

December 8, 2004

To All Concerned Parties

Name of REIT Issuer:  
Nippon Building Fund, Inc.  
Toshihiko Fukase, Executive Director  
( Code Number: 8951 )  
Person to Contact:  
Asset Management Company  
Nippon Building Fund Management, Ltd.  
Satoru Yamanaka, Chief Operating Officer  
( TEL. 03-3281-8810 )

Notice of Acquisition of Assets  
(Additional Acquisition of Sapporo L-Plaza)

Nippon Building Fund, Inc. ("NBF") hereby provides notice of its decision on November 29, 2004 to acquire assets as follows:

Description

1. Outline of the Acquisition ( Anticipated )

1) Acquired Assets: Real estate

A portion of condominium interests in the Sapporo L-Plaza (part of the 6th floor) and corresponding co-ownership interests in common areas and site area

A portion of condominium interests in the Sapporo L-Plaza (part of the 9th floor) and corresponding co-ownership interests in common areas and site area

2) Name of Acquired Assets: Sapporo L-Plaza

3) Acquisition Price:

¥59,239,496

¥180,166,018

( provided, however, that miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax are not included in these amounts )

4) Date of Acquisition Contract: November 30, 2004

5) Date of Transfer: November 30, 2004

6) Acquired From:

Sumiseki Contech Co., Ltd. (please refer to Section 6 hereinbelow for a description of the seller)

TC Properties Co.,Ltd. (please refer to Section 6 hereinbelow for a description of the seller)

7) Acquisition Funds : Existing capital (anticipated)

## 2. Reason for Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the Other Cities in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation. In deciding to acquire this property, the following point was especially attractive.

### 1) Increase in Value of Asset through Additional Acquisition

As NBF already owns 34.33% of this property (ratio of the exclusively owned area to the entire building), it considers that increase in the value of the asset can be expected through the current additional acquisition ( 0.58% and 1.85% of the exclusively owned area of the entire building).

## 3. Points by which the Property was Evaluated

### 1) Location

The "Sapporo L-Plaza" is noteworthy based on the fact that it conveniently faces directly toward the square in front of the north exit of the Sapporo station, the largest terminal in Hokkaido with approximately 330,000 passengers per day, and also directly connects to the station by underpass. Such convenient access and the visibility of the 13-storied exterior appearance in front of the station are highly appreciated by the existing tenants of the building.

### 2) Building and Facilities

A standard floor has a rentable floor area of approximately 1,557 m<sup>2</sup>, nicely shaped with no pillars and natural lighting from 4 directions which adds to the property scarcity value, and is very bright and spacious with a ceiling height of 2,700mm and 100mm sub-floor cavity for connection of OA equipment. Floor weight capacity is 500kg/m<sup>2</sup> on any part of any floor, each floor can be divided into a maximum of ten zones, and air conditioning can be switched on or off, and the temperature set, for each zone. Electric capacity on a standard floor is 30VA/m<sup>2</sup> for lighting and 50 VA/m<sup>2</sup> for OA equipment. Lavatories, a refreshments corner and smoking space with natural lighting are set up on each floor, with the aim of enhancing office environment amenities.

Mid to lower floors of the building are mainly used for common facilities such as the "Gender Equality Center", "Support Center for Civil Activities", "Environmental Plaza", "Consumers Center", etc. operated by Sapporo City as well as containing medical treatment facilities, shops, restaurants and other convenient facilities for both tenants and the local community.

## 4. Background of Acquisition

As stated above, NBF already owns 34.33% of the property (ratio of the exclusively

owned area to the entire building). The current sale and purchase agreement was reached because the intention of the other owners of condominium interests to sell such interests matched NBF's intention to increase its interest through additional acquisition.

## 5. Outline of Assets to be Acquired

### 1) Location

28-ban, Kita 8-jo, Nishi 3-chome, Kita-ku, Sapporo, Hokkaido

### 2) Use

Offices, stores and complex public facilities

### 3) Type of Ownership and Equity

Land : Ownership

(ratio of right to use land 3604/1,000,000 11537/1,000,000)

Building : Ownership (condominium interests 142.07 m<sup>2</sup> 454.83 m<sup>2</sup>)

### 4) Square meters

Land : Total site area of the entire building: 4,759.69 m<sup>2</sup>

Building : Total floor space of the entire building (including common areas):  
34,643.75 m<sup>2</sup>

### 5) Structure

13 floors above ground with 2 floors below ground

### 6) Design and supervision

Hokkaido Nikken Sekkei Co., Ltd.

### 7) Construction

Consortium consisting of Taisei Corporation, Sumitomo Construction Co., Ltd., etc.

### 8) Completion

March, 2003

### 9) Valuation

Valuation prepared by Tanizawa Sogo Appraisal Co., Ltd.

Appraisal Value : ¥59.4 million ¥178 million

Date of Valuation : November 30, 2004

### 10) Earthquake PML ( \* )

1.5% ( obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation )

( \* )PML=Probable Maximum Loss. While there is no standardized, precise definition of this term, with respect to buildings, earthquake PML indicates the ratio (%) of restoration costs against the costs of reconstruction of a building resulting from the amount of destruction suffered due to a foreseeable catastrophic earthquake (being an earthquake which may occur every 475 years, and whose possibility of occurrence is 10% during a 50 year period) occurring during the building's foreseeable useful life (50 years being the general useful life of buildings).

The PML percentage appearing above indicates a 90% level of reliability. As a building's earthquake resistance and the characteristics of the magnitude of an earthquake are inter-related, the 90% level of reliability means a PML not exceeding the figures for up to 90 buildings out of a hundred buildings. However, in general, PML indicates the damage ratio only for buildings (structural materials, non-structural materials, and construction facilities) while incidental damages such as damage to production equipment or machinery, furniture or fixtures, damage due to water or fire, indemnification of affected persons, or loss of business due to suspension of business etc., are not included.

11 ) Existence of Security Interests (Liens)

None

12) Tenancy, etc.

The occupancy rate is 100% both in the currently-owned portion and in the portion being acquired.

6. Outline of Seller

- 1) Name : Sumiseki Contech Co., Ltd.
- 2) Address : 5-6, Kita 1-jo, Higashi 2-chome, Chuo-ku, Sapporo, Hokkaido
- 3) Representative : Kazuo Hirokawa, President & Representative director
- 4) Capital : ¥450 million
- 5) Principal Business : General construction

- 1) Name : TC Properties Co., Ltd.
- 2) Address : 16-14, Shibuya 1-chome, Shibuya-ku, Tokyo
- 3) Representative : Kazuo Ochiai, President & Representative director
- 4) Capital : ¥76,833 million
- 5) Principal Business : Real estate business

7. Transactions with Interested Parties etc.

1) Asset Management

For real estate etc. acquired by NBF, "Office Management Business" including profit management, operation and management of real estate etc. is in principle entrusted to Mitsui Fudosan Co., Ltd., one of the related parties of Nippon Building Fund Management, Ltd. The same will apply to the current acquisition.

8. Acquisition Schedule

November 29, 2004 Determination to make acquisition

November 30, 2004 Execution of sale and purchase agreement of real estate

November 30, 2004 Date of transfer

#### 9. Forecasted Management Situation as at the close of December, 2004

There is no change in the forecasted management situation during the period ending December 31, 2004, as this acquisition will have little impact upon the management situation of NBF during such period.

End.

This English language notice is a translation of the Japanese language notice dated December 29, 2004 and was prepared solely for the convenience of, and reference by, overseas investors. NBF makes no warranties as to its accuracy or completeness.

#### <Attached Materials>

Reference Material 1 Estimated Revenues and Expenses from the Property to be Acquired

Reference Material 2 Photo of the Exterior of the Property

Reference Material 3 Summary of Portfolio after Acquisition of the Property

Reference Material 1 Estimated Revenues and Expenses from the Property to be Acquired

(n million yen )

Revenues (including ancillary revenues)	28
Expenses (excluding depreciation)	9
public imposts and taxes	2
miscellaneous	7
expenses	6.5
management entrustment	
fees, costs of repair etc.	
insurance premiums	0.5
Property NOI (Net Operating Income)	19

( Premises upon which Estimated Revenues and Expenses are based )

1. The above figures represent annualized revenues and expenses after exclusion of extraordinary factors for the year of acquisition (not the forecasted figures for the coming period), corresponding to the equity acquired by NBF.
2. Revenues are premised on an occupancy rate of 100%.

Reference Material 2      Photo of the Exterior of the Property



Area	Name of Building	Book Value ( Yen in thousands )	Percentage	Percentage of each area
Tokyo CBDs	JFE Bldg.	74,700,000	18.17%	70.0%
	Shirokane 1-chome East Area Redevelopment Project(Note 1)	27,600,000	6.71%	
	Shiba NBF Tower	24,600,000	5.98%	
	Shinjuku Mitsui Bldg. No.2	16,400,000	3.99%	
	GSK Bldg.	17,600,000	4.28%	
	Naka-Meguro GT Tower	14,100,000	3.43%	
	Daiya Toranomom Bldg.	13,800,000	3.36%	
	Kowa Nishi Shinbashi Bldg. B	13,500,000	3.28%	
	Nippon Steel Bldg. No.2	13,050,000	3.17%	
	Nihonbashi Muro-machi Center Bldg.	9,710,000	2.36%	
	Alliance	9,126,000	2.22%	
	Shibuya Garden Front	9,000,000	2.19%	
	Shiba A Bldg.	6,810,000	1.66%	
	Takanawa 1-chome Bldg.	7,240,000	1.76%	
	Toranomom Kotohira Tower	6,043,000	1.47%	
	Sumitomo Densetsu Bldg.	5,200,000	1.27%	
	Higashi-Ginza Square(tentative name. Note 2)	4,800,000	1.17%	
	Daiva Ikebukuro Bldg.	4,840,000	1.18%	
	Ikebukuro TG Homest Bldg.	4,570,000	1.11%	
	Sudacho Verde Bldg.	2,380,000	0.58%	
Nishi-Shinjuku Mitsui Bldg.	1,630,000	0.40%		
Ebisu CS Bldg.	1,050,000	0.26%		
Other Greater Tokyo	Nakano-Sakaue Sunbriht Twin	9,500,000	2.31%	13.7%
	Yokohama ST Bldg.	13,800,000	3.36%	
	NBF Atsugi Bldg.	2,330,000	0.57%	
	Tsukuba Mitsui Bldg.	8,850,000	2.15%	
	S-ino Omiva North Wing	16,816,345	4.09%	
	Daido Life Omiva Bldg.	2,240,000	0.54%	
Other Cities	Matsudo City Bldg.	2,600,000	0.63%	16.3%
	Sapporo L-Plaza (Note 3)	3,519,406	0.86%	
	Sapporo Minami Nio Bldg.	1,850,000	0.45%	
	NBF Sendai Honcho Bldg.	3,830,000	0.93%	
	Unix Bldg.	4,860,000	1.18%	
	Niigata Telecom Bldg.	4,330,000	1.05%	
	Hirokoi Toei Bldg.	5,440,000	1.32%	
	Aqua Doiima Daiwa Doiima Bldg.	17,810,000	4.33%	
	Sun Mullion NBF Tower	9,510,000	2.31%	
	Sakai Higashi Center Bldg.	2,360,000	0.57%	
	Tanimachi Kowa Bldg.	2,030,000	0.49%	
	Aqua Doiima East	2,010,000	0.49%	
	Otemae Center Bldg.	1,990,000	0.48%	
	Shiio Karasuma Minami Bldg.	1,560,000	0.38%	
	NBF Hiroshima Tatemachi Bldg.	2,780,000	0.68%	
	Hiroshima Fukuromachi Bldg.	856,000	0.21%	
Hakata Gion 21 Bldg.	2,410,000	0.59%		
Total		411,030,751	100.00%	100.00%

The "Book Value" figures in the above table are in principle the appraisal value disclosed as of the end of June 2004 (the appraisal value of real estate with date of valuation being June, 2004); provided, however, for properties acquired (or to be acquired) after July 2004, prices are acquisition prices (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax) as stated in the respective sale and purchase contracts as of the dates of the decision to acquire such properties.

(Note 1) Expected to be acquired on March 31, 2006; provided, however, that in the event that profitability is improved as the result of tenants attracted by the sellers,

the price may be increased to a maximum of ¥31,000,000,000 by the transfer date in accordance with certain rules.

(Note 2)

Expected to be acquired on March 28 2005; provided, however, that, in the same manner as in Note 1, in the event that profitability is improved as the result of tenants attracted by the sellers, the price may be increased to a maximum of ¥5,200,000,000 by the transfer date in accordance with certain rules.

(Note 3)

The book value of Sapporo L-Plaza represents the total price of the already acquired portion (¥3,280,000,000) and the current acquisition (¥239,406,000).