



NOMURA
Office Fund

Seventh Fiscal Period Semi-Annual Report

November 1, 2006 ▶ April 30, 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 31 properties at a total acquisition price of ¥282.8 billion (as of April 30, 2007)
- Market capitalization of ¥396.1 billion (as of April 30, 2007)
- Constituent of MSCI Standard Index

Track records of stable managements

- Seven 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

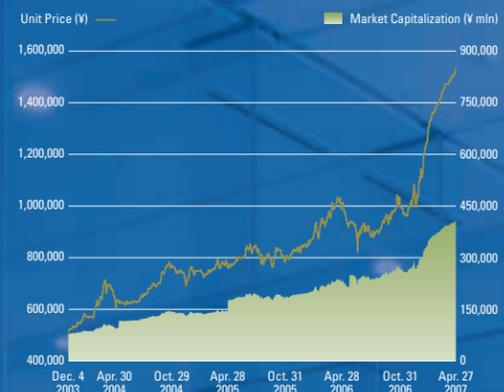
Rated A or more by three domestic and foreign rating agencies

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
- Promoting long-term fixed-rate arrangements for interest-bearing debts

Contents

To Our Investors	1	Property Details	10
Financial Highlights	2	Performance Report	17
Portfolio Highlights	3	Financial Section	35
Management Summary of the Seventh Fiscal Period	4	Business Structure	47
Financial Status of the Seventh Fiscal Period	7	Profile of the Asset Management Company	48
Summary of Portfolio Properties	8	Corporate Data	Back Cover
Portfolio Map	9		



To Our Investors

Dear Investors,

We are delighted to be able to present to you the financial results for the seventh fiscal period (ended April 30, 2007) and report on our activities during the period herein.

We booked operating revenues for this period of ¥11,090 million, current profits of ¥4,466 million, and net income of ¥4,466 million. Cash distribution per unit was ¥16,750.

Some of the major developments during the seventh period included new investment in “Omron Kyoto Center Building”, located near the Kyoto Station. As a result of this investment, the number of properties in the portfolio now totals 31, with total acquisition price of ¥282.8 billion, promoting further diversification of the portfolio.

Concerning property management, we were able to raise the level of rent reflecting the favorable office leasing market. We also improved profitability by achieving 98.5% average occupancy rate for the portfolio at the end of seventh fiscal period. In addition, we implemented various renewal works as planned, in order to maintain and improve mid- to long-term competitiveness of the properties.

In terms of financing, we secured financial stability by issuance of investment corporation bonds for total amount of ¥14.5 billion through public offering, and further promotion of long-term and fixed-rate interest-bearing debts. In compliance with our policy to seek mid- to long-term optimization, 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.



Isamu Okada

Isamu Okada
Executive Director
Nomura Real Estate Office Fund, Inc.

Financial Highlights

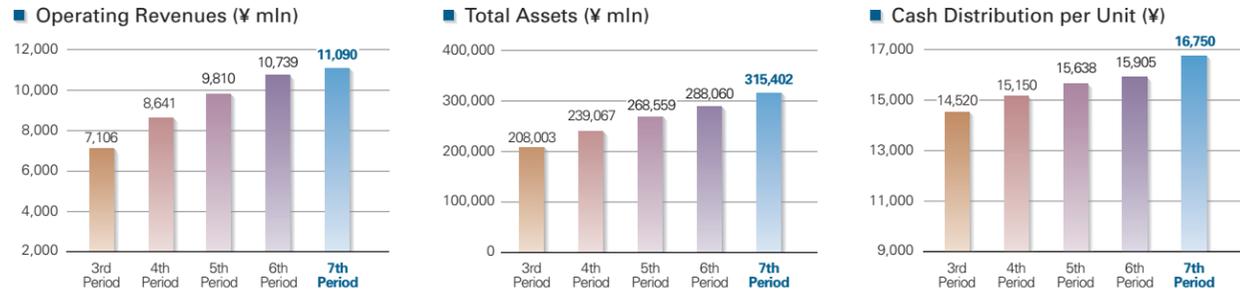
FINANCIAL SUMMARY

		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	3rd Period from Nov. 1, 2004 to Apr. 30, 2005
Operating Revenues	¥ mln	11,090	10,739	9,810	8,641	7,106
Net Operating Income (NOI) (Note 1)	¥ mln	7,763	7,591	6,952	6,125	4,970
Income before Income Taxes	¥ mln	4,466	4,230	3,597	3,485	2,682
Net Income	¥ mln	4,466	4,229	3,596	3,484	2,681
Total Assets	¥ mln	315,402	288,060	268,559	239,067	208,003
Unitholders' Capital	¥ mln	156,767	156,767	124,610	124,610	92,168
Number of Units Issued	unit	265,903	265,903	229,970	229,970	184,650
Net Assets per Unit	¥	606,315	605,499	557,492	557,004	513,672
Total Cash Distribution	¥ mln	4,453	4,229	3,596	3,484	2,681
Cash Distribution per Unit	¥	16,750	15,905	15,638	15,150	14,520
Funds from Operation (FFO) per Unit (Note 2)	¥	22,509	21,585	21,889	20,559	20,142

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) / Number of Units Issued

CHANGES IN KEY FIGURES



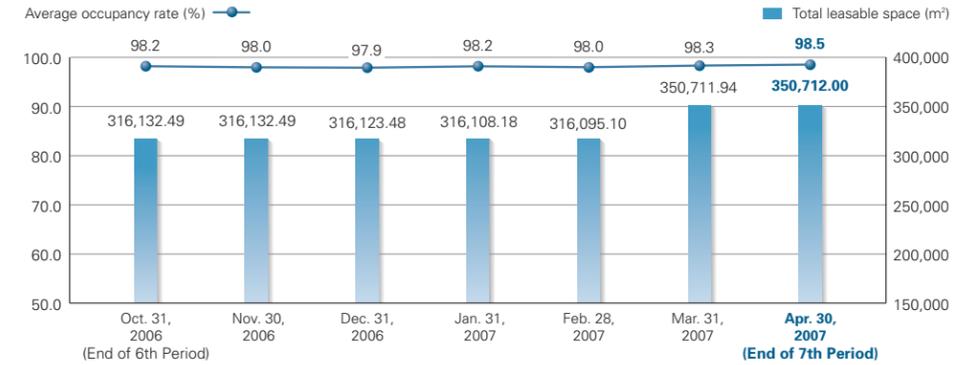
CHANGES IN UNIT PRICE AND MARKET CAPITALIZATION



Portfolio Highlights

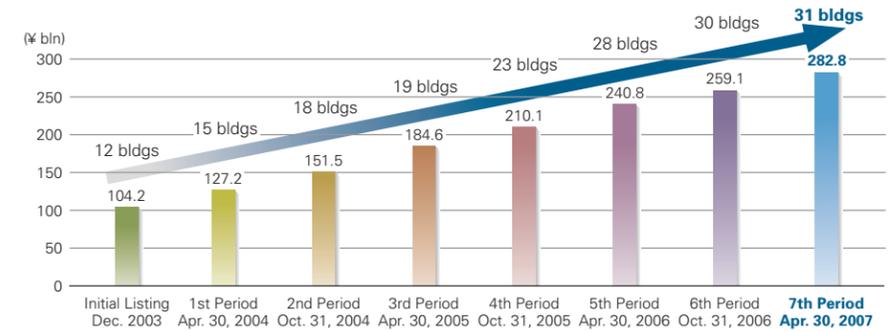
CHANGES IN OCCUPANCY RATE (Average)

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

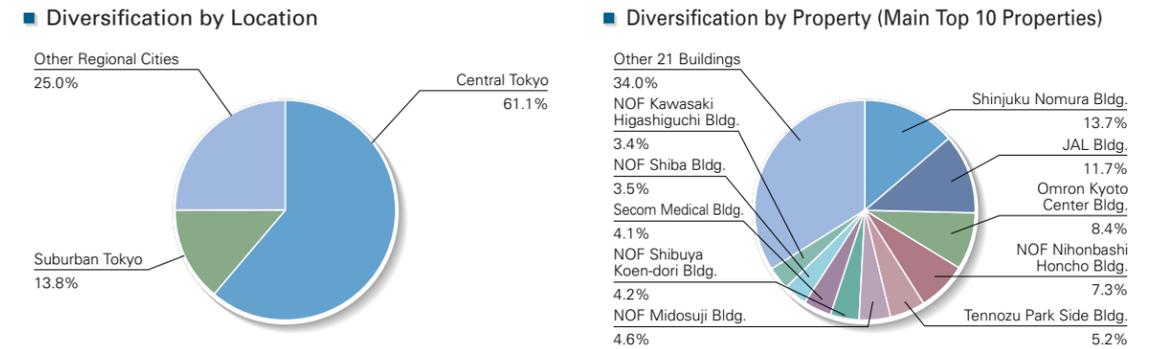


CHANGES IN SIZE OF PORTFOLIO

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



ALLOCATION BY AREA AND PROPERTY (as of Apr. 30, 2007)



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

Management Summary of the Seventh Fiscal Period

New Investment

In the seventh fiscal period, we made a new investment in “Omron Kyoto Center Building” (acquisition price: ¥23.7 billion).

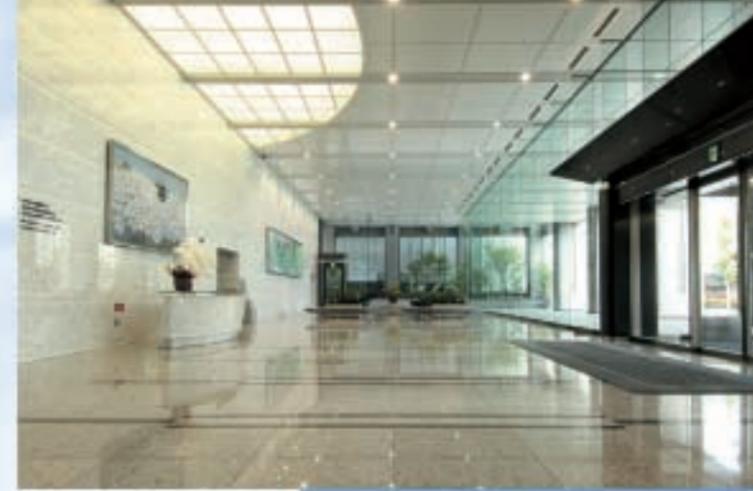
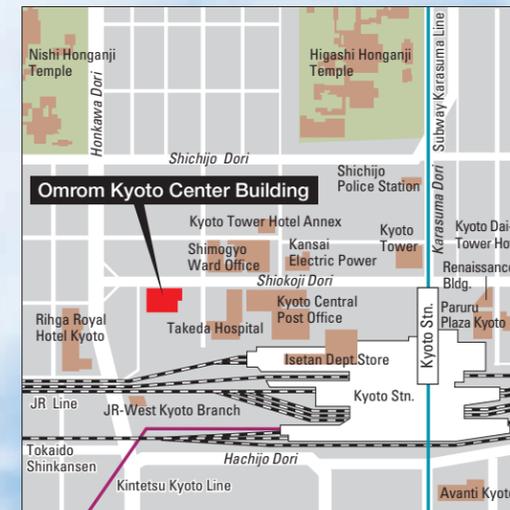


Omron Kyoto Center Building

Location Shimogyo-ku, Kyoto City
Date Acquired March 20, 2007
Acquisition Price ¥23,700 million

Property Profile

The property is a large and relatively new office building with excellent accessibility located near the Kyoto Station, and is currently being used as the headquarter of OMRON Corporation. The property also allows stable mid- to long-term management, as the lease contract until March 2021 has been executed with OMRON Corporation.



Management Summary of the Seventh Fiscal Period

RENEWAL WORKS TO ENHANCE REVENUES

Several works have been done to refurbish and renovate the properties from a strategic point of view. They are meant to maintain and increase revenues by differentiating our properties from the surrounding ones.

■ The renewal work on the entrance of NOF Kanda Iwamoto-cho Building.



IMPROVEMENT IN FINANCIAL STABILITY

■ Rating Improvement

Promotion of portfolio diversification and stable financial position resulted in improved credit ratings for the Company.

Rating Company	Rating Changes	Date
Moody's Investors Service, Inc.	Issuer Ratings: A3 → A2 Outlook: Stable → Stable	November 17, 2006
Rating and Investment Information, Inc.	Issuer Ratings: A+ → AA- Outlook: Positive → Stable	February 6, 2007

■ Public Offering of Investment Corporation Bonds

Further improvement of financial stability was achieved through issuance of Fifth through Seventh Series Investment Corporation Bonds (total of ¥14.5 billion), and turning interest-bearing debts to long-term fixed-rate debts.

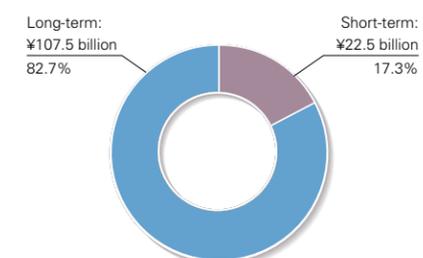
Issue	Fifth Series Unsecured Investment Corporation Bonds	Sixth Series Unsecured Investment Corporation Bonds	Seventh Series Unsecured Investment Corporation Bonds
Date of Issue	March 19, 2007	March 19, 2007	March 19, 2007
Maturity	March 19, 2012 (5-year bond)	March 17, 2017 (10-year bond)	March 17, 2028 (21-year bond)
Total Issue Amount	¥ 5 billion	¥ 5 billion	¥ 4.5 billion
Interest Rate	1.61% per annum	2.21% per annum	2.90% per annum
Security / Guarantee	Unsecured / Unguaranteed	Unsecured / Unguaranteed	Unsecured / Unguaranteed

Financial Status of the Seventh Fiscal Period

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

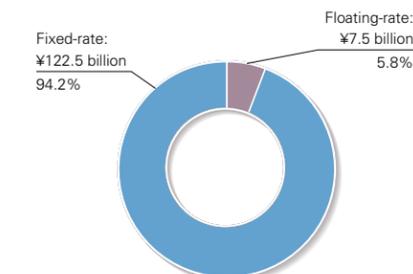
We have secured financial stability through seeking long-term, fixed-rate interest-bearing debts including issuance of investment corporation bonds, to prepare for the future interest rate hikes. As of the end of the seventh fiscal period, the ratio of long- and short-term debt and fixed and floating 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.

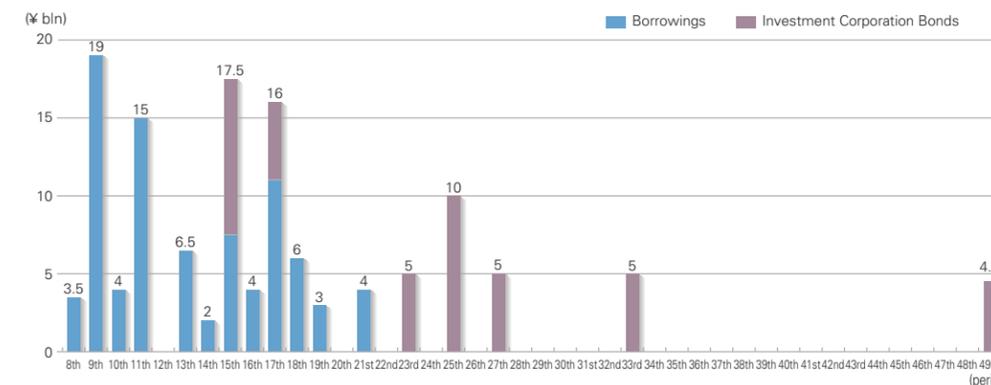
■ Ratio of fixed and floating interest-bearing debts



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

Summary of Portfolio Properties

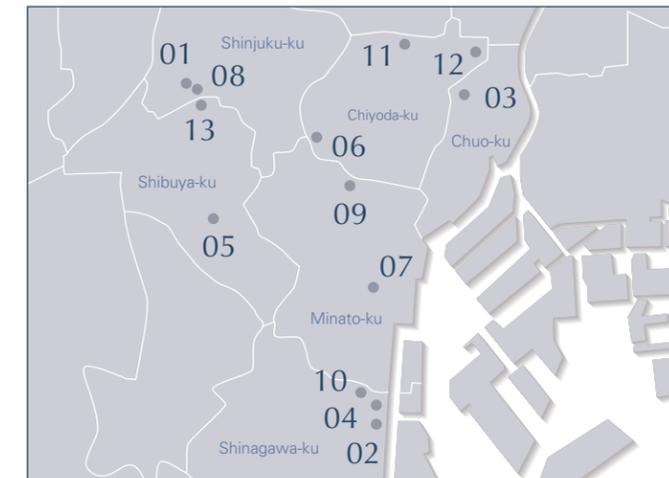
Name of Property	Location	Leasable Floor Space (m ²)	Date Acquired	Acquisition Price (¥ mln)	Ratio (%)
Central Tokyo					
Shinjuku Nomura Bldg.	Shinjuku-ku, Tokyo	31,589.26	Dec. 8, 2003	38,730	13.7
JAL Bldg.	Shinagawa-ku, Tokyo	42,084.11	Mar. 18, 2005	33,080	11.7
NOF Nihonbashi Honcho Bldg.	Chuo-ku, Tokyo	19,233.28	Dec. 5, 2003	20,600	7.3
Tennozu Park Side Bldg.	Shinagawa-ku, Tokyo	18,051.61	Feb. 27, 2004	14,800	5.2
NOF Shibuya Koen-dori Bldg.	Shibuya-ku, Tokyo	3,420.16	Sep. 28, 2004	12,000	4.2
Secom Medical Bldg.	Chiyoda-ku, Tokyo	8,821.24	Sep. 1, 2006	11,500	4.1
NOF Shiba Bldg.	Minato-ku, Tokyo	8,165.10	May 25, 2004	10,000	3.5
Nishi-Shinjuku Showa Bldg.	Shinjuku-ku, Tokyo	5,659.96	Nov. 30, 2005	8,800	3.1
NOF Tameike Bldg.	Minato-ku, Tokyo	4,715.20	Sep. 29, 2005	7,400	2.6
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
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
Total Central Tokyo (13 Properties)		160,292.94		172,920	61.1
Suburban Tokyo					
NOF Toyo-cho Bldg.	Koto-ku, Tokyo	18,218.17	Dec. 5, 2003	7,550	2.7
NOF Technoport Kamata Center Bldg.	Ota-ku, Tokyo	13,683.46	Dec. 5, 2003	6,430	2.3
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	1.2
NOF Kawasaki Higashiguchi Bldg.	Kawasaki City, Kanagawa	8,258.09	Jun. 30, 2005	9,500	3.4
NOF Yokohama Nishiguchi Bldg.	Yokohama City, Kanagawa	6,817.76	May 12, 2005	5,050	1.8
NOF Shin-Yokohama Bldg.	Yokohama City, Kanagawa	8,074.83	Dec. 5, 2003	3,600	1.3
Total Suburban Tokyo (7 Properties)		65,806.54		39,120	13.8
Other Regional Cities					
Sapporo North Plaza	Sapporo City, Hokkaido	13,744.24	Jun. 1, 2006	6,820	2.4
NOF Sendai Aoba-dori Bldg.	Sendai City, Miyagi	6,160.26	Nov. 30, 2005	3,200	1.1
NOF Utsunomiya Bldg.	Utsunomiya City, Tochigi	5,887.40	Dec. 5, 2003	2,970	1.1
NOF Nagoya Yanagibashi Bldg.	Nagoya City, Aichi	4,655.74	Sep. 29, 2005	3,550	1.3
Omron Kyoto Center Bldg.	Kyoto City, Kyoto	34,616.84	Mar. 20, 2007	23,700	8.4
NOF Midosuji Bldg.	Osaka City, Osaka	12,240.88	Nov. 30, 2005	12,900	4.6
Nomura Osaka Bldg.	Osaka City, Osaka	16,977.79	Dec. 5, 2003	6,410	2.3
Nomura Yotsubashi Bldg.	Osaka City, Osaka	11,558.68	Dec. 5, 2003	3,940	1.4
NOF Kobe Kaigan Bldg.	Kobe City, Hyogo	6,425.16	Dec. 5, 2003	3,280	1.2
Hiroshima Tatemachi NOF Bldg.	Hiroshima City, Hiroshima	4,433.44	Nov. 30, 2005	2,100	0.7
Nomura Hiroshima Bldg.	Hiroshima City, Hiroshima	7,912.09	Dec. 5, 2003	1,930	0.7
Total Other Regional Cities (11 Properties)		124,612.52		70,800	25.0
Grand Total (31 Properties)		350,712.00		282,840	100.0

Note : The Company owns "Secom Medical Bldg." and "Crystal Park 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 31 properties). As the figures in the above table have been rounded to the first decimal place, the total may not be 100.0%.

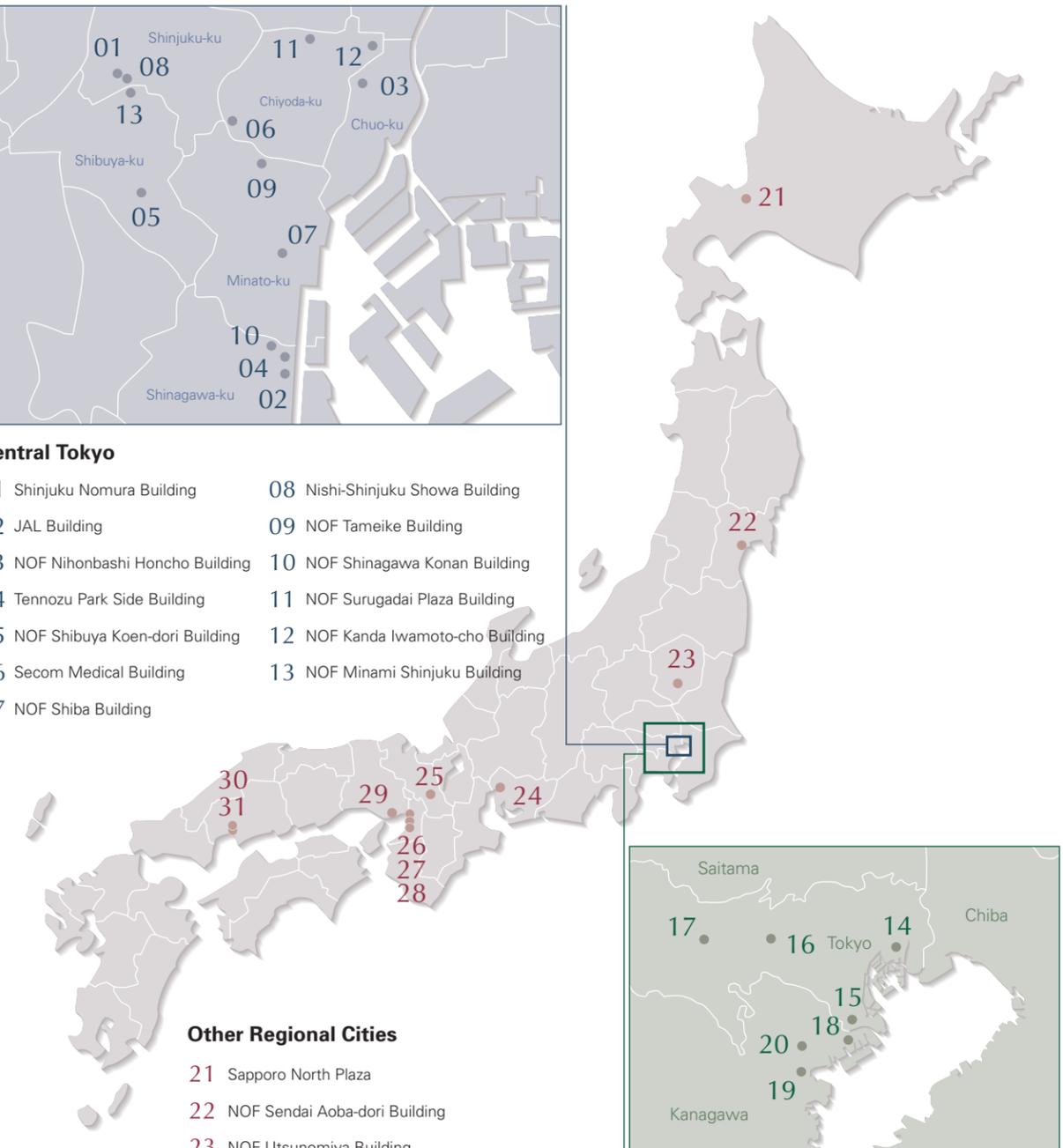
Note : Shinjuku Nomura Bldg. is held through the quasi co-ownership of beneficial interest in real estate trust. The Company holds 50.1% of the quasi co-ownership. Total leasable floor space and acquisition price in the above table indicates the figures related to the quasi co-ownership.

Portfolio Map



Central Tokyo

- 01 Shinjuku Nomura Building
- 02 JAL Building
- 03 NOF Nihonbashi Honcho Building
- 04 Tennozu Park Side Building
- 05 NOF Shibuya Koen-dori Building
- 06 Secom Medical Building
- 07 NOF Shiba Building
- 08 Nishi-Shinjuku Showa Building
- 09 NOF Tameike Building
- 10 NOF Shinagawa Konan Building
- 11 NOF Surugadai Plaza Building
- 12 NOF Kanda Iwamoto-cho Building
- 13 NOF Minami Shinjuku Building



Other Regional Cities

- 21 Sapporo North Plaza
- 22 NOF Sendai Aoba-dori Building
- 23 NOF Utsunomiya Building
- 24 NOF Nagoya Yanagibashi Building
- 25 Omron Kyoto Center Building
- 26 NOF Midosuji Building
- 27 Nomura Osaka Building
- 28 Nomura Yotsubashi Building
- 29 NOF Kobe Kaigan Building
- 30 Hiroshima Tatemachi NOF Building
- 31 Nomura Hiroshima Building

Suburban Tokyo

- 14 NOF Toyo-cho Building
- 15 NOF Technoport Kamata Center Building
- 16 Crystal Park Building
- 17 Faret Tachikawa Center Square
- 18 NOF Kawasaki Higashiguchi Building
- 19 NOF Yokohama Nishiguchi Building
- 20 NOF Shin-Yokohama Building

Property Details



01 || Shinjuku Nomura Building

Location: 1-26-2 Nishi-Shinjuku Shinjuku-ku, Tokyo
 Completion: May 1978
 Area: Land 9,298.21 m² (Entire area)
 Floor 117,258.88 m² (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 portfolio 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 m² (Entire area)
 Floor 25,260.48 m² (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 m²
 Floor 29,430.67 m²
 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 m² (Entire area)
 Floor 17,587.30 m² (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 m²
 Floor 5,358.55 m²
 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 m²
 Floor 8,683.73 m²
 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 m²
 Floor 11,425.20 m²
 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 m² (Entire area)
 Floor 5,858.26 m² (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

Property Details



09 || NOF Tameike Building

Location: 1-1-14 Akasaka Minato-ku, Tokyo
 Completion: August 1959
 Area: Land 690.67 m²
 Floor 6,478.50 m²
 Stories: B1 / 9F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



10 || NOF Shinagawa Konan Building

Location: 1-2-5 Higashi-Shinagawa Shinagawa-ku, Tokyo
 Completion: November 1987
 Area: Land 3,240.30 m²
 Floor 10,077.02 m²
 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 m²
 Floor 5,782.27 m²
 Stories: B1 / 8F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



12 || NOF Kanda Iwamoto-cho Building

Location: 3-8-16 Iwamoto-cho Chiyoda-ku, Tokyo
 Completion: July 1988
 Area: Land 773.32 m²
 Floor 4,698.97 m²
 Stories: 9F
 Property Managed by: ITOCHU Urban Community Co., Ltd.



13 || NOF Minami Shinjuku Building

Location: 5-32-7 Sendagaya Shibuya-ku, Tokyo
 Completion: March 1986
 Area: Land 545.87 m²
 Floor 3,160.05 m²
 Stories: B1 / 8F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



14 || NOF Toyo-cho Building

Location: 1-6-35 Shinsuna Koto-ku, Tokyo
 Completion: November 1989
 Area: Land 8,926 m²
 Floor 18,051.08 m²
 Stories: 7F
 Property Managed by: Nomura Building Management Co., Ltd.



15 || NOF Technoport Kamata Center Building

Location: 2-16-1 Minami-Kamata Ota-ku, Tokyo
 Completion: September 1990
 Area: Land (a) 9,429.59 m²
 (b) 3,483.90 m²
 Floor 21,516.54 m² (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



16 || Crystal Park Building

Location: 1-1-3 Gotenyama Musashino City, Tokyo
 Completion: October 1991
 Area: Land 1,057.14 m² (Entire area)
 Floor 3,868.36 m² (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

Property Details



17 || Faret Tachikawa Center Square

Location: 2-36-2 Akebono-cho Tachikawa City, Tokyo
 Completion: December 1994
 Area: Land 4,454.59 m² (Entire area)
 Floor 6,865.80 m² (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



18 || NOF Kawasaki Higashiguchi Building

Location: 3-1 Ekimae Honcho Kawasaki-ku Kawasaki City, Kanagawa
 Completion: March 1988
 Area: Land 1,275.70 m²
 Floor 10,932.69 m²
 Stories: B1 / 12F
 Property Managed by: Nomura Building Management Co., Ltd.



19 || NOF Yokohama Nishiguchi Building

Location: 1-11-11 Kita-Saiwai Nishi-ku Yokohama City, Kanagawa
 Completion: October 1985
 Area: Land 1,502.94 m²
 Floor 10,055.13 m²
 Stories: B1 / 9F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



20 || NOF Shin-Yokohama Building

Location: 2-15-16 Shin-Yokohama Kohoku-ku Yokohama City, Kanagawa
 Completion: October 1990
 Area: Land 1,320 m²
 Floor 11,149.99 m²
 Stories: B1 / 9F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



21 || Sapporo North Plaza

Location: 4-2-2 Kitaichijo-Nishi Chuo-ku, Sapporo City, Hokkaido
 Completion: August 1981
 Area: Land 2,363.79 m²
 Floor 18,842.51 m²
 Stories: B2 / 12F
 Property Managed by: The Dai-Ichi Building Co., Ltd.



22 || NOF Sendai Aoba-dori Building

Location: 2-1-2 Ichiban-cho Aoba-ku Sendai City, Miyagi
 Completion: July 1968
 Area: Land 2,318.17 m²
 Floor 12,977.45 m²
 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".



23 || NOF Utsunomiya Building

Location: 2-1-1 Baba-dori Utsunomiya City, Tochigi
 Completion: December 1999
 Area: Land 1,545.13 m²
 Floor 10,479.63 m²
 Stories: B2 / 10F
 Property Managed by: Nomura Building Management Co., Ltd.



24 || NOF Nagoya Yanagibashi Building

Location: 1-16-28 Meieki-Minami Nakamura-ku Nagoya City, Aichi
 Completion: March 1991
 Area: Land 934.20 m²
 Floor 7,363.25 m²
 Stories: B2 / 12F
 Property Managed by: Nomura Building Management Co., Ltd.



25 || 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 m²
 Floor 34,616.84 m²
 Stories: B2 / 11F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



26 || NOF Midosuji Building

Location: 3-5-7 Kawaramachi Chuo-ku Osaka City, Osaka
 Completion: April 1974
 Area: Land 2,366.99 m²
 Floor 21,007.98 m²
 Stories: B2 / 10F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



27 || Nomura Osaka Building

Location: 1-8-15 Azuchi-cho Chuo-ku Osaka City, Osaka
 Completion: December 1983
 Area: Land 3,136.56 m²
 Floor 23,522.82 m²
 Stories: B2 / 12F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



28 || Nomura Yotsubashi Building

Location: 1-4-4 Awaza Nishi-ku Osaka City, Osaka
 Completion: November 1991
 Area: Land 1,865.34 m²
 Floor 16,845.87 m²
 Stories: B2 / 15F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



29 || NOF Kobe Kaigan Building

Location: 3 Kaigan-dori Chuo-ku Kobe City, Hyogo
 Completion: February 1998
 Area: Land 1,451.31 m²
 Floor 10,292.93 m²
 Stories: B1 / 16F
 Property Managed by: The Dai-Ichi Building Co., Ltd.



30 || Hiroshima Tatemachi NOF Building

Location: 1-20 Tatemachi Naka-ku Hiroshima City, Hiroshima
 Completion: November 1966
 Area: Land 925.55 m²
 Floor 8,206.91 m²
 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".



31 || Nomura Hiroshima Building

Location: 2-23 Tatemachi Naka-ku Hiroshima City, Hiroshima
 Completion: July 1976
 Area: Land 1,319.15 m²
 Floor 11,950.37 m²
 Stories: B2 / 9F
 Property Managed by: Nomura Real Estate Development Co., Ltd.



Crystal Park Building

Contents

Asset Management Report	18
Profile of the Company	23
Status of Investment Assets of the Company	25
Capital Expenditures	28
Expenses and Liabilities	29
Trading during the Seventh Fiscal Period	32
Other Information	34

Asset Management Report

1. CHANGES IN KEY INDICATORS

		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	3rd Period from Nov. 1, 2004 to Apr. 30, 2005
Operating Revenues	¥ mln	11,090	10,739	9,810	8,641	7,106
of which Real Estate Rental Revenues	¥ mln	11,090	10,739	9,810	8,641	7,106
Operating Expenses	¥ mln	5,953	5,556	5,251	4,530	3,877
of which Real Estate Rental Expenses	¥ mln	4,805	4,619	4,257	3,745	3,159
Operating Income	¥ mln	5,137	5,182	4,558	4,111	3,228
Current Profits	¥ mln	4,466	4,230	3,597	3,485	2,682
Net Income	¥ mln	4,466	4,229	3,596	3,484	2,681
Total Assets	¥ mln	315,402	288,060	268,559	239,067	208,003
(Changes from Previous Period)	%	(+9.5)	(+7.3)	(+12.3)	(+14.9)	(+19.9)
Interest-Bearing Debts	¥ mln	130,000	106,000	120,000	93,000	96,500
Net Assets	¥ mln	161,221	161,004	128,206	128,094	94,849
(Changes from Previous Period)	%	(+0.1)	(+25.6)	(+0.1)	(+35.0)	(+0.1)
Unitholders' Capital	¥ mln	156,767	156,767	124,610	124,610	92,168
Number of Units Issued	units	265,903	265,903	229,970	229,970	184,650
Net Assets per Unit	¥	606,315	605,499	557,492	557,004	513,672
Total Cash Distribution	¥ mln	4,453	4,229	3,596	3,484	2,681
Cash Distribution per Unit	¥	16,750	15,905	15,638	15,150	14,520
of which Cash Distribution of Profits	¥	16,750	15,905	15,638	15,150	14,520
of which Cash Distribution in excess of Profits	¥	-	-	-	-	-
ROA (Return on Assets) (Note 1)	%	1.5	1.5	1.4	1.5	1.4
Annualized ROA (Note 2)	%	3.0	3.0	2.9	3.1	2.8
ROE (Return on Equity) (Note 3)	%	2.8	2.7	2.8	2.7	2.8
Annualized ROE (Note 2)	%	5.6	5.4	5.7	5.4	5.7
Capital Adequacy Ratio (Note 4)	%	51.1	55.9	47.7	53.6	45.6
(Changes from Previous Period)	%	(△4.8)	(+8.2)	(△5.9)	(+8.0)	(△9.0)
LTV (Loan-to-Value) (Note 5)	%	41.2	36.8	44.7	38.9	46.4
Number of operating Days	days	181	184	181	184	181
Payout Ratio (Note 6)	%	99.7	99.9	100.0	99.9	99.9
Number of Properties Held	bldgs	31	30	28	23	19
Total Leasable Floor Space	m ²	350,712.00	316,132.49	293,464.10	261,428.50	236,904.67
Number of Tenants	tenants	517	512	467	357	287
Occupancy Rate	%	98.5	98.2	98.4	97.3	98.1
Depreciation	¥ mln	1,478	1,471	1,399	1,229	1,023
Capital Expenditures	¥ mln	757	588	934	1,016	484
NOI (Net Operating Income) (Note 7)	¥ mln	7,763	7,591	6,952	6,125	4,970
FFO (Funds from Operation) (Note 8)	¥ mln	5,985	5,739	5,034	4,727	3,719
FFO per Unit (Note 9)	¥	22,509	21,585	21,889	20,559	20,142

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. 3rd period: 181 days, 4th period: 184 days, 5th period: 181 days, 6th period: 184 days, and 7th period: 181 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

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 SEVENTH 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

The office leasing market continues to show trends of solid recovery, in line with the recovery of general economy. Demand for office space increased further in the second half of 2006, as a result of active expansion of business and employment by corporations based on their strong performance.

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 such circumstances, the new asking rate for office buildings are surging, and rate of rent increase for existing tenants continue to expand reflecting the rise in market rent, further revealing the tightening of rental levels.

On the other hand, in some of the regional cities experiencing slower economic recovery, the rental level has yet to bottom-out except for some prime properties albeit gradual improvement of occupancy rate. Polarization of rental levels and occupancy rate is continuing.

(b) Real Estate Sales Market

In metropolitan areas with apparent trend of increasing rental lead by central Tokyo, domestic and foreign investment capital from institutional investors and real estate investment funds continue to flow actively into the income property market, in expectation of income gains (increase in rent) and capital gains (increase in real estate value).

Against this strong investment demand, acquisition environment remains tight, with corporations and developers providing limited supply of existing and new properties to the market. This is resulting in decrease of opportunities for investment in properties with superior location that can expect stable increase in rent, and causing compression of the investment yield.

(2) Status of Managements for the Seventh 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 features.

During the seventh fiscal period, we have proactively collected information in accordance with the above-mentioned basic policy, and carefully investigated property acquisition through collaboration with Nomura Real Estate Group. As a result of detailed investigation of a number of opportunities, we made one new investment in Omron Kyoto Center Building (Shimogyo-ku, Kyoto City, at the acquisition price of ¥23.7 billion, trust beneficial interest in real estate) in March 2007. Acquisition of the property made possible by collaboration with Nomura Real Estate Group was a good example that, despite difficult investment circumstances, we were able to utilize the excellent information network to acquire quality properties.

As a result of the above acquisition, the Company's total assets under management ("portfolio") as of end of the seventh fiscal period (April 30, 2007) have reached 31 properties totaling ¥282.8 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 98.5% at the end of the period. Furthermore, approximately 54% of leases renewed with existing tenants during this period agreed to upward revision of rent, which was a steady improvement from the previous period (33%).

Reflecting these results, the appraisal value of portfolio at the end of the period was ¥340.3 billion, up 7.1% from that of the latest period, and the appraisal gain per investment unit was ¥219,000. (Appraisal value at the end of the sixth period was used for the 30 properties held at the end of the sixth period, and appraisal price at the time of acquisition was used for the other properties acquired during the seventh 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

During the seventh fiscal period ended April 30, 2007, we continued to implement funding and financial strategies seeking long-term, diversified and fixed-rate interest-bearing debts, for the purpose of avoiding future interest rate risks and securing financial stability.

In addition to the above, the Company issued unsecured investment corporation bonds for aggregated amount of ¥14.5 billion (¥5 billion of Fifth Series Bonds (5-year bonds), ¥5 billion of Sixth Series Bonds (10-year bonds), and ¥4.5 billion of Seventh Series Bonds (21-year bonds)) through public offering in March 2007.

As to borrowings, the Company carefully considered the composition of interest-bearing debts and secured debt financing for a sum of ¥8 billion based on a Term Loan Agreement and ¥1.5 billion based on a Commitment Line Agreement for the acquisition of Omron Kyoto Center Building above. In addition, with the existing debt reaching maturity, the Company refinanced with longer-term debts, and diversified lenders. As a result, outstanding interest-bearing debts as of April 30, 2007 were ¥130 billion.

Note: "Fifth Series Bonds" refer to the Nomura Real Estate Office Fund, Inc., Fifth Series Unsecured Investment Corporation Bonds (Ranking *Pari Passu* among the Specified Investment Corporation Bonds), "Sixth Series Bonds" refer to the Nomura Real Estate Office Fund, Inc., Sixth Series Unsecured Investment Corporation Bonds (Ranking *Pari Passu* among the Specified Investment Corporation Bonds), and "Seventh Series Bonds" refer to the Nomura Real Estate Office Fund, Inc., Seventh Series Unsecured Investment Corporation Bonds (Ranking *Pari Passu* among the Specified Investment Corporation Bonds).

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.

		7th Period	6th Period	5th Period	4th Period	3rd Period
		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	from Nov. 1, 2004 to Apr. 30, 2005
High	(¥)	1,560,000	1,040,000	1,030,000	850,000	798,000
Low	(¥)	956,000	803,000	778,000	748,000	678,000

4. RECORDS OF CASH DISTRIBUTION

In order to qualify for special tax treatment under Article 67-15 of the Special Taxation Measures Law to have maximum cash distribution amount treated as deductible dividends, the Company distributed the entire profits as prescribed in the Investment Trust Law except for fractional amounts less than one yen per each investment unit. As a result, the amount of cash distribution per unit for this fiscal period was ¥16,750.

Note: The amount of accounting profits prescribed in Article 136 of the Investment Trust Law refers to the amount calculated by subtracting the total unitholders' capital, etc., from the net assets on the balance sheet.

		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	3rd Period from Nov. 1, 2004 to Apr. 30, 2005
Retained Earnings	(¥000)	4,466,301	4,229,293	3,596,294	3,484,171	2,681,225
Accumulated earnings	(¥000)	12,426	106	23	126	107
Total cash distribution	(¥000)	4,453,875	4,229,187	3,596,270	3,484,045	2,681,118
(Cash distribution per unit)	(¥)	(16,750)	(15,905)	(15,638)	(15,150)	(14,520)
of which distribution of profits	(¥000)	4,453,875	4,229,187	3,596,270	3,484,045	2,681,118
(Distribution of profits per unit)	(¥)	(16,750)	(15,905)	(15,638)	(15,150)	(14,520)
of which refund of capital	(¥000)	-	-	-	-	-
(Refund of capital per unit)	(¥)	(-)	(-)	(-)	(-)	(-)

5. INVESTMENT POLICY AND FUTURE ISSUES

(1) Investment Environments

Reflecting the continuing demands for new offices and the expansion of offices following the recovery in economy, further improvement in the level of rent and occupancy rate is expected to progress in the office leasing market in central Tokyo and the downtown area of other large cities. Other regional cities are likely to experience gradual improvement of occupancy rate, and certain prime properties may expect bottoming-out of the rental level.

In the real estate sales market, the supply of income properties is expected to remain tight. On the other hand, changes in cap rate and liquidity may occur due to amendment of laws surrounding asset management industry and changes in capital market environment such as an interest rate hike. We believe it is necessary to continue to pay close attention to the changes in the environment.

(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.

Profile of the Company

1. STATUS OF UNITHOLDERS' CAPITAL

		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)	3rd Period (as of Apr. 30, 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	229,970	229,970	184,650
Amount of unitholders' capital	¥ mln	156,767	156,767	124,610	124,610	92,168
Number of unitholders		12,500	15,205	13,129	15,884	13,954

2. MATTERS CONCERNING THE INVESTMENT UNITS

The 10 largest unitholders as of April 30, 2007 were as follows.

Name	Number of Units Held (Units)	Portion in the Total Units Issued (%)
Japan Trustee Service Bank, Ltd. (Trust Accounts)	17,140	6.45
NikkoCiti Trust and Banking Corp. (Trust Accounts)	16,659	6.27
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	16,394	6.17
Nomura Real Estate Development Co., Ltd.	13,326	5.01
Trust & Custody Services Bank, Ltd. (Securities Trust Accounts)	11,642	4.38
The Nomura Trust and Banking Co., Ltd. (Trust Accounts)	7,086	2.66
Kawasaki Gakuen	7,000	2.63
The Bank of New York, Treaty JASDEC Account	6,602	2.48
The Bank of Ikeda, Ltd.	4,691	1.76
National Mutual Insurance Federation of Agricultural Cooperatives (Zen-Kyo-Ren)	4,393	1.65
Total	104,933	39.46

3. BREAKDOWN OF UNITHOLDERS

The breakdown of unitholders as of April 30, 2007 was as follows.

	Number of Unitholders	Portion (%)	Number of Units per Unitholders	Portion (%)
Private and other investors	11,887	95.1	29,915	11.3
Financial institutions (Including securities companies)	167	1.3	142,685	53.7
Other domestic corporate investors	191	1.5	26,032	9.8
Foreign corporate investors, etc.	255	2.0	67,271	25.3
Total	12,500	100.0	265,903	100.0

(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 SEVENTH FISCAL PERIOD

There is no relevant matter under this subject.

(For Reference)

Partial amendment of the Article of Incorporation is scheduled to be proposed at the Third Unitholders' Meeting of the Company to be held on July 23, 2007. If the amendment is approved at the Unitholders' Meeting, the Asset Management Company will amend its Asset Management Guideline accordingly.

Summary of, and reasons for the amendment of the Articles of Incorporation are as follows:

(1) Investment Approach (in relation to Article 26, Paragraph 1)

The Company makes investment in real estate properties that are principally used as office buildings. In order to seek broader investment opportunities while maintaining this policy, amendments and relevant changes in phrasing shall be made to the Articles of Incorporation to clarify that investment in all or part of a complex facility comprising of offices, retail and other commercial facilities, and residential properties may be permissible provided that its principal use is as an office building. In particular, we are assuming investment in all or part of a large-scale complex real estate principally used as an office facility, comprising of several buildings including office, commercial facilities and residential towers.

(2) Liabilities of Auditors against the Company (in relation to Article 21-2)

To establish a new provision which provides the Board of Directors with the power to exempt the auditors from certain liabilities by a resolution of the Board, within the scope prescribed in the laws and ordinances, in accordance with the Investment Trust Law, in order to limit the scope of liability of the auditors to a reasonable degree, thereby enabling the auditors to sufficiently perform expected roles in conducting their business.

(3) Issuance of Short-term Investment Corporation Bonds (in relation to Parenthetic Reference in Article 35 and the Supplementary Provisions)

In conjunction with the implementation of the Law Concerning Partial Amendment of the Securities Exchange Law (Law No. 65 of 2006), issuance of short-term investment corporation bonds by investment companies will be permitted subsequent to implementation of Article 5 of such Law. Based on the foregoing, relevant provisions shall be amended in order to enable flexible funding.

In addition, amendment of phrasing required in response to the amendment of relevant laws and regulations, and the Tokyo Stock Exchange regulations are scheduled to be proposed.

4. DIRECTORS AND AUDITOR

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

Title	Name	Other Major Title(s)	Total Amount of Fees Paid during 7th Period (¥000)
Executive Director	Isamu Okada	President and Representative Director, Yokohama Business Park Heating and Cooling Supply Co., Ltd.	2,400
Supervisory Director	Yutaka Hori (Note 2)	Representative Lawyer, Hori Yutaka Law Office	400
Supervisory Director	Yoshiharu Hayakawa	Representative, Kasumi Empowerment Research Institute	2,400
Supervisory Director	Shuhei Yoshida	Representative Lawyer, Yoshida Shuhei Law Office	2,400
Supervisory Director	Eitoku Aikawa	Counsellor, Fair Appraisers, K.K. (Note 3)	2,400
Accounting Auditor	Earnst & Young ShinNihon	-	15,200 (Note 4)

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: Mr. Yutaka Hori resigned as Supervisory Director with effect from December 8, 2006.

Note 3: Mr. Eitoku Aikawa, Supervisory Director of the Company, resigned as Counsellor and became Director of Fair Appraisers K.K. with effect from November 11, 2006.

Note 4: The total amount of fees paid to Earnst & Young ShinNihon includes remuneration of ¥3.2 million in relation to a job, which is outside the stipulation of Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No. 103 of 1948).

5. TRUSTEES, CUSTODIANS AND ADMINISTRATORS

Trustees, custodians and administrators as of April 30, 2007 are as follows:

Business	Company Name(s)
Investment trust manager (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 3)

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.

Note 3: Various general administration tasks were commissioned to the Bank of Tokyo-Mitsubishi UFJ Ltd. and Sumitomo Mitsui Banking Corporation on March 2, 2007, in association with the issuance of the Fifth, Sixth and Seventh Series Bonds for which the pay-in was completed on March 19, 2007. Administration of underwriting and offering for the Fifth, Sixth and Seventh Series Bonds were commissioned to Nomura Securities Co., Ltd., Mitsubishi UFJ Securities Co., Ltd., and Merrill Lynch Japan Securities Co., Ltd., and the agreement was terminated in its entirety upon completion of the pay-in on March 19, 2007.

Status of Investment Assets of the Company

1. COMPOSITION OF ASSETS

Type of Assets	Area (Note 1)	7th Period (as of Apr. 30, 2007)		6th Period (as of Oct. 31, 2006)	
		Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)	Total Amount (¥ mln) (Note 2)	Portion (%) (Note 3)
Real estate	Central Tokyo	11,510	3.6	11,532	4.0
	Suburban Tokyo	3,698	1.2	3,721	1.3
Real estate in trust	Central Tokyo	162,301	51.5	162,693	56.5
	Suburban Tokyo	34,568	11.0	34,778	12.1
	Other Regional Cities	70,051	22.2	46,725	16.2
Subtotal		282,130	89.5	259,449	90.1
Cash, deposits and other assets		33,272	10.5	28,610	9.9
Grand Total		315,402	100.0	288,060	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 April 30, 2007 are as follows.

Name of Property	Book Value (¥ mln)	Leasable Floor Space (m ²)	Leased Space (m ²)	Occupancy Rate (%)	Portion of Rental Revenues (%)	Primary Use
Shinjuku Nomura Bldg.	39,076	31,589.26	31,392.07	99.4	16.3	Office
JAL Bldg.	33,668	42,084.11	42,084.11	100.0	(Note 1)	Office
Omron Kyoto Center Bldg.	23,324	34,616.84	34,616.84	100.0	(Note 1)	Office
NOF Nihonbashi-Honcho Bldg.	20,549	19,233.28	19,233.28	100.0	7.7	Office
Tennozu Park Side Bldg.	13,923	18,051.61	18,051.61	100.0	7.0	Office
NOF Midosuji Bldg.	12,789	12,240.88	12,240.88	100.0	4.4	Office
NOF Shibuya Koen-dori Bldg.	12,558	3,420.16	3,420.16	100.0	3.3	Office
Secom Medical Bldg.	11,510	8,821.24	8,821.24	100.0	(Note 1)	Medical Office (Note 2)
NOF Shiba Bldg.	10,119	8,165.10	8,165.10	100.0	3.0	Office
NOF Kawasaki Higashiguchi Bldg.	9,634	8,258.09	8,026.72	97.2	3.0	Office
Total	187,154	186,480.57	186,052.01	99.8	56.1 (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 Apr. 30, 2007 (¥ mln) (Note 1)	Book Value (¥ mln) (Note 2)	7th Period (from Nov. 1, 2006 to Apr. 30, 2007)				6th Period (from May 1, 2006 to Oct. 31, 2006)			
					Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)
Central Tokyo												
Shinjuku Nomura Bldg. (Note 3)	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust Beneficial Interest in Real Estate	67,200	39,076	85	99.4	1,808	16.3	86	99.2	1,794	16.7
JAL Bldg.	2-4-11 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust Beneficial Interest in Real Estate	32,100	33,668	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	Trust Beneficial Interest in Real Estate	25,000	20,549	13	100.0	850	7.7	13	100.0	845	7.9
Tennozu Park Side Bldg.	2-5-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust Beneficial Interest in Real Estate	19,700	13,923	14	100.0	774	7.0	14	100.0	791	7.4
NOF Shibuya Koen-dori Bldg.	20-17 Udagawa-cho, Shibuya-ku, Tokyo	B Trust Beneficial Interest in Real Estate	13,900	12,558	3	100.0	364	3.3	3	100.0	366	3.4
Secom Medical Bldg.	7-7 Niban-cho, Chiyoda-ku, Tokyo (Note 4)	Real Estate	11,600	11,510	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Shiba Bldg.	4-2-3 Shiba, Minato-ku, Tokyo	Trust Beneficial Interest in Real Estate	10,800	10,119	9	100.0	332	3.0	9	97.1	331	3.1
Nishi-Shinjuku Showa Bldg.	1-13-12 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust Beneficial Interest in Real Estate	10,200	8,786	20	100.0	300	2.7	18	96.6	286	2.7
NOF Tameike Bldg.	1-1-14 Akasaka, Minato-ku, Tokyo	Trust Beneficial Interest in Real Estate	7,920	7,665	13	100.0	204	1.8	12	90.7	190	1.8
NOF Shinagawa Kounan Bldg.	1-2-5 Higashi-Shinagawa, Shinagawa-ku, Tokyo	Trust Beneficial Interest in Real Estate	6,480	5,472	5	100.0	257	2.3	5	100.0	260	2.4
NOF Surugadai Plaza Bldg.	2-5-12 Kanda Surugadai, Chiyoda-ku, Tokyo	Trust Beneficial Interest in Real Estate	5,600	5,147	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Kanda Iwamoto-cho Bldg.	3-8-16 Iwamoto-cho, Chiyoda-ku, Tokyo	Trust Beneficial Interest in Real Estate	3,670	3,064	8	100.0	150	1.4	8	100.0	149	1.4
NOF Minami-Shinjuku Bldg.	5-32-7 Sendagaya, Shibuya-ku, Tokyo	Trust Beneficial Interest in Real Estate	2,660	2,268	5	100.0	101	0.9	5	100.0	104	1.0
Subtotal			216,830	173,811	178	99.9	(Note 4)	(Note 4)	176	99.3	6,282 (Note 3)	58.5
Suburban Tokyo												
NOF Toyo-cho Bldg.	1-6-35 Shinsuna, Koto-ku, Tokyo	Trust Beneficial Interest in Real Estate	8,190	7,141	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	Trust Beneficial Interest in Real Estate	7,130	6,227	14	100.0	421	3.8	14	97.7	439	4.1
Crystal Park Bldg.	1-1-3 Gotenyama, Musashino City, Tokyo	Real Estate	4,050	3,698	11	100.0	125	1.1	11	100.0	124	1.2
Faret Tachikawa Center Square	2-36-2 Akebono-cho, Tachikawa City, Tokyo	Trust Beneficial Interest in Real Estate	5,120	3,094	17	100.0	234	2.1	16	100.0	227	2.1
NOF Kawasaki Higashiguchi Bldg.	3-1 Ekimae Honcho, Kawasaki-ku, Kawasaki City, Kanagawa (Note 4)	Trust Beneficial Interest in Real Estate	10,100	9,634	26	97.2	328	3.0	27	100.0	316	2.9
NOF Yokohama Nishiguchi Bldg.	1-11-11 Kita-Saiwai, Nishi-ku, Yokohama City, Kanagawa	Trust Beneficial Interest in Real Estate	6,625	5,053	30	98.6	245	2.2	29	100.0	246	2.3
NOF Shin-Yokohama Bldg.	2-15-16 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa	Trust Beneficial Interest in Real Estate	4,070	3,417	3	100.0	(Note 2)	(Note 2)	3	100.0	(Note 2)	(Note 2)
Subtotal			45,285	38,267	102	99.5	(Note 4)	(Note 4)	101	99.5	1,845 (Note 3)	17.2
Other Regional Cities												
Sapporo North Plaza	4-2-2 Kitaichijo-nishi, Chuo-ku, Sapporo City, Hokkaido (Note 4)	Trust Beneficial Interest in Real Estate	6,868	6,934	44	88.4	338	3.0	43	91.0	288	2.7
NOF Sendai Aoba-dori Bldg.	2-1-2 Ichiban-cho, Aoba-ku, Sendai City, Miyagi	Trust Beneficial Interest in Real Estate	3,400	3,181	28	95.2	168	1.5	28	96.5	169	1.6
NOF Utsunomiya Bldg.	2-1-1 Baba-dori, Utsunomiya City, Tochigi	Trust Beneficial Interest in Real Estate	3,390	2,732	25	100.0	174	1.6	25	100.0	176	1.6
NOF Nagoya Yanagibashi Bldg.	1-16-28 Meieki-Minami, Nakamura-ku, Nagoya City, Aichi	Trust Beneficial Interest in Real Estate	3,760	3,617	12	100.0	133	1.2	10	82.8	118	1.1
Omron Kyoto Center Bldg.	801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto (Note 4)	Trust Beneficial Interest in Real Estate	23,700	23,324	1	100.0	(Note 2)	(Note 2)	-	-	-	-
NOF Midosuji Bldg.	3-5-7 Kawaramachi, Chuo-ku, Osaka City, Osaka	Trust Beneficial Interest in Real Estate	13,400	12,789	16	100.0	488	4.4	16	100.0	497	4.6
Nomura Osaka Bldg.	1-8-15 Azuchi-cho, Chuo-ku, Osaka City, Osaka	Trust Beneficial Interest in Real Estate	9,790	6,392	28	100.0	534	4.8	28	100.0	523	4.9
Nomura Yotsubashi Bldg.	1-4-4 Awaza, Nishi-ku, Osaka City, Osaka	Trust Beneficial Interest in Real Estate	6,070	3,759	17	100.0	324	2.9	17	100.0	329	3.1
NOF Kobe Kaigan Bldg.	3 Kaigan-dori, Chuo-ku, Kobe City, Hyogo (Note 4)	Trust Beneficial Interest in Real Estate	3,420	3,062	28	80.0	160	1.4	29	87.5	187	1.8
Hiroshima Tatemachi NOF Bldg.	1-20 Tatemachi, Naka-ku, Hiroshima City, Hiroshima	Trust Beneficial Interest in Real Estate	2,150	2,080	23	72.0	101	0.9	24	77.1	104	1.0
Nomura Hiroshima Bldg.	2-23 Tatemachi, Naka-ku, Hiroshima City, Hiroshima	Trust Beneficial Interest in Real Estate	2,320	2,176	15	94.1	209	1.9	15	96.8	216	2.0
Subtotal			78,268	70,051	237	96.1	(Note 4)	(Note 4)	235	95.2	2,612	24.3
Grand total			340,383	282,130	517	98.5	11,090 (Note 3)	100.0	512	98.2	10,739 (Note 3)	100.0

Note 1: "Appraisal Value as of Apr. 30, 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., Daiwa Real Estate Appraisal, Co., Ltd., HIRO & REAS Network, Inc., 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 seventh fiscal period, i.e. April 30, 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 April 30, 2007 accounted solely for the quasi co-ownership.

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

Name of Property	7th Period (from Nov. 1, 2006 to Apr. 30, 2007)				6th Period (from May 1, 2006 to Oct. 31, 2006)			
	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)	Number of Tenants (Note 1)	Occupancy Rate (%)	Rental Revenues during the Period (¥ mln)	Portion of Rental Revenues (%)
Central Tokyo								
Shinjuku Nomura Bldg.	85	99.4	1,808	16.3	86	99.2	1,794	16.7
JAL Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Nihonbashi-Honcho Bldg.	13	100.0	850	7.7	13	100.0	845	7.9
Tennozu Park Side Bldg.	14	100.0	774	7.0	14	100.0	791	7.4
NOF Shibuya Koen-dori Bldg.	3	100.0	364	3.3	3	100.0	366	3.4
Secom Medical Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Shiba Bldg.	9	100.0	332	3.0	9	97.1	331	3.1
Nishi-Shinjuku Showa Bldg.	20	100.0	300	2.7	18	96.6	286	2.7
NOF Tameike Bldg.	13	100.0	204	1.8	12	90.7	190	1.8
NOF Shinagawa Kounan Bldg.	5	100.0	257	2.3	5	100.0	260	2.4
NOF Surugadai Plaza Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
NOF Kanda Iwamoto-cho Bldg.	8	100.0	150	1.4	8	100.0	149	1.4
NOF Minami-Shinjuku Bldg.	5	100.0	101	0.9	5	100.0	104	1.0
Subtotal	178	99.9	(Note 4)	(Note 4)	176	99.3	6,282 (Note 3)	58.5
Suburban Tokyo								
NOF Toyo-cho Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Technoport Kamata Center Bldg.	14	100.0	421	3.8	14	97.7	439	4.1
Crystal Park Bldg.	11	100.0	125	1.1	11	100.0	124	1.2
Faret Tachikawa Center Square	17	100.0	234	2.1	16	100.0	227	2.1
NOF Kawasaki Higashiguchi Bldg.	26	97.2	328	3.0	27	100.0	316	2.9
NOF Yokohama Nishiguchi Bldg.	30	98.6	245	2.2	29	100.0	246	2.3
NOF Shin-Yokohama Bldg.	3	100.0	(Note 2)	(Note 2)	3	100.0	(Note 2)	(Note 2)
Subtotal	102	99.5	(Note 4)	(Note 4)	101	99.5	1,845 (Note 3)	17.2
Other Regional Cities								
Sapporo North Plaza	44	88.4	338	3.0	43	91.0	288	2.7
NOF Sendai Aoba-dori Bldg.	28	95.2	168	1.5	28	96.5	169	1.6
NOF Utsunomiya Bldg.	25	100.0	174	1.6	25	100.0	176	1.6
NOF Nagoya Yanagibashi Bldg.	12	100.0	133	1.2	10	82.8	118	1.1
Omron Kyoto Center Bldg.	1	100.0	(Note 2)	(Note 2)	-	-	-	-
NOF Midosuji Bldg.	16	100.0	488	4.4	16	100.0	497	4.6
Nomura Osaka Bldg.	28	100.0	534	4.8	28	100.0	523	4.9
Nomura Yotsubashi Bldg.	17	100.0	324	2.9	17	100.0	329	3.1
NOF Kobe Kaigan Bldg.	28	80.0	160	1.4	29	87.5	187	1.8
Hiroshima Tatemachi NOF Bldg.	23	72.0	101	0.9	24	77.1	104	1.0
Nomura Hiroshima Bldg.	15	94.1	209	1.9	15	96.8	216	2.0
Subtotal	237	96.1	(Note 4)	(Note 4)	235	95.2	2,612	24.3
Grand Total	517	98.5	11,090 (Note 3)	100.0	512	98.2	10,739 (Note 3)	100.0

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: Despite above Note 2, Subtotals and Grand Total include those not disclosed due to compelling reasons.

Note 4: Subtotal of "Rental Revenues" and "Portion of Rental Revenues" for each area is 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 April 30, 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 variable rate, paying fixed rate)	51,500	35,500	△20
Total		51,500	35,500	△20

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 April 30, 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 April 30, 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 7th Period	Paid before 7th Period
Shinjuku Nomura Bldg. (Shinjuku-ku, Tokyo)	Renewal of sanitary piping (To increase quality) (Note 2)	From: May 2007 To: Oct. 2007	70	–	2
NOF Nihonbashi-Honcho Bldg. (Chuo-ku, Tokyo)	Renewal of heat pipes and AHU (To increase quality) (Note 2)	From: May 2007 To: Apr. 2009	175	–	–
NOF Shinagawa Kounan Bldg. (Shinagawa-ku, Tokyo)	Renewal of air-conditioning system (To increase quality) (Note 3)	From: May 2007 To: May 2007	64	–	–
Sapporo North Plaza (Chuo-ku, Sapporo City)	Renewal of air-conditioning system (To increase quality) (Note 2)	From: May 2007 To: Nov. 2007	208	–	–
NOF Midosuji Bldg. (Chuo-ku, Osaka City)	Renewal of air-conditioning system and AHU (To increase quality) (Note 2)	From: May 2007 To: Apr. 2008	105	–	–
Hiroshima Tatemachi NOF Bldg. (Naka-ku, Hiroshima City)	Aseismic retrofitting (To increase quality) (Note 2)	From: May 2007 To: Oct. 2007	208	4	4
Nomura Hiroshima Bldg. (Naka-ku, Hiroshima City)	Renewal of electric transformation equipment (To increase quality) (Note 2)	From: May 2007 To: Oct. 2007	161	–	–

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 SEVENTH FISCAL PERIOD

The table below lists capital expenditures during the seventh fiscal period in conjunction with the major works of renovation. During the period, we have conducted engineering works totalling ¥1,107 million: capital expenditures of ¥757 million and repair expenses of ¥350 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: Dec. 2006 To: Apr. 2007	55
NOF Nihonbashi-Honcho Bldg. (Chuo-ku, Tokyo)	Renewal of heat pipes and AHU (To increase quality)	From: Nov 2006 To: Apr. 2007	29
NOF Shinagawa Kounan Bldg. (Shinagawa-ku, Tokyo)	Renewal of air-conditioning system (To increase quality)	From: Nov. 2006 To: Dec. 2006	63
Sapporo North Plaza (Chuo-ku, Sapporo City)	Renewal of air-conditioning system (To increase quality)	From: Dec. 2006 To: Apr. 2007	89
NOF Midosuji Bldg. (Chuo-ku, Osaka City)	Renewal of air-conditioning system and AHU (To increase quality)	From: Jan. 2007 To: Apr. 2007	33
Nomura Osaka Bldg. (Chuo-ku, Osaka City)	Renewal of the central monitoring system (To increase quality)	From: Nov 2006 To: Apr. 2007	77
Other Properties	Improvement of features	From: Nov 2006 To: Apr. 2007	408
Total			757

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.

	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	3rd Period from Nov. 1, 2004 to Apr. 30, 2005
	¥mln	¥mln	¥mln	¥mln	¥mln
Balance brought forward from the previous period	935	761	1,054	833	548
Amount reserved during the period	693	671	600	528	524
Amount used during the period	690	497	893	307	239
Balance brought forward to the next period	938	935	761	1,054	833

Expenses and Liabilities

1. EXPENSES RELATED TO ASSET MANAGEMENT

	7th Period from Nov. 1, 2006 to Apr. 30, 2007	6th Period from May 1, 2006 to Oct. 31, 2006
	¥000	¥000
Asset management fees (Note 1)	976,483	781,981
of which Management Fee I	499,962	479,844
of which Management Fee II	323,121	302,137
of which Management Fee III	153,399	–
Custodian fees	24,462	23,585
General administrative fees	57,405	59,932
Directors' compensation	10,000	12,000
Other expenses	79,258	59,458
Total	1,147,609	936,957

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 April 30, 2007 is as follows.

Financial Institutions	Date Borrowed	Outstanding as of Apr. 30, 2007 (¥000)	Outstanding as of Oct. 31, 2006 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Short-term Borrowing								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug.31, 2006	-	900,000	0.84000	Nov. 30, 2006	Balloon payment	(Note 2)	Unsecured/Uninsured
Sumitomo Mitsui Banking Corp.		-	500,000					
Mitsubishi UFJ Trust and Banking Corp.		-	200,000					
Sumitomo Trust and Banking Co., Ltd.		-	200,000					
The Mizuho Corporate Bank, Ltd.		-	200,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar.19, 2007	675,000	-	1.10727	Aug. 27, 2007			
Sumitomo Mitsui Banking Corp.		375,000	-					
Mitsubishi UFJ Trust and Banking Corp.		150,000	-					
Sumitomo Trust and Banking Co., Ltd.		150,000	-					
The Mizuho Corporate Bank, Ltd.		150,000	-					
Subtotal		1,500,000	2,000,000					
Long-term Borrowing Due Within a Year								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2003	-	2,000,000	1.14500	Dec. 8, 2006	Balloon payment	(Note 2)	Unsecured/Uninsured
Sumitomo Mitsui Banking Corp.		-	2,000,000					
Mitsubishi UFJ Trust and Banking Corp.		-	1,000,000					
Sumitomo Trust and Banking Co., Ltd.		-	2,000,000					
The Chuo Mitsui Trust & Banking Co., Ltd.		-	1,000,000					
The Nomura Trust & Banking Co., Ltd.		-	2,000,000					
The Chiba Bank, Ltd.		-	1,000,000					
The Hiroshima Bank, Ltd.		-	500,000					
The Iyo Bank, Ltd.		-	1,000,000					
The Dai-ichi Mutual Life Insurance Company		Dec. 8, 2003	-					
Meiji Yasuda Life Insurance Company		-	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 28, 2005	2,000,000	2,000,000	1.24636	Aug. 28, 2007			
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2004	4,000,000	-	1.00625	Dec. 8, 2007			
Sumitomo Mitsui Banking Corp.		1,000,000	-					
The Chiba Bank, Ltd.		500,000	-					
The Hachijuni Bank, Ltd.		1,000,000	-					
The Hiroshima Bank, Ltd.		1,000,000	-					
The Keiyo Bank, Ltd.		1,000,000	-					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 26, 2004	2,000,000	-	1.22500	Feb. 26, 2008			
Sumitomo Mitsui Banking Corp.		1,500,000	-					
Mitsubishi UFJ Trust and Banking Corp.		2,500,000	-					
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	-					
The Iyo Bank, Ltd.		500,000	-					
The Dai-ichi Mutual Life Insurance Company		Feb. 26, 2004	3,000,000					
Subtotal		21,000,000	17,500,000					
Total Short-term Borrowing		22,500,000	19,500,000					

Financial Institutions	Date Borrowed	Outstanding as of Apr. 30, 2007 (¥000)	Outstanding as of Oct. 31, 2006 (¥000)	Average Interest Rate (%) (Note 1)	Date of Repayment	Method of Repayment	Use of Borrowings	Note
Long-term Borrowing								
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2004	-	4,000,000	1.00625	Dec. 8, 2007			
Sumitomo Mitsui Banking Corp.		-	1,000,000					
The Chiba Bank, Ltd.		-	500,000					
The Hachijuni Bank, Ltd.		-	1,000,000					
The Hiroshima Bank, Ltd.		-	1,000,000					
The Keiyo Bank, Ltd.		-	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Feb. 26, 2004	-	2,000,000	1.22500	Feb. 26, 2008			
Sumitomo Mitsui Banking Corp.		-	1,500,000					
Mitsubishi UFJ Trust and Banking Corp.		-	2,500,000					
The Chuo Mitsui Trust & Banking Co., Ltd.		-	1,000,000					
The Iyo Bank, Ltd.		-	500,000					
The Dai-ichi Mutual Life Insurance Company	Feb. 26, 2004	-	3,000,000	1.05250	Feb. 26, 2008			
The Yamanashi Chuo Bank, Ltd.	Dec. 9, 2005	1,000,000	1,000,000	1.08818	Aug. 26, 2008			
The Chugoku Bank, Ltd.		1,000,000	1,000,000					
The Bank of Fukuoka, Ltd.		1,000,000	1,000,000					
The Aozora Bank, Ltd.		1,000,000	1,000,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2003	2,000,000	2,000,000	1.66750	Dec. 8, 2008			
Sumitomo Mitsui Banking Corp.		2,000,000	2,000,000					
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	1,000,000					
The Iyo Bank, Ltd.		1,000,000	1,000,000					
The Norinchukin Bank, Ltd.		2,000,000	2,000,000					
Mitsui Life Insurance Company	Dec. 8, 2003	2,000,000	2,000,000	1.51625	Dec. 8, 2008			
Taiyo Life Insurance Company		1,000,000	1,000,000					
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	Balloon payment	(Note 2)	Unsecured/Uninsured
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	-					
The Hiroshima Bank, Ltd.	Dec. 8, 2006	500,000	-	1.48375	Feb. 26, 2010			
Tokio Marine & Nichido Fire Insurance Co. Ltd.		1,000,000	-					
Nippon Life Insurance Company	Nov. 30, 2006	1,000,000	-	1.65500	Aug. 26, 2010			
Sompo Japan Insurance Inc.		1,000,000	-					
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			
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.	Mar. 19, 2007	2,000,000	-	1.63825	Aug. 26, 2011			
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	-					
The Iyo Bank, Ltd.		1,000,000	-					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Dec. 8, 2006	2,000,000	-	1.89764	Feb. 26, 2012			
Sumitomo Mitsui Banking Corp.		2,000,000	-					
Mitsubishi UFJ Trust and Banking Corp.		1,000,000	-					
Sumitomo Trust and Banking Co., Ltd.		2,000,000	-					
The Chuo Mitsui Trust & Banking Co., Ltd.		1,000,000	-					
The Nomura Trust & Banking Co., Ltd.		2,000,000	-					
The Iyo Bank, Ltd.	1,000,000	-						
Mitsui Life Insurance Company	Nov. 29, 2005	1,000,000	1,000,000	1.43750	Aug. 26, 2012			
Taiyo Life Insurance Company		1,000,000	1,000,000					
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	-	1.99250	Feb. 26, 2013			
Taiyo Life Insurance Company		1,000,000	-					
Daido Life Insurance Company	Mar. 19, 2007	1,000,000	-	1.98000	Mar. 19, 2014			
Sumitomo Life Insurance Company		2,000,000	-					
Subtotal		63,000,000	56,500,000					
Total		85,500,000	76,000,000					

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 April 30, 2007 is as follows.

Name of Bonds	Issue Date	Balance as of Apr. 30, 2007 (¥ mln)	Balance as of Oct. 31, 2006 (¥ 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	-	1.61	Mar. 19, 2012	Balloon payment	(Note 1)	(Note 3)
Sixth Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	5,000	-	2.21	Mar. 17, 2017	Balloon payment	(Note 1)	(Note 3)
Seventh Series Unsecured Investment Corporation Bonds	Mar. 19, 2007	4,500	-	2.90	Mar. 17, 2028	Balloon payment	(Note 1)	(Note 3)
Total		44,500	30,000					

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.

Trading during the Seventh Fiscal Period

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

Type of Asset	Name of Property	Acquisition		Disposition			
		Date	Price (Note 1) (¥ mln)	Date	Price (¥ mln)	Book Value (¥ mln)	Gain (Loss) (¥ mln)
Trust beneficial interest in real estate	Omron Kyoto Center Bldg.	Mar. 20, 2007	23,700	-	-	-	-
Total			23,700				

Note 1: The "Price" refers to the acquisition price of a given property, which is described in the Transfer Agreement of Trust Beneficial Interest or Real Estate, and does not include other expenses relevant to acquisition of the properties such as intermediary fees, taxes and duties.

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

Type of Asset	Name of Property	Acquisition Date	Acquisition Price (¥ mln) (Note 1)	Appraisal Value (¥ mln) (Note 2)
Trust beneficial interest in real estate	Omron Kyoto Center Bldg.	Mar. 20, 2007	23,700	23,700
Total			23,700	23,700

Note 1: "Acquisition Price" refers to the price described in the Transfer Agreement of Trust Beneficial Interest or Real Estate, and does not include other expenses relevant to acquisition of the properties such as intermediary fees, taxes and duties.

Note 2: The price investigation procedures were conducted by Ernst & Young ShinNihon at the time of acquisition 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.

(2) Others

Transactions other than the above (1) among those subject to price investigations under the Article 34, Paragraph 4 of Investment and Trust Law were investigated by Ernst & Young ShinNihon.

Transactions that were subjected to investigation for the period between November 1, 2006 and April 30, 2007 were two interest rate swap transactions. Investigation report concerning the transactions has been received from Ernst & Young ShinNihon.

The investigation involved contents of the interest rate swap, such as the name of the counterparty, currency, contract rate, and maturity.

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 seventh fiscal period is as follows.

	Purchase (¥000)	(%)	Sale (¥000)	(%)
	23,700,000	-	-	-
Total amount	Amount purchased from related parties and major shareholders	23,700,000 (100.0%)	Amount sold to related parties and major shareholders	- (-%)
Details of transaction with related parties and major shareholders				
Nomura Real Estate Development Co., Ltd.	23,700,000	(100.0%)	-	(-%)
Total	23,700,000	(100.0%)	-	(-%)

Note 1: Related parties and major shareholders refer to those bodies that have business interest and major stake in the Investment Trust Managers defined by Article 9, Paragraph 3 of Investment Trust Law, with which the Company, stipulated by Article 20 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 seventh 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)	485,719	854,088	56.9
	Flagship Properties Inc. (Note 2)	916		
Property management fees	Nomura Real Estate Development Co., Ltd.	207,371	281,621	73.6
	Nomura Building Management Co., Ltd.	15,306		
Investment corporation bond underwriting fee	Nomura Securities Co., Ltd.	42,500	65,000	65.4
Other expenses	Nomura Building Management Co., Ltd.	16,972	80,082	21.2
	Nomura Real Estate Development Co., Ltd.	46,489		

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 7th period.

Name of Related Party	Amount Paid (¥000)
Nomura Real Estate Development Co., Ltd.	30,867
Nomura Building Management Co., Ltd.	285,392

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.	58,072
JAL Bldg.	Nomura Real Estate Development Co., Ltd.	2,525
Tennozu Park Side Bldg.	Nomura Real Estate Development Co., Ltd.	19,139
NOF Shibuya Koen-dori Bldg.	Nomura Real Estate Development Co., Ltd.	6,025
Secom Medical Bldg.	Nomura Real Estate Development Co., Ltd.	3,789
Nishi-Shinjuku Showa Bldg.	Nomura Real Estate Development Co., Ltd.	10,831
NOF Tameike Bldg.	Nomura Real Estate Development Co., Ltd.	5,840
NOF Shinagawa Kounan Bldg.	Nomura Real Estate Development Co., Ltd.	12,918
NOF Surugadai Plaza Bldg.	Nomura Real Estate Development Co., Ltd.	3,889
NOF Minami-Shinjuku Bldg.	Nomura Real Estate Development Co., Ltd.	2,147
NOF Technoport Kamata Center Bldg.	Nomura Real Estate Development Co., Ltd.	8,719
Faret Tachikawa Center Square	Nomura Real Estate Development Co., Ltd.	9,523
NOF Yokohama Nishiguchi Bldg.	Nomura Real Estate Development Co., Ltd.	6,533
NOF Shin-Yokohama Bldg.	Nomura Real Estate Development Co., Ltd.	6,689
Omron Kyoto Center Bldg.	Nomura Real Estate Development Co., Ltd.	1,179
NOF Midouji Bldg.	Nomura Real Estate Development Co., Ltd.	13,908
Nomura Osaka Bldg.	Nomura Real Estate Development Co., Ltd.	16,765
Nomura Yotsubashi Bldg.	Nomura Real Estate Development Co., Ltd.	9,488
Hiroshima Tatemachi NOF Bldg.	Nomura Real Estate Development Co., Ltd.	2,579
Nomura Hiroshima Bldg.	Nomura Real Estate Development Co., Ltd.	6,805
NOF Toyo-cho Bldg.	Nomura Building Management Co., Ltd.	1,835
NOF Kawasaki Higashiguchi Bldg.	Nomura Building Management Co., Ltd.	5,909
NOF Utsunomiya Bldg.	Nomura Building Management Co., Ltd.	4,410
NOF Nagoya Yanagibashi Bldg.	Nomura Building Management Co., Ltd.	3,150

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

There is no relevant matter under this subject.

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.



Shinjuku Nomura Building

Contents

Balance Sheets.....	36
Statements of Income and Retained Earnings.....	38
Statements of Changes in Unitholders' Equity	39
Statements of Cash Flows	40
Notes to Financial Statements	41

Balance Sheets

	Thousands of Yen	
	As of April 30, 2007	As of October 31, 2006
ASSETS		
Current Assets:		
Cash and bank deposits	¥ 32,050,815	¥ 27,869,275
Rental receivables	168,410	173,916
Corporate taxes refundable	2,200	-
Consumption taxes refundable	324,181	4,373
Other current assets	271,183	189,529
Total current assets	32,816,789	28,237,093
Property and Equipment, at Cost:		
Land	198,661,209	184,865,860
Buildings and structures	90,782,946	80,505,750
Machinery and equipment	797,595	731,277
Tools, furniture and fixtures	87,921	80,047
Construction in progress	17,698	5,705
Subtotal	290,347,369	266,188,639
Less accumulated depreciation	(8,217,150)	(6,738,812)
Net property and equipment	282,130,219	259,449,827
Investments and Other Assets:		
Intangible assets	1,929	2,031
Long-term prepaid expenses	12,176	13,403
Security deposits	211,230	211,230
Deferred tax assets	21,290	-
Derivative assets	-	23,059
Deferred investment corporation bonds issuance costs	208,925	124,007
Total Assets	¥ 315,402,558	¥ 288,060,650

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

	Thousands of Yen	
	As of April 30, 2007	As of October 31, 2006
LIABILITIES		
Current Liabilities:		
Trade accounts payable	¥ 644,504	¥ 553,400
Other accounts payable	1,092,141	795,106
Short-term debt	22,500,000	19,500,000
Accrued expenses	494,039	457,042
Accrued income taxes	-	475
Rent received in advance	1,880,884	1,759,142
Other current liabilities	157,212	116,559
Total current liabilities	26,768,780	23,181,724
Long-term Liabilities:		
Investment corporation bonds	44,500,000	30,000,000
Long-term debt	63,000,000	56,500,000
Deferred tax liabilities	-	9,083
Security deposits from tenants	19,858,540	17,365,646
Derivative liabilities	54,048	-
Total long-term liabilities	127,412,588	103,874,729
Total Liabilities	154,181,368	127,056,453
UNITHOLDERS' EQUITY		
Unitholders' capital	156,767,193	156,767,193
Retained earnings	4,466,302	4,229,293
Deferred hedge gains (losses)	(12,305)	7,711
Total Unitholders' Equity	161,221,190	161,004,197
Total Liabilities and Unitholders' Equity	¥ 315,402,558	¥ 288,060,650

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 November 1, 2006 to April 30, 2007	For the period from May 1, 2006 to October 31, 2006
Operating Revenues and Expenses		
Operating Revenues:		
Real estate rental revenues	¥ 11,090,988	¥ 10,739,836
	11,090,988	10,739,836
Operating Expenses:		
Real estate rental expenses	4,805,697	4,619,929
Asset management fees	976,484	781,982
Administrative service and custodian fees	81,868	83,517
Other operating expenses	89,258	71,458
	5,953,307	5,556,886
Operating Profits	5,137,681	5,182,950
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	14,028	2,917
Compensation for the establishment of the superficies	295,748	-
Other non-operating revenues	94,420	10,897
	404,196	13,814
Non-Operating Expenses:		
Interest expenses	563,127	510,508
Loan arrangement fees	87,974	68,116
Interest expenses on investment corporation bonds	306,544	270,423
Amortization of investment corporation bonds issuance costs	40,641	38,429
New investment units issuance costs	-	63,588
Other non-operating expenses	76,768	15,378
	1,075,054	966,442
Income before Income Taxes	4,466,823	4,230,322
Income Taxes:		
Current	605	1,058
Deferred	22	(6)
Net Income	4,466,196	4,229,270
Retained earnings brought forward	106	23
Retained Earnings at end of period	¥ 4,466,302	¥ 4,229,293

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

Statements of Changes in Unitholders' Equity

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

	Thousands of Yen				
	Units	Unitholders' Capital	Retained Earnings	Deferred Hedge Gains (Losses)	Total
Balance as of October 31, 2006	265,903	¥156,767,193	¥4,229,293	¥ 7,711	¥161,004,197
Cash distribution paid	-	-	(4,229,187)	-	(4,229,187)
Net income	-	-	4,466,196	-	4,466,196
Interest-rate swap	-	-	-	(20,016)	(20,016)
Balance as of April 30, 2007	265,903	¥156,767,193	¥4,466,302	(¥12,305)	¥161,221,190

For the period from May 1, 2006 to October 31, 2006

	Thousands of Yen				
	Units	Unitholders' Capital	Retained Earnings	Deferred Hedge Gains	Total
Balance as of April 30, 2006	229,970	¥124,610,213	¥3,596,294	-	¥128,206,507
Additional issuance of new investment units through public offering on May 25, 2006	34,800	31,143,042	-	-	31,143,042
Additional issuance of new investment units through third-party allotment on June 23, 2006	1,133	1,013,938	-	-	1,013,938
Cash distribution paid	-	-	(3,596,271)	-	(3,596,271)
Net income	-	-	4,229,270	-	4,229,270
Interest-rate swap	-	-	-	7,711	7,711
Balance as of October 31, 2006	265,903	¥156,767,193	¥4,229,293	¥ 7,711	¥161,004,197

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

Statements of Cash Flows

	Thousands of Yen	
	For the period from November 1, 2006 to April 30, 2007	For the period from May 1, 2006 to October 31, 2006
Cash Flows		
Cash Flows from Operating Activities		
Income before income taxes	¥ 4,466,823	¥ 4,230,322
Depreciation	1,478,443	1,471,854
Amortization of long-term prepaid expenses	1,228	809
Amortization of investment corporation bonds issuance costs	40,641	38,429
Interest income	(14,028)	(2,917)
Interest expenses	869,671	780,931
Compensation for the establishment of the superficies	(295,748)	-
Loss on disposal of property and equipment	-	175
Decrease (Increase) in rental receivables	5,506	(13,054)
Decrease (Increase) in consumption taxes refundable	(319,808)	50,718
Increase in trade accounts payable	91,104	41,524
Increase (Decrease) in other accounts payable	229,101	(101,964)
Increase in rent received in advance	121,742	115,861
Changes in other current assets/liabilities	(14,366)	148,538
Subtotal	6,660,309	6,761,226
Interest received	14,028	2,917
Interest paid	(832,617)	(794,535)
Income taxes paid	(3,280)	(1,482)
Net cash provided by operating activities	5,838,440	5,968,126
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(24,093,267)	(19,004,691)
Payments for purchases of intangible assets	-	(132)
Payments of security deposits from tenants	(854,930)	(363,327)
Proceeds from security deposits from tenants	3,347,824	1,125,589
Proceeds from compensation for the establishment of the superficies	295,748	-
Payments of long-term prepaid expenses	-	(6,053)
Net cash used in investing activities	(21,304,625)	(18,248,614)
Cash Flows from Financing Activities		
Proceeds from short-term debt	1,500,000	2,000,000
Repayments of short-term debt	(2,000,000)	(16,000,000)
Proceeds from long-term debt	25,500,000	-
Repayments of long-term debt	(15,500,000)	-
Proceeds from investment corporation bonds	14,500,000	-
Payments of investment corporation bonds issuance costs	(124,542)	-
Proceeds from issuance of new investment units	-	32,156,981
Distributions to unitholders	(4,227,733)	(3,594,338)
Net cash provided by financing activities	19,647,725	14,562,643
Net Increase in Cash and Cash Equivalents	4,181,540	2,282,155
Cash and Cash Equivalents at beginning of period	27,869,275	25,587,120
Cash and Cash Equivalents at end of period	¥ 32,050,815	¥ 27,869,275

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 April 30, 2007, the Company owned a portfolio of 31 office properties containing an aggregate of approximately 350,712.00 square meters of leasable area and leased office space to 517 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 Japanese Corporation Law, the Securities and Exchange Law of Japan 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 their notes whereas amounts have been 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 and October of each year, respectively. 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 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 on a straight-line method over the estimated useful lives of the assets as 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 on a 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 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 written-down is recorded as an impairment loss during the current period. No such impairment losses have been recognized to date.

Investment corporation bonds issuance costs

Beginning the fiscal period ended April 30, 2007, the Company adopted the new accounting standards, "Tentative Solution on Accounting for Deferred Assets" (Practical Solution No.19 issued by the Accounting Standards Board of Japan on August 11, 2006).

Investment corporation bonds issuance costs are amortized over the terms of the bonds under the straight line method, although such costs were previously amortized over a period of three years, with an equal amount in each fiscal period.

Investment corporation bonds issuance costs reported on the balance sheets for the fiscal period ended October 31, 2006 and the previous fiscal periods were still amortized based on the previous accounting rule in accordance with the transition measures of Practical Solution No.19.

As a result of this change in accounting policy, investment corporation bonds issuance costs increased ¥18,714 thousand and amortization of investment corporation bonds issuance costs decreased and income before income taxes increased by the same amount for the fiscal period ended April 30, 2007, compared with the amounts which would have been recorded under the previous accounting rule.

New investment units issuance costs

The entire costs associated with the issuance of the new investment units are expensed as incurred.

The public offering of new investment units on May 25, 2006 was conducted through an underwriting agreement under which underwriting securities companies underwrote all of the new investment units at an agreed issue price and sold them at an offer price, which is different from the issue price to investors ("Spread Method"). The Company does not pay any fees to the underwriting securities companies under the Spread Method because the difference between the offer price and the issue price represents the underwriting commission received by the underwriting securities companies. In the case of the public offering of new investment units on May 25, 2006, the total amount of the difference between the offer price and the issue price was ¥1,085,238 thousand. If the underwriting securities companies had underwritten the new investment units at the issue price and offered the units to investors at an offer price equal to the issue price (known as the "Conventional Method"), a commission would have been incurred and it would have been expensed as new investment units issuance costs. Therefore, under the Spread Method, the new investment units issuance costs were reported ¥1,085,238 thousand less, and operating income and income before income taxes were reported ¥1,085,238 thousand more if the Conventional Method was applied for the fiscal period ended October 31, 2006.

Accounting treatment of beneficial interests in real estate

All the assets and liabilities held in trust, to which the real estates in possession of the Company were entrusted, and all the earnings and expenses incurred from the trust are properly reflected on the balance sheets and income statements, respectively.

Accounting standards for presentation of net assets in the balance sheet

Beginning the fiscal period ended October 31, 2006, the Company adopted "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). Unitholders' equity calculated under the former accounting standard would have been ¥160,996,487 thousand as of October 31, 2006.

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 to be 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 sellers applicable to the period since acquisition and capitalized as part of the costs to acquire such properties or beneficial interests in real estate. The capitalized property related taxes amounted to ¥3,257 thousand for the period from November 1, 2006 to April 30, 2007, and ¥48,328 thousand for the period from May 1, 2006 to October 31, 2006, respectively.

Income taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

Consumption taxes

Consumption taxes received and paid are not included in the statements of income.

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 fair value of interest rate swap contracts which meet the criteria for deferral hedging accounting.

4. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of April 30, 2007 and October 31, 2006 consist of the following:

	As of April 30, 2007		As of October 31, 2006	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 11,007,994	¥ 11,007,994	¥ 11,000,964	¥ 11,000,964
Buildings and structures	4,209,874		4,194,710	
Accumulated depreciation	(107,723)	4,102,151	(45,044)	4,149,666
Machinery and equipment	106,498		106,015	
Accumulated depreciation	(7,506)	98,992	(3,049)	102,966
Land in trust	187,653,215	187,653,215	173,864,896	173,864,896
Buildings and structures in trust	86,573,072		76,311,040	
Accumulated depreciation	(7,875,893)	78,697,179	(6,514,235)	69,796,805
Machinery and equipment in trust	691,097		625,262	
Accumulated depreciation	(207,873)	483,224	(165,320)	459,942
Tools, furniture and fixtures in trust	87,921		80,047	
Accumulated depreciation	(18,155)	69,766	(11,164)	68,883
Construction in progress in trust	17,698	17,698	5,705	5,705
Total	¥ 282,130,219	¥ 282,130,219	¥ 259,449,827	¥ 259,449,827

5. SHORT-TERM DEBT

Short-term debt as of April 30, 2007 and October 31, 2006 consists of the following:

	As of April 30, 2007		As of October 31, 2006	
	Amount (thousands of Yen)	Weighted-average interest rate	Amount (thousands of Yen)	Weighted-average interest rate
Unsecured loans from banks due on November 30, 2006	–	–	¥ 2,000,000	0.84000%
Unsecured loans from banks due on December 8, 2006	–	–	12,500,000	1.14500%
Unsecured loans from insurance companies due on December 8, 2006	–	–	3,000,000	1.04500%
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%	2,000,000	1.06909%
Unsecured loans from banks due on December 8, 2007	8,500,000	1.00625%	–	–
Unsecured loans from banks due on February 26, 2008	7,500,000	1.22500%	–	–
Unsecured loans from an insurance company due on February 26, 2008	3,000,000	1.05250%	–	–
Total	¥ 22,500,000		¥ 19,500,000	

The Company entered into ¥40,000 million credit facilities in the form of commitment lines with five financial institutions for the period ended April 30, 2007 and October 31, 2006, respectively. The unused amount of such credit facilities was ¥38,500 million as of April 30, 2007 and ¥38,000 million as of October 31, 2006.

6. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are briefly as follows:

	As of April 30, 2007		As of October 31, 2006	
	Amount (thousands of Yen)	Weighted-average interest rate	Amount (thousands of Yen)	Weighted-average interest rate
First Series Unsecured Investment Corporation Bonds due on March 16, 2015	¥ 5,000,000	1.85000%	¥ 5,000,000	1.85000%
Second Series 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 Unsecured Investment Corporation Bonds due on November 30, 2015	10,000,000	2.05000%	10,000,000	2.05000%
Fifth Series Unsecured Investment Corporation Bonds due on March 19, 2012	5,000,000	1.61000%	–	–
Sixth Series Unsecured Investment Corporation Bonds due on March 17, 2017	5,000,000	2.21000%	–	–
Seventh Series Unsecured Investment Corporation Bonds due on March 17, 2028	4,500,000	2.90000%	–	–
Total	¥ 44,500,000		¥ 30,000,000	

7. LONG-TERM DEBT

Long-term debt as of April 30, 2007 and October 31, 2006 consists of the following:

	As of April 30, 2007		As of October 31, 2006	
	Amount (thousands of Yen)	Weighted- average interest rate	Amount (thousands of Yen)	Weighted- average interest rate
Unsecured loans from banks due on December 8, 2007	–	–	¥ 8,500,000	1.00625%
Unsecured loans from banks due on February 26, 2008	–	–	7,500,000	1.22500%
Unsecured loans from an insurance company due on February 26, 2008	–	–	3,000,000	1.05250%
Unsecured loans from banks due on August 26, 2008	¥ 4,000,000	1.08818%	4,000,000	0.91909%
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%	–	–
Unsecured loans from insurance companies due on August 26, 2010	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%	–	–
Unsecured loans from banks due on February 26, 2012	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 another 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%	–	–
Unsecured loans from insurance companies due on March 19, 2014	4,000,000	1.98000%	–	–
Total	¥ 63,000,000		¥ 56,500,000	

8. UNITHOLDERS' EQUITY

The Company issues only non-par value investment units in accordance with the Investment Trust Law of Japan. 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 required by the Investment Trust Law of Japan.

9. PER UNIT INFORMATION

The net asset value per unit as of April 30, 2007 and October 31, 2006 was ¥606,315 and ¥605,500, respectively. Net income per unit was ¥16,796 for the period ended April 30, 2007 and ¥15,917 for the period ended October 31, 2006, respectively.

10. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a regular statutory rate of approximately 40%. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided the requirements are met under the Special Taxation Measure 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 ¥4,453,875 thousand and ¥4,229,187 thousand for the period ended April 30, 2007 and October 31, 2006, 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 November 1, 2006 to April 30, 2007	For the period from May 1, 2006 to October 31, 2006
Statutory tax rate	39.39%	39.39%
Deductible cash distributions	(38.95)	(39.38)
Special deductions in capital gains	(0.44)	–
Other	0.01	0.01
Effective tax rate	0.01%	0.02%

11. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Rental real estate revenues and expenses for the six month periods ended April 30, 2007 and October 31, 2006 consist of the following:

	Thousands of Yen	
	For the period from November 1, 2006 to April 30, 2007	For the period from May 1, 2006 to October 31, 2006
Real estate rental revenues	¥ 11,090,988	¥ 10,739,836
Rental revenues	9,981,094	9,531,459
Rental revenues	8,038,231	7,620,705
Common area charges	1,942,863	1,910,754
Non-rental revenues	1,109,894	1,208,377
Parking revenues	238,824	222,897
Incidental income	798,947	913,792
Other miscellaneous revenues	72,123	71,688
Real estate rental expenses	4,805,697	4,619,929
Property management costs	854,089	824,345
Property management fees	281,622	240,893
Utilities expenses	784,755	882,913
Property and other taxes	857,744	827,338
Casualty insurance	22,713	23,439
Repairs and maintenance	350,087	198,793
Depreciation	1,478,415	1,471,826
Other rental expenses	176,272	150,382
Profits	¥ 6,285,291	¥ 6,119,907

12. LEASES

The Company, as lessor, has entered into leases whose fixed monthly rents are due in advance with lease term of generally two years for office. The future minimum rental revenues under existing non-cancelable operating leases as of April 30, 2007 and October 31, 2006 are as follows:

	Thousands of Yen	
	As of April 30, 2007	As of October 31, 2006
Due within one year	¥ 4,424,656	¥ 3,912,535
Due after one year	35,323,901	24,915,924
Total	¥ 39,748,558	¥ 28,828,459

13. 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 risks of fluctuations 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.

The following summarizes the notional amounts and the estimated fair value of the interest-related positions outstanding as of April 30, 2007 and October 31, 2006:

	Thousands of Yen		
	Notional amount	Fair value	Unrealized gain (loss)
As of April 30, 2007			
Interest rate swaps:			
Receive/float and pay/fixed	¥ 51,500,000	(¥ 20,303)	(¥ 20,303)
As of October 31, 2006			
Interest rate swaps:			
Receive/float and pay/fixed	¥ 49,000,000	¥ 12,722	¥ 12,722

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 April 30, 2007 and October 31, 2006, and the related statements of income and retained earnings, changes in unitholders' equity and cash flows for the six-month periods ended April 30, 2007 and October 31, 2006, all expressed in yen. 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.

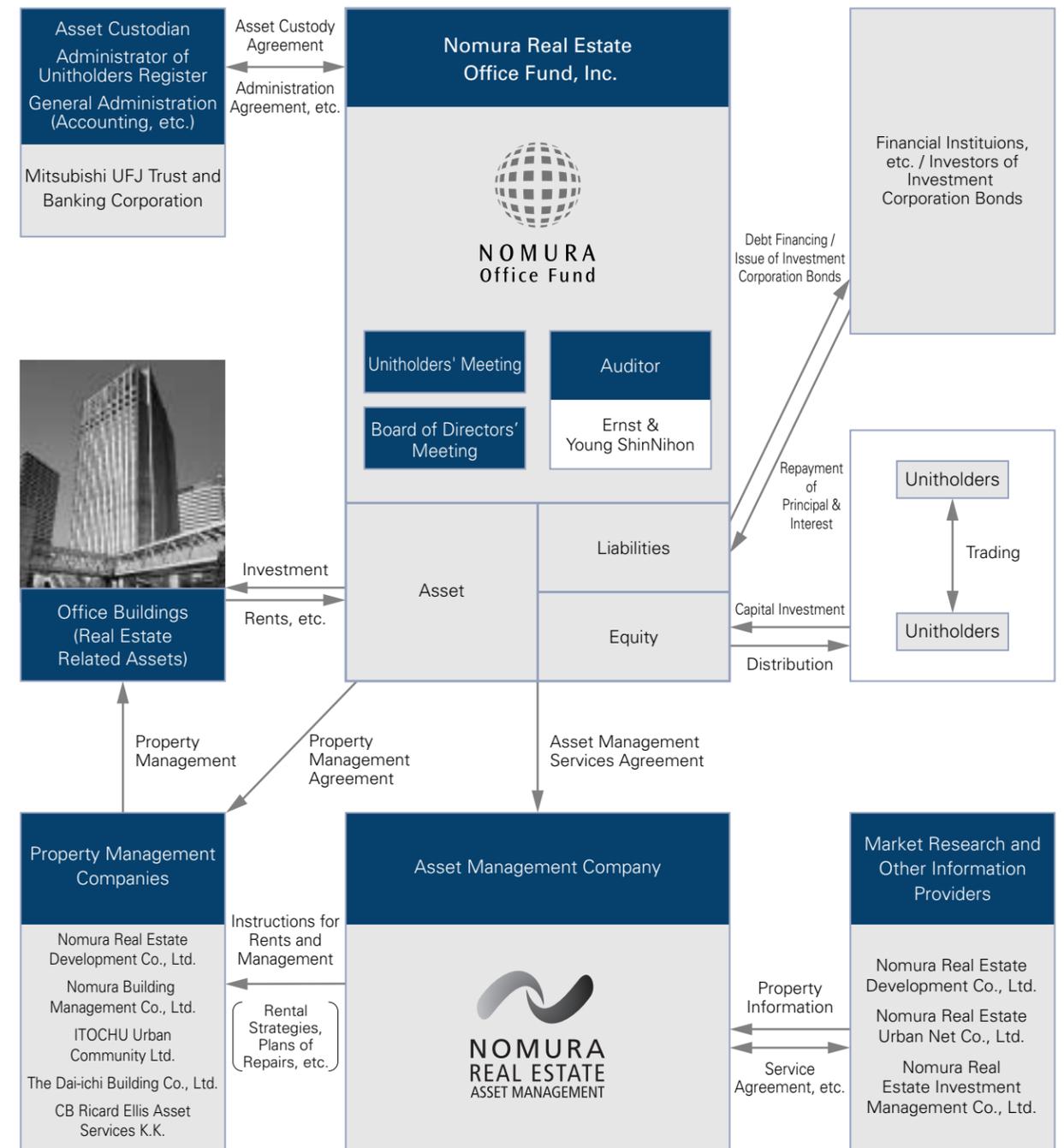
We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, 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 April 30, 2007 and October 31, 2006, and the results of its operations and its cash flows for the six-month periods ended April 30, 2007 and October 31, 2006 in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon

July 13, 2007

Business Structure



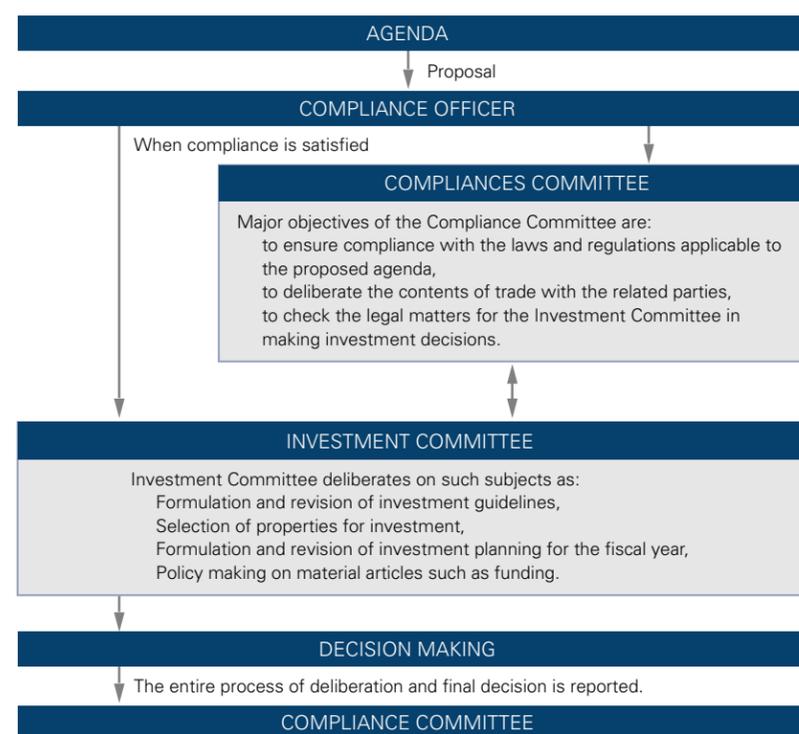
Profile of the Asset Management Company

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

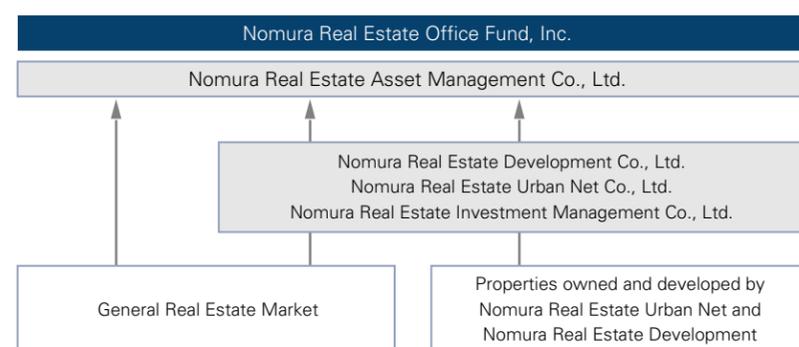
PROCESS OF DECISION-MAKING

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.

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

Date of Incorporation
 August 7, 2003

Stock Listing
 Tokyo Stock Exchange (Securities Code: 8959)

Fiscal Period
 Six months ending on April 30 and October 31

Capital
 ¥156,767,193,535 (as of April 30, 2007)

Number of Units Issued
 265,903 (as of April 30, 2007)

Number of Unitholders
 12,500 (as of April 30, 2007)

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

Business Office of the Transfer Agent
 Corporate Agency Department
 Mitsubishi UFJ Trust and Banking Corporation
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 Tel: +81-3-5683-5111

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

Investor Relations
 For further information, please contact the Asset Management Company:
 Nomura Real Estate Asset Management Co., Ltd.
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 Tel: +81-3-3365-0507

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
Office Fund

NOMURA REAL ESTATE OFFICE FUND, INC.

<http://www.nre-of.co.jp/english/>