

**Rating Action: Nomura Real Estate Office Fund, Inc.**

**Moody's changes ratings outlook of 5 J-REITs to negative**

Tokyo, January 15, 2009 -- Moody's Investors Service has changed the outlooks for the ratings of the following J-REITs to negative from stable.

- Nippon Building Fund Inc.; A1 issuer rating and unsecured long-term debt rating
- Japan Logistics Fund, Inc.; A1 issuer rating
- Japan Prime Realty Investment Corporation; A2 issuer rating and unsecured long-term debt rating
- Nomura Real Estate Office Fund, Inc.; A2 issuer rating and unsecured long-term debt rating
- Global One Real Estate Investment Corporation; A3 unsecured long-term debt rating

The outlook change reflects Moody's concerns that 1) J-REITs -- specifically their fund-raising capabilities -- may be significantly affected by the global financial turmoil, 2) the current credit crunch may last for some time, and 3) uncertainty stemming from concerns about recession may stress the asset value of the REITs' portfolio properties and cash flow stability in the future.

Japan's real estate market has been considerably affected by the global credit crunch. REITs have been particularly affected and are facing difficulties raising funds from both financing institutions and the equity market. Financial institutions are growing ever more reluctant to extend loans due to their diminishing capital, leading to widening spreads and shorter loan terms. The REITs are also experiencing severe difficulty issuing bonds due to a shrinking investor base. Many REITs are also having difficulty raising funds from the equity market.

Furthermore, given lenders' growing reluctance to extend loans to the real estate market, real estate prices may decline, for the first time since initiation of the REIT market. Moreover, the recession will also negatively affect the portfolios' occupancy rates and rents. Moody's is concerned that this decline may stress the equity capital of some REITs.

Nevertheless, despite the deterioration in the business environment, Moody's believes that these REITs can reasonably manage the effects on their credit by maintain their solid balance sheets, with a combination of conservative financial policies and strategic portfolio management, for example.

The last rating actions for these REITs follow.

- Nippon Building Fund Inc.: Issuer rating and unsecured long-term debt rating upgraded to A1 from A2 on October 17, 2006
- Japan Logistics Fund, Inc.: A1 issuer rating assigned on September 13, 2006
- Japan Prime Realty Investment Corporation: Issuer rating and unsecured long-term debt rating upgraded to A2 from A3 on November 17, 2006
- Nomura Real Estate Office Fund, Inc.: Issuer rating and unsecured long-term debt rating upgraded to A2 from A3 assigned on November 16, 2006
- Global One Real Estate Investment Corporation: Unsecured long-term A3 debt rating assigned on October 7, 2005

The methodologies used in rating REITs were "Key Ratios for Rating REITs and Other Property Firms" (December 2004) and "Rating Methodology for REITs and Other Commercial Property Firms" (January 2006), which can be found at [www.moody.com](http://www.moody.com) in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory.

Moody's Special Report, "Japan Real Estate Investment Trusts: Assessing Debt Credit Quality During Financial Turmoil, December 2008," can be found at [www.moodys.com](http://www.moodys.com).

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