

February 16, 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**

- (1) Type of asset: Trust beneficial interest
- (2) Property name: Surugadai Plaza Building
- (3) Acquisition price: ¥5,150 million
- (4) Date of agreement: February 16, 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: Tozai Real Estate Company Limited (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 4 minutes from Ochanomizu Station JR Lines and 5 minutes from Ochanomizu Station Eidan Maruchouchi Line, respectively, on foot. It is also located on the heights and in the well replotted area where the buildings form a orderly street. In addition, the Property is competitive with a high concentration of the pharmaceutical, medical and education-related enterprises in the area.
- (2) Building condition  
The Property was built in 1997. Its basic structure is: approximately 600 sq. meters of the average leasable floor area; 2,700 mm floor height; and the quake-absorbing structure. In addition, the Property is equipped with various facilities to meet various requests of tenants,

including floor-separated air conditioning system and free-access floors to match the office automation in the entire building.

### 3. Property Summary

Property Name		Surugadai Plaza Building				
Type of Asset		Trust beneficial interest				
Trustee		The Sumitomo Trust & Banking Co., Ltd.				
Term of Trust Agreement		10 years from February 27, 2004				
Location (Note 1)	Registry	5-12, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo				
	Street	5-12, Kanda Surugadai 2-chome, Chiyoda-ku, Tokyo				
Access		4 minutes on foot from Ochanomizu Station JR Lines				
Completion Date		April 30, 1997				
Use		Office				
Structure		SF/SRC, B1/8F				
Seismic Risk ( PML ) (Note 2)		6% (Shimizu Corporation's Engineering Report dated January 9, 2004)				
Area	Land	1,056.92 sq. meters				
	Building	5,782.27 sq. meters				
Type of Ownership	Land	Full ownership				
	Building	Full ownership				
Percentage of Interest	Land	100%				
	Building	100%				
Building Coverage Ratio (Note 3)		80%				
Floor-area Ratio		500%				
Collateral		None				
Property Management Company		Nomura Real Estate Development Co., Ltd. ("NRED")				
Remarks		The property management company, NRED, is a related party ("Related Party") as defined under the Law Concerning Investment Trust and Investment Corporations ("Investment Trust Law").				
Acquisition Price		¥5,150 million				
Appraisal Value and Date		¥5,200 million (based on the capitalization approach, as of January 1, 2004) (Appraiser: Tanizawa Sogo Appraisal Co., Ltd.)				
Tenant Summary (As of February 16, 2004)						
Total number of Tenants		1				
Total Rental Income		- (Note 4)				
Estimated NOI (Note 5)		¥304 million				
Occupancy Rate		100% (As of February 16, 2004)				
Total Leased Floor Space		4,160.94 sq. meters				
Total Leasable Floor Space		4,160.94 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.
- 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.
- Total Rental Income
  - Total Rental Income is not disclosed due to an unavoidable reason.

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	Tozai Real Estate Company Limited
Headquarters	8-11, Harumi 1-chome, Chuo-ku, Tokyo
Representative	Noriyuki Shoyama, Representative Director
Capital	¥100 million
Principal Business	Leasing and Management of Real Estate
Relationship with Nomura Office Fund	None

#### 5. Transaction with Related Parties

The property management company for the Property, NRED, is a Related Party.

#### 6. Schedule for acquisition

February 16, 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

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

Nomura Office Fund does not amend the forecasts of financial results of the Fund for the fiscal period ending April 30, 2004 (August 7, 2003 to April 30, 2004) due to the acquisition of the Property.

The Fund plans to announce the forecasts 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	Surugadai Plaza Building
Appraisal Value	¥5,200,000,000
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	January 1, 2004

(yen)

Item	Amount or percentage	Grounds
Capitalization approach price	5,200,000,000	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	5,400,000,000	
(1) Gross income	390,510,988	
Rental Income: (a)-(b)	304,531,609	
(a) Potential gross rental income	320,559,588	Assumed based on the market rent, etc.
(b) Losses due to vacancies, etc.	16,027,979	Assumed based on the competitiveness of the Property, etc.
Common benefit expenses income (common benefit expenses, utilities costs)	64,036,867	Assumed based on the historical performance, etc.
Interest from security deposits	6,138,512	Assumed interest rate being 2.0% p.a.
Interest from, and depreciation of the key moneys	0	
Other income	15,804,000	Income from parking lots, etc.
(2) Total expenses	78,104,022	
Maintenance	17,975,261	Assumed based on the historical performance, etc.
Utilities cost	21,470,450	Assumed based on the historical performance, etc.
Management fees	7,687,449	Assumed based on the historical performance, etc.
Taxes	28,232,204	Actual amount imposed in 2003 tax year
Insurance premium	1,216,000	Assumed as 0.08% of the replacement cost
Other expenses	1,522,658	Assumed as 0.5% of the rental income
(3) Net operating income from leasing business (NOI=(1)-(2) )	312,406,966	
(4) Capital Expenditure Reserve	7,600,000	Assumed based on the Engineering Report prepared by the Shimizu Corporation, etc.
(5) Leasing expenses	2,537,763	Assumed replacement of 10.0 % of the total tenants every year
(6) Net Cash Flow (NCF = (3)-(4)-(5) )	302,269,203	
(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	5,110,000,000	
Discount rate	5.7%	5.9% for first 4 years on the assumption that the entire building is leased to a single tenant.
Terminal capitalization rate	5.9%	
Cost Approach Price	3,430,000,000	
Ratio of land	64.7%	
Ratio of building	35.3%	

Items considered for the adjustment of the results of derivations and determination of the appraised value	The Property is located near Ochanomizu station, where we find with a high concentration of the pharmaceutical, medical and education-related enterprises. It is rather new, with its size, level of facilities and the quake-absorbing structure; 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	34.4	December 8, 2003
	Itopia Nihonbashi Building	20,600	18.3	December 5, 2003
	Shinagawa NF Building	5,500	4.9	December 8, 2003
	Surugadai Plaza Building	5,150	4.6	February 27, 2004
	Kanda Iwamotocho Tosei Building	3,080	2.7	February 27, 2004 (Note 4)
		73,060	65.0	
Vicinity of Tokyo (Note 2)	TT Landic Toyochō Building	7,550	6.7	December 5, 2003
	Technoport Kamata B	6,430	5.7	December 5, 2003
	Farlet Tachikawa Center Square	3,290	2.9	December 5, 2003
	Shin-Yokohama Nikko Building	3,600	3.2	December 5, 2003
		20,870	18.6	
Other cities (Note 2)	Utsunomiya NF Building	2,970	2.6	December 5, 2003
	Nomura Real Estate Osaka Building	6,410	5.7	December 5, 2003
	Nomura Real Estate Yotsubashi Building	3,940	3.5	December 5, 2003
	Kobe Kaigan Building	3,280	2.9	December 5, 2003
	Nomura Real Estate Hiroshima Building	1,930	1.7	December 5, 2003
		18,530	16.5	
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.
- The Fund announced to acquire the Kanda Iwamotocho Tosei Building on February 27, 2004 in Notice Concerning Property Acquisition dated January 30, 2002 but changes the acquisition date to February 26, 2004.

Photo



Map

