



May 30, 2025

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund Inc.
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**Notice of Acquisition of Domestic Real Estate Trust Beneficiary Interests
(Frontier Musashikosugi N Building and S Building)**

Nippon Building Fund Management Ltd. ("NBFM"), to which Nippon Building Fund Inc. ("NBF") entrusts asset management services, hereby provides notice of the decision made on May 30, 2025 on the acquisition of an asset (hereinafter referred to as the "Acquisition"), as follows.

Description

1. Outline of the Asset to be Acquired

Name of Asset to be Acquired	Frontier Musashikosugi N Building ("N Bldg.") and S Building ("S Bldg.") (hereinafter collectively referred to as the "Property")
Acquisition Price	29,000 million yen (Miscellaneous acquisition costs, adjusted amount of the fixed property and city planning taxes, etc. as well as consumption tax, etc. are excluded.)
Seller	Not disclosed (Please refer to Section 5. below for the outline of the seller.)
Intermediaries	CBRE K.K. and one other (Please refer to Section 6. below for the outline of the intermediaries.) (*1)
Date of Contract	May 30, 2025
Date of Acquisition	July 2, 2025
Acquisition Funds	Loans and cash on hand, etc.
Method of Settlement	Lump-sum payment at the time of delivery

*1 NBF has not obtained consent from the intermediaries to disclose the intermediary fee, so NBF has not disclosed the amount of the intermediary fee.



2. Reason for the Acquisition

Based on the asset management policy stipulated in NBF's Articles of Incorporation, NBF has decided to proceed with the acquisition after comprehensively considering factors such as profitability and area diversification. The appraised NOI yield for the Property (the yield calculated by dividing Net Operating Income, as assessed using the direct capitalization method in the appraisal report, by the Acquisition Price) is 4.2%, which shall be expected to contribute to the profitability of the portfolio. In pursuing the acquisition set forth herein, NBFM deemed the following points especially attractive.

(1) Musashikosugi Office Market

The area has good transportation access, and office demand is stable when comparing rental prices among competing areas. Additionally, it is a market with high demand for IT and education-related tenants, serving as a hub for electronic machinery manufacturers and a residential area.

(2) Location

The Property is located a 2-minute walk from Musashi-Kosugi Station on the JR Yokosuka Line, JR Shonan-Shinjuku Line, and Sotetsu-JR Link Line, and a 7-minute walk from Musashi-Kosugi Station on the JR Nambu Line, Tokyu Toyoko Line, and Tokyu Meguro Line. This location offers access to 6 train lines, providing excellent access to central Tokyo, Yokohama, and Kawasaki.

(3) Specification

The Property features high-quality key specifications (standard rental floor area: approximately 354 tsubo (1,170.43m²) for N Bldg. and approximately 373 tsubo (1,234.49m²) for S Bldg., a ceiling height of 2,800 mm, an OA floor of 100 mm, parking: for 77 vehicles for N Bldg. and 37 vehicles for S Bldg.) . The common areas include a lounge and dining space, providing ample facilities to meet tenant needs. Additionally, it has been confirmed that the Property corresponds to an "A Rank" in CASBEE for Real Estate on a self-assessment basis. Furthermore, as part of the BCP (Business Continuity Planning) measures, the countermeasures for the inland flooding in 2019 have been completed, and it has been confirmed that the administrative measures have also been completed.



3. Details of the Asset to be Acquired

Name of Asset to be Acquired	Frontier Musashikosugi N Building and S Building
Type of Specified Asset	Real estate trust beneficiary interests
Trustee	Mitsubishi UFJ Trust and Banking Corporation
Trust term	From March 23, 2018 to July 31, 2035 (*2)
Type of Ownership	Land: ownership Building: ownership
Location	<p>[N Bldg.] (Description in Real Property Registry) Land: 13-2, Nakamaruko aza Shinshukukochi, Nakahara-ku, Kawasaki-shi, Kanagawa 1812-4, Shimonumabe aza Tamagawamukai, Nakahara-ku, Kawasaki-shi, Kanagawa Building: 13-2, Nakamaruko aza Shinshukukochi, Nakahara-ku, Kawasaki-shi, Kanagawa 1812-4, Shimonumabe aza Tamagawamukai, Nakahara-ku, Kawasaki-shi, Kanagawa (Street Address) 13-2, Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa</p> <p>[S Bldg.] (Description in Real Property Registry) Land: 13-31, Nakamaruko aza Shinshukukochi, Nakahara-ku, Kawasaki-shi, Kanagawa Building: 13-31, Nakamaruko aza Shinshukukochi, Nakahara-ku, Kawasaki-shi, Kanagawa (Street Address) 13-31, Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa</p>
Use (Primary Use Listed in Real Property Registry)	<p>[N Bldg.] Office, retail store, parking [S Bldg.] Office, retail store</p>
Area (Description in Real Property Registry)	<p>[N Bldg.] Land: site area 4,422.16m² Building: total floor area 23,631.35m² [S Bldg.] Land: site area 3,198.82m² Building: total floor area 8,194.57m²</p>
Structure (Description in Real Property Registry)	<p>[N Bldg.] Steel-framed structure with a flat roof, 14 floors above ground and 1 floor below ground [S Bldg.] Steel-framed structure with a flat roof, 6 floors above ground and 1 floor below ground</p>



Completion of Construction (Description in Real Property Registry)	[N Bldg.] February 24, 2010 [S Bldg.] February 24, 2010
Matters Related to Earthquake Resistance	[N Bldg.] Earthquake PML 3.1% [S Bldg.] Earthquake PML 9.2% (Obtained from the building condition investigation report prepared by Engineering and Risk Services Corporation)
Existence of Secured Interests	None
Appraisal Value (Date of Valuation)	30,500 million yen (March 31, 2025)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Description of Lease	Total for N Bldg. and S Bldg. as of April 30, 2025 (*3)
Total number of tenants	29
Total rental revenues	Approx. 1,537 million yen (annual base, rental portion only, including common service fees)
Lease deposit	Approx. 916 million yen (rental portion only)
Total rentable area	Approx. 22,410.06m ²
Total rented area	Approx. 22,410.06m ²
Occupancy rate	100%
Other Special Matters	None

*2 "Trust term" is scheduled to be changed with the amendment of the real estate management and disposition trust agreement at the time of the Acquisition by NBF. Therefore, the trust term indicates the term after the scheduled change.

*3 The figures are calculated based on the rent roll received from the seller and rounding down to the nearest unit.

4. Outline of Forward Commitments, etc.

The Acquisition 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 the seller 10% of the acquisition price as a penalty charge.

5. Outline of the Seller

The seller is a domestic limited liability company, but NBF has not obtained consent from the seller to disclose their name and other details, so NBF has not included such information. Additionally, there are no capital, personal, or business relationships to be noted with NBF and NBFM.



6. Outline of the Intermediaries

Intermediaries are CBRE K.K. and one other Japanese business corporation (*4). Neither meets the definition of an interested party as stipulated in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended).

Name	CBRE K.K.
Location	2-1-1, Marunouchi, Chiyoda-ku, Tokyo
Name and Title of Representative	Takashi Tsuji, Representative Director, President & COO
Description of Business	Providing comprehensive commercial real estate services to domestic and international corporate clients
Capital	771 million yen (as of April 1, 2025)
Date of Establishment	February 21, 1970
Relationships with NBF / NBFM	
Capital Relationship	None
Personal Relationship	None
Business Relationship	None
Related Parties	Does not fall under the category of related parties of either NBF or NBFM.

*4 The details of this Japanese business corporation (including its name) are not disclosed as consent for disclosure has not been obtained. There is no capital, personal, or business relationship to be noted between NBF or NBFM and the intermediary.

7. Forecasts of Operating Results for the Periods ending June 30, 2025 and December 31, 2025

There will be no change to the forecasts of operating results for the period ending December 31, 2025 as the Acquisition will have little impact upon the management situation of NBF during such period. Additionally, since the delivery date in the Acquisition is during the period ending December 31, 2025, there is no change to the forecast of operating results for the period ending June 30, 2025.

Forecasts of operating results for the current period (as announced on February 17, 2025) and actual results for the previous period

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen	Yen
2H 2024 - Actual	50,810	24,068	22,667	22,666	2,462	-
1H 2025 - Forecast	50,600	24,258	22,656	22,656	2,400	-
2H 2025 - Forecast	47,311	20,154	18,289	18,289	2,400	-

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8. Summary of Appraisal Reports

Property Name	Frontier Musashikosugi N Bldg. and S Bldg.
Appraisal Value	30,500 million yen
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	March 31, 2025

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method (Note1)	30,500,000	Estimated by the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method (Note1)	31,700,000	
(1) Operating Revenue ((i) - (ii))	1,744,466	
① Effective gross income	1,816,201	Estimated based on income consisting of rents, utility charges, facility income, etc. which are deemed stable on a mid-and-long-term basis
② Losses from vacancy, etc.	71,734	Estimated based on a vacancy rate which is deemed stable on a mid-and-long-term basis
(2) Operating Expenses	527,964	
Building Maintenance Costs/ Property Management Fees (Note2)	151,190	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	167,362	Estimated based on past results verified applying the level of utilities expenses for similar real properties
Repair Expenses	35,207	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	12,437	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Dues	137,073	Estimated based on actual taxes in fiscal 2025 etc.
Insurance Premiums	2,346	Based on estimated amount verified applying the level of Insurance Premiums for similar real properties
Other Expenses	22,348	Recorded as a contingency for consumable expenses and other miscellaneous costs, based on historical actual amounts and the cost levels of similar properties
(3) Net Operating Income ((1)-(2))	1,216,503	
(4) Investment Income from Temporary Deposits	9,558	Estimated applying investment return of 1.0%
(5) Capital Expenditure	84,973	Estimated based on the Engineering Report and the level of renewal costs of similar properties
(6) Net Income ((3)+(4)-(5))	1,141,088	Estimated based on the net income for the entire shared portion
(7) Capitalization Rate	3.6%	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 (Note1)	29,900,000	
Discount Rate	3.4%	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	3.8%	Estimated taking into consideration the characteristics of net income adopted in determining the capitalization rate as well as future uncertainty, liquidity and marketability etc.
Integrated value based on cost method (Note1)	31,000,000	
Proportion of land	73.6%	
Proportion of building	26.4%	

*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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(Note1) The total appraised value of N Bldg. and S Bldg. in the appraisal report is provided. "Appraisal value based on direct capitalization method", "Appraisal value based on DCF method" and "Integrated value based on cost method" are the sums of the respective prices in the appraisal report, rounded to the nearest hundred million yen.

(Note2) The maintenance fees and PM fees for the Property 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, which could in turn impair efficient outsourcing by NBF and harm the interests of unitholders.



<Attached Materials>

- 【Reference Material 1】 Surrounding Map of the Asset to be Acquired
- 【Reference Material 2】 Exterior Appearance of the Asset to be Acquired
- 【Reference Material 3】 Standard Floor Plan of the Asset to be Acquired
- 【Reference Material 4】 Summary of Portfolio after the Acquisition

【Reference Material 1】 Surrounding Map of the Asset to be Acquired



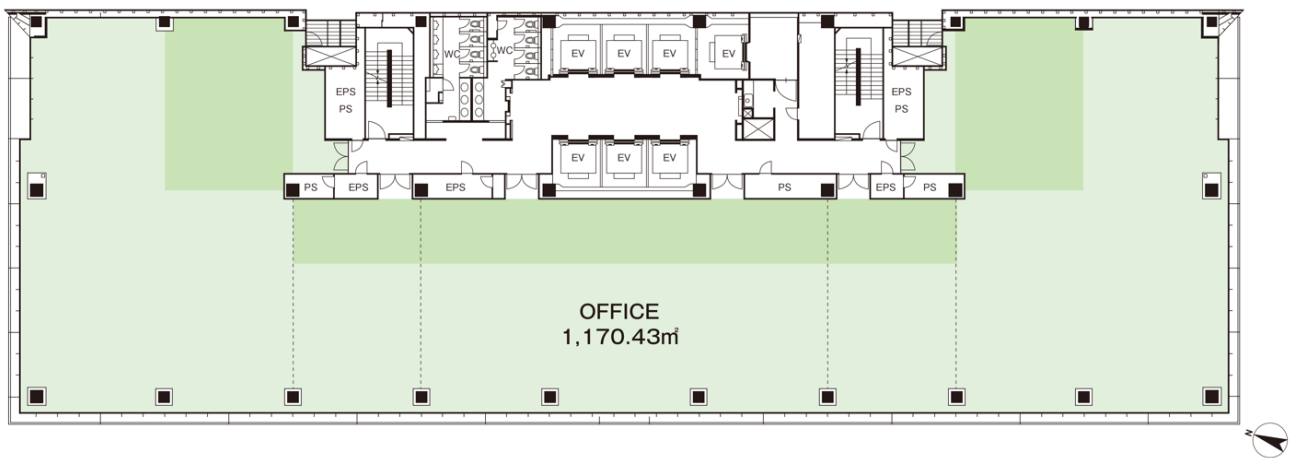
【Reference Material 2】 Exterior Appearance of the Asset to be Acquired
N Bldg.



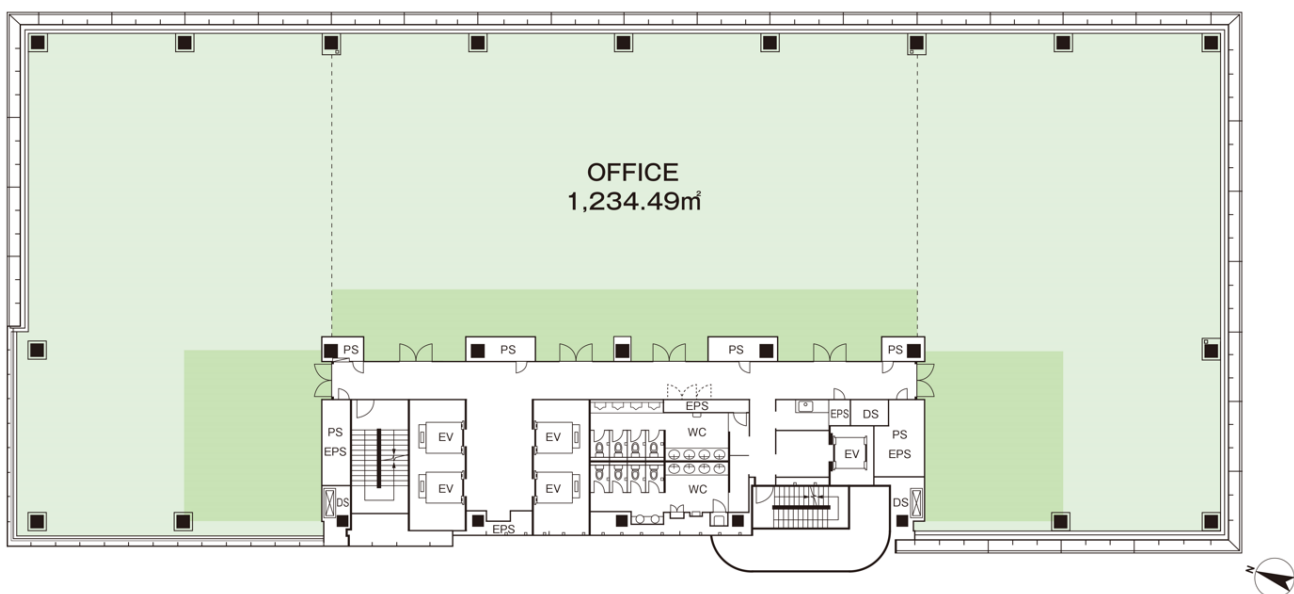
S Bldg.



【Reference Material 3】 Standard Floor Plan of the Asset to be Acquired
N Bldg.



S Bldg.





【Reference Material 4】 Summary of Portfolio after the Acquisition

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	11.3%	53.1%	182,000,000
	IIDABASHI GRAND BLOOM	138,909,102	9.2%		154,000,000
	Roppongi T-CUBE	62,800,000	4.2%		62,800,000
	Nishi-Shinjuku Mitsui Bldg.	45,392,204	3.0%		45,900,000
	Celestine Shiba Mitsui Bldg.	42,000,000	2.8%		47,100,000
	NBF Shinagawa Tower	36,300,000	2.4%		47,900,000
	NBF Platinum Tower	31,000,000	2.1%		63,100,000
	NBF COMODIO Shiodome	28,800,000	1.9%		35,500,000
	G-BASE TAMACHI	28,200,000	1.9%		28,800,000
	Toranomon Kotohira Tower	24,543,000	1.6%		33,500,000
	NBF Shibuya Garden Front	20,269,000	1.3%		37,100,000
	NBF Ginza Street Bldg.	17,000,000	1.1%		19,100,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.1%		19,800,000
	Kowa Nishi-Shinbashi Bldg. B	13,536,200	0.9%		13,500,000
	River City M-SQUARE	13,350,000	0.9%		13,700,000
	Shinbashi M-SQUARE	11,900,000	0.8%		14,300,000
	NBF Toranomon Bldg. (Land with leasehold interest) (Note 3)	11,416,000	0.8%		17,573,000
	GranTokyo South Tower	9,398,168	0.6%		9,610,000
	NBF ALLIANCE	9,126,000	0.6%		13,600,000
	Yotsuya Medical Bldg.	8,800,000	0.6%		7,970,000
	NBF Shibuya East	8,000,000	0.5%		10,200,000
	NBF Takanawa Bldg.	6,667,200	0.4%		7,770,000
	NBF Akasaka Sanno Square	6,250,000	0.4%		7,550,000
	NBF Kandasudacho Bldg.	5,960,000	0.4%		8,670,000
	NBF Ogawamachi Bldg.	5,420,000	0.4%		6,880,000
	Sumitomo Densetsu Bldg.	5,365,000	0.4%		5,320,000
	NBF Higashi-Ginza Square	5,200,000	0.3%		8,200,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.3%		5,560,000
	NBF Hatchobori Terrace	4,528,349	0.3%		5,430,000
	Ryukakusan Bldg.	4,050,000	0.3%		4,950,000
	Jingumae M-SQUARE	3,700,000	0.2%		4,320,000
23 Wards of Tokyo	Toyosu Bayside Cross Tower	80,100,000	5.3%	78.8%	80,900,000
	NBF Osaki Bldg.	66,660,000	4.4%		86,100,000
	Gate City Ohsaki	57,281,060	3.8%		71,600,000
	NBF Toyosu Canal Front	35,200,000	2.3%		38,400,000
	Ueno East Tower	35,000,000	2.3%		39,400,000
	NBF Toyosu Garden Front	25,018,000	1.7%		30,000,000
	Osaki Bright Core - Bright Plaza	24,380,000	1.6%		25,600,000
	Nakameguro GT Tower	23,856,000	1.6%		20,900,000
	Osaki Bright Tower	13,970,000	0.9%		14,700,000
	NBF Ikebukuro East	8,630,000	0.6%		13,600,000
	Higashi Gotanda Square	8,350,000	0.6%		8,920,000
	NBF Ikebukuro Tower	4,695,000	0.3%		5,770,000
	NBF Ikebukuro City Bldg.	4,428,000	0.3%		5,770,000



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%	8.2%	9,630,000
	Yokohama Mitsui Bldg.	43,190,000	2.9%		44,200,000
	Frontier Musashikosugi N Bldg. and S Bldg. (Note 4)	29,000,000	1.9%		30,500,000
	Yokohama ST Bldg.	16,749,300	1.1%		23,400,000
	Parale Mitsui Bldg.	3,800,000	0.3%		4,950,000
	S-ino Omiya North Wing	16,816,345	1.1%		23,500,000
	NBF Urawa Bldg.	2,000,000	0.1%		2,170,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,510,000
Other Cities	Sapporo L-Plaza	4,404,405	0.3%	13.0%	8,940,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.1%		1,700,000
	D-TOWER TOYAMA (Note 5)	9,000,000	0.6%		9,240,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.0%		16,800,000
	Nagoya Mitsui New Bldg.	13,200,000	0.9%		14,700,000
	Nagoya Mitsui Main Bldg.	13,050,000	0.9%		14,300,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.5%		6,670,000
	Nakanoshima Mitsui Bldg.	44,000,000	2.9%		47,800,000
	Aqua Dojima NBF Tower	17,810,000	1.2%		21,300,000
	Nakanoshima Central Tower	14,900,000	1.0%		19,700,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.0%		14,000,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	0.8%		15,800,000
	Yodoyabashi Flex Tower	9,833,000	0.7%		10,400,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.1%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.2%		3,950,000
	Hakata Gion M-SQUARE	8,000,000	0.5%		13,200,000
	NBF Kumamoto Bldg.	4,500,000	0.3%		4,550,000
Total		1,505,239,034	100%	100%	1,749,623,000

- (Note 1) "Acquisition Price" represents the price for which NBF acquired the property in principle.
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 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/24 (as of December 31, 2024.).
- (Note 3) The "Acquisition Price" of the "NBF Toranomon Bldg. (Land with leasehold interest)" is the land acquisition price at the time of acquisition of the property.
The "Value (Real Estate Appraisal Value)" is the appraisal value of the entire property less the appraisal value of the building portion as of May 31, 2024.
- (Note 4) "Frontier Musashikosugi N Bldg. and S Bldg." will be acquired as of July 2, 2025. The "Appraisal Value" is as of March 31, 2025.
- (Note 5) "D-TOWER TOYAMA" will be acquired as of June 30, 2025. The "Appraisal Value" is as of January 1, 2025.