



October 31, 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.  
Eiichiro Onozawa, President and CEO  
Person to Contact:  
Yukio Handa, General Manager  
(TEL. +81-3-3516-3370)

Notice of Disposition of Assets  
(Shin-Kawasaki Mitsui Bldg.)

Nippon Building Fund Management Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on October 31, 2022 on disposition of assets as follows:

Description

1. Outline of the Disposition

Name of Assets	Shin-Kawasaki Mitsui Bldg.
Disposition Price	¥24 billion (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Book Value	¥21.582 billion (as of June 30, 2022) (*1)
Profit or Loss on Transfer	¥1.843 billion (*1)
Transferee	SMFL MIRAI Partners Company, Limited (please refer to Section 5 herein below for a description of the Transferee)
Intermediary	Sumitomo Mitsui Trust Bank, Limited (please refer to Section 6 herein below for a description of the intermediary) (*2)
Date of Contract	October 31, 2022
Date of Disposition	January 11, 2023 (scheduled)
Specific Use of Disposition Funds	Repayment of debt etc.
Payment Method	One time, lump-sum payment at the time of delivery

\*1 The book value is as of June 30, 2022 and differs from the figure at the time of transfer. In addition, the profit or loss on transfer is based on information currently available to NBF and certain assumptions that NBF deems reasonable, and may differ from the actual profit or loss on transfer. Amounts are rounded down to the nearest unit.

\*2 The amount of intermediary fees is not disclosed because the intermediary has not consented to disclosure of such fees.



2. Reason for Disposition

The transfer of the assets is the result of a comprehensive review of the construction of a strong portfolio and other factors based on the future profitability of asset management, area diversification, and other policies as stipulated in the Articles of Incorporation of the Fund.

3. Outline of Forward Commitment etc.

The agreement for the asset to be transferred falls under the category of forward commitments, etc. (where settlement and delivery shall be made one month or more following the date of each contract). NBF shall pay to the seller a penalty equivalent to 10% of the purchase price in the event of the termination of a contract due to a breach of its contractual obligations.

4. Outline of Assets to be Disposed

Name of Asset	Shin-Kawasaki Mitsui Bldg.
Type of Specified Asset	Real property (*3)
Type of Ownership	Land: 50% co-ownership interest Building: 50% co-ownership interest
Location	(Description in Real Property Register) Land: 12-890, 3-1148 Kashimada 1-chome, Saiwai-ku, Kawasaki-shi, Kanagawa Building: 12-890, 3-1148 Kashimada 1-chome, Saiwai-ku, Kawasaki-shi, Kanagawa (Street Address) 2-1 Kashimada 1-chome, Saiwai-ku, Kawasaki-shi, Kanagawa
Use (primary use listed in Real Property Registry)	Office, Retail Store, and Parking Area
Square meters (Description in Real Property Registry)	Land: site area 19,478.07 m <sup>2</sup> (entire site) Building: total floor space 138,485.98 m <sup>2</sup> (entire building)
Structure (Description in Real Property Registry)	Steel frame, reinforced concrete and steel framed reinforced concrete structure, flat roof, 32 floors above ground and 2 floors below ground
Completion of Construction (Description in Real Property Registry)	May 22, 1989
Date of Acquisition	(i) March 31, 2006 (ii) March 30, 2012
Acquisition Price	¥25.82 billion (i) ¥20.3 billion (ii) ¥5.52 billion
Appraisal Value (Date of Valuation)	¥23.3 billion (June 30, 2022)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	Mitsui Fudosan is the sole tenant since NBF leases the entire Property to Mitsui Fudosan. Mitsui Fudosan subleases the same spaces to its sub-lessees. The situation of the tenant as of September 30, 2022 is as follows.
Total Number of End Tenants	22



Total Rental Revenues	Approximately ¥1.926 billion (annual/rental portion) (*4)
Lease Deposit	Approximately ¥1.334 billion (rental portion only) (*5)
Total Rentable Area	Approximately 39,837.08 m <sup>2</sup>
Total Rented Area	Approximately 38,007.10 m <sup>2</sup>
Occupancy Rate	95.4%
Other Special Matters	<ul style="list-style-type: none"> <li>• The agreement on co-ownership stipulates that the co-owners have priority in making offers for transfer, that no transfer, pledge, collateralization, etc. may be made to a third party without the consent of the co-owners, that no partition claims may be made, and so on.</li> <li>• With regard to the possibility of soil contamination at the site, we have confirmed with Engineering &amp; Risk Services Corporation that there is no risk of damage to human health, etc. as long as the property is managed, operated, and used in its current state.</li> <li>• The use of sprayed material containing asbestos, which should be inspected, recorded, etc. has been confirmed in the property, but it is in a stable condition and is not a health hazard.</li> <li>• In the sale and purchase agreement regarding disposition of the property, it is stipulated that the transferee may cancel the sale and purchase agreement regarding disposition of the property in the event that the purchase agreement for the other co-ownership interest is not executed due to cancellation or other reasons.</li> </ul>

\*3 Upon the disposition, the trust of the real property will be established on the same date as the delivery date, and the trust beneficiary right in real estate will be transferred.

\*4 Gross rental income is calculated based on the rent roll (as of September 30, 2022) multiplied by the co-ownership interest, which differs from the amount received by NBF.

\*5 The lease deposit is calculated based on the rent roll (as of September 30, 2022) multiplied by the co-ownership interest.

## 5. Outline of Transferee

Name	SMFL MIRAI Partners Company, Limited
Location	3-2, Muromachi 1-chome, Chiyoda-ku, Tokyo
Name and Title of Representative	Tatsuro Terada, President
Description of Business	Real estate business, Environmental and energy business, Services relating to above-mentioned businesses, and Other
Capital	¥0.2 billion (as of March 31, 2022)
Date of Establishment	October 1, 2018
Major Unitholders and Investment Ratio	Sumitomo Mitsui Finance and Leasing Company, Limited (100%)
Relations with NBF/NBFM	
Capital Relationship	none
Personnel Relationship	none
Business Relationship	none
Related parties	does not fall under the category of related parties of NBF and NBFM



## 6. Outline of Intermediary

Name	Sumitomo Mitsui Trust Bank, Limited
Location	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Name and Title of Representative	Kazuya Oyama, President
Description of Business	Banking and trust services
Capital	¥ 342 billion (as of March 31, 2022)
Date of Establishment	July 28, 1925
Relations with NBF/NBFM	
Capital Relationship	Shareholder of NBFM (5% equity interest); owns 8,000 units of NBF
Personnel Relationship	Certain personnel seconded to NBFM.
Business Relationship	Falls under the category of asset custodian, unitholder registry administrator, special account administrative agent, etc. of NBF.
Related parties	Does not fall under the category of related parties of either NBF or NBFM.

## 7. Forecasts of Operating Results for the Periods ending December 31, 2022 and June 30, 2023

All or part of the gain on the transfer from this sale will be retained internally as a reserve for reduction entry to ensure stable management and distribution in the future.

There will be no change to the forecasted management situation during the period ending December 31, 2022 and June 30, 2023 as this acquisition will have little impact upon the management situation of NBF during such period.

Forecasts of current period performance (as announced on August 15, 2022) and actual results for the previous period

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (not including distributions in excess of earnings)	Distribution in excess of earnings per unit
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	(yen)	(yen)
1H 2022 (42nd period) - Actual	52,215	26,806	25,440	25,439	13,476	-
2H 2022 (43rd period) - Forecast	47,326	21,442	20,071	20,071	11,500	-
1H 2023 (44th period) - Forecast	44,532	18,439	17,057	17,057	11,500	-



## 8. Summary of Appraisal Report

Property Name	Shin-Kawasaki Mitsui Bldg.
Appraisal Value	¥23,300,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	June 30, 2022

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	23,300,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	24,600,000	
(1) Operating Revenue ((i) - (ii))	2,333,514	
(i) Effective gross income	2,429,373	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.	95,859	Estimated based on a vacancy rate which is deemed stable on a mid-and-long-term basis
(2) Operating Expenses	826,141	
Building Maintenance Costs/ Property Management Fees	407,611	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	187,944	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	20,038	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	17,554	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	190,187	Estimated based on actual taxes in fiscal 2022 etc.
Insurance Premiums	2,807	Estimated based on insurance rates etc. for similar properties
Other Expenses	0	-
(3) Net Operating Income ((1)-(2))	1,507,373	
(4) Investment Income from Temporary Deposits	17,832	Estimated applying investment return of 1.0%
(5) Capital Expenditure	419,865	Estimated based on the Engineering Report as well as the level of capital expenditure for similar real properties
(6) Net Income ((3)+(4)-(5))	1,105,340	
(7) Capitalization Rate	4.5%	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	22,800,000	
Discount Rate	4.3%	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	4.7%	Estimated taking into consideration the characteristics of net income adopted in determining the capitalization rate as well as future uncertainty, liquidity and marketability
Integrated value based on cost method	19,400,000	
Proportion of land	70.9%	
Proportion of building	29.1%	

\*Amounts of less than one thousand yen are rounded to the nearest thousand.

Matters specifically considered in adjustment of estimated amounts and determination of appraisal value	None
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(Note) The reason for indicating Building Maintenance Costs / Property Management Fees as a total amount is because separately disclosing the levels of maintenance costs and property management fees of the Additionally Acquired Portion of the Property may have an impact on other transactions of the expected providers of building maintenance services and property management services respectively, and may hinder the provision of efficient services to NBF which may result in risks of damaging the interest of NBF's unitholders.

End



This English language notice is a translation of the Japanese language notice dated October 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.

<Attached Materials>

【Reference Material 4】 Summary of Portfolio after Disposition of the Property

Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Central 5 Wards	Shinjuku Mitsui Bldg.	170,000,000	11.9%	60.1%	177,000,000
	IIDABASHI GRAND BLOOM	113,509,102	8.0%		125,000,000
	Roppongi T-CUBE	62,800,000	4.4%		62,400,000
	GranTokyo South Tower	47,000,000	3.3%		48,900,000
	Nishi-Shinjuku Mitsui Bldg.	45,271,040	3.2%		45,000,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.9%		51,900,000
	NBF Shinagawa Tower	36,300,000	2.5%		49,500,000
	Shiba NBF Tower	32,000,000	2.2%		29,300,000
	NBF Platinum Tower	31,000,000	2.2%		63,600,000
	NBF COMODIO Shiodome	28,800,000	2.0%		36,600,000
	G-BASE TAMACHI	28,200,000	2.0%		29,500,000
	Toranomon Kotohira Tower	24,543,000	1.7%		35,900,000
	NBF Shibuya Garden Front	20,269,000	1.4%		33,200,000
	NBF Ginza Street Bldg.	17,000,000	1.2%		18,600,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.1%		20,700,000
	Kowa Nishi-Shinbashi Bldg. B	13,473,200	0.9%		14,700,000
	River City M-SQUARE	13,350,000	0.9%		13,800,000
	NBF Toranomon Bldg.	13,337,000	0.9%		17,900,000
	Shinbashi M-SQUARE	11,900,000	0.8%		14,800,000
	NBF ALLIANCE	9,126,000	0.6%		12,900,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,980,000
	NBF Shibuya East	8,000,000	0.6%		9,960,000
	NBF Shibakouen Bldg.	6,770,000	0.5%		8,450,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,570,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,410,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,700,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,950,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		6,030,000
	NBF Higashi-Ginza Square	5,200,000	0.4%		8,390,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.4%		5,980,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%		5,580,000
	NBF Hatchobori Terrace	4,528,349	0.3%		5,710,000
Ryukakusan Bldg.	4,050,000	0.3%	4,910,000		
Jingumae M-SQUARE	3,700,000	0.3%	5,050,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.7%	83.4%	85,900,000
	Gate City Ohsaki	57,281,060	4.0%		71,300,000
	NBF Toyosu Canal Front	35,200,000	2.5%		38,600,000
	Ueno East Tower	35,000,000	2.5%		39,400,000
	NBF Toyosu Garden Front	25,018,000	1.8%		29,700,000
	Osaki Bright Core - Bright Plaza	24,380,000	1.7%		25,600,000
	Nakameguro GT Tower	24,380,000	1.7%		25,600,000
	Toyosu Bayside Cross Tower (Note 3)	14,700,000	1.0%		15,000,000
	OSAKI BRIGHT TOWER	13,970,000	1.0%		14,500,000
	NBF Ueno Bldg.	10,400,000	0.7%		9,840,000
	NBF Ikebukuro East	8,630,000	0.6%		13,500,000
	Higashi Gotanda Square	8,350,000	0.6%		8,640,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,760,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,950,000



Area	Property Name	Acquisition Price (\ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (\ in thousands) (Note 2)
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.7%	4.2%	9,950,000
	Yokohama ST Bldg.	16,749,300	1.2%		21,200,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,860,000
	Tsukuba Mitsui Bldg.	8,875,500	0.6%		8,850,000
	S-ino Omiya North Wing	16,816,345	1.2%		24,000,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,220,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,520,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	12.4%	8,080,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,590,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.0%		16,800,000
	Nagoya Mitsui New Bldg.	13,200,000	0.9%		13,900,000
	Nagoya Mitsui Main Bldg.	13,050,000	0.9%		14,000,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,750,000
	Nakanoshima Mitsui Bldg.	44,000,000	3.1%		47,600,000
	Aqua Dojima NBF Tower	17,810,000	1.2%		20,500,000
	Nakanoshima Central Tower	14,900,000	1.0%		19,200,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		13,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.9%		14,700,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,340,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,890,000
	Hakata Gion M-SQUARE	8,000,000	0.6%		12,300,000
NBF Kumamoto Bldg.	4,500,000	0.3%	4,100,000		
<b>Total</b>		<b>1,425,875,202</b>	<b>100.0%</b>	<b>100%</b>	<b>1,659,910,000</b>

(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. As for the property to be acquired, the future represents the sale and purchase price set forth in the relevant sale and purchase contract etc. at the time of the decision to acquire the said property (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax etc.).

(Note 2) "Value (Real Estate Appraisal Value)" represents the appraisal value as of the end of 1H/22 (as of June 30, 2022.)

(Note 3) "Toyosu Bayside Cross Tower" will be acquired as of November 1, 2022.

The "Appraisal Value" of "Toyosu Bayside Cross Tower" is as of August 31, 2022.

(Note 4) "Shin-Kawasaki Mitsui Bldg." will be disposed as of January 11, 2023.