

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

October 27, 2020


真面目に、
地道に、
堅実に。




Overview and Effects of the Assets Replacement

• Properties Subject to be Transferred / Acquired


Transfer **3 properties ¥9.3 bn**



● Komyoike Act




● Mejiro NT Building



● Mitsui Woody Building




Acquisition **13 properties ¥13.7 bn**



● UNIZO Kandasudacho 2-chome Building



● REID-C Megurohodomae



● The square




● Tsukiji Front



● Hatchobori River Gate




● L'arte Nakatsu




● City hills Andoji




● Hermitage Shin-sakae



● Sun · Meiekiminami Building



● Tenjinhigashi Residence



● DeLCCS KASAI



● Serenite Shin-Osaka



● Mullion Josai

- Office
- Residence
- Retail
- Additional acquisitions
- Acquisition from the pipeline (Bridge fund)

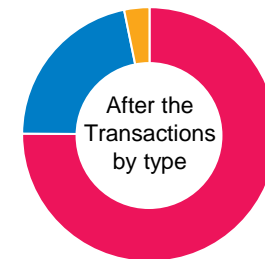
• Effects on Portfolio

◆ Improvement of portfolio quality

	Portfolio as of the end of the 16th Period (Jun. 2020)	Portfolio after the Transactions (as of Nov.20, 2020)
Number of properties	90 properties	100 properties
Acquisition price	¥249.2 bn	¥255.4 bn
Total appraisal value	¥297.1 bn	¥303.1 bn
NOI yield (before depreciation)	5.2 %	5.2 %
NOI yield (after depreciation)	4.4 %	4.4 %
Average building age (As of the end of Oct. 2020)	25.9 Year	25.3 Year

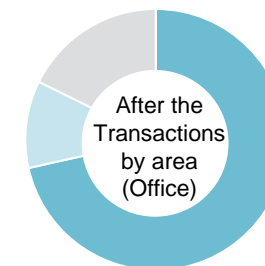
«Changes in asset type»

	Before the Transactions	After the Transactions
(Based on acquisition price)		
■ Office	77.1%	75.1%
■ Residence	18.8%	21.7%
■ Retail	4.1%	3.2%



«Changes in area» (Office)

	Before the Transactions	After the Transactions
(Based on acquisition price)		
■ 6 central wards of Tokyo	69.2%	71.5%
■ 23 wards of Tokyo (excluding the 6 central wards)	13.6%	10.8%
■ 3 major metropolitan areas (excluding 23 wards of Tokyo)	17.1%	17.7%
■ Certain Ordinance-Designated and other cities	0%	0%



◆ Return to unitholders

Distribute ¥1,317mn of gain on the transfer, forecast DPU for the 17th period increased by ¥2,786

(Note)

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

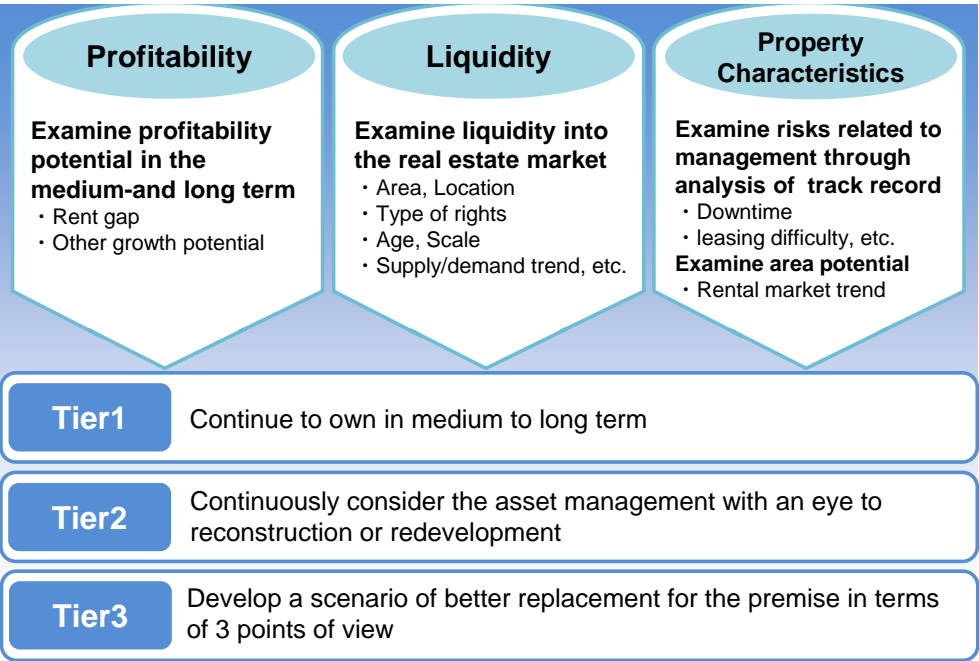
Background and Aims of the Assets Replacement and the Policy for the Future

Background of Asset Replacement

- ✓ NIPPON REIT has been executing Portfolio Refining Strategy prioritizing asset replacement based on result of Tiering Project
- ✓ We are executing timely asset replacement as an initiative with an eye on the future and considering of changes in the real estate market and the needs of tenants triggered by the COVID-19.
- ✓ We will plan asset replacement as part of the Portfolio Refining Strategy continuously.

《Summary of Tiering Project》

① Analyze properties in terms of 3 points of view and then classify them into any of Tier1, 2 or 3



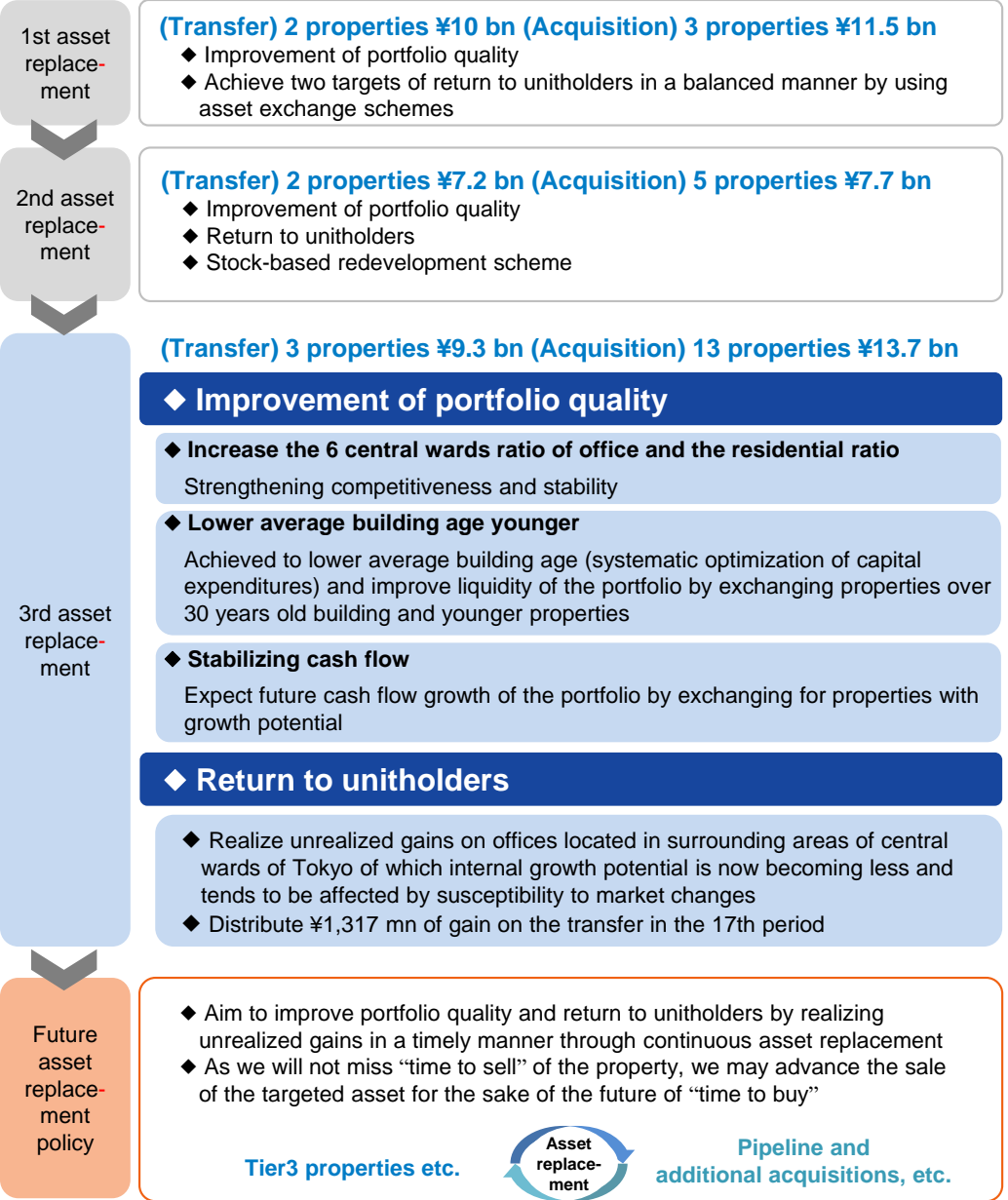
② Develop 3-5 years management strategy according to the classification

- ◆ Consider and execute efficient CAPEX plan
- ◆ Anticipate the proper timing of asset replacement by sensing market trend

③ Execute strategic and efficient asset management

- ◆ Review the asset classification through periodic verification

Aims of Asset Replacement and Future Policy



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