



For Immediate Release

NOMURA
Office Fund

June 14, 2013

Nomura Real Estate Office Fund, Inc.
Yuichi Maruko, Executive Director
(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. (“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	
Period Ended	Millions of yen	(%)	Millions of yen	(%)	Millions of yen	(%)
April 30, 2013	12,673	(-0.2)	5,544	(1.1)	4,027	(2.9)
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
Period Ended	Millions of yen	(%)	yen	%	%	%
April 30, 2013	4,026	(2.9)	13,195	2.1	1.0	31.8
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
Period Ended	yen	Millions of yen	yen	Millions of yen	%	%
April 30, 2013	12,412	3,787	0	0	94.0	2.0
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	Millions of yen	Millions of yen	%	yen
April 30, 2013	393,914	189,581	48.1	621,329
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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 30, 2013	8,935	-1,609	-7,360	27,324
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	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	Millions of yen (%)	yen	yen
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

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

(2) Number of investment units issued

- a. The number of investment units issued (including treasury investment units)
 - As of April 30, 2013 305,123
 - As of October 31, 2012 305,123
- b. 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"> Twentieth fiscal period: May 1, 2013 through October 31, 2013
Investment Portfolio	<ul style="list-style-type: none"> 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 Odenmachi, 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. 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) In practice, the investment portfolio is subject to potential change.
Operating Revenues	<ul style="list-style-type: none"> 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. Assumed that there is no rent in arrears and nonpayment of the rent.
Operating Expenses	<ul style="list-style-type: none"> 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. Taxes related to the 50 Acquired Properties estimated amount of ¥1,119 million are calculated as rental expenses. Outsourcing expenses are estimated at ¥1,403 million. 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. Rental revenues after deducting the rental expenses (including depreciation costs) is estimated at ¥6,042 million. Depreciation costs are estimated at ¥1,681 million. The operating expenses other than the rental expenses (including asset custody fees and general administration fees) are estimated at ¥1,070 million.
Non-Operating Expenses	<ul style="list-style-type: none"> 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. Interest payable is estimated at ¥1,262 million. Loan-related expenses are estimated at ¥91 million.
Interest-Bearing Debts	<ul style="list-style-type: none"> 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. 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. 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.
Investment Units	<ul style="list-style-type: none"> 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). The Fund assumes that no additional investment units will be issued until the end of

	<p>the twentieth fiscal period.</p> <ul style="list-style-type: none"> • 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.
Cash Distribution per Unit	<ul style="list-style-type: none"> • Cash distribution per unit is calculated according to the Fund's distribution policy outlined in its Articles of Incorporation. • 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). • 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.
Distribution in Excess of Net Income per Unit	<ul style="list-style-type: none"> • The Fund does not currently plan any distribution in excess of net income per unit.
Others	<ul style="list-style-type: none"> • 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. • The Fund assumes that there will be no material changes in general economic conditions and real estate markets.

4. Financial Statements

(1) Balance Sheets

	18 th Period As of Oct. 31, 2012 (¥000)	19 th Period As of Apr. 30, 2013 (¥000)
Assets		
Current Assets		
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	28,080,627	27,944,573
Noncurrent assets		
Property, plant and equipment		
Buildings	31,097,673	31,179,074
Accumulated depreciation	(3,889,103)	(4,245,881)
Buildings, net	27,208,569	26,933,192
Structures	92,224	92,224
Accumulated depreciation	(34,317)	(37,974)
Structures, net	57,906	54,250
Machinery and equipment	696,224	706,907
Accumulated depreciation	(205,411)	(226,653)
Machinery and equipment, net	490,812	480,254
Tools, furniture and fixtures	16,520	19,387
Accumulated depreciation	(6,016)	(7,106)
Tools, furniture and fixtures, net	10,504	12,280
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	74,831,623	72,509,604
Structures in trust	274,931	260,370
Accumulated depreciation	(187,286)	(185,134)
Structures in trust, net	87,645	75,235
Machinery and equipment in trust	952,695	915,784
Accumulated depreciation	(576,400)	(558,192)
Machinery and equipment in trust, net	376,294	357,591
Tools, furniture and fixtures in trust	299,640	331,351
Accumulated depreciation	(161,937)	(173,487)
Tools, furniture and fixtures in trust, net	137,702	157,864
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	8,073	33,747
Others	43,688	63,002
Total property, plant and equipment	366,720,102	363,401,792
Intangible assets		
Leasehold rights	1,900,904	1,900,904
Other intangible assets in trust	1,301	1,037
Total intangible assets	1,902,206	1,901,942
Investments and other assets		
Long-term prepaid expenses	165,814	169,665
Security deposits	410,850	410,880
Total investments and other assets	576,664	580,545
Total noncurrent assets	369,198,972	365,884,280
Deferred assets		
Investment corporation bond issuance costs	95,439	85,630
Total deferred assets	95,439	85,630
Total assets	397,375,039	393,914,483

	18 th Period As of Oct. 31, 2012 (¥000)	19 th Period As of Apr. 30, 2013 (¥000)
Liabilities		
Current liabilities		
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	34,966,557	29,553,325
Noncurrent liabilities		
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	172,940,044	174,779,226
Total liabilities	207,906,601	204,332,551
Net assets		
Unitholders' equity		
Unitholders' capital	185,455,446	185,455,446
Surplus		
Voluntary reserve		
Reserve for reduction entry	100,000	100,000
Total voluntary reserve	100,000	100,000
Unappropriated retained earnings (undisposed loss)	3,912,991	4,026,484
Total surplus	4,012,991	4,126,484
Total unitholders' equity	189,468,438	189,581,931
Total net assets	189,468,438	189,581,931
Total liabilities and net assets	397,375,039	393,914,483

(2) Statements of Income and Retained Earnings

	18 th Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 th Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
Operating revenues		
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
Operating expenses		
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
Operating profit	5,482,732	5,544,747
Non-operating revenues		
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
Non-operating expenses		
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
Ordinary income	3,913,957	4,027,392
Income before income taxes	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
Net income	3,912,944	4,026,390
Retained earnings brought forward	46	94
Unappropriated retained earnings (undisposed loss)	3,912,991	4,026,484

(3) Statements of Changes in Net Assets

	18 th Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 th Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
Unitholders' equity		
Unitholders' capital		
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
Surplus		
Voluntary reserve		
Reserve for reduction entry		
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
Total voluntary reserve		
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
Total surplus		
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
Total unitholders' equity		
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
Total net assets		
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 th Period from May. 1, 2012 to Oct. 31, 2012 (¥)	19 th Period from Nov 1, 2012 to Apr. 30, 2013 (¥)
I. Unappropriated retained earnings	3,912,991,375	4,026,484,621
II. Total cash distributions (cash distributions per unit)	3,912,897,352 (12,824)	3,787,186,676 (12,412)
III. Voluntary reserve		
Provision of reserve for reduction entry	—	239,120,122
VI.Retained earnings brought forward	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 th Period from May 1, 2012 to Oct. 31, 2012 (¥000)	19 th Period from Nov 1, 2012 to Apr. 30, 2013 (¥000)
Cash flows from operating activities		
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)
Net cash provided by operating activities	6,224,211	8,935,387
Cash flows from investing activities		
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
Net cash used in investing activities	(908,273)	(1,609,084)
Cash flows from financing activities		
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)
Net cash used in financing activities	(4,649,919)	(7,360,440)
Net Increase (Decrease) in cash and cash equivalents	666,017	(34,136)
Cash and cash equivalents at beginning of period	26,692,687	27,358,705
Cash and cash equivalents at end of period	27,358,705	27,324,568

Disclaimer

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In general, accounting principles and practices used by real estate investment corporations in Japan (“J-REITs”) in preparing its financial statements conform to 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 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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