



MOODY'S REVIEWS NOMURA REAL ESTATE OFFICE FUND, INC.'S A3 RATING FOR POSSIBLE UPGRADE

Tokyo, July 25, 2006 -- Moody's Investors Service has placed on review for possible upgrade its A3 issuer rating and senior unsecured long-term debt rating of Nomura Real Estate Office Fund, Inc. (NOF).

The rating action reflects Moody's view that [1] NOF's portfolio has grown diversified in terms of volume accordingly with its external growth, [2] during its growth phase, NOF has maintained a conservative financial policy in its efforts to de-leverage through public offerings, and [3] the company has accomplished a leading position in the Japanese Real Estate Investment Trust (J-REIT) market.

As of end-April 2006, NOF's portfolio had reached 28 properties and JPY 240.8 billion based on purchase price – the fourth largest among listed J-REITs. The company had already achieved the portfolio growth target (JPY 200 billion by April 2006) that it set in July 2004, when Moody's assigned its issuer rating, six months earlier than scheduled.

Accordingly, the portfolio has grown more diversified, with the top three properties making up 38.4% of the portfolio, and the top property – Shinjuku Nomura Building – at 16.1%. Consequently, the stability of portfolio cash flow has improved. NOF has set a new external growth target of JPY 500 billion, but has not set an annual acquisition target amount or any timing for the overall growth target to be attained.

As per its financial policy, NOF has conservatively controlled its leverage through three public offerings. Also, NOF has borrowed an increasing number of fixed income loans, and agreed with lenders to establish a commitment line for the repayment of debts, to mitigate financial and interest rate risks.

In its review, Moody's will assess NOF's 1) external growth strategy in the changing investment environment, 2) equity strategy to establish solid relationships with long-term equity investors, and 3) financial strategy.

Nomura Real Estate Office Fund, Inc. is a Japanese Real Estate Investment Trust listed in December 2003 that focuses on investing in and managing office buildings. Its revenues totaled approximately JPY 9.8 billion in the fiscal half-year ended April 2006.

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