



Performance Report

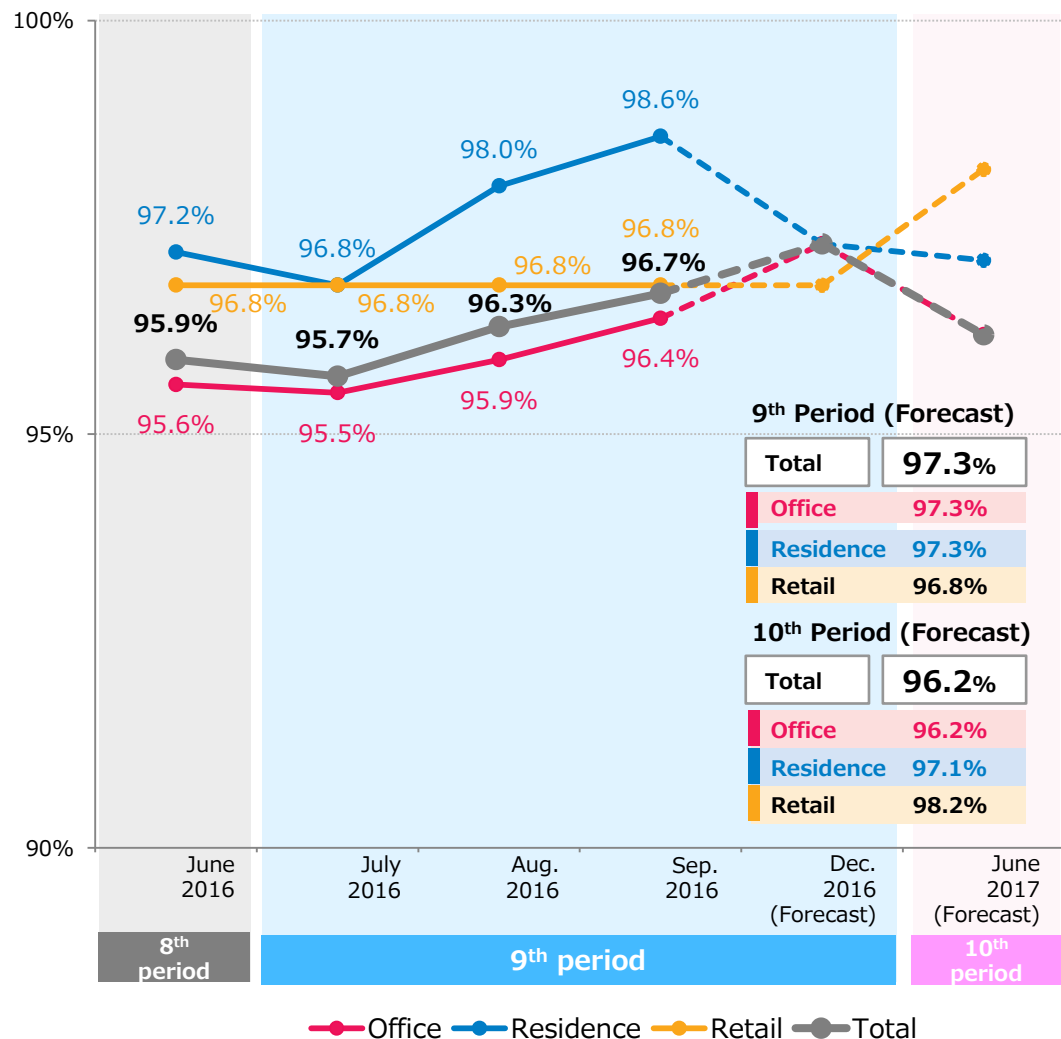
(July-Sep. 2016)

October 28, 2016

Occupancy Rate Trends

Office : Leasing activities progressed steadily and occupancy rate has recovered to 96.4%.
 Residence : Occupancy rate has shown favorable movement and exceeded 98%.
 Retail : We have made upward revision of forecast for 10th period from 91.8% to 98.2%, considering current leasing status.

Occupancy Rate Result and Forecast



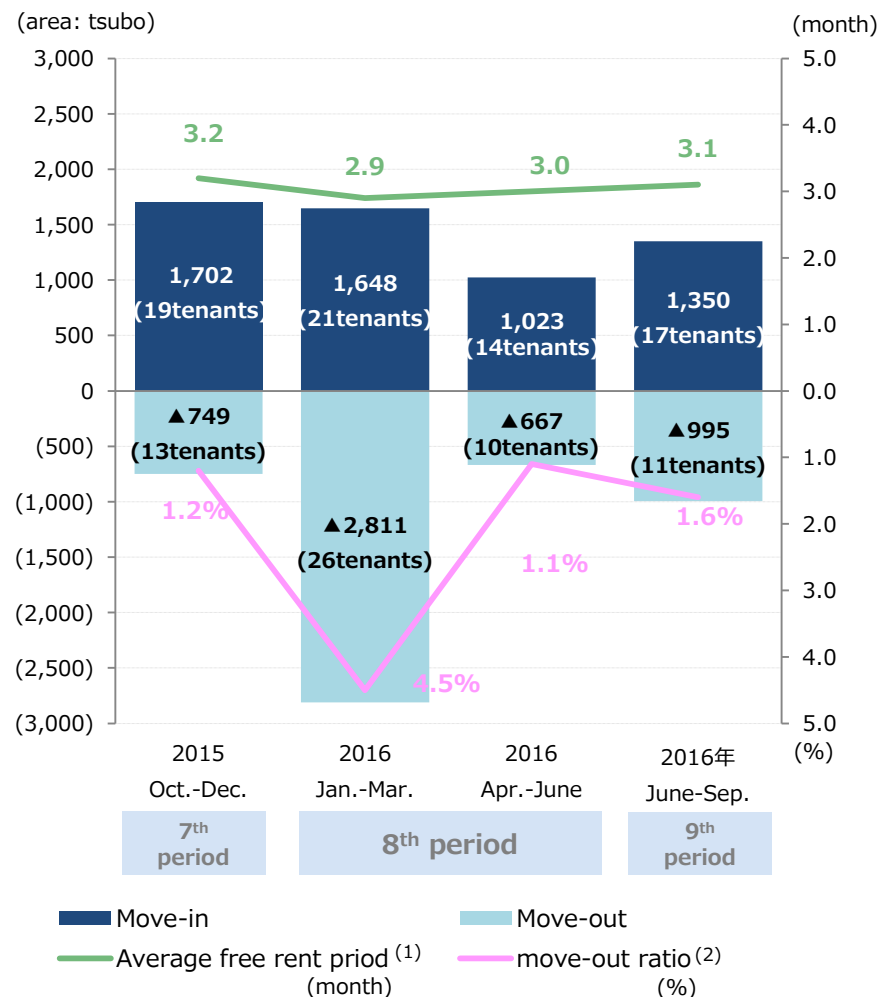
Major Factors Affecting Occupancy Rate

Property name	Occupancy rate		Change in leased area (tsubo)
	As of end of June	As of end of Sep.	
JS Progres Building EM	70.4%	80.6%	369
New River Building	69.5%	90.1%	242
FORECAST Shinagawa EM	69.8%	100%	217
MK Kojimachi Building	74.0%	100%	137
FORECAST Nishishinjuku	89.0%	100%	64
FORECAST Waseda FIRST	100%	79.4%	▲270
Itohpia Iwamotocho ANNEX Building	100%	89.0%	▲102
Toranomon Sakura Building	72.5%	68.8%	▲33

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) :63,122 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. Properties 90% or below in occupancy rate as of the end of September 2016.
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 (Sep. 2016)	Vacant Floors/ Sections	Vacant Area (tsubo)	Status of leasing activities and assumed occupancy rate ⁽⁴⁾
JS Progres Building	80.6%	2floors	704	
Toranomon Sakura Building	68.8%	3floors /4sections	288	Tenancy application: 1section Assumed occupancy rate :78.0% (Oct.2016)
FORECAST Waseda FIRST	79.4%	2floors /3sections	270	Lease contract: 1section Assumed occupancy rate:85.2% (Dec. 2016)
Itohpia Iwamotocho 2-chome Building	79.2%	2floors /3sections	216	Lease contract: 1floor Tenancy application: 2sections Assumed occupancy rate:100% (Oct. 2016)
ANTEX24 Building	73.5%	2floors	181	Lease contract: 1floor Assumed occupancy rate:86.7% (Nov. 2016)
GreenOak Kayabacho	86.4%	1floor	123	
Itohpia Iwamotocho Annex Building	89.0%	1floor	102	
FORECAST Shin-Tokowabashi	85.3%	1floor	80	

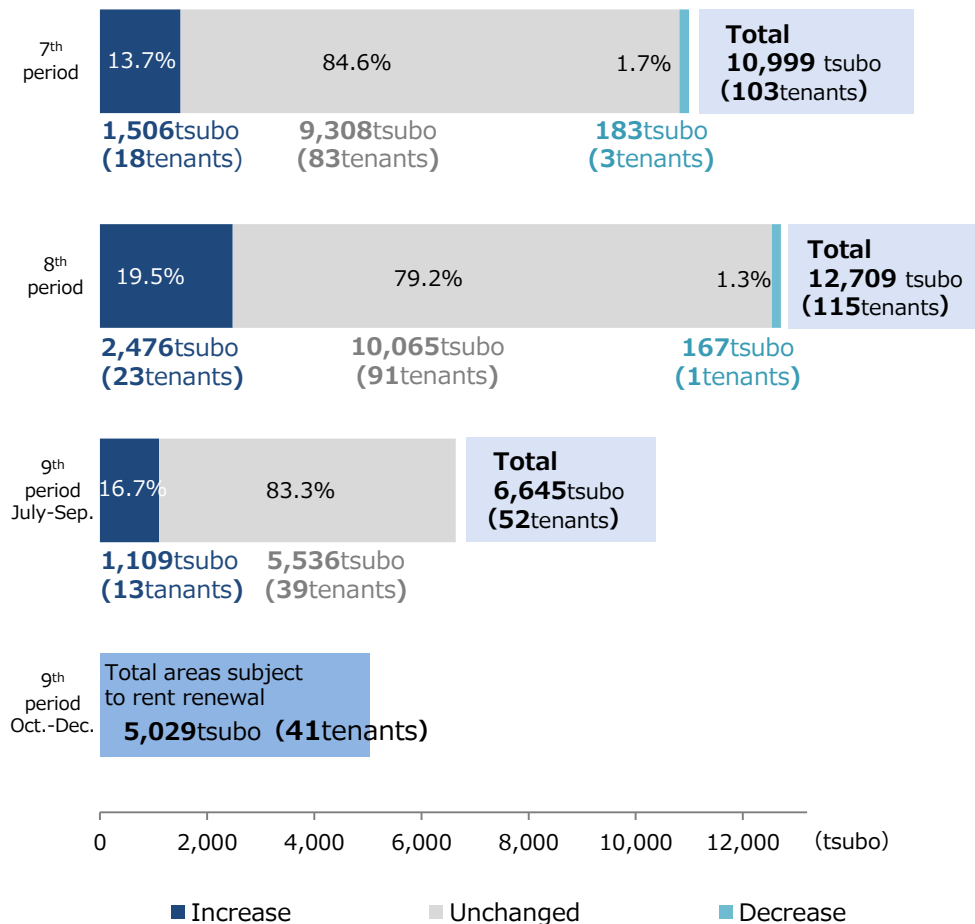
Status of termination notices (Scheduled to move-out until Dec. 2016)

Property name	Occupancy Rate (June 2016)	Status of termination notice and assumed occupancy rate ⁽⁴⁾
Itohpia Kiyosubashidori Building	100%	Termination notice : 2floors Tenancy application : 2floors Assumed occupancy rate:100%(Apr. 2017)
Mejiro NT Building	100%	Termination notice : 1floor Assumed occupancy rate:87.5%(Jan. 2017)
Itohpia Iwamotocho 1-chome Building	100%	Termination notice : 1floor Assumed occupancy rate:89.8%(Feb. 2017)
NORE Meieki	100%	Termination notice : 2floors Assumed occupancy rate:94.7%(July 2017)

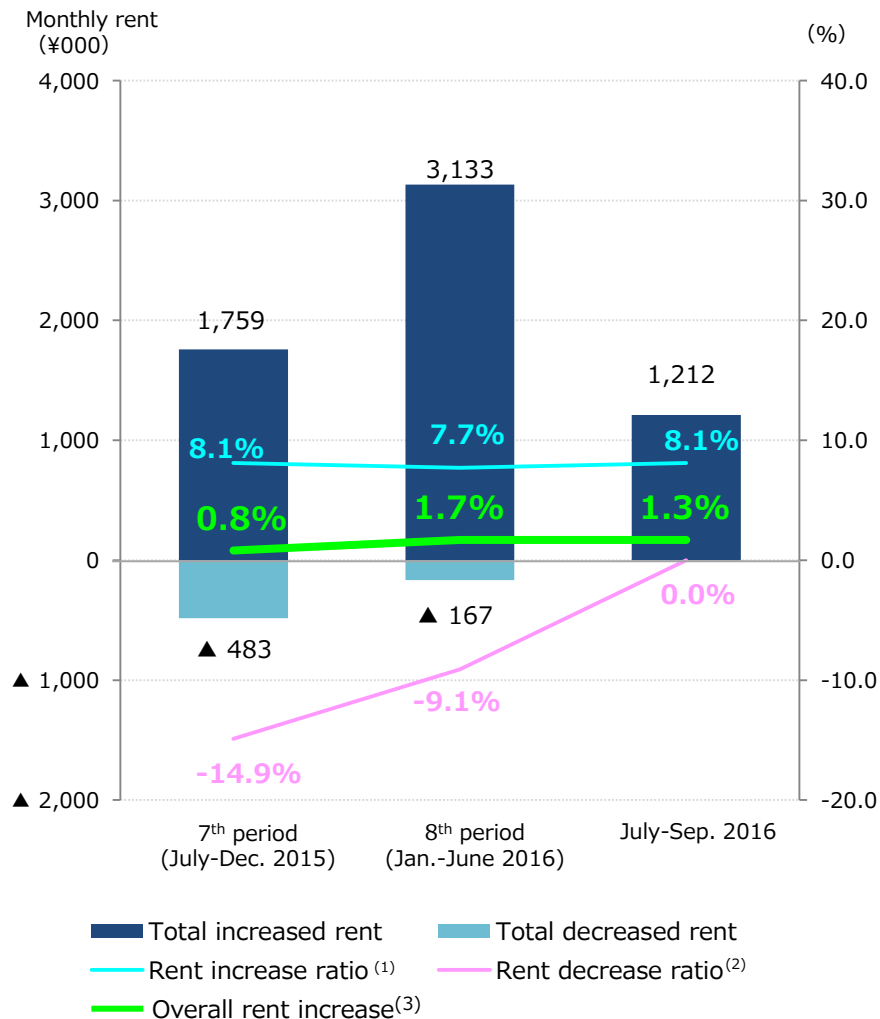
Track Record of Rent Renewals

Achieved rent increase for 13 tenants (1,109tsubo) out of 52 tenants (6,645 tsubo) from July to September 2016.
Overall rent increase ratio against all tenants subject to renewal was 1.3%.

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.

**19 properties
Switched parking lot
sub-leasing company** *Profitability
enhancement*

We have conducted a bidding and switched parking lot sub-leasing company of 19 properties (300 parking lots) in April. Approx. ¥25.5mn p.a. revenue increase is expected.

**JS Progres Building
Increased parking lot space** *Profitability enhancement*

Increased 10 parking lots through a leveling of unused space (after expansion 135 parking lots). We have concluded lease contract for the new parking lots and expect ¥2.4mn p.a. increase in revenue.



**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.

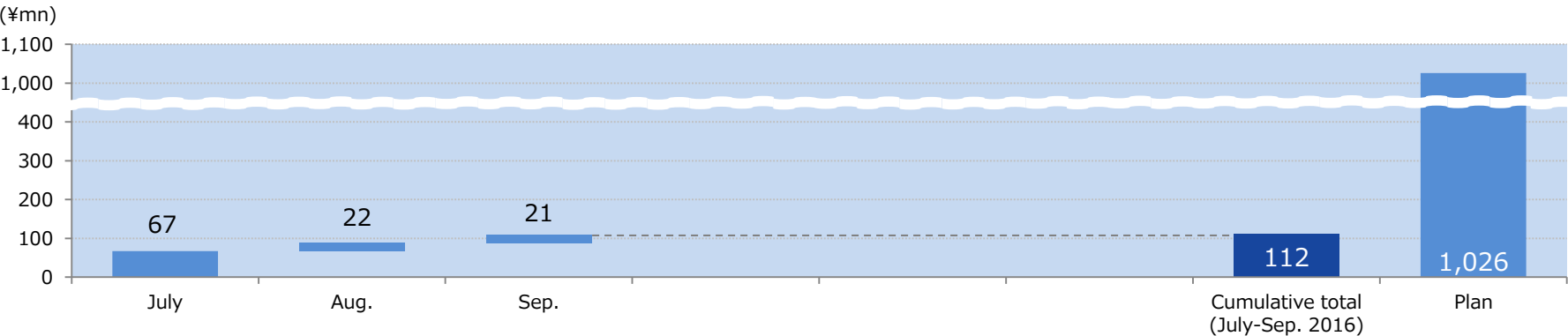


**JS Progres Building
Entrance hall renovation** *Tenant satisfaction*

Executed renovation of waiting space at the entrance hall. Through the renovation including additional indirect lighting and color zoning to give a bright impression in the space that have many visitors, we expect to improve tenant satisfaction and promote leasing activities.



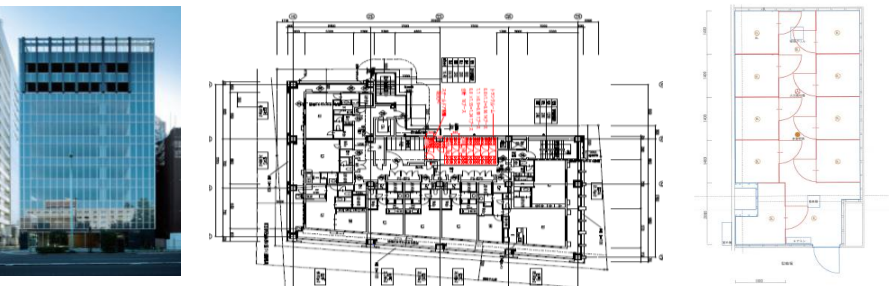
Status of Engineering Management Implementation



FORECAST Ichigaya
Change extra space to storeroom

*Profitability
enhancement*

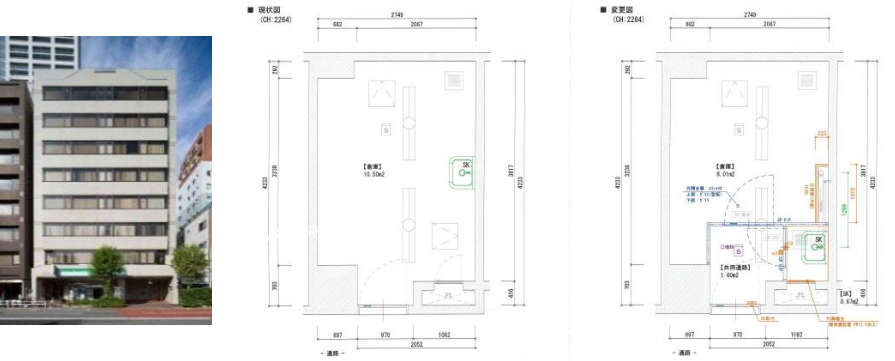
Planning to convert an extra space (unused space above the elevator shaft) to for-lease storeroom of residential floors under the favor of the legal revision (easing of floor area ratio calculating method). We aim to enhance competitiveness of the property and increase revenue through fulfilling potential needs for storeroom.



ANTEX24 Building
Creating new leasable area

*Profitability
enhancement*

Planning to convert an extra space on the 1st floor to for-lease storeroom responding to current tenants' needs. We aim to improve tenant satisfaction and enhance profitability of the property through improvement of convenience.



New River Building
Air conditioning system renewal and LED lights installation utilizing subsidy

*Cost
reduction*

With an aim to enhance property environmental performance and reduce utility expenses, planning renewal of air conditioning system and installation of LED lights. We expect to improve cost-effectiveness through cost reduction by utilizing subsidies from MITI. (cost: approx.¥99mn, subsidy: approx.¥42mn(estimate))

14 office properties
Building management cost reduction

*Cost
reduction*

With an aim to reduce building management cost, planning to change building manager and revise service specifications of 14 office properties. We expect to reduce approx. ¥2.9mn p.a. (or 3%) of management cost by choosing a manager with the most favorable terms through bidding process and revising service specification in consideration of building specification and tenants' needs.

Sumitomo Mitsui Bank Koraibashi Building
Restaurant zone entrance renovation

*Tenant
satisfaction*

Planning to renovate the entrance of the restaurant zone on the basement level along the main street. We expect to improve tenant satisfaction and promote leasing activity through the renovation, as it should improve the customer attraction ability and impression of the building.



This presentation material may include forward-looking statements on the financial standing and operating results of NIPPON REIT. These forward-looking statements include portions that assume certain risks and uncertainty. As such, please note that actual results may differ due to changes in the business environment in the future and other factors.

The purpose of this presentation material is to provide information of NIPPON REIT, and not to solicit investments in or recommend trading of specific products. NIPPON REIT assumes no responsibility for any problems, losses or damage resulting from any activity related to decisions based on the information on this presentation material.

In addition, please note that NIPPON REIT cannot take any responsibility for any damage occurring from any falsification of texts, leakage of texts and content, unauthorized use by third parties or any other accidents that are not attributable to NIPPON REIT.

The content may be changed without notice, and NIPPON REIT does not bear any responsibility for any problems, losses or damage caused by the action.

Contact for inquiries



Sojitz REIT Advisors K.K.

TEL: +81-3-5501-0080

<http://www.sojitz-sra.com/en>