

NIPPON VISION

Serious, Steady, Solid.

From January 1 to June 30, 2021

Semiannual Report for the 18th Fiscal Period

What is “NIPPON VISION”

Creating the future with our “unique perspective”
based on our “solid style of Japan quality”

To Our Unitholders

First, I would like to express my sincere gratitude for unitholders' continued support of NIPPON REIT Investment Corporation ("NRT").

In addition, I would like to express my sincere condolences to those who passed away from the COVID-19 infection and my heartfelt sympathy to those who are affected.

We are pleased to report on our operations and financial performance for the fiscal period ending June 2021 (the 18th fiscal period), and I would like to take this opportunity to express my sincere appreciation for the support of our investors.

The spread of the COVID-19 continues to have a significant impact on the world and the Japanese economy. Although the net increase in rent at the time of tenant replacement significantly decreased from the previous fiscal period, and the net increase in rent at the time of the contract renewal continues to be low as in the previous fiscal period; the occupancy rate of office properties remained at a high level of 98.1% as of the end of the fiscal period under review. We also continue to work on the enhancement of profitability and cost reductions through Engineering Management for the internal growth. In addition, during the fiscal period under review, NRT transferred three properties (transfer price of approximately ¥6.7 bn) and acquired six properties (acquisition price of approximately ¥5.0 bn) and decided to distribute a gain on sale of approximately ¥0.9 bn to unitholders. As a result, the distribution per unit for the 18th fiscal period was ¥10,800 (¥157 increase from the forecast). We have also made announcement on asset replacements that are scheduled during the fiscal period ending December 2021. We will continue to aim to improve the quality of our portfolio and realize timely unitholder returns through asset replacements.

Although the outlook for the future is uncertain due to the COVID-19 infection, we show our commitment to continue to work with our asset management company Sojitz REIT Advisors K.K. and sponsor companies in order to permanently maintain and improve the value of our portfolio and to maximize unitholder value. We would like to ask for your continued support and guidance continued.

Executive Officer
NIPPON REIT Investment Corporation



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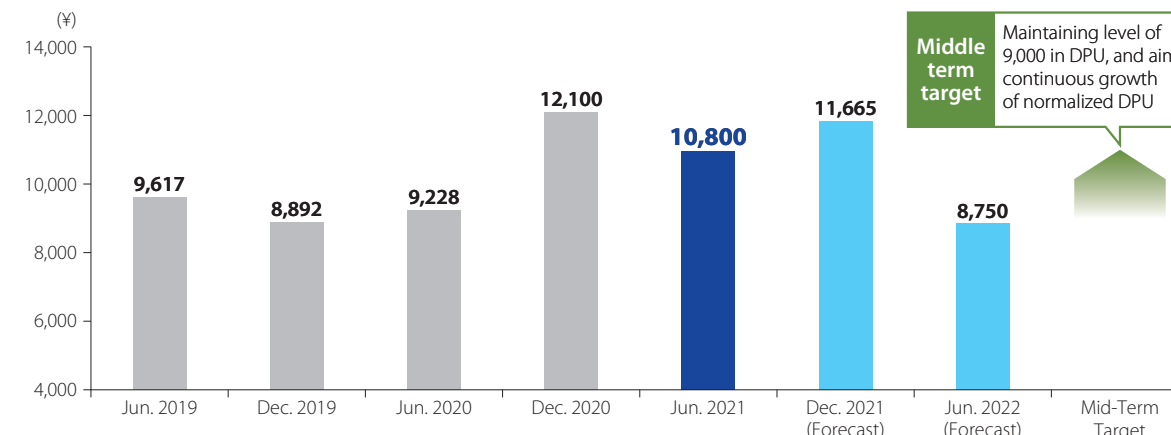
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Financial Highlights

Track Record of DPU

The DPU for the 18th period is decreased by ¥1,300 from the previous period. We maintain level of ¥9,000 in DPU under current condition, and aim continuous growth of normalized DPU as middle term target.



Jun. 2021 (18th period)

Distributions per unit

¥10,800

Dec. 2021 (19th period)

Distributions per unit(Forecast)

¥11,665

Jun. 2022 (20th period)

Distributions per unit(Forecast)

¥8,750

Summary of Financial Results for the 18th Period (Jun. 2021)

Operating revenues

¥9,410 mn

Ordinary income

¥4,859 mn

Net income

¥4,858 mn

Total assets

¥276,120 mn

Total net assets

¥131,393 mn

Net assets per unit

¥292,029

For NAV per unit and other details, please refer to page 6 of the "Investor Presentation for the 18th Period."

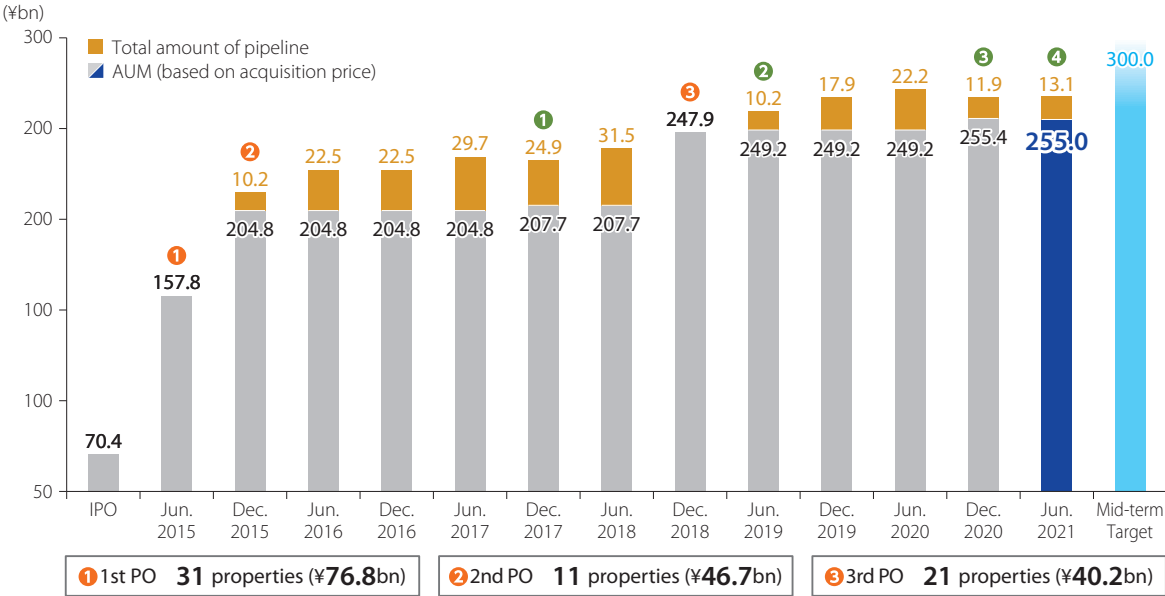


External Growth Strategies

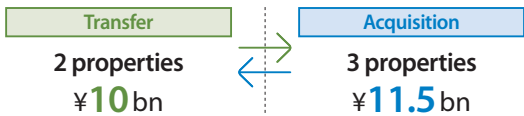
Track Record of AUM

We realize robust portfolio while responding to the rapid market changes through asset replacement based on result of “Tiering Project” utilizing the pipeline assets, and strive to achieve the AUM target ¥300bn through disciplined external growth.

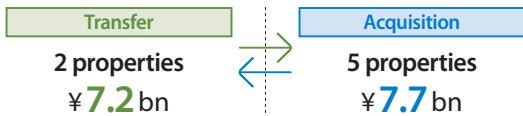
Track record of AUM and pipeline, and Medium term AUM target



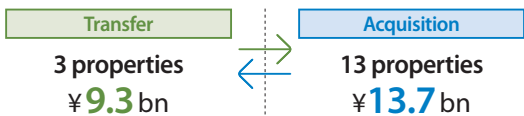
1st asset replacement Using the exchange scheme



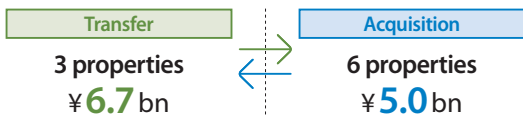
2nd asset replacement Stock-based redevelopment scheme



3rd asset replacement Portfolio quality enhancement based on Tiering



4th asset replacement Portfolio quality enhancement based on Tiering



Properties Subject to Transfer and Acquisition of the 4th and 5th Asset Replacement, and Pipeline

Strengthen portfolio defensiveness by replacing office properties located in the peripheral of major metropolitan areas with concerns on the dilution of internal growth potential due to sensitivity to market environmental change, with offices located in 6 central wards of Tokyo and highly stable residence.

4th Asset Replacement in the 18th period ended Jun. 2021



5th Asset Replacement in the 19th period ending Dec. 2021 “Contracted”



Bridge fund “NRT Growth 17” composed in the 18th period

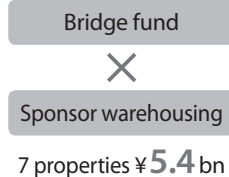


Sponsor warehousing



Overview of pipeline

※After 5th asset replacement



Offices (6 central wards of Tokyo)
Offices (3 major metropolitan areas)
Residence (6 central wards of Tokyo)
Residence (3 major metropolitan areas)
Residence (ordinance-designated cities)

For the portfolio summary, please refer to the **Portfolio Data** page of our website.



For the property list, please refer to the **List of Properties** page of our website.



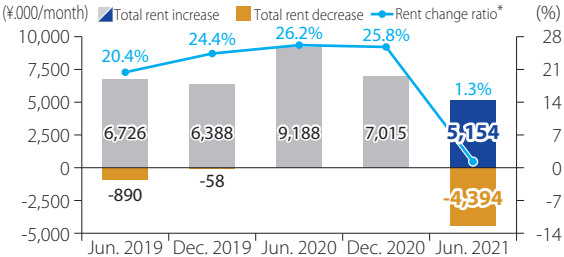
Internal Growth Strategies

Occupancy Rate Trend

Due to stagnation of economic activity because of spread of COVID-19 infection, rent increase upon tenant replacement decreased from the previous fiscal period, but remained positive in net total increase (decrease). The increase in rent at the time of contract renewal became sluggish due to postponed rent negotiations. But although vacancy rate of rental office market is increasing, the occupancy rate of the portfolio maintain high standards.

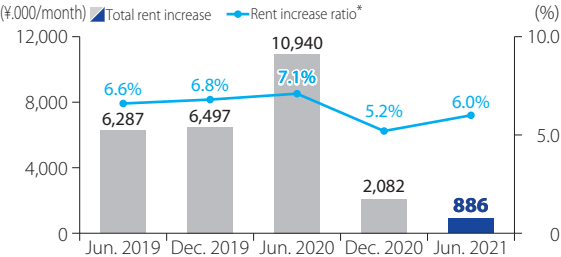
Occupancy rate trend and forecast		17 th period	18 th period	19 th period (Forecast)	20 th period (Forecast)
Total		97.6 %	97.8 %	97.5 %	98.4 %
Office		98.5 %	98.1 %	97.9 %	99.2 %
Residence		95.8 %	97.1 %	97.3 %	96.9 %
Retail		95.4 %	97.8 %	88.9 %	100.0 %

Monthly rent increase (decrease) upon tenant replacement



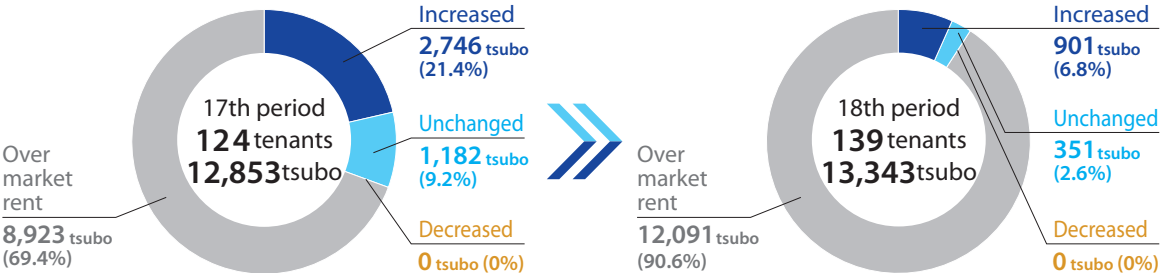
* "Rent change ratio" is calculated in each period as below, rounded to the first decimal place. ((total rent increase after rent renewal - total rent before rent renewal) / total rent before rent renewal)

Status of rent increase (decrease) upon contract renewals (office / monthly rent)



* "Rent increase ratio" is calculated in each period as below, rounded to the first decimal place. ((total rent increase after rent renewal - total rent before rent renewal) / total rent before rent renewal)

Trend of record of rent renewals (floor space)



Financial Management

In order to build a stable financial base over the medium- to long-term, we introduce our basic policy of the financial strategy which is well-balanced fund procurement between borrowing costs and financial stability.

Financial Highlights

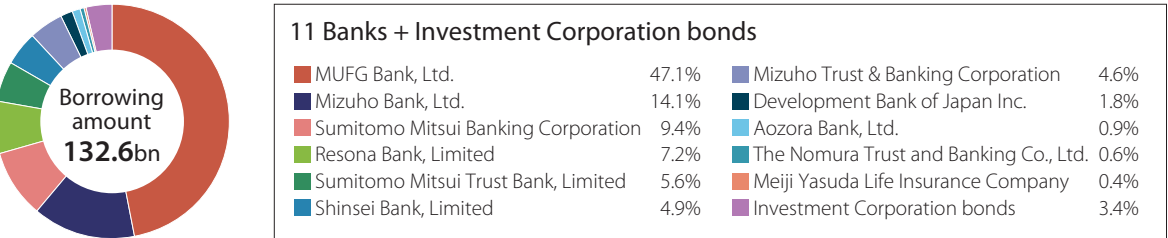
As of the end of the 18th period unless other month/year is indicated

Total interest-bearing debt	132.6bn	LTV	48.0 %
Average remaining borrowing period	4.12 years	Fixed-interest rate ratio	97.2 %
Long-term debt ratio	100.0 %	Japan Credit Agency, Ltd. (JCR) Long-term issuer rating ^(Note)	Upgraded in Jul. 2021 A+(Stable)
Commitment line	3.0bn	Issued Green Bond (Aug. 2021)	2.0bn Term: 10 years Coupon Rate: 0.67%

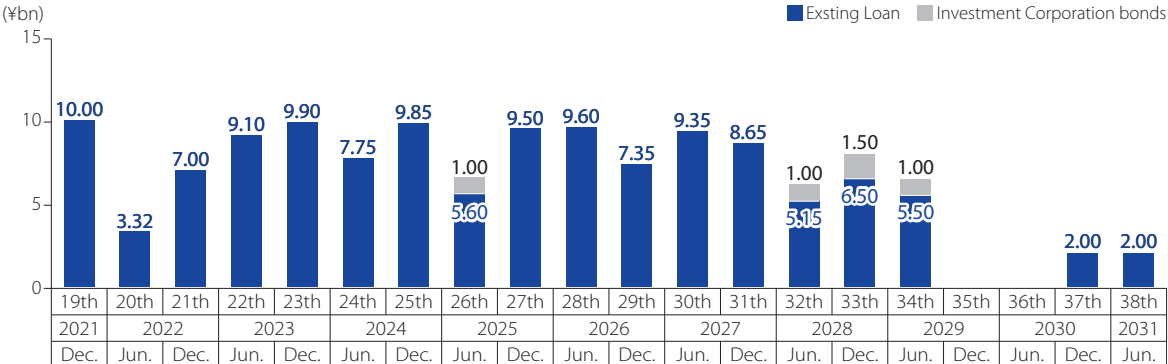
(Note) These ratings do not apply to the units of NRT. Moreover, with regard to said units, no credit ratings have been provided or submitted for inspection by credit rating agencies, nor are any credit ratings scheduled to be provided or submitted for inspection as a result of requests from NRT.

Bank formation

As of the end of the 18th period




Debt Maturity Schedule



Sustainability Initiatives

NRT recognizes that consideration of the environment is an important issue in real estate investment management operations from the viewpoint of enhancing investor value over the long term, and is working to reduce the environmental impact by renewal of equipment and improving the operation of portfolio. We will also strive for environmentally friendly operations while giving consideration to the comfort and biodiversity of facility users.

NIPPON REIT's Initiatives		Corresponding SDGs
<div>Environment</div> <div>Promoting Sustainable Environment</div>	<ul style="list-style-type: none"> Countering Climate Change Enhancing Energy Efficiency Countering Water Resources Waste Management Sustainability Certification 	<div>6 CLEAN WATER AND SANITATION</div> <div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>14 LIFE BELOW WATER</div>
<div>Social</div> <div>Contributing to Diverse Society / Responsibility to Stakeholders</div>	<ul style="list-style-type: none"> Ensuring the Security and Safety of Tenants, Enhancing User Comfort Contributing of Communities Stakeholder Engagement and Timely and Appropriate Information Disclosure Developing Human Resources and Creating a Satisfactory Workplace 	<div>3 GOOD HEALTH AND WELL-BEING</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>4 QUALITY EDUCATION</div> <div>11 SUSTAINABLE CITIES AND COMMUNITIES</div> <div>5 GENDER EQUALITY</div> <div>17 PARTNERSHIPS FOR THE GOALS</div>
<div>Governance</div> <div>Building Disciplined Structure</div>	<ul style="list-style-type: none"> Building a Governance System that Emphasizes the Third Party and Diversity of Officers Ensuring Legal Compliance by Raising Awareness of Compliance Appropriate Risk Management such as Elimination of Conflicts of Interest Related to Transactions with Interested Parties, etc. Ensuring the Effectiveness of Internal Control Processes through Internal Audits 	<div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div>

For "ESG Report,"
please refer to
our website.


Environmental Certifications


Continuous Participation in the GRESB Real Estate Assessment

- Received "Green Star" for four consecutive years
- Rated "3 Stars" in GRESB Rating




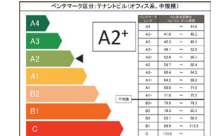


Promotion of acquisition of environmental certification

- Acquired a DBJ Green Building Certification for FORECAST Kameido (Jun. 2021)

For "Sustainability Policy,"
please refer to our website.


Acquisition of Environmental Certification

<div>DBJ Green Building Certification</div> <div>2 properties : 6.90%</div> 	<div>CASBEE for Real Estate</div> <div>1 property : 1.33%</div> 	<div>BELS Certification</div> <div>13 properties : 17.26%</div> 	<div>Low-Carbon Model Building</div> <div>1 property : 1.22%</div> 
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Total **16 properties 25.48%** (based on the total floor space)
 * In case when a property holds multiple certifications, it is calculated as one property.

Sustainability Topics

Issuance of Green Bond

- For the newly developed green finance framework, NIPPON REIT has received "Green 1 (F)," the highest evaluation grade of Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd..

Enhancement of ESG disclosure

- Released ESG Annual Report (Apr. 2021)
- Released GRI Standards Comparison (Jun. 2021)

Improvement of tenant satisfaction

- Utilize empty space as a place for shared cycles
- Installed internet WIFI for residential tenants
- Introduced toilet air purifiers
- Installed digital signages
- Installed delivery box



Asset Management Report
1. Summary of Asset Management
(1) Historical Operating Results

Period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From January 1, 2019 To June 30, 2019	From July 1, 2019 To December 31, 2019	From January 1, 2020 To June 30, 2020	From July 1, 2020 To December 31, 2020	From January 1, 2021 To June 30, 2021
Operating revenues (Yen in millions)	8,982	8,634	8,658	10,127	9,410
Of which, rental revenues and other revenues related to property leasing (Yen in millions)	(8,488)	(8,628)	(8,651)	(8,804)	(8,495)
Operating expenses (Yen in millions)	4,027	3,992	3,884	4,038	3,910
Of which, property-related expenses (Yen in millions)	(3,168)	(3,165)	(3,050)	(3,159)	(3,048)
Operating income (Yen in millions)	4,955	4,642	4,774	6,088	5,499
Ordinary income (Yen in millions)	4,326	4,000	4,151	5,444	4,859
Net income (Yen in millions)	4,326	4,000	4,151	5,443	4,858
Total assets (a) (Yen in millions)	270,269	270,279	270,060	277,192	276,120
Period-on-period changes (%)	(0.4)	(0.0)	(△0.1)	(2.6)	(△0.4)
Net assets (b) (Yen in millions)	130,863	130,536	130,687	131,978	131,393
Period-on-period changes (%)	(0.4)	(△0.2)	(0.1)	(1.0)	(△0.4)
Unitholders' equity (Yen in millions)	126,515	126,515	126,515	126,515	126,515
Number of investment units issued and outstanding (c) (Unit)	449,930	449,930	449,930	449,930	449,930
Net assets per unit (b) / (c) (Yen)	290,853	290,126	290,461	293,331	292,029
Total distributions (d) (Yen in millions)	4,326	4,000	4,151	5,444	4,859
Distributions per unit (d) / (c) (Yen)	9,617	8,892	9,228	12,100	10,800
Of which, earnings distributions per unit (Yen)	(9,617)	(8,892)	(9,228)	(12,100)	(10,800)
Of which, distributions per unit in excess of earnings per unit (Yen)	(-)	(-)	(-)	(-)	(-)
Ordinary income to total assets ratio (Note 3) (%)	1.6	1.5	1.5	2.0	1.8
Annualized (Note 3) (%)	(3.2)	(2.9)	(3.1)	(3.9)	(3.5)
Return on equity (Note 3) (%)	3.3	3.1	3.2	4.1	3.7
Annualized (Note 3) (%)	(6.7)	(6.1)	(6.4)	(8.2)	(7.4)
Equity ratio (b) / (a) (%)	48.4	48.3	48.4	47.6	47.6
Period-on-period changes (%)	(0.0)	(△0.1)	(0.1)	(△0.8)	(0.0)
Payout ratio (Note 3) (%)	100.0	100.0	100.0	100.0	100.0

Period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From January 1, 2019 To June 30, 2019	From July 1, 2019 To December 31, 2019	From January 1, 2020 To June 30, 2020	From July 1, 2020 To December 31, 2020	From January 1, 2021 To June 30, 2021

(Reference Information)

Number of investment properties	90	90	90	100	103
Total leasable area (m ²)	310,783.33	310,766.26	310,770.64	316,713.84	315,718.42
Number of tenants (Note 4)	2,023	2,028	2,008	2,396	2,685
Occupancy rate at the end of the period (%)	99.1	99.4	98.6	97.6	97.8
Depreciation during the period (Yen in millions)	947	965	992	1,016	1,004
Capital expenditures during the period (Yen in millions)	519	1,044	415	398	337
Rental NOI (Net Operating Income) (Note 3) (Yen in millions)	6,267	6,431	6,593	6,664	6,457
FFO (Funds From Operations) per unit (Note 3) (Yen)	10,628	11,049	11,438	11,439	11,025
Interest-bearing debt (e) (Yen in millions)	126,870	126,870	126,870	132,620	132,620
Interest-bearing debt to total assets ratio (e) / (a) (%)	46.9	46.9	47.0	47.8	48.0
Number of operating days (Days)	181	184	182	184	181

(Note 1) NIPPON REIT's fiscal periods cover every six months, from January 1 to June 30 and from July 1 to December 31, of each year.

(Note 2) Operating revenues, etc., do not include consumption taxes.

(Note 3) The following denotes the calculation methods for the indicators used by NIPPON REIT. It should be noted that calculations on an annual basis are calculated using the number of business days for each period.

Ordinary income to total assets ratio	Ordinary income/average total assets x 100 Average total assets = (Total assets at beginning of period + total assets at end of period) ÷ 2
Return on equity	Net income / average net assets x 100 Average net assets = (Net assets at beginning of period + net assets at end of period) ÷ 2
Payout ratio	Distribution per investment unit (excluding cash distributions in excess of earnings per unit) ÷ net income per investment unit x 100 Payout ratio of the 18th fiscal period was calculated using the following formula, as new investment units have been issued: Total amount of distribution (excluding cash distributions in excess of earnings) ÷ net income x 100
Rental NOI (Net Operating Income)	Income from property leasing for the fiscal period under review (rental revenues - rental expenses) + depreciation + loss on retirement of non-current assets
FFO (Funds From Operations) per unit	(Net income + depreciation + loss on retirement of non-current assets + deferred asset amortization - gain / loss on sales of real estate) ÷ total investment units issued and outstanding

(Note 4) This denotes the total number of tenants (excluding those for warehouses, billboards, and parking lots) in leasing contracts for each building acquired at the end of the period. It should be noted that in the event a pass-through master lease contract is entered into for said assets, the total number of end-tenants is used in the calculation (excluding those for warehouses, billboards, and parking lots).

(Note 5) Monetary figures are truncated, while percentages are rounded.

(2) Overview of the Fiscal Period under Review

A. Brief History of NIPPON REIT

NIPPON REIT was established on September 8, 2010, by Polaris Investment Advisers K.K. (now Sojitz REIT Advisors K.K. [hereafter referred to as the "Asset Management Company"]) as the founder under the Act on Investment Trusts and Investment Corporations (the "Investment Trusts Act"). Registration with the Kanto Local Finance Bureau was completed on October 26, 2010 (registration number 72, filed with the Director of the Kanto Local Finance Bureau).

NIPPON REIT issued new investment units through a public offering (144,200 units) with April 23, 2014, as the payment date and was listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3296) on April 24, 2014.

Furthermore, NIPPON REIT issued investment units through public offerings in February 2015, July 2015, and July 2018, and third-party allotments in March 2015, July 2015, and July 2018, and the total number of investment units issued and outstanding as of the end of the fiscal period under review (June 30, 2021) is 449,930 units.

B. Investment Environment and Management Performance

(i) Investment Environment

The Japanese economy during the fiscal period under review (the fiscal period ended June 30, 2021) saw an decrease of 1.0% (an annual decrease of 3.9%) in the real GDP growth rate (second preliminary figures) for the period from January to March 2021 compared to the same period of the previous year.

While severe conditions still remain with the prolonged effect of the spread of COVID-19 infection as the consumer spending remains at a standstill affected by the weak revenues of the non-manufacturing sector and employment conditions, business environment of corporates shows some signs of improvement recently as corporate goods prices are gradually increasing reflecting recovery in manufacturing orders and increased exports. Continuous recovery in business environment of corporates is expected due to the effects of various political measures and recovery in overseas economy together with the prevention measures against the spread of COVID-19 infection and promotion of vaccination. It is necessary to keep a close watch continuously on factors such as downward risk by the effect of the spread of COVID-19 infection on domestic and global economy and fluctuations in financial and capital markets.

In the office properties leasing market, the vacancy rate as of the end of June 2021 in Tokyo's five central wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) announced by Miki Shoji Co., Ltd., was 6.19%, up 4.22% from the same month last year. Moreover, the average rent in the same area as of the end of June 2021 was 21,160 yen per tsubo, down 7.5% from the same month last year. It is necessary to keep a close watch on future trends as such downward trends are ongoing since August 2020.

In terms of the residential properties leasing market, while the situation remains generally stable for both occupancy rate and rent level, it is necessary to keep a close watch on supply and demand conditions in the residential leasing properties including the demographic migration in the three major metropolitan areas because the effect caused by delayed change in residence of office workers and students due to increased remote working and remote lessons triggered by the spread of COVID-19 infection still remains.

The retail properties leasing market showing some signs of recovery and consumption style is changing from consumption from staying at home in previous year although restriction on economic activities implemented as the prevention measures against the spread of COVID-19 infection remains, saw a 11.9% year-on-year increase in retail sales according to figures announced by the Ministry of Economy, Trade and Industry in April 2021. Sales at department stores increased 158.3% year on year due to significant increase in sales of apparel and accessories while sales at GMS decreased 0.9% year on year.

As for short-term prospects, attention should be paid to range and degree of the impact of work style reform including remote working and changes in life style on the leasing market caused by the spread of COVID-19 infection.

With regard to the real estate transaction market, expected yields of superior properties remain at a low level and transaction prices stay high, reflecting that the appetite for acquisition of properties by domestic investors such as J-REIT, private REIT, real estate companies and overseas investors is still high due to high demand for investment under the global low interest rate environment and relatively solid condition in Japan real estate markets while investors show preference to asset types which are less susceptible to the effect of COVID-19.

(ii) Management Performance

a. External Growth

NIPPON REIT owned 100 properties (with a total acquisition price of 255,406 million yen) and 2 equity interests in a silent partnership (with a total investment amount of 120 million yen and total of 10 real estate-backed properties) as of the end of the fiscal period ended December 31, 2020.

During the fiscal period under review (fiscal period ended June 2021) NIPPON REIT transferred the following 3 properties (transfer prices not disclosed) and acquired the following 6 properties (with a total acquisition price of 5,063 million yen) as the replacement of properties executed from February to March 2021:

Transaction	Property Number	Property name	Transfer price or acquisition price (Note 1)	Transfer date or acquisition date
Transfer	A-13	Higashi Ikebukuro Center Building	Not disclosed (Note2)	February 25, 2021
Transfer	A-20	FORECAST Uchikanda	Not disclosed (Note2)	February 25, 2021
Transfer	A-43	Marunouchi Sanchoe Building	Not disclosed (Note 2)	February 25, 2021
Acquisition	A-73	TENSHO OFFICE SHINBASHI 5	1,200	February 25, 2021
Acquisition	B-33	Residence Kinshicho (Note 3)	700	February 26, 2021
Acquisition	B-34	Meister house Kawasaki	709	February 26, 2021
Acquisition	B-35	LIESSE Tsurumai (Note 4)	1,082	February 26, 2021
Acquisition	B-36	Komatsubara Yamamoto Mansion	670	February 26, 2021
Acquisition	B-37	Belleza Kanayama	702	March 1, 2021

(Note 1) The transfer prices or acquisition prices represent the amount of consideration stated in the sales and purchase agreements of the trust beneficiary interests in real estate. The transfer price or acquisition price does not include the expenses related to the transfer or acquisition and consumption taxes. Furthermore, the transfer price or acquisition price of less than one million yen is omitted.

(Note 2) Not disclosed because consent has not been obtained from the buyer. However, the transfer price of each property is determined by the Asset Management Company to be reasonable in consideration of the appraisal value of each property etc.

(Note 3) The name of property was changed from "MAISON Dino" to "Residence Kinshicho" on August 1, 2021. The same applies hereinafter.

(Note 4) This property includes two separate buildings, which are structurally independent each other, and these two buildings are counted as one property. The same applies hereinafter.

Also, NIPPON REIT acquired the following silent partnership equity interest as pipelines for external growth, and has been granted the right of first negotiation pertaining to the acquisition of total of 6 real estate-backed properties.

Name	Number of real estate - backed properties	Investment amount (Note)	Acquisition date
Godo Kaisha NRT Growth 17 Subordinated equity interest in silent partnership	6	50	June 29, 2021

(Note) The investment amount does not include various expenses required for the transaction. Furthermore, investment amount of less than one million yen are omitted.

In addition, NIPPON REIT has been granted the right of first negotiation pertaining to the acquisition of 1 property (with a total price of the first negotiation of 845 million yen) which is warehoused by Sojitz Corporation, the sponsor of NIPPON REIT.

The portfolio as of the end of the fiscal period under review consisted of 65 office properties (Note 1) (with a total acquisition price of 187,750 million yen), 36 residential properties (Note 2) (with a total acquisition price of 59,212 million yen) and 2 retail properties (Note 3) (with a total acquisition price of 8,120 million yen), totaling 103 properties (with a total acquisition price of 255,083 million yen), and 2 equity interests in a silent partnership (with a total investment amount of 120 million yen and total of 14 real estate-backed properties) with a total leased area of 308,713.24 m² and a 97.8% average occupancy rate.

- (Note 1) Office properties are office buildings whose primary usage is offices. The same shall apply hereinafter.
(Note 2) Residential properties are rental houses whose primary usage is residence (including dormitories, company houses and serviced apartments, all or a major portion of which are leased by operators). The same shall apply hereinafter.
(Note 3) Retail properties are properties primarily leased to commercial tenants (such as retailers, restaurants, service providers and amusement facilities). The same shall apply hereinafter.

b. Internal Growth

NIPPON REIT emphasizes asset management that maintains and increases the portfolio's asset value and actively reaches out to new and existing tenants for prosperous future opportunities while strengthening relations with existing tenants, implementing measures that boost the competitiveness of properties in light of tenant needs and the features of each property. Through such tireless efforts, the portfolio occupancy rate has been maintained at a high level of 97.8% as of the end of the fiscal period under review.

C. Procurement of Funds

(i) Borrowings and Repayments

In order to prepare funds for payment of loans due on April 20, 2021 (total amount 8,500 million yen), borrowings totaling 8,500 million yen was implemented on the same day.
As a result, the balance of interest-bearing debt as of June 30, 2021, was 132,620 million yen and the ratio of interest-bearing debt to total assets (LTV) was 48.0%.

(ii) Credit Rating

NIPPON REIT's credit rating as of today is as follows:

Credit Rating Agency	Rating type	Rating outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer rating: A+	Stable

D. Overview of Business Performance and Distributions

As a result of the operations described above, business performance in the fiscal period under review generated operating revenues of 9,410 million yen, operating income of 5,499 million yen, ordinary income of 4,859 million yen and net income of 4,858 million yen.

Concerning distributions, NIPPON REIT is set to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measure Act of Japan), ensuring a scope that does not exceed unappropriated retained earnings, and also minimizing unitholders' burdens of income tax, etc. For the fiscal period, NIPPON REIT decided to distribute 4,859,244,000 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding (449,930 units). As such, cash distributions per unit were 10,800 yen.

(3) Changes in Number of Total Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and total unitholders' equity for the past 5 years to the end of the current period are as follows.

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Total unitholders' equity (Yen in millions) (Note 1)		Note
		Increase (Decrease)	Total	Increase (Decrease)	Total	
July 2, 2018	Public offering	55,400	447,160	16,409	125,695	(Note 2)
July 24, 2018	Issuance of new investment units through third-party allotment	2,770	449,930	820	126,515	(Note 3)

- (Note 1) "Total unitholders' equity" is truncated to the nearest million yen.
(Note 2) In order to obtain funds to acquire new properties, NIPPON REIT issued new investment units through a public offering at the offer price of 307,235 yen (issue price of 296,206 yen) per unit.
(Note 3) In connection with the public offering, NIPPON REIT issued new investment units through a third-party allotment at the issue price of 296,206 yen per unit.

(Changes in market price of investment securities)

The highest and lowest (closing) prices in the J-REIT section of the Tokyo Stock Exchange, where NIPPON REIT's investment securities are listed, are as follows for the period indicated.

Period	14th fiscal period	15th fiscal period	16th fiscal period	17th fiscal period	18th fiscal period
	From January 1, 2019 to June 30, 2019	From July 1, 2019 to December 31, 2019	From January 1, 2020 to June 30, 2020	From July 1, 2020 to December 31, 2020	From January 1, 2021 to June 30, 2021
Highest (Yen)	437,500	500,000	516,000	375,500	463,500
Lowest (Yen)	357,000	419,500	222,900	312,500	343,000

(4) Distributions

Concerning distributions for the period under review, in order to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and to ensure a scope that does not exceed unappropriated retained earnings and that can minimize unitholder burdens of income tax, etc., NIPPON REIT decided to distribute 4,859,244,000 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding (449,930 units). As such, cash distributions per unit were 10,800 yen for the period under review.

Period	14th fiscal period From January 1, 2019 To June 30, 2019	15th fiscal period From July 1, 2019 To December 31, 2019	16th fiscal period From January 1, 2020 To June 30, 2020	17th fiscal period From July 1, 2020 To December 31, 2020	18th fiscal period From January 1, 2021 To June 30, 2021
Unappropriated retained earnings (Yen in thousands)	4,348,100	4,021,186	4,171,653	5,463,133	4,877,448
Retained earnings (Retained earnings brought forward) (Yen in thousands)	21,123	20,408	19,699	18,980	18,204
Cash distributions declared (Yen in thousands)	4,326,976	4,000,777	4,151,954	5,444,153	4,859,244
Distributions per unit (Yen)	(9,617)	(8,892)	(9,228)	(12,100)	(10,800)
Of the above, total earnings distributions (Yen in thousands)	4,326,976	4,000,777	4,151,954	5,444,153	4,859,244
Earnings distributions per unit (Yen)	(9,617)	(8,892)	(9,228)	(12,100)	(10,800)
Of the above, total capital refunds (Yen in thousands)	—	—	—	—	—
Capital refunds per unit (Yen)	(—)	(—)	(—)	(—)	(—)
Of total capital refunds, total distributions from allowance for temporary difference (Yen in thousands)	—	—	—	—	—
Distributions from allowance for temporary difference per unit (Yen)	(—)	(—)	(—)	(—)	(—)
Of total capital refunds, total distributions from reduced capital distributions (Yen in thousands)	—	—	—	—	—
Distributions from reduced capital distributions per unit (Yen)	(—)	(—)	(—)	(—)	(—)

(Note) Amounts are truncated to the relevant digit.

(5) Future Operating Policies and Issues to Be Addressed

A. Management Policy

With the corporate policy of "untiringly pursuing the best interest of NIPPON REIT's unitholders", NIPPON REIT plans to engage in the following measures to maximize unitholders' value through flexible and timely investment, and also seeks the best interest of unitholders by utilizing the features of diversified assets and focusing on the growth potential and stability of revenues.

B. External Growth Strategy

In order to diversify various risks by combining assets with different revenue features while considering the future outlook of the macro economy and real estate market in Japan, as well as not missing appropriate investment opportunities, NIPPON REIT will invest in "three types of assets deeply rooted in the Japanese society (office, residence, and retail)". Furthermore, NIPPON REIT will focus on mid-sized office properties located in central areas of Tokyo, which are its main target of investment in consideration of the balance of supply and demand, and will build up a diversified portfolio by also investing in residential properties and retail properties.

With the Asset Management Company's own property acquisition network as the base and also utilizing the real estate investment networks of sponsors such as Sojitz Corporation, the main sponsor and sub-sponsor companies of Cushman & Wakefield Asset Management K.K. (hereafter referred to as "Cushman") and Agility Asset Advisers Inc., NIPPON REIT will increase its asset size through property acquisitions centered on negotiation transactions with third parties so as to promote external growth.

Furthermore, regarding property acquisitions from third parties, NIPPON REIT will attempt to avoid the loss of opportunities for property acquisitions and aim to maximize growth opportunities by means of temporary ownership and recovery functions provided through the warehousing function of Sojitz Corporation, and temporary ownership functions provided by bridge funds in which the above-mentioned sponsor companies are involved in the formations.

C. Internal Growth Strategy

NIPPON REIT will manage assets to maintain and increase the competitiveness of the portfolio and of individual properties according to their features, based on the unique networks and expertise that the officers and employees of the Asset Management Company have originally nurtured at sponsor companies. Moreover, by entrusting property management operations and building management operations mainly to Sojitz LifeOne Corporation, a subsidiary of the main sponsor of Sojitz Corporation, we will promote the maintenance of the occupancy rate and increase in profitability through the utilization of Sojitz LifeOne Corporation's knowledge based on experience and cost reduction effects via economies of scale.

With appropriate processes as a given, Sojitz LifeOne Corporation will also be assigned as the main consignee for renovations and planned repairs, in addition to daily administrative operations. Along with Sojitz LifeOne Corporation's consistent support, ranging from building diagnostics to repair-designs, selection of construction companies and construction management based on its knowledge nurtured through large-scale repair consulting and such, NIPPON REIT will aim to practice effective and deliberate repairs in order to maintain and increase the value of assets under management, taking into consideration the priority of construction work and optimization of costs, and upon sufficient consideration of cost-effectiveness.

Furthermore, regarding leasing plans for offices, new asking rent and renewed rent for existing tenants will be set with reference to various data, etc., provided by Cushman, a sub-sponsor, and agile leasing activities will be implemented according as the operational leasing policy stipulated for new potential tenants.

D. Financial Strategy

NIPPON REIT's basic policy for its financial strategy is to conduct fund procurement in a diversified and well-balanced manner so as to establish a stable financial foundation over the medium to long term.

Regarding the LTV of interest-bearing debt, the targeted ceiling is set at 60%. NIPPON REIT's LTV as of the end of the fiscal period under review was 48.0%, and the current policy is to keep the LTV level between 45% and 55%.

With regard to lenders, NIPPON REIT will maintain a strong bank formation that is solidly established on the syndicated finance group as of the end of the fiscal period under review.

(6) Significant Subsequent Events

A. Acquisition of Properties

NIPPON REIT acquired trust beneficially interests in real estate as described below.

Property name	Location	Acquisition date	Acquisition price (Yen in millions) (Note)	Seller
REID-C Iidabashi Building	Chiyoda-ward, Tokyo	August 31, 2021	1,195	Godo Kaisha NRT Growth 16
REID-C Gotenyama Building	Shinagawa-ward, Tokyo	August 31, 2021	1,040	Godo Kaisha NRT Growth 16
Sylphide Higashishinagawa	Shinagawa-ward, Tokyo	August 31, 2021	961	Godo Kaisha NRT Growth 16
Royal Bloom	Saitama, Saitama	August 31, 2021	1,100	Godo Kaisha NRT Growth 16
Ever Square Doshin	Osaka, Osaka	August 31, 2021	609	Godo Kaisha NRT Growth 16
Zeku Benten	Osaka, Osaka	August 31, 2021	506	Godo Kaisha NRT Growth 16
Canis Court Kamishinjo	Osaka, Osaka	August 31, 2021	1,359	Godo Kaisha NRT Growth 16
Imperial Otori	Sakai, Osaka	August 31, 2021	845	Godo Kaisha NRT Growth 16
Total			7,615	

(Note) The acquisition prices represent the amount of consideration stated in the purchase agreements of the trust beneficiary interests in real estate. The acquisition price does not include the expenses related to the acquisition and consumption taxes and local consumption taxes. Furthermore, the acquisition price of less than one million yen is omitted.

B. Transfer of Properties

NIPPON REIT transferred trust beneficially interests in real estate as described below.

Property name	Location	Transfer date	Transfer price (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)	Purchaser
Toshin Higashi-Ikebukuro Building	Toshima-ward, Tokyo	August 26, 2021	1,480	986	Not disclosed (Note 3)
Itabashi Honcho Building	Itabashi-ward, Tokyo	August 26, 2021	3,950	3,046	Not disclosed (Note 3)
East Side Building	Taito-ward, Tokyo	August 26, 2021	1,800	1,372	Not disclosed (Note 3)
Esprit Kameido	Koto-ward, Tokyo	August 26, 2021	1,400	1,276	Not disclosed (Note 3)
Total			8,630	6,681	

(Note 1) The transfer prices represent the amount of consideration stated in the transfer agreements of the trust beneficiary interests in real estate. The transfer price does not include the expenses related to the transfer and consumption taxes. Furthermore, the transfer price of less than one million yen is omitted.

(Note 2) The book values represent the balance sheet amount as of June 30, 2021. Furthermore, the book value of less than one million yen is omitted.

(Note 3) This information is not disclosed as the consent to disclosure has not been obtained from the purchaser.

2. Overview of the Investment Corporation

(1) Status of Investment Units

Period	14th fiscal period June 30, 2019	15th fiscal period December 31, 2019	16th fiscal period June 30, 2020	17th fiscal period December 31, 2020	18th fiscal period June 30, 2021
Total number of investment units authorized (Unit)	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total number of investment units issued and outstanding (Unit)	449,930	449,930	449,930	449,930	449,930
Total unitholders' capital (Yen in millions) (Note)	126,515	126,515	126,515	126,515	126,515
Number of unitholders	14,546	12,988	13,109	13,253	13,415

(Note) Total unitholders' capital is truncated to the nearest million yen.

(2) Matters Concerning Investment Units

The top 10 unitholders in terms of the percentage of investment units held as of June 30, 2021, are as follows.

Name	Number of investment units held (Unit)	Percentage of units held to the total number of units issued and outstanding (%) (Note)
Custody Bank of Japan, Ltd. (Trust Account)	98,866	21.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	78,370	17.42
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	19,070	4.24
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	16,546	3.68
Sojitz Corporation	15,500	3.44
STATE STREET BANK WEST CLIENT - TREATY 505234	6,959	1.55
SSBTC CLIENT OMNIBUS ACCOUNT	5,963	1.33
JAPAN SECURITIES FINANCE CO., LTD.	5,743	1.28
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	4,933	1.10
JP MORGAN CHASE BANK 385771	4,605	1.02
Total	256,555	57.02

(Note) Percentage of units held to the total number of units issued and outstanding is rounded to the second decimal place and may not add up to the total.

(3) Officers

The following table provides information about our executive and supervising officers, and independent auditor during the fiscal period under review.

Position	Name	Major concurrent position	Total compensation per title during the 18th fiscal period (Yen in thousands) (Note 1)
Executive Officer	Toshio Sugita	President & CEO, Sojitz REIT Advisors K.K.	—
Supervising Officer	Yasuhiro Shimada	Partner, Tsubame Law Offices	1,200
	Hisashi Yahagi	Representative council, Toranomon Partners	1,200
Independent Auditor	KPMG AZSA LLC	—	14,500 (Note 2)

- (Note 1) Total compensation for each position in the applicable business period has been truncated to the nearest thousand yen.
- (Note 2) The fee of the independent auditor includes the audit fee of English financial statements.
- (Note 3) Termination of the independent auditor is carried out in accordance with the Investment Trust Act. The Board of Officers of NIPPON REIT determines the refusal of reappointment of an independent auditor, factoring in various circumstances, including the quality of the audits performed and compensation for said audits.
- (Note 4) NIPPON REIT has concluded with an insurance company Directors and Officers Liability Insurance as stipulated in Article 116-3, Paragraph 1 of the Act on Investment Trusts and Investment Corporations to cover loss, such as compensation payment and dispute costs, to be borne by the insured when they receive a claim for compensation due to errors, breach of duties, omissions and others. Directors and Officers Liability Insurance covers all of Executive Officer and Supervising Officers stated above. NIPPON REIT has taken necessary actions not to impair appropriateness of duty of officers by excluding damage born by officers caused by criminal act such as corruptions and intentional illegal act from compensation. NIPPON REIT bears entire costs for Directors and Officers Liability Insurance.

(4) Asset Manager, Asset Custodian, and General Administrative Agent

NIPPON REIT's asset manager, asset custodian, and general administrative agent as of June 30, 2021, are as follows.

Business	Name
Asset Manager	Sojitz REIT Advisors K.K.
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
General Administrative Agent (Transfer agent)	Mitsubishi UFJ Trust and Banking Corporation
General Administrative Agent (Administrative work for organizational operation)	Mitsubishi UFJ Trust and Banking Corporation
General Administrative Agent (Accounting administration)	Mitsubishi UFJ Trust and Banking Corporation
General Administrative Agent (Administrative work for investment corporation bonds)	MUFG Bank, Ltd.

3. Portfolio of the Investment Corporation

(1) Composition of Assets

Type of assets	Property type	Area	17th fiscal period (December 31, 2020)		18th fiscal period (June 30, 2021)	
			Total amount held (Yen in millions) (Note 1)	Ratio to total assets (%) (Note 2)	Total amount held (Yen in millions) (Note 1)	Ratio to total assets (%) (Note 2)
Real estate	Office properties	Six central wards of Tokyo (Note 3)	1,500	0.5	1,496	0.5
	Real estate Total		1,500	0.5	1,496	0.5
Real estate in trust	Office properties	Six central wards of Tokyo (Note 3)	139,035	50.2	138,739	50.2
		Three major metropolitan areas (Note 4) (excluding six central wards of Tokyo)	55,334	20.0	50,864	18.4
		Subtotal	194,369	70.1	189,603	68.7
	Residential properties	Three major metropolitan areas (Note 4) (including six central wards of Tokyo)	51,301	18.5	54,446	19.7
		Certain ordinance-designated and other cities (Note 5)	3,211	1.2	3,928	1.4
		Subtotal	54,513	19.7	58,375	21.1
	Retail properties		8,139	2.9	8,114	2.9
	Real estate in trust Total		257,022	92.9	256,094	92.7
Investment securities (Note 6)		123	0.0	123	0.0	
Deposits and other assets		18,545	6.7	18,406	6.7	
Total assets (Note 7)		277,192 (258,523)	100.0 (93.3)	276,120 (257,590)	100.0 (93.3)	

- (Note 1) "Total amount held" represents the amount recorded on the balance sheets as of the end of the respective period (for real estate in trust, book value less depreciation) and truncated to the nearest million yen.
- (Note 2) "Ratio to total assets" represents the percentage of the amount of respective assets recorded on the balance sheets to total assets. Figures are rounded to one decimal place and may not add up to subtotals or the total.
- (Note 3) "Six central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Shinagawa wards.
- (Note 4) "Three major metropolitan areas" refers to the Tokyo, Osaka, and Nagoya economic areas. "Tokyo economic area" refers to the Tokyo metropolitan area, Kanagawa Prefecture, Chiba Prefecture, and Saitama Prefecture. "Osaka economic area" refers to Osaka Prefecture, Kyoto Prefecture, and Hyogo Prefecture. "Nagoya economic area" refers to Aichi Prefecture, Gifu Prefecture, and Mie Prefecture.
- (Note 5) "Certain ordinance-designated and other cities" refers to Japanese cities that have been designated as ordinance-designated cities by order of the Cabinet under the Local Autonomy Law of Japan and that are located outside of the three major metropolitan areas (i.e., Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu, and Kumamoto) and also to prefectural capital cities that are located outside of the three major metropolitan areas.
- (Note 6) "Investment securities" represents the equity interests in silent partnerships of Godo Kaisha NRT Growth 14 and Godo Kaisha NRT Growth 16 for the 17th fiscal period. It represents the equity interests in silent partnerships of Godo Kaisha NRT Growth 16 and Godo Kaisha NRT Growth 17 for the 18th fiscal period.
- (Note 7) Figures in total assets shown in parentheses represent the portion corresponding to a substantive holding of real estate, etc., in total assets.

(2) Principal Assets Held

The overview of principal assets held by NIPPON REIT as of June 30, 2021 (top 10 properties in terms of book value at the end of the period) is as follows:

Property name	Book value (Yen in millions) (Note 1)	Total leasable area (m ²) (Note 2)	Total leased area (m ²) (Note 3)	Occupancy rate (%) (Note 4)	Rate to total revenues from property leasing (%) (Note 5)	Primary use
Omiya Center Building	15,382	14,311.77	14,311.77	100.0	6.4	Office
FORECAST Shinjuku SOUTH	14,665	13,875.01	13,831.10	99.7	7.2	Office
Tower Court Kitashinagawa	10,624	16,913.29	16,661.42	98.5	4.8	Residential
FORECAST Gotanda WEST	7,518	8,981.55	8,586.16	95.6	2.8	Office
Shibakoen Sanchome Building	7,353	7,882.60	7,882.60	100.0	2.8	Office
Homat Horizon Building	6,702	6,077.01	6,077.01	100.0	2.4	Office
FORECAST Shinjuku AVENUE	6,130	4,337.15	4,337.15	100.0	2.1	Office
FORECAST Sakurabashi	5,982	6,566.76	6,566.76	100.0	2.5	Office
FORECAST Takadanobaba	5,865	5,661.49	5,661.49	100.0	2.2	Office
Primegate Iidabashi (Note 6)	5,226	6,042.29	5,971.26	98.8	1.8	Residential
Total	85,452	90,648.92	89,886.72	99.2	35.0	

(Note 1) "Book value" is truncated to the nearest million yen.

(Note 2) "Total leasable area" is the total area of the relevant building that NIPPON REIT considers leasable based on relevant lease agreements or floor plans. The same shall apply hereafter.

(Note 3) "Total leased area" is the aggregate leased area described in the relevant lease agreements as of the fiscal period end. For properties subject to pass-through master leases, total leased area is the aggregate of the leased areas indicated in the relevant sublease agreements with end-tenants as of the fiscal period end.

(Note 4) "Occupancy rate" is calculated by dividing total leased area by total leasable area as of the fiscal period end, and rounding that figure to the first decimal place.

(Note 5) "Rate to total revenues from property leasing" is rounded to the first decimal place and may not add up to the total.

(Note 6) For the property concerned, the name "S&S Building" is used for a part of the first through fourth floors as a property for office and shop use. However, the entire property, including the office portion, is named "Primegate Iidabashi."

(3) Description of Portfolio

The overview of portfolio assets held by NIPPON REIT as of June 30, 2021, is as follows:

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m ²)	Appraisal value (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)
FORECAST Nishishinjuku	7-16-11 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,945.68	3,190	2,101
Nihombashi Playa Building	1-9-12 Nihonbashi Hamacho, Chuo-ku, Tokyo	Trust beneficiary interest	2,490.08	2,530	1,974
FORECAST Yotsuya	2-11-6 Yotsuya, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,678.15	1,970	1,352
FORECAST Shinjuku AVENUE	2-5-12 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,337.15	8,130	6,130
FORECAST Ichigaya (Note 3)	3-29 Ichigaya Honmuracho, Shinjuku-ku, Tokyo	Trust beneficiary interest	3,844.66	6,400	4,400
FORECAST Mita	1-3-31 Mita, Minato-ku, Tokyo	Trust beneficiary interest	1,786.18	2,390	1,712
FORECAST Shinjuku SOUTH	4-3-17 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	13,875.01	18,200	14,665
FORECAST Sakurabashi	4-5-4 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest	6,566.76	6,820	5,982
GreenOak Kayabacho	1-3-3 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	2,995.35	3,600	2,979
GreenOak Kudan	1-11-5 Kudankita, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,594.46	3,540	2,909
GreenOak Takanawadai	2-26-10 Shirokanedai, Minato-ku, Tokyo	Trust beneficiary interest	2,621.74	2,960	2,141
Central Daikanyama	14-23 Daikanyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest	1,899.30	3,810	3,691
Hiroo Reeplex B's	5-15-27 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interest	1,500.85	3,430	2,853
Shibakoen Sanchome Building	3-1-38 Shibakoen, Minato-ku, Tokyo	Trust beneficiary interest	7,882.60	10,200	7,353
Kudankita 325 Building	3-2-5 Kudankita, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,003.60	2,250	1,974
Itohpia Iwamotocho 2-chome Building	2-11-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,447.16	3,300	2,883
Itohpia Iwamotocho 1-chome Building	1-8-15 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,056.56	2,970	2,753
Itohpia Iwamotocho ANNEX Building	2-14-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,064.20	2,620	2,223
Pigeon Building	4-4 Hisamatsucho, Nihonbashi, Chuo-ku, Tokyo	Trust beneficiary interest	3,022.25	3,060	2,915
FORECAST Ningyocho	2-13-9 Ningyocho, Nihonbashi, Chuo-ku, Tokyo	Trust beneficiary interest	2,277.62	2,190	2,115
FORECAST Ningyocho PLACE	3-4-14 Ningyocho, Nihombashi, Chuo-ku, Tokyo	Trust beneficiary interest	1,867.95	2,100	1,640
FORECAST Shin-Tokiwabashi	3-1-2 Nihombashi Hongokucho Chuo-ku, Tokyo	Trust beneficiary interest	1,813.21	2,340	2,109
Nishi-Shinjuku Sanko Building	7-22-35 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,479.80	2,650	2,230
Iidabashi Reeplex B's	1-14 Shin- Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,401.68	1,580	1,282
FORECAST Shinagawa	1-20-9 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,276.36	2,450	2,394
Nishi-Gotanda 8-chome Building	8-3-16 Nishi- Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,999.68	2,660	2,264
Towa Higashi-Gotanda Building	1-7-6 Higashi- Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,939.16	2,440	2,085

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m ²)	Appraisal value (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)
FORECAST Takadanobaba	3-28-2 Takada, Toshima-ku, Tokyo	Trust beneficiary interest	5,661.49	6,480	5,865
Toshin Higashi- Ikebukuro Building	5-44-15 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,645.17	1,140	986
Itabashi Honcho Building	36-1 Shimizucho, Itabashi-ku, Tokyo	Trust beneficiary interest	6,356.89	3,600	3,046
ANTEX24 Building	1-1-14 Taito, Taito-ku, Tokyo	Trust beneficiary interest	2,267.59	1,930	1,761
Itohpie Kiyosubashidori Building	1-38-9 Taito, Taito-ku, Tokyo	Trust beneficiary interest	2,651.27	2,030	1,696
East Side Building	1-1-11 Yanagibashi, Taito-ku, Tokyo	Trust beneficiary interest	2,096.92	1,640	1,372
I+S Minamimorimachi Building	2-6-5 Higashi-Temma, Kita-ku, Osaka, Osaka	Trust beneficiary interest	4,164.82	2,810	2,360
Sunworld Building	1-6-2 Kita-Horie, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	3,012.86	1,310	1,271
MK Kojimachi Building	4-2-1 Kojimachi, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,761.60	2,170	1,869
Toranomon Sakura Building	3-22-1 Toranomon, Minato-ku, Tokyo	Trust beneficiary interest	3,049.79	4,890	4,276
La Verite Akasaka	1-5-7 Motoakasaka, Minato-ku, Tokyo	Trust beneficiary interest	1,713.46	2,440	2,132
Kanda Ocean Building	1-15-2 Uchikanda, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,484.87	1,800	1,475
Shinto GINZA EAST	3-1-10 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interest	1,214.32	1,450	1,347
FORECAST Kayabacho	1-10-14 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	3,882.59	3,340	3,092
FORECAST Waseda FIRST	1-1 Babashitacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,340.66	5,000	4,799
FORECAST Gotanda WEST	8-9-5 Nishi- Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	8,981.55	8,250	7,518
Omiya Center Building	1-9-6 Sakuragicho, Omiya-ku, Saitama, Saitama	Trust beneficiary interest	14,311.77	21,300	15,382
Sumitomo Mitsui Bank Koraibashi Building	2-1-1 Fushimicho, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	5,106.77	3,480	2,968
NORE Fushimi	1-16-7 Nishiki, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	3,890.74	4,120	2,670
NORE Meieki	1-3-18 Meiekininami, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	4,280.75	3,780	2,374
Homat Horizon Building	5-6-2, Gobancho, Chiyoda-ku, Tokyo	Trust beneficiary interest	6,077.01	7,670	6,702
Sannomiya First Building	3-2-11, Isobedori, Chuo-ku, Kobe, Hyogo	Trust beneficiary interest	3,633.16	1,610	1,436
Towa Kandanishikicho Building	3-4-2, Kanda-nishikicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,324.07	1,060	980
Yusen Higashi-Nihombashi Ekimae Building	3-7-19, Higashi-nihombashi, Chuo-ku, Tokyo	Trust beneficiary interest	1,631.09	1,260	1,209
Hiroo ON Building	5-19-9, Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interest	2,248.59	2,730	2,419
TK Gotanda Building	8-3-6, Nishi-gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	3,716.38	4,420	4,433
Gotanda Sakura Building	1-22-6, Higashi-gotanda, Shinagawa-ku, Tokyo	Real estate	1,502.61	1,710	1,496
Esprit Kameido	2-36-12, Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,010.81	1,320	1,276

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m ²)	Appraisal value (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)
Alte Building Higobashi	1-15-27, Edobori, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	3,482.92	1,800	1,467
DIA Building Meieki	3-8-7, Meieki, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,781.72	1,290	1,185
TENSHO OCHANOMIZU BUILDING	1-9-5 Kanda-awajicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,252.89	1,890	1,857
FORECAST Kameido	2-27, Kameido, Koto-ku, Tokyo	Trust beneficiary interest	3,091.51	2,820	2,645
NRT Kandasudacho Building (Note 4)	3-16 Kandasudacho 2- chome, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,154.16	1,350	1,365
REID-C Megurofudomae	15-6 Nishigotanda 3-chome, Shinagawa-ku, Tokyo	Trust beneficiary interest	921.32	1,230	1,236
The Square	14-20 Marunouchi 2-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,520.69	1,140	1,095
Tsukiji Front	2-7 Tsukiji 2-chome, Chuo- ku, Tokyo	Trust beneficiary interest	687.97	1,020	838
Hatchobori River Gate	12-10 Minato 1-chome, Chuo-ku, Tokyo	Trust beneficiary interest	760.31	1,020	846
TENSHO OFFICE SHINBASHI 5	12-11 Shimbashi 5-chome, Minato-ku, Tokyo	Trust beneficiary interest	828.19	1,240	1,217
Tower Court Kitashinagawa	3-11-13 Kita-19 Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	16,913.29	15,700	10,624
Sky Hills N11	2-2-1 Kita-Juichijo-Nishi, Kita-ku, Sapporo, Hokkaido	Trust beneficiary interest	8,567.50	1,860	1,609
my atria Sakae	1-29-26 Sakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	3,121.60	1,320	980
Mac Village Heian	2-24-88 Heian, Kita-ku, Nagoya, Aichi	Trust beneficiary interest	2,250.00	961	704
Seam Dwell Tsutsui	3-28-25 Tsutsui, Higashi-ku, Nagoya, Aichi	Trust beneficiary interest	1,800.00	795	657
Ciel Yakuin	2-7-35 Watanabe-Dori, Chuo-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,544.87	774	605
Kanda Reeplex R's	2-5-1 Kandatacho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,180.93	2,110	1,722
Splendid Namba	2-1-23, Inari, Naniwa-ku, Osaka, Osaka	Trust beneficiary interest	6,212.36	4,040	3,222
Residence Hiroo	5-1-10, Minami-azabu, Minato-ku, Tokyo	Trust beneficiary interest	1,983.15	2,860	2,607
Residence Nihombashi Hakozaki	13-2, Nihombashi, Hakozaki, Chuo-ku, Tokyo	Trust beneficiary interest	1,449.00	1,670	1,423
Primegate Iidabashi	6-36, Shin-ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	6,042.29	5,630	5,226
Residence Edogawabashi	4-22, Suidocho, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,246.42	1,290	1,242
Merveille Senzoku	1-10-1, Kitasenzoku, Ota-ku, Tokyo	Trust beneficiary interest	834.72	768	747
Field Avenue (Note 5)	6-2-2, Ikegami, Ota-ku, Tokyo (Annex building: 6-2-1, Ikegami, Ota-ku, Tokyo)	Trust beneficiary interest	3,092.63	3,160	3,131
Domeal Kitaakabane	1-14-20, Akabane-kita, Kita-ku, Tokyo	Trust beneficiary interest	1,697.11	832	802
Dormy Kitaakabane	1-14-15, Akabane-kita, Kita-ku, Tokyo	Trust beneficiary interest	2,471.42	1,050	993
Splendid Shin-Osaka III	2-1-11, Higashinakajima, Higashiyodogawa-ku, Osaka, Osaka	Trust beneficiary interest	4,299.12	2,640	2,362
ZEPHYROS Minami-horie	1-16-16, Minami-horie, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	2,826.73	1,750	1,614
Charmant Fuji Osakajominami	3-3-8, Uchikyuhojimachi, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	1,512.00	929	907

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m2)	Appraisal value (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)
Piacere Fuminosato	1-12-18, Hannancho, Abeno-ku, Osaka, Osaka	Trust beneficiary interest	1,374.08	594	568
Wald Park Minamioi	6-20-16 Minamioi, Shinagawa-ku, Tokyo	Trust beneficiary interest	750.12	735	751
LAPUTA KUJO	3-1-18, Kujomindari, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	3,359.38	1,501	1,607
Imazaki Mansion N1	1-4-12, Nagatanaka, Higashiosaka, Osaka	Trust beneficiary interest	2,643.11	1,210	1,261
L'arte Nakatsu	16-14 Toyosaki 6-chome, Kita- ku, Osaka, Osaka	Trust beneficiary interest	916.86	577	604
City hills Andoji	4-1 Andoji 2-chome, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	2,754.00	1,860	1,858
Hermitage Shin-sakae	11-25 Shin-sakae 2-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	2,638.61	1,240	1,224
Sun ・Meiekiminari Building	9-11 Meiekiminari 1-chome, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,747.10	1,020	982
Tenjinhighashi residence	7-4 Komondomachi, Hakata-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,909.60	951	976
DeLCCS KASAI	36-12 Naka-kasai 5-chome, Edogawa-ku, Tokyo	Trust beneficiary interest	2,308.59	1,350	1,353
Serenite Shin-Osaka	14-8 Miyahara 2-chome, Yodogawa-ku, Osaka, Osaka	Trust beneficiary interest	1,854.02	1,150	1,177
Mullion Josai	4-15 Josai 1-chome, Nishi-ku, Nagoya, Aichi	Trust beneficiary interest	1,427.90	720	753
Residence Kinshicho	15-6 Kotobashi 5-chome, Sumida-ku, Tokyo	Trust beneficiary interest	813.51	732	722
Meister house Kawasaki	5-2 Minamisaiwaicho 2-chome, Saiwai-ku, Kawasaki, Kanagawa	Trust beneficiary interest	891.60	732	732
LIESSE Tsurumai	2-5-1, Tsurumai, Showa-ku, Nagoya, Aichi 2-5-2, Tsurumai, Showa-ku, Nagoya, Aichi	Trust beneficiary interest	2,192.91	1,200	1,121
Komatsubara Yamamoto Mansion	15-22 Komatsubara 2-chome, Kagoshima, Kagoshima	Trust beneficiary interest	2,671.99	694	737
Belleza Kanayama	9-10 Masaki 4-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,252.45	758	754
Otakibashi Pacifica Building	7-10-18 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,383.31	3,430	3,377
BECOME SAKAE	3-32-6, Sakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	4,615.66	4,840	4,737
Total			315,718.42	304,753	257,590

- (Note 1) "Appraisal value" represents the appraisal value as set forth on the relevant appraisal reports as of June 30, 2021, and truncated to the nearest million yen.
- (Note 2) "Book value" is the value recorded on the balance sheets as of June 30, 2021 (for real estate and real estate in trust, acquisition price [including acquisition-related expenses] less depreciation expenses) and truncated to the nearest million yen.
- (Note 3) For the property concerned, the name "FORECAST Ichigaya" is used for the first through seventh floors as a property for office use, and the name of "Eponoqu Ichigaya" is used for the eighth and ninth floors as a property for residential use. However, the entire property, including the residential portion, is named "FORECAST Ichigaya."
- (Note 4) The name of property was changed from "UNIZO Kandasudacho 2-chome Building" to "NRT Kandasudacho Building" on July 1, 2021. The same applies hereinafter.
- (Note 5) The property concerned includes a separate building, which is structurally independent from the main building, and these two buildings are counted as one property.

The status of rental business related to properties held by NIPPON REIT is as follows:

Property name	17th fiscal period (From July 1, 2020 to December 31, 2020)				18th fiscal period (From January 1, 2021 to June 30, 2021)			
	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)
FORECAST Nishishinjuku	16	98.6	89	1.0	17	100.0	84	1.0
Nihombashi Playa Building	2	100.0	85	1.0	2	100.0	85	1.0
FORECAST Yotsuya	13	100.0	56	0.6	13	100.0	57	0.7
FORECAST Shinjuku AVENUE	6	100.0	204	2.3	7	100.0	178	2.1
FORECAST Ichigaya	22	98.9	157	1.8	23	100.0	157	1.9
FORECAST Mita	5	100.0	65	0.7	5	100.0	64	0.8
FORECAST Shinjuku SOUTH	19	100.0	615	7.0	18	99.7	609	7.2
FORECAST Sakurabashi	5	100.0	215	2.4	5	100.0	213	2.5
GreenOak Kayabacho	8	100.0	108	1.2	8	100.0	108	1.3
GreenOak Kudan	3	100.0	104	1.2	3	100.0	103	1.2
GreenOak Takanawadai	11	100.0	91	1.0	10	100.0	86	1.0
Higashi Ikebukuro Center Building	5	78.8	166	1.9	—	—	29	0.3
Central Daikanyama	3	92.6	85	1.0	7	100.0	70	0.8
Hiroo Reeplex B's	8	100.0	84	1.0	8	100.0	84	1.0
Shibakoen Sanchome Building	4	100.0	236	2.7	4	100.0	236	2.8
Kudankita 325 Building	8	88.0	59	0.7	8	100.0	63	0.7
FORECAST Uchikanda	5	100.0	41	0.5	—	—	13	0.2
Itohpia Iwamotocho 2-chome Building	10	100.0	104	1.2	10	100.0	104	1.2
Itohpia Iwamotocho 1-chome Building	8	85.5	85	1.0	9	100.0	84	1.0
Itohpia Iwamotocho ANNEX Building	7	100.0	79	0.9	7	100.0	83	1.0
Pigeon Building	1	100.0	Not disclosed (Note 5)	Not disclosed (Note 5)	1	100.0	Not disclosed (Note 5)	Not disclosed (Note 5)
FORECAST Ningyocho	6	100.0	65	0.7	6	100.0	65	0.8
FORECAST Ningyocho PLACE	7	100.0	63	0.7	7	100.0	62	0.7
FORECAST Shin- Tokiwabashi	9	100.0	62	0.7	9	100.0	59	0.7
Nishi-Shinjuku Sanko Building	8	100.0	82	0.9	8	100.0	81	1.0
Iidabashi Reeplex B's	6	100.0	44	0.5	7	100.0	41	0.5
FORECAST Shinagawa	6	100.0	74	0.8	6	100.0	74	0.9
Nishi-Gotanda 8-chome Building	8	100.0	85	1.0	8	100.0	76	0.9
Towa Higashi-Gotanda Building	7	100.0	76	0.9	6	90.3	70	0.8
FORECAST Takadanobaba	7	100.0	183	2.1	7	100.0	183	2.2
Mejiro NT Building	—	—	92	1.1	—	—	—	—
Toshin Higashi- Ikebukuro Building	3	100.0	40	0.5	3	100.0	43	0.5
Mitsui Woody Building	—	—	73	0.8	—	—	—	—

Property name	17th fiscal period (From July 1, 2020 to December 31, 2020)				18th fiscal period (From January 1, 2021 to June 30, 2021)			
	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)
Itabashi Honcho Building	4	100.0	144	1.6	5	93.5	138	1.6
ANTEX24 Building	6	100.0	59	0.7	6	100.0	60	0.7
Itohopia Kiyosubashidori Building	7	100.0	75	0.9	7	100.0	76	0.9
East Side Building	4	100.0	52	0.6	4	100.0	51	0.6
I+S Minamimorimachi Building	16	100.0	97	1.1	16	100.0	96	1.1
Sunworld Building	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
Marunouchi Sanchohome Building	24	100.0	79	0.9	—	—	25	0.3
MK Kojimachi Building	8	74.3	40	0.5	9	82.9	39	0.5
Toranomon Sakura Building	11	89.2	113	1.3	10	80.9	101	1.2
La Verite Akasaka	7	100.0	61	0.7	7	100.0	58	0.7
Kanda Ocean Building	24	100.0	52	0.6	23	100.0	49	0.6
Shinto GINZA EAST	5	87.3	35	0.4	6	100.0	34	0.4
FORECAST Kayabacho	16	100.0	106	1.2	16	100.0	104	1.2
FORECAST Waseda FIRST	8	100.0	140	1.6	7	100.0	139	1.6
FORECAST Gotanda WEST	13	100.0	265	3.0	10	95.6	241	2.8
Omiya Center Building	27	100.0	547	6.2	27	100.0	545	6.4
Sumitomo Mitsui Bank Korabashi Building	26	100.0	137	1.6	26	100.0	134	1.6
NORE Fushimi	10	100.0	119	1.4	10	100.0	123	1.5
NORE Meieki	20	100.0	110	1.3	19	100.0	110	1.3
Homat Horizon Building	10	100.0	206	2.3	10	100.0	204	2.4
Sannomiya First Building	23	97.5	70	0.8	23	97.5	68	0.8
Towa Kandanishikicho Building	4	69.7	33	0.4	5	84.8	27	0.3
Yusen Higashi-Nihombashi Ekimae Building	8	100.0	37	0.4	8	100.0	34	0.4
Hiroo ON Building	3	100.0	74	0.9	4	100.0	58	0.7
TK Gotanda Building	8	100.0	108	1.2	7	100.0	107	1.3
Gotanda Sakura Building	10	100.0	48	0.6	10	100.0	50	0.6
Esprit Kameido	11	100.0	47	0.5	11	100.0	47	0.6
Alte Building Higobashi	11	100.0	70	0.8	11	100.0	69	0.8
DIA Building Meieki	9	96.4	49	0.6	10	100.0	49	0.6
TENSHO OCHANOMIZU BUILDING	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
FORECAST Kameido	5	100.0	87	1.0	3	54.7	66	0.8
UNIZO Kandasudacho 2-chome Building	10	100.0	9	0.1	10	100.0	31	0.4
REID-C Megurofudomae	5	100.0	12	0.1	3	71.5	31	0.4
The Square	18	100.0	11	0.1	18	100.0	36	0.4

Property name	17th fiscal period (From July 1, 2020 to December 31, 2020)				18th fiscal period (From January 1, 2021 to June 30, 2021)			
	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)
Tsukiji Front	8	100.0	5	0.1	8	100.0	22	0.3
Hatchobori River Gate	8	100.0	5	0.1	8	100.0	24	0.3
TENSHO OFFICE SHINBASHI 5	—	—	—	—	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
Tower Court Kitashinagawa	269	96.2	407	4.6	274	98.5	409	4.8
Sky Hills N11	1	100.0	77	0.9	1	100.0	61	0.7
my atria Sakae	1	100.0	37	0.4	1	100.0	37	0.4
Mac Village Heian	1	100.0	28	0.3	1	100.0	28	0.3
Seam Dwell Tsutsui	1	100.0	23	0.3	1	100.0	23	0.3
Ciel Yakuin	42	100.0	24	0.3	37	88.6	24	0.3
Kanda Reeplex R's	41	100.0	55	0.6	41	100.0	55	0.7
Splendid Namba	239	95.2	109	1.2	241	96.2	110	1.3
Residence Hiroo	52	97.0	60	0.7	53	98.6	61	0.7
Residence Nihombashi Hakozaki	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
Primegate Iidabashi	63	95.0	142	1.6	66	98.8	151	1.8
Residence Edogawabashi	33	90.5	30	0.3	32	87.8	31	0.4
Merveille Senzoku	28	100.0	20	0.2	24	85.4	20	0.2
Field Avenue	56	99.1	78	0.9	56	99.1	77	0.9
Domeal Kitaakabane	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
Dormy Kitaakabane	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)	1	100.0	Not disclosed (Note 6)	Not disclosed (Note 6)
Splendid Shin-Osaka III	150	97.4	73	0.8	149	96.7	73	0.9
ZEPHYROS Minami-horie	71	98.4	47	0.5	71	98.9	48	0.6
Charmant Fuji Osakajominami	61	96.8	25	0.3	62	98.4	25	0.3
Piacere Fuminosato	44	100.0	19	0.2	42	96.0	19	0.2
Wald Park Minamioi	29	100.0	17	0.2	29	100.0	19	0.2
LAPUTA KUJO	62	100.0	43	0.5	61	98.5	44	0.5
Imazaki Mansion N1	123	91.1	42	0.5	134	98.6	42	0.5
L'arte Nakatsu	27	96.6	5	0.1	27	96.3	15	0.2
City hills Andoji	53	77.9	14	0.2	67	96.5	43	0.5
Hermitage Shin-sakae	50	93.0	12	0.1	49	91.5	36	0.4
Sun・Meiekinminami Building	63	90.0	8	0.1	62	88.6	26	0.3
Tenjinhighashi residence	71	92.2	9	0.1	74	96.1	26	0.3
DeLCCS KASAI	28	96.8	8	0.1	27	94.1	37	0.4
Serenite Shin-Osaka	61	89.2	6	0.1	68	100.0	30	0.4
Mullion Josai	29	54.2	3	0.0	42	84.9	12	0.1

Property name	17th fiscal period (From July 1, 2020 to December 31, 2020)				18th fiscal period (From January 1, 2021 to June 30, 2021)			
	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)	Number of tenants (as of the end of period) (Note 1)	Occupancy rate (as of the end of period) (%) (Note 2)	Revenues related to property leasing (during the period) (Yen in millions) (Note 3)	Rate to total revenues related to property leasing (%) (Note 4)
Residence Kinshicho	—	—	—	—	22	84.8	10	0.1
Meister house Kawasaki	—	—	—	—	32	91.8	12	0.1
LIESSE Tsurumai	—	—	—	—	84	95.9	23	0.3
Komatsubara Yamamoto Mansion	—	—	—	—	94	94.2	19	0.2
Belleza Kanayama	—	—	—	—	46	94.3	13	0.2
Otakibashi Pacifica Building	8	79.9	82	0.9	9	90.3	70	0.8
Komyoike Act	—	—	107	1.2	—	—	0 (Note 7)	0.0
BECOME SAKAE	11	100.0	115	1.3	11	100.0	131	1.5
Total	2,396	97.6	8,804	100.0	2,685	97.8	8,495	100.0

(Note 1) "Number of tenants" is the aggregate number of tenants as described in the relevant lease agreements for respective properties as of the end of respective periods, excluding warehouses, signboards, and parking lots. For properties subject to a pass-through master lease, the number of tenants is the total number of end-tenants, except for certain pass-through master leases under which properties are leased en bloc to a sublessee who pays a fixed amount of rent to the master lessee, for which we consider the number of tenants to be one.

(Note 2) "Occupancy rate" is rounded to the first decimal place.

(Note 3) "Revenues related to property leasing" is truncated to the nearest million yen.

(Note 4) "Rate to total revenues related to property leasing" is rounded to the first decimal place, and may not add up to 100%.

(Note 5) This information is not disclosed as tenants' consent to disclosure has not been obtained.

(Note 6) This information is not disclosed as sublessees' consent to disclosure has not been obtained.

(Note 7) The amount represents electricity revenue confirmed in the 18th fiscal period for the property already sold in the 17th fiscal period.

(4) Description of Securities

Name	Type	Quantity (Unit)	Book value (Note 1)		Fair value (Note 1) (Note 2)		Valuation gain or loss (Yen in millions)	Noted
			Unit price (Yen in thousands)	Amount (Yen in millions)	Unit price (Yen in thousands)	Amount (Yen in millions)		
Godo Kaisha NRT Growth 16 Subordinated Equity interest in silent partnership	Equity interest in a silent partnership	—	—	73	—	73	—	(Note 3)
Godo Kaisha NRT Growth 17 Subordinated Equity interest in silent partnership	Equity interest in a silent partnership	—	—	50	—	50	—	(Note 4)
Total		—	—	123	—	123	—	

(Note 1) Amounts are truncated to the relevant digit.

(Note 2) Book value is used as the fair value equivalent.

(Note 3) Assets under management are trust beneficiary interests in real estate of REID-C Gotenyama, REID-C Iidabashi, Sylphide Higashishinagawa, Royal Bloom, Ever Square Doshin, Zeku Benten, Canis Court Kamishinjo and Imperial Otori.

(Note 4) Assets under management are trust beneficiary interests in real estate of Muse Ryogoku II, Minami-Horie apartment Grande, Minami-Horie apartment Cielo, Minami-Horie apartment Rio, Plowland Horita and Nasic Nozomigaoka.

(5) Contract Amount and Market Value for Specific Transactions

Category	Type	Contract amount (Yen in thousands) (Note 1)		Market value (Yen in thousands) (Note 2)
			Due after 1 year	
Off-market transactions	Interest rate swap Receive floating / Pay fix	123,470,000	110,150,000	△587,762 (Note 3)
Total		123,470,000	110,150,000	△587,762

(Note 1) "Contract amount" is based on the notional principal. Figures are truncated to the nearest thousand yen.

(Note 2) "Market value" is based on the price indicated by the financial institution managing the transaction. Figures are truncated to the nearest thousand yen.

(Note 3) With regard to the "Interest rate swap Receive floating / Pay fix" transaction for which special treatment is applied in accordance with the "Accounting Standards for Financial Instruments", such market value is not included in the balance sheet.

(6) Other Assets

Beneficiary interests in trust assets comprised mainly of real estate are presented earlier in this report under "(3) Description of Portfolio." Aside from the assets presented in "(3) Description of Portfolio,"NIPPON REIT has no major investment assets other than those included in its portfolio as of June 30, 2021.

(7) Holding of Assets by Country and Region

NIPPON REIT does not own assets outside of Japan.

4. Capital Expenditure for Properties Held

(1) Schedule of Capital Expenditures

The following are the main capital expenditures NIPPON REIT plans to implement during the 19th fiscal period accompanying planned renovations and repairs for those properties held. The following scheduled construction amount includes the portion charged to expenses in accounting:

Property name	Location	Purpose	Schedule	Scheduled construction amount (Yen in millions) (Note)		
				Total	Amount to be paid in the current fiscal period	Amount already paid
GreenOak Kudan	Chiyoda ward, Tokyo	Mechanical parking facility maintenance	From July 2021 to December 2021	14	—	—
Shibakoen Sanchome Building	Minato ward, Tokyo	Mechanical parking facility maintenance	From July 2021 to December 2021	19	—	—
		Window repair	From July 2021 to December 2021	29	—	—
Nishi-Shinjuku Sanko Building	Shinjuku ward, Tokyo	ZEB transformation work (No.1)	From July 2021 to December 2021	158	—	—
MK Kojimachi Building	Chiyoda ward, Tokyo	Building structure repairment (No.2)	From July 2021 to December 2021	125	—	—
Toranomon Sakura Building	Minato ward, Tokyo	Exterior wall repair	From July 2021 to December 2021	43	—	—
FORECAST Kayabacho	Chuo ward, Tokyo	Substation facilities repairment	From July 2021 to December 2021	12	—	—
Sannomiya First Building	Kobe, Hyogo	Mechanical parking facility maintenance	From July 2021 to December 2021	48	—	—
DeLCCS KASAI	Edogawa ward, Tokyo	Exterior wall repair	From July 2021 to December 2021	28	—	—

(Note) The scheduled construction amount is truncated to the nearest million yen.

(2) Capital Expenditures during the Period

Below are the main capital expenditures that NIPPON REIT used to carry out construction in the fiscal period under review. In the fiscal period ended June 30, 2021 (18th period), capital expenditures totaled 337 million yen. With the addition of 158 million yen posted as expenses for renovations and repairs, total capital expenditures for construction came to 496 million yen.

Property name	Location	Purpose	Period	Capital expenditures (Yen in millions) (Note)
Central Daikanyama	Shibuya ward, Tokyo	Elevator renewal	From April 2021 To April 2021	12
FORECAST Takadanobaba	Toshima ward, Tokyo	Substation facilities repairment (No.2)	From February 2021 To May 2021	15
Sunworld Building	Osaka, Osaka	Mechanical parking facility maintenance	From June 2021 To June 2021	11
MK Kojimachi Building	Chiyoda ward, Tokyo	Building structure repairment (No.1)	From April 2021 To June 2021	50
FORECAST Waseda FIRST	Shinjuku ward, Tokyo	Ventilation system renewal at retail area on the 1st floor	From April 2021 To May 2021	13
Homat Horizon Building	Chiyoda ward, Tokyo	Mechanical parking facility maintenance	From April 2021 To May 2021	33
TK Gotanda Building	Shinagawa ward, Tokyo	Elevator No.1 renewal	From May 2021 To May 2021	17
Imazaki Mansion N1	Higashi-osaka, Osaka	Interphone renewal	From January 2021 To May 2021	13
Other capital expenditures				168
Total				337

(Note) Capital expenditures are truncated to the nearest million yen.

(3) Cash Reserves for Long-Term Repairs and Maintenance Plans

Based on a long-term repair and maintenance plan compiled for each property, NIPPON REIT sets aside the following cash reserves from cash flows during the fiscal period in order to provide the payment of funds for major repairs and maintenance, etc., over the medium to long term:

Operating period	(Yen in millions)				
	14th fiscal period From January 1, 2019 to June 30, 2019	15th fiscal period From July 1, 2019 to December 31, 2019	16th fiscal period From January 1, 2020 to June 30, 2020	17th fiscal period From July 1, 2020 to December 31, 2020	18th fiscal period From January 1, 2021 to June 30, 2021
Balance of reserves at the beginning of the period	307	819	507	980	1,353
Amount of reserves during the period	1,031	732	888	771	710
Amount of reversal of reserves during the period	519	1,044	415	398	337
Reserves carried forward	819	507	980	1,353	1,726

(Note) Figures in the above table are truncated to the nearest million yen.

5. Expenses and Liabilities

(1) Expenses in Connection with Management of Assets

(Yen in thousands)

Item	17th fiscal period From July 1, 2020 to December 31, 2020	18th fiscal period From January 1, 2021 to June 30, 2021
(a) Asset management fees (Note 1)	643,830	634,901
(b) Asset custody fees	10,358	10,429
(c) Administrative service fees	41,943	42,366
(d) Directors' compensation	2,400	2,400
(e) Independent auditors' fees	13,950	14,400
(f) Other operating expenses	166,651	157,526
Total	879,133	862,023

(Note 1) In addition to the amount shown above for asset management fees, there were management fees related to the acquisition of properties included in the book value of the respective properties (17th fiscal period: 137,960 thousand yen, 18th fiscal period: 41,929 thousand yen), and related to the transfer of trust beneficiary interests (17th fiscal period: 93,245 thousand yen, 18th fiscal period: 67,516 thousand yen).

(Note 2) Figures in the table above are truncated to the nearest thousand yen.

(2) Debt Financing

The status of borrowing per financial institution as of June 30, 2021, is as follows:

Classification	Lender	Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
Current portion of long-term debt	MUFG Bank, Ltd.	April 25, 2016	2,000	-	0.36 (Note 3)	April 20, 2021	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		2,000	-					
	MUFG Bank, Ltd.		500	-					
	Sumitomo Mitsui Banking Corporation		2,500	-					
	Sumitomo Mitsui Trust Bank, Limited		500	-					
	Development Bank of Japan Inc.		1,000	-					
	MUFG Bank, Ltd.	August 22, 2016	4,000	4,000	0.38 (Note 3)	August 20, 2021	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		2,000	2,000					
	MUFG Bank, Ltd.		2,000	2,000					
	Resona Bank, Limited		1,000	1,000					
	Shinsei Bank, Limited		500	500					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	MUFG Bank, Ltd.	April 24, 2019	-	370	0.26 (Note 3)	April 20, 2022	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	300					
	Sumitomo Mitsui Banking Corporation		-	1,000					
	Resona Bank, Limited		-	200					
	Sumitomo Mitsui Trust Bank, Limited		-	450					
	Shinsei Bank, Limited		-	300					
	Mizuho Trust & Banking Co., Ltd.		-	200					
	The Nomura Trust and Banking Co., Ltd.		-	500					
	Subtotal		18,500	13,320					
Long-term debt	MUFG Bank, Ltd.	April 24, 2019	370	-	0.26 (Note 3)	April 20, 2022	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		300	-					
	Sumitomo Mitsui Banking Corporation		1,000	-					
	Resona Bank, Limited		200	-					
	Sumitomo Mitsui Trust Bank, Limited		450	-					
	Shinsei Bank, Limited		300	-					
	Mizuho Trust & Banking Co., Ltd.		200	-					
	The Nomura Trust and Banking Co., Ltd.		500	-					

Classification		Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
Lender									
Long-term debt	MUFG Bank, Ltd.	July 3, 2018	2,850	2,850	0.41 (Note 3)	August 22, 2022	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,400	1,400					
	Sumitomo Mitsui Banking Corporation		700	700					
	Resona Bank, Limited		550	550					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	Shinsei Bank, Limited		350	350					
	Mizuho Trust & Banking Co., Ltd.		350	350					
	Aozora Bank, Ltd.		250	250					
	The Nomura Trust and Banking Co., Ltd.		250	250					
	MUFG Bank, Ltd.	February 12, 2015	500	500	1.24	February 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	April 24, 2017	1,700	1,700	0.48 (Note 3)	April 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		800	800					
	MUFG Bank, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation		2,300	2,300					
	Resona Bank, Limited		300	300					
	MUFG Bank, Ltd.	February 20, 2020	500	500	0.25 (Note 3)	April 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	July 21, 2020	1,000	1,000	0.32	April 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	Shinsei Bank, Limited		500	500					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	MUFG Bank, Ltd.	August 21, 2017	1,600	1,600	0.50 (Note 3)	August 21, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		600	600					
	Resona Bank, Limited		400	400					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.		400	400					
MUFG Bank, Ltd.	July 3, 2018	2,900	2,900	0.48 (Note 3)	August 21, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
Mizuho Bank, Ltd.		800	800						
Sumitomo Mitsui Banking Corporation		650	650						
Resona Bank, Limited		450	450						
Sumitomo Mitsui Trust Bank, Limited		450	450						
Shinsei Bank, Limited		350	350						
Mizuho Trust & Banking Co., Ltd.		400	400						

	Classification	Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
	Lender								
Long-term debt	MUFG Bank, Ltd.	April 24, 2017	1,900	1,900	0.56 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		700	700					
	MUFG Bank, Ltd.		500	500					
	Resona Bank, Limited		300	300					
	MUFG Bank, Ltd.	April 24, 2018	500	500	0.52 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		1,550	1,550					
	Resona Bank, Limited		850	850					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	MUFG Bank, Ltd.	April 20, 2021	-	100	0.33	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	100					
	Sumitomo Mitsui Banking Corporation		-	500					
	Sumitomo Mitsui Trust Bank, Limited		-	250					
	Development Bank of Japan Inc.		-	200					
	MUFG Bank, Ltd.	August 21, 2017	1,400	1,400	0.58 (Note 3)	August 20, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		500	500					
	Resona Bank, Limited		300	300					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.		400	400					
	MUFG Bank, Ltd.	July 3, 2018	1,050	1,050	0.54 (Note 3)	August 20, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		250	250					
	Resona Bank, Limited		200	200					
	Sumitomo Mitsui Trust Bank, Limited		150	150					
	Shinsei Bank, Limited		150	150					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	MUFG Bank, Ltd.	August 20, 2018	1,950	1,950	0.57 (Note 3)	August 20, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
Mizuho Bank, Ltd.	200		200						
Resona Bank, Limited	400		400						
Sumitomo Mitsui Trust Bank, Limited	600		600						
Shinsei Bank, Limited	600		600						
Mizuho Trust & Banking Co., Ltd.	600		600						
Mizuho Bank, Ltd.	July 3, 2018	1,000	1,000	0.58 (Note 3)	January 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	

	Classification	Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
	Lender								
Long-term debt	MUFG Bank, Ltd.	April 24, 2017	1,400	1,400	0.70 (Note 3)	April 21, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		600	600					
	MUFG Bank, Ltd.		400	400					
	Resona Bank, Limited		200	200					
	MUFG Bank, Ltd.	April 24, 2018	700	700	0.61 (Note 3)	April 21, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.		200	200					
	Sumitomo Mitsui Banking Corporation		500	500					
	Resona Bank, Limited		400	400					
	Sumitomo Mitsui Trust Bank, Limited	August 21, 2017	200	200	0.71 (Note 3)	August 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.		1,200	1,200					
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		400	400					
	Resona Bank, Limited	July 3, 2018	300	300	0.63 (Note 3)	August 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	Development Bank of Japan Inc.		100	100					
	Development Bank of Japan Inc.		400	400					
	MUFG Bank, Ltd.	August 20, 2018	3,000	3,000	0.68 (Note 3)	August 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		400	400					
	Resona Bank, Limited		200	200					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	Shinsei Bank, Limited.	April 24, 2018	200	200	0.75 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Trust & Banking Co., Ltd.		200	200					
	MUFG Bank, Ltd.		200	200					
	Resona Bank, Limited		200	200					
	Meiji Yasuda Life Insurance Company	April 24, 2019	500	500	0.59 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.		500	500					
	Mizuho Bank, Ltd.		300	300					
	Sumitomo Mitsui Banking Corporation		1,000	1,000					
	Resona Bank, Limited	October 30, 2020	200	200	0.49 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Shinsei Bank, Limited.		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	Aozora Bank, Ltd.	April 24, 2019	300	300	0.59 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.		500	500					
	Mizuho Bank, Ltd.		300	300					
	Sumitomo Mitsui Banking Corporation		1,000	1,000					

	Classification	Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
	Lender								
Long-term debt	MUFG Bank, Ltd.	July 22, 2019	2,600	2,600	0.43 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,200	1,200					
	Resona Bank, Limited		550	550					
	Sumitomo Mitsui Trust Bank, Limited		250	250					
	Shinsei Bank, Limited.	August 20, 2018	350	350	0.83 (Note 3)	August 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Trust & Banking Co., Ltd.		450	450					
	MUFG Bank, Ltd.		3,650	3,650					
	Mizuho Bank, Ltd.		200	200					
	Resona Bank, Limited	February 20, 2020	400	400	0.39 (Note 3)	August 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	Shinsei Bank, Limited		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	MUFG Bank, Ltd.	April 24, 2019	1,500	1,500	0.74 (Note 3)	April 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Resona Bank, Limited		500	500					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	MUFG Bank, Ltd.	July 22, 2019	500	500	0.54 (Note 3)	April 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		300	300					
	Sumitomo Mitsui Banking Corporation		750	750					
	Resona Bank, Limited		100	100					
	Sumitomo Mitsui Trust Bank, Limited	February 20, 2020	400	400	0.45 (Note 3)	April 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Shinsei Bank, Limited.		200	200					
	Mizuho Trust & Banking Co., Ltd.		100	100					
	Aozora Bank, Ltd.		200	200					
	MUFG Bank, Ltd.	February 20, 2020	3,500	3,500	0.48 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,200	1,200					
	Resona Bank, Limited		500	500					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	Shinsei Bank, Limited.	October 30, 2020	400	400	0.49 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Trust & Banking Co., Ltd.		400	400					
	Sumitomo Mitsui Banking Corporation		500	500					
	MUFG Bank, Ltd.		4,500	4,500					
	Mizuho Bank, Ltd.	February 20, 2020	500	500	0.48 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Shinsei Bank, Limited.		500	500					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	MUFG Bank, Ltd.		950	950					
	Resona Bank, Limited	October 30, 2020	400	400	0.49 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Shinsei Bank, Limited.		400	400					
	Shinsei Bank, Limited.		400	400					

	Classification	Borrowing date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Average interest rate (%) (Note 2)	Repayment due date	Method of repayment	Use	Note
	Lender								
Long-term debt	Sumitomo Mitsui Banking Corporation	October 30, 2020	500	500	0.56 (Note 3)	December 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	April 24, 2018	1,000	1,000	0.96 (Note 3)	April 20, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		200	200					
	MUFG Bank, Ltd.	October 30, 2020	500	500	0.59 (Note 3)	April 20, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Aozora Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	April 20, 2021	-	100	0.50 (Note 3)	April 20, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	400					
	Sumitomo Mitsui Banking Corporation		-	2,000					
	Sumitomo Mitsui Trust Bank, Limited		-	250					
	Development Bank of Japan Inc.		-	250					
	MUFG Bank, Ltd.	July 21, 2020	2,000	2,000	0.64 (Note 3)	August 21, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,000	1,000					
	Resona Bank, Limited		500	500					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	Shinsei Bank, Limited.		1,250	1,250					
	Mizuho Trust & Banking Co., Ltd.		1,250	1,250					
	MUFG Bank, Ltd.	April 24, 2019	800	800	0.95 (Note 3)	April 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		200	200					
	MUFG Bank, Ltd.	October 30, 2020	1,200	1,200	0.68 (Note 3)	April 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		900	900					
	MUFG Bank, Ltd.	April 20, 2021	-	800	0.63 (Note 3)	April 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	1,000					
	Development Bank of Japan Inc.		-	600					
	MUFG Bank, Ltd.	July 21, 2020	1,500	1,500	0.78 (Note 3)	July 22, 2030	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	April 20, 2021	-	1,500	0.81 (Note 3)	April 21, 2031	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	500					
	Subtotal		109,620	114,800					
	Total		128,120	128,120					

(Note 1) "Balance at the beginning of the period" and "Balance at the end of the period" are truncated to the nearest million yen.

(Note 2) "Average interest rate" is the weighted-average interest rate during the period, rounded to the second decimal place.

(Note 3) Interest rate swap agreement is concluded and the interest rate is substantively fixed. Therefore, the effect of interest rate swap is factored into the interest rate provided.

(Note 4) Used for acquisition of assets, repayment of loans, and related expenses deemed reasonable.

(3) Investment Corporation Bonds

The status of investment corporation bonds as of June 30, 2021, is as follows:

Name	Issuance date	Balance at the beginning of the period (Yen in millions) (Note 1)	Balance at the end of the period (Yen in millions) (Note 1)	Interest rate (%)	Redemption date	Redemption method	Use	Note
NIPPON REIT 1st unsecured bonds	April 24, 2018	1,000	1,000	0.54	April 24, 2025	Lump-sum repayment at maturity	(Note 1)	(Note 2)
NIPPON REIT 2nd unsecured bonds	April 24, 2018	1,000	1,000	0.70	April 24, 2028	Lump-sum repayment at maturity	(Note 1)	(Note 2)
NIPPON REIT 3rd unsecured bonds	November 30, 2018	1,500	1,500	0.88	November 30, 2028	Lump-sum repayment at maturity	(Note 1)	(Note 2)
NIPPON REIT 4th unsecured bonds	April 24, 2019	1,000	1,000	0.90	April 24, 2029	Lump-sum repayment at maturity	(Note 1)	(Note 2)
Total		4,500	4,500					

(Note 1) Use as the funds for part of repayment of loans

(Note 2) The bond is subject to the pari passu clause among specified investment corporation bonds.

(4) Status of Short-Term Investment Corporation

Bonds Not applicable

(5) Status of Unit Acquisition

Rights Not applicable

6. Status of Purchases and Sales during the Period

(1) Status of Purchases and Sales of Real Estate, Asset-Backed Securities, Infrastructure Assets, and Infrastructure-Related Assets

Property name	Acquisition		Transfer			
	Date of acquisition	Acquisition price (Yen in millions) (Note 1)	Date of transfer	Transfer price (Yen in millions) (Note 1)	Book value (Yen in millions)	Gain or loss on transfer (Yen in millions) (Note 2)
Higashi Ikebukuro Center Building	—	—	February 25, 2021	3,312	2,648	528
FORECAST Uchikanda	—	—	February 25, 2021	1,390	1,276	56
Marunouchi Sanchome Building	—	—	February 25, 2021	2,049	1,639	326
TENSHO OFFICE SHINBASHI 5	February 25, 2021	1,200	—	—	—	—
Residence Kinshicho	February 26, 2021	700	—	—	—	—
Meister house Kawasaki	February 26, 2021	709	—	—	—	—
LIESSE Tsurumai	February 26, 2021	1,082	—	—	—	—
Komatsubara Yamamoto Mansion	February 26, 2021	670	—	—	—	—
Belleza Kanayama	March 1, 2021	702	—	—	—	—
Godo Kaisha NRT Growth 17 Subordinated equity interest in silent partnership	June 29, 2021	50	—	—	—	—
Total	—	5,113	—	6,751	5,564	911

(Note 1) "Acquisition price" or "Transfer price" does not include acquisition or transfer-related expenses, property tax, city planning tax and consumption tax, etc. Figures have been truncated to the nearest million yen.

(Note 2) "Gain or loss on transfer" represents the amounts after deducting book values and transfer-related expenses from transfer prices.

(2) Transaction of Other Assets

Other assets, aside from previously mentioned real estate, asset-backed securities, infrastructure assets, and infrastructure-related assets, consist mainly of bank deposits and bank deposits included in the trust asset deposits.

(3) Review on Value of Specified Assets

A. Asset-Backed Securities

Acquisition or transfer	Name	Transaction date	Type of asset	Acquisition price or transfer price (Yen in millions) (Note1) (Note2)	Appraisal value (Yen in millions) (Note 2)	Appraiser	Appraisal date
Transfer	Higashi Ikebukuro Center Building	February 25, 2021	Trust Beneficiary Interest	3,312	3,010	Japan Real Estate Institute	December 31, 2020
Transfer	FORECAST Uchikanda	February 25, 2021	Trust Beneficiary Interest	1,390	1,350	Japan Real Estate Institute	December 31, 2020
Transfer	Marunouchi Sanchome Building	February 25, 2021	Trust Beneficiary Interest	2,049	2,040	Japan Real Estate Institute	December 31, 2020
Acquisition	TENSHO OFFICE SHINBASHI 5	February 25, 2021	Trust Beneficiary Interest	1,200	1,230	Japan Real Estate Institute	January 1, 2021
Acquisition	Residence Kinshicho	February 26, 2021	Trust Beneficiary Interest	700	711	JLL Morii Valuation & Advisory K.K.	January 1, 2021
Acquisition	Meister house Kawasaki	February 26, 2021	Trust Beneficiary Interest	709	714	Daiwa Real Estate Appraisal	January 1, 2021
Acquisition	LIESSE Tsurumai	February 26, 2021	Trust Beneficiary Interest	1,082	1,150	JLL Morii Valuation & Advisory K.K.	January 1, 2021
Acquisition	Komatsubara Yamamoto Mansion	February 26, 2021	Trust Beneficiary Interest	670	680	JLL Morii Valuation & Advisory K.K.	January 1, 2021
Acquisition	Belleza Kanayama	March 1, 2021	Trust Beneficiary Interest	702	738	JLL Morii Valuation & Advisory K.K.	January 1, 2021

(Note 1) "Acquisition price or transfer price" does not include acquisition or transfer-related expenses, property tax, city planning tax and consumption tax, etc.

(Note 2) Figures have been truncated to the nearest million yen.

(Note 3) The above appraisal was conducted in accordance with the "Japanese Real Estate Appraisal Standards, Detailed exposition Chapter 3 Appraisal regarding price of securitized real estate."

B. Asset-Backed Securities

Acquisition or transfer	Name	Transaction date	Type of asset	Acquisition price (Yen in millions) (Note 1) (Note 2)	Appraisal value of specified assets (Yen in millions) (Note 2)
Acquisition	Godo Kaisha NRT Growth 17 Subordinated Equity interest in silent partnership	June 29, 2021	Equity interest in a silent partnership	50	59

(Note 1) "Acquisition price" does not include acquisition-related expenses.

(Note 2) Figures have been truncated to the nearest million yen.

(Note 3) The appraisal of the price of the specified assets above was conducted by KPMG AZSA LLC at the time the asset was acquired in accordance with the Practical Guidelines for Specialized Operations 4460 "Practical Guidelines for Agreed-upon Procedures Pertaining Investigation into the Value, etc., of Specified Assets of Investment Trusts and Investment Corporations" published by the by Japanese Institute of Certified Public Accountants. This appraisal report has been received by NIPPON REIT.

C. Others

Name of the investigator

KPMG AZSA LLC

Summary of the result and investigation method:

Transactions that were investigated during the applicable period from January 1, 2021, to June 30, 2021, consisted of 3 interest rate swap transactions. Regarding the interest rate swap transactions, KPMG AZSA LLC is entrusted with the investigation of comparable prices, name of the counterparty, the agreed figures, the transaction period, and other details regarding the relevant interest rate swap transactions, as stipulated on Article 201 of the Investment Trust Act and an Agreed-Upon Procedures Reports on such transactions based on Practical Guidelines for Specialized Operations 4460 "Practical Guidelines for Agreed-Upon Procedures Pertaining to Investigation into the Value, etc., of Specified Assets of Investment Trusts and Investment Corporations," published by the Japanese Institute of Certified Public Accountants.

Furthermore, the investigation is not part of the financial statement audit, and does not ensure the validity of the price and internal control systems.

(4) Related Party Transactions

A. Status of Transactions

Classification	Purchase price or Sales price, etc. (Note 1)			
	Purchase price, etc. (Yen in millions)		Sales price, etc. (Yen in millions)	
Total	5,113		6,751	
Transaction status with related parties (Note 1)				
Sojitz Corporation	1,791	(35.0%)	—	(—%)
Godo Kaisha NRT Growth 17	50	(1.0%)	—	(—%)
Total	1,841	(36.0%)	—	(—%)

B. Amount of Fees Paid

Classification	Total amount paid (A) (Yen in thousands) (Note 3)	Breakdown of transactions with related parties (Note 1)		Rate to total amount paid (B/A) (Note 4)
		Payment recipient	Amount paid (B) (Yen in thousands) (Note 3)	
Property management fees	534,378	Sojitz LifeOne Corporation	280,240	52.4%
Other property-related expenses	353,582	Sojitz LifeOne Corporation	30,668	8.7%
Property transfer assistance fees	600	Sojitz LifeOne Corporation	300	50.0%

(Note 1) In accordance with the Order for Enforcement of the Investment Trusts Act and Articles 26 and 27 of the Investment Trust Association of Japan's rules related to management reports for investment trusts and investment corporations, "related parties" are defined as the related parties of the asset management company that have entered into an asset management contract with NIPPON REIT.

(Note 2) The above table includes related party transactions as stipulated by Rules on Related Party Transactions of the asset management company in addition to the related party transactions during the 17th fiscal period.

(Note 3) "Total amount paid" and "Amount paid" have been truncated to the nearest thousand yen.

(Note 4) "Rate to total amount paid" has been rounded to the first decimal place.

(Note 5) The following are fees paid to the related parties in the fiscal period under review other than those listed above and commission fees. Note that the amount is truncated to the nearest thousand yen.

Sojitz LifeOne Corporation	Repair work (in addition to repair expenses, this also includes capital expenditures)	58,750 thousand yen
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(5) Status of Transactions with Asset Management Company Pertaining to Business Operated by the Asset Management Company as a Subsidiary Business

Not applicable because the asset management company does not engage in any business as a subsidiary business that is a type-I financial instruments business, type-II financial instruments business, real estate brokerage, or real estate specified joint enterprise.

7. Accounting

(1) Status of Assets, Liabilities, Principal, and Profit / Loss

Please refer to "Balance Sheets," "Statements of Income and Retained Earnings," "Statements of Change in Net Assets," "Notes to Financial Statements," and "Note 20. Distribution Information."

(2) Changes in Method to Calculate Depreciation

Expenses Not applicable

(3) Changes in Method to Evaluate Properties and Infrastructure Assets

Not applicable

(4) Status of Beneficiary Certificates of Investment Trust Established by NIPPON REIT

Not applicable

(5) Disclosures as a Corporation Holding Real Estate Overseas and Relating to Real Estate Held by a Corporation Holding Real Estate Overseas

Not applicable

8. Other

(1) Notice

There was no conclusion nor change, etc., of major contract approved by meeting of the Board of Officers of NIPPON REIT during the fiscal period.

(2) Other

Unless otherwise stated, monetary amounts are truncated and percentages are rounded off to the nearest specified unit in this report.

NIPPON REIT Investment Corporation
BALANCE SHEETS

As of December 31, 2020 and June 30, 2021

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Assets		
Current Assets:		
Cash and deposits (Notes 4 and 5)	¥ 10,247,663	¥ 10,216,985
Cash and deposits in trust (Notes 4 and 5)	6,166,218	6,036,298
Tenant receivables	84,245	87,954
Prepaid expenses	462,361	473,755
Income taxes refundable	203	271
Other current assets	10,778	9,745
Less: allowance for doubtful accounts	(0)	(0)
Total Current Assets	16,971,472	16,825,011
Investment Properties (Notes 6 and 7):		
Buildings (Note 9)	266,294	266,294
Land in trust (Note 8)	187,903,184	187,607,130
Buildings in trust (Note 9)	61,828,367	61,856,016
Structures in trust	213,877	219,057
Machinery and equipment in trust	493,359	457,818
Tools, furniture and fixtures in trust	229,842	265,493
Less: accumulated depreciation	(10,329,599)	(10,999,077)
Leasehold rights	1,251,662	1,251,662
Leasehold rights in trust	16,661,609	16,661,609
Other intangible assets	4,561	4,368
Total Investment Properties, net	258,523,158	257,590,372
Other Assets:		
Investment securities (Note 5)	123,565	123,888
Lease and guarantee deposits	10,160	10,197
Long-term prepaid expenses	1,483,616	1,492,457
Deferred investment corporation bond issuance costs	38,424	35,685
Deferred tax assets (Note 16)	2	2
Others	42,058	43,303
Total Other Assets	1,697,827	1,705,535
Total Assets	¥ 277,192,458	¥ 276,120,919

The accompanying notes are an integral part of these financial statements.

NIPPON REIT Investment Corporation
BALANCE SHEETS

As of December 31, 2020 and June 30, 2021

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Liabilities		
Current Liabilities:		
Long-term debt due within one year (Notes 5 and 13)	¥ 18,500,000	¥ 13,320,000
Accounts payable	952,062	671,379
Accrued expenses	276,507	269,886
Accrued consumption taxes	260,764	369,292
Advances received	1,464,987	1,442,023
Other current liabilities	846,844	635,199
Total Current Liabilities	22,301,168	16,707,781
Long-Term Liabilities:		
Investment corporation bonds (Notes 5 and 14)	4,500,000	4,500,000
Long-term debt (Notes 5 and 13)	109,620,000	114,800,000
Tenant security deposits (Note 5)	75,861	75,861
Tenant security deposits in trust (Note 5)	8,713,471	8,641,513
Other long-term liabilities	3,221	2,712
Total Long-Term Liabilities	122,912,555	128,020,088
Total Liabilities	145,213,723	144,727,869
Net Assets (Notes 12 and 17)		
Unitholders' Equity:		
Unitholders' capital	126,515,601	126,515,601
Units authorized: 4,000,000 units		
Units issued and outstanding: 449,930 units		
Retained earnings	5,463,133	4,877,448
Total Unitholders' Equity	131,978,735	131,393,050
Total Net Assets	131,978,735	131,393,050
Total Liabilities and Net Assets	¥ 277,192,458	¥ 276,120,919

The accompanying notes are an integral part of these financial statements.

NIPPON REIT Investment Corporation
STATEMENTS OF INCOME AND RETAINED EARNINGS

For the six-month periods ended December 31, 2020 and June 30, 2021

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Operating Revenues:		
Rental revenues (Note 10)	¥ 8,051,460	¥ 7,884,937
Other revenues related to property leasing (Note 10)	753,488	610,740
Gain on sales of real estate properties (Note 11)	1,318,589	911,212
Dividend income	3,598	3,914
Total Operating Revenues	10,127,137	9,410,805
Operating Expenses:		
Property-related expenses (Note 10)	3,159,450	3,048,901
Asset management fees	643,830	634,901
Asset custody fees	10,358	10,429
Administrative service fees	41,943	42,366
Directors' compensation	2,400	2,400
Independent auditors' fees	13,950	14,400
Other operating expenses	166,651	157,526
Total Operating Expenses	4,038,583	3,910,925
Operating Income	6,088,553	5,499,880
Non-Operating Revenues:		
Interest income	72	80
Reversal of distributions payable	3,260	734
Interest on tax refund	1	—
Total Non-Operating Revenues	3,334	815
Non-Operating Expenses:		
Interest expense	334,839	342,542
Interest on investment corporation bonds	17,467	17,207
Amortization of investment corporation bond issuance costs	2,739	2,739
Borrowing related expenses	292,712	279,038
Others	34	33
Total Non-Operating Expenses	647,792	641,560
Ordinary Income	5,444,094	4,859,134
Income Before Income Taxes	5,444,094	4,859,134
Income taxes – current	657	667
Income taxes – deferred	2	(0)
Total Income Taxes (Note 16)	660	667
Net Income	5,443,434	4,858,467
Retained Earnings Brought Forward	19,699	18,980
Retained Earnings at End of Period	¥ 5,463,133	¥ 4,877,448

The accompanying notes are an integral part of these financial statements.

NIPPON REIT Investment Corporation
STATEMENTS OF CHANGES IN NET ASSETS

For the six-month periods ended December 31, 2020 and June 30, 2021

	Number of Units	Unitholders' Equity			Total Net Assets
		Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	
	(Units)	(Yen in thousands)			
Balance as of June 30, 2020	449,930	¥ 126,515,601	¥ 4,171,653	¥ 130,687,255	¥ 130,687,255
Cash distributions declared	—	—	(4,151,954)	(4,151,954)	(4,151,954)
Net income	—	—	5,443,434	5,443,434	5,443,434
Balance as of December 31, 2020	449,930	¥ 126,515,601	¥ 5,463,133	¥ 131,978,735	¥ 131,978,735
Cash distributions declared	—	—	(5,444,153)	(5,444,153)	(5,444,153)
Net income	—	—	4,858,467	4,858,467	4,858,467
Balance as of June 30, 2021	449,930	¥ 126,515,601	¥ 4,877,448	¥ 131,393,050	¥ 131,393,050

The accompanying notes are an integral part of these financial statements.

NIPPON REIT Investment Corporation
STATEMENTS OF CASH FLOWS

For the six-month periods ended December 31, 2020 and June 30, 2021

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Cash Flows from Operating Activities:		
Income before income taxes	¥ 5,444,094	¥ 4,859,134
Depreciation and amortization	1,016,725	1,004,346
Amortization of investment corporation bond issuance costs	2,739	2,739
Loss on retirement of investment properties	2,450	6,217
Interest income	(72)	(80)
Interest expense	352,306	359,749
Decrease (increase) in tenant receivables	51,393	(3,708)
Increase in prepaid expenses	(15,920)	(11,393)
Increase in long-term prepaid expenses	(199,307)	(8,840)
Increase in accrued consumption taxes	16,893	108,528
Increase (decrease) in accounts payable	202,601	(260,784)
Decrease in accrued expenses	(3,526)	(14,499)
Increase (decrease) in advances received	16,492	(22,964)
Decrease in investment properties in trust due to sale	7,744,304	5,564,137
Interest income received	72	80
Interest expense paid	(334,210)	(351,870)
Income taxes paid	(309)	(735)
Others, net	51,137	(9,158)
Net Cash Provided by Operating Activities	14,347,866	11,220,895
Cash Flows from Investing Activities:		
Payments for purchases of investment properties other than intangible assets	(1,584)	—
Payments for purchases of investment properties in trust other than intangible assets in trust	(14,866,458)	(5,662,431)
Payments for purchases of Intangible assets in trust	(2,670)	—
Proceeds from tenant security deposits	18,848	—
Payments of tenant security deposits	(3,397)	(6,640)
Proceeds from tenant security deposits in trust	608,333	591,070
Payments of tenant security deposits in trust	(735,062)	(868,297)
Payments of lease and guarantee deposits	—	(37)
Proceeds from withdrawal of investment securities	45,000	53,373
Payments for purchases of investment securities	—	(50,000)
Other payments	(1,244)	(1,244)
Net Cash Used in Investing Activities	(14,938,236)	(5,944,208)
Cash Flows from Financing Activities:		
Proceeds from short-term debt	2,700,000	—
Repayments of short-term debt	(2,700,000)	—
Proceeds from long-term debt	16,750,000	8,500,000
Repayments of long-term debt	(11,000,000)	(8,500,000)
Distributions paid	(4,144,679)	(5,437,285)
Net Cash Provided by (Used in) Financing Activities	1,605,320	(5,437,285)
Net Change in Cash and Cash Equivalents	1,014,950	(160,597)
Cash and Cash Equivalents at Beginning of Period	15,398,931	16,413,882
Cash and Cash Equivalents at End of Period (Note 4)	¥ 16,413,882	¥ 16,253,284

The accompanying notes are an integral part of these financial statements.

NIPPON REIT Investment Corporation
NOTES TO FINANCIAL STATEMENTS

As of and for the six-month periods ended December 31, 2020 and June 30, 2021

Note 1 – Organization and Basis of Presentation

Organization

NIPPON REIT Investment Corporation (hereinafter referred to as “NIPPON REIT”) was established on September 8, 2010 with ¥100 million in capital (200 units) as an investment corporation under the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions, hereinafter referred to as the “Investment Trust Act”) by the founder (the former Polaris Investment Advisors K.K.; now, Sojitz REIT Advisors K.K.).

Commencing on July 1, 2014, the fiscal period has been amended from an annual period to a semi-annual period ending on June 30 and December 31. Prior to this amendment, the annual fiscal period was a 12-month period from July 1 to June 30. NIPPON REIT made this amendment in order to increase the frequency of distributions to its unitholders.

NIPPON REIT is an externally managed real estate fund, established as an investment corporation. Sojitz REIT Advisors K.K., as NIPPON REIT’s asset management company, is engaged in acquiring, managing, leasing, and renovating office properties, residential properties and commercial properties. Sojitz Corporation, Cushman & Wakefield Asset Management K.K. and Agility Asset Advisers Inc. currently own 67%, 18% and 15%, respectively, of Sojitz REIT Advisors K.K.

NIPPON REIT implemented a two-for-one split of investment units on January 17, 2014, issued new investment units through a public offering (144,200 units) on April 23, 2014 and then was listed on the J-REIT section of the Tokyo Stock Exchange on April 24, 2014. Furthermore, NIPPON REIT issued new investment units through a third-party allotment (7,210 units) on May 23, 2014, a public offering (145,000 units) on February 10, 2015, a third-party allotment (7,250 units) on March 10, 2015, a public offering (84,000 units) on July 1, 2015 and a third-party allotment (3,700 units) on July 28, 2015, a public offering (55,400 units) on July 2, 2018 and the third-party allotment (2,770 units) on July 24, 2018. As of June 30, 2021, the total number of investment units issued and outstanding was 449,930 units.

As of June 30, 2021, NIPPON REIT had ownership or trust beneficiary interests in 103 properties with approximately 308,713.24 square meters of rentable space and had leased space to 2,685 tenants. The occupancy rate for the properties was approximately 97.8%.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trust Act, the Financial Instruments and Exchange Act and their related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements have been reformatted and translated into English from the financial statements of NIPPON REIT prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act. In preparing the accompanying financial statements, relevant notes have been expanded and certain reclassifications have been made from the Japanese GAAP financial statements. Certain supplementary information included in the statutory Japanese GAAP financial statements, but not required for fair presentation, is not presented in the accompanying financial statements. Certain reclassifications have been made to the prior period’s financial statements to confirm to the presentation for the current period.

As permitted by Japanese GAAP, amounts of less than one thousand yen or one million yen have been omitted. Consequently, the totals shown in the accompanying financial statements do not necessarily agree with sums of the individual amounts.

Note 2 – Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of acquisition.

(b) Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided at the amount considered sufficient to cover probable losses on collection. The amount is determined by estimating an uncollectible amount based on the analysis of certain individual accounts that may not be collectable.

(c) Investment Properties

Investment properties are recorded at cost, which includes the allocated purchase price and, related costs and expenses for acquisition of the trust beneficiary interests in real estate. Investment property balances are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings in trust and Buildings	2-64 years
Structures in trust	2-45 years
Machinery and equipment in trust	10 years
Tools, furniture and fixtures in trust	2-15 years

Costs related to the renovation, addition and improvement of properties are capitalized. Expenditures for repairs and maintenance which do not add to the value or prolong the useful life of a property are expensed as incurred.

(d) Intangible Assets

Intangible assets are amortized using the straight-line method.

(e) Long-Term Prepaid Expenses

Long-term prepaid expenses are amortized using the straight-line method.

(f) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized using the straight-line method through to the redemption date.

(g) Investment Securities

Available-for-sale securities without market prices are stated at cost determined by the moving average method. Equity interest in a silent partnership is stated at net amount equivalent to the interest in the relevant partnership.

(h) Income Taxes

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rate.

(i) Real Estate Taxes

Investment properties are subject to various taxes, such as property taxes and city planning taxes. Owners of the properties are registered by records maintained in each jurisdiction by the local government. The taxes are imposed on the registered record owner as of January 1 of each year, based on an assessment made by the local government.

When a property is purchased within the calendar year, the taxes for the corresponding calendar year are imposed on the seller. NIPPON REIT pays the seller the corresponding amount of taxes for the period from the property acquisition date to December 31 of the calendar year and capitalizes these amounts as acquisition costs of the property, rather than expensing them. In subsequent calendar years, such taxes on investment properties are charged as operating expenses in each fiscal period.

The following is a summary of capitalized real estate taxes.

	For the six-month periods ended			
	December 31, 2020		June 30, 2021	
	(Yen in thousands)			
Capitalized real estate taxes	¥	7,246	¥	17,609

(j) Consumption Taxes

Consumption taxes are excluded from transaction amounts. Generally, consumption taxes paid are offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld is included in the current assets while the excess of amounts withheld over payments is included in the current liabilities. Non-deductible consumption taxes related to the acquisition of properties are treated as the cost of the applicable properties.

(k) Hedge Accounting

NIPPON REIT enters into derivative transactions for the purpose of hedging risks defined in the Articles of Incorporation of NIPPON REIT in accordance with its financial policy. NIPPON REIT uses interest rate swaps as hedging instruments in order to hedge the risk of interest rate fluctuations related to borrowings. The deferral method is applied for hedge transactions. For interest rate swaps which qualify for hedge accounting and meet specific criteria, the special treatment is applied. Under the special treatment, the related differentials paid or received under such swap contracts can be recognized and included in interest expense or income of the hedged assets or liabilities, and the interest rate swaps are not required to be measured at fair value separately. NIPPON REIT evaluates hedge effectiveness by comparing the cumulative changes in cash flows of hedging instruments and the hedged items and assessing the ratio between the changes. However, the assessment of hedge effectiveness for interest rate swaps which meet the special criteria is omitted.

(l) Revenue Recognition

Revenues from property leasing consist of rental revenues including base rents, common area charges and parking space rental revenues, and other revenues related to property leasing such as utilities charge reimbursements and others. Rental revenues are generally recognized when earned and considered realizable over the life of each lease. Utilities charge reimbursements are recognized when earned and their amounts can be reasonably estimated.

(m) Accounting for Trust Beneficiary Interests in Real Estate

For trust beneficiary interests in real estate owned by NIPPON REIT, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheets and, statements of income and retained earnings.

The following assets in trust are recognized and presented separately on the balance sheets.

- (i) Cash and deposits in trust
- (ii) Land in trust, buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, construction in progress in trust and leasehold rights in trust
- (iii) Tenant security deposits in trust

(n) Changes in Method of Presentation

NIPPON REIT applied “Accounting Standard for Disclosure of Accounting Estimates” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 31, issued on March 31, 2020) from the six-month period ended June 30, 2021 and disclosed a note regarding significant accounting estimates.

The note does not include information for the previous reporting period in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

(o) Significant Accounting Estimates

Impairment loss on investment properties

- (1) Carrying amount in the accompanying financial statements

	As of June 30, 2021 (Yen in thousands)
Investment properties	¥ 257,590,372

- (2) Information on the nature of significant accounting estimates for identified items

NIPPON REIT reduces the book value of investment properties to its recoverable amount when the invested amount may not be recoverable due to decrease in profitability in conformity with the accounting standard for impairment of long-lived assets.

NIPPON REIT’s investment properties are grouped on an individual asset basis. NIPPON REIT reviews the investment properties for impairment when factors such as consecutive operating losses, significant decline in the market price, deteriorated business environment and others related to investment properties indicate the carrying amount of an asset may not be recoverable.

Whether an impairment loss is recognized is determined based on the future cash flows expected from the asset. In the case that the impairment loss is recognized, the book value of the asset is reduced to the respective recoverable amount and the difference between the book value and recoverable amount is recorded as an impairment loss.

Future cash flows used in determining recoverable amounts are measured by comprehensive judgement on estimates based on market trends on rental revenues, occupancy rates, rental expenses and other factors as well as transaction information of similar properties.

Operating results and market price of each investment property may be affected by trends in property leasing market and property trading market. It is possible to have impact on NIPPON REIT’s financial position and result of operations in the next fiscal period if assumptions used in estimates change.

Note 3 – New Accounting Standards Issued but not yet Effective

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, revised on March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, revised on March 26, 2021)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020)

(a) Overview

The International Accounting Standard Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) jointly developed a comprehensive accounting standard for revenue recognition, and issued “Revenue from Contracts with Customers” (IFRS 15, issued by IASB and Topic 606, issued by FASB) in May 2014. Considering the situation that IFRS 15 is effective for the fiscal periods beginning on or after January 1, 2018 and Topic 606 is effective for the fiscal periods beginning after December 15, 2017, ASBJ developed a comprehensive accounting standard for revenue recognition and issued it together with the implementation guidances. ASBJ’s basic policy developing the accounting standard for revenue recognition was to establish accounting standards as a starting point by incorporating the basic principles of IFRS 15 from the viewpoint of comparability of financial statements which is one of benefits of maintaining consistency with IFRS 15, and to add alternative treatments to the extent that they do not impair comparability in cases where previous practices and others in Japan should be considered.

(b) Date of adoption

NIPPON REIT will adopt the accounting standard and implementation guidances from the beginning of the six-month period ending December 31, 2021.

(c) Impact of the adoption of the respective accounting standard

NIPPON REIT is currently evaluating the impact of the adoption of the standard and guidances on financial statements.

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued on July 4, 2019)

“Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, revised on July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on July 4, 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, revised on March 31, 2020)

(a) Overview

Given the fact that the IASB and the FASB have issued detailed guidance providing substantially similar requirements (IFRS 13 Fair Value Measurement and US Accounting Standards Codification Topic 820 Fair Value Measurement) for the measurement of fair value, the ASBJ has made efforts to achieve the consistency of Japanese accounting standards related to the measurement of fair value of financial instruments and related disclosures with such global accounting standards, which resulted in the issuance of ASBJ Statement No. 30 Accounting Standards for Fair Value Measurement, etc. The ASBJ has decided to incorporate all of the requirements provided by IFRS 13 in order to improve the comparability of financial statements of entities in and out of Japan by adopting consistent methods as part of its basic policy in developing accounting standards for the measurement of fair value. Also, the standards are designed to provide interpretations for certain individual issues and topics in light of the practices implemented in Japan to date, provided that the comparability of financial statements is not significantly reduced.

(b) Date of adoption

NIPPON REIT will adopt the accounting standards and implementation guidances from the beginning of the six-month period ending December 31, 2021.

(c) Impact of the adoption of the respective accounting standard

NIPPON REIT is currently evaluating the impact of the adoption of the standards and guidances on financial statements.

Note 4 – Cash and Cash Equivalents

Reconciliation between cash and deposits and cash and deposits in trust in the balance sheets and cash and cash equivalents in the statements of cash flows is as follows:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Cash and deposits	¥ 10,247,663	¥ 10,216,985
Cash and deposits in trust	6,166,218	6,036,298
Cash and cash equivalents	¥ 16,413,882	¥ 16,253,284

Note 5 – Financial Instruments

(a) Qualitative Information for Financial Instruments

Policy for Financial Instrument Transactions

NIPPON REIT raises funds mainly through borrowings, issuance of investment corporation bonds and investment units for acquisition of investment properties, capital expenditures, renovations or repayment of bank borrowings. In financing through interest-bearing debt, NIPPON REIT raises funds with longer term, fixed-rate and well-diversified maturities to secure stable and liquid financing capacity.

NIPPON REIT enters into derivative transactions solely for the purpose of hedging interest rate fluctuation risks arising from borrowings and does not use derivative transactions for speculative purposes.

Nature and Extent of Risks Arising from Financial Instruments

Proceeds from borrowings and investment corporation bonds are used mainly for acquisition of investment properties, capital expenditures, renovations, operations or repayment of outstanding borrowings. These borrowings and investment corporation bonds are exposed to liquidity risks upon refinance. The floating-rate borrowings are exposed to potential risks of rising interest rates.

Bank deposits are used for investing NIPPON REIT's surplus funds. These bank deposits are exposed to credit risks such as bankruptcy of the depository financial institutions.

Risk Management of Financial Instruments

Liquidity risk is managed by diversifying lending financial institutions and planning and executing diversified financing methods including financing through capital markets, such as issuance of investment corporation bonds and issuance of investment units.

Interest rate volatility risk is managed primarily by increasing the proportion of borrowings under long-term fixed rates. Derivative transactions may be entered into in order to hedge interest rate fluctuation risk. As of June 30, 2021, NIPPON REIT uses derivative transactions (interest rate swaps) as hedging instruments in order to avoid the risk of interest rate fluctuations and to fix the amount of interest payments for borrowings with floating rates. NIPPON REIT evaluates hedge effectiveness by comparing the cumulative changes in cash flows of hedging instruments and the hedged items and assessing the ratio between the changes. However, the assessment of hedge effectiveness for interest rate swaps which meet the special criteria is omitted.

Credit risk is managed by diversifying the depository financial institutions.

Supplemental Explanation regarding Fair Value of Financial Instruments

The fair value of financial instruments is based on their quoted market price. When there is no observable market price available, fair value is based on a price that is reasonably estimated. Since certain assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

(b) Fair Value of Financial Instruments

The book values, fair values and differences between them were as follows:

	As of December 31, 2020			As of June 30, 2021		
	(Yen in thousands)					
Assets	Book value	Fair value	Difference	Book value	Fair value	Difference
Cash and deposits	¥ 10,247,663	¥ 10,247,663	¥ –	¥ 10,216,985	¥ 10,216,985	¥ –
Cash and deposits in trust	6,166,218	6,166,218	–	6,036,298	6,036,298	–
Total	¥ 16,413,882	¥ 16,413,882	¥ –	¥ 16,253,284	¥ 16,253,284	¥ –
Liabilities						
Long-term debt due within one year	¥ 18,500,000	¥ 18,490,436	¥ (9,563)	¥ 13,320,000	¥ 13,317,230	¥ (2,769)
Investment corporation bonds	4,500,000	4,452,300	(47,700)	4,500,000	4,460,750	(39,250)
Long-term debt	109,620,000	109,912,161	292,161	114,800,000	115,208,716	408,716
Total	¥ 132,620,000	¥ 132,854,898	¥ 234,898	¥ 132,620,000	¥ 132,986,696	¥ 366,696
Derivatives	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –

The financial instruments whose fair values are deemed extremely difficult to determine are excluded from the above table.

Methods used to estimate the fair value of financial instruments and derivative transactions are as follows:

Assets and Liabilities:

(1) Cash and deposits and cash and deposits in trust

Due to the short maturities, the book value of these assets is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value equivalent.

(2) Long-term debt due within one year and long-term debt

For long-term debt with floating interest rates that reflects market interest rates within a short period of time, the book value is deemed a reasonable approximation of the fair value and there are no significant changes in NIPPON REIT's credit standing after borrowing; therefore, the book value is used as the fair value equivalent. However, for long-term debt with floating interest rates hedged by interest rate swaps applying the special treatment, the fair value is calculated based on the total amount of principal and interest which are processed as a single unit with the interest rate swaps discounted at the current interest rate applicable to similar borrowings. For long-term debt with fixed interest rates, the fair value is calculated based on the total amount of principal and interest discounted at the current interest rate applicable to similar borrowings.

(3) Investment corporation bond

Calculated based on Reference Statistical Prices for OTC Bond Transactions provided by Japan Securities Dealers Association.

Derivative Transactions:

There were no derivative transactions to which hedge accounting was not applied as of December 31, 2020 and June 30, 2021.

Derivative transactions to which hedge accounting was applied were as follows:

Hedge accounting method	Type of derivative transaction	Hedged item	As of December 31, 2020		
			Contracted amount		Fair value
			Total	Due after one year	
			(Yen in thousands)		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term debt	¥ 124,620,000	¥ 106,120,000	(Note)
Total			¥ 124,620,000	¥ 106,120,000	¥ —

Note:
Derivatives applying the special treatment of interest rate swaps are treated as a single unit with long-term debt that is designated as the hedged item. The fair value is included in the fair value of aforementioned (2) Long-term debt due within one year and Long-term debt in “(b) Fair Value of Financial Instruments”.

Hedge accounting method	Type of derivative transaction	Hedged item	As of June 30, 2021		
			Contracted amount		Fair value
			Total	Due after one year	
			(Yen in thousands)		
Special treatment for interest rate swaps	Interest rate swaps Receive floating/Pay fixed	Long-term debt	¥ 123,470,000	¥ 110,150,000	(Note)
Total			¥ 123,470,000	¥ 110,150,000	¥ —

Note:
Derivatives applying the special treatment of interest rate swaps are treated as a single unit with long-term debt that is designated as the hedged item. The fair value is included in the fair value of aforementioned (2) Long-term debt due within one year and Long-term debt in “(b) Fair Value of Financial Instruments”.

Financial instruments whose fair values are deemed extremely difficult to determine are as follows:

The fair value of tenant security deposits and tenant security deposits in trust is not disclosed because these deposits do not have a readily available market price, and it is difficult to estimate a period as to when these deposits will be returned. Although the tenant agreements stipulate a tenancy period, the historical analysis of actual tenancy periods do not indicate any pattern of tenancy period due to their unique nature as early termination or renewal/re-contract of tenancy agreements is possible, which makes it impracticable to reasonably estimate the future cash flows. The book values of tenant security deposits and tenant security deposits in trust are presented in the following table.

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Book value:		
Tenant security deposits	¥ 75,861	¥ 75,861
Tenant security deposits in trust	8,713,471	8,641,513

The fair value of investment securities is not disclosed because these securities do not have available market price, and it is difficult to estimate fair values. The book values of investment securities are presented in the following table.

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Book value:		
Godo Kaisha NRT Growth 14 Equity interest in silent partnership (Note 1)	¥ 50,486	¥ —
Godo Kaisha NRT Growth 16 Subordinated Equity interest in silent partnership (Note 2)	73,078	73,270
Godo Kaisha NRT Growth 17 Subordinated Equity interest in silent partnership (Note 3)	—	50,617
Total	¥ 123,565	¥ 123,888

Notes:
1. The assets under management include trust beneficiary interests in real estate of TENSHO OFFICE SHINBASHI 5 and tanosio shin-yokohama.
2. The assets under management include trust beneficiary interests in real estate of REID-C Gotenyama, REID-C Iidabashi, Sylphide Higashi-shinagawa, Royal Bloom, Ever Square Doshin, Zeku Benten, Canis Court Kamishinjo and Imperial Otori.
3. The assets under management include trust beneficiary interests in real estate of Muse Ryogoku II, Minami-Horie apartment Grande, Minami-Horie apartment Cielo, Minami-Horie apartment Rio, Plowland Horita and Nasic Nozomigaoka.

The redemption schedule for monetary claims was as follows:

As of December 31, 2020	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)						
Cash and deposits	¥ 10,247,663	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and deposits in trust	6,166,218	—	—	—	—	—
Total	¥ 16,413,882	¥ —	¥ —	¥ —	¥ —	¥ —
As of June 30, 2021	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)						
Cash and deposits	¥ 10,216,985	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and deposits in trust	6,036,298	—	—	—	—	—
Total	¥ 16,253,284	¥ —	¥ —	¥ —	¥ —	¥ —

The redemption schedule for long-term debt was as follows:

As of December 31, 2020	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)						
Investment corporation bond	¥ —	¥ —	¥ —	¥ —	¥ 1,000,000	¥ 3,500,000
Long-term debt	18,500,000	10,320,000	19,000,000	16,450,000	15,100,000	48,750,000
Total	¥ 18,500,000	¥ 10,320,000	¥ 19,000,000	¥ 16,450,000	¥ 16,100,000	¥ 52,250,000

As of June 30, 2021	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
(Yen in thousands)						
Investment corporation bond	¥ —	¥ —	¥ —	¥ 1,000,000	¥ —	¥ 3,500,000
Long-term debt	13,320,000	16,100,000	17,650,000	15,450,000	19,100,000	46,500,000
Total	¥ 13,320,000	¥ 16,100,000	¥ 17,650,000	¥ 16,450,000	¥ 19,100,000	¥ 50,000,000

Note 6 – Investment Properties

Investment properties consisted of the following:

	As of December 31, 2020			As of June 30, 2021		
	(Yen in thousands)					
	Acquisition cost	Accumulated depreciation and amortization	Book value	Acquisition cost	Accumulated depreciation and amortization	Book value
Buildings	¥ 266,294	¥ (17,517)	¥ 248,776	¥ 266,294	¥ (21,625)	¥ 244,668
Land in trust	187,903,184	—	187,903,184	187,607,130	—	187,607,130
Buildings in trust	61,828,367	(10,046,633)	51,781,733	61,856,016	(10,701,124)	51,154,891
Structures in trust	213,877	(61,281)	152,595	219,057	(66,739)	152,318
Machinery and equipment in trust	493,359	(126,089)	367,270	457,818	(120,600)	337,217
Tools, furniture and fixtures in trust	229,842	(78,076)	151,765	265,493	(88,986)	176,506
Leasehold rights	1,251,662	—	1,251,662	1,251,662	—	1,251,662
Leasehold rights in trust	16,661,609	—	16,661,609	16,661,609	—	16,661,609
Other intangible assets	5,686	(1,124)	4,561	5,686	(1,318)	4,368
Total	¥268,853,882	¥(10,330,724)	¥ 258,523,158	¥268,590,768	¥(11,000,395)	¥ 257,590,372

Note 7 – Fair Value of Investment Properties

The book value, net changes in the book value and the fair value of the investment properties including office properties, residential properties and commercial properties were as follows:

	For the six-month periods ended			
	December 31, 2020		June 30, 2021	
	(Yen in thousands)			
Book value:				
Balance at beginning of period	¥	252,520,339	¥	258,523,158
Change during period		6,002,819		(932,785)
Balance at end of period		258,523,158		257,590,372
Fair value	¥	303,609,000	¥	304,753,000

Notes:

1. The book value represents acquisition costs after deducting accumulated depreciation.
2. The fair value is determined based on appraisal values provided by external real estate appraisers.
3. For the six-month period ended December 31, 2020, the increase was primarily due to the acquisition of 13 properties including “City hills Andoji” (total acquisition price of ¥13,796,000 thousand) and offsetting decrease was primarily due to the transfer of 3 properties including “Mejiro NT Building” (total book value of ¥7,744,304 thousand).
4. For the six-month period ended June 30, 2021, the increase was primarily due to the acquisition of 6 properties including “TENSHO OFFICE SHINBASHI 5” (total acquisition price of ¥5,063,439 thousand) and the offsetting decrease was primarily due to the transfer of 3 properties including “Higashi Ikebukuro Center Building” (total book value of ¥5,564,137 thousand).

Note 8 – Reduction Entry for Investment Properties Acquired through Exchange

The following table shows the amount deducted from the acquisition costs of investment properties acquired through exchange.

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Land in trust	¥ 416,596	¥ 416,596

Note 9 – Reduction Entry for Investment Properties Acquired due to Government Subsidies Received

The following table shows the amount deducted from the acquisition costs of investment properties acquired due to government subsidies received.

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Buildings	¥ 3,469	¥ 3,469
Buildings in trust	273,264	239,800
Total	¥ 276,734	¥ 243,269

Note 10 – Rental Revenues and Expenses

Rental revenues and expenses were as follows:

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Revenues from property leasing:		
Rental revenues:		
Base rents	¥ 6,774,295	¥ 6,676,424
Common area charges	1,027,871	981,714
Parking space rental revenues	249,293	226,798
Total rental revenues	8,051,460	7,884,937
Other revenues related to property leasing:		
Utilities charge reimbursements	518,653	447,561
Others	234,834	163,178
Total other revenues related to property leasing	753,488	610,740
Total revenues from property leasing	8,804,948	8,495,677
Property-related expenses:		
Property management fees	556,200	534,378
Utility expenses	424,113	351,904
Insurance expenses	8,718	8,519
Repair expenses	161,418	158,768
Taxes and dues	600,503	591,726
Depreciation and amortization	1,016,725	1,004,346
Loss on retirement of investment properties	2,450	6,217
Trust fees	32,417	39,459
Other	356,902	353,582
Total property-related expenses	3,159,450	3,048,901
Income from property leasing	¥ 5,645,497	¥ 5,446,775

Note 11 – Gain on Sales of Real Estate Properties

The details of gain on sales of real estate properties of ¥1,318,589 thousand for the six-month period ended December 31, 2020 were as follows:

	(Yen in thousands)
Mejiro NT Building:	
Selling price of the real estate property	¥ 3,920,000
Book value of the real estate property	3,069,979
Other selling expenses	40,708
Gain on sales of real estate property	<u>¥ 809,311</u>

Mitsui Woody Building:	
Selling price of the real estate property	¥ 3,246,100
Book value of the real estate property	2,655,084
Other selling expenses	131,358
Gain on sales of real estate property	<u>¥ 459,656</u>

Komyoike Act:	
Selling price of the real estate property	¥ 2,158,400
Book value of the real estate property	2,019,240
Other selling expenses	89,538
Gain on sales of real estate property	<u>¥ 49,621</u>

The details of gain on sales of real estate properties of ¥911,212 thousand for the six-month period ended June 30, 2021 were as follows:

	(Yen in thousands)
Higashi Ikebukuro Center Building:	
Selling price of the real estate property	¥ 3,312,000
Book value of the real estate property	2,648,509
Other selling expenses	135,350
Gain on sales of real estate property	<u>¥ 528,140</u>

FORECAST Uchikanda:	
Selling price of the real estate property	¥ 1,390,000
Book value of the real estate property	1,276,052
Other selling expenses	57,790
Gain on sales of real estate property	<u>¥ 56,156</u>

Marunouchi Sanchome Building:	
Selling price of the real estate property	¥ 2,049,600
Book value of the real estate property	1,639,575
Other selling expenses	83,108
Gain on sales of real estate property	<u>¥ 326,916</u>

Note 12 – Net Assets

NIPPON REIT issues non-par value investment units in accordance with the Investment Trust Act and all of the amounts issued are designated as stated capital. NIPPON REIT maintains at least ¥50,000 thousand as the minimum net assets as required by the Investment Trust Act.

Note 13 –Long-Term Debt

Long-term debt consisted of the following:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Long-term debt:		
0.36% unsecured loans due 2021 (Notes 2 and 3)	¥ 8,500,000	¥ –
0.38% unsecured loans due 2021 (Notes 2 and 3)	10,000,000	10,000,000
0.26% unsecured loans due 2022 (Notes 2 and 3)	3,320,000	3,320,000
0.41% unsecured loans due 2022 (Notes 2 and 3)	7,000,000	7,000,000
1.24% unsecured loan due 2023 (Note 2)	500,000	500,000
0.32% unsecured loans due 2023 (Note 2)	2,500,000	2,500,000
0.48% unsecured loans due 2023 (Notes 2 and 3)	5,600,000	5,600,000
0.25% unsecured loan due 2023 (Notes 2 and 3)	500,000	500,000
0.50% unsecured loans due 2023 (Notes 2 and 3)	3,900,000	3,900,000
0.48% unsecured loans due 2023 (Notes 2 and 3)	6,000,000	6,000,000
0.56% unsecured loans due 2024 (Notes 2 and 3)	3,400,000	3,400,000
0.52% unsecured loans due 2024 (Notes 2 and 3)	3,200,000	3,200,000
0.33% unsecured loans due 2024 (Note 2)	–	1,150,000
0.58% unsecured loans due 2024 (Notes 2 and 3)	3,500,000	3,500,000
0.54% unsecured loans due 2024 (Notes 2 and 3)	2,000,000	2,000,000
0.57% unsecured loans due 2024 (Notes 2 and 3)	4,350,000	4,350,000
0.58% unsecured loan due 2025 (Notes 2 and 3)	1,000,000	1,000,000
0.70% unsecured loans due 2025 (Notes 2 and 3)	2,600,000	2,600,000
0.61% unsecured loans due 2025 (Notes 2 and 3)	2,000,000	2,000,000
0.71% unsecured loans due 2025 (Notes 2 and 3)	2,800,000	2,800,000
0.63% unsecured loans due 2025 (Notes 2 and 3)	2,500,000	2,500,000
0.68% unsecured loans due 2025 (Notes 2 and 3)	4,200,000	4,200,000
0.75% unsecured loans due 2026 (Notes 2 and 3)	600,000	600,000
0.70% unsecured loan due 2026 (Note 2)	500,000	500,000
0.59% unsecured loans due 2026 (Notes 2 and 3)	3,100,000	3,100,000
0.43% unsecured loans due 2026 (Notes 2 and 3)	5,400,000	5,400,000
0.83% unsecured loans due 2026 (Notes 2 and 3)	4,850,000	4,850,000
0.39% unsecured loans due 2026 (Notes 2 and 3)	2,500,000	2,500,000
0.74% unsecured loans due 2027 (Notes 2 and 3)	2,550,000	2,550,000
0.54% unsecured loans due 2027 (Notes 2 and 3)	6,300,000	6,300,000
0.45% unsecured loan due 2027 (Notes 2 and 3)	500,000	500,000
0.48% unsecured loans due 2027 (Notes 2 and 3)	6,000,000	6,000,000
0.49% unsecured loans due 2027 (Notes 2 and 3)	2,150,000	2,150,000
0.56% unsecured loan due 2027 (Notes 2 and 3)	500,000	500,000
0.96% unsecured loans due 2028 (Notes 2 and 3)	1,200,000	1,200,000
0.59% unsecured loans due 2028 (Notes 2 and 3)	1,000,000	1,000,000
0.50% unsecured loans due 2028 (Notes 2 and 3)	–	2,950,000
0.64% unsecured loans due 2028 (Notes 2 and 3)	6,500,000	6,500,000
0.95% unsecured loans due 2029 (Notes 2 and 3)	1,000,000	1,000,000
0.68% unsecured loans due 2029 (Notes 2 and 3)	2,100,000	2,100,000
0.63% unsecured loans due 2029 (Notes 2 and 3)	–	2,400,000
0.78% unsecured loans due 2030 (Notes 2 and 3)	2,000,000	2,000,000
0.81% unsecured loans due 2031 (Notes 2 and 3)	–	2,000,000
Total long-term debt	¥ 128,120,000	¥ 128,120,000

Notes:

1. The interest rates presented are weighted average interest rates.
2. Funds were used for acquisition of investment properties, repayment of outstanding borrowings and payment of any other associated expenses as deemed reasonable.
3. As interest rates on these loans are substantively fixed by the interest rate swaps, the interest rates after reflecting the effect of the interest rate swaps are stated.

NIPPON REIT maintains commitment line contracts with financial institutions. The amounts of unused commitments on loans were as follows:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Total amounts of loan commitment line contracts	¥ 3,000,000	¥ 3,000,000
Executed loan balance	–	–
Net unused balance	¥ 3,000,000	¥ 3,000,000

Note 14 – Investment Corporation Bonds

Investment corporation bonds consisted of the following:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
1st 0.54% unsecured bonds due 2025	¥ 1,000,000	¥ 1,000,000
2nd 0.70% unsecured bonds due 2028	1,000,000	1,000,000
3rd 0.88% unsecured bonds due 2028	1,500,000	1,500,000
4th 0.90% unsecured bonds due 2029	1,000,000	1,000,000
Total	¥ 4,500,000	¥ 4,500,000

Note 15 – Leases

The future minimum rental revenues under existing non-cancelable operating leases were as follows:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Due within one year	¥ 582,586	¥ 566,338
Due after one year	1,442,039	1,671,083
Total	¥ 2,024,626	¥ 2,237,421

Note 16 – Income Taxes

NIPPON REIT is subject to Japanese corporate income taxes on all of its taxable income. However, NIPPON REIT may deduct the amount distributed to its unitholders from its taxable income when certain requirements, including a requirement to distribute in excess of 90% of distributable profit for the fiscal period, are met under the Special Taxation Measure Act of Japan. If NIPPON REIT does not satisfy all of the requirements as specified in the Act, the entire taxable income of NIPPON REIT will be subject to regular corporate income taxes in Japan.

NIPPON REIT has made distribution in excess of 90% of its distributable profit for the six-month periods ended December 31, 2020 and June 30, 2021 and in order to be able to deduct such amount from taxable income.

The following table summarizes the significant difference between the statutory tax rate and NIPPON REIT's effective tax rate.

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(31.46)	(31.46)
Per capita inhabitant taxes	0.01	0.01
Others	0.00	0.00
Effective tax rate	0.01%	0.01%

The significant components of deferred tax assets and liabilities were as follows:

	As of	
	December 31, 2020	June 30, 2021
	(Yen in thousands)	
Deferred tax assets:		
Accrued enterprise tax	¥ 2	¥ 2
Allowance for doubtful accounts	0	0
Total deferred tax assets	2	2
Net deferred tax assets	¥ 2	¥ 2

Note 17 – Per Unit Information

Information about earnings per unit and net assets per unit was as follows:

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen)	
Earnings per unit:		
Net income per unit	¥ 12,098	¥ 10,798
Weighted average number of units outstanding (units)	449,930	449,930
	As of	
	December 31, 2020	June 30, 2021
	(Yen)	
Net assets per unit	¥ 293,331	¥ 292,029

The computation of earnings per unit is based on the weighted average number of units outstanding during the period. The computation of net assets per unit is based on the number of units outstanding at each period end as stated on the balance sheets. Diluted earnings per unit and related information are not disclosed as no dilutive units are outstanding.

Note 18 – Distribution Information

Pursuant to the terms of the distribution policy set forth in Article 35 paragraph (1) item (2) of NIPPON REIT's Articles of Incorporation, the amount of distributions is defined to be in excess of an amount equivalent to 90% of NIPPON REIT's distributable profit as defined in Article 67-15 of the Special Taxation Measure Act of Japan, but not in excess of an amount of profit set forth in the Articles of Incorporation.

Cash distributions are declared by the board of directors after the end of each period. Such distributions are payable to unitholders of record at the end of each period. Information of cash distributions per unit and the board of directors meeting dates when the distributions were proposed and approved were as follows:

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen)	
Cash distributions per unit	¥ 12,100	¥ 10,800
Board of directors meeting dates	February 18, 2021	August 17, 2021

Retained earnings brought forward after the cash distributions were as follows:

	For the six-month periods ended	
	December 31, 2020	June 30, 2021
	(Yen)	
Unappropriated retained earnings	¥ 5,463,133,837	¥ 4,877,448,268
Cash distributions declared	5,444,153,000	4,859,244,000
Retained earnings brought forward	¥ 18,980,837	¥ 18,204,268

Note 19 – Related-Party Transactions

Related-party transactions for the six-month period ended December 31, 2020 were as follows:

Classification	Name	Location	Capital stock (Yen in thousands)	Occupation	Ratio of voting rights	Nature of transaction	Accounts payable	Account	Balance at the end of period (Note 2) (Yen in thousands)
Directors and their relatives	Toshio Sugita	—	—	Executive Officer of NIPPON REIT and President, Director & CEO of Sojitz REIT Advisors K.K.	—	Payment of asset management fees to Sojitz REIT Advisors K.K. (Note 1)	¥ 875,035	Accounts payable Accrued expenses	¥ 155,996 184,074

Notes:

1. This was executed by Toshio Sugita as a representative director of a third party (Sojitz REIT Advisors K.K.) and terms and conditions of related-party transactions are based on those stipulated in NIPPON REIT's Article of Incorporation for asset management fees.
2. Consumption taxes are not included in transaction amounts and are included in the balance at the end of the period.

Related-party transactions for the six-month period ended June 30, 2021 were as follows:

Classification	Name	Location	Capital stock (Yen in thousands)	Occupation	Ratio of voting rights	Nature of transaction	Amount of transaction (Note 2) (Yen in thousands)	Account	Balance at the end of period (Note 2) (Yen in thousands)
Directors and their relatives	Toshio Sugita	—	—	Executive Officer of NIPPON REIT and President, Director & CEO of Sojitz REIT Advisors K.K.	—	Payment of asset management fees to Sojitz REIT Advisors K.K. (Note 1)	¥ 744,346	Accounts payable Accrued expenses	¥ 275 169,181

Notes:

1. This was executed by Toshio Sugita as a representative director of a third party (Sojitz REIT Advisors K.K.) and terms and conditions of related-party transactions are based on those stipulated in NIPPON REIT's Article of Incorporation for asset management fees.
2. Consumption taxes are not included in transaction amounts and are included in the balance at the end of the period.

Note 20 – Segment Information**Segment Information**

Segment information is omitted as NIPPON REIT has one segment, which is property leasing business.

Related Information**Information about Products and Services**

Disclosure of this information is omitted as operating revenues to external customers for a single product/service category account for more than 90% of the operating revenues on the statements of income and retained earnings.

Information by Geographic Areas**(1) Operating revenues**

Disclosure of this information is omitted as domestic operating revenues account for more than 90% of total operating revenues.

(2) Investment properties

Disclosure of this information is omitted as domestic investment properties account for more than 90% of the book value of the total investment properties.

Information on Major Tenants

Disclosure of this information is omitted as there is no tenant that accounts for 10% or more of the operating revenues recorded in the statements of income and retained earnings.

Note 21 – Subsequent Events**(a) Acquisition of Properties**

NIPPON REIT acquired trust beneficiary interests in real estate as described below.

Property name	Type of asset	Location	Acquisition date	Acquisition price (Yen in millions) (Note)	Seller
REID-C Iidabashi Building	Trust beneficiary interests in real estate	Chiyoda-ward, Tokyo	August 31, 2021	¥ 1,195	Godo Kaisha NRT Growth 16
REID-C Gotenyama Building	Trust beneficiary interests in real estate	Shinagawa-ward, Tokyo	August 31, 2021	1,040	Godo Kaisha NRT Growth 16
Sylphide Higashishinagawa	Trust beneficiary interests in real estate	Shinagawa-ward, Tokyo	August 31, 2021	961	Godo Kaisha NRT Growth 16
Royal Bloom	Trust beneficiary interests in real estate	Saitama, Saitama	August 31, 2021	1,100	Godo Kaisha NRT Growth 16
Ever Square Doshin	Trust beneficiary interests in real estate	Osaka, Osaka	August 31, 2021	609	Godo Kaisha NRT Growth 16
Zeku Benten	Trust beneficiary interests in real estate	Osaka, Osaka	August 31, 2021	506	Godo Kaisha NRT Growth 16
Canis Court Kamishinjo	Trust beneficiary interests in real estate	Osaka, Osaka	August 31, 2021	1,359	Godo Kaisha NRT Growth 16
Imperial Otori	Trust beneficiary interests in real estate	Sakai, Osaka	August 31, 2021	845	Godo Kaisha NRT Growth 16
Total 8 properties				¥ 7,615	—

Note: The acquisition prices represent the amount of consideration stated in the purchase agreements of the trust beneficiary interests in real estate. The acquisition price does not include the expenses related to the acquisition and consumption taxes. Furthermore, the acquisition price of less than one million yen is omitted.

(b) Transfer of Properties

NIPPON REIT transferred trust beneficiary interests in real estate as described below.

Property name	Type of asset	Location	Transfer date	Transfer price (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)	Purchaser
Toshin Higashi-Ikebukuro Building	Trust beneficiary interests in real estate	Toshima-ward, Tokyo	August 26, 2021	¥ 1,480	¥ 986	Not disclosed (Note 3)
Itabashi Honcho Building	Trust beneficiary interests in real estate	Itabashi-ward, Tokyo	August 26, 2021	3,950	3,046	Not disclosed (Note 3)
East Side Building	Trust beneficiary interests in real estate	Taito-ward, Tokyo	August 26, 2021	1,800	1,372	Not disclosed (Note 3)
Esprit Kameido	Trust beneficiary interests in real estate	Koto-ward, Tokyo	August 26, 2021	1,400	1,276	Not disclosed (Note 3)
Total 4 properties				¥ 8,630	¥ 6,681	—

Notes:

1. The transfer prices represent the amount of consideration stated in the transfer agreements of the trust beneficiary interests in real estate. The transfer price does not include the expenses related to the transfer and consumption taxes. Furthermore, the transfer price of less than one million yen is omitted.
2. The book values represent the balance sheet amount as of June 30, 2021. Furthermore, the book value of less than one million yen is omitted.
3. This information is not disclosed as the consent to disclosure has not been obtained from the purchaser.



Independent auditor's report

To the Board of Directors of NIPPON REIT Investment Corporation:

Opinion

We have audited the accompanying financial statements of NIPPON REIT Investment Corporation (“the Company”), which comprise the balance sheets as at June 30, 2021 and December 31, 2020, the statements of income and retained earnings, statements of changes in net assets and statements of cash flows for each of the six-month periods ended June 30, 2021 and December 31, 2020, and notes, comprising a summary of significant accounting policies, other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and December 31, 2020, and its financial performance and cash flows for each of the six-month periods ended June 30, 2021 and December 31, 2020 in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 21 to the financial statements, which states that subsequent to June 30, 2021, the Company acquired and transferred trust beneficiary interests in real estate. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Supervising Officers for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Supervising Officers are responsible for overseeing the executive officer's performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with executive officer regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide executive officer with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

高橋秀和 

Hidekazu Takahashi

Designated Engagement Partner

Certified Public Accountant

中山博樹 

Hiroki Nakayama

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 27, 2021

Portfolio Summary

	Area	No.	Property Name	Location	Completion	Acquisition Price(¥mn)	Appraisal Value(¥mn)	Investment ratio(%)
Office	Central	A-1	FORECAST Nishishinjuku	Shinjuku Ward, Tokyo	Feb. 2009	2,260	3,190	0.9
	Central	A-2	Nihombashi Playa Building	Chuo Ward, Tokyo	Feb. 2009	2,130	2,530	0.8
	Central	A-3	FORECAST Yotsuya	Shinjuku Ward, Tokyo	Jan. 2009	1,430	1,970	0.6
	Central	A-4	FORECAST Shinjuku AVENUE	Shinjuku Ward, Tokyo	Sep. 2008	6,500	8,130	2.5
	Central	A-5	FORECAST Ichigaya	Shinjuku Ward, Tokyo	Aug. 2009	4,800	6,400	1.9
	Central	A-6	FORECAST Mita	Minato Ward, Tokyo	Sep. 2009	1,800	2,390	0.7
	Central	A-7	FORECAST Shinjuku SOUTH	Shinjuku Ward, Tokyo	Nov. 1980	13,990	18,200	5.5
	Central	A-8	FORECAST Sakurabashi	Chuo Ward, Tokyo	Apr. 1985	5,760	6,820	2.3
	Central	A-9	GreenOak Kayabacho	Chuo Ward, Tokyo	Mar. 1990	2,860	3,600	1.1
	Central	A-10	GreenOak Kudan	Chiyoda Ward, Tokyo	Dec. 1987	2,780	3,540	1.1
	Central	A-11	GreenOak Takanawadai	Minato Ward, Tokyo	Jan. 2010	2,260	2,960	0.9
	Central	A-14	Central Daikanyama	Shibuya Ward, Tokyo	Aug. 1991	3,510	3,810	1.4
	Central	A-16	Hiroo Reeplex B's	Minato Ward, Tokyo	May 1987	2,827	3,430	1.1
	Central	A-17	Shibakoen Sanchome Building	Minato Ward, Tokyo	Jun. 1981	7,396	10,200	2.9
	Central	A-19	Kudankita 325 Building	Chiyoda Ward, Tokyo	Aug. 1987	1,850	2,250	0.7
	Central	A-21	Itohpia Iwamotocho 2-chome Building	Chiyoda Ward, Tokyo	Feb. 1991	2,810	3,300	1.1
	Central	A-22	Itohpia Iwamotocho 1-chome Building	Chiyoda Ward, Tokyo	Jan. 1991	2,640	2,970	1.0
	Central	A-23	Itohpia Iwamotocho ANNEX Building	Chiyoda Ward, Tokyo	Nov. 1991	2,100	2,620	0.8
	Central	A-24	Pigeon Building	Chuo Ward, Tokyo	Aug. 1989	2,837	3,060	1.1
	Central	A-25	FORECAST Ningyocho	Chuo Ward, Tokyo	Nov. 1990	2,070	2,190	0.8
	Central	A-26	FORECAST Ningyocho PLACE	Chuo Ward, Tokyo	Feb. 1984	1,650	2,100	0.6
	Central	A-27	FORECAST Shin-Tokiwabashi	Chuo Ward, Tokyo	Aug. 1991	2,030	2,340	0.8
	Central	A-28	Nishi-Shinjuku Sanko Building	Shinjuku Ward, Tokyo	Sep. 1987	2,207	2,650	0.9
	Central	A-29	Iidabashi Reeplex B's	Shinjuku Ward, Tokyo	Jun. 1992	1,249	1,580	0.5
	Central	A-30	FORECAST Shinagawa	Shinagawa Ward, Tokyo	Feb. 1989	2,300	2,450	0.9
	Central	A-31	Nishi-Gotanda 8-chome Building	Shinagawa Ward, Tokyo	Dec. 1993	2,210	2,660	0.9
	Central	A-32	Towa Higashi-Gotanda Building	Shinagawa Ward, Tokyo	Sep. 1985	2,033	2,440	0.8
	Metropolitan	A-33	FORECAST Takadanobaba	Toshima Ward, Tokyo	Jan. 1986	5,550	6,480	2.2
	Metropolitan	A-35	Toshin Higashi-Ikebukuro Building	Toshima Ward, Tokyo	Nov. 1989	979	1,140	0.4
	Metropolitan	A-37	Itabashi Honcho Building	Itabashi Ward, Tokyo	Jan. 1993	3,146	3,600	1.2
	Metropolitan	A-38	ANTEX24 Building	Taito Ward, Tokyo	Feb. 1988	1,691	1,930	0.7
	Metropolitan	A-39	Itohpia Kiyosubashidori Building	Taito Ward, Tokyo	Mar. 1988	1,550	2,030	0.6
	Metropolitan	A-40	East Side Building	Taito Ward, Tokyo	May 1988	1,372	1,640	0.5
	Metropolitan	A-41	I-S Minamimorimachi Building	Osaka, Osaka	Aug. 1993	2,258	2,810	0.9
	Metropolitan	A-42	Sunworld Building	Osaka, Osaka	Mar. 1993	1,200	1,310	0.5
	Central	A-44	MK Kojimachi Building	Chiyoda Ward, Tokyo	Mar. 1997	1,781	2,170	0.7
	Central	A-45	Toranomon Sakura Building	Minato Ward, Tokyo	Jul. 1983	4,120	4,890	1.6
	Central	A-46	La Verite AKASAKA	Minato Ward, Tokyo	Dec. 1986	2,000	2,440	0.8
	Central	A-47	Kanda Ocean Building	Chiyoda Ward, Tokyo	Jan. 1990	1,440	1,800	0.6
	Central	A-48	Shinto GINZA EAST	Chuo Ward, Tokyo	Sep. 1990	1,352	1,450	0.5
	Central	A-49	FORECAST Kayabacho	Chuo Ward, Tokyo	Jan. 1990	3,000	3,340	1.2
	Central	A-50	FORECAST Waseda FIRST	Shinjuku Ward, Tokyo	Jul. 1986	4,775	5,000	1.9
	Central	A-51	FORECAST Gotanda WEST	Shinagawa Ward, Tokyo	Sep. 1989	6,520	8,250	2.6
	Metropolitan	A-52	Omiya Center Building	Saitama, Saitama	Mar. 1993	15,585	21,300	6.1
	Metropolitan	A-53	Sumitomo Mitsui Bank Koraihashi Building	Osaka, Osaka	Mar. 1994	2,850	3,480	1.1
	Metropolitan	A-54	NORE Fushimi	Nagoya, Aichi	Nov. 2006	2,840	4,120	1.1
	Metropolitan	A-55	NORE Meieki	Nagoya, Aichi	Jan. 2007	2,520	3,780	1.0
	Central	A-56	Homat Horizon Building	Chiyoda Ward, Tokyo	Aug. 1987	6,705	7,670	2.6
	Metropolitan	A-57	Sannomiya First Building	Kobe, Hyogo	Nov. 1993	1,390	1,610	0.5
	Central	A-58	Towa Kandanishikicho Building	Chiyoda ward, Tokyo	Aug. 1992	960	1,060	0.4
	Central	A-59	Yusen Higashi-Nihombashi Ekimae Building	Chuo ward, Tokyo	Feb. 2001	1,152	1,260	0.5
	Central	A-60	Hiroo ON Building	Shibuya ward, Tokyo	Mar. 1995	2,392	2,730	0.9
	Central	A-61	TK Gotanda Building	Shinagawa ward, Tokyo	Jun. 1989	4,130	4,420	1.6

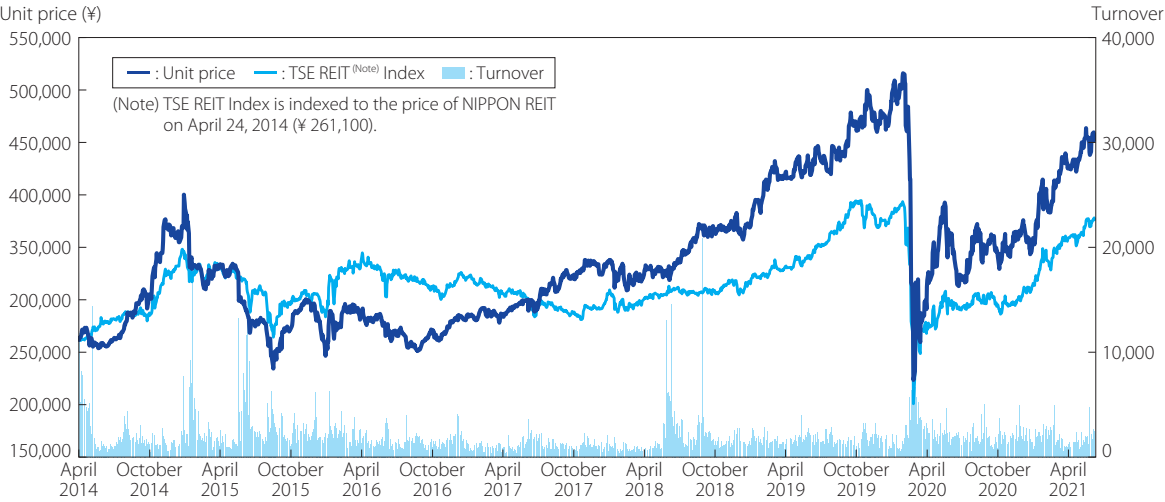
	Area	No.	Property Name	Location	Completion	Acquisition Price(¥mn)	Appraisal Value(¥mn)	Investment ratio(%)	
Office	Central	A-62	Gotanda Sakura Building	Shinagawa ward, Tokyo	Nov. 1993	1,460	1,710	0.6	
	Metropolitan	A-63	Esprit Kameido	Koto ward, Tokyo	Jun. 1991	1,265	1,320	0.5	
	Metropolitan	A-64	Alte Building Higobashi	Osaka, Osaka	Jun. 1993	1,453	1,800	0.6	
	Metropolitan	A-65	DIA Building Meieki	Nagoya, Aichi	Dec. 1991	1,167	1,290	0.5	
	Central	A-66	TENSHO OCHANOMIZU BUILDING	Chiyoda ward, Tokyo	Nov. 2018	1,800	1,890	0.7	
	Metropolitan	A-67	FORECAST Kameido	Koto ward, Tokyo	Sep. 2010	2,580	2,820	1.0	
	Central	A-68	NRT Kandasudacho Building	Chiyoda Ward, Tokyo	Mar. 1993	1,311	1,350	0.5	
	Central	A-69	REID-C Megurofudomae	Shinagawa Ward, Tokyo	Oct. 1996	1,220	1,230	0.5	
	Metropolitan	A-70	The Square	Nagoya, Aichi	Jun. 2003	1,080	1,140	0.4	
	Central	A-71	Tsukiji Front	Chuo Ward, Tokyo	Aug. 1991	825	1,020	0.3	
	Central	A-72	Hatchobori River Gate	Chuo Ward, Tokyo	Aug. 1989	835	1,020	0.3	
	Central	A-73	TENSHO OFFICE SHINBASHI 5	Minato ward, Tokyo	Sep. 2018	1,200	1,240	0.5	
Residence	Central	B-1	Tower Court Kitashinagawa	Shinagawa Ward, Tokyo	Feb. 2009	11,880	15,700	4.7	
	ODC, etc.	B-2	Sky Hills N11	Sapporo, Hokkaido	Mar. 2001	1,570	1,860	0.6	
	Metropolitan	B-4	my atria Sakae	Nagoya, Aichi	Mar. 2007	1,110	1,320	0.4	
	Metropolitan	B-5	Mac Village Heian	Nagoya, Aichi	Sep. 2006	785	961	0.3	
	Metropolitan	B-6	Seam Dwell Tsutsui	Nagoya, Aichi	Feb. 2007	695	795	0.3	
	ODC, etc.	B-7	Ciel Yakuin	Fukuoka, Fukuoka	Mar. 2005	640	774	0.3	
	Central	B-8	Kanda Reeplex R's	Chiyoda Ward, Tokyo	Jan. 2006	1,813	2,110	0.7	
	Metropolitan	B-9	Splendid Namba	Osaka, Osaka	Jan. 2015	3,502	4,040	1.4	
	Central	B-10	Residence Hiroo	Minato ward, Tokyo	Feb. 2004	2,590	2,860	1.0	
	Central	B-11	Residence Nihombashi Hakozaki	Chuo ward, Tokyo	Mar. 2002	1,300	1,670	0.5	
	Central	B-12	Primegate Iidabashi	Shinjuku ward, Tokyo	Mar. 1994	5,200	5,630	2.0	
	Central	B-13	Residence Edogawabashi	Shinjuku ward, Tokyo	Mar. 2000	1,230	1,290	0.5	
	Metropolitan	B-14	Merveille Senzoku	Ota ward, Tokyo	Sep. 2002	740	768	0.3	
	Metropolitan	B-15	Field Avenue	Ota ward, Tokyo	Aug. 2000	3,110	3,160	1.2	
	Metropolitan	B-16	Domeal Kitaakabane	Kita ward, Tokyo	Mar. 2001	785	832	0.3	
	Metropolitan	B-17	Dormy Kitaakabane	Kita ward, Tokyo	Mar. 1997	986	1,050	0.4	
	Metropolitan	B-18	Splendid Shin-Osaka III	Osaka, Osaka	Feb. 2015	2,428	2,640	1.0	
	Metropolitan	B-19	ZEPHYROS Minami-horie	Osaka, Osaka	Mar. 2002	1,608	1,750	0.6	
	Metropolitan	B-20	Charmant Fuji Osakajominami	Osaka, Osaka	Apr. 2004	905	929	0.4	
	Metropolitan	B-21	Piacere Fuminosato	Osaka, Osaka	Feb. 1999	571	594	0.2	
	Central	B-22	Wald Park Minamioi	Shinagawa Ward, Tokyo	Feb. 2005	715	735	0.3	
	Metropolitan	B-23	LAPUTA KUJO	Osaka, Osaka	Mar. 1998	1,480	1,501	0.6	
	Metropolitan	B-24	Imazaki Mansion N1	Higashiosaka, Osaka	Mar. 1999	1,180	1,210	0.5	
	Metropolitan	B-25	L'arte Nakatsu	Osaka, Osaka	May 2006	565	577	0.2	
	Metropolitan	B-26	City hills Andoji	Osaka, Osaka	Mar. 2008	1,750	1,860	0.7	
	Metropolitan	B-27	Hermitage Shin-sakae	Nagoya, Aichi	Apr. 2008	1,150	1,240	0.5	
	Metropolitan	B-28	Sun-Meiekiminami Building	Nagoya, Aichi	Jan. 2014	950	1,020	0.4	
	ODC, etc.	B-29	Tenjinhighashi residence	Fukuoka, Fukuoka	Aug. 2005	913	951	0.4	
	Metropolitan	B-30	DeLCCS KASAI	Edogawa ward, Tokyo	Jul. 1998	1,320	1,350	0.5	
	Metropolitan	B-31	Serenite Shin-Osaka	Osaka, Osaka	Mar. 2007	1,148	1,150	0.5	
	Metropolitan	B-32	Mullion Josai	Nagoya, Aichi	Jan. 2007	729	720	0.3	
	Metropolitan	B-33	Residence Kinshicho	Sumida-ward, Tokyo	Oct. 2006	700	732	0.3	
	Metropolitan	B-34	Meister house Kawasaki	Kawasaki, Kanagawa	Feb. 2004	709	732	0.3	
	Metropolitan	B-35	LIESSE Tsurumai	Nagoya, Aichi	Mar. 2006	1,082	1,200	0.4	
	ODC, etc.	B-36	Komatsubara Yamamoto Mansion	Kagoshima, Kagoshima	Jan. 2004	670	694	0.3	
	Metropolitan	B-37	Belleza Kanayama	Nagoya, Aichi	Sep. 2006	702	758	0.3	
	Retail	Central	C-1	Otakibashi Pacifica Building	Shinjuku Ward, Tokyo	Oct. 2008	3,350	3,430	1.3
Metropolitan		C-3	BECOME SAKAE	Nagoya, Aichi	Aug. 2005	4,770	4,840	1.9	
Total						—	255,083	304,753	100.0

(Note)The investment ratio is the acquisition price of each asset, divided by the total acquisition price. Figures are rounded to the nearest tenth.

Investment Units

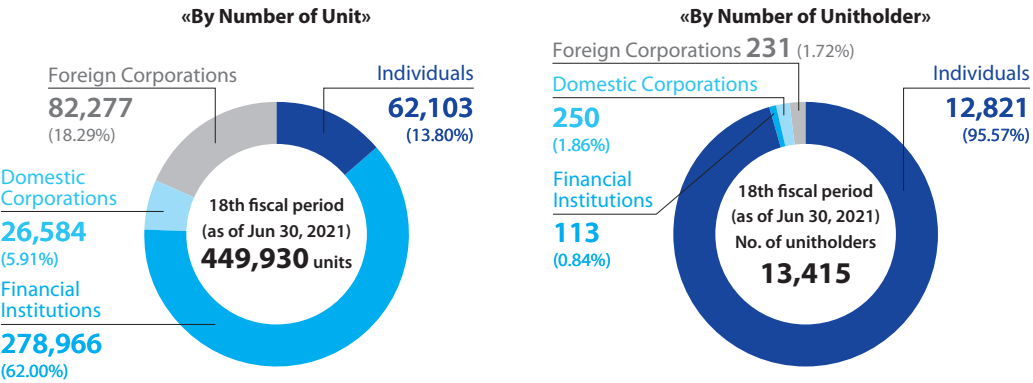
Historical Unit Price

The following shows trends for trading prices (closing prices) and volume for NIPPON REIT, which is traded on the Tokyo Stock Exchange, for the period from April 24, 2014 to Jun 30, 2021 (the final trading day of the 18th fiscal period).



Unitholders

Breakdown of Investment Unitholdings and Number of Unitholders by Investor



Unitholder Information

Investor Memo

Book-closing dates for fiscal periods	June 30 and December 31 of each year
The General Meeting of Unitholders	Held more than once every two years
Unitholder record date for exercising voting rights	Date stipulated in Article 16 of the Articles of Incorporation
Registration deadline for cash distribution payments	June 30 and December 31 of each year (Cash distributions are paid within a three-month period from the registration deadline.)
Listed on the following stock exchange	Real Estate Investment Trust Section, Tokyo Stock Exchange (TSE) (Stock code: 3296)
Notification published in the following newspaper	Nihon Keizai Shimbun
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation 1-4-5 Marunouchi, Chiyoda-ku, Tokyo, Japan
Contact: (Postal mail and phone inquiries)	Corporate Agency Division Mitsubishi UFJ Trust and Banking Corporation. 1-1, Nikkochō, Fuchu-shi, Tokyo Phone: 0120-232-711 (toll-free) Mail to: Shin-Tokyo Post Office P.O.B. No.29, 1378081 Corporate Agency Division Mitsubishi UFJ Trust and Banking Corporation

- **Procedures for Notification of Address or Other Changes**
Investors should inform their securities company of any changes to pertinent personal information, including address, name, and official seal for carrying out banking transactions.
- **Cash Distributions**
Unitholders can receive cash distributions by bringing their cash distribution receipt to the nearest Japan Post Bank or post office (banking agent). To receive the cash distributions after the receipt period, designate the method for receipt on the back of the cash distribution receipt and mail it to the Stock Transfer Agency Services, Mitsubishi UFJ Trust and Banking Corporation or go to the head office or a branch office. (Please refer to the investor memo above for contact information.)
In addition, for future cash distributions, unitholders should contact their securities company to specify a bank account for cash distribution deposits, or for desired procedures, including filing to opt for separate taxation at the source.
Note that NIPPON REIT is not obliged to pay any cash distributions unclaimed for a period of three years after the first day of payment.
Unitholders should make arrangements to receive their cash distributions as soon as possible.
- **Statement of Cash Distribution**
The statement of cash distribution we send for cash distribution payments also serves as Notice of Dividend Payment, in accordance with provisions under the Special Taxation Measure Act of Japan. This document can be an attachment to tax forms when filing income taxes. Note that the statement of cash distribution is enclosed and sent along with the cash distribution receipt, which unitholders exchange for dividends. Unitholders who file income taxes should carefully store this document away to prevent loss. However, unitholders who opt for allocation in proportion to the number of investment units should contact their securities company for details.

Information of website

<http://www.nippon-reit.com/en/>

We introduce the characteristics and current status on our website.

