

September 10, 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 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: Seibu Shinkin Bank Shibuya Building
- (3) Acquisition price: ¥12 billion
- (4) Date of agreement: September 10, 2004 (date of the agreement on the purchase and sale of the trust beneficial interest)
- (5) Scheduled date of acquisition: September 28, 2004 (date of delivery of the trust beneficial interest)
- (6) Seller: Seibu Shinkin Bank (please refer to 4. “Seller Profile,” below)
- (7) Financing: Debt financing and private funds

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 and in order to enhance the property portfolio in the Tokyo central area. Especially, the Fund appreciates the following factors.

- (1) Location
The area of Shibuya, where the Property is located, is the center of a vast commercial area, which includes Ebisu, Harajuku, Omotesando and other neighboring districts (the so-called

“Shibuya Commercial Area”), being one of the most preeminent commercial areas in Japan. The area enjoys a high concentration of a wide range of commercial enterprises, with great convenience and attracts lots of customers.

The Property is highly visible as it is located on a corner lot facing Koen-dori, where highly flourishing department stores and shops line the street.

The Property is located 3 minutes, on foot, from Shibuya station, a terminal which houses JR Lines, the Tokyu Toyoko Line, the Tokyu Den-en-toshi Line, the Tokyo Metro Ginza Line, the Tokyo Metro Hanzomon Line and the Keio Inokashira Line. Additionally, the Tokyo Metro Line No. 13 is scheduled to be in operation at Shibuya station in 2007, and the Fund expects this will improve access to the Property.

From the features described above, the Fund considers that the Property would have a large need for office spaces due to its convenient access and also believes that spaces for shops on the lower floors of the Property would be highly competitive due to its prime location in a highly concentrated commercial area. Thus, the Property is fit for both office and retail use.

(2) Building condition

The Property is highly visible as it is located on a corner, facing Koen-dori, one of the most crowded streets in the Shibuya area, with the frontage of 30 meters, and has a distinct appearance with a wide façade and a glass curtain wall.

The 1st and 2nd floors are open-plan spaces with an atrium and are equipped with a separate entrance and escalators exclusively for the floors. Such a floor plan satisfies the demands of tenants who are expecting customers to visit the space and are hoping that the building itself will aid in the promotion of their business. For the office floors, the Property has a separate entrances and elevators from those used for the 1st and 2nd floors.

As described above, the Fund evaluates the Property as maximizing its prime location.

3. Property Summary

Property Name		Seibu Shinkin Bank Shibuya Building
Type of Asset		Trust beneficial interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Term of Trust Agreement		10 years from September 28, 2004
Location (Note 1)	Registry	88-5, 88-7 Udagawa-cho, Shibuya-ku, Tokyo
	Street	20-17, Udagawa-cho, Shibuya-ku, Tokyo
Access		3 minutes on foot from Shibuya Station JR Line
Completion Date (Note 1)		September 29, 1987
Use (Note 2)		Retail
Structure (Note 1)		SRC/RC, B2/8F

Seismic Risk (PML) (Note 3)		12% (Shimizu Corporation's Engineering Report dated August 25, 2004)				
Area (Note 1)	Land	637.08 sq. meters				
	Building	5,358.55 sq. meters				
Type of Ownership	Land	Ownership				
	Building	Ownership				
Building Coverage ratio		80%				
Floor-area Ratio		800%				
Collateral		None				
Property Management Company		To be determined.				
Acquisition Price		¥12 billion				
Appraisal Value and Method		¥12 billion (based on the capitalization approach, as of September 1, 2004) (Appraiser: Daiwa Real Estate Appraisal Co., Ltd.)				
Tenant Summary (As of September 10, 2004)						
Total number of Tenants (Note 4)		2				
Total Rental Income (Note 5)		¥355,024,000 (Rent for September 2004×12 on the basis of the contract)				
Estimated NOI (Note6)		¥544 million				
Occupancy Rate (Note 7)		80.3% (As of September 10, 2004)				
Total Leased Floor Space (Note 8)		2,628.38 sq. meters				
Total Leasable Floor Space (Note 9)		3,273.79 sq. meters				
Occupancy Rates in the Past (Note 10)		March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004
		-	-	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.

2. Use

Description of use is based on the information in the real estate registry. However, according to the documents prepared under the Building Standard Law, the Property is for office use and the spaces on the 4th to 8th floors are, in actuality, used as offices. Therefore, the Fund plans to change the description of the Property in the real estate registry from “retails” to “retail and office” after the acquisition of the Property.

3. 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 there is a 0.211% annual chance (10% probability once every 50 years, i.e., the average life time of buildings) of a major earthquake occurring within the next 475 years.

4. Total number of Tenants

Total number of tenants is the number of the tenants who have entered into lease agreements and presently rent spaces. The Seller, who uses the 1st basement floor, the 1st floor and parts of the 2nd and 3rd floors (see the portion identified as C in the figure below showing the use of the Property), is not included in this number.

5. Total Rental Income

Total Rental Income is the amount of the monthly rent for spaces that have executed lease agreements and are presently being leased) × 12 months. No rent accrues from the area used as a bank branch by the Seller (the 1st basement floor, the 1st floor and parts of the 2nd and 3rd floors), and rent is not included in the total rental income (see item C in the figure below). The Seller plans to vacate such spaces on September 13, 2004.

6. Estimated NOI

NOI means the net operating income, which is the gross income from the leasing operation minus 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) The leasable area means the total floor area which can be leased for offices or stores, including the spaces currently occupied by the Seller (see item D in the figure below), however excluding the storage room and the vault room located on the 1st basement floor (see note 9). However, for the purpose of calculating the estimated NOI, the Fund has included the figures pertaining to the area after renovations, which are scheduled to take place after the Seller's evacuation, to make the 1st basement floor available for retail use (see item F in the figure below).
- (b) Occupancy rate: 99.3% (office spaces 99% and retail spaces 100%)
- (c) Tax amounts: At present, the fixed asset taxes imposed on the spaces used by the Seller have been halved as the spaces are used for a bank branch (Article 349-3, paragraph 32 of the Local Tax Law). However, as the Seller will leave the Property as of September 13, 2004, the estimated NOI is based on a tax amount disregarding such exceptional treatment.

7. Occupancy Rate

Occupancy Rate is the percentage of the leased area to the leaseable area (see item E in the figure below).

8. Total Leased Floor Space

The leased area means the total floor area for which lease agreements have been executed and the area which is presently being leased (see Item A in the figure).

9. Total Leasable Area

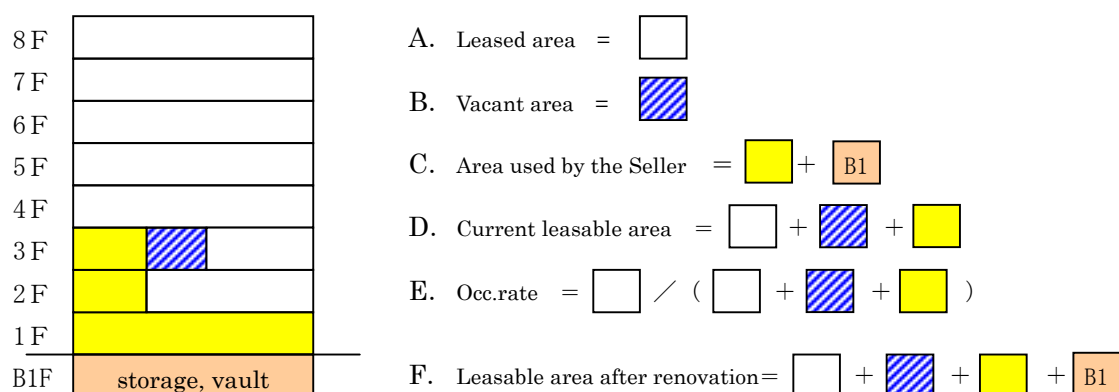
The leasable area means the total floor area which can be leased for offices or stores, including the spaces currently occupied by the Seller (see item D in the figure below), however excluding the storage room and the vault room on the 1st basement floor. The leasable area will be changed by renovations, which are scheduled to take place after the Seller's evacuation, to make the 1st basement floor available for retail use (see item F in the figure).

10. Occupancy Rates in the Past

Occupancy rates in the past are based on the information provided by the Seller. Prior to March 31, 2001, the Seller used the entire building and did not lease any spaces to tenants.

(For information) Figure showing Use of the Property

(As of September 10, 2004)



4. Seller Profile

Company Name	Seibu Shinkin Bank
Headquarters	29-10, Nakano 2-chome, Nakano-ku, Tokyo
Representative	Yukiyoshi Nukui, President
Capital	¥6,099,000,000 (As of August 4, 2004)
Principal Business	Banking Business
Relationship with Nomura Office Fund	None

5. Transaction with Related Parties

None

6. Schedule for Acquisition

September 10, 2004 Execution of the agreement on purchase and sale of the trust beneficial interest

September 28, 2004 Delivery of the trust beneficial interest

7. Forecasts of Financial Results for the Fiscal Period Ending April 30, 2004

Nomura Office Fund does not amend the forecasts of the financial results of the Fund for the fiscal period ending October 31, 2004 (May 1, 2004 to October 31, 2004) due to the acquisition of the Property.

The Fund plans to announce the forecasts of financial results for the fiscal year ending April 30, 2005, incorporating the affect of the acquisition of the Property, upon the announcement of the results for the fiscal period ending October 31, 2004 (which is scheduled for December 2004).

【Exhibits】

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

Appraisal Summary

Property Name	Seibu Shinkin Bank Shibuya Building
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Appraisal Value	¥12,000,000,000
Appraiser	Daiwa Real Estate Appraisal Co., LTD.
Appraisal Date	September 1, 2004

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	12,000,000,000	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	12,530,000,000	This amount was obtained by discounting the standardized net income by the capitalization rate minus the cost of renovations.
(1) Gross income	723,774,572	
Rental Income: (a)-(b)	620,189,572	
(a) Potential gross rental income	626,413,896	Based on the assumed rent
(b) Losses due to vacancies, etc.	6,224,324	Assumed based on the competitiveness of the Property, etc.
Utilities costs	19,854,000	Assumed based on the historical performance, etc.
Other income	83,731,000	Income from machine charges, etc.
(2) Total expenses	109,214,344	
Maintenance	20,277,000	Assumed based on the estimated amount
Utilities cost	22,771,000	Assumed based on the historical performance, etc.
PM fee	13,751,717	Based on an estimated amount
Taxes	49,245,000	Assumed based on assessed value of fixed assets in 2004 tax year
Insurance premium	679,370	Based on an estimated amount
Leasing expenses	2,490,257	Based on the assumed ratio of tenant change
(3) Net operating income from leasing business (NOI=(1)-(2))	614,560,228	
(4) Interest from security deposit	12,469,502	Assumed interest rate being at 2.0 % p.a.
(5) Capital Expenditure Reserve	26,178,000	Assumed based on the Engineering Report prepared by the Shimizu Corporation, etc.
(6) Net Cash Flow (NCF = (3)-(4)-(5))	600,851,730	
(7) Capitalization rate	4.7%	Based on the location and the characteristics of the Property.
Price calculated by the Discounted Cash Flow Approach	11,910,00,000	
Discount rate	4.6%	
Terminal capitalization rate	4.9%	
Cost Approach Price	6,930,000,000	
Ratio of land	89.3%	
Ratio of building	10.7%	

Items considered for the adjustment of the results of derivations and determination of the appraised value	The Property is located in the Shibuya area where various businesses, including retail shops, restaurants and entertainment facilities, particularly satisfying the needs of young people, are highly concentrated. The area has various needs for spaces for stores and for offices where customers are expected to visit. The Property is being situated in one of the best locations in the Shibuya area and has high visibility and publicity. Relatively strong competitiveness is reflected.
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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	26.5	December 8, 2003
	Itopia Nihombashi Building	20,600	13.6	December 5, 2003
	Tennozu Park Side Building	14,800	9.8	February 27, 2004
	Seibu Shinkin Bank Shibuya Building	12,000	7.9	September 28, 2004
	Isuzu Shiba Building	10,000	6.6	May 25, 2004
	Shinagawa NF Building	5,500	3.6	December 8, 2003
	Surugadai Plaza Building	5,150	3.4	February 27, 200
	Kanda Iwamotocho Tosei Building	3,080	2.0	February 26, 2004
	Seiwa Shinjuku Building	2,280	1.5	June 25, 2004
		112,140	74.0	
Vicinity of Tokyo (Note 2)	TT Landic Toyochō Building	7,550	5.0	December 5, 2003
	Technoport Kamata B	6,430	4.2	December 5, 2003
	Farlet Tachikawa Center Square	3,290	2.2	December 5, 2003
	Shin-Yokohama Nikko Building	3,600	2.4	December 5, 2003
		20,870	13.8	
Other cities (Note 2)	Utsunomiya NF Building	2,970	2.0	December 5, 2003
	Nomura Real Estate Osaka Building	6,410	4.2	December 5, 2003
	Nomura Real Estate Yotsubashi Building	3,940	2.6	December 5, 2003
	Kobe Kaigan Building	3,280	2.2	December 5, 2003
	Nomura Real Estate Hiroshima Building	1,930	1.3	December 5, 2003
		18,530	12.2	
Total (16 properties)		151,540	100.0	

(Notes)

- Percentages have been rounded to the nearest first decimal place. Accordingly, the total may not equal 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.
- Seibu Shinkin Bank Shibuya Building is included in the above table assuming that the Fund has acquired it. The purchase and sales agreements concerning Seibu Shinkin Bank Shibuya Building have been executed on September 10, 2004, and the Property is scheduled to be acquired on September 28, 2004.

Photo



Map

