



July 26, 2019

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund, Inc.
Koichi Nishiyama, Executive Director
(TSE Code : 8951)
Contact:
Asset Management Company
Nippon Building Fund Management, Ltd.
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**Notice of Acquisition of Domestic Assets
(Nishi-Shinjuku Mitsui Bldg.: Additional Acquisition)**

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on July 26, 2019 to acquire assets as follows:

Description

1. Outline of the Acquisition

Name of Assets	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition) * The entire Nishi-Shinjuku Mitsui Bldg. shall be referred to as "the Property," the portion to be acquired shall be referred to as "the Additionally Acquired Portion of the Property" and the portion already owned by NBF shall be referred to as "the Existing Interests" hereinafter.
Acquisition Price	¥57,342,000 (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Seller	Multiple individuals *Details of the sellers are not disclosed due to the fact that the sellers are individuals and consent for disclosure was not obtained from the seller.
Intermediary	None
Date of Contract	July 26, 2019
Date of Transfer	July 26, 2019



2. Reason for Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the 23 wards of Tokyo in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation.

NBF has already owned the equivalent of approximately 86.36% of the Property, and has steadily achieved performance results. (The Additionally Acquired Portion of the Property represents approximately 0.26% of the Property, resulting in total ownership by NBF of approximately 86.62% (each figure represents a proportion of the total exclusively owned area of the Property).)

NBFM considers this acquisition to be in line with NBF's policy of increasing the asset value and liquidity of the Property.

3. Outline of Assets

Name of Assets	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)
Type of Specified Assets	Real Property
Type of Ownership (the Additionally Acquired Portion of the Property)	The Property is a building owned in the form of condominium interests which is a part of a complex including the adjacent Nishi-Shinjuku Parkside Tower ("residential building"). Land: Right to site (approximately 0.23%) (ratio to the entire site, including the Property and residential building. Approximately 78.02% when including the Existing Interests (approximately 77.79%).) Building: Co-ownership interests (approximately 0.26% of the proportion of the total exclusively owned area of the office building. Approximately 86.62% when including the Existing Interests (approximately 86.36%)) in the Co-owner partnership Portion (see Other Special Matters ①).
Location	(Description in Real Property Registry) Land : 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo Building : 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo (Street Address) 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo
Use (primary use listed in Real Property Registry)	Offices
Square meters (Description in Real Property Registry)	Land : site area: 10,014.02m ² (entire site, including the Property and residential building) Building : total floor space 84,634.02m ² (entire building, including the Property, residential building and common area)
Structure (Description in Real Property Registry)	Steel frame and steel framed reinforced concrete structure, flat roof, 27 floors above ground and 2 floors below ground
Completion of Construction (Description in Real Property Registry)	April 28, 1999



Matters Related to Earthquake Resistance	Earthquake PML 1.9% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
Existence of Secured Interests (liens)	None.
Appraisal Value (Date of Valuation)	¥97,100,000 (June 30, 2019)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	<p>As of June 30,2019</p> <p>The Co-owner partnership Portion including the Additionally Acquired Portion of the Property has been leased in its entirety by the Nishi-Shinjuku 6-chome Co-owner partnership to Mitsui Fudosan Co., Ltd. which is the sole tenant of the Additionally Acquired Portion of the Property. Mitsui Fudosan Co., Ltd. sub-leases the same to its sub-lessees.</p> <p>In addition, the Additionally Acquired Portion of the Property is subject to unitary management (see Other Special Matters ②) and tenancy situation of the portion subject to unitary management as of June 30, 2019 is as follows.</p>
Total number of tenants	39 companies (38 general business companies and 1 individual)
Total rental revenues	Approx. ¥7,093 thousand / year (rental revenues received by NBF from Mitsui Fudosan Co., Ltd.)
Lease deposit	Approx. ¥7,079 thousand
Total rented area	Approx. 99.71 m ² (the entire unitary managed area of 36,681.58 m ² x 0.27% (proportion of NBF's operating rights))
Total rentable area	Approx. 99.77 m ² (the entire unitary managed area of 36,702.02 m ² x 0.27% (proportion of NBF's operating rights))
Occupancy Rate	99.9%
Other Special Matters	<p>① Co-owner partnership Portion</p> <p>The portion from the 21st through 25th floors of the Property owned in the form of condominium interests is managed by the Nishi-Shinjuku 6-chome Co-owner partnership (operated by Mitsui Fudosan Co., Ltd.). The Additionally Acquired Portion of the Property represents co-ownership interests in the Co-owner partnership Portion and its portion is approximately 1.22%.</p> <p>② Unitary Management</p> <p>Rentable floors of the 3rd through 25th floors of the Property are unitarily managed by the owners of condominium interests through a master lease agreement with Mitsui Fudosan Co. Ltd.</p>



	<p>(rental revenues and rental costs are unitarily received and borne by such owners regardless of the locations subject to such condominium interests).</p> <p>The Additionally Acquired Portion of the Property is subject to such unitary management, and the proportion of its operating rights in such unitary management scheme is approximately 0.27% of the total.</p>
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4. Outline of Seller

Details of the sellers are not disclosed due to the fact that the sellers are individuals and consent for disclosure was not obtained from the seller.

5. Status of Owners etc. of the Property

The current acquisition of the Property is not an acquisition from a party which falls under the category of any specially-interested party of NBF or NBFM.

6. Payment method, etc.

Lump-sum payment at the time of transfer.

7. Future Outlook

There will be no change to the forecasted management situation during the period ending December 31, 2019 as this acquisition will have little impact upon the management situation of NBF during such period.

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8. Summary of Appraisal Report

Property Name	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)
Appraisal Value	¥97,100 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	June 30, 2019

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	97,100	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	99,800	
(1) Operating Revenue ((i) - (ii))	7,926	
(i) Effective gross income	8,166	Estimated based on income consisting of rents, distribution income, etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	240	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	2,713	
Building Maintenance Costs/ Property Management Fees (Note)	1,721	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	0	No other expenses to be recorded
Repair Expenses	89	Recorded the amount equivalent to repair expenses in reserve for co-owner partnership (reserve for renovation)
Leasing Expenses, etc.	65	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	834	Estimated based on actual taxes in fiscal 2019
Insurance Premiums	4	Estimated based on the actual amount provided by the client by referencing insurance rates, etc. for similar real properties
Other Expenses	0	-
(3) Net Operating Income ((1)-(2))	5,213	
(4) Investment Income from Temporary Deposits	1	Estimated applying investment return of 1.0%
(5) Capital Expenditure	721	Recorded the amount equivalent to renewal expenses in reserve for co-owner partnership and reserve for entire property owners' partnership.
(6) Net Income ((3)+(4)-(5))	4,493	
(7) Capitalization Rate	4.5%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, improvements, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	95,900	
Discount Rate	4.2%	Estimated based on comparison with examples of transactions for similar real properties as well as returns on financial assets adjusted by individual characteristics of the Property
Terminal Capitalization Rate	4.7%	Estimated taking into consideration the characteristics of net income adopted in determining the capitalization rate as well as future uncertainty, liquidity and marketability etc.
Integrated value based on cost method	120,000	
Proportion of land	84.8%	
Proportion of building	15.2%	

*Amounts less than one thousand yen are rounded to the nearest thousand.



Matters specifically considered in adjustment of estimated amounts and determination of appraisal value	None
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(Note) The reason for indicating Building Maintenance Costs / Property Management Fees as a total amount is because separately disclosing the levels of maintenance costs and property management fees of the Additionally Acquired Portion of the Property may have an impact on other transactions of the expected providers of building maintenance services and property management services respectively, and may hinder the provision of efficient services to NBF which may result in risks of damaging the interest of NBF's unitholders.

End

This English language notice is a translation of the Japanese language notice dated July 26, 2019 and was prepared solely for the convenience of, and reference by, overseas investors. Neither NBF nor Nippon Building Fund Management Ltd. makes any warranties as to its accuracy or completeness.



<Attached Materials>

- 【Reference Material 1】 Exterior Appearance of the Property
- 【Reference Material 2】 Standard Floor Plan of the Property
- 【Reference Material 3】 Cross-sectional Drawing of the Property
- 【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

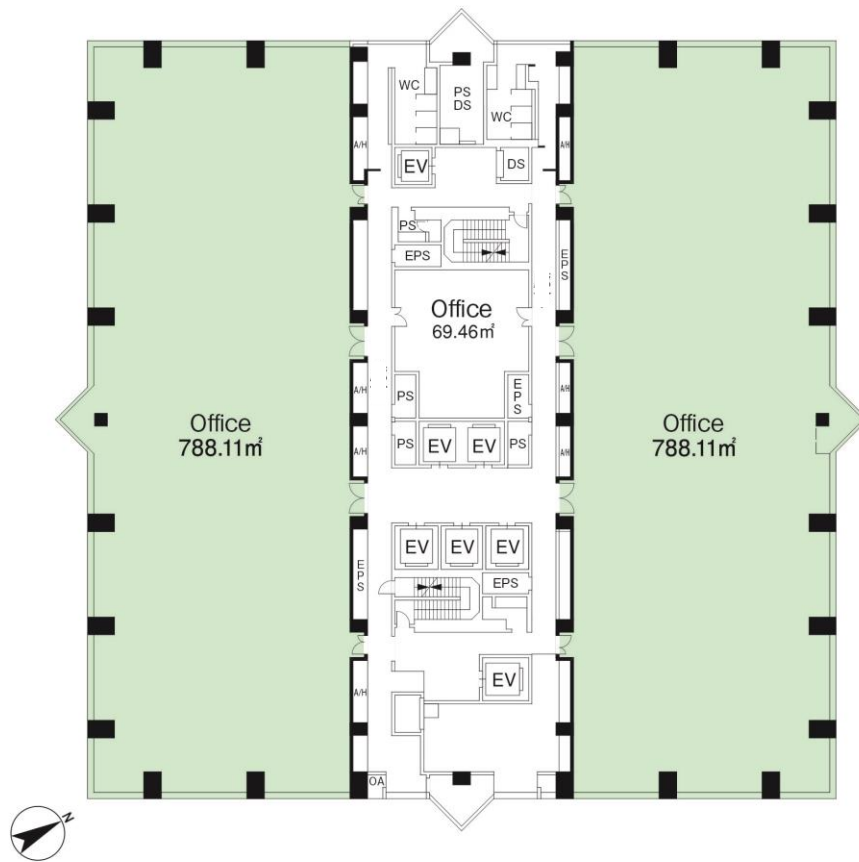


【Reference Material 1】 Exterior Appearance of the Property



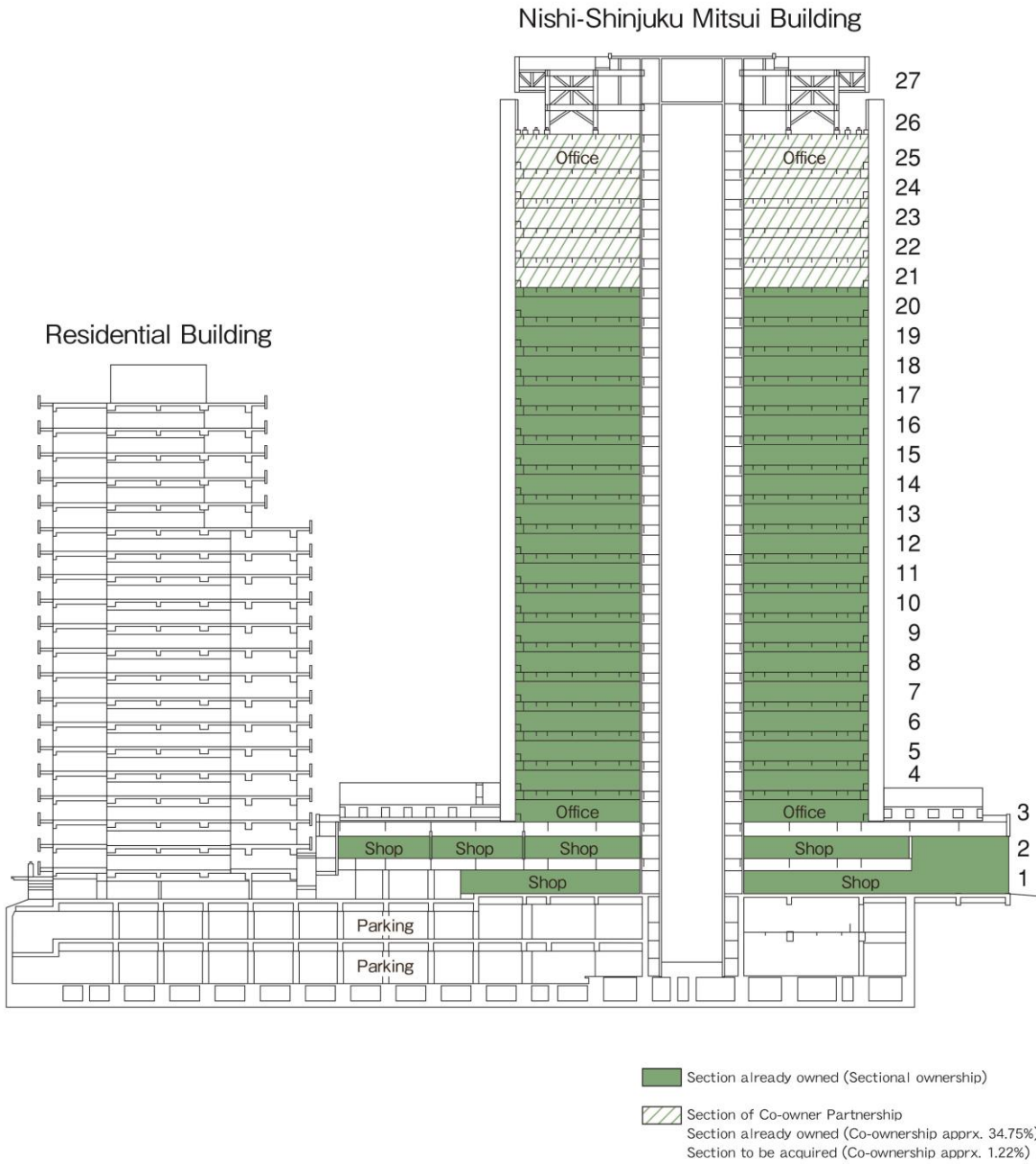


【Reference Material 2】 Standard Floor Plan of the Property





【Reference Material 3】 Cross-sectional Drawing of the Property



[Reference Material 4] Summary of Portfolio after Acquisition of the Property

Area	Property Name	Acquisition Price (¥ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (¥ in thousands) (Note 2)
Central 5 Wards	Roppongi T-CUBE	62,800,000	5.6%	51.8%	63,500,000
	Nishi-Shinjuku Mitsui Bldg.	45,213,698	4.0%		42,400,000
	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition) (Note 3)	57,342	0.0%		97,100
	Celestine Shiba Mitsui Bldg.	42,000,000	3.7%		48,700,000
	NBF Shinagawa Tower	36,300,000	3.2%		48,700,000
	Shiba NBF Tower	32,000,000	2.8%		29,000,000
	NBF Platinum Tower	31,000,000	2.7%		62,500,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.7%		20,000,000
	NBF COMODIO Shiodome	28,800,000	2.5%		34,900,000
	G-BASE TAMACHI (Note 4)	28,200,000	2.5%		28,200,000
	Toranomon Kotohira Tower	24,543,000	2.2%		36,100,000
	NBF Ochanomizu Bldg.	20,840,000	1.8%		14,200,000
	NBF Ginza Street Bldg.	20,269,000	1.8%		33,200,000
	NBF Shibuya Garden Front	17,000,000	1.5%		18,500,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.4%		19,600,000
	River City M-SQUARE	13,350,000	1.2%		16,100,000
	NBF Toranomon Bldg.	13,337,000	1.2%		17,100,000
	Kowa Nishi-Shinbashi Bldg. B	13,303,200	1.2%		14,700,000
	NBF Shinkawa Bldg.	12,614,118	1.1%		14,950,000
	Shinbashi M-SQUARE	11,900,000	1.1%		15,500,000
	NBF ALLIANCE	9,126,000	0.8%		12,800,000
	Yotsuya Medical Bldg.	8,800,000	0.8%		7,710,000
	NBF Shibuya East	8,000,000	0.7%		7,370,000
	NBF Shibakouen Bldg.	6,770,000	0.6%		8,480,000
	NBF Takanawa Bldg.	6,667,200	0.6%		7,450,000
	NBF Akasaka Sanno Square	6,250,000	0.6%		6,870,000
	NBF Kandasudacho Bldg.	5,960,000	0.5%		8,350,000
	Sumitomo Densetsu Bldg.	5,365,000	0.5%		5,900,000
	NBF Higashi-Ginza Square	5,200,000	0.5%		8,030,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.4%		6,320,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		6,090,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%		5,650,000
Ryukakusan Bldg.	4,050,000	0.4%	5,000,000		
Jingumae M-SQUARE	3,700,000	0.3%	4,030,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	5.9%	81.4%	88,300,000
	Gate City Ohsaki	57,281,060	5.1%		67,600,000
	Nakanosakaue Sunbright Twin	40,750,488	3.6%		31,100,000
	Nakanosakaue Sunbright Twin (Additional Acquisition) (Note 5)	480,000	0.0%		590,000
	NBF Toyosu Canal Front	35,200,000	3.1%		37,600,000
	NBF Toyosu Garden Front	25,018,000	2.2%		29,100,000
	Nakameguro GT Tower	23,856,000	2.1%		22,100,000
	Ueno East Tower	21,600,000	1.9%		22,500,000
	Osaki Bright Core - Bright Plaza	14,280,000	1.3%		14,700,000
	Osaki Bright Core - Bright Plaza (Additional Acquisition) (Note 6)	4,200,000	0.4%		4,200,000
	NBF Ueno Bldg.	10,400,000	0.9%		9,490,000
	NBF Ikebukuro East	8,630,000	0.8%		12,000,000
	Higashi Gotanda Square	8,350,000	0.7%		8,470,000
	Toyo-cho Center Bldg.	7,800,000	0.7%		8,720,000
	NBF Ikebukuro Tower	4,695,000	0.4%		5,630,000
	NBF Ikebukuro City Bldg.	4,428,000	0.4%		5,360,000



Area	Property Name	Acquisition Price (¥ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (¥ in thousands) (Note 2)
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.8%	7.3%	10,300,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.3%		23,600,000
	Yokohama ST Bldg.	13,529,300	1.2%		16,100,000
	Parale Mitsui Bldg.	3,800,000	0.3%		3,960,000
	Tsukuba Mitsui Bldg.	8,875,500	0.8%		8,680,000
	S-ino Omiya North Wing	16,816,345	1.5%		21,700,000
	NBF Urawa Bldg.	2,000,000	0.2%		2,510,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,480,000
Other Cities	Sapporo L-Plaza	4,404,405	0.4%	11.3%	7,340,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,470,000
	NBF Unix Bldg.	4,028,900	0.4%		3,370,000
	NBF Niigata Telecom Bldg.	3,957,500	0.4%		2,740,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.3%		16,800,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.6%		6,900,000
	Aqua Dojima NBF Tower	17,810,000	1.6%		17,300,000
	Nakanoshima Central Tower	14,900,000	1.3%		18,400,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.3%		13,200,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	1.1%		13,900,000
	Sun Mullion NBF Tower	10,500,000	0.9%		6,510,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.3%		2,500,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,490,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.3%		3,830,000
	Hakata Gion M-SQUARE	8,000,000	0.7%		10,900,000
NBF Kumamoto Bldg.	4,500,000	0.4%	3,930,000		
Total		1,129,468,758	100%	100%	1,266,367,100

^(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. As for the property to be acquired, the future represents the sale and purchase price set forth in the relevant sale and purchase contract etc. at the time of the decision to acquire the said property (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax etc.).

^(Note 2) "Value (Real Estate Appraisal Value)" represents the appraisal value as of December 31, 2018.

^(Note 3) The "Value (Real Estate Appraisal Value)" of "Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)" shown above is as of June 30, 2019.

^(Note 4) The "Value (Real Estate Appraisal Value)" of "G-BASE TAMACHI" shown above is as of January 31, 2019.

^(Note 5) The "Value (Real Estate Appraisal Value)" of "Nakanosakaue Sunbright Twin (Additional Acquisition)" shown above is as of June 1, 2019.

^(Note 6) The "Value (Real Estate Appraisal Value)" of "Osaki Bright Core - Bright Plaza (Additional Acquisition)" shown above is as of January 31, 2019.