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For Immediate Release

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Performance Report (January-March 2017)

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces concerning performance of asset management as follow.

(Contents)

- Occupancy Rate Trends
- Status of Tenant Move-in and Move-out, and Properties Under Leasing Initiative
- Track Record of Rent Renewals
- Major Track Record and Plan of Engineering Management
- Commencement of “Select Office” project

(Topics)

- The occupancy rate as of the end of March 2017 recorded 99.4%, the highest ever
- We commence “Select Office” project as new leasing activity

Please refer to the performance report for details.

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

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真面目に、地道に、堅実に
Serious Steady Solid



Performance Report

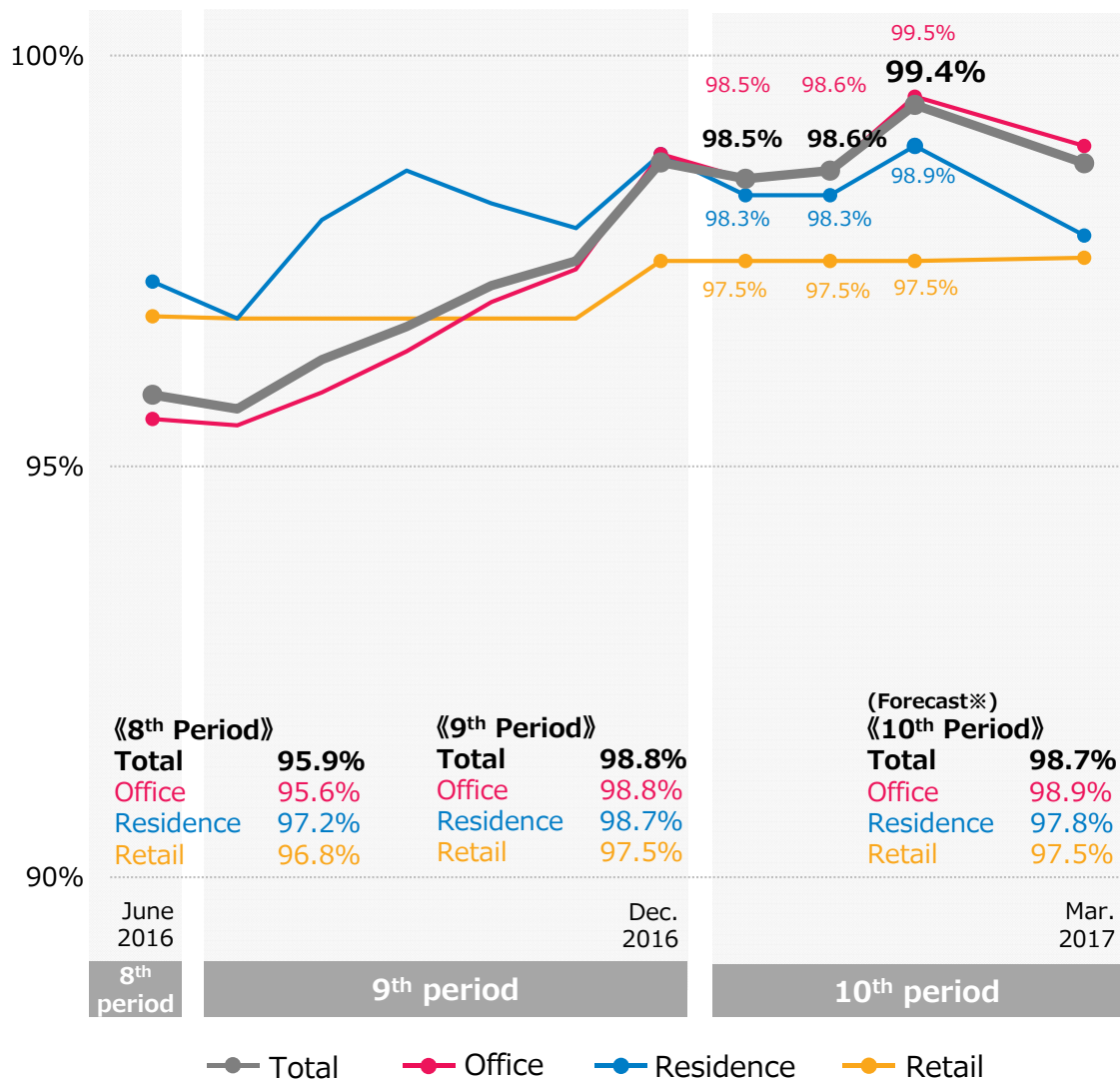
(January-March 2017)

April 28, 2017

Occupancy Rate Trends

The occupancy rate for office and residence exceeded the records as of the end of the 9th period, the Total occupancy rate recorded **99.4%**, the highest ever again, through enhancement of property competitiveness power and improvement of tenant satisfaction by Engineering Management etc..

Occupancy Rate Result and Forecast



※ As of February 16, 2017

Major Factors Affecting Occupancy Rate

Property name	Occupancy rate		Change in leased area (tsubo)
	As of end of Dec.	As of end of Mar.	
FORECAST Shin-Tokiwabashi	85.3%	100%	+80
Toranomon Sakura Building EM	89.5%	100%	+96
Itohpia Kiyosubashidori Building	86.0%	100%	+112
GreenOak Kayabacho	86.4%	100%	+123
FORECAST Waseda FIRST AM point	85.2%	85.2%	-

EM

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

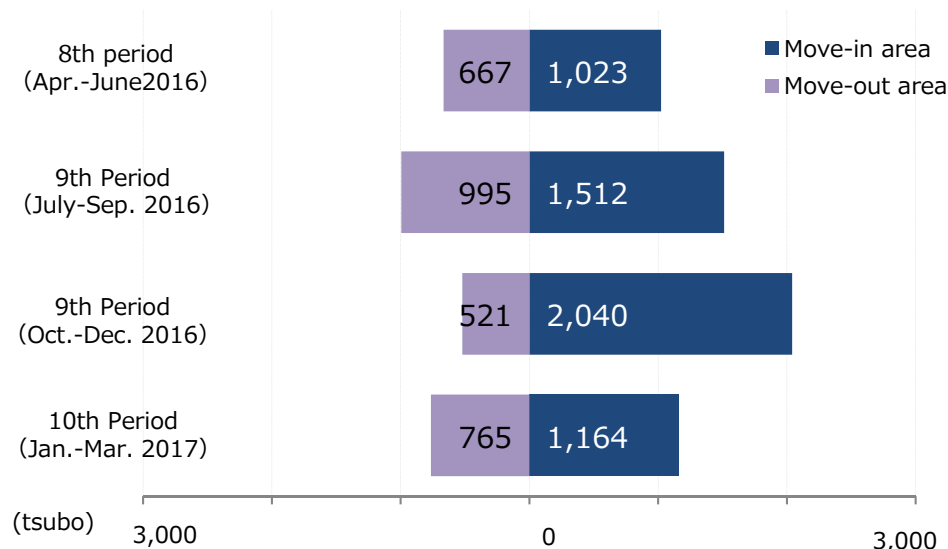
AM point

We aim early recovery of occupancy rate by unique leasing activity "Select Office". Please refer to P6 for detail of "Select Office".

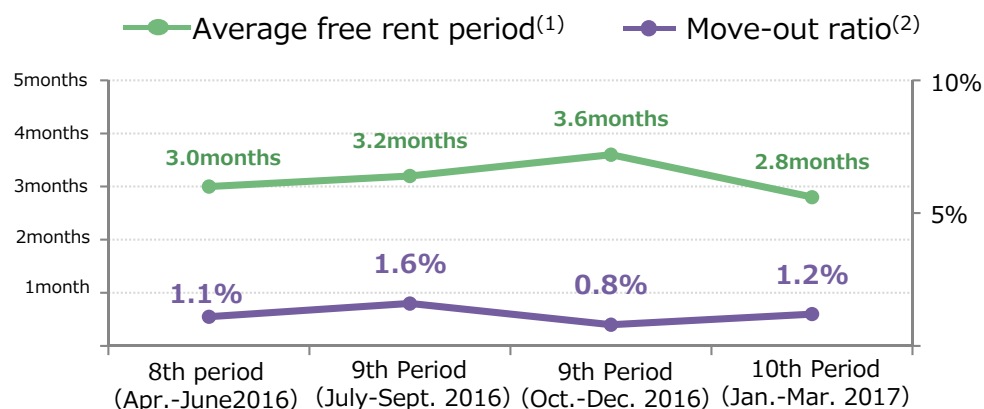
Status of Tenant Move-in and Move-out, and Properties Under Leasing Initiative

Tenant Move-in and Move-out (Office)

※Total leasable area (office) as of the end of March 2017: 63,090 tsubo



Average free rent period, and Move-out ratio (Office)



注

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 March 2017.
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. 2017)	Vacant floors / Sections	Vacant area (tsubo)	Status of leasing activities	Assumed occupancy rates ⁽⁴⁾
FORECAST Waseda FIRST	85.2%	2 floors/ 2 sections	195	Lease contract : 1floor	95.5% (Apr. 2017)

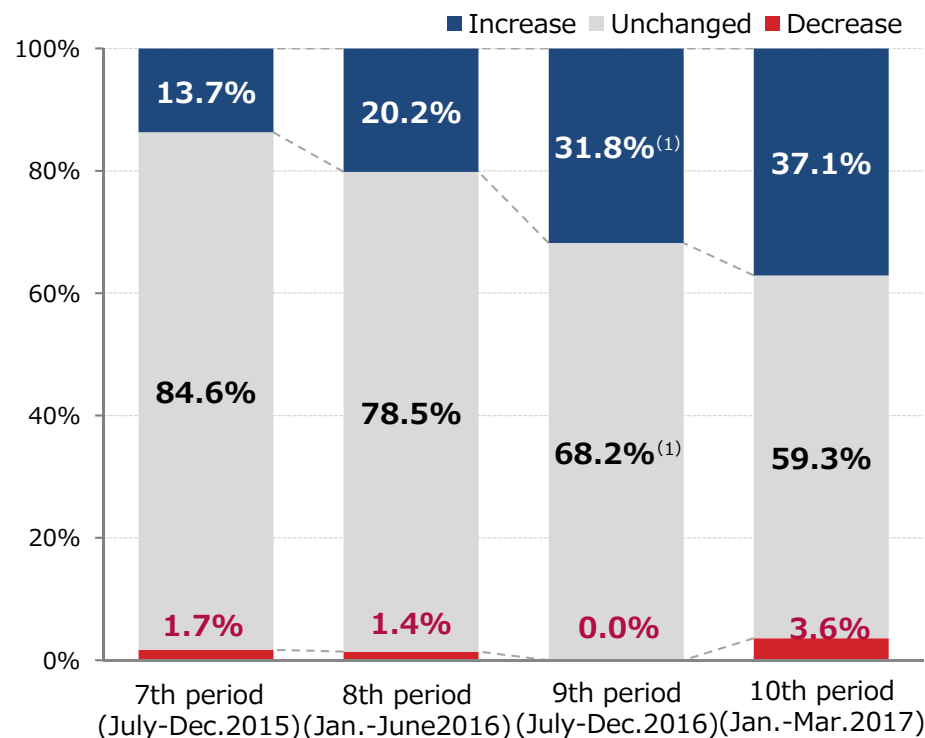
Status of Termination Notices

Property name	Occupancy rate (Mar. 2017)	Status of termination notices	Assumed occupancy rates ⁽⁴⁾
FORECAST Sakurabashi	100%	Termination notice 1 section (289tsubo)	85.4% (Oct. 2017)
FORECAST Shinjuku AVENUE	100%	Termination notice 2 floors (282tsubo)	100% ※Lease contract : 2floors (no downtime)
NORE Meieki	100%	Termination notice 2 sections (137tsubo)	89.4% (July 2017)
GreenOak Takanawadai	100%	Termination notice 1 floor (112tsubo)	85.8% (July 2017)
FORECAST Ningyocho	100%	Termination notice 1 floor (112tsubo)	83.7% (Aug. 2017)
FORECAST Ningyocho PLACE	100%	Termination notice 1 floor (72tsubo)	87.1% (Aug. 2017)
FORECAST Shin-Tokiwabashi	100%	Termination notice 1 section (43tsubo)	92.1% (Sep. 2017)
Kanda Ocean Building	100%	Termination notice 2 sections (33tsubo)	92.6% (Sep. 2017)
Marunouchi Sanchome Building	100%	Termination notice 1 section (33tsubo)	100% ※Lease contract : 1section (no downtime)
FORECAST Iidabashi	100%	Termination notice 1 section (31tsubo)	97.4% (July 2017)
Sumitomo Mitsui Bank Koraibashi Building	100%	Termination notice 1 section (17tsubo)	98.8% (Oct. 2017)

Track Record of Rent Renewals

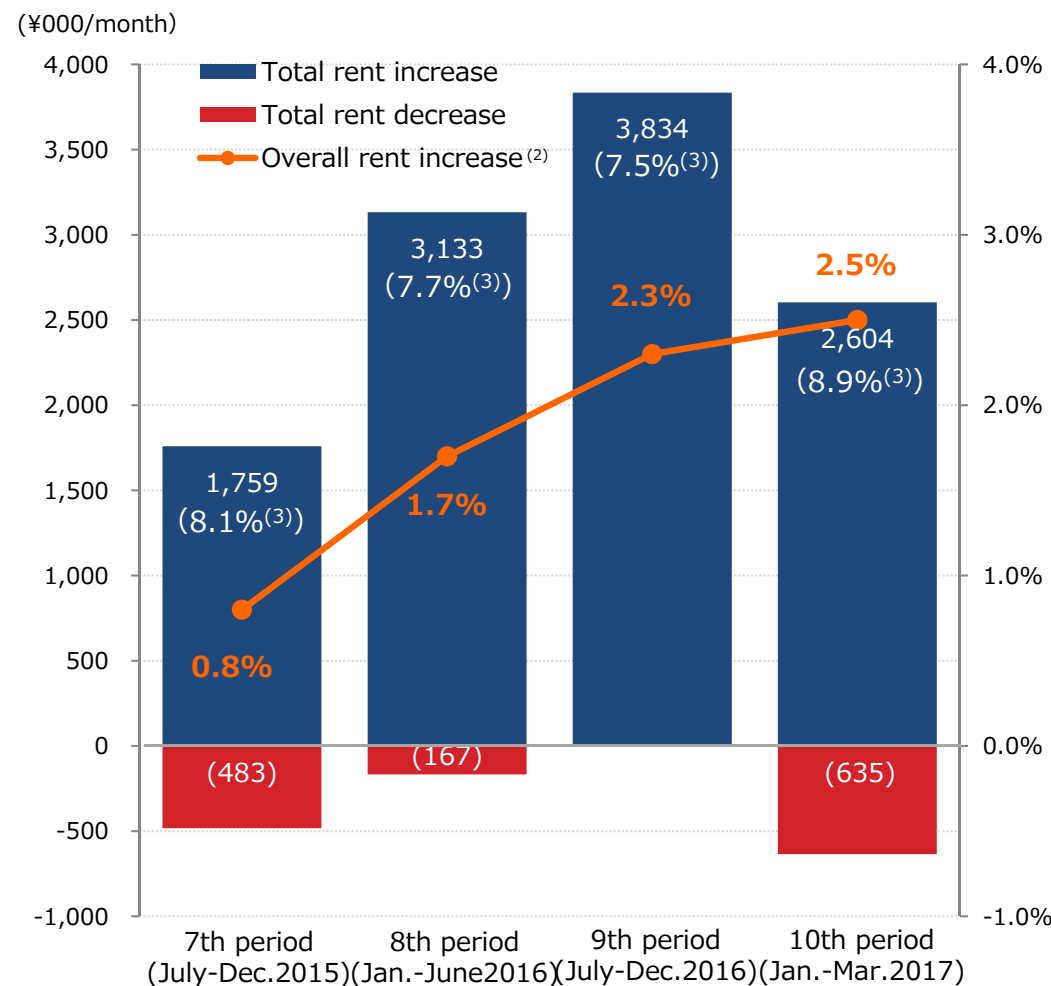
Achieved rent increase for 37.1% of area subject to renewal ,23 tenants (2,117 tsubo)out of 54 tenants (5,708 tsubo), from Jan. to Mar.

Track Record and Schedule of Rent Renewals



Increased	1,506tsubo (18 tenants)	2,476tsubo (23 tenants)	3,791tsubo (31 tenants)	2,117tsubo (23 tenants)
Unchanged	9,308tsubo (83 tenants)	9,626tsubo (90 tenants)	8,138tsubo ⁽¹⁾ (64 tenants)	3,385tsubo (30 tenants)
Decreased	183tsubo (2 tenants)	167tsubo (1 tenant)	0tsubo (0 tenant)	205tsubo (1 tenant)
Total	10,999tsubo (103tenants)	12,270tsubo (114tenants)	11,929tsubo ⁽¹⁾ (95tenants)	5,708tsubo (54tenants)

Status of Rent Increase(decrease) upon Contract Renewals (office /monthly rent)



Total Increase-decrease	1,276 Thousand yen	2,966 Thousand yen	3,834 Thousand yen	1,968 Thousand yen
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Note

- The figures were changed from the data released on Feb. 16, 2017 due to 3 tenants (338.68 tsubo) which agreed rent increase after contract updating with unchanged condition in the 9th period.
- "Overall rent increase" is percentage of total increase-decrease in rent for the respective period to total rent of all tenants which renewed contracts in the respective period. The "rent increase target" and "contribution to DPU" stated do not guarantee increase of DPU for respective period.
- Increase ratio of total rent increase for the respective period to total rent before renewal of all tenants which accepted rent increase in respective period.

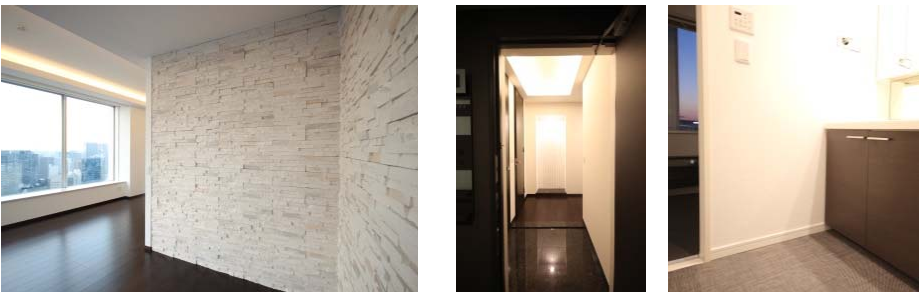
FORECAST Kayabacho (New River Building) *Profitability enhancement* Common area (entrance, restroom) renovation

With an aim to promote leasing activities by improving impression of the building , we changed plants at the entrance and renewed restroom at the 6th floor. The occupancy rate of the building has recovered to 100% through measures including the renovation.



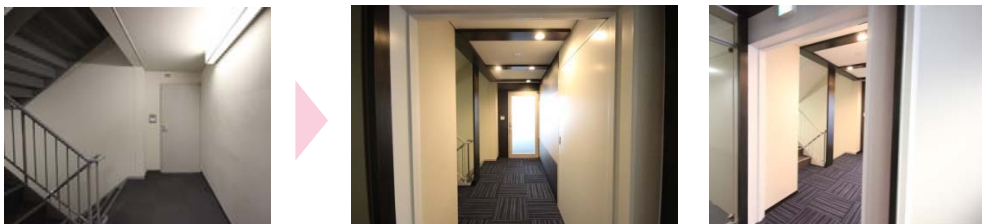
Tower Court Kitashinagawa *Profitability enhancement* Renewal works on the high-rent units on the upper floors

With an aim to enhance competitiveness power of the property we improved design as changing wall materials into design walls and installation high quality materials on floors etc. We concluded leasing contract for the room at the same time that the construction has been completed, the occupancy rate has been kept at high level as 98.8% as of the end of the March 2017.



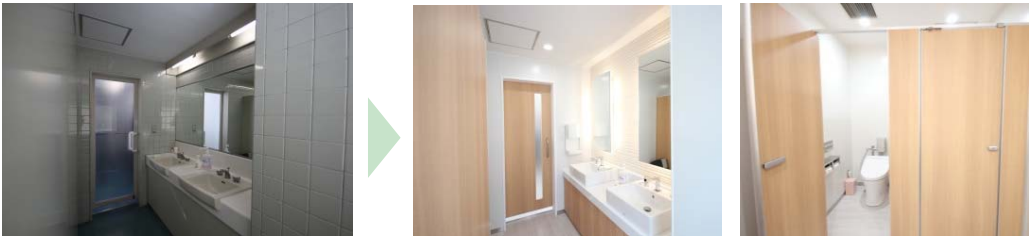
FORECAST Waseda FIRST *Profitability enhancement* Common area renovation

On the 4th floor, which is vacant now, has low visible entrance of leasable area due to gloomy common aisle connected to stair hall. With an aim to promote leasing activities by improving impression and visibility, we renewed lights, carpet and wallpaper etc.



Hisamatsucho Reeplex B's *Tenant satisfaction* Common area (restroom) renovation

We renewed restroom due to request from a tenant. We talked with the tenant and reflected its needs as design, construction schedule etc. in the renewal work to improved tenant satisfaction effectively.



Tower Court Kitashinagawa *Cost reduction* Building management cost reduction

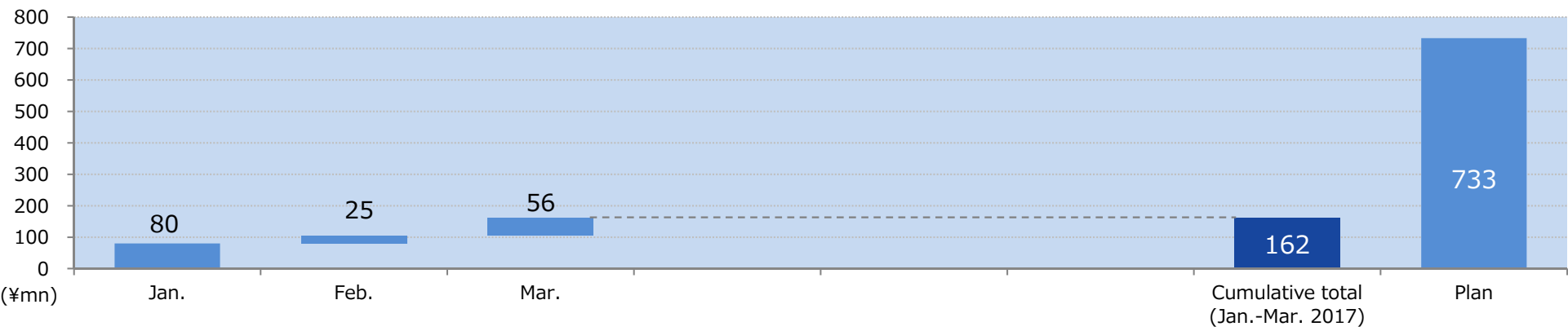
We revised service specification of building management in consideration of building grade and tenants' needs, 2.4 million yen p.a. cost reduction (5% of reduction rate) is expected.

13 properties *Cost reduction* Energy cost reduction

With an aim to reduce energy (electricity) cost , we changed electricity provider for 13 office properties. We expect to reduce by 15.56% (approx. ¥29mn p.a.) of energy cost by choosing a provider with the most favorable terms through bidding process.(contract has been concluded in March 2017)

Implementation Status and Major plans of Engineering Management

Status of Engineering Management Implementation



Major Engineering Management Plans (Apr. 2017-)

3 properties *Profitability enhancement*
Replacement of sublessee parking operator, changing leasing conditions

We renewed the contracts for parking lots of FORECAST Shinjuku SOUTH and Mejiro NT Building, it is expected to contribute to 3.26 million yen p.a. increase in income. Furthermore we plan to switch sublessee parking operator of Ciel Yakuin, it is also expected to contribute to 1.20 million yen p.a. increase in income.

Kudankita 325 Building *Cost reduction*
Installation of LED lighting

We plan to install LED lighting at common area to reduce CO2 emissions and running cost, 1.04 million yen p.a. cost reduction is expected.

Tower Court Kitashinagawa *Cost reduction*
Installation of LED lighting



We plan to install LED lighting at common area to reduce CO2 emissions and running cost, 5.24 million yen p.a. cost reduction is expected.

FORECAST Waseda FIRST *Cost reduction*
Building management cost reduction

We plan to revise service specification of building management in consideration of building grade and tenants' needs, 2.27 million yen p.a. cost reduction (15% of reduction rate) is expected.

GreenOak Kudan *Cost reduction Tenant satisfaction*
Common area (elevator hall) renovation

We plan to renew a elevator hall at first floor to improve tenant satisfaction and reduce CO2 emissions and running cost, 130 thousand yen p.a. cost reduction is expected by installation of LED lighting.

Commencement of “Select Office” project

We commence “select office” project as new leasing activity, aim to enhance property competitiveness by satisfying tenant needs flexibly and effectively.



- We want to improve work environment with efficient layout comfortable office
- At the same time we want to reduce relocation cost to invest our business as much as possible

We can reduce relocation cost when we have a office with all its furnishings, but it is hard to find that office just we want

Solution To satisfy tenant needs flexibly and effectively

Select Office

Characteristic1 Visible

Visible image of dream office (layout, design) and future vision by Virtual Realty



《Case: for 10 employees》



《Case: for 30 employees》



《 Virtual Realty viewing》

Characteristic2 Selectable

Realization of tenants' dream office by selectable material of wall and floor, and layout



《Wall》

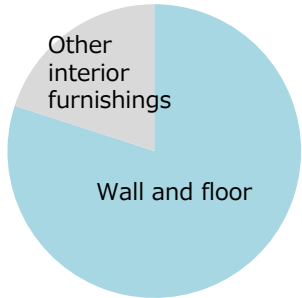


《Floor》



Characteristic3 Low Cost

NIPPON REIT shares work and cost for furnishings (wall and floor) with tenant to ease tenants' relocation cost burden and workload



※ The interior construction cost of wall and floor which account for 80 % of all interior construction cost could be burden for tenant considering relocation

AM Point

Promotion of leasing activity

We promote leasing activity and further stabilize occupancy rate through giving tenant candidate image easily by Virtual Reality

AM Point

Effective improvement of tenant satisfaction

We do not set up interior furnishings intentionally to improve tenant satisfaction effectively with selectable layout, material of wall and floor.

AM Point

Profitability enhancement

We aim to enhance profitability by concluding leasing contract at longer term and higher rent (than market rent) instead of the interior construction (wall and floor) .

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