

真面目に、地道に、堅実に  
**Serious Steady Solid**



Nippon REIT Investment Corporation  
**Investor Presentation**  
for the 12<sup>th</sup> Period (Ended June 30, 2018)

August 16, 2018



Creating the future with our “unique perspective”  
based on our “solid typical Japanese style”

# NIPPON VISION

“Serious, Steady, Solid.”

“Pursuing a stable and robust investment  
focusing on supply and demand”

“Realize the potential value of real estate  
with our unique perspective”

**Strict investment discipline & flexible and  
timely investment**

- Target three assets types deeply rooted in the Japanese society
- Investment focused on medium-sized office properties in Tokyo and residential properties in Tokyo

**“Tripart management” by utilizing our portfolio’s  
strength**

**Specializing in three types of assets  
that are deeply rooted in Japanese society**

**Office  
Properties**

(for work)

**50% or more**

**Residential  
Properties**

(for living)

**50% or less**

**Retail  
Properties**

(for consumption)

**20% or less**



**Strict Investment Discipline**

**Focusing on NOI yield<sup>(1)</sup>**  
(Before and after depreciation)

**Risk mitigation**  
(Pursuit of Diversification of properties and tenants)

**Ratio of properties located in  
six central wards of Tokyo<sup>(2)</sup>**

**Growth potential**

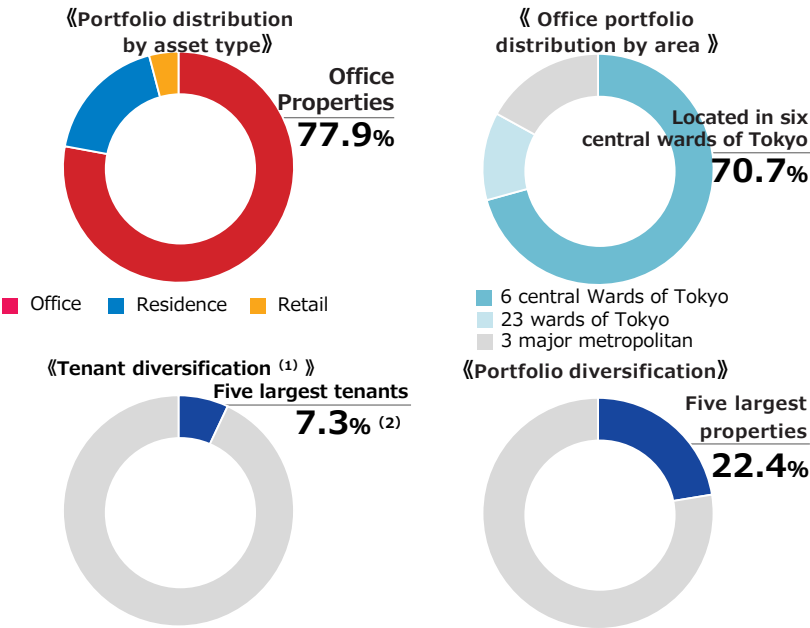
**Competitive location**

**Medium-sized office  
properties in Tokyo<sup>(3)</sup>**

### Pursuit of Stable and Robust Portfolio

Focusing on supply/demand balance and diversification

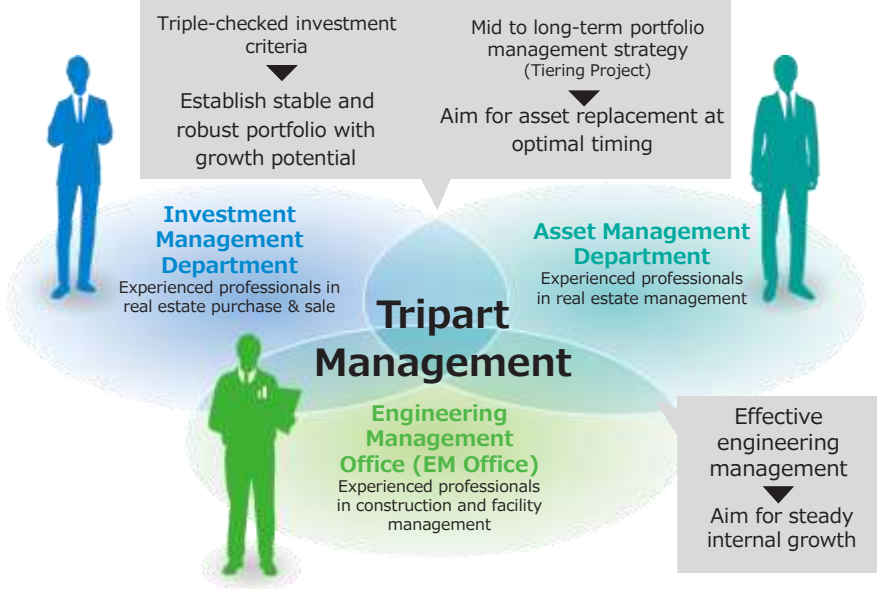
- Focusing on medium-sized office properties in Tokyo
- Risk Diversification



### Asset Management Structure that Takes Advantage of Our Portfolio's Strengths

#### ● Tripart Management

Two business departments and an engineering team work in close cooperation during all phases of asset management

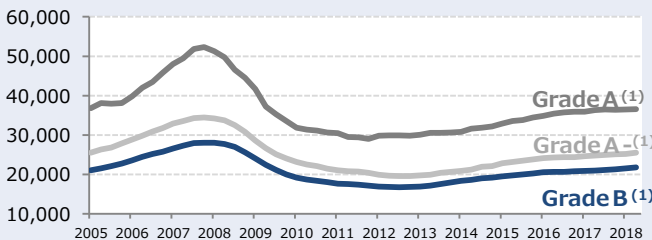


#### « Characteristics of Middle-sized Office »

##### 1) Low Volatile

#### «Office Rent Trend by Building Grade in 23 Wards of Tokyo»

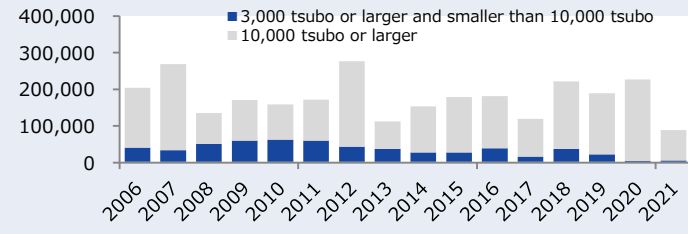
Average assumed rent (¥/tsubo)



##### 2) Limited Capital

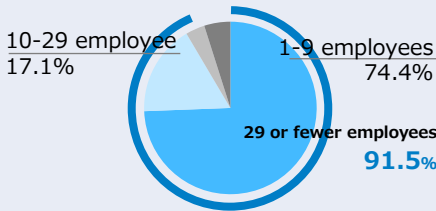
#### «Office Building Supply in 23 Wards of Tokyo»

Total floor space (tsubo)



##### 3) Strong Demand

#### «Composition of Offices by Number of Employees in 23 wards of Tokyo»



Source : Statistics Bureau, Ministry of Internal Affairs and Communications "2014 Economic Census for Business Frame"

# Offering (in July 2018) Summary

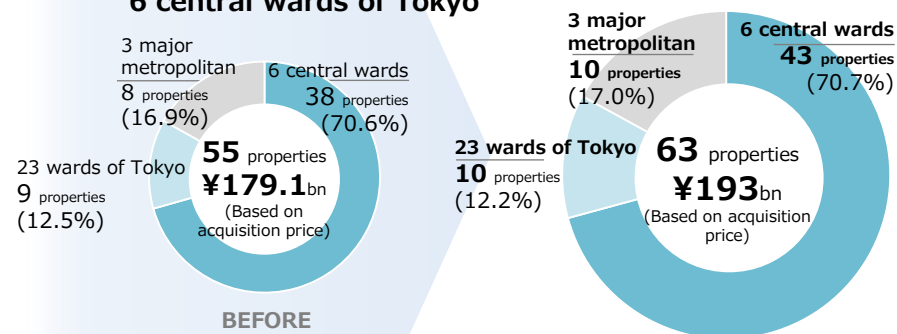
## 《Offering Summary》

Offering structure	Global Offering (Reg.S+144A)
Launch date	June 8, 2018
Pricing date	June 20, 2018
Issue price (offer price)	¥307,235
Amount to be paid in	¥296,206
Total amount to be paid in <sup>(1)</sup>	¥17,230 mn
Number of investment units to be offered	Domestic Public Offering : 23,407 units Third-Party Allotment : 2,770 units International Offering : 31,993 units Total : 58,170 units
Number of investment units issued and outstanding	449,930 units
Ratio of tranches <sup>(1)</sup>	Domestic : International = 45 : 55 Domestic general investor : Domestic financial institution = 66.7 : 33.3
Demand	Approx.13x (Domestic general:Approx.29x Domestic financial institution:Approx.5x International:Approx.7x)

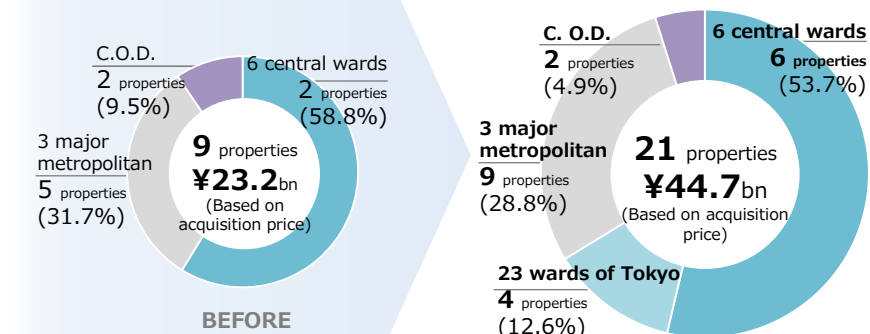
## 《Enhance Unitholders' Value through the offerings》

		As of Dec. 31, 2017	After the Offerings
Portfolio	Number of Properties	66 properties	87 properties
	Portfolio Size (Based on acquisition price)	¥207.7bn	¥247.9bn
	Average NOI Yield (Average NOI Yield after depreciation)	4.9% (4.1%)	4.9% (4.1%)
	Property Diversification (Based on acquisition price) Tenant diversification (Based on leased area)	26.7% 7.9%	22.4% 7.3%
Unitholders Value	Market Capitalization	¥126.7bn	¥155.9bn (As of the end of July 2018)
	DPU	¥8,238 (Normalized DPU of the 11th period)	¥8,461 (Forecast normalized DPU of the 13th period)
Finance	LTV	46.1%	46.7% (as of the end of 13th period)

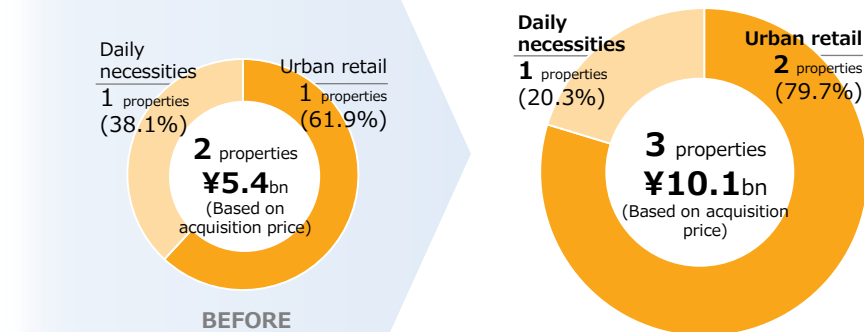
## Office Further strengthen risk tolerance while keeping ratio of 6 central wards of Tokyo



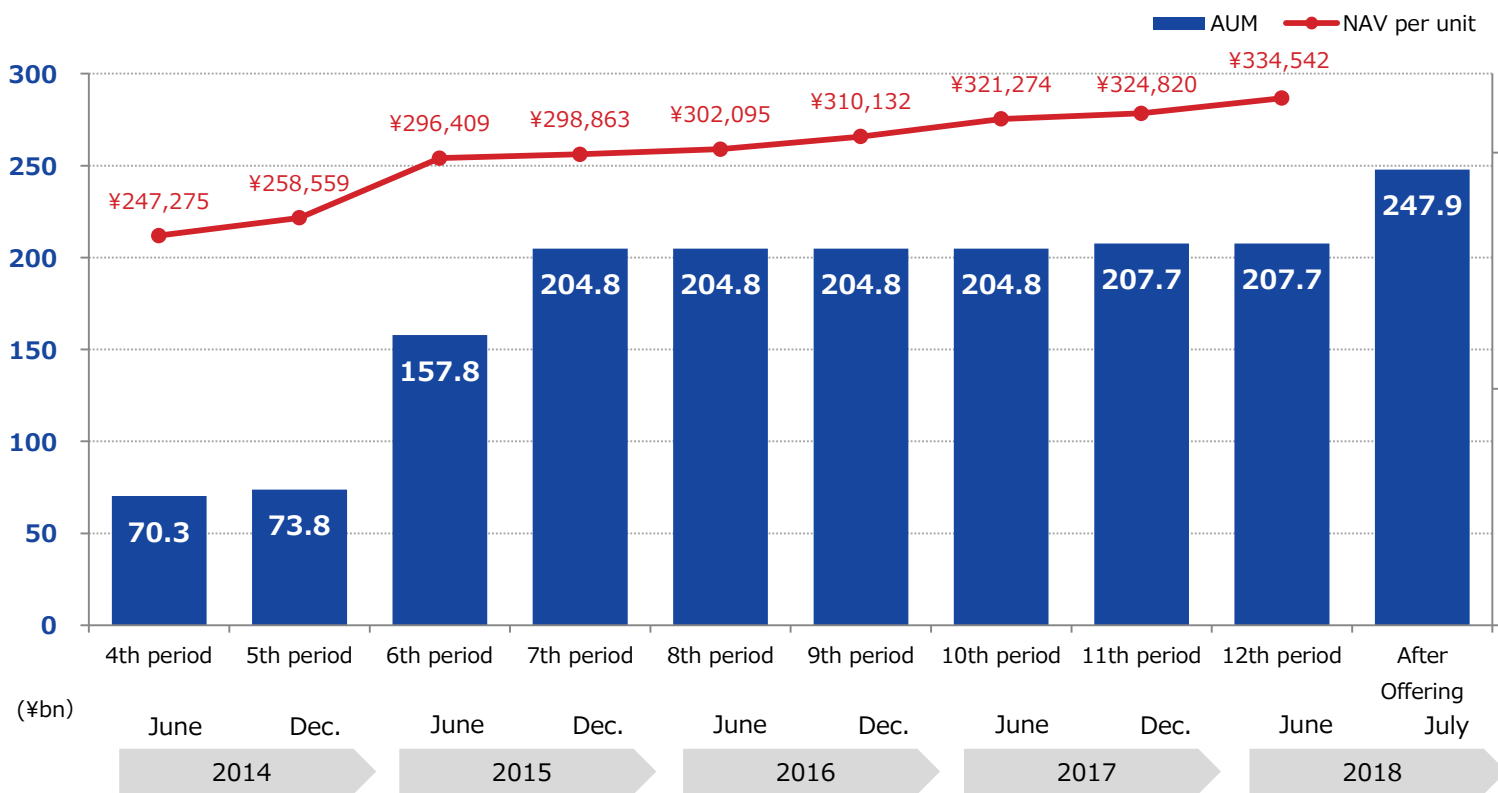
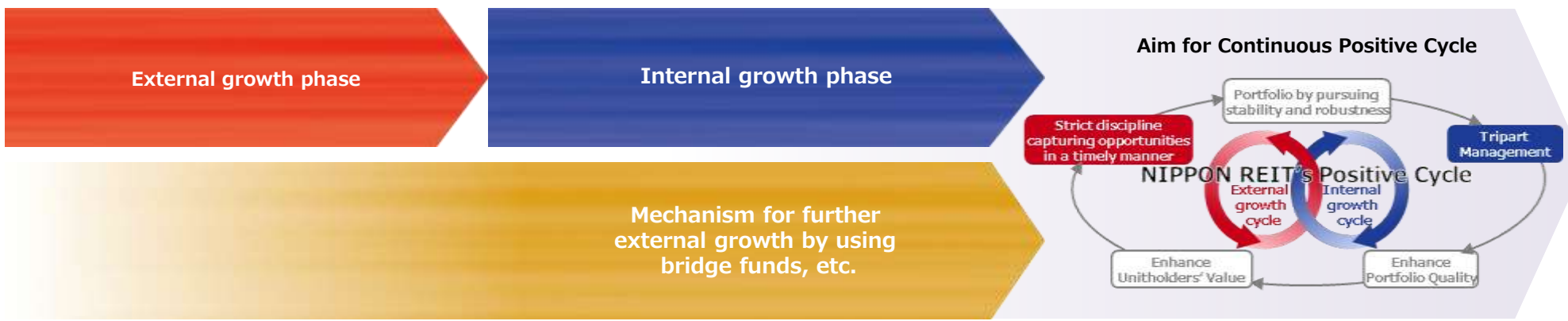
## Residence Expanded ratio of residence located in Tokyo



## Retail Expanded ration of Urban retail



# Offering (in July 2018) Summary



- ① **Continuous growth by positive cycle of external growth and internal growth**  
 Aim continuous growth by repeating our growth strategies constantly  
 Establish stable and robust portfolio with growth potential by **External Growth** using bridge funds  
 ×  
 Maximize unitholders' value by **Internal Growth** by our unique asset management system and strategies to realize growth potential
- ② **AUM reached to ¥247.9bn, expecting to be included in global index**  
 Expecting to be included in FTSE EPRA / NAREIT Real estate global index with market cap of over ¥150bn



# Properties Acquired through Offering (July 2018)

## 《List of Properties Acquired》

Property name	Area	Location	Acquisition price (¥ mn)	Appraisal NOI yield
<b>Office</b>				
Towa Kandanishikicho Building	central	Chiyoda ward, Tokyo	960	5.0%
Yusen Higashi-Nihombashi Ekimae Building	central	Chuo ward, Tokyo	1,152	4.9%
Hiroo ON Building	central	Shibuya ward, Tokyo	2,392	4.6%
TK Gotanda Building	central	Shinagawa ward, Tokyo	4,130	4.4%
Gotanda Sakura Building	central	Shinagawa ward, Tokyo	1,460	4.7%
Esprit Kameido	23 wards of Tokyo	Koto ward, Tokyo	1,265	5.0%
Alte Building Higobashi	Metropolitan	Osaka, Osaka	1,453	5.8%
DIA Building Meieki	Metropolitan	Nagoya, Aichi	1,167	5.5%
Office Total (Total 8 properties)			13,979	4.8%

Total number of acquisitions  
/ Total acquisition price

**21** properties  
**40.2**bn

Ratio of medium-sized office  
properties in six central wards of  
Tokyo out of office properties  
acquisitions

**72.2%**  
(Based on Acquisition price)

Average NOI yield

**4.6%**

Average NOI yield  
(after depreciation)

**4.0%**

Property name	Area	Location	Acquisition price (¥ mn)	Appraisal NOI yield
<b>Residence</b>				
Residence Hiroo	central	Minato ward, Tokyo	2,590	4.1%
Residence Nihombashi Hakozaiki	central	Chuo ward, Tokyo	1,300	4.8%
Primegate Iidabashi	central	Shinjuku ward, Tokyo	5,200	4.1%
Residence Edogawabashi	central	Shinjuku ward, Tokyo	1,230	4.4%
Merveille Sensoku	23 wards of Tokyo	Ota ward, Tokyo	740	4.4%
Field Avenue	23 wards of Tokyo	Ota ward, Tokyo	3,110	4.2%
Domeal Kitaakabane	23 wards of Tokyo	Kita ward, Tokyo	785	4.5%
Dormy Kitaakabane	23 wards of Tokyo	Kita ward, Tokyo	986	4.6%
Splendid Shin-Osaka III	Metropolitan	Osaka, Osaka	2,428	4.9%
ZEPHYROS Minami-horie	Metropolitan	Osaka, Osaka	1,608	4.8%
Charmant Fuji Osakajominami	Metropolitan	Osaka, Osaka	905	4.7%
Piacere Fuminosato	Metropolitan	Osaka, Osaka	571	5.0%
Residence Total (Total 12 properties)			21,453	4.4%
<b>Retail</b>				
BECOME SAKAE	Metropolitan	Nagoya, Aichi	4,770	4.2%
Total (Total 21 properties)			40,202	4.6%

Properties Acquired through Offering (July 2018)



**A-58 Towa Kandanishikicho Building**  
(Chiyoda ward, Tokyo)



**A-59 Yusen Higashi-Nihombashi Ekimae Building**  
(Chuo ward, Tokyo)



**A-60 Hiroo ON Building**  
(Shibuya ward, Tokyo)



**A-61 TK Gotanda Building**  
(Shinagawa ward, Tokyo)



**A-62 Gotanda Sakura Building**  
(Shinagawa ward, Tokyo)



**A-63 Esprit Kameido**  
(Koto ward, Tokyo)



**B-10 Residence Hiroo**  
(Minato ward, Tokyo)



**A-64 Alte Building Higobashi**  
(Osaka, Osaka)



**A-65 DIA Building Meieki**  
(Nagoya, Aichi)



**B-11 Residence Nihombashi Hakozaki**  
(Chuo ward, Tokyo)



**B-12 Primegate Iidabashi**  
(Shinjuku ward, Tokyo)



**B-13 Residence Edogawabashi**  
(Shinjuku ward, Tokyo)



**B-14 Merveille Senszoku**  
(Ota ward, Tokyo)



**B-16 Domeal Kitaakabane**  
(Kita ward, Tokyo)



**B-15 Field Avenue**  
(Ota ward, Tokyo)



**B-17 Dormy Kitaakabane**  
(Kita ward, Tokyo)



**B-18 Splendid Shin-Osaka III**  
(Osaka, Osaka)



**B-19 ZEPHYROS Minami-horie**  
(Osaka, Osaka)



**B-20 Charmant Fuji Osakajominami**  
(Osaka, Osaka)



**B-21 Piacere Fuminosato**  
(Osaka, Osaka)



**C-3 BECOME SAKAE**  
(Nagoya, Aichi)



# 1. Summary of Financial Results for the 12th Period(June 2018)

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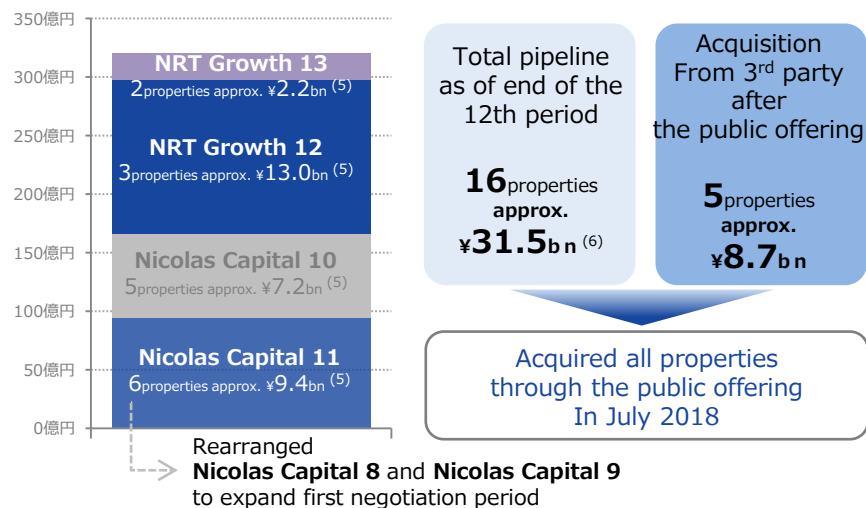
# Financial Highlights

## External growth

① 《Portfolio》 Achieved ¥247.9bn AUM through the public offering in July 2018

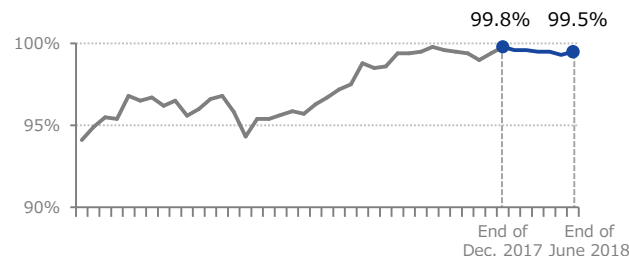
	End of the 11th period	End of the 12th period	After the public offering <sup>(1)</sup>
Number of Properties	66 properties	<b>66 properties</b>	<b>66 properties</b>
AUM	¥207.7bn	<b>¥207.7bn</b>	<b>¥247.9bn</b>
Total of appraisal value	¥228.3bn	<b>¥232.2bn</b>	<b>¥273.2bn<sup>(2)</sup></b>
NAV per unit <sup>(3)</sup>	¥324,820	<b>¥334,542</b>	—
Unrealized gains	¥17.9bn	<b>¥21.7bn</b>	<b>¥22.5bn<sup>(4)</sup></b>

① 《Pipeline》 Accumulated pipeline for the public offering

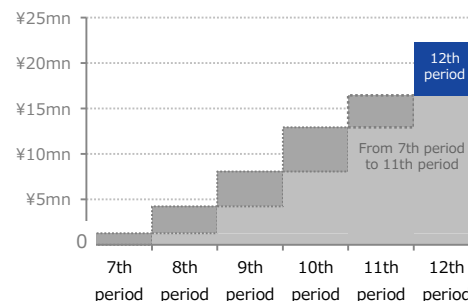


## Internal growth

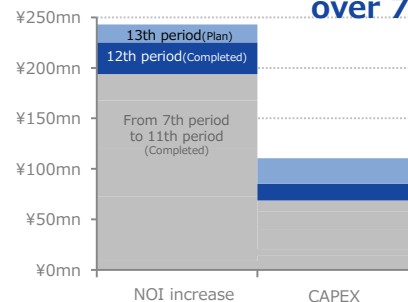
① 《Occupancy rate》 Maintaining high level



① 《Increase in rent》 Achieved more than original target



① 《Increase in NOI by EM》 Expected total NOI increase of ¥241mn over 7 periods by EM



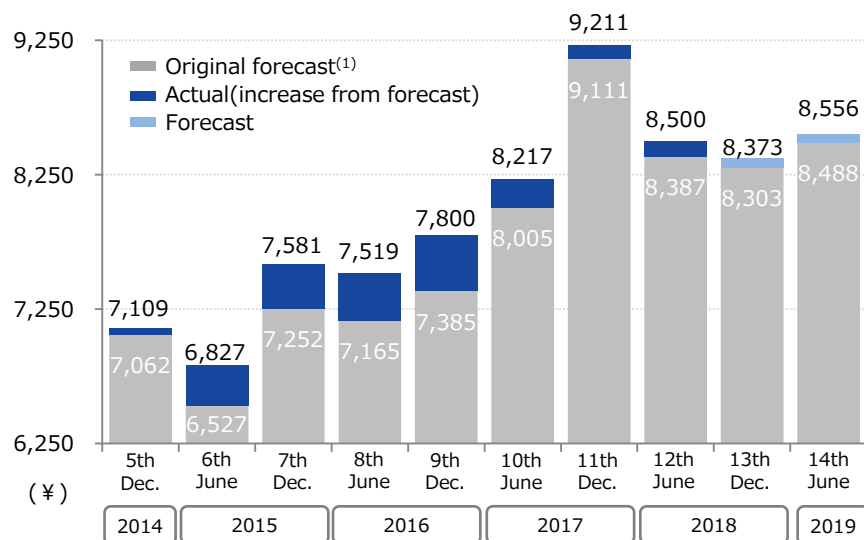
※Engineering Management

# Financial Highlights

	Financial Results 12th Period (June. 2018)	Forecast 13th Period (Dec. 2018)	Forecast 14th Period (June 2019)
Operating Revenue	¥7,225mn	¥8,418mn	¥8,434mn
Operating Income	¥3,835mn	¥4,575mn	¥4,481mn
Ordinary Income	¥3,329mn	¥3,767mn	¥3,850mn
Net Income	¥3,329mn	¥3,767mn	¥3,850mn
DPU	¥8,500	¥8,373	¥8,556

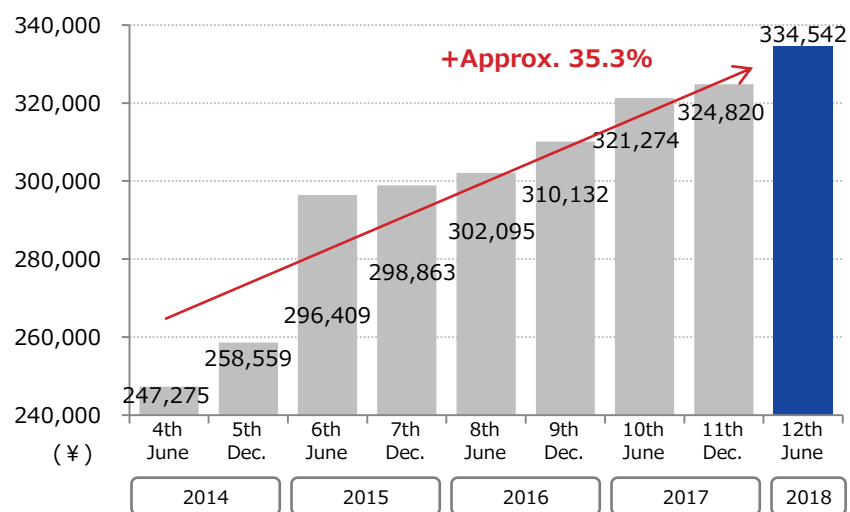
《DPU transition (compared to the respective forecast)》

● Exceeded respective forecast every period since IPO



《Growth in NAV per unit》

● Increased by approx. 35.3% since 4th period



# Summary of Financial Results for the 12th Period

As of Feb. 16, 2018

As of June 8, 2018

As of Aug. 16, 2018

12th period actual

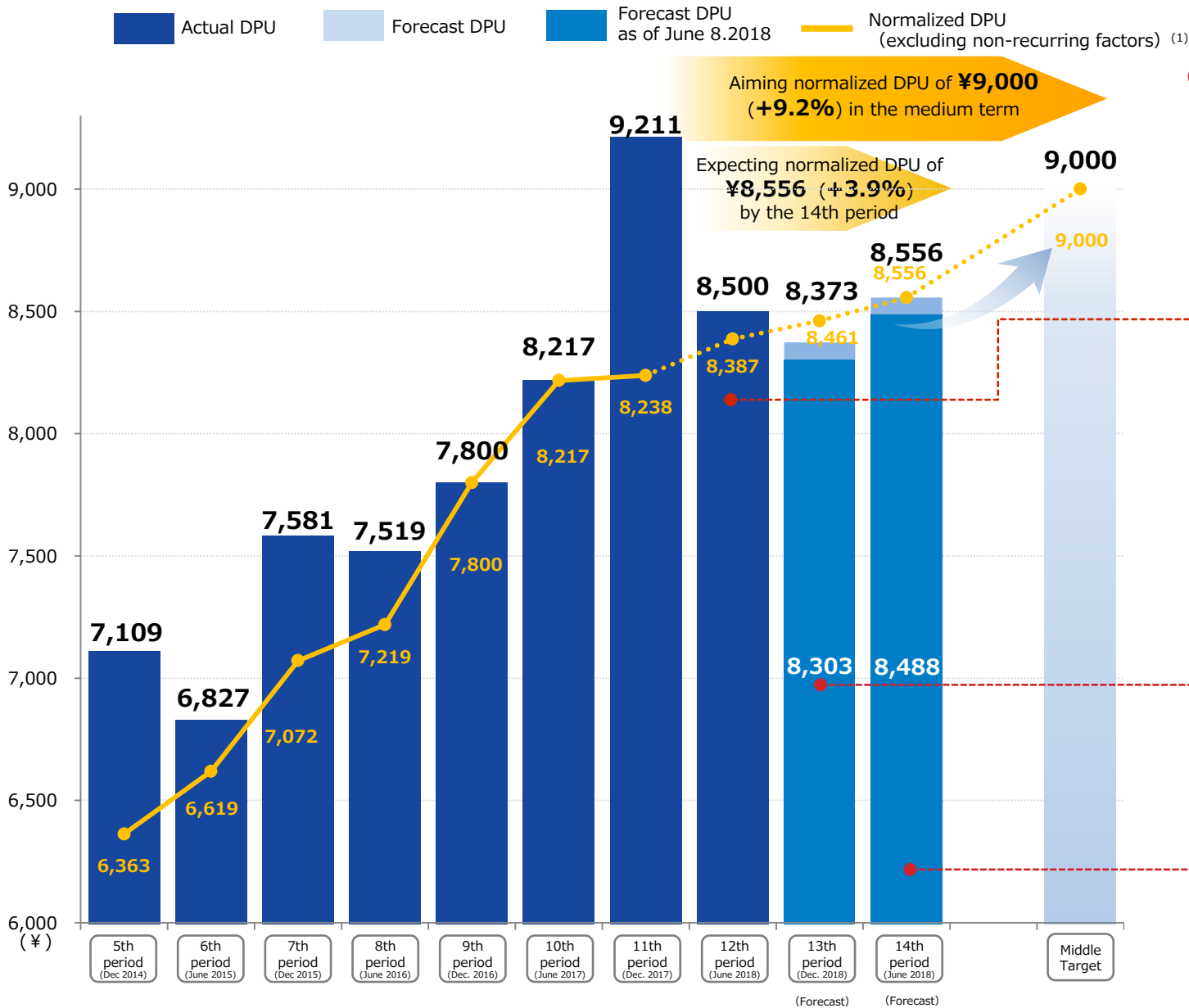
13th period forecast

14th period forecast

Unit:¥mn	11th period (Dec. 31, 2017) Actual (a)	12th period (June 30, 2018) Forecast (b)	13th period (Dec. 31, 2018) Forecast (c)	14th period (June 30, 2019) Forecast (d)	12th period (June 30, 2018) Actual (e)	Compared to 11th period actual (e-a)	Compared to 12th period forecast (e-b)	13th period (Dec. 31, 2018) Forecast (f)	Compared to 12th period actual (f-e)	Compared to 13th period forecast (f-c)	14th period (June 30, 2019) Forecast (g)	Compared to 13th period forecast (g-f)	Compared to 14th period forecast (g-d)
<b>Operating Revenues</b>	<b>7,553</b>	<b>7,219</b>	<b>8,371</b>	<b>8,407</b>	<b>7,225</b>	<b>(327)</b>	<b>6</b>	<b>8,418</b>	<b>1,192</b>	<b>46</b>	<b>8,434</b>	<b>16</b>	<b>27</b>
Rental Revenues	6,437	6,530	7,638	7,710	6,551	114	20	7,670	1,118	32	7,753	83	43
Other Revenues Related to property leasing	705	645	733	696	625	(79)	(19)	747	121	14	680	(66)	(16)
Gain on exchange of real estate properties	376	-	-	-	-	(376)	-	-	-	-	-	-	-
Dividend Income	34	43	0	0	47	13	4	0	(47)	0	0	0	0
Operating Expenses	(3,438)	(3,417)	(3,809)	(3,956)	(3,389)	48	27	(3,842)	(452)	(33)	(3,953)	(110)	2
<b>Operating Income</b>	<b>4,115</b>	<b>3,801</b>	<b>4,562</b>	<b>4,451</b>	<b>3,835</b>	<b>(279)</b>	<b>34</b>	<b>4,575</b>	<b>739</b>	<b>13</b>	<b>4,481</b>	<b>(94)</b>	<b>29</b>
Non-Operating Revenues	1	0	0	0	1	(0)	1	0	(1)	0	0	0	0
Non-Operating Expenses	(508)	(514)	(825)	(631)	(507)	1	7	(807)	(300)	18	(630)	177	0
<b>Ordinary Income</b>	<b>3,608</b>	<b>3,286</b>	<b>3,736</b>	<b>3,819</b>	<b>3,329</b>	<b>(279)</b>	<b>42</b>	<b>3,767</b>	<b>438</b>	<b>31</b>	<b>3,850</b>	<b>82</b>	<b>30</b>
<b>Net Income</b>	<b>3,607</b>	<b>3,285</b>	<b>3,735</b>	<b>3,819</b>	<b>3,329</b>	<b>(278)</b>	<b>43</b>	<b>3,767</b>	<b>437</b>	<b>31</b>	<b>3,850</b>	<b>82</b>	<b>30</b>
<b>DPU</b>	<b>¥9,211</b>	<b>¥8,387</b>	<b>¥8,303</b>	<b>¥8,488</b>	<b>¥8,500</b>	<b>(¥711)</b>	<b>¥113</b>	<b>¥8,373</b>	<b>(¥127)</b>	<b>¥70</b>	<b>¥8,556</b>	<b>¥183</b>	<b>¥68</b>
NOI	5,215	5,263	6,278	6,241	5,292	76	28	6,285	993	6	6,274	(11)	32
Days	184	181	184	181	181	-	-	184	-	-	181	-	-



# Track Record and Forecast of DPU



## ① Aiming to Normalized DPU of ¥8,800 in the short term and ¥9,000 in the medium term

- We aim normalized DPU of ¥8,800 in the short term (2 to 3 years), ¥9,000 in the medium term (4 to 5 years)

## ② Actual DPU for the 12th period achieved ¥8,500

- High occupancy rate and satisfactory increase in rent in the back ground, recorded the highest normalized DPU
- DPU for the 12th period is ¥8,500, decreased by 7.7%(¥711) compared with the 11th period due to nonoccurrence of gains on transfer
- Normalized DPU is ¥8,387, increased in the dividend income from silent partnership due to transfer of asset in the bridge fund and the settlement paid by the tenant

## ③ Normalized DPU of ¥8,461 is expected excluding public offering cost

- The forecast DPU for the 13th period is ¥8,373, revised up by ¥70 from the original forecast (¥8,303) as of June 8, 2018

## ④ Expecting to increase by ¥183 from the previous period

- ¥183 (2.2%) increase in actual DPU from the 13th period is expected due to nonoccurrence of public offering cost and re-tenant



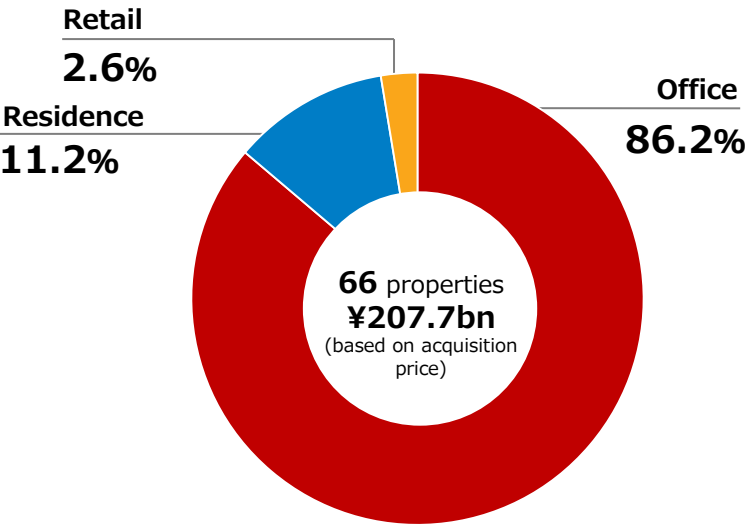
## 2. Management Status in the 12th period and Future Growth Strategies

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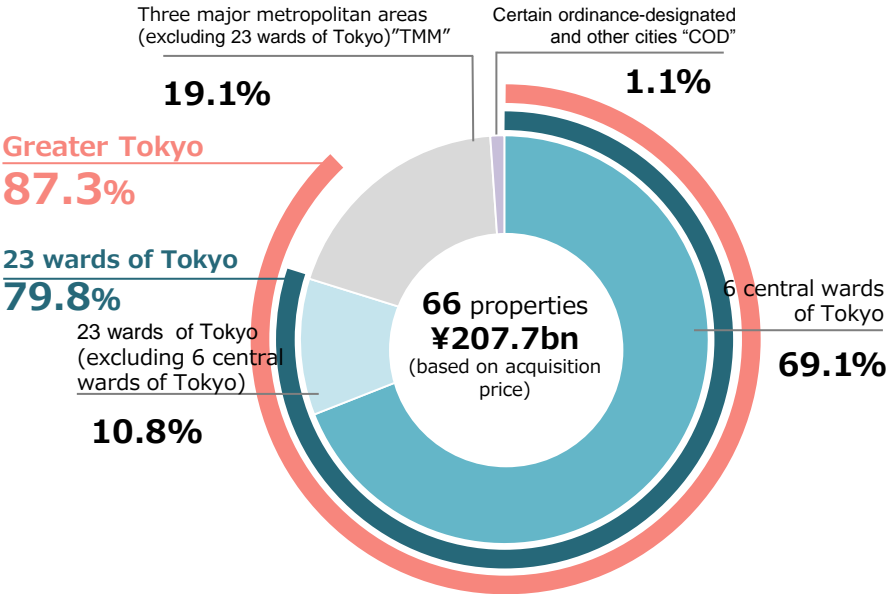
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# Portfolio Summary (As of the end of the 12th Period)

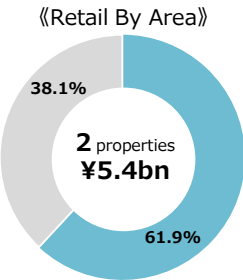
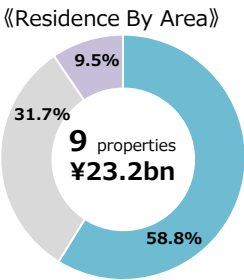
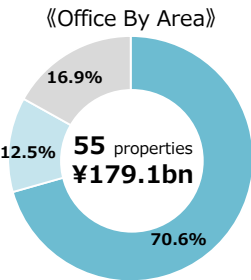
《By type of portfolio》



《By area<sup>(1)</sup>》



- 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”

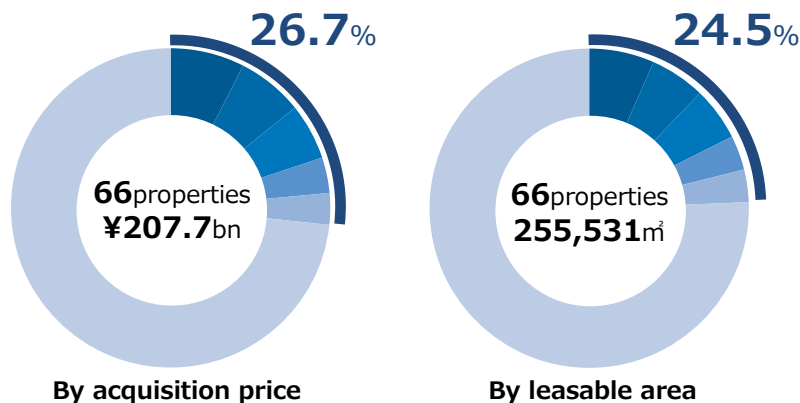
Maintaining portfolio mainly composed by mid-sized office located in Tokyo through disciplined external growth

	Transition of type of asset			Transition of Area				
	Office	Residence	Retail	6 central	23 wards	Greater Tokyo	TMM	COD
End of the 12th Period	86.2%	11.2%	2.6%	69.1%	10.8%	87.3%	19.1%	1.1%
After the public offering	77.9%	18.0%	4.1%	66.1%	11.8%	84.2%	21.2%	0.9%



# Risk Diversification (As of the end of the 12th Period)

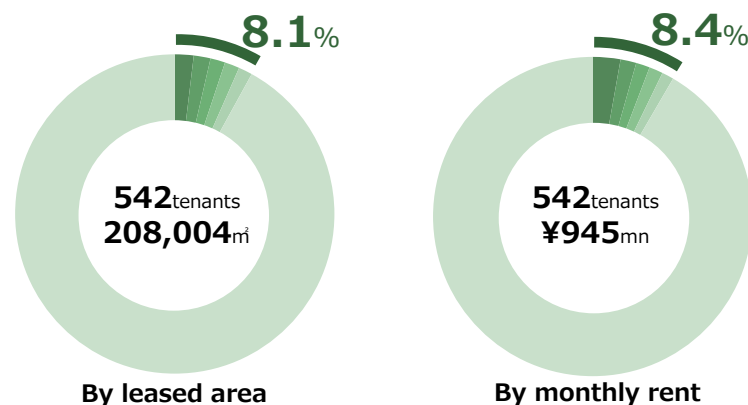
## 《Portfolio diversification》 (Proportion of the 5 largest properties)



### 《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	3,973.23	1.9%
2	FORECAST Shinjuku SOUTH FORECAST Shinjuku AVENUE	Telecommunication	3,559.85	1.7%
3	Itabashi Honcho Building	Service	3,189.12	1.5%
4	Pigeon Building	Real Estate	3,022.25	1.5%
5	Sunworld Building	Manufacture	3,012.86	1.4%



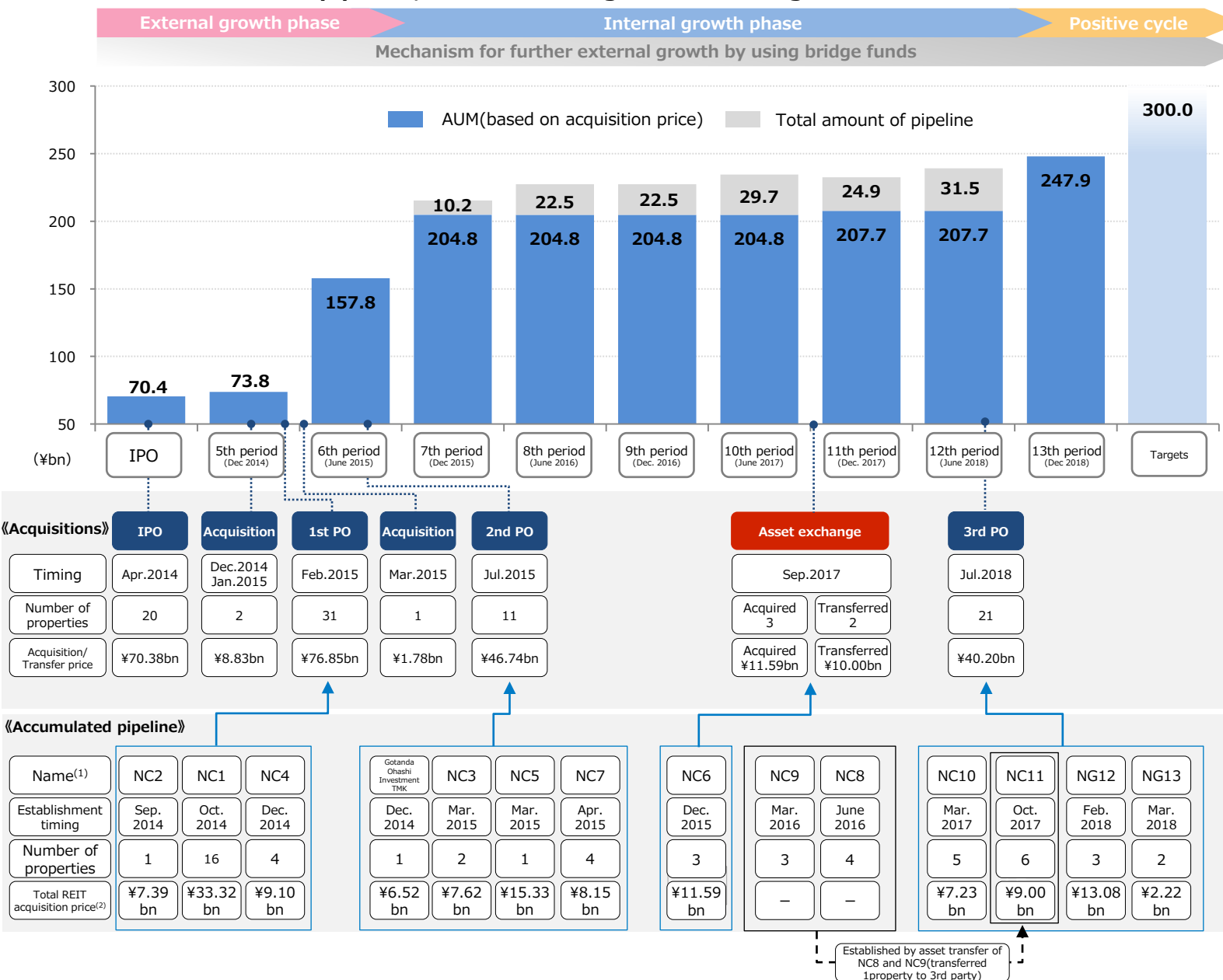
## Maintaining high Risk tolerance

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 12th Period	26.7%	24.5%	8.1%	8.4%
After the public offering <sup>(1)</sup>	22.4%	19.3%	7.3%	7.7%

# Track record of the external growth

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



Striving to achieve the AUM target ¥300bn through disciplined external growth

Realizing the external growth by accumulating pipeline

- For growth of AUM, we formed 14 bridge funds to accumulate pipeline of 48 properties (Approx. ¥130.5bn) since IPO.

Maintaining timely and flexible portfolio management through the Tiering project

- In 11th period, decided transfer of 2 properties based on result of Tiering, implemented asset replacement by exchanging between pipeline (3 properties)

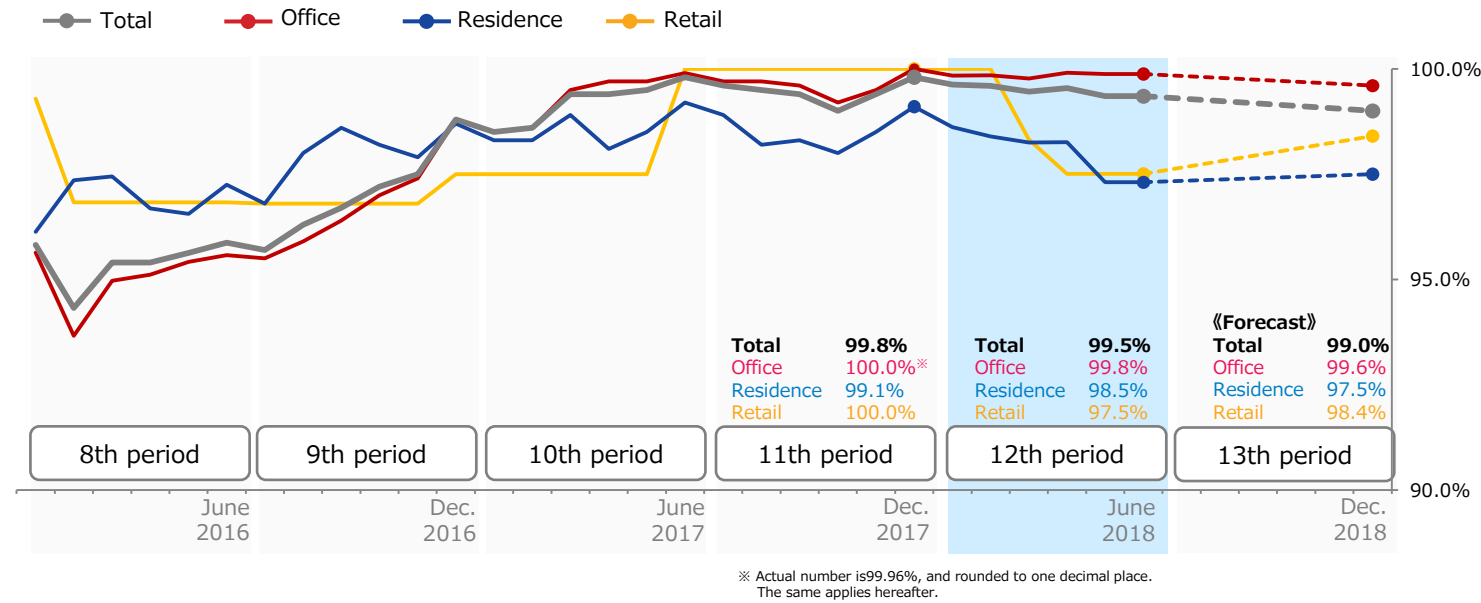
### Tiering project

- Analyze properties in terms of profitability, liquidity and characteristics and then classify them into any of Tier1, 2 or 3.
  - Tier1** : continue to own
  - Tier2** : consider to continue the asset management policy with an eye to reconstruction or redevelopment
  - Tier3** : develop a scenario of asset replacement on the premise that there is any candidate which can obtain better appraisal in three terms
- Develop 3-5 years management strategy according to the classification. (Consider efficient CAPEX plan and asset replacement)
- Execute efficient asset management strategy

Maintain and improve of profitability and competitiveness of the portfolio

# 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 12th period stood at 99.5%, maintaining a high occupancy rate

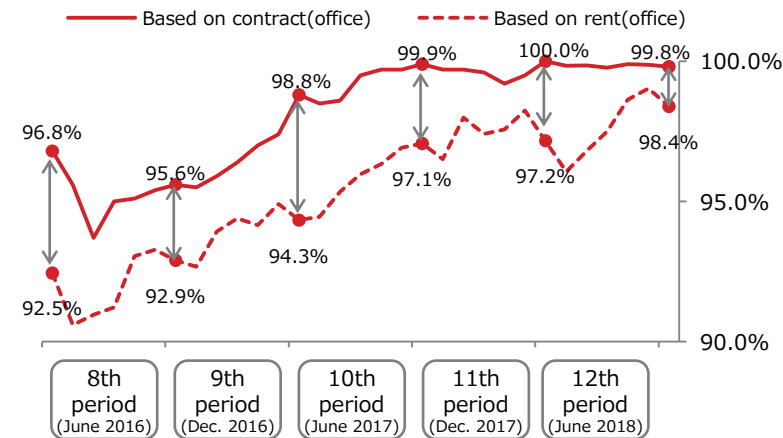
## ② Achieved the highest occupancy rate based on rent ever

- Occupancy rate based on rent achieved the highest due to compression of free rent period

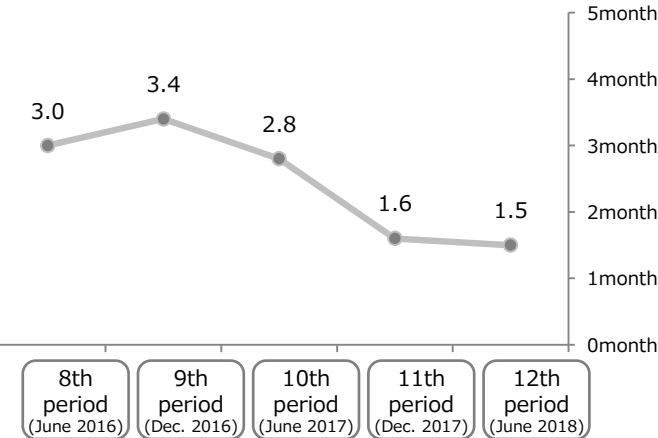
《Difference between occupancy rate based on contract and based on rent(office)》

	Based on contract	Based on rent	difference
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%
12th period	99.8%	98.4%	1.4%

《Trend of occupancy rate based on rent (office)》



《Average Free Rent Period (1) Trend》

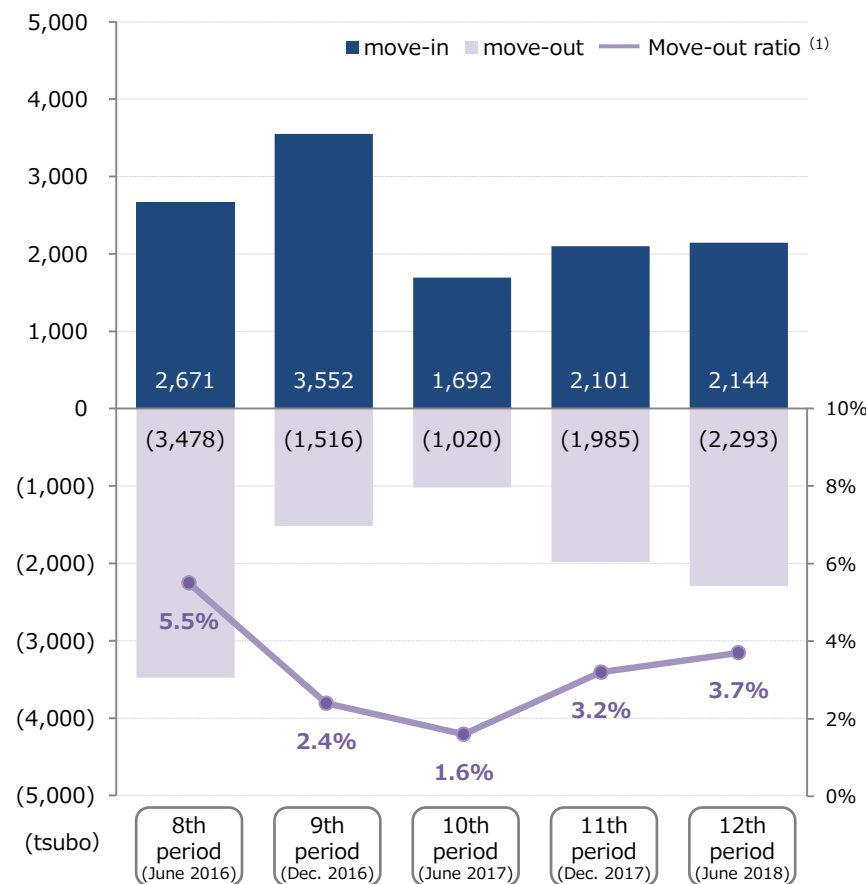




# Status of Tenant Move-in and Move-out

## 《Tenant move-in and move-out, Average move-out ratio<sup>(1)</sup>》

※Total leasable area as of the end of 12th period (office):61,252tsubo

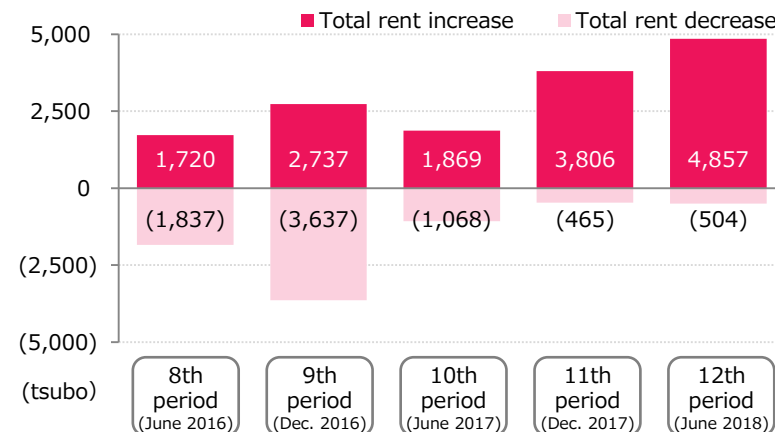


③ **Low move-out ratio due to tight market and satisfactory tenant relationship, Flexible and speedy tenant replacement**

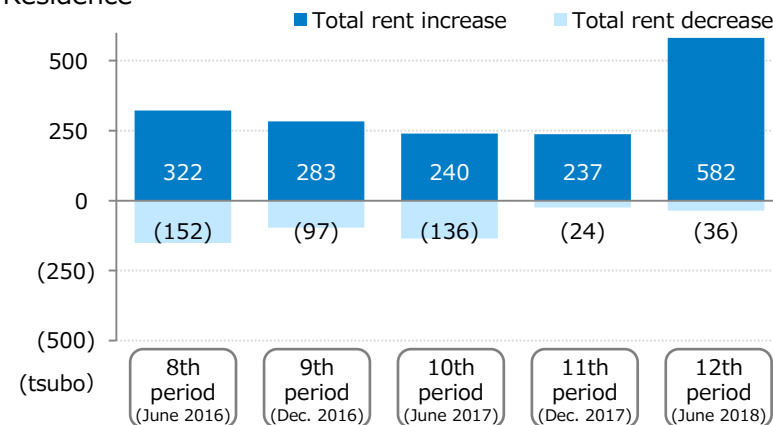
• Replace tenant flexibly and speedily backed by high property competitiveness which has been improved by Engineering Management

## 《Rent increase(decrease) upon tenant replacement》

● Office



● Residence<sup>(2)</sup>

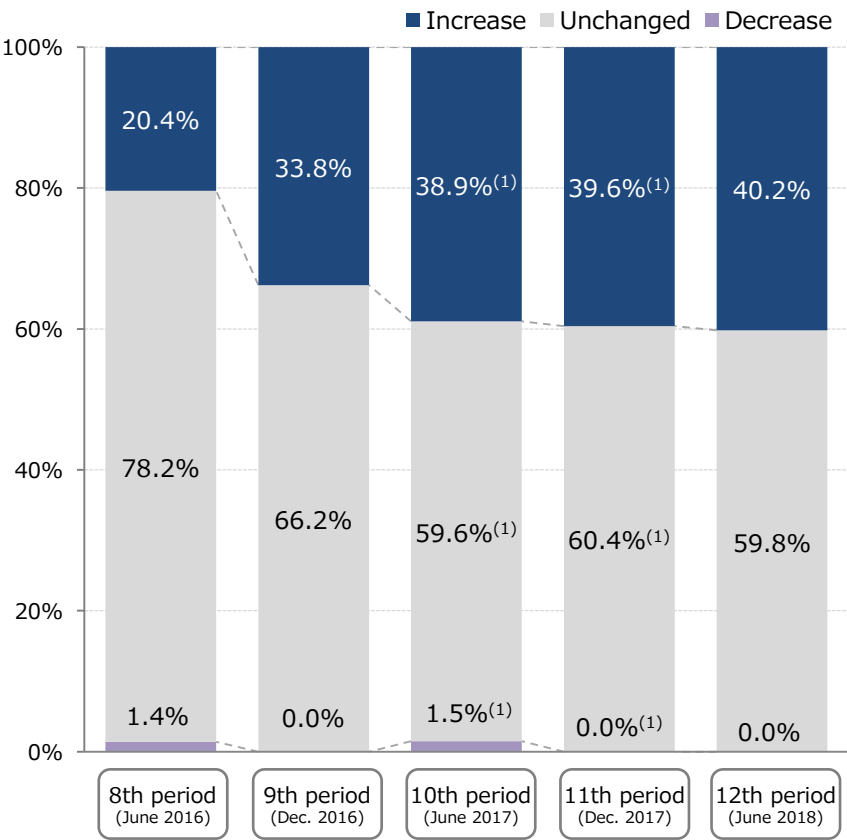


③ **Drastic improvement in rent increase(decrease) upon tenant replacement**

• 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  
 • Expanding of leasing targets and rent increase have been realizing by “Select Office” and “ittoku” that are our new leasing promotion (refer to P.50)

# Track Record of Rent Renewals

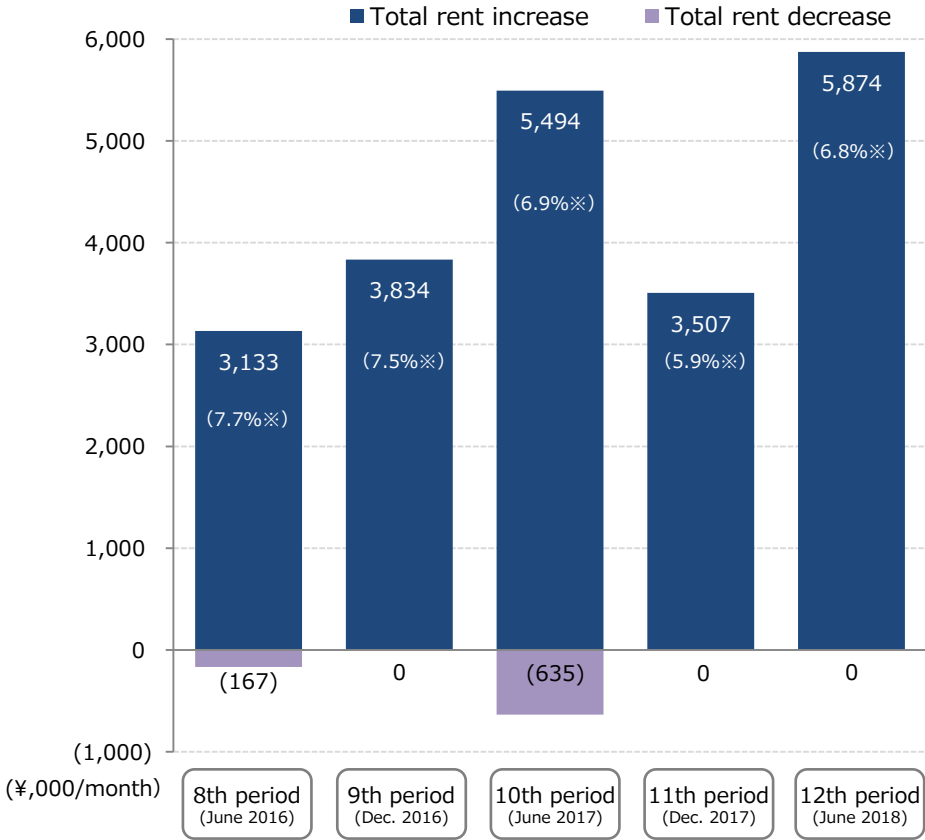
《 Track record of rent renewals (floor space) 》



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

Achieved rent increase for 40.2% of area subject to renewal ,attributed to 46tenants (5,987 tsubo)out of 144 tenants (14,903 tsubo), during the 12th period

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



⊖ Achieved the largest rent increase ever by rent renewal (¥5,874 thousand yen/month)

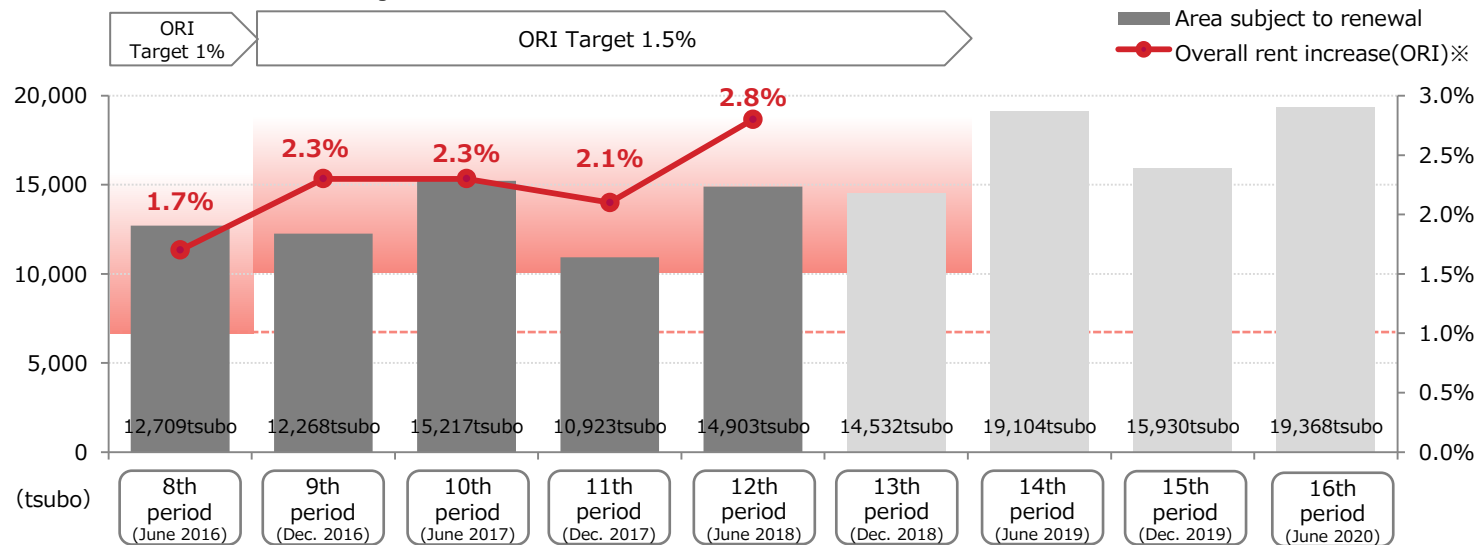
《Trend of Total Increase-decrease (monthly)》  
(Total rent increase-Total rent decrease)

8th	9th	10th	11th	12th
2,966	3,834	4,858	3,507	5,874
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



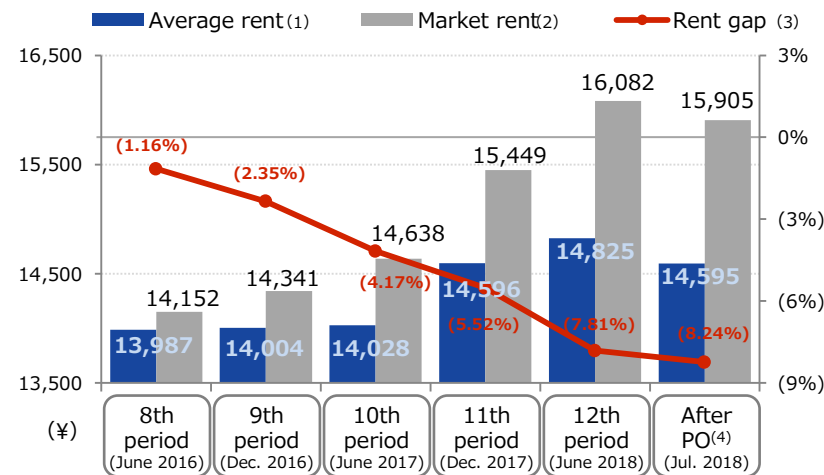
### Overachieved the target

- Overall rent increase for the 12th period turned out to be 2.8%, 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.

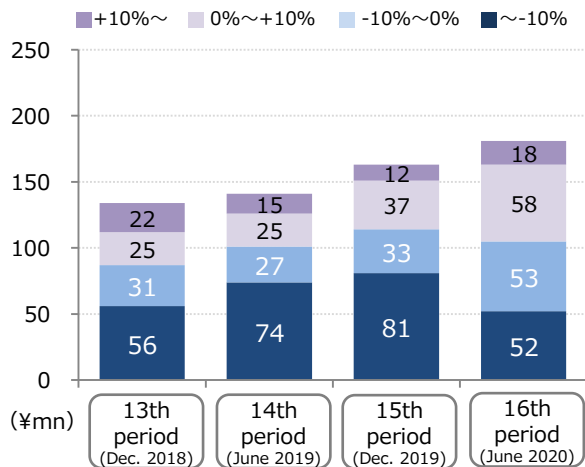
## Rent gap trend

※Office and standard floor Only



## Status of rent gap

※Office and standard floor Only, monthly rent base



### Further expanded rent gap due to rising market rent and external growth with growth potential

Rent gap as of the end of the 12th period turned out to be negative 7.81% and negative 8.24% after offering in July 2018, with further potential of rent increase in the future

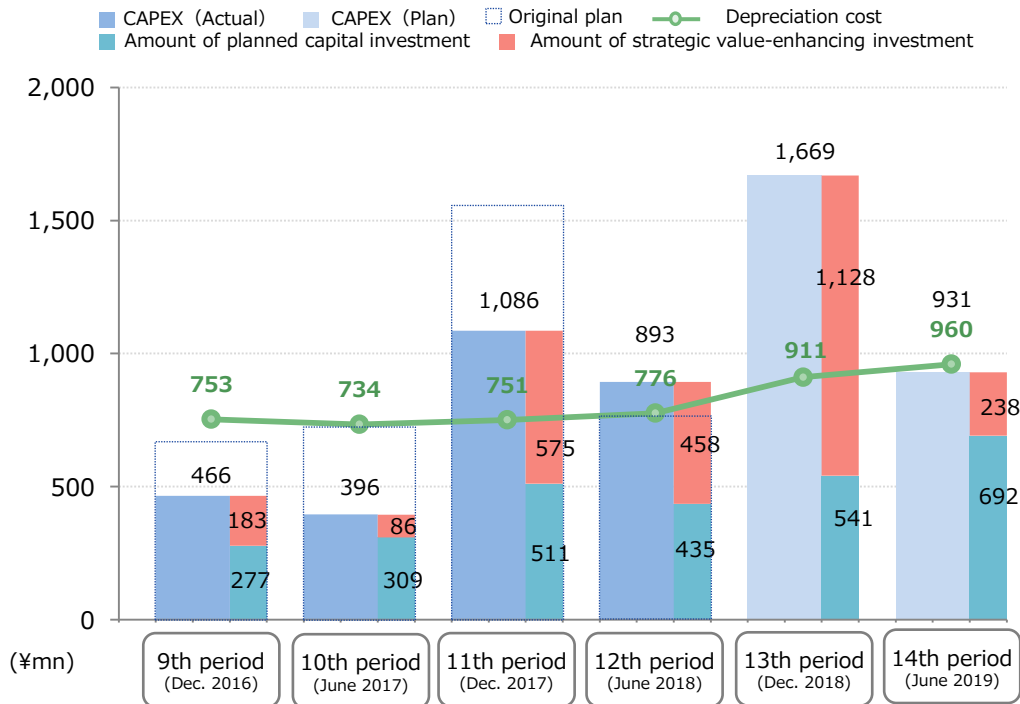
### Continuous negotiation with tenant

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)	753	734	751	776	911	960
CAPEX (B)	466	396	1,086	893	1,669	931
Surplus / Shortage (A) - (B)	287	337	(335)	(117)	(758)	29
Reserved depreciation amount <sup>(1)</sup>	1,809	2,147	1,812	1,695	936	965

## 《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》

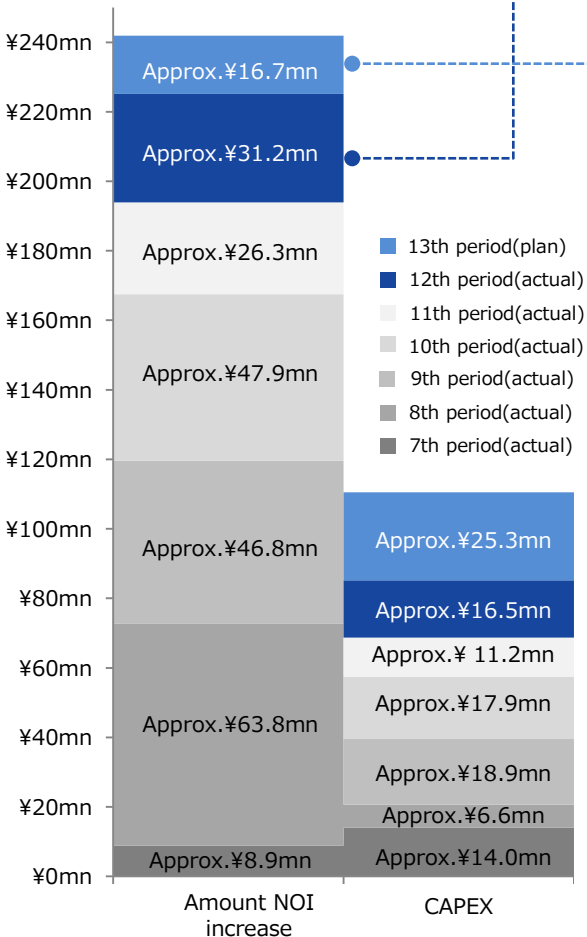
	Total Investment amount	Total Subsidy amount
By the 9th period	Approx. ¥274mn	Approx. ¥98mn
By 11th period(plan)	Approx. ¥695mn	Approx. ¥192mn
By 11th period(actual)	Approx. ¥496mn	Approx. ¥104mn
By 13th period(plan)	Approx. ¥161mn	Approx. ¥65mn



# Achievements of NOI Enhancement through Engineering Management<sup>(1)</sup>

(Strategic value-enhancing investment)

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



## 《Actual for 12th period (June 2018)》

Creation of new revenue sources/Profitability enhancement	
Major measure	Effect
(Higashi Ikebukuro Center Building) Rent increase by change of use	Approx.¥11.95mn
(FORECAST Takadanobaba) Setting up new leasing area	Approx.¥2.70mn
(FORECAST Mita) Setting antennas at rooftop	Approx.¥1.68mn
(Sumitomo Mitsui Bank Koraibashi Building) Change of sublease contract	Approx.¥1.42mn
(FORECAST Takadanobaba) Parking lot expansion	Approx.¥0.75mn
Total amount of NOI increase Approx.¥18.51mn (annual)	
Effect on DPU <sup>(2)</sup> <b>+¥47</b>	

Cost reduction	
Major measure	Effect
(25 properties) Replacing energy provider	Approx.¥12.42mn
(FORECAST Shinagawa) Installment of LED light (common area)	Approx.¥0.33mn
Total amount of NOI increase Approx.¥12.76mn (annual)	
Effect on DPU <b>+¥32</b>	

Total effect on DPU **+¥79**

## 《Plan for 13th (Dec. 2018)》

Major measure	Effect
(GreenOak Kudan) Rent increase by improvement of common area	Approx.¥11.74mn
(FORECAST Shinjuku SOUTH) Setting up new leasing area by using dead space	Approx.¥1.21mn
(FORECAST Ningyocho etc.) Setting up new leasing area by using dead space	Approx.¥0.87mn

Major measure	Effect
(14 properties) Setting antennas at rooftop	Approx.¥2.94mn
(my atria Meieki) Installment of LED light (common area)	In assessment

## Expect to achieve ¥241mn p.a. NOI increase

Expected to attribute to total of ¥241mn p.a. from 7th period including plan for the 13th period (Target ROI:15% in principal)

## Effect of NOI increase during the 12th period on DPU is calculated at +¥79

NOI increased by ¥31.28mn p.a. through Engineering Management implemented during the 12th period, effect on DPU is calculated at +¥79

# Achievements and plan of NOI Enhancement through Engineering Management

	Measure	Amount of Revenue increase or Cost reduction
13th period (Plan)	(GreenOak Kudan) Rent increase by changing elevator specification	Increase in revenue approx. ¥11.74mn p.a.
	(14 properties) Setting antennas at rooftop	Increase in revenue approx. ¥2.94mn p.a.
	(FORECAST Shinjuku SOUTH) Setting up new leasing area by using dead space	Increase in revenue approx. ¥1.21mn p.a.
	(FORECAST Ningyocho etc.) Setting up new leasing area by using dead space	Increase in revenue approx. ¥0.87mn p.a.
12th period (Actual)	(Higashi Ikebukuro Center Building) Rent increase by changing a use	Increase in revenue approx. ¥11.95mn p.a.
	(FORECAST Takadanobaba) Setting up new leasing area by using dead space	Increase in revenue approx. ¥2.70mn p.a.
	(FORECAST Mita) Setting antennas at rooftop	Increase in revenue approx. ¥1.68mn p.a.
	(Sumitomo Mitsui Bank Koraibashi Building) Change of sublease contract	Increase in revenue approx. ¥1.42mn p.a.
	(FORECAST Takadanobaba) Parking lot expansion	Increase in revenue approx. ¥0.75mn p.a.
	(25 properties) Replacing energy provider	Decrease in cost approx. ¥12.42mn p.a.
11th period (Actual)	(FORECAST Shinagawa) Installment of LED light (common area)	Decrease in cost approx. ¥0.33mn p.a.
	(FORECAST Shinagawa etc.) Setting up new leasing area by using dead space	Increase in revenue approx. ¥2.64mn p.a.
	(Ciel Yakuin) Replacement of sublessee parking operator	Increase in revenue approx. ¥1.28mn p.a.
	(Tower Court Kitashinagawa) Rent increase by grade up	Increase in revenue approx. ¥0.36mn p.a.
	(Intabashi Honcho Building etc.) Setting vending machine	Increase in revenue approx. ¥0.48mn p.a.
	(21properties) Replacing energy provider	Decrease in cost approx. ¥17.94mn p.a.
	(Mejiro NT Building etc.) Building management cost reduction	Decrease in cost approx. ¥3.63mn p.a.

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

《FORECAST Takadanobaba》

Increase in revenue by creating new leasable area

- Converted storage room and power room on the 1st floor into leasable area
- ¥2.70mn p.a. increase in rent is expected



《Higashi Ikebukuro Center Building》

Increase in revenue by changing a use

- Captured needs for retail through marketing at the timing of re-tenant on the 1st floor
- Changed a use from office to retail after conclusion of lease contract, approx. ¥11.95 mn p.a. increase in income is expected



《FORECAST Shinjuku SOUTH》

Improvement of tenant satisfaction by renewal of common area

- Renewed wallpaper and carpet, and recoated in common area such as lavatory and corridor as measure to improve tenant satisfaction



《 FORECAST Mita 》

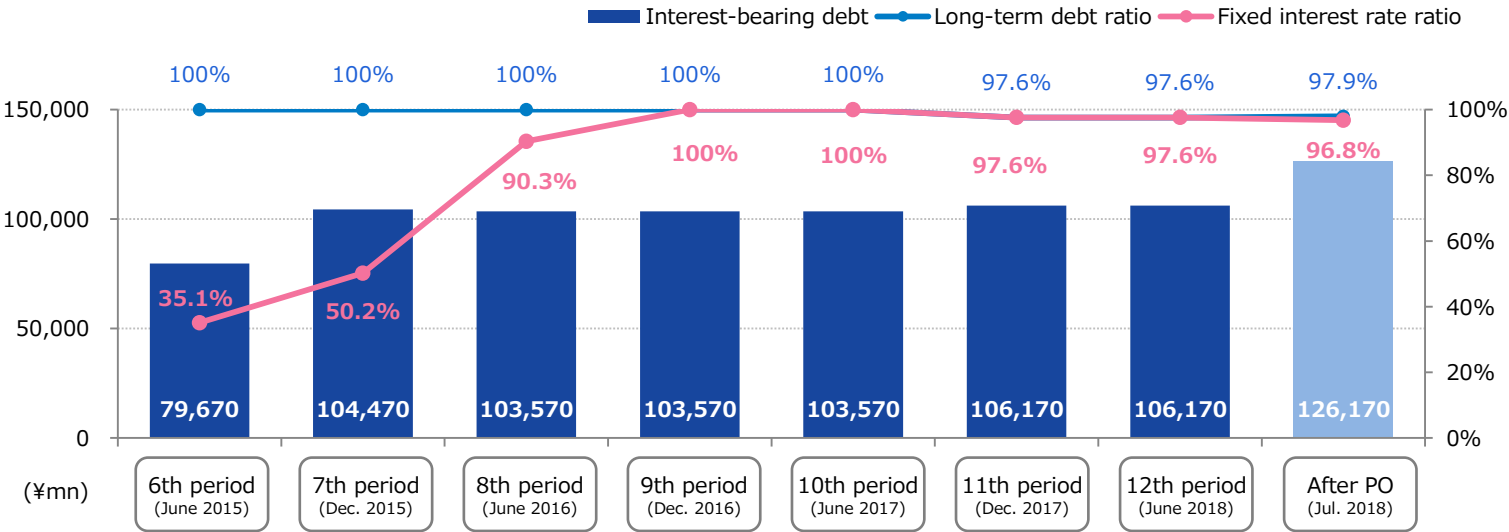
Increase in revenue by setting antenna

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



This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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



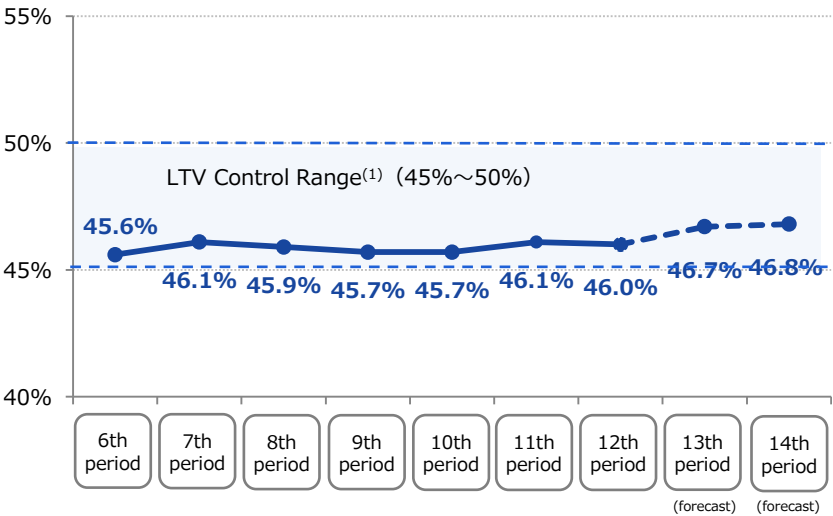
① Maintaining Long-term debt ratio and Fixed interest rate ratio at high level

- Total interest-bearing debt as of the end of the 12th period is ¥106.170bn and after the end of the public offering is ¥126.17bn.
- Long-term debt ratio and fixed interest rate ratio has been maintaining at high level

① Maintaining LTV control level

LTV as of the end of the 12th period is 46.0% and after the public offering is 46.7%, We maintain LTV control policy in which LTV is maintained between 45% and 50%

《 Historical and forecast LTV 》



《 Overview of refinancing 》 (Executed in Apr. 2018)

Before refinancing	Debt		
	Amount	Term	Interest rate
	¥7,000mn	4years	0.80448%
	¥2,500mn	2.8years	0.44375%

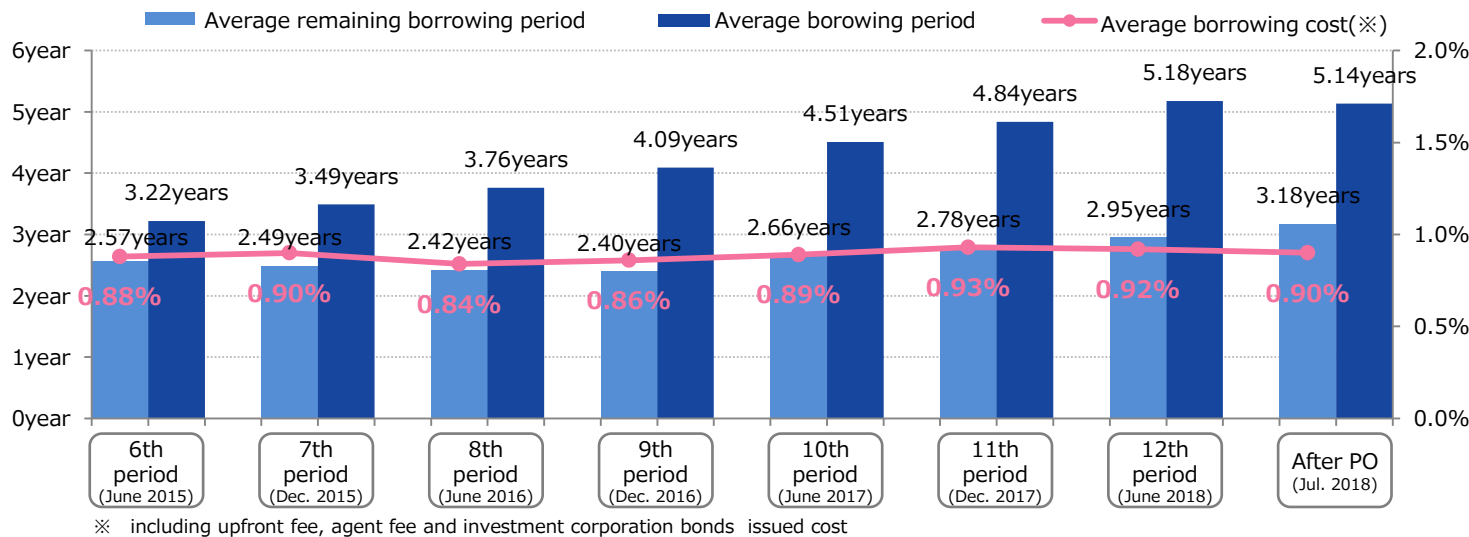
After refinancing	Debt		
	Amount	Term	Interest rate
	¥3,200mn	6years	0.5199%
	¥2,000mn	7years	0.61306%
	¥600mn	8years	0.75370%
	¥500mn	8years	0.70343%
	¥1,200mn	10years	0.96181%
Investment Corporation bonds	¥1,000mn	7years	0.54%
	¥1,000mn	10years	0.70%

① Refinancing

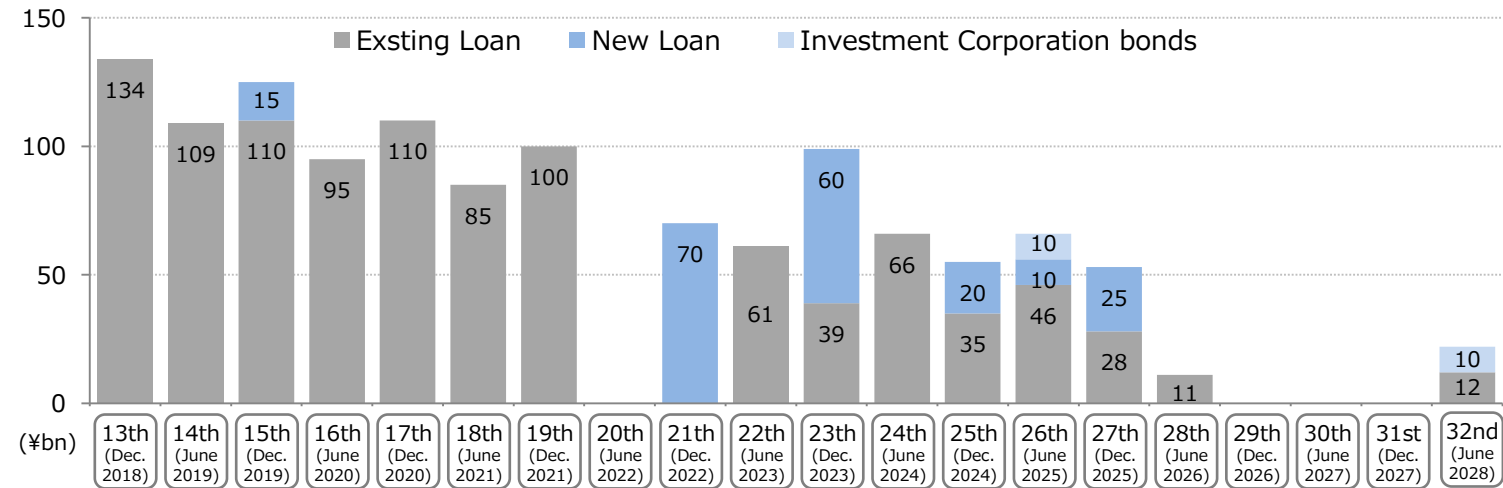
Borrowing term has been extended at the timing of refinance in April 2018 while keeping level of borrowing cost



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



《Debt Maturity Schedule》



① Diversified way to finance by issuance of investment corporation bonds

	Unsecured Investment Corporation Bonds 1st Tranche	Unsecured Investment Corporation Bonds 2nd Tranche
Issue date	Apr. 24, 2018	
Issue amount	¥1bn	¥1bn
Term	7years	10years
Interest rate	0.540%	0.700%
Bond rating	A	

① Extend Average borrowing period

Enhanced financial stability in consideration of interest costs

① Further dispersion of maturity

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

《 Revision of Rating 》

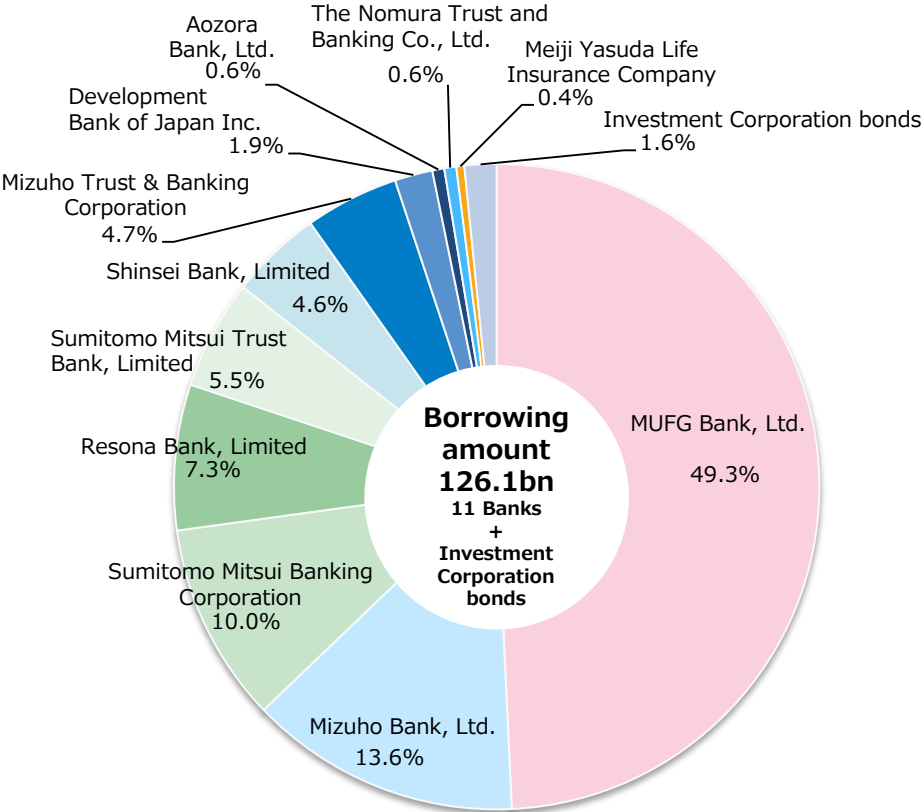
Japan Credit Rating Agency, Ltd.(JCR)  
Long-term issuer rating<sup>(1)</sup>  
**A**  
(Stable)

# List of Interest-Bearing Debts and Bank Formation(July 2018)

## 《 List of interest-bearing debts 》

Lender	Amount (¥mn)	Interest rate	Floating /Fixed	Drawdown date	Repayment date
MUFG Bank, Ltd.  And  Syndicate groups with MUFG Bank, Ltd. as arranger	1,070	0.91443%	Fixed	Apr. 24, 2014	Apr. 24, 2019
	5,700	0.221% <sup>(1)</sup>	Fixed	Jan. 8, 2015	Aug. 20, 2018
	5,100	0.221% <sup>(1)</sup>	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% <sup>(1)</sup>	Fixed	Apr. 24, 2015	Apr. 24, 2019
	11,000	0.54175% <sup>(1)</sup>	Fixed	Jul. 2, 2015	Jul. 22, 2019
	11,000	0.65425% <sup>(1)</sup>	Fixed	Jul. 2, 2015	Jul. 21, 2020
	8,500	0.3625% <sup>(1)</sup>	Fixed	Apr. 25, 2016	Apr. 20, 2021
	10,000	0.3771% <sup>(1)</sup>	Fixed	Aug. 22, 2016	Aug. 20, 2021
	5,600	0.4758% <sup>(1)</sup>	Fixed	Apr. 24, 2017	Apr. 20, 2023
	3,400	0.5600% <sup>(1)</sup>	Fixed	Apr. 24, 2017	Apr. 22, 2024
	2,600	0.7023% <sup>(1)</sup>	Fixed	Apr. 24, 2017	Apr. 21, 2025
	3,900	0.5000% <sup>(1)</sup>	Fixed	Aug. 21, 2017	Aug. 21, 2023
	3,500	0.5820% <sup>(1)</sup>	Fixed	Aug. 21, 2017	Aug. 20, 2024
	2,800	0.7125% <sup>(1)</sup>	Fixed	Aug. 21, 2017	Aug. 20, 2025
	2,600	Interest rate of base rate plus 0.20%	Floating	Sep. 28, 2017	Aug. 20, 2018
	3,200	0.5199% <sup>(1)</sup>	Fixed	Apr. 24, 2018	Apr. 22, 2024
	2,000	0.61306% <sup>(1)</sup>	Fixed	Apr. 24, 2018	Apr. 21, 2025
	600	0.7537% <sup>(1)</sup>	Fixed	Apr. 24, 2018	Apr. 20, 2026
	500	0.70343%	Fixed	Apr. 24, 2018	Apr. 26, 2026
	1,200	0.96181% <sup>(1)</sup>	Fixed	Apr. 24, 2018	Apr. 20, 2028
	1,500	Interest rate of base rate plus 0.40%	Floating	Jul. 3, 2018	Aug. 20, 2019
	7,000	0.4118% <sup>(1)</sup>	Fixed	Jul. 3, 2018	Aug. 22, 2022
	6,000	0.4770% <sup>(1)</sup>	Fixed	Jul. 3, 2018	Aug. 23, 2023
	2,000	0.5384% <sup>(1)</sup>	Fixed	Jul. 3, 2018	Aug. 20, 2024
	1,000	0.5806% <sup>(1)</sup>	Fixed	Jul. 3, 2018	Jam. 20, 2025
	2,500	0.6336% <sup>(1)</sup>	Fixed	Jul. 3, 2018	Aug. 20, 2025
Investment Corporation bonds	1,000	0.540%	Fixed	Apr. 24, 2018	Apr. 24, 2025
	1,000	0.700%	Fixed	Apr. 24, 2018	Apr. 24, 2028
<b>Total</b>	<b>126,170</b>				

## 《 Bank formation 》





## 3. Financial Results for the 12th Period (June 2018)

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◆ Financial Results for the 12th Period (June 2018) <small>(compared to the 11th Period)</small>	29
◆ Financial Results for the 12th Period (June 2018) <small>(compared to the Forecast for the 12th period)</small>	30
◆ Financial Forecast for the 13th Period (Dec. 2018) <small>(compared to the 12th period)</small>	31
◆ Financial Forecast for the 13th Period (Dec. 2018) <small>(compared to the forecast for 13th period as of June 8, 2018)</small>	32
◆ Financial Forecast for the 14th Period (June 2019) <small>(compared to the forecast for 13th period as of June 8, 2018)</small>	33
◆ Financial Forecast for the 14th Period (June 2019) <small>(compared to the forecast for 14th period as of June 8, 2018)</small>	34
◆ Property NOI Yield	35
◆ Appraisal Value Summary	37

# Financial Results for the 12th Period (June 2018) (compared to the 11<sup>th</sup> Period)

Unit : ¥million			
	11th Period (Dec. 31, 2018) Actual (a)	12th Period (June 30, 2018) Actual (b)	(b-a)
<b>Operating Revenues</b>	<b>7,553</b>	<b>7,225</b>	<b>(327)</b>
Rental Revenues	6,437	6,551	114
Other Revenues Related to property leasing	705	625	(79)
Gain on exchange of real estate properties	376	-	(376)
Dividend Income	34	47	13
Operating Expenses	(3,438)	(3,389)	48
<b>Operating Income</b>	<b>4,115</b>	<b>3,835</b>	<b>(279)</b>
Non-Operating Revenues	1	1	(0)
Non-Operating Expenses	(508)	(507)	1
<b>Ordinary Income</b>	<b>3,608</b>	<b>3,329</b>	<b>(279)</b>
<b>Net Income</b>	<b>3,607</b>	<b>3,329</b>	<b>(278)</b>
<b>DPU</b>	<b>¥9,211</b>	<b>¥8,500</b>	<b>(¥711)</b>
NOI	5,215	5,292	76
Days	184	181	-

	11th period actual	12th period actual
NOI Yield <sup>(1)</sup>	<b>5.0%</b>	<b>5.1%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,170</b>	<b>¥10,489</b>
NAV per Unit	<b>¥324,820</b>	<b>¥334,542</b>

Major fluctuation factor	
Increase in rental revenue(by asset replacement )	+42
Increase in rental revenue(exclude above) (expiration of free rent period)	+72
Increase in miscellaneous income (indemnity, etc.)	+5
Decrease in utility income(seasonal factor, etc.)	(57)
Decrease in utility income(by asset replacement )	(27)
No gain on exchange of real estate properties	(376)
Increase in dividend income from silent partnership	+13
Decrease in operation expenses (utility cost, leasing costs, etc.)	+119
Decrease in payment of fee etc. (exclude asset management fee)	+9
Decrease in other expenses	+7
Decrease in non-recoverable consumption tax	+36
Increase in operation expenses(tax, etc. )	(104)
Increase in asset management fee	(5)
Increase in payment of fee etc. (exclude asset management fee)	(14)
Refund of outstanding dividend	(1)
Decrease in borrowing related expense	+1

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

Unit : ¥million	12th Period (June 30, 2018) <b>Forecast</b> As of Feb. 16, 2018 (a)	12th Period (June 30, 2018) <b>Actual</b> (b)	(b-a)
<b>Operating Revenues</b>	<b>7,219</b>	<b>7,225</b>	<b>6</b>
Rental Revenues	6,530	6,551	20
Other Revenues Related to property leasing	645	625	(19)
Dividend Income	43	47	4
Operating Expenses	(3,417)	(3,389)	27
<b>Operating Income</b>	<b>3,801</b>	<b>3,835</b>	<b>34</b>
Non-Operating Revenues	0	1	1
Non-Operating Expenses	(514)	(507)	7
<b>Ordinary Income</b>	<b>3,286</b>	<b>3,329</b>	<b>42</b>
<b>Net Income</b>	<b>3,285</b>	<b>3,329</b>	<b>43</b>
<b>DPU</b>	<b>¥8,387</b>	<b>¥8,500</b>	<b>¥ 113</b>
NOI	5,263	5,292	28
Days	181	181	-

	12th period forecast	12th period actual
NOI Yield <sup>(1)</sup>	<b>5.1%</b>	<b>5.1 %</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,384</b>	<b>¥10,489</b>

Major fluctuation factor	
Increase in rental revenue (increase in occupancy rate )	+20
Increase in rental revenue from incidental facilities +1 (signboard, etc.)	
Decrease in utility income(seasonal factor etc..)	(15)
Decrease in miscellaneous income(indemnity, etc.)	(4)
Increase in dividend income from silent partnership	+4
Decrease in operation expenses (utility cost, repair expenses, etc.)	+67
Decrease in payment of fee etc. (exclude asset management fee)	+4
Increase in operation expenses(leasing cost, etc.)	(36)
Increase in asset management fee	(2)
Increase in payment of fee etc. (exclude asset management fee)	(2)
Increase in other expenses	(1)
Refund of outstanding dividend	+1
Decrease in borrowing related expense	+7



# Financial Forecast for the 13th Period (Dec. 2018) (compared to the 12th period)

Unit : ¥million			
	12th Period (June 30, 2018) <b>Actual</b> (a)	13th Period (Dec. 31, 2018) <b>Forecast</b> As of Aug. 16, 2018 (b)	(b-a)
<b>Operating Revenues</b>	<b>7,225</b>	<b>8,418</b>	<b>1,192</b>
Rental Revenues	6,551	7,670	1,118
Other Revenues Related to property leasing	625	747	121
Dividend Income	47	0	(47)
Operating Expenses	(3,389)	(3,842)	(452)
<b>Operating Income</b>	<b>3,835</b>	<b>4,575</b>	<b>739</b>
Non-Operating Revenues	1	0	(1)
Non-Operating Expenses	(507)	(807)	(300)
<b>Ordinary Income</b>	<b>3,329</b>	<b>3,767</b>	<b>438</b>
<b>Net Income</b>	<b>3,329</b>	<b>3,767</b>	<b>437</b>
<b>DPU</b>	<b>8,500円</b>	<b>8,373円</b>	<b>( ¥ 127)</b>
NOI	5,292	6,285	993
Days	181	184	-

	12th period actual	13h period forecast
NOI Yield <sup>(1)</sup>	<b>5.1 %</b>	<b>5.0%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,489</b>	<b>¥10,414</b>

Major fluctuation factor	
Increase in rental revenue(new assets)	+996
Increase in rental revenue(existing assets)	+82
Increase in rental revenue(parking)	+39
Increase in utility income(new assets +55,exsintig assets +57)	+115
Increase in rental revenue from incidental facilities	+11
Decrease in miscellaneous income (indemnity, etc.)	(5)
Increase in dividend income from silent partnership(liquidation of bridge funds)	(47)
Decrease in operation expenses(repair expenses, etc.)	+35
Decrease in payment of fee etc. (exclude asset management fee)	+14
Increase in operation expenses (building management cost, , depreciation cost, etc.)	(420)
Increase in asset management fee	(25)
Increase in payment of fee etc. (exclude asset management fee)	(18)
Increase in other expenses	(29)
Increase in non-recoverable consumption tax	(8)
Increase in borrowing related expense	(184)
Increase in investment units issued cost	(115)

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

(compared to the forecast for 13th period as of June 8, 2018)

Unit : ¥million	<b>13th Period</b> (Dec. 31, 2018) <b>Forecast</b> As of June 8, 2018 (a)	<b>13th Period</b> (Dec. 31, 2018) <b>Forecast</b> As of Aug. 16, 2018 (b)	(b-a)
<b>Operating Revenues</b>	<b>8,371</b>	<b>8,418</b>	<b>46</b>
Rental Revenues	7,638	7,670	32
Other Revenues Related to property leasing	733	747	14
Operating Expenses	(3,809)	(3,842)	(33)
<b>Operating Income</b>	<b>4,562</b>	<b>4,575</b>	<b>13</b>
Non-Operating Revenues	0	0	0
Non-Operating Expenses	(825)	(807)	18
<b>Ordinary Income</b>	<b>3,736</b>	<b>3,767</b>	<b>31</b>
<b>Net Income</b>	<b>3,735</b>	<b>3,767</b>	<b>31</b>
<b>DPU</b>	<b>¥8,303</b>	<b>¥8,373</b>	<b>¥70</b>
NOI	6,278	6,285	6
Days	184	184	-

	13th period original forecast	13th period revised forecast
NOI Yield <sup>(1)</sup>	<b>5.0%</b>	<b>5.0%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,338</b>	<b>¥10,414</b>

Major fluctuation factor	
Increase in rental revenue(Increase in occupancy rate, etc.)	+28
Increase in rental revenue(parking)	+4
Increase in utility income(insurance income, etc.)	+21
Decrease in rental revenue from incidental facilities and Utility income	(7)
Decrease in operation expenses (utility cost, leasing cost, etc.)	+13
Decrease in payment of fee etc. (exclude asset management fee)	+7
Decrease in non-recoverable consumption tax	+7
Increase in operation expenses (building management cost, repair expenses, etc.)	(55)
Increase in asset management fee	(2)
Increase in payment of fee etc. (exclude asset management fee)	(2)
Decrease in investment units issued cost	+16
Decrease in borrowing related expense	+1

# Financial Forecast for the 14th Period (June 2019)

(compared to the forecast for 13th period as of Aug. 16, 2018)

Unit : ¥million	13th Period (Dec. 31, 2018) <b>Forecast</b> As of Aug. 16, 2018 <b>(a)</b>	14th Period (June 30, 2019) <b>Forecast</b> As of Aug. 16, 2018 <b>(b)</b>	<b>(b-a)</b>
<b>Operating Revenues</b>	<b>8,418</b>	<b>8,434</b>	<b>16</b>
Rental Revenues	7,670	7,753	83
Other Revenues Related to property leasing	747	680	(66)
Operating Expenses	(3,842)	(3,953)	(110)
<b>Operating Income</b>	<b>4,575</b>	<b>4,481</b>	<b>(94)</b>
Non-Operating Revenues	0	0	0
Non-Operating Expenses	(807)	(630)	177
<b>Ordinary Income</b>	<b>3,767</b>	<b>3,850</b>	<b>82</b>
<b>Net Income</b>	<b>3,767</b>	<b>3,850</b>	<b>82</b>
<b>DPU</b>	<b>¥8,373</b>	<b>¥8,556</b>	<b>¥183</b>
NOI	6,285	6,274	(11)
Days	184	181	-

	13th period forecast	14th period forecast
NOI Yield <sup>(1)</sup>	<b>5.0%</b>	<b>5.1%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,414</b>	<b>¥10,695</b>

Major fluctuation factor	
Increase in rental revenue(Increase in occupancy rate, etc.)	+80
Increase in rental revenue(parking)	+2
Decrease in utility income(seasonal factor etc.)	(48)
Decrease in miscellaneous income (insurance income ,etc.)	(18)
Decrease in operation expenses (utility cost, repair expenses, etc.)	+76
Decrease in payment of fee etc. (exclude asset management fee)	+16
Decrease in other expenses	+31
Decrease in non-recoverable consumption tax	+1
Increase in operation expenses (building management cost, etc.)	(148)
Increase in asset management fee	(67)
Increase in payment of fee etc. (exclude asset management fee)	(20)
Decrease in borrowing related expense	+61
Decrease in investment units issued cost	+115

# Financial Forecast for the 14th Period (June 2019)

(compared to the forecast for 14th period as of June 8, 2018)

Unit : ¥million	<b>14th Period</b> (June 30, 2018) <b>Forecast</b> As of June 8, 2018 <b>(a)</b>	<b>14th Period</b> (June 30, 2019) <b>Forecast</b> As of Aug. 16, 2018 <b>(b)</b>	<b>(b-a)</b>
<b>Operating Revenues</b>	<b>8,407</b>	<b>8,434</b>	<b>27</b>
Rental Revenues	7,710	7,753	43
Other Revenues Related to property leasing	696	680	(16)
Operating Expenses	(3,956)	(3,953)	2
<b>Operating Income</b>	<b>4,451</b>	<b>4,481</b>	<b>29</b>
Non-Operating Revenues	0	0	0
Non-Operating Expenses	(631)	(630)	0
<b>Ordinary Income</b>	<b>3,819</b>	<b>3,850</b>	<b>30</b>
<b>Net Income</b>	<b>3,819</b>	<b>3,850</b>	<b>30</b>
<b>DPU</b>	<b>¥ 8,488</b>	<b>¥ 8,556</b>	<b>¥ 68</b>
NOI	6,241	6,274	32
Days	181	181	-

	13th period forecast	14th period forecast
NOI Yield <sup>(1)</sup>	<b>5.1 %</b>	<b>5.1%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,625</b>	<b>¥10,695</b>

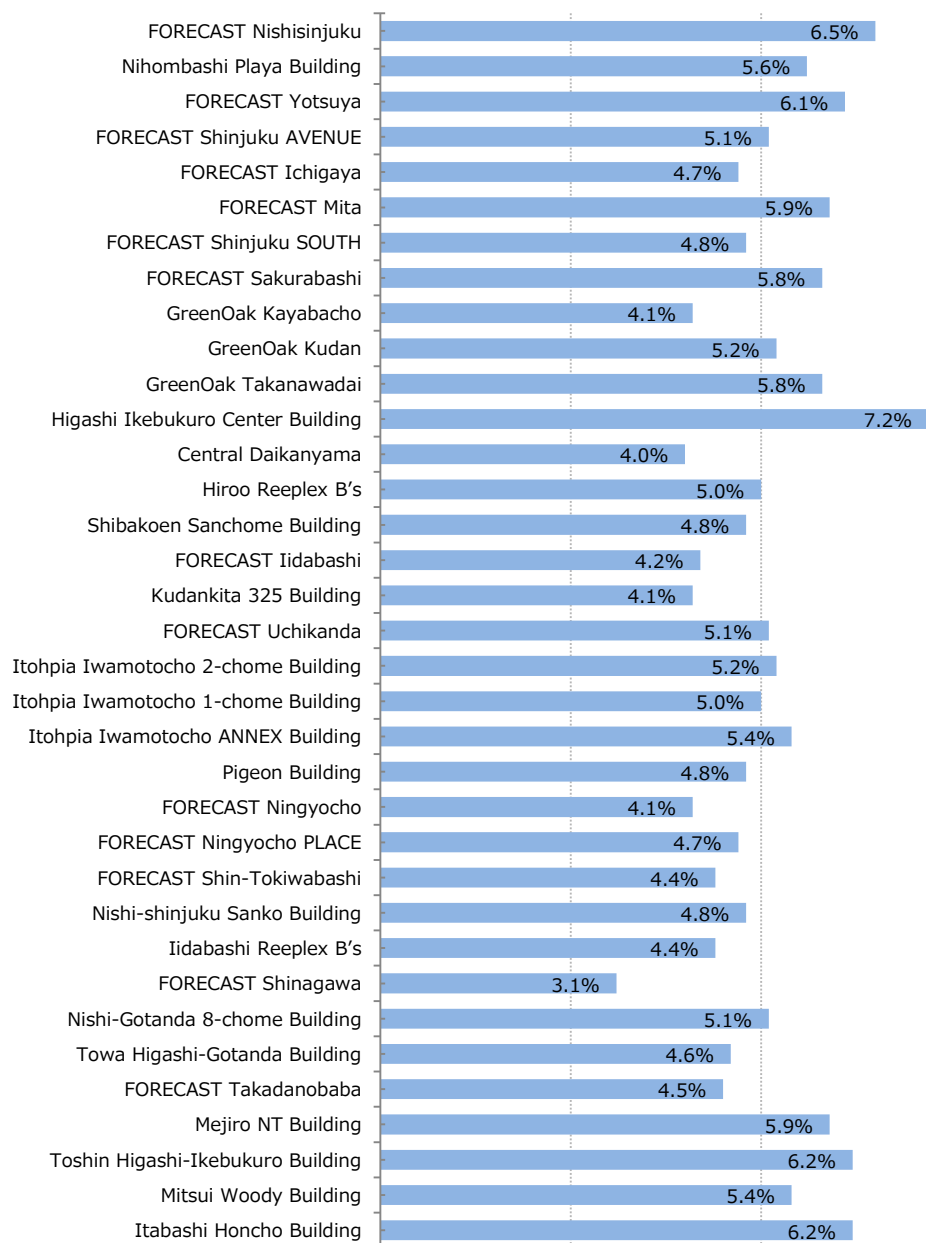
Major fluctuation factor	
Increase in rental revenue	+37
Increase in rental revenue <sup>(parking)</sup>	+5
Decrease in rental revenue from incidental facilities and Utility income	(12)
Decrease in miscellaneous income	(3)
Decrease in operation expenses (leasing cost, repair expenses, etc.)	+25
Increase in operation expenses (depreciation cost, tax, etc.)	(20)
Increase in asset management fee	(1)
Increase in payment of fee etc. (exclude asset management fee)	(1)

# Property NOI Yield

## Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 12<sup>th</sup> period)

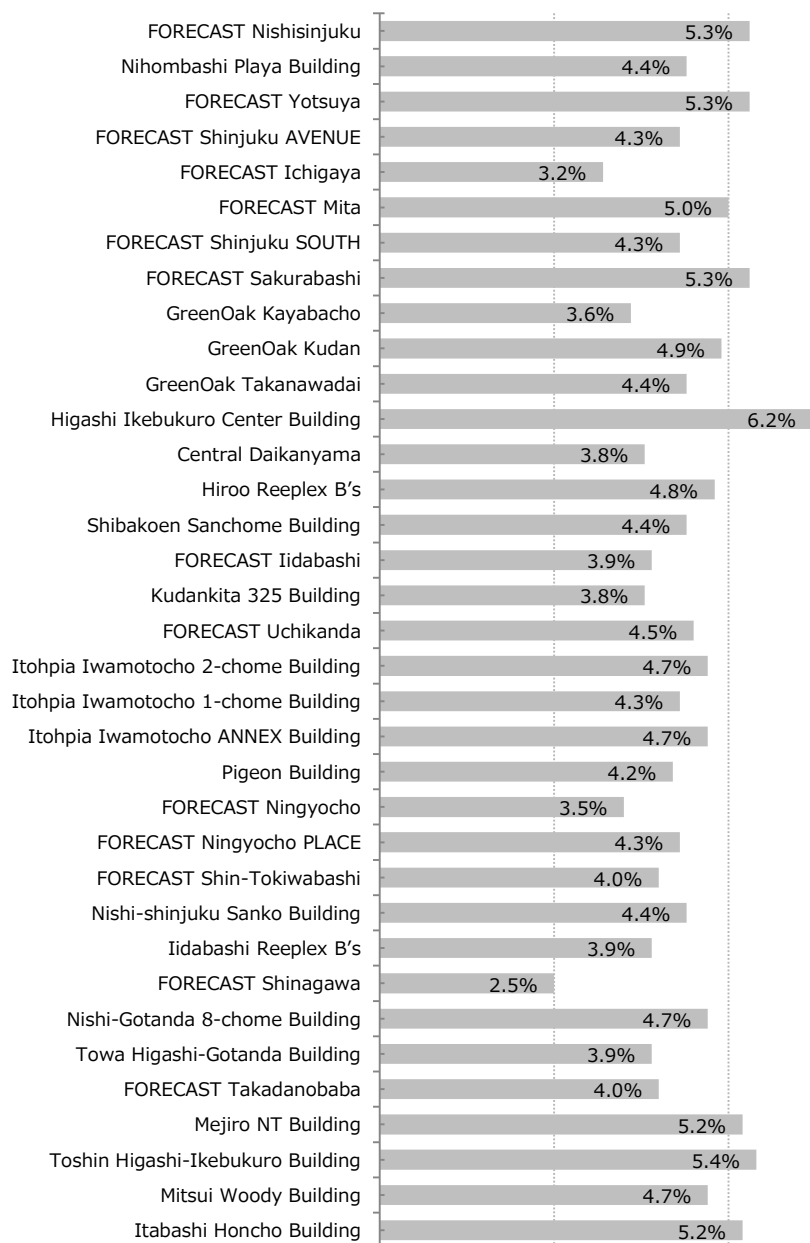
0.0% 2.5% 5.0% 7.5%



## Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 12<sup>th</sup> period)

0.0% 2.5% 5.0% 7.5%

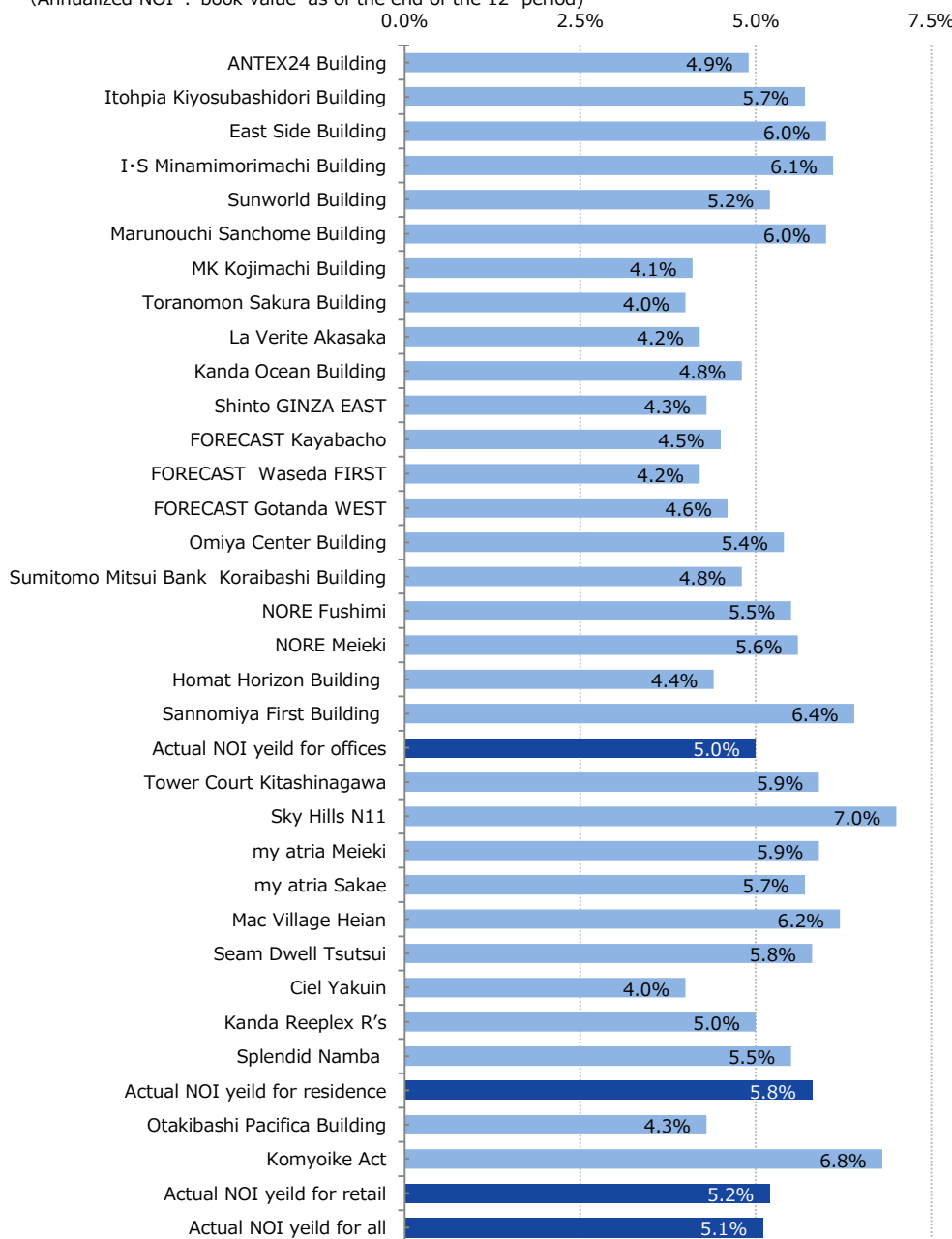




# Property NOI Yield

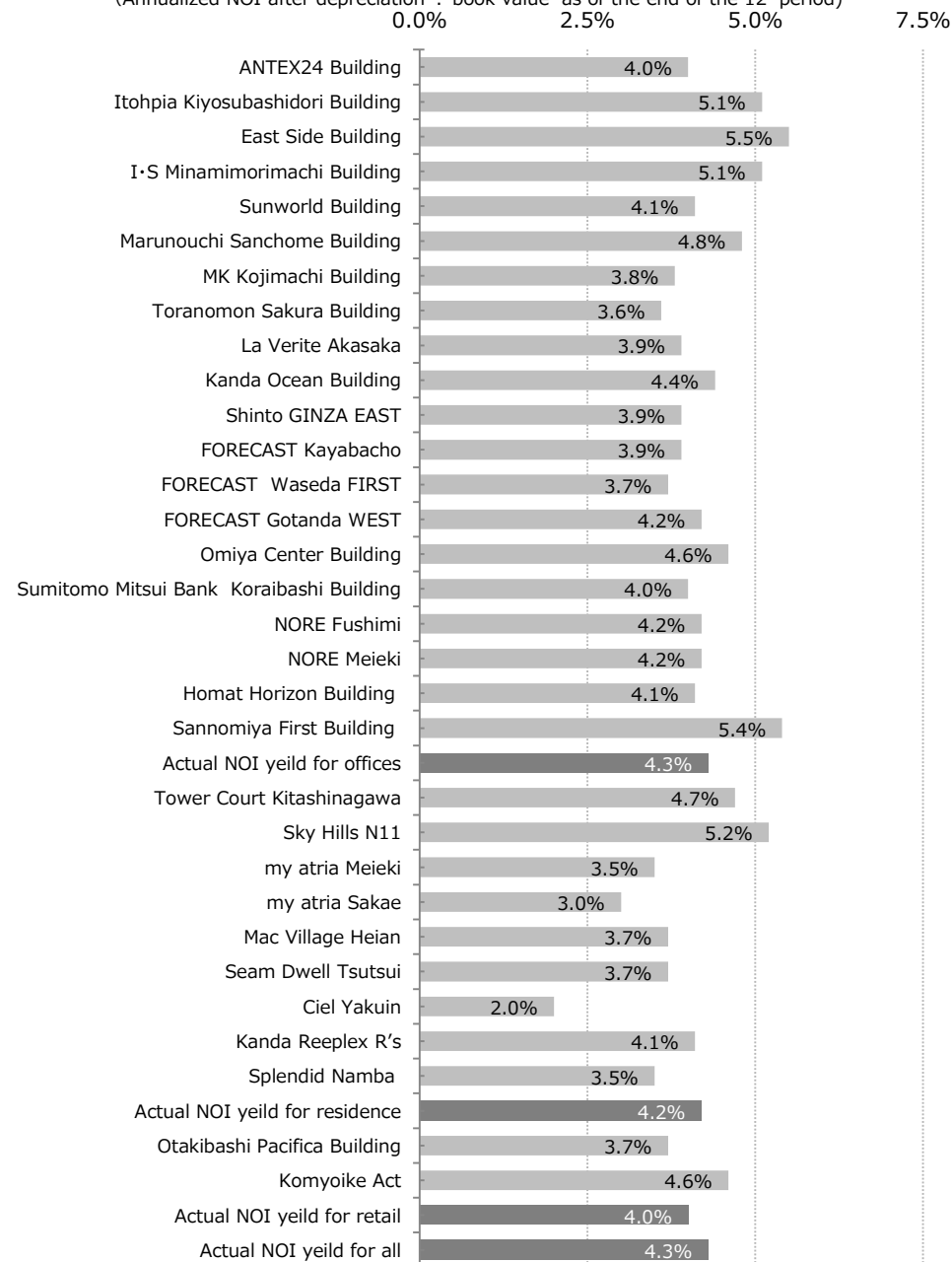
## ■ Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 12<sup>th</sup> period)

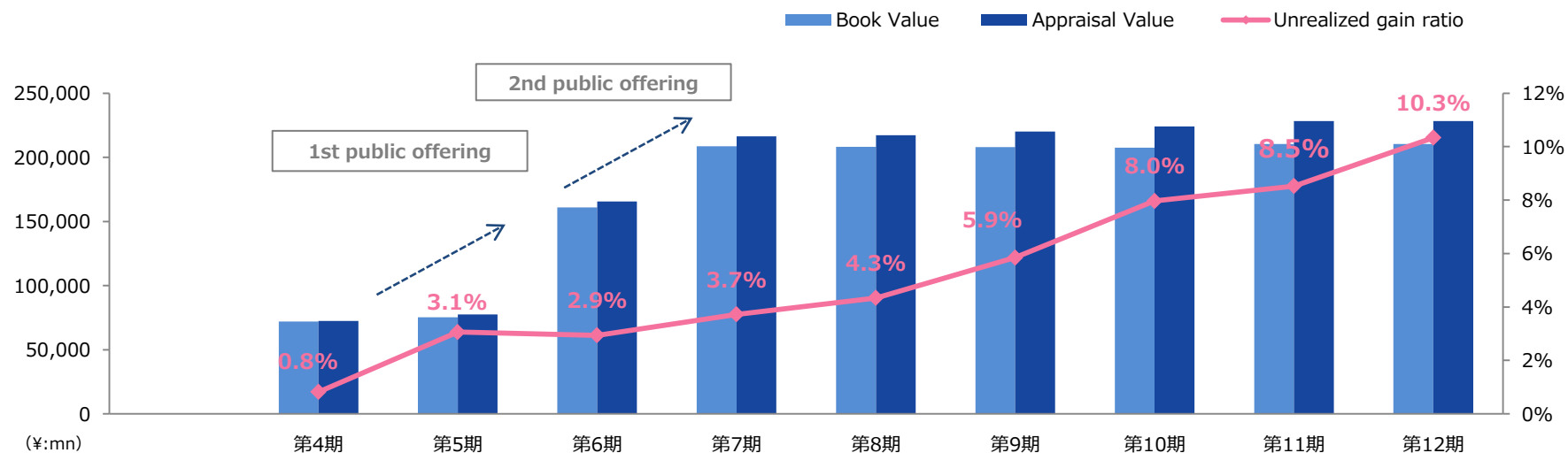


## ■ Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 12<sup>th</sup> period)



# Appraisal Value Summary



(百万円)

		4th	5th	6th	7th	8th	9th	10th	11th	12th
Office	Book Value	53,820	57,340	135,800	183,725	183,457	183,340	183,100	182,649	182,868
	Appraisal Value	54,130	58,900	139,250	189,440	190,270	192,710	196,120	196,780	200,330
	Unrealized gains	309	1,559	3,449	5,714	6,812	9,369	13,019	14,130	17,461
Residential	Book Value	18,083	17,919	19,563	19,387	19,215	19,048	18,922	22,249	22,082
	Appraisal Value	18,364	18,664	20,993	21,402	21,363	21,737	22,302	25,942	26,196
	Unrealized gains	280	744	1,429	2,014	2,147	2,688	3,379	3,692	4,113
Retail	Book Value	-	-	5,584	5,568	5,539	5,533	5,517	5,546	5,524
	Appraisal Value	-	-	5,440	5,610	5,610	5,640	5,660	5,660	5,700
	Unrealized gains	-	-	-144	41	70	106	142	113	175
Total	Book Value	71,904	75,259	160,948	208,681	208,212	207,922	207,540	210,445	210,475
	Appraisal Value	72,494	77,564	165,683	216,452	217,243	220,087	224,082	228,382	232,226
	Unrealized gains	589	2,304	4,734	7,770	9,030	12,164	16,541	17,936	21,750

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

P1	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.	P15	1	“NC” refers to G.K. Nicolas Capital. “TMK” refers to Tokutei Mokuteki Kaisha. “NG” refers to G.K. NGT Growth.
	2	“6 central wards of Tokyo” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards.		2	Total REIT acquisition price indicates the total acquisition price for which we acquired the properties from the bridge funds. However, NC9 and NC8 are shown as “-” since they have transferred its assets to NC11.
	3	Mid-sized office indicates office building of which total floor space is less than 10,000tsubo . The same applies hereafter.	P16	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”.
P2	1	“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 12 <sup>th</sup> period / total leasable area By monthly rent: rent (including CAM) of respective tenant as of the end of the 12 <sup>th</sup> period / total rent	P17	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	Based on the tenant date of exiting asset and newly acquired asset as of the end of June 2018.		2	Residential properties of which rents are not fixed, Tower Court Kitashinagawa, my atrie Meieki, Ciel Yakuin, Kanda Reeplex R’s and Splendid Namba, are stated.
P8	1	Unless otherwise specified, “After the public offering” is as of July 3, 2018.	P18	1	The figures are stated excluding the 13 tenants (1,092.72 tsubos) and the 7 tenants (806.34tsubos) which agreed to rent increase in the 12th period after the contract revision as deferred in the 10th period and the 11th period.
	2	“Total Appraisal Value” after the public offering is based on the exiting asset appraisal as of the end of Dec. 2018 and the newly acquired asset appraisal as of May 1,2018.	P19	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 cancellation and which occupy the retail section between the second floor to the basement floor of buildings.
	3	“NAV per unit” is calculated by following formula, with figures as of the end of respective period. The same applies hereafter. (Net Asset + Total Appraisal Value – Total Book Value) / Investment Units Issued and Outstanding)-DPU		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.
	4	“Unrealized gains” after the public offering is calculated by following formula. (Total unrealized gains of exiting asset[66 properties] +(Total Appraisal Value of newly acquired asset[21 properties]-Total acquisition price of newly acquired asset))		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.
	5	Amounts of properties held by bridge funds are stated based on first negotiation price for Godo Kaisha Nicolas Capital 10 and Godo kaisha NRT Growth12, and appraisal value for Godo Kaisha Nicolas Capital 11 and Godo kaisha NRT Growth13.Amount of properties held by sponsor are stated based on first negotiation price .The same applies hereafter.		4	Each figures after the public offering is a weighted-average of each office property and newly acquired office property based on the occupied floor area.
	6	Total acquisition price acquired from bridge funds at the public offering.	P20	1	“Reserved depreciation amount” refers to the accumulated amount of total depreciation from 4 <sup>th</sup> period(June 2014) to 7 <sup>th</sup> period(Dec. 2015) less total capital expenditures for the same period (¥1,105mn) plus surplus (or minus shortfall) of respective period.
P9	1	“Original forecast” refers to the forecasts announced as of following dates. 5 <sup>th</sup> period : Aug. 14, 2014, 6 <sup>th</sup> period : Feb. 19, 2015, 7 <sup>th</sup> period : Aug. 20, 2015, 8 <sup>th</sup> period : Feb. 18, 2016, 9 <sup>th</sup> : Aug. 16, 2016, 10 <sup>th</sup> period :Feb. 16, 2017, 11 <sup>th</sup> period : Sep 15,2017 , 12 <sup>th</sup> period : Feb. 16, 2018, 13 <sup>th</sup> period and 14 <sup>th</sup> period : June 8, 2018	P21	1	The result and forecast of NOI increase on P21,22 and 23 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.
P11	6	“non-recurring factors” refers to the following. 5 <sup>th</sup> period : Real estate tax capitalized(per unit) 7 <sup>th</sup> period : Real estate tax capitalized – expenses related to public offering(per unit) 8 <sup>th</sup> period : Consumption tax settlement difference(per unit) 11 <sup>th</sup> Period: Amount equivalent to gain on transfer(per unit) 12 <sup>th</sup> period: Amount equivalent to increase of dividend income from silent partnership due to transfer of asset in the bridge fund and settlement (per unit) 13 <sup>th</sup> period: Real estate tax capitalized – expenses related to public offering(per unit)		2	Based on the number of investment units issued as of the end of 12th period.
P13	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.	P25	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 June 30, 2018 (REIT) announced on Aug. 8, 2018.
P14	1	Based on the tenant date of exiting asset and newly acquired asset as of the end of June 2018.	P26	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.
			P27	1	The interest rate is fixed by the interest rate swap contract, thus the interest rate shown above is the fixed rate.
			P29	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



**Main Sponsor**

- Provision of warehousing function
- Provision of redevelopment function for our properties
- Provision of information on sales of real estate
- Provision of property management function through subsidiaries.
- Provision of human resources

**Sub Sponsors**

- Provision of information on sales of real estate
- Leasing support for our properties
- Provision of asset management function
- Provision of human resources

《Portfolio Development Policy<sup>(1)</sup>》

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"><li>◆ Registered as a financial instruments business operator: Registration No.1632 (Kinsho) issued by the Director-General of the Kanto Finance Bureau</li><li>◆ Licensed for building lots and buildings transaction business: License No.(3) 86984 issued by the Governor of Tokyo</li><li>◆ 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</li></ul>		

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)	70.4bn	73.8bn	157.8bn	204.8bn	204.8bn	204.8bn	204.8bn	207.7bn	207.7bn	247.9bn
	As of end of 4 <sup>th</sup> period	As of end of 5 <sup>th</sup> period	As of end of 6 <sup>th</sup> period	As of end of 7 <sup>th</sup> period	As of end of 8 <sup>th</sup> period	As of end of 9 <sup>th</sup> period	As of end of 10 <sup>th</sup> period	As of end of 11 <sup>th</sup> period	As of end of 12 <sup>th</sup> period	After Offering in July 2018 <sup>(1)</sup>
Appraisal value	¥72.4bn	¥77.5bn	¥165.6bn	¥2164bn	¥217.2bn	¥220.0bn	¥224.0bn	¥228.3bn	¥232.2bn	¥273.2bn
Appraisal NOI yield	5.0%	5.1%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9 %	4.9%	4.9 %
Leasable area	89,839.03m <sup>2</sup>	91,840.93m <sup>2</sup>	203,359.35m <sup>2</sup>	255,560.43m <sup>2</sup>	255,396.84m <sup>2</sup>	255,393.62m <sup>2</sup>	255,398.17m <sup>2</sup>	255,783.88m <sup>2</sup>	255,531.31m <sup>2</sup>	306,557.71m <sup>2</sup>
Number of properties (proportion of the 5 largest properties) <sup>(2)</sup>	20 properties (61.0%)	21 properties (58.1%)	54 properties (29.2%)	65 properties (27.0%)	65 properties (27.0%)	65 properties (27.0%)	65 properties (27.0%)	66 properties (26.7%)	66 properties (26.7%)	87 properties (22.4%)
Number of tenants (proportion of the 10 largest tenants) <sup>(3)</sup>	92 tenants (29.5%)	94 tenants (29.1%)	347 tenants (18.2%)	492 tenants (13.9%)	501 tenants (13.5%)	513 tenants (13.5%)	522 tenants (13.7%)	541 tenants (13.4%)	542 tenants (13.7%)	618 tenants (12.7%)

## Notes

1. As for "After Offering in July 2018", total amount or figure calculated by total amount of properties owned by NIPPON REIT as of the end of the 12 period (as of the end of the 12th period) and properties acquired by NIPPON REIT in July 2018 (as of end of April 2018) are stated.
2. Based on acquisition price.
3. 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 1<sup>st</sup> 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  
Takanawada



**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**  
Itohia Iwamotocho  
2-chome Building



**A-22**  
Itohia Iwamotocho  
1-chome Building



**A-23**  
Itohia 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(1<sup>st</sup> and 2<sup>nd</sup> 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**

Itohia  
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**

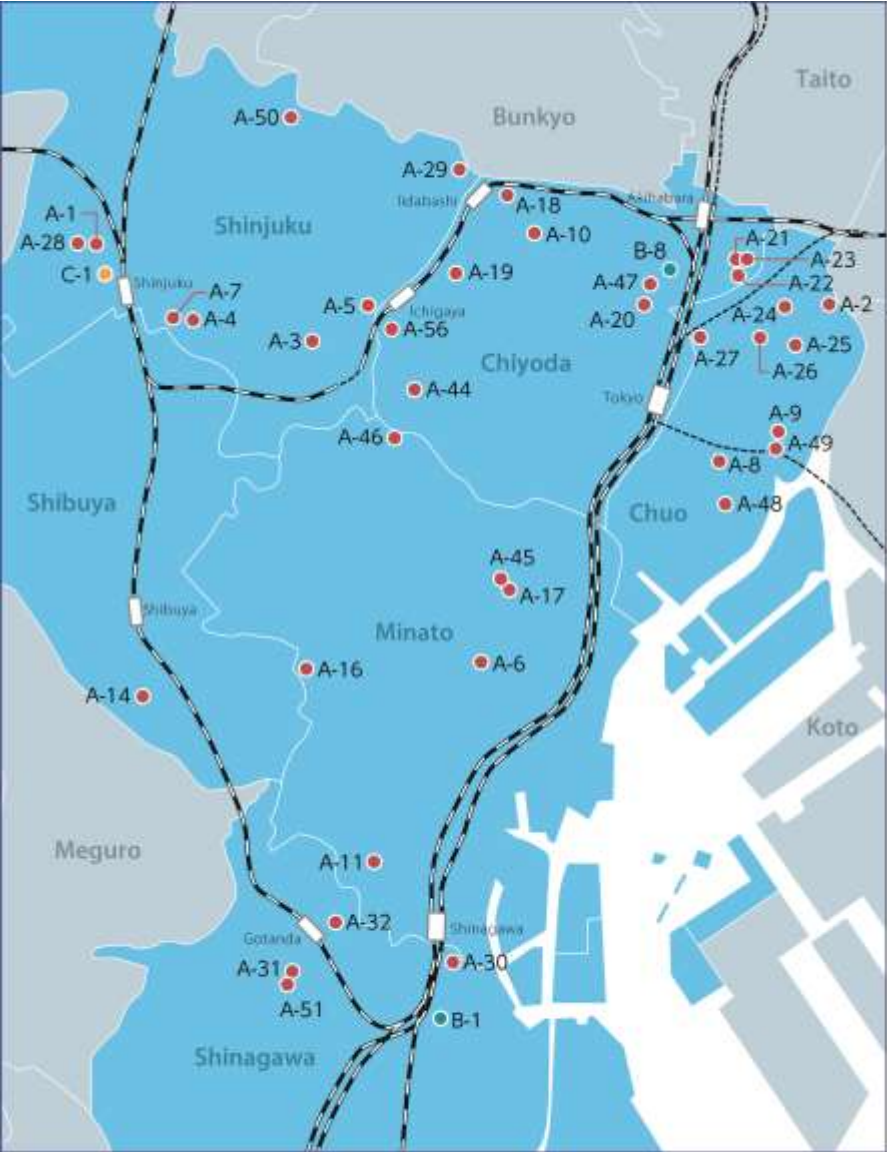
FORECAST  
Gotanda WEST



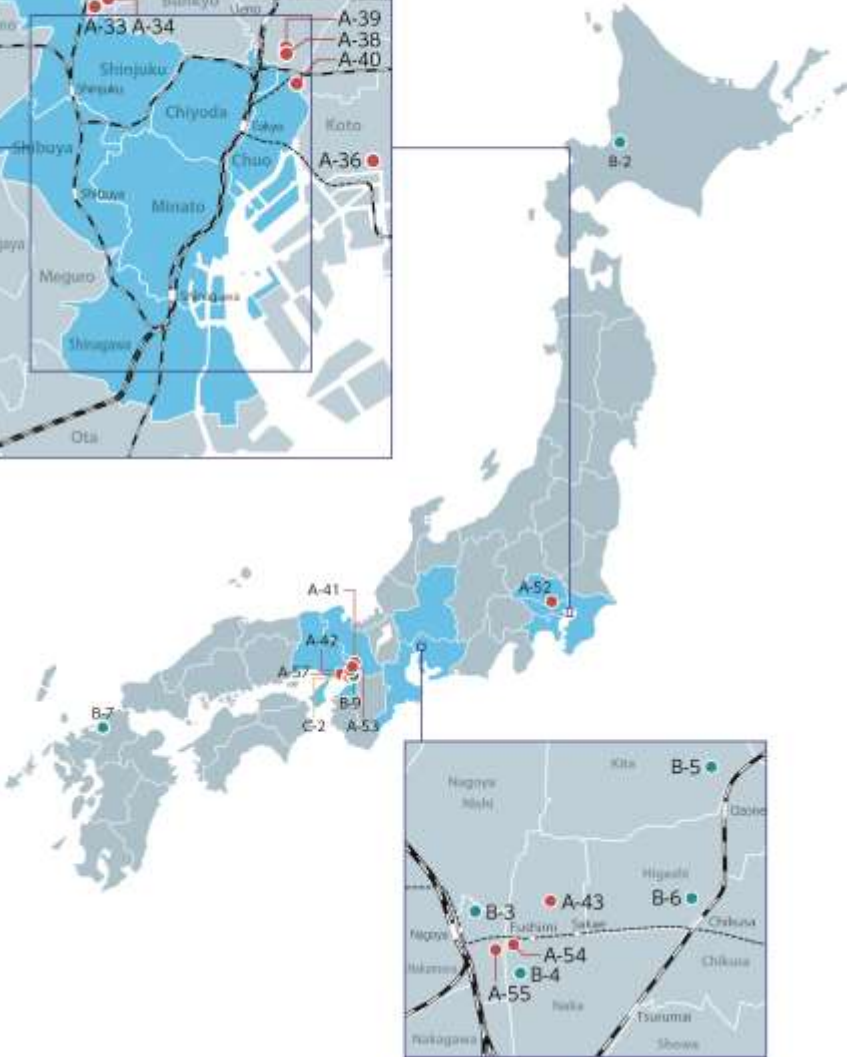
**A-52**

Omiya Center  
Building

Acquired by exchanging



- Office Properties
- Residential Properties
- Retail Properties





# Portfolio Summary

No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(m <sup>2</sup> )	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	22	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	19	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%	2,995.35	8	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	10	93.4%	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 Sanchome 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	22	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	7	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%	5,661.49	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%

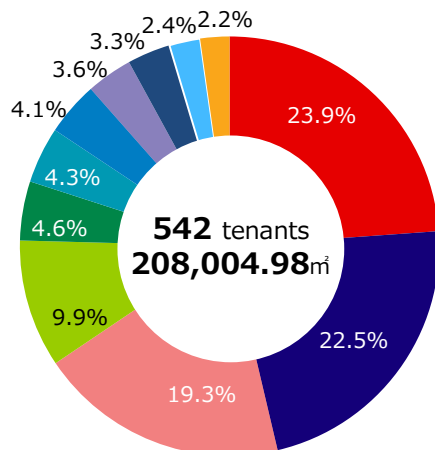


# Portfolio Summary

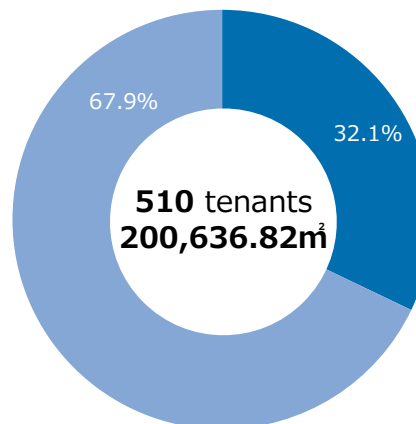
No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(m <sup>2</sup> )	Number of tenants	Occupancy rate	PML
A-38	ANTEX24 Building	Office	Taito Ward, Tokyo	Feb.1988	1,691	0.8%	2,267.59	7	100.0%	3.7%
A-39	Itohpia Kiyosubashidori Building	Office	Taito Ward, Tokyo	Mar.1988	1,550	0.7%	2,651.27	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%	3,012.86	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	8	90.8%	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	13	98.7%	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	28	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	100.0%	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	24	100.0%	5.4%
B-1	Tower Court Kitashinagawa	Residential	Shinagawa Ward, Tokyo	Feb.2009	11,880	5.7%	16,913.29	277	99.6%	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	62	88.0%	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	41	97.7%	5.4%
B-8	Kanda Reeplex R's	Residential	Chiyoda Ward, Tokyo	Jan.2006	1,813	0.9%	2,183.93	40	97.9%	4.4%
B-9	Splendid Namba	Residential	Osaka, Osaka	Jan.2015	3,502	1.7%	6,212.36	244	97.2%	6.2%
C-1	Otakibashi Pacifica Building	Retail	Shinjuku Ward, Tokyo	Oct.2008	3,350	1.6%	1,383.31	7	90.8%	4.6%
C-2	Komyoike Act	Retail	Sakai, Osaka	Apr.1988	2,063	1.0%	6,173.41	25	99.0%	12.7%
Subtotal office properties					179,107	86.2%	202,490.26	539	99.8%	
Subtotal residential properties					23,275	11.2%	45,484.33	668	98.5%	
Subtotal retail properties					5,413	2.6%	7,556.72	32	97.5%	
Total					207,795	100.0%	255,531.31	1,239	99.5%	

# Ratio of Tenant (by leased area) (As of the end the 12th Period )

《By Industry<sup>(1)</sup>》



《By Scale<sup>(2)</sup>》



Industry	Leaded area (m <sup>2</sup> )	Number of tenants	Share
1 Industries Telecommunications	49,633.58	108	23.9%
2 Manufacturing	46,701.70	107	22.5%
3 Services	40,053.54	111	19.3%
4 Wholesale·Retail	20,509.41	64	9.9%
5 Finance·Insurance	9,480.70	15	4.6%
6 Building constructor	9,045.51	31	4.3%
7 Real estate	8,631.45	22	4.1%
8 Medical services·Social welfare	7,389.28	25	3.6%
9 Education·Learning support	6,922.00	20	3.3%
10 Accommodations·Eating and drinking services	4,963.25	27	2.4%
11 Other	4,674.56	12	2.2%

	Leased area (m <sup>2</sup> )	Number of tenants	Share
1 Listed company on TSE and its subsidiary	64,413.32	96	32.1%
2 Other	136,223.50	414	67.9%

## 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 <sup>(1)</sup>
GreenOak Kayabacho	98.7%	Left already:1section (15tsubo)	Looking for tenants	98.7% (Jul. 2018)
GreenOak Takanawadai	100%	Termination notice :1floor (52tsubo)	Lease contract	100% (Aug. 2018)
FORECAST Shin-Tokiwabashi	100%	Termination notice :1floor (46tsubo)	Lease contract	100% (Aug. 2018)
NORE Meieki	100%	Termination notice 1section (41tsubo)	Lease contract	100% (Sep. 2018)
Homat Horizon Building	100%	Termination notice :1section (32tsubo)	Lease contract	100% (Sep. 2018)
TK Gotanda Building	100%	Termination notice :1floor (114tsubo)	Tenancy application	100% (Sep. 2018)
FORECAST Gotanda WEST	100%	Termination notice :1floor (172tsubo)	Looking for tenants	93.6% (Oct. 2018)
Sumitomo Mitsui Bank Koraibashi Building	100%	Left already:2sections (172tsubo) Termination notice :1section (70tsubo)	Looking for tenants Tenancy application	88.8% (Oct. 2018)
BECOME SAKAE	100%	Termination notice :1section (70tsubo)	Lease contract	100% (Oct. 2018)
FORECAST Shinagawa	100%	Termination notice :1floor (125tsubo) Termination notice :1section (86tsubo)	Lease contract Looking for tenants	88.1% (Nov.2018)
Toshin Higashi-Ikebukuro Building	100%	Termination notice :1floor (76tsubo)	Looking for tenants	84.7% (Nov.2018)
Otakibashi Pacifica Building	90.8%	Left already:1floor (38tsubo) Termination notice :3floors (130tsubo)	Lease contract Tenancy application :2floor	89.2% (Nov.2018)
Komyoike Act	99.0%	Left already:1section (18tsubo) Termination notice :1section (57tsubo)	Looking for tenants	95.9% (Nov.2018)
Nihombashi Playa Building	100%	Termination notice :4floors (464tsubo)	Lease contract :3floor	84.6% (Dec.2018)
FORECAST Yotsuya	100%	Termination notice :1floor (52tsubo)	Looking for tenants	89.7% (Dec.2018)
FORECAST Shinjuku SOUTH	100%	Termination notice :1section (12tsubo)	Looking for tenants	99.7% (Dec.2018)
DIA Building Meieki	100%	Termination notice :1section (19tsubo)	Looking for tenants	96.4% (Dec.2018)
FORECAST Ningyocho	100%	Termination notice :1floor (112tsubo)	Looking for tenants	83.7% (Jan.2019)
MK Kojimachi Building	91%	Termination notice :3floors (144tsubo)	Looking for tenants	72.3% (Jan.2019)
Esprit Kameido	100%	Termination notice :3floors (177tsubo)	Looking for tenants	70.5% (Jan.2019)
Kudankita 325 Building	100%	Termination notice :1floor (73tsubo)	Looking for tenants	87.9% (Feb.2019)
Nishi-Gotanda 8-chome Building	100%	Termination notice :2floors (218tsubo)	Looking for tenants	75.9% (Feb.2019)

Note

1. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and termination notices at the end of July 2018.

# Original leasing services (Select Office・ittoku)

•Aim to activate leasing activity and conclude at high rent, meeting tenant needs that they want move into middle-size office which is NRT's main investment target

## Select Office

### For such tenants' needs below

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

### Selectable

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



### Visible

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



### Low Cost

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

### NRT's benefit

#### •Profitability enhancement

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

#### •Promotion of leasing activity

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

#### •Effective improvement of tenant satisfaction

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

## ittoku

### For such tenants' needs below

- We want to avoid arranging a joint surety at movie-in
- We want to save initial cost like a deposit



### 1month deposit

All tenant pays is just 1 month deposit instead of making a contract of guarantee with JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd.(Typically between 10month and 12month)

### No joint surety

Tenants don't need to arrange a joint surety and this service supports Civil Code amendment about a joint surety

### No warranty fee

NIPPON REIT pays warranty fee, so all tenants do is making a contract of guarantee

### No restoration cost

NIPPON REIT pays restoration costs , so all tenant can reduce moving costs drastically at move-in and out

### NRT's benefit

#### •Profitability enhancement

We aim to enhance profitability by concluding leasing contract at higher rent (than market rent) instead of discount of tenants' initial costs.

#### •Extension of leasing targets

It enables tenants to move into a new office easily, and we can aim at a wide tenant demand as a leasing target. And more , we can find a new leasing market provided by JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd. as well

# Sustainability Initiatives

## 《GRESB Real Estate Assessment》



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.

## 《Green Building Certification》

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

**Tower Court  
Kitashinagawa**



Properties with exceptionally high environmental & social awareness

**FORECAST  
Ichigaya**



Assessment System  
Class S (excellent)

**Nihonbashi  
Playa Building**

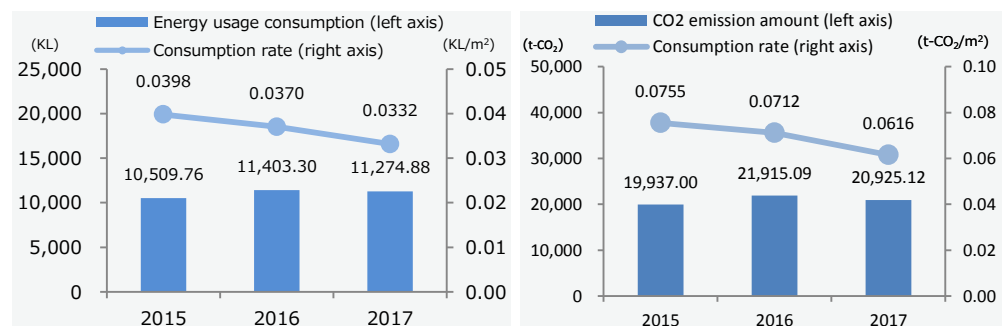


One star

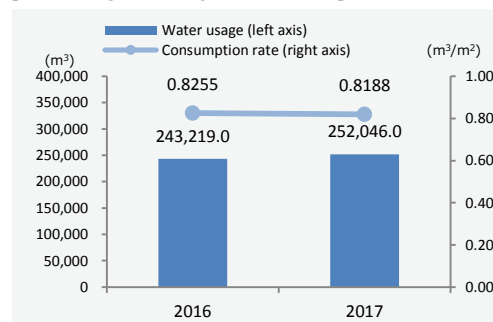
## 《Environment-related data》

We periodically measure greenhouse gas emissions date and strive to reduce its environmental burden.

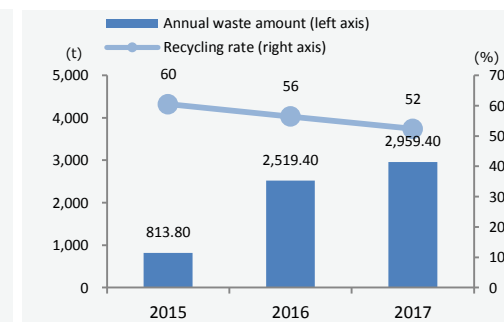
**[Changes in Energy Usage Amount and Consumption Rate] [Changes in CO2 Emission and Consumption Rate]**



**[Water Usage Consumption Over Time]**



**[Waste and Recycling Rate Over Time]**



## 《Work place with diversity》

	No. of full-time officers and employees <sup>(1)</sup>				No. of employees on maternity / childcare leave <sup>(2)</sup>	No. of employees who opted for shorter work hours <sup>(2)</sup>
	Male	Female	(Ratio of female)	Total		
Mar.2015	20	7	25.9%	27		
Mar.2016	24	11	31.4%	35	1	
Mar.2017	20	12	37.5%	32	1	
Mar.2018	22	12	35.3%	34		1

note

1.Figures at the end of each fiscal year.

2.The numbers of employees leaving due to maternity or childcare as of the end of each fiscal year are shown above.

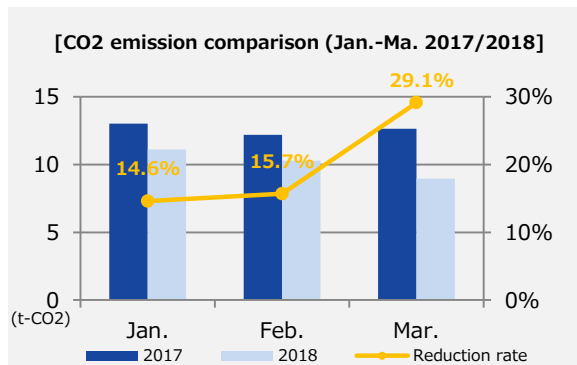


# Sustainability Initiatives

## 《Equipment replacement using government subsidy》

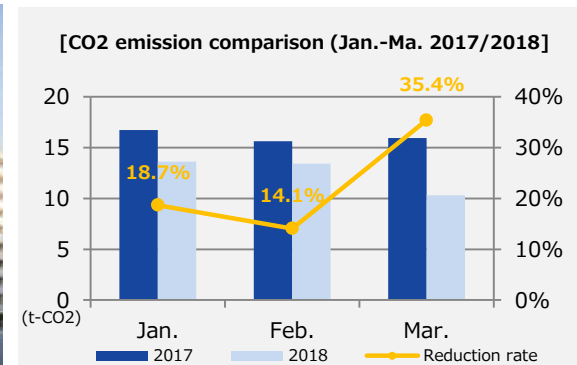
Ministry of the Environment runs the project to grant subsidy for equipment replacement that realize reduction of CO2 emission. NIPPON REIT applied for and won the subsidy.

### [La Verite AKASAKA]



- We won and received subsidy of ¥16.28 mn as “Subsidies for countermeasures to control carbon dioxide emissions project etc.” regarding the equipment replacement after inspection for completion in Sep. 2017.
- Reduction of CO2 emissions by 29.1% compared with same month of previous year was recorded in Mar. 2018 as result of renewal of power receiving equipment and air conditioning system and installation of LED light

### [Itohpia Iwamotocho 1-chome Building]



- We won and received subsidy of ¥23.1 mn as “Subsidies for countermeasures to control carbon dioxide emissions project etc.” regarding the equipment replacement after inspection for completion in Oct. 2017.
- Reduction of CO2 emissions by 35.4% compared with same month of previous year was recorded in Mar. 2018 as result of renewal of transformer and air conditioning system and installation of LED light

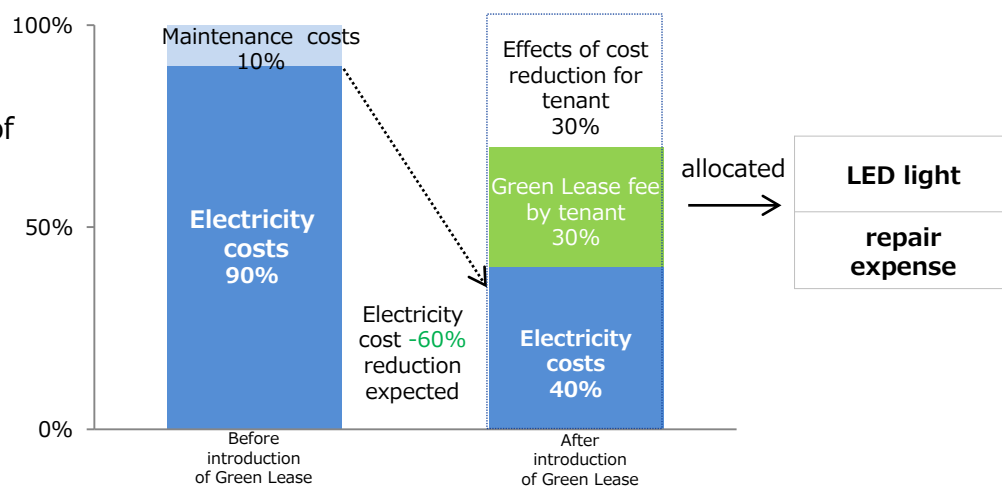
## 《 Green Lease Initiatives 》

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]

- La Verite AKASAKA
- Itohpia Iwamotocho 1-chome Building
- FORECAST Gotanda WEST
- Pigeon Building
- FORECAST Takadanobaba
- Mitsui Woody Building

### Green Lease structure case





# Sustainability Initiatives

## 《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 <sup>(1)</sup> ×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)

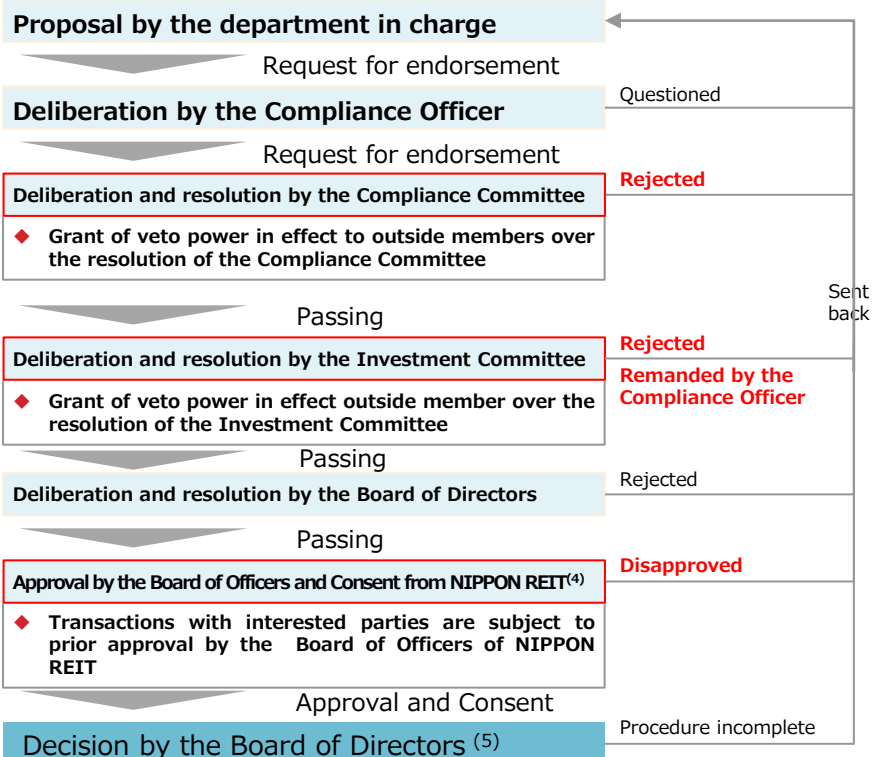
#### Same-boat investment by the sponsor

Sojitz, the main sponsor	Owns 15,500 investment units of NIPPON REIT
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### 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 <sup>(3)</sup> 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

No	Property Name	Acquisition Price (¥ mn)	Book Value End 12 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 12 <sup>th</sup> Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor <sup>(1)</sup> (Compared to 11 <sup>th</sup> Period)		
					End 11 <sup>th</sup> Period (¥ mn)	End 12 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
Office														
A-1	FORECAST Nishisinjuku	2,260	2,162	757	2,900	2,920	20	4.1%	3.7%	4.3%	5.5%	○		
A-2	Nihombashi Playa Building	2,130	2,039	360	2,380	2,400	20	4.4%	4.2%	4.6%	5.1%	○		
A-3	FORECAST Yotsuya	1,430	1,384	425	1,810	1,810	0	4.1%	3.9%	4.3%	5.4%			
A-4	FORECAST Shinjuku AVENUE	6,500	6,289	1600	7,660	7,890	230	3.7%	3.5%	3.9%	4.6%	○		
A-5	FORECAST Ichigaya	4,800	4,598	1091	5,690	5,690	0	3.8%	3.6%	4.0%	4.7%			
A-6	FORECAST Mita	1,800	1,750	519	2,190	2,270	80	3.9%	3.7%	4.1%	5.1%	○		
A-7	FORECAST Shinjuku SOUTH	13,990	14,859	2140	16,300	17,000	700	3.6%	3.3%	3.8%	4.5%	○		
A-8	FORECAST Sakurabashi	5,760	6,043	366	6,250	6,410	160	4.2%	4.0%	4.4%	5.0%	○		
A-9	GreenOak Kayabacho	2,860	3,005	224	3,200	3,230	30	4.1%	3.9%	4.3%	5.0%	○		
A-10	GreenOak Kudan	2,780	2,909	300	3,180	3,210	30	3.9%	3.7%	4.1%	4.8%	○		
A-11	GreenOak Takanawadai	2,260	2,219	340	2,510	2,560	50	4.2%	4.0%	4.4%	4.9%	○		
A-13	Higashi Ikebukuro Center Building	2,520	2,705	204	2,860	2,910	50	4.7%	4.5%	4.9%	5.9%	○		
A-14	Central Daikanyama	3,510	3,645	44	3,590	3,690	100	3.7%	3.5%	3.9%	4.0%	○		
A-16	Hiroo Reeplex B's	2,827	2,857	332	3,110	3,190	80	4.1%	3.9%	4.3%	4.8%	○		
A-17	Shibakoen Sanchome Building	7,396	7,424	2225	9,640	9,650	10	3.7%	3.5%	3.9%	5.0%		○	
A-18	FORECAST Iidabashi	5,230	5,404	85	5,490	5,490	0	3.9%	3.6%	4.0%	4.2%			
A-19	Kudankita 325 Building	1,850	1,945	74	1,960	2,020	60	3.9%	3.7%	4.1%	4.5%	○		
A-20	FORECAST Uchikanda	1,240	1,292	(2)	1,270	1,290	20	4.1%	3.9%	4.3%	4.7%	○		
A-21	Itohpia Iwamotocho 2-chome Building	2,810	2,837	212	3,000	3,050	50	4.2%	4.0%	4.4%	4.9%	○		
A-22	Itohpia Iwamotocho 1-chome Building	2,640	2,710	49	2,700	2,760	60	4.2%	4.0%	4.4%	4.7%	○		
A-23	Itohpia Iwamotocho ANNEX Building	2,100	2,199	200	2,350	2,400	50	4.2%	4.0%	4.4%	5.1%	○		
A-24	Pigeon Building	2,837	2,909	10	2,920	2,920	0	4.3%	4.1%	4.5%	4.8%			
A-25	FORECAST Ningyocho	2,070	2,144	(74)	2,070	2,070	0	4.3%	4.1%	4.5%	4.6%			

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.

Portfolio Appraisal Value



No	Property Name	Acquisition Price (¥ mn)	Book Value End 12 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 12 <sup>th</sup> Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor <sup>(1)</sup> (Compared to 11 <sup>th</sup> Period)		
					End 11 <sup>th</sup> Period (¥ mn)	End 12 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
A-26	FORECAST Ningyocho PLACE	1,650	1,658	141	1,760	1,800	40	4.3%	4.1%	4.5%	4.9%	○		
A-27	FORECAST Shin-Tokiwabashi	2,030	2,123	(53)	2,070	2,070	0	4.3%	4.0%	4.4%	4.5%			
A-28	Nishi-shinjuku Sanko Building	2,207	2,244	75	2,270	2,320	50	4.3%	4.1%	4.5%	4.9%	○		
A-29	Iidabashi Reeplex B's	1,249	1,303	116	1,390	1,420	30	3.8%	3.6%	4.0%	4.6%	○		
A-30	FORECAST Shinagawa	2,300	2,391	(81)	2,310	2,310	0	4.3%	4.0%	4.4%	4.5%			
A-31	Nishi-Gotanda 8-chome Building	2,210	2,295	104	2,360	2,400	40	4.2%	4.0%	4.4%	4.8%	○		
A-32	Towa Higashi-Gotanda Building	2,033	2,083	96	2,140	2,180	40	4.2%	4.0%	4.4%	5.1%	○		
A-33	FORECAST Takadanobaba	5,550	5,864	(284)	5,580	5,580	0	4.5%	4.3%	4.7%	4.7%			
A-34	Mejiro NT Building	3,094	3,110	259	3,300	3,370	70	4.6%	4.4%	4.8%	5.3%	○		
A-35	Toshin Higashi-Ikebukuro Building	979	992	57	1,050	1,050	0	4.8%	4.6%	5.0%	5.6%			
A-36	Mitsui Woody Building	2,475	2,618	61	2,680	2,680	0	4.8%	4.5%	4.9%	5.7%			
A-37	Itabashi Honcho Building	3,146	3,128	261	3,320	3,390	70	4.8%	4.5%	5.0%	5.7%	○		
A-38	ANTEX24 Building	1,691	1,783	(53)	1,730	1,730	0	4.6%	4.3%	4.7%	5.0%			
A-39	Itohpia Kiyosubashidori Building	1,550	1,645	204	1,770	1,850	80	4.7%	4.4%	4.9%	5.9%	○		
A-40	East Side Building	1,372	1,388	111	1,470	1,500	30	4.7%	4.5%	4.9%	5.5%	○		
A-41	I・S Minamimorimachi Building	2,258	2,266	253	2,460	2,520	60	4.6%	4.4%	4.8%	5.5%	○		
A-42	Sunworld Building	1,200	1,295	(35)	1,230	1,260	30	4.9%	4.7%	5.1%	5.4%	○		
A-43	Marunouchi Sanchome Building	1,626	1,688	251	1,870	1,940	70	4.8%	4.6%	5.0%	6.2%	○		
A-44	MK Kojimachi Building	1,781	1,811	148	1,960	1,960	0	3.7%	3.5%	3.9%	4.3%			
A-45	Toranomon Sakura Building	4,120	4,295	114	4,280	4,410	130	3.6%	3.3%	3.7%	3.9%	○		
A-46	La Verite AKASAKA	2,000	2,151	38	2,130	2,190	60	3.8%	3.6%	4.0%	4.4%	○		
A-47	Kanda Ocean Building	1,440	1,469	170	1,560	1,640	80	4.0%	3.8%	4.2%	4.8%	○		
A-48	Shinto GINZA EAST	1,352	1,360	69	1,400	1,430	30	4.0%	3.7%	4.1%	4.4%	○		
A-49	FORECAST Kayabacho	3,000	3,129	(159)	2,970	2,970	0	4.4%	4.1%	4.5%	4.5%			
A-50	FORECAST Waseda FIRST	4,775	4,830	69	4,900	4,900	0	4.1%	3.9%	4.3%	4.4%			

Note

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Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 12 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 12 <sup>th</sup> Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalizati on	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor <sup>(1)</sup> (Compared to 11 <sup>th</sup> Period)		
					End 11 <sup>th</sup> Period (¥ mn)	End 12 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 12 <sup>th</sup> Period						
A-51	FORECAST Gotanda WEST	6,520	6,951	( 1)	6,890	6,950	60	4.0%	3.8%	4.2%	4.5%		○	
A-52	Omiya Center Building	15,585	15,553	2746	17,700	18,300	600	4.4%	4.2%	4.6%	5.3%	○		
A-53	Sumitomo Mitsui Bank Koraibashi Building	2,850	2,888	61	2,950	2,950	0	4.6%	4.3%	4.7%	5.0%			
A-54	NORE Fushimi	2,840	2,767	392	3,090	3,160	70	4.5%	4.3%	4.7%	5.1%	○		
A-55	NORE Meieki	2,520	2,467	422	2,860	2,890	30	4.6%	4.4%	4.8%	5.4%	○		
A-56	Homat Horizon Building	6,705	6,552	277	6,800	6,830	30	3.8%	3.6%	4.0%	4.1%	○		
A-57	Sannomiya First Building	1,390	1,415	134	1,500	1,550	50	5.2%	5.0%	5.4%	6.4%	○		
	Subtotal office properties	179,107	182,868	17,461	196,780	200,330	3,550	-	-	-	4.9%			
Residence														
B-01	Tower Court Kitashinagawa	11,880	10,957	2742	13,600	13,700	100	4.3%	4.1%	4.5%	5.2%		○	
B-02	Sky Hills N11	1,570	1,536	203	1,730	1,740	10	5.4%	5.2%	5.6%	6.6%	○		
B-03	my atria Meieki	1,280	1,244	255	1,490	1,500	10	4.7%	4.5%	4.9%	5.7%	○		
B-04	my atria Sakae	1,110	1,064	165	1,210	1,230	20	4.9%	4.7%	5.1%	5.7%	○		
B-05	Mac Village Heian	785	758	121	866	880	14	5.0%	4.8%	5.2%	5.9%	○		
B-06	Seam Dwell Tsutsui	695	694	76	769	771	2	4.9%	4.7%	5.1%	5.8%	○		
B-07	Ciel Yakuin	640	636	88	707	725	18	4.6%	4.4%	4.8%	5.5%	○		
B-08	Kanda Reeplex R's	1,813	1,763	186	1,930	1,950	20	4.2%	3.9%	4.4%	4.7%	○		
B-09	Splendid Namba	3,502	3,426	273	3,640	3,700	60	4.7%	4.5%	4.9%	5.1%	○		
	Subtotal residential properties	23,275	22,082	4113	25,942	26,196	254	-	-	-	5.3%			
Retail														
C-01	Otakibashi Pacifica Building	3,350	3,433	76	3,470	3,510	40	3.9%	3.7%	4.1%	4.2%	○		
C-02	Komyoike Act	2,063	2,090	99	2,190	2,190	0	5.2%	5.0%	5.4%	6.4%			
	Subtotal retail properties	5,413	5,524	175	5,660	5,700	40	-	-	-	5.0%			
	Total	207,795	210,475	21,750	228,382	232,226	3,844	-	-	-	4.9%			

Note

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# Balance Sheets

(Yen in thousands)	The 11th Fiscal Period (as of December 31, 2017)	The 12th Fiscal Period (as of June 30, 2018)
<b>Assets</b>		
Current Assets		
Cash and deposits	13,081,408	12,032,033
Cash and deposits in trust	4,976,650	6,105,500
Tenant receivables	87,232	87,585
Prepaid expenses	370,628	374,967
Income taxes refundable	7,553	9,865
Other current assets	70,500	14,661
Allowance for doubtful accounts	(0)	(0)
Total Current Assets	18,593,973	18,624,613
Non-Current Assets		
Property, plant and equipment		
Buildings in trust	50,201,105	50,843,163
Accumulated depreciation	(5,363,472)	(6,114,724)
Buildings in trust, net	44,837,632	44,728,438
Structures in trust	164,967	171,631
Accumulated depreciation	(34,263)	(37,690)
Structures in trust, net	130,704	133,941
Machinery and equipment in trust	219,713	345,584
Accumulated depreciation	(17,878)	(31,722)
Machinery and equipment in trust, net	201,835	313,861
Tools, furniture and fixtures in trust	72,890	92,852
Accumulated depreciation	(15,146)	(21,364)
Tools, furniture and fixtures in trust, net	57,743	71,487
Land in trust	149,411,625	149,411,625
Construction in progress in trust	8,417	72,898
Total property, plant and equipment	194,647,958	194,732,254
Intangible assets	—	—
Leasehold rights in trust	15,806,402	15,806,402
Other	—	9,841
Total intangible assets	15,806,402	15,816,243
Investments and other assets		
Investment securities	561,951	667,069
Lease and guarantee deposits	10,110	10,110
Long-term prepaid expenses	760,904	781,528
Other	35,801	37,046
Total investments and other assets	1,368,767	1,495,754
Total Non-Current Assets	211,823,128	212,044,252
Deferred asset		
Investment corporation bond issuance costs	—	20,320
Total deferred asset	—	20,320
Total Assets	230,417,101	230,689,186

(Yen in thousands)	The 11th Fiscal Period (as of December 31, 2017)	The 12th Fiscal Period (as of June 30, 2018)
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	1,371,522	1,251,212
Short term debt	2,600,000	2,600,000
Long-term debt due within one year	20,300,000	21,770,000
Accrued expenses	222,805	217,659
Accrued consumption taxes	138,589	40,897
Deferred tax liabilities	3,333	891
Advances received	1,146,470	1,227,838
Other current liabilities	628,326	1,246,730
Total Current Liabilities	26,411,047	28,355,230
Long-Term Liabilities		
Investment corporation bonds	—	2,000,000
Long-term debt	83,270,000	79,800,000
Tenant security deposits in trust	7,811,739	7,894,084
Total Long-Term Liabilities	91,081,739	89,694,084
Total Liabilities	117,492,787	118,049,315
<b>Net Assets</b>		
Unitholders' Equity		
Unitholders' capital	109,285,298	109,285,298
Surplus		
Unappropriated retained earnings (undisposed loss)	3,631,760	3,352,625
Total Surplus	3,631,760	3,352,625
Total Unitholders' Equity	112,917,058	112,637,924
Valuation and translation adjustments		
Deferred gains or losses on hedges	7,254	1,946
Total Valuation and Translation Adjustments	7,254	1,946
Total Net Assets	112,924,313	112,639,871
Total Liabilities and Net Assets	230,417,101	230,689,186

# Income Statements

(Yen in thousands)	The 11th Fiscal Period (as of December 31, 2017)	The 12th Fiscal Period (as of June 30, 2018)
Operating Revenues		
Rental revenues	6,437,641	6,551,743
Other revenues related to property leasing	705,324	625,895
Gain on exchange of real estate properties	376,123	-
Dividend income	34,393	47,868
Total Operating Revenues	7,553,483	7,225,507
Operating Expenses		
Property-related expenses	2,679,827	2,664,876
Asset management fees	530,433	536,111
Asset custody fees	13,056	13,014
Administrative service fees	50,012	46,767
Directors' compensation	3,300	2,400
Independent auditors' fees	13,000	15,000
Other operating expenses	148,441	111,812
Total Operating Expenses	3,438,071	3,389,981
Operating Income	4,115,411	3,835,526
Non-Operating Revenues		
Interest income	80	84
Reversal of distributions payable	1,652	1,226
Interest on refund	22	8
Total Non-Operating Revenues	1,755	1,318
Non-Operating Expenses		
Interest expense	279,994	278,644
Interest expense on investment corporation bonds	-	2,269
Amortization of investment corporation bond issuance costs	-	614
Borrowing related expenses	228,623	225,843
Other	-	5
Total Non-Operating Expenses	508,617	507,377
Ordinary Income	3,608,549	3,329,467
Extraordinary Income		
Subsidy income	-	104,414
Total Extraordinary Income	-	104,414
Extraordinary Losses		
Loss on reduction of non-current assets	-	103,833
Total Extraordinary Losses	-	103,833
Income Before Income Taxes	3,608,549	3,330,048
Income taxes - current	687	681
Income taxes - deferred	(2)	0
Total Income Taxes	685	681
Net Income	3,607,863	3,329,367
Retained Earnings at Beginning of Period	23,896	23,258
Retained Earnings at End of Period	3,631,760	3,352,625



# Historical Operating Results

		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)	The 12th Fiscal Period (as of June 30, 2018)
Operating revenues	(¥mn)	6,607	6,836	6,947	7,553	7,225
Of which, rental revenues and other revenues related to property leasing	(¥mn)	(6,600)	(6,804)	(6,906)	(7,142)	(7,177)
Operating expenses	(¥mn)	3,319	3,309	3,250	3,438	3,389
Of which, property-related expenses	(¥mn)	(2,631)	(2,606)	(2,530)	(2,679)	(2,664)
Operating income	(¥mn)	3,287	3,527	3,696	4,115	3,835
Ordinary income	(¥mn)	2,944	3,055	3,218	3,608	3,329
Net income	(¥mn)	2,944	3,054	3,218	3,607	3,329
Total assets (a)	(¥mn)	225,842	226,398	226,434	230,417	230,689
Net assets (b)	(¥mn)	112,263	112,389	112,540	112,924	112,639
Interest-bearing debt (c)	(¥mn)	103,570	103,570	103,570	106,170	106,170
Interest-bearing debt to total assets ratio (c)/(a)	(%)	45.9	45.7	45.7	46.1	46.0
Ordinary income to total assets ratio <sup>(3)</sup>	(%)	1.3	1.4	1.4	1.6	1.4
Return on equity <sup>(3)</sup>	(%)	2.6	2.7	2.9	3.2	3.0
Equity ratio (b)/(a)	(%)	49.7	49.6	49.7	49.0	48.8
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)	(¥)	286,562	286,883	287,268	288,248	287,522
Total distributions (e)	(¥mn)	2,945	3,055	3,219	3,608	3,329
Distributions per unit (e)/(d)	(¥)	7,519	7,800	8,217	9,211	8,500
FFO <sup>(3)</sup> (funds from operations)	(¥mn)	3,688	3,810	3,953	3,984	4,109
AFFO <sup>(3)</sup> (Adjusted Fund From Operations)	(¥mn)	3,361	3,344	3,556	2,897	3,216
FFO per unit <sup>(3)</sup>	(¥)	9,414	9,726	10,091	10,170	10,489
NAV per Unit <sup>(3)</sup>	(¥)	302,095	310,132	321,274	324,820	334,542
Depreciation during the period	(¥mn)	743	753	734	751	776
Capital expenditures during the period	(¥mn)	326	466	396	1,086	893
Number of investment properties		65	65	65	66	66
Total leasable area	(m <sup>2</sup> )	255,396.84	255,393.62	255,398.17	255,783.88	255,531.31
Number of tenants <sup>(4)</sup>		946	966	978	1,242	1,239
Rental NOI <sup>(3)</sup>	(¥mn)	4,713	4,952	5,111	5,215	5,292
Number of operating days	(days)	182	184	181	184	181

## 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.



Utilize the Proprietary Networks of the Asset Management Company :



- ◆ Build the Asset Management Company’s proprietary networks for property acquisitions by assigning human resources who have experiences at respective sponsor companies in property acquisitions mainly through negotiated transactions with third parties
- ◆ Maintain and enhance competitiveness in accordance with the characteristics of the portfolio and individual properties, based on the proprietary networks and knowledge fostered through operations at respective sponsor companies.
  - ◆ Build an appropriate administration and operation system by selecting the most suitable property management companies



Utilize the Support of Respective Sponsor Companies :



- ◆ **Utilize the networks of respective sponsor companies**
    - Preferentially obtain property information and be granted a exclusive negotiation right to purchase properties (from respective sponsor companies)
    - Provision of information on sales of qualified real estate <sup>(1)</sup> owned by business partners (from Sojitz)
  - ◆ **Utilize bridge funds that are formed with the involvement of respective sponsor companies**
    - Avoid missing acquisition opportunities and maximize growth opportunities by taking advantage of the bridge funds that are formed with the involvement of the respective sponsor companies for the purpose of future acquisition
- ◆ **PM and BM operations utilizing a subsidiary of Sojitz**
    - Consign PM and BM services for assets under management primary to Sojitz General Property Management Corporation, assuming that appropriate selection processes are taken
    - Upon implementing systematic maintenance and repair work, provide full support ranging from building diagnostics to repair planning , constructor selection and work supervision, utilizing knowledge fostered through consulting services for large-scale repairs at for-sale condominiums consigned to manage
    - Make various proposals and provide improvement measures in line with the tenant needs by taking advantage of knowledge fostered through large-scale relocation and integration projects at office buildings

- Other

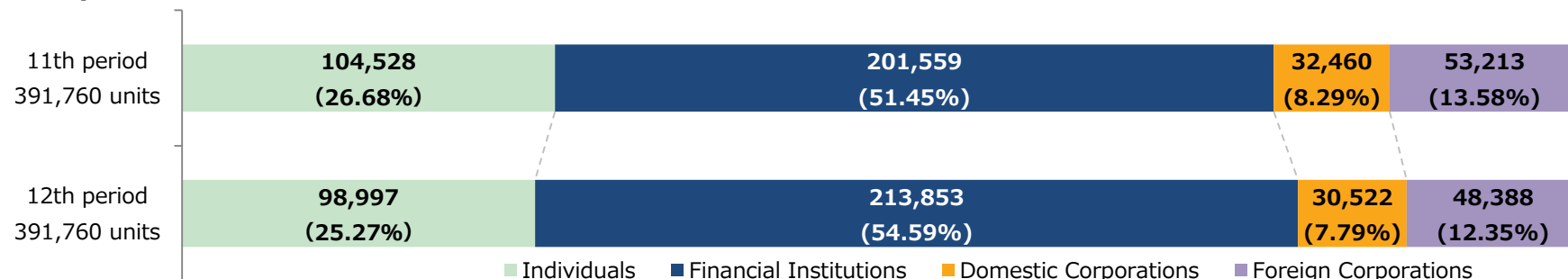
  - ◆ **Provision of human resources**
    - Cooperation in securing human resources (by respective sponsor companies)
    - Provision of training to the officers and employees (by Sojitz and AAA)
  - ◆ **Trademarks**
    - Gratis licensing of the “FORECAST” trademark (by Sojitz)
  - ◆ **Survey of real estate and market trends**
    - Survey and provision of information regarding qualified real estate and trends in the real estate transaction or rental market, etc. (by Cushman)

Note

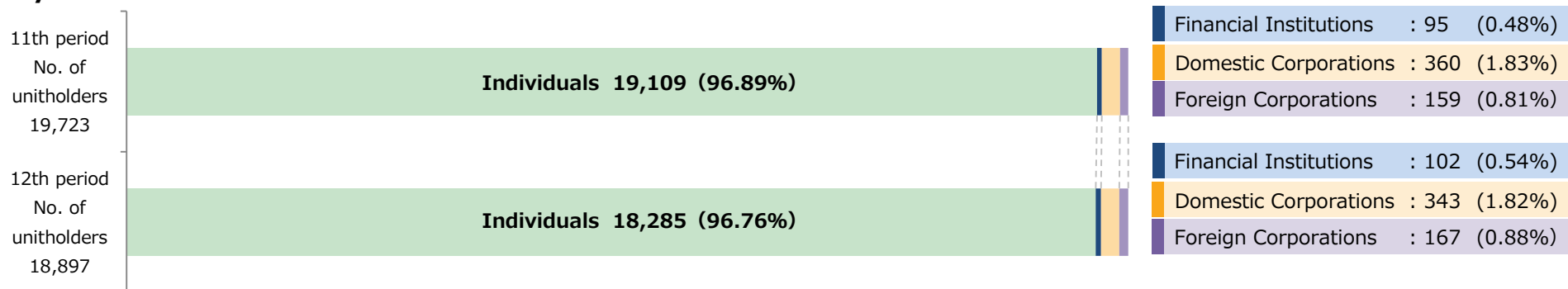
1. “Qualified real estate” refers to real estate, trust beneficiary interest in real estate, real estate-backed securities or equity interest in silent partnership backed by real estate (including real estate under development), which are consistent with the investment policy established by NIPPON REIT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

# Unitholder Compositions

## ■ By Number of Unit



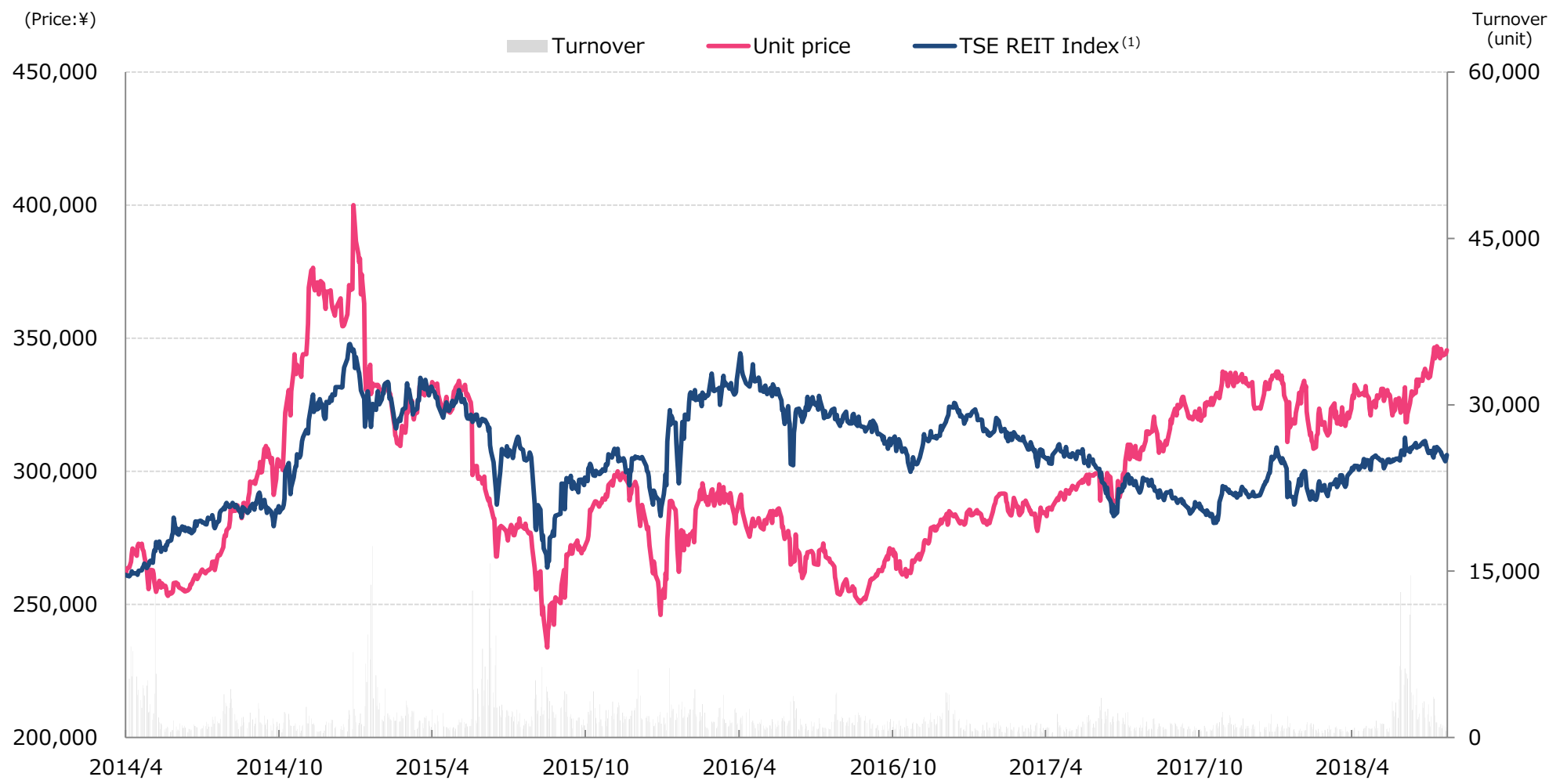
## ■ By Number of Unitholder



## ■ Top 10 Major Unitholders (12th Period)

	Name	Number of unit	Share		Name	Number of unit	Share
1	Japan Trustee Services Bank, Ltd. (Trust Account)	84,139	21.48%	6	STATE STREET BANK WEST CLIENT - TREATY505234	5,076	1.30%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	72,138	18.41%	7	THE BANK OF NEW YORK MELLON (INTERNATIONAL) LIMITED 131800	3,486	0.89%
3	Sojitz Corporation	15,500	3.96%	8	Shikoku Railway Company	3,342	0.85%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	10,137	2.59%	9	JOYO BANK, Ltd.	2,882	0.74%
5	Trust & Custody Service Bank, Ltd. (Securities Investment Trust Account)	9,912	2.53%	10	Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,723	0.70%
				Total		209,335	53.43%

# Historical Unit Price (From IPO to August 15. 2018)



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

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