



July 12, 2024

To All Concerned Parties

Name of REIT Issuer:  
Nippon Building Fund, Inc.  
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(TSE Code : 8951)  
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Nippon Building Fund Management, Ltd.  
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**Notice Concerning Partial Disposition of Domestic Real Estate Trust Beneficiary  
Interests and Conclusion of General Fixed-term Leasehold Contract  
(NBF Toranomom Bldg.)**

Nippon Building Fund Management Ltd. ("NBFM"), to which Nippon Building Fund Inc. ("NBF") entrusts asset management services, hereby provide notice of the decision made on July 12, 2024 on the disposition ("Disposition") of the trust beneficiary pertaining to the building portion ("Building") of the NBF Toranomom Bldg. ("Property") and entering into a new general fixed-term leasehold agreement for the land of the Property ("Land") (hereinafter referred to as the 'Initiative'), as follows.

Description

1. Outline of the Disposition

Name of Asset	NBF Toranomom Bldg. (Building) *The subject of the disposition is the building portion of the Property, excluding the land portion. As of the scheduled disposition date, NBF will dispose the trust beneficiary interest in the entire Property as trust assets by dividing (i) the trust beneficiary interest in the land as a trust asset ("land beneficiary interest") and (ii) the trust beneficiary interest in the existing building as a trust asset ("building beneficiary interest"), and only the building beneficiary interests will be disposed.
Disposition Price	860 million yen (Miscellaneous disposition costs, adjusted amount of property tax, etc. as well as consumption tax, etc. are excluded.)
Book Value	909 million yen (*1)
Profit on Disposition	1 million yen (*2)



Transferee	Mitsui Fudosan Co., Ltd. ("Mitsui Fudosan") (Please refer to Section 6 hereinbelow for an overview of the transferee and lessee.)
Intermediary	None
Date of Contract	July 12, 2024
Scheduled Disposition Date	January 6, 2025
Specific Use of Disposition Funds	Cash on hand, etc.
Payment Method	Lump-sum payment at the time of delivery

\*1 The Book Value may differ from the actual figures at the time of disposition, which is as of December 31, 2023.

\*2 The profit on disposition is based on information currently available to NBF and certain assumptions that NBF deems reasonable and may differ from the actual profit or loss on disposition. Amounts are rounded down to the nearest unit.

## 2. Reasons for the Disposition and the Initiative

Since the acquisition of this property in June 2004, NBF has managed it as a highly visible property located in a good location with easy access from multiple train lines and stations. However, it is now 61 years old (completed in April 1963) and large-scale renovation works are expected to occur in the future. Therefore, we have considered several options for the property from the viewpoint of how to manage the property by taking advantage of its characteristics (superiority of location and low book value of the Land), which will contribute to the enhancement of unitholder value.

### 【Main options】

- a. Continue current operation of the Property
- b. Sell the Property and acquire a replacement property
- c. Redevelop by NBF
- d. Dispose the Building and continue to hold the Land (operation of the Land with leasehold interest) ("the Initiative")

### 【Summary of options】

- a. Continue current operation of the Property
  - ✓ Major maintenance work, such as tenant improvement and renewal of special sections, is expected to be required for ongoing operations, and the Building's age also limits its competitiveness and cash flow potential in the area.
- b. Sell the Property and acquire a replacement property
  - ✓ Although profit on disposition is expected to be recorded, the hurdle is high to acquire a similar



property that will replace the property, and the possibility is uncertain.

c. Redevelop by NBF

- ✓ Although NBF can enjoy the benefits of development, the income during the rebuilding period will be lost, and there will be a significant impact on P/L, such as the recording of building demolition costs and loss on disposal, etc. In addition, the development risk is significant for NBF.

d. Dispose the Building and continue to hold the Land (operation of the Land with leasehold interest) ("the Initiative")

- ✓ Dispose the building beneficiary interest and enter into a general fixed-term leasehold agreement for the land with Mitsui Fudosan, the sponsor.
- ✓ At the same time, NBF will acquire the preferential negotiating rights for the acquisition of a new building to be redeveloped after the demolition of the Building (the "Redeveloped building") by Mitsui Fudosan.

As a result of the above verification, we have determined that the initiative will enable us to take full advantage of the Property's characteristics and will contribute to the enhancement of unitholder value. In addition, when NBF acquires the Redeveloped building through the initiative, NBF will be able to enjoy stable income over the long term. Even if NBF does not acquire the Redeveloped building, it is possible to secure a stable yield on the land, and we determined that the initiative has the greatest potential to maximize the value of the property.

3. Outline of Forward Commitment etc.

The Disposition will be made pursuant to forward commitments (settlement/handover occurring one month after the execution of the contract). In case the sales contract is terminated due to a violation of contractual commitments by NBF, it shall be required to pay to the buyer 10% of the disposition price.

4. Details of the Asset to be Disposed

Name of Asset	NBF Toranomom Bldg. (the Building)
Type of Specified Asset	Beneficiary interest in trust
Type of Ownership	Ownership
Location	(Description in Real Property Registry) 6-17, 6-8, 6-9, 6-10, 6-11, 6-12, 6-13, 6-14, 6-15, 6-16, 6-33, 6-34, 6-35, 6-36, 6-37, 6-38, 6-39, 6-40, 6-41, 6-42, Nishi-Shinbashi 1-chome, Minato-ku, Tokyo (Street Address) 6-21, Nishi-Shinbashi 1-chome, Minato-ku, Tokyo
Use (primary use listed in Real Property Registry)	Office, warehouse, and night duty room
GFA (Description in Real Property Registry)	18,082.47m <sup>2</sup>



Structure (Description in Real Property Registry)	Steel frame reinforced concrete structure, flat roof, 9 floors above ground and 5 floors below ground
Completion of Construction (Description in Real Property Registry)	April 17, 1963 Extension on April 25, 1971
Acquisition Date	June 30, 2004
Acquisition Price	1,921 million yen *3 (Acquisition price of the Property: 13,337 million yen)
Appraisal Value (Date of Valuation)	827 million yen (May 31, 2024) (Valuation as a building with a general fixed-term leasehold)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	All lease agreements with tenants of the property are scheduled to expire by the scheduled disposition date.
Total number of tenants	-
Total rental revenues	-
Lease deposit	-
Total rentable area	-
Total rented area	-
Occupancy Rate	-
Other Special Matters	None

\*3 The acquisition price of the Building is at the time of acquisition.

5. Details of assets held by NBF after this Disposition (Summary of general fixed-term leasehold agreement)

NBF has agreed with Mitsui Fudosan to establish a general fixed-term land leasehold with Mitsui Fudosan as the leaseholder on the land that it will continue to own after the Disposition, and will execute a general fixed-term land leasehold establishment agreement simultaneously with the sales contract for the Disposition.

The details of the property after the sale are as follows.

Name of Assets	NBF Toranomon Bldg. (the Land)
Type of Specified Asset	Beneficiary interest in trust
Type of Ownership	Ownership
Location	(Description in Real Property Registry) 6-17, 6-8, 6-9, 6-10, 6-11, 6-12, 6-13, 6-14, 6-15, 6-16, 6-33, 6-34, 6-35, 6-36, 6-37, 6-38, 6-39, 6-40, 6-41, 6-42 Nishi-Shinbashi 1-chome, Minato-ku, Tokyo
Land use zone	Commercial zone
Site area (Description in Real Property Registry)	1,804.45 m <sup>2</sup>



Collateral	None
Description of the Lease	
Lessor	Mitsubishi UFJ Trust and Banking Corporation
Lessee	Mitsui Fudosan Co., Ltd.
Contract Type	General fixed-term leasehold agreement
Contract period	From January 6, 2025 to January 5, 2075 (50 years)
Land rent	<p>From January 6, 2025 to March 5, 2028 16,375,384 yen per month</p> <p>From March 6, 2028 to January 5, 2075 42,821,629 yen per month</p> <p>However, it may be revised in accordance with changes in property taxes, and other changes in prices and social conditions, etc., discussed upon between the parties.</p>
Deposit	246,880,198 yen
Total number of tenants	1
Leasable area	1,804.45 m <sup>2</sup>
Leased area	1,804.45 m <sup>2</sup>
Occupancy Rate	100%
Other items of special note	<ul style="list-style-type: none"> <li>• Treatment of buildings at the end of the contract</li> </ul> <p>The lessee is obligated to remove at its own expense all buildings and other structures on the land or attached to the land by the lessee, restore the land to its original state, and return the land to the lessee by the end of the term of this agreement. In addition, the lessee may not demand the purchase of the building.</p> <ul style="list-style-type: none"> <li>• Preferential negotiating rights</li> </ul> <p>NBF has entered into an agreement with Mitsui Fudosan regarding preferential negotiation rights and has preferential negotiation rights for the acquisition of the Redeveloped building.</p> <ul style="list-style-type: none"> <li>• Purpose of Contract</li> </ul> <p>The lessee must classify at least 50% of the floor area of the Redeveloped building as office space, and at least 50% of its rental income must be derived from the portion that is classified as office space.</p> <ul style="list-style-type: none"> <li>• Disposition of leasehold interest</li> </ul> <p>If the lessee intends to dispose or sublease this leasehold to a third party, the lessee must obtain the prior written consent of the lessor.</p> <ul style="list-style-type: none"> <li>• Disposition of the Land</li> </ul> <p>If the lessor intends to dispose the land to a third party, the lessor</p>



	<p>must obtain the prior written consent of the lessee and, if the Land is disposed to a third party, the lessee's obligation to return the deposit to the lessee must be assumed by such third party.</p> <ul style="list-style-type: none"> <li>• Duty of care</li> </ul> <p>The lessee, in consideration of the fact that the Redeveloped building will be constructed on the Land, it must be used and managed with due care and attention, including the building's legal compliance and safety during the building construction process.</p>
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6. Summary of the transferee and lessee

Name	Mitsui Fudosan Co. Ltd.
Location	1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo
Representative	Takashi Ueda, President and Chief Executive Officer
Business	Real estate business, etc.
Capital	341,000 million yen (as of March 31, 2024)
Date of Establishment	July 15, 1941
Net assets	3,234,656 million yen (as of March 31, 2024)
Total assets	9,489,527 million yen (as of March 31, 2024)
Major Shareholders and Investment Ratio	The Master Trust Bank of Japan, Ltd. (Trust Account) 17.50%, The Custody Bank of Japan, Ltd. (Trust Account) 7.87% (as of March 31, 2024)
Relationship with the Investment Corporation/Asset Manager	
Capital relationship	Shareholder of NBFM (investment ratio: 46%) Holds 57,630 investment units of NBF
Personnel relationship	Certain personnel seconded to NBFM
Business relationship	NBF's contractor of office management services, new tenant arranger, broker for real property sale and purchase etc., tenant of NBF's properties, etc.
Related parties	Not a related party to NBF Parent company of NBFM and a related party



7. Forecasts of Operating Results for the Periods ending June 30, 2024 and ending December 31, 2024

Since the delivery date in the Disposition is for the period ending June 30, 2025, there is no change in the forecast of operating results for the period ending June 30, 2024 and the period ending December 31, 2024.

Forecasts of current period performance (as announced on February 15, 2024) and actual results for the previous period

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen	Yen
2H 2023 (Actual)	47,349	20,767	19,513	19,513	11,500	-
1H 2024 (Forecast)	50,113	23,751	22,377	22,377	12,500	-
2H 2024 (Forecast)	50,419	23,580	22,077	22,077	12,000	-

End



**【Reference Material】 Summary of Portfolio after the Transaction**

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.	170,000,000	11.7%	57.1%	180,000,000
	IIDABASHI GRAND BLOOM	138,909,102	9.5%		154,000,000
	Roppongi T-CUBE	62,800,000	4.3%		62,700,000
	Nishi-Shinjuku Mitsui Bldg.	45,392,204	3.1%		45,900,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.9%		47,000,000
	NBF Shinagawa Tower	36,300,000	2.5%		49,000,000
	Shiba NBF Tower	32,000,000	2.2%		29,300,000
	NBF Platinum Tower	31,000,000	2.1%		64,300,000
	NBF COMODIO Shiodome	28,800,000	2.0%		36,600,000
	G-BASE TAMACHI	28,200,000	1.9%		29,500,000
	Toranomon Kotohira Tower	24,543,000	1.7%		35,800,000
	NBF Shibuya Garden Front	20,269,000	1.4%		34,500,000
	NBF Ginza Street Bldg.	17,000,000	1.2%		19,100,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.1%		20,600,000
	Kowa Nishi-Shinbashi Bldg. B	13,473,200	0.9%		14,200,000
	River City M-SQUARE	13,350,000	0.9%		13,700,000
	Shinbashi M-SQUARE	11,900,000	0.8%		14,300,000
	NBF Toranomon Bldg. (Land with leasehold interest) (Note 3)	11,416,000	0.8%		17,073,000
	GranTokyo South Tower (Note 4)	9,398,168	0.6%		9,590,000
	NBF ALLIANCE	9,126,000	0.6%		13,600,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,990,000
	NBF Shibuya East	8,000,000	0.5%		10,100,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,780,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,540,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,670,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,890,000
Sumitomo Densetsu Bldg.	5,365,000	0.4%	5,320,000		
NBF Higashi-Ginza Square	5,200,000	0.4%	8,210,000		
Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%	5,540,000		
NBF Hatchobori Terrace	4,528,349	0.3%	5,460,000		
Ryukakusan Bldg.	4,050,000	0.3%	4,920,000		
Jingumae M-SQUARE	3,700,000	0.3%	4,980,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.6%	83.7%	86,100,000
	Gate City Ohsaki	57,281,060	3.9%		71,700,000
	Toyosu Bayside Cross Tower	36,300,000	2.5%		37,000,000
	Toyosu Bayside Cross Tower (Additional Acquisition) (Note 5)	43,800,000	3.0%		43,900,000
	NBF Toyosu Canal Front	35,200,000	2.4%		38,400,000
	Ueno East Tower	35,000,000	2.4%		39,400,000
	NBF Toyosu Garden Front	25,018,000	1.7%		29,700,000
	Osaki Bright Core - Bright Plaza	24,380,000	1.7%		25,600,000
	Nakameguro GT Tower	23,856,000	1.6%		20,700,000
	Osaki Bright Tower	13,970,000	1.0%		14,600,000
	NBF Ikebukuro East	8,630,000	0.6%		13,600,000
	Higashi Gotanda Square	8,350,000	0.6%		8,850,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,760,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,750,000





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	0.6%	3.5%	9,780,000
	Yokohama ST Bldg.	16,749,300	1.2%		22,300,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,880,000
	S-ino Omiya North Wing	16,816,345	1.2%		24,600,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,120,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,490,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	12.8%	8,420,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,600,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.0%		16,600,000
	Nagoya Mitsui New Bldg.	13,200,000	0.9%		14,200,000
	Nagoya Mitsui Main Bldg.	13,050,000	0.9%		14,100,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,630,000
	Nakanoshima Mitsui Bldg.	44,000,000	3.0%		47,600,000
	Aqua Dojima NBF Tower	17,810,000	1.2%		20,500,000
	Nakanoshima Central Tower	14,900,000	1.0%		19,500,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		13,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.9%		14,900,000
	Yodoyabashi Flex Tower	9,833,000	0.7%		10,300,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,890,000
	Hakata Gion M-SQUARE	8,000,000	0.5%		12,700,000
NBF Kumamoto Bldg.	4,500,000	0.3%	4,330,000		
Total		1,455,986,034	100%	100%	1,692,813,000

(Note 1) "Acquisition Price" represents the price for which NBF acquired the property in principle.

As for the property to be acquired, the figure represents the purchase and sale price set forth in the relevant purchase and sale contract, etc. at the time of the decision to acquire the property (excluding miscellaneous acquisition costs, fixed assets tax, etc.).

(Note 2) "Value (Real Estate Appraisal Value)" represents the appraisal value as of the end of 2H/23 (as of December 31, 2023.).

(Note 3) The building portion of "NBF Toranomon Bldg." will be disposed on January 6, 2025.

The "Acquisition Price" of the "NBF Toranomon Bldg. (Land with leasehold interest)" is the land acquisition price at the time of acquisition of the property.

The "Value (Real Estate Appraisal Value)" is the appraisal value of the entire property less the appraisal value of the building portion as of May 31, 2024.

(Note 4) The "Value (Real Estate Appraisal Value)" of GranTokyo South Tower is as of June 30, 2023.

(Note 5) The "Value (Real Estate Appraisal Value)" of Toyosu Bayside Cross Tower (Additional Acquisition) is as of November 30, 2023.

(Note 6) "Tsukuba Mitsui Bldg." will be disposed on September 30, 2024.