

Rating Action: Moody's assigns A2 to NOF's Series 8 and 9 bonds

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JPY 10 billion in new debt securities rated

Tokyo, November 12, 2010 -- Moody's Japan K.K. has assigned a (P)A2 rating to Nomura Real Estate Office Fund, Inc.'s (NOF). JPY 100 billion domestic shelf registration effective November 26, 2009.

At the same time, Moody's Japan K.K. has assigned an A2 rating to the domestic senior unsecured bonds issued by NOF, and which is a takedown from the shelf registration. The rating outlook is negative.

The specific bonds rated are:

- JPY 6 billion Series 8 domestic senior unsecured bonds, due 2014
- JPY 4 billion Series 9 domestic senior unsecured bonds, due 2017

RATING RATIONALE

The A2 rating reflects Moody's view that NOF's sizeable portfolio, valued at around JPY 380 billion as of the end of October 2010, allows for stable cash flow and debt servicing ability, and that NOF will likely maintain its conservative financial policy, so as to strengthen its financial standing.

The rating also takes into account the contributions of the sponsor, Nomura Real Estate Development Co., Ltd., for property purchases and administrative operations; the company's conservative liquidity management; and the recent weakening of the real estate leasing market.

Moody's previous rating action on NOF took place on January 15, 2009, when it changed its A2 outlook for the issuer and senior unsecured long-term debt ratings to negative from stable.

The principal methodology used in this rating was Moody's Global Rating Methodology for REITs and Other Commercial Property Firms published on October 1, 2010. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found on www.moody's.co.jp.

Nomura Real Estate Office Fund, Inc., headquartered in Tokyo, is a listed J-REIT that invests in and manages office buildings in Japan's three major metropolitan areas and in 12 other large cities. Its revenues totaled approximately JPY 13.7 billion for the fiscal half-year ended April 2010.

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