

July 21, 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 (Nishi-Shinjuku Mitsui Bldg.: Additional Acquisition)

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on July 21, 2016 to acquire assets as follows:

Description

1. Outline of the Acquisition

- 1) Acquired Assets : Real Property
- 2) Name of Assets : Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)
(hereinafter, the entire Nishi-Shinjuku Mitsui Bldg. is referred to as "the Property," and the portion to be acquired this time is referred to as "the Additionally Acquired Portion of the Property")
- 3) Acquisition Price : ¥68,250,000
(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 : July 21, 2016
- 5) Date of Transfer : July 21, 2016
- 6) Acquired From : An individual
*Details of the seller are not disclosed due to the fact that the seller is an individual and the consent for disclosure was not obtained from the seller.
- 7) Acquisition Funds : Existing capital
- 8) Intermediary : None
- 9) Payment Method : Lump-sum payment at the time of transfer
- 10) Miscellaneous :
 - (i) Co-owner partnership ("Kumiai") Portion
The portion from the 21st through 25th floors of the Property owned in the form of condominium interests is managed by the Nishi-Shinjuku 6-chome Co-owner partnership (operated by Mitsui Fudosan Co., Ltd.) (hereinafter "the Co-owner partnership Portion").
The portion subject to the Additionally Acquired Portion of the Property represents co-ownership interests in the Co-owner partnership Portion.

(ii) Unitary Management

Rentable floors of the 3rd through 25th floors of the Property is unitarily managed by the owners of condominium interests through a master lease agreement with Mitsui Fudosan Co., Ltd. (rental revenues and rental costs are unitarily received and borne by such owners regardless of the locations subject to such condominium interests).

The Additionally Acquired Portion of the Property is subject to such unitary management.

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.

NBF has already owned certain condominium interests and co-ownership interests of the condominium interests in the Property equivalent to approximately 86.06% (this figure represents the proportion of the total exclusively owned area of the office building), and has steadily achieved performance results. (The Additionally Acquired Portion of the Property represents approximately 0.31% of the Property resulting in a total possession by NBF of approximately 83.36% (each figure represents a proportion of the total exclusively owned area of the office building).)

NBFM considers this acquisition to be in line with NBF's policy of increasing the asset value and liquidity of the Property.

3. Outline of Assets

1) Type of Specified Assets

Real Property

2) Location

(Description in Real Property Registry)

Land : 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo

Building : 24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo

(Street Address)

24-1, Nishi-Shinjuku 6-chome, Shinjuku-ku, Tokyo

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

Offices and retail stores

4) Type of Ownership

The Property is a building owned in the form of condominium interests which is a part of a complex including the adjacent Nishi-Shinjuku Parkside Tower ("residential building").

(i) Land: co-ownership interests

(ii) Building: co-ownership interests in condominium interests

5) Square meters (Description in Real Property Registry)

(i) Land: site area: 10,014.02m² (entire site, including office building and residential building).

The Additionally Acquired Portion of the Property is equivalent to approximately 0.28% of the total land use rights (which together with the previously owned portion represents approximately 77.79% of said total)

(ii) Building: total floor space: 84,634.02m² (entire building, including office building, residential building and common area).

The Additionally Acquired Portion of the Property of co-ownership interests is equivalent to approximately 1.47% of the total exclusively owned area of the 21st through 25th floors of



the office building (8,006.38m²)(the Co-owner partnership Portion; see 1. Outline of Acquisition, 10) Miscellaneous, above) (and approximately 0.31% of the exclusively owned area of the office building; which together with the previously owned portion represents approximately 86.36% of the total)

- 6) Structure (Description in Real Property Registry)
Steel frame and steel framed reinforced concrete structure, flat roof, 27 floors above ground and 2 floors below ground
- 7) Completion of Construction (Description in Real Property Registry)
April 28, 1999
- 8) Design and Construction
Design : Nikken Sekkei Ltd
Construction: Consortium consisting of the Sato Kogyo and Mitsui Fudosan construction companies
- 9) Earthquake PML
1.9% (obtained from the building condition investigation report prepared by Engineering & Risk Services Corporation)
- 10) Existence of Secured Interests (liens)
None.
- 11) Description of Tenants (Tenancy as of June 30, 2016)
The Co-owner partnership Portion including the Additionally Acquired Portion of the Property has been leased in its entirety by the Nishi-Shinjuku 6-chome Co-owner partnership to Mitsui Fudosan Co., Ltd. which is the sole tenant of the Additionally Acquired Portion of the Property. Mitsui Fudosan Co., Ltd. sub-leases the same to its sub-lessees.
In addition, the Additionally Acquired Portion of the Property is subject to unitary management (see 1. Outline of Acquisition, 10) Miscellaneous, above) and the proportion of its operating rights in such unitary management scheme is approximately 0.33% of the total.
Tenancy situation of the portion subject to unitary management as of June 30, 2016 is as follows (based on materials received from Mitsui Fudosan Co., Ltd.)
 - Total number and summary of sub-lessees: 30 companies (29 general business companies and 1 individual)
 - Total rental revenues: approx. ¥6,636 thousand / year
(rental revenues received by NBF from Mitsui Fudosan Co., Ltd.)
 - Total rentable area: approx. 120.23 m²
(the entire unitary managed area of 36,702.02 m² x 0.33% (proportion of NBF's operating rights))
 - Total leased area: approx. 104.17 m²
(the entire unitary managed area of 31,799.44 m² x 0.33% (proportion of NBF's operating rights))
 - Occupancy Rate: approx. 86.6%
 - Total lease deposit amount: approx. ¥6,567 thousand

4. Outline of Seller

Details of the seller are not disclosed due to the fact that the seller is an individual and the consent for disclosure was not obtained from the seller.



5. Status of Owners etc. of the Property

The current acquisition of the Property is not an acquisition from a party which falls under the category of any specially-interested party of NBF or NBFM.

6. Acquisition Schedule

July 21, 2016 : Determination to make acquisition; execution of a sale and purchase agreement; and transfer.

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

There is no change to the forecasted management situation during the period ending December 31, 2016 as this acquisition will have little impact upon the management situation of NBF during such period.



8. Summary of Appraisal Report

Property Name	Nishi-Shinjuku Mitsui Bldg. :Additional Acquisition
Appraisal Value	¥110,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	June 30, 2016

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	110,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	116,000	
(1) Operating Revenue ((i) - (ii))	9,734	
(i) Effective gross income	10,028	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.	295	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	3,420	
Building Maintenance Costs/ Property Management Fees (Note)	2,145	Estimated based on past results verified applying the level of maintenance costs/property management fees for similar real properties
Utilities Expenses	0	No utilities expenses to be recorded
Repair Expenses	211	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	79	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	979	Estimated based on actual taxes in fiscal 2016
Insurance Premiums	5	Estimated based on insurance rates etc. for similar real properties
Other Expenses	0	No other expenses to be recorded
(3) Net Operating Income ((1)-(2))	6,314	
(4) Investment Income from Temporary Deposits	1	Estimated applying investment return of 2.0%
(5) Capital Expenditure	764	Estimated based on the Engineering Report as well as the level of renewal expenses for similar real properties
(6) Net Income ((3)+(4)-(5))	5,551	
(7) Capitalization Rate	4.8%	Estimated taking into consideration examples of transactions for similar real properties, as well as location and building conditions, and improvements, rights, contractual terms etc. of the Property
Appraisal value based on DCF method	108,000	
Discount Rate	4.4%	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	5.0%	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	131,000	
Proportion of land	82.4%	
Proportion of building	17.6%	

*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 building maintenance costs and property management fees of the Additionally acquired Portion 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 July 21, 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.

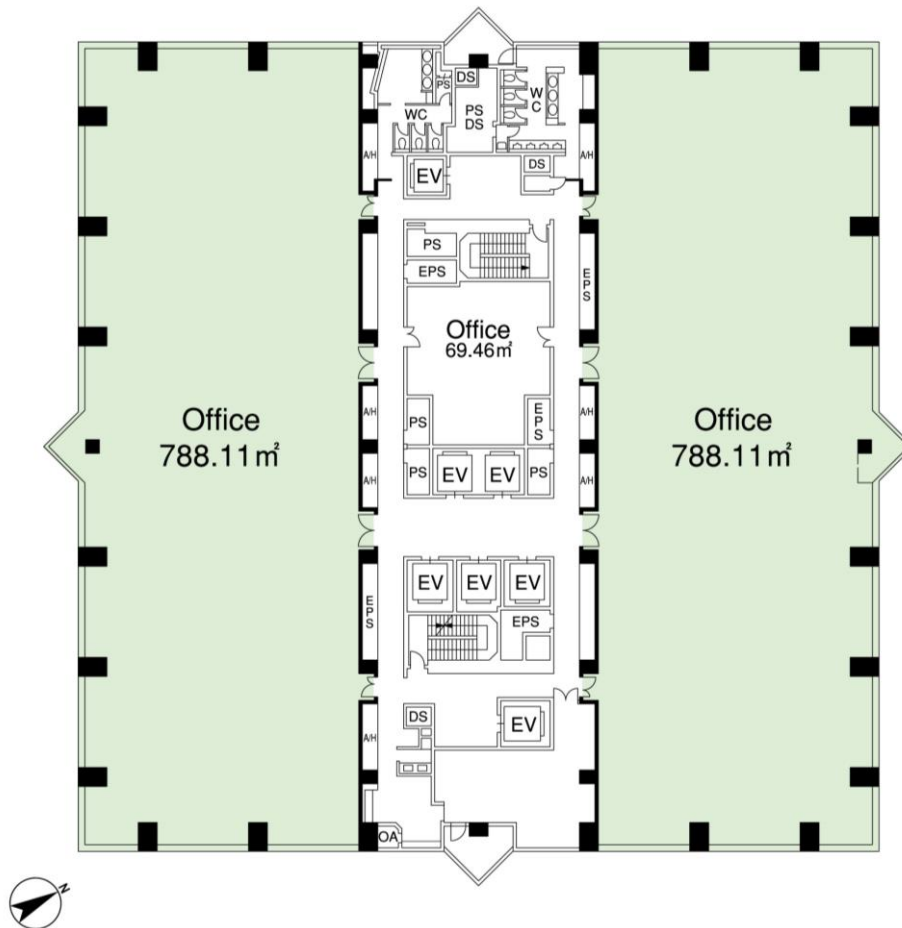
<Attached Materials>

- 【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

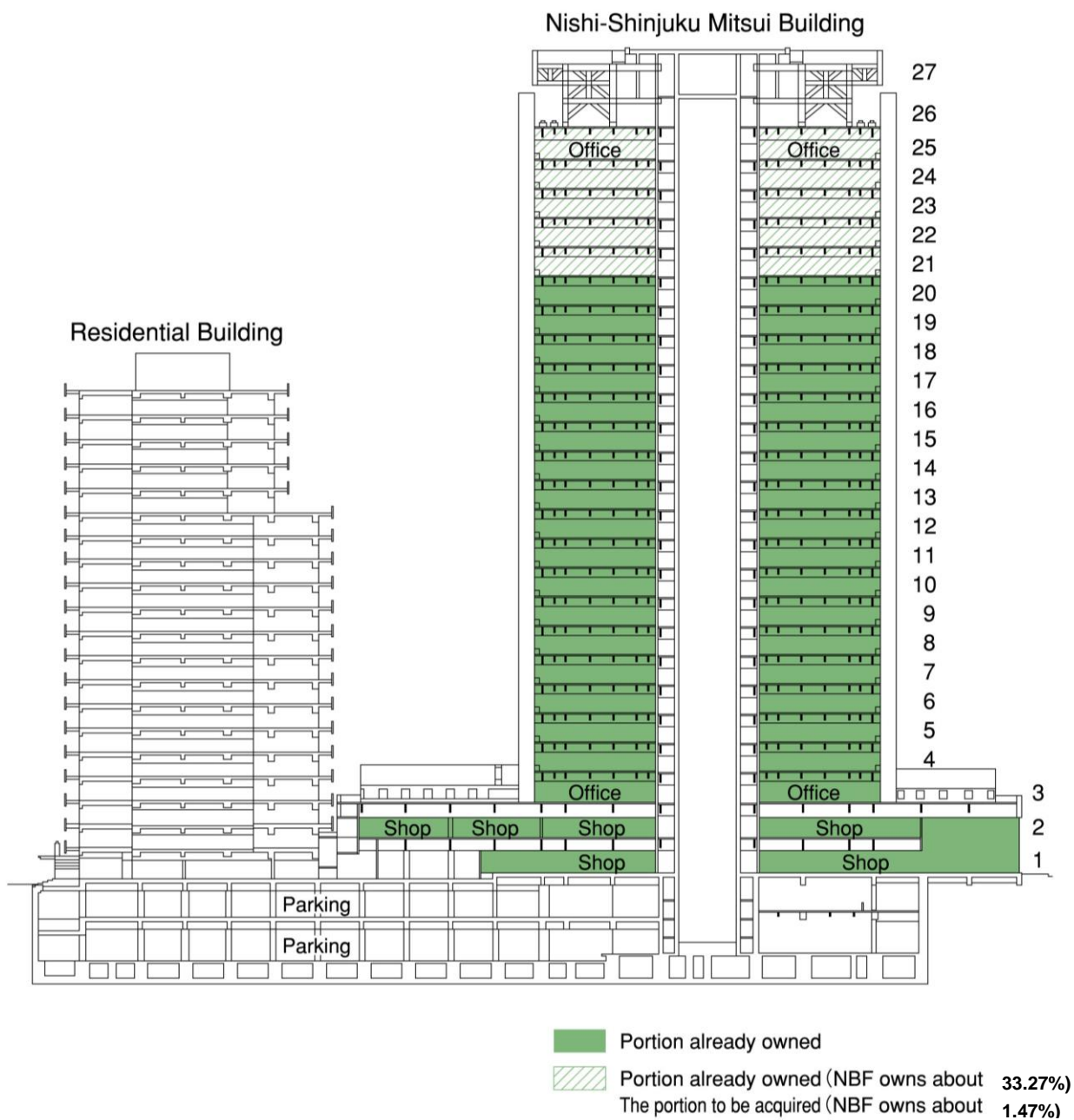
【Reference Material 1】 Exterior Appearance of the Property



【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	6.1%	79.0%	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
	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition) (Note3)	68,250	0.0%		110,000
	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	2.1%		25,200,000
	Ueno East Tower (Note4)	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	1.6%		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 Acquisition) (Note5)	48,200	0.0%		59,100
	NBF Shinkawa Bldg.	12,614,118	1.2%		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	0.5%		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	0.9%	9.2%	9,970,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.4%		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
	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
	NBF Matsudo Bldg.	2,455,000	0.2%		2,280,000
Other Cities	Sapporo L-Plaza	4,404,405	0.4%	11.8%	6,920,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,330,000
	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
		1,096,196,486	100%	100%	1,134,729,100

(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) The date of valuation for the "value (real estate appraisal value)" is June 30, 2016.

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

(Note 5) The date of valuation for the "value (real estate appraisal value)" is February 1, 2016.