

AIFMD Article23 Information

First Half of 2023

(44th Period – January to June 2023)

DISCLAIMER

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

Netherlands

The units of Nippon Building Fund Inc. (“NBF” or the “AIF”) are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, Nippon Building Fund Management Ltd. (the “AIFM”) has submitted a notification with the Dutch Authority for the Financial Markets. The units of NBF will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalficeerde beleggers*) within the meaning of Article 1:1 of the Wft. As a consequence, neither the AIFM nor NBF is subject to the license requirement for investment institutions (*beleggingsinstellingen*) or their managers pursuant to the Wft. Consequently, the AIFM and NBF are only subject to the supervision of the Dutch Central Bank (*De Nederlandsche Bank*, “DNB”) or the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the “AFM”) for the compliance with the ongoing regulatory requirements as referred to in the Dutch law implementation of article 42 of the AIFMD. According to Article 23 the prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands.

United Kingdom

Units of NBF are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has notified with the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) NBF is an unregulated collective investment scheme which has not been authorized by the FCA.

Accordingly, any communication of an invitation or inducement to invest in NBF may only be made to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or “the Order”; or (ii) high net worth companies falling within Articles 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as “Relevant Persons”). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

Prohibition of Sales to UK Retail Investors

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the Units of NBF are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the international units to be offered so as to enable an investor to decide to purchase or subscribe the international units. Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the international units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the international units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

European Economic Area

In addition to the restrictions under the AIFMD, the Units of NBF are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as

defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (the “MiFID II”) , including any client, beneficiary, principal, or similar of any person acting as a trustee, agent, nominee, or similar; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the “Prospectus Regulation”). Consequently no key information document has been prepared required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Units of NBF or otherwise making them available to retail investors in the EEA. Therefore offering or selling the Units of NBF or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)	
Objectives of the AIF.	<p>Nippon Building Fund Inc. (“NBF” or the “AIF”) invests in office buildings in the Tokyo Central Business Districts (“CBDs”, which comprises the 23 wards of Tokyo), Other Greater Tokyo Areas (neighboring cities within Tokyo other than the 23 wards, as well as cities within the neighboring prefectures of Kanagawa, Chiba, Saitama, Ibaraki, Gunma and Tochigi prefectures, including the cities of Yokohama, Kawasaki, Chiba, Kashiwa and Saitama) and Other Cities (principal regional cities in Japan).</p> <p>The basic policy of NBF is to operate assets with the objective of assuring steady growth and stable profits for the mid to long term.</p>
Investment strategy.	<p>The investment strategy of NBF aims to assure steady growth of and stable profits from NBF’s portfolio for the mid to long term by considering the proportion of Japan’s office stock by region. Specifically, the strategy divides the investment area into three areas consisting of Tokyo CBDs, Other Greater Tokyo Areas and Other Cities in such manner that 70% or more of total investment assets is allocated to Tokyo CBDs and Other Greater Tokyo Areas and 30% or less to Other Cities. The purpose of this area diversification is to minimize cash flow risks such as those due to earthquakes and risk of vacancies. In general, NBF fully exploits its unique characteristics when conducting investment activities. It is one of the largest listed J-REITs on the Tokyo Stock Exchange in terms of total assets, and is able to take advantage of Mitsui Fudosan Group’s powerful information network, as well as the industry knowledge and familiarity that it has cultivated itself. NBF investment strategy focuses on expanding its asset portfolio by making aggressive acquisitions and flexible dispositions mainly of highly competitive office buildings, primarily in Tokyo CBDs while conducting appropriate risk management.</p>
Types of assets the AIF may invest in.	Real estate, trust beneficiary interests in real estate, real estate securities, specified assets and other assets.
Techniques it may employ and all associated risks.	<p>NBF achieves its objective by investing in real estate consisting of buildings primarily used for offices with their underlying land located in the Tokyo CBDs, Other Greater Tokyo Areas and Other Cities. NBF also invests in securities, beneficiary certificates representing beneficial interests in trusts and other assets backed by office properties.</p> <p>The principal risks with respect to investment in NBF are as follows:</p> <ul style="list-style-type: none"> (1) General Risks <ul style="list-style-type: none"> (a) Risks concerning NBF’s ability to make cash distributions (b) Risks concerning resale or redemption of investment units or investment corporation bonds (c) Risks concerning market price fluctuations of the investment units or investment corporation bonds

- (d) Risks concerning changes to treatment of investment corporations under legal, taxation and other systems
- (e) Risks concerning dilution of per-unit value through the issuance of new investment units
- (f) Risks concerning merger of investment corporations

(2) Risks Related to Product Structure and Affiliates of NBF

- (a) Risks concerning investment units or investment corporation bonds as financial products
- (b) Risks concerning fluctuations in revenues, expenditures and cash flow
- (c) Risks concerning loan-to-value ratio
- (d) Risks concerning borrowings and investment corporation bonds
- (e) Risks concerning insider trading
- (f) Risks concerning the asset manager
- (g) Risks concerning office management service providers
- (h) Risks concerning dependency on NBF's affiliates
- (i) Risks concerning conflict of interests between NBF and other corporations involved with the management of NBF
- (j) Risks concerning changes to NBF's investment policy
- (k) Risks concerning tenant leasehold deposits and security deposits
- (l) Risks of NBF going bankrupt or its registration being cancelled
- (m) Risks arising from bankruptcy of the seller of properties

(3) Risks Related to Real Estate

- (a) Risks concerning illiquidity in the real estate market and transactional costs
- (b) Risks concerning the defective title, design, construction (such as piles and beams), quality of materials or other non-conformity or problems in the properties
- (c) Risks concerning competition in acquisition of properties
- (d) Risks concerning competition in seeking tenants
- (e) Risks concerning co-owned properties
- (f) Risks concerning compartmentalized ownership of buildings
- (g) Risks concerning properties on leased lands
- (h) Risks concerning leased properties
- (i) Risks concerning properties not in operation (including properties under development)
- (j) Risks concerning hazardous materials and radioactive contamination
- (k) Risks concerning strict environmental liabilities for the properties

- (l) Risks concerning reliance on expert appraisals and engineering, environmental and seismic reports as well as industry and market data
- (m) Risks concerning lease contracts in Japan
- (n) Risks concerning building damage and loss due to fire, explosion, lightning, wind, hail, snow, floods, electrical and mechanical hazards and other unexpected accidents
- (o) Risks concerning building damage and loss due to fire, explosion and collapse caused by earthquakes and other disasters such as eruptions, tsunami and liquefaction
- (p) Risks concerning the concentration of properties in the portfolio in certain areas
- (q) Risks concerning tenants' financial status and insolvency
- (r) Risks concerning fluctuation of profits due to a limited number of tenants
- (s) Risks concerning subleases
- (t) Risks concerning ownership liabilities related to real estate
- (u) Risks concerning repair and maintenance costs related to real estate
- (v) Risks concerning liability as the seller of properties
- (w) Risks related to holding partnership interests
- (x) Risks concerning complexity of ownership and other interests of properties and inaccuracy of real estate registration
- (y) Risks concerning administrative rules and regulations and prefectural or municipal ordinances for real estate
- (z) Risks concerning establishment of new or revisions of existing laws and regulations
- (aa) Risks concerning conclusion of post-dated sale agreements (forward commitment contracts)
- (bb) Risks concerning of acquisition and disposition

(4) Risks Related to Trust Beneficiary Rights

- (a) Risks concerning investments in trust beneficiary interests
- (b) Risks concerning liquidity of beneficiary interests
- (c) Risks concerning insolvency of the trustee

(5) Risks Related to Taxation

- (a) Risks of failure to satisfy pass-through requirements due to inability to pay dividends and other reasons
- (b) Risks of failure to satisfy pass-through requirements due to excessive amount of tax burden
- (c) Risk of additional tax liability as a result of a tax audit, which could, among other things, retroactively cause us to fail to satisfy pass-through requirements

	<p>(d) Risks that preferential tax measures associated with real estate acquisitions cannot be applied</p> <p>(e) Risks of failure to satisfy pass-through requirements due to treatment of NBF as a family corporation under Japanese tax law.</p> <p>(f) Risks of failure to satisfy pass-through requirements due to borrowings from companies or individuals other than institutional investors</p> <p>(g) Risks of failure to satisfy pass-through requirements due to the composition of investors</p> <p>(h) Risks concerning revisions of the general taxation system</p> <p>(i) Risks that tax burdens will increase due to discrepancies between accounting treatment and tax treatment</p> <p>(6) Risks Related to Disasters and Spread of Infection</p>
Any applicable investment restrictions.	<p>NBF is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its articles of incorporation.</p> <p>NBF must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities or real estate, leaseholds of real estate or surface rights. A listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate. Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but must outsource such activities.</p>
Circumstances in which the AIF may use leverage.	<p>NBF may take out loans or issue long-term or short-term investment corporation bonds for the purpose of investing in properties, conducting repairs and related work, paying cash distributions, operating capital, repaying obligations (including repayment of tenant leasehold or security deposits, and obligations related to loans or long-term or short-term investment corporation bonds) and other activities.</p>
The types and sources of leverage permitted and associated risks.	<p>Loans or investment corporation bonds. Currently, all of NBF’s outstanding long- and short-term loans as well as outstanding investment corporation bonds are unsecured and unguaranteed.</p>

	<p>Loans or investment corporation bonds in which NBF enters or NBF issues may be subject to restrictive covenants in connection with any future indebtedness that may restrict operations and limit its ability to make cash distributions to unitholders, to dispose of properties or to acquire additional properties. Furthermore, if NBF were to violate such restrictive covenants, such as with regard to debt service coverage or loan-to-value ratios, lenders may be entitled to require NBF to collateralize portfolio properties or demand that the entire outstanding balance be paid.</p> <p>In the event of an increase in interest rates, to the extent that NBF has any debt with unhedged floating rates of interest or NBF incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit NBF's ability to acquire properties, and could cause the market price of the units to decline.</p>
Any restrictions on leverage.	The maximum amount of each loan and investment corporation bond issuance will be 1 trillion yen, and the aggregate amount of all such debt will not exceed 1 trillion yen.
Any restrictions on collateral and asset reuse arrangements.	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF.	NBF has set an upper limit of 56% as a general rule for its loan-to-value, or LTV, ratio, which is the ratio of (x) the aggregate principal amount of borrowings and investment corporation bonds to (y) the total assets of NBF's portfolio, in order to operate with a stable financial condition. NBF may, however, temporarily exceed such levels as a result of property acquisitions or other events.
Article 23(1) (b)	
Procedure by which the AIF may change its investment strategy / investment policy.	Amendment of the articles of incorporation. Amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at the meeting. Unitholders should note, however, that under the ITA and our articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted. Additionally, the guidelines of the AIFM, which provide more detailed policies within NBF's overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.
Article 23(1) (c)	

<p>Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established.</p>	<p>NBF has entered into the following agreements with Mitsui Fudosan Co., Ltd.:</p> <ul style="list-style-type: none"> • Master lease agreement under which NBF leases properties to Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Co., Ltd. subleases such properties to subtenants; • Direct lease agreements with Mitsui Fudosan Co., Ltd. as tenant; • Purchase and sale agreements regarding certain NBF assets originally held by Mitsui Fudosan Co., Ltd., and management contracts with regard to such assets; and • Agreements for the development of certain properties. <p>NBF has entered into the following agreements with Sumitomo Mitsui Trust Bank, Limited:</p> <ul style="list-style-type: none"> • A custody agreement regarding NBF's assets; • A transfer agent agreement regarding the units; • Loan agreements over certain of our short- and long-term loans; • Agreements establishing Sumitomo Mitsui Trust Bank, Limited as the trustee for certain trust beneficiary rights held by NBF; and • Various agreements related to our investment corporation bond offerings. <p>NBF has entered into the following agreements with Sumitomo Life Insurance Company:</p> <ul style="list-style-type: none"> • Loan agreements over certain of our long-term loans; • Lease agreements for certain properties with Sumitomo Life Insurance Company as tenant; and • Purchase and sale agreements regarding certain NBF assets originally held by Sumitomo Life Insurance Company. <p>All of the above agreements are governed by Japanese law.</p> <p>NBF is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p> <p>NBF is a corporate-type investment trust in the form of investment corporation (toshi hojin) provided for under the ITA. Therefore, the relationship between NBF and its unitholders is governed by NBF's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general unitholders' meeting. NBF's articles of incorporation stipulate rules relating to general unitholders meetings, including the convocation, setting of record date, exercise of voting rights, resolutions and election of NBF's directors.</p> <p>The relationship between NBF and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>The courts in Japan would recognize as a valid judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative</p>
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	<p>sanction, such as punitive damages, even though they take the form of civil claims) against NBF obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) NBF has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.</p>
Article 23(1) (d)	
<p>The identity of the AIFM, AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights thereto.</p>	<ul style="list-style-type: none"> • AIFM (Asset Manager): Nippon Building Fund Management Ltd. The AIFM provides services related to management and operation of assets, financing of the AIF, reporting to the AIF, and other matters delegated by the AIF. • Auditor: KPMG AZSA LLC The Auditor audits financial statements, prepares audit reports, and report to the supervisory directors if it finds any misconduct or any material fact that is in violation of laws and regulations or the articles of incorporation with regard to execution of the duties of the executive director. • Custodian and Transfer Agent: Sumitomo Mitsui Trust Bank, Ltd. The Custodian provides administrative services related to custody of assets and related documents. The Transfer Agent provides administrative services related to unitholders' roster, issuance of the investment units, payments of cash distributions to unitholders and addressing unitholders' claims, offers and notices. <p>Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that an asset manager owes a J-REIT a fiduciary duty and must conduct its activities as the asset manager in good faith. The FIEA also prohibits an asset manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the asset manager that are contrary to or violate the J-REIT's interests. Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.</p>
Article 23(1) (e)	

Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance).	Not applicable.
Article 23(1) (f)	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations.	Not applicable. There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.
Article 23(1) (g)	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets.	NBF makes investment decisions based on its investment strategies and in accordance with its articles of incorporation and based on the results of due diligence, including the valuation of properties and consideration of the property appraisal value. The methods and standards that NBF uses for the evaluation of assets are based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP. J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.

	<p>Regarding hard to value assets, such assets comprise tenant security deposits including trust accounts. Security deposits from tenants are not subject to fair value disclosure because they are not marketable, and actual deposit period is not estimable as leases may be cancelled, renewed or re-signed even if a lease term is set in the lease contract. This makes a reasonable estimate of future cash flows difficult. Valuation of such hard to value assets is included in the notes to our financial statements.</p> <p>If asset valuation methods other than those mentioned in the paragraphs above are to be used in order to determine values for asset management reports, etc., valuation shall be conducted in the following manner.</p> <p>(1) Real estate, real estate leasehold rights and surface rights In principle, valuation shall be based on the appraisal by a real estate appraiser.</p> <p>(2) Trust beneficiary interests and equity interests in anonymous associations and voluntary associations</p> <p>Valuation shall be made by calculating the value of the equity interests in anonymous associations or voluntary associations in relation to real estate, real estate leasehold rights or surface rights, or the value of the trust beneficiary interests obtained by subtracting the amount of liabilities from the aggregate value of assets after (i) determining valuation as described in (1) above with respect to trust assets or the assets of anonymous associations composed of real estate, real estate leasehold rights or surface rights and (ii) determining valuation in accordance with general accepted accounting principles in Japan with respect to trust assets or the assets of anonymous associations or voluntary associations composed of financial assets.</p>
Article 23(1) (h)	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors.	<p>NBF seeks to manage the capital resources and liquidity sources to provide adequate funds for current and future financial obligations and other cash needs and acquisitions. NBF has entered into credit lines in the amount of 60 billion yen as of June 30, 2023, and has entered into loans and has issued investment corporation bonds in the past. While loans and investment corporation bonds are exposed to liquidity risk, such risk is managed in ways such as by diversifying the means of funding and lending institutions, dispersing repayment dates, establishing committed credit lines, and keeping sufficient liquidity in hand.</p> <p>NBF is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.</p>

Article 23(1) (i)									
<p>Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors.</p>	<ul style="list-style-type: none"> • Compensation: The articles of incorporation provide that the AIF may pay its executive and supervisory officers up to 700,000 yen per month. The board of officers is responsible for determining a reasonable compensation amount for the executive officer and each of the supervisory officers. • Asset Management Fee: The AIF will pay the Asset Manager an asset management fee as follows: <p>Management Fees 1 – The amount equivalent to 2.5% of the amount of the revenue arising from real estate, real estate-related and real estate-backed assets (“Real Estate”) as calculated on each closing date (provided, however, that revenues from the sale of Real Estate and other managed assets will be excluded) will be payable.</p> <p>Management Fees 2 – The amount equivalent to 3% of income before income tax (provided, however, that in the event a loss is carried forward, then the amount of income before income taxes remaining after such loss has been covered) prior to deduction of Management Fees 2 as calculated on each closing date will be payable.</p> <p>Management Fees 3 – In the event that Real Estate is newly acquired (or acquired in connection with a merger executed by NBF), compensation equivalent to the total amount of the acquisition price of said Real Estate (meaning the acquisition price of both land and buildings, and in the event of the simultaneous acquisition of multiple units of Real Estate, the acquisition price of each item, provided, however, that national consumption tax, regional consumption tax and miscellaneous costs of acquisition are excluded) multiplied by the following percentage rates will, in principle, be payable, provided, however, that with the approval of the officers of NBF, compensation may be calculated using different rates not exceeding the following rates.</p> <table> <tr> <td>The portion up to and including ¥10,000 million</td><td>0.5%</td></tr> <tr> <td>The portion exceeding ¥10,000 million up to and including ¥30,000 million</td><td>0.2%</td></tr> <tr> <td>The portion exceeding ¥30,000 million up to and including ¥50,000 million</td><td>0.05%</td></tr> <tr> <td>The portion exceeding ¥50,000 million.....</td><td>nothing</td></tr> </table> <p>Management Fees 4 – In the event that Real Estate is sold, compensation equivalent to the total amount of the sale price of said Real Estate</p>	The portion up to and including ¥10,000 million	0.5%	The portion exceeding ¥10,000 million up to and including ¥30,000 million	0.2%	The portion exceeding ¥30,000 million up to and including ¥50,000 million	0.05%	The portion exceeding ¥50,000 million.....	nothing
The portion up to and including ¥10,000 million	0.5%								
The portion exceeding ¥10,000 million up to and including ¥30,000 million	0.2%								
The portion exceeding ¥30,000 million up to and including ¥50,000 million	0.05%								
The portion exceeding ¥50,000 million.....	nothing								

(or the sale price of each unit, in the event where multiple units of said Real Estate are sold simultaneously), excluding the national consumption tax, regional consumption tax and miscellaneous costs of the sale, multiplied by one the following applicable percentage rates will, in principle, be payable; provided, however, that with the approval of the officers of NBF, different rates not exceeding the following rates may be used.

The portion up to and including ¥10,000 million	0.5%
The portion exceeding ¥10,000 million up to and including ¥30,000 million	0.2%
The portion exceeding ¥30,000 million up to and including ¥50,000 million	0.05%
The portion exceeding ¥50,000 million.....	nothing

In addition to the above, NBF will pay the Asset Manager a management agent fee as follows: 3,000,000 yen per year for services related to the meetings of the board of officers and 5,000,000 yen per meeting for services related to the meeting of unitholders.

- Custodian Fee: The AIF will pay the Custodian as follows:

A yearly fee calculated as follows:

The amount of total assets as indicated at the beginning of the period trial balance x 0.01%

- Transfer Agent Fee (Standard Fee):

Standard transfer agent fees are for services such as the preparation, maintenance and storage of NBF's unitholder register; and preparation of materials concerning end-of-period unitholder statistical data (number of unitholders, total units held, distribution per geographic area). Monthly standard fees are determined by calculating one sixth of the total number of unitholders falling under each section as shown below. There is a minimum monthly fee of ¥200,000.

Up to 5,000.....	480 yen
5,001 to 10,000.....	420 yen
10,001 to 30,000.....	360 yen
30,001 to 50,000.....	300 yen
50,001 to 100,000.....	260 yen
More than 100,001.....	225 yen

NBF also pays certain *de minimis* fees in addition to the standard fee in connection with the administration and handling of distributions (minimum of 350,000 yen per distribution) and other shareholder related functions.

- Auditor Fee:

NBF may pay the accounting auditor up to ¥20 million per fiscal period. The board of officers is responsible for determining the compensation amount for the accounting auditor.

- Accounting Service Fee

One 12th of the following in either (1) or (2) below each month:

(1) A fixed amount of 10,170,000 yen.

(2) A variable amount calculated at April 1 and October 1 of each year in accordance with the following:

Fewer than 30

properties..... 780,000 yen per property

Between 30 and 60

properties..... 590,000 yen per property

More than 60

properties..... 390,000 yen per property

- Miscellaneous

NBF also pays fees to certain service providers in connection with:

- Administration of special accounts;
- Office management;
- Property control;
- Property transfer;
- Referral of tenants;
- Property development;
- Tax administration; and
- Administration for investment corporation bonds governance

Article 23(1) (j)

Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors,

Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.

including detailing the type of investors and their legal or economic links with the AIF or AIFM.	
Article 23(1) (k)	
The latest annual report referred to in Article 22(1).	Additional information may be found in our most recent semi-annual report prepared in accordance with Article 22 of the AIFMD, which is available at the Asset Manager's office located at 16th Floor, Muromachi Furukawa Mitsui Building, 3-1, Nihonbashi Muromachi 2-chome, Chuo-ku, Tokyo, 103-0022, Japan.
Article 23(1) (l)	
The procedure and conditions for the issue and sale of the units.	NBF is authorized under the articles of incorporation to issue up to 4 million units. Its units have been listed on the Tokyo Stock Exchange since September 10, 2001. Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.
Article 23(1) (m)	
Latest net asset value of the AIF or latest market price of the unit or share of the AIF.	NBF's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors at https://jp.reuters.com/companies/8951.T

Article 23(1) (n)				
Details of the historical performance of the AIF, where available.	The units of NBF were listed on the Tokyo Stock Exchange on September 10, 2001.			
	The most recent five fiscal period performance of the units is as follows.			
	Fiscal period (six months ended)	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (base value) (JPY)
	June 30, 2023	1,385,920	706,295	415,225
	December 31, 2022	1,368,739	706,521	415,358
	June 30, 2022	1,367,719	709,154	416,906
	December 31, 2021	1,306,855	672,290	406,832
June 30, 2021	1,305,388	669,870	405,368	
Article 23(1) (o)				
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist.	No applicable prime broker.			
Article 23(1) (p)				
Description of how and when periodic disclosures will be made in relation to	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through its Internet website and semi-annual report.			

leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5).	
Article 23(2)	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13).	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay.	Not applicable.
Article 23(4)(a)	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned.	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements.	There are no such special arrangements.

Valuation methodology applied to assets which are subject to such arrangements.	There are no such special arrangements.
How management and performance fees apply to such assets.	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

Terms of redemption and circumstances where management discretion applies, where relevant.	NBF is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included.	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks.	<p>The appropriateness and effectiveness of the risk management structure are regularly evaluated and enhanced by the AIFM.</p> <p>Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but such risks are controlled by striving to diversify the financial institutions holding the deposits.</p> <p>Funds from debts and investment corporation bonds are mainly used for asset acquisition or debt repayment, etc. While loans and investment corporation bonds are exposed to liquidity risk, such risk is managed in ways such as by diversifying the means of funding and lending institutions, dispersing repayment dates, establishing committed credit lines, and keeping sufficient liquidity in hand. Our credit line is in the amount of 52 billion yen; no amount has been drawn down as of December 31, 2019.</p> <p>Debt with a floating interest rate is exposed to interest rate fluctuation risks, but the impact that interest rate rises have on the operations is limited by maintaining the proportion of debt that is long-term fixed-rate debt at high levels, and setting a procurement limit depending on the economic and financial environment, terms of lease agreements with tenants, asset holding period and other factors.</p> <p>Furthermore, derivative transactions (interest rate swap transactions) are available as hedging instruments to mitigate the risks of rises in floating interest rates.</p> <p>Tenant security deposits are exposed to liquidity risk arising from vacating of properties by tenants due to the termination of contract.</p>

	NBF manages this risk by monitoring forecasted cash flows on a monthly basis to ensure it has sufficient funds.
Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed.	No such measures have been implemented.
If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken.	No such situation has occurred.
Article 23(5)(a)	
Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted.	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Article 23(5)(b)	
Information on the total amount of leverage employed by the AIF	The aggregate amount of debt with interest is JPY 594,500 million as of June 30, 2023.

calculated in accordance with the gross and commitment methods.	
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