

NIPPON REIT Investment Corporation
Supplementary Material Regarding
“Transfer and Acquisition of Assets”

August 17, 2021

NIPPON VISION

Serious, Steady, Solid



NIPPON REIT
Investment Corporation

Overview and Effects of the Assets Replacement

• Properties Subject to be Transferred / Acquired

Transfer (Announced on June 29, 2021 and July 27, 2021) 4 properties ¥8.6 bn



• Toshin Higashi-Ikebukuro Building



• Itabashi Honcho Building



• East Side Building



• Esprit Kameido



Acquisition (Announced on August 17, 2021)

8 properties ¥7.6 bn



• REID-C Iidabashi Building



• REID-C Gotenyama Building



• Sylphide Higashi-shinagawa



• Royal Bloom



• Ever Square Doshin



• Zeku Benten



• Canis Court Kamishinjo



• Imperial Otori

• Office(6 central wards) • Office(3 major metropolitan areas) • Residence(6 central wards) • Residence(3 major metropolitan areas) • Residence(Certain Ordinance-Designated and other cities) • Retail(3 major metropolitan areas)

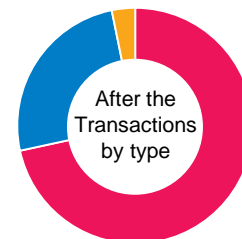
• Effects on Portfolio

◆ Improvement of portfolio quality

	Portfolio as of the end of the 18th Period (Jun. 2021)	Portfolio after the Transactions (as of Aug.31, 2021)
Number of properties	103 properties	107 properties
Acquisition price	¥255.0 bn	¥255.9 bn
Total appraisal value	¥304.7 bn	¥304.8 bn
NOI yield (before depreciation)	5.0 %	5.0 %
NOI yield (after depreciation)	4.2 %	4.2 %
Average building age (As of the end of Aug. 2021)	25.7 Year	25.4 Year

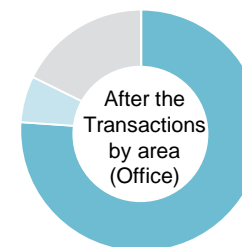
《Changes in asset type》

	As of the end of the 18th Period	After the Transactions
	(Based on acquisition price)	
■ Office	73.6%	71.6%
■ Residence	23.2%	25.2%
■ Retail	3.2%	3.2%



《Changes in area》 (Office)

	As of the end of the 18th Period	After the Transactions
	(Based on acquisition price)	
■ 6 central wards of Tokyo	73.1%	76.1%
■ 23 wards of Tokyo (excluding the 6 central wards)	9.7%	6.2%
■ 3 major metropolitan areas (excluding 23 wards of Tokyo)	17.2%	17.7%
■ Certain Ordinance-Designated and other cities	0%	0%



◆ Return to unitholders

Distribute ¥1,602mn of gain on the transfer, forecast DPU for the 19th period increased by ¥2,379

(Note)

1. "6 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards. "Three major metropolitan area" refers to the three Major Metropolitan Areas (i.e. Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama), Osaka economic bloc (Osaka, Kyoto and Hyogo) and Nagoya economic bloc (Aichi, Gifu and Mie)). "Certain ordinance-designated and other cities" refers to the ordinance-designated cities located in areas other than "Three major metropolitan areas" (i.e. Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and prefectural capitals. The same applies hereafter.

●Future asset replacement policy

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◆ Return to unitholders

• Return to unitholders by realizing unrealized gains in a timely manner

●Track record, Background and Aims of the Assets Replacement

1st asset replacement in the 11th fiscal period (ended Dec. 2017)

(Transfer) 2 properties/ ¥10bn ●●
(Acquisition) 3 properties/ ¥11.5bn ●●●

2nd asset replacement in the 14th fiscal period (ended Jun. 2019)

(Transfer) 2 properties/ ¥7.2bn ●●
(Acquisition) 5 properties/ ¥7.7bn ●●●●●

3rd asset replacement in the 17th fiscal period (ended Dec. 2020)

(Transfer) 3 properties/ ¥9.3bn ●●●
(Acquisition) 13 properties/ ¥13.7bn ●●●●●●●●●●●●●●●●

4th asset replacement in the 18th fiscal period (ended Jun. 2021)

(Transfer) 3 properties/ ¥6.7bn ●●●
(Acquisition) 6 properties/ ¥5.0bn ●●●●●●

5th asset replacement in the 19th fiscal period (ending Dec. 2021)

(Transfer) 4 properties/ ¥8.6bn ●●●●
(Acquisition) 8 properties/ ¥7.7bn ●●●●●●●●

◆ Improvement of portfolio quality

▪ Under the evaluation by three axes of “Profitability, Liquidity and Property Characteristics “, we will manage to replace offices of low internal growth potential with offices in 6 central wards of Tokyo and residences in the 3 major metropolitan.

↓

▪ Stabilize cash flow and Increase profitability, making the portfolio younger for liquidity enhanced and capex plan optimized.

◆ Return to unitholders

▪ Stabilization of DPU through distribution of gain on the transfer Plan to distribute ¥1,602mn of gain on the transfer in the fiscal period ending Dec. 2021 respectively

●Office(6 central wards) ●Office(3 major metropolitan areas) ●Residence(6 central wards) ●Residence(3 major metropolitan areas) ●Residence(Certain Ordinance-Designated and other cities) ●Retail(3 major metropolitan areas)

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