

Semi-Annual Report

Second Half of 2024

(47th Period – July to December 2024)

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, with firm increases in capital investment by companies, a recovery in consumer spending due to higher wages and expanding inbound demand.

On the other hand, there were revisions to the Bank of Japan's monetary policy, such as an increase in the policy interest rate, and there were also global interest rate cuts, but the impact on the Japanese economy was limited.

In the office building rental market in Tokyo CBD, demand has continued to recover as companies reassessed their office functions, with a further increase in momentum to review office space requirements in line with new employment and continued promotion of positive relocations to increase floor space within buildings and improve locations. The market vacancy rate in Tokyo CBD, which had been in the 5% range in the previous period, has dropped to the low 4% range.

With regard to the office building trading market, despite the impact of domestic and foreign monetary policies, institutional investors in Japan and overseas 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.

Under this environment, NBF enhanced its quality of portfolio in September 2024 by disposing of "Tsukuba Mitsui Bldg." (disposition price: ¥10.9 billion) and acquiring "Kowa Nishi-Shinbashi Bldg. B" (acquisition price: ¥63 million (additional acquisition)).

The occupancy rate of the existing portfolio NBF own has recovered to the 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 and prevent cancellations, based on the fundamental policy of maintaining favorable relationships and enhancing tenant satisfaction. As a result of these activities, occupancy rates and rental revenues remain stable.

In addition, NBF's pursuit to enhance competitiveness of its properties by implementing continuous cost reduction measures through timely renovations will continue.

In light of the introduction of the New NISA, NBF has split each investment unit into five units, effective October 1, 2024, with the aim of creating an environment that is more conducive to investment for investors, expanding the investor base and improving the liquidity of investment units by reducing the amount per investment unit.

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 ¥50,810 million (an increase of ¥556 million, or 1.1%, compared with the previous period), operating revenues excluding profits from dispositions of ¥46,071 million (an increase of ¥1,055 million, or 2.3%, compared with the previous period), operating income from leasing activities of ¥21,480 million (a decrease of ¥163 million, or 0.8%, compared with the previous period), operating

income of ¥24,068 million (a decrease of ¥574 million, or 2.3% compared with the previous period), ordinary income of ¥22,667 million (a decrease of ¥678 million, or 2.9%, compared with the previous period), and net income of ¥22,666 million (a decrease of ¥678 million, or 2.9%, compared with the previous period).

NBF determined to distribute ¥20,939 million, which is the result of deducting provision of reserve for tax purpose reduction entry (¥2,264 million) from the sum of retained earnings (¥22,666 million) and reversal of reserve for tax purpose reduction entry (¥537 million) (Net provision of reserve for tax purpose reduction entry is ¥1,727 million), in accordance with the distribution policy stipulated in its Articles of Incorporation and with the aim of having the maximum amount of profit distribution included in deductible expenses through the application of special taxation measures for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, the distribution per unit was ¥2,462 (a decrease of ¥154, or 5.9%, compared with the previous period).

(Note) Effective October 1, 2024, NBF implemented a 5-for-1 unit split of the units. The amount of increase/decrease and the rate of increase/decrease compared to the previous period have been adjusted to reflect the unit split as if it had been effective on January 1, 2024.

Sustainability Initiatives:

NBF is implementing the following ESG-conscious initiatives in accordance with the Group Environmental Policy and Social Contribution Activities Policy 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 actively reducing waste, etc. As of the end of this fiscal period, 66% of our entire portfolio had been converted into LEDs.

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 NBF sincerely strive to resolve and improve NBF is also working diligently to provide a safe, secure, and comfortable environment for our tenants.

With regard to governance initiatives, the Asset Manager considers thorough compliance to be one of our top management priorities, regularly conducts training for all employees and directors in 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 (out of 5 levels) in 2024, and the acquisition rate of green building certification was 100% (based on total floor area, excluding NBF Toranomom Bldg.(building)) as of the end of the fiscal period.

The Asset Manager 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 Building Evaluation Certification, and CASBEE Real Estate Evaluation Certification.

Summary of Selected Financial Data

		47th Period from July 1, 2024 to December 31, 2024	46th Period from January 1, 2024 to June 30, 2024	45th Period from July 1, 2023 to December 31, 2023	47th Period from July 1, 2024 to December 31, 2024
		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	¥50,810	¥50,254	¥47,349	\$322,874
Revenues from property leasing		46,071	45,016	45,635	292,762
Gains on sales of real estate properties		4,738	5,237	1,714	30,112
Operating expenses		26,741	25,610	26,582	169,929
Rental expenses		24,591	23,373	24,501	156,267
Ordinary income		22,667	23,345	19,513	144,037
Net income	(a)	22,666	23,344	19,513	144,032
Funds from operations	Note 4	25,773	26,044	25,771	163,779
Net operating income from property leasing activities	Note 4	29,326	29,580	29,106	186,354
Total amount of cash distribution	(b)	20,939	22,252	19,561	133,057
Depreciation and amortization		7,846	7,937	7,973	49,859
Capital expenditures		4,782	4,962	4,840	30,391
Total assets	(c)	1,382,958	1,383,883	1,385,619	8,787,940
Interest-bearing debt		586,300	586,900	592,500	3,725,614
Net assets	(d)	710,444	710,030	706,247	4,514,484
Total number of units issued (Units)*	(e)	8,504,955	8,504,955	8,504,955	
Net assets per unit (Yen/\$)*	(d) / (e)	83,533	83,484	83,039	530
Distribution per unit (Yen/\$)*	(b) / (e)	2,462	2,616	2,300	15
Funds from operations per unit (Yen/\$)*	Note 4	3,030	3,062	3,030	19
ROA	Note 4	1.6%	1.7%	1.4%	
(Annual rate)		(3.3%)	(3.4%)	(2.8%)	
ROE	Note 4	3.2%	3.3%	2.8%	
(Annual rate)		(6.4%)	(6.6%)	(5.5%)	
Loan to value (LTV)	Note 4	42.4%	42.4%	42.8%	
Capital ratio	(d) / (c)	51.4%	51.3%	51.0%	
Payout ratio	(b) / (a), Note 5	92.3%	95.3%	100.2%	
Number of days		184	182	184	
Number of real estate properties	Note 6	67	68	69	
Number of tenants	Note 6	1,499	1,564	1,534	
Total rentable area (m ²)		1,193,084	1,209,996	1,194,435	
Occupancy rate (Average)	Note 6	98.0%	97.8%	97.4%	

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 ¥157.37 = U.S. \$1.00, the approximate exchange rate on December 31, 2024.

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 July 1, 2023.

Management's Discussion and Analysis

1. Distribution for the Current Period

Distribution per unit for the current period was ¥2,462. 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 December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
(Yen in thousands, except per unit amounts)			
Retained earnings	¥22,666,339	¥23,344,619	¥19,513,116
Undistributed earnings	—	—	—
Transfer to reserve for reduction entry	2,264,967	1,635,477	485,676
Reversal of reserve for reduction entry	537,827	543,222	533,956
Total cash distribution	20,939,199	22,252,364	19,561,396
(Cash distribution per unit)	2,462	13,082	11,500
Distribution of accumulated earnings	20,939,199	22,252,364	19,561,396
(Distribution of accumulated earnings per unit)	2,462	13,082	11,500
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 December 31, 2024, total assets decreased by ¥925 million to ¥1,382,958 million compared with June 30, 2024. Return on average total assets (ROA) for the six months ended December 31, 2024 decreased to 1.6 percent from 1.7 percent for the previous six-month period.

Current assets increased by ¥7,635 million to ¥26,837 million compared with June 30, 2024. Real estate properties decreased by ¥9,008 million to ¥1,312,668 million compared with June 30, 2024. Intangible assets decreased by ¥21 million to ¥35,642 million compared with June 30, 2024.

Liabilities

Current liabilities increased by ¥28,283 million to ¥71,985 million compared with June 30, 2024, primarily because of a increase in Long-term debt due within one year and Investment corporation bonds within one year compared with June 30, 2024.

Long-term debt decreased by ¥28,600 million to ¥528,300 million compared with June 30, 2024.

As a result, total interest-bearing liabilities decreased by ¥600 million to ¥586,300 million compared with June 30, 2024. As of the end of the period under review, the ratio of long-term fixed interest-bearing debt was 88.2 percent.

The loan-to-value ratio, calculated as the ratio of interest-bearing liabilities to total assets, stayed 42.4 percent as of December 31, 2024 the same as of June 30, 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 ¥413 million to ¥710,444 million compared with June 30, 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 December 31, 2024, 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 December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
		(Yen)	
High	¥136,200	¥125,400	¥125,800
Low	111,400	112,600	116,000

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 December 31, 2024 are shown below.

Short-term loans

Lender	Balance	Interest rate (%) (Note 2)	Due on (Note 1)	Repayment method	Use of funds	Notes
(Yen in millions)						
Mizuho Bank, Ltd.	¥5,000	0.446%	January 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 (%) (Note 2)	Due on (Note 1)	Repayment method	Use of funds	Notes
(Yen in millions)						
MUFG Bank, Ltd.	¥7,000	0.358%	June 1, 2028			
	4,000	0.180%	March 1, 2027			
	3,000	0.104%	February 28, 2025			
	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	Bullet		Unsecured /unguaranteed

	6,000	0.450%	February 28, 2031	payment	(Note 3)	/pari passu
	4,000	0.180%	February 27, 2026			See (Note 4)
	3,000	0.400%	June 28, 2030			
	2,000	0.335%	January 31, 2029			
	4,000	0.396%	March 31, 2028			
	5,400	0.625%	January 27, 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	0.514%	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			
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	0.568%	May 31, 2033			
	(Note 5)					
	3,000	0.550%	May 31, 2032			
	(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			
	5,000	0.500%	January 7, 2032			
	5,000	0.700%	January 7, 2036			
	5,000	0.700%	July 16, 2036			
	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	0.461%	November 30, 2025			
	(Note 5)					
	10,000	0.450%	January 7, 2031			
	5,000	0.425%	July 7, 2030	Bullet		Unsecured
				payment		/unguaranteed
	10,000	0.506%	May 27, 2032		(Note 3)	/pari passu,
	(Note 5)					See (Note 4)
	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	0.704%	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		
Nippon Life Insurance Company	1,000	0.616%	October 31, 2030		
	3,000	0.851%	March 30, 2033		
	3,000	0.760%	May 31, 2032		
	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		
	4,000	0.506%	October 31, 2032		
Mizuho Trust & Banking Co., Ltd.	(Note 5)	0.456%	February 29, 2028		
	4,000	(Note 5)	February 29, 2028		
	3,000	0.446%	February 28, 2025		
	(Note 5)	0.446%	February 27, 2026		
	3,000	(Note 5)	February 27, 2026		
	2,000	1.486%	May 30, 2025		
	1,000	0.084%	March 31, 2025		
	1,000	0.416%	January 31, 2030		
	1,000	0.400%	February 13, 2030		
	2,000	0.491%	January 30, 2032		
TAIJU LIFE INSURANCE COMPANY LIMITED	2,000	1.008%	November 1, 2034		
	2,000	0.987%	March 30, 2035		
	2,000	1.277%	March 28, 2036		
	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	0.694%	June 30, 2033		
	(Note 5)	0.586%	May 31, 2034		
	2,000	(Note 5)	May 31, 2034		
THE BANK OF FUKUOKA, 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		
	1,000	0.855%	October 31, 2033		
	2,000	0.936%	March 30, 2034		
	2,000	0.400%	January 7, 2030		
Daishi Hokuetsu Bank, Ltd.	2,000	0.320%	April 27, 2029		
	2,000	0.837%	March 1, 2031		
	2,000	0.775%	June 28, 2029		
	2,000	0.270%	June 26, 2027		
	1,000	0.270%	December 2, 2027		
The Hachijuni Bank, Limited	1,000	0.320%	January 7, 2028		
	1,000	0.767%	October 31, 2032		
	1,000	0.275%	May 14, 2025		
	1,000	0.322%	March 28, 2031		
	1,000	0.767%	October 29, 2032		
The Yamanashi Chuo Bank, Ltd.	1,000	0.526%	October 11, 2032		
	(Note 5)	0.293%	June 30, 2025		
	1,000	(Note 5)	June 30, 2025		
	1,000	0.320%	April 28, 2028	Bullet payment	Unsecured
	1,000	0.320%	January 26, 2029	(Note 3)	/unguaranteed
The Iyo Bank, LTD.	1,000	0.506%	October 29, 2032		/pari passu,
	(Note 5)				See (Note 4)
	1,000	0.302%	March 7, 2029		
	1,000	0.400%	October 2, 2030		
	1,000	0.716%	June 30, 2034		
DAIDO LIFE INSURANCE COMPANY	1,000	1.033%	September 9, 2033		
	1,000	0.650%	May 31, 2035		
	1,500	0.350%	July 9, 2029		
	1,500	0.500%	July 9, 2032		
	1,000	0.400%	May 23, 2029		
TAIYO LIFE INSURANCE COMPANY	1,000	0.400%	March 25, 2030		
	1,000	0.400%	March 25, 2030		
The 77 Bank, Ltd.	1,000	0.400%	March 25, 2030		
	1,000	0.400%	March 25, 2030		

	2,000	0.616%	June 30, 2031		
The Joyo Bank, Ltd.	1,000	0.386%	March 3, 2027		
	1,000	0.300%	February 28, 2028		
	1,000	0.616%	October 31, 2030		
The Chugoku Bank, Limited	1,000	0.270%	May 19, 2027		
	2,000	0.320%	May 26, 2028		
The Gunma Bank, Ltd.	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	1.533%	May 30, 2025		
	1,000	0.450%	January 31, 2031		
	1,000	0.851%	March 30, 2033		
The Keiyo Bank,Ltd.	1,000	0.450%	April 27, 2032		
	1,000	0.616%	October 31, 2030		
	1,000	0.503%	March 30, 2029		
The Asahi Shinkin Bank	3,000	0.851%	March 30, 2033		
The Chiba Bank, Ltd.	1,000	0.258%	June 27, 2025		
	1,000	0.270%	May 22, 2026		
Momiji Bank,Ltd.	1,000	0.724%	September 30, 2031		
	1,000	0.851%	March 30, 2033		
THE SHIGA BANK, LTD.	1,000	0.616%	October 31, 2030		
	1,000	0.767%	October 29, 2032		
Resona Bank, Limited.	1,000	0.474%	June 1, 2027		Unsecured
		(Note 5)			
Mitsui Sumitomo Insurance Company, Limited	1,000	0.320%	January 7, 2028	Bullet payment	(Note 3) /unguaranteed
Kiraboshi Bank, Ltd.	1,000	0.792%	September 30, 2032		/pari passu, See (Note 4)
Kansai Mirai Bank, Limited	1,000	0.767%	October 31, 2032		
Total long-term loans (Note 6)	¥541,300				
Total borrowings	¥546,300				

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	¥61,400	¥60,000	¥66,000	¥66,000

NBF Bonds

Issue	Issue date	Balance as of December 31, 2024 (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. 16 Unsecured Bonds	May 23, 2018	5,000	0.220%	May 23, 2025	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)		¥40,000					

Notes:

1. Interest Rate is rounded down to the 3rd decimal point.
2. Use of funds includes repayment of borrowings and investment corporation bonds, etc.
3. Rank pari passu with all other publicly and privately issued bonds.
4. Subject to provision of collateral restrictions.
5. 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	¥5,000	¥—	¥—	¥—

Others

NBF has security deposits totaling ¥72,177 million as of December 31, 2024.

■ Capital Expenditures

1. Planning

As of December 31, 2024, 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	Cumulative amount paid
				current period	
				(from July 1, 2024 to December 31, 2024)	
(Yen in millions)					
For the six months ending June 30, 2025 (the 48th fiscal period from January 1, 2025 to June 30, 2025)					
Sakaitsuji-Honmachi Center Bldg.	Renovation of substation equipment	From January 2025 to June 2025	¥672	¥—	¥—
Gate City Ohsaki	Renovation of restroom	From December 2023 to March 2025	410	—	—
Parale Mitsui Bldg.	Renovation of restroom	From January 2024 to March 2025	363	—	—
Nishi-Shinjuku Mitsui Bldg.	Renovation of air conditioning	From April 2024 to March 2025	331	—	—
NBF Osaki Bldg.	Renovation of lighting equipment	From January 2025 to June 2025	191	—	—
Kowa Nishi-Shinbashi Bldg. B	Renovation of air conditioning	From January 2025 to June 2025	186	—	—
Shinjuku Mitsui Bldg.	Renovation of fire extinguishing facilities in the parking area	From September 2024 to June 2025	163	—	—
Nakameguro GT Tower	Renovation of central monitoring facilities	From April 2024 to March 2025	145	—	—
Nishi-Shinjuku Mitsui Bldg.	Renovation of restroom	From August 2024 to February 2025	129	—	—
Yotsuya Medical Bldg.	Renovation of air conditioning	From July 2024 to June 2025	120	—	—
Yokohama ST Bldg.	Renovation of elevator	From November 2024 to June 2025	118	—	—
S-ino Omiya North Wing	Renovation of lighting equipment	From January 2025 to June 2025	115	—	—
Celestine Shiba Mitsui Bldg.	Renovation of automatic fire information facilities	From May 2024 to January 2025	114	—	—
NBF Urawa Bldg.	Renovation of substation equipment	From December 2023 to May 2025	55	—	—
NBF Ikebukuro Tower	Renovation of substation equipment	From April 2025 to April 2025	50	—	—
Sapporo L-Plaza	Renovation of key control system	From July 2024 to March 2025	33	—	—

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 January 2025 to December 2025	145	—	—
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	—	—
Parale Mitsui Bldg.	Renovation of lighting equipment	From June 2024 to December 2025	46	—	—
Hiroshima Fukuromachi Bldg.	Renovation of exterior	From July 2025 to December 2025	17	—	—
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	439	—	—
Nishi-Shinjuku Mitsui Bldg.	Renovation of restroom	From May 2025 to February 2026	277	—	—
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	—	—
For the six months ending December 31, 2026 (the 51st fiscal period from July 1, 2026 to December 31, 2026)					
NBF Toyosu Garden Front	Renovation of lighting equipment	From January 2026 to July 2026	¥220	¥—	¥—
Shinjuku Mitsui Bldg.	Renovation of restroom	From June 2026 to December 2026	133	—	—
For the six months ending June 30, 2027 (the 52nd fiscal period from January 1, 2027 to June 30, 2027)					
Nishi-Shinjuku Mitsui Bldg.	Renovation of restroom	From August 2025 to March 2027	¥346	¥—	¥—
Gate City Ohsaki	Renovation of restroom	From July 2026 to March 2027	211	—	—
NBF Toyosu Garden Front	Renovation of lighting equipment	From July 2026 to January 2027	192	—	—
Shinjuku Mitsui Bldg.	Renovation of restroom	From January 2027 to June 2027	133	—	—
For the six months ending December 31, 2027 (the 53rd fiscal period from July 1, 2027 to December 31, 2027)					
Shinjuku Mitsui Bldg.	Renovation of restroom	From July 2027 to December 2027	¥133	¥—	¥—

2. Capital Expenditures for the Current Period

The following table sets forth the capital expenditures for the current period. NBF posted ¥ 4,782 million in capital expenditures together with ¥ 1,131 million for repairs and maintenance expenses. In total, ¥ 5,913 million was spent on construction.

Name of property	Objective	Period	Expenditure (Yen in millions)
Nakanoshima Mitsui Bldg.	Renovation of air conditioning, renovation of automatic door equipment, etc.	From July 2024 to December 2024	¥ 775
Yokohama ST Bldg.	Renovation of emergency power equipment, renovation of elevator, etc.		480
NBF Platinum Tower	Renovation of lighting equipment, renovation of emergency power equipment, etc.		282
Shiba NBF Tower	Renovation of water supply and drainage equipment, renovation of emergency power equipment, etc.		275
Sakaisuji-Honmachi Center Bldg.	Renovation of air conditioning, renovation of substation equipment, etc.		245
NBF Toyosu Garden Front	Renovation of air conditioning, renovation of hallway cloth, etc.		238
NBF Osaki Bldg.	Renovation of lighting equipment, renovation of gondola, etc.		211
NBF Ikebukuro East	Renovation of substation equipment, renovation of elevator, etc.		194
Kowa Nishi-Shinbashi Bldg. B	Renovation of air conditioning, renovation of lighting equipment, etc.		184
Aqua Dojima NBF Tower	Renovation of lighting equipment, renovation of restroom, etc.		163
Shinjuku Mitsui Bldg.	Renovation of security camera, renovation of raised floor, etc.		141

S-ino Omiya North Wing	Renovation of lighting equipment, renovation of gondola, etc.	From July 2024 to December 2024	131
NBF Shinagawa Tower	Renovation of lighting equipment, repair of storage pump, etc.		119
NBF Shibuya East	Renovation of substation equipment, renovation of central monitoring facilities, etc.		101
River City M-SQUARE	Renovation of mechanical parking facilities, renovation of lighting equipment, etc.		101
NBF Ikebukuro City Bldg.	Renovation of substation equipment, renovation of elevator, etc.		92
NBF Hatchobori Terrace	Renovation of air conditioning, renovation of fire extinguishing facilities in the parking area, etc.		60
Sumitomo Densetsu Bldg.	Renovation of pantry, renovation of mechanical parking facilities, etc.		49
NBF Sapporo Minami Nijo Bldg.	Renovation of air conditioning, renovation of glass door, etc.		39
Hiroshima Fukuromachi Bldg.	Renovation of lighting equipment, renovation of mechanical parking facilities, etc.		24
Other buildings	Asset preservation construction and other renewal construction to improve tenant satisfaction, etc.		869
Total			¥4,782

■ Expenses regarding Entrustment, etc.

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

Item	For the six months ended December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
	(Yen in millions)		
Asset management fees	¥1,852	¥1,847	¥1,744
Asset custody fees	65	64	65
Agent fees (stock transfer, accounting and administrative)	56	48	49
Directors' remuneration	12	12	12
Auditor's fees	15	15	15
Other expenses	147	248	193
Total	¥2,149	¥2,236	¥2,080

■ 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)
Kowa Nishi-Shinbashi Bldg. B (additional acquisition)	October 31, 2024	¥ 63
Total		¥ 63

Name of building	(Yen in millions)	
	Sale	
	Date	Sale price
Tsukuba Mitsui Bldg.	September 30, 2024	¥ 10,920
Total		¥ 10,920

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

None. (No purchases, or sales or other transactions involving related parties.)

(2) Fees Paid for the Period from July 1, 2024 to December 31, 2024

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)	¥1,258	Mitsui Fudosan Co., Ltd.	¥1,198	95.2%
		NBF Office Management Co., Ltd.	59	4.8%
Property maintenance fees	5,928	Mitsui Fudosan Co., Ltd.	1,525	25.7%
		Mitsui Fudosan Facilities Co., Ltd.	555	9.4%
		Mitsui Fudosan Building Management Co., Ltd.	365	6.2%
		Mitsui Fudosan Facilities West Co., Ltd.	216	3.7%
		Mitsui Fudosan Residential Lease Co., Ltd.	0	0.0%
Leasing related service fees	55	Mitsui Fudosan Co., Ltd.	28	52.3%
		NBF Office Management Co., Ltd.	13	24.6%

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 July 1, 2024 to December 31, 2024, 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 (19 properties: Shinjuku Mitsui Bldg., IIDABASHI GRAND BLOOM, Roppongi T-CUBE, Nishi-Shinjuku Mitsui Bldg., Celestine Shiba Mitsui Bldg., Toranomom 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, 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.	¥1,629
Mitsui Fudosan Building Management Co., Ltd.	728
Mitsui Fudosan Facilities West Co., Ltd.	369
Mitsui Fudosan Facilities Co., Ltd.	47
MITSUMI Designtec Co., Ltd.	26
Mitsui Fudosan Residential Co., Ltd.	13
Mitsui Fudosan Realty Co., Ltd.	5
Daiichi Engei Co., Ltd.	5
Harajuku-no-mori Co., Ltd.	4
Mitsui Fudosan Residential Lease Co., Ltd.	1

Financial Statements

NIPPON BUILDING FUND INC. BALANCE SHEETS

As of December 31, 2024 and June 30, 2024

	As of December 31, 2024	As of June 30, 2024
	(Yen in millions)	
Assets		
Current Assets:		
Cash and cash equivalents	¥25,627	¥17,903
Tenant receivables	283	336
Prepaid expenses	342	337
Other current assets	583	624
Total current assets	26,837	19,201
Real Estate Properties:		
Land including trust accounts (Notes 5,16)	1,021,667	1,024,380
Buildings and improvements including trust accounts (Notes 5,16)	480,283	485,240
Other tangible assets (Notes 5,16)	17,805	17,893
Less: accumulated depreciation (Notes 5,16)	(207,089)	(205,837)
Total real estate properties, net	1,312,668	1,321,677
Intangible assets:		
Superficies (Note 16)	11,882	11,882
Leasehold rights in trust accounts (Note 16)	23,726	23,726
Other intangible assets (Note 16)	32	53
Total intangible assets	35,642	35,663
Long-term Prepaid Expenses (Note 16)	7	7
Other Assets	7,803	7,333
Total Assets	¥1,382,958	¥1,383,883
Liabilities		
Current Liabilities:		
Short-term loans (Note 7)	¥5,000	¥5,000
Long-term debt due within one year (Notes 4,7)	53,000	25,000
Accounts payable	7,146	8,496
Rents received in advance	4,160	4,314
Accrued expenses and other liabilities	2,678	891
Total current liabilities	71,985	43,701
Long-term debt (Notes 4,7)	528,300	556,900
Tenant Security Deposits Including Trust Accounts (Note 4)	72,177	73,167
Other Liabilities	50	83
Total Liabilities	672,513	673,852
Net Assets (Note 6)		
Unitholders' Equity		
Unitholders' capital	673,047	673,047
Units authorized: 20,000,000 units (Note 12)		
Units issued and outstanding: 8,504,955 units (Note 12)		
Reserve for reduction entry	14,730	13,638
Retained earnings	22,666	23,344
Total Net Assets	710,444	710,030
Total Liabilities and Net Assets	¥1,382,958	¥1,383,883

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 December 31, 2024, June 30, 2024 and December 31, 2023

	For the six months ended December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
(Yen in millions)			
Operating Revenues and Expenses			
Operating Revenues:			
Rental revenue (Note 8)	¥42,570	¥42,004	¥42,126
Other revenues related to property leasing (Note 8)	3,501	3,012	3,508
Gains on sales of real estate properties (Note 9)	4,738	5,237	1,714
Total Operating Revenues	50,810	50,254	47,349
Operating Expenses:			
Property management fees (Note 8)	7,091	6,154	6,678
Real estate taxes (Note 8)	4,673	4,766	4,536
Repairs and maintenance (Note 8)	1,131	1,014	1,344
Insurance (Note 8)	42	42	43
Other rental expenses (Note 8)	3,806	3,458	3,925
Depreciation and amortization (Note 8)	7,846	7,937	7,973
Asset management fees	1,852	1,847	1,744
Other operating expenses	297	389	336
Total Operating Expenses	26,741	25,610	26,582
Operating Income	24,068	24,643	20,767
Non-Operating Revenues and Expenses			
Non-Operating Revenues:			
Interest income	1	0	0
Property tax refund and interest on tax refund	0	—	0
Other non-operating revenues	5	1	4
Non-Operating Expenses:			
Interest expense	(1,365)	(1,239)	(1,210)
Amortization of bond issuance costs	(14)	(14)	(17)
Other non-operating expenses	(29)	(46)	(29)
Ordinary Income	22,667	23,345	19,513
Income before Income Taxes	22,667	23,345	19,513
Current and deferred income taxes (Note 11)	(0)	(0)	(0)
Net Income	¥22,666	¥23,344	¥19,513

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 December 31, 2024, June 30, 2024 and December 31, 2023

	(Yen in millions)				
	Number of Units	Unitholders' Capital	Reserve for reduction entry	Retained Earnings	Total
Balance as of June 30, 2023.	1,700,991	¥673,047	¥13,912	¥19,335	¥706,295
Transfer to reserve for reduction entry	—	—	1,912	(1,912)	—
Reversal of reserve for reduction entry	—	—	(2,138)	2,138	—
Cash dividends declared	—	—	—	(19,561)	(19,561)
Net income	—	—	—	19,513	19,513
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

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 December 31, 2024, June 30, 2024 and December 31, 2023

	For the six months ended December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
	(Yen in millions)		
Cash Flows from Operating Activities:			
Income before income taxes	¥22,667	¥23,345	¥19,513
Depreciation and amortization	7,846	7,937	7,973
Amortization of bond issuance costs	14	14	17
Interest expense	1,365	1,239	1,210
(Increase) Decrease in tenant receivables	52	(70)	67
Increase (Decrease) in accounts payable	(1,198)	70	976
Increase (Decrease) in rents received in advance	(154)	(21)	(23)
Decrease in real estate properties due to sales	6,047	42,515	6,795
Cash payments of interest expense	(1,368)	(1,216)	(1,203)
Others, net	1,796	(1,700)	1,158
Net Cash Provided by Operating Activities	37,068	72,113	36,486
Cash Flows from Investing Activities:			
Payments for purchases of real estate properties	(4,991)	(48,725)	(5,399)
Proceeds from tenant security deposits	960	4,159	3,326
Payments for tenant security deposits	(1,950)	(2,933)	(3,586)
Payments for security deposits paid to lessors	(108)	(2)	(2)
Refunds from security deposits paid to lessors	2	3	0
Others, net	(406)	(437)	(334)
Net Cash Used in Investing Activities	(6,494)	(47,935)	(5,997)
Cash Flows from Financing Activities:			
Proceeds from long-term debt	6,400	38,400	1,000
Repayment of long-term debt	(7,000)	(44,000)	(3,000)
Payment of dividends	(22,249)	(19,559)	(19,561)
Net Cash Provided by (Used in) Financing Activities	(22,849)	(25,159)	(21,561)
Net Change in Cash and Cash Equivalents	7,723	(981)	8,928
Cash and Cash Equivalents at the Beginning of Period	17,903	18,884	9,956
Cash and Cash Equivalents at the End of Period	¥25,627	¥17,903	¥18,884

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 December 31, 2024, June 30, 2024 and December 31, 2023

Note 1 – Organization and Basis of Presentation

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 December 31, 2024, NBF had ownership or beneficiary interests in 67 office properties containing approximately 1,193,084 square meters of rentable office space. As of December 31, 2024, NBF had leased office space to 1,499 tenants engaged in a variety of businesses. The occupancy rate for the office properties was approximately 98.0%.

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 ¥0 million for the period ended December 31, 2024, ¥136 million for the period ended June 30, 2024 and ¥3 million for the period ended December 31, 2023.

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 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 are 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 are 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.

Book value, fair value and difference between the two as of June 30, 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 June 30, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Long-term debt due within one year	¥25,000	¥25,006	¥6
(2) Long-term debt	556,900	544,834	(12,065)
(3) Tenant security deposits including trust accounts	73,167	72,034	(1,132)

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 June 30, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥5,000	¥4,986	¥(14)
(2) Long-term loans	20,000	20,020	20
Total	¥25,000	¥25,006	¥6

(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 June 30, 2024)

(Yen in millions)

	Book value	Fair value	Difference
(1) Investment corporation bonds	¥35,000	¥32,049	¥ (2,951)
(2) Long-term loans	521,900	512,785	(9,114)
Total	¥556,900	¥544,834	¥ (12,065)

(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 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

Repayment Schedule for Loans and Investment Corporation Bonds as of June 30, 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	¥5,000	¥20,000	¥—	¥—	¥—	¥15,000
Long-term loans	20,000	61,000	52,000	81,000	51,500	276,400
Total	¥25,000	¥81,000	¥52,000	¥81,000	¥51,500	¥291,400

Note 5 – Tangible Assets of Real Estate Properties

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

	As of December 31, 2024			As of June 30, 2024		
	(Yen in millions)					
	Acquisi- tion costs	Accumu- lated depreci- ation	Book value	Acquisi- tion costs	Accumu- lated depreci- ation	Book value
Land	¥683,733	¥—	¥683,733	¥683,699	¥—	¥683,699
Land in trust	337,934	—	337,934	340,681	—	340,681
Land including trust total	1,021,667	—	1,021,667	1,024,380	—	1,024,380
Buildings and improvements	283,093	(100,635)	182,458	280,764	(96,295)	184,469
Buildings and improvements in trust	197,190	(94,861)	102,329	204,475	(98,266)	106,209
Buildings and improvements including those in trust total	480,283	(195,496)	284,787	485,240	(194,561)	290,678
Structures	4,078	(2,359)	1,719	4,071	(2,289)	1,781
Machinery and equipment	2,498	(1,705)	793	2,411	(1,643)	768
Tools, furniture and fixtures	3,595	(2,195)	1,399	3,566	(2,020)	1,546
Structures in trust	2,792	(1,923)	868	2,868	(1,970)	897
Machinery and equipment in trust	2,156	(1,627)	528	2,145	(1,609)	536
Tools, furniture and fixtures in trust	2,684	(1,781)	903	2,690	(1,741)	948
Construction in process	—	—	—	138	—	138
Other tangible assets total	17,805	(11,593)	6,212	17,893	(11,275)	6,617
Total	¥1,519,757	¥(207,089)	¥1,312,668	¥1,527,514	¥(205,837)	¥1,321,677

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 December 31, 2024, it was at 0.446%.

Long-term debt as of December 31, 2024 and June 30, 2024 consisted of the following:

	As of December 31, 2024	As of June 30, 2024
	(Yen in millions)	
Unsecured loans due 2025 to 2036 principally from banks and insurance companies with interest rates mainly ranging from 0.084% to 1.533%.....	¥541,300	¥541,900
0.180% unsecured bonds due 2025 (Note 1)	15,000	15,000
0.220% unsecured bonds due 2025 (Note 1)	5,000	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
	581,300	581,900
Less: amount due within one year.....	53,000	25,000
	¥528,300	¥556,900

Notes: 1. Subject to provision of collateral restrictions.

The annual maturities of long-term debt as of December 31, 2024 were as follows:

	(Yen in millions)
Due after one to two years	¥66,400
Due after two to three years	60,000
Due after three to four years	66,000
Due after four to five years	66,000
Due after five years	269,900

During the period ended December 31, 2024, 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 December 31, 2024.

Note 8 – Rental Revenues and Expenses

Rental revenues and expenses for the periods ended December 31, 2024, June 30, 2024 and December 31, 2023 were as follows:

	For the six months ended December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
(Yen in millions)			
Revenues from Property Leasing:			
Rental revenue:			
Rental	¥40,343	¥39,744	¥39,864
Common area charges	1,961	2,026	2,024
Others	265	232	237
Subtotal	42,570	42,004	42,126
Other revenues related to property leasing:			
Parking lots	673	667	661
Facility charge	305	302	304
Incidental income	2,407	1,944	2,366
Cancellation fees	16	19	118
Miscellaneous income	99	78	56
Subtotal	3,501	3,012	3,508
Total revenues from property leasing.	46,071	45,016	45,635
Rental Expenses:			
Property management fees	7,091	6,154	6,678
Real estate taxes	4,673	4,766	4,536
Repairs and maintenance	1,131	1,014	1,344
Insurance	42	42	43
Other rental expenses	3,806	3,458	3,925
Depreciation and amortization	7,846	7,937	7,973
Total rental expenses	24,591	23,373	24,501
Operating Income from Property Leasing Activities. . .	¥21,480	¥21,643	¥21,133

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

Gains and losses on sales of real estate properties for the periods ended December 31, 2024, June 30, 2024 and December 31, 2023 were as follows:

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

For the six months ended December 31, 2023

NBF Shibakouen Bldg.	(Yen in millions)
Proceeds from sale of real estate property	¥8,500
Cost of sale of real estate property	6,728
Other related sale expenses	56
Gain on sale of real estate property	¥1,714

Note 10 – Gains and Losses on Exchange of Real Estate Properties

Gains and losses on exchange of real estate properties for the periods ended December 31, 2024, June 30, 2024 and December 31, 2023 were as follows:

For the six months ended December 31, 2024

No real estate properties were exchanged during the periods ended December 31, 2024.

For the six months ended June 30, 2024

No real estate properties were exchanged during the periods ended June 30, 2024.

For the six months ended December 31, 2023

NBF Ueno Bldg.	(Yen in millions)
Proceeds from transfer of real estate property	¥9,900
Cost of transfer of real estate property	8,131
Other related transfer expenses	66
Reduction entry of property	1,701
Gain and Loss on exchange of real estate property	¥—

Note 11 – 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 December 31, 2024 and June 30, 2024 and December 31, 2023. 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 December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
Statutory tax rate	31.46%	31.46%	31.46%
Deductible dividends	(29.06)	(29.99)	(31.54)
Transfer to reserve for reduction entry	(3.14)	(2.20)	(0.78)
Reversal of reserve for reduction entry	0.75	0.73	0.86
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.

Note 12 – Per Unit Information

Information about earnings per unit for the periods ended December 31, 2024, June 30, 2024 and December 31, 2023 and net assets per unit as of December 31, 2024, June 30, 2024 and December 31, 2023 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 July 1, 2023.

	For the six months ended December 31, 2024	For the six months ended June 30, 2024	For the six months ended December 31, 2023
Earnings per Unit:			
Net income per unit (Yen)	¥2,665	¥2,744	¥2,294
Weighted average number of units outstanding	8,504,955	8,504,955	8,504,955
	As of December 31, 2024	As of June 30, 2024	As of December 31, 2023
Net Assets per Unit (Yen)	¥83,533	¥83,484	¥83,039

Note 13 – Leases

As Lessor

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

	As of December 31, 2024	As of June 30, 2024
	(Yen in millions)	
Due within one year.....	¥18,751	¥19,595
Due after one year.....	29,410	31,805
Total.....	¥48,162	¥51,401

As Lessee

Not applicable.

Note 14 – Significant Non-cash Transaction

Non-cash component of transaction as of December 31, 2024, June 30, 2024 and December 31, 2023 consisted of the following:

For the six months ended December 31, 2024

No non-cash component of transaction was occurred during the periods ended December 31, 2024.

For the six months ended June 30, 2024

No non-cash component of transaction was occurred during the periods ended June 30, 2024.

For the six months ended December 31, 2023

NBF consummated this exchange transaction on November 30, 2023. As of December 31, 2023, the non-cash component of this transaction is outlined below.

	(Yen in millions)
Value of properties acquired through exchange	¥(9,833)
Value of properties exchanged	9,900
Differential income on exchange transactions	¥67
(Included in "Decrease in real estate properties due to sales")	

Note 15 – Transactions with Related Parties

- (1) Parent Company and Major Corporate Unitholders
(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(For the six months ended December 31, 2023)

Not applicable.

- (2) Affiliates
(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(For the six months ended December 31, 2023)

Not applicable.

- (3) Sister Companies
(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(For the six months ended December 31, 2023)

Not applicable.

- (4) Directors and Major Individual Unitholders
(For the six months ended December 31, 2024)

Not applicable.

(For the six months ended June 30, 2024)

Not applicable.

(For the six months ended December 31, 2023)

Not applicable.

Note 16 – 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 December 31, 2024	For the six months ended June 30, 2024
Carrying amount (Note 1)		
Balance at beginning of the Fiscal Period	¥1,357,209	¥1,358,473
Amount of increase (decrease) during current period (Note 2)	(8,892)	(1,264)
Balance at end of the Fiscal Period	1,348,317	1,357,209
Fair value at end of the period (Note 3)	¥1,695,010	¥1,702,880

Notes:

1. Carrying amounts represent acquisition cost less accumulated depreciation.
2. 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.
The major increase in the fiscal period ended June 30, 2024 was mainly due to the acquisitions of a property (Toyosu Bayside Cross Tower (additional acquisition) , 44,168 million) and the major decrease was mainly due to sale of 2 properties (Gran Tokyo South Tower (partial transfer) and Panasonic Tokyo Shiodome Bldg., 42,515 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 17 – 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 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.

(For the six months ended December 31, 2023)

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.	¥21,570	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 18 – Asset Retirement Obligations

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 19 – Revenue Recognition

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) and Note 10 (Gains and Losses on Exchange 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 20 – Significant Subsequent Events

1. Conclusion sale and purchase agreements regarding acquisition

NBF concluded sale and purchase agreements regarding acquisition of the following asset on January 31, 2025 and delivery is scheduled for March 31, 2025.

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

An overview of the properties as of the date of the conclusion of the agreements is as follows.

Name of property: Yokohama Mitsui Bldg.

Category of asset: Trust beneficiary interest

Acquisition Price: ¥43,190 million

Seller: Mitsui Fudosan Co., Ltd.

Acquisition date: March 31, 2025

NBF concluded sale and purchase agreements regarding acquisition of the following asset on February 17, 2025 and delivery is scheduled for June 30, 2025.

In addition, the acquisition will be made pursuant to forward commitments (settlement/handover occurring one month after the execution of the contract). In case the sales contract is terminated due to a violation of contractual

commitments by NBF, NBF shall be required to pay the seller 20% of the acquisition price.

An overview of the properties as of the date of the conclusion of the agreements is as follows.

Name of property: D-TOWER TOYAMA

Category of asset: Real Property

Acquisition Price: ¥9,000 million

Seller: Domestic business corporation (Note 1)

Acquisition date: June 30, 2025

Note:

1. Since NBF has not obtained consent from the seller to disclose their name and other details, NBF has not included such information. Additionally, there are no capital, personal, or business relationships to be noted between NBF and the asset management company.

2. Disposition of property

NBF concluded sale and purchase agreements regarding disposition of the following asset on July 12, 2024 and disposed on January 6, 2025.

Name of property: NBF Toranomom Bldg. (Building, (Note 1))

Category of asset: Trust beneficiary interest

Disposition Price: ¥860 million

Transferee: Mitsui Fudosan Co., Ltd.

Disposition date: January 6, 2025

Note:

1. The subject of the disposition is the building portion of the Property, excluding the land portion. As of the scheduled disposition date, NBF disposed the trust beneficiary interest in the entire Property as trust assets by dividing (i) the trust beneficiary interest in the land as a trust asset and (ii) the trust beneficiary interest in the existing building as a trust asset, and only the building beneficiary interests was disposed.

NBF concluded sale and purchase agreements regarding disposition of the following asset on January 31, 2025 and disposed on March 27, 2025.

Name of property: Shiba NBF Tower

Category of asset: Trust beneficiary interest

Disposition Price: ¥32,100 million

Transferee: Toyota Fudosan Co., Ltd.

Disposition date: March 27, 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 December 31, 2024, 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 December 31, 2024)

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 December 31, 2024, the directors and corporate auditors of NBFM are as follows. The staff other than directors and auditors of NBFM is comprised of 39 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
Hiromu Yamanaka	Corporate Auditor
Takurou Kurumisawa	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, 2024	(Yen in millions)
Total Assets	¥3,350
Total Liabilities	541
Total Net Assets	2,808

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 December 31, 2024 and June 30, 2024, and the statements of income, statements of changes in net assets and statements of cash flows for each of the six months ended December 31, 2024, June 30, 2024 and December 31, 2023, 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 December 31, 2024 and June 30, 2024, and its financial performance and cash flows for each of the six months ended December 31, 2024, June 30, 2024 and December 31, 2023 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 that are relevant to our audit of the financial statements in Japan, 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 20 to the financial statements, which states that the Corporation entered into agreements regarding acquisition of properties, and disposed properties.

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.

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 the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 July 1, 2024 to December 31, 2024 are 15 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

March 28, 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.