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## NBF News Release

### NIPPON BUILDING FUND INC. ANNOUNCES 13th PERIOD ( SECOND-HALF 2007) RESULTS

Tokyo, Japan February 14, 2008

Koichi Nishiyama,

Executive Director of NBF, President & CEO of NBFM

Nippon Building Fund Inc. (hereinafter “NBF”, also referred to in Japan as “*Nihon Building Fund toshi-hojin*”, TSE ticker code: 8951) today announced its financial results for the Second half 2007 (the 13th fiscal period, commencing July 1, 2007 and ending December 31, 2007).

NBF reported operating revenues of ¥27,814 million, income before income taxes of ¥10,227 million, net income of ¥10,226 million, and total cash distribution per share and distribution of accumulated earnings per share of ¥20,129.

As of December 31, 2007, NBF’s total asset balance was ¥672,195 million and total shareholder’s equity was ¥356,672 million, or ¥702,111 per common share. The total book value (net of accumulated depreciation) of NBF’s investment properties was ¥639,832 million, compared to ¥643,669 million at June 30, 2007.

#### **Second-half 2007 Highlights**

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

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF is scheduled to distribute almost 100% of retained earnings for the current period (¥20,129 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, 2007, NBF owned or had beneficiary interests in 56 office properties containing approximately 692,286 rentable square meters of office space. As of

December 31, 2007, NBF leased office space to 897 tenants engaged in a variety of businesses, compared to 910 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 98.6%, compared to 99.0% 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 and minimal risk of depreciation as assets. With respect to the current period, NBF made use of its independent channels of information such as the Mitsui Fudosan Group as well as the know-how it has acquired to date, and based on rigorous screening of information and performance of careful study, decided to acquire in December 2007 the “NBF Shibuya East” (fee simple ownership, in the amount of 8 billion yen, with delivery in January 2008).

NBF also endeavored to develop internal growth with respect to its existing portfolio through measures such as systematization of operations and management, strategic renovation work and new construction and so forth thereby striving to improve the level of tenant satisfaction as well as raising rents payable by existing tenants upon contract renewals in consideration of the current favorable office rental markets.

***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, 2007. Further, deposits entrusted by tenants are efficiently managed, and the total amount of such deposits under management as of December 31, 2007 (being the amount of deposits not held as ordinary savings deposits) had reached ¥25.5 billion.

As the result of these activities, as of the end of the current period NBF's loan to value ratio (the ratio of the total amount of interest-bearing debt and lease deposits under management by NBF to total assets, hereinafter the same) was 44.3% 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 78.9%.

***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

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

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

(a) Management Policies for Existing Properties

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

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

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

(b) Investment Policies for Newly Acquired Properties

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

consistently maintain their advantageous positions over the mid-term and long term. NBF will continue to make prudent investment decisions by strictly selecting excellent properties in order to further expand and strengthen its portfolio.

(c) Financial Strategies etc.

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

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

(d) Compliance and Risk Management

In addition to compliance with all relevant laws and regulations including the Financial Instruments and Exchange Law enacted in September, 2007, NBF will, in response to its ever increasing assets as well as changes in social demands or external environments, further enhance its systems for compliance and risk management in order to ensure sound and proper business management.

**Outline of Forecast for the 14th and the 15th periods**

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

***Performance Forecast:***

A forecast for the 14th period is as follows:

Operating revenues:	¥28,580 million
Net income:	¥10,569 million
Cash distribution per share:	¥19,500

A forecast for the 15th period is as follows:

Operating revenues:	¥29,777 million
Net income:	¥11,219 million
Cash distribution per share:	¥20,700

For both of the 14th and 15th periods, performance forecasts are based on the assumption that the assets owned by NBF will consist of the 56 properties owned by NBF as of December 31, 2007 plus the “NBF Shibuya East” acquired on January 9, 2008, the “NBF Nagoya Hirokoji Bldg. (expansion)”, the acquisition of which is expected on March 17, 2008, and the “NBF Toyosu Garden Front”, the acquisition of which is expected on March 31, 2008, totaling 58 properties, and that the issued and outstanding investment shares will consist of the 539,800 issued and outstanding as of the date of this release plus 2,200 shares to be issued on March 4, 2008 through third party allocation (2,200 shares), totaling 542,000 shares. Furthermore, the above is based on the assumption that the maximum number of 2,200 shares will be issued through the third party allocation.

***Issues of New Shares:***

NBF decided, at Board of Directors’ Meetings held on January 16, 2008 and January 28, 2008, to issue new investment shares and payment for shares issued through the public offering was completed on February 4, 2008 as described below. As the result, the total investment amount as of today is ¥383,605,018,500 and the number of issued and outstanding investment shares as of today is 539,800 shares. In the event that new shares are issued through third party allocation, the payment date for such new shares will be March 4, 2008 (anticipated).

**(a) Issue of New Shares through a Public Offering (Public Offering)**

Total number of new investment shares to be issued:	31,800 shares
Issue price per share:	¥1,205,400
Total issue price:	¥38,331,720,000
Issue value per share:	¥1,168,500
Total issue value:	¥37,158,300,000
Payment date:	February 4, 2008
Starting date of computation of cash distribution:	January 1, 2008

**(b) Issue of New Shares by Third Party Allocation**

Total number of new investment shares to be issued:	2,200 shares
Issue price per share:	¥1,168,500
Total issue price:	¥2,570,700,000
Allotee:	Nomura Securities Co., Ltd.
Payment date:	March 4, 2008 (anticipated)

(Note) In the event that the above shares are not subscribed to by the allotee in whole or in part, such unsubscribed shares will be invalidated.

**About NBF**

NBF is one of the leading Japanese real estate investment corporations which was

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

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

Nippon Building Fund Management Ltd. (hereinafter “NBFM”), NBF’s asset management company, is engaged in acquiring, owning, managing, leasing, and renovating office properties on behalf of NBF. Mitsui Fudosan Co., Ltd. currently owns 43% of NBFM, Sumitomo Life Insurance Company holds a 35% stake and 22% is owned by others. As of December 31, 2007, NBFM was solely engaged in asset management for NBF.

### Investor Relations

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This news release contains translations of selected information described in the Financial Release (“*Kessan-Tanshin*”) prepared under the timely-disclosure requirements of the Tokyo Stock Exchange, and portions of the Financial Statements and the Performance Information Report for the period from July 1, 2007 and ending December 31, 2007, of Nippon Building Fund Inc. prepared pursuant to the Investment Trust Law of Japan.

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

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

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

Many provisions of this document contain forward-looking statements and information. We base these statements on our beliefs as well as our assumptions based solely on certain limited information currently available to us. Because these statements reflect our current views concerning future events, these statements involve known and unknown risks, uncertainties and assumptions. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the office space market, interest rate fluctuations, competition with our office properties, and the impact of changing regulations or taxation. NBF does not intend, and is under no obligation to, update any particular forward-looking statement included in this document. The forward-looking statements contained in this press release speak only as of the date of release, **February 14, 2008** and NBF does not undertake to revise those forward-looking statements to reflect events occurring after the date of this release.

## 13th Period (Second-half 2007) Financial Highlights

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

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

	13th Period 2007 2nd-Half	12th Period 2007 1st-Half	11th Period 2006 2nd-Half	10th Period 2006 1st-Half	9th Period 2005 2nd-Half
<b>Operating Data:</b>					
Revenues:					
Rental	¥ 25,056	¥ 23,992	¥ 23,121	¥ 20,800	¥ 17,429
Others	2,758	2,649	2,773	2,073	1,934
Gain on sales of investment properties	-	-	-	1,435	-
	<u>27,814</u>	<u>26,641</u>	<u>25,894</u>	<u>24,308</u>	<u>19,363</u>
Operating Expenses:					
Property operating, taxes and others	8,909	8,199	8,107	6,937	6,030
Depreciation and amortization	5,169	5,125	4,988	4,536	3,664
Asset management fees and other expenses	1,279	1,205	1,147	1,150	888
Total operating expenses	<u>15,357</u>	<u>14,529</u>	<u>14,242</u>	<u>12,623</u>	<u>10,582</u>
Interest income and others	36	18	14	18	5
Interest expense and Amortization of bond issue costs	(2,225)	(2,007)	(1,858)	(1,678)	(1,424)
Other expenses	(41)	(59)	(41)	(173)	(156)
Income before income taxes	<u>10,227</u>	<u>10,064</u>	<u>9,767</u>	<u>9,852</u>	<u>7,206</u>
Current and deferred income taxes	(1)	(1)	(1)	(1)	(1)
Net income	<u>¥ 10,226</u>	<u>¥ 10,063</u>	<u>¥ 9,766</u>	<u>¥ 9,851</u>	<u>¥ 7,205</u>
Distribution of accumulated earnings per share (Yen)(Note2):	¥ 20,129	¥ 19,809	¥ 19,224	¥ 19,391	¥ 17,046
Weighted average number of common shares outstanding	508,000	508,000	508,000	472,745	410,091
Total cash distribution per share(Yen)	¥ 20,129	¥ 19,809	¥ 19,224	¥ 19,391	¥ 17,046
<b>Balance Sheets Data:</b>					
<b>Assets</b>					
Current assets	¥ 28,131	¥ 32,441	¥ 34,777	¥ 31,720	¥ 31,335
Investment properties, net of accumulated depreciation	639,814	643,643	597,122	599,796	532,043
Other assets	4,250	4,182	2,218	2,177	1,524
Total assets	<u>¥ 672,195</u>	<u>¥ 680,266</u>	<u>¥ 634,117</u>	<u>¥ 633,693</u>	<u>¥ 564,902</u>
<b>Liabilities</b>					
Short-term loans	57,500	69,500	41,500	25,500	64,500
Other current liabilities	8,117	7,688	7,819	7,022	6,490
Long-term debts	215,000	212,000	195,000	212,000	193,000
Tenant security deposits	34,848	34,515	33,534	32,822	31,489
Other liabilities	58	53	51	51	47
Total liabilities	<u>315,523</u>	<u>323,756</u>	<u>277,904</u>	<u>277,395</u>	<u>295,526</u>
<b>Shareholders' Equity</b>					
Common shares	346,447	346,447	346,447	346,447	262,170
Retained earnings	10,225	10,063	9,766	9,851	7,206
Total Shareholders' Equity	<u>356,672</u>	<u>356,510</u>	<u>356,213</u>	<u>356,298</u>	<u>269,376</u>
Total Liabilities and Shareholders' Equity	<u>672,195</u>	<u>680,266</u>	<u>634,117</u>	<u>633,693</u>	<u>564,902</u>
<b>Cash Flow Data:</b>					
Cash flow provided by operating activities	¥ 16,381	¥ 14,556	¥ 17,926	¥ 14,771	¥ 10,371
Cash flow used for investing activities	(1,323)	(52,380)	(1,719)	(72,651)	(123,480)
Cash flow provided by financial activities	(19,060)	35,075	(10,844)	56,936	102,965
Cash and cash equivalents	<u>27,381</u>	<u>31,383</u>	<u>34,131</u>	<u>28,769</u>	<u>29,713</u>
<b>Other Supplement Data:</b>					
Number of investment properties	56	56	55	55	52
Number of tenants	897	910	892	887	868
Total rentable square meters of office properties	692,286	692,222	670,513	670,249	578,243
Occupancy rate of office properties	98.6 %	99.0 %	97.8 %	98.7 %	98.1 %
NOI from property leasing activities (Note3)	¥ 18,905	¥ 18,442	¥ 17,787	¥ 15,936	¥ 13,333
FFO per share (Note3)	¥ 30,304	¥ 29,897	¥ 29,043	¥ 27,395	¥ 26,506

(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, 2007 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	64,568	27,640	58	97.3
Nishi-Shinjuku Mitsui Bldg.	Tokyo	36,812	32,968	1	100.0
Shiba NBF Tower	Tokyo	31,289	24,728	26	100.0
NBF Platinum Tower	Tokyo	30,984	33,503	5	100.0
Gate City Ohsaki	Tokyo	24,884	20,714	1	100.0
Toranomon Kotohira Tower	Tokyo	21,350	16,848	1	100.0
NBF Nihonbashi Muromachi Center Bldg.	Tokyo	23,967	16,306	14	100.0
Nakameguro GT Tower	Tokyo	22,368	21,423	1	100.0
NBF Ginza Street Bldg.	Tokyo	17,627	3,440	1	100.0
Shinjuku Mitsui Bldg. No.2	Tokyo	15,861	14,919	44	98.5
GSK Bldg.	Tokyo	14,015	20,426	1	100.0
NBF Toranomon Bldg.	Tokyo	13,726	10,193	11	97.8
Kowa Nishi- Shinbashi Bldg. B	Tokyo	12,209	10,088	2	100.0
Nippon Steel Bldg. No.2	Tokyo	11,805	17,338	2	100.0
NBF Alliance	Tokyo	9,511	4,043	9	100.0
Yotsuya Medical Bldg.	Tokyo	8,666	7,450	1	100.0
Shibuya Garden Front	Tokyo	8,391	8,258	1	100.0
NBF Shibakouen Bldg.	Tokyo	6,812	7,087	7	100.0
NBF Takanawa Bldg.	Tokyo	6,293	10,473	5	99.9
NBF Akasaka Sanno Square	Tokyo	6,278	5,258	6	86.6
Sumitomo Densetsu Bldg.	Tokyo	4,869	5,991	1	100.0
NBF Higashi-Ginza Square	Tokyo	5,073	4,871	8	100.0
NBF Ogawamachi Bldg.	Tokyo	4,952	4,805	1	100.0
NBF Ikebukuro Tower	Tokyo	4,546	5,666	13	100.0
NBF Ikebukuro City Bldg.	Tokyo	4,493	5,127	12	100.0
NBF Sudacho Verde Bldg.	Tokyo	3,397	2,971	3	88.8
NBF Ebisu-Minami Bldg.	Tokyo	1,024	1,595	3	100.0
Nakanosakaue Sunbright Twin	Tokyo	39,972	31,936	8	100.0
IST Bldg.	Tokyo	34,018	36,764	9	99.6
Shin- Kawasaki Mitsui Bldg.	Kanagawa	19,756	27,924	1	100.0
Yokohama ST Bldg.	Kanagawa	12,560	20,069	88	98.6
Parale Mitsui Bldg.	Kanagawa	3,341	12,545	1	100.0
NBF Atsugi Bldg.	Kanagawa	2,173	5,230	19	100.0
Tsukuba Mitsui Bldg.	Ibaraki	7,570	16,834	68	90.8
NBF Utsunomiya Bldg.	Tochigi	2,519	6,197	35	97.2
S-ino Omiya North Wing	Saitama	16,063	20,698	35	100.0
Daido Life Omiya Bldg.	Saitama	2,199	3,574	13	94.5
NBF Urawa Bldg.	Saitama	1,957	3,455	14	100.0

Name of Building	Location	Book value (Yen in millions)	Net rentable square meters	Number of tenants	Occupancy rate
NBF Matsudo Bldg.	Chiba	2,308	4,770	21	83.5
Sapporo L- Plaza	Hokkaido	4,188	11,396	12	100.0
NBF Sapporo Minami Nijo Bldg.	Hokkaido	1,747	5,351	6	100.0
NBF Sendai Honcho Bldg	Miyagi	3,698	7,539	9	98.4
NBF Unix Bldg.	Fukushima	3,357	13,479	52	88.9
NBF Niigata Telecom Bldg.	Niigata	3,684	10,220	36	97.8
NBF Nagoya Hirokoji Bldg.	Aichi	5,233	6,873	9	97.3
Aqua Dojima NBF Tower	Osaka	17,111	21,917	38	97.4
Shinanobashi Mitsui Bldg.	Osaka	11,895	25,237	1	100.0
Sun Mullion NBF Tower	Osaka	9,115	14,954	31	100.0
Sakaisuji-Honmachi Center Bldg.	Osaka	6,356	11,438	44	96.4
NBF Sakai- Higashi Bldg.	Osaka	2,036	5,308	21	98.9
NBF Tanimachi Bldg.	Osaka	1,905	4,939	3	100.0
Aqua Dojima East	Osaka	1,863	3,243	21	100.0
NBF Shijo Karasuma Bldg.	Kyoto	1,378	3,931	19	100.0
NBF Hiroshima Tatemachi Bldg.	Hiroshima	2,949	5,612	23	88.8
Hiroshima Fukuromachi Bldg.	Hiroshima	763	1,309	15	96.3
NBF Hakata Gion Bldg.	Fukuoka	2,352	5,416	7	94.0
Total		639,832	692,286	897	98.6