

NOMURA  
Office Fund

# **Eighth Fiscal Period Semi-Annual Report**

May 1, 2007 ▶ October 31, 2007

NOMURA REAL ESTATE OFFICE FUND, INC.





## 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 34 properties at a total acquisition price of ¥292.4 billion (as of October 31, 2007)
- Market capitalization of ¥308.4 billion (as of October 31, 2007)
- Constituent of MSCI Standard Index

### Track records of stable managements

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

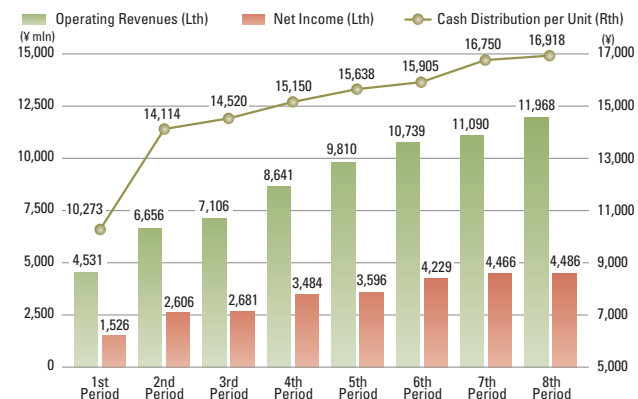
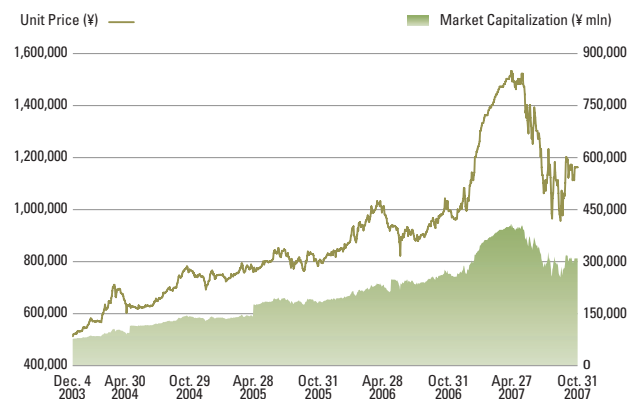
### Collaboration with Nomura Real Estate Group

- 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 domestic and foreign rating agencies

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

- 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 eighth fiscal period (ended October 31, 2007) and report on our activities during the period herein.

We booked operating revenues for this period of ¥11,968 million, current profits of ¥4,486 million, and net income of ¥4,486 million. Cash distribution per unit was ¥16,918.

Some of the major developments during the eighth period included new investments in "Hatchobori NF Building", "Yokohama Odori Koen Building" and "Kita-Sanjo Building." As a result of these investments, the number of properties in the portfolio now totals 34, with total acquisition price of ¥292.4 billion, promoting further diversification of the portfolio.

Concerning property management, we focused on raising of rents reflecting the office leasing market conditions that continue to be favorable. The average occupancy rate remained stable throughout this period, reaching 97.9% at the end of the period.

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

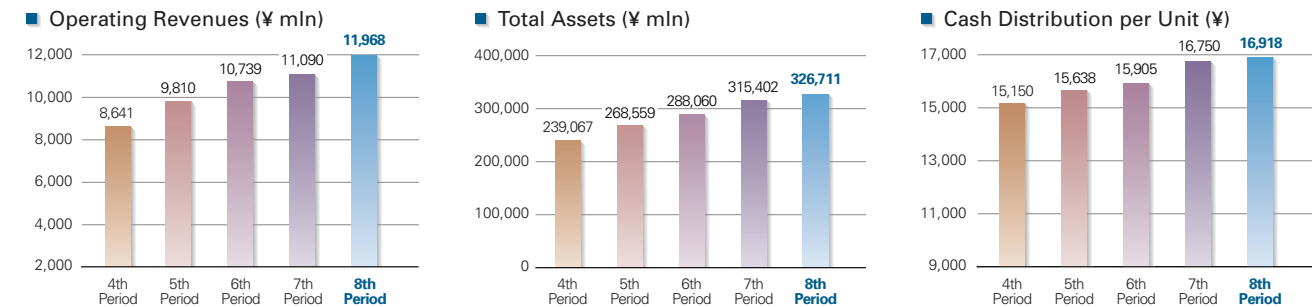
### FINANCIAL SUMMARY

		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	5th Period from Nov. 1, 2005 to Apr. 30, 2006	4th Period from May 1, 2005 to Oct. 31, 2005
Operating Revenues	¥ mln	11,968	11,090	10,739	9,810	8,641
Net Operating Income (NOI) (Note 1)	¥ mln	8,286	7,763	7,591	6,952	6,125
Income before Income Taxes	¥ mln	4,486	4,466	4,230	3,597	3,485
Net Income	¥ mln	4,486	4,466	4,229	3,596	3,484
Total Assets	¥ mln	326,711	315,402	288,060	268,559	239,067
Unitholders' Capital	¥ mln	156,767	156,767	156,767	124,610	124,610
Number of Units Issued	unit	265,903	265,903	265,903	229,970	229,970
Net Assets per Unit	¥	606,510	606,315	605,499	557,492	557,004
Total Cash Distribution	¥ mln	4,498	4,453	4,229	3,596	3,484
Cash Distribution per Unit	¥	16,918	16,750	15,905	15,638	15,150
Funds from Operation (FFO) per Unit (Note 2)	¥	22,714	22,509	21,585	21,889	20,559

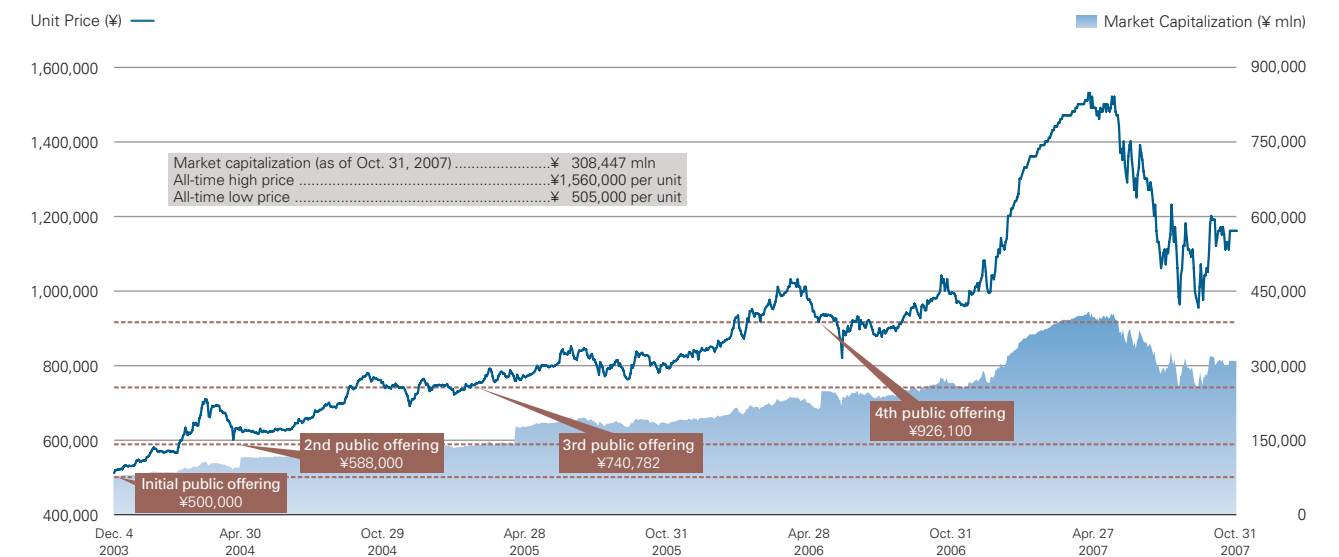
Note 1: NOI (Net Operating Income) = Real Estate Rental Revenues – Real Estate Rental Expenses + Depreciation

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



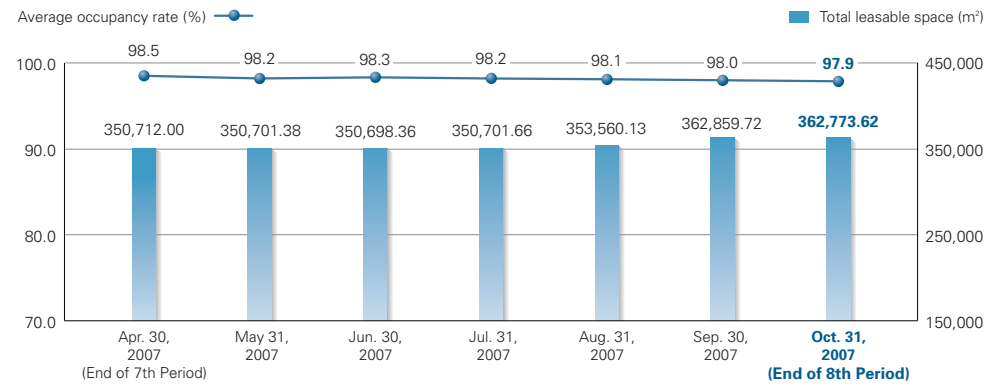
### CHANGES IN UNIT PRICE AND MARKET CAPITALIZATION



## Portfolio Highlights

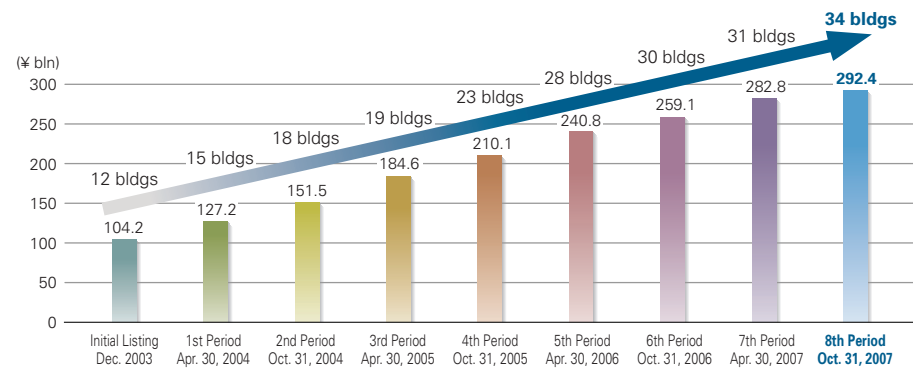
### CHANGES IN OCCUPANCY RATE (Average)

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



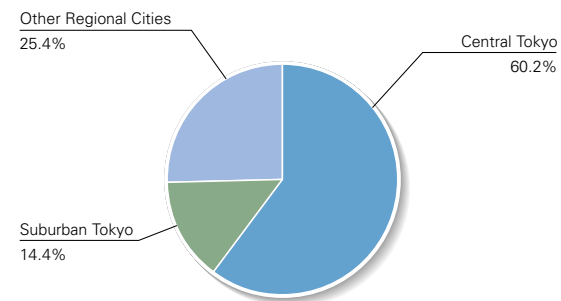
### CHANGES IN SIZE OF PORTFOLIO

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

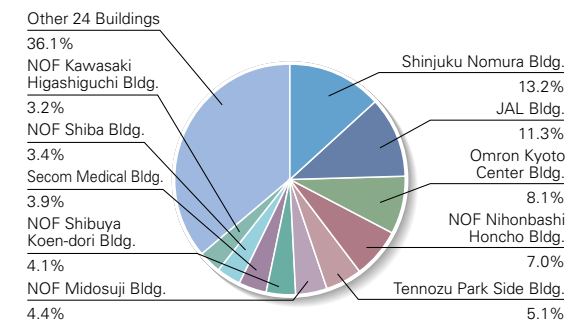


### ALLOCATION BY AREA AND PROPERTY (as of Oct. 31, 2007)

#### ■ Diversification by Location



#### ■ Diversification by Property (Main Top 10 Properties)



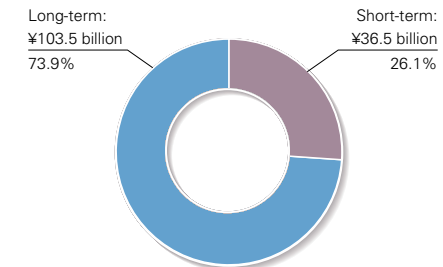
Note: Central Tokyo .....Six central wards consisting of Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya  
 Suburban Tokyo .....Other areas of Tokyo and the surrounding three prefectures including Kanagawa, Saitama and Chiba  
 Other Regional Cities .....Major regional cities in other areas

## Financial Status of the Eighth Fiscal Period

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

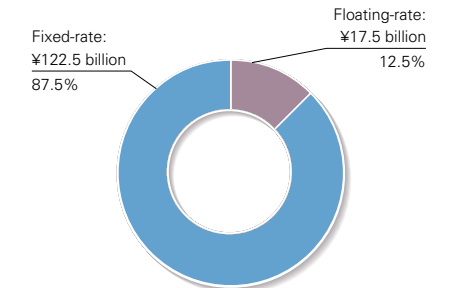
The Company has secured financial stability through promotion of long-term, fixed-rate interest-bearing debt including issuance of investment corporation bonds, to prepare for the future interest rate hikes. As of the end of the eighth fiscal period, the ratio of long- and short-term debt and fixed and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

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



Note: "Short-term" includes long-term debts payable within one year.

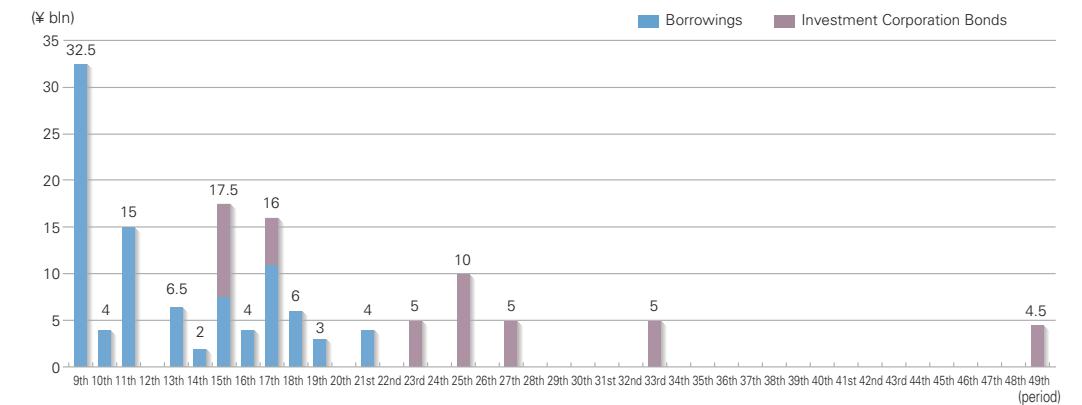
#### ■ Ratio of fixed and floating interest-bearing debts



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

### DIVERSITY OF REPAYMENT DATES

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



# Management Summary of the Eighth Fiscal Period

## New Investment

In the eighth fiscal period, we made new investments in "Hatchobori NF Building", "Yokohama Odori Koen Building" and "Kita-Sanjo Building."  
(Total acquisition price: ¥9.5 billion).



## Hatchobori NF Building

Location Chuo-ku, Tokyo  
Date Acquired August 10, 2007  
Acquisition Price ¥3,160 million

### Property Profile

The property is located in "Hatchobori area", a concentrated office area adjacent to Yaesu, Kyobashi and Nihonbashi, with excellent accessibility to Hatchobori Station on Tokyo Metro Hibiya Line and JR Keiyo Line. The exterior glass curtain wall facing the main street is readily recognizable and the building facilities meet the standard to satisfy a wide range of tenants.



## Kita-Sanjo Building

Location Chuo-ku, Sapporo-city  
Date Acquired September 28, 2007  
Acquisition Price ¥3,430 million

### Property Profile

The property is located close to the Sapporo Ekimae Dori, which is the center of office area in Sapporo City, and is within walking distance to Sapporo Station on JR Line and several stations on different lines of Sapporo Municipal Subway. In addition, it enjoys a prime location within the area, with excellent accessibility to the exit from the underground passage directly connected to Sapporo Station located approximately 100m from the property.



## Yokohama Odori Koen Building

Location Naka-ku, Yokohama-city  
Date Acquired September 28, 2007  
Acquisition Price ¥2,993 million

### Property Profile

The property is located in "Kannai area," the main concentrated office area in Yokohama, and enjoys excellent accessibility to Kannai Station on JR Line. As it is also close to Yokohama City Hall, stable tenant demand is expected for mid-to long-term.





## Summary of Portfolio Properties

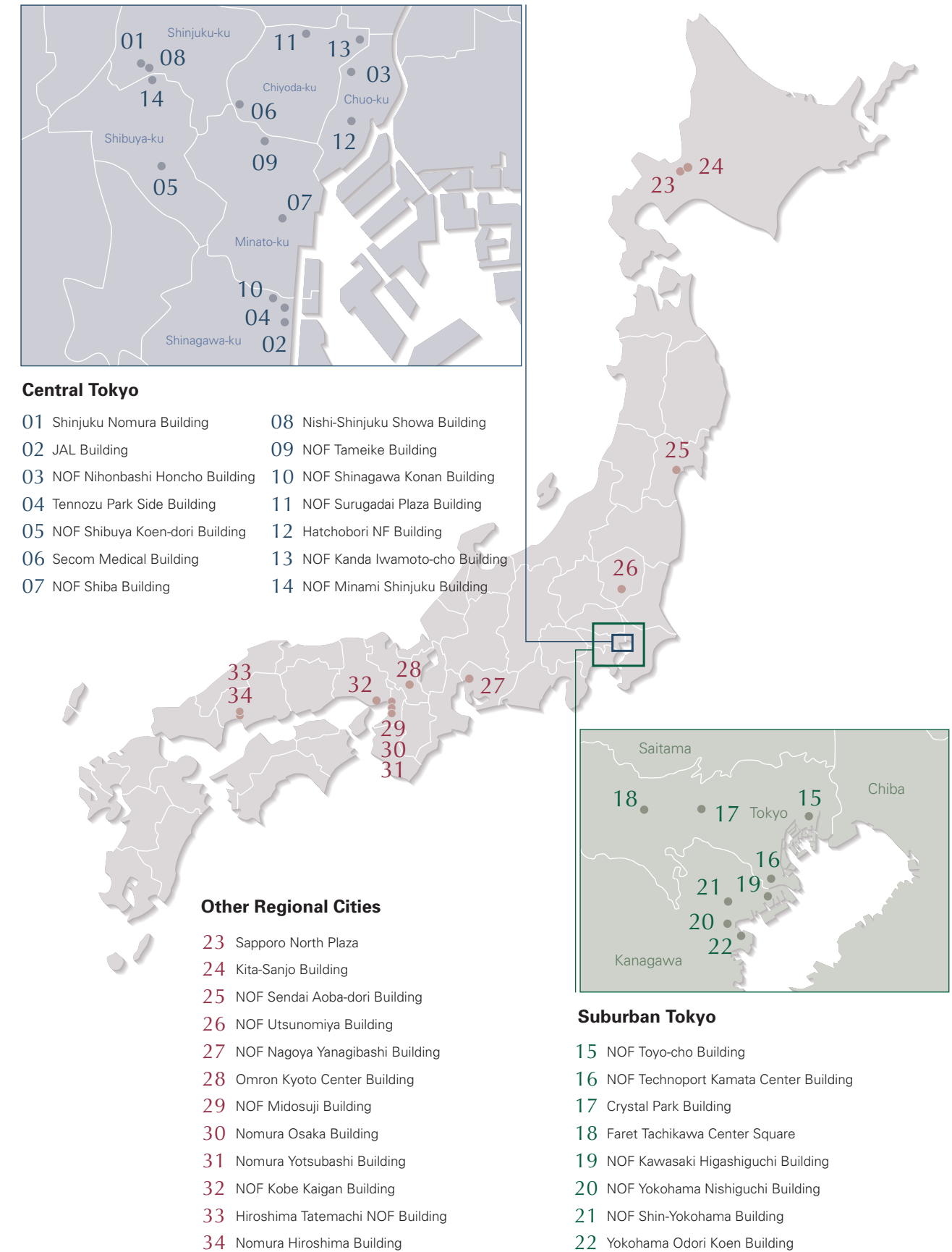
Name of Property	Location	Leasable Floor Space (m <sup>2</sup> )	Date Acquired	Acquisition Price (¥ mln)	Ratio (%)
<b>Central Tokyo</b>					
Shinjuku Nomura Bldg.	Shinjuku-ku, Tokyo	31,589.26	Dec. 8, 2003	38,730	13.2
JAL Bldg.	Shinagawa-ku, Tokyo	42,084.11	Mar. 18, 2005	33,080	11.3
NOF Nihonbashi Honcho Bldg.	Chuo-ku, Tokyo	19,233.28	Dec. 5, 2003	20,600	7.0
Tennozu Park Side Bldg.	Shinagawa-ku, Tokyo	18,051.61	Feb. 27, 2004	14,800	5.1
NOF Shibuya Koen-dori Bldg.	Shibuya-ku, Tokyo	3,420.16	Sep. 28, 2004	12,000	4.1
Secom Medical Bldg.	Chiyoda-ku, Tokyo	8,821.24	Sep. 1, 2006	11,500	3.9
NOF Shiba Bldg.	Minato-ku, Tokyo	8,165.10	May 25, 2004	10,000	3.4
Nishi-Shinjuku Showa Bldg.	Shinjuku-ku, Tokyo	5,663.85	Nov. 30, 2005	8,800	3.0
NOF Tameike Bldg.	Minato-ku, Tokyo	4,715.20	Sep. 29, 2005	7,400	2.5
NOF Shinagawa Konan Bldg.	Shinagawa-ku, Tokyo	7,850.99	Dec. 8, 2003	5,500	1.9
NOF Surugadai Plaza Bldg.	Chiyoda-ku, Tokyo	4,160.94	Feb. 27, 2004	5,150	1.8
Hatchobori NF Bldg.	Chuo-ku, Tokyo	2,854.83	Aug. 10, 2007	3,160	1.1
NOF Kanda Iwamoto-cho Bldg.	Chiyoda-ku, Tokyo	4,076.38	Feb. 26, 2004	3,080	1.1
NOF Minami Shinjuku Bldg.	Shibuya-ku, Tokyo	2,464.71	Jun. 25, 2004	2,280	0.8
<b>Total Central Tokyo (14 Properties)</b>		<b>163,151.66</b>		<b>176,080</b>	<b>60.2</b>
<b>Suburban Tokyo</b>					
NOF Toyo-cho Bldg.	Koto-ku, Tokyo	18,218.17	Dec. 5, 2003	7,550	2.6
NOF Technoport Kamata Center Bldg.	Ota-ku, Tokyo	13,683.46	Dec. 5, 2003	6,416	2.2
Crystal Park Bldg.	Musashino City, Tokyo	3,900.85	Feb. 28, 2006	3,700	1.3
Faret Tachikawa Center Square	Tachikawa City, Tokyo	6,853.38	Dec. 5, 2003	3,290	1.1
NOF Kawasaki Higashiguchi Bldg.	Kawasaki City, Kanagawa	8,253.41	Jun. 30, 2005	9,500	3.2
NOF Yokohama Nishiguchi Bldg.	Yokohama City, Kanagawa	6,817.76	May 12, 2005	5,050	1.7
NOF Shin-Yokohama Bldg.	Yokohama City, Kanagawa	8,074.83	Dec. 5, 2003	3,600	1.2
Yokohama Odori Koen Bldg.	Yokohama City, Kanagawa	4,236.47	Sep. 28, 2007	2,993	1.0
<b>Total Suburban Tokyo (8 Properties)</b>		<b>70,038.33</b>		<b>42,099</b>	<b>14.4</b>
<b>Other Regional Cities</b>					
Sapporo North Plaza	Sapporo City, Hokkaido	13,658.14	Jun. 1, 2006	6,820	2.3
Kita-Sanjo Bldg.	Sapporo City, Hokkaido	5,060.45	Sep. 28, 2007	3,430	1.2
NOF Sendai Aoba-dori Bldg.	Sendai City, Miyagi	6,161.05	Nov. 30, 2005	3,200	1.1
NOF Utsunomiya Bldg.	Utsunomiya City, Tochigi	5,887.40	Dec. 5, 2003	2,970	1.0
NOF Nagoya Yanagibashi Bldg.	Nagoya City, Aichi	4,655.74	Sep. 29, 2005	3,550	1.2
Omron Kyoto Center Bldg.	Kyoto City, Kyoto	34,616.84	Mar. 20, 2007	23,700	8.1
NOF Midosuji Bldg.	Osaka City, Osaka	12,240.88	Nov. 30, 2005	12,900	4.4
Nomura Osaka Bldg.	Osaka City, Osaka	16,977.79	Dec. 5, 2003	6,410	2.2
Nomura Yotsubashi Bldg.	Osaka City, Osaka	11,558.68	Dec. 5, 2003	3,940	1.3
NOF Kobe Kaigan Bldg.	Kobe City, Hyogo	6,425.16	Dec. 5, 2003	3,280	1.1
Hiroshima Tatemachi NOF Bldg.	Hiroshima City, Hiroshima	4,434.58	Nov. 30, 2005	2,100	0.7
Nomura Hiroshima Bldg.	Hiroshima City, Hiroshima	7,906.92	Dec. 5, 2003	1,930	0.7
<b>Total Other Regional Cities (12 Properties)</b>		<b>129,583.63</b>		<b>74,230</b>	<b>25.4</b>
<b>Grand Total (34 Properties)</b>		<b>362,773.62</b>		<b>292,409</b>	<b>100.0</b>

Note : The Company owns "Secom Medical Bldg.," "Crystal Park Bldg.," "Yokohama Odori Koen Bldg." and "Kita-Sanjo Bldg." 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 34 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 Bldg. 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.

## Portfolio Map



## Property Details



### 01 || Shinjuku Nomura Building

Location: 1-26-2 Nishi-Shinjuku Shinjuku-ku, Tokyo  
 Completion: May 1978  
 Area: Land 9,298.21 m<sup>2</sup> (Entire area)  
 Floor 117,258.88 m<sup>2</sup> (Entire area)  
 Stories: B5 / 50F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land Quasi co-ownership of 50.1%  
 Building Quasi co-ownership of 50.1%

Note: The property consists of the front building and adjacent compound area shown in the picture.



### 02 || JAL Building

Location: 2-4-11 Higashi-Shinagawa Shinagawa-ku, Tokyo  
 Completion: June 1996  
 Area: Land 11,670.40 m<sup>2</sup> (Entire area)  
 Floor 25,260.48 m<sup>2</sup> (Exclusively owned area)  
 Stories: B2 / 26F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land Co-ownership of 50.89619%  
 Building Compartmentalized ownership



### 03 || NOF Nihonbashi Honcho Building

Location: 2-7-1 Nihonbashi Honcho Chuo-ku, Tokyo  
 Completion: April 1961 (Extension April 1968)  
 Area: Land 3,196.31 m<sup>2</sup>  
 Floor 29,430.67 m<sup>2</sup>  
 Stories: B3 / 8F  
 Property Managed by: ITOCHU Urban Community Co., Ltd.



### 04 || Tennozu Park Side Building

Location: 2-5-8 Higashi-Shinagawa Shinagawa-ku, Tokyo  
 Completion: January 1995  
 Area: Land 5,816.26 m<sup>2</sup> (Entire area)  
 Floor 17,587.30 m<sup>2</sup> (Exclusively owned area)  
 Stories: B2 / 21F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land Co-ownership of 68.98%  
 Building Compartmentalized ownership



### 05 || NOF Shibuya Koen-dori Building

Location: 20-17 Udagawa-cho Shibuya-ku, Tokyo  
 Completion: September 1987  
 Area: Land 637.08 m<sup>2</sup>  
 Floor 5,358.55 m<sup>2</sup>  
 Stories: B2 / 8F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 06 || Secom Medical Building

Location: 7-7 Niban-cho Chiyoda-ku, Tokyo  
 Completion: February 2005  
 Area: Land 1,844.44 m<sup>2</sup>  
 Floor 8,683.73 m<sup>2</sup>  
 Stories: B1 / 7F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 07 || NOF Shiba Building

Location: 4-2-3 Shiba Minato-ku, Tokyo  
 Completion: March 1991  
 Area: Land 2,074.65 m<sup>2</sup>  
 Floor 11,425.20 m<sup>2</sup>  
 Stories: B1 / 7F  
 Property Managed by: CB Richard Ellis Asset Services K.K.



### 08 || Nishi-Shinjuku Showa Building

Location: 1-13-12 Nishi-Shinjuku Shinjuku-ku, Tokyo  
 Completion: April 1982  
 Area: Land 1,101.49 m<sup>2</sup> (Entire area)  
 Floor 5,858.26 m<sup>2</sup> (Exclusively owned area)  
 Stories: B2 / 11F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land Co-ownership of 84.25%  
 Building Compartmentalized ownership



### 09 || NOF Tameike Building

Location: 1-1-14 Akasaka Minato-ku, Tokyo  
 Completion: August 1959  
 Area: Land 690.67 m<sup>2</sup>  
 Floor 6,478.50 m<sup>2</sup>  
 Stories: B1 / 9F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



## Property Details



### 10 || NOF Shinagawa Konan Building

Location: 1-2-5 Higashi-Shinagawa Shinagawa-ku, Tokyo  
 Completion: November 1987  
 Area: Land 3,240.30 m<sup>2</sup>  
 Floor 10,077.02 m<sup>2</sup>  
 Stories: B1 / 8F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 11 || NOF Surugadai Plaza Building

Location: 2-5-12 Kanda Surugadai Chiyoda-ku, Tokyo  
 Completion: April 1997  
 Area: Land 1,056.92 m<sup>2</sup>  
 Floor 5,782.27 m<sup>2</sup>  
 Stories: B1 / 8F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 12 || Hatchobori NF Building

Location: 2-21-6 Hatchobori Chuo-ku, Tokyo  
 Completion: October 1990  
 Area: Land (a) 85.11 m<sup>2</sup>  
 (b) 420.24 m<sup>2</sup>  
 Floor 3,036.14 m<sup>2</sup> (Exclusively owned area)  
 Stories: B1 / 9F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land (a) Exclusively owned area  
 (b) Co-owned area of 39,364/42,024  
 Building Compartmentalized ownership



### 13 || NOF Kanda Iwamoto-cho Building

Location: 3-8-16 Iwamoto-cho Chiyoda-ku, Tokyo  
 Completion: July 1988  
 Area: Land 773.32 m<sup>2</sup>  
 Floor 4,698.97 m<sup>2</sup>  
 Stories: 9F  
 Property Managed by: ITOCHU Urban Community Co., Ltd.



### 14 || NOF Minami Shinjuku Building

Location: 5-32-7 Sendagaya Shibuya-ku, Tokyo  
 Completion: March 1986  
 Area: Land 545.87 m<sup>2</sup>  
 Floor 3,160.05 m<sup>2</sup>  
 Stories: B1 / 8F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 15 || NOF Toyo-cho Building

Location: 1-6-35 Shinsuna Koto-ku, Tokyo  
 Completion: November 1989  
 Area: Land 8,926 m<sup>2</sup>  
 Floor 18,051.08 m<sup>2</sup>  
 Stories: 7F  
 Property Managed by: Nomura Building Management Co., Ltd.



### 16 || NOF Technoport Kamata Center Building

Location: 2-16-1 Minami-Kamata Ota-ku, Tokyo  
 Completion: September 1990  
 Area: Land (a) 9,429.59 m<sup>2</sup>  
 (b) 3,329.47 m<sup>2</sup>  
 Floor 21,516.54 m<sup>2</sup> (Exclusively owned area)  
 Stories: B1 / 11F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land (a) Exclusively owned area, (b) Co-owned area of 30%  
 Building Compartmentalized ownership



### 17 || Crystal Park Building

Location: 1-1-3 Gotenyama Musashino City, Tokyo  
 Completion: October 1991  
 Area: Land 1,057.14 m<sup>2</sup> (Entire area)  
 Floor 3,868.36 m<sup>2</sup> (Exclusively owned area)  
 Stories: B2 / 11F  
 Property Managed by: The Dai-ichi Building Co., Ltd.  
 \*Type of Ownership: Land Co-ownership of 3,970,795 / 4,435,360  
 Building Compartmentalized ownership



### 18 || Faret Tachikawa Center Square

Location: 2-36-2 Akebono-cho Tachikawa City, Tokyo  
 Completion: December 1994  
 Area: Land 4,454.59 m<sup>2</sup> (Entire area)  
 Floor 6,865.80 m<sup>2</sup> (Exclusively owned area)  
 Stories: B2 / 12F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.  
 \*Type of Ownership: Land Co-ownership of 45.698%  
 Building Compartmentalized ownership



### 19 || NOF Kawasaki Higashiguchi Building

Location: 3-1 Ekimae-Honcho Kawasaki-ku Kawasaki City, Kanagawa  
 Completion: March 1988  
 Area: Land 1,275.70 m<sup>2</sup>  
 Floor 10,932.69 m<sup>2</sup>  
 Stories: B1 / 12F  
 Property Managed by: Nomura Building Management Co., Ltd.



## Property Details



### 20 || NOF Yokohama Nishiguchi Building

Location: 1-11-11 Kita-Saiwai Nishi-ku Yokohama City, Kanagawa  
 Completion: October 1985  
 Area: Land 1,502.94 m<sup>2</sup>  
 Floor 10,055.13 m<sup>2</sup>  
 Stories: B1 / 9F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 21 || NOF Shin-Yokohama Building

Location: 2-15-16 Shin-Yokohama Kohoku-ku Yokohama City, Kanagawa  
 Completion: October 1990  
 Area: Land 1,320 m<sup>2</sup>  
 Floor 11,149.99 m<sup>2</sup>  
 Stories: B1 / 9F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 22 || Yokohama Odori Koen Building

Location: 2-4-1 Horai-cho, Naka-ku, Yokohama City, Kanagawa  
 Completion: March 1989  
 Area: Land 806.01 m<sup>2</sup>  
 Floor 6,445.72 m<sup>2</sup>  
 Stories: B1 / 11F  
 Property Managed by: XYMAX AXIS CORPORATION



### 23 || Sapporo North Plaza

Location: 4-2-2 Kitaichijo-Nishi Chuo-ku, Sapporo City, Hokkaido  
 Completion: August 1981  
 Area: Land 2,363.79 m<sup>2</sup>  
 Floor 18,842.51 m<sup>2</sup>  
 Stories: B2 / 12F  
 Property Managed by: The Dai-Ichi Building Co., Ltd.



### 24 || Kita-Sanjo Building

Location: 3-1-25 Kitananjo-Nishi Chuo-Ku, Sapporo City, Hokkaido  
 Completion: March 1988  
 Area: Land 1,290.33 m<sup>2</sup>  
 Floor 7,461.25 m<sup>2</sup>  
 Stories: B1 / 9F  
 Property Managed by: The Dai-Ichi Building Co., Ltd.



### 25 || NOF Sendai Aoba-dori Building

Location: 2-1-2 Ichiban-cho Aoba-ku Sendai City, Miyagi  
 Completion: July 1968  
 Area: Land 2,318.17 m<sup>2</sup>  
 Floor 12,977.45 m<sup>2</sup>  
 Stories: B2 / 11F\*  
 Property Managed by: The Dai-Ichi Building Co., Ltd.

\*Note: The Notice of Confirmation issued in accordance with the Building Standard Law describes it as "8 stories above the ground and 3 stories of penthouse with 2 stories below ground."



### 26 || NOF Utsunomiya Building

Location: 2-1-1 Baba-dori Utsunomiya City, Tochigi  
 Completion: December 1999  
 Area: Land 1,545.13 m<sup>2</sup>  
 Floor 10,479.63 m<sup>2</sup>  
 Stories: B2 / 10F  
 Property Managed by: Nomura Building Management Co., Ltd.



### 27 || NOF Nagoya Yanagibashi Building

Location: 1-16-28 Meieki-Minami Nakamura-ku Nagoya City, Aichi  
 Completion: March 1991  
 Area: Land 934.20 m<sup>2</sup>  
 Floor 7,363.25 m<sup>2</sup>  
 Stories: B2 / 12F  
 Property Managed by: Nomura Building Management Co., Ltd.



### 28 || Omron Kyoto Center Building

Location: 801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku Kyoto City, Kyoto  
 Completion: July 2000  
 Area: Land 4,763.14 m<sup>2</sup>  
 Floor 34,616.84 m<sup>2</sup>  
 Stories: B2 / 11F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 29 || NOF Midosuji Building

Location: 3-5-7 Kawaramachi Chuo-ku Osaka City, Osaka  
 Completion: April 1974  
 Area: Land 2,366.99 m<sup>2</sup>  
 Floor 21,007.98 m<sup>2</sup>  
 Stories: B2 / 10F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 30 || Nomura Osaka Building

Location: 1-8-15 Azuchi-cho Chuo-ku Osaka City, Osaka  
 Completion: December 1983  
 Area: Land 3,136.56 m<sup>2</sup>  
 Floor 23,522.82 m<sup>2</sup>  
 Stories: B2 / 12F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 31 || Nomura Yotsubashi Building

Location: 1-4-4 Awaza Nishi-ku Osaka City, Osaka  
 Completion: November 1991  
 Area: Land 1,865.34 m<sup>2</sup>  
 Floor 16,845.87 m<sup>2</sup>  
 Stories: B2 / 15F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



### 32 || NOF Kobe Kaigan Building

Location: 3 Kaigan-dori Chuo-ku Kobe City, Hyogo  
 Completion: February 1998  
 Area: Land 1,451.31 m<sup>2</sup>  
 Floor 10,292.93 m<sup>2</sup>  
 Stories: B1 / 16F  
 Property Managed by: The Dai-Ichi Building Co., Ltd.



### 33 || Hiroshima Tatemachi NOF Building

Location: 1-20 Tatemachi Naka-ku Hiroshima City, Hiroshima  
 Completion: November 1966  
 Area: Land 925.55 m<sup>2</sup>  
 Floor 8,206.91 m<sup>2</sup>  
 Stories: B2 / 12F\*  
 Property Managed by: Nomura Real Estate Development Co., Ltd.

\*Note: The Notice of Confirmation issued in accordance with the Building Standard Law describes it as "9 stories above the ground and 3 stories of penthouse with 2 stories below ground."



### 34 || Nomura Hiroshima Building

Location: 2-23 Tatemachi Naka-ku Hiroshima City, Hiroshima  
 Completion: July 1976  
 Area: Land 1,319.15 m<sup>2</sup>  
 Floor 11,950.37 m<sup>2</sup>  
 Stories: B2 / 9F  
 Property Managed by: Nomura Real Estate Development Co., Ltd.



Omron Kyoto Center Building

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# Asset Management Report

## 1. CHANGES IN KEY INDICATORS

		8th Period from May 1, 2007 to Oct. 31, 2007	7th Period from Nov. 1, 2006 to Apr. 30, 2007	6th Period (Note 10) from May 1, 2006 to Oct. 31, 2006	5th Period from Nov. 1, 2005 to Apr. 30, 2006	4th Period from May 1, 2005 to Oct. 31, 2005
Operating Revenues	¥ mln	11,968	11,090	10,739	9,810	8,641
of which Real Estate Rental Revenues	¥ mln	11,958	11,090	10,739	9,810	8,641
Operating Expenses	¥ mln	6,243	5,953	5,556	5,251	4,530
of which Real Estate Rental Expenses	¥ mln	5,190	4,805	4,619	4,257	3,745
Operating Income	¥ mln	5,725	5,137	5,182	4,558	4,111
Current Profits	¥ mln	4,486	4,466	4,230	3,597	3,485
Net Income	¥ mln	4,486	4,466	4,229	3,596	3,484
Total Assets	¥ mln	326,711	315,402	288,060	268,559	239,067
(Changes from Previous Period)	%	(+3.6)	(+9.5)	(+7.3)	(+12.3)	(+14.9)
Interest-Bearing Debts	¥ mln	140,000	130,000	106,000	120,000	93,000
Net Assets	¥ mln	161,272	161,221	161,004	128,206	128,094
(Changes from Previous Period)	%	(+0.0)	(+0.1)	(+25.6)	(+0.1)	(+35.0)
Unitholders' Capital	¥ mln	156,767	156,767	156,767	124,610	124,610
Number of Units Issued	units	265,903	265,903	265,903	229,970	229,970
Net Assets per Unit	¥	606,510	606,315	605,499	557,492	557,004
Total Cash Distribution	¥ mln	4,498	4,453	4,229	3,596	3,484
Cash Distribution per Unit	¥	16,918	16,750	15,905	15,638	15,150
of which Cash Distribution of Profits	¥	16,918	16,750	15,905	15,638	15,150
of which Cash Distribution in excess of Profits	¥	—	—	—	—	—
ROA (Return on Assets) (Note 1)	%	1.4	1.5	1.5	1.4	1.5
Annualized ROA (Note 2)	%	2.8	3.0	3.0	2.9	3.1
ROE (Return on Equity) (Note 3)	%	2.8	2.8	2.7	2.8	2.7
Annualized ROE (Note 2)	%	5.5	5.6	5.4	5.7	5.4
Capital Adequacy Ratio (Note 4)	%	49.4	51.1	55.9	47.7	53.6
(Changes from Previous Period)	%	(△1.7)	(△4.8)	(+8.2)	(△5.9)	(+8.0)
LTV (Loan-to-Value) (Note 5)	%	42.9	41.2	36.8	44.7	38.9
Number of Operating Days	days	184	181	184	181	184
Payout Ratio (Note 6)	%	100.2	99.7	99.9	100.0	99.9
Number of Properties Held	bldgs	34	31	30	28	23
Total Leasable Floor Space	m <sup>2</sup>	362,773.62	350,712.00	316,132.49	293,464.10	261,428.50
Number of Tenants	tenants	533	517	512	467	357
Occupancy Rate	%	97.9	98.5	98.2	98.4	97.3
Depreciation	¥ mln	1,518	1,478	1,471	1,399	1,229
Capital Expenditures	¥ mln	1,252	757	588	934	1,016
NOI (Net Operating Income) (Note 7)	¥ mln	8,286	7,763	7,591	6,952	6,125
FFO (Funds from Operation) (Note 8)	¥ mln	6,039	5,985	5,739	5,034	4,727
FFO per Unit (Note 9)	¥	22,714	22,509	21,585	21,889	20,559

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 4th and 6th periods, 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. 4th period: 184 days, 5th period: 181 days, 6th period: 184 days, 7th period: 181 days, and 8th 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 4th and 6th periods, 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

Note 10: "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005) and the "Financial Accounting Standard Implementation Guidance" (Statement No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005) have been implemented from the 6th period.

## 2. OUTLINE OF INVESTMENTS IN THE EIGHTH 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

#### (a) Office Leasing Market

During the eighth fiscal period, Japanese economy remained solid despite concerns for financial market turbulence caused by the subprime loan problems, with robust corporate earnings and improvement in employment conditions.

As a result, the office leasing market, which is the business base for the Company, has continued to see aggressive business expansion and increased employment by corporations, creating a solid demand for office space.

In Tokyo and other metropolitan areas that lead the economic recovery, most of the large buildings providing superior convenience continue to be fully leased, and some landlords are unable to respond to the expansion needs of existing tenants. Under these circumstances, overall level of rents for office buildings continues to rise, with the new asking rate for office buildings continuing to surge, and rents increase for existing tenants expanding smoothly, filling the gap between the market rate and existing rents.

On the other hand, in some of the regional cities experiencing slower economic recovery, although the level of rents has yet to bottom out except for certain prime properties, stability in the office leasing market seem to be increasing, with gradual improvement in occupancy rates.

#### (b) Real Estate Sales Market

In the capital market, against the backdrop of global excess capital, domestic and international capital is being invested aggressively in profitable real estate by institutional investors and real estate funds, etc.

Against this strong investment demand, environment for acquisition remains difficult especially for large properties in central Tokyo, with limited supply to the market through sale of existing properties and new properties under development.

However, there is a sign of change in supply and demand in the real estate market, with some real estate funds moving to sell parts of their assets, with the implementation of the Financial Instruments and Exchange Law (Law No.25 of 1948) and stricter lending practices by financial institutions.

### (2) Status of Managements for the Eighth 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 eighth 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 Hatchobori NF Building (Chuo-ku, Tokyo, at the acquisition price of ¥3.16 billion, beneficial interest in real estate trust) in August, 2007, Yokohama Odori Koen Building (Naka-ku, Yokohama City, ¥2.99 billion, real estate) in September, 2007, Kita-Sanjo Building (Chuo-ku, Sapporo City, ¥3.43 billion, real estate), accumulating prime assets in central Tokyo, suburban Tokyo and regional cities.

As a result of the above acquisition, the Company's total assets under management ("portfolio") as of the end of the eighth fiscal period (October 31, 2007) has reached 34 properties totaling ¥292.4 billion (total acquisition price). We have steadily increased the size of the portfolio, while seeking diversification of the assets.

In property management, we continued to focus on the growth of portfolio revenue (or internal growth of portfolio), improved the level of satisfaction of the existing tenants through conducting the spot-on property management, and held proactive rent negotiation reflecting the favorable rental market for property owners. For prospective tenants, we implemented strategic marketing especially for properties in regional cities with room for improvement of occupancy. As a result, the average occupancy rate stayed stably around 98% throughout this period, reaching 97.9% at the end of the period.

Furthermore, approximately 50% of leases renewed with existing tenants during this period agreed to upward revision of rent, continuing the favorable performance from the previous period (54%).

Reflecting these results, the appraisal value of portfolio at the end of the period was ¥366.9 billion, up 5% from the previous period. (Appraisal value at the end of the seventh period was used for the 31 properties held at the end of the seventh period, and appraisal price at the time of acquisition was used for the other properties acquired during the eighth period.)

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 "trust beneficial interest in real estate" 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 eighth fiscal period, the Company secured short-term borrowing of ¥10 billion based on the commitment line for investment in the above three properties. As a result, total amount of interest-bearing debts outstanding as of the end of eighth fiscal period was ¥140 billion.

## 3. STATUS OF CAPITAL

Changes in the number of units issued and unitholders' capital for the last five years 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)

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.

### [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.

		8th Period	7th Period	6th Period	5th Period	4th Period
		from May 1, 2007 to Oct. 31, 2007	from Nov 1, 2006 to Apr. 30, 2007	from May 1, 2006 to Oct. 31, 2006	from Nov. 1, 2005 to Apr. 30, 2006	from May 1, 2005 to Oct. 31, 2005
High	(¥)	1,540,000	1,560,000	1,040,000	1,030,000	850,000
Low	(¥)	935,000	956,000	803,000	778,000	748,000

## 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 ¥16,918.

		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	5th Period from Nov. 1, 2005 to Apr. 30, 2006	4th Period from May 1, 2005 to Oct. 31, 2005
Retained Earnings	(¥000)	4,498,622	4,466,301	4,229,293	3,596,294	3,484,171
Accumulated earnings	(¥000)	76	12,426	106	23	126
Total cash distribution	(¥000)	4,498,546	4,453,875	4,229,187	3,596,270	3,484,045
(Cash distribution per unit)	(¥)	(16,918)	(16,750)	(15,905)	(15,638)	(15,150)
of which distribution of profits	(¥000)	4,498,546	4,453,875	4,229,187	3,596,270	3,484,045
(Distribution of profits per unit)	(¥)	(16,918)	(16,750)	(15,905)	(15,638)	(15,150)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

## 5. INVESTMENT POLICY AND FUTURE ISSUES

### (1) Investment Environments

For the time being, the effect on Japanese economy by the possible slowing of US economy caused by the subprime loan problems, as well as by the stronger yen and surging oil prices needs to be determined, however, stable economic expansion should continue in the mid-term.

Office leasing market in metropolitan Tokyo and other large cities are expected to see improvement in occupancy rate and rent levels against the backdrop of growing demands for expansion of space and establishment of new offices by corporations supported by strong business performance. Other regional cities are likely to experience gradual improvement of occupancy rate, and certain prime properties may see bottoming-out of the rent level.

In the real estate sales market, the supply of income properties is expected to remain tight. On the other hand, as the effects of implementation of the Financial Instruments and Exchange Law, the changes in lending practices by the financial institutions, and the changes in capital market environment such as interest rate hikes may affect the cap rates and property liquidity, such change in the environment continues to 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 and issuance of investment corporation bonds (both by way of public offering and private placement) from a wide range of available sources of funding to ensure a well-balanced structure of interest-bearing debts.

Note: "LTV (Loan-to-Value)" refers to ratio of interest-bearing debts over the total assets.



(c) Enlargement of Portfolio by Acquisition of New Properties

We will aim to increase the revenue by enlarging the size of the portfolio up to ¥500 billion in the medium term. The larger the scale of the portfolio, the easier it will be to promote further diversity of investment, which in turn will decrease the potential fluctuations in revenue, and enable us to control the cost of management and/or administration more effectively.

We do not think it is wise to engage in overly heated competition in acquiring investment properties. In order for us to make right investments in properties of good value, we need to collect information earlier about the investment properties offered in the market, and conduct an in-depth due diligence to assess the potential risks involved in such investments. To make this protocol function and increase the trading opportunities for us, we will improve our own information-collecting capacity in cooperation with other companies of Nomura Real Estate Group. By combining the professional know-how such as market research and engineering organically, we believe we can strengthen our ability to appraise the properties and establish further creditworthiness in the market.

In making an investment decision, we will adhere to strict rules to ensure that the new property will bring stable revenues to the entire portfolio in the light of mid- to long-term perspective.

## 6. IMPORTANT EVENTS SUBSEQUENT TO THE EIGHTH FISCAL PERIOD

There is no relevant matter under this subject.

## Profile of the Company

### 1. STATUS OF UNITHOLDERS' CAPITAL

		8th Period (as of Oct. 31, 2007)	7th Period (as of Apr. 30, 2007)	6th Period (as of Oct. 31, 2006)	5th Period (as of Apr. 30, 2006)	4th Period (as of Oct. 31, 2005)
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	265,903	265,903	265,903	229,970	229,970
Amount of unitholders' capital	¥ mln	156,767	156,767	156,767	124,610	124,610
Number of unitholders		11,492	12,500	15,205	13,129	15,884

### 2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of October 31, 2007 were as follows.

Name	Number of Units Held (Unit)	Portion in the Total Units Issued (%)
Japan Trustee Service Bank, Ltd. (Trust Accounts)	21,557	8.11
NikkoCiti Trust and Banking Corp. (Trust Accounts)	19,122	7.19
The Master Trust Bank of Japan, Ltd.(Trust Accounts)	16,448	6.19
Trust & Custody Services Bank, Ltd. (Securities Trust Accounts)	15,383	5.79
Nomura Real Estate Development Co., Ltd.	13,326	5.01
Kawasaki Gakuen	7,000	2.63
The Nomura Trust and Banking Co., Ltd. (Trust Accounts)	6,954	2.62
The Bank of Ikeda, Ltd.	5,387	2.03
The State Street Bank and Trust Company	5,168	1.94
The Bank of New York, Treaty JASDEC Account	4,850	1.82
Total	115,195	43.32

### 3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of October 31, 2007 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholders	Portion (%)
Private and other investors	10,884	94.7	26,480	10.0
Financial institutions (Including securities companies)	164	1.4	143,315	53.9
Other domestic corporate investors	185	1.6	25,734	9.7
Foreign corporate investors, etc.	259	2.3	70,374	26.5
Total	11,492	100.0	265,903	100.0

#### 4. DIRECTORS AND AUDITOR

Name of directors and an auditor in the eighth fiscal period are as follows (Note1).

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during 8th Period (¥000)
Executive Director	Isamu Okada (Note 2)	President and Representative Director, Yokohama Business Park Heating and Cooling Supply Co., Ltd.	1,200
Executive Director	Mitsuharu Sato (Note 3)	Corporate Auditor, Nomura Real Estate Holdings, Inc. Corporate Auditor, Nomura Real Estate Development Co., Ltd.	1,200
Supervisory Director	Yoshiharu Hayakawa (Note 2)	Representative, Kasumi Empowerment Research Institute	1,200
Supervisory Director	Shuhei Yoshida (Note 3)	Representative Lawyer, Yoshida Shuhei Law Office	2,400
Supervisory Director	Eitoku Aikawa (Note 3)	Counsellor, Fair Appraisers, K.K.	2,400
Supervisory Director	Saneaki Ichijo (Note 3)	Partner, Anderson Mori & Tomotsune Law Firm	1,200
Supervisory Director	Motoharu Yokose (Note 3)	Advisor, Asahi Tax Partners Representative Director, BOS Inc. (Note 4)	1,200
Accounting Auditor	Earnst & Young ShinNihon	–	12,000

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: Resigned on August 7, 2007, at expiry of the term as a director of the Company.

Note 3: Appointed as directors of the Company on August 8, 2007, based on the resolution of the third General Unitholders' Meeting held on July 23, 2007 (Supervisory Directors Mr. Yoshida and Mr. Aikawa are reappointed, Executive Director Mr. Sato, Supervisory Directors Mr. Ichijo and Yokose are newly appointed).

Note 4: Supervisory Director Mr. Yokose has resigned as a Representative Director of BOS Inc. as of September 30, 2007.

Note 5: 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.

#### 5. ASSET MANAGEMENT COMPANY, CUSTODIANS AND ADMINISTRATORS

Asset Management Company, custodians and administrators as of October 31, 2007 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 (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.

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.

## Status of Investment Assets of the Company

#### 1. COMPOSITION OF ASSETS

Type of Assets	Area (Note 1)	8th Period (as of Oct. 31, 2007)		7th Period (as of Apr. 30, 2007)	
		Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)	Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)
Real estate	Central Tokyo	11,465	3.5	11,510	3.6
	Suburban Tokyo	6,690	2.0	3,698	1.2
	Other Regional Cities	3,446	1.1	–	–
Real estate in trust	Central Tokyo	165,066	50.5	162,301	51.5
	Suburban Tokyo	34,379	10.5	34,568	11.0
	Other Regional Cities	70,804	21.7	70,051	22.2
Subtotal		291,853	89.3	282,130	89.5
Cash, deposits and other assets		34,858	10.7	33,272	10.5
Grand Total		326,711	100.0	315,402	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, 2007 are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m <sup>2</sup> )	Leased Space (m <sup>2</sup> )	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
Shinjuku Nomura Bldg.	39,031	31,589.26	30,117.06	95.3	16.2	Office
JAL Bldg.	33,530	42,084.11	42,084.11	100.0	(Note 1)	Office
Omron Kyoto Center Bldg.	23,507	34,616.84	34,616.84	100.0	(Note 1)	Office
NOF Nihonbashi-Honcho Bldg.	20,571	19,233.28	18,708.05	97.3	7.0	Office
Tennozu Park Side Bldg.	13,767	18,051.61	18,051.61	100.0	6.8	Office
NOF Midouji Bldg.	12,914	12,240.88	12,240.88	100.0	4.1	Office
NOF Shibuya Koen-dori Bldg.	12,539	3,420.16	3,420.16	100.0	3.1	Office
Secom Medical Bldg.	11,465	8,821.24	8,821.24	100.0	(Note 1)	Medical Office (Note 2)
NOF Shiba Bldg.	10,072	8,165.10	8,165.10	100.0	2.8	Office
NOF Kawasaki Higashiguchi Bldg.	9,576	8,253.41	7,899.62	95.7	2.7	Office
Total	186,976	186,475.89	184,124.67	98.7	57.3 (Note 3)	

Note 1: Not disclosed due to compelling reasons.

Note 2: Although this property is currently registered as "clinic/car park" 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.



### 3. DETAILS OF PORTFOLIO PROPERTIES

Name of Property	Location (Postal Address)	Type of Ownership	Appraisal Value as of Oct. 31, 2007 (¥ mln) (Note 1)	Book Value (¥ mln) (Note 2)	8th Period (from May 1, 2007 to Oct. 31, 2007)			7th Period (from Nov. 1, 2006 to Apr. 30, 2007)				
					Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln) Revenues (%)	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln) Revenues (%)		
<b>Central Tokyo</b>												
Shinjuku Nomura Bldg. (Note 3)	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest in Real Estate Trust	70,900	39,031	82	95.3	1,935	16.2	85	99.4	1,808	16.3
JAL Bldg.	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	32,900	33,530	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Nihonbashi-Honcho Bldg.	2-7-1 Nihonbashi-Honcho, Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	26,700	20,571	11	97.3	837	7.0	13	100.0	850	7.7
Tennozu Park Side Bldg.	2-5-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	22,000	13,767	14	100.0	818	6.8	14	100.0	774	7.0
NOF Shibuya Koen-dori Bldg.	20-17 Udagawa-cho, Shibuya-ku, Tokyo	Beneficial Interest in Real Estate Trust	13,900	12,539	3	100.0	365	3.1	3	100.0	364	3.3
Secom Medical Bldg.	7-7 Niban-cho, Chiyoda-ku, Tokyo (Note 4)	Real Estate	11,600	11,465	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Shiba Bldg.	4-2-3 Shiba, Minato-ku, Tokyo	Beneficial Interest in Real Estate Trust	10,800	10,072	9	100.0	339	2.8	9	100.0	332	3.0
Nishi-Shinjuku Showa Bldg.	1-13-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Beneficial Interest in Real Estate Trust	10,200	8,771	20	93.9	313	2.6	20	100.0	300	2.7
NOF Tameike Bldg.	1-1-14 Akasaka, Minato-ku, Tokyo	Beneficial Interest in Real Estate Trust	8,310	7,652	13	100.0	225	1.9	13	100.0	204	1.8
NOF Shinagawa Kounan Bldg.	1-2-5 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Beneficial Interest in Real Estate Trust	6,780	5,492	5	100.0	263	2.2	5	100.0	257	2.3
NOF Surugadai Plaza Bldg.	2-5-12 Kanda Surugadai, Chiyoda-ku, Tokyo	Beneficial Interest in Real Estate Trust	7,040	5,117	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Hatchobori NF Bldg.	2-21-6 Hatchobori Chuo-ku, Tokyo	Beneficial Interest in Real Estate Trust	3,160	3,179	8	100.0	47	0.4	-	-	-	-
NOF Kanda Iwamoto-cho Bldg.	3-8-16 Iwamoto-cho, Chiyoda-ku, Tokyo	Beneficial Interest in Real Estate Trust	3,790	3,076	8	100.0	153	1.3	8	100.0	150	1.4
NOF Minami-Shinjuku Bldg.	5-32-7 Sendagaya, Shibuya-ku, Tokyo	Beneficial Interest in Real Estate Trust	2,870	2,263	5	100.0	106	0.9	5	100.0	101	0.9
Subtotal			230,950	176,531	181	98.6	(Note 3)	(Note 3)	178	99.9	(Note 3)	(Note 3)
<b>Suburban Tokyo</b>												
NOF Toyo-cho Bldg.	1-6-35 Shinsuna, Koto-ku, Tokyo	Beneficial Interest in Real Estate Trust	8,830	7,135	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Technoport Kamata Center Bldg.	2-16-1 Minami-Kamata, Ota-ku, Tokyo	Beneficial Interest in Real Estate Trust	7,660	6,180	14	100.0	455	3.8	14	100.0	421	3.8
Crystal Park Bldg.	1-1-3 Gotenyama, Musashino City, Tokyo	Real Estate	4,100	3,689	11	100.0	131	1.1	11	100.0	125	1.1
Faret Tachikawa Center Square	2-36-2 Akebono-cho, Tachikawa City, Tokyo	Beneficial Interest in Real Estate Trust	5,580	3,075	17	100.0	242	2.0	17	100.0	234	2.1
NOF Kawasaki Higashiguchi Bldg.	3-1 Ekimae Honcho, Kawasaki-ku, Kawasaki City, Kanagawa (Note 4)	Beneficial Interest in Real Estate Trust	10,100	9,576	26	95.7	322	2.7	26	97.2	328	3.0
NOF Yokohama Nishiguchi Bldg.	1-11-11 Kita-Saiwai, Nishi-ku, Yokohama City, Kanagawa	Beneficial Interest in Real Estate Trust	7,800	5,033	31	100.0	253	2.1	30	98.6	245	2.2
NOF Shin-Yokohama Bldg.	2-15-16 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa	Beneficial Interest in Real Estate Trust	4,420	3,379	3	100.0	(Note 2)	(Note 2)	3	100.0	(Note 2)	(Note 2)
Yokohama Odori Koen Bldg.	2-4-1 Horai-cho, Naka-ku, Yokohama City, Kanagawa (Note 4)	Real Estate	2,860	3,001	1	94.0	21	0.2	-	-	-	-
Subtotal			51,350	41,070	104	99.1	(Note 3)	(Note 3)	102	99.5	(Note 3)	(Note 3)
<b>Other Regional Cities</b>												
Sapporo North Plaza	4-2-2 Kitaichijo-nishi, Chuo-ku, Sapporo City, Hokkaido (Note 4)	Beneficial Interest in Real Estate Trust	6,928	7,044	44	91.6	345	2.9	44	88.4	338	3.0
Kita-Sanjo Bldg.	3-1-25 Kitasanjo-nishi, Chuo-ku, Sapporo City, Hokkaido (Note 4)	Real Estate	3,020	3,446	10	96.7	21	0.2	-	-	-	-
NOF Sendai Aoba-dori Bldg.	2-1-2 Ichiban-cho, Aoba-ku, Sendai City, Miyagi	Beneficial Interest in Real Estate Trust	3,430	3,182	28	95.6	163	1.4	28	95.2	168	1.5
NOF Utsunomiya Bldg.	2-1-1 Baba-dori, Utsunomiya City, Tochigi	Beneficial Interest in Real Estate Trust	3,570	2,693	24	97.3	176	1.5	25	100.0	174	1.6
NOF Nagoya Yanagibashi Bldg.	1-16-28 Meieki-Minami, Nakamura-ku, Nagoya City, Aichi	Beneficial Interest in Real Estate Trust	3,790	3,656	11	91.3	143	1.2	12	100.0	133	1.2
Omron Kyoto Center Bldg.	801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiojiri-dori, Shimogyo-ku, Kyoto City, Kyoto (Note 4)	Beneficial Interest in Real Estate Trust	24,200	23,507	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Midosuji Bldg.	3-5-7 Kawaramachi, Chuo-ku, Osaka City, Osaka	Beneficial Interest in Real Estate Trust	14,000	12,914	16	100.0	494	4.1	16	100.0	488	4.4
Nomura Osaka Bldg.	1-8-15 Azuchi-cho, Chuo-ku, Osaka City, Osaka	Beneficial Interest in Real Estate Trust	11,000	6,395	28	100.0	547	4.6	28	100.0	534	4.8
Nomura Yotsubashi Bldg.	1-4-4 Awaza, Nishi-ku, Osaka City, Osaka	Beneficial Interest in Real Estate Trust	6,610	3,717	18	100.0	328	2.7	17	100.0	324	2.9
NOF Kobe Kaigan Bldg.	3 Kaigan-dori, Chuo-ku, Kobe City, Hyogo (Note 4)	Beneficial Interest in Real Estate Trust	3,460	3,028	29	87.5	169	1.4	28	80.0	160	1.4
Hiroshima Tatemachi NOF Bldg.	1-20 Tatemachi, Naka-ku, Hiroshima City, Hiroshima	Beneficial Interest in Real Estate Trust	2,060	2,335	24	77.6	100	0.8	23	72.0	101	0.9
Nomura Hiroshima Bldg.	2-23 Tatemachi, Naka-ku, Hiroshima City, Hiroshima	Beneficial Interest in Real Estate Trust	2,570	2,327	15	92.4	207	1.7	15	94.1	209	1.9
Subtotal			84,638	74,251	248	96.5	(Note 3)	(Note 3)	237	96.1	(Note 3)	(Note 3)
Grand total			366,938	291,853	533	97.9	11,958 (Note 6)	100.0	517	98.5	10,090 (Note 6)	100.0

Note 1: "Appraisal Value as of Oct. 31, 2007" stands for the prices appraised by the estate surveyors in accordance with the provisions of the Company's Articles of Incorporation and the "Rules Concerning Calculations of Investment Corporations" (Cabinet Office Regulation No. 47 of 2006). The appraisal prices are calculated by Tanizawa Sogo Appraisal Co., Ltd., Appraisal Firm A-Square Co., Ltd., HIRO & REAS Network, Inc., Daiwa Real Estate Appraisal, Co., Ltd., Morii Appraisal & Investment Consulting Inc., Chuo Real Estate Appraisal Co., Ltd., or Japan Real Estate Agency (judicial foundation) using the capitalization approach, with the end of the eighth fiscal period, i.e. October 31, 2007, being taken as the point of evaluation.

Note 2: "Book Value" stands for the aggregate purchase price of lands, buildings, structures, machinery and equipments, tools and fixtures, and construction in progress, owned directly or held in trust, less depreciation including expenses associated with these purchases.

Note 3: The Company's stake in this property is quasi co-ownership of 50.1% of entirety. The appraisal value and book value as of Oct. 31, 2007 accounted solely for the quasi co-ownership.

Note 4: Residential indication of the property is not available yet.

Name of Property	8th Period (from May 1, 2007 to Oct. 31, 2007)			7th Period (from Nov. 1, 2006 to Apr. 30, 2007)		
	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln) Revenues (%)	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln) Revenues (%)
<b>Central Tokyo</b>						
Shinjuku Nomura Bldg.	82	95.3	1,935	85	99.4	1,808
JAL Bldg.	1	100.0	(Note 2)	1	100.0	(Note 2)
NOF Nihonbashi-Honcho Bldg.	11	97.3	837	13	100.0	850
Tennozu Park Side Bldg.	14	100.0	818	14	100.0	774
NOF Shibuya Koen-dori Bldg.	3	100.0	365	3	100.0	364
Secom Medical Bldg.	1	100.0	(Note 2)	1	100.0	(Note 2)
NOF Shiba Bldg.	9	100.0	339	9	100.0	332
Nishi-Shinjuku Showa Bldg.	20	93.9	313	20	100.0	300
NOF Tameike Bldg.	13	100.0	225	13	100.0	204
NOF Shinagawa Kounan Bldg.	5	100.0	263	5	100.0	257
NOF Surugadai Plaza Bldg.	1	100.0	(Note 2)	1	100.0	(Note 2)
Hatchobori NF Bldg.	8	100.0	47	-	-	-
NOF Kanda Iwamoto-cho Bldg.	8	100.0	153	8	100.0	150
NOF Minami-Shinjuku Bldg.	5	100.0	106	5	100.0	101
Subtotal	181	98.6	(Note 3)	178	99.9	(Note 3)
<b>Suburban Tokyo</b>						
NOF Toyo-cho Bldg.	1	100.0	(Note 2)	1	100.0	(Note 2)
Technoport Kamata Center Bldg.	14	100.0	455	14	100.0	421
Crystal Park Bldg.	11	100.0	131	11	100.0	125
Faret Tachikawa Center Square	17	100.0	242	17	100.0	234
NOF Kawasaki Higashiguchi Bldg.	26	95.7	322	26	97.2	328
NOF Yokohama Nishiguchi Bldg.	31	100.0	253	30	98.6	245
NOF Shin-Yokohama Bldg.	3	100.0	(Note 2)	3	100.0	(Note 2)
Yokohama Odori Koen Bldg. (Note 4)	1	94.0	21	-	-	-
Subtotal	104	99.1	(Note 3)	102	99.5	(Note 3)
<b>Other Regional Cities</b>						
Sapporo North Plaza	44	91.6	345	44	88.4	338
Kita-Sanjo Bldg. (Note 5)	10	96.7	21	-	-	-
NOF Sendai Aoba-dori Bldg.	28	95.6	163	28	95.2	168
NOF Utsunomiya Bldg.	24	97.3	176	25	100.0	174
NOF Nagoya Yanagibashi Bldg.	11	91.3	143	12	100.0	133
Omron Kyoto Center Bldg.	1	100.0	(Note 2)	1	100.0	(Note 2)
NOF Midosuji Bldg.	16	100.0	494	16	100.0	488
Nomura Osaka Bldg.	28	100.0	547	28	100.0	534
Nomura Yotsubashi Bldg.	18	100.0	328	17	100.0	324
NOF Kobe Kaigan Bldg.	29	87.5	169	28	80.0	160
Hiroshima Tatemachi NOF Bldg.	24	77.6	100	23	72.0	101
Nomura Hiroshima Bldg.	15	92.4	207	15	94.1	209
Subtotal	248	96.5	(Note 3)	237	96.1	(Note 3)
Grand Total	533	97.9	11,958 (Note 6)	517	98.5	10,090 (Note 6)

Note 1: In the case a master lease agreement is in place, in which the master tenant of the said lease agreement subleases a part or whole of the leased floor spaces to the end tenants, only the master tenant is counted as the number of tenants. In the case more than one space within the same building are leased by the same tenant, such spaces are combined to count for just one tenant. However, when the same tenant leased floor spaces in more than one building, such spaces are counted separately for each building as if they are leased by different tenants. As for Shinjuku Nomura Building, the number of tenants in the entire building is taken into account.

Note 2: Not disclosed due to compelling reasons.

Note 3: Subtotal of "Rental Revenues" and "Portion of Rental Revenues" for each area is not disclosed due to compelling reasons.

Note 4: Former owner of the property had temporarily leased this property (building) entirely for the purpose of subleasing to the end-tenant by November 30, 2007. Considering the foregoing, the occupancy rate as of end of eighth fiscal period in the above table indicates the occupancy rate based on leasing conditions with the end-tenant. Total number of end-tenants as of end of eighth fiscal period is 14.

Note 5: Former owner of the property had temporarily leased part of this property (building) for the purpose of subleasing to the end-tenant by November 30, 2007. Considering the foregoing, the occupancy rate as of end of eighth fiscal period in the above table indicates the occupancy rate based on leasing conditions with the tenants the Company is directly leasing to and end-tenants of according to the sublease by the former owners. Total number of end-tenants as of end of eighth fiscal period (including direct tenants of the Company) is 17.

Note 6: Grand Total includes those not disclosed due to compelling reasons.

### 4. OUTSTANDING AMOUNT AND CURRENT PRICE OF SPECIFIED TRANSACTIONS

The outstanding amount and current price of the specified transactions as of October 31, 2007 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)	51,500	35,500	△147
Total		51,500	35,500	△147

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, 2007.

## 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, 2007. 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 8th Period	Paid before 8th Period
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renewal of exclusively owned area (To increase revenues)	From: Jan. 2008 To: Mar. 2008	250	–	–
NOF Nihonbashi-Honcho Bldg. (Chuo-ku, Tokyo)	Renewal of elevators (To increase quality)	From: Dec. 2007 To: Oct. 2008	196	–	–
Sapporo North Plaza (Chuo-ku, Sapporo City)	Aseismic retrofitting (To increase quality) (Note 2)	From: Nov. 2007 To: May 2008	299	20	20
Sapporo North Plaza (Chuo-ku, Sapporo City)	Renewal of air-conditioning system (To increase quality) (Note 3)	From: Nov. 2007 To: Dec. 2007	118	–	–
NOF Nagoya Yanagibashi Bldg. (Nakamura-ku, Nagoya City)	Renewal of air-conditioning system (To increase quality) (Note 2)	From: Nov. 2007 To: Oct. 2008	155	–	–
NOF Midosuji Bldg. (Chuo-ku, Osaka City)	Renewal of air-conditioning system and AHU (To increase quality) (Note 2)	From: Nov. 2007 To: Apr. 2008	50	–	–
Hiroshima Tatemachi NOF Bldg. (Naka-ku, Hiroshima City)	Renewal of entrance hall (To increase revenues) (Note 2)	From: Nov. 2007 To: Dec. 2007	43	–	–
Nomura Hiroshima Bldg. (Naka-ku, Hiroshima City)	Renewal of air-conditioning system (To increase quality) (Note 2)	From: Nov. 2007 To: Apr. 2008	269	–	–

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.

Note 3: Completed as of the date of this report.

### 2. CAPITAL EXPENDITURES DURING THE EIGHTH FISCAL PERIOD

The table below lists capital expenditures during the eighth fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥1,614 million: capital expenditures of ¥1,252 million and repair expenses of ¥362 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 sanitary piping (To increase quality)	From: May 2007 To: Oct. 2007	47
NOF Nihonbashi-Honcho Bldg. (Chuo-ku, Tokyo)	Renewal of heat pipes (To increase quality)	From: May 2007 To: Oct. 2007	40
NOF Shinagawa Kounan Bldg. (Shinagawa-ku, Tokyo)	Renewal of air-conditioning system (To increase quality)	From: May 2007 To: May 2007	46
Sapporo North Plaza (Chuo-ku, Sapporo City)	Renewal of air-conditioning system (To increase quality)	From: May 2007 To: Oct. 2007	91
NOF Midosuji Bldg. (Chuo-ku, Osaka City)	Renewal of air-conditioning system and AHU (To increase quality)	From: May 2007 To: Oct. 2007	43
Hiroshima Tatemachi NOF Bldg. (Naka-ku, Hiroshima City)	Aseismic retrofitting (To increase quality)	From: May 2007 To: Oct. 2007	211
Nomura Hiroshima Bldg. (Naka-ku, Hiroshima City)	Renewal of power receiving and electric transformation equipments (To increase revenues)	From: May 2007 To: Oct. 2007	155
Other Properties	Improvement of features	From: May 2007 To: Oct. 2007	615
Total			1,252

### 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.

	8th Period	7th Period	6th Period	5th Period	4th Period
	from May 1, 2007 to Oct. 31, 2007	from Nov. 1, 2006 to Apr. 30, 2007	from May 1, 2006 to Oct. 31, 2006	from Nov. 1, 2005 to Apr. 30, 2006	from May 1, 2005 to Oct. 31, 2005
	¥mln	¥mln	¥mln	¥mln	¥mln
Balance brought forward from the previous period	938	935	761	1,054	833
Amount reserved during the period	718	693	671	600	528
Amount used during the period	1,060	690	497	893	307
Balance brought forward to the next period	596	938	935	761	1,054

## Expenses and Liabilities

### 1. EXPENSES RELATED TO ASSET MANAGEMENT

	8th Period	7th Period
	from May 1, 2007 to Oct. 31, 2007	from Nov. 1, 2006 to Apr. 30, 2007
	¥000	¥000
Asset management fees (Note 1)	874,405	976,483
of which Management Fee I	556,491	499,962
of which Management Fee II	317,914	323,121
of which Management Fee III	–	153,399
Custodian fees	25,577	24,462
General administrative fees	59,671	57,405
Directors' compensation	10,800	10,000
Other expenses	81,948	79,258
Total	1,052,401	1,147,609

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 October 31, 2007 is as follows.

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2007 (¥000)	Outstanding as of Apr. 30, 2007 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
<b>Short-term Borrowing</b>								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		–	675,000					
Sumitomo Mitsui Banking Corp.		–	375,000					
Mitsubishi UFJ Trust and Banking Corp.	Mar. 19, 2007	–	150,000	1.10727	Aug. 27, 2007			
Sumitomo Trust and Banking Co., Ltd.		–	150,000					
The Mizuho Corporate Bank, Ltd.		–	150,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,440,000	–					
Sumitomo Mitsui Banking Corp.		800,000	–					
Mitsubishi UFJ Trust and Banking Corp.	Aug. 9, 2007	320,000	–	1.22083	Dec. 27, 2007	Balloon payment	(Note 2)	Unsecured/Uninsured
Sumitomo Trust and Banking Co., Ltd.		320,000	–					
The Mizuho Corporate Bank, Ltd.		320,000	–					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 27, 2007	3,500,000	–	1.13833	Dec. 27, 2007			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		3,060,000	–					
Sumitomo Mitsui Banking Corp.		1,700,000	–					
Mitsubishi UFJ Trust and Banking Corp.	Sep. 27, 2007	680,000	–	1.24667	Dec. 27, 2007			
Sumitomo Trust and Banking Co., Ltd.		680,000	–					
The Mizuho Corporate Bank, Ltd.		680,000	–					
Subtotal		13,500,000	1,500,000					
<b>Long-term Borrowing Due Within a Year</b>								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 28, 2005	–	2,000,000	1.24636	Aug. 28, 2007			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		4,000,000	4,000,000					
Sumitomo Mitsui Banking Corp.		1,000,000	1,000,000					
The Chiba Bank, Ltd.	Dec. 8, 2004	500,000	500,000	1.00625	Dec. 8, 2007			
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 Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corp.		1,500,000	1,500,000					
Mitsubishi UFJ Trust and Banking Corp.	Feb. 26, 2004	2,500,000	2,500,000	1.22500	Feb. 26, 2008	Balloon payment	(Note 2)	Unsecured/Uninsured
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		500,000	500,000					
The Dai-ichi Mutual Life Insurance Company	Feb. 26, 2004	3,000,000	3,000,000	1.05250	Feb. 26, 2008			
The Yamanashi Chuo Bank, Ltd.		1,000,000	–					
The Chugoku Bank, Ltd.	Dec. 9, 2005	1,000,000	–	1.29000	Aug. 26, 2008			
The Bank of Fukuoka, Ltd.		1,000,000	–					
The Aozora Bank, Ltd.		1,000,000	–					
Subtotal		23,000,000	21,000,000					
Total Short-term Borrowing		36,500,000	22,500,000					

Financial Institutions	Date Borrowed	Outstanding as of Oct. 31, 2007 (¥000)	Outstanding as of Apr. 30, 2007 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
<b>Long-term Borrowing</b>								
The Yamanashi Chuo Bank, Ltd.		–	1,000,000					
The Chugoku Bank, Ltd.	Dec. 9, 2005	–	1,000,000	1.08818	Aug. 26, 2008			
The Bank of Fukuoka, Ltd.		–	1,000,000					
The Aozora Bank, Ltd.		–	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000					
Mitsubishi UFJ Trust and Banking Corp.	Dec. 8, 2003	1,000,000	1,000,000	1.66750	Dec. 8, 2008			
The Iyo Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank, Ltd.		2,000,000	2,000,000					
Mitsui Life Insurance Company		2,000,000	2,000,000					
Taiyo Life Insurance Company	Dec. 8, 2003	1,000,000	1,000,000	1.51625	Dec. 8, 2008			
Daido Life Insurance Company		1,000,000	1,000,000					
Mitsui Sumitomo Insurance Company		1,000,000	1,000,000					
The Chiba Bank, Ltd.	Feb. 27, 2006	1,500,000	1,500,000	1.19000	Feb. 26, 2009			
The Hachijuni Bank, Ltd.		500,000	500,000					
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.		1,000,000	1,000,000					
The Hiroshima Bank, Ltd.	Dec. 8, 2006	500,000	500,000	1.48375	Feb. 26, 2010			
Tokio Marine & Nichido Fire Insurance Co. Ltd.		1,000,000	1,000,000					
Nippon Life Insurance Company		1,000,000	1,000,000					
Sompo Japan Insurance Inc.	Nov. 30, 2006	1,000,000	1,000,000	1.65500	Aug. 26, 2010			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,000,000	1,000,000					
The Mizuho Corporate Bank, Ltd.		1,000,000	1,000,000					
Mitsubishi UFJ Trust and Banking Corp.	Feb. 27, 2006	500,000	500,000	1.68000	Feb. 26, 2011	Balloon payment	(Note 2)	Unsecured/Uninsured
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 Mizuho Corporate Bank, Ltd.		2,000,000	2,000,000					
The Chuo Mitsui Trust & Banking Co., Ltd.	Mar. 19, 2007	1,000,000	1,000,000	1.63825	Aug. 26, 2011			
The Iyo Bank, Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.		2,000,000	2,000,000					
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000					
Mitsubishi UFJ Trust and Banking Corp.	Dec. 8, 2006	1,000,000	1,000,000	1.89764	Feb. 26, 2012			
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 Company		1,000,000	1,000,000					
Taiyo Life Insurance Company	Nov. 29, 2005	1,000,000	1,000,000	1.43750	Aug. 26, 2012			
Daido Life Insurance Company		1,000,000	1,000,000					
National Mutual Insurance Federation of Agricultural Cooperatives		1,000,000	1,000,000					
Development Bank of Japan		1,000,000	1,000,000					
National Mutual Insurance Federation of Agricultural Cooperatives	Dec. 9, 2005	1,000,000	1,000,000	1.53625	Aug. 26, 2012			
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		1,000,000	1,000,000					
Daido Life Insurance Company	Mar. 19, 2007	1,000,000	1,000,000	1.98000	Mar. 19, 2014			
Sumitomo Life Insurance Company		2,000,000	2,000,000					
Subtotal		59,000,000	63,000,000					
Total		95,500,000	85,500,000					

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.

### 3. STATUS OF INVESTMENT CORPORATION BONDS

The status of investment corporation bonds issued as of October 31, 2007 is as follows.

Name of Bonds	Issue Date	Balance as of Oct. 31, 2007 (¥ 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)
<b>Total</b>		<b>44,500</b>	<b>44,500</b>					

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 eighth fiscal period.

## Trading during the Eighth Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Disposition			Gain (Loss) (¥ mln) (Note2)
		Date	Price (¥ mln) (Note1)	Date	Price (¥ mln) (Note1)	Book Value (¥ mln)	
Beneficial interest in real estate trust	Hatchobori NF Bldg.	Aug. 10, 2007	3,160	-	-	-	-
Real estate	NOF Technoport Kamata Center Bldg. (A part of the land)	-	-	Aug. 31, 2007	25	13	9
Beneficial interest in real estate trust (Note3)	Yokohama Odori Koen Bldg.	Sep. 28, 2007	2,993	-	-	-	-
Beneficial interest in real estate trust (Note3)	Kita-Sanjo Bldg.	Sep. 28, 2007	3,430	-	-	-	-
<b>Total</b>			<b>9,583</b>		<b>25</b>	<b>13</b>	<b>9</b>

Note 1: "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).

Note 2: For dispositions, other sales costs of ¥1million in addition to the above have been incurred, and "Gain (Loss)" was calculated by deducting such sales costs.

Note 3: The Company acquired the properties as beneficial interest in real estate trusts. However, as the trusts have been dissolved as of the above acquisition date, and the real estates were delivered to the Company by each of the trustees, the properties have been held as real estate thereafter.

### 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	Trust beneficial interest in real estate	Hatchobori NF Bldg.	Aug. 10, 2007	3,160	3,160
Disposition	Real Estate	NOF Technoport Kamata Center Bldg. (A part of the land)	Aug. 31, 2007	25	21
Acquisition	Trust beneficial interest in real estate	Yokohama Odori Koen Bldg.	Sep. 28, 2007	2,993	2,860
Acquisition	Trust beneficial interest in real estate	Kita-Sanjo Bldg.	Sep. 28, 2007	3,430	3,020

Note 1: The price investigation procedures were conducted by Ernst & Young ShinNihon 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.

Note 2: "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

There is no transactions subjected to investigation during the period from May 1, 2007 to October 31, 2007.

### 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 eighth fiscal period is as follows.

	Purchase (¥000)	(%)	Sale (¥000)	(%)
	9,583,000	-	-	-
Total amount	Amount purchased from related parties and major shareholders	3,160,000 (33.0%)	Amount sold to related parties and major shareholders	- (-%)
Details of transaction with related parties and major shareholders				
CREO Investment	3,160,000	(100.0%)	-	(-%)
<b>Total</b>	<b>3,160,000</b>	<b>(100.0%)</b>	<b>-</b>	<b>(-%)</b>

Note 1: Related parties and major shareholders refer to those bodies that have business interest and major stake in the Asset Management Company 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 eighth fiscal period is as follows.

	Name of Related Party and Major Shareholders	Amount Paid (A) (¥000)	Total Amount Paid (B) (¥000)	Portion (A) / (B) (%)
Contract-out fees	Nomura Building Management Co., Ltd. (Note 1)	528,077	890,482	59.3
	Flagship Properties, Inc. (Note 2)	916		
Property management fees	Nomura Real Estate Development Co., Ltd.	223,185	306,559	72.8
	Nomura Building Management Co., Ltd.	16,065		
Other expenses	Nomura Real Estate Development Co., Ltd.	23,587	113,804	20.7
	Nomura Building Management Co., Ltd.	20,678		

Note 1: 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".

Note 2: 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.

Note 3: Besides the above, the Company has made the following payments for repair works during the eighth period.

Name of Related Party	Amount Paid (¥000)
Nomura Real Estate Development Co., Ltd.	33,654
Nomura Building Management Co., Ltd.	284,610



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.	55,608
JAL Bldg.	Nomura Real Estate Development Co., Ltd.	2,943
Tennozu Park Side Bldg.	Nomura Real Estate Development Co., Ltd.	37,061
NOF Shibuya Koen-dori Bldg.	Nomura Real Estate Development Co., Ltd.	5,910
Secom Medical Bldg.	Nomura Real Estate Development Co., Ltd.	3,789
Nishi-Shinjuku Showa Bldg.	Nomura Real Estate Development Co., Ltd.	9,409
NOF Tameike Bldg.	Nomura Real Estate Development Co., Ltd.	5,548
NOF Shinagawa Konan Bldg.	Nomura Real Estate Development Co., Ltd.	6,012
NOF Surugadai Plaza Bldg.	Nomura Real Estate Development Co., Ltd.	7,172
Hatchobori NF Bldg.	Nomura Real Estate Development Co., Ltd.	945
NOF Minami-Shinjuku Bldg.	Nomura Real Estate Development Co., Ltd.	3,800
NOF Technoport Kamata Center Bldg.	Nomura Real Estate Development Co., Ltd.	12,184
Faret Tachikawa Center Square	Nomura Real Estate Development Co., Ltd.	6,152
NOF Yokohama Nishiguchi Bldg.	Nomura Real Estate Development Co., Ltd.	8,074
NOF Shin-Yokohama Bldg.	Nomura Real Estate Development Co., Ltd.	4,522
Omron Kyoto Center Bldg.	Nomura Real Estate Development Co., Ltd.	5,578
NOF Midosuji Bldg.	Nomura Real Estate Development Co., Ltd.	14,769
Nomura Osaka Bldg.	Nomura Real Estate Development Co., Ltd.	15,795
Nomura Yotsubashi Bldg.	Nomura Real Estate Development Co., Ltd.	9,347
Hiroshima Tatemachi NOF Bldg.	Nomura Real Estate Development Co., Ltd.	3,104
Nomura Hiroshima Bldg.	Nomura Real Estate Development Co., Ltd.	5,453
NOF Toyo-cho Bldg.	Nomura Building Management Co., Ltd.	2,257
NOF Kawasaki Higashiguchi Bldg.	Nomura Building Management Co., Ltd.	6,155
NOF Utsunomiya Bldg.	Nomura Building Management Co., Ltd.	4,693
NOF Nagoya Yanagibashi Bldg.	Nomura Building Management Co., Ltd.	2,958

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

The third General Unitholders' Meeting was held on July 23, 2007. Summary of main items approved at the meeting are as follows:

Agenda	Summary
Partial Amendment of the Articles of Incorporation	The Articles of Incorporation were changed for the following reasons: <ul style="list-style-type: none"> <li>•To make required amendments in conjunction with the establishment / revision of the Investment Trust Law due to the implementation of the Law Concerning Adjustment and Coordination of Relevant Laws in Association with the Enforcement of the Corporate Law.</li> <li>•Establishment of indemnity clause for Accounting Auditors.</li> <li>•Clarification of scope of assets eligible for investment, and clarification of positioning of securities investment in conjunction with the Law Concerning Partial Amendment of the Securities Exchange Law.</li> <li>•To make required amendments in conjunction with the tax reform, etc.</li> <li>•To make required amendments to allow issuance of short-term investment corporation bonds in conjunction with the implementation of the Law Concerning Partial Amendment of the Securities Exchange Law.</li> <li>•Other, including deletion of article and paragraph numbers of laws referred to, and addition of necessary clauses.</li> </ul>
Appointment of an Executive Director	Mr. Mitsuharu Sato was appointed as the Executive Director. The term shall be two years from August 8, 2007.
Appointment of a Substitute Executive Director	Mr. Atsushi Ogata was appointed as the Substitute Executive Director.
Appointment of four Supervisory Directors	Mr. Shuhei Yoshida, Mr. Eitoku Aikawa, Mr. Saneaki Ichijo, and Mr. Motoharu Yokose were appointed as Supervisory Directors. The terms shall be two years from August 8, 2007.

### 2. 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.



Faret Tachikawa Center Square

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## Balance Sheets

	Thousands of Yen	
	As of October 31, 2007	As of April 30, 2007
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and bank deposits	¥ 34,016,504	¥ 32,050,815
Rental receivables	210,234	168,410
Corporate taxes refundable	5,341	2,200
Consumption taxes refundable	33,935	324,181
Other current assets	203,722	271,183
<b>Total current assets</b>	<b>34,469,736</b>	<b>32,816,789</b>
<b>Property and Equipment, at Cost:</b>		
Land	205,186,870	198,661,209
Buildings and structures	95,326,975	90,782,946
Machinery and equipment	896,784	797,595
Tools, furniture and fixtures	110,795	87,921
Construction in progress	37,233	17,698
Subtotal	301,558,657	290,347,369
Less accumulated depreciation	(9,704,837)	(8,217,150)
<b>Net property and equipment</b>	<b>291,853,820</b>	<b>282,130,219</b>
<b>Investments and Other Assets:</b>		
Intangible assets	1,827	1,929
Long-term prepaid expenses	11,394	12,176
Security deposits	211,250	211,230
Deferred tax assets	-	21,290
Deferred investment corporation bond issuance costs	163,860	208,925
<b>Total Assets</b>	<b>¥ 326,711,887</b>	<b>¥ 315,402,558</b>

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

	Thousands of Yen	
	As of October 31, 2007	As of April 30, 2007
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Trade accounts payable	¥ 807,777	¥ 644,504
Other accounts payable	1,474,216	1,092,141
Short-term debt	36,500,000	22,500,000
Accrued expenses	523,706	494,039
Rent received in advance	1,950,418	1,880,884
Other current liabilities	213,595	157,212
<b>Total current liabilities</b>	<b>41,469,712</b>	<b>26,768,780</b>
<b>Long-term Liabilities:</b>		
Investment corporation bonds	44,500,000	44,500,000
Long-term debt	59,000,000	63,000,000
Security deposits from tenants	20,469,198	19,858,540
Derivative liabilities	-	54,048
<b>Total long-term liabilities</b>	<b>123,969,198</b>	<b>127,412,588</b>
<b>Total Liabilities</b>	<b>165,438,910</b>	<b>154,181,368</b>
<b>NET ASSETS</b>		
<b>Unitholders' Equity:</b>		
Unitholders' capital	156,767,193	156,767,193
Retained earnings	4,498,623	4,466,302
<b>Total unitholders' equity</b>	<b>161,265,816</b>	<b>161,233,495</b>
<b>Valuation and Translation Adjustments:</b>		
Deferred hedge gains (losses)	7,161	(12,305)
<b>Total valuation and translation adjustments</b>	<b>7,161</b>	<b>(12,305)</b>
<b>Total Net Assets</b>	<b>161,272,977</b>	<b>161,221,190</b>
<b>Total Liabilities and Net Assets</b>	<b>¥ 326,711,887</b>	<b>¥ 315,402,558</b>

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, 2007 to October 31, 2007	For the period from November 1, 2006 to April 30, 2007
<b>Operating Revenues and Expenses</b>		
<b>Operating Revenues:</b>		
Real estate rental revenues	¥ 11,958,966	¥ 11,090,988
Gain on sale of real estate	9,813	-
	<b>11,968,779</b>	<b>11,090,988</b>
<b>Operating Expenses:</b>		
Real estate rental expenses	5,190,754	4,805,697
Asset management fees	874,405	976,484
Administrative service and custodian fees	85,249	81,868
Other operating expenses	92,748	89,258
	<b>6,243,156</b>	<b>5,953,307</b>
<b>Operating Profit</b>	<b>5,725,623</b>	<b>5,137,681</b>
<b>Non-Operating Revenues and Expenses</b>		
<b>Non-Operating Revenues:</b>		
Interest income	29,751	14,028
Compensation for the establishment of superficies	-	295,748
Compensation for the transfer of structures	10,894	-
Other non-operating revenues	28,454	94,420
	<b>69,099</b>	<b>404,196</b>
<b>Non-Operating Expenses:</b>		
Interest expense	668,556	563,127
Loan arrangement fees	93,613	87,974
Interest expense on investment corporation bonds	432,532	306,544
Amortization of investment corporation bond issuance costs	45,066	40,641
Other non-operating expenses	68,153	76,768
	<b>1,307,920</b>	<b>1,075,054</b>
<b>Income before Income Taxes</b>	<b>4,486,802</b>	<b>4,466,823</b>
<b>Income Taxes:</b>		
Current	605	605
Deferred	-	22
<b>Net Income</b>	<b>4,486,197</b>	<b>4,466,196</b>
Retained earnings brought forward	12,426	106
<b>Retained Earnings at End of Period</b>	<b>¥ 4,498,623</b>	<b>¥ 4,466,302</b>

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, 2007 to October 31, 2007

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
<b>Balance as of April 30, 2007</b>	265,903	¥156,767,193	¥4,466,302	¥161,233,495	(¥12,305)	(¥12,305)	¥161,221,190
Cash distribution paid	-	-	(4,453,875)	(4,453,875)	-	-	(4,453,875)
Net income	-	-	4,486,197	4,486,197	-	-	4,486,197
Interest-rate swaps	-	-	-	-	19,466	19,466	19,466
<b>Balance as of October 31, 2007</b>	265,903	¥156,767,193	¥4,498,623	¥161,265,816	¥ 7,161	¥ 7,161	¥161,272,977

For the period from November 1, 2006 to April 30, 2007

	Thousands of Yen						
	Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	Deferred Hedge Gains (Losses)	Total Valuation and Translation Adjustments	Total Net Assets
<b>Balance as of October 31, 2006</b>	265,903	¥156,767,193	¥4,229,293	¥160,996,486	¥ 7,711	¥ 7,711	¥161,004,197
Cash distribution paid	-	-	(4,229,187)	(4,229,187)	-	-	(4,229,187)
Net income	-	-	4,466,196	4,466,196	-	-	4,466,196
Interest-rate swaps	-	-	-	-	(20,016)	(20,016)	(20,016)
<b>Balance as of April 30, 2007</b>	265,903	¥156,767,193	¥4,466,302	¥161,233,495	(¥12,305)	(¥12,305)	¥161,221,190

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, 2007 to October 31, 2007	For the period from November 1, 2006 to April 30, 2007
<b>Cash Flows</b>		
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	¥ 4,486,802	¥ 4,466,823
Depreciation	1,518,317	1,478,443
Amortization of long-term prepaid expenses	1,256	1,228
Amortization of investment corporation bond issuance costs	45,066	40,641
Interest income	(29,751)	(14,028)
Interest expense	1,101,088	869,671
Compensation for the establishment of superficies	-	(295,748)
Compensation for the transfer of structures	(10,894)	-
Loss on disposal of property and equipment	1,607	-
(Increase) Decrease in rental receivables	(41,823)	5,506
Decrease (Increase) in consumption taxes refundable	290,245	(319,808)
Increase in trade accounts payable	163,273	91,104
(Decrease) Increase in other accounts payable	(101,745)	229,101
Increase in rent received in advance	69,534	121,742
Decrease in property and equipment due to sale	13,906	-
Changes in other current assets/liabilities	108,544	(14,366)
<b>Subtotal</b>	<b>7,615,425</b>	<b>6,660,309</b>
Interest received	29,751	14,028
Interest paid	(1,069,888)	(832,617)
Income taxes paid	(3,746)	(3,280)
<b>Net cash provided by operating activities</b>	<b>6,571,542</b>	<b>5,838,440</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of property and equipment	(10,773,722)	(24,093,267)
Reimbursement of security deposits to tenants	(482,237)	(854,930)
Proceeds from security deposits from tenants	1,092,895	3,347,824
Payments of security deposits	(20)	-
Proceeds from compensation for the establishment of superficies	-	295,748
Proceeds from compensation for the transfer of structures	10,894	-
<b>Net cash used in investing activities</b>	<b>(10,152,190)</b>	<b>(21,304,625)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from short-term debt	13,500,000	1,500,000
Repayment of short-term debt	(1,500,000)	(2,000,000)
Proceeds from long-term debt	-	25,500,000
Repayment of long-term debt	(2,000,000)	(15,500,000)
Proceeds from investment corporation bonds	-	14,500,000
Payments of investment corporation bond issuance costs	-	(124,542)
Distributions to unitholders	(4,453,663)	(4,227,733)
<b>Net cash provided by financing activities</b>	<b>5,546,337</b>	<b>19,647,725</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,965,689</b>	<b>4,181,540</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>32,050,815</b>	<b>27,869,275</b>
<b>Cash and Cash Equivalents at End of Period</b>	<b>¥ 34,016,504</b>	<b>¥ 32,050,815</b>

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, 2007, the Company owned a portfolio of 34 office properties containing an aggregate of approximately 362,773.62 square meters of leasable area and leased office space to 533 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 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 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 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 equipments	3 - 15 years
Tools, furniture and fixtures	3 - 15 years

#### Intangible assets

Intangible assets are amortized by the straight-line method.

#### 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 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.

#### 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 ¥14,593 thousand for the six-month period ended October 31, 2007, and ¥3,257 thousand for the six-month period ended April 30, 2007.

#### 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.

## 4. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of October 31, 2007 and April 30, 2007 consist of the following:

	Thousands of Yen			
	As of October 31, 2007		As of April 30, 2007	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 14,817,807	¥ 14,817,807	¥ 11,007,994	¥ 11,007,994
Buildings and structures	6,849,948		4,209,874	
Accumulated depreciation	(185,222)	6,664,726	(107,723)	4,102,151
Machinery and equipment	133,529		106,498	
Accumulated depreciation	(13,314)	120,215	(7,506)	98,992
Land in trust	190,369,063	190,369,063	187,653,215	187,653,215
Buildings and structures in trust	88,477,027		86,573,072	
Accumulated depreciation	(9,229,641)	79,247,386	(7,875,893)	78,697,179
Machinery and equipment in trust	763,255		691,097	
Accumulated depreciation	(250,902)	512,353	(207,873)	483,224
Tools, furniture and fixtures in trust	110,795		87,921	
Accumulated depreciation	(25,758)	85,037	(18,155)	69,766
Construction in progress in trust	37,233	37,233	17,698	17,698
Total	¥ 291,853,820	¥ 291,853,820	¥ 282,130,219	¥ 282,130,219

## 5. SHORT-TERM DEBT

Short-term debt as of October 31, 2007 and April 30, 2007 consists of the following:

	As of October 31, 2007		As of April 30, 2007	
	Amount (Thousands of Yen)	Weighted-average interest rate	Amount (Thousands of Yen)	Weighted-average interest rate
Unsecured loans from banks due on August 27, 2007	–	–	¥ 1,500,000	1.10727%
Unsecured loans from a bank due on August 28, 2007	–	–	2,000,000	1.24636%
Unsecured loans from banks due on December 8, 2007	¥ 8,500,000	1.00625%	8,500,000	1.00625%
Unsecured loans from banks due on December 27, 2007	3,200,000	1.22083%	–	–
Unsecured loans from a bank due on December 27, 2007	3,500,000	1.13833%	–	–
Unsecured loans from banks due on December 27, 2007	6,800,000	1.24667%	–	–
Unsecured loans from banks due on February 26, 2008	7,500,000	1.22500%	7,500,000	1.22500%
Unsecured loans from an insurance company due on February 26, 2008	3,000,000	1.05250%	3,000,000	1.05250%
Unsecured loans from banks due on August 26, 2008	4,000,000	1.29000%	–	–
Total	¥ 36,500,000		¥ 22,500,000	

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, 2007 and April 30, 2007. The total unused amount of such credit facilities was ¥30,000 million as of October 31, 2007 and ¥38,500 million as of April 30, 2007.

## 6. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows:

	As of October 31, 2007		As of April 30, 2007	
	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 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	

## 7. LONG-TERM DEBT

Long-term debt as of October 31, 2007 and April 30, 2007 consists of the following:

	As of October 31, 2007		As of April 30, 2007	
	Amount (Thousands of Yen)	Weighted-average interest rate	Amount (Thousands of Yen)	Weighted-average interest rate
Unsecured loans from banks due on August 26, 2008	–	–	¥ 4,000,000	1.08818%
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 February 26, 2009	2,000,000	1.19000%	2,000,000	1.19000%
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 February 26, 2011	7,500,000	1.68000%	7,500,000	1.68000%
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 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 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%
Total	¥ 59,000,000		¥ 63,000,000	

## 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, 2007 and April 30, 2007 were ¥606,510 and ¥606,315, respectively. Net income per unit was ¥16,871 and ¥16,796 for the six-month periods ended October 31, 2007 and April 30, 2007, respectively.

## 10. 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, 2007 and April 30, 2007. 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 ¥4,498,546 thousand and ¥4,453,875 thousand for the six-month periods ended October 31, 2007 and April 30, 2007, 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 rate:

	For the period from May 1, 2007 to October 31, 2007	For the period from November 1, 2006 to April 30, 2007
Statutory tax rate	39.39%	39.39%
Deductible cash distributions	(39.39)	(38.95)
Special deductions resulting from expropriation	-	(0.44)
Other	0.01	0.01
Effective tax rate	0.01%	0.01%

## 11. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the six-month periods ended October 31, 2007 and April 30, 2007 consist of the following:

	Thousands of Yen	
	For the period from May 1, 2007 to October 31, 2007	For the period from November 1, 2006 to April 30, 2007
<b>Real estate rental revenues</b>	<b>¥ 11,958,966</b>	<b>¥ 11,090,988</b>
Rental revenues	10,694,615	9,981,094
Rental revenues	8,688,418	8,038,231
Common area charges	2,006,197	1,942,863
Non-rental revenues	1,264,351	1,109,894
Parking revenues	239,567	238,824
Incidental income	953,671	798,947
Other miscellaneous revenues	71,113	72,123
<b>Real estate rental expenses</b>	<b>5,190,754</b>	<b>4,805,697</b>
Property management costs	890,482	854,089
Property management fees	306,560	281,622
Utility expenses	937,406	784,755
Property and other taxes	939,419	857,744
Casualty insurance	23,272	22,713
Repairs and maintenance	362,145	350,087
Depreciation	1,518,289	1,478,415
Other rental expenses	213,181	176,272
<b>Profit</b>	<b>¥ 6,768,212</b>	<b>¥ 6,285,291</b>

## 12. BREAKDOWN OF GAIN ON SALE OF REAL ESTATE

Gain on sale of real estate for the six-month period ended October 31, 2007 was as follows:

	Thousands of Yen For the period from May 1, 2007 to October 31, 2007
Proceeds from sale of real estate	¥25,398
Cost of sale of real estate	13,906
Other related sale expenses	1,679
Gain on sale of real estate	¥ 9,813

## 13. LEASES

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, 2007 and April 30, 2007 are summarized as follows:

	Thousands of Yen	
	As of October 31, 2007	As of April 30, 2007
Due within one year	¥ 4,429,671	¥ 4,424,656
Due after one year	33,407,917	35,323,901
Total	¥ 37,837,589	¥ 39,748,558

## 14. DERIVATIVES AND HEDGE ACCOUNTING

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

Consequently, total net assets increased by ¥96,848 thousand over the amount which would have been recorded under the previous method of accounting.

The following summarizes the notional amounts and the estimated fair value of the interest-rate related positions outstanding as of October 31, 2007 and April 30, 2007:

	Thousands of Yen		
	Notional amount	Estimated fair value	Unrealized gain (loss)
<b>As of October 31, 2007</b>			
Interest-rate swaps:			
Received/floating and paid/fixed	¥ 51,500,000	(¥ 147,976)	(¥ 147,976)
<b>As of April 30, 2007</b>			
Interest-rate swaps:			
Received/floating and paid/fixed	¥ 51,500,000	(¥ 20,303)	(¥ 20,303)



**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, 2007 and April 30, 2007, 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.

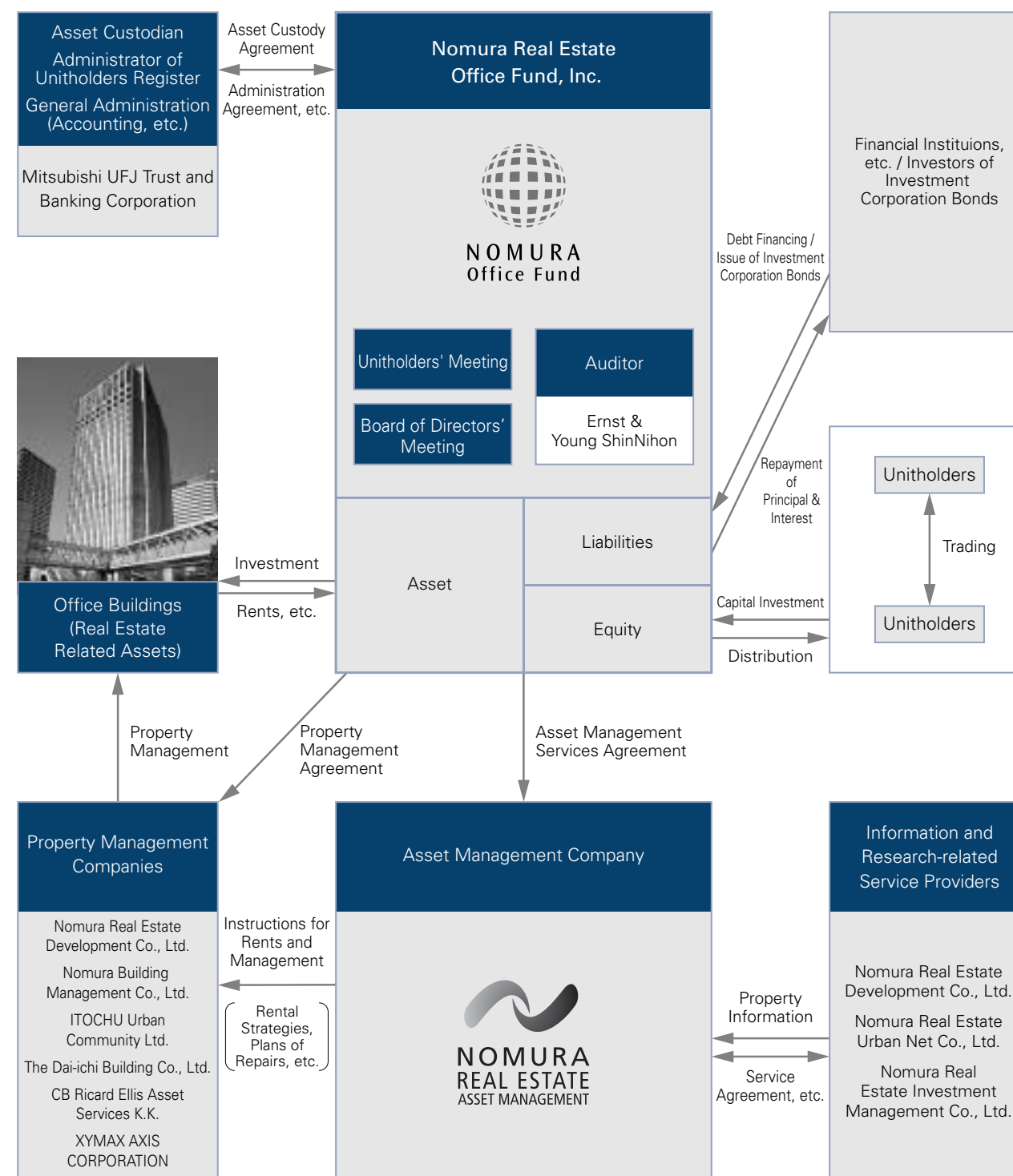
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, 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, 2007 and April 30, 2007, 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.

*Ernst & Young ShinNihon*

January 16, 2008

**Business Structure**



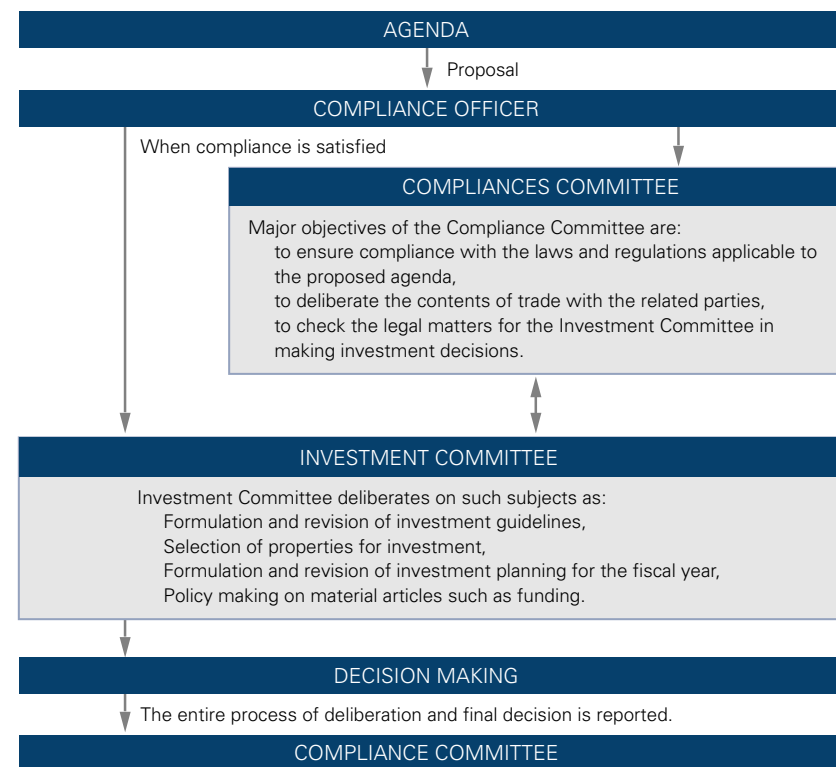
## Profile of the Asset Management Company

### PROFILE AND HISTORY OF INCORPORATION

Company: Nomura Real Estate Asset Management Co., Ltd.  
 Capital: ¥300 million (as of March 31, 2007)  
 Shareholder: Nomura Real Estate Holdings, Inc. (100%)  
 Incorporation: January 24, 2003

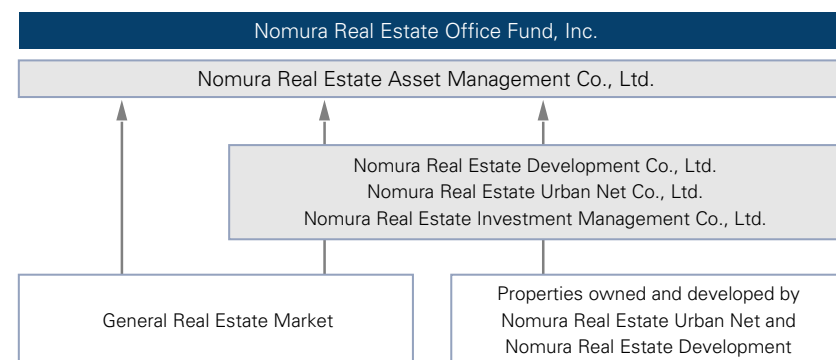
### PROCESS OF DECISION-MAKING

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.



## Corporate Data

**Corporate Name**  
 Nomura Real Estate Office Fund, Inc.

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

**Corporate Office**  
 8-5-1 Nishi Shinjuku Shinjuku-ku, Tokyo  
 160-0023, Japan  
<http://www.nre-of.co.jp/english/>

**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

**Date of Incorporation**  
 August 7, 2003

**Stock Listing**  
 Tokyo Stock Exchange (Securities Code: 8959)

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

**Fiscal Period**  
 Six months ending on April 30 and October 31

**Capital**  
 ¥156,767,193,535 (as of October 31, 2007)

**Investor Relations**  
 For further information, please contact the Asset Management Company:  
 Nomura Real Estate Asset Management Co., Ltd.  
 8-5-1 Nishi Shinjuku Shinjuku-ku, Tokyo 160-0023, Japan  
 Tel: +81-3-3365-0507

**Number of Units Issued**  
 265,903 (as of October 31, 2007)

**Number of Unitholders**  
 11,492 (as of October 31, 2007)

## 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  
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