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For Immediate Release

Real Estate Investment Trust Securities
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Notice Concerning Completion of Acquisition of
 Real Estate Trust Beneficiary Interest in Japan

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces that today, it has completed the acquisition of the following asset, as announced in the press release titled “Notice Concerning Transfer and Acquisition of Real Estate Trust Beneficiary Interests in Japan” dated December 21, 2023.

1. Overview of the Property Acquired

Property Number (Note 1)	Real Estate in Trust (Property Name)	Location	Acquisition Price (million yen) (Note 2)	Seller
C-4	Street Life (Leasehold land)	Sendai, Miyagi	1,990	JINUSHI Financial Advisors Co., Ltd.

Note 1: “Property Number.” is the number of each property in accordance with each asset type designated by NIPPON REIT. “A” represents office, “B” represents residential and “C” represents retails and other properties, and the same shall apply hereinafter.

Note 2: “Acquisition Price” is the price of trust beneficiary interests in real estate on purchase and sales agreements of trust beneficiary rights in real estate. Furthermore, the acquisition price excludes consumption taxes, local consumption taxes and various expenses required for the acquisition and is rounded down to the nearest million yen.

2. Outline of Appraisal Report

Since the sales contract for acquisition of the Property falls under forward commitment (Note1), SBI REIT Advisors Co., Ltd (“SRA”), which is asset management company of NIPPON REIT, acquired new appraisal report of the Property with price as of December 31, 2023, in accordance with “The rule concerning Forward Commitment (Note2)” stipulated by SRA, before acquiring the Property. Outline of the appraisal report is as follows.

Note 1: Forward commitment means a sales contract that is scheduled to be settled or delivered after one month or more has passed since the conclusion of the contract, and other similar contracts. “

Note 2: Under the rule, SRA stipulates that SRA acquires a new property report of the Property that concluded forward commitment every fiscal year and discloses the results.

Summary of the Appraisal Report

Property name	Street Life (Leasehold land)
Appraisal value	2,030 million yen
Appraiser	JLL Morii Valuation & Advisory K.K.
Date of value	December 31, 2023

(Thousand yen)

	Details	Outline
Indicated value by income approach	2,030,000	In the estimation of indicated value, the capitalized value was obtained by applying DCF method. In the application of DCF method, future forecasts are made from the available objective data.
Direct capitalization method	2,030,000	
Gross operating revenue	Not disclosed (Note)	
Potential gross income	Not disclosed (Note)	
Total of vacancy losses, etc.	Not disclosed (Note)	
Operating expenses	Not disclosed (Note)	
Building management fees	-	Not applicable for leasehold land
Utilities	-	Not applicable for leasehold land
Repairs and maintenance costs	-	Not applicable for leasehold land
Property management fees	Not disclosed (Note)	
Leasing cost	-	Not applicable for leasehold land
Taxes	Not disclosed (Note)	
Insurance	-	Not applicable for leasehold land
Others	-	Be not accounted for according to the terms if the contract
Net operating income	82,244	
Non-operating income	600	Assessed by multiplying the amount obtained by deducting guarantee deposits for vacant rooms from room guarantee deposits for the time of full occupancy by a 1.0% yield.
Capital expenditure	-	Not applicable for leasehold land
Net income	82,844	
Capitalization rate	4.2%	Assessed by comprehensively considering investor research, examples of REITs, and trading market trends and other aspects in consideration of risk factors related to the regional characteristics and individuality of the property, in addition to the standard basic yield in a region where the risk is deemed to be the lowest, in light of interest rate trends for long-term JGBs and other instruments.
Indicated value by percentage approach	1,920,000	Calculated by multiplying the vacant land price by the percentage of land with leasehold interest of 90% (1-term leasehold interest of 10%).

Other matters to which the appraiser paid attention in appraisal	Based on regional and individual analyses, as well as the characteristics of prices based on the above income approach and the percentage approach, and from the judgment of the relative reliability of the materials adopted in each application approach, it is judged that a more persuasive price reflecting the actual market conditions is an income-approach value.
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(Note) Since figures based on actual values are used as a reference in this evaluation, SRA has determined that the disclosure of these figures could adversely affect NIPPON REIT by, among other things, damaging the relationship of trust with the lessee, which in turn could harm the interests of the unitholders. Therefore, SRA does not disclose these figures.

3. Other

Please refer to the [“Notice Concerning Transfer and Acquisition of Real Estate Trust Beneficiary Interests in Japan”](#) dated December 21, 2023 for details.

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

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