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NBF News Release

NIPPON BUILDING FUND INC. ANNOUNCES FIRST-HALF 2003 RESULTS

Tokyo, Japan August 5, 2003

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Executive Director of NBF, President & CEO of NBFM

Nippon Building Fund Inc. (formerly: "Office Building Fund of Japan, Inc." .The current name was adapted on March 14, 2003, hereinafter "NBF", and also referred to in Japan as "*Nihon Building Fund toshi-hojin*", TSE ticker code: 8951) today announced its financial results for the first-half 2003 (the 4th fiscal period from January 1, 2003 to June 30, 2003).

NBF reported total revenues of ¥12,238 million, income before income taxes of ¥4,314 million, net income of ¥4,313 million, and earnings per common share and cash dividends per share of common stock of ¥15,367.

As of June 30, 2003, NBF's total asset balance was ¥307,688 million and total shareholder's equity was ¥153,212 million, or ¥545,823 per common share. NBF's investment properties, net of accumulated depreciation, were ¥272,419 million, compared to ¥257,468 million at December 31, 2002.

First-Half 2003 Highlights

Additional Acquired Properties:

During the 4th fiscal period, NBF acquired two office properties: Naka-Meguro GT Tower (location: Meguro-ku, Tokyo; acquisition price: ¥13,763 million; type of ownership: condominium interests of approximately 59.19%; net rentable square meters: 13,626) and Tsukuba Mitsui Bldg. (location: Tsukuba, Ibaraki; acquisition price: ¥2,010 million, type of ownership: fee simple (that is to say, NBF previously owned a 75% interest and acquired the remaining 25% interest from the former co-owner of this property) ; total net rentable square meters of the building: 16,863. First-half 2003 results include the contributions from these additional properties acquired during the period.

NBF Portfolio Profile:

As of June 30, 2003, NBF owned or had beneficiary interests in 29 office properties containing approximately 340,497 rentable square meters of office space. As of June 30, 2003, NBF leased office space to 446 tenants engaged in a variety of businesses, compared to 441 tenants at the close of the preceding fiscal period. The average occupancy rate for office properties, meaning the ratio of leased area to rentable area, was approximately 94.8%, compared to 95.0% at the close of the preceding fiscal period.

Cash Dividends:

In accordance with the distribution policy prescribed in our Articles of Incorporation, NBF is scheduled to distribute almost 100% of unappropriated profit for the current period (¥15,367 per common share) to our shareholders. By distributing over 90% of taxable income for the period to our shareholders and complying with other organizational and operational requirements, NBF intends to be able to deduct its cash dividends of profit from its taxable income under Japanese tax regulations (Special Taxation Measures Law Article 67-15).

Debt Financing:

NBF obtained funding through interest-bearing debt utilizing mainly unsecured and non-guaranteed bank loans. NBF refinanced short-term loans to long-term and fixed-rate debt in order to hedge against risks related to interest rate hikes and to fix interest rates at current low levels. At the end of the period the ratio of interest-bearing debt to total assets was 41.9%, and the ratio of long-term debt to total interest-bearing debt was 72.9%.

Credit Ratings:

NBF was awarded the following issuer credit ratings as a JREIT, which we believe facilitate our efforts to diversify sources of debt financing.

Rating Agency	Rating Date	Rating Summary
Standard & Poor's	May 1, 2002	Long-term: A, Short-term: A-1, Outlook: stable
	January 29, 2003	2nd unsecured domestic straight bonds: A
Moody's	May 30, 2003	3rd unsecured domestic straight bonds: A
	May 30, 2002	Rating: A3, Outlook: stable
	January 29, 2003	2nd unsecured domestic straight bonds: A3
	May 30, 2003	3rd unsecured domestic straight bonds: A3

Outline of Forecast for Second-Half 2003

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, we announced a forecast for 2nd-half 2003 (the 5th fiscal period from July 1, 2003 to December 31, 2003) as a part of "Kessan-Tanshin". With regard to the conditions of the forecast, please refer to the original "Kessan-Tanshin" released on August 5, 2003. An outline of the forecast for 2nd-half 2003 is as follows:

Performance Forecast:

For 2nd-half 2003, based on operating activities of 31 office properties, NBF forecasts total revenues of ¥12,318 million, net income of ¥4,014 million, and cash dividends of ¥14,300 per common share.

New Acquisition after the end of the 4th Fiscal Period

On July 22, 2003, NBF announced that it will acquire a 100% interest in the Daiwa-Hiroshima Building for ¥2,941 million on September 30, 2003. This property is a 12-story high quality office building located in the Central Business District in Hiroshima. Net rentable area of this property is 5,694 square meters and its estimated occupancy rate will be 84.5% when it is acquired.

On December 25, 2002, NBF announced that it would acquire a condominium interest of 34.33% in the Sapporo L-Plaza, to be completed in March 2003, from Taisei Corporation for ¥3,195 million on November 5, 2003. Net rentable area of this specific property interest is 8,461 square meters and its current occupancy rate is 100%.

About NBF

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

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

Nippon Building Fund Management Ltd. (formerly: Office Building Fund Management Japan, Ltd. (hereinafter "NBFM")), NBF's asset management company, is engaged in acquiring, owning, managing, leasing, and renovating office properties. Mitsui Fudosan Co., Ltd. currently owns 43% of NBFM, Sumitomo Life Insurance Company holds a 35% stake and 22% is owned by others. As of June 30, 2003, NBFM was solely engaged in asset management for NBF.

Investor Relations

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This news release contains translations of selected information described in the Financial Release (“*Kessan Tanshin*”) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the period from January 1, 2003 to June 30, 2003, of Nippon Building Fund Inc. prepared pursuant to the Investment Trust Law of Japan.

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

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

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

Many provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the office space market, interest rate fluctuations, competition with our office properties, and the impact of changing regulations or taxation. NBF does not intend, and is under no obligation to, update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, August 5, 2003, and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

First-half 2003 Financial Highlights

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

NIPPON BUILDING FUND INC.
SELECTED FINANCIAL RESULTS(Note1)
 (Yen in million, except for per share data)

	2003		2002		2001	
	1st-Half	2nd-Half	1st-Half	2nd-Half	1st-Half	(Note2)
Operating Data:						
Operating Revenue:						
Rental	¥ 11,111	¥ 10,366	¥ 10,427		¥ 11,555	
Other s	1,128	1,480	832		1,006	
Total Revenue s	12,239	11,846	11,259		12,561	
Operating Expenses:						
Property operating, taxes and others	4,182	3,959	3,676		3,567	
Depreciation and amortization	2,366	2,072	1,947		2,170	
Asset management fees and other expenses	647	625	629		658	
Total operating expenses	7,195	6,656	6,252		6,395	
Interest income	0	1	12		2	
Interest expense	(706)	(591)	(527)		(570)	
Other expenses	(24)	(37)	-		(256)	
Income before income taxes	4,314	4,563	4,493		5,342	
Current and deferred income taxes	(1)	(1)	(1)		(1)	
Net income	¥ 4,313	¥ 4,562	¥ 4,492		¥ 5,341	
Earnings per share of common share s (Yen):						
Net income	¥ 15,367	¥ 16,253	¥ 16,003		¥ 22,271	
Weighted average number of common shares outstanding	280,700	280,700	280,700		239,087	
Per share data:						
Cash dividend (Yen)	¥ 15,367	¥ 16,253	¥ 16,003		¥ 19,026	
Closing Price at end of the period (Yen)						
Balance Sheet Data:						
Current assets	¥ 33,890	¥ 32,164	¥ 33,368		¥ 30,806	
Investment properties, net of accumulated depreciation	272,541	257,428	244,509		225,650	
Other assets	1,257	1,133	1,098		391	
Total assets	¥ 307,688	¥ 290,725	¥ 278,975		¥ 256,847	
Short-term loans	34,950	38,450	33,450		20,900	
Other current liabilities	4,127	3,937	3,459		3,026	
Long-term debts	94,000	72,000	67,000		58,000	
Tenant security deposits	21,369	22,852	21,654		20,666	
Other liabilities	29	25	21		15	
Total liabilities	154,475	137,264	125,584		102,607	
Common shares	148,899	148,899	148,899		148,899	
Retained earnings	4,314	4,562	4,492		5,341	
Total Shareholders' Equity	153,213	153,461	153,391		154,240	
Total Liabilities and Shareholders' Equity	307,688	290,725	278,975		256,847	
Cash Flow Data:						
Cash flow provided by operating activities	¥ 6,766	¥ 7,298	¥ 9,467		¥ 7,407	
Cash flow used for investing activities	(18,986)	(13,838)	(20,479)		(207,505)	
Cash flow provided by financial activities	13,814	5,512	16,227		227,765	
Cash and cash equivalents	33,448	31,854	32,882		27,667	
Other Supplement Data:						
Number of investment properties	29	28	26		24	
Number of tenants	446	441	448		411	
Total rentable square meters of office properties	340,497	322,344	303,485		277,054	
Occupancy rate of office properties	94.8 %	95.0 %	97.4 %		97.5 %	
Property net operating income (Note3)	¥ 8,057	¥ 7,886	¥ 7,583		¥ 8,993	

- (1) The selected financial data has been derived from the historical financial statements of Nippon Building Fund Inc. based on generally accepted accounting principles in Japan (Japanese GAAP) and audited by Asahi & Co., independent auditors.
- (2) Although NBF's first fiscal period technically commenced on May 16, 2001 when NBF was established, and ended on December 31, 2001, NBF began its business operations as registered real estate investment corporation on May 23, 2001. Therefore, its practical operating period was from May 23, 2001 to December 31, 2001.
- (3) Property net operating income is defined as rental revenues, including common area charges, parking charges and other income less property operating expenses, including real estate taxes, insurance, repairs and maintenance and other property operating expenses.

Office Properties Selected Data

The following table sets forth selected information as of June 30, 2003 relating to the office properties in which we have invested.

Name of Building	Location	Book value			
		(Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
JFE Bldg. (Note1)	Tokyo	72,819	65,280	1	100.0
Shiba NBF Tower	Tokyo	32,243	24,889	3	87.3
Shinjuku Mitsui Bldg. No.2	Tokyo	15,942	14,946	29	100.0
GSK Bldg.	Tokyo	15,063	20,407	1	100.0
Naka-Meguro GT Tower	Tokyo	13,838	13,626	1	100.0
Kowa Nishi Shinbashi Bldg. B	Tokyo	12,876	10,088	2	100.0
Nippon Steel Bldg. No2	Tokyo	12,863	17,338	2	100.0
Nihonbashi Muromachi Center Bldg.	Tokyo	9,854	8,041	7	100.0
Takanawa 1-chome Bldg.	Tokyo	6,484	10,473	4	100.0
Mita City Bldg. (Note2)	Tokyo	5,317	5,978	0	0.0
Shinjuku Yochomachi Bldg.	Tokyo	2,279	5,177	4	100.0
Nishi-Shinjuku Mitsui Bldg.	Tokyo	1,691	1,576	1	100.0
Nakano-Sakaue Sunbright Twin	Tokyo	9,192	12,220	1	100.0
Yokohama ST Bldg.	kanagawa	13,290	20,089	76	99.6
Tsukuba Mitsui Bldg. (Note3)	Ibaraki	8,461	16,863	59	90.2
Daido Life Omiya Bldg.	Saitama	2,292	3,604	8	93.3
Matsudo City Bldg.	Chiba	2,523	4,772	23	83.5
Inage Kaigan Bldg.	Chiba	1,864	5,876	13	80.2
Sapporo Minami Nijo Bldg.	Hokkaido	1,799	5,376	7	91.6
Sendai Daido Life Bldg.	Miyagi	3,451	7,498	7	100.0
Unix Bldg.	Fukushima	3,767	13,479	57	98.2
Niigata Telecom Bldg.	Niigata	3,846	10,227	32	92.8
Hamamatsu City Bldg.	Shizuoka	1,316	5,152	25	92.7
Sun Mullion NBF Tower	Osaka	10,440	14,208	25	89.7
Sakai Higashi Center Bldg.	Osaka	2,163	5,333	16	95.6
Otemae Center Bldg.	Osaka	1,783	5,532	7	97.6
Kyomachibori Center Bldg.	Osaka	861	3,110	13	81.4
Shijo Karasuma Minami Bldg.	Kyoto	1,541	3,922	15	92.2
Hakata Gion 21 Bldg.	Fukuoka	2,548	5,417	7	100.0
Total		272,419	340,497	446	94.8

(1) Effective April 1, 2003, the name of this building changed (formerly: NKK Headquarters Bldg.)

(2) Effective July 1, 2003, the name of this building changed to Sumitomo Densetsu Bldg.

(3) Includes the additional interest acquired this fiscal period.