



For Translation Purposes Only

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For Immediate Release

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(Securities Code: 8959)

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**Notice Concerning the Establishment of Superficies
“NOF Sendai Aoba-dori Building”**

Nomura Real Estate Office Fund, Inc. (“Nomura Office Fund” or the “Fund”) announced today that it enter into a contract to establish superficies (*kubun-chijoken settei keiyaku*) (the “Superficies Contract”) with the City of Sendai and that it established superficies (the “Superficies”) to use the certain underground portion of the site of the NOF Sendai Aoba-dori Building (the “Property”) in favor of Sendai City.

1. Grounds

A part of the Property site is subject to the construction project of the Tozai Line of Sendai Subway (“Subway Tozai Line”) that is expected to become operative in the fiscal 2015. For this project, the Project Approval (*jigyo-ninka*) under the Railway Project Law was obtained from the National Land and Transportation Ministry in September 2003, and the Public Notice of the City Planning Decision under the City Planning Law was made in August 2005.

The Fund and the City of Sendai, who intends to build the subway structure beneath the Property based on the Approval and the City Planning Decision, have come to an agreement and, thus, the Fund established the Superficies.

2. Outline of the Superficies Contract

- (1) Area subject to the Superficies: A part of the site of the NOF Sendai Aoba-dori Building (See Appendix 1.)
- (2) Grantor of the Superficies: Mitsubishi UFJ Trust & Banking Corporation
(Trustee of the Property)
- (3) Right Holder: City of Sendai
- (4) Purpose: Possession of facilities necessary for the Sendai Subway Project
- (5) Compensation: ¥295,747,860
(Aggregated amount of compensation for the establishment of the Superficies and compensation for the Remaining Land ^(*), collectively the “Compensation” hereinafter.)

- (6) Rent: Nil
- (7) Contract Date: February 22, 2007
(Execution of the Superficies Contract)
- (8) Establishment Date: February 22, 2007
(Execution date of the Superficies Contract)
- (9) Term of Superficies: Starting from the execution date of the Superficies Contract, and in effect as far as the facilities for the Subway Tozai Line Project exist.

(*) Compensation for the Remaining Land means compensation for losses, determined based upon the degree of restriction on the usage comparing with a building of the most effective design, concerning that part of the Property site where, due to the establishment of the Superficies, it becomes difficult to build a standard building (See “3. Outline of the Surface Rights” as for the area.)

3. Outline of the Superficies

Property		A part of the site of the NOF Sendai Aoba-dori Building
Location	Registry (Note 1)	A part of 2-1-2 Ichiban-cho, Aoba-ku, Sendai, Miyagi (Note 2)
Land Category (Note 1)		Residential land
Area	Land	Area subject to the Superficies: 419.00 m ² (based on actual measurement) (total of the areas indicated as ① and ③ in Appendix 1.)
		Area for the Remaining Land compensation: 240.02 m ² (based on actual measurement) (the area ② in Appendix 1.)
Compensation		¥295,747,860
Appraisal Value		¥269,400,000 (Total of the appraisal value of the Superficies and the amount to be paid as the Remaining Land compensation) (Appraiser: Morii Appraisal & Investment Consulting, Inc.) (Date of appraisal: January 15, 2007)

(Note 1) The “Location” and “Land Category” are based on the information in the real estate registry.

(Note 2) The site of the Property currently consists of only one parcel of land. The area subject to the Superficies will be separated from the other portion of the site and, consequently, the site will be divided into four parcels. The cost associated with the registration reflecting such division will be borne by the City of Sendai.

Outline of the Property (For information purposes only)

Location	Street	2-1-2 Ichiban-cho, Aoba-ku, Sendai, Miyagi Prefecture
Completion Date (Note 1)		July 2, 1968
Structure (Note 1)		Steel framed reinforced concrete structure (SRC) B2/11 stories with flat roof (Note 2)
Use (Note 1)		Office/retail/car park
Seismic Risk (PML) (Note 3)		8% (Report on the building conditions prepared by Shimizu Corporation on November 11, 2005)
Area (Note 1)	Land	2,321.61 m ²
	Building	12,977.45 m ²
Type and Portion of Ownership	Land	Ownership (100%)
	Building	Ownership (100%)

- (Note 1) The “Completion Date”, “Structure”, “Use” and “Areas” are based on the information in the Land Registry.
- (Note 2) “B2/8 stories with a 3-storied penthouse” according to the Building Permit Notice under the Building Standard Law.
- (Note 3) PLM (Probable Maximum Loss) 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 the next 475 years there is a 0.211% annual chance (10% probability of once every 50 years, i.e., average lifetime of buildings) of a major earthquake occurring.

4. Restrictions to the Property use by, or Effects on the Property value of, the Superficies

(1) Restrictions to the current use of the Property

Under the Superficies Contract, construction of buildings or other structures as well as earth excavation and other changes in form or quality of the land, that may hinder the railroad project, are prohibited. In addition, as for construction of buildings or other structures on the area subject to the Superficies and other certain actions, prior discussion with Sendai City is required. However, as far as the Property is used as it is currently used, any of these restrictions are not material ones that may give effect to the Property value. There shall be no restraint to the day-to-day operation of the Property including but not limited to repairs and maintenance as far as the Property is used as it is.

(2) Restrictions to reconstruction of the Property

As the area of the land subject to the Superficies is imposed a certain load limit, the Fund has conducted independent review on the restrictions to the building in case of reconstruction of the Property. It has been confirmed that reconstruction of a new building nearly equivalent to the Property is possible even after the Superficies are established.

(3) Effects to appraised value of the Property

Establishment of the Superficies give no influence on the cash flow of the Property. Therefore, in appraisal based on the capitalization approach, it is expected the establishment of the Superficies gives little effect to the appraisal value of the Property.

5. Subway Tozai Line

The Subway Tozai Line is planned to serve a distance of about 13.9 kilometers from the “Zoological Park (provisional name)” Station near the Yagiyama Zoological Park, located to the south-west of the city center, passing through the proximity of Sendai Station, and to “Arai (provisional name)” Station near the Sendai Higashi Interchange on the Sendai Tobu Motorway. It is expected to become operative in the fiscal 2015 serving 13 stations.

Completion of the Subway Tozai Line will improve traffic access across the entire city, with Sendai Station as its core. A new station, “Ichiban-cho (provisional name)” Station, is currently planned at a location of a two minute walking distance from the Property, which will further enhance the convenience of the Property in future.

6. Outline of the Right Holder

Name	City of Sendai
Relationship with the Fund	None

7. Schedule for the Establishment of the Superficies

February 22, 2007	Decision to establish the Surface Rights
February 22, 2007	Execution of Superficies Contract and establishment of the Superficies

It is planned that Nomura Office Fund will receive the Compensation from the City of Sendai after the registration of the Superficies and by March 31, 2007.

8. Forecasts of Financial Results

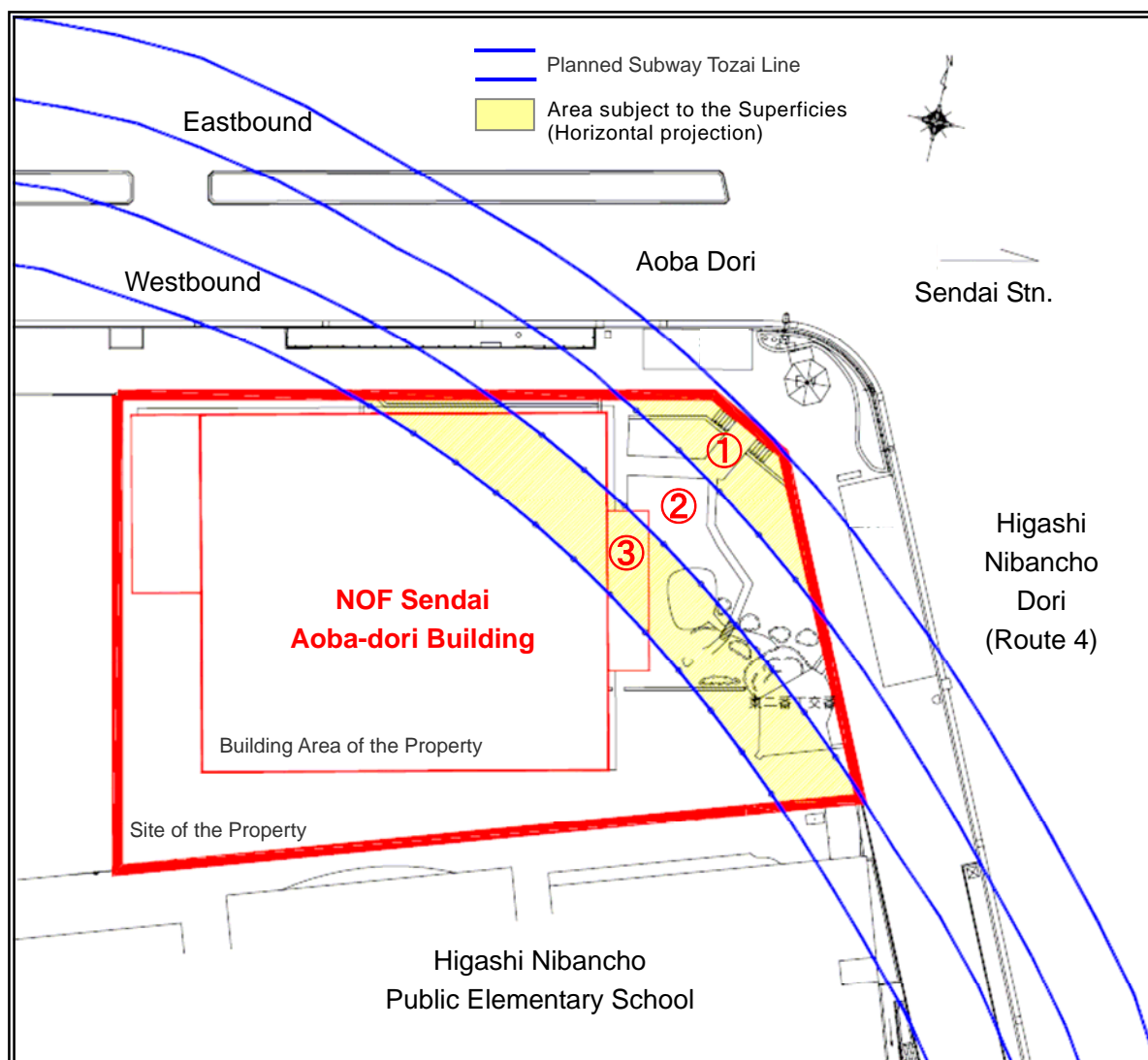
The entire amount of the Compensation received for establishment of the Superficies will be booked as non-operating revenues for the Fund's seventh fiscal period (from November 1, 2006 to April 30, 2007.)

For the forecasts of the financial results for the seventh fiscal period reflecting the transaction contemplated in the Superficies Contract, please refer to the "Notice Concerning Revised Forecasts of Financial Results for the Fiscal Period Ending April 30, 2007" which is also announced today.

【Attachment】

Appendix 1	Area Subject to the Superficies
Appendix 2	Map

Area Subject to the Superficies



【Depth of the Superficies】

Eastbound line: From 24.35 to 7.93 meters above the average sea level of Tokyo Bay
(From 14.22 to 30.64 meters below the ground surface of the Property)

Westbound line: From 25.16 to 7.31 meters above the average sea level of Tokyo Bay
(From 12.06 to 29.91 meters below the ground surface of the Property)

Map



(Note) The route, position of “Ichiban-cho” and “Sendai” stations of the Tozai Subway Line are based upon the current plan of the City of Sendai. The names of stations are provisional.