

June 25, 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: Seiwa Shinjuku Building
- (3) Acquisition price: ¥2,280 million
- (4) Date of acquisition: June 25, 2004 (date of delivery of the trust beneficial interest)
- (5) Seller: CREO Kobe Private Company (please refer to 4. “Seller Profile”, below)
- (6) Financing: Private fund

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 in south of Shinjuku St. area where there have been numbers of major multi-complex developments, Takashimaya Times Square, Odakyu Southern Tower and also major office developments, JR East Head Office, NTT Docomo Yoyogi Building. The Property is located on Meiji-Dori and 4 minutes from Shinjuku Station which is one of the largest terminal stations in Japan. The area is expected to be more convenient when new subway station starts operation in 2007 (Tokyo Metro Line No.13).

(2) Building condition

The Property’s standard floor has easy-to-lease shape and leasable space of 330m². The property is equipped with various facilities including floor-separated air-conditioning system to meet floor by floor lease requests by tenants.

3. Property Summary

| | | | | | | |
|--------------------------------------|----------|---|----------------|----------------|----------------|----------------|
| Property Name | | Seiwa Shinjuku Building | | | | |
| Type of Asset | | Trust beneficial interest | | | | |
| Trustee | | The Mitsubishi Trust and Banking Corporation | | | | |
| Term of Trust Agreement | | Terminates on March 31, 2013 | | | | |
| Location (Note 1) | Registry | 32-11, Sendagaya 5 chome, Shibuya-ku, Tokyo | | | | |
| | Street | 32-7, Sendagaya 5 chome, Shibuya-ku, Tokyo | | | | |
| Access | | 4 minutes on foot from Shinjuku Station and 5 minutes on foot from Yoyogi Station | | | | |
| Completion Date | | March 4, 1986 | | | | |
| Use | | Office | | | | |
| Structure | | SRC, 8F above ground, 1F under ground | | | | |
| Seismic Risk (PML) (Note 2) | | 12% (Shimizu Corporation's Engineering Report dated June 15, 2004) | | | | |
| Area | Land | 545.87 sq. meters (Note 3) | | | | |
| | Building | 3,160.05 sq. meters | | | | |
| Type of Ownership | Land | Full ownership | | | | |
| | Building | Full ownership | | | | |
| Percentage of Interest | Land | 100% | | | | |
| | Building | 100% | | | | |
| Building Coverage Ratio (Note 4) | | 100% | | | | |
| Floor-area Ratio | | 600% | | | | |
| Collateral | | None | | | | |
| Property Management Company | | Nomura Real Estate Development Co., Ltd. (NRED) | | | | |
| Remarks | | The property management company, NRED, is a related party as defined under the Law Concerning Investment Trust and Investment Corporations. | | | | |
| Acquisition Price | | ¥2,280 million | | | | |
| Appraisal Value and Date | | ¥2,280 million (based on the capitalization approach, as of June 15, 2004) (Appraiser: The Tanizawa Sogo Appraisal Co., Ltd.) | | | | |
| Tenant Summary (As of June 25, 2004) | | | | | | |
| Total number of Tenants | | 5 | | | | |
| Total Rental Income | | ¥176,223 thousand (Rents for June 2004 x 12 on the contract basis) | | | | |
| Estimated NOI (Note 5) | | ¥152 million | | | | |
| Occupancy Rate | | 100% (As of June 25, 2004) | | | | |
| Total Leased Floor Space | | 2,464.71 sq. meters | | | | |
| Total Leasable Floor Space | | 2,464.71 sq. meters | | | | |
| Occupancy Rates in the Past (Note 6) | | March 31, 1999 | March 31, 2000 | March 31, 2001 | March 31, 2002 | March 31, 2003 |
| | | 100% | 100% | 100% | 100% | 100% |

(Notes)

- 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.
- 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.
- Land area

Land area includes the area of 43.03m² which is used as a part of public street.
- Floor-area 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.
- 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: 100% (same as that as of the date of agreement)
 - (b) Tax amounts: 2004 tax year amount is imposed.
6. Occupancy rates in the past are based on the information provided by the seller.

4. Seller Profile

| | |
|--------------------------------------|--|
| Company Name | CREO Kobe Private Company |
| Headquarters | 26-2, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo |
| Representative | Shinji Nakazawa, Director |
| Capital | ¥3 million |
| Principal Business | Real Estate |
| Relationship with Nomura Office Fund | None |

5. Transaction with Related Parties

- (1) Acquisition of the Property
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 its 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.
- (2) Transaction concerning Property Management Services
The property management company for the Property, NRED, is a Related Party.

6. Schedule for acquisition

June 25, 2004 Closing of the transaction and delivery of the trust beneficial interest

7. Forecasts of Financial Results for the Fiscal Period Ending October 31, 2004

The Fund plans to announce the forecast of financial results for the fiscal year ending October 31, 2004 (May 1, 2004 to October 31, 2004), incorporating the affect of acquisition of the Property upon the announcement of the results for the fiscal period ending April 30, 2004 (scheduled for June 2004).

【Exhibits】

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

Appraisal Summary

| | | |
|---|---------------------------------------|---|
| Property Name | Seiwa Shinjuku Building | |
| Appraisal Value | ¥2,280,000,000 | |
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal Date | June 15, 2004 | |
| (yen) | | |
| Item | Amount or percentage | Grounds |
| Capitalization approach price | 2,280,000,000 | 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 | 2,350,000,000 | |
| (1) Gross income | 192,481,291 | |
| Rental Income: (a)-(b) | 133,500,988 | |
| (a) Potential gross rental income | 140,527,356 | Assumed based on the market rent, etc. |
| (b) Losses due to vacancies, etc. | 7,026,368 | Assumed based on the competitiveness of the Property, etc. |
| Common benefit expenses income (common benefit expenses, utilities costs) | 46,120,609 | Assumed based on the historical performance, etc. |
| Interest from security deposits | 2,761,694 | Assumed interest rate being 2.0% p.a. |
| Interest from, and depreciation of the key moneys | 0 | |
| Other income | 10,098,000 | Income from parking lots, etc. |
| (2) Total expenses | 50,627,901 | |
| maintenance | 11,150,400 | Assumed based on the historical performance, etc. |
| Utilities cost | 17,066,634 | Assumed based on the historical performance, etc. |
| Management fees | 5,141,761 | Based on the information provided by the client |
| Taxes | 16,176,601 | Actual amount imposed in 2004 tax year |
| Insurance premium | 425,000 | Assumed as 0.05% of the replacement cost |
| Other expenses | 667,505 | Assumed as 0.5% of the rental income |
| (3) Net operating income from leasing business (NOI=(1)-(2)) | 141,853,390 | |
| (4) Capital Expenditure Reserve | 8,500,000 | Assumed based on the Engineering Report prepared by the Shimizu Corporation, etc. |
| (5) Leasing expenses | 1,569,222 | Assumed replacement of 10.0 % of the total tenants every year |
| (6) Net Cash Flow (NCF = (3)-(4)-(5)) | 131,784,168 | |
| (7) Capitalization rate | 5.6% | 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 | 2,250,000,000 | |
| Discount rate | 5.9% | |
| Terminal capitalization rate | 6.1% | |
| Cost Approach Price | 2,260,000,000 | |
| Ratio of land | 79.6% | |
| Ratio of building | 20.4% | |

| | |
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| Items considered for the adjustment of the results of derivations and determination of the appraised value | As the Property is located 4 minutes from Shinjuku Station and faces Meiji-Dori, it has a good visibility. With its easy-to-layout floor shape matches to various tenants' requirements. |
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Exhibit 2

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 | 27.8 | December 8, 2003 |
| | Itopia Nihonbashi Building | 20,600 | 14.8 | December 5, 2003 |
| | Tennozu Park Side Building | 14,800 | 10.6 | February 27, 2004 |
| | Isuzu Shiba Building | 10,000 | 7.2 | May 25, 2004 |
| | Shinagawa NF Building | 5,500 | 3.9 | December 8, 2003 |
| | Surugadai Plaza Building | 5,150 | 3.7 | February 27, 2004 |
| | Kanda Iwamotocho Tosei Building | 3,080 | 2.2 | February 27, 2004 |
| | Seiwa Shinjuku Building | 2,280 | 1.6 | June 25, 2004 |
| | | 100,140 | 71.8 | |
| Vicinity of Tokyo (Note 2) | T'T Landic Toyochi 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 | 15.0 | |
| 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 | 13.3 | |
| Total (17 properties) | | 139,540 | 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.

Photo



Map

