



9-1, Marunouchi 1 chome, Chiyoda-ku
Tokyo, 100-6738 Japan

NBF News Release

NIPPON BUILDING FUND INC. ANNOUNCES 19th PERIOD (SECOND -HALF 2010) RESULTS

Tokyo, Japan February 14, 2011

Koichi Nishiyama,

Executive Director of NBF, President & CEO of NBFM

Nippon Building Fund Inc. (hereinafter “NBF”, also referred to in Japan as “*Nihon Building Fund toshi-hojin*”, TSE ticker code: 8951) today announced its financial results for the Second-half 2010 (the 19th fiscal period, commencing July 1, 2010 and ending December 31, 2010).

NBF reported operating revenues of ¥27,314 million, income before income taxes of ¥8,400 million, net income of ¥8,399 million, and a total cash distribution per share and distribution of accumulated earnings per share of ¥15,495.

As of December 31, 2010, NBF’s total asset balance was ¥765,203 million and total shareholder’s equity was ¥394,574 million, or ¥727,997 per common share. The total book value (net of accumulated depreciation) of NBF’s investment properties was ¥725,837 million, compared to ¥729,232 million at June 30, 2010.

Second- half 2010 Highlights

Cash Dividends:

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF is scheduled to distribute almost 100% of retained earnings for the current period (¥15,495 per common share) to our shareholders. By distributing over 90% of distributable profit for the period to our shareholders and complying with other organizational and operational requirements, NBF intends to be able to deduct its cash dividends of profit from its taxable income under Japanese tax regulations (Special Taxation Measures Law Article 67-15).

NBF Portfolio Profile:

As of December 31, 2010, NBF owned or had beneficiary interests in 59 office properties containing approximately 762,983 rentable square meters of office space. As of

December 31, 2010, NBF leased office space to 952 tenants engaged in a variety of businesses, compared to 910 tenants at the close of the preceding fiscal period. The average occupancy rate for office properties, meaning the ratio of leased area to rentable area, was approximately 96.6%, compared to 94.5% at the close of the preceding fiscal period.

Performance Results:

NBF continued to manage its existing assets, as well as to consider the possible acquisition of new assets, in the same manner as before in accordance with its basic policy of investing in excellent office buildings which are highly competitive in terms of their location, size, facilities and infrastructure and are expected to have stable cash flow from rents, however, as a result of such policy there were no acquisitions of new properties during the current period. NBF instead endeavored to secure stable revenues from its rental business with respect to its existing portfolio through measures such as the systematic implementation of operations and management, renovation work and new construction and so forth thereby striving to further improve the level of tenant satisfaction as well as correctly capturing market trends and setting rent amounts, increasing rents upon renewal of contracts with existing tenants and so forth.

Debt Financing:

Regarding funding through interest-bearing obligations such as loans etc., NBF took care to act in a financially prudent manner by utilizing highly flexible, unsecured, non-guaranteed corporate financing. With respect to such funding, on the one hand NBF utilized long-term, fixed interest loans in order to reduce risks of rising interest rates in the future with a view toward the long-term management of its assets while simultaneously utilizing short-term loans to provide agility in funding etc. for property acquisitions. In addition, NBF manages to avoid all such loans becoming due at one time by setting diversified repayment dates. It has also established long-term commitment lines of credit in the maximum amount of ¥50 billion in order to provide stable sources of funding thereby flexibly procuring necessary funds and reducing risks of refinancing etc. Furthermore, in order to diversify financing measures, NBF filed in January 2009 a shelf registration creating the possibility of issuing up to a maximum of ¥200 billion in NBF bonds through public offerings, with the unissued balance being ¥190 billion as of December 31, 2010. Further, deposits entrusted by tenants are efficiently managed, and the total amount of such deposits under management as of December 31, 2010 (being the amount of deposits not held as ordinary savings deposits) had reached ¥29 billion.

As the result of these activities, as of the end of the current period NBF's loan to value

ratio (the ratio of the total amount of interest-bearing debt and lease deposits under management by NBF to total assets, hereinafter the same) was 46.3% and its long-term and fixed-rate interest-bearing debt ratio (the ratio of long-term and fixed-rate interest bearing debt to total interest-bearing debt, hereinafter the same) was 85.0%.

Credit Ratings:

NBF was awarded the following issuer credit ratings as a J-REIT, which we believe facilitate its efforts to diversify sources of debt financing.

Credit Rating Agency	Rating Summary
Standard & Poor's	Long-term: A+, Short-term: A-1, Outlook: stable
Moody's	Issuer Rating: A 1 , Outlook: negative
R&I	Issuer Rating: AA, Outlook: stable

NBF's Management Policy and Issues to be Dealt with for the Future:

NBF conducts proper management with the aim of achieving sustainable growth in portfolio value and stable profits on a mid-term and long-term basis in accordance with the following management policies:

(a) Management Policies for Existing Properties

NBF intends to maintain the level of rental revenues by keeping a close watch on trends in the office rental market and responding flexibly to the market environment. For existing tenants, it continues to maintain good relations with them through its basic policy of improving the level of tenant satisfaction whereby it intends to maintain the level of current rents and avoid contract cancellations. For new tenants, NBF intends to shorten the periods of vacancies between leases and maintain the occupancy rate by leasing activities accurately reflecting trends in the market.

As for capital investments in existing buildings, NBF will undertake appropriate and effective engineering work such as renovating facilities, improving their environmental compatibility (including compliance with environmental restrictions related to cutting CO2 emissions) or constructing new improvements, all of which will contribute to the maintenance and enhancement of their competitiveness as rental buildings.

(b) Investment Policies for Newly Acquired Properties

Due to the facts that it has potent channels of information including Mitsui Fudosan Co., Ltd., that it has accumulated know-how through its experience with diversified acquisition methods, and that it has the largest combined assets among all listed investment corporations, NBF will maximize such advantages, properly manage risks, and invest in excellent properties based on vigorous screening which can contribute to the

enhancement of the quality of the entire portfolio in the medium and long terms.

NBF will also continue to make prudent investment decisions taking into full consideration the status of its financial management as well as keeping an eye on changes in financial and economic circumstances and trends in the real estate markets.

Furthermore, reviewing the structure of its entire portfolio based on the growth potential, stability, scale and location etc. of each property, replacement (including sale) of assets will also be considered in order to improve the quality of the entire portfolio.

(c) Financial Strategies etc.

With respect to fund procurement through borrowing, NBF will continue to focus on traditional long-term, fixed-interest financing for the purpose of borrowing with a view toward long-term asset management and the stability of fund procurement. At the same time, it plans to continue to issue NBF bonds with a view toward strengthening its financial base while keeping an eye on the market environment.

For the following period, NBF's financial management will be conducted with the targeted loan to value ratio being between 40% and 50%, with 60% at the maximum, and the targeted long-term and fixed-rate interest-bearing debt ratio being between 80% and 90%. Furthermore, in addition to timely disclosure at the Tokyo Stock Exchange, NBF intends to actively provide information deemed useful to those making investment decisions with respect to NBF such as various disclosure materials as well as information concerning properties, management situations and distributions etc. through enrichment of its on-line website.

(d) Compliance and Risk Management

In addition to compliance with all relevant laws and regulations including the Financial Instruments and Exchange Act, NBF will, in response to its ever increasing assets as well as changes in social demands or external environments, further enhance its systems for compliance and risk management in order to ensure sound and proper business management.

Outline of Forecasts for the 20th and the 21st Periods

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, NBF announced its forecast for the 20th fiscal period commencing January 1, 2011 and ending June 30, 2011 and for the 21st fiscal period commencing July 1, 2011 and ending December 31, 2011 as a part of "Kessan-Tanshin". With regard to the conditions of the forecasts, please refer to the original "Kessan-Tanshin" released on February 14, 2011. An outline of the forecasts for the 20th and the 21st periods is as follows:

Performance Forecasts:

The forecast for the 20th period is as follows:

Operating revenues:	¥28,067 million
Net income:	¥8,735 million
Cash distribution per share:	¥15,100

The forecast for the 21st period is as follows:

Operating revenues:	¥29,112 million
Net income:	¥8,735 million
Cash distribution per share:	¥15,100

The above figures given for forecasted performance results are premised upon sixty-four (64) properties comprised of fifty-nine (59) properties owned by NBF as of December 31, 2010 plus the “NBF Ueno Bldg.” (to be acquired on January 31, 2011), the “River City M-SQUARE”, the “Nihonbashi Kabuto-cho M-SQUARE” and the “Hakata Gion M-SQUARE” (February 28, 2011), the “Gate City Ohsaki (additional acquisition)” (March 31, 2011) as well as the “Chofu South Gate Bldg.” (April 15, 2011).

Issues of New Shares:

NBF decided, at Board of Directors’ Meetings held on January 11, 2011 and January 19, 2011, to issue new investment shares, and payment for shares issued through the public offering was completed on January 26, 2011 as described below. As the result, the total investment amount as of today is ¥413,132,788,500 and the number of issued and outstanding investment shares as of today is 576,000 shares. In the event that new shares are issued through third party allocation, the payment date for such new shares will be February 22, 2011 (anticipated).

(a) Issue of New Shares through a Public Offering (Public Offering)

Total number of new investment shares to be issued:	34,000 shares
Issue price per share:	¥818,025
Total issue price:	¥27,812,850,000
Issue value per share:	¥792,855
Total issue value:	¥26,957,070,000
Payment date:	January 26, 2011
Starting date of computation of cash distribution:	January 1, 2011

(b) Issue of New Shares by Third Party Allocation (Third Party Allocation Through Over-Allotment)

Total number of new investment shares to be issued:	2,500 shares
Issue price per share:	¥792,855
Total issue price:	¥1,982,137,500
Allotee:	Nomura Securities Co., Ltd.
Payment date:	February 22, 2011 (anticipated)

(Note) In the event that the above shares are not subscribed to by the allottee in whole or in part, such unsubscribed shares will be invalidated.

About NBF

NBF is one of the leading Japanese real estate investment corporations which was formed on March 16, 2001 as a real estate investment corporation under the Investment Trust Law of Japan. NBF is an externally managed real estate investment company. Registration of NBF with the Kanto Local Finance Bureau of the Ministry of Finance was completed on May 10, 2001 and acquisition of office properties commenced on May 23, 2001.

As of September 10, 2001, NBF had raised approximately ¥50 billion through an initial public offering of its common shares, which are listed on the J-REIT section of the Tokyo Stock Exchange.

Nippon Building Fund Management Ltd. (hereinafter "NBFM"), NBF's asset management company, is engaged in acquiring, owning, managing, leasing, and renovating office properties on behalf of NBF. Mitsui Fudosan Co., Ltd. currently owns 43% of NBFM, Sumitomo Life Insurance Company holds a 35% stake and 22% is owned by others. As of December 31, 2010, NBFM was solely engaged in asset management for NBF.

Investor Relations

For further information, please contact NBF's Asset Management Company:

Yasushi Akimoto

Nippon Building Fund Management Ltd.

9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 100-6738, Japan

Telephone : +81-3-6259-8681

This news release contains translations of selected information described in the Financial Release (“*Kessan-Tanshin*”) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the period commencing July 1, 2010 and ending December 31, 2010, of Nippon Building Fund Inc. prepared pursuant to the Investment Trust Law of Japan.

This English language document was prepared solely for the convenience of and reference by overseas investors and neither corresponds to the original Japanese documents nor is it intended to constitute a disclosure document. The Japanese language Financial Release and the Financial Statements and the Performance Information Report for the aforementioned period should always be referred to as originals of this document.

English terms for Japanese legal, accounting, tax and business concepts used herein may not be precisely identical to the concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financials statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English statements contained herein, the original Japanese documents will always govern the meaning and interpretation. None of Nippon Building Fund Inc., Nippon Building Fund Management Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portions(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by Nippon Building Fund Inc., Nippon Building Fund Management Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

The financial statements of Nippon Building Fund Inc. have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP) which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

Many provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the office space market, interest rate fluctuations, competition with our office properties, and the impact of changing regulations or taxation. NBF does not intend, and is under no obligation to, update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, **February 14, 2011** and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

19th Period (SECOND -HALF 2010) Financial Highlights

The following table sets forth selected financial and operating information on a historical basis for Nippon Building Fund Inc.

NIPPON BUILDING FUND INC.					
SELECTED FINANCIAL HIGHLIGHTS(Note1)					
(Yen in millions, except for per share data)					
	19th Period	18th Period	17th Period	16th Period	15th Period
	2010	2010	2009	2009	2008
	2nd half	1st half	2nd half	1st half	2nd half
Operating Data:					
Revenues:					
Rental	¥ 24,747	¥ 25,583	¥ 26,986	¥ 27,903	¥ 28,069
Others	2,567	2,452	2,942	2,858	3,149
Gain on sales of investment properties	-	306	-	-	-
	<u>27,314</u>	<u>28,341</u>	<u>29,928</u>	<u>30,761</u>	<u>31,218</u>
Operating Expenses:					
Property operating, taxes and others	9,653	9,589	9,805	9,756	9,872
Loss on sales of investment properties	-	140	-	-	-
Depreciation and amortization	5,172	5,239	5,282	5,355	5,356
Asset management fees and other expenses	1,171	1,201	1,317	1,354	1,399
Total operating expenses	<u>15,996</u>	<u>16,169</u>	<u>16,404</u>	<u>16,465</u>	<u>16,627</u>
Interest income and others	12	15	13	26	56
Interest expense and Amortization of bond issue costs	(2,893)	(2,868)	(2,826)	(2,554)	(2,475)
Other expenses	(37)	(37)	(48)	(35)	(110)
Extraordinary income	-	-	-	70	-
Adjustment of depreciation for prior periods	-	-	-	70	-
Income before income taxes	<u>8,400</u>	<u>9,282</u>	<u>10,663</u>	<u>11,803</u>	<u>12,062</u>
Current and deferred income taxes	(1)	(1)	(1)	(1)	(1)
Net income	<u>¥ 8,399</u>	<u>¥ 9,282</u>	<u>¥ 10,662</u>	<u>¥ 11,802</u>	<u>¥ 12,061</u>
Distribution of accumulated earnings per share (Yen)(Note2):					
Weighted average number of common shares outstanding	542,000	542,000	542,000	542,000	542,000
Total cash distribution per share(Yen)	¥ 15,495	¥ 17,125	¥ 19,672	¥ 21,775	¥ 22,252
Balance Sheets Data:					
Assets					
Current assets	¥ 34,630	¥ 40,493	¥ 41,585	¥ 39,267	¥ 38,547
Investment properties, net of accumulated depreciation	725,837	729,232	736,242	740,092	723,336
Other assets	4,736	4,654	4,484	4,435	4,366
Total assets	<u>¥ 765,203</u>	<u>¥ 774,379</u>	<u>¥ 782,311</u>	<u>¥ 783,793</u>	<u>¥ 766,249</u>
Liabilities					
Short-term loans	48,750	24,750	46,750	89,750	76,500
Other current liabilities	8,790	8,200	8,683	7,996	9,730
Long-term debts	276,375	308,750	291,125	248,750	242,000
Tenant security deposits	36,637	37,151	38,846	39,249	39,719
Other liabilities	77	70	69	69	63
Total liabilities	<u>370,629</u>	<u>378,921</u>	<u>385,473</u>	<u>385,815</u>	<u>368,012</u>
Shareholders' Equity					
Common shares	386,176	386,176	386,176	386,176	386,176
Retained earnings	8,398	9,282	10,662	11,802	12,061
Total Shareholders' Equity	<u>394,574</u>	<u>395,458</u>	<u>396,838</u>	<u>397,978</u>	<u>398,237</u>
Total Liabilities and Shareholders' Equity	<u>765,203</u>	<u>774,379</u>	<u>782,311</u>	<u>783,793</u>	<u>766,249</u>
Cash Flow Data:					
Cash flow provided by operating activities	¥ 14,101	¥ 17,279	¥ 16,959	¥ 15,751	¥ 20,046
Cash flow used for investing activities	(2,376)	(3,323)	(1,921)	(23,150)	(39,576)
Cash flow provided by financial activities	(17,656)	(15,088)	(12,427)	7,944	25,781
Cash and cash equivalents	<u>33,668</u>	<u>39,600</u>	<u>40,731</u>	<u>38,121</u>	<u>37,576</u>
Other Supplement Data:					
Number of investment properties	59	59	61	61	60
Number of tenants	952	910	898	926	946
Total rentable square meters of office properties	762,983	763,000	770,150	770,270	763,658
Occupancy rate of office properties	96.6	94.5	94.8	95.4	96.8
NOI from property leasing activities (Note3)	¥ 17,661	¥ 18,445	¥ 20,123	¥ 21,005	¥ 21,346
FFO per share (Note3)	<u>¥ 25,037</u>	<u>¥ 26,484</u>	<u>¥ 29,418</u>	<u>¥ 31,655</u>	<u>¥ 32,134</u>

- Selected financial data has been derived from the historical financial statements of Nippon Building Fund Inc. based on generally accepted accounting principles in Japan (Japanese GAAP) audited by KPMG AZSA LLC independent auditors.
- "Share" is based on the number of common shares issued and outstanding at the end of the period.
- NOI (Net Operating Income) from property leasing activities:
(Revenue from property leasing – Rental expenses) + Depreciation and Amortization, excluding Gain on sales of investment properties
FFO (Funds From Operation) per share : (Net income + Depreciation and Amortization), excluding Gain on sales of investment properties / Weighted average number of common shares issued and outstanding during the period.

Office Properties Selected Data

The following table sets forth selected information as of December 31, 2010 relating to the office properties in which NBF has invested.

Name of Building	Location	Book value			
		(Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
NBF Hibiya Bldg.	Tokyo	64,536	27,576	77	91.6
Nishi-Shinjuku Mitsui Bldg.	Tokyo	35,374	32,968	1	100.0
Shiba NBF Tower	Tokyo	29,668	24,728	29	98.5
NBF Platinum Tower	Tokyo	29,347	33,503	6	100.0
NBF Minami-Aoyama Bldg.	Tokyo	31,657	9,619	8	92.5
Gate City Ohsaki	Tokyo	23,902	20,709	1	100.0
Toranomon Kotohira Tower	Tokyo	20,351	16,848	1	100.0
NBF Nihonbashi Muromachi Center Bldg.	Tokyo	24,302	16,306	13	99.5
Nakameguro GT Tower	Tokyo	20,614	21,423	1	100.0
Mitsuseimei Ochanomizu Bldg.	Tokyo	21,336	6,627	1	100.0
NBF Ginza Street Bldg.	Tokyo	17,594	3,440	1	100.0
Shinjuku Mitsui Bldg. No.2	Tokyo	15,992	14,874	47	99.5
GSK Bldg.	Tokyo	13,629	20,426	1	100.0
NBF Toranomon Bldg.	Tokyo	13,434	10,067	14	99.4
Kowa Nishi- Shinbashi Bldg. B	Tokyo	11,757	10,088	2	99.7
Nippon Steel Bldg. No.2	Tokyo	11,248	17,338	2	100.0
NBF Alliance	Tokyo	9,465	4,043	9	100.0
Yotsuya Medical Bldg.	Tokyo	8,292	7,450	1	100.0
Shibuya Garden Front	Tokyo	8,060	8,258	1	100.0
NBF Shibuya East	Tokyo	8,147	4,993	3	92.8
NBF Shibakouen Bldg.	Tokyo	6,554	7,087	7	100.0
NBF Takanawa Bldg.	Tokyo	6,401	10,458	6	100.0
NBF Akasaka Sanno Square	Tokyo	6,290	5,258	6	100.0
NBF Shibakouen Daimon Street Bldg.	Tokyo	6,319	3,428	6	85.6
Sumitomo Densetsu Bldg.	Tokyo	4,687	5,991	1	100.0
NBF Higashi-Ginza Square	Tokyo	4,836	4,871	8	100.0
NBF Ogawamachi Bldg.	Tokyo	5,121	4,805	1	100.0
NBF Ikebukuro Tower	Tokyo	4,636	5,652	12	97.1
NBF Ikebukuro City Bldg.	Tokyo	4,347	5,127	11	100.0
<u>NBF Sudacho Verde Bldg.</u>	<u>Tokyo</u>	<u>3,333</u>	<u>2,971</u>	<u>0</u>	<u>0.0</u>
Nakanosakaue Sunbright Twin	Tokyo	38,222	32,082	9	100.0
NBF Toyosu Canal Front	Tokyo	32,567	36,638	9	98.7
NBF Toyosu Garden Front	Tokyo	24,653	28,300	4	100.0
Shin- Kawasaki Mitsui Bldg.	Kanagawa	18,468	27,924	1	100.0
Yokohama ST Bldg.	Kanagawa	12,482	20,030	87	93.1
Parale Mitsui Bldg.	Kanagawa	3,272	12,545	1	100.0
NBF Atsugi Bldg.	Kanagawa	2,099	5,242	13	79.2

Name of Building	Location	Book value (Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
Tsukuba Mitsui Bldg.	Ibaraki	7,106	16,767	61	94.3
NBF Utsunomiya Bldg.	Tochigi	2,438	6,160	39	100.0
S-ino Omiya North Wing	Saitama	15,134	20,698	35	98.3
NBF Urawa Bldg.	Saitama	1,912	3,455	13	94.6
NBF Shin-Urayasu Tower	Chiba	15,780	22,769	40	92.9
NBF Matsudo Bldg.	Chiba	2,227	4,770	23	93.0
Sapporo L- Plaza	Hokkaido	3,824	11,396	12	100.0
NBF Sapporo Minami Nijo Bldg.	Hokkaido	1,705	5,351	4	100.0
NBF Sendai Honcho Bldg.	Miyagi	3,547	7,539	9	87.6
NBF Unix Bldg.	Fukushima	3,121	13,414	47	91.5
NBF Niigata Telecom Bldg.	Niigata	3,647	10,208	33	96.4
NBF Nagoya Hirokoji Bldg.	Aichi	7,061	9,883	20	87.3
Aqua Dojima NBF Tower	Osaka	16,320	21,917	43	91.0
Shinanobashi Mitsui Bldg.	Osaka	11,435	25,237	1	100.0
Sun Mullion NBF Tower	Osaka	8,239	14,954	30	96.9
Sakaisuji-Honmachi Center Bldg.	Osaka	6,161	11,438	37	78.2
NBF Sakai- Higashi Bldg.	Osaka	1,957	5,308	20	91.1
Aqua Dojima East	Osaka	1,749	3,243	15	63.4
NBF Shijo Karasuma Bldg.	Kyoto	1,380	3,932	13	78.6
NBF Hiroshima Tatemachi Bldg.	Hiroshima	2,882	5,612	26	87.3
Hiroshima Fukuromachi Bldg.	Hiroshima	698	1,309	15	95.4
NBF Kumamoto Bldg.	Kumamoto	4,509	7,934	15	98.3
Total		725,823	762,983	952	96.6