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For Immediate Release

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

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces that today, it has completed the acquisition and transfer 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 September 26, 2024.

1. Overview of the Property Acquired

Property Number (Note 1)	Real Estate in Trust (Property Name)	Location	Acquisition Price (million yen) (Note 2)	Seller
A-78	URAWA GARDEN BUILDING	Saitama, Saitama	2,400 (Quasi co-ownership of Trust beneficiary Interest 20%)	Hulic Co., Ltd.
C-5	FORECAST Shinagawa@LABO (Note 3)	Minato-ku, Tokyo	8,200	1. Not disclosed (Note 4) 2. Raysum Co., Ltd.

2. Overview of the Property Transferred

Property Number (Note 1)	Real Estate in Trust (Property Name)	Location	Transfer Price (million yen) (Note 2)	Purchaser
A-7	FORECAST Shinjuku SOUTH	Shinjuku-ku, Tokyo	10,000 (Quasi co-ownership of Trust beneficiary Interest 50%)	Hulic 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” and “Transfer Price” are 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.

Note 3: The property name was originally “(tentative name) Shinagawa Konan PJ”, but upon completion of construction of this property, it became the name of “FORECAST Shinagawa@LABO”

Note 4: FORECAST Shinagawa@LABO acquire a 95% co-ownership interest from a domestic operating company and a 5% co-ownership interest from Raysum Co., Ltd. The name of the domestic operating company is not disclosed because consent has not been obtained.

3. Outline of Appraisal Report

Since the sales contracts for acquisition of the Properties fall under forward commitment (Note1), SBI REIT Advisors Co., Ltd (“SRA”), which is asset management company of NIPPON REIT, acquired new appraisal report of the Properties with prices as of December 31, 2024, in accordance with “The rule concerning Forward Commitment (Note2)” stipulated by SRA, before acquiring the Properties. Outline of the appraisal reports are 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 appraisal report of the Property that concluded forward commitment every fiscal period and discloses the results.

Summary of the Appraisal Report

Property name	URAWA GARDEN BUILDING
Appraisal value	13,000 million yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 31, 2024

(Thousand yen)

	Details	Outline
Indicated value by income approach	13,000,000	Assessment of capitalized value by linking capitalized value by direct capitalization method with emphasis on capitalized value by DCF method.
Direct capitalization method	13,300,000	
Gross operating revenue	599,433	
Potential gross income	622,637	Assess the new rent and common area charges assumed when the property is newly leased, taking into account the rent and common area charges based on the current rent contract, etc. and the level of rent and common area charges for similar properties.
Total of vacancy losses, etc.	23,204	Assessment of medium-to long-term stable occupancy rates, taking into consideration the occupancy results of the subject property and similar properties and the forecast of future market trends.
Operating expenses	110,168	
Building management fees	28,135	Assessed based on the current terms of BM contract, taking into account historical experience and the level of costs for similar properties.
Utilities	17,630	Assessed based on the results of previous fiscal years, taking into account the level of expenses for similar properties, etc.
Repairs and maintenance costs	2,263	Assessed from a medium-to long-term stable viewpoint based on the estimated repair cost by ER and the use, age, structure, and status of control of the subject building
Property management fees	6,011	The sum of PM fees and CM fees are recorded.
Leasing cost	3,591	Assessed based on past performance and the level of expenses of similar properties, taking into account the assumed tenant renewal rate (average turnover period), etc.
Taxes	49,588	The assessed value is recorded.
Insurance	650	The estimated amount is posted.
Others	2,300	Expenses for parking and bicycle parking are recorded.
Net operating income	489,265	
Non-operating income	4,874	Assessed the investment yield as 1.0%.
Capital expenditure	2,654	Assessed by taking into account estimated renewal costs due to ER and assessed values obtained from a medium-to long-term, stable perspective based on the use, age of construction, status of control, etc. of the building.
Net income	491,485	
Capitalization rate	3.7%	Assessed by taking into consideration the location of the property, building specifications, rights, and other individuality, with reference to investment yields related to transactions of similar properties.
Discount cash flow method	12,900,000	

	Discount rate	3.5%	Based on the standard investment yield of the target area, it reflects the individuality of the location, size, building specifications, tenant type, etc. of the target property.
	Terminal rate	3.8%	Assessed considering the risk of asset value declines due to aging up to the time of sale.
Indicated value based on cost approach		12,700,000	
	Proportion of land	73.9%	
	Proportion of building	26.1%	

Other matters to which the appraiser paid attention in appraisal	The property has characteristics as an investment property, and its main users are deemed to be real estate investment funds (investors) and real estate companies that have the ability to raise funds. The relevant user is deemed to judge the economic value of real estate based on the return on investment reflecting its profitability. Therefore, the income-approach value is adopted.
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Property name	FORECAST Shinagawa@LABO
Appraisal value	8,290 million yen
Appraiser	Chuo Real Estate Appraisal Co., Ltd.
Date of value	December 31, 2024

(Thousand yen)

	Details	Outline
Indicated value by income approach	8,290,000	Assessment of capitalized value by linking capitalized value by direct capitalization method with emphasis on capitalized value by DCF method.
Direct capitalization method	8,580,000	
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 disclosed (Note)	
Utilities	Not disclosed (Note)	
Repairs and maintenance costs	Not disclosed (Note)	
Property management fees	Not disclosed (Note)	
Leasing cost	Not disclosed (Note)	
Taxes	Not disclosed (Note)	
Insurance	Not disclosed (Note)	
Others	Not disclosed (Note)	
Net operating income	299,824	
Non-operating income	Not disclosed (Note)	
Capital expenditure	Not disclosed (Note)	
Net income	300,256	
Capitalization rate	3.5%	Based on the standard investment yield of the target area, it reflects the individuality of the location, building specifications, rights, etc. of the target property.
Discount cash flow method	8,170,000	
Discount rate	3.3%	Based on the standard investment yield of the target area, it reflects the individuality of the location, size, building specifications, tenant type, etc. of the target property.
Terminal rate	3.7%	Assessed considering the risk of asset value declines due to aging up to the time of sale.
Indicated value based on cost approach	7,390,000	
Proportion of land	73.6%	
Proportion of building	26.4%	

Other matters to which the appraiser paid attention in appraisal	The property has characteristics as an investment property, and its main users are deemed to be real estate investment funds (investors) and real estate companies that have the ability to raise funds. The relevant user is deemed to judge the economic value of real estate based on the return on investment reflecting its profitability. Therefore, the income-approach value is adopted.
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Note: As the figures based on actual results are used as reference in this assessment, they are not disclosed as disclosure of these figures could have a negative competitive impact on the operation and, in turn, could be detrimental to the interests of unitholders.

4. Other

Please refer to the “Notice Concerning Transfer and Acquisition of Real Estate Trust Beneficiary Interests in Japan” dated September 26, 2024 for details.

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

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