

NOMURA
Office Fund

Tenth Fiscal Period Semi-Annual Report

May 1, 2008 ▶ October 31, 2008

NOMURA REAL ESTATE OFFICE FUND, INC.

野村不動産
野村不動産西福岡ビル



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.

Strength of Nomura Office Fund

J-REIT with a large-capitalization specialized in office buildings

- Portfolio of 46 properties at a total acquisition price of ¥362.2 billion (as of October 31, 2008)
- Market capitalization of ¥168.1 billion (as of October 31, 2008)
- Constituent of MSCI Standard Index

Track records of stable managements

- Ten consecutive fiscal periods of growth in operating revenues and net income
- Steady growth in DPU

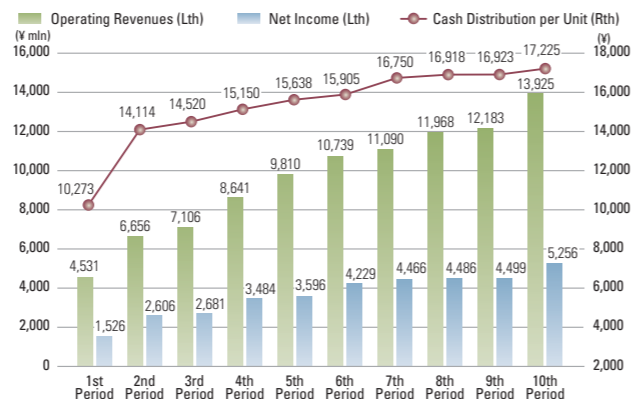
Collaboration with Nomura Real Estate Group

- NREAM, in charge of the Company’s asset management, belongs to Nomura Real Estate Group
- Supported by the group companies through provision of sales information and management expertise

Rated A or more by three domestic and foreign rating agencies

Rating and Investment Information, Inc.	Issuer rating: AA-
Standard & Poor’s Ratings Services	Long-term rating: A Short-term rating: A-1
Moody’s Investors Service, Inc.	Issuer rating: A2

- Holding to conservative financial strategies



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To Our Investors

Dear Investors,

We are delighted to be able to present to you the financial results for the tenth fiscal period (ended October 31, 2008) and report on our activities during the period herein.

We booked operating revenues for this period of ¥13,925 million, current profits of ¥5,256 million, and net income of ¥5,255 million. Cash distribution per unit was ¥17,225.

Some of the major developments during the tenth fiscal period included new investments in "Shinjuku Sanshin Building", "Iwamoto-cho Toyo Building", "Central Kyobashi Building", "Central Shintomicho Building", "Sunworld Yotsuya Building", "Toshin Meguro Building", "EME Hakata Ekimae Building", "Nomura Shibuya Dogenzaka Building", and "Nomura Nishi-Umeda Building." As a result of these investments, the number of properties in the portfolio now totals 46, with total acquisition price of ¥362.2 billion, promoting further diversification of the portfolio.

Concerning property management, we continued to focus on raising of rents. The average occupancy rate remained stable throughout this period, reaching 97.3% at the end of the period.

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

We will continue adhering to the conservative investment policies in 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.



Mitsuharu Sato
Executive Director
Nomura Real Estate Office Fund, Inc.

Financial Highlights

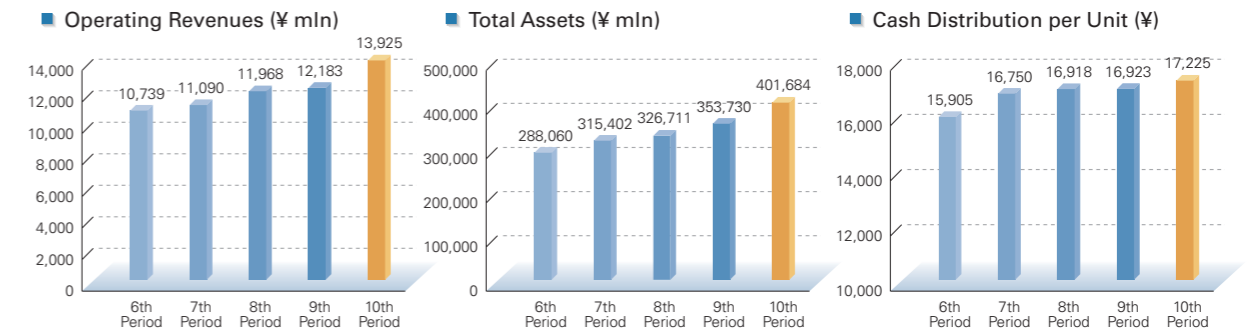
FINANCIAL SUMMARY

		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	7th Period from Nov. 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
Operating Revenues	¥ mln	13,925	12,183	11,968	11,090	10,739
Net Operating Income (NOI) (Note 1)	¥ mln	9,927	8,572	8,286	7,763	7,591
Income before Income Taxes	¥ mln	5,256	4,500	4,486	4,466	4,230
Net Income	¥ mln	5,255	4,499	4,486	4,466	4,229
Total Assets	¥ mln	401,684	353,730	326,711	315,402	288,060
Unitholders' Capital	¥ mln	185,455	156,767	156,767	156,767	156,767
Number of Units Issued	unit	305,123	265,903	265,903	265,903	265,903
Net Assets per Unit	¥	625,031	606,488	606,510	606,315	605,499
Total Cash Distribution	¥ mln	5,255	4,499	4,498	4,453	4,229
Cash Distribution per Unit	¥	17,225	16,923	16,918	16,750	15,905
Funds from Operation (FFO) per Unit (Note 2)	¥	23,228	23,069	22,714	22,509	21,585

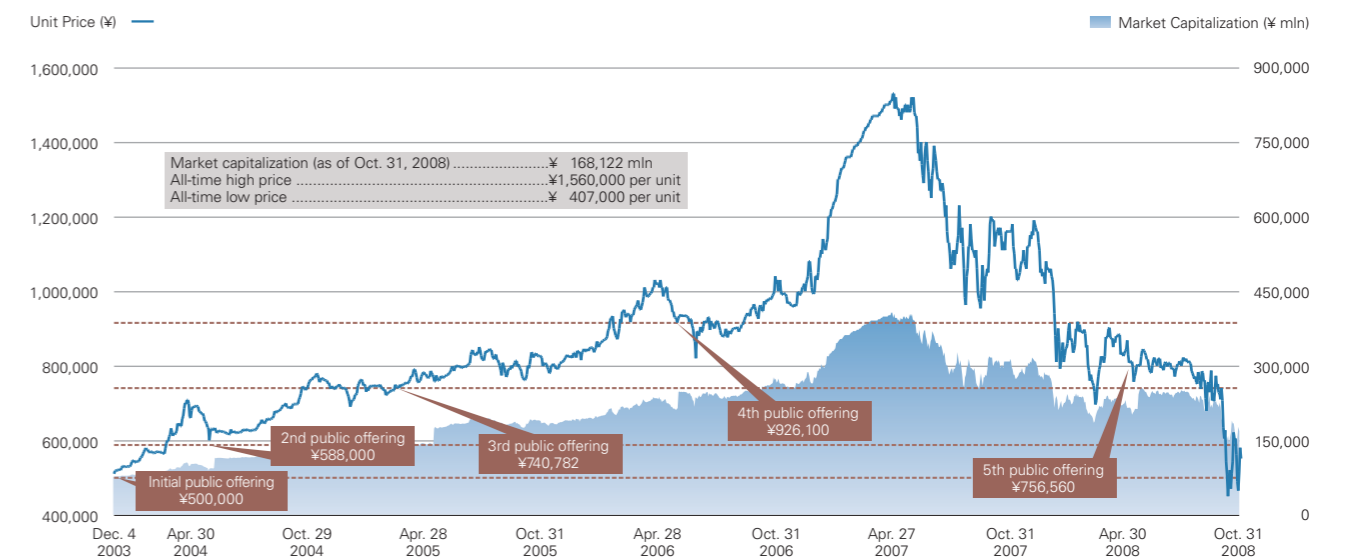
Note 1: NOI (Net Operating Income) = Real Estate Rental Revenues – Real Estate Rental Expenses + Depreciation

Note 2: FFO per Unit = (Net Income + Depreciation + Amortization of Investment Corporation Bonds Issuance Costs – Real Estate Sale Profit/Loss) / Number of Units Issued

CHANGES IN KEY FIGURES



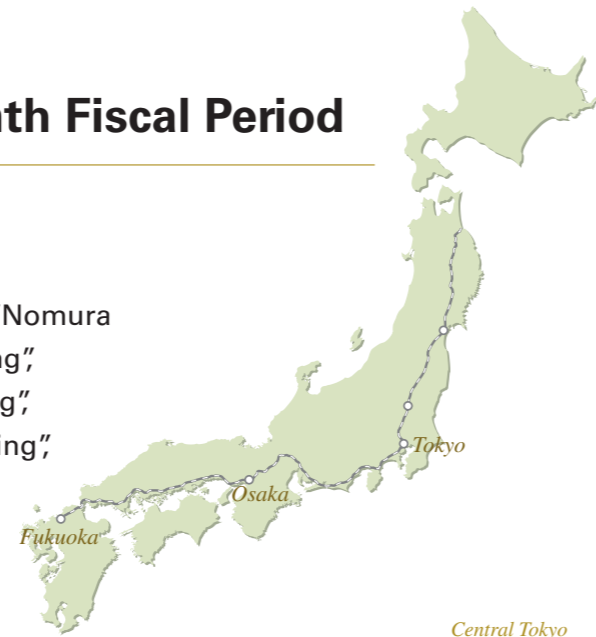
CHANGES IN UNIT PRICE AND MARKET CAPITALIZATION



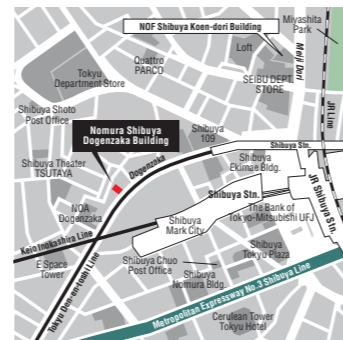
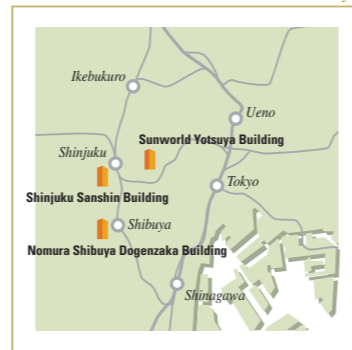
Management Summary of the Tenth Fiscal Period

New Investments

In the Tenth fiscal period, we made new investments in "Nomura Shibuya Dogenzaka Building", "Shinjuku Sanshin Building", "Sunworld Yotsuya Building", "Iwamoto-cho Toyo Building", "Central Kyobashi Building", "Central Shintomicho Building", "Toshin Meguro Building", "Nomura Nishi-Umeda Building" and "EME Hakata Ekimae Building" (Total acquisition price: ¥44.8 billion).



Central Tokyo



Nomura Shibuya Dogenzaka Building

Location: Shibuya-ku, Tokyo
Date Acquired: September 26, 2008
Acquisition Price: ¥7,660 million

Property Profile

The Property has excellent location as it faces "Dogenzaka," one of the busiest streets in Shibuya with many office buildings and retail stores. The Company can expect stable demand for mid- to long - term from the wide range of tenants.



Shinjuku Sanshin Building

Property Profile

The Property is located 4 minutes on foot from Shinjuku Station and is surrounded by business and commercial facilities. After the completion of the artificial ground, currently under construction, both sides of the station will be connected, further enhancing the location's convenience as a business concentrated area.



Location: Shibuya-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥12,300 million



Sunworld Yotsuya Building

Location: Shinjuku-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥778 million

Property Profile

The Property is located near Yotsuya San-chome Station on the Tokyo Metro Marunouchi Line and Akebonobashi Station on the Toei Shinjuku Line. It has excellent appeal in location and the Company can expect stable demand from tenants who seek relatively low rent in Tokyo CBD area.





Iwamoto-cho Toyo Building

Location: Chiyoda-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥6,020 million

Property Profile

The Property, located on a corner lot on Showa Dori, a 1 minute walk from Iwamoto-cho Station on the Toei Shinjuku Line, also has convenient access to both Kanda Station and Akihabara Station on the JR Lines. It has excellent appeal and can expect stable demand from tenants looking for locations near growing business areas such as Akihabara and Kanda.



Central Tokyo / Suburban Tokyo

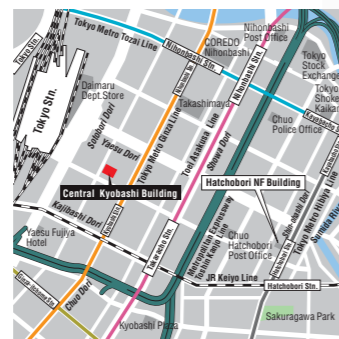


Central Kyobashi Building

Location: Chuo-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥2,550 million

Property Profile

The Property, conveniently located near Tokyo Station, was completed in 1998, with the standard floor area of approximately 250 sq. meters, building provisions such as individual air-conditioning system, etc. Steady demand from tenants looking for convenient location from Tokyo Station could be expected.



*The right side building is not included in the Property.

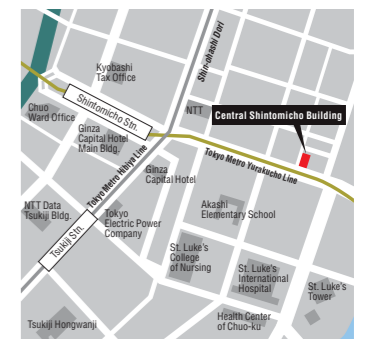


Central Shintomicho Building

Property Profile

The Property, located near Shintomicho Station on the Tokyo Metro Yurakucho Line and Tsukiji Station on the Tokyo Metro Hibiya Line, was completed in 1990, with a standard floor area of approximately 3,300 sq. meters, building provisions such as individual air-conditioning system, etc. The Property has strong appeal to tenants such as manufacturers, etc. who seek relatively low rent near the inner city, Tokyo and Ginza, etc.

Location: Chuo-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥1,750 million



Toshin Meguro Building

Location: Meguro-ku, Tokyo
Date Acquired: June 25, 2008
Acquisition Price: ¥1,340 million

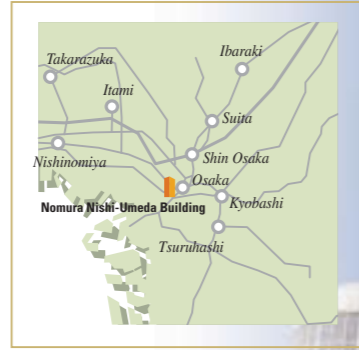
Property Profile

The Property, located along Meguro Dori, a 7 minute walk from Meguro Station, accessible to several railway lines such as JR, Tokyo Metro, Toei Subway and Tokyu Lines, has high visibility on the corner lot. The Company can expect stable demand as the property has strong appeal to tenants in the engineering, design, and apparel industries looking for locations in Ebisu and Shibuya area.





Other Regional Cities: Osaka Area

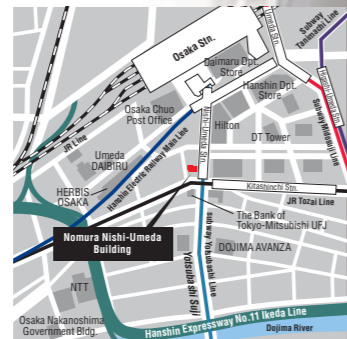


Nomura Nishi-Umeda Building

Location: Kita-ku, Osaka City
Date Acquired: September 26, 2008
Acquisition Price: ¥5,660 million

Property Profile

The Property, an office building with superior location, located in Umeda area which is the representative business and commercial district in Osaka City, is adjacent to Osaka Station and Kitashinchi Station on the JR Line and Nishi-Umeda Station on the subway Yotsubashi Line. The Company can expect wide range of tenants' needs as it has excellent location.



EME Hakata Ekimae Building

Property Profile

The Property, located on a corner lot of Kuko Dori, 1 minute from Hakata Station, a main station of the Kyushu economic area, has excellent accessibility and high visibility from the station. Also, the said area, in spring 2011, is scheduled to launch the opening of the entire Kyushu Shinkansen Line, with a prospect of further developing area.



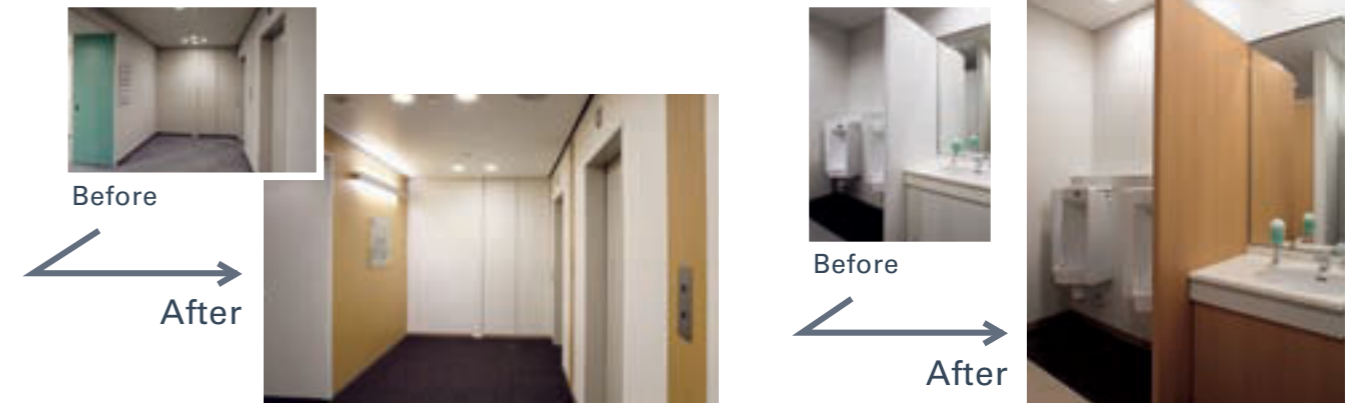
Location: Hakata-ku, Fukuoka City
Date Acquired: June 27, 2008
Acquisition Price: ¥6,750 million

Other Regional Cities: Kyusyu Area

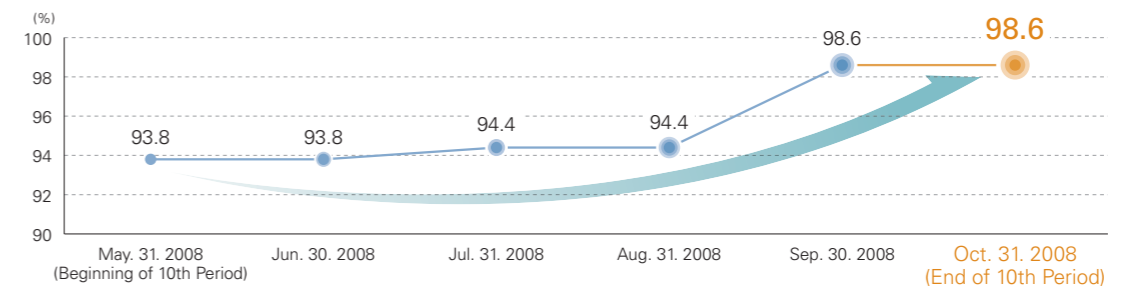


RENEWALS ENHANCE PORTFOLIO OCCUPANCY RATES

"NOF Kobe Kaigan Building" was renovated to enhance appeals to prospective tenants by renewal of elevator hall on each floor, as well as common hallways and rest rooms. As a result of improvement in competitiveness and tenant satisfaction, the occupancy rate rose by approximately 5%.



Occupancy Rate of NOF Kobe Kaigan Building



RENEWALS ENHANCE PORTFOLIO PROFITABILITY

Elevators were renewed in the "NOF Nihonbashi Honcho Building." In addition to improved functionality and safety, the energy saving effects resulted in significant 59% (about ¥1,000,000 p.a.) reduction of electricity costs.

Points of renewal

- Improved safety by installation of door sensors
- Installation of handicap-accessible elevator units
- Enhanced sense of security by installation of security cameras and remote monitoring system
- Improved operational efficiency and reduced waiting time through miniaturization of control and driving systems and implementation of group management control.



After Renovation

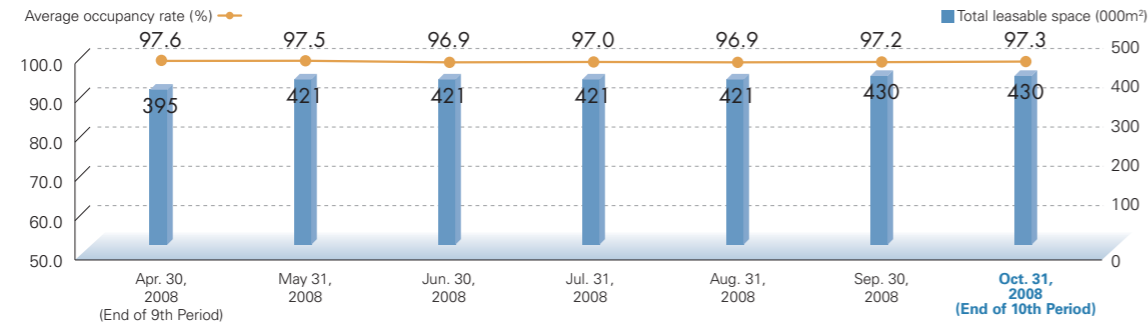


Note: Electricity cost for elevators as of October 2007 = 100

Portfolio Highlights

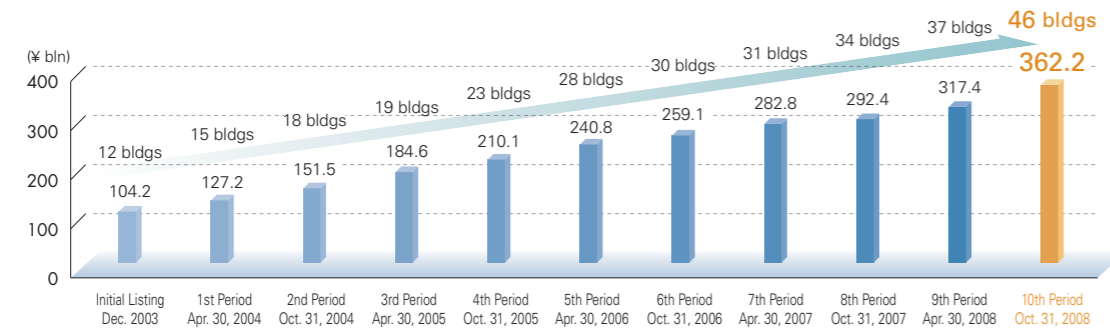
CHANGES IN OCCUPANCY RATE (AVERAGE)

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



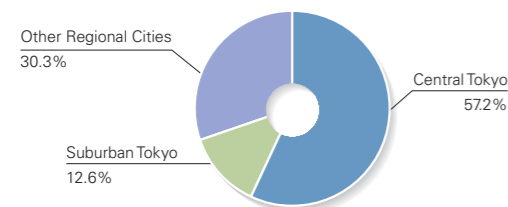
CHANGES IN SIZE OF PORTFOLIO

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

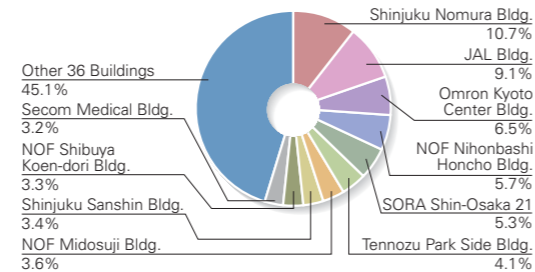


ALLOCATION BY AREA AND PROPERTY (as of Oct. 31, 2008)

Diversification by Location



Diversification by Property (Main Top 10 Properties)



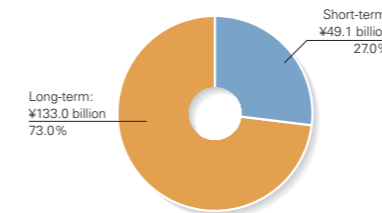
Note : Central Tokyo Six central wards consisting of Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya
 Suburban Tokyo Other areas of Tokyo and the Surrounding three prefectures including Kanagawa, Saitama and Chiba
 Other Regional Cities Major regional cities in other areas.
 Note : Based on the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

Financial Status of the Tenth Fiscal Period

TURNING OF SHORT-TERM FLOATING-RATE DEBTS TO LONG-TERM FIXED-RATE DEBTS

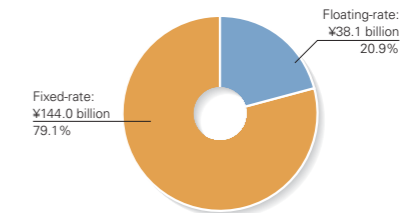
The Company has secured financial stability through promotion of long-term, fixed-rate interest-bearing debt including issuance of investment corporation bonds, to prepare for the future interest rate hikes. As of the end of the tenth fiscal period, the ratio of long- and short-term debt and fixed and floating debt are as follows:

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



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

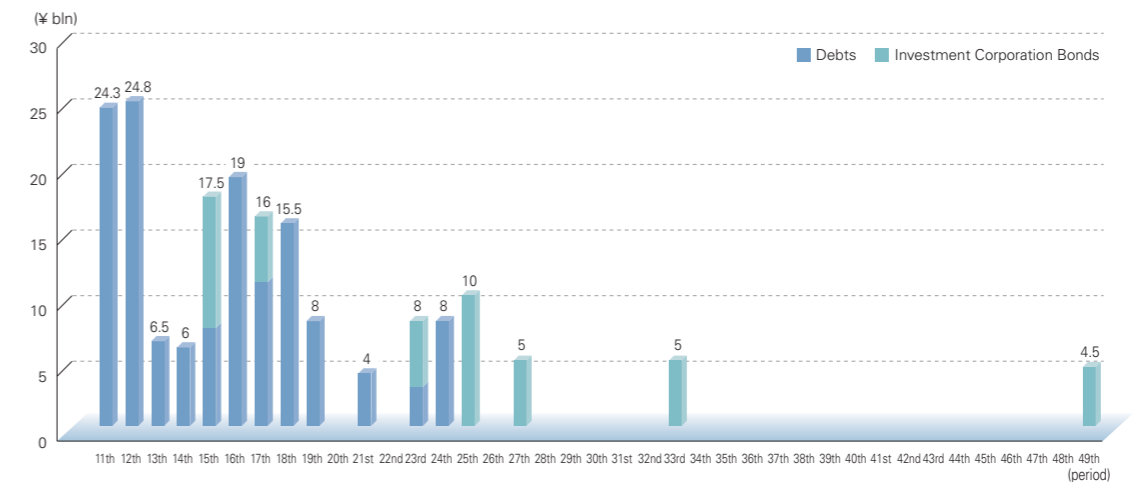
Ratio of fixed and floating interest-bearing debts



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

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

We have diversified the repayment dates of interest-bearing debts to avoid concentration on any specific period or timing, thus reducing the refinance risk and stabilizing the cash flow.

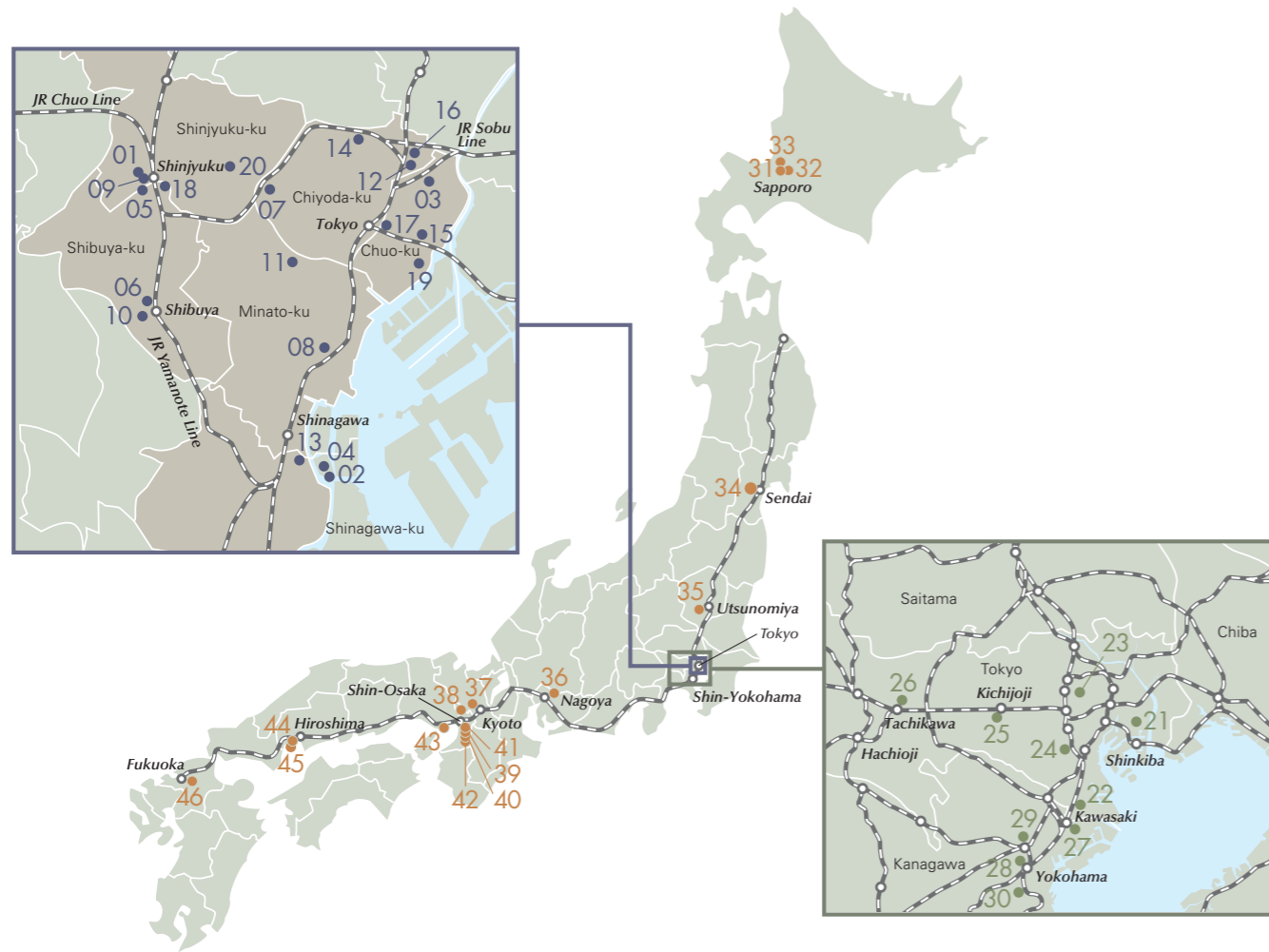


CREDIT RATINGS

We have obtained ratings from three domestic and foreign rating companies for the purpose of diversifying funding methods such as issuance of investment corporation bonds, and improving creditworthiness in the capital market.

Rating Company	Rating	Outlook
Rating and Investment Information, Inc.	AA-: Issuer rating	Stable
Standard & Poor's Ratings Services	A: Long-term corporate credit rating A-1: Short-term corporate credit rating	Stable
Moody's Investors Service, Inc.	A2: Issuer rating	Stable

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	31,589.26	Dec. 8, 2003	38,730	10.7
02	JAL Building	Shinagawa-ku, Tokyo	42,084.11	Mar. 18, 2005	33,080	9.1
03	NOF Nihonbashi Honcho Building	Chuo-ku, Tokyo	19,233.25	Dec. 5, 2003	20,600	5.7
04	Tennozu Park Side Building	Shinagawa-ku, Tokyo	18,051.60	Feb. 27, 2004	14,800	4.1
05	Shinjuku Sanshin Building	Shibuya-ku, Tokyo	6,663.64	Jun. 25, 2008	12,300	3.4
06	NOF Shibuya Koen-dori Building	Shibuya-ku, Tokyo	3,420.16	Sep. 28, 2004	12,000	3.3
07	Secom Medical Building	Chiyoda-ku, Tokyo	8,821.24	Sep. 1, 2006	11,500	3.2
08	NOF Shiba Building	Minato-ku, Tokyo	8,165.10	May 25, 2004	10,000	2.8
09	Nishi-Shinjuku Showa Building	Shinjuku-ku, Tokyo	5,663.19	Nov. 30, 2005	8,800	2.4
10	Nomura Shibuya Dogenzaka Building	Shibuya-ku, Tokyo	3,436.67	Sep. 26, 2008	7,660	2.1
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	1.7
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	Hatchobori NF Building	Chuo-ku, Tokyo	2,854.83	Aug. 10, 2007	3,160	0.9
16	NOF Kanda Iwamoto-cho Building	Chiyoda-ku, Tokyo	4,076.38	Feb. 26, 2004	3,080	0.9

MAP No.	Name of Property	Location	Leasable Floor Space (m ²)	Date Acquired	Acquisition Price (¥mln)	Ratio (%)
17	Central Kyobashi Building	Chuo-ku, Tokyo	1,720.05	Jun. 25, 2008	2,550	0.7
18	NOF Minami Shinjuku Building	Shibuya-ku, Tokyo	2,464.71	Jun. 25, 2004	2,280	0.6
19	Central Shintomicho Building	Chuo-ku, Tokyo	2,467.14	Jun. 25, 2008	1,750	0.5
20	Sunworld Yotsuya Building	Shinjuku-ku, Tokyo	2,367.51	Jun. 25, 2008	778	0.2
Total Central Tokyo (20 Properties)			183,739.79		207,138	57.2
Suburban Tokyo						
21	NOF Toyo-cho Building	Koto-ku, Tokyo	18,218.17	Dec. 5, 2003	7,550	2.1
22	NOF Technoport Kamata Center Building	Ota-ku, Tokyo	13,652.45	Dec. 5, 2003	6,416	1.8
23	Toho Edogawabashi Building	Bunkyo-ku, Tokyo	2,058.97	Mar. 28, 2008	2,080	0.6
24	Toshin Meguro Building	Meguro-ku, Tokyo	1,610.07	Jun. 25, 2008	1,340	0.4
25	Crystal Park Building	Musashino City, Tokyo	3,900.85	Feb. 28, 2006	3,700	1.0
26	Faret Tachikawa Center Square	Tachikawa City, Tokyo	6,853.38	Dec. 5, 2003	3,290	0.9
27	NOF Kawasaki Higashiguchi Building	Kawasaki City, Kanagawa	8,253.41	Jun. 30, 2005	9,500	2.6
28	NOF Yokohama Nishiguchi Building	Yokohama City, Kanagawa	6,817.76	May 12, 2005	5,050	1.4
29	NOF Shin-Yokohama Building	Yokohama City, Kanagawa	8,074.83	Dec. 5, 2003	3,600	1.0
30	Yokohama Odori Koen Building	Yokohama City, Kanagawa	4,236.46	Sep. 28, 2007	2,993	0.8
Total Suburban Tokyo (10 Properties)			73,676.35		45,519	12.6
Other Regional Cities						
31	Sapporo North Plaza	Sapporo City, Hokkaido	13,635.86	Jun. 1, 2006	6,820	1.9
32	JCB Sapporo Higashi Building	Sapporo City, Hokkaido	9,062.04	Feb. 8, 2008	3,700	1.0
33	Kita-Sanjo Building	Sapporo City, Hokkaido	5,060.45	Sep. 28, 2007	3,430	0.9
34	NOF Sendai Aoba-dori Building	Sendai City, Miyagi	6,165.00	Nov. 30, 2005	3,200	0.9
35	NOF Utsunomiya Building	Utsunomiya City, Tochigi	5,887.40	Dec. 5, 2003	2,970	0.8
36	NOF Nagoya Yanagibashi Building	Nagoya City, Aichi	4,655.74	Sep. 29, 2005	3,550	1.0
37	Omron Kyoto Center Building	Kyoto City, Kyoto	34,616.84	Mar. 20, 2007	23,700	6.5
38	SORA Shin-Osaka 21	Osaka City, Osaka	21,653.31	Apr. 25, 2008	19,251	5.3
39	NOF Midosuji Building	Osaka City, Osaka	12,240.88	Nov. 30, 2005	12,900	3.6
40	Nomura Osaka Building	Osaka City, Osaka	16,977.79	Dec. 5, 2003	6,410	1.8
41	Nomura Nishi-Umeda Building	Osaka City, Osaka	5,213.02	Sep. 26, 2008	5,660	1.6
42	Nomura Yotsubashi Building	Osaka City, Osaka	11,558.68	Dec. 5, 2003	3,940	1.1
43	NOF Kobe Kaigan Building	Kobe City, Hyogo	6,425.16	Dec. 5, 2003	3,280	0.9
44	Hiroshima Tatemachi NOF Building	Hiroshima City, Hiroshima	4,428.13	Nov. 30, 2005	2,100	0.6
45	Nomura Hiroshima Building	Hiroshima City, Hiroshima	7,905.94	Dec. 5, 2003	1,930	0.5
46	EME Hakata Ekimae Building	Fukuoka City, Fukuoka	7,585.43	Jun. 27, 2008	6,750	1.9
Total Other Regional Cities (16 Properties)			173,071.67		109,591	30.3
Grand Total (46 Properties)			430,487.81		362,248	100.0

Note : The Company owns "Nomura Shibuya Dogenzaka Building," "Secom Medical Building," "Toho Edogawabashi Building," "Crystal Park Building," "Yokohama Odori Koen Building," "JCB Sapporo Higashi Building," "Kita-Sanjo Building," "SORA Shin-Osaka 21" and "Nomura Nishi-Umeda Building" as real estate, and other properties in the form of beneficial interest in real estate trusts.

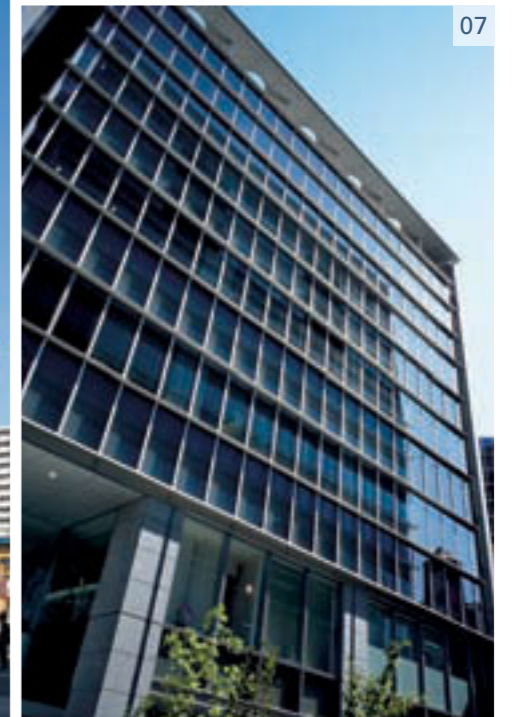
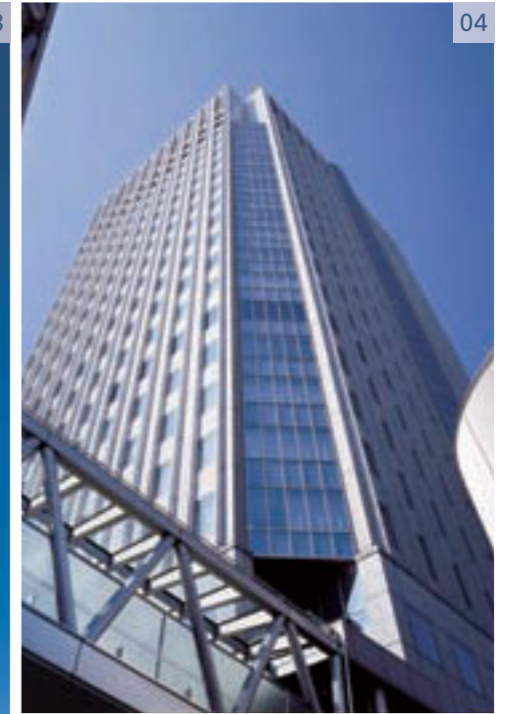
Note : "Ratio" refers to the ratio of each asset based on acquisition price to the entire portfolio (total of 46 properties). As the figures in the above table have been rounded to the first decimal place, the total may not be 100.0%.

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 (13,905,628 yen) from the acquisition price before the transfer (6,430 million yen). The number of amount below unit is truncated.

Note : Although the name of "JCB Sapporo Higashi Building" is "Sapporo Higashi Building" as of now, it will be altered hereafter.

Major Properties



21 | NOF Toyo-cho Building

1-6-35 Shinsuna Koto-ku, Tokyo

25 | Crystal Park Building

1-1-3 Gotenyama Musashino City, Tokyo

02 | JAL Building

2-4-11 Higashi-Shinagawa Shinagawa-ku, Tokyo

01 | Shinjuku Nomura Building

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

38 | SORA Shin-Osaka 21

2-1-3 Nishi-Miyahara Yodogawa-ku, Osaka City, Osaka

04 | Tennozu Park Side Building

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

07 | Secom Medical Building

7-7 Niban-cho Chiyoda-ku, Tokyo



37 | Omron Kyoto Center Building

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



03 | NOF Nihonbashi Honcho Building

2-7-1 Nihonbashi Honcho Chuo-ku, Tokyo



15 | NOF Kawasaki Higashiguchi Building

3-1 Ekimae-Honcho Kawasaki-ku Kawasaki City, Kanagawa



SORA Shin-Osaka 21

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Asset Management Report

1. CHANGES IN KEY INDICATORS

		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	7th Period from Nov. 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
Operating Revenues	¥ mln	13,925	12,183	11,968	11,090	10,739
of which Real Estate Rental Revenues	¥ mln	13,925	12,183	11,958	11,090	10,739
Operating Expenses	¥ mln	6,993	6,359	6,243	5,953	5,556
of which Real Estate Rental Expenses	¥ mln	5,790	5,213	5,190	4,805	4,619
Operating Profits	¥ mln	6,932	5,823	5,725	5,137	5,182
Current Profits	¥ mln	5,256	4,500	4,486	4,466	4,230
Net Income	¥ mln	5,255	4,499	4,486	4,466	4,229
Total Assets	¥ mln	401,684	353,730	326,711	315,402	288,060
(Changes from Previous Period)	%	(+13.6)	(+8.3)	(+3.6)	(+9.5)	(+7.3)
Interest-Bearing Debts	¥ mln	182,100	165,700	140,000	130,000	106,000
Net Assets	¥ mln	190,711	161,267	161,272	161,221	161,004
(Changes from Previous Period)	%	(+18.3)	(Δ0.0)	(+0.0)	(+0.1)	(+25.6)
Unitholders' Capital	¥ mln	185,455	156,767	156,767	156,767	156,767
Number of Units Issued	units	305,123	265,903	265,903	265,903	265,903
Net Assets per Unit	¥	625,031	606,488	606,510	606,315	605,499
Total Cash Distribution	¥ mln	5,255	4,499	4,498	4,453	4,229
Cash Distribution per Unit	¥	17,225	16,923	16,918	16,750	15,905
of which Cash Distribution of Profits	¥	17,225	16,923	16,918	16,750	15,905
of which Cash Distribution in excess of Profits	¥	—	—	—	—	—
ROA (Return on Assets) (Note 1)	%	1.4	1.3	1.4	1.5	1.5
Annualized ROA (Note 2)	%	2.7	2.7	2.8	3.0	3.0
ROE (Return on Equity) (Note 3)	%	2.8	2.8	2.8	2.8	2.7
Annualized ROE (Note 2)	%	5.6	5.6	5.5	5.6	5.4
Capital Adequacy Ratio (Note 4)	%	47.5	45.6	49.4	51.1	55.9
(Changes from Previous Period)	%	(+1.9)	(Δ3.8)	(Δ1.7)	(Δ4.8)	(+8.2)
LTV (Loan-to-Value) (Note 5)	%	45.3	46.8	42.9	41.2	36.8
Number of Operating Days	days	184	182	184	181	184
Payout Ratio (Note 6)	%	99.9	99.9	100.2	99.7	99.9
Number of Properties Held	bldgs	46	37	34	31	30
Total Leasable Floor Space	m ²	430,487.81	395,330.99	362,773.62	350,712.00	316,132.49
Number of Tenants	tenants	676	583	533	517	512
Occupancy Rate	%	97.3	97.6	97.9	98.5	98.2
Depreciation	¥ mln	1,793	1,601	1,518	1,478	1,471
Capital Expenditures	¥ mln	1,552	1,346	1,252	757	588
NOI (Net Operating Income) (Note 7)	¥ mln	9,927	8,572	8,286	7,763	7,591
FFO (Funds from Operation) (Note 8)	¥ mln	7,087	6,134	6,039	5,985	5,739
FFO per Unit (Note 9)	¥	23,228	23,069	22,714	22,509	21,585

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 6th period and 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. 6th period: 184 days, 7th period: 181 days, 8th period: 184 days, 9th Period: 182 days, and 10th 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 6th period and 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 TENTH 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 outlook for the Japanese economy became increasingly uncertain. The impact of the global decline in share prices and the sharp appreciation of the yen caused by the rapid change in the capital market triggered by the U.S. sub-prime loan problems is now affecting the actual economy, such as can be seen from the heightened concerns for deterioration of corporate earnings.

(a) Office Leasing Market

Due to the slowing of overall economy, corporate demand for office space was not as strong compared to the past, and the office leasing market generally eased from the previous period.

In Tokyo and other metropolitan areas, large-scale properties with superior convenience maintained relatively stable occupancies. However, properties lacking competitiveness in size and location are experiencing difficulty filling vacancies, and the average vacancy rate is gradually rising in the overall market.

In addition, the prolonged economic weakness and increase in new supplies in some regional cities had some areas witnessing more significant market easing, leading to further polarization in occupancy rates depending on the property size and location, and also to a rise in the average vacancy rate.

As to the office rental levels, increase in new asking rent and rent increase for existing tenants are both showing signs of slowing, reflecting the supply environment for office space.

(b) Real Estate Sales Market

The real estate sales market in this period saw an increase in the number of properties being sold. However, transactions by real estate funds and real estate companies were subdued against the backdrop of conservative lending practices by domestic and overseas financial institutions, with a clear indication of easing in the profitable real estate sales market.

In some regions, polarization of real estate prices was also apparent, and the market cap rate for profitable real estate in the sales market has started to rise as the sales price declined.

(2) Status of Managements for the Tenth 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.

During the tenth fiscal period, we have proactively collected information in accordance with the above-mentioned basic policy. As a result of careful investigation of a number of investment opportunities which obtained through collaboration with Nomura Real Estate Group, and the utilization of an asset management company's own information pipeline, we made new investments on Shinjuku Sanshin Building (Shibuya-ku, Tokyo, ¥12.3 billion, beneficial interest in real estate trust), Iwamoto-cho Toyo Building (Chiyoda-ku, Tokyo, ¥6.0 billion, beneficial interest in real estate trust), Central Kyobashi Building (Chuo-ku, Tokyo, ¥2.5 billion, beneficial interest in real estate trust), Central Shintomicho Building (Chuo-ku, Tokyo, ¥1.7 billion, beneficial interest in real estate trust), Sunworld Yotsuya Building (Shinjuku-ku, Tokyo, ¥770 million, beneficial interest in real estate trust), Toshin Meguro Building (Meguro-ku, Tokyo, ¥1.3 billion, beneficial interest in real estate trust), and EME Hakata Ekimae Building (Hakata-ku, Fukuoka City, ¥6.7 billion, beneficial interest in real estate trust) in June, 2008, Nomura Shibuya Dogenzaka Building (Shibuya-ku, Tokyo, ¥7.6 billion, real estate) and Nomura Nishi-Umeda Building (Kita-ku, Osaka City, ¥5.6 billion, real estate) in September, 2008.

As a result of the above acquisition, the Company's total assets under management ("portfolio") as of the end of the tenth fiscal period (October 31, 2008) has reached 46 properties totaling ¥362.2 billion (total acquisition price). We have steadily increased the size of the portfolio, while seeking diversification of the assets.

In property management, although corporate tenants were showing conservativeness towards entering into office leases due to the environment described in "(1) Market Environments (a) Office Leasing Market" above, we focused on the fact that the level of rents for existing tenants tends to be lower than new asking rents (market rent), and emphasized management strategies

that would ensure portfolio revenue growth (or internal growth of portfolio). We maintained our efforts to secure stable occupancy rate, achieving smooth rent negotiations with existing tenants supported by improvement of the level of satisfaction and property competitiveness through strategic renewals, and implementation of proactive marketing strategies towards prospective tenants, reflecting the market environment.

As a result, the average occupancy rate remained stably around 97% throughout the tenth fiscal period, reaching 97.3% at the end of the period. Furthermore, approximately 41% of leases renewed with existing tenants during this period agreed to upward revision of rent, continuing the favorable performance albeit slightly lower than the previous period (approximately 47%).

Note 1: "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. but excluding Nomura Real Estate Asset Management Co., Ltd. (referred to as the Asset Management Company hereinafter).

Note 2: The "beneficial interest in real estate trust" refers to a beneficial interest arising from a trust in which real estates are the primary underlying assets.

(3) Status of Funding

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

During the tenth fiscal period, the Company completed the fourth issuance of investment units since listing with issuance of 39,220 units for ¥28.6 billion through public offering and third-party allotments, for the purpose of additional investment in new properties and stabilization of balance sheet. As a result, the total number of investment units issued is 305,123 units, and the total unitholders' capital is ¥185.4 billion.

Concerning debts, a total of ¥29.7 billion in borrowings and short-term investment corporation bonds have been repaid at maturity, in part with funding through the above stated investment unit issuance. Furthermore, funding of ¥46.1 billion for investment in eight properties including "Nomura Dogenzaka Building" was achieved through usage of commitment lines, term loan borrowings and short-term investment corporation bond issuance, taking into consideration the structure of interest-bearing debts. As a result, outstanding interest-bearing debt as of the end of tenth fiscal period was ¥182.1 billion.

3. STATUS OF CAPITAL

The Company issued additional investment units on May 27, 2008 and June 24, 2008 (Primary offering: 37,000 units and Third-party allotment: 2,220 units) and procured ¥28,688 million in the tenth fiscal period. Changes in the number of units issued and unitholders' capital before the tenth 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.

		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	7th Period from Nov 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
High	(¥)	874,000	1,200,000	1,540,000	1,560,000	1,040,000
Low	(¥)	407,000	655,000	935,000	956,000	803,000

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 ¥17,225.

		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	7th Period from Nov 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
Retained Earnings	(¥000)	5,255,922	4,500,000	4,498,622	4,466,301	4,229,293
Accumulated earnings	(¥000)	178	124	76	12,426	106
Total cash distribution	(¥000)	5,255,743	4,499,876	4,498,546	4,453,875	4,229,187
(Cash distribution per unit)	(¥)	(17,225)	(16,923)	(16,918)	(16,750)	(15,905)
of which distribution of profits	(¥000)	5,255,743	4,499,876	4,498,546	4,453,875	4,229,187
(Distribution of profits per unit)	(¥)	(17,225)	(16,923)	(16,918)	(16,750)	(15,905)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

(1) Investment Environments

The outlook for the Japanese economy is now clearly slowing, due to the turmoil in the financial market triggered by the U.S. financial crisis. As a result of deteriorating funding environment caused by tightened investment capital liquidity in the real estate market, global economy including the Japanese economy is now entering a period of correction, and the difficult environment is expected to continue.

Against these backdrops, we believe that conservative financial management and maintenance of funding capacities will have increased significance going forward.

In the office leasing market, vacancy rates have been rising in major regional cities, and the trend is now also apparent in the Tokyo metropolitan market. Therefore, the supply conditions in each submarket must be evaluated separately, and measures should be implemented to maintain stable occupancy.

In the real estate sales market, the supplies are easing as discussed above. Hence, trends in the market cap rates for profitable real estate and in property liquidity driven by the changes in lending practices by financial institutions as well as in the capital market environment such as interest rate hikes, demand attention.

(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.

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 TENTH FISCAL PERIOD

There is no relevant matter under this subject.

(Reference)

The Company acquired PMO Nihonbashi Honcho and Nomura Sapporo Building on November 5, 2008, right after the end of the tenth fiscal period. The Property summaries are as follows.

Type of Asset	Real Estate	Real Estate
Property Name	PMO Nihonbashi Honcho (Registry) 4-8-9 Nihonbashi Honcho, Chuo-ku, Tokyo	Nomura Sapporo Building (Registry) 2-15-1, Kitashichijyo-Nishi, Kita-Ku, Sapporo City, Hokkaido
Location (Note)	(Street) 4-12-20 Nihonbashi Honcho, Chuo-ku, Tokyo	*A street address has not been allocated to the Property
Structure (Note)	S/SRC, B1/9F	S, B1/10F
Land Area (Note)	506.16 m ²	1,275.68 m ²
Building Area (Note)	3,507.37 m ²	9,603.81 m ²
Type of Ownership	(Land) Ownership (Building) Ownership	(Land) Ownership (Building) Ownership
Completion Date (Note)	June 17, 2008	July 11, 2008
Acquisition Price	¥5,000 million	¥5,300 million
Date of Agreement	November 5, 2008 (date of agreement on purchase and sale of real estate)	November 5, 2008 (date of agreement on purchase and sale of real estate)
Date of Acquisition	November 5, 2008 (date of delivery of real estate)	November 5, 2008 (date of delivery of real estate)
Seller	Nomura Real Estate Development Co., Ltd. ("NRED")	Nomura Real Estate Development Co., Ltd. ("NRED")
Financing	Private fund and debt financing	Private fund and debt financing

Note: "Location (Registry)", "Structure", "Land Area", "Building Area", and "Completion Date" are based on the information in the real estate registry.

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		10th Period (as of Oct. 31, 2008)	9th Period (as of Apr. 30, 2008)	8th Period (as of Oct. 31, 2007)	7th Period (as of Apr. 30, 2007)	6th Period (as of Oct. 31, 2006)
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	265,903	265,903	265,903	265,903
Amount of unitholders' capital	(¥ mln)	185,455	156,767	156,767	156,767	156,767
Number of unitholders		12,406	11,120	11,492	12,500	15,205

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of October 31, 2008 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
NikkoCiti Trust and Banking Corp. (Trust Accounts)	27,428	8.99
Trust & Custody Services Bank, Ltd. (Securities Trust Accounts)	21,507	7.05
Japan Trustee Service Bank, Ltd. (Trust Accounts)	20,374	6.68
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	19,790	6.49
Nomura Real Estate Development Co., Ltd.	15,287	5.01
The Nomura Trust and Banking Co., Ltd. (Trust Accounts)	8,290	2.72
Kawasaki Gakuen	7,000	2.29
North Pacific Bank, Ltd.	5,926	1.94
The Bank of Ikeda, Ltd.	5,669	1.86
National Mutual Insurance Federation of Agricultural Cooperative	4,958	1.62
Total	136,229	44.65

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of October 31, 2008 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholders	Portion (%)
Private and other investors	11,735	94.6	30,062	9.9
Financial institutions (Including sales agents for financial instruments firm)	168	1.4	172,282	56.5
Other domestic corporate investors	208	1.7	28,918	9.5
Foreign corporate investors, etc.	295	2.4	73,861	24.2
Total	12,406	100.0	305,123	100.0

4. DIRECTORS AND AUDITOR

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

Title	Name	Other Major Title (s)	Total Amount of Fees Paid during the 10th Period (¥000)
Executive Director	Mitsuharu Sato	Corporate Auditor, Nomura Real Estate Holdings, Inc. Corporate Auditor, Nomura Real Estate Development Co., Ltd.	2,400
Supervisory Director	Shuhei Yoshida	Representative Lawyer, Yoshida Shuhei Law Office Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Eitoku Aikawa	Director, Fair Appraisers, K.K. Supervisory Director, Nomura Real Estate Residential Fund, Inc.	2,400
Supervisory Director	Saneaki Ichijo	Partner, Anderson Mori & Tomotsune Law Firm	2,400
Supervisory Director	Motoharu Yokose	Advisor, Asahi Tax Partners	2,400
Accounting Auditor	Earnst & Young ShinNihon LLC	-	15,000(Note 2)

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. 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: The total amount of fees paid to Earnst & Young ShinNihon LLC includes remuneration of ¥3 million in relation to a job (examination of agreed procedures concerning new issue of investment units on May 27, 2008 and June 24, 2008), which is outside the stipulation of Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948)

Note 3: At the third General Unitholders' Meeting held on July 23, 2007, 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, 2008 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)
Administrative agent (underwriter)	(Note 3)
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., Nikko 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.

Note 3: In association with the additional issuance of the investment units, the Company entered into underwriting agreements on May 20, 2008 with Nomura Securities Co., Ltd. (the lead manager), Nikko Citigroup Limited, Merrill Lynch Japan Securities Co., Ltd., Shinko Securities Co., Ltd., Daiwa Securities SMBC Co., Mitsubishi UFJ Securities Co., Ltd., Mizuho Securities Co., Ltd., Takagi Securities Co., Ltd., and SBI E*TRADE SECURITIES Co., Ltd. (currently SBI E*TRADE SECURITIES Co., Ltd.) The underwriting agreement was terminated in its entirety upon completion of the pay-in on May 27, 2008.

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area (Note 1)	10th Period (as of Oct. 31, 2008)		9th Period (as of Apr. 30, 2008)	
		Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)	Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)
Real estate	Central Tokyo	19,064	4.7	11,420	3.2
	Suburban Tokyo	8,725	2.2	8,754	2.5
	Other Regional Cities	32,373	8.1	26,680	7.5
Real estate in trust	Central Tokyo	188,330	46.9	164,823	46.6
	Suburban Tokyo	35,637	8.9	34,306	9.7
	Other Regional Cities	77,849	19.4	71,013	20.1
Subtotal		361,979	90.1	316,999	89.6
Cash, deposits and other assets		39,705	9.9	36,731	10.4
Grand Total		401,684	100.0	353,730	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, 2008 are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²)	Leased Space (m ²)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
Shinjuku Nomura Bldg.	39,254	31,589.26	30,387.69	96.2	14.2	Office
JAL Bldg.	33,243	42,084.11	42,084.11	100.0	(Note 1)	Office
Omron Kyoto Center Bldg.	23,196	34,616.84	34,616.84	100.0	(Note 1)	Office
NOF Nihonbashi-Honcho Bldg.	20,739	19,233.25	18,437.39	95.9	6.5	Office
SORA Shin-Osaka 21	19,422	21,653.31	21,052.95	97.2	4.6	Office
Tennozu Park Side Bldg.	13,471	18,051.60	18,051.60	100.0	6.0	Office
NOF Midosuji Bldg.	12,869	12,240.88	10,601.42	86.6	3.2	Office
NOF Shibuya Koen-dori Bldg.	12,507	3,420.16	3,420.16	100.0	2.7	Office
Shinjuku Sanshin Bldg.	12,329	6,663.64	6,316.08	94.8	1.7	Office
Secom Medical Bldg.	11,374	8,821.24	8,821.24	100.0	(Note 1)	Medical Office (Note 2)
Total	198,410	198,374.29	193,789.48	97.7	51.3 (Note 3)	

Note 1: Not disclosed due to compelling reasons.

Note 2: 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 3: "Total" for "Portion of Rental Revenues" column include rental revenues for properties which do not disclose "Portion of Rental Revenues" due to unavoidable reasons.

4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of October 31, 2008 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)	65,000	55,000	△603
Total		65,000	55,000	△603

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 at of October 31, 2008.

6. STATUS OF ASSETS BY COUNTRY AND REGION

As of the end of the tenth 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, 2008 (Note 2)		Number of Properties
		Portion of Total Portfolio		
Japan	¥361,979 million	¥436,948 million	100.0%	46
Total	¥361,979 million	¥436,948 million	100.0%	46

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

Note 2: Appraisal value as of Oct. 31, 2008 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, 2008. 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) (Note 1)		
			Total	Paid during 10th Period	Paid before 10th Period
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renewal of exclusively owned area (To increase revenues) (Note 2)	From: Nov. 2008 To: Mar. 2009	313	15	15
NOF Shibuya Koen-dori Bldg. (Shibuya-ku, Tokyo)	Renewal of air-conditioning system (To increase quality) (Note 2)	From: Nov. 2008 To: Nov. 2009	200	-	-
Sapporo North Plaza (Chuo-ku, Sapporo City)	Renewal of multilevel parking lot (To increase quality)	From: Feb. 2009 To: May 2009	70	-	-
Kita-Sanjo Bldg. (Chuo-ku, Sapporo City)	Renewal of air-conditioning system (To increase quality) (Note 2)	From: Nov. 2008 To: May 2009	201	-	-
NOF Technoport Kamata Center Bldg. (Ota-ku, Tokyo)	Renewal of through the wall air-conditioning system (To increase quality)	From: Nov. 2008 To: Mar. 2010	317	-	-

Note 1: As for Shinjuku Nomura Building, the posted amount of cost represents 50.1%, our portion of quasi co-ownership, of the total cost of refurbishment of the entire building.

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

2. CAPITAL EXPENDITURES DURING THE TENTH FISCAL PERIOD

The table below lists capital expenditures during the tenth fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥1,872 million: capital expenditures of ¥1,552 million and repair expenses of ¥320 million combined all together.

Name of Property (Location)	Description of Works (Purpose)	Period of Works	Cost of Works (¥ mln)
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renewal of exclusively owned area (To increase revenues)	From: Jul. 2008 To: Sep. 2008	150
NOF Nihonbashi Honcho Bldg. (Chuo-ku, Tokyo)	Renewal of elevators (To increase quality)	From: May 2008 To: Oct. 2008	176
Sapporo North Plaza (Chuo-ku, Sapporo City)	Aseismic retrofitting (To increase quality)	From: May 2008 To: Jul. 2008	238
NOF Nagoya Yanagibashi Bldg. (Nakamura-ku, Nagoya City)	Renewal of air-conditioning system (To increase quality)	From: May 2008 To: Oct. 2008	61
NOF Shiba Bldg. (Minato-ku, Tokyo)	Renewal of air-conditioning system and AHU (To increase quality)	From: May 2008 To: Oct. 2008	81
NOF Technoport Kamata Center Bldg. (Ota-ku, Tokyo)	Renewal of through the wall air-conditioning system (To increase quality)	From: Jun. 2008 To: Oct. 2008	76
Other Properties	Improvement of features	From: May 2008 To: Oct. 2008	767
Total			1,552

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.

	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	7th Period from Nov. 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
	¥ mln	¥ mln	¥ mln	¥ mln	¥ mln
Balance brought forward from the previous period	290	596	938	935	761
Amount reserved during the period	1,716	1,118	718	693	671
Amount used during the period	1,768	1,424	1,060	690	497
Balance brought forward to the next period	238	290	596	938	935

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

	10th Period from May 1, 2008 to Oct. 31, 2008	9th Period from Nov. 1, 2007 to Apr. 30, 2008
	¥000	¥000
Asset management fees (Note 1)	1,025,096	990,994
of which Management Fee I	652,019	570,179
of which Management Fee II	373,077	327,802
of which Management Fee III	-	93,012
Custodian fees	27,014	26,001
General administrative fees	63,700	58,614
Directors' compensation	12,000	12,000
Other expenses	74,389	58,986
Total	1,202,201	1,146,597

Note 1: 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, 2008 is as follows.

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2008 (¥000)	Outstanding as of Apr. 30, 2008 (¥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.	Dec. 27, 2007	-	1,000,000	1.15333	June 27, 2008				
Sumitomo Mitsui Banking Corp.		-	1,000,000						
The Mizuho Corporate Bank, Ltd.		-	1,000,000						
Mitsubishi UFJ Trust and Banking Corp.		-	1,000,000						
Sumitomo Trust and Banking Co., Ltd.		-	1,000,000						
The Chiba Bank, Ltd.		-	1,000,000						
The Iyo Bank, Ltd.		-	1,500,000						
The Chugoku Bank, Ltd.		-	1,000,000						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		Feb. 7, 2008	-						1,800,000
Sumitomo Mitsui Banking Corp.	-		1,000,000						
The Mizuho Corporate Bank, Ltd.	-		400,000						
Mitsubishi UFJ Trust and Banking Corp.	-		400,000						
Sumitomo Trust and Banking Co., Ltd.	-	400,000	1.25917	June 27, 2008					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 27, 2008	-							990,000
Sumitomo Mitsui Banking Corp.		-							550,000
The Mizuho Corporate Bank, Ltd.		-							220,000
Mitsubishi UFJ Trust and Banking Corp.		-							220,000
Sumitomo Trust and Banking Co., Ltd.		-	220,000						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 24, 2008	1,035,000	-	1.29250	Dec. 24, 2008	Balloon payment	(Note 2)	Unsecured/Uninsured	
Sumitomo Mitsui Banking Corp.		575,000	-						
The Mizuho Corporate Bank, Ltd.		230,000	-						
Mitsubishi UFJ Trust and Banking Corp.		230,000	-						
Sumitomo Trust and Banking Co., Ltd.	230,000	-	1.29250	Dec. 24, 2008					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 26, 2008	3,150,000							-
Sumitomo Mitsui Banking Corp.		1,750,000							-
The Mizuho Corporate Bank, Ltd.		700,000							-
Mitsubishi UFJ Trust and Banking Corp.		700,000							-
Sumitomo Trust and Banking Co., Ltd.		700,000	-						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sep. 24, 2008	5,250,000	-	1.43500	June 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	June 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	-						
Subtotal		34,100,000	14,700,000						
Long-term Borrowings to be Repaid within a Year									
The Yamanashi Chuo Bank, Ltd.	Dec. 9, 2005	-	1,000,000	1.28583	Aug. 26, 2008				
The Chugoku Bank, Ltd.		-	1,000,000						
The Bank of Fukuoka, Ltd.		-	1,000,000						
The Aozora Bank, Ltd.		-	1,000,000						
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2003	2,000,000	2,000,000	1.66750	Dec. 8, 2008	Balloon payment	(Note 2)	Unsecured/Uninsured	
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000						
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	1,000,000						
The Iyo Bank, Ltd.		1,000,000	1,000,000						
The Norinchukin Bank, Ltd.		2,000,000	2,000,000						
Mitsui Life Insurance Company	Dec. 8, 2003	2,000,000	2,000,000	1.51625	Dec. 8, 2008				
Taiyo Life Insurance Company		1,000,000	1,000,000						
Daido Life Insurance Company		1,000,000	1,000,000						
Mitsui Sumitomo Insurance Co., Ltd.		1,000,000	1,000,000						
The Chiba Bank, Ltd.		Feb. 27, 2006	1,500,000						1,500,000
The Hachijuni Bank, Ltd.	500,000		500,000						
Subtotal		15,000,000	19,000,000						
Total Short-term Borrowings		49,100,000	33,700,000						

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2008 (¥000)	Outstanding as of Apr. 30, 2008 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note					
Long-term Borrowings													
The Norinchukin Bank	Feb. 26, 2004	3,000,000	3,000,000	1.77500	Feb. 26, 2010								
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	1,000,000	1.65500	Aug. 26, 2010								
Sompo Japan Insurance Inc.		1,000,000	1,000,000										
Sumitomo Mitsui Banking Corp.	Aug. 26, 2008	1,000,000	-	1.24667	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.	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	June 10, 2011								
Sumitomo Mitsui Banking Corp.		1,000,000	1,000,000										
The Chiba Bank, Ltd.		500,000	500,000										
The Hachijuni Bank, Ltd.		1,000,000	1,000,000										
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.		1,000,000	1,000,000										
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	1.44800	Aug. 25, 2011									
The Mizuho Corporate Bank, Ltd.	2,000,000	2,000,000											
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	1.63825	Aug. 26, 2011									
The Mizuho Corporate Bank, Ltd.	2,000,000	2,000,000											
The Chuo Mitsui Trust & Banking Co., Ltd.	1,000,000	1,000,000											
The Iyo Bank, Ltd.	1,000,000	1,000,000	1.43950	Sep. 25, 2011									
The 77 Bank, Ltd.	1,000,000	-											
The Hyakujushi Bank, Ltd.	Sep. 25, 2008	1,000,000	-	1.43950	Sep. 25, 2011								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2006	2,000,000	2,000,000	1.89764	Feb. 26, 2012	Balloon payment	(Note 2)	Unsecured/Uninsured					
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										
Mitsui Life Insurance Co., Ltd.		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	1,000,000	1,000,000											
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	-	1.61150	Sep. 25, 2012								
Sumitomo Trust and Banking Co., Ltd.	1,000,000	-	-	-	-								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	June 27, 2008	2,000,000	-	1.87200	Dec. 27, 2012								
Sumitomo Mitsui Banking Corp.		2,000,000	-										
The Mizuho Corporate Bank, Ltd.		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								
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	June 24, 2008	1,000,000	-	2.31750	June 24, 2015								
Sumitomo Life Insurance Company		3,000,000	-										
Development Bank of Japan		4,000,000	-										
Subtotal		88,500,000	67,500,000										
Total		137,600,000	101,200,000										

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.

3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of October 31, 2008 is as follows.

Name of Bonds	Issue Date	Balance as of Oct. 31, 2008 (¥ mln)	Balance as of Apr. 30, 2007 (¥ 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 tenth fiscal period.

Trading during the Tenth Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Disposition			
		Date	Price (¥ mln) (Note)	Date	Price (¥ mln) (Note)	Book Value (¥ mln)	Gain (Loss) (¥ mln)
Beneficial Interest in Real Estate Trust	Shinjuku Sanshin Bldg.	June 25, 2008	12,300	-	-	-	-
Beneficial Interest in Real Estate Trust	Iwamoto-cho Toyo Bldg.	June 25, 2008	6,020	-	-	-	-
Beneficial Interest in Real Estate Trust	Central Kyobashi Bldg.	June 25, 2008	2,550	-	-	-	-
Beneficial Interest in Real Estate Trust	Central Shintomicho Bldg.	June 25, 2008	1,750	-	-	-	-
Beneficial Interest in Real Estate Trust	Sunworld Yotsuya Bldg.	June 25, 2008	778	-	-	-	-
Beneficial Interest in Real Estate Trust	Toshin Meguro Bldg.	June 25, 2008	1,340	-	-	-	-
Beneficial Interest in Real Estate Trust	EME Hakata Ekimae Bldg.	June 27, 2008	6,750	-	-	-	-
Real estate	Nomura Shibuya Dogenzaka Bldg.	Sep. 26, 2008	7,660	-	-	-	-
Real estate	Nomura Nishi-Umeda Bldg.	Sep. 26, 2008	5,660	-	-	-	-
Total			44,808				

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

2. STATUS OF OTHER ASSETS

Other than the above-mentioned properties and asset-backed securities, the Company's assets are mostly comprised of direct bank deposits and bank deposits in trust.

3. PRICE INVESTIGATION

(1) Real Estates

Acquisition/Disposition	Type of Asset	Name of Property	Acquisition/Disposition		Appraisal Value (¥ mln)
			Date	Price (¥ mln)	
Acquisition	Beneficial Interest in Real Estate Trust	Shinjuku Sanshin Bldg.	June 25, 2008	12,300	12,300
Acquisition	Beneficial Interest in Real Estate Trust	Iwamoto-cho Toyo Bldg.	June 25, 2008	6,020	6,020
Acquisition	Beneficial Interest in Real Estate Trust	Central Kyobashi Bldg.	June 25, 2008	2,550	2,550
Acquisition	Beneficial Interest in Real Estate Trust	Central Shintomicho Bldg.	June 25, 2008	1,750	1,750
Acquisition	Beneficial Interest in Real Estate Trust	Sunworld Yotsuya Bldg.	June 25, 2008	778	778
Acquisition	Beneficial Interest in Real Estate Trust	Toshin Meguro Bldg.	June 25, 2008	1,340	1,340
Acquisition	Beneficial Interest in Real Estate Trust	EME Hakata Ekimae Bldg.	June 27, 2008	6,750	6,750
Acquisition	Real estate	Nomura Shibuya Dogenzaka Bldg.	Sep. 26, 2008	7,660	7,660
Acquisition	Real estate	Nomura Nishi-Umeda Bldg.	Sep. 26, 2008	5,660	5,660

Note1: The price investigation procedures were conducted by Ernst & Young ShinNihon LLC at the time of acquisition or disposition in accordance with the guidance under "Price Investigation of Specified Assets Held by Investment Trusts and Investment Corporations," Industry Audit Committee Report No. 23 issued by The Japanese Institute of Certified Public Accountants. The Company has received detailed reports including the location and lot number to identify these properties.

Note2: "Acquisition price" and "Disposition price" do not include various costs (intermediary fees, taxes and duties, etc.) required for acquisition or disposition of the property (the purchase and sale price of the real estate, etc., as indicated in the Transfer Agreement of Trust Beneficial Interest or Real Estate).

(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 tenth fiscal period (from May 1, 2008 to October 31, 2008), three OTC derivatives transactions were subject to investigation. Ernst & Young ShinNihon LLC was requested to investigate the details of three transactions including the name of counterparty, issues, the number of execution, financial instruments/monetary indicators, put/call options, exercise prices, the period of execution of right, the trading period, etc. The investigation report has been received.

4. TRANSACTIONS WITH RELATED PARTIES AND MAJOR SHAREHOLDERS

(1) Transactions

Table of transactions in respect of specified assets entered into with related parties and major shareholders during the tenth fiscal period is as follows.

Total amount	Purchase (¥000)		Sale (¥000)	
	Amount purchased from related parties and major shareholders	(%)	Amount sold to related parties and major shareholders	(%)
	44,808,000	(-%)	-	(-%)
	13,320,000	(29.7%)	-	(-%)
Details of transaction with related parties and major shareholders				
Nomura Real Estate Development Co., Ltd.	13,320,000	(100.0%)	-	(-%)
Total	13,320,000	(100.0%)	-	(-%)

Note: Related parties and major shareholders refer to those bodies that have business interest and major stake in the Asset Management Companies defined by Article 29-4, Paragraph 2 of Financial Instruments and Exchange Law, with which the Company, stipulated by article 123 of Enforcement Order of Investment Trust Law, has an Asset Management Agreement.

(2) Fees Paid to Related Parties and Major Shareholders

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

	Name of Related Party and Major Shareholders	Amount Paid (A)	Total Amount Paid (B)	Portion
		(¥000)	(¥000)	(A) / (B) (%)
Contract-out fees	Nomura Building Management Co., Ltd. (Note 1)	577,598	1,069,458	54.0
	Flagship Properties, Inc. (Note 2)	916		
Property management fees	Nomura Real Estate Development Co., Ltd.	208,868	317,748	65.7
	Nomura Building Management Co., Ltd.	24,168		
Other expenses	Nomura Real Estate Development Co., Ltd.	25,775	77,484	33.3
	Nomura Building Management Co., Ltd.	24,971		

Note1: 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".

Note2: 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.

Note3: Besides the above, the Company has made the following payments for repair works during the tenth fiscal period.

Name of Related Party	Amount Paid (¥000)
Nomura Real Estate Development Co., Ltd.	55,560
Nomura Building Management Co., Ltd.	590,920

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.	48,958
JAL Bldg.	Nomura Real Estate Development Co., Ltd.	4,369
Tennozu Park Side Bldg.	Nomura Real Estate Development Co., Ltd.	27,867
NOF Shibuya Koen-dori Bldg.	Nomura Real Estate Development Co., Ltd.	5,940
Secom Medical Bldg.	Nomura Real Estate Development Co., Ltd.	3,789
Nishi-Shinjuku Showa Bldg.	Nomura Real Estate Development Co., Ltd.	13,354
Nomura Shibuya Dogenzaka Bldg.	Nomura Real Estate Development Co., Ltd.	707
NOF Tameike Bldg.	Nomura Real Estate Development Co., Ltd.	7,413
NOF Shinagawa Konan Bldg.	Nomura Real Estate Development Co., Ltd.	4,635
NOF Surugadai Plaza Bldg.	Nomura Real Estate Development Co., Ltd.	5,195
Hatchobori NF Bldg.	Nomura Real Estate Development Co., Ltd.	1,963
NOF Minami-Shinjuku Bldg.	Nomura Real Estate Development Co., Ltd.	3,814
NOF Technoport Kamata Center Bldg.	Nomura Real Estate Development Co., Ltd.	8,852
Faret Tachikawa Center Square	Nomura Real Estate Development Co., Ltd.	6,976
NOF Yokohama Nishiguchi Bldg.	Nomura Real Estate Development Co., Ltd.	7,975
NOF Shin-Yokohama Bldg.	Nomura Real Estate Development Co., Ltd.	3,776
Omron Kyoto Center Bldg.	Nomura Real Estate Development Co., Ltd.	5,815
NOF Midosuji Bldg.	Nomura Real Estate Development Co., Ltd.	11,686
Nomura Osaka Bldg.	Nomura Real Estate Development Co., Ltd.	17,114
Nomura Nishi-Umeda Bldg.	Nomura Real Estate Development Co., Ltd.	798
Nomura Yotsubashi Bldg.	Nomura Real Estate Development Co., Ltd.	9,638
Hiroshima Tatemachi NOF Bldg.	Nomura Real Estate Development Co., Ltd.	2,680
Nomura Hiroshima Bldg.	Nomura Real Estate Development Co., Ltd.	5,542
Shinjuku Sanshin Bldg.	Nomura Building Management Co., Ltd.	3,020
Central Kyobashi Bldg.	Nomura Building Management Co., Ltd.	972
Central Shintomicho Bldg.	Nomura Building Management Co., Ltd.	894
Sunworld Yotsuya Bldg.	Nomura Building Management Co., Ltd.	505
NOF Toyo-cho Bldg.	Nomura Building Management Co., Ltd.	2,088
Toshin Meguro Bldg.	Nomura Building Management Co., Ltd.	420
NOF Kawasaki Higashiguchi Bldg.	Nomura Building Management Co., Ltd.	8,504
NOF Utsunomiya Bldg.	Nomura Building Management Co., Ltd.	4,824
NOF Nagoya Yanagibashi Bldg.	Nomura Building Management Co., Ltd.	2,937

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

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

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

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

There is no relevant matter under this subject.

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.



NOF Kobe Kaigan Building

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Balance Sheets

	Thousands of Yen	
	As of October 31, 2008	As of April 30, 2008
ASSETS		
Current Assets:		
Cash and bank deposits	¥ 38,567,826	¥ 35,583,622
Rental receivables	294,748	200,059
Corporate taxes refundable	6,353	5,527
Consumption taxes refundable	-	309,378
Other current assets	260,218	254,625
Total current assets	39,129,145	36,353,211
Property and Equipment, at Cost:		
Land	257,244,529	221,645,728
Buildings and structures	114,639,528	105,534,282
Machinery and equipment	997,100	917,793
Tools, furniture and fixtures	210,179	171,376
Lease assets	31,423	-
Construction in progress	42,202	36,915
Subtotal	373,164,961	328,306,094
Less accumulated depreciation	(13,086,726)	(11,306,725)
Net property and equipment	360,078,235	316,999,369
Investments and Other Assets:		
Leasehold right	1,900,905	-
Intangible assets	3,493	1,726
Long-term prepaid expenses	57,730	27,376
Security deposits	411,300	211,250
Deferred investment corporation bond issuance costs	103,438	137,818
Total investments and other assets	2,476,866	378,170
Total Assets	¥ 401,684,246	¥ 353,730,750

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

	Thousands of Yen	
	As of October 31, 2008	As of April 30, 2008
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥ 821,170	¥ 737,287
Other accounts payable	1,475,833	1,844,192
Short-term investment corporation bonds	-	19,984,303
Short-term debt	49,100,000	33,700,000
Accrued expenses	712,984	563,800
Accrued consumption taxes	53,222	-
Rent received in advance	2,366,636	2,100,767
Other current liabilities	15,148	27,125
Total current liabilities	54,544,993	58,957,474
Long-term Liabilities:		
Investment corporation bonds	44,500,000	44,500,000
Long-term debt	88,500,000	67,500,000
Security deposits from tenants	23,405,390	21,506,082
Other long-term liabilities	22,494	-
Total long-term liabilities	156,427,884	133,506,082
Total Liabilities	210,972,877	192,463,556
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	185,455,447	156,767,193
Retained earnings	5,255,922	4,500,001
Total unitholders' equity	190,711,369	161,267,194
Total Net Assets	190,711,369	161,267,194
Total Liabilities and Net Assets	¥ 401,684,246	¥ 353,730,750

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, 2008 to October 31, 2008	For the period from November 1, 2007 to April 30, 2008
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥ 13,925,429	¥ 12,183,127
	13,925,429	12,183,127
Operating Expenses:		
Real estate rental expenses	5,790,875	5,213,083
Asset management fees	1,025,096	990,995
Administrative service and custodian fees	90,716	84,616
Other operating expenses	86,390	70,986
	6,993,077	6,359,680
Operating Profit	6,932,352	5,823,447
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	36,975	32,898
Other non-operating revenues	40,173	53,779
	77,148	86,677
Non-Operating Expenses:		
Interest expense	916,963	743,444
Loan arrangement fees	119,319	94,520
Interest expense on short-term investment corporation bonds	51,378	3,052
Interest expense on investment corporation bonds	432,525	428,975
Amortization of investment corporation bond issuance costs	38,491	32,295
New investment units issuance costs	50,788	-
Other non-operating expenses	143,205	106,884
	1,752,669	1,409,170
Income before Income Taxes	5,256,831	4,500,954
Income Taxes:		
Current	1,032	1,051
Deferred	1	(22)
Net Income	5,255,798	4,499,925
Retained earnings brought forward	124	76
Retained Earnings at End of Period	¥ 5,255,922	¥ 4,500,001

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

Statements of Changes in Net Assets

For the period from May 1, 2008 to October 31, 2008

	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, 2008	265,903	¥156,767,193	¥4,500,001	¥161,267,194	-	-	¥161,267,194
Issuance of new investment units	39,220	28,688,254	-	28,688,254	-	-	28,688,254
Cash distribution paid	-	-	(4,499,877)	(4,499,877)	-	-	(4,499,877)
Net income	-	-	5,255,798	5,255,798	-	-	5,255,798
Balance as of October 31, 2008	305,123	¥185,455,447	¥5,255,922	¥190,711,369	-	-	¥190,711,369

For the period from November 1, 2007 to April 30, 2008

	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, 2007	265,903	¥156,767,193	¥4,498,623	¥161,265,816	¥7,161	¥7,161	¥161,272,977
Cash distribution paid	-	-	(4,498,546)	(4,498,546)	-	-	(4,498,546)
Net income	-	-	4,499,925	4,499,925	-	-	4,499,925
Interest-rate swaps	-	-	-	-	(7,161)	(7,161)	(7,161)
Balance as of April 30, 2008	265,903	¥156,767,193	¥4,500,001	¥161,267,194	-	-	¥161,267,194

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, 2008 to October 31, 2008	For the period from November 1, 2007 to April 30, 2008
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 5,256,831	¥ 4,500,954
Depreciation	1,793,148	1,601,990
Amortization of long-term prepaid expenses	10,538	2,918
Amortization of investment corporation bond issuance costs	38,491	32,295
Interest income	(36,975)	(32,898)
Interest expense	1,400,866	1,175,471
Loss on disposal of property and equipment	7,600	-
Decrease (Increase) in rental receivables	(94,689)	10,174
(Increase) Decrease in consumption taxes refundable	309,378	(275,442)
(Decrease) Increase in trade accounts payable	83,883	(70,490)
Increase (Decrease) in other accounts payable	(320,025)	349,217
Increase in accrued consumption taxes	53,222	-
Increase in rent received in advance	265,869	150,349
Changes in other current assets/liabilities	(69,295)	(264,180)
Subtotal	8,698,842	7,180,358
Interest received	36,975	32,898
Interest paid	(1,196,677)	(1,131,556)
Income taxes paid	(1,858)	(1,238)
Net cash provided by operating activities	7,537,282	6,080,462
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(44,895,113)	(26,733,587)
Payments for purchases of intangible assets	(1,900,905)	-
Reimbursement of security deposits to tenants	(663,840)	(1,081,136)
Proceeds from security deposits from tenants	2,563,149	2,118,020
Payments of security deposits	(200,050)	-
Net cash used in investing activities	(45,096,759)	(25,696,703)
Cash Flows from Financing Activities		
Proceeds from short-term debt	34,100,000	24,700,000
Repayment of short-term debt	(14,700,000)	(23,500,000)
Proceeds from short-term investment corporation bonds	14,954,207	19,981,251
Repayment of short-term investment corporation bonds	(35,000,000)	-
Proceeds from long-term debt	21,000,000	23,500,000
Repayment of long-term debt	(4,000,000)	(19,000,000)
Proceeds from issuance of new investment units	28,688,253	-
Distributions to unitholders	(4,498,779)	(4,497,892)
Net cash provided by financing activities	40,543,681	21,183,359
Net Increase in Cash and Cash Equivalents	2,984,204	1,567,118
Cash and Cash Equivalents at Beginning of Period	35,583,622	34,016,504
Cash and Cash Equivalents at End of Period	¥ 38,567,826	¥ 35,583,622

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, 2008, the Company owned a portfolio of 46 office properties containing an aggregate of approximately 430,487.81 square meters of leasable area and leased office space to 676 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

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

Intangible assets

Intangible assets are amortized by the straight-line method.

Lease Transactions

Finance lease transactions, excluding the ownership of the leased assets is deemed to be transferred to the lessee, are accounted for the straight-line method, depreciated 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 its fixed assets exceeds the respective aggregate of the estimated future cash flows. If the fixed assets are determined to be impaired, it is written down to its recoverable amount and the write-down is recorded as an impairment loss during the current period. No impairment losses have been recognized to date.

Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized over the respective terms of the bonds by the straight-line method. Deferred investment corporation bond issuance costs that were reported on the balance sheets at October 31, 2006 or prior to the six-month period then ended were amortized over a period of three years, with an equal amount amortized in each fiscal period based on the previous method of accounting.

Deferred new investment units issuance costs

The entire costs associated with the issuance of the new investment units are expensed as incurred.

The public offering of new investment units on May 27, 2008 was conducted through an underwriting agreement under which underwriting securities companies underwrote all of the new investment units at an agreed issue price and sold them at an offer price, which is different from the issue price to investors ("Spread Method"). The Company does not pay any fees to the underwriting securities companies under the Spread Method because the difference between the offer price and the issue price represents the underwriting commission received by the underwriting securities companies. In the case of the public offering of new investment units on May 27, 2008, the total amount of the difference between the offer price and the issue price was ¥928,330,000. If the underwriting securities companies had underwritten the new investment units at the issue

price and offered the units to investors at an offer price equal to the issue price (known as the "Conventional Method"), a commission would have been incurred and it would have been expensed as new investment units issuance costs. Therefore, under the Spread Method, the new investment units issuance costs were reported ¥928,330,000 less, and operating income and income before income taxes were reported ¥928,330,000 more than if the Conventional Method was applied.

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 the earnings and expenses incurred from such trust are properly 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 related taxes including property taxes, urban planning taxes and depreciable property taxes imposed during the fiscal period are charged as rental expenses.

On the other hand, the Company paid the amount equivalent to the property related taxes to the respective sellers of properties applicable to the period since acquisition and capitalized such amounts as part of the costs to acquire such properties or beneficial interests in real estate. The capitalized property related taxes amounted to ¥82,023 thousand for the six-month period ended October 31, 2008, and ¥118,642 thousand for the six-month period ended April 30, 2008.

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, effective September 1, 2006, the Company has applied special treatment to those interest-rate swap contracts that meet the criteria for such special treatment based on the revised Investment Trust Law (effective beginning on May 1, 2006) and partial Amendment of the Articles of Incorporation. 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.

The New Accounting standard for lease transactions

In the period ended October 31, 2008, the company adopted Accounting Standard for Lease Transactions (on March 30, 2007, the ASBJ issued ASBJ Statement No. 13) and the Implementation Guidance on Accounting Standard for Lease Transactions (on March 30, 2007, the ASBJ issued ASBJ Guidance No. 16). The new accounting standard is required to be adopted in fiscal periods beginning on or after April 1, 2008. The adoption of this new standard had no effect on the statements of income and retained earnings for the fiscal period ended October 31, 2008.

4. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of October 31, 2008 and April 30, 2008 consist of the following:

	Thousands of Yen			
	As of October 31, 2008		As of April 30, 2008	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 40,439,040	¥ 40,439,040	¥ 31,276,665	¥ 31,276,665
Buildings and structures	18,296,244		15,784,166	
Accumulated depreciation	(631,536)	17,664,708	(337,826)	15,446,340
Machinery and equipment	192,251		154,538	
Accumulated depreciation	(34,495)	157,756	(22,462)	132,076
Land in trust	216,805,489	216,805,489	190,369,063	190,369,063
Buildings and structures in trust	96,343,284		89,750,116	
Accumulated depreciation	(12,031,671)	84,311,613	(10,618,014)	79,132,102
Machinery and equipment in trust	804,849		763,255	
Accumulated depreciation	(337,748)	467,101	(293,381)	469,874
Tools, furniture and fixtures in trust	210,179		171,376	
Accumulated depreciation	(48,319)	161,860	(35,042)	136,334
Lease assets in trust	31,423		-	
Accumulated depreciation	(2,957)	28,466	-	-
Construction in progress in trust	42,202	42,202	36,915	36,915
Total	¥360,078,235	¥360,078,235	¥316,999,369	¥316,999,369

5. SHORT-TERM DEBT

Short-term debt as of October 31, 2008 and April 30, 2008 consists of the following:

	As of October 31, 2008		As of April 30, 2008	
	Amount (Thousands of Yen)	Weighted-average interest rate	Amount (Thousands of Yen)	Weighted-average interest rate
Unsecured loans from banks due on June 27, 2008	-	-	¥ 8,500,000	1.15333%
Unsecured loans from banks due on June 27, 2008	-	-	4,000,000	1.27583%
Unsecured loans from banks due on June 27, 2008	-	-	2,200,000	1.25917%
Unsecured loans from banks due on August 26, 2008	-	-	4,000,000	1.28583%
Unsecured loans from banks due on December 8, 2008	¥ 8,000,000	1.66750%	8,000,000	1.66750%
Unsecured loans from insurance companies due on December 8, 2008	5,000,000	1.51625%	5,000,000	1.51625%
Unsecured loans from banks due on December 24, 2008	2,300,000	1.29250%	-	-
Unsecured loans from banks due on December 24, 2008	7,000,000	1.29250%	-	-
Unsecured loans from banks due on February 26, 2009	2,000,000	1.19000%	2,000,000	1.19000%
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%	-	-
Total	¥49,100,000		¥33,700,000	

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, 2008 and April 30, 2008. The total unused amount of such credit facilities was ¥5,900 million as of October 31, 2008 and ¥33,800 million as of April 30, 2008.

6. LONG-TERM DEBT

Long-term debt as of October 31, 2008 and April 30, 2008 consists of the following:

	As of October 31, 2008		As of April 30, 2008	
	Amount (Thousands of Yen)	Weighted-average interest rate	Amount (Thousands of Yen)	Weighted-average interest rate
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 insurance companies due on August 26, 2010	2,000,000	1.65500%	2,000,000	1.65500%
Unsecured loans from banks due on August 26, 2010	4,000,000	1.24667%	-	-
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%	-	-
Unsecured loans from banks due on February 26, 2012	11,000,000	1.89764%	11,000,000	1.89764%
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%	-	-
Unsecured loans from banks due on December 27, 2012	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 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%	-	-
Total	¥88,500,000		¥67,500,000	

7. INVESTMENT CORPORATION BONDS

Investment Corporation Bonds

Details of investment corporation bonds outstanding are summarized as follows:

	As of October 31, 2008		As of April 30, 2008	
	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	

Short-term Investment Corporation Bonds

Details of short-term investment corporation bonds outstanding are summarized as follows:

	As of October 31, 2008		As of April 30, 2008	
	Amount (Thousands of Yen)	Redemption price (Thousands of Yen)	Amount (Thousands of Yen)	Redemption price (Thousands of Yen)
First Series of Short-term Investment Corporation Bonds Due on June 6, 2008	-	-	¥19,984,303	¥20,000,000
Total	-	-	¥19,984,303	¥20,000,000

8. 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.

9. PER UNIT INFORMATION

The net asset values per unit as of October 31, 2008 and April 30, 2008 were ¥625,031 and ¥606,488 respectively. Net income per unit was ¥17,563 and ¥16,923 for the six-month periods ended October 31, 2008 and April 30, 2008, respectively.

10. 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

11. 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, 2008 and April 30, 2008. 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 ¥5,255,743 thousand and ¥4,499,876 thousand for the six-month periods ended October 31, 2008 and April 30, 2008, 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, 2008 to October 31, 2008	For the period from November 1, 2007 to April 30, 2008
Statutory tax rate	39.39%	39.39%
Deductible cash distributions	(39.38)	(39.38)
Other	0.01	0.01
Effective tax rates	0.02%	0.02%

Due to change in Law on Provisional Measures Relating to the Special Local Corporation Taxes on April 30, 2008, the Japanese statutory effective tax rate used in the calculation of deferred tax assets or liabilities effective has been changed from 39.39% to 39.33%. The effect of the change of the tax rate is immaterial.

12. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month periods ended October 31, 2008 and April 30, 2008 consist of the following:

	Thousands of Yen	
	For the period from May 1, 2008 to October 31, 2008	For the period from November 1, 2007 to April 30, 2008
Real estate rental revenues	¥13,925,429	¥12,183,127
Rental revenues	12,493,338	11,057,640
Rental revenues	10,150,767	8,991,314
Common area charges	2,342,571	2,066,326
Non-rental revenues	1,432,091	1,125,487
Parking revenues	302,604	255,389
Incidental income	1,056,711	795,928
Other miscellaneous revenues	72,776	74,170
Real estate rental expenses	5,790,875	5,213,083
Property management costs	1,069,458	935,502
Property management fees	317,749	325,080
Utility expenses	1,084,225	790,511
Property and other taxes	971,039	941,568
Casualty insurance	26,729	23,075
Repairs and maintenance	320,219	403,143
Depreciation	1,793,088	1,601,962
Other rental expenses	208,368	192,242
Profit	¥ 8,134,554	¥ 6,970,044

13. LEASES

Finance lease agreements, excluding the ownership of the leased assets is deemed to be transferred to the lessee, are mainly tools, furniture and fixtures in trust. Finance lease transactions excluding the ownership of the leased assets is deemed to be transferred to the lessee are accounted for the straight-line method, depreciated over lease period and will have a salvage value of zero.

The Company, as lessor, has entered into lease agreements whose 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, 2008 and April 30, 2008 are summarized as follows:

	Thousands of Yen	
	As of October 31, 2008	As of April 30, 2008
Due within one year	¥ 4,949,373	¥ 4,773,371
Due after one year	32,368,785	32,986,020
Total	¥37,318,158	¥37,759,392

14. DERIVATIVES AND HEDGE ACCOUNTING

The Company has entered into interest-rate swap contracts with several 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.

Beginning the fiscal period ended October 31, 2007, the Company has applied the "special treatment" set forth in the amended Investment Trust Law (effective beginning on May 1, 2006) and partial Amendment of the Articles of Incorporation.

The following summarizes the notional amounts and the estimated fair value of the interest-rate related positions outstanding as of October 31, 2008 and April 30, 2008:

	Thousands of Yen		
	Notional amount	Estimated fair value	Unrealized loss
As of October 31, 2008			
Interest-rate swaps:			
Received/floating and paid/fixed	¥65,000,000	(¥603,601)	(¥603,601)
As of April 30, 2008			
Interest-rate swaps:			
Received/floating and paid/fixed	¥56,000,000	(¥11,987)	(¥11,987)

15. SIGNIFICANT SUBSEQUENT EVENTS

Dispositions of Properties

On January 14, 2009, the Company resolved to dispose three properties as follows. Consumption taxes and adjustments of property taxes are excluded from the sales prices.

- (a) NOF Midosuji Building
 - 1. Type of assets sold Real estate
 - 2. Sales price ¥14,000 million
 - 3. Contract date January 14, 2009
 - 4. Delivery date January 14, 2009
 - 5. Transferee Nomura Real Estate Development Co., Ltd. and NREG Toshiba Building Co., Ltd.
 - 6. Impact on net income Approximately ¥1,237 million of gain on sale of real estate will be recorded in the following fiscal period.
- (b) Kita-Sanjo Building
 - 1. Type of assets sold Real estate
 - 2. Sales price ¥2,630 million
 - 3. Contract date January 14, 2009
 - 4. Delivery date January 14, 2009
 - 5. Transferee NREG Toshiba Building Co., Ltd.
 - 6. Impact on net income Approximately ¥771 million of loss on sale of real estate will be recorded in the following fiscal period.
- (c) Hiroshima Tatemachi NOF Building
 - 1. Type of assets sold Real estate in trust
 - 2. Sales price ¥2,210 million
 - 3. Contract date January 14, 2009
 - 4. Delivery date February 27, 2009
 - 5. Transferee NREG Toshiba Building Co., Ltd.
 - 6. Impact on net income Approximately ¥234 million of loss on sale of real estate will be recorded in the following fiscal period.



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, 2008 and April 30, 2008, 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, 2008 and April 30, 2008, 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.

Supplementary Information

As described in Note 15, Significant Subsequent Events, the Company resolved to dispose its properties.

January 16, 2009

Ernst & Young ShinNihon LLC

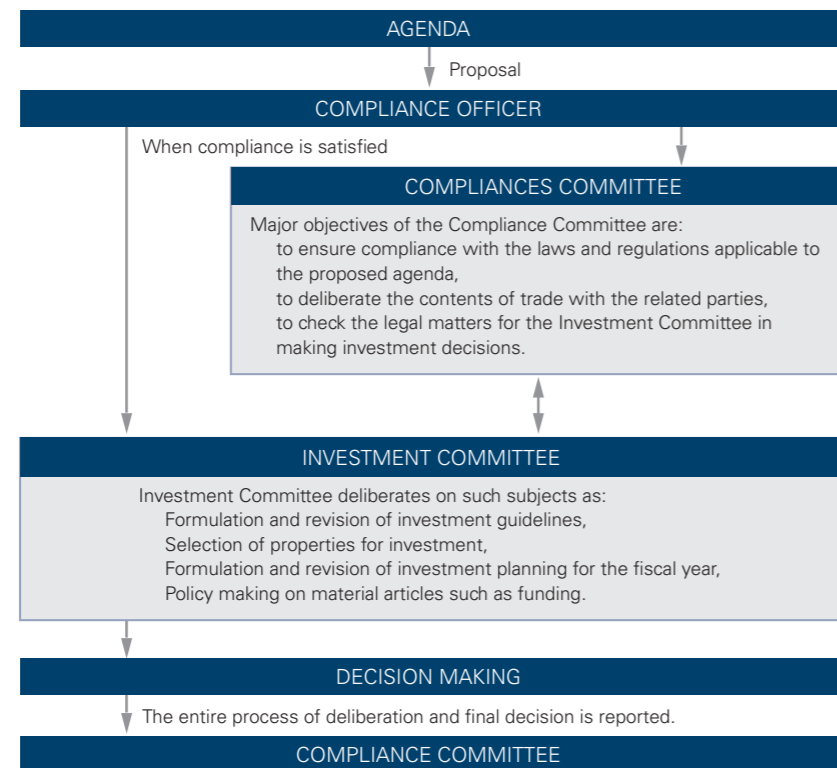
Profile of the Asset Management Company

PROFILE AND HISTORY OF INCORPORATION

Company: Nomura Real Estate Asset Management Co., Ltd.
 Capital: ¥300 million (as of October 31, 2008)
 Shareholder: Nomura Real Estate Holdings, Inc. (100%)
 Incorporation: January 24, 2003

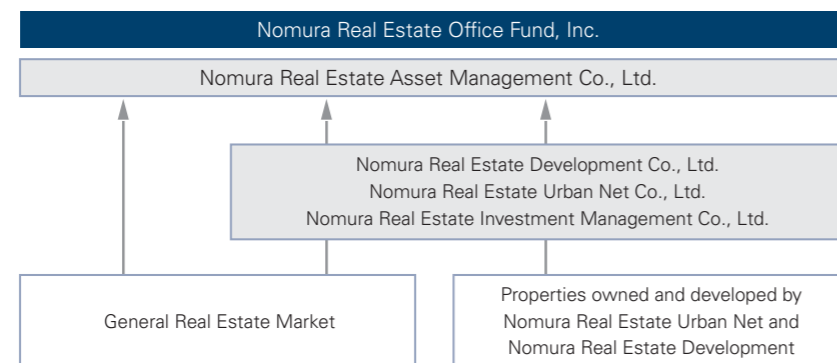
PROCESS OF DECISION-MAKING

We have ensured transparency in the decision-making process by placing agenda through the Compliance Committee, in which two external members with professional experience sit.

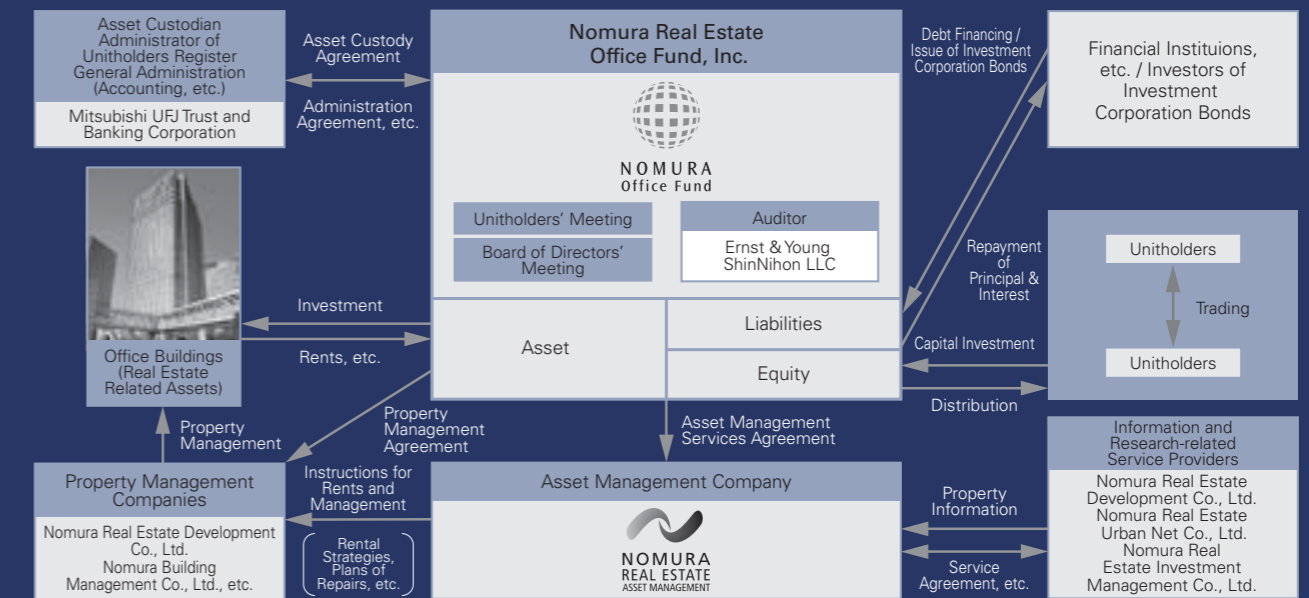


USE OF INFORMATION NETWORK OF NOMURA REAL ESTATE GROUP

In order to maximize opportunity to invest in better properties, we have collected as much information as possible not only from the Asset Management Company but also from other companies of Nomura Real Estate group as listed below.



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, 2008)

Number of Units Issued
 305,123 (as of October 31, 2008)

Number of Unitholders
 12,406 (as of October 31, 2008)

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

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

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

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

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/>