

Nippon Building Fund, Inc. 2H 2023 (45th Period) Financial Summary

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Disclaimer

1.

Financial Highlights



1-1 Financial Highlights (1/3)

	Actual			Forecast	
	2H/2023 (45th Period)	PoP change		1H/2024 (46th Period)	2H/2024 (47th Period)
Total operating revenue	47,349 million yen	+318 million yen	+0.7%	50,113 million yen	50,419 million yen
Operating income	20,767 million yen	+126 million yen	+0.6%	23,751 million yen	23,580 million yen
Operating income (excl. profits (losses) from disposition)	19,052 million yen	+294 million yen	+1.6%	18,661 million yen	18,892 million yen
Net income	19,513 million yen	+177 million yen	+0.9%	22,377 million yen	22,077 million yen
Net income (excl. profits (losses) from disposition)	17,798 million yen	+344 million yen	+2.0%	17,288 million yen	17,389 million yen
DPU	11,500 yen	±0 yen	-	12,500 yen	12,000 yen
DPU : Forecast (Announced August 2023) ¥11,500 ±0yen					
Number of investment units issued and outstanding	1,700,991 units		-	1,700,991 units	1,700,991 units
Occupancy rate (Average for the period)	97.4%		+0.4%	97.7%	97.8%

(as of December 31, 2023)

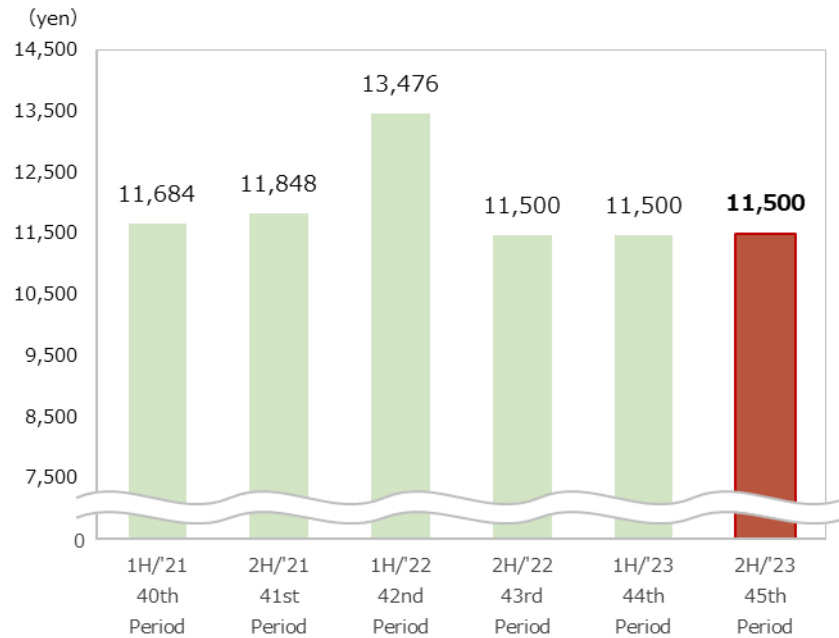
Asset	Total assets	Unrealized gains on appraisal value	Location	Occupancy rate (Average for the period)*1
	1,465.6 billion yen	345.1 billion yen	23 Wards of Tokyo: 83.2% Central 5 Wards of Tokyo: 59.7%	97.4%
Debt	LTV	Long-term fixed interest rate ratio	Average interest rate	Average maturity
	42.8%	90.5%	0.40%	5.23 years
Equity	Market cap	NAV per unit *2		
	1,039.3 billion yen	606,635 yen		

*1 Occupancy rate is the weighted average of the occupancy rate at the end of each month on an area basis.

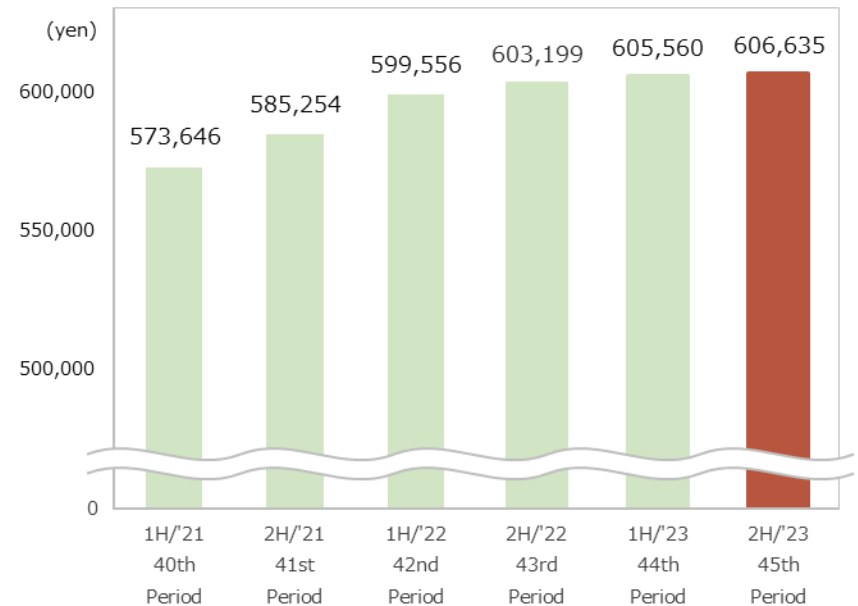
*2 (Unitholders' capital at end of period + reserve for reduction entry at end of period + reserve for reduction entry for next period (reserve amount - reversal amount) + unrealized gains on appraisal at end of period) / number of investment units issued and outstanding at end of period

Through stable growth of DPU over the medium to long term and an increase in NAV per unit, we aim to increase unitholder value.

Distributions per Unit (DPU)



NAV per Unit



2.

Financial Results



[Definition of Terms]

Fiscal period	Terms	Definitions	Property Name
2H 2023 (45th period) -Actual (Properties held at end of period: 69)	Acquired properties	1H 2023 (44th period) 2 additional properties acquired 2H 2023 (45th period) 1 additional property acquired and 1 property acquired	IIDABASHI GRAND BLOOM (Additional acquisition in the 44th period) Toyosu Bayside Cross Tower(Additional acquisition in the 44th period) Nishi-Shinjuku Mitsui Bldg.(Additional acquisition in the 45th period) Yodoyabashi Flex Tower(45th period)
	Disposed properties	1H 2023 (44th period) 1 property disposed 2H 2023 (45th period) 2 properties disposed	Shin-Kawasaki Mitsui Bldg.(44th period) NBF Ueno Bldg.(45th period) NBF Shibakouen Bldg.(45th period)
1H 2024 (46th period) -Forecast (Properties held at end of period: 68)	Acquired properties	2H 2023 (45th period) 1 additional property acquired and 1 property acquired 1H 2024 (46th period) 1 additional property acquired	Nishi-Shinjuku Mitsui Bldg.(Additional acquisition in the 45th period) Yodoyabashi Flex Tower(45th period) Toyosu Bayside Cross Tower(Additional acquisition in the 46th period)
	Disposed properties	2H 2023 (45th period) 2 properties disposed 1H 2024 (46th period) 1 property partially disposed and 1 property disposed	NBF Ueno Bldg.(45th period) NBF Shibakouen Bldg.(45th period) GranTokyo South Tower(Partial disposed in the 46th period) Panasonic Tokyo Shiodome Bldg.(46th period)
2H 2024 (47th period) -Forecast (Properties held at end of period: 67)	Acquired property	1H 2024 (46th period) 1 additional property acquired	Toyosu Bayside Cross Tower(Additional acquisition in the 46th period)
	Disposed properties	1H 2024 (46th period) 1 property partially disposed and 1 property disposed 2H 2024 (47th period) 1 property disposed	GranTokyo South Tower(Partial disposed in the 46th period) Panasonic Tokyo Shiodome Bldg.(46th period) Tsukuba Mitsui Bldg.(47th period)

2-1 2H/2023 (45th Period) Income Statement (P/L)

(millions of yen)

Course	1H/2023 (44th Period)	2H/2023 (45th Period)	PoP Change	
			Amount	Percentage
Total operating revenues	47,030	47,349	318	0.7%
Operating revenues	45,148	45,635	486	1.1%
Real estate rental revenues	41,895	42,126	230	0.6%
Other rental revenues	3,253	3,508	255	7.9%
Profits from dispositions	1,882	1,714	-167	-8.9%
Total operating expenses	26,390	26,582	192	0.7%
Operating expenses	24,278	24,501	222	0.9%
Rental expenses (excl. depreciation and amortization)	16,405	16,528	123	0.8%
Depreciation and amortization	7,873	7,973	99	1.3%
Asset management fees	1,726	1,744	17	1.0%
Selling, general and administrative expenses	384	336	-48	-12.6%
Operating income	20,640	20,767	126	0.6%
Net non-operating income and expenses	-1,303	-1,253	50	-3.9%
Non-operating income	5	4	0	-
Non-operating expenses	1,309	1,258	-51	-3.9%
Ordinary income	19,336	19,513	177	0.9%
Extraordinary income (loss)	-	-	-	-
Income before income taxes	19,336	19,513	177	0.9%
Income taxes	0	0	0	-
Net income	19,335	19,513	177	0.9%
Provision of reserve(+) and reversal for advanced depreciation(-)	-225	-48	177	-
Payment of dividends	19,561	19,561	-	-
Distribution per unit (JPY)	11,500	11,500	-	-
Occupancy rate(Average for the Period)(%)	97.0	97.4	0.4	-
Units issued and outstanding at period end	1,700,991	1,700,991	-	-

Summary of PoP change

(millions of yen)

Total operating revenues	+318
Real estate rental revenues	+230
Replacement (properties acquired/disposed of)	+436
Existing properties	-205
Other rental revenues	+255
Cancellation charge	+79
Incidental income	+186
Profits from dispositions	-167

Total operating expenses	+192
Operating expenses	+222
Building management expenses	+500
Repair expense	+154
Utilities	-545

Operating income	+126
Replacement (properties acquired/disposed of)	+357
Existing properties	-94
Profits from dispositions	-167
Asset management fees and SG&A expenses	+30

[Reference]

NOI from property leasing activities	28,743	29,106	362	1.3%
Operating income (excl. profits and losses from dispositions)	18,758	19,052	294	1.6%
Net income (excl. profits and losses from dispositions)	17,453	17,798	344	2.0%

2-2 2H/2023 (45th Period) Balance Sheet (B/S)

Assets (millions of yen)

Course	1H/2023	2H/2023	PoP Change	
	(44th Period end)	(45th Period end)	Amount	Percentage
Current assets	10,922	19,785	8,863	81.2%
Cash and cash equivalents	9,956	18,884	8,928	89.7%
Other current assets	965	901	-64	-6.7%
Fixed assets	1,374,860	1,365,713	-9,147	-0.7%
Tangible fixed assets	1,332,363	1,322,929	-9,434	-0.7%
Intangible fixed assets	35,692	35,677	-15	-0.0%
Investments and other assets	6,805	7,106	301	4.4%
Deferred assets	137	120	-17	-12.7%
Total assets	1,385,920	1,385,619	-301	-0.0%

Liabilities and Net Assets

Course	1H/2023	2H/2023	PoP Change	
	(44th Period end)	(45th Period end)	Amount	Percentage
Current liabilities	64,794	70,805	6,011	9.3%
Short-term borrowings	5,000	5,000	-	-
Long-term borrowings due within one year	40,000	44,000	4,000	10.0%
Investment corporation bonds due within one year	7,000	7,000	-	-
Other	12,794	14,805	2,011	15.7%
Fixed liabilities	614,830	608,566	-6,263	-1.0%
Investment corporation bonds	40,000	40,000	-	-
Long-term borrowings	502,500	496,500	-6,000	-1.2%
Security deposits received	72,330	72,066	-263	-0.4%
(Interest-bearing debt)	(594,500)	(592,500)	(-2,000)	(-0.3%)
Total liabilities	679,625	679,372	-252	-0.0%
Net assets	706,295	706,247	-48	-0.0%
Unitholders' capital	673,047	673,047	-	-
Retained earnings	33,248	33,200	-48	-0.1%
Reserve for reduction entry	13,912	13,687	-225	-1.6%
Undistributed earnings	19,335	19,513	177	0.9%
Total net assets	706,295	706,247	-48	-0.0%
Total liabilities and net assets	1,385,920	1,385,619	-301	-0.0%

Summary of PoP change

(millions of yen)

Assets	-301
Current assets	+8,863
Cash and cash equivalents	+8,928
Fixed assets	-9,147
2 properties acquired in 45th period	+8,318
2 properties disposed in 45th period	-14,859
CAPEX	+4,840
Depreciation and amortization	-7,957
Others, etc	+511
Liabilities	-252
Interest-bearing debt	-2,000
Long-term borrowings	-2,000
Total net assets	-48
Retained earnings	-48
Reserve for reduction entry	-225
Undistributed earnings	+177

Maintain solid financial strategy

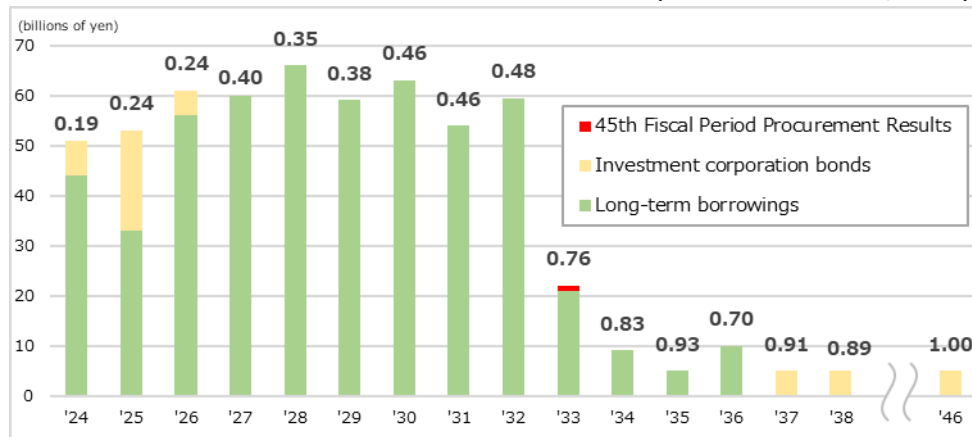
Finance Data

Item	June 30, 2023 (44th Period end)	December 31, 2023 (45th Period end)	PoP Change
LTV	42.9%	42.8%	-0.1pt
Long-term fixed interest rate ratio	90.6%	90.5%	-0.1pt
Average interest rate	0.40%	0.40%	-
Average remaining life (Long-term interest-bearing debt)	5.70years	5.23years	-0.47years

*Debt capacity up to LTV46.0% Approx. 83 billion yen

Diversification of repayment dates

*The figures at the top of the graph are average interest rates (unit: %) (as of December 31, 2023)



Interest-bearing debt

(millions of yen)

Item	June 30, 2023 (44th Period end)	December 31, 2023 (45th Period end)	PoP Change
Short-term debt	5,000	5,000	-
Long-term debt (floating rate)	51,000	51,000	-
Long-term debt (fixed interest rate)	491,500	489,500	-2,000
Investment corporation bonds	47,000	47,000	-
Total amount	594,500	592,500	-2,000
Green Finance	63,000	63,000	-

45th period Long-term loans payable

(millions of yen)

Date of borrowing	Lender	Amount of money	Period	Fixed/Floating	Interest rates
2023/9/11	DAIDO LIFE INSURANCE COMPANY	1,000	10 years	Fixed	1.033%

Rating Status

(as of December 31, 2023)

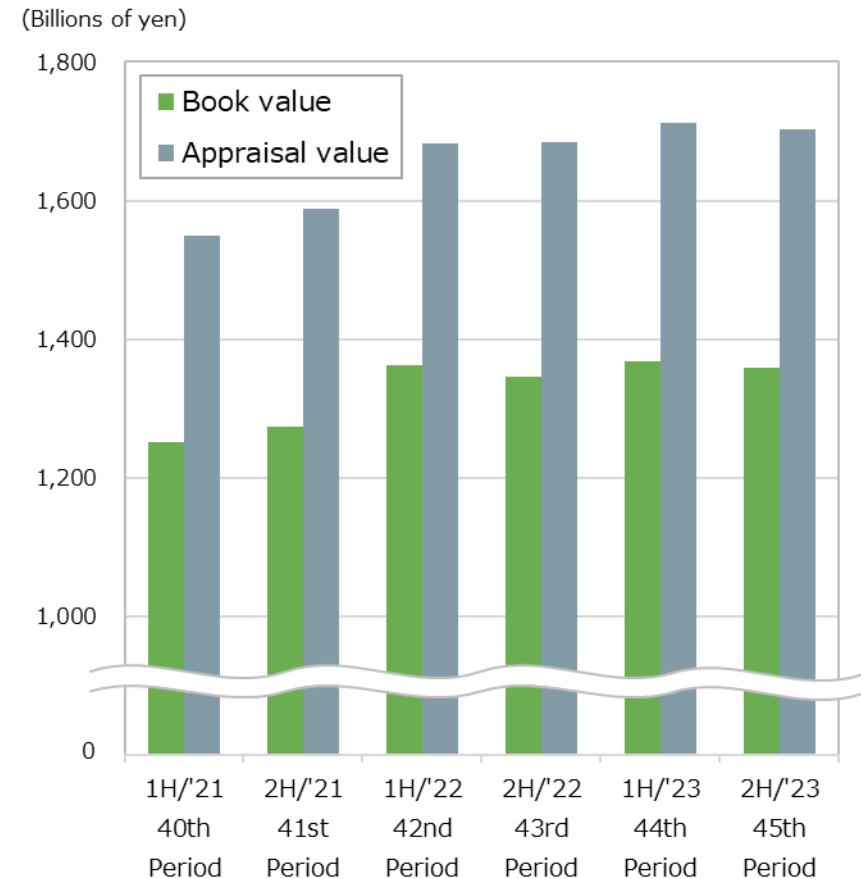
Rating Company	Rating	Remarks
JCR	Long-term Issuer Rating: AA+	Outlook: Stable
R&I	Issuer Rating: AA	Outlook: Stable
S&P	Long-term corporate credit rating: A+ Short-term corporate credit rating: A-1	Outlook: Stable

Continuing appraisal value was flat

Continuing appraisal value

Item	June 30, 2023 (44th Period end)	December 31, 2023 (45th Period end)	PoP Change
Number of properties	70 properties	69 properties	-1 property
Continuing appraisal value	1,711.3 billion yen	1,703.6 billion yen	-7.7 billion yen
Book value	1,368.0 billion yen	1,358.4 billion yen	-9.5 billion yen
Unrealized gain	343.3 billion yen	345.1 billion yen	+1.8 billion yen

Changes in appraisal value and book value



Changes by property (compared to the previous period)

Capitalization rate (Number of property)			Appraisal value (Number of property)		
Item	June 30, 2023 (44th Period end)	December 31, 2023 (45th Period end)	Item	June 30, 2023 (44th Period end)	December 31, 2023 (45th Period end)
Decrease	15	41	Increase	18	10
Same	55	28	Same	39	46
Increase	0	0	Decrease	13	13

3.

Forecast



(Millions of yen)

	2H/2023 (Actual) (45th Period)	1H/2024 (Forecast) (46th Period)	PoP Change		2H/2024 (Forecast) (47th Period)	PoP Change	
			Amount	Percentage		Amount	Percentage
Total operating revenues	47,349	50,113	2,763	5.8%	50,419	306	0.6%
Operating revenues	45,635	45,023	-611	-1.3%	45,731	707	1.6%
Real estate rental revenues	42,126	41,911	-214	-0.5%	42,280	368	0.9%
Other rental revenues	3,508	3,112	-396	-11.3%	3,451	339	10.9%
Profits from dispositions	1,714	5,089	3,375	-	4,688	-401	-
Total operating expenses	26,582	26,361	-220	-0.8%	26,838	476	1.8%
Operating expenses	24,501	24,158	-342	-1.4%	24,702	543	2.3%
Rental expenses (excl. depreciation and amortization)	16,528	16,285	-243	-1.5%	16,831	545	3.4%
Depreciation and amortization	7,973	7,873	-99	-1.2%	7,871	-2	-0.0%
Asset management fees	1,744	1,817	73	4.2%	1,826	8	0.5%
Selling, general and administrative expenses	336	385	48	14.5%	309	-75	-19.6%
Operating income	20,767	23,751	2,984	14.4%	23,580	-170	-0.7%
Net non-operating income and expenses	-1,253	-1,373	-120	9.6%	-1,503	-130	9.5%
Non-operating income	4	4	0	-	4	-	-
Non-operating expenses	1,258	1,377	119	9.5%	1,507	130	9.4%
Ordinary income	19,513	22,377	2,863	14.7%	22,077	-300	-1.3%
Extraordinary income (loss)	-	-	-	-	-	-	-
Income before income taxes	19,513	22,377	2,863	14.7%	22,077	-300	-1.3%
Income taxes	0	0	0	-	0	-	-
Net income	19,513	22,377	2,864	14.7%	22,077	-300	-1.3%
Provision of reserve(+) and reversal for Advanced depreciation(-)	-48	1,114	1,162	-	1,663	549	-
Payment of dividends	19,561	21,262	1,700	8.7%	20,411	-850	-4.0%
Distribution per unit (JPY)	11,500	12,500	1,000	8.7%	12,000	-500	-4.0%
Average occupancy rate during the Period(%)	97.4	97.7	0.4	-	97.8	0.1	-
Units issued and outstanding at period end	1,700,991	1,700,991	-	-	1,700,991	-	-

Summary of PoP change

(Millions of yen)

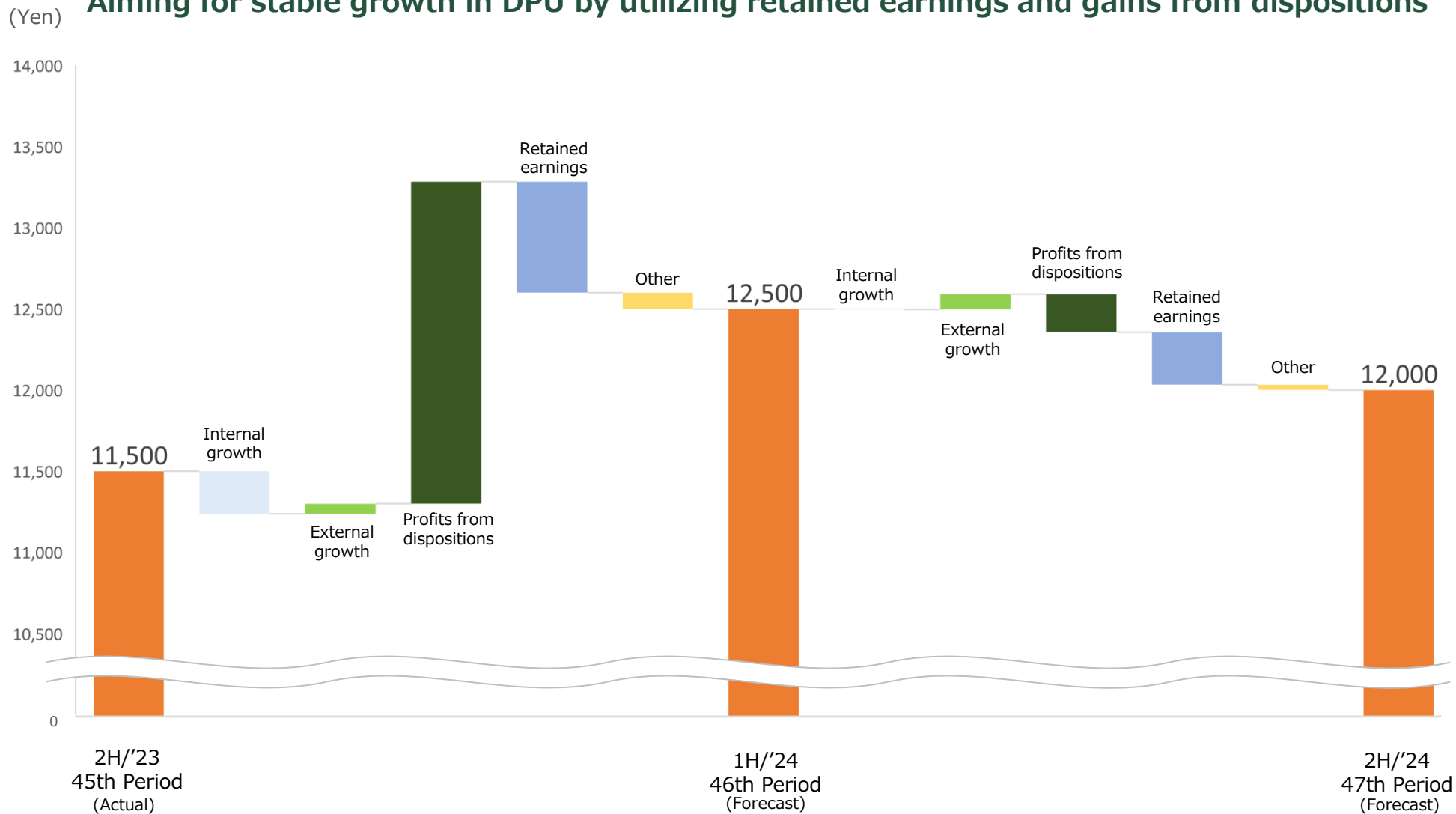
46th period 47th period

Total operating revenues	+2,763	+306
Real estate rental revenues	-214	+368
Replacement (properties acquired/disposed of)	-4	+139
Existing Properties	-209	+229
Other rental revenues	-396	+339
Cancellation charge	-91	-33
Ancillary revenues (seasonal factors, etc.)	-358	+399
Profits from dispositions	+3,375	-401
Total operating expenses	-220	+476
Operating expenses	-342	+543
Building management expenses (property acquisitions, etc.)	+217	+247
Utilities (seasonal factors, etc.)	-295	+352
Taxes and public dues (property acquisition and revaluation, etc.in 2024)	+194	-53
Repair expenses	-344	+0
Operating income	+2,984	-170
Replacement (properties acquired/disposed of)	+105	+162
Existing Properties	-374	+1
Profits from dispositions	+3,375	-401
Asset management fees and SG&A expenses	-122	+66
Net non-operating income and expenses	-120	-130
Non-operating expenses	+119	+130
Interest expense	+109	+130

The forecast figures for the period ending June 30, 2024 (46th period) and the period ending December 31, 2024 (47th period) are the current figures calculated based on certain assumptions, and the actual figures may vary from these figures due to changes in circumstances. The amount of distributions is not guaranteed.

DPU

Aiming for stable growth in DPU by utilizing retained earnings and gains from dispositions



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