

March 5, 2014

To All Concerned Parties

Name of REIT Issuer:

Nippon Building Fund, Inc.

Tsutomu Nishikawa, Executive Director

(TSE Code: 8951)

Contact:

Asset Management Company

Nippon Building Fund Management, Ltd.

Kenichi Tanaka, President and CEO

Person to Contact:

Toshihiko Mori, General Manager

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Notice of Acquisition of Assets

(Nakanoshima Central Tower (40% co-ownership interest))

Nippon Building Fund, Inc. ("NBF") announces that on March 5, 2014 it decided to acquire the following asset:

Description

1 Summary of the Acquisition

- 1) Type of Asset : Real Property
- 2) Name of Asset : Nakanoshima Central Tower (40% co-ownership)(the "Property")
- 3) Acquisition Price : ¥14,900,000,000
(acquisition price excludes miscellaneous acquisition costs, fixed asset tax, city-planning tax and consumption tax)
- 4) Date of Acquisition Agreement : March 5, 2014
- 5) Acquisition Date : March 31, 2014 (anticipated)
- 6) Seller : Sumitomo Life Insurance Company
(please refer to Section 4 below for a further description of the Seller)
- 7) Acquisition Funding : Funds procured by means of an issue of new investment shares, etc. (※1)
※1 Please refer to our "Notice Concerning Issue of New Investment Units and Secondary Offering of Investment Units" published on March 5, 2014
- 8) Intermediary/Broker : None
- 9) Payment Method : One time, lump-sum payment at the time of transfer

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Note: This press release constitutes a general announcement concerning NBF's acquisition of certain assets. It has not been prepared for the purpose of soliciting investments from investors.



2 Reason for the Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio of properties in metropolitan areas other than Tokyo in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation. In deciding to acquire the Property, NBF considered the following factors:

1) Location

The Property is one of the major office buildings located in Nakanoshima area, one of the primary business districts in Osaka. The Nakanoshima area includes a number of public institutions such as Osaka City Hall and the offices of the Bank of Japan Osaka Branch as well as a number of tall office buildings occupied by large enterprises.

The Property features very convenient transportation access and is a one minute walk to Oebashi station on the Keihan Nakanoshima Line, a 3 minute walk to each of Yodoyabashi station on the Osaka Municipal Subway Midotsuji Line and to Higobashi station on Yotsubashi Line. The area is expected to be further revitalized due to a recent redevelopment in the neighboring area.

2) Building and Facilities

The Property is characterized by its beautiful facade which harmonizes with the riverside landscape between the Dojima river and the Tosabori river. The Property's specifications make it highly competitive due to a rentable standard floor area of approximately 556 tsubo (1,838m²), a ceiling height of 2,800mm (with a raised floor of 250mm), lighting systems using daylight sensors and floor ventilated air conditioning system.

3 Asset Details

1) Type of Asset

Real Property

2) Location

(Description in Real Property Registry)

Land : 16-ban, 18-ban 1, 18-ban 3, 18-ban 4, 18-ban 5, 18-ban 6, 18-ban 7, Nakanoshima 2-chome, Kita-ku, Osaka city, Osaka prefecture

Building : 16-banchi, 18-banchi 1, 18-banchi 3, 18-banchi 4, 18-banchi 5, 18-banchi 6, 18-banchi 7, Nakanoshima 2-chome, Kita-ku, Osaka city, Osaka prefecture

(Street Address) 2-7, Nakanoshima 2-chome, Kita-ku, Osaka city, Osaka prefecture

3) Zoning (primary use listed in Real Property Registry)

Office, car park and retail use

4) Type of Possession

① Land : co-ownership interest (40%)

② Building : co-ownership interest (40%)

- 5) Area (Description in Real Property Registry)
 - ①Land : Site area 5,534.15m² (entire site)
 - ②Building : Total floor square meters 70,775.57m² (entire building)
- 6) Structure (Description in Real Property Registry)
Steel frame and steel framed reinforced concrete structure, flat roof, 28 floors above ground and 2 floors below ground
- 7) Date of Construction Completion (Description in Real Property Registry)
August 2, 2005
- 8) Design and Construction Firms
Design : Nikken Sekkei Ltd.
Construction : Construction consortium consisting of Takenaka Corporation and The Zenitaka Corporation
- 9) Valuation
Valuation reports prepared by Tanizawa Sōgō Appraisal Co., Ltd.
 - Appraisal Value : ¥15,100,000,000
 - Date of Valuation : February 1, 2014
 - Summary of Valuation

Item	Value
Appraisal value based on income method	¥15,100,000,000
Appraisal value based on direct capitalization method	¥15,000,000,000
Net revenue	¥691,237,281
Cap rate	4.6%
Appraisal value based on DCF method	¥15,200,000,000
Discount rate	4.7%
Terminal cap rate	4.8%
Integrated value based on cost method	¥13,100,000,000
Proportion of land	56.9%
Proportion of building	43.1%
- 10) Earthquake “probable maximum loss” or “PML”
3.2% (obtained from the building condition investigation report prepared by Engineering & Risk Services)
- 11) Existence of Secured Interests (liens)
None
- 12) Description of Tenants (Tenancy as of January 1, 2014)
 - Total number and summary of lessees : 19 companies (16 general business entities, 1 financial institution, 2 retail stores)
 - Total rental revenues : approx. ¥1,087,000,000/year (corresponding to NBF’s co-ownership interests)



- Total rentable area : 17,619.29m² (corresponding to NBF's co-ownership interests)
- Total leased area : 17,561.64m² (corresponding to NBF's co-ownership interests)
- Occupancy Rate : approx. 99.7% (Note that Sumitomo Life Insurance Company has received from one lessee a letter of intent to cancel the lease contract with the effective date of such cancellation being October 20, 2014. The rentable area subject to the anticipated lease cancellation is approximately 4.2% of the Property's entire leasable area of the property.)
- Total lease deposit amount: approx. ¥851,000,000 (corresponding to NBF's co-ownership interests)

4 Profile of Seller

① Name	Sumitomo Life Insurance Company
② Location	4-35, Shiromi 1-chome, Chuo-ku, Osaka city, Osaka prefecture
③ Name and Title of Representative	Yoshio Sato, President and CEO
④ Description of Business	Life insurance business
⑤ Capital	¥639,000 million ("funds (including the reserve for redemption of funds)" as of December 31, 2013)
⑥ Date of Establishment	May 11, 1907
⑦ Relations with NBF/Nippon Building Fund Management Ltd. ("NBFM")	
Capital Relationship	Shareholder of NBFM (35% equity interest) Representing 24,512 units of NBF.(Note)
Personnel	Certain personnel from Sumitomo Life Insurance have been seconded to NBFM.
Business Relationship	Lender, lessee of real property owned by NBF, etc.
Related parties	Sumitomo Life Insurance Company does not fall under the category of related parties of NBF. Sumitomo Life Insurance Company is an affiliated company of NBFM, falling under the category of its related parties.

(Note) NBF implemented a 2-for-1 split of the investment units with the effective date of such 2-for-1 split being January 1, 2014. The number of investment units shown herein refers to the number after such 2-for-1 split.



5 Status of Owners etc. of the Property

Name of Assets	Status of Owners etc. of the Property		
		Previous owner (seller)	earlier previous owner
Nakanoshima Central Tower (40% co-ownership)	Corporate Name	Sumitomo Life Insurance Company	N/A
	Relationship with a specially interested party	Sumitomo Life Insurance Company falls under the category of interested parties etc. under NBFM's internal rules	
	History/Reason etc. for acquisition	Newly constructed	
	Acquisition Price	—	
	Date of Acquisition	August 2, 2005 (newly constructed)	

6 Transaction with Interested Parties

The acquisition of the Property does not fall under transactions with an interested parties, etc., under the relevant regulation. However, the transaction has been determined upon the discussions at the asset management examination committee, the compliance committee and the management committee of NBFM, respectively, pursuant to appropriate measures as a transaction with interested parties, etc. under the standards of the self-regulation as set out in the “asset management guideline” and other the internal rules of NBFM.

7 Acquisition Schedule

March 5, 2014: Determination date for the acquisition; Date for execution of sale and purchase agreement

March 31, 2014: Property delivery date (anticipated)

8 Forecasts of Operating Results for the Period ending June 30, 2014

For information on the impact of the current acquisition upon NBF's results of operations for the period ending June 30, 2014, please see the Company's press release dated as of the date hereof and titled “Notice Concerning Revision of Forecasts of Operating Results for the Period ending June 30, 2014”.

End

This English language notice is a translation of the Japanese language notice dated March 5, 2014 and was prepared solely for reference purposes. The Japanese language version should be referred to as the original. Neither NBF nor Nippon Building Fund Management Ltd. makes any warranties as to the accuracy or completeness of this English language notice.



< Attached Materials >

- 【Reference Material 1】 Estimated Revenues and Expenses from the Property to be Acquired
- 【Reference Material 2】 Exterior Appearance of the Property
- 【Reference Material 3】 Standard Floor Plan of the Property
- 【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

【Reference Material 1】 Estimated Revenues and Expenses from the Property to be Acquired

- 1) Property NOI (Net Operating Income) ¥764 million
- 2) The above figures represent annualized revenues and expenses based on assumptions made as of this date after exclusion of extraordinary factors for the year of acquisition, and revenues are premised on an occupancy rate of 95% (and are not estimated figures for the following fiscal period).

【Reference Material 2】 Exterior Appearance of the Property



【Reference Material 3】 Standard Floor Plan of the Property





【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

Area	Name of Building	Acquisition Price (¥ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (¥ in thousands) (Note 2)
Tokyo CBDs	NBF Osaka Bldg.	66,660,000	6.20%	67.7%	72,900,000
	NBF Hibiya Bldg.	63,500,000	5.91%		53,800,000
	Gate City Ohsaki	57,281,060	5.33%		57,500,000
	Nishi-Shinjuku Mitsui Bldg.	45,145,448	4.20%		41,800,000
	Mitsubishi Heavy Industries Head Office Bldg.	36,300,000	3.38%		42,100,000
	Shiba NBF Tower	32,000,000	2.98%		26,500,000
	NBF Platinum Tower	31,000,000	2.89%		54,400,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.89%		16,900,000
	NBF COMODIO Shiodome	28,800,000	2.68%		30,700,000
	Toranomon Kotohira Tower	24,543,000	2.28%		31,000,000
	Nakameguro GT Tower	23,856,000	2.22%		19,400,000
	Celestine Shiba Mitsui Bldg.	22,500,000	2.09%		23,100,000
	NBF Ochanomizu Bldg. (Note 3)	20,840,000	1.94%		12,300,000
	NBF Ginza Street Bldg.	20,269,000	1.89%		25,600,000
	NBF Shibuya Garden Front	17,000,000	1.58%		14,500,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.52%		15,700,000
	GSK Bldg. (Note 4)	14,434,070	1.34%		18,800,000
	River City M-SQUARE	13,350,000	1.24%		14,600,000
	NBF Toranomon Bldg.	13,337,000	1.24%		16,000,000
	Kowa Nishi-Shinbashi Bldg. B	13,217,000	1.23%		13,900,000
	NBF Shinkawa Bldg.	12,614,118	1.17%		13,260,000
	Shinbashi M-SQUARE	11,900,000	1.11%		12,400,000
	NBF Alliance	9,126,000	0.85%		10,800,000
	Yotsuya Medical Bldg.	8,800,000	0.82%		7,370,000
	Ikebukuro East	8,630,000	0.80%		9,010,000
	Higashi Gotanda Square	8,350,000	0.78%		8,280,000
	NBF Shibuya East	8,000,000	0.74%		6,020,000
	NBF Shibakouen Bldg.	6,770,000	0.63%		7,540,000
	NBF Takanawa Bldg.	6,667,200	0.62%		7,090,000
	NBF Akasaka Sanno Square	6,250,000	0.58%		6,410,000
	NBF Shibakouen Daimon Street Bldg.	6,100,000	0.57%		4,180,000
	Sumitomo Densetsu Bldg.	5,365,000	0.50%		5,270,000
	NBF Higashi-Ginza Square	5,200,000	0.48%		6,960,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.47%		5,300,000
	NBF Ogawamachi Bldg.	4,940,000	0.46%		5,530,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.45%		4,910,000
	NBF Ikebukuro Tower	4,695,000	0.44%		5,020,000
	NBF Ikebukuro City Bldg.	4,428,000	0.41%		4,750,000
	Ryukakusan Bldg.	4,050,000	0.38%		4,220,000
	Jingumae M-SQUARE (Note 5)	3,700,000	0.34%		3,700,000
Other Greater Tokyo	Nakanosakaue Sunbright Twin	40,750,488	3.79%	20.0%	30,100,000
	NBF Toyosu Canal Front	35,200,000	3.28%		35,800,000
	NBF Toyosu Garden Front	25,018,000	2.33%		28,300,000
	NBF Ueno Bldg.	10,400,000	0.97%		8,260,000
	Chofu South Gate Bldg.	9,320,000	0.87%		9,510,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.40%		20,400,000
	Yokohama ST Bldg.	13,529,300	1.26%		13,900,000
	Parale Mitsui Bldg.	3,800,000	0.35%		3,550,000
	NBF Atsugi Bldg.	2,300,000	0.21%		2,060,000
	Tsukuba Mitsui Bldg.	8,875,500	0.83%		7,180,000
	NBF Utsunomiya Bldg.	2,435,000	0.23%		2,180,000
	S-ino Omiya North Wing	16,816,345	1.57%		18,600,000
	NBF Urawa Bldg.	2,000,000	0.19%		1,820,000
	NBF Shin-Urayasu Tower	15,700,000	1.46%		11,000,000
	NBF Matsudo Bldg.	2,455,000	0.23%		2,130,000
Other Cities	Sapporo L-Plaza	4,404,405	0.41%	12.4%	6,720,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.17%		1,340,000
	NBF Sendai Honcho Bldg.	3,566,000	0.33%		2,890,000
	NBF Unix Bldg.	4,028,900	0.37%		3,350,000
	NBF Niigata Telecom Bldg.	3,957,500	0.37%		2,870,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.39%		15,400,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.67%		7,040,000
	Aqua Dojima NBF Tower	17,810,000	1.66%		17,000,000
	Nakanoshima Central Tower (Note 6)	14,900,000	1.39%		15,100,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.34%		13,700,000
	Sun Mullion NBF Tower	6,500,000	0.60%		5,710,000
	Sakaisuji-Honmachi Center Bldg.	6,200,000	0.58%		6,530,000
	Sakaisuji-Honmachi Center Bldg. (Additional Acquisition) (Note 7)	10,500,000	0.98%		7,020,000
	Aqua Dojima East	1,914,000	0.18%		1,440,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.27%		2,270,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.21%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.31%		3,430,000
	Hakata Gion M-SQUARE	8,000,000	0.74%		8,620,000
	NBF Kumamoto Bldg.	4,500,000	0.42%		3,710,000
Total		1,074,386,036	100%	100%	1,060,800,000

(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. The "Acquisition Price" for property to be acquired in the future represents the sale and purchase price set forth in the relevant sale and purchase contract etc.

(Note 2) The "Value (Real Estate Appraisal Value)" figures in the above table are in principle the appraisal values disclosed as of the end of December 2013 (real estate appraisal value with date of valuation being December 31, 2013).

(Note 3) The name "Mitsui Ochanomizu Bldg." was changed to "NBF Ochanomizu Bldg." as of January 1, 2014.

(Note 4) A portion of the site of the "GSK Bldg." was transferred to the Tokyo Metropolitan Government as of January 10, 2014.

The acquisition price thereof represents the original acquisition price less the price relevant to said portion of the site (¥1,181 million; prorated price calculated for the portion of the site area based on the original acquisition price).

The "Value (Real Estate Appraisal Value)" thereof indicates the price as of December 31, 2013, premised upon the said disposition.

(Note 5) The date of valuation for the "value (real estate appraisal value)" is February 1, 2014.

(Note 6) Expected to be acquired on March 31, 2014. The date of valuation for the "value (real estate appraisal value)" is February 1, 2014.

(Note 7) The date of valuation for the "value (real estate appraisal value)" is January 1, 2014.