

February 15, 2022

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:

Yukio Handa, General Manager

(TEL. +81-3-3516-3370)

**NIPPON BUILDING FUND INC.
ANNOUNCES 41st PERIOD (SECOND-HALF 2021) RESULTS**

**1. Financial Results for the Fiscal Period Ended December 31, 2021
(from July 1, 2021 to December 31, 2021)**

(Values are rounded down to the nearest million yen)

(1) Operating Results

(Percentages indicate a rate of increase/decrease from the previous period)

| Period ended | Operating revenues | | Operating income | | Ordinary income | | Net income | |
|-------------------|--------------------|------|------------------|------|-----------------|------|-----------------|------|
| | Yen in millions | % | Yen in millions | % | Yen in millions | % | Yen in millions | % |
| December 31, 2021 | 50,334 | 8.9 | 23,004 | 1.0 | 21,728 | 1.4 | 21,727 | 1.4 |
| June 30, 2021 | 46,213 | 10.7 | 22,778 | 21.7 | 21,428 | 24.0 | 21,427 | 24.0 |

| Period ended | Net income per unit | Return on unitholders' equity | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|-------------------|---------------------|-------------------------------|--|--|
| | yen | % | % | % |
| December 31, 2021 | 13,148 | 3.2 | 1.7 | 43.2 |
| June 30, 2021 | 12,966 | 3.2 | 1.7 | 46.4 |

(Note) Net income per unit = Net income ÷ Weighted average number of units issued and outstanding during the period.

(2) Distributions

| Period ended | Distribution per unit (excluding distributions in excess of earnings) Yen | Total amount of distributions (excluding distributions in excess of earnings) Yen in millions | Distributions in excess of earnings per unit Yen | Total of distributions in excess of earnings Yen in millions | Payout ratio % | Ratio of distributions to net assets % |
|-------------------|---|---|---|---|-------------------|---|
| December 31, 2021 | 11,848 | 19,578 | - | - | 90.1 | 2.9 |
| June 30, 2021 | 11,684 | 19,307 | - | - | 90.1 | 2.9 |

(Note 1) The payout ratio is rounded down to the first decimal place.

(Note 2) Distribution per unit for the fiscal period ended June 30, 2021, is calculated by dividing the amount (¥19,307 million), which is arrived at by deducting provision of reserve for advanced depreciation (¥2,119 million) from retained earnings (¥21,427 million), by the total number of investment units issued and outstanding. The difference between distribution per unit and net income per unit is due to this calculation.

(Note 3) Distribution per unit for the fiscal period ended December 31, 2021, is calculated by dividing the amount (¥19,578 million) arrived at by deducting provision of reserve for advanced depreciation (¥4,170 million) from the sum of retained earnings (¥21,727 million) and reversal of reserve for advanced depreciation (¥2,021 million) by the total number of investment units issued and outstanding. The difference between distribution per unit and net income per unit is due to this calculation.

(3) Financial Position

| Period ended | Total assets Yen in millions | Net assets Yen in millions | Ratio of unitholders' equity to total assets % | Net assets per unit Yen |
|-------------------|---------------------------------|-------------------------------|---|----------------------------|
| December 31, 2021 | 1,306,855 | 672,290 | 51.4 | 406,832 |
| June 30, 2021 | 1,305,388 | 669,870 | 51.3 | 405,368 |

(4) Cash Flow

| Period ended | Cash flow from operating activities Yen in millions | Cash flow from investing activities Yen in millions | Cash flow from financing activities Yen in millions | Cash and cash equivalents at the end of period Yen in millions |
|-------------------|--|--|--|---|
| December 31, 2021 | 87,756 | (86,541) | (19,308) | 25,981 |
| June 30, 2021 | 63,700 | (226,152) | 72,795 | 44,075 |

2. Forecasts for the 42nd Fiscal Period (from January 1, 2022 to June 30, 2022) and the 43rd Fiscal Period (from July 1, 2022 to December 31, 2022)

(Percentages indicates rate of increase/decrease from the previous period)

| Period ending | Operating revenues | | Operating income | | Ordinary income | | Net income | | Distributions per unit (excluding distribution in excess of earnings) Yen | Distributions in excess of earnings Yen |
|-------------------|--------------------|-------|------------------|--------|-----------------|--------|-----------------|--------|--|--|
| | Yen in millions | % | Yen in millions | % | Yen in millions | % | Yen in millions | % | | |
| June 30, 2022 | 52,022 | 3.4 | 25,988 | 13.0 | 24,543 | 13.0 | 24,543 | 13.0 | 13,000 | 0 |
| December 31, 2022 | 47,309 | (9.1) | 22,021 | (15.3) | 20,662 | (15.8) | 20,662 | (15.8) | 11,500 | 0 |

(Reference) Expected net income per unit (expected net income ÷ expected weighted average number of units issued and outstanding during the period)

- The 42nd Fiscal Period (from January 1, 2022 to June 30, 2022): ¥14,470
- The 43rd Fiscal Period (from July 1, 2022 to December 31, 2022): ¥12,147

(Note1) Expected distribution per unit for the fiscal period ending June 30, 2022, is arrived at by subtracting provision of reserve for advanced depreciation (¥2,429 million) from expected net income and then dividing it by the total number of investment units issued and outstanding.

(Note2) Expected distribution per unit for the fiscal period ending December 31, 2022, is arrived at by subtracting ¥1,100 million (the difference between reversal of reserve for advanced depreciation [¥265 million] and provision of reserve for advanced depreciation [¥1,365 million]) from expected net income and then dividing it by the total number of investment units issued and outstanding.

3. Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
- (ii) Changes in accounting policies due to reasons other than (i) above : None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

(2) Number of Investment Units Issued and Outstanding

(i) Number of investment units issued and outstanding at the end of the fiscal period including treasury units:

| | |
|-------------------------|-----------------|
| As of December 31, 2021 | 1,652,500 units |
| As of June 30, 2021 | 1,652,500 units |

(ii) Number of treasury units at end of period:

| | |
|-------------------------|------|
| As of December 31, 2021 | None |
| As of June 30, 2021 | None |

* This financial report has not undergone any audit performed by a certified public accountant or auditing firm.

* Special Consideration

The forward-looking statements concerning performance results in these materials are based on information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ substantially due to various factors. Furthermore, these forecasts are not intended to guarantee the amount of cash distribution.

NBF Portfolio Profile:

As of December 31, 2021, NBF owned or had beneficiary interests in 73 office properties acquired for a total of ¥1.3822 trillion and containing approximately 1,197,970 rentable square meters of office space. As of December 31, 2021, NBF leased office space to 1,567 tenants (after taking sub leases into account) engaged in a variety of businesses, compared with 1,606 tenants at the close of the preceding fiscal period. The occupancy rate as of the end of the period was 96.4% (after taking sub leases into account), compared with 97.2% at the close of the preceding fiscal period.

Performance Results:

NBF has conducted asset management in accordance with its basic policy of “aim to achieve steady growth of assets under management and secure stable profits on a mid- to long-term basis.”

During the fiscal period under review, while it was difficult to acquire prime properties, we acquired IIDABASHI GRAND BLOOM (real property, acquisition price: ¥77.6 billion) in September 2021, and additionally acquired 15% co-ownership interest of Yokohama ST Bldg. which we already own (trust beneficiary interest, acquisition price: ¥3.22 billion) in November 2021. Further, we reviewed our portfolio by disposing NBF Ochanomizu Bldg. (trust beneficiary interest, disposition price: ¥16.1 billion) in August 2021, Nakanosakaue Sunbright Twin (trust beneficiary interest, disposition price: ¥40 billion), and NBF Unix Bldg. (trust beneficiary interest, disposition price: ¥4.9 billion) in September 2021 to press ahead with a review its portfolio.

NBF also concluded a sale and purchase agreement regarding the disposition of Sun Mullion NBF Tower (trust beneficiary interest, disposition price: ¥14.4 billion) in August 2021, and the disposition was completed in January 2022.

With respect to the existing portfolio, NBF understands the market trends accurately, carries out appropriate and flexible leasing activities, maintains favorable relationships with tenants, and continuously works on rent increase upon renewal of contracts with an aim to recover the level of occupancy rates, which have entered a correction phase, with revenues from the rental business remaining stable. In addition, NBF has also put forth efforts to reduce costs by properly allocating the timing and cost of renovation/construction while striving to enhance competitiveness of properties by carrying out strategic and rightly focused additional investment.

NBF promotes ESG initiatives. During the fiscal period under review, NBF received a “Green Star”, the highest rating in real estate evaluation of the Global Real Estate Sustainability Benchmark (GRESB) (for the seventh consecutive year), the highest 5-star accreditation in GRESB rating, and the highest A rating in GRESB disclosure evaluation.

Financing:

NBF has conducted its financial management in a conservative manner with the targeted interest-bearing debt to value ratio (ratio of interest-bearing debt to total value, hereinafter the LTV) being between 36% and 46%, with 56% at the maximum.

As of the end of the period under review, NBF's LTV was 42.1% and its long-term fixed interest-bearing debt ratio (ratio of "long-term fixed interest-bearing debt" procured at fixed rates with repayment/redemption periods of over one year as of the time of loan agreement/issuance of bonds each such time representing the actual procurement of funds to "total interest-bearing debt"; hereinafter the same) was 95.1%.

The status of interest-bearing debt as of the end of the previous period and period under review is as follows.

(Values are million yen)

| | Balance as of the end of the previous period | Balance as of the end of the period under review | Increase/decrease |
|---|--|--|-------------------|
| Short-term borrowings | - | - | - |
| Long-term borrowings (Floating interest rate) | 27,000 | 27,000 | - |
| Long-term borrowings (Fixed interest rate) | 466,500 | 466,500 | - |
| Investment Corporation Bonds | 57,000 | 57,000 | - |
| Total interest-bearing debt | 550,500 | 550,500 | - |

It has also established long-term commitment lines in order to provide stable sources of funding thereby flexibly procuring necessary funds and reducing risks of refinancing, etc.

Credit Ratings:

NBF was awarded the following issuer credit ratings as a J-REIT (opinions of the respective credit rating agencies on NBF's creditability).

| Credit Rating Agency | Rating Summary |
|----------------------|---|
| JCR | Issuer Rating: AA+, Outlook: stable |
| R&I | Issuer Rating: AA, Outlook: stable |
| Standard & Poor's | Long-term: A+, Short-term: A-1, Outlook: stable |

Overview of Performance and Distribution:

As the result of above explained operations, NBF's performance results during the period under review consisted of operating revenues of ¥50,334 million (an increase of ¥4,121 million, or 8.9%, compared with the previous period), operating income from leasing activities of ¥22,437 million (an decrease of ¥1,035 million, or 4.4%, compared with the previous period), operating income after asset management, custody and agent fees, etc. of ¥23,004 million (an increase of ¥225 million, or 1.0% compared with the previous period), ordinary income of ¥21,728 million (an increase of ¥300 million, or 1.4%, compared with the previous period), and net income of ¥21,727 million (an increase of ¥300 million, or 1.4%, compared with the previous period).

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF decided to distribute ¥19,578 million, the entire amount arrived at by deducting provision of reserve for advanced depreciation (¥4,170 million) from the sum of retained earnings (¥21,727 million) and reversal of reserve for advanced depreciation (¥2,021 million), so that it will be able to deduct the maximum amount of cash distribution of profit from its taxable income through the application of preferential tax measures to investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation).

As a result, the distribution per unit was ¥11,848 (an increase of ¥164, or 1.4% compared with the previous period).

NBF's Management Policy and Issues to Be Dealt With for the Future:

As for the Japanese economy going forward, while economic activities are expected to continue to normalize thanks to the third dose of COVID-19 vaccines, the enhanced healthcare system, and continued infection prevention, attention must be paid to the impacts of the COVID-19 pandemic on markets in Japan and abroad as a sense of caution against COVID-19 continues with the spread of new variants and such. Furthermore, due to the impact of the COVID-19 pandemic, the global supply chain has been disrupted to cause parts shortages, including for semiconductor chips, and rising prices due to higher raw material prices, which in part hampers economic recovery. With no clues to solve the U.S.-China trade friction in sight, the international situation is likely to remain unpredictable.

In the office building rental market, while currently, new supply in central Tokyo has decreased, the leasing trend of newly supplied properties until 2023 are worthy of note. Until a strong recovery trend in demand, which has remained stagnant due to the COVID-19 pandemic, can be anticipated, NBF is required to conduct asset management while continuing to pay close attention to the trend of vacancy rates.

In the office building trading market, severe competition for acquisition of properties is expected to continue as the appetite for property acquisition of domestic and international investors remains high and information on sales of prime properties is limited.

Under such environment, NBF conducts asset management with the aim of achieving sustainable growth in portfolio value and stable profits from a medium- to long-term point of view in accordance with the management policies below.

Concerning ESG, NBF, in recognition of the importance of ESG for carrying out real estate investment and management activities, strives to achieve asset management activities giving consideration to reduction of environmental load, improving security, safety and comfort and diversified collaboration and cooperation with various stakeholders, in line with "The Group Environmental Policy" and "Policy for Social Contribution Initiatives" established by the Mitsui Fudosan Group.

(a) Investment Policies for Acquisition

NBF will strive to acquire properties that contribute to the entire portfolio in the medium to long term and aim to further enhance its portfolio based on the favorable condition of the financing environment in the financial market amid the continuous severe environment for property acquisition. NBF will also make prudent investment decisions, taking into full consideration the status of its financial management as well as keeping an eye on changes in economic circumstances and trends in the real estate markets, in addition to the impact of the COVID-19 pandemic on the financial market.

In addition, NBF will implement asset replacement as needed by taking into consideration growth potential, stability, scale, location and environmental performance of each property, composition of the entire portfolio, etc. based on the market environment while also reviewing the progress of acquisition of new properties and impact on gain and loss of its entire portfolio.

(b) Management Policies for Existing Properties

NBF intends to continuously increase rental revenues by keeping an eye on trends in the office building rental market and responding flexibly to the market environment. For existing tenants, it continues to maintain good relations and improve the level of tenant satisfaction as a basic policy, whereby it intends to maintain and improve the level of current rents, as well as avoid contract cancellations. As for capital investments in existing buildings, NBF will undertake appropriate and effective engineering work, upgrading and new construction of equipment that contributes to the maintenance and enhancement of building competitiveness as rental buildings, such as renovation of facilities and improvement of environmental compatibility.

(c) Financial Strategies, Etc.

With respect to fund procurement through debt financing, NBF will continue to focus on traditional, long-term, fixed-interest financing with a view toward long-term asset management and the stability of fund procurement. At the same time, it plans to continue to issue NBF bonds from the viewpoint of maintaining diverse channels for fund procurement while keeping an eye on the market environment.

The targeted LTV, being between 36% and 46%, will be maintained for the time being, with 56% at the maximum. NBF will continue to conduct its financial management with the targeted long-term interest-bearing debt ratio for the time being of over 90%.

In addition, NBF will conduct IR activities for domestic and international investors based on its policy to proactively conduct accurate, fair and timely disclosure from the viewpoint of appropriately disclosing information and securing transparency.

Significant Subsequent Events:

- (a) NBF resolved at its board of directors' meetings held on January 6, 2022, and January 13, 2022, the following issuance of new investment units and completed payment on January 19, 2022, and January 28, 2022, respectively. As a result, unitholders' capital is 673,047,099,350 yen and the number of investment units issued and outstanding is 1,700,991 units as of the date of this document.

Issuance of new investment units through public offering (primary offering)

| | |
|---------------------------------------|--|
| Number of new investment units issued | 47,500 units |
| | Of the above, 14,400 units were sold to foreign investors in the overseas markets centered on Europe and Asia (excluding the U.S. and Canada). |
| Issue price (offering price) | ¥659,540 |
| Total issue price (offering price) | ¥31,328,150,000 |
| Issue amount (paid-in amount) | ¥639,350 |
| Total issue amount (paid-in amount) | ¥30,369,125,000 |
| Payment date | January 19, 2022 |

Issuance of new investment units through third-party allocation

| | |
|---------------------------------------|-----------------------------|
| Number of new investment units issued | 991 units |
| Issue amount (paid-in amount) | ¥639,350 |
| Total issue amount (paid-in amount) | ¥633,595,850 |
| Payment date | January 28, 2022 |
| Allottee | Nomura Securities Co., Ltd. |

- (b) NBF concluded sale and purchase agreements regarding the acquisitions of the following assets as of January 6, 2022, and the acquisitions are scheduled for March 31, 2022. The concerned sale and purchase agreements constitute forward commitments, etc. stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, Etc.” established by the Financial Services Agency. NBF shall pay to the seller a penalty equivalent to 10% of the acquisition price in the event of the termination of the agreement for reasons attributable to NBF, the buyer. An overview of the properties as of the date of the conclusion of the agreements are as follows:

| | | |
|-------------------------------|-------------------------------------|---|
| Name of Property | | IIDABASHI GRAND BLOOM (additional acquisition) |
| Type of Specified Asset | | Real Property |
| Location (Street Address) | | 10-2, Fujimi 2-chome, Chiyoda-ku, Tokyo |
| Land | Area | 11,061.91 m ² (entire site) |
| | Zoning | Commercial district |
| | Type of Ownership | Ownership (site rights ratio: approximately 18.17%) |
| Building | Structure | Steel-framed structure, flat roof, 30 floors above ground and 2 floors below ground |
| | Total Floor Space | 122,280.29 m ² (entire building) |
| | Type of Ownership | Ownership (sectional ownership) |
| | Completion of Construction | April 23, 2014 |
| | Owned Floors, Floor Area, Use, Etc. | Owned floors: 23rd to 27th floors Offices 13,228.80 m ² Ownership ratio: (proportion of the total exclusively owned area) approximately 17.45% (approx. 58.55% with the existing ownership combined) |
| Scheduled Date of Acquisition | | March 31, 2022 |
| Scheduled Acquisition Price | | ¥36,200,000,000 |
| Trustee | | - |
| Building Management Company | | Mitsui Fudosan Co., Ltd. |
| Special Notations | | <p>1) The property has been developed integrally with the adjacent Park Court Chiyoda-fujimi The Tower and the church building. The sites of the property, Park Court Chiyoda-fujimi The Tower, and the church building are certified as one estate under the Building Standards Act as a complex. Certain regulations, including floor area ratio and building coverage, will be applied by regarding the complex as the site of this property under the said act.</p> <p>2) Mitsui Fudosan Co., Ltd. will be the sole lessee as NBF is scheduled to lease the entire section to be acquired to Mitsui Fudosan. Mitsui Fudosan is scheduled to sublease it to sublessees. Part of the 1st through the 6th floors, the 7th through the 10th floors, and the 13th through the 30th floors of the property, including the section to be acquired (the 23rd through the 27th floors), are the “Unitary Management Portion” subject to a “Memorandum for Unitary Management” concluded between each of the owners of sectional ownership and Mitsui Fudosan, and rental revenues from and rental costs for the Unitary Management Portion are received and borne by the owners of sectional ownership according to the ratio of rights in such unitary management, which stands at approximately 20.68% (approximately 65.21% with the existing ownership interest of the property (approx. 44.54%) combined).</p> <p>3) The property is a building under sectional ownership and is subject to regulations regarding the concerned sectional ownership. Furthermore, the regulations stipulate prohibition of separate disposition of preferential negotiation rights to be granted to other owners of sectional ownership when sectional ownership is to be transferred and of co-ownership interests of exclusive area, site area and common-use areas, etc., among other items.</p> |

| | | |
|-------------------------------|----------------------------|---|
| Name of Property | | Nakanoshima Mitsui Building |
| Type of Specified Asset | | Real Property |
| Location (Street Address) | | 3-3, Nakanoshima 3-chome, Kita-ku, Osaka-shi, Osaka |
| Land | Area | 4,793.79 m ² *Of the above, the land of 5-10, Nakanoshima 3-chome, Osaka-shi, Osaka with 353 m ² in area is a public road whose site is privately owned. |
| | Zoning | Commercial district |
| | Type of Ownership | Ownership (100%) |
| Building | Structure | Steel-frame, steel-framed reinforced concrete and reinforced concrete structure, flat roof, 31 floors above ground and 2 floors below ground |
| | Total Floor Space | 67,672.24 m ² |
| | Type of Ownership | Ownership (100%) |
| | Completion of Construction | July 29, 2002 |
| | Use | Office, retail and parking |
| Scheduled Date of Acquisition | | March 31, 2022 |
| Scheduled Acquisition Price | | ¥44,000,000,000 |
| Trustee | | - |
| Building Management Company | | Mitsui Fudosan Co., Ltd. |
| Special Notations | | Mitsui Fudosan Co., Ltd. is the sole lessee as NBF is scheduled to lease the entire property to Mitsui Fudosan. Mitsui Fudosan is scheduled to sublease it to sublessees. |

- (c) NBF concluded sale and purchase agreements regarding the dispositions of the following assets as of January 6, 2022, and the dispositions are scheduled for July 1, 2022. The concerned sale and purchase agreements constitute forward commitments, etc. stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, Etc.” established by the Financial Services Agency. NBF shall pay to the buyer a penalty in the event of the termination of this agreement for reasons attributable to NBF, the seller. The penalty for the termination of the agreements regarding Toyo-cho Center Bldg. shall be 10% of the disposition price, and that for NBF Niigata Telecom Bldg. and NBF Hiroshima Tatemachi Bldg. shall be 20% of the disposition prices, respectively. An overview of the properties as of the date of the conclusion of the agreements are as follows:

| | | |
|-------------------------------|----------------------------|---|
| Name of Property | | Toyo-cho Center Bldg. |
| Type of Specified Asset | | Real Property |
| Location (Street Address) | | 3-2, Toyo 2-chome, Koto-ku, Tokyo |
| Land | Area | 5,700.14 m ² |
| | Zoning | Commercial district, semi-industrial district |
| | Type of Ownership | Ownership 100% |
| Building | Structure | Steel-framed reinforced concrete, steel-framed structure, flat roof, 5 floors above ground and 1 floor below ground |
| | Total Floor Space | 19,033.93 m ² |
| | Type of Ownership | Ownership 100% |
| | Completion of Construction | March 18, 1994 |
| | Use | Office |
| Scheduled date of disposition | | July 1, 2022 |
| Scheduled disposition price | | ¥9,600,000,000 |
| Trustee | | - |
| Building Management Company | | Mitsui Fudosan Facilities Co., Ltd. |
| Special Notations | | In disposing the asset, a trust will be set up as of the date of delivery, thereby disposing the concerned beneficiary interest in the trust. |

| | | |
|-------------------------------|----------------------------|---|
| Name of Property | | NBF Niigata Telecom Bldg. |
| Type of Specified Asset | | Trust beneficiary interest |
| Location (Street Address) | | 4-27, Bandai 4-chome, Chuo-ku, Niigata-shi, Niigata |
| Land | Area | 2,385.83 m ² |
| | Zoning | Commercial district |
| | Type of Ownership | Ownership 100% |
| Building | Structure | Steel-framed reinforced concrete structure, flat roof, 10 floors |
| | Total Floor Space | 14,146.71 m ² |
| | Type of Ownership | Ownership 100% |
| | Completion of Construction | May 11, 1989 |
| | Use | Retail, office |
| Scheduled date of disposition | | July 1, 2022 |
| Scheduled disposition price | | ¥3,900,000,000 |
| Trustee | | Sumitomo Mitsui Trust Bank, Ltd. |
| Building Management Company | | BSN Wave Co., Ltd. |
| Special Notations | | Surface rights are established (registered) for part of the site (lot number: 2449-6) for the pedestrian bridge staircase facilities. |

| | | |
|-------------------------------|----------------------------|---|
| Name of Property | | NBF Hiroshima Tatemachi Bldg. |
| Type of Specified Asset | | Real Property |
| Location (Street Address) | | 2-27, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima |
| Land | Area | 1,013.35 m ² |
| | Zoning | Commercial district |
| | Type of Ownership | Ownership 100% |
| Building | Structure | Steel-frame, steel-framed reinforced concrete structure, flat roof, 12 floors above ground and 1 floor below ground |
| | Total Floor Space | 8,656.97 m ² |
| | Type of Ownership | Ownership 100% |
| | Completion of Construction | November 12, 1991 |
| | Use | Office, retail, parking |
| Scheduled date of disposition | | July 1, 2022 |
| Scheduled disposition price | | ¥3,520,000,000 |
| Trustee | | - |
| Building Management Company | | Asahi Facilities Inc. |
| Special Notations | | In disposing the asset, a trust will be set up as of the date of delivery, thereby disposing the concerned beneficiary interest in the trust. |

- (d) NBF concluded a sale and purchase agreement regarding the disposition of the following asset as of August 16, 2021, and the disposition was completed as of January 31, 2022. An overview of the property as of the date of disposition is as follows:

| | | |
|-----------------------------|-------------------------------------|--|
| Name of Property | | Sun Mullion NBF Tower |
| Type of Specified Asset | | Trust beneficiary interest |
| Location (Street Address) | | 6-12, Minami-Honmachi 2-chome, Chuo-ku, Osaka-shi, Osaka |
| Land | Area | 2,150.36 m ² |
| | Zoning | Commercial district |
| | Type of Ownership | Ownership 100% |
| Building | Structure | Steel-frame, steel-framed reinforced concrete structure, flat roof, 22 floors above ground and 2 floors below ground |
| | Total Floor Space | 23,755.80 m ² |
| | Type of Ownership | Ownership 100% |
| | Completion of Construction | January 30, 1996 |
| | Owned Floors, Floor Area, Use, Etc. | Office, garage |
| Date of transfer | | January 31, 2022 |
| Transfer price | | ¥ 14,400,000,000 |
| Trustee | | Mitsubishi UFJ Trust Banking Corporation |
| Building Management Company | | Mitsui Fudosan Facilities West Co., Ltd. |

Outline of Forecasts for the 42nd and the 43rd Periods

In view of rent trends of the office building rental market, NBF announced its forecasts for the 42nd fiscal period commencing January 1, 2022, and ending June 30, 2022, and for the 43rd fiscal period commencing July 1, 2022, and ending December 31, 2022, as part of “Kessan-Tanshin”. With regard to the conditions of the forecasts, please refer to the original “Kessan-Tanshin” released on February 15, 2022. An outline of the forecasts for the 42nd and the 43rd fiscal periods is as follows:

Performance Forecasts:

The forecast for the 42nd fiscal period is as follows:

| | |
|-----------------------------|-----------------|
| Operating revenues: | ¥52,022 million |
| Net income: | ¥24,543 million |
| Cash distribution per unit: | ¥13,000 |

The forecast for the 43rd fiscal period is as follows:

| | |
|-----------------------------|-----------------|
| Operating revenues: | ¥47,309 million |
| Net income: | ¥20,662 million |
| Cash distribution per unit: | ¥11,500 |

(Note) The above-forecasted figures are calculated based on certain conditions as of the date of such calculation, and the actual amount of net income or cash distribution may change subject to changes of circumstances. Furthermore, these forecasts are not intended to guarantee the amount of cash distribution.

NIPPON BUILDING FUND INC.

Balance Sheets

As of December 31, 2021 and June 30, 2021

| | As of December 31, 2021 | As of June 30, 2021 |
|--|----------------------------|------------------------|
| | (Yen in millions) | |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | ¥25,981 | ¥44,075 |
| Tenant receivables | 309 | 345 |
| Prepaid expenses | 549 | 805 |
| Other current assets | 131 | 97 |
| Total current assets | 26,972 | 45,324 |
| Investment Properties: | | |
| Land including trust accounts | 950,063 | 930,168 |
| Buildings and improvements including trust accounts | 460,780 | 463,833 |
| Other tangible assets | 15,850 | 16,187 |
| Less: accumulated depreciation | (188,383) | (194,275) |
| Leasehold rights in trust accounts and other intangible assets | 35,767 | 35,786 |
| Total investment properties, net | 1,274,078 | 1,251,700 |
| Long-term Prepaid Expenses | 6 | 6 |
| Other Assets | 5,797 | 8,357 |
| Total Assets | ¥1,306,855 | ¥1,305,388 |
| Liabilities | | |
| Current Liabilities: | | |
| Long-term debt due within one year | ¥41,000 | ¥25,000 |
| Accounts payable | 8,483 | 8,951 |
| Rents received in advance | 4,561 | 4,907 |
| Accrued expenses and other liabilities | 1,700 | 1,717 |
| Total current liabilities | 55,745 | 40,577 |
| Long-term Debt | 509,500 | 525,500 |
| Tenant Security Deposits Including Trust Accounts | 69,150 | 69,283 |
| Other Liabilities | 167 | 156 |
| Total Liabilities | 634,564 | 635,517 |
| Net Assets | | |
| Unitholders' Equity | | |
| Unitholders' capital | 642,044 | 642,044 |
| Units authorized: 4,000,000 units | | |
| Units issued and outstanding: 1,652,500 units | | |
| Retained earnings | 30,246 | 27,826 |
| Total Net Assets | 672,290 | 669,870 |
| Total Liabilities and Net Assets | ¥1,306,855 | ¥1,305,388 |

NIPPON BUILDING FUND INC.
Statements of Income

For the six months ended December 31, 2021 and June 30, 2021

For the six months ended For the six months ended
December 31, 2021 June 30, 2021

(Yen in millions)

| | For the six months ended December 31, 2021 | For the six months ended June 30, 2021 |
|--|---|---|
| Operating Revenues and Expenses | | |
| Operating Revenues: | | |
| Rental | ¥40,880 | ¥41,571 |
| Other revenues related to property leasing | 3,453 | 3,117 |
| Gains on sales of investment properties | 6,000 | 1,524 |
| Total Operating Revenues | 50,334 | 46,213 |
| Operating Expenses: | | |
| Property management fees | 6,385 | 6,031 |
| Real estate taxes | 3,443 | 3,615 |
| Repairs and maintenance | 1,184 | 1,364 |
| Insurance | 39 | 38 |
| Other rental expenses | 3,418 | 2,766 |
| Depreciation and amortization | 7,424 | 7,399 |
| Loss on sale of investment property | 3,273 | 38 |
| Asset management fees | 1,780 | 1,779 |
| Other operating expenses | 381 | 401 |
| Total Operating Expenses | 27,330 | 23,435 |
| Operating Income | 23,004 | 22,778 |
| Non-Operating Revenues and Expenses | | |
| Non-Operating Revenues: | | |
| Interest income | 0 | 0 |
| Property tax refund and interest on tax refund | 0 | 0 |
| Other non-operating revenues | 63 | 6 |
| Non-Operating Expenses: | | |
| Interest expense | (1,294) | (1,306) |
| Amortization of bond issuance costs | (20) | (19) |
| Other non-operating expenses | (25) | (32) |
| Ordinary Income | 21,728 | 21,428 |
| Income before Income Taxes | 21,728 | 21,428 |
| Current and deferred income taxes | 0 | 0 |
| Net Income | ¥ 21,727 | ¥ 21,427 |

NIPPON BUILDING FUND INC.
Distribution for the Period Under Review

| | For the six months ended December 31, 2021 | For the six months ended June 30, 2021 |
|---|---|---|
| | (Yen) | |
| Retained earnings | ¥21,727,769,685 | ¥21,427,535,281 |
| Undistributed earnings | — | — |
| Reserve for advanced depreciation | 4,170,541,688 | 2,119,725,281 |
| Reversal of reserve for advanced depreciation | 2,021,592,003 | — |
| Total cash distribution | 19,578,820,000 | 19,307,810,000 |
| (Cash distribution per unit) | 11,848 | 11,684 |
| Distribution of accumulated earnings | 19,578,820,000 | 19,307,810,000 |
| (Distribution of accumulated earnings per unit) | 11,848 | 11,684 |
| Cash distribution in excess of accumulated earnings | — | — |
| (Per unit) | — | — |

Disclaimer

This news release contains translations of selected information described in the Japanese original document (“Kessan-Tanshin”). “Kessan-Tanshin” has been prepared in accordance with Japanese accounting standards and Japanese laws.

Figures have been rounded down to eliminate amounts of less than one million yen.

Please note that this English translation of the Japanese original document is provided solely for informational purposes. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.