



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

NBF News Release

NIPPON BUILDING FUND INC. ANNOUNCES 14th PERIOD (FIRST-HALF 2008) RESULTS

Tokyo, Japan August 14, 2008

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 2008 (the 14th fiscal period, commencing January 1, 2008 and ending June 30, 2008).

NBF reported operating revenues of ¥30,088 million, income before income taxes of ¥12,223 million, net income of ¥12,222 million, and total cash distribution per share and distribution of accumulated earnings per share of ¥22,549.

As of June 30, 2008, NBF’s total asset balance was ¥725,627 million and total shareholder’s equity was ¥398,398 million, or ¥735,051 per common share. The total book value (net of accumulated depreciation) of NBF’s investment properties was ¥688,262 million, compared to ¥639,832 million at December 31, 2007.

First- half 2008 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 (¥22,549 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, 2008, NBF owned or had beneficiary interests in 58 office properties containing approximately 750,701 rentable square meters of office space. As of June 30,

2008, NBF leased office space to 931 tenants engaged in a variety of businesses, compared to 897 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 97.4%, compared to 98.6% 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 in terms of their location, size, facilities and infrastructure and are expected to have relatively stable cash flow from rents based on excellent tenants as well as minimal 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 of information and careful study, acquired in March 2008 the “Nakanosakaue Sunbright Twin” (additional acquisition, trust beneficiary interests; the acquisition price (hereinafter the same): ¥0.15 billion), the “NBF Kumamoto Bldg.” (fee simple ownership; ¥4.5 billion) and the “Shin-Urayasu Center Bldg.” (condominium interests and co-ownership interests in land; ¥15.7 billion), and also decided in March 2008 to acquire the “(tentative name) Surugadai Project” (trust beneficiary interests, with delivery in April 2009 (anticipated)). Delivery of the “NBF Shibuya East” (fee simple ownership; ¥8 billion) for which a sale and purchase agreement was entered into in December 2007 was completed in January 2008, delivery of the “NBF Nagoya Hirokoji Bldg.” (expansion, fee simple ownership; ¥1.82 billion) for which a sale and purchase agreement was entered into in December 2006 was completed in March 2008, and delivery of the “NBF Toyosu Garden Front” for which a sale and purchase agreement was entered into in September 2006 was completed in March 2008, respectively. In addition, as the result of a comprehensive review of the structure of and the construction policies with respect to NBF’s portfolio, the “Daido Seimei Omiya Bldg.” (the sale price (hereinafter the same): 2.7 billion yen) and the “NBF Tanimachi Bldg.” (¥2.4 billion) were sold.

NBF also endeavored to develop internal growth 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 improve the level of tenant satisfaction as well as raising rents payable by existing tenants upon contract renewals.

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. 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, with the unissued balance being ¥170 billion as of June 30, 2008. Further, deposits entrusted by tenants are efficiently managed, and the total amount of such deposits under management as of June 30, 2008 (being the amount of deposits not held as ordinary savings deposits) had reached ¥30 billion.

During the current period, NBF issued new investment shares in February and March 2008 for the purposes of funding the acquisition of newly acquired properties and repayment of loans. As the result, the total number of issued and outstanding investment shares as of the end of the current period came to 542,000 shares (increase of 34,000 shares compared to the end of the previous period) and the total investment amount came to ¥386.17 billion (increase of ¥39.72 billion compared to the end of the previous period).

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 42.8% 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 83.4%.

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

Properties Acquired Following the End of the Period

NBF entered into a sale and purchase agreement as of July 7, 2008 for the "Shibakoen Takahashi Bldg." (Tokyo; trust beneficiary interests, acquisition price of ¥6.1 billion), delivery of which was completed on the same date.

NBF also entered into a sale and purchase agreement as of July 31, 2008 for the “NBF Minami-Aoyama Bldg.” (Tokyo; fee simple ownership, acquisition price of ¥31 billion), delivery of which was completed on August 1, 2008.

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

For existing tenants, NBF intends to increase profitability through revision upward of rents upon contract renewals. In order to respond to vacancies, NBF also intends to maximize its rental revenues by establishing a level of contract rents accurately reflecting trends in the market and at the same time shortening the amount of vacancies between leases.

NBF aims to improve the level of tenant satisfaction by reflecting tenant feedback obtained in response to questionnaires to tenants as well as through direct communications with tenants in its operation and management in order to maintain long-term, stable relationships with them.

With respect to reinvestment in and management of buildings, 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 including 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

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 Forecast for the 15th and the 16th periods

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, NBF announced a forecast for the 15th fiscal period, commencing July 1, 2008 and ending December 31, 2008 and the 16th fiscal period, commencing January 1, 2009 and ending June 30, 2009 as a part of "Kessan-Tanshin". With regard to the conditions of the forecast, please refer to the original "Kessan-Tanshin" released on August 14, 2008. An outline of the forecast for the 15th and the 16th periods are as follows:

Performance Forecast:

A forecast for the 15th period is as follows:

Operating revenues:	¥30,950 million
Net income:	¥11,436 million
Cash distribution per share:	¥21,100

A forecast for the 16th period is as follows:

Operating revenues:	¥30,887 million
Net income:	¥11,436 million
Cash distribution per share:	¥21,100

The above figures given for forecasted performance results are premised upon, for the 15th period, sixty (60) properties comprised of fifty-eight (58) properties owned by NBF as of June 30, 2008 plus the "Shibakoen Takahashi Bldg." acquired in July 2008 and the "NBF Minami-Aoyama Bldg." acquired in August 2008, and for the 16th period, on sixty-one (61) properties including the "(tentative name) Surugadai Project" to be acquired in April 2009.

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, 2008, 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 from January 1, 2008 and ending June 30, 2008, 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 14, 2008** and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

14th Period (First-half 2008) 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)					
	14th Period	13th Period	12th Period	11th Period	10th Period
	2008	2007	2007	2006	2006
	1st-Half	2nd-Half	1st-Half	2nd-Half	1st-Half
Operating Data:					
Revenues:					
Rental	¥ 26,708	¥ 25,056	¥ 23,992	¥ 23,121	¥ 20,800
Others	2,512	2,758	2,649	2,773	2,073
Gain on sales of investment properties	868	-	-	-	1,435
	<u>30,088</u>	<u>27,814</u>	<u>26,641</u>	<u>25,894</u>	<u>24,308</u>
Operating Expenses:					
Property operating, taxes and others	8,902	8,909	8,199	8,107	6,937
Depreciation and amortization	5,276	5,169	5,125	4,988	4,536
Asset management fees and other expenses	1,381	1,279	1,205	1,147	1,150
Total operating expenses	<u>15,559</u>	<u>15,357</u>	<u>14,529</u>	<u>14,242</u>	<u>12,623</u>
Interest income and others	40	36	18	14	18
Interest expense and Amortization of bond issue costs	(2,310)	(2,225)	(2,007)	(1,858)	(1,678)
Other expenses	(36)	(41)	(59)	(41)	(173)
Income before income taxes	<u>12,223</u>	<u>10,227</u>	<u>10,064</u>	<u>9,767</u>	<u>9,852</u>
Current and deferred income taxes	(1)	(1)	(1)	(1)	(1)
Net income	<u>¥ 12,222</u>	<u>¥ 10,226</u>	<u>¥ 10,063</u>	<u>¥ 9,766</u>	<u>¥ 9,851</u>
Distribution of accumulated earnings per share (Yen)(Note2):					
	¥ 22,549	¥ 20,129	¥ 19,809	¥ 19,224	¥ 19,391
Weighted average number of common shares outstanding					
	535,298	508,000	508,000	508,000	472,745
Total cash distribution per share(Yen)	¥ 22,549	¥ 20,129	¥ 19,809	¥ 19,224	¥ 19,391
Balance Sheets Data:					
Assets					
Current assets	¥ 32,898	¥ 28,131	¥ 32,441	¥ 34,777	¥ 31,720
Investment properties, net of accumulated depreciation	688,357	639,814	643,643	597,122	599,796
Other assets	4,372	4,250	4,182	2,218	2,177
Total assets	<u>¥ 725,627</u>	<u>¥ 672,195</u>	<u>¥ 680,266</u>	<u>¥ 634,117</u>	<u>¥ 633,693</u>
Liabilities					
Short-term loans	46,500	57,500	69,500	41,500	25,500
Other current liabilities	7,788	8,117	7,688	7,819	7,022
Long-term debts	234,000	215,000	212,000	195,000	212,000
Tenant security deposits	38,882	34,848	34,515	33,534	32,822
Other liabilities	59	58	53	51	51
Total liabilities	<u>327,229</u>	<u>315,523</u>	<u>323,756</u>	<u>277,904</u>	<u>277,395</u>
Shareholders' Equity					
Common shares	386,176	346,447	346,447	346,447	346,447
Retained earnings	12,222	10,225	10,063	9,766	9,851
Total Shareholders' Equity	<u>398,398</u>	<u>356,672</u>	<u>356,510</u>	<u>356,213</u>	<u>356,298</u>
Total Liabilities and Shareholders' Equity	<u>725,627</u>	<u>672,195</u>	<u>680,266</u>	<u>634,117</u>	<u>633,693</u>
Cash Flow Data:					
Cash flow provided by operating activities	¥ 20,564	¥ 16,381	¥ 14,556	¥ 17,926	¥ 14,771
Cash flow used for investing activities	(54,046)	(1,323)	(52,380)	(1,719)	(72,651)
Cash flow provided by financial activities	37,426	(19,060)	35,075	(10,844)	56,936
Cash and cash equivalents	<u>31,324</u>	<u>27,381</u>	<u>31,383</u>	<u>34,131</u>	<u>28,769</u>
Other Supplement Data:					
Number of investment properties	58	56	56	55	55
Number of tenants	931	897	910	892	887
Total rentable square meters of office properties	750,701	692,286	692,222	670,513	670,249
Occupancy rate of office properties	97.4 %	98.6 %	99.0 %	97.8 %	98.7 %
NOI from property leasing activities (Note3)	¥ 20,318	¥ 18,905	¥ 18,442	¥ 17,787	¥ 15,936
FFO per share (Note3)	¥ 31,066	¥ 30,304	¥ 29,897	¥ 29,043	¥ 27,395

- (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, 2008 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
Yamato Seimei Bldg.	Tokyo	64,508	27,640	60	97.7
Nishi-Shinjuku Mitsui Bldg.	Tokyo	36,555	32,968	1	100.0
Shiba NBF Tower	Tokyo	31,011	24,728	25	97.9
NBF Platinum Tower	Tokyo	30,705	33,503	5	100.0
Gate City Ohsaki	Tokyo	24,734	20,714	1	100.0
Toranomon Kotohira Tower	Tokyo	21,184	16,848	1	100.0
NBF Nihonbashi Muromachi Center Bldg.	Tokyo	24,129	16,306	14	100.0
Nakameguro GT Tower	Tokyo	22,071	21,423	1	100.0
NBF Ginza Street Bldg.	Tokyo	17,622	3,440	1	100.0
Shinjuku Mitsui Bldg. No.2	Tokyo	15,829	14,921	42	97.9
GSK Bldg.	Tokyo	13,903	20,426	1	100.0
NBF Toranomon Bldg.	Tokyo	13,673	10,123	11	98.8
Kowa Nishi- Shinbashi Bldg. B	Tokyo	12,129	10,088	3	100.0
Nippon Steel Bldg. No.2	Tokyo	11,693	17,338	2	100.0
NBF Alliance	Tokyo	9,497	4,043	7	75.8
Yotsuya Medical Bldg.	Tokyo	8,600	7,450	1	100.0
Shibuya Garden Front	Tokyo	8,335	8,258	1	100.0
NBF Shibuya East	Tokyo	8,196	4,993	5	100.0
NBF Shibakouen Bldg.	Tokyo	6,772	7,087	7	100.0
NBF Takanawa Bldg.	Tokyo	6,300	10,473	5	99.9
NBF Akasaka Sanno Square	Tokyo	6,267	5,258	7	100.0
Sumitomo Densetsu Bldg.	Tokyo	4,823	5,991	1	100.0
NBF Higashi-Ginza Square	Tokyo	5,035	4,871	8	100.0
NBF Ogawamachi Bldg.	Tokyo	4,954	4,805	1	100.0
NBF Ikebukuro Tower	Tokyo	4,519	5,656	13	100.0
NBF Ikebukuro City Bldg.	Tokyo	4,469	5,127	12	100.0
NBF Sudacho Verde Bldg.	Tokyo	3,388	2,971	3	100.0
NBF Ebisu-Minami Bldg.	Tokyo	1,023	1,595	3	100.0
Nakanosakaue Sunbright Twin	Tokyo	39,795	32,082	8	100.0
NBF Toyosu Canal Front	Tokyo	33,742	36,668	8	99.6
NBF Toyosu Garden Front	Tokyo	25,376	28,330	3	100.0
Shin- Kawasaki Mitsui Bldg.	Kanagawa	19,483	27,924	1	100.0
Yokohama ST Bldg.	Kanagawa	12,593	20,069	86	96.7
Parale Mitsui Bldg.	Kanagawa	3,310	12,545	1	100.0
NBF Atsugi Bldg.	Kanagawa	2,147	5,230	19	100.0
Tsukuba Mitsui Bldg.	Ibaraki	7,533	16,755	69	93.9
NBF Utsunomiya Bldg.	Tochigi	2,523	6,197	35	97.2
S-ino Omiya North Wing	Saitama	15,901	20,698	35	100.0
NBF Urawa Bldg.	Saitama	1,938	3,455	14	100.0

Name of Building	Location	Book value		Number of tenants	Occupancy rate
		(Yen in millions)	Net rentable square meters		
Shin-Urayasu Center Bldg.	Chiba	15,855	22,789	40	96.5
NBF Matsudo Bldg.	Chiba	2,275	4,770	22	87.3
Sapporo L- Plaza	Hokkaido	4,127	11,396	12	100.0
NBF Sapporo Minami Nijo Bldg.	Hokkaido	1,741	5,351	5	100.0
NBF Sendai Honcho Bldg	Miyagi	3,699	7,539	9	98.4
NBF Unix Bldg.	Fukushima	3,307	13,479	51	84.9
NBF Niigata Telecom Bldg.	Niigata	3,685	10,214	34	83.3
NBF Nagoya Hirokoji Bldg.	Aichi	7,365	9,890	11	77.9
Aqua Dojima NBF Tower	Osaka	16,958	21,917	39	93.6
Shinanobashi Mitsui Bldg.	Osaka	11,773	25,237	1	100.0
Sun Mullion NBF Tower	Osaka	8,966	14,954	29	94.9
Sakaisuji-Honmachi Center Bldg.	Osaka	6,303	11,438	44	96.1
NBF Sakai- Higashi Bldg.	Osaka	2,012	5,308	20	96.5
Aqua Dojima East	Osaka	1,844	3,243	21	97.1
NBF Shijo Karasuma Bldg.	Kyoto	1,386	3,931	17	92.2
NBF Hiroshima Tatemachi Bldg.	Hiroshima	2,960	5,612	25	90.2
Hiroshima Fukuromachi Bldg.	Hiroshima	751	1,309	16	98.0
NBF Hakata Gion Bldg.	Fukuoka	2,340	5,416	8	100.0
NBF Kumamoto Bldg.	Kumamoto	4,649	7,913	6	51.1
Total		688,262	750,701	931	97.4