

February 26, 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 the acquisition of real estate, as briefly explained below.

**1. Summary**

- (1) Type of asset: Trust beneficial interest
- (2) Property name: Tennozu Park Side Building
- (3) Acquisition price: ¥14,800 million
- (4) Scheduled date of agreement: February 27, 2004 (scheduled date of the agreement on purchase and sale of trust beneficial interest)
- (5) Scheduled date of acquisition: February 27, 2004 (scheduled date of delivery of the trust beneficial interest)
- (6) Seller: Nomura Real Estate Development Co., Ltd. ("NRED") (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  
Tennozu area where the Property is located is a new type business area with commercial facilities, hotels and cultural facilities in addition to office buildings, and consists of a part of the Tokyo Waterfront area. It also enjoys good access to the Haneda Airport. The Fund expects its location of 1 minute walk from Tennozu Isle Station, Rinkai Line, 3 minutes from Tennozu Isle Station Tokyo Monorail Line and the good access to Shinjuku and Shibuya areas enables the Property to have wider range of tenants.
- (2) Building condition  
The Property is a tower with 21 floors above ground and connected with the surrounding

facilities by pedestrian decks. The average floor area is approximately 1,300 sq. meters, 2,650 mm of floor height without pillars, which allows flexible use of the floor. In addition, the Property is equipped with various facilities to meet requests of tenants, including the floor-separated air conditioning system, the false floors (100 mm height) for office automation and electricity capacity of 45VA/sq. meter.

### 3. Property Summary

Property Name		Tennozu Park Side Building
Type of Asset		Trust beneficial interest
Trustee		The Sumitomo Trust & Banking Co., Ltd.
Term of Trust Agreement		February 27, 2004 to February 28, 2014
Location (Note 1)	Registry	6-1, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo and two more parcels of land
	Street	5-8, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo
Access		1 minute on foot from Tennozu Isle Station Tokyo Waterfront Area Rapid Transit Rinkai Line 3 minutes on foot from Tennozu Isle Station Tokyo Monorail Line
Completion Date (Note 1)		January 13, 1995
Use		Office, retail
Structure (Note 1)		S/RC/SRC, B2/21F
Seismic Risk (PML) (Note 2)		6% (Shimizu Corporation's Engineering Report dated January 9, 2004)
Area (Note 1)	Land	5,816.26 sq. meters
	Building	17,587.30 sq. meters
Type of Ownership	Land	Co-ownership
	Building	Compartmentalized ownership
Percentage of Interest	Land	6,898/10,000
	Building	100% as for the unit
Building Coverage Ratio (Note 3)		100%
Floor-area Ratio		698.50%
Collateral		None
Property Management Company		NRED (Note 1)
Remarks		<ul style="list-style-type: none"> <li>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"). [Encumbrance]</li> <li>A sectional surface right (<i>kubun chijoken</i>) has been established on a part of the land in favor of Tokyo Waterfront Area Rapid Transit, Inc. for the purpose of railway construction. [Agreement with co-owners or unit owners]</li> <li>The owner, a trust bank, and the other unit owner entered into Tennozu Park Side Building Management Rules. Under the rules, when a unit owner intends to sell its unit, the owner shall first offer the unit to the other unit owner. The seller of the trust beneficial interest of the Property has already obtained from the other unit owner an approval of the transfer of the interest to the Fund.</li> </ul>
Acquisition Price		¥14,800 million
Appraisal Value and Date		¥14,800 million (based on the capitalization approach, as of January 1, 2004) (Appraiser: Tanizawa Sogo Appraisal Co., Ltd.)
Tenant Summary (As of February 26, 2004)		
Total number of Tenants		15
Total Rental Income		¥1,350,672 thousand (Rents for February 2004 × 12 on the contract basis)
Estimated NOI (Note 5)		¥1,053 million

Occupancy Rate	98.3% (As of February 26, 2004)				
Total Leased Floor Space	17,735.94 sq. meters				
Total Leasable Floor Space	18,051.60 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%	98%	98%	100%	98%

(Notes)

- Location and several other items
  - Location, Completion Date, Structure and Areas are based on the information in the real estate registry.
  - The Area of Land that of the entire site of the building. The share in the site (co-ownership share) is shown under Percentage of Interest. For details, please refer to Exhibit 5 "Figure: Ownership".
  - The Area of Building shows that of the units to be acquired.
  - 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 in a fire zone, an increased ratio of 100% applies.
- Floor-area Ratio
 

The floor-area ratio otherwise applicable to the Property is 500%, an increased ratio of 698.50% applies to both the Property and adjoining building, "Tennozu View Tower" under Article 59, paragraph 2 and Article 86 of the Building Standard Law.
- 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.

  - Occupancy rate: 98.3% (same as that as of the date of agreement)
  - Tax amounts: same as those imposed in 2003 tax year.
- Occupancy rates in the past are based on the information provided by the seller.

#### 4. Seller Profile

Company Name	Nomura Real Estate Development Co., Ltd.
Headquarters	26-2, Nishishinjuku 1-chome, Shinjuku-ku, Tokyo
Representative	Junichi Nakano, Representative Director
Capital	¥2,000 million
Principal Business	Real Estate Business
Relationship with Nomura Office Fund	NRED holds 100% ownership of Nomura Real Estate Asset Management Co., Ltd., the Fund's asset management company, and therefore, is the "Related Party".

#### 5. Transaction with Related Parties

##### (1) Acquisition of the Property

The acquisition of the property is a transaction with a Related Party under the Investment Trust Law. 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. Backgrounds for Acquisition

NRED acquired the Property from Sumika Fudosan Co., Ltd. pursuant to the purchase and sale agreement dated September 30, 2003. Nomura Office Fund will acquire the Property based on the asset management company's determination that the Property matches the Fund's investment

policies, growth strategies and financial policies.

## **7. Schedule for Acquisition**

February 27, 2004	Execution of the agreement on purchase and sale of the trust beneficial interest
February 27, 2004	Closing of the transaction and delivery of the trust beneficial interest

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

Nomura Office Fund does not amend the forecast 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 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
Exhibit 5	Figure: Ownership

## Appraisal Summary

Property Name	Tennozu Park Side Building
Appraisal Value	¥14,800,000,000
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	January 1, 2004

(yen)

Item	Amount or percentage	Grounds
Capitalization approach price	14,800,000,000	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	15,100,000,000	
(1) Gross income	1,446,749,679	
Rental Income: (a)-(b)	825,093,878	
(a) Potential gross rental income	868,519,872	Assumed based on the market rent, etc.
(b) Losses due to vacancies, etc.	43,425,994	Assumed based on the competitiveness of the Property, etc.
Common benefit expenses income (common benefit expenses, utilities costs)	507,268,012	Assumed based on the historical performance, etc.
Interest from security deposits	14,465,015	Assumed interest rate being 2.0% p.a.
Interest from, and depreciation of the key moneys	0	
Other income	99,922,774	Income from parking lots, etc.
(2) Total expenses	488,198,850	
Maintenance	135,184,055	Assumed based on the historical performance, etc.
Utilities cost	190,624,896	Assumed based on the historical performance, etc.
Management fees	38,772,941	Assumed based on the historical performance, etc.
Taxes	112,755,489	Actual amount imposed in 2003 tax year
Insurance premium	6,736,000	Assumed as 0.08% of the replacement cost
Other expenses	4,125,469	Assumed as 0.5% of the rental income
(3) Net operating income from leasing business (NOI=(1)-(2))	958,550,829	
(4) Capital Expenditure Reserve	58,940,000	Assumed based on the Engineering Report prepared by the Shimizu Corporation, etc.
(5) Leasing expenses	7,237,666	Assumed replacement of 10.0% of the total tenants every year
(6) Net Cash Flow (NCF = (3)-(4)-(5))	892,373,163	
(7) Capitalization rate	5.9%	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	14,600,000,000	
Discount rate	6.0%	5.9% for first 4 years on the assumption that the entire building is leased to a single tenant.
Terminal capitalization rate	6.4%	
Cost Approach Price	11,600,000,000	
Ratio of land	4.0%	
Ratio of building	56.0%	

Items considered for the adjustment of the results of derivations and determination of the appraised value	The Property is located near Tennozu Isle station Tokyo Monorail Line and Tokyo Waterfront Area Rapid Transit Rinkai Line and is along the Kaigan Street, one of the arterial roads. Thus, the location is good. . The Property has the upper level of competitiveness in the area with its the standard floor area and the level of facilitates, in addition to the above characteristic.
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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	30.4	December 8, 2003
	Itopia Nihonbashi Building	20,600	16.2	December 5, 2003
	Tennozu Park Side Building	14,800	11.6	February 27, 2004
	Shinagawa NF Building	5,500	4.3	December 8, 2003
	Surugadai Plaza Building	5,150	4.0	February 27, 200
	Kanda Iwamotocho Tosei Building	3,080	2.4	February 26, 2004
		87,860	69.0	
Vicinity of Tokyo (Note 2)	TT Landic Toyoko Building	7,550	5.9	December 5, 2003
	Technoport Kamata B	6,430	5.1	December 5, 2003
	Farlet Tachikawa Center Square	3,290	2.6	December 5, 2003
	Shin-Yokohama Nikko Building	3,600	2.8	December 5, 2003
		20,870	16.4	
Other cities (Note 2)	Utsunomiya NF Building	2,970	2.3	December 5, 2003
	Nomura Real Estate Osaka Building	6,410	5.0	December 5, 2003
	Nomura Real Estate Yotsubashi Building	3,940	3.1	December 5, 2003
	Kobe Kaigan Building	3,280	2.6	December 5, 2003
	Nomura Real Estate Hiroshima Building	1,930	1.5	December 5, 2003
		18,530	14.6	
Total (15 properties)		127,260	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.
3. Tennozu Park Side Building and Surugadai Plaza Building are included in the above table assuming that the Fund has acquired those 2 properties. The purchase and sales agreement concerning the Tennozu Park Side Building will be executed on February 27, 2004 and the property will be acquired on the same day. The purchase and sales agreement concerning Surugadai Plaza Building has been executed on February 16, 2004 and the property is scheduled to be acquired on February 27, 2004.

Photo



Map

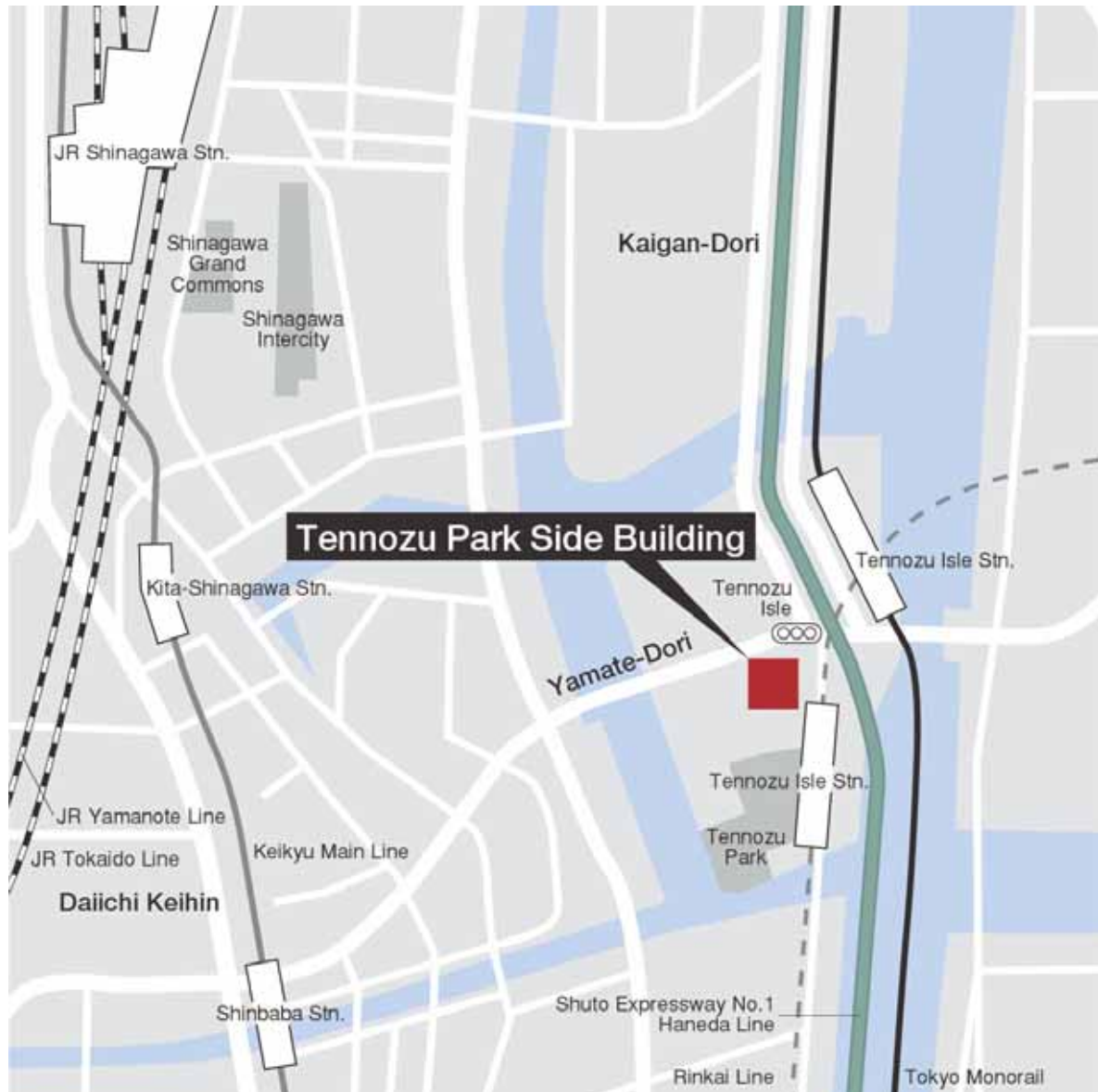




Figure: Ownership

This figure shows an outline of the owners and types of ownership (unit owners, beneficiary, etc.) of Tennozu Park Side Building after the Fund's acquisition.

Bldg	21	Registered Bldg. No. : 6-6-2101	1,191.10m <sup>2</sup>	Owner: Third Party (Listed Company on Tokyo Stock Exchange 1st Sec.)
	20	Registered Bldg. No : 6-6-2001	1,191.10m <sup>2</sup>	
	19	Registered Bldg. No : 6-6-1901	1,340.43m <sup>2</sup>	
	18	Registered Bldg. No : 6-6-1801	1,340.43m <sup>2</sup>	
	17	Registered Bldg. No : 6-6-1701	1,340.43m <sup>2</sup>	
	16	Registered Bldg. No : 6-6-1601	1,340.43m <sup>2</sup>	Owner: Nomura Office Fund (Note 1)
	15	Registered Bldg. No : 6-6-1501	1,279.99m <sup>2</sup>	
	14	Registered Bldg. No : 6-6-1401	1,279.99m <sup>2</sup>	
	13	Registered Bldg. No : 6-6-1301	1,308.30m <sup>2</sup>	
	12	Registered Bldg. No : 6-6-1201	1,279.99m <sup>2</sup>	
	11	Registered Bldg. No : 6-6-1101	1,308.30m <sup>2</sup>	
	10	Registered Bldg. No : 6-6-1001	1,308.30m <sup>2</sup>	
	9	Registered Bldg. No : 6-6-901	1,308.30m <sup>2</sup>	
	8	Registered Bldg. No : 6-6-801	1,308.30m <sup>2</sup>	
	7	Registered Bldg. No : 6-6-701	1,308.30m <sup>2</sup>	
	6	Registered Bldg. No : 6-6-601	1,308.30m <sup>2</sup>	
	5	Registered Bldg. No : 6-6-501	1,308.30m <sup>2</sup>	
	4	Registered Bldg. No : 6-6-401	1,308.30m <sup>2</sup>	
	3	Registered Bldg. No : 6-6-301	1,296.30m <sup>2</sup>	
	2	Registered Bldg. No : 6-6-201	361.69m <sup>2</sup>	
	1	Registered Bldg. No : 6-6-101	314.64m <sup>2</sup>	
Land	B1	Common Area (Car Parking)		
	B2	Common Area (Machinery Room)		
		Lot No : 6-1, 6-6, 6-9 Area : 5,816.26m <sup>2</sup>		
		Co-Owner : Nomura Office Fund (Note 1)	Co-Owner : Third Party	
		Co-Ownership Share : 6,898/10,000	3,102/10,000	

(Note 1) The registered owner or co-owner is the trustee of the real estate trust.

: shows the property to acquire.