

August 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

Contact:

Yukio Handa, General Manager

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

**NIPPON BUILDING FUND INC.
ANNOUNCES 44th PERIOD (FIRST-HALF 2023) RESULTS**

1. Financial Results for the Fiscal Period Ended June 30, 2023

(from January 1, 2023 to June 30, 2023)

(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, 2023 | 47,030 | (0.7) | 20,640 | (4.4) | 19,336 | (4.7) | 19,335 | (4.7) |
| December 31, 2022 | 47,366 | (9.3) | 21,596 | (19.4) | 20,289 | (20.2) | 20,288 | (20.2) |

| Period ended | Net income per unit (Note) | Return on unitholders' equity | Ratio of ordinary income to total assets | Ratio of ordinary income to operating revenues |
|-------------------|-------------------------------|----------------------------------|--|---|
| | yen | % | % | % |
| June 30, 2023 | 11,367 | 2.7 | 1.4 | 41.1 |
| December 31, 2022 | 11,927 | 2.9 | 1.5 | 42.8 |

(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) | Total amount of distributions (excluding distributions in excess of earnings) | Distributions in excess of earnings per unit | Total of distributions in excess of earnings | Payout ratio | Ratio of distributions to net assets |
|-------------------|---|---|--|--|--------------|--------------------------------------|
| | Yen | Yen in Millions | Yen | Yen in Millions | % | % |
| June 30, 2023 | 11,500 | 19,561 | - | - | 101.1 | 2.8 |
| December 31, 2022 | 11,500 | 19,561 | - | - | 96.4 | 2.8 |

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

(Note 2) Distribution per unit for the fiscal period ended December 31, 2022, is calculated by dividing the amount (¥19,561 million), which is arrived at by deducting provision of reserve for advanced depreciation (¥1,639 million) from the sum of retained earnings (¥20,288 million) and reversal of reserve for advanced depreciation (¥911 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.

*Net provision of reserve for advanced depreciation is ¥727 million.

(Note 3) Distribution per unit for the fiscal period ended June 30, 2023, is calculated by dividing the amount (¥19,561 million), which is arrived at by deducting provision of reserve for advanced depreciation (¥1,912 million) from the sum of retained earnings (¥19,335 million) and reversal of reserve for advanced depreciation (¥2,138 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.

*Net reversal of reserve for advanced depreciation is ¥225 million.

(3) Financial Position

| Period ended | Total assets | Net assets | Ratio of unitholders' equity to total assets | Net assets per unit |
|-------------------|-----------------|-----------------|--|---------------------|
| | Yen in Millions | Yen in Millions | % | Yen |
| June 30, 2023 | 1,385,920 | 706,295 | 51.0 | 415,225 |
| December 31, 2022 | 1,368,739 | 706,521 | 51.6 | 415,358 |

(4) Cash Flow

| Period ended | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at the end of period |
|-------------------|-------------------------------------|-------------------------------------|-------------------------------------|--|
| | Yen in Millions | Yen in Millions | Yen in Millions | Yen in Millions |
| June 30, 2023 | 47,357 | (50,897) | (2,561) | 9,956 |
| December 31, 2022 | 44,032 | (19,486) | (19,919) | 16,058 |

2. Forecasts for the 45th Fiscal Period (from July 1, 2023 to December 31, 2023) and the 46th Fiscal Period (from January 1, 2024 to June 30, 2024)

(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) | Distributions in excess of earnings |
|-------------------|--------------------|-------|------------------|-------|-----------------|-------|-----------------|-------|---|-------------------------------------|
| | Yen in Millions | % | Yen in Millions | % | Yen in Millions | % | Yen in Millions | % | Yen | Yen |
| December 31, 2023 | 45,497 | (3.3) | 18,754 | (9.1) | 17,452 | (9.7) | 17,452 | (9.7) | 11,500 | - |
| June 30, 2024 | 46,826 | 2.9 | 20,517 | 9.4 | 19,165 | 9.8 | 19,165 | 9.8 | 11,500 | - |

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

- The 45th Fiscal Period (from July 1, 2023 to December 31, 2023): ¥10,260
- The 46th Fiscal Period (from January 1, 2024 to June 30, 2024): ¥11,267

(Note1) Distribution per unit for the fiscal period ending December 31, 2023, is derived at by adding reversal of reserve for advanced depreciation ¥2,110 million from expected net income and then dividing it by the total number of investment units issued and outstanding.

(Note2) Distribution per unit for the fiscal period ending June 30, 2024, is derived at by adding reversal of reserve for advanced depreciation ¥397 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, 2023 | 1,700,991 units |
| As of December 31, 2022 | 1,700,991 units |

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

| | |
|-------------------------|------|
| As of June 30, 2023 | None |
| As of December 31, 2022 | 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, 2023, NBF owned or had beneficiary interests in 70 office properties with an aggregated acquisition value ¥1.4728 trillion and 1,202,427 rentable square meters of office space respectively. NBF executes leasing activities carefully factoring in market trends from a medium- to long-term perspective. As a result of the activities, with in the period under review, NBF leased office space to 1,552 tenants (including sub leases), the occupancy rate as of the end of the period was 97.5% (including sub leases), an increase of 1.4% compared with the previous period, and the average occupancy rate during the period was 97.0% (including sub leases), an increase of 1.1% compared with the previous period.

Performance Results:

During the period under review, the Japanese economy entered a period of transition to post-Covid19, with a recovery in capital investment by companies and a rebound in personal consumption driven by rising wages amid downward pressure from high prices.

On the other hand, the impact of changes in financial markets, such as rising interest rates due to monetary tightening in Europe and the U.S. and the collapse of a regional bank in the U.S., was limited in Japan.

In the office building rental market in Tokyo CBD, there are signs of a recovery in demand as companies reaffirm their recognition of office functions, such as positive relocations to increase floor space and improve locations, amid the ongoing review of required office space triggered by the Covid-19. On the other hand, the vacancy rate in Tokyo CBD has remained in the 6% range and has not yet reached a decreasing trend.

With regard to the office building trading market, the market remained firm even during the phase of rising interest rates due to global monetary tightening. The competitive environment for property acquisitions continued, as information on sales of prime properties remained limited.

Even under this environment, NBF enhanced its portfolio by acquiring " IIDABASHI GRAND BLOOM " (real property; acquisition price: 25.4 billion yen (additional acquisition)) and " Toyosu Bayside Cross Tower " (real property; acquisition price: 21.6 billion yen (additional acquisition)) in March 2023, and disposed " Shin-Kawasaki Mitsui Bldg." (trust beneficiary interest, disposition price: 24.0billion yen) in January 2023.

Regarding the existing portfolio, NBF executes above leasing activities, in order to reach the cruising occupancy rate in the 97% range. With existing tenants, NBF strives to retain and improve rent levels, prevent cancellations based on the fundamental policy of maintaining favorable relationships and enhancing tenant satisfaction. As a result of these activities, occupancy rates and rental revenues remains stable.

In addition, NBF's pursuit to enhance competitiveness of its properties by implementing continuous cost reduction measures through timely renovations will continue.

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% set as the maximum.

As of the end of the period under review, NBF's LTV was 42.9% and its long-term fixed interest-bearing debt ratio was 90.6%.

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 | 8,000 | 5,000 | (3,000) |
| Long-term borrowings (Floating interest rate) | 41,000 | 51,000 | 10,000 |
| Long-term borrowings (Fixed interest rate) | 471,500 | 491,500 | 20,000 |
| Investment Corporation Bonds | 57,000 | 47,000 | (10,000) |
| Total interest-bearing debt | 577,500 | 594,500 | 17,000 |

*The balance of green finance at the end of the period was ¥63,000 million.

Commitment lines:

NBF also established long-term commitment lines of 60 billion yen with financial institutions in order to stabilize its fund-raising capacity reducing refinancing risks.

Outline of the commitment lines

| | | |
|-----------------------------|--------------------------|--------------------------|
| Maximum amount of borrowing | 40 billion yen | 20 billion yen |
| Expiration date | August 29,2025 | March 31,2026 |
| Collateral | Unsecured/non-guaranteed | Unsecured/non-guaranteed |

Investment corporation bonds:

NBF submitted a shelf registration statement of investment corporation bonds (excluding short-term investment corporation bonds) in January 2023, and the outline is as follows. At the end of the period, the outstanding balance of the issuance limit was 200 billion yen.

| | |
|------------------------------|---|
| Amount to be issued | 200 billion yen |
| Scheduled period of issuance | from February 8, 2023 through February 7, 2025 |
| Use of funds | acquisition of specified assets (within the meaning of Paragraph 1, Article 2 of the Act on Investment Trusts and Investment Corporations), repayment of loans, redemption of investment corporation bonds, refund of lease deposits, payment for renovations, working capital 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 operations, NBF's performance results during the period under review consisted of operating revenues of ¥47,030 million (a decrease of ¥336 million, or 0.7%, compared with the previous period), excluding profits from dispositions, real estate rental revenues of ¥45,148 million (a decrease of ¥24 million, or 0.1%, compared with the previous period), almost unchanged from the previous period, operating income from leasing activities of ¥20,870 million (a decrease of ¥630 million, or 2.9%, compared with the previous period), operating income of ¥20,640 million (a decrease of ¥956 million, or 4.4% compared with the previous period), ordinary income of ¥19,336 million (a decrease of ¥953 million, or 4.7%, compared with the previous period), and net income of ¥19,335 (a decrease of ¥953 million, or 4.7%, compared with the previous period).

In accordance with the distribution policy prescribed in its Articles of Incorporation, NBF decided to distribute ¥19,561 million, the entire amount arrived at by deducting provision of reserve for advanced depreciation (¥1,912 million) from the sum of retained earnings (¥19,335 million) and reversal of reserve for advanced depreciation (¥2,138 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) (Net reversal of reserve for advanced depreciation is ¥225 million). As a result, the distribution per unit was ¥11,500 (same as the previous period).

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

The Japanese economy is on a recovery track, especially in the non-manufacturing sector, as restrictions on socioeconomic activities are eased due to Covid-19, and while corporate earnings are affected by high resource prices and yen depreciation, capital investment is heading toward digitalization and decarbonization, and from the recovery of inbound consumption, the Japanese economy is expected to remain firm.

In addition, the Bank of Japan revised the yield curve control (YCC) in July, we expect the impact of the YCC revision on economic trends needs to be closely monitored.

In the office building rental market, although the impact of the large new supply in 2023 and 2025 will continue to require close monitoring, demand is expected to be firm as companies re-recognize office functions, and office buildings, especially those in highly competitive locations, are expected to be valued more highly.

In the office building trading market, the demand to acquire properties by foreign and domestic investors remains high, contributing to a tight market with low cap rates. Coupled with the limited numbers of quality assets to be placed on the market, acquisition opportunities continue to be challenging.

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 footprint, improving security, safety, comfort, 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

Fierce competition to acquire quality assets remain yet increasing interest rates both domestic and international casts concern over the economy. With this in mind, NBF will focus its attention to acquire properties that contribute to the entire portfolio in the mid-to-long term, which will to further enhance its portfolio.

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 Covid-19 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, while contrasting new acquisitions/dispositions with the composition of the entire portfolio.

(b) Management Policies for Existing Properties

NBF intends to continuously increase rental revenues by carefully monitoring trends in the office building rental market and responding flexibly to the changes in the environment. NBF will maintain close relationships with its existing tenants for customer satisfaction, in order to maintain and increase rent levels while mitigating lease cancellations. As for capital investments in existing buildings, NBF will undertake engineering work by upgrading and adding new equipment and improvements on environmental compatibility that contributes to overall building competitiveness in the marketplace.

(c) Financial Strategies, Etc.

As YCC has been revised, the financial market has been in an adjustment phase. Regarding financing 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 financial market. The targeted LTV, being between 36% and 46%, will be maintained for the time being, with 56% as the maximum. NBF will continue to conduct its financial management with the targeted long-term fixed interest-bearing debt ratio for the time being of over 80%. In addition, NBF will conduct IR activities 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:

Not applicable

(Reference)

On March 15, 2023, NBF entered into a sale and purchase agreement for the transfer of the following asset, which is scheduled to be transferred on March 29, 2024.

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.

| | | |
|----------------------------|---|--|
| Name of Asset | | Panasonic Tokyo Shiodome Building |
| Type of Specified Asset | | Beneficiary interest in trust |
| Location | | (Street Address)5-1, Higashi-Shinbashi 1-chome, Minato-ku, Tokyo |
| Land | Square meters (Description in Real Property Registry) | Site area 19,708.36 m ² (entire site) |
| | Land Use Zones | Commercial zone |
| | Type of Ownership | 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 | 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) |
| | Square meters (Description in Real Property Registry) | Total floor space 263,035.06 m ² (entire building) |
| | Type of Ownership | 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)) |
| | Completion of Construction (Description in Real Property Registry) | January 9, 2003 |
| | Use (Primary use listed in Real Property Registry) | Office, Retail Store (use of Panasonic Tokyo Shiodome Building) |
| Date of Disposition | | March 29, 2024 (scheduled) |
| Disposition Price(planned) | | ¥ 6.7 billion |
| Trustee | | Sumitomo Mitsui Trust Bank, Limited |
| Property manager | | Panasonic Facilities Co., Ltd. |

Outline of Forecasts for the 45th and the 46th Periods

In view of rent trends of the office building rental market, NBF announced its forecasts for the 45th fiscal period commencing July 1, 2023, and ending December 31, 2023, and for the 46th fiscal period commencing January 1, 2024, and ending June 30, 2024.

Performance Forecasts:

The forecast for the 45th fiscal period is as follows:

| | |
|-----------------------------|-----------------|
| Operating revenues: | ¥45,497 million |
| Operating income: | ¥18,754 million |
| Ordinary income: | ¥17,452 million |
| Net income: | ¥17,452 million |
| Cash distribution per unit: | ¥11,500 |

The forecast for the 46th fiscal period is as follows:

| | |
|-----------------------------|-----------------|
| Operating revenues: | ¥46,826 million |
| Operating income: | ¥20,517 million |
| Ordinary income: | ¥19,165 million |
| Net income: | ¥19,165 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.

Assumptions underlying the Forecasts of Operating Results for the Periods Ending December 31, 2023 (July 1, 2023 – December 31, 2023) and June 30, 2024 (January 1, 2024 to June 30, 2024)

| Item | Assumptions | | | | |
|---|--|-------------|------------------|-----------------------------------|----------------|
| Assets owned | <ul style="list-style-type: none"> NBF's portfolio of 70 properties as of June 30, 2023, adjusted for the following disposition, resulting in 70 properties for the period ending December 31, 2023 and 69 properties for the period ending June 30, 2024. <table border="1" data-bbox="456 450 1292 573"> <thead> <tr> <th data-bbox="456 450 876 506">Disposition</th> <th data-bbox="876 450 1292 506">Date (scheduled)</th> </tr> </thead> <tbody> <tr> <td data-bbox="456 506 876 573">Panasonic Tokyo Shiodome Building</td> <td data-bbox="876 506 1292 573">March 29, 2024</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The forecasted total interim average occupancy rate*1 of the total portfolio is 97.3% for the period ending December 31, 2023 and 97.0% for the period ending June 30, 2024. *1 The weighted average (by floor area) of the occupancy rates at the end of each month. The figures in this table may change due to changes in portfolio assets or other factors. | Disposition | Date (scheduled) | Panasonic Tokyo Shiodome Building | March 29, 2024 |
| Disposition | Date (scheduled) | | | | |
| Panasonic Tokyo Shiodome Building | March 29, 2024 | | | | |
| Number of issued and outstanding investment units | <ul style="list-style-type: none"> It is assumed that the number of investment units currently issued and outstanding (1,700,991 units) will not change until June 30, 2024. | | | | |
| Interest-bearing liabilities | <ul style="list-style-type: none"> In the fiscal period ending December 31, 2023 and June 30, 2024, short-term borrowings of 5 billion yen, long-term borrowings of 40 billion yen, and investment corporation bonds of 7 billion yen will become due for repayment, and it is assumed that funds for the repayment of such interest-bearing liabilities will be procured through borrowings, etc. | | | | |
| Operating Revenues | <ul style="list-style-type: none"> NBF is assumed to record 1,964 million yen in gain on sale of "Panasonic Tokyo Shiodome Building" in the period ending June 30, 2024, included in operating revenues (see "Distribution per Unit" below as well). | | | | |
| Operating Expenses | <ul style="list-style-type: none"> Real estate taxes are expected to be 4,606 million yen for the period ending December 31, 2023 and 4,808 million yen for the period ending June 30, 2024. Depreciation and amortization are expected to be 8,006 million yen for the period ending December 31, 2023 and 7,949 million yen for the period ending June 30, 2024. Repairs and maintenance are expected to be 1,085 million yen for the period ending December 31, 2023 and 949 million yen for the period ending June 30, 2024. Assumptions regarding outsourcing costs are made by taking past results into consideration. | | | | |
| Non-operating Expenses | <ul style="list-style-type: none"> Non-operating expenses (interest expenses, interest payments on investment corporation bonds, etc.) are assumed to be 1,304 million yen for the period ending December 31, 2023 and 1,354 million yen for the period ending June 30, 2024. | | | | |
| Distribution per Unit | <ul style="list-style-type: none"> In the period ending December 31, 2023, reversal of reserve for advanced depreciation 2,110 million yen is to be assumed to be occurred. The anticipated gain of 1,964 million yen from the sale of "Panasonic Tokyo Shiodome Building" in the period ending June 30, 2024, is assumed to be held as reserve for advanced depreciation, while the transferring out of reserve for advanced depreciation is assumed to be occurred, resulting in a net transfer of 397 million yen out of reserve for advanced depreciation. The actual amount of distribution per unit may vary due to changes in rental revenue as a result of tenant changes, changes in properties, interest rates, or issuance of new investment units. Actual amounts transferred from and to as reserves (reserves for reduction entry) may change. | | | | |
| Distributions in Excess of Earnings per Unit | <ul style="list-style-type: none"> NBF currently has no plans to make distributions in excess of earnings (distributions in excess of earnings per unit). | | | | |
| Others | <ul style="list-style-type: none"> The above estimates are based on the premise that there will be no amendments of laws or regulations, taxation systems, accounting standards, rules of Tokyo Stock Exchange, rules of The Investment Trusts Association, Japan or otherwise which would impact such estimates. The above estimates are also premised on the absence of unexpected substantial changes in general economic trends or real estate market conditions. | | | | |

NIPPON BUILDING FUND INC.

Balance Sheets

As of June 30, 2023 and December 31, 2022

| | As of June 30, 2023 | As of December 31, 2022 |
|--|------------------------|----------------------------|
| (Yen in millions) | | |
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | ¥9,956 | ¥16,058 |
| Tenant receivables | 333 | 314 |
| Prepaid expenses | 456 | 580 |
| Other current assets | 175 | 217 |
| Total current assets | 10,922 | 17,169 |
| Investment Properties: | | |
| Land including trust accounts | 1,034,059 | 1,009,029 |
| Buildings and improvements including trust accounts | 477,154 | 478,864 |
| Other tangible assets | 16,866 | 16,666 |
| Less: accumulated depreciation | (195,717) | (195,464) |
| Leasehold rights in trust accounts and other intangible assets | 35,692 | 35,711 |
| Total investment properties, net | 1,368,055 | 1,344,806 |
| Long-term Prepaid Expenses | 5 | 5 |
| Other Assets | 6,937 | 6,757 |
| Total Assets | ¥1,385,920 | ¥1,368,739 |
| Liabilities | | |
| Current Liabilities: | | |
| Short-term loans | ¥5,000 | ¥8,000 |
| Long-term debt due within one year | 47,000 | 52,000 |
| Accounts payable | 7,416 | 6,884 |
| Rents received in advance | 4,360 | 4,427 |
| Accrued expenses and other liabilities | 1,017 | 2,848 |
| Total current liabilities | 64,794 | 74,160 |
| Long-term debt | 542,500 | 517,500 |
| Tenant Security Deposits Including Trust Accounts | 72,202 | 70,408 |
| Other Liabilities | 127 | 149 |
| Total Liabilities | 679,625 | 662,218 |
| Net Assets | | |
| Unitholders' Equity | | |
| Unitholders' capital | 673,047 | 673,047 |
| Units authorized: 4,000,000 units | | |
| Units issued and outstanding: 1,700,991 units | | |
| Retained earnings | 33,248 | 33,473 |
| Total Net Assets | 706,295 | 706,521 |
| Total Liabilities and Net Assets | ¥1,385,920 | ¥1,368,739 |

NIPPON BUILDING FUND INC.

Statements of Income

For the six months ended June 30, 2023 and December 31, 2022

For the six months ended For the six months ended
June 30, 2023 December 31, 2022

(Yen in millions)

| | For the six months ended June 30, 2023 | For the six months ended December 31, 2022 |
|--|---|---|
| Operating Revenues and Expenses | | |
| Operating Revenues: | | |
| Rental | ¥41,895 | ¥41,508 |
| Other revenues related to property leasing | 3,253 | 3,664 |
| Gains on sales of investment properties | 1,882 | 2,194 |
| Total Operating Revenues | 47,030 | 47,366 |
| Operating Expenses: | | |
| Property management fees | 6,164 | 6,258 |
| Real estate taxes | 4,587 | 4,191 |
| Repairs and maintenance | 1,189 | 979 |
| Insurance | 43 | 42 |
| Other rental expenses | 4,419 | 4,282 |
| Depreciation and amortization | 7,873 | 7,917 |
| Asset management fees | 1,726 | 1,756 |
| Other operating expenses | 384 | 340 |
| Total Operating Expenses | 26,390 | 25,770 |
| Operating Income | 20,640 | 21,596 |
| Non-Operating Revenues and Expenses | | |
| Non-Operating Revenues: | | |
| Interest income | 0 | 0 |
| Property tax refund and interest on tax refund | — | 1 |
| Other non-operating revenues | 5 | 3 |
| Non-Operating Expenses: | | |
| Interest expense | (1,251) | (1,253) |
| Amortization of bond issuance costs | (20) | (20) |
| Other non-operating expenses | (37) | (38) |
| Ordinary Income | 19,336 | 20,289 |
| Income before Income Taxes | 19,336 | 20,289 |
| Current and deferred income taxes | 0 | 0 |
| Net Income | ¥19,335 | ¥20,288 |

NIPPON BUILDING FUND INC.
Distribution for the Period Under Review

| | For the six months ended June 30, 2023 | For the six months ended December 31, 2022 |
|---|---|---|
| | (Yen) | |
| Retained earnings | ¥19,335,863,530 | ¥20,288,900,156 |
| Undistributed earnings | — | — |
| Reserve for advanced depreciation | 1,912,612,717 | 1,639,062,921 |
| Reversal of reserve for advanced depreciation | 2,138,145,687 | 911,559,265 |
| Total cash distribution | 19,561,396,500 | 19,561,396,500 |
| (Cash distribution per unit) | 11,500 | 11,500 |
| Distribution of accumulated earnings | 19,561,396,500 | 19,561,396,500 |
| (Distribution of accumulated earnings per unit) | 11,500 | 11,500 |
| 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(earnings summary)”). “Kessan-Tanshin(earnings summary)” 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.