

January 30, 2004

For Immediate Release

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Notice Concerning Property Acquisition

Nomura Real Estate Office Fund, Inc. ("Nomura Office Fund" or the "Fund") today announced that it has determined and agreed with the seller on, the acquisition of real estate, as briefly explained below.

1. Summary

- (1) Type of asset: Trust beneficial interest
- (2) Property name: Kanda Iwamotocho Tosei Building
- (3) Acquisition price: ¥3,080 million
- (4) Date of agreement: January 30, 2004 (date of the agreement on purchase and sale of trust beneficial interest)
- (5) Scheduled date of acquisition: February 27, 2004 (date of delivery of the trust beneficial interest)
- (6) Seller: Tosei Fudosan Co., Ltd. (please refer to 4. "Seller Profile", below)
- (7) Financing: Debt financing

The asset outlined above shall be hereinafter referred to as the "Property."

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.

- (1) Location
The Property is located 2 minutes from Iwamoto-cho Station Toei-Shinjuku Line, 6 minutes from Akihabara Station JR Lines and 5 minutes from Akihabara Station Eidan Hibiya Line, respectively, on foot. It is located at a corner lot fronting the Yasukuni Street. With such good access and visibility, the Property is highly competitive. In addition, an extension of Tsukuba Express Line to JR Akihabara station is scheduled for 2005 and, accordingly, the area surrounding the station is expected to be re-developed and has good possibilities in the future.

(2) Building condition

The Property has good visibility and is ranked at a higher grade, compared with the other buildings located nearby, because it is located at a corner lot and has a unique round shape. The property is equipped with various facilities to meeting requests of demanding tenants, including the floor-separated air conditioning system.

3. Property Summary

Property Name		Kanda Iwamotocho Tosei Building				
Type of Asset		Trust beneficial interest				
Trustee		The Chuo Mitsui Trust and Banking Company, Ltd.				
Term of Trust Agreement		10 years from February 27, 2004				
Location (Note 1)	Registry	7-1, Iwamoto-cho 3 chome, Chiyoda-ku, Tokyo and other 4 parcels				
	Street	8-16, Iwamoto-cho 3 chome, Chiyoda-ku, Tokyo				
Access		2 minutes on foot from Iwamoto-cho Station Toei-Shinjuku Line, 6 minutes on foot from Akihabara Station JR Lines and 5 minutes on foot from Akihabara Station Eidan Hibiya Line				
Completion Date		July 15, 1988				
Use		Office				
Structure		SF/SRC, 9F				
Seismic Risk (PML) (Note 2)		14% (Shimizu Corporation's Engineering Report dated January 9, 2004)				
Area	Land	773.32 sq. meters				
	Building	4,698.97 sq. meters				
Type of Ownership	Land	Full ownership				
	Building	Full ownership				
Percentage of Interest	Land	100%				
	Building	100%				
Building Coverage Ratio (Note 3)		100%				
Floor-area Ratio (Note 4)		700% ・ 500%				
Collateral		A mortgage currently established on the Property is scheduled to be cancelled at the time of the acquisition by the Fund.				
Property Management Company		Itochu Urban Community Co., Ltd.				
Acquisition Price		¥3,080 million				
Appraisal Value and Date		¥3,140 million (based on the capitalization approach, as of January 1, 2004) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.)				
Tenant Summary (As of December 31, 2003)						
Total number of Tenants		7				
Total Rental Income		¥250,278 thousand (Rents for January 2004 x 12 on the contract basis)				
Estimated NOI (Note 5)		¥220 million				
Occupancy Rate		90.6% (As of January 30, 2004)				
Total Leased Floor Space		3,695.06 sq. meters				
Total Leasable Floor Space		4,076.39 sq. meters				
Occupancy Rates in the Past (Note 6)		March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	July 31, 2003
		- %	- %	100%	100%	100%

(Notes)

1. Location and several other items

- Location, Completion Date, Structure and Areas are based on the information in the real estate registry.
- The company shown as the Property Management Company is the prospect whom the Fund intends to retain after the acquisition.

2. 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.

3. 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, an increased ratio of 100% applies.
4. Floor-area Ratio
The floor-area ratio for the portion of the site, which is within 20 meters from the Yasukuni Street is 700% and that for the rest of the site is 500%. The weighed average ratio applies to the building.
 5. 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: 90.6% (same as that as of the date of agreement)
(b) Tax amounts: same as those imposed in 2003 tax year.
 6. Occupancy rates in the past are based on the information provided by the seller.

4. Seller Profile

Company Name	Tosei Fudosan Co., Ltd.
Headquarters	3, Kanda Awaji-cho 2-chome, Chiyoda-ku, Tokyo
Representative	Seiichiro Yamaguchi, Representative Director
Capital	¥72 million (as of May 15, 2003)
Principal Business	Real Estate
Relationship with Nomura Office Fund	None

5. Transaction with Related Parties

None

6. Schedule for acquisition

January 30, 2004	Execution of the agreement on purchase and sale of trust beneficial interest
February 27, 2004	Closing of the transaction and delivery of the trust beneficial interest

【Exhibits】

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

Appraisal Summary

Property Name	Kanda Iwamotocho Tosei Building
Appraisal Value	¥3,140,000,000
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	January 1, 2004

(yen)

Item	Amount or percentage	Grounds
Capitalization approach price	3,140,000,000	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	269,727,940	
Rental Income: (a)-(b)	183,508,992	
(a) Potential gross rental income	193,167,360	Assumed based on the market rent, etc.
(b) Losses due to vacancies, etc.	9,658,368	Assumed based on the competitiveness of the Property, etc.
Common benefit expenses income (common benefit expenses, utilities costs)	70,630,368	Assumed based on the historical performance, etc.
Interest from security deposits	3,708,580	Assumed interest rate being 2.0% p.a.
Interest from, and depreciation of the key moneys	0	
Other income	11,880,000	Income from parking lots, etc.
(2) Total expenses	65,076,310	
maintenance	15,310,200	Assumed based on the historical performance, etc.
Utilities cost	19,157,090	Assumed based on the historical performance, etc.
Management fees	7,208,483	Assumed based on the historical performance, etc.
Taxes	20,517,447	Actual amount imposed in 2003 tax year
Insurance premium	1,048,000	Assumed as 0.08% of the replacement cost
Other expenses	1,835,090	Assumed as 1.0% of the rental income
(3) Net operating income from leasing business (NOI=(1)-(2))	204,651,630	
(4) Capital Expenditure Reserve	19,650,000	Assumed based on the Engineering Report prepared by the Shimizu Corporation, etc.
(5) Leasing expenses	1,529,242	Assumed replacement of 10.0 % of the total tenants every year
(6) Net Cash Flow (NCF = (3)-(4)-(5))	183,472,388	
(7) Capitalization rate	5.7%	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	3,110,000,000	
Discount rate	5.8%	
Terminal capitalization rate	6.2%	
Cost Approach Price	2,050,000,000	
Ratio of land	63.9%	
Ratio of building	36.1%	

Items considered for the adjustment of the results of derivations and determination of the appraised value	The Property is located near Iwamotocho station, Toei Shinjuku Line and on the Yasukuni Street and, thus, has competitiveness in location. It also enjoys high visibility with the unique appearance. With its the standard floor area and the level of facilities, in addition to the above characteristics, the Property has the middle or upper level of competitiveness in the area.
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Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (million yen)	Percentage to total (%) (Note 1)	Date of Acquisition
Tokyo central area (Notes 2 and 3)	Shinjuku Nomura Building	38,730	36.1	December 8, 2003
	Itopia Nihonbashi Building	20,600	19.2	December 5, 2003
	Shinagawa NF Building	5,500	5.1	December 8, 2003
	Kanda Iwamotocho Tosei Building	3,080	2.9	February 27, 2004
		73,060	63.3	
Vicinity of Tokyo (Note 2)	TT Landic Toyochō Building	7,550	7.0	December 5, 2003
	Technoport Kamata B	6,430	6.0	December 5, 2003
	Farlet Tachikawa Center Square	3,290	3.1	December 5, 2003
	Shin-Yokohama Nikko Building	3,600	3.4	December 5, 2003
		20,870	19.4	
Other cities (Note 2)	Utsunomiya NF Building	2,970	2.8	December 5, 2003
	Nomura Real Estate Osaka Building	6,410	6.0	December 5, 2003
	Nomura Real Estate Yotsubashi Building	3,940	3.7	December 5, 2003
	Kobe Kaigan Building	3,280	3.1	December 5, 2003
	Nomura Real Estate Hiroshima Building	1,930	1.8	December 5, 2003
		18,530	17.3	
Total (13 properties)		107,310	100.0	

(Notes)

- Percentages have been rounded to the nearest first 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.
- Kanda Iwamotocho Tosei Building is included in the above table assuming that the Fund has acquired it. The purchase and sales agreement concerning the property has been executed on January 30, 2003 and the Property is scheduled to be acquired on February 27, 2004.

Photo



Map

