



NOMURA  
Office Fund

For Immediate Release

June 14, 2013

Nomura Real Estate Office Fund, Inc.  
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(Securities Code: 8959)

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**Nomura Office Fund Announces Financial Results  
for the Fiscal Period Ended April 30, 2013**

[Nomura Real Estate Office Fund, Inc.](http://www.nre-of.co.jp/english/) (“Nomura Office Fund”, “NOF” or the “Fund” hereafter) (TSE: 8959) (URL: <http://www.nre-of.co.jp/english/>), announces its financial results for the nineteenth fiscal period (November 1, 2012 to April 30, 2013).

**1. Outline of Financial Results for the Fiscal Period Ending April 30, 2013**

(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	
	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
Period Ended						
<b>April 30, 2013</b>	<b>12,673</b>	<b>(-0.2)</b>	<b>5,544</b>	<b>(1.1)</b>	<b>4,027</b>	<b>(2.9)</b>
October 31, 2012	12,701	(2.1)	5,482	(-0.8)	3,913	(0.3)

	Net Income		Net Income per Unit	ROE (Return on Equity)(Note 1)	ROA (Return on Assets) (Note 2)	Ordinary Income to Operating Revenues Ratio
	Millions of yen	(%)	yen	%	%	%
Period Ended						
<b>April 30, 2013</b>	<b>4,026</b>	<b>(2.9)</b>	<b>13,195</b>	<b>2.1</b>	<b>1.0</b>	<b>31.8</b>
October 31, 2012	3,912	(0.3)	12,824	2.1	1.0	30.8

(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
	yen	Millions of yen	yen	Millions of yen	%	%
Period Ended						
<b>April 30, 2013</b>	<b>12,412</b>	<b>3,787</b>	<b>0</b>	<b>0</b>	<b>94.0</b>	<b>2.0</b>
October 31, 2012	12,824	3,912	0	0	99.9	2.1

(Note 1) Cash Distributions per Unit for the period ended April 30, 2013 is calculated by dividing the amount after adding the provision of reserve for reduction entry (¥239 million) to unappropriated retained earnings by the number of investment units issued and outstanding.

(Note 2) Payout Ratio is rounded off to the first decimal place.

### (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, 2013</b>	<b>393,914</b>	<b>189,581</b>	<b>48.1</b>	<b>621,329</b>
October 31, 2012	397,375	189,468	47.7	620,957

(Reference) Owned Capital: As of April 30, 2013 JPY189,581mln As of October 31, 2012 JPY189,468mln

### (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, 2013</b>	<b>8,935</b>	<b>-1,609</b>	<b>-7,360</b>	<b>27,324</b>
October 31, 2012	6,224	-908	-4,649	27,358

## 2. Forecasts of Financial Results for the Fiscal Period Ending October 31, 2013 (From May 1, 2013 to October 31, 2013)

	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>%</u> )	<u>Millions of yen</u> ( <u>%</u> )	<u>Millions of yen</u> ( <u>%</u> )	<u>Millions of yen</u> ( <u>%</u> )	<u>yen</u>	<u>yen</u>
October 31, 2013	12,249 (-3.3)	5,033 (-9.2)	3,569 (-11.4)	3,568 (-11.4)	10,000	0

(Reference) Forecast Net Income per Unit: JPY9,579

## 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, 2013 305,123
  - As of October 31, 2012 305,123
- The number of treasury investment units
  - As of April 30, 2013 0
  - As of October 31, 2012 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. Net income per unit after adjusting for diluted units is not stated because there are no diluted investment units.

### 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, 2013

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>• Twentieth fiscal period: May 1, 2013 through October 31, 2013</li> </ul>
Investment Portfolio	<ul style="list-style-type: none"> <li>• The Fund assumes that the investment portfolio consisting of 50 properties owned by the Fund as of the end of the nineteenth fiscal period (the “Acquired Properties”) and has scheduled to acquire further 3 more properties concerning Otemachi Tatemono Gotanda Building, PMO Nihonbashi Odenmacho, and NF Hongo Building (the “Newly Acquired Properties”) up to the end of the twentieth fiscal period (October 31, 2013). Scheduled date of acquisition is July 5, 2013.</li> <li>• The forecasts are based on the assumption that the Newly Acquired Properties has acquired and the investment portfolio will remain unchanged thereafter up to the end of the twentieth fiscal period (ending October 31, 2013)</li> <li>• In practice, the investment portfolio is subject to potential change.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>• The forecasts of the level of the rent and vacancy rates are based on the operating revenues from Acquired Properties, the information provided from the sellers of Newly Acquired Properties, 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>• Taxes related to the 50 Acquired Properties estimated amount of ¥1,119 million are calculated as rental expenses.</li> <li>• Outsourcing expenses are estimated at ¥1,403 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 expenses (including depreciation costs) are estimated at ¥6,042 million. Depreciation costs are estimated at ¥1,681 million.</li> <li>• The operating expenses other than the rental expenses (including asset custody fees and general administration fees) are estimated at ¥1,070 million.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses requires temporarily for the public offering, determined at the Board of Directors Meeting on June 14, 2013, is estimated to be ¥54 million.</li> <li>• Interest payable is estimated at ¥1,262 million.</li> <li>• Loan-related expenses are estimated at ¥91 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 ¥139,700 million of loan and ¥39,500 million of investment corporation bonds. The Fund intends to use planned amount of the proceeds from the issue of new investment units through public offering and secondary offering for acquiring properties. Remaining funds, if any, will be applied to repayment of interest-bearing debts.</li> <li>• The Fund assumes that, after the repayment of ¥15,800 million of agreed repayments and the scheduled repayment of ¥250 million in the twentieth fiscal period (October 31, 2013), the total amount of loan debts at the end of the fiscal period will be ¥163,150 million.</li> <li>• There will be no changes in debt amounts and the interest rates up to and including the end of the twentieth period (ending October 31, 2013); provided, however, that the Fund may not repay the above amount of debts depending upon the issue price of the investment units to be issued additionally.</li> </ul>
Investment Units	<ul style="list-style-type: none"> <li>• The Fund assumes that, in addition to the current 305,123 investment units issued, a total of 67,430 investment units will be issued through public offering of new investment units (62,730 units) and the third-party allotment (up to 4,700 units).</li> <li>• The Fund assumes that no additional investment units will be issued until the end of</li> </ul>

	<p>the twentieth fiscal period.</p> <ul style="list-style-type: none"> <li>• Net income per unit and cash distribution per unit are calculated on the basis of 372,553 units, the calculated number of investment units at the end of each fiscal period, including the units being issued in the current offering.</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>• The Fund will break down and distribute the reserve for reduction entry; the assumed amounts are the 156 million yen in the twentieth fiscal period (October 31, 2013).</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

	18 <sup>th</sup> Period As of Oct. 31, 2012 (¥000)	19 <sup>th</sup> Period As of Apr. 30, 2013 (¥000)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank deposits	10,907,460	10,570,955
Cash and bank deposits in trust	16,451,245	16,753,613
Rental Receivables	259,984	207,075
Prepaid expenses	78,843	86,893
Deferred tax assets	5	20
Other current assets	383,088	326,015
Total current assets	<u>28,080,627</u>	<u>27,944,573</u>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings	31,097,673	31,179,074
Accumulated depreciation	(3,889,103)	(4,245,881)
Buildings, net	<u>27,208,569</u>	<u>26,933,192</u>
Structures	92,224	92,224
Accumulated depreciation	(34,317)	(37,974)
Structures, net	<u>57,906</u>	<u>54,250</u>
Machinery and equipment	696,224	706,907
Accumulated depreciation	(205,411)	(226,653)
Machinery and equipment, net	<u>490,812</u>	<u>480,254</u>
Tools, furniture and fixtures	16,520	19,387
Accumulated depreciation	(6,016)	(7,106)
Tools, furniture and fixtures, net	<u>10,504</u>	<u>12,280</u>
Land	61,683,840	61,683,840
Buildings in trust	95,843,378	94,157,264
Accumulated depreciation	(21,011,755)	(21,647,659)
Buildings in trust, net	<u>74,831,623</u>	<u>72,509,604</u>
Structures in trust	274,931	260,370
Accumulated depreciation	(187,286)	(185,134)
Structures in trust, net	<u>87,645</u>	<u>75,235</u>
Machinery and equipment in trust	952,695	915,784
Accumulated depreciation	(576,400)	(558,192)
Machinery and equipment in trust, net	<u>376,294</u>	<u>357,591</u>
Tools, furniture and fixtures in trust	299,640	331,351
Accumulated depreciation	(161,937)	(173,487)
Tools, furniture and fixtures in trust, net	<u>137,702</u>	<u>157,864</u>
Land in trust	201,783,441	201,040,928
Leased assets in trust	33,956	57,100
Accumulated depreciation	(25,882)	(23,352)
Leased assets in trust, net	<u>8,073</u>	<u>33,747</u>
Others	43,688	63,002
Total property, plant and equipment	<u>366,720,102</u>	<u>363,401,792</u>
Intangible assets		
Leasehold rights	1,900,904	1,900,904
Other intangible assets in trust	1,301	1,037
Total intangible assets	<u>1,902,206</u>	<u>1,901,942</u>
Investments and other assets		
Long-term prepaid expenses	165,814	169,665
Security deposits	410,850	410,880
Total investments and other assets	<u>576,664</u>	<u>580,545</u>
Total noncurrent assets	<u>369,198,972</u>	<u>365,884,280</u>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	95,439	85,630
Total deferred assets	<u>95,439</u>	<u>85,630</u>
<b>Total assets</b>	<u>397,375,039</u>	<u>393,914,483</u>

	18 <sup>th</sup> Period As of Oct. 31, 2012 (¥000)	19 <sup>th</sup> Period As of Apr. 30, 2013 (¥000)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	1,070,696	922,741
Short-term debt	1,000,000	—
Current portion of long-term debt	29,000,000	24,000,000
Lease obligations in trust	3,809	8,148
Other accounts payable	1,000,116	1,488,513
Accrued expenses	712,135	584,953
Accrued income taxes	192	477
Accrued consumption taxes	242,666	196,747
Rent received in advance	1,874,977	1,832,404
Deposits received	61,962	519,339
Total current liabilities	<u>34,966,557</u>	<u>29,553,325</u>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	39,500,000	39,500,000
Long-term debt	113,150,000	115,700,000
Lease obligations in trust	4,786	27,415
Security deposits from tenants	4,167,363	4,077,558
Security deposits in trust from tenants	16,117,894	15,474,253
Total noncurrent liabilities	<u>172,940,044</u>	<u>174,779,226</u>
<b>Total liabilities</b>	<u>207,906,601</u>	<u>204,332,551</u>
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	185,455,446	185,455,446
Surplus		
Voluntary reserve		
Reserve for reduction entry	100,000	100,000
Total voluntary reserve	<u>100,000</u>	<u>100,000</u>
Unappropriated retained earnings (undisposed loss)	<u>3,912,991</u>	<u>4,026,484</u>
Total surplus	<u>4,012,991</u>	<u>4,126,484</u>
Total unitholders' equity	<u>189,468,438</u>	<u>189,581,931</u>
<b>Total net assets</b>	<u>189,468,438</u>	<u>189,581,931</u>
<b>Total liabilities and net assets</b>	<u>397,375,039</u>	<u>393,914,483</u>

## (2) Statements of Income and Retained Earnings

	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 <sup>th</sup> Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
<b>Operating revenues</b>		
Real estate rental revenues	11,350,853	11,189,423
Other rental revenues	1,350,832	1,245,038
Gain on sales of real estate	—	239,120
Total operating revenues	12,701,685	12,673,582
<b>Operating expenses</b>		
Real estate rental expenses	6,040,300	5,967,797
Asset management fees	996,041	974,346
Asset custody fees	28,662	28,651
Administrative service fees	63,734	64,335
Directors' compensations	10,800	8,000
Other operating expenses	79,414	85,702
Total operating expenses	7,218,953	7,128,834
<b>Operating profit</b>	5,482,732	5,544,747
<b>Non-operating revenues</b>		
Interest income	2,609	2,656
Penalty income	30,053	—
Insurance income	—	8,294
Reversal of cash distributions payable	5,630	6,536
Others	3,671	75
Total non-operating revenues	41,964	17,563
<b>Non-operating expenses</b>		
Interest expenses	1,023,648	902,901
Interest expense on investment corporation bonds	392,065	386,591
Amortization of investment corporation bond issuance costs	9,808	9,808
Loan arrangement fees	119,494	103,203
Others	65,722	132,413
Total non-operating expenses	1,610,739	1,534,918
<b>Ordinary income</b>	3,913,957	4,027,392
<b>Income before income taxes</b>	3,913,957	4,027,392
Income taxes-current	1,004	1,016
Income taxes-deferred	9	(14)
Total income taxes	1,013	1,002
<b>Net income</b>	3,912,944	4,026,390
<b>Retained earnings brought forward</b>	46	94
<b>Unappropriated retained earnings (undisposed loss)</b>	3,912,991	4,026,484

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

	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 <sup>th</sup> Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
<b>Unitholders' equity</b>		
<b>Unitholders' capital</b>		
Balance at the beginning of current period	185,455,446	185,455,446
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	185,455,446	185,455,446
<b>Surplus</b>		
<b>Voluntary reserve</b>		
<b>Reserve for reduction entry</b>		
Balance at the beginning of current period	100,000	100,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	100,000	100,000
<b>Total voluntary reserve</b>		
Balance at the beginning of current period	100,000	100,000
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	100,000	100,000
Unappropriated retained earnings (undisposed loss)		
Balance at the beginning of current period	3,902,570	3,912,991
Changes of items during the period		
Dividends from surplus	(3,092,523)	(3,912,897)
Net income	3,912,944	4,026,390
Total changes of items during the period	10,421	113,493
Balance at the end of current period	3,912,991	4,026,484
<b>Total surplus</b>		
Balance at the beginning of current period	4,002,570	4,012,991
Changes of items during the period		
Dividends from surplus	(3,902,523)	(3,912,897)
Net income	3,912,944	4,026,390
Total changes of items during the period	10,421	113,493
Balance at the end of current period	4,012,991	4,126,484
<b>Total unitholders' equity</b>		
Balance at the beginning of current period	189,458,017	189,468,438
Changes of items during the period		
Dividends from surplus	(3,902,523)	(3,912,897)
Net income	3,912,944	4,026,390
Total changes of items during the period	10,421	113,493
Balance at the end of current period	189,468,438	189,581,931
<b>Total net assets</b>		
Balance at the beginning of current period	189,458,017	189,468,438
Changes of items during the period		
Dividends from surplus	(3,902,523)	(3,912,897)
Net income	3,912,944	4,026,390
Total changes of items during the period	10,421	113,493
Balance at the end of current period	189,468,438	189,581,931



**(4) Statements of Cash Distributions**

	18 <sup>th</sup> Period from May. 1, 2012 to Oct. 31, 2012 (¥)	19 <sup>th</sup> Period from Nov 1, 2012 to Apr. 30, 2013 (¥)
<b>I. Unappropriated retained earnings</b>	3,912,991,375	4,026,484,621
<b>II. Total cash distributions</b>	3,912,897,352	3,787,186,676
(cash distributions per unit)	(12,824)	(12,412)
<b>III. Voluntary reserve</b>		
<b>Provision of reserve for reduction entry</b>	—	239,120,122
<b>VI. Retained earnings brought forward</b>	94,023	177,823

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 ¥3,912,897,352.</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>The Fund decided to accumulate compression reserves utilizing Article 66-2 of the Special Taxation Measures Law within the limit of taxable income in the period. In addition, 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 ¥3,787,186,676.</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**

	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 <sup>th</sup> Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
<b>Cash flows from operating activities</b>		
Income before income taxes	3,913,957	4,027,392
Depreciation	1,669,892	1,654,767
Amortization of long-term prepaid expenses	10,739	11,133
Amortization of investment corporation bond issuance costs	9,808	9,808
Interest income	(2,609)	(2,656)
Interest expenses	1,415,714	1,289,493
Loss on disposal of property and equipment	2,599	18,696
(Increase)Decrease in rental receivables	(38,986)	52,909
Decrease in consumption taxes receivable	157,794	—
Increase (Decrease) in trade accounts payable	434,223	(147,954)
(Decrease) Increase in other accounts payable	(40,102)	314,677
Increase (Decrease) in accrued consumption taxes	242,666	(45,919)
(Decrease) in rent received in advance	(19,430)	(42,573)
(Decrease) Increase in deposits received	(21,336)	457,377
Decrease in tangible fixed assets in trust due to sales	—	2,718,926
Others, net	(54,278)	33,812
Subtotal	7,680,652	10,349,891
Interest received	2,609	2,656
Interest paid	(1,457,935)	(1,416,428)
Income taxes paid	(1,115)	(732)
<b>Net cash provided by operating activities</b>	6,224,211	8,935,387
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(67,081)	(55,253)
Payments for purchases of property, plant and equipment in trust	(695,413)	(820,383)
Reimbursement of security deposits to tenants	(115,546)	(268,502)
Proceeds from security deposits from tenants	65,722	178,697
Reimbursement of security deposits in trust to tenants	(302,380)	(943,181)
Proceeds from security deposits in trust from tenants	206,425	299,540
<b>Net cash used in investing activities</b>	(908,273)	(1,609,084)
<b>Cash flows from financing activities</b>		
Repayment of short-term debt	(2,900,000)	(1,000,000)
Proceeds from long-term debt	29,900,000	22,500,000
Repayment of long-term debt	(27,750,000)	(24,950,000)
Distributions to unitholders	(3,899,919)	(3,910,440)
<b>Net cash used in financing activities</b>	(4,649,919)	(7,360,440)
<b>Net Increase (Decrease) in cash and cash equivalents</b>	666,017	(34,136)
<b>Cash and cash equivalents at beginning of period</b>	26,692,687	27,358,705
<b>Cash and cash equivalents at end of period</b>	27,358,705	27,324,568

**Disclaimer**

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