



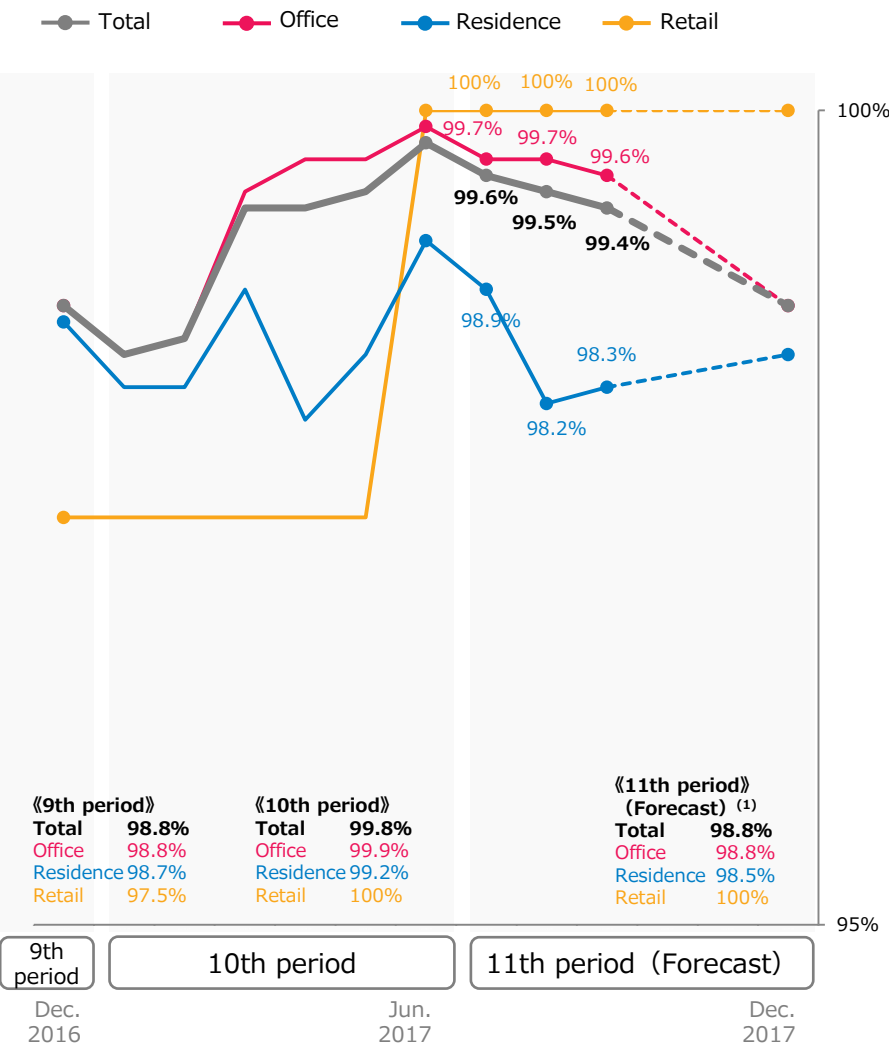
Performance Report

(July-September 2017)

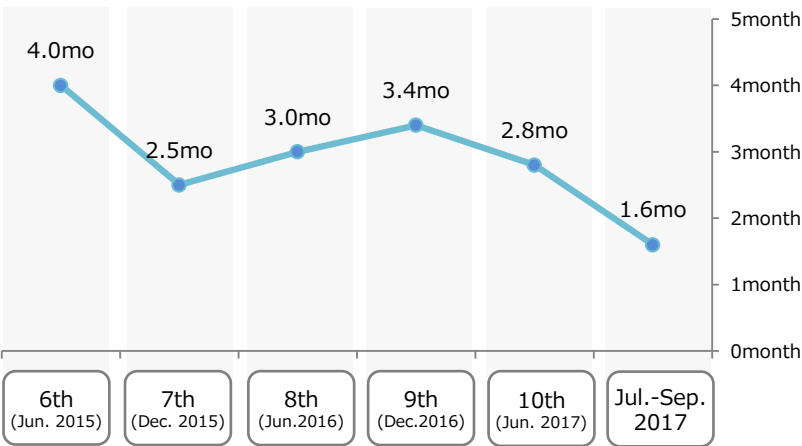
October 31, 2017

Occupancy Rate and Move-out Ratio

《 Occupancy Rate Trend and Forecast 》



《 Average Free Rent Period (2) Trend 》



《Major occupancy rate changing factors (3)》

Property name	Occupancy rate		Change in leased area (㎡)
	Jun. 2017	Sep. 2017	
NORE Meieki	94.7%	89.4%	226.67

● Maintain high occupancy rate, and successive compressed downtime

Maintain high occupancy rate of over 99%, and downtime including free rent period has further compressed (which means improvement of occupancy rate based on cash flow)

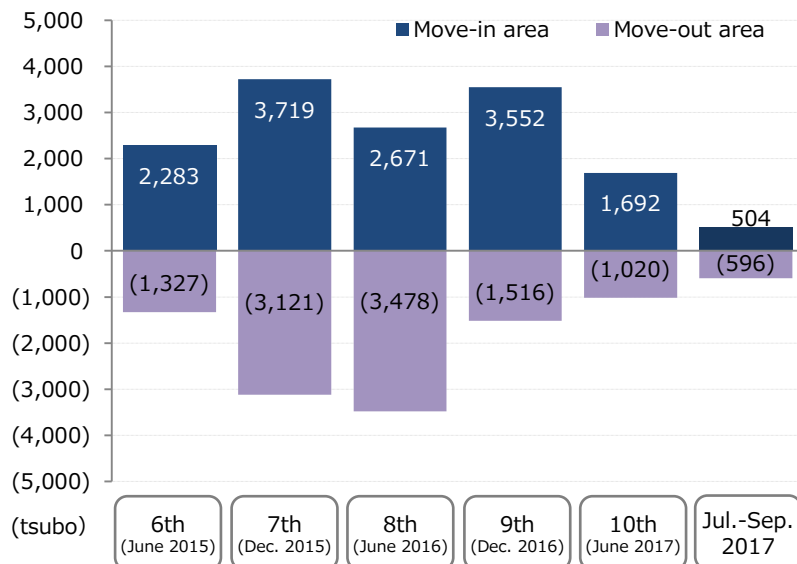
Note

- Forecast as of Aug. 17, 2017 is stated.
- "Average free rent period" is calculated for end tenants conducted new lease contract during respective period as "total loss from free-rent / total contracted rent without freerent".
- Property of which occupancy rate is below 90% as of the end of June or September 2017 is stated.

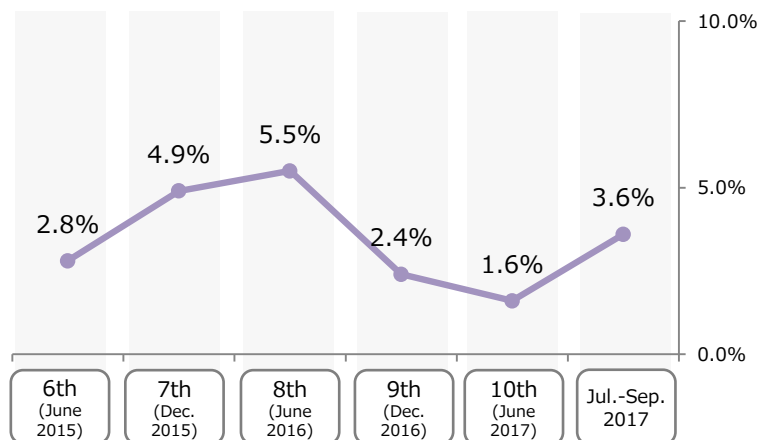
Status of Tenant Move-in and Move-out

《Status of Tenant Move-in and Move-out》

※Total leasable area as of the end of 10th period (office):63,092tsubo



《Average Move-out ratio ⁽¹⁾ Trend》



Note

1. "Move-out ratio" is calculated as "total move-out area during respective period / total leasable area as of the end of the respective period".

Furthermore, the area of tenant that move-out on the end of respective month is counted as the move-out area of next month from this material onward.

《Status of Termination Notices》

Property name	Occupancy rate	Termination notices section	Assumed occupancy rate
NORE Meieki	89.4%	Left already:2sections(137tsubo)	89.4% (Sep.2017)
Sumitomo Mitsui Bank Koraibashi Building	100%	Termination notice:1floor(17tsubo)	100% (Oct.2017)
Towa Higashi-Gotanda Building	100%	Termination notice:1floor(79tsubo)	100% (Nov.2017)
Toshin Higashi-Ikebukuro Building	100%	Termination notice:1floor(76tsubo)	100% (Nov.2017)
GreenOak Takanawadai	100%	Termination notice:1floor(58tsubo)	100% (Nov.2017)
FORECAST Shin-Tokiwabashi	100%	Termination notice:1floor(46tsubo)	100% (Dec.2017)
Nishi-Gotanda 8-chome Building	100%	Termination notice:2floors(159tsubo)	100% (Dec.2017)
Kudankita 325 Building	100%	Termination notice:2floors(145tsubo)	88.0% (Dec.2017)
FORECAST Sakurabashi	100%	Termination notice:2floors(594tsubo)	100% (Dec.2017)
FORECAST Kayabacho	100%	Termination notice:1section(15tsubo)	98.7% (Jan.2018)
FORECAST Iidabashi	100%	Termination notice:1section(42tsubo)	96.6% (Jan.2018)
Marunouchi Sanchome Building	100%	Termination notice:2sections(86tsubo)	93.3% (Jan.2018)
Omiya Center Building	100%	Termination notice:3sections(421tsubo)	100% (Feb.2018)
GreenOak Kayabacho	100%	Termination notice:1floor (123tsubo)	86.4% (Feb.2018)
Higashi Ikebukuro Center Building	100%	Termination notice:1floor(115tsubo)	90.9% (Feb.2018)
NORE Fushimi	100%	Termination notice:1floor(120tsubo)	89.7% (Feb.2018)
Kanda Ocean Building	100%	Termination notice:4sections(72tsubo)	83.6% (Mar.2018)
FORECAST Ichigaya	100%	Termination notice:3floors(296tsubo)	78.8% (Apr.2018)
FORECAST Shinjuku SOUTH	100%	Termination notice:3sections(290tsubo)	97.2% (Apr.2018)

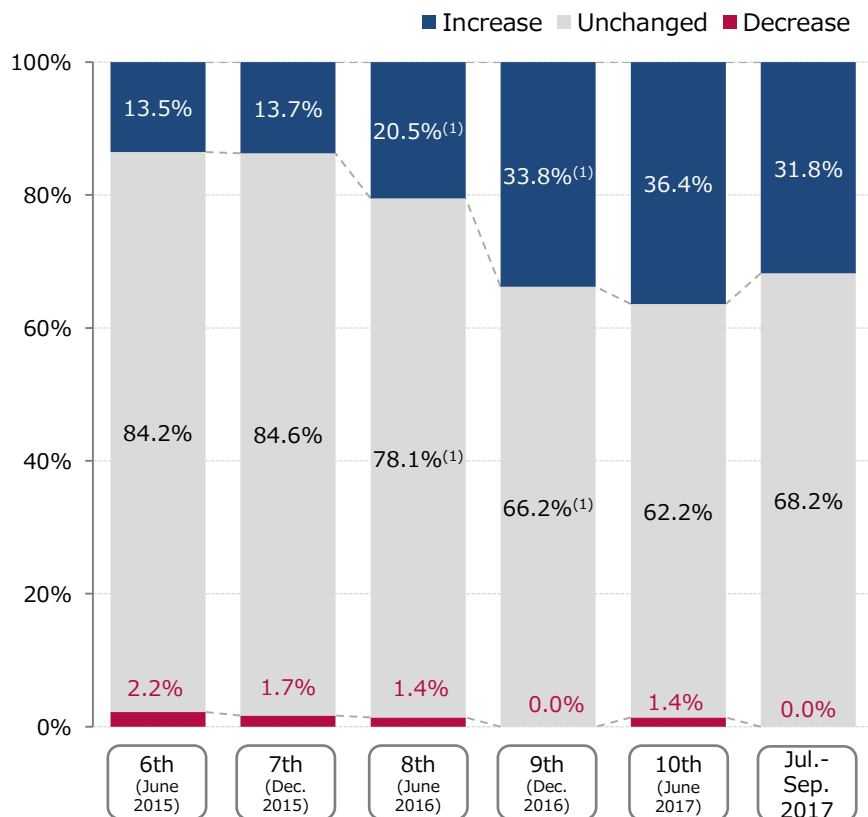
Properties of which occupancy rate is expected to be 100% because new lease contracts have been concluded for subject area

● Tenant replacement at areas where termination notice were received are progressing very well

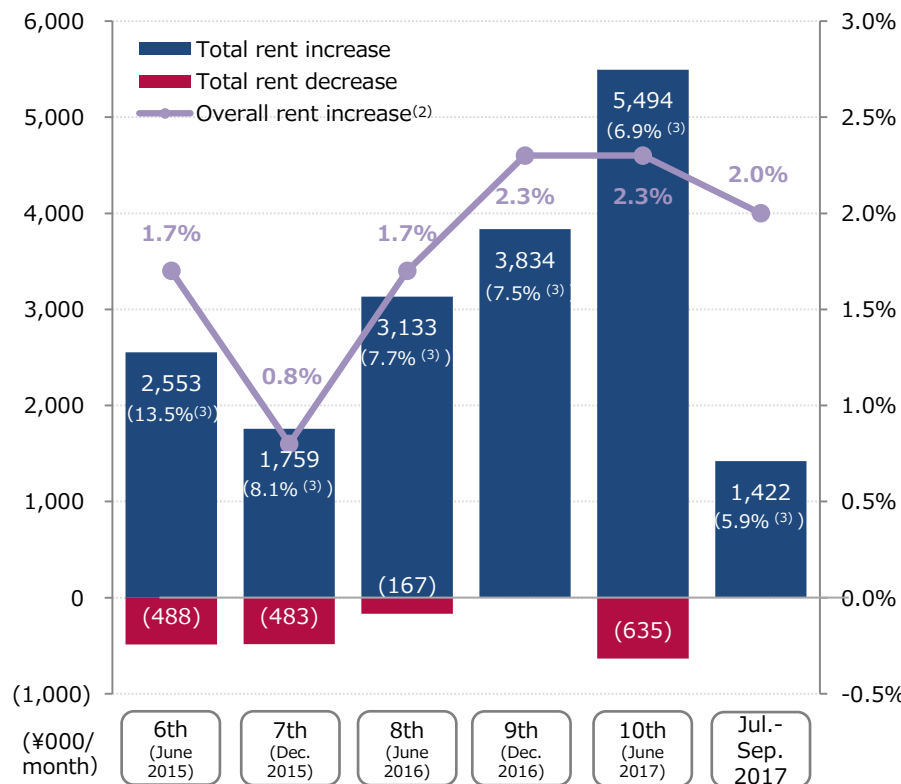
Backed by Grade B office market that supply-demand balance is tight, leasing activities are progressing very well

Track Record of Rent Renewals

《Track Record of Rent Renewals (based on floor space)》



《Status of rent increase(decrease) upon contract renewals》 (office /monthly rent)



● Rent increase is progressing well due to success of measure to improve tenant satisfaction

Achieved rent increase for 31.8% of area subject to renewal ,18 tenants (1,595 tsubo)out of 52 tenants (5,016 tsubo), from Jul. 1, 2017 to Sep. 30, 2017

● Achieved rent increase by rent renewal (¥1,422 thousand yen/month) from Jul. 1, 2017 to Sep. 30, 2017

《Trend of Total Increase-decrease (Total rent increase-Total rent decrease) 》

6th	7th	8th	9th	10th	Jul.-Sep. 2017
2,065	1,276	2,966	3,834	4,858	1,422
Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen

Notes

- The figures were changed from the data released on Feb. 16, 2017 due to following tenants which agreed rent increase after contract updating with unchanged condition in the respective period
8th period: 574.77 tsubo (3 tenants) 9th period : 1,051.05tsubo (10 tenants)
- "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

Profitability enhancement

Cost reduction

tenant satisfaction

Environmental Consideration

Create new revenue sources

Try to create new revenue sources



《Pigeon Building》

Increase in revenue by changing water tank to storage room

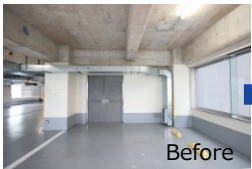
Approx. ¥240 thousand p.a. increase in income is expected by changing water tank to storage room (removing water tank after changing water providing system).



《FORECAST Shinagawa》

Increase in revenue by creating storage room

New Storage room has established by using part of parking space at 2nd floor under the favor of the latest legal revision. Number of parking lots were maintained by changing layout. Approx. ¥840 thousand p.a. increase in income is expected.



《Ciel Yakuin》

Increase in income by changing parking operator

Approx. ¥1.28mn p.a. increase in income is expected by changing parking operator (sublessee).

《11 Properties》

Installment of antennas for mobile

Installed antennas for mobile phone at roof top of 11 properties, approx. ¥1.32mn p.a. increase in income is expected.

Profitability enhancement

Cost reduction

tenant satisfaction

Environmental Consideration

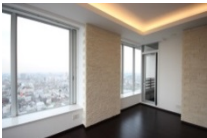
Enhancement of competitiveness power through renovation

Aim to shorten downtime, enhance profitability such as rent increase, and improve tenant satisfaction through efficient renewal works which reflect trends



《 Tower Court Kitashinagawa 》

Shorten downtime by improvement of specification on the high-rent units on the upper floors



Drastically improvement of specification by changing materials on walls and floors effectively, while saving construction cost

Profitability enhancement

Cost reduction

tenant satisfaction

Environmental Consideration

NOI increase through changing condition

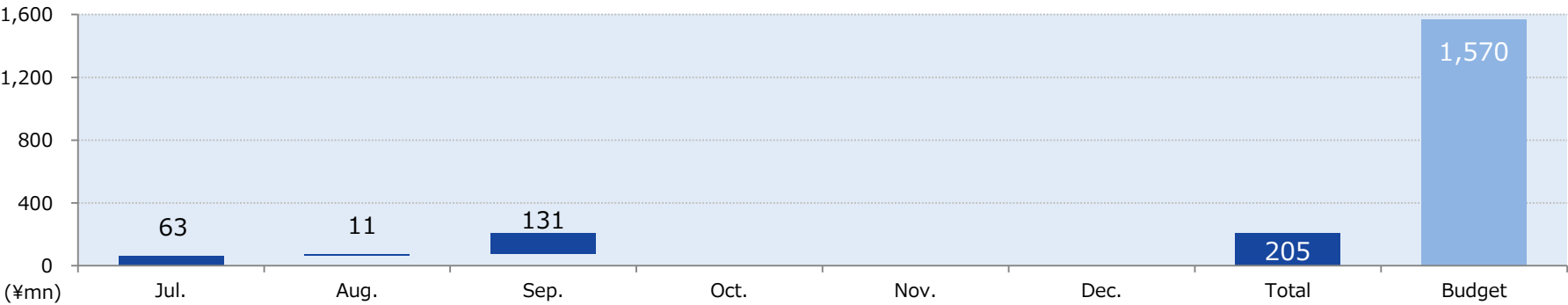
Aim to increase in NOI by cost reduction through revision of building management service specification etc.



《Mejiro NT Building, Mitsui Woody Building》
Building management cost reduction

Approx. ¥3.53mn p.a. cost reduction is expected by improvement of efficiency while keeping management quality such as revision of building management service specification.

《Status of Engineering Management Implementation》



《Implementation Status and Major plans of Engineering Management (Oct. 2017-)》

Profitability enhancement

Cost reduction

tenant satisfaction

Environmental Consideration

Management cost efficiency

Plan



《21 properties》
Energy cost reduction

¥17.94mn p.a. cost reduction is expected by choosing a electricity provider with the most favorable terms.

Profitability enhancement

Cost reduction

tenant satisfaction

Environmental Consideration

Improvement of CAPEX efficiency and profitability with consideration for environment

Plan



《FORECAST Sinjuku SOUTH》
Renewal of equipment utilizing subsidies

Implemented renewal of equipment with consideration of environment, we will receive ¥21mn as subsidy out of total construction cost of ¥213mn.



《4 properties》
Introduction of Green Lease Contract

We plan to introduce Green Lease Contract in which we receive part of benefits that tenants enjoy as revenue at four properties, approx. ¥2.83mn p.a. increase in income is expected.

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