



May 31, 2022

To All Concerned Parties

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## Notice Concerning Change of Acquisition Price, etc. of IIDABASHI GRAND BLOOM

Nippon Building Fund Inc. (“NBF”) hereby provides notice that, concerning IIDABASHI GRAND BLOOM (“the Property”), which was acquired on September 30, 2021, and March 31, 2022, as announced in “Notice of Acquisition and Disposition of Assets (Acquisition of IIDABASHI GRAND BLOOM, and disposition of Nakanosakaue Sunbright Twin and three other properties)” dated August 16, 2021, and “Notice of Acquisition and Disposition of Assets (Acquisition of Nakanoshima Mitsui Building and one other property, and disposition of Toyo-cho Center Bldg. and two other properties)” dated January 6, 2022, the acquisition price and appraisal value have been changed as a result of concluding a “memorandum” on settlement of acquisition/disposition price (“the Settlement”) with the seller, Mitsui Fudosan Co., Ltd. (“the Seller”), today.

### Description

#### 1. Background of the Change

After NBF acquired the Property, it was revealed that some of the information on the operation and management of the Property had not been provided to NBF by the seller and additional costs would be incurred for the management.

NBF evaluated the Property again and held talks with the seller. As the result, it was agreed that the seller would settle account by paying NBF 287,581,872 yen (Offset amount of received by NBF: 290,898,000 yen and paid by NBF: 3,316,128 yen) June 30, 2022, NBF changed the acquisition price after concluding the “memorandum” today.



## 2. Outline of the Property

	Acquisition date	Asset acquired
A	September 30, 2021	<p>Net floor area ownership ratio: approx. 41.10%</p> <p>Land: ownership (site rights ratio approx. 39.54%)</p> <p>Building: sectional ownership (part of retail store space on the 1st-3rd floors; 4,070.86 m<sup>2</sup>, and office space on a part of 6th floor, 9th, 10th, and 15th-22nd floors; 27,079.40 m<sup>2</sup>)</p> <p>* The target of the acquisition includes the co-ownership interest in the common area pertaining to the building (including ancillary facilities, etc.) (58,440,885/147,818,727 of the common area).</p>
B	March 31, 2022	<p>Net floor area ownership ratio: approx. 17.45%</p> <p>Land: ownership (site rights ratio approx. 18.17%)</p> <p>Building: sectional ownership (office space on the 23rd-27th floors; 13,228.80 m<sup>2</sup>)</p> <p>* The target of the acquisition includes co-ownership interest in the common area pertaining to the building (including ancillary facilities, etc.) (26,851,691/147,818,727 of the common area).</p>

## 3. Detail of the Change

### (1) Acquisition price

(yen)

	Acquisition date	Before the change	After the change
A	September 30, 2021	77,600,000,000	77,405,047,000
B	March 31, 2022	36,200,000,000	36,104,055,000

### (2) Appraisal value

(yen)

	As of	Before the change	After the change
A	June 30, 2021, December 31, 2021	84,900,000,000	84,700,000,000
B	November 30, 2021	40,400,000,000	40,200,000,000

## 4. Future Outlook

Since the change will have little impact on the operating results of NBF for the periods ending June 30, 2022, and December 31, 2022, there will be no change to the forecast operating results for those periods.



## 5. Summary of Appraisal Reports

### < IIDABASHI GRAND BLOOM (A) >

Property Name	IIDABASHI GRAND BLOOM
Appraisal Value	¥84,700,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	June 30, 2021

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	84,700,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	86,600,000	
(1) Operating Revenue ((i) - (ii))	3,843,592	
(i) Effective gross income	3,960,416	Estimated based on income consisting of rents, common area charges, utility charges, facility charges etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	116,823	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	1,149,792	
Building Maintenance Costs/ Property Management Fees	638,549	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	196,759	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	43,947	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	30,160	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	230,292	Estimated based on actual taxes in fiscal 2021
Insurance Premiums	3,451	Estimated based on insurance rates etc. for similar real properties
Other Expenses	6,635	Recorded by also taking into consideration the interest based on past results for welcome service costs.
(3) Net Operating Income ((1)-(2))	2,693,801	
(4) Investment Income from Temporary Deposits	34,784	Estimated applying investment return of 1.0%
(5) Capital Expenditure	302,395	Recorded by also taking into consideration the level of the above repair expenses based on the reserve for repairs specified by the management association
(6) Net Income ((3)+(4)-(5))	2,426,190	
(7) Capitalization Rate	2.8%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, building condition, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	83,900,000	
Discount Rate	2.6%	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	3.0%	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	65,200,000	
Proportion of land	78.1%	
Proportion of building	21.9%	

\*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.



< IIDABASHI GRAND BLOOM (B) >

Property Name	IIDABASHI GRAND BLOOM
Appraisal Value	¥40,200,000,000
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	November 30, 2021

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	40,200,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	41,200,000	
(1) Operating Revenue ((i) - (ii))	1,710,075	
(i) Effective gross income	1,762,488	Estimated based on income consisting of rents, common area charges, utility charges, facility charges etc. which are deemed stable on a mid- and-long-term basis
(ii) Losses from vacancy, etc.	52,413	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	448,305	
Building Maintenance Costs/ Property Management Fees	243,206	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	65,698	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	20,192	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	13,768	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	100,559	Estimated based on actual taxes in fiscal 2021
Insurance Premiums	1,585	Estimated based on insurance rates etc. for similar real properties
Other Expenses	3,297	Recorded by also taking into consideration the interest based on past results for welcome service costs.
(3) Net Operating Income ((1)-(2))	1,261,770	
(4) Investment Income from Temporary Deposits	15,696	Estimated applying investment return of 1.0%
(5) Capital Expenditure	122,714	Recorded by also taking into consideration the level of the above repair expenses based on the reserve for repairs specified by the management association
(6) Net Income ((3)+(4)-(5))	1,154,752	
(7) Capitalization Rate	2.8%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, building condition, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	39,800,000	
Discount Rate	2.6%	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	3.0%	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	29,100,000	
Proportion of land	78.7%	
Proportion of building	21.3%	

\*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 May 31, 2022, 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.