



March 15, 2023

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  
(Panasonic Tokyo Shiodome 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 March 15, 2023 on disposition of assets as follows:

Description

1. Outline of the Disposition

Name of Assets	Panasonic Tokyo Shiodome Bldg.
Disposition Price	¥6.700 billion (Miscellaneous acquisition costs, adjusted amount of property tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Book Value	¥4.720 billion (as of December 31, 2022) (*1)
Profit or Loss on Transfer	¥1.980 billion (*1)
Transferee	Panasonic Holdings Corporation (please refer to Section 5 herein below for a description of the Transferee)
Intermediary	None
Date of Contract	March 15, 2023
Date of Disposition	March 29, 2024 (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 December 31, 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. Reason for Disposition

The transfer of the asset 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 contract). NBF shall pay to the seller a penalty equivalent to 10% of the disposition 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	Panasonic Tokyo Shiodome Bldg.
Type of Specified Asset	Beneficiary interest in trust
Type of Ownership	Land: 10% quasi co-ownership of trust beneficiary interests in co-ownership interests (2,014/10,000) (equivalent to approximately 2.01% of the entire site area) Building: 10% quasi co-ownership of trust beneficiary interests in the trust assets of the Building (the Building is a condominium interests building comprising one building with the adjacent Shiodome City Center, and the condominium interests (ratio of interests in common areas) is 2,014/10,000). (equivalent to approximately 2.01% of the total floor area (of the entire building))
Location	(Description in Real Property Register) Land: 10-1, 10-2, 10-3, 10-4, 10-5, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo Building: 1-10-1, Higashi-Shinbashi, Minato-ku, Tokyo (Street Address) 5-1, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo
Use (Primary use listed in Real Property Registry)	Office, Retail Store (use of Panasonic Tokyo Shiodome Building)
Square meters (Description in Real Property Registry)	Land: site area 19,708.36 m <sup>2</sup> (entire site) Building: total floor space 263,035.06 m <sup>2</sup> (entire building)
Structure (Description in Real Property Registry)	Steel frame, steel framed reinforced concrete structure with a flat roof; 43 floors above ground and 4 floors below ground (This is a representation of one building; the Panasonic Tokyo Shiodome Building is a steel frame structure with 4 floors below ground and 24 floors above ground)
Completion of Construction (Description in Real Property Registry)	January 9, 2003
Date of Acquisition	March 12, 2013
Acquisition Price	¥5.075 billion
Appraisal Value (Date of Valuation)	¥5.950 billion (December 31, 2022)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	
Total Number of End Tenants	1



Total Rental Revenues	Not disclosed as consent for disclosure could not be obtained from the lessee.
Lease Deposit	Not disclosed as consent for disclosure could not be obtained from the lessee.
Total Rentable Area	4,577.41m <sup>2</sup>
Total Rented Area	4,577.41m <sup>2</sup>
Occupancy Rate	100%
Other Special Matters	<ul style="list-style-type: none"> <li>• The property is subject to the Tokyo Metropolitan Urban Planning and Redevelopment District Plan, which limits the floor area that can be used for office use in the entire Block B, including the property, Shiodome City Center and the station building, to 1,000% of the 1,200% floor area ratio.</li> <li>• A part of the land of this property (No.5-72, No.5-97 and No.5-98 of the former land, total 4,138.85 m<sup>2</sup> ) has been divided into surface rights with the East Japan Railway Culture Foundation as the right holder for the purpose of preserving the "Former Shimbashi Station", a nationally designated historic site, and developing and maintaining facilities on the historic site, where the former Shimbashi Station and buried railway remains are located.</li> </ul>

5. Outline of Transferee

Name	Panasonic Holdings Corporation
Location	1006, Oaza Kadoma, Kadoma City, Osaka
Name and Title of Representative	Representative Director, President & CEO, Group CEO Yuki Kusumi
Description of Business	Activities related to the Panasonic Group's management strategy development, governance, technology and new business development investments, etc.
Capital	¥259.2 billion (as of March 31, 2022)
Date of Establishment	December 15, 1935
Net assets	¥1,585.353 billion (as of March 31, 2022) (Non-consolidated)
Total assets	¥5,327.546 billion (as of March 31, 2022) (Non-consolidated)
Major Unitholders and Investment Ratio	The Master Trust Bank of Japan (Trust Account) (15.86%), The Custody Bank of Japan, Ltd. (Trust Account) (7.69%) (as of March 31, 2022)
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. Forecasts of Operating Results for the Periods ending June 30, 2023 and December 31, 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.



This transfer is for the period ending June 30, 2024, and there will be no change to the forecasted management situation during the period ending June 30, 2023 and December 31, 2023.

Forecasts of current period performance (as announced on February 15, 2023) 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)
2H 2022 (43rd period) - Actual	47,366	21,596	20,289	20,288	11,500	-
1H 2023 (44th period) - Forecast	46,923	20,629	19,183	19,183	11,500	-
2H 2023 (45th period) - Forecast	45,573	18,811	17,279	17,279	11,500	-



## 7. Summary of Appraisal Report

Property Name	Panasonic Tokyo Shiodome Bldg.
Appraisal Value	¥5,950,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	December 31, 2022

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	5,950,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	6,160,000	
(1) Operating Revenue ((i) - (ii))	320,212	
(i) Effective gross income	334,079	Estimated based on a vacancy rate which is deemed stable on a mid-and-long-term basis
(ii) Losses from vacancy, etc.	13,867	Estimated based on a vacancy rate which is deemed stable on a mid-and-long-term basis
(2) Operating Expenses	101,848	
Building Maintenance Costs/ Property Management Fees	29,972	Estimated based on past results and contract details verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	2,995	Estimated based on past results verified applying the level of utilities expenses for similar real properties and appraised the net amount of utilities expenses
Repair Expenses	4,769	Estimated based on the Engineering Report as well as the level of repair expenses and restoration cost level for similar real properties
Leasing Expenses, etc.	2,668	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	55,132	Estimated based on actual taxes in fiscal 2022 etc.
Insurance Premiums	320	Estimated based on insurance rates etc. for similar properties
Other Expenses	5,991	Estimated based on management association fees, Shiodome district contributions, etc.
(3) Net Operating Income ((1)-(2))	218,364	
(4) Investment Income from Temporary Deposits	3,170	Estimated applying investment return of 1.0%
(5) Capital Expenditure	24,483	Estimated based on the Engineering Report as well as the level of renewal cost for similar real properties
(6) Net Income ((3)+(4)-(5))	197,051	
(7) Capitalization Rate	3.2%	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	5,860,000	
Discount Rate	3.0%	Estimated based on comparison with examples of transactions for similar real properties as well as returns on financial assets adjusted by individual characteristics of the property
Terminal Capitalization Rate	3.4%	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	6,610,000	
Proportion of land	87.2%	
Proportion of building	12.8%	

\*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.



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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	11.6%	59.8%	180,000,000
	IIDABASHI GRAND BLOOM	113,509,102	7.7%		125,000,000
	IIDABASHI GRAND BLOOM(Additional Acquisition)(Note 3)	25,400,000	1.7%		28,800,000
	Roppongi T-CUBE	62,800,000	4.3%		62,700,000
	GranTokyo South Tower	47,000,000	3.2%		48,700,000
	Nishi-Shinjuku Mitsui Bldg.	45,271,040	3.1%		45,600,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.9%		47,000,000
	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	2.1%		64,600,000
	NBF COMODIO Shiodome	28,800,000	2.0%		36,600,000
	G-BASE TAMACHI	28,200,000	1.9%		29,500,000
	Toranomon Kotohira Tower	24,543,000	1.7%		35,900,000
	NBF Shibuya Garden Front	20,269,000	1.4%		34,400,000
	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%		15,000,000
	NBF ALLIANCE	9,126,000	0.6%		13,500,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,990,000
	NBF Shibuya East	8,000,000	0.5%		9,970,000
	NBF Shibakouen Bldg.	6,770,000	0.5%		8,450,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,770,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,490,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,680,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,950,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		5,400,000
	NBF Higashi-Ginza Square	5,200,000	0.4%		8,390,000
Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%	5,590,000		
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%	5,040,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.5%	83.9%	85,900,000
	Gate City Ohsaki	57,281,060	3.9%		71,400,000
	NBF Toyosu Canal Front	35,200,000	2.4%		38,600,000
	Ueno East Tower	35,000,000	2.4%		39,400,000
	NBF Toyosu Garden Front	25,018,000	1.7%		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	14,700,000	1.0%		15,100,000
	Toyosu Bayside Cross Tower(Additional Acquisition)(Note 3)	21,600,000	1.5%		21,900,000
	OSAKI BRIGHT TOWER	13,970,000	1.0%		14,600,000
	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%		8,770,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,740,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,750,000



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	0.6%	4.1%	9,900,000
	Yokohama ST Bldg.	16,749,300	1.1%		21,900,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,870,000
	Tsukuba Mitsui Bldg.	8,875,500	0.6%		8,870,000
	S-ino Omiya North Wing	16,816,345	1.1%		24,100,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,120,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,520,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	12.0%	8,420,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,600,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.0%		16,800,000
	Nagoya Mitsui New Bldg.	13,200,000	0.9%		14,000,000
	Nagoya Mitsui Main Bldg.	13,050,000	0.9%		14,100,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,750,000
	Nakanoshima Mitsui Bldg.	44,000,000	3.0%		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%		14,900,000
	Hiroshima Fukuomachi Bldg.	2,215,000	0.2%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,890,000
	Hakata Gion M-SQUARE	8,000,000	0.5%		12,400,000
	NBF Kumamoto Bldg.	4,500,000	0.3%		4,110,000
Total		1,467,800,202	100.0%	100%	1,705,340,000

(Note 1) "Acquisition Price" represents, in principle, the price for which NBF acquired the property. As for the property to be acquired, the figure 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, etc.).

(Note 2) "Value(Real Estate Appraisal Value)" represents the appraisal value as of the end of 2H/22(as of December 31, 2022).

(Note 3) "IIDABASHI GRAND BLOOM(Additional Acquisition)", "Toyosu Bayside Cross Tower(Additional Acquisition)" will be acquired as of March 31, 2023. The "Appraisal Value" of "IIDABASHI GRAND BLOOM(Additional Acquisition)" and "Toyosu Bayside Cross Tower(Additional Acquisition)" is as of November 30, 2022.

(Note 4) "Panasonic Tokyo Shiodome Bldg." will be disposed as of March 29, 2024.