



MOODY'S ASSIGNS A3 RATING TO NOMURA REAL ESTATE OFFICE FUND'S SERIES 1 & 2 STRAIGHT BONDS

JPY 10 Billion of Debt Securities Affected

Tokyo, February 24, 2005 -- Moody's Investors Service has assigned its A3 rating to Nomura Real Estate Office Fund, Inc.'s (NOF) issue of JPY 5 billion Series 1 Unsecured Straight Bonds due 2015, and JPY 5 billion Series 2 Unsecured Straight Bonds due 2020. The rating outlook is stable.

The A3 rating reflects NOF's structural features as a Japanese Real Estate Investment Trust (J-REIT), including its limited business scope, reasonably conservative financial policy, high debt service coverage ratio (DSCR) and the high probability of the portfolio asset size reaching Yen 200 billion. Moody's performed fundamental analysis of NOF's future investment and financial policies, as well as static analysis of its portfolio and capital structure.

These positive factors are partially offset by the concentration of the top three properties, the uncertainty regarding the fund's de-leveraging strategy during its growth phase and Nomura Real Estate Asset Management Co., Ltd.'s limited fund management track record. However, those concerns are mitigated by the portfolio's diversity – to be attained by external growth – as well as NOF's discipline regarding investment eligibility criteria, its integrated asset management policy and procedures and its having professionals from the sponsor company.

Nomura Real Estate Office Fund, Inc. (NOF) is a Japanese Real Estate Investment Trust listed in December 2003 that focuses on investing in and managing office buildings. Nomura Real Estate Asset Management Co., Ltd. is an asset management company established specially for NOF and sponsored 100% by Nomura Real Estate Holdings, Inc.

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