



August 1, 2016

To All Concerned Parties

Name of REIT Issuer:  
Nippon Building Fund, Inc.  
Yoshiki Kageyama, Executive Director  
(TSE Code : 8951)  
Contact:  
Asset Management Company  
Nippon Building Fund Management, Ltd.  
Kenichi Tanaka, President and CEO  
Person to Contact:  
Toshihiko Mori, General Manager  
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Notice of Acquisition of Assets  
(Toyo-cho Center Bldg.) (Revised Edition)

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 29, 2016 to acquire assets as follows:

Description

1. Outline of the Acquisition

- 1) Acquired Assets : Real Property
- 2) Name of Assets : Toyo-cho Center Bldg. (the "Property")
- 3) Acquisition Price : ¥7,800,000,000  
(provided, however, that miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax are not included in this amount.)
- 4) Date of Contract : July 29, 2016
- 5) Date of Transfer : August 31, 2016
- 6) Acquired From : Japanese general business company and individuals  
(please refer to Section 4 hereinbelow for a description of the seller)
- 7) Acquisition Funds : Existing capital plus loans etc.
- 8) Intermediary : CBRE K.K.  
(please refer to Section 6 herein below for a description of the intermediary)  
\*The compensation for intermediation is not disclosed since the consent for disclosure was not been obtained from the intermediary.
- 9) Payment Method : Lump-sum payment at the time of transfer
- 10) Outline of forward commitment etc.:

It is agreed that in the event of the termination of the said contract due to a breach by NBF (purchaser) of its contractual obligations, NBF must pay to the relevant seller a penalty equivalent to 20% of the acquisition price.



## 2. Points of Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the Tokyo central business districts (CBD's) in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation.

When making the current acquisition, NBFM deemed the following points to be especially attractive.

### 1) Location

The Toyo-cho area where the Property is located boasts good access to central Tokyo such as Nihonbashi and Otemachi, thus is an area with strong demand for back-offices of finance/IT-related companies and others. Furthermore, the Property offers high transport convenience standing a 4-minute walk from Toyocho Station on the Tokyo Metro Tozai Line.

### 2) Building and Facilities

The Property offers spacious office space with standard floor rentable floor area of approximately 2,908m<sup>2</sup> and is a highly competitive property having sufficient standard specifications such as a ceiling height of 2,600mm and OA sub-floor.

## 3. Outline of Assets

### 1) Type of Specified Assets

Real Property

### 2) Location

(Description in Real Property Registry)

Land : 2-39, 2-230, 2-231, 2-232, 2-233, 2-234, Toyo 2-chome, Koto-ku, Tokyo

Building : 2-39, 2-230, 2-231, 2-232, 2-233, 2-234, Toyo 2-chome, Koto-ku, Tokyo

(Street Address)

3-2, Toyo 2-chome, Koto-ku, Tokyo

### 3) Use (primary use listed in Real Property Registry)

Offices

### 4) Type of Ownership

(i) Land : 100% ownership

(ii) Building: Ownership (condominium interests※)

※NBF will own 100% of the Property by acquiring the entire condominium interests in the building

### 5) Square meters (Description in Real Property Registry)

(i) Land : Site area 5,700.14m<sup>2</sup> (entire site)

(ii) Building: Total floor space 19,033.93m<sup>2</sup> (entire building)

### 6) Structure (Description in Real Property Registry)

Steel framed reinforced concrete and Steel frame structure, flat roof, 5 floors above ground and 1 floor below ground

### 7) Completion of Construction (Description in Real Property Registry)

March 18, 1994

### 8) Design and Construction

Design: Shimizu Corporation

Construction: Shimizu Corporation



9) Earthquake PML  
5.6% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)

10) Existence of Secured Interests (liens)  
Although a fixed mortgage has been established on the land and building of the Property, it will be extinguished prior to the transfer of the Property upon the seller's responsibility and at its cost.

11) Description of Tenants (Tenancy as of July 1, 2016)

- Total number and summary of lessees: 1 company
- Total rental revenues: Not disclosed as consent for disclosure has not been obtained from the lessees
- Total rentable area: approx. 11,293.61 m<sup>2</sup>
- Total leased area: approx. 11,293.61 m<sup>2</sup>
- Occupancy Rate: 100%
- Total lease deposit amount: Not disclosed as consent for disclosure has not been obtained from the lessees

4. Outline of Seller

Details of the seller are not disclosed since the consent for disclosure has not been obtained from the seller. The seller does not fall under the category of interested parties etc. of NBF or NBFM.

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. Outline of Intermediary

(1) Name	CBRE K.K.
(2) Location	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo
(3) Name and Title of Representative	Benjamin Mark Duncan, Representative Director
(4) Description of Business	Providing comprehensive commercial real estate services to domestic and international clients
(5) Capital	¥357,084,411 (as of March 28, 2016)
(6) Date of Establishment	February 21, 1970
(7) Relations with NBF/NBFM	
Capital Relationship	None
Personnel Relationship	None
Business Relationship	None
Related parties	The intermediary does not fall under the category of related parties of either NBF or NBFM.



7. Acquisition Schedule

July 29, 2016 : Determination to make acquisition, execution of a real property sale and purchase contract

August 31, 2016 : Delivery (anticipated)

8. Forecasted Management Situation as at the close of December, 2016.

There is no change to the forecasted management situation during the period ending December 31, 2016 as this acquisition will have little impact upon the management situation of NBF during such period.



9. Summary of Appraisal Report

Property Name	Toyo-cho Center Bldg.
Appraisal Value	¥8,270,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	July 1, 2016

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	8,270,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	8,550,000	
(1) Operating Revenue ((i) - (ii))	675,467	
(i) Effective gross income	705,541	Estimated based on income consisting of rents, common area charges, utility charges, parking rents etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	30,074	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	245,244	
Building Maintenance Costs/ Property Management Fees (Note)	92,171	Estimated based on planned contract value verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	94,290	Estimated after verified applying the level of utilities expenses for similar real properties
Repair Expenses	8,912	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	3,363	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	45,397	Estimated based on actual taxes in fiscal 2016
Insurance Premiums	1,111	Estimated based on insurance rates etc. for similar real properties
Other Expenses	0	No other expenses to be recorded
(3) Net Operating Income ((1)-(2))	430,223	
(4) Investment Income from Temporary Deposits	9,171	Estimated applying investment return of 2.0%
(5) Capital Expenditure	80,161	Estimated based on the Engineering Report as well as the level of renewal expenses for similar real properties
(6) Net Income ((3)+(4)-(5))	359,232	
(7) Capitalization Rate	4.2%	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	8,150,000	
Discount Rate	4.0%	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	4.4%	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	9,660,000	
Proportion of land	77.1%	
Proportion of building	22.9%	

\*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 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 29, 2016 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】 Summary of Portfolio after Acquisition of the Property

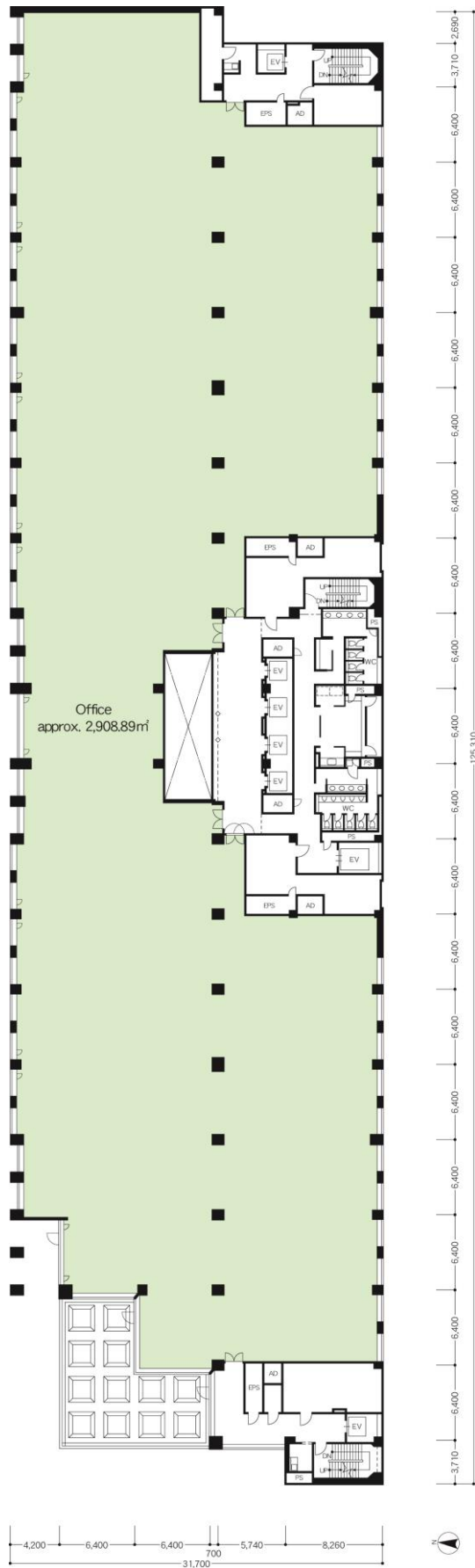
【Reference Material 1】 Exterior Appearance of the Property







【Reference Material 2】 Standard Floor Plan of the Property





### 【Reference Material 3】 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)
Tokyo CBDs	NBF Osaki Bldg.	66,660,000	6.0%	79.1%	79,900,000
	NBF Hibiya Bldg.	63,500,000	5.8%		54,400,000
	Gate City Ohsaki	57,281,060	5.2%		63,600,000
	Nishi-Shinjuku Mitsui Bldg.	45,145,448	4.1%		41,400,000
	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisiton) (Note3)	68,250	0.0%		110,000
	Nakanosakaue Sunbright Twin	40,750,488	3.7%		30,800,000
	Mitsubishi Heavy Industries Head Office Bldg.	36,300,000	3.3%		45,600,000
	NBF Toyosu Canal Front	35,200,000	3.2%		33,300,000
	Shiba NBF Tower	32,000,000	2.9%		28,700,000
	NBF Platinum Tower	31,000,000	2.8%		58,900,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.8%		18,100,000
	NBF COMODIO Shiodome	28,800,000	2.6%		32,200,000
	NBF Toyosu Garden Front	25,018,000	2.3%		28,100,000
	Toranomon Kotohira Tower	24,543,000	2.2%		32,800,000
	Nakameguro GT Tower	23,856,000	2.2%		21,100,000
	Celestine Shiba Mitsui Bldg.	22,500,000	2.0%		25,200,000
	Ueno East Tower (Note4)	21,600,000	2.0%		21,600,000
	NBF Ochanomizu Bldg.	20,840,000	1.9%		13,000,000
	NBF Ginza Street Bldg.	20,269,000	1.8%		29,000,000
	NBF Shibuya Garden Front	17,000,000	1.5%		16,000,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.5%		17,200,000
	GSK Bldg.	14,434,070	1.3%		16,600,000
	River City M-SQUARE	13,350,000	1.2%		15,500,000
	NBF Toranomom Bldg.	13,337,000	1.2%		16,300,000
	Kowa Nishi-Shinbashi Bldg. B	13,217,000	1.2%		14,200,000
	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisiton) (Note5)	48,200	0.0%		59,100
	NBF Shinkawa Bldg.	12,614,118	1.1%		13,980,000
	Shinbashi M-SQUARE	11,900,000	1.1%		13,600,000
	NBF Ueno Bldg.	10,400,000	0.9%		8,870,000
	NBF ALLIANCE	9,126,000	0.8%		11,700,000
	Yotsuya Medical Bldg.	8,800,000	0.8%		7,360,000
	NBF Ikebukuro East	8,630,000	0.8%		9,650,000
	Higashi Gotanda Square	8,350,000	0.8%		8,020,000
	NBF Shibuya East	8,000,000	0.7%		6,630,000
	Toyo-cho Center Bldg. (Note6)	7,800,000	0.7%		8,270,000
	NBF Shibakouen Bldg.	6,770,000	0.6%		7,780,000
	NBF Takanawa Bldg.	6,667,200	0.6%		7,140,000
	NBF Akasaka Sanno Square	6,250,000	0.6%		6,250,000
	NBF Shibakouen Daimon Street Bldg.	6,100,000	0.6%		4,280,000
	NBF Kandasudacho Bldg.	5,960,000	0.5%		7,550,000
	Sumitomo Densetsu Bldg.	5,365,000	0.5%		5,740,000
	NBF Higashi-Ginza Square	5,200,000	0.5%		7,120,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.5%		5,850,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		5,660,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%		5,300,000
	NBF Ikebukuro Tower	4,695,000	0.4%		5,390,000
	NBF Ikebukuro City Bldg.	4,428,000	0.4%		5,060,000
Ryukakusan Bldg.	4,050,000	0.4%	4,450,000		
Jingumae M-SQUARE	3,700,000	0.3%	3,750,000		
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.8%	9.1%	9,970,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.3%		21,800,000
	Yokohama ST Bldg.	13,529,300	1.2%		14,800,000
	Parale Mitsui Bldg.	3,800,000	0.3%		3,750,000
	Tsukuba Mitsui Bldg.	8,875,500	0.8%		7,450,000
	NBF Utsunomiya Bldg.	2,435,000	0.2%		2,050,000
	S-ino Omiya North Wing	16,816,345	1.5%		19,300,000
	NBF Urawa Bldg.	2,000,000	0.2%		2,060,000
	NBF Shin-Urayasu Tower	15,700,000	1.4%		9,980,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,280,000
Other Cities	Sapporo L-Plaza	4,404,405	0.4%	11.7%	6,920,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,330,000
	NBF Unix Bldg.	4,028,900	0.4%		3,390,000
	NBF Niigata Telecom Bldg.	3,957,500	0.4%		2,970,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.3%		16,000,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.7%		7,050,000
	Aqua Dojima NBF Tower	17,810,000	1.6%		17,100,000
	Nakanoshima Central Tower	14,900,000	1.3%		16,400,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.3%		12,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	1.2%		12,900,000
	Sun Mullion NBF Tower	10,500,000	1.0%		6,950,000
	Aqua Dojima East	1,914,000	0.2%		1,440,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.3%		2,390,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,310,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.3%		3,630,000
	Hakata Gion M-SQUARE	8,000,000	0.7%		9,000,000
NBF Kumamoto Bldg.	4,500,000	0.4%	3,910,000		
		1,103,996,486	100%	100%	1,142,999,100

(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. The acquisition price for the property to be acquired in 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 such 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, 2015.

(Note 3) The date of valuation for the "value (real estate appraisal value)" is June 30, 2016.

(Note 4) The date of valuation for the "value (real estate appraisal value)" is March 1, 2016.

(Note 5) The date of valuation for the "value (real estate appraisal value)" is February 1, 2016.

(Note 6) Expected to be acquired on August 31, 2016. The date of valuation for the "value (real estate appraisal value)" is July 1, 2016.