

真面目に、地道に、堅実に
Serious Steady Solid



Nippon REIT Investment Corporation

Investor Presentation

for the 11th Period (Ended December 31, 2017)

February 16, 2018

Dear Unitholders and Investors

We Nippon REIT Investment Corporation, marking the 5th anniversary as a listed REIT, have engaged in

“Timely investment” in consideration of mid- and long-term trends of the real estate supply-demand

balance since the IPO, under the **“Unswerving discipline”**. Our attitude does not change even in the

recent days of the hike in property prices when the voice concerning that J-REITs tend to purchase

properties at inadequately high prices is often heard.

Our strengths lie in the risk-resistant **“rock-solid portfolio”** with deep roots in the Japanese society, built

primarily with the mid-sized office properties located in Tokyo metropolitan areas by sincerely serving the

sustained needs for “office buildings (for work)”, “residential properties (for living)” and “retail facilities

(for consumption)”.

Nippon REIT Investment Corporation is firmly determined, clinging to our unswerving attitude, to

maintain and enhance our asset value and improve competitiveness based on the **“asset management**

structure taking advantage of our strengths” in our portfolio and to **maximize**

the Unitholders’ value under the corporate philosophy **“seriously, steadily, solidly”**.

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1. Summary of Financial Results for the 11th Period (December 2017)

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Timely Investment,
Unswerving Discipline

Pursuit of “growth potential” and “stability” with timely investments according to economic conditions, by specializing in three types of assets that are deeply rooted in the Japanese society

Office (for work)	50% or more
Residence (for living)	50% or less
Retail (for consumption)	20% or less

Disciplined investment behavior with firm acquisition policies maintained since the IPO

Target NOI yield ⁽¹⁾ 4.5%	Risk tolerance
Ratio of properties located in central Tokyo	Growth potential (Room for growth)
Competitive location	Mid-sized office ⁽²⁾

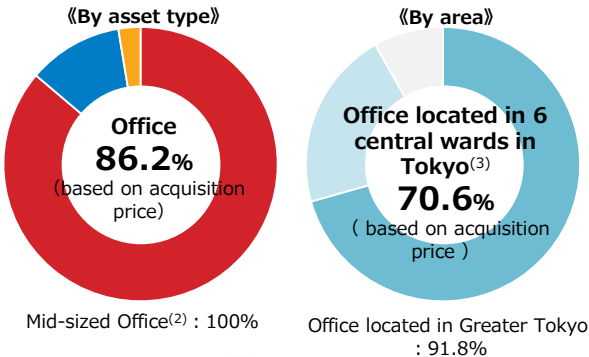


Rock-solid portfolio

(focusing on supply/demand balance and diversification)

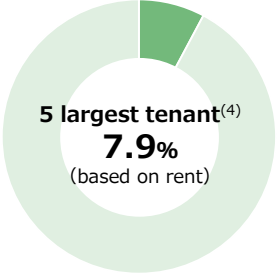
Focusing on Mid-sized office located in Tokyo

- Limited supply and Strong demand
- Low risk of volatility in rent



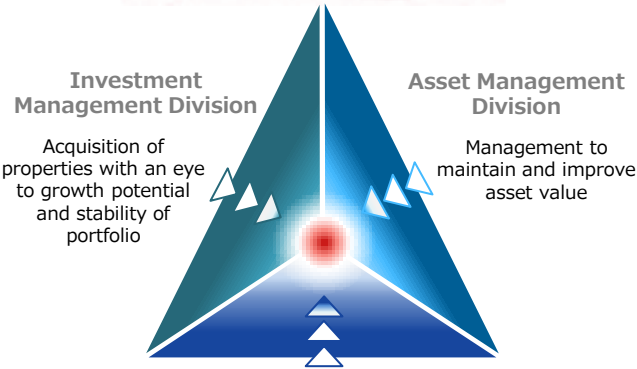
Ultimate diversified portfolio

«Tenant diversification»



Asset management structure
taking advantage of our strengths

Trinity Management, in which characteristics of properties are fully utilized



Engineering Management Office

Support at all phases (Acquisition, Management, Transfer) from a viewpoint of professionals of construction and equipment

Summary of Trinity Management

- Two Divisions and a office work in cooperation at each important moment of asset management
- Triple-checked investment action and criteria
 - Effective engineering management
 - Medium to long-term portfolio management strategy

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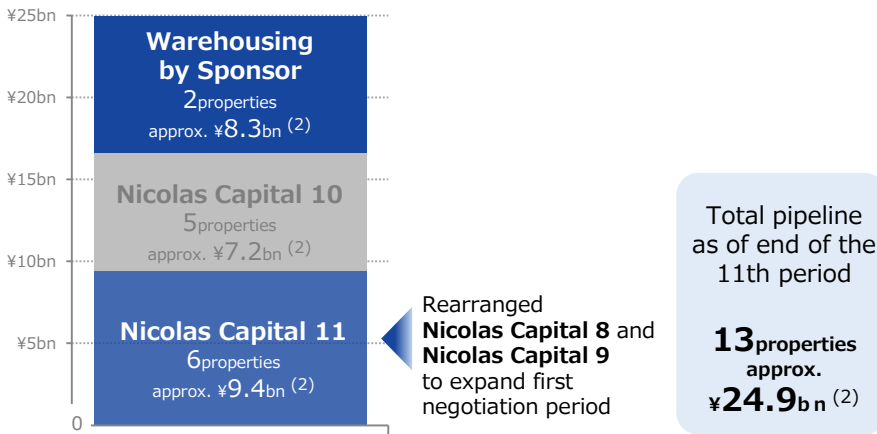
External growth

① 《Portfolio》 **Enhanced portfolio quality through asset exchange using pipeline**

	End of the 10th period	End of the 11th period
Number of Properties	65 properties	66 properties
AUM	¥204.8bn	¥207.7bn
Total of appraisal value	¥224.0bn	¥228.3bn
NAV per unit ⁽¹⁾	¥321,274	¥324,820
Unrealized gains	¥16.5bn	¥17.9bn^②

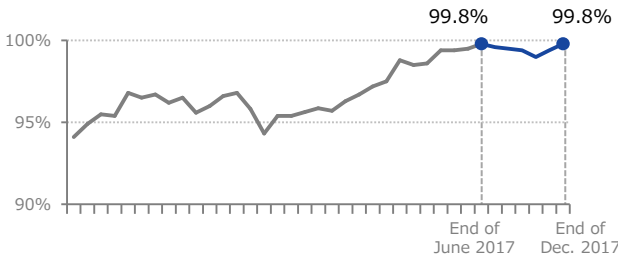
② **Utilization of asset exchanging scheme:**
Increased unrealized gains by appropriating gains on transfer for reducing the book value of the properties to be acquired

① 《Pipeline》 **Rearranged bridge funds and Accumulated pipeline using sponsor support**

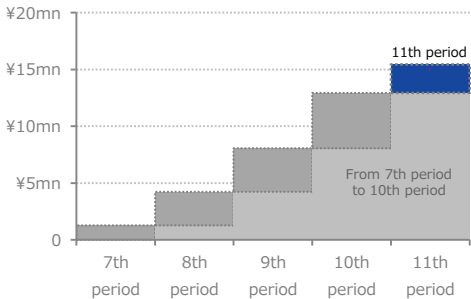


Internal growth

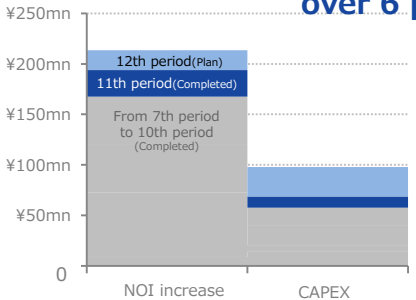
① 《Occupancy rate》 **Maintaining high level**



① 《Increase in rent》 **Achieved more than original target**



① 《Increase in NOI by EM[※]》 **Expected total NOI increase of ¥213mn over 6 periods by EM**

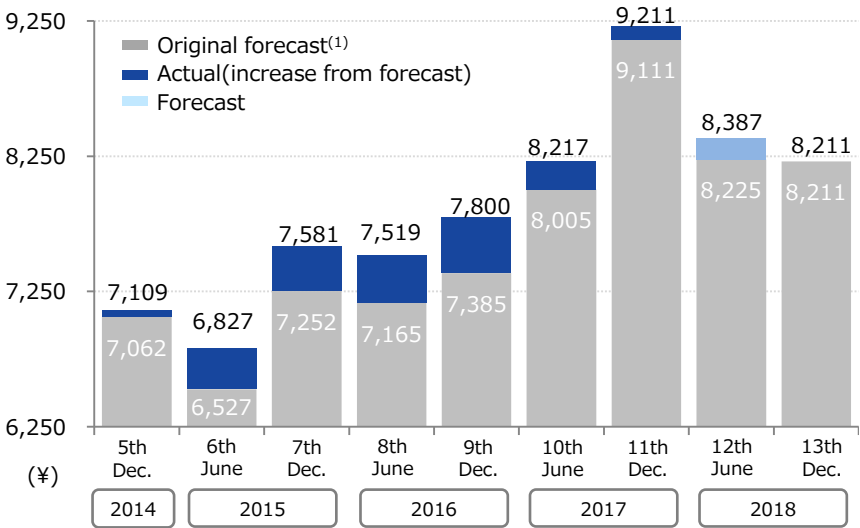


※Engineering Management

	Financial Results 11th Period (Dec. 2017)	Forecast 12th Period (June 2018)	Forecast 13th Period (Dec. 2018)
Operating Revenue	¥7,553mn	¥7,219mn	¥7,183mn
Operating Income	¥4,115mn	¥3,801mn	¥3,780mn
Ordinary Income	¥3,608mn	¥3,286mn	¥3,217mn
Net Income	¥3,607mn	¥3,285mn	¥3,216mn
DPU	¥9,211	¥8,387	¥8,211

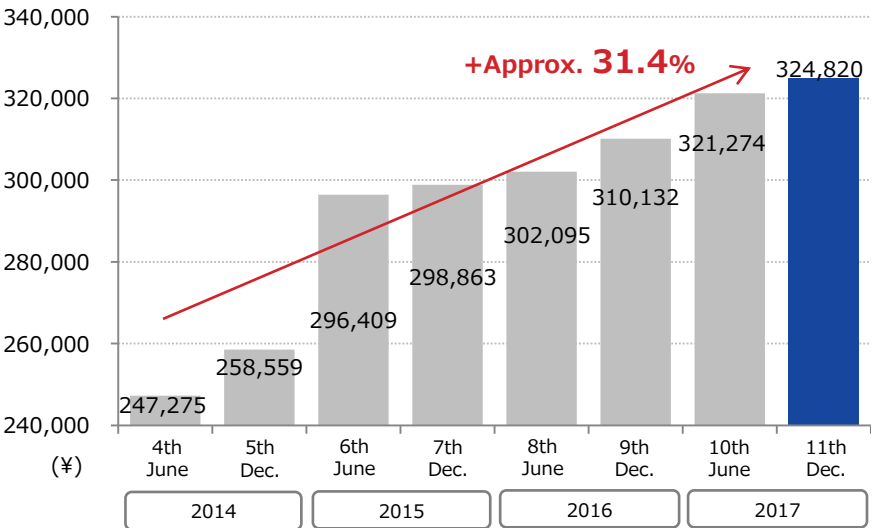
《DPU transition (compared to the respective forecast)》

● Exceeded respective forecast every period since IPO



《Growth in NAV per unit》

● Increased by approx. 31.4% since 4th period



Summary of Financial Results for the 11th Period

As of Aug.
17, 2017

As of Sep. 15, 2017

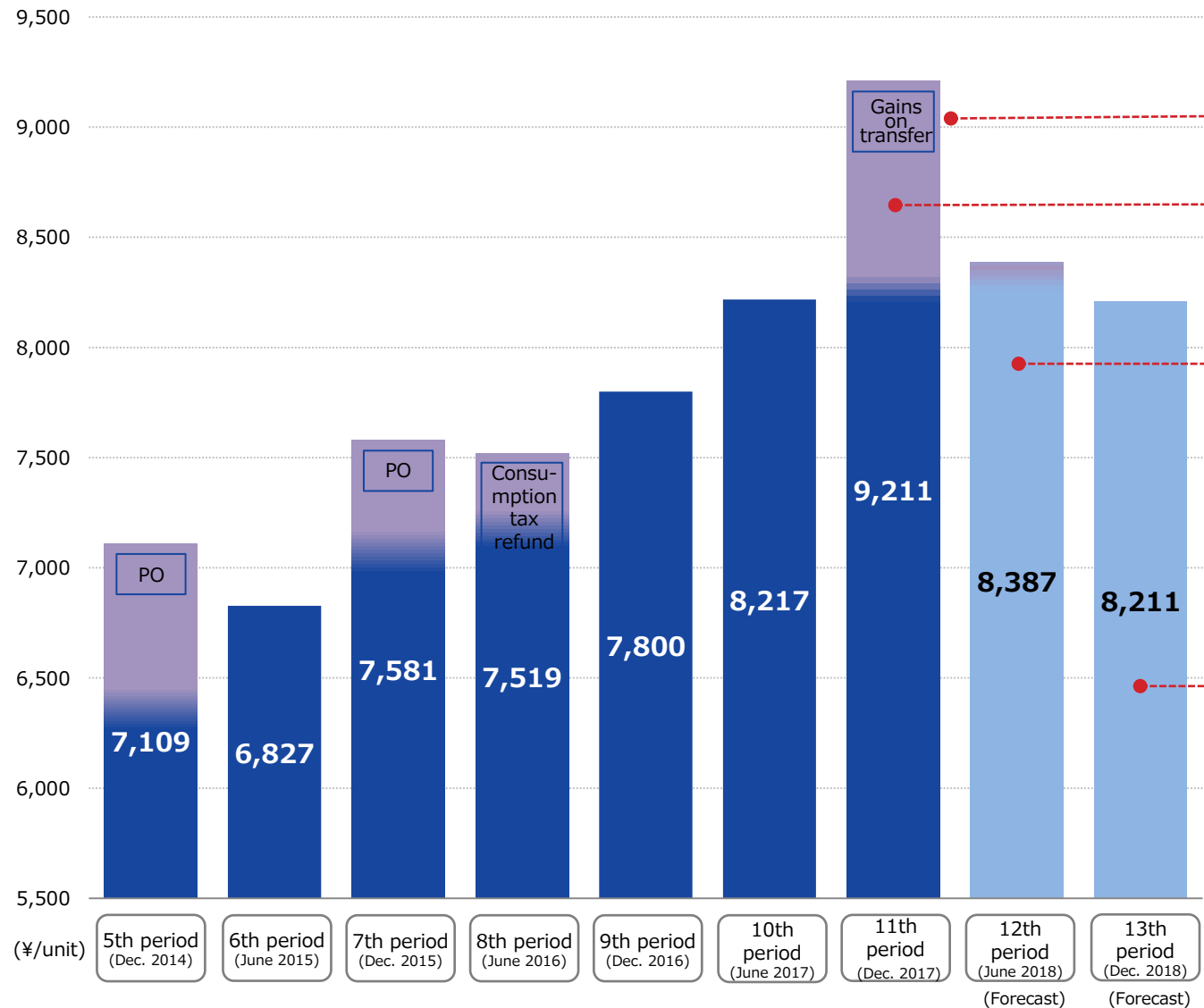
As of Feb. 16, 2018

Unit: ¥mn				11th period actual			12th period forecast			13th period forecast	
	10th period (June 30, 2017) Actual (a)	11th period (Dec. 31, 2017) Forecast (b)	12th period (June. 30, 2018) Forecast (c)	11th period (Dec. 31, 2017) Actual (d)	Compared to 10th period actual (d-a)	Compared to 11th period forecast (d-b)	12th period (June 30, 2018) Forecast (e)	Compared to 11th period actual (e-d)	Compared to 12th period forecast (e-c)	13th period (Dec. 31, 2018) Forecast (f)	Compared to 12th period forecast (f-e)
Operating Revenues	6,947	7,509	7,039	7,553	606	43	7,219	(334)	179	7,183	(35)
Rental Revenues	6,278	6,425	6,387	6,437	159	12	6,530	93	143	6,526	(4)
Other Revenues Related to property leasing	628	681	618	705	76	24	645	(60)	26	633	(11)
Gain on exchange of real estate properties	-	382	-	376	376	(6)	-	(376)	-	-	-
Dividend Income	40	20	33	34	(6)	13	43	8	9	23	(19)
Operating Expenses	(3,250)	(3,431)	(3,301)	(3,438)	(187)	(6)	(3,417)	20	(115)	(3,403)	14
Operating Income	3,696	4,078	3,737	4,115	419	37	3,801	(313)	63	3,780	(21)
Non-Operating Revenues	0	0	0	1	1	1	0	0	0	0	0
Non-Operating Expenses	(477)	(508)	(514)	(508)	(31)	0	(514)	(6)	0	(562)	(47)
Ordinary Income	3,218	3,569	3,222	3,608	389	38	3,286	(322)	63	3,217	(69)
Net Income	3,218	3,569	3,222	3,607	389	38	3,285	(322)	63	3,216	(69)
DPU	¥8,217	¥9,111	¥8,225	¥9,211	¥994	¥100	¥8,387	(¥824)	¥162	¥8,211	(¥176)
NOI	5,111	5,194	5,204	5,215	104	21	5,263	47	58	5,278	15
Days	181	184	181	184	-	-	181	-	-	184	-

Track Record and Forecast of DPU

《Transition of DPU》

Actual DPU Forecast DPU Non-recurring factors⁽¹⁾



① Gains on transfer

Divided ¥376mn out of ¥792mn of gains on transfer

② Increased by 12.1% from the previous period

DPU for the 11th period stood at ¥9,211, increased by 12.1% (¥994) from the previous period

③ Forecast DPU for the 12th period exceeds ¥8,300, based on high forecast occupancy rate

- Forecast DPU exceeded ¥8,300, revised up by 2.0% from the forecast (¥8,225) as of September 15, 2017
- It includes increase of dividend income from silent partnership due to transfer of asset in the bridge fund as non-recurring factors

④ Certain stress such as move-out ratio etc.

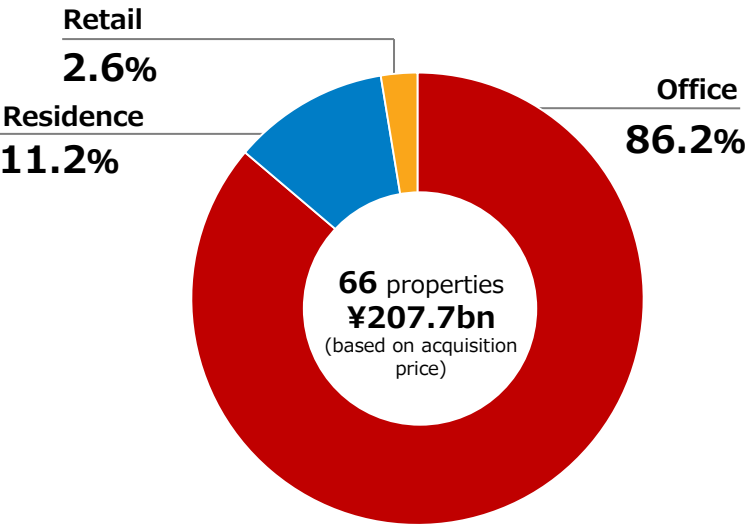
Loaded with a stress by certain move-out ratio etc. for the forecast for the 13th period



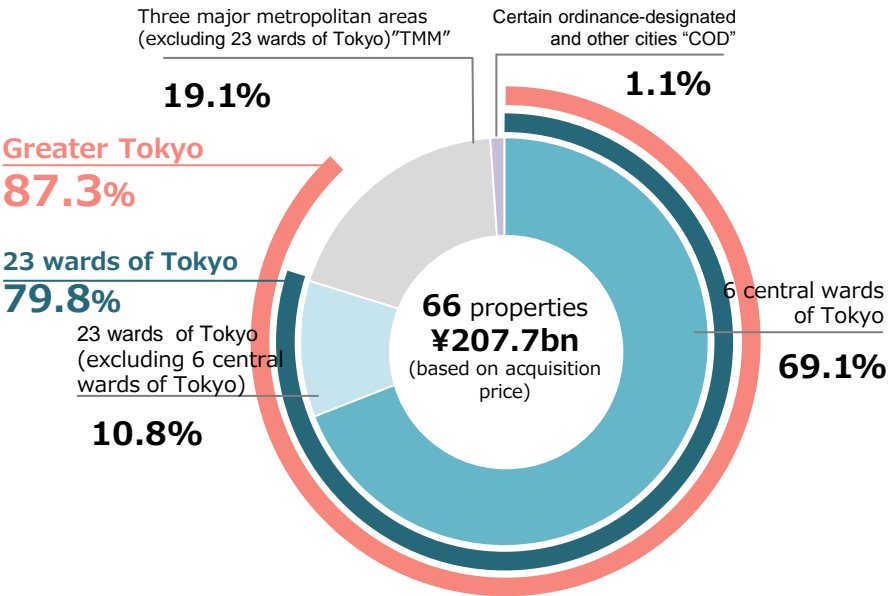
2. Management Status in the 11th period and Future Growth Strategies

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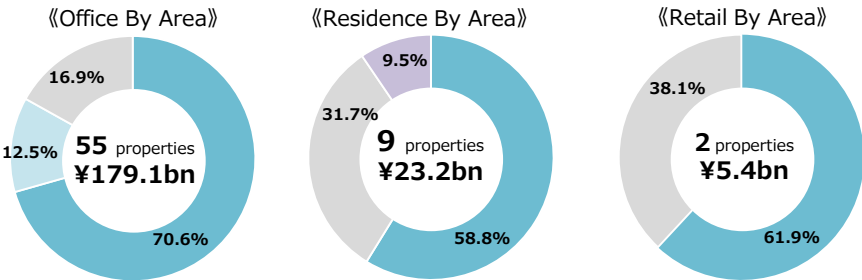
《By type of portfolio》



《By area⁽¹⁾》



- 6 central wards of Tokyo (6 central)
- 23 wards of Tokyo (excluding six central wards of Tokyo) (23 wards)
- Three major metropolitan areas (excluding 23 wards of Tokyo) (TMM)
- Certain ordinance-designated and other cities (COD)



Ⓢ

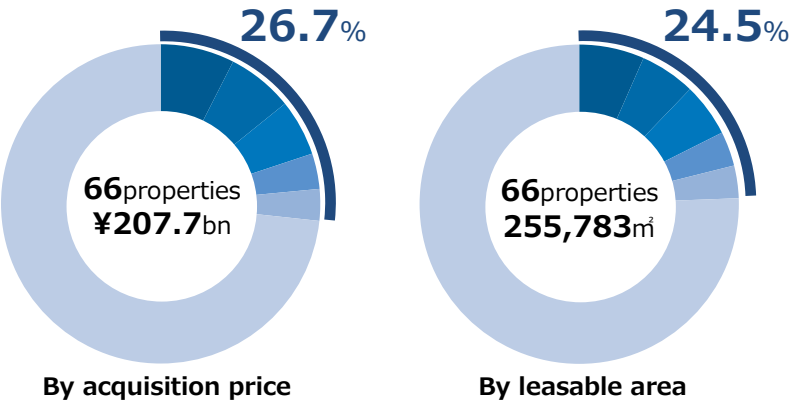
Maintaining portfolio mainly composed of “Mid-sized Office which has stable characteristics” located in “Tokyo where has growth potential” (Tokyo mid-sized office:70.6%)

Maintaining portfolio mainly composed by mid-sized office located in Tokyo through disciplined external growth

	Transition of type of asset			Transition of Area			
	Office	Residence	Retail	6 central	23 wards	TMM	COD
End of the 10th Period	87.7%	9.7%	2.6%	66.8%	15.1%	17.0%	1.1%
End of the 11th Period	86.2%	11.2%	2.6%	69.1%	10.8%	19.1%	1.1%

Risk Diversification

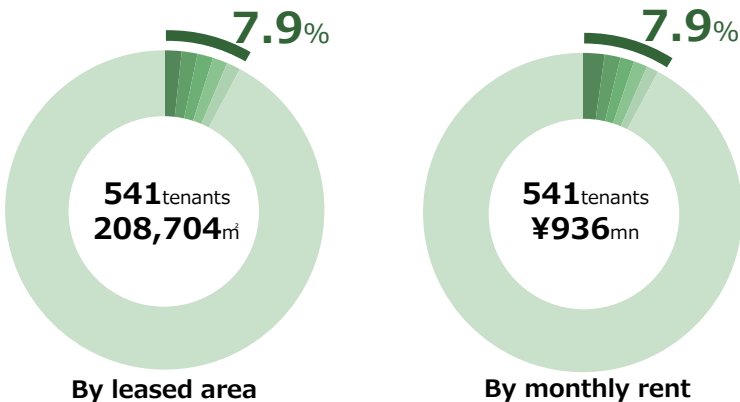
《Portfolio diversification》 (Proportion of the 5 largest properties)



《5 largest properties (by acquisition price)》

	Property Name	Acquisition Price(¥mm)	Share
1	Omiya Center Building	15,585	7.5%
2	FORECAST Shinjuku SOUTH	13,990	6.7%
3	Tower Court Kitashinagawa	11,880	5.7%
4	Shibakoen Sanchome Building	7,396	3.6%
5	Homat Horizon Building	6,705	3.2%

《Tenant diversification》 (Proportion of the 5 largest tenants)



《5 largest tenants (by leased area)》

	Property Name	Business Category	Leased Area(m²)	Share
1	Shibakoen Sanchome Building	Telecommunication	3,559.85	1.7%
2	FORECAST Shinjuku SOUTH FORECAST Shinjuku AVENUE	Telecommunication	3,342.60	1.6%
3	Sunworld Building	Real Estate	3,314.58	1.6%
4	Itabashi Honcho Building	Service	3,189.12	1.5%
5	Pigeon Building	Manufacture	3,022.25	1.4%



Maintaining high Risk tolerance

Portfolio which has high risk tolerance is realized through maintaining highest leveled portfolio and tenant diversification among all listed J-REIT

	Portfolio Diversification		Tenant diversification	
	By acquisition price	By leasable area	By leased area	By monthly rent
End of the 10th Period	27.0%	25.9%	7.7%	8.0%
End of the 11th Period	26.7%	24.5%	7.9%	7.9%

Overview of Acquired and Transferred Assets



● Homat Horizon Building (Chiyoda ward, Tokyo)

- ① 8,143.02m²
- ② August 1987



Acquisition price	¥6,705mn
Book value (as of the end of the Dec. 2017)	¥ 6,507mn
Appraisal value (as of the end of the Dec. 2017)	¥6,800mn
NOI Yield ⁽¹⁾	5.2%
Appraisal NOI Yield ⁽²⁾	4.2%

● Sannomiya First Building (Chuo ward, Kobe)

- ① 5,019.79m²
- ② November 1993



Acquisition price	¥1,390mn
Book value (as of the end of the Dec. 2017)	¥1,422mn
Appraisal value (as of the end of the Dec. 2017)	¥1,500mn
NOI Yield ⁽¹⁾	7.1%
Appraisal NOI Yield ⁽²⁾	6.3%

● Splendid Namba (Naniwa ward, Osaka)

- ① 8,031.78m²
- ② January 2015



Acquisition price	¥3,502mn
Book value (as of the end of the Dec. 2017)	¥3,460mn
Appraisal value (as of the end of the Dec. 2017)	¥3,640mn
NOI Yield ⁽¹⁾	5.5%
Appraisal NOI Yield ⁽²⁾	5.1%

① Total floor area ② Completion date

● GreenOak Okachimachi (Taito ward, Tokyo)

- ① 4,296.39m²
- ② January 1977



Transfer price	¥3,650mn
Book value (as of Sep. 28, 2017)	¥3,451mn
Gain on transfer	¥198mn
Appraisal value (as of the end of the June 2017)	¥3,010mn
Estimated NOI Yield ⁽³⁾ i) vs acquisition price ii) vs transfer price	i) 4.1% ii) 3.8%
Appraisal NOI Yield ⁽²⁾	4.4%

Main reason to decide transferring the asset

- Building age (over 40 years old)
- Future growth potential (existence of sublease contract)

● JS Progres Building (Ota ward, Tokyo)

- ① 17,868.72m²
- ② April 1993



Transfer price	¥6,350mn
Book value (as of Sep. 28, 2017)	¥5,398mn
Gain on transfer	¥951mn
Appraisal value (as of the end of the June 2017)	¥5,250mn
Estimated NOI Yield ⁽³⁾ i) vs acquisition price ii) vs transfer price	i) 4.1% ii) 3.4%
Appraisal NOI Yield ⁽²⁾	5.3%

Main reason to decide transferring the asset

- Strengthen risk tolerance
- Change of its role in the portfolio due to change of AUM size
- Improvement of unrealized gains

① Concept of the Asset Replacement

◆ Enhance and upgrade portfolio

- Enhanced profitability of the portfolio by incorporating mid-sized offices and young residence that has strong demand into
- Transferred 2 assets with hidden loss and enhanced portfolio quality such as unrealized gains

◆ Demonstrate a “Timely Investment” by recording gains on transfer

- Recorded gains on transfer of ¥792mn

◆ Realized two targets in a balanced manner

- Realized two targets (Medium- and long-term improvement in unitholder value and increase in distributions paid for existing unitholders) in a balanced manner through reduction of book value of acquired assets of ¥416mn out of ¥792mn, and allocation of ¥376mn to dividend

② Effects of the Asset Replacement

《NOI Yield》

Estimated NOI Yield⁽³⁾
of assets transferred
(vs acquisition price)

4.1%

NOI Yield⁽¹⁾ of
assets acquired

5.5%

《Unrealized Gains》

+¥1.1bn ⁽⁴⁾

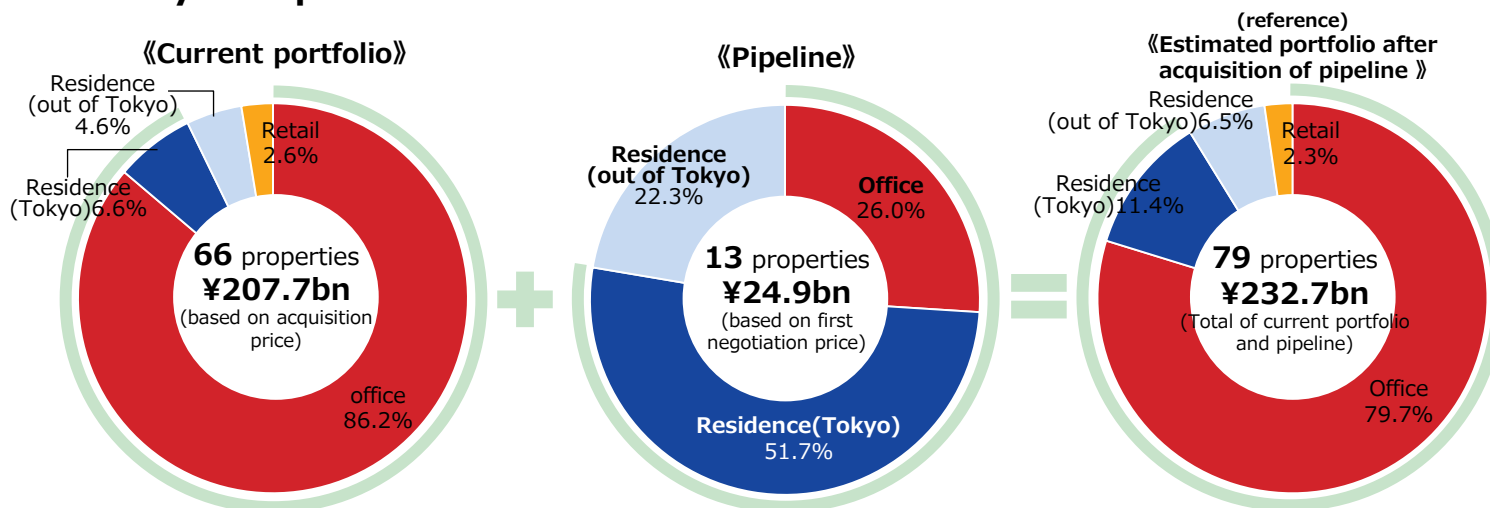
《Average Building Age》

-0.5year ⁽⁵⁾

《DPU》

¥96 ⁽⁶⁾

Summary of Pipeline



① Planning diversification of growth opportunity, obtaining pipeline of ¥24.9bn mainly composed by residence (Tokyo)

- Planning diversification of growth opportunity through acquiring right of first negotiation residence located in Tokyo
- All pipeline meet our acquisition solid standard

② Utilization of sponsor support

Diversified way to obtain pipeline by utilizing sponsor support(warehousing)

③ Rearrangement of bridge funds

- Nicolas Capital8 and Nicolas Capital9 which became overdue in Dec. 2017 and Feb. 2018 have been rearranged into new bridge fund Nicolas Capital11
- Transferred of a property to reduce first negotiation price of other 6 properties

《Overview of effective bridge funds》

• Nicolas Capital10(5 properties)
Total first negotiation price: ¥7,234mn
Total appraisal value: ¥7,276mn
Equity investment amount: ¥50mn
Deadline of the first negotiation: Mar. 29, 2019

• Sponsor warehousing(2 properties)
Total first negotiation price: ¥8,310mn
Deadline of the first negotiation: Sep. 30, 2019

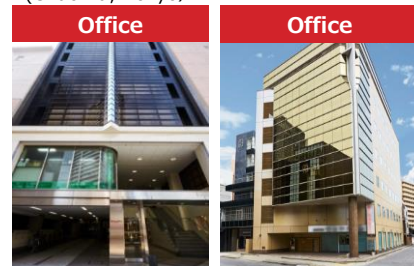
• Nicolas Capital11(6 properties)
Total appraisal value: ¥9,410mn
Equity investment amount: ¥500mn
Deadline of the first negotiation: End of Apr. 2021

《Pipeline》

■ Office



Yusen Higashi-Nihombashi (Chuo-ku, Tokyo)
Hiroo ON Building (Shibuya-ku, Tokyo)



Alte Building Higobashi (Nishi-ku, Osaka)
DIA Building Meieki (Nakamura-ku, Nagoya)

■ Residence (Tokyo)



(Tentative) Residence Hiroo (Minato-ku, Tokyo)
Residence Edogawabashi (Shinjuku-ku, Tokyo)
Merveille Sensoku (Ota-ku, Tokyo)
Primegate Iidabashi (Shinjuku-ku, Tokyo)
Field Avenue (Ota-ku, Tokyo)

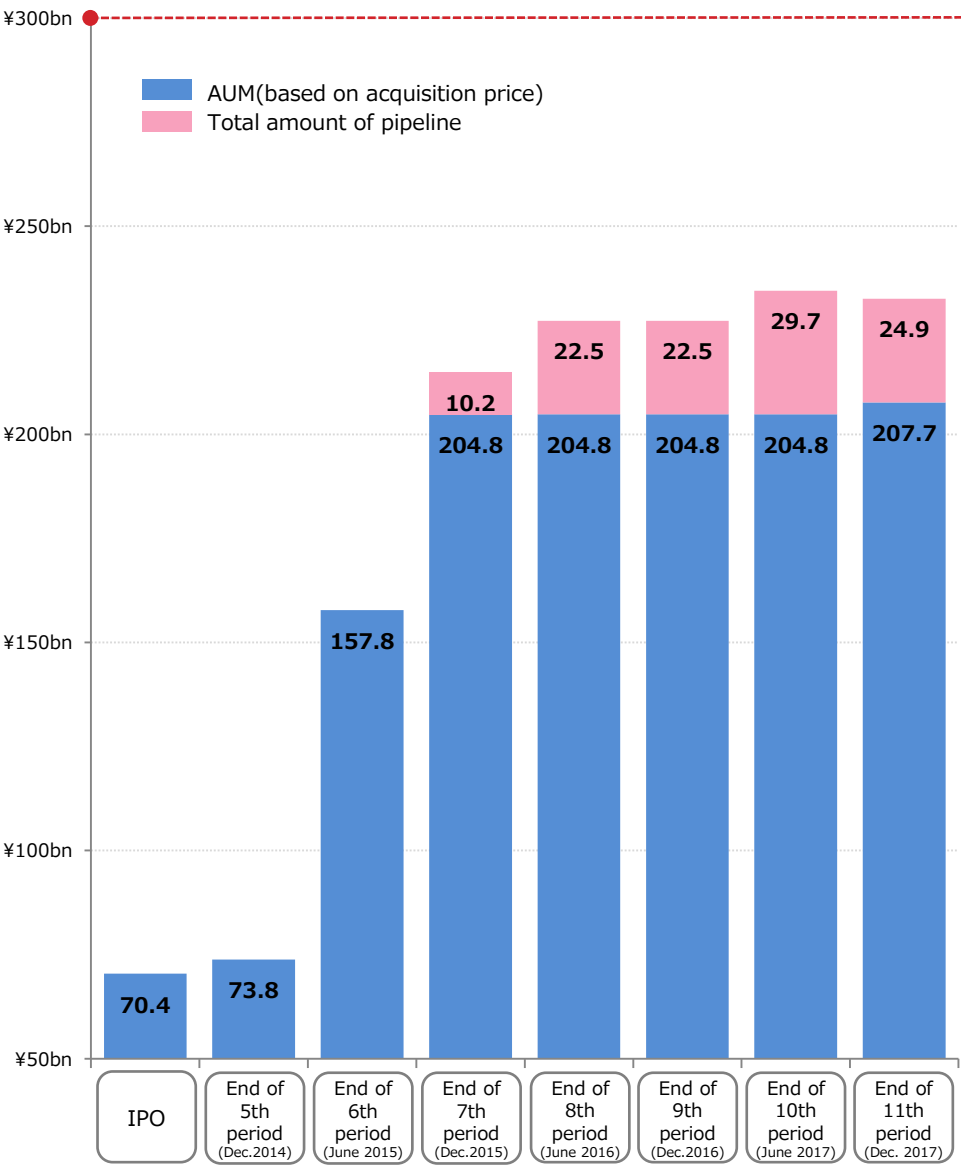
■ Residence(out of Tokyo)



Splendid Namba Shinosaka III (Higashi-yodogawa-ku, Osaka)
ZEPHYROS Minami-horie (Nishi-ku, Osaka)
Charmant Fuji Osakajominami (Chuo-ku, Osaka)
Piacere Fuminosato (Abeno-ku, Osaka)

AUM Target

《Track record of AUM and pipeline, Medium to long term AUM target》



① Striving to achieve the medium to long term AUM target ¥300bn through disciplined external growth

② Maintain the acquisition target since IPO

Target NOI yield⁽¹⁾ 4.5%
(NOI yield after depreciation: 4.0%)

Well diversified portfolio
(portfolio and tenant diversification)

Highly concentrated in **central Tokyo** (office)
(over 60% of properties are located in 6 central wards of Tokyo)

High growth potential
(potential for building·rent gap)

High competitiveness in **location**
(area with growth potential)

Stable **Mid-sized office**
(low rent volatility·well balanced supply)

③ Flexible replacement depending on the market condition

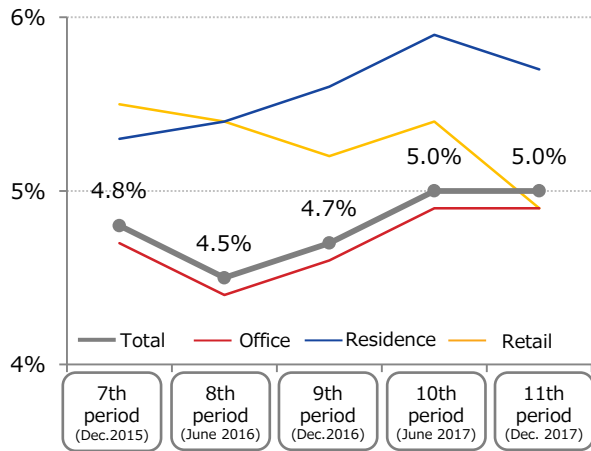
- Implemented plan to enable timely and flexible replacement of properties (calling “Tiering”) and revise it every year
- Decided transfer of 2 properties based on result of Tiering, implemented asset replacement by exchanging between pipeline (3 properties)
- Achieved enhancement of portfolio quality and profitability, DPU increase at the same time

④ Pursue external growth through offering which contribute to maximization of Unitholders’ Value
In principle, avoid offering at NAV discount

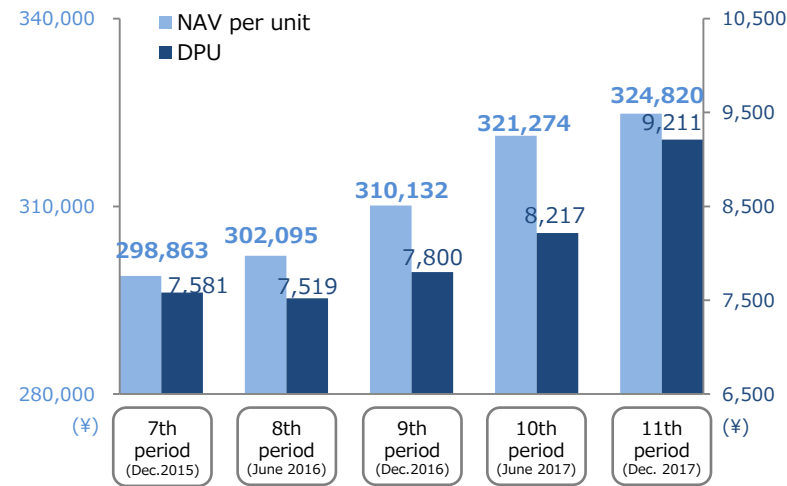
Activities to Enhance Unitholder's Value

《Transition of portfolio NOI》

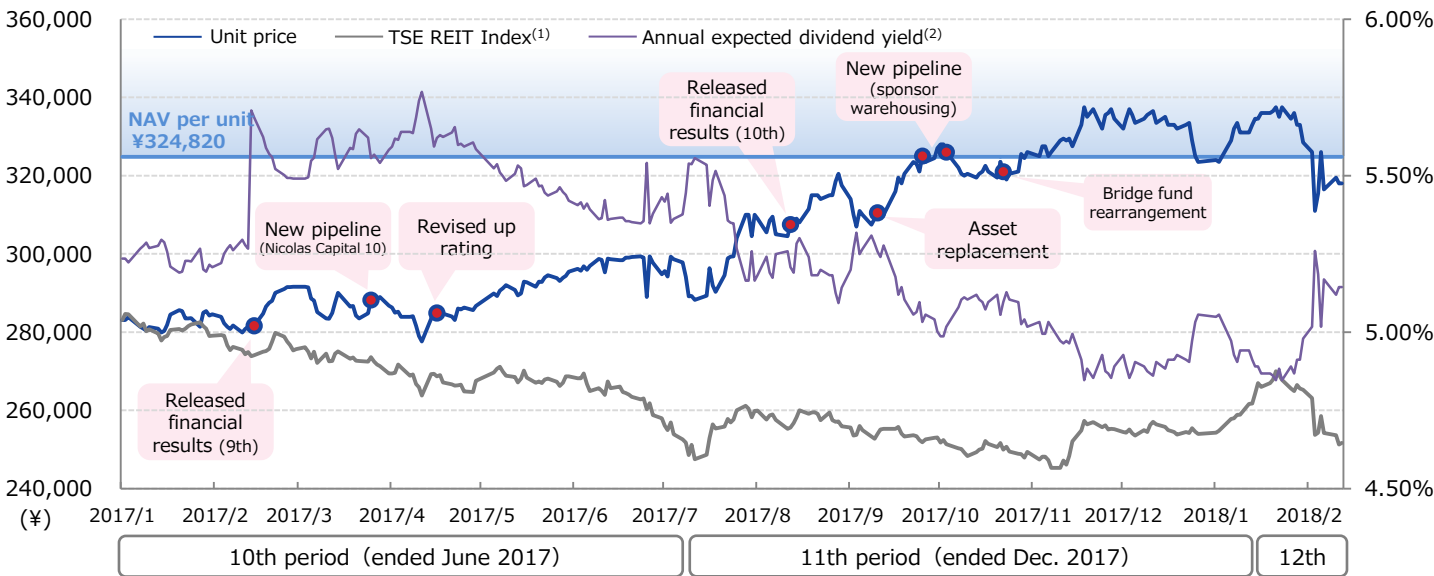
※respective annualized NOI/respective book value



《Transition of PNAV and DPU》



《Transition of unit price》



① Continued enhancement of portfolio quality and profitability

◆ Portfolio NOI increase

- Portfolio NOI increased due to active internal growth using Trinity management
- Enhanced portfolio quality through strategic asset replacement

◆ NAV per unit growth

- NAV per unit increased by 8.7% from the 7th period to the 11th period

◆ DPU growth

- DPU increased by 21.5% from the 7th period when AUM reached current portfolio to the 11th period
- Aim to create positive spiral of external growth and internal growth to achieve further growth

② AUM growth

◆ Expanding external growth potential

- Extended deadline of bridge fund by rearrangement, pipeline of approx. ¥24.9bn is obtained including sponsor warehousing
- Aim to acquire the pipeline through public offering which contribute to maximization of Unitholders' Value

◆ Expanding internal growth potential

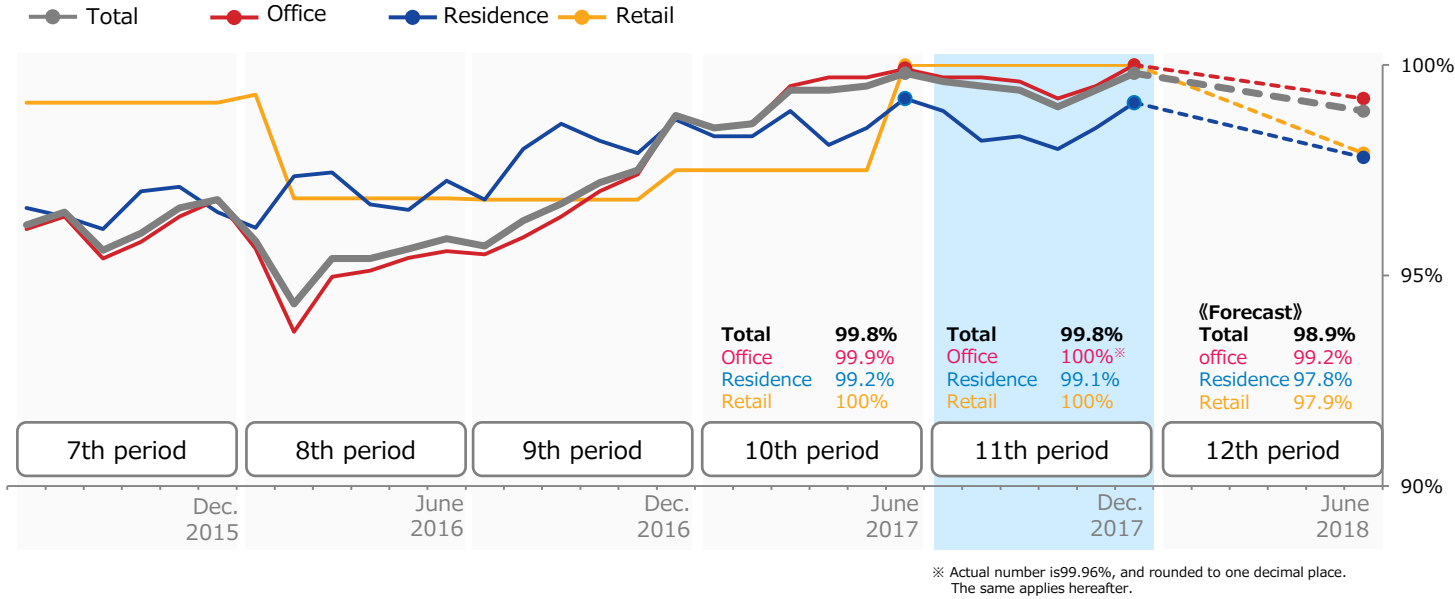
- Expanded possibility of internal growth by acquisition of 3 properties which has growth potential through asset replacement

③ Expanding Investor universe

Carrying out active and effective IR activities inside or outside of Japan while looking at the possibility of incorporation into index (FTSE EPRA/NAREIT)

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

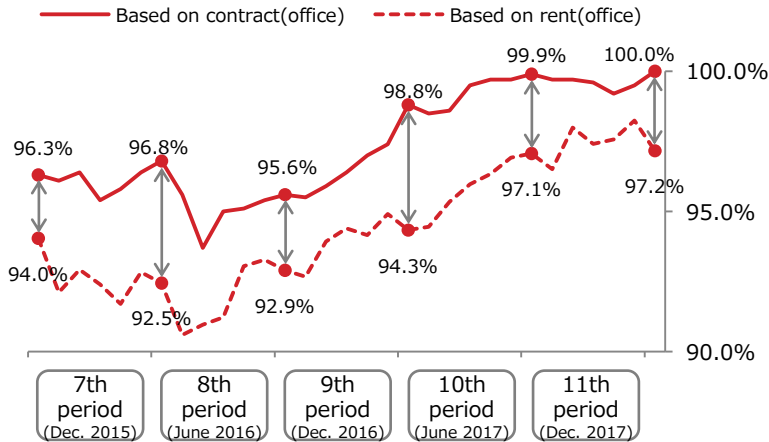
② Increasing occupancy rate based on rent

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

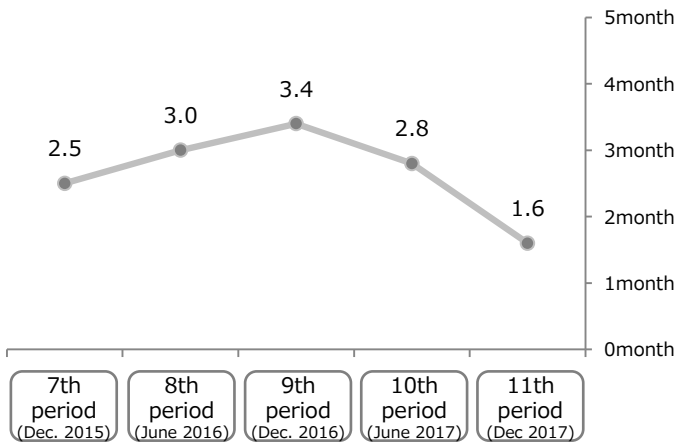
《Difference between occupancy rate based on contract and based on rent(office)》

	Based on contract	Based on rent	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 rent (office)》



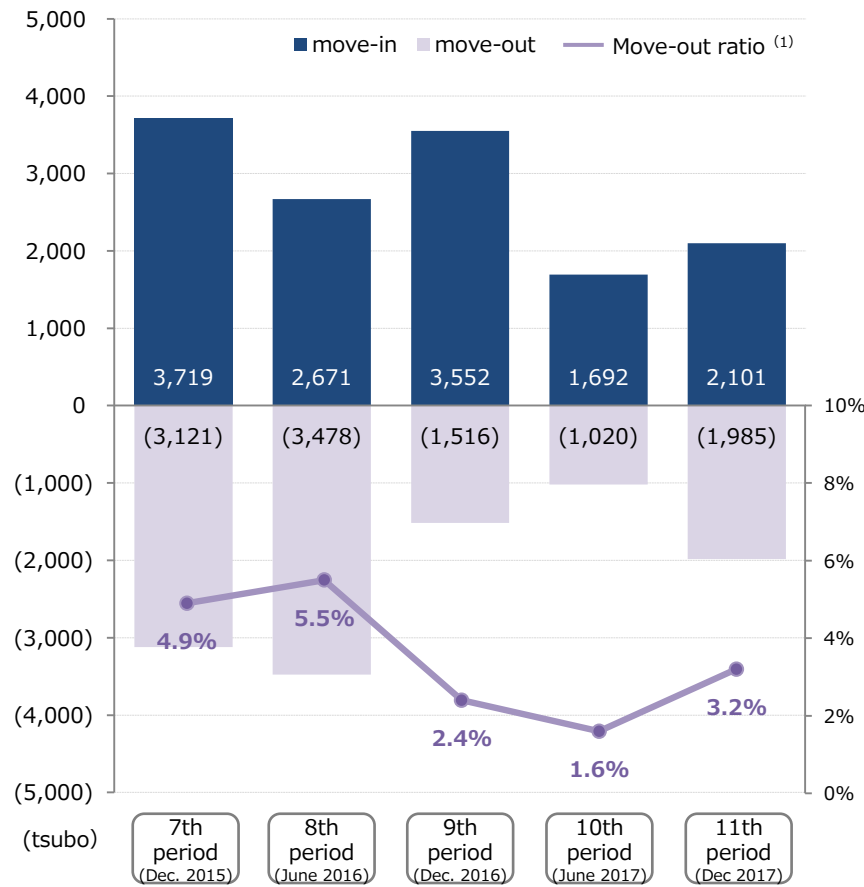
《Average Free Rent Period ⁽¹⁾ Trend》



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

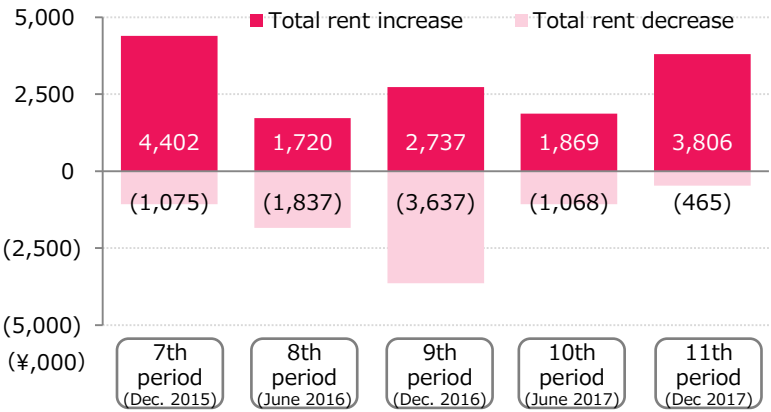


⊖ **Low move-out ratio due to tight market and satisfactory tenant relationship, Flexible and speedy tenant replacement**

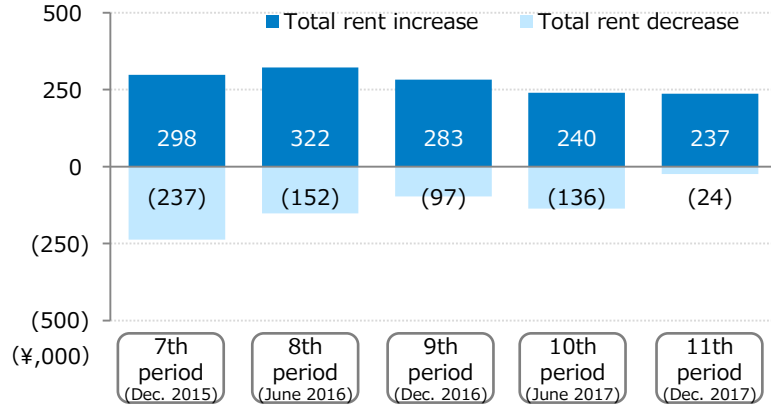
Replace tenant flexibly and speedily backed by high property competitiveness which has been improved by Engineering Management

《Rent increase(decrease) upon tenant replacement》

● Office



● Residence⁽²⁾

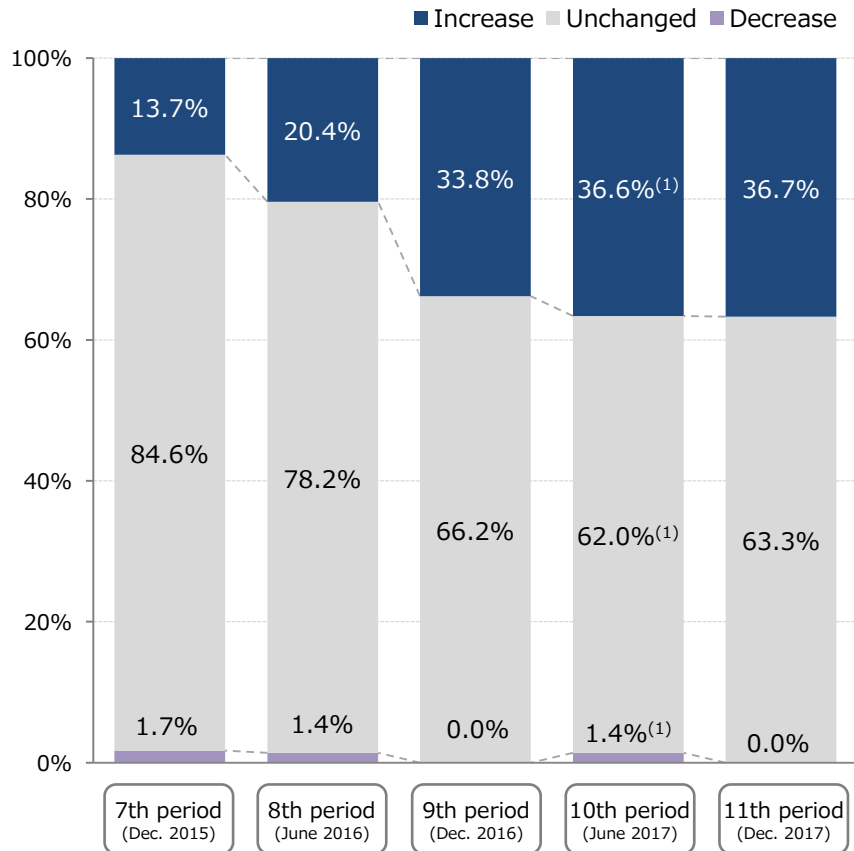


⊖ **Drastic improvement in rent increase(decrease) upon tenant replacement**

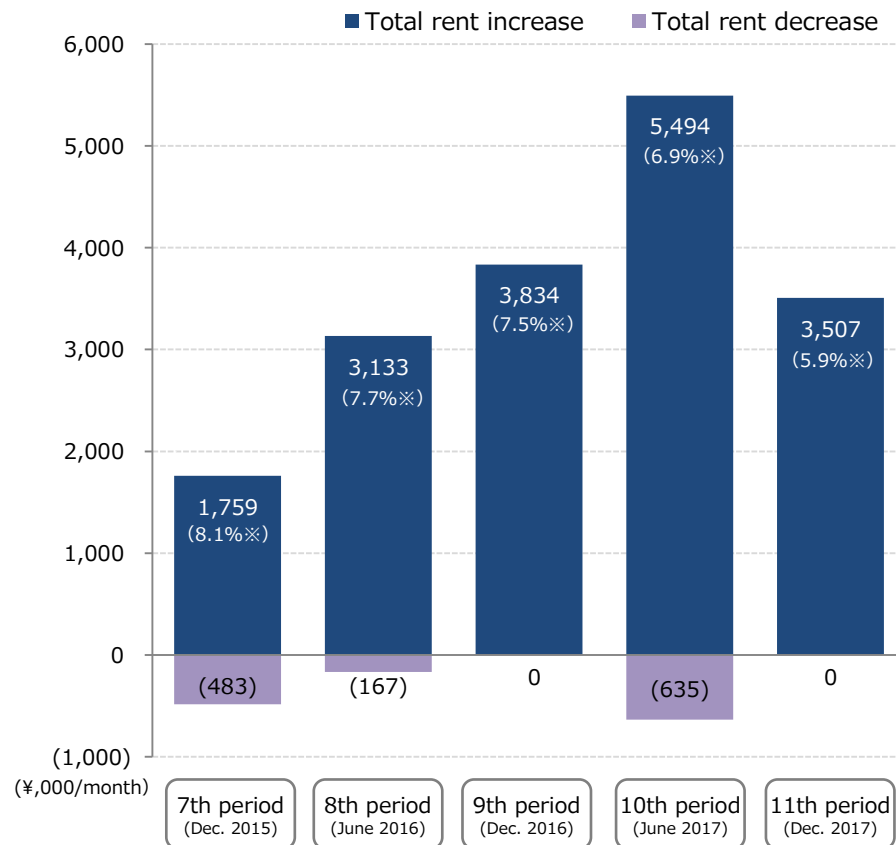
Rent increase(decrease) upon tenant replacement improved greatly, given the background of mid-sized office market in which supply-demand balance is tight and there is high property competitiveness

Track Record of Rent Renewals

《Track record of rent renewals (floor space)》



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



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 the 11th period



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

《Trend of Total Increase-decrease (monthly)》

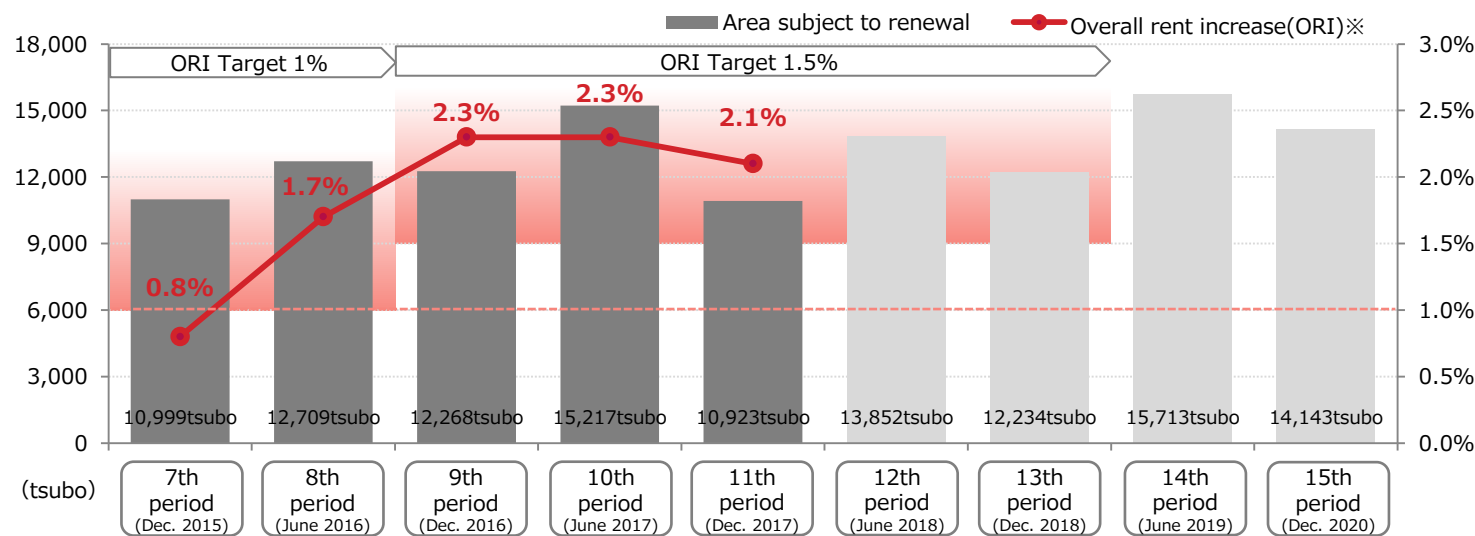
(Total rent increase-Total rent decrease)

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

Track Record of Overall Rent Increase and Rent Gap Trend

《 Track record of area subject to renewal and overall rent increase 》



① Overachieved the target

- Overall rent increase for the 11th period turned out to be 2.1%, outperforming the target (1.5%)
- We continuously keep the target overall rent increase of 1.5% until the 13th period

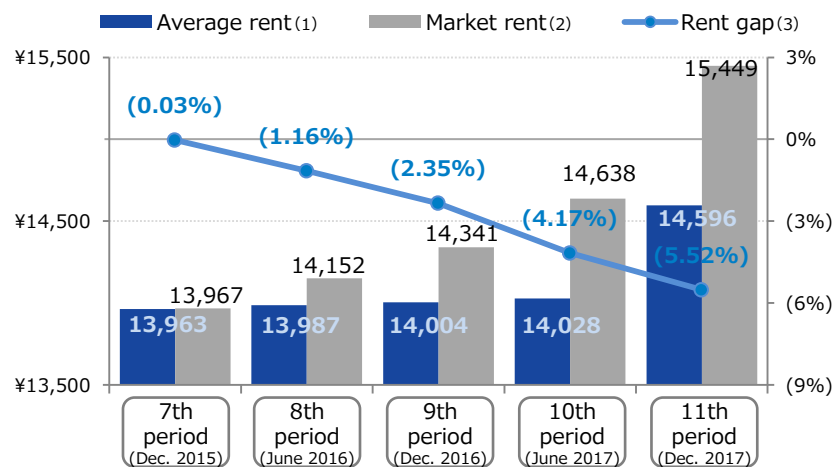
※ “Overall rent increase” is percentage of total increase-decrease in rent for the respective period to total rent of all tenants which renewed contracts in the respective period. The “rent increase target” and “contribution to DPU” stated do not guarantee increase of DPU for respective period.

② Further expanded rent gap due to rising market rent

Rent gap as of the end of the 11th period turned out to be negative 5.52%, with further potential of rent increase in the future

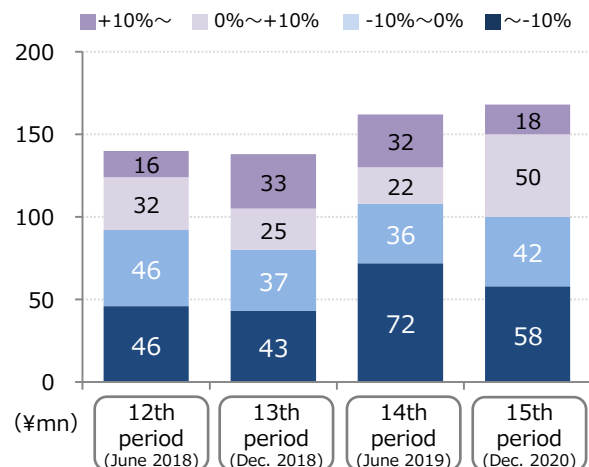
《 Rent gap trend 》

※Office and standard floor Only



《 Status of rent gap 》

※Office and standard floor Only, monthly rent base



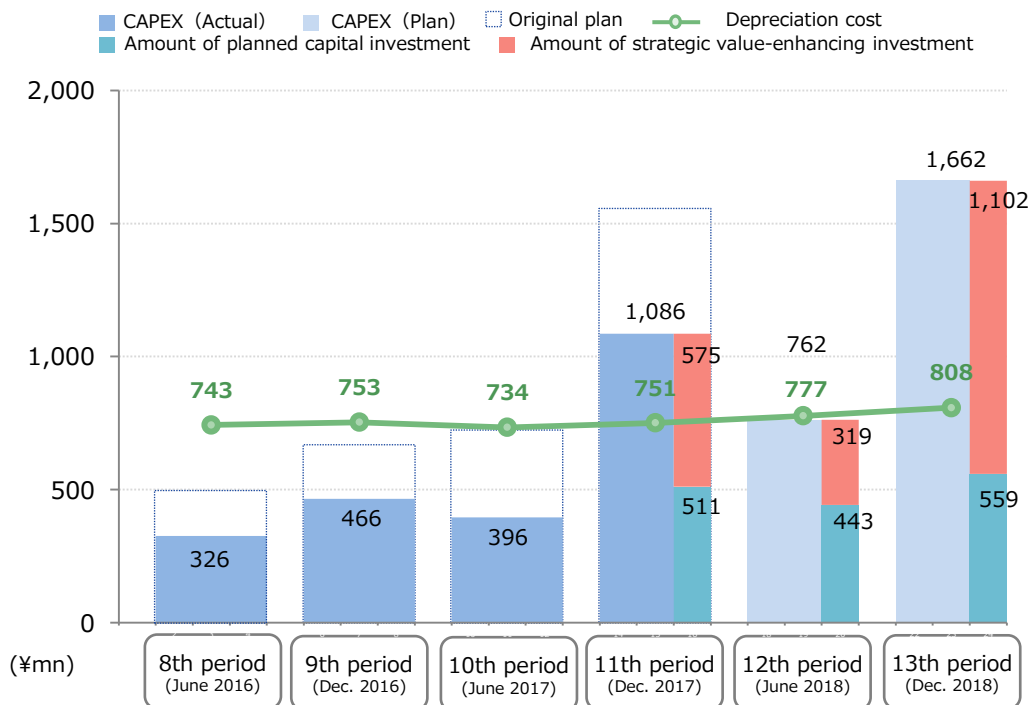
③ Continuous negotiation with tenant

We continue to negotiate and aim to increase in rent mainly with tenant whose rent is lower than the market rent (negative rent gap)

Plan and Budget of Engineering Management

(Planned capital investment and strategic value-enhancing investment)

《Plan and Budget of Engineering Management》



Depreciation cost (A)	743	753	734	751	777	808
CAPEX (B)	326	466	396	1,086	762	1,662
Surplus / Shortage (A) - (B)	416	287	337	(335)	15	(853)
Reserved depreciation amount ⁽¹⁾	1,522	1,809	2,147	1,812	1,827	974

《Outline of Engineering Management》

1 Planned capital investment

Repair, renewal and maintenance of facilities necessary to maintain and improve asset value for a long term

2 Strategic value-enhancing investment

Profitability enhancement

Measures to increase rents / raise income, etc.

Cost reduction

Reduction of management cost through energy conservation, etc.

Improvement of tenant satisfaction

Minimization of tenant vacancy risk
Shorten leasing periods

Environmental Consideration

Installation of high energy efficiency equipment etc.

① Utilize reserved depreciation amount effectively

- Utilize reserved depreciation amount to make CAPEX plans more feasible (in the event intensive investment improves its efficiency drastically, etc.)
- Utilize Reserved depreciation amount when CAPEX exceeds depreciation amount temporally (in case intensive investment will be more effective from a mid-to-long term perspective)

② Utilize subsidies

- Utilize government subsidy as well to make CAPEX plans feasible
- Intensively applying for subsidies considering change of adoption target and competition intensified

《Track record and plan of utilizing subsidies》

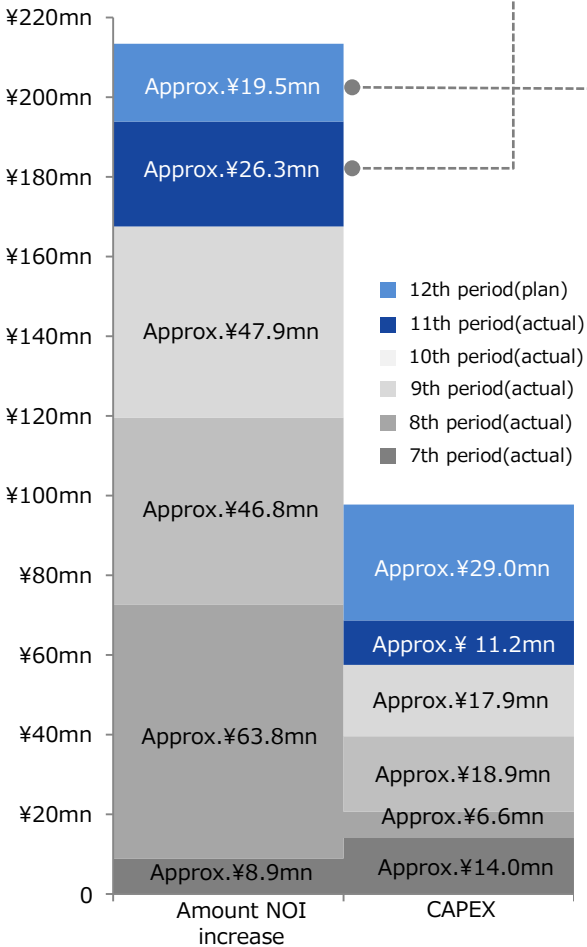
	Total Investment amount	Total Subsidy amount
By the 9th period	Approx. ¥274mn	Approx. ¥98mn
By 11th period(plan)	Approx. ¥695mn	Approx. ¥192mn
By 11th period(actual)	Approx. ¥496mn	Approx. ¥104mn
By 13th period(plan)	Approx. ¥817mn	uncertainty

Achievements of NOI Enhancement through Engineering Management⁽¹⁾

(Strategic value-enhancing investment)

《Transition of amount of NOI increase and CAPEX by Engineering Management》

《Actual for 11th period (Dec. 2017)》



Creation of new revenue sources/Profitability enhancement	
Major measure	Effect
(FORECAST Shinagawa etc.) Setting up new leasing areas	Approx.¥2.64mn
(Tower Court Kitashinagawa) Rent increase by grade up	Approx.¥0.36mn
(Itabashi Honcho Building etc.) Setting vending machines	Approx.¥0.48mn
(Ciel Yakuin) Replacement of sublessee parking operator	Approx.¥1.28mn
Total amount of NOI increase Approx.¥4.76mn (annual)	
Effect on DPU +¥12	

Cost reduction	
Major measure	Effect
(21 properties) Replacing energy provider	Approx.¥17.94mn
(Mejiro NT Building etc.) Building management cost reduction	Approx.¥3.63mn
Total amount of NOI increase Approx.¥21.57mn (annual)	
Effect on DPU +¥55	

Total effect on DPU **+¥67**

《Plan for 12th (June 2018)》

Major measure	Effect
(FORECAST Shinjuku SOUTH etc.) Setting up new leasing areas	Approx.¥4.02mn
(Sumitomo Mitsui Bank Koraibashi Building) Change of parking sublease condition	Approx.¥1.42mn
(FORECAST Mita) Setting antennas at rooftop	Approx.¥1.68mn

Major measure	Effect
(25 properties) Replacing energy provider	Approx.¥12.42mn



Expect to achieve ¥213mn p.a. NOI increase

Expected to attribute to total of ¥213mn p.a. from 7th period including plan for the 12th period (Target ROI:15% in principal)



Effect of NOI increase during the 11th period on DPU is calculated at +¥67

NOI increased by ¥26.34mn p.a. through Engineering Management implemented during the 11th period, effect on DPU is calculated at +¥67

Achievements and plan of NOI Enhancement through Engineering Management

《Major results of Engineering Management for NOI enhancement and cost reduction》

	Measure	Amount of Revenue increase or Cost reduction		Measure	Amount of Revenue increase or Cost reduction
12th period (Plan)	(FORECAST Mita) Setting antennas at rooftop	Increase in revenue approx. ¥1.68mn p.a.	9th period (Actual)	(20 properties) Replacement of sublessee parking operator	Increase in revenue approx. ¥27.19mn p.a.
	(FORECAST Shinjuku SOUTH etc.) Setting up new leasing area by using dead space	Increase in revenue approx. ¥4.02mn p.a.		(JS Progres Building) Parking lot expansion	Increase in revenue approx. ¥2.40mn p.a.
	(Sumitomo Mitsui Bank Koraibashi Building) Change of sublease contract	Increase in revenue approx. ¥1.42mn p.a.		(FORECAST Shin-Tokiwabashi) Installment of antennas for mobile	Increase in revenue approx. ¥0.90mn p.a.
11th period (Actual)	(25 properties) Replacing energy provider	Decrease in cost approx. ¥12.42mn p.a.	8th period (Actual)	(16 properties) Building management cost reduction	Decrease in cost approx. ¥9.46mn p.a.
	(FORECAST Shinagawa etc.) Setting up new leasing area by using dead space	Increase in revenue approx. ¥2.64mn p.a.		(8 properties) Installment of water saving device	Decrease in cost approx. ¥3.70mn p.a.
	(Ciel Yakuin) Replacement of sublessee parking operator	Increase in revenue approx. ¥1.28mn p.a.		(my atria Meieki etc.) Installment of LED light (common area)	Decrease in cost approx. ¥3.23mn p.a.
	(Tower Court Kitashinagawa) Rent increase by grade up	Increase in revenue approx. ¥0.36mn p.a.		(Shinto GINZA EAST etc.) Leasable area expansion	Increase in revenue approx. ¥1.18mn p.a.
	(Intabashi Honcho Building etc.) Setting vending machine	Increase in revenue approx. ¥0.48mn p.a.		(La verite AKASAKA) Increase in new rent accompanied by utility space renovation	Increase in revenue approx. ¥0.83mn p.a.
10th period (Actual)	(21properties) Replacing energy provider	Decrease in cost approx. ¥17.94mn p.a.	7th period (Actual)	(Omiya Center Building) Catering wagon service contract	Increase in revenue approx. ¥0.48mn p.a.
	(Mejiro NT Building etc.) Building management cost reduction	Decrease in cost approx. ¥3.63mn p.a.		(Mitsui Woody Building) Parking lot expansion	Increase in revenue approx. ¥0.36mn p.a.
	(FORECAST Shinjuku SOUTH etc.) Change of sublease contract	Increase in revenue approx. ¥3.26mn p.a.		(40 properties) Replacing energy provider	Decrease in cost approx. ¥60.83mn p.a.
	(La verite AKASAKA etc.) Installment of antennas for mobile	Increase in revenue approx. ¥2.64mn p.a.		(Toshin Higashi-Ikebukuo Building) Installment of LED light (common area)	Decrease in cost approx. ¥0.14mn p.a.
	(13 properties) Replacing energy provider	Decrease in cost approx. ¥29.67mn p.a.		(Hiroo Reeplex B's / another) Installation of signboard	Increase in revenue approx. ¥4.40mn p.a.
	(Tower Court Kitashinagawa etc.) Installment of LED light (common area)	Decrease in cost approx. ¥6.27mn p.a.		(Mejiro NT Building) Parking lot expansion	Increase in revenue approx. ¥2.50mn p.a.
	(FORECAST Waseda FIRST etc.) Building management cost reduction	Decrease in cost approx. ¥6.11mn p.a.		(FORECAST Nishishinjuku) Setting up new leasing area	Increase in revenue approx. ¥2.00mn p.a.

《Itohpia Kiyosubashidori Building》

Enhancement of tenant satisfaction by setting rest area

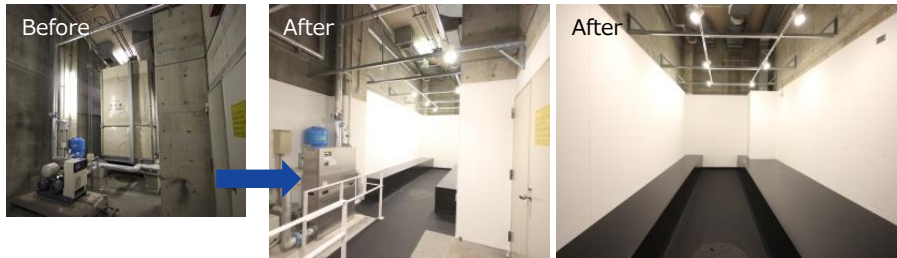
- Changed extra space at the first floor to rest area under the favor of the latest legal revision
- Effectively enhancing tenant satisfaction through comfortable design for both of smoker and non-smoker
- Increase in NOI of ¥180 thousand p.a. is expected by setting vending machines



《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

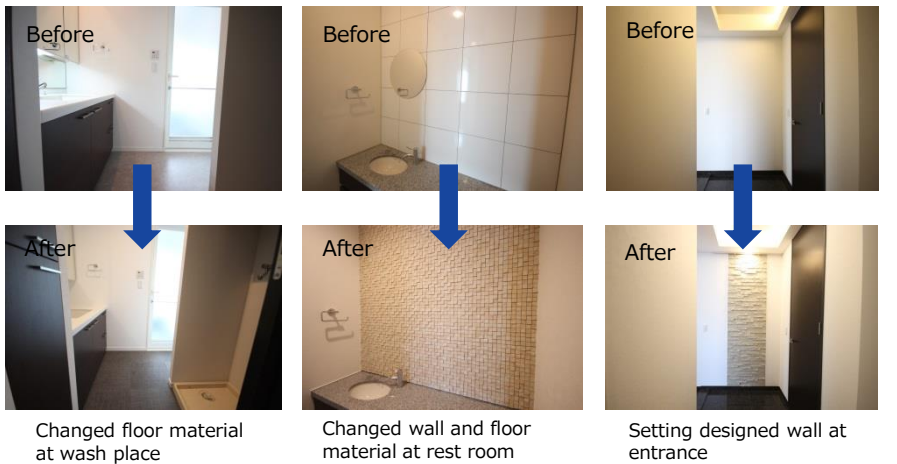
- Changed part of parking lots at second floor to storage room under the favor of the latest legal revision
- Number of parking lots was unchanged by adjusting layout
- Increase in NOI of ¥840 thousand p.a. is expected by setting vending machines



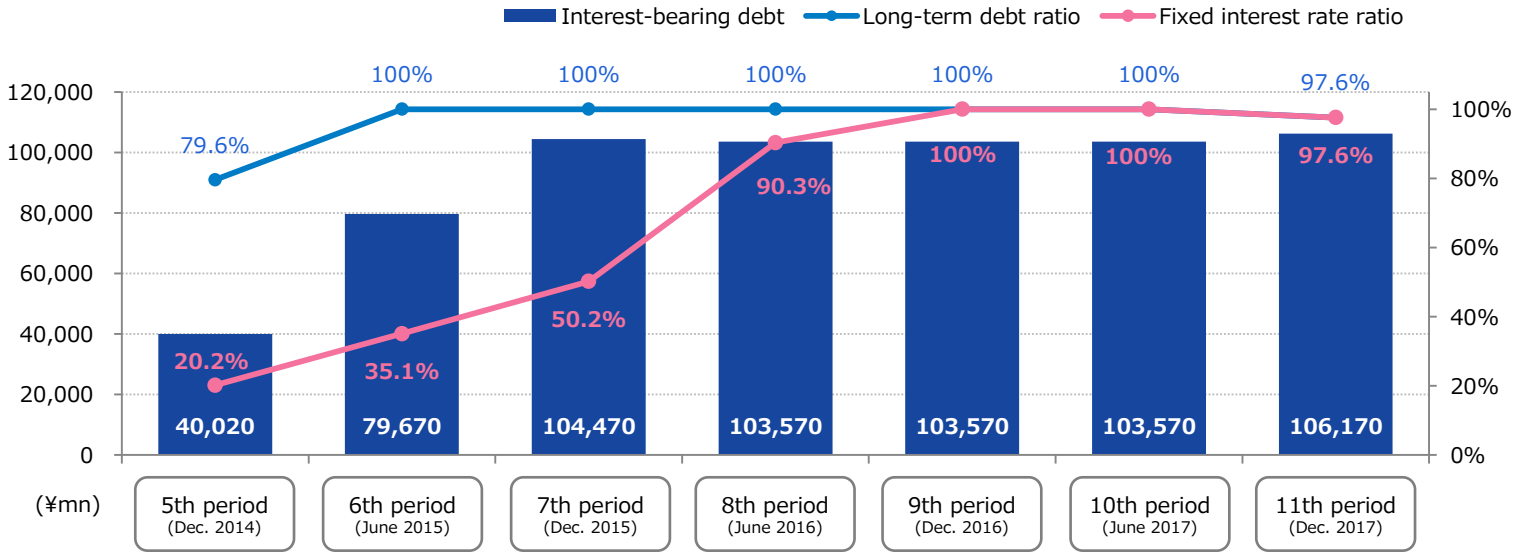
《Tower Court Kitashinagawa》

Increase in rent and shorten downtime by improvement of specification on the high-rent units on the upper floors

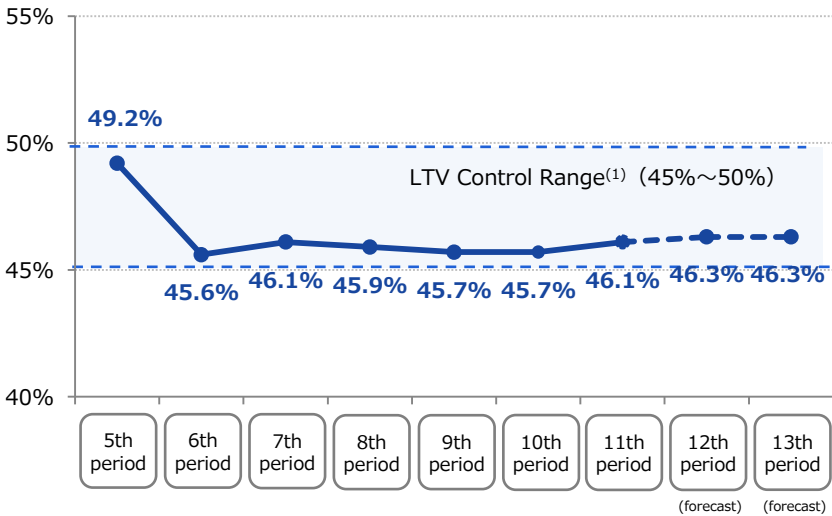
- Drastically improvement of specification by changing materials on walls and floors effectively, while saving construction cost
- Increase in NOI of ¥360 thousand p.a. is expected by rent increase



《Historical total interest-bearing debt, long-term debt ratio and fixed interest rate ratio》



《 Historical and forecast LTV 》



《 Overview of refinancing 》

(Executed in Aug. 2017)

	Before refinancing		After refinancing	
	Amount and Term	Interest rate	Amount and Term	Interest rate
Amount and Term	¥3,700 mn	2.8 years	¥3,900 mn	6 years
	¥6,500 mn	2.6 years	¥3,500 mn	7 years
Interest rate	Average rate during 10th period		Fixed by interest rate swap agreement	
	0.24%		0.5000%	
	0.24%		0.5820%	
			0.7125%	

① Maintaining Long-term debt ratio and Fixed interest rate ratio at high level

- Total interest-bearing debt as of the end of the 11th period is ¥106.17bn
- Long-term debt ratio and fixed interest rate ratio has been maintaining at high level
- Short-term debt which was implemented at the timing of asset replacement in September 2017 will be rearranged to long-term debt with fixed interest rate when it will fall due

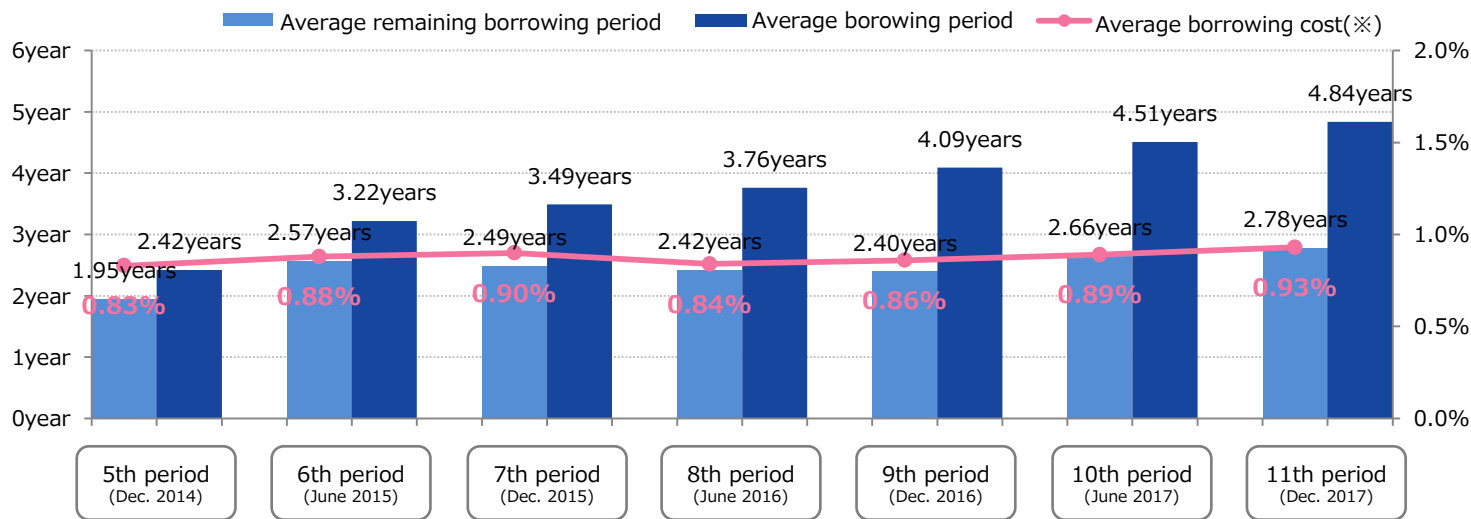
① Maintaining LTV control level

LTV as of the end of the 11th period was 46.1%, We maintain LTV control policy in which LTV is maintained between 45% and 50%

① Refinancing

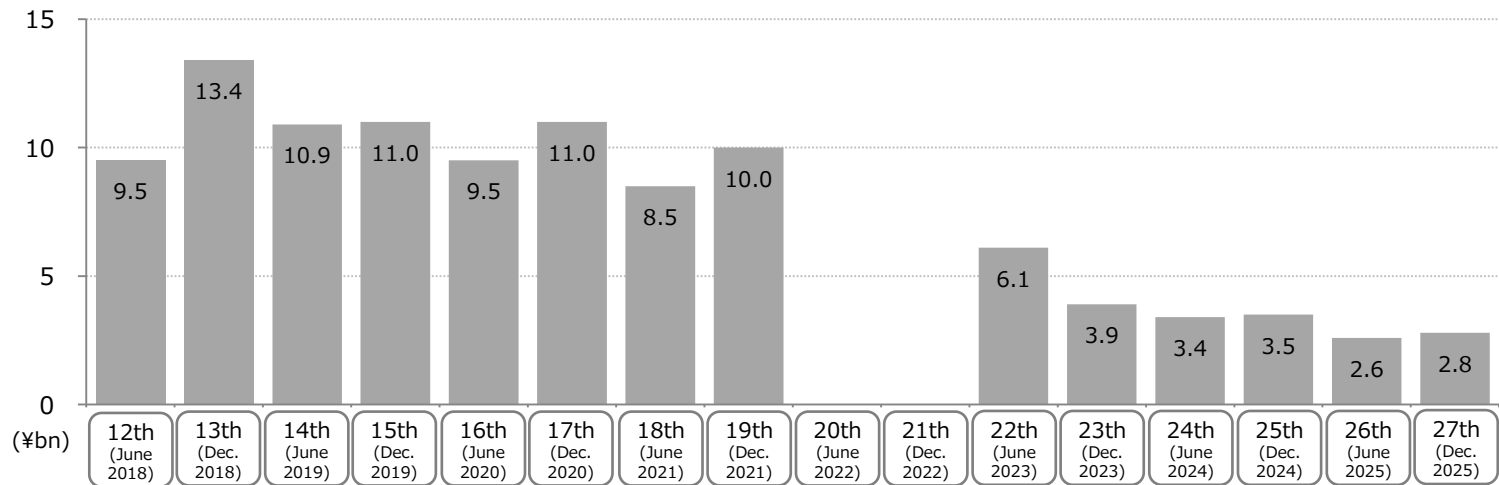
Borrowing term has been extended at the timing of refinance in August 2017 while keeping level of borrowing cost

《Historical average remaining borrowing period, average borrowing period and average borrowing cost》



※ including upfront fee and agent fee

《Debt Maturity Schedule》



① Diversified way to finance

submitted a shelf registration statement for investment corporation bonds

《Summary》

- Scheduled amount to be issued: ¥100bn
- Submission date of shelf registration statement: Dec.26, 2017
- Scheduled issue period of the investment corporation bonds: From January 6, 2018 to January 5, 2020

② Extend Average borrowing period

Enhanced financial stability in consideration of interest costs

③ Further dispersion of maturity

We will maintain dispersion of maturity so that around ¥10bn fall due every period

《Revision of Rating》

Japan Credit Rating Agency, Ltd.(JCR)
Long-term issuer rating⁽¹⁾

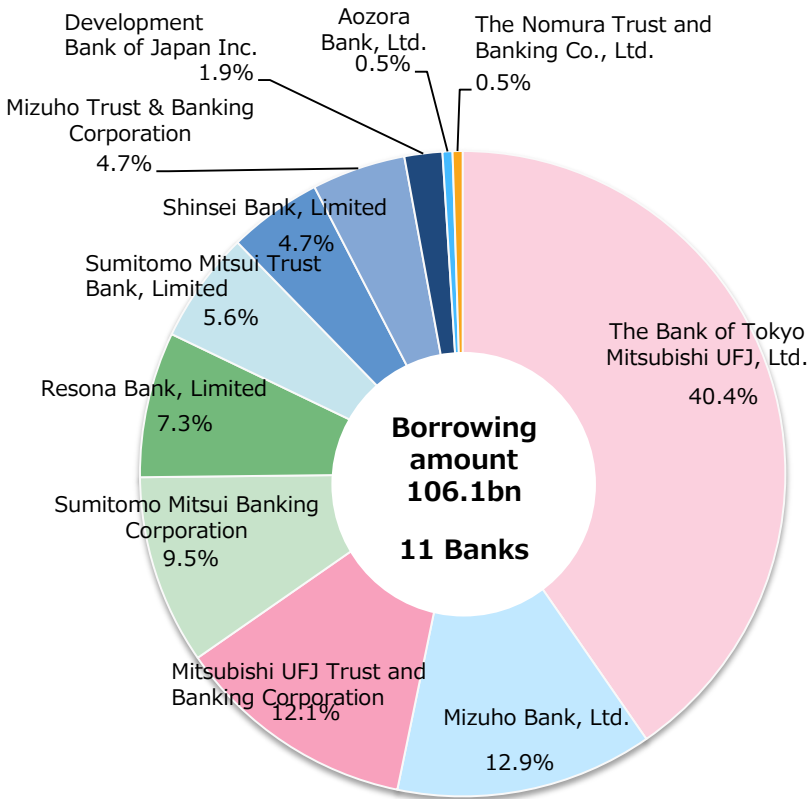
A
(Stable)

List of Interest-Bearing Debts and Bank Formation(as of end of the 11th Period)

《 List of interest-bearing debts 》

Lender	Amount (¥mn)	Interest rate	Floating /Fixed	Drawdown date	Repayment date
The Bank of Tokyo Mitsubishi UFJ, Ltd. And Syndicate groups with The Bank of Tokyo Mitsubishi UFJ, Ltd. as arranger	7,000	0.80448%	Fixed	Apr. 24 ,2014	Apr. 24 ,2018
	1,070	0.91443%	Fixed	Apr. 24, 2014	Apr. 24, 2019
	5,700	0.221% ⁽¹⁾	Fixed	Jan. 8, 2015	Aug. 20, 2018
	5,100	0.221% ⁽¹⁾	Fixed	Feb. 12, 2015	Aug. 20, 2018
	6,000	0.85306%	Fixed	Feb. 12, 2015	Feb. 20, 2020
	500	1.23580%	Fixed	Feb. 12, 2015	Feb. 20, 2023
	3,500	0.84355%	Fixed	Mar. 12, 2015	Feb. 20, 2020
	9,900	0.51040% ⁽¹⁾	Fixed	Apr. 24, 2015	Apr. 24, 2019
	2,500	0.44375% ⁽¹⁾	Fixed	Jul. 2, 2015	Apr. 24, 2018
	11,000	0.54175% ⁽¹⁾	Fixed	Jul. 2, 2015	Jul. 22, 2019
	11,000	0.65425% ⁽¹⁾	Fixed	Jul. 2, 2015	Jul. 21, 2020
	8,500	0.3625% ⁽¹⁾	Fixed	Apr. 25, 2016	Apr. 20, 2021
	10,000	0.3771% ⁽¹⁾	Fixed	Aug. 22, 2016	Aug. 20, 2021
	5,600	0.4758% ⁽¹⁾	Fixed	Apr. 24, 2017	Apr. 20, 2023
	3,400	0.5600% ⁽¹⁾	Fixed	Apr. 24, 2017	Apr. 22, 2024
	2,600	0.7023% ⁽¹⁾	Fixed	Apr. 24, 2017	Apr. 21, 2025
	3,900	0.5000% ⁽¹⁾	Fixed	Aug. 21, 2017	Aug. 21, 2023
	3,500	0.5820% ⁽¹⁾	Fixed	Aug. 21, 2017	Aug. 20, 2024
	2,800	0.7125% ⁽¹⁾	Fixed	Aug. 21, 2017	Aug. 20, 2025
	2,600	Interest rate of base rate plus 0.20%	Floating	Sep. 28, 2017	Aug. 20, 2018
Total	106,170				

《 Bank formation 》





3. Financial Results for the 11th Period (Dec. 2017)

◆ Financial Results for the 11th Period (Dec. 2017) (compared to the 10th Period)	27
◆ Financial Results for the 11th Period (Dec. 2017) (compared to the Forecast for the 11th period)	28
◆ Financial Forecast for the 12th Period (June 2018) (compared to the 11th period)	29
◆ Financial Forecast for the 12th Period (June 2018) <small>(compared to the forecast for 12th period as of Sep. 15, 2017)</small>	30
◆ Financial Forecast for the 13th Period (Dec. 2018) <small>(compared to the forecast for 12th period as of Feb. 16, 2018)</small>	31
◆ Property NOI Yield	33
◆ Appraisal Value Summary	35

Financial Results for the 11th Period (Dec. 2017) (compared to the 10th Period)

Unit : ¥million			
	10th Period (June 30, 2017) Actual (a)	11th Period (Dec. 31, 2017) Actual (b)	(b-a)
Operating Revenues	6,947	7,553	606
Rental Revenues	6,278	6,437	159
Other Revenues Related to property leasing	628	705	76
Gain on exchange of real estate properties	-	376	376
Dividend Income	40	34	(6)
Operating Expenses	(3,250)	(3,438)	(187)
Operating Income	3,696	4,115	419
Non-Operating Revenues	0	1	1
Non-Operating Expenses	(477)	(508)	(31)
Ordinary Income	3,218	3,608	389
Net Income	3,218	3,607	389
DPU	¥8,217	¥9,211	¥994
NOI	5,111	5,215	104
Days	181	184	-

	10th period actual	11th period actual
NOI Yield ⁽¹⁾	5.0%	5.0%
FFO per Unit ⁽²⁾	¥10,091	¥10,170
NAV per Unit	¥321,274	¥324,820

Major fluctuation factor	
Increase in rental revenue(by asset replacement)	+77
Increase in rental revenue(exclude above) (expiration of free rent period)	+83
Increase in utility income(seasonal factor)	+50
Increase in miscellaneous income (indemnity, etc.)	+25
Gain on exchange of real estate properties	+376
Decrease in dividend income from silent partnership	(6)
Decrease in operation expenses (utility cost, repair expenses, etc.)	+23
Decrease in payment of fee etc. (exclude asset management fee)	+16
Increase in operation expenses(tax, etc.)	(173)
Increase in asset management fee	(2)
Increase in payment of fee etc. (exclude asset management fee)	(2)
Increase in other expenses	(9)
Increase in non-recoverable consumption tax	(39)
Refund of outstanding dividend	+1
Increase in borrowing related expense	(31)

Financial Results for the 11th Period (Dec. 2017) (compared to the Forecast for the 11th period)

Unit : ¥million	11th Period (Dec. 31, 2017) Forecast As of Sep. 15, 2017 (a)	11th Period (Dec. 31, 2017) Actual (b)	(b-a)
Operating Revenues	7,509	7,553	43
Rental Revenues	6,425	6,437	12
Other Revenues Related to property leasing	681	705	24
Gain on exchange of real estate properties	382	376	(6)
Dividend Income	20	34	13
Operating Expenses	(3,431)	(3,438)	(6)
Operating Income	4,078	4,115	37
Non-Operating Revenues	0	1	1
Non-Operating Expenses	(508)	(508)	0
Ordinary Income	3,569	3,608	38
Net Income	3,569	3,607	38
DPU	¥9,111	¥9,211	¥100
NOI	5,194	5,215	21
Days	184	184	-

	11th period forecast	11th period actual
NOI Yield	4.9%	5.0%
FFO per Unit	¥10,077	¥10,170

Major fluctuation factor	
Increase in rental revenue (increase in occupancy rate)	+11
Increase in utility income(seasonal factor)	+6
Increase in rental revenue from incidental facilities (signboard, etc.)	+2
Increase in miscellaneous income (indemnity, restoration cost, etc.)	+15
Increase in dividend income from silent partnership	+13
Decrease in operation expenses (utility cost, depreciation cost, etc.)	+28
Decrease in payment of fee etc. (exclude asset management fee)	+11
Increase in operation expenses(leasing cost, etc.)	(35)
Increase in asset management fee	(2)
Increase in other expenses	(9)
Refund of outstanding dividend	+1

Financial Forecast for the 12th Period (June 2018) (compared to the 11th period)

Unit : ¥million			
	11th Period (Dec. 31, 2017) Actual (a)	12th Period (June 30, 2018) Forecast As of Feb. 16, 2018 (b)	(b-a)
Operating Revenues	7,553	7,219	(334)
Rental Revenues	6,437	6,530	93
Other Revenues Related to property leasing	705	645	(60)
Gain on exchange of real estate properties	376	0	(376)
Dividend Income	34	43	8
Operating Expenses	(3,438)	(3,417)	20
Operating Income	4,115	3,801	(313)
Non-Operating Revenues	1	0	0
Non-Operating Expenses	(508)	(514)	(6)
Ordinary Income	3,608	3,286	(322)
Net Income	3,607	3,285	(322)
DPU	¥9,211	¥8,387	(¥824)
NOI	5,215	5,263	47
Days	184	181	-

	11th period actual	12th period forecast
NOI Yield	5.0%	5.1%
FFO per Unit	¥10,170	¥10,384

Major fluctuation factor	
Increase in rental revenue(by asset replacement)	+43
Increase in rental revenue(exclude above) (expiration of free rent period)	+55
Decrease in rental revenue(parking) (by asset exchanging)	(5)
Increase in miscellaneous income (restoration cost, etc.)	+10
Decrease in utility income(seasonal factor)	(69)
No Gain on exchange of real estate properties	(376)
Increase in dividend income from silent partnership	+8
Decrease in operation expenses (utility cost, leasing cost, etc.)	+115
Decrease in payment of fee etc. (exclude asset management fee)	+8
Decrease in other expenses	+9
Decrease in non-recoverable consumption tax	+37
Increase in operation expenses (repair expenses, tax, Depreciation cost, etc.)	(131)
Increase in asset management fee	(3)
Increase in payment of fee etc. (exclude asset management fee)	(15)
Increase in borrowing related expense	(6)

Financial Forecast for the 12th Period (June 2018)

(compared to the forecast for 12th period as of Sep. 15, 2017)

Unit : ¥million	12th Period (June 30, 2018) Forecast As of Sep. 15, 2017 (a)	12th Period (June 30, 2018) Forecast As of Feb. 16, 2018 (b)	(b-a)
Operating Revenues	7,039	7,219	179
Rental Revenues	6,387	6,530	143
Other Revenues Related to property leasing	618	645	26
Dividend Income	33	43	9
Operating Expenses	(3,301)	(3,417)	(115)
Operating Income	3,737	3,801	63
Non-Operating Revenues	0	0	0
Non-Operating Expenses	(514)	(514)	0
Ordinary Income	3,222	3,286	63
Net Income	3,222	3,285	63
DPU	¥ 8,225	¥ 8,387	¥ 162
NOI	5,204	5,263	58
Days	181	181	-

	12th period original forecast	12th period revised forecast
NOI Yield	5.1%	5.1%
FFO per Unit	¥10,098	¥10,384

Major fluctuation factor	
Increase in rental revenue (decrease of estimated cancellation which NIPPON REIT may receive in 12th period, Increase in occupancy rate)	+146
Decrease in rental revenue (parking)	(3)
Increase in rental revenue from incidental facilities and Utility income (increase in occupancy rate etc.)	+4
Increase in miscellaneous income (indemnity, etc.)	+21
Increase in dividend income from silent partnership	+9
Decrease in operation expenses (leasing cost, depreciation cost, etc.)	+57
Decrease in payment of fee etc. (exclude asset management fee)	+2
Increase in operation expenses (building management cost, repair expenses, etc.)	(156)
Increase in asset management fee	(3)
Increase in payment of fee etc. (exclude asset management fee)	(14)

Financial Forecast for the 13th Period (Dec. 2018)

(compared to the forecast for 12th period as of Feb. 16, 2018)

Unit : ¥million	12th Period (June 30, 2018) Forecast As of Feb. 16, 2018 (a)	13th Period (Dec. 31, 2018) Forecast As of Feb. 16, 2018 (b)	(b-a)
Operating Revenues	7,219	7,183	(35)
Rental Revenues	6,530	6,526	(4)
Other Revenues Related to property leasing	645	633	(11)
Dividend Income	43	23	(19)
Operating Expenses	(3,417)	(3,403)	14
Operating Income	3,801	3,780	(21)
Non-Operating Revenues	0	0	0
Non-Operating Expenses	(514)	(562)	(47)
Ordinary Income	3,286	3,217	(69)
Net Income	3,285	3,216	(69)
DPU	¥ 8,387	¥ 8,211	(¥ 176)
NOI	5,263	5,278	15
Days	181	184	-

	12th period forecast	13th period forecast
NOI Yield	5.1%	5.0%
FFO per Unit	¥10,384	¥10,283

Major fluctuation factor	
Increase in rental revenue(parking) (expiration of free rent period)	+1
Decrease on rental revenue (estimated load on move-out ratio)	(5)
Increase in utility income(seasonal factor)	+35
Decrease in miscellaneous income (indemnity, etc.)	(47)
Decrease in dividend income From silent partnership	(19)
Decrease in operation expenses (building management cost, repair expenses, etc.)	+113
Decrease in payment of fee etc. (exclude asset management fee)	+14
Increase in operation expenses (leasing cost, depreciation cost)	(111)
Increase in payment of fee etc. (exclude asset management fee)	(2)
Increase in borrowing related expense	(47)

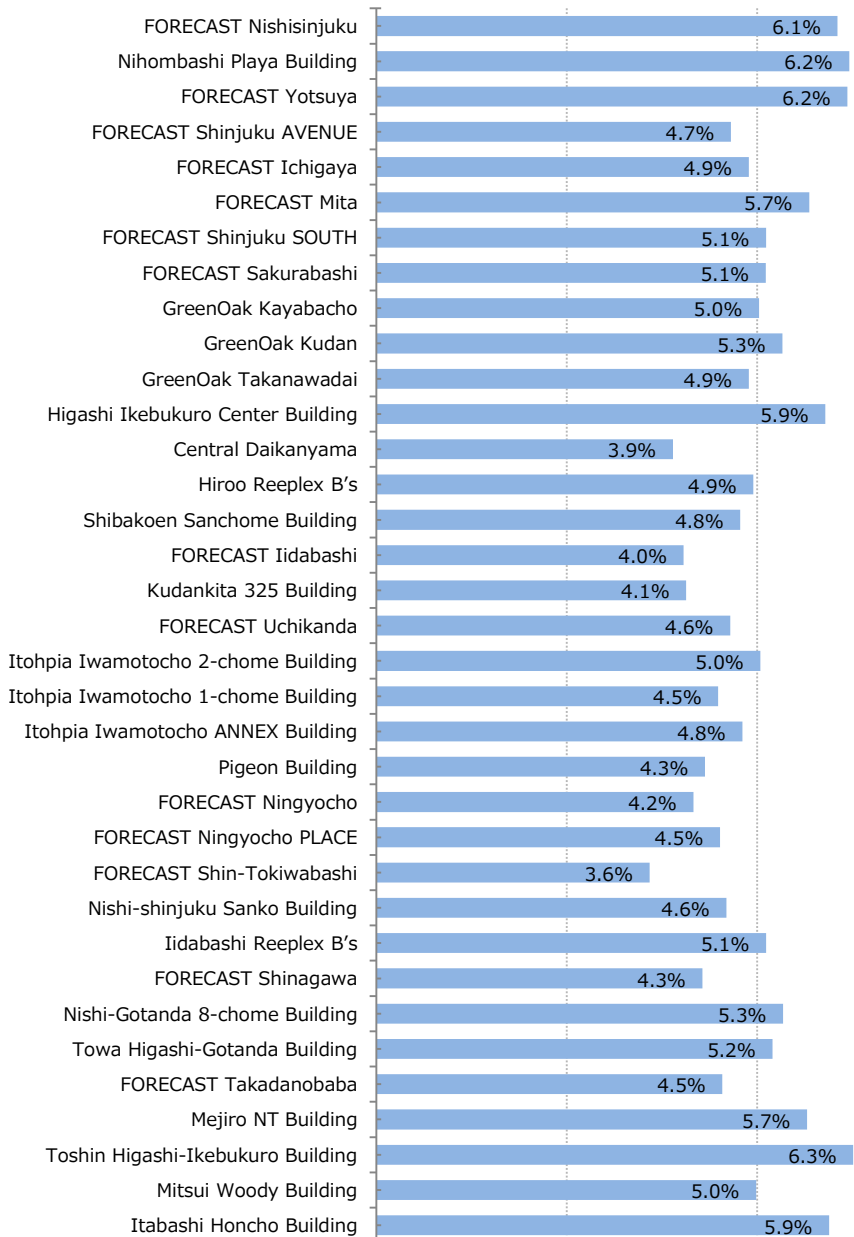
This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue lines spaced evenly across the page, typical of notebook paper. The lines are thin and light blue, set against a plain white background. There is no handwriting or other markings on the page.

Property NOI Yield

Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 11th period)

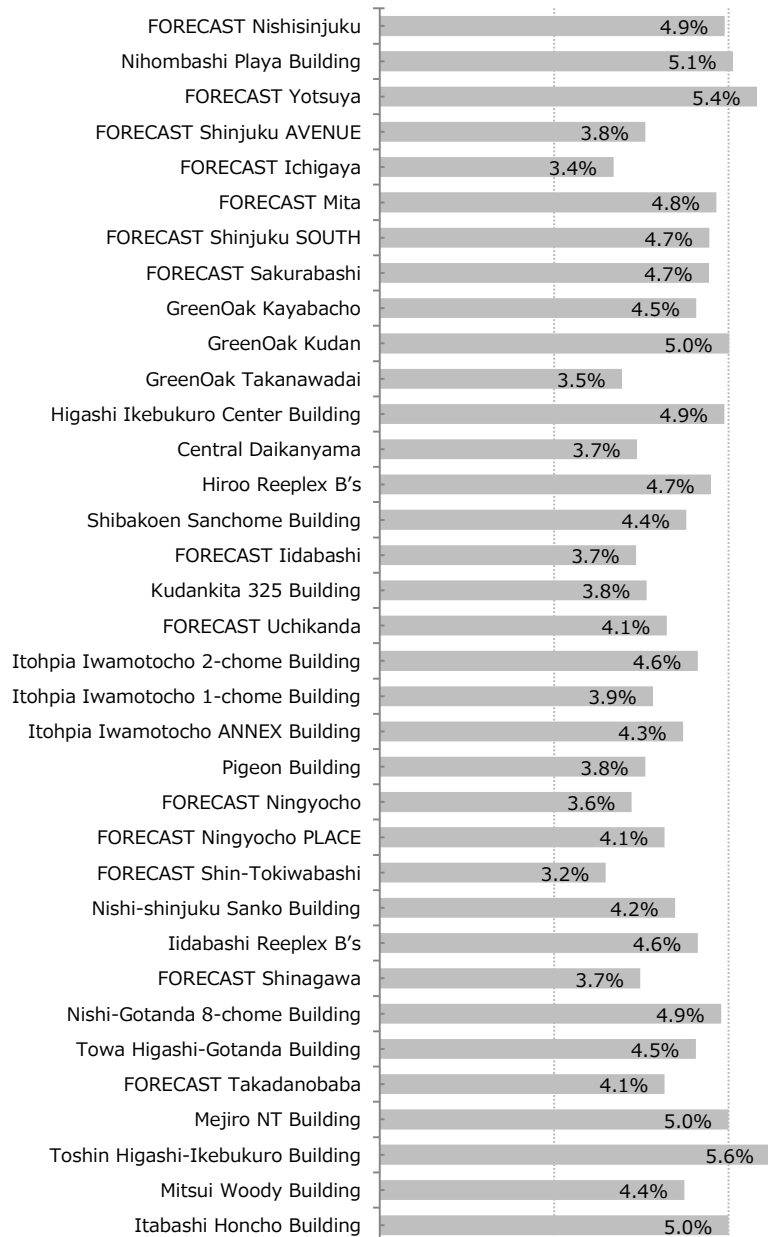
0.0% 2.5% 5.0% 7.5%



Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 11th period)

0.0% 2.5% 5.0% 7.5%

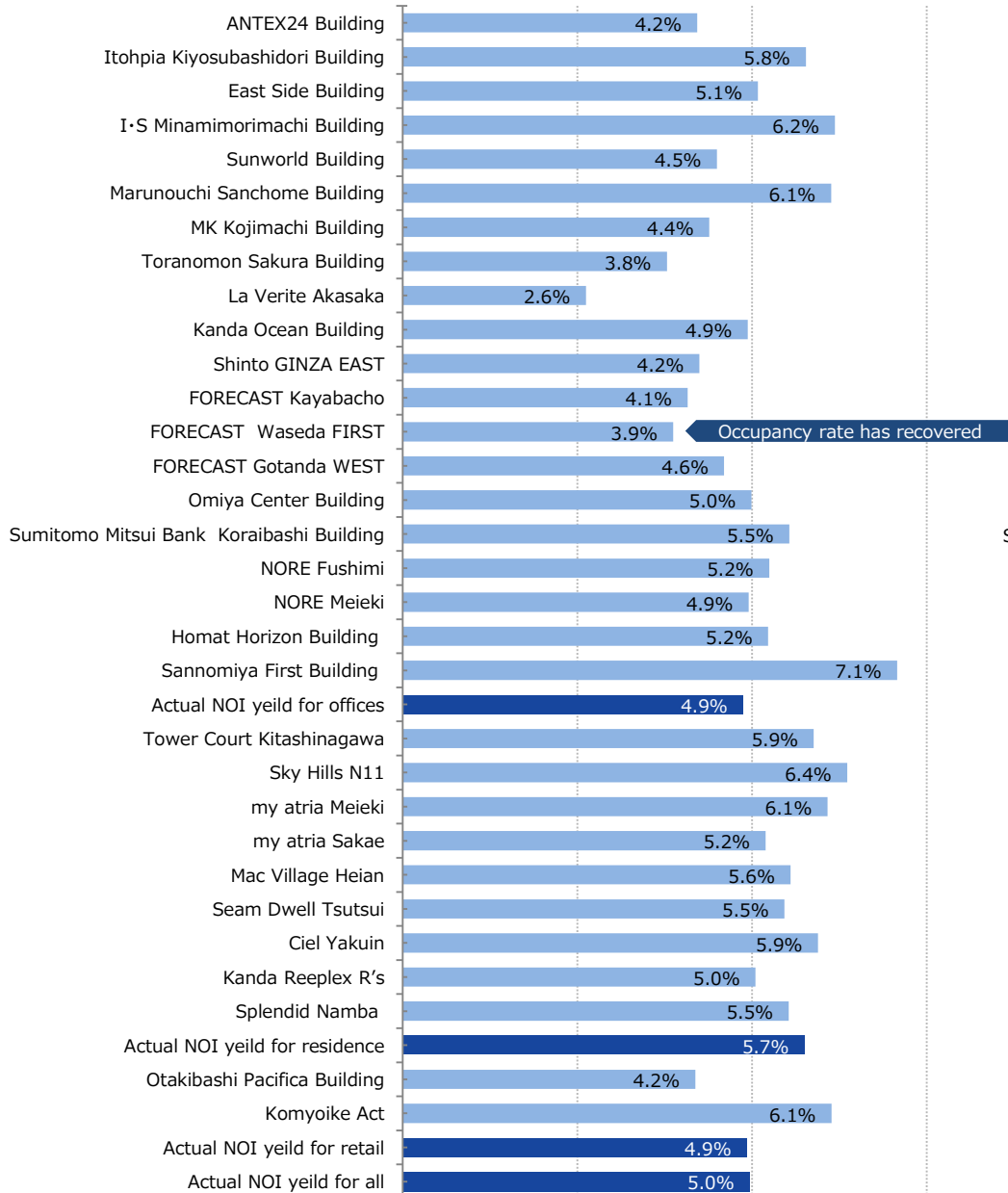


Property NOI Yield

■ Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 11th period)

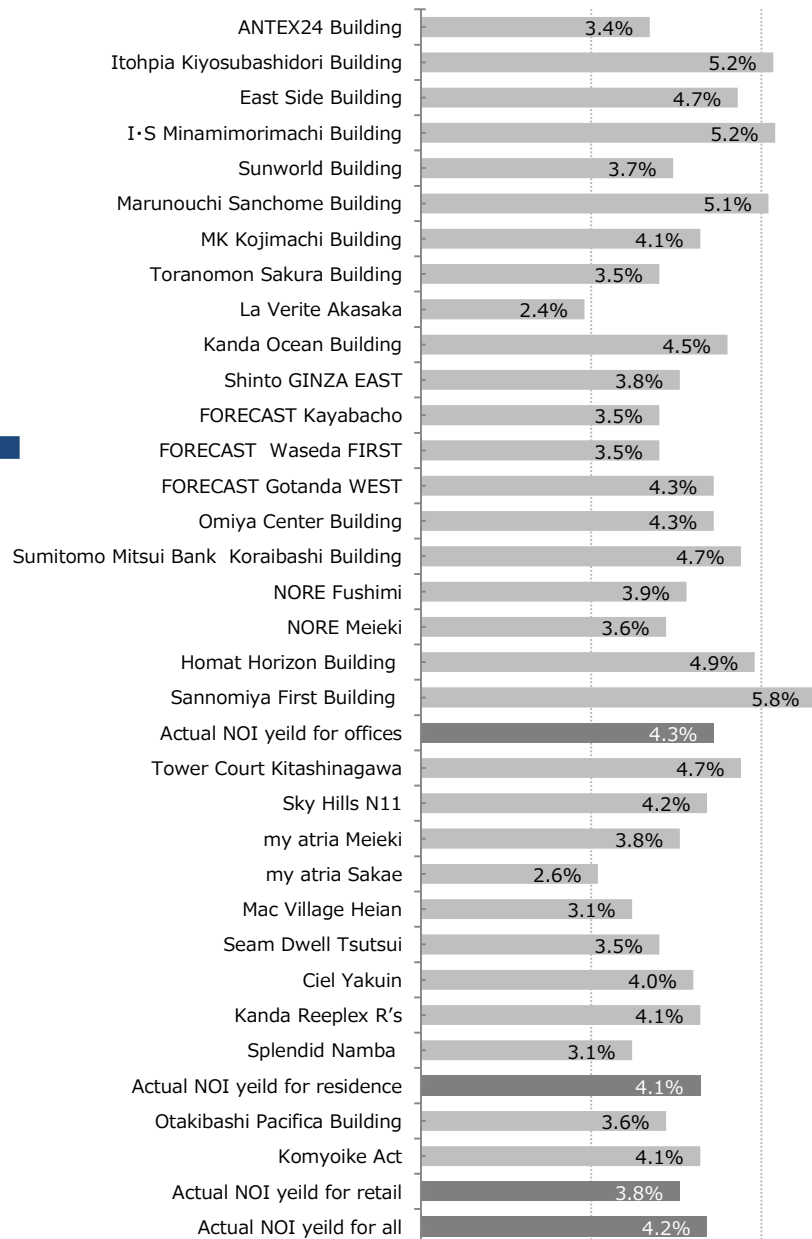
0.0% 2.5% 5.0% 7.5%



■ Actual NOI Yield (after depreciation)

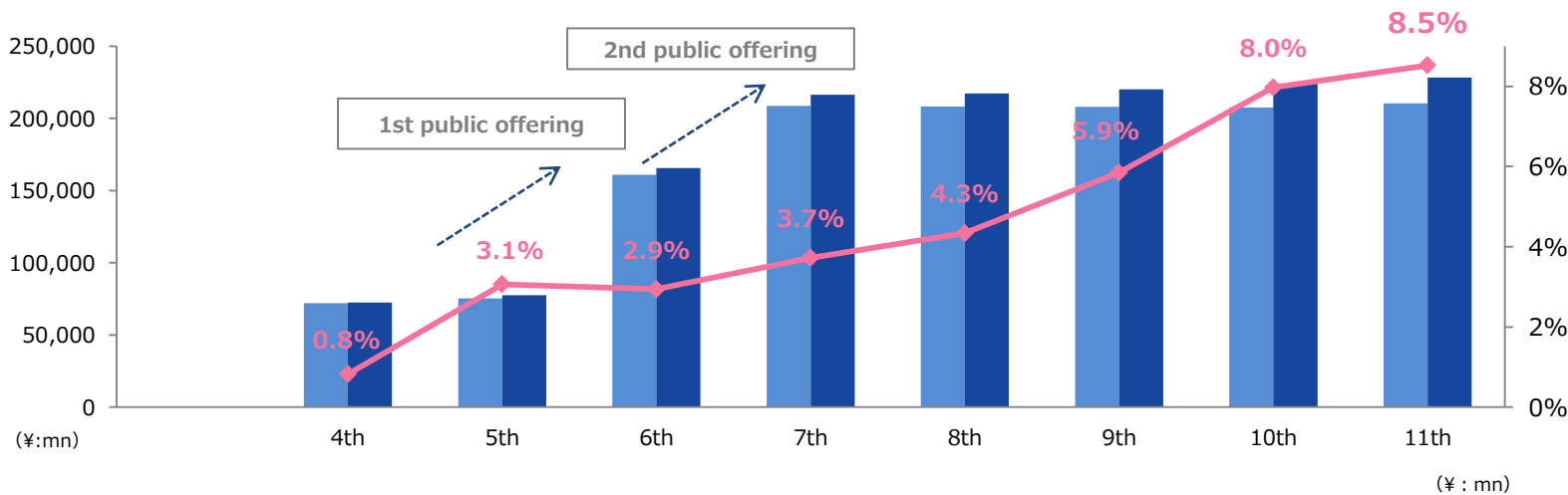
(Annualized NOI after depreciation ÷ book value as of the end of the 11th period)

0.0% 2.5% 5.0% 7.5%



Appraisal Value Summary

Book Value Appraisal Value Unrealized gain ratio



① Unrealized gains are continually increasing

- Unrealized gains turn out ¥17.9bn (Unrealized gain ratio of 8.5%) as of the end of 11th Fiscal Period
- Transferred 2 properties with hidden losses of ¥0.6bn on September 2017

		4th	5th	6th	7th	8th	9th	10th	11th
Office	Book Value	53,820	57,340	135,800	183,725	183,457	183,340	183,100	182,649
	Appraisal Value	54,130	58,900	139,250	189,440	190,270	192,710	196,120	196,780
	Unrealized gains	309	1,559	3,449	5,714	6,812	9,369	13,019	14,130
Residential	Book Value	18,083	17,919	19,563	19,387	19,215	19,048	18,922	22,249
	Appraisal Value	18,364	18,664	20,993	21,402	21,363	21,737	22,302	25,942
	Unrealized gains	280	744	1,429	2,014	2,147	2,688	3,379	3,692
Retail	Book Value	-	-	5,584	5,568	5,539	5,533	5,517	5,546
	Appraisal Value	-	-	5,440	5,610	5,610	5,640	5,660	5,660
	Unrealized gains	-	-	-144	41	70	106	142	113
Total	Book Value	71,904	75,259	160,948	208,681	208,212	207,922	207,540	210,445
	Appraisal Value	72,494	77,564	165,683	216,452	217,243	220,087	224,082	228,382
	Unrealized gains	589	2,304	4,734	7,770	9,030	12,164	16,541	17,936

Unless otherwise specified, figures are truncated and % figures are rounded to the relevant unit.

- P3**
- 1 “Target NOI Yield” refers to the NOI yield based on NIPPON REIT’s cash flow projection at the time of the acquisition against acquisition price. The same applies hereafter.
 - 2 Mid-sized office indicates office building of which total floor space is less than 10,000tsubo . The same applies hereafter.
 - 3 “6 central wards of Tokyo” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards.
 - 4 “Proportion of the 5 largest tenants” are calculated as follow for end-tenants of office (excluding residence area)and retail properties. The same applies hereafter.
By leased area: leased area of respective tenant as of the end of the 11th period / total leasable area
By monthly rent: rent (including CAM) of respective tenant as of the end of the 11th period / total rent
- P4**
- 1 “NAV per unit” is calculated by following formula, with figures as of the end of respective period. The same applies hereafter.
$$(\text{Net Asset} + \text{Total Appraisal Value} - \text{Total Book Value}) / \text{Investment Units Issued and Outstanding} - \text{DPU}$$
 - 2 Amounts of properties held by bridge funds are stated based on first negotiation price for Godo Kaisha Nicolas Capital 10, and appraisal value for Godo Kaisha Nicolas Capital 11.Amount of properties held by sponsor are stated based on first negotiation price .The same applies hereafter.
- P5**
- 1 “Original forecast” refers to the forecasts announced as of following dates.
5th period : Aug. 14, 2014, 6th period : Feb. 19, 2015, 7th period : Aug. 20, 2015, 8th period : Feb. 18, 2016, 9th : Aug. 16, 2016, 10th period :Feb. 16, 2017, 11th period and 12th period : Sep. 15, 2017
- P7**
- 1 “non-recurring factors” refers to the following.
5th period : Real estate tax capitalized(per unit)
7th period : Real estate tax capitalized – expenses related to public offering(per unit)
8th period : Consumption tax settlement difference(per unit)
11th Period: Amount equivalent to gain on transfer(per unit)
12th period: Amount equivalent to increase of dividend income from silent partnership due to transfer of asset in the bridge fund (per unit)
- P9**
- 1 “6 central wards of Tokyo” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards.
“Three major metropolitan area” refers to the three Major Metropolitan Areas (i.e. Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama), Osaka economic bloc (Osaka, Kyoto and Hyogo) and Nagoya economic bloc (Aichi, Gifu and Mie)). “Certain ordinance-designated and other cities” refers to the ordinance-designated cities located in areas other than “Three major metropolitan areas” (i.e. Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and prefectural capitals. The same applies hereafter.
- P11**
- 1 “NOI Yield” “ ” is calculated by following formula, with figures during the 11th period, and rounded to one decimal place.
$$\text{Annualized NOI} / \text{book value}$$
 - 2 Based on appraisal as of the end of Dec. 2017 for properties acquired and as of June 2017 for properties transferred.
 - 3 Calculated with estimated annualized NOI for the 12th period and rounded to one decimal place.
 - 4 Based on appraisal as of the end of Dec. 2017 for properties acquired and as of June 2017 for properties transferred.
 - 5 As of September 28, 2017.
 - 6 calculated by following formula
$$((\text{NOI which acquired properties are expected to generate in 12th period}-\text{NOI which transferred properties are expected to generate in 12th period (based on forecast as of the end of the 10th period)})-\text{borrowing related expense of borrowing implemented on the date of the acquisition}) / \text{Investment Units Issued and Outstanding}$$
- P13**
- 1 “Target NOI Yield” refers to the NOI yield based on NIPPON REIT’s cash flow projection at the time of the acquisition against acquisition price. The same applies hereafter.

- P14**
- 1 TSE REIT Index is indexed to the IPO issue price of NIPPON REIT on January 4, 2017 (¥283,100)
 - 2 “Annual expected dividend yield” is calculated by following formula.
$$\text{Total of expected DPU for next period and period after next} / \text{Unit price}$$

※Expected DPU after Sep. 15, 2017 exclude amount equivalent to gain on transfer.
- P15**
- 1 “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”.
- P16**
- 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 Residential properties of which rents are not fixed, Tower Court Kitashinagawa, my atria Meieki, Ciel Yakuin, Kanda Reeplex R’s and Splendid Namba, are stated.
- P17**
- 1 The figures are stated excluding the 4 tenants (217.07 tsubos) which agreed to rent increase in the 11th period after the contract revision as deferred in the 10th period .
- P18**
- 1 “Average rent” is represented by the contract-based rent, which is a weighted-average of each office property based on the occupied floor area. Each weighted average excludes tenants which have submitted a notice of cancelation and which occupy the retail section between the second floor to the basement floor of buildings.
 - 2 “Market rent” is represented by an average of the maximum and minimum of the rent of respective properties, as described in the market reports prepared by Sanko Estate and CBRE K.K. Such average is a weighted-average of each office properties based on the occupied floor area.
 - 3 “Rent gap” of properties held by bridge funds is calculated as “Average rent of all offices / Average market rent – 1” based on market reports as requested as part of due diligence upon acquisition.
- P19**
- 1 “Reserved depreciation amount” refers to the accumulated amount of total depreciation from 4th period(June 2014) to 7th period(Dec. 2015) less total capital expenditures for the same period (¥1,105mn) plus surplus (or minus shortfall) of respective period.
- P20**
- 1 The result and forecast of NOI increase on P20,21 and 22 is proprietary calculated by the asset management company based on contracts, quotations and/or proposals for respective items. Therefore, such information does not constitute a guarantee of NIPPON REIT’s future financial results.
- P23**
- 1 “LTV control range” refers to the LTV level that NIPPON REIT intend to maintain within the NIPPON REIT’s current policy (between 45% and 55%) stated in the “Summary of Financial Results for the Fiscal Period Ended December 31, 2017 (REIT) announced on February 16, 2018.
- P24**
- 1 The rating is the issuer rating for NIPPON REIT as of the date of this presentation material, and does not represent a rating with respect to the investment units. The investment units have no credit rating and there is no expectation that they will receive any rating.
- P25**
- 1 The interest rate is fixed by the interest rate swap contract, thus the interest rate shown above is the fixed rate.
- P27**
- 1 “NOI Yield” is calculated by Annualized NOI / Acquisition Price, using annualized NOIs of respective properties and rounded to one decimal place. The same applies hereafter.
 - 2 “FFO per unit” = (Net income + Depreciation+Loss on retirement of non-current assets+Deferred assets amortization-Real estate buying and selling income(including Gain on exchange of real estate properties)) / Investment units issued and outstanding



Appendix

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《Nippon REIT's Policy》

- Timely and Flexible Investment
- Portfolio focused on growth and diversification of risks
- Growth strategies with Sponsor's network

《Sponsor support》

Investment Corporation which has General trading company "Sojitz Corporation" as sponsor



《Portfolio Development Policy⁽¹⁾》

Investment in 3 property types that main sponsor has knowledge about.

	Investment ratio by asset type for the entire portfolio	Investment ratio by area for each asset type		
		3 Major Metropolitan Areas		Ordinance-Designated Cities, etc.
		6 Central Wards of Tokyo		
Office	50% or more	60% or more	40% or less	20% or less
Residential	50% or less	60% or more		40% or less
Retail	20% or less	No investment ratio by area has been set up		

《Company Profile of Asset Management Company》

Each sponsor provide professional human resources in each field

Name	Sojitz REIT Advisors K.K.		
Established	November 2, 2006	Paid-in capital	150 million yen
Registration and Licenses, etc.	<ul style="list-style-type: none">◆ Registered as a financial instruments business operator: Registration No.1632 (Kinsho) issued by the Director-General of the Kanto Finance Bureau◆ Licensed for building lots and buildings transaction business: License No.(3) 86984 issued by the Governor of Tokyo◆ Certified as entrustment-based agency under the building lots and buildings transaction business: License No.56 issued by the Ministry of Land, Infrastructure, Transportation and Tourism		

Note

1. "6 Central Wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards. "3 Major Metropolitan Areas" refers to the Tokyo economic bloc, Osaka economic bloc and Nagoya economic bloc. "Ordinance-Designated Cities, etc." refers to the ordinance-designated cities located in areas other than the 3 Major Metropolitan Areas (Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and cities that are prefectural capitals.

Portfolio Transition

AUM (Acquisition price)	¥ 204.8bn								¥ 207.7bn
	¥ 70.4bn	¥ 73.8bn	¥ 157.8bn	¥ 204.8bn	¥ 204.8bn	¥ 204.8bn	¥ 204.8bn	¥ 204.8bn	¥ 207.7bn
	As of end of 4 th period	As of end of 5 th period	As of end of 6 th period	As of end of 7 th period	As of end of 8 th period	As of end of 9 th period	As of end of 10 th period	As of end of 11 th period	
Appraisal value	¥72.4bn	¥77.5bn	¥165.6bn	¥216.4bn	¥217.2bn	¥220.0bn	¥ 224.0bn	¥ 228.3bn	
Appraisal NOI yield	5.0%	5.1%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	
Leasable area	89,839.03㎡	91,840.93㎡	203,359.35㎡	255,560.43㎡	255,396.84㎡	255,393.62㎡	255,398.17㎡	255,783.88㎡	
Number of properties (proportion of the 5 largest properties) ⁽¹⁾	20properties (61.0%)	21properties (58.1%)	54properties (29.2%)	65properties (27.0%)	65properties (27.0%)	65properties (27.0%)	65properties (27.0%)	66properties (26.7%)	
Number of tenants (proportion of the 10 largest tenants) ⁽²⁾	92tenants (29.5%)	94tenants (29.1%)	347tenants (18.2%)	492tenants (13.9%)	501tenants (13.5%)	513tenants (13.5%)	522tenants (13.7%)	541tenants (13.4%)	

Notes

- 1. Based on acquisition price.
- 2. End tenants of office and retail properties only. Based on the leased area and number of end tenants as of respective period.

List of Portfolio(new listing and 1st public offering)



A-1
FORECAST
Nishishinjuku



A-2
Nihombashi
Playa Building



A-4
FORECAST
Shinjuku AVENUE



A-5
FORECAST
Ichigaya



A-7
FORECAST
Shinjuku SOUTH



A-3
FORECAST
Yotsuya



A-6
FORECAST
Mita



A-8
FORECAST
Sakurabashi



A-9
GreenOak
Kayabacho



A-10
GreenOak
Kudan



A-11
GreenOak
Takanawadai



A-13
Higashi Ikebukuro
Center Building



B-2
Sky Hills N11



B-3
my atria
Meiki



B-4
my atria Sakae



B-5
Mac Village
Heian



B-6
Seam Dwell
Tsutsui



B-7
Ciel Yakuin



B-1
Tower Court Kitashinagawa



A-14
Central
Daikanyama



A-16
Hiroo Reeplex B's



A-17
Shibakoen
Sanchome Building



A-18
FORECAST
Iidabashi



A-19
Kudankita
325 Building



A-20
FORECAST
Uchikanda



A-21
Itohpia Iwamotocho
2-chome Building



A-22
Itohpia Iwamotocho
1-chome Building



A-23
Itohpia Iwamotocho
ANNEX Building



A-24
Pigeon Building



A-25
FORECAST
Ningyocho



A-26
FORECAST
Ningyocyo PLACE



A-27
FORECAST
Shin-Tokiwabashi



A-28
Nishi-shinjuku
Sanko Building



A-29
Iidabashi
Reeplex B's



A-30
FORECAST
Shinagawa

Acquired from sponsor

List of Portfolio(1st and 2nd public offering and exchanging)



A-31

Nishi-Gotanda
8-chome Building



A-32

TowaHigashi-
Gotanda
Building



A-33

FORECAST
Takadanobaba



A-34

Mejiro NT Building



A-35

Toshin Higashi-
Ikebukuro Building



A-36

Mitsui Woody
Building



A-37

Itabashi Honcho
Building



A-38

ANTEX24
Building



A-39

Itohpia
Kiyosubashidori
Building



A-40

East Side Building



A-41

I·S
Minamimorimachi
Building



A-42

Sunworld Building



A-43

Marunouchi
Sanchome
Building



B-8

Kanda
Reeplex R's



C-1

Otakibashi Pacifica
Building



C-2

Komyoike Act



A-44

MK Kojimachi
Building



A-45

Toranomon Sakura
Building



A-46

La Verite
AKASAKA



A-47

Kanda Ocean
Building



A-48

Shinto GINZA
EAST



A-49

FORECAST
Kayabacho



A-50

FORECAST Waseda
FIRST



A-55

NORE Meieki



A-53

Sumitomo
Mitsui Bank
Koraibashi
Building



A-54

NORE Fushimi



B-9

Splendid Namba



A-56

Homat Horizon
Building



A-57

Sannomiya First
Building



A-51

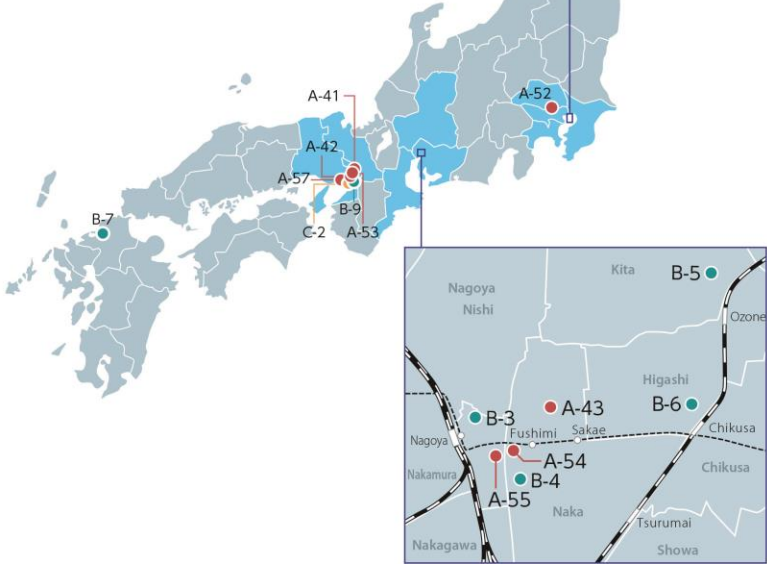
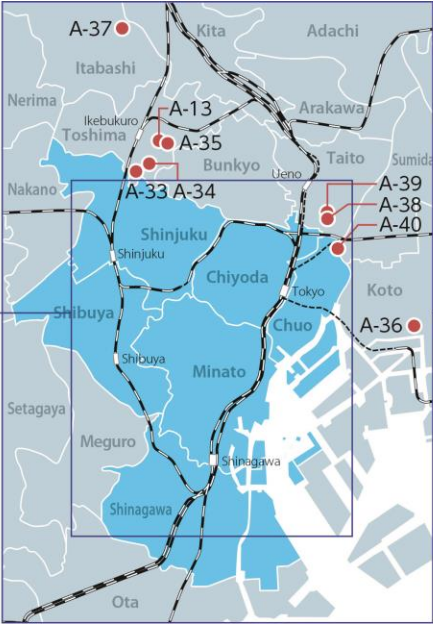
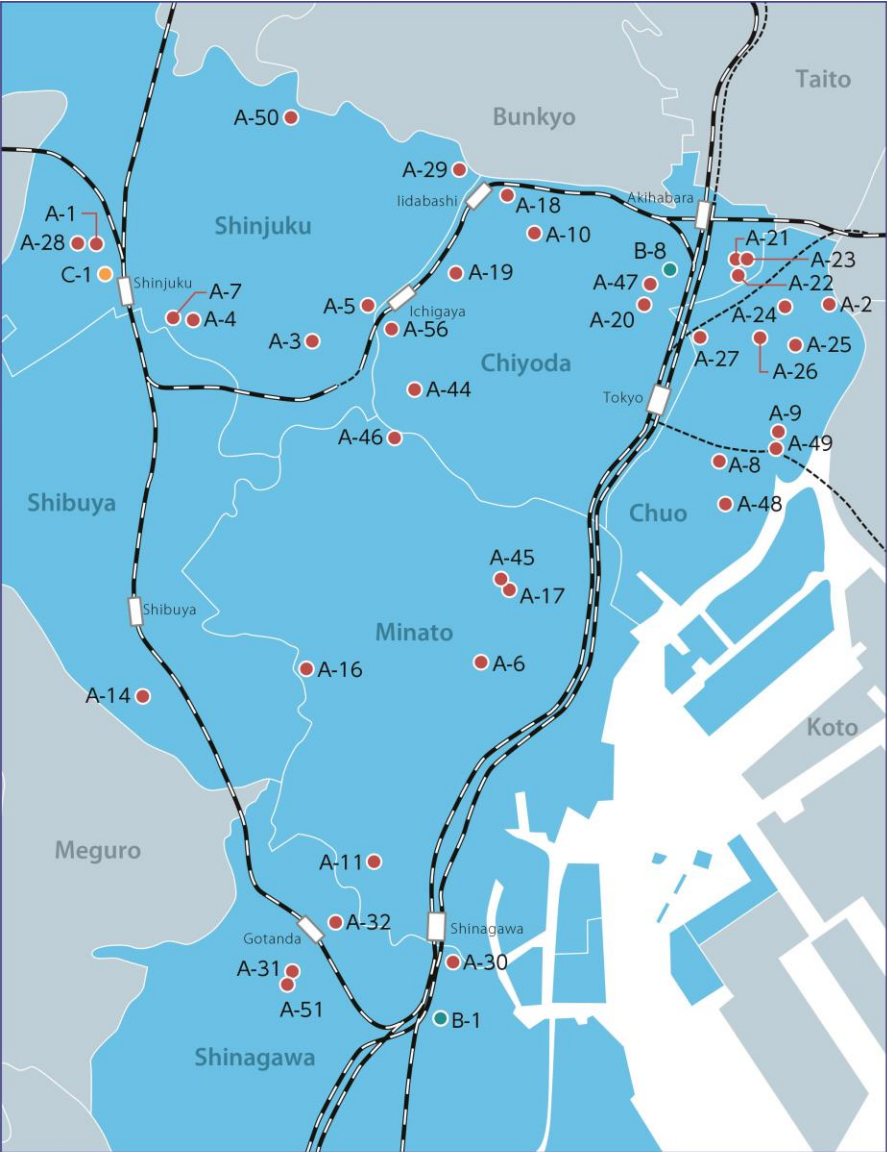
FORECAST
Gotanda WEST



A-52

Omiya Center
Building

Acquired by exchanging

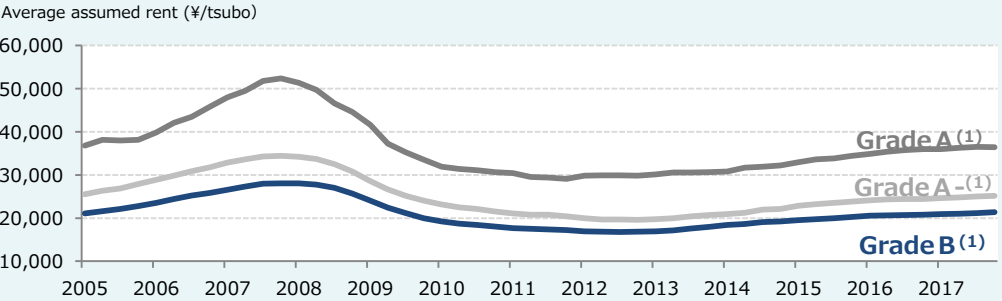


- Office Properties
- Residential Properties
- Retail Properties

Characteristic of Grade B (small- and medium-sized) office

1) Low Volatile

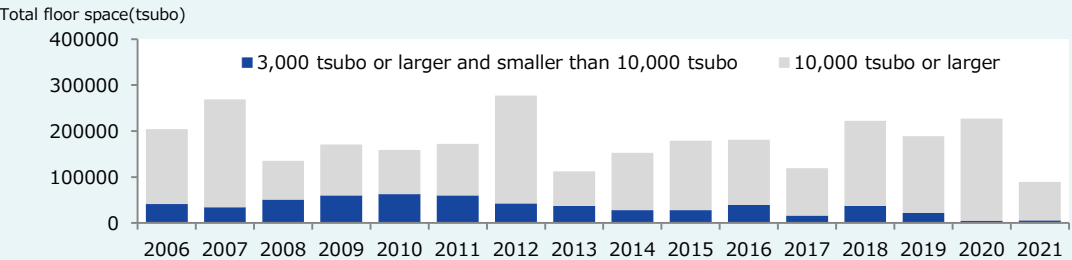
《Office Rent Trend by Building Grade in 23 Wards of Tokyo》



Source : CBRE K.K

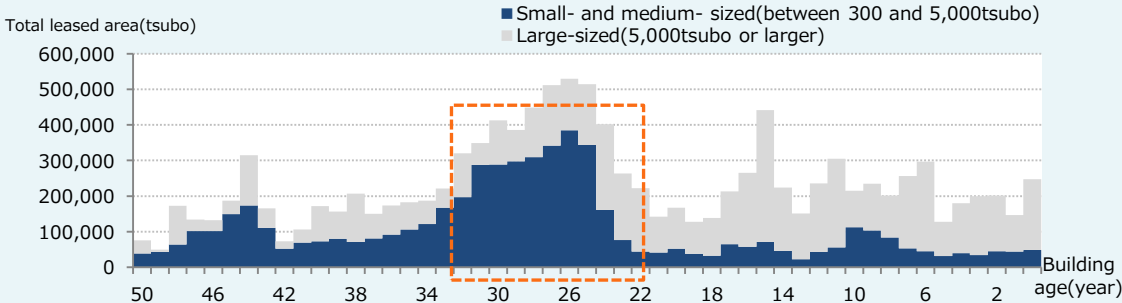
2) Limited Capital

《Office Building Supply in 23 Wards of Tokyo》



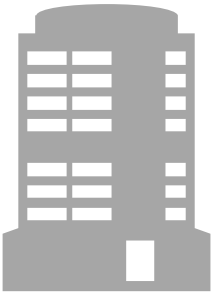
Source : Yymax Real Estate Institute Corporation

《Office Building Stocks in 23 Wards of Tokyo》



Source : prepared by Asset management company based on data provided from Yymax Real Estate Institute Corporation

Grade A offices
=large-sized office



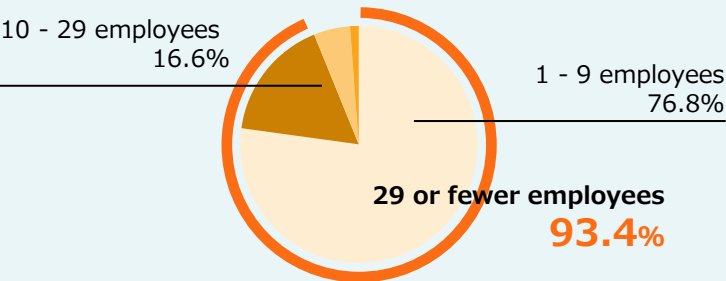
Grade Boffices
=Small-and medium-sized office



All of office properties in our portfolio
=Grade B office

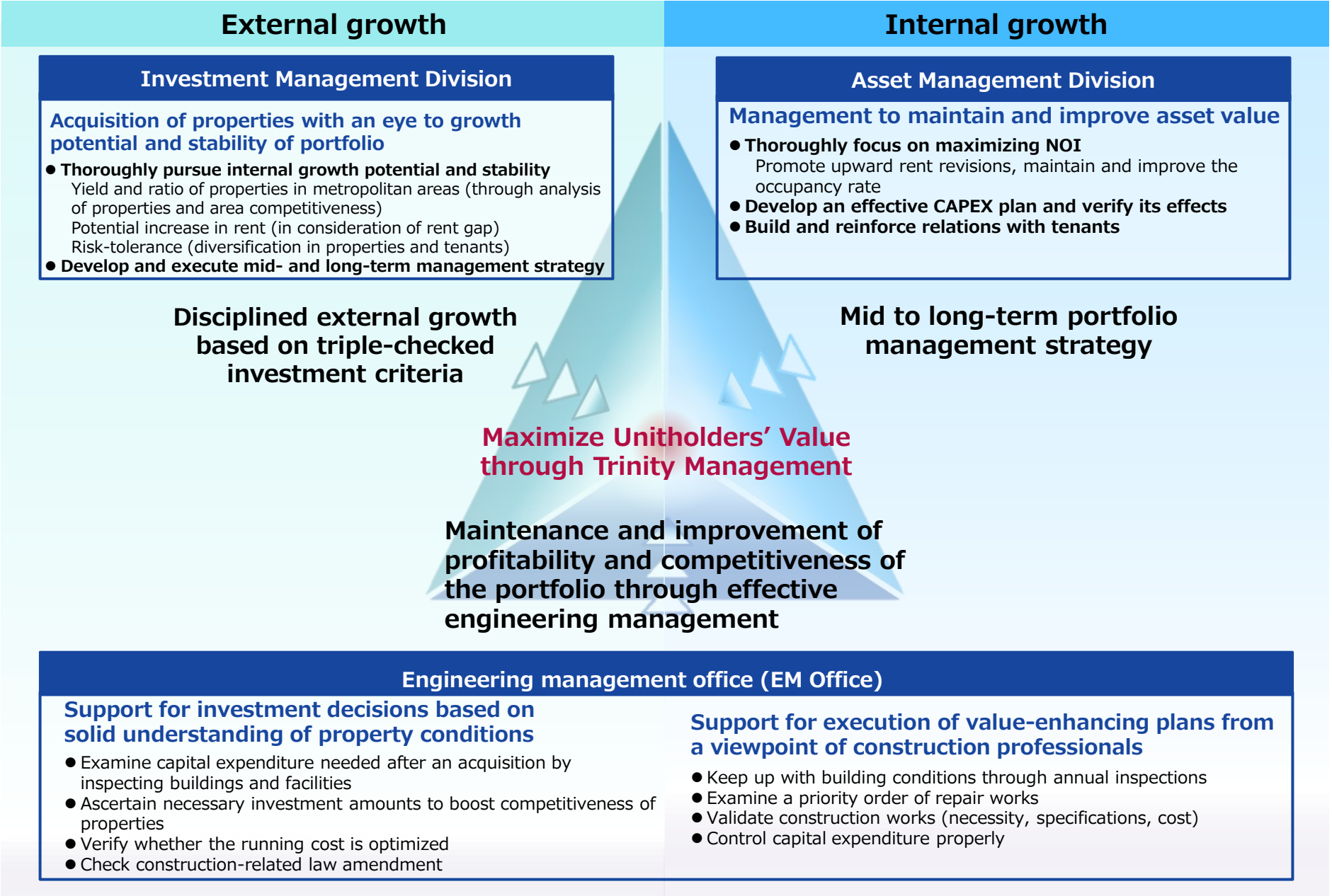
3) Strong Demand

《Composition of Offices by Number of Employees》



Source : prepared by Asset management company based on data provided from Statistics Bureau, MIC

Note
1. "Grade A" refers to the office buildings located within the areas defined by CBRE K.K. which are in 5 central wards of Tokyo, having more than 6,500 tsubo of total leasable area and 10,000 tsubo of gross floor area, less than 11years old, and if located in 5 central wards of Tokyo, more than 500 tsubo of basic floor area. "Grade A-" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 250 tsubo of basic floor area, 4,500 tsubo of total leasable area, and 7,000 tsubo of gross floor area and comply with the current earthquake resistance standard. "Grade B" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 200 tsubo of basic floor area, between 2,000 and 7,000 tsubo of gross floor area, and comply with the current earthquake resistance standard.



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Portfolio Summary

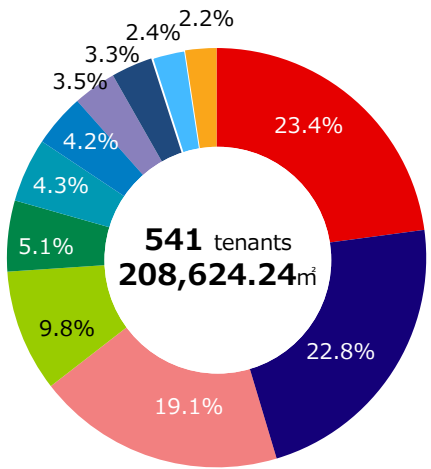
No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(m ²)	Number of tenants	Occupancy rate	PML
A-1	FORECAST Nishisinjuku	Office	Shinjuku Ward, Tokyo	Feb.2009	2,260	1.1%	1,945.68	17	100.0%	2.7%
A-2	Nihombashi Playa Building	Office	Chuo Ward, Tokyo	Feb.2009	2,130	1.0%	2,490.08	2	100.0%	3.7%
A-3	FORECAST Yotsuya	Office	Shinjuku Ward, Tokyo	Jan.2009	1,430	0.7%	1,678.15	13	100.0%	3.6%
A-4	FORECAST Shinjuku AVENUE	Office	Shinjuku Ward, Tokyo	Sep.2008	6,500	3.1%	4,337.15	6	100.0%	2.1%
A-5	FORECAST Ichigaya	Office	Shinjuku Ward, Tokyo	Aug.2009	4,800	2.3%	3,844.66	23	100.0%	2.9%
A-6	FORECAST Mita	Office	Minato Ward, Tokyo	Sep.2009	1,800	0.9%	1,786.18	5	100.0%	2.9%
A-7	FORECAST Shinjuku SOUTH	Office	Shinjuku Ward, Tokyo	Nov.1980	13,990	6.7%	13,875.04	18	100.0%	7.0%
A-8	FORECAST Sakurabashi	Office	Chuo Ward, Tokyo	Apr.1985	5,760	2.8%	6,566.76	5	100.0%	4.2%
A-9	GreenOak Kayabacho	Office	Chuo Ward, Tokyo	Mar.1990	2,860	1.4%	2,984.94	6	100.0%	2.6%
A-10	GreenOak Kudan	Office	Chiyoda Ward, Tokyo	Dec.1987	2,780	1.3%	2,594.46	3	100.0%	5.1%
A-11	GreenOak Takanawadai	Office	Minato Ward, Tokyo	Jan.2010	2,260	1.1%	2,621.74	11	100.0%	3.6%
A-13	Higashi Ikebukuro Center Building	Office	Toshima Ward, Tokyo	Nov.1991	2,520	1.2%	4,219.65	6	100.0%	4.5%
A-14	Central Daikanyama	Office	Shibuya Ward, Tokyo	Aug.1991	3,510	1.7%	1,898.83	4	100.0%	7.1%
A-16	Hiroo Reeplex B's	Office	Minato Ward, Tokyo	May.1987	2,827	1.4%	1,500.85	8	100.0%	4.4%
A-17	Shibakoen Sanchoe Building	Office	Minato Ward, Tokyo	June 1981	7,396	3.6%	7,882.60	4	100.0%	11.3%
A-18	FORECAST Iidabashi	Office	Chiyoda Ward, Tokyo	Nov.1978	5,230	2.5%	4,066.50	24	100.0%	7.1%
A-19	Kudankita 325 Building	Office	Chiyoda Ward, Tokyo	Aug.1987	1,850	0.9%	2,007.07	8	100.0%	4.5%
A-20	FORECAST Uchikanda	Office	Chiyoda Ward, Tokyo	Dec.1976	1,240	0.6%	1,230.44	5	100.0%	9.9%
A-21	Itohpia Iwamotocho 2-chome Building	Office	Chiyoda Ward, Tokyo	Feb.1991	2,810	1.4%	3,447.16	10	100.0%	4.1%
A-22	Itohpia Iwamotocho 1-chome Building	Office	Chiyoda Ward, Tokyo	Jan.1991	2,640	1.3%	3,056.56	9	100.0%	9.0%
A-23	Itohpia Iwamotocho ANNEX Building	Office	Chiyoda Ward, Tokyo	Nov.1991	2,100	1.0%	3,064.20	6	100.0%	4.1%
A-24	Pigeon Building	Office	Chuo Ward, Tokyo	Aug.1989	2,837	1.4%	3,022.25	1	100.0%	5.6%
A-25	FORECAST Ningyocho	Office	Chuo Ward, Tokyo	Nov.1990	2,070	1.0%	2,277.62	6	100.0%	11.1%
A-26	FORECAST Ningyocho PLACE	Office	Chuo Ward, Tokyo	Feb.1984	1,650	0.8%	1,867.95	6	100.0%	7.1%
A-27	FORECAST Shin-Tokiwabashi	Office	Chuo Ward, Tokyo	Aug.1991	2,030	1.0%	1,804.09	11	100.0%	4.1%
A-28	Nishi-shinjuku Sanko Building	Office	Shinjuku Ward, Tokyo	Sep.1987	2,207	1.1%	2,479.80	8	100.0%	12.7%
A-29	Iidabashi Reeplex B's	Office	Shinjuku Ward, Tokyo	June 1992	1,249	0.6%	1,401.68	6	100.0%	4.4%
A-30	FORECAST Shinagawa	Office	Shinagawa Ward, Tokyo	Feb.1989	2,300	1.1%	2,385.47	6	100.0%	11.6%
A-31	Nishi-Gotanda 8-chome Building	Office	Shinagawa Ward, Tokyo	Dec.1993	2,210	1.1%	2,999.68	8	100.0%	3.9%
A-32	Towa Higashi-Gotanda Building	Office	Shinagawa Ward, Tokyo	Sep.1985	2,033	1.0%	2,939.16	7	100.0%	5.1%
A-33	FORECAST Takadanobaba	Office	Toshima Ward, Tokyo	Jan.1986	5,550	2.7%	5,614.35	7	100.0%	12.4%
A-34	Mejiro NT Building	Office	Toshima Ward, Tokyo	July 1990	3,094	1.5%	4,497.27	5	100.0%	6.6%
A-35	Toshin Higashi-Ikebukuro Building	Office	Toshima Ward, Tokyo	Nov.1989	979	0.5%	1,645.18	3	100.0%	3.6%
A-36	Mitsui Woody Building	Office	Koto Ward, Tokyo	Mar.1990	2,475	1.2%	4,006.20	6	100.0%	11.9%
A-37	Itabashi Honcho Building	Office	Itabashi Ward, Tokyo	Jan.1993	3,146	1.5%	6,356.89	4	100.0%	7.8%

Portfolio Summary

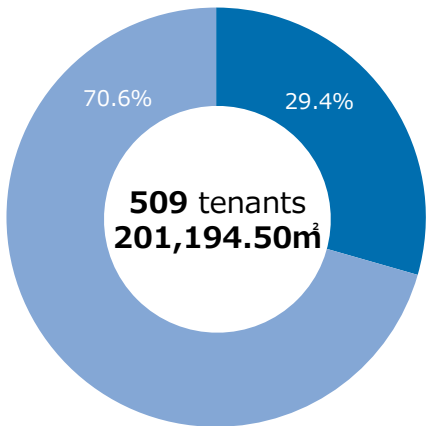
No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(m)	Number of tenants	Occupancy rate	PML
A-38	ANTEX24 Building	Office	Taito Ward, Tokyo	Feb.1988	1,691	0.8%	2,267.59	7	100.0%	3.7%
A-39	Itohopia Kiyosubashidori Building	Office	Taito Ward, Tokyo	Mar.1988	1,550	0.7%	2,659.67	8	100.0%	3.6%
A-40	East Side Building	Office	Taito Ward, Tokyo	May.1988	1,372	0.7%	2,096.92	4	100.0%	3.6%
A-41	I・S Minamimorimachi Building	Office	Osaka, Osaka	Aug.1993	2,258	1.1%	4,164.82	16	100.0%	9.6%
A-42	Sunworld Building	Office	Osaka, Osaka	Mar.1993	1,200	0.6%	3,314.58	1	100.0%	12.0%
A-43	Marunouchi Sanchome Building	Office	Nagoya, Aichi	July 1988	1,626	0.8%	4,219.19	22	100.0%	7.1%
A-44	MK Kojimachi Building	Office	Chiyoda Ward, Tokyo	Mar.1997	1,781	0.9%	1,748.92	9	100.0%	4.3%
A-45	Toranomon Sakura Building	Office	Minato Ward, Tokyo	July 1983	4,120	2.0%	3,049.79	12	100.0%	8.2%
A-46	La Verite AKASAKA	Office	Minato Ward, Tokyo	Dec.1986	2,000	1.0%	1,707.18	6	100.0%	4.5%
A-47	Kanda Ocean Building	Office	Chiyoda Ward, Tokyo	Jan.1990	1,440	0.7%	1,484.74	24	100.0%	9.3%
A-48	Shinto GINZA EAST	Office	Chuo Ward, Tokyo	Sep.1990	1,352	0.7%	1,206.28	6	100.0%	5.3%
A-49	FORECAST Kayabacho	Office	Chuo Ward, Tokyo	Jan.1990	3,000	1.4%	3,882.61	14	100.0%	5.2%
A-50	FORECAST Waseda FIRST	Office	Shinjuku Ward, Tokyo	July 1986	4,775	2.3%	4,340.66	8	100.0%	3.5%
A-51	FORECAST Gotanda WEST	Office	Shinagawa Ward, Tokyo	Sep.1989	6,520	3.1%	8,981.55	13	100.0%	2.3%
A-52	Omiya Center Building	Office	Saitama, Saitama	Mar.1993	15,585	7.5%	14,311.77	27	100.0%	2.0%
A-53	Sumitomo Mitsui Bank Koraibashi Building	Office	Osaka, Osaka	Mar.1994	2,850	1.4%	5,102.55	23	100.0%	7.6%
A-54	NORE Fushimi	Office	Nagoya, Aichi	Nov.2006	2,840	1.4%	3,857.58	7	100.0%	4.5%
A-55	NORE Meieki	Office	Nagoya, Aichi	Jan.2007	2,520	1.2%	4,280.75	20	98.1%	4.2%
A-56	Homat Horizon Building	Office	Chiyoda Ward, Tokyo	Aug.1987	6,705	3.2%	6,038.51	12	100.0%	7.2%
A-57	Sannomiya First Building	Office	Kobe, Hyogo	Nov.1993	1,390	0.7%	3,630.88	23	100.0%	5.4%
B-1	Tower Court Kitashinagawa	Residential	Shinagawa Ward, Tokyo	Feb.2009	11,880	5.7%	16,913.29	277	99.8%	2.6%
B-2	Sky Hills N11	Residential	Sapporo, Hokkaido	Mar.2001	1,570	0.8%	8,567.50	1	100.0%	1.3%
B-3	my atria Meieki	Residential	Nagoya, Aichi	Mar.2006	1,280	0.6%	2,890.78	66	96.9%	4.4%
B-4	my atria Sakae	Residential	Nagoya, Aichi	Mar.2007	1,110	0.5%	3,121.60	1	100.0%	4.1%
B-5	Mac Village Heian	Residential	Nagoya, Aichi	Sep.2006	785	0.4%	2,250.00	1	100.0%	3.2%
B-6	Seam Dwell Tsutsui	Residential	Nagoya, Aichi	Feb.2007	695	0.3%	1,800.00	1	100.0%	5.0%
B-7	Ciel Yakuin	Residential	Fukuoka, Fukuoka	Mar.2005	640	0.3%	1,544.87	39	93.6%	5.4%
B-8	Kanda Reeplex R's	Residential	Chiyoda Ward, Tokyo	Jan.2006	1,813	0.9%	2,183.93	41	100.0%	4.4%
B-9	Splendid Namba	Residential	Osaka, Osaka	Jan.2015	3,502	1.7%	6,212.36	243	96.9%	6.2%
C-1	Otakibashi Pacifica Building	Retail	Shinjuku Ward, Tokyo	Oct.2008	3,350	1.6%	1,383.31	8	100.0%	4.6%
C-2	Komyoike Act	Retail	Sakai, Osaka	Apr.1988	2,063	1.0%	6,173.41	25	100.0%	12.7%
Subtotal office properties					179,107	86.2%	202,742.83	539	100.0%	
Subtotal residential properties					23,275	11.2%	45,484.33	670	99.1%	
Subtotal retail properties					5,413	2.6%	7,556.72	33	100.0%	
Total					207,795	100.0%	255,783.88	1,242	99.8%	

Ratio of Tenant (by leased area) (As of the end the 11th Period)

《By Industry⁽¹⁾》



《By Scale⁽²⁾》



Industry		Leaded area (m²)	Number of tenants	Share
1	Manufacturing	48,741.27	109	23.4%
2	Industries Telecommunications	47,570.47	106	22.8%
3	Services	39,741.35	111	19.1%
4	Wholesale・Retail	20,404.15	64	9.8%
5	Finance・Insurance	10,691.92	16	5.1%
6	Real estate	8,933.17	22	4.3%
7	Building constructor	8,717.19	30	4.2%
8	Medical services・Social welfare	7,203.33	23	3.5%
9	Education・Learning support	6,922.00	20	3.3%
10	Accommodations・Eating and drinking services	5,024.83	28	2.4%
11	Other	4,674.56	12	2.2%

		Leased area (m²)	Number of tenants	Share
1	Listed company on TSE and its subsidiary	59,220.27	81	29.4%
2	Other	141,974.23	428	70.6%

Notes

1. Calculated for end-tenants of office (excluding residence area) and retail properties.
2. Calculated for end-tenants of office (excluding residence and retail area).

Status of Termination Notices

Property name	Occupancy rate (Dec. 2017)	Status of termination notices	Status of leasing activities	Assumed occupancy rate ⁽¹⁾
Omiya Center Building	100%	Left already:1section (34tsubo) Termination notice :2sections (386tsubo)	Lease contract :3sections	100% (Feb. 2018)
NORE Fushimi	100%	Termination notice :1floor (120tsubo)	Lease contract :1floor	100% (Feb. 2018)
FORECAST Ichigaya	100%	Termination notice :3sections (297tsubo)	Lease contract :2sections (235tsubo) Tenancy application :1section (61tsubo)	100% (Apr. 2018)
FORECAST Shinjuku SOUTH	100%	Termination notice :2sections (191tsubo)	Lease contract :2sections	100% (May 2018)
Komyoike Act	100%	Termination notice :1section (18tsubo)	Looking for tenants	99.0% (Apr. 2018)
FORECAST Kayabacho	100%	Left already:1section (15tsubo)	Looking for tenants	98.7% (Jan. 2018)
FORECAST Iidabashi	100%	Termination notice :2sections (64tsubo)	Lease contract :1section (42tsubo) Looking for tenants :1section (22tsubo)	98.1% (June 2018)
Sannomiya First Building	100%	Termination notice :1section (29tsubo)	Looking for tenants	97.4% (Mar. 2018)
Marunouchi Sanchome Building	100%	Left already:1section (52tsubo)	Looking for tenants	95.9% (Jan. 2018)
NORE Meieki	98.1%	Left already:1section (24tsubo) Termination notice :1section (68tsubo)	Tenancy application :1section (24tsubo) Looking for tenants :1section (68tsubo)	94.7% (June 2018)
GreenOak Takanawadai	100%	Termination notice :1floor (52tsubo)	Looking for tenants	93.4% (June 2018)
MK Kojimachi Building	100%	Termination notice :1floor (48tsubo)	Looking for tenants	90.8% (May 2018)
Iidabashi Reeplex B's	100%	Termination notice :1floor (39tsubo)	Looking for tenants	90.7% (June 2018)
Kanda Ocean Building	100%	Termination notice :2sections (49tsubo)	Looking for tenants	89.1% (Mar. 2018)
FORECAST Ningyocho PLACE	100%	Termination notice :1floor (72tsubo)	Looking for tenants	87.1% (Apr. 2018)
GreenOak Kayabacho	100%	Termination notice :3floors (369tsubo)	Tenancy application :1floor (123tsubo) Tenancy application :1floor (123tsubo) Looking for tenants :1floor (123tsubo)	86.4% (June 2018)
Itohpia Kiyosubashidori Building	100%	Termination notice :1floor (114tsubo)	Looking for tenants	85.7% (May 2018)
Sumitomo Mitsui Bank Koraibashi Building	100%	Termination notice :4sections (489tsubo)	Looking for tenants	68.3% (July 2018)

Note

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

《GRESB Survey》



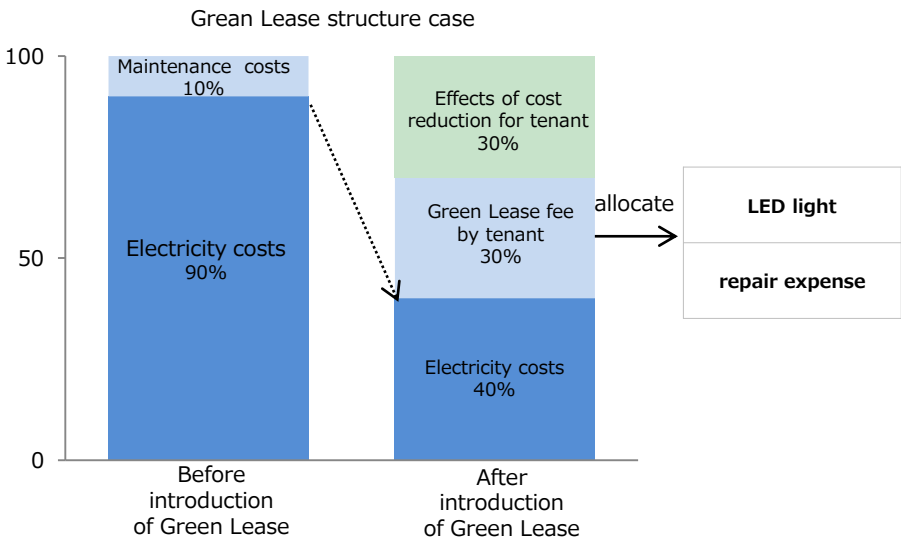
We participated for the first time in the “Global Real Estate Sustainability Benchmark (GRESB)” Real Estate Survey and has been ranked as “Green Star”, the highest in the four available categories.

GRESB is a benchmark developed by a group of leading European pension funds.

《Government Subsidy and Green Lease Initiatives》

To install LED light and some ecological equipments with government subsidy, We make efforts to reduce energy. And, making a contract with each tenant for Green Lease, we earn part of incomes that are performed by reduction of utility costs.

[Our propertis with Green Lease]
FORECAST Gotanda WEST/La Verite AKASAKA/Itohpia Iwamotocho 1-chome Building/Pigeon Building



《Green Building Certification》

We received a DBJ Green Building Certification for Tower Court Kitashinagawa (4-star) and a CASBEE Rank S Certification (the highest rank) for FORECAST Ichigaya.

Tower Court
Kitashinagawa



Properties with exceptionally high environmental & social awareness

FORECAST
Ichigaya



Assessment System
Class S (excellent)

《Contribution To The Community》



Sojitz REIT Advisors K.K. , an asset management company of NIPPON REIT, contributes to community to participate in community activities positively such local cleaning projects.

《Environmental And Social Initiatives》



Sojitz REIT Advisors K.K works on a Eco-cap campaign for environmental protection and society .

Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 11 th Period (a) (¥ mn)	Appraisal profit or loss End 11 th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor ⁽¹⁾ (Compared to 10 th Period)		
					End 10 th Period (¥ mn)	End 11 th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 11 th Period						
Office														
A-1	FORECAST Nishisinjuku	2,260	2,174	725	2,890	2,900	10	4.2%	3.8%	4.4%	5.5%	○		
A-2	Nihombashi Playa Building	2,130	2,051	328	2,370	2,380	10	4.5%	4.3%	4.7%	5.1%			○
A-3	FORECAST Yotsuya	1,430	1,389	420	1,810	1,810	0	4.1%	3.9%	4.3%	5.4%			
A-4	FORECAST Shinjuku AVENUE	6,500	6,316	1,343	7,530	7,660	130	3.8%	3.6%	4.0%	4.6%	○		
A-5	FORECAST Ichigaya	4,800	4,630	1,059	5,690	5,690	0	3.8%	3.6%	4.0%	4.6%			
A-6	FORECAST Mita	1,800	1,758	431	2,190	2,190	0	4.0%	3.8%	4.2%	5.0%			
A-7	FORECAST Shinjuku SOUTH	13,990	14,730	1,569	16,300	16,300	0	3.8%	3.5%	4.0%	4.6%			
A-8	FORECAST Sakurabashi	5,760	6,056	193	6,190	6,250	60	4.3%	4.1%	4.5%	5.0%	○		
A-9	GreenOak Kayabacho	2,860	3,011	188	3,200	3,200	0	4.2%	4.0%	4.4%	5.0%			
A-10	GreenOak Kudan	2,780	2,871	308	3,180	3,180	0	4.0%	3.8%	4.2%	4.8%			
A-11	GreenOak Takanawadai	2,260	2,234	275	2,500	2,510	10	4.3%	4.1%	4.5%	4.9%			
A-13	Higashi Ikebukuro Center Building	2,520	2,703	156	2,760	2,860	100	4.8%	4.6%	5.0%	5.9%		○ ⁽²⁾	
A-14	Central Daikanyama	3,510	3,649	(59)	3,590	3,590	0	3.8%	3.6%	4.0%	4.0%			
A-16	Hiroo Reeplex B's	2,827	2,858	251	3,110	3,110	0	4.2%	4.0%	4.4%	4.8%			
A-17	Shibakoen Sanchome Building	7,396	7,436	2,203	9,630	9,640	10	3.7%	3.5%	3.9%	5.0%	○		
A-18	FORECAST Iidabashi	5,230	5,409	80	5,490	5,490	0	4.0%	3.7%	4.1%	4.3%			
A-19	Kudankita 325 Building	1,850	1,947	12	1,960	1,960	0	4.0%	3.8%	4.2%	4.4%			
A-20	FORECAST Uchikanda	1,240	1,295	(25)	1,270	1,270	0	4.2%	4.0%	4.4%	4.7%			
A-21	Itohpia Iwamotocho 2-chome Building	2,810	2,841	158	3,000	3,000	0	4.3%	4.1%	4.5%	4.9%			
A-22	Itohpia Iwamotocho 1-chome Building	2,640	2,737	(37)	2,700	2,700	0	4.3%	4.1%	4.5%	4.7%			
A-23	Itohpia Iwamotocho ANNEX Building	2,100	2,207	142	2,340	2,350	10	4.3%	4.1%	4.5%	5.1%	○		
A-24	Pigeon Building	2,837	2,914	5	2,920	2,920	0	4.3%	4.1%	4.5%	4.8%			
A-25	FORECAST Ningyocho	2,070	2,149	(79)	2,070	2,070	0	4.4%	4.2%	4.6%	4.7%			

Note

1. Major fluctuation factors are indicated following rule.

“CR”: In the event cap rate has changed. “Income” : In the event cap rate has not changed, and the major fluctuation factor is income. “Expense” : In the event cap rate has not changed, and the major fluctuation factor is expense.

2. Appraisal Value at the end of 11th Period rises by increasing gross potential income while the cap rate rises.

Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 11 th Period (a) (¥ mn)	Appraisal profit or loss End 11 th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor ⁽¹⁾ (Compared to 10 th Period)		
					End 10 th Period (¥ mn)	End 11 th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
A-26	FORECAST Ningyocho PLACE	1,650	1,658	101	1,760	1,760	0	4.4%	4.2%	4.6%	4.9%			
A-27	FORECAST Shin-Tokiwabashi	2,030	2,125	(55)	2,060	2,070	10	4.4%	4.1%	4.5%	4.6%		○	
A-28	Nishi-shinjuku Sanko Building	2,207	2,236	33	2,270	2,270	0	4.4%	4.2%	4.6%	4.9%			
A-29	Iidabashi Reeplex B's	1,249	1,296	93	1,390	1,390	0	3.9%	3.7%	4.1%	4.6%			
A-30	FORECAST Shinagawa	2,300	2,394	(84)	2,300	2,310	10	4.3%	4.1%	4.5%	4.5%		○	
A-31	Nishi-Gotanda 8-chome Building	2,210	2,300	59	2,360	2,360	0	4.3%	4.1%	4.5%	4.8%			
A-32	Towa Higashi-Gotanda Building	2,033	2,058	81	2,140	2,140	0	4.3%	4.1%	4.5%	5.1%			
A-33	FORECAST Takadanobaba	5,550	5,803	(223)	5,580	5,580	0	4.6%	4.4%	4.8%	4.8%			
A-34	Mejiro NT Building	3,094	3,115	184	3,300	3,300	0	4.7%	4.5%	4.9%	5.3%			
A-35	Toshin Higashi-Ikebukuro Building	979	995	54	1,050	1,050	0	4.8%	4.6%	5.0%	5.6%			
A-36	Mitsui Woody Building	2,475	2,625	54	2,680	2,680	0	4.8%	4.5%	4.9%	5.7%			
A-37	Itabashi Honcho Building	3,146	3,140	179	3,320	3,320	0	4.9%	4.6%	5.1%	5.7%			
A-38	ANTEX24 Building	1,691	1,791	(61)	1,730	1,730	0	4.7%	4.4%	4.8%	5.1%			
A-39	Itohpia Kiyosubashidori Building	1,550	1,602	167	1,770	1,770	0	4.8%	4.5%	5.0%	5.8%			
A-40	East Side Building	1,372	1,382	87	1,470	1,470	0	4.8%	4.6%	5.0%	5.5%			
A-41	I-S Minamimorimachi Building	2,258	2,276	183	2,460	2,460	0	4.7%	4.5%	4.9%	5.5%			
A-42	Sunworld Building	1,200	1,302	(72)	1,230	1,230	0	5.0%	4.8%	5.2%	5.4%			
A-43	Marunouchi Sanchoe Building	1,626	1,624	245	1,860	1,870	10	4.9%	4.7%	5.1%	6.1%		○	
A-44	MK Kojimachi Building	1,781	1,808	151	1,960	1,960	0	3.9%	3.6%	4.0%	4.4%			
A-45	Toranomon Sakura Building	4,120	4,301	(21)	4,280	4,280	0	3.7%	3.4%	3.8%	3.9%			
A-46	La Verite AKASAKA	2,000	2,159	(29)	2,130	2,130	0	3.9%	3.7%	4.1%	4.3%			
A-47	Kanda Ocean Building	1,440	1,464	95	1,560	1,560	0	4.1%	3.9%	4.3%	4.7%			
A-48	Shinto GINZA EAST	1,352	1,362	37	1,400	1,400	0	4.1%	3.8%	4.2%	4.4%			
A-49	FORECAST Kayabacho	3,000	3,130	(160)	2,970	2,970	0	4.4%	4.1%	4.5%	4.5%			
A-50	FORECAST Waseda FIRST	4,775	4,810	89	4,900	4,900	0	4.2%	4.0%	4.4%	4.5%			

Note

1. Major fluctuation factors are indicated following rule.

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NIPPONREIT Investment Corporation

Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 11 th Period (a) (¥ mn)	Appraisal profit or loss End 11 th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor ⁽¹⁾ (Compared to 10 th Period)		
					End 10 th Period (¥ mn)	End 11 th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
A-51	FORECAST Gotanda WEST	6,520	6,833	56	6,870	6,890	20	4.0%	3.8%	4.2%	4.5%		○	
A-52	Omiya Center Building	15,585	15,579	2,120	17,500	17,700	200	4.5%	4.3%	4.7%	5.2%		○	
A-53	Sumitomo Mitsui Bank Koraibashi Building	2,850	2,892	57	2,920	2,950	30	4.6%	4.4%	4.8%	5.1%		○	
A-54	NORE Fushimi	2,840	2,786	303	3,090	3,090	0	4.6%	4.4%	4.8%	5.1%			
A-55	NORE Meieki	2,520	2,484	375	2,860	2,860	0	4.7%	4.5%	4.9%	5.5%			
A-56	Homat Horizon Building	6,705	6,507	292	-	6,800	-	4.0%	3.7%	4.1%	4.2%			
A-57	Sannomiya First Building	1,390	1,422	77	-	1,500	-	5.3%	5.1%	5.5%	6.3%			
	Subtotal office properties	179,107	182,649	14,130	187,860	196,780	620				4.9%			
Residence														
B-01	Tower Court Kitashinagawa	11,880	11,018	2,581	13,600	13,600	0	4.3%	4.1%	4.5%	5.1%			
B-02	Sky Hills N11	1,570	1,550	179	1,730	1,730	0	5.5%	5.3%	5.7%	6.6%			
B-03	my atria Meieki	1,280	1,258	231	1,490	1,490	0	4.8%	4.6%	5.0%	5.7%			
B-04	my atria Sakae	1,110	1,077	132	1,210	1,210	0	5.0%	4.8%	5.2%	5.7%			
B-05	Mac Village Heian	785	768	97	866	866	0	5.1%	4.9%	5.3%	6.0%			
B-06	Seam Dwell Tsutsui	695	701	67	769	769	0	5.0%	4.8%	5.2%	5.8%			
B-07	Ciel Yakuin	640	641	65	707	707	0	4.7%	4.5%	4.9%	5.5%			
B-08	Kanda Reeplex R's	1,813	1,771	158	1,930	1,930	0	4.3%	4.0%	4.5%	4.7%			
B-09	Splendid Namba	3,502	3,460	179	-	3,640	-	4.8%	4.6%	5.0%	5.1%			
	Subtotal residential properties	23,275	22,249	3,692	22,302	25,942	0				5.3%			
Retail														
C-01	Otakibashi Pacifica Building	3,350	3,443	26	3,470	3,470	0	4.0%	3.8%	4.2%	4.2%			
C-02	Komyoike Act	2,063	2,102	87	2,190	2,190	0	5.3%	5.1%	5.5%	6.4%			
	Subtotal retail properties	5,413	5,546	113	5,660	5,660	0				5.1%			
	Total	207,795	210,445	17,936	215,882	228,382	620				4.9%			

Note

1. Major fluctuation factors are indicated following rule.
“CR”: In the event cap rate has changed. “Income” : In the event cap rate has not changed, and the major fluctuation factor is income. “Expense” : In the event cap rate has not changed, and the major fluctuation factor is expense.

Balance Sheets

(Yen in thousands)	The 10th Fiscal Period (as of June 30, 2017)	The 11th Fiscal Period (as of December 31, 2017)
Assets		
Current Assets		
Cash and deposits	11,217,610	13,081,408
Cash and deposits in trust	5,523,380	4,976,650
Tenant receivables	112,358	87,232
Prepaid expenses	370,288	370,628
Income taxes refundable	8,006	7,553
Other current assets	5,554	70,500
Allowance for doubtful accounts	(0)	(0)
Total Current Assets	17,237,198	18,593,973
Non-Current Assets		
Property, plant and equipment		
Buildings in trust	48,602,616	50,201,105
Accumulated depreciation	(4,820,866)	(5,363,472)
Buildings in trust, net	43,781,749	44,837,632
Structures in trust	157,997	164,967
Accumulated depreciation	(32,975)	(34,263)
Structures in trust, net	125,021	130,704
Machinery and equipment in trust	156,868	219,713
Accumulated depreciation	(8,993)	(17,878)
Machinery and equipment in trust, net	147,875	201,835
Tools, furniture and fixtures trust	64,963	72,890
Accumulated depreciation	(12,010)	(15,146)
Tools, furniture and fixtures in trust, net	52,952	57,743
Land in trust	147,626,696	149,411,625
Construction in progress in trust	-	8,417
Total property, plant and equipment	191,734,295	194,647,958
Intangible assets		
Leasehold rights in trust	15,806,402	15,806,402
Total intangible assets	15,806,402	15,806,402
Investments and other assets		
Investment securities	895,866	561,951
Lease and guarantee deposits	10,110	10,110
Long-term prepaid expenses	699,633	760,904
Other	50,535	35,801
Total investment s and other assets	1,656,145	1,368,767
Total Non-Current Assets	209,196,843	211,823,128
Total Assets	226,434,042	230,417,101

(Yen in thousands)	The 10th Fiscal Period (as of June 30, 2017)	The 11th Fiscal Period (as of December 31, 2017)
Liabilities		
Current Liabilities		
Accounts payable	611,972	1,371,522
Short term debt	-	2,600,000
Long-term debt due within one year	19,700,000	20,300,000
Accrued expenses	223,658	222,805
Accrued consumption taxes	107,251	138,589
Deferred tax liabilities	495	3,333
Advances received	1,172,706	1,146,470
Other current liabilities	360,827	628,326
Total current liabilities	22,176,913	26,411,047
Long-Term Liabilities		
Long-term debt	83,870,000	83,270,000
Tenant security deposits in trust	7,841,792	7,811,739
Deferred tax liabilities	5,034	-
Total Long- Term Liabilities	91,716,827	91,081,739
Total Liabilities	113,893,741	117,492,787
Net Assets		
Unitholders' equity		
Unitholders' capital	109,285,298	109,285,298
Surplus		
Unappropriated retained earnings (undisposed loss)	3,242,988	3,631,760
Total surplus	3,242,988	3,631,760
Total unitholders' equity	112,528,286	112,917,058
Valuation and translation adjustments		
Deferred gains or losses on hedges	12,014	7,254
Total valuation and translation adjustments	12,014	7,254
Total Net Assets	112,540,301	112,924,313
Total Liabilities and Net Assets	226,434,042	230,417,101

Income Statements

(Yen in thousands)	The 10th Fiscal Period (as of June 30, 2017)	The 11th Fiscal Period (as of December 31, 2017)
Operating Revenues		
Rental revenues	6,278,141	6,437,641
Other revenues related to property leasing	628,546	705,324
Gain on exchange of real estate properties	—	376,123
Dividend income	40,482	34,393
Total Operating Revenues	6,947,169	7,553,483
Operating Expenses		
Property-related expenses	2,530,372	2,679,827
Asset management fees	527,524	530,433
Asset custody fees	12,841	13,056
Administrative service fees	49,256	50,012
Directors' compensation	4,200	3,300
Independent auditors' fees	13,000	13,000
Other operating expenses	113,783	148,441
Total Operating Expenses	3,250,978	3,438,071
Operating Income	3,696,191	4,115,411
Non-Operating income		
Interest income	77	80
Reversal of distributions payable	—	1,652
Interest on refund	2	22
Total non-operating Revenues	80	1,755
Non-Operating Expenses		
Interest expense	250,354	279,994
Borrowing related expenses	227,077	228,623
Total Non-Operating Expenses	477,432	508,617
Ordinary Income	3,218,840	3,608,549
Extraordinary Income		
Subsidy income	44,834	—
Total extraordinary income	44,834	—
Extraordinary Losses		
Loss on reduction of non-current assets	44,593	—
Total extraordinary losses	44,593	—
Income Before Income Taxes	3,219,081	3,608,549
Income taxes – current	638	687
Income taxes – deferred	0	△2
Total income taxes	638	685
Net Income	3,218,442	3,607,863
Retained Earnings at Beginning of Period	24,545	23,896
Retained Earnings at End of Period	3,242,988	3,631,760

Historical Operating Results

		The 7th Fiscal Period (as of December 31, 2015)	The 8th Fiscal Period (as of June 30, 2016)	The 9th Fiscal Period (as of December 31, 2016)	The 10th Fiscal Period (as of June 30, 2017)	The 11th Fiscal Period (as of December 31, 2017)
Operating revenues	(¥mn)	6,682	6,607	6,836	6,947	7,553
Of which, rental revenues and other revenues related to property leasing	(¥mn)	(6,672)	(6,600)	(6,804)	(6,906)	(7,142)
Operating expenses	(¥mn)	2,975	3,319	3,309	3,250	3,438
Of which, property-related expenses	(¥mn)	(2,343)	(2,631)	(2,606)	(2,530)	(2,679)
Operating income	(¥mn)	3,706	3,287	3,527	3,696	4,115
Ordinary income	(¥mn)	2,969	2,944	3,055	3,218	3,608
Net income	(¥mn)	2,968	2,944	3,054	3,218	3,607
Total assets (a)	(¥mn)	226,633	225,842	226,398	226,434	230,417
Net assets (b)	(¥mn)	112,282	112,263	112,389	112,540	112,924
Interest-bearing debt (c)	(¥mn)	104,470	103,570	103,570	103,570	106,170
Interest-bearing debt to total assets ratio (c)/(a)	(%)	46.1	45.9	45.7	45.7	46.1
Ordinary income to total assets ratio ⁽³⁾	(%)	1.5	1.3	1.4	1.4	1.6
Return on equity ⁽³⁾	(%)	3.0	2.6	2.7	2.9	3.2
Equity ratio (b)/(a)	(%)	49.5	49.7	49.6	49.7	49.0
Unitholders' equity	(¥mn)	109,285	109,285	109,285	109,285	109,285
Number of investment units Issued and outstanding (d)		391,760	391,760	391,760	391,760	391,760
Net assets per unit (b)/(d)	(¥)	286,609	286,562	286,883	287,268	288,248
Total distributions (e)	(¥mn)	2,969	2,945	3,055	3,219	3,608
Distributions per unit (e)/(d)	(¥)	7,581	7,519	7,800	8,217	9,211
FFO ⁽³⁾ (funds from operations)	(¥mn)	3,699	3,688	3,810	3,953	3,984
AFFO ⁽³⁾ (Adjusted Fund From Operations)	(¥mn)	3,304	3,361	3,344	3,556	2,897
FFO per unit ⁽³⁾	(¥)	9,442	9,414	9,726	10,091	10,170
NAV per Unit ⁽³⁾	(¥)	298,863	302,095	310,132	321,274	324,820
Depreciation during the period	(¥mn)	730	743	753	734	751
Capital expenditures during the period	(¥mn)	395	326	466	396	1,086
Number of investment properties		65	65	65	65	66
Total leasable area	(㎡)	255,560.43	255,396.84	255,393.62	255,398.17	255,783.88
Number of tenants ⁽⁴⁾		938	946	966	978	1,242
Rental NOI ⁽³⁾	(¥mn)	5,059	4,713	4,952	5,111	5,215
Number of operating days	(days)	184	182	184	181	184

Notes

- NIPPON REIT's fiscal periods have covered every six months from January 1 to June 30 and from July 1 to December 31 of each year.
- Operating revenues, etc. do not include consumption taxes.
- The following denotes the calculation methods for the indicators employed by NIPPON REIT. It should be noted that calculations on an annual basis are calculated using the number of business days for each period.
 - Ordinary income to total assets ratio
Ordinary income/average total assets × 100
 - Return on equity
Net income / average net assets × 100
 - FFO
Net income + depreciation + loss on retirement of investment properties + deferred asset amortization – gain / loss on real estate sales
 - AFFO
FFO – Capital expenditures
 - FFO per unit
(Net income + depreciation + loss on retirement of investment properties + deferred asset amortization – gain / loss on real estate sales) ÷ total investment units issued and outstanding
 - NAV per unit
((Net assets + appraisal value – book value) ÷ total investment units issued and outstanding
 - Leasing NOI)-DPU
Income from property leasing for the fiscal period under review (rental revenues – rental expenses) + depreciation + loss on retirement of investment properties
- This denotes the total number of tenants (excluding those for warehouses, billboards, and parking lots) in leasing contracts for each building acquired at the end of the period. It should be noted that in the event a pass-through master lease contract is entered into for said assets, the total number of end-tenants is employed in the calculation (excluding those for warehouses, billboards, and parking lots).
- Monetary figures are truncated, while percentages are rounded.

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NIPPON REIT Investment Corporation



Note

1. “Qualified real estate” refers to real estate, trust beneficiary interest in real estate, real estate-backed securities or equity interest in silent partnership backed by real estate (including real estate under development), which are consistent with the investment policy established by NIPPON REIT and Sojitz REIT Advisors K.K..

Governance Structure

Management structure for pursuing the interest of NRT Unitholders

Method for pursuing the interest of Unitholders

Management fee system linked to DPU

<Asset management (AM) fee 1 and Asset management fee 2>

	Calculation method
AM fee1	Total assets of the immediately preceding period × annual rate of 0.35%(maximum rate)
AM fee2	NOI×DPU volatility ⁽¹⁾ ×2.5%(maximum rate)

<Acquisition fee and Disposition fee>

	Calculation method
Acquisition fee	Acquisition price×1.0%(maximum rate) ※Acquisition from interested parties : acquisition price ×0.5%(maximum rate)
Disposition fee	Transfer price×1.0%(maximum rate) ※Transfer to interested parties : transfer price ×0.5%(maximum rate)

Same-boat investment by the sponsor

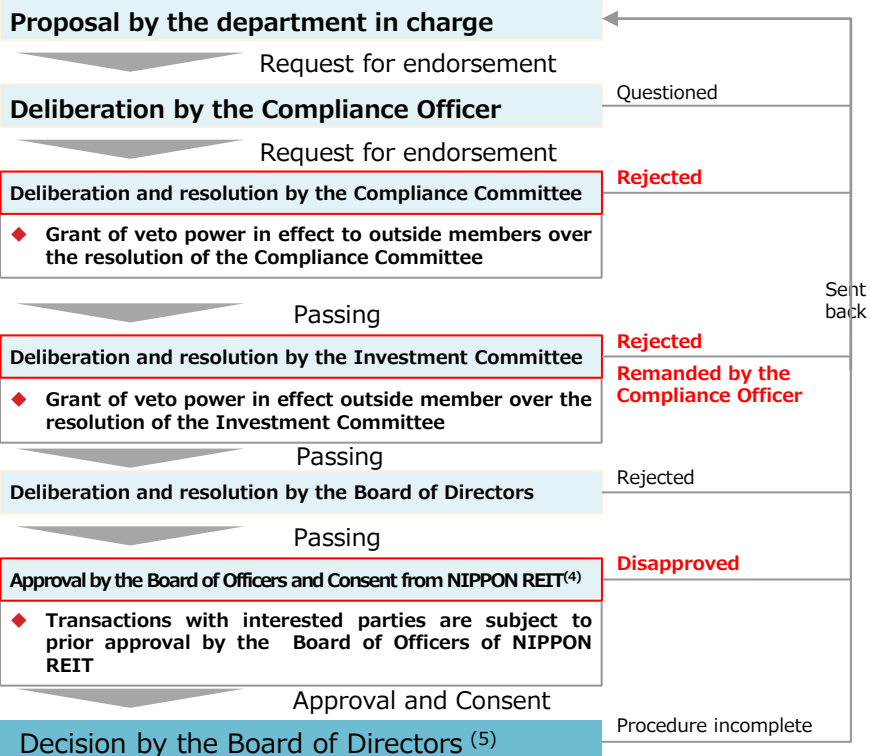
Sojitz,
the main sponsor

Owns 15,500 investment units of NIPPON REIT

Governance system

Decision-making process

< Decision-making process regarding transaction of assets under management with interested parties>

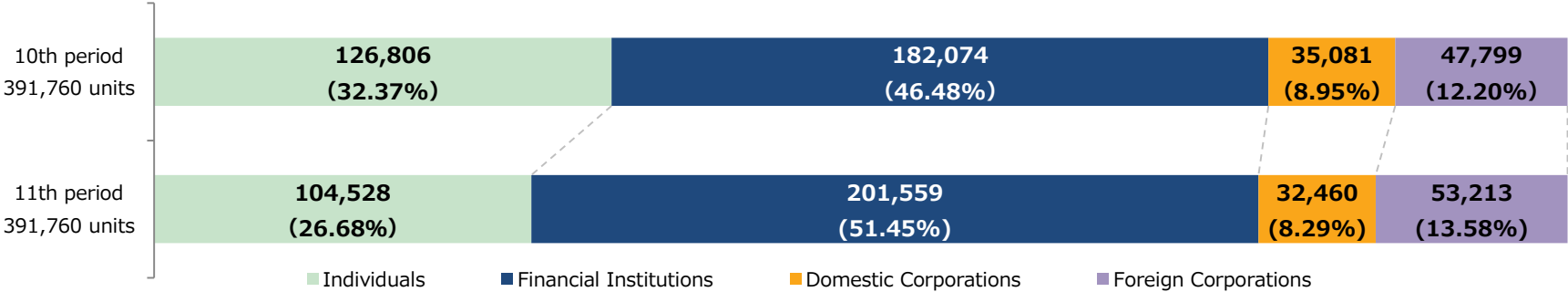


Notes

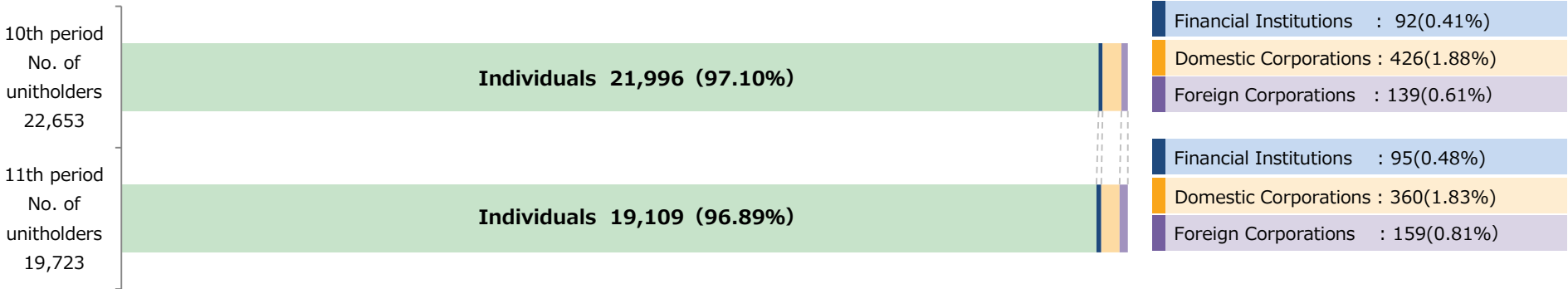
1. $\text{DPU volatility} = (\text{Adjusted DPU for a certain fiscal period}^{(2)} - \text{adjusted DPU for the preceding fiscal period}) / \text{adjusted DPU for the previous fiscal period} + 1$
2. "Adjusted DPU" is the amount obtained by dividing the distributable amount before deducting fees and compensations ⁽³⁾ for a certain fiscal period by the number of investment units issued and outstanding as of the settlement date for the fiscal period (rounded down to the nearest one yen)
3. "Distributable amount before deducting fees and compensations" is the amount of income before income taxes for the fiscal period in accordance with the accounting practices generally accepted in Japan (on the condition that the AM fee2 and gain or loss on sale of specified assets are not added to or subtracted from the amount)
4. Consent from NIPPON REIT shall not be required but approval from the Board of Officers shall be required for the transactions stipulated in article 2-1 of the Investment Trusts act and articles 245-2 of the Order for Enforcement of the Investment Trust Acts.
5. The Board of Directors makes a decision after confirming that each procedure has been appropriately completed

Unitholder Compositions

■ By Number of Unit



■ By Number of Unitholder



■ Top 10 Major Unitholders (11th Period)

	Name	Number of unit	Share		Name	Number of unit	Share
1	Japan Trustee Services Bank, Ltd. (Trust Account)	74,998	19.14%	6	STATE STREET BANK WEST CLIENT - TREATY505234	4,369	1.12%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	64,261	16.40%	7	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	3,459	0.88%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	15,970	4.08%	8	THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	3,446	0.88%
4	Sojitz Corporation	15,500	3.96%	9	JR Shikoku	3,342	0.85%
5	Trust & Custody Service Bank, Ltd.(Securities Investment Trust Account)	11,677	2.98%	10	NOMUR ABANK (LUXEMBOURG) S.A.	3,258	0.83%
				Total		200,280	51.12%

Historical Unit Price (From IPO to The 11th Fiscal Period)



Note
1. TSE REIT Index is indexed to the price of NIPPON REIT on April 24, 2014 (¥261,100).

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.

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