



October 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**  
**(Osaki Bright Core - Bright Plaza: 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 October 1, 2019 to acquire assets as follows:

Description

1. Outline of the Acquisition

Name of Assets	Osaki Bright Core – Bright Plaza (Additional Acquisition) The Property is comprised of condominium interests and co-ownership interests in condominium interests of Osaki Bright Core and co-ownership of Osaki Bright Plaza. (Osaki Bright Core shall be referred to as "Bright Core" and Osaki Bright Plaza as "Bright Plaza" hereafter in this press release.) In addition, the entire portion of Osaki Bright Core and Osaki Bright Plaza is referred to as "the Property," and the portion to be acquired this time is referred to as "the Additionally Acquired Portion of the Property" and the portion already owned by NBF as "the Existing Interests."
Acquisition Price	¥3,100,000,000 (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Seller	A domestic general business company * Details of the seller are not disclosed due to the fact that consent for disclosure was not obtained from the seller.
Intermediary	None
Date of Contract	October 1, 2019
Date of Transfer	October 31, 2019 (scheduled)



## 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 Existing Interests of the Property, and has steadily achieved performance results.

NBFM considers this acquisition to be in line with NBF's policy of increasing the asset value and liquidity of the property. The ownership ratio after acquisition for Bright Core including the Existing Interests of approximately 36.86% and the Additionally Acquired Portion of approximately 6.20% is approximately 43.06% (the proportion of the total exclusively owned area), and the ownership ratio after acquisition for Bright Plaza including the Existing Interests of 61.50% and the Additionally Acquired Portion of 11.50% is 73.00% (the ratio of co-ownership interests).

## 3. Outline of Assets

Name of Assets	Osaki Bright Core – Bright Plaza (Additional Acquisition)
Type of Specified Assets	Real Property
Type of Ownership (the Additionally Acquired Portion of the Property)	<p>[Bright Core]</p> <p>(i) Land : Co-ownership interests (approximately 6.32%) (approximately 43.87% when including the Existing Interests (approximately 37.55%))</p> <p>(ii) Building: Sectional co-ownership in the 1st to 2nd floors (approximately 12.50%) (approximately 79.35% when including the Existing Interests (approximately 66.85%)) and sectional ownership in the 15th floor (the proportion of the total exclusively owned area: approximately 6.20%. Approximately 43.06% when including the Existing Interests (approximately 36.86%))</p> <p>[Bright Plaza]</p> <p>(i) Land : Co-ownership interests (11.50%) (73.0% when including the Existing Interests (61.50%))</p> <p>(ii) Building: Co-ownership interests (11.50%) (73.0% when including the Existing Interests (61.50%))</p>
Location	<p>[Bright Core] (Description in Real Property Registry)</p> <p>Land : 567-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p> <p>Building : 567-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p> <p>(Street Address)</p> <p>5-15, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p> <p>[Bright Plaza] (Description in Real Property Registry)</p> <p>Land : 569, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p> <p>Building : 569, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p> <p>(Street Address)</p> <p>4-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo</p>



Use (primary use listed in Real Property Registry)	Offices and stores
Square meters (Description in Real Property Registry)	[Bright Core] (i) Land: site area: 5,811.01m <sup>2</sup> (entire site) (ii) Building: total floor space: 42,929.11m <sup>2</sup> (entire building) [Bright Plaza] (i) Land: site area: 3,711.54m <sup>2</sup> (entire site) (ii) Building: total floor space: 4,084.84m <sup>2</sup> (entire building)
Structure (Description in Real Property Registry)	[Bright Core] Steel frame, steel framed reinforced concrete and steel reinforced concrete structure, flat roof, 20 floors above ground and 2 floors below ground [Bright Plaza] Steel framed structure, flat roof, 2 floors above ground
Completion of Construction (Description in Real Property Registry)	[Bright Core] April 1, 2015 [Bright Plaza] April 17, 2015
Matters Related to Earthquake Resistance	2.2% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
Existence of Secured Interests (liens)	None.
Appraisal Value (Date of Valuation)	¥3,140,000,000 (August 31, 2019)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	As of August 31, 2019 (the Additionally Acquired Portion of the Property) Mitsui Fudosan will be the sole tenant as NBF is scheduled to lease the entire Additionally Acquired Portion of the Property to Mitsui Fudosan. Mitsui Fudosan will sub-lease the same spaces to its sub-lessees. Rentable floors of the 5th, 6th and 8th through 17th floors including the Additionally Acquired Portion of the Property (the 15th floor) of Bright Core (entire building) is unitarily managed by the owners of sectional ownership through a master lease agreement with Mitsui Fudosan (rental revenues and rental costs are unitarily received and borne by such owners regardless of the locations subject to such sectional ownership), and the proportion of operating rights in such unitary management scheme for the Additionally Acquired Portion of the Property is approximately 8.34% (approximately 58.36% when including Existing Interests (approximately 50.02%)).



	The tenancy situation of the portion subject to leasing in the Additionally Acquired Portion of the Property as of August 31, 2019 (the 1st and 2nd floors and the portion subject to the above unitary management of Bright Core; and Bright Plaza) is as follows.
Total number of tenants	20 companies (10 general business companies and 10 retail stores)
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	Approx. 1,848.73 m <sup>2</sup> (based on the owned interests) (17,766.84 m <sup>2</sup> × 8.34% [the proportion of operating rights in unitary management scheme for Bright Core] +1,318.68 m <sup>2</sup> × 12.50% [ratio of co-ownership of the 1st and 2nd floors of Bright Core] +1,753.34 m <sup>2</sup> × 11.50% [ratio of co-ownership of Bright Plaza] )
Total rentable area	Approximately 1,848.73 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 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 and June 30, 2020 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	Osaki Bright Core – Bright Plaza: Additional Acquisition
Appraisal Value	¥3,140,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	August 31, 2019

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	3,140,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	3,238,000	
(1) Operating Revenue ((i) - (ii))	182,900	
(i) Effective gross income	188,093	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.	5,193	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	69,687	
Building Maintenance Costs/ Property Management Fees (Note)	38,266	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	11,062	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	249	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties Repair expenses of Bright Core are included in maintenance costs
Leasing Expenses, etc.	1,399	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	18,491	Estimated based on actual taxes in fiscal 2019
Insurance Premiums	220	Estimated based on insurance rates etc. for similar real properties
Other Expenses	0	None
(3) Net Operating Income ((1)-(2))	113,213	
(4) Investment Income from Temporary Deposits	1,623	Estimated applying investment return of 1.0%
(5) Capital Expenditure	11,253	Estimated based on the amount of reserve for repairs, etc.
(6) Net Income ((3)+(4)-(5))	103,583	
(7) Capitalization Rate	3.2%	Estimated taking into consideration examples of transactions for similar real properties, as well as location and building conditions, and improvements, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	3,096,000	
Discount Rate	3.0%	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	3.4%	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	3,400,000	
Proportion of land	69.8%	
Proportion of building	30.2%	

\*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 October 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

[ Bright Core ]

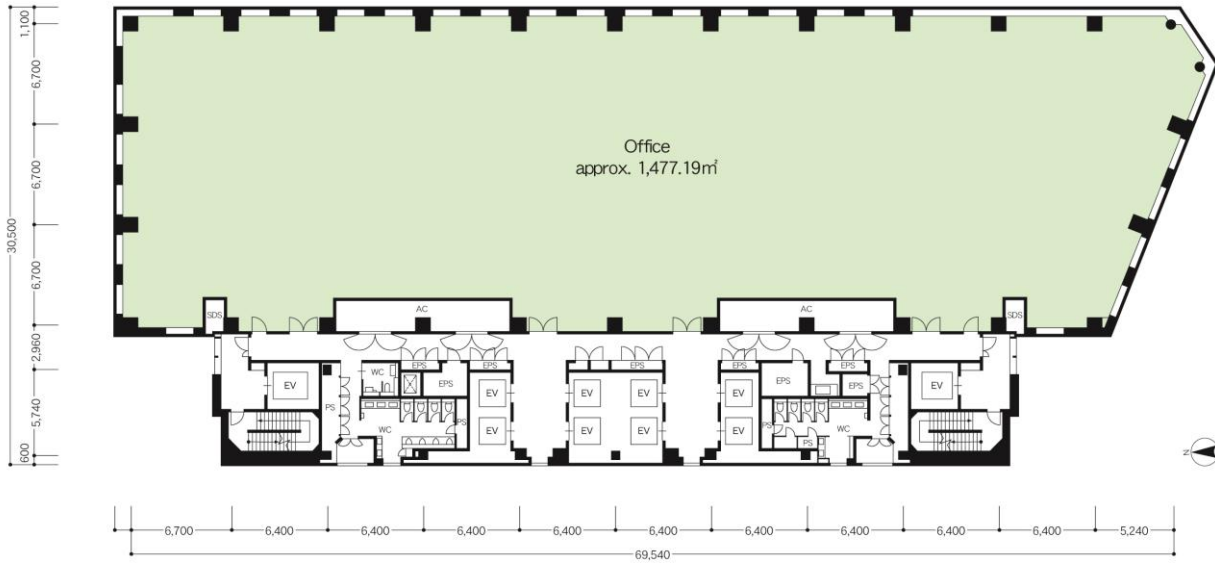


[ Bright Plaza ]

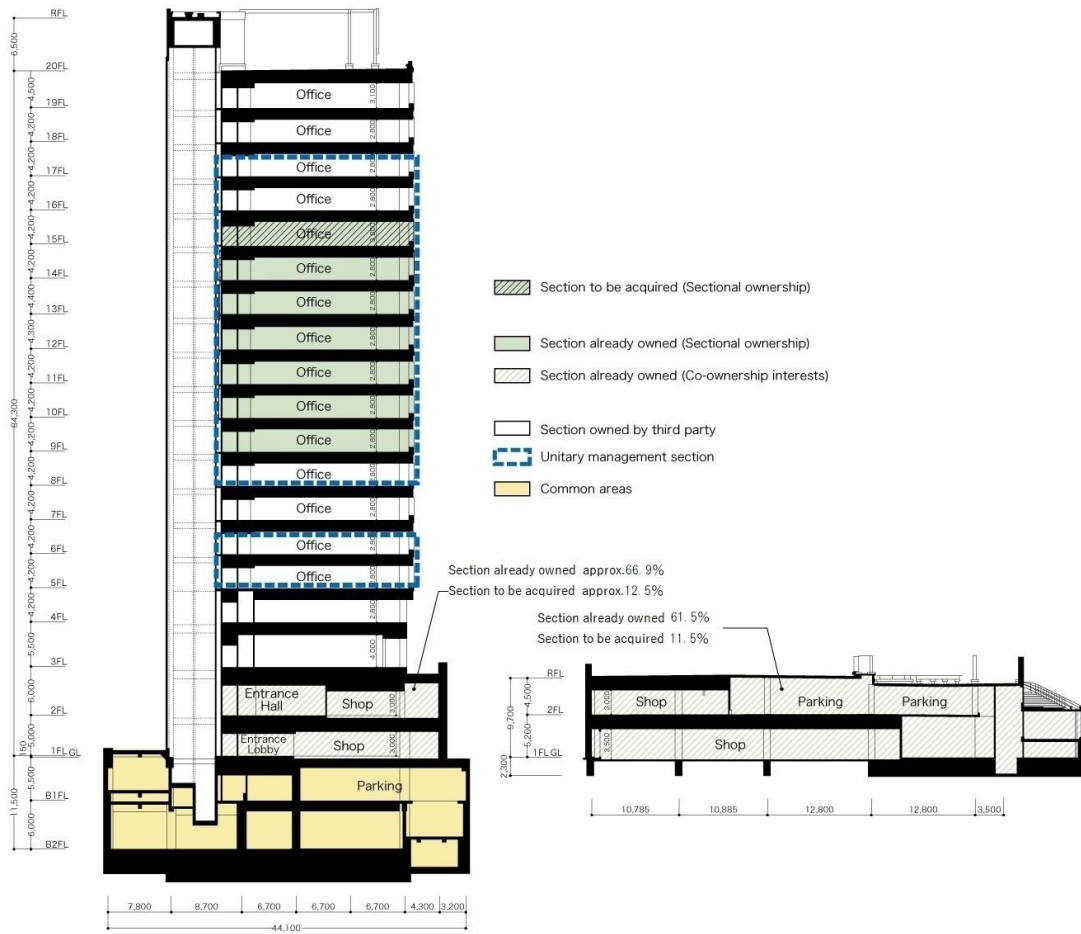




**[ Reference Material 2 ] Standard Floor Plan of the Property [ Bright Core ]**



**[ Reference Material 3 ] Cross-sectional Drawing of the Property**



**[ Bright Core ]**

**[ Bright Plaza ]**

【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	5.5%	51.7%	63,500,000
	Nishi-Shinjuku Mitsui Bldg.	45,213,698	4.0%		43,000,000
	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)	57,342	0.0%		97,100
	Celestine Shiba Mitsui Bldg.	42,000,000	3.7%		50,000,000
	NBF Shinagawa Tower	36,300,000	3.2%		48,700,000
	Shiba NBF Tower	32,000,000	2.8%		29,700,000
	NBF Platinum Tower	31,000,000	2.7%		63,600,000
	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	28,200,000	2.5%		28,200,000
	Toranomon Kotohira Tower	24,543,000	2.2%		35,700,000
	NBF Ochanomizu Bldg.	20,840,000	1.8%		14,200,000
	NBF Ginza Street Bldg.	20,269,000	1.8%		33,900,000
	NBF Shibuya Garden Front	17,000,000	1.5%		18,500,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.4%		20,000,000
	River City M-SQUARE	13,350,000	1.2%		15,800,000
	NBF Toranomon Bldg.	13,337,000	1.2%		17,100,000
	Kowa Nishi-Shinbashi Bldg. B	13,303,200	1.2%		14,900,000
	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisition)	170,000	0.0%		212,000
	NBF Shinkawa Bldg.	12,614,118	1.1%		14,970,000
	Shinbashi M-SQUARE	11,900,000	1.1%		15,500,000
	NBF ALLIANCE	9,126,000	0.8%		12,400,000
	Yotsuya Medical Bldg.	8,800,000	0.8%		7,960,000
	NBF Shibuya East	8,000,000	0.7%		7,370,000
	NBF Shibakouen Bldg.	6,770,000	0.6%		8,390,000
	NBF Takanawa Bldg.	6,667,200	0.6%		7,610,000
	NBF Akasaka Sanno Square	6,250,000	0.6%		7,080,000
	NBF Kandasudacho Bldg.	5,960,000	0.5%		8,560,000
	Sumitomo Densetsu Bldg.	5,365,000	0.5%		6,010,000
	NBF Higashi-Ginza Square	5,200,000	0.5%		8,300,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.4%		6,290,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		6,270,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%		5,630,000
Ryukakusan Bldg.	4,050,000	0.4%	5,100,000		
Jingumae M-SQUARE	3,700,000	0.3%	4,320,000		
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%		68,100,000
	Nakanosakaue Sunbright Twin	41,230,488	3.6%		31,800,000
	NBF Toyosu Canal Front	35,200,000	3.1%		38,700,000
	NBF Toyosu Garden Front	25,018,000	2.2%		29,800,000
	Nakameguro GT Tower	23,856,000	2.1%		22,600,000
	Ueno East Tower	21,600,000	1.9%		22,600,000
	Osaki Bright Core - Bright Plaza	18,480,000	1.6%		19,100,000
	Osaki Bright Core - Bright Plaza (Additional Acquisition)(Note 3)	3,100,000	0.3%		3,140,000
	NBF Ueno Bldg.	10,400,000	0.9%		9,560,000
	NBF Ikebukuro East	8,630,000	0.8%		12,800,000
	Higashi Gotanda Square	8,350,000	0.7%		8,470,000
	Toyo-cho Center Bldg.	7,800,000	0.7%		8,740,000
	NBF Ikebukuro Tower	4,695,000	0.4%		5,690,000
	NBF Ikebukuro City Bldg.	4,428,000	0.4%		5,530,000



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%		16,400,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,110,000
	Tsukuba Mitsui Bldg.	8,875,500	0.8%		8,710,000
	S-ino Omiya North Wing	16,816,345	1.5%		22,200,000
	NBF Urawa Bldg.	2,000,000	0.2%		2,530,000
NBF Matsudo Bldg.	2,455,000	0.2%	2,530,000		
Other Cities	Sapporo L-Plaza	4,404,405	0.4%	11.3%	7,450,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,510,000
	NBF Unix Bldg.	4,028,900	0.4%		3,380,000
	NBF Niigata Telecom Bldg.	3,957,500	0.3%		2,750,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.3%		16,700,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.6%		6,790,000
	Aqua Dojima NBF Tower	17,810,000	1.6%		17,300,000
	Nakanoshima Central Tower	14,900,000	1.3%		18,800,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.3%		13,400,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	1.1%		14,400,000
	Sun Mullion NBF Tower	10,500,000	0.9%		6,720,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.3%		2,550,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,520,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.3%		3,830,000
	Hakata Gion M-SQUARE	8,000,000	0.7%		11,100,000
NBF Kumamoto Bldg.	4,500,000	0.4%	3,980,000		
<b>Total</b>		<b>1,132,738,758</b>	<b>100%</b>	<b>100%</b>	<b>1,282,259,100</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 June 30, 2019.

(Note 3) The "Value (Real Estate Appraisal Value)" of "Osaki Bright Core - Bright Plaza(Additional Acquisition)" shown above is as of August 31, 2019.