

September 30, 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 (Toranomom Kotohira Tower)

Nippon Building Fund, Inc. ("NBF") hereby provides notice of its decision on September 17, 2004 to acquire assets as follows:

Descriptions

1 Outline of the Acquisition (Anticipated)

1) Acquired Assets: Real estate and superficies

Superficies:

492,557/621,044 (approx. 79%) of quasi co-ownership interest in superficies in 1,256.19 m² of land located at 43, 1-ban, Toranomom 1-chome, Minato-ku, Tokyo (hereinafter, "the Land")

Building:

492,557/1,684,779 (approx. 29%) of co-ownership interest in condominium interests in the 4th through 25th floors of the Toranomom Kotohira Tower

* the exclusively owned portion of the 4th through 25th floors of the Toranomom Kotohira Tower is expected to be co-owned by NBF and Mitsui Fudosan Co., Ltd., and the exclusively owned portion of the 1st through 3rd floors and the 26th floor owned by Kotohiragu, a religious corporation.

2) Name of Acquired Assets : Toranomom Kotohira Tower (hereinafter, "the Property")

3) Acquisition Price : ¥6,043,000,000

Price for use of superficies ¥2,900,000,000

Building ¥3,143,000,000

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

4) Commencement of construction of building: October 1, 2002

5) Completion: November 30, 2004

6) Date of Acquisition Contract: September 17, 2004

* The building portion of the Property was not completed as of the date of the acquisition

contract, but the contract is subject to completion of the building and NBF will acquire the Property after such completion.

7) Date of Transfer: November 30, 2004

8) Acquired From:

Superficies:

(a) Establishment of superficies

NBF and Kotohiragu will enter into an agreement to establish superficies with the settlors of superficies for the purpose of possession of the building of the Property.

(b) Settlors of superficies:

The settlors of superficies as of the establishment of superficies are Kabushiki Kaisha Toranomom-Kotohira Kaikan Bldg. and another company.

The Land will subsequently be sold to Kotohiragu, and the status of the settlors of superficies will be succeeded to by Kotohiragu.

(c) Superficiary:

The said superficies will be quasi co-owned by NBF (492,557/621,044) and Kotohiragu (128,487/621,044)

(d) Subject land

1,256.19 m² at 43, 1-ban, Toranomom 1-chome, Minato-ku, Tokyo

(e) Subject superficies

superficies, as stipulated by the Civil Code of Japan, will be registered.

(f) Term

from the effective date of establishment of superficies (effective date of sale and purchase) until October 10, 2051

Building: Kabushiki Kaisha Toranomom-Kotohira Kaikan Bldg. (please refer to Section 4 hereinbelow for a description of the seller)

9) Acquisition Funds: Existing capital plus loans (anticipated)

10) Broker: Mitsui Fudosan Co., Ltd.

2 Outline of Assets Expected to be Acquired

While the description of the Land is as indicated in the real property registry, since the building has not yet been completed or registered, the description of the building is substantially as indicated in the Certificate in accordance with the provisions of Article 6-2, Section 1, of the Building Standard Law of Japan.

1) Location

Land subject to superficies: 43, 1-ban, Toranomom 1-chome, Minato-ku, Tokyo

Building: same as the land

2) Intended Use

Office, shrine

(the exclusive portion, the interests in which NBF will acquire, is for offices.)

3) Type of ownership and interest owned (see reference material No.5)

Land: 492,557/621,044 (approx. 79 %) of quasi co-ownership interest in superficies in the Land

Building: 492,557/1,684,779 (approx. 29%) of co-ownership interest in condominium interests in the building portion of the Property (4th through 25th floors)

4) Area

Land: building site: 3,647.30 m² (total site area)

Building: total floor space: 29,828.90 m² (total floor space including the existing shrine)

5) Structure

Steel framed, partially steel framed reinforced concrete with 26 floors above ground, 3 floors below ground and 1 penthouse floor.

6) Design

Nikken Sekkei Ltd.

7) Construction

Consortium consisting of Taisei Corporation, Hazama Corporation and Shiraishi Kensetsu Corporation.

8) Price Investigation

Investigation Report prepared by Daiwa Real Estate Appraisal Co., Ltd.

* As the building has not yet been completed, the price was determined by applying an appraisal method based on the assumption that the building was completed as of the time of valuation.

Appraisal Value: ¥6,070,000,000

Date of Valuation: August 31, 2004

9) Earthquake PML (*)

6.3 % (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.

10) Description of Tenants

The tenant of the Property is expected to be one company, Mitsui Fudosan, Co., Ltd. Mitsui Fudosan Co., Ltd. plans to sub-lease the Property to sub-lessees, the information of which as of September 17, 2004 is as follows (based on the material received from Mitsui Fudosan Co., Ltd.) Please refer to Section 5, 1) below for the details of the lease contract with Mitsui Fudosan Co., Ltd.

Total number of sub-lessees: thirteen (13) companies

Total rentable area: 16,847.79 m² (NBF's ownership interest: 4,925.57 m²)

Total leased area: 14,962.16 m² (NBF's ownership interest: 4,374.29 m²)

Occupancy Rate: 88.81%

11) Existence of Secured Interests (Liens)

At present, the Land is subject to a fixed mortgage which will be extinguished prior to the date of establishment of superficies in the Land by NBF.

12) Right of First Refusal

The "Sale and Purchase Agreement of Real Estate" for the Property states that after a certain period of time following the execution of the sale and purchase of the Property, Kabushiki Kaisha Toranomom-Kotohira Kaikan Bldg. and Kotohiragu shall become entitled to propose that NBF sell the Property back to them.

3 Points regarding the Acquisition of the Property

1) Collaboration with Mitsui Fudosan Co., Ltd.

The method of development of the Property is aimed to benefit from deregulation concerning the floor area ratio utilizing the "comprehensive design plan", while preserving "Kotohiragu", designated as a historical building by the Tokyo Metropolitan government, which is located on the Property, and promoting more effective use of the surplus floor area. The building is newly built and was planned and developed by Mitsui Fudosan Co., Ltd. acting as a provider of project management services as well as being an owner of the building. NBF negotiated with the seller through Mitsui Fudosan Co., Ltd., acting as broker, and as the result of such negotiations acquired the Property.

2) Initiative for Development Project (Advancement of Differentiation Strategy)

The decision to acquire the Property was made according to a plan to acquire rare and excellent properties by means of early execution of sale and purchase contracts in such initial stages of building construction. Due to the fact that the building portion of the Property has not yet been completed, there exist several risks which are attributable to

uncertainties regarding the future. However, proper risk management methods and price evaluation methods established by NBF through acquisition of the Sapporo L-Plaza, an office building located in the area of the Shirokane 1-chome East Area Redevelopment Project as well as the Higashi-Ginza Square (tentative name), were applied to the current decision to invest.

3) Points by which the Property was Evaluated

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the Tokyo central business districts (CBDs) in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation. In deciding to make this acquisition, the following points were accorded high value.

Location

The area neighboring Kasumigaseki and Toranomon is the center of business and political life in Japan, well known as an historical office area. The office building market is stable due to demand from tenants who consider access to government offices to be important, or who are affiliates of, or have business with, large companies whose headquarters are concentrated in this area. The Property has convenient access and provides pleasant walking to the main terminals of several railway systems, such as the "Toranomon" station of the Ginza-line of the Tokyo Metro (a one minute walk), the "Kasumigaseki" station of the Chiyoda, Hibiya and Marunouchi lines, respectively, of the Tokyo Metro System (5 minutes walk) as well as the "Shinbashi" station of the JR Tokaido, Keihin-Tohoku, Yamanote and Yokosuka lines, respectively (11 minutes walk).

Building and Facilities

- (a) As the improvements on the Property are newly built, every function required for contemporary offices will be realized by means of the latest design technology. The building will have various advanced functions corresponding to high-tech OA equipment required by tenants, including accelerated IT technology, and also provide amenities for workers including bright windows, views, air-conditioning and lighting. It will fit well with various kinds of businesses with flexibility for future layout changes through use of free access floors or no-pillar floors.
- (b) Rentable area for a standard office floor measures approximately 754 m², ensuring sufficient ambient light and views and resulting in a very bright and spacious environment with a ceiling height of 2,750mm and a 100mm sub-floor cavity for connection of OA equipment. The load bearing capacity of each floor is 500 kg/m², increasing to 1,000 kg/m² and 700 kg/m² as required for heavy duty zones. Each floor can be divided into four zones, and air conditioning can be set and adjusted for each zone outside normal business hours. Electric

capacity for OA equipment on a standard floor is 70 VA/m².

4 Outline of Seller

- 1) Name: Kabushiki Kaisha Toranomom-Kotohira Kaikan Bldg.
- 2) Address: 2-8, Toranomom 1-chome, Minato-ku, Tokyo
- 3) Representative: Kazuhiro Takamizawa
- 4) Capital: ¥40,000,000 (as of September 30, 2003)
- 5) Principal Business: the sale, purchase, and leasing of real estate, and brokerage and management thereof
- 6) Relationship with NBF: None

5 Transactions with Interested Parties etc.

1) Building Lease Agreement

A building lease agreement for the Property is expected to be entered into with Mitsui Fudosan, Co., Ltd., which falls into the category of Interested Parties etc. of Nippon Building Fund Management Ltd. The term of the agreement will be ten (10) years, with an anticipated provision to prohibit the parties from terminating the agreement for the initial five (5) years. The rent received by NBF from Mitsui Fudosan Co., Ltd. under the said agreement will be in an amount equivalent to a certain percentage of sub-lease rents received by Mitsui Fudosan Co., Ltd. from its sub-lessees.

2) Entrustment Agreement of Administrative Services

NBF will entrust to NBF Office Management Co., Ltd., which falls into the category of Interested Parties etc. of Nippon Building Fund Management Ltd., administrative services as an owner of the Property and a lessor to Mitsui Fudosan Co., Ltd., respectively, of the Property under the building lease agreement. The said entrustment agreement will be in force until the building lease agreement is terminated and the annual fees for the services provided will be ¥3 million. (No office management agreement will be entered into between NBF and Mitsui Fudosan Co., Ltd. regarding the Property).

6 Acquisition Schedule

September 17, 2004 Determination to make acquisition

September 17, 2004 Execution of Sale and Purchase Agreement of Real Property, as well as Agreement to Establish Superficies and Sale and Purchase of Land

November 30, 2004 after completion, delivery of the building and establishment of superficies (estimated)

7 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 September 17, 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 | Image Drawing 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

- 1) Property NOI (Net Operating Income) is expected to be ¥298 million.
- 2) 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 ownership interest acquired by NBF.
- 3) The above figures represent annualized revenues and expenses based on certain assumptions as of this date after exclusion of extraordinary factors for the year of acquisition, and revenues are calculated based on amounts receivable from Mitsui Fudosan Co., Ltd. based on an assumed occupancy rate of 97% by sub-lessees.
- 4) NBF does not disclose estimates of revenues and expenses, taking into consideration subsequent tenant attraction activities.



(*) drawn based on the blueprint of the building, which may be different from the actual appearance.

Reference Material 3 Summary of Portfolio after Acquisition of the Property

Area	Name of Building	Book Value (Yen in thousands)	Percentage	Percentage of each area
Tokyo CBDs	JFE Bldg.	74,700,000	18.43%	71.0%
	Shirokane 1-chome East Area Redevelopment Project(Note 1)	27,600,000	6.81%	
	Shiba NBF Tower	24,600,000	6.07%	
	Shinjuku Mitsui Bldg. No.2	16,400,000	4.05%	
	GSK Bldg.	17,600,000	4.34%	
	Naka-Meguro GT Tower	14,100,000	3.48%	
	Daiya Toranomon Bldg.	13,800,000	3.41%	
	Kowa Nishi Shinbashi Bldg. B	13,500,000	3.33%	
	Nippon Steel Bldg. No.2	13,050,000	3.22%	
	Nihonbashi Muro-machi Center Bldg.	9,710,000	2.40%	
	Alliance	9,126,000	2.25%	
	Shibuya Garden Front	9,000,000	2.22%	
	Shiba A Bldg.	6,810,000	1.68%	
	Takanawa 1-chome Bldg.	7,240,000	1.79%	
	Toranomon Kotohira Tower (Note 2)	6,043,000	1.49%	
	Sumitomo Densetsu Bldg.	5,200,000	1.28%	
	Higashi-Ginza Square(tentative name. Note 3)	4,800,000	1.18%	
	Daiva Ikebukuro Bldg.	4,840,000	1.19%	
	Ikebukuro TG Homest Bldg.	4,570,000	1.13%	
	Sudacho Verde Bldg.	2,380,000	0.59%	
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	2.34%	12.5%
	Yokohama ST Bldg.	13,800,000	3.41%	
	NBF Atsugi Bldg.	2,330,000	0.58%	
	Tsukuba Mitsui Bldg.	8,850,000	2.18%	
	S-ino Omiva North Wing (Note 4)	11,236,345	2.77%	
	Daido Life Omiva Bldg.	2,240,000	0.55%	
	Matsudo City Bldg.	2,600,000	0.64%	
Other Cities	Sapporo L-Plaza	3,280,000	0.81%	16.5%
	Sapporo Minami Nio Bldg.	1,850,000	0.46%	
	NBF Sendai Honcho Bldg.	3,830,000	0.95%	
	Unix Bldg.	4,860,000	1.20%	
	Niigata Telecom Bldg.	4,330,000	1.07%	
	Hirokoi Toei Bldg.	5,440,000	1.34%	
	Aqua Doiima Daiwa Doiima Bldg. (Note 5)	17,810,000	4.40%	
	Sun Mullion NBF Tower	9,510,000	2.35%	
	Sakai Higashi Center Bldg.	2,360,000	0.58%	
	Tanimachi Kowa Bldg.	2,030,000	0.50%	
	Aqua Doiima East	2,010,000	0.50%	
	Otemae Center Bldg.	1,990,000	0.49%	
	Shiio Karasuma Minami Bldg.	1,560,000	0.38%	
	NBF Hiroshima Tatemachi Bldg.	2,780,000	0.69%	
	Hiroshima Fukuromachi Bldg.	856,000	0.21%	
Hakata Gion 21 Bldg.	2,410,000	0.59%		
Total		405,211,345	100.00%	100.00%

The "Price" figures in the above table are in principle the appraisal value disclosed as of the end of December 2003 (the appraisal value of real estate with date of valuation being December 31, 2003); provided, however, for properties acquired (or to be acquired) after January 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 seller, 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 November 30, 2004.

(Note 3) 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 seller, the price may be increased to a maximum of ¥5,200,000,000 by the transfer date in accordance with certain rules.

(Note 4) Expected to be acquired on October 1, 2004.

(Note 5) Expected to be acquired on September 30, 2004.