



NEWS RELEASE

No.2007-C-096

Feb 6, 2007

R&I Upgrades to AA-/Stable: Nomura Real Estate Office Fund

Rating and Investment Information, Inc. (R&I) has announced the following.

ISSUER: Nomura Real Estate Office Fund, Inc. (Sec. Code: 8959)
Issuer Rating

R&I RATING: AA- (Upgraded from A+)
RATING OUTLOOK: Stable

RATIONALE:

Listed in December 2003, Nomura Real Estate Office Fund, Inc. (NOF) is a real estate investment trust (REIT) specializing in investment in office buildings and sponsored by Nomura Real Estate Development Co., Ltd. Assets held by the trust include 30 properties valued at 259.1 billion yen. The main reasons for the upgrade on this occasion are: (1) improvement in the quality and distribution of NOF's portfolio through the ongoing acquisition of properties, (2) the advantages NOF derives from being the fourth largest J-REIT in asset-scale, and (3) the fund's conservative debt level and stable fund raising base.

NOF has been establishing a high quality portfolio based on large-scale office buildings by promoting the acquisition of properties through its strong relations with the Nomura Real Estate Group as well as the network it developed through its own business dealings. At the same time, there has been progress in portfolio distribution: the combined concentration in the Shinjuku Nomura Building and the JAL Building has fallen to 28% while the largest tenant concentration on a leasing area basis has fallen to 14% respectively. Further acquisition of buildings somewhat advanced in age has increased the average building age to 22 years but the undertaking of appropriate renovations has increased their competitiveness. In addition, NOF expects the average age of its holdings to reduce in the future through the appropriate incorporation of properties developed by the sponsor.

The value of NOF's assets is the fourth largest among the 40 existing J-REITS and it can be assumed that it can benefit in various ways from its advantageous position in terms of portfolio distribution, fund management efficiency, and in securing advantages in debt and capital procurement.

In the process of increasing its assets, NOF has maintained debt to total assets at its conservative target level of 35 to 45% through capital increases on three occasions in the past and has no plans to change its policy. Per share distribution, which investors attach importance to, is also rising through premium capital increases (capital increases where issue price exceeds net asset amount per share).

Liabilities consist mainly of long-term loans on fixed interest and as of December 2006, the average remaining life of long-term debt was 4.6 years. NOF's procurement sources and methods of procurement as well as repayment dates are well distributed. It also has in place a commitment line of 40 billion yen.

The Rating Outlook is Stable. Although no date has been set for reaching its goal, the fund is aiming to raise its assets to a scale of 500 billion yen in the medium to long term and plans to achieve steady growth as it keeps a close watch on profitability as it has to date.

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R&I RATINGS:

ISSUER: Nomura Real Estate Office Fund, Inc. (Sec. Code: 8959)
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RATING OUTLOOK: Stable

ISSUE: Preliminary Rating for the Shelf Registration Scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 100,000 million (Shelf Amount)
Issue Period: Two years from Oct 07, 2005
R&I RATING: AA- (Upgraded from A+)

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Mar 16, 2005	Mar 16, 2015	Yen 5,000
Unsec. Str. Bonds No. 2	Mar 16, 2005	Mar 16, 2020	Yen 5,000
Unsec. Str. Bonds No. 3	Nov 28, 2005	Nov 29, 2010	Yen 10,000
Unsec. Str. Bonds No. 4	Nov 28, 2005	Nov 30, 2015	Yen 10,000
R&I RATING:	AA- (Upgraded from A+)		

Issuer Rating is an R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and it will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than Issuer Rating.