



NOMURA  
Office Fund

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For Immediate Release

Nomura Real Estate Office Fund, Inc.  
Yoshiyuki Ito, Executive Director  
(Securities Code: 8959)

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## Nomura Office Fund Announces Financial Results for the Fiscal Period Ended April 30, 2015

Nomura Real Estate Office Fund, Inc. (“Nomura Office Fund”, “NOF” or the “Fund” hereafter) (TSE: 8959) (URL: <http://www.nre-of.co.jp/english/>), announces its financial results for the twenty-third fiscal period (November 1, 2014 to April 30, 2015).

### 1. Outline of Financial Results for the Fiscal Period Ending October 31, 2014

(Omit fractions under one million yen)

(1) Operating Results (Ratio of increases and decreases in comparison with the previous period)

	Operating Revenues		Operating Profits		Ordinary Income	
Period Ended	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
<b>April 30, 2015</b>	<b>13,025</b>	<b>(-0.6)</b>	<b>5,150</b>	<b>(-5.3)</b>	<b>3,614</b>	<b>(-8.3)</b>
October 31, 2014	13,105	(6.9)	5,441	(6.6)	3,942	(8.6)

	Net Income		Net Income per Unit	ROE (Return on Equity)(Note 1)	ROA (Return on Assets) (Note 2)	Ordinary Income to Operating Revenues Ratio
Period Ended	Millions of yen	(%)	yen	%	%	%
<b>April 30, 2015</b>	<b>3,613</b>	<b>(-8.3)</b>	<b>9,699</b>	<b>1.7</b>	<b>0.8</b>	<b>27.7</b>
October 31, 2014	3,941	(8.6)	10,579	1.8	0.9	30.1

(Note 1)ROE is equal to a fiscal period's Net Income/ {(Net Assets at the beginning of the period + Net Assets at the end of the period)/2} × 100.

(Note 2)ROA is equal to a fiscal period's Ordinary Income/ {(Total Assets at the beginning of the period + Total Assets at the end of the period)/2} × 100.

### (2) Distributions

	Cash Distributions per Unit (Note1)	Total Cash Distributions	Distributions in Excess of Net Income per Unit	Distributions in Excess of Net Income	Payout Ratio (Note2)	Distributions to Net Asset Ratio
Period Ended	yen	Millions of yen	yen	Millions of yen	%	%
<b>April 30, 2015</b>	<b>9,699</b>	<b>3,613</b>	<b>0</b>	<b>0</b>	<b>99.9</b>	<b>1.7</b>
October 31, 2014	10,579	3,941	0	0	99.9	1.8

(Note 1) Payout ratio = Total Cash Distributions (excluding distribution in excess of earnings) ÷ Net income × 100

### (3) Financial Position

	Total Assets	Net Assets	Capital Adequacy Ratio	Net Assets per Unit
Period Ended	<u>Millions of yen</u>	<u>Millions of yen</u>	<u>%</u>	<u>yen</u>
<b>April 30, 2015</b>	<b>439,861</b>	<b>215,198</b>	<b>48.9</b>	<b>577,630</b>
October 31, 2014	435,644	215,525	49.5	578,510

### (4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
Period Ended	<u>Millions of yen</u>	<u>Millions of yen</u>	<u>Millions of yen</u>	<u>Millions of yen</u>
<b>April 30, 2015</b>	<b>4,598</b>	<b>-5,931</b>	<b>887</b>	<b>31,748</b>
October 31, 2014	6,967	-1,303	-3,971	32,193

## 2. Forecasts of Financial Results for the Fiscal Period Ending October 31, 2015 (From May 1, 2015 to October 31, 2015)

	Operating Revenues	Operating Profits	Ordinary Income	Net Income	Cash Distributions per Unit	Distributions in Excess of Net Income per Unit
Period Ending	<u>Millions of yen</u> (%)	<u>Millions of yen</u> (%)	<u>Millions of yen</u> (%)	<u>Millions of yen</u> (%)	<u>yen</u>	<u>yen</u>
October 31, 2015	13,030 (0.0)	4,909 (-4.7)	3,398 (-6.0)	3,339 (-6.0)	9,120	0

(Reference) Forecast Net Income per Unit: JPY9,120

### 3. Others

#### (1) Changes in Accounting Policies

- Changes in accounting policies due to revisions in accounting standards: None
- Changes not mentioned in a. above: None
- Changes in accounting estimate: None
- Retrospective restatement: None

#### (2) Number of investment units issued

- The number of investment units issued (including treasury investment units)
  - As of April 30, 2015 372,553
  - As of October 31, 2014 372,553
- The number of treasury investment units
  - As of April 30, 2015 0
  - As of October 31, 2014 0

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

#### Forecast Statements

The forecasts above are based on information currently available to NOF and on a certain condition deemed to be reasonable. The actual results may vary due to many factors. Accordingly, NOF does not guarantee the cash distribution amount identified above.

### Assumptions for Forecasts of Financial Results for the Fiscal Period Ending October 31, 2015

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>Twenty-fourth fiscal period: May 1, 2015 through October 31, 2015</li> </ul>
Investment Portfolio	<ul style="list-style-type: none"> <li>The Fund assumes that the investment portfolio consisting of 55 properties owned by the Fund as of the end of the 23rd fiscal period will remain unchanged up to the end of the 24th fiscal period (October 31, 2015).</li> <li>In practice, the investment portfolio is subject to potential change.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>The forecast of operating revenues for the 24th fiscal period is based upon the operating revenues from 55 properties owned by the Fund as of end of the 23rd fiscal period.</li> <li>The forecasts of the level of the rent and vacancy rates are based on the trend of tenants, competing buildings in the neighborhood, and the recent real estate market trend, etc.</li> <li>Assumed that there is no rent in arrears and nonpayment of the rent.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>In general, the fixed asset taxes and urban planning taxes imposed on the properties in the tax year (including the date) of transaction are distributed to the seller and the purchaser on a daily pro-rata basis and settled at the time of acquisition, and such taxes are deemed as the acquisition costs, not expenses.</li> <li>However, as to the 54 out of the 55 properties currently owned, of the estimated amount of annual tax, ¥1,227 million will be allocated as rental business expenses.</li> <li>Outsourcing expenses are estimated at ¥1,578 million.</li> <li>As for the repair and maintenance, the Asset Management Company (Nomura Real Estate Asset Management Co., Ltd.) estimates the required amounts for the respective properties for each of the fiscal periods based on the medium- and long-term repair plans. However, it is possible that the actual repair expenses for the fiscal periods may differ significantly from the estimates since (i) an unforeseeable event might cause serious damage to a building requiring emergent repair expenditure, (ii) amounts might vary year by year, and (iii) certain types of repair expenses are not required every year.</li> <li>Rental revenues after deducting the rental expenses (including depreciation costs) is estimated at ¥6,840 million (excluding profits on sale of real estate, etc.). Depreciation costs are estimated at ¥1,894 million.</li> <li>The operating expenses other than the rental expenses (including asset custody fees and general administration fees) are estimated at ¥1,280 million.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>Interest payable is estimated at ¥1,282 million.</li> <li>Loan-related expenses are estimated at ¥101 million.</li> </ul>
Interest-Bearing Debts	<ul style="list-style-type: none"> <li>The amount of the Fund's interest-bearing debts outstanding as of today is ¥162,450 million of loan and ¥34,500 million of investment corporation bonds.</li> <li>Concerning the borrowings of ¥11,750 million which will mature by the last business day of the 24th fiscal period (October 31, 2015), the Fund assumes that the entire amount will be refinanced excluding the scheduled repayment of ¥250 million.</li> <li>The Fund assumes that there will be no changes in debt amounts other than the above.</li> </ul>
Investment Units	<ul style="list-style-type: none"> <li>The Fund assumes that the number of investment units is 372,553 units outstanding as of today.</li> </ul>
Cash Distribution per Unit	<ul style="list-style-type: none"> <li>Cash distribution per unit is calculated according to the Fund's distribution policy outlined in its Articles of Incorporation.</li> <li>Cash distribution per unit may vary due to various factors, including changes in the investment portfolio, changes in rent income caused by the tenant replacements, and unforeseen repairs.</li> </ul>
Distribution in Excess of Net Income per Unit	<ul style="list-style-type: none"> <li>The Fund does not currently plan any distribution in excess of net income per unit.</li> </ul>
Others	<ul style="list-style-type: none"> <li>The Fund assumes that there will be no amendments in legislation, taxation, Japanese GAAP, listing requirements and Investment Trusts Association regulations, which affect the above forecasts.</li> <li>The Fund assumes that there will be no material changes in general economic conditions and real estate markets.</li> </ul>

**4. Financial Statements**  
**(1) Balance Sheets**

	22nd Period As of Oct. 31, 2014 (¥000)	23rd Period As of Apr. 30, 2015 (¥000)
<b>Assets</b>		
<b>Current assets</b>		
Cash and bank deposits	14,811,727	14,860,960
Cash and bank deposits in trust	17,382,219	16,887,746
Rental Receivables	232,071	203,951
Prepaid expenses	84,470	125,098
Deferred tax assets	36	15
Consumption taxes receivable	-	6,850
Other current assets	367,030	322,420
<b>Total current assets</b>	<b>32,877,557</b>	<b>32,407,043</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	40,114,670	41,933,805
Accumulated depreciation	(5,498,287)	(5,997,834)
Buildings, net	34,616,382	35,935,971
Structures	97,422	109,682
Accumulated depreciation	(50,233)	(54,951)
Structures, net	47,189	54,731
Machinery and equipment	713,821	797,865
Accumulated depreciation	(292,044)	(315,017)
Machinery and equipment, net	421,777	482,848
Tools, furniture and fixtures	35,223	47,393
Accumulated depreciation	(11,237)	(13,748)
Tools, furniture and fixtures, net	23,986	33,645
Land	83,320,976	86,784,496
Buildings in trust	98,752,439	99,750,133
Accumulated depreciation	(25,235,480)	(26,464,212)
Buildings in trust, net	73,516,959	73,285,921
Structures in trust	262,941	264,016
Accumulated depreciation	(198,312)	(202,929)
Structures in trust, net	64,628	61,087
Machinery and equipment in trust	1,018,792	1,039,553
Accumulated depreciation	(638,280)	(667,270)
Machinery and equipment in trust, net	380,512	372,283
Tools, furniture and fixtures in trust	410,113	434,251
Accumulated depreciation	(223,759)	(240,494)
Tools, furniture and fixtures in trust, net	186,354	193,757
Land in trust	204,369,361	204,369,361
Lease assets in trust	43,691	43,691
Accumulated depreciation	(11,828)	(15,847)
Lease assets in trust, net	31,862	27,843
Others	42,693	106,540
<b>Total property, plant and equipment</b>	<b>397,022,683</b>	<b>401,708,488</b>
Intangible assets		
Leasehold rights	1,900,904	1,900,904
Leasehold rights in trust	3,232,022	3,232,022
Other intangible assets in trust	741	725
<b>Total intangible assets</b>	<b>5,133,669</b>	<b>5,133,653</b>
Investments and other assets		
Long-term prepaid expenses	143,652	110,492
Security deposits	410,890	410,890
Total investments and other assets	554,542	521,382
<b>Total non-current assets</b>	<b>402,710,894</b>	<b>407,363,523</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	56,203	90,456
<b>Total deferred assets</b>	<b>56,203</b>	<b>90,456</b>
<b>Total assets</b>	<b>435,644,655</b>	<b>439,861,023</b>

	22nd Period As of Oct. 31, 2014 (¥000)	23rd Period As of Apr. 30, 2015 (¥000)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	894,436	935,980
Current portion of investment corporation bonds	11,000,000	10,000,000
Current portion of long-term debt	24,350,000	18,000,000
Lease obligations in trust	8,651	8,651
Other accounts payable	1,250,248	1,380,260
Accrued expenses	606,337	557,803
Accrued income taxes	751	290
Accrued consumption taxes	596,342	-
Rent received in advance	1,917,534	1,898,264
Deposits received	331,584	76,248
Total current liabilities	40,955,886	32,857,498
<b>Non-current liabilities</b>		
Investment corporation bonds	28,500,000	24,500,000
Long-term debt	128,230,000	144,450,000
Lease obligations in trust	25,581	21,256
Security deposits from tenants	6,750,508	7,022,702
Security deposits in trust from tenants	15,656,745	15,811,409
Total non-current liabilities	179,162,836	191,805,368
<b>Total liabilities</b>	220,118,723	224,662,866
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	211,430,494	211,430,494
Surplus		
Voluntary reserve		
Reserve for reduction entry	154,176	154,176
Total voluntary reserve	154,176	154,176
Unappropriated retained earnings (undisposed loss)	3,941,262	3,613,486
Total surplus	4,095,438	3,767,662
Total unitholders' equity	215,525,932	215,198,156
<b>Total net assets</b>	215,525,932	215,198,156
<b>Total liabilities and net assets</b>	435,644,655	439,861,023

## (2) Statements of Income and Retained Earnings

	22nd Period from May 1, 2014 to Oct. 31, 2014 (¥000)	23rd Period from Nov. 1, 2014 to Apr. 30, 2015 (¥000)
<b>Operating revenues</b>		
Real estate rental revenues	11,747,350	11,601,464
Other rental revenues	1,358,379	1,423,559
Total operating revenues	13,105,730	13,025,024
Operating expenses		
Real estate rental expenses	6,403,535	6,597,380
Asset management fees	1,070,098	1,043,927
Asset custody fees	30,051	30,086
Administrative service fees	70,565	79,926
Directors' compensations	7,200	7,200
Other operating expenses	82,953	116,252
Total operating expenses	7,664,406	7,874,773
<b>Operating profit</b>	5,441,323	5,150,250
<b>Non-operating revenues</b>		
Interest Income	2,927	3,173
Insurance Income	4,288	10,415
Reversal of cash distributions payable	2,847	3,272
Others	1,402	63
Total non-operating revenues	11,466	16,925
<b>Non-operating expenses</b>		
Interest expenses	951,320	929,997
Interest expenses on investment corporation bonds	392,608	377,792
Amortization of investment corporation bond issuance costs	9,808	8,954
Loan arrangement fees	96,362	109,391
Others	60,101	126,621
Total non-operating expenses	1,510,202	1,552,757
<b>Ordinary income</b>	3,942,588	3,614,418
<b>Income before income taxes</b>	3,942,588	3,614,418
Income taxes - current	1,346	934
Income taxes - deferred	(20)	21
Total income taxes	1,325	956
<b>Net income</b>	3,941,262	3,613,462
<b>Retained earnings brought forward</b>	—	23
<b>Unappropriated retained earnings (undisposed loss)</b>	3,941,262	3,613,486

### (3) Statements of Changes in Net Assets

Previous period (from May 1, 2014 to October 31, 2014)

(¥000)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Voluntary retained earnings				
Balance at beginning of current period	211,430,494	249,697	249,697	3,630,008	3,879,706	215,310,200	215,310,200
Changes of items during period							
Reversal of reserve for reduction entry	—	(95,521)	(95,521)	95,521	—	—	—
Dividends of surplus	—	—	—	(3,725,530)	(3,725,530)	(3,725,530)	(3,725,530)
Net income	—	—	—	3,941,262	3,941,262	3,941,262	3,941,262
Total changes of items during period	—	(95,521)	(95,521)	311,253	215,732	215,732	215,732
Balance at end of current period	211,430,494	154,176	154,176	3,941,262	4,095,438	215,525,932	215,525,932

Current period (from November 1, 2013 to April 30, 2014)

(¥000)

	Unitholders' equity						Total net assets
	Unitholders' capital	Surplus				Total unitholders' equity	
		Voluntary retained earnings		Unappropriated retained earnings (undisposed loss)	Total surplus		
		Reserve for reduction entry	Voluntary retained earnings				
Balance at beginning of current period	211,430,494	154,176	154,176	3,941,262	4,095,438	215,525,932	215,525,932
Changes of items during period							
Dividends of surplus	—	—	—	(3,941,238)	(3,941,238)	(3,941,238)	(3,941,238)
Net income	—	—	—	3,613,462	3,613,462	3,613,462	3,613,462
Total changes of items during period	—	—	—	(327,775)	(327,775)	(327,775)	(327,775)
Balance at end of current period	211,430,494	154,176	154,176	3,613,486	3,767,662	215,198,156	215,198,156

#### (4) Statements of Cash Distributions

	22nd Period from May 1, 2014 to Oct. 31, 2014 (¥)	23rd Period from Nov. 1, 2014 to Apr. 30, 2015 (¥)
<b>I . Unappropriated retained earnings</b>	3,941,262,129	3,613,486,500
<b>II . Total cash distributions</b> (cash distributions per unit)	3,941,238,187 (10,579)	3,613,391,547 (9,699)
<b>III . Retained earnings brought forward</b>	23,942	94,953

Method for calculating distribution amount	<p>In order to qualify for special tax treatment under Article 67-15 of Special Taxation Measures Law (Law No. 26 of 1957) , the Fund decided to have maximum cash distribution amount treated as deductible dividends, the Fund distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the total amount of cash distribution for this fiscal period was ¥3,941,238,187.</p> <p>Furthermore, the Fund shall not distribute cash in excess of earnings as stipulated in Article 34 Item 2 of its articles of incorporation.</p>	<p>In order to qualify for special tax treatment under Article 67-15 of Special Taxation Measures Law (Law No. 26 of 1957) , the Fund decided to have maximum cash distribution amount treated as deductible dividends, the Fund distributed the entire unappropriated retained earnings except for fractional amounts smaller than one yen per each investment unit. As a result, the total amount of cash distribution for this fiscal period was ¥3,613,391,547.</p> <p>Furthermore, the Fund shall not distribute cash in excess of earnings as stipulated in Article 34 Item 2 of its articles of incorporation.</p>
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## (5) Statements of Cash Flows

	22nd Period from May 1, 2014 to Oct. 31, 2014 (¥000)	23rd Period from Nov. 1, 2014 to Apr. 30, 2015 (¥000)
<b>Cash flows from operating activities</b>		
Income before income taxes	3,942,588	3,614,418
Depreciation	1,806,384	1,845,127
Amortization of long-term prepaid expenses	10,862	10,918
Amortization of investment corporation bond issuance costs	9,808	8,954
Interest income	(2,927)	(3,173)
Interest expenses	1,343,928	1,307,789
Loss on disposal of property and equipment	3,129	25,094
(Increase)Decrease in rental receivables	(18,807)	28,120
Decrease in consumption taxes receivable	135,535	(6,850)
Increase (Decrease) in trade accounts payable	194,793	41,457
(Decrease) Increase in other accounts payable	57,167	(74,739)
Increase (decrease) in accrued consumption taxes	596,342	(596,342)
(Decrease) in rent received in advance	(1,590)	(19,270)
Increase (decrease) in deposits received	214,887	(255,335)
Other, net	(19,854)	26,961
Subtotal	8,272,247	5,953,132
Interest received	2,927	3,173
Interest paid	(1,306,627)	(1,356,077)
Income taxes paid	(1,017)	(1,396)
<b>Net cash provided by operating activities</b>	<b>6,967,529</b>	<b>4,598,831</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(391,303)	(5,406,157)
Payments for purchases of property, plant and equipment in trust	(680,978)	(952,568)
Reimbursement of security deposits to tenants	(161,680)	(132,809)
Proceeds from security deposits from tenants	109,595	405,003
Reimbursement of security deposits in trust to tenants	(604,402)	(584,048)
Proceeds from security deposits in trust from tenants	425,377	738,712
<b>Net cash provided by (used in) investing activities</b>	<b>(1,303,392)</b>	<b>(5,931,868)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	11,700,000	22,470,000
Repayment of long-term debt	(11,950,000)	(12,600,000)
Proceeds from investment corporation bonds	—	6,000,000
Redemption of investment corporation bonds	—	(11,000,000)
Payment of investment corporation bonds issuance costs	—	(43,207)
Distributions to unitholders	(3,721,940)	(3,938,995)
<b>Net cash used in financing activities</b>	<b>(3,971,940)</b>	<b>887,796</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,692,196</b>	<b>(445,240)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>30,501,750</b>	<b>32,193,947</b>
<b>Cash and cash equivalents at end of period</b>	<b>32,193,947</b>	<b>31,748,707</b>

**Disclaimer**

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Estimates for Nomura Office Fund’s future operating results contained in this 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 NOF. Actual results may differ substantially from the projections depending on a number of factors.

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