

TSE Code : 3296



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

### What is “NIPPON VISION”

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

# NIPPON VISION

Serious, Steady, Solid.

From January 1 to June 30, 2023

## Semiannual Report for the 22nd Fiscal Period

# Dear Unitholders,

I would like to express my sincere gratitude for your continued support of NIPPON REIT Investment Corporation (“NRT”). We are pleased to announce that we have completed the financial results for the fiscal period ended June 2023 (the 22nd fiscal period). We would like to express our heartfelt gratitude to our unitholders for their support.

As for the internal growth, net monthly rent revision results for the 22nd period were an increase of ¥1.8 mm, including contract renewals and tenant replacements for office and residential properties, consequently, net monthly rent revision results have increased for three consecutive fiscal periods until the 22nd period.

The office occupancy rate remains high at 98.7%. We continued to create new profit opportunities and reduce costs through engineering management. In addition, during the fiscal period under review, as part of the 6th asset replacement, NRT transferred two properties (transfer price of approximately ¥3.1bn) and acquired one property (acquisition price of approximately ¥0.79bn) and decided to distribute a gain on sale of approximately ¥13mm to unitholders. As a result, the distribution per unit for the 22nd fiscal period was ¥8,381 (¥112 increase from the forecast).

Together with our asset management company SBI REIT Advisors Co., Ltd. and each of the sponsors, we will continue to put our efforts to maintain and improve of asset value, to maximize the unitholder value. We would like to ask for your continued support and guidance.

Executive Officer  
NIPPON REIT Investment Corporation

  
Toshio Sugita

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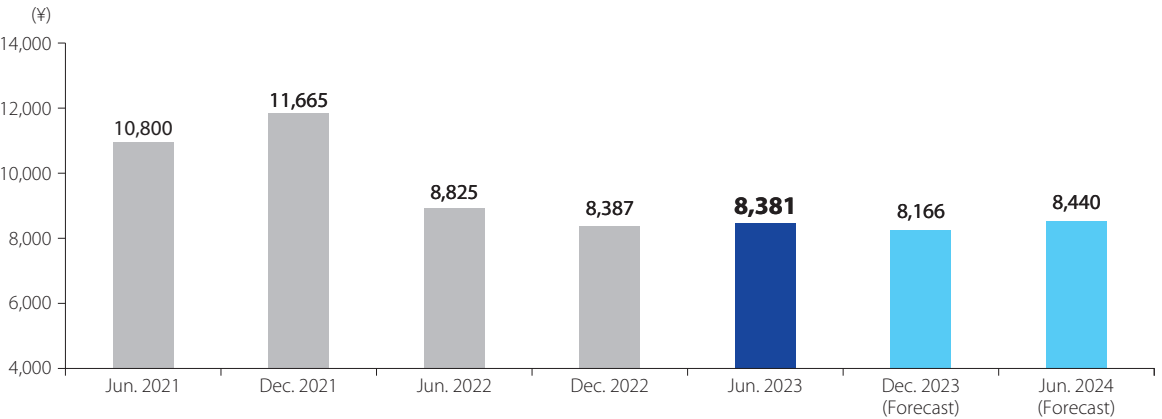
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# Financial Highlights

## DPU Track Record

The DPU for the 22nd period resulted at ¥8,381, which was an increase of ¥112 from the forecast. We will continue to pursue asset replacement opportunities to refine portfolio quality, focusing on the realization of unrealized gains and returns.



### Jun. 2023 (22nd Period)

Distributions per Unit

¥8,381

### Dec. 2023 (23rd Period)

Distributions per Unit (Forecast)

¥8,166

### Jun. 2024 (24th Period)

Distributions per Unit (Forecast)

¥8,440

## Summary of Financial Results for the 22nd Period (Jun. 2023)

Operating Revenues

¥8,865 mm

Ordinary Income

¥3,772 mm

Net Income

¥3,771 mm

Total Assets

¥275,414 mm

Total Net Assets

¥130,392 mm

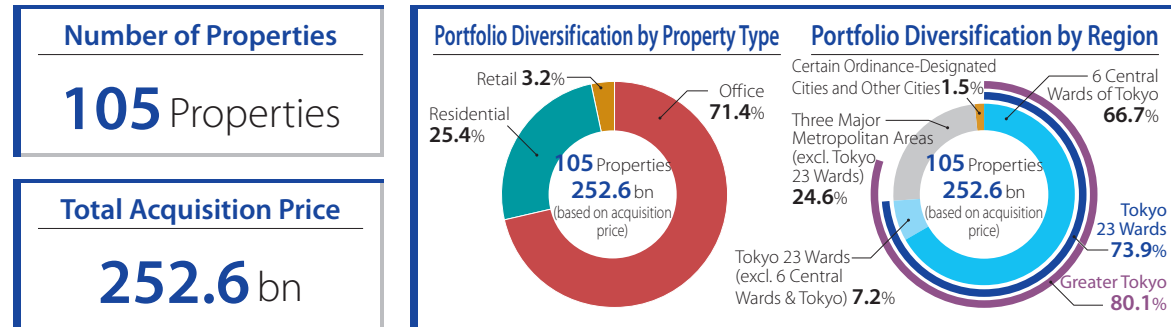
Net Assets per Unit

¥289,807

For NAV per unit and other details, please refer to page 10 of the “Investor Presentation for the 22nd Period.”



## Portfolio Overview



## Occupancy Rate Trend

The portfolio occupancy rate for the end of the 22nd period was maintained high at 98.2%. We are working to maintain and improve occupancy rate.

Occupancy Trend and Forecast	21st Period	22nd Period	23rd Period (Forecast)	24th Period (Forecast)
Total	98.2 %	98.2 %	97.3 %	97.7 %
Office	98.7 %	98.7 %	98.1 %	98.5 %
Residential	97.1 %	97.1 %	96.2 %	96.5 %
Retail	100.0 %	100.0 %	96.1 %	94.3 %

## Financial Highlights

As of the end of the 22nd period unless other month/year is indicated

Total Interest-Bearing Debt	132.6 bn	LTV (based on appraisal value)	48.2 %
Average Remaining Borrowing Period	3.67 years	Fixed-Interest Rate Ratio	97.8 %
Long-Term Debt Ratio	100.0 %	Japan Credit Agency, Ltd. (JCR) Long-Term Issuer Rating <sup>(Note)</sup>	Upgraded in Jul. 2022 <b>A+ (Stable)</b>
Commitment Line	3.0 bn	Rating and Investment Information, Inc.(R&I) Issuer Rating	Assigned in Aug. 2023 <b>A+ (Stable)</b>

(Note) This rating does not apply to the investment units of NRT, and with regard to the investment 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.

## Sustainability Initiatives

### Sustainability Policy

ESG initiatives positioned as one of important management issues, mitigating the environmental impacts in cooperation and collaboration with stakeholders.

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



### Acquisition of Environmental Certifications

Acquired CASBEE for Real Estate certification for FORECAST Takadanobaba in May. 2023.



FORECAST Takadanobaba



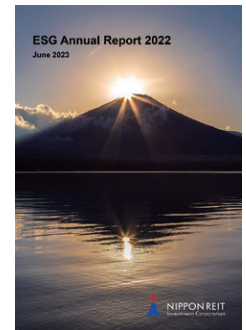
### Publicly Declaring Support for the TCFD Recommendations

The Asset Manager of NIPPON REIT became the TCFD supporter in Dec. 2022 and joined the TCFD Consortium in Jan. 2023.



### Enhancement of ESG disclosure

Publish the latest version of the ESG report in Jun. 2023.



### Environmental Certifications

As of the end of June 2023

#### Participation to the GRESB Real Estate Assessment

- Achieved "3 Stars" in 2022 GRESB rating
- Received "Green Star" designation for the 6th consecutive years
- Earned the highest "A" level for the GRESB Public Disclosure



**27 Properties 44.69%**  
(based on the total floor area)

\* In case when a property holds multiple certifications, it is calculated as one property.

#### DBJ Green Building Certification

2 Properties  
: 7.06%



#### CASBEEfor Real Estate

4 Properties  
: 10.89%



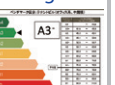
#### BELS Certification

21 Properties  
: 28.90%



#### Low-Carbon Model Building

5 Properties  
: 5.43%





# Asset Management Report

## 1. Summary of Asset Management

### (1) Historical Operating Results

Period	18th fiscal period	19th fiscal period	20th fiscal period	21st fiscal period	22nd fiscal period
	From January 1, 2021 to June 30, 2021	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022	From July 1, 2022 to December 31, 2022	From January 1, 2023 to June 30, 2023
Operating revenues (Yen in millions)	9,410	10,041	8,534	8,547	8,865
Of which, rental revenues and other revenues related to property leasing (Yen in millions)	(8,495)	(8,434)	(8,406)	(8,544)	(8,610)
Operating expenses (Yen in millions)	3,910	3,997	3,935	4,105	4,424
Of which, property-related expenses (Yen in millions)	(3,048)	(3,095)	(3,083)	(3,263)	(3,313)
Operating income (Yen in millions)	5,499	6,043	4,599	4,442	4,440
Ordinary income (Yen in millions)	4,859	5,390	3,971	3,774	3,772
Net income (Yen in millions)	4,858	5,335	3,970	3,773	3,771
Total assets (a) (Yen in millions)	276,120	276,577	274,895	275,138	275,414
Period-on-period changes (%)	(△0.4)	(0.2)	(△0.6)	(0.1)	(0.1)
Net assets (b) (Yen in millions)	131,393	131,869	130,592	130,395	130,392
Period-on-period changes (%)	(△0.4)	(0.4)	(△1.0)	(△0.2)	(△0.0)
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)	292,029	293,089	290,249	289,812	289,807
Total distributions (d) (Yen in millions)	4,859	5,248	3,970	3,773	3,770
Distributions per unit (d) / (c) (Yen)	10,800	11,665	8,825	8,387	8,381
Of which, earnings distributions per unit (Yen)	(10,800)	(11,665)	(8,825)	(8,387)	(8,381)
Of which, distributions per unit in excess of earnings per unit (Yen)	(-)	(-)	(-)	(-)	(-)
Ordinary income to total assets ratio (Note 3) (%)	1.8	2.0	1.4	1.4	1.4
Annualized (Note 3) (%)	(3.5)	(3.9)	(2.9)	(2.7)	(2.8)
Return on equity (Note 3) (%)	3.7	4.1	3.0	2.9	2.9
Annualized (Note 3) (%)	(7.4)	(8.0)	(6.1)	(5.7)	(5.8)
Equity ratio (b) / (a) (%)	47.6	47.7	47.5	47.4	47.3
Period-on-period changes (%)	(0.0)	(0.1)	(△0.2)	(△0.1)	(△0.0)
Payout ratio (Note 3) (%)	100.0	98.4	100.0	100.0	100.0

Period	18th fiscal period	19th fiscal period	20th fiscal period	21st fiscal period	22nd fiscal period
	From January 1, 2021 to June 30, 2021	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022	From July 1, 2022 to December 31, 2022	From January 1, 2023 to June 30, 2023

### (Reference Information)

Number of investment properties	103	107	106	106	105
Total leasable area (m <sup>2</sup> )	315,718.42	315,107.38	312,064.01	312,292.24	308,340.29
Number of tenants (Note 4)	2,685	2,912	2,923	2,910	2,870
Occupancy rate at the end of the period (%)	97.8	98.1	98.0	98.2	98.2
Depreciation during the period (Yen in millions)	1,004	1,009	1,006	1,005	1,007
Capital expenditures during the period (Yen in millions)	337	610	270	524	640
Rental NOI (Net Operating Income) (Yen in millions)	6,457	6,355	6,330	6,288	6,311
FFO (Funds From Operations) per unit (Note 3) (Yen)	11,025	10,564	10,792	10,633	10,616
Interest-bearing debt (e) (Yen in millions)	132,620	132,620	132,620	132,620	132,620
Interest-bearing debt to total assets ratio (e) / (a) (%)	48.0	48.0	48.2	48.2	48.2
Number of operating days (Days)	181	184	181	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
Rental NOI (Net Operating Income)	Income from property leasing for the current period (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 Ended June 30, 2023

A. Brief History of NIPPON REIT

NIPPON REIT was established on September 8, 2010, by Polaris Investment Advisers K.K. (now SBI REIT Advisors Co., Ltd., 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) on 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 current period (June 30, 2023) is 449,930 units.

B. Investment Environment and Management Performance

(i) Investment Environment

The Japanese economy during the current period (the fiscal period ended June 30, 2023) saw an increase of 0.7% (an annual increase of 2.7%) in the real GDP growth rate (second preliminary figures) for the period from January to March 2023 compared to the previous period, the second consecutive quarter of positive growth albeit at a moderate pace. Currently, exports are growing steadily, and industrial production is showing signs of picking up while the pace of recovery in overseas economy is slowing. Business conditions are showing signs of recovery and capital expenditure plan for fiscal 2023 are expected to increase according to the Bank of Japan Tankan Survey (June 2023) and the Business Outlook Survey (April to June 2023.) Looking at individual indicators, the consumer spending is also increasing gradually, despite being affected by inflation, amid the moderate improvement in the employment and income situation as a whole. As for the outlook, gradual growth in Japanese economy is expected to continue while it is necessary to pay attention to the effect of tightening of monetary policy on a global basis as well as downward risk by inflation and other factors. It is necessary to keep a close watch on intensifying situation in Ukraine and the impact of the fluctuations in financial and capital markets.

In the office properties leasing market, the vacancy rate as of the end of June 2023 in Tokyo's five central wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) announced by Miki Shoji Co., Ltd., was 6.48%, up 0.09% from the same month last year. Moreover, the average rent in the same area as of the end of June 2023 was 19,838 yen per tsubo, down 2.15% from the same month last year, as downward trend continues from August 2020. It is necessary to keep a close watch continuously whether such trends will continue in future.

In terms of the residential properties leasing market, while the situation remains generally stable for both occupancy rate and rent level mainly in the Tokyo metropolitan area, it is necessary to keep a close watch on supply and demand conditions in the residential leasing properties in each metropolitan areas, as it tends to be affected by the working environment and changes in revenues of individuals, situation of the spread of a variant of COVID-19 infection, changes in working style, such as remote working and the demographic migration and supply conditions in the residential leasing properties.

In the leasing market of retail properties, as the government promoted transition to the new stage of post-pandemic, we saw a 5.7% year-on-year increase in retail sales announced by the Ministry of Economy, Trade and Industry in the current commercial statistics for May 2023. Sales at pharmaceuticals and cosmetics stores, automobile stores, food and beverage stores and other retailers showed 10.8%, 19.1%, 6.6% and 7.2% year-on-year increase, respectively, while sales at mechanical equipment stores decreased by 5.6% year-on-year and woven fabrics and apparel stores and fuel stores have also been sluggish recently and showed decrease by 3.7% and 1.8% year-on-year, respectively.

(ii) Management Performance

a. External Growth

NIPPON REIT owned 106 properties (with a total acquisition amount of 254,735 million yen) and two equity interests in a silent partnership (investment amount 80 million yen, nine real estate-backed properties) as of the end of the fiscal period ended December 2022.

During the current period (the fiscal period ended June 2023), NIPPON REIT transferred two properties and acquired one property as follows, as asset replacement.

Transaction	Property Number	Property name	Transfer price or acquisition price (Yen in millions) (Note)	Transfer date or acquisition date
Transfer	A-38	ANTEX24 Building	2,070	March 30, 2023
Acquisition	B-44	MAISON NISHI MAGOME	791	March 30, 2023
Transfer	B-24	Imazaki Mansion N1	1,050	June 30, 2023

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

As a result, the portfolio as of the end of the current period consisted of 61 office properties (Note 1) with a total acquisition amount of 180,330 million yen, 42 residential properties (Note 2) with a total acquisition amount of 64,203 million yen and two retail properties (Note 3) with a total acquisition amount of 8,120 million yen, totaling 105 properties with a total acquisition amount of 252,654 million yen, and two equity interests in a silent partnership (with a total investment amount of 80 million yen and total of nine real estate-backed properties) with a total leased area of 302,664.97m<sup>2</sup> and 98.2% of average occupancy rate.

(Note 1) Office properties are office buildings whose primary usage is the office. The same shall apply hereinafter.

(Note 2) Residential properties are rental houses whose primary usage is residence (including a dormitory, a company-rented-house and a service apartment which an operator rents all of or a significant portion of the property). The same shall apply hereinafter.

(Note 3) "Retail properties" refer to real estate consisting of commercial tenants (merchandise sales, food and drink/service industry, amusement facilities, etc. ) as the main tenant. The same shall apply hereinafter.

b. Internal Growth

NIPPON REIT emphasizes operational management that maintains and increases the portfolio's asset value and actively reaches out to new and existing tenants with business activities 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 efforts were kept to be done, the portfolio occupancy rate was maintained at a high level of 98.2% as of the end of the current period.

C. Procurement of Funds

(i) Borrowings and Repayments

In order to prepare funds for repayment of long-term loans due on February 20, 2023 (500 million yen), the long-term borrowings of 500 million yen on the same day were implemented as the loans due. Further, in order to prepare funds for repayment of long-term loans due on April 20, 2023 (8,600 million yen), the long-term borrowings of 8,600 million yen on the same day were implemented as the loans due.

As a result, the balance of interest-bearing debt as of June 30, 2023 was 132,620 million yen and the ratio of interest-bearing debt to total assets (LTV) was 48.2%.

(ii) Credit Rating

NIPPON REIT's credit rating as of the date of this document is as follows:

Credit rating agency	Rating type	Rating outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer rating: A+	Stable
Rating and Investment Information, Inc.	Issuer rating: A+	Stable

D. Overview of Business Performance and Distributions

As the result of the operations described above, business performance in the current period generated operating revenues of 8,865 million yen, operating income of 4,440 million yen, ordinary income of 3,772 million yen and net income of 3,771 million yen.

For distributions for the current period, NIPPON REIT decided to distribute 3,770,863,330 yen, cash distributions per unit of 8,381 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 449,930 units, for which the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measure Act of Japan) can be applied, and within the limits that does not exceed the unappropriated retained earnings and shall minimize the unitholders' expense pertaining to income taxes.

(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 five 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	18th fiscal period	19th fiscal period	20th fiscal period	21st fiscal period	22nd fiscal period
	From January 1, 2021 to June 30, 2021	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022	From July 1, 2022 to December 31, 2022	From January 1, 2023 to June 30, 2023
Highest (Yen)	463,500	455,000	411,500	386,000	347,000
Lowest (Yen)	343,000	410,000	348,000	342,500	304,500

(4) Distributions

For distributions for the current period, NIPPON REIT decided to distribute 3,770,863,330 yen, cash distributions per unit of 8,381 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 449,930 units, for which the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measure Act of Japan) can be applied, and within the range not exceeding the unappropriated retained earnings and shall minimize the unitholders' expense pertaining to income taxes.

Period	18th fiscal period	19th fiscal period	20th fiscal period	21st fiscal period	22nd fiscal period
	From January 1, 2021 to June 30, 2021	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022	From July 1, 2022 to December 31, 2022	From January 1, 2023 to June 30, 2023
Unappropriated retained earnings (Yen in thousands)	4,877,448	5,354,117	4,076,557	3,879,722	3,877,299
Retained earnings (Retained earnings brought forward) (Yen in thousands)	18,204	105,683	105,925	106,159	106,435
Cash distributions declared (Yen in thousands)	4,859,244	5,248,433	3,970,632	3,773,562	3,770,863
Distributions per unit (Yen)	(10,800)	(11,665)	(8,825)	(8,387)	(8,381)
Of the above, total earnings distributions (Yen in thousands)	4,859,244	5,248,433	3,970,632	3,773,562	3,770,863
Earnings distributions per unit (Yen)	(10,800)	(11,665)	(8,825)	(8,387)	(8,381)
Of the above, total capital refunds (Yen in thousands)	—	—	—	—	—
Distributions 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 REIT and focus on the growth of potential and stability of revenues.

B. External Growth Strategy

In order to diversify risk by combining assets with different revenue features while considering the future trends of the Japanese economy and real estate market as well as securing more appropriate investment opportunities, NIPPON REIT will invest to "three types of assets deeply rooted in the Japanese society (office, residence and retail)". Furthermore, NIPPON REIT will focus on middle-sized office properties located in Tokyo central area as its main target of investment in consideration of the balance of supply and demand, and effectively will construct a diversified portfolio by also investing in residential properties and retail properties.

In order to facilitate external growth, NIPPON REIT stands on the Asset Management Company's own property business network and also utilizes real estate investment networks of sponsors which are SBI Financial Services, the main sponsor and sub-sponsor companies of Cushman & Wakefield Asset Management K.K. (hereafter referred to as "Cushman") and Agility Asset Advisers Inc. Assisted by those sponsors' powers, NIPPON REIT will increase its asset size through property acquisitions mainly transacted on a negotiation basis with third parties.

Furthermore, regarding property acquisitions from third parties, NIPPON REIT will be under consideration to utilize warehousing function as interim ownership vehicles provided by SBI Group through arrangement by SBI Securities Co., Ltd. a wholly owned subsidiary of SBI Financial Services and sponsors' managed bridge funds as interim ownership vehicles, who may participate in those vehicles. Such consideration comes from our investment strategy to avoid loss of opportunities for acquisitions and aim to realize growth opportunities as much as possible.

C. Internal Growth Strategy

NIPPON REIT will manage assets to maintain and increase the competitiveness of the portfolio and of individual properties reflecting their own features. For the purpose of the management, NIPPON REIT utilizes the Asset Management Company and its officers and employees who have unique networks and expertise nurtured at sponsor companies. NIPPON REIT plans to improve its earnings power and maintain the occupancy rate of the portfolio by selecting Property Management companies that are the most suitable for individual properties and establishing appropriate management and operation scheme.

By utilizing companies selected through appropriate process as consignee for the Property Management operations and Building Management operations in order to achieve efficient and value-added management operation and improve satisfaction of tenants, NIPPON REIT plans to maintain and increase the value of assets under management by delivering effective and deliberate repairs, which are considered in term of construction works' priority and cost optimization with sufficient attention to renovation and cost performance, upon sufficient judgment of performance effectiveness, as well as the daily management operations.

Furthermore, regarding leasing plans for offices, new asking rent for potential tenants and renewed rent for existing tenants are set with reference to various data provided by Cushman, and agile leasing activities will be carried out by setting operational policy 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 in order to establish a stable financial foundation over the medium to long term.

Regarding interest-bearing debt, the targeted ceiling of LTV is set at 60%. NIPPON REIT's LTV as of the end of the current period was 48.2% 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 centering on the loan syndicate group as of the end of the current period.

(6) Significant Subsequent Events

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
Muse Ryogoku II	Sumida ward, Tokyo	July 14, 2023	630	Godo Kaisha NRT Growth 17
Minami-Horie apartment Cielo	Osaka, Osaka		805	
Minami-Horie apartment Grande	Osaka, Osaka		770	
Minami-Horie apartment Rio	Osaka, Osaka		250	
Plowland Horita	Nagoya, Aichi		1,375	
Nasic Nozomigaoka	Nagoya, Aichi		695	
Total			4,525	

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

## 2. Overview of the Investment Corporation

### (1) Status of Investment Units

Period	18th fiscal period June 30, 2021	19th fiscal period December 31, 2021	20th fiscal period June 30, 2022	21st fiscal period December 31, 2022	22nd fiscal period June 30, 2023
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 (Note) (Yen in millions)	126,515	126,515	126,515	126,515	126,515
Number of unitholders	13,415	13,415	13,840	13,731	14,261

(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, 2023, 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)	113,130	25.14
The Master Trust Bank of Japan, Ltd. (Trust Account)	69,287	15.40
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	22,164	4.93
SBI Holdings, Inc.	15,500	3.44
STATE STREET BANK WEST CLIENT - TREATY 505234	8,246	1.83
JP MORGAN CHASE BANK 385771	5,989	1.33
SSBTC CLIENT OMNIBUS ACCOUNT	5,860	1.30
STATE STREET BANK AND TRUST COMPANY 505103	5,090	1.13
JAPAN SECURITIES FINANCE CO., LTD.	4,933	1.10
JP MORGAN CHASE BANK 385781	4,395	0.98
Total	254,594	56.59

(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) Matters Concerning Officers

The following table provides information about our executive officer, supervising officers and independent auditor during the current period.

Position	Name	Major concurrent position	Total compensation per title during the 22nd fiscal period (Yen in thousands) (Note 1)
Executive Officer	Toshio Sugita	President & CEO, SBI REIT Advisors Co., Ltd. (Note 2)	—
Supervising Officer	Yasuhiro Shimada	Partner, Tsubame Law Offices	1,200
	Hisashi Yahagi	Representative Council, Toranomon Partners	1,200
Independent Auditor	KPMG AZSA LLC	—	15,000 (Note 3)

(Note 1) Total compensation for each position in the applicable business period has been truncated to the nearest thousand yen.

(Note 2) Toshio Sugita resigned as President & CEO of SBI REIT Advisors Co., Ltd. on June 29, 2023.

(Note 3) The fee of the independent auditor includes the audit fee of English financial statements. The fee to the persons who belong to the same network as KPMG AZSA LLC for non-audit services is 8,618 thousand yen.

(Note 4) 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 5) 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, 2023 are as follows:

Business	Name
Asset Manager	SBI REIT Advisors Co., Ltd.
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	21st fiscal period (December 31, 2022)		22nd fiscal period (June 30, 2023)	
			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)	1,495	0.5	1,505	0.5
	Real estate Total		1,495	0.5	1,505	0.5
Real estate in trust	Office properties	Six central wards of Tokyo (Note 3)	140,441	51.0	140,341	51.0
		Three major metropolitan areas (Note 4) (excluding six central wards of Tokyo)	42,490	15.4	40,703	14.8
		Subtotal	182,932	66.5	181,044	65.7
	Residential properties	Three major metropolitan areas (Note 4) (including six central wards of Tokyo)	59,495	21.6	58,878	21.4
		Certain ordinance-designated and other cities (Note 5)	3,860	1.4	3,837	1.4
		Subtotal	63,355	23.0	62,716	22.8
	Retail properties		8,046	2.9	8,026	2.9
	Real estate in trust Total		254,335	92.4	251,787	91.4
Investment securities (Note 6)		82	0.0	82	0.0	
Deposits and other assets		19,223	7.0	22,038	8.0	
Total assets (Note 7)		275,138 (255,831)	100.0 (93.0)	275,414 (253,292)	100.0 (92.0)	

(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 17 and Godo Kaisha NRT Growth 18. Godo Kaisha NRT Growth 17 transferred all of the asset under management to NIPPON REIT as of July 14, 2023.

(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, 2023 (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 <sup>2</sup> ) (Note 2)	Total leased area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)	Rate to total revenues from property leasing (%) (Note 5)	Primary use
Omiya Center Building	15,288	14,524.63	14,524.63	100.0	6.5	Office
FORECAST Shinjuku SOUTH	14,501	13,875.01	13,875.01	100.0	7.2	Office
Tower Court Kitashinagawa	10,401	16,913.29	16,658.76	98.5	5.0	Residential
FORECAST Gotanda WEST	7,427	8,967.07	8,967.07	100.0	3.1	Office
Shibakoen Sanchome Building	7,304	7,882.60	7,882.60	100.0	2.8	Office
Homat Horizon Building	6,641	6,077.01	6,077.01	100.0	2.5	Office
FORECAST Shinjuku AVENUE	6,026	4,337.15	4,337.15	100.0	2.4	Office
FORECAST Sakurabashi	5,945	6,566.76	6,176.19	94.1	2.4	Office
FORECAST Takadanobaba	5,790	5,661.49	5,661.49	100.0	1.8	Office
Primegate Iidabashi (Note 6)	5,228	6,044.17	5,895.59	97.5	1.8	Residential
Total	84,555	90,849.18	90,055.50	99.1	35.6	

(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 June 30, 2023. 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 June 30, 2023.

(Note 4) "Occupancy rate" is calculated by dividing total leased area by total leasable area as of June 30, 2023 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, 2023, is as follows:

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m <sup>2</sup> )	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	3,310	2,058
Nihombashi Playa Building	1-9-12 Nihonbashi Hamacho, Chuo-ku, Tokyo	Trust beneficiary interest	2,490.08	2,520	1,927
FORECAST Yotsuya	2-11-6 Yotsuya, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,678.15	2,060	1,384
FORECAST Shinjuku AVENUE	2-5-12 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,337.15	8,530	6,026
FORECAST Ichigaya (Note 3)	3-29 Ichigaya Honmuracho, Shinjuku-ku, Tokyo	Trust beneficiary interest	3,844.66	6,800	4,276
FORECAST Mita	1-3-31 Mita, Minato-ku, Tokyo	Trust beneficiary interest	1,786.81	2,530	1,685
FORECAST Shinjuku SOUTH	4-3-17 Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	13,875.01	18,400	14,501
FORECAST Sakurabashi	4-5-4 Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest	6,566.76	7,050	5,945
GreenOak Kayabacho	1-3-3 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	2,995.35	3,680	2,955
GreenOak Kudan	1-11-5 Kudankita, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,595.04	3,730	2,915
GreenOak Takanawadai	2-26-10 Shirokanedai, Minato-ku, Tokyo	Trust beneficiary interest	2,621.74	2,990	2,089
Central Daikanyama	14-23 Daikanyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest	1,899.30	3,780	3,674
Hiroo Reeplex B's	5-15-27 Minamiazabu, Minato-ku, Tokyo	Trust beneficiary interest	1,500.85	3,560	2,844
Shibakoen Sanchoe Building	3-1-38 Shibakoen, Minato-ku, Tokyo	Trust beneficiary interest	7,882.60	10,100	7,304
Kudankita 325 Building	3-2-5 Kudankita, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,003.60	2,410	1,971
Itohia Iwamotocho 2-chome Building	2-11-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,447.16	3,590	2,856
Itohia Iwamotocho 1-chome Building	1-8-15 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,056.56	3,240	2,718
Itohia Iwamotocho ANNEX Building	2-14-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	3,064.20	2,800	2,191
Pigeon Building	4-4 Hisamatsucho, Nihonbashi, Chuo-ku, Tokyo	Trust beneficiary interest	3,022.25	3,140	2,909
FORECAST Ningyocho	2-13-9 Ningyocho, Nihonbashi, Chuo-ku, Tokyo	Trust beneficiary interest	2,277.62	2,280	2,170
FORECAST Ningyocho PLACE	3-4-14 Ningyocho, Nihombashi, Chuo-ku, Tokyo	Trust beneficiary interest	1,867.95	2,160	1,685
FORECAST Shin-Tokiwabashi	3-1-2 Nihombashi Hongokucho, Chuo-ku, Tokyo	Trust beneficiary interest	1,822.33	2,440	2,107
Nishi-Shinjuku Sanko Building	7-22-35 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,479.80	2,820	2,307
Iidabashi Reeplex B's	1-14 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,401.68	1,640	1,270
FORECAST Shinagawa	1-20-9 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,276.36	2,340	2,398
Nishi-Gotanda 8-chome Building	8-3-16 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,999.72	2,710	2,250
Towa Higashi-Gotanda Building	1-7-6 Higashi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	2,939.16	2,530	2,052

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m <sup>2</sup> )	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	6,760	5,790
Itohia Kiyosubashidori Building	1-38-9 Taito, Taito-ku, Tokyo	Trust beneficiary interest	2,651.27	2,160	1,669
I-S Minamimorimachi Building	2-6-5 Higashi-Temma, Kita-ku, Osaka, Osaka	Trust beneficiary interest	4,164.82	3,010	2,316
MK Kojimachi Building	4-2-1 Kojimachi, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,761.60	2,120	1,995
Toranomon Sakura Building	3-22-1 Toranomon, Minato-ku, Tokyo	Trust beneficiary interest	3,049.79	4,560	4,290
La Verite Akasaka	1-5-7 Motoakasaka, Minato-ku, Tokyo	Trust beneficiary interest	1,719.75	2,630	2,117
Kanda Ocean Building	1-15-2 Uchikanda, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,484.53	1,930	1,464
Shinto GINZA EAST	3-1-10 Tsukiji, Chuo-ku, Tokyo	Trust beneficiary interest	1,214.32	1,450	1,343
FORECAST Kayabacho	1-10-14 Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest	3,882.59	3,430	3,177
FORECAST Waseda FIRST	1-1 Babashitacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,340.66	5,250	4,760
FORECAST Gotanda WEST	8-9-5 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	8,967.07	8,340	7,427
Omiya Center Building	1-9-6 Sakuragicho, Omiya-ku, Saitama, Saitama	Trust beneficiary interest	14,524.63	24,700	15,288
Sumitomo Mitsui Bank Koraibashi Building	2-1-1 Fushimicho, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	5,106.77	3,730	2,908
NORE Fushimi	1-16-7 Nishiki, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	3,890.74	4,450	2,595
NORE Meieki	1-3-18 Meiekinami, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	4,280.75	4,170	2,305
Homat Horizon Building	5-6-2, Gobancho, Chiyoda-ku, Tokyo	Trust beneficiary interest	6,077.01	8,410	6,641
Sannomiya First Building	3-2-11, Isobedori, Chuo-ku, Kobe, Hyogo	Trust beneficiary interest	3,633.16	1,610	1,434
Towa Kandanishikicho Building	3-4-2, Kanda-nishikicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,324.07	1,020	962
Yusen Higashi-Nihombashi Ekimae Building	3-7-19, Higashi-nihombashi, Chuo-ku, Tokyo	Trust beneficiary interest	1,631.09	1,400	1,211
Hiroo ON Building	5-19-9, Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interest	2,248.59	2,830	2,408
TK Gotanda Building	8-3-6, Nishi-gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	3,716.38	4,320	4,405
Gotanda Sakura Building	1-22-6, Higashi-gotanda, Shinagawa-ku, Tokyo	Real estate	1,502.61	1,640	1,505
Alte Building Higobashi	1-15-27, Edobori, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	3,482.92	2,050	1,482
DIA Building Meieki	3-8-7, Meieki, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,781.72	1,270	1,176
TENSHO OCHANOMIZU BUILDING	1-9-5 Kanda-awajicho, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,252.89	1,910	1,837
FORECAST Kameido	2-27-7, Kameido, Koto-ku, Tokyo	Trust beneficiary interest	3,091.51	2,920	2,593
NRT Kandasudacho Building	3-16 Kandasudacho 2-chome, Chiyoda-ku, Tokyo	Trust beneficiary interest	1,154.16	1,410	1,393

Property name	Location (Indication of residential address)	Form of ownership	Total leasable area (m <sup>2</sup> )	Appraisal value (Yen in millions) (Note 1)	Book value (Yen in millions) (Note 2)
REID-C Megurofudomae	15-6 Nishigotanda 3-chome, Shinagawa-ku, Tokyo	Trust beneficiary interest	921.32	1,270	1,234
The Square	14-20 Marunouchi 2-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,520.69	1,150	1,141
Tsukiji Front	2-7 Tsukiji 2-chome, Chuo-ku, Tokyo	Trust beneficiary interest	687.97	1,040	844
Hatchobori River Gate	12-10 Minato 1-chome, Chuo-ku, Tokyo	Trust beneficiary interest	760.31	1,040	841
TENSHO OFFICE SHINBASHI 5	12-11 Shimbashi 5-chome, Minato-ku, Tokyo	Trust beneficiary interest	828.19	1,270	1,203
REID-C Iidabashi Building	2-8-3, Iidabashi, Chiyoda-ku, Tokyo	Trust beneficiary interest	827.74	1,240	1,224
REID-C Gotenryama Building	5-12-4 Kita-shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,086.11	1,070	1,058
Tower Court Kitashinagawa	3-11-13 Kita-19 Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	16,913.29	18,200	10,401
Sky Hills N11	2-2-1 Kita-Juichijo-Nishi, Kita-ku, Sapporo, Hokkaido	Trust beneficiary interest	8,567.50	1,970	1,552
my atria Sakae	1-29-26 Sakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	3,121.60	1,280	931
Mac Village Heian	2-24-88 Heian, Kita-ku, Nagoya, Aichi	Trust beneficiary interest	2,250.00	996	677
Seam Dwell Tsutsui	3-28-25 Tsutsui, Higashi-ku, Nagoya, Aichi	Trust beneficiary interest	1,800.00	860	633
Ciel Yakuin	2-7-35 Watanabe-Dori, Chuo-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,544.87	800	594
Kanda Reeplex R's	2-5-1 Kandatacho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,180.93	2,400	1,727
Splendid Namba	2-1-23, Inari, Naniwa-ku, Osaka, Osaka	Trust beneficiary interest	6,212.36	4,080	3,092
Residence Hiroo	5-1-10, Minami-azabu, Minato-ku, Tokyo	Trust beneficiary interest	1,983.15	2,990	2,594
Residence Nihombashi Hakozaki	13-2, Nihombashi, Hakozaki, Chuo-ku, Tokyo	Trust beneficiary interest	1,449.00	1,800	1,409
Primegate Iidabashi	6-36, Shin-ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	6,044.17	6,370	5,228
Residence Edogawabashi	4-22, Suidocho, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,246.42	1,320	1,236
Merveille Senzoku	1-10-1, Kitasenzoku, Ota-ku, Tokyo	Trust beneficiary interest	834.72	767	748
Field Avenue (Note 4)	6-2-2, Ikegami, Ota-ku, Tokyo (Annex building: 6-2-1, Ikegami, Ota-ku, Tokyo)	Trust beneficiary interest	3,092.63	3,510	3,105
Domeal Kitaakabane	1-14-20, Akabane-kita, Kita-ku, Tokyo	Trust beneficiary interest	1,697.11	871	792
Dormy Kitaakabane	1-14-15, Akabane-kita, Kita-ku, Tokyo	Trust beneficiary interest	2,471.42	1,100	986
Splendid Shin-Osaka III	2-1-11, Higashinakajima, Higashiyodogawa-ku, Osaka, Osaka	Trust beneficiary interest	4,299.12	2,840	2,288
ZEPHYROS Minami-horie	1-16-16, Minami-horie, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	2,826.73	1,830	1,598
Charmant Fuji Osakajominami	3-3-8, Uchikyuhojimachi, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	1,512.00	960	896
Piacere Fuminosato	1-12-18, Hannancho, Abeno-ku, Osaka, Osaka	Trust beneficiary interest	1,374.08	608	558
Wald Park Minamioi	6-20-16 Minamioi, Shinagawa-ku, Tokyo	Trust beneficiary interest	750.12	749	749
LAPUTA KUJO	3-1-18, Kujominami, Nishi-ku, Osaka, Osaka	Trust beneficiary interest	3,359.38	1,601	1,642

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)
L'arte Nakatsu	16-14 Toyosaki 6-chome, Kita-ku, Osaka, Osaka	Trust beneficiary interest	916.86	600	600
City hills Andoji	4-1 Andoji 2-chome, Chuo-ku, Osaka, Osaka	Trust beneficiary interest	2,754.00	1,830	1,832
Hermitage Shin-sakae	11-25 Shin-sakae 2-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	2,638.61	1,260	1,205
Sun・Meiekininami Building	9-11 Meiekininami 1-chome, Nakamura-ku, Nagoya, Aichi	Trust beneficiary interest	1,747.10	1,050	964
Tenjinhighashi residence	7-4 Komondomachi, Hakata-ku, Fukuoka, Fukuoka	Trust beneficiary interest	1,909.60	958	966
DeLCCS KASAI	36-12 Naka-kasai 5-chome, Edogawa-ku, Tokyo	Trust beneficiary interest	2,308.59	1,440	1,412
Serenite Shin-Osaka	14-8 Miyahara 2-chome, Yodogawa-ku, Osaka, Osaka	Trust beneficiary interest	1,854.02	1,190	1,172
Mullion Josai	4-15 Josai 1-chome, Nishi-ku, Nagoya, Aichi	Trust beneficiary interest	1,433.40	718	745
Residence Kinshicho	15-6 Kotobashi 5-chome, Sumida-ku, Tokyo	Trust beneficiary interest	813.51	747	719
Meister house Kawasaki	5-2 Minamisaiwaicho 2-chome, Saiwai-ku, Kawasaki, Kanagawa	Trust beneficiary interest	891.60	772	733
LIESSE Tsurumai (Note 5)	2-5-1, Tsurumai, Showa-ku, Nagoya, Aichi 2-5-2, Tsurumai, Showa-ku, Nagoya, Aichi	Trust beneficiary interest	2,192.91	1,230	1,113
Komatsubara Yamamoto Mansion	15-22 Komatsubara 2-chome, Kagoshima, Kagoshima	Trust beneficiary interest	2,671.99	696	724
Belleza Kanayama	9-10 Masaki 4-chome, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	1,261.05	772	743
Sylphide Higashi-shinagawa	4-7-1, Higashi-shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,174.19	1,050	985
Royal Bloom	4-29-1, Kishikicho, Omiya-ku, Saitama-shi, Saitama	Trust beneficiary interest	1,236.61	1,270	1,114
Ever Square Doshin	1-1-13, Doshin, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interest	910.07	615	629
Zeku Benten	4-1-14 Benten, Minato-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,093.21	538	523
Canis Court Kamishinjo	3-19-57 Kamishinjo, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interest	2,804.02	1,370	1,399
Imperial Otori	1-77-1 Otorinishimachi, Nishi-ku, Sakai-shi, Osaka	Trust beneficiary interest	2,363.88	869	867
MAISON NISHI MAGOME	2-21-14 Nakaikagami, Ota-ku, Tokyo	Trust beneficiary interest	928.71	824	815
Otakibashi Pacifica Building	7-10-18 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,383.31	3,460	3,336
BECOME SAKAE	3-32-6, Sakae, Naka-ku, Nagoya, Aichi	Trust beneficiary interest	4,615.66	4,890	4,690
Total			308,340.29	316,751	253,292

- (Note 1) "Appraisal value" represents the appraisal value as set forth on the relevant appraisal reports presented as of June 30, 2023, and truncated to the nearest million yen.
- (Note 2) "Book value" is the value recorded on the balance sheet as of June 30, 2023 (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) The name "FORECAST Ichigaya" is used for the first through seventh floors that are used as offices, and the name "Eponoqu Ichigaya" is used for the eighth and ninth floors that are used as residences. The property as a whole, including the residential floors, is named "FORECAST Ichigaya". The same applies hereinafter.
- (Note 4) This property includes a separate building, which is structurally independent from the main building, and these two buildings are counted as one property. The same applies hereinafter.
- (Note 5) This property includes two separate building which are counted as one property. The same applies hereinafter.

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

Property name	21st fiscal period (From July 1, 2022 to December 31, 2022)				22nd fiscal period (From January 1, 2023 to June 30, 2023)			
	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	17	100.0	83	1.0	15	100.0	85	1.0
Nihombashi Playa Building	2	100.0	Not disclosed (Note 5)	Not disclosed (Note 5)	2	100.0	Not disclosed (Note 5)	Not disclosed (Note 5)
FORECAST Yotsuya	13	100.0	55	0.7	13	100.0	56	0.7
FORECAST Shinjuku AVENUE	7	100.0	209	2.4	7	100.0	208	2.4
FORECAST Ichigaya	23	100.0	159	1.9	23	100.0	159	1.9
FORECAST Mita	5	100.0	53	0.6	5	100.0	63	0.7
FORECAST Shinjuku SOUTH	18	100.0	611	7.2	18	100.0	621	7.2
FORECAST Sakurabashi	5	100.0	212	2.5	4	94.1	209	2.4
GreenOak Kayabacho	8	100.0	94	1.1	8	100.0	108	1.3
GreenOak Kudan	4	100.0	106	1.2	6	100.0	100	1.2
GreenOak Takanawadai	9	93.4	70	0.8	10	100.0	78	0.9
Central Daikanyama	7	100.0	87	1.0	7	100.0	87	1.0
Hiroo Reeplex B's	7	100.0	85	1.0	7	100.0	84	1.0
Shibakoen Sanchome Building	4	100.0	241	2.8	4	100.0	241	2.8
Kudankita 325 Building	8	100.0	69	0.8	8	100.0	69	0.8
Itohpia Iwamotocho 2-chome Building	8	100.0	106	1.2	8	100.0	110	1.3
Itohpia Iwamotocho 1-chome Building	9	100.0	91	1.1	9	100.0	93	1.1
Itohpia Iwamotocho ANNEX Building	6	100.0	99	1.2	6	100.0	99	1.2
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	69	0.8	6	100.0	66	0.8
FORECAST Ningyocho PLACE	8	100.0	56	0.7	8	100.0	55	0.6
FORECAST Shin-Tokiwabashi	9	100.0	60	0.7	9	100.0	64	0.7
Nishi-Shinjuku Sanko Building	8	100.0	70	0.8	8	100.0	81	0.9
Iidabashi Reeplex B's	7	100.0	45	0.5	7	100.0	46	0.5
FORECAST Shinagawa	5	89.8	61	0.7	6	100.0	59	0.7
Nishi-Gotanda 8-chome Building	8	100.0	85	1.0	7	87.9	77	0.9
Towa Higashi-Gotanda Building	7	100.0	75	0.9	6	82.1	78	0.9
FORECAST Takadanobaba	6	83.8	162	1.9	6	100.0	157	1.8
ANTEX24 Building (Note 6)	6	86.7	49	0.6	-	-	28	0.3
Itohpia Kiyosubashidori Building	7	100.0	78	0.9	7	100.0	78	0.9
1-S Minamimorimachi Building	16	100.0	98	1.1	16	100.0	97	1.1
MK Kojimachi Building	11	100.0	50	0.6	10	90.6	47	0.5
Toranomon Sakura Building	11	90.8	108	1.3	10	90.8	101	1.2
La Verite Akasaka	7	100.0	60	0.7	7	100.0	55	0.6

Property name	21st fiscal period (From July 1, 2022 to December 31, 2022)				22nd fiscal period (From January 1, 2023 to June 30, 2023)			
	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)
Kanda Ocean Building	21	90.2	53	0.6	23	100.0	50	0.6
Shinto GINZA EAST	6	74.8	35	0.4	6	74.8	27	0.3
FORECAST Kayabacho	16	100.0	106	1.2	15	100.0	100	1.2
FORECAST Waseda FIRST	7	100.0	143	1.7	7	100.0	142	1.7
FORECAST Gotanda WEST	12	100.0	265	3.1	11	100.0	269	3.1
Omiya Center Building	29	98.6	522	6.1	30	100.0	556	6.5
Sumitomo Mitsui Bank Korabashi Building	26	100.0	141	1.7	26	100.0	142	1.7
NORE Fushimi	9	100.0	130	1.5	9	100.0	128	1.5
NORE Meieki	18	100.0	118	1.4	18	100.0	121	1.4
Homat Horizon Building	9	100.0	214	2.5	9	100.0	216	2.5
Sannomiya First Building	24	100.0	70	0.8	24	100.0	70	0.8
Towa Kandanshikicho Building	6	100.0	39	0.5	6	100.0	38	0.4
Yusen Higashi-Nihombashi Ekimae Building	8	100.0	41	0.5	8	100.0	41	0.5
Hiroo ON Building	4	100.0	75	0.9	4	87.6	65	0.8
TK Gotanda Building	8	100.0	101	1.2	8	100.0	108	1.3
Gotanda Sakura Building	10	100.0	46	0.5	10	100.0	50	0.6
Alte Building Higobashi	11	100.0	71	0.8	11	100.0	75	0.9
DIA Building Meieki	10	100.0	53	0.6	10	100.0	51	0.6
TENSHO OCHANOMIZU BUILDING	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)
FORECAST Kameido	7	100.0	94	1.1	7	100.0	96	1.1
NRT Kandasudacho Building	9	100.0	34	0.4	9	100.0	30	0.4
REID-C Megurofudomae	5	100.0	34	0.4	5	100.0	34	0.4
The Square	18	100.0	37	0.4	17	94.9	37	0.4
Tsukiji Front	8	100.0	26	0.3	7	88.0	24	0.3
Hatchobori River Gate	8	100.0	17	0.2	8	100.0	25	0.3
TENSHO OFFICE SHINBASHI 5	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)
REID-C Iidabashi Building	8	100.0	29	0.3	8	100.0	31	0.4
REID-C Gotenyama Building	4	100.0	25	0.3	4	100.0	28	0.3
Tower Court Kitashinagawa	276	99.1	423	5.0	274	98.5	429	5.0
Sky Hills N11	1	100.0	61	0.7	1	100.0	61	0.7
my atria Sakae	1	100.0	37	0.4	1	100.0	36	0.4
Mac Village Heian	1	100.0	27	0.3	1	100.0	27	0.3
Seam Dwell Tsutsui	1	100.0	23	0.3	51	85.0	23	0.3
Ciel Yakuin	40	95.5	24	0.3	41	97.7	24	0.3
Kanda Reeplex R's	41	100.0	56	0.7	40	97.9	56	0.7
Splendid Namba	232	93.2	109	1.3	239	95.1	110	1.3
Residence Hiroo	54	100.0	63	0.7	54	100.0	62	0.7



Property name	21st fiscal period (From July 1, 2022 to December 31, 2022)				22nd fiscal period (From January 1, 2023 to June 30, 2023)			
	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 Nihombashi Hakozaki	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)
Primegate Iidabashi	65	95.2	151	1.8	67	97.5	158	1.8
Residence Edogawabashi	36	97.8	31	0.4	34	92.7	31	0.4
Merveille Senzoku	26	92.7	20	0.2	27	96.3	20	0.2
Field Avenue	51	93.2	76	0.9	56	98.1	78	0.9
Domeal Kitaakabane	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)
Dormy Kitaakabane	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)	1	100.0	Not disclosed (Note 7)	Not disclosed (Note 7)
Splendid Shin-Osaka III	145	94.4	73	0.9	148	95.8	73	0.9
ZEPHYROS Minami-horie	72	100.0	49	0.6	71	98.9	49	0.6
Charmant Fuji Osakajominami	59	93.7	23	0.3	59	93.7	24	0.3
Piacere Fuminosato	44	100.0	18	0.2	43	98.0	19	0.2
Wald Park Minamioi	29	100.0	17	0.2	29	100.0	18	0.2
LAPUTA KUJO	62	100.0	46	0.5	62	100.0	47	0.5
Imazaki Mansion N1 (Note 8)	125	92.5	41	0.5	—	—	41	0.5
L'arte Nakatsu	28	100.0	16	0.2	26	92.6	16	0.2
City hills Andoji	65	93.2	45	0.5	65	93.7	46	0.5
Hermilage Shin-sakae	51	94.8	37	0.4	46	84.7	38	0.4
Sun・Meiekininami Building	68	97.1	27	0.3	65	92.9	27	0.3
Tenjinhigashi residence	74	96.1	28	0.3	73	94.8	28	0.3
DeLCCS KASAI	28	94.1	40	0.5	29	96.8	39	0.5
Serenite Shin-Osaka	65	96.2	31	0.4	66	97.2	32	0.4
Mullion Josai	46	94.8	19	0.2	46	94.8	20	0.2
Residence Kinshicho	25	95.6	16	0.2	24	92.4	18	0.2
Meister house Kawasaki	35	100.0	19	0.2	34	97.3	20	0.2
LIESSE Tsurumai	83	94.8	33	0.4	83	95.5	34	0.4
Komatsubara Yamamoto Mansion	97	97.1	25	0.3	95	95.2	27	0.3
Belleza Kanayama	47	96.2	21	0.3	47	96.2	21	0.2
Sylphide Higashi-shinagawa	41	95.4	25	0.3	43	100.0	24	0.3
Royal Bloom	34	97.9	31	0.4	35	100.0	31	0.4
Ever Square Doshin	37	90.7	16	0.2	39	95.1	16	0.2
Zeku Benten	30	89.5	15	0.2	32	94.0	14	0.2
Canis Court Kamishinjo	56	98.5	40	0.5	57	100.0	41	0.5
Imperial Otori	29	96.8	26	0.3	29	96.9	26	0.3
MAISON NISHI MAGOME	—	—	—	—	38	97.6	11	0.1
Otakibashi Pacifica Building	10	100.0	80	0.9	10	100.0	74	0.9
BECOME SAKAE	11	100.0	136	1.6	11	100.0	134	1.6
Total	2,910	98.2	8,544	100.0	2,870	98.2	8,610	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 property was transferred on March 30, 2023.
- (Note 7) This information is not disclosed as sublessees' consent to disclosure has not been obtained.
- (Note 8) This property was transferred on June 30, 2023.

#### (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 17 Subordinated equity interest in silent partnership	Equity interest in a silent partnership	—	—	50	—	50	—	(Note 3)
Godo Kaisha NRT Growth 18 Subordinated equity interest in silent partnership	Equity interest in a silent partnership	—	—	32	—	32	—	(Note 4)
Total		—	—	82	—	82	—	

- (Note 1) "Book value" and "Fair value" are truncated to the nearest million yen.
- (Note 2) Balance sheet amount is used as "Fair value" by applying the treatment stipulated in paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, revised on June 17, 2021).
- (Note 3) 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. All of the asset under management was transferred to NIPPON REIT as of July 14, 2023.
- (Note 4) Assets under management are trust beneficiary interests in real estate of 30 Sankyo Building, St. Lake Celeb Daikancho and Belle Face Kawaharadori.

#### (5) Contract Amount and Fair Value for Specific Transactions

Category	Type	Contracted amount (Yen in thousands) (Note 1)		Fair value (Yen in thousands) (Note 2)
			Due after 1 year	
Off-market transactions	Interest rate swaps Receive floating / Pay fix	122,670,000	106,170,000	575,102 (Note 3)
Total		122,670,000	106,170,000	575,102

- (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 swaps Receive floating / Pay fix" transaction for which special treatment is applied in accordance with the "Accounting Standards for Financial Instruments", such fair value is not recognized on 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, 2023.

#### (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 23rd 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
FORECAST Shinjuku AVENUE	Shinjuku ward, Tokyo	Whole building LED renewal	From Jul. 2023 to Dec. 2023	37	—	—
		Mechanical parking parts replacement	From Jul. 2023 to Dec. 2023	18	—	—
Shibakoen Sanchome Building	Minato ward, Tokyo	Mechanical parking renewal	From Jul. 2023 to Dec. 2023	30	—	—
Itohpia Iwamotocho 2-chome Building	Chiyoda ward, Tokyo	Whole building LED renewal	From Jul. 2023 to Dec. 2023	22	—	—
Pigeon Building	Chuo ward, Tokyo	Mechanical parking parts replacement	From Jul. 2023 to Dec. 2023	44	—	—
FORECAST Ningyocho	Chuo ward, Tokyo	2nd floor bathroom and kitchen renewal	From Jul. 2023 to Dec. 2023	12	—	—
Nishi-Shinjuku Sanko Building	Shinjuku ward, Tokyo	Exterior wall repair	From Jul. 2023 to Dec. 2023	25	—	—
Kanda Ocean Building	Chiyoda ward, Tokyo	Exterior wall repair	From Jul. 2023 to Dec. 2023	26	—	—
FORECAST Gotanda WEST	Shinagawa ward, Tokyo	Exterior wall repair (Phase 2)	From Jul. 2023 to Dec. 2023	113	—	—
		Substation facilities repairment (Phase 1)	From Jul. 2023 to Dec. 2023	19	—	—
		Bathroom renewal	From Jul. 2023 to Dec. 2023	14	—	—
Omiya Center Building	Saitama, Saitama	Common area renewal	From Jul. 2023 to Dec. 2023	148	—	—
Homat Horizon Building	Chiyoda ward, Tokyo	Whole building LED renewal	From May 2023 to Jul. 2023	29	—	—
Hiroo On Building	Shibuya ward, Tokyo	Whole building LED renewal	From Jul. 2023 to Dec. 2023	17	—	—
TK Gotanda Building	Shinagawa ward, Tokyo	Mechanical parking parts replacement	From Jul. 2023 to Dec. 2023	26	—	—
		5th and 7th floor bathroom renewal	From Jul. 2023 to Dec. 2023	15	—	—
NRT Kandasudacho Building	Chiyoda ward, Tokyo	Elevator control renewal	From Jul. 2023 to Dec. 2023	16	—	—
REID-C Gotenyama Building	Shinagawa ward, Tokyo	Elevator control renewal	From Jul. 2023 to Dec. 2023	15	—	—
ZEPHYROS Minami-horie	Osaka, Osaka	Automatic doors installation and delivery locker renewal	From Jul. 2023 to Dec. 2023	11	—	—
LAPUTA KUJO	Osaka, Osaka	Private area renewal	From Jul. 2023 to Dec. 2023	25	—	—
Mullion Josai	Nagoya, Aichi	Exterior wall repair	From Jul. 2023 to Dec. 2023	29	—	—

(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 current period. In the fiscal period ended June 30, 2023, capital expenditures totaled 640 million yen. With the addition of 279 million yen posted as expenses for renovations and repairs, total capital expenditures for construction came to 920 million yen.

Property name	Location	Purpose	Period	Capital expenditures (Yen in millions) (Note)
FORECAST Yotsuya	Shinjuku ward, Tokyo	Exterior wall repair	From Feb. 2023 to Jun. 2023	48
FORECAST Sakurabashi	Chuo ward, Tokyo	Substation facilities repairment (Phase 5)	From Mar. 2023 to Mar. 2023	10
GreenOak Kudan	Chiyoda ward, Tokyo	Elevator renewal	From Mar. 2023 to Mar. 2023	12
FORECAST Ningyocho	Chuo ward, Tokyo	Elevator control renewal	From Jun. 2023 to Jun. 2023	32
FORECAST Shinagawa	Shinagawa ward, Tokyo	Elevator control renewal	From Apr. 2023 to Apr. 2023	32
FORECAST Kayabacho	Chuo ward, Tokyo	Elevator control renewal	From May 2023 to May 2023	32
FORECAST Gotanda WEST	Shinagawa ward, Tokyo	Exterior wall repair (Phase 1)	From Jan. 2023 to Jun. 2023	70
Omiya Center Building	Saitama, Saitama	1st floor common area renewal	From Apr. 2023 to Jun. 2023	77
		11th floor common area renewal	From Apr. 2023 to Jun. 2023	24
		Parking halon fire extinguishing equipment renewal	From Nov. 2022 to Jan. 2023	10
Yusen Higashi-Nihombashi Ekimae Building	Chuo ward, Tokyo	Exterior wall repair	From Apr. 2023 to Jun. 2023	17
Gotanda Sakura Building	Shinagawa ward, Tokyo	Elevator control renewal	From Apr. 2023 to May 2023	13
Alte Building Higobashi	Osaka, Osaka	Whole building LED renewal	From May 2023 to Jun. 2023	18
REID-C Iidabashi Building	Chiyoda ward, Tokyo	Substation facilities repairment	From Apr. 2023 to May 2023	15
Imazaki Mansion N1 (Note 2)	Osaka, Higashiosaka	Rooftop waterproofing	From Mar. 2023 to Jun. 2023	12
Other capital expenditures				210
Total				640

(Note 1) Capital expenditures are truncated to the nearest million yen.

(Note 2) Transferred as of June 30, 2023.

(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:

(Yen in millions)

Operating period	18th fiscal period From January 1, 2021 to June 30, 2021	19th fiscal period From July 1, 2021 to December 31, 2021	20th fiscal period From January 1, 2022 to June 30, 2022	21st fiscal period From July 1, 2022 to December 31, 2022	22nd fiscal period From January 1, 2023 to June 30, 2023
Balance of reserves at the beginning of the period	1,353	1,726	1,841	2,414	2,876
Amount of reserves during the period	710	725	843	986	1,237
Amount of reversal of reserves during the period	337	610	270	524	640
Reserves carried forward	1,726	1,841	2,414	2,876	3,473

(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	21st fiscal period From July 1, 2022 to December 31, 2022	22nd fiscal period From January 1, 2023 to June 30, 2023
(a) Asset management fees (Note 1)	638,865	635,575
(b) Asset custody fees	10,532	10,368
(c) Administrative service fees	42,779	42,391
(d) Directors' compensation	2,400	2,400
(e) Independent auditors' fees	14,800	14,900
(f) Other operating expenses	132,646	167,583
Total	842,024	873,219

(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 (21st fiscal period: not applicable, 22nd fiscal period: 7,910 thousand yen), and related to the transfer of trust beneficiary interests (21st fiscal period: not applicable, 22nd fiscal period: 20,700 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, 2023, is as follows:

	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									
Current portion of long-term debt	MUFG Bank, Ltd.	February 12, 2015	500	-	1.24	February 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
	MUFG Bank, Ltd.	April 24, 2017	1,700	-	0.48 (Note 3)	April 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		800	-						
	MUFG Bank, Ltd.		500	-						
	Sumitomo Mitsui Banking Corporation		2,300	-						
	Resona Bank, Limited		300	-						
	MUFG Bank, Ltd.	February 20, 2020	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	-	0.30	April 20, 2023	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		500	-						
	SBI Shinsei Bank, Limited		500	-						
	Mizuho Trust & Banking Co., Ltd.		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						
	SBI Shinsei Bank, Limited		350	350						
	Mizuho Trust & Banking Co., Ltd.		400	400						
	MUFG Bank, Ltd.	April 24, 2017	-	1,900	0.56 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
	Mizuho Bank, Ltd.		-	700						
	MUFG Bank, Ltd.		-	500						
	Resona Bank, Limited		-	300						
	MUFG Bank, Ltd.	April 24, 2018	-	500	0.52 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed	
	Sumitomo Mitsui Banking Corporation		-	1,550						
	Resona Bank, Limited		-	850						
	Sumitomo Mitsui Trust Bank, Limited		-	300						
	MUFG Bank, Ltd.	April 20, 2021	-	100	0.30	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						
	Subtotal			19,000	17,650					

	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	-	0.56 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		700	-					
	MUFG Bank, Ltd.		500	-					
	Resona Bank, Limited		300	-					
	MUFG Bank, Ltd.	April 24, 2018	500	-	0.52 (Note 3)	April 22, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		1,550	-					
	Resona Bank, Limited		850	-					
	Sumitomo Mitsui Trust Bank, Limited		300	-					
	MUFG Bank, Ltd.	April 20, 2021	100	-	0.30	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.		1,400	1,400					
	Mizuho Bank, Ltd.	August 21, 2017	500	500	0.58 (Note 3)	August 20, 2024	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	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					
	SBI 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					
	SBI 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
	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					

	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, 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		200	200					
	MUFG Bank, Ltd.	August 20, 2021	300	300	0.30 (Note 3)	April 21, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		300	300					
	Resona Bank, Limited		400	400					
	SBI Shinsei Bank, Limited		250	250					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	Aozora Bank, Ltd.		250	250					
	The Nomura Trust and Banking Co., Ltd.	April 20, 2022	500	500	0.32	April 21, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	August 21, 2017	1,200	1,200	0.71 (Note 3)	August 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	MUFG Bank, Ltd.		400	400					
	Resona Bank, Limited		300	300					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	Development Bank of Japan Inc.		200	200					
	MUFG Bank, Ltd.	July 3, 2018	1,500	1,500	0.63 (Note 3)	August 20, 2025	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		300	300					
	Resona Bank, Limited		200	200					
	Sumitomo Mitsui Trust Bank, Limited		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					
	SBI Shinsei Bank, Limited		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	MUFG Bank, Ltd.	April 24, 2018	200	200	0.75 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Resona Bank, Limited		200	200					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	Meiji Yasuda Life Insurance Company	April 24, 2018	500	500	0.70	April 20, 2026	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, 2019	500	500	0.59 (Note 3)	April 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		300	300					
	Sumitomo Mitsui Banking Corporation		1,000	1,000					
	Resona Bank, Limited		200	200					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	SBI Shinsei Bank, Limited		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	Aozora Bank, Ltd.		300	300					
	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					
	SBI Shinsei Bank, Limited		350	350					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	MUFG Bank, Ltd.	August 20, 2018	3,650	3,650	0.83 (Note 3)	August 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		200	200					
	Resona Bank, Limited		400	400					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	SBI Shinsei Bank, Limited		200	200					
	Mizuho Trust & Banking Co., Ltd.		200	200					
	MUFG Bank, Ltd.	February 20, 2020	1,500	1,500	0.39 (Note 3)	August 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Resona Bank, Limited		500	500					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	MUFG Bank, Ltd.	August 22, 2022	550	550	0.50 (Note 3)	August 20, 2026	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		400	400					
	SBI Shinsei Bank, Limited		350	350					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	Resona Bank, Limited		300	300					
Mizuho Trust & Banking Co., Ltd.	300		300						
The Nomura Trust and Banking Co., Ltd.	250		250						
MUFG Bank, Ltd.	April 24, 2019		500	500					
Mizuho Bank, Ltd.		300	300						
Sumitomo Mitsui Banking Corporation		750	750						
Resona Bank, Limited		100	100						
Sumitomo Mitsui Trust Bank, Limited		400	400						
SBI Shinsei Bank, Limited		200	200						
Mizuho Trust & Banking Co., Ltd.		100	100						
Aozora Bank, Ltd.		200	200						

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	3,500	3,500	0.54 (Note 3)	April 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					
	SBI Shinsei Bank, Limited		400	400					
	Mizuho Trust & Banking Co., Ltd.		400	400					
	Sumitomo Mitsui Banking Corporation	February 20, 2020	500	500	0.45 (Note 3)	April 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	April 20, 2023	-	600	0.34	April 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	200					
	Sumitomo Mitsui Banking Corporation		-	300					
	Mizuho Trust & Banking Co., Ltd.		-	200					
	MUFG Bank, Ltd.	February 20, 2020	4,500	4,500	0.48 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	SBI Shinsei Bank, Limited		500	500					
	Mizuho Trust & Banking Co., Ltd.		500	500					
	MUFG Bank, Ltd.	October 30, 2020	950	950	0.49 (Note 3)	August 20, 2027	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Resona Bank, Limited		400	400					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	SBI Shinsei Bank, Limited		400	400					
	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	100	0.50 (Note 3)	April 20, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		400	400					
	Sumitomo Mitsui Banking Corporation		2,000	2,000					
	Sumitomo Mitsui Trust Bank, Limited		250	250					
	Development Bank of Japan Inc.		200	200					
	MUFG Bank, Ltd.	August 20, 2021	700	700	0.42 (Note 3)	April 20, 2028	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		700	700					
	Resona Bank, Limited		600	600					
	SBI Shinsei Bank, Limited		250	250					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	Aozora Bank, Ltd.		250	250					

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 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					
	SBI 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	800	0.63 (Note 3)	April 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,000	1,000					
	Development Bank of Japan Inc.		600	600					
	MUFG Bank, Ltd.	April 20, 2022	70	70	0.76 (Note 3)	April 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation		1,700	1,700					
	MUFG Bank, Ltd.	August 20, 2021	2,100	2,100	0.55 (Note 3)	August 20, 2029	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		1,000	1,000					
	Resona Bank, Limited	April 20, 2022	200	200	0.91 (Note 3)	April 22, 2030	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		450	450					
	SBI Shinsei Bank, Limited		300	300					
	Mizuho Trust & Banking Co., Ltd.		100	100					
	MUFG Bank, Ltd.	August 22, 2022	1,100	1,100	0.82 (Note 3)	April 22, 2030	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		800	800					
	Resona Bank, Limited		250	250					
	Aozora Bank, Ltd.		250	250					
	Mizuho Trust & Banking Co., Ltd.		150	150					
	MUFG Bank, Ltd.	April 20, 2023	-	1,600	1.07 (Note 3)	April 22, 2030	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	800					
	Sumitomo Mitsui Banking Corporation		-	1,500					
	Resona Bank, Limited		-	200					
	SBI Shinsei Bank, Limited		-	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.	February 20, 2023	-	500	0.94 (Note 3)	February 20, 2031	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	MUFG Bank, Ltd.	April 20, 2021	1,500	1,500	0.81 (Note 3)	April 21, 2031	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	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.	April 20, 2023	-	900	1.25 (Note 3)	April 21, 2031	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		-	600					
	Sumitomo Mitsui Banking Corporation		-	700					
	Resona Bank, Limited		-	100					
	Mizuho Trust & Banking Co., Ltd.		-	300					
	MUFG Bank, Ltd.	August 22, 2022	1,500	1,500	1.09 (Note 3)	August 20, 2032	Lump-sum repayment at maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.		500	500					
	Subtotal			107,120	108,470				
Total			126,120	126,120					

(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, 2023, 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)
NIPPON REIT 5th unsecured bonds (Green bonds)	August 6, 2021	2,000	2,000	0.67	August 6, 2031	Lump-sum repayment at maturity	(Note 1)	(Note 2)
Total		6,500	6,500					

(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)
ANTEX24 Building	—	—	March 30, 2023	2,070	1,733	251
MAISON NISHI MAGOME	March 30, 2023	791	—	—	—	—
Imazaki Mansion N1	—	—	June 30, 2023	1,050	1,255	(238)
Total	—	791	—	3,120	2,988	13

(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. Real estate

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	ANTEX24 Building	March 30, 2023	Trust Beneficiary Interest	2,070	2,040	Japan Real Estate Institute	December 31, 2022
Acquisition	MAISON NISHI MAGOME	March 30, 2023	Trust Beneficiary Interest	791	824	JLL Morii Valuation & Advisory K.K.	February 28, 2023
Transfer	Imazaki Mansion N1	June 30, 2023	Trust Beneficiary Interest	1,050	1,230	Japan Valuers Co., Ltd.	December 31, 2022

(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. 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, 2023, to June 30, 2023, consisted of three 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 201-2 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

Not applicable

#### 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)	
Trust fees	38,571	Shinsei Trust and Banking Co., Ltd.	350	0.9%
Financing-related expenses	270,050	SBI Shinsei Bank, Limited	10,630	3.9%

(Note 1) In accordance with Article 123 of the Order for Enforcement of the Investment Trusts Act on Investment Trusts and Investment Corporation 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 current 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.

### (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 (SBI REIT Advisors Co., Ltd.) 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 "Distribution Information."

"Balance Sheets," "Statements of Income and Retained Earnings," "Statements of Change in Net Assets," "Notes to Financial Statements," and "Distribution Information" for the prior fiscal period is for the reference purpose and are not subject to the audit of the independent auditor for the current fiscal period as prescribed by Article 130 of the Investment Trust Act.

### (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 agreements approved by meeting of the Board of Officers of NIPPON REIT during the current 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, 2022 and June 30, 2023

	As of	
	December 31, 2022	June 30, 2023
	(Yen in thousands)	
<b>Assets</b>		
Current Assets:		
Cash and deposits (Note 3)	¥ 11,179,214	¥ 14,095,856
Cash and deposits in trust (Note 3)	6,141,943	6,054,170
Tenant receivables	122,283	107,830
Prepaid expenses	463,531	476,632
Other current assets	10,549	11,667
Total Current Assets	17,917,521	20,746,157
Investment Properties (Notes 5 and 6):		
Buildings (Note 8)	273,355	286,915
Tools, furniture and fixtures	184	184
Land in trust (Note 7)	188,518,790	186,153,895
Buildings in trust (Note 8)	62,227,779	62,188,797
Structures in trust	230,133	234,024
Machinery and equipment in trust	518,575	504,124
Tools, furniture and fixtures in trust (Note 8)	329,740	336,331
Construction in progress in trust	—	1,315
Less: accumulated depreciation	(13,626,625)	(14,464,349)
Leasehold rights	1,256,792	1,256,792
Leasehold rights in trust	16,099,139	16,792,459
Other intangible assets	3,788	3,594
Total Investment Properties, net	255,831,652	253,294,084
Other Assets:		
Investment securities (Note 4)	82,973	82,973
Lease and guarantee deposits	10,197	10,137
Long-term prepaid expenses	1,243,411	1,231,408
Deferred investment corporation bond issuance costs	44,294	40,584
Deferred tax assets (Note 16)	21	27
Others	8,167	8,668
Total Other Assets	1,389,065	1,373,801
<b>Total Assets</b>	¥ 275,138,240	¥ 275,414,043

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

**NIPPON REIT Investment Corporation**  
**BALANCE SHEETS**

As of December 31, 2022 and June 30, 2023

	As of	
	December 31, 2022	June 30, 2023
	(Yen in thousands)	
<b>Liabilities</b>		
Current Liabilities:		
Long-term debt due within one year (Notes 4 and 13)	¥ 19,000,000	¥ 17,650,000
Accounts payable	907,771	1,160,600
Accrued expenses	299,322	316,821
Accrued corporation taxes	378	357
Accrued consumption taxes	79,125	239,800
Advances received	1,459,320	1,466,309
Other current liabilities	212,826	143,618
Total Current Liabilities	21,958,745	20,977,507
Long-Term Liabilities:		
Investment corporation bonds (Notes 4 and 14)	6,500,000	6,500,000
Long-term debt (Notes 4 and 13)	107,120,000	108,470,000
Tenant security deposits	62,921	62,921
Tenant security deposits in trust	9,100,062	9,010,034
Other long-term liabilities	1,186	678
Total Long-Term Liabilities	122,784,171	124,043,634
<b>Total Liabilities</b>	144,742,916	145,021,142
<b>Net Assets</b> (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	3,879,722	3,877,299
Total Unitholders' Equity	130,395,324	130,392,900
<b>Total Net Assets</b>	130,395,324	130,392,900
<b>Total Liabilities and Net Assets</b>	¥ 275,138,240	¥ 275,414,043

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, 2022 and June 30, 2023

	For the six-month periods ended			
	December 31, 2022		June 30, 2023	
	(Yen in thousands)			
<b>Operating Revenues (Note 9):</b>				
Rental revenues (Note 10)	¥	7,809,688	¥	7,884,841
Other revenues related to property leasing (Note 10)		734,953		725,486
Gain on sales of real estate properties (Note 11)		—		251,132
Dividend income		3,247		3,983
Total Operating Revenues		8,547,889		8,865,444
<b>Operating Expenses:</b>				
Property-related expenses (Note 10)		3,263,191		3,313,612
Loss on sales of real estate properties (Note 11)		—		238,026
Asset management fees		638,865		635,575
Asset custody fees		10,532		10,368
Administrative service fees		42,779		42,391
Directors' compensation		2,400		2,400
Independent auditors' fees		14,800		14,900
Other operating expenses		132,646		167,583
Total Operating Expenses		4,105,215		4,424,858
<b>Operating Income</b>		4,442,674		4,440,586
<b>Non-Operating Revenues:</b>				
Interest income		79		81
Reversal of distributions payable		7,247		6,532
Interest on tax refund		5		12
Total Non-Operating Revenues		7,333		6,626
<b>Non-Operating Expenses:</b>				
Interest expense		370,204		377,246
Interest on investment corporation bonds		24,085		23,841
Amortization of investment corporation bond issuance costs		3,709		3,709
Borrowing related expenses		277,129		270,050
Others		48		48
Total Non-Operating Expenses		675,177		674,896
<b>Ordinary Income</b>		3,774,829		3,772,316
<b>Income Before Income Taxes</b>		3,774,829		3,772,316
Income taxes – current		1,054		1,183
Income taxes – deferred		(21)		(6)
Total Income Taxes (Note 16)		1,032		1,177
<b>Net Income</b>		3,773,797		3,771,139
<b>Retained Earnings Brought Forward</b>		105,925		106,159
<b>Retained Earnings at End of Period</b>	¥	3,879,722	¥	3,877,299

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, 2022 and June 30, 2023

	Unitholders' Equity				Total Net Assets
	Number of Units	Unitholders' Capital	Retained Earnings	Total Unitholders' Equity	
	(Units)	(Yen in thousands)			
Balance as of June 30, 2022	449,930	¥ 126,515,601	¥ 4,076,557	¥ 130,592,159	¥ 130,592,159
Cash distributions declared	—	—	(3,970,632)	(3,970,632)	(3,970,632)
Net income	—	—	3,773,797	3,773,797	3,773,797
Balance as of December 31, 2022	449,930	¥ 126,515,601	¥ 3,879,722	¥ 130,395,324	¥ 130,395,324
Cash distributions declared	—	—	(3,773,562)	(3,773,562)	(3,773,562)
Net income	—	—	3,771,139	3,771,139	3,771,139
Balance as of June 30, 2023	449,930	¥ 126,515,601	¥ 3,877,299	¥ 130,392,900	¥ 130,392,900

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, 2022 and June 30, 2023

	For the six-month periods ended			
	December 31, 2022		June 30, 2023	
	(Yen in thousands)			
<b>Cash Flows from Operating Activities:</b>				
Income before income taxes	¥	3,774,829	¥	3,772,316
Depreciation and amortization		1,005,405		1,007,847
Amortization of investment corporation bond issuance costs		3,709		3,709
Loss on retirement of investment properties		1,586		7,075
Interest income		(79)		(81)
Interest expense		394,289		401,088
(Increase) decrease in tenant receivables		(35,512)		14,453
(Increase) decrease in prepaid expenses		16,018		(13,100)
Decrease in long-term prepaid expenses		45,232		12,002
Increase (decrease) in accrued consumption taxes		(22,044)		160,675
Increase in accounts payable		54,844		122,607
Increase (decrease) in accrued expenses		(5,976)		4,622
Increase in advances received		11,232		6,988
Decrease in investment properties in trust due to sale		—		2,988,584
Interest income received		79		81
Interest expense paid		(382,261)		(388,212)
Income taxes paid		(655)		(1,204)
Others, net		3,088		1,713
<b>Net Cash Provided by Operating Activities</b>		<b>4,863,787</b>		<b>8,101,169</b>
<b>Cash Flows from Investing Activities:</b>				
Payments for purchases of investment properties other than intangible assets		(2,280)		(230)
Payments for purchases of investment properties in trust other than intangible assets in trust		(326,125)		(641,425)
Payments for purchases of intangible assets in trust		—		(693,320)
Payments of tenant security deposits		(8,301)		—
Proceeds from tenant security deposits in trust		511,093		396,345
Payments of tenant security deposits in trust		(293,880)		(563,433)
Proceeds from refund of lease and guarantee deposits		—		60
Other payments		(1,244)		(1,244)
<b>Net Cash Used in Investing Activities</b>		<b>(120,739)</b>		<b>(1,503,248)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds from long-term debt		7,000,000		9,100,000
Repayments of long-term debt		(7,000,000)		(9,100,000)
Distributions paid		(3,963,313)		(3,769,051)
<b>Net Cash Used in Financing Activities</b>		<b>(3,963,313)</b>		<b>(3,769,051)</b>
<b>Net Change in Cash and Cash Equivalents</b>		<b>779,734</b>		<b>2,828,869</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>16,541,423</b>		<b>17,321,157</b>
<b>Cash and Cash Equivalents at End of Period (Note 3)</b>	<b>¥</b>	<b>17,321,157</b>	<b>¥</b>	<b>20,150,026</b>

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, 2022 and June 30, 2023

**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. and Sojitz REIT Advisors K.K.; now, SBI REIT Advisors Co., Ltd.). On November 30, 2022, Sojitz Corporation which had been the parent company and the former specified affiliated company of Sojitz REIT Advisors K.K. has transferred all of Sojitz REIT Advisors K.K.’s shares held to SBI Financial Services Co., Ltd., a wholly owned subsidiary of SBI Holdings, Inc. In connection with this share transfer, Sojitz REIT Advisors K.K. changed its name to SBI REIT Advisors Co., Ltd.

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. SBI REIT Advisors Co., Ltd. (former 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. SBI Financial Services Co., Ltd., Cushman & Wakefield Asset Management K.K. and Agility Asset Advisers Inc. currently own 67%, 18% and 15%, respectively, of SBI REIT Advisors Co., Ltd..

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, 2023, the total number of investment units issued and outstanding was 449,930 units.

As of June 30, 2023, NIPPON REIT had ownership or trust beneficiary interests in 105 properties with approximately 308,340.29 square meters of rentable space and had leased space to 2,870 tenants. The occupancy rate for the properties was approximately 98.2%.

*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	
Tools, furniture and fixtures .....	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, 2022	June 30, 2023
	(Yen in thousands)	
Capitalized real estate taxes	¥	—      ¥      1,122

*(j) Consumption Taxes*

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*

Major contents of performance obligations relating to revenue arising from contracts with customers of NIPPON REIT and general timing of satisfying such performance obligations (general timing of revenue recognition for the revenue recognition) are as follows:

(1) Sales of Real Estate Properties

Revenue is recognized at the time of a purchaser of real estate property as a customer obtains control over the real estate property by satisfying delivery obligation as described in a contract regarding the sale of the real estate property.

Net amount is presented as “Gain on sales of real estate properties” or “Loss on sales of real estate properties” on the Statements of Income and Retained Earnings calculated as “Selling price of the real estate property” which represents consideration for the transfer of investment property by deducting “Book value of the real estate property” which represents the book value of the investment property transferred and “Other selling expenses ” which represents other direct expenses for the transfer.

(2) Utility Charge Revenues

Utility charge revenues are recognized depending on volume of supply of electricity, water and others to a tenant as a customer based on the lease agreement of the related property and contents of ancillary agreements.

(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) *Significant Accounting Estimates*

Impairment loss on investment properties

(1) Carrying amount in the accompanying financial statements

	As of	
	December 31, 2022	June 30, 2023
	(Yen in thousands)	
Investment properties	¥ 255,831,652	¥ 253,294,084

(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 – 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, 2022	June 30, 2023
	(Yen in thousands)	
Cash and deposits	¥ 11,179,214	¥ 14,095,856
Cash and deposits in trust	6,141,943	6,054,170
Cash and cash equivalents	¥ 17,321,157	¥ 20,150,026

## Note 4 – 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, 2023, 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

Certain assumptions and factors are reflected in estimating the fair value of financial instruments. 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. Investments in partnerships (Note 2) are excluded from the table below. Disclosure of cash and deposits and cash and deposits in trust is omitted because the book value of these assets is deemed a reasonable approximation of the fair value as they are cash or with short maturities. Disclosure of tenant security deposits and tenant security deposits in trust is also omitted because they are immaterial.

	As of December 31, 2022			As of June 30, 2023		
	(Yen in thousands)					
	Book value	Fair value	Difference	Book value	Fair value	Difference
Long-term debt due within one year	¥ 19,000,000	¥ 18,997,111	¥ (2,888)	¥ 17,650,000	¥ 17,650,400	¥ 400
Investment corporation bonds	6,500,000	6,298,000	(202,000)	6,500,000	6,392,700	(107,300)
Long-term debt	107,120,000	104,553,307	(2,566,692)	108,470,000	107,734,727	(735,272)
<b>Total liabilities</b>	<b>¥ 132,620,000</b>	<b>¥ 129,848,418</b>	<b>¥ (2,771,581)</b>	<b>¥ 132,620,000</b>	<b>¥ 131,777,827</b>	<b>¥ (842,172)</b>
<b>Derivatives</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>	<b>¥ —</b>

Methods used to estimate the fair value of financial instruments:

#### (1) 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.

#### (2) Investment corporation bonds

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, 2022 and June 30, 2023.

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

Hedge accounting method	Type of derivative transaction	Hedged item	As of December 31, 2022		
			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
<b>Total</b>			¥ 120,970,000	¥ 104,970,000	¥ —

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 (1) 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, 2023		
			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	¥ 122,670,000	¥ 106,170,000	(Note)
<b>Total</b>			¥ 122,670,000	¥ 106,170,000	¥ —

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 (1) Long-term debt due within one year and Long-term debt in “(b) Fair Value of Financial Instruments”.

*Equity interests in silent partnership:*

Equity interests in silent partnership were as follows:

	As of December 31, 2022		As of June 30, 2023	
	(Yen in thousands)			
	Book value	Fair value	Book value	Fair value
Godo Kaisha NRT Growth 17 Subordinated equity interest in silent partnership (Note 1)	¥ 50,617	¥ 50,617	¥ 50,617	¥ 50,617
Godo Kaisha NRT Growth 18 Subordinated equity interest in silent partnership (Note 2)	32,356	32,356	32,356	32,356
<b>Total</b>	¥ 82,973	¥ 82,973	¥ 82,973	¥ 82,973

Notes:

1. 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. All of the asset under management was transferred to NIPPON REIT as of July 14, 2023.
2. The assets under management include trust beneficiary interests in real estate of 30 Sankyo Building, St. Lake Celeb Daikancho and Belle Face Kawaharadori.
3. Book value is used as the fair value equivalent by applying the treatment stipulated in Paragraph 24-16 of “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, revised on June 17, 2021).

The redemption schedule for investment corporation bonds and long-term debt was as follows:

As of December 31, 2022	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 bonds	¥ —	¥ —	¥ 1,000,000	¥ —	¥ —	¥ 5,500,000
Long-term debt	19,000,000	17,600,000	17,550,000	19,400,000	18,000,000	34,570,000
<b>Total</b>	¥ 19,000,000	¥ 17,600,000	¥ 18,550,000	¥ 19,400,000	¥ 18,000,000	¥ 40,070,000

As of June 30, 2023	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 bonds	¥ —	¥ 1,000,000	¥ —	¥ —	¥ 1,000,000	¥ 4,500,000
Long-term debt	17,650,000	17,900,000	19,100,000	20,450,000	16,750,000	34,270,000
<b>Total</b>	¥ 17,650,000	¥ 18,900,000	¥ 19,100,000	¥ 20,450,000	¥ 17,750,000	¥ 38,770,000

## Note 5 – Investment Properties

Investment properties consisted of the following:

	As of December 31, 2022			As of June 30, 2023		
	(Yen in thousands)					
	Acquisition cost	Accumulated depreciation and amortization	Book value	Acquisition cost	Accumulated depreciation and amortization	Book value
Buildings	¥ 273,355	¥ (34,333)	¥ 239,021	¥ 286,915	¥ (38,821)	¥ 248,093
Tools, furniture and fixtures	184	(12)	171	184	(21)	162
Land in trust	188,518,790	—	188,518,790	186,153,895	—	186,153,895
Buildings in trust	62,227,779	(13,168,131)	49,059,647	62,188,797	(13,962,298)	48,226,498
Structures in trust	230,133	(84,317)	145,815	234,024	(90,414)	143,609
Machinery and equipment in trust	518,575	(193,333)	325,242	504,124	(208,249)	295,874
Tools, furniture and fixtures in trust	329,740	(146,498)	183,242	336,331	(164,543)	171,787
Construction in progress in trust	—	—	—	1,315	—	1,315
Leasehold rights	1,256,792	—	1,256,792	1,256,792	—	1,256,792
Leasehold rights in trust	16,099,139	—	16,099,139	16,792,459	—	16,792,459
Other intangible assets	5,686	(1,898)	3,788	5,686	(2,091)	3,594
<b>Total</b>	<b>¥269,460,176</b>	<b>¥(13,628,524)</b>	<b>¥ 255,831,652</b>	<b>¥267,760,525</b>	<b>¥(14,466,440)</b>	<b>¥ 253,294,084</b>

Note 6 – 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, 2022		June 30, 2023	
	(Yen in thousands)			
Book value:				
Balance at beginning of period	¥	256,305,864	¥	255,831,652
Change during period		(474,211)		(2,538,883)
Balance at end of period		255,831,652		253,292,769
Fair value	¥	319,449,000	¥	316,751,000

- 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, 2022, the increase was primarily due to capital expenditure and the offsetting decrease was primarily due to depreciation.
  4. For the six-month period ended June 30, 2023, the increase was primarily due to the acquisition of MAISON NISHI MAGOME (acquisition price of ¥791,000 thousand) and the offsetting decrease was primarily due to the transfer of 2 properties including “ANTEX24 Building” (total book value of ¥2,988,584 thousand).

Note 7 – 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, 2022		June 30, 2023	
	(Yen in thousands)			
Land in trust	¥	416,596	¥	416,596

Note 8 – 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, 2022		June 30, 2023	
	(Yen in thousands)			
Buildings	¥	3,469	¥	3,469
Buildings in trust		304,567		287,484
Tools, furniture and fixtures in trust		262		262
<b>Total</b>	¥	308,299	¥	291,216

Note 9 – Revenue Recognition

Information on breakdown of revenues arising from contracts with customers

Information on breakdown of revenues arising from contracts with customers is presented in Note 10 – Rental Revenues and Expenses and Note 11 – Gain and Loss on Sales of Real Estate Properties. Rental revenues and expenses include revenues relating to property leasing for which “Accounting Standards for Lease Transactions” (ASBJ Statement No. 13) is applied. Major revenues arising from contracts with customers are proceeds from sales of real estate properties and utility charge revenues.

Note 10 – Rental Revenues and Expenses

Rental revenues and expenses were as follows:

	For the six-month periods ended			
	December 31, 2022		June 30, 2023	
	(Yen in thousands)			
<b>Revenues from property leasing:</b>				
Rental revenues:				
Base rents	¥	6,674,169	¥	6,772,861
Common area charges		905,634		884,625
Parking space rental revenues		229,884		227,354
Total rental revenues		7,809,688		7,884,841
Other revenues related to property leasing:				
Utilities charge revenues		570,398		559,524
Others		164,555		165,961
Total other revenues related to property leasing		734,953		725,486
Total revenues from property leasing		8,544,642		8,610,328
<b>Property-related expenses:</b>				
Property management fees		514,010		510,332
Utility expenses		582,077		551,457
Insurance expenses		8,393		8,274
Repair expenses		205,269		279,928
Taxes and dues		600,273		621,340
Depreciation and amortization		1,005,405		1,007,847
Loss on retirement of investment properties		1,586		7,075
Trust fees		35,550		35,771
Other		310,624		291,583
Total property-related expenses		3,263,191		3,313,612
<b>Income from property leasing</b>	¥	5,281,450	¥	5,296,715

**Note 11 – Gain and Loss on Sales of Real Estate Properties**

The details of gain and loss on sales of real estate properties for the six-month period ended June 30, 2023 were as follows:

	(Yen in thousands)	
<b>ANTEX24 Building:</b>		
Selling price of the real estate property	¥	2,070,000
Book value of the real estate property		1,733,504
Other selling expenses		85,362
Gain on sales of real estate property	¥	251,132
	(Yen in thousands)	
<b>Imazaki Mansion N1:</b>		
Selling price of the real estate property	¥	1,050,888
Book value of the real estate property		1,255,080
Other selling expenses		33,834
Loss on sales of real estate property	¥	238,026

**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, 2022	June 30, 2023
	(Yen in thousands)	
<b>Long-term debt:</b>		
1.24% unsecured loan due 2023 (Note 2)	¥ 500,000	¥ –
0.48% unsecured loans due 2023 (Notes 2 and 3)	5,600,000	–
0.25% unsecured loan due 2023 (Notes 2 and 3)	500,000	–
0.30% unsecured loans due 2023 (Note 2)	2,500,000	–
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
0.30% unsecured loans due 2024 (Note 2)	1,150,000	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
0.30% unsecured loans due 2025 (Notes 2 and 3)	1,950,000	1,950,000
0.32% unsecured loan due 2025 (Note 2)	500,000	500,000
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
0.50% unsecured loans due 2026 (Notes 2 and 3)	2,450,000	2,450,000
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
0.34% unsecured loan due 2027 (Note 2)	–	1,300,000
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	2,950,000
0.42% unsecured loans due 2028 (Notes 2 and 3)	2,950,000	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	2,400,000
0.76% unsecured loans due 2029 (Notes 2 and 3)	1,770,000	1,770,000
0.55% unsecured loans due 2029 (Notes 2 and 3)	3,100,000	3,100,000
0.91% unsecured loans due 2030 (Notes 2 and 3)	1,050,000	1,050,000
0.82% unsecured loans due 2030 (Notes 2 and 3)	2,550,000	2,550,000
1.07% unsecured loans due 2030 (Notes 2 and 3)	–	4,700,000
0.78% unsecured loans due 2030 (Notes 2 and 3)	2,000,000	2,000,000
0.94% unsecured loan due 2031 (Notes 2 and 3)	–	500,000
0.81% unsecured loans due 2031 (Notes 2 and 3)	2,000,000	2,000,000



1.25% unsecured loans due 2031 (Notes 2 and 3)	—	2,600,000
1.09% unsecured loans due 2032 (Notes 2 and 3)	2,000,000	2,000,000
<b>Total long-term debt</b>	<b>¥ 126,120,000</b>	<b>¥ 126,120,000</b>

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:

	<b>As of</b>	
	<b>December 31, 2022</b>	<b>June 30, 2023</b>
	(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:

	<b>As of</b>	
	<b>December 31, 2022</b>	<b>June 30, 2023</b>
	(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
5th 0.67% unsecured bonds due 2031 (Green bond)	2,000,000	2,000,000
<b>Total</b>	<b>¥ 6,500,000</b>	<b>¥ 6,500,000</b>

#### Note 15 – Leases

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

	<b>As of</b>	
	<b>December 31, 2022</b>	<b>June 30, 2023</b>
	(Yen in thousands)	
Due within one year	¥ 695,755	¥ 786,451
Due after one year	1,792,921	1,603,081
<b>Total</b>	<b>¥ 2,488,677</b>	<b>¥ 2,389,533</b>

#### 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, 2022 and June 30, 2023 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.

	<b>For the six-month periods ended</b>	
	<b>December 31, 2022</b>	<b>June 30, 2023</b>
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(31.45)	(31.45)
Per capita inhabitant taxes	0.02	0.02
Others	0.00	0.00
Effective tax rate	0.03%	0.03%

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

	<b>As of</b>	
	<b>December 31, 2022</b>	<b>June 30, 2023</b>
	(Yen in thousands)	
<b>Deferred tax assets:</b>		
Accrued enterprise tax	¥ 21	¥ 27
<b>Total deferred tax assets</b>	<b>21</b>	<b>27</b>
<b>Net deferred tax assets</b>	<b>¥ 21</b>	<b>¥ 27</b>

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, 2022		June 30, 2023	
	(¥cn)			
Earnings per unit:				
Net income per unit	¥	8,387	¥	8,381
Weighted average number of units outstanding (units)		449,930		449,930
	As of			
	December 31, 2022		June 30, 2023	
	(¥cn)			
Net assets per unit	¥	289,812	¥	289,807

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. For the six-month period ended June 30, 2023, NIPPON REIT decided to distribute ¥3,770,863,330 which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 449,930 units, within the limits that does not exceed the unappropriated retained earnings and shall minimize the unitholders’ expense pertaining to income taxes. 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, 2022		June 30, 2023	
	(Yen)			
Cash distributions per unit	¥	8,387	¥	8,381
Board of directors meeting dates	February 16, 2023		August 17, 2023	

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

	For the six-month periods ended			
	December 31, 2022		June 30, 2023	
	(Yen)			
Unappropriated retained earnings	¥	3,879,722,598	¥	3,877,299,121
Cash distributions declared		3,773,562,910		3,770,863,330
Retained earnings brought forward	¥	106,159,688	¥	106,435,791

Note 19 – Related-Party Transactions

Related-party transactions for the six-month period ended December 31, 2022 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 SBI REIT Advisors Co., Ltd.	–	Payment of asset management fees to SBI REIT Advisors Co., Ltd. (Note 1)	¥ 638,865	Accrued expenses	¥ 169,228

- Notes:
1. This was executed by Toshio Sugita as a representative director of a third party (SBI REIT Advisors Co., Ltd.) 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, 2023 were as follows:

Classification	Name	Location	Capital stock (Yen in thousands)	Occupation	Ratio of voting rights	Nature of transaction	Amount of transaction (Note 3) (Yen in thousands)	Account	Balance at the end of period (Note 3) (Yen in thousands)
Directors and their relatives	Toshio Sugita	–	–	Executive Officer of NIPPON REIT and President, Director & CEO of SBI REIT Advisors Co., Ltd. (Note 1)	–	Payment of asset management fees to SBI REIT Advisors Co., Ltd. (Note 2)	¥ 664,185	–	¥ –

- Notes:
1. Toshio Sugita resigned as President & CEO of SBI REIT Advisors Co., Ltd. on June 29, 2023.
  2. This was executed by Toshio Sugita as a representative director of a third party (SBI REIT Advisors Co., Ltd.) and terms and conditions of related-party transactions are based on those stipulated in NIPPON REIT’s Article of Incorporation for asset management fees. The amount of asset management fee is the total amount for the six-month period ended June 30, 2023.
  3. 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 decided to acquire six trust beneficiary interests in real estate on July 14, 2023 as described below.

Property name	Type of asset	Location	Acquisition date	Acquisition price (Yen in millions) (Note)	Seller
Muse Ryogoku II	Trust beneficiary interests in real estate	Sumida-ward, Tokyo	July 14, 2023	¥ 630	Godo Kaisha NRT Growth 17
Minami-Horie apartment Cielo	Trust beneficiary interests in real estate	Osaka, Osaka	July 14, 2023	805	Godo Kaisha NRT Growth 17
Minami-Horie apartment Grande	Trust beneficiary interests in real estate	Osaka, Osaka	July 14, 2023	770	Godo Kaisha NRT Growth 17
Minami-Horie apartment Rio	Trust beneficiary interests in real estate	Osaka, Osaka	July 14, 2023	250	Godo Kaisha NRT Growth 17
Plowland Horita	Trust beneficiary interests in real estate	Nagoya, Aichi	July 14, 2023	1,375	Godo Kaisha NRT Growth 17
Nasic Nozomigaoka	Trust beneficiary interests in real estate	Nagoya, Aichi	July 14, 2023	695	Godo Kaisha NRT Growth 17
Total 6 properties				¥ 4,525	—

Note: The acquisition prices represent the amount of consideration stated in the purchase agreement of the trust beneficiary interest 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.



# Independent auditor's report

To the Board of Directors of NIPPON REIT Investment Corporation:

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of NIPPON REIT Investment Corporation ("the Company"), which comprise the balance sheets as at June 30, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022, and its financial performance and cash flows for each of the six-month periods ended June 30, 2023 and December 31, 2022 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 acquisition of properties. Our opinion is not modified in respect of this matter.

### Other Information

The other information comprises the information included in the Semiannual Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the preparation and presentation of the other information. Supervising Officers are responsible for overseeing the executive officer's performance of their duties including the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially

misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## 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, actions taken to eliminate threats or safeguards applied.

#### Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company are disclosed in Matters Concerning Officers included in “Overview of the Investment Corporation” of the Semiannual Report.

#### 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.

/S/ Jiro Tazawa

Designated Engagement Partner

Certified Public Accountant

/S/Tsugunobu Hikishikibayashi

Designated Engagement Partner

Certified Public Accountant

KPMG AZSA LLC

Tokyo Office, Japan

September 25, 2023

#### **Notes to the Reader of Independent Auditor’s Report:**

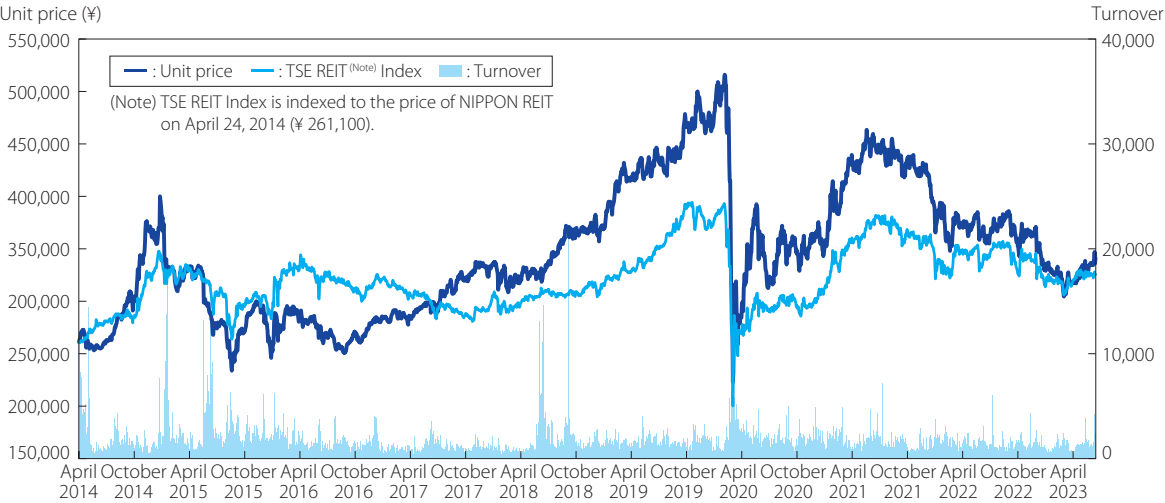
This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.



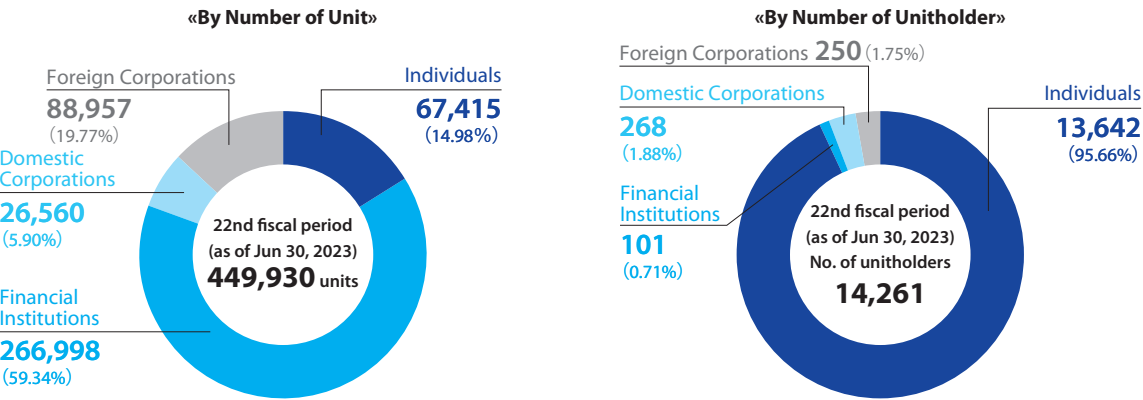
# Status of Investment Units and Unitholders

## Historical Unit Price

The following shows trends of trading prices (closing prices) and trading volume for NRT, which is traded on the Tokyo Stock Exchange, for the period from April 24, 2014 to Jun 30, 2023 (the final trading day of the 22nd fiscal period).



## Breakdown of Unitholder Composition



# 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, Nikkocho, 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.

## Website Information

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

Visit our website for overview and current status of NIPPON REIT.

