NIPPON REIT Investment Corporation (TSE code：3296)

Investor Presentation

for the 21st Period (Ended December 31, 2022)

February 16, 2023



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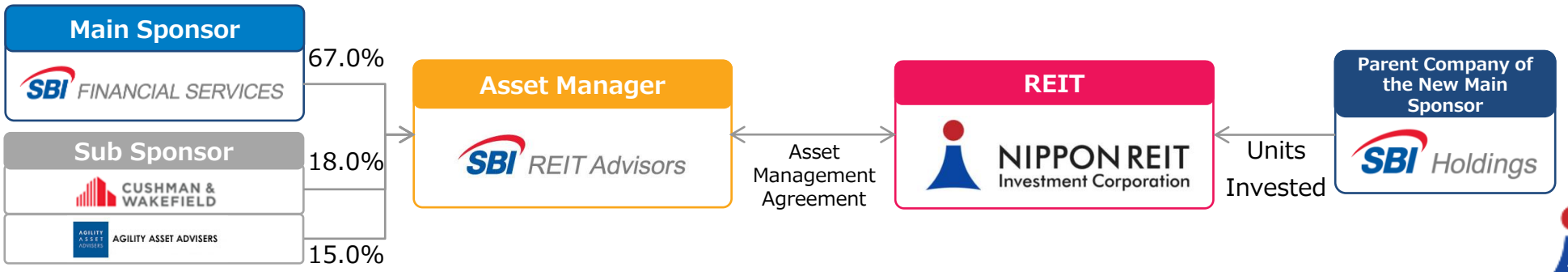
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1. Summary of Financial Results for the 21st Period (Dec. 2022)

Change of Main Sponsor

- **SBI Group has acquired 67.0% stake of the Asset Manager from Sojitz Corporation and became the new main sponsor of NIPPON REIT**
- **NIPPON REIT's current policy and strategies will be maintained. With support from the SBI Group, NIPPON REIT will continue its endeavor to maximize unitholder value**

New Main Sponsor: SBI Group	• SBI Financial Services Co., Ltd., a wholly owned subsidiary of SBI Holdings, Inc., acquired 67% stake (2,010 shares) of the Asset Manager from Sojitz Corporation, and the Asset Manager has changed the company name to SBI REIT Advisors Co., Ltd. • All units of NIPPON REIT held by Sojitz Corporation (15,500 units) was acquired by SBI Holdings, Inc. • The SBI Group is a comprehensive financial services group aiming to achieve its goal of "going beyond finance with finance as its core", with its main focus on online securities, banking, insurance and other financial services business
Current Management Policy Remains Unchanged	• NIPPON REIT's current strategies will be maintained • NIPPON REIT will continually aim to create a robust portfolio focused on mid-sized offices, whilst maintaining its investment discipline • Its Tripart management to maximize portfolio value will be also maintained
Sponsor Support from SBI Group	• Collaboration in property acquisition and bridge fund formation by Tozai Asset Management, and provision of property information through utilization of the SBI Group network • Provision of pipeline property and property information form the developers, The Global and Ascot • Lending coverage of group companies and affiliates of SBI Shinsei Bank and other regional banks • Utilization of SBI Securities' investor base based on internet retail investors (Scheduled to participate in online IR session sponsored by SBI Securities in March 2023)



Financial Highlights

21st Period DPU ¥8,387 (+¥128 from the forecast)

Operating Revenue	Operating Income	Ordinary Income	Net Income
¥ 8,547mm	¥ 4,442mm	¥ 3,774mm	¥ 3,773mm

Internal Growth

◎ **Occupancy Rate**

Overall **98.2%** (+0.2%)

Office **98.7%** (+0.4%)

Maintaining a high occupancy rate

◎ **Increase in Monthly Rent (Office and Residential)**

Rent Renewals and Tenant Replacement

¥1.40mm/month (+¥0.57mm)

DPU contribution of ¥18/fiscal period

◎ **Increase in NOI by Engineering Management**

45.10mm/year

DPU contribution of ¥50/fiscal period

External Growth

◎ **AUM**

106 properties **¥254.7bn**

◎ **Total Pipeline**

10 properties **¥9.1bn**

Two bridge funds + warehousing

ESG Initiatives

◎ **New Environmental Certifications**

CASBEE for Real Estate (1 property)
Low-Carbon Model Building (2 properties)
Reacquisition of DBJ Green Building (1 property)

◎ **Declared support for TCFD (Dec. 2022) and joined TCFD Consortium (Jan 2023)**

◎ **Awarded "Energy Conservation Center, Japan Chairman's Award" (Nishi-Shinjuku Sanko Building)**

◎ **Total floor area ratio of environmentally certified properties**

44.1% (+8.4%)

※ Numbers in parenthesis show the increase or decrease from the end of the previous fiscal period or the result of the previous fiscal period

22nd Period

Forecast DPU ¥8,269

Operating Revenue	Operating Income
¥ 8,674mm	¥ 4,410mm
Ordinary Income	**Net Income**
¥ 3,721mm	¥ 3,720mm

23rd Period

Forecast DPU ¥8,005

Operating Revenue	Operating Income
¥ 8,740mm	¥ 4,353mm
Ordinary Income	**Net Income**
¥ 3,602mm	¥ 3,601mm

Summary of Financial Results for the 21st Period (Dec. 2022)

NIPPON REIT Investment Corporation

(¥/mm)	20th Period (Jun. 2022) Result	21st Period (Dec. 2022) Forecast	21st Period (Dec. 2022) Result	21st Period (Result) vs 20th Period (Result) (difference)	21st Period (Result) vs 21st Period (Forecast) (difference)
	a	b	c	c-a	c-b
Operating Revenues	8,534	8,434	8,547	+13	+113
Operating Expenses	(3,935)	(4,042)	(4,105)	(169)	(62)
Operating Income	4,599	4,392	4,442	(156)	+50
Ordinary Income	3,971	3,716	3,774	(196)	+57
Net Income	3,970	3,716	3,773	(197)	+57
DPU	¥8,825	¥8,259	¥8,387	(¥438)	+¥128
NOI	6,330	6,240	6,288	(41)	+47
Days	181	184	184	-	-

◆ Comparison against the 20th Period (Jun. 2022) Result (c-a)

《Major fluctuation factor》 (¥/mm)

Increase in Operating Revenues		**+13**
Increase in rental revenue	Increase in revenues due to improvement in occupancy rates	+5
Increase in utilities charge revenue	Revised billing method for tenants due to rising electricity charges	+128
Decrease in gain on sales of real estate properties	Absence of gain on the sale of the Sunworld Building	(125)
Increase in Operating Expenses		**(169)**
Increase in utility expenses	Seasonal factor, rise in electricity rate adjustment unit price	(146)
Increase in repair expense		(34)
Decrease in leasing related expense		+10
Decrease in non-deductible consumption taxes		+10
Increase in Non-operating Expenses	Increase in borrowing expenses due to more business days, etc.	**(36)**

◆ Comparison against the 21st Period (Dec. 2022) Forecast (c-b)

《Major fluctuation factor》 (¥/mm)

Increase in Operating Revenues		**+113**
Increase in rental revenue		+2
Increase in utilities charge revenue	Achieved a change in billing method for tenants that exceeded the projection	+106
Increase in miscellaneous income		+4
Increase in Operating Expenses		**(62)**
Increase in repair expense	Rise in electricity rate adjustment unit price	(53)
Increase in repair expense	Restoration cost in Kanda Reeplex R's, etc.	(7)
Decrease in other commissions	Absence of BELS certification expenses, etc.	+5
Increase in Non-operating Expenses	Increase in DPU refunds	**+7**

(¥/mm)

Internal Reserves	106

Summary of Forecast for the 22nd Period (Jun. 2023) and the 23rd Period (Dec. 2023)

(¥/mm)	21st Period (Dec. 2022) Result	22nd Period (Jun. 2022) Forecast	23rd Period (Dec. 2023) Forecast	22nd Period (Forecast) vs 21st Period (Result) (difference)	23rd Period (Forecast) vs 22nd Period (Forecast) (difference)
	a	b	c	b-a	c-b
Operating Revenues	8,547	8,674	8,740	+126	+65
Operating Expenses	(4,105)	(4,264)	(4,387)	(159)	(122)
Operating Income	4,442	4,410	4,353	(32)	(56)
Ordinary Income	3,774	3,721	3,602	(53)	(118)
Net Income	3,773	3,720	3,601	(53)	(118)
DPU	(¥8,387)	(¥8,269)	(¥8,005)	(¥118)	(¥264)
NOI	6,288	6,284	6,239	(4)	(44)
Days	184	181	184	-	-

◆ Comparison between the 21st Period (Dec. 2022) Result and the 22nd Period (Jun. 2023) Forecast (b-a)

《Major fluctuation factor》 (¥/mm)

Increase in Operating Revenues		**+126**
Increase in rental revenue		+79
Increase in utilities charge revenue	Increase in electricity charges, etc.	+45
Increase in Operating Expenses		**(159)**
Increase in utility expenses	Increase in electricity charges	(68)
Increase in repair expense		(15)
Increase in tax		(18)
Increase in depreciation		(8)
Increase in leasing related expense		(19)
Increase in other commissions	ER expenses, etc.	(17)
Decrease in non-deductible consumption tax		(6)
Decrease in Non-operating Revenues		(7)
Increase in Non-operating Expenses	Increase in interest expenses on refinancing, etc.	**(13)**

◆ Comparison between the 22nd Period (Jun. 2023) Forecast and the 23rd Period (Dec. 2023) Forecast (c-b)

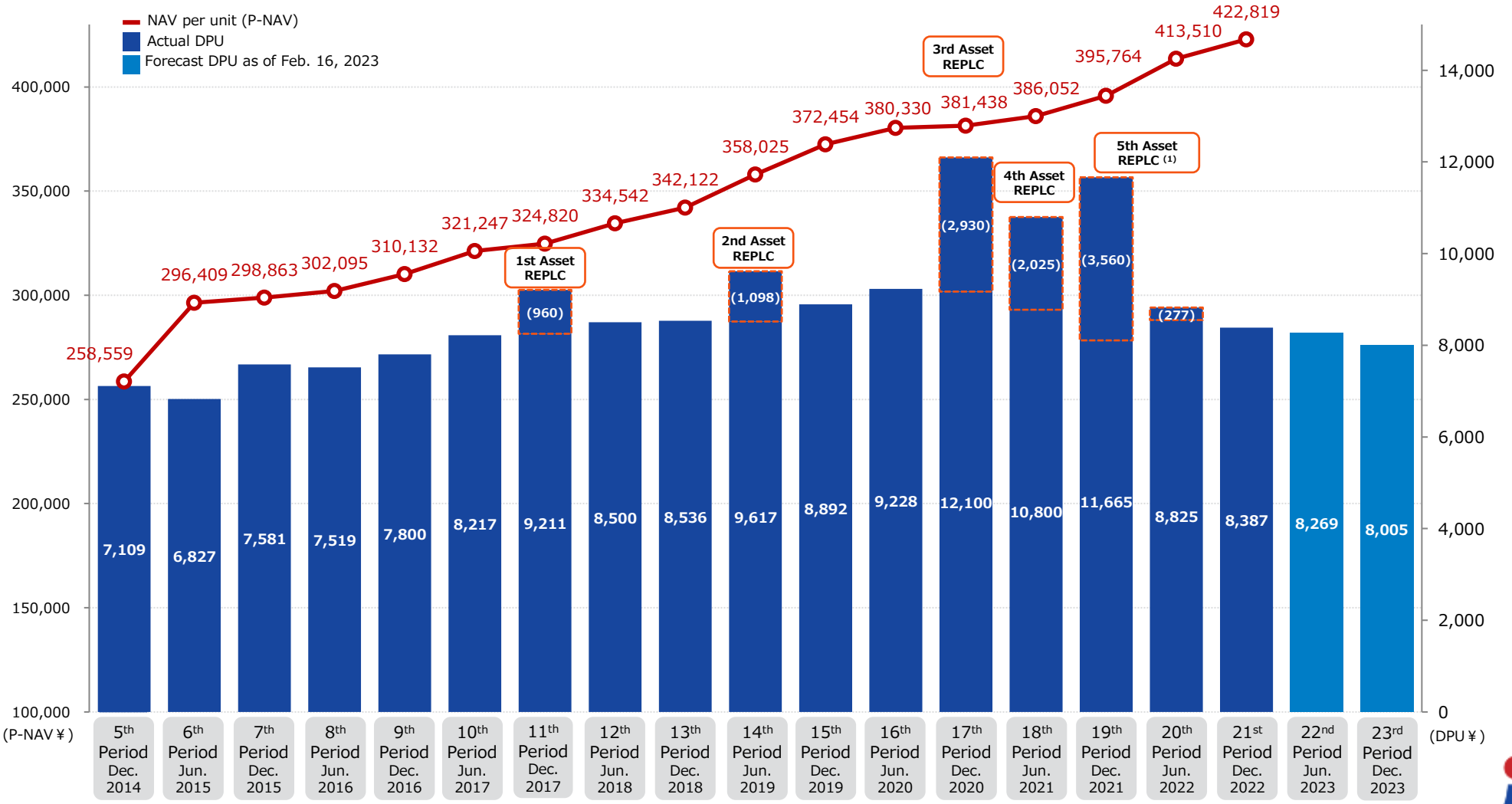
《Major fluctuation factor》 (¥/mm)

Increase in Operating Revenues		**+65**
Decrease in rental revenues		(36)
Increase in utilities charge revenue	Increase in electricity charges, seasonal factors, etc.	+122
Decrease in miscellaneous income		(18)
Increase in Operating Expenses		**(122)**
Increase in utility expenses	Increase in electricity charges, seasonal factors, etc.	(119)
Increase in repair expense		(26)
Decrease in leasing related expense		+21
Decrease in other expenditure		+11
Decrease in other expense	Decrease in ER expense, etc.	+14
Increase in promotional expense		(10)
Increase in Non-operating Expenses	Increase in interest expenses on refinancing, etc.	(61)

Track Record of Unitholders' Value

- **The DPU for the 21st Period is ¥8,387**
- **NAV per unit increased by ¥9,309 (2.3%) to ¥422,819**
- **Continue to pursue asset replacement opportunities to refine portfolio quality, focusing on the realization of unrealized gains**

《Track record of NAV per unit and DPU, and medium-term target》



※The figures in parentheses represents the amount of increase included in the total distribution per unit that is due to gain on sales of real estate properties or gain on exchange of real estate properties.

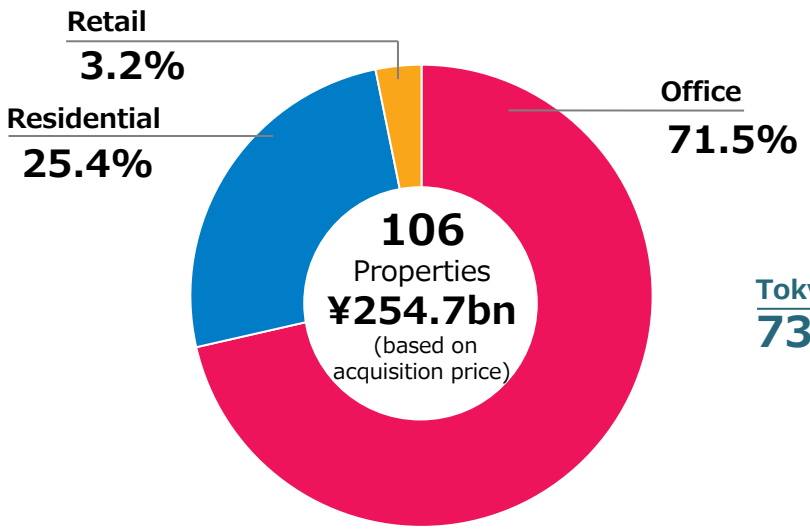
2. Portfolio Summary

Portfolio Summary (as of the end of the 21st Period Ended Dec. 2022)

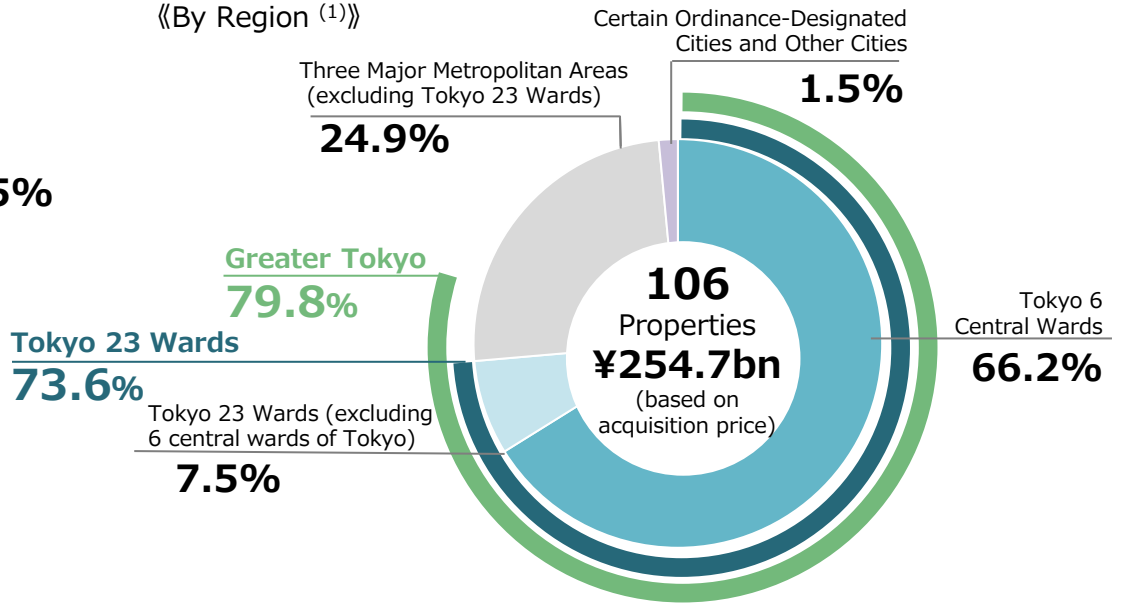
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- **Robust portfolio focusing on Mid-sized Office located in central Tokyo and residential located in 3-Major Metropolitan Areas**

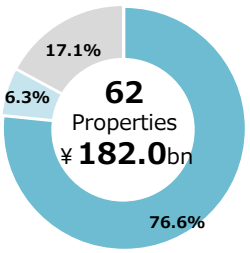
《By Property Type》



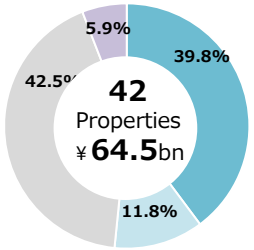
《By Region (1)》



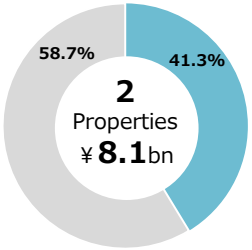
《Office by Region》



《Residential by Region》



《Retail by Region》



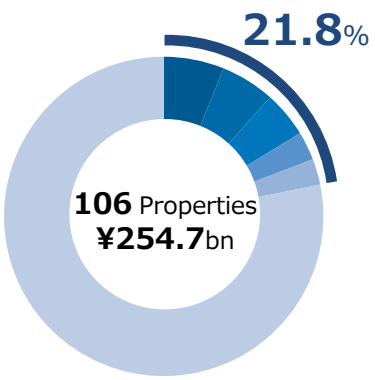
- 6 central wards of Tokyo (6 central)
- 23 wards of Tokyo (excluding 6 central wards of Tokyo) (23 wards)
- Three Major Metropolitan areas (excluding 23 wards of Tokyo)(3MM)
- Certain Ordinance-Designated and other cities (COD)

Risk Diversification (as of the end of the 21st Period Ended Dec. 2022)

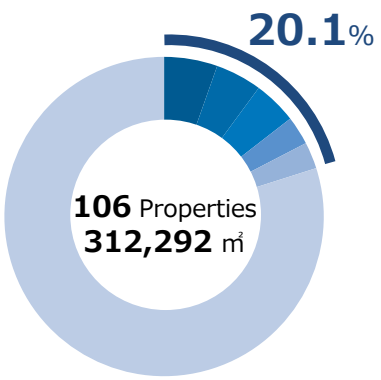
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◆ Top-class risk tolerance among all listed J-REIT

《Portfolio Diversification 》
(Proportion of the five largest properties)

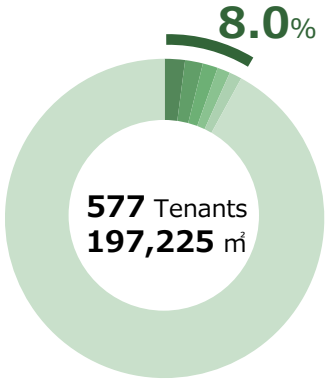


By Acquisition Price

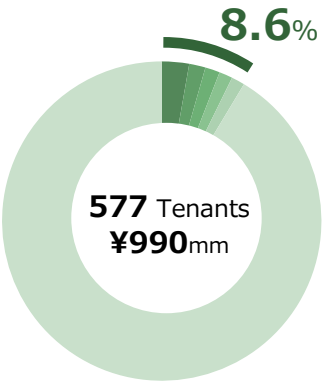


By Leasable Area

《Tenant Diversification》
(Proportion of the Five largest tenants (1))



By Leased Area



By Monthly Rent

《Five Largest Properties (by acquisition price)》

	Property Name	Acquisition Price (¥mm)	Share
1	Omiya Center Building	15,585	6.1%
2	FORECAST Shinjuku SOUTH	13,990	5.5%
3	Tower Court Kitashinagawa	11,880	4.7%
4	Shibakoen Sanchome Building	7,396	2.9%
5	Homat Horizon Building	6,705	2.6%

《Five Largest Tenants (by leased area)》

	Property Name	Business Category	Leased Area (㎡)	Share
1	FORECAST Shinjuku AVENUE FORECAST Shinjuku SOUTH	Info-communications	4,047.88	2.1%
2	Shibakoen Sanchome Building	Info-communications	3,559.85	1.8%
3	Pigeon Building	Manufacturing	3,022.25	1.5%
4	Shibakoen Sanchome Building	Wholesale/ Retail	2,579.22	1.3%
5	Homat Horizon Building	Services	2,497.88	1.3%

3. Management Status for the 21st Period

Environment Recognition and Growth Strategies

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Environmental Recognition

Real Estate Trading Market

- While monetary tightening is progressing mainly in Europe and the US, domestic and foreign investors are highly motivated to acquire properties
- Funds flowed into the relatively high-yield real estate market, and the market continues to feel overheated, and real estate transaction prices remain high. Need to pay close attention to the possibility of the arrival of price correction phase in the future.

Leasing Market

Office

As the number of people infected to COVID-19 is declining, economic activities are normalizing, and the office demand is recovering. The vacancy rate continues to rise, and the rent index continues to fall gradually due to the relaxation of supply and demand due to new supply in the Tokyo office area. In medium-sized offices, the rise in the move-out rate due to the deterioration in business performance of tenant companies has peaked out, and the refilling has been steady. The return to office trend is increasing and we will keep a close eye on future trends related to penetration of remote work and the diversification of work styles. Electricity cost rise is continuing due to soaring energy prices.

Residential

From 2022 onwards, the Tokyo metropolitan area will continue to see a surplus of in-migrants, and corporate demand and studio demand will recover. Demand for foreigners is expected to recover in the future due to relaxation of border measures

Retail

With the lifting of various restrictions, consumer trends are on a recovery trend, and inbound demand is expected to recover due to the relaxation of immigration restrictions. Against the backdrop of recovery demand, refilling remained steady, mainly in the service-related industries of commercial tenants.

Finance / ESG

Finance

Domestic and overseas stock prices and the TSE REIT Index are on a gradual recovery trend after decline, due to rising interest rates in European and the US currencies and the expansion of fluctuations in the Yield Curve Control (YCC) of the Bank of Japan. Long-term interest rates are trending upward due to YCC's operational review, but there is no significant change in the funding environment

ESG

Due to the stakeholders' increasing interests in ESG, further ESG initiatives and information disclosure are required

Growth Strategies

◆External Growth Strategy

Asset replacement to strengthen portfolio competitiveness

Continue to exercise portfolio refining strategy. Aiming to materialize unrealized gains in a timely manner and improve portfolio quality

Expansion of pipeline that adheres discipline (emphasis on stability)

Aiming for external growth that will contribute to enhancing unitholders' value with a view to conduct public offering backed by building-up pipelines through main sponsor's warehousing function and formation of bridge funds

◆Internal Growth Strategy

Leasing strategy

Maintain high occupancy rate by implementing various measures while paying close attention to office market trends, and aim to improve rent occupancy by minimizing down time and rent-free period in anticipation of demand recovery

Property value enhancement measures

Improve NOI mainly through strategic value enhancement with high investment efficiency, and rent increase at the time of contract renewals

Mitigating the risk of energy price hike pressuring on profits / responding to power shortage by power saving measures

Mitigated the risk of downward pressure on profits by verifying income and expenditure, promptly review and implement revised billing amount for utilities usage of tenants. Plans to pass on further electricity cost increases to tenants. Implement energy-saving measures to common area conversion to LED lighting

Improving tenant satisfaction

Maintain/improve profitability and minimize tenants' move out by improving tenant satisfaction; providing services that meet the changing market situation and diversifying needs from tenants and changing market situation

◆Financial Strategy･ESG

Prolonging borrowing periods and fixing interest rates while keeping costs down

- LTV is controlled in the range of 45-50%
- Maintain an average financing cost of around 1% for overall financing, including the recent rise in long-term interest rates
- Diversification of financing methods, including the issuance of green bonds

Contributing to the realization of a sustainable society

- Promote efficient energy use and environmental considerations, acquire green building certification and energy conservation ratings; and continue efforts on ESG disclosure
- Aim to maintain/improve GRESB Green Star rating
- Put efforts to implement TCFD recommendations as a TCFD supporter

Track Record of AUM

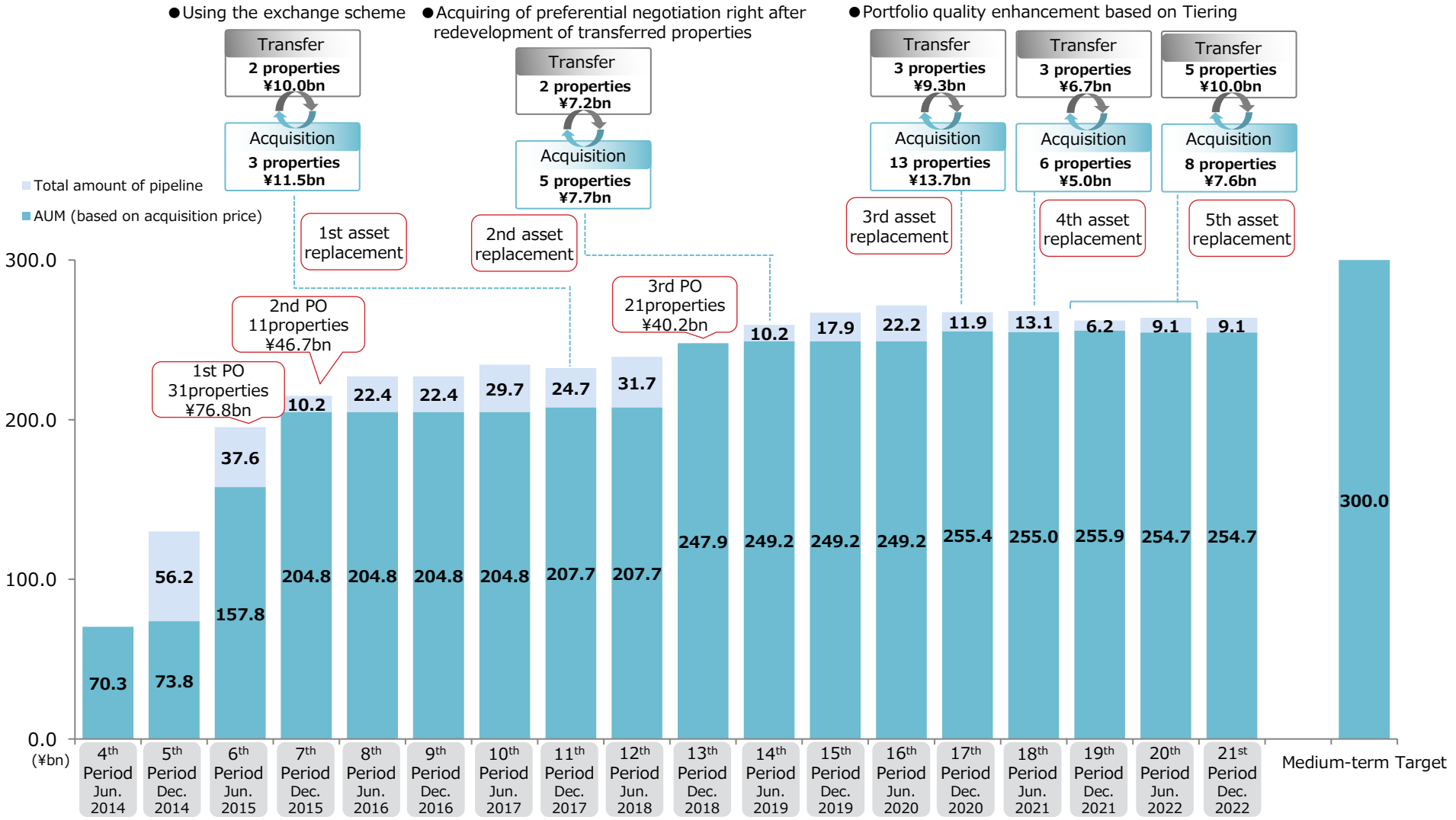
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◆ **Execution of Portfolio Refining Strategy Prioritizing Asset Replacement**

- Realizing robust portfolio while responding to the rapid market changes through asset replacement based on result of "Tiering Project" utilizing the pipeline assets

◆ **Striving to achieve the AUM target ¥300bn through building-up our pipeline in a disciplined manner and timely PO**

《Track record of AUM and pipeline, and medium-term AUM target》



Asset Replacement Policy

《Overview of the Tiering Project》

1 Annually review and score properties based on three evaluation axes and classify into three tiers

Profitability	Liquidity	Property Characteristics
Examine profitability potential in the medium-and long term ・Rent gap ・Other growth potential	**Verification of medium-to long-term liquidity in the real estate market** ・Area, Location ・Type of rights ・Age, Scale ・Supply/demand trend, etc.	**Examine operational risk based on track record analysis** ・Downtime ・Difficulty in leasing, etc. **Examine area potential** ・Rental market trend

Tier 1	Continue to hold in medium to long term
Tier 2	Continuously consider the asset management with a view of reconstruction and redevelopment
Tier 3	Formulation of a replacement strategy on the premise of improving the three evaluation axes

2 Develop 3-5 years management strategy according to the classification

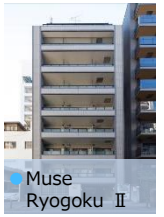
◆Drafting and execution of efficient CAPEX plan
◆Determining the right timing for the asset replacement based on the transaction and leasing market trend

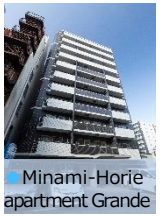
3 Execute efficient operational strategy

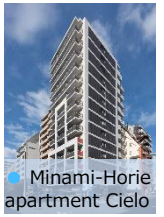
◆Review and revise the asset classification through periodic verification

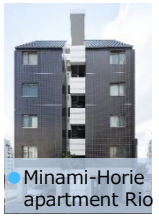
《Acquisition Pipeline (As of the end of the 21st Period)》

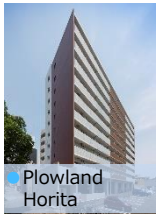
■ Bridge Fund “NRT Growth 17”

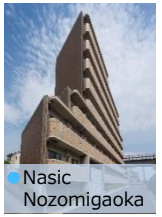

Muse Ryogoku Ⅱ


Minami-Horie apartment Grande


Minami-Horie apartment Cielo


Minami-Horie apartment Rio


Plowland Horita


Nasic Nozomigaoka

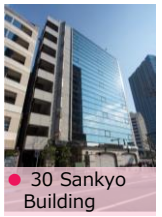
6 properties ¥4.6bn

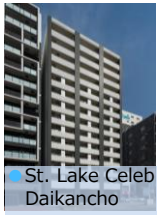
■ Warehousing


MAISON NISHI MAGOME

1 property ¥0.7bn

■ Bridge Fund “NRT Growth 18”


30 Sankyo Building


St. Lake Celeb Daikancho


Belle Face Kawaharadori

3 properties ¥3.6bn

Pipeline Total
10 properties
¥9.1bn

●Office (6 Central Wards of Tokyo)
●Residential (6 Central Wards of Tokyo)
●Residential Office (Three Major Metropolitan Areas)

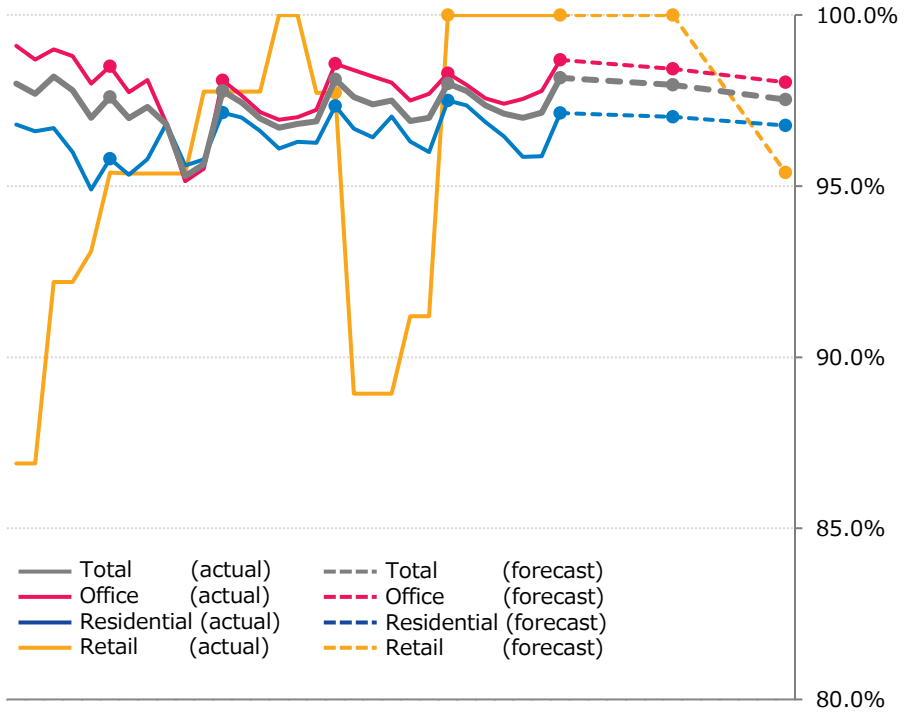
Occupancy Rate and Rent-free Period Trend

NIPPON REIT Investment Corporation

◆ Both contract and rent occupancy rate show stable trend

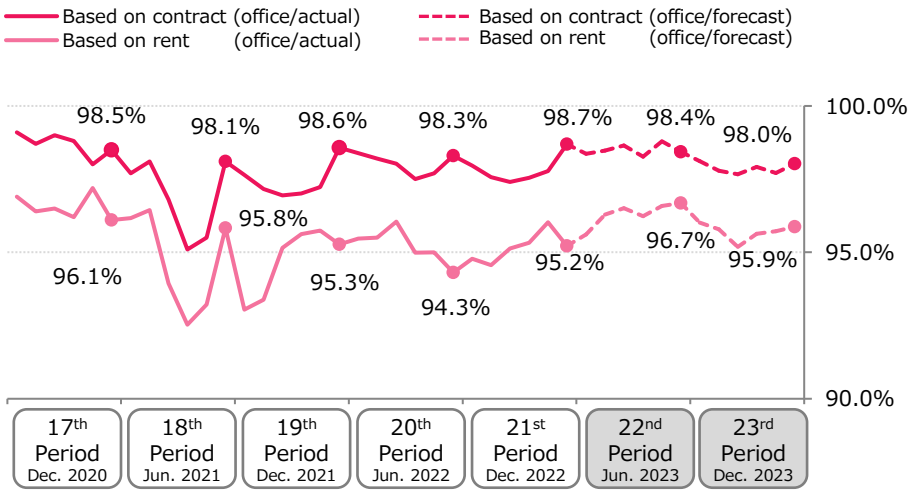
- Portfolio occupancy rate continues to be stable (the decline of retail properties in the 23rd Period is based on the assumed cancellation model, not the receipt of cancellation notice)
- The average rent-free period decreased after reaching its peak in the 19th and 20th Period, and the gap between the contract and rent based occupancy rate is minimizing

《 Occupancy rate trend and forecast 》

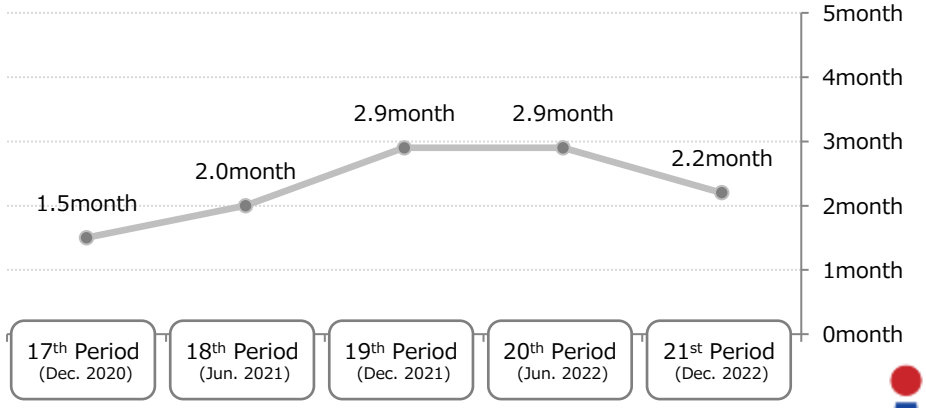


17th Period	18th Period	19th Period	20th Period	21st Period	22nd Period	23rd Period	
97.6%	**97.8%**	**98.1%**	**98.0%**	**98.2%**	**98.0%**	**97.5%**	Total
98.5%	**98.1%**	**98.6%**	**98.3%**	**98.7%**	**98.4%**	**98.0%**	Office
95.8%	97.1%	97.3%	97.5%	97.1%	97.0%	96.8%	Residen-tial
95.4%	97.8%	97.7%	100.0%	100.0%	100.0%	95.4%	Retail

《Trend of occupancy rate based on rent (office)》



《Trend of average rent-free period (1)》



Status and Cause of Move-in/out; Rent Change at the Time of Tenant Replacement (Office)

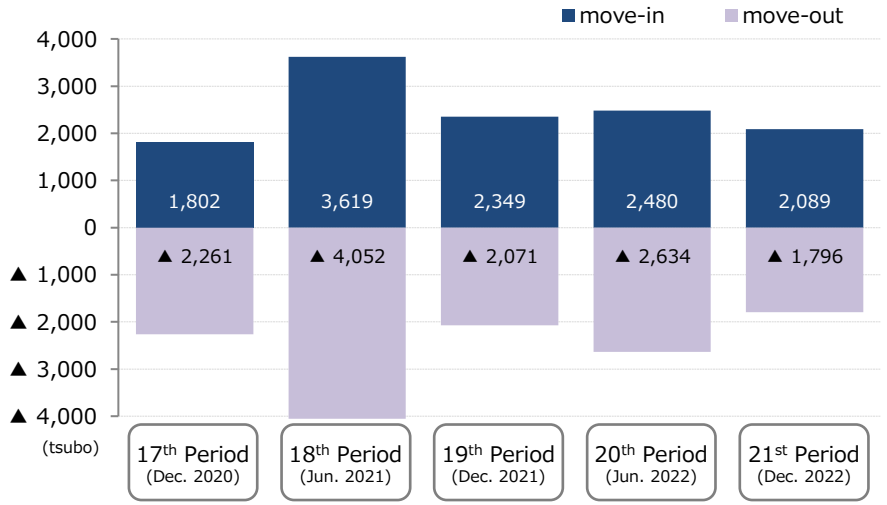
NIPPON REIT Investment Corporation

◆ **While the rent change ratio upon tenant replacement continues to be affected by the spread of COVID-19, the rate of decline is easing**

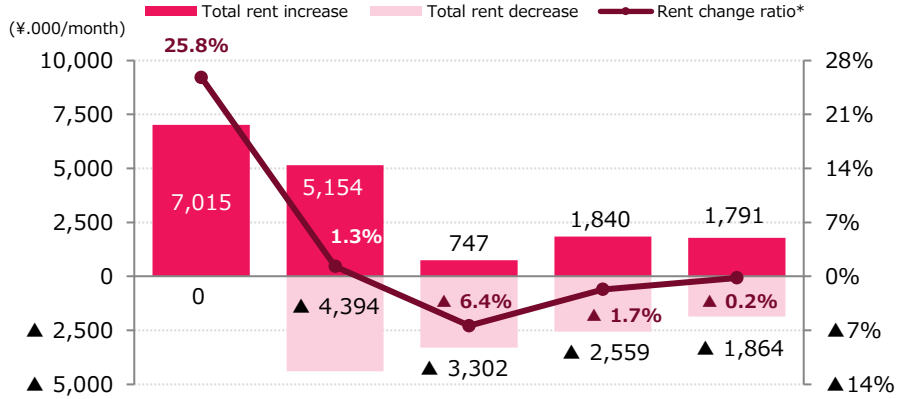
- The rate of decrease in monthly rent at the time of tenants' replacement is being reduced after reaching bottom in the 19th Period
- The move-out rate for the 21st Period is reduced to 3.0%; however, expecting slight increase due to the concentration of the receipt of cancellation notices for relatively large space

《Tenant move-in and move-out》

※Total leasable area as of the end of 21st Period (office): 59,031 tsubo

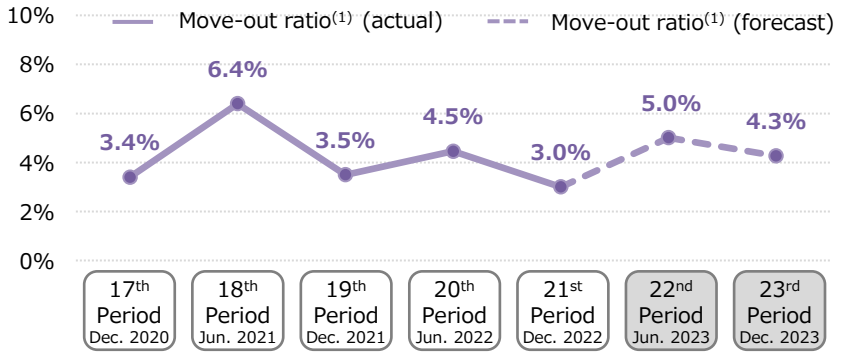


《 Monthly rent increase/decrease upon tenant replacement》



	17th Period (Dec. 2020)	18th Period (Jun. 2021)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)
Net total (¥.000/month)	7,015	759	▲2,554	▲719	▲72

《Average move-out ratio》



《Reason for Tenants' move-in and out》

		Expansion/ improving location	Downsizing /cost reduction	New open	Closing	Others	Total
20th Period (Jun. 2022)	Move-in	14	3	11	0	12	40
	Move-Out	10	20	0	3	4	37
21st Period (Dec. 2022)	Move-in	11	3	8	0	13	35
	Move-Out	14	13	0	2	4	33

* "Rent change ratio" is calculated in each period as follow, rounded to the first decimal place.
((total rent after tenant replace - total rent before tenant replacement) / total rent before tenant replacement).

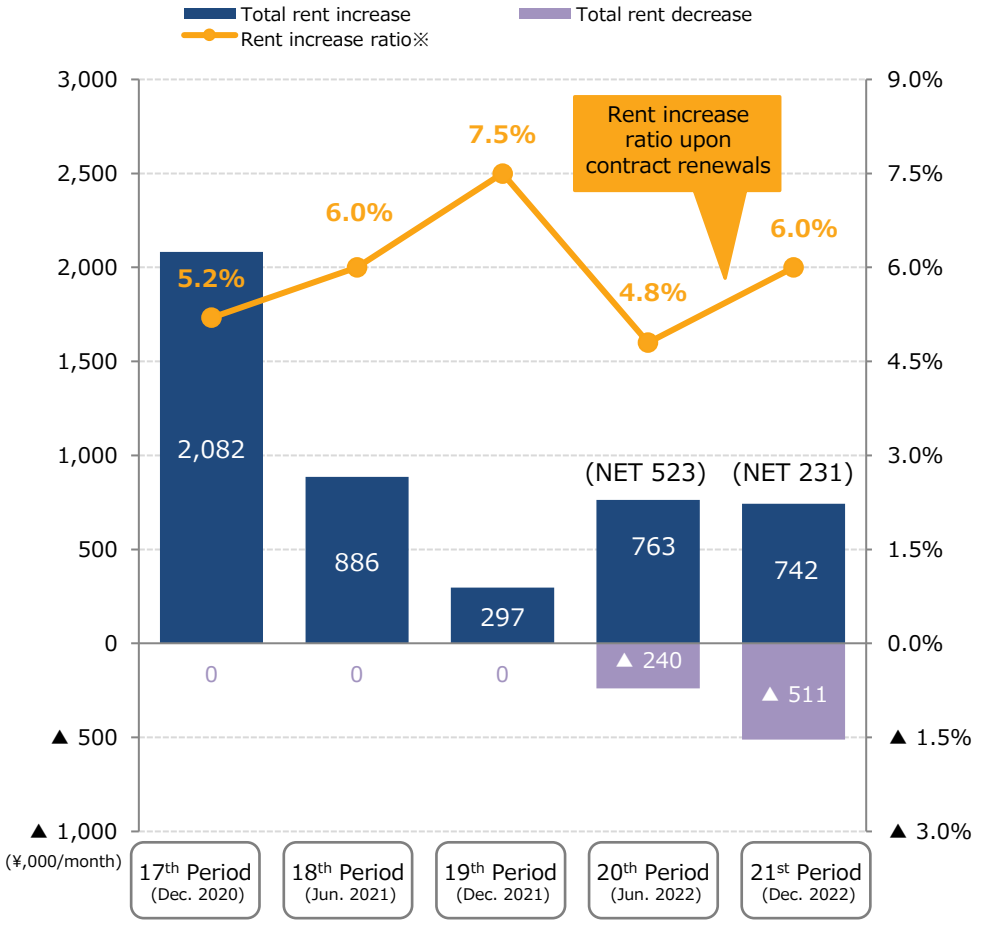
Track Record of Rent Renewals and Rent Increase Upon Contract Renewals (Office)

NIPPON REIT Investment Corporation

◆ Continue negotiations to increase rent at the timing of rent renewal

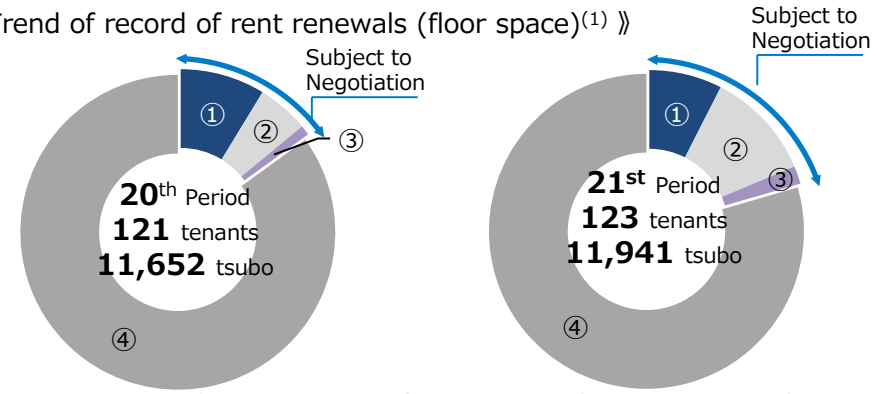
- For the 21st Period, rent increase was achieved for 7.5% of the space subject to contract renewals, i.e., 895 tsubo (15 tenants) out of 11,941 tsubo (123 tenants)
- Considering the impact of the COVID-19 pandemic, negotiations were postponed for 9,494 tsubo (95 tenants) of office space (of which 47.9% is above the market rent), which is 79.5% of the office space.

《Status of rent increase/decrease upon contract renewals》
(office /monthly rent)



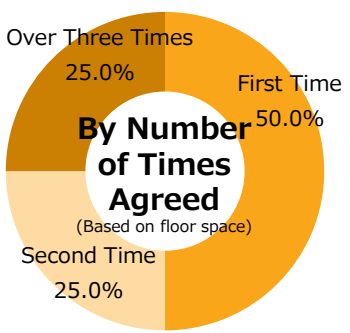
※ "Rent increase ratio" is calculated in each period as below, rounded to the first decimal place.
((total rent increase after rent renewal - total rent before rent renewal)/ total rent before rent renewal)

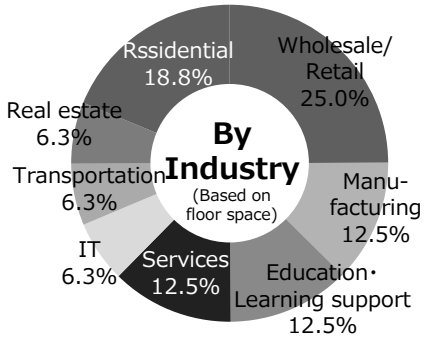
《Trend of record of rent renewals (floor space)(1) 》



	Space (tsubo)	Ratio		Space (tsubo)	Ratio
① Increase	1,017	8.7%		895	7.5%
② No Change	620	5.3%		1,333	11.2%
③ Decrease	120	1.0%		219	1.8%
④ Not negotiated	9,894	84.9%		9,494	79.5%
④ Breakdown	9,894	100.0%		9,494	100.0%
Below Market Rent	3,733	37.7%		4,536	47.8%
Above Market Rent	5,658	57.2%		4,549	47.9%
Retail, residential	502	5.1%		408	4.3%

《Summary of tenant that agreed on rent increase in the 21st Period》

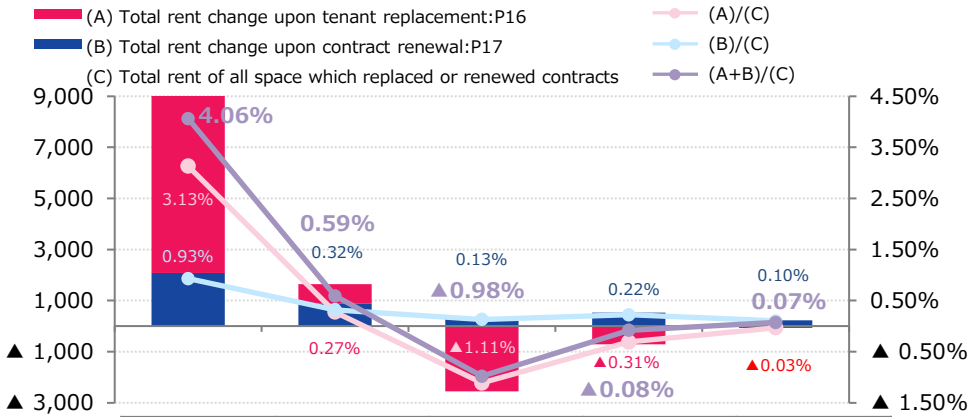




Track Record of Rent Change Ratio and Rent Gap Trend (Office)

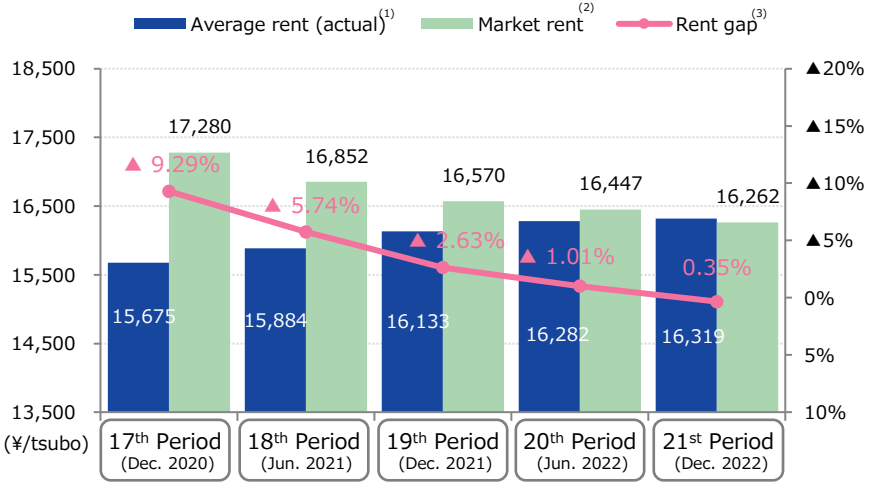
- **Rent change rate (tenant replacement + contract renewal) has turned positive**
- **Rent gap has turned positive as a result of market rent adjustment and increase in average rent**

《Track record of rent change ratio (office)》

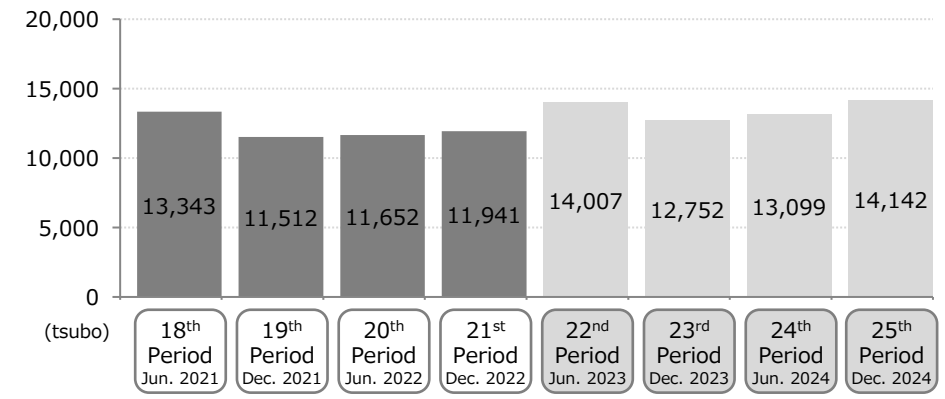


(¥,000/month)	17th Period (Dec. 2020)	18th Period (Jun. 2021)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)
A	7,015	759	▲2,554	▲719	▲72
B	2,082	886	297	523	231
A+B	9,098	1,645	▲2,257	▲195	158

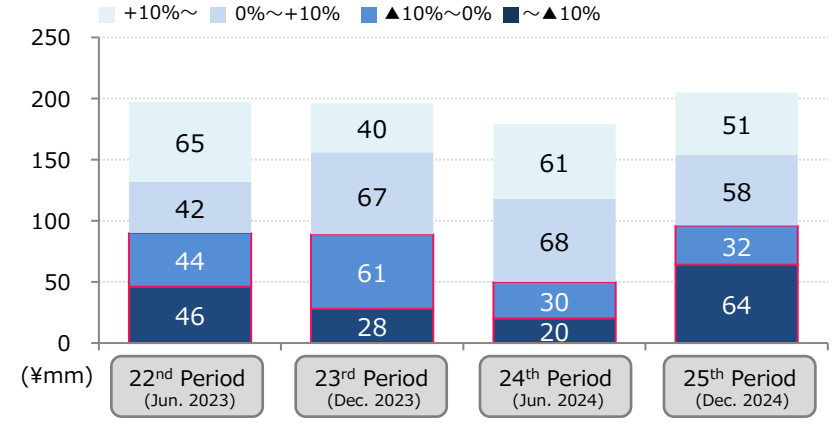
《Rent gap trend》 *Office and standard floor only



《 Track record of area subject to renewal (office) 》



《Status of rent gap》 *Office and standard floor only, based on monthly rent



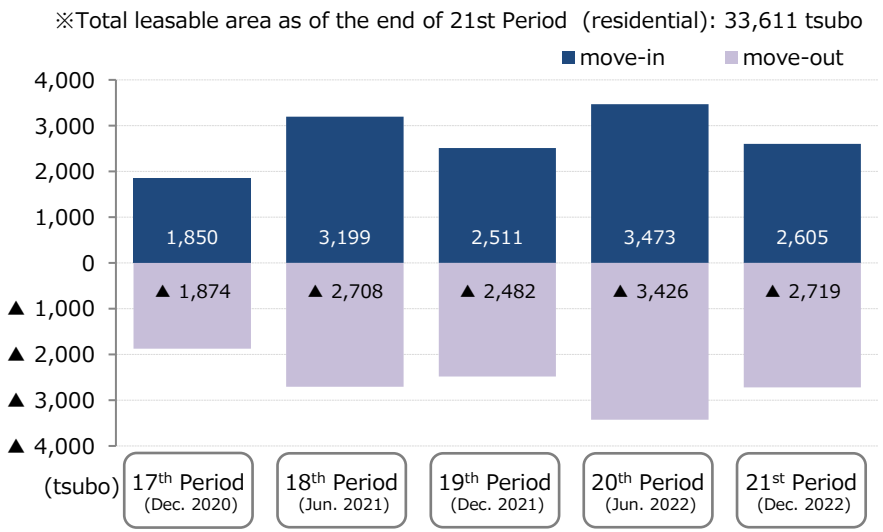
Status of Tenant Move-in/out, Rent Change and Occupancy Rate by Region (Residential)

NIPPON REIT Investment Corporation

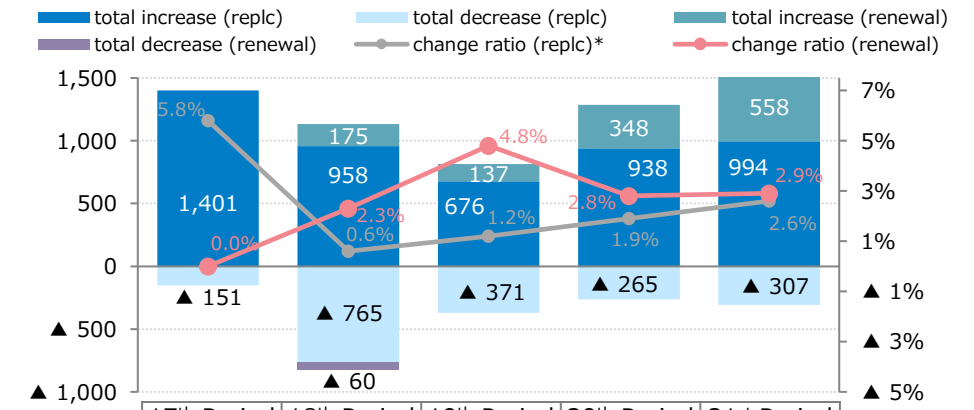
◆ Rent increase achieved through the efforts to raise rent at the time of contract renewal

・During the 21st Period, monthly rent increase of ¥558 thousand was achieved by contract renewal
・Occupancy rate were stable in all region

《Tenant move-in and move-out》



《 Monthly rent change upon tenant replacement and contract renewal(1)》

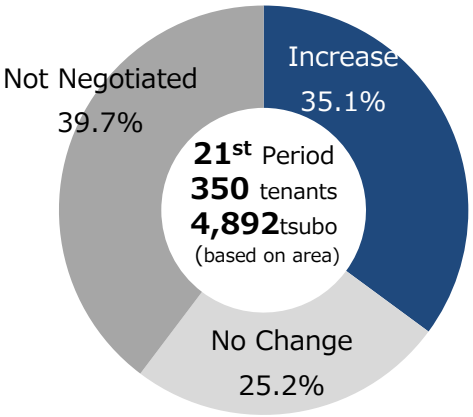


(¥,000/month)	17th Period (Dec. 2020)	18th Period (Jun. 2021)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)
Replace -ment	1,250	192	305	672	687
Renewal	0	115	137	348	558
Total	1,250	307	443	1,021	1,245

《Occupancy Rate by Region》

Area	21st Period properties/ rate of leasable area	17th Period (Dec. 2020)	18th Period (Jun. 2021)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)
6 Central	8 props 28.6%	96.3%	95.5%	97.2%	98.1%	98.3%
Greater Tokyo	8 props 12.0%	99.0%	97.5%	99.0%	98.2%	96.5%
Nagoya	8 props 14.8%	92.2%	96.9%	97.5%	97.4%	97.4%
Osaka	14 props 31.4%	94.3%	95.1%	97.0%	96.6%	95.6%
Other	4 props 13.2%	98.8%	97.4%	96.9%	97.7%	98.5%

《Rent Increase at Contract Renewal》



Total Rent Increase
¥558k/month

Total Rent Decrease
¥0/month

* "Rent change ratio" is calculated in each period as follow, rounded to the first decimal place.
((total rent after tenant replace - total rent before tenant replacement) / total rent before tenant replacement).

Engineering Management

NIPPON REIT Investment Corporation

◆Engineering Management, another driver of internal growth, is carried out in a well-planned manner

・Utilize reserved cash from depreciation to make CAPEX plans more feasible (setting aside a certain amount in the event of intensive investment required.)

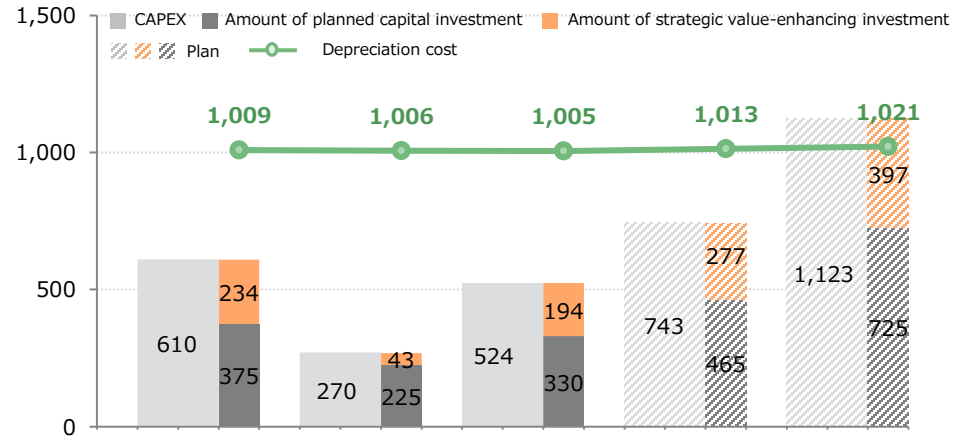
Outline of Engineering Management

◆ **Planned capital investment:** Equipments' replacement and retrofit to maintain and improve assets values

◆ **Strategic value-enhancing investment :**

- **Profitability enhancement** — Measures to increase rents / raise income, etc.
- **Cost reduction** — Reduction of management cost through energy conservation, etc.
- **Improvement of tenant satisfaction** — Minimization of tenant vacancy risk, Shorten leasing periods
- **Environmental consideration** — Installation of high energy efficiency equipment etc. while using a energy saving subsidy

《Plan and Budget of Engineering Management》



(¥mm)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)	22nd Period (Jun. 2023)	23rd Period (Dec. 2023)
Depreciation Cost(A)	1,009	1,006	1,005	1,013	1,021
CAPEX(B)	610	270	524	743	1,123
CAPEX ratio (B)/(A)	60.4%	26.8%	52.2%	73.4%	110.0%

《Major measure and effect of Strategic value-enhancing investment 》

● Achievements for the 21st Period (Dec. 2022)

Creation of new revenue sources/profitability enhancement	
Major measure	Approx. Effect(cost)
(Omiya Center Building) Conference room conversion of common areas	¥16.99mm (¥1.08mm)
(GreenOak Kudan) Attracting a museum as a tenant/usage conversion works	¥11.70mm (¥18.10mm)
(2 properties) Renewing of sublease agreement of parking space	¥5.65mm (¥0)
(5 properties) Installation of cell phone base stations	¥2.38mm (¥0)
Subtotal	¥38.86mm (¥66.38mm)

Cost reduction	
Major measure	Approx. Effect(cost)
(3 properties) Installation of LED lightings (common area)	¥0.85mm (¥10.42mm)
(2 properties) Air-conditioning ventilation equipment and LED renovation	¥5.38mm (¥114mm)
Subtotal	¥6.23mm (¥124.82mm)

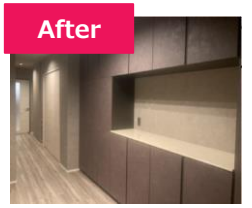
Total amount of NOI increase Approx.¥45.10mm /annum

Totally contribute to DPU +Approx.¥50/fiscal period

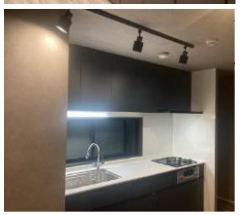
● Main measures planned from the 22nd Period onwards

(Primegate Iidabashi)
Increase revenue through large scale renovation of the 1st floor residential unit after tenant's move-out









(3 properties)
Increase revenue through renewing of sublease agreement and increasing of parking space

(FORECAST Mita)
Increase revenue through installation of foin-operated parking space

(2 Properties)
Decrease cost through installation of LED lightings to common areas

(2 properties)
Increase revenue through installation of cell phone base

NIPPON REIT Investment Corporation

◆ Track record of strategic value enhancement measure

・Improving rent revenue and promoting leasing through vale-enhancement investments

Omiya Center Building



- The Omiya West Exit zone is an office area on the west side of the JR Omiya station.
- This zone is a base that has jurisdiction over a wide area of North Kanto and Joshinetsu
- The property has high competitiveness within the area in terms of location and grade, but market rents are on a downward trend due to the pandemic, and there are many competing buildings due to the supply and demand of the area, and some are struggling with leasing.
- As of August 2022, three spaces (223.59 tsubo) are vacant and received a cancellation notice from one tenant (60.74 tsubo)
- A redevelopment project is underway at the west exit of Omiya Station

◇ Strategic Value-enhancement Investment 1

- Aiming to improve profitability of the property by office conversion of the rental conference room (2F), which has been used less frequently due to the pandemic
- Made investment of approx. **JPY 1.08mm** for **office conversion** work

Before



After



- **ROI: 1,573.1%**
- **Annual effect: approx. JPY 16.99mm**

◇ Strategic Value-enhancement Investment 2

- Strengthen the competitiveness of the property by carrying out renovation work with the aim of improving the interior design in order to renew the image of common areas and bathrooms that have deteriorated over time
- With the appeal on scale and a sense of excellence that are superior among the area and aim for early lease up
- Interior design is based on the theme of “Dignity and Comfort”

Common Area Renovation Work

Before







After







- **As a result of the renovation, contracts signed for two tenants (223.59 tsubo), lease application received from one tenant (60.74 tsubo)**
- **Occupancy rate as of Feb. 2023 is expected to recover to 100%**

Aug. 2022	Dec. 2022	Feb. 2023
94.8%	98.6%	100.0%

Engineering Management

NIPPON REIT Investment Corporation

《Track record of major measures》

【Category】● Profitability enhancement ● Cost reduction ● Tenant satisfaction ● Environmental Consideration

	Cate-gory	Measure	Effect (p.a.)
7th Period	●	(Hiroo Reeplex B's / another) Installation of signboard by using dead space	approx. ¥4.40mm
	●	(Mejiro NT Building) Parking lot expansion by using dead space	approx. ¥2.50mm
	Total effect (p.a.) for the 7th Period		approx. ¥8.90mm
8th Period	●	(Shinto GINZA EAST etc.) Leasable area expansion	approx. ¥1.18mm
	●	(40 properties) Replacing energy provider	approx. ¥60.83mm
	Total effect (p.a.) for the 8th Period		approx. ¥63.82mm
9th Period	●	(20 properties) Replacement of sublease parking operator	approx. ¥27.19mm
	●	(16 properties) Building management cost reduction	approx. ¥9.46mm
	Total effect (p.a.) for the 9th Period		approx. ¥46.88mm
10th Period	●	(FORECAST Shinjuku SOUTH etc.) Change of sublease contracted	approx. ¥3.26mm
	●	(13 properties) Replacing energy provider	approx. ¥29.67mm
	Total effect (p.a.) for the 10th Period		approx. ¥47.97mm
11th Period	●	(FORECAST Shinagawa etc.) Setting up new leasing area by using dead space	approx. ¥2.64mm
	●	(21properties) Replacing energy provider	approx. ¥17.94mm
	●	(Mejiro NT Building etc.) Building management cost reduction	approx. ¥3.63mm
	Total effect (p.a.) for the 11th Period		approx. ¥26.34mm

	Cate-gory	Measure	Effect (p.a.)
12th Period	●	(Higashi Ikebukuro Center Building) Rent increase by changing a use	approx. ¥11.95mm
	●	(25 properties) Replacing energy provider	approx. ¥12.42mm
	Total effect (p.a.) for the 12th Period		approx. ¥31.28mm
13th Period	● ●	(GreenOak Kudan) Rent increase by improvement of common area	Approx. ¥11.74mm
	● ●	(FORECAST Sakurabashi etc.) Installment of LED light (common area)	Approx. ¥3.45mm
	Total effect (p.a.) for the 13th Period		approx. ¥19.90mm
14th Period	●	(FORECAST Takadanobaba) Replacing sublease parking operator	Approx. ¥1.88mm
	●	(25 properties) Replacing energy provider	Approx. ¥54.14mm
	Total effect (p.a.) for the 14th Period		approx. ¥57.81mm
15th Period	●	(12 properties) Setting antennas at rooftop	approx. ¥8.10mm
	● ●	(4 properties) Installment of LED light	approx. ¥3.23mm
	Total effect (p.a.) for the 15th Period		approx. ¥17.34mm
16th Period	●	(2 properties) Value up through renewal	approx. ¥2.04mm
	●	(12 properties) Replacing energy provider	approx. ¥22.29mm
	●	(4 properties) Replacing building manager	approx. ¥9.72mm
	Total effect (p.a.) for the 16th Period		approx. ¥37.38mm

	施策種別	施策	年間効果額
17th Period	●	(Central Daikanyama) Rent increase by changing a use	approx. ¥2.54mm
	●	(3 properties) Value up through renewal	approx. ¥1.04mm
	Total effect (p.a.) for the 17th Period		approx. ¥5.50mm
18th Period	●	(5 properties) Replacing power provider	approx. ¥10.42mm
	●	(3 properties) Setting antennas for cell phone base at rooftop	approx. ¥1.95mm
	Total effect (p.a.) for the 18th Period		approx. ¥17.33mm
19th Period	●	(3 properties) Sublease of vacant parking space	approx. ¥4.58mm
	●	(25 properties) Switching power provider	approx. ¥4.12mm
	Total effect (p.a.) for the 19th Period		approx. ¥17.24mm
20th Period	●	(8 properties) Setting antennas for cell phone base at rooftop	approx. ¥7.09mm
	●	(FORECAST Shinjuku SOUTH) Switching of sublease parking operator	approx. ¥6.21mm
	Total effect (p.a.) for the 20th Period		approx. ¥21.25mm
21st Period	●	(Omiya Center Building) Renting of conference rooms to outside users	approx. ¥16.99mm
	●	(2 properties) Switching of sublease parking operator	approx. ¥5.65mm
	●	(6 properties) Setting antennas for cell phone base at rooftop	approx. ¥2.38mm
	Total effect (p.a.) for the 21st Period		approx. ¥45.10mm

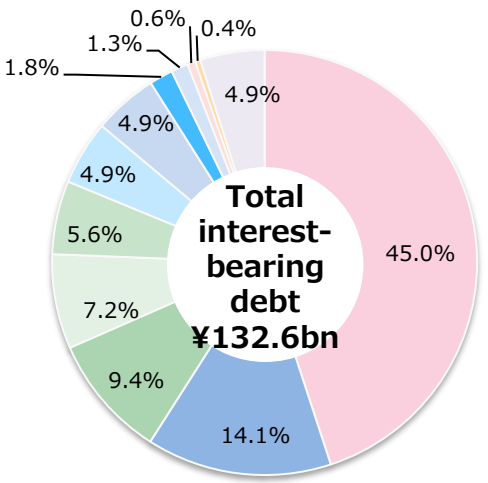
Financial Management

- **Enhancing financial stability**
  - ・Prolonging borrowing periods and fixing interest rates while considering costs
  - ・Aim to diversify funding methods, such as green bonds, while maintaining LTV level
- **Aim for continuous improvement in credit rating**

《Structure of Interest-bearing Liabilities》 (¥/mm)

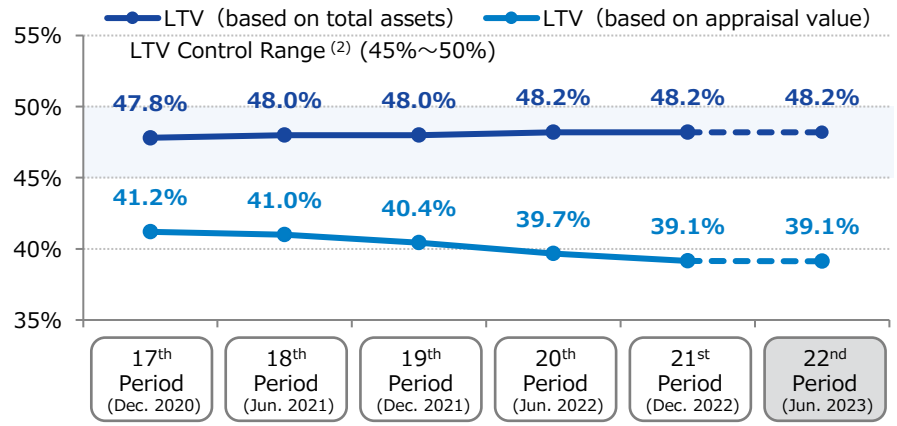
	19th Period	20th Period	21st Period
Total interest-bearing debt	132,620	132,620	132,620
Borrowings	126,120	126,120	126,120
Corporation bonds	6,500	6,500	6,500
Long-term debt ratio	100%	100%	100%
Fixed interest rate ratio	97.2%	96.9%	96.9%
Rating	A+ (stable)		
Commitment line	3,000		

《Bank Formation》



MUFG Bank, Ltd.	¥59.6bn	45.0%
Mizuho Bank, Ltd.	¥18.7bn	14.1%
Sumitomo Mitsui Banking Corporation	¥12.5bn	9.4%
Resona Bank, Limited	¥9.6bn	7.2%
Sumitomo Mitsui Trust Bank, Limited	¥7.4bn	5.6%
SBI Shinsei Bank, Limited	¥6.4bn	4.9%
Mizuho Trust & Banking Corporation	¥6.4bn	4.9%
Development Bank of Japan Inc.	¥2.4bn	1.8%
Aozora Bank, Ltd.	¥1.7bn	1.3%
The Nomura Trust and Banking Co., Ltd.	¥0.7bn	0.6%
Meiji Yasuda Life Insurance Company	¥0.5bn	0.4%
Investment Corporation Bonds	¥6.5bn	4.9%

《LTV (1)》



Corporate Bonds	Issued	Term	Issue amount	Interest rate
1st unsecured bonds	Apr. 2018	7 years	¥1.0bn	0.54%
2nd unsecured bonds	Apr. 2018	10 years	¥1.0bn	0.70%
3rd unsecured bonds	Nov. 2018	10 years	¥1.5bn	0.88%
4th unsecured bonds	Apr. 2019	10 years	¥1.0bn	0.90%
5th unsecured bonds (Green Bond)	Aug. 2021	10 years	¥2.0bn	0.67%
Total			¥6.5bn	

Financial Management

NIPPON REIT Investment Corporation

《Summary of refinancing for the 21st Period》

Amount (¥/mm)	Term	Interest rate
7,000	4 Years 1 Month	0.4118% (fixed by interest swap agreement)

Amount (¥/mm)	Term	Interest rate
2,450	4 Years	0.5030% (fixed by interest swap agreement)
2,550	7 Years 8 Months	0.8180% (fixed by interest swap agreement)
2,000	10 Years	1.0920% (fixed by interest swap agreement)

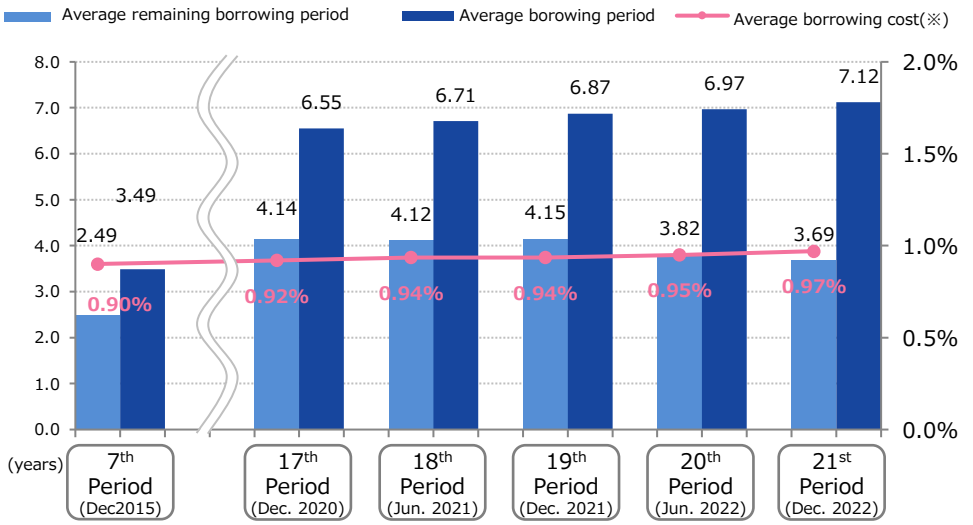
《Status of rating》

Japan Credit Rating Agency, Ltd. (JCR)
Long-term issuer rating
A+ (Stable)(Jul. 2022)

《Green finance framework》

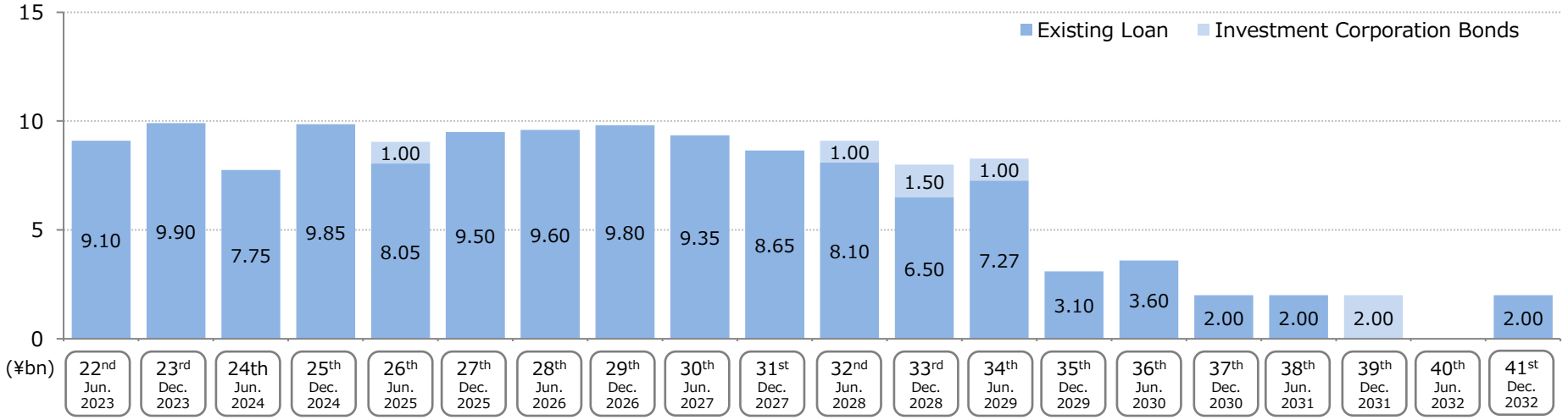
Japan Credit Rating Agency, Ltd. (JCR)
Highest evaluation grade
Green 1(F)

《Historical average remaining borrowing period, average borrowing period and average borrowing cost》



※Including upfront fee, agent fee and investment corporation bonds issued cost

《Debt Maturity Schedule》



Sustainability Initiatives (Summary)

NIPPON REIT Investment Corporation

◆ **ESG initiatives positioned as one of important management issues, mitigating the environmental impacts in cooperation and collaboration with stakeholders**

■ Formulation and execution of Materiality

Environment

- Countering Climate Change
- Enhancing Energy Efficiency
- Countering Water Resources
- Waste Management
- Sustainability Certification

Social

- Ensuring the Security and Safety of Tenants, Enhancing User Comfort
- Contributing to Communities
- Stakeholder Engagement and Timely and Appropriate Information Disclosure
- Developing Human Resources and Creating a Satisfactory Workplace

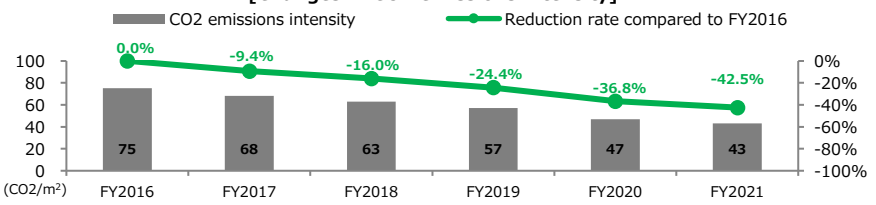
Governance

- Building a Governance System that Emphasizes the Third Party and Diversity of Officers
- Ensuring Legal Compliance by Raising Awareness of Compliance
- Appropriate Risk Management such as Elimination of Conflicts of Interest Related to Transactions with Interested Parties, etc.
- Ensuring the Effectiveness of Internal Control Processes through Internal Audits

■ Reduction of environmental load

- We have set a target of reducing CO2 emission intensity of entire portfolio by 50% from fiscal year 2016 to 2030

[Changes in CO2 emissions intensity]



■ Participation to the GRESB Real Estate Assessm

- Achieved “3 Stars” in 2022 GRESB rating
- Received “Green Star” designation for the sixth consecutive years
- Earned the highest “A” level for the GRESB Public Disclosure

GRESB ★★★☆☆ 2022　GRESB Public Disclosure 2022

■ Acquisition of environmental certifications

NEW

- Acquired CASBEE for Real Estate certification for *Omiya Center Building* and Tokyo Low-Carbon Model Building designation for *Homat Horizon Building* and *FORECAST Ningyocho* in Nov. 2022
- Reqcquired DBJ Green Building certification for *Tower Court Kitashinagawa* in Dec. 2022 NEW

■ Current status of environmental certifications

DBJ Green Building Certification (2 properties, 6.96%)	CASBEE for Real Estate (3 properties, 8.88%) NEW	BELS Certification (21 properties, 28.50%)	Low-Carbon Model Building (5 properties, 5.36%) NEW
DBJ Green Building	CASBEE	BELS ZEB	A3-

Total of 27 properties, 44.09% of the Portfolio based on total floor area +8.37%

*In case when a property holds multiple certifications, it is calculated as one property.

■ Publicly declaring support for the TCFD recommendations

NEW

- The Asset Manager of NIPPON REIT became the TCFD supporter in Dec. 2022 and joined the TCFD Consortium in Jan. 2023

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES
TCFD Consortium

■ Energy Conservation Grand Prize (Nishi-Shinjuku Sanko Building)

NEW

- The Nishi-Shinjuku Sanko Building won the "Energy Conservation Center, Japan - Chairman's Award" in the 2022 Energy Conservation Grand Prize for establishing a ZEB retrofit model case



4. Data related with Financial Results for the 21st Period (Dec. 2022)

Financial Results for the 21st Period (Dec. 2022)

Unit ¥mm	20th Period (Jun. 2022) Result	21st Period (Dec. 2022) Forecast As of Aug. 16, 2022	21st Period (Dec. 2022) Result	21st Period (Result) vs 20th Period (Result) (difference)	21st Period (Result) vs 21st Period (Forecast) (difference)
	a	b	c	c-a	c-b
Operating Revenues	**8,534**	**8,434**	**8,547**	+13	**+113**
Rental Revenues	7,801	7,807	7,809	+8	+2
Other Revenues Related to property leasing	604	623	734	+130	+111
Gain on sales of real estate properties	125	-	-	(125)	-
Dividend Income	3	3	3	+0	(0)
Operating Expenses	**(3,935)**	**(4,042)**	**(4,105)**	**(169)**	**(62)**
Operating Income	**4,599**	**4,392**	**4,442**	**(156)**	**+50**
Non-Operating Revenues	**10**	**-**	**7**	**(3)**	**+7**
Non-Operating Expenses	**(638)**	**(675)**	**(675)**	**(36)**	**+0**
Ordinary Income	**3,971**	**3,716**	**3,774**	**(196)**	**+57**
Net Income	**3,970**	**3,716**	**3,773**	**(197)**	**+57**
DPU	**¥8,825**	**¥8,259**	**¥8,387**	**(¥438)**	**+128**
NOI	**6,330**	**6,240**	**6,288**	**(41)**	**+47**
FFO per Unit(1)	**¥10,792**	**¥10,502**	**¥10,633**	**+¥228**	**+¥131**
Days	**181**	**184**	**184**	**-**	**-**

◆ Comparison against the 20th Period (Jun. 2022) result (c-a)

Major fluctuation factor(¥/mm)		Remarks
◆ **Increase in operating revenues**	**+13**	
・Increase in rental revenue	+8	(Increase in revenues due to improvement in occupancy rates)
・Increase in utilities charge revenue	+128	(Revised billing method for tenants due to rising electricity charges)
・Decrease in gain on sales of real estate properties	(125)	(Absence of gain on the sale of the Sunworld Building)
・Others	+1	
◆ **Increase in operating expenses**	**+169**	
・Increase in utility expenses	(146)	(Seasonal factor, rise in electricity rate adjustment unit price)
・Increase in repair expense	(34)	
・Decrease in leasing related expense	+10	
・Decrease in non-deductible consumption tax	+10	
・Others	(9)	
◆ **Decrease in Non-Operating revenues**	**(3)**	
・Increase in DPU refunds	+5	
・Decrease in Non-Operating Revenues	(8)	(BELS subsidies, etc.)
・Others	+0	
◆ **Increase in non-operating expenses**	**(36)**	
・Decrease in borrowing expense	(36)	(Increase in refinance expense due to increase in number of business days, etc.)
・Others	(0)	

◆ Comparison against the 21st Period (Dec. 2022) (As of Aug. 16, 2022) forecast(c-b)

Major fluctuation factor(¥/mm)		Remarks
◆ **Increase in operating revenues**	**+113**	
・Increase in rental revenue	+2	
・Increase in utilities charge revenue	+106	(Achieved a change in billing method for tenants that exceeded the projection)
・Increase in miscellaneous income	+4	
・Others	(0)	
◆ **Increase in operating expenses**	**(62)**	
・Increase in utility expenses	(53)	(Rise in electricity rate adjustment unit price)
・Increase in repair expense	(7)	(Restoration cost in Kanda Reeplex R's, etc.)
・Decrease in other expense	+5	(Absence of BELS certification expenses, etc.)
・Others	(6)	
◆ **Increase in non-operating revenues**	**+7**	
・Increase in DPU refunds	+7	
・Others	+0	

Financial Forecast for the 22nd Period (Jun. 2023) and the 23rd Period (Dec. 2023)

Unit ¥mm	21st Period (Dec. 2022) Result a	22nd Period (Jun. 2022) Forecast b	23rd Period (Dec. 2023) Forecast c	22nd Period (Forecast) vs 21st Period (Result) (difference) b-a	23rd Period (Forecast) vs 22nd Period (Forecast) (difference) c-b
Operating Revenues	**8,547**	**8,674**	**8,740**	**+126**	**+65**
Rental Revenues	7,809	7,889	7,852	+79	(36)
Other Revenues Related to property leasing	734	781	885	+46	+104
Dividend Income	3	4	2	+0	(1)
Operating Expenses	**(4,105)**	**(4,264)**	**(4,387)**	**(159)**	**(122)**
Operating Income	**4,442**	**4,410**	**4,353**	**(32)**	**(56)**
Non-Operating Revenues	**7**	**-**	**-**	**(7)**	**-**
Non-Operating Expenses	**(675)**	**(688)**	**(750)**	**(13)**	**(61)**
Ordinary Income	**3,774**	**3,721**	**3,602**	**(53)**	**(118)**
Net Income	**3,773**	**3,720**	**3,601**	**(53)**	**(118)**
DPU	**¥8,387**	**¥8,269**	**¥8,005**	**(¥118)**	**(¥264)**
NOI	**6,288**	**6,284**	**6,239**	**(4)**	**(44)**
FFO per Unit	**¥10,792**	**¥10,530**	**¥10,293**	**(¥262)**	**(¥237)**
Days	**184**	**181**	**184**	**-**	**-**

◆ Comparison between the 21st Period (Dec. 2022) Forecast and the 22nd Period (Jun. 2023) Result (b-a)

Major fluctuation factor(¥/mm)		Remarks
◆ **Increase in operating revenues**	**+126**	
・Increase in rental revenue	+79	
・Increase in utilities charge revenue	+45	(Increase in electricity charges, etc.)
・Others	+1	
◆ **Increase in operating expenses**	**(159)**	
・Increase in utility expenses	(68)	(Increase in electricity charges)
・Increase in repair expense	(15)	(Restoration of residence, etc.)
・Increase in tax	(18)	
・Increase other depreciation	(8)	
・Increase in leasing related expense	(19)	
・Increase in other expenditure	(7)	
・Increase in other commissions	(17)	(ER expenses, etc.)
・Others	(4)	
◆ **Decrease in non-operating revenues**	**(7)**	
・Decrease in DPU refunds	(7)	
・Others	(0)	
◆ **Increase in non-operating expenses**	**(13)**	
・Increase in borrowing expense	(14)	(Rising interest rate in refinancing, etc.)
・Decrease in expenses related to investment corporation bonds	+0	
・Others	+0	

◆ Comparison between the 22nd Period (Jun. 2023) Forecast and the 23rd Period (Dec. 2023) Forecast (c-b)

Major fluctuation factor(¥/mm)		Remarks
◆ **Increase in operating revenues**	**+65**	
・Decrease in rental revenue	(36)	
・Increase in utilities charge revenue	+122	(Increase in electricity charges, seasonal factors etc.)
・Decrease in miscellaneous income	(18)	(Absence of Renewal fees, key money, income from restoration, etc.)
・Others	(1)	
◆ **Increase in operating expenses**	**(122)**	
・Increase in utility expenses	(119)	(Increase in electricity charges, seasonal factors etc.)
・Increase in repair expense	(26)	
・Increase in depreciation	(7)	
・Decrease in leasing related expense	+21	
・Decrease in other expenditure	+11	
・Decrease in other commissions	+14	(Decrease in ER expense, etc.)
・Increase in promotional expense	(10)	
・Others	(6)	
◆ **Increase in non-operating expenses**	**(61)**	
・Increase in borrowing related expense	(61)	(Rising interest rate in refinancing, etc.)
・Increase in expenses related to investment corporation bonds	(0)	

Financial Forecast for the 22nd Period (Jun. 2023)

Unit ¥mm	22nd Period (Jun. 2023) Original Forecast As of Aug. 16, 2022 a	22nd Period (Jun. 2023) Revised Forecast As of Feb. 16, 2023 b	22nd Period (Revised Forecast) vs 22nd Period (Original Forecast) (difference) b-a
Operating Revenues	**8,538**	**8,674**	**+136**
Rental Revenues	7,868	7,889	+20
Other Revenues Related to property leasing	666	781	+115
Dividend Income	3	4	+0
Operating Expenses	**(4,146)**	**(4,264)**	**(118)**
Operating Income	**4,392**	**4,410**	**+17**
Non-Operating Revenues	**5**	**-**	**(5)**
Non-Operating Expenses	**(680)**	**(688)**	**(8)**
Ordinary Income	**3,717**	**3,721**	**+4**
Net Income	**3,716**	**3,720**	**+4**
DPU	**¥8,260**	**¥8,269**	**+¥9**
NOI	**6,263**	**6,284**	**+21**
FFO per Unit	**¥10,522**	**¥10,530**	**+¥8**
Days	**181**	**181**	**-**

◆ Comparison between original forecast (As of Aug. 16, 2022) and revised forecast for the 22nd Period (Jun. 2023)

Major fluctuation factor(¥/mm)		Remarks
◆ **Increase in operating revenues**	**+136**	
・Increase in rental revenue	+20	
・Increase in utilities charge revenue	+112	(Increase in electricity charges)
・Increase in miscellaneous income	+2	(income from restoration, etc.)
・Increase in dividend income	+0	
・Others	+0	
◆ **Increase in operating expenses**	**(118)**	
・Increase in utility expenses	(88)	(Increase in electricity charges)
・Increase in repair expense	(30)	
・Decrease in tax	+10	
・Decrease in leasing related expense	+8	
・Increase in other expense	(11)	(Leasing campaign expenses, etc.)
・Increase in Non-Operating Revenues	(3)	
・Others	(2)	
◆ **Decrease in non-operating revenues**	**(5)**	
・Decrease in other non-operating revenue	(5)	(Absence of subsidy)
◆ **Increase in non-operating expenses**	**(8)**	
・Increase in borrowing related expense	(8)	(Rise in interest rate, etc.)

Balance Sheet

(Yen in thousands)	20th FP (Jun. 2022)	21st FP (Dec. 2022)
Assets		
Current Assets		
Cash and deposits	10,469,331	11,179,214
Cash and deposits in trust	6,072,091	6,141,943
Tenant receivables	86,770	122,283
Prepaid expenses	479,550	463,531
Income taxes refundable	20	-
Other current assets	9,280	10,549
Total Current Assets	17,117,045	17,917,521
Non-Current Assets		
Property, plant and equipment		
Buildings	271,200	273,355
Accumulated depreciation	(30,032)	(34,333)
Buildings, net	241,167	239,021
Tools, furniture and fixtures	184	184
Accumulated depreciation	(3)	(12)
Buildings, net	180	171
Buildings in trust	61,736,926	62,227,779
Accumulated depreciation	(12,223,056)	(13,168,131)
Buildings in trust, net	49,513,869	49,059,647
Structures in trust	229,760	230,133
Accumulated depreciation	(77,997)	(84,317)
Structures in trust, net	151,763	145,815
Machinery and equipment in trust	511,155	518,575
Accumulated depreciation	(167,549)	(193,333)
Machinery and equipment in trust, net	343,605	325,242
Tools, furniture and fixtures in trust	300,300	329,740
Accumulated depreciation	(123,727)	(146,498)
Tools, furniture and fixtures in trust, net	176,572	183,242
Land in trust	188,518,790	188,518,790
Total property, plant and equipment	238,945,950	238,471,932
Intangible assets		
Leasehold rights	1,256,792	1,256,792
Leasehold rights in trust	16,099,139	16,099,139
Other	3,981	3,788
Total intangible assets	17,359,913	17,359,720
Investments and other assets		
Investment securities	82,973	82,973
Lease and guarantee deposits	10,197	10,197
Long-term prepaid expenses	1,288,643	1,243,411
Deferred tax Assets	-	21
Other	42,810	8,167
Total investments and other assets	1,424,625	1,344,771
Total Non-Current Assets	257,730,489	257,176,424
Deferred asset		
Investment corporation bond issuance costs	48,004	44,294
Total deferred asset	48,004	44,294
Total Assets	274,895,539	275,138,240

(Yen in thousands)	20th FP (Jun. 2022)	21st FP (Dec. 2022)
Liabilities		
Current Liabilities		
Accounts payable	667,511	907,771
Long-term debt due within one year	16,100,000	19,000,000
Accrued expenses	293,271	299,322
Income Taxes Payable	-	378
Accrued consumption taxes	101,169	79,125
Advances received	1,448,087	1,459,320
Other current liabilities	223,147	212,826
Total Current Liabilities	18,833,187	21,958,745
Long-Term Liabilities		
Investment corporation bonds	6,500,000	6,500,000
Long-term debt	110,020,000	107,120,000
Tenant security deposits	71,222	62,921
Tenant security deposits in trust	8,877,274	9,100,062
Others	1,695	1,186
Total Long-Term Liabilities	125,470,192	122,784,171
Total Liabilities	144,303,379	144,742,916
Net Assets		
Unitholders' Equity		
Unitholders' capital	126,515,601	126,515,601
Surplus		
Unappropriated retained earnings (undisposed loss)	4,076,557	3,879,722
Total Surplus	4,076,557	3,879,722
Total Unitholders' Equity	130,592,159	130,395,324
Total Net Assets	130,592,159	130,395,324
Total Liabilities and Net Assets	274,895,539	275,138,240

21st Period (Ended Dec. 2022) Action

■LTV: 48.2% at the end of the 20th Period (Jun. 2022), 48.2% at the end of the 21st Period (Dec. 2022)

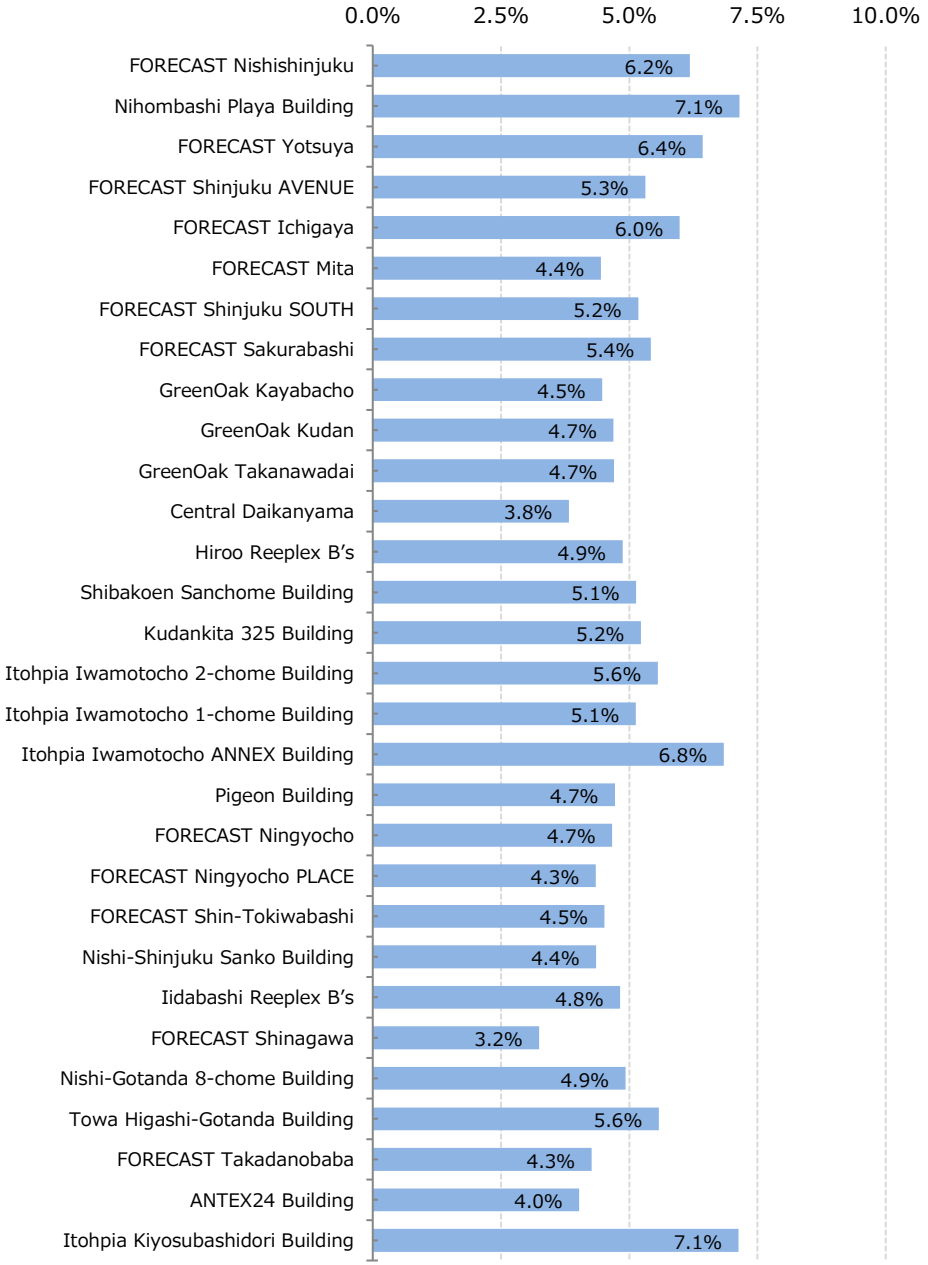
Historical Operating Results

		17th FP (Dec. 2020)	18th FP (Jun. 2021)	19th FP (Dec. 2021)	20th FP (Jun. 2022)	21st FP (Dec. 2022)
Operating revenues	(¥mm)	10,127	9,410	10,041	8,534	8,547
Of which, rental revenues and other revenues related to property leasing	(¥mm)	(8,804)	(8,495)	(8,434)	(8,406)	(8,544)
Operating expenses	(¥mm)	4,038	3,910	3,997	3,935	4,105
Of which, property-related expenses	(¥mm)	(3,159)	(3,048)	(3,095)	(3,083)	(3,263)
Operating income	(¥mm)	6,088	5,499	6,043	4,599	4,442
Ordinary income	(¥mm)	5,444	4,859	5,390	3,971	3,774
Net income	(¥mm)	5,443	4,858	5,335	3,970	3,773
Total assets (a)	(¥mm)	277,192	276,120	276,577	274,895	275,138
Net assets (b)	(¥mm)	131,978	131,393	131,869	130,592	130,395
Interest-bearing debt (c)	(¥mm)	132,620	132,620	132,620	132,620	132,620
Interest-bearing debt to total assets ratio (c)/(a) (based on book value)	(%)	47.8	48.0	48.0	48.2	48.2
Interest-bearing debt to total assets ratio [3] (based on appraisal value)	(%)	41.2	41.0	40.4	39.7	39.1
Ordinary income to total assets ratio[3]	(%)	2.0	1.8	2.0	1.4	1.4
Return on equity[3]	(%)	4.1	3.7	4.1	3.0	2.9
Equity ratio (b)/(a)	(%)	47.6	47.6	47.7	47.5	47.4
NOI yield (acquisition value) [4]	(%)	5.2	5.1	4.9	5.0	4.9
NOI yield (book value) [4]	(%)	5.1	5.0	4.9	5.0	4.9
NOI yield (appraisal value) [4]	(%)	4.4	4.3	4.1	4.0	3.9
After-depreciation yield (acquisition value) [4]	(%)	4.4	4.3	4.1	4.2	4.1
After-depreciation yield (book value) [4]	(%)	4.3	4.3	4.1	4.2	4.1
After-depreciation yield (appraisal value) [4]	(%)	3.7	3.6	3.4	3.4	3.3
Implied cap rate (NOI yield) [3] [4]	(%)	4.2	3.9	4.1	4.3	4.6
Implied cap rate (after-depreciation yield) [4]	(%)	3.5	3.3	3.5	3.6	3.8
Unitholder's equity	(¥mm)	126,515	126,515	126,515	126,515	126,515
Number of investment units Issued and outstanding (d)		449,930	449,930	449,930	449,930	449,930
Net assets per unit (b)/(d)	(¥)	293,331	292,029	293,089	290,249	289,212
Total distributions (e)	(¥mm)	5,444	4,859	5,248	3,970	3,773
Distributions per unit (e)/(d)	(¥)	12,100	10,800	11,665	8,825	8,387
FFO[3](Funds From Operations) (f)	(¥mm)	5,146	4,960	4,753	4,855	4,784
AFFO[3] (Adjusted Fund From Operations)(g)	(¥mm)	4,748	4,622	4,142	4,585	4,259
Pay out ratio (FFO) (e)/(f)	(%)	105.8	98.0	110.4	81.8	78.9
Pay out ratio (AFFO) (e)/(g)	(%)	114.7	105.1	126.7	86.6	88.6
FFO per unit[3]	(¥)	11,439	11,025	10,564	10,792	10,633
NAV per Unit[3]	(¥)	381,438	386,052	395,764	413,510	422,819

Property NOI Yield (1/4)

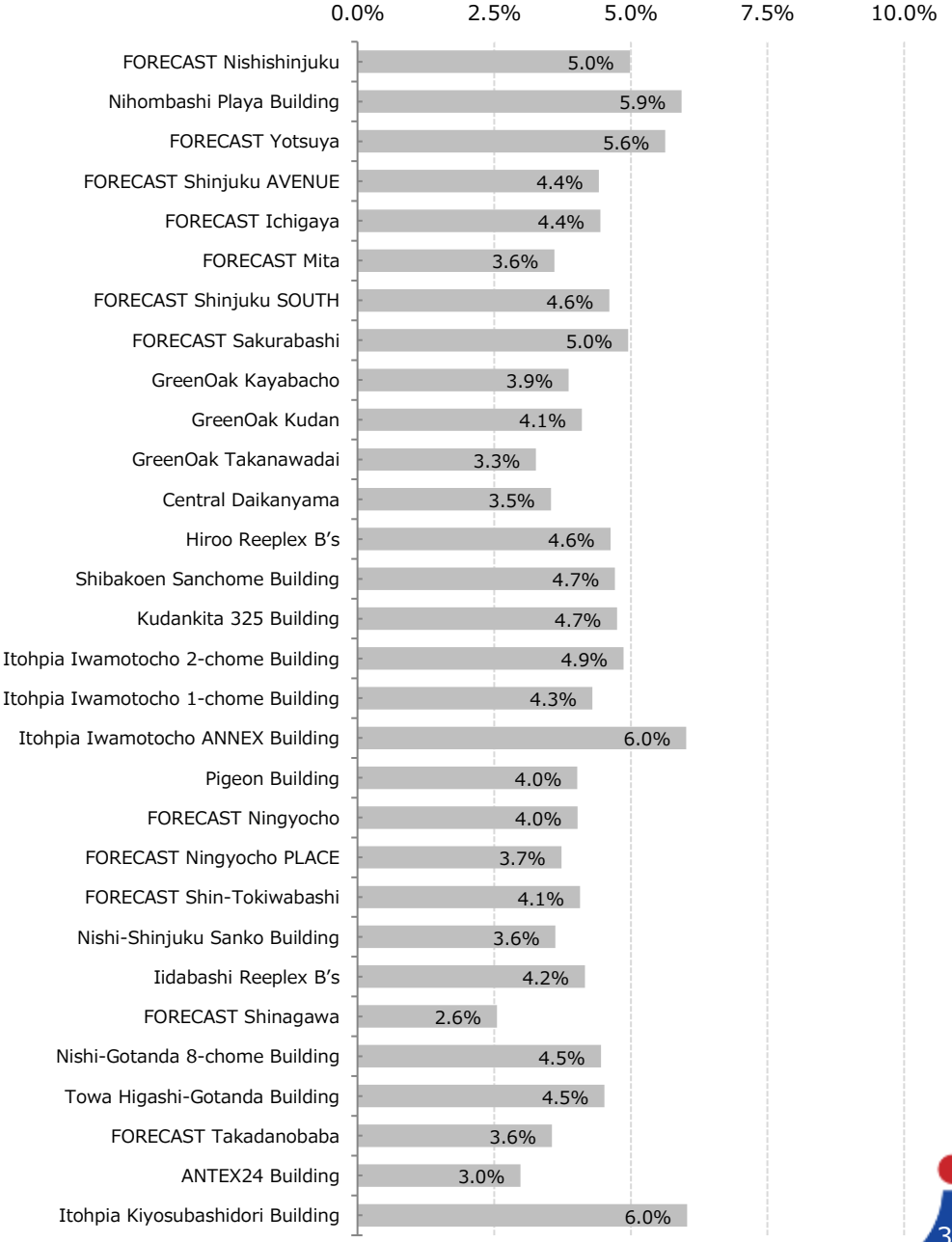
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 21st Period)



■Actual NOI Yield (after depreciation)

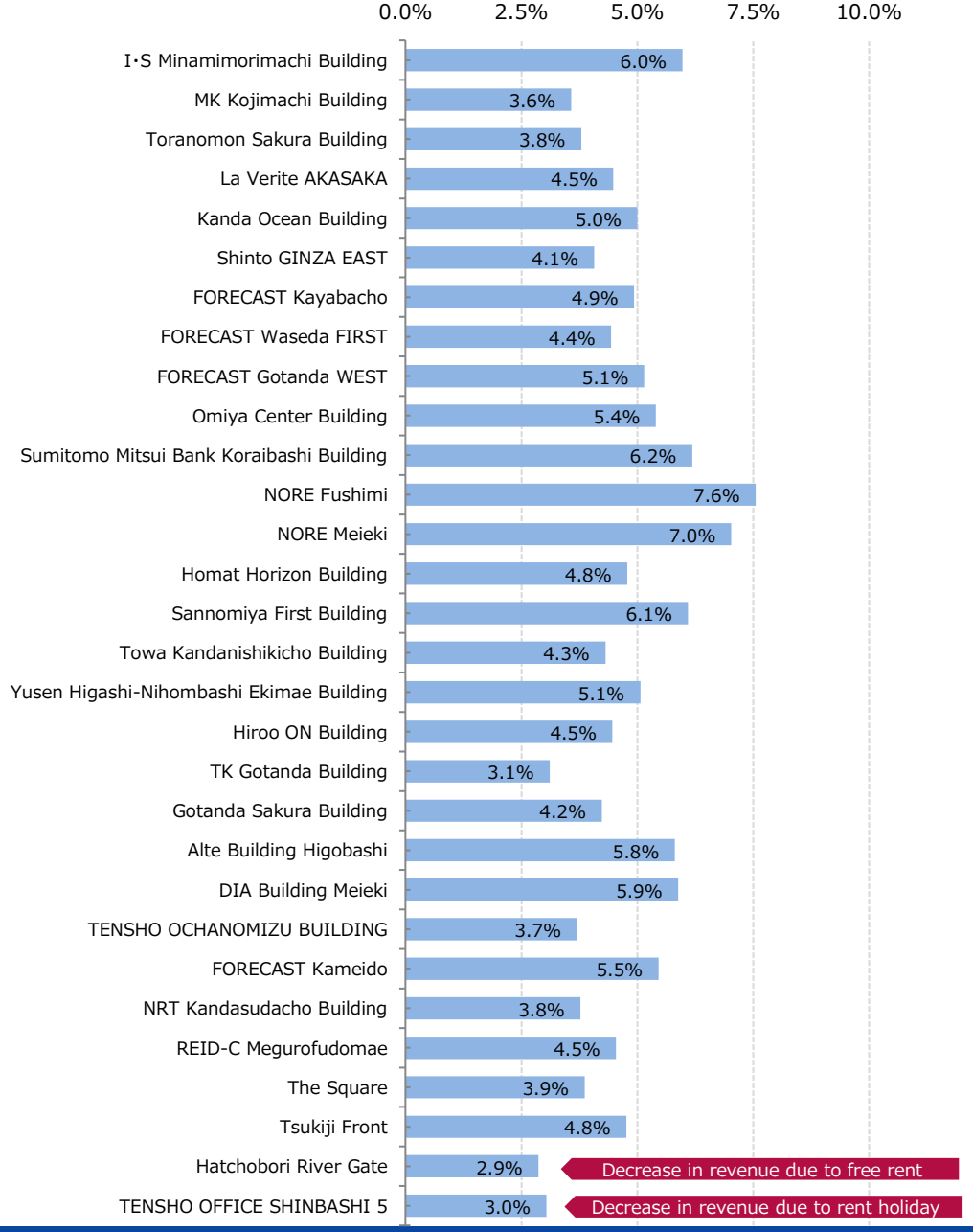
(Annualized NOI after depreciation ÷ book value as of the end of the 21st Period)



Property NOI Yield (2/4)

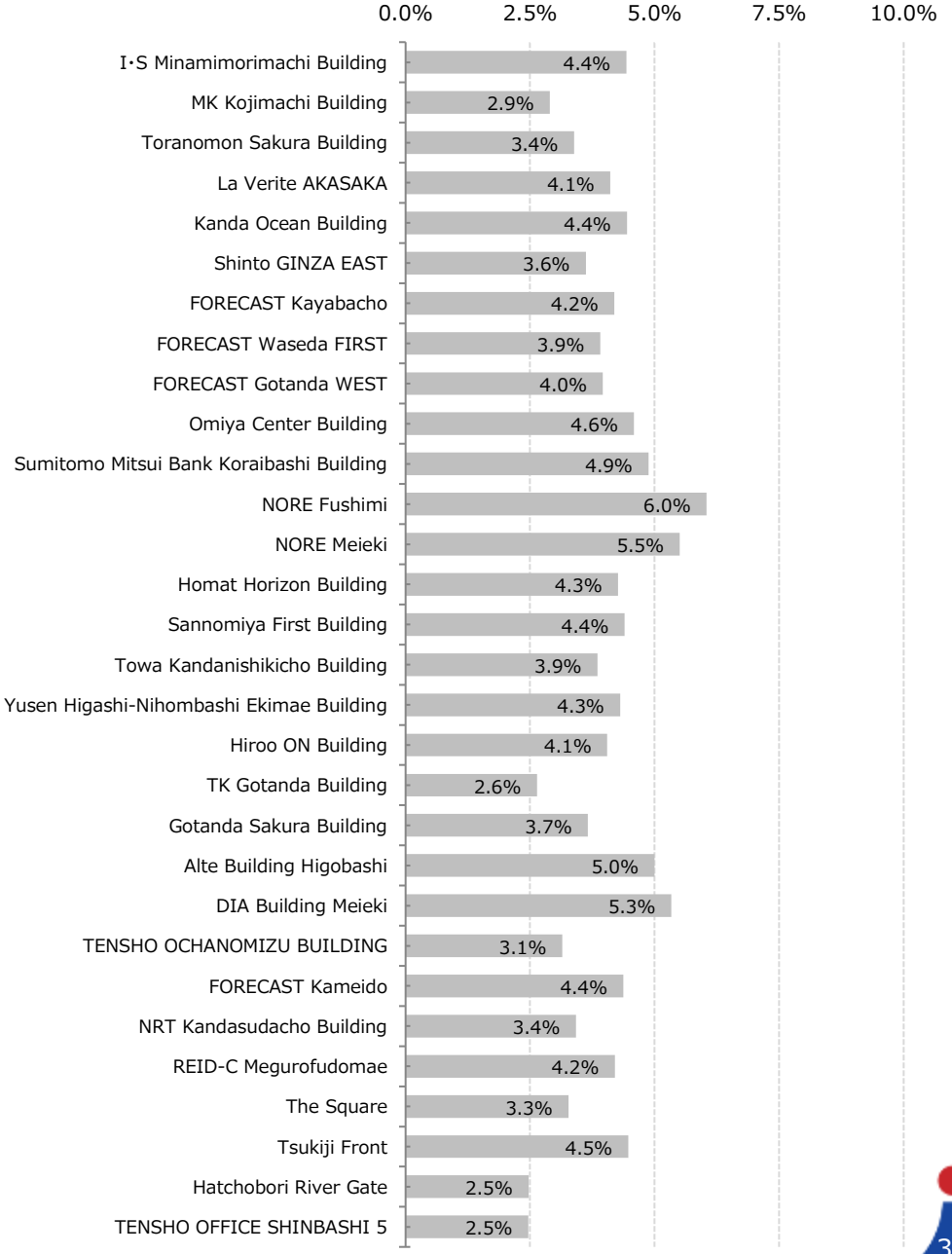
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 21st Period)



■Actual NOI Yield (after depreciation)

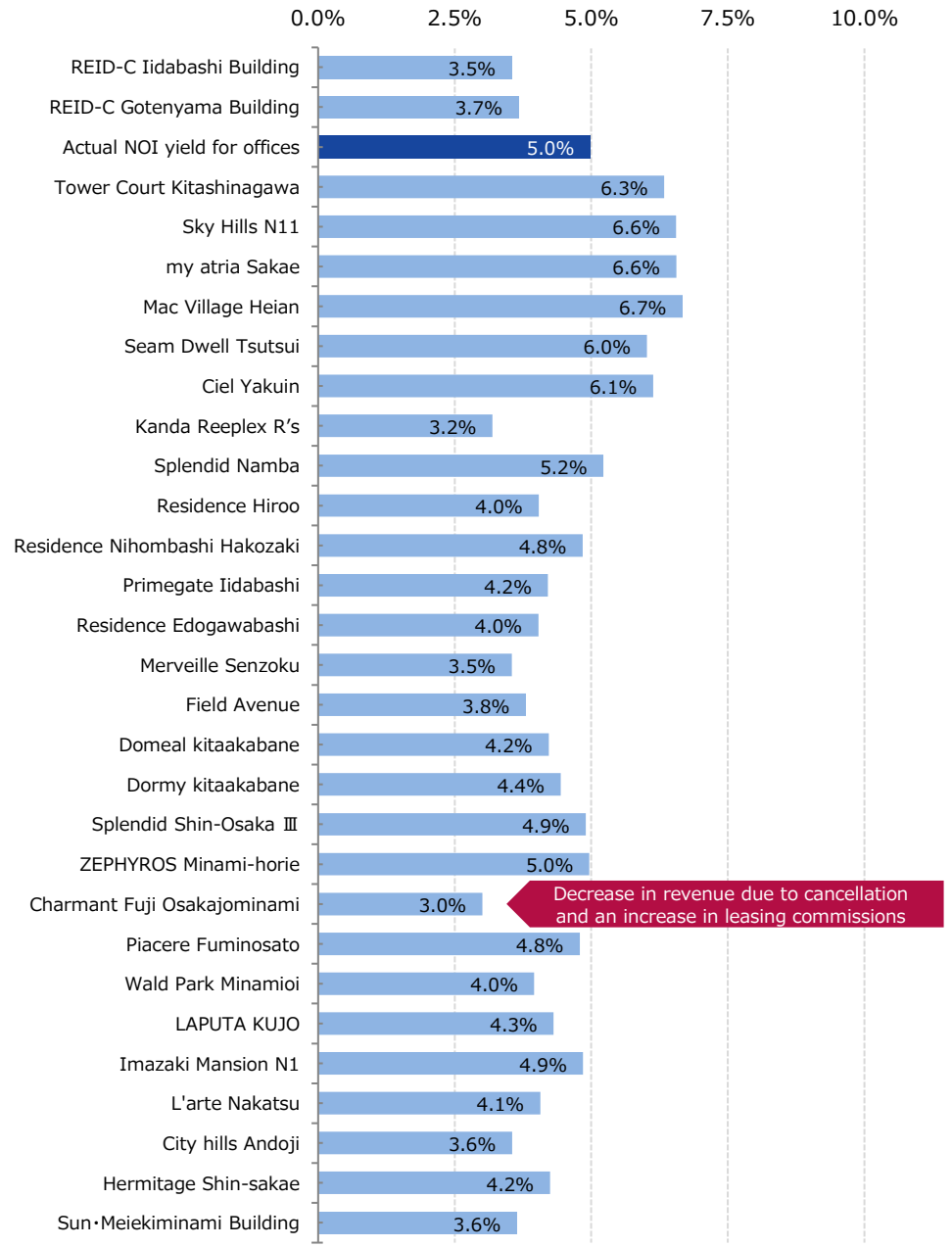
(Annualized NOI after depreciation ÷ book value as of the end of the 21st Period)



Property NOI Yield (3/4)

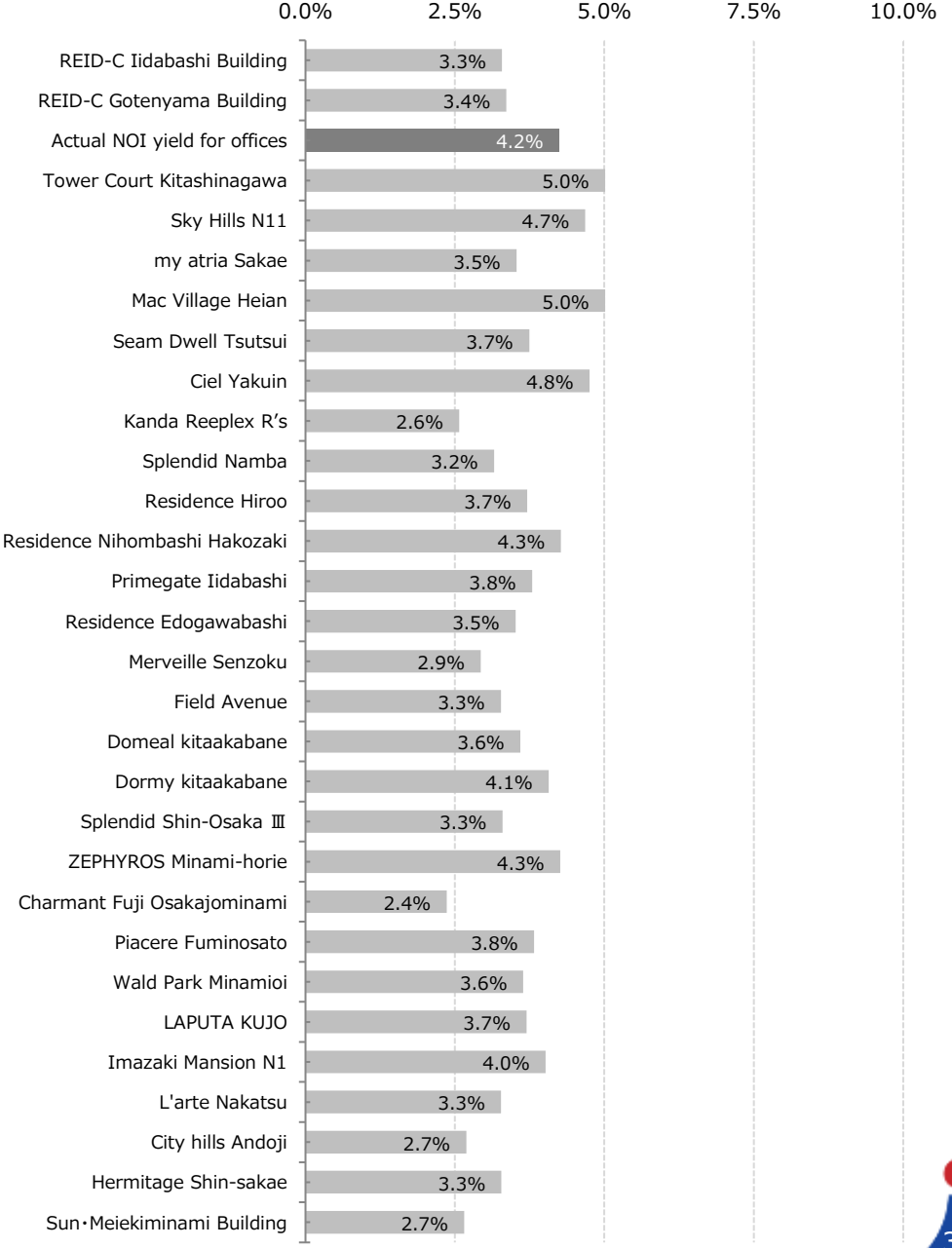
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 21st period)



■Actual NOI Yield (after depreciation)

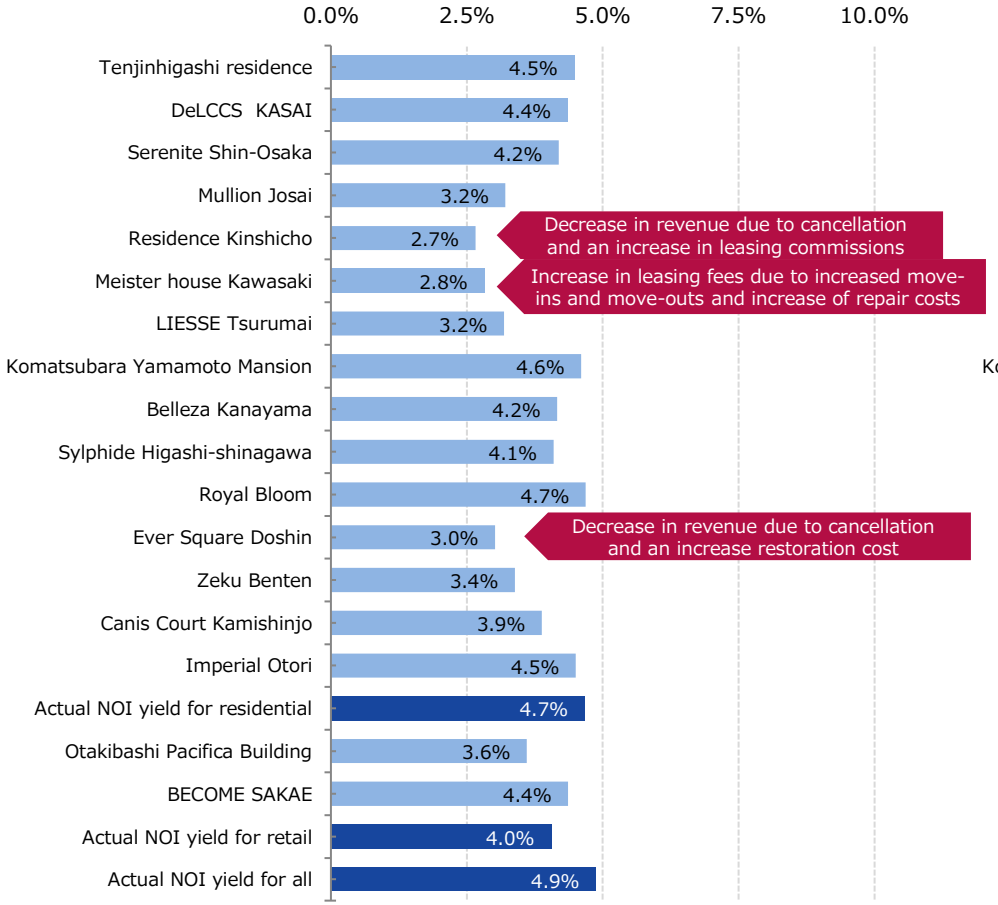
(Annualized NOI after depreciation ÷ book value as of the end of the 21st Period)



Property NOI Yield (4/4)

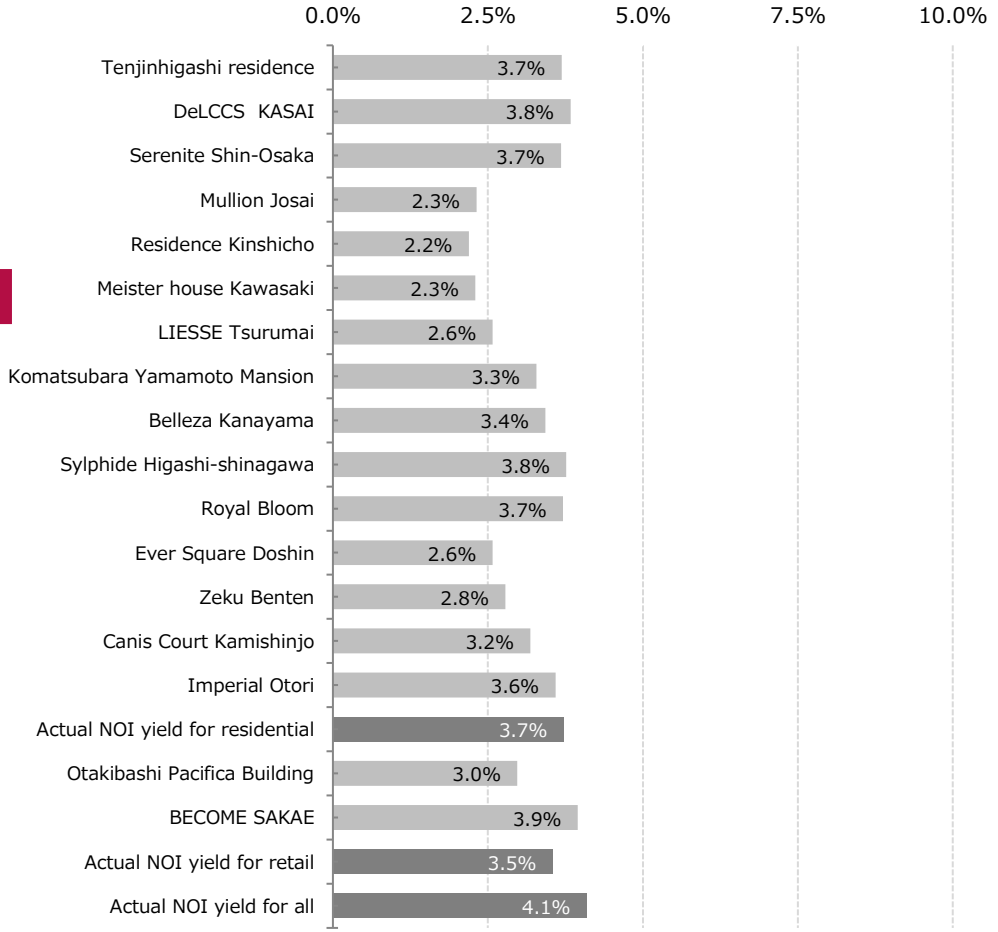
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 21st Period)



■Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 21st Period)



Appraisal Value Summary

◆Appraisal valuation by sector

	20th Period (Jun. 2022)			21st Period (Dec. 2022)		
	Number of Properties	Appraisal Value (¥ mm)	Unrealized gains (¥ mm)	Number of Properties	Appraisal Value (¥ mm)	Unrealized gains (¥ mm)
Office	62	231,900	47,180	62	232,860	48,431
Residential	42	75,615	12,093	42	78,319	14,963
Retail	2	8,220	154	2	8,270	223
Total	**106**	**315,735**	**59,429**	**106**	**319,449**	**63,617**

◆Period-to-period analysis(1)

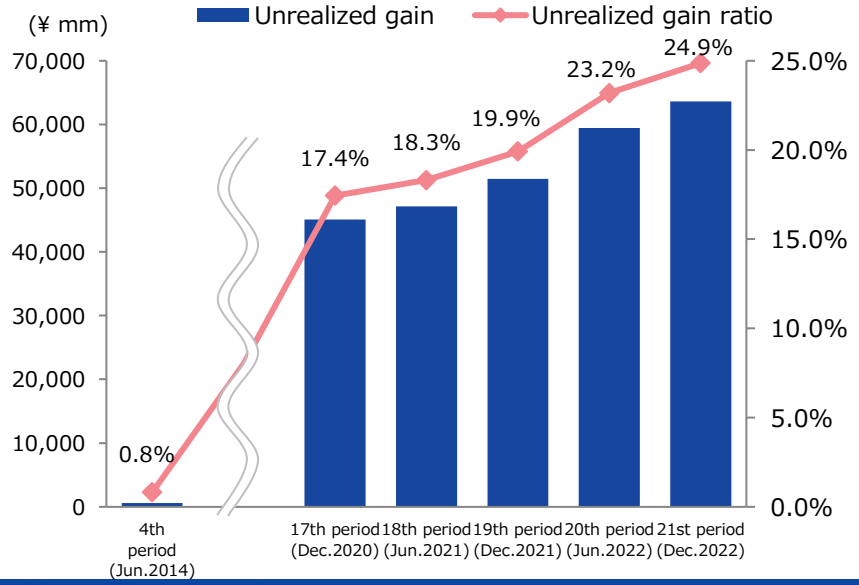
(Number of Properties)

Appraisal CAP	20th Period (Jun. 2022)	21st Period (Dec. 2022)
Decrease	66	53
Flat	39	53
Increase	1	0

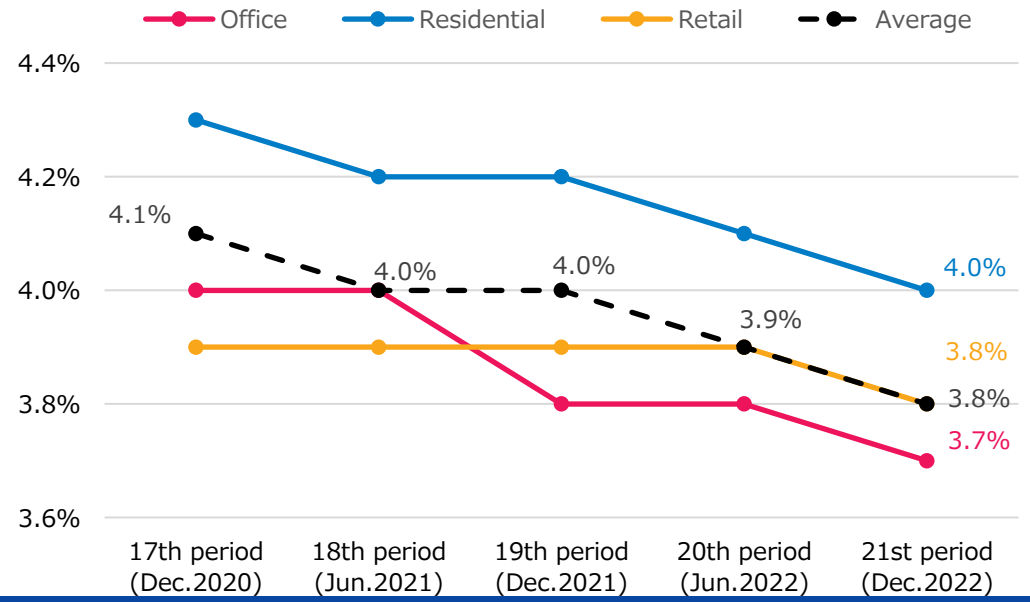
Appraisal Value	20th Period (Jun. 2022)	21st Period (Dec. 2022)
Increase	89	68
Flat	14	28
Decrease	3	10

*"Appraisal CAP" refers to the capitalization rate by the direct capitalization.

◆Amount of change in unrealized gain and rate of change in unrealized gain



◆Trends in average appraisal CAP by application



Portfolio Appraisal Value (1/4)

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mm)	Book Value End of 21st Period (a) (¥ mm)	Unrealized Gains End of 21st Period (b-a) (¥ mm)	Appraisal Value			Direct Capitaliza-tion	Discount Cash Flow		Appraisal NOI Yield (1)	Major Appraisal Value Changing Factor (2) (Compared to 20th Period)		
					End of 20th Period (¥ mm)	End of 21st Period (b) (¥ mm)	Variance (¥ mm)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 21st Period						
Office														
A-1	FORECAST Nishishinjuku	2,260	2,068	1,281	3,330	3,350	20	3.6%	3.2%	3.8%	5.5%			○
A-2	Nihombashi Playa Building	2,130	1,939	660	2,600	2,600	0	4.2%	4.0%	4.3%	5.3%			
A-3	FORECAST Yotsuya	1,430	1,338	761	2,090	2,100	10	3.6%	3.4%	3.7%	5.5%			○
A-4	FORECAST Shinjuku AVENUE	6,500	6,052	2,587	8,630	8,640	10	3.2%	3.0%	3.3%	4.4%		○	
A-5	FORECAST Ichigaya	4,800	4,303	2,556	6,850	6,860	10	3.3%	3.1%	3.4%	4.9%		○	
A-6	FORECAST Mita	1,800	1,692	847	2,520	2,540	20	3.5%	3.3%	3.6%	5.1%		○	
A-7	FORECAST Shinjuku SOUTH	13,990	14,543	4,256	18,800	18,800	0	3.3%	3.0%	3.5%	4.6%			
A-8	FORECAST Sakurabashi	5,760	5,947	1,112	7,060	7,060	0	3.9%	3.7%	4.0%	5.1%			
A-9	GreenOak Kayabacho	2,860	2,961	738	3,700	3,700	0	3.6%	3.4%	3.7%	4.9%			
A-10	GreenOak Kudan	2,780	2,903	856	3,680	3,760	80	3.5%	3.3%	3.6%	5.0%		○	
A-11	GreenOak Takanawadai	2,260	2,106	873	3,040	2,980	▲ 60	3.8%	3.6%	3.9%	5.2%		○	
A-14	Central Daikanyama	3,510	3,677	222	3,900	3,900	0	3.4%	3.2%	3.5%	3.9%			
A-16	Hiroo Reeplex B's	2,827	2,843	766	3,610	3,610	0	3.6%	3.4%	3.7%	4.7%			
A-17	Shibakoen Sanchome Building	7,396	7,311	2,788	10,200	10,100	▲ 100	3.5%	3.3%	3.7%	5.0%			○
A-19	Kudankita 325 Building	1,850	1,975	424	2,390	2,400	10	3.4%	3.2%	3.5%	4.6%		○	
A-21	Itohpia Iwamotocho 2-chome Building	2,810	2,866	723	3,510	3,590	80	3.8%	3.6%	3.9%	5.0%		○	
A-22	Itohpia Iwamotocho 1-chome Building	2,640	2,730	509	3,160	3,240	80	3.8%	3.6%	3.9%	4.9%		○	
A-23	Itohpia Iwamotocho ANNEX Building	2,100	2,200	599	2,800	2,800	0	3.8%	3.6%	3.9%	5.2%			
A-24	Pigeon Building	2,837	2,920	239	3,160	3,160	0	4.0%	3.8%	4.1%	4.8%			
A-25	FORECAST Ningyocho	2,070	2,141	148	2,290	2,290	0	3.7%	3.5%	3.8%	4.3%			
A-26	FORECAST Ningyocho PLACE	1,650	1,690	489	2,180	2,180	0	3.8%	3.6%	3.9%	5.3%			
A-27	FORECAST Shin-Tokiwabashi	2,030	2,109	330	2,430	2,440	10	3.8%	3.6%	3.9%	4.7%		○	
A-28	Nishi-Shinjuku Sanko Building	2,207	2,315	504	2,810	2,820	10	3.8%	3.6%	3.9%	5.1%			○
A-29	Iidabashi Reeplex B's	1,249	1,273	366	1,600	1,640	40	3.4%	3.2%	3.5%	4.6%		○	
A-30	FORECAST Shinagawa	2,300	2,371	8	2,470	2,380	▲ 90	3.7%	3.5%	3.8%	4.1%		○	
A-31	Nishi-Gotanda 8-chome Building	2,210	2,252	497	2,770	2,750	▲ 20	3.8%	3.6%	3.9%	5.0%		○	
A-32	Towa Higashi-Gotanda Building	2,033	2,058	511	2,570	2,570	0	3.7%	3.5%	3.8%	5.1%			

Portfolio Appraisal Value (2/4)

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mm)	Book Value End of 21st Period (a) (¥ mm)	Unrealized Gains End of 21st Period (b-a) (¥ mm)	Appraisal Value			Direct Capitaliza-tion	Discount Cash Flow		Appraisal NOI Yield (1)	Major Appraisal Value Changing Factor (2) (Compared to 20th Period)		
					End of 20th Period (¥ mm)	End of 21st Period (b) (¥ mm)	Variance (¥ mm)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 21st Period						
A-33	FORECAST Takadanobaba	5,550	5,810	919	6,730	6,730	0	4.0%	3.8%	4.1%	4.9%			
A-38	ANTEX24 Building	1,691	1,737	302	2,040	2,040	0	4.0%	3.8%	4.1%	5.0%			
A-39	Itohpia Kiyosubashidori Building	1,550	1,679	460	2,140	2,140	0	4.1%	3.9%	4.3%	6.0%			
A-41	I・S Minamimorimachi Building	2,258	2,334	615	2,900	2,950	50	4.1%	3.9%	4.2%	5.7%	○		
A-44	MK Kojimachi Building	1,781	2,001	108	2,160	2,110	▲ 50	3.2%	3.0%	3.3%	4.0%		○	
A-45	Toranomon Sakura Building	4,120	4,298	501	4,900	4,800	▲ 100	3.1%	2.9%	3.2%	3.8%		○	
A-46	La Verite AKASAKA	2,000	2,121	508	2,630	2,630	0	3.3%	3.1%	3.4%	4.5%			
A-47	Kanda Ocean Building	1,440	1,466	463	1,930	1,930	0	3.6%	3.4%	3.7%	5.2%			
A-48	Shinto GINZA EAST	1,352	1,342	127	1,500	1,470	▲ 30	3.5%	3.3%	3.6%	4.0%		○	
A-49	FORECAST Kayabacho	3,000	3,155	264	3,430	3,420	▲ 10	3.8%	3.6%	3.9%	4.6%		○	
A-50	FORECAST Waseda FIRST	4,775	4,770	479	5,250	5,250	0	3.6%	3.4%	3.7%	4.2%			
A-51	FORECAST Gotanda WEST	6,520	7,401	928	8,270	8,330	60	3.8%	3.6%	4.0%	5.2%	○		
A-52	Omiya Center Building	15,585	15,231	8,368	22,900	23,600	700	3.8%	3.6%	3.9%	5.8%	○		
A-53	Sumitomo Mitsui Bank Koraibashi Building	2,850	2,917	762	3,670	3,680	10	4.0%	3.8%	4.2%	5.5%	○		
A-54	NORE Fushimi	2,840	2,613	1,836	4,330	4,450	120	3.9%	3.7%	4.0%	6.3%	○		
A-55	NORE Meieki	2,520	2,322	1,847	4,070	4,170	100	4.0%	3.8%	4.1%	6.8%	○		
A-56	Homat Horizon Building	6,705	6,657	1,632	8,290	8,290	0	3.3%	3.1%	3.4%	4.3%			
A-57	Sannomiya First Building	1,390	1,446	143	1,660	1,590	▲ 70	4.7%	4.5%	4.8%	6.2%	○		
A-58	Towa Kandanishikicho Building	960	980	89	1,070	1,070	0	4.1%	3.3%	4.2%	4.7%			
A-59	Yusen Higashi-Nihombashi Ekimae Building	1,152	1,198	161	1,340	1,360	20	3.9%	3.7%	4.0%	4.8%		○	
A-60	Hiroo ON Building	2,392	2,409	470	2,840	2,880	40	3.7%	3.5%	3.8%	4.6%		○	
A-61	TK Gotanda Building	4,130	4,415	64	4,470	4,480	10	3.5%	3.3%	3.6%	3.9%			○
A-62	Gotanda Sakura Building	1,460	1,495	224	1,710	1,720	10	4.0%	3.4%	4.1%	4.9%			○
A-64	Alte Building Higobashi	1,453	1,466	353	1,810	1,820	10	4.2%	4.0%	4.4%	6.2%	○		
A-65	DIA Building Meieki	1,167	1,178	111	1,260	1,290	30	4.4%	4.2%	4.6%	5.5%	○		
A-66	TENSHO OCHANOMIZU BUILDING	1,800	1,842	77	1,910	1,920	10	3.5%	3.3%	3.6%	3.8%			○
A-67	FORECAST Kameido	2,580	2,607	312	3,020	2,920	▲ 100	4.0%	3.8%	4.1%	4.7%		○	
A-68	NRT Kandasudacho Building	1,311	1,393	16	1,410	1,410	0	3.4%	3.2%	3.5%	3.8%			
A-69	REID-C Megurofudomae	1,220	1,233	76	1,310	1,310	0	4.1%	3.9%	4.2%	4.6%			

Portfolio Appraisal Value (3/4)

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mm)	Book Value End of 21st Period (a) (¥ mm)	Unrealized Gains End of 21st Period (b-a) (¥ mm)	Appraisal Value			Direct Capitaliza-tion	Discount Cash Flow		Appraisal NOI Yield (1)	Major Appraisal Value Changing Factor (2) (Compared to 20th Period)		
					End of 20th Period (¥ mm)	End of 21st Period (b) (¥ mm)	Variance (¥ mm)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 21st Period						
A-70	The Square	1,080	1,143	16	1,140	1,160	20	4.3%	4.1%	4.5%	5.0%	○		
A-71	Tsukiji Front	825	836	193	1,030	1,030	0	3.8%	3.5%	3.8%	4.8%			
A-72	Hatchobori River Gate	835	842	197	1,040	1,040	0	3.6%	3.4%	3.7%	4.6%			
A-73	TENSHO OFFICE SHINBASHI 5	1,200	1,206	73	1,260	1,280	20	3.5%	3.3%	3.6%	3.8%	○		
A-74	REID-C Iidabashi Building	1,195	1,210	49	1,260	1,260	0	3.5%	3.3%	3.6%	3.9%			
A-75	REID-C Gotenyama Building	1,040	1,058	11	1,070	1,070	0	3.8%	3.5%	3.8%	4.3%			
	Subtotal office properties	182,022	184,428	48,431	231,900	232,860	960				4.9%			
Residential														
B-01	Tower Court Kitashinagawa	11,880	10,454	7,645	17,100	18,100	1,000	3.4%	3.2%	3.5%	5.3%	○		
B-02	Sky Hills N11	1,570	1,566	473	1,950	2,040	90	4.6%	4.4%	4.7%	6.6%	○		
B-04	my atria Sakae	1,110	941	478	1,350	1,420	70	4.2%	4.0%	4.3%	5.6%	○		
B-05	Mac Village Heian	785	682	377	1,010	1,060	50	4.2%	4.0%	4.3%	6.0%	○		
B-06	Seam Dwell Tsutsui	695	637	220	837	858	21	4.2%	4.0%	4.3%	5.5%	○		
B-07	Ciel Yakuin	640	597	231	793	829	36	3.8%	3.6%	3.9%	5.3%	○		
B-08	Kanda Reeplex R's	1,813	1,729	670	2,260	2,400	140	3.4%	3.1%	3.5%	4.7%	○		
B-09	Splendid Namba	3,502	3,123	936	4,060	4,060	0	4.2%	4.0%	4.4%	5.1%			
B-10	Residential Hiroo	2,590	2,597	352	2,910	2,950	40	3.4%	3.2%	3.6%	4.0%	○		
B-11	Residential Nihombashi Hakozaki	1,300	1,413	416	1,730	1,830	100	3.7%	3.2%	3.5%	5.3%	○		
B-12	Primegate Iidabashi	5,200	5,233	1,246	6,130	6,480	350	3.3%	3.0%	3.4%	4.2%	○		
B-13	Residential Edogawabashi	1,230	1,239	80	1,290	1,320	30	3.9%	3.7%	4.1%	4.4%	○		
B-14	Merveille Senzoku	740	748	28	772	777	5	3.9%	3.7%	4.1%	4.3%		○	
B-15	Field Avenue	3,110	3,111	458	3,380	3,570	190	3.4%	3.2%	3.5%	4.0%	○		
B-16	Domeal kitaakabane	785	795	109	859	905	46	3.8%	3.6%	3.9%	4.5%	○		
B-17	Dormy kitaakabane	986	988	151	1,080	1,140	60	3.9%	3.7%	4.0%	4.7%	○		
B-18	Splendid Shin-Osaka Ⅲ	2,428	2,306	473	2,700	2,780	80	4.1%	3.9%	4.3%	4.9%	○		
B-19	ZEPHYROS Minami-horie	1,608	1,603	216	1,790	1,820	30	4.0%	3.8%	4.2%	4.8%	○		
B-20	Charmant Fuji Osakajominami	905	899	60	938	960	22	4.0%	3.8%	4.2%	4.4%	○		
B-21	Piacere Fuminosato	571	560	56	607	617	10	4.3%	4.1%	4.5%	4.9%	○		
B-22	Wald Park Minamioi	715	750	▲ 14	735	736	1	3.7%	3.5%	3.9%	4.0%	○		
B-23	LAPUTA KUJO	1,480	1,637	▲ 77	1,538	1,560	22	4.1%	3.9%	4.3%	4.7%	○		

Portfolio Appraisal Value (4/4)

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mm)	Book Value End of 21st Period (a) (¥ mm)	Unrealized Gains End of 21st Period (b-a) (¥ mm)	Appraisal Value			Direct Capitaliza-tion	Discount Cash Flow		Appraisal NOI Yield (1)	Major Appraisal Value Changing Factor (2) (Compared to 20th Period)		
					End of 20th Period (¥ mm)	End of 21st Period (b) (¥ mm)	Variance (¥ mm)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 21st Period						
B-24	Imazaki Mansion N1	1,180	1,247	▲ 17	1,220	1,230	10	4.4%	4.2%	4.6%	5.2%	○		
B-25	L'arte Nakatsu	565	602	▲ 2	580	600	20	4.0%	3.8%	4.2%	4.5%	○		
B-26	City hills Andoji	1,750	1,838	▲ 8	1,830	1,830	0	3.9%	3.7%	4.1%	4.3%			
B-27	Hermitage Shin-sakae	1,150	1,211	48	1,240	1,260	20	4.1%	3.9%	4.3%	4.9%	○		
B-28	Sun･Meiekiminami Building	950	968	91	1,040	1,060	20	4.0%	3.8%	4.2%	4.7%	○		
B-29	Tenjinhigashi Residential	913	970	▲ 13	941	957	16	4.1%	3.9%	4.3%	4.7%	○		
B-30	DeLCCS KASAI	1,320	1,406	3	1,370	1,410	40	3.9%	3.7%	4.1%	4.5%	○		
B-31	Serenite Shin-Osaka	1,148	1,171	▲ 1	1,160	1,170	10	3.9%	3.7%	4.1%	4.2%	○		
B-32	Mullion Josai	729	748	▲ 30	717	718	1	4.2%	4.0%	4.4%	4.3%	○		
B-33	Residential Kinshicho	700	720	24	733	745	12	3.8%	3.6%	4.0%	4.3%	○		
B-34	Meister house Kawasaki	709	728	19	740	748	8	3.8%	3.6%	4.0%	4.2%	○		
B-35	LIESSE Tsurumai	1,082	1,116	113	1,210	1,230	20	4.2%	4.0%	4.4%	5.0%	○		
B-36	Komatsubara Yamamoto Mansion	670	725	▲ 27	695	698	3	5.2%	5.0%	5.4%	5.9%	○		
B-37	Belleza Kanayama	702	746	25	762	772	10	4.1%	3.9%	4.3%	4.8%	○		
B-38	Sylphide Higashi-shinagawa	961	986	53	1,020	1,040	20	3.5%	3.3%	3.6%	3.9%	○		
B-39	Royal Bloom	1,100	1,119	140	1,200	1,260	60	3.9%	3.7%	4.0%	4.6%	○		
B-40	Ever Square Doshin	609	631	▲ 15	602	616	14	4.1%	3.9%	4.3%	4.4%	○		
B-41	Zeku Benten	506	524	1	524	526	2	4.1%	3.9%	4.3%	4.6%	○		
B-42	Canis Court Kamishinjo	1,359	1,402	▲ 32	1,350	1,370	20	4.3%	4.1%	4.5%	4.8%	○		
B-43	Imperial Otori	845	869	▲ 2	862	867	5	4.1%	3.9%	4.3%	4.6%	○		
	Subtotal residential properties	64,592	63,355	14,963	75,615	78,319	2,704				4.8%			
Retail														
C-01	Otakibashi Pacifica Building	3,350	3,347	62	3,360	3,410	50	3.6%	3.4%	3.7%	3.7%	○		
C-03	BECOME SAKAE	4,770	4,699	160	4,860	4,860	0	4.0%	3.8%	4.2%	4.2%			
	Subtotal retail properties	8,120	8,046	223	8,220	8,270	50				4.0%			
	Total	254,735	255,831	63,617	315,735	319,449	3,714				4.8%			

Portfolio Summary (as of the end of the 21st Period) (1/4)

NIPPON REIT Investment Corporation

No.	Property Name	Location	Completion	Acquisition Price (¥mm)	Investment Ratio	Total Leasable Area (㎡)	Number of Tenants	Occupancy Rate	PML
Office									
A-1	FORECAST Nishishinjuku	Shinjuku Ward, Tokyo	Feb. 2009	2,260	0.9%	1,945.68	17	100.0%	2.7%
A-2	Nihombashi Playa Building	Chuo Ward, Tokyo	Feb. 2009	2,130	0.8%	2,490.08	2	100.0%	3.7%
A-3	FORECAST Yotsuya	Shinjuku Ward, Tokyo	Jan. 2009	1,430	0.6%	1,678.15	13	100.0%	3.6%
A-4	FORECAST Shinjuku AVENUE	Shinjuku Ward, Tokyo	Sep. 2008	6,500	2.6%	4,337.15	7	100.0%	2.1%
A-5	FORECAST Ichigaya	Shinjuku Ward, Tokyo	Aug. 2009	4,800	1.9%	3,844.66	23	100.0%	2.9%
A-6	FORECAST Mita	Minato Ward, Tokyo	Sep. 2009	1,800	0.7%	1,786.81	5	100.0%	2.9%
A-7	FORECAST Shinjuku SOUTH	Shinjuku Ward, Tokyo	Nov. 1980	13,990	5.5%	13,875.01	18	100.0%	7.0%
A-8	FORECAST Sakurabashi	Chuo Ward, Tokyo	Apr. 1985	5,760	2.3%	6,566.76	5	100.0%	4.2%
A-9	GreenOak Kayabacho	Chuo Ward, Tokyo	Mar. 1990	2,860	1.1%	2,995.35	8	100.0%	2.6%
A-10	GreenOak Kudan	Chiyoda Ward, Tokyo	Dec. 1987	2,780	1.1%	2,594.50	4	100.0%	5.1%
A-11	GreenOak Takanawadai	Minato Ward, Tokyo	Jan. 2010	2,260	0.9%	2,621.74	9	93.4%	3.6%
A-14	Central Daikanyama	Shibuya Ward, Tokyo	Aug. 1991	3,510	1.4%	1,899.30	7	100.0%	7.1%
A-16	Hiroo Reeplex B's	Minato Ward, Tokyo	May 1987	2,827	1.1%	1,500.85	7	100.0%	4.4%
A-17	Shibakoen Sanchome Building	Minato Ward, Tokyo	Jun 1981	7,396	2.9%	7,882.60	4	100.0%	11.3%
A-19	Kudankita 325 Building	Chiyoda Ward, Tokyo	Aug. 1987	1,850	0.7%	2,003.60	8	100.0%	4.5%
A-21	Itohpia Iwamotocho 2-chome Building	Chiyoda Ward, Tokyo	Feb. 1991	2,810	1.1%	3,447.16	8	100.0%	4.1%
A-22	Itohpia Iwamotocho 1-chome Building	Chiyoda Ward, Tokyo	Jan. 1991	2,640	1.0%	3,056.56	9	100.0%	9.0%
A-23	Itohpia Iwamotocho ANNEX Building	Chiyoda Ward, Tokyo	Nov. 1991	2,100	0.8%	3,064.20	6	100.0%	4.1%
A-24	Pigeon Building	Chuo Ward, Tokyo	Aug. 1989	2,837	1.1%	3,022.25	1	100.0%	5.6%
A-25	FORECAST Ningyocho	Chuo Ward, Tokyo	Nov. 1990	2,070	0.8%	2,277.62	6	100.0%	11.1%
A-26	FORECAST Ningyocho PLACE	Chuo Ward, Tokyo	Feb. 1984	1,650	0.6%	1,867.95	8	100.0%	7.1%
A-27	FORECAST Shin-Tokiwabashi	Chuo Ward, Tokyo	Aug. 1991	2,030	0.8%	1,822.33	9	100.0%	4.1%
A-28	Nishi-Shinjuku Sanko Building	Shinjuku Ward, Tokyo	Sep. 1987	2,207	0.9%	2,479.80	8	100.0%	12.7%
A-29	Iidabashi Reeplex B's	Shinjuku Ward, Tokyo	Jun 1992	1,249	0.5%	1,401.68	7	100.0%	4.4%
A-30	FORECAST Shinagawa	Shinagawa Ward, Tokyo	Feb. 1989	2,300	0.9%	2,276.36	5	89.8%	11.6%
A-31	Nishi-Gotanda 8-chome Building	Shinagawa Ward, Tokyo	Dec. 1993	2,210	0.9%	2,999.72	8	100.0%	3.9%
A-32	Towa Higashi-Gotanda Building	Shinagawa Ward, Tokyo	Sep. 1985	2,033	0.8%	2,939.16	7	100.0%	5.1%
A-33	FORECAST Takadanobaba	Toshima Ward, Tokyo	Jan. 1986	5,550	2.2%	5,661.49	6	83.8%	12.4%
A-38	ANTEX24 Building	Taito Ward, Tokyo	Feb. 1988	1,691	0.7%	2,267.59	6	86.7%	3.7%
A-39	Itohpia Kiyosubashidori Building	Taito Ward, Tokyo	Mar. 1988	1,550	0.6%	2,651.27	7	100.0%	3.6%
A-41	I・S Minamimorimachi Building	Osaka, Osaka	Aug. 1993	2,258	0.9%	4,164.82	16	100.0%	9.6%

Portfolio Summary (as of the end of the 21st Period) (2/4)

NIPPON REIT Investment Corporation

No.	Property Name	Location	Completion	Acquisition Price (¥mm)	Investment Ratio	Total Leasable Area (㎡)	Number of Tenants	Occupancy Rate	PML
A-44	MK Kojimachi Building	Chiyoda Ward, Tokyo	Mar. 1997	1,781	0.7%	1,761.60	11	100.0%	4.3%
A-45	Toranomon Sakura Building	Minato Ward, Tokyo	Jul. 1983	4,120	1.6%	3,049.79	11	90.8%	8.2%
A-46	La Verite AKASAKA	Minato Ward, Tokyo	Dec. 1986	2,000	0.8%	1,719.75	7	100.0%	4.5%
A-47	Kanda Ocean Building	Chiyoda Ward, Tokyo	Jan. 1990	1,440	0.6%	1,484.53	21	90.2%	9.3%
A-48	Shinto GINZA EAST	Chuo Ward, Tokyo	Sep. 1990	1,352	0.5%	1,214.32	6	74.8%	5.3%
A-49	FORECAST Kayabacho	Chuo Ward, Tokyo	Jan. 1990	3,000	1.2%	3,882.59	16	100.0%	5.2%
A-50	FORECAST Waseda FIRST	Shinjyuku Ward, Tokyo	Jul. 1986	4,775	1.9%	4,340.66	7	100.0%	3.5%
A-51	FORECAST Gotanda WEST	Shinagawa Ward, Tokyo	Sep. 1989	6,520	2.6%	8,944.03	12	100.0%	2.3%
A-52	Omiya Center Building	Saitama, Saitama	Mar. 1993	15,585	6.1%	14,524.63	29	98.6%	2.0%
A-53	Sumitomo Mitsui Bank Koraibashi Building	Osaka, Osaka	Mar. 1994	2,850	1.1%	5,106.77	26	100.0%	7.6%
A-54	NORE Fushimi	Nagoya, Aichi	Nov. 2006	2,840	1.1%	3,890.74	9	100.0%	4.5%
A-55	NORE Meieki	Nagoya, Aichi	Jan. 2007	2,520	1.0%	4,280.75	18	100.0%	4.2%
A-56	Homat Horizon Building	Chiyoda Ward, Tokyo	Aug. 1987	6,705	2.6%	6,077.01	9	100.0%	7.2%
A-57	Sannomiya First Building	Kobe, Hyogo	Nov. 1993	1,390	0.5%	3,633.16	24	100.0%	5.4%
A-58	Towa Kandanishikicho Building	Chiyoda ward, Tokyo	Aug. 1992	960	0.4%	1,324.07	6	100.0%	5.6%
A-59	Yusen Higashi-Nihombashi Ekimae Building	Chuo ward, Tokyo	Feb. 2001	1,152	0.5%	1,631.09	8	100.0%	9.0%
A-60	Hiroo ON Building	Shibuya ward, Tokyo	Mar. 1995	2,392	0.9%	2,248.59	4	100.0%	3.1%
A-61	TK Gotanda Building	Shinagawa ward, Tokyo	Jun 1989	4,130	1.6%	3,716.38	8	100.0%	3.7%
A-62	Gotanda Sakura Building	Shinagawa ward, Tokyo	Nov. 1993	1,460	0.6%	1,502.61	10	100.0%	4.8%
A-64	Alte Building Higobashi	Osaka, Osaka	Jun 1993	1,453	0.6%	3,482.92	11	100.0%	7.2%
A-65	DIA Building Meieki	Nagoya, Aichi	Dec. 1991	1,167	0.5%	1,781.72	10	100.0%	3.4%
A-66	TENSHO OCHANOMIZU BUILDING	Chiyoda Ward, Tokyo	Nov. 2018	1,800	0.7%	1,252.89	1	100.0%	4.6%
A-67	FORECAST Kameido	Koto Ward, Tokyo	Sep. 2010	2,580	1.0%	3,091.51	7	100.0%	3.3%
A-68	NRT Kandasudacho Building	Chiyoda Ward, Tokyo	Mar. 1993	1,311	0.5%	1,154.16	9	100.0%	4.4%
A-69	REID-C Megurofudomae	Shinagawa ward, Tokyo	Oct. 1996	1,220	0.5%	921.32	5	100.0%	3.5%
A-70	The Square	Nagoya, Aichi	Jun. 2003	1,080	0.4%	1,520.69	18	100.0%	3.5%
A-71	Tsukiji Front	Chuo Ward, Tokyo	Aug. 1991	825	0.3%	687.97	8	100.0%	5.7%
A-72	Hatchobori River Gate	Chuo Ward, Tokyo	Aug. 1989	835	0.3%	760.31	8	100.0%	3.0%
A-73	TENSHO OFFICE SHINBASHI 5	Minato Ward, Tokyo	Sep. 2018	1,200	0.5%	828.19	1	100.0%	3.5%
A-74	REID-C Iidabashi Building	Chiyoda Ward, Tokyo	Apr. 1988	1,195	0.5%	827.74	8	100.0%	3.6%
A-75	REID-C Gotenyama Building	Shinagawa Ward, Tokyo	Jan. 1989	1,040	0.4%	1,086.11	4	100.0%	11.4%
	Subtotal office properties			182,022	71.5%	195,150.80	586	98.7%	

Portfolio Summary (as of the end of the 21st Period) (3/4)

NIPPON REIT Investment Corporation

No.	Property Name	Location	Completion	Acquisition Price (¥mm)	Investment Ratio	Total Leasable Area (㎡)	Number of Tenants	Occupancy Rate	PML
Residential									
B-1	Tower Court Kitashinagawa	Shinagawa Ward, Tokyo	Feb. 2009	11,880	4.7%	16,913.29	276	99.1%	2.6%
B-2	Sky Hills N11	Sapporo, Hokkaido	Mar. 2001	1,570	0.6%	8,567.50	1	100.0%	1.3%
B-4	my atria Sakae	Nagoya, Aichi	Mar. 2007	1,110	0.4%	3,121.60	1	100.0%	4.1%
B-5	Mac Village Heian	Nagoya, Aichi	Sep. 2006	785	0.3%	2,250.00	1	100.0%	3.2%
B-6	Seam Dwell Tsutsui	Nagoya, Aichi	Feb. 2007	695	0.3%	1,800.00	1	100.0%	5.0%
B-7	Ciel Yakuin	Fukuoka, Fukuoka	Mar. 2005	640	0.3%	1,544.87	40	95.5%	5.4%
B-8	Kanda Reeplex R's	Chiyoda Ward, Tokyo	Jan. 2006	1,813	0.7%	2,180.93	41	100.0%	4.4%
B-9	Splendid Namba	Osaka, Osaka	Jan. 2015	3,502	1.4%	6,212.36	232	93.2%	6.2%
B-10	Residential Hiroo	Minato ward, Tokyo	Feb. 2004	2,590	1.0%	1,983.15	54	100.0%	3.0%
B-11	Residential Nihombashi Hakozaki	Chuo ward, Tokyo	Mar. 2002	1,300	0.5%	1,449.00	1	100.0%	7.8%
B-12	Primegate Iidabashi	Shinjuku ward, Tokyo	Mar. 1994	5,200	2.0%	6,044.17	65	95.2%	2.8%
B-13	Residential Edogawabashi	Shinjuku ward, Tokyo	Mar. 2000	1,230	0.5%	1,246.42	36	97.8%	3.5%
B-14	Merveille Senzoku	Ota ward, Tokyo	Sep. 2002	740	0.3%	834.72	26	92.7%	5.3%
B-15	Field Avenue	Ota ward, Tokyo	①Aug. 2000 ②Jul. 2016	3,110	1.2%	3,092.63	51	93.2%	①3.1% ②6.8%(1)
B-16	Domeal Kitaakabane	Kita ward, Tokyo	Mar. 2001	785	0.3%	1,697.11	1	100.0%	6.7%
B-17	Dormy Kitaakabane	Kita ward, Tokyo	Mar. 1997	986	0.4%	2,471.42	1	100.0%	6.5%
B-18	Splendid Shin-Osaka III	Osaka, Osaka	Feb. 2015	2,428	1.0%	4,299.12	145	94.4%	6.0%
B-19	ZEPHYROS Minami-horie	Osaka, Osaka	Mar. 2002	1,608	0.6%	2,826.73	72	100.0%	13.3%
B-20	Charmant Fuji Osakajominami	Osaka, Osaka	Apr. 2004	905	0.4%	1,512.00	59	93.7%	9.4%
B-21	Piacere Fuminosato	Osaka, Osaka	Feb. 1999	571	0.2%	1,374.08	44	100.0%	11.9%
B-22	Wald Park Minamioi	Shinagawa Ward, Tokyo	Feb. 2005	715	0.3%	750.12	29	100.0%	3.5%
B-23	LAPUTA KUJO	Osaka,Osaka	Mar. 1998	1,480	0.6%	3,359.38	62	100.0%	11.3%
B-24	Imazaki Mansion N1	Higashiosaka, Osaka	Mar. 1999	1,180	0.5%	2,641.13	125	92.5%	9.6%
B-25	L'arte Nakatsu	Osaka,Osaka	May. 2006	565	0.2%	916.86	28	100.0%	9.4%
B-26	City hills Andoji	Osaka,Osaka	Mar. 2008	1,750	0.7%	2,754.00	65	93.2%	7.6%
B-27	Hermitage Shin-sakae	Nagoya, Aichi	Apr. 2008	1,150	0.5%	2,638.61	51	94.8%	3.4%
B-28	Sun･Meiekiminami Building	Nagoya, Aichi	Jan. 2014	950	0.4%	1,747.10	68	97.1%	5.0%
B-29	Tenjinhigashi Residential	Fukuoka, Fukuoka	Aug. 2005	913	0.4%	1,909.60	74	96.1%	3.7%
B-30	DeLCCS KASAI	Edogawa Ward, Tokyo	Jul. 1998	1,320	0.5%	2,308.59	28	94.1%	5.1%
B-31	Serenite Shin-Osaka	Osaka,Osaka	Mar. 2007	1,148	0.5%	1,854.02	65	96.2%	6.1%

Portfolio Summary (as of the end of the 21st Period) (4/4)

NIPPON REIT Investment Corporation

No.	Property Name	Location	Completion	Acquisition Price (¥mm)	Investment Ratio	Total Leasable Area (㎡)	Number of Tenants	Occupancy Rate	PML
B-32	Mullion Josai	Nagoya, Aichi	Jan. 2007	729	0.3%	1,431.00	46	94.8%	5.0%
B-33	Residential Kinshicho	Sumida-ward, Tokyo	Oct. 2006	700	0.3%	813.51	25	95.6%	6.9%
B-34	Meister house Kawasaki	Kawasaki, Kanagawa	Feb. 2004	709	0.3%	891.60	35	100.0%	6.3%
B-35	LIESSE Tsurumai	Nagoya, Aichi	Mar. 2006	1,082	0.4%	2,192.91	83	94.8%	①4.5% ②4.4%(1)
B-36	Komatsubara Yamamoto Mansion	Kagoshima, Fukuoka	Jan. 2004	670	0.3%	2,671.99	97	97.1%	8.5%
B-37	Belleza Kanayama	Nagoya, Aichi	Sep. 2006	702	0.3%	1,258.97	47	96.2%	7.1%
B-38	Sylphide Higashi-shinagawa	Shinagawa Ward, Tokyo	Jun. 2003	961	0.4%	1,174.19	41	95.4%	8.9%
B-39	Royal Bloom	Saitama, Saitama	Mar. 2018	1,100	0.4%	1,236.61	34	97.9%	5.0%
B-40	Ever Square Doshin	Osaka, Osaka	Oct. 2001	609	0.2%	910.07	37	90.7%	7.7%
B-41	Zeku Benten	Osaka, Osaka	Apr. 2006	506	0.2%	1,093.21	30	89.5%	14.2%
B-42	Canis Court Kamishinjo	Osaka, Osaka	Feb. 2002	1,359	0.5%	2,804.02	56	98.5%	5.6%
B-43	Imperial Otori	Sakai, Osaka	Oct. 2007	845	0.3%	2,363.88	29	96.8%	14.7%
	Subtotal residential properties			64,592	25.4%	111,142.47	2,303	97.1%	
Retail									
C-1	Otakibashi Pacifica Building	Shinjuku Ward, Tokyo	Oct. 2008	3,350	1.3%	1,383.31	10	100.0%	4.6%
C-3	BECOME SAKAE	Nagoya, Aichi	Aug. 2005	4,770	1.9%	4,615.66	11	100.0%	2.7%
	Subtotal retail properties			8,120	3.2%	5,998.97	21	100.0%	
	Total			254,735	100.0%	312,292.24	2,910	98.2%	3.2%

Notes

Unless otherwise specified, figures are truncated and % figures are rounded to the relevant unit.

P4 1 "Contribute to DPU" for each actual achievement is calculated based on each actual achievement and the number of investment units issued as of the end of the 21st Period. The same applies hereafter.

P7 1 "The fifth asset replacement" refers to a series of transactions involving the four properties transferred in the 19th Period (Toshin Higashi-Ikebukuro Building, Itabashi Honcho Building, East Side Building, and Esprit Kameido) and the eight properties acquired (REID-C Iidabashi Building, REID-C Gotenyama Building, Sylphide Higashi-shinagawa, Royal Bloom, Ever Square Doshin, Zeku Benten, Canis Court Kamishinjo, and Imperial Otori) and one property transferred in the 20th Period (Sunworld Building). The same applies hereafter.

P9 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.

P10 1 "Proportion of the 5 largest tenants" are calculated as follow for end-tenants of office (excluding Residential area)and retail properties. The same applies hereafter.
By leased area: leased area of respective tenant as of the end of the 21st Period / total leasable area
By monthly rent: rent (including CAM) of respective tenant as of the end of the 21st Period / total rent

P15 1 "Average free rent period" is calculated by following formula for each space, for new Lease contracts conducted during respective period.
(Reduction of rent and common benefit expense due to free rent etc.) ÷ (total amount of monthly rents and common benefit expenses in normal times)

P16 1 "Move-out ratio" is calculated as "total move-out area during respective period / total leasable area as of the end of the respective period". Furthermore, the area of tenant that move-out on the end of respective month is counted as the move-out area of next month from this material onward. The same applies hereafter.

P17 1 In case that tenant categorized "Unchanged" in each period accepted rent increase after the following period, the area subject to rent renewal of the tenant is included the area categorized "Unchanged" and "Increase" in the relevant period. The same applies hereafter.

P18 1 "Average rent" is represented by the contract-based rent, which is a weighted-average of each office property based on the occupied floor area. Each weighted average excludes tenants which have submitted a notice of cancelation, and which occupy the retail space between the second floor to the basement floor of buildings.

2 "Market rent" is represented by an average of the maximum and minimum of the rent of respective properties, as described in the market reports prepared by Sanko Estate and CBRE K.K. Such average is a weighted-average of each office properties based on the occupied floor area.

3 "Rent gap" of properties held by bridge funds is calculated as "Average rent of all offices / Average market rent – 1" based on market reports as requested as part of due diligence upon acquisition. The same applies hereafter.

P19 1 Residential properties of which rents are not fixed, are stated.

P20 1 The Effect of strategic value-enhancing investment or result and forecast of NOI increase indicated on P20 and 22 are proprietary calculated by the asset management company based on contracts, quotations and/or proposals for respective items. Furthermore, the Contribute to DPU is calculated based on the effect and the number of investment units issued as of the end of 21st Period. Therefore, such information does not constitute a guarantee of NIPPON REIT's future financial results.

P23 1 LTV is calculated as follow
LTV based on total assets =total interest bearing debt ÷ total assets
LTV based on appraisal value =total interest bearing debt ÷(total assets−book value + appraisal value)

2 "LTV control range" refers to the LTV level that NIPPON REIT intend to maintain within the NIPPON REIT's current policy (between 45% and 55%) stated in the "Summary of Financial Results for the Fiscal Period Ended December 31, 2022 (REIT) announced on February 16, 2023.

P31 1 NIPPON REIT's fiscal periods have covered every six months from January 1 to Jun 30 and from July 1 to December 31 of each year.

2 Operating revenues, etc. do not include consumption taxes.

3 The following denotes the calculation methods for the indicators employed by NIPPON REIT. It should be noted that calculations on an annual basis are calculated using the number of business days for each period.

- Interest-bearing debt to total assets ratio(based on appraisal value)
  Interest-bearing debt ÷ Total assets(based on appraisal value)
- Ordinary income to total assets ratio
  Ordinary income ÷ average total assets × 100
- Return on equity
  Net income ÷ average net assets × 100
- Implied cap rate (NOI yield)
  NOI yield (annualized, forecast for the next fiscal period × 2) ÷ (market capitalization + interest-bearing debts − cash and deposits + tenant leasehold and security deposits)
- FFO
  Net income + depreciation + loss on retirement of investment properties + deferred asset amortization − gain / loss on real estate sales
- AFFO
  FFO − Capital expenditures
- FFO per unit
  (Net income + depreciation + loss on retirement of investment properties + deferred asset amortization − gain / loss on real estate sales) ÷ total investment units issued and outstanding
- NAV per unit
  ((Net assets + appraisal value−book value)÷ total investment units issued and outstanding

4 NOI and NOI after depreciation of all properties including properties sold.

P36 1 Properties acquired or sold during the period are excluded.

P37 1 "Appraisal NOI" is the NOI by the direct capitalization method described in the appraisal report.
"Appraisal NOI Yield" is calculated by Appraisal NOI ÷ Acquisition Price.

2 Major fluctuation factors are indicated following rule. "CR": In the event cap rate has changed.
"Income" : In the event cap rate has not changed, and the major fluctuation factor is income.
"Expense" : In the event cap rate has not changed, and the major fluctuation factor is expense.
The same applies hereafter.

P43 1 As there are two buildings in B-15 Field Avenue, the building timing and PMLs are shown.
Note that ① is a steel-framed reinforced concrete building with a 12-story basement floor and ② is a steel-framed galvanized steel sheet sprayed 2-story building.

P44 1 As there are two buildings for B-35 LIESSE Tsurumai, the figures for the respective construction periods and PMLs are shown.
Note that ① is a reinforced concrete building with an 8-story land roof and ② is a reinforced concrete building with a 10-story land roof.

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Nippon REIT's Policy and Asset Management Company

NIPPON REIT Investment Corporation

《Nippon REIT's Policy 》

- Timely and Flexible Investment
- Portfolio focused on growth and diversification of risks
- Growth strategies with Sponsor's network

《Sponsor support》

Investment Corporation which has SBI Group as its main sponsor

NIPPON REIT Investment Corporation

Asset Management Company

SBI REIT Advisors

Main Sponsor

SBI FINANCIAL SERVICES

Supporting NIPPON REIT's growth through utilizing the comprehensive strengths within the SBI Group

- Support smooth and flexible acquisitions by bridge funds
- Accelerating leasing engineering management through prop-tech services
- Provision of information on sales of real estate
- Lending coverage of group companies and affiliates
- Provision of human resources

Sub Sponsors

CUSHMAN & WAKEFIELD

AGILITY ASSET ADVISERS

・Provision of information on sales of real estate
・Leasing support for our properties
・Provision of asset management function
・Provision of human resources

《Portfolio Development Policy(1)》

Portfolio with risk diversification in both usage and region

	Investment ratio by asset type for the entire portfolio	Investment ratio by area for each asset type		
		3 Major Metropolitan Areas		Ordinance-Designated Cities,etc.
		6 Central Wards of Tokyo		
Office	**50%** or more	**60%** or more	40% or less	20% or less
Residential	**50%** or less	**60%** or more		40% or less
Retail	**20%** or less	No investment ratio by area has been set up		

《Company Profile of Asset Management Company》

Each sponsor provide professional human resources in each field

Name	SBI REIT Advisors Co., Ltd.		
Established	November 2, 2006	**Paid-in capital**	¥ 0.15 bn
Registration and Licenses, etc.	◆ Registered as a financial instruments business operator: Registration No.1632 (Kinsho) issued by the Director-General of the Kanto Finance Bureau ◆ Licensed for building lots and buildings transaction business: License No.(4) 86984 issued by the Governor of Tokyo ◆ Certified as entrustment-based agency under the building lots and buildings transaction business: License No.56 issued by the Ministry of Land, Infrastructure, Transportation and Tourism		

Note

1. "6 Central Wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards. "3 Major Metropolitan Areas" refers to the Tokyo economic bloc, Osaka economic bloc and Nagoya economic bloc. "Ordinance-Designated Cities, etc." refers to the ordinance-designated cities located in areas other than the 3 Major Metropolitan Areas (Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and cities that are prefectural capitals.

NIPPON REIT Investment Corporation

Strict Investment Discipline

◎ **Targeting on investing three types of assets that are deeply rooted in Japanese society**

Office (for work)	50% or more
Residential (for living)	50% or less
Retail (for consumption)	20% or less

◎ **Timely investment under the Unswerving discipline**

Target NOI yield 4.5%, NOI yield after depreciation 4.0%(1)

Medium-sized office Competitive location properties in Tokyo(2)	**Risk mitigation** (Pursuit of Diversification of properties and tenants)

Growth potential	**Ratio of properties located in six central wards of Tokyo(3)**	**Competitive location**

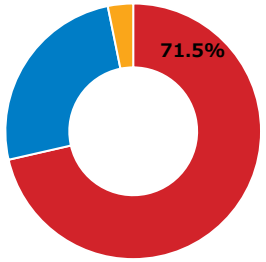
Pursuit of Stable and Robust Portfolio

With eyes on supply/demand balance and diversification

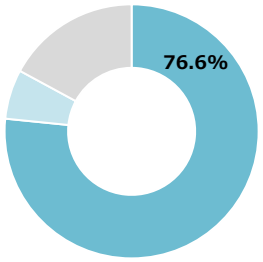
◎ **Targeting on medium-sized office properties in Tokyo**

- Ratio of office properties :71.5%
- Ratio of 6 central ward in Tokyo(office) :76.6%

《Portfolio distribution by asset type》



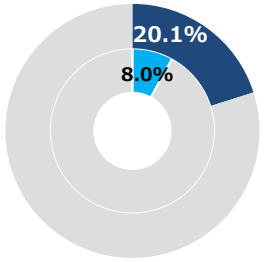
《Office portfolio distribution by area》



◎ **Risk Diversification**

- Top 5 tenants(4) : 8.0%
- Top 5 properties :20.1%

《Tenant/Portfolio diversification (by leased area)》



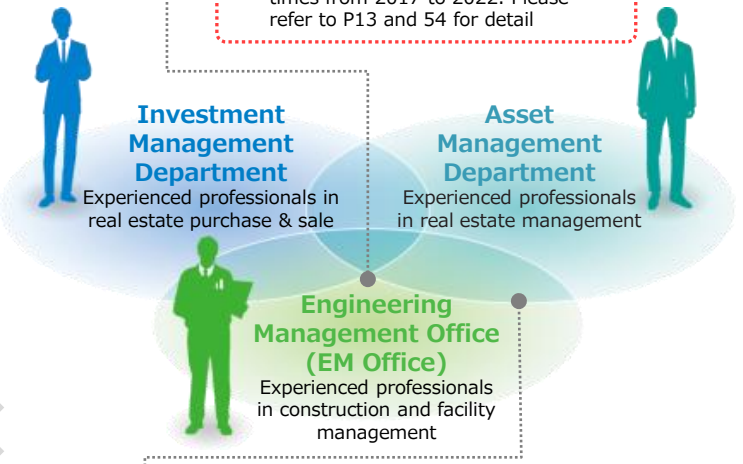
Asset Management Structure to maximize Our Portfolio's Strengths

◎ **Tripart Management**

- Two business departments and the engineering team work in close cooperation during all phases of asset management

- **Triple-checked investment criteria**
  :Establish stable and robust portfolio with growth potential
- **Mid to long-term portfolio management Strategy (Tiering Project)**
  :Aim for asset replacement at optimal timing

▶▶ Conducted asset replacement five times from 2017 to 2022. Please refer to P13 and 54 for detail



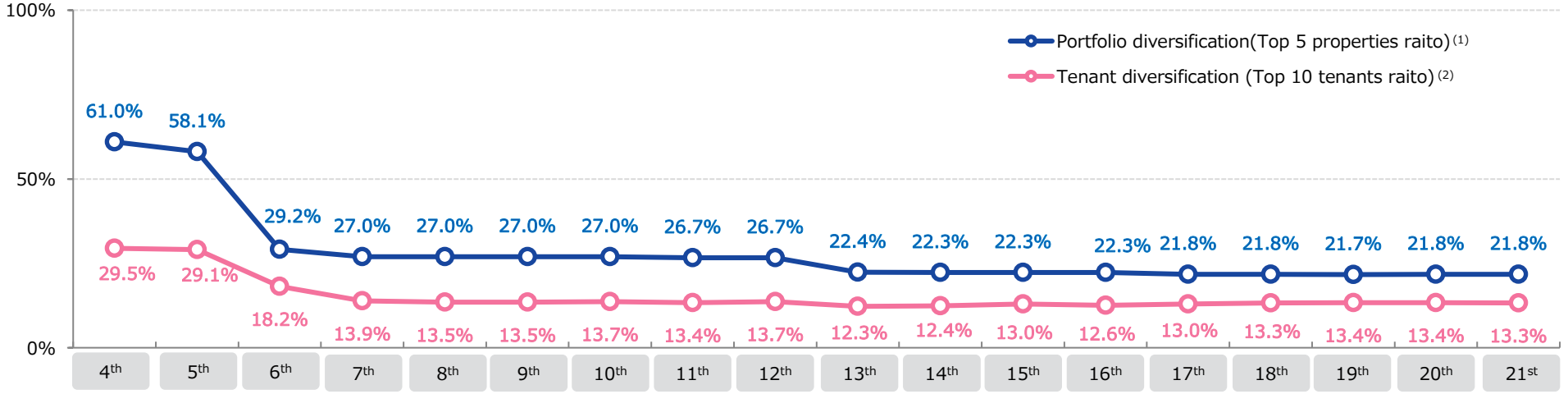
- **Effective engineering management**
  :Aim for steady internal growth

▶▶ Implemented value-enhancement measures for consecutive 15 periods. Please refer to P20 and 22 for detail

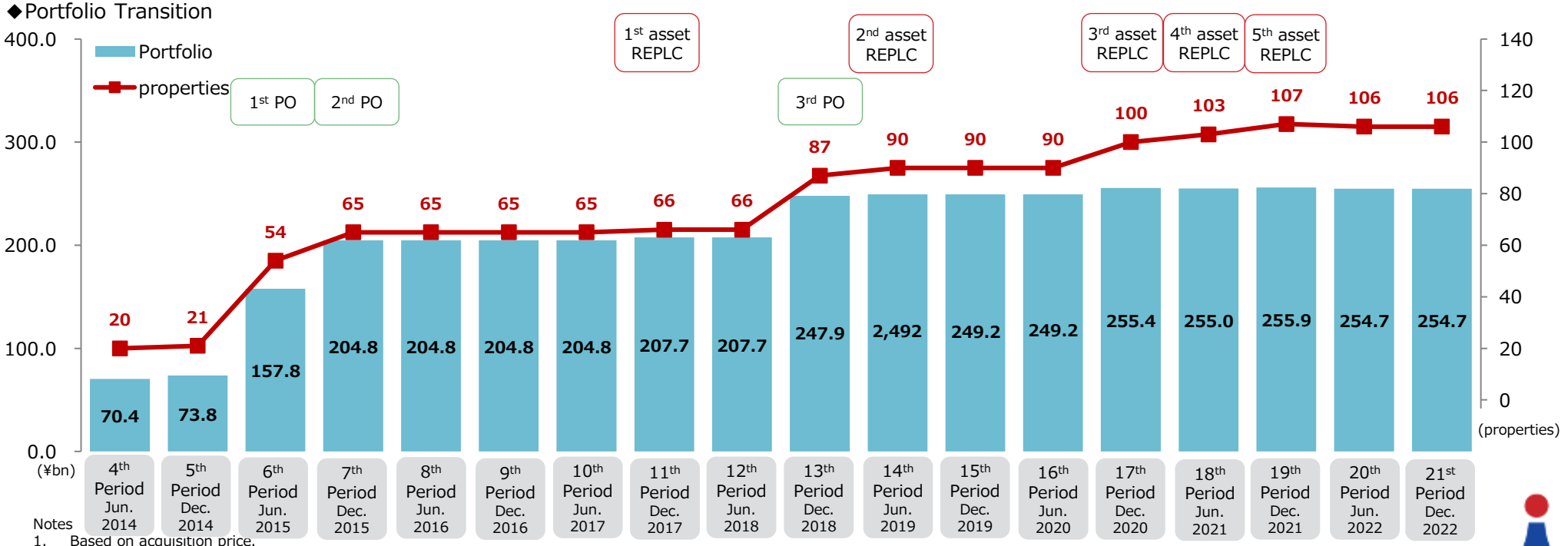
Notes
1. "Target NOI Yield" refers to the NOI yield based on NIPPON REIT's cash flow projection at the time of the acquisition against acquisition price. The same applies hereafter.
2. Mid-sized office indicates office building of which total floor space is less than 10,000 tsubo . The same applies hereafter.
3. "6 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards. The same applies hereafter.
4. "Proportion of the 5 largest tenants" are calculated as follow for end-tenants of office (excluding Residential area)and retail properties. By leased area: leased area of respective tenant as of the end of the 21st Period / total leasable area.

Portfolio/Portfolio Diversification/Tenant Diversification

◆Portfolio diversification/ Tenant diversification Transition



◆Portfolio Transition

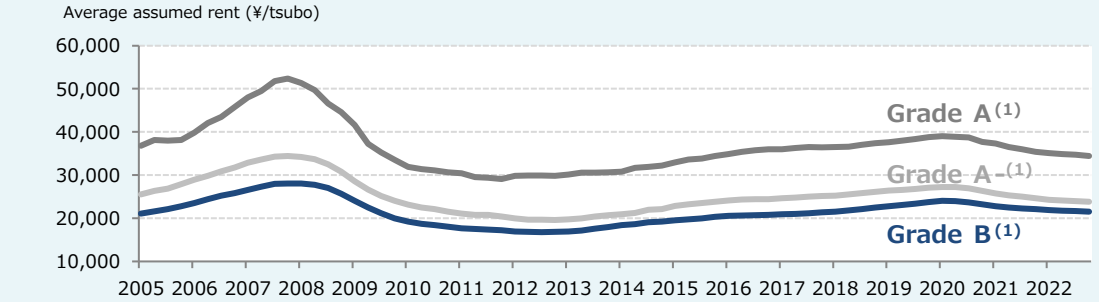


Notes
1. Based on acquisition price.
2. End tenants of office and retail properties only. Based on the leased area and number of end tenants as of respective period.

Characteristics of Medium-sized Office

1) Low Volatility

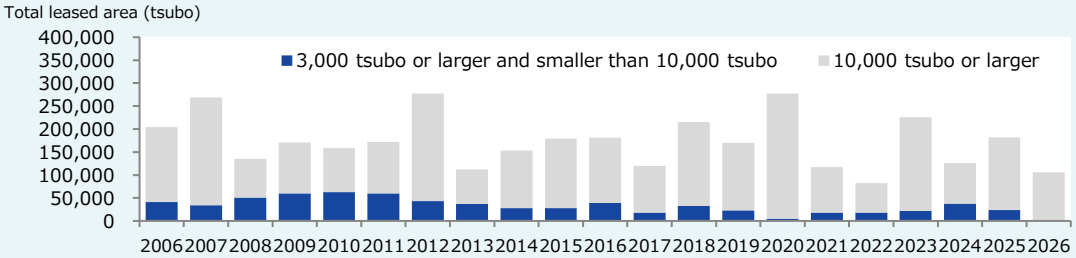
《Office Rent Trend by Building Grade in 23 Wards of Tokyo 》



Source : CBRE K.K

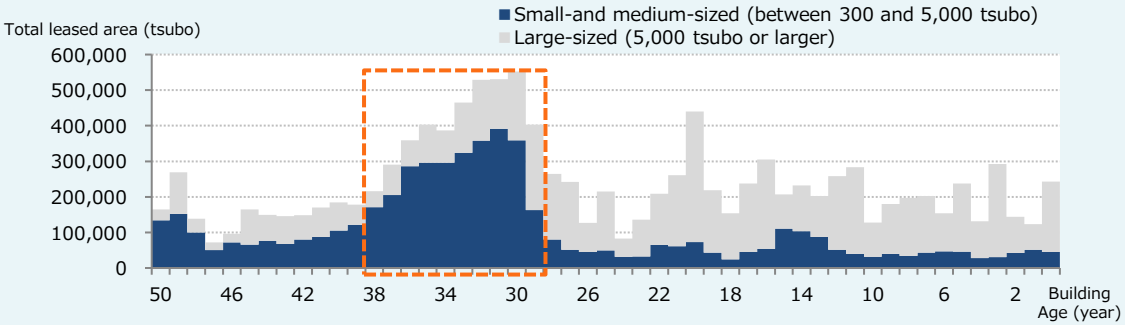
2) Limited Supply

《Office Building Supply in 23 Wards of Tokyo》



Source : prepared by Asset management company based on data provided from Xymax Real Estate Institute Corporation

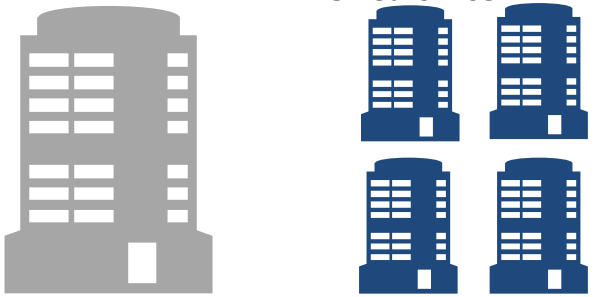
《Office Building Stocks in 23 Wards of Tokyo》



Source : prepared by Asset management company based on data provided from Xymax Real Estate Institute Corporation

Grade A offices
=large-sized office

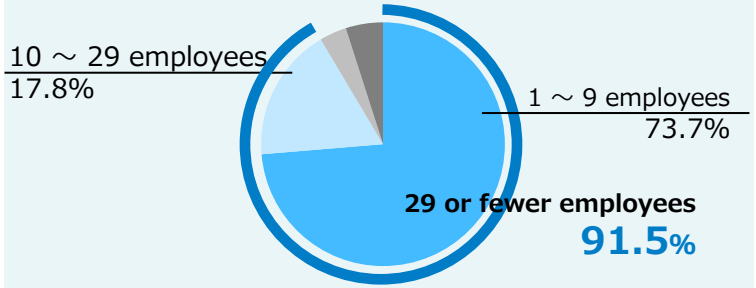
Grade B offices
=Small-and medium-sized office



All of office properties in our portfolio
=Grade B office

3) Strong Demand

《Composition of Offices by Number of Employees in 23 Wards of Tokyo》



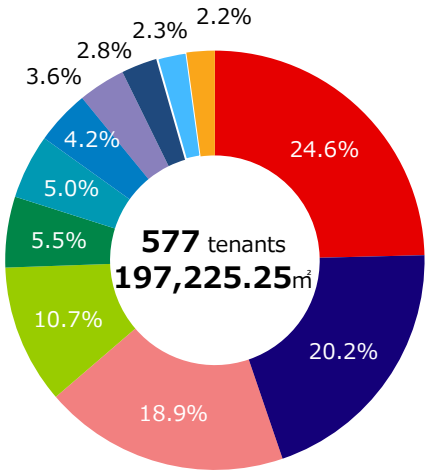
Source : prepared by Asset management company based on data provided from Statistics Bureau, MIC

1. "Grade A" refers to the office buildings located within the areas defined by CBRE K.K. which are in 5 central wards of Tokyo, having more than 6,500 tsubo of total leasable area and 10,000 tsubo of gross floor area, less than 11years old, and if located in 5 central wards of Tokyo, more than 500 tsubo of basic floor area. "Grade A-" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 250 tsubo of basic floor area, 4,500 tsubo of total leasable area, and 7,000 tsubo of gross floor area and comply with the current earthquake resistance standard. "Grade B" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 200 tsubo of basic floor area, between 2,000 and 7,000 tsubo of gross floor area, and comply with the current earthquake resistance standard.

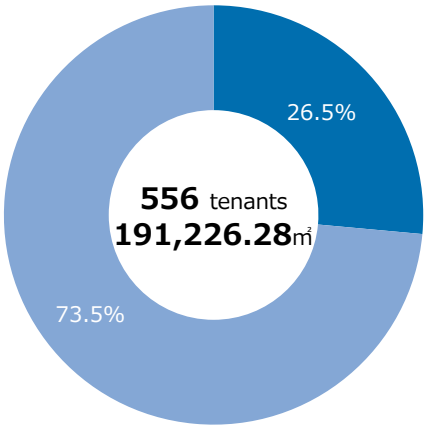
Ratio of Tenant (by leased area)(as of the end the 21st Period)

NIPPON REIT Investment Corporation

《By Industry(1)》



《By Scale(2)》



	Industry	Leased area (㎡)	Number of tenants	Share
1	Info-telecommunications	48,545.97	117	24.6%
2	Services	39,744.14	139	20.2%
3	Manufacturing	37,351.40	93	18.9%
4	Wholesale･Retail	21,180.49	68	10.7%
5	Finance･Insurance	10,765.10	21	5.5%
6	Real estate	9,824.30	32	5.0%
7	Building constructor	8,292.78	29	4.2%
8	Education･Learning support	7,191.49	21	3.6%
9	Medical services･Social welfare	5,574.95	20	2.8%
10	Accommodations･Eating and drinking services	4,469.45	26	2.3%
11	Other	4,285.18	11	2.2%

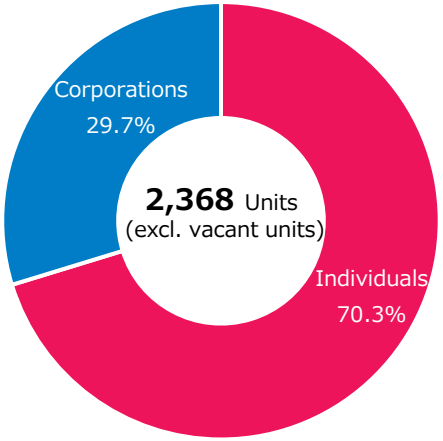
		Leased area (㎡)	Number of tenants	Share
1	TSE Prime Market Companies and Its Subsidiaries	50,582.01	98	26.5%
2	Other	140,644.27	458	73.5%

Notes
1. Calculated for end-tenants of office (excluding Residential area) and retail properties.
2. Calculated for end-tenants of office (excluding Residential and retail area).

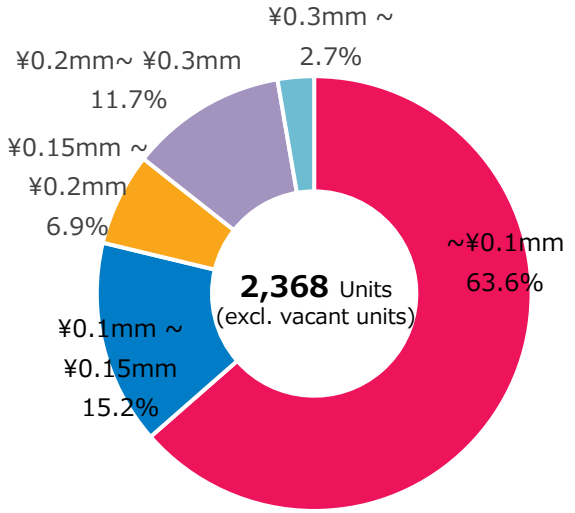
Residential Tenant Data (as of the end the 21st Period)

NIPPON REIT Investment Corporation

《Contract Category (based on number of units)》



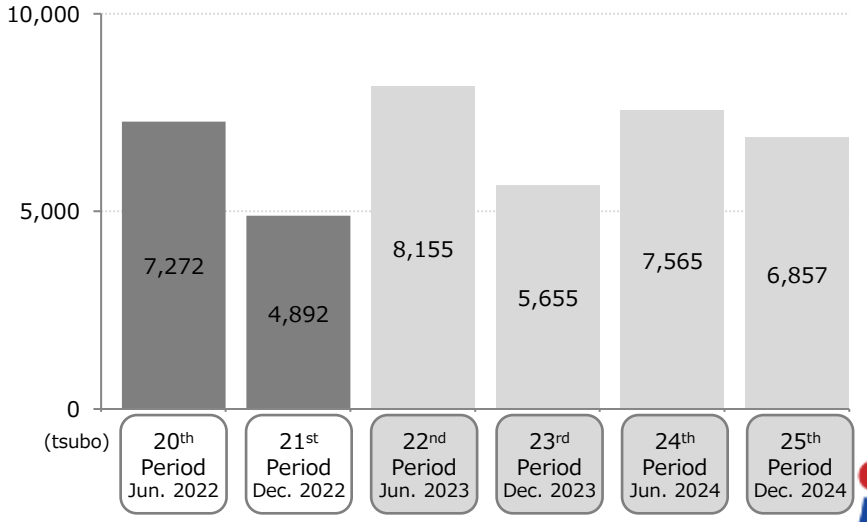
《Diversification by Monthly Rent (based on number of units)》



《Occupancy Rates by Room Type (excl. office space and retail units)》

	Room Type Ratio (based on area) 21st Period (Dec. 2022)	Occupancy Rate			
		18th Period (Jun. 2021)	19th Period (Dec. 2021)	20th Period (Jun. 2022)	21st Period (Dec. 2022)
Single type (Single-person households, less than 40㎡)	42.6%	98.3%	95.2%	96.1%	95.3%
Compact type (Households of about two persons, 40㎡ or more)	7.7%	94.9%	98.4%	95.2%	95.6%
Family type (Family households with three or more people, 50㎡ or more)	49.7%	98.9%	98.8%	98.7%	98.4%

《Leasable Area Subject to Rent Renewal》

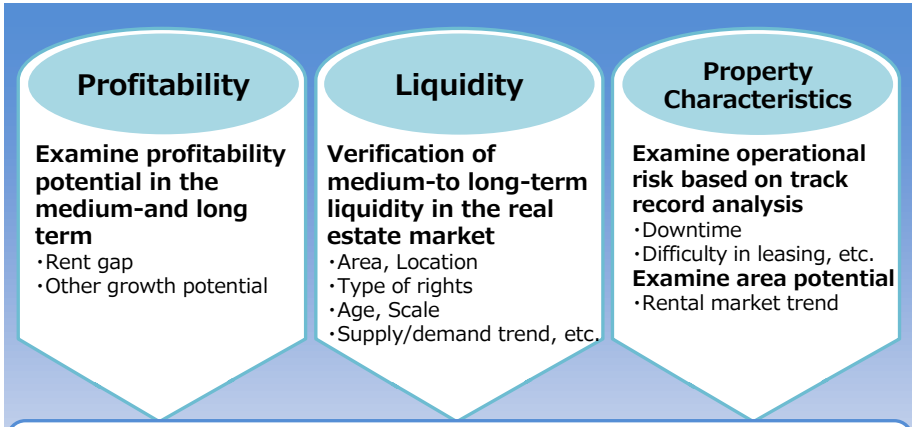


MEMO

Track Records for Asset Replacement Based on Tiering Project

《Overview of the Tiering Project》

1 Annually review and score properties based on three evaluation axes and classify into three tiers



Tier 1	Continue to hold in medium to long term
Tier 2	Continuously consider the asset management with a view of reconstruction and redevelopment
Tier 3	Formulation of a replacement strategy on the premise of improving the three evaluation axes

2 Develop 3-5 years management strategy according to the classification

◆Drafting and execution of efficient CAPEX plan
◆Determining the right timing for the asset replacement based on the transaction and leasing market trend

3 Execute efficient operational strategy

◆Review and revise the asset classification through periodic verification

《Asset replacement Records》

1st asset replacement
11th Period (Dec. 2017)

(Transfer) 2 properties ¥10.0bn
(Acquisition) 3 properties ¥11.5bn
Gain on sale ¥0.78bn
Reduction in book value ¥0.4bn

2nd asset replacement
14th Period (Jun. 2019)

(Transfer) 2 properties ¥7.2bn
(Acquisition) 5 properties ¥7.7bn
Gain on sale ¥0.49bn

3rd asset replacement
17th Period (Dec. 2020)

(Transfer) 3 properties ¥9.3bn
(Acquisition) 13 properties ¥13.7bn
Gain on sale ¥1.31bn

4th asset replacement
18th Period (Jun. 2021)

(Transfer) 3 properties ¥6.7bn
(Acquisition) 6 properties ¥5.0bn
Gain on sale ¥1.17bn

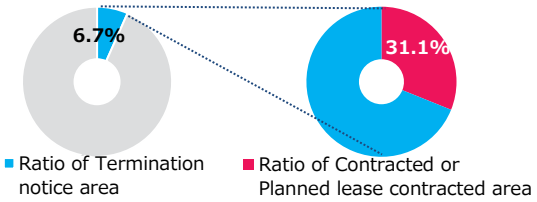
5th asset replacement
19th Period (Dec. 2021) and thereafter

(Transfer) 5 properties ¥10.0bn (scheduled)
(Acquisition) 8 properties ¥7.6bn
Gain on sale ¥1.73bn

Status of Cancellation Notices (Office & Retail) (1/2)

NIPPON REIT Investment Corporation

《Ratio of areas where cancellation notices are received, new contracts are expected and concluded》



① : Total leasable floor space		201,149.77 ㎡ (60,845 tsubo)	
② : Total area of cancellation notices	13,418 ㎡ (4,059 tsubo)	③ : Area in ② where contract is closed or expected to be closed	4,171 ㎡ (1,261 tsubo)
Ratio	**6.7%**	Ratio	**31.1%**

Property Name	Occupancy Rate (Dec. 2022)	Status of Cancellation Notices		Status of Leasing Activities	Assumed Occupancy Rate(1)	
FORECAST Yotsuya	89.7%	1 floor (52 tsubo)	Vacant	New lease concluded	100.0%	(Feb. 2023)
FORECAST Kameido	94.7%	1 space (49 tsubo)	Vacant	New lease concluded	100.0%	(Feb. 2023)
Omiya Center Building	98.6%	1 space (60 tsubo) 1 space (73 tsubo)	Vacant Cancellation notice	New lease conclusion expected	100.0%	(Jun. 2023)
GreenOak Takanawadai	82.1%	1 floor (52 tsubo) 2 floors (116 tsubo) 1 floor (89 tsubo)	Vacant Cancellation notice Vacant	New lease conclusion expected New lease conclusion expected New lease concluded	100.0%	(Jun. 2023)
FORECAST Kayabacho	100.0%	1 space (15 tsubo) 1 floor (149 tsubo)	Cancellation notice	Leasing activities ongoing New lease conclusion expected	98.7%	(Jun. 2023)
Kanda Ocean Building	90.2%	1 floor (43 tsubo) 1 space (9 tsubo)	Vacant Cancellation notice	New lease concluded Leasing activities ongoing	97.9%	(Mar. 2023)
I・S Minamimorimachi Building	100.0%	1 space (33 tsubo)	Cancellation notice	Leasing activities ongoing	97.3%	(Aug. 2023)
FORECAST Shinjuku SOUTH	100.0%	1 space (164 tsubo)	Cancellation notice	Leasing activities ongoing	96.1%	(Apr. 2023)
The Square	100.0%	1 space (23 tsubo)	Cancellation notice	Leasing activities ongoing	94.9%	(Apr. 2023)
FORECAST Gotanda WEST	100.0%	1 space (141 tsubo) 1 floor (212 tsubo)	Cancellation notice	Leasing activities ongoing New lease concluded	94.8%	(Sep. 2023)
FORECAST Ichigaya	100.0%	1 space (61 tsubo)	Cancellation notice	Leasing activities ongoing	94.7%	(Aug. 2023)
FORECAST Sakurabashi	100.0%	1 space (118 tsubo)	Cancellation notice	Leasing activities ongoing	94.1%	(Mar. 2023)

Note
1. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and Cancellation notices at the end of Jan. 2023.

Status of Cancellation Notices (Office & Retail) (2/2)

Property name	Occupancy Rate (Dec. 2022)	Status of Cancellation notices	Status of Leasing Activities	Assumed Occupancy Rate(1)
DIA Building Meieki	100.0%	2 spaces (38 tsubo) Cancellation notice	Leasing activities ongoing	92.8% (Aug. 2023)
Toranomon Sakura Building	90.8%	1 space (84 tsubo) Vacant 1 floor (184 tsubo) Cancellation notice	Leasing activities ongoing New lease conclusion expected	90.8% (Apr. 2023)
MK Kojimachi Building	90.7%	1 floor (50 tsubo) Vacant	Leasing activities ongoing	90.7% (Jan. 2023)
NRT Kandasudacho Building	100.0%	1 floor (33 tsubo) Cancellation notice	Leasing activities ongoing	90.5% (Mar. 2023)
Alte Building Higobashi	100.0%	1 floor (110 tsubo) Cancellation notice	Leasing activities ongoing	89.5% (Jul. 2023)
Tsukiji Front	100.0%	1 floor (25 tsubo) Cancellation notice	Leasing activities ongoing	88.0% (Feb. 2023)
ANTEX24 Building	86.7%	1 floor (90 tsubo) Vacant	Leasing activities ongoing	86.7% (Jan. 2023)
La Verite AKASAKA	100.0%	1 floor (69 tsubo) 1 floor (69 tsubo) Cancellation notice	New lease conclusion expected Leasing activities ongoing	86.7% (Jul. 2023)
Itohpia Iwamotocho 2-chome Building	100.0%	2 spaces (146 tsubo) Cancellation notice	Leasing activities ongoing	86.0% (Jun. 2023)
FORECAST Takadanobaba	83.8%	1 floor (277 tsubo) Vacant	Leasing activities ongoing	83.8% (Jan. 2023)
Towa Higashi-Gotanda Building	100.0%	1 floor (158 tsubo) Cancellation notice	Leasing activities ongoing	82.1% (Jun. 2023)
Nishi-Gotanda 8-chome Building	100.0%	2 floors (202 tsubo) 1 floor (109 tsubo) Cancellation notice	Leasing activities ongoing New lease concluded	77.7% (Aug. 2023)
Shinto GINZA EAST	74.1%	2 floors (95 tsubo) Vacant	Leasing activities ongoing	74.1% (Jan. 2023)
Itohpia Iwamotocho ANNEX Building	100.0%	2 floors (249 tsubo) Cancellation notice	Leasing activities ongoing	73.1% (Aug. 2023)
Central Daikanyama	100.0%	2 floors・1 space (175 tsubo) Cancellation notice	Leasing activities ongoing	69.5% (Aug. 2023)
Hiroo ON Building	100.0%	5 floors (421 tsubo) Cancellation notice	Leasing activities ongoing	37.7% (Nov. 2023)

Note
1. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and Cancellation notices at the end of Jan. 2023.

MEMO

Original Leasing Services

We use a variety of leasing service to proactively support small and medium enterprises and venture companies etc., who are main target tenants for NIPPON REIT, to move into the properties held by NIPPON REIT

	Select Office	ittoku	shikittoku	Shikikin tsunagetoku?
Summary	Original leasing service by which tenants can select office layout from several patterns and NIPPON REIT shares costs of the office interior work	Original leasing services with NISSHO-HO Co.,Ltd("NISSHO-HO") by which tenant can reduce drastically relocation costs	Original leasing services with JCPG by which NIPPON REIT refunds a half of deposit after the end of original Leasing activities ongoing period depending on the tenant's financial condition	Original leasing services with JCPG to promote office transfer by allowing up to 9 months of deposit of deposits at the time of the conclusion of a Leasing activities ongoing
Service features	・Selectable ・Visible Virtual Realty(VR) ・Low Cost	・1 month deposit ・No warranty fee ・No restoration cost ・No jointly and severally liable surety	・Refund a half of deposit ・No warranty fee ・No jointly and severally liable surety	・Moratorium of placing a deposit ・No warranty fee
Tenants' needs	・To improve work environment with efficient and comfortable layout ・To reduce relocation cost to invest our business as much as possible	・To minimize initial cost of a security deposit at the move-in ・To avoid arranging a surety jointly and severally liable for rent payment	・To make effective use of deposit ・To avoid arranging a surety jointly and severally liable for rent payment	・To avoid double deposits ・To increase flexibility of relocation and moving periods ・To make effective use of cash on hand
NIPPON REIT 's benefit	・Profitability enhancement ・Promotion of leasing activity ・Improvement of tenant satisfaction	・Profitability enhancement ・Wider range of leasing targets ・Strengthening Credit management by JCPG	・Profitability enhancement ・Wider range of leasing targets ・Strengthening Credit management by JCPG	・Decrease of down-time and free rent period ・Wider range of leasing targets ・Strengthening Credit management by JCPG

Sustainability Initiatives (Environment)

NIPPON REIT Investment Corporation

《GRESB Real Estate Assessment》

In the 2022 GRESB Real Estate Assessment, NIPPON REIT has received “3 Stars” in GRESB Rating and designated as a “Green Star” for the sixth consecutive year since its first participation in 2017. In addition, NIPPON REIT has achieved the highest “A” level for the GRESB Public Disclosure.

GRESB was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI).

《Principles for Financial Action for the 21st Century》

SBI REIT Advisors Co., Ltd. has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in December 2020. PFA21 was established in October 2011 as a guideline for financial institutions seeking to fulfil their roles and responsibilities in shaping a sustainable society, with the Ministry of Environment taking on the role of secretariat.

《Environmental Considerations Rating Obtained form SMBC》

“SMBC Environmental Assessment Loan” assesses status of corporate initiatives for environmental considerations, on loan execution and establishment of lending conditions, based on environmental assessment criteria developed independently by SMBC and The Japan Research Institute, Limited.

NIPPON REIT received an “A” grade from SMBC in accordance with “SMBC Environmental Assessment Loan”, in recognition of its commitment to environmental initiatives in asset management.

《Task Force on Climate-related Financial Disclosures (TCFD)》 NEW

SBI REIT Advisors Co., Ltd. has declared its support for the Task Force on Climate-related Financial Disclosures (TCFD) and its recommendations in December 2022, and has joined the TCFD Consortium in January 2023, an organization formed by domestic companies that support the TCFD recommendations.

The TCFD is an organization established by the Financial Stability Board (FSB) at the request of the G20 for the purpose of discussing how climate-related information should be disclosed and how financial institutions should respond. The TCFD released recommendations for companies to disclose their “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets” for climate change-related risks and opportunities.

- Acquisition of Environmental Certifications

DBJ Green Building Certification (2 properties, 6.96%)	CASBEE for Real Estate (3 properties, 8.88%) NEW	BELS Certification (21 properties, 28.50%)	Low-Carbon Model Building (5 properties, 5.36%) NEW

Total of 27 properties, 44.09% of the Portfolio based on total floor area +8.37%

*In case when a property holds multiple certifications, it is calculated as one property.

Details of each authentication are provided on each authentication name at the link to which it is attached.

Sustainability Initiatives (Environment)

NIPPON REIT Investment Corporation

《Sustainability Target》

(1) Establishment of targets to reduce energy use

- Pursuant to the Energy Conservation Act (Act on the Rational Use of Energy), in every year period, the basic target is set for reducing the basic unit of energy consumption by 1% annually on average for the entire portfolio and individual properties.
- The targets of the properties subject to municipal ordinances related to global warming countermeasures will be set individually.

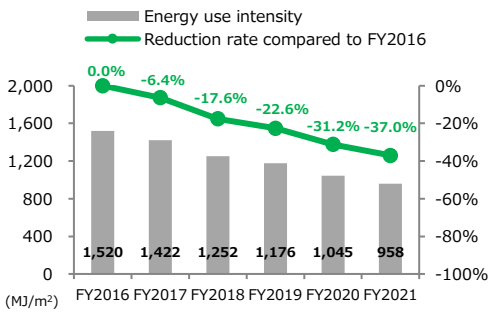
(2) Management of targets

- As a general principle, every three months we carry out target management, review the progress made toward achieving its targets and analyze the causes behind changes in usage by comparing to the previous period at a general meeting called Sustainability Promotion Conference.

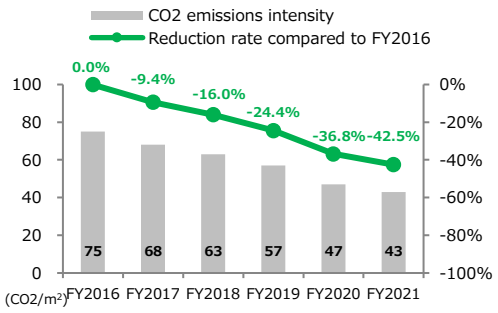
《Environment-related data》

- We periodically measure greenhouse gas emissions data and strive to reduce its environmental burden.
- We have set a target of reducing CO2 emission intensity of entire portfolio by 50% from fiscal year 2016 to 2030.

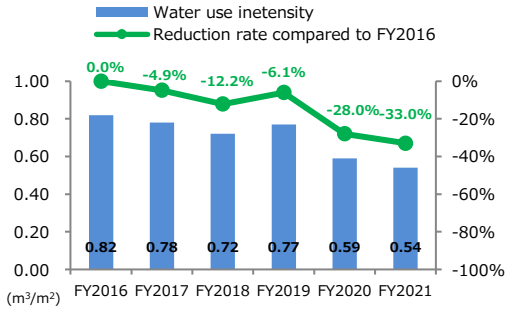
[Changes in energy use intensity]



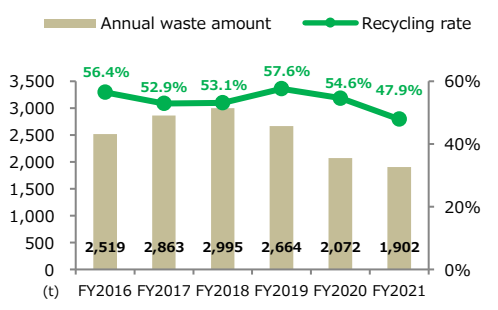
[Changes in CO2 emissions intensity]



[Change in water use intensity]



[Waste and recycling rate]



《ZEB Promotion》

- "ZEB" is an abbreviation for Net Zero Energy Building, which aims to achieve a comfortable indoor environment while eliminating the annual balance of primary energy consumed in buildings.

ZEB Ready and BELS 5-Star Properties



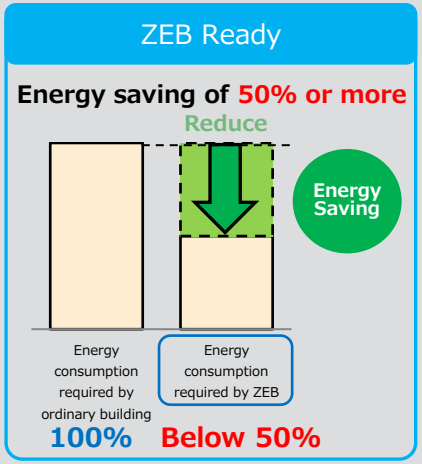
Nishi-Shinjuku Sanko Building



La Verite AKASAKA

NEW

- The Nishi-Shinjuku Sanko Building won the "Energy Conservation Center, Japan - Chairman's Award" in the 2022 Energy Conservation Grand Prize. It was highly evaluated for establishing a ZEB retrofit model case



《Utilize subsidies》

- Utilize governmental subsidy as well to make CAPEX plans beneficial
- Front-load applying for subsidies considering change of adoption target and fierce competition

《Acquisition of compliance for Low-Carbon Model Buildings in Tokyo》

- The Tokyo Metropolitan Government discloses small and medium-sized tenant buildings that are actively working to conserve energy classified as A1 or higher in the "Low Carbon Building Evaluation Index (Low Carbon Building Benchmark)" as small and medium-sized low carbon model buildings.
- The Homat Horizon Building was newly certified by installing total heat exchanger, water-saving equipment, adopting high-efficiency lighting fixtures, providing energy consumption data to tenants, cleaning and inspection of air-conditioning filters, and regular maintenance and inspection of other equipment. NEW
- FORECAST Ningyocho has newly achieved conformity through measures including installation of total heat exchanger and LED lightings, taking energy consumption data and encouraging tenants to cooperate in global warming countermeasures. NEW

Low-Carbon Model Buildings in the Portfolio



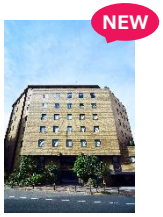
Itohpia Iwamotocho ANNEX Building



Shinto GINZA EAST



FORECAST Kayabacho



NEW

Homat Horizon Building



NEW

FORECAST Ningyocho

Sustainability Initiatives (Environment/Social)

NIPPON REIT Investment Corporation

《Switching to Renewable Energy-Derived Electricity》

With the use of electricity derived from renewable energy, CO2 emissions from the electricity used in three properties are reduced to virtually zero.

Properties Switched to "Renewable Energy" Derived Electricity


La Verite AKASAKA


Pigeon Building


Omiya Center Building

《Initiatives for Tenants and Local Communities》

We are making various efforts to contribute to the satisfaction of the tenants and the development of the areas where properties are located.

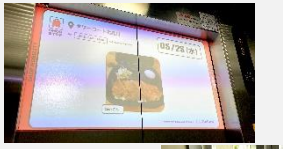
<Setting up of PCR Testing Center> NEW

We have set up a PCR test center in the square of the Omiya Center Building with the aim of preventing the spread of Covid-19 and contributing to the local community.


Omiya Center Building

<Installation of digital signages>

Installed digital signages and electric cinema were installed at the elevator hall of 42 office and 9 Residential properties. we currently broadcast news and promotional content to tenants and visitors waiting for elevators.




Tower Court Kitashinagawa

<Installation of food trucks>

Part of the site is provided to food trucks (mobile stores) to meet residents' needs. We provide daily meal services to office workers with various circumstances, such as a shortage of restaurants in the neighborhood and difficulty of having lunch outside during a limited lunch break.

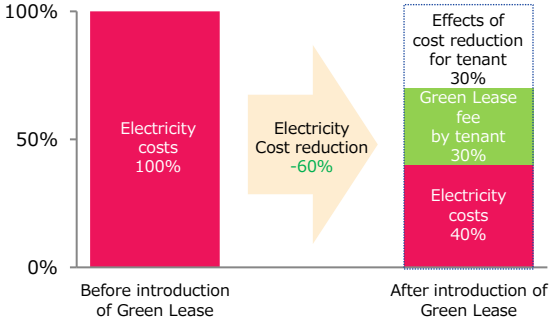


Shibakoen Sanchome Building

《Green Lease Initiatives》

- To install LED light and some ecological equipment with government subsidy, we make efforts to reduce energy.
- And, making a contract with each tenant for Green Lease, we earn part of incomes that are performed by reduction of utility costs.

Green Lease structure case



[Our properties with Green Lease]

・La Verite AKASAKA
・Itohpia Iwamotocho 1-chome Building
・FORECAST Gotanda WEST
・Pigeon Building
・FORECAST Takadanobaba
・Towa Higashi-Gotanda Building
・Itohpia Kiyosubashidori Building
・Nishi-Shinjuku Sanko Building

《"Environmentally Friendly Materials" in Printed Materials》

Environmental-friendly materials such as vegetable oil inks are used in the Asset Management Report sent to the Investors by the investment corporation.
In addition, at the GP Plant, which is environmentally conscious in all manufacturing processes for printed materials, a waterless printing machine without waste liquid is used, and glassine paper, which can be recycled as it is, is used in the windows of envelopes.

VEGETABLE OIL INK
GREEN PRINTING JFPI
Waterless Printing, Naturally.

《Easy place to work》

We are aiming to create environment where employees can work comfortably and peacefully. We implement various initiatives from aspects of health and safety including work life balance, health and labor management, as well as job satisfaction.

■Various Initiatives

- Super Flextime System
- Support for Childcare
- Education and Training
- Acquisition of Qualification
- Questionnaire on Employees' Satisfaction
- Sound design for Office (BGM)
- Implementation of Work From Home
- Introduction of industrial physicians and health committees
- Introduction of the health committee and appointment of industrial physicians

etc.

SOUND DESIGN for OFFICE

■The number of qualification holders

Asset Management Company	
Real estate notary	21
ARES Certified Master	6
Official Real Estate Consulting Master	2
Certified Building Administrator	1
Securities analyst	2

As of the end of Dec. 2022 (Includes overlapping and those who has passed the exam)

Sustainability Initiatives (Governance)

《Method for pursuing the interest of Unitholders》

Management fee system linked to DPU

● Asset management fee

	Calculation method
AM fee1 (AUM-based fee)	Total assets of the immediately preceding period × annual rate of 0.35% (maximum rate)
AM fee2 (DPU-based fee)	NOI × DPU volatility (1) × 2.5%(maximum rate)

● Acquisition and Disposition fee

	Calculation method
Acquisition fee	Acquisition price × 1.0%(maximum rate) ※Acquisition from interested parties : acquisition price × 0.5%(maximum rate)
Disposition fee	Transfer price × 1.0%(maximum rate) ※Transfer to interested parties : transfer price × 0.5%(maximum rate)

Same-boat investment by the sponsor

SBI Holdings, the main sponsor	Owns 15,500 investment units of NIPPON REIT

Same-boat measure by director and employee of the AM

DPU-based remuneration(director)	Introduced DPU-based remuneration
AM fee 2-based incentive bonus (employee)	Introduced AM fee2-based incentive bonus for employees
Employee Investment Unit Ownership Program	Name: SBI REIT Advisors CO., Ltd. Investment Unit Ownership Association Membership eligibility: Employees of SRA (Excluding the director of SRA) Date of introduction: June 2019

《Decision-making process》

Decision-making process regarding transaction of assets under management with interested parties

Proposal by the department in charge

Request for endorsement

Deliberation by the Compliance Officer

Request for endorsement

Deliberation and resolution by the Compliance Committee

- **Grant of veto power in effect to outside members over the resolution of the Compliance Committee**

Passing

Deliberation and resolution by the Investment Committee

- **Grant of veto power in effect outside member over the resolution of the Investment Committee**

Passing

Deliberation and resolution by the Board of Directors

Passing

Approval by the Board of Officers and Consent from NIPPON REIT(2)

- **Transactions with interested parties are subject to prior approval by the Board of Officers of NIPPON REIT**

Approval and Consent(2)

Decision by the Board of Directors(3)

《Principles for Customer-Oriented Business Conduct》

SBI REIT Advisors Co., Ltd. adopted "the Principles for Customer-Oriented Business Conduct" announced on March 30, 2017 by the Financial Services Agency. Positioning the Investment Corporation and its unitholders as customers, the Company prepared and announced the policy for implementing customer-oriented operations in its asset management. It has been disclosing the implementation of the policy as necessary once a year.
Please click here for details (Japanese website).

Notes
1. **DPU volatility = (Adjusted DPU for a certain fiscal period - adjusted DPU for the preceding fiscal period) / adjusted DPU for the previous fiscal period + 1**
2. Consent from NIPPON REIT shall not be required but approval from the Board of Officers shall be required for the transactions stipulated in article 2-1 of the Investment Trusts act and articles 245-2 of the Order for Enforcement of the Investment Trust Acts.
3. The Board of Directors makes a decision after confirming that each procedure has been appropriately completed

Overview of Sponsor Support

NIPPON REIT Investment Corporation

◆ Leveraging sponsor support, NIPPON REIT aims for growth via acquisitions

NIPPON REIT Investment Corporation

External Growth Strategy

Expanding the asset size through utilizing the real estate network respective sponsor companies and acquisition from external sources

Internal Growth Strategy

Recognizing and retaining with experienced PM an BM provider, whilst utilizing prop-tech services within the SBI Group

Utilize the Proprietary Networks of the Asset Management Company :

SBI REIT Advisors

- ◆ Build the Asset Management Company's proprietary networks for property acquisitions by assigning human resources who have experiences at respective sponsor companies in property acquisitions mainly through negotiated transactions with third parties

- ◆ Maintain and enhance competitiveness in accordance with the characteristics of the portfolio and individual properties, based on the proprietary networks and knowledge fostered through operations at respective sponsor companies
- ◆ Build an appropriate administration and operation system by selecting the most suitable property management companies

Utilize the Networks of the Respective Sponsor Companies:

SBI GROUP　CUSHMAN & WAKEFIELD　AGILITY ASSET ADVISERS

- ◆ **Utilize the networks of respective sponsor companies**
  - Preferentially obtain property information and be granted an exclusive negotiation right to purchase properties (from respective sponsor companies)
  - Provision of information on sales of qualified real estate(1) owned by business partners (from **SBI**)
- ◆ **Utilize bridge funds that are formed with the involvement of respective sponsor companies**
  - Avoid missing acquisition opportunities and maximize growth opportunities by taking advantage of the bridge funds that are formed with the involvement of the respective sponsor companies for the purpose of future acquisition

- ◆ **Recognizing and retaining past transactions with an experienced PM and BM provider**
  - Considering the continuation of the PM and BM contracts for properties with a subsidiary of the former sponsor for its accumulated experience
- ◆ **Utilizing prop-tech services within the SBI Group**
  - Maintaining the appropriate management withheld until now, whilst also contemplating the introduction of new technologies to optimize efficiency in wide areas including 'Support of property lease brokerage・management' 'VR・AR', 'Data Utilization', 'Sharing', 'IoT/Smart Homes' etc.

Support Details

- ◆ **Provision of human resources**
  - Cooperation in securing human resources (by respective sponsor companies)
  - Provision of training to the officers and employees (by **SBI** and AAA)
- ◆ **Survey of real estate and market trends**
  - Survey and provision of information regarding qualified real estate and trends in the real estate transaction or rental market, etc. (by Cushman)

(Trademark license provided by Sojitz will be expired and the name changed after a grade period for tenants)

Note
1. "Qualified real estate" refers to real estate, trust beneficiary interest in real estate, real estate-backed securities or equity interest in silent partnership backed by real estate (including real estate under development), which are consistent with the investment policy established by NIPPON REIT and SRA

MEMO

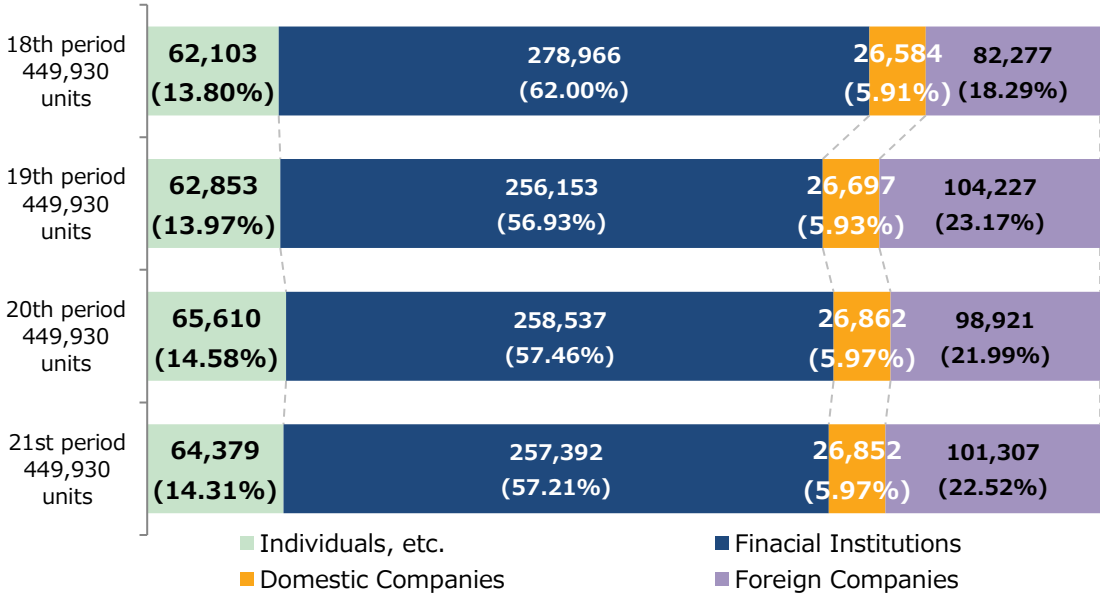
Unitholder Status

NIPPON REIT Investment Corporation

《Number of Unitholders and Investment Units by Unitholder Type》

	21st Period (Dec. 2022)			
	Number of Unitholders	Share	Number of unit	Share
Individuals, etc.	13,118	95.54%	64,379	14.31%
Financial Institutions	109	0.79%	257,392	57.21%
Domestic Companies	265	1.93%	26,852	5.97%
Foreign Companies	239	1.74%	101,307	22.52%
Total	**13,731**	**100.00%**	**449,930**	**100.00%**

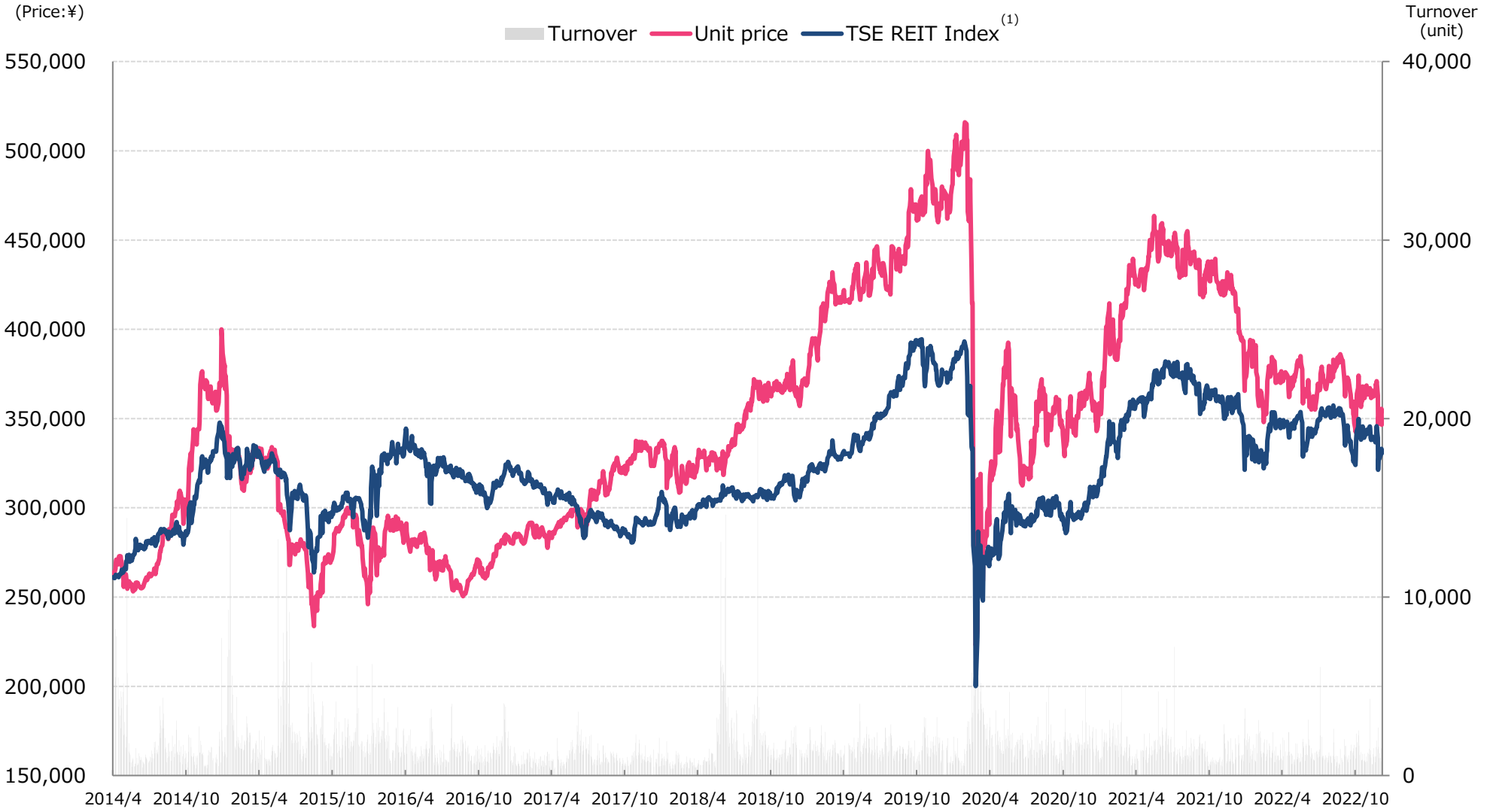
《Investment Unit Ratios》



《Top 10 Major Unitholders 》

	21st Period (Dec. 2022)		
	Name	Number of unit	Share
1	Custody Bank of Japan, Ltd. (Trust Account)	107,809	23.96%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	66,808	14.85%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	20,947	4.66%
4	SBI Holdings, Inc.	15,500	3.44%
5	BNYM AS AGT/CLTS NON TREATY JASDEC	7,852	1.75%
6	STATE STREET BANK WEST CLIENT – TREATY 505234	7,369	1.64%
7	SSBTC CLIENT OMNIBUS ACCOUNT	6,225	1.38%
8	JP MORGAN CHASE BANK 385781	5,400	1.20%
9	Japan Securities Finance Co., Ltd.	5,281	1.17%
10	JP MORGAN CHASE BANK 385771	5,217	1.16%
	Total	**248,408**	**55.21%**

Historical Unit Price (From IPO to the end of the 21st Period (Dec 31, 2022))



Note
1. TSE REIT Index is indexed to the price of NIPPON REIT on April 24, 2014 (¥261,100).

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