



August 1, 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.  
Yoshiyuki Tanabe, President and CEO  
Person to Contact:  
Yasushi Yamashita, General Manager  
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**Notice of Acquisition of Domestic Assets**  
**(Kowa Nishi-Shinbashi Bldg. B: 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 August 1, 2019 to acquire assets as follows:

Description

1. Outline of the Acquisition

Name of Assets	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisition) *Kowa Nishi-Shinbashi Bldg. B 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	¥170,000,000 (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 sellers.
Intermediary	None
Date of Contract	August 1, 2019
Date of Transfer	August 1, 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 already owns the equivalent of approximately 83.68% of the Property, and has steadily achieved performance results. (The Additionally Acquired Portion of the Property represents approximately 1.39% of the Property, resulting in total ownership by NBF of approximately 85.07% (each figure represents NFA ownership ratio.)

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

(\*NFA= Net Floor Area)

3. Outline of Assets

Name of Assets	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisition)
Type of Specified Assets	Beneficiary interests in trust assets comprised mainly of real estate *NBF will own beneficiary interests in trust assets after acquiring real estate to be trust assets from the seller and additionally incorporating it into the trust on the same day.
Trustee	Sumitomo Mitsui Trust Bank, Ltd.
Term of Trust	Date of establishment of trust: June 1, 2000 Date of expiration of trust: May 31, 2020
Type of Ownership	Land: Co-ownership interests of ownership ① Co-ownership interest of 303-5, 303-8, 303-10 (approximately 15.88%) ② Co-ownership interest of 303-9 (approximately 9.26%) The land of the Property is owned in portions, and the land of the Additionally Acquired Portion of the Property is part of the land of the Property. NBF will acquire a loan for use of other parts of the land of the Additionally Acquired Portion of the Property through the acquisition. Building: Co-ownership interests of sectional ownership (each figure represents NFA ownership ratio.) ① Co-ownership interests of sectional ownership in part of the 2nd basement floor and the 1st through 13th floors (office and warehouse portion) (approximately 1.64%) ② Co-ownership interests of sectional ownership in part of the 2nd basement floor and the 1st basement floor (parking and storage portion) (approximately 1.39%)
Location	(Description in Real Property Registry) Land : 303-5, 303-8, 303-9, 303-10, Nishi-Shinbashi 2-chome, Minato-ku, Tokyo Building : 303-1, 303-5, 303-6, 303-8, 303-9, 303-10, 303-12,



	303-16, 303-21, 303-23, 303-26, 303-35, 303-46, 303-52, Nishi-Shinbashi 2-chome, Minato-ku, Tokyo (Street Address) 14-1, Nishi-Shinbashi 2-chome, Minato-ku, Tokyo
Use (primary use listed in Real Property Registry)	Offices and Parking
Square meters (Description in Real Property Registry)	Land: 15.88% of 291.19 m <sup>2</sup> (303-5, 303-8, 303-10) and 9.26% of 86.47 m <sup>2</sup> (303-9) (equivalent to approximately 54.23 m <sup>2</sup> in total site area) (Equivalent to approximately 2.21% of the land of the Property (2,449.40 m <sup>2</sup> ). Approximately 87.51% when including the Existing Interests (approximately 85.30%).) Building: Approximately 1.39% of the total floor space 20,180.42 m <sup>2</sup> (the Property). (Approximately 85.07% when including the Existing Interests (approximately 83.68%).)
Structure (Description in Real Property Registry)	Steel frame and steel framed reinforced concrete structure, flat roof, 16 floors above ground and 2 floors below ground. (Based on the description of the entire building)
Completion of Construction (Description in Real Property Registry)	August 29, 1994
Matters Related to Earthquake Resistance	Earthquake PML 2.0% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
Existence of Secured Interests (liens)	None.
Appraisal Value (Date of Valuation)	¥212,000,000 (June 30, 2019)
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Description of Tenants	As of June 30, 2019
Total number of tenants	5 companies (5 general business companies)
Total rental revenues	Not disclosed as consent for disclosure has not been obtained from the lessees
Lease deposit	Not disclosed as consent for disclosure has not been obtained from the lessees
Total rented area	Approximately 174.09 m <sup>2</sup> (10,622.98 m <sup>2</sup> (area of office and warehouse portion) X approximately 1.64% (ownership interest for the office and warehouse portion as a percentage of the Additionally Acquired Portion of the Property))
Total rentable area	Approximately 174.09 m <sup>2</sup> (the same as above)
Occupancy Rate	100%
Other Special Matters	None.



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	Kowa Nishi-Shinbashi Bldg. B: Additional Acquisition
Appraisal Value	¥212,000 thousand
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Date of Valuation	June 30, 2019

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	212,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	222,000	
(1) Operating Revenue ((i) - (ii))	16,056	
(i) Effective gross income	17,022	Estimated based on income consisting of rents, common area charges, utility charges, etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	966	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	5,770	
Building Maintenance Costs/ Property Management Fees (Note)	1,669	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	1,145	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	123	Estimated based on the Engineering Report etc.
Leasing Expenses, etc.	134	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	2,285	Estimated based on the land/house tax register book classified by owner for fiscal 2019, etc.
Insurance Premiums	12	Estimated based on the list of insurance premiums
Other Expenses	401	Estimated based on past results verified applying the level of other expenses for similar real properties
(3) Net Operating Income ((1)-(2))	10,287	
(4) Investment Income from Temporary Deposits	123	Estimated applying investment return of 1.0%
(5) Capital Expenditure	1,066	Estimated based on the Engineering Report etc.
(6) Net Income ((3)+(4)-(5))	9,344	
(7) Capitalization Rate	4.2%	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	207,000	
Discount Rate	4.3%	Estimated taking into account the risks deriving from regional/property-specific factors of the Property
Terminal Capitalization Rate	4.3%	Estimated by reflecting uncertainties of future outlook, etc. in capitalization rate
Integrated value based on cost method	218,000	
Proportion of land	94.2%	
Proportion of building	5.8%	

\*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 August 1, 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

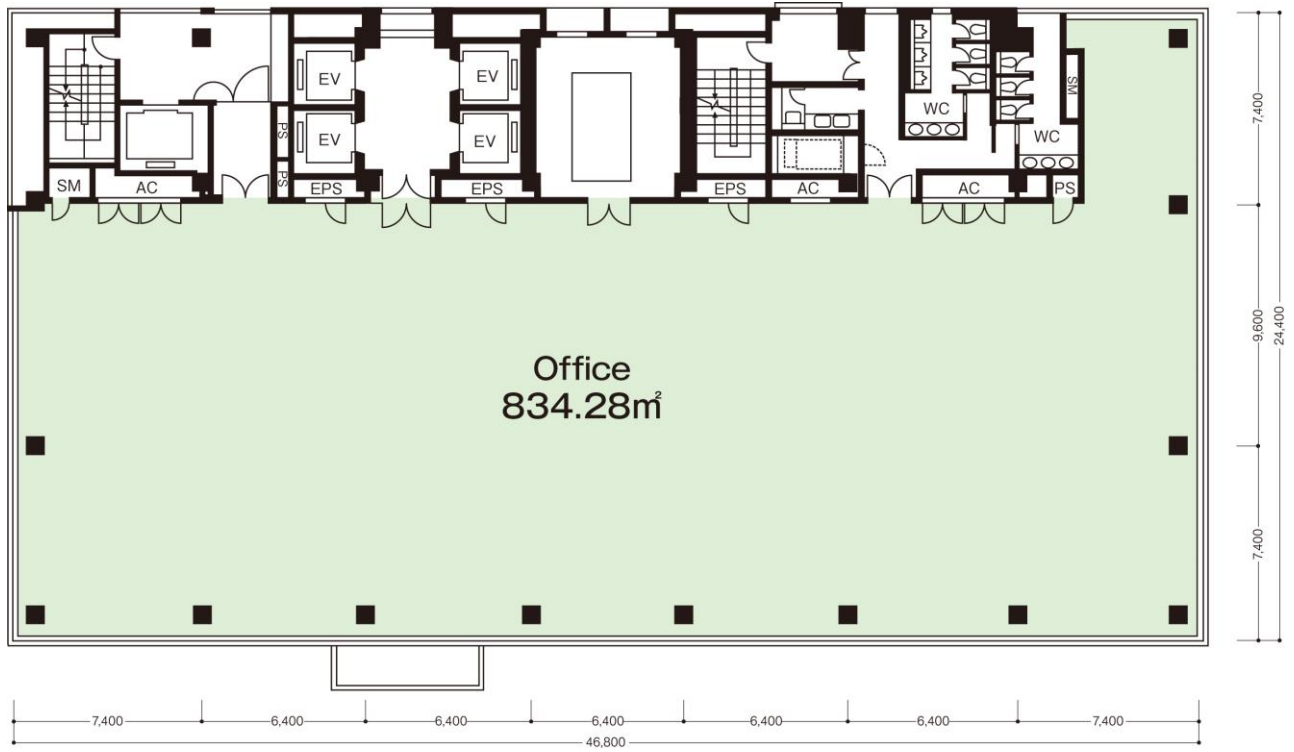
【Reference Material 1】 Exterior Appearance of the Property





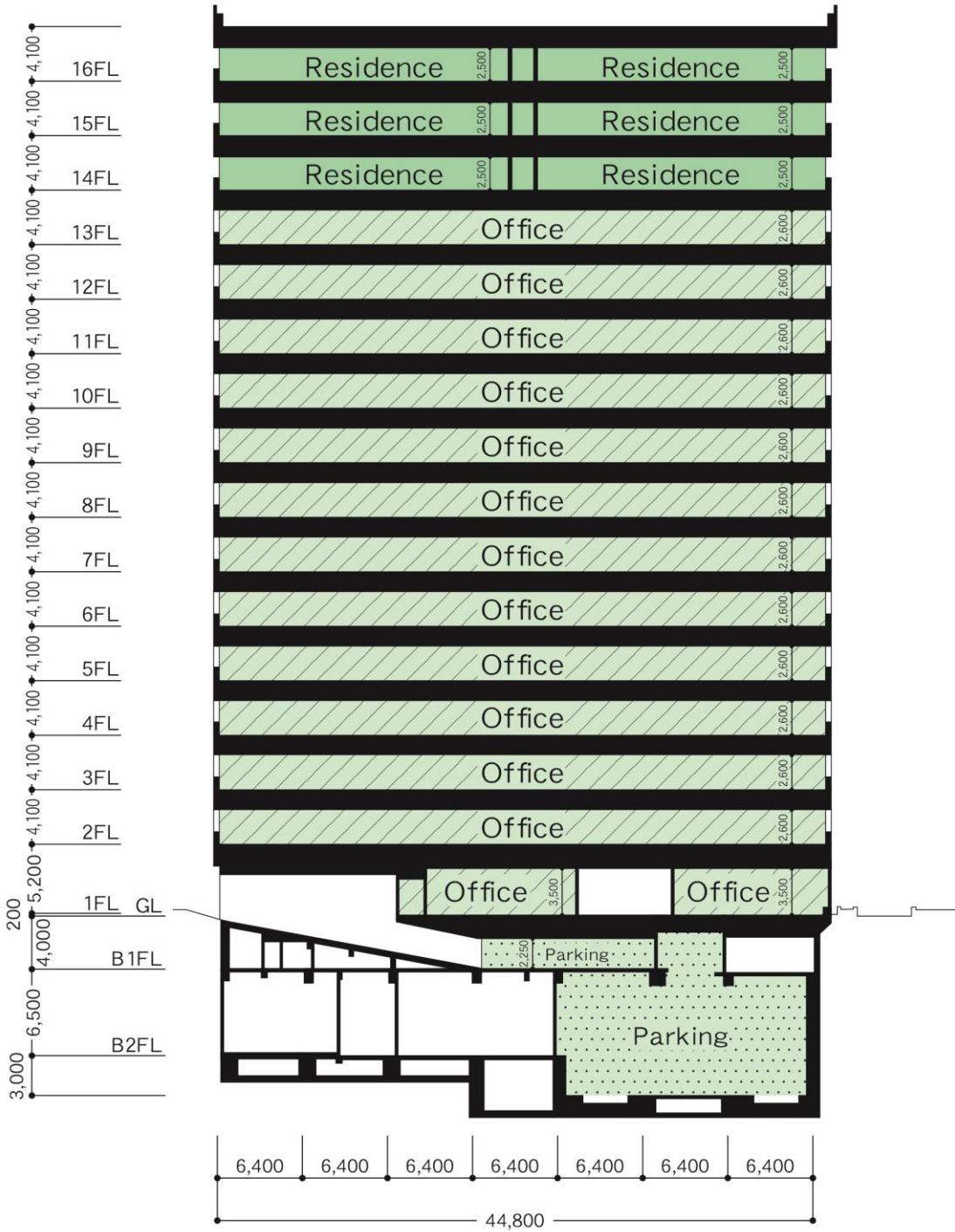


【Reference Material 2】 Standard Floor Plan of the Property





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



- Portion already owned
- Portion already owned (NBF owns about 80.75%)  
The portion to be acquired (NBF owns about 1.64%)
- Portion already owned (NBF owns about 83.68%)  
The portion to be acquired (NBF owns about 1.39%)

【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%	51.9%	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
	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisition) (Note 5)	170,000	0.0%		212,000
	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
Ryukusan 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 6)	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 7)	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		
<b>Total</b>		<b>1,129,638,758</b>	<b>100%</b>	<b>100%</b>	<b>1,266,579,100</b>

(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 "Kowa Nishi-Shinbshi Bldg. B(Additional Acquisition)" shown above is as of June 30, 2019.

(Note 6) The "Value (Real Estate Appraisal Value)" of "Nakanosakaue Sunbright Twin(Additional Acquisition)" shown above is as of June 1, 2019.

(Note 7) The "Value (Real Estate Appraisal Value)" of "Osaki Bright Core - Bright Plaza(Additional Acquisition)" shown above is as of January 31, 2019.