



NOMURA  
Office Fund

For Immediate Release

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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 October 31, 2012**

[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 eighteenth fiscal period (May 1, 2012 to October 31, 2012).

**1. Outline of Financial Results for the Fiscal Period Ending October 31, 2012**

(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>October 31, 2012</b>	<b>12,701</b>	<b>(2.1)</b>	<b>5,482</b>	<b>(-0.8)</b>	<b>3,913</b>	<b>(0.3)</b>
April 30, 2012	12,441	(-8.8)	5,529	(-11.1)	3,903	(-15.7)

	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>October 31, 2012</b>	<b>3,912</b>	<b>(0.3)</b>	<b>12,824</b>	<b>2.1</b>	<b>1.0</b>	<b>30.8</b>
April 30, 2012	3,902	(-15.7)	12,789	2.1	1.0	31.4

(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	Total Cash Distributions	Distributions in Excess of Net Income per Unit	Distributions in Excess of Net Income	Payout Ratio (Note)	Distributions to Net Asset Ratio
	yen	Millions of yen	yen	Millions of yen	%	%
Period Ended						
<b>October 31, 2012</b>	<b>12,824</b>	<b>3,912</b>	<b>0</b>	<b>0</b>	<b>99.9</b>	<b>2.1</b>
April 30, 2012	12,790	3,902	0	0	100.0	2.1

(Note) 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>October 31, 2012</b>	<b>397,375</b>	<b>189,468</b>	<b>47.7</b>	<b>620,957</b>
April 30, 2012	397,667	189,458	47.6	620,923

(Reference) Owned Capital: As of October 31, 2012 JPY189,468mln As of April 30, 2012 JPY189,458mln

### (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>October 31, 2012</b>	<b>6,224</b>	<b>-908</b>	<b>-4,649</b>	<b>27,358</b>
April 30, 2012	4,914	-8,765	-5,773	26,692

## 2. Forecasts of Financial Results for the Fiscal Period Ending April 30, 2013 (From November 1, 2012 to April 30, 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>
April 30, 2013	12,509 (-1.5)	5,246 (-4.3)	3,754 (-4.1)	3,753 (-4.1)	12,300	0

(Reference) Forecast Net Income per Unit: JPY12,300

### 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 October 31, 2012 305,123

As of April 30, 2012 305,123

- The number of treasury investment units

As of October 31, 2012 0

As of April 30, 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 April 30, 2013

Item	Assumptions
Period	<ul style="list-style-type: none"> <li>Nineteenth fiscal period: November 1, 2012 through April 30, 2013</li> </ul>
Investment Portfolio	<ul style="list-style-type: none"> <li>The Fund assumes that the investment portfolio consisting of 51 properties owned by the Fund as of the end of the eighteenth fiscal period will remain unchanged up to the end of the nineteenth fiscal period (April 30, 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 forecast of operating revenues for the nineteenth fiscal period is based upon the operating revenues from 51 properties owned by the Fund as of the end of the eighteenth 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>The Fund assumes 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 property 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 as expenses.</li> <li>Property related taxes are calculated as rental expenses, estimated amount of ¥1,125 million.</li> <li>Outsourcing expenses are estimated at ¥1,439 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 ¥6,418 million (excluding profits on sale of real estate, etc.). Depreciation costs are estimated at ¥1,686 million.</li> <li>The operating expenses other than the rental expenses (including asset management fees, asset custody fees and general administration fees) are estimated at ¥1,172 million.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>Interest payable is estimated at ¥1,319 million.</li> <li>Loan-related expenses are estimated at ¥111million.</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 ¥143,150million of loan and ¥39,500 million of investment corporation bonds.</li> <li>Concerning the borrowings of ¥23,250 million which will mature by the last business day of the nineteenth fiscal period (April 30, 2013), 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 305,123 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 the regulations of The Investment Trusts Association, Japan, 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

	17 <sup>th</sup> Period As of Apr. 30, 2012 (¥000)	18 <sup>th</sup> Period As of Oct. 31, 2012 (¥000)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and bank deposits	10,226,772	10,907,460
Cash and bank deposits in trust	16,465,915	16,451,245
Rental Receivables	220,998	259,984
Prepaid expenses	92,802	78,843
Deferred tax assets	14	5
Consumption taxes receivable	157,794	—
Other current assets	320,473	383,088
<b>Total current assets</b>	<b>27,484,770</b>	<b>28,080,627</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings	31,036,112	31,097,673
Accumulated depreciation	(3,514,713)	(3,889,103)
Buildings, net	27,521,398	27,208,569
Structures	92,224	92,224
Accumulated depreciation	(30,660)	(34,317)
Structures, net	61,563	57,906
Machinery and equipment	696,224	696,224
Accumulated depreciation	(183,692)	(205,411)
Machinery and equipment, net	512,531	490,812
Tools, furniture and fixtures	15,727	16,520
Accumulated depreciation	(5,045)	(6,016)
Tools, furniture and fixtures, net	10,681	10,504
Land	61,683,840	61,683,840
Buildings in trust	95,156,330	95,843,378
Accumulated depreciation	(19,827,708)	(21,011,755)
Buildings in trust, net	75,328,622	74,831,623
Structures in trust	274,931	274,931
Accumulated depreciation	(181,498)	(187,286)
Structures in trust, net	93,432	87,645
Machinery and equipment in trust	947,131	952,695
Accumulated depreciation	(546,524)	(576,400)
Machinery and equipment in trust, net	400,606	376,294
Tools, furniture and fixtures in trust	288,143	299,640
Accumulated depreciation	(147,857)	(161,937)
Tools, furniture and fixtures in trust, net	140,286	137,702
Land in trust	201,783,441	201,783,441
Leased assets in trust	30,946	33,956
Accumulated depreciation	(26,283)	(25,882)
Leased assets in trust, net	4,662	8,073
Others	46,574	43,688
<b>Total property, plant and equipment</b>	<b>367,587,642</b>	<b>366,720,102</b>
Intangible assets		
Leasehold rights	1,900,904	1,900,904
Other intangible assets in trust	1,565	1,301
<b>Total intangible assets</b>	<b>1,902,469</b>	<b>1,902,206</b>
Investments and other assets		
Long-term prepaid expenses	176,608	165,814
Security deposits	410,850	410,850
<b>Total investments and other assets</b>	<b>587,458</b>	<b>576,664</b>
<b>Total noncurrent assets</b>	<b>370,077,570</b>	<b>369,198,972</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	105,248	95,439
<b>Total deferred assets</b>	<b>105,248</b>	<b>95,439</b>
<b>Total assets</b>	<b>397,667,589</b>	<b>397,375,039</b>

	17 <sup>th</sup> Period As of Apr. 30, 2012 (¥000)	18 <sup>th</sup> Period As of Oct. 31, 2012 (¥000)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade accounts payable	636,472	1,070,696
Short-term debt	3,900,000	1,000,000
Current portion of long-term debt	50,000,000	29,000,000
Lease obligations in trust	4,127	3,809
Other accounts payable	998,832	1,000,116
Accrued expenses	759,986	712,135
Accrued income taxes	304	192
Accrued consumption taxes	—	242,666
Rent received in advance	1,894,408	1,874,977
Deposits received	83,299	61,962
Total current liabilities	<u>58,277,430</u>	<u>34,966,557</u>
<b>Noncurrent liabilities</b>		
Investment corporation bonds	39,500,000	39,500,000
Long-term debt	90,000,000	113,150,000
Lease obligations in trust	1,105	4,786
Security deposits from tenants	4,217,187	4,167,363
Security deposits in trust from tenants	16,213,849	16,117,894
Total noncurrent liabilities	<u>149,932,142</u>	<u>172,940,044</u>
<b>Total liabilities</b>	<u>208,209,572</u>	<u>207,906,601</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>3,902,570</u>	<u>3,912,991</u>
Total surplus	<u>4,002,570</u>	<u>4,012,991</u>
Total unitholders' equity	<u>189,458,017</u>	<u>189,468,438</u>
<b>Total net assets</b>	<u>189,458,017</u>	<u>189,468,438</u>
<b>Total liabilities and net assets</b>	<u>397,667,589</u>	<u>397,375,039</u>

**(2) Statements of Income and Retained Earnings**

	17 <sup>th</sup> Period from Nov. 1, 2011 to Apr. 30, 2012 (¥000)	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥000)
<b>Operating revenues</b>		
Real estate rental revenues	11,245,514	11,350,853
Other rental revenues	1,195,990	1,350,832
Total operating revenues	12,441,505	12,701,685
<b>Operating expenses</b>		
Real estate rental expenses	5,726,470	6,040,300
Asset management fees	1,001,972	996,041
Asset custody fees	28,764	28,662
Administrative service fees	64,278	63,734
Directors' compensations	12,000	10,800
Other operating expenses	78,973	79,414
Total operating expenses	6,912,459	7,218,953
<b>Operating profit</b>	5,529,045	5,482,732
<b>Non-operating revenues</b>		
Interest income	3,091	2,609
Penalty income	42,158	30,053
Reversal of cash distributions payable	—	5,630
Others	12,473	3,671
Total non-operating revenues	57,722	41,964
<b>Non-operating expenses</b>		
Interest expenses	1,044,037	1,023,648
Interest expense on investment corporation bonds	419,019	392,065
Amortization of investment corporation bond issuance costs	12,655	9,808
Loan arrangement fees	121,780	119,494
Others	85,939	65,722
Total non-operating expenses	1,683,432	1,610,739
<b>Ordinary income</b>	3,903,336	3,913,957
<b>Income before income taxes</b>	3,903,336	3,913,957
Income taxes-current	922	1,004
Income taxes-deferred	3	9
Total income taxes	925	1,013
<b>Net income</b>	3,902,410	3,912,944
<b>Retained earnings brought forward</b>	159	46
<b>Unappropriated retained earnings (undisposed loss)</b>	3,902,570	3,912,991

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

	17 <sup>th</sup> Period from Nov. 1, 2011 to Apr. 30, 2012 (¥000)	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥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
Changes of items during the period		
Provision of reserve for reduction entry	100,000	—
Total changes of items during the period	100,000	—
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
Changes of items during the period		
Provision of reserve for reduction entry	100,000	—
Total changes of items during the period	100,000	—
Balance at the end of current period	100,000	100,000
<b>Unappropriated retained earnings (undisposed loss)</b>		
Balance at the beginning of current period	4,627,269	3,902,570
Changes of items during the period		
Provision of reserve for reduction entry	(100,000)	—
Dividends from surplus	(4,527,109)	(3,092,523)
Net income	3,902,410	3,912,944
Total changes of items during the period	(724,699)	10,421
Balance at the end of current period	3,902,570	3,912,991
<b>Total surplus</b>		
Balance at the beginning of current period	4,627,269	4,002,570
Changes of items during the period		
Provision of reserve for reduction entry	—	—
Dividends from surplus	(4,527,109)	(3,902,523)
Net income	3,902,410	3,912,944
Total changes of items during the period	(624,699)	10,421
Balance at the end of current period	4,002,570	4,012,991
<b>Total unitholders' equity</b>		
Balance at the beginning of current period	190,082,716	189,458,017
Changes of items during the period		
Dividends from surplus	(4,527,109)	(3,902,523)
Net income	3,902,410	3,912,944
Total changes of items during the period	(624,699)	10,421
Balance at the end of current period	189,458,017	189,468,438
<b>Total net assets</b>		
Balance at the beginning of current period	190,082,716	189,458,017
Changes of items during the period		
Dividends from surplus	(4,527,109)	(3,902,523)
Net income	3,902,410	3,912,944
Total changes of items during the period	(624,699)	10,421
Balance at the end of current period	189,458,017	189,468,438

(4) Statements of Cash Distributions

	17 <sup>th</sup> Period from Nov. 1, 2011 to Apr. 30, 2012 (¥)	18 <sup>th</sup> Period from May. 1, 2012 to Oct. 31, 2012 (¥)
<b>I. Unappropriated retained earnings</b>	3,902,570,138	3,912,991,375
<b>II. Total cash distributions</b>	3,902,523,170	3,912,897,352
<b>(cash distributions per unit)</b>	(12,790)	(12,824)
<b>III. Retained earnings brought forward</b>	46,968	94,023

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 ¥3,902,523,170.</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 ¥3,912,897,352.</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>
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**(5) Statements of Cash Flows**

	17 <sup>th</sup> Period from Nov. 1, 2011 to Apr. 30, 2012 (¥000)	18 <sup>th</sup> Period from May 1, 2012 to Oct. 31, 2012 (¥000)
<b>Cash flows from operating activities</b>		
Income before income taxes	3,903,336	3,913,957
Depreciation	1,717,655	1,669,892
Amortization of long-term prepaid expenses	10,425	10,739
Amortization of investment corporation bond issuance costs	12,655	9,808
(Decrease) in provision for loss on disaster	(1,540)	—
Interest income	(3,091)	(2,609)
Interest expenses	1,463,057	1,415,714
Loss on disposal of property and equipment	2,707	2,599
(Increase)Decrease in rental receivables	321,062	(38,986)
(Increase) in consumption taxes receivable	(157,794)	157,794
Increase (Decrease) in trade accounts payable	(391,832)	434,223
(Decrease) in other accounts payable	(256,954)	(40,102)
Increase (Decrease) in accrued consumption taxes	(215,642)	242,666
(Decrease) Increase in rent received in advance	29,664	(19,430)
Increase (Decrease) in deposits received	(37,216)	(21,336)
Others, net	9,449	(54,278)
Subtotal	6,405,939	7,680,652
Interest received	3,091	2,609
Interest paid	(1,494,038)	(1,457,935)
Income taxes paid	(914)	(1,115)
<b>Net cash provided by operating activities</b>	4,914,078	6,224,211
<b>Cash flows from investing activities</b>		
Payments for purchases of property, plant and equipment	(7,976,696)	(67,081)
Payments for purchases of property, plant and equipment in trust	(1,108,951)	(695,413)
Reimbursement of security deposits to tenants	(114,331)	(115,546)
Proceeds from security deposits from tenants	449,044	65,722
Reimbursement of security deposits in trust to tenants	(620,009)	(302,380)
Proceeds from security deposits in trust from tenants	605,742	206,425
<b>Net cash used in investing activities</b>	(8,765,201)	(908,273)
<b>Cash flows from financing activities</b>		
Proceeds from short-term debt	1,000,000	—
Repayment of short-term debt	(5,000,000)	(2,900,000)
Proceeds from long-term debt	19,000,000	29,900,000
Repayment of long-term debt	(11,250,000)	(27,750,000)
Redemption of investment corporation bonds	(5,000,000)	—
Distributions to unitholders	(4,523,855)	(3,899,919)
<b>Net cash used in financing activities</b>	(5,773,855)	(4,649,919)
<b>Net Increase (Decrease) in cash and cash equivalents</b>	(9,624,979)	666,017
<b>Cash and cash equivalents at beginning of period</b>	36,317,666	26,692,687
<b>Cash and cash equivalents at end of period</b>	26,692,687	27,358,705

**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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