

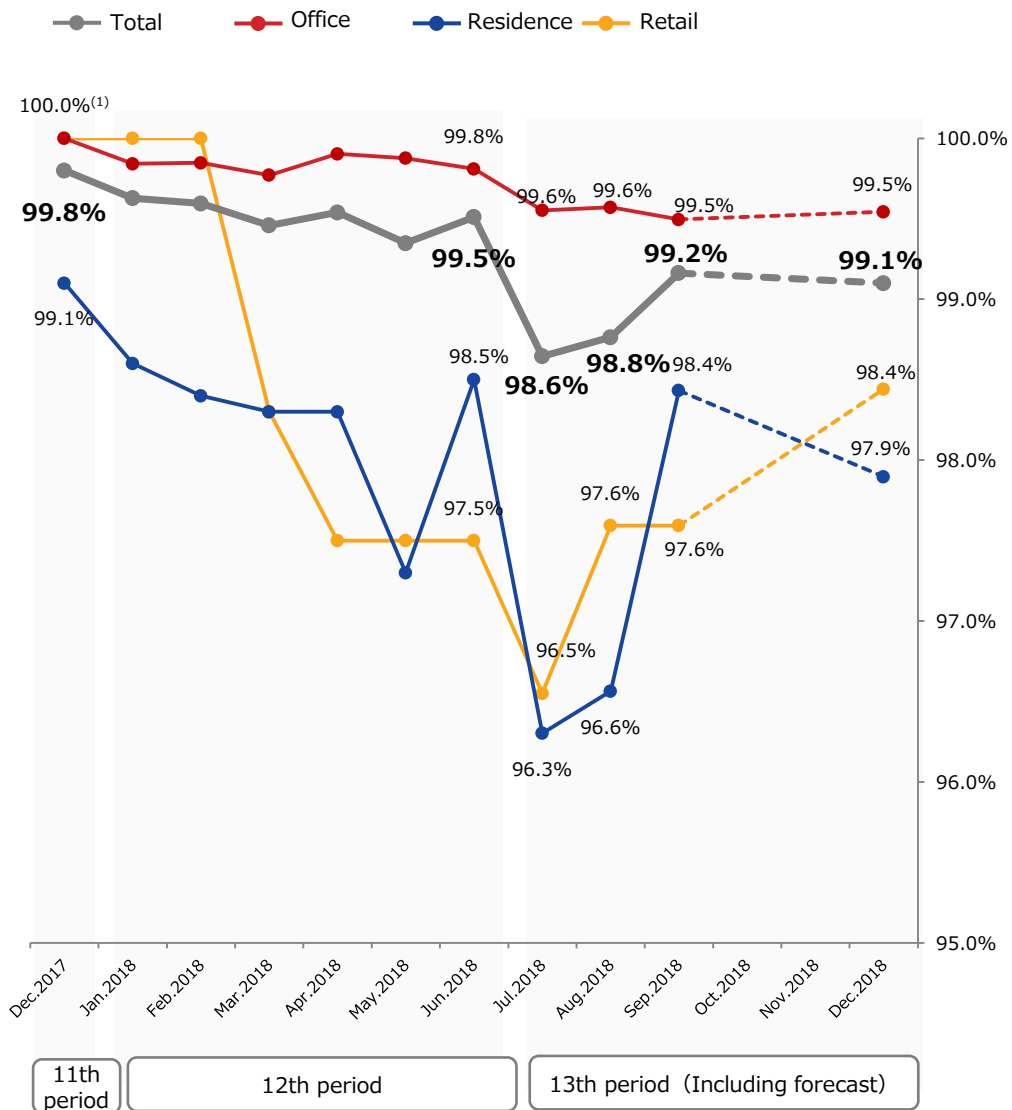


Nippon REIT Investment Corporation (TSE code : 3296)
Performance Report
(July-September 2018)

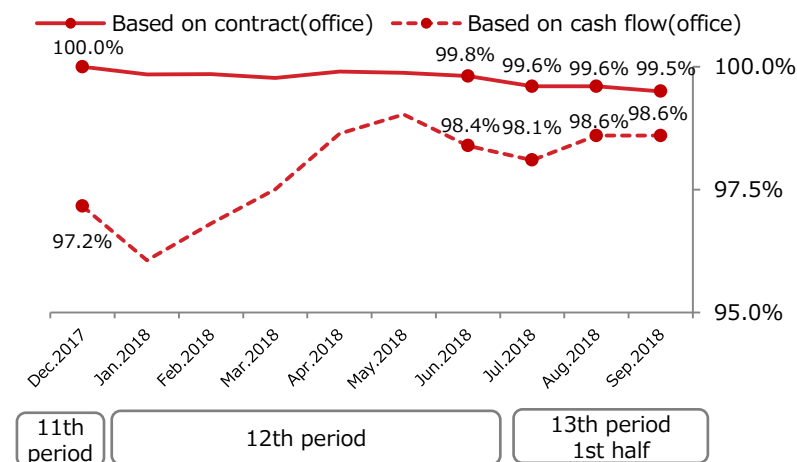
October 31, 2018

Occupancy Rate and Free Rent Period Trend

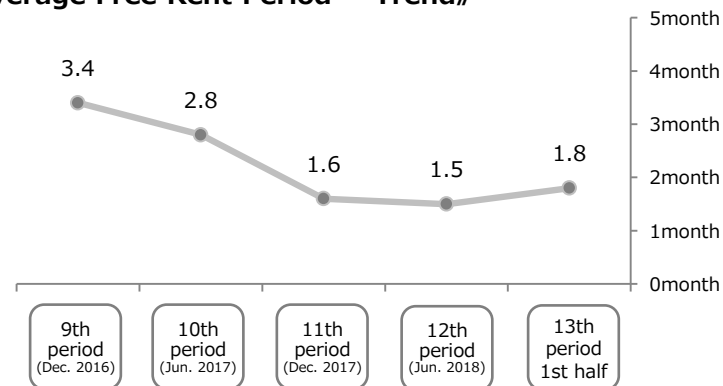
《Occupancy rate trend and forecast》



《Trend of occupancy rate based on cash flow (office)》



《Average Free Rent Period ⁽²⁾ Trend》



Note

1. Actual number is 99.96%, and rounded to one decimal place.

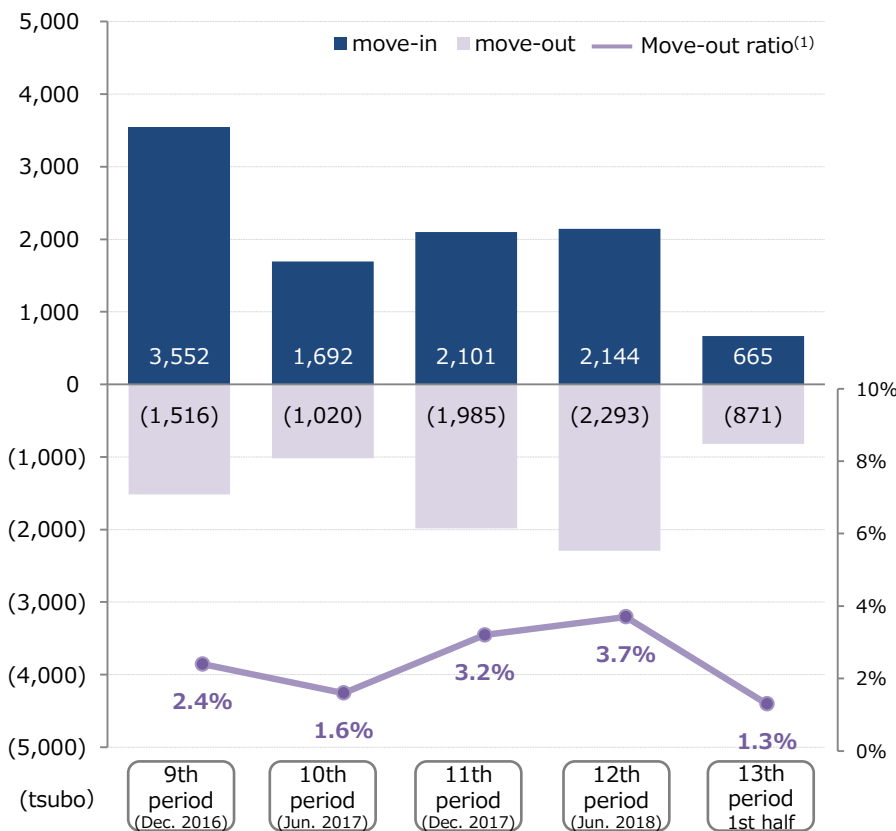
2. "Average free rent period" is calculated by following formula for each section, for new lease contracts conducted during respective period.

$$\text{Average free rent period} = \frac{\text{Reduction of rent and common benefit expense due to free rent etc}}{\text{(total amount of monthly rents and common benefit expenses in normal times)}}$$

Status of Tenant Move-in and Move-out

《Tenant move-in and move-out, Average move-out ratio》

※Total leasable areas as of the end of September 2018(office):66,615tsubo



Lower move-out ratio due to tight market & satisfactory tenant relationship/ Flexible & speedy tenant replacement due to property's strength

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

《Status of Termination Notices》

| Property name | Occupancy rate | Termination notices section | | | Assumed occupancy rate ⁽²⁾ |
|--|----------------|-----------------------------|-------------------------|------------------------------------|---------------------------------------|
| FORECAST Nishishinjuku | 98.6% | 1floor | (65tsubo) | Termination notice | 87.7% (Mar. 2019) |
| Nihombashi Playa Building | 100% | 4floors | (464tsubo) | Termination notice | 100% (Dec. 2018) |
| FORECAST Yotsuya | 100% | 1floor | (52tsubo) | Termination notice | 100% (Dec. 2018) |
| FORECAST Shinjuku AVENUE | 100% | 1floor | (45tsubo) | Termination notice | 96.6% (Feb. 2019) |
| FORECAST Shinjuku SOUTH | 100% | 1section | (12tsubo) | Termination notice | 100% (Dec. 2018) |
| Kudankita 325 Building | 100% | 1floor | (74tsubo) | Termination notice | 100% (Feb. 2019) |
| FORECAST Ningyocho | 100% | 1floor | (112tsubo) | Termination notice | 100% (Jan. 2019) |
| FORECAST Ningyocho PLACE | 100% | 2floors | (145tsubo) | Termination notice | 74.3% (Apr. 2019) |
| FORECAST Shin-Tokiwabashi | 100% | 1floor | (52tsubo) | Termination notice | 90.5% (Mar. 2019) |
| FORECAST Shinagawa | 100% | 2floors | (195tsubo) | Termination notice | 100% (Dec. 2018) |
| Nishi-Gotanda 8-chome Building | 100% | 2floors | (218tsubo) | Termination notice | 88.0% (Feb. 2019) |
| Toshin Higashi-Ikebukuro Building | 100% | 1floor | (76tsubo) | Termination notice | 100% (Feb. 2019) |
| MK Kojimachi Building | 90.8% | 1floor 2floors | (49tsubo) (98tsubo) | Left already Termination notice | 81.5% (Feb. 2019) |
| Kanda Ocean Building | 100% | 1section | (14tsubo) | Termination notice | 97.0% (Mar. 2019) |
| FORECAST Kayabacho | 98.7% | 1section | (15tsubo) | Left already | 98.7% (Sep. 2018) |
| FORECAST Gotanda WEST | 100% | 1floor | (173tsubo) | Termination notice | 100% (Dec. 2018) |
| Omiya Center Building | 100% | 1section | (73tsubo) | Termination notice | 98.3% (Mar. 2019) |
| Sumitomo Mitsui Bank Koraibashi Building | 91.3% | 2sections 1section | (135tsubo) (71tsubo) | Left already Termination notice | 95.9% (Oct. 2018) |
| Gotanda Sakura Building | 100% | 1floor | (49tsubo) | Termination notice | 100% (Dec. 2018) |
| Esprit Kameido | 80.3% | 2floors 1floor | (120tsubo) (60tsubo) | Left already Termination notice | 70.5% (Jan. 2019) |
| DIA Building Meieki | 100% | 1section | (20tsubo) | Termination notice | 100% (Dec. 2018) |
| Otakibashi Pacifica Building | 100% | 4floors | (171tsubo) | Termination notice | 89.3% (Dec. 2018) |
| Komyoike Act | 99.0% | 1section 1floor | (19tsubo) (57tsubo) | Left already Termination notice | 95.9% (Nov. 2018) |
| BECOME SAKAE | 95.0% | 1section | (70tsubo) | Left already | 100% (Oct. 2018) |

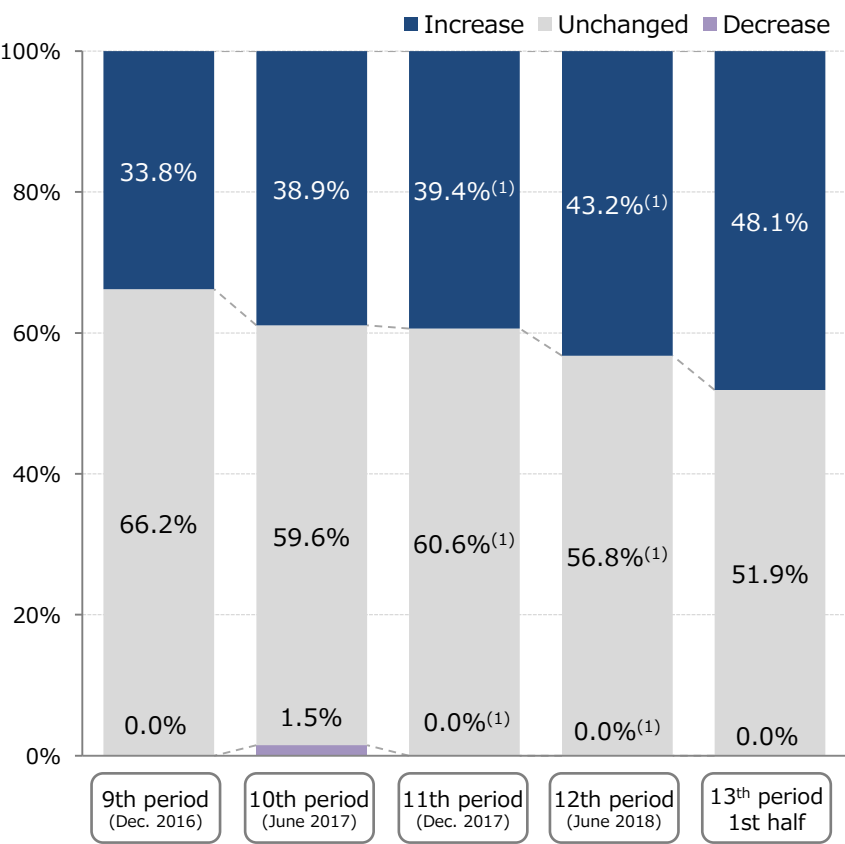
Properties of which occupancy rate is expected to be 100% because new lease contracts have been concluded or we have already received tenancy applications for subject area

Note

1. "Move-out ratio" is calculated as "total move-out areas during respective period / total leasable areas as of the end of the respective period". Furthermore, the areas of tenant that move-out on the end of respective month is counted as the move-out areas of next month from this material onward.
2. "Assumed occupancy rate" refers to the occupancy rate after the realization of all tenancy applications and termination notices at the end of Sep.2018.

Track Record of Rent Renewals

《 Track record of rent renewals (floor space) 》



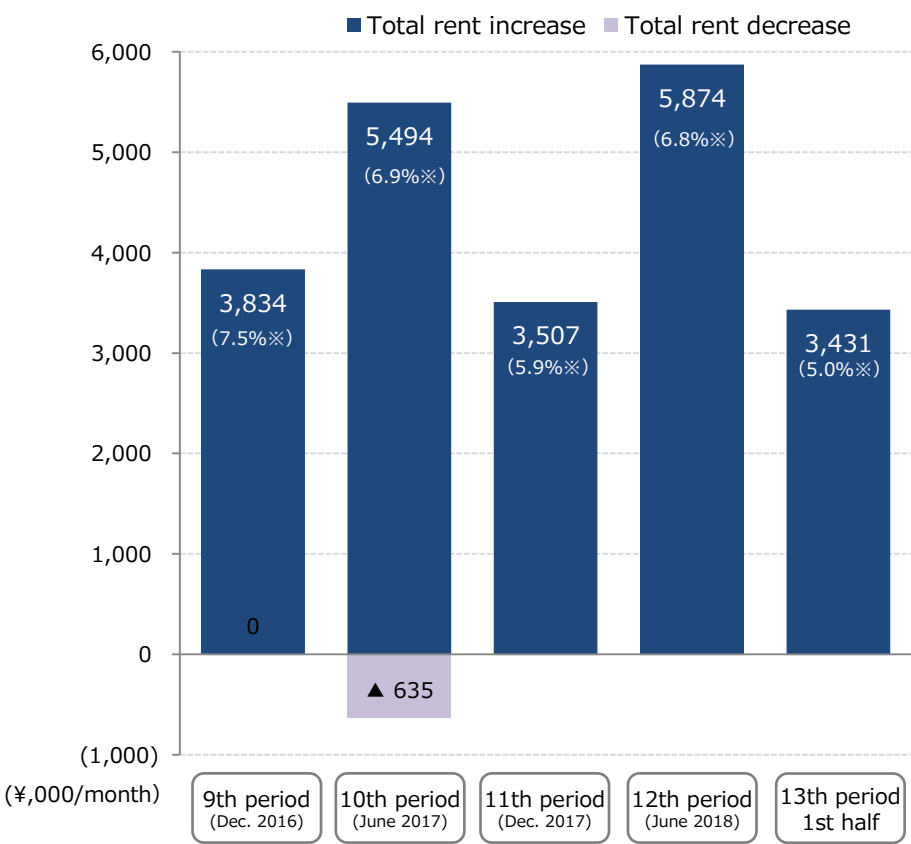
⊖ The proportion of rent increase has been steadily getting higher due to success of measure to improve tenant satisfaction

Achieved rent increase areas of 48.1% subject to renewal, attributed to 19 tenants (4,498 tsubo) out of 68 tenants (9,351 tsubo), from Jul. to Sep. 2018.

Note

1. The figures are stated excluding the 2 tenants (747.22 tsubo) and the 6 tenants (1,060.48 tsubo) who agreed to rent increase during the 1st half of 13th period after the contract revision as deferred in the 11th period and the 12th period.

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



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

⊖ Achieved rent increase of 3.43mn on a monthly basis during the 1st half of 13th period

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

| 9th | 10th | 11th | 12th | 13th 1st half |
|------------|------------|------------|------------|---------------|
| 3,834K yen | 4,858K yen | 3,507K yen | 5,874K yen | 3,431K yen |

Original leasing services (Select Office and ittoku)

《Select Office》





●What is “Select Office” ?

Original leasing service by which tenants can select office layout from several choices and NIPPON REIT shares works and costs for the office furnishings

●Tenants’ needs:

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

●Service features

| | | |
|-------------|---|--|
| •Selectable | Realization of tenants’ dream office by selectable materials (wall and floor) and layout |   |
| •Visible | Visible image of dream office (layout, design) and future vision by Virtual Realty(VR) |   |
| •Low Cost | NIPPON REIT shares works and costs for furnishings (wall and floor) with tenants to ease tenants’ cost burden and workload for relocation | |

●NIPPON REIT ’s benefit

| | |
|-------------------------------------|---|
| •Profitability enhancement | Enhancement of profitability by leasing contract of longer term and higher rent in return for works and costs sharing |
| •Promotion of leasing activity | Promotion of leasing activity through giving tenant-candidate virtual images easily by VR goggles, and led to further stabilization of occupancy rate |
| •Improvement of tenant satisfaction | Effective improvement of tenants’ satisfaction with selectable layout and materials of wall and floor |

●Leasing performance

《GreenOak Takanawadai》

The contract with approx. monthly 5,000 yen higher rent per tsubo(※) was realized by using a leasing service of “Select Office”

(※)Comparison with the market assumed rent of NIPPON REIT

《the actual office》



《ittoku》

●What is “ittoku” ?



Original leasing services by which tenant can reduce drastically relocation costs

●Tenants’ needs

- To avoid arranging a surety jointly and severally liable for rent payment
- To minimize initial cost of a security deposit at the move-in

●Service features

| | |
|---|--|
| •1month deposit | Tenants must place only 1 month deposit with a guarantee contract agreed with JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd. instead of placing a typical deposit of 10-month to 12-month rent |
| •No jointly and severally liable surety | This service is likely to be in line with Civil Code amendment about jointly and severally liable surety Tenants don’t need to arrange jointly and severally liable surety |
| •No warranty fee | NIPPON REIT pays warranty fee |
| •No restoration cost | NIPPON REIT pays restoration costs, so tenants can reduce moving costs drastically at move-in and out |

●NIPPON REIT ’s benefit

| | |
|---------------------------------|--|
| •Profitability enhancement | Enhancement of profitability by leasing contract of higher rent (than market rent) in return for tenants’ initial costs reduction |
| •Wider range of leasing targets | Wider leasing targets possible due to lower initial costs for moving into a new office New leasing tenant candidates provided by JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd. |

●Leasing performance

《FORECAST Yotsuya》

The contract with approx. monthly 6,000 yen higher rent per tsubo(※) was realized by using a leasing service of “ittoku”.

(※)Comparison with the market assumed rent of NIPPON REIT

Implementation Status and Major plans of Engineering Management

《Major implementation (from Jul. to Sep. 2018)》

《Residence Nihombashi Hakozaki》

Lease-up by renovation of the whole building

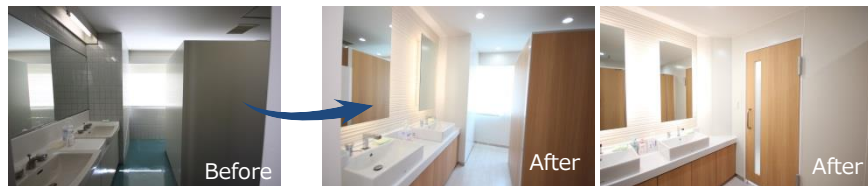
- Lease-up of all residences realized at earliest by strategic renovation of the whole building. 100% of occupancy rate achieved as of Sep. 2018.



《Pigeon Building》

Tenant's satisfaction improved by restroom renewal

- The tenant's satisfaction improved effectively while consulting with the tenant about an office design etc. and the tenant's needs reflected in the restrooms



《NORE Fushimi》

Revenue increase by setting antenna

- Set antenna for exclusive use by tenants
- ¥0.14mn p.a. revenue increase to be expected

《FORECAST Shinjuku SOUTH 》

CO2 reduction achieved by replacing air conditioners of whole building and LED lightings installed

- Replaced air conditioners of whole building and installed LED lightings through a year construction period
- Realized considerable energy saving to plan reduction of costs and improvement of tenants' satisfaction

《Major plans (from Oct. 2018) 》

《FORECAST Shinjuku SOUTH, FORECAST Ningyocho, FORECAST Waseda FIRST》

Revenue increase by creating new leasable area

- Set up new leasable areas by utilizing dead space etc.
- ¥2.35mn p.a. revenue increase to be expected

《14 properties》

Revenue increase by setting antenna

- Set up antenna for mobile phone etc. at rooftop
- ¥2.94mn p.a. revenue increase to be expected

《GreenOak Kudan》

Revenue increase by higher rent through tenant's satisfaction

- Higher rent agreed in return for reflecting the tenant needs
- ¥11.74mn p.a. revenue increase to be expected

《Pigeon Building》

Building management cost reduction

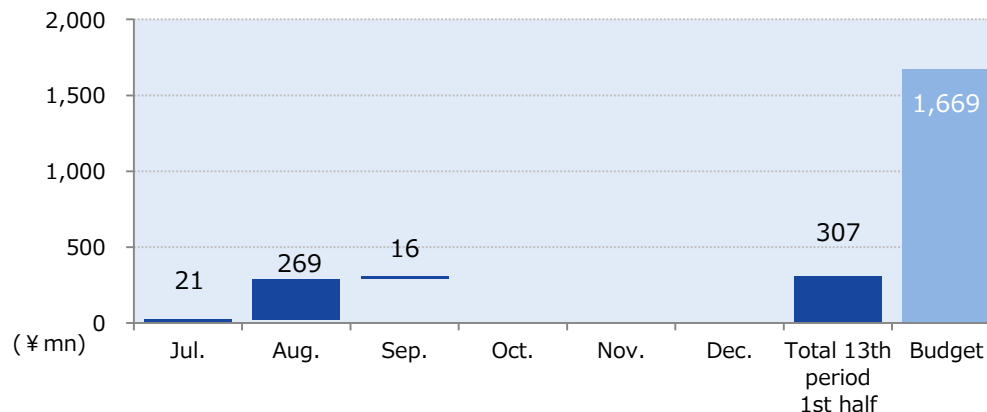
- Revision of building management service after installation of LED lightings and placement of photocatalyst-coated exterior wall
- ¥0.59mn p.a. cost reduction to be expected

《La Verite Akasaka》

Introduction of environment-friendly electricity plan

- Change the current electricity plan to the hydroelectric power plan that does not emit CO2

《13th period Status of Engineering Management Implementation》



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