NIPPON REIT Investment Corporation (TSE code : 3296)

Supplemental Materials on Today's Press Release

- Notice Concerning Transfer and Acquisition of Real Estate Trust Beneficiary Interests in Japan
- Notice Concerning Acquisition of Asset (Silent Partnership Equity Interest)
- Notice Concerning Receiving of Right of First Negotiation
- Notice Concerning Determination of Acquisition of Own Investment Units
- Notice Concerning Revision of the Forecast of Management Status and
- the Estimated Distribution for the Fiscal Period Ending December 2024 and the Fiscal Period Ending June 2025

September 26, 2024

NIPPON VISION

Serious, Steady, Solid.

NIPPON REIT
Investment Corporation

https://www.nippon-reit.com/en/

Executive Summary

Point 1 Improve portfolio quality through portfolio rebalance

- Divesting an old property with complicated rights at a price higher than the appraisal value
- Allocate part of the proceeds to the acquisition of newly built properties utilizing “special provisions for replacement of commercial real estate”
- Rejuvenate the portfolio by reallocating to large, newly-built properties, while avoiding a decline in income compared to a simple sale

Point 2 Expand future pipeline including new asset types

- Best use of SBI REIT Advisors’ extensive network and SBI Group’s sponsor support
- Initiatives for new asset types that reflect the latest social/economic surroundings
- Optimal framework that leverages the collective advantage of SBI Group

Point 3 Unitholder returns through unit buy-backs

- Purchase of own investment units using proceeds from property dispositions
- DPU improvement strategy through the use of internal reserves earnings and units buy-backs

Point1 : Improve portfolio quality through portfolio rebalance

- **Divesting an old property with complicated rights at a price higher than the appraisal value**
- **Allocate part of the proceeds to the acquisition of newly built properties utilizing “special provisions for replacement of commercial real estate”**
- **Rejuvenate the portfolio by reallocating to large, newly-built properties, while avoiding a decline in income compared to a simple sale**

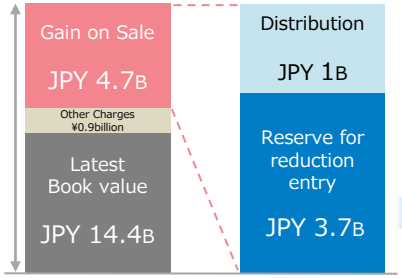
Transfer


FORECAST Shinjuku SOUTH

Counter Party	Hulic Co.,Ltd.
Transfer Date	i. March 2025/ii. July 2025
Transfer Price	JPY 20,000M i. JPY 10,000M (50% of TBI) ii. JPY 10,000M (50% of TBI)
Appraisal value	JPY 17,800mm
Gain on Sale (Estimated)	JPY 4,748mm
Construction completion	November 1980
Remarks	Land: Surface right Building: Sectional Ownership

FORECAST Shinjuku SOUTH

Selling Price JPY 20B



Effect for distributions
Stabilized DPU
JPY +35/FP (Estimated)
Achieved an increase in distributions every fiscal year by reversing “reserve for reduction entry under special provisions for replacement of commercial real estate” in accordance with the depreciation of replacement property

Reserve for reduction entry
JPY +3.7B
⇒Allocate to the acquisition of two properties

Acquisition


URAWA GARDEN BUILDING

Counter Party	Hulic Co.,Ltd
Area/Use	3 major metropolitan areas /Office
Acquisition Date	i. March 2025/ii. July 2025
Acquisition Price	12,000million yen i. JPY 2,400mm (20% of TBI) ii. JPY 9,600mm (80% of TBI)
Appraisal Value	JPY 13,000mm
NOI yield	4.0%
Construction completion	February 2024
Occupancy rate	100% (as of the acquisition date)

NEW


Shinagawa Konan PJ (tentative name)

Counter Party	i. Raysum Co.,Ltd ii. Domestic Company
Area/Use	Tokyo 6 Central Wards/Other(R&D)
Acquisition Date	March 2025
Acquisition Price	JPY 8,200mm
Appraisal Value	JPY 8,290mm
NOI yield	3.7%
Construction completion	December 2024 (currently under construction)
Occupancy rate	100% (as of the acquisition date)

Selling Price > Appraisal Value

Selling price of FORECAST Shinjuku SOUTH :
vs. **Book Value** **+39%**
vs. **Appraisal Value** **+12%**

Best utilize the proceeds

Effective NOI yield of acquired properties :
3.9% (Total for 2 properties) → **4.8%*1**

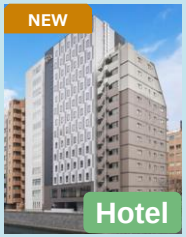
Building age

44.7years (FORECAST Shinjuku SOUTH) → **1.1years*2** (Acquired 2 assets (Urawa & Shinagawa))

*1 Actual NOI yield is obtained by dividing the appraised NOI of the acquired properties by the adjusted acquisition price (the amount by which the acquisition price is reduced to the extent of the reduction limit under the special provisions for replacement of commercial real estate).
*2 Assuming the disposal of FORECAST Shinjuku SOUTH and the acquisition of URAWA GARDEN BUILDING and Shinagawa Konan PJ to be completed by July 1, 2025.

Point2 : Expand future pipeline including new asset types

- **Best use of SBI REIT Advisors' extensive relationships and sponsor support by SBI Group**
- **Initiatives for new asset types that reflect the latest social/economic surroundings**
- **Optimal framework that leverages the collective advantage of SBI Group**

	Pipeline		Pipeline (Preferred EQ)
	 Retail	 NEW Hotel	 NEW Hotel
Property Name	K's Denki Shonan-Fujisawa (Land)	Hotel Resol Akihabara	S-PERIA INN OSAKA HOMMACHI
Area	3 major metropolitan areas	Tokyo 6 central wards	3 major metropolitan areas
Asset Type	Other (Retail)	Other (Hotel)	Other (Hotel)
Address	Fujisawa City, Kanagawa	Chiyoda Ward, Tokyo	Osaka City, Osaka
Construction Completion	-	Feb 2019	January 2019

SBI REIT Advisors

SBI REIT Advisors' extensive network

SBI Group
- ✓ **EQ support for bridge fund (Lower cost of capital compared to external source)**

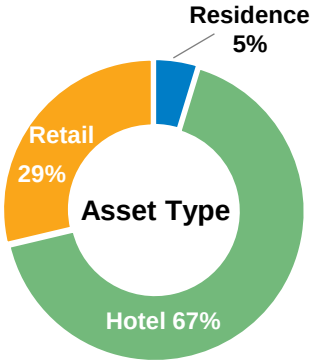
SBI Tozai Realty Advisors
- ✓ **Supplemental sourcing function**
- ✓ **Flexible bridge fund origination**

Warehousing	Fund origination
SBI GROUP SBI Tozai Realty Advisors	SBI Tozai Realty Advisors

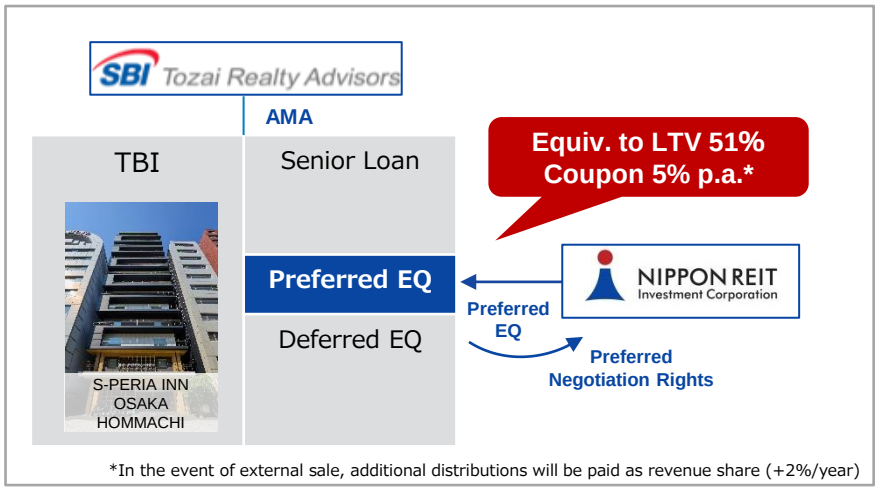
Sponsor support by SBI Group

Overview of pipeline after the expansion

Total Price Based on the preferred negotiation rights granted to Nippon REIT	**JPY 16,900mm** **+JPY 16,100mm** Compared to the previous FP
3 Major Metropolitan Area (Tokyo 6 Central Wards)	**100%** **(33.4%)**
Average Building Age (As of September 26, 2024)	**6.6years**



Pick up!! S-PERIA INN OSAKA HOMMACHI
- **First-ever investment into a hotel asset**
- **Optimal risk management through preferred EQ investment rather than direct property acquisition**



*In the event of external sale, additional distributions will be paid as revenue share (+2%/year)

Point3 : Unitholder returns through unit buy-backs

- **Purchase of own investment units using proceeds from property dispositions**
- **DPU improvement strategy through the use of internal reserves earnings and units buy-backs**

Purchase of own units using proceeds from property dispositions

			
Name	Nihombashi Playa Building	Belleza Kanayama	Komatsubara Yamamoto Mansion
Transfer Price	JPY 3,400M Jun.28 JPY 1,700M Oct.31 JPY 1,700M	JPY 730M	JPY 658M

Overview of buy-backs

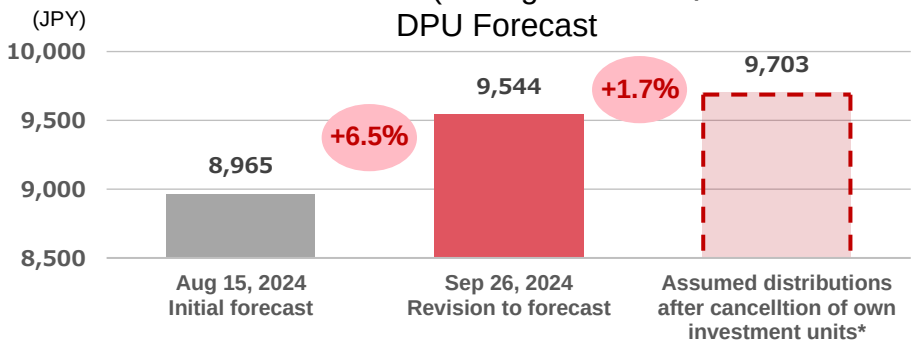
Total Number of own investment units to be purchased	Total amount of purchase price
9,000 units (maximum) (2.00% of the total number of outstanding investment units)	**JPY 2,500M (maximum)**

Buy-back period

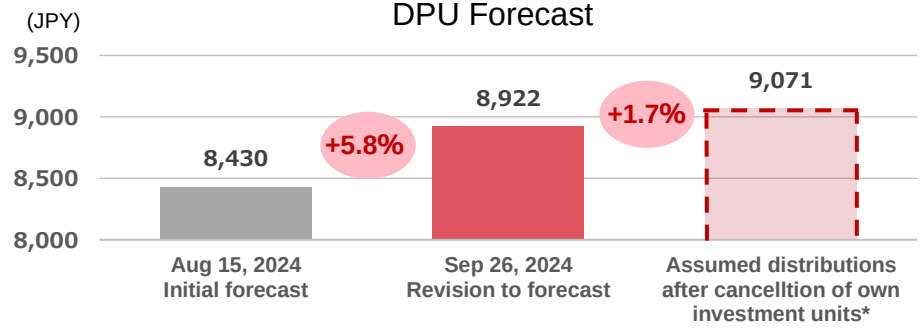
September 30, 2024 – December 13, 2024

※ Depending on the price levels of NIPPON REIT's investment units hereafter, NIPPON REIT may not purchase the maximum number of own investment units or the maximum total purchase price, or, may not purchase any investment units at all.

25th Period (ending Dec. 2024)
DPU Forecast



26th Period (ending Jun. 2025)
DPU Forecast



Assumptions : Cancellation of own investment units	
Average acquisition price	JPY 338,000
Total number of purchased investment units	7,396 units (1.6% of the total number of outstanding investment units)

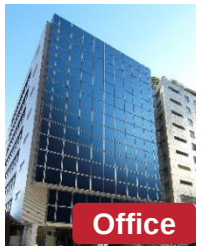
Part of the continuous commitment to increase DPU through asset replacement, the use of internal reserves, and unit buy-backs

＊Assumed distributios after cancellation of own investment units" is calculated based on the above assumptions and will vary depending on the actual total number of investment units purchased and the total purchase price.

Summary of the portfolio rebalance and pipeline expansion

NIPPON REIT Investment Corporation

Disposition





Property Name	FORECAST Shinjuku SOUTH	Field Avenue
Area	Tokyo 6 Central Wards	3 major metropolitan areas
Location	Shinjuku Ward, Tokyo	Ota Ward, Tokyo
Form of ownership	Land with surface right Sectional Ownership	Freehold
Construction Completion	November 1980	August 2000
Selling Price	JPY 20,000M	JPY 3,485M
Book Value (Estimated)	JPY 14,391M	JPY 3,085M
Appraisal Value	JPY 17,800M	JPY 3,420M
Appraisal NOI yield	3.1%	3.6%

Acquisition

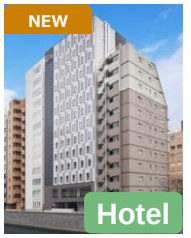




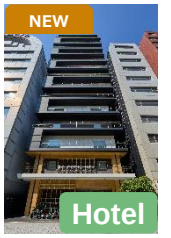
Property Name	URAWA GARDEN BUILDING	Shinagawa Konan PJ (tentative name)
Area	3 major metropolitan areas	Tokyo 6 Central Wards
Location	Saitama City, Saitama	Minato Ward, Tokyo
Form of ownership	Freehold	Freehold
Construction Completion	February 2024	December 2024 (currently under construction)
Acquisition Price	JPY 12,000M	JPY 8,200M
Appraisal Value	JPY 13,000M	JPY 8,290M
Appraisal NOI yield	4.0%	3.7%

Pipeline





Pipeline (Preferred EQ)



Property Name	K's Denki Shonan-Fujisawa (Land)	Hotel Resol Akihabara	S-PERIA INN OSAKA HOMMACHI
Area	3 major metropolitan areas	Tokyo 6 Central Wards	3 major metropolitan areas
Location	Fujisawa City, Kanagawa	Chiyoda Ward, Tokyo	Osaka City, Osaka
Form of ownership	Land	Freehold	Freehold
Construction Completion	-	February 2019	January 2019

SBI REIT Advisors' extensive network

Warehousing SBI GROUP

Origination SBI Tozai Realty Advisors

Sponsor support by SBI Group

First-ever Hotel investment through sponsor support by SBI Group

Highlights

Lowering age of buildings

28.7years (At the beginning of 24th Period) → **24.8years***1 (After asset replacement)

(Time of comparison: As of July 1, 2025)

Unitholder returns

DPU for the 25th Period (ending Dec. 2024)
JPY 9,544 (+ 579)

DPU for the 26th Period (ending Jun. 2025)
JPY 8,922 (+ 492)

Effectiveness of "reserve for reduction entry under special provisions for property replacement"

Posted a portion of gain on sale to "reserve for reduction entry under special provisions for property replacement"

→ **Stabilized DPU**
JPY +35/ FP (Estimated)

*1 Average building age after this portfolio rebalance, assuming the disposal of FORECAST Shinjuku SOUTH and the acquisition of URAWA GARDEN BUILDING, (tentative name)Shinagawa Konan PJ in addition to a residential property (Ambix Pria), which is announced on 31 May 2024, to be completed by July 1, 2025..

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Contact for inquiries

SBI REIT Advisors

TEL: +81-3-5501-0080
https://www.sbi-sra.co.jp/en/