



November 16, 2020

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund, Inc.
Koichi Nishiyama, Executive Director
(TSE Code : 8951)
Contact:
Asset Management Company
Nippon Building Fund Management, Ltd.
Yoshiyuki Tanabe, President and CEO
Person to Contact:
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Notice of Acquisition of Domestic Assets
(NBF Ogawamachi Bldg. : Additional Acquisition)

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on November 16, 2020 to acquire assets as follows:

Description

1. Outline of the Acquisition

Name of Assets	NBF Ogawamachi Bldg. (Additional Acquisition) *NBF Ogawamachi Bldg. shall be referred to as "the Property," the portion to be acquired shall be referred to as "the Additionally Acquired Portion of the Property," and the portion already owned by NBF shall be referred to as "the Existing Interests" hereinafter.
Acquisition Price	¥480,000,000 (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Seller	Multiple individuals *Details of the sellers are not disclosed due to the fact that the sellers are individuals and consent for disclosure was not obtained from the sellers.
Intermediary	None
Date of Contract	November 16, 2020
Date of Acquisition	November 30, 2020 (scheduled)



2. Reason for Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the 23 wards of Tokyo in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation.

NBF already owns the equivalent of approximately 83.84% of the Property, and has steadily achieved performance results. (The Additionally Acquired Portion of the Property represents approximately 8.62% of the Property, resulting in total ownership by NBF of approximately 92.47% (each figure represents a proportion of the total exclusively owned area of the Property).)

NBFM considers this acquisition to be in line with NBF's policy of increasing the asset value and liquidity of the property.

3. Outline of Assets

Name of Assets	NBF Ogawamachi Bldg. (Additional Acquisition)
Type of Specified Assets	Real Property
Type of Ownership	Land : Right to site (approximately 8.63%) (ratio to ownership (1,114.85 m ²). Approximately 92.38% when including the Existing Interests (approximately 83.75%).) Building : Sectional ownership
Location	(Description in Real Property Registry) Land : 3-1, Kanda-Ogawamachi 1-chome, Chiyoda-ku, Tokyo Building : 3-1, Kanda-Ogawamachi 1-chome, Chiyoda-ku, Tokyo (Street Address) 3-1, Kanda-Ogawamachi 1-chome, Chiyoda-ku, Tokyo
Use (primary use listed in Real Property Registry)	Stores and Offices
Square meters (Description in Real Property Registry)	Land : site area 1,114.85 m ² (entire site) Building: total floor space 8,350.32 m ² (entire building)
Structure (Description in Real Property Registry)	Steel framed reinforced concrete structure, flat roof, 10 floors above ground and 1 floor below ground. (Based on the description of the entire building)
Completion of Construction (Description in Real Property Registry)	October 27, 1986
Matters Related to Earthquake Resistance	Earthquake PML 4.2% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
Existence of Secured Interests (liens)	Although a fixed mortgage has been established on the land and building of the Property, it will be extinguished prior to the transfer of the Property upon the seller's responsibility and at its cost.
Appraisal Value (Date of Valuation)	¥557,000,000 (October 31, 2020)



Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	<p>Mitsui Fudosan will be the sole tenant as NBF intends to lease the entire Additionally Acquired Portion of the Property to Mitsui Fudosan. Mitsui Fudosan will sub-lease the same spaces to its sub-lessees.</p> <p>Rentable floors of the 2nd through 10th floors including the Additionally Acquired Portion of the Property are unitarily managed by the owners of sectional ownership through a master lease agreement with Mitsui Fudosan (rental revenues and rental costs are unitarily received and borne by such owners regardless of the locations subject to such sectional ownership), and the proportion of its operating rights for the Additionally Acquired Portion of the Property is approximately 8.26% (approximately 93.84% when including the Existing Interests (approximately 85.59%)).</p> <p>Tenancy situation of the Additionally Acquired Portion of the Property as of September 30, 2020 is as follows.</p>
Total number of tenants	15 companies (15 general business companies)
Total rental revenues	Approximately ¥45 million / year *1
Lease deposit	Approximately ¥43 million *1
Total rentable area	<p>Approximately 535.68 m² (based on the owned interests)</p> <p>The Additionally Acquired Portion (included in the unitary management portion) : approximately 438.38 m² *2</p> <p>The Additionally Acquired Portion (outside the unitary management portion) : approximately 97.30 m² *3</p>
Total rented area	Approximately 535.68 m ² (the same as above)
Occupancy Rate	100%
Other Special Matters	None

*1 Total rental revenues and lease deposit were calculated based on the rent roll (as of September 30, 2020) received from Mitsui Fudosan, and differ from the amount NBF receives after delivery of the property.

*2 Square meters included in the unitary management 5,308.47 m² X approximately 8.26% (proportion of its operating rights in the unitary management scheme)

*3 Square meters outside the unitary management 194.07 m² X approximately 50.14% (proportion of the distribution)

4. Outline of Seller

Details of the sellers are not disclosed due to the fact that the sellers are individuals and consent for disclosure was not obtained from the seller.

5. Status of Owners etc. of the Property

The current acquisition of the Property is not an acquisition from a party which falls under the category of any specially-interested party of NBF or NBFM.



6. Payment method, etc.
Lump-sum payment at the time of transfer

7. Future Outlook

There will be no change to the forecasted management situation during the period ending December 31, 2020 and the period ending June 30, 2021 as this acquisition will have little impact upon the management situation of NBF during such period.

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8. Summary of Appraisal Report

Property Name	NBF Ogawamachi Bldg.: Additional Acquisition
Appraisal Value	¥557,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	October 31, 2020

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	557,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	565,000	
(1) Operating Revenue ((i) - (ii))	44,085	
(i) Effective gross income	45,544	Estimated based on income consisting of rents, common area charges, utility charges, facility charges etc. which are deemed stable on a mid-and-long-term basis
(ii) Losses from vacancy, etc.	1,459	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	16,025	
Building Maintenance Costs/ Property Management Fees (Note)	7,864	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	2,192	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	389	Estimated based on the Engineering Report as well as the level of leasing expenses for similar real properties
Leasing Expenses, etc.	354	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	5,184	Estimated based on actual taxes in fiscal 2020 etc.
Insurance Premiums	42	Estimated based on insurance rates etc. for similar properties
Other Expenses	0	-
(3) Net Operating Income ((1)-(2))	28,059	
(4) Investment Income from Temporary Deposits	425	Estimated applying investment return of 1.0%
(5) Capital Expenditure	3,063	Estimated based on the Engineering Report as well as the level of renewal expenses for similar real properties
(6) Net Income ((3)+(4)-(5))	25,422	
(7) Capitalization Rate	4.5%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, building condition, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	554,000	
Discount Rate	4.3%	Estimated based on comparison with examples of transactions for similar real properties as well as returns on financial assets adjusted by individual characteristics of the Property
Terminal Capitalization Rate	4.7%	Estimated taking into consideration the characteristics of net income adopted in determining the capitalization rate as well as future uncertainty, liquidity and marketability
Integrated value based on cost method	702,000	
Proportion of land	94.8%	
Proportion of building	5.2%	

*Amounts less than one thousand yen are rounded to the nearest thousand.



Matters specifically considered in adjustment of estimated amounts and determination of appraisal value	None
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(Note) The reason for indicating Building Maintenance Costs / Property Management Fees as a total amount is because separately disclosing the levels of maintenance costs and property management fees of the Additionally Acquired Portion of the Property may have an impact on other transactions of the expected providers of building maintenance services and property management services respectively, and may hinder the provision of efficient services to NBF which may result in risks of damaging the interest of NBF's unitholders.

End

This English language notice is a translation of the Japanese language notice dated November 16, 2020 and was prepared solely for the convenience of, and reference by, overseas investors. Neither NBF nor Nippon Building Fund Management Ltd. makes any warranties as to its accuracy or completeness.



<Attached Materials>

- 【Reference Material 1】 Exterior Appearance of the Property
- 【Reference Material 2】 Standard Floor Plan of the Property
- 【Reference Material 3】 Cross-sectional Drawing of the Property
- 【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

【Reference Material 1】 Exterior Appearance of the Property



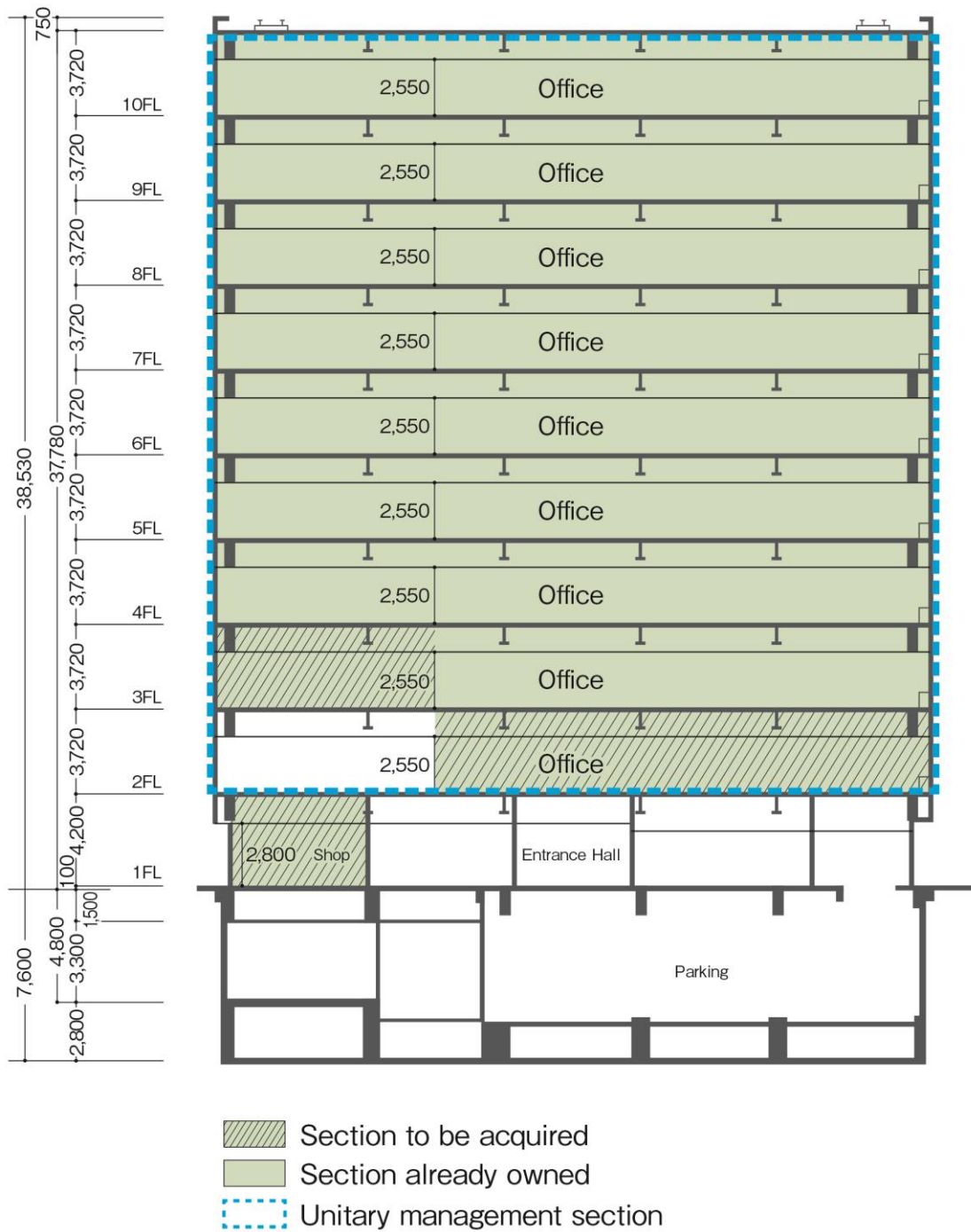


【Reference Material 2】 Standard Floor Plan of the Property





【Reference Material 3】 Cross-sectional Drawing of the Property





【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Central 5 Wards	Shinjuku Mitsui Bldg.(Note 3)	170,000,000	12.3%	55.9%	173,000,000
	Roppongi T-CU B E	62,800,000	4.5%		63,600,000
	GranTokyo South Tower(Note 3)	47,000,000	3.4%		48,500,000
	Nishi-Shinjuku Mitsui Bldg.	45,271,040	3.3%		45,400,000
	Celestine Shiba Mitsui Bldg.	42,000,000	3.0%		51,700,000
	NBF Shinagawa Tower	36,300,000	2.6%		49,400,000
	Shiba NBF Tower	32,000,000	2.3%		29,600,000
	NBF Platinum Tower	31,000,000	2.2%		63,700,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.2%		20,300,000
	NBF COMODIO Shiodome	28,800,000	2.1%		36,100,000
	G-BASE TAMACHI	28,200,000	2.0%		28,300,000
	Toranomon Kotohira Tower	24,543,000	1.8%		35,800,000
	NBF Ochanomizu Bldg.	20,840,000	1.5%		14,300,000
	NBF Shibuya Garden Front	20,269,000	1.5%		34,000,000
	NBF Ginza Street Bldg.	17,000,000	1.2%		17,500,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.2%		20,200,000
	Kowa Nishi-Shinbashi Bldg. B	13,473,200	1.0%		15,200,000
	River City M-SQUARE	13,350,000	1.0%		14,000,000
	NBF Toranomon Bldg.	13,337,000	1.0%		17,900,000
	Shinbashi M-SQUARE	11,900,000	0.9%		15,300,000
	NBF ALLIANCE	9,126,000	0.7%		12,300,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,970,000
	NBF Shibuya East	8,000,000	0.6%		8,240,000
	NBF Shibakouen Bldg.	6,770,000	0.5%		8,490,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,610,000
	NBF Akasaka Sanno Square	6,250,000	0.5%		7,360,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,730,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		6,070,000
	NBF Higashi-Ginza Square	5,200,000	0.4%		8,340,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.4%		5,990,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		6,320,000
	NBF Ogawamachi Bldg. (Additional Acquisition) (Note 4)	480,000	0.0%		557,000
Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%	5,420,000		
NBF Shinkawa Bldg.(Note 5)	4,424,281	0.3%	5,690,000		
Ryukakusan Bldg.	4,050,000	0.3%	5,010,000		
Jingumae M-SQUARE	3,700,000	0.3%	4,840,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.8%	81.4%	86,600,000
	Gate City Ohsaki	57,281,060	4.1%		70,800,000
	Nakanosakaue Sunbright Twin	41,230,488	3.0%		31,400,000
	NBF Toyosu Canal Front	35,200,000	2.5%		38,600,000
	NBF Toyosu Garden Front	25,018,000	1.8%		29,800,000
	Osaki Bright Core - Bright Plaza	24,380,000	1.8%		25,000,000
	Nakameguro GT Tower	23,856,000	1.7%		23,000,000
	Ueno East Tower	21,600,000	1.6%		22,600,000
	OSAKI BRIGHT TOWER	13,970,000	1.0%		14,200,000
	NBF Ueno Bldg.	10,400,000	0.8%		9,830,000
	NBF Ikebukuro East	8,630,000	0.6%		13,500,000
	Higashi Gotanda Square	8,350,000	0.6%		8,600,000
	Toyo-cho Center Bldg.	7,800,000	0.6%		8,790,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,740,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,890,000



Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.7%	6.0%	9,970,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	1.9%		23,700,000
	Yokohama ST Bldg.	13,529,300	1.0%		17,100,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,580,000
	Tsukuba Mitsui Bldg.	8,875,500	0.6%		8,760,000
	S-ino Omiya North Wing	16,816,345	1.2%		22,500,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,160,000
NBF Matsudo Bldg.	2,455,000	0.2%	2,520,000		
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	11.1%	7,840,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,540,000
	NBF Unix Bldg.	4,028,900	0.3%		3,410,000
	NBF Niigata Telecom Bldg.	3,957,500	0.3%		2,750,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.1%		16,700,000
	Nagoya Mitsui Main Building.	13,050,000	0.9%		13,300,000
	Nagoya Mitsui New Building.	13,200,000	1.0%		13,500,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,790,000
	Aqua Dojima NBF Tower	17,810,000	1.3%		19,800,000
	Nakanoshima Central Tower	14,900,000	1.1%		18,900,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		13,400,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.9%		14,400,000
	Sun Mullion NBF Tower	10,500,000	0.8%		6,800,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.2%		2,530,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,540,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,830,000
	Hakata Gion M-SQUARE	8,000,000	0.6%		11,700,000
NBF Kumamoto Bldg.	4,500,000	0.3%	4,040,000		
Total		1,385,048,920	100.0%	100%	1,552,147,000

(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. As for the property to be acquired, the future represents the sale and purchase price set forth in the relevant sale and purchase contract etc. at the time of the decision to acquire the said property (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax etc.).

(Note 2) "Value (Real Estate Appraisal Value)" represents the appraisal value as of the end of 1H/20 (as of June 30, 2020.)

(Note 3) "Shinjuku Mitsui Bldg.", "GranTokyo South Tower", will be acquired as of January 8, 2021.

The "Appraisal Value" of "Shinjuku Mitsui Bldg." and "GranTokyo South Tower" is as of August 31, 2020.

(Note 4) The "Appraisal Value" of "NBF Ogawamachi Bldg. (Additional Acquisition)" is as of October 31, 2020.

(Note 5) As for NBF Shinkawa Bldg. (East Building and Residential Tower), the trust of the Real Property will be established for 50% co-ownership on each delivery date (December 25, 2020 and March 31, 2021), and the trust beneficiary right in real estate will be transferred.

Furthermore, the "Acquisition Price" of "NBF Shinkawa Bldg." is the price of the West building.