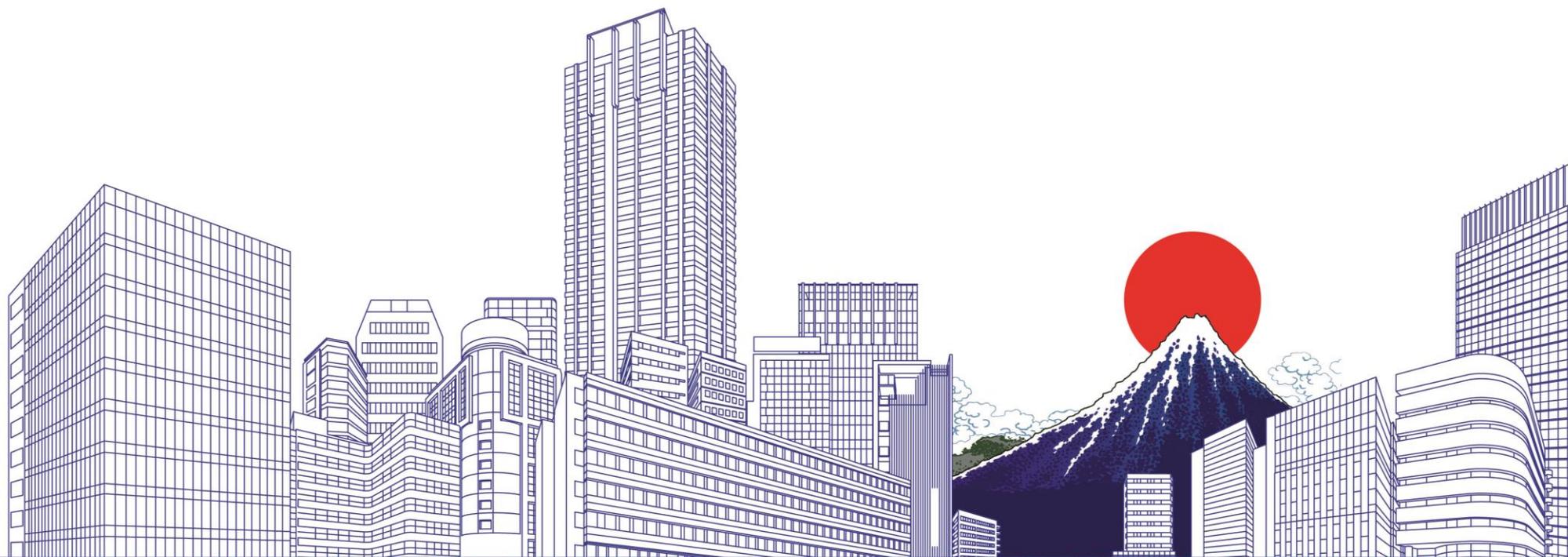


真面目に、地道に、堅実に
Serious Steady Solid



Performance Report

(Apr.-June 2016)

August 17, 2016

Overview of the new bridge fund

NIPPON REIT invested in the new bridge fund on June 28, 2016 and was granted the right of first negotiation for 4 properties.

Fund name	Godo Kaisha Nicolas Capital 8	Total appraisal value of properties	¥ 6,950 mm
Agreement conclusion date	June 27, 2016	Deadline of the right of first negotiation	End of December 2017
Equity investment amount	¥ 500 mm	Total price upon first negotiation	¥ 6,835 mm

Summary of the properties

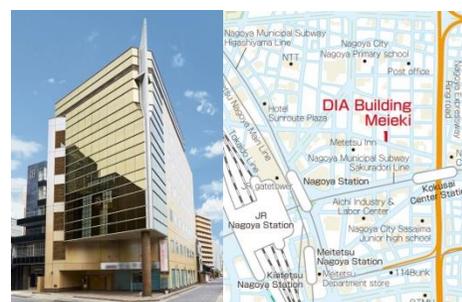
Office



Office



Office



Office



Property name	SC Sakaisujihonmachi Building
Location	Chuo-ku, Osaka
Total floor space	6,075.86 m ²
Completion	Mar. 1998
Appraisal value	¥ 1,790 mm
First negotiation price	¥ 1,723 mm

Property name	Alte Building Higobashi
Location	Nishi-ku, Osaka
Total floor space	4,503.74 m ²
Completion	June 1993
Appraisal value	¥ 1,480 mm
First negotiation price	¥ 1,476 mm

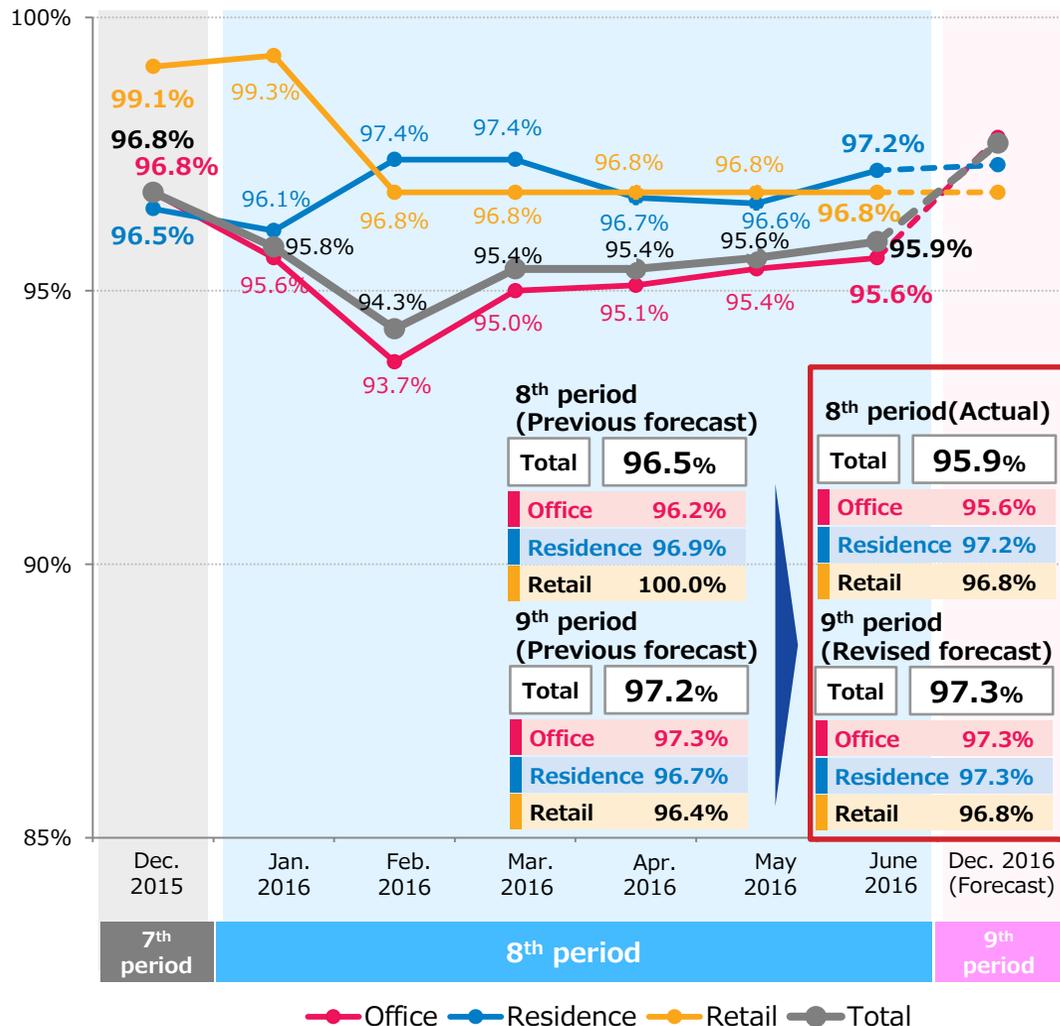
Property name	DIA Building Meieki
Location	Nakamura-ku, Nagoya
Total floor space	2,909.28 m ²
Completion	Dec. 1991
Appraisal value	¥ 1,190 mm
First negotiation price	¥ 1,186 mm

Property name	Hiroo ON Building
Location	Shibuya-ku, Tokyo
Total floor space	2,707.95 m ²
Completion	Mar. 1995
Appraisal value	¥ 2,490 mm
First negotiation price	¥ 2,450 mm

Occupancy Rate Trends

Office : Leasing activities progressed steadily and occupancy rate has recovered to 95.6%.
 Residence : Stably maintained 96-97% range throughout the 8th period.
 Retail : Occupancy rate remains at 96.8%. Continuing leasing activity for vacant spaces of Komyoike Act.

Occupancy Rate Results and Forecast



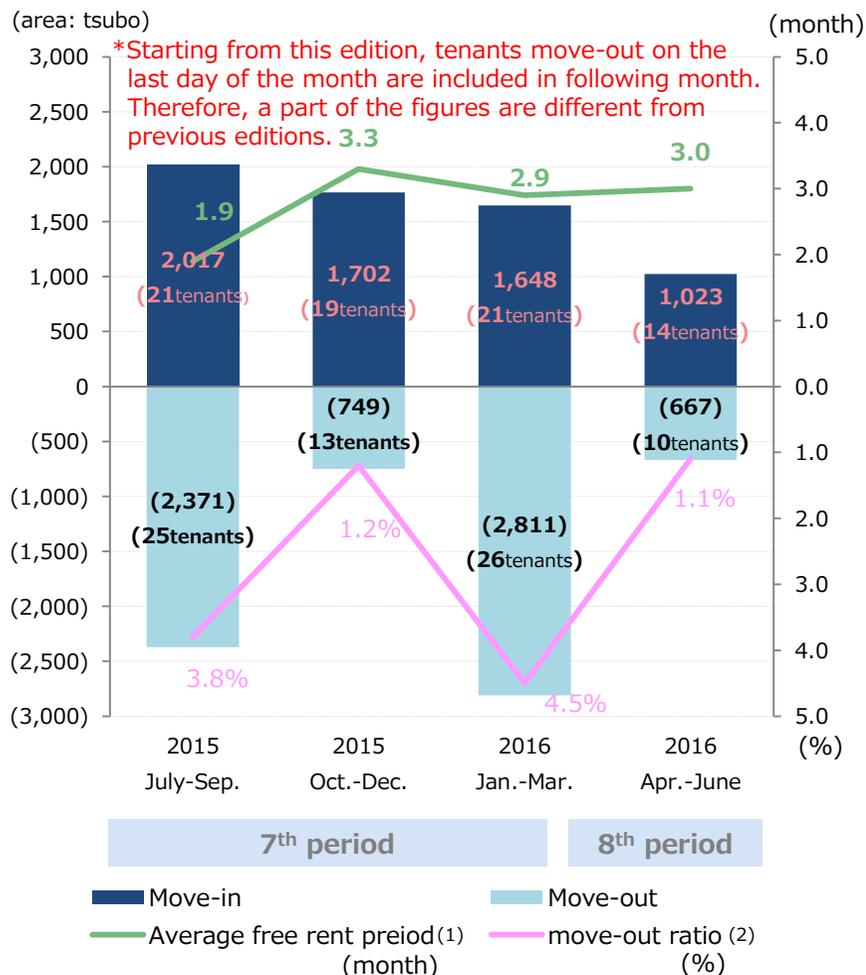
Major Factors Affecting Occupancy Rate

Property name	Occupancy rate		Change in leased area (tsubo)
	As of end of Mar.	As of end of June	
Sumitomo Mitsui Bank Koraibashi Building	87.2% ↗	98.6%	176
FORECAST Ichigaya	87.2% ↗	100%	148
Toranomon Sakura Building EM	56.8% ↗	72.5%	144
La Verite Akasaka EM	73.7% ↗	100%	138
My atria Meieki	89.5% ↗	99.1%	83
FORECAST Yotsuya	89.7% ↗	100%	52
MK Kojimachi Building	100% ↘	74.0%	(138)
GreenOak Kayabacho	100% ↘	86.4%	(123)
Itohia Iwamotocho 2-Chome Building	86.4% ↘	79.2%	(74)
FORECAST Nishishinjuku	100% ↘	89.0%	(64)

EM : Properties of which occupancy rate has recovered through enhancement of competitiveness and improvement of tenant satisfaction with effective Engineering Management

Tenant Move-in and Move-out

※Total leasable area as of the end of June (Office) : 63,091 tsubo



Notes

1. Calculated for tenants concluded new lease contract during respective period.
2. Move-out ratio is calculated by following formula ; total move-out area during respective period / total leasable area as of the end of the respective period.
3. Among properties 90% or below in occupancy rate as of the end of March 2016, properties that has larger vacant area are stated.
4. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and termination notices.

Major Properties Under Leasing Initiative⁽³⁾

Property name	Occupancy Rate (Mar.2016)	Vacant Floors/ Sections	Vacant Area (tsubo)	Status of leasing activities and assumed occupancy rate ⁽⁴⁾
JS Progres Building	70.4%	4 floors	1,073	Lease contract: 2floors Assumed occupancy rate : 80.6% (Sep. 2016)
New River Building	69.5%	3 floors	358	Lease contract : 2 floors Assumed occupancy rate : 90.1% (Aug. 2016)
Toranomon Sakura Building	72.5%	3 floors/ 4 sections	288	Termination notice : 1 section Assumed occupancy rate : 68.8% (Sep. 2016)
FORECAST Shinagawa	69.8%	2 floors	217	Tenancy application : 2 floors Assumed occupancy rate : 100% (Sep. 2016)
Itohpia Iwamotocho 2-chome Building	79.2%	2 floors/ 2 sections	217	Tenancy application : 1 section Assumed occupancy rate : 86.4% (Oct. 2016)
ANTEX24 Building	73.5%	2 floors	181	Tenancy application : 1 floor Lease contract : 1 floor Assumed occupancy rate : 100% (Nov.2016)
MK Kojimachi Building	74.0%	3 floor	138	Tenancy application : 3 floors Assumed occupancy rate : 100% (Sep. 2016)
GreenOak Kayabacho	86.4%	1 floor	123	

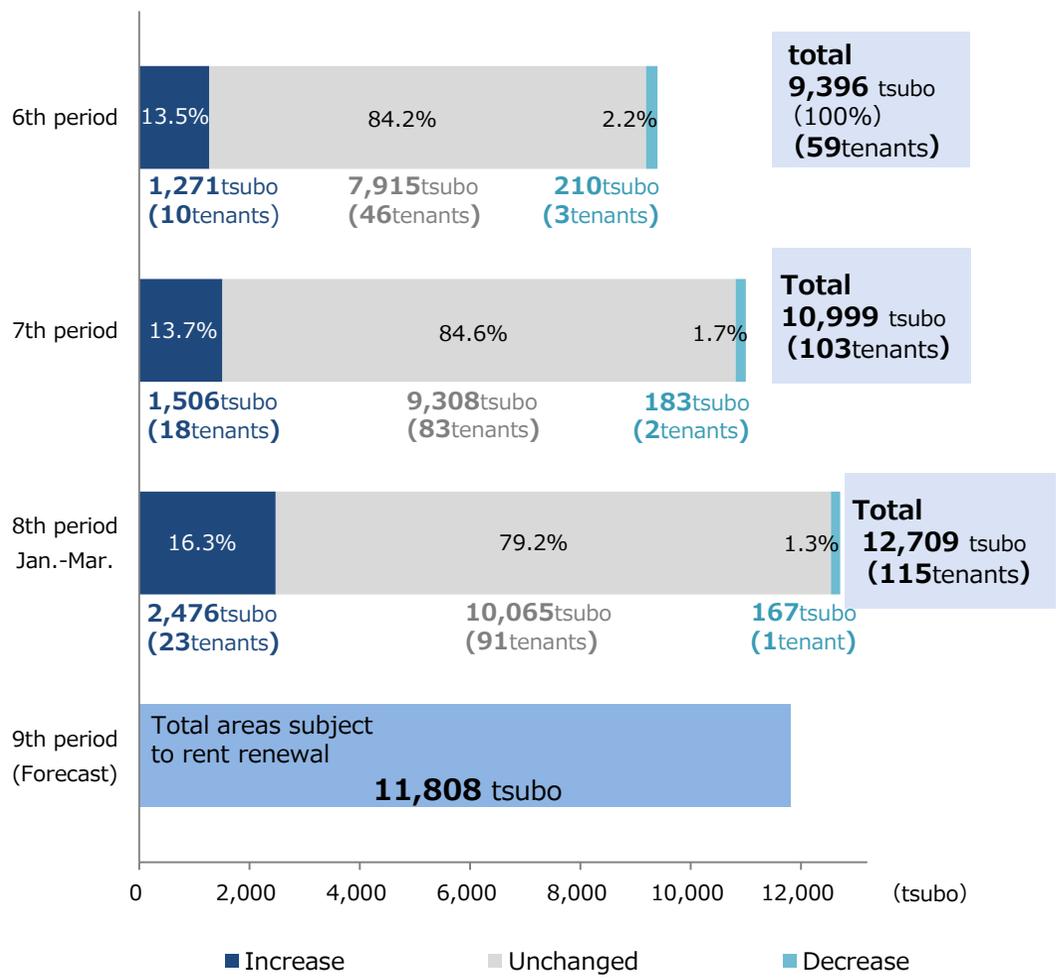
Status of termination notices (Scheduled to move-out until Dec. 2016)

Property name	Occupancy Rate (June 2016)	Status of termination notice and assumed occupancy rate ⁽⁴⁾
FORECAST Waseda FIRST	100%	Termination notice : 2 floors (4 sections) Contracted : 2 sections Tenancy application : 1 section Assumed occupancy rate : 95.5% (Feb. 2017)
Itohpia Iwamotocho Annex Building	100%	Termination notice : 1 floor Assumed occupancy rate : 89.0% (Sep. 2016)
Itohpia Kiyosubashidori Building	100%	Termination notice : 2 floors Tenancy application : 1 floor Assumed occupancy rate : 86.0% (Jan. 2017)

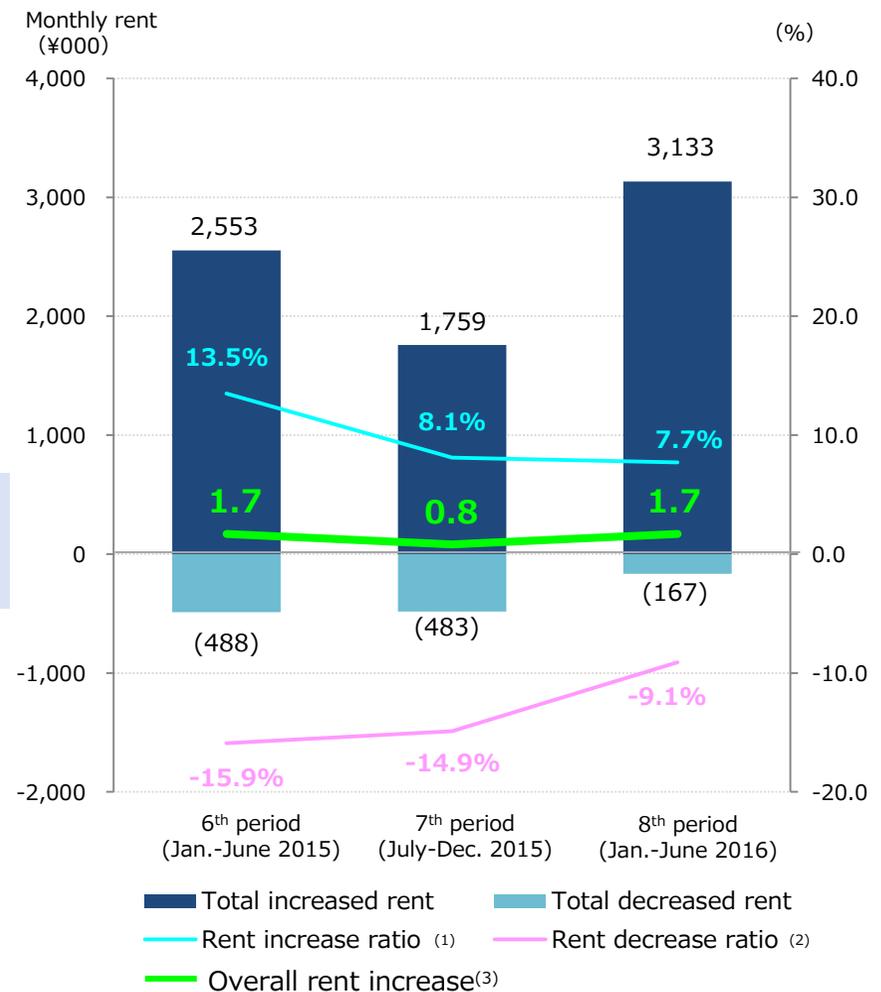
Track Record of Rent Renewals

Achieved rent increase for 23 tenants (2,476 tsubo) out of 115 tenants (12,709 tsubo) from January to June 2016.

Rent Renewals in Office Properties (Leased area)



Rent Renewals in Office Properties (Rent)



Note

1. Rent increase ratio refers to the increase ratio of total rent for tenants who accepted a rent increase after renewal to the total rent before renewal.
2. Rent decrease ratio refers to the decrease ratio of total rent for tenants who had their rent reduced after renewal to the total rent before renewal.
3. Overall rent increase refers to the increase (decrease) ratio of total rent for all tenants after rent renewal to the total rent before renewal.

FORECAST Shinagawa
Renovation of restrooms and establishment of smoking area
Tenant satisfaction

With aims of enhancing property competitiveness and improving the workplace environment, executed renovation of the restrooms including installation of additional stalls in the men's and women's restrooms. Also, established a new smoking area on the rooftop under the guidance of Japan Tobacco Inc.



ANTEX24
Renovation of restrooms
Tenant satisfaction

With aims of enhancing property competitiveness and improving the workplace environment for women, executed renovation of the restrooms including installation of additional stalls in the women's restroom.

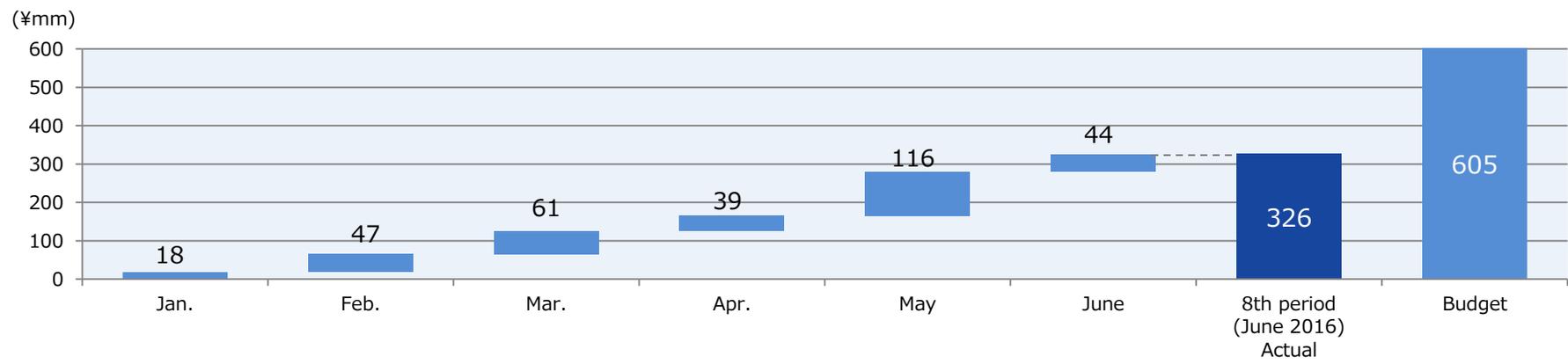


Toranomon Sakura Building
Floor split with establishment of a hallway
Tenant satisfaction

In establishing a hallway accompany with the floor split work, using glass for the partition wall to deliver the natural light to the space after the split with aims of creating brightness and reducing the cramped image. Also, created a warm tone in the hallway by replacing the blind and lighting.



Status of Engineering Management Implementation



Implementation of measures to increase revenue from parking lots

Profitability enhancement

By reviewing the sublessee parking operators throughout the portfolio and concluding agreements under more favorable terms at 19 properties (300 parking lots). Aim for approx. ¥25.5mm revenue increase.

JS Progres Building Construct new parking spaces

Profitability enhancement

Planning to boost the number of parking spaces by changing layouts with aims of promoting leasing activity and increasing revenue.
* We expect to lease increased parking lots to new tenants.

JS Progres Building Entrance hall renovation

Tenant satisfaction

With aims of improving tenant satisfaction and promoting leasing activities, executed renovation of waiting space at the entrance hall. Since there had been a dark impression, we reviewed the lighting plan including additional indirect lighting and color zoning. This renovation has received favorable evaluation from tenants as it gives a good impression to many customers visit the building. We expect to promote leasing activity by improving impression of property when tenant viewing.



Hisamatsucho Reeplex B's Renovation of restrooms

Tenant satisfaction

In response to tenant questionnaire feedback, implemented renovation of restroom on the floor which visitors come frequently. Upon the implementation of renovation, we maintained close communication with the tenant and fully reflected their requirement to maximize tenant satisfaction.



FORECAST Shinjuku SOUTH / New River Building Air conditioning renewal and LED lights installation utilizing subsidies

Cost reduction

With an aim to enhance property competitiveness, planning to renew the air conditioning and install LED lights to implement energy saving while utilizing subsidies from MITI to reduce cost.

*Please note that NIPPON REIT may not receive regulatory approval for subsidies as a result of examination.



Sumitomo Mitsui Bank Koraibashi Building Restaurants entrance renovation

Tenant satisfaction

With an aim to improve ability to attract customers for restaurants on the basement level, planning to renovate the restaurant entrance. This renovation will improve visibility of restaurant zone and therefore should lead to promotion of leasing activity and improvement of impression for office employees.



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