

October 27, 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 (Osaki Bright Core - Bright Plaza)

Nippon Building Fund Management, Ltd. ("NBFM"), to which Nippon Building Fund, Inc. ("NBF") entrusts asset management services, hereby provides notice of its decision on October 27, 2016 to acquire assets as follows:

Description

1. Outline of the Acquisition

- 1) Acquired Assets : Real Property
- 2) Name of Assets : Osaki Bright Core - Bright Plaza (the "Property")
(The Property is comprised of condominium interests and co-ownership interests in condominium interests of Osaki Bright Core and co-ownership of Osaki Bright Plaza (Please refer to 3. Outline of Assets below). Osaki Bright Core shall be referred to as "Bright Core" and Osaki Bright Plaza as "Bright Plaza" hereafter in this press release.)
- 3) Acquisition Price : ¥4,500,000,000
(provided, however, miscellaneous acquisition costs, fixed assets tax, city-planning tax and consumption tax are not included in this amount.)
- 4) Date of Contract : October 27, 2016
- 5) Date of Transfer : November 25, 2016
- 6) Acquired From : Taisei Corporation
(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 : Lump-sum payment at the time of transfer
- 10) Miscellaneous : Rentable floors of the 5th, 6th and the 8th through 17th floors of Bright Core 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). A 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.

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

1) Location

The Osaki area where the Property is located is one of the subcenters of Tokyo. The area is highly recognized as a business center where large enterprises base their offices.

The Property offers high transport convenience standing approximately a 5-minute walk from JR Osaki Station.

2) Building and Facilities

The Property is a highly competitive property with the latest specifications as an office building in central Tokyo, with a standard floor rentable floor area of approximately 1,477.19m², a ceiling height of 2,800mm, LED lighting, etc.

3. Outline of Assets

1) Type of Specified Assets

Real Property

2) Location

[Bright Core]

(Description in Real Property Registry)

Land : 567-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

Building : 567-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

(Street Address)

5-15, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

[Bright Plaza]

(Description in Real Property Registry)

Land : 569, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

Building : 569, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

(Street Address)

4-1, Kita-Shinagawa 5-chome, Shinagawa-ku, Tokyo

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

Offices and stores

4) Type of Ownership

[Bright Core]

(i) Land : Co-ownership interests (approximately 9.58%)

(ii) Building : Co-ownership interests in condominium interests of the 1st and 2nd floors (17.935%) and condominium interests the 9th floor and a portion of the 10th floor (the proportion of the total exclusively owned area: approximately 9.44%)

[Bright Plaza]

(i) Land : Co-ownership interests (16.50%)

(ii) Building : Co-ownership interests (16.50%)



- 5) Square meters (Description in Real Property Registry)
 - [Bright Core]
 - (i) Land : Site area 5,811.01m² (entire site)
 - (ii) Building : Total floor space 42,929.11m² (entire building)
 - [Bright Plaza]
 - (i) Land : Site area 3,711.54m² (entire site)
 - (ii) Building : Total floor space 4,084.84m² (entire building)
- 6) Structure (Description in Real Property Registry)
 - [Bright Core]

Steel frame, steel framed reinforced concrete and steel reinforced concrete structure, flat roof, 20 floors above ground and 2 floors below ground
 - [Bright Plaza]

Steel framed structure, flat roof, 2 floors above ground
- 7) Completion of Construction (Description in Real Property Registry)
 - [Bright Core]

April 1, 2015
 - [Bright Plaza]

April 17, 2015
- 8) Design and Construction
 - [Bright Core]

Design: Nihon Sekkei, Inc.
Construction: Taisei Corporation
 - [Bright Plaza]

Design: Nihon Sekkei, Inc.
Construction: Fujiki Komuten Co., Ltd.
- 9) Earthquake PML

2.2% (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 October 1, 2016)

All sections of the Property (the 1st and 2nd floors as well as the 9th floor and a portion of the 10th floor of Bright Core; and Bright Plaza) have been leased in their entirety to Mitsui Fudosan Co., Ltd. which is the sole tenant. Mitsui Fudosan Co., Ltd. sub-leases the same spaces to its sub-lessees.

Rentable floors of the 5th, 6th and 8th through 17th floors including a portion of the Property (the 9th floor and a portion of the 10th floor) of Bright Core (an entire building) 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), and the proportion of the Property's operating rights in such unitary management scheme is approximately 12.71% of the total.

Tenancy situation of the portion subject to leasing in the Property as of October 1, 2016 (the 1st and 2nd floors and the portion subject to the above unitary management of Bright Core; and Bright Plaza) is as follows

- Total number and summary of lessees: 20 companies
(10 general business companies and 10 retail stores)
- Total rental revenues: approx. ¥233 million / year (rental revenues received by NBF from Mitsui Fudosan Co., Ltd.)
- Total rentable area: approx. 2,784.45 m² (based on the owned interests)
(17,766.84 m² × 12.71% [the proportion of operating rights in unitary management scheme for Bright Core] + 1,318.68 m² × 17.94% [ratio of co-ownership of the 1st and 2nd floors of Bright Core] + 1,753.34 m² × 16.50% [ratio of co-ownership of Bright Plaza])
- Total leased area: approx. 2,784.45 m² (the same as above)
- Occupancy Rate: 100%
- Total lease deposit amount: approx. ¥210 million (lease deposit deposited to NBF by Mitsui Fudosan Co., Ltd.)

4. Outline of Seller

1) Name	Taisei Corporation
2) Location	25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo
3) Name and Title of Representative:	Yoshiyuki Murata, President and Chief Executive Officer
4) Description of Business	Building construction work, civil engineering work, installation of equipment and devices, planning of all other construction works, survey, designing, supervision, construction, engineering, management and consulting
5) Capital	approx. ¥122,742million (as of 31 March, 2016)
6) Date of Establishment	December 28, 1917
7) Net Assets	¥436,838million (as of 31 March, 2016)
8) Total Assets	¥1,413,943million (as of 31 March, 2016)
9) Major shareholder and shareholding ratio	Japan Trustee Services Bank, Ltd. (Trust Account) (6.73%), The Master Trust Bank of Japan, Ltd. (Trust Account) (5.58%), Retirement Benefit Trust in Mizuho Trust (Mizuho Bank, Ltd. Account) (3.43%) (as of 30 September, 2016)
10) Relations with NBF/NBFM	
Capital Relationship	None
Personnel	None
Business Relationship	None
Related parties	The seller does not fall under the category of related parties of either NBF or NBFM.

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

October 27, 2016 : Determination to make acquisition, execution of a real property sale and purchase contract

November 25, 2016 : Delivery (anticipated)

7. Forecasted Management Situation as at the close of December, 2016 and June, 2017.

There will be no change to the forecasted management situation during the periods ending December 31, 2016 and June 30, 2017 as this acquisition will have little impact upon the management situation of NBF during such periods.

8. Summary of Appraisal Report

Property Name	Osaki Bright Core - Bright Plaza
Appraisal Value	¥4,730,000 thousand
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of Valuation	September 30, 2016

Item	Breakdown (in thousands of yen)	Remarks
Appraisal value based on income method	4,730,000	Estimated by combining the appraisal values under the DCF method and the direct capitalization method
Appraisal value based on direct capitalization method	4,931,000	
(1) Operating Revenue ((i) - (ii))	276,126	
(i) Effective gross income	283,971	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.	7,845	Estimated based on a vacancy rate which is deemed stable on a mid- and-long-term basis
(2) Operating Expenses	90,964	
Building Maintenance Costs/ Property Management Fees (Note)	56,146	Estimated based on past results and planned contract value verified applying the level of maintenance costs / property management fees for similar real properties
Utilities Expenses	10,870	Estimated after verified applying the level of utilities expenses for similar real properties
Repair Expenses	300	Estimated based on the Engineering Report as well as the level of repair expenses for similar real properties
Leasing Expenses, etc.	2,114	Estimated based on the assumed turnover rate and the level of leasing expenses for similar real properties
Taxes & Public Duties	21,203	Estimated based on actual taxes in fiscal 2016
Insurance Premiums	331	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))	185,162	
(4) Investment Income from Temporary Deposits	4,914	Estimated applying investment return of 2.0%
(5) Capital Expenditure	17,347	Estimated based on the amount of reserve for repairs, etc.
(6) Net Income ((3)+(4)-(5))	172,729	
(7) Capitalization Rate	3.5%	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	4,635,000	
Discount Rate	3.3%	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	3.7%	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	4,880,000	
Proportion of land	63.8%	
Proportion of building	63.2%	

*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 October 27, 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 (Bright Core)
- 【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

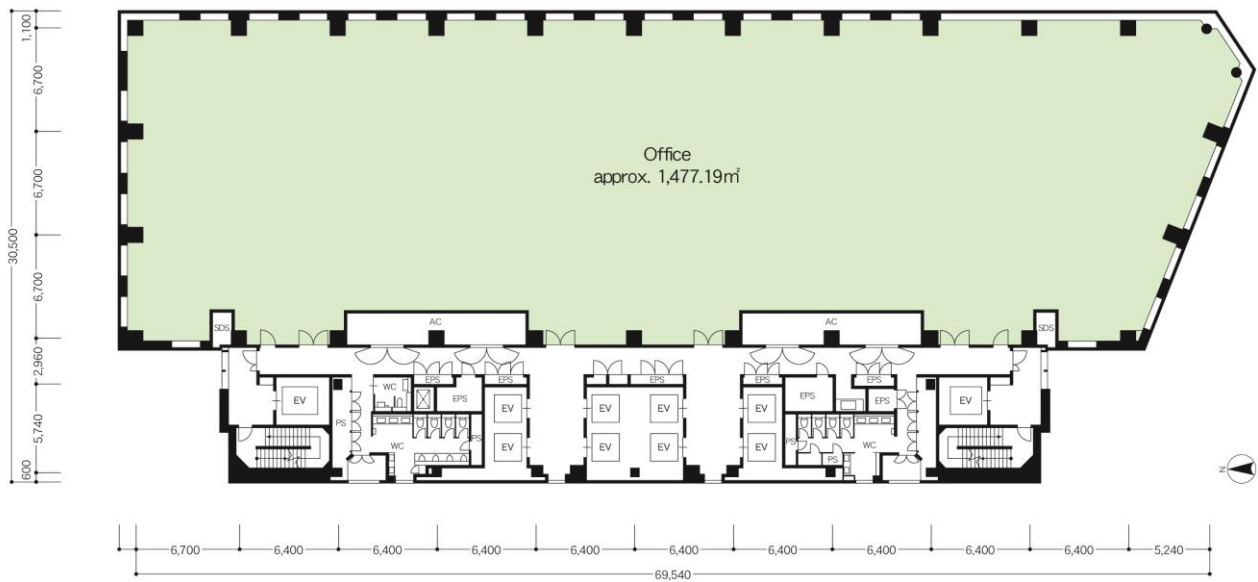
[Bright Core]



[Bright Plaza]



【Reference Material 2】 Standard Floor Plan of the Property (Bright Core)



Architectural floor plan of a 20-story building. The plan shows a central core with multiple office floors (10FL to 20FL) and two shops (1FL, 2FL). The building is surrounded by parking areas. The plan includes dimensions for floor heights and room widths.

Vertical Dimensions (Left Side):






- 20FL: 5,500
- 19FL: 4,500
- 18FL: 4,200
- 17FL: 4,200
- 16FL: 4,200
- 15FL: 4,200
- 14FL: 4,400
- 13FL: 4,300
- 12FL: 4,300
- 11FL: 4,200
- 10FL: 4,200
- 9FL: 4,200
- 8FL: 4,200
- 7FL: 4,200
- 6FL: 4,200
- 5FL: 4,200
- 4FL: 5,500
- 3FL: 6,000
- 2FL: 5,000
- 1FL, GL: 150
- B1FL: 5,500
- B2FL: 6,000

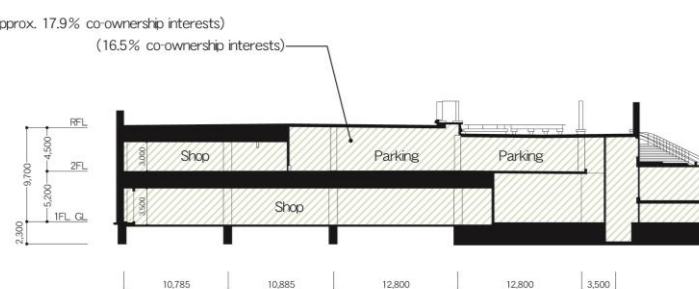
Horizontal Dimensions (Bottom):

- 7,800
- 8,700
- 6,700
- 6,700
- 6,700
- 6,700
- 4,300
- 3,200

Room Labels:

- Office (Floors 10FL to 20FL)
- Shop (Floors 1FL, 2FL)
- Parking (Basement levels B1FL, B2FL)

-  Section to be acquired (condominium interests)
-  Section to be acquired (co-ownership interests)
-  Section owned by third party
-  Unitary management section
-  Common areas



[Bright Plaza]


【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 Osaka Bldg.	66,660,000	6.0%	79.2%	82,900,000
	NBF Hibiya Bldg.	63,500,000	5.7%		55,500,000
	Gate City Ohsaki	57,281,060	5.2%		68,500,000
	Nishi-Shinjuku Mitsui Bldg.	45,145,448	4.1%		41,600,000
	Nishi-Shinjuku Mitsui Bldg. (Additional Acquisition)	68,250	0.0%		110,000
	Nakanosakaue Sunbright Twin	40,750,488	3.7%		31,600,000
	Mitsubishi Heavy Industries Head Office Bldg.	36,300,000	3.3%		47,200,000
	NBF Toyosu Canal Front	35,200,000	3.2%		34,200,000
	Shiba NBF Tower	32,000,000	2.9%		29,100,000
	NBF Platinum Tower	31,000,000	2.8%		60,100,000
	NBF Minami-Aoyama Bldg.	31,000,000	2.8%		18,500,000
	NBF COMODIO Shiodome	28,800,000	2.6%		33,100,000
	NBF Toyosu Garden Front	25,018,000	2.3%		28,100,000
	Toranomon Kotohira Tower	24,543,000	2.2%		33,900,000
	Nakameguro GT Tower	23,856,000	2.2%		21,500,000
	Celestine Shiba Mitsui Bldg.	22,500,000	2.0%		25,400,000
	Ueno East Tower	21,600,000	1.9%		21,700,000
	NBF Ochanomizu Bldg.	20,840,000	1.9%		13,400,000
	NBF Ginza Street Bldg.	20,269,000	1.8%		29,700,000
	NBF Shibuya Garden Front	17,000,000	1.5%		16,500,000
	Shinjuku Mitsui Bldg. No.2	16,285,400	1.5%		18,000,000
	GSK Bldg.	14,434,070	1.3%		16,600,000
	River City M-SQUARE	13,350,000	1.2%		16,000,000
	NBF Toranomon Bldg.	13,337,000	1.2%		16,700,000
	Kowa Nishi-Shinbashi Bldg. B	13,265,200	1.2%		14,500,000
	NBF Shinkawa Bldg.	12,614,118	1.1%		14,120,000
	Shinbashi M-SQUARE	11,900,000	1.1%		14,200,000
	NBF Ueno Bldg.	10,400,000	0.9%		9,010,000
	NBF ALLIANCE	9,126,000	0.8%		12,100,000
	Yotsuya Medical Bldg.	8,800,000	0.8%		7,390,000
	NBF Ikebukuro East	8,630,000	0.8%		10,200,000
	Higashi Gotanda Square	8,350,000	0.8%		8,090,000
	NBF Shibuya East	8,000,000	0.7%		7,010,000
	Toyo-cho Center Bldg. (Note3)	7,800,000	0.7%		8,270,000
	NBF Shibakouen Bldg.	6,770,000	0.6%		7,860,000
	NBF Takanawa Bldg.	6,667,200	0.6%		7,160,000
	NBF Akasaka Sanno Square	6,250,000	0.6%		6,380,000
	NBF Shibakouen Daimon Street Bldg.	6,100,000	0.6%		4,300,000
	NBF Kandasudacho Bldg.	5,960,000	0.5%		7,720,000
	Sumitomo Densetsu Bldg.	5,365,000	0.5%		5,810,000
	NBF Higashi-Ginza Square	5,200,000	0.5%		7,360,000
	Panasonic Tokyo Shiodome Bldg.	5,075,000	0.5%		6,020,000
	NBF Ogawamachi Bldg.	4,940,000	0.4%		5,670,000
	Nihonbashi Kabuto-cho M-SQUARE	4,850,000	0.4%		5,430,000
	NBF Ikebukuro Tower	4,695,000	0.4%		5,530,000
	Osaki Bright Core - Bright Plaza (Note4)	4,500,000	0.4%		4,730,000
	NBF Ikebukuro City Bldg.	4,428,000	0.4%		5,210,000
	Ryukakusan Bldg.	4,050,000	0.4%		4,550,000
	Jingumae M-SQUARE	3,700,000	0.3%		4,120,000
Other Greater Tokyo	Chofu South Gate Bldg.	9,320,000	0.8%	9.1%	10,000,000
	Shin-Kawasaki Mitsui Bldg.	25,820,000	2.3%		22,400,000
	Yokohama ST Bldg.	13,529,300	1.2%		15,100,000
	Parale Mitsui Bldg.	3,800,000	0.3%		3,790,000
	Tsukuba Mitsui Bldg.	8,875,500	0.8%		7,610,000
	NBF Utsunomiya Bldg.	2,435,000	0.2%		2,080,000
	S-ino Omiya North Wing	16,816,345	1.5%		19,700,000
	NBF Urawa Bldg.	2,000,000	0.2%		2,100,000
	NBF Shin-Urayasu Tower	15,700,000	1.4%		9,980,000
	NBF Matsudo Bldg.	2,455,000	0.2%		2,290,000
Other Cities	Sapporo L-Plaza	4,404,405	0.4%	11.7%	6,970,000
	NBF Sapporo Minami Nijo Bldg.	1,870,300	0.2%		1,350,000
	NBF Unix Bldg.	4,028,900	0.4%		3,400,000
	NBF Niigata Telecom Bldg.	3,957,500	0.4%		2,990,000
	Sumitomo Mitsui Banking Nagoya Bldg.	14,900,000	1.3%		16,300,000
	NBF Nagoya Hirokoji Bldg.	7,232,000	0.7%		7,220,000
	Aqua Dojima NBF Tower	17,810,000	1.6%		17,400,000
	Nakanoshima Central Tower	14,900,000	1.3%		16,700,000
	Shinanobashi Mitsui Bldg.	14,400,000	1.3%		12,900,000
	Sakaisuji-Honmachi Center Bldg.	12,700,000	1.1%		13,200,000
	Sun Mullion NBF Tower	10,500,000	0.9%		7,010,000
	Aqua Dojima East	1,914,000	0.2%		1,460,000
	NBF Hiroshima Tatemachi Bldg.	2,930,000	0.3%		2,440,000
	Hiroshima Fukuromachi Bldg.	2,215,000	0.2%		2,350,000
	NBF Matsuyama Nichigin-mae Bldg.	3,310,000	0.3%		3,680,000
	Hakata Gion M-SQUARE	8,000,000	0.7%		9,120,000
	NBF Kumamoto Bldg.	4,500,000	0.4%		3,910,000
		1,108,496,486	100%	100%	1,176,100,000

(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 June 30, 2016.

(Note 3) The date of valuation for the "value (real estate appraisal value)" is July 1, 2016.

(Note 4) Expected to be acquired on November 25, 2016. The date of valuation for the "value (Real Estate Appraisal Value)" is September 30, 2016.