



For Translation Purposes Only

November 29, 2005

**For Immediate Release**

Nomura Real Estate Office Fund, Inc.  
8-5-1 Nishi Shinjuku, Shinjuku-ku, Tokyo  
Yasutoshi Akiyama  
Representative and Executive Director  
(Securities Code: 8959)

Inquiries:  
Nomura Real Estate Asset Management Co., Ltd.  
Atsushi Ogata  
Fund Management Group  
TEL: +81-3-3365-0507

**Notice Concerning Property Acquisition**

Nomura Real Estate Office Fund, Inc. (“Nomura Office Fund” or the “Fund”) today announced that it has determined the acquisition of real estate, as briefly stated below.

**1. Summary of the Asset (the “Property”)**

- (1) Type of asset: Trust beneficial interest
- (2) Property name: Sendai Chowa Building
- (3) Acquisition price: ¥3,200 million
- (4) Date of agreement: November 30, 2005 (date of execution of the agreement on purchase and sale of trust beneficial interest)
- (5) Scheduled date of acquisition: November 30, 2005 (scheduled date of closing of the transaction and delivery of the trust beneficial interest)
- (6) Seller: YK JN Investment (please refer to 4. “Seller Profile,” below)
- (7) Financing: Private fund, the issuance of the investment corporation bonds and debt financing

**2. Grounds**

Nomura Office Fund will acquire the Property in accordance with the Fund’s policies as stipulated in its Articles of Incorporation. Especially, the Fund appreciates the following factors.

- The Property is located in the center of Aoba-dori and Hirose-dori area, known as the main business district in Sendai City. Commercial facilities such as department stores are also nearby. The Property has great advantages in location; it is at the corner of Aoba-dori and Nibancho-dori with great convenience and visibility.
- Interior renovation works in common areas, the floor-separated air conditioning system, electrical capacity of 55VA/square meter, office automation floors, and renewal of other major machines related to power voltage and air controlled system

have been completed by 2002. The earthquake retrofit works were carried out in 1996 when earthquake retrofit plan under the law was promoted. And it is confirmed by the anti-earthquake test that, structurally, the building has the earthquake-resistance capacity equivalent to the “New Earthquake-resistance Standard”. Thus, the Property has sufficient conditions to satisfy tenants’ needs for mid- to long-term.

- Stable demands, for office use as financial branch offices and business hub for Tohoku Region, and also for retail use by using the first floor, would be expected based on listed features above.

### 3. Property Summary

Property Name		Sendai Chowa Building
Type of Asset		Trust beneficial interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From February 14, 2003 to February 28, 2013
Location (Note 1)	Registry	2-1-2 Ichibancho, Aoba-ku, Sendai City, Miyagi
	Street	2-1-2 Ichibancho, Aoba-ku, Sendai City, Miyagi
Access		8 minutes on foot from Sendai Station, Subway Namboku Line
Completion Date (Note 1)		July 2, 1968
Use		Office, retail, parking
Structure (Note 1)		SRC, B2/11F
Seismic Risk (PML) (Note 2)		8% (Shimizu Corporation's Engineering Report dated November 11, 2005)
Area (Note 1)	Land	2,321.61 sq. meters
	Building	12,977.45 sq. meters
Type of Ownership	Land	Ownership
	Building	Ownership
Percentage of Interest	Land	100%
	Building	100%
Building Coverage Ratio		100% (Note 3)
Floor-area Ratio		600%
Collateral		None
Property Management Company		The Dai-Ichi Building Co., Ltd. (Note 4)
Notes		<ul style="list-style-type: none"> <li>• The Property was designed and constructed pursuant to the former Building Standards Law Enforcement Order (the former Earthquake-Resistance Standards). In 1996, the former owner obtained the recognition of earthquake retrofit plan under the Law Concerning the Promotion of Earthquake Retrofit, and conducted earthquake retrofitting works pursuant to such plan. According to the engineering report dated November 11, 2005 and prepared by Shimizu Corporation, the Property has the earthquake-resistance capacity similar to the “New Earthquake-resistance Standard.”</li> <li>• Air-borne asbestos is used in the machine room and the like of the Property. According to the above-mentioned engineering report, there are no problem with the places, where asbestos is used, and the control over such places and such use does not affect the environment. The Fund plans to remove asbestos after its acquisition of the Property.</li> </ul>
Acquisition Price		¥3,200 million
Appraisal Value and Method		¥3,200 million (based on the capitalization approach, as of November 15, 2005) (Appraiser: Morii Appraisal & Investment Consulting, Inc.)
Estimated NOI (Note 5)		¥209 million
Leasing Status (Estimation as of November 29, 2005)		
Total number of Tenants		26

Total Rental Income	¥270 million (Rents for November 2005 × 12 on the contract basis)				
Occupancy Rate	93.0%				
Total Leased Floor Space	5,736.87 sq. meters				
Total Leasable Floor Space	6,165.70 sq. meters				
Occupancy Rates in the Past (Note 6)	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
	-	-	82.3%	62.6%	97.4%

(Notes)

- Location and several other items  
Location, Completion Date, Structure and Areas are based on the information in the real estate registry. According to confirmed notification based on the Building Standards Code, the structure is SRC, B2/8F with 3F penthouse.
- PML (Probable Maximum Loss)  
PML shows the losses caused by a major earthquake, as a percentage of the expected recovery cost to the replacement cost. PML is calculated based on the statistical assumption that within next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
- Building Coverage Ratio  
The Property is located in the commercial area with the principle building coverage ratio of 80%. As the building is fire-resistant in a fire zone, an increased ratio of 100% applies.
- Property Management Company  
Nomura Real Estate Development Co., Ltd is scheduled to be appointed.
- Estimated NOI  
NOI means the net operating income that is the gross income from the leasing operation less the total operation costs and expenses.  
Estimated NOI shows the forecast amount for one year without considering the special factors affecting the year of the acquisition and is calculated based on the following assumptions.  
(a) Occupancy rate: 95.2% (office: 95%, retail: 98%)  
(b) Tax amounts: same as those imposed in 2005 tax year.
- Occupancy rates in the past are based on the information provided by the seller.

#### 4. Seller Profile

Company Name	YK JN Investment
Head Office	1-26-2, Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Shinji Nakazawa, Director
Capital	¥3 million (As of November 29, 2005)
Principal Business	Real Estate
Relationship with Nomura Office Fund	None

#### 5. Transaction with Related Parties

The acquisition of the property is not a transaction with a Related Party under the Investment Trust Law. However, as the related party of the Asset Management Company has been in a position to advise the seller in regard to the management and maintenance of the Property, Nomura Office Fund and the Asset Management Company determined the acquisition and the terms and conditions of the transaction, including the price, pursuant to the restrictions and formalities concerning the transactions with related parties as set forth in the Investment Trust Law and the Asset Management Company's bylaws and duly authorized by the Compliance Committee and Investment Committee of the Asset Management Company.

#### 6. Schedule for acquisition

November 30, 2005  
(Scheduled)

Execution of the agreement on purchase and sale of the trust beneficial interest

November 30, 2005  
(Scheduled)

Closing of the transaction and delivery of the trust  
beneficial interest

## **7. Forecasts of Financial Results**

Forecasts of financial results of the Fund for the fiscal period ending April 30, 2006 (November 1, 2005 to April 30, 2006) including the acquisition of the Property and 3 other new properties in the portfolio are scheduled to be reported on December 20, 2005 in the financial statement for the fiscal period ending October 31, 2005.

### **【Exhibits】**

Exhibit 1	Appraisal Summary
Exhibit 2	Portfolio after the Acquisition
Exhibit 3	Property Photo
Exhibit 4	Map

## Appraisal Summary

Property Name	Sendai Chowa Building
Appraisal Value	¥3,200,000,000
Appraiser	Morii Appraisal & Investment Consulting, Inc.
Appraisal Date	November 15, 2005

Item	Amount (yen) or percentage (%)	Grounds
Capitalization approach price	3,200,000,000	In calculating, placed priority on the discounted cash flow approach and examined the result by the direct capitalization approach
Price calculated by the direct capitalization approach	3,210,000,000	
(1) Gross income	338,636,017	
Rental income: (a)-(b)	211,211,563	
(a) Potential gross rental income	226,064,484	Assumed based on both the current performance and market rent.
(b) Losses due to vacancies, etc.	14,852,921	Assumed based on both current and market vacancy rates
Common benefit expenses income (common benefit expenses, utility costs)	89,468,174	Assumed based on the historical performance, etc.
Interest from security deposit	3,439,015	Assumed interest rate being 2.0 % p.a.
Other income	34,517,265	Income from parking, vending machines, antennas and conference rooms, etc.
(2) Total expenses	126,664,516	
Maintenance	42,098,000	Assumed based on the historical performance, etc.
Management consignment fees	9,329,516	Assumed based on the estimated amount
Leasing expenses	1,604,000	Based on the assumed ratio of tenant change
Utility costs	31,238,000	Assumed based on the historical performance, etc.
Insurance premium	1,478,000	Assumed based on the estimated amount
Taxes	35,277,000	Actual amount imposed in 2005 tax year.
Other expenses	5,640,000	Assumed based on minor repair costs, capital expenditure reserve, etc..
(3) Net operating income from leasing business (NOI=(1)-(2))	211,971,501	
(4) Capital expenditure reserve	19,396,000	Assumed based on Shimizu Corporation's Engineering Report
(5) Net cash flow (NCF = (3)-(4))	192,575,501	
(4) Capitalization rate	6.0%	Determined based on the location and the characteristics and variance in the net operating income and also considering the cap rates of the buildings located in the vicinity, etc.
Price calculated by the discounted cash flow approach	3,200,000,000	
Discount rate	5.8%	
Terminal capitalization rate	6.1%	
Cost approach price	3,860,000,000	
Ratio of land	69.7%	
Ratio of building	30.3%	

Items considered for the adjustment of the results of derivations and determination of the appraised value	The Property is located on Aoba-dori in the main business district in Sendai City. It is located at the corner of Aoba-dori and Hirose-dori with good visibility. A large-scale redevelopment is in process and it is considered that it enables to maintain high occupancy rates for a long time and to keep enough competitiveness in the area.
--	---

## Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (million yen)	Percentage to total (%) (Note 1)	Date of Acquisition (Scheduled)
Tokyo central area (Notes 2)	Shinjuku Nomura Building	38,730	16.3	December 8, 2003
	JAL Building	33,080	14.0	March 18, 2005
	Itopia Nihonbashi Building	20,600	8.7	December 5, 2003
	Tennozu Park Side Building	14,800	6.2	February 27, 2004
	NOF Shibuya Koen-dori Building	12,000	5.1	September 28, 2004
	Isuzu Shiba Building	10,000	4.2	May 25, 2004
	Nishi-Shinjuku Showa Building (Note 3)	8,800	3.7	November 30, 2005
	Toshin Tameike Building	7,400	3.1	September 29, 2005
	Shinagawa NF Building	5,500	2.3	December 8, 2003
	Surugadai Plaza Building	5,150	2.2	February 27, 2004
	Kanda Iwamotocho Tosei Building	3,080	1.3	February 26, 2004
	Seiwa Shinjuku Building	2,280	1.0	June 25, 2004
		161,420	68.1	
Vicinity of Tokyo (Note 2)	TT Landic Toyochō Building	7,550	3.2	December 5, 2003
	Technoport Kamata B	6,430	2.7	December 5, 2003
	Farlet Tachikawa Center Square	3,290	1.4	December 5, 2003
	Kawasaki Higashiguchi Sanshin Building	9,500	4.0	June 30, 2005
	Asahi Seimei Yokohama Nishiguchi Building	5,050	2.1	May 12, 2005
	Shin-Yokohama Nikko Building	3,600	1.5	December 5, 2003
		35,420	14.9	
Other cities (Note 2)	Sendai Chowa Building (Note 3)	3,200	1.3	November 30, 2005
	Utsunomiya NF Building	2,970	1.3	December 5, 2003
	Yanagibashi Sanshin Building	3,550	1.5	September 29, 2005
	Osaka Chowa Building (Note 3)	12,900	5.4	November 30, 2005
	Nomura Real Estate Osaka Building	6,410	2.7	December 5, 2003
	Nomura Real Estate Yotsubashi Building	3,940	1.7	December 5, 2003
	Kobe Kaigan Building	3,280	1.4	December 5, 2003
	Hiroshima Chowa Building (Note 3)	2,100	0.9	November 30, 2005
	Nomura Real Estate Hiroshima Building	1,930	0.8	December 5, 2003
		40,280	17.0	
Total (27 properties)		237,120	100.0	

## (Notes)

- Percentages have been rounded off to one decimal place. Accordingly, the total may not equal to 100%.
- Tokyo central area means Chiyoda Ward, Chuo Ward, Minato Ward, Shinjuku Ward, Shinagawa Ward and Shibuya Ward. Vicinity of Tokyo means Tokyo excluding the Tokyo central area, Kanagawa Prefecture, Saitama Prefecture and Chiba Prefecture. Other cities mean other local cities located in the area other than the Tokyo central area and the vicinity of Tokyo.
- Nishi-Shinjuku Showa Building, Sendai Chowa Building (the Property), Osaka Chowa Building and Hiroshima Chowa Building are included in the above table assuming that the Fund has acquired the 4 new properties even though the scheduled date of closing transaction, delivery of the trust beneficial interest and acquisition is November 30, 2005.

Photo





Map

