repayment of borrowings.

Note 3: Installments of ¥250 million will be made on the 25th of every sixth month starting on December 25, 2009, with the remaining payment of ¥6,750 million to be repaid on June 25, 2016.

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of October 31, 2009 is as follows.

Name of Bonds	Issue Date	Balance as of Oct. 31, 2009 (¥ mln)	Balance as of Apr. 30, 2009 (¥ mln)	Interest Rate (%)	Maturity Date	Method of Repayment	Use of Proceeds	Note
First Series Unsecured Investment Corporation Bonds	Mar. 16, 2005	5,000	5,000	1.85	Mar. 16, 2015	Balloon payment	(Note 1)	(Note 2)
Second Series Unsecured Investment Corporation Bonds	Mar. 16, 2005	5,000	5,000	2.47	Mar. 16, 2020	Balloon payment	(Note 1)	(Note 2)
Third Series Unsecured Investment Corporation Bonds	Nov. 28, 2005	10,000	10,000	1.19	Nov. 29, 2010	Balloon payment	(Note 1)	(Note 3)
Fourth Series Unsecured Investment Corporation Bonds	Nov. 28, 2005	10,000	10,000	2.05	Nov. 30, 2015	Balloon payment	(Note 1)	(Note 3)
Fifth Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	5,000	5,000	1.61	Mar. 19, 2012	Balloon payment	(Note 1)	(Note 3)
Sixth Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	5,000	5,000	2.21	Mar. 17, 2017	Balloon payment	(Note 1)	(Note 3)
Seventh Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	4,500	4,500	2.90	Mar. 17, 2028	Balloon payment	(Note 1)	(Note 3)
Total		44,500	44,500					

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

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

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

4. STATUS OF SHORT-TERM INVESTMENT CORPORATION BONDS

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

Trading during the Twelfth Fiscal Period

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

Not applicable.

2. STATUS OF OTHER ASSETS

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

3. PRICE INVESTIGATION

(1) Real Estates
Not applicable.

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

For the twelfth fiscal period (from May 1, 2009 to October 31, 2009), one OTC derivatives transaction was subject to investigation. Ernst & Young ShinNihon LLC was requested to investigate the details of one transaction including the name of counterparty, issues, the number of execution, financial instruments/monetary indicators, put/call options, exercise prices, the period of execution of right, the trading period, etc. The investigation report has been received.

4. TRANSACTIONS WITH RELATED PARTIES AND MAJOR SHAREHOLDERS

(1) Transactions
Not applicable.

(2) Fees Paid to Related Parties and Major Shareholders

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

	Name of Related Party and Major Shareholders	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Contract-out fees	Nomura Building Management Co., Ltd. (Note 1)	649,447	1,088,143	59.7
	Flagship Properties, Inc. (Note 2)	916		
Property management fees	Nomura Real Estate Development Co., Ltd.	174,396	262,147	66.5
	Nomura Building Management Co., Ltd.	23,865		
Other expenses	Nomura Real Estate Development Co., Ltd.	30,394	96,844	31.4
	Nomura Building Management Co., Ltd. PRIME X. Co., Ltd.	32,452 285		

Note 1: In addition to the Property Management Agreement, the Company has entrusted Nomura Building Management Co., Ltd. with daily maintenance of building and equipments, the cost of which is included in "Contract-out Fees".

Note 2: The Company has entrusted certain jobs such as receipt of rents, payment of disbursements and notification of repairs in conjunction with the sublease of JAL Building to Flagship Properties. The Contract-out fees paid to Flagship Properties include remuneration for these services.

Note 3: Besides the above, the Company has made the following payments for repair works during the twelfth fiscal period.

Name of Related Party	Amount Paid (¥000)
Nomura Real Estate Development Co., Ltd.	35,083
Nomura Building Management Co., Ltd.	400,375

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

Name of Property	Property Management Company	Property Management Fees (¥000) (Note 1) (Note 2)
Shinjuku Nomura Bldg.	Nomura Real Estate Development Co., Ltd.	37,089
JAL Bldg.	Nomura Real Estate Development Co., Ltd.	2,851
Tennozu Park Side Bldg.	Nomura Real Estate Development Co., Ltd.	15,594
NOF Shibuya Koen-dori Bldg.	Nomura Real Estate Development Co., Ltd.	8,780
Secom Medical Bldg.	Nomura Real Estate Development Co., Ltd.	3,789
Nishi-Shinjuku Showa Bldg.	Nomura Real Estate Development Co., Ltd.	6,605
NRE Shibuya Dogenzaka Bldg.	Nomura Real Estate Development Co., Ltd.	3,862
NOF Tameike Bldg.	Nomura Real Estate Development Co., Ltd.	5,291
NOF Shinagawa Konan Bldg.	Nomura Real Estate Development Co., Ltd.	5,560
NOF Surugadai Plaza Bldg.	Nomura Real Estate Development Co., Ltd.	5,168
PMO Nihonbashi Honcho	Nomura Real Estate Development Co., Ltd.	3,043
NRE Higashi-nihonbashi Bldg.	Nomura Real Estate Development Co., Ltd.	3,117
Hatchobori NF Bldg.	Nomura Real Estate Development Co., Ltd.	2,227
NOF Minami-Shinjuku Bldg.	Nomura Real Estate Development Co., Ltd.	2,273
NRE Ueno Bldg.	Nomura Real Estate Development Co., Ltd.	4,919
NOF Technoport Kamata Center Bldg.	Nomura Real Estate Development Co., Ltd.	8,996
Kichijoji Mark Bldg.	Nomura Real Estate Development Co., Ltd.	1,701
Faret Tachikawa Center Square	Nomura Real Estate Development Co., Ltd.	5,017
NOF Yokohama Nishiguchi Bldg.	Nomura Real Estate Development Co., Ltd.	5,564
NOF Shin-Yokohama Bldg.	Nomura Real Estate Development Co., Ltd.	2,498
NRE Sapporo Bldg.	Nomura Real Estate Development Co., Ltd.	3,968
Omron Kyoto Center Bldg.	Nomura Real Estate Development Co., Ltd.	6,134
NRE Osaka Bldg.	Nomura Real Estate Development Co., Ltd.	13,098
NRE Nishi-Umeda Bldg.	Nomura Real Estate Development Co., Ltd.	4,171
NRE Yotsubashi Bldg.	Nomura Real Estate Development Co., Ltd.	8,126
NRE Hiroshima Bldg.	Nomura Real Estate Development Co., Ltd. (Note 3)	4,941
Shinjuku Sanshin Bldg.	Nomura Building Management Co., Ltd.	4,043
MY Higashi Gotanda Bldg.	Nomura Building Management Co., Ltd.	2,274
Central Kyobashi Bldg.	Nomura Building Management Co., Ltd.	1,503
Central Shintomicho Bldg.	Nomura Building Management Co., Ltd.	1,205
Sunworld Yotsuya Bldg.	Nomura Building Management Co., Ltd.	586
NOF Toyo-cho Bldg.	Nomura Building Management Co., Ltd.	1,753
Toshin Meguro Bldg.	Nomura Building Management Co., Ltd.	600
NOF Kawasaki Higashiguchi Bldg.	Nomura Building Management Co., Ltd.	5,248
NOF Utsunomiya Bldg.	Nomura Building Management Co., Ltd.	4,242
NOF Nagoya Yanagibashi Bldg.	Nomura Building Management Co., Ltd.	2,408

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

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

Note 3: The Company has changed the property management company to Nomura Building Management Co., Ltd. as of November 1, 2009.

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

There is no relevant matter under this subject as Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Company, is not in any subsidiary business.

Other Information

1. NOTICE

The fourth General Unitholders' Meeting was held on July 27, 2009. Summary of main items approved at the General Unitholders' Meeting are as follows:

Agenda	Summary
Partial Amendment of the Articles of Incorporation	<p>The Articles of Incorporation were changed for the following reasons:</p> <ul style="list-style-type: none"> • To make required amendments in conjunction with the enforcement of the Law concerning the partial amendments of the Securities and Exchange Law (Law No. 65 of 2006) and the preparation/revision of the Law concerning Investment Trusts and Investment. • To make required amendments in conjunction with the tax reform, etc. • To make revisions in conjunction with computerizing the investment securities due to the partial amendments of the Law concerning transfer of the corporate bonds, etc., in order to rationalize closing of the stock trading, etc., (Law No. 88 of 2004) • To limit the number of proxy for the unitholder who would be able to attend the General Unitholders' Meeting as one. • Other, including deletion of provisions which are already unnecessary and revision of expressions, etc.
Appointment of an Executive Director	Mr. Yuichi Maruko was appointed as the Executive Director. The term shall be two years from August 8, 2009.
Appointment of a Substitute Executive Director	Mr. Atsushi Ogata was appointed as the Substitute Executive Director.
Appointment of four Supervisory Directors	Mr. Shuhei Yoshida, Mr. Eitoku Aikawa, Mr. Saneaki Ichijo, and Mr. Naohito Miya were appointed as Supervisory Directors. The terms shall be two years from August 8, 2009.

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

Not applicable.

3. OTHER MATTERS

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

Financial Section



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Balance Sheets

	Thousands of Yen	
	As of October 31, 2009	As of April 30, 2009
ASSETS		
Current Assets:		
Cash and bank deposits	¥ 34,422,911	¥ 34,333,017
Rental receivables	233,750	275,564
Corporate taxes refundable	2,092	3,858
Other current assets	335,316	355,494
Total current assets	34,994,069	34,967,933
Property and Equipment, at Cost:		
Land	263,529,890	263,516,082
Buildings and structures	122,015,809	121,357,088
Machinery and equipment	1,230,024	1,172,733
Tools, furniture and fixtures	222,166	214,744
Leased assets	30,946	31,423
Construction in progress	82,141	33,095
Subtotal	387,110,976	386,325,165
Less accumulated depreciation	(16,221,547)	(14,393,003)
Net property and equipment	370,889,429	371,932,162
Investments and Other Assets:		
Leasehold rights	1,900,905	1,900,905
Intangible assets	2,909	3,201
Long-term prepaid expenses	24,626	41,165
Security deposits	410,850	410,850
Deferred investment corporation bond issuance costs	90,165	96,802
Total investments and other assets	2,429,455	2,452,923
Total Assets	¥ 408,312,953	¥ 409,353,018

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

	Thousands of Yen	
	As of October 31, 2009	As of April 30, 2009
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥ 728,735	¥ 739,721
Other accounts payable	1,395,019	1,530,105
Short-term debt	26,730,000	42,230,000
Accrued expenses	921,848	918,519
Accrued consumption taxes	210,822	54,753
Rent received in advance	2,270,821	2,286,617
Other current liabilities	185,018	79,701
Total current liabilities	32,442,263	47,839,416
Long-term Liabilities:		
Investment corporation bonds	44,500,000	44,500,000
Long-term debt	117,500,000	102,000,000
Security deposits from tenants	23,061,123	24,146,613
Other long-term liabilities	15,586	19,039
Total long-term liabilities	185,076,709	170,665,652
Total Liabilities	217,518,972	218,505,068
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	185,455,447	185,455,447
Retained earnings	5,338,534	5,392,503
Total unitholders' equity	190,793,981	190,847,950
Total Net Assets	190,793,981	190,847,950
Total Liabilities and Net Assets	¥ 408,312,953	¥ 409,353,018

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

Statements of Income and Retained Earnings

	Thousands of Yen	
	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
<i>Operating Revenues and Expenses</i>		
Operating Revenues:		
Real estate rental revenues	¥ 14,203,926	¥ 14,281,598
Gain on sales of real estate	-	1,128,049
	14,203,926	15,409,647
Operating Expenses:		
Real estate rental expenses	5,761,133	5,917,157
Loss on sales of real estate	-	1,033,415
Asset management fees	1,100,252	1,159,373
Administrative service and custodian fees	94,346	96,394
Bad debts expenses	6,119	-
Other operating expenses	103,241	125,229
	7,065,091	8,331,568
Operating Profit	7,138,835	7,078,079
<i>Non-Operating Revenues and Expenses</i>		
Non-Operating Revenues:		
Interest income	8,946	30,545
Other non-operating revenues	20,738	33,106
	29,684	63,651
Non-Operating Expenses:		
Interest expense	1,179,077	1,154,971
Loan arrangement fees	145,409	84,941
Interest expense on investment corporation bonds	433,413	428,087
Amortization of investment corporation bond issuance costs	6,637	6,636
Other non-operating expenses	64,491	73,847
	1,829,027	1,748,482
Income before Income Taxes	5,339,492	5,393,248
Income Taxes:		
Current	1,027	917
Deferred	(5)	6
Net Income	5,338,470	5,392,325
Retained earnings brought forward	64	178
Retained Earnings at End of Period	¥ 5,338,534	¥ 5,392,503

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

Statements of Changes in Net Assets

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
Balance as of April 30, 2009	305,123	¥185,455,447	¥5,392,503	¥190,847,950	-	-	¥190,847,950
Cash distribution paid	-	-	(5,392,439)	(5,392,439)	-	-	(5,392,439)
Net income	-	-	5,338,470	5,338,470	-	-	5,338,470
Balance as of October 31, 2009	305,123	¥185,455,447	¥5,338,534	¥190,793,981	-	-	¥190,793,981

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
Balance as of October 31, 2008	305,123	¥185,455,447	¥5,255,922	¥190,711,369	-	-	¥190,711,369
Cash distribution paid	-	-	(5,255,744)	(5,255,744)	-	-	(5,255,744)
Net income	-	-	5,392,325	5,392,325	-	-	5,392,325
Balance as of April 30, 2009	305,123	¥185,455,447	¥5,392,503	¥190,847,950	-	-	¥190,847,950

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

Statements of Cash Flows

	Thousands of Yen	
	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 5,339,492	¥ 5,393,248
Depreciation	1,835,796	1,862,688
Amortization of long-term prepaid expenses	16,566	16,589
Amortization of investment corporation bond issuance costs	6,637	6,636
Interest income	(8,946)	(30,545)
Interest expense	1,612,490	1,583,058
Loss on disposal of property and equipment	19,230	879
Decrease in rental receivables	41,813	19,185
(Decrease) in trade accounts payable	(10,986)	(81,450)
Increase in other accounts payable	71,638	245,955
Increase in accrued consumption taxes	156,069	1,531
(Decrease) in rent received in advance	(15,796)	(80,019)
Decrease in tangible fixed assets due to sales	-	3,411,999
Decrease in tangible fixed assets in trust due to sales	-	15,272,662
Changes in other current assets/liabilities	133,259	(29,792)
Subtotal	9,197,262	27,592,624
Interest received	15,598	23,893
Interest paid	(1,623,599)	(1,371,542)
Income taxes paid	739	1,577
Net cash provided by operating activities	7,590,000	26,246,552
Cash Flows from Investing Activities		
Payments into time deposits	-	(2,260,000)
Proceeds from time deposits	2,260,000	-
Payments for purchases of property and equipment	(1,029,940)	(32,609,632)
Payments for purchases of intangible assets	-	(1,901)
Reimbursement of security deposits to tenants	(1,608,402)	(2,136,298)
Proceeds from security deposits from tenants	522,913	2,877,520
Proceeds from security deposits	-	450
Net cash used in investing activities	144,571	(34,129,861)
Cash Flows from Financing Activities		
Proceeds from short-term debt	2,800,000	12,930,000
Repayment of short-term debt	(24,800,000)	(11,300,000)
Proceeds from long-term debt	22,000,000	20,000,000
Repayment of long-term debt	-	(15,000,000)
Distributions to unitholders	(5,384,677)	(5,241,500)
Net cash provided by financing activities	(5,384,677)	1,388,500
Net Increase in Cash and Cash Equivalents	2,349,894	(6,494,809)
Cash and Cash Equivalents at Beginning of Period	32,073,017	38,567,826
Cash and Cash Equivalents at End of Period	¥ 34,422,911	¥ 32,073,017

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

Notes to Financial Statements

1. ORGANIZATION

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

On August 7, 2003, the Company was incorporated under the Law Concerning Investment Trusts and Investment Corporations (the "Investment Trust Law") of Japan. On December 4, 2003, the Company was listed on the Tokyo Stock Exchange as the 9th J-REIT and started operations on the following day. As of October 31, 2009, the Company owned a portfolio of 50 office properties containing an aggregate of approximately 435,901.82 square meters of leasable area and leased office space to 666 tenants.

2. BASIS OF PRESENTATION

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Property and equipment (Except for leased assets)

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

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

Intangible assets (Except for leased assets)

Intangible assets are amortized by the straight-line method.

Leased Assets

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

Impairment of fixed assets

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

Deferred investment corporation bond issuance costs

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

Accounting treatment of beneficial interests in real estate

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

Revenue recognition

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

Property related taxes

Property and equipment is subject to property related taxes, urban planning taxes and depreciable property taxes on a calendar year basis. These taxes are generally charged to income during the period. The sellers of the properties were liable for property related taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the owner registered in the record as of January 1st based on the assessment made by the local government. The capitalized property related taxes amounted to ¥86,862 thousand for the six-month period ended April 30, 2009. No such taxes were imposed for the six-month period ended October 31, 2009 as the Company did not acquire any properties.

Income taxes

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

Consumption taxes

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

Derivative financial instruments

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

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of October 31, 2009 and April 30, 2009 consist of the following:

	Thousands of Yen	
	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
Cash and bank deposits	¥ 34,422,911	¥ 34,333,017
Bank deposits with original maturities of more than three months	–	(2,260,000)
Cash and cash equivalents	¥ 34,422,911	¥ 32,073,017

5. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of October 31, 2009 and April 30, 2009 consist of the following:

	Thousands of Yen			
	As of October 31, 2009		As of April 30, 2009	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 54,948,317	¥ 54,948,317	¥ 54,934,510	¥ 54,934,510
Buildings and structures	25,611,320		25,545,536	
Accumulated depreciation	(1,403,845)	24,207,475	(986,467)	24,559,069
Machinery and equipment	465,199		465,086	
Accumulated depreciation	(64,660)	400,539	(44,825)	420,261
Tools, furniture and fixtures	4,911		4,790	
Accumulated depreciation	(556)	4,355	(113)	4,677
Land in trust	208,581,573	208,581,573	208,581,573	208,581,573
Buildings and structures in trust	96,404,489		95,811,551	
Accumulated depreciation	(14,288,144)	82,116,345	(12,950,872)	82,860,679
Machinery and equipment in trust	764,825		707,646	
Accumulated depreciation	(381,312)	383,513	(346,639)	361,007
Tools, furniture and fixtures in trust	217,255		209,954	
Accumulated depreciation	(73,700)	143,555	(57,670)	152,284
Lease assets in trust	30,946		31,423	
Accumulated depreciation	(9,330)	21,616	(6,416)	25,007
Construction in progress in trust	82,141	82,141	33,095	33,095
Total	¥370,889,429	¥370,889,429	¥371,932,162	¥371,932,162

6. SHORT-TERM DEBT

Short-term debt as of October 31, 2009 and April 30, 2009 consist of the following:

	As of October 31, 2009		As of April 30, 2009	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on June 24, 2009	–	–	¥15,000,000	1.43500%
Unsecured loans from banks due on June 25, 2009	–	–	9,800,000	1.33500%
Unsecured loans from banks due on December 24, 2009	¥ 5,000,000	1.44333%	5,000,000	1.44333%
Unsecured loans from banks due on December 24, 2009	3,930,000	1.17545%	3,930,000	1.42167%
Unsecured loans from a bank due on February 26, 2010	3,000,000	1.77500%	3,000,000	1.77500%
Unsecured loans from an insurance company due on February 26, 2010	1,000,000	1.50625%	1,000,000	1.50625%
Unsecured loans principally from banks due on February 26, 2010	2,500,000	1.48375%	2,500,000	1.48375%
Unsecured loans from banks due on March 26, 2010	2,000,000	1.18417%	2,000,000	1.18417%
Unsecured loans from banks due on June 24, 2010	2,800,000	1.22545%	–	–
Unsecured loans from insurance companies due on August 26, 2010	2,000,000	1.65500%	–	–
Unsecured loans from banks due on August 26, 2010	4,000,000	1.01455%	–	–
Unsecured loans from a bank due on June 25, 2016 (Note 2)	500,000	1.97000%	–	–
Total	¥26,730,000		¥42,230,000	

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

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

The Company entered into ¥40,000 million credit facilities in the form of commitment lines with five financial institutions for the six-month periods ended October 31, 2009 and April 30, 2009. The total unused amounts of such credit facilities were ¥33,000 million as of October 31, 2009 and ¥8,200 million as of April 30, 2009.

7. LONG-TERM DEBT

Long-term debt as of October 31, 2009 and April 30, 2009 consists of the following:

	As of October 31, 2009		As of April 30, 2009	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from insurance companies due on August 26, 2010	–	–	¥ 2,000,000	1.65500%
Unsecured loans from banks due on August 26, 2010	–	–	4,000,000	1.12667%
Unsecured loans principally from banks due on December 8, 2010	¥ 2,500,000	1.12182%	2,500,000	1.35750%
Unsecured loans from banks due on February 26, 2011	7,500,000	1.68000%	7,500,000	1.68000%
Unsecured loans from banks due on June 10, 2011	8,500,000	1.43200%	8,500,000	1.43200%
Unsecured loans from banks due on August 25, 2011	4,500,000	1.44800%	4,500,000	1.44800%
Unsecured loans from banks due on August 26, 2011	4,000,000	1.63825%	4,000,000	1.63825%
Unsecured loans from banks due on September 25, 2011	2,000,000	1.43950%	2,000,000	1.43950%
Unsecured loans from banks due on February 26, 2012	11,000,000	1.89764%	11,000,000	1.89764%
Unsecured loans from banks due on June 24, 2012	12,000,000	1.39575%	–	–
Unsecured loans principally from insurance companies due on August 26, 2012	5,000,000	1.43750%	5,000,000	1.43750%
Unsecured loans from a financial institution due on August 26, 2012	1,000,000	1.53625%	1,000,000	1.53625%
Unsecured loans from banks due on August 26, 2012	7,500,000	1.46000%	7,500,000	1.46000%
Unsecured loans from banks due on September 25, 2012	2,000,000	1.61150%	2,000,000	1.61150%
Unsecured loans from banks due on November 4, 2012	10,000,000	1.51175%	10,000,000	1.51175%
Unsecured loans from banks due on December 27, 2012	5,000,000	1.87200%	5,000,000	1.87200%
Unsecured loans from a bank due on February 26, 2013	1,000,000	1.75250%	1,000,000	1.75250%
Unsecured loans from an insurance company due on February 26, 2013	2,000,000	1.99250%	2,000,000	1.99250%
Unsecured loans from banks due on December 8, 2013	7,500,000	1.68680%	7,500,000	1.68680%
Unsecured loans from insurance companies due on March 19, 2014	4,000,000	1.98000%	4,000,000	1.98000%
Unsecured loans from an insurance company due on February 26, 2015	3,000,000	1.91875%	3,000,000	1.91875%
Unsecured loans principally from insurance companies due on June 24, 2015	8,000,000	2.31750%	8,000,000	2.31750%
Unsecured loans from a bank due on June 25, 2016 (Note 2)	9,500,000	1.97000%	–	–
Total	¥117,500,000		¥102,000,000	

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

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

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date (excluding the long-term debt to be repaid within a year) are as follows.

	Thousands of Yen			
	1-2 years	2-3 years	3-4 years	4-5 years
Long-term debt	29,500,000	39,000,000	18,500,000	12,000,000

8. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of October 31, 2009		As of April 30, 2009	
	Amount (Thousands of Yen)	Weighted- average interest rate	Amount (Thousands of Yen)	Weighted- average interest rate
First Series of Unsecured Investment Corporation Bonds Due on March 16, 2015	¥ 5,000,000	1.85000%	¥ 5,000,000	1.85000%
Second Series of Unsecured Investment Corporation Bonds Due on March 16, 2020	5,000,000	2.47000%	5,000,000	2.47000%
Third Series of Unsecured Investment Corporation Bonds Due on November 29, 2010	10,000,000	1.19000%	10,000,000	1.19000%
Fourth Series of Unsecured Investment Corporation Bonds Due on November 30, 2015	10,000,000	2.05000%	10,000,000	2.05000%
Fifth Series of Unsecured Investment Corporation Bonds Due on March 19, 2012	5,000,000	1.61000%	5,000,000	1.61000%
Sixth Series of Unsecured Investment Corporation Bonds Due on March 17, 2017	5,000,000	2.21000%	5,000,000	2.21000%
Seventh Series of Unsecured Investment Corporation Bonds Due on March 17, 2028	4,500,000	2.90000%	4,500,000	2.90000%
Total	¥44,500,000		¥44,500,000	

9. UNITHOLDERS' EQUITY

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

10. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of October 31, 2009 and April 30, 2009 were as follows:

	As of October 31, 2009	As of April 30, 2009
Net asset values per unit	¥625,301	¥625,478
Net income per unit	¥ 17,496	¥ 17,672

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

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

	As of October 31, 2009	As of April 30, 2009
Net income (Thousands of Yen)	¥5,338,470	¥5,392,324
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	¥5,338,470	¥5,392,324
Average number of units during the period	305,123	305,123

11. RELATED PARTY TRANSACTIONS

Parent Company, corporate shareholders and other
Not applicable

Directors, individual shareholders and other
Not applicable

Subsidiary companies and other
Not applicable

Fellow subsidiary companies and other
Not applicable

12. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 40% for the six-month periods ended October 31, 2009 and April 30, 2009. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Special Taxation Measures Law of Japan. Under this law, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed approximately 100% of its distributable income in the form of cash distributions totaling ¥5,338,432 thousand and ¥5,392,438 thousand for the six-month periods ended October 31, 2009 and April 30, 2009, respectively, such distributions were treated as deductible distributions for purposes of corporate income taxes. The following summarizes the significant differences between the statutory tax rate and the effective tax rates:

	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(39.32)	(39.32)
Other	0.01	0.01
Effective tax rate	0.02%	0.02%

13. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month period ended October 31, 2009 and April 30, 2009 consist of the following:

	Thousands of Yen	
	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
Real estate rental revenues	¥14,203,926	¥14,281,598
Rental revenues	12,871,402	13,022,991
Rental revenues	10,530,796	10,668,132
Common area charges	2,340,606	2,354,859
Non-rental revenues	1,332,524	1,258,607
Parking revenues	292,999	306,928
Incidental income	970,652	880,072
Other miscellaneous revenues	68,873	71,607
Real estate rental expenses	5,761,133	5,917,157
Property management costs	1,088,143	1,105,726
Property management fees	262,147	288,967
Utility expenses	953,992	987,226
Property and other taxes	1,129,535	982,905
Casualty insurance	27,218	27,100
Repairs and maintenance	225,282	374,258
Depreciation	1,835,578	1,862,469
Other rental expenses	239,238	288,506
Profit	¥ 8,442,793	¥ 8,364,441

14. BREAKDOWN OF GAIN AND LOSS ON SALES OF REAL ESTATE

Gain on sales of real estate for the six-month period ended October 31, 2009 and April 30, 2009 consist of the following:

	Thousands of Yen	
	For the period from May 1, 2009 to October 31, 2009	For the period from November 1, 2008 to April 30, 2009
Gain on sales of real estate		
Proceeds from sales of real estate	-	¥14,000,000
Cost of sales of real estate	-	12,838,587
Other related sales expenses	-	33,364
Gain on sales of real estate	-	¥ 1,128,049
Loss on sales of real estate		
Proceeds from sales of real estate	-	¥ 4,840,000
Cost of sales of real estate	-	5,846,074
Other related sales expenses	-	27,341
Loss on sales of real estate	-	¥ 1,033,415

15. LEASES

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

The Company, as lessor, enters into lease agreements for which fixed monthly rents are due in advance with a lease term of generally two years for offices. The future minimum rental revenues under existing non-cancelable operating lease agreements as of October 31, 2009 and April 30, 2009 are summarized as follows:

	Thousands of Yen	
	As of October 31, 2009	As of April 30, 2009
Due within one year	¥ 5,339,508	¥ 5,343,440
Due after one year	29,267,009	31,726,610
Total	¥34,606,517	¥37,070,051

16. DERIVATIVES AND HEDGE ACCOUNTING

The Company has entered into interest-rate swap contracts with several Japanese financial institutions to hedge its variable rate long-term debt obligations. The Company utilizes interest-rate swap contracts, which are derivative financial instruments, only for the purpose of mitigating future risk of fluctuation of interest rates, but does not enter into such transactions for speculative or trading purposes. The Company entered into such derivative transactions to hedge risk in accordance with its Articles of Incorporation and the established risk management policies of NREAM.

The following summarizes the notional amounts and the estimated fair values of the interest-rate related positions outstanding as of October 31, 2009 and April 30, 2009:

	Thousands of Yen		
	Notional amount	Estimated fair value	Unrealized loss
As of October 31, 2009			
Interest-rate swaps:			
Received/floating and paid/fixed	¥84,500,000	(¥955,814)	(¥955,814)
As of April 30, 2009			
Interest-rate swaps:			
Received/floating and paid/fixed	¥72,500,000	(¥835,254)	(¥835,254)



ERNST & YOUNG

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Report of Independent Auditors

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

We have audited the accompanying balance sheets of Nomura Real Estate Office Fund, Inc. as of October 31, 2009 and April 30, 2009, and the related statements of income and retained earnings, changes in net assets and cash flows for the six-month periods then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

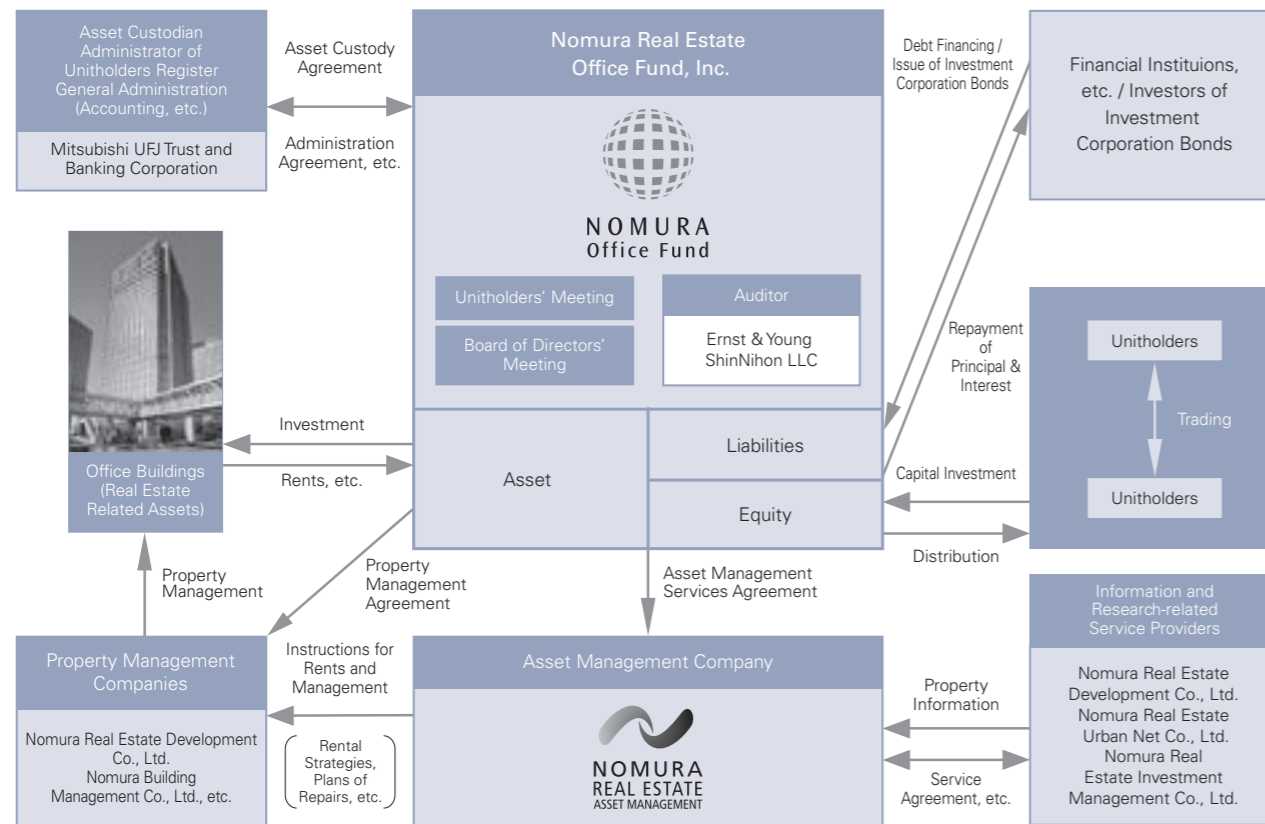
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nomura Real Estate Office Fund, Inc. at October 31, 2009 and April 30, 2009, and the results of its operations and its cash flows for the six-month periods then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

January 15, 2010

Business Structure



Corporate Data

Corporate Name
Nomura Real Estate Office Fund, Inc.

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

Date of Incorporation
August 7, 2003

Stock Listing
Tokyo Stock Exchange (Securities Code: 8959)

Fiscal Period
Six months ending on April 30 and October 31

Capital
¥185,455,446,935 (as of October 31, 2009)

Number of Units Issued
305,123 (as of October 31, 2009)

Number of Unitholders
12,565 (as of October 31, 2009)

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

Business Office of the Transfer Agent
Corporate Agency Department
Mitsubishi UFJ Trust and Banking Corporation
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Tel: +81-3-5683-5111

Independent Auditors
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Investor Relations
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Website

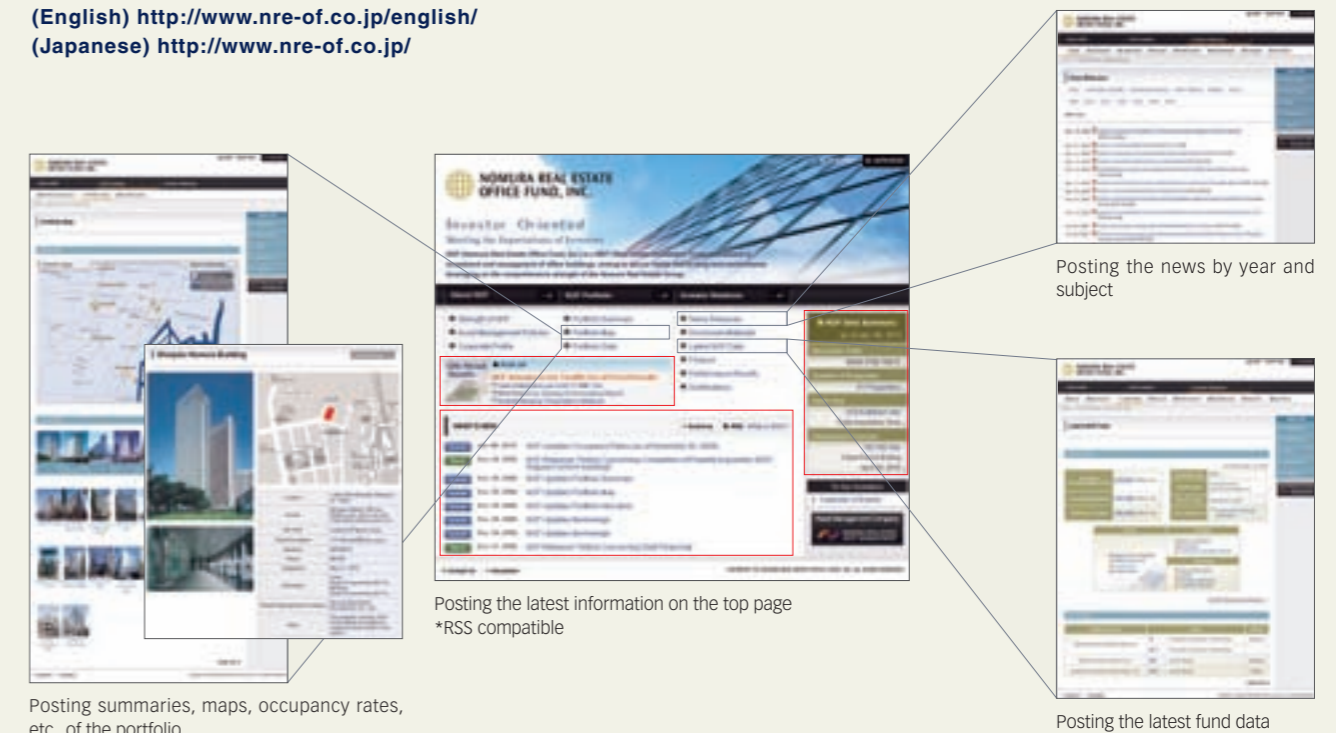
Nomura Office Fund's Website

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

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

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

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



Posting summaries, maps, occupancy rates, etc., of the portfolio

Posting the latest information on the top page
*RSS compatible

Posting the news by year and subject

Posting the latest fund data

Disclaimer

This semiannual report includes translations of certain Japanese documents originally filed under the Securities and Exchange Law of Japan. This report was prepared in English solely for the convenience of and reference by readers outside Japan and should not be considered as a disclosure statement. The original Japanese documents always govern the meaning and interpretation.

In general, accounting principles and practices used by real estate investment corporations in Japan ("J-REITs") in preparing its financial statements conform with accounting principles generally accepted in Japan ("Japanese GAAP"). However, they may differ from generally accepted accounting principles applied in certain other countries. Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and generally accepted accounting principles in the United States ("U.S. GAAP") or other jurisdictions and how those differences might affect the financial information contained herein.

Estimates for Nomura Office Fund's future operating results contained in this semiannual report are forward-looking statements and are based on information currently available to Nomura Office Fund and its asset management company and are subject to risks and uncertainties. Consequently, these projections should not be relied upon as the sole basis for evaluating Nomura Office Fund. Actual results may differ substantially from the projections depending on a number of factors.



NOMURA
Office Fund

NOMURA REAL ESTATE OFFICE FUND, INC.

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