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NBF News Release

NIPPON BUILDING FUND INC. ANNOUNCES 12th PERIOD (FIRST -HALF 2007) RESULTS

Tokyo, Japan August 13, 2007

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 First -half 2007 (the 12th fiscal period, commencing January 1, 2007 and ending June 30, 2007).

NBF reported total revenues of ¥26,641 million, income before income taxes of ¥10,064 million, net income of ¥10,063 million, and total cash distribution per share and distribution of accumulated earnings per share of ¥19,809.

As of June 30, 2007, NBF's total asset balance was ¥680,266 million and total shareholder's equity was ¥356,510 million, or ¥701,791 per common share. The total book value (net of accumulated depreciation) of NBF's investment properties was ¥643,669 million, compared to ¥597,065 million at December 31, 2006.

First- half 2007 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 (¥19,809 per common share) to our shareholders. By distributing over 90% of taxable income 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 June 30, 2007, NBF owned or had beneficiary interests in 56 office properties containing approximately 692,222 rentable square meters of office space. As of June 30,

2007, NBF leased office space to 910 tenants engaged in a variety of businesses, compared to 892 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 99.0%, compared to 97.8% at the close of the preceding fiscal period.

Performance Results:

NBF continued to manage its assets in accordance with its basic policy of investing in excellent office buildings which are highly competitive and expected to have relatively stable cash flow from rents and little risk of depreciation as assets. With respect to the current period, NBF made use of its independent channels of information such as the Mitsui Fudosan Group as well as the know-how it has acquired to date, and based on rigorous screening information and performance of careful study decided to acquire in March 2007 the “Nakanosakaue Sunbright Twin” (additional acquisition of condominium interests, acquisition price (hereinafter the same) in the amount of ¥31.16 billion) as well as the “Nakanosakaue Sunbright Annex” (condominium interests, in the amount of ¥450 million) (The description of the “Nakanosakaue Sunbright Twin” hereinafter includes both the “Nakanosakaue Sunbright Twin” and the “Nakanosakaue Sunbright Annex”), and in April 2007 acquired the “NBF Ginza Street Building” (trust beneficiary interests, in the amount of ¥17 billion). Moreover, in June 2007 NBF accepted delivery of the land and building located at Kanda Sudacho 2-chome, Chiyoda-ku, Tokyo (ownership, in the amount of ¥900 million) based on a purchase agreement executed in December 2006.

NBF also endeavored to further enhance the profitability of its portfolio through measures such as perceiving tenants’ needs through use of questionnaires etc. resulting in more precise operations and management, strategic renovation work, improvement of managerial activities and so forth thereby striving to improve the level of tenant satisfaction, undertaking appropriate marketing and setting appropriate rents as well as revising rents with existing tenants and so forth.

Debt Financing:

Regarding funding through interest-bearing obligations such as loans etc., NBF took care to be financially prudent 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 in view of long-term management of its assets while also utilizing short-term loans to furnish agility in funding etc. for property acquisitions. It has also established long-term commitment lines of credit in the maximum amount of ¥30 billion for three year terms in order to provide stable sources of funding thereby reducing risks of refinancing etc. Furthermore, in order to diversify financing measures, NBF filed in January 2007 a shelf registration creating the possibility of issuing up to a maximum of ¥200 billion in NBF bonds through

public offerings, and as of March 2007 had issued No. 8 Unsecured NBF Bonds (in the amount of ¥10 billion with redemption in 5 years), and as of May 2007 had issued No. 9 Unsecured NBF Bonds (in the amount of ¥10 billion with redemption in 7 years) and No. 10 Unsecured NBF Bonds (in the amount of ¥10 billion with redemption in 10 years) with the unused balance being ¥170 billion as of June 30, 2007.

Further, deposits entrusted by tenants are efficiently managed, and the total amount of such deposits under management as of June 30, 2007 (being the amount of deposits not held as ordinary savings deposits) had reached ¥23.93 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 44.9% 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 75.3%.

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.

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

In order to respond to vacancies, NBF intends to increase profitability by establishing a level of contract rents reflecting the increase in market rents and accelerating the pace of its tenant attraction activities. For existing tenants, it also intends to increase profitability through revision of rents upon contract renewals.

NBF aims to enhance the quality of services to tenants as represented by the slogan "hospitality", as well as to stabilize and increase revenues from rents by reflecting tenants' responses obtained in response to questionnaires to tenants in its operation and management, and maintaining high occupancy rates through long-term, good relationships with tenants.

With respect to building management, NBF intends to consider strategic renovations and to increase the competitiveness of its properties thereby enhancing the quality of its portfolio and pursuing increased profitability.

(b) Investment Policies for Newly Acquired Properties

Due to the facts that it has important sources of information such as Mitsui Fudosan Co., Ltd., that it has accumulated know-how of innovative acquisition methods such as acquiring properties under development, and that it has the largest scale of managed assets among all listed J-REITs, NBF will properly manage risks, avoid excessive competition such as through bidding, and otherwise secure excellent properties which can consistently maintain their advantageous positions over the mid-term and long term.

NBF will continue to make prudent investment decisions by strictly selecting excellent properties in order to further expand and strengthen its portfolio.

(c) Financial Strategies etc.

With respect to financial aspects, NBF will continue to focus on traditional long-term, fixed-interest financing for the purpose of borrowing with the view of long-term asset management and preparation for the risks of rising interest rates in the future. At the same time, it will also issue NBF bonds with a view toward strengthening its financial base.

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

Through compliance with all relevant laws and regulations such as so-called the "Japanese Financial Products Transactions Law" expected to be enacted during the fall of 2007, 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 Forecast for the 13th and the 14th periods

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, NBF announced a forecast for the 13th fiscal period, commencing July 1, 2007 and ending December 31, 2007 and the 14th fiscal period, commencing January 1, 2008 and ending June 30, 2008 as a part of "Kessan-Tanshin". With regard to the conditions of the forecast, please refer to the original "Kessan-Tanshin" released on August 13, 2007. An outline of the forecast for the 13th and the 14th periods are as follows:

Performance Forecast:

For the 13th, based on operating activities of 56 office properties, NBF forecasts total revenues of ¥27,570 million, net income of ¥9,804 million, and cash distribution of ¥19,300 per share.

For the 14th, based on operating activities of 57 office properties (currently owned 56 properties plus the “Toyosu 5-chome Bldg. (tentative name)” and the extension of the “NBF Nagoya Hirokoji Bldg.” which are expected to be acquired in March, 2008),, NBF forecasts total revenues of ¥28,318 million, net income of ¥10,312 million, and cash distribution of ¥20,300 per share.

About NBF

NBF is one of the leading Japanese real estate investment corporations which was formed on March 16, 2001 as the 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 June 30, 2007, NBFM was solely engaged in asset management for NBF.

Investor Relations

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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 from January 1, 2007 and ending June 30, 2007, 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, **August 13, 2007** and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

12th Period (First-half 2007) 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)

	12th Period 2007 1st-Half	11th Period 2006 2nd-Half	10th Period 2006 1st-Half	9th Period 2005 2nd-Half	8th Period 2005 1st-Half
Operating Data:					
Revenues:					
Rental	¥ 23,992	¥ 23,121	¥ 20,800	¥ 17,429	¥ 15,114
Others	2,649	2,773	2,073	1,934	1,617
Gain on sales of investment properties	-	-	1,435	-	-
	<u>26,641</u>	<u>25,894</u>	<u>24,308</u>	<u>19,363</u>	<u>16,731</u>
Operating Expenses:					
Property operating, taxes and others	8,199	8,107	6,937	6,030	5,274
Depreciation and amortization	5,125	4,988	4,536	3,664	3,280
Asset management fees and other expenses	1,205	1,147	1,150	888	790
Total operating expenses	<u>14,529</u>	<u>14,242</u>	<u>12,623</u>	<u>10,582</u>	<u>9,344</u>
Interest income and others	18	14	18	5	11
Interest expense and Amortization of bond issue costs	(2,007)	(1,858)	(1,678)	(1,424)	(1,210)
Other expenses	(59)	(41)	(173)	(156)	(26)
Income before income taxes	<u>10,064</u>	<u>9,767</u>	<u>9,852</u>	<u>7,206</u>	<u>6,162</u>
Current and deferred income taxes	(1)	(1)	(1)	(1)	(1)
Net income	<u>¥ 10,063</u>	<u>¥ 9,766</u>	<u>¥ 9,851</u>	<u>¥ 7,205</u>	<u>¥ 6,161</u>
Distribution of accumulated earnings per share (Yen)(Note2):	¥ 19,809	¥ 19,224	¥ 19,391	¥ 17,046	¥ 16,893
Weighted average number of common shares outstanding	508,000	508,000	472,745	410,091	364,700
Total cash distribution per share(Yen)	¥ 19,809	¥ 19,224	¥ 19,391	¥ 17,046	¥ 16,893
Balance Sheets Data:					
Assets					
Current assets	¥ 32,441	¥ 34,777	¥ 31,720	¥ 31,335	¥ 40,339
Investment properties, net of accumulated depreciation	643,643	597,122	599,796	532,043	407,764
Other assets	4,182	2,218	2,177	1,524	1,453
Total assets	<u>¥ 680,266</u>	<u>¥ 634,117</u>	<u>¥ 633,693</u>	<u>¥ 564,902</u>	<u>¥ 449,556</u>
Liabilities					
Short-term loans	69,500	41,500	25,500	64,500	52,700
Other current liabilities	7,688	7,819	7,022	6,490	5,922
Long-term debts	212,000	195,000	212,000	193,000	147,000
Tenant security deposits	34,515	33,534	32,822	31,489	27,049
Other liabilities	53	51	51	47	45
Total liabilities	<u>323,756</u>	<u>277,904</u>	<u>277,395</u>	<u>295,526</u>	<u>232,716</u>
Shareholders' Equity					
Common shares	346,447	346,447	346,447	262,170	210,679
Retained earnings	10,063	9,766	9,851	7,206	6,161
Total Shareholders' Equity	<u>356,510</u>	<u>356,213</u>	<u>356,298</u>	<u>269,376</u>	<u>216,840</u>
Total Liabilities and Shareholders' Equity	<u>680,266</u>	<u>634,117</u>	<u>633,693</u>	<u>564,902</u>	<u>449,556</u>
Cash Flow Data:					
Cash flow provided by operating activities	¥ 14,556	¥ 17,926	¥ 14,771	¥ 10,371	¥ 10,656
Cash flow used for investing activities	(52,380)	(1,719)	(72,651)	(123,480)	(23,130)
Cash flow provided by financial activities	35,075	(10,844)	56,936	102,965	13,842
Cash and cash equivalents	<u>31,383</u>	<u>34,131</u>	<u>28,769</u>	<u>29,713</u>	<u>39,857</u>
Other Supplement Data:					
Number of investment properties	56	55	55	52	47
Number of tenants	910	892	887	868	763
Total rentable square meters of office properties	692,222	670,513	670,249	578,243	488,323
Occupancy rate of office properties	99.0 %	97.8 %	98.7 %	98.1 %	98.1
NOI from property leasing activities (Note3)	¥ 18,442	¥ 17,787	¥ 15,936	¥ 13,333	¥ 11,457
FFO per share (Note3)	<u>¥ 29,897</u>	<u>¥ 29,043</u>	<u>¥ 27,395</u>	<u>¥ 26,506</u>	<u>¥ 25,887</u>

(1) 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 & Co., independent auditors.

(2) "Share" is based on the number of common shares issued and outstanding at the end of the period.

(3) 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 June 30, 2007 relating to the office properties in which NBF has invested.

Name of Building	Location	Book value	Net rentable square meters	Number of tenants	Occupancy rate
		(Yen in millions)			
Yamato Seimei Bldg.	Tokyo	64,550	27,640	61	98.1
Nishi-Shinjuku Mitsui Bldg.	Tokyo	37,087	32,968	1	100.0
Shiba NBF Tower	Tokyo	31,568	24,728	27	100.0
NBF Platinum Tower	Tokyo	31,255	33,503	5	100.0
Gate City Ohsaki	Tokyo	25,068	20,714	1	100.0
Toranomon Kotohira Tower	Tokyo	21,513	16,848	1	100.0
NBF Nihonbashi Muromachi Center Bldg.	Tokyo	24,015	16,306	14	100.0
Nakameguro GT Tower	Tokyo	22,680	21,423	1	100.0
NBF Ginza Street Bldg.	Tokyo	17,605	3,440	1	100.0
Shinjuku Mitsui Bldg. No.2	Tokyo	15,736	14,900	44	99.6
GSK Bldg.	Tokyo	14,109	20,426	1	100.0
NBF Toranomon Bldg.	Tokyo	13,780	10,193	11	97.0
Kowa Nishi- Shinbashi Bldg. B	Tokyo	12,285	10,088	2	100.0
Nippon Steel Bldg. No.2	Tokyo	11,910	17,338	2	100.0
NBF Alliance	Tokyo	9,513	4,043	9	100.0
Yotsuya Medical Bldg.	Tokyo	8,731	7,450	1	100.0
Shibuya Garden Front	Tokyo	8,446	8,258	1	100.0
NBF Shibakouen Bldg.	Tokyo	6,806	7,087	7	100.0
NBF Takanawa Bldg.	Tokyo	6,295	10,473	5	99.9
NBF Akasaka Sanno Square	Tokyo	6,288	5,258	6	100.0
Sumitomo Densetsu Bldg.	Tokyo	4,921	5,991	1	100.0
NBF Higashi-Ginza Square	Tokyo	5,111	4,871	9	100.0
NBF Ogawamachi Bldg.	Tokyo	4,965	4,805	1	100.0
NBF Ikebukuro Tower	Tokyo	4,550	5,666	13	100.0
NBF Ikebukuro City Bldg.	Tokyo	4,494	5,127	12	100.0
NBF Sudacho Verde Bldg.	Tokyo	3,381	2,971	4	100.0
NBF Ebisu-Minami Bldg.	Tokyo	1,029	1,595	3	100.0
Nakanosakaue Sunbright Twin	Tokyo	40,189	31,936	8	99.9
IST Bldg.	Tokyo	34,305	36,764	9	99.6
Shin- Kawasaki Mitsui Bldg.	Kanagawa	20,029	27,924	1	100.0
Yokohama ST Bldg.	Kanagawa	12,634	20,069	88	98.8
Parale Mitsui Bldg.	Kanagawa	3,345	12,545	1	100.0
NBF Atsugi Bldg.	Kanagawa	2,199	5,230	20	100.0
Tsukuba Mitsui Bldg.	Ibaraki	7,673	16,834	67	90.1
NBF Utsunomiya Bldg.	Tochigi	2,540	6,197	35	98.8
S-ino Omiya North Wing	Saitama	16,215	20,698	34	99.8
Daido Life Omiya Bldg.	Saitama	2,213	3,574	14	100.0
NBF Urawa Bldg.	Saitama	1,972	3,455	14	100.0

Name of Building	Location	Book value (Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
NBF Matsudo Bldg.	Chiba	2,336	4,770	23	90.5
Sapporo L- Plaza	Hokkaido	4,247	11,396	12	100.0
NBF Sapporo Minami Nijo Bldg.	Hokkaido	1,734	5,345	8	100.0
NBF Sendai Honcho Bldg	Miyagi	3,620	7,539	9	98.4
NBF Unix Bldg.	Fukushima	3,408	13,479	56	94.9
NBF Niigata Telecom Bldg.	Niigata	3,696	10,221	35	98.0
NBF Nagoya Hirokoji Bldg.	Aichi	5,290	6,873	9	100.0
Aqua Dojima NBF Tower	Osaka	17,295	21,935	38	99.9
Shinanobashi Mitsui Bldg.	Osaka	12,013	25,237	1	100.0
Sun Mullion NBF Tower	Osaka	9,248	14,896	29	94.8
Sakaisuji-Honmachi Center Bldg.	Osaka	6,432	11,438	44	96.4
NBF Sakai- Higashi Bldg.	Osaka	2,048	5,301	20	85.3
NBF Tanimachi Bldg.	Osaka	1,911	4,948	3	100.0
Aqua Dojima East	Osaka	1,880	3,243	20	96.4
NBF Shijo Karasuma Bldg.	Kyoto	1,393	3,931	19	100.0
NBF Hiroshima Tatemachi Bldg.	Hiroshima	2,963	5,612	25	92.3
Hiroshima Fukuromachi Bldg.	Hiroshima	773	1,309	16	98.0
NBF Hakata Gion Bldg.	Fukuoka	2,376	5,416	8	100.0
Total		643,669	692,222	910	99.0