



October 9, 2020

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund Inc.
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**Notice Concerning Issue of New Investment Units
and Secondary Offering of Investment Units**

Nippon Building Fund Inc. (“NBF”) provides notice of its decision at the board of directors meeting held on October 9, 2020 to issue new investment units (“Units”) and conduct a secondary offering of Units, as outlined below:

Description

1. Issue of New Units through a Public Offering

- (1) Total number of new Units to be offered: 229,000 units
- (2) Paid-in amount (issue amount): To be determined

(The issue amount for the new Units will be determined by a resolution of the Board of Directors at a meeting to be held on any day from October 20, 2020 (Tuesday) through October 22, 2020 (Thursday) (inclusive) (the “Pricing Date”) in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting of Securities set forth by the Japan Securities Dealers Association.)

- (3) Total paid-in amount (aggregate issue amount): To be determined
- (4) Offering method: Offerings to be made simultaneously within Japan and abroad

(i) Domestic Primary Offering

The offering in Japan (the “Domestic Primary Offering”) will be a primary offering in which all Units subject to the Domestic Primary Offering will be underwritten and purchased by domestic underwriters (the “Domestic Underwriters”). Certain of the underwriters will serve as joint lead managers (“Joint Lead Managers”).

(ii) International Offering

The international offering (the “International Offering”) will be an offering in

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international markets, mainly in the U.S., Europe and Asia. However, within the U.S., the Units will be sold only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act of 1933, as amended. All Units subject to the International Offering will be underwritten severally and not jointly in the total amount by international managers (the “International Managers”, and collectively with the Domestic Underwriters, the “Underwriters”).

Although NBF plans to offer 171,000 units in the Domestic Primary Offering and 58,000 units in the International Offering, the actual number of Units to be offered as described in (i) and (ii) above will be determined on the Pricing Date by taking into consideration, among others factors, market demand of the units.

The joint global coordinators of the Domestic Primary Offering and International Offering, as well as the secondary offering through over-allotment stated in 2. below, are hereinafter referred to as the “Joint Global Coordinators”.

The issue price for the Domestic Primary Offering and the International Offering (the “offer price”) will be determined on the “Pricing Date”, taking into consideration, among other factors, market demand of the units and will be determined in accordance with the methods provided for in Article 25 of the Regulations Concerning Underwriting of Securities set forth by the Japan Securities Dealers Association, based on the closing price for ordinary transactions of Units of NBF on the Tokyo Stock Exchange on the Pricing Date (or if no closing price is available on that date, then the closing price on the most recent date prior to the Pricing Date) multiplied by a factor of 0.90 to 1.00 (amounts less than ¥1 shall be rounded down) as provisional pricing.

- (5) Underwriters’ fees: An underwriting fee will not be paid. Instead, underwriting fees applicable to the issue will be the difference between the total issue price (aggregate offer price) for the Domestic Primary Offering and International Offering and the total paid-in amount (aggregate issue amount) to be paid by the Underwriters to NBF.
- (6) Application unit: At least one Unit or in multiples of one Unit.
- (7) Application period: From the business day immediately following the Pricing Date to the second business day following the Pricing Date.
(Domestic Primary Offering)
- (8) Payment date: A day between October 26, 2020 (Monday) and October 28, 2020 (Wednesday) (inclusive), which shall be the fourth business day following the Pricing Date.
- (9) Delivery and Settlement date: The business day immediately following the payment date described in (8) above.
- (10) The paid-in amount (issue amount) and other matters necessary for this issue of new Units will be determined at a board of directors meeting to be held hereafter.
- (11) The Domestic Primary Offering among the aforementioned items will be subject to the effectiveness of the securities registration statement in accordance with the Financial Instruments and Exchange Act.
- (12) In the event the International Offering is suspended, the Domestic Primary Offering shall also be suspended. In the event the Domestic Primary Offering is suspended, the International Offering shall also be suspended.

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2. Secondary Offering (through Over-Allotment) (Please refer to <Reference> 1. below.)

- (1) Seller and number of Units to be offered: One of the Joint Lead Managers: 11,500 units
The number of Units to be offered represents an upper limit which may be reduced, or the secondary offering through over-allotment itself may be suspended, depending on demand conditions of the Domestic Primary Offering. The number of Units to be offered will be determined at the board of directors meeting held on the Pricing Date by taking into consideration the demand of the units in the Domestic Primary Offering.
- (2) Offer price: To be determined on the Pricing Date. Such offer price will be the same price as the issue price (offer price) for the Domestic Primary Offering.
- (3) Total amount of offer price: To be determined
- (4) Offering method: In conducting the Domestic Primary Offering, and after considering, among other factors, demand conditions of the units, one of the Joint Lead Managers of the Domestic Primary Offering, will undertake the sale of Units in Japan borrowed from a certain NBF unitholder with 11,500 units as the upper limit.
- (5) Application unit: At least one Unit or in multiples of one Unit.
- (6) Application period: Identical to the application period for the Domestic Primary Offering.
- (7) Delivery and Settlement date: Identical to the delivery and settlement date for the Domestic Primary Offering.
- (8) The offer price and other matters necessary for this offering of Units will be determined at a board of directors meeting to be held hereafter.
- (9) The aforementioned items shall be subject to the effectiveness of the securities registration statement in accordance with the Financial Instruments and Exchange Act.
- (10) In the event the Domestic Primary Offering is suspended, the secondary offering through over-allotment shall also be suspended.

3. Issue of New Units by Third Party Allocation (Please refer to <Reference> 1. below.)

- (1) Total number of new Units to be offered: 11,500 units
- (2) Paid-in amount (issue amount): To be determined at a board of directors meeting to be held on the Pricing Date. Such paid-in amount (issue amount) will be equivalent to the paid-in amount (issue amount) for the Domestic Primary Offering.
- (3) Total paid-in amount (aggregate issue amount): To be determined
- (4) Allottee and number of Units: One of the Joint Lead Managers: 11,500 units
- (5) Application unit: At least one Unit or in multiples of one Unit
- (6) Application period
(Application date): Any day during the period from November 5, 2020 (Thursday) through November 9, 2020 (Monday) (inclusive).
Such date shall be the seventh business day immediately following the payment date of the Domestic Primary Offering.
- (7) Payment date: A day during the period from November 6, 2020 (Friday) through November

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10, 2020 (Tuesday) (inclusive).

Such date shall be the eighth business day immediately following the payment date of the Domestic Primary Offering.

- (8) Issue of any Units not applied for on or before the last date of the application period (the application date) set forth in (6) above will be cancelled.
- (9) The paid-in amount (issue amount) and other matters necessary for this issue of new Units will be determined at the board of directors meeting to be held hereafter.
- (10) The aforementioned items shall be subject to the effectiveness of the securities registration statement in accordance with the Financial Instruments and Exchange Act.
- (11) In the event the Domestic Primary Offering is suspended, the issuance of new units by third party allocation shall also be suspended.

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<Reference>

1. Secondary Offering through Over-Allotment etc.

A secondary offering through over-allotment as described in Paragraph 2. "Secondary Offering (through Over-Allotment)" above will be effected by one of the Joint Lead Managers of the Domestic Primary Offering, separate from the Domestic Primary Offering as described in Paragraph 1. "Issue of New Units through a Public Offering" above, after considering demand conditions of the units and other factors in such Domestic Primary Offering, up to a limit of 11,500 units of Units borrowed from a certain NBF unitholder. The number of Units to be offered through over-allotment is expected to be 11,500 units; provided, however, that such number is the upper limit and may be reduced, or the whole secondary offering through over-allotment itself may be suspended, depending on demand conditions of the units and other factors.

In order to cause such Joint Lead Manager to acquire Units necessary to return such Units borrowed by it from the above-mentioned NBF unitholder (the "Borrowed Units") in connection with the secondary offering through over-allotment, NBF resolved, at a board of directors meeting held on October 9, 2020 (Friday) to newly issue 11,500 units to be allocated to such Joint Lead Manager (the "Third Party Allocation") with a certain payment date, any day during the period from November 6, 2020 (Friday) through November 10, 2020 (Tuesday) (inclusive) which is the eighth business day immediately following the payment date of the Domestic Primary Offering.

In addition, such Joint Lead Manager may, within the period commencing on the day immediately following the end of the application period for the Domestic Primary Offering and the secondary offering through over-allotment and ending on the fourth business day immediately prior to the payment date for Third Party Allotment (the "Syndicate Cover Transaction Period"), purchase up to the maximum number of Units sold in the secondary offering through over-allotment on the Tokyo Stock Exchange (the "Syndicate Cover Transaction") with the aim of procuring and returning the Borrowed Units. Units purchased by such Joint Lead Manager by way of Syndicate Cover Transaction will be allocated in full as return of the Borrowed Units. Such Joint Lead Manager may, at its discretion, choose not to enter into any Syndicate Cover Transaction, or to terminate such transaction prior to reaching the maximum number of Units to be sold in the secondary offering through over-allotment.

Further, such Joint Lead Manager may effect stabilization transactions in connection with the Domestic Primary Offering and secondary offering through over-allotment and allocate all or part of Units purchased through stabilization transactions to return the Borrowed Units.

The remaining number of the Borrowed Units after allocation of Units purchased by way of Syndicate Cover Transaction and stabilization transactions will be acquired by such Joint Lead Manager by subscribing for the Third Party Allocation. In the event that the Units to be issued through the Third Party Allocation are not subscribed in whole or in part, the subscription right will be forfeited and the final number of Units with respect to the Third Party Allocation may be reduced to the same extent, or the whole issue may be suspended.

In order to conduct the above mentioned transactions, such Joint Lead Manager will consult with the other Joint Lead Manager.

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2. Total Number of Units Issued and Outstanding after New Issue

Number of Units outstanding	1,412,000 units
Number of new Units issued by public offering	229,000 units
Number of Units issued and outstanding after public offering	1,641,000 units
Number of new Units issued by Third Party Allocation	11,500 units (note)
Number of Units issued and outstanding after Third Party Allocation	1,652,500 units (note)

(note) Assumes one of the Joint Lead Managers applies for all of the offered number of new Units to be offered through the Third Party Allocation as described above.

3. Purposes and Rationale of Issue

The issue of new Units was decided with the aim of growing of NBF's assets and enhancing the quality of its portfolio by acquiring the new specified assets while maintaining financial stability through financing by means of the issue of new Units, and contributing to NBF's asset management policy of increasing unitholder value by taking into comprehensive consideration of market trends, loan to value ratio (LTV), distribution per unit, and other factors.

4. Amount of Capital, Use and Schedule of Expenditure of Funds to be Procured

(1) Amount of capital to be procured (estimated amount net of costs and expenses)

¥140,281,245,000 (maximum)

(Note) The above amount represents the aggregate of ¥99,742,590,000, being the net amount procured through the Domestic Primary Offering, ¥33,830,820,000, being the net amount procured through the International Offering and ¥6,707,835,000, being the maximum net amount procured through the Third Party Allocation of new Units. Furthermore, the above-mentioned amount is an estimate calculated based on the closing price on the Tokyo Stock Exchange as of September 24, 2020 (Thursday).

(2) Specific use and expected schedule of expenditure of funds to be procured

Procured funds are scheduled to be used to fund acquisition of specified assets which NBF contemplates acquiring as published today in the "Notice of Acquisition and Commencement of Lease of Domestic Assets (Acquisition of Shinjuku Mitsui Building and Gran Tokyo South Tower)".

5. Designated Purchaser

Of the Units in the Domestic Primary Offering, the Domestic Underwriters are expected to sell 8,000 Units to Mitsui Fudosan Co., Ltd. (the "Designated Purchaser"), one of the shareholders of Nippon Building Fund Management Ltd. to which NBF entrusts asset management services.

6. Other Matters (Restrictions on Sale and Additional Issue)

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(i) In relation to the Domestic Primary Offering and International Offering, NBF will ask Designated Purchaser to agree with the Joint Global Coordinators not to sell or otherwise dispose of NBF's investment units owned by it without the prior written consent of the Joint Global Coordinators for a period commencing on the Pricing Date for the Domestic Primary Offering and International Offering and ending on the date six months after the date of delivery and settlement for the Domestic Primary Offering and International Offering (except for such investment units lent to one of the Joint Lead Managers for the purposes of secondary offering through over-allotment as well as other similar transactions which may occur during the mentioned period).

The Joint Global Coordinators are to have the right to terminate said agreement in whole or in part at its discretion during the above-mentioned period.

(ii) In connection with the Domestic Primary Offering and International Offering, NBF has agreed with the Joint Global Coordinators not to issue any additional investment units without the prior written consent of the Joint Global Coordinators for a period commencing on the Pricing Date for the Domestic Primary Offering and International Offering and ending on the date three months after the date of delivery and settlement for the Domestic Primary Offering and International Offering (with the exception of new Units issued in the Domestic Primary Offering, International Offering, the Third Party Allocation, and new Units issued in connection with a unit split)

The Joint Global Coordinators have the right to terminate said agreement in whole or in part at its discretion during the above-mentioned period.

End

This English language notice is a translation of the Japanese language notice dated October 9, 2020 and was prepared solely for reference purposes. The Japanese language release should be referred to as the original. Neither NBF nor Nippon Building Fund Management Ltd. makes any warranties as to the accuracy or completeness of this English language notice.

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