

Nippon Building Fund Inc.

6th Period

From : January 1, 2004 To : June 30, 2004

NBF Report Jan.– Jun. 2004

Profile

Nippon Building Fund Inc. (formerly: "Office Building Fund of Japan, Inc." The current name was adopted on March 14, 2003, hereinafter "NBF") is a real estate fund structured in the form of an investment corporation as prescribed in the Investment Trust Law of Japan. It was formed on March 16, 2001 in Japan as an investment corporation with the objective of investing in assets, consisting primarily of Designated Assets (as this term is defined in the Investment Trust Law of Japan). The Investment Trust Law of Japan requires an investment corporation to be managed by an external entity; management of such assets is entrusted to an asset management company (in this case, "Nippon Building Fund Management Ltd." (formerly "Office Building Fund Management Japan Limited") hereinafter "NBFM") which undertakes such asset management.

NBF's primary investment objective is to achieve sustainable growth in portfolio value and stable profits on a mid-term to long-term basis. NBF intends to achieve this objective by investing in real estate consisting of buildings primarily used for offices with their underlying land located in Tokyo Central Business Districts (hereinafter "CBDs"), Other Greater Tokyo and Other Cities in Japan as well as securities, beneficiary certificates representing beneficiary interests in trusts (hereinafter "beneficiary certificates") and other assets backed by office properties (collectively hereinafter "Real Estate etc.")

NBF, which is a public corporation, is a closed-end fund whose shares are non-redeemable upon demand by a shareholder. The accounting period is six months, except for the first term. For tax reporting purposes, NBF may deduct its cash dividends of profits from taxable income under Japanese tax regulations if it distributes to its shareholders amounts being in excess of 90% of taxable income for the period and complies with other organizational and operational requirements. NBF will continue its efforts to satisfy these requirements.

History of NBF

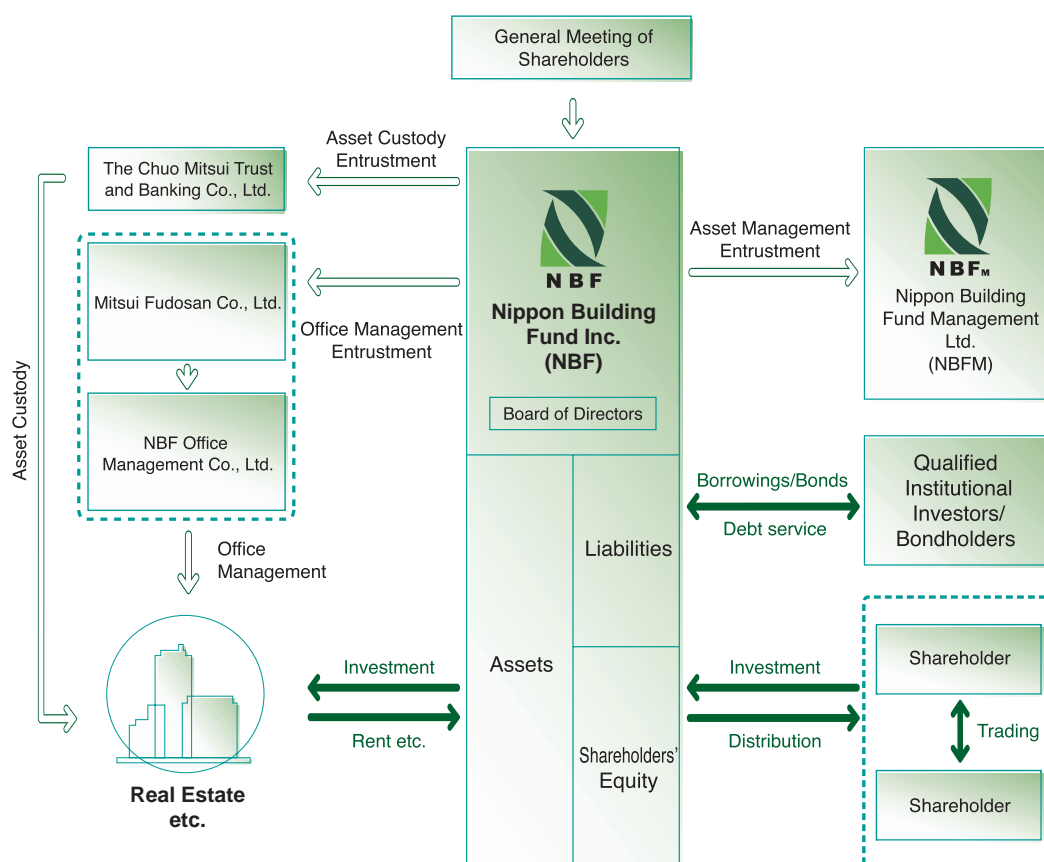
March 16, 2001	Established by founders: Mitsui Fudosan Co., Ltd., The Chuo Mitsui Trust and Banking Co., Ltd., and NBFM (at the time known as "MF Asset Management Co., Ltd.")
May 10, 2001	Registration under Article 187 of the Investment Trust Law of Japan
May 23, 2001	Commencement of business (acquiring trust beneficiary certificates with respect to properties consisting of 22 office buildings held in trust)
September 10, 2001	Listing of common shares on the Japanese Real Estate Investment Trust (hereinafter "J-REIT") section of the Tokyo Stock Exchange.



Table of Contents

Financial Highlights	2	Investment Policies of NBF	17
Portfolio Highlights	3	Distribution Policies of NBF	23
Strength of NBF	4	Investment Restrictions	24
Portfolio Management	5	I Performance Information Report	25
New Acquisition	6	II Financial Statements	35
Location of Office Properties	12	III Appendix	49
Properties Roster	14	Corporate Data	Back cover
Board of Directors	16		

Business Structure



Major Related Operating Entities

Assignment	Name
Asset Management Company	Nippon Building Fund Management Ltd. ("NBFM")
Asset Custodian	The Chuo Mitsui Trust and Banking Co., Ltd.
Office Management Company	Mitsui Fudosan Co., Ltd.
	NBF Office Management Co., Ltd.

Financial Highlights

		6th Period from January 1, 2004 to June 30, 2004	5th Period from July 1, 2003 to December 31, 2003	4th Period from January 1, 2003 to June 30, 2003	3rd Period from July 1, 2002 to December 31, 2002	2nd Period from January 1, 2002 to June 30, 2002
(Yen in million, except per share data or where otherwise indicated)						
Operating revenues		¥ 12,554	¥ 12,453	¥ 12,239	¥ 11,846	¥ 11,259
Income before income taxes		4,263	4,094	4,314	4,563	4,493
Net income	(a)	4,262	4,093	4,313	4,562	4,492
Total assets	(b)	366,200	314,362	307,688	290,725	278,976
Total shareholders' equity ("Net assets")	(c)	153,161	152,992	153,212	153,461	153,391
Total amount of cash distribution	(e)	4,262	4,093	4,313	4,562	4,492
Total number of common shares issued (shares)	(d)	280,700	280,700	280,700	280,700	280,700
Net assets per share (Yen)	(c) / (d)	545,641	545,038	545,823	546,710	546,460
Distribution per share (Yen)	(e) / (d)	15,185	14,582	15,367	16,253	16,003
NOI from property leasing activities	Note 2	8,311	7,964	8,057	7,886	7,583
FFO per share (Yen)	Note 2	24,203	23,141	23,794	23,635	22,938

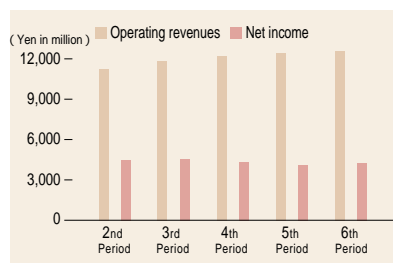
Note 1: Operating revenues do not include consumption taxes.

Note 2: All valuations are calculated through the following formulas. The figures in parenthesis are annualized based on the 6 month figures for the period.

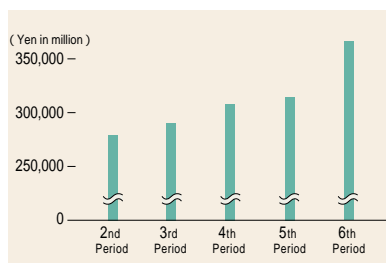
NOI (Net Operating Income) from property leasing activities: (Revenue from property leasing - Rental expenses) + Depreciation and amortization

FFO (Funds From Operation) per share: (Net income (excluding Gain on sale of investment properties) + Depreciation and Amortization)/Weighted average number of common shares issued and outstanding during the period.

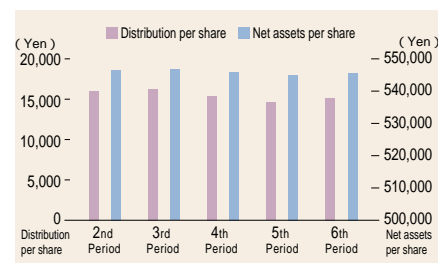
Operating revenues Net income



Total assets



Distribution per share Net assets per share

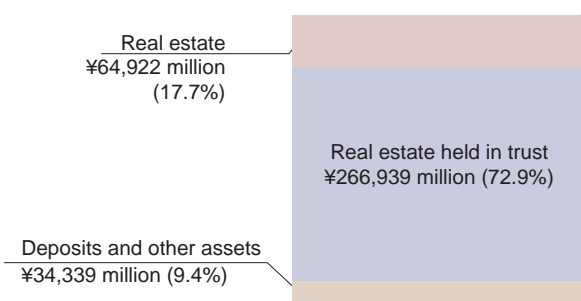


Stock Price Performance



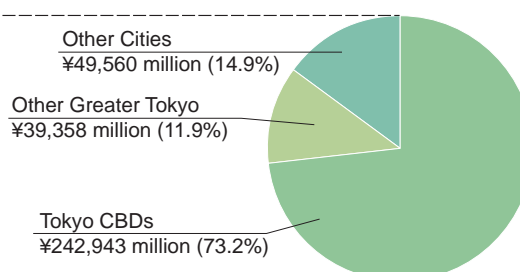
Asset Allocation

Total Assets ¥366,200 million



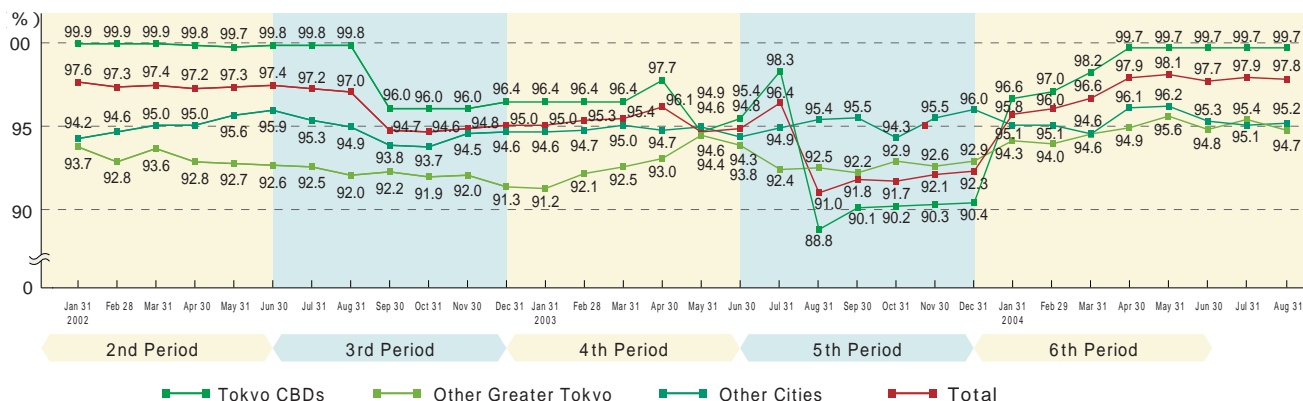
Regional Allocation

Total Real Estate etc. ¥331,861 million



Note: Figures above are based on the book value as of June 30, 2004

Occupancy Rate



Note: Occupancy rate: Ratio of gross leased area to total rentable area

Major Tenants Roster

The outline of NBF's major tenants as of June 30, 2004 is as follows:

Name of Tenants	Name of Building	Leased Space (m ²)	Percentage of Total Rentable Area***
01 JFE Steel Corporation (*)	JFE Bldg.	65,280	15.9%
02 GlaxoSmithKline.KK. (*)	GSK Bldg.	22,702	5.5%
03 Fuji Xerox Co.	Shinjuku Mitsui Bldg. No.2 Nakano-Sakaue Sunbright Twin Tsukuba Mitsui Bldg. Hamamatsu City Bldg.	17,886	4.4%
04 Mitsui Fudosan (**)	Naka-Meguro GT Tower Nishi-Shinjuku Mitsui Bldg.	15,500	3.8%
05 Nippon Steel Corporation (*)	Nippon Steel Building No.2	15,333	3.7%
06 NTT Communications	Kowa Nishi Shinbashi Bldg. B	8,493	2.1%
07 Transcosmos Inc.	Shibuya Garden Front Hirokoji Toei Bldg.	8,438	2.1%
08 NTT Data Corporation	Shiba A Bldg. Daiya Toranomon Bldg.	7,160	1.7%
09 Sumitomo Densetsu (*)	Sumitomo Densetsu Bldg.	5,978	1.5%
10 NEC Facilities	Sapporo L-Plaza Shinjuku Yocho-machi Bldg.	5,767	1.4%

* Indicates tenants with long-term lease contracts (JFE Steel Corporation's contract expires March 2011; GlaxoSmithKline's contract expires September 2010; Nippon Steel Corporation's contract expires November 2009; Sumitomo Densetsu's contract expires June 2008)

** Mitsui Fudosan, the sole tenant of the property, pools profits from leasing operations and then distributes the proceeds proportionally in accordance with each owner's percentage of the total ownership interest.

*** Percentage of Total Rentable Area = Leased Space ÷ Total Rentable Area of All Properties in Portfolio

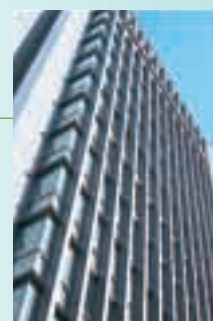
The First Listed J-REIT



- In September 2001, NBF was listed as the first investment corporation in Japan on the J-REIT section of the Tokyo Stock Exchange.

The Largest Scale of any J-REIT

- The largest total market capitalization of any J-REIT
(¥316,195 million as of September 30, 2004)
- The largest scale of managed assets
(¥406,381 million as of September 30, 2004)



Enrichment of Portfolio



- Specializes in investing in office buildings
- Possesses 45 properties focusing on large-scale office buildings in the Tokyo Central Business Districts (as of September 30, 2004)
- Diversified in other Tokyo markets as well as in regional cities.
- Total rentable space of 419,511m² (as of June 30, 2004)
- Diversified tenants (number of tenants at the end of the current period: 629)

Financial Stability and Flexibility

- Following receipt of payments in connection with capital increases occurring on July 14, 2004 and August 11, 2004, total capital increased from 148,899 million yen to 210,679 million yen and the number of issued shares increased from 280,700 shares to 364,700 shares.
- Ratings by Rating Agencies:
Standard & Poor's Long-term Corporate: A, Short-term Corporate: A-1, Outlook: stable
Moody's Issuer Rating: A3, Outlook: positive (under review for possible upgrade)
- Ratio of Interest-Bearing Debt to Total Assets: decreased from 50.8% as of June 30, 2004 to somewhere between 30% and 40% as of July 31, 2004 in consequence of the above said capital increase
- Ratio of Long Term and Fixed-Interest Rate Debt to total debt : increased from 65.6% as of June 30, 2004 to 91.4% as of July 31, 2004 in consequence of the above said capital increase
- Average years remaining till due date for long-term interest-bearing debt: 5.08 years (as of June 30, 2004)
- Funding through use of unsecured, non-guaranteed corporate loans

Strategic Partnership with Mitsui Fudosan Co., Ltd.

- Utilization of the know-how of Mitsui Fudosan, the leading real estate company in Japan.

As of July 30, 2004 the sales of the Shinjuku Yocho-machi Bldg., Inage Kaigan Bldg., Hamamatsu City Bldg. and Kyoumachibori Center Bldg. were concluded.

Fundamental Policies

Decisions to sell properties etc. owned by NBF are comprehensively made based upon careful evaluation of expected future profitability, current and forecasted increase or decrease in asset value, stability and future prospects of the local area, risks of deterioration and obsolescence of the property and forecasted costs thereof, and composition of the portfolio etc. Evaluation regarding whether to sell or retain is periodically implemented with respect to all properties etc. owned by NBF.

Regarding the Properties Sold

The decision to sell was made from the viewpoint of improving the portfolio over the mid to long term and for the purpose of assuring NBF's ability to subsequently acquire new properties etc. At the time of such decision, the forecasted future revenues etc. and in particular, the composition of the portfolio, were considered for each property.

Tokyo CBDs/Other Greater Tokyo

Enhancement of the portfolio through acquisition of the Nishi-Shinjuku Mitsui Bldg., Shibuya Garden Front, Ikebukuro TG Homest Bldg., Ebisu CS Bldg., NBF Atsugi Bldg., Shiba A Bldg.



Sale of the Shinjuku Yocho-machi Bldg., Inage Kaigan Bldg.

Other Cities

Osaka Area

Acquisition of the Sun Mullion NBF Tower, Tanimachi Kowa Bldg., Aqua Dojima East



Sale of the Kyoumachibori Center Bldg.

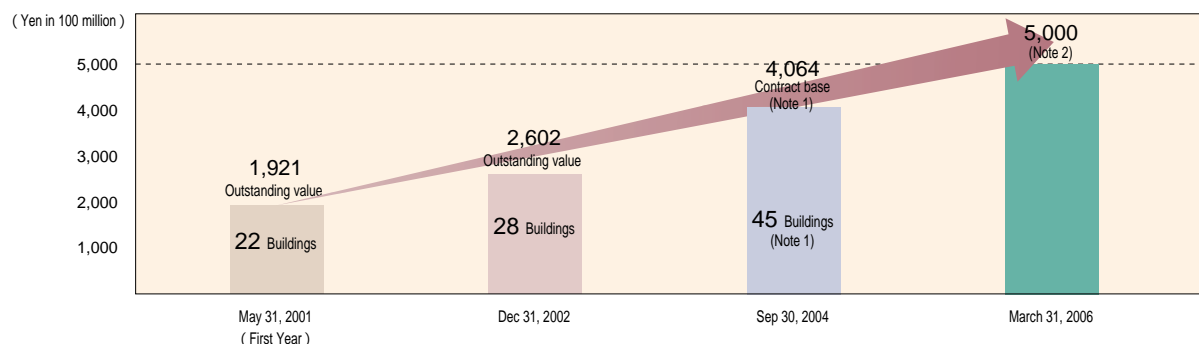
Other Local Cities

Enhancement of the portfolio in other cities through acquisition of the Sapporo L-Plaza, NBF Hiroshima Tatemachi Bldg., Hiroshima Fukuromachi Bldg., Hirokoji Toei Bldg.



Sale of the Hamamatsu City Bldg.

Image of External Growth (based on acquisition price)



Note 1: Include Aqua Dojima Daiwa Dojima Bldg., S-ino Omiya North Wing, Toranomom Kotohira Tower, Higashi-Ginza Square (tentative name) and Shirokane East Area Redevelopment Project.

Note 2: As this figure represents the desired acquisition target, it may differ from the actual figure due to market trends etc.

New Acquisition

NBF has acquired the following property after the 6th period.

ALLIANCE

Tokyo CBDs



Acquisition date	July 1, 2004
Outline of acquired property	fee simple
Acquisition price	¥9,126 million
Acquisition structure	Trust
Location	2-1, Minami-aoyama 5-chome, Minato-ku, Tokyo
Site area	1,673.27m ²
Floor area of building	6,214.73m ²
Structure	Above ground 5 floors, below ground 1 floor
Completion	January 25, 1989

S-ino Omiya North Wing

Other Greater Tokyo



Acquisition date	October 1, 2004
Outline of acquired property	condominium and co-ownership (*)
Acquisition price	¥11,236 million
Acquisition structure	Real Estate
Location	10-15 (and 16), Sakuragi-cho 1-chome, Omiya-ku, Saitama, Saitama
Site area	Office building: 3,083.98m ² (total site area for the building) Administrative building: 2,366.04m ² (total site area for the building)
Floor area of building	Office building: 30,227.21m ² (total floor space of the building) Administrative building: 385.79m ² (total floor space of the building)
Structure	Office building: Above ground 20 floors, below ground 1 floor Administrative building: Below ground 2 floors
Completion	February 20, 2004

Ownership form

Land: Office building: Approximately 64.3% of co-ownership interest in one parcel of land
Administrative building: Approximately 22.4% of co-ownership interest in one parcel of land

Building: Office building: Condominium interests (13,047.58m²)
Administrative building: Approximately 22.4% of co-ownership interest of the building

Aqua Dojima Daiwa Dojima Bldg.

Other Cities



Acquisition date	September 30, 2004
Outline of acquired property	fee simple
Acquisition price	¥17,810 million
Acquisition structure	Trust
Location	4-16, Dojimahama 1-chome, Kita-ku, Osaka, Osaka
Site area	3,531.37m ²
Floor area of building	35,912.97m ²
Structure	Above ground 19 floors, below ground 2 floors
Completion	December 2, 1996



Toranomon Kotohira Tower

Tokyo CBDs



This is a conceptual drawing of what the completed project will look like. Thus, it may differ from the actual building.

Acquisition date	November 30, 2004
Outline of acquired property	co-ownership of condominium interest
Acquisition price	¥6,043 million
Acquisition structure	Real Estate and Superficies
Location	1-43, Toranomon 1-chome, Minato-ku, Tokyo
Site area	3,647.30m ² (*)
Floor area of building	29,828.90m ² (*)
Structure	Above ground 26 floors, below ground 3 floors
Completion	November 30, 2004

The figures given for "Site area" and "Floor area" above indicate the total site area and total floor area of this property. NBF owns about 29% of this property.

Higashi-Ginza Square (tentative name)

Tokyo CBDs



This is a conceptual drawing of what the completed project will look like. Thus, it may differ from the actual building.

Acquisition date	March 28, 2005 (estimated)
Outline of acquired property	fee simple
Acquisition price	¥4,800 million (price may be adjusted upward to a maximum of ¥5,200 million depending on the seller's success in attracting tenants and improving current estimated profits)
Acquisition structure	Trust
Location	1308-2 (et al.), Tsukiji 1-chome, Chuo-ku, Tokyo
Site area	939.58m ²
Floor area of building	7,212.37m ² (estimated)
Structure	Above ground 9 floors, below ground 1 floor
Completion	March 28, 2005 (estimated)

Shirokane 1-chome East Area Redevelopment Project

Tokyo CBDs



This is a conceptual drawing of what the completed project will look like. Thus, it may differ from the actual building.

Acquisition date	March 31, 2006 (estimated)
Outline of acquired property	fee simple
Acquisition price	¥27,600 million (price may be adjusted upward to a maximum of ¥31,000 million depending on the seller's success in attracting tenants and improving current estimated profits)
Acquisition structure	Trust
Location	304, Shirokane 1-chome, Minato-ku, Tokyo
Site area	4,373.93m ²
Floor area of building	50,630.91m ² (estimated)
Structure	Above ground 26 floors, below ground 2 floors
Completion	November, 2005 (estimated)

New Acquisition

NBF acquired the following properties during the 6th period.

Daiya Toranomom Bldg.

Tokyo CBDs



Acquisition date	June 30, 2004
Outline of acquired property	fee simple
Acquisition price	¥13,337 million
Acquisition structure	Trust
Location	6-21, Nishi-shinbashi 1-chome, Minato-ku, Tokyo
Site area	1,804.45m ²
Floor area of building	18,082.47m ²
Structure	Above ground 9 floors, below ground 5 floors
Completion	April 17, 1963



Shibuya Garden Front

Tokyo CBDs



Acquisition date	February 2, 2004
Outline of acquired property	co-ownership
Acquisition price	¥8,700 million
Acquisition structure	Real Estate
Location	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Site area	3,750.71m ² in which NBF holds an interest of 50%
Floor area of building	22,650.54m ² in which NBF holds an interest of 50%
Structure	Above ground 14 floors, below ground 1 floor
Completion	September 30, 2003



Shiba A Bldg.

Tokyo CBDs



Acquisition date	June 11, 2004
Outline of acquired property	fee simple
Acquisition price	¥6,770 million
Acquisition structure	Real Estate
Location	2-18, Shiba 3-chome, Minato-ku, Tokyo
Site area	1,895.59m ²
Floor area of building	11,661.69m ²
Structure	Above ground 12 floors, below ground 2 floors
Completion	August 17, 1990



Hirokoji Toei Bldg.

Other Cities



Acquisition date	March 30, 2004
Outline of acquired property	fee simple
Acquisition price	¥5,406 million
Acquisition structure	Real Estate
Location	3-6, Sakae 2-chome, Naka-ku, Nagoya, Aichi
Site area	1,252.46m ²
Floor area of building	11,201.68m ²
Structure	Above ground 9 floors, below ground 2 floors
Completion	October 25, 2000



New Acquisition

NBF acquired the following properties during the 6th period.

Daiya Ikebukuro Bldg.

Tokyo CBDs



Acquisition date	June 30, 2004
Outline of acquired property	fee simple
Acquisition price	¥4,695 million
Acquisition structure	Trust
Location	33-8, Higashi-Ikebukuro 1-chome, Toshima-ku, Tokyo
Site area	994.03m ²
Floor area of building	7,981.88m ²
Structure	Above ground 13 floors
Completion	April 8, 1993

Ikebukuro TG Homest Bldg.

Tokyo CBDs



Acquisition date	May 13, 2004
Outline of acquired property	fee simple
Acquisition price	¥4,428 million
Acquisition structure	Trust
Location	17-8, Higashi-Ikebukuro 1-chome, Toshima-ku, Tokyo
Site area	857.54m ²
Floor area of building	6,747.21m ²
Structure	Above ground 9 floors, below ground 1 floor
Completion	February 26, 1993

Ebisu CS Bldg.

Tokyo CBDs



Acquisition date	May 14, 2004
Outline of acquired property	fee simple
Acquisition price	¥1,000 million
Acquisition structure	Real Estate
Location	9-6, Ebisu-Minami 1-chome, Shibuya-ku, Tokyo
Site area	670.26m ²
Floor area of building	2,128.52m ²
Structure	Above ground 4 floors, below ground 1 floor
Completion	February 19, 1991

NBF Atsugi Bldg.

Other Greater Tokyo



Acquisition date	May 20, 2004
Outline of acquired property	fee simple
Acquisition price	¥2,300 million
Acquisition structure	Real Estate
Location	8-13, Naka-machi 2-chome, Atsugi, Kanagawa
Site area	1,227.79m ²
Floor area of building	6,717.71m ²
Structure	Above ground 9 floors
Completion	June 10, 1991

Aqua Dojima East

Other Cities



Acquisition date	June 30, 2004
Outline of acquired property	co-ownership of condominium interest
Acquisition price	¥1,914 million
Acquisition structure	Trust
Location	4-4, Dojimahama 1-chome, Kita-ku, Osaka, Osaka
Site area	3,542.00m ² (*)
Floor area of building	24,726.19m ² (*)
Structure	Above ground 19 floors, below ground 2 floors
Completion	April 21, 1993

The figures given for "Site area" and "Floor area" above indicate the total site area and total floor area of this property. NBF owns about 23.65% of this property.

Tanimachi Kowa Bldg.

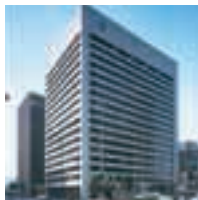
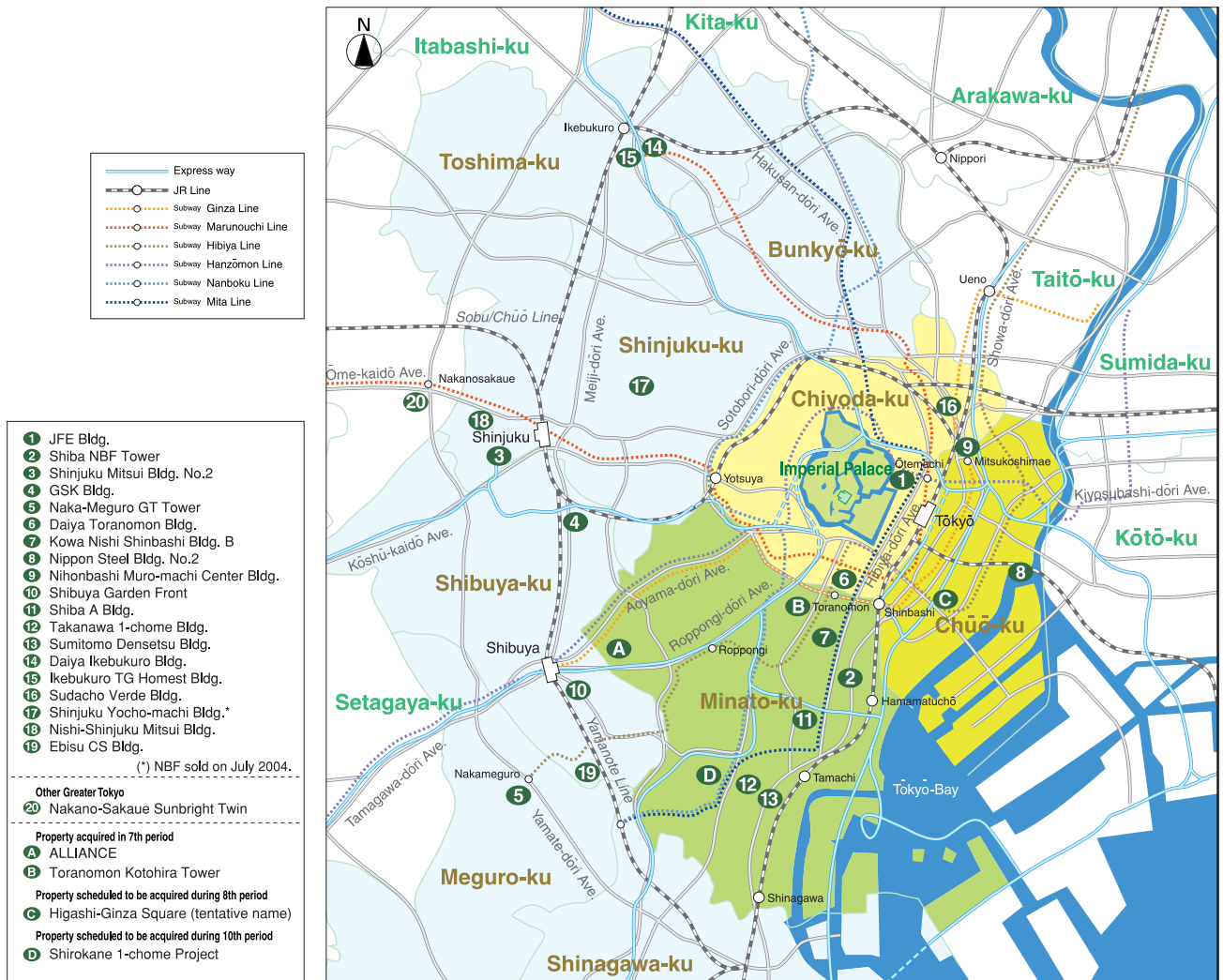
Other Cities



Acquisition date	June 30, 2004
Outline of acquired property	fee simple
Acquisition price	¥1,944 million
Acquisition structure	Trust
Location	2-12, Ote-dori 1-chome, Chuo-ku, Osaka, Osaka
Site area	847.65m ²
Floor area of building	6,999.81m ²
Structure	Above ground 9 floors, below ground 1 floor
Completion	April 12, 1993

Location of Office Properties

Tokyo CBDs



1 JFE Bldg.



2 Shiba NBF Tower



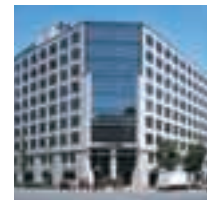
3 Shinjuku Mitsui Bldg. No.2



4 GSK Bldg.



5 Naka-Meguro GT Tower



6 Daiya Toranomon Bldg.



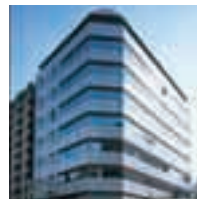
10 Shibuya Garden Front



11 Shiba A Bldg.



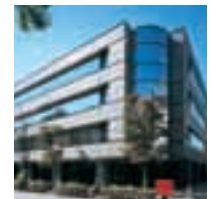
14 Daiya Ikebukuro Bldg.



15 Ikebukuro TG Homest Bldg.

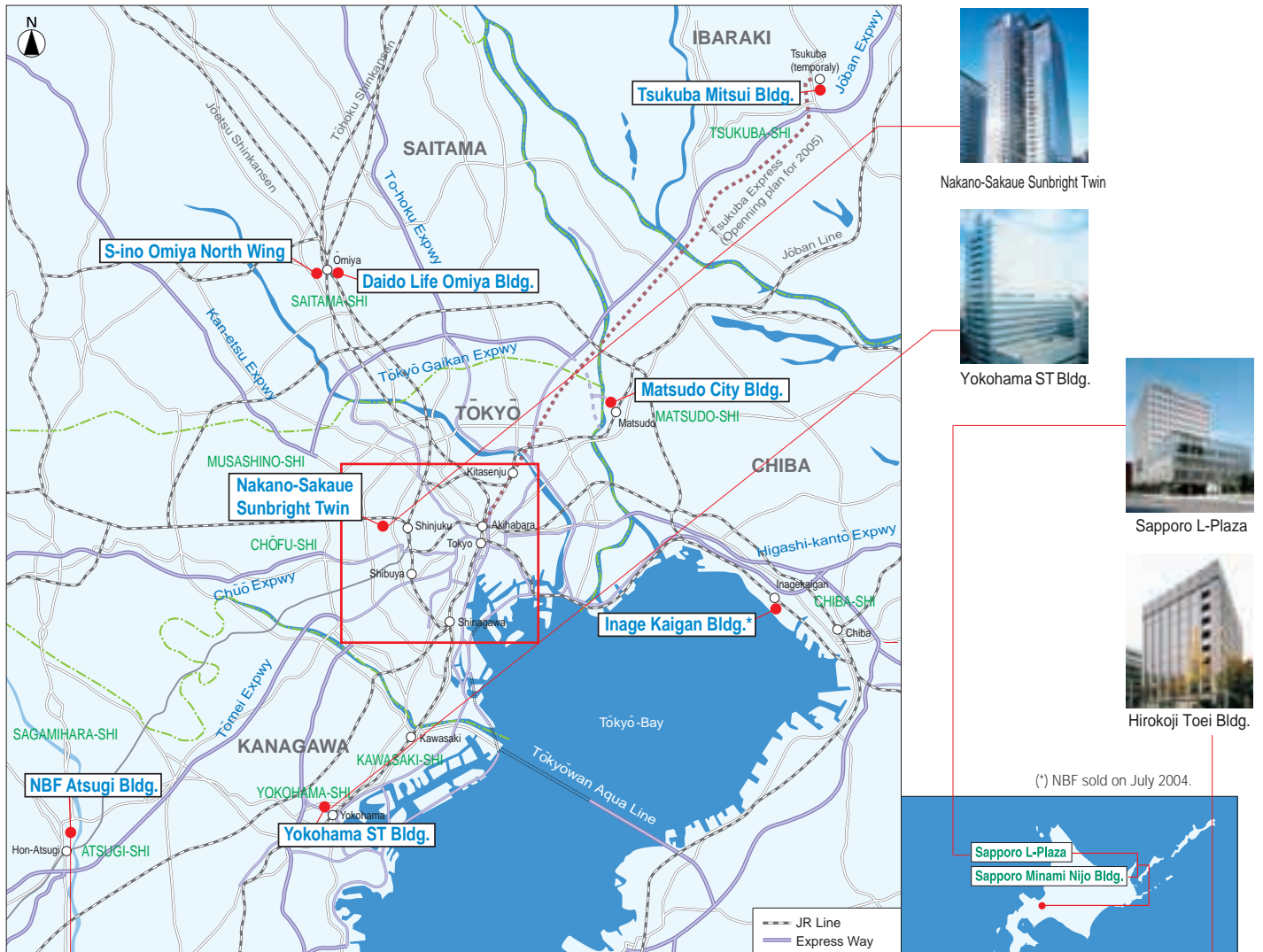


19 Ebisu CS Bldg.

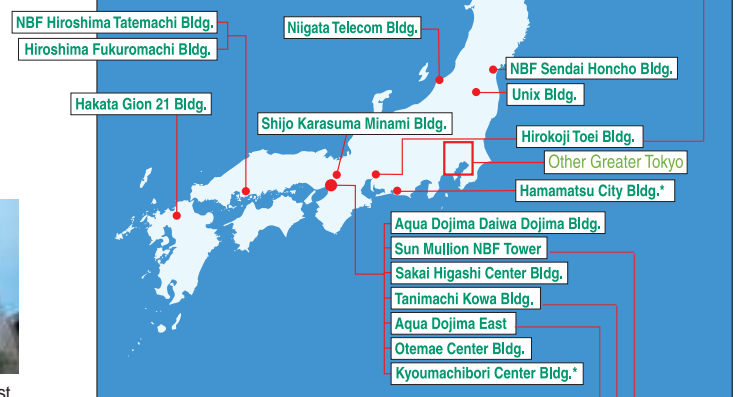


A ALLIANCE

Other Greater Tokyo



Other Cities



Properties Roster

The outline of NBF's properties as of June 30, 2004 is as follows:

Name of Building	Investment Type	Type of Ownership of the Buildings	Percentage of Ownership of the Buildings	Year Built	Acquisition Price	Book Value
			(%)		(Yen in millions)	
Tokyo CBDs						
JFE Bldg.	Trust	fee simple	100.0	1974	¥74,131	¥72,237
Shiba NBF Tower	Trust	fee simple	100.0	1986	32,000	33,373
Shinjuku Mitsui Bldg. No.2	Trust	fee simple	100.0	1983	16,285	15,768
GSK Bldg.	Trust	fee simple	100.0	1990	15,616	14,813
Naka-Meguro GT Tower	Ownership	condominium	60.5	2002	14,056	13,898
Daiya Toranomon Bldg.	Trust	fee simple	100.0	1963	13,337	13,872
Kowa Nishi Shinbashi Bldg. B	Trust	co-ownership of condominium	83.0	1994	13,217	12,720
Nippon Steel Bldg. No.2	Ownership	fee simple	100.0	1989	12,614	12,620
Nihonbashi Muro-machi Center Bldg.	Trust	condominium	48.6	1986	9,945	9,902
Shibuya Garden Front	Ownership	co-ownership	50.0	2003	8,700	8,757
Shiba A Bldg.	Ownership	fee simple	100.0	1990	6,770	6,862
Takanawa 1-chome Bldg.	Trust	fee simple	100.0	1987	6,667	6,401
Sumitomo Densetsu Bldg.	Trust	fee simple	100.0	1991	5,365	5,214
Daiya Ikebukuro Bldg.	Trust	fee simple	100.0	1993	4,695	4,865
Ikebukuro TG Homest Bldg.	Trust	fee simple	100.0	1993	4,428	4,502
Sudacho Verde Bldg.	Ownership	fee simple	100.0	1988	2,380	2,446
Shinjuku Yocho-machi Bldg.	Trust	fee simple	100.0	1989	2,348	1,981
Nishi-Shinjuku Mitsui Bldg.	Ownership	condominium	4.1	1999	1,603	1,662
Ebisu CS Bldg.	Ownership	fee simple	100.0	1991	1,000	1,050
Other Greater Tokyo						
Nakano-Sakaue Sunbright Twin	Trust	condominium	31.6	1996	8,979	8,945
Yokohama ST Bldg.	Trust	co-ownership	75.0	1987	13,529	13,119
NBF Atsugi Bldg.	Ownership	fee simple	100.0	1991	2,300	2,327
Tsukuba Mitsui Bldg.	Trust	fee simple	100.0	1990	8,876	8,353
Daido Life Omiya Bldg.	Trust	fee simple	100.0	1991	2,361	2,284
Matsudo City Bldg.	Ownership	fee simple	100.0	1992	2,455	2,494
Inage Kaigan Bldg.	Trust	fee simple	100.0	1992	1,941	1,836
Other Cities						
Sapporo L-Plaza	Ownership	condominium	36.0	2003	3,195	3,302
Sapporo Minami Nijo Bldg.	Trust	fee simple	100.0	1990	1,870	1,772
NBF Sendai Honcho Bldg.	Trust	fee simple	100.0	1987	3,566	3,434
Unix Bldg.	Trust	fee simple	100.0	1994	4,029	3,678
Niigata Telecom Bldg.	Trust	fee simple	100.0	1989	3,958	3,799
Hamamatsu City Bldg.	Trust	fee simple	100.0	1990	1,377	1,288
Hirokoji Toei Bldg.	Ownership	fee simple	100.0	2000	5,406	5,594
Sun Mullion NBF Tower	Trust	fee simple	100.0	1996	10,500	10,120
Sakai Higashi Center Bldg.	Trust	fee simple	100.0	1991	2,227	2,129
Tanimachi Kowa Bldg.	Trust	fee simple	100.0	1993	1,944	1,946
Aqua Dojima East	Trust	co-ownership of condominium	23.7	1993	1,914	1,979
Otemae Center Bldg.	Trust	fee simple	100.0	1992	1,826	1,755
Kyomachibori Center Bldg.	Trust	fee simple	100.0	1987	749	847
Shijo Karasuma Minami Bldg.	Trust	fee simple	100.0	1991	1,627	1,500
NBF Hiroshima Tatemachi Bldg.	Ownership	fee simple	100.0	1991	2,930	3,074
Hiroshima Fukuromachi Bldg.	Ownership	co-ownership of condominium	10.4	2002	835	836
Hakata Gion 21 Bldg.	Trust	fee simple	100.0	1993	2,629	2,507
Total					336,180	331,861

Note 1: Percentage of total revenue is the ratio of revenue from each office property to total revenues from all office properties.

Note 2: Consent for disclosure was not obtained from tenants from whom rent revenue accounts for more than 80% of total rent revenues for the property. However, relevant figures are included in the total.

Note 3: These buildings were acquired on June 30, 2004, but no profit or expense has accrued with respect thereto during the current period.

Note 4: Figures stated above are based on NBF's ownership interest.



Appraisal Value	Rentable Square Meters	Leased Square Meters at the End of Period	Occupancy Rates at the End of Period	Total Number of Tenants at the End of Period	Revenues	Percentage of Total Revenues (Note 1)
(Yen in millions)	(m ²)	(m ²)	(%)		(Yen in millions)	(%)
¥74,700	65,280	65,280	100.0	1	¥2,175	17.5
24,600	24,728	24,728	100.0	28	717	5.8
16,400	14,946	14,744	98.7	34	672	5.4
17,600	22,702	22,702	100.0	1	(Note 2)	(Note 2)
14,100	13,924	13,924	100.0	1	683	5.5
13,800	10,354	10,232	98.8	11	(Note 3)	(Note 3)
13,500	10,088	10,088	100.0	2	(Note 2)	(Note 2)
13,050	17,338	17,338	100.0	2	609	4.9
9,710	8,041	8,041	100.0	9	427	3.4
9,000	8,258	8,258	100.0	1	(Note 2)	(Note 2)
6,810	7,087	7,087	100.0	3	(Note 2)	(Note 2)
7,240	10,473	10,273	98.1	4	316	2.5
5,200	5,978	5,978	100.0	1	(Note 2)	(Note 2)
4,840	5,801	5,521	95.2	10	(Note 3)	(Note 3)
4,570	5,127	5,127	100.0	9	50	0.4
2,380	2,971	2,962	99.7	7	118	0.9
2,410	5,155	5,155	100.0	5	122	1.0
1,630	1,576	1,576	100.0	1	67	0.5
1,050	1,595	1,595	100.0	5	15	0.1
9,500	12,074	12,074	100.0	1	(Note 2)	(Note 2)
13,800	20,089	19,495	97.0	79	719	5.8
2,330	5,254	4,815	91.6	17	31	0.2
8,850	16,863	15,093	89.5	58	530	4.3
2,240	3,604	3,368	93.4	9	124	1.0
2,600	4,772	4,246	89.0	23	120	1.0
2,050	5,878	5,878	100.0	15	139	1.1
3,280	8,461	8,461	100.0	11	244	2.0
1,850	5,376	4,476	83.3	7	118	0.9
3,830	7,567	7,002	92.5	7	211	1.7
4,860	13,479	13,037	96.7	56	315	2.5
4,330	10,220	10,220	100.0	36	271	2.2
1,210	5,077	5,052	99.5	25	101	0.8
5,440	6,873	6,697	97.4	10	116	0.9
9,510	13,974	13,511	96.7	25	471	3.8
2,360	5,332	5,273	98.9	17	146	1.2
2,030	4,953	3,977	80.3	1	(Note 3)	(Note 3)
2,010	3,265	2,985	91.4	17	(Note 3)	(Note 3)
1,990	5,532	5,398	97.6	7	133	1.1
654	3,101	2,728	88.0	13	51	0.4
1,560	3,929	3,830	97.5	15	100	0.8
2,780	5,690	5,084	89.3	22	144	1.2
856	1,310	1,296	99.0	16	42	0.3
2,410	5,416	5,416	100.0	7	149	1.2
334,920	419,511	410,021	97.7	629	12,458	100.0



The number of executive directors of NBF is one or more, and the number of supervisory directors is four or fewer (but always equal to the number of executive directors, plus a minimum of one additional supervisory director) (Articles of Incorporation). At the end of the immediately preceding term the organization of NBF consisted of, in addition to the general meeting of the shareholders, two executive directors and four supervisory directors as well as a Board of Directors comprised of the executive directors and supervisory directors.

At the end of the immediately preceding term, members of the Board of Directors of NBF were as set forth in the table below.

Name of executive directors and supervisory directors	Title	
Toshihiko Fukase	Executive Director	
Koichi Nishiyama	Executive Director	
Tadashi Niizawa	Supervisory Director	Certified Public Accountant, Certified Public Tax Accountant
Tomio Hirota	Supervisory Director	Lawyer
Akira Nishizawa	Supervisory Director	Real Estate Appraiser
Nobutoshi Kozuka	Supervisory Director	Certified Public Accountant, Certified Public Tax Accountant

Note: Koichi Nishiyama, Executive Director, is concurrently President & CEO of NBFM. No executive or supervisory director directly or indirectly holds any shares in NBF. Further, while some supervisory directors are concurrently officers in other corporations, there exist no conflicts of interest between said corporations and NBF.

Investment Policies of NBF

1. Basic Investment Policies

A. Basic Policies

NBF's primary investment objective is to achieve sustainable growth in portfolio value and stable profits on a mid-term to long-term basis. NBF achieves this objective by investing in real estate consisting of buildings primarily used for offices with their underlying land located in the Tokyo Central Business Districts (hereinafter "CBDs"), Other Greater Tokyo and Other Cities in Japan as well as securities, beneficiary certificates representing beneficial interests in trusts (hereinafter "beneficiary certificates") and other assets backed by office properties (collectively hereinafter "Real Estate etc.") ("Investment Objects and Policies", Articles of Incorporation). (Reference to : laws, legal documents, etc used as the basis or sources hereof are set forth in parenthesis herein.)

B. Investment Strategy

Nippon Building Fund Management Ltd. ("NBFM"), based on the investment strategy of NBF set forth below, invests and manages the assets of NBF. NBFM has established asset management guidelines based on the Articles of Incorporation of NBF and in accordance with the investment strategy of NBF.

(1) Strategy for Creation of the Portfolio

The goal of the portfolio is to generate steady growth and stable profits on a mid-term to long-term basis. The selection criteria of investment assets is based on, the composition of investment assets in the portfolio and based on consideration of a quantitative proportion of the office stock located in the various regions of Japan.

Area Diversification

The investment strategy of NBF divides the investment area into three areas consisting of Tokyo CBDs, Other Greater Tokyo and Other Cities in such manner that 70% or more of total investment assets (Real Estate etc.) is allocated to Tokyo CBDs and Other Greater Tokyo and 30% or less to Other Cities. The purpose of this area diversification is to mitigate cash flow risks such as earthquakes, risk of vacancies and so forth.

The following table sets forth abovesaid area diversification strategy.

Area and Allocation Ratio	Area Analysis
Tokyo CBDs 9 central wards in Tokyo : Chiyoda, Minato, Chuo, Shinjuku, Shinagawa, Shibuya, Toshima, Bunkyo and Meguro Other Greater Tokyo Other 14 wards in Tokyo and Neighboring Cities (see Note 1 below) such as Musashino, Tachikawa, Yokohama, Kawasaki, Chiba, Kashiwa, Saitama etc.	Relatively high rent levels and low vacancy rates compared to Other Cities; also, relatively large market scale (both leasing and purchase/sale) with high growth rates. Relatively low yearly NOI yields. Relatively high liquidity at the time of sales. Basic special characteristics are between those of Tokyo CBDs and Other Cities.
Total of above two areas :70% or more	
Other Cities Principal regional cities such as Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Nagoya, Kyoto, Osaka, Kobe, Okayama, Hiroshima, Takamatsu, Fukuoka, Kumamoto etc.	Rent levels relatively low and vacancy rates relatively high compared to Tokyo CBDs. Also, scale of market is relatively small and growth rates relatively low. Relatively high yearly NOI yields. Relatively low liquidity at the time of sales.
Total of above area: 30% or less	

Note 1 "Neighboring Cities" refers to the Metropolis of Tokyo excluding its 23 wards, and the 6 prefectures of Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi.

Note 2 Due to unforeseeable events such as, extreme fluctuations in macro-economic trends, financial trends, real estate market trends and so forth, it may not always be possible to operate in accordance with each of the above criteria ("Investment Objects and Policies", Articles of Incorporation).

(2) Acquisition Strategy

Ratio of Real Estate Assets

NBF will maintain ratios of 75% or more with respect to both the "Designated Real Estate Ratio" and the "Real Estate etc. Ratio"(both defined in the Note below). As of September 28, 2004, NBF satisfied both of the above criteria.

- The "Designated Real Estate Ratio" means the ratio of the total amount of Designated Real Estate to the total amount of Designated Assets owned by NBF.

Note: Designated Real Estate includes real estate, real estate leasehold rights, superficies and beneficiary certificates backed by real estate, land leasehold rights and superficies (as designated under Article 83.4.3.1 of the Special Taxation Measures Law of Japan).

- The "Real Estate etc. Ratio" means, as provided for by Finance Ministry Ordinance, the ratio of the total amount of real estate etc. (including real estate, real estate leasehold rights, superficies, beneficiary certificates held in trust (but limited to trust assets consisting of real estate, land leasehold rights and superficies) and *tokumei-kumiai* ownership interests (but limited to investments in operating real estate, real estate leasehold rights and superficies designated in the agreement with such *tokumei-kumiai*)) to the total amount of assets. The

Real Estate etc. Ratio is set forth in the “Investment Objects and Policies” of the Articles of Incorporation of NBF; provided, however, that the relevant Finance Ministry Ordinance is no longer in force.

Due Diligence

When investing in office properties, selections will be made through comprehensive research and analysis based on the forecast investment yields resulting from their acquisition costs and their anticipated profits, future prospects and stability of the area of location, availability of measures responding to risks of deterioration and obsolescence, insurability and so forth. The details of the relevant criteria are set forth in the following table (“Investment Objects and Policies”, Articles of Incorporation).

Though such consideration will involve the study of the criteria included in the following table, it is possible that when NBF acquires or intends to acquire operating assets, not all of the following criteria will be satisfied.

Item	Points to be reviewed
Scale of building	Net rentable area, including net rentable area of entire building and standard net rentable area per floor. Desired total net rentable area is 1,650m ² (approximately 500 <i>tsubo</i>) or more. Standard net rentable area per floor is 330m ² (approximately 100 <i>tsubo</i>) or more.
Construction type and specifications of facilities	Building design and floor plan suitable for leasing, with divisibility, adequate ceiling height, electrical service, HVAC equipment etc.
Earthquake resistance	Ensure that construction quality exceeds earthquake standards (meaning those required pursuant to the Building Standards Law as amended in 1981) or standards equivalent thereto.
Measures regarding status of legal title	In cases such as co-ownership, divided condominium ownership, a building erected on leased land etc. where NBF will not obtain complete ownership of a building, following matters are appropriately treated. <ul style="list-style-type: none"> • measures to protect security deposits, policies and measures regarding cash reserves for long-term renovation plans; • appropriate measures regarding demands for division of co-owned interests or the sale of a co-owner’s interest etc;
Tenancy characteristics	Acceptable creditworthiness of tenants, purposes of use by tenants, configuration, and condition of collectibility of rents etc.
Environmental; condition of land etc.	Absence of harmful substances such as asbestos, (or countermeasures can be implemented for any such substances), non-existence of soil pollution etc.

Uncompleted or Unleasable Properties

In principle, NBF acquires Real Estate etc. which are leased/leasable assets at the time of closing. NBF may acquire a property which is not yet leasable at the time of closing based on consideration of the impact on NBF's asset management activities after taking into account the investment amount, the date of completion or of becoming leasable, estimated revenues and so forth; provided, however, that the contract amount of any such unleasable asset combined with the total contract amount of previously acquired unleasable assets (but excluding unleasable assets which thereafter become operational) will not exceed 10% of the total assets indicated on the most recent balance sheet of NBF. For this purpose, "leased/leasable assets" shall mean property with respect to which the construction of the building has been completed and such building is leased or leasable. Properties which are owned by NBF and have become operational at some point shall be deemed "leasable" thereafter (including such cases as reconstruction or large-scale renovation of a building).

Direct Acquisition of Real Estate

One objective is for the ratio of the amount of real estate directly acquired by NBF to the total amount of Designated Assets acquired by NBF during each year to be 50% or more of Designated Real Estate. This objective will be applicable during the period from April 1, 2002 until the existence of the measures to abate the real estate acquisition tax ("Investment Objects and Policies", Articles of Incorporation). However, this requirement was abolished effective December 31, 2003 pursuant to amendments of the tax law.

(3) Management and Disposition Policies

Regarding acquired operating properties, the goal is to obtain steady growth of operating profits on a mid-term to long-term basis by planning to maintain and improve asset value and competitive ability through investment in facilities and by expanding income (increasing rents etc., increasing occupancy rates, extending the term of leases and rendering them more stable etc.) and reducing property-related expenses.

NBF will, in principle, for the purpose of assuring stable income on a mid-term to long-term basis, lease out all operating properties included in operating assets (including installation of parking lots, billboards etc.). When conducting such leasing, security deposits etc. and other similar monies may be received and said monies will be managed in accordance with the requirements of "Investment Objects and Policies" of the Articles of Incorporation ("Investment Objects and Policies", Articles of Incorporation).

NBF is entitled to establish reserves for long-term renovations required to maintain and enhance the value of operating properties, reserves for payables, reserves for cash distributions and any other similar reserves etc. (Articles of Incorporation).

Reserves for Long-Term Renovations

From the reserves set forth above, a portion corresponding to renovations, repairs and tenant improvements will be determined based on renovation plans for each building. As of September 28, 2004, foreseen reserves provided from January to December 2004 are as follows:

Item	Reason
Reserves for long-term renovations	Average annual amount over an approximately 10-year period based on engineering reports
Reserves for tenant improvements (reserves for future construction expenses required for spaces leased to tenants)	Expenses of providing “free access floor”(or raised floor); expenses for other move-in construction costs (partitions etc.)
Total Foreseen Amount: (annual basis) ¥1,555 million	

(Note1) In addition to the above-mentioned amount, certain amounts are set aside as cash reserves for renovation pursuant to the administrative rules of the buildings in which NBF owns condominium interests, etc.

(Note 2) The amount of reserves set forth above is the total amount of reserves with respect to the 33 properties owned by NBF as of the end of December, 2003.

Measures to Avoid Reductions and Fluctuations in Operating Income

In order to avoid large-scale reductions and fluctuations in operating income due to fire damage, withdrawal of tenants and so forth, efforts, such as area diversification and obtaining adequate fire and casualty insurances etc., will be exerted.

Appraisal Value etc.

In the event that valuation of real estate, land leasehold rights and superficies (including beneficiary certificates, securities and tokumei-kumiai ownership interests, and other asset-backed instruments) is undertaken for the purpose of disclosure in Performance Information Reports etc., the value to be used for disclosure will, in principle, be the appraisal valuation provided by a certified real estate appraiser (Articles of Incorporation).

The appraisal value of property with respect to the period commencing on the acquisition thereof and ending on the date of disclosure of such value with respect to the next following closure of NBF's accounting term shall be the acquisition price of the said property (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax) as stated in the sale and purchase contract etc. for the said property.

Disposition

In disposing of individual operating properties, selections will be made through comprehensive research and analysis based on the forecasted income, actual and predicted fluctuations in asset value, future prospects and stability of the area of location, risks of deterioration and obsolescence of real estate and predicted costs thereof as well as the composition of the portfolio etc. Sell/hold studies will be periodically undertaken with respect to all operating properties (“Investment Objects and Policies”, Articles of Incorporation).

(4) Financial Policies

Issuance of Shares

NBF may issue shares in order to undertake acquisition and renovation and so forth of assets and to provide allowance for funds required for working capital as well as for the repayment of debt (including security deposits, borrowings and repayment of obligations regarding NBF bonds etc.)

Debt Financing

NBF may raise capital (including use of the call loan market) and issue bonds in order to undertake acquisition and renovation and so forth of assets and to provide allowance for funds required for working capital as well as for the repayment of debt (including security deposits, borrowings and repayment of obligations regarding NBF bonds etc.) (“Investment Objects and Policies”, Articles of Incorporation).

Borrowings are limited to those from Qualified Institutional Investors as specified in Article 2.3.1 of the Securities and Exchange Law of Japan, in case capital is borrowed. Further, the total limit on all such borrowings and issues of NBF bonds will be ¥1,000,000 million. When undertaking borrowings or when issuing NBF bonds, NBF may provide operating assets as collateral (Articles of Incorporation).

Loan to Value Ratio

The ratio of the total amount of borrowings and issues of NBF bonds to the total amount of assets of NBF (Loan-to-Value ratio) is envisioned to be limited to 60%, but may temporarily exceed 60% when acquiring certain assets etc(Long and mid-term operating asset management policy and annual management plan established by the Asset Management Company).

Derivatives

In order to avoid risks of fluctuation in the prices of operating assets as well as risks of fluctuations in interest rates, futures transactions, option transactions, swap transactions and forward rate transactions with respect to Japanese interest rates may be undertaken (“Investment Objects and Policies”, Articles of Incorporation).

Distribution Policies of NBF

A. Distributions of Profits

A registered investment corporation may deduct its cash dividends of profits from taxable income under Japanese tax regulations if it distributes to its shareholders in excess of 90% of its taxable income and complies with other organizational and operational requirements. NBF intends to make dividend distributions that ensure that NBF satisfies those requirements.

NBF will, in principle, effect distributions in accordance with the followings policies (Articles of Incorporation).

Earnings Available for Distributions

NBF's earnings available for distributions is based on accounting of profits prepared in accordance with the Investment Trust Law and the Securities and Exchange Law of Japan and in conformity with generally accepted accounting principles in Japan.

The distributable amount which results from operation of managed assets of NBF (hereinafter, "Distributable Amount") shall be the amount of profit (the amount of net assets on the balance sheet less the amount of total expenses, capital surplus reserves and estimated variances) calculated on each closing date in accordance with the Investment Trust Law of Japan and corporate accounting principles generally deemed to be fair and appropriate.

Cash Distribution of Profits

The amount of cash distributions will be determined by NBF, such amount being in excess of 90% of taxable income available for dividends of NBF set forth in Article 67-15 of the Special Taxation Measures Law of Japan (hereinafter "Taxable Income Available for Dividends"); provided, however, that the maximum amount of distributions will be the Distributable Amount. NBF has the right to allow for long-term reserve for repair, reserve for outstanding claims, reserve for distributions and other reserves and allowances similar thereto which are deemed necessary for maintenance or appreciation of the assets of NBF.

B. Distribution in Excess of Earnings

A registered investment corporation is allowed to distribute cash to its shareholders in excess of retained earnings under the Investment Trust Law of Japan, although the Investment Trusts Association of Japan has established rules such that a corporate-style J-REIT may pay out the excess of retained earnings for the period up to a maximum of 60% of depreciation for the period. NBF is entitled to make cash distributions of the amounts described below in excess of the Distributable Earnings in the following cases; provided, however, that the maximum amount of such distributions will be the amount set forth in the rules of the Investment Trusts Association of Japan (Article 16.2 of the Articles of Incorporation).

- Amount determined by NBF as being eligible for the requirements of the Special Taxation Treatment for Investment Corporations, in case of the Distributable Earnings being less than the Taxable Income Available for Dividends
- Amount determined by NBF not in excess of the amount of depreciation for the current term less the amount of appropriate reserves for the current term, if NBF determines it appropriate considering trends in macro-economic environments, real estate markets and leasing markets

NBF's Current Policy on Distributions in Excess of Profits

As for cash distributions in excess of profits, as long as the current Japanese taxation treatment applicable to NBF's shareholders in Japan to whom such distributions are paid requires them to calculate capital gain or loss at the time of each distribution, NBF will not make distributions in excess of profits.

Notwithstanding the above, NBF may make distributions in excess of profits in accordance with the distribution policies stated above in order to meet "Requirement for Deduction from taxable income of Dividends of Profit, etc.", and if such distributions in excess of profits are deemed necessary by the Board of Directors of NBF.

C. Method of Distributions

Distributions will be made in cash, in principle, within three months from the closing date, to such shareholders or registered pledgees as are listed in the latest Shareholder Registry as of the closing date, in proportion to the number of shares owned by them (Articles of Incorporation).

D. Prescription for Cash Distributions etc.

NBF will be discharged from the obligation to pay distributions of profits three calendar years from the date of commencing payment. Interest will not accrue on unpaid distributions (Articles of Incorporation).

Investment Restrictions

NBF will invest neither in real estate located outside of Japan nor in assets denominated in non-Japanese currencies as specified in the Articles of Incorporation. Please see " Appendix Investment Restrictions" regarding other investment restrictions. Also, refer to " Basic Investment Policies (B) Investment Strategy" hereinabove.

Performance Information Report

Overview of NBF

Financial Highlights

Distribution for the Current Period

Capitalization

Major Shareholders

Categories of Shareholders

Capital Expenditures

Planning

Capital Expenditures for the Current Period

Cash Reserve for Capital Improvements

Expenses regarding Entrustment etc.

Trading Activities during the Current Period

Trading of Real Estate and Real Estate held in Trust

Trading of Other Assets Including Total Amount and Transactions

Related Parties Transactions

Overview of NBF

1. Financial Highlights

		6th Period from January 1, 2004 to June 30, 2004	5th Period from July 1, 2003 to December 31, 2003	4th Period from January 1, 2003 to June 30, 2003
(Yen in millions, except per share data or where otherwise indicated)				
Operating revenues		¥12,554	¥12,453	¥12,239
Revenues from property leasing		12,458	12,453	12,239
Operating expenses		7,392	7,464	7,196
Rental expenses		6,775	6,891	6,548
Income before income taxes		4,263	4,094	4,314
Net income	(a)	4,262	4,093	4,313
Total assets	(b)	366,200	314,362	307,688
Total shareholders' equity ('Net assets')	(c)	153,161	152,992	153,212
Contributed capital		148,899	148,999	148,899
Total amount of cash distribution	(e)	4,262	4,093	4,313
Total number of common shares issued (shares)	(d)	280,700	280,700	280,700
Net assets per share (Yen)	(c) / (d)	545,641	545,038	545,823
Distribution per share (Yen)	(e) / (d)	15,185	14,582	15,367
Distribution of accumulated earnings per share (Yen)		15,185	14,582	15,367
Distribution in excess of accumulated earnings per share (Yen)		-	-	-
Return on total assets	Note 2	1.25% (2.51%)	1.32% (2.63%)	1.44% (2.88%)
ROE	Note 2	2.78% (5.57%)	2.67% (5.35%)	2.81% (5.63%)
Capital ratio	(c) / (b)	41.8%	48.7%	49.8%
Payout ratio	(e) / (a)	99.9%	100.0%	100.0%
Number of days		182	184	181
Other supplementary data:				
Number of investment properties	Note 4	43	33	29
Number of tenants	Note 4	629	511	446
Total rentable square meters		419,511	358,940	340,497
Occupancy rate	Note 4	97.7%	92.3%	94.8%
Depreciation and amortization		2,628	2,403	2,366
Capital expenditures		459	2,314	1,167
NOI from property leasing activities	Note 2	8,311	7,964	8,057
FFO per share (Yen)	Note 2	24,203	23,141	23,794

Note 1 Operating revenues do not include consumption taxes.

Note 2 All valuations are calculated through the following formulas. The figures in parenthesis are annualized based on the 6 months figures for the period.

Return on total assets: $\text{Income before income taxes} / (\text{Initial total assets} + \text{Total assets at end of period}) \div 2$

ROE: $\text{Net income} / (\text{Initial shareholders' equity} + \text{Shareholders' equity at end of period}) \div 2$

NOI (Net Operating Income) from property leasing activities:

$(\text{Revenue from property leasing} - \text{Rental expenses}) + \text{Depreciation and Amortization}$

FFO (Funds From Operation) per share : $(\text{Net income (excluding Gain on sale of investment properties)} + \text{Depreciation and Amortization}) /$

$\text{Weighted average number of common shares issued and outstanding during the period.}$

Note 3 As for payout ratio, figures beyond the first decimal place have been disregarded.

Note 4 Number of investment properties means units generally perceived to be one office building. Number of tenants means gross number of tenants by building. Occupancy rate is ratio of gross leased area to total rentable area at the end of the period.

2. Distribution for the Current Period

Distribution per share for the current period was ¥15,185. NBF expects to distribute almost all taxable income for the current period to be eligible for special tax treatment (Special Taxation Measures Law of Japan Article 67-15) that allows NBF to deduct its cash dividends of profits from taxable income.

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen in thousands, except per share amount)		
Retained earnings	¥ 4,262,515	¥ 4,093,179	¥ 4,313,553
Undistributed earnings	86	12	36
Total cash distribution	4,262,430	4,093,167	4,313,517
(Total cash distribution per share)	15,185	14,582	15,367
Distribution of accumulated earnings	4,262,430	4,093,167	4,313,517
(Distribution of accumulated earnings per share)	15,185	14,582	15,367
Cash Distribution in excess of accumulated earnings (per share)			

Note Above cash distributions were paid after the period end.

3. Capitalization

Balance of Paid-in Capital

NBF was established on March 16, 2001 with initial paid-in capital of ¥100 million. NBF began investing activities in May 2001 after ¥98,800 million was raised through private placements. As of June 30, 2004, NBF had issued 280,700 common shares out of 2,000,000 total authorized shares. NBF's common shares were listed on the J-REIT section of the Tokyo Stock Exchange in September 2001 upon the completion of a public offering. As the Investment Trust Law of Japan does not contain any provision for the issue of more than one class of shares, NBF's common shares comprise the sole class of shares authorized and issued by NBF.

Payment date	Remarks	Common Shares outstanding		Paid-in capital		Notes
		Increase	Balance	Increase	Balance	
		(shares)		(Yen in millions)		
March 15, 2001	Initial capital (private)	200	200	¥ 100	¥ 100	Note 1
May 22, 2001	Private placement	197,600	197,800	98,800	98,900	Note 2
September 7, 2001	Public offering	82,900	280,700	49,999	148,899	Note 3

Note 1 NBF was established with initial capital of ¥500,000 per share.

Note 2 Follow-on private offering at ¥500,000 per share to raise funds for acquisition of 22 properties.

Note 3 Public offering of new units for ¥625,000 per share (excluding underwriting fee: ¥603,125) to repay debt and to fund property acquisition.

Market Price of shares

High/Low (closing price) of shares on the TSE:

	June30, 2004	For the six months ended December31,2003 (in Yen)	June30,2003
High.	¥ 823,000	¥696,000	¥ 694,000
Low.	682,000	631,000	570,000

Borrowings

Borrowings by financial institution as of June 30, 2004 are shown below.

Short-term debt

Lender	Balance	Average interest rate(%) (Note 1)	Due on	Repayment Method	Use of Funds	Notes
(Yen in millions)						
The Chuo Mitsui Trust and Banking Co., Ltd.	¥16,500	0.5%	July 20, 2004			
The Bank of Tokyo- Mitsubishi, Ltd.	15,400	0.5%	July 20, 2004			
The Norinchukin Bank	9,500	0.5%	July 20, 2004			
Sumitomo Mitsui Banking Corporation	8,150	0.5%	July 20, 2004			
The Hachijuni Bank, Ltd.	2,000	0.4%	September 30, 2004			
Shinkin Central Bank	2,000	0.5%	July 20, 2004			
The Bank of Fukuoka, Ltd.	2,000	0.5%	July 30, 2004			Unsecured
The Kagoshima Bank, Ltd.	2,000	0.4%	July 20, 2004			/unguaranteed
The Chugoku Bank, Ltd.	1,000	0.5%	August 31, 2004	Bullet	(Note 3)	/pari passu,
The Gunma Bank, Ltd.	1,000	0.5%	February 2, 2005	payment		See (Note 4)
Mizuho Corporate Bank, Ltd.	1,000	0.5%	November 4, 2004			
The Shizuoka Bank, Ltd.	1,000	0.5%	July 30, 2004			Floating rate
The Yamaguchi Bank, Ltd.	1,000	0.5%	July 30, 2004			
The Daishi Bank, Ltd.	1,000	0.5%	July 20, 2004			
The Yamanashi Chuo Bank, Ltd.	500	0.4%	September 30, 2004			
Short-term debt Total	¥ 64,050					

Long-term debt

Sumitomo Life Insurance Company	¥ 12,000	1.7%	May 23, 2008			
	5,000	1.7%	July 16, 2009			
	5,000	2.1%	July 16, 2011			
	3,000	1.2%	February 3, 2010			
The Chuo Mitsui Trust and Banking Co., Ltd.	10,000	1.3%	May 23, 2006			
	9,000	1.3%	July 16, 2007			
	1,000	1.2%	March 30, 2009			
	5,000	1.6%	March 30, 2011			
Meiji Yasuda Life Insurance Company	3,000	2.1%	December 21, 2011			
	4,000	2.2%	April 27, 2012			Unsecured
	1,000	2.2%	May 23, 2012			/unguaranteed
	2,000	1.2%	February 26, 2010	Bullet	(Note 3)	/pari passu,
The Norinchukin Bank	8,000	1.1%	November 20, 2008	payment		See (Note 4)
The Sumitomo Trust and Banking Co, Ltd.	6,000	1.3%	July 16, 2007			
Mitsui Life Insurance Company, Ltd.	2,000	1.7%	February 13, 2012			
	4,000	1.8%	March, 30, 2012			Fixed rate
Nippon Life Insurance Company	3,000	0.7%	August 9, 2005			
	2,000	0.7%	September 30, 2005			
The Dai-Ichi Mutual Life Insurance Company	2,000	0.7%	March 31, 2006			
	1,000	0.9%	September 29, 2006			
	2,000	0.8%	February 13, 2008			
Sumitomo Mitsui Banking Corporation	2,000	1.2%	March 12, 2007			
	1,000	1.5%	June 30, 2009			

Long-term debt (continued)

Lender	Balance	Average interest rate(%) (Note 1)	Due on	Repayment Method	Use of Funds	Notes
(Yen in millions)						
Daido Life Insurance Company	2,000	1.2%	February 3, 2010			
	1,000	1.8%	March 30, 2012			
The Joyo Bank, Ltd.	1,000	0.9%	May 23, 2006			
	1,000	1.4%	May 23, 2008			
The Iyo Bank, Ltd.	1,000	0.7%	March 31, 2006			
	1,000	0.7%	February 2, 2007			
Taiyo Life Insurance Company	1,000	1.2%	February 12, 2010			
Zenkyoren (The National Mutual Insurance Federation of Agricultural Cooperatives)	1,000	1.7%	June 1, 2011			
Long-term debt Total	¥102,000					
Borrowings Total	¥166,050					

Note 1. Average interest rate is stated for each lender (average weighted by borrowing outstanding in case of more than one loan from the same lender) by rounding down to the second decimal place.

Note 2. With respect to the date of drawdown and date of repayment in case of more than one short-term loan from the same lender, the earliest date of repayment for all such loans coming due is given.

Note 3. Use of funds for the above includes acquisition of real estate or beneficiary interests, repayment of borrowings and working capital.

Note 4. A special agreement attached to "Loan Agreement" entered into between the NBF and each financial institution provides that the above borrowings from all financial institutions rank pari passu to each other.

Note 5. The total amount of long-term borrowings (i.e. excluding those expected to be repaid within one year) repayable within 5 years of the date of the balance sheet and expected to be repaid by specific year(s) is as follows.

(Unit : ¥1000)

	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount Borrowed	19,000,000	4,000,000	30,000,000	10,000,000

NBF Bonds

Issue	Issue Date	Balance as of June 30, 2004 (Yen in millions)	Coupon	Maturity Date	Redemption	Use of Proceeds	Note
No.2 Unsecured Bonds	Feb 10, 2003	¥ 10,000	0.75 %	Feb 9, 2007	Bullet Payment	Note 1	Note 2
No.3 Unsecured Bonds	June 12, 2003	¥ 10,000	2.00 %	June 12, 2018	Bullet Payment	Note 1	Note 2
Total		¥ 20,000					

Note 1. Use of funds includes acquisition of Real Estate etc., repayment of borrowings and working capital.

Note 2. The bonds are limited to qualified institutional investors and rank pari passu with other debts issued.

Note 3. The total amount of bonds repayable within 5 years of the date of the balance sheet and expected to be repaid by specific year(s) is as follows.

(Unit: ¥1000)

	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Amount Borrowed	-	-	10,000,000	-	-

Others

NBF has security deposits totaling ¥21,878 million as of June 30, 2004.

4. Major Shareholders

The following table sets forth our major shareholders' information as of June 30, 2004.

Name	Address	Number of Common Shares Owned	Ownership
Mitsui Fudosan Co., Ltd.	1-1 Nihonbashi Muro-machi, 2-chome Chuo-ku, Tokyo	16,200	5.8%
Japan Trustee Services Bank, Ltd.	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	11,867	4.2
Obic Business Consultants Co., Ltd.	1-1 Nishi Shinjuku 2-chome, Shinjuku-ku, Tokyo	10,669	3.8
The Nomura Securities Co., Ltd.	9-1 Nihonbashi 1-chome, Chuo-ku, Tokyo	10,187	3.6
Sumitomo Life Insurance Company.	18-24 Tsukiji 7-chome, Chuo-ku, Tokyo	10,000	3.6
The Chugoku Bank, Ltd.	15-20 Marunouchi 1-chome, Okayama, Okayama	8,385	3.0
State Street Bank and Trust Company	P.O.Box 351 Boston Massachusetts 02101 U.S.A	6,945	2.4
(Standing Proxy: Kabuto-cho Custody Operation Room, Mizuho Corporate Bank, Limited)	(6-7 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo)		
Trust & Custody Services Bank, Ltd.	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-Chome, Chuo-ku, Tokyo	6,842	2.4
Meiji Yasuda Life Insurance Company	9-1 Nishi Shinjuku 1-chome, Shinjuku-ku, Tokyo	6,712	2.3
Aozora Bank, Ltd.	3-1 Kudan-Minami 1-chome, Chiyoda-ku, Tokyo	6,177	2.2
Total		93,984	33.5%

5. Categories of Shareholders

(As of June 30, 2004)

	Number of shareholders	Number of shares owned	Percent of total number of issued shares
Financial institutions	154	154,170	54.9%
Other legal entities	335	47,527	16.9
Overseas investors	170	32,385	11.6
Individuals and others	11,342	33,701	12.0
Securities companies	10	12,917	4.6
Japanese government and regional authorities	-	-	-
Total	12,011	280,700	100.0%

Note Japan Securities Depository Center (JASDEC) is included in "Other legal entities".

Capital Expenditures

1. Planning

NBF is planning the following capital expenditures for the renovation of its properties. The amounts below include repairs and maintenance costs that will be expensed as incurred. Moreover, in addition to a steady program of expenditures for construction, repair and renovation of facilities, a program of renewal construction is being implemented in order to increase competitive power in the market as well as to increase the level of tenant satisfaction based on the results of tenant satisfaction surveys and neighboring competitive building specification surveys etc.

Name of Property	Objective	Estimated Duration	Estimated Amounts		
			Total Amounts	Payment for the	Cumulative Amount Paid
				Current Period	
				(from January 1, 2004 to June 30, 2004)	
(Yen in millions)					
Shinjuku Mitsui Bldg. No.2	Renovation of Central Monitoring Facility	From January 2005 To June 2005	¥ 80	¥ -	¥ -
Shiba NBF Tower	Renovation of Elevator Platform etc.	From January 2005 To June 2005	50	-	-
Niigata Telecom Bldg.	Renovation of Central Monitoring System	From June 2005 To June 2005	41	-	-

2. Capital Expenditures for the Current Period

The following table sets forth the capital expenditures for the current period. NBF posted ¥ 459 million in capital expenditures together with ¥ 318 million for repairs and maintenance expenses.

Name of Property	Objective	Period	Expenditure (Yen in millions)
Daido Life Omiya Bldg.	New Construction of Parking System etc.		31
NBF Sendai Honcho Bldg.	Improvement of Parking Machine, Engineering Work on Air Conditioning, Complete Renovation of Boiler Rooms etc.	From January 2004 To June 2004	35
Other buildings	Renovations intended to improve the level of tenant satisfaction		393
Total			¥ 459

3. Cash Reserve for Capital Improvements

NBF accumulates cash reserves from cash flows to prepare for large-scale mid-term to long-term capital improvements and repairs and maintenance that will be conducted in accordance with NBF's business plan for each property.

	As of June 30, 2004	As of December 31, 2003
	(Yen in millions)	
Reserve balance at the beginning of the period.	¥ 2,149	¥ 2,114
Amount accumulated in current period	2,771	1,104
Withdrawal from reserves in the current period	3,274	1,069
Amount carried forward	¥ 1,647	¥ 2,149

Note 1 Upon the acquisition of Real Estate etc., NBF also assumed accumulated reserves of ¥ 858 million as of June 30, 2004 for capital expenditures from previous owners, which were not included in the above accumulated amounts.

Note 2 The reserve figures represent only the amount of reserves attributable to NBF's ownership interest, the amount of reserves attributable to other owners has been excluded.

Expenses regarding Entrustment etc.

The following table sets forth the breakdown of entrustment fees etc. paid by NBF.

	For the six months ended		
Item	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen in millions)		
Asset management fees	¥ 443	¥ 438	¥ 501
Asset custody fees	14	14	13
Agent fees (stock transfer, accounting and administrative)	45	38	47
Directors' remuneration	11	11	11
Auditor's fees	12	12	12
Other expenses	92	60	64
Total	¥ 617	¥ 573	¥ 648

Note: In addition to the amounts stated above, there are asset management fees of ¥ 242 million for the period from January 1, 2004 to June 30, 2004, ¥ 48 million for the period from July 1, 2003 to December 31, 2003 and ¥ 68 million for the period from January 1, 2003 to June 30, 2003 related to investment in properties which were booked on each property.

Trading Activities during the Current Period

1. Trading of Real Estate and Real Estate held in Trust

(Yen in millions)

Name of Building	Acquired		Transferred		Capital Gain/Loss
	Date	Acquisition Price (Note 1)	Date	Transfer Price	Book Value
Shinjuku Yocho-machi Bldg. (portion of site)	-	-	January 22, 2004	344	261
Shibuya Garden Front	February 2, 2004	8,700	-	-	-
Sapporo L-Plaza (adjoining site)	March 5, 2004	-	-	-	-
Hirokoji Toei Bldg.	March 30, 2004	5,406	-	-	-
Ikebukuro TG Homest Bldg.	May 13, 2004	4,428	-	-	-
Ebisu CS Bldg.	May 14, 2004	1,000	-	-	-
NBF Atsugi Bldg.	May 20, 2004	2,300	-	-	-
Shiba A Bldg.	June 11, 2004	6,770	-	-	-
Daiya Toranomon Bldg.	June 30, 2004	13,337	-	-	-
Daiya Ikebukuro Bldg.	June 30, 2004	4,695	-	-	-
Tanimachi Kowa Bldg.	June 30, 2004	1,944	-	-	-
Aqua Dojima East	June 30, 2004	1,914	-	-	-
Total		¥ 50,494	-	344	261

Note 1 "Acquisition price" does not include national consumption tax, regional consumption tax and miscellaneous costs of acquisition.

Note 2 The figure given for "Capital Gain/Loss" for the ShinjukuYocho-machi Bldg.(portion of site) reflects, in addition to the foregoing, compensation and other sales expenses associated with the expropriation of land. A breakdown of the Capital Gain is as follows:

Revenue from sale of Real Estate etc.	364 million Yen
Cost of Real Estate etc.	261 million Yen
Other sales expenses	7 million Yen
Gain on sale of Real Estate etc	96 million Yen

2. Trading of Other Assets Including Total Amount and Transactions

Other major assets besides real estate and real estate held in trust stated above consist mostly of bank deposits or bank deposits included in assets held in trust.

3. Related Parties Transactions

1. Ongoing Transactions

Category	Amount of Purchase Price etc. (Note 2) (Note 3)	
	Purchase Price etc. (Yen in millions)	Sale Price etc. (Yen in millions)
Total Amount	50,494	344
	Amount of purchases from related parties 5,780 (11.4)	Amount of sales to related parties - (-)
Breakdown of transactions with related parties etc.		
Mitsui Fudosan Co., Ltd.	5,780 (100.0)	- (-)
Total:	5,780 (100.0)	- (-)

2. Fees Paid for the period from January 1, 2004 to June 30, 2004

Category	Total Fees Paid (A) (Yen in millions)	Description of Transactions with Related Parties		B/A
		Paid to	Amount of Payment (B) (Yen in millions)	
Brokerage commissions	875	Mitsui Fudosan Co., Ltd.	731	83.5%
		Mitsui Fudosan Investment Advisors, Inc.	14	1.6%
Office management fees etc.	587	Mitsui Fudosan Co., Ltd.	581	99.0%
		NBF Office Management Co., Ltd.	6	1.0%
Property transfer fees	27	Mitsui Fudosan Co., Ltd.	27	100.0%
Property maintenance fees	1,001	Daiichi Seibi Co., Ltd.	183	18.3%
		Mitsui Fudosan Co., Ltd.	86	8.6%
		Izumitec Co., Ltd.	84	8.4%
		Mitsui Fudosan Building Management Co., Ltd.	38	3.8%
		Mitsui Fudosan Housing Lease Co., Ltd.	2	0.2%
		NBF Office Management Co., Ltd.	1	0.1%
Leasing related service fees	48	NBF Office Management Co., Ltd.	14	28.9%
		Mitsui Fudosan Co., Ltd.	12	25.1%
		Chugoku Mitsui Real Estate Sales Co., Ltd.	1	1.5%

Note 1 "Related parties" mean parties defined in Article 20 of the government ordinance regarding the Investment Trust Law of Japan, principally, parties related to an asset management company.

Note 2 Figures set forth above are purchase prices taken from sale and purchase agreements and do not include ¥ 28 million paid to Mitsui Fudosan Co., Ltd. in settlement of fixed assets taxes etc.

Note 3 Figures in parentheses indicate percentages of total prices.

Note 4 NBF leases the Naka-Meguro GT Tower and the Nishi-Shinjuku Mitsui Building to Mitsui Fudosan Co., Ltd., which sub-leases them to sub-lessees. Accordingly, NBF does not entrust the office management business for those properties to Mitsui Fudosan. Instead, NBF Office Management Co., Ltd. has been entrusted to undertake such business on behalf of NBF, the owner and lessor of those properties.

Note 5 In addition to the above fees, a certain portion of the fees paid by NBF to a third party (a company supervising investment company shares) for handling payments of principal and interest concerning No.2 and No.3 NBF Bonds was paid by the said company to Daiwa Securities SMBC Co., Ltd.

Note 6 In addition to the above fees paid, the following have been paid to related parties for repair and maintenance work.

	(Yen in millions)
Daiichi Seibi Co., Ltd.	¥ 107
Izumitec Co., Ltd.	66
Mitsui Fudosan Building Management Co., Ltd.	32
Mitsui Fudosan Co., Ltd.	11
Mitsui Fudosan Housing Lease Co., Ltd.	7
Mitsui Designtech Co., Ltd.	3

Financial Statements

Independent Auditors' Report
Balance Sheets
Statements of Income
Statements of Shareholders' Equity
Statements of Cash Flows
Notes to Financial Statements



Independent Auditors' Report

To the Board of Directors of
Nippon Building Fund Inc.:

We have audited the accompanying balance sheets of Nippon Building Fund Inc. (a Japanese Real Estate Investment Trust) as of June 30, 2004 and December 31, 2003, and the related statements of income, shareholders' equity and cash flows for each of the six months ended June 30, 2004, December 31, 2003 and June 30, 2003, expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nippon Building Fund Inc. as of June 30, 2004 and December 31, 2003, and the results of its operations and its cash flows for each of the six months ended June 30, 2004, December 31, 2003 and June 30, 2003, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to Note 11 to the financial statements, which states that Nippon Building Fund Inc. issued new shares and unsecured bonds.

KPMG AZSA & Co.

Tokyo, Japan
September 24, 2004

NIPPON BUILDING FUND INC.

BALANCE SHEETS

As of June 30, 2004 and December 31, 2003

	As of June 30, 2004	As of December 31, 2003
	(Yen in millions)	
Assets		
Current Assets:		
Cash and cash equivalents	¥ 32,160	¥ 30,418
Tenant receivables	242	136
Consumption tax refund receivables and other current assets	700	199
Total current assets	33,102	30,753
Investment properties:		
Land including trust accounts	205,600	170,904
Building and improvements including trust accounts	120,737	103,756
Other tangible assets	2,181	1,777
Less: accumulated depreciation	(13,543)	(10,920)
Leasehold rights in trust accounts and other intangible assets	16,840	16,816
Total investment properties, net	331,815	282,333
Other assets	1,283	1,276
Total Assets	¥ 366,200	¥ 314,362
Liabilities		
Current Liabilities:		
Short-term loans	¥ 64,050	¥ 33,150
Long-term debt due within one year	-	8,000
Accounts payable	1,582	4,059
Rents received in advance	2,611	1,830
Accrued expenses and other liabilities	881	569
Total current liabilities	69,124	47,608
Long-term debt	122,000	95,000
Tenant security deposits	21,878	18,730
Other liabilities	37	32
Total Liabilities	213,039	161,370
Shareholders' Equity		
Common shares, non-par value	148,899	148,899
Shares Authorized: 2,000,000 shares		
Shares Issued and Outstanding: 280,700 shares		
Retained Earnings	4,262	4,093
Total Shareholders' Equity	153,161	152,992
Total Liabilities and Shareholders' Equity	¥ 366,200	¥ 314,362

The accompanying notes to financial statements are an integral part of these balance sheets.

NIPPON BUILDING FUND INC.

STATEMENTS OF INCOME

For the six months ended June 30, 2004, December 31, 2003 and June 30, 2003

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen in millions)		
Revenues:			
Rental	¥ 11,265	¥ 10,476	¥ 11,111
Other revenues related to property leasing	1,193	1,977	1,128
Gain on sale of investment properties	96	-	-
Total Revenues	12,554	12,453	12,239
Operating Expenses:			
Property management fees	1,623	1,632	1,684
Real estate taxes	1,193	1,097	1,093
Insurance	48	46	47
Repairs and maintenance	318	648	408
Other rental expenses	965	1,065	950
Depreciation and amortization	2,628	2,403	2,366
Asset management fees	443	438	501
Other expenses	174	135	147
Total Operating Expenses	7,392	7,464	7,196
Operating Income	5,162	4,989	5,043
Interest income	1	1	1
Interest expense	(871)	(782)	(679)
Amortization of deferred bond issue costs	(21)	(27)	(27)
Other expenses, net	(8)	(87)	(24)
Income Before Income Taxes	4,263	4,094	4,314
Current and deferred income taxes	(1)	(1)	(1)
Net Income	¥ 4,262	¥ 4,093	¥ 4,313

The accompanying notes to financial statements are an integral part of these statements.

NIPPON BUILDING FUND INC.

STATEMENTS OF SHAREHOLDERS' EQUITY

For the six months ended June 30, 2004, December 31, 2003 and June 30, 2003

		(Yen in millions)		
	Number of Common Shares	Common Shares	Retained Earnings	Total
Balance as of December 31, 2002	280,700	¥148,899	¥4,562	¥153,461
Cash Dividends declared	-	-	(4,562)	(4,562)
Net income	-	-	4,313	4,313
Balance as of June 30, 2003	280,700	148,899	4,313	153,212
Cash Dividends declared	-	-	(4,313)	(4,313)
Net income	-	-	4,093	4,093
Balance as of December 31, 2003	280,700	148,899	4,093	152,992
Cash Dividends declared	-	-	(4,093)	(4,093)
Net income	-	-	4,262	4,262
Balance as of June 30, 2004	280,700	¥148,899	¥4,262	¥153,161

The accompanying notes to financial statements are an integral part of these statements.

NIPPON BUILDING FUND INC.

STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2004, December 31, 2003 and June 30, 2003

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen in millions)		
Cash Flows from Operating Activities:			
Income before income taxes	¥ 4,263	¥ 4,094	¥ 4,314
Depreciation and amortization	2,628	2,403	2,366
Amortization of deferred bond issue costs	21	27	27
Interest expense	871	782	679
(Increase) Decrease in tenant receivables	(106)	24	(55)
(Decrease) Increase in accounts payable	(2,477)	2,252	85
Increase in rents received in advance	781	10	73
Decrease in investment properties in trust accounts due to sale	261	-	-
Cash payments of interest expense	(790)	(769)	(618)
Other, net	(271)	195	(105)
Net Cash Provided by Operating Activities	5,181	9,018	6,766
Cash Flows from Investing Activities:			
Payments for purchases of investment properties	(52,337)	(12,249)	(17,472)
Proceeds from tenant security deposits	4,768	2,621	2,914
Payments for tenant security deposits	(1,619)	(5,259)	(4,397)
Refunds from security deposits paid to lessors	19	25	21
Payments for security deposits paid to lessors	(11)	(6)	(10)
Payments for purchases of other assets	(70)	(68)	(42)
Net Cash Used in Investing Activities	(49,250)	(14,936)	(18,986)
Cash Flows from Financing Activities:			
Proceeds from short-term loans	214,450	48,700	125,150
Repayment of short-term loans	(183,550)	(42,500)	(136,650)
Proceeds from long-term debt	27,000	1,000	30,000
Payments for redemption of bonds	(8,000)	-	-
Payments for deferred bond issue costs	-	-	(126)
Payment of dividends	(4,089)	(4,312)	(4,560)
Net Cash Provided by Financing Activities	45,811	2,888	13,814
Net Change in Cash and Cash Equivalents	1,742	(3,030)	1,594
Cash and cash equivalents at the beginning of the period	30,418	33,448	31,854
Cash and Cash Equivalents at the end of the period	¥ 32,160	¥ 30,418	¥ 33,448

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Nippon Building Fund Inc.

June 30, 2004, December 31, 2003 and June 30, 2003

Note 1 –Organization and Basis of Presentation

Organization

Nippon Building Fund Inc. (formerly: "Office Building Fund of Japan, Inc." The current name was adopted on March 14, 2003, hereinafter "NBF") was formed on March 16, 2001 as an investment corporation under the Investment Trust Law of Japan with Mitsui Fudosan Co., Ltd., The Chuo Mitsui Trust and Banking Co., Ltd., and Nippon Building Fund Management Ltd. (formerly: "Office Building Fund Management Japan Limited", hereinafter "NBFM") acting as sponsors. Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on May 10, 2001 and NBF started acquisition of office properties on May 23, 2001.

NBF is an externally managed real estate fund, formed as an investment corporation. NBFM, as NBF's asset management company, is engaged in acquiring, managing, leasing, and renovating office properties. Mitsui Fudosan Co., Ltd. currently owns 43 % of NBFM while Sumitomo Life Insurance Company owns 35% and the remaining 22% is mainly owned by financial institutions.

On September 10, 2001, NBF had raised approximately ¥50,000 million through an initial public offering of common shares. Those common shares are listed on the J-REIT section of the Tokyo Stock Exchange.

As of June 30, 2004, NBF had ownership or beneficiary interests in 43 office properties containing approximately 419,511 rentable square meters of office space. As of June 30, 2004, NBF had leased office space to 629 tenants engaged in a variety of businesses. The occupancy rate for the office properties was approximately 97.7%.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law of Japan and the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of statements of shareholders' equity) from the financial statements of NBF prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. NBF does not prepare consolidated financial statements, as NBF has no subsidiaries.

Note 2 –Summary of Significant Accounting Policies

Cash and Cash Equivalents

NBF considers all highly liquid investments with original maturity of three months or less to be cash and cash equivalents.

Investment Properties

Investments properties are recorded at cost, which included the allocated purchase price and related costs and expenses for acquisition of the office properties and the beneficiary interests of properties in trust. Property and equipment balances are depreciated using the straight-line method over estimated useful lives. Estimated useful lives of the principal tangible fixed assets (including assets held in trust) are as follows:

Buildings and improvements	2-50 years
Structures	2-52 years
Machinery and equipment	2-17 years
Tools, furniture and fixtures	2-16 years

Costs related to the renovation, construction and improvement of properties are capitalized. Expenditures for repairs and maintenance which do not add to the value or prolong the useful life of a property, are expensed as incurred.

In the period ended June 30, 2004, NBF did not adopt early the new accounting standard for impairment of fixed assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). The new accounting standard is required to be adopted in periods beginning on or after April 1, 2005, but the standard does not prohibit earlier adoption.

Deferred Bond Issue Costs

Deferred bond issue costs are amortized using the straight-line method over three years.

Income Taxes

Income taxes are accounted for on the basis of income for financial statement purposes. The tax effect of temporary differences between the amounts of assets and liabilities for financial statements and for income tax purposes is recognized as deferred taxes.

Real Estate Taxes

Real estate taxes are imposed on properties on a calendar year basis. NBF is allocated the portion of the real estate taxes related to the period following the purchase date of each property through the end of the year and the equivalent amounts of those allocated portions are capitalized as part of the acquisition costs of the relative properties. Capitalized real estate taxes amounted to ¥208 million for the period ended June 30, 2004 and ¥19 million for the period ended December 31, 2003 and ¥96 million for the period ended June 30, 2003, respectively.

Revenue Recognition

NBF operates office properties that are rented to tenants on lease terms of generally two years, with monthly payments due in advance. Rental and other property income is recorded when due from tenants and is recognized monthly as it is earned. Common area charges provided for in tenant leases are recognized as income when earned and their amounts can be reasonably estimated.

Accounting Treatment of Beneficiary Interests in Trust Assets including Real Estate

For trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust as well as all income generated and expenses incurred from assets in trust are recorded in the relevant balance sheet and income statement accounts.

Note 3 – Schedule of tangible assets of investment properties

Other tangible assets as of June 30, 2004 and December 31, 2003 consisted of the following:

	As of June 30, 2004			As of December 31, 2003		
	(Yen in millions)					
	Acquisi- -tion Costs	Accumu- -lated Depreci- -ation	Book Value	Acquisi- -tion Costs	Accumu- -lated Depreci- -ation	Book Value
Land	¥ 34,150	¥ -	¥ 34,150	¥ 19,224	¥ -	¥ 19,224
Land in trust	171,450	-	171,450	151,680	-	151,680
Land including trust total	205,600	-	205,600	170,904	-	170,904
Buildings and improvements	31,378	(1,308)	30,070	21,785	(789)	20,996
Buildings and improvements in trust	89,359	(11,701)	77,658	81,971	(9,706)	72,265
Building and improvements including trust	120,737	(13,009)	107,728	103,756	(10,495)	93,261
Structures	449	(55)	394	350	(34)	316
Machinery and equipment	277	(17)	260	150	(7)	143
Tools, furniture and fixtures	44	(5)	39	16	(2)	14
Construction in process	-	-	-	7	-	7
Structures in trust	452	(134)	318	422	(111)	311
Machinery and equipment in trust	648	(187)	461	565	(155)	410
Tools, furniture and fixtures in trust	307	(136)	171	267	(116)	151
Construction in process in trust	4	-	4	-	-	-
Other tangible assets total	2,181	(534)	1,647	1,777	(425)	1,352
Total	¥328,518	¥(13,543)	¥314,975	¥276,437	¥(10,920)	¥265,517

Note 4 – Shareholders' Equity

NBF issues only non-par value shares in accordance with the Investment Trust Law of Japan and all of the issue price of new shares is designated as stated capital. NBF maintains at least ¥50 million as the minimum net assets as required by the Investment Trust Law of Japan.

Note 5 – Short-Term Loans and Long-Term Debt

Short-term loans consist of short-term notes and short-term borrowings under loan agreements. The annual interest rates on short-term loans outstanding are floating rates and at June 30, 2004 and December 31, 2003 ranging from 0.41% to 0.52% and from 0.48% to 0.52%, respectively. Long-term debt is fixed rates and as of June 30, 2004 and December 31, 2003 consisted of the following:

	As of June 30, 2004	(Yen in millions) As of December 31, 2003
Unsecured loans due 2005 to 2012 principally from banks and insurance companies with interest rates mainly ranging from 0.7% to 2.2%	¥ 102,000	¥ 75,000
0.68% unsecured bonds due 2004	-	8,000
0.75% unsecured bonds due 2007	10,000	10,000
2.00% unsecured bonds due 2018	10,000	10,000
	122,000	103,000
Less: amount due within one year	-	8,000
	¥ 122,000	¥ 95,000

The annual maturities of long-term debt as of June 30, 2004 were as follows:

	(Yen in millions)
2005	¥ 5,000
2006	15,000
2007	28,000
2008	23,000
2009	7,000
Thereafter	44,000

During the period ended June 30, 2004, NBF obtained committed credit lines of ¥30 billion with certain financial institutions to reduce refinancing risk. The unused amount of such committed credit lines was ¥30 billion at June 30, 2004.

Note 6 –Rental Revenues and Expenses

Rental revenues and expenses for the periods ended June 30, 2004, December 31, 2003 and June 30, 2003 were as follows:

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen in millions)		
Revenues from Property Leasing :			
Rental:			
Rental revenues	¥ 9,953	¥ 9,154	¥ 9,598
Common area charges	1,243	1,254	1,448
Others	69	68	65
Subtotal	11,265	10,476	11,111
Other revenues related to property leasing:			
Parking lots	298	284	281
Facility charge	63	60	61
Incidental income	708	684	555
Cancellation fees	116	938	213
Miscellaneous income	8	11	18
Subtotal	1,193	1,977	1,128
Total revenues from property leasing	12,458	12,453	12,239
Rental Expenses:			
Property management fee	1,623	1,632	1,684
Real estate taxes	1,193	1,097	1,093
Repairs and maintenance	318	648	408
Insurance	48	46	47
Other rental expenses	965	1,065	950
Depreciation and amortization	2,628	2,403	2,366
Total rental expenses	6,775	6,891	6,548
Operating Income from Property Leasing Activities :	¥ 5,683	¥ 5,562	¥ 5,691

Note 7 – Breakdown of Gain on sale of investment properties

On January 22, 2004, NBF sold a portion of the site of Shinjuku Yocho-machi Bldg. in connection with the expropriation of the relevant land.

	(Yen in millions)
Revenue from sale of investment properties	¥364
Cost of investment properties	261
Other sales expenses	7
Gain on sale of investment properties	<u>¥ 96</u>

Note 8 –Income Taxes

NBF is subject to income taxes in Japan. The effective tax rate on NBF's income based on applicable Japanese tax law was 0.01% for the periods ended June 30, 2004, 0.02% for the periods ended December 31, 2003 and June 30, 2003, respectively. The following table summarizes the significant differences between the statutory tax rates and NBF's effective tax rates for financial statement purposes.

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
Statutory effective tax rate	39.39 %	39.39 %	39.39 %
Deductible dividends paid	(38.93)%	(39.38)%	(39.38)%
Special deduction for expropriation etc....	(0.46)	-	-
Others	0.01	0.01	0.01
Effective tax rate.....	<u>0.01 %</u>	<u>0.02 %</u>	<u>0.02 %</u>

NBF was established as an investment corporation under the Investment Trust Law of Japan, and as long as an investment corporation distributes to its shareholders at least 90% of taxable income for the period and other requirements are met, an investment corporation is allowed to deduct its dividends from taxable income under Japanese tax regulations.

Note 9– Per Share Information

Information about earnings per share for the periods ended June 30, 2004, December 31, 2003 and June 30, 2003 and net assets per share as of June 30, 2004 and December 31, 2003 was as follows.

The computation of earnings per share and net assets per share is based on the weighted average number of common shares outstanding during the period.

	For the six months ended		
	June 30, 2004	December 31, 2003	June 30, 2003
	(Yen)		
Earnings per Share of Common Shares:			
Net income:	¥ 15,185	¥ 14,582	¥ 15,367
Weighted average number of common shares outstanding:	280,700	280,700	280,700
<hr/>			
	As of	As of	
	June 30, 2004	December 31, 2003	
Net Assets Per Share	¥ 545,641	¥ 545,038	

Note 10–Leases

NBF leases its investment properties to outside parties under non-cancelable operating leases. As of June 30, 2004 and December 31, 2003, the future lease revenues under the non-cancelable operating leases are as follows:

	As of	As of
	June 30, 2004	December 31, 2003
	(Yen in millions)	
Due within one year	¥ 10,446	¥ 7,940
Due after one year	21,421	17,609
Total	¥ 31,867	¥ 25,549

Note 11– Significant Subsequent Events

Cash Distribution

As of August 18, 2004, the Board of Directors of NBF declared to effect payment of a cash distribution of ¥15,185 per share aggregating ¥ 4,262 million to shareholders of record on June 30, 2004.

Issues of New Shares

On June 18, 2004 and again on July 5, 2004 the Board of Directors of NBF resolved to issue new shares as follows and having received full payment on July 13, 2004 and August 10, 2004 said shares were issued in accordance with the following conditions.

As the result, the total amount of capital became ¥210,679 million and the number of shares issued became 364,700.

A. Issuance of New Shares through Public Offering

(i) Offering Method	:	Public Offering
(ii) Number of shares issued	:	80,000 shares
(iii) Issue Price(Offering Price)	:	759,500 Yen per share
(iv) Total Offering Price	:	60,760 million Yen
(v) Proceeds per share	:	735,475 Yen per share
(vi) Aggregate Proceeds	:	58,838 million Yen
(vii) Payment Date	:	July 13, 2004
(viii) Initial date subject to distribution	:	July 1, 2004

B. Issue of New Shares through Allocation to a Third Party

(i) Offering Method	:	Allocation to a Third Party
(ii) Number of shares issued	:	4,000 shares
(iii) Proceeds per share	:	735,475 Yen per share
(iv) Aggregate Proceeds	:	2,942 million Yen
(v) Payment Date	:	August 10, 2004
(vi) Initial date subject to distribution	:	July 1, 2004
(vii) Allottee	:	Nomura Securities Co., Ltd.
(viii) Number of Allocated Shares	:	4,000shares

Use of Procured Proceeds

The proceeds procured through the current public offering and allocation to a third party was applied to repayment of loans etc. procured by NBF for acquisition of real estate etc.

Issuance of Unsecured Bonds

At the board meeting held on September 8, 2004, it was resolved that NBF issue unsecured bonds in the amount of ¥10,000 million with coupon of 1.04% due 2009 and unsecured bonds in the amount of ¥10,000 million with coupon of 1.60% due 2011. Receipt of the proceeds of such issue was completed on September 22, 2004. NBF intends to use such proceeds to acquire designated assets.

Appendix

Investment Objects

The Investment Objects of NBF specified in the Articles of Incorporation are as follows.

A. Principal Investment Objects among Designated Assets

NBF will principally invest in the below-listed Designated Assets with the objective of assuring steady growth and stable profits from the Managed Assets.

- (1) Real estate, real estate leasehold interests and superficieses.
- (2) Beneficiary Certificates backed by real estate, land leasehold rights and superficieses, including inclusive trusts consisting of funds appurtenant to real estate.
- (3) *Tokumei-kumiai* ownership interests (provided, however, that this is limited to those the assets of which are primarily invested and Managed Assets principally referred to in paragraphs (1) and (2) above).
- (4) Preferred Investment Certificates of Special Purpose Companies (meaning those specified in Article 2.1.5.3 of the Securities and Exchange Law of Japan; provided, however, that this is limited to those the assets of which are primarily invested and Managed Assets principally referred to in paragraphs (1) and (2) above).
- (5) Special Purpose Beneficiary Certificates (meaning those specified in Article 2.1.7.4 of the Securities and Exchange Law of Japan; provided, however, that this is limited to those the assets of which are primarily invested and Managed Assets principally referred to in paragraphs (1) and (2) above).
- (6) Beneficiary Certificates of investment trusts (meaning those specified in Article 2.1.7 of the Securities and Exchange Law of Japan; provided, however, that this is limited to those the assets of which are primarily invested and Managed Assets principally referred to in paragraphs (1) and (2) above).
- (7) Investment Securities (meaning those specified in Article 2.1.7.2 of the Securities and Exchange Law of Japan; provided, however, that this is limited to those the assets of which are primarily invested and Managed Assets principally referred to in paragraphs (1) and (2) above).
- (8) Beneficiary Certificates of Money Trust (limited to those the trust assets of which are primarily invested and Managed Assets referred to in paragraph (1) above).

B. Other Investment Objects among Designated Assets

NBF may, for the purpose of efficiently managing surplus funds, invest in the following Designated Assets.

- (1) Bank deposits.
- (2) Call loans.
- (3) Japanese Government Bonds, Notes and Bills
- (4) Regional Treasury Bonds, Notes and Bills
- (5) Commercial Paper
- (6) Designated Bonds of Special Purpose Companies (meaning those specified in Article 2.1.3.2 of the Securities and Exchange Law of Japan; provided, however, that this is limited to asset-backed securities principally referred to in paragraphs (1) and (2) of section (a) above).
- (7) Monetary Claims (excluding those subject to the provisions of Paragraphs 1, 12 and 14 of Article 3 of the government ordinance regarding the Investment Trust Law of Japan).
- (8) Beneficiary Certificates of Money Trust invested and managed for the purpose of any of the foregoing items.

Moreover, in order to avoid risks of fluctuation in the prices of the Managed Assets as well as risks of fluctuations in interest rates, futures transactions, option transactions, swap transactions and forward rate transactions with respect to Japanese interest rates may be undertaken.

C. Assets other than Designated Assets

NBF may, for the purpose of efficiently managing surplus funds, invest in Certificates of Deposit issued by Japanese legal entities. Moreover, NBF may invest in equity interests of voluntary partnerships as defined by Article 667 of the Civil Code of Japan associated with investment in real estate, lease rights or superficies (but limited to investment in partnerships established with contributions of real estate, lease rights or superficies and having the objective of leasing, operating and managing etc. the same).

D. Investment in Ordinary Securities

NBF does not, in principle, have the objective of investing in and managing assets which are securities, except for those described in A and B above.

Investment Restrictions

- A. The investment restrictions specified in the Articles of Incorporation and the asset management guidelines applicable to NBF.

Investment Location and Currencies

NBF will invest neither in real estate located outside of Japan nor in assets denominated in non-Japanese currencies ("Investment Objects and Policies", Articles of Incorporation). Please also refer to "Investment Policies of NBF 1. Basic Investment Policies B. Investment Strategy" herein.

Subscription and Margin Trading of Securities

NBF may not subscribe to, or conduct margin trading of, securities.

Borrowing

See "Investment Policies of NBF 1. Basic Investment Policies B. Investment Strategy (5) Financial Policies"

Concentration of investment

There is no limitation on concentration of investment. See "Investment Policies of NBF 1. Basic Investment Policies B. Investment Strategy (1) Strategy for Creation of the Portfolio".

Investment in Other Funds

See "Appendix Investment Objects A. Principal Investment Objects amongst Designated Assets".

The real estate held by such funds may not include any real estate located outside of Japan (Articles of Incorporation).

Investment in Assets Lacking Liquidity

There is no limitation on investment in assets lacking liquidity.

Compliance with Laws and Regulations

The Managed Assets of NBF will be managed in compliance with Investment Trust Law of Japan and related regulations, the rules stipulated by the Investment Trusts Association (as amended), as well as "Investment Objects and Policies" of the Articles of Incorporation.

B. Compliance with the Investment Trust Law of Japan

While a registered investment corporation must entrust business related to asset management to an asset management company, an asset management company is prohibited from performing certain acts related to the business of managing the assets of said investment corporation. As a result, an investment corporation is subject to certain investment restrictions (all references in parentheses below are to the provisions of the Investment Trust Law of Japan) besides restrictions applied to a registered investment corporation. NBF will naturally comply with such investment restrictions, a general overview of which follows.

Reciprocal Transactions with Investment Corporations (§ 34.3.1.5)

Transactions between investment corporations, the assets of which are managed by an asset management company are prohibited except for certain cases specified in the provisions of the government ordinance regarding the Investment Trust Law of Japan that are considered unlikely to result in failure to protect the interests of shareholders.

Transactions by an Investment Corporation with Investment Trust Assets (§ 15.1.3)

Transactions between an investment corporation and investment trust assets subject to asset management are prohibited except for certain cases specified in the provisions of the government ordinance regarding the Investment Trust Law of Japan that are considered unlikely to result in failure to protect the interests of shareholders.

Transactions for the benefit of Third Parties (§ 34.3.1.6)

An asset management company may not undertake transactions in certain securities based on fluctuations in the price, index, value, or amount of consideration related to transactions in the assets of an investment corporation, without a legally-valid reason, with the objective of benefiting a third party other than NBF or said investment.

Transactions Harmful to the Interests of NBF (§ 34.3.1.7)

An asset management company may not undertake transactions that are other than upon normal terms and conditions for such transaction, and further, such transaction upon said conditions would be harmful to the interests of the investment.

Other Transactions specified in the Government Ordinance regarding the Investment Trust Law of Japan (§ 34.3.1.8)

In the addition to the foregoing, those acts specified in the government ordinance regarding the Investment Trust Law of Japan being certain acts committed by an asset management company that would result in failure to protect the interests of shareholders, damage the fairness of the management of the assets of NBF, and pose a risk of damaging the good public reputation of NBF are prohibited.

Limitation on Acquisition of the Same Issue of Shares (§ 194)

A registered investment corporation may not acquire the same shares issued by a corporation in excess of 50/100 of total number of said issued and outstanding shares.

Restriction on Acquisition of Own Shares and Acceptance of Pledge (§ 80.1)

An investment corporation may not acquire shares issued by itself, or accept them for the purpose of pledge, unless it acquires shares issued by itself in the following cases

- when acquired as the result of merger;
- if necessary for attaining the purpose of exercising its rights; or
- when purchasing shares pursuant to the provisions of the Investment Trust Law of Japan.

Restriction on Acquisition of Parent Corporation's Shares by Subsidiary Corporation (§ 81.1)

An investment corporation (e.g. subsidiary), a majority of the shares of which is owned by another investment corporation (e.g. parent) may not acquire the shares of such parent investment corporation except in the following cases

- when acquired as the result of merger; or
- if necessary for attaining the purpose of exercising its rights.

Restrictions of Transactions with Interested Parties**(1) Restriction on an asset management company (§ 34.3)**

In accordance with the provisions of laws and regulations, an asset management company is prohibited from committing any of the following acts in connection with transactions with an Interested Party etc. "Interested Party etc." as used herein means a person who holds a majority of the shares of an asset management company or otherwise has a close relationship with said asset management company as designated by the government ordinance regarding the Investment Trust Law of Japan.

- a) An investment trust agent, trust company, financial institution engaged in trust business, investment advisor, residential land and building specialist etc. who is an Interested Party etc. of an asset management company undertakes a transaction which harms the interests of NBF with the objective of benefiting a customer etc. specified in the Investment Trust Law of Japan.
- b) Undertaking transactions which harm the interests of an investment corporation with the objective of benefiting an Interested Party etc. of NBFM.
- c) Undertaking transactions clearly recognized to be unnecessary in light of the management policies for the assets of an investment corporation, the amount of net assets of NBF, or market conditions, with the purpose of benefiting a securities company, registered financial institution, residential land and building specialist or other person specified in the government ordinance regarding the Investment Trust Law of Japan who is an Interested Party etc. of an asset management company.
- d) In the event that a securities company, who is an Interested Party etc. of an asset management company, acts as an underwriter in a securities transaction, undertaking transactions with the objective of fraudulently manipulating the market for the purpose of having an influence upon the conditions of the primary offer or secondary distribution of said securities not reflecting correct market pricing.
- e) In the event that a securities company or registered financial institution, who is an Interested Party etc. of an asset management company, undertakes a primary offer or secondary distribution of securities or participates in handling a primary offer, private offering, or secondary distribution at a time when the subscription amount of said acquisition or the amount of purchase offer of securities to said securities company or registered financial institution is not foreseen to reach that otherwise expected by said securities company or registered financial institution, acquiring or purchasing said securities with assets of NBF at the request of said securities company or registered financial institution.
- f) In the event that the manager of a *tokumei kumiai*, who is an Interested Party etc. of an asset management company, makes a solicitation in connection with the execution of a *tokumei kumiai*

agreement at a time when the total investment amount otherwise obtained pursuant to said *tokumei kumiai* agreement is not foreseen to reach that expected by the manager of said *tokumei kumiai*, acquiring a *tokumei kumai* interest pursuant to said *tokumei kumiai* agreement with assets of NBF at the request of the manager of said *tokumei kumiai*.

- g) In the event that a trust company, who is an Interested Party etc. of an asset management company, makes a solicitation in connection with the execution of a trust agreement at a time when the amount of trust assets otherwise obtained pursuant to said trust agreement is not foreseen to reach that expected by said trustee, acquiring a beneficiary certificate pursuant to said trust with assets of NBF at the request of said trustee.

(2) Restriction on an investment corporation

Restrictions on Asset Management (§ 195)

A registered investment corporation must not, in principle, acquire or sell securities, lend or borrow securities, acquire or sell real estate, lease real estate or entrust the supervision of real estate (provided, however, that, it is acceptable to cause NBFM to act as an agent or broker concerning the purchase or leasing of residential building lots or buildings) or otherwise engage in transactions concerning Designated Assets other than the preparation of residential building lots and design of buildings, with its executive directors or supervisory directors, asset management companies who perform asset management, close relatives of executive directors or supervisory directors, or persons or employees who perform duties similar to directors or auditors of an asset management company who perform asset management.

Nippon Building Fund Inc.

Corporate Data

Corporate Office:	7-2, Yaesu 2-chome, Chuo-ku, Tokyo, 104-0028, Japan +81-3-3281-8810 http://www.nbf-m.com/nbf_e
Date of Inception:	March 16, 2001
Capital:	Contributed capital and common shares issued and outstanding as of June 30, 2004: ¥148,899 million, 280,700 shares, which, due to the capital increases on July 14 and August 11, 2004, have subsequently increased to ¥210,679 million and 364,700 shares respectively.
Shareholders:	12,011 (As of June 30, 2004)
Transfer Agent:	The Chuo Mitsui Trust and Banking Co., Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo, 105-8574, Japan
Business Office of the Transfer Agent:	Stock Transfer Agency Department of the Chuo Mitsui Trust and Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063, Japan +81-3-3323-7111
Independent Public Accountants:	KPMG AZSA & Co. AZSA Center Building 1-2, Tsukudo-cho, Shinjuku-ku, Tokyo, 162-8551, Japan
Investor Relations:	For further information, please contact our Asset Management company: Investor Relations of Financial Department Nippon Building Fund Management Ltd. 7-2, Yaesu 2-chome, Chuo-ku, Tokyo, 104-0028, Japan +81-3-3281-8810

This document contains translations of selected information described in the Securities Report (Yuka shoken hokokusho) filed on September 28, 2004 pursuant to the Securities Exchange Law of Japan, and the Financial Statements and the Performance Information Report for the period from January 1, 2004 to June 30, 2004, 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 Securities Report 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 concept 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 portion(s) of any document(s) translated into English. No person has been authorized to give any informations 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. Our future performance could materially differ from those set out in these forward-looking statements. We do not undertake and will not undertake to release revisions of forward-looking statements to reflect future events or circumstances or of any other statements or information contained herein.



Nippon Building Fund Inc.