

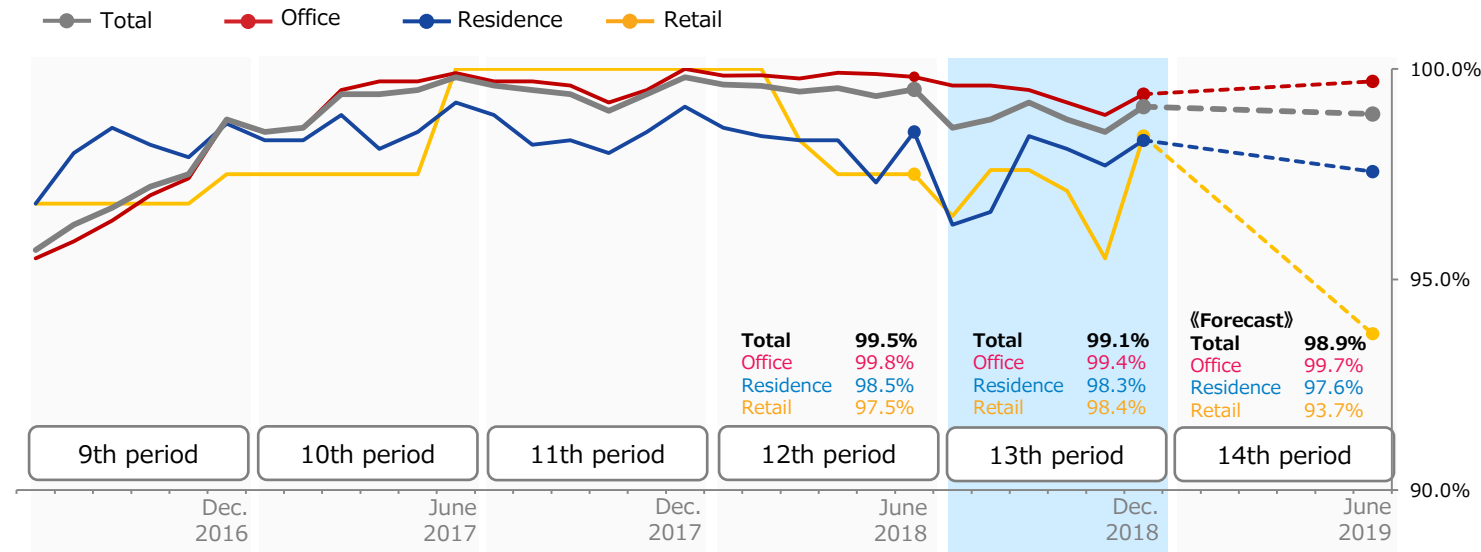


NIPPON REIT Investment Corporation (TSE code : 3296)
Performance Report
(October-December 2018)

February 18, 2019

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 13th period stood at 99.1%, maintaining a high occupancy rate
- Occupancy rate of office as of the end of the 13th period stood at 99.4%.

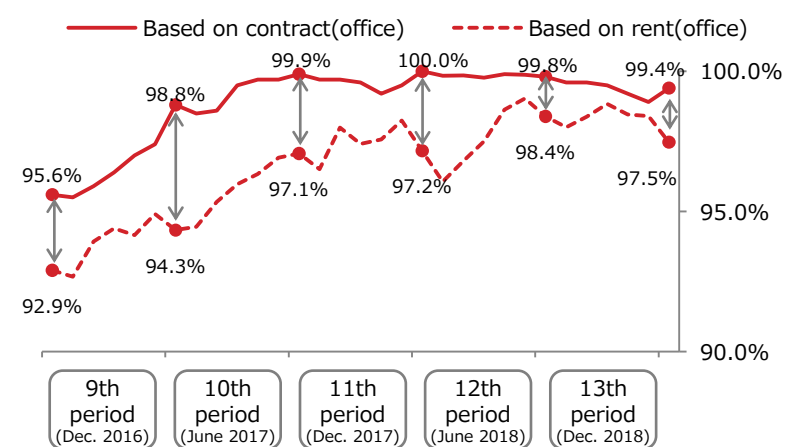
② Maintaining occupancy rate based on rent

- Maintaining a high occupancy rate based on rent with the background of free rent level

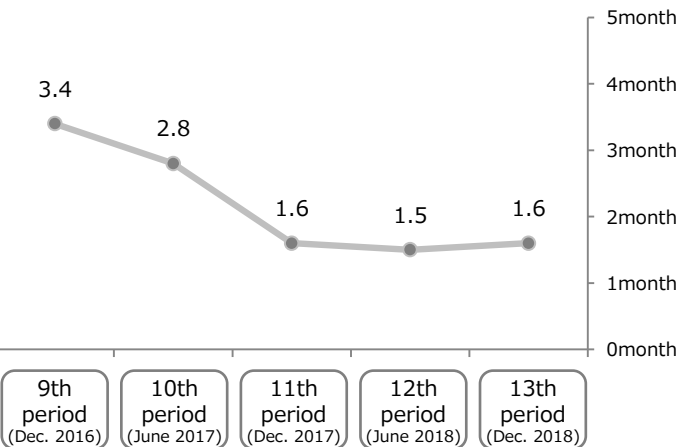
《Difference between occupancy rate based on contract and based on rent (office)》

	Based on contract	Based on rent	difference
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%
13th period	99.4%	97.5%	1.9%

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



《Average Free Rent Period (1) Trend》

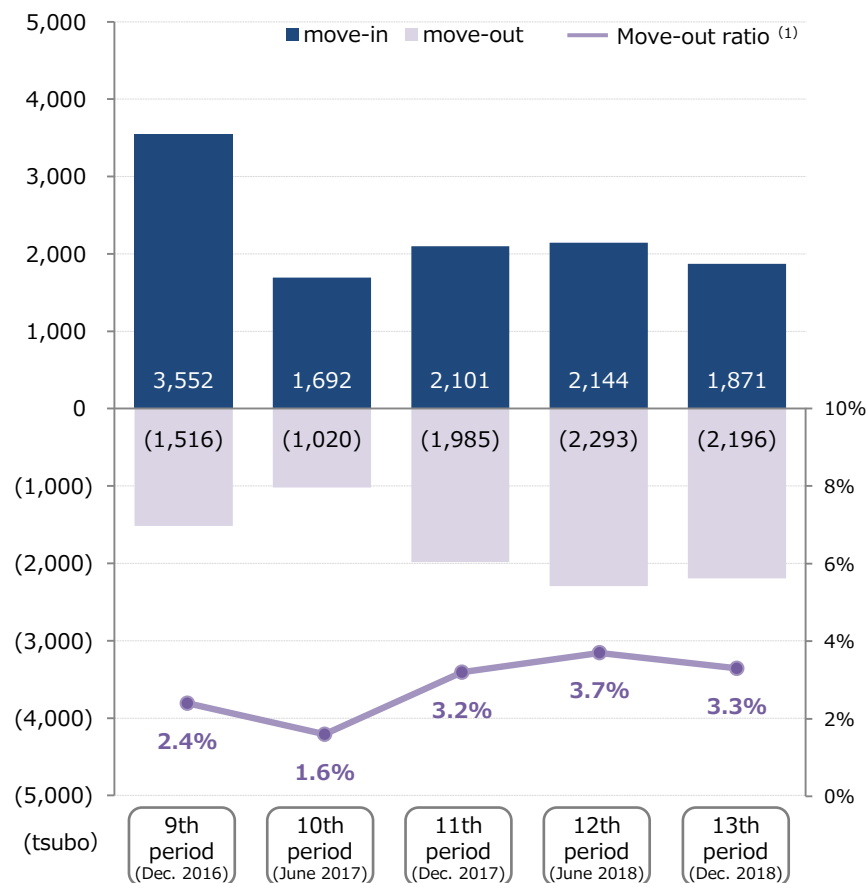


Note
1. "Average free rent period" is calculated for end tenants conducted new lease contract during respective period as "total loss from free-rent / total contracted rent without free-rent".

Status of Tenant Move-in and Move-out

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

※Total leasable area as of the end of 13th period (office):66,584tsubo



⑥ **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

Note

1. "Move-out ratio" is calculated as "total move-out area during respective period / total leasable area as of the end of the respective period". Furthermore, the area of tenant that move-out on the end of respective month is counted as the move-out area of next month from this material onward.
2. Assumed occupancy rate refers to the occupancy rate after the realization of all tenancy applications and termination notices at the end of January 2019.

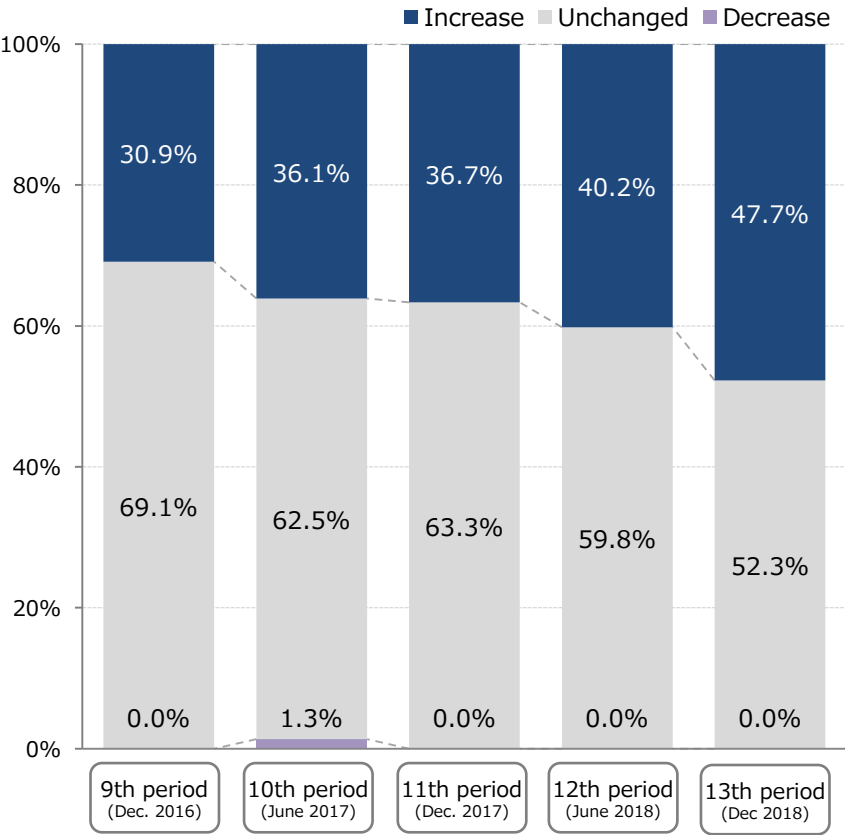
《Status of Termination Notices》

Property name	Occupancy rate	Termination notices section	Assumed occupancy rate ⁽²⁾
Komyoike Act	96.9%	Left already:1section (57tsubo)	96.9% (Nov. 2018)
Kanda Ocean Building	97.0%	Left already:1section (14tsubo)	97.0% (Dec. 2018)
Nishi-Gotanda 8-chome Building	100.0%	Termination notice :1floor (109tsubo)	100% (Feb. 2019)
Toshin Higashi-Ikebukuro Building	84.7%	Left already:1floor (76tsubo)	100% (Feb. 2019)
FORECAST Nishishinjuku	100.0%	Termination notice :1floor (64tsubo)	100% (Mar. 2019)
FORECAST Shinjuku SOUTH	100.0%	Termination notice :1section (135tsubo)	100% (Mar. 2019)
FORECAST Shin-Tokiwabashi	100.0%	Termination notice :1floor (51tsubo)	90.5% (Mar. 2019)
MK Kojimachi Building	81.6%	Left already:2floors (97tsubo) Termination notice :1floor (48tsubo)	100% (Mar. 2019)
FORECAST Shinjuku AVENUE	100.0%	Termination notice :2floors (185tsubo)	100% (Apr. 2019)
FORECAST Ningyocho PLACE	100.0%	Termination notice :2floors (145tsubo)	100% (Apr. 2019)
Toranomon Sakura Building	100.0%	Termination notice :1section (21tsubo)	97.6% (May.2019)
Central Daikanyama	100.0%	Termination notice :1section (33tsubo)	94.2% (Jun.2019)
Omiya Center Building	95.9%	Termination notice :2sections (175tsubo)	98.3% (Jun.2019)
Esprit Kameido	70.5%	Left already:3floors (179tsubo) Termination notice :1floor (59tsubo)	60.7% (Jun.2019)
BECOME SAKAE	100.0%	Termination notice :2floors (212tsubo)	84.8% (Jun.2019)
GreenOak Takanawadai	100.0%	Termination notice :1section (58tsubo)	92.7% (Jul.2019)
Kudankita 325 Building	100.0%	Termination notice :2floors (145tsubo)	88.0% (Jul.2019)
La Verite Akasaka	100.0%	Termination notice :1floor (69tsubo)	86.6% (Jul.2019)
Sumitomo Mitsui Bank Koraibashi Building	100.0%	Termination notice :1section (98tsubo)	93.8% (Jul.2019)
TK Gotanda Building	100.0%	Termination notice :1section (77tsubo)	93.1% (Jul.2019)
Gotanda Sakura Building	100.0%	Termination notice :1floor (49tsubo)	89.3% (Jul.2019)
DIA Building Meieki	100.0%	Termination notice :1section (20tsubo)	96.3% (Aug.2019)

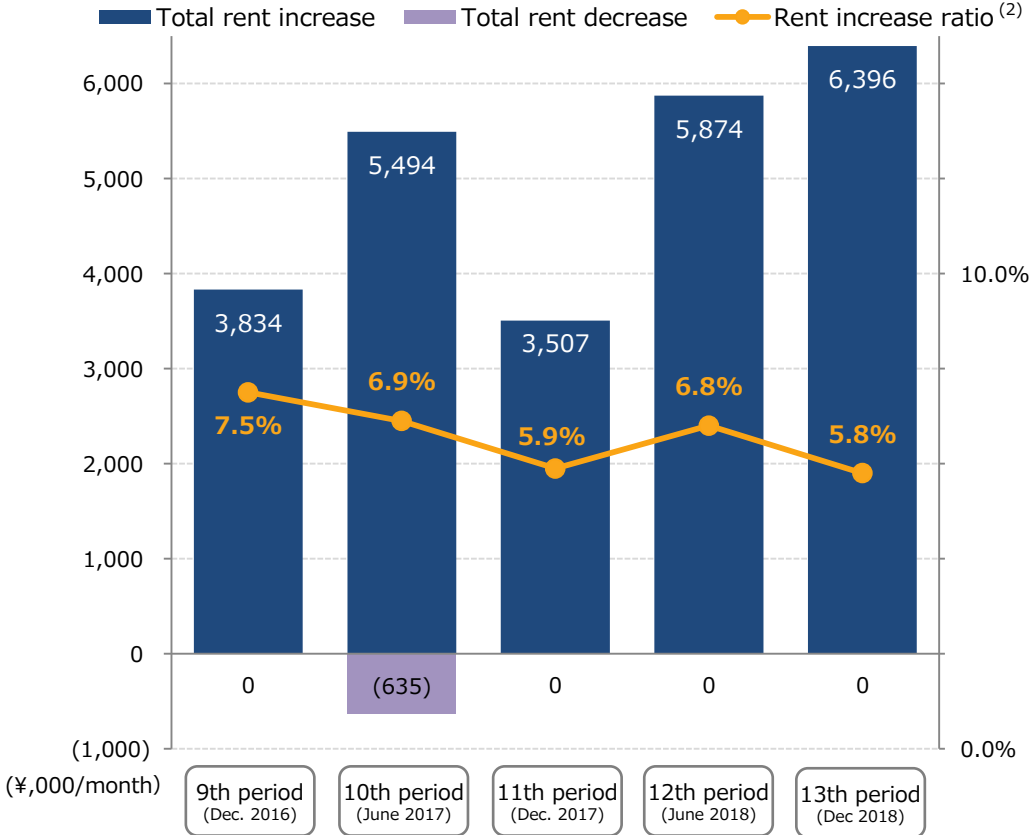
Properties of which occupancy rate is expected to be 100% because new lease contracts have been concluded for subject area

Track Record of Rent Renewals(Office)

《Track record of rent renewals (floor space) ⁽¹⁾》



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



⊖ The proportion of rent increase has been expanding due to successful measures to improve tenant satisfaction

- Achieved rent increase for 47.7% of area subject to renewal ,attributed to 41tenants (7,270 tsubo) out of 121 tenants (15,238 tsubo), during the 13th period

⊖ Achieved the largest rent increase ever by rent renewal (¥6,396 thousand yen/month)

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

9th	10th	11th	12th	13th
3,834	5,494	3,507	5,874	6,396
Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen

Note

- In case that tenant categorized "Uncahanged" in each period accepted rent increase after the following period, the area subject to rent renewal of the tenant is included the area categorized "Uncahanged" and "Increase" in the relevant period.
- ※"Rent increase ratio" is calculated in each period as below, rounded to the first decimal place. ((total rent increase after rent renewal - total rent before rent renewal) / total rent before rent renewal)

Original Leasing Services (Select Office and ittoku)

《Select Office》

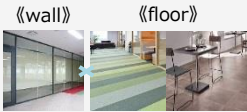

●What is “Select Office” ?

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 Reality(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



《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 Oct. to Dec. 2018)》

《Field Avenue 》

Rent increased by upgrade of interior decoration

- Replaced equipment of wet area, flooring, and wallpaper etc., to promote leasing
- Concluded two lease contracts in a short time after completion of replacement



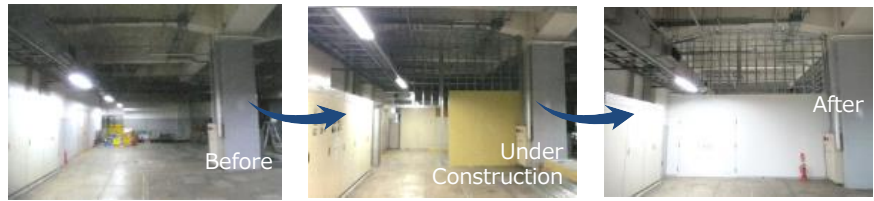
《FORECAST Shinjuku SOUTH 》

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

Set up new storage room on the basement floor

- Converted backyard on the basement floor into new storage room
- ¥1.21mn p.a. revenue increase to be expected



Note
1. Each of monthly figures between Jul. and Sep.is revised along with financial results in the 13th period.

《Major plan (from Jan. 2019) 》

《23 properties》

Decrease in cost by replacing energy provider

- Plan to set up new energy provider
- ¥37.41mn p.a. decrease in cost is expected

《MK Kojimachi Building etc.》

Increase in revenue by setting antennas at rooftop

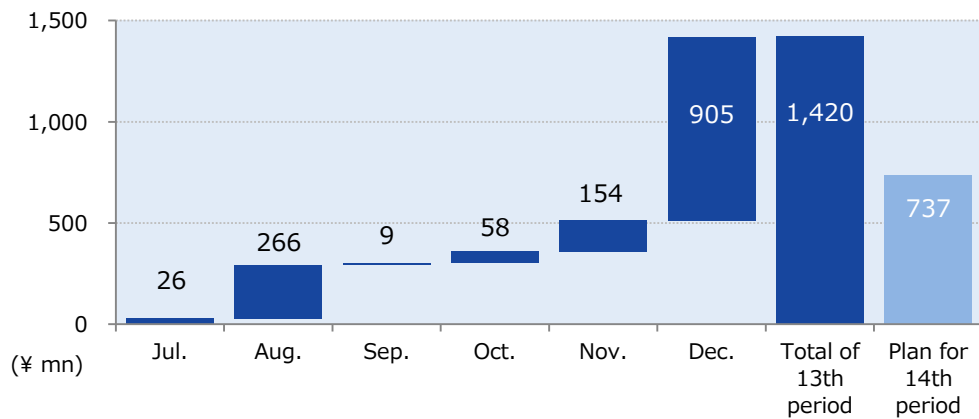
- Plan to set antennas for mobile phone etc. at rooftop
- ¥0.36mn p.a. increase in revenue is expected

《Pigeon Building》

Increase in revenue by increase in rent through enhancement of tenant satisfaction

- Expect to establish longer contractual relationship by implementation of engineering management responding to tenant needs.

《 Status of Engineering Management Implementation⁽¹⁾ 》



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