

# Semi-Annual Report

First Half of 2025

(48th Period – January to June 2025)

Nippon Building Fund Inc.

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### ***Performance Results:***

During the period under review, the Japanese economy continued to recover moderately, despite the impact of rising prices, supported by firm increases in capital investment by companies, consumer spending due to higher wages, and expanding inbound demand.

On the other hand, due to the Bank of Japan's review of monetary policy, including raising policy interest rates, the global shift towards a phase of interest rate cuts, and the impact of the United States' tariff policies, it is necessary to closely monitor the trends of Japanese companies.

In the office building rental market in Tokyo CBD, the expansion of employee communication spaces and the revision of office space due to new hiring, as well as the expansion of floor space within buildings due to business expansion and positive relocations for improving location, indicate that the expansion of corporate office needs remains strong. As a result, the market vacancy rate in central Tokyo, which was in the 4% range in the previous period, has decreased to the 3% range.

With regard to the office building trading market, despite the impact of domestic and foreign monetary policies, institutional investors are highly motivated to acquire properties.

Demand from overseas investors remained strong, especially due to the difference in interest rates between Japan and other countries and the weak yen. The competitive property acquisition environment continues to be intense, as information on the sale of prime properties remains limited.

Even under this environment, NBF enhanced its quality of portfolio by dispositions of "NBF Toranomom Bldg. (Building)" (trust beneficiary right; disposition price: ¥860 million) in January 2025 and "Shiba NBF Tower" (trust beneficiary right; disposition price: ¥32,100 million) in March 2025, as well as the acquisitions of "Yokohama Mitsui Bldg." (trust beneficiary right; acquisition price: ¥43,190 million) in March 2025 and "D-TOWER TOYAMA " (real property; acquisition price: ¥9,000 million) in June 2025.

The occupancy rate of the existing portfolio NBF owns remains at a high level in the upper 98% range, and NBF is engaged in leasing activities from a medium- to long-term perspective that accurately takes market trends into account with the aim of achieving further internal growth. With existing tenants, NBF strives to retain and improve rent levels, prevent cancellations based on the fundamental policy of maintaining favorable relationships with tenants and enhancing tenant satisfaction. As a result of these activities, occupancy rates and rental revenues remain stable.

Additionally, NBF is enhancing the competitiveness of its properties through strategic and focused additional investments, implemented based on proper cost control.

### ***Overview of Performance and Distribution:***

As the result of above operations, NBF's performance results during the period under review consisted of total operating revenues of ¥51,218 million (an increase of ¥408 million, or 0.8%, compared with the previous period), operating revenues excluding profits from disposition of ¥46,371 million (an increase of ¥299 million, or 0.6%, compared with the previous period), operating income from leasing activities of ¥22,503 million (an increase of ¥1,022 million, or 4.8%, compared with the previous period), operating income of ¥25,073 million (an increase of ¥1,004 million, or 4.2% compared with the previous period), ordinary income of ¥23,546 million (an increase of ¥879 million, or 3.9%, compared with the previous period), and net income of ¥23,545 (an increase of ¥879 million, or 3.9%, compared with the previous period).

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF determined to distribute ¥21,219 million, the entire amount arrived at by deducting provision of reserve for tax purpose reduction entry (¥2,326 million) from the sum of retained earnings (¥23,545 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 ¥2,495 (an increase of ¥33, or 1.3%, compared with the previous period).

### ***Sustainability Initiatives:***

NBF is implementing the following initiatives in accordance with the policy for addressing sustainability challenges established by the Mitsui Fudosan Group.

Regarding environmental initiatives, one of the main KPIs is to address climate-related issues (reduction of environmental impact), with the following numerical targets: 90% reduction of total GHG emissions (Scope 1+2+3) by 2050 (2021 baseline, certified by SBT as net zero target), 42% reduction of total GHG emissions (Scope 1+2) by 2030 (2021 baseline, SBT certification as near-term target), CO2 emissions intensity by 46% by 2030 (2013 baseline), water consumption intensity by 5% by 2030 (2019 baseline), and waste recycling rate of 65%. NBF is reducing our environmental impact by introducing renewable energy, promoting LED lighting, installing water-saving devices, and reducing waste, etc.. In the 2024 results, the reduction rate of total GHG emissions (Scope 1+2) compared to the baseline year was 71.0%, reaching the SBT-certified near-term target for 2030.

With regard to social initiatives, in our relationship with local communities, NBF is conscious of contributing to community development and revitalizing local communities, etc. In addition, for tenants, NBF has set up a PDCA cycle to reflect various issues and improvements obtained from daily management and customer satisfaction surveys in our operations, and sincerely strives to resolve and improve these issues, providing a safe, secure, and comfortable environment for our tenants.

With regard to governance initiatives, the Asset Management Company considers thorough compliance to be one of our top management priorities, and regularly conducts training for all employees and directors on compliance with laws and regulations, and strives to improve individual and organizational capabilities.

NBF is actively working to obtain evaluations and certifications from external organizations, and in the GRESB Real Estate Evaluation, in which it continuously participates, NBF received a 5-star overall score (Highest rank) in 2024, and the acquisition rate of green building certification was 100% as of the end of the fiscal period.

The Asset Management Company has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) in 2021 to promote disclosure of information on climate-related issues. Based on the four areas recommended in the TCFD recommendations (governance, strategy, risk management, and indicators and targets), NBF has analyzed the risks and opportunities of climate change impacting our business and finances, and disclosed this information on our website.

(Note) The green building certifications that NBF has obtained are DBJ Green Building Certification, CASBEE for Buildings, CASBEE for Real Estate, and BELS Certification.

## Summary of Selected Financial Data

		48th Period from January 1, 2025 to June 30, 2025	47th Period from July 1, 2024 to December 31, 2024	46th Period from January 1, 2024 to June 30, 2024	48th Period from January 1, 2025 to June 30, 2025
		Yen in millions, except per unit data or where otherwise indicated (Note 1)			U.S. dollars in thousands except per unit data (Note 1, 2)
Operating revenues	Note 3	¥51,218	¥50,810	¥50,254	\$355,267
Revenues from property leasing		46,371	46,071	45,016	321,642
Gains on sales of real estate properties		4,847	4,738	5,237	33,625
Operating expenses		26,145	26,741	25,610	181,354
Rental expenses		23,868	24,591	23,373	165,555
Ordinary income		23,546	22,667	23,345	163,326
Net income	(a)	23,545	22,666	23,344	163,320
Funds from operations	Note 4	26,367	25,773	26,044	182,890
Net operating income from property leasing activities	Note 4	30,172	29,326	29,580	209,282
Total amount of cash distribution	(b)	21,219	20,939	22,252	147,186
Depreciation and amortization		7,669	7,846	7,937	53,195
Capital expenditures		4,849	4,782	4,962	33,638
Total assets	(c)	1,392,761	1,382,958	1,383,883	9,660,553
Interest-bearing debt		594,000	586,300	586,900	4,120,135
Net assets	(d)	713,051	710,444	710,030	4,945,905
Total number of units issued (Units)*	(e)	8,504,955	8,504,955	8,504,955	
Net assets per unit (Yen/\$)*	(d) / (e)	83,839	83,533	83,484	581
Distribution per unit (Yen/\$)*	(b) / (e)	2,495	2,462	2,616	17
Funds from operations per unit (Yen/\$)*	Note 4	3,100	3,030	3,062	21
ROA	Note 4	1.7%	1.6%	1.7%	
(Annual rate)		(3.4%)	(3.3%)	(3.4%)	
ROE	Note 4	3.3%	3.2%	3.3%	
(Annual rate)		(6.6%)	(6.4%)	(6.6%)	
Loan to value (LTV)	Note 4	42.6%	42.4%	42.4%	
Capital ratio	(d) / (c)	51.2%	51.4%	51.3%	
Payout ratio	(b) / (a), Note 5	90.1%	92.3%	95.3%	
Number of days		181	184	182	
Number of real estate properties	Note 6	68	67	68	
Number of tenants	Note 6	1,545	1,499	1,564	
Total rentable area (m <sup>2</sup> )		1,207,586	1,193,084	1,209,996	
Occupancy rate (Average)	Note 6	98.9%	98.0%	97.8%	

- Notes:
1. The amounts of yen in the annual report are rounded down to the nearest million yen. The amounts of U.S. dollar are rounded after the decimal.
  2. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥ 144.17 = U.S. \$1.00, the approximate exchange rate on June 30, 2025.
  3. Operating revenues do not include consumption tax.
  4. All valuations are calculated through the following formulas. The figures in parentheses after ROA and ROE are annualized based on the six-month figures for the period.  
 Funds from operations: Net income (excluding Gains and Losses on sales of real estate properties) + Depreciation and amortization  
 Net operating income from property leasing activities: (Revenue from property leasing – Rental expenses) + Depreciation and amortization  
 Funds from operations per unit: (Net income (excluding Gains and Losses on Sales of real estate Properties) + Depreciation and amortization) / Weighted average number of units issued and outstanding during the period  
 ROA: Ordinary income / (Initial total assets + Total assets at end of period) ÷ 2  
 ROE: Net income / (Initial net assets + Net assets at end of period) ÷ 2  
 LTV: Interest-bearing debt / Total assets
  5. Payout ratio figures are calculated to one decimal place only.
  6. Number of real estate properties means units generally perceived to be one office building. Number of tenants means gross number of tenants by building. Occupancy rate, end-tenant basis, is the weighted average of month-end occupancy rate on a floor space basis.
- \*Effective October 1, 2024, NBF implemented a 5-for-1 unit split of the units. The asterisked items have been adjusted as if the unit split had taken effect on January 1, 2024.

## Management's Discussion and Analysis

### 1. Distribution for the Current Period

Distribution per unit for the current period was ¥2,495. NBF expects to distribute almost all retained earnings at the current period end remaining after deducting the amount appropriated to the reserve for tax purpose reduction entry of replacing specified assets as stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation to be eligible for special tax treatment (Article 67-15 of the Act on Special Measures Concerning Taxation) that allows NBF to deduct its cash dividends of profits from taxable income.

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
(Yen in thousands, except per unit amounts)			
Retained earnings	¥23,545,902	¥22,666,339	¥23,344,619
Undistributed earnings	—	—	—
Transfer to reserve for reduction entry	2,326,039	2,264,967	1,635,477
Reversal of reserve for reduction entry	—	537,827	543,222
Total cash distribution	21,219,862	20,939,199	22,252,364
(Cash distribution per unit)	2,495	2,462	13,082
Distribution of accumulated earnings	21,219,862	20,939,199	22,252,364
(Distribution of accumulated earnings per unit)	2,495	2,462	13,082
Cash distribution in excess of accumulated earnings	—	—	—
(Per unit)	—	—	—

Notes:

1. Above cash distributions were paid after the period end.

### 2. Changes in Assets, Liabilities and Net Assets

#### Assets

As of June 30, 2025, total assets increased by ¥9,803 million to ¥1,392,761 million compared with December 31, 2024. Return on average total assets (ROA) for the six months ended June 30, 2025 increased to 1.7 percent from 1.6 percent for the previous six-month period.

Current assets decreased by ¥12,105 million to ¥14,732 million compared with December 31, 2024. Real estate properties increased by ¥38,827 million to ¥1,351,495 million compared with December 31, 2024. Intangible assets decreased by ¥16,770 million to ¥18,871 million compared with December 31, 2024.

## Liabilities

Current liabilities increased by ¥33,862 million to ¥105,848 million compared with December 31, 2024, primarily because of a increase in Long-term debt due within one year compared with December 31, 2024.

Long-term debt decreased by ¥28,400 million to ¥499,900 million compared with December 31, 2024.

As a result, total interest-bearing liabilities increased by ¥7,700 million to ¥594,000 million compared with December 31, 2024. As of the end of the period under review, the ratio of long-term fixed interest-bearing debt was 86.9 percent.

The loan-to-value ratio, calculated as the ratio of interest-bearing liabilities to total assets, increased to 42.6 percent as of June 30, 2025 from 42.4 percent as of December 31, 2024.

Notes:

1. Interest-bearing liabilities mean "Short-term loans", "Long-term debt due within one year" and "Long-term Debt".

## Net assets

Net assets increased by ¥2,606 million to ¥713,051 million compared with December 31, 2024.

## 3. Funding

### *Balance of Paid-in Capital*

NBF was established on March 16, 2001 with initial paid-in capital of ¥100 million. NBF began investing activities in May 2001 after ¥98,800 million was raised through private placements. As of June 30, 2025, NBF had issued 8,504,955 units out of 20,000,000 total authorized units. NBF's units were listed on the J-REIT section of the Tokyo Stock Exchange in September 2001 upon the completion of a public offering. As the Investment Trust Law of Japan does not contain any provision for the issue of more than one class of units, NBF's units comprise the sole class of units authorized and issued by NBF.

Issue date	Remarks	Units issued and outstanding		Paid-in capital		Notes
		Increase	Balance	Increase	Balance	
		(units)		(Yen in millions)		
March 16, 2001	Initial capital (private)	200	200	¥100	¥100	Note 1
May 23, 2001	Private placement	197,600	197,800	98,800	98,900	Note 2
September 8, 2001	Public offering	82,900	280,700	49,999	148,899	Note 3
July 14, 2004	Public offering	80,000	360,700	58,838	207,737	Note 4



August 11, 2004	Third party allocation	4,000	364,700	2,941	210,678	Note 5
August 10, 2005	Public offering	58,000	422,700	51,491	262,170	Note 6
March 16, 2006	Public offering	80,000	502,700	79,040	341,210	Note 7
March 29, 2006	Third party allocation	5,300	508,000	5,236	346,446	Note 8
February 4, 2008	Public offering	31,800	539,800	37,158	383,605	Note 9
March 4, 2008	Third party allocation	2,200	542,000	2,570	386,175	Note 10
January 26, 2011	Public offering	34,000	576,000	26,957	413,132	Note 11
February 22, 2011	Third party allocation	2,500	578,500	1,982	415,114	Note 12
January 25, 2012	Public offering	30,000	608,500	18,172	433,287	Note 13
February 21, 2012	Third party allocation	4,500	613,000	2,725	436,013	Note 14
January 23, 2013	Public offering	74,000	687,000	63,973	499,986	Note 15
January 31, 2013	Third party allocation	5,000	692,000	4,322	504,308	Note 16
January 1, 2014	Unit split	692,000	1,384,000	—	504,308	Note 17
March 19, 2014	Public offering	26,500	1,410,500	14,022	518,331	Note 18
March 28, 2014	Third party allocation	1,500	1,412,000	793	519,124	Note 19
October 26, 2020	Public offering	229,000	1,641,000	117,041	636,166	Note 20
November 6, 2020	Third party allocation	11,500	1,652,500	5,877	642,044	Note 21
January 19, 2022	Public offering	47,500	1,700,000	30,369	672,413	Note 22
January 28, 2022	Third party allocation	991	1,700,991	633	673,047	Note 23
October 1, 2024	Unit split	6,803,964	8,504,955	—	673,047	Note 24

Notes: 1. NBF was established with initial capital of ¥500,000 per unit.

2. Follow-on private offering at ¥500,000 per unit to raise funds for acquisition of 22 properties.
3. Public offering of new units for ¥625,000 per unit (excluding underwriting fee: ¥603,125) to repay debt and to fund property acquisition.
4. Public offering of new units for ¥759,500 per unit (excluding underwriting fee: ¥735,475) to repay debt, etc.
5. Additional issue of new units (third party allocation) for ¥735,475 per unit undertaken pursuant to the public offering in Note 4.
6. Public offering of new units for ¥916,300 per unit (excluding underwriting fee: ¥887,782) to repay debt and to fund property acquisition.
7. Public offering of new units for ¥1,019,200 per unit (excluding underwriting fee: ¥988,000) to repay debt and to fund property acquisition.
8. Additional issue of new units (third party allocation) for ¥988,000 per unit undertaken pursuant to the public offering in Note 7.
9. Public offering of new units for ¥1,205,400 per unit (excluding underwriting fee: ¥1,168,500) to repay debt and to fund property acquisition.
10. Additional issue of new units (third party allocation) for ¥1,168,500 per unit undertaken pursuant to the public offering in Note 9.
11. Public offering of new units for ¥818,025 per unit (excluding underwriting fee: ¥792,855) to repay debt and to fund property acquisition.
12. Additional issue of new units (third party allocation) for ¥792,855 per unit undertaken pursuant to the public offering in Note 11.
13. Public offering of new units for ¥624,975 per unit (excluding underwriting fee: ¥605,745) to repay debt and to fund property acquisition.
14. Additional issue of new units (third party allocation) for ¥605,745 per unit undertaken pursuant to the public offering in Note 13.
15. Public offering of new units for ¥891,800 per unit (excluding underwriting fee: ¥864,500) to repay debt and to fund

property acquisition.

16. Additional issue of new units (third party allocation) for ¥864,500 per unit undertaken pursuant to the public offering in Note 15.
17. Effective January 1, 2014, NBF implemented a 2-for-1 unit split of its investment units.
18. Public offering of new units for ¥545,860 per unit (excluding underwriting fee: ¥529,150) to repay debt and to fund property acquisition.
19. Additional issue of new units (third party allocation) for ¥529,150 per unit undertaken pursuant to the public offering in Note 18.
20. Public offering of new units for ¥527,240 per unit (excluding underwriting fee: ¥511,100) to fund property acquisition.
21. Additional issue of new units (third party allocation) for ¥511,100 per unit undertaken pursuant to the public offering in Note 20.
22. Public offering of new units for ¥659,540 per unit (excluding underwriting fee: ¥639,350) to fund property acquisition.
23. Additional issue of new units (third party allocation) for ¥639,350 per unit undertaken pursuant to the public offering in Note 22.
24. Effective October 1, 2024, NBF implemented a 5-for-1 unit split of its investment units.

### Market Price of Units

High/Low (closing price) of units on the TSE:

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
	(Yen)		
High	¥135,000	¥136,200	¥125,400
Low	118,100	111,400	112,600

Note: As of October 1, 2024 NBF implemented a 5-for-1 unit split of its investment units. The above prices before ex-date (September 27, 2024) have been adjusted to reflect the split for comparative purposes, dividing the price by five.

### Borrowings

Borrowings from financial institutions as of June 30, 2025 are shown below.

#### Short-term loans

Lender	Balance	Interest rate (%)	Due on	Repayment method	Use of funds	Notes
		(Note 2)	(Note 1)			
(Yen in millions)						
Mizuho Bank, Ltd.	¥5,000	0.643%	July 31, 2025	Bullet payment	(Note 3)	Unsecured /unguaranteed /pari passu, See (Note 4)
Total short-term loans	¥5,000					

#### Long-term loans

Lender	Balance	Interest rate (%)	Due on	Repayment method	Use of funds	Notes
		(Note 2)	(Note 1)			
(Yen in millions)						
MUFG Bank, Ltd.	¥7,000	0.358%	June 1, 2028			
	4,000	0.180%	March 1, 2027			
	3,000	0.138%	February 27, 2026			
	5,000	0.400%	July 2, 2029			
	8,000	0.400%	February 28, 2030			
	2,000	0.270%	February 26, 2027			
	7,000	0.270%	May 31, 2027			

	4,000	0.400%	July 31, 2030			
	5,000	0.320%	January 7, 2028			
	5,000	0.400%	January 7, 2030			
	5,000	0.450%	January 7, 2031			
	6,000	0.450%	February 28, 2031	Bullet		Unsecured
	4,000	0.180%	February 27, 2026	payment	(Note 3)	/unguaranteed
	3,000	0.400%	June 28, 2030			/pari passu
	2,000	0.335%	January 31, 2029			See (Note 4)
	4,000	0.396%	March 31, 2028			
	5,400	0.625%	January 27, 2026			
	2,700	0.614%	January 14, 2026			
Development Bank of Japan Inc.	13,000	0.747%	September 10, 2027			
	10,000	0.357%	February 15, 2028			
	10,000	0.256%	April 8, 2026			
	5,000	0.250%	June 1, 2026			
	5,000	0.387%	September 14, 2028			
	10,000	0.491%	September 27, 2029			
	2,500	0.417%	May 23, 2029			
	5,000	0.400%	August 3, 2029			
	3,000	0.450%	January 7, 2031			
	9,000	0.528%	June 28, 2030			
	5,400	1.009%	May 30, 2031			
Sumitomo Mitsui Banking Corporation	11,000	0.723%	June 1, 2029			
	(Note 5)					
	20,000	0.450%	January 7, 2031			
	10,000	0.320%	January 7, 2028			
	1,000	0.350%	June 29, 2029			
	4,000	0.383%	December 30, 2026			
	5,000	0.468%	February 26, 2027			
	3,000	0.693%	February 28, 2029			
	2,000	0.806%	February 28, 2030			
	3,000	0.318%	April 30, 2027			
	2,000	0.597%	April 30, 2030			
	3,000	0.741%	April 26, 2029			
	3,000	0.934%	April 25, 2031			
	4,100	1.475%	March 28, 2033			
	3,900	1.402%	March 26, 2032			
Sumitomo Mitsui Trust Bank, Limited	3,000	0.270%	September 11, 2026			
	10,000	0.210%	December 30, 2025			
	3,000	0.270%	January 27, 2027			
	10,000	0.400%	January 7, 2030			
	5,000	0.450%	March 30, 2032			
	3,000	0.815%	December 29, 2028			
	3,000	0.688%	January 25, 2030			
	2,000	0.583%	January 25, 2029			
	7,000	0.765%	May 31, 2033			
	(Note 5)					
	3,000	0.747%	May 31, 2032			
	(Note 5)					
	5,000	0.747%	March 28, 2033			
	(Note 5)					
Sumitomo Life Insurance Company	3,000	0.300%	February 3, 2026			
	5,000	0.250%	May 22, 2026			
	5,000	0.655%	July 16, 2032			
	5,000	0.646%	April 28, 2033			
	2,000	0.403%	April 28, 2028			
	2,000	0.364%	March 31, 2032			
	3,000	0.650%	May 23, 2034	Bullet		Unsecured
	5,000	0.500%	January 7, 2032	payment	(Note 3)	/unguaranteed
	5,000	0.700%	January 7, 2036			/pari passu,
	5,000	0.700%	July 16, 2036			See (Note 4)
	1,000	0.931%	October 31, 2034			
	2,000	0.890%	September 30, 2033			
	2,000	1.005%	March 30, 2035			
Mizuho Bank, Ltd.	7,000	0.658%	November 30, 2025			
	(Note 5)					
	10,000	0.450%	January 7, 2031			
	5,000	0.425%	July 7, 2030			
	10,000	0.703%	May 27, 2032			
	(Note 5)					
	3,000	0.246%	April 30, 2026			
Shinkin Central Bank	5,000	0.250%	September 14, 2026			

	3,000	0.381%	December 30, 2026		
	3,000	0.356%	June 1, 2027		
	4,000	0.433%	July 12, 2027		
	3,000	0.100%	December 30, 2025		
	2,000	0.188%	April 28, 2028		
	6,000	0.307%	June 22, 2029		
	5,000	0.450%	January 7, 2031		
	4,000	0.872%	March 31, 2034		
	(Note 5)				
The Norinchukin Bank	3,000	0.300%	June 21, 2027		
	2,000	0.270%	June 19, 2026		
	2,000	0.300%	March 24, 2028		
	5,000	0.270%	September 30, 2027		
	5,000	0.320%	January 7, 2028		
	1,000	0.616%	October 31, 2030		
	3,000	0.851%	March 30, 2033		
	3,000	0.760%	May 31, 2032		
Nippon Life Insurance Company	2,000	0.400%	May 23, 2029		
	2,000	0.200%	May 29, 2026		
	2,000	0.450%	December 27, 2030		
	5,000	0.425%	January 30, 2032		
	5,000	0.712%	April 30, 2032		
	3,000	0.868%	April 30, 2033		
THE BANK OF FUKUOKA, Ltd.	2,000	0.300%	May 21, 2027		
	2,000	0.400%	January 7, 2030		
	2,000	0.710%	June 30, 2032		
	1,000	0.767%	October 29, 2032		
	2,000	0.910%	June 30, 2033		
	(Note 5)				
	2,000	0.783%	May 31, 2034		
	(Note 5)				
	2,000	0.783%	March 28, 2035		
	(Note 5)				
Mizuho Trust & Banking Co., Ltd.	4,000	0.703%	October 31, 2032		
	(Note 5)				
	4,000	0.653%	February 29, 2028		
	(Note 5)				
	3,000	0.643%	February 27, 2026		
	(Note 5)				
TAIJU LIFE INSURANCE COMPANY LIMITED	1,000	0.416%	January 31, 2030		
	1,000	0.400%	February 13, 2030		
	2,000	0.491%	January 30, 2032		
	2,000	1.008%	November 1, 2034		
	2,000	0.987%	March 30, 2035		
	2,000	1.277%	March 28, 2036		
Daishi Hokuetsu Bank, Ltd.	2,000	0.400%	January 7, 2030		
	2,000	0.320%	April 27, 2029		
	2,000	0.837%	March 1, 2031		
	2,000	0.775%	June 28, 2029		
	1,000	0.822%	March 28, 2030		
	(Note 5)				
The Yamaguchi Bank, Ltd.	1,000	0.477%	January 10, 2029		
	2,000	0.400%	May 23, 2029		
	1,000	0.500%	August 31, 2032		
	1,000	0.500%	January 7, 2032	Bullet payment	(Note 3)
	1,000	0.855%	October 31, 2033		Unsecured /unguaranteed /pari passu, See (Note 4)
	2,000	0.936%	March 30, 2034		
The Hachijuni Bank, Limited	2,000	0.270%	June 26, 2027		
	1,000	0.270%	December 2, 2027		
	1,000	0.320%	January 7, 2028		
	1,000	0.767%	October 31, 2032		
The Yamanashi Chuo Bank, Ltd.	1,000	0.322%	March 28, 2031		
	1,000	0.767%	October 29, 2032		
	1,000	0.905%	October 11, 2032		
	(Note 5)				
	1,000	1.038%	May 14, 2031		
DAIDO LIFE INSURANCE COMPANY	1,000	0.302%	March 7, 2029		
	1,000	0.400%	October 2, 2030		
	1,000	0.716%	June 30, 2034		
	1,000	1.033%	September 9, 2033		
TAIYO LIFE INSURANCE COMPANY	1,000	0.650%	May 31, 2035		
	1,500	0.350%	July 9, 2029		

The 77 Bank, Ltd.	1,500	0.500%	July 9, 2032		
	1,000	0.400%	May 23, 2029		
	1,000	0.400%	March 25, 2030		
	2,000	0.616%	June 30, 2031		
The Ioyo Bank, Ltd.	1,000	0.386%	March 3, 2027		
	1,000	0.300%	February 28, 2028		
	1,000	0.616%	October 31, 2030		
	1,000	0.832%	March 28, 2031		
The Gunma Bank, Ltd.	(Note 5)				
	1,000	0.320%	January 7, 2028		
	1,000	0.539%	October 31, 2029		
	1,000	0.598%	March 30, 2030		
SBI Shinsei Bank, Limited	1,000	0.852%	March 28, 2033		
	(Note 5)				
	1,000	0.450%	January 31, 2031		
	1,000	0.851%	March 30, 2033		
The Keiyo Bank, Ltd.	1,000	0.872%	March 28, 2035		
	(Note 5)				
	1,000	0.870%	May 31, 2035		
	(Note 5)				
The Iyo Bank, LTD.	1,000	0.450%	April 27, 2032		
	1,000	0.616%	October 31, 2030		
	1,000	0.503%	March 30, 2029		
	1,000	1.475%	March 28, 2033		
The Chugoku Bank, Limited	1,000	0.320%	April 28, 2028		
	1,000	0.320%	January 26, 2029		
	1,000	0.703%	October 29, 2032		
	(Note 5)				
The Asahi Shinkin Bank Momiji Bank, Ltd.	1,000	0.270%	May 19, 2027		
	2,000	0.320%	May 26, 2028		
	3,000	0.851%	March 30, 2033	Bullet payment	(Note 3)
	1,000	0.724%	September 30, 2031		
THE SHIGA BANK, LTD.	1,000	0.851%	March 30, 2033		
	1,000	0.616%	October 31, 2030		
	1,000	0.767%	October 29, 2032		
	1,000	0.270%	May 22, 2026		
The Chiba Bank, Ltd.	1,000	0.683%	June 1, 2027		
	(Note 5)				
	1,000	0.320%	January 7, 2028		
	1,000	0.792%	September 30, 2032		
Resona Bank, Limited.	1,000	0.767%	October 31, 2032		
	1,000	0.872%	March 28, 2035		
	(Note 5)				
	(Note 5)				
Mitsui Sumitomo Insurance Company, Limited	1,000	0.792%	September 30, 2032		
Kiraboshi Bank, Ltd.	1,000	0.767%	October 31, 2032		
Kansai Mirai Bank, Limited	1,000	0.872%	March 28, 2035		
The Fukui Bank, Ltd.	1,000	(Note 5)			
Total long-term loans (Note 6)	¥554,000				
Total borrowings	¥559,000				

Notes:

1. With respect to the date of repayment in case of more than one short-term loan from the same lender, the earliest date of repayment for all such loans coming due is given.
2. Interest Rate is rounded down to the 3rd decimal point.
3. Use of funds for the above includes acquisition of real estate or beneficiary interests, repayment of borrowings and working capital, etc.
4. A special agreement attached to "Loan Agreement" entered into between NBF and each financial institution provides that the above borrowings from all financial institutions rank pari passu to each other.
5. This loan is a floating rate loan. Other long-term loans are all fixed rate loans.
6. The total amount of long-term loans (i.e. excluding those expected to be repaid within one year) repayable within 5 years of the date of the balance sheet and expected to be repaid by specific year(s) is as follows:

(Yen in millions)				
	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Long-term loans	¥52,000	¥81,000	¥51,500	¥73,500

## NBF Bonds

Issue	Issue date	Balance as of June 30, 2025 (Yen in millions)	Coupon (Note 1)	Maturity date	Redemption	Use of funds	Notes
No. 14 Unsecured Bonds	June 9, 2016	¥5,000	1.000%	June 8, 2046	Bullet payment	Note 2	Notes 3 and 4
No. 15 Unsecured Bonds	May 22, 2017	5,000	0.914%	May 22, 2037	Bullet payment	Note 2	Notes 3 and 4
No. 17 Unsecured Bonds	May 23, 2018	5,000	0.888%	May 21, 2038	Bullet payment	Note 2	Notes 3 and 4
No. 19 Unsecured Bonds	August 14, 2020	15,000	0.180%	August 14, 2025	Bullet payment	Note 2	Notes 3 and 4
No. 20 Unsecured Bonds (Green Bonds)	March 22, 2021	5,000	0.150%	March 19, 2026	Bullet payment	Note 2	Notes 3 and 4
Total (Note 5)		¥35,000					

Notes:

- Interest Rate is rounded down to the 3rd decimal point.
- Use of funds includes repayment of borrowings and investment corporation bonds, etc.
- Rank pari passu with all other publicly and privately issued bonds.
- Subject to provision of collateral restrictions.
- The total amount of bonds repayable within 5 years of the date of the balance sheet and expected to be repaid by specific year(s) is as follows:

	(Yen in millions)				
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years
Investment corporation bonds	¥20,000	¥—	¥—	¥—	¥—

## Others

NBF has security deposits totaling ¥73,915 million as of June 30, 2025.

## ■ Capital Expenditures

### 1. Planning

As of June 30, 2025, NBF is planning the following capital expenditures for the renovation of its properties. The amounts below include repairs and maintenance costs that will be expensed as incurred.

Moreover, in addition to a steady program of expenditures for construction, repair and renovation of facilities, a program of renewal construction is being implemented in order to increase competitive power in the market as well as to increase the level of tenant satisfaction based on the results of tenant satisfaction surveys and neighboring competitive building specification surveys, etc.

Name of property	Objective	Estimated duration	Estimated amounts		
			Total amounts	Payment for the current period	Cumulative amount paid
				(from January 1, 2025 to June 30, 2025)	
(Yen in millions)					
For the six months ending December 31, 2025 (the 49th fiscal period from July 1, 2025 to December 31, 2025)					
NBF Toyosu Garden Front	Renovation of lighting equipment	From December 2024 to July 2025	¥232	¥—	¥—
Nakanoshima Central Tower	Renovation of air conditioning	From October 2024 to November 2025	208	—	—
NBF Osaki Bldg.	Renovation of lighting equipment	From July 2025 to December 2025	190	—	—
Jingumae M-SQUARE	Renovation of lighting equipment	From July 2025 to December 2025	136	—	—
Yokohama ST Bldg.	Renovation of lower common area	From August 2025 to December 2025	125	—	—
S-ino Omiya North Wing	Renovation of lighting equipment	From July 2025 to December 2025	110	—	—
Sumitomo Densetsu Bldg.	Renovation of substation equipment	From March 2024 to August 2025	105	—	—
Sumitomo Densetsu Bldg.	Renovation of exterior	From June 2025 to December 2025	105	—	—
Parale Mitsui Bldg.	Renovation of lighting equipment	From May 2025 to September 2025	44	—	—
For the six months ending June 30, 2026 (the 50th fiscal period from January 1, 2026 to June 30, 2026)					
River City M-SQUARE	Renovation of central monitoring facilities	From September 2024 to March 2026	¥499	¥—	¥—
Gate City Ohsaki	Renovation of restroom	From November 2024 to March 2026	420	—	—
Shinanobashi Mitsui Bldg.	Renovation of air conditioning	From February 2025 to June 2026	420	—	—
S-ino Omiya North Wing	Renovation of air conditioning	From February 2026 to May 2026	340	—	—
Nishi-Shinjuku Mitsui Bldg.	Renovation of restroom	From May 2025 to March 2026	259	—	—
Roppongi T-CUBE	Renovation of security system	From October 2024 to January 2026	187	—	—
NBF Toyosu Garden Front	Renovation of lighting equipment	From July 2025 to January 2026	181	—	—

Nakameguro GT Tower	Renovation of central monitoring facilities	From April 2025 to March 2026	122	—	—
Yokohama ST Bldg.	Renovation of elevator	From November 2025 to June 2026	114	—	—
Sapporo L-Plaza	Renovation of air conditioning	From January 2026 to June 2026	96	—	—
Ryukakusan Bldg.	Renovation of substation equipment	From May 2026 to May 2026	82	—	—
NBF Ikebukuro Tower	Renovation of emergency power equipment	From April 2026 to May 2026	61	—	—
Parale Mitsui Bldg.	Renovation of exterior	From July 2025 to June 2026	40	—	—
Sapporo L-Plaza	Renovation of air conditioning	From January 2026 to June 2026	34	—	—
For the six months ending December 31, 2026 (the 51st fiscal period from July 1, 2026 to December 31, 2026)					
Yodoyabashi Flex Tower	Renovation of air conditioning	From July 2026 to December 2026	270	¥—	¥—
NBF Toyosu Garden Front	Renovation of lighting equipment	From January 2026 to July 2026	220	—	—
NBF Shinagawa Tower	Renovation of air conditioning	From January 2026 to August 2026	122	—	—
Sapporo L-Plaza	Renovation of air conditioning	From July 2026 to December 2026	97	—	—
Sapporo L-Plaza	Renovation of air conditioning	From July 2026 to December 2026	34	—	—
For the six months ending June 30, 2027 (the 52nd fiscal period from January 1, 2027 to June 30, 2027)					
Yodoyabashi Flex Tower	Renovation of air conditioning	From January 2027 to June 2027	310	¥—	¥—
NBF Toyosu Garden Front	Renovation of lighting equipment	From July 2026 to January 2027	192	—	—
NBF Shinagawa Tower	Renovation of air conditioning	From July 2026 to February 2027	144	—	—
S-ino Omiya North Wing	Renovation of air conditioning	From January 2027 to May 2027	120	—	—
Sapporo L-Plaza	Renovation of air conditioning	From January 2027 to June 2027	98	—	—
NBF Matsudo Bldg.	Renovation of elevator	From January 2026 to March 2027	48	—	—
Sapporo L-Plaza	Renovation of air conditioning	From January 2027 to June 2027	34	—	—
For the six months ending December 31, 2027 (the 53rd fiscal period from July 1, 2027 to December 31, 2027)					
NBF Shinagawa Tower	Renovation of air conditioning	From January 2027 to August 2027	133	¥—	¥—
Sapporo L-Plaza	Renovation of air conditioning	From July 2027 to December 2027	99	—	—
Sapporo L-Plaza	Renovation of air conditioning	From July 2027 to December 2027	35	—	—
For the six months ending June 30, 2028 (the 54th fiscal period from January 1, 2028 to June 30, 2028)					
Sapporo L-Plaza	Renovation of air conditioning	From January 2028 to June 2028	96	¥—	¥—
Sapporo L-Plaza	Renovation of air conditioning	From January 2028 to June 2028	33	—	—



## 2. Capital Expenditures for the Current Period

The following table sets forth the capital expenditures for the current period. NBF posted ¥ 4,849 million in capital expenditures together with ¥ 1,046 million for repairs and maintenance expenses. In total, ¥ 5,895 million was spent on construction.

Name of property	Objective	Period	Expenditure (Yen in millions)
Sakaisuji-Honmachi Center Bldg.	Renovation of substation equipment, renovation of mechanical parking facilities, etc.	From January 2025 to June 2025	¥ 705
Nishi-Shinjuku Mitsui Bldg.	Renovation of air conditioning, renovation of restroom, etc.		488
Gate City Ohsaki	Renovation of restroom, renovation of air conditioning, etc.		417
Parale Mitsui Bldg.	Renovation of restroom, renovation of air conditioning, etc.		322
NBF Osaki Bldg.	Renovation of lighting equipment, renovation of emergency power equipment, etc.		248
Nakameguro GT Tower	Renovation of central monitoring facilities, repair of storage pump, etc.		246
Yokohama ST Bldg.	Renovation of elevator, renovation of air conditioning, etc.		203
Celestine Shiba Mitsui Bldg.	Renovation of automatic fire information facilities, renovation of air conditioning, etc.		166
S-ino Omiya North Wing	Renovation of lighting equipment, renovation of security system, etc.		152
Kowa Nishi-Shinbashi Bldg. B	Renovation of air conditioning, renovation of firefighting facilities, etc.		146
Nakanoshima Mitsui Bldg.	Renovation of air conditioning, renovation of mechanical parking facilities, etc.		136

Yotsuya Medical Bldg.	Renovation of air conditioning, renovation of restroom, etc.	From January 2025 to June 2025	128
NBF Ikebukuro East	Renovation of elevator, renovation of substation equipment, etc.		108
Shinjuku Mitsui Bldg.	Renovation of security system, renovation of air conditioning, etc.		104
Nihonbashi Kabuto-cho M-SQUARE	Renovation of lighting equipment, renovation of substation equipment, etc.		79
NBF Urawa Bldg.	Renovation of substation equipment, renovation of emergency power equipment, etc.		66
NBF Ikebukuro Tower	Renovation of substation equipment, renovation of security system, etc.		65
Sapporo L-Plaza	Renovation of security system, renovation of elevator, etc.		41
Other buildings	Asset preservation construction and other renewal construction to improve tenant satisfaction, etc.		1,021
Total			¥4,849

## ■ Expenses regarding Entrustment, etc.

The following table sets forth the breakdown of entrustment fees, etc. paid by NBF.

Item	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
	(Yen in millions)		
Asset management fees	¥1,887	¥1,852	¥1,847
Asset custody fees	63	65	64
Agent fees (stock transfer, accounting and administrative)	54	56	48
Directors' remuneration	12	12	12
Auditor's fees	15	15	15
Other expenses	243	147	248
Total	¥2,277	¥2,149	¥2,236

## ■ Trading Activities during the Current Period

### 1. Trading of Real Estate and Real Estate Held in Trust

The following table shows a summary of real estate and real estate held in trust, acquired or sold by NBF in the current period.

Name of building	(Yen in millions)	
	Acquisition	
	Date	Acquisition price (Note 1)
Yokohama Mitsui Bldg.	March 31, 2025	¥ 43,190
D-TOWER TOYAMA	June 30, 2025	¥ 9,000
<b>Total</b>		<b>¥ 52,190</b>

Name of building	(Yen in millions)	
	Sale	
	Date	Sale price
Shiba NBF Tower	March 27, 2025	¥ 32,100
NBF Toranomom Bldg. (Building)	January 6, 2025	¥ 860
<b>Total</b>		<b>¥ 32,960</b>

Notes: 1. "Acquisition price" does not include national consumption tax, local consumption tax and miscellaneous costs of acquisition.

### 2. Trading of Other Assets Including Total Amount and Transactions

Other major assets besides real estate and real estate held in trust stated above consist mostly of bank deposits or bank deposits included in assets held in trust.

### 3. Transactions with Related Parties of Asset Management Company

#### (1) Ongoing Transactions

Category	Amount of purchases or sales price, etc. (Note 2)(Note 3)	
	Purchase price, etc. (Yen in millions)	Sale price, etc. (Yen in millions)
	¥52,190 (100%)	¥32,960 (100%)
Total amount	Amount of purchases from related parties, etc.	Amount of sales to related parties, etc.
	43,190 (82.8%)	860 (2.6%)
Breakdown of transactions with related parties, etc.		
Mitsui Fudosan Co., Ltd.	43,190 (82.8%)	860 (2.6%)
Total	¥43,190 (82.8%)	¥860 (2.6%)

## (2) Fees Paid for the Period from January 1, 2025 to June 30, 2025

Category	Total fees paid (A)  (Yen in millions)	Description of transactions with related parties (Note 1)		B/A
		Paid to	Amount of payment (B) (Yen in millions)	
Office management fees, etc. (Note 4)	¥1,199	Mitsui Fudosan Co., Ltd.	¥1,136	94.7%
		NBF Office Management Co., Ltd.	62	5.2%
Property maintenance fees	5,705	Mitsui Fudosan Co., Ltd.	1,638	28.7%
		Mitsui Fudosan Facilities Co., Ltd.	463	8.1%
		Mitsui Fudosan Building Management Co., Ltd.	364	6.4%
		Mitsui Fudosan Facilities West Co., Ltd.	216	3.8%
		Mitsui Fudosan Residential Lease Co., Ltd.	0	0.0%
Leasing related service fees	33	Mitsui Fudosan Co., Ltd.	21	65.5%
		NBF Office Management Co., Ltd.	4	14.3%

### Notes:

1. "Related parties" are defined as related parties of asset management companies under asset management agreement with NBF as defined in Article 123 of Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations, and Article 26, Section 27 of the Regulations regarding management report of the Investment trusts and Investment corporations set by the Investment Trusts Association, Japan. During the period from January 1, 2025 to June 30, 2025, transactions with and fees paid to, Mitsui Fudosan Co., Ltd., NBF Office Management Co., Ltd., Mitsui Fudosan Facilities Co., Ltd., Mitsui Fudosan Facilities West Co., Ltd., Mitsui Fudosan Building Management Co., Ltd. and Mitsui Fudosan Residential Lease Co., Ltd. which meet either of the said definitions, are as described above.
2. Figures indicate contractual sales prices.
3. Figures in parentheses indicate percentages of total prices.
4. In terms of properties for which NBF has not entrusted office management businesses to Mitsui Fudosan Co., Ltd. due to its master leasing (20 properties: Shinjuku Mitsui Bldg., IIDABASHI GRAND BLOOM, Roppongi T-CUBE, Nishi-Shinjuku Mitsui Bldg., Celestine Shiba Mitsui Bldg., Toranomon Kotohira Tower, Yotsuya Medical Bldg., NBF Ogawamachi Bldg., Toyosu Bayside Cross Tower, Gate City Ohsaki, Osaki Bright Core – Bright Plaza, Nakameguro GT Tower, OSAKI BRIGHT TOWER, Higashi Gotanda Square, Yokohama Mitsui Bldg., Parale Mitsui Bldg., Nagoya Mitsui New Bldg., Nagoya Mitsui Main Bldg., Nakanoshima Mitsui Bldg. and Shinanobashi Mitsui Bldg.), NBF has entrusted them to NBF Office Management Co., Ltd. as business representative of the property owners or lessors.
5. In addition to the above fees paid, the following have been paid to related parties for repair and maintenance work, etc.

(Yen in millions)	
Mitsui Fudosan Co., Ltd.	¥1,866
Mitsui Fudosan Building Management Co., Ltd.	308
Mitsui Fudosan Facilities West Co., Ltd.	48
Mitsui Fudosan Facilities Co., Ltd.	30
Mitsui Fudosan Realty Co., Ltd.	7
MITSUI Designtec Co., Ltd.	4
Harajuku-no-mori Co., Ltd.	4
Mitsui Fudosan Residential Lease Co., Ltd.	1

## Financial Statements

### NIPPON BUILDING FUND INC. BALANCE SHEETS

As of June 30, 2025 and December 31, 2024

	As of June 30, 2025	As of December 31, 2024
	(Yen in millions)	
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	¥12,932	¥25,627
Tenant receivables	331	283
Prepaid expenses	299	342
Other current assets	1,168	583
Total current assets	14,732	26,837
Real Estate Properties:		
Land including trust accounts (Notes 5,14)	1,055,308	1,021,667
Buildings and improvements including trust accounts (Notes 5,14)	475,804	480,283
Other tangible assets (Notes 5,14)	18,416	17,805
Less: accumulated depreciation (Notes 5,14)	(198,034)	(207,089)
Total real estate properties, net	1,351,495	1,312,668
Intangible assets:		
Superficies (Note 14)	11,882	11,882
Leasehold rights in trust accounts (Note 14)	6,962	23,726
Other intangible assets (Note 14)	25	32
Total intangible assets	18,871	35,642
Long-term Prepaid Expenses (Note 14)	7	7
Other Assets	7,655	7,803
<b>Total Assets</b>	<b>¥1,392,761</b>	<b>¥1,382,958</b>
<b>Liabilities</b>		
Current Liabilities:		
Short-term loans (Note 7)	¥5,000	¥5,000
Long-term debt due within one year (Notes 4,7)	89,100	53,000
Accounts payable	6,967	7,146
Rents received in advance	3,959	4,160
Accrued expenses and other liabilities	821	2,678
Total current liabilities	105,848	71,985
Long-term debt (Notes 4,7)	499,900	528,300
Tenant Security Deposits Including Trust Accounts (Note 4)	73,915	72,177
Other Liabilities	47	50
<b>Total Liabilities</b>	<b>679,710</b>	<b>672,513</b>
<b>Net Assets</b> (Note 6)		
Unitholders' Equity		
Unitholders' capital	673,047	673,047
Units authorized: 20,000,000 units (Note 11)		
Units issued and outstanding: 8,504,955 units (Note 11)		
Reserve for reduction entry	16,458	14,730
Retained earnings	23,545	22,666
<b>Total Net Assets</b>	<b>713,051</b>	<b>710,444</b>
<b>Total Liabilities and Net Assets</b>	<b>¥1,392,761</b>	<b>¥1,382,958</b>

The accompanying notes to financial statements are an integral part of these statements.

## NIPPON BUILDING FUND INC. STATEMENTS OF INCOME

For the six months ended June 30, 2025, December 31, 2024 and June 30, 2024

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
(Yen in millions)			
<b>Operating Revenues and Expenses</b>			
<b>Operating Revenues:</b>			
Rental revenue (Note 8)	¥43,186	¥42,570	¥42,004
Other revenues related to property leasing (Note 8)	3,184	3,501	3,012
Gains on sales of real estate properties (Note 9)	4,847	4,738	5,237
<b>Total Operating Revenues</b>	<b>51,218</b>	<b>50,810</b>	<b>50,254</b>
<b>Operating Expenses:</b>			
Property management fees (Note 8)	6,843	7,091	6,154
Real estate taxes (Note 8)	4,906	4,673	4,766
Repairs and maintenance (Note 8)	1,046	1,131	1,014
Insurance (Note 8)	41	42	42
Other rental expenses (Note 8)	3,361	3,806	3,458
Depreciation and amortization (Note 8)	7,669	7,846	7,937
Asset management fees	1,887	1,852	1,847
Other operating expenses	390	297	389
<b>Total Operating Expenses</b>	<b>26,145</b>	<b>26,741</b>	<b>25,610</b>
<b>Operating Income</b>	<b>25,073</b>	<b>24,068</b>	<b>24,643</b>
<b>Non-Operating Revenues and Expenses</b>			
<b>Non-Operating Revenues:</b>			
Interest income	9	1	0
Property tax refund and interest on tax refund	—	0	—
Other non-operating revenues	11	5	1
<b>Non-Operating Expenses:</b>			
Interest expense	(1,504)	(1,365)	(1,239)
Amortization of bond issuance costs	(13)	(14)	(14)
Other non-operating expenses	(29)	(29)	(46)
<b>Ordinary Income</b>	<b>23,546</b>	<b>22,667</b>	<b>23,345</b>
<b>Income before Income Taxes</b>	<b>23,546</b>	<b>22,667</b>	<b>23,345</b>
Current and deferred income taxes (Note 10)	(0)	(0)	(0)
<b>Net Income</b>	<b>¥23,545</b>	<b>¥22,666</b>	<b>¥23,344</b>

The accompanying notes to financial statements are an integral part of these statements.

# NIPPON BUILDING FUND INC.

## STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2025, December 31, 2024 and June 30, 2024

	(Yen in millions)				
			Reserve for	Retained	
	Number of	Unitholders'	reduction	Earnings	Total
	Units	Capital	entry		
Balance as of December 31, 2023. ....	1,700,991	¥673,047	¥13,687	¥19,513	¥706,247
Transfer to reserve for reduction entry .....	—	—	485	(485)	—
Reversal of reserve for reduction entry .....	—	—	(533)	533	—
Cash dividends declared .....	—	—	—	(19,561)	(19,561)
Net income .....	—	—	—	23,344	23,344
Balance as of June 30, 2024. ....	1,700,991	673,047	13,638	23,344	710,030
Unit split of its investment units as of October 1, 2024 .....	6,803,964	—	—	—	—
Transfer to reserve for reduction entry .....	—	—	1,635	(1,635)	—
Reversal of reserve for reduction entry .....	—	—	(543)	543	—
Cash dividends declared .....	—	—	—	(22,252)	(22,252)
Net income .....	—	—	—	22,666	22,666
Balance as of December 31, 2024. ....	8,504,955	673,047	14,730	22,666	710,444
Transfer to reserve for reduction entry .....	—	—	2,264	(2,264)	—
Reversal of reserve for reduction entry .....	—	—	(537)	537	—
Cash dividends declared .....	—	—	—	(20,939)	(20,939)
Net income .....	—	—	—	23,545	23,545
Balance as of June 30, 2025. ....	8,504,955	¥673,047	¥16,458	¥23,545	¥713,051

The accompanying notes to financial statements are an integral part of these statements.



## NIPPON BUILDING FUND INC.

### STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2025, December 31, 2024 and June 30, 2024

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
	(Yen in millions)		
Cash Flows from Operating Activities:			
Income before income taxes	¥23,546	¥22,667	¥23,345
Depreciation and amortization	7,669	7,846	7,937
Amortization of bond issuance costs	13	14	14
Interest expense	1,504	1,365	1,239
(Increase) Decrease in tenant receivables	(47)	52	(70)
Increase (Decrease) in accounts payable	(410)	(1,198)	70
Increase (Decrease) in rents received in advance	(200)	(154)	(21)
Decrease in real estate properties due to sales	11,224	6,047	42,515
Decrease in intangible assets due to sales	16,763	—	—
Cash payments of interest expense	(1,490)	(1,368)	(1,216)
Increase in consumption tax refund receivable	(612)	—	—
Others, net	(1,821)	1,796	(1,700)
Net Cash Provided by Operating Activities	56,138	37,068	72,113
Cash Flows from Investing Activities:			
Payments for purchases of real estate properties	(56,885)	(4,991)	(48,725)
Proceeds from tenant security deposits	4,384	960	4,159
Payments for tenant security deposits	(2,647)	(1,950)	(2,933)
Payments for security deposits paid to lessors	(4)	(108)	(2)
Refunds from security deposits paid to lessors	2	2	3
Others, net	(445)	(406)	(437)
Net Cash Used in Investing Activities	(55,596)	(6,494)	(47,935)
Cash Flows from Financing Activities:			
Proceeds from long-term debt	25,700	6,400	38,400
Repayment of long-term debt	(18,000)	(7,000)	(44,000)
Payment of dividends	(20,936)	(22,249)	(19,559)
Net Cash Provided by (Used in) Financing Activities	(13,236)	(22,849)	(25,159)
Net Change in Cash and Cash Equivalents	(12,694)	7,723	(981)
Cash and Cash Equivalents at the Beginning of Period	25,627	17,903	18,884
Cash and Cash Equivalents at the End of Period	¥12,932	¥25,627	¥17,903

The accompanying notes to financial statements are an integral part of these statements.

## NIPPON BUILDING FUND INC.

### Notes To Financial Statements

For the six months ended June 30, 2025, December 31, 2024 and June 30, 2024

#### Note 1 – Organization and Basis of Presentation

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##### ***Organization***

Nippon Building Fund Inc. (hereinafter "NBF") was formed on March 16, 2001 as an investment corporation under the Law Concerning Investment Trusts and Investment Corporations of Japan (hereinafter the Investment Trust Law of Japan) with Mitsui Fudosan Co., Ltd., Sumitomo Mitsui Trust Bank, Limited. and Nippon Building Fund Management Ltd. (hereinafter "NBFM") acting as sponsors. Registration with the Kanto Local Finance Bureau of the Ministry of Finance was completed on May 10, 2001 and NBF started acquisition of office properties on May 23, 2001.

NBF is an externally managed real estate fund, formed as an investment corporation. NBFM, as NBF's asset management company, is engaged in acquiring, managing, leasing, and renovating office properties. Mitsui Fudosan Co., Ltd. currently owns 46% of NBFM while Sumitomo Life Insurance Company owns 35% and the remaining 19% is mainly owned by financial institutions.

On September 10, 2001, NBF had raised approximately ¥50,000 million through an initial public offering of units. Those units are listed on the J-REIT section of the Tokyo Stock Exchange.

As of June 30, 2025, NBF had ownership or beneficiary interests in 68 office properties containing approximately 1,207,586 square meters of rentable office space. As of June 30, 2025, NBF had leased office space to 1,545 tenants engaged in a variety of businesses. The occupancy rate for the office properties was approximately 98.6%.

##### ***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Law of Japan and the Japanese Financial Instruments and Exchange Law and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (hereinafter "Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements have been restructured and translated into English from the financial statements of NBF prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. NBF does not prepare consolidated financial statements, as NBF has no subsidiary.

## Note 2 – Summary of Significant Accounting Policies

### ***Cash and Cash Equivalents***

NBF considers all highly liquid investments with original maturity of three months or less to be cash and cash equivalents.

### ***Real Estate Properties***

Real estate properties are recorded at cost, which includes the allocated purchase price, related costs and expenses for acquisition of the office properties and the beneficiary interests of properties in trust. Property and equipment balances are depreciated using the straight-line method over the estimated useful lives. The estimated useful lives of the principal tangible fixed assets (including assets held in trust) are as follows:

Buildings and improvements including trust accounts	
Buildings and improvements	2-50 years
Other tangible assets	
Structures	2-50 years
Machinery and equipment	2-17 years
Tools, furniture and fixtures	2-20 years

Costs related to the renovation, construction and improvement of properties are capitalized. Expenditures for repairs and maintenance which do not add to the value or prolong the useful life of a property, are expensed when incurred.

### ***Investment Corporation Bond Issuance Costs***

Deferred investment corporation bond issuance costs are amortized using the straight-line method over the respective terms of the bonds.

### ***Income Taxes***

Income taxes are accounted for on the basis of income for financial statement purposes. The tax effect of temporary differences between the amounts of assets and liabilities for financial statements and for income tax purposes is recognized as deferred taxes.

### ***Revenue Recognition***

The main performance obligations related to revenue arising from contracts with customers of NBF and the normal time for satisfying such performance obligations (the normal time for recognizing revenue) are as follows:

#### **(1) Sales of real estate properties**

NBF recognizes revenue from the sale of real estate properties when the purchaser, as the customer, obtains control of the real estate property by fulfilling the delivery obligations stipulated in the contract for the sale of real estate property. In the statements of income, “Gains on sales of real estate properties” or “Losses on sales of real estate properties” are presented as the amount obtained by deducting “Cost of sale of real estate property” which is the book value of the real estate sold, and “Other related sale expenses” which are various costs directly incurred in the sale, from “Proceeds from sale of real estate property” which is the proceeds from the sale of real estate.

#### **(2) Utilities income**

NBF recognizes utilities income based on the supply of electricity, water, etc. to the lessee as the customer in accordance with the terms of the real estate lease contract and related agreements. In the income statement, it is presented as “Other revenues related to property leasing”, and it is presented as “Incidental income” in the notes to the statements of income.

### ***Real Estate Taxes***

Real estate taxes are imposed on properties on a calendar year basis and expensed when incurred. In terms of newly purchased properties, NBF capitalizes a portion of the real estate taxes that relate to a period from the purchase date of each property until the end of the calendar year as part of the acquisition cost of the relevant property. Capitalized real estate taxes amounted to ¥204 million for the period ended June 30, 2025, ¥0 million for the period ended December 31, 2024 and ¥136 million for the period ended June 30, 2024.

### ***Accounting Treatment of Beneficiary Interests in Trust Assets including Real Estate***

For trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust as well as all income generated and expenses incurred from assets in trust are recorded in the relevant balance sheet and income statement accounts.

## **Note 3 – Accounting Standards Issued but Not Yet Effective**

- “Accounting Standard for Leases”(ASBJ Statement No. 34, 13 September 2024)
- “Implementation Guidance on Accounting Standard for Leases”(ASBJ Guidance No. 33, 13 September 2024)

#### **(1) Overview**

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

#### **(2) Schedule date of adoption**

The accounting standard and implementation guidance will be applied from the beginning of the fiscal period ending December, 2027.

#### **(3) The impact of applying the accounting standard and implementation guidance**

The amount of impact of applying the “Accounting Standard for Leases” and the “Implementation Guidance on Accounting Standard for Leases” on the financial statements is being evaluated at present.

## **Note 4 – Financial Instruments**

### ***Status of Financial Instruments***

#### ***Policy for Financial Instruments***

NBF procures funds for acquisition of assets and repayment of debt, which includes repayment of tenant security deposits, loans and investment corporation bonds, through issuance of new investment units, bank loans and issuance of investment corporation bonds, with the aim of ensuring steady asset growth and stable earnings from a mid- and long-term angle.

As a general rule NBF invests surplus funds in deposits considering safety of the investments.

NBF may enter into derivative transactions solely for the purpose of reducing interest rate risks and other risks arising from liabilities. NBF does not engage in speculative transactions. Currently NBF is not engaged in any derivative transactions.

*Financial Instruments, Their Risks and Risk Management System*

Deposits are used for investment of NBF's surplus funds. These deposits are exposed to credit risks such as bankruptcy of the depository financial institutions. NBF limits credit risk by using only short-term deposits in financial institutions with high credit ratings.

Proceeds from loans and investment corporation bonds are used mainly to acquire real estate properties and repay outstanding loans and bonds. While these loans and bonds are exposed to liquidity risk, such risk is managed in the following ways such as diversifying the means of funding and lending institutions, dispersing repayment dates, establishing committed credit line, keeping sufficient liquidity in hand, and monitoring cash flows projected monthly.

Floating rate loans are exposed to interest-rate fluctuation. NBF limits the impact of such risks by maintaining the ratio of interest-bearing liabilities to total assets low and the level of long-term fixed-rate debt high.

Tenant security deposits are exposed to liquidity risk arising from vacating of properties by tenants due to the termination of contract. NBF manages this risk by monitoring forecasted cash flows on a monthly basis to ensure it has sufficient funds.

*Supplemental Explanation regarding Fair Values of Financial Instruments*

Since the fair value of financial instruments is calculated based on certain assumptions, different assumptions and factors could result in a different value.

### Estimated Fair Value of Financial Instruments

Book value, fair value and difference between the two as of June 30, 2025 are as follows.

Since “Cash and cash equivalents” and “Short-term loans” are cash or due to be settled in a short period, and their fair values approximate their book values, the notes are omitted.

(As of June 30, 2025)

(Yen in millions)

	Book value	Fair value	Difference
(1) Long-term debt due within one year	¥89,100	¥88,815	¥(284)
(2) Long-term debt	499,900	486,053	(13,846)
(3) Tenant security deposits including trust accounts	73,915	72,435	(1,479)

Notes:

#### 1. Methods to Estimate Fair Value of Financial Instruments

##### (1) Long-term debt due within one year

Long-term debt due within one year which includes Investment corporation bonds and Long-term loans are as follows:

(As of June 30, 2025)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥20,000	¥19,963	¥(36)
(2) Long-term loans	69,100	68,852	(247)
Total	¥89,100	¥88,815	¥(284)

##### (1) Investment corporation bonds

Fair values of investment corporation bonds are based on observable market value, if available. When there is no observable market value available, fair values are calculated based on the present value of principal and interest cash flows discounted at the current interest rate that is estimated by taking into consideration the remaining term of the investment corporation bonds and their credit risk.

##### (2) Long-term loans

Fair values of floating rate long-term loans are based on the book values because the market interest rates are reflected within a short term period and the book values are considered to approximate fair values. Fair values of fixed rate long-term loans are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new loans were entered into.

##### (2) Long-term debt

Long-term debt which includes Investment corporation bonds and Long-term loans are as follows:

(As of June 30, 2025)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥15,000	¥11,575	¥(3,425)
(2) Long-term loans	484,900	474,478	(10,421)
Total	¥499,900	¥486,053	¥(13,846)

(1) Investment corporation bonds

Fair values of investment corporation bonds are based on observable market value, if available. When there is no observable market value available, fair values are calculated based on the present value of principal and interest cash flows discounted at the current interest rate that is estimated by taking into consideration the remaining term of the investment corporation bonds and their credit risk.

(2) Long-term loans

Fair values of floating rate long-term loans are based on the book values because the market interest rates are reflected within a short term period and the book values are considered to approximate fair values. Fair values of fixed rate long-term loans are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new loans were entered into.

(3) Tenant security deposits including trust accounts

Fair values of tenant security deposits including trust accounts are based on the present value of the total of cash flow discounted by an interest rate determined taking into account the remaining period of each item and current credit risk.

Book value, fair value and difference between the two as of December 31, 2024 are as follows.

Since “Cash and cash equivalents” and “Short-term loans” are cash or due to be settled in a short period, and their fair values approximate their book values, the notes are omitted.

(As of December 31, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Long-term debt due within one year	¥53,000	¥52,883	¥(116)
(2) Long-term debt	528,300	515,147	(13,152)
(3) Tenant security deposits including trust accounts	72,177	71,057	(1,120)

Notes:

1. Methods to Estimate Fair Value of Financial Instruments

(1) Long-term debt due within one year

Long-term debt due within one year which includes Investment corporation bonds and Long-term loans were as follows:

(As of December 31, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥20,000	¥19,947	¥(52)
(2) Long-term loans	33,000	32,936	(63)
Total	¥53,000	¥52,883	¥(116)

(1) Investment corporation bonds

Fair values of investment corporation bonds are based on observable market value, if available. When there is no observable market value available, fair values are calculated based on the present value of principal and interest cash flows discounted at the current interest rate that is estimated by taking into consideration the remaining term of the investment corporation bonds and their credit risk.

(2) Long-term loans

Fair values of floating rate long-term loans are based on the book values because the market interest rates are reflected within a short term period and the book values are considered to approximate fair values. Fair values of fixed rate long-term loans are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new loans were entered into.

(2) Long-term debt

Long-term debt which includes Investment corporation bonds and Long-term loans were as follows:

(As of December 31, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥20,000	¥17,134	¥ (2,865)
(2) Long-term loans	508,300	498,012	(10,287)
Total	¥528,300	¥515,147	¥ (13,152)

(1) Investment corporation bonds

Fair values of investment corporation bonds are based on observable market value, if available. When there is no observable market value available, fair values are calculated based on the present value of principal and interest cash flows discounted at the current interest rate that is estimated by taking into consideration the remaining term of the investment corporation bonds and their credit risk.

(2) Long-term loans

Fair values of floating rate long-term loans are based on the book values because the market interest rates are reflected within a short term period and the book values are considered to approximate fair values. Fair values of fixed rate long-term loans are based on the present value of principal and interest cash flows discounted at the current interest rate estimated to be applied if similar new loans were entered into.



(3) Tenant security deposits including trust accounts

Fair values of tenant security deposits including trust accounts are based on the present value of the total of cash flow discounted by an interest rate determined taking into account the remaining period of each item and current credit risk.

2. Repayment Schedule for Loans and Investment Corporation Bonds as of June 30, 2025

(Yen in millions)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥20,000	¥—	¥—	¥—	¥—	¥15,000
Long-term loans	69,100	52,000	81,000	51,500	73,500	226,900
Total	¥89,100	¥52,000	¥81,000	¥51,500	¥73,500	¥241,900

Repayment Schedule for Loans and Investment Corporation Bonds as of December 31, 2024

(Yen in millions)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Investment corporation bonds	¥20,000	¥5,000	¥—	¥—	¥—	¥15,000
Long-term loans	33,000	61,400	60,000	66,000	66,000	254,900
Total	¥53,000	¥66,400	¥60,000	¥66,000	¥66,000	¥269,900

## Note 5 – Tangible Assets of Real Estate Properties

Tangible assets as of June 30, 2025 and December 31, 2024 consisted of the following:

	As of June 30, 2025			As of December 31, 2024		
	(Yen in millions)					
	Acquisi- tion costs	Accumu- lated depreci- ation	Book value	Acquisi- tion costs	Accumu- lated depreci- ation	Book value
Land	¥687,926	¥—	¥687,926	¥683,733	¥—	¥683,733
Land in trust	367,382	—	367,382	337,934	—	337,934
<b>Land including trust total</b>	<b>1,055,308</b>	<b>—</b>	<b>1,055,308</b>	<b>1,021,667</b>	<b>—</b>	<b>1,021,667</b>
Buildings and improvements	290,410	(104,969)	185,440	283,093	(100,635)	182,458
Buildings and improvements in trust	185,393	(81,182)	104,210	197,190	(94,861)	102,329
<b>Buildings and improvements including those in trust total</b>	<b>475,804</b>	<b>(186,152)</b>	<b>289,651</b>	<b>480,283</b>	<b>(195,496)</b>	<b>284,787</b>
Structures	4,164	(2,428)	1,735	4,078	(2,359)	1,719
Machinery and equipment	2,861	(1,774)	1,086	2,498	(1,705)	793
Tools, furniture and fixtures	3,749	(2,364)	1,384	3,595	(2,195)	1,399
Structures in trust	2,848	(1,933)	914	2,792	(1,923)	868
Machinery and equipment in trust	2,235	(1,648)	587	2,156	(1,627)	528
Tools, furniture and fixtures in trust	2,557	(1,731)	825	2,684	(1,781)	903
Construction in process	—	—	—	—	—	—
<b>Other tangible assets total</b>	<b>18,416</b>	<b>(11,882)</b>	<b>6,534</b>	<b>17,805</b>	<b>(11,593)</b>	<b>6,212</b>
<b>Total</b>	<b>¥1,549,530</b>	<b>¥(198,034)</b>	<b>¥1,351,495</b>	<b>¥1,519,757</b>	<b>¥(207,089)</b>	<b>¥1,312,668</b>

## Note 6 – Net Assets

NBF issues only non-par value units in accordance with the Investment Trust Law of Japan and all of the issue prices of new units are designated as stated capital. NBF maintains at least ¥50 million as the minimum net assets as required by the Investment Trust Law of Japan.

## Note 7 – Short-Term Loans and Long-Term debt

Short-term loans consist of short-term notes and short-term borrowings under loan agreements. The annual interest rates on short-term loans outstanding are floating rates, and on June 30, 2025, it was at 0.643%. Long-term debt as of June 30, 2025 and December 31, 2024 consisted of the following:

	As of June 30, 2025	As of December 31, 2024
	(Yen in millions)	
Unsecured loans due 2025 to 2036 principally from banks and insurance companies with interest rates mainly ranging from 0.100% to 1.475%.....	¥554,000	¥541,300
0.180% unsecured bonds due 2025 (Note 1) .....	15,000	15,000
0.220% unsecured bonds due 2025 (Note 1) .....	—	5,000
0.150% unsecured bonds due 2026 (Note 1) .....	5,000	5,000
0.914% unsecured bonds due 2037 (Note 1) .....	5,000	5,000
0.888% unsecured bonds due 2038 (Note 1) .....	5,000	5,000
1.000% unsecured bonds due 2046 (Note 1) .....	5,000	5,000
	589,000	581,300
Less: amount due within one year.....	89,100	53,000
	¥499,900	¥528,300

Notes: 1. Subject to provision of collateral restrictions.

The annual maturities of long-term debt as of June 30, 2025 were as follows:

	(Yen in millions)
Due after one to two years .....	¥52,000
Due after two to three years .....	81,000
Due after three to four years .....	51,500
Due after four to five years .....	73,500
Due after five years .....	241,900

During the period ended June 30, 2025, NBF had commitment credit line contracts of ¥60 billion with several financial institutions to reduce refinancing risk. The unused amount of such committed credit lines was ¥60 billion as of June 30, 2025.

## Note 8 – Rental Revenues and Expenses

Rental revenues and expenses for the periods ended June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
	(Yen in millions)		
<b>Revenues from Property Leasing:</b>			
Rental revenue:			
Rental .....	¥40,894	¥40,343	¥39,744
Common area charges .....	1,921	1,961	2,026
Others .....	370	265	232
Subtotal .....	43,186	42,570	42,004
Other revenues related to property leasing:			
Parking lots .....	671	673	667
Facility charge .....	311	305	302
Incidental income .....	2,063	2,407	1,944
Cancellation fees .....	56	16	19
Miscellaneous income .....	81	99	78
Subtotal .....	3,184	3,501	3,012
Total revenues from property leasing. ....	46,371	46,071	45,016
<b>Rental Expenses:</b>			
Property management fees .....	6,843	7,091	6,154
Real estate taxes .....	4,906	4,673	4,766
Repairs and maintenance .....	1,046	1,131	1,014
Insurance .....	41	42	42
Other rental expenses .....	3,361	3,806	3,458
Depreciation and amortization .....	7,669	7,846	7,937
Total rental expenses .....	23,868	24,591	23,373
<b>Operating Income from Property Leasing Activities. . .</b>	<b>¥22,503</b>	<b>¥21,480</b>	<b>¥21,643</b>

## Note 9 – Gains and Losses on Sales of Real Estate Properties

Gains and losses on sales of real estate properties for the periods ended June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

### For the six months ended June 30, 2025

Shiba NBF Tower	(Yen in millions)
Proceeds from sale of real estate property	¥32,100
Cost of sale of real estate property	27,153
Other related sale expenses	106
Gain on sale of real estate property	¥4,839

  

NBF Toranomom Bldg.	(Yen in millions)
Proceeds from sale of real estate property	¥860
Cost of sale of real estate property	834
Other related sale expenses	17
Gain on sale of real estate property	¥7

### For the six months ended December 31, 2024

Tsukuba Mitsui Bldg.	(Yen in millions)
Proceeds from sale of real estate property	¥10,920
Cost of sale of real estate property	6,058
Other related sale expenses	122
Gain on sale of real estate property	¥4,738

### For the six months ended June 30, 2024

Gran Tokyo South Tower	(Yen in millions)
Proceeds from sale of real estate property	¥41,200
Cost of sale of real estate property	37,818
Other related sale expenses	107
Gain on sale of real estate property	¥3,273

  

Panasonic Tokyo Shiodome Bldg.	(Yen in millions)
Proceeds from sale of real estate property	¥6,700
Cost of sale of real estate property	4,697
Other related sale expenses	39
Gain on sale of real estate property	¥1,963

## Note 10 – Income Taxes

NBF is subject to income taxes in Japan. The effective tax rate on NBF's income was 0.00% for the periods ended June 30, 2025 and December 31, 2024 and June 30, 2024. The following table summarizes the significant differences between the statutory tax rates and NBF's effective tax rates for financial statement purposes.

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
Statutory tax rate . . . . .	31.46%	31.46%	31.46%
Deductible dividends . . . . .	(28.35)	(29.06)	(29.99)
Transfer to reserve for reduction entry . . . . .	(3.11)	(3.14)	(2.20)
Reversal of reserve for reduction entry . . . . .	0.00	0.75	0.73
Others. . . . .	0.00	0.00	0.00
Effective tax rate. . . . .	0.00%	0.00%	0.00%

NBF was established as an investment corporation under the Investment Trust Law of Japan, and as long as an investment corporation distributes to its unitholders at least 90% of earnings available for dividends for a period and other requirements prescribed in Japanese tax regulations are met, the investment corporation is allowed to deduct total amount of dividends in calculating its taxable income under Japanese tax regulations.

On March 31, 2025, the Diet passed the Act on Partial Revision of the Income Tax Act (Act No.13 of 2025) that imposes "Special Defense Corporate Tax" for calculation periods beginning on or after April 1, 2026. As a consequence of the effects of the act, the statutory tax rate will change for temporary differences which will reverse in the six months beginning on or after July 1, 2026. There is no impact from the change in the applicable tax rate.

## Note 11 – Per Unit Information

Information about earnings per unit for the periods ended June 30, 2025, December 31, 2024 and June 30, 2024 and net assets per unit as of June 30, 2025, December 31, 2024 and June 30, 2024 were as follows.

The computation of earnings per unit is based on the weighted average number of units outstanding during the period. The computation of net assets per unit is based on the number of units outstanding at the end of each period.

Effective October 1, 2024, NBF implemented a 5-for-1 unit split of the units held by unitholders registered on the register of unitholders as of September 30, 2024. Net asset value per unit and net income per unit have been adjusted to reflect the unit split as if it had been effective on January 1, 2024.

	For the six months ended June 30, 2025	For the six months ended December 31, 2024	For the six months ended June 30, 2024
<b>Earnings per Unit:</b>			
Net income per unit (Yen)	¥2,768	¥2,665	¥2,744
Weighted average number of units outstanding	8,504,955	8,504,955	8,504,955
	As of June 30, 2025	As of December 31, 2024	As of June 30, 2024
<b>Net Assets per Unit (Yen)</b>	¥83,839	¥83,533	¥83,484

## Note 12 – Leases

As Lessor

NBF leases some of its real estate properties to outside parties under non-cancelable operating leases. As of June 30, 2025 and December 31, 2024, future minimum rental revenues under the non-cancelable operating leases are as follows:

	As of June 30, 2025	As of December 31, 2024
	(Yen in millions)	
Due within one year.....	¥18,953	¥18,751
Due after one year.....	27,402	29,410
Total.....	¥46,355	¥48,162

As Lessee

Not applicable.

## Note 13 – Transactions with Related Parties

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(1) Parent Company and Major Corporate Unitholders

(For the six months ended June 30, 2025)

Not applicable.

(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(2) Affiliates

(For the six months ended June 30, 2025)

Not applicable.

(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(3) Sister Companies

(For the six months ended June 30, 2025)

Not applicable.

(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(4) Directors and Major Individual Unitholders

(For the six months ended June 30, 2025)

Not applicable.

(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.



## Note 14 – Investment and Rental Properties

NBF owns office buildings (including land) for rent in Tokyo and other areas. The carrying amounts, net changes in the carrying amounts and the fair value of the investment and rental properties are as follows:

(Yen in millions)

	For the six months ended June 30, 2025	For the six months ended December 31, 2024
Carrying amount (Note 1)		
Balance at beginning of the Fiscal Period	¥1,348,317	¥1,357,209
Amount of increase (decrease) during current period (Note 2)	22,056	(8,892)
Balance at end of the Fiscal Period	1,370,374	1,348,317
Fair value at end of the period (Note 3)	¥1,726,080	¥1,695,010

Notes:

1. Carrying amounts represent acquisition cost less accumulated depreciation.
2. The major increase in the fiscal period ended June 30, 2025 was mainly due to the acquisitions of 2 properties (Yokohama Mitsui Bldg. and D-TOWER TOYAMA, 52,862 million) and the major decrease was mainly due to sale of 2 properties (Shiba NBF Tower and NBF Toranomom Bldg.(Building), 27,988 million) and recognition of depreciation costs.  
The major increase in the fiscal period ended December 31, 2024 was mainly due to the acquisitions of a property (Kowa Nishi-Shinbashi Bldg. B (additional acquisition) , 65 million) and the major decrease was mainly due to sale of a property (Tsukuba Mitsui Bldg., 6,058 million) and recognition of depreciation costs.
3. Fair value at end of the period is based on appraisals provided by independent real estate appraisers.

Information about profit and loss from investment and rental properties is disclosed in Note 8 (Rental Revenues and Expenses) and Note 9 (Gains and Losses on Sales of Real Estate Properties).

## Note 15 – Segment Information

### Segment Information

Segment information has been omitted as NBF has only one segment, which is real estate leasing business.

### Related Information

(For the six months ended June 30, 2025)

#### 1. Information by Products and Services

Disclosure of this information has been omitted as NBF has a single product/service line those accounts for more than 90% of total operating revenues.

#### 2. Information by Geographic Areas

##### (1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total operating revenues.

##### (2) Real estate properties

Disclosure of this information has been omitted as total domestic real estate properties account for more than 90% of the book value of total real estate properties.

#### 3. Information on Major Tenants

(Yen in millions)

Tenant	Operating revenues	Related segment
Mitsui Fudosan Co., Ltd.	¥24,000	Real estate leasing business

Note: NBF leases properties to Mitsui Fudosan Co., Ltd. under a master lease agreement, and Mitsui Fudosan Co., Ltd. subleases such properties to subtenants. NBF leases other properties to Mitsui Fudosan Co., Ltd.

(For the six months ended December 31, 2024)

#### 1. Information by Products and Services

Disclosure of this information has been omitted as NBF has a single product/service line those accounts for more than 90% of total operating revenues.

#### 2. Information by Geographic Areas

##### (1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total operating revenues.

##### (2) Real estate properties

Disclosure of this information has been omitted as total domestic real estate properties account for more than 90% of the book value of total real estate properties.

### 3. Information on Major Tenants

(Yen in millions)

Tenant	Operating revenues	Related segment
Mitsui Fudosan Co., Ltd.	¥22,975	Real estate leasing business

Note: NBF leases properties to Mitsui Fudosan Co., Ltd. under a master lease agreement, and Mitsui Fudosan Co., Ltd. subleases such properties to subtenants. NBF leases other properties to Mitsui Fudosan Co., Ltd.

(For the six months ended June 30, 2024)

#### 1. Information by Products and Services

Disclosure of this information has been omitted as NBF has a single product/service line those accounts for more than 90% of total operating revenues.

#### 2. Information by Geographic Areas

##### (1) Operating revenues

Disclosure of this information has been omitted as total domestic revenues account for more than 90% of total operating revenues.

##### (2) Real estate properties

Disclosure of this information has been omitted as total domestic real estate properties account for more than 90% of the book value of total real estate properties.

### 3. Information on Major Tenants

(Yen in millions)

Tenant	Operating revenues	Related segment
Mitsui Fudosan Co., Ltd.	¥21,899	Real estate leasing business

Note: NBF leases properties to Mitsui Fudosan Co., Ltd. under a master lease agreement, and Mitsui Fudosan Co., Ltd. subleases such properties to subtenants. NBF leases other properties to Mitsui Fudosan Co., Ltd.

## Note 16 – Asset Retirement Obligations

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NBF owns real estate properties containing asbestos material and is obligated to remove those materials upon disposition of the properties. However, since sufficient information is not available to reasonably estimate the obligation amount due to uncertainty about the method and timing of settlement, asset retirement obligation is not recognized for the obligations to remove asbestos materials.

## Note 17 – Revenue Recognition

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### Breakdown information on revenues from contracts with customers

For the breakdown information on revenues from contracts with customers, refer to Note 8 (Rental Revenues and Expenses) , Note 9 (Gains and Losses on Sales of Real Estate Properties).

These notes to Statements of Income include "Real estate rental revenues" and other revenues that are subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and therefore not subject to the "Accounting Standard for Revenue Recognition". The main revenues from contracts with customers that are subject to the application are "Proceeds from sale of real estate property", "Proceeds from transfer of real estate property" and "utility expenses" ("Incidental income" in "Other revenues related to property leasing").

## Note 18 – Significant Subsequent Events

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### 1. Issuance of new investment units

At the board of directors meeting held on June 19, 2025 and June 25, 2025, resolutions were made to issue new investment units, and the payment was completed on July 1, 2025 and July 7, 2025 respectively. As a result, unitholders' capital as of the date of this document is ¥691,097,949 thousand and the number of investment units issued and outstanding is 8,650,000 units.

Issuance of new investment units through public offering

Number of new investment units issued: 138,045 units

Of the new investment units issued above, 58,018 units were sold to overseas investors in overseas markets mainly in Europe and Asia (excluding the United States of America and Canada).

Issue price (offer price): ¥128,380 per units

Total issue price (total offer price): ¥17,722,217,100

Paid-in amount (issue amount): ¥124,450 per units

Total paid-in amount (total issue amount): ¥17,179,700,250

Payment date: July 1, 2025

Issuance of new investment units through third-party allotment

Number of new investment units issued: 7,000 units

Paid-in amount (issue amount): ¥124,450 per units

Total paid-in amount (total issue amount): ¥871,150,000

Payment date: July 7, 2025

Allottee: Nomura Securities Co., Ltd.

## 2. Acquisition of Property

NBF concluded sale and purchase agreements regarding acquisition of the following asset on May 30, 2025 and acquired on July 2, 2025.

Name of property: Frontier Musashikosugi N Building and S Building

Category of asset: Trust beneficiary interest

Acquisition Price: ¥29,000 million

Seller: Domestic limited liability company

Acquisition date: July 2, 2025

### III Appendix

## ■ Major Interested Parties

### **Nippon Building Fund Management Ltd. (Asset Management Company and Administrative Agent regarding the Management of Institutions, herein "NBFM")**

NBFM, as Asset Management Company provided for in the Investment Trust Law of Japan, performs management of NBF's assets and undertakes management of the institutions of NBF. As of June 30, 2025, NBFM has been entrusted as an asset management company only by NBF.

#### ***Operation***

- Undertakes asset management of NBF pursuant to an Asset Management Entrustment Agreement based on an entrustment from NBF in accordance with the Articles of Incorporation of NBF and the Investment Objects and Policies set forth therein.
- Undertakes management of the general affairs of the general meeting of unitholders and the Board of Directors as Administrative Agent regarding the Management of Institutions based on an entrustment from NBF and pursuant to an Agreement for General Administration Regarding the Management of Institutions.

#### ***Fees for the Asset Management Operation***

##### Management Fee 1

The amount equivalent to 2.5% of the total amount of (i) rent, common area charges, parking lot charges, incidental income, facility charges, facility installation fees, delay damages, lease contract cancellation penalty or monies similar thereto and other leasing operating revenues arising from leasing operations, plus (ii) dividends, distributions or monies similar thereto and other proceeds attributable to Real Estate, etc. recorded by NBF (provided, however, that revenues from the sale of Real Estate, etc. will be excluded; hereinafter, "Leasing Revenues, etc." in this Paragraph) as calculated on each closing date (rounded down to the nearest yen) will be payable.

##### Management Fee 2

The amount equivalent to 3% of net income before income taxes (provided, however, that in the event a loss is carried forward, then the amount of income before income taxes remaining after the entire amount of such loss has been covered) prior to deduction of Management Fee 2 as calculated on each closing date (rounded down to the nearest yen; provided, however, that in the event of a negative amount, then 0 yen) will be payable.

##### Management Fee 3

In the event that Real Estate, etc. is newly acquired (in the event of merger by NBF, then succeeded by said merger) as Managed Assets, the amount of the acquisition price of said Real Estate, etc. (meaning the acquisition price of both land and buildings; in the event of the simultaneous acquisition of multiple units of Real Estate, etc., then the acquisition price of each Real Estate, etc., in the event of equity investment, then the equity investment amount, and in the event of merger by NBF, then the appraised value of each Real Estate, etc. succeeded by said merger at the time of the merger; provided, however, that national consumption tax, regional consumption tax and miscellaneous costs of acquisition or succession are excluded) multiplied by the following percentage rates, in principle, in total amount (rounded down to the nearest yen) will be payable; provided, however, that with the approval of the board of directors of NBF, compensation may be calculated using different rates not exceeding the following rates.

- 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

#### Management Fee 4

In the event of sale of Real Estate, etc. owned as Managed Assets, the amount of the sales price of said Real Estate, etc. (in the event of the simultaneous sale of multiple units of Real Estate, etc., then the sales price of each Real Estate, etc.; provided, however, that national consumption tax, regional consumption tax and miscellaneous costs of sale are excluded) multiplied by the following percentage rates, in principle, in total amount (rounded down to the nearest yen) will be payable; provided, however, that with the approval of the board of directors of NBF, compensation may be calculated using different rates not exceeding the following rates.

- 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

#### ***History of NBFM***

NBFM is an Asset Management Company which is a limited liability company duly established under the laws of Japan. Major events in the history of NBFM are as follows:

September 19, 2000	Established
November 17, 2000	Obtained license as a building lots and building transactions agent under the Building Lots and Building Transactions Law
January 29, 2001	Obtained approval as a discretionary transaction agent under the Building Lots and Building Transactions Law
February 15, 2001	Registered as a general real estate investment advisor under the Real Estate Investment Advisor Registration Regulations
March 7, 2001	Obtained approval as an Asset Management Company under the Investment Trust Law of Japan
March 22, 2001	Increased capital from ¥100 million to ¥198 million
May 23, 2001	Changed name (from “MF Asset Management Co., Ltd.” to “Nippon Building Fund Management Ltd.”)
June 16, 2001	Increased capital from ¥198 million to ¥495 million
September 30, 2007	Registered as a financial instruments firm with the Kanto Local Finance Bureau Chief (Financial Instruments) No. 371

***List of Shareholders (as of June 30, 2025)***

Name	Number of Shares Owned	Percent
Mitsui Fudosan Co., Ltd.	4,554	46.0%
Sumitomo Life Insurance Company	3,465	35.0
Sumitomo Mitsui Trust Bank, Limited	495	5.0
Sumitomo Mitsui Banking Corporation	495	5.0
Daido Life Insurance Company	297	3.0
Mitsui Sumitomo Insurance Co., Ltd.	297	3.0
Britel Fund Trustees Limited	297	3.0
Total	9,900	100.0%



### ***Directors and Staff***

As of June 30, 2025, the directors and corporate auditors of NBFM are as follows. The staff other than directors and auditors of NBFM is comprised of 38 persons.

Name of Directors and Auditors	Title
Daisuke Yamashita	President & CEO (standing)
Hideki Shuto	Director, Head of Investment & Finance Group (standing)
Hiroshi Nakami	Director, Head of Administration Group (standing)
Hirofumi Ito	Director
Yusuke Ogata	Director
Kenji Mizoguchi	Corporate Auditor
Tomohiro Tange	Corporate Auditor

### ***Outline of Financial Condition***

An outline of the financial condition of NBFM is as follows.

Outline of principal assets and liabilities for the most recent fiscal year:

As of March 31, 2025	(Yen in millions)
Total Assets	¥3,495
Total Liabilities	615
Total Net Assets	2,880

# Independent auditor's report

To the Board of Directors of Nippon Building Fund Inc.:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Nippon Building Fund Inc. (“the Corporation”), which comprise the balance sheets as at June 30, 2025 and December 31, 2024, and the statements of income, statements of changes in net assets and statements of cash flows for each of the six months ended June 30, 2025, December 31, 2024 and June 30, 2024, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2025 and December 31, 2024, and its financial performance and cash flows for each of the six months ended June 30, 2025, December 31, 2024 and June 30, 2024 in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements in Japan (including those that are relevant to audits of the financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 18 to the financial statements, which states that the Corporation issued new investment units, and acquired a property.

Our opinion is not modified in respect of this matter.

### Other Information

The other information comprises the information included in the Semi-Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervisory Directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The other information comprises the information included in the Semi-Annual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervisory Directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Supervisory Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervisory directors are responsible for overseeing the executive director's performance of his duties with regard to the design, implementation and maintenance of the Corporation's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

We communicate with the executive director regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the executive director with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with him all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

### Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Corporation for the six-month period from January 1, 2025 to June 30, 2025 are 16 million yen and 0 million yen, respectively.

### Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Corporation which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/S/ Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

/S/ Toshiaki Omori

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 29, 2025

### **Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Corporation and KPMG AZSA LLC.