

March 30, 2016

To All Concerned Parties

Name of REIT Issuer:
Nippon Building Fund, Inc.
Yoshiki Kageyama, 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
(TEL. +81-3-6259-8681)

Notice of Acquisition of Assets (Ueno East Tower (60% co-ownership interest))

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on March 30, 2016 to acquire assets as follows:

Descriptions

1. Outline of the Acquisition

- 1) Acquired Assets : Real Property
- 2) Name of Assets : Ueno East Tower (60% co-ownership) (the "Property")
- 3) Acquisition Price : ¥21,600,000,000
(provided, however, that miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax are not included in this amount.)
- 4) Date of Contract : March 30, 2016
- 5) Date of Transfer : June 1, 2016
- 6) Acquired From : Naeba Properties TMK
(please refer to Section 4. hereinbelow for a description of the seller)
- 7) Acquisition Funds : Existing capital plus loans etc.
- 8) Intermediary : None
- 9) Payment Method : One time, lump-sum payment at the time of transfer
- 10) Outline of forward commitment etc.:
It is agreed that in the event of the termination of the said contract due to a breach by NBF (purchaser) of its contractual obligations, NBF must pay to the relevant seller a penalty equivalent to 20% of the acquisition price.

2. Points of Acquisition

The acquisition is being undertaken with the intention of enhancing NBF's portfolio in the Tokyo central business districts (CBD's) in accordance with the asset management objectives and policies set forth in NBF's Articles of Incorporation.

When making the current acquisition, NBFM deemed the following points to be especially attractive.

1) Location

The Ueno area where the Property is located is known as the northern gateway to Tokyo having a terminal station for several JR lines, Tohoku, Joetsu and Hokuriku Shinkansen lines, the Keisei line, and the Tokyo Metro lines, and is one of the most vigorous commercial districts of Tokyo.

The Property is highly visible facing the Showa-dori Street, and the location provides for highly convenient transportation access via several railways and stations such as “Ueno” station of the JR lines.

2) Building and Facilities

The Property is a relatively new high-rise building, which is rare in the area, with standard floor rentable floor area of approximately 1,388m², and is a highly competitive property with up-to-date specifications such as a ceiling height of 2,700mm, OA sub-floor and independent air conditioning, etc.

3. Outline of Assets

1) Type of Specified Assets

Real Property

2) Location

(Description in Real Property Registry)

Land : 7, 8, 9, 10-1, 10-2, 11-1, 11-2, 11-3, 11-4, 11-5, 12-1, 12-2, 12-3, 12-4, 12-5, 12-6, 12-7, 12-8, 12-9, 30-1, 30-2, 30-3, 31, 151-1, 151-2, Higashi-Ueno 2-chome, Taito-ku, Tokyo

Building : 8, 7, 9, 10-1, 10-2, 11-1, 11-2, 11-3, 11-4, 11-5, 12-1, 12-2, 12-3, 12-4, 12-6, 12-7, 12-8, 12-9, 30-1, 30-2, 30-3, 31, 151-1, 151-2, Higashi-Ueno 2-chome, Taito-ku, Tokyo

(Street Address)

16-1, Higashi-Ueno 2-chome, Taito-ku, Tokyo

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

Offices, Hotel, Parking, meeting place and retail

4) Type of Ownership

(i) Land : co-ownership interest (60%)

(ii) Building: co-ownership interest (60%)

5) Square meters (Description in Real Property Registry)

(i) Land : Site area 3,508.73m² (entire site)

(ii) Building: Total floor square meters 41,180.99m² (entire building)

6) Structure (Description in Real Property Registry)

Steel frame and steel framed reinforced concrete structure, flat roof, 25 floors above ground and 2 floors below ground

7) Completion of Construction (Description in Real Property Registry)

December 7, 2015

8) Design and Construction

Design: Design consortium consisting of Shimizu Corporation and Hitachi Architects & Engineers

Construction: Shimizu Corporation

9) Earthquake PML

1.8% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)

10) Existence of Secured Interests (liens)

Although a fixed mortgage has been established on the land and building of the Property, it will be extinguished prior to the transfer of the Property upon the seller's responsibility and at its cost.

11) Description of Tenants (Tenancy as of March 30, 2016)

- Total number and summary of lessees: 2 companies (2 general business companies)
- Total rental revenues: Not disclosed as consent for disclosure has not been obtained from the lessees
- Total rentable area: approx. 17,226.80 m² (approx.28,711.34 m² (entire) × 60% (co-ownership interests))
- Total leased area: approx. 17,226.80 m² (approx.28,711.34 m² (entire) × 60% (co-ownership interests))
- Occupancy Rate: 100%
- Total lease deposit amount: Not disclosed as consent for disclosure has not been obtained from the lessees

4. Outline of Seller

1) Name	Naeba Properties TMK
2) Location	4-1, Nihonbashi 1-chome, Chuo-ku, Tokyo
3) Basis for Establishment, etc.	A corporation established under the Act on the Securitization of Assets
4) Objectives	(i) to accept specified assets, to perform services of managing and disposing of such specified assets in accordance with an asset securitization plan under the Act on the Securitization of Assets; and (ii) to perform any other services ancillary to securitization of the said specified assets.
5) Date of Establishment	April 19, 2012
6) Specified Capital	¥1 million
7) Outline of Investors and investment ratio	The seller is a special purpose company (TMK) all of whose preferred shares are subscribed by Mitsui Fudosan Co., Ltd. which falls under the category of Interested Parties etc. of NBFM as defined under the Investment Trust Act.
8) Matters Concerning Officers	Takanori Mishina, Director
9) Relations with NBF/NBFM	While the seller does not fall under the category of Interested Parties, etc. of NBFM under the Investment Trust Act, since Mitsui Fudosan Co., Ltd., which falls under the category of Interested Parties, etc. of NBFM, has subscribed preferred shares of the seller and provides services for managing and disposing specified assets, it is being treated as an Interested Parties etc. in accordance with the internal rules of the asset management company.



5. Status of Owners etc. of the Property

	Previous owner (seller)	earlier previous owner
Corporate Name	Naeba Properties TMK	N/A
Relationship with a specially interested party	It falls under the category of Interested Parties, etc. under the standards of the self-regulation set out by NBFM.	
History/Reason etc. for acquisition	Newly constructed	
Acquisition Price	—	
Date of Acquisition	December 7, 2015 (Newly constructed)	

6. Acquisition Schedule

March 30, 2016 : Determination to make acquisition, execution of a real property sale and purchase contract

June 1, 2016 : Delivery (anticipated)

7. Forecasted Management Situation as at the close of June, 2016 and December, 2016.

There will be no change to the forecasted management situation during the periods ending June 30, 2016 and December 31, 2016 as this acquisition will have little impact upon the management situation of NBF during such periods.



8. Summary of Appraisal Report

Property Name	Ueno East Tower
Appraisal Value	¥21,600,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	March 1, 2016

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	21,600,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	22,600,000	
(1) Operating Revenue ((i) - (ii))	1,273,210	
(i) Effective gross income	1,322,438	Estimated based on income consisting of rents, common area charges, utility charges, parking rents etc. which are deemed stable on a mid-and-long-term basis
(ii) Losses from vacancy, etc.	49,228	Estimated based on a vacancy rate which is deemed stable on a mid- and long-term basis
(2) Operating Expenses	361,363	
Building Maintenance Costs/ Property Management Fees (Note)	124,120	Estimated based on planned contract value verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	106,306	Estimated after verified applying the level of utilities expenses for similar real properties
Repair Expenses	3,055	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	9,362	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	110,598	Estimated based on actual taxes in fiscal 2015
Insurance Premiums	2,919	Estimated based on insurance rates etc. for similar real properties
Other Expenses	5,003	Estimated based on actual past results
(3) Net Operating Income ((1)-(2))	911,847	
(4) Investment Income from Temporary Deposits	20,139	Estimated applying investment return of 2.0%
(5) Capital Expenditure	26,134	Estimated based on the Engineering Report as well as the level of renewal expenses for similar real properties
(6) Net Income ((3)+(4)-(5))	905,852	
(7) Capitalization Rate	4.0%	Estimated taking into consideration examples of transactions for similar real properties, as well as conditions e.g. location, improvements, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	21,200,000	
Discount Rate	3.8%	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	4.2%	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	22,400,000	
Proportion of land	62.6%	
Proportion of building	37.4%	

*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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(Note) The reason for indicating Building Maintenance Costs / Property Management Fees as a total amount is because separately disclosing the levels of maintenance costs and property management fees of the Property may have an impact on other transactions of the expected providers of building maintenance services and property management services respectively, and may hinder the provision of efficient services to NBF which may result in risks of damaging the interest of NBF's unitholders.

End

This English language notice is a translation of the Japanese language notice dated March 30, 2016 and was prepared solely for the convenience of, and reference by, overseas investors. Neither NBF nor Nippon Building Fund Management Ltd. makes any warranties as to its accuracy or completeness.



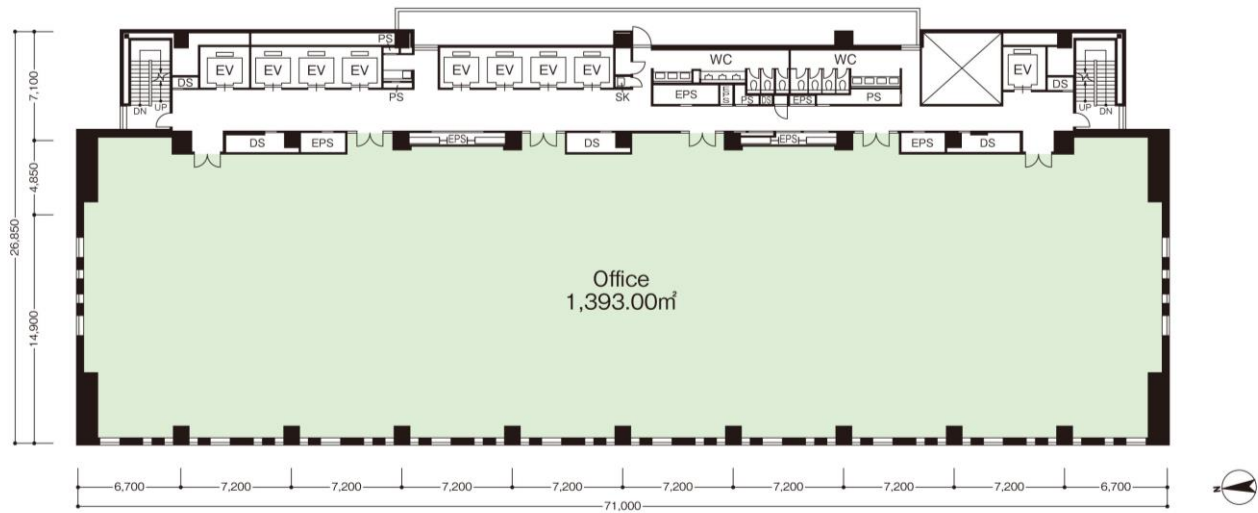
<Attached Materials>

- 【Reference Material 1】 Exterior Appearance of the Property
- 【Reference Material 2】 Standard Floor Plan of the Property
- 【Reference Material 3】 Cross-sectional Drawing of the Property
- 【Reference Material 4】 Summary of Portfolio after Acquisition of the Property

【Reference Material 1】 Exterior Appearance of the Property



【Reference Material 2】 Standard Floor Plan of the Property



【Reference Material 3】 Cross-sectional Drawing of the Property





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

Area	Property Name	Acquisition Price (¥ in thousands) (Note 1)	Percentage	Percentage of each area	Value (Real Estate Appraisal Value) (¥ in thousands) (Note 2)
Tokyo CBDs	NBF Osaki Bldg.	66,660,000	6.0%	78.6%	79,900,000
	NBF Hibiya Bldg.	63,500,000	5.8%		54,400,000
	Gate City Ohsaki	57,281,060	5.2%		63,600,000
	Nishi-Shinjuku Mitsui Bldg.	45,145,448	4.1%		41,400,000
	Nakanosakaue Sunbright Twin	40,750,488	3.7%		30,800,000
	Mitsubishi Heavy Industries Head Office Bldg.	36,300,000	3.3%		45,600,000
	NBF Toyosu Canal Front	35,200,000	3.2%		33,300,000
	Shiba NBF Tower	32,000,000	2.9%		28,700,000
	NBF Platinum Tower	31,000,000	2.8%		58,900,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.8%		18,100,000
	NBF COMODIO Shiodome	28,800,000	2.6%		32,200,000
	NBF Toyosu Garden Front	25,018,000	2.3%		28,100,000
	Toranomon Kotohira Tower	24,543,000	2.2%		32,800,000
	Nakameguro GT Tower	23,856,000	2.2%		21,100,000
	Celestine Shiba Mitsui Bldg.	22,500,000	2.0%		25,200,000
	Ueno East Tower (Note3)	21,600,000	2.0%		21,600,000
	NBF Ochanomizu Bldg.	20,840,000	1.9%		13,000,000
	NBF Ginza Street Bldg.	20,269,000	1.8%		29,000,000
	NBF Shibuya Garden Front	17,000,000	1.5%		16,000,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.5%		17,200,000
	GSK Bldg.	14,434,070	1.3%		16,600,000
	River City M-SQUARE	13,350,000	1.2%		15,500,000
	NBF Toranomon Bldg.	13,337,000	1.2%		16,300,000
	Kowa Nishi-Shinbashi Bldg. B	13,217,000	1.2%		14,200,000
	Kowa Nishi-Shinbashi Bldg. B (Additional Acquisiton) (Note4)	48,200	0.0%		59,100
	NBF Shinkawa Bldg.	12,614,118	1.1%		13,980,000
	Shinbashi M-SQUARE	11,900,000	1.1%		13,600,000
	NBF Ueno Bldg.	10,400,000	0.9%		8,870,000
	NBF ALLIANCE	9,126,000	0.8%		11,700,000
	Yotsuya Medical Bldg.	8,800,000	0.8%		7,360,000
	NBF Ikebukuro East	8,630,000	0.8%		9,650,000
	Higashi Gotanda Square	8,350,000	0.8%		8,020,000
	NBF Shibuya East	8,000,000	0.7%		6,630,000
	NBF Shibakouen Bldg.	6,770,000	0.6%		7,780,000
	NBF Takanawa Bldg.	6,667,200	0.6%		7,140,000
	NBF Akasaka Sanno Square	6,250,000	0.6%		6,250,000
	NBF Shibakouen Daimon Street Bldg.	6,100,000	0.6%		4,280,000
	NBF Kandasudacho Bldg.	5,960,000	0.5%		7,550,000
	Sumitomo Densetsu Bldg.	5,365,000	0.5%		5,740,000
	NBF Higashi-Ginza Square	5,200,000	0.5%		7,120,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.5%		5,850,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		5,660,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%		5,300,000
	NBF Ikebukuro Tower	4,695,000	0.4%		5,390,000
	NBF Ikebukuro City Bldg.	4,428,000	0.4%		5,060,000
	Ryukakusan Bldg.	4,050,000	0.4%		4,450,000
	Jingumae M-SQUARE	3,700,000	0.3%		3,750,000
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.8%	9.4%	9,970,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.3%		21,800,000
	Yokohama ST Bldg.	13,529,300	1.2%		14,800,000
	Parale Mitsui Bldg.	3,800,000	0.3%		3,750,000
	NBF Atsugi Bldg.	2,300,000	0.2%		2,140,000
	Tsukuba Mitsui Bldg.	8,875,500	0.8%		7,450,000
	NBF Utsunomiya Bldg.	2,435,000	0.2%		2,050,000
	S-ino Omiya North Wing	16,816,345	1.5%		19,300,000
	NBF Urawa Bldg.	2,000,000	0.2%		2,060,000
	NBF Shin-Urayasu Tower	15,700,000	1.4%		9,980,000
Other Cities	NBF Matsudo Bldg.	2,455,000	0.2%	12.1%	2,280,000
	Sapporo L-Plaza	4,404,405	0.4%		6,920,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,330,000
	NBF Sendai Honcho Bldg.	3,566,000	0.3%		2,890,000
	NBF Unix Bldg.	4,028,900	0.4%		3,390,000
	NBF Niigata Telecom Bldg.	3,957,500	0.4%		2,970,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.4%		16,000,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.7%		7,050,000
	Aqua Dojima NBF Tower	17,810,000	1.6%		17,100,000
	Nakanoshima Central Tower	14,900,000	1.4%		16,400,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.3%		12,800,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	1.2%		12,900,000
	Sun Mullion NBF Tower	10,500,000	1.0%		6,950,000
	Aqua Dojima East	1,914,000	0.2%		1,440,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.3%		2,390,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,310,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.3%		3,630,000
	Hakata Gion M-SQUARE	8,000,000	0.7%		9,000,000
	NBF Kumamoto Bldg.	4,500,000	0.4%		3,910,000
		1,101,994,236	100%	100%	1,139,649,100

(Note 1) "Acquisition Price" represents in principle the price for which NBF acquired the property. The acquisition price for the property to be acquired in the future represents the sale and purchase price set forth in the relevant sale and purchase contract etc. at the time of the decision to acquire such property (excluding miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax etc.).

(Note 2) "Value (Real Estate Appraisal Value)" represents the appraisal value as of December 31, 2015.

(Note 3) Expected to be acquired on June 1, 2016. The date of valuation for the "value (real estate appraisal value)" is March 1, 2016.

(Note 4) The date of valuation for the "value (real estate appraisal value)" is February 1, 2016.