



NIPPON REIT Investment Corporation (TSE code : 3296)  
**Investor Presentation**  
for the 13<sup>th</sup> Period (Ended December 31, 2018)

February 18, 2019



Creating the future with our “unique perspective”  
based on our “solid style of Japan quality”

# NIPPON VISION

“Serious, Steady, Solid.”

“Pursuing a stable and robust investment with  
eyes on supply / demand and diversification”

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

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

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

**“Tripart management” to maximize our portfolio’s  
strength**

Targeting on investing 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

Target NOI yield 4.5%,  
NOI yield after depreciation 4.0%<sup>(1)</sup>

**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**

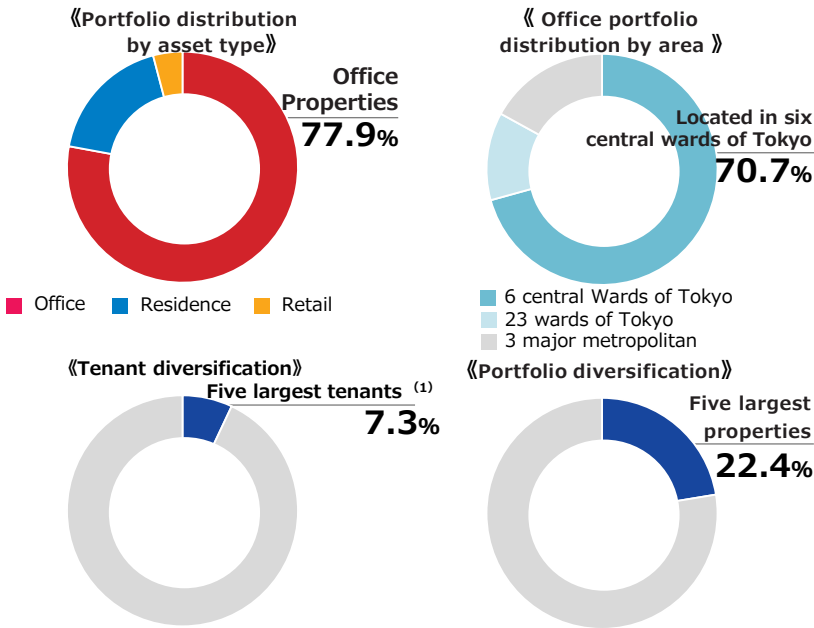
**Medium-sized office  
properties in Tokyo<sup>(3)</sup>**



Pursuit of Stable and Robust Portfolio

With eyes on supply/demand balance and diversification

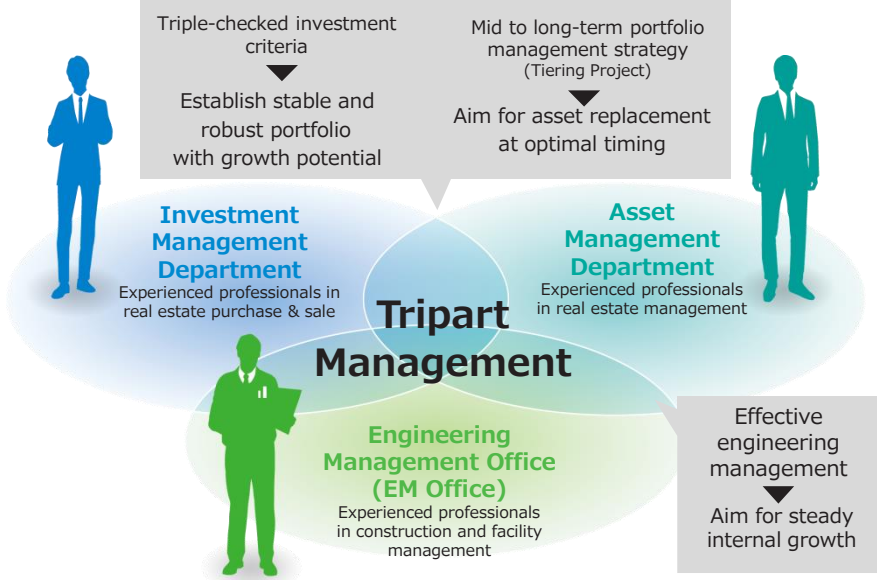
- Targeting on medium-sized office properties in Tokyo
- Risk Diversification



Asset Management Structure to maximize Our Portfolio's Strengths

- Tripart Management

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

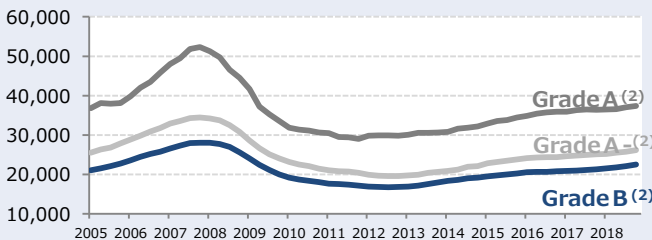


« Characteristics of Middle-sized Office »

1) Low Volatility

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

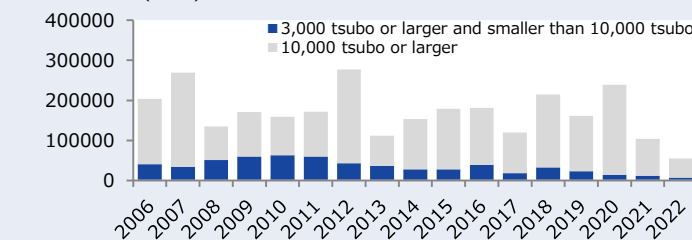
Average assumed rent (¥/tsubo)



2) Limited Capital

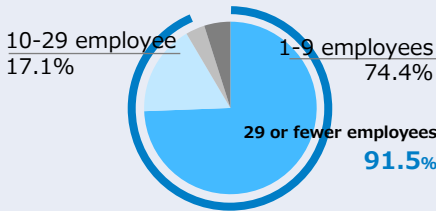
«Office Building Supply in 23 Wards of Tokyo»

Total leased area (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"



# 1. Summary of Financial Results for the 13th Period (Dec. 2018)

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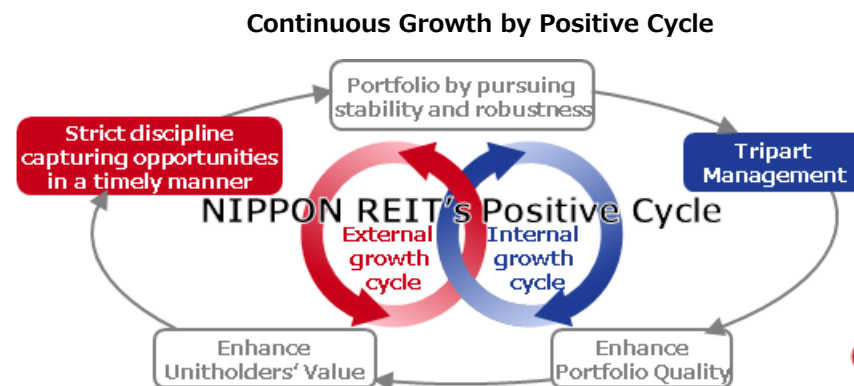
## ⊖ 《NIPPON REIT's Positive Cycle》 Continuous growth by positive cycle of external and internal growth

• Aiming for continuous growth by repeating our growth strategies

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





# Financial Highlights for the 13th Period

## External growth

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

	End of the 12th period	End of the 13th period
Number of Properties	66 properties	87 properties
AUM	¥207.7bn	¥247.9bn
Total of appraisal value	¥232.2bn	¥279.3bn
NAV per unit <sup>(3)</sup>	¥334,542	¥342,122
Unrealized gains	¥21.7bn	¥27.3bn

① 《Tiering》 Annual analyzing each property for asset replacement  
Process of Tiering

1. 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 : continue to consider the management of an asset 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

2. Develop 3-5 years management strategy according to the classification. (Consider efficient CAPEX plan and asset replacement)

3. Execute efficient asset management strategy

Maintain and improve profitability and competitiveness of the portfolio

To be replaced assets in the 14th, and improved portfolio quality (refer to 12 page)

## Financial management

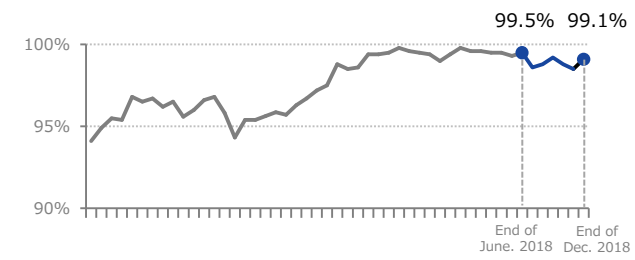
① 《investment corporation bonds》 Extend Average borrowing period

	NIPPON REIT 3rd unsecured bonds
Issue date	Nov. 30, 2018
Issue amount	¥ 1.5bn
Term	10 years
Interest rate	0.880%
Bond rating	A(JCR)

LTV as of the end of the 13th period **46.9%**  
Average borrowing period **5.67年**  
Long-term debt ratio **100.0%**

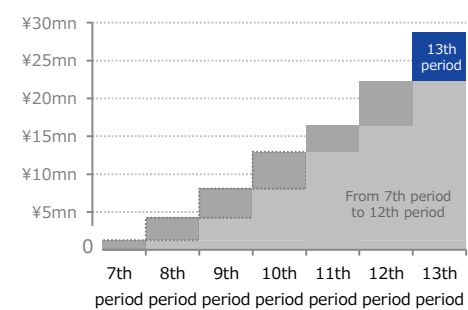
## Internal growth

① 《Occupancy rate》 Maintaining high level



End of the 13th period  
(Total) **99.1%**  
(Office) **99.4%**

① 《Increase in rent(office)》 Achieved more than targeted level

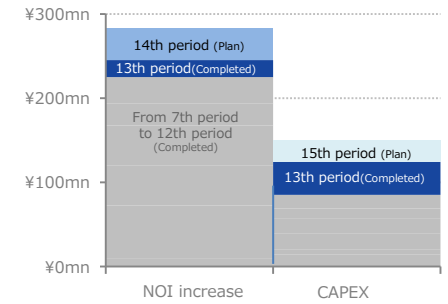


During the 13th period  
approx. **¥6.39mn** increase (monthly)  
Overall rent increase **2.9%**

Total Amount since the 7th period  
approx. **¥28.71mn** (monthly)

※In addition, the total amount of rent increase / decrease on tenant replacement is approx. ¥3.38mn monthly

① 《Increase in NOI by EM》 Expected total NOI increase of ¥245mn over 7 periods by EM



NOI increase during the 13th period (p.a.)  
approx. **¥19.90mn**

NOI increase total amount from the 7th period to the 13th period (p.a.)  
approx. **¥245mn**

※Engineering Management

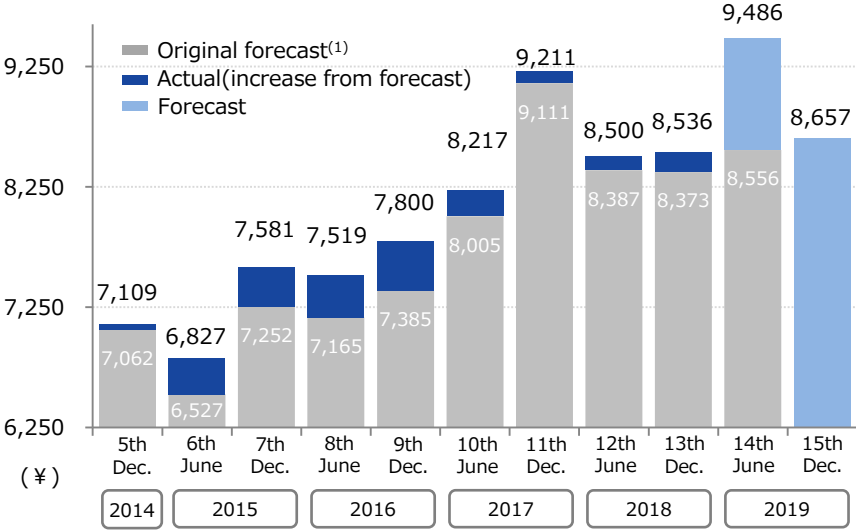


# Summary of Financial Results for the 13th Period

	Financial Results 13th Period (Dec. 2018)	Forecast 14th Period (June 2019)	Forecast 15th Period (Dec. 2019)
Operating Revenue	8,458mn	8,983mn	8,579mn
Operating Income	4,640mn	4,903mn	4,565mn
Ordinary Income	3,840mn	4,268mn	3,895mn
Net Income	3,839mn	4,268mn	3,895mn
DPU	¥ 8,536	¥ 9,486	¥ 8,657

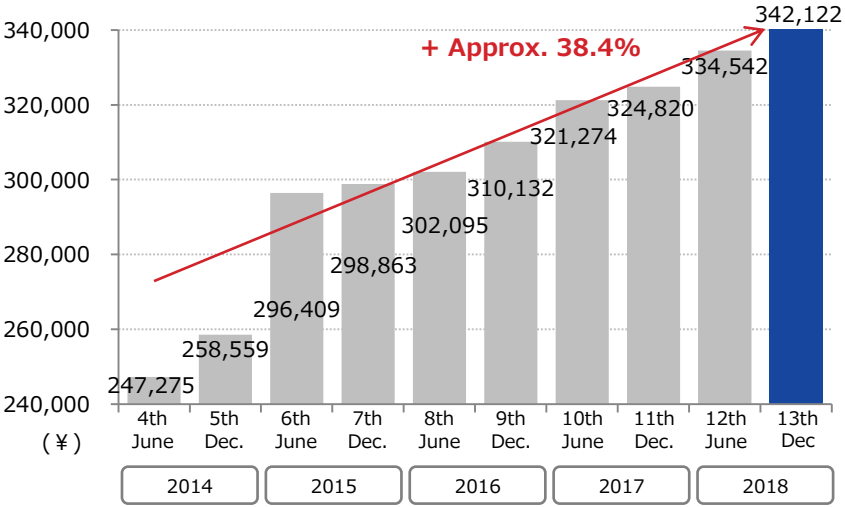
《DPU transition (compared to the respective forecast)》

● Exceeded respective forecast every period since IPO



《Growth in NAV per unit》

● Increased by approx. 38.4% since 4th period





# Summary of Financial Results for the 13th Period

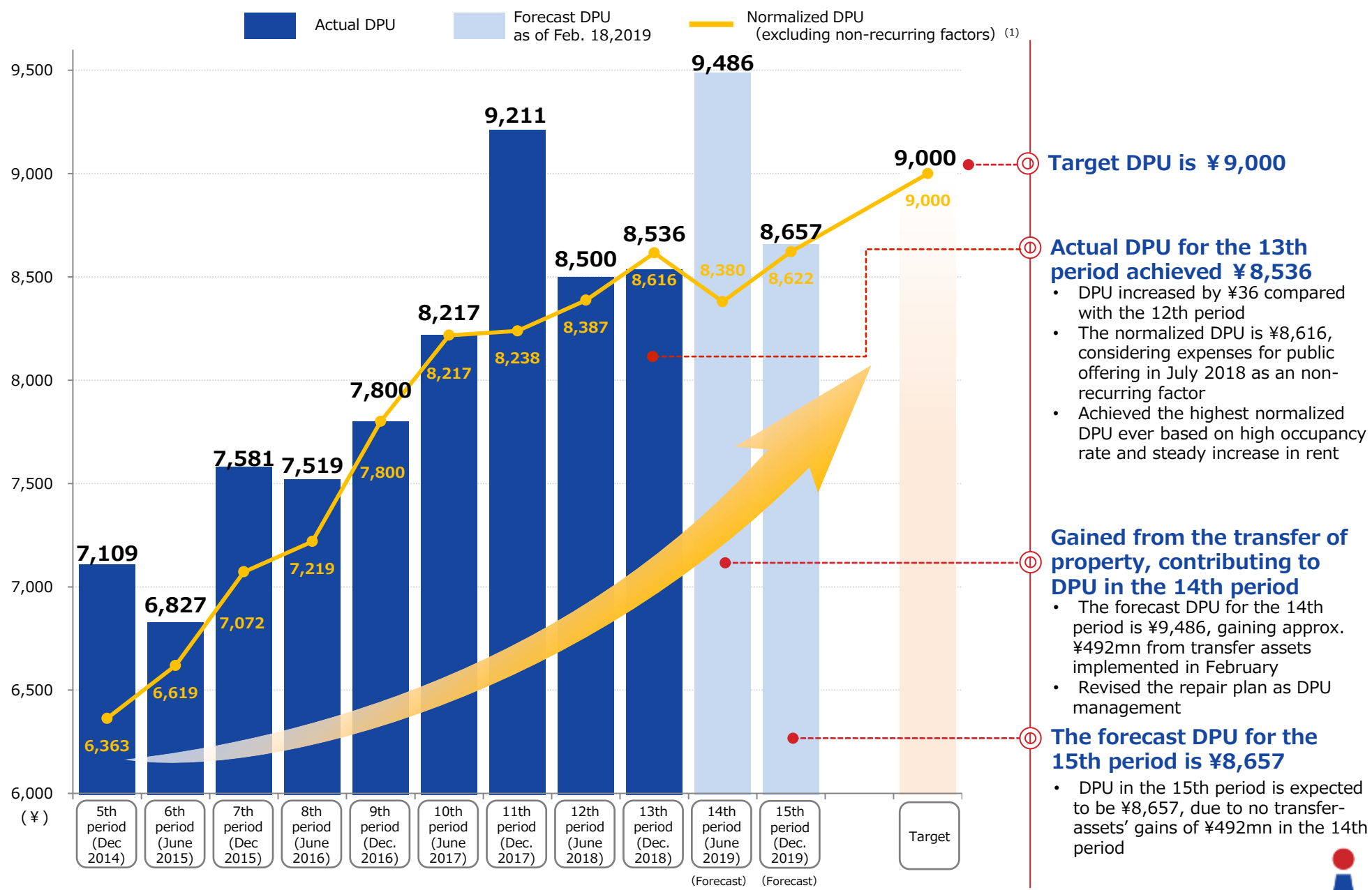
As of Aug. 16, 2018

As of Feb. 18, 2019

	13th period actual						14th period forecast			15th period forecast	
Unit:¥mn	12th period (June 30, 2018) Actual (a)	13th period (Dec. 31, 2018) Forecast (b)	14th period (June. 30, 2019) Forecast (c)	13th period (Dec. 31, 2018) Actual (d)	Compared to 12th period actual (d-a)	Compared to 13th period forecast (d-b)	14th period (June 30, 2019) Forecast (e)	Compared to 13th period actual (e-d)	Compared to 14th period forecast (e-c)	15th period (Dec. 31, 2019) Forecast (f)	Compared to 14th period forecast (f-e)
Operating Revenues	7,225	8,418	8,434	8,458	1,233	40	8,983	524	548	8,579	(404)
Rental Revenues	6,551	7,670	7,753	7,678	1,126	7	7,815	137	61	7,852	37
Other Revenues Related to property leasing	625	747	680	780	154	32	675	(105)	(5)	726	51
Gain on sales of real estate properties	-	-	-	-	-	-	492	492	492	-	(492)
Dividend Income	47	-	-	-	(47)	-	-	-	-	-	-
Operating Expenses	(3,389)	(3,842)	(3,953)	(3,818)	(428)	24	(4,080)	(262)	(126)	(4,013)	66
Operating Income	3,835	4,575	4,481	4,640	805	65	4,903	262	422	4,565	(337)
Non-Operating Revenues	1	-	-	3	2	3	-	(3)	-	-	-
Non-Operating Expenses	(507)	(807)	(630)	(804)	(296)	3	(634)	169	(3)	(669)	(35)
Ordinary Income	3,329	3,767	3,850	3,840	510	72	4,268	428	418	3,895	(372)
Net Income	3,329	3,767	3,850	3,839	510	72	4,268	428	418	3,895	(372)
DPU	¥8,500	¥8,373	¥8,556	¥8,536	¥36	¥163	¥9,486	¥950	¥930	¥8,657	(¥829)
NOI	5,292	6,285	6,274	6,335	1,043	50	6,225	(110)	(48)	6,387	162
Days	181	184	181	184	-	-	181	-	-	184	-

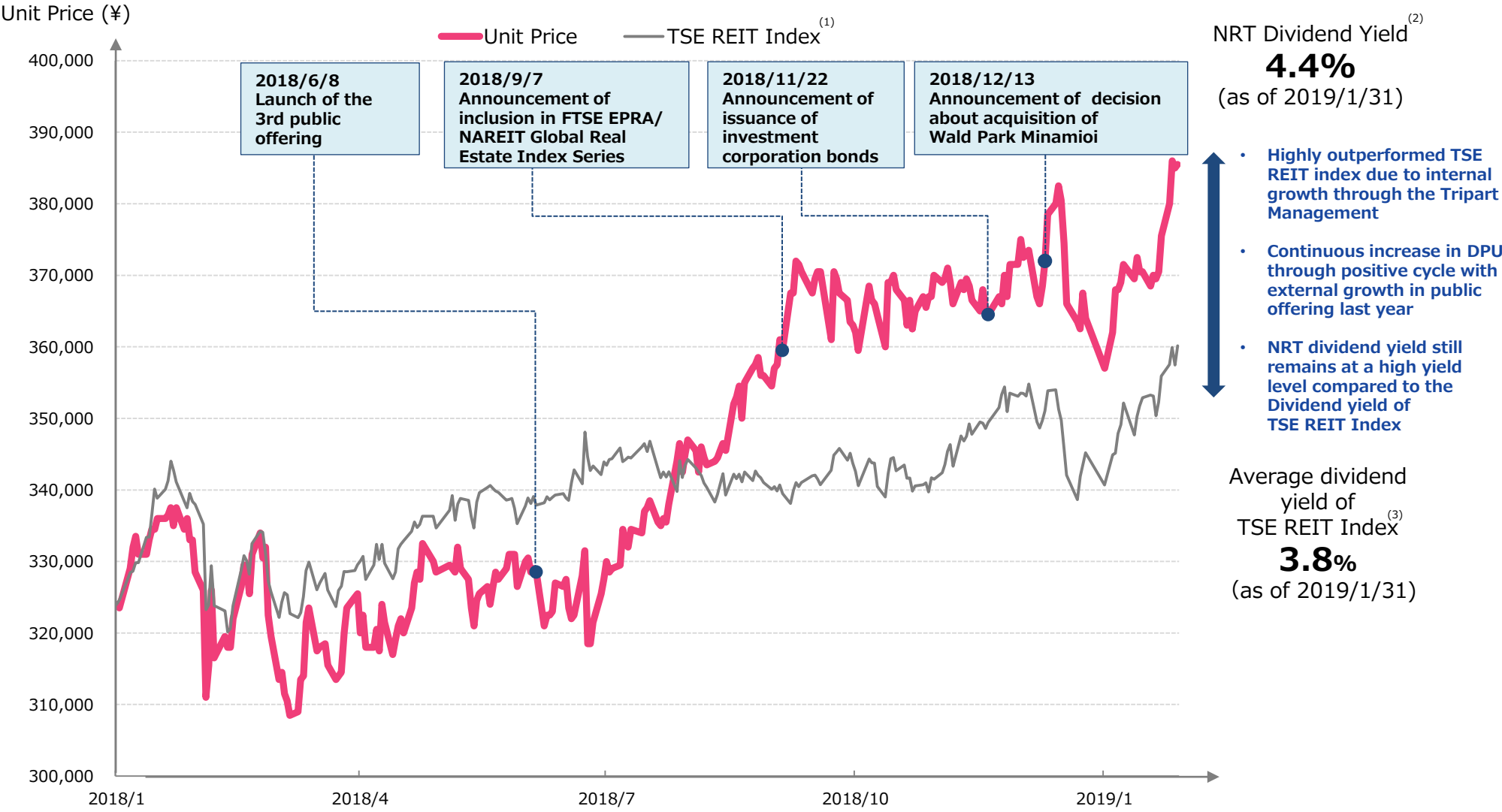


# DPU of Track Record and Forecast





# 2018 YTD Unit Price Performance and Dividend Yield







## 2. Management Status in the 13th period and Future Growth Strategies

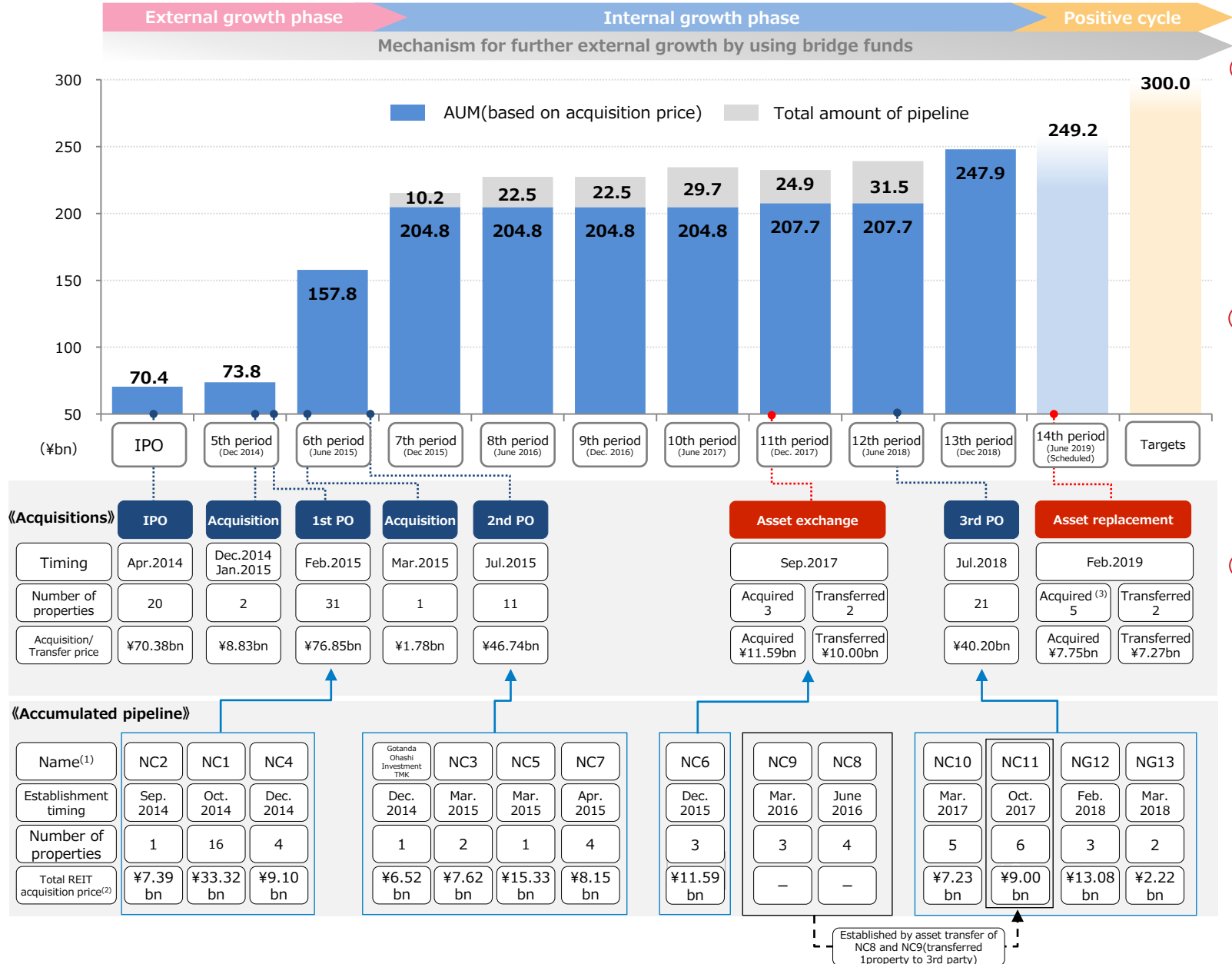
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# Track Record of the External Growth and Transition of Portfolio Management

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



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

- Funded (Approx.¥17.2bn) by public offering in July 2018
- Acquired the new assets (Approx.¥40.2bn) and aim to achieve the AUM target ¥300bn

⊙ **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**

- Implemented asset replacement in the 11th period, and to be implemented it in the 14th period.



# Properties Acquired through Offering in July 2018 (the 3rd PO)

## 《Point of the properties acquired through Public Offering 》

- Timely increased capital through the PO for the first time in 3 years, based on accumulating pipeline under the strict investment discipline
- Acquired medium-sized offices in six central wards of Tokyo mainly, residences in Tokyo and offices and residences with high profitability in 3 major metropolitan
- Realization of acquisitions sticking to the yield level under a severe acquisition environment  
(NOI yield level: NOI yield 4.5% / NOI yield after depreciation 4.0%)

## 《Summary of the properties 》

Total number of acquisitions /  
Total acquisition amount  
**21**properties  
**40.2**bn

Ratio of medium-sized  
office properties in six  
central wards of Tokyo out of  
acquired office properties  
**72.2%**  
(Based on Acquisition price)

Average appraisal  
NOI yield<sup>(1)</sup>  
**4.6%**

Average appraisal  
NOI yield<sup>(2)</sup>  
(after depreciation)  
**4.0%**

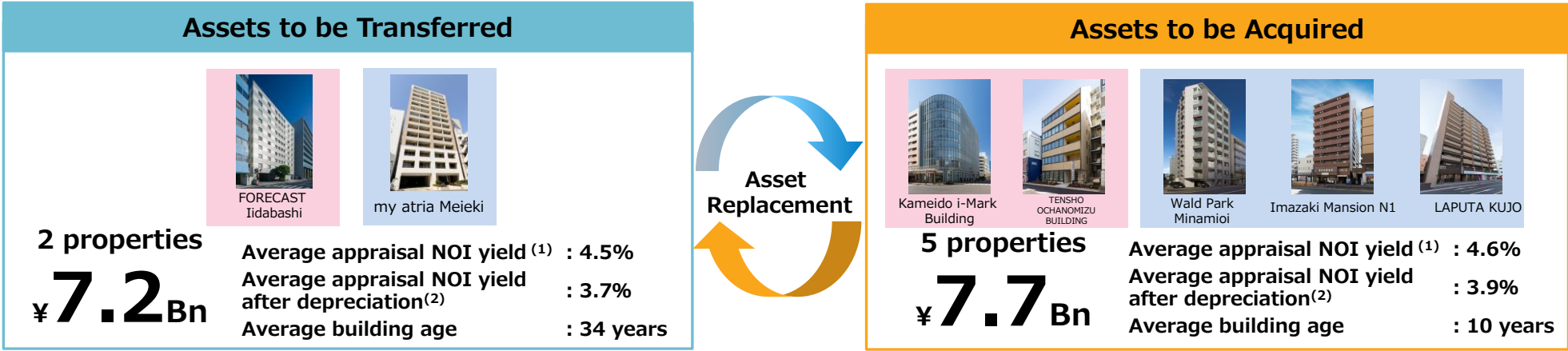
## 《List of the properties 》

 <b>A-58</b> Towa Kandanishikicho Building	 <b>A-59</b> Yusen Higashi- Nihombashi Ekimae Building	 <b>A-60</b> Hiroo ON Building	 <b>A-61</b> TK Gotanda Building	 <b>A-62</b> Gotanda Sakura Building	 <b>A-63</b> Esprit Kameido	 <b>A-64</b> Alte Building Higobashi	 <b>A-65</b> DIA Building Meieki	 <b>B-10</b> Residence Hiroo	 <b>B-11</b> Residence Nihombashi Hakozaiki	 <b>B-12</b> Primegate Iidabashi
 <b>B-13</b> Residence Edogawabashi	 <b>B-14</b> Merveille Senzoku	 <b>B-15</b> Field Avenue	 <b>B-16</b> Domeal Kitaakabane	 <b>B-17</b> Dormy Kitaakabane	 <b>B-18</b> Splendid Shin- Osaka III	 <b>B-19</b> ZEPHYROS Minami-horie	 <b>B-20</b> Charmant Fuji Osakajominami	 <b>B-21</b> Piacere Fuminosato	 <b>C-3</b> BECOME SAKAE	



# Overview of Asset Replacement

•NIPPON REIT replaces some assets after analyzing all the properties in the portfolio annually from perspectives of profitability, liquidity and characteristics (**Tiering**)

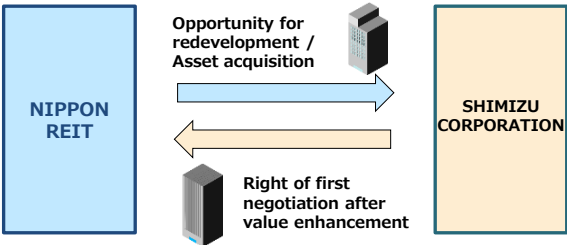


## Improvement in portfolio quality

- ✓ **Younger building age (enhanced liquidity)**
  - Make the portfolio younger with enhanced liquidity, by acquiring 5 properties (average age: 10years) including 2 office properties located in Tokyo (average age: 5 years)
- ✓ **Improvement in profitability**
  - Improve the profitability of the portfolio with the assets to be acquired, an average appraisal NOI yield after depreciation of which is 3.9% (+0.2% vs. assets to be transferred)
- ✓ **Stabilized cash flow**
  - Stabilize the cash flow of the portfolio by selling my atria Meieki, the property which will be expropriated

## Value-enhancing Strategy / Ensuring growth potential

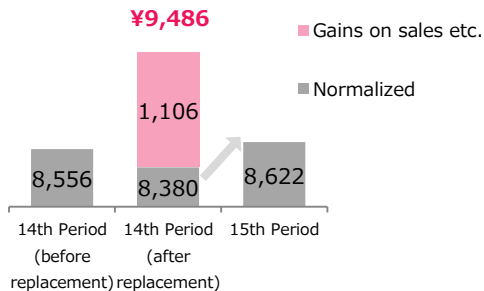
- ✓ **Stock-based redevelopment scheme**
  - Sell the office property located in one of the 6 central wards of Tokyo (FORECAST Iidabashi) in order to enhance its value in collaboration with a general constructor, and be positioned to take advantage of its potential for external growth by securing the right of first negotiation thereof



## Return to unitiholders

- ✓ **Return based on realized gains**
  - Achieve unitholder returns funded from unrealized gains that come from sales of the 2 properties of ¥492mm: DPU of ¥1,106
  - Plan to review repair expenses for the 14<sup>th</sup> period, along with the gains on sales

<DPU Forecast for 14<sup>th</sup> and 15<sup>th</sup> Periods>












# Effect on Portfolio and Overview of Assets To Be Transferred / Acquired

## 《Effect on portfolio 》

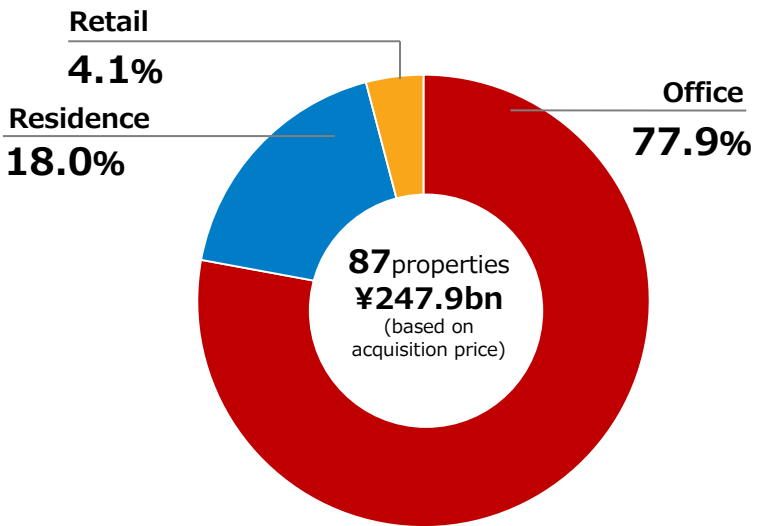
	Portfolio as of the end of the 13th Period		Assets to be Transferred		Assets to be Acquired		Portfolio after asset replacement <sup>(1)</sup>
Number of properties	87properties		2properties		5properties		90properties
Acquisition price	¥247.9bn		¥6.5bn		¥7.7bn		¥249.2bn
Amount of appraisal	¥279.3bn	−	¥7.0bn	+	¥7.9bn	=	¥280.2bn
Appraisal NOI yield	4.9%		4.5%		4.6%		4.9%
building age (as of the end of Dec. 2018)	24.7years		34.8years		10.6years		24.0years
Ratio of 6 central wards of Tokyo	66.1%						64.4%

## 《assets to be transferred / acquired》

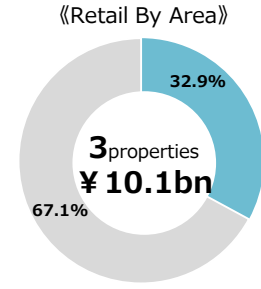
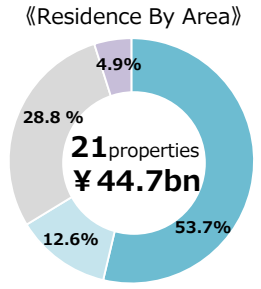
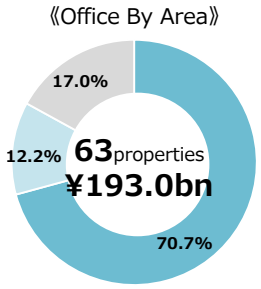
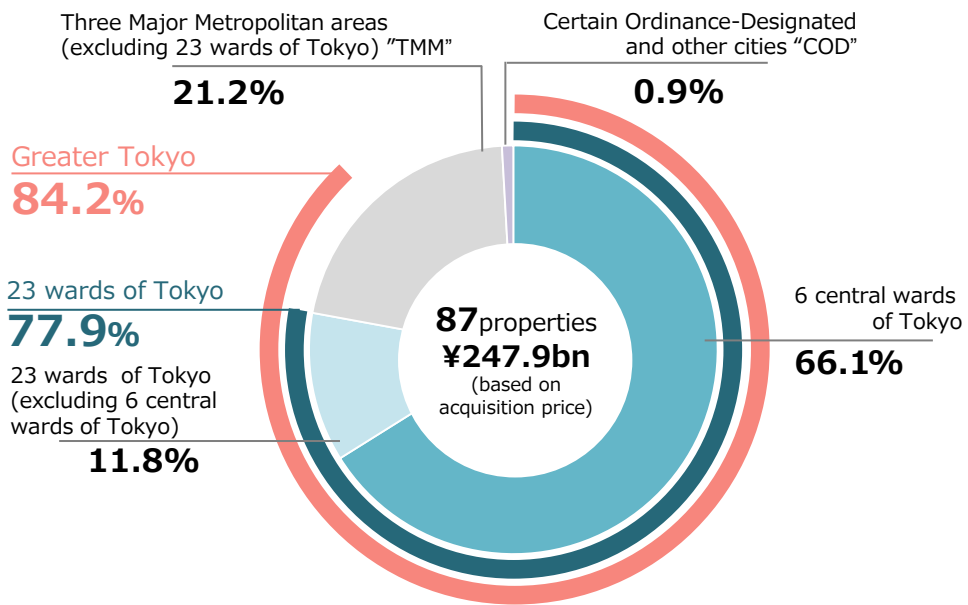
	Assets to be Transferred			Assets to be Acquired				
								
Name	FORECAST Iidabashi	my atria Meieki	Name	Kameido i-Mark Building	TENSHO OCHANOMIZU BUILDING	Wald Park Minamioi	Imazaki Mansion N1	LAPUTA KUJO
Place	Chiyoda ward, Tokyo	Nagoya, Aichi	Place	Koto ward, Tokyo	Chiyoda ward, Tokyo	Shinagawa ward, Tokyo	Higashiosaka, Osaka	Osaka, Osaka
Type	Office	Residence	Type	Office	Office	Residence	Residence	Residence
Completion (Building age)	Nov.1978 (40years)	Mar.2006 (12years)	Completion (Building age)	Sep.2010 (8years)	Nov.2018 (0years)	Feb.2005 (13years)	Mar.1999 (19years)	Mar.1998 (20years)
Price to be transferred	¥5,490mn	¥1,782mn	Price to be acquired	¥2,580mn	¥1,800mn	¥715mn	¥1,180mn	¥1,480mn
Book value (as of the end of Feb. 2019)	¥5,392mn	¥1,226mn	Appraisal value	¥2,650mn	¥1,820mn	¥735mn	¥1,210mn	¥1,501mn
Appraisal NOI yield (after depreciation)	4.2% (3.8%)	5.7% (3.4%)	Appraisal NOI yield (after depreciation)	4.7% (3.6%)	3.9% (3.3%)	4.2% (3.8%)	5.3% (4.7%)	4.8% (4.3%)



《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)

⊖ Strengthening portfolio mainly composed of “Mid-sized Office which has stable characteristics” located in “Tokyo where has growth potential”

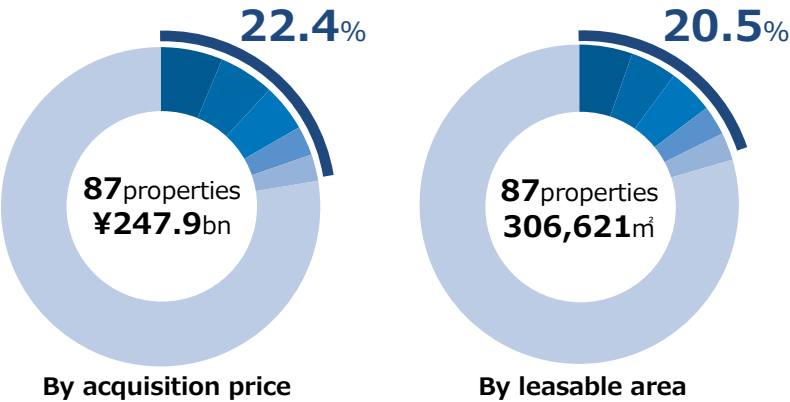
- Strengthening portfolio mainly composed by mid-sized office located in Tokyo through disciplined external growth

	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%
End of the 13th Period	77.9%	18.0%	4.1%	66.1%	11.8%	84.2%	21.2%	0.9%



# Risk Diversification (As of the end of the 13th Period)

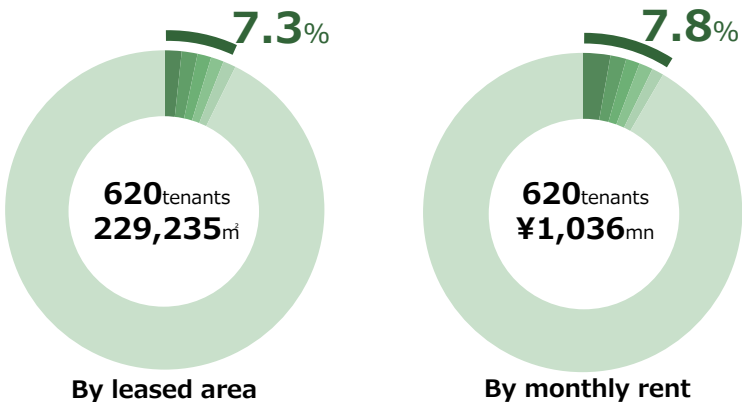
## 《Portfolio diversification》 (Proportion of the 5 largest properties)



《5 largest properties (by acquisition price)》

	Property Name	Acquisition Price(¥mm)	Share
1	Omiya Center Building	15,585	6.3%
2	FORECAST Shinjuku SOUTH	13,990	5.6%
3	Tower Court Kitashinagawa	11,880	4.8%
4	Shibakoen Sanchome Building	7,396	3.0%
5	Homat Horizon Building	6,705	2.7%

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



《5 largest tenants (by leased area) 》

	Property Name	Business Category	Leased Area(m)	Share
1	FORECAST Shinjuku SOUTH FORECAST Shinjuku AVENUE	Telecommu- nication	3,973.23	1.7%
2	Shibakoen Sanchome Building	Telecommu- nication	3,559.85	1.6%
3	Itabashi Honcho Building	Service	3,189.12	1.4%
4	Pigeon Building	Manufacture	3,022.25	1.3%
5	Sunworld Building	Real Estate	3,012.86	1.3%



### Maintaining high risk-tolerance

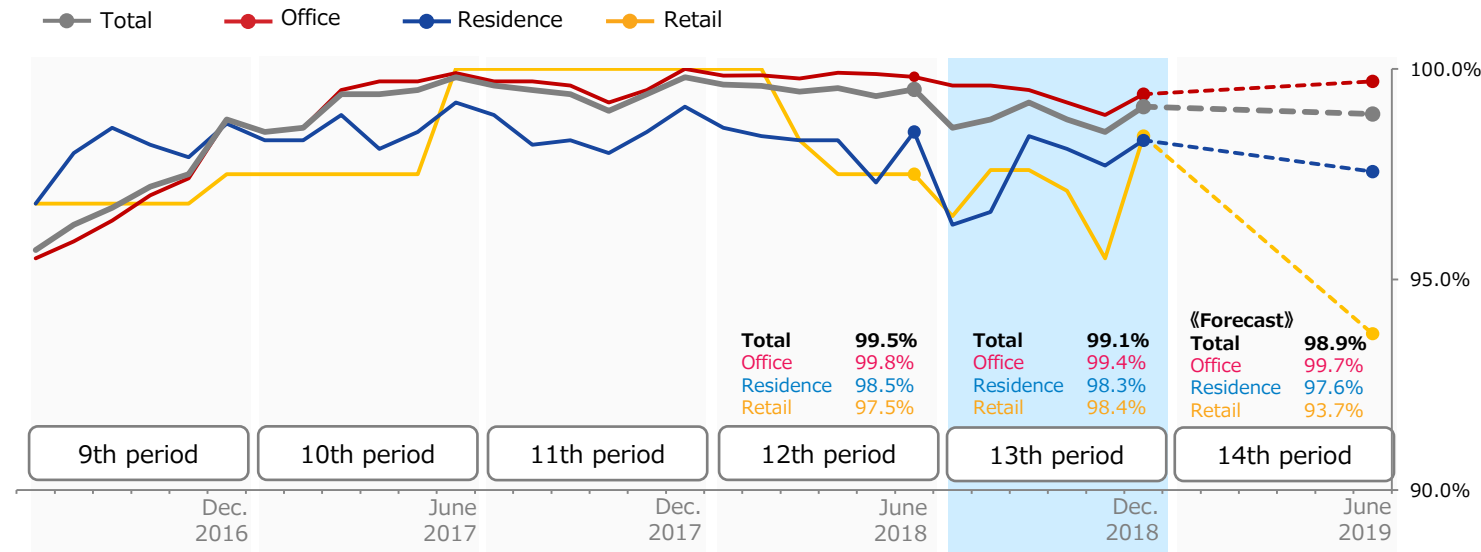
- Portfolio which has high risk-tolerance is realized through maintaining highest leveled portfolio and tenant diversification among all listed J-REIT

	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%
End of the 13th Period	22.4%	20.4%	7.3%	7.8%



# 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%.

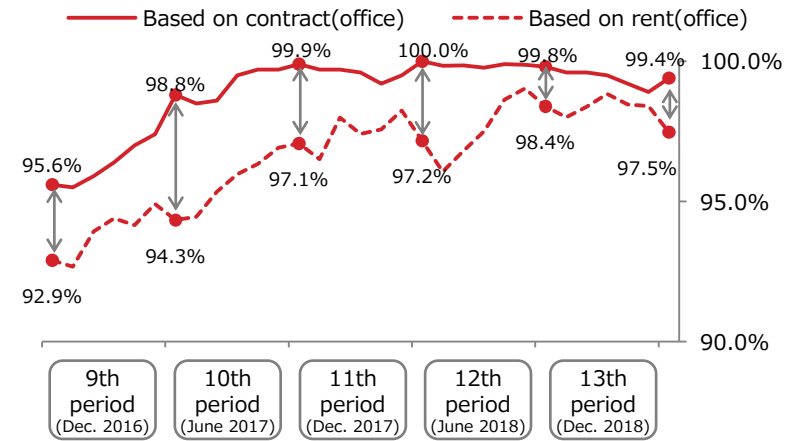
## ② Maintaining occupancy rate based on rent

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

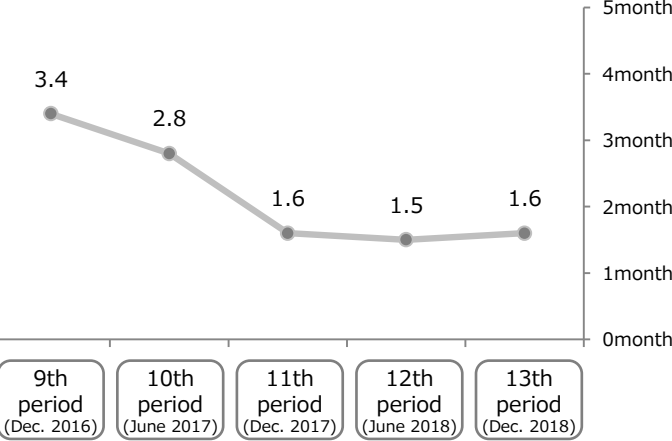
《Difference between occupancy rate based on contract and based on rent(office)》

	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》

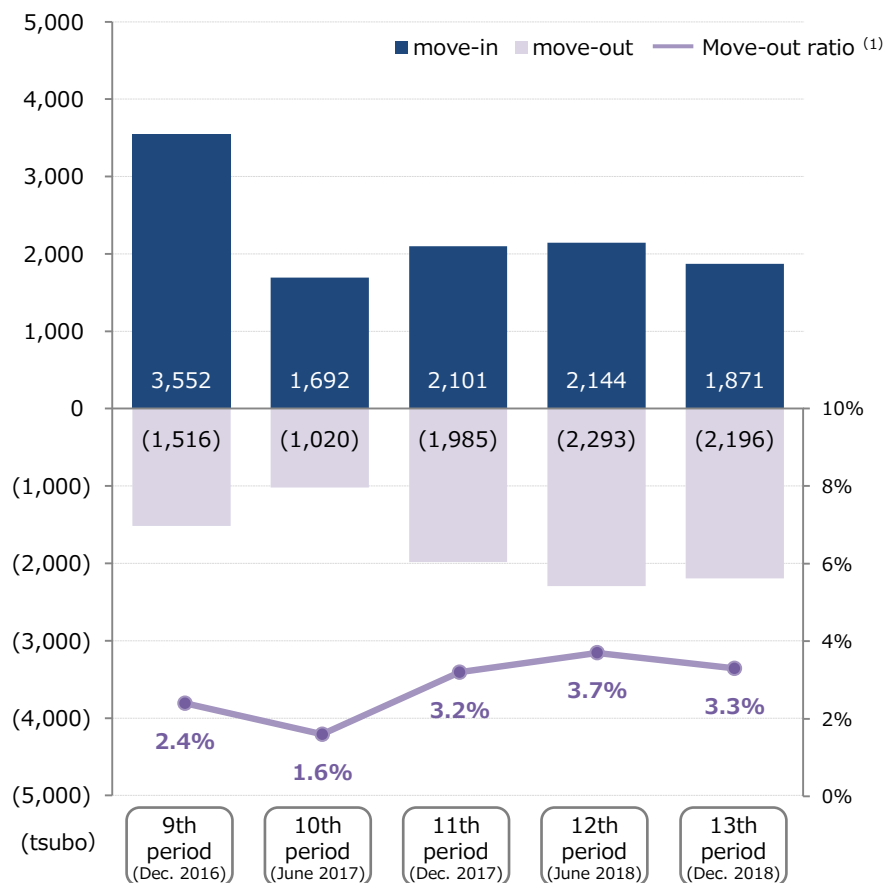




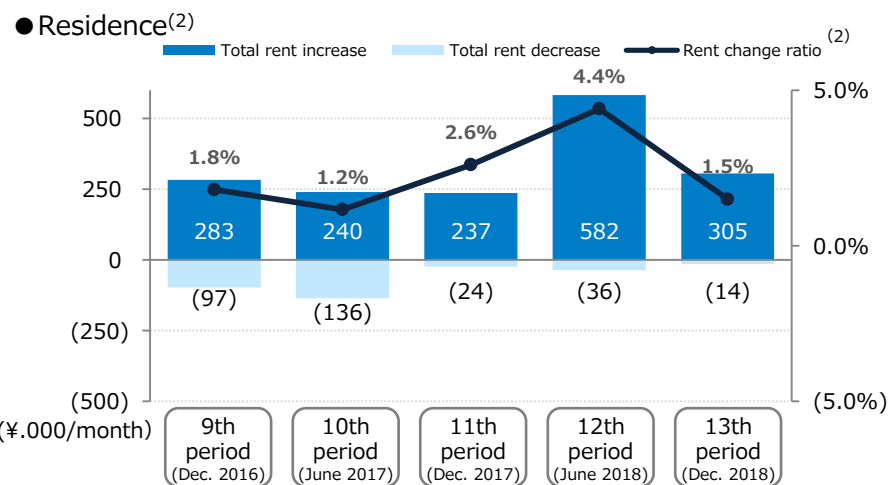
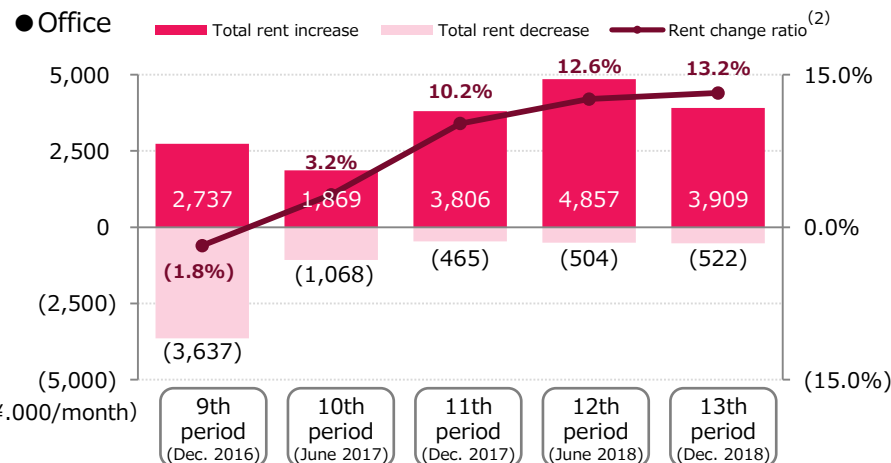
# Status of Tenant Move-in and Move-out

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

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



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



### 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

### Increase in office rent change ratio upon tenant replacement

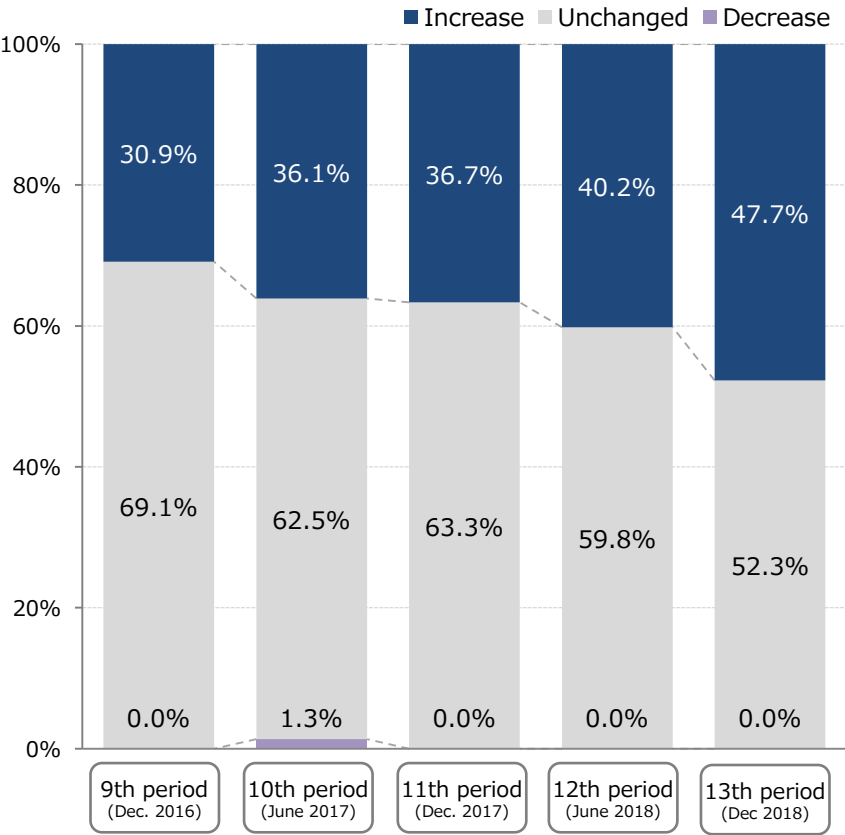
- Office rent change ratio upon tenant replacement improved, given the background of mid-sized office market of tight supply-demand balance high property competitiveness
- Expanding of leasing targets and rent increase have been realized by "Select Office" and "ittoku" that are our new leasing promotion (refer to P.53)

※"Rent increase ratio" is calculated in each period as bellow, rounded to the first decimal place.  
 ((total rent increase after rent renewal - total rent before rent renewal) / total rent before rent renewal)

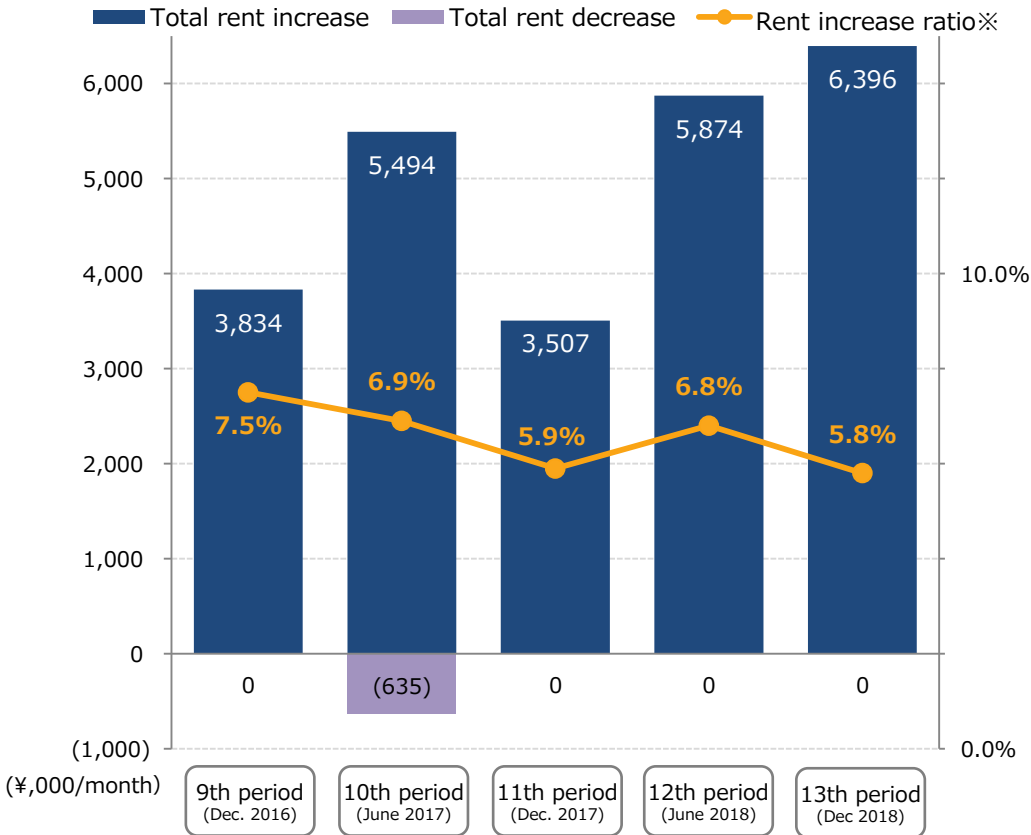


# Track Record of Rent Renewals(Office)

《Track record of rent renewals (floor space) <sup>(1)</sup>》



《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)

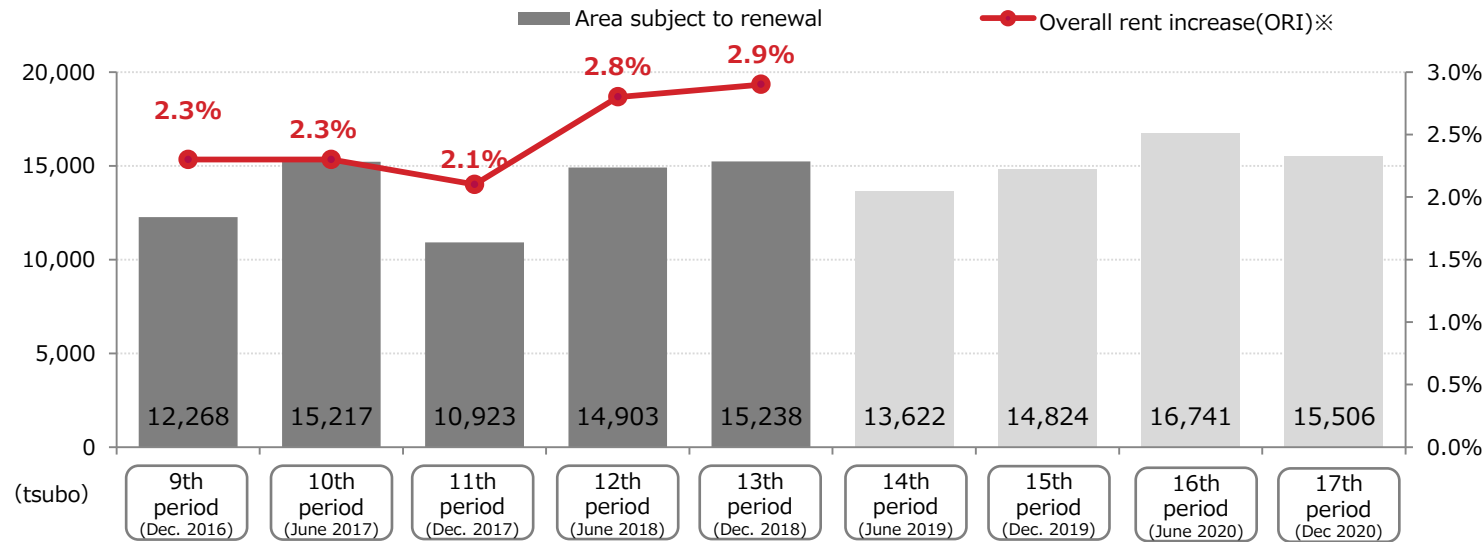
9th	10th	11th	12th	13th
3,834	4,858	3,507	5,874	6,396
Thousand yen	Thousand yen	Thousand yen	Thousand yen	Thousand yen

※"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)



# Track Record of Overall Rent Increase and Rent Gap Trend (Office)

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



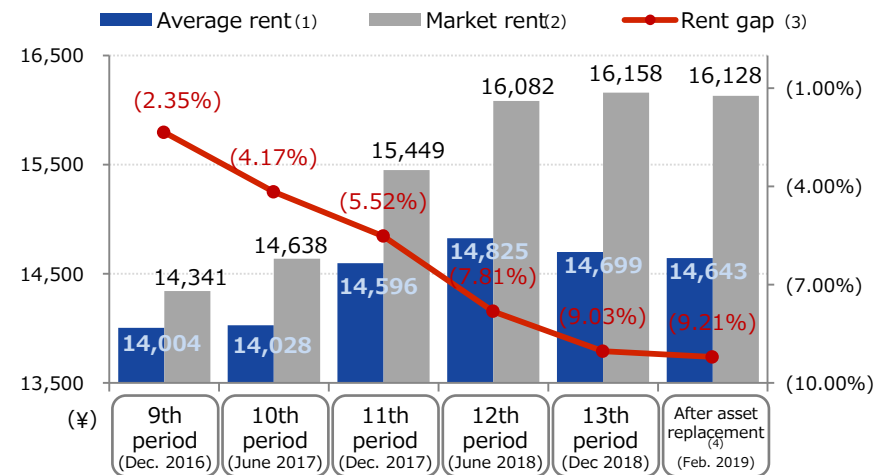
## ① Overachieved the target

- Overall rent increase for the 13th period turned out to be 2.9%, outperforming the target level (1.5%)
- We continuously keep the target overall rent increase of 1.5%

※ "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.

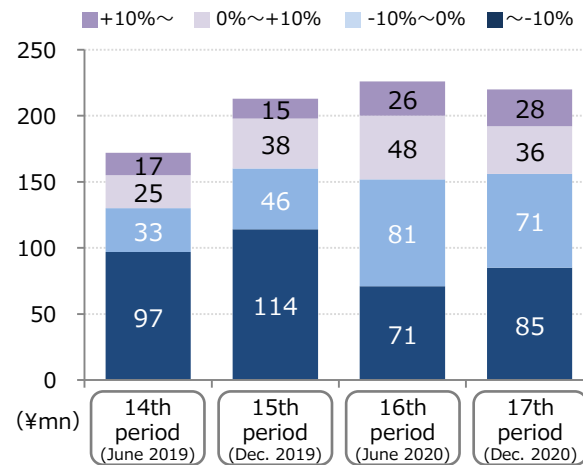
## 《 Rent gap trend 》

※Office and standard floor Only



## 《 Status of rent gap 》

※Office and standard floor Only, monthly rent base



## ① Further expanded rent gap due to rising market rent and external growth with growth potential

- Rent gap as of the end of the 13th period turned out to be negative 9.03% and negative 9.21% after assets replacement in Feb. 2019, with further potential of rent increase in the near term

## ① Continuous negotiation with tenant

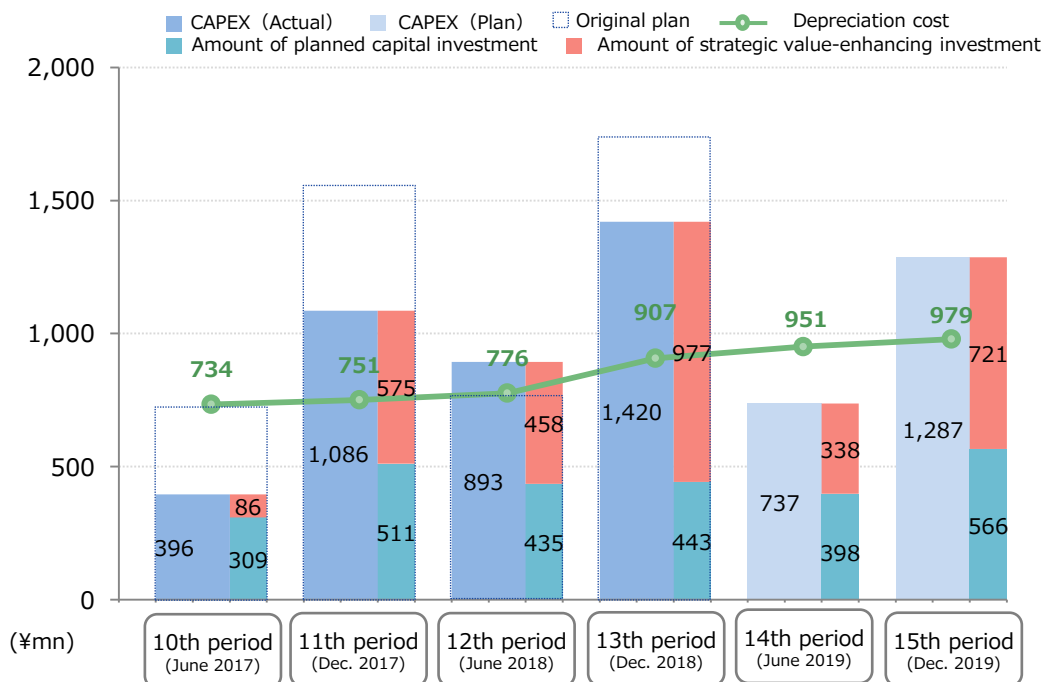
- We continue to negotiate and aim to increase in rent mainly with tenant whose rent is lower than market rent (negative rent gap)



# Plan and Budget of Engineering Management

(Planned capital investment and strategic value-enhancing investment)

## 《Plan and Budget of Engineering Management》



Depreciation cost (A)	734	751	776	907	951	979
CAPEX (B)	396	1,086	893	1,420	737	1,287
Surplus / Shortage (A) - (B)	337	(335)	(117)	(513)	214	(308)
Reserved depreciation amount <sup>(1)</sup>	2,147	1,812	1,695	1,181	1,395	1,087

## 《Outline of Engineering Management》

### 1 Planned capital investment

### 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 (setting aside a certain amount in the event intensive investment required.)
- 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 governmental 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》

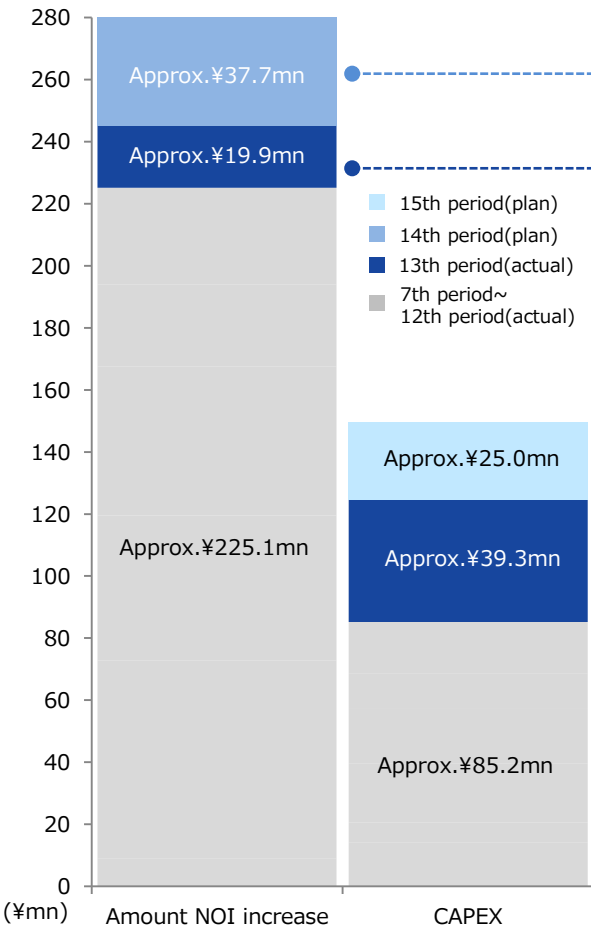
	Total Investment amount	Total Subsidy amount
By the 9th period	Approx. ¥274mn	Approx. ¥98mn
By 11th period(plan)	Approx. ¥695mn	Approx. ¥192mn
By 11th period(actual)	Approx. ¥496mn	Approx. ¥104mn
By 13th period(plan)	Approx. ¥161mn	Approx. ¥65mn
By 13th period(actual)	Approx. ¥162mn	Approx. ¥64mn
By 15th period(plan)	Approx. ¥358mn	Approx. ¥35mn



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

(Strategic value-enhancing investment)

## 《Transition of amount of NOI increase and CAPEX by Engineering Management<sup>(2)</sup>》



### 《Actual for 13th period (Dec. 2018)》

Creation of new revenue sources/Profitability enhancement	
Major measure	Effect
(GreenOak Kudan) Rent increase by improvement of common area ※plan to add CAPEX in 15th period	Approx. ¥11.74mn
(FORECAST Shinjuku SOUTH etc.) Setting up new leasing area by using dead space	Approx. ¥2.08mn
(Itabashi Honcho Building) Setting vending machine	Approx. ¥0.24mn
(Mejiro NT Building) Setting antennas at rooftop	Approx. ¥0.12mn
Total amount of NOI increase Approx. ¥14.18mn (annual)	
Effect on DPU <sup>(3)</sup> +Approx. ¥31	

Cost reduction	
Major measure	Effect
(FORECAST Sakurabashi etc.) Installment of LED light (common area)	Approx. ¥3.45mn
(Pigeon Building etc.) Building management cost reduction	Approx. ¥2.04mn
(FORECAST Takadanobaba etc.) Reduce security cost by changing security system	Approx. ¥0.21mn
Total amount of NOI increase Approx. ¥5.71mn (annual)	
Effect on DPU +Approx. ¥12	

Total effect on DPU +Approx. ¥44

### 《Plan for 14th (June 2019)》

Major measure	Effect
(MK Kojimachi Building etc.) Setting antennas at rooftop	Approx. ¥0.36mn

Major measure	Effect
(23 properties) Replacing energy provider	Approx. ¥37.41mn



## Value-up record of approx. ¥ 245mn/p.a. for the seven terms in total

- Achievement of approx. ¥245mn/p.a. from 7th period to 13th period with aggressive and efficient measures to improve NOI
- Estimated NOI improvement of approx. ¥37mn/p.a. in the 14th period (Target ROI:15% in principal)



## Effect of NOI increase during the 13th period on DPU is calculated at +approx. ¥44

- NOI increased by ¥19.90mn p.a. through Engineering Management implemented during 13th period, effect on DPU is calculated at +¥44



# Achievements and Plan of NOI Enhancement through Engineering Management

	Measure	Amount of Revenue increase or Cost reduction
14th period (Plan)	(MK Kojimachi Building etc.) Setting antennas at rooftop	Increase in revenue approx. ¥0.36mn p.a.
	(23 properties) Replacing energy provider	Decrease in cost approx. ¥37.41mn p.a.
13th period (Actual)	(GreenOak Kudan) Rent increase by improvement of common area	Increase in revenue approx. ¥11.74mn p.a.
	(FORECAST Shinjuku SOUTH etc.) Setting up new leasing area by using dead space	Increase in revenue approx. ¥2.08mn p.a.
	(Itabashi Honcho Building) Setting vending machine	Increase in revenue approx. ¥0.24mn p.a.
	(Mejiro NT Building) Setting antennas at rooftop	Increase in revenue approx. ¥0.12mn p.a.
	(FORECAST Sakurabashi etc.) Installment of LED light (common area)	Decrease in cost approx. ¥3.45mn p.a.
	(Pigeon Building etc.) Building management cost reduction	Decrease in cost approx. ¥2.04mn p.a.
	(FORECAST Takadanobaba etc.) Reduce security cost by changing security system	Decrease in cost approx. ¥0.21mn p.a.
	(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.
12th period (Actual)	(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.
	(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.
11th period (Actual)	(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.
	(FORECAST Waseda FIRST etc.) Building management cost reduction	Decrease in cost approx. ¥6.11mn p.a.
9th period (Actual)	(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.
	(8 properties) Installment of water saving device	Decrease in cost approx. ¥3.70mn p.a.
8th period (Actual)	(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.
	(Mitsui Woody Building) Parking lot expansion	Increase in revenue approx. ¥0.36mn p.a.
7th period (Actual)	(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.



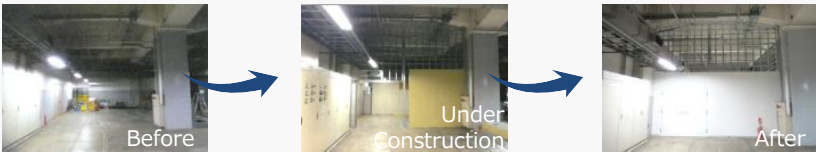
《FORECAST Shinjuku SOUTH 》  
CO2 reduction achieved by replacing air conditioners of whole building and LED lightings installed

- 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



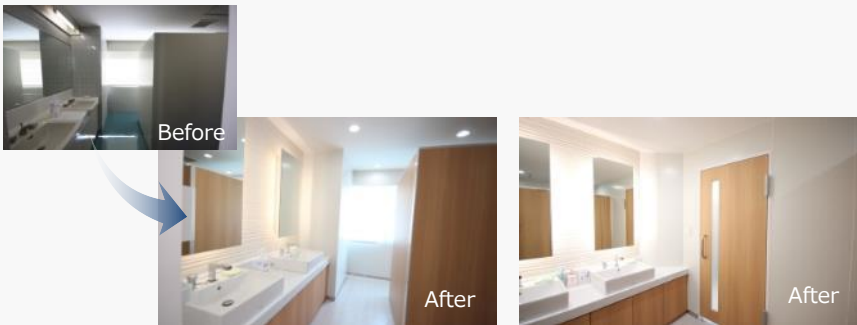
Set up new storage room on the basement floor

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



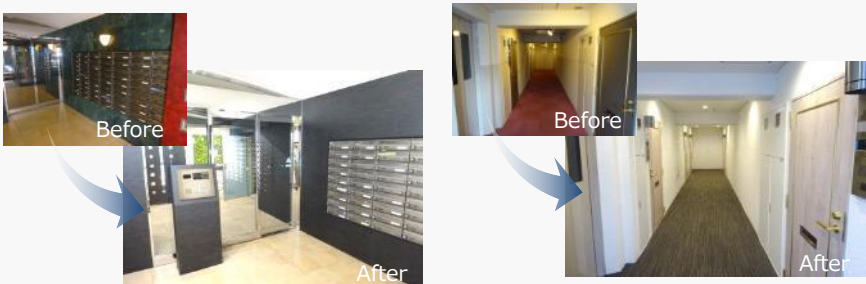
《Pigeon Building》  
Tenant's satisfaction improved by restroom renewal

- 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



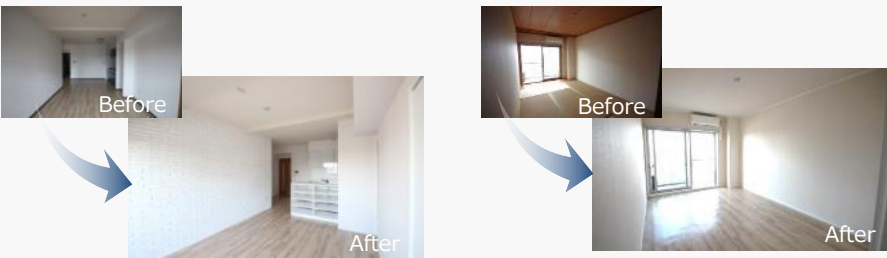
《Residence Nihombashi Hakozaki》  
Lease-up by renovation of the whole building

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



《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

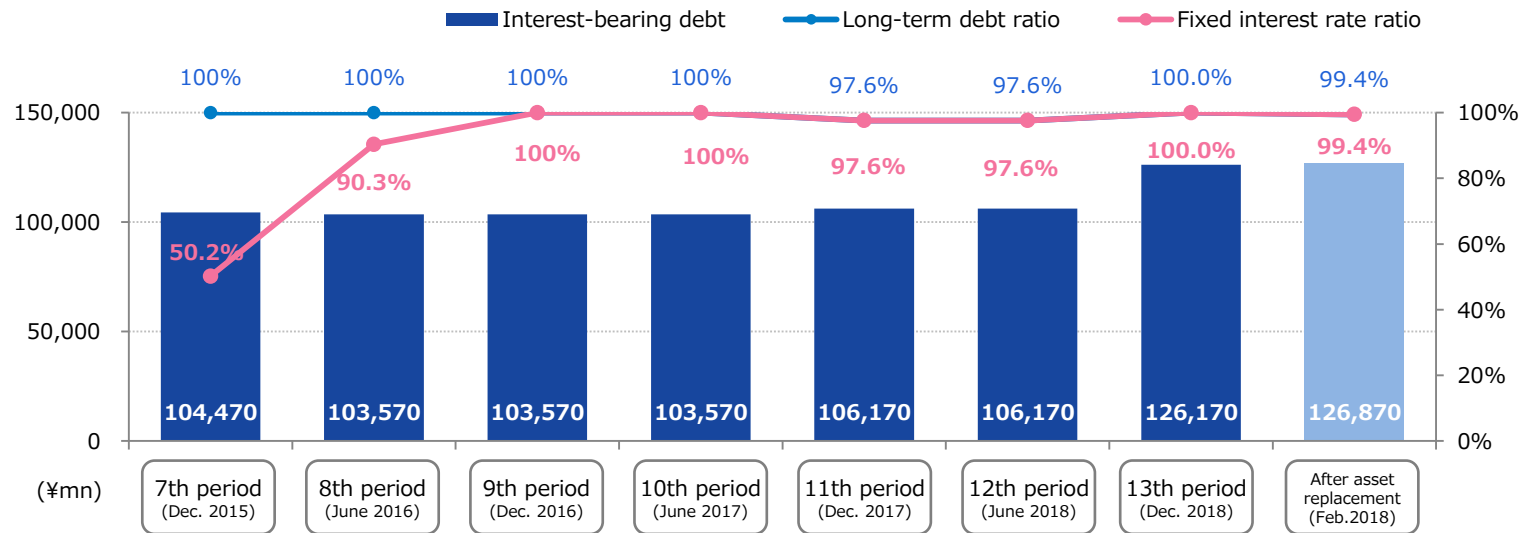




[illegible]



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



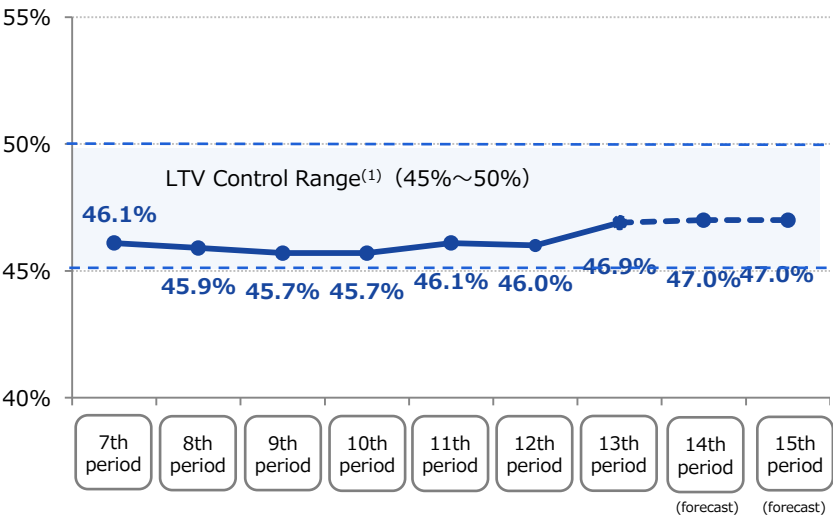
① Achieved 100% of Long-term debt ratio and Fixed interest rate ratio

- Total interest-bearing debt as of the end of the 13th period is ¥126.17bn and after the end of the asset replacement is ¥126.87bn
- Long-term debt ratio and fixed interest rate ratio has been maintaining at high level

② Maintaining LTV control level

- LTV as of the end of the 13th period is 46.9% and after the asset replacement is 47.0%
- We maintain LTV control policy in which LTV is maintained between 45% and 50%

《 Historical and forecast LTV 》



《 Overview of refinancing 》

(Executed in Apr. and Nov. 2018)

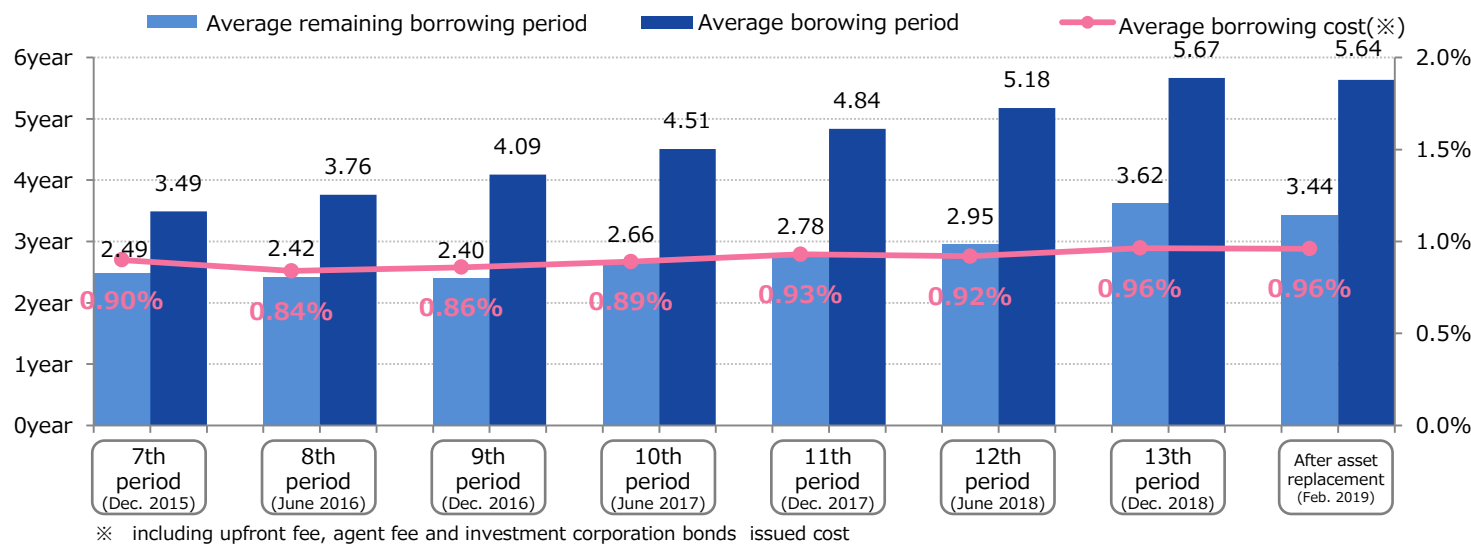
		Aug.2018			Nov. 2018
		Debt			
Before	Amount	¥5,700mn	¥5,100mn	¥2,600mn	¥1,500mn
	Term (year)	3.6	3.5	0.9	1.1
	Interest rate	0.221%	0.221%	Interest rate of base rate +0.20%	Interest rate of base rate +0.40%
		Debt			Investment Corporation Bonds
After	Amount	¥4,350mn	¥4,200mn	¥4,850mn	¥1,500mn
	Term (year)	6	7	8	10
	Interest rate	0.572%	0.678%	0.827%	0.880%

③ Refinancing

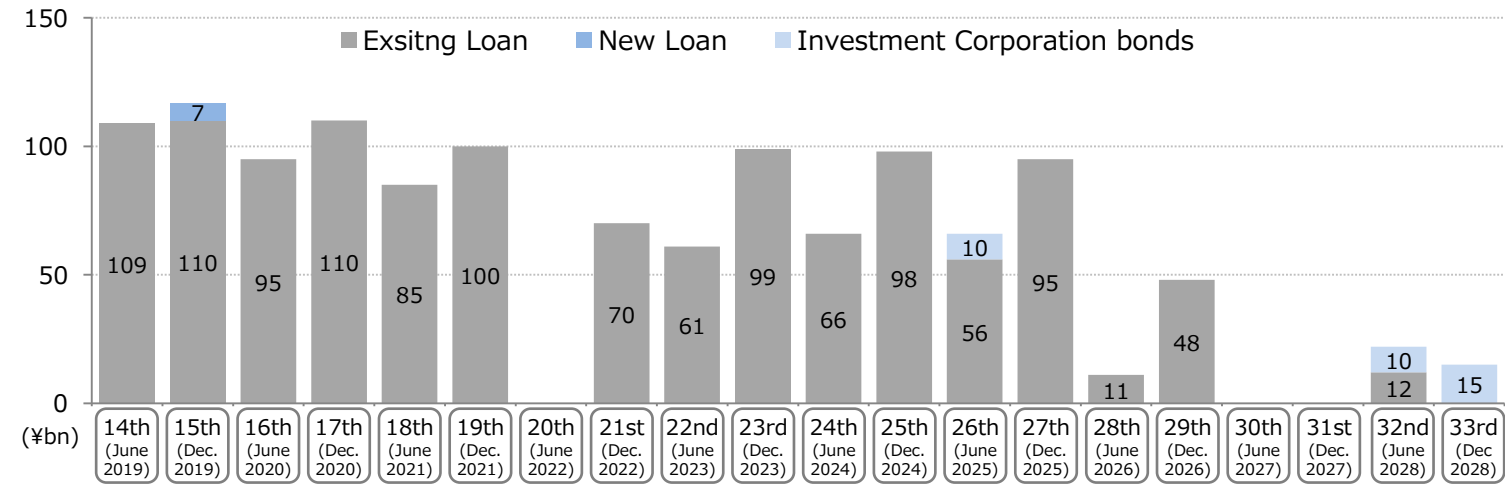
- Borrowing term has been extended at the timing of refinance in Aug. 2018 and Nov. 2018 while keeping level of borrowing cost



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



《Debt Maturity Schedule(After asset replacement)》



① Diversified way to finance by issuance of investment corporation bonds

NIPPON REIT 3rd unsecured bonds	
Issue date	Nov. 30,2018
Issue amount	¥1.5bn
Term	10years
Interest rate	0.880%
Bond rating	A (JCR)

② Extend average borrowing period

- Enhanced financial stability in consideration of interest costs

③ Further dispersion of maturity

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

《 Status of Rating 》

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

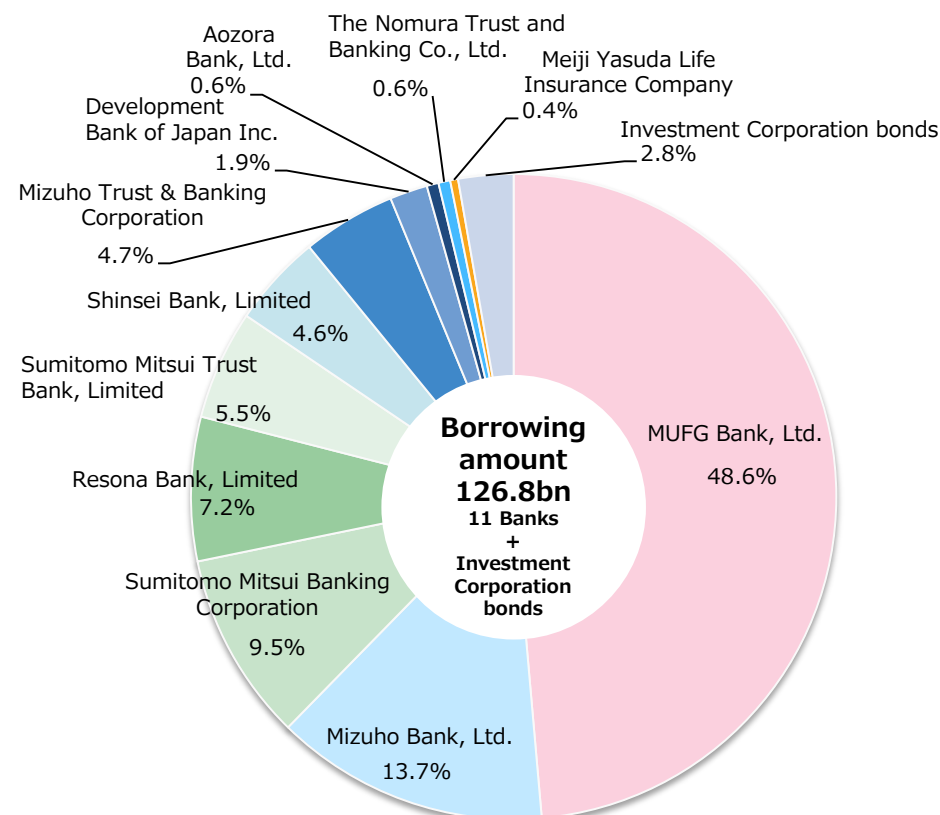


# List of Interest-Bearing Debts and Bank Formation (as of Feb. 2019)

## 《 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	700	Interest rate of base rate plus 0.20%	Floating	Feb.28,2019	Jul.22,2019
	1,070	0.91%	Fixed	Apr.24,2014	Apr.24,2019
	9,900	0.51040% <sup>(1)</sup>	Fixed	Apr.24,2015	Apr.24,2019
	11,000	0.54175% <sup>(1)</sup>	Fixed	Jul.02,2015	Jul.22,2019
	6,000	0.85%	Fixed	Feb.12,2015	Feb.20,2020
	3,500	0.84%	Fixed	Mar.12,2015	Feb.20,2020
	11,000	0.65425% <sup>(1)</sup>	Fixed	Jul.02,2015	Jul.21,2020
	8,500	0.36250% <sup>(1)</sup>	Fixed	Apr.25,2016	Apr.20,2021
	10,000	0.37710% <sup>(1)</sup>	Fixed	Aug.22,2016	Aug.20,2021
	7,000	0.4118% <sup>(1)</sup>	Fixed	Jul.03,2018	Aug.22,2022
	500	1.24%	Fixed	Feb.12,2015	Feb.20,2023
	5,600	0.47580% <sup>(1)</sup>	Fixed	Apr.24,2017	Apr.20,2023
	3,900	0.5000% <sup>(1)</sup>	Fixed	Aug.21,2017	Aug.21,2023
	6,000	0.47700% <sup>(1)</sup>	Fixed	Jul.03,2018	Aug.21,2023
	3,400	0.56000% <sup>(1)</sup>	Fixed	Apr.24,2017	Apr.22,2024
	3,200	0.51990% <sup>(1)</sup>	Fixed	Apr.24,2018	Apr.22,2024
	3,500	0.58200% <sup>(1)</sup>	Fixed	Aug.21,2017	Aug.20,2024
	2,000	0.53840% <sup>(1)</sup>	Fixed	Jul.03,2018	Aug.20,2024
	4,350	0.57200% <sup>(1)</sup>	Fixed	Aug.20,2018	Aug.20,2024
	1,000	0.58060% <sup>(1)</sup>	Fixed	Jul.03,2018	Jan.20,2025
	2,600	0.7023% <sup>(1)</sup>	Fixed	Apr.24,2017	Apr.21,2025
	2,000	0.61306% <sup>(1)</sup>	Fixed	Apr.24,2018	Apr.21,2025
	2,800	0.71250% <sup>(1)</sup>	Fixed	Aug.21,2017	Aug.20,2025
	2,500	0.6336% <sup>(1)</sup>	Fixed	Jul.03,2018	Aug.20,2025
	4,200	0.67800% <sup>(1)</sup>	Fixed	Aug.20,2018	Aug.20,2025
	600	0.75370% <sup>(1)</sup>	Fixed	Apr.24,2018	Apr.20,2026
	500	0.70%	Fixed	Apr.24,2018	Apr.20,2026
	4,850	0.82700% <sup>(1)</sup>	Fixed	Aug.20,2018	Aug.20,2026
	1,200	0.96181% <sup>(1)</sup>	Fixed	Apr.24,2018	Apr.20,2028
Investment Corporation bonds	1,000	0.54%	Fixed	Apr.24,2018	Apr.24,2025
	1,000	0.70%	Fixed	Apr.24,2018	Apr.24,2028
	1,500	0.88%	Fixed	Nov.30,2018	Nov.30,2028
<b>Total</b>	<b>126,870</b>				

## 《 Bank formation 》







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

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◆ Financial Results for the 13th Period (Dec. 2018) <small>(compared to the 12th Period)</small>	29
◆ Financial Results for the 13th Period (Dec. 2018) <small>(compared to the 13th forecast)</small>	30
◆ Financial Forecast for the 14th Period (June 2019) <small>(compared to the 13th Period)</small>	31
◆ Financial Forecast for the 14th Period (June 2019) <small>(compared to the forecast for 14th period as of Aug 16, 2018)</small>	32
◆ Financial Forecast for the 15th Period (Dec. 2019) <small>(compared to the forecast for 14th period as of Feb. 18, 2019)</small>	33
◆ Property NOI Yield	35
◆ Appraisal Value Summary	38



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

単位: 百万円 Unit: million	12th Period (June 30, 2018) Actual (a)	13th Period (Dec. 31, 2018) Actual (b)	(b-a)
<b>Operating Revenues</b>	<b>7,225</b>	<b>8,458</b>	<b>1,233</b>
Rental Revenues	6,551	7,678	1,126
Other Revenues Related to property leasing	625	780	154
Dividend Income	47	-	(47)
Operating Expenses	(3,389)	(3,818)	(428)
<b>Operating Income</b>	<b>3,835</b>	<b>4,640</b>	<b>805</b>
Non-Operating Revenues	1	3	2
Non-Operating Expenses	(507)	(804)	(296)
<b>Ordinary Income</b>	<b>3,329</b>	<b>3,840</b>	<b>510</b>
<b>Net Income</b>	<b>3,329</b>	<b>3,839</b>	<b>510</b>
<b>DPU</b>	<b>¥8,500</b>	<b>¥8,536</b>	<b>¥36</b>
NOI	5,292	6,335	1,043
Days	181	184	-

	12th period actual	13th period actual
NOI Yield <sup>(1)</sup>	<b>5.1%</b>	<b>5.1%</b>
FFO per Unit <sup>(2)</sup>	<b>¥10,489</b>	<b>¥10,573</b>
NAV per Unit	<b>¥334,542</b>	<b>¥342,122</b>

Major fluctuation factor	
Increase in rental revenue(by asset replacement)	+1,047
Increase in rental revenue(existing assets)	+79
Increase in utility income(by asset replacement)	+105
Increase in utility income(existing assets)(seasonal factor etc.)	+48
Increase in dividend income from silent partnership(liquidation of bridge funds)	(47)
Decrease in operation expenses(repair expenses, etc.)	+16
Decrease in payment of fee etc. (exclude asset management fee)	+19
Increase in operation expenses (depreciation cost, utility cost, etc.)	(390)
Increase in asset management fee	(30)
Increase in payment of fee etc. (exclude asset management fee)	(6)
Increase in other expenses	(29)
Increase in non-recoverable consumption tax	(7)
Refund of outstanding dividend	+2
Increase in borrowing related expense	(184)
Increase in investment units issued cost	(112)



# Financial Results for the 13th Period (Dec. 2018) (compared to the 13th forecast)

Unit : ¥million	13th Period (Dec. 31, 2018) <b>Forecast</b> As of Aug. 16, 2018 (a)	13th Period (Dec. 31, 2018) <b>Actual</b> (b)	(b-a)
<b>Operating Revenues</b>	<b>8,418</b>	<b>8,458</b>	<b>40</b>
Rental Revenues	7,670	7,678	7
Other Revenues Related to property leasing	747	780	32
Operating Expenses	(3,842)	(3,818)	24
<b>Operating Income</b>	<b>4,575</b>	<b>4,640</b>	<b>65</b>
Non-Operating Revenues	-	3	3
Non-Operating Expenses	(807)	(804)	3
<b>Ordinary Income</b>	<b>3,767</b>	<b>3,840</b>	<b>72</b>
<b>Net Income</b>	<b>3,767</b>	<b>3,839</b>	<b>72</b>
<b>DPU</b>	<b>¥8,373</b>	<b>¥8,536</b>	<b>¥163</b>
NOI	6,285	6,335	50
Days	184	184	-

	13th period forecast	13th period actual
NOI Yield	<b>5.0%</b>	<b>5.1%</b>
FFO per Unit	<b>¥ 10,414</b>	<b>¥10,573</b>

Major fluctuation factor	
Increase in rental revenue(Residence Nihombashi Hakozaiki)	+13
Decrease in rental revenue(Splendid Namba )	(4)
Increase in miscellaneous income (Receiving construction fee that the seller should pay, etc.)	+38
Increase in utility income	+10
Decrease in utility income (by update air conditioning equipment)	(17)
Decrease in operation expenses (utility cost, building management cost, etc.)	+57
Decrease in payment of fee etc. (exclude asset management fee)	+12
Decrease in other expenses	+9
Increase in operation expenses (leasing cost, repair expenses, etc.)	(47)
Increase in asset management fee	(4)
Increase in other expenses	(2)
Refund of outstanding dividend	+3
Decrease in investment units issued cost	+3



# Financial Forecast for the 14th Period (June 2019) ) (compared to the 13<sup>th</sup> Period)

Unit : ¥million	13th Period (Dec. 31, 2018) <b>Actual</b> (a)	14th Period (June 30, 2019) <b>Forecast</b> As of Feb. 18, 2019 (b)	(b-a)
<b>Operating Revenues</b>	<b>8,458</b>	<b>8,983</b>	<b>524</b>
Rental Revenues	7,678	7,815	137
Other Revenues Related to property leasing	780	675	(105)
Gain on sales of real estate properties	-	492	492
Operating Expenses	(3,818)	(4,080)	(262)
<b>Operating Income</b>	<b>4,640</b>	<b>4,903</b>	<b>262</b>
Non-Operating Revenues	3	-	(3)
Non-Operating Expenses	(804)	(634)	169
<b>Ordinary Income</b>	<b>3,840</b>	<b>4,268</b>	<b>428</b>
<b>Net Income</b>	<b>3,839</b>	<b>4,268</b>	<b>428</b>
<b>DPU</b>	<b>¥8,536</b>	<b>¥9,486</b>	<b>¥950</b>
NOI	6,335	6,225	(110)
Days	184	181	-

	13th period actual	14th period forecast
NOI Yield	<b>5.1%</b>	<b>5.0%</b>
FFO per Unit	<b>¥10,573</b>	<b>¥ 10,510</b>

## Major fluctuation factor

Increase in rental revenue(by asset replacement)	+41
Increase in rental revenue(existing assets)	+27
Decrease in rental revenue(parking) (by asset replacement) (2)	
Decrease in miscellaneous income (Receiving construction fee that the seller should pay, insurance income etc.)	(59)
Decrease in utility income(seasonal factor etc.)	(46)
Gain on sales of real estate properties (by asset replacement)	+492
Decrease in operation expenses (leasing cost, utility cost, etc.)	+60
Decrease in asset management	+6
Decrease in payment of fee etc. (exclude asset management fee)	+8
Decrease in other expenses	+30
Increase in operation expenses (repair cost, tax, etc.)	(238)
Increase in asset management fee	(60)
Increase in payment of fee etc. (exclude asset management fee)	(34)
Increase in non-recoverable consumption tax	(32)
Increase in other expenses	(3)
No refund of outstanding dividend	(3)
No investment units issued cost	+112
Decrease in borrowing related expense	+57



# Financial Forecast for the 14th Period (June 2019)(compared to the forecast for 14th period as of Aug 16, 2018)

Unit : ¥million	<b>14th Period</b> (June 30, 2019) <b>Original Forecast</b> As of Aug. 16, 2018 (a)	<b>14th Period</b> (June 30, 2019) <b>Forecast</b> As of Feb. 18, 2019 (b)	(b-a)
<b>Operating Revenues</b>	<b>8,434</b>	<b>8,983</b>	<b>548</b>
Rental Revenues	7,753	7,815	61
Other Revenues Related to property leasing	680	675	(5)
Gain on sales of real estate properties	-	492	492
Operating Expenses	(3,953)	(4,080)	(126)
<b>Operating Income</b>	<b>4,481</b>	<b>4,903</b>	<b>422</b>
Non-Operating Expenses	(630)	(634)	(3)
<b>Ordinary Income</b>	<b>3,850</b>	<b>4,268</b>	<b>418</b>
<b>Net Income</b>	<b>3,850</b>	<b>4,268</b>	<b>418</b>
<b>DPU</b>	<b>¥8,556</b>	<b>¥9,486</b>	<b>¥930</b>
NOI	6,274	6,225	(48)
Days	181	181	-

	14th period original forecast	14th period forecast
NOI Yield	<b>5.1%</b>	<b>5.0%</b>
FFO per Unit	<b>¥ 10,695</b>	<b>¥ 10,510</b>

Major fluctuation factor	
Increase in rental revenue(by asset replacement)	+27
Increase in rental revenue(existing assets)	+24
Decrease in rental revenue(parking) (by asset replacement)	(3)
Increase in rental revenue from incidental facilities and Utility income(billboard, etc.)	+1
Decrease in miscellaneous income	(2)
Decrease in utility income(by update air conditioning equipment)	(4)
Gain on sales of real estate properties (by asset replacement)	+492
Decrease in operation expenses (leasing cost, , building management cost, etc.)	+58
Decrease in asset management	+8
Decrease in payment of fee etc. (exclude asset management fee)	+8
Decrease in other expenses	+3
Increase in operation expenses (repair cost, compensation cost, etc.)	(153)
Increase in payment of fee etc. (exclude asset management fee)	(15)
Increase in non-recoverable consumption tax	(32)
Increase in other expenses	(4)
Decrease in borrowing related expense	+3
Increase in investment corporation bonds related expense	(7)



# Financial Forecast for the 15th Period (Dec. 2019) (compared to the forecast for 14th period as of Feb. 18, 2019)

Unit : ¥million	<b>14th Period</b> (June 30, 2019) <b>Forecast</b> As of Feb. 18, 2019 (b)	<b>15th Period</b> (Dec. 31, 2019) <b>Forecast</b> As of Feb. 18, 2019 (b)	(b-a)
<b>Operating Revenues</b>	<b>8,983</b>	<b>8,579</b>	<b>(404)</b>
Rental Revenues	7,815	7,852	
Other Revenues Related to property leasing	675	726	
Gain on sales of real estate properties	492	-	
Operating Expenses	(4,080)	(4,013)	
<b>Operating Income</b>	<b>4,903</b>	<b>4,565</b>	<b>337</b>
Non-Operating Expenses	(634)	(669)	
<b>Ordinary Income</b>	<b>4,268</b>	<b>3,895</b>	<b>(372)</b>
<b>Net Income</b>	<b>4,268</b>	<b>3,895</b>	<b>(372)</b>
<b>DPU</b>	<b>¥9,486</b>	<b>¥8,657</b>	<b>¥829</b>
NOI	6,225	6,387	162
Days	181	184	-

	14th period forecast	15th period forecast
NOI Yield	<b>5.0%</b>	<b>5.1%</b>
FFO per Unit	<b>¥10,510</b>	<b>¥10,843</b>

Major fluctuation factor	
Increase in rental revenue(by asset replacement)	+19
Increase in rental revenue(existing assets)	+18
Decrease in rental revenue(parking) (by asset replacement)	(1)
Increase in utility income(seasonal factor etc.)	+53
Decrease in miscellaneous income(key money, etc.)	(2)
No gain on sales of real estate properties (by asset replacement)	(492)
Decrease in operation expenses (repair cost, compensation cost, etc.)	+145
Decrease in payment of fee etc. (exclude asset management fee)	+18
Decrease in non-recoverable consumption tax	+28
Decrease in other expenses	+4
Increase in operation expenses (utility cost, leasing cost, etc.)	(101)
Increase in asset management fee	(20)
Increase in payment of fee etc. (exclude asset management fee)	(5)
Increase in other expenses	(2)
Increase in borrowing related expense	(35)



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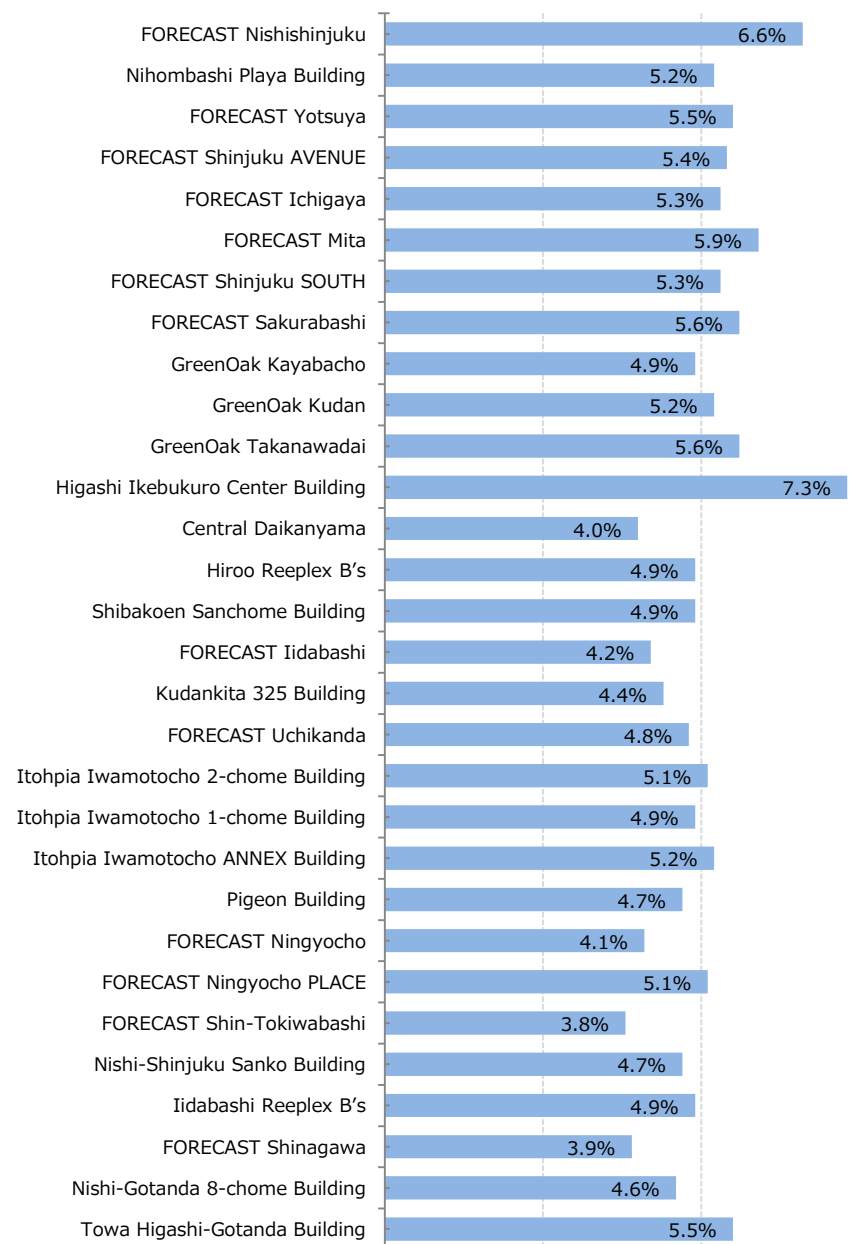


# Property NOI Yield

## ■ Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 13<sup>th</sup> period)

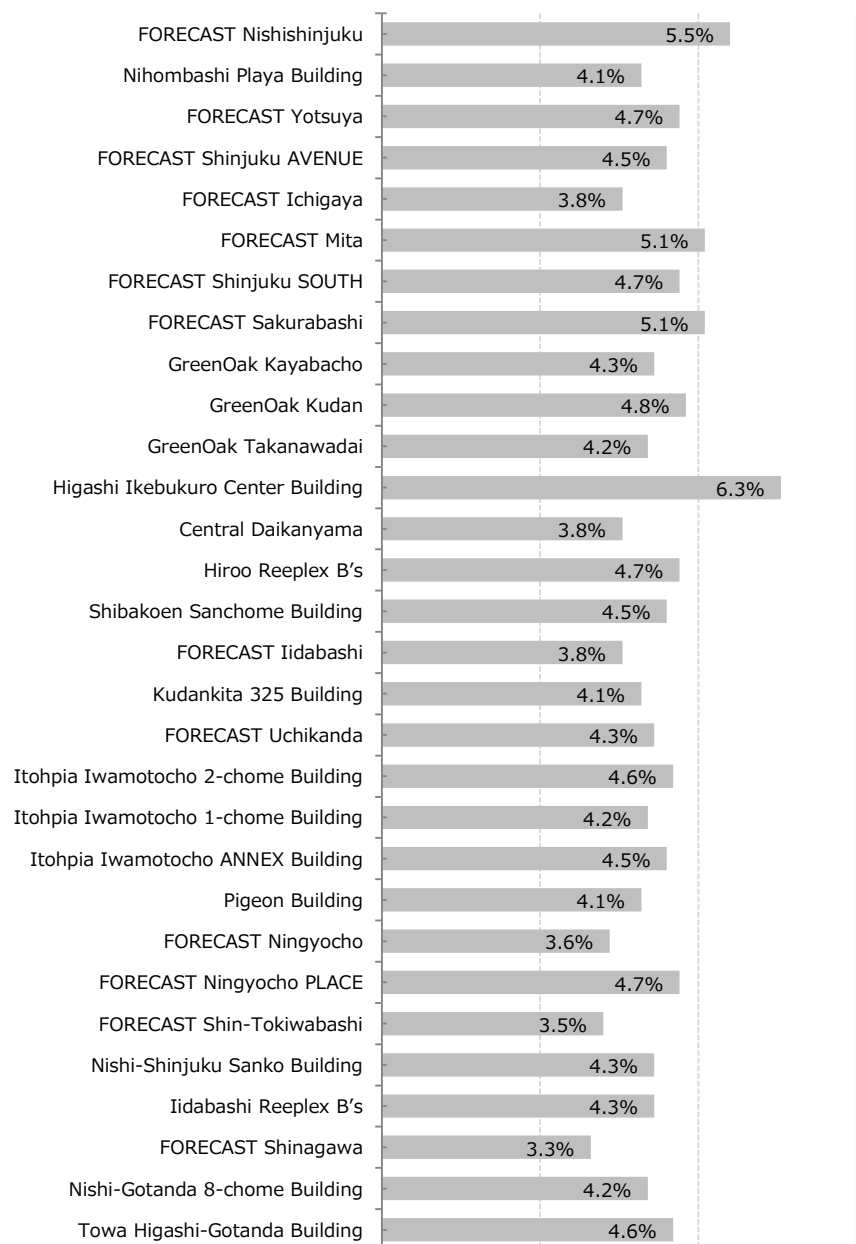
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## ■ Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 13<sup>th</sup> period)

0.0% 2.5% 5.0% 7.5%



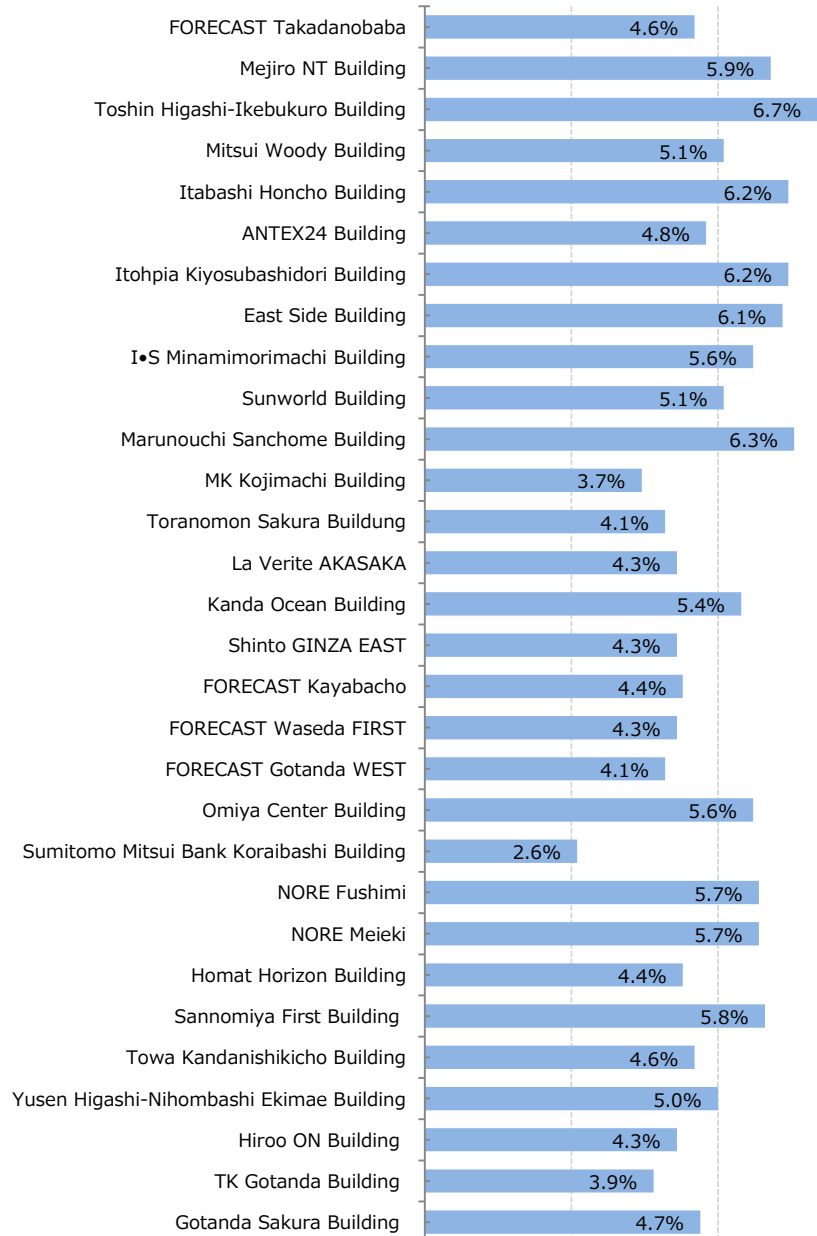


# Property NOI Yield

## ■ Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 13<sup>th</sup> period)

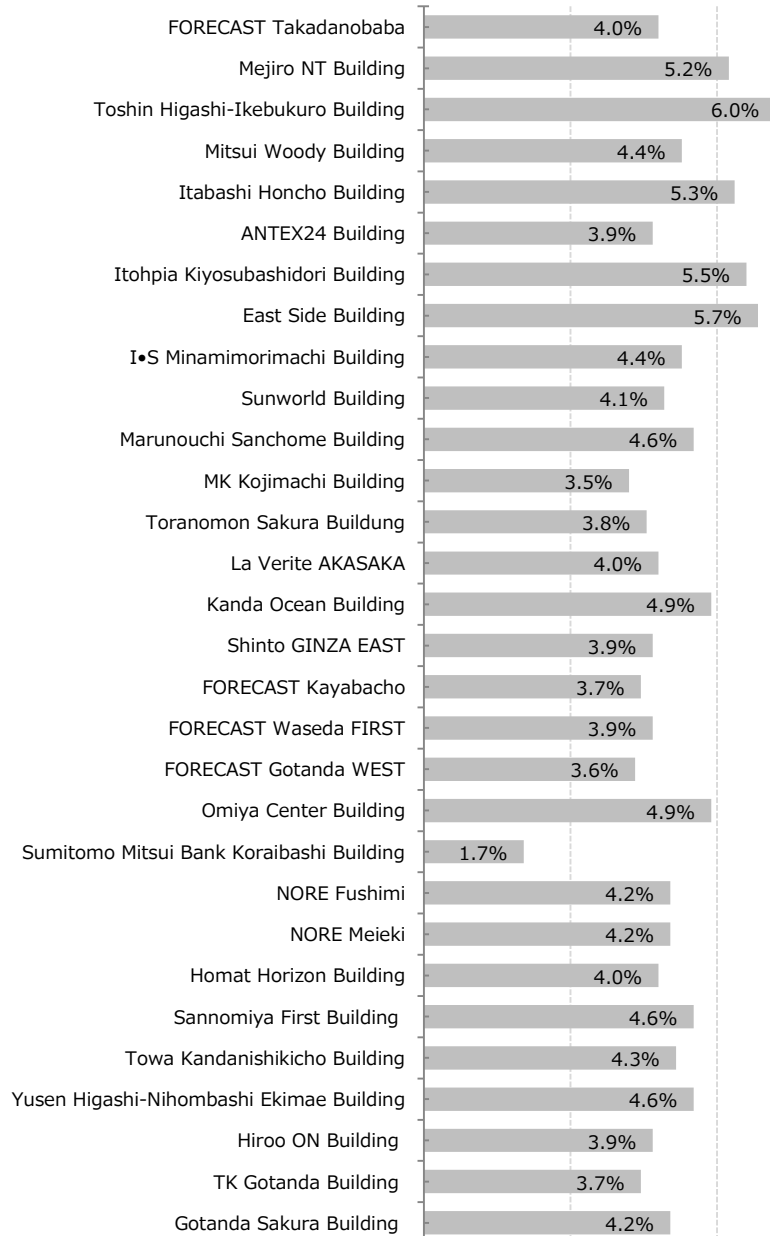
0.0% 2.5% 5.0% 7.5%



## ■ Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 13<sup>th</sup> period)

0.0% 2.5% 5.0% 7.5%



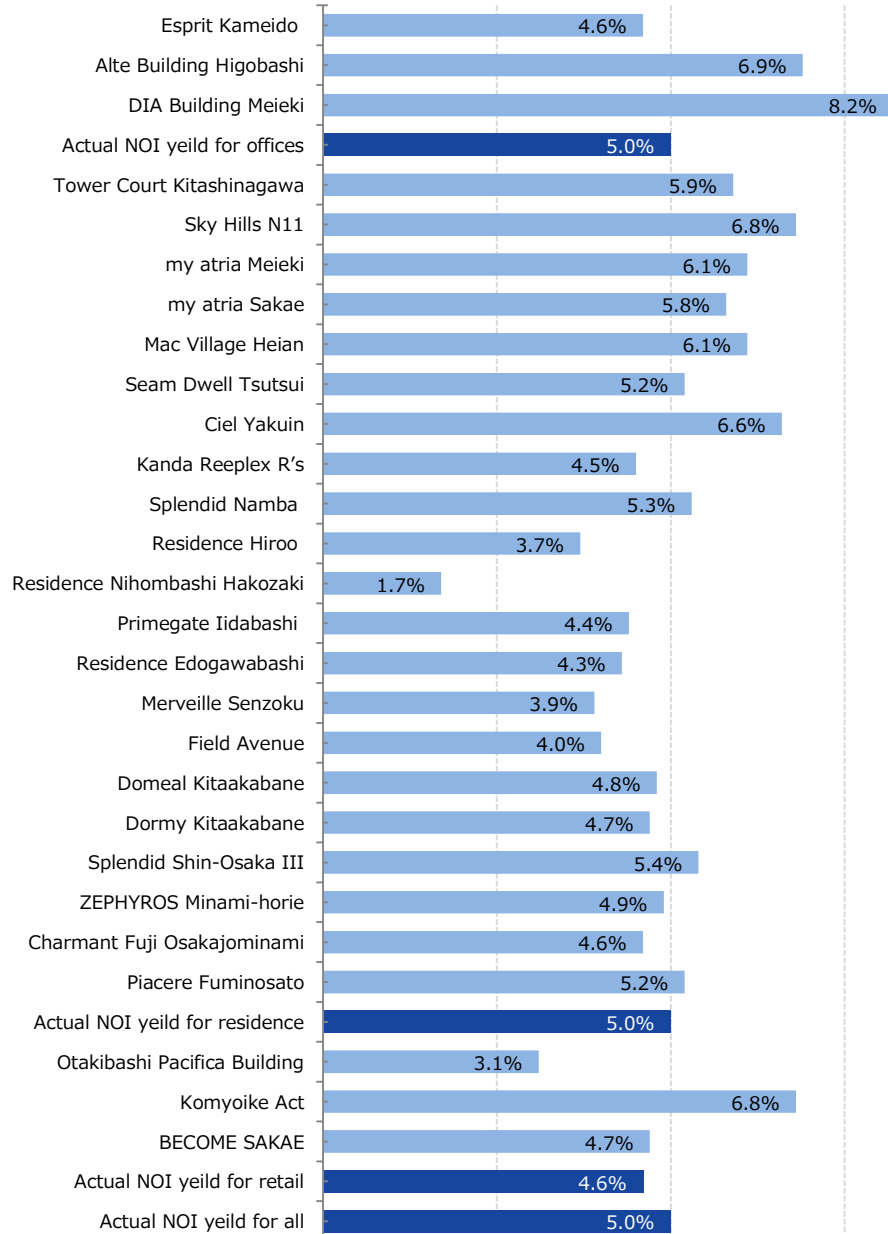


# Property NOI Yield

## ■ Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 13<sup>th</sup> period)

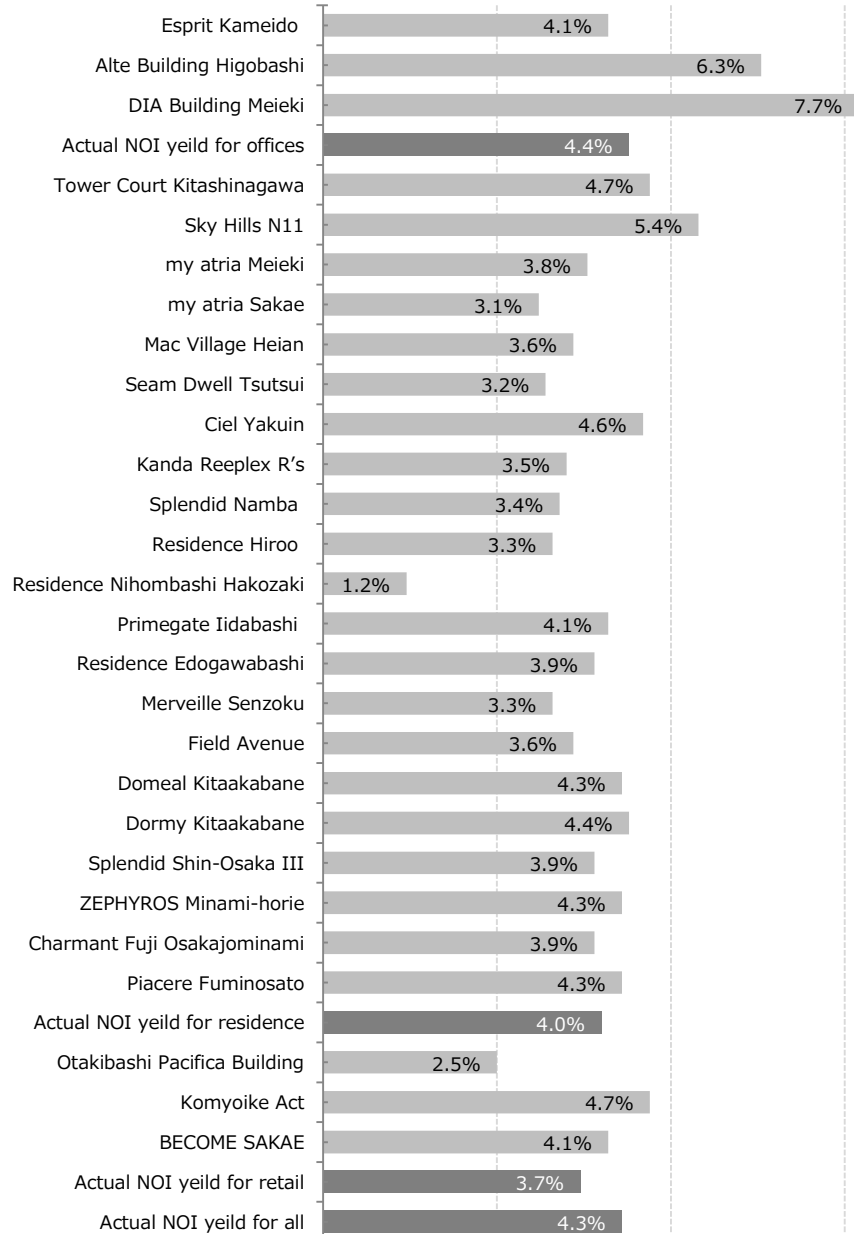
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## ■ Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 13<sup>th</sup> period)

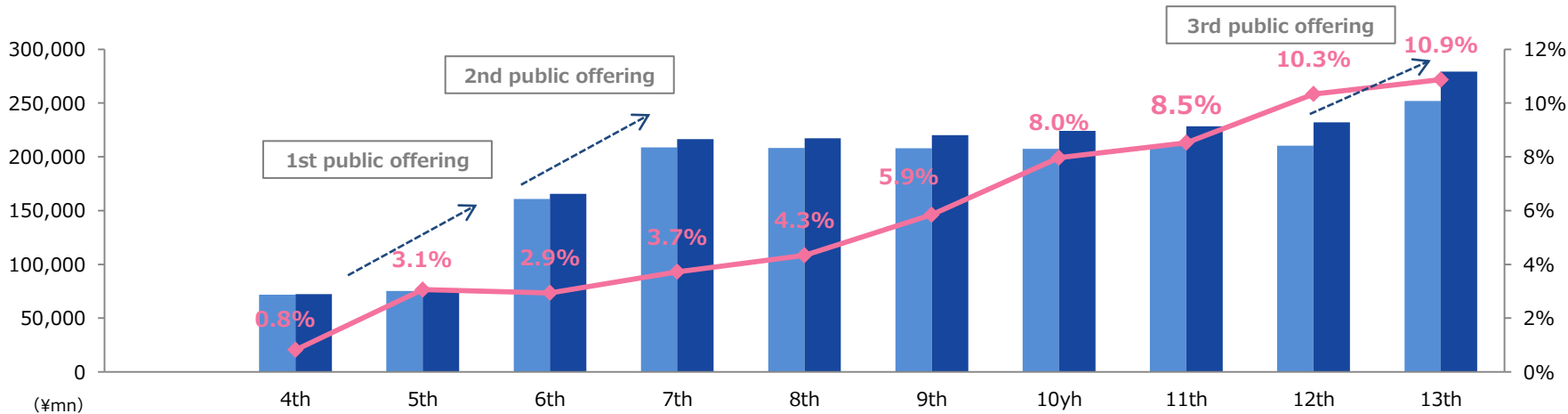
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# Appraisal Value Summary

Book Value Appraisal Value Unrealized gain ratio



(¥mn)

		4th	5th	6th	7th	8th	9th	10th	11th	12th	13th
Office	Book Value	53,820	57,340	135,800	183,725	183,457	183,340	183,100	182,649	182,868	197,874
	Appraisal Value	54,130	58,900	139,250	189,440	190,270	192,710	196,120	196,780	200,330	219,910
	Unrealized gains	309	1,559	3,449	5,714	6,812	9,369	13,019	14,130	17,461	22,035
Residential	Book Value	18,083	17,919	19,563	19,387	19,215	19,048	18,922	22,249	22,082	43,775
	Appraisal Value	18,364	18,664	20,993	21,402	21,363	21,737	22,302	25,942	26,196	48,898
	Unrealized gains	280	744	1,429	2,014	2,147	2,688	3,379	3,692	4,113	5,122
Retail	Book Value	-	-	5,584	5,568	5,539	5,533	5,517	5,546	5,524	10,303
	Appraisal Value	-	-	5,440	5,610	5,610	5,640	5,660	5,660	5,700	10,540
	Unrealized gains	-	-	-144	41	70	106	142	113	175	236
Total	Book Value	71,904	75,259	160,948	208,681	208,212	207,922	207,540	210,445	210,475	251,954
	Appraisal Value	72,494	77,564	165,683	216,452	217,243	220,087	224,082	228,382	232,226	279,348
	Unrealized gains	589	2,304	4,734	7,770	9,030	12,164	16,541	17,936	21,750	27,393



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.
- 2 "6 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards.
- 3 Mid-sized office indicates office building of which total floor space is less than 10,000tsubo . The same applies hereafter.
- 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 13th period / total leasable area  
By monthly rent: rent (including CAM) of respective tenant as of the end of the 13th period / total rent
- 2 "Grade A" refers to the office buildings located within the areas defined by CBRE K.K. which are in 5 central wards of Tokyo, having more than 6,500 tsubo of total leasable area and 10,000 tsubo of gross floor area, less than 11years old, and if located in 5 central wards of Tokyo, more than 500 tsubo of basic floor area. "Grade A-" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 250 tsubo of basic floor area, 4,500 tsubo of total leasable area, and 7,000 tsubo of gross floor area and comply with the current earthquake resistance standard. "Grade B" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 200 tsubo of basic floor area, between 2,000 and 7,000 tsubo of gross floor area, and comply with the current earthquake resistance standard.
- P4** 1 "NAV per unit" is calculated by following formula, with figures as of the end of respective period. The same applies hereafter.  
$$((\text{Net Asset} + \text{Total Appraisal Value} - \text{Total Book Value}) / \text{Investment Units Issued and Outstanding}) \cdot \text{DPU}$$
- P5** 1 "Original forecast" refers to the forecasts announced as of following dates.  
5th period : Aug. 14, 2014, 6th period : Feb. 19, 2015, 7th period : Aug. 20, 2015, 8th period : Feb. 18, 2016, 9th : Aug. 16, 2016, 10th period : Feb. 16, 2017, 11th period : Sep 15, 2017 , 12th period : Feb. 16, 2018, 13th period and 14th period : Aug. 16, 2018
- P7** 1 "non-recurring factors" refers to the following.  
5th period : Real estate tax capitalized(per unit)  
6th period: Real estate tax capitalized – expenses related to public offering(per unit)  
7th period : Real estate tax capitalized + amount equivalent to increase of dividend income from silent partnership due to transfer of asset in the bridge fund – expenses related to public offering(per unit)  
8th period : Consumption tax settlement difference(per unit)  
11th period: Gain on exchange of real estate properties+real estate tax capitalized-non-recoverable consumption tax  
  
12th: period: Amount equivalent to increase of dividend income from silent partnership due to transfer of asset in the bridge fund and settlement (per unit)  
13th: period: Real estate tax capitalized – expenses related to public offering(per unit)  
14th:Gain on sales of real estate properties+real estate tax capitalized-non-recoverable consumption tax (per unit)  
15th: Real estate tax capitalized(per unit)
- P8** 1 TSE REIT Index is indexed to the price of NIPPON REIT on January 4, 2018 (¥324,000).
- 2 "Dividend yield" is calculated by the following formula: Total of DPU for the immediately-preceding period of the relevant date and its preceding period / the Closing price as of the relevant date.
- 3 "Dividend yield of TSE REIT Index" is calculated by the following formula: Overall DPU of TSE REIT Index for the past 12 months / the value of TSE REIT Index as of the relevant date. "DPU of overall TSE REIT Index for the past 12 months" is calculated by the following formula: (Aggregate of (DPU of an Index constituent x the number of the constituent's investment units considered in TSE REIT Index) for all the constituents of TSE REIT Index) / the value of TSE REIT Index.
- P10** 1 "NC" refers to G.K. Nicolas Capital. "TMK" refers to Tokutei Mokuteki Kaisha. "NG" refers to G.K. NGT Growth.
- 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.
- P11** 1 "Average appraisal NOI yield" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield = total of appraisal NOI of each property(based on the appraisal as of the acquisition) ÷ total acquisition price
- 2 "Average appraisal NOI yield (after depreciation)" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield (after depreciation) = ((total of appraisal NOI of each property(based on the appraisal as of the acquisition)) – (total of depreciation costs of each property) ÷ total acquisition price  
depreciation was calculated in a manner consistent with the assumptions for the forecasts for the fiscal period ending June 30, 2019 on an annualized basis in June, 2018.
- P12** 1 "Average appraisal NOI yield" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield = total of appraisal NOI of each property(based on the latest appraisal) ÷ total acquisition price of assets to be transferred
- 2 "Average appraisal NOI yield (after depreciation)" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield (after depreciation) = ((total of appraisal NOI of each property(based on the latest appraisal)) – (total of depreciation costs of each property) ÷ total acquisition price of assets to be transferred  
depreciation is calculated in a manner consistent with the assumptions for the forecasts for the fiscal period ending Dec. 31, 2019 on an annualized basis.

- 3 "Average appraisal NOI yield" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield = total of appraisal NOI of each property(based on the latest appraisal) ÷ total (anticipated)acquisition price
- 4 "Average appraisal NOI yield (after depreciation)" is calculated as below, rounded to the first decimal place.  
Average appraisal NOI yield (after depreciation) = ((total of appraisal NOI of each property(based on the latest appraisal)) – (total of depreciation costs of each property) ÷ total(anticipated) acquisition price  
depreciation is calculated in a manner consistent with the assumptions for the forecasts in the 15th period ending Dec 31, 2019 on an annualized basis.
- P13** 1 Unless otherwise specified, "After asset replacement" is as of the end of Feb, 2019.
- P14** 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.
- 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".
- 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 Residential properties of which rents are not fixed, are stated.
- P18** 1 In case that tenant categorized "Uncanceled" in each period accepted rent increase after the following period, the area subject to rent renewal of the tenant is included the area categorized "Uncanceled" and "Increase" in the relevant period.
- 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.
- 2 "Market rent" is represented by an average of the maximum and minimum of the rent of respective properties, as described in the market reports prepared by Sanko Estate and CBRE K.K. Such average is a weighted-average of each office properties based on the occupied floor area.
- 3 "Rent gap" of properties held by bridge funds is calculated as "Average rent of all offices / Average market rent – 1" based on market reports as requested as part of due diligence upon acquisition.
- 4 Each figures after asset replacement which SRA calculated is based on each figures as of the end of the 13th period and each figures about asset replacement.
- 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.
- 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.
- 2 NOI to beimproved and Capex related to the subsidy project are not included in this figure.
- 3 Based on the number of investment units issued as of the end of 13th period.
- 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 December 31, 2018 (REIT)" announced on Feb. 18, 2019.
- 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 NOI 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



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《Nippon REIT's Policy》

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

《Sponsor support》

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



《Portfolio Development Policy<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.



AUM (Acquisition price)	70.4bn	73.8bn	157.8bn	204.8bn	204.8bn	204.8bn	204.8bn	207.7bn	207.7bn	247.9bn	249.2bn
	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	As of end of 13 <sup>th</sup> period	After Asset Replacement in Feb. 2019 <sup>(1)</sup>
Appraisal value	¥72.4bn	¥77.5bn	¥165.6bn	¥216.4bn	¥217.2bn	¥220.0bn	¥224.0bn	¥228.3bn	¥232.2bn	¥279.3bn	¥280.2bn
Appraisal NOI yield	5.0%	5.1%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%
Leasable area	89,839.03 m <sup>2</sup>	91,840.93 m <sup>2</sup>	203,359.35 m <sup>2</sup>	255,560.43 m <sup>2</sup>	255,396.84 m <sup>2</sup>	255,393.62 m <sup>2</sup>	255,398.17 m <sup>2</sup>	255,783.88 m <sup>2</sup>	255,531.31 m <sup>2</sup>	306,621.28 m <sup>2</sup>	310,752.99 m <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%)	90 properties (22.3%)
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%)	620 tenants (12.3%)	604 tenants (12.4%)

## Notes

- As for "After Asset Replacement in Feb. 2019", total amount or figure calculated by total amount of properties owned by NIPPON REIT as of the end of the 13 period and properties replaced by NIPPON REIT in February 2019 are stated.
- Based on acquisition price.
- 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  
Takanawadai



**A-13**  
Higashi Ikebukuro  
Center Building



**B-2**  
Sky Hills N11



**B-3**  
my atria  
Meieki



**B-4**  
my atria Sakae



**B-5**  
Mac Village  
Heian



**B-6**  
Seam Dwell  
Tsutsui



**B-7**  
Ciel Yakuin



**B-1**  
Tower Court Kitashinagawa



**A-14**  
Central  
Daikanyama



**A-16**  
Hiroo Reeplex B's



**A-17**  
Shibakoen  
Sanchome Building



**A-18**  
FORECAST  
Iidabashi



**A-19**  
Kudankita  
325 Building



**A-20**  
FORECAST  
Uchikanda



**A-21**  
Itohpia Iwamotocho  
2-chome Building



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



**A-23**  
Itohpia Iwamotocho  
ANNEX Building



**A-24**  
Pigeon Building



**A-25**  
FORECAST  
Ningyocho



**A-26**  
FORECAST  
Ningyocyo PLACE



**A-27**  
FORECAST  
Shin-Tokiwabashi



**A-28**  
Nishi-shinjuku  
Sanko Building



**A-29**  
Iidabashi  
Reeplex B's



**A-30**  
FORECAST  
Shinagawa

Acquired from sponsor



# List of Portfolio(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



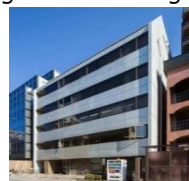
**A-38**

ANTEX24  
Building



**A-39**

Itohpia  
Kiyosubashidori  
Building



**A-40**

East Side Building



**A-41**

I·S  
Minamimorimachi  
Building



**A-42**

Sunworld Building



**A-43**

Marunouchi  
Sanchome  
Building



**B-8**

Kanda  
Reeplex R's



**C-1**

Otakibashi Pacifica  
Building



**C-2**

Komyoike Act



**A-44**

MK Kojimachi  
Building



**A-45**

Toranomon Sakura  
Building



**A-46**

La Verite  
AKASAKA



**A-47**

Kanda Ocean  
Building



**A-48**

Shinto GINZA  
EAST



**A-49**

FORECAST  
Kayabacho



**A-50**

FORECAST Waseda  
FIRST



**A-55**

NORE Meieki



**A-53**

Sumitomo  
Mitsui Bank  
Koraibashi  
Building



**A-54**

NORE Fushimi



**B-9**

Splendid Namba



**A-56**

Homat Horizon  
Building



**A-57**

Sannomiya First  
Building



**A-51**

FORECAST  
Gotanda WEST



**A-52**

Omiya Center  
Building

Acquired by exchanging



# List of Portfolio(3rd public offering)



**A-58**

Towa Kandanishikicho Building



**A-59**

Yusen Higashi-Nihombashi Ekimae Building



**A-60**

Hiroo ON Building



**A-61**

TK Gotanda Building



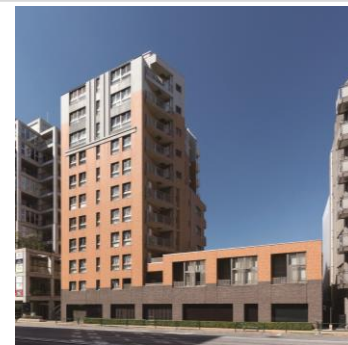
**A-62**

Gotanda Sakura Building



**A-63**

Esprit Kameido



**B-10**

Residence Hiroo



**A-64**

Alte Building Higobashi



**A-65**

DIA Building Meieki



**B-11**

Residence Nihombashi Hakozaeki



**B-12**

Primegate Iidabashi



**B-13**

Residence Edogawabashi



**B-14**

Merveille Senszoku



**B-16**

Domeal Kitaakabane



**B-15**

Field Avenue



**B-17**

Dormy Kitaakabane



**B-18**

Splendid Shin-Osaka III



**B-19**

ZEPHYROS Minami-horie



**B-20**

Charmant Fuji Osakajominami



**B-21**

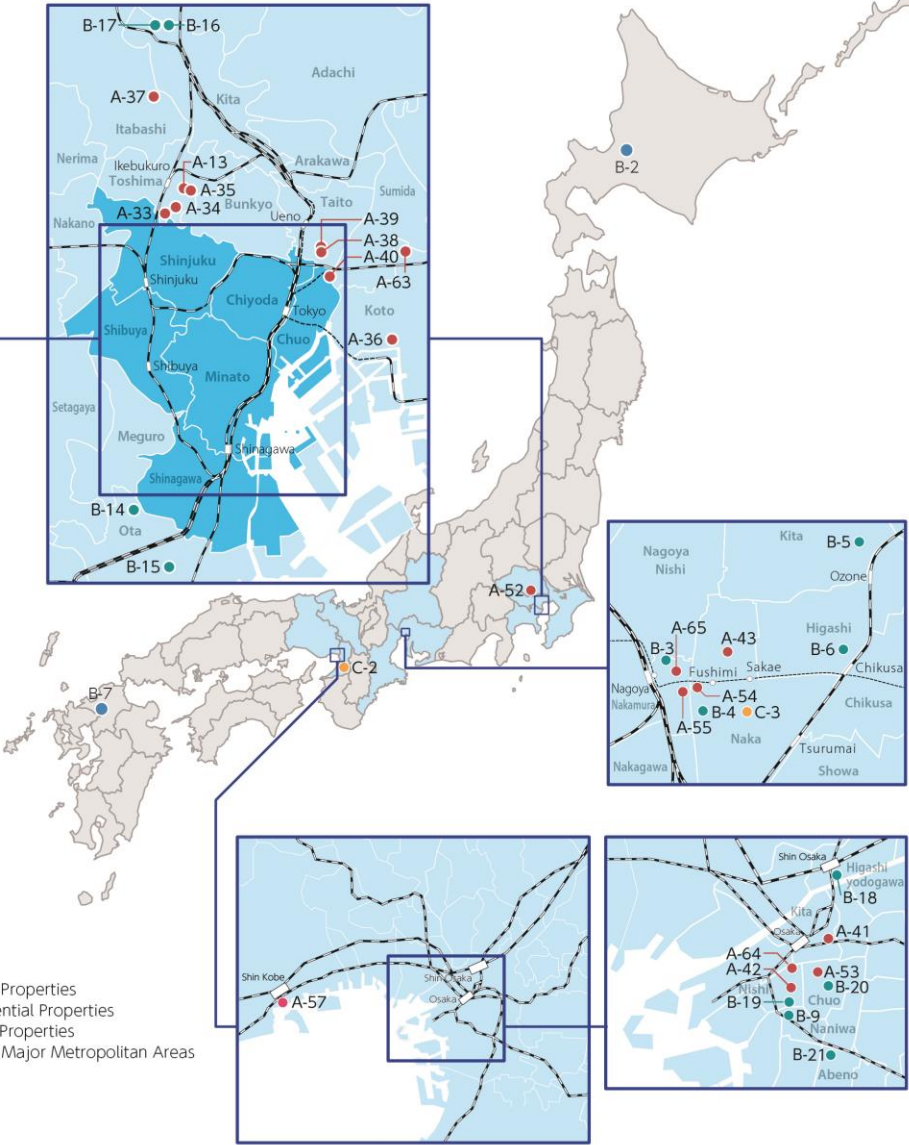
Piacere Fuminosato



**C-3**

BECOME SAKAE





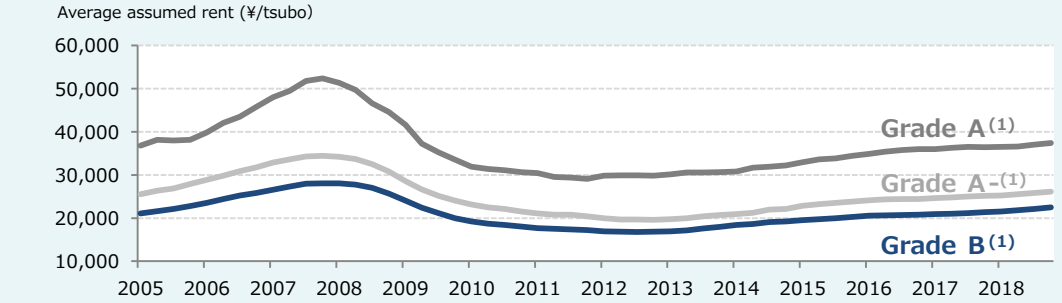
- Office Properties
- Residential Properties
- Retail Properties
- Three Major Metropolitan Areas



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

## 1) Low Volatile

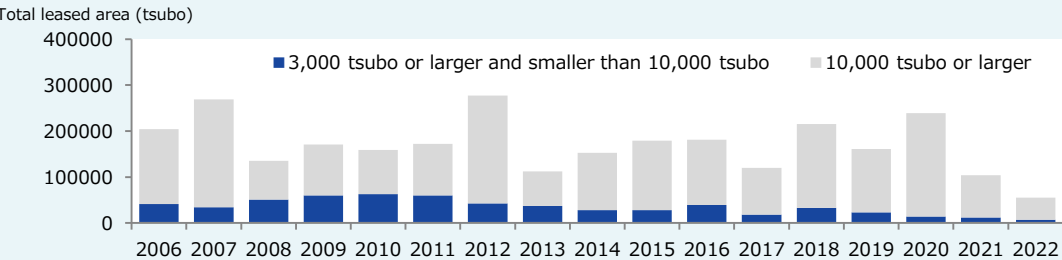
《Office Rent Trend by Building Grade in 23 Wards of Tokyo》



Source : CBRE K.K

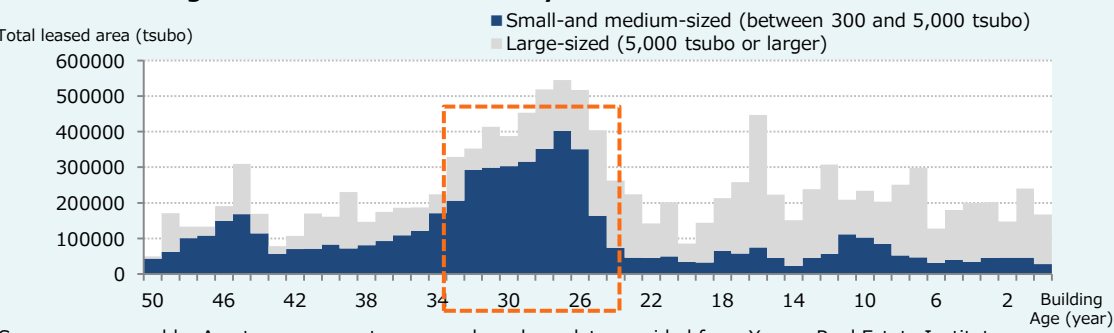
## 2) Limited Capital

《Office Building Supply in 23 Wards of Tokyo》



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

《Office Building Stocks in 23 Wards of Tokyo》



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

Grade A offices  
=large-sized office



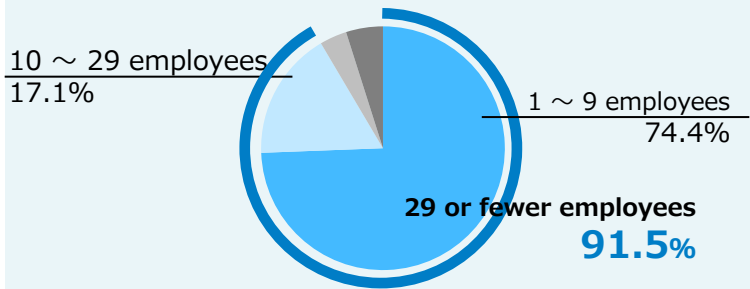
Grade B offices  
=Small-and medium-sized office



All of office properties in our portfolio  
=Grade B office

## 3) Strong Demand

《Composition of Offices by Number of Employees in 23 Wards of Tokyo》



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

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



# 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 Nishishinjuku	office	Shinjuku Ward, Tokyo	Feb. 2009	2,260	0.9%	1,945.68	17	100.0%	2.7%
A-2	Nihombashi Playa Building	office	Chuo Ward, Tokyo	Feb. 2009	2,130	0.9%	2,490.08	1	84.6%	3.7%
A-3	FORECAST Yotsuya	office	Shinjuku Ward, Tokyo	Jan. 2009	1,430	0.6%	1,678.15	13	100.0%	3.6%
A-4	FORECAST Shinjuku AVENUE	office	Shinjuku Ward, Tokyo	Sep. 2008	6,500	2.6%	4,337.15	6	100.0%	2.1%
A-5	FORECAST Ichigaya	office	Shinjuku Ward, Tokyo	Aus. 2009	4,800	1.9%	3,844.66	23	100.0%	2.9%
A-6	FORECAST Mita	office	Minato Ward, Tokyo	Sep. 2009	1,800	0.7%	1,786.18	5	100.0%	2.9%
A-7	FORECAST Shinjuku SOUTH	office	Shinjuku Ward, Tokyo	Nov. 1980	13,990	5.6%	13,875.04	19	100.0%	7.0%
A-8	FORECAST Sakurabashi	office	Chuo Ward, Tokyo	Apr. 1985	5,760	2.3%	6,566.76	5	100.0%	4.2%
A-9	GreenOak Kayabacho	office	Chuo Ward, Tokyo	Mar. 1990	2,860	1.2%	2,995.35	8	100.0%	2.6%
A-10	GreenOak Kudan	office	Chiyoda Ward, Tokyo	Dec. 1987	2,780	1.1%	2,594.46	3	100.0%	5.1%
A-11	GreenOak Takanawadai	office	Minato Ward, Tokyo	Jan. 2010	2,260	0.9%	2,621.74	11	100.0%	3.6%
A-13	Higashi Ikebukuro Center Building	office	Toshima Ward, Tokyo	Nov. 1991	2,520	1.0%	4,219.65	6	100.0%	4.5%
A-14	Central Daikanyama	office	Shibuya Ward, Tokyo	Aus. 1991	3,510	1.4%	1,898.83	4	100.0%	7.1%
A-16	Hiroo Reeplex B's	office	Minato Ward, Tokyo	May 1987	2,827	1.1%	1,500.85	8	100.0%	4.4%
A-17	Shibakoen Sanchome Building	office	Minato Ward, Tokyo	Jun. 1981	7,396	3.0%	7,882.60	4	100.0%	11.3%
A-18	FORECAST Iidabashi	office	Chiyoda Ward, Tokyo	Nov. 1978	5,230	2.1%	4,066.50	22	100.0%	7.1%
A-19	Kudankita 325 Building	office	Chiyoda Ward, Tokyo	Aus. 1987	1,850	0.7%	2,007.07	8	100.0%	4.5%
A-20	FORECAST Uchikanda	office	Chiyoda Ward, Tokyo	Dec. 1976	1,240	0.5%	1,230.44	5	100.0%	9.9%
A-21	Itohpia Iwamotocho 2-chome Building	office	Chiyoda Ward, Tokyo	Feb. 1991	2,810	1.1%	3,447.16	10	100.0%	4.1%
A-22	Itohpia Iwamotocho 1-chome Building	office	Chiyoda Ward, Tokyo	Jan. 1991	2,640	1.1%	3,056.56	9	100.0%	9.0%
A-23	Itohpia Iwamotocho ANNEX Building	office	Chiyoda Ward, Tokyo	Nov. 1991	2,100	0.8%	3,064.20	6	100.0%	4.1%
A-24	Pigeon Building	office	Chuo Ward, Tokyo	Aus. 1989	2,837	1.1%	3,022.25	1	100.0%	5.6%
A-25	FORECAST Ningyocho	office	Chuo Ward, Tokyo	Nov. 1990	2,070	0.8%	2,277.62	6	100.0%	11.1%
A-26	FORECAST Ningyocho PLACE	office	Chuo Ward, Tokyo	Feb. 1984	1,650	0.7%	1,867.95	7	100.0%	7.1%
A-27	FORECAST Shin-Tokiwabashi	office	Chuo Ward, Tokyo	Aus. 1991	2,030	0.8%	1,808.65	10	100.0%	4.1%
A-28	Nishi-Shinjuku Sanko Building	office	Shinjuku Ward, Tokyo	Sep. 1987	2,207	0.9%	2,479.80	8	100.0%	12.7%
A-29	Iidabashi Reeplex B's	office	Shinjuku Ward, Tokyo	Jun. 1992	1,249	0.5%	1,401.68	6	100.0%	4.4%
A-30	FORECAST Shinagawa	office	Shinagawa Ward, Tokyo	Feb. 1989	2,300	0.9%	2,276.36	6	100.0%	11.6%
A-31	Nishi-Gotanda 8-chome Building	office	Shinagawa Ward, Tokyo	Dec. 1993	2,210	0.9%	2,999.68	8	100.0%	3.9%
A-32	Towa Higashi-Gotanda Building	office	Shinagawa Ward, Tokyo	Sep. 1985	2,033	0.8%	2,939.16	7	100.0%	5.1%
A-33	FORECAST Takadanobaba	office	Toshima Ward, Tokyo	Jan. 1986	5,550	2.2%	5,661.49	7	100.0%	12.4%



# 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-34	Mejiro NT Building	office	Toshima Ward, Tokyo	Jul. 1990	3,094	1.2%	4,497.27	5	100.0%	6.6%
A-35	Toshin Higashi-Ikebukuro Building	office	Toshima Ward, Tokyo	Nov. 1989	979	0.4%	1,645.18	2	84.7%	3.6%
A-36	Mitsui Woody Building	office	Koto Ward, Tokyo	Mar. 1990	2,475	1.0%	4,006.20	6	100.0%	11.9%
A-37	Itabashi Honcho Building	office	Itabashi Ward, Tokyo	Jan. 1993	3,146	1.3%	6,356.89	4	100.0%	7.8%
A-38	ANTEX24 Building	office	Taito Ward, Tokyo	Feb. 1988	1,691	0.7%	2,267.59	7	100.0%	3.7%
A-39	Itohpia Kiyosubashidori Building	office	Taito Ward, Tokyo	Mar. 1988	1,550	0.6%	2,651.27	8	100.0%	3.6%
A-40	East Side Building	office	Taito Ward, Tokyo	May 1988	1,372	0.6%	2,096.92	4	100.0%	3.6%
A-41	I+S Minamimorimachi Building	office	Osaka, Osaka	Aus. 1988	2,258	0.9%	4,164.82	16	100.0%	9.6%
A-42	Sunworld Building	office	Osaka, Osaka	Mar. 1993	1,200	0.5%	3,012.86	1	100.0%	12.0%
A-43	Marunouchi Sanchoime Building	office	Nagoya, Aichi	Jul. 1988	1,626	0.7%	4,219.19	22	100.0%	7.1%
A-44	MK Kojimachi Building	office	Chiyoda Ward, Tokyo	Mar. 1997	1,781	0.7%	1,748.92	7	81.6%	4.3%
A-45	Toranomon Sakura Building	office	Minato Ward, Tokyo	Jul. 1983	4,120	1.7%	3,049.79	12	100.0%	8.2%
A-46	La Verite AKASAKA	office	Minato Ward, Tokyo	Dec. 1986	2,000	0.8%	1,707.18	6	100.0%	4.5%
A-47	Kanda Ocean Building	office	Chiyoda Ward, Tokyo	Jan. 1990	1,440	0.6%	1,484.74	23	97.0%	9.3%
A-48	Shinto GINZA EAST	office	Chuo Ward, Tokyo	Sep. 1990	1,352	0.5%	1,206.28	6	100.0%	5.3%
A-49	FORECAST Kayabacho	office	Chuo Ward, Tokyo	Jan. 1990	3,000	1.2%	3,882.61	14	100.0%	5.2%
A-50	FORECAST Waseda FIRST	office	Shinjyuku Ward, Tokyo	Jul. 1986	4,775	1.9%	4,340.66	8	100.0%	3.5%
A-51	FORECAST Gotanda WEST	office	Shinagawa Ward, Tokyo	Sep. 1989	6,520	2.6%	8,981.55	13	100.0%	2.3%
A-52	Omiya Center Building	office	Saitama, Saitama	Mar. 1993	15,585	6.3%	14,311.77	28	100.0%	2.0%
A-53	Sumitomo Mitsui Bank Koraibashi Building	office	Osaka, Osaka	Mar. 1994	2,850	1.1%	5,106.77	27	100.0%	7.6%
A-54	NORE Fushimi	office	Nagoya, Aichi	Nov. 2006	2,840	1.1%	3,857.58	7	100.0%	4.5%
A-55	NORE Meieki	office	Nagoya, Aichi	Jan. 2007	2,520	1.0%	4,280.75	20	100.0%	4.2%
A-56	Homat Horizon Building	office	Chiyoda Ward, Tokyo	Aus. 1987	6,705	2.7%	6,077.01	11	100.0%	7.2%
A-57	Sannomiya First Building	office	Kobe, Hyogo	Nov. 1993	1,390	0.6%	3,630.88	24	100.0%	5.4%
A-58	Towa Kandanishikicho Building	office	Chiyoda ward, Tokyo	Aus. 1992	960	0.4%	1,324.07	5	100.0%	5.6%
A-59	Yusen Higashi-Nihombashi Ekimae Building	office	Chuo ward, Tokyo	Feb. 2001	1,152	0.5%	1,620.54	8	100.0%	9.0%
A-60	Hiroo ON Building	office	Shibuya ward, Tokyo	Mar. 1995	2,392	1.0%	2,248.59	3	100.0%	3.1%
A-61	TK Gotanda Building	office	Shinagawa ward, Tokyo	Jun. 1989	4,130	1.7%	3,719.98	8	100.0%	3.7%
A-62	Gotanda Sakura Building	office	Shinagawa ward, Tokyo	Nov. 1993	1,460	0.6%	1,501.86	10	100.0%	4.8%
A-63	Esprit Kameido	office	Koto ward, Tokyo	Jun. 1991	1,265	0.5%	2,010.81	9	80.3%	6.8%
A-64	Alte Building Higobashi	office	Osaka, Osaka	Jun. 1993	1,453	0.6%	3,482.92	11	100.0%	7.2%



# 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-65	DIA Building Meieki	office	Nagoya, Aichi	Dec. 1991	1,167	0.5%	1,781.72	10	100.0%	3.4%
B-1	Tower Court Kitashinagawa	Residential	Shinagawa Ward, Tokyo	Feb. 2009	11,880	4.8%	16,913.29	278	97.6%	2.6%
B-2	Sky Hills N11	Residential	Sapporo, Hokkaido	Mar. 2001	1,570	0.6%	8,567.50	1	100.0%	1.3%
B-3	my atria Meieki	Residential	Nagoya, Aichi	Mar. 2006	1,280	0.5%	2,890.70	68	92.4%	4.4%
B-4	my atria Sakae	Residential	Nagoya, Aichi	Mar. 2007	1,110	0.4%	3,121.60	1	100.0%	4.1%
B-5	Mac Village Heian	Residential	Nagoya, Aichi	Sep. 2006	785	0.3%	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	42	100.0%	5.4%
B-8	Kanda Reeplex R's	Residential	Chiyoda Ward, Tokyo	Jan. 2006	1,813	0.7%	2,180.93	41	100.0%	4.4%
B-9	Splendid Namba	Residential	Osaka, Osaka	Jan. 2015	3,502	1.4%	6,212.36	252	94.3%	6.2%
B-10	Residence Hiroo	Residential	Minato ward, Tokyo	Feb. 2004	2,590	1.0%	1,983.15	54	98.2%	3.0%
B-11	Residence Nihombashi Hakozaiki	Residential	Chuo ward, Tokyo	Mar. 2002	1,300	0.5%	1,449.00	1	100.0%	7.8%
B-12	Primegate Iidabashi	Residential	Shinjuku ward, Tokyo	Mar. 1994	5,200	2.1%	6,055.81	66	100.0%	2.8%
B-13	Residence Edogawabashi	Residential	Shinjuku ward, Tokyo	Mar. 2000	1,230	0.5%	1,246.42	37	100.0%	3.5%
B-14	Merveille Senzoku	Residential	Ota ward, Tokyo	Sep. 2002	740	0.3%	841.26	28	96.8%	5.3%
B-15	Field Avenue	Residential	Ota ward, Tokyo	①Aug. 2000 ②Sep. 2016	3,110	1.3%	3,092.63	57	100.0%	①3.1% <sup>(1)</sup> ②6.8%
B-16	Domeal Kitaakabane	Residential	Kita ward, Tokyo	Mar. 2001	785	0.3%	1,697.11	1	100.0%	6.7%
B-17	Dormy Kitaakabane	Residential	Kita ward, Tokyo	Mar. 1997	986	0.4%	2,471.42	1	100.0%	6.5%
B-18	Splendid Shin-Osaka III	Residential	Osaka, Osaka	Feb. 2015	2,428	1.0%	4,299.12	154	98.6%	6.0%
B-19	ZEPHYROS Minami-horie	Residential	Osaka, Osaka	Mar. 2002	1,608	0.6%	2,826.73	72	95.1%	13.3%
B-20	Charmant Fuji Osakajominami	Residential	Osaka, Osaka	Apr. 2004	905	0.4%	1,512.00	63	98.4%	9.4%
B-21	Piacere Fuminosato	Residential	Osaka, Osaka	Feb. 1999	571	0.2%	1,374.08	44	98.0%	11.9%
C-1	Otakibashi Pacifica Building	Retail	Shinjuku Ward, Tokyo	Oct. 2008	3,350	1.4%	1,383.31	9	100.0%	4.6%
C-2	Komyoike Act	Retail	Sakai, Osaka	Apr. 1988	2,063	0.8%	6,173.41	26	96.9%	12.7%
C-3	BECOME SAKAE	Retail	Nagoya, Aichi	Aus. 2005	4,770	1.9%	4,615.66	11	100.0%	2.7%
Subtotal office properties					193,086	77.9%	220,118.92	604	99.4%	
Subtotal residential properties					44,728	18.0%	74,329.98	1,228	98.3%	
Subtotal retail properties					10,183	4.1%	12,172.38	46	98.4%	
Total					247,998	100.0%	306,621.28	1,878	99.1%	3.5%

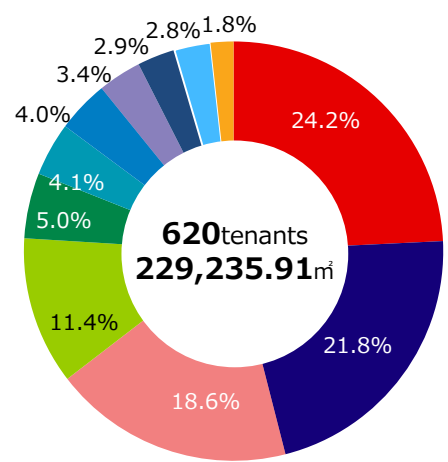
Notes

1. As there are two buildings for B-15 Field Avenue , each completion and PML are listed.

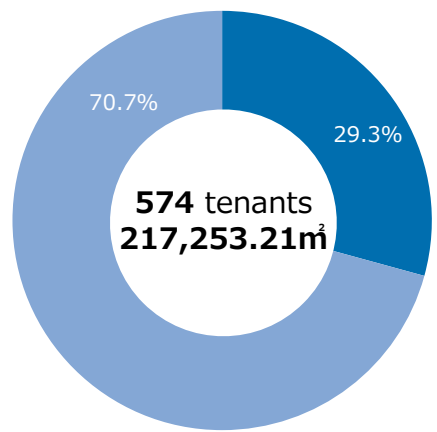


# Ratio of Tenant (by leased area) (As of the end the 13th Period )

《By Industry<sup>(1)</sup>》



《By Scale<sup>(2)</sup>》



Industry		Leased area (㎡)	Number of tenants	Share
1 Industries Telecommunications		55,558.76	119	24.2%
2 Manufacturing		49,920.77	118	21.8%
3 Services		42,534.78	124	18.6%
4 Wholesale·Retail		26,157.85	80	11.4%
5 Building constructor		11,554.88	40	5.0%
6 Finance·Insurance		9,480.70	15	4.1%
7 Real estate		9,189.38	26	4.0%
8 Education·Learning support		7,680.31	22	3.4%
9 Accommodations·Eating and drinking services		6,714.61	35	2.9%
10 Medical services·Social welfare		6,418.77	29	2.8%
11 Other		4,025.10	12	1.8%

		Leased area (㎡)	Number of tenants	Share
1	Listed company on TSE and its subsidiary	63,556.56	108	29.3%
2	Other	153,696.65	466	70.7%

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. 2018)	Status of termination notices	Status of leasing activities	Assumed occupancy rate <sup>(1)</sup>
Komyoike Act	96.9%	Left already:1section (57tsubo)	Looking for tenants	96.9% (Nov. 2018)
Kanda Ocean Building	97.0%	Left already:1section (14tsubo)	Looking for tenants	97.0% (Dec. 2018)
Nishi-Gotanda 8-chome Building	100.0%	Termination notice :1floor (109tsubo)	Lease contract	100% (Feb. 2019)
Toshin Higashi-Ikebukuro Building	84.7%	Left already:1floor (76tsubo)	Lease contract	100% (Feb. 2019)
FORECAST Nishishinjuku	100.0%	Termination notice :1floor (64tsubo)	Lease contract	100% (Mar. 2019)
FORECAST Shinjuku SOUTH	100.0%	Termination notice :1section (135tsubo)	Lease contract	100% (Mar. 2019)
FORECAST Shin-Tokiwabashi	100.0%	Termination notice :1floor (51tsubo)	Looking for tenants	90.5% (Mar. 2019)
MK Kojimachi Building	81.6%	Left already:2floors (97tsubo) Termination notice :1floor (48tsubo)	Lease contract:1floor (48tsubo) Tenancy application:2floors (97tsubo)	100% (Mar. 2019)
FORECAST Shinjuku AVENUE	100.0%	Termination notice :2floors (185tsubo)	Lease contract :1floor (140tsubo) Tenancy application:1floor (45tsubo)	100% (Apr. 2019)
FORECAST Ningyocho PLACE	100.0%	Termination notice :2floors (145tsubo)	Lease contract:2floors (145tsubo)	100% (Apr. 2019)
Toranomon Sakura Building	100.0%	Termination notice :1section (21tsubo)	Looking for tenants	97.6% (May.2019)
Central Daikanyama	100.0%	Termination notice :1section (33tsubo)	Looking for tenants	94.2% (June 2019)
Omiya Center Buildind	95.9%	Termination notice :2sections (175tsubo)	Tenancy application:1section (102tsubo) Looking for tenants:1section (73tsubo)	98.3% (June 2019)
Esprit Kameido	70.5%	Left already:3floors (179tsubo) Termination notice :1floor (59tsubo)	Looking for tenants	60.7% (June 2019)
BECOME SAKAE	100.0%	Termination notice :2floors (212tsubo)	Looking for tenants	84.8% (June 2019)
GreenOak Takanawadai	100.0%	Termination notice :1section (58tsubo)	Looking for tenants	92.7% (Jul.2019)
Kudankita 325 Building	100.0%	Termination notice :2floors (145tsubo)	Lease contract:1floor (73tsubo) Looking for tenants:1floor (72tsubo)	88.0% (Jul.2019)
La Verite Akasaka	100.0%	Termination notice :1floor (69tsubo)	Looking for tenants	86.6% (Jul.2019)
Sumitomo Mitsui Bank Koraibashi Building	100.0%	Termination notice :1section (98tsubo)	Looking for tenants	93.8% (Jul.2019)
TK Gotanda Building	100.0%	Termination notice :1section (77tsubo)	Looking for tenants	93.1% (Jul.2019)
Gotanda Sakura Buildingu	100.0%	Termination notice :1floor (49tsubo)	Looking for tenants	89.3% (Jul.2019)
DIA Building Meieki	100.0%	Termination notice :1section (20tsubo)	Looking for tenants	96.3% (Aug.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 Jan. 2019.



# 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



# Sustainability Initiatives

## 《GRESB Real Estate Assessment》



We received the “Green Star recognition”, the highest in the four available categories, for the second consecutive year. We have also received “3 stars” in “GRESB Rating”, which is evaluated in 5 grades depending on the relative ranking of the overall GRESB Score.

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**

DBJ Green Building 2018

Properties with exceptionally high environmental & social awareness

**FORECAST Ichigaya**

CASBEE Rank S (excellent)※1

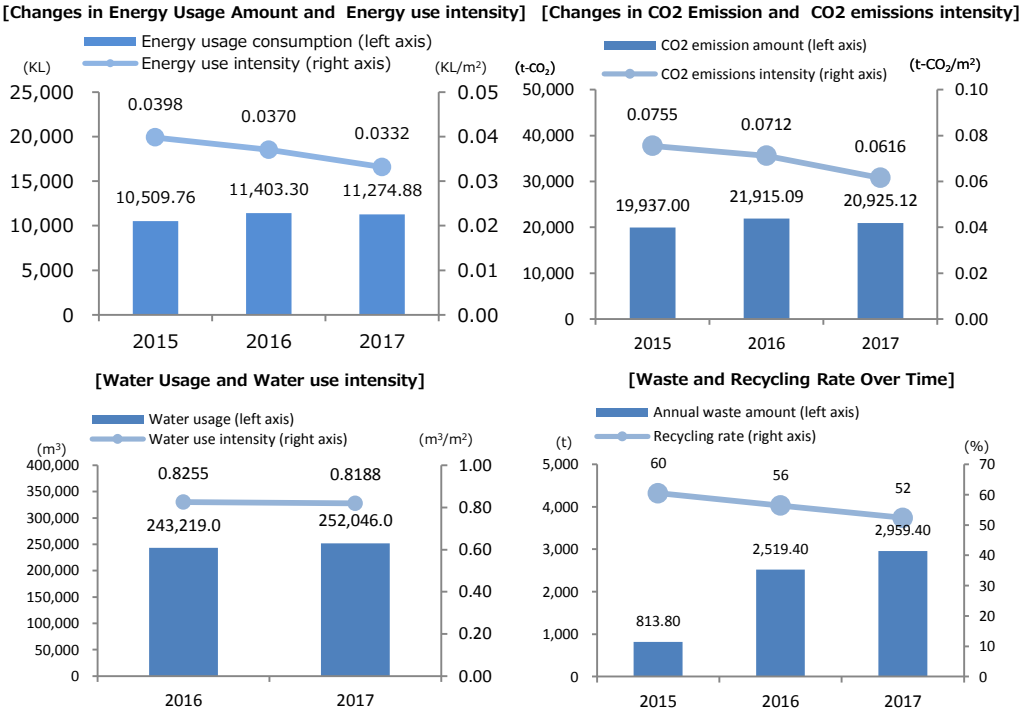
**Nihonbashi Playa Building**

One star※2

※1.Comprehensive Assessment System for Environment Efficiency for Real Estate  
 ※2.Building-Housing Energy-Efficiency Labeling System

## 《Environment-related data》

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



## 《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	18	7	28.0%	25		
Mar.2016	23	10	30.3%	33	1	
Mar.2017	20	12	37.5%	32	1	
Mar.2018	22	12	35.3%	34		1
Dec.2018	21	13	38.2%	34	2	1

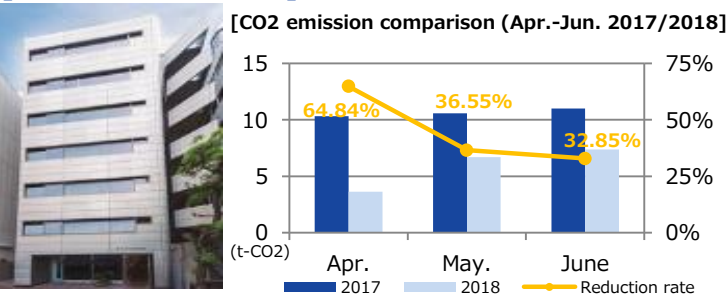
note  
 1. Figures at the end of each fiscal year.  
 2. The numbers of employees leaving due to maternity or childcare as of the end of each fiscal year are shown above.



《Equipment replacement using government subsidy》

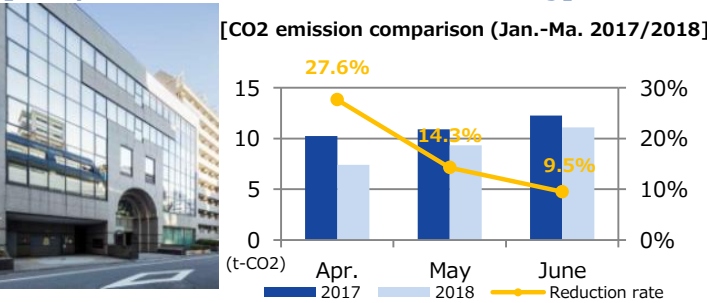
Ministry of the Environment runs the project to grant subsidy for equipment replacement that realize reduction of CO2 emission. NIPPON REIT applied for and won the subsidy.

[La Verite AKASAKA]



- We won and received subsidy of ¥16.29 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 average 44.8% compared with same months of previous year was recorded in from Apr. 2018 to June 2018 as result of renewal of power receiving equipment and air conditioning system and installation of LED light
- We received a “Committee of Energy Saving in Kanto region” for this effort on February 5, 2019.

[Itohpia Iwamotocho 1-chome Building]



- We won and received subsidy of ¥23.13 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 average 17.1% compared with same months of previous year was recorded in from Apr. 2018 to June 2018 as result of renewal of transformer and air conditioning system and installation of LED light

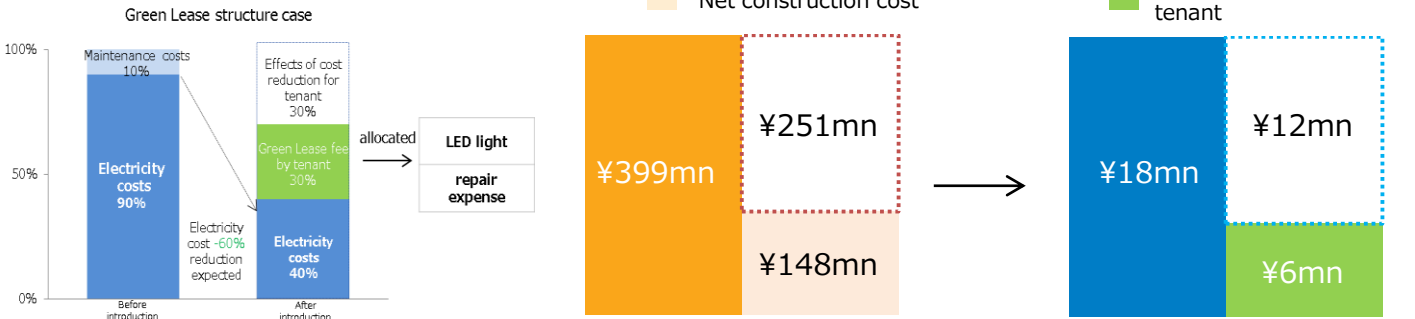
《 Green Lease Initiatives 》

[Truck-record]

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





# 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)

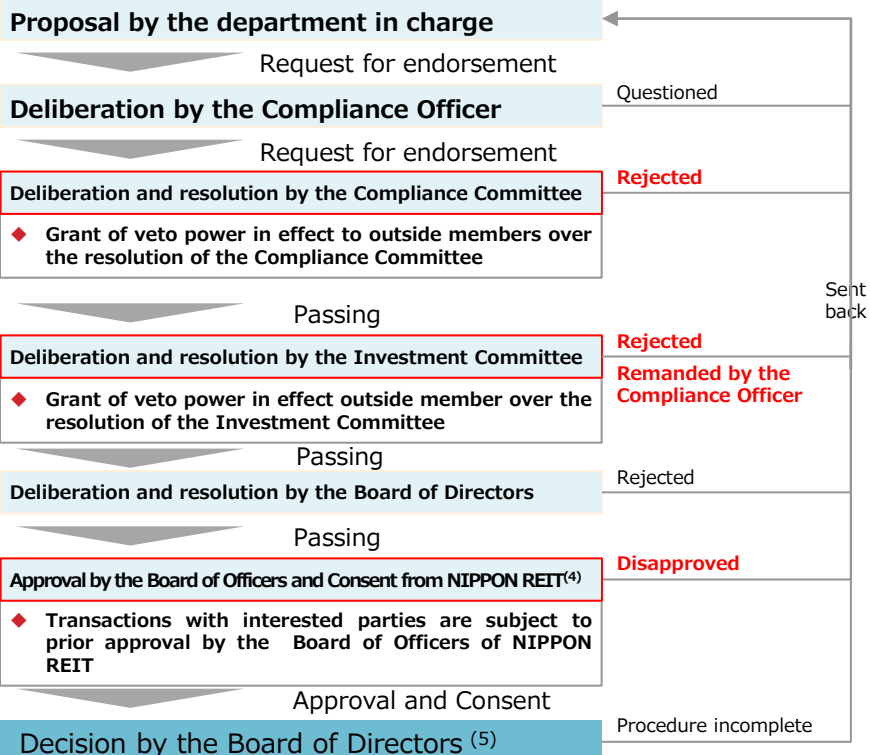
#### Same-boat investment by the sponsor

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.  $DPU\ volatility = \frac{\text{Adjusted DPU for a certain fiscal period}^{(2)} - \text{adjusted DPU for the preceding fiscal period}}{\text{adjusted DPU for the previous fiscal period}} + 1$
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



Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 13 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 13 <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 12 <sup>th</sup> Period)		
					End 12 <sup>th</sup> Period (¥ mn)	End 13 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 13 <sup>th</sup> Period						
Office														
A-1	FORECAST Nishisinjuku	2,260	2,151	858	2,920	3,010	90	4.0%	3.6%	4.2%	5.5%	○		
A-2	Nihombashi Playa Building	2,130	2,030	369	2,400	2,400	0	4.4%	4.2%	4.6%	5.1%			
A-3	FORECAST Yotsuya	1,430	1,379	480	1,810	1,860	50	4.0%	3.8%	4.2%	5.4%	○		
A-4	FORECAST Shinjuku AVENUE	6,500	6,262	1,627	7,890	7,890	0	3.6%	3.4%	3.8%	4.5%			
A-5	FORECAST Ichigaya	4,800	4,565	1,275	5,690	5,840	150	3.7%	3.5%	3.9%	4.7%	○		
A-6	FORECAST Mita	1,800	1,743	556	2,270	2,300	30	3.9%	3.7%	4.1%	5.2%		○	
A-7	FORECAST Shinjuku SOUTH	13,990	14,848	2,351	17,000	17,200	200	3.6%	3.3%	3.8%	4.6%		○	
A-8	FORECAST Sakurabashi	5,760	6,035	395	6,410	6,430	20	4.2%	4.0%	4.4%	5.1%		○	
A-9	GreenOak Kayabacho	2,860	3,000	349	3,230	3,350	120	4.0%	3.8%	4.2%	5.0%	○		
A-10	GreenOak Kudan	2,780	2,904	395	3,210	3,300	90	3.8%	3.6%	4.0%	4.8%	○		
A-11	GreenOak Takanawadai	2,260	2,214	395	2,560	2,610	50	4.2%	4.0%	4.4%	5.0%		○	
A-13	Higashi Ikebukuro Center Building	2,520	2,703	266	2,910	2,970	60	4.6%	4.4%	4.8%	5.9%	○		
A-14	Central Daikanyama	3,510	3,643	126	3,690	3,770	80	3.6%	3.4%	3.8%	4.0%	○		
A-16	Hiroo Reeplex B's	2,827	2,869	420	3,190	3,290	100	4.0%	3.8%	4.2%	4.8%	○		
A-17	Shibakoen Sanchome Building	7,396	7,421	2,258	9,650	9,680	30	3.7%	3.5%	3.9%	5.0%		○	
A-18	FORECAST Iidabashi	5,230	5,396	93	5,490	5,490	0	3.9%	3.6%	4.0%	4.2%			
A-19	Kudankita 325 Building	1,850	1,942	157	2,020	2,100	80	3.8%	3.6%	4.0%	4.5%	○		
A-20	FORECAST Uchikanda	1,240	1,290	19	1,290	1,310	20	4.0%	3.8%	4.2%	4.7%	○		
A-21	Itohpia Iwamotocho 2-chome Building	2,810	2,899	200	3,050	3,100	50	4.1%	3.9%	4.3%	4.8%	○		
A-22	Itohpia Iwamotocho 1-chome Building	2,640	2,704	125	2,760	2,830	70	4.1%	3.9%	4.3%	4.7%	○		
A-23	Itohpia Iwamotocho ANNEX Building	2,100	2,249	180	2,400	2,430	30	4.1%	3.9%	4.3%	5.1%	○		
A-24	Pigeon Building	2,837	2,944	25	2,920	2,970	50	4.2%	4.0%	4.4%	4.7%	○		
A-25	FORECAST Ningyocho	2,070	2,141	(61)	2,070	2,080	10	4.3%	4.1%	4.5%	4.6%		○	
A-26	FORECAST Ningyocho PLACE	1,650	1,655	244	1,800	1,900	100	4.1%	3.9%	4.3%	4.9%	○		

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



Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 13 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 13 <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 12 <sup>th</sup> Period)		
					End 12 <sup>th</sup> Period (¥ mn)	End 13 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 13 <sup>th</sup> Period						
A-27	FORECAST Shin-Tokiwabashi	2,030	2,119	30	2,070	2,150	80	4.2%	3.9%	4.3%	4.6%	○		
A-28	Nishi-shinjuku Sanko Building	2,207	2,242	127	2,320	2,370	50	4.2%	4.0%	4.4%	4.8%	○		
A-29	Iidabashi Reeplex B's	1,249	1,301	148	1,420	1,450	30	3.7%	3.5%	3.9%	4.6%	○		
A-30	FORECAST Shinagawa	2,300	2,397	(47)	2,310	2,350	40	4.1%	3.9%	4.3%	4.4%	○		
A-31	Nishi-Gotanda 8-chome Building	2,210	2,289	200	2,400	2,490	90	4.1%	3.9%	4.3%	4.9%	○		
A-32	Towa Higashi-Gotanda Building	2,033	2,077	162	2,180	2,240	60	4.1%	3.9%	4.3%	5.1%	○		
A-33	FORECAST Takadanobaba	5,550	5,940	(300)	5,580	5,640	60	4.4%	4.2%	4.6%	4.7%	○		
A-34	Mejiro NT Building	3,094	3,101	498	3,370	3,600	230	4.5%	4.3%	4.7%	5.6%	○		
A-35	Toshin Higashi-Ikebukuro Building	979	992	117	1,050	1,110	60	4.7%	4.5%	4.9%	5.9%	○		
A-36	Mitsui Woody Building	2,475	2,688	1	2,680	2,690	10	4.7%	4.4%	4.8%	5.6%	○		
A-37	Itabashi Honcho Building	3,146	3,120	329	3,390	3,450	60	4.7%	4.4%	4.9%	5.7%	○		
A-38	ANTEX24 Building	1,691	1,784	(44)	1,730	1,740	10	4.5%	4.2%	4.6%	4.9%	○		
A-39	Itohpia Kiyosubashidori Building	1,550	1,657	242	1,850	1,900	50	4.6%	4.3%	4.8%	6.0%	○		
A-40	East Side Building	1,372	1,385	174	1,500	1,560	60	4.6%	4.4%	4.8%	5.6%	○		
A-41	I-S Minamimorimachi Building	2,258	2,326	303	2,520	2,630	110	4.5%	4.3%	4.7%	5.6%	○		
A-42	Sunworld Building	1,200	1,289	(9)	1,260	1,280	20	4.8%	4.6%	5.0%	5.4%	○		
A-43	Marunouchi Sanchome Building	1,626	1,675	304	1,940	1,980	40	4.7%	4.5%	4.9%	6.2%	○		
A-44	MK Kojimachi Building	1,781	1,812	277	1,960	2,090	130	3.6%	3.4%	3.8%	4.4%	○		
A-45	Toranomon Sakura Building	4,120	4,288	171	4,410	4,460	50	3.5%	3.2%	3.6%	3.9%	○		
A-46	La Verite AKASAKA	2,000	2,147	102	2,190	2,250	60	3.7%	3.5%	3.9%	4.4%	○		
A-47	Kanda Ocean Building	1,440	1,466	183	1,640	1,650	10	4.0%	3.8%	4.2%	4.9%			○
A-48	Shinto GINZA EAST	1,352	1,357	102	1,430	1,460	30	3.9%	3.6%	4.0%	4.3%	○		
A-49	FORECAST Kayabacho	3,000	3,126	(36)	2,970	3,090	120	4.3%	4.0%	4.4%	4.6%	○		
A-50	FORECAST Waseda FIRST	4,775	4,822	97	4,900	4,920	20	4.0%	3.8%	4.2%	4.3%	○		
A-51	FORECAST Gotanda WEST	6,520	7,232	(42)	6,950	7,190	240	4.0%	3.8%	4.2%	4.7%			○

Note

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



Portfolio Appraisal Value

No	Property Name	Acquisition Price (¥ mn)	Book Value End 13 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 13 <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 12 <sup>th</sup> Period)		
					End 12 <sup>th</sup> Period (¥ mn)	End 13 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 13 <sup>th</sup> Period						
A-52	Omiya Center Building	15,585	15,500	3,499	18,300	19,000	700	4.3%	4.1%	4.5%	5.4%	○		
A-53	Sumitomo Mitsui Bank Koraibashi Building	2,850	3,018	311	2,950	3,330	380	4.5%	4.3%	4.7%	5.5%		○	
A-54	NORE Fushimi	2,840	2,754	475	3,160	3,230	70	4.4%	4.2%	4.6%	5.1%	○		
A-55	NORE Meieki	2,520	2,459	470	2,890	2,930	40	4.5%	4.3%	4.7%	5.3%	○		
A-56	Homat Horizon Building	6,705	6,673	456	6,830	7,130	300	3.7%	3.5%	3.9%	4.2%	○		
A-57	Sannomiya First Building	1,390	1,486	113	1,550	1,600	50	5.1%	4.9%	5.3%	6.4%	○		
A-58	Towa Kandanishikicho Building	960	972	27	1,000	1,000	0	4.5%	3.6%	4.5%	4.9%			
A-59	Yusen Higashi-Nihombashi Ekimae Building	1,152	1,170	59	1,210	1,230	20	4.3%	4.0%	4.4%	4.8%	○		
A-60	Hiroo ON Building	2,392	2,422	197	2,510	2,620	110	4.1%	3.9%	4.3%	4.7%	○		
A-61	TK Gotanda Building	4,130	4,344	(44)	4,300	4,300	0	4.1%	3.7%	4.1%	4.4%			
A-62	Gotanda Sakura Building	1,460	1,483	106	1,500	1,590	90	4.3%	3.8%	4.4%	4.9%	○		
A-63	Esprit Kameido	1,265	1,281	8	1,280	1,290	10	4.7%	4.4%	4.8%	5.0%	○		
A-64	Alte Building Higobashi	1,453	1,473	96	1,560	1,570	10	4.5%	4.3%	4.7%	5.8%			○
A-65	DIA Building Meieki	1,167	1,187	52	1,240	1,240	0	4.6%	4.4%	4.8%	5.5%			
	Subtotal office properties	193,086	197,874	22,035	214,930	219,910	4,980	-	-	-	4.9%			
Residence														
B-01	Tower Court Kitashinagawa	11,880	10,898	3,301	13,700	14,200	500	4.2%	4.0%	4.4%	5.2%	○		
B-02	Sky Hills N11	1,570	1,537	232	1,740	1,770	30	5.3%	5.1%	5.5%	6.6%	○		
B-03	my atria Meieki	1,280	1,231	308	1,500	1,540	40	4.6%	4.4%	4.8%	5.7%	○		
B-04	my atria Sakae	1,110	1,050	179	1,230	1,230	0	4.9%	4.7%	5.1%	5.7%			
B-05	Mac Village Heian	785	750	138	880	889	9	4.9%	4.7%	5.1%	5.9%	○		
B-06	Seam Dwell Tsutsui	695	688	82	771	771	0	4.9%	4.7%	5.1%	5.8%			
B-07	Ciel Yakuin	640	630	109	725	740	15	4.5%	4.3%	4.7%	5.5%	○		
B-08	Kanda Reeplex R's	1,813	1,756	233	1,950	1,990	40	4.1%	3.8%	4.3%	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 13 <sup>th</sup> Period (a) (¥ mn)	Appraisal profit or loss End 13 <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 12 <sup>th</sup> Period)		
					End 12 <sup>th</sup> Period (¥ mn)	End 13 <sup>th</sup> Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 13 <sup>th</sup> Period						
B-09	Splendid Namba	3,502	3,392	397	3,700	3,790	90	4.6%	4.4%	4.8%	5.1%	○		
B-10	Residence Hiroo	2,590	2,626	3	2,630	2,630	0	3.9%	3.7%	4.1%	4.1%			
B-11	Residence Nihombashi Hakozaki	1,300	1,437	92	1,300	1,530	230	4.4%	3.9%	4.3%	5.4%	○		
B-12	Primegate Iidabashi	5,200	5,241	48	5,200	5,290	90	3.9%	3.6%	4.0%	4.1%	○		
B-13	Residence Edogawabashi	1,230	1,247	12	1,250	1,260	10	4.1%	3.9%	4.3%	4.4%	○		
B-14	Merveille Senzoku	740	752	(9)	740	743	3	4.1%	3.9%	4.3%	4.5%	○		
B-15	Field Avenue	3,110	3,140	(30)	3,110	3,110	0	4.1%	3.8%	4.2%	4.2%			
B-16	Domeal kitaakabane	785	800	(15)	785	785	0	4.3%	4.1%	4.5%	4.5%			
B-17	Dormy kitaakabane	986	1,002	(5)	995	997	2	4.4%	4.2%	4.6%	4.6%			○
B-18	Splendid Shin-Osaka Ⅲ	2,428	2,455	24	2,470	2,480	10	4.6%	4.4%	4.8%	4.9%			○
B-19	ZEPHYROS Minami-horie	1,608	1,631	38	1,670	1,670	0	4.4%	4.2%	4.6%	4.8%			○
B-20	Charmant Fuji Osakajominami	905	919	(13)	906	906	0	4.5%	4.3%	4.7%	4.7%			○
B-21	Piacere Fuminosato	571	582	(5	575	577	2	4.7%	4.5%	4.9%	5.0%			○
	Subtotal residential properties	44,728	43,775	5,122	47,827	48,898	1,071	-	-	-	4.9%			
Retail														
C-01	Otakibashi Pacifica Building	3,350	3,423	86	3,510	3,510	0	3.9%	3.6%	4.0%	4.1%			
C-02	Komyoike Act	2,063	2,081	108	2,190	2,190	0	5.1%	4.9%	5.3%	6.2%			
C-03	BECOME SAKAE	4,770	4,799	40	4,800	4,840	40	4.1%	3.9%	4.3%	4.3%		○	
	Subtotal retail properties	10,183	10,303	236	10,500	10,540	40	-	-	-	4.6%			
	Total	247,998	251,954	27,393	273,257	279,348	6,091	-	-	-	4.9%			

Note  
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# Balance Sheets

(Yen in thousands)	The 12th Fiscal Period (as of June 30, 2018)	The 13th Fiscal Period (as of December 31, 2018)
<b>Assets</b>		
Current Assets		
Cash and deposits	12,032,033	12,032,033
Cash and deposits in trust	6,105,500	6,105,500
Tenant receivables	87,585	87,585
Prepaid expenses	374,967	374,967
Income taxes refundable	9,865	9,865
Other current assets	14,661	14,661
Allowance for doubtful accounts	(0)	(0)
Total Current Assets	18,624,613	18,624,613
Non-Current Assets		
Property, plant and equipment		
Buildings	-	234,960
Accumulated depreciation	-	△3,053
Buildings, net	-	231,906
Buildings in trust	50,843,163	59,444,603
Accumulated depreciation	(6,114,724)	(6,987,861)
Buildings in trust, net	44,728,438	52,456,741
Structures in trust	171,631	197,330
Accumulated depreciation	(37,690)	(42,332)
Structures in trust, net	133,941	154,998
Machinery and equipment in trust	345,584	357,904
Accumulated depreciation	(31,722)	(48,292)
Machinery and equipment in trust, net	313,861	309,611
Tools, furniture and fixtures in trust	92,852	122,424
Accumulated depreciation	(21,364)	(28,970)
Tools, furniture and fixtures in trust, net	71,487	93,454
Land in trust	149,411,625	180,791,041
Construction in progress in trust	72,898	5,256
Total property, plant and equipment	194,732,254	234,043,010
Intangible assets		
Leasehold rights	-	1,251,662
Leasehold rights in trust	15,806,402	16,658,938
Other	9,841	5,835
Total intangible assets	15,816,243	17,916,435
Investments and other assets		
Investment securities	667,069	-
Lease and guarantee deposits	10,110	10,160
Long-term prepaid expenses	781,528	1,129,373
Deferred tax Assets	-	0
Other	37,046	38,290
Total investments and other assets	1,495,754	1,177,825
Total Non-Current Assets	212,044,252	253,137,271
Deferred asset		
Investment corporation bond issuance costs	20,320	35,152
Total deferred asset	20,320	35,152

(Yen in thousands)	The 12th Fiscal Period (as of June 30, 2018)	The 13th Fiscal Period (as of December 31, 2018)
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	1,251,212	1,539,384
Short term debt	2,600,000	-
Long-term debt due within one year	21,770,000	21,970,000
Accrued expenses	217,659	247,820
Accrued consumption taxes	40,897	-
Advances received	1,227,838	1,391,630
Other current liabilities	1,246,730	588,439
Total Current Liabilities	28,354,338	25,737,275
Long-Term Liabilities		
Investment corporation bonds	2,000,000	3,500,000
Long-term debt	79,800,000	100,700,000
Tenant security deposits	-	65,153
Tenant security deposits in trust	7,894,976	8,766,512
Deferred tax liabilities	891	-
Total Long-Term Liabilities	89,694,084	113,031,666
Total Liabilities	118,049,315	138,768,941
<b>Net Assets</b>		
Unitholders' Equity		
Unitholders' capital	109,285,298	126,515,601
Surplus		
Unappropriated retained earnings (undisposed loss)	3,352,625	3,862,444
Total Surplus	3,352,625	3,862,444
Total Unitholders' Equity	112,637,924	130,378,046
Valuation and translation adjustments		
Deferred gains or losses on hedges	1,946	-
Total Valuation and Translation Adjustments	1,946	-
Total Net Assets	112,639,871	130,378,046
Total Liabilities and Net Assets	230,689,186	269,146,988



# Income Statements

(Yen in thousands)	The 12th Fiscal Period (as of June 30, 2018)	The 13th Fiscal Period (as of December 31, 2018)
Operating Revenues		
Rental revenues	6,551,743	7,678,447
Other revenues related to property leasing	625,895	780,485
Dividend income	47,868	-
Total Operating Revenues	7,225,507	8,458,932
Operating Expenses		
Property-related expenses	2,664,876	3,039,219
Asset management fees	536,111	566,187
Asset custody fees	13,014	13,241
Administrative service fees	46,767	47,578
Directors' compensation	2,400	2,400
Independent auditors' fees	15,000	13,500
Other operating expenses	111,812	135,996
Total Operating Expenses	3,389,981	3,818,123
Operating Income	3,835,526	4,640,809
Non-Operating Revenues		
Interest income	84	80
Reversal of distributions payable	1,226	3,662
Interest on refund	8	38
Total Non-Operating Revenues	1,318	3,781
Non-Operating Expenses		
Interest expense	278,644	347,971
Interest expense on investment corporation bonds	2,269	7,417
Amortization of investment corporation bond issuance costs	614	1,507
Borrowing related expenses	225,843	335,206
Investment unit issuance expenses	-	112,068
Other	5	17
Total Non-Operating Expenses	507,377	804,187
Ordinary Income	3,329,467	3,840,403
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	3,330,048	3,840,403
Income taxes - current	681	621
Income taxes - deferred	0	2
Total Income Taxes	681	624
Net Income	3,329,367	3,839,779
Retained Earnings at Beginning of Period	23,258	22,665
Retained Earnings at End of Period	3,352,625	3,862,444



# Historical Operating Results

		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)	The 13th Fiscal Period (as of December 31, 2018)
Operating revenues	(¥mn)	6,836	6,947	7,553	7,225	8,458
Of which, rental revenues and other revenues related to property leasing	(¥mn)	(6,804)	(6,906)	(7,142)	(7,177)	(8,458)
Operating expenses	(¥mn)	3,309	3,250	3,438	3,389	3,818
Of which, property-related expenses	(¥mn)	(2,606)	(2,530)	(2,679)	(2,664)	(3,039)
Operating income	(¥mn)	3,527	3,696	4,115	3,835	4,640
Ordinary income	(¥mn)	3,055	3,218	3,608	3,329	3,840
Net income	(¥mn)	3,054	3,218	3,607	3,329	3,839
Total assets (a)	(¥mn)	226,398	226,434	230,417	230,689	269,146
Net assets (b)	(¥mn)	112,389	112,540	112,924	112,639	130,378
Interest-bearing debt (c)	(¥mn)	103,570	103,570	106,170	106,170	126,170
Interest-bearing debt to total assets ratio (c)/(a)	(%)	45.7	45.7	46.1	46.0	46.9
Ordinary income to total assets ratio <sup>(3)</sup>	(%)	1.4	1.4	1.6	1.4	1.5
Return on equity <sup>(3)</sup>	(%)	2.7	2.9	3.2	3.0	3.2
Equity ratio (b)/(a)	(%)	49.6	49.7	49.0	48.8	48.4
Unitholders' equity	(¥mn)	109,285	109,285	109,285	109,285	126,515
Number of investment units Issued and outstanding (d)		391,760	391,760	391,760	391,760	449,930
Net assets per unit (b)/(d)	(¥)	286,883	287,268	288,248	287,522	289,774
Total distributions (e)	(¥mn)	3,055	3,219	3,608	3,329	3,840
Distributions per unit (e)/(d)	(¥)	7,800	8,217	9,211	8,500	8,536
FFO <sup>(3)</sup> (funds from operations)	(¥mn)	3,810	3,953	3,984	4,109	4,757
AFFO <sup>(3)</sup> (Adjusted Fund From Operations)	(¥mn)	3,344	3,556	2,897	3,216	3,821
FFO per unit <sup>(3)</sup>	(¥)	9,726	10,091	10,170	10,489	10,573
NAV per Unit <sup>(3)</sup>	(¥)	310,132	321,274	324,820	334,542	342,122
Depreciation during the period	(¥mn)	753	734	751	776	907
Capital expenditures during the period	(¥mn)	466	396	1,086	893	1,420
Number of investment properties		65	65	66	66	87
Total leasable area	(m <sup>2</sup> )	255,393.62	255,398.17	255,783.88	255,531.31	306,621.28
Number of tenants <sup>(4)</sup>		966	978	1,242	1,239	1,878
Rental NOI <sup>(3)</sup>	(¥mn)	4,952	5,111	5,215	5,292	6,335
Number of operating days	(days)	184	181	184	181	184

## Notes

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





# NIPPON REIT Investment Corporation

## External growth strategy

## Internal growth strategy

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)

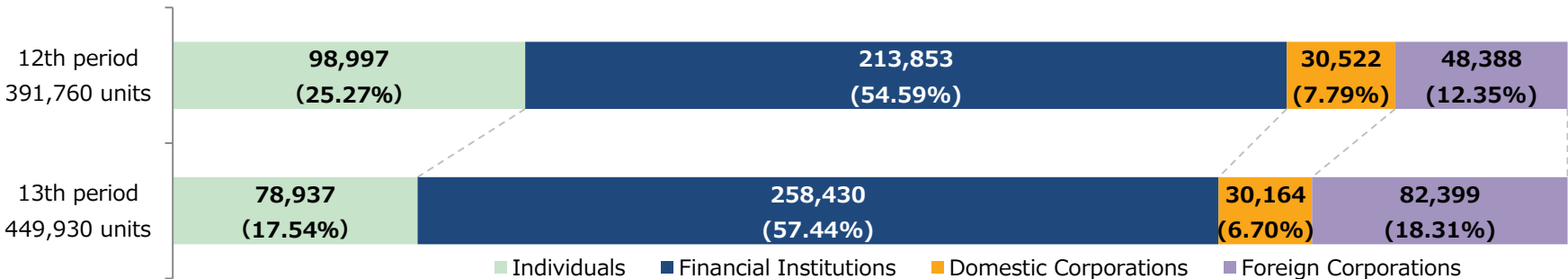
Note

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..

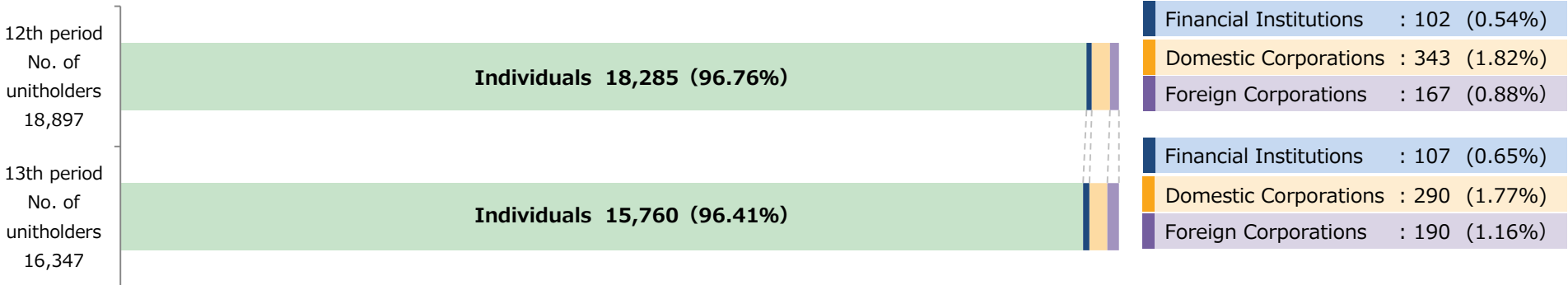


# Unitholder Compositions

## ■ By Number of Unit



## ■ By Number of Unitholder

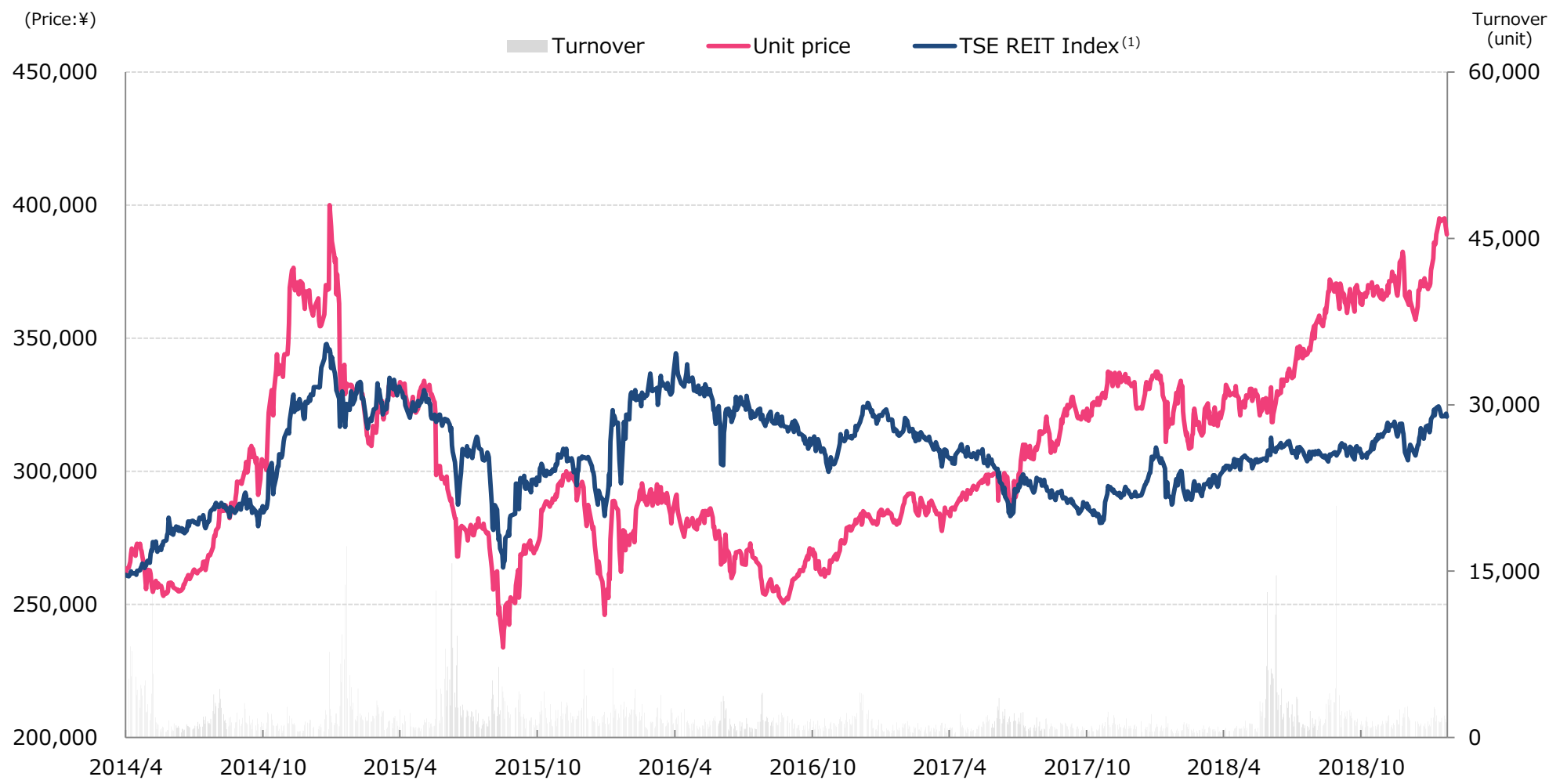


## ■ Top 10 Major Unitholders (13th Period)

	Name	Number of unit	Share		Name	Number of unit	Share
1	Japan Trustee Services Bank, Ltd. (Trust Account)	100,401	22.31%	6	STATE STREET BANK WEST CLIENT - TREATY505234	7,113	1.58%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	87,788	19.51%	7	SSBTC CLIENT OMNIBUS ACCOUNT	5,577	1.24%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	17,873	3.97%	8	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	5,055	1.12%
4	Sojitz Corporation	15,500	3.45%	9	JP MORGAN CHASE BANK 385771	4,902	1.09%
5	Trust & Custody Service Bank, Ltd. (Securities Investment Trust Account)	13,663	3.04%	10	STICHTING PENSIOENFONDS METAAL EN TECHNIEK	3,903	0.87%
				Total		261,775	58.18%



# Historical Unit Price (From IPO to Feb. 15. 2019)



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



This presentation material may include forward-looking statements on the financial standing and operating results of NIPPON REIT. These forward-looking statements include portions that assume certain risks and uncertainty. As such, please note that actual results may differ due to changes in the business environment in the future and other factors.

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