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## NBF News Release

### NIPPON BUILDING FUND INC. ANNOUNCES 15th PERIOD ( SECOND-HALF 2008) RESULTS

Tokyo, Japan February 13, 2009

Koichi Nishiyama,

Executive Director of NBF, President & CEO of NBFM

Nippon Building Fund Inc. (hereinafter “NBF”, also referred to in Japan as “*Nihon Building Fund toshi-hojin*”, TSE ticker code: 8951) today announced its financial results for the Second-half 2008 (the 15th fiscal period, commencing July 1, 2008 and ending December 31, 2008).

NBF reported operating revenues of ¥31,218 million, income before income taxes of ¥12,062 million, net income of ¥12,061 million, and total cash distribution per share and distribution of accumulated earnings per share of ¥22,252.

As of December 31, 2008, NBF’s total asset balance was ¥766,249 million and total shareholder’s equity was ¥398,237 million, or ¥734,754 per common share. The total book value (net of accumulated depreciation) of NBF’s investment properties was ¥723,369 million, compared to ¥688,262 million at June 30, 2008.

#### **Second- half 2008 Highlights**

##### ***Cash Dividends:***

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF is scheduled to distribute almost 100% of retained earnings for the current period (¥22,252 per common share) to our shareholders. By distributing over 90% of taxable income for the period to our shareholders and complying with other organizational and operational requirements, NBF intends to be able to deduct its cash dividends of profit from its taxable income under Japanese tax regulations (Special Taxation Measures Law Article 67-15).

##### ***NBF Portfolio Profile:***

As of December 31, 2008, NBF owned or had beneficiary interests in 60 office properties containing approximately 763,658 rentable square meters of office space. As of

December 31, 2008, NBF leased office space to 946 tenants engaged in a variety of businesses, compared to 931 tenants at the close of the preceding fiscal period. The average occupancy rate for office properties, meaning the ratio of leased area to rentable area, was approximately 96.8%, compared to 97.4% at the close of the preceding fiscal period.

***Performance Results:***

NBF continued to manage its assets in accordance with its basic policy of investing in excellent office buildings which are highly competitive in terms of their location, size, facilities and infrastructure and are expected to have relatively stable cash flow from rents based on excellent tenants. With respect to the current period, NBF made use of its preferential channels of information such as the Mitsui Fudosan Group as well as the know-how it has acquired to date, and based on rigorous screening of information and careful study, acquired in July 2008 the “Shibakoen-Takahashi Bldg.” (trust beneficiary interests; the acquisition price (hereinafter the same): ¥6.1 billion), and in August 2008 the “NBF Minami-Aoyama Bldg.” (fee simple ownership; ¥31 billion), and also decided in August 2008 to acquire the “(tentative name) Higashi-Ueno 4-chome Bldg.” (condominium interests; ¥11.17 billion), with delivery in April 2010 (anticipated).

NBF also endeavored to further enhance profitability with respect to its existing portfolio through measures such as the systematic implementation of operations and management, renovation work and new construction and so forth thereby striving to improve the level of tenant satisfaction as well as correctly capturing market trends and setting rent amounts, increasing rents upon renewal of contracts with existing tenants and so forth.

***Debt Financing:***

Regarding funding through interest-bearing obligations such as loans etc., NBF took care to act in a financially prudent manner by utilizing highly flexible, unsecured, non-guaranteed corporate financing. With respect to such funding, on the one hand NBF utilized long-term, fixed interest loans in order to reduce risks of rising interest rates in the future with a view toward the long-term management of its assets while simultaneously utilizing short-term loans to provide agility in funding etc. for property acquisitions. It has also established long-term commitment lines of credit in the maximum amount of ¥30 billion for three year terms in order to provide stable sources of funding thereby reducing risks of refinancing etc. Furthermore, in order to diversify financing measures, NBF filed in January 2007 a shelf registration creating the possibility of issuing up to a maximum of ¥200 billion in NBF bonds through public offerings, with the unissued balance being ¥170 billion as of December 31, 2008. Further, deposits entrusted by tenants are efficiently managed, and the total amount of

such deposits under management as of December 31, 2008 (being the amount of deposits not held as ordinary savings deposits) had reached ¥30 billion.

As the result of these activities, as of the end of the current period NBF's loan to value ratio (the ratio of the total amount of interest-bearing debt and lease deposits under management by NBF to total assets, hereinafter the same) was 45.5% and its long-term and fixed-rate interest-bearing debt ratio (the ratio of long-term and fixed-rate interest bearing debt to total interest-bearing debt, hereinafter the same) was 76.0%.

***Credit Ratings:***

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

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

On January 15, 2009 Moody's Investors Service, Inc. issued a news release announcing that it had downgraded its rating in the "Outlook" section above to "negative".

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

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

(a) Management Policies for Existing Properties

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

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

(b) Investment Policies for Newly Acquired Properties

Due to the facts that it has preferential channels of information such as the Mitsui Fudosan Group, that it has accumulated know-how of innovative acquisition methods such as

acquiring properties under development, and that it has the largest combined assets among all public investment corporations, NBF will maximize such advantage, properly manage risks, and secure excellent properties which can contribute to the enhancement of the quality of the entire portfolio in the medium and long terms.

NBF will continue to make prudent investment decisions taking into full consideration the financial and operational situations as well as keeping an eye on any drastic changes in financial and economic circumstances and the real estate market as affected by such changes.

(c) Financial Strategies etc.

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

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

(d) Compliance and Risk Management

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

**Outline of Forecasts for the 16th and the 17th periods**

As required by the timely-disclosure requirements of the Tokyo Stock Exchange, NBF announced its forecast for the 16th fiscal period commencing January 1, 2009 and ending June 30, 2009 and for the 17th fiscal period commencing July 1, 2009 and ending December 31, 2009 as a part of "Kessan-Tanshin". With regard to the conditions of the forecasts, please refer to the original "Kessan-Tanshin" released on February 13, 2009. An outline of the forecasts for the 16th and the 17th periods is as follows:

***Performance Forecasts:***

The forecast for the 16th period is as follows:

Operating revenues:	¥30,658 million
Net income:	¥11,111 million
Cash distribution per share:	¥20,500

The forecast for the 17th period is as follows:

Operating revenues:	¥30,526 million
Net income:	¥10,623 million
Cash distribution per share:	¥19,600

The above figures given for forecasted performance results are premised upon, for the 16th and the 17th periods, sixty-one (61) properties comprised of sixty (60) properties owned by NBF as of December 31, 2008 plus the “(tentative name) Surugadai Project” to be acquired in April 2009.

**About NBF**

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

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

Nippon Building Fund Management Ltd. (hereinafter “NBFM”), NBF’s asset management company, is engaged in acquiring, owning, managing, leasing, and renovating office properties on behalf of NBF. Mitsui Fudosan Co., Ltd. currently owns 43% of NBFM, Sumitomo Life Insurance Company holds a 35% stake and 22% is owned by others. As of December 31, 2008, 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 commencing on July 1, 2008 and ending December 31, 2008, of Nippon Building Fund Inc. prepared pursuant to the Investment Trust Law of Japan.

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

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

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

Many provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the office space market, interest rate fluctuations, competition with our office properties, and the impact of changing regulations or taxation. NBF does not intend, and is under no obligation to, update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, **February 13, 2009** and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

## 15th Period (Second-half 2008) Financial Highlights

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

**NIPPON BUILDING FUND INC.**  
**SELECTED FINANCIAL HIGHLIGHTS(Note1)**  
(Yen in millions, except for per share data)

	15th Period 2008 2nd half	14th Period 2008 1st half	13th Period 2007 2nd half	12th Period 2007 1st half	11th Period 2006 2nd half
<b>Operating Data:</b>					
Revenues:					
Rental	¥ 28,069	¥ 26,708	¥ 25,056	¥ 23,992	¥ 23,121
Others	3,149	2,512	2,758	2,649	2,773
Gain on sales of investment properties	-	868	-	-	-
	<u>31,218</u>	<u>30,088</u>	<u>27,814</u>	<u>26,641</u>	<u>25,894</u>
Operating Expenses:					
Property operating, taxes and others	9,872	8,902	8,909	8,199	8,107
Depreciation and amortization	5,356	5,276	5,169	5,125	4,988
Asset management fees and other expenses	1,399	1,381	1,279	1,205	1,147
Total operating expenses	<u>16,627</u>	<u>15,559</u>	<u>15,357</u>	<u>14,529</u>	<u>14,242</u>
Interest income and others	56	40	36	18	14
Interest expense and Amortization of bond issue costs	(2,475)	(2,231)	(2,225)	(2,007)	(1,858)
Other expenses	(110)	(115)	(41)	(59)	(41)
Income before income taxes	<u>12,062</u>	<u>12,223</u>	<u>10,227</u>	<u>10,064</u>	<u>9,767</u>
Current and deferred income taxes	(1)	(1)	(1)	(1)	(1)
Net income	<u>¥ 12,061</u>	<u>¥ 12,222</u>	<u>¥ 10,226</u>	<u>¥ 10,063</u>	<u>¥ 9,766</u>
Distribution of accumulated earnings per share (Yen)(Note2):					
Weighted average number of common shares outstanding	542,000	535,298	508,000	508,000	508,000
Total cash distribution per share(Yen)	¥ 22,252	¥ 22,549	¥ 20,129	¥ 19,809	¥ 19,224
<b>Balance Sheets Data:</b>					
<b>Assets</b>					
Current assets	¥ 38,547	¥ 32,898	¥ 28,131	¥ 32,441	¥ 34,777
Investment properties, net of accumulated depreciation	723,336	688,357	639,814	643,643	597,122
Other assets	4,366	4,372	4,250	4,182	2,218
Total assets	<u>¥ 766,249</u>	<u>¥ 725,627</u>	<u>¥ 672,195</u>	<u>¥ 680,266</u>	<u>¥ 634,117</u>
<b>Liabilities</b>					
Short-term loans	76,500	46,500	57,500	69,500	41,500
Other current liabilities	9,730	7,788	8,117	7,688	7,819
Long-term debts	242,000	234,000	215,000	212,000	195,000
Tenant security deposits	39,719	38,882	34,848	34,515	33,534
Other liabilities	63	59	58	53	51
Total liabilities	<u>368,012</u>	<u>327,229</u>	<u>315,523</u>	<u>323,756</u>	<u>277,904</u>
<b>Shareholders' Equity</b>					
Common shares	386,176	386,176	346,447	346,447	346,447
Retained earnings	12,061	12,222	10,225	10,063	9,766
Total Shareholders' Equity	<u>398,237</u>	<u>398,398</u>	<u>356,672</u>	<u>356,510</u>	<u>356,213</u>
Total Liabilities and Shareholders' Equity	<u>¥ 766,249</u>	<u>¥ 725,627</u>	<u>¥ 672,195</u>	<u>¥ 680,266</u>	<u>¥ 634,117</u>
<b>Cash Flow Data:</b>					
Cash flow provided by operating activities	¥ 20,046	¥ 20,564	¥ 16,381	¥ 14,556	¥ 17,926
Cash flow used for investing activities	(39,576)	(54,046)	(1,323)	(52,380)	(1,719)
Cash flow provided by financial activities	25,781	37,426	(19,060)	35,075	(10,844)
Cash and cash equivalents	<u>37,576</u>	<u>31,324</u>	<u>27,381</u>	<u>31,383</u>	<u>34,131</u>
<b>Other Supplement Data:</b>					
Number of investment properties	60	58	56	56	55
Number of tenants	946	931	897	910	892
Total rentable square meters of office properties	763,658	750,701	692,286	692,222	670,513
Occupancy rate of office properties	96.8	97.4	98.6	99.0	97.8
NOI from property leasing activities (Note3)	¥ 21,346	¥ 20,318	¥ 18,905	¥ 18,442	¥ 17,787
FFO per share (Note3)	<u>¥ 32,134</u>	<u>¥ 31,066</u>	<u>¥ 30,304</u>	<u>¥ 29,897</u>	<u>¥ 29,043</u>

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

### Office Properties Selected Data

The following table sets forth selected information as of December 31, 2008 relating to the office properties in which NBF has invested.

Name of Building	Location	Book value			
		(Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
Yamato Seimei Bldg.	Tokyo	64,481	27,640	61	89.5
Nishi-Shinjuku Mitsui Bldg.	Tokyo	36,333	32,968	1	100.0
Shiba NBF Tower	Tokyo	30,713	24,728	27	100.0
NBF Platinum Tower	Tokyo	30,426	33,503	5	100.0
NBF Minami-Aoyama Bldg.	Tokyo	31,795	9,618	9	100.0
Gate City Ohsaki	Tokyo	24,577	20,714	1	100.0
Toranomon Kotohira Tower	Tokyo	21,015	16,848	1	100.0
NBF Nihonbashi Muromachi Center Bldg.	Tokyo	24,181	16,306	14	100.0
Nakameguro GT Tower	Tokyo	21,773	21,423	1	100.0
NBF Ginza Street Bldg.	Tokyo	17,616	3,440	1	100.0
Shinjuku Mitsui Bldg. No.2	Tokyo	15,938	14,921	43	95.3
GSK Bldg.	Tokyo	13,921	20,426	1	100.0
NBF Toranomon Bldg.	Tokyo	13,624	10,123	11	92.1
Kowa Nishi- Shinbashi Bldg. B	Tokyo	12,044	10,088	3	100.0
Nippon Steel Bldg. No.2	Tokyo	11,583	17,338	2	100.0
NBF Alliance	Tokyo	9,489	4,043	6	63.2
Yotsuya Medical Bldg.	Tokyo	8,534	7,450	1	100.0
Shibuya Garden Front	Tokyo	8,279	8,258	1	100.0
NBF Shibuya East	Tokyo	8,226	4,993	5	100.0
NBF Shibakouen Bldg.	Tokyo	6,733	7,087	7	100.0
NBF Takanawa Bldg.	Tokyo	6,278	10,473	4	97.9
NBF Akasaka Sanno Square	Tokyo	6,252	5,258	7	100.0
Shibakouen Takahashi Bldg.	Tokyo	6,322	3,431	7	100.0
Sumitomo Densetsu Bldg.	Tokyo	4,783	5,991	1	100.0
NBF Higashi-Ginza Square	Tokyo	4,994	4,871	8	100.0
NBF Ogawamachi Bldg.	Tokyo	4,951	4,805	1	100.0
NBF Ikebukuro Tower	Tokyo	4,487	5,652	12	95.3
NBF Ikebukuro City Bldg.	Tokyo	4,445	5,127	11	96.3
NBF Sudacho Verde Bldg.	Tokyo	3,378	2,971	3	96.1
<u>NBF Ebisu-Minami Bldg.</u>	<u>Tokyo</u>	<u>1,017</u>	<u>1,595</u>	<u>3</u>	<u>100.0</u>
Nakanosakaue Sunbright Twin	Tokyo	39,520	32,082	8	100.0
NBF Toyosu Canal Front	Tokyo	33,698	36,668	9	100.0
NBF Toyosu Garden Front	Tokyo	25,287	28,330	3	100.0
Shin- Kawasaki Mitsui Bldg.	Kanagawa	19,399	27,924	1	100.0
Yokohama ST Bldg.	Kanagawa	12,764	20,069	85	91.7
Parale Mitsui Bldg.	Kanagawa	3,283	12,545	1	100.0
NBF Atsugi Bldg.	Kanagawa	2,133	5,230	18	97.7
Tsukuba Mitsui Bldg.	Ibaraki	7,446	16,755	67	91.5



Name of Building	Location	Book value (Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
NBF Utsunomiya Bldg.	Tochigi	2,526	6,197	33	93.5
S-ino Omiya North Wing	Saitama	15,738	20,698	34	98.3
NBF Urawa Bldg.	Saitama	1,925	3,455	14	100.0
Shin-Urayasu Center Bldg.	Chiba	15,891	22,789	39	92.4
NBF Matsudo Bldg.	Chiba	2,262	4,770	22	87.3
Sapporo L- Plaza	Hokkaido	4,065	11,396	12	100.0
NBF Sapporo Minami Nijo Bldg.	Hokkaido	1,729	5,351	4	100.0
NBF Sendai Honcho Bldg	Miyagi	3,667	7,539	9	98.4
NBF Unix Bldg.	Fukushima	3,253	13,390	51	88.5
NBF Niigata Telecom Bldg.	Niigata	3,669	10,214	33	73.8
NBF Nagoya Hirokoji Bldg.	Aichi	7,305	9,890	13	88.5
Aqua Dojima NBF Tower	Osaka	16,906	21,917	42	93.6
Shinanobashi Mitsui Bldg.	Osaka	11,770	25,237	1	100.0
Sun Mullion NBF Tower	Osaka	8,808	14,954	30	94.9
Sakaisuji-Honmachi Center Bldg.	Osaka	6,274	11,438	43	94.8
NBF Sakai- Higashi Bldg.	Osaka	1,992	5,308	20	96.5
Aqua Dojima East	Osaka	1,826	3,243	19	86.7
NBF Shijo Karasuma Bldg.	Kyoto	1,399	3,931	18	94.9
NBF Hiroshima Tatemachi Bldg.	Hiroshima	2,961	5,612	25	90.5
Hiroshima Fukuromachi Bldg.	Hiroshima	740	1,309	17	100.0
NBF Hakata Gion Bldg.	Fukuoka	2,315	5,416	8	100.0
NBF Kumamoto Bldg.	Kumamoto	4,625	7,913	9	74.7
<b>Total</b>		<b>723,369</b>	<b>763,658</b>	<b>946</b>	<b>96.8</b>