

February 15, 2023

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.

Eiichiro Onozawa, President and CEO

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NIPPON BUILDING FUND INC.
ANNOUNCES 43rd PERIOD (SECOND-HALF 2022) RESULTS

1. Financial Results for the Fiscal Period Ended December 31, 2022
(from July 1, 2022 to December 31, 2022)

(Values are rounded down to the nearest million yen)

(1) Operating Results

(Percentages indicate a rate of increase/decrease from the previous period)

Period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Yen in Millions	%	Yen in Millions	%	Yen in Millions	%	Yen in Millions	%
December 31, 2022	47,366	(9.3)	21,596	(19.4)	20,289	(20.2)	20,288	(20.2)
June 30, 2022	52,215	3.7	26,806	16.5	25,440	17.1	25,439	17.1

Period ended	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	yen	%	%	%
December 31, 2022	11,927	2.9	1.5	42.8
June 30, 2022	14,998	3.7	1.9	48.7

(Note) Net income per unit = Net income ÷ Weighted average number of units issued and outstanding during the period.

(2) Distributions

Period ended	Distribution per unit (excluding distributions in excess of earnings) Yen	Total amount of distributions (excluding distributions in excess of earnings) Yen in Millions	Distributions in excess of earnings per unit Yen	Total of distributions in excess of earnings Yen in Millions	Payout ratio %	Ratio of distributions to net assets %
December 31, 2022	11,500	19,561	-	-	96.4	2.8
June 30, 2022	13,476	22,922	-	-	90.1	3.3

(Note 1) The payout ratio is rounded down to the first decimal place.

(Note 2) Distribution per unit for the fiscal period ended June 30, 2022, is calculated by dividing the amount (¥22,922 million), which is arrived at by deducting provision of reserve for advanced depreciation (¥2,517 million) from retained earnings (¥25,439 million), by the total number of investment units issued and outstanding. The difference between distribution per unit and net income per unit is due to this calculation.

(Note 3) Distribution per unit for the fiscal period ended December 31, 2022, is calculated by dividing the amount (¥19,561 million), which is arrived at by deducting provision of reserve for advanced depreciation (¥1,639 million) from the sum of retained earnings (¥20,288 million) and reversal of reserve for advanced depreciation (¥911 million), by the total number of investment units issued and outstanding. The difference between distribution per unit and net income per unit is due to this calculation.

*Net provision of reserve for advanced depreciation is ¥727 million.

(3) Financial Position

Period ended	Total assets Yen in Millions	Net assets Yen in Millions	Ratio of unitholders' equity to total assets %	Net assets per unit Yen
December 31, 2022	1,368,739	706,521	51.6	415,358
June 30, 2022	1,367,719	709,154	51.8	416,906

(4) Cash Flow

Period ended	Cash flow from operating activities Yen in Millions	Cash flow from investing activities Yen in Millions	Cash flow from financing activities Yen in Millions	Cash and cash equivalents at the end of period Yen in Millions
December 31, 2022	44,032	(19,486)	(19,919)	16,058
June 30, 2022	38,814	(88,739)	35,374	11,430

2. Forecasts for the 44th Fiscal Period (from January 1, 2023 to June 30, 2023) and the 45th Fiscal Period (from July 1, 2023 to December 31, 2023)

(Percentages indicates rate of increase/decrease from the previous period)

Period ending	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distribution in excess of earnings)	Distributions in excess of earnings
	Yen in Millions	%	Yen in Millions	%	Yen in Millions	%	Yen in Millions	%	Yen	Yen
June 30, 2023	46,923	(0.9)	20,629	(4.5)	19,183	(5.5)	19,183	(5.5)	11,500	-
December 31, 2023	45,573	(2.9)	18,811	(8.8)	17,279	(9.9)	17,279	(9.9)	11,500	-

(Reference) Expected net income per unit (expected net income ÷ expected weighted average number of units issued and outstanding during the period)

• The 44th Fiscal Period (from January 1, 2023 to June 30, 2023): ¥11,278

• The 45th Fiscal Period (from July 1, 2023 to December 31, 2023): ¥10,159

(Note1) Expected distribution per unit for the fiscal period ending June 30, 2023, is derived at by adding reversal of reserve for advanced depreciation ¥379 million from expected net income and then dividing it by the total number of investment units issued and outstanding.

(Note2) Expected distribution per unit for the fiscal period ending December 31, 2023, is derived at by adding reversal of reserve for advanced depreciation ¥2,282million from expected net income and then dividing it by the total number of investment units issued and outstanding.

3. Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : None
- (ii) Changes in accounting policies due to reasons other than (i) above : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

(2) Number of Investment Units Issued and Outstanding

(i) Number of investment units issued and outstanding at the end of the fiscal period including treasury units:

As of December 31, 2022	1,700,991 units
As of June 30, 2022	1,700,991 units

(ii) Number of treasury units at end of period:

As of December 31, 2022	None
As of June 30, 2022	None

* This financial report has not undergone any audit performed by a certified public accountant or auditing firm.

* Special Consideration

The forward-looking statements concerning performance results in these materials are based on information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, these forecasts are not intended to guarantee the amount of cash distribution.

NBF Portfolio Profile:

As of December 31, 2022, NBF owned or had beneficiary interests in 71 office properties with an aggregated acquisition value ¥1.4516 trillion and 1,219,233 rentable square meters of office space respectively. Within this period, NBF leased office space to 1,547 tenants (including sub leases). The occupancy rate as of the end of the period was 96.1% (including sub leases), a decrease of 0.5% compared with the previous period.

Performance Results:

NBF has conducted asset management in accordance with its basic policy of “aim to achieve steady growth of assets under management and secure stable profits on a mid- to long-term basis.”

Even under this challenging environment, NBF enhanced its portfolio by acquiring " Toyosu Bayside Cross Tower " (real property; acquisition price: 14.7 billion yen), in November 2022, and disposed " Toyochoch Center Bldg" (trust beneficiary interest, disposition price: 9.6 billion yen), and " NBF Niigata Telecom Bldg." (trust beneficiary interest, disposition price: 3.9 billion yen), and " NBF Hiroshima Tatemachi Bldg" (trust beneficiary interest, disposition price: 3.5 billion yen) in July 2022.

Regarding the existing portfolio, NBF executes market-appropriate, flexible, and timely leasing activities carefully factoring in market trends in order to maximize the level of occupancy rates, which is still in an adjustment phase. With existing tenants, NBF strives to retain and improve rent levels, prevent cancellations based on the fundamental policy of maintaining favorable relationships and enhancing tenant satisfaction. As a result of these activities, occupancy rates and rental revenues remains stable. In addition, NBF's pursuit to enhance competitiveness of its properties by implementing continuous cost reduction measures through timely renovations will continue.

Financing:

NBF has conducted its financial management in a conservative manner with the targeted interest-bearing debt to value ratio (ratio of interest-bearing debt to total value, hereinafter the LTV) being between 36% and 46%, with 56% set as the maximum.

As of the end of the period under review, NBF's LTV was 42.2% and its long-term fixed interest-bearing debt ratio (ratio of “long-term fixed interest-bearing debt” procured at fixed rates with repayment/redemption periods of over one year as of the time of loan agreement/issuance of bonds each such time representing the actual procurement of funds to “total interest-bearing debt”; hereinafter the same) was 91.5%.

The status of interest-bearing debt as of the end of the previous period and period under review is as follows.

(Values are million yen)

	Balance as of the end of the previous period	Balance as of the end of the period under review	Increase/decrease
Short-term borrowings	14,000	8,000	(6,000)
Long-term borrowings (Floating interest rate)	36,000	41,000	5,000
Long-term borrowings (Fixed interest rate)	467,500	471,500	4,000
Investment Corporation Bonds	57,000	57,000	-

Total interest-bearing debt	574,500	577,500	3,000
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*The balance of green finance at the end of the period was ¥40,000 million.

NBF also established long-term commitment credit lines with financial institutions in order to stabilize its fund-raising capacity reducing refinancing risks.

Credit Ratings:

NBF was awarded the following issuer credit ratings as a J-REIT (opinions of the respective credit rating agencies on NBF's creditability).

Credit Rating Agency	Rating Summary
JCR	Issuer Rating: AA+, Outlook: stable
R&I	Issuer Rating: AA, Outlook: stable
Standard & Poor's	Long-term: A+, Short-term: A-1, Outlook: stable

Overview of Performance and Distribution:

As the result of above operations, NBF's performance results during the period under review consisted of operating revenues of ¥47,366 million (a decrease of ¥4,848million, or 9.3%, compared with the previous period), operating income from leasing activities of ¥21,500 million (a decrease of ¥527million, or 2.4%, compared with the previous period), operating income after asset management, custody and agent fees, etc. of ¥21,596 million (a decrease of ¥5,209 million, or 19.4% compared with the previous period), ordinary income of ¥20,289 million (a decrease of ¥5,151million, or 20.2%, compared with the previous period), and net income of ¥20,288 (a decrease of ¥5,151million, or 20.2%, compared with the previous period). In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF decided to distribute ¥19,561million, the entire amount arrived at by deducting provision of reserve for advanced depreciation (¥1,639 million) from the sum of retained earnings (¥20,288 million) and reversal of reserve for advanced depreciation (¥911 million), so that it will be able to deduct the maximum amount of cash distribution of profit from its taxable income through the application of preferential tax measures to investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, the distribution per unit was ¥11,500 (a decrease of ¥1,976, or 14.7% compared with the previous period).

*Net provision of reserve for advanced depreciation is ¥727million.

NBF's Management Policy and Issues to Be Dealt with for the Future:

The Japanese economy risks additional negative affects by the prolonging confrontation in Ukraine and its consequences, continuing trend of interest rate hikes at the global level, economic stagnation within China due to the proliferation of Covid, which all amalgamate in creating additional downward pressure against the global economy to contract one step further. Moreover, rising prices and potential supply constraints needs to be carefully monitored over an extended period of time.

On the other hand, the expected increase of inbound travel and consumption that follows created by easing border restrictions as a result of lowering the categorization of Covid-19 as an infectious disease, should positively accelerate the economy.

In the office building rental market, the Covid phenomenon has sparked a review on how organizations formulate their office strategies, leading to a more scrutinized building/location criterion. While relocation and expansion activities remain active, the increased new supply for 2023 will likely suppress rent growth or an uptick of occupancy levels in the short term. NBF will conduct its asset management efforts by carefully monitoring market trends.

In the office building trading market, the demand to acquire properties by foreign and domestic investors remains high, contributing to a tight market with low cap rates. Coupled with the limited numbers of quality assets to be placed on the market, acquisition opportunities continue to be challenging.

NBF, in recognition of the importance of ESG for carrying out real estate investment and management activities, strives to achieve asset management activities giving consideration to reduction of environmental footprint, improving security, safety, comfort, diversified collaboration and cooperation with various stakeholders, in line with "The Group Environmental Policy" and "Policy for Social Contribution Initiatives" established by the Mitsui Fudosan Group.

(a) Investment Policies for Acquisition

Fierce competition to acquire quality assets remain yet increasing interest rates both domestic and international casts concern over the economy. With this in mind, NBF will focus its attention to acquire properties that contribute to the entire portfolio in the mid-to-long term, which will to further enhance its portfolio.

NBF will also make prudent investment decisions, taking into full consideration the status of its financial management as well as keeping an eye on changes in economic circumstances and trends in the real estate markets, in addition to the impact of COVID-19 on the financial market.

In addition, NBF will implement asset replacement as needed by taking into consideration growth potential, stability, scale, location and environmental performance of each property, while contrasting new acquisitions/dispositions with the composition of the entire portfolio.

(b) Management Policies for Existing Properties

NBF intends to continuously increase rental revenues by carefully monitoring trends in the office building rental market and responding flexibly to the changes in the environment. NBF will maintain close relationships with its existing tenants for customer satisfaction, in order to maintain and increase rent levels while mitigating lease cancellations. As for capital investments in existing buildings, NBF will undertake engineering work by upgrading and adding new equipment and improvements on environmental compatibility that contributes to overall building competitiveness in the marketplace.

(c) Financial Strategies, Etc.

Although the financial market has been in an adjustment phase since the Bank of Japan's policy meeting in December 2022, with respect to fund procurement through debt financing, NBF will continue to focus on traditional, long-term, fixed-interest financing with a view toward long-term asset management and the stability of fund procurement. At the same time, it plans to continue to issue NBF bonds from the viewpoint of maintaining diverse channels for fund procurement while keeping an eye on the financial market. The targeted LTV, being between 36% and 46%, will be maintained for the time being, with 56% as the maximum. NBF will continue to conduct its financial management with the targeted long-term fixed interest-bearing debt ratio for the time being of over 90%. In addition, NBF will conduct IR activities based on its policy to proactively conduct accurate, fair and timely disclosure from the viewpoint of appropriately disclosing information and securing transparency.

Significant Subsequent Events:

- (a) NBF has executed sale and purchase agreements regarding the acquisitions of the following assets as of January 5, 2023, and the acquisitions scheduled for March 31, 2023. These sale and purchase agreements constitute forward commitments, etc. stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, Etc.” established by the Financial Services Agency. NBF shall pay to the seller a penalty equivalent to 10% of the acquisition price in the event of the termination of the agreement for reasons attributable to NBF, the buyer. An overview of the properties as of the date of the conclusion of the agreements are as follows:

Name of Property		IIDABASHI GRAND BLOOM (Additional Acquisition)
Type of Specified Asset		Real Property
Location (Street Address)		10-2, Fujimi 2-chome, Chiyoda-ku, Tokyo
Land	Area	11,061.91 m ² (entire site)
	Zoning	Commercial district
	Type of Ownership	Ownership (site rights ratio: approximately 13.13%)
Building	Structure	Steel-frame structure, flat roof, 30 floors above ground and 2 floors below ground
	Total Floor Space	122,280.29 m ² (entire building)
	Type of Ownership	Ownership (compartmentalized ownership)
	Completion of Construction	April 23, 2014
	Owned Floors, Floor Area, Use, Etc.	Owned floors: Office space in the part of the 8th floor and the 28th-30th floors: 9,199.50 m ² Ownership ratio: (the proportion of the total exclusively owned area) approximately 12.14% (approx. 70.69% with the existing ownership combined)
Scheduled Date of Acquisition		March 31, 2023
Scheduled Acquisition Price		¥25,400,000,000
Trustee		-
Building Management Company		Mitsui Fudosan Co., Ltd.
Special Notations		<p>1) Mitsui Fudosan will be the sole tenant as NBF is scheduled to lease the acquired portion of the property to Mitsui Fudosan. Mitsui Fudosan is scheduled to sublease it to sublessees. In addition, part of the 1st-6th floors, the 7th-10th and the 13th-30th floors of the property, including the acquired portion of the property (part of the 8th floor and the 28th-30th floors), are the “Unitary Management Portion” subject to a “Memorandum for Unitary Management” conducted between each of the sectional owners and Mitsui Fudosan, and rental revenues from and rental costs for the Unitary Management Portion are received and borne by the sectional owners according to the ratio of rights in such unitary management. The proportion of its operating rights for the acquired portion of the property is approximately 14.94% (or approximately 80.16% including the existing interest in the property (approximately 65.21%)).</p> <p>2) The property has been developed integrally with the adjacent Park Court Chiyoda-fujimi The Tower and the church building. The sites of the property, Park Court Chiyoda-fujimi The Tower, and the church building are certified as one estate under the Building Standards Act as a complex. Certain regulations, including floor area ratio and building coverage, will be applied by regarding the complex as the site of this property under the said act.</p> <p>3) The property is a building under sectional ownership and is subject to regulations regarding the concerned sectional ownership. Furthermore, the regulations stipulate prohibition of separate disposition of preferential negotiation rights to be granted to other owners of sectional ownership when sectional ownership is to be transferred and of co-ownership interests of exclusive area, site area and common-use areas, etc., among other items.</p>

Name of Property		Toyosu Bayside Cross Tower (Additional Acquisition)
Type of Specified Asset		Real Property
Location (Street Address)		2-1 Toyosu 2-chome, Koto-ku, Tokyo
Land	Area	19,733.22 m2 (entire site)
	Zoning	Category 1 residential district, Industrial district
	Type of Ownership	Ownership (site rights ratio: approximately 13.67%)
Building	Structure	Steel-framed and reinforced concrete structure with flat roof; 36 floors above ground and 2 floors below ground
	Total Floor Space	178,504.10 m2 (entire building)
	Type of Ownership	Ownership (compartmentalized ownership)
	Completion of Construction	March 31, 2020
	Owned Floors, Floor Area, Use, Etc.	Owned floors: office space in the 18th-21st floors: 13,229.23m2 Ownership ratio: (the proportion of the total exclusively owned area) approximately 12.42% (approx. 20.97% with the existing ownership combined) (*1)
Scheduled Date of Acquisition		March 31, 2023
Scheduled Acquisition Price		¥21,600,000,000
Trustee		-
Building Management Company		Mitsui Fudosan Co., Ltd.
Special Notations		<p>1) Mitsui Fudosan will be the sole tenant as NBF is scheduled to lease the acquired portion of the property to Mitsui Fudosan. Mitsui Fudosan is scheduled to sublease it to sublessees. · In addition, the 4th-32nd floors (including the outdoor terrace on the 32nd floor) of the property, including the acquired portion of the property (the 18th-21st floors), are the “Unitary Management Portion” subject to a “Memorandum for Unitary Management” conducted between each of the sectional owners and Mitsui Fudosan, and rental revenues from and rental costs for the Unitary Management Portion are received and borne by the sectional owners according to the ratio of rights in such unitary management. The proportion of its operating rights for the acquired portion of the property is approximately 14.65% (or approximately 24.74% with adding the existing interest in the property (approximately 10.09%)).</p> <p>2) The property is developed together with several sites and buildings, including existing buildings such as the Toyosu Police Box and the subway entrance of the Tokyo Metro Yurakucho Line, etc., as well as the adjacent SMBC Toyosu Building, etc. The building has been certified under the Building Standard Law of Japan for the Interconnected Building Design System (*2). The entire certified area is divided into multiple sites for each building, and the building coverage ratio restrictions and floorarea ratio relaxation, etc. are applied to each site according to their respective characteristics.</p> <p>3) The land at 15-13, Toyosu 2-chome, Koto-ku, Tokyo is co-owned. The coowners are subject to the co-ownership agreement on acquisition of the property. The agreement stipulates the right of preferential negotiation of other co-owners in the event of transfer of co-ownership, restrictions on transfer and establishment of security, prohibition of request for partition of the land in co-ownership, and other matters.</p> <p>4) The property is a building under sectional ownership and is subject to the basic agreement among the owners of sectional ownership and the management agreement concerning such sectional ownership. The basic agreement among the owners of sectional ownership provides for preferential negotiating rights for other owners of sectional ownership when transferring exclusive areas, and the management agreement provides for prohibition of separate disposal of exclusive areas, rights to use the site, and co-ownership interests in common areas, etc.</p> <p>5) The Toyosu Park Bridge (pedestrian bridge), which is a related asset of the property, is a so-called common area of the complex, etc. and is subject to the complex management agreement concerning the common ownership of the complex. The complex management agreement stipulates the prohibition of separate disposal of the co-ownership interest in the Toyosu Park Bridge and the site of the property, etc.</p> <p>6) NBF has confirmed with Engineering Risk and Service Corporation that the site includes a former factory site, part of which contains soil contaminated by arsenic, and that there is an area requiring notification at the time of change of shape based on the Soil Contamination Countermeasures Act, and that the site has been properly managed in accordance with the act.</p>

*1 The asset to be acquired includes the co-ownership interests (approximately 12.36%) in the entire common areas, etc. (including ancillary facilities, etc.) that are pertaining to the building and the co-ownership interests (approximately 8.88%) of the common areas of the complex, etc.

*2 This is a system in which building regulations are applied to buildings constructed within a land area consisting of multiple sites, based on a rational design that assumes the existence of existing

buildings, by deeming the multiple buildings to be located on the same site, as long as they are approved by the specified administrative agency.

- (b) NBF has executed sale and purchase agreements regarding the disposition of the following asset as of October 31, 2022, and the disposition was completed as of January 11, 2023. An overview of the property as of the date of the completion of the agreement is as follows:

Name of Property		Shin-Kawasaki Mitsui Bldg.
Type of Specified Asset		Real Property
Location (Street Address)		2-1 Kashimada 1-chome, Saiwai-ku, Kawasaki-shi, Kanagawa
Land	Area	19,478.07 m2 (entire site)
	Zoning	Commercial district
	Type of Ownership	50% co-ownership interest
Building	Structure	Steel frame, reinforced concrete and steel framed reinforced concrete structure, flat roof, 32 floors above ground and 2 floors below ground
	Total Floor Space	138,485.98 m2 (entire building)
	Type of Ownership	50% co-ownership interest
	Completion of Construction	May 22, 1989
	use	Office, Retail Store, and Parking Area
Date of disposition		January 11, 2023
Acquisition Price		¥24,000,000,000
Trustee		-
Building Management Company		Mitsui Fudosan Co., Ltd.
Special Notations		1) The agreement on co-ownership stipulates that the co-owners have priority in making offers for transfer, that no transfer, pledge, collateralization, etc. may be made to a third party without the consent of the co-owners, that no partition claims may be made, and so on.
		2) With regard to the possibility of soil contamination at the site, we have confirmed with Engineering & Risk Services Corporation that there is no risk of damage to human health, etc. as long as the property is managed, operated, and used in its current state.
		3) The use of sprayed material containing asbestos, which should be inspected, recorded, etc. has been confirmed in the property, but it is in a stable condition and is not a health hazard.
		4) In the sale and purchase agreement regarding disposition of the property, it is stipulated that the transferee may cancel the sale and purchase agreement regarding disposition of the property in the event that the purchase agreement for the other co-ownership interest is not executed due to cancellation or other reasons.
		5) Upon the disposition, the trust of the real property was established on the same date as the delivery date, and the trust beneficiary right in real estate was transferred.

Outline of Forecasts for the 44th and the 45th Periods

In view of rent trends of the office building rental market, NBF announced its forecasts for the 44th fiscal period commencing January 1, 2023, and ending June 30, 2023, and for the 45th fiscal period commencing July 1, 2023, and ending December 31, 2023, as part of “Kessan-Tanshin (earnings summary)”. Regarding the conditions of the forecasts, please refer to the original “Kessan-Tanshin (earnings summary)” released on February 15, 2023. An outline of the forecasts for the 44th and the 45th fiscal periods is as follows:

Performance Forecasts:

The forecast for the 44th fiscal period is as follows:

Operating revenues:	¥46,923 million
Net income:	¥19,183 million
Cash distribution per unit:	¥11,500

The forecast for the 45th fiscal period is as follows:

Operating revenues:	¥45,573 million
Net income:	¥17,279 million
Cash distribution per unit:	¥11,500

(Note) The above-forecasted figures are calculated based on certain conditions as of the date of such calculation, and the actual amount of net income or cash distribution may change subject to changes of circumstances. Furthermore, these forecasts are not intended to guarantee the amount of cash distribution.

NIPPON BUILDING FUND INC.

Balance Sheets

As of December 31, 2022 and June 30, 2022

	As of December 31, 2022	As of June 30, 2022
(Yen in Millions)		
Assets		
Current Assets:		
Cash and cash equivalents	¥16,058	¥11,430
Tenant receivables	314	323
Prepaid expenses	580	524
Other current assets	217	542
Total current assets	17,169	12,821
Investment Properties:		
Land including trust accounts	1,009,029	1,008,351
Buildings and improvements including trust accounts	478,864	478,907
Other tangible assets	16,666	16,526
Less: accumulated depreciation	(195,464)	(190,754)
Leasehold rights in trust accounts and other intangible assets	35,711	35,747
Total investment properties, net	1,344,806	1,348,778
Long-term Prepaid Expenses	5	5
Other Assets	6,757	6,114
Total Assets	¥1,368,739	¥1,367,719
Liabilities		
Current Liabilities:		
Short-term loans	¥8,000	¥14,000
Long-term debt due within one year	52,000	63,000
Accounts payable	6,884	8,286
Rents received in advance	4,427	4,325
Accrued expenses and other liabilities	2,848	873
Total current liabilities	74,160	90,484
Long-term debt	517,500	497,500
Tenant Security Deposits Including Trust Accounts	70,408	70,417
Other Liabilities	149	162
Total Liabilities	662,218	658,565
Net Assets		
Unitholders' Equity		
Unitholders' capital	673,047	673,047
Units authorized: 4,000,000 units		
Units issued and outstanding: 1,700,991 units		
Retained earnings	33,473	36,107
Total Net Assets	706,521	709,154
Total Liabilities and Net Assets	¥1,368,739	¥1,367,719

NIPPON BUILDING FUND INC.

Statements of Income

For the six months ended December 31, 2022 and June 30, 2022

	For the six months ended December 31 2022	For the six months ended June 30, 2022
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(Yen in Millions)

Operating Revenues and Expenses		
Operating Revenues:		
Rental	¥41,508	¥41,113
Other revenues related to property leasing	3,664	4,114
Gains on sales of investment properties	2,194	6,988
Total Operating Revenues	47,366	52,215
Operating Expenses:		
Property management fees	6,258	5,971
Real estate taxes	4,191	4,285
Repairs and maintenance	979	1,693
Insurance	42	38
Other rental expenses	4,282	3,481
Depreciation and amortization	7,917	7,728
Asset management fees	1,756	1,917
Other operating expenses	340	291
Total Operating Expenses	25,770	25,408
Operating Income	21,596	26,806
Non-Operating Revenues and Expenses		
Non-Operating Revenues:		
Interest income	0	0
Property tax refund and interest on tax refund	1	0
Other non-operating revenues	3	5
Non-Operating Expenses:		
Interest expense	(1,253)	(1,264)
Amortization of bond issuance costs	(20)	(20)
New investment shares issuance costs	—	(50)
Other non-operating expenses	(38)	(37)
Ordinary Income	20,289	25,440
Income before Income Taxes	20,289	25,440
Current and deferred income taxes	0	0
Net Income	¥20,288	¥ 25,439

NIPPON BUILDING FUND INC.
Distribution for the Period Under Review

	For the six months ended December 31, 2022	For the six months ended June 30, 2022
	(Yen)	
Retained earnings	¥20,288,900,156	¥25,439,937,575
Undistributed earnings	—	—
Reserve for advanced depreciation	1,639,062,921	2,517,382,859
Reversal of reserve for advanced depreciation	911,559,265	—
Total cash distribution	19,561,396,500	22,922,554,716
(Cash distribution per unit)	11,500	13,476
Distribution of accumulated earnings	19,561,396,500	22,922,554,716
(Distribution of accumulated earnings per unit)	11,500	13,476
Cash distribution in excess of accumulated earnings	—	—
(Per unit)	—	—

Disclaimer

This news release contains translations of selected information described in the Japanese original document (“Kessan-Tanshin(earnings summary)”). “Kessan-Tanshin(earnings summary)” has been prepared in accordance with Japanese accounting standards and Japanese laws.

Figures have been rounded down to eliminate amounts of less than one million yen.

Please note that this English translation of the Japanese original document is provided solely for informational purposes. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.