



For Translation Purposes Only

March 2, 2007

### **For Immediate Release**

Nomura Real Estate Office Fund, Inc.  
Isamu Okada, Representative and Executive Director  
(Securities Code: 8959)

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### **Notice Concerning Property Acquisition**

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

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

- (1) Type of asset: Trust beneficial interest
- (2) Property name: Omron Kyoto Center Building
- (3) Acquisition price: ¥23,700 million
- (4) Date of agreement: March 2, 2007 (date of agreement on purchase and sale of the trust beneficial interest)
- (5) Scheduled date of acquisition: March 20, 2007 (scheduled date of delivery of the trust beneficial interest)
- (6) Seller: Nomura Real Estate Development Co., Ltd. (refer to “5. Seller Profile” below)
- (7) Financing: Private fund, the issuance of the investment corporation bonds and debt financing

#### **2. Acquisition Background**

The Fund has received priority provision of information regarding of the sale of the Property directly from the seller, Nomura Real Estate Development Co., Ltd., and investigated how the acquisition of the Property would have influences and advantages on the portfolio.

After fully considering the effects on the portfolio’s degree of diversification and disbursements, and the mid-to-long term strategy for growth, etc., it was determined that the Property would contribute to the enhancement of the portfolio, which then led to the acquisition.

The Fund, henceforth will aim to gain similar acquisition opportunities by collaborating with the Nomura Real Estate Group, and through the acquisition of good quality properties to secure stabilized mid-to-long term profits and the steady growth of the operating assets.

### 3. Grounds

Nomura Office Fund will acquire the Property in accordance with the Fund's policies as stipulated in its Articles of Incorporation. The Fund especially values the following factors.

- The Property has been occupied by OMRON Corporation as its headquarter building and executed a Building Lease Agreement until March 29, 2021, which enable a stable operation for the mid-to-long term.
- The Property has excellent access with a 5 minute walk from Kyoto station (JR and Kintetsu Kyoto Lines) and a 7 minute walk from Kyoto station (Kyoto Municipal Subway Karasuma Line).
- In regard to the building, it could be concluded that the Property is highly competitive in Kyoto office market, as the building was completed in July 2000, one of the largest office buildings in Kyoto City with the total floor area of approximately 34,000 sq. meters and the standard floor area of approximately 2,030 sq. meters with excellent visibility from Shiokoji-dori, which runs east-west in front of Kyoto Station (Karasuma Exit).

### 4. Property Summary

Property Name		Omron Kyoto Center Building
Type of Asset		Trust beneficial interest
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Term of Trust Agreement		From March 30, 2006 to March 29, 2021
Location (Note 1)	Registry	801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto
	Street	801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto (Note 2)
Access		A 5 minute walk from Kyoto Station on the JR Line and the Kintetsu Kyoto Line, 7 minute walk from the Kyoto Station on the Kyoto Municipal Subway Karasuma Line.
Completion Date (Note 1)		July 31, 2000
Use (Note 1)		Office, parking space
Structure (Note 1)		S/RC, B2/11F
Seismic Risk (PML) (Note 3)		9% (Shimizu Corporation's Engineering Report dated February 16, 2007)
Architect		Yasui Architects & Engineers, Inc. Hankyu Engineering Co., Ltd. (Urban Ace Corporation at present)
Structural Strength Calculator		Yasui Architects & Engineers, Inc. Hankyu Engineering Co., Ltd. (Urban Ace Corporation at present)
Constructor		Obayashi Corporation, Takenaka Corporation and JDC Corporation
Building Inspection Agency		City of Kyoto
Area (Note 1)	Land	4,763.14 sq. meters
	Building	34,616.84 sq. meters
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		80%
Floor Area Ratio		600% (Note 4)
Collateral		None
Property Management Company		Nomura Real Estate Development Co., Ltd. (Note 5)

Notes	<ul style="list-style-type: none"><li>• Nomura Real Estate Development Co., Ltd., a property management company, is the related company of the Asset Management Company under the Investment and Trust Law.</li><li>• Nomura Office Fund agreed with Omron to give the first right of refusal when the sales of the Property</li></ul>				
Acquisition Price	¥23,700 million				
Appraisal Value and Method	¥23,700 million (Based on the capitalization approach, as of March 1, 2007) (Appraiser: Japan Real Estate Institute)				
Estimated NOI (Note 6)	¥974 million				
Leasing Status (As of March 2, 2007)					
Total number of Tenants	1				
Total Rental Income	- (Note 7)				
Security Deposits	- (Note 7)				
Occupancy Rate	100.0%				
Total Leased Floor Space	34,614.84 sq. meters (Note 8)				
Total Leasable Floor Space	34,614.84 sq. meters (Note 8)				
Occupancy Rates in the Past (Note 9)	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	March 31, 2006
	100.0%	100.0%	100.0%	100.0%	100.0%

(Notes)

- Location and Several Other Items  
Location (registry), Completion Date, Use, Structure and Areas are based on the information in the real estate registry.
- Street Address  
The street address of the Property has not been allocated.
- 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.
- Floor Area Ratio  
Although the standard floor area ratio of the site is 600% an increased ratio of 674.80% applies with a bonus under Pursuant to the Article 59, paragraph 2 of the Building Standards Law.
- Property Management Company  
Refers to the Property Management Company that is scheduled to be appointed after the acquisition.
- 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. It is not a forecast of the fiscal period ending October 31, 2006 or any other specific periods.  
(a) Occupancy rate: 100.0%  
(b) Tax amounts: same as those imposed in 2006 tax year.
- Total Rental Income and Security Deposits  
Due to imperative circumstances, we are compelled to disclose this information.
- Total Leased Floor Space and Total Leasable Floor Space  
Total Leased Floor Space and Total Leasable Floor Space are based on the lease agreement.
- Occupancy Rates  
Occupancy rates in the past are based on the information provided by the seller.

## 5. Seller Profile

Company Name	Nomura Real Estate Development Co., Ltd.
Head Office	1-26-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo
Representative	Hirohisa Suzuki, Executive Director
Capital	¥2,000 million (as of April 1, 2006)
Principal Shareholder	Nomura Real Estate Holdings, Inc. (100% ownership)
Principal Business	Real Estate Business

Relationship with the Fund and /or NREAM	NRED is an affiliated company of Nomura Real Estate Holdings, Inc., which holds 100% ownership of Nomura Real Estate Asset Management Co., Ltd., the Fund's Asset Management Company, and therefore, is the "Related Party" under the Investment Trust Law.
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## 6. Status of Previous Owner

Property Name (Address)	Omron Kyoto Center Building (801 Minami Fudodo-cho, Horikawa Higashi-iru, Shiokoji-dori, Shimogyo-ku, Kyoto City, Kyoto)
Status of Owners	Previous owner / Trustee of the beneficial interest
Company Name	Nomura Real Estate Development Co., Ltd.
Relationship with NREAM	An affiliated company of Nomura Real Estate Holdings, Inc., which holds 100% ownership of Nomura Real Estate Asset Management Co., Ltd., the Fund's Asset Management Company
Acquisition Ground	For investment management purposes
Acquisition Price (Including other expenses)	- (Note)
Time of Acquisition	March 30, 2006

(Note) Acquisition Price is not disclosed as the previous owner acquired the Property under the confidential agreement from a third party, which is not a Related Party of the Fund's Asset Management Company.

## 7. Transaction with Related Parties

### (a) Acquisition of the Property

The acquisition of the Property is considered a transaction with a Related Party under the Investment Trust Law. To this end, 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 Office Management Division in the Asset Management Company.

### (b) Appointment of the Property Management

The property management company, Nomura Real Estate Development Co. Ltd., is a Related Party under the Investment Trust Law. Nomura Office Fund and the Asset Management Company determined the consignment and the terms and conditions of the transaction, including the fees, 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 Office Management Division in the Asset Management Company.

## 8. Brokerage Profile

No Brokerage agency was used during the transaction of the Property.

## 9. Form of Payment

At the time of the turnover of the Property (scheduled on March 20, 2007), the Fund plans a package payment of the whole acquisition price, through private funds, issuance of investment

corporation bonds and debt financing.

#### **10. Schedule for Acquisition**

March 2, 2007	Execution of the agreement on purchase and sale of the trust beneficial interest
March 20, 2007	Closing of the transaction and delivery of the trust beneficial interest

#### **11. Forecasts of Financial Results**

Forecasts of the financial results on the fiscal period ending April 30, 2007 for the Fund have not been changed due to the slight effect in acquisition of the Property.

#### **【Exhibits】**

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

## Appraisal Summary

Property Name	Omron Kyoto Center Building		
Appraisal Value	¥23,700,000,000		
Appraiser	Japan Real Estate Institute		
Appraisal Date	March 1, 2007		
(yen)			
Item	Amount or Percentage	Grounds	
Capitalization approach price	23,700,000,000	In assessing the price, it was placed a priority on the DCF approach reflecting a variance in the cash flows during the management period, but compared with the result on the direct capitalization approach at the same time.	
Price calculated by the direct capitalization approach	23,800,000,000		
(1) Gross income	1,415,015,000		
Rental Income (including common area charges and parking) : (a)-(b)	1,415,015,000		
(a) Potential gross rental income	1,415,015,000	Assumption based on the current lease agreement and the rent standard, which is deemed stable for long-medium term.	
(b) Losses due to vacancies, etc.	0	Assumption based on the continuance of the existing contract, allowing the occupancy rate to remain 100%.	
Utilities costs	0	No relevant costs.	
Other income	0	No relevant income to be included.	
(2) Total expenses	224,907,000		
Maintenance	110,783,000	Assumption based on the proper estimate judged by the historical performance.	
Utilities cost	0	Not included as it being the tenant's expense.	
Property Management fee	10,200,000	Assumption based on the PM contract fee rate.	
Taxes	101,095,000	Assumption based on the fixed asset tax and city-planning tax related to the land and the Property hereunder the 2006 Tax Rate, and the depreciable assets tax hereunder similar other buildings and oral explanations by attesters.	
Insurance premium	2,829,000	Assumption based on the insurance premium to be executed and the insurance rate of other buildings similar to the appraised Property.	
Other expenses	0		
(3) Net operating income from leasing business (NOI=(1)-(2))	1,190,108,000		
(4) Interest from security deposit	52,000,000	Assuming the interest rate being 2.0 % p.a.	
(5) Capital Expenditure Reserve	28,100,000	Assumption based on the Engineering Report prepared by the Shimizu Corporation, etc.	
(6) ( (3) + (4) - (5) )	1,214,008,000		
(7) Capitalization rate	5.1%	Assumption based on the comprehensive conditions of the location, building and contract (including the tenants) of the appraised Property.	
Price calculated by the Discounted Cash Flow Approach	23,700,000,000		
Discount rate	4.6%	Assumption based on the total distinctness of the appraised Property, and also taking into account of other similar return of interests during real estate transactions.	
Terminal capitalization rate	5.0%	Assumption based on the uncertainty of the rent trends after the end of the perceived investment period (10 years), and the risk factor in the growth of spending, due to the age related deterioration of the Property.	
Cost Approach Price	21,400,000,000		
Ratio of land	59.6%		
Ratio of building	40.4%		

<p>Items considered for the adjustment of the results of derivations and determination of the appraised value</p>	<p>The Property is a recently built office building for lease, located on a very convenient place near the Kyoto Station. The headquarters of OMRON Corporation is at this Property as a current tenant. The Property is spacious in design, such as having a high entrance hall on the lower floor, etc. The Property is one of a few large-scale office buildings in Kyoto City and it has sufficient market competitiveness compared to other similar buildings. Through the mitigation of the height and the floor area ratio by sogo-sekkei system, the office space is estimated to be over 19,834 sq. meters (the standard floor's leased space has over 1,983 sq. meters) when the Property is used by multi-tenants. Both of the average rents and the vacancy rates of "in front of Kyoto Station district" have been improved. Based on strong tenants' needs rents especially for large-scale prime buildings have been increased. Potential rent increase in this Property can be expected in the future as the current rents are relatively low compared to other buildings in the same level in the leasing market. Therefore, in calculating appraisal value, the current long-term lease agreement with the company in good standing and the stability of the income being extremely high is taken into account.</p>
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## Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (Scheduled) (million yen)	Percentage to total (%) (Note 1)	Date of Acquisition (Scheduled)
Tokyo Central Area (Notes 2)	Shinjuku Nomura Building	38,730	13.7	December 8, 2003
	JAL Building	33,080	11.7	March 18, 2005
	NOF Nihonbashi Honcho Building	20,600	7.3	December 5, 2003
	Tennozu Park Side Building	14,800	5.2	February 27, 2004
	NOF Shibuya Koen-dori Building	12,000	4.2	September 28, 2004
	Secom Medical Building	11,500	4.1	September 1, 2006
	NOF Shiba Building	10,000	3.5	May 25, 2004
	Nishi-Shinjuku Showa Building	8,800	3.1	November 30, 2005
	NOF Tameike Building	7,400	2.6	September 29, 2005
	NOF Shinagawa Konan Building	5,500	1.9	December 8, 2003
	NOF Surugadai Plaza Building	5,150	1.8	February 27, 2004
	NOF Kanda Iwamoto-cho Building	3,080	1.1	February 26, 2004
	NOF Minami Shinjuku Building	2,280	0.8	June 25, 2004
	Total of Tokyo Central Area (13 properties)	172,920	61.1	
Vicinity of Tokyo (Note 2)	NOF Toyo-cho Building	7,550	2.7	December 5, 2003
	NOF Technoport Kamata Center Building	6,430	2.3	December 5, 2003
	Crystal Park Building	3,700	1.3	February 28, 2006
	Farlet Tachikawa Center Square	3,290	1.2	December 5, 2003
	NOF Kawasaki Higashiguchi Building	9,500	3.4	June 30, 2005
	NOF Yokohama Nishiguchi Building	5,050	1.8	May 12, 2005
	NOF Shin-Yokohama Building	3,600	1.3	December 5, 2003
	Total of Vicinity of Tokyo (7 properties)	39,120	13.8	
Other Cities (Note 2)	Sapporo North Plaza	6,820	2.4	June 1, 2006
	NOF Sendai Aoba-dori Building	3,200	1.1	November 30, 2005
	NOF Utsunomiya Building	2,970	1.1	December 5, 2003
	NOF Nagoya Yanagibashi Building	3,550	1.3	September 29, 2005
	Omron Kyoto Center Building (Note 3)	23,700	8.4	March 20, 2007
	NOF Midosuji Building	12,900	4.6	November 30, 2005
	Nomura Osaka Building	6,410	2.3	December 5, 2003
	Nomura Yotsubashi Building	3,940	1.4	December 5, 2003
	NOF Kobe Kaigan Building	3,280	1.2	December 5, 2003
	Hiroshima Tatemachi NOF Building	2,100	0.7	November 30, 2005
	Nomura Hiroshima Building	1,930	0.7	December 5, 2003
	Total of Other Cities (11 properties)	70,800	25.0	
Total (31 properties)		282,840	100.0	

## (Notes)

- Percentages have been rounded to the nearest first decimal place. Therefore, the total may not equal to 100%.
- Tokyo Central Area refers to Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, Shinagawa-ku and Shibuya-ku.  
Vicinity of Tokyo refers to other areas of metropolitan Tokyo and the surrounding three prefectures, which are Kanagawa-ken, Saitama-ken and Chiba-ken.  
Other Cities refers to the major regional cities in the areas other than the Tokyo Central Area and the Vicinity of Tokyo.
- "Omron Kyoto Center 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 March 2, 2007 and the property is scheduled to be acquired on March 20, 2007.



Photo



Map

