



For Translation Purposes Only

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For Immediate Release

Nomura Real Estate Office Fund, Inc.
Yoshiyuki Ito, 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 Nomura Real Estate Asset Management Co., Ltd. (“the Asset Management Company”), the asset management company for the Fund, has determined the acquisition of real estate, as stated below.

1. Summary of the Asset to be Acquired (the “Property”)

- (1) Type of asset: Real Estate
 - (2) Property name: PMO Nihonbashi Kayabacho
 - (3) Acquisition price: ¥4,910 million (Note)
 - (4) Scheduled date of agreement: December 11, 2014
(Date of agreement on purchase and sale of real estate)
 - (5) Scheduled date of acquisition: March 3, 2015 (date of delivery of real estate)
 - (6) Seller: Nomura Real Estate Development Co., Ltd.
 - (7) Financing: Debt financing
- (Note) Excluding property taxes, urban planning taxes, consumption taxes and local consumption taxes

2. Grounds

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

- The property is a new building built in August 2014 as one of the Premium Midsize Office (PMO) buildings series promoted by Nomura Real Estate Development Co., Ltd (NRED). Although this is a medium-size structure, it is a high value-added office building featuring sophisticated facade and entrance hall design, excellent functionality in hotel-like restrooms and common-use spaces, outstanding security provided by a security gate in the elevator hall, and a high degree of privacy made possible through the property’s one-tenant-per-floor concept. These factors combine to give the property quality equal to large-size office buildings. The Fund expects the property to satisfy long- and medium-term tenant needs. Furthermore, the property is the sixth building in the

Fund portfolio's PMO series, which will strengthen linkage with NRED's promotion of increased PMO recognition.

- Kayabacho area where the Property is located is adjacent to Nihonbashi Kabutocho area where the Tokyo Stock Exchange stands, and thus has a high concentration of offices such as financial institutions including securities companies and the headquarters of a major chemical manufacturer. Therefore, a wide range of demand can be expected. In addition, the Property boasts a high level of competitiveness as it has excellent transportation convenience in terms of having access to multiple transportation lines as it is located within a two-minute walk from Kayabacho Station on the Tokyo Metro Hibiya and Tozai lines and a five-minute walk from Hatchobori Station on the JR Keiyo Line, in addition to having excellent visibility as it faces Shin-Ohashi dori, a main street.

3. Property Summary

Property Name		PMO Nihonbashi Kayabacho
Type of Asset		Real Estate
Location (Note 1)	Registry	3-3-1 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo and 4 other parcels
	Street	3-11-10 Nihonbashi Kayaba-cho, Chuo-ku, Tokyo
Access		2 minutes walk from Kayabacho Station on the Tokyo Metro Hibiya Line and Tozai Line 5 minutes walk from Hatchobori Station on the JR Line
Completion Date (Note 1)		August 29, 2014
Use (Note 1)		Office and parking
Structure (Note 1)		S/SRC, B1/12F
Seismic Risk (PML) (Note 2)		10% (Shimizu Corporation's Engineering Report as of December 2, 2014)
Architect		Nomura Real Estate Development Co., Ltd.
Structural Strength Calculator		Nomura Real Estate Development Co., Ltd. HAZAMA ANDO CORPORATION
Constructor		HAZAMA ANDO CORPORATION
Building Inspection Agency		UHEC
Area (Note 1)	Land	629.86 m ² (190.53 tsubo)
	Building	4,607.34 m ² (1,393.72 tsubo)
Type of Ownership	Land	Ownership
	Building	Ownership
Building Coverage Ratio		100% (Note 3)
Floor Area Ratio		700%
Collateral		None
Property Management Company		Nomura Real Estate Development Co., Ltd. (Note 4)
Notes		NRED, the property management company and the master lease company, is the related party ("Related Party") according to the Law Concerning Investment Trusts and Investment Corporations ("Investment Trust Law").
Scheduled acquisition Price		¥4,910 million
Appraisal Value and Method		¥4,960 million (Based on the capitalization approach as of November 30, 2014) (Appraiser: Japan Real Estate Institute)
Appraisal NOI (Note 5)		¥216 million
Leasing Status (As of December 10, 2014) (Note 6)		
Total Number of Tenants		4
Total Rental Income		¥98million
Security Deposits		¥90million
Occupancy Rate		36.4%
Total Leased Floor Space		1,262.80 m ² (381.99 tsubo)
Total Leasable Floor Space		3,472.70 m ² (1,050.49 tsubo)

Occupancy Rates in the Past (Note 7)	April 30, 2010	April 30, 2011	April 30, 2012	April 30, 2013	April 30, 2014
	-	-	-	-	-

(Notes)

1. Location (registry) and Several Other Items
“Location (registry)”, “Completion Date”, “Use”, “Structure” and “Area” are based on the information in the real estate registry.
2. PML (Probable Maximum Loss)
PML shows the probable 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 (10% probability of once every 50 years, i.e., average life time of buildings) of major earthquake occurring.
3. 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 in a fire zone, an increased ratio of 100% applies.
4. Property Management Company
Refers to the Property Management Company that is scheduled to be appointed after the acquisition.
5. Appraisal NOI
This is the annual NOI (operating revenue – operating expenses) indicated in the real estate appraisal report on the value as of November 30, 2014.
6. Leasing Status
The Fund intends to execute a master lease agreement with NRED at the same time of the acquisition for the purpose of subletting the Property to end tenants. In the form of the agreement, called “pass-through”, NRED, a master lessee would pay the whole rents from end tenants to the Fund according to the agreement. Each term in the above table is based on the following assumption:
Total Number of Tenants: Total number of end tenants as of today
Total Rental Income: The total of monthly rents for end tenants as of today (on contract basis) x 12
Each amount has been rounded down to the nearest 1 million.
Security Deposits: The total of Security Deposits, Compensation (on the contract basis) for end tenants
Each amount has been rounded down to the nearest 1 million.
Total Leased Floor Space: Total leased area of end tenants as of today
7. Occupancy Rates in the Past
As the building has just been completed, “Occupancy Rates in the Past” are omitted since there are no actual results for past occupancy rates.

4. Seller Profile

Company Name	Nomura Real Estate Development Co., Ltd.
Headquarters	1-26-2, Nishishinjuku, Shinjuku-ku, Tokyo
Representative	Kamezo Nakai, President
Principal Business	Real Estate Business
Capital	¥2,000 million (as of April 1, 2014)
Date of Incorporation	April 15, 1957
Relationship with the Fund and the Asset Management Company	
Capital relationship	NRED holds 4.10% of the Fund’s investment units as of October 31, 2014. NRED is a 100%-owned subsidiary 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.
Personnel relationships	The Asset Management Company’s employees are dispatched from the said company.
Business relationships	NRED is the property management company and the lessee of the Fund’s properties. The Asset Management Company concluded “Information Provision Agreement” with NRED.
Status of Related Parties	The said company is not considered a directly associating party of the Fund. However, as stated above, the said company is a Related Party of the Asset Management Company as it is a fellow subsidiary having the same parent company as the Asset Management Company.

5. Status of Owners

	Current Owner/Trustee of Beneficial Interest	Previous Owner/Trustee of Beneficial Interest
Company Name	Nomura Real Estate Development Co., Ltd.	-
Relationship with Related Parties	Refer to “4. Seller Profile”	-
Acquisition Ground	For development purposes	-
Acquisition Price (Including Other Expenses)	-	-
Time of Acquisition	-	-

6. Brokerage Profile

No brokerage agency is used during the transaction in the acquisition of the Property.

7. Transaction with Related Parties

(1) Acquisition of the Property

The acquisition of the Property is considered a transaction with Related Parties under the Investment Trust Law as mentioned above. To this end, the Asset Management Company determined the acquisition and the terms and conditions of the transaction, including the acquisition 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 Asset Management Company.

(2) Transaction concerning Master Lease and Property Management Services for the Property

The property management company and the planned master lease company of the Property, NRED is a Related Party under the Investment Trust Law as mentioned above. Nomura Office Fund and the Asset Management Company determined the consignment and the terms and conditions of the property management service for the Property, including the fees, leasing period, rents, etc., 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. Form of Payment, etc.

(1) Form of Payment

At the time of the handover of the Property, the Fund plans a package payment of the whole acquisition price with the borrowed funds.

(2) Impact on the Fund’s Financial Status in Case of Failure of the Forward Commitment, etc.

The agreement on purchase and sale of real estate concerning the Property (the “Agreement”) falls into the Forward Commitment, etc., (Note) as set forth in the Comprehensive Guideline for Supervision of Financial Instruments Business Operators set by the Financial Services Agency. Details of the cancellation clauses set forth in the

Agreement are as follows:

- 1) In case there are any significant violations concerning the provisions of the Agreement by the seller or the purchaser (the party hereto, the "defaulting party"), the other party can urge the defaulting party to fulfill the obligation fixing a period of time. When the defaulting party does not correct the violations within that time limit, the other party may cancel the Agreement.
- 2) In case of the cancellation of the Agreement, the other party may make a claim for the penalty equivalent to 20% of the sales price to the defaulting party.
- 3) Even in the case of losses exceeding the amount equivalent to 20% of the sales price, the other party may not claim for damages exceeding the penalty of 20% of the sales price.

(Note) The forward commitment, etc., refers to postdated sale agreements where the conclusion and delivery of the property is scheduled over one month ahead of the contract date, and other similar agreements.

9. Forecasts of Financial Results

Forecasts of financial results of the Fund for the fiscal period ending April 30, 2015 (November 1, 2014 to April 30, 2015) including the acquisition of the Property are scheduled to be announced on December 15, 2014 in the financial statement for the fiscal period ended on October 31, 2014, after taking the operational status of the overall portfolio including other properties into consideration.

10. Appraisal Summary

Property Name	PMO Nihonbashi Kayabacho	
Appraisal Value	¥4,960,000,000	
Appraiser	Japan Real Estate Institute	
Appraisal Date	November 30, 2014	

(Yen)

Item	Amount or percentage	Grounds
Capitalization approach price	4,960,000,000	In calculating, both the discounted cash flow approach and the direct capitalization approach are taken into account
Price calculated by the direct capitalization approach	5,050,000,000	Calculated by capitalization rate based on a net revenue of the stable mid-to-long term
(1) Operating income (a)-(b)	285,725,000	
(a) Gross rental income	298,410,000	Assumed based on the expected mid- to long-term stable rent.
(b) Losses due to vacancies, etc.	12,685,000	Assumed based on the expected mid- to long-term stable occupancy rate.
(2) Operating expenses	68,780,000	
Maintenance	17,299,000	Assumed based on the estimated amount.
Utilities costs	17,100,000	Assumed based on the estimated performance, etc.
Repair costs	1,668,000	Assumed based on the Engineering As for the residential section, recovery costs to the original status associated with tenant replacement are recorded.
Property management fees	7,143,000	Assumed based on the estimated amount.
Advertisement for leasing, etc.	2,250,000	Assumed based on the estimated amount
Taxes	23,068,000	Assumed based on the actual amount imposed in 2014 tax year for the land, the estimated amount for the building.
Insurance premium	252,000	Assumed based on the insurance premium and the estimated amount, etc., of a similar building
Other expenses	0	None
(3) Net operating income from leasing business (NOI=(1)-(2))	216,945,000	
(4) Profit through management of temporary deposits, etc.	4,456,000	Assumed interest rates of 2.0%.
(5) Capital Expenditure Reserve	4,090,000	Assumed based on the Engineering.
(6) Net Cash Flow (NCF = (3)+(4)-(5))	217,311,000	
(7) Capitalization rate	4.3%	Assumed based on conditions of the location, the building, and the contract of the Property.
Price calculated by the Discounted Cash Flow Approach	4,870,000,000	
Discount rate	4.0%	Assumed based on the yield on investment of similar buildings and the characteristics of the Property
Terminal capitalization rate	4.4%	Assumed based on the yield on investment of similar buildings, the future movement of the yield on investment, risks of the Property as a preferred investment, general forecasts of economic growth rate, and price trends of real estate and rents
Cost Approach Price	4,950,000,000	
Ratio of land	70.0%	
Ratio of building	30.0%	

【Exhibits】

- Exhibit 1 Portfolio after Acquisition of the Property
- Exhibit 2 Photos of the Property
- Exhibit 3 Maps of the Property

*<Nomura Real Estate Office Fund, Inc> URL: <http://www.nre-of.co.jp/english/>

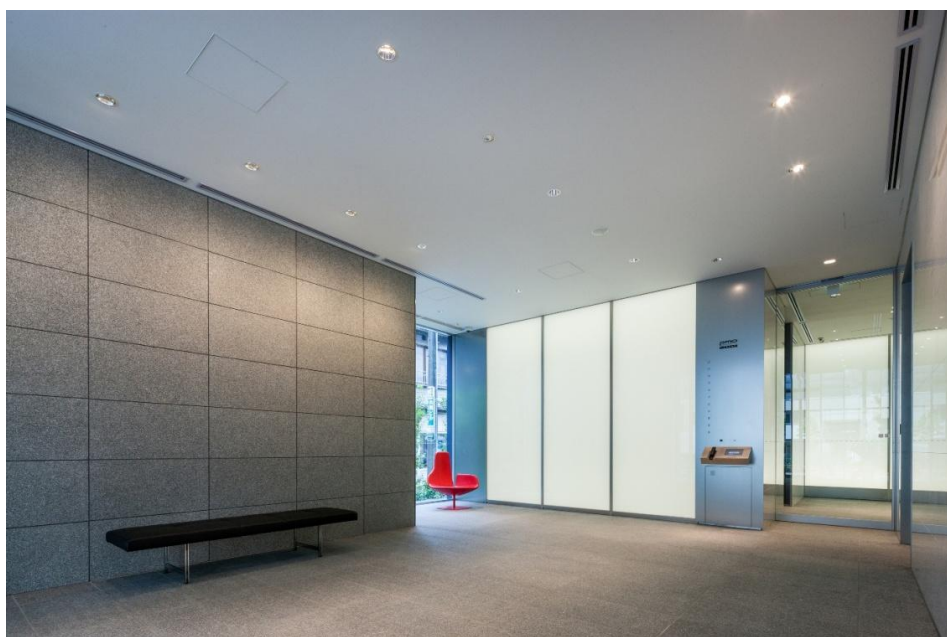
Exhibit 1
Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (Scheduled) (million yen)	Percentage to total (%) (Note 1)	Date of Acquisition (Scheduled)
Tokyo Central Area (Note 2)	Shinjuku Nomura Building	38,730	9.3	December 8, 2003
	NRE Tennozu Building	33,080	8.0	March 18, 2005
	Kojimachi Millennium Garden	26,500	6.4	March 28, 2014
	NOF Nihonbashi Honcho Building	20,600	5.0	December 5, 2003
	Tennozu Park Side Building	14,800	3.6	February 27, 2004
	NOF Shinjuku Minamiguchi Building	12,300	3.0	June 25, 2008
	NOF Shibuya Koen-dori Building	12,000	2.9	September 28, 2004
	Secom Medical Building	11,500	2.8	September 1, 2006
	NOF Shiba Building	10,000	2.4	May 25, 2004
	Nishi-Shinjuku Showa Building	8,800	2.1	November 30, 2005
	NRE Shibuya Dogenzaka Building	7,660	1.8	September 26, 2008
	NOF Tameike Building	7,400	1.8	September 29, 2005
	Iwamoto-cho Toyo Building	6,020	1.5	June 25, 2008
	NOF Shinagawa Konan Building	5,500	1.3	December 8, 2003
	NOF Surugadai Plaza Building	5,150	1.2	February 27, 2004
	PMO Nihonbashi Honcho	5,000	1.2	November 5, 2008
	PMO Nihonbashi Kayabacho	4,910	1.2	March 3, 2015
	Otemachi Tatemono Gotanda Building	4,100	1.0	July 5, 2013
	NRE Higashi-nihonbashi Building	4,060	1.0	January 14, 2009
	PMO Akihabara	3,790	0.9	January 13, 2012
	Hatchobori NF Building	3,160	0.8	August 10, 2007
	NOF Kanda Iwamoto-cho Building	3,080	0.7	February 26, 2004
	NOF Takanawa Building	3,010	0.7	February 27, 2009
	PMO Hatchobori	2,430	0.6	November 1, 2011
	NOF Minami Shinjuku Building	2,280	0.6	June 25, 2004
	PMO Nihonbashi Odenmacho	2,080	0.5	July 5, 2013
	Central Shintomicho Building	1,750	0.4	June 25, 2008
	PMO Higashi-nihonbashi	1,480	0.4	November 1, 2011
	Total of Tokyo Central Area (28 properties)	261,170	63.0	
Suburban Tokyo (Note 2)	NRE Ueno Building	7,830	1.9	January 14, 2009
	NOF Technoport Kamata Center Building	6,416	1.5	December 5, 2003
	NF Hongo Building	4,700	1.1	July 5, 2013
	Toho Edogawabashi Building	2,080	0.5	March 28, 2008
	Toshin Meguro Building	1,340	0.3	June 25, 2008
	Crystal Park Building	3,700	0.9	February 28, 2006
	NOF Kichijoji Honcho Building	1,800	0.4	January 14, 2009
	Farlet Tachikawa Center Square	3,290	0.8	December 5, 2003
	NOF Kawasaki Higashiguchi Building	9,500	2.3	June 30, 2005
	NOF Yokohama Nishiguchi Building	5,050	1.2	May 12, 2005
	NOF Shin-Yokohama Building	3,600	0.9	December 5, 2003
	Yokohama Odori Koen Building	2,993	0.7	September 28, 2007
	Total of Suburban Tokyo (12 properties)	52,299	12.6	
Other Regional Cities (Note 2)	Sapporo North Plaza	6,820	1.6	June 1, 2006
	NRE Sapporo Building	5,300	1.3	November 5, 2008
	JCB Sapporo Higashi Building	3,700	0.9	February 8, 2008
	NOF Sendai Aoba-dori Building	3,200	0.8	November 30, 2005
	NOF Utsunomiya Building	2,970	0.7	December 5, 2003
	NOF Nagoya Fushimi Building	4,050	1.0	December 25, 2009
	NOF Nagoya Yanagibashi Building	3,550	0.9	September 29, 2005
	Omron Kyoto Center Building	23,700	5.7	March 20, 2007
	SORA Shin-Osaka 21	19,251	4.6	April 25, 2008
	NRE Osaka Building	6,410	1.5	December 5, 2003
	NRE Nishi-Umeda Building	5,660	1.4	September 26, 2008
	NRE Yotsubashi Building	3,940	1.0	December 5, 2003
	NRE Hiroshima Building	1,930	0.5	December 5, 2003
	NOF Hakata Ekimae Building	6,750	1.6	June 27, 2008
	NOF Tenjin-Minami Building	3,739	0.9	March 27, 2009
	Total of Other Regional Cities (15 properties)	100,970	24.4	
Subtotal (55 properties)		414,439	100.0	

(Notes)

1. "Percentage to total" refers to the ratio of each asset based on (scheduled) acquisition price to the entire portfolio (including scheduled acquisition). Percentages have been rounded to the nearest first decimal place. Therefore, the total may not equal to 100%.
2. Tokyo Central Area refers to Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, Shinagawa-ku and Shibuya-ku.
Suburban Tokyo refers to other areas of metropolitan Tokyo and the surrounding three prefectures, which are Kanagawa-ken, Saitama-ken and Chiba-ken.
Other Regional Cities refers to the major regional cities in the areas other than the Tokyo Central Area and the Suburban Tokyo.

Photo of PMO Nihonbashi Kayabacho



Map of PMO Nihonbashi Kayabacho

