

Rating Action: Nippon Building Fund Inc.

MOODY'S REVIEWS NIPPON BUILDING FUND'S A2 RATING FOR POSSIBLE UPGRADE

Tokyo, June 19, 2006 -- Moody's Investors Service has placed on review for possible upgrade its A2 issuer rating and senior unsecured long-term debt rating of Nippon Building Fund Inc. (NBF).

The rating action reflects that NBF has established a solid revenue base through expanding its portfolio and that it has conducted steady financial management through its growth phase.

NBF had accomplished its portfolio expansion goal (JPY 500 billion by end-March 2006) six months earlier than scheduled, and as of end-May 2006 had grown the portfolio to approximately JPY 624.8 billion, with 55 properties (on an acquisition value basis). The company has been successful in stabilizing cash flow while improving portfolio quality and diversification. With its portfolio the largest of the 34 listed J-REITs, it has maintained its leading position in the market and enjoyed scale advantages.

As per its financial strategy, NBF has conservatively controlled its leverage through three public offerings since its listing. As its loan-to-value ratio (LTV) swing is becoming more stable with portfolio expansion, the predictability in the company's business continuity and financial risk is likely to improve further going forward.

In its review, Moody's will assess NBF's future portfolio strategy, especially in the areas of external growth and maintenance/improvement of portfolio profitability, in addition to its financial strategy.

Nippon Building Fund Inc. is a listed J-REIT, focused on investments in and management of high-quality office buildings. Its revenues totaled Yen 19.4 billion in the fiscal half-year ended December 2005.

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