

真面目に、地道に、堅実に
Serious Steady Solid



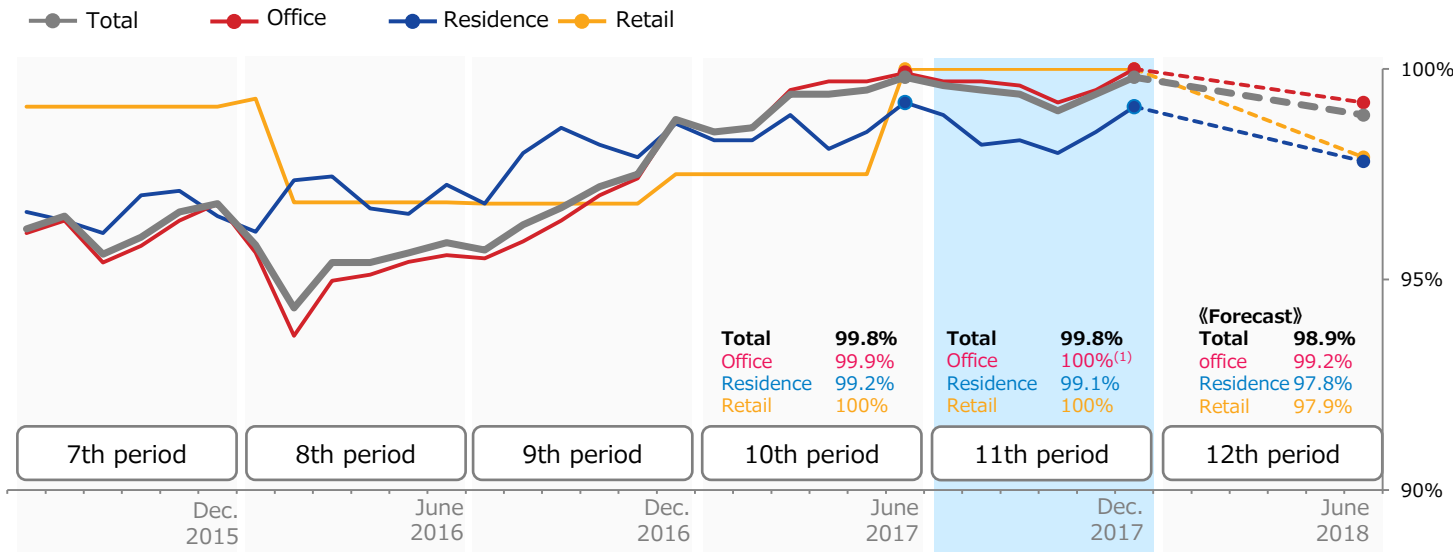
Performance Report

(October-December 2017)

February 16, 2018

Occupancy Rate and Free Rent Period Trend

《Occupancy rate tend and forecast》



① Maintaining a high occupancy rate

- Occupancy rate as of the end of the 11th period stood at 99.8%, maintaining a high occupancy rate
- No properties under leasing initiative (properties of which occupancy rate is under 90%) for 2 consecutive periods

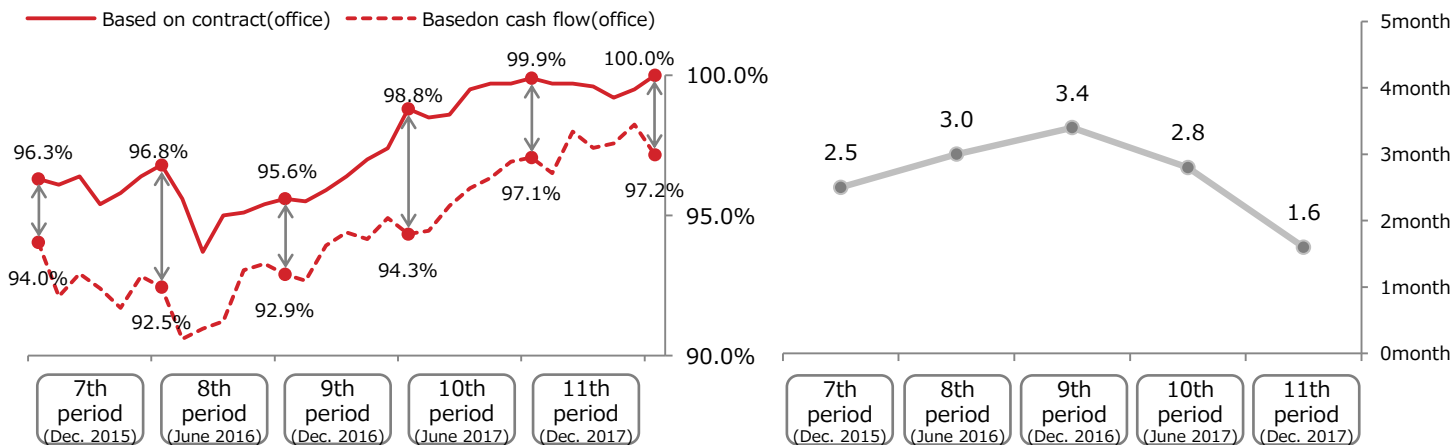
② Increasing occupancy rate based on cash flow

Occupancy rate based on cash flow is increasing as well due to compression of free rent period

《Difference between occupancy rate based on contract and based on cash flow (office)》

	Based on contract	Based on cash flow	difference
6th period	96.3%	94.0%	2.3%
7th period	96.8%	92.5%	4.3%
8th period	95.6%	92.9%	2.7%
9th period	98.8%	94.3%	4.5%
10th period	99.9%	97.1%	2.8%
11th period	100.0%	97.2%	2.8%

《Trend of occupancy rate based on cash flow (office)》 《Average Free Rent Period ⁽²⁾ Trend》



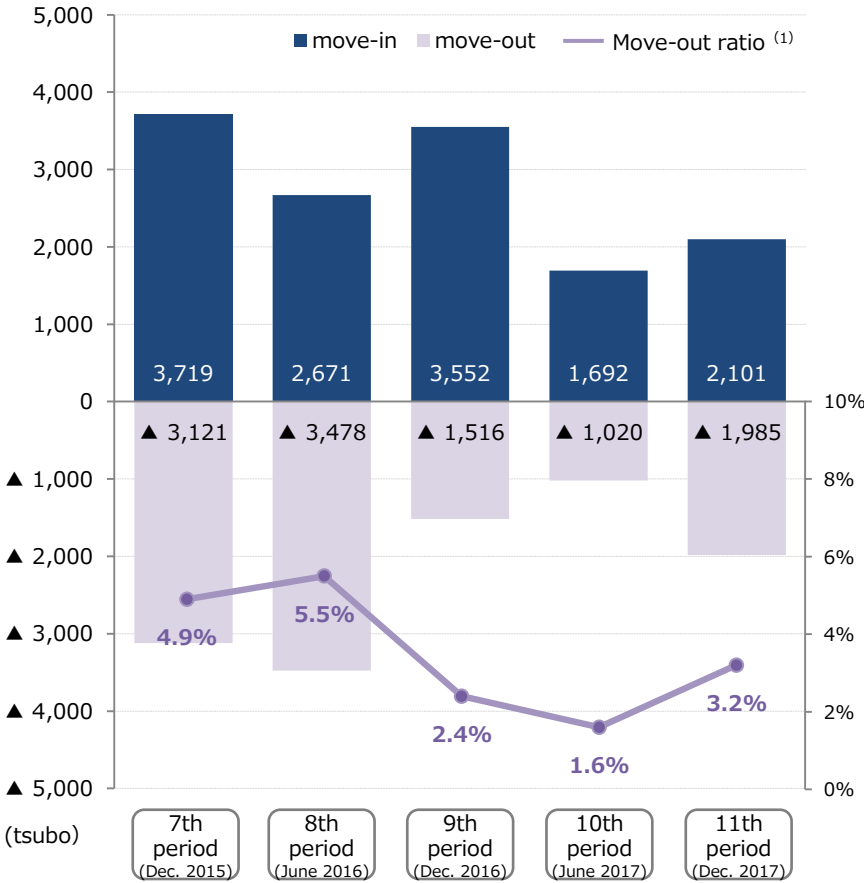
Note

- Actual number is 99.96%, and rounded to first decimal place. The same applies hereafter.
- "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 free rent".

Status of Tenant Move-in and Move-out

《Tenant move-in and move-out, Average move-out ratio⁽¹⁾》

※Total leasable area as of the end of 11th period (office):61,329tsubo



Low move-out ratio due to tight market and satisfactory tenant relationship, Flexible and speedy tenant replacement

Replace tenant flexibly and speedily backed by high property competitiveness which has been improved by Engineering Management

《Status of Termination Notices》

Property name	Occupancy rate	Termination notices section	Assumed occupancy rate
Omiya Center Building	100%	Left already:1section (34tsubo) Termination notice :2sections (386tsubo)	100% (Feb. 2018)
NORE Fushimi	100%	Termination notice :1floor (120tsubo)	100% (Feb. 2018)
FORECAST Ichigaya	100%	Termination notice :3sections (297tsubo)	100% (Apr. 2018)
FORECAST Shinjuku SOUTH	100%	Termination notice :2sections (191tsubo)	100% (May 2018)
Komyoike Act	100%	Termination notice :1section (18tsubo)	99.0% (Apr. 2018)
FORECAST Kayabacho	100%	Left already:1section (15tsubo)	98.7% (Jan. 2018)
FORECAST Iidabashi	100%	Termination notice :2sections (64tsubo)	98.1% (Jun. 2018)
Sannomiya First Building	100%	Termination notice :1section (29tsubo)	97.4% (Mar. 2018)
Marunouchi Sanchome Building	100%	Left already:1section (52tsubo)	95.9% (Jan. 2018)
NORE Meieki	98.1%	Left already:1section (24tsubo) Termination notice :1section (68tsubo)	94.7% (June 2018)
GreenOak Takanawadai	100%	Termination notice :1floor (52tsubo)	93.4% (June 2018)
MK Kojimachi Building	100%	Termination notice :1floor (48tsubo)	90.8% (May 2018)
Iidabashi Reeplex B's	100%	Termination notice :1floor (39tsubo)	90.7% (June 2018)
Kanda Ocean Building	100%	Termination notice :2sections (49tsubo)	89.1% (Mar. 2018)
FORECAST Ningyocho PLACE	100%	Termination notice :1floor (72tsubo)	87.1% (Apr. 2018)
GreenOak Kayabacho	100%	Termination notice :3floors (369tsubo)	86.4% (June 2018)
Itohpia Kiyosubashidori Building	100%	Termination notice :1floor (114tsubo)	85.7% (May 2018)
Sumitomo Mitsui Bank Koraibashi Building	100%	Termination notice :4sections (489tsubo)	68.3% (July 2018)

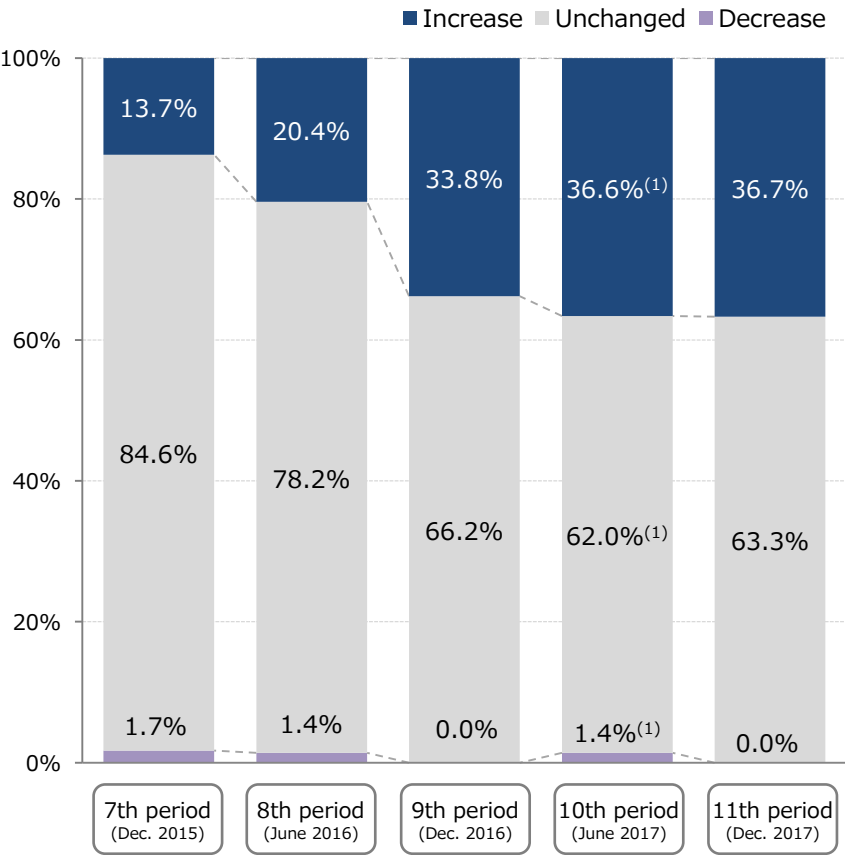
Properties of which occupancy rate is expected to be 100% because new lease contracts have been concluded for subject area

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.
2. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and termination notices at the end of Jan..

Track Record of Rent Renewals

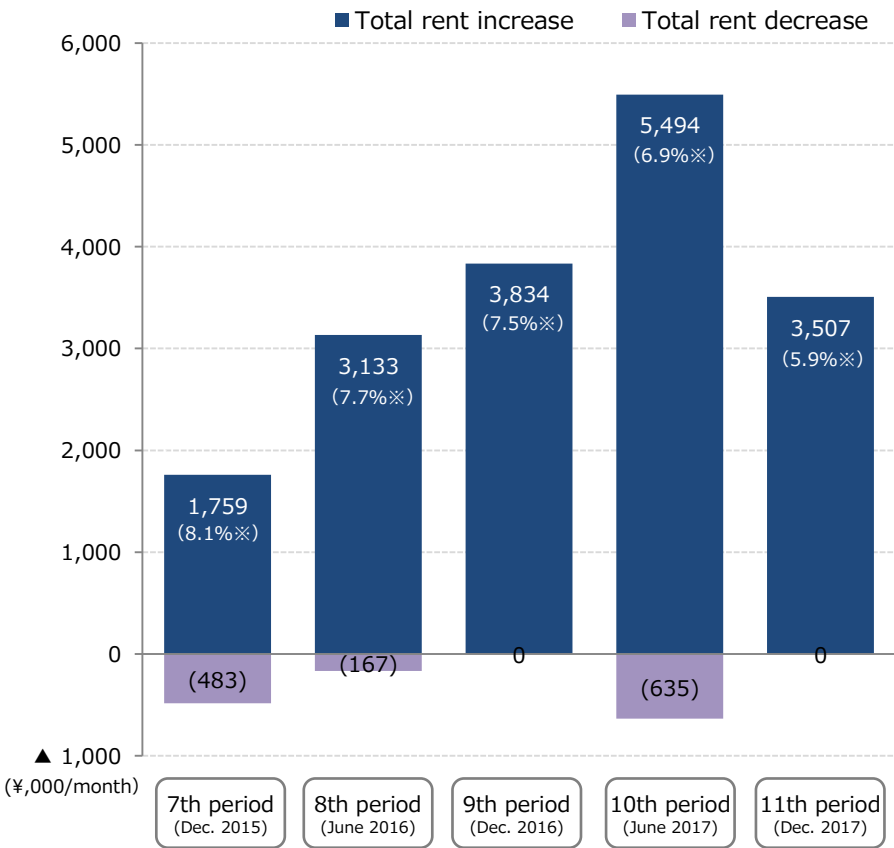
《 Track record of rent renewals (floor space) 》



The proportion of rent increase has been expanding due to success of measure to improve tenant satisfaction

Achieved rent increase for 36.7% of area subject to renewal ,attributed to 43 tenants (4,005 tsubo)out of 114 tenants (10,923 tsubo), during 11th period

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



Achieved ¥3.5mn increase in monthly rent in small area subject to renewal

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

7th	8th	9th	10th	11th
1,275	2,966	3,834	4,858	3,507
Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen

※ Percentage of increase in rent for the respective period compared to total rent before renewal for all tenants which accepted rent increase in respective period

《Itohpia Kiyosubashidori Building》

Enhancement of tenant satisfaction by setting rest area

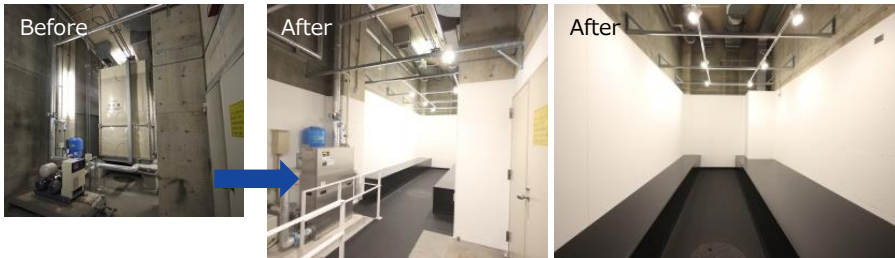
- Changed extra space at the first floor to rest area under the favor of the latest legal revision
- Effectively enhancing tenant satisfaction through comfortable design for both of smoker and non-smoker
- Increase in NOI of ¥180 thousand p.a. is expected by setting vending machines



《Pigeon Building》

Profitability enhancement by changing water supply tank to storage room

- Setting new storage room using the space where water supply tank used to be put under changing water supply system (from trough tank to direct supply)
- Increase in NOI of ¥240 thousand p.a. is expected



《FORECAST Shinagawa》

Profitability enhancement by changing parking to storage room

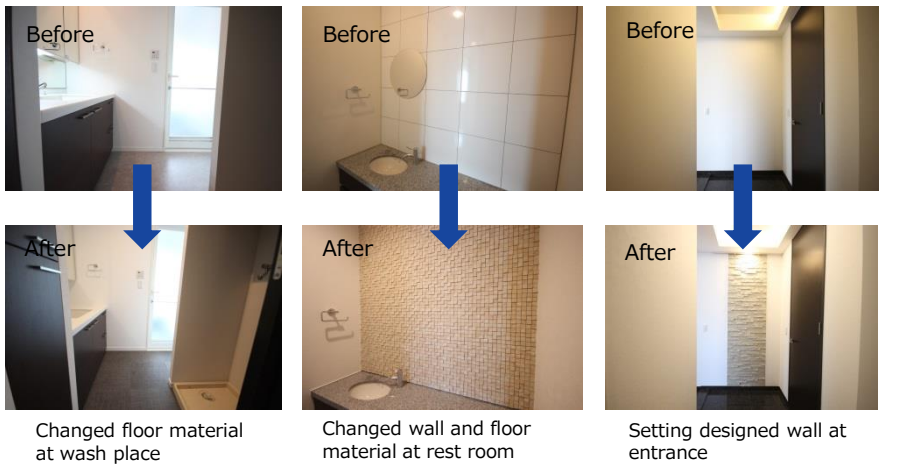
- Changed part of parking lots at second floor to storage room under the favor of the latest legal revision
- Number of parking lots was unchanged by adjusting layout
- Increase in NOI of ¥840 thousand p.a. is expected by setting vending machines



《Tower Court Kitashinagawa》

Increase in rent and 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
- Increase in NOI of ¥360 thousand p.a. is expected by setting vending machines





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

- Revised service specifications while maintaining management quality
- ¥3.63mn p.a. cost reduction is expected



《Ciel Yakuin》
Replacement of sublessee parking operator

- Replaced sublessee parking operator
- ¥1.28mn p.a. increase in income is expected



《21 properties》
Energy cost reduction

- Concluded electricity provide contract with the most favorable terms
- ¥17.94mn p.a. cost reduction is expected

《 Major Plan of Engineering Management》 (Jan. 2018-)

《FORECAST Shinjuku SOUTH etc.》

Increase in revenue by creating new leasable area

- Plan to convert extra space to leasable area.
- ¥4.02mn p.a. increase in income is expected

《Sumitomo Mitsui Bank Koraibashi Building》

Increase in revenue of parking by changing leasing conditions

- Plan to revise sublease conditions for parking lots
- ¥1.42mn p.a. increase in income is expected

《FORECAST Mita》

Increase in revenue by setting antenna

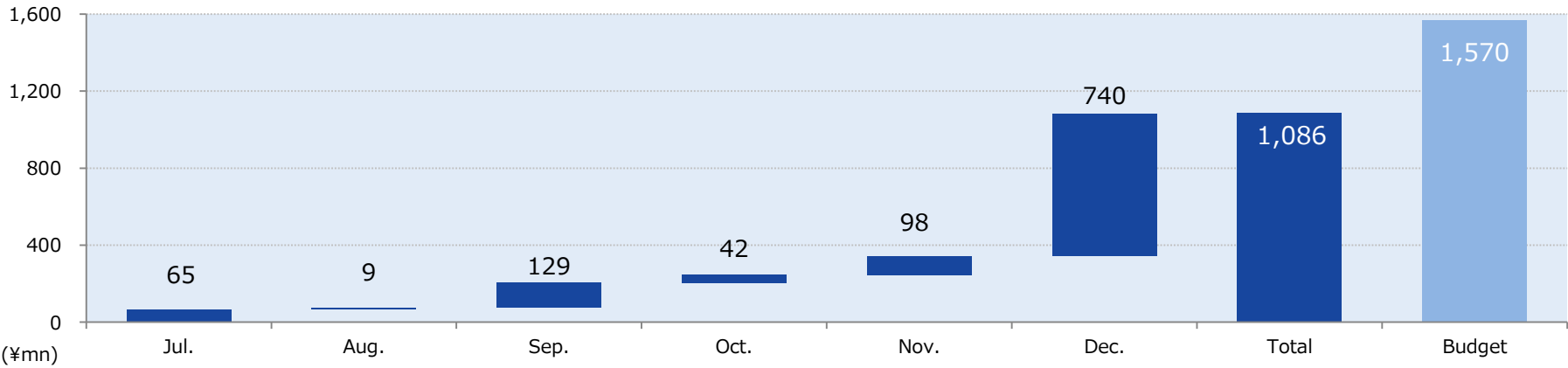
- Plan to set antenna for mobile phone etc. at rooftop
- ¥1.68mn p.a. increase in rent is expected

《25 properties》

Energy cost reduction

- Plan to conclude electricity provide contract with the most favorable terms
- ¥12.42mn p.a. cost reduction is expected

《Status of Engineering Management Implementation》



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