

ESG Annual Report 2020

April 2021



NIPPON REIT
Investment Corporation

Message from Executive Officer/ESG Activity Highlights in 2020	2
Overview and Structure of NIPPON REIT	3
Profile and Organization of Asset Management Company	4
1. Summary of ESG Initiative	
Sustainability Policy and Sustainability Promotion Structure	6
Materiality	7
Environmental Certification	8
As part of Sojitz Group	13
2. Environment	
Targets to Reduce Energy Use and Management	14
Reduction targets for Energy consumption and Green House Gas	15
Reducing energy consumption and Water conservation	16
Stakeholder Engagement to Improve Property Performance	17
3. Social	
Communication with Stakeholders	19
Improving tenant satisfaction	20
Improving Tenant Safety and Resilience for Disaster, etc.	22
Affordable Real Estate Leasing for SME	23
Initiatives targeting local stakeholders	24
Initiatives for Employees of SRA	25
Initiatives for Employees of SRA / Employee Initiatives	28
4. Governance	
Decision-Making Process	30
Asset Management Fee and Same-Boat Investment	31



About the ESG Annual Report

This report is the first ESG Annual Report of NIPPON REIT Investment Corporation ("NIPPON REIT" same shall apply hereinafter). It informs ESG related activities etc. implemented from January to December 2020, the data shall be as of the end of 2020 unless otherwise mentioned in these specifications.

Contact:

Sojitz REIT Advisors K.K.

TEL:03-5501-0080

<http://www.sojitz-sra.com/>



Message from Executive Officer



Toshio Sugita
Executive Officer

NIPPON REIT Investment Corporation (NRT) and Sojitz REIT Advisors K.K., an asset management company (SRA) of NRT, have engaged in timely investment in consideration of the medium- and long-term trends of the real estate supply-demand balance since their foundation, under the principle of unswerving discipline. Positioning Environment, Social and Governance (ESG) initiatives, among others, as a very important management issue in continually striving to enhance corporate value, NRT and SRA have established the "Sustainability Policy" and the "Sustainability Targets" in their efforts to mitigate the environmental burdens and proceed with cooperation and collaboration with stakeholders.

In particular, as a part of the initiatives for environmental consideration, NRT and SRA are proactively promoting greening buildings and have acquired environmental certification/assessments from external certification bodies, including "Green Star", the highest rank in the Global Real Estate Sustainability Benchmark (GRESB), for four years in a row.

In continuing to carry out the effective real estate investment management business, we will deepen our mutual communication with investors, tenants, local communities, employees and all other stakeholders, with the aim of contributing to unitholders' investment decisions and interests, upgrade and expand important information and properly convey it.



ESG Activity Highlights in 2020

■ Participated in the GRESB Real Estate Assessment in 2020

NIPPON REIT participated in the GRESB Real Estate Assessment in 2020 and has been ranked for the four consecutive year as "Green Star", the highest in the four available categories.

NIPPON REIT has also received "3 stars" in "GRESB Rating", which is comprised of 5 grades based on relative evaluation of the total GRESB score.

■ Identified the Materiality and Target

Based on its management philosophy of aiming for stable growth in unitholder value over the medium to long term, NIPPON REIT identified the materiality (material issues) in terms of sustainability, incorporating the perspectives of ESG in December 2020.

■ Released ESG Annual Report

We released ESG Annual Report 2020 that informs ESG related activities implemented in 2020, our sustainability policy, target and result of monitoring etc. in April 2021, it will be update every once year.

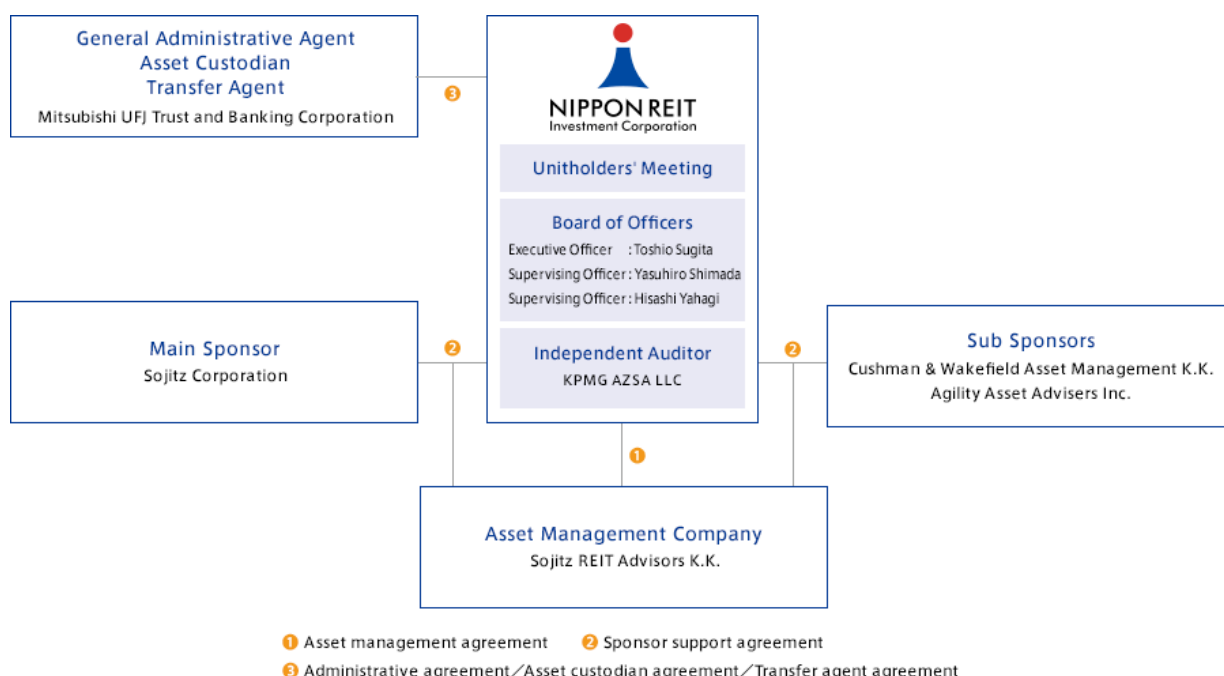
■ Signed to the Principles for Financial Action for the 21st Century

Asset management company of NIPPON REIT, Sojitz REIT Advisors K.K. ("Asset management company" or "SRA", same shall apply hereinafter) has become a signatory to the Principles for Financial Action for the 21st Century (PFA21) in December 2020.

Overview

Name	NIPPON REIT Investment Corporation
Representative	Toshio Sugita, Executive Officer
Address	Koku Kaikan 3F 18-1, Shimbashi 1-chome, Minato-ku, Tokyo
Asset Management Company	Sojitz REIT Advisors K.K.
Fiscal period ends	June 30 and December 31 of each year

Structure Diagram



For detail of Structure Diagram : <http://www.nippon-reit.com/en/about/structure.html>

Status of Officers

Executive Officer	Toshio Sugita
Supervising Officer	Yasuhiro Shimada
	Hisashi Yahagi

For detail of Status of Officers : <http://www.nippon-reit.com/en/about/profile.html>

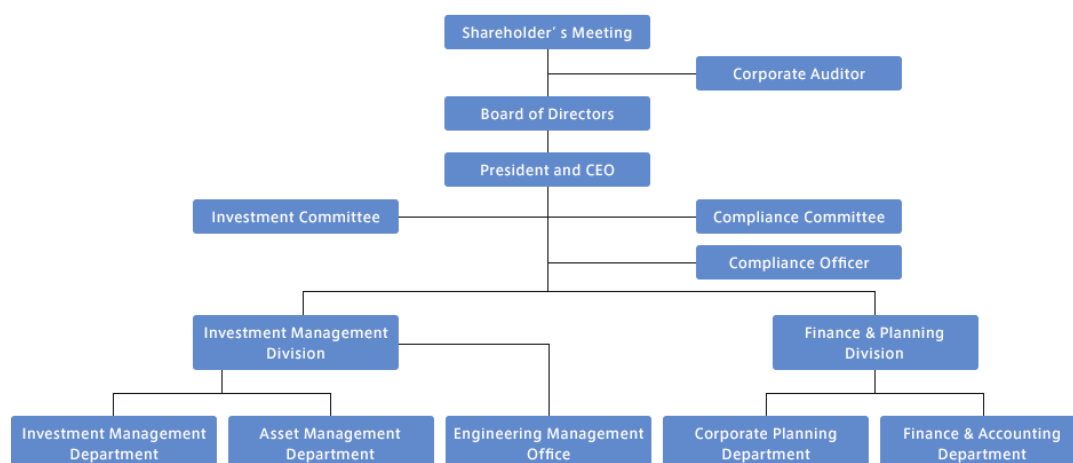


Company Profile

Trade name	Sojitz REIT Advisors K.K.	
Representative	President & CEO Toshio Sugita	
Address	Koku Kaikan 3F 18-1, Shimbashi 1-chome, Minato-ku, Tokyo	
Line of business	Investment management business	
Established	November 2, 2006	
Paid-in capital	150 million yen	
Shareholder composition	Sojitz Corporation	2,010units (67.0%)
	Cushman & Wakefield Asset Management K.K.	540units (18.0%)
	Agility Asset Advisers Inc.	450units (15.0%)



Organizational Chart



For detail of Organizational Chart : <http://www.sojitz-sra.com/en/organization/index.html>



Officers

*As of April 1, 2021

President & CEO	Toshio Sugita	Director (part-time)	Yoshiyuki Tanaka
Executive Vice President	Yukihiro Hayashi	Director (part-time)	Naomichi Iida
Senior Managing Director	Yu Mizuike	Auditor (part-time)	Mitsuaki Yuasa
Director (part-time)	Ryutaro Hirai	Auditor (part-time)	Shigeru Nakanishi

For detail of Officers : <http://www.sojitz-sra.com/en/company/index.html>

1. Summary of ESG Initiative



Sustainability Policy

Sojitz Corporation, who is the main sponsor of NRT, pursues greater business competitiveness as enterprise activities and meanwhile considers local economic development and environmental responsibility on corporations as social initiatives, keeping balance between the both sides at a high level so as to maximize mutual value of both sides. SRA has established the "Sustainability Policy" and practices it, with an understanding that taking viewpoint of ESG seriously contributes to realize basic policy of NRT such as "maximization of unitholders' value while focusing on income growth and stability".

1. Effort to save energy and reduce greenhouse gas emission

We will make effort for reduction of greenhouse gas emission to contribute to climate change prevention by improving energy efficiency and installation of facility equipment which is conducive to save energy, etc..

2. Realization of recycling-oriented society

We aim to realize recycling-oriented society by driving forward resources saving as well as waste reduction and recycling.

3. Compliance with environment-related laws and regulations

We will comply with environment-related laws and regulations including requirements which we decide to meet. Furthermore we will monitor law amendments and follow them.

4. Environmental education and enlightenment

We will disseminate the "Sustainability Policy" to our employees. Furthermore we will educate and enlighten them to consider the environment. So as to practice environmentally friendly behavior.

5. Collaboration with outside stakeholders

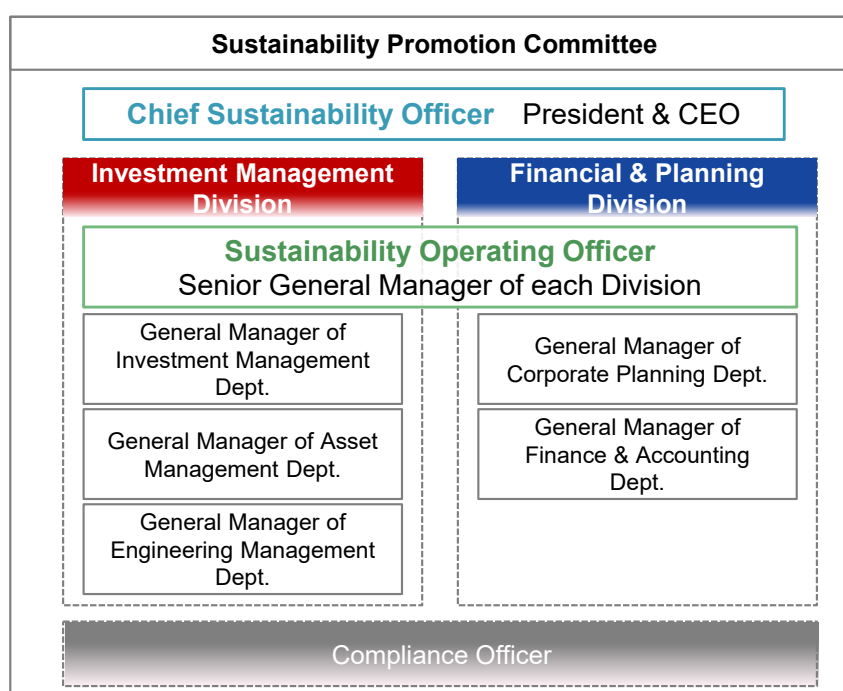
We will strive to collaborate with all stakeholders especially tenants, property management companies, suppliers and local communities in order to practice initiatives based on this policy.

6. Disclosure of ESG information and obtaining environment certification

We will announce the "Sustainability Policy" to all stakeholders such as investors, and will strive to proactively disclose information on the status of activities related to ESG. Furthermore we will make effort to obtain environment certification continuously.

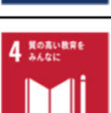


Sustainability Promotion Structure



Based on its management philosophy of aiming for stable growth in unitholder value over the medium to long term, NIPPON REIT identified the following materiality (material issues) in terms of sustainability, incorporating the perspectives of ESG in December 2020.

By setting goals for each of these issues, and by progressively implementing PDCA to achieve these goals, we will work to resolve the global social issue of “SDGs” (Sustainable Development Goals), which was adopted by the United Nations in 2015, and its medium to long term growth.

Materiality, Action Plan and Results	Supporting SDGs
Countering Climate Change/Enhancing Energy Efficiency <p>Energy consumption</p> <ul style="list-style-type: none"> In the short term, a reduction of 1% per year in unit energy consumption will be targeted in the entire portfolio and individual properties. Over the medium and long term, a reduction of 5% per five-year period in unit energy consumption will be targeted in the entire portfolio and individual properties. <p>GHG emissions</p> <ul style="list-style-type: none"> In accordance with the energy consumption reduction targets, a reduction of 1% per year in unit greenhouse gas (GHG) emissions will be targeted over the short term in the entire portfolio and individual properties. In accordance with the target of reducing energy consumption, over the medium to long term, the goal is to reduce the basic unit by 5% over the 5 years from fiscal 2,016 to fiscal 2020 for the entire portfolio and for individual properties 	 
Countering Water Resources <ul style="list-style-type: none"> A waste recycling ratio of 70% over the ten-year period from FY2017 will be targeted in the entire portfolio and individual properties. 	
Waste management <ul style="list-style-type: none"> A reduction of an average of 0.5% per year over the ten-year period from FY2017 in unit water consumption will be targeted in the entire portfolio and individual properties. 	  
Sustainability Certification <ul style="list-style-type: none"> Improve sustainability activities by participating in GRESB and other external assessment Raise the ratio of properties acquired green certification 	
Ensuring the Security and Safety of Tenants, Enhancing User Comfort and Sustainability Awareness <ul style="list-style-type: none"> Improve tenant satisfaction based on tenant questionnaires Implement disaster prevention measures Conduct sustainability training for contractors such as property managers 	   
Contributing to Communities <ul style="list-style-type: none"> Contribute to communities through the measures such as establishment of Cycle Ports and enhancing resilience to disaster while collaborating with local fire departments, etc. 	 
Stakeholder Engagement and Timely and Appropriate Information Disclosure <ul style="list-style-type: none"> Build solid relationships with and win the trust of all stakeholders by engaging in the timely, appropriate and proactive disclosure of financial/non-financial information and by maintaining constructive dialogue 	
Developing Human Resources and Creating a Satisfactory Workplace <ul style="list-style-type: none"> Develop human resources by supporting career development, acquiring qualifications, and conducting training Maintain and improve a comfortable working environment by time-off and Flextime system, implementing tele-work environment, a child-care leave system, etc. 	  
Strengthening Corporate Governance <ul style="list-style-type: none"> Build a governance system that emphasizes the third party and diversity of officers and maintain and strengthen the system with a focus on unitholders' interests by establishing committees with external members, and a dedicated compliance team, etc. Ensure legal compliance by raising awareness of compliance Promote the prevention of risks to the soundness of management and business continuity through appropriate risk management, such as the elimination of conflicts of interest relating to transactions with interested parties, etc. Ensure the effectiveness of internal control processes through internal audits 	

NIPPON REIT has been ranked as “Green Star” in the GRESB Real Estate Assessment

The “GRESB (Global Real Estate Sustainability Benchmark)” is a benchmark developed by a group of leading European pension funds. It evaluates the sustainability performance of real estate companies and funds, and is becoming a de facto standard among major European, American and Asian institutional investors and is utilized in their investment decision-making processes.

It is granted to entities which have exhibited excellence in both dimensions of “Management and Policy” and “Implementation and Measurement.”

NIPPON REIT participated in the GRESB Real Estate Assessment in 2020 and has been ranked for the four consecutive year as “Green Star”, the highest in the four available categories.

NIPPON REIT has also received “3 stars” in “GRESB Rating”, which is comprised of 5 grades based on relative evaluation of the total GRESB score.

For detail of GRESB: <https://gresb.com/>



Principles for Financial Action for the 21st Century (PFA21)



SRA 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.

For detail of PFA21: <https://pfa21.jp/>

SMBC Environmental Assessment Loan



“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.

For detail of SMBC Environmental Assessment Loan:
<https://www.smbc.co.jp/hojin/financing/kankyouhairyo/>



Acquisition of Environmental Certification of Properties

NIPPON REIT actively acquire Environmental Certification of properties.

(1) Summary

	The number of properties	Floor area (㎡)	Ratio (%) (Note 2)
Green Certified Building (Note 1)	15	99,728.01	24.47
DBJ Green Building Certification	1	24,007.74	5.89
CASBEE	1	5,404.86	1.33
BELS Certification	13	70,315.41	17.25
.Low-Carbon Model Building	1	4,966.06	1.22

※As of March 1, 2021

(Note1) A property that has multiple environmental certifications is counted as one.

(Note2) The ratios are percentages against the total floor space (407,509.01㎡) of properties owned by NIPPON REIT as of date stated.

(2) DBJ Green Building Certification



The DBJ Green Building Certification system (the Certification) is a system established in April 2011 by DBJ to support property that evinces environment and social awareness ("Green Building"). DBJ evaluates and certifies properties that are socially and economically sought through comprehensive assessment of the subject property's environmental performance and measure taken for various stakeholders including disaster prevention and community-conscious measures.

For detail of DBJ Green Building Certification: <http://igb.jp/en/index.html>

Property Name	Certification Rank	Acquisition Date of Certification
Tower Court Kitashinagawa	2018  (four stars)	February 15, 2019

(2) CASBEE for Real Estate



Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings and the built environment. It is a comprehensive assessment of the quality of a building, evaluating features such as interior comfort and scenic aesthetics, in consideration of environment practices that include using materials and equipment that save energy or achieve smaller environmental loads.

For detail of CASBEE for Real Estate: <http://www.ibec.or.jp/CASBEE/>

Property Name	Certification Rank	Acquisition Date of Certification
FORECAST Ichigaya	S	December 22, 2016

(3) BELS

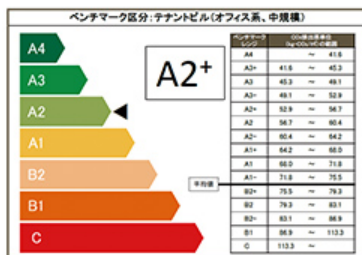


BELS is a system that third parties evaluate and indicate energy conservation performance of non-residential buildings, based on the Evaluation Guidelines for the Building Energy-efficiency Labeling System for Non-Residential Buildings (2013).

For detail of BELS: <https://www.hyoukakyukai.or.jp/bels/bels.html>

Property Name	Certification Rank	Acquisition Date of Certification
La Verite AKASAKA	★★★★★	July 1, 2020
FORECAST Kayabacho	★★★★★	July 28, 2020
Towa Higashi-Gotanda Building	★★★★★	July 30, 2020
FORECAST Takadanobaba	★★★★★	August 7, 2020
Pigeon Building	★★★★	July 29, 2020
FORECAST Gotanda WEST	★★★	August 5, 2020
FORECAST Sakurabashi	★★★	August 6, 2020
FORECAST Mita	★★	March 9, 2020
FORECAST Kameido	★★	July 2, 2020
Shibakoen Sanchome Building	★★	July 28, 2020
Itohpia Kiyosubashidori Building	★★	July 30, 2020
Itohpia Iwamotocho 1-chome Building	★★	July 31, 2020
Nihombashi Playa Building	★	February 2, 2018

(4) Low-Carbon Model Building



The "Low-Carbon Small and Medium-Sized Model Building" is A1 or higher ranked building based on an assessment index for low-carbon buildings (low-carbon building benchmark) announced by the Tokyo Metropolitan Government in May 2012, with an aim to create the real estate market in which low-carbon buildings featuring low CO2 emission are valued.

For detail of Low-Carbon Model Building:

https://www.kankyo.metro.tokyo.lg.jp/climate/businesses/lowcarbon/model_b/index.html

Property Name	Certification Rank	Acquisition Date of Certification
FORECAST Kayabacho	A2+	March 16, 2020



Committee of Energy Saving in Kanto region

Every year, Committee of Energy Saving in Kanto region commends factories, business sites, and individuals who have made significant achievements in the effective use of electricity, promotion of energy conservation, and improvement of load factors.

■ The 2nd year of Reiwa period



Reduction of CO2 emissions by 35.1% compared with same month of previous year was recorded in Jan. to Dec. 2020 as result of renewal of air conditioning system and installation of LED light

■ The 1st year of Reiwa period



Reduction of CO2 emissions by 44.8% compared with same month of previous year was recorded in Apr. to Dec. 2019 as result of renewal of air conditioning system and installation of LED light.

■ The 30th year of Heisei period



Reduction of CO2 emissions by average 63.9% compared with same months of previous year was recorded in from Apr. 2018 to June 2018 as result of renewal of power receiving equipment and air conditioning system and installation of LED light.



Activities of Sojitz Corporation

(1) Complying with TCFD

In August 2018, Sojitz Corporation ("Sojitz"), the main sponsor declared our endorsement of the final recommendations of the "TCFD" and are striving to cooperate with a wide range of stakeholders, proactively disclose information, and improve our transparency.

For detail of TCFD: <https://www.fsb-tcfd.org/>

Activities of Sojitz Corporation: <https://www.sojitz.com/en/csr/environment/tcfd/>



(2) Participation in the United Nations Global Compact

In April 2009, Sojitz, the main sponsor joined the "UNGC".

Sojitz, a member of the Global Compact Network Japan, which consists of UNGC member companies, incorporates the knowledge and information obtained through working group activities into the Sojitz Group's CSR initiatives.

For detail of UNGC: <http://www.ungcn.org/gc/index.html>

Activities of Sojitz Corporation: <https://www.sojitz.com/en/csr/group/effort/>





2. Environment

Based on the Sustainability Policy articles “1. Effort to save energy and reduce greenhouse gas emissions” and “2. Realization of a recycling-oriented society,” NIPPON REIT has set reduction targets for energy consumption and greenhouse gas emissions to improve the environmental performance of its real estate portfolio.

In order to achieve these targets, NIPPON REIT’s asset management company, SRA implements measures to improve the operational performance of buildings, conduct energy efficiency retrofits and engage tenants on energy efficiency based on its “Energy Conservation Policy,” which stipulates operational policies for improving energy efficiency of the real estate portfolio, and “GHG Emissions Reduction Policy,” which aims to create a low-carbon society.



Targets to Reduce Energy use

■ Energy consumption

- In the short term, a reduction of 1% per year in unit energy consumption will be targeted in the entire portfolio and individual properties.
- Over the medium and long term, a reduction of 5% per five-year period in unit energy consumption will be targeted in the entire portfolio and individual properties.

■ GHG emissions

- In accordance with the energy consumption reduction targets, a reduction of 1% per year in unit greenhouse gas (GHG) emissions will be targeted over the short term in the entire portfolio and individual properties.
- In accordance with the energy consumption reduction targets, over the medium and long term, a reduction of 5% over the five-year period from FY2021 to FY2025 in unit GHG emissions will be targeted in the entire portfolio and individual properties.
- Individual targets will be set with respect to properties subject to measures against global warming prescribed by local regulations (Tokyo Metropolitan Ordinance, etc.).

■ Water consumption

A reduction of an average of 0.5% per year over the ten-year period from FY2017 in unit water consumption has been targeted in the entire portfolio and individual properties.

■ Waste management

A waste recycling ratio of 70% over the ten-year period from FY2017 has been targeted in the entire portfolio and individual properties.



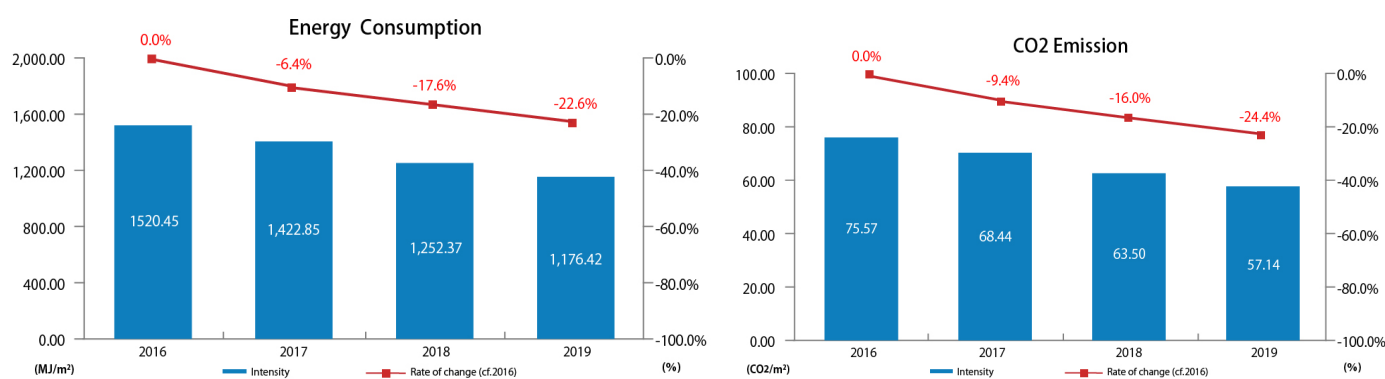
Management of Targets

As a general principle, every three months we carry out target management, review the progress made toward achieving its targets and ascertaining the degree of achievement against the actual value target, comparing and analyzing with the previous year at a general meeting called Sustainability Promotion Committee.



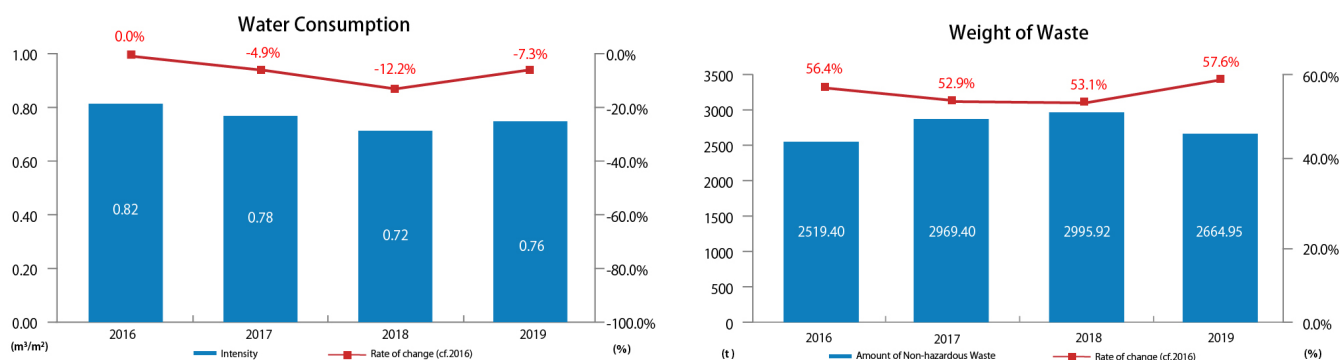
Energy consumption and Green House Gas Emission

		2016 (Base year)	2017	2018	2019
Energy Consumption	Intensity (MJ/m ²)	1,520.45	1,422.85	1,252.37	1,176.42
	Rate of change (cf.2016)	0.0%	-6.4%	-17.6%	-22.6%
CO2 Emission	Intensity (CO2/m ²)	75.57	68.44	63.50	57.14
	Rate of change (cf.2016)	0.0%	-9.4%	-16.0%	-24.4%



Water Consumption and Weight of Waste

		2016 (Base year)	2017	2018	2019
Water Consumption	Intensity (m ³ /m ²)	0.82	0.78	0.72	0.76
	Rate of change (cf.2016)	0.0%	-4.9%	-12.2%	-7.3%
Weight of Waste	Amount of Non-hazardous Waste	2,519.40	2,864.00	2,995.92	2,664.95
	Amount Incineration (t)	1,035.60	1,348.60	1,404.33	1,130.82
	Amount Incineration (t)	1,422.20	1,514.50	1,591.59	1,534.13
	Recycling Rate	56.4%	52.9%	53.1%	57.6%



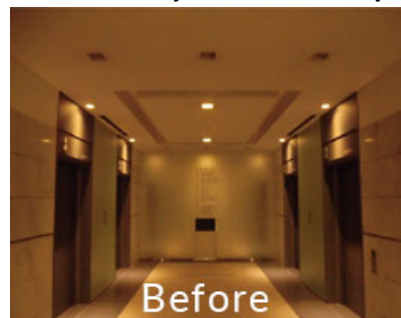
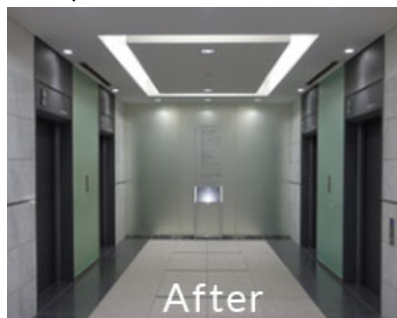


Reducing energy consumption

(1) Introduction of LED

With the aid of subsidies, NIPPON REIT actively introduces LED lighting, which reduces electricity consumption through its high luminous efficiency.

Converting lighting in common areas, tenant areas and emergency lights (including emergency guide lights) to LED to actively reduce electricity consumption.



Results of Introduction of LED

16 properties **19.0%**
(based on gross floor area)

(2) 2-1-2.Distribution of electricity through the use of hydraulic power generation

(La Verite AKASAKA)

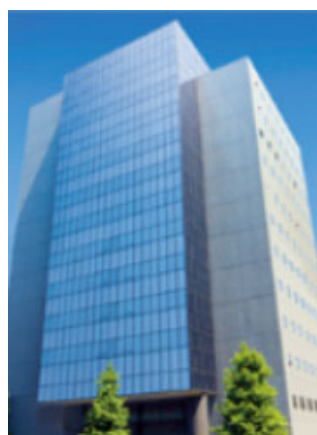
Of the total electric power consumed by La Verite AKASAKA, 205,763kWh (100.0%) per year is supplied with renewable energy from hydraulic power generation. The annual amount of CO2 reduction through the use of hydraulic power generation is estimated to be 95 tons.



Water conservation

Water-saving equipment for toilet bowls has been introduced in several properties held by NIPPON REIT as a part of the initiatives for saving water. In addition to its water-saving effect, this equipment contributes to the reduction of electric power for the water pumps and CO2 emissions.

■ Example: FORECAST Gotanda WEST



Before	After	Reduction rate
18.0ℓ/time p.a.	9.2ℓ/time p.a.	48% p.a.

(Note)

Average actual usage of water per use of toilet bowl before and after the introduction of the equipment.



Green Lease

Green lease agreements are concluded with tenants to ensure mutual cooperation between individual building owners and tenants in promoting environmental measures.

Property with Green Lease

La Verite AKASAKA

Itohpia Iwamotocho 1-chome Building

FORECAST Gotanda WEST

Pigeon Building

FORECAST Takadanobaba

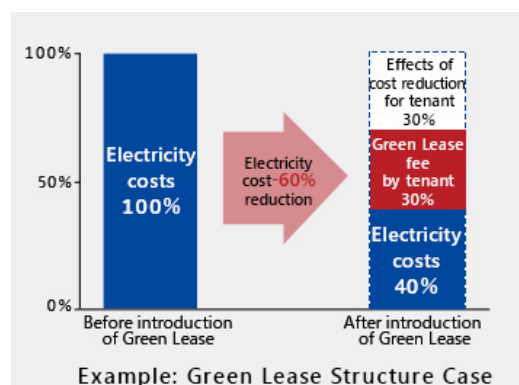
Towa Higashi-Gotanda Building

Itohpia Kiyosubashidori Building

■ What is Green Lease Agreement?

It is an agreement specifying that building owners and tenants shall cooperate with each other to reduce environmental burden.

The agreement contains provisions to facilitate renovation toward more environmentally-friendly office buildings by reducing building owners' investment burden through sharing the economic merits generated as a result of energy-saving renovation works among building owners and tenants



Tenants and Stakeholder Engagement to Improve Property Performance

■ Enlighten about energy use reduction

NIPPON REIT prepared letters to tenants requesting reduced energy consumption, distributed manuals for office users and put posters on each floor to raise awareness about energy efficiency.

■ ESG - related training for property management companies

The property management company receives ESG - related training for the purpose of promoting increased awareness of environmental consideration in daily operations.

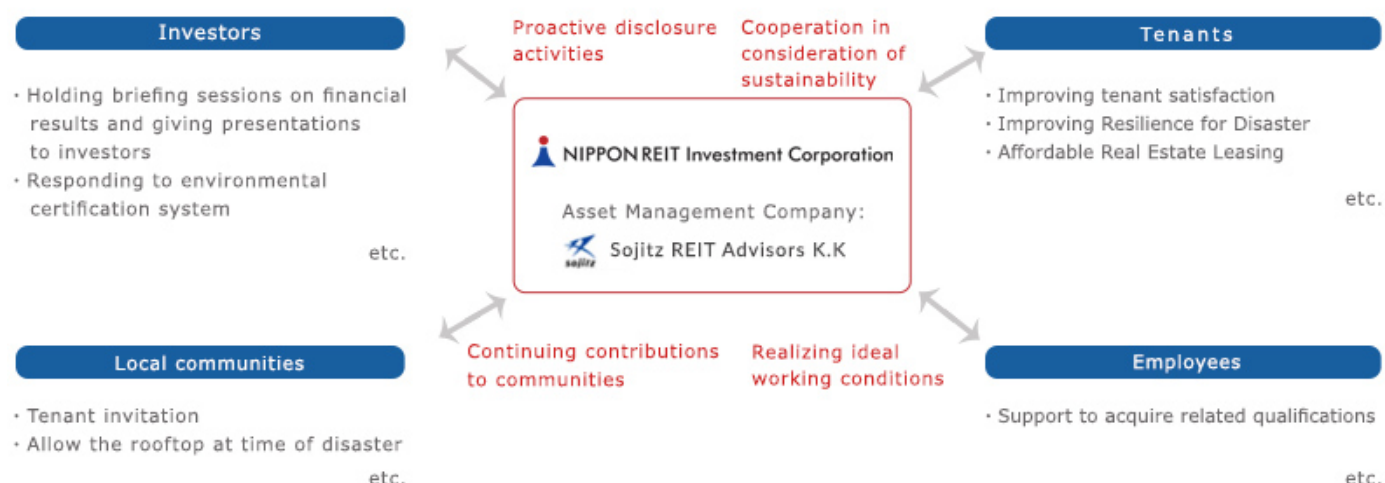
■ Eco-friendly building management

- For electronic toilets, the temperature settings for the heater and water for cleansing are controlled and adjusted for each season.
- Electric water heaters in staff kitchens are managed and their temperature settings are adjusted for each season.
- The temperature settings and hours of operation of air conditioning and lighting for common use space are adjusted by means such as timer control, Environmental Management Systems (EMSs) and human presence sensors for lighting.



3. Social

NIPPON REIT will continue to contribute to building a sustainable society through business dialogues with investors, tenants, local communities and employees.



Investor Engagement

NIPPON REIT prioritizes fair disclosure to all investors and conducts timely disclosure, including simultaneous Japanese/English press releases, as well as making its website user friendly.

NIPPON REIT pursues direct communication with a variety of investors. The latest IR activities are as follows.

Fiscal period	15th FP (Ended Dec. 2019)	16th FP (Ended Jun. 2020)	Total
	Feb. 2020- Jul 2020	Aug. 2020- Jan. 2021	
Industrial Investors (meeting)	39	80	119
Japan	31	51	82
Overseas	8	29	37
Individual Investors (seminar)	1	0	1

Engineering Management

We have been implementing our unique measure actively to improve portfolio quality and competitiveness through enhancement of profitability and tenant satisfaction with environmentally friendly system, we call the measure “Engineering Management”.

Outline of Engineering Management

- **Planned capital investment** : Replacement of equipment 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, Shortening leasing periods

Environmental consideration

Installation of high energy efficiency equipment etc. while utilizing energy saving subsidy

Enhancement of tenant satisfaction based on tenant Satisfaction Survey

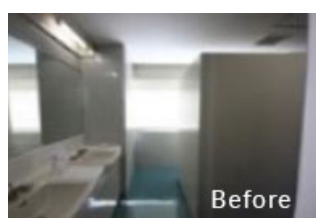
NIPPON REIT conducts a questionnaire targeting tenants once a year. Based on the results of the questionnaire, issues related to the properties are identified and improvements are made with the aim of increasing the comfort levels of the properties and enhancing their competitive strengths. Through efforts to improve tenant satisfaction, NIPPON REIT seeks to foster successful tenant relationships and facilitate communication between tenants and lessors.

(1) Renewal restrooms

■ Pigeon Building

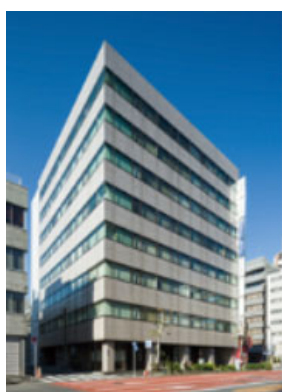


In the questionnaire targeting tenants, a request was made by a tenant, who is leasing an entire building, for the renovation of the washrooms to be undertaken to improve their environment. Prior to carrying out the washroom renovations, NIPPON REIT held numerous discussions regarding the design, etc. with the tenant from the planning phase to incorporate the tenant’s needs for the purpose of seeking to effectively improve tenant satisfaction and enhance the competitive strengths of the property.

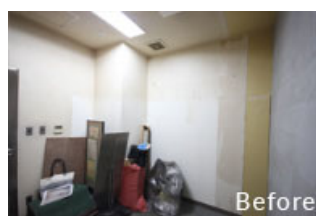


(2) Setting rest area

■ Itohpia Kiyosubashidori Building



By utilizing the leased floor-area ratio in accordance with the revised Building Standards Act, the dead space adjacent to the entrance on the first floor was converted into a lounge. A design that would allow both smokers and non-smokers separately to use the space was adopted for the purpose of seeking to effectively improve tenant satisfaction and enhance the competitive strength of the property.





Enhancement of tenant satisfaction

(1) Installation of car sharing

■ Dormy Kitaakabane



A car-sharing service was introduced as a service for tenants and nearby residents who do not own cars. The service has been introduced for the purpose of seeking to effectively improve tenant satisfaction and contribute to the local community.



(2) Setting Share-cycle port

■ FORECAST Shinjuku SOUTH, Splendid Namba etc.

Enhancing the convenience and health of tenants and neighboring residents. Also contributing to promoting the use of bicycles with low greenhouse gas emissions.



(3) Setting Umbrella sharing

■ FORECAST Shinjuku AVENUE, FORECAST Nishishinjuku etc.

Improved convenience for tenants. Also contributing to waste reduction by sharing umbrellas.



(4) Installation of EV charging facility

■ Mer veille Senzoku, Wald Park Minamioi

EV charging facilities were implemented in parking lots as well as photovoltaic power generation panel at rooftop. Tenant satisfaction enhancement and reduction of greenhouse gas emission are expected by charging EV with clean energy.



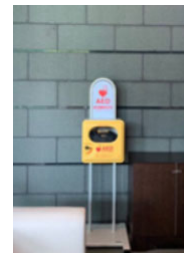


Enhancement of tenant safety

(1) Installation of AEDs

NIPPON REIT is promoting the installation of Automated External Defibrillators (AEDs). They are available to tenants and the neighboring community, which is displayed on the AED stickers and registered on the administrative map.

These devices will be gradually introduced at jointly owned properties with third parties.



Improving Resilience for Disaster, etc.

(1) Replacing Disaster response Vending Machine



In several properties held by NIPPON REIT automatic vending machines that are able to provide beverages free of charge at times of disaster have been installed. They are conventionally used as beverage vending machines, but at times of disaster or other emergencies any person could easily obtain free beverages from the machines. This initiative has contributed to the provision of relief supplies at times of disaster, and NIPPON REIT seeks to effectively improve tenant satisfaction, provide support for business continuity plans (BCPs) and contribute to local communities.

(2) Seismic control and seismic isolation measures

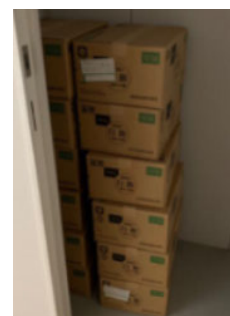
By installing seismic control equipment and seismic isolation dampers, damage from major earthquakes will be mitigated.

(3) Implementation of fire drills

Fire drills involving tenants are implemented in all office buildings held by NIPPON REIT

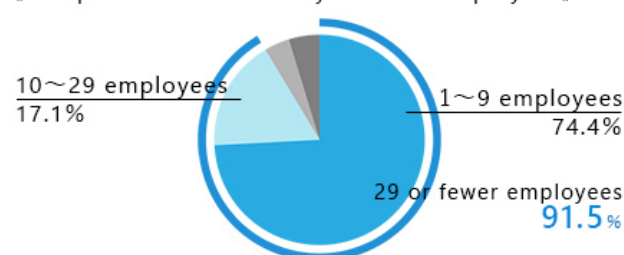
(4) Installation of emergency water and kit box

NIPPON REIT places boxes of emergency kits in elevators in case of disasters or mechanical issues.



Businesses with 29 or fewer employees comprise 91.5% of all businesses in the 23 wards of Tokyo, according to statistics on the ratio of establishments by employee size (survey by the Statistics Bureau, Ministry of Internal Affairs and Communications). Since its primary investment assets are centrally located, medium-sized offices (64 properties; 77.1% on an acquisition price basis), NIPPON REIT aims to contribute to the development of the Japanese economy through the provision of office buildings with comfortable working environments to Small and Medium Enterprises, which are the foundation of the Japanese economy.

《Composition of Offices by Number Employees》



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



Development of leasing services

We use a variety of leasing services to support moving into properties held by NIPPON REIT for small and medium enterprises and venture companies who are main target tenants for NIPPON REIT.

	Summery	Tenant's needs	Service features
Select Office 	Original leasing service by which tenants can select office layout from several patterns and NIPPON REIT shares costs of the office interior work	<ul style="list-style-type: none"> To improve work environment with efficient and comfortable layout To reduce relocation cost to invest our business as much as possible 	■Selectable Realization of tenant's dream office by selectable materials (wall and floor) and layout ■Virtually Visible image of dream office (layout, design) and future vision by Virtual Reality (VR) ■Low Cost NIPPON REIT bears costs for furnishings (wall and floor)
ittoku 	Original leasing services with JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd. ("JCPG") by which tenant can reduce drastically relocation costs	<ul style="list-style-type: none"> To minimize initial cost of a security deposit at the move-in To avoid arranging a surety jointly and severally liable for rent payment 	■1 month deposit Reduced by 1 month (typical deposit is between 10 and 12 month) ■No warranty fee NIPPON REIT bears warranty fee ■No restoration cost NIPPON REIT bears restoration cost ■No jointly and severally liable surety
shikittoku 	Original leasing services with JCPG by which NIPPON REIT refunds a half of deposit after the end of original lease contract period depending on the tenant's financial condition	<ul style="list-style-type: none"> To make effective use of deposit To avoid arranging a surety jointly and severally liable for rent payment 	■Refund a half of deposit Refunding a half of deposit depending on the tenant's financial condition as of the end of original lease contract period ■No warranty fee NIPPON REIT bears warranty fee ■No jointly and severally liable surety
Shikikin tsunagetoku? 	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 lease contract	<ul style="list-style-type: none"> To avoid double deposits To increase flexibility of relocation and moving periods To make effective use of cash on hand 	■Moratorium of placing a deposit ■No warranty fee

Tenant invitation

NIPPON REIT attracts tenants that match the needs or locations of local communities with the aim of improving living convenience for people in local communities.



Service office in the Itohpia Kiyosubashidori Building



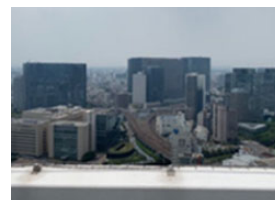
Convenience store at the first floor of NORE Fushimi



We provide space for Food truck in Omiya Center Building

Allow the rooftop at time of disaster (Tower Court Kitashinagawa)

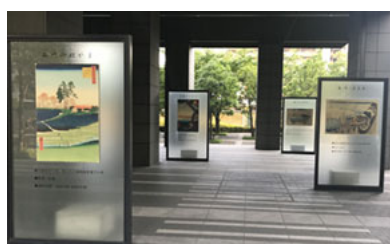
Tower Court Kitashinagawa has an agreement with the local fire department to allow the use of its rooftop at times of disaster for ascertaining the disaster situation of the Shinagawa area.



Establishment of Gallery of History of Shinagawa (Tower Court Kitashinagawa)



The geographical name Shinagawa dates back to the Heian Era (around 400 years from 794), and Shinagawa prospered as a port in Edo (Tokyo) Bay during the Kamakura Era (1185-1333). In the Edo Era (1603-1868), Shogun Ieyasu Tokugawa established a “tenma system” (a transportation system that carried envoys, goods, etc. using horses) with “shukueki” (post stations) for the Tokaido (this mainly means the roads from Nihonbashi, Edo to Sanjo Ohashi in Kyoto), and Shinagawa was the first shukueki. For the purpose of preserving this time-honored history of Shinagawa, the first-floor portion of Tower Court Kitashinagawa is open to the public as a gallery of the historic site.



■ Basic Data^{※1}

	2020	2019	2018	2017	2016
Total Employees ^{※2}	43	32	35	31	28
Male	26	21	21	19	16
Female	17	11	14	12	12
Number of employees seconded from other companies	18	14	14	14	12
New hiring	9	2	2	1	2
Male	4	1	1	1	0
Female	5	1	1	0	2
Average Length of Service	3 years and 2 months	3 years and 7 months	2 years and 9 months	2 years and 9 months	2 years and 2 months
Male	3 years and 1 months	3 years and 5 months	2 years and 10 months	2 years and 10 months	2 years and 4 months
Female	3 years and 5 months	4 years and 0 months	2 years and 8 months	2 years and 6 months	1 years and 10 months
employee turnover	20.6%	18.9%	12.9%	12.5%	15.2%
Male	20.6%	8.1%	9.7%	6.3%	12.1%
Female	0.0%	10.8%	3.2%	6.3%	3.0%

※1 Excluding directors and employees seconded from other companies.

※2 Including employees seconded from other companies.



Creating Employees - Friendly Workplace and Work-Life Balance

We believe that human resources are the most important asset of SRA. 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.

■ Implementation of Periodic Health Checkup etc.

Putting employees' health first, we cover them to undergo medical examinations and works to increase the rate at which they are conducted.

Furthermore, we subsidize influenza vaccinations for employees.

■ Time-off and Flextime

We support employees to realize a work-life balance so that each of them can keep their healthy and become healthier, as well as accept diversified values and life-styles and adopt Time-off and Flextime systems to feel secure to work in accordance with individual circumstances.

■ Promotion for Active Roles for Women

SRA works to create a workplace environment that is friendly for female workers, in an effort to realize a workplace in which each employee can exert their capabilities to the fullest. Moreover, on top of adopting a childcare leave system, SRA promotes flexible work hours with reduced working hours and encourages employees to proactively take paid leave.

■ Support for Childcare

We have established the following systems to support work balance for employees involved in childcare:

Childcare leave, Shorter working hours for childcare, Nursing-care leave system

■ Friendly Workplace and Work-Life Balance※ 1

	2020	2019	2018	2017	2016
Average statutory overtime work (hours/month)	24.96	19.22	26.95	(not counted)	
Paid Leave Usage Rate	56.4%	75.1%	70.9%	102.8%	74.1%
Health Checkup Rate	100%	100%	100%	100%	100%
Childcare Leave, Shorter Working Hours for Childcare Usage Rate	9.3%	15.6%	8.6%	6.5%	3.6%

※1 Excluding directors and employees seconded from other companies.

※2 Including employees seconded from other companies.



Promoting Diversity

■ Respect for Human Rights

SRA believes that it should help enhancement of the value of unitholders', respects human rights, prohibits discrimination base on such factors as belief, region, age, sex, origin, and mental and physical disorders, as well as established workplace environment in which diverse human resources can actively perform.

Moreover, SRA is not involved in any child labor, forced labor, unfair wage reductions or unfairly prolonged work hours.

■ Promote employment of women※ 1

	2020	2019	2018	2017	2016
Female employee ratio	39.5%	34.4%	40.0%	38.7%	42.9%
Female new hiring ratio	55.6%	50.0%	50.0%	0.0%	100.0%
Female manager ratio	4.7%	3.1%	2.9%	0.0%	0.0%

※1 Excluding directors and employees seconded from other companies.

※2 Including employees seconded from other companies.

■ Consultation Service Office for Compliance

SRA has built a system in which employees, when they become aware of any compliance problem including harassment, can consult with the Compliance Officer or contact the consultation and reporting office of the main sponsor, Sojitz Corporation.



Human Resource Development

SRA takes various measures to foster human resources having a high level of expertise, deep knowledge and ethical values.

■ Support for Acquisition of Qualification

SRA offers subsidies to its employees to help them acquire qualifications required for operations in order to develop their capabilities of asset management and to maintain their high expertise of asset management. The table below shows the number of qualification holders at SRA.

Name of qualification	Number of holder
Real estate broker	22
ARES (The Association for Real Estate Securitization) certified master	6
Official Real Estate Consulting Master	3
First-class registered architect	2
Securities analyst	1
Lawyer	1

※ As of the end of December 2020. Includes those who passed the examination.

■ Support for Education and Training

SRA encourages and supports its employees to participate in a variety of internal and external education and training sessions, etc. as part of the efforts to foster their capabilities.

The internal education includes lectures by our compliance officers on internal rules and requests to Tokyo Stock Exchange, Inc. for lecturers in order to deepen their understanding of daily operations.

All employees undergo seminars to improve operational efficiency during external training.

■ Interviews for Setting Objectives of Individual Employees

SRA arranges interviews with its employees at the beginning (for setting their objectives), the middle (for feedback and target adjustments) and the end (for confirming the progress results) of the fiscal year. This has enabled the Company to establish a transparent system for setting objectives and confirming the progress results through good communication between supervisors and their subordinates. Through the interviews, the supervisors also provide advice in an elaborate manner to the subordinates regarding the latter's career development and issues to tackle on operations, among other matters.



Comfort and safety of employees

■ Disaster Response

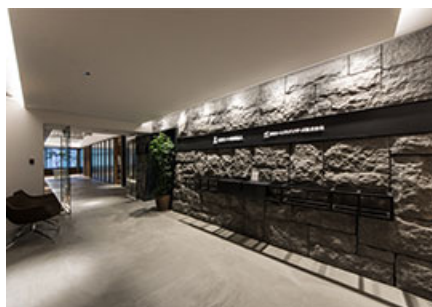
We introduce "Safety confirmation service (e-kakushin KIZUNA)" provided by SECOM Trust systems Ltd. as a contact method of the employees in preparation for earthquakes and other regional disasters that has been occurring frequently in nationwide at various area.

■ Questionnaire on Employees' Satisfaction with Office Environment

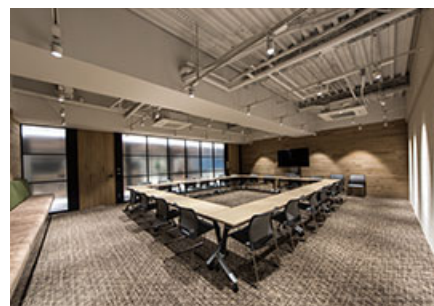
As to maintain and enhance employees' health and comfort during working hours, SRA carries out annual survey on employees' satisfaction of office environment. The results of the survey and the opinions received from employees are used as a reference when improving the work environment. Furthermore, we made our office calm environment by adopting Japanese style interior.

■ Office Environment

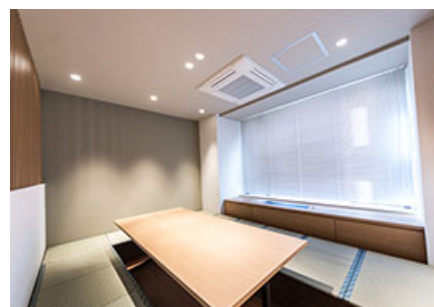
(Entrance)



(Meeting space)



(Conversation space)



■ Sound design for Office (BGM)

As a part of measure to enhance employees' comfort we introduced Office BGM system (SOUND DESIGN for OFFICE).

Music that is programed based on office time schedule ideally makes comfort working environment, it also is expected to reduce overtime working.





Framework for Motivating Employees Appropriately

In order to "maximize unitholder value", we are working to motivate executives and employees appropriately so that executives and employees understand the true meaning of "Principles for Customer-Oriented Business Conduct" and management policy and reflect them in their day-to-day operations, and that these principles and policy are well-established.

Specifically, in order to promote customer-oriented business conduct, we include compliance in organizational goals, reflect compliance as an evaluation point in organizational performance, treat business faithfully and fairly and seek our quality training to help improve professional ethics.

■ Compliance, sustainability, and business training

From January to December 2020, we held 11 compliance, sustainability, and business training sessions for executives and employees (including those for managers only).

■ Evaluation of executives and employees from compliance perspective

Compliance is also included in the evaluation of executives and employees.

■ Employee investment unit ownership program

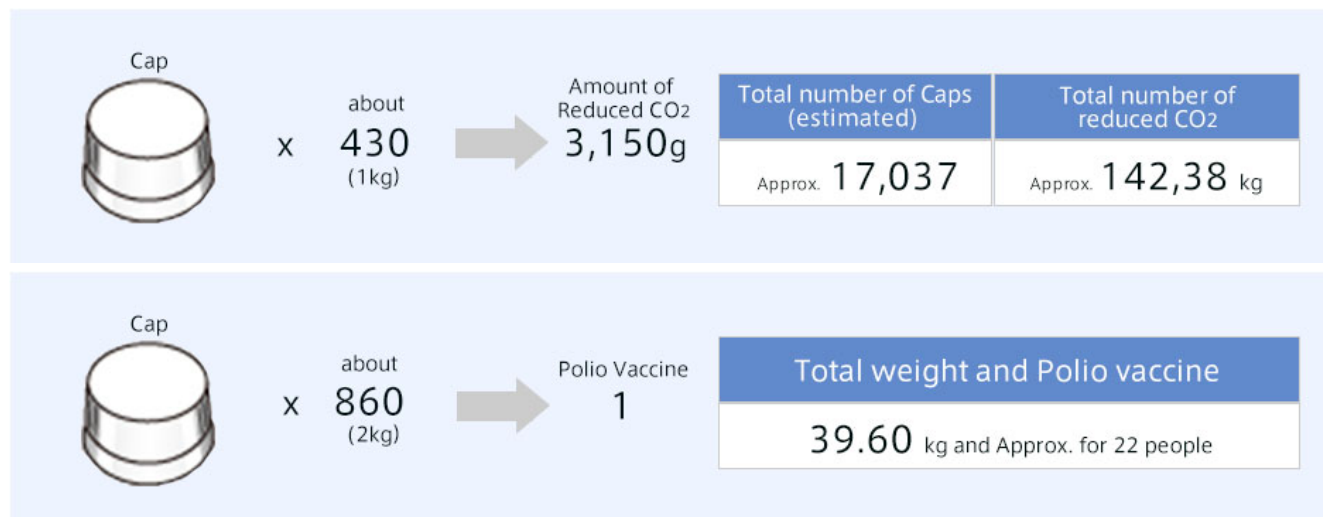
We have introduced an employee investment unit ownership program for the purpose of enhancing the welfare of employees and improving the value of medium-and long-term investment ownership through the agreement of interest between employees and investment owners of NIPPON REIT.



Employee Initiatives

■ Eco-cap campaign

Since 2017, SRA has conducted the Vaccine Cap Campaign activity for recovering plastic bottle caps. The amount of bottle caps is utilized by Tokyo Petbottle Recycle Co., Ltd., through the organization entitled "Japan Committee, Vaccines for the World's Children" to contribute in order to the donation of Polio Vaccines to children worldwide. Recycling also contributes to reducing CO2 emissions from incinerators, which helps prevent global warming.



■ Charibon project

Since November 2008, SRA has participated in the "Project to donate with books of Charibon" managed by Value Books Co., Ltd. These books will be assessed by Value Books Co., Ltd. and the purchase amount will be donated to Shanti Volunteer Association.





4. Governance

Based on Article 95 of the Act on Investment Trusts and Investment Corporations, NRT's Board of Officers consists of one executive officer, as well as two supervisory officers, which exceeds the number of executive officers by more than one.

Based on Article 109 of the Act, the executive officer executes the duties of NRT and represents NRT.

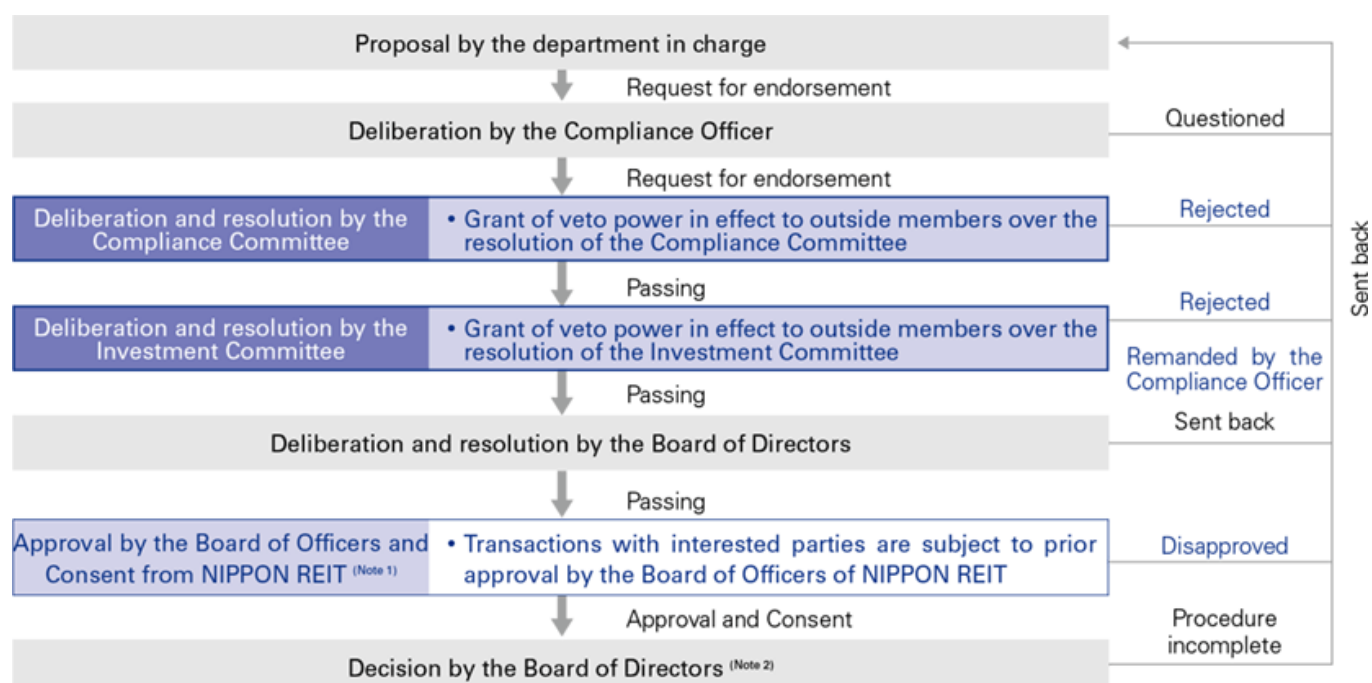
Based on Article 111 of the Act, supervisory officers supervise the executive officer's execution of duties. Moreover, in line with Article 100 of the Act, a person who has a personal interest in NRT or SRA cannot be appointed as supervisory officer.

Executive officers' remuneration will not exceed 800,000 yen per person per month, and supervisory officer's remuneration will not exceed 500,000 yen per person per month, with the monthly amount to be determined by the Board of Officers. Please refer to Article 21 of the Articles of Incorporation for more details. The Article of Incorporation are revised by the decision of the General Meeting of Unitholders.

The remuneration paid to each officer is disclosed in "the Asset Management Report" for each fiscal period.



Decision-Making Process Securing Third-Party Monitoring Function



(Note 1) We note that the following transactions must be approved by the Board of Officers of NRT but do not require the consent of NRT.

- Transactions other than those stipulated in Article 201-2 (1) of the Act on Investment Trusts and Investment Corporations (Investment Trust Act)
- Transactions stipulated in Article 245-2 of the enforcement regulations in the Investment Trust Act

(Note 2) The Board of Directors makes a decision after confirming that each procedure has been appropriately completed.



Asset Management Fee Structure to SRA

NRT adopts an asset management fee system in which part of the fees to be paid to SRA based on the Articles of Incorporation and SRA is linked to distribution per unit. We believe that adoption of such an asset management fee system should give an incentive to SRA to work to maximize the unitholder value of NRT

■ Asset management fees for the fiscal period starting on September 20, 2019

< Asset management fee 1 and asset management fee 2 >

Calculation method	
Asset management fee 1	Total assets of the immediately preceding fiscal period × annual rate of 0.35% (maximum rate)
Asset management fee 2	NOI × DPU volatility (Note 1) × 2.5% (maximum rate)

(Note 1) "DPU volatility" is a figure calculated by using the following formula

DPU volatility = (Adjusted distribution per unit for a certain fiscal period (Note 2) — adjusted distribution per unit for the preceding fiscal period) / adjusted distribution per unit for the previous fiscal period + 1

However, when the adjusted distribution per unit for the preceding fiscal period is null, the DPU volatility is deemed to be 1. Moreover, when the DPU volatility for the preceding fiscal period was 0.75 or less and the DPU volatility for the current fiscal period calculated by using the above formula surpassed 1, the DPU volatility is deemed to be 1.

(Note 2) "Adjusted distribution per unit" is the amount obtained by dividing the distributable amount before deducting fees and compensations (Note 3) for a certain fiscal period by the number of investment units issued and outstanding as of the settlement date for the fiscal period (rounded down to the nearest one yen). In calculating adjusted distribution per unit, proper adjustment shall be made in the case of holding its own investment units that have not been disposed of or retired in the accounting period for the business period in which it acquired its investment units and, in the case of increasing the total number of investment units outstanding by splitting own investment units or conducting a gratis allocation of new shares through subscription rights.

(Note 3) "Distributable amount before deducting fees and compensations" is the amount of income before income taxes for the fiscal period calculated in accordance with the accounting practices generally accepted in Japan (on the condition that the asset management fee 2 and gain or loss on sale of specified assets, consumption tax not subject to deductions, etc. are not added to or subtracted from the amount).

< Acquisition fee and disposition fee >

Calculation method	
Acquisition fee	Acquisition price (Note 1) × 1.0% (maximum rate) *Acquisition from interested parties: acquisition price × 0.5% (maximum rate)
Disposition fee (Note 2)	Transfer price (Note 3) × 1.0% (maximum rate) *Transfer to interested parties: transfer price × 0.5% (maximum rate)

(Note 1) This means the amount paid for the purchase in the case of a purchase, the appraised value of the asset transferred through exchange in the case of an exchange and the amount contributed in the case of capital contribution, excluding consumption taxes and acquisition expenses

(Note 2) Disposition fee shall be paid only when gain on sale of specified assets is accrued.

(Note 3) This means the amount paid for the sale in the case of a sale and the appraised value of the asset transferred through exchange in the case of an exchange, excluding consumption taxes and transfer expenses



Same-Boat Investment by the Sponsors

Sojitz, Cushman and Agility have declared in the sponsor support agreement that, when they acquire the investment units issued by NRT, they intend to continue owning the units for the time being unless there are special circumstances occurred.

Sojitz Corporation, the main sponsor	Owns 15,500 of NIPPON REIT's investment units
--------------------------------------	---

This presentation material may include forward-looking statements on the financial standing and operating results of NIPPON REIT. These forward-looking statements include portions that assume certain risks and uncertainty. As such, please note that actual results may differ due to changes in the business environment in the future and other factors.

The purpose of this presentation material is to provide information of NIPPON REIT, and not to solicit investments in or recommend trading of specific products.

NIPPON REIT assumes no responsibility for any problems, losses or damage resulting from any activity related to decisions based on the information on this presentation material. In addition, please note that NIPPON REIT cannot take any responsibility for any damage occurring from any falsification of texts, leakage of texts and content, unauthorized use by third parties or any other accidents that are not attributable to NIPPON REIT.

The content may be changed without notice, and NIPPON REIT does not bear any responsibility for any problems, losses or damage caused by the action.

Contact for inquiries:

 双日リートアドバイザーズ株式会社

TEL:03-5501-0080

<http://www.sojitz-sra.com/>