



December 18, 2017

To All Concerned Parties

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### Notice Concerning Revision of Forecasts of Operating Results for the Period ending December 31, 2017

Nippon Building Fund, Inc. ("NBF") announced today its revised forecasted operating results for the period ending December 31, 2017 (July 1, 2017 – December 31, 2017) which were originally announced on August 15, 2017. Details are set forth below:

#### Description

#### 1. Revision of Forecasts of Operating Results for the Period Ending December 31, 2017 (July 1, 2017 – December 31, 2017)

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous forecast (A)	million yen 36,604	million yen 14,896	million yen 13,005	million yen 13,005	Yen 9,210	yen 0
Revised forecast (B)	million yen 42,087	million yen 16,457	million yen 14,576	million yen 14,576	Yen 9,300	yen 0
Increase/decrease (B – A)	million yen 5,482	million yen 1,561	million yen 1,571	million yen 1,571	Yen 90	yen 0
Percentage of increase/decrease	% 15.0	% 10.5	% 12.1	% 12.1	% 1.0	% —

【Note 1】 Assumes 1,412,000 issued and outstanding investment units as of December 31, 2017.

【Note 2】 Yen amounts shown above are truncated. Percentages have been rounded to the nearest one-tenth of a percent.

【Note 3】 Distribution per unit for the period ending December 31, 2017 is arrived at by subtracting the provision of reserve for advanced depreciation reduction entry (¥1,443 million; planned amount) from undistributed earnings and then dividing it by the total number of investment units issued and outstanding.



(Reference)

Revision of Outlook of Operating Results for the Period Ending June 30, 2018

(January 1, 2018 - June 30, 2018)

	Operating revenues	Operating income	Ordinary Income	Net income	Distribution per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Previous forecast (A)	million yen 36,120	million yen 14,895	million yen 13,103	million yen 13,103	Yen 9,280	yen 0
Revised forecast (B)	million yen 36,454	million yen 15,523	million yen 13,742	million yen 13,742	Yen 9,500	yen 0
Increase/decrease (B – A)	million yen 333	million yen 628	million yen 638	million yen 638	Yen 220	yen 0
Percentage of increase/decrease	% 0.9	% 4.2	% 4.9	% 4.9	% 2.4	% —

【Note 1】 Assumes 1,412,000 issued and outstanding investment units as of June 30, 2018.

【Note 2】 Yen amounts shown above are truncated. Percentages have been rounded to the nearest one-tenth of a percent.

【Note 3】 Distribution per unit for the period ending June 30, 2018 is arrived at by subtracting the provision of reserve for reduction for advanced depreciation entry (¥327 million; planned amount) from undistributed earnings and then dividing it by the total number of investment units issued and outstanding.



## 2. Background to the Announcement

As published today in the “Notice of Acquisition and Disposition of Assets, and the Commencement and Termination of Leases (Acquisition of Roppongi T-CUBE and one other property, and disposition of NBF Hibiya Bldg. and two other properties),” NBF decided as of today to acquire Roppongi T-CUBE and Celestine Shiba Mitsui Bldg. (additional acquisition) and to dispose NBF Hibiya Bldg., GSK Bldg. and NBF Shin-Urayasu Tower.

NBF intends to revise the forecast of operating results for the period ending December 31, 2017 (July 1, 2017 – December 31, 2017) and the period ending June 30, 2018 (January 1, 2018 – June 30, 2018) published on August 15, 2017, due to the above-mentioned changes to the previous assumptions.

Revisions to forecasts of operating results for the period ending December 31, 2017 are based on the “【Reference】Assumptions Underlying the Forecasts of Operating Results for the Period Ending December 31, 2017 (July 1, 2017 – December 31, 2017) and the Period Ending June 30, 2018 (January 1, 2018 – June 30, 2018)” as set forth below.

The forecasted figures above represent current calculations based on assumptions and conditions as of the date hereof. Our actual operating revenues, operating income, ordinary income, net income or distribution per unit may fluctuate significantly due to changes in circumstances, including future acquisitions or dispositions of properties or changes in the investment environment, etc. These forecasts do not guarantee any future amounts of distributions.

End

This English language notice is a translation of the Japanese language notice dated December 18, 2017 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.


**【Reference】**

Assumptions Underlying the Forecasts of Operating Results for the Period Ending December 31, 2017 (July 1, 2017 – December 31, 2017 and the Period Ending June 30, 2018 (January 1, 2018 – June 30, 2018))

Item	Assumptions													
Assets owned	<ul style="list-style-type: none"> <li>Forecasts of operating results are premised upon 72 properties, reflecting following acquisition and disposition of properties to the 74 properties owned by NBF as of the end of the period ended June 30, 2017. <table border="1"> <thead> <tr> <th>Acquired Assets</th><th>Date of transfer (expected)</th></tr> </thead> <tbody> <tr> <td>Roppongi T-CUBE</td><td rowspan="2">March 30, 2018</td></tr> <tr> <td>Celestine Shiba Mitsui Bldg. (additional acquisition)</td></tr> </tbody> </table>   <table border="1"> <thead> <tr> <th>Disposed Assets</th><th>Date of transfer (expected)</th></tr> </thead> <tbody> <tr> <td>NBF Shin-Urayasu Tower</td><td>December 20, 2017</td></tr> <tr> <td>GSK Bldg.</td><td>December 26, 2017</td></tr> <tr> <td>NBF Hibiya Bldg.</td><td>March 30, 2018</td></tr> </tbody> </table> </li> <li>The average occupancy rate during the period for all properties* is assumed to be 98.7% for the period ending December 31, 2017 and 99.0% for the period ending June 30, 2018.  <small>*Weighted average of month-end occupancy rate on a floor space basis</small> </li> <li>Figures in the table are subject to change due to changes in assets under management and other factors.</li> </ul>	Acquired Assets	Date of transfer (expected)	Roppongi T-CUBE	March 30, 2018	Celestine Shiba Mitsui Bldg. (additional acquisition)	Disposed Assets	Date of transfer (expected)	NBF Shin-Urayasu Tower	December 20, 2017	GSK Bldg.	December 26, 2017	NBF Hibiya Bldg.	March 30, 2018
Acquired Assets	Date of transfer (expected)													
Roppongi T-CUBE	March 30, 2018													
Celestine Shiba Mitsui Bldg. (additional acquisition)														
Disposed Assets	Date of transfer (expected)													
NBF Shin-Urayasu Tower	December 20, 2017													
GSK Bldg.	December 26, 2017													
NBF Hibiya Bldg.	March 30, 2018													
Number of issued and outstanding investment units	<ul style="list-style-type: none"> <li>It is assumed to be 1,412,000 units issued and outstanding as of December 18, 2017.</li> </ul>													
Interest-bearing debt	<ul style="list-style-type: none"> <li>During the period ending December 31, 2017, part of funds from disposition regarding NBF Shin-Urayasu Tower planned to be disposed on December 20, 2017 (disposition price of ¥11,700 million) and GSK Bldg. planned to be disposed on December 26, 2017 (disposition price of ¥17,000 million) is assumed to be applied to repayment of short-term borrowings of ¥5,000 million.</li> <li>During the period ending June 30, 2018, part of funds from above-mentioned disposition and funds from disposition of NBF Hibiya Bldg. planned to be disposed on March 30, 2018 (disposition price of ¥64,000 million) are assumed to be applied to acquisition of Roppongi T-CUBE (acquisition price of ¥62,800 million) and Celestine Shiba Mitsui Bldg. (additional acquisition) (acquisition price of ¥19,500 million) planned to be acquired on the same day.</li> <li>Other than above, repayment of long-term borrowings of ¥29,750 million and investment corporation bonds of ¥10,000 million will become due during the periods. Such indebtedness is assumed to be refinanced through additional borrowings, etc.</li> </ul>													
Loan to Value Ratio	<ul style="list-style-type: none"> <li>The loan to value ratio* as of the end of the period ending December 31, 2017 is expected to be 41.1% and is expected to be maintained through the end of the period ending June 30, 2018.  <small>*Loan to value ratio = interest-bearing debt / total assets x 100</small> </li> </ul>													
Operating Revenues	<ul style="list-style-type: none"> <li>As stated in “2. Background to the Announcement” above, with the disposition of GSK Bldg. during the period ending December 31, 2017 and NBF Hibiya Bldg. during the period ending June 30, 2018, profits generated from disposition of ¥5,505 million (planned) and ¥327 million (planned) is expected to be recorded in respective periods as operating revenues (see "Distribution per Unit" below).</li> </ul>													



Operating Expenses	<ul style="list-style-type: none"> <li>As stated in “2. Background to the Announcement” above, with the disposition of NBF Shin-Urayasu Tower during the period ending December 31, 2017, loss generated from disposition of ¥3,891 million (planned) is expected to be recorded as operating expenses (see “Distribution per Unit” below).</li> <li>In the event that fixed assets taxes and city-planning taxes with respect to the properties acquired are prorated between NBF and the former property owner based on the number of days owned upon the closing date, such settlement amounts will not be included in expenses as they are included in the relevant acquisition cost. Accordingly, the settlement amounts consisting of fixed assets tax and city-planning tax with respect to Roppongi T-CUBE and Celestine Shiba Mitsui Bldg. (additional acquisition) planned to be acquired after January 1, 2018 will not be included in expenses for the periods ending June 30, 2018 or December 31, 2018, but will be included in expenses for the period ending June 30, 2019 and thereafter. The amount of fixed assets tax and city-planning tax, etc. with respect to the above properties to be included in expenses for the period ending June 30, 2019 is expected to be ¥238 million (for 6 months).</li> <li>Taxes and public duties (property taxes and city planning taxes, etc.) are expected to be ¥3,415 million for the period ending December 31, 2017 and ¥3,263 million for the period ending June 30, 2018.</li> <li>Depreciation costs are expected to be ¥7,204 million for the period ending December 31, 2017 and ¥7,022 million for the period ending June 30, 2018.</li> <li>Repair and maintenance costs are expected to be ¥911 million for the period ending December 31, 2017 and ¥888 million for the period ending June 30, 2018.</li> <li>Assumptions regarding outsourcing costs are made by taking past results into consideration.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>Non-operating expenses (interest expenses, interest payments on investment corporation bonds, etc.) are assumed to be ¥1,884 million for the period ending December 31, 2017 and ¥1,784 million for the period ending June 30, 2018.</li> </ul>
Distribution per Unit	<ul style="list-style-type: none"> <li>¥1,443 million (planned) is expected to be internally retained as reserves, out of the balance of ¥5,505 million expected profit generated from disposition of GSK Bldg. during the period ending December 31, 2017 and the ¥3,891 million expected loss generated from disposition of NBF Shin-Urayasu Tower during the same period</li> <li>The amount equivalent to the ¥327 million (planned) expected profit generated from disposition of NBF Hibiya Bldg. during the period ending June 30, 2018 is expected to be internally retained as reserves.</li> <li>In addition, it is presumed that no withdrawal from reserves for advanced depreciation will be made.</li> <li>The actual amount of distribution per unit may vary due to changes in rental revenue as a result of tenant changes, etc., changes in properties, interest rates, or additional issues of new investment units.</li> </ul>
Distributions in Excess of Earnings per Unit	<ul style="list-style-type: none"> <li>Currently, there are no plans to conduct distributions in excess of earnings (distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>The above estimates are based on the premise that there will be no amendments of laws or regulations, taxation systems, accounting standards, Tokyo Stock Exchange Regulations, rules of the Investment Trusts Association or otherwise which would impact such estimates.</li> <li>The above estimates are also premised on the absence of unexpected substantial changes in general economic trends or real estate market conditions, etc.</li> </ul>