

August 16, 2021

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 40th PERIOD (FIRST-HALF 2021) RESULTS**

**1. Financial Results for the Fiscal Period Ended June 30, 2021
(from January 1, 2021 to June 30, 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	%
June 30, 2021	46,213	10.7	22,778	21.7	21,428	24.0	21,427	24.0
December 31, 2020	41,747	8.2	18,712	11.6	17,274	11.3	17,273	11.4

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	%	%	%
June 30, 2021	12,966	3.2	1.7	46.4
December 31, 2020	11,524	2.9	1.5	41.4

(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 %
June 30, 2021	11,684	19,307	-	-	90.1	2.9
December 31, 2020	11,000	18,177	-	-	105.2	3.0

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

(Note 2) The payout ratio for the fiscal period ended December 31, 2020 is calculated by using the following formula due to the issuance of new units during the period.

$$\text{Payout ratio} = \text{Total amount of distributions} \div \text{Net income} \times 100$$

(Note 3) Distribution per unit for the fiscal period ended December 31, 2020, is arrived at by dividing the sum (¥18,177 million) of retained earnings (¥17,274 million) and reversal of reserve for advanced depreciation (¥903 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 4) 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.

(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
June 30, 2021	1,305,388	669,870	51.3	405,368
December 31, 2020	1,197,435	666,620	55.7	403,401

(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
June 30, 2021	63,700	(226,152)	72,795	44,075
December 31, 2020	30,549	(45,400)	131,100	133,731

2. Forecasts for the 41st Fiscal Period (from July 1, 2021 to December 31, 2021) and the 42nd Fiscal Period (from January 1, 2022 to June 30, 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	%		
December 31, 2021	50,396	9.1	22,375	(1.8)	21,003	(2.0)	21,003	(2.0)	11,500	0
June 30, 2022	50,777	0.8	24,277	8.5	22,926	9.2	22,926	9.2	12,500	0

(Reference) Expected net income per unit (expected net income ÷ expected number of units at the end of the period)

- The 41st Fiscal Period (from July 1, 2021 to December 31, 2021): ¥12,710
- The 42nd Fiscal Period (from January 1, 2022 to June 30, 2022): ¥13,873

(Note1) Expected distribution per unit for the fiscal period ending December 31, 2021, is arrived at by subtracting ¥2,000 million (the difference between reversal of reserve for advanced depreciation [¥2,021 million] and provision of reserve for advanced depreciation [¥4,021 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 June 30, 2022, is arrived at by subtracting provision of reserve for advanced depreciation (¥2,269 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 : None
- (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 June 30, 2021	1,652,500 units
As of December 31, 2020	1,652,500 units

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

As of June 30, 2021	None
As of December 31, 2020	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 June 30, 2021, NBF owned or had beneficiary interests in 75 office properties acquired for a total of ¥1.3675 trillion and containing approximately 1,216,543 rentable square meters of office space. As of June 30, 2021, NBF leased office space to 1,606 tenants (after taking sub leases into account) engaged in a variety of businesses, compared with 1,551 tenants at the close of the preceding fiscal period. The occupancy rate as of the end of the period was 97.2% (after taking sub leases into account), compared with 97.7% 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, NBF acquired “Shinjuku Mitsui Bldg.” (real property, acquisition price: ¥170 billion) and “GranTokyo South Tower” (real property, acquisition price: ¥47 billion) in January 2021, and additionally acquired 40% co-ownership of “Ueno East Tower” (real property, acquisition price: ¥13.4 billion), a property it already owns, in March 2021 by utilizing its sponsor pipeline under an environment in which acquisition of prime properties is difficult. In addition, it disposed “NBF Minami-Aoyama Bldg.” (real property, disposition price: ¥31.6 billion) and 50% co-ownership of NBF Shinkawa Bldg. (East Building and Maison New River) (real property, disposition price: ¥5.95 billion) in March 2021 to press ahead with a review its portfolio.

With respect to the existing portfolio, although the level of occupancy rates has entered a correction phase, revenues from the rental business have remained stable as a result of accurate understanding of market trends, appropriate and flexible leasing activities, maintenance of favorable relationships with tenants and measures for continuous rent increase upon renewal of contracts. 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 also promotes ESG initiatives. During the fiscal period under review, NBF announced support for Task Force on Climate-related Financial Disclosures (TCFD) and newly set a reduction target for CO₂ emissions (intensity).

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.

During the fiscal period under review, total long-term borrowings of ¥27.0 billion became due for repayment, and NBF newly procured ¥123.0 billion through long-term borrowings. Furthermore, NBF procured ¥5.0 billion through the issuance of No.20 Unsecured Investment Corporation Bonds (green bonds).

As the result of these activities, as of the end of the period under review, NBF's LTV was 42.2% 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	10,000	-	(10,000)
Long-term borrowings (Floating interest rate)	28,000	27,000	(1,000)
Long-term borrowings (Fixed interest rate)	369,500	466,500	97,000
Investment Corporation Bonds	52,000	57,000	5,000
Total interest-bearing debt	459,500	550,500	91,000

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 ¥46,213 million (an increase of ¥4,465 million, or 10.7%, compared with the previous period), operating income from leasing activities of ¥23,473 million (an increase of ¥4,335 million, or 22.7%, compared with the previous period), operating income after asset management, custody and agent fees, etc. of ¥22,778 million (an increase of ¥4,066 million, or 21.7% compared with the previous period), ordinary income of ¥21,428 million (an increase of ¥4,154 million, or 24.0%, compared with the previous period), and net income of ¥21,427 million (an increase of ¥4,154 million, or 24.0%, compared with the previous period).

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF decided to distribute ¥19,307 million, the entire amount arrived at by deducting provision of reserve for advanced depreciation (¥2,119 million) from retained earnings (¥21,427 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 ¥11,684 (an increase of ¥684, or 6.2% compared with the previous period).

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

Although the Japanese economy can expect economic recovery due to the progress of COVID-19 vaccination, improvement in overseas economies, etc., 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. The international situation is likely to remain unpredictable due to the ongoing U.S.-China trade conflict under the U.S. administration and such, in addition to the delay in vaccination rollout in emerging nations being a concerning factor for global economic recovery.

In the office building rental market, while new supply has decreased because of new properties in central Tokyo being mostly completed in 2020 and conclusion of contracts for relocation for floor expansion, etc. is expected, cancellations in line with the prevalence of telework and consolidation of offices due to deterioration of corporate performance and such are expected on the other hand. As such, 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 and location 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 based on its policy to proactively and globally conduct accurate, fair and timely disclosure from the viewpoint of appropriately disclosing information and securing transparency.

Significant Subsequent Events:

- (a) NBF concluded a sale and purchase agreement regarding acquisition of the following asset on August 16, 2021, and the acquisition is scheduled for September 30, 2021. The concerned sale and purchase agreement constitutes 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 property as of the date of the conclusion of the agreement is as follows.

Name of Property		IIDABASHI GRAND BLOOM
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 39.54%)
Building	Structure	Steel-frame 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 (compartmentalized ownership)
	Completion of Construction	April 23, 2014
	Owned Floors, Floor Area, Use, Etc.	Owned floors: part of 1st to 3rd floors, store 4,070.86 m ² (100% ownership) / part of 6th floor, 9th and 10th floors, and 15th to 22nd floors, office 27,079.40 m ² (100% ownership) Ownership ratio: (the proportion of the total exclusively owned area) approximately 41.10%)
Scheduled Date of Acquisition		September 30, 2021
Scheduled Acquisition Price		¥77,600,000,000
Trustee		-
Building Management Company		Mitsui Fudosan Co., Ltd.
Special Notations		<p>(i) 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 Building Standards Act as a complex. Certain regulations will be applied by regarding the complex as the site of this property (e.g., floor area ratio and building coverage) under Building Standards Act.</p> <p>(ii) NBF is scheduled to lease the property to Mitsui Fudosan Co., Ltd. and Mitsui Fudosan Co., Ltd. is scheduled to sublease it to sublessees. In addition, part of the 1st through the 6th floors, the 7th through the 10th floors, and the 13th through the 30th floors of the property are the "Unitary Management Portion" subject to a "Memorandum for Unitary Management" concluded between each of the owners of sectional ownership and Mitsui Fudosan Co., Ltd., 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.</p> <p>(iii) The property is a building under sectional ownership, and is subject to regulations regarding the concerned sectional ownership. Furthermore, the regulations stipulate preferential negotiation rights to be granted to other owners of sectional ownership when sectional ownership is to be transferred, and prohibition of separate disposition of exclusive area and site area and of co-ownership interests of common-use areas, etc., among other items.</p>

(b) NBF concluded a sale and purchase agreement regarding disposition of the following asset on August 16, 2021, and completed the disposition on the same day. An overview of the property as of the date of the conclusion of the agreement is as follows.

Name of Property		NBF Ochanomizu Bldg.
Type of Specified Asset		Real Property
Location (Lot Number)		3-11, 31, 32, 34, 35 and 36, Kandasurugadai 2-chome, Chiyoda-ku, Tokyo
Land	Area	1,767.94 m ²
	Zoning	Commercial district
	Type of Ownership	Ownership 100%
Building	Structure	Steel-frame and steel-framed reinforced concrete structure, flat roof, 11 floors above ground and 1 floor below ground
	Total Floor Space	9,258.36 m ²
	Type of Ownership	Ownership 100%
	Completion of Construction	March 26, 2009
	Use	Office
Date of Disposition		August 16, 2021
Disposition Price		¥16,100,000,000
Trustee		-
Building Management Company		Mitsui Fudosan Building Management Co., Ltd.
Special Notations		Sectional surface rights have been established on a portion of the site (street address: 3-31 and 34) for burying the Tokyo Metropolitan water supply facilities underground.
		Upon the disposition, the trust will be established on the same date as the disposition date, and the trust beneficiary right will be disposed.

(c) NBF concluded a sale and purchase agreement regarding disposition of the following asset on August 16, 2021, and the disposition is scheduled for September 30, 2021. The concerned sale and purchase agreement constitutes 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 equivalent to 20% of the acquisition price in the event of the termination of the agreement for reasons attributable to NBF, the seller. However, in the case of application of Article 572 of the Civil Code, if the buyer suffers damage exceeding 20% of the acquisition price when the entirety or part of the trust beneficiary interest or ownership of the property belongs to NBF (seller) or the trustee as of the date of disposition or when security interest has been established for the property as of the date of disposition, NBF (seller) shall provide compensation for said damage to the buyer.

An overview of the property as of the date of the conclusion of the agreements is as follows.

Name of Property		Nakanosakaue Sunbright Twin		
Type of Specified Asset		(1) a, b and d: Trust Beneficiary Interests (1) c, e and (2): Real Property		
Location (Street Address)		(1) Nakanosakaue Sunbright Twin: 46-1, Honcho 2-chome, Nakano-ku, Tokyo (2) Nakanosakaue Sunbright Annex: 46-4, Honcho 2-chome, Nakano-ku, Tokyo		
Land	Area	10,331.90 m ² (entire site)		
	Zoning	Commercial district		
	Type of Ownership	Ownership (site rights ratio: approximately 77.6%)		
Building	Structure	(1) Steel-frame, steel-framed reinforced concrete and reinforced concrete structure, flat roof, 30 floors above ground and 2 floors below ground (2) Reinforced concrete and steel-framed reinforced concrete structure, flat roof, 5 floors above ground and 1 floor below ground		
	Total Floor Space	(1) 63,396.95 m ² (entire building) (2) 2,463.94 m ² (entire building)		
	Type of Ownership	Ownership (compartmentalized ownership)		
	Completion of Construction	September 30, 1996		
	Owned Floors, Floor Area, Use, Etc.	(1)-a	South Wing: 16th to 30th floors, office	10,955.90 m ²
		(1)-b	North Wing: 16 floor, office	563.95 m ² (74.5404% of which is owned by NBF)
			North Wing: 17th floor, office	563.95 m ²
		(1)-c	South Wing: part of B1 floor and 1st floor, store	1,301.03 m ²
			South Wing: 2nd floor, 4th to 15 floors, office	9,288.54 m ²
			South Wing: 3rd floor, clinic	716.32 m ²
North Wing: part of B1 floor, store			445.22 m ²	
North Wing: 3rd floor, clinic			563.95 m ²	
(1)-d		North Wing: 4th to 14th floors, office	6,203.45 m ²	
		North Wing: 16th floor, office	563.95 m ² (25.4596% of which is owned by NBF)	
(1)-e	North Wing: 22nd floor, office	563.95 m ²		
(2)	B1 floor, part of 1st floor, 2nd and 3rd floors, store	927.25 m ²		
	Part of 5th floor, office	100.95 m ²		
Ownership ratio:		(1) Equivalent to approx. 82.5% of compartmentalized ownership area of the entire building (37,790.41 m ²) (2) Equivalent to approx. 50.3% of compartmentalized ownership area of the entire building (2,044.82 m ²)		
Scheduled Date of Disposition		September 30, 2021		
Scheduled Disposition Price		¥40,000,000,000		

Trustee	Mitsubishi UFJ Trust and Banking Corporation
Building Management Company	Mitsui Fudosan Building Management Co., Ltd. and others
Note	"Nakanosakaue Sunbright Twin" and "Nakanosakaue Sunbright Annex" are collectively referred to as "Nakanosakaue Sunbright Twin."
Special Notations	(i) Under the administrative rules of the management association of the Nakanosakaue Sunbright Twin and Nakanosakaue Sunbright Annex, an owner of compartmentalized ownership interests therein is required to offer rights of first refusal to the other owners prior to seeking to transfer to a third party its exclusive use areas in whole or in part.
	(ii) As to the real estate portion of the property, upon the disposition, the trust of the real estate will be established on the same date as the disposition date, and the trust beneficiary right will be disposed.
	(iii) In the sale and purchase agreement regarding disposition of the property, it is stipulated that the buyer may cancel the sale and purchase agreement regarding disposition of the property if either NBF Unix Bldg. or Sun Mullion NBF Tower will not be disposed by the date of disposition of the said property due to the cancellation of the sale and purchase agreement for either property.

(d) NBF concluded a sale and purchase agreement regarding disposition of the following asset on August 16, 2021, and the disposition is scheduled for September 30, 2021. The concerned sale and purchase agreement constitutes 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 equivalent to 20% of the acquisition price in the event of the termination of the agreement for reasons attributable to NBF, the seller. However, in the case of application of Article 572 of the Civil Code, if the buyer suffers damage exceeding 20% of the acquisition price when the entirety or part of the trust beneficiary interest or ownership of the property belongs to NBF (seller) or the trustee as of the date of disposition or when security interest has been established for the property as of the date of disposition, NBF (seller) shall provide compensation for said damage to the buyer.

An overview of the property as of the date of the conclusion of the agreements is as follows.

Name of Property		NBF Unix Bldg.
Type of Specified Asset		Trust Beneficiary Interests
Location (Street Address)		6-6, Sakae-cho, Fukushima-shi, Fukushima
Land	Area	3,112.75 m ²
	Zoning	Commercial district
	Type of Ownership	Ownership 100%
Building	Structure	Steel-framed reinforced concrete structure, flat roof, 11 floors above ground and 2 floors below ground
	Total Floor Space	23,420.12 m ²
	Type of Ownership	Ownership 100%
	Completion of Construction	September 30, 1994
	Use	Office, store and parking
Scheduled Date of Disposition		September 30, 2021
Scheduled Disposition Price		¥4,900,000,000
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Building Management Company		NITTO CUSTODIAL SERVICE Co., Ltd.
Special Notations		In the sale and purchase agreement regarding disposition of the property, it is stipulated that the buyer may cancel the sale and purchase agreement regarding disposition of the property if either Nakanosakaue Sunbright Twin or Sun Mullion NBF Tower will not be disposed by the date of disposition of the said property due to the cancellation of the sale and purchase agreement for either property.

(e) NBF concluded a sale and purchase agreement regarding disposition of the following asset on August 16, 2021, and the disposition is scheduled for January 31, 2022. The concerned sale and purchase agreement constitutes 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 equivalent to 20% of the acquisition price in the event of the termination of the agreement for reasons attributable to NBF, the seller. However, in the case of application of Article 572 of the Civil Code, if the buyer suffers damage exceeding 20% of the acquisition price when the entirety or part of the trust beneficiary interest or ownership of the property belongs to NBF (seller) or the trustee as of the date of disposition or when security interest has been established for the property as of the date of disposition, NBF (seller) shall provide compensation for said damage to the buyer.

An overview of the property as of the date of the conclusion of the agreements is as follows.

Name of Property		Sun Mullion NBF Tower
Type of Specified Asset		Trust Beneficiary Interests
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 and 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
	Use	Office and garage
Scheduled Date of Disposition		January 31, 2022
Scheduled Disposition Price		¥14,400,000,000
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Building Management Company		Mitsui Fudosan Facilities West Co., Ltd.
Special Notations		In the sale and purchase agreement regarding disposition of the property, it is stipulated that the buyer may cancel the sale and purchase agreement regarding disposition of the property if either Nakanosakaue Sunbright Twin or NBF Unix Bldg. will not be disposed due to the cancellation of the sale and purchase agreement for either property.

Outline of Forecasts for the 41st and the 42nd Periods

In view of rent trends of the office building rental market, NBF announced its forecasts for the 41st fiscal period commencing July 1, 2021, and ending December 31, 2021, and for the 42nd fiscal period commencing January 1, 2022, and ending June 30, 2022, as part of “Kessan-Tanshin”. With regard to the conditions of the forecasts, please refer to the original “Kessan-Tanshin” released on August 16, 2021. An outline of the forecasts for the 41st and the 42nd fiscal periods is as follows:

Performance Forecasts:

The forecast for the 41st fiscal period is as follows:

Operating revenues:	¥50,396 million
Net income:	¥21,003 million
Cash distribution per unit:	¥11,500

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

Operating revenues:	¥50,777 million
Net income:	¥22,926 million
Cash distribution per unit:	¥12,500

(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 June 30, 2021 and December 31, 2020

	As of June 30, 2021	As of December 31, 2020
	(Yen in millions)	
Assets		
Current Assets:		
Cash and cash equivalents	¥44,075	¥133,731
Tenant receivables	345	292
Prepaid expenses	805	747
Other current assets	97	133
Total current assets	45,324	134,904
Investment Properties:		
Land including trust accounts	930,168	737,485
Buildings and improvements including trust accounts	463,833	455,600
Other tangible assets	16,187	15,383
Less: accumulated depreciation	(194,275)	(190,092)
Leasehold rights in trust accounts and other intangible assets	35,786	35,806
Total investment properties, net	1,251,700	1,054,184
Long-term Prepaid Expenses	6	8
Other Assets	8,357	8,338
Total Assets	¥1,305,388	¥1,197,435
Liabilities		
Current Liabilities:		
Short-term loans	¥ —	¥10,000
Long-term debt due within one year	25,000	35,000
Accounts payable	8,951	9,486
Rents received in advance	4,907	4,826
Accrued expenses and other liabilities	1,717	792
Total current liabilities	40,577	60,106
Long-term Debt	525,500	414,500
Tenant Security Deposits Including Trust Accounts	69,283	56,067
Other Liabilities	156	141
Total Liabilities	635,517	530,814
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	27,826	24,576
Total Net Assets	669,870	666,620
Total Liabilities and Net Assets	¥1,305,388	¥1,197,435

NIPPON BUILDING FUND INC.
Statements of Income

For the six months ended June 30, 2021 and December 31, 2020

For the six months ended For the six months ended
June 30, 2021 December 31, 2020

(Yen in millions)

	For the six months ended June 30, 2021	For the six months ended December 31, 2020
Operating Revenues and Expenses		
Operating Revenues:		
Rental	¥41,571	¥36,622
Other revenues related to property leasing	3,117	3,736
Gains on sales of investment properties	1,524	1,388
Total Operating Revenues	46,213	41,747
Operating Expenses:		
Property management fees	6,031	5,816
Real estate taxes	3,615	3,554
Repairs and maintenance	1,364	1,798
Insurance	38	34
Other rental expenses	2,766	2,835
Depreciation and amortization	7,399	7,181
Loss on sale of investment property	38	—
Asset management fees	1,779	1,543
Other operating expenses	401	271
Total Operating Expenses	23,435	23,035
Operating Income	22,778	18,712
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	6	2
Non-Operating Expenses:		
Interest expense	(1,306)	(1,160)
Amortization of bond issuance costs	(19)	(16)
New investment shares issuance costs	—	(238)
Other non-operating expenses	(32)	(26)
Ordinary Income	21,428	17,274
Income before Income Taxes	21,428	17,274
Current and deferred income taxes	0	0
Net Income	¥ 21,427	¥ 17,273

NIPPON BUILDING FUND INC.
Distribution for the Period Under Review

	For the six months ended June 30, 2021	For the six months ended December 31, 2020
	(Yen)	
Retained earnings	¥21,427,535,281	¥17,274,285,831
Undistributed earnings	—	—
Reserve for advanced depreciation	2,119,725,281	—
Reversal of reserve for advanced depreciation	—	903,214,169
Total cash distribution	19,307,810,000	18,177,500,000
(Cash distribution per unit)	11,684	11,000
Distribution of accumulated earnings	19,307,810,000	18,177,500,000
(Distribution of accumulated earnings per unit)	11,684	11,000
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.