

January 31, 2024

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.
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Notice of Disposition of Asset
(GranTokyo South Tower (part of sectional ownership))

Nippon Building Fund Management Ltd. (“NBFM”), to which Nippon Building Fund Inc. (“NBF”) entrusts asset management services, hereby provide notice of the decision made on January 31, 2024 on the disposition (hereinafter referred to as the "Disposition") of assets, as follows.

Description

1. Outline of the Disposition

Name of Asset	GranTokyo South Tower (part of sectional ownership) *The subject of the disposition is sectional ownership of the GranTokyo South Tower (6th - 9th floors) (hereinafter referred to as the "Subject of disposition") of the sectional ownership in GranTokyo South Tower (5th - 9th floors) (hereinafter referred to as the "Ownership currently held"). Sectional ownership (5th floor) will continue to be held.
Disposition Price	41,200 million yen (Miscellaneous acquisition costs, adjusted amount of fixed assets tax and city-planning tax, etc. as well as consumption tax, etc. are excluded.)
Book Value	37,878 million yen (as of June 30, 2023) (*1)
Profit on Disposition	3,119 million yen (*2)
Transferee	Tokyo Central Realty, LLC (please refer to Section 5 hereinbelow for an outline of the buyer of the asset to be disposed)
Intermediary	None
Date of Contract	January 31, 2024



Date of Disposition	March 28, 2024 (anticipated)
Specific Use of Disposition Funds	Acquisition funds for "Toyosu Bayside Cross Tower (Additional Acquisition)" scheduled for acquisition on March 29, 2024 and cash on hand, etc. (*3)
Payment Method	Lump-sum payment at the time of delivery

*1 The Book Value may differ from the actual figures at the time of disposition, which is calculated by multiplying the book value as of June 30, 2023 of the sectional ownership in GranTokyo South Tower (5th - 9th floors) by approximately 80%, the number of utility ratio, quasi co-ownership of the right to use the site as stipulated in the management agreement (hereinafter referred to as the "Ownership Ratio").

*2 The profit on disposition is based on information currently available to NBF and certain assumptions that NBF deems reasonable and may differ from the actual profit on disposition. Amounts are rounded down to the nearest unit.

*3 Please refer to the " Notice of Acquisition and Disposition of Assets (Acquisition of Toyosu Bayside Cross Tower (Additional Acquisition) and Disposition of Tsukuba Mitsui Bldg.) dated January 5, 2024 for details.

2. Reason for Disposition

The Disposition is conducted based on policies such as future profitability of asset and area diversification as stipulated in NBF's Articles of Incorporation.

3. Outline of Forward Commitment etc.

The Disposition will be made pursuant to forward commitments (settlement/handover occurring one month after the execution of the contract). In case the sales contract is terminated due to a violation of contractual commitments by NBF, NBF shall be required to pay to the buyer 20% of the disposition price.

4. Details of the Asset to be Disposed

Name of Asset	GranTokyo South Tower (part of sectional ownership)
Type of Specified Asset	Real property (*4)
Type of Ownership	Land: co-ownership interest of ownership (1,800.85 m ²) (*5) quasi co-ownership of leasehold (20,778.29 m ²) (*6) Building: sectional ownership (8,682.72 m ² on the 6th–9th floors) (*7)
Location	(Description in Real Property Registry) Land: ownership: 26-3, 26-4, and 26-11, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 13-1, 13-2, 13-3, Yaesu 2-chome, Chuo-ku, Tokyo Leasehold: the six plots above and other nineteen plots Building: 26-3, 26-4, and 26-11, Marunouchi 1-chome, Chiyoda-ku, Tokyo, 13-1, 13-2, 13-3, and eight other parcels, Yaesu 2-chome, Chuo-ku, Tokyo



	(Street Address) 9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Use (primary use listed in Real Property Registry)	Office and storage
Area (Description in Real Property Registry)	Land: site area 20,778.29 m ² (The entire GranTokyo complex, including the adjacent GranTokyo North Tower site) Building: total floor space 137,662.87 m ² (entire building of GranTokyo South Tower)
Structure (Description in Real Property Registry)	Steel frame and steel framed reinforced concrete structure, flat roof, 42 floors above ground and 4 floors below ground
Completion of Construction (Description in Real Property Registry)	October 10, 2007
Acquisition Date	January 8, 2021
Acquisition Price	37,601 million yen (*8)
Appraisal Value (Date of Valuation)	39,100 million yen (*9) (June 30, 2023)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Tenants	The status of tenants as of December 31, 2023 is as follows. (*10)
Total number of tenants	5
Total rental revenues	Approx. 1,185 million yen (annual/rental portion only)
Lease deposit	Approx. 1,130 million yen (rental portion only)
Total rentable area	8,748.76 m ²
Total rented area	7,863.70 m ²
Occupancy Rate	89.9%
Other Special Matters	None

*4 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.

*5 The Subject of disposition is approximately 40.94% of the co-ownership interest.

*6 The Subject of disposition is a quasi co-ownership interest of approximately 4.18% in the leasehold.

*7 Approximately 10.66% of the entire GranTokyo South Tower (exclusive area ratio).

*8 The acquisition price is the price of NBF's January 8, 2021 acquisition of Ownership currently held of the GranTokyo South Tower multiplied by the Ownership Ratio (approx. 80%).

*9 This is the appraisal value of the sectional ownership (6th - 9th floors) that is the Subject of disposition.

*10 The lease covers the sectional ownership (6th - 9th floors) that is the Subject of disposition.

5. Outline of the Buyer of the Asset to be Disposed
(1) Outline of the Buyer



Name	Tokyo Central Realty, LLC
Location	1-4-1 Nihonbashi, Chuo-ku, Tokyo
Business Executor	Tokyo Central Realty General Incorporated Association
Representative Member	Tokyo Central Realty General Incorporated Association
Executive Director	Takanori Mishina
Purpose of Incorporation	Acquisition, holding and disposal of real estate trust beneficiary interests, etc.
Total amount of investment	Not disclosed (For details, please refer to 5. (3) Total amount of investment and outline of the Investors below)
Date of Establishment	December 1, 2023
Outline of investors	Not disclosed (For details, please refer to 5. (3) Total amount of investment and outline of the Investors below)
Relationship with the Investment Corporation/Asset Manager	
Capital relationship	None
Personnel relationship	None
Business relationship	None
Related parties	The company is not a related party of NBF or NBFM.

The above LLC is a limited liability company founded and advised by Goldman Sachs Securities Co., Ltd. and funded by investors.

(2) Outline of the advisor

Name	Goldman Sachs Securities Co., Ltd.
Location	Roppongi Hills Mori Tower, 6-10-1 Roppongi, Minato-ku, Tokyo
Representative	Takashi Yoshimura, Representative Director
Business	Business activities permitted to be conducted by financial instruments business operators under the Financial Instruments and Exchange Law and other laws, and all related business
Capital	83,616 million yen (as of December 31, 2022)
Date of Establishment	September 16, 2005
Net assets	198,162 million yen (as of December 31, 2022)
Total assets	11,492,107 million yen (as of December 31, 2022)
Major Shareholders and Investment Ratio	Goldman Sachs Japan Ltd. 100%
Relationship with the Investment Corporation/Asset Manager	
Capital relationship	None
Personnel relationship	None
Business relationship	None
Related parties	The company is not a related party of NBF or NBFM.



(3) Total amount of investment and outline of the Investors

With regard to the total amount of investment and outline of the investors in Tokyo Central Realty, details are not provided because consent for disclosure of total amount of investment, names and other information could not be obtained from the investors. There is no capital, personal, or business relationship to note between NBF and NBFM.

6. Forecasts of Operating Results for the Periods ended December 31, 2023 and ending June 30, 2024

For the impact of the Disposition on NBF's operating conditions for 1H 2024, please refer to the "Notice Concerning Revision of Forecasts of Operating Results and Distributions Per Unit for the Period ending June 30, 2024" released today.

Since the scheduled delivery date in the Disposition is for 1H 2024, there is no change to the forecast of the operating results for 2H 2023.

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7. Summary of Appraisal Reports

Property Name	GranTokyo South Tower (6th-9th floors)
Appraisal Value	39,100 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	June 30, 2023

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	39,100,000	Estimated by the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	40,100,000	
(1) Operating Revenue ((i) - (ii))	1,428,592	
(i) Effective gross income	1,472,729	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.	44,137	Estimated based on a vacancy rate which is deemed stable on a mid-and-long-term basis
(2) Operating Expenses	334,887	
Building Maintenance Costs/ Property Management Fees (Note)	127,161	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	34,934	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	9,293	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	11,687	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	148,976	Estimated based on actual taxes in fiscal 2023 etc.
Insurance Premiums	709	Estimated based on the actual amount verified applying the level of insurance rates etc. for similar properties.
Other Expenses	2,127	Estimated based on past results verified common area usage fees, etc.
(3) Net Operating Income ((1)-(2))	1,093,705	
(4) Investment Income from Temporary Deposits	14,007	Estimated applying investment return of 1.0%
(5) Capital Expenditure	25,998	Estimated based on the Engineering Report as well as the level of capital expenditure for similar real properties
(6) Net Income ((3)+(4)-(5))	1,081,714	
(7) Capitalization Rate	2.7%	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	38,600,000	
Discount Rate	2.4%	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	2.8%	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	32,500,000	
Proportion of land	92.7%	
Proportion of building	7.3%	

*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 maintenance fees and PM fees for the part of the property in relation to the additional acquisition are combined, as the disclosure of each fee on a separate basis may impact the businesses of the anticipated providers of building management and PM operations, as well as impair efficient outsourcing by NBF and harm the interests of unitholders



【Reference Material 4】 Summary of Portfolio after the Transaction

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	11.7%	57.1%	180,000,000
	IIDABASHI GRAND BLOOM	138,909,102	9.5%		154,000,000
	Roppongi T-CUBE	62,800,000	4.3%		62,700,000
	Nishi-Shinjuku Mitsui Bldg.	45,271,040	3.1%		45,600,000
	Nishi-Shinjuku Mitsui Bldg.(Additional Acquisition) (Note 3)	121,164	0.0%		228,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.9%		47,000,000
	NBF Shinagawa Tower	36,300,000	2.5%		49,000,000
	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%		34,500,000
	NBF Ginza Street Bldg.	17,000,000	1.2%		18,600,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.1%		20,800,000
	Kowa Nishi-Shinbashi Bldg. B	13,473,200	0.9%		14,400,000
	River City M-SQUARE	13,350,000	0.9%		13,700,000
	NBF Toranomon Bldg.	13,337,000	0.9%		17,900,000
	Shinbashi M-SQUARE	11,900,000	0.8%		14,100,000
	GranTokyo South Tower (Note 5)	9,398,168	0.6%		9,590,000
	NBF ALLIANCE	9,126,000	0.6%		13,600,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,990,000
	NBF Shibuya East	8,000,000	0.5%		9,990,000
	NBF Takanawa Bldg.	6,667,200	0.5%		7,780,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,490,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,670,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,890,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		5,350,000
	NBF Higashi-Ginza Square	5,200,000	0.4%		8,360,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%		5,540,000
	NBF Hatchobori Terrace	4,528,349	0.3%		5,510,000
Ryukakusan Bldg.	4,050,000	0.3%	4,920,000		
Jingumae M-SQUARE	3,700,000	0.3%	5,050,000		
23 Wards of Tokyo	NBF Osaki Bldg.	66,660,000	4.6%	83.7%	86,100,000
	Gate City Ohsaki	57,281,060	3.9%		71,700,000
	Toyosu Bayside Cross Tower	36,300,000	2.5%		37,000,000
	Toyosu Bayside Cross Tower (Additional Acquisition) (Note 4)	43,800,000	3.0%		43,900,000
	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	23,856,000	1.6%		20,700,000
	Osaki Bright Tower	13,970,000	1.0%		14,600,000
	NBF Ikebukuro East	8,630,000	0.6%		13,600,000
	Higashi Gotanda Square	8,350,000	0.6%		8,850,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,760,000
	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%	3.5%	9,860,000
	Yokohama ST Bldg.	16,749,300	1.1%		22,200,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,870,000
	S-ino Omiya North Wing	16,816,345	1.2%		24,300,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,120,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,500,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	12.8%	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%		14,200,000
	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%		19,100,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		13,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.9%		14,900,000
	Yodoyabashi Flex Tower (Note 3)	9,833,000	0.7%		10,300,000
	Hiroshima Fukuromachi 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%		12,700,000
NBF Kumamoto Bldg.	4,500,000	0.3%	4,310,000		
Total		1,457,907,034	100%	100%	1,693,588,000

(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 purchase and sale price set forth in the relevant purchase and sale 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 1H/23 (as of June 30, 2023.).

(Note 3) The "Appraisal Value" of "Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)" and "Yodoyabashi Flex Tower" is as of July 31, 2023.

(Note 4) "Toyosu Bayside Cross Tower (Additional Acquisition)" will be acquired as of March 29, 2024. The "Appraisal Value" is as of November 30, 2023.

(Note 5) "GranTokyo South Tower (part of sectional ownership)" will be disposed as of March 28, 2024. The "Acquisition Price" is the price for the previous sectional ownership (5th to 9th floors) multiplied by the percentage of the continued sectional ownership (approx. 20%). The "Appraisal Value" is the appraisal value of the continued sectional ownership (5th floor).

(Note 6) "Panasonic Tokyo Shiodome Bldg." will be disposed as of March 29, 2024.

(Note 7) "Tsukuba Mitsui Bldg." will be disposed as of September 30, 2024.