

March 28, 2018
For Immediate Release

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Notice Concerning Acquisition of Asset (Silent Partnership Equity Interest)
(Godo Kaisha NRT Growth 13)

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces that Sojitz REIT Advisors K.K. (“SRA”), which is entrusted to manage the assets of NIPPON REIT, today decided on the following acquisition of an asset (Silent Partnership Equity Interest) (the “Acquisition”).

1. Overview of acquisition

- | | |
|--|---|
| (1) To-be-acquired asset: | Silent partnership equity interest that has beneficiary right of trust placing real estate in trust as asset under management |
| (2) Asset name: | Godo Kaisha NRT Growth 13 silent partnership equity interest |
| (3) Real estate that is the trust property (the “Property”): | Esprit Kameido
Towa Kandnishikicho Building |
| (4) Equity investment amount: | 140 million yen (18.4% of the total amount of equity investment in silent partnership (Note1)) |
| (5) Agreement conclusion date: | March 29, 2018 (Scheduled) |
| (6) Acquisition date: | March 29, 2018 (Scheduled) |
| (7) Acquisition funds: | Funds on hand |

(Note1) Rounded to one decimal place. The same shall apply hereinafter.

2. Reason for acquisition

SRA decided on the Acquisition with an aim to develop a portfolio that achieves growth of asset size and secures stable revenue through investing in silent partnership in accordance with the asset management targets and policy set forth in the articles of incorporation of NIPPON REIT. The Acquisition is thought to achieve flexible and timely investments as set forth in the basic policy of NIPPON REIT and thereby largely contribute to the future external growth of NIPPON REIT.

NIPPON REIT, as a result of the Acquisition, will receive profits in the form of dividends from the operator of the silent partnership (Godo Kaisha NRT Growth 13), sourced from rent and other income from the lessees of the Property. In addition, with the Acquisition, NIPPON REIT will be granted the right of first negotiation pertaining to the acquisition of the Property (for details, please refer to “3. Outline of to-be-acquired asset; (1) Overview of silent partnership, the target of equity investment; Other; Right of first negotiation to be granted with the Acquisition” below), but

this does not mean that NIPPON REIT will be obliged to acquire the Property. NIPPON REIT continues to have actions to grow asset under management and ensure stable revenue while utilizing such a sponsor support.

3. Outline of to-be-acquired asset

(1) Overview of the silent partnership, the target of equity investment

Operator name	Godo Kaisha NRT Growth 13						
Effective period of silent partnership agreement	Till March 30, 2024						
Total amount of equity investment in silent partnership, etc.	Total 760million yen						
Overview of silent partnership agreement	<p>The following is an overview of this equity investment in silent partnership</p> <table border="1" data-bbox="571 750 1316 1097"> <thead> <tr> <th colspan="2">Godo Kaisha NRT Growth 13</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Real estate trust beneficiary right, etc. 2,342 million yen (Note 1)</td> <td>Non-recourse loan (senior) 1,282 million yen</td> </tr> <tr> <td>Non-recourse loan (mezzanine) 300 million yen</td> </tr> <tr> <td>Equity investment in silent partnership, etc. 760 million yen (Note2)</td> </tr> </tbody> </table> <p>Calculation period: The three-month periods every year from February 1 to the last day of April, from May 1 to the last day of July, from August 1 to the last day of October and from November 1 to the last day of January in the following year. However, the first calculation period shall be from the acquisition date (March 29, 2018) to the last day of April 2018.</p> <p>Distribution of earnings(losses): In the event that the business generates earnings in the respective calculation period, the operator shall distribute the entire amount thereof to equity investors in accordance with their proportion of equity investment on the last day of the respective calculation period. In addition, in the event that the business generates losses in the respective calculation period, distributions shall be in accordance with their proportion of equity investment on the last day of the respective calculation period for up to the amount of losses of the business. However, in the event that the cumulative amount of losses to be distributed to equity investors exceeds the total amount of equity investment, the entire portion in excess shall be distributed to the operator.</p>	Godo Kaisha NRT Growth 13		Real estate trust beneficiary right, etc. 2,342 million yen (Note 1)	Non-recourse loan (senior) 1,282 million yen	Non-recourse loan (mezzanine) 300 million yen	Equity investment in silent partnership, etc. 760 million yen (Note2)
Godo Kaisha NRT Growth 13							
Real estate trust beneficiary right, etc. 2,342 million yen (Note 1)	Non-recourse loan (senior) 1,282 million yen						
	Non-recourse loan (mezzanine) 300 million yen						
	Equity investment in silent partnership, etc. 760 million yen (Note2)						

other	Right of first negotiation to be granted with the Acquisition	
	Content of right	<p>In the event that the trust beneficiary rights scheduled to be acquired on March 30, 2018 (please refer to “6. Content of the Property” below) or the real estate that is the trust property (the “Real estate trust beneficiary right, etc.”) is placed an offer by NIPPON REIT to be purchased subject to the terms and conditions stated in “Terms and conditions of price upon first negotiation” below no later than the end of June 2021, the operator shall grant the right to be the first to be entitled to negotiate to conclude purchase and sale agreement for entire of the Real estate trust beneficiary right, etc. to NIPPON REIT during the period from the equity interest acquisition date to end of September 2021.</p> <p>In addition, during the six month period from next day of deadline of the right of first negotiation (in the event NIPPON REIT does not place an offer to purchase no later than the end of June 2021, from July 2021), in the event that the operator is to sell the Real estate trust beneficiary right, etc. to a third party, the operator shall have the obligation to notify NIPPON REIT of the transaction price and other terms and conditions and the operator shall discontinue the sale to the concerned third party and then sell to NIPPON REIT if NIPPON REIT offers to purchase at a price that exceeds the concerned transaction price or under other terms and conditions that reasonably satisfy the operator.</p>
	Period	Till the last day of September 2021 (Scheduled)
	Terms and conditions of price upon first negotiation	<p>① That repairs of the real estate which cause by something occurred before conclusion of the silent partnership agreement and repairs of the real estate which cause something after conclusion of the silent partnership agreement beyond a reasonable scope not be demanded of the operator.</p> <p>② That the internal rate of return (IRR) of the operator be reasonably deemed to be above a predetermined level.</p> <p>③ That the transaction proceeds be paid in a lump sum on the date that the transaction is executed.</p>

(Note1) Real estate trust beneficiary right, etc. includes arrangement costs and reserves, etc. Furthermore, the total

real estate appraisal value of the 2 properties is 2,280 million yen.

(Note2) Of the total amount of equity investment in silent partnership, etc., NIPPON REIT's equity investment is scheduled to be 140 million yen (18.4% of the total amount of equity investment in silent partnership, etc.).

(Note3) Mizuho Trust & Banking Co., Ltd. is the asset managers for Godo Kaisha NRT Growth 13.

(Note4) SPC Securities Inc. is the party handling the private placement for Godo Kaisha NRT Growth 13.

(2) Overview of operator of silent partnership in which equity investment is to be made

Name	Godo Kaisha NRT Growth 13	
Location	2-7-1 Nihombashi Chuo-ku Tokyo	
Line of business	1. Acquisition, holding, disposition, leasing and management of real estate 2. Acquisition, holding and disposition of real estate trust beneficiary right 3. Other businesses incidental or related to businesses listed in the preceding items	
Title and name of representative	Representative member: Ippan Shadan Hojin NRT Growth 13 Person to execute duties: Keisuke Moriyasu	
Capital	100 thousand yen	
Other equity investor in silent partnership	Not disclosed (Note 1)	
Date of incorporation	March 7, 2018	
Total asset	2,342 million yen (Scheduled) (Note2)	
Net asset	100 thousand yen	
Relationship with NIPPON REIT or SRA		
Capital relationship Personnel relationship Business relationship	There is no capital relationship, personnel relationship or business relationship to be stated between NIPPON REIT or SRA and the concerned company. In addition, there is no capital relationship, personnel relationship or business relationship to be specially noted between associated persons and associated companies of NIPPON REIT or SRA and associated persons and associated companies of the concerned company.	
Related-party status	The Company falls under the category of a related party of NIPPON REIT and SRA. In addition, as stated above, the Company falls under the category of interested persons, etc. of SRA as provided in the Act on Investment Trusts and Investment Corporations. NIPPON REIT and SRA have conducted an appropriate approval procedure upon the Related-Party Transactions in accordance with voluntary rules pursuant to the rules on transactions with interested parties.	

(Note1) Not disclosed because consent has not been obtained from other equity investor in silent partnership.

(Note2) Total asset is rounded down to the nearest million yen.

4. Schedule of acquisition

March 28, 2018	Decision on acquisition
March 29, 2018	Conclusion of silent partnership agreement (scheduled)
March 29, 2018	Equity investment in silent partnership (scheduled)

5. Future outlook

The forecast of the management status for the fiscal period ending June 2018 (from January 1, 2018 to June 30, 2018) and December 2018 (from July 1, 2018 to December 31, 2018) announced in the "Summary of Financial Results for the Fiscal Period Ended December 31, 2017 (REIT)" dated February 16, 2018 remains unchanged because the impact will be minimal.

6. Content of the Property

(i) Esprit Kameido

Type of specified asset	Real estate trust beneficiary right	
Acquisition date	March 30, 2018(Scheduled)	
Trustee	Mizuho Trust & Banking Co., Ltd.	
Trust establishment date	March 30, 2018(Scheduled)	
Trust expiration date	March 30, 2028(Scheduled)	
Location (indication of residential address)	2-36-12 Kameido, Koto-ku, Tokyo	
Land	Parcel number	2-36-7 Kameido, Koto-ku, Tokyo, and another parcel
	Building coverage ratio /	100%(Note 1) / 600%
	Floor area ratio	Commercial district
	Use district	401.81 m ²
	Site area	Ownership
Building	Construction completion	June 1991, Alteration and extension in October 1991
	Structure / Floors	Steel-framed flat roof, 10F
	Use	Office
	Total floor space	2,241.44
	Type of ownership	Ownership
Master lease company	Godo Kaisha NRT Growth 13(Scheduled)(No.2)	
Type of master lease	Pass-through(Scheduled)(No.2)	
Appraisal value	1,280 million yen	
Real estate appraiser	Japan Real Estate Institute	
PML	6.8%	
Collateral after acquisition	The real estate trust beneficiary right is scheduled to have a pledge established with the loaner of the non-recourse loan to the operator as the pledgee. In addition, an agreement on establishment of a mortgage with a condition precedent that agrees to the concerned loaner as the mortgagee is scheduled to be concluded for the real estate that is the trust property.	
Status of leasing	Leasable floor space	2,010.81 m ²
	Leased floor space	2,010.81 m ²
	Occupancy rate	100%
	Total number of tenants	10
	Total rent income (annual)	77million yen
	Deposits, etc.	34 million yen
Special notations	Not applicable	

(Note1) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within fire prevention districts and commercial district.

(Note2) Master lease company is scheduled to be changed on May 20, 2018, the status after change is stated.

Characteristics

• Location

Traffic Convenience of the “Kinshicho zone” is rated high because of easy access to main office area such as the Tokyo station, the Mitsukoshimae station and the Otemachi station by the JR Line and subway. Small retail properties such as Atre Kameido which is located north side of Kameido station and residential properties such as individual houses and apartment buildings gather together around the station where the property is located nearby.

The area has certain market scale as small-to-middle-sized offices are found although its recognition as office area is low because there is no large sized office building in the area.

The property is 6-minute walk from the Kameido station on the JR Sobu Line and Tobu Kameido Line. It has certain competitiveness because of good location as along the Meiji dori Avenue which is main street in the area.

• Building

The property is small-sized building with total floor space of approximately 700 tsubo and standard floor space of approximately 60 tsubo, the size of the building is average in the zone.

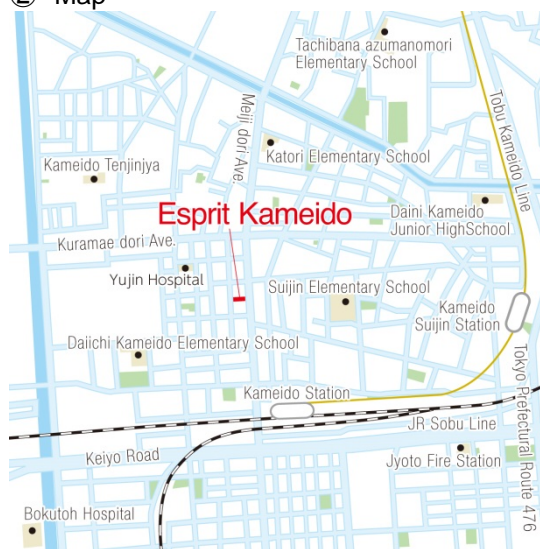
Furthermore the property has certain competitiveness in the Kinshicho zone where relative old buildings are often found. The property is equipped with standard specifications that meet tenant needs.

(ii) Photo of real estate that is the trust property and Map

① Photo



② Map



(ii) Towa Kandnishikicho Building

Type of specified asset		Real estate trust beneficiary right
Acquisition date		March 30, 2018 (Scheduled)
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust establishment date		March 20, 2003
Trust expiration date		The last day of March 2028(Scheduled)
Location (indication of residential address)		3-4-2, Kanda-nishikicho, Chiyoda-ku, Tokyo
Land	Parcel number	3-4-2, Kanda-nishikicho, Chiyoda-ku, Tokyo
	Building coverage ratio /	100% (Note1)/ 600%
	Use district	Commercial district
	Site area	298.44 m ²
	Type of ownership	Leasehold (right to lease)(Note2)
Building (Note3)	Construction completion	August 1992
	Structure / Floors	Steel-framed · Steel-framed reinforced concrete with flat roof, B1/6F
	Use	Office
	Total floor space	1,461.12 m ²
	Type of ownership	Sectional ownership
Master lease company		Godo Kaisha NRT Growth 13
Type of master lease		Pass-through
Appraisal value		1,000 million yen
Real estate appraiser		Japan Real Estate Institute
PML		5.6%
Collateral after acquisition		The real estate trust beneficiary right is scheduled to have a pledge established with the loaner of the non-recourse loan to the operator as the pledgee. In addition, an agreement on establishment of a mortgage with a condition precedent that agrees to be the concerned loaner as the mortgagee is scheduled to be concluded for the real estate that is the trust property.
Status of leasing		
	Leasable floor space	1,324.08 m ²
	Leased floor space	1,324.08 m ²
	Occupancy rate	100%
	Total number of tenants	5
	Total rent income (annual)	62 million yen
	Deposits, etc.	38 million yen
Special notations		Not applicable

(Note1) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within fire prevention districts and commercial district.

(Note2) Detail of the leasehold is not disclosed as owners' consent to disclosure has not been obtained.

(Note3) This building is owned sectionally, however the asset to be acquired is all of sections, therefore the information of whole building is stated.

Characteristics

• Location

Traffic Convenience of the “Kanda-jimbocho/Kanda-ogawacho zone” is rated high in which 6 stations are available on the 7 lines such as the JR Chuo and Sobu Line, Tokyo Metro Marunouchi, Chiyoda and Hanzomon Line, and Toei Subway Shinjuku and Mita Line.

Furthermore south side of the zone is contiguous to “Marunouchi/Otemachi/Yurakucho zone” which is one of the main office areas in Japan, it has high competitiveness because of reasonable rent in contiguity with the main zone.

The zone attracts major enterprises as well as many small-to-medium-sized enterprises in a wide range of industries based on high traffic convenience and relative reasonable rent though it is located in Chiyoda ward.

The property is 4-minute walk from the Ogawacho station on the Toei Subway Shinjuku Line, 5-minute walk from the Jimbocho station on the Toei Subway Mita and Shinjuku Line and Tokyo Metro Hanzomon Line and 5-minute walk from the Takebashi station on the Tokyo Metro Tozai Line, it has high traffic convenience and certain visibility with three way passage although located behind of main street.

In addition, development of large-sized complex building of office, retail and multi-purpose hall with B1/21F (scheduled construction completion: March 2020) is ongoing in the site of previous Tokyo Denki University Kanda Campus and Kanda Police Office, further accumulation of office and retail will be expected in the zone.

• Building

The property is small-sized building with total floor space of approximately 440 tsubo and standard floor space of approximately 60 tsubo, the size of the building is average in the zone.

The property has relatively high competitiveness because relative old buildings with old quakeproof standard are often found in the zone. Furthermore The property is equipped with standard specifications that meet tenant needs.

(ii) Photo of real estate that is the trust property and Map

① Photo



② Map



<「6. Explanation of matters stated in table 3. Content of the Property」>

- “Location (indication of residential address)” is the indication of residential address of the Property. In addition, if there is no indication of residential address, the building location in the registry (if several, then one of the locations) is stated.
- “Parcel number”, lot number in the registry (if several, then one of the locations) is stated.
- “Building coverage ratio” and “Floor area ratio” of land are, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act, and rounded to the nearest whole number. Depending on a specified asset, there are cases where “Building coverage ratio” and “Floor area ratio” are subject to certain relaxation measures or restriction measures. In addition, where there are several floor area ratios that apply to a site, the floor area ratio is stated by converting to one that applies to the entire site.
- “Use district” of land is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- “Site area” of land is based on that stated in the registry and may differ from the present state.
- “Type of ownership” of land is the type of rights of the real estate held by the trustee of the Property.
- “Construction completion” of building is the date of new construction in the registry. In addition, the date of extension, reconstruction, etc. are also stated, if any.
- “Structure / Floors” of building is based on that stated in the registry.
- “Use” of building is the major type of building in the registry.
- “Total floor space” of building is based on that stated in the registry, and annex buildings are separately stated, if any.
- “Type of ownership” of building is the type of rights of the real estate held by the trustee of the Property.
- “Master lease company” is the company that has concluded or the company that is scheduled to conclude a master lease agreement that is valid as of today for the Property.
- “Type of master lease” is the main type of master lease agreement concluded or scheduled to be concluded as of today, where “Pass-through” is a master lease agreement in which the master lease company shall pay the same amount of rent as the rent payable by end tenants to the master lease company and “Rent guaranteed” is a master lease agreement in which the master lease company shall pay a fixed amount of rent.
- “Appraisal value” is the appraisal value stated in the appraisal report prepared by Japan Real Estate Institute with March 1, 2018 as the effective date of appraisal as requested as part of due diligence upon acquisition of the real estate trust beneficiary right by Godo Kaisha NRT Growth 13, and rounded down to the nearest million yen.
- “PML” is the PML (Probable Maximum Loss) calculated in the evaluation of seismic risk analysis conducted by Tokio Marine & Nichido Risk Consulting Co., Ltd., and rounded to one decimal place. Furthermore, “Probable Maximum Loss” means the probable maximum loss that may result from an earthquake and, herein, refers to the extent of damage that may be suffered due to an earthquake of the assumed maximum scale (earthquake with a probability of occurring once in 475 years = earthquake with a 10% probability of occurrence in 50 years) in the assumed scheduled use period (50 years = useful life of a general building), expressed as the estimated cost of restoring such damage as a percentage (%) of the replacement cost.
- “Collateral after acquisition” is whether or not collateral is scheduled to be established after acquisition of the real estate trust beneficiary right by each party.
- “Status of leasing” is based on the figures and information provided by the previous owner or the trust beneficiary, etc. regarding the content, etc. of the lease agreement, etc. that is valid as of the end of January 2018, unless otherwise stated.
- “Leasable floor space” is the floor space regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building of each asset as of the end of January 2018 for the Property.
- “Leased floor space” is the sum total of the leased floor space indicated in each lease contract or each provisional lease contract for the Property as of the end of January 2018. However, in cases where a pass-through type master lease agreement is scheduled to be concluded, the sum total of the leased floor space of end tenants indicated in each sublease contract or each

provisional sublease contract for the Property as of the end of January 2018. Furthermore, because there are cases where leased floor space indicated in lease contracts, etc. includes the portion not included in total floor space, there are cases where total leased floor space may exceed total floor space.

- “Occupancy rate” is the ratio of the leased floor space to the leasable floor space for the Property as of the end of January 2018, and rounded to one decimal place.
- “Total number of tenants” is the sum total of the number of tenants in the lease agreement of the Property indicated in each lease agreement for the Property as of the end of January 2018. Furthermore, in cases where a pass-through type master lease agreement is scheduled to be concluded for the concerned asset, the total number of end tenants (Note 1) is stated. However, even in the case of a pass-through type master lease agreement, in cases where the sub lessee subleasing the entire property from the master lease company has been entrusted with property management and shall pay fixed rent to the master lease company, the total number of tenants is stated as 1.
- “Total rent income (annual)” is the annual rent, or the amount annualized by multiplying the monthly rent by 12, for the building indicated in each lease contract or each provisional lease contract for the Property as of end of January 2018 (Note 2), and rounded down to the nearest million yen. However, in cases where a pass-through type master lease agreement is scheduled to be concluded between the master lease company and the lessor, etc. in which, in principle, the rent, etc. from end tenants is received as is, the annual rent, or the amount annualized by multiplying the monthly rent by 12, indicated in each sublease contract or each provisional sublease contract with end tenants for the Property as of the end of January 2018 (Note 2), and rounded down to the nearest million yen is stated.
- “Deposits, etc.” is the sum total amount of tenant leasehold and security deposits required based on each lease agreement for the Property as of end of January 2018 (limited to the tenant leasehold and security deposits based on the lease agreement for the leasing space occupied as of the end of January 2018), and rounded down to the nearest million yen. In cases where a master lease agreement is scheduled to be concluded for the concerned asset, the sum total amount of tenant leasehold and security deposits required based on the lease agreement concluded with end tenants, and rounded down to the nearest million yen is stated.

(Note 1) Excluding warehouse, signboard, parking lot, etc.

(Note 2) For the Property under several lease agreements, the sum total amount thereof. In addition, common area maintenance charges are included, but warehouse, signboard, parking lot, etc. usage fees are not included, and free-rent is not taken into account (excluding consumption taxes).

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

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