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For Immediate Release

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Notice Concerning Transfer and Related Cancellation of Lease, and Cancellation of Sales Agreements of Trust Beneficiary Rights in Real Estate

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces that Sojitz REIT Advisors K.K. (“SRA”), which is entrusted to manage the assets of NIPPON REIT, today decided on the following transfer of assets (the “Transfer”) and cancellation of lease of asset related to the Transfer. Furthermore, SRA decided the cancellation of sales agreement of trust beneficiary in real estate that was announced in the “Notice Concerning Transfer and Acquisition of Assets, and Related Cancellation of Lease and Leasing of Assets” dated February 18, 2021 (the “Disclosure dated February 18, 2021”) (the “Previous agreement”).

1. Overview of To-be-transferred assets

Property Number (Note1)	Real estate in trust (Property Name)	Location	Scheduled transfer price (million yen)	Transfer counterparty (Buyer)	Scheduled transfer date
A-35	Toshin Higashi-Ikebukuro Building	Toshima-ward, Tokyo	1,480	Not disclosed (Note2)	August 26, 2021 (Note3)

(Note1) Property No.” is the number of each property in accordance with each asset type designated by NIPPON REIT. Capital letter of “A” represents office.

(Note2) Not disclosed because consent has not been obtained from the buyer. They are Japanese company and does not fall under the category of interested persons, etc. as provided in the Article 201 of the Act on Investment Trusts and Investment Corporations and Article 123 of the Order of Enforcement thereof, as well as of interested persons stipulated in the SRA internal rules, “Rules on Transactions by Interested Persons”.

(Note3) The purchase and sale agreement for the Property (“Transfer agreement”) is subject to the condition precedent of cancellation of the Previous agreement.

2. Outline of the Transfer

To-be-sold asset	Property name	Agreement conclusion date	Scheduled transfer date	Scheduled transfer price (¥ mn)	Assumed book value (Note1) (¥ mn)	Balance between scheduled transfer price and assumed book value (¥ mn)	Use of Funds
Trust beneficiary interests in real estate	Toshin Higashi-Ikebukuro Building	June 30, 2021	August 26, 2021 (Note2) (Note3)	1,480	985	495	Acquisition or loan repayment in the future

(Note1) "Assumed book value" is the figure which SRA calculated based on the amount such as book value as of the end of the 17th period (ended December 2020), Capital expenditure and Depreciation cost that are expected until transaction date as of the transaction date. It is rounded down to the nearest million yen and the same shall apply hereinafter.

(Note2) The Transfer agreement is subject to the condition precedent of cancellation of the Previous agreement.

(Note3) The Transfer agreement corresponds to the forward commitment, etc. stipulated in the Financial Services Agency's "Comprehensive Supervisory Guidelines for Financial Instruments Business Operators, etc." (this refers to a purchase or sale agreement with delivery date one month or more after the conclusion of agreement, and other contracts similar thereto; the same shall apply hereinafter). SRA have conducted an appropriate approval procedure in accordance with internal rules on forward commitment to conclude the agreement. The Transfer agreement stipulates that in the event of the other party's willful or negligent breach of its obligations under the agreement, the cancellation may be effected. In such event, the canceller may request the other party to pay a penalty equivalent to 20% of the estimated transfer price.

3. Reason for the selection of assets to be transferred and acquired

As we announced in the Disclosure dated February 18, 2021, NIPPON REIT recognizes that it is an essential strategy to implement asset replacement with precise timing in order to maintain and improve portfolio competitiveness from a medium-to long-term perspective while expanding AUM. The asset to be transferred was selected based on analyses conducted annually as "Tiering-PJ", as part of the Asset Manager's medium-to long-term management strategy. We decided to transfer the asset in order to maintain and improve portfolio quality from a medium-to long-term perspective such as dispelling concerns regarding internal growth potential and area potential under evaluation of profitability, liquidity, and property characteristics. We determined that realization of unrealized gains from the transfer and cancellation of lease at this timing would contribute to maximization of unitholders' value.

4. Content of the Property to be transferred

Please refer to the Disclosure on February 18, 2021 due to no changes.

5. Overview of Transfer Counterparty

The buyer of the property above is a Japanese company. However, details are not described in this press release because no consent has been obtained from the buyer to disclose its name, etc. There is no capital relationship, personnel relationship or business relationship to be stated between NIPPON REIT or SRA and the buyer. The buyer does not fall under the category of related party of NIPPON REIT or SRA. In addition, the buyer does not fall under the category of any interested party or sponsor-related party, as of today.

6. Reason of the Cancellation of the Previous agreement

As announced at the disclosure dated February 18, 2021, NIPPON REIT concluded the Previous agreement with the scheduled transfer date to be separately agreed between July 1, 2021 and December 31, 2021 on February 18, 2021. However, NIPPON REIT looked for more favorable conditions including the transfer price, and today it decided to cancel the Previous agreement and conclude sales agreements of trust beneficiary rights in real estate which is subject to the condition precedent of cancellation of the Previous agreement with the new buyer. NIPPON REIT determines that the cancellation of the Previous Agreement and transfer the property under the Transfer agreement with more favorable conditions will contribute to maximizing the unitholders' value.

The Previous Agreement falls under the category of forward commitment, etc., and the Previous Agreement stipulates that both the buyer and the seller may cancel the agreement without payment of penalty, etc. upon written notice to the other party (such notice shall be required to reach the other party no later than one month prior to the date of cancellation) for any reason whatsoever between the date of the sales contract and the date of execution of the transfer. Therefore, no penalty, etc. will arise due to the cancellation of the Previous Agreement. Furthermore, the Transfer agreement is subject to the condition precedent of cancellation of the Previous agreement.

7. Impact on the financial condition of the NIPPON REIT in the event of failure to fulfill the forward commitment, etc.

The Transfer agreement falls under the category of forward commitment, etc. However, NIPPON REIT is the seller on the Transfer agreement and no risks related to funding procurement for the payment obligation of the buyer, therefore it is unlikely that the NIPPON REIT will have a financial impact if it is unable to fulfill the forward commitment, etc.

8. Future outlook

The forecast of the management status for the fiscal period ending June 2021 (from January 1, 2021 to June 30, 2021) and December 2021 (from July 1, 2021 to December 31, 2021) announced in the “Summary of Financial Results for the Fiscal Period Ended December 31, 2020 (REIT)” dated February 18, 2021 remain unchanged because the impact will be minimal.

* NIPPON REIT Investment Corporation website: <http://www.nippon-reit.com/en>

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