NIPPON REIT
Investment Corporation

真面目に、地道に、堅実に
Serious Steady Solid

NIPPON REIT Investment Corporation（TSE code : 3296）

Investor Presentation

for the 14th Period (Ended June 30, 2019)

August 19, 2019

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NIPPON REIT Investment Corporation

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1. Summary of Financial Results for the 14th Period (Jun. 2019)

Financial Highlights for the 14th Period(Jun. 2019)

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14th Period DPU ¥9,617 (compared to the forecast+¥131)

Operating Revenue	Operating Income	Ordinary Income	Net Income
¥ 8,982mn	¥ 4,955mn	¥4,326mn	¥ 4,326mn

External growth

AUM
(as of the end of the 14th period)

¥249.2bn

Increase in 1.3bn AUM and achieved 90 properties by asset replacement

The gain from the transfer of properties

¥494mn

Contribute to DPU[1] by ¥1,098/fiscal period

Total pipeline
(as of the end of the 14th period)

7properties ¥ 10.2bn

newly established 2 bridge funds in the 14th period

Internal growth

Occupancy rate
(as of the end of the 14th period)

99.1%

Maintaining a high occupancy rate (Office 99.5%)

Increase in monthly rent
(in the 14th period)

By Rent Renewals ¥6.28mn

By tenant replacement ¥5.83mn

Contribute to DPU by ¥161/fiscal period

Increase in NOI by Engineering Management
(as of the end of the 14th period)

¥57.81mn p.a.

Contribute to DPU by ¥64/fiscal period

Financial management

LTV
(as of the end of the 14th period)

46.9%

Average borrowing period and Average borrowing cost
(as of the end of the 14th period)

5.84years 0.95%

Continue to extend borrowing period in consideration of interest costs

Japan Credit Rating Agency, Ltd.(JCR) Long-term issuer rating[2]

A (Positive)

Outlook was changed from stable to positive

Highlights of Forecast for the 15th Period(Dec. 2019) and the 16th Period(Jun. 2020)

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15th Period

Forecast DPU ¥8,737

Operating Revenue ¥ 8,645mn	**Operating Income** ¥ 4,581mn
Ordinary Income ¥ 3,932mn	**Net Income** ¥ 3,931mn

16th period

Forecast DPU ¥8,805

Operating Revenue ¥ 8,565mn	**Operating Income** ¥ 4,589mn
Ordinary Income ¥ 3,962mn	**Net Income** ¥ 3,961mn

External growth

- Striving to achieve the **AUM target ¥300bn** in the disciplined manner
- Maintaining and improving portfolio quality and considering timely return to unitholders
  - ✓ Tiering project
  - ✓ **Portfolio refining strategy** →P11

Internal growth

- Maintaining high occupancy rate
- Aim to increase in rent using advantage of rent gap
- Aim further **NOI increase** by EM

Financial management

- Control LTV at the revel of less than 50%
- Aim to diversified way to finance and extend average borrowing period in consideration of interest costs

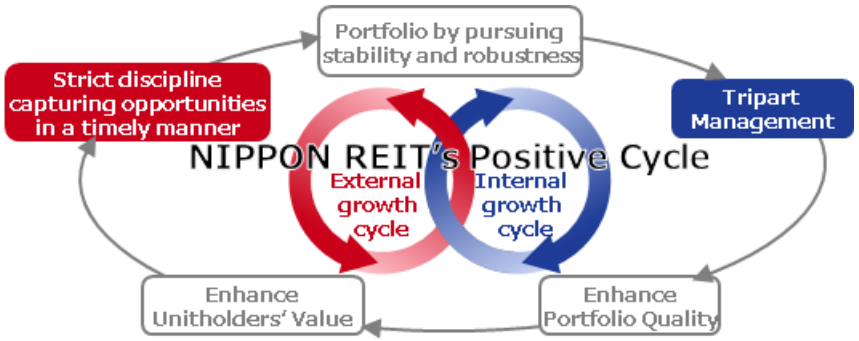
Positive Cycle of NIPPON REIT

- 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



Summary of Financial Results for the 14th Period (Jun. 2019)

NIPPON REIT Investment Corporation

(¥/mn)	13th Period (Dec. 2018) Acutual	14th Period (Jun. 2019) Forecast	14th Period (Jun. 2019) Result	14th Period (Result) vs 13th Period (Actual) (difference)	14th Period (Result) vs 14th Period (Forecast) (difference)
	a	b	c	c-a	c-b
Operating Revenues	8,458	8,983	8,982	523	(0)
Operating Expenses	(3,818)	(4,080)	(4,027)	(209)	52
Operating Income	4,640	4,903	4,955	314	52
Ordinary Income	3,840	4,268	4,326	486	57
Net Income	3,839	4,268	4,326	486	58
DPU	¥8,536	¥9,486	¥9,617	¥1,081	¥131
NOI	6,335	6,225	6,267	(68)	42
Gain on sales of real estate properties	-	492	494	494	1
Days	184	181	181	-	-

Comparison against the 13th Period (Dec. 2018) Actual (c-a)

《Major fluctuation factor》 (¥/mn)

Increase in Operating Revenues		**+523**
Increase in rental revenue	Rent increase, effect of asset replacement implemented in Feb. 2019	+119
Decrease in miscellaneous income and utility income	No insurance income, seasonal factor	(92)
Gain on sales of real estate properties	Sales of FORECAST Iidabashi, my atria Meieki	+494
Increase in Operating Expenses		**(209)**
Decrease in utility expenses	Seasonal factor	+49
Increase in repair expense		(60)
Increase in tax	Property tax and city planning tax of acquired assets through 3rd PO	(76)
Increase in depreciation		(40)
Increase in AM fee	Increase in AUM, Decrease in NOI	(57)
Decrease in Non-operating Expenses	Coming off unit issuance cost, decrease in borrowing related expense	**+169**

Comparison against the 14th Period (Jun. 2019) Forecast (c-b)

《Major fluctuation factor》 (¥/mn)

Decrease in Operating Revenues		**(0)**
Decrease in rental revenue	Difference between the forecast and the actual	(17)
Increase in miscellaneous income, decrease in utility income	Insurance income, contract renewal fee etc., decrease in utility use	+13
Decrease in Operating Expenses		**+52**
Decrease in PM/BM fee	Optimization of PM/BM operation	+21
Decrease in utility expenses	Decrease in use	+31
Decrease in in repair expense		+13
Increase in leasing related expense		(23)

Summary of Forecast for the 15th Period (Dec. 2019) and the 16th Period (Jun. 2020)

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(¥/mn)	14th Period (Jun. 2019) Result a	15th Period (Dec. 2019) Forecast b	16th Period (Jun. 2020) Forecast c	15th Period (Forecast) vs 14th Period (Result) (difference) b-a	16th Period (Forecast) vs 15th Period (Forecast) (difference) c-b
Operating Revenues	8,982	8,645	8,565	(337)	(80)
Operating Expenses	(4,027)	(4,063)	(3,975)	(36)	88
Operating Income	4,955	4,581	4,589	(373)	8
Ordinary Income	4,326	3,932	3,962	(394)	30
Net Income	4,326	3,931	3,961	(394)	30
DPU	¥9,617	¥8,737	¥8,805	(¥880)	¥68
NOI	6,267	6,380	6,416	112	36
Gain on sales of real estate properties	494	0	0	(494)	0
Days	181	184	182	-	-

Comparison between the 14th Period (Jun. 2019) Result and the 15th Period (Dec. 2019) Forecast (b-a)

《Major fluctuation factor》		(¥/mn)
Decrease in Operating Revenues		**(337)**
Increase in rental revenue	Rent increase, effect of asset replacement implemented in Feb. 2019	+91
Increase in utility income	Seasonal factor	+62
No gain on sales of real estate properties		(494)
Increase in Operating Expenses		**(36)**
Increase in PM/BM fee		(18)
Increase in utility expenses	Seasonal factor	(49)
Decrease in repair expense		+16
Increase in depreciation		(21)
Increase in AM fee	Increase in AUM	(16)
Increase in Non-operating Expenses	Increase in borrowing related expense, investment corporation bond issuance cost	**(17)**

Comparison between the 15th Period (Dec. 2019) Forecast and the 16th Period (Jun. 2020) Forecast (c-b)

《Major fluctuation factor》		(¥/mn)
Decrease in Operating Revenues		**(80)**
Increase in rental revenue	Occupancy rate and rent increase	+7
Decrease in miscellaneous income and utility income	Coming off construction cost reimbursement, seasonal factor	(86)
Decrease in Operating Expenses		**+88**
Decrease in utility expenses	Seasonal factor	+62
Decrease in repair expense		+64
Increase in tax	Property tax and city planning tax of acquired assets	(16)
Increase in depreciation		(33)
Decrease in Non-operating Expenses	Decrease in borrowing related expense	**+25**

Track Record of Unitholders' Value

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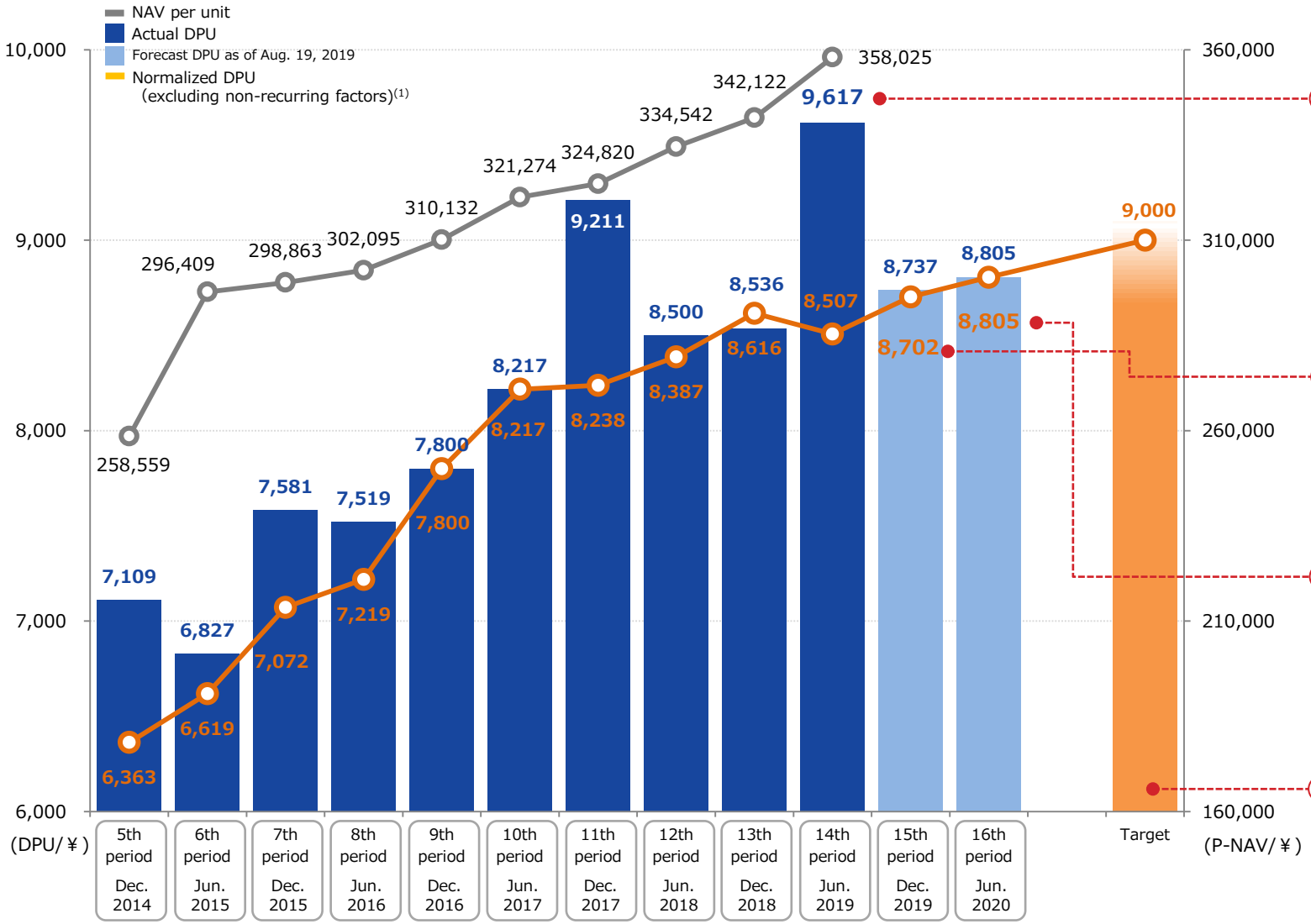

	5th period Dec. 2014	6th period Jun. 2015	7th period Dec. 2015	8th period Jun. 2016	9th period Dec. 2016	10th period Jun. 2017	11th period Dec. 2017	12th period Jun. 2018	13th period Dec. 2018	14th period Jun. 2019	15th period Dec. 2019	16th period Jun. 2020
Forecast(2)	¥7,062	¥6,527	¥7,252	¥7,165	¥7,385	¥8,005	¥9,111	¥8,387	¥8,373	¥9,486	¥8,657	-
Actual-forecast(2)	+¥47	+¥300	+¥329	+¥354	+¥415	+¥212	+¥100	+¥113	+¥163	+¥131	+¥80	-
Change rate	+0.7%	+4.6%	+4.5%	+4.9%	+5.6%	+2.6%	+1.1%	+1.3%	+1.9%	+1.4%	+0.9%	-

Actual DPU for the 14th period achieved ¥9,617, by contribution of Gain on sales of real estate properties

- ¥494mn from transfer assets implemented in Feb. 2019
- Increased by ¥131 from the forecast as of Feb. 2019

The forecast normalized DPU for the 15th period reaches the ¥8,700 mark

- The forecast normalized DPU for the 15th period is expected to reach the ¥8,700 mark by pursuing internal growth in spite of no gains on transfer in the 14th period

The forecast normalized DPU for the 16th period reaches the ¥8,800 mark

- The forecast normalized DPU for the 16th period is expected to reach the ¥8,800 mark by pursuing internal growth

Target DPU is ¥9,000

Exceeded respective forecast every period since IPO

Unit Price Performance and Dividend Yield Since Jan. 2018

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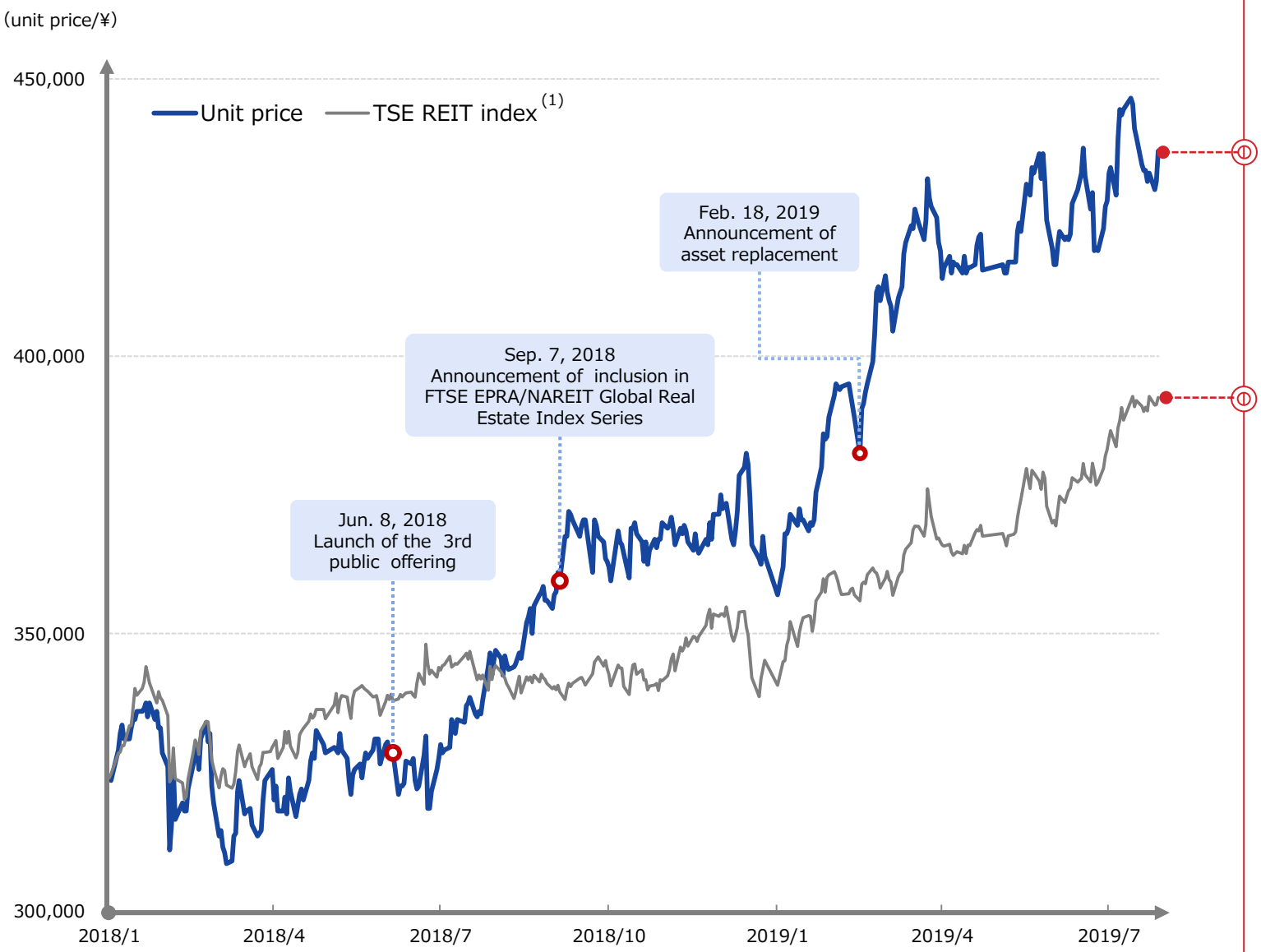

NRT Dividend Yield 4.1%(2)
(as of Jul. 31, 2019)

- Highly outperformed TSE REIT index due to continuous increase in DPU through positive cycle with internal growth through the Tripart Managemant and external growth in public offering last year

Average dividend yield of TSE REIT Index 3.7%(3)
(as of Jul. 31, 2019)

- NRT dividend yield still remains at a high yield level compared to the dividend yield of TSE REIT Index

2. Management Status in the 14th period and Future Growth Strategies

Track Record of AUM

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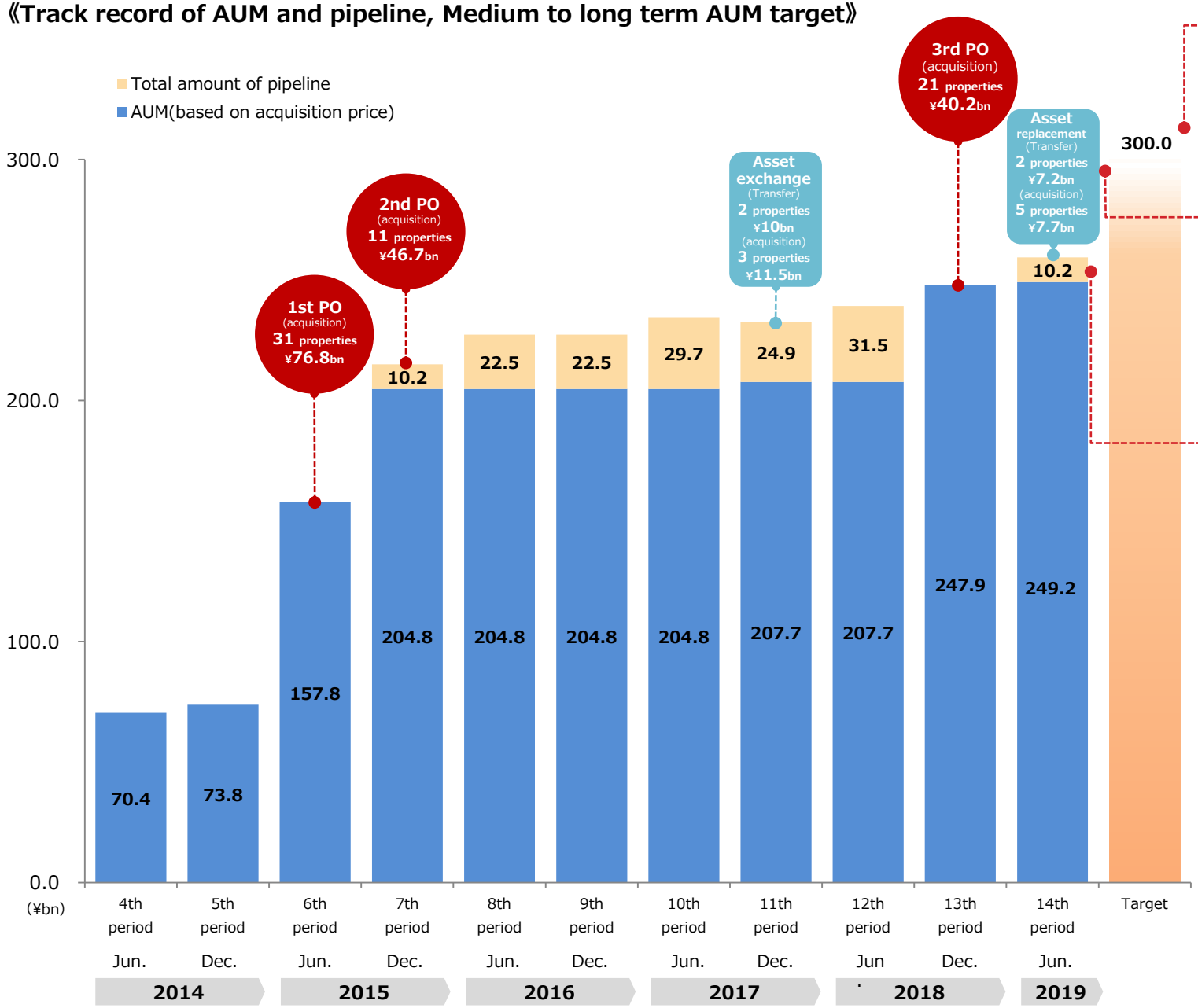
《Track record of AUM and pipeline, Medium to long term AUM target》



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

- Aim to achieve the AUM target ¥300bn in disciplined manner such as keeping NOI target

Maintaining and improving portfolio quality and considering timely return to unitholders through asset replacement

- Implemented asset replacement based on the result of Tiering, and gained ¥494mn from transferring asset

Realizing the external growth by accumulating pipeline

- For growth of AUM, accumulated pipeline of 7properties, ¥10.2bn through newly established 2 bridge funds in the 14th period

Pipeline **7**properties ¥**10.2**bn

《NRT growth 14》
- TENSHO OFFICE SHINBASHI 5
- tanosio shin-yokohama

《NRT growth 15》
- Tsukiji Front
- Hatchobori River Gate
- DeLCCS KASAI
- Serenite Shin-Osaka
- Mullion Josai

Total Number of Established Bridge Funds (By the end of the 14th period)
16 (55 properties)

Summary of Tiering Project and Portfolio Refining Strategy

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《Summary of Tiering Project》

1 Analyze properties in terms of 3 points of view and then classify them into any of Tier1, 2 or 3

Profitability

Examine profitability potential in the medium-and long term
- Rent gap
- Other growth potential

Liquidity

Examine liquidity into the real estate market
- Area, Location
- Type of rights
- Age, Scale
- Supply/demand trend, etc.

Property Characteristics

Examine risks related to management through analysis of track record
- Downtime
- leasing difficulty, etc.

Examine area potential
- Rental market trend

Tier1	Continue to own in medium to long term
Tier2	Continuously consider the asset management with an eye to reconstruction or redevelopment
Tier3	Develop a scenario of better replacement for the premise in terms of 3 points of view

2 Develop 3-5 years management strategy according to the classification

◆Consider and excute efficient CAPEX plan

◆Anticipate the proper timing of asset replacement by sensing market trend

3 Execute strategic efficient asset management

◆Review the asset classification through periodic verification

《Summary of Portfolio Refining Strategy》

Asset replacement

Plan asset replacement to improve portfolio quality mainly with the property classified into Tier3 as a target

① Improvement of portfolio quality

Improve portfolio quality in terms of profitability and property characteristics etc.

② Return to unitholders and improvement of future unitholders' value

◆**Achieve two targets of (1) Medium- and long-term improvement in unitholders' value and (2) increase in distributions paid for existing unitholders in a balanced manner**
- Return gain on sales of real estate properties as DPU
- Appropriate gains on transfer for reducing the book value of the properties to be acquired by use the exchange scheme (in accordance with the provisions of the "Inclusion of Deductible Expenses of Reduced Amount of Assets Acquired through Exchange" in Article 50 of the Corporation Tax Act)

◆**Stock-based redevelopment scheme**

Expand potential of external growth in the future by securing the right of first negotiation for the new property that will be redeveloped at the timing of transfer

Social infrastructure renovation model (SOKOCHI scheme)

Pursue renovation of old social infrastructure
- ✓ Utilization of land in the portfolio or newly acquired land (SOKOCHI)
- ✓ Create opportunity of acquisition of new build asset to improve portfolio quality

Portfolio Refining Strategy (Achievement)

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《Asset Exchange Implemented in the 11th Period》

Asset Exchange

Transfer	Acquisition
2properties ¥10bn	3properties ¥11.5bn
● GreenOak Okachimachi ● JS Progres Building	● Homat Horizon Building ● Sannomiya First Building ● Splendid Namba

《 Asset Replacement Implemented in the 14th Period 》

Asset Replacement

Transfer	Acquisition
2properties ¥7.2bn	5properties ¥7.7bn
● FORECAST Iidabashi ● my atria Meieki	● Kameido i-Mark Building ● TENSHO OCHANOMIZU BUILDING ● Wald Park Minamioi ● Imazaki Mansion N1 ● LAPUTA KUJO

① Improvement of portfolio quality

(1) Raise the ratio of properties in 6 central wards[1]	・Acquired properties located in 6 central wards of Tokyo with strong competitiveness
(2) Lower average building age younger	・Achieved to lower average building age and improve liquidity of the portfolio by exchanging properties including over 40 years old building and younger properties
(3) Stabilizing cash flow	・Achieved to make cash flow further stable by exchanging properties classified as Tier3 from the view of profitability and property characteristics (age, no upside potential, down time etc.)and properties that has growth potential

(1) Improvement of profitability	・Improve the profitability of the portfolio with the assets acquired, an average appraisal NOI yield after depreciation[2] of which is 3.9% (+0.2% vs. assets transferred)
(2) Lower average building age younger	・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)
(3) Stabilizing cash flow	・Stabilize the cash flow of the portfolio by selling my atria Meieki, the property which will be expropriated

② Return to unitholders and improvement of future unitholders' value

◆ Rise in DPU ※Revision of forecast at the timing of announcement of asset exchange

Dec.2017	¥8,224→¥9,111	**+¥887(+10.8%)**	※Gain on sales
Jun. 2018	¥8,100→¥8,225	**+¥125(+1.5%)**	※Improvement NOI

◆ Compression in book value

Achieve two targets in a balanced manner: Medium- and long-term improvement in Unitholders' value and increase in distributions paid for existing unitholders

◆Compression in book value of ¥400mn out of ¥780mn, and allocation of ¥380mn to dividend resources for the 11th fiscal period ending in December 2017

◆Rise in appraisal NOI yield of properties acquired by recording compressed book value

	(Before reduction)	(After reduction)
Acquisition prices of three properties	¥11,597mn	¥11,191mn
Appraisal NOI yield[3]	4.7%	4.9%

◆ Rise in DPU ※Revision of forecast at the timing of announcement of asset replacement

Jun. 2019	¥8,556→¥9,486	**+¥930(+10.9%)**	※Gain on sales

◆ Stock-based redevelopment scheme

Sold 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 NRT is positioned to take advantage of its potential for external growth by securing the right of first negotiation thereof

Portfolio Summary（As of the end of the 14th Period）

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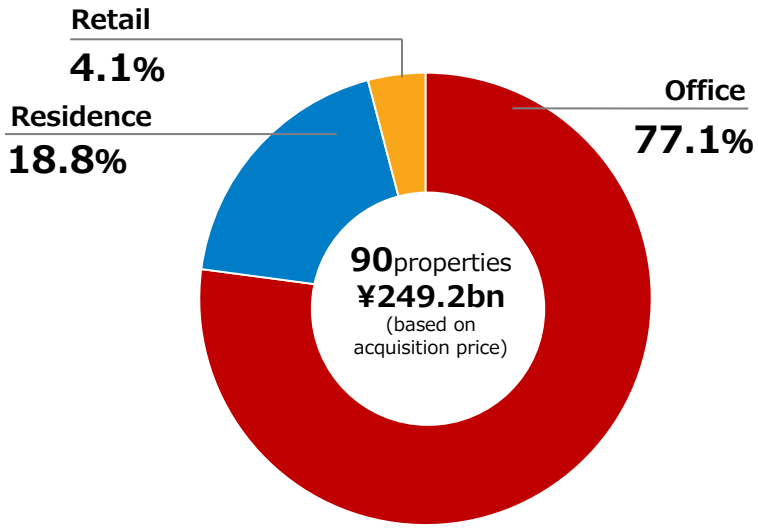
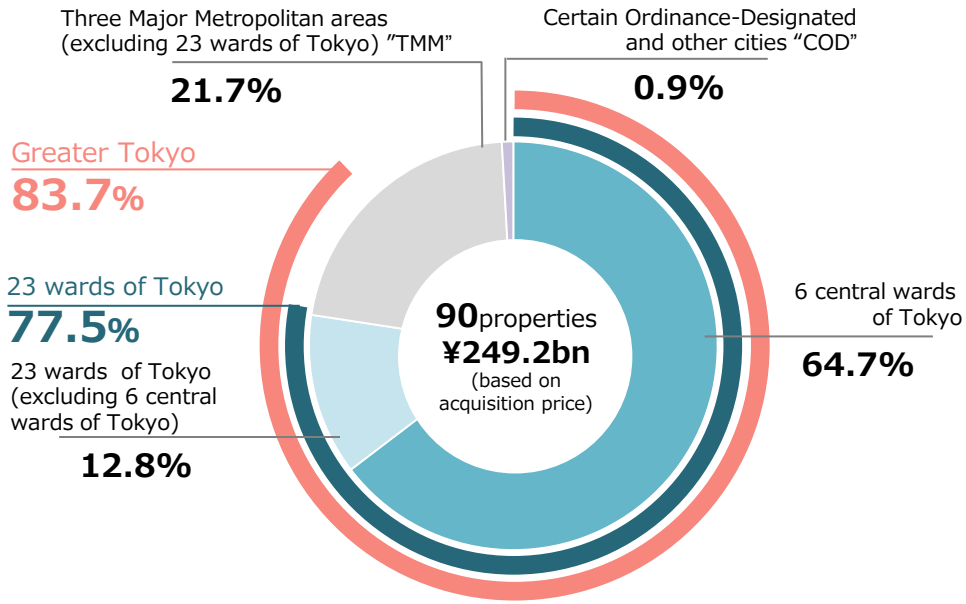
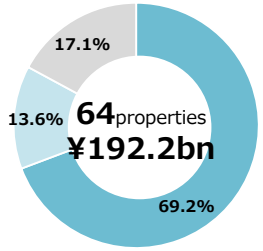
《By type of portfolio》



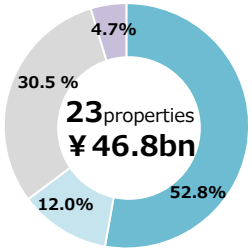
《By area(1)》



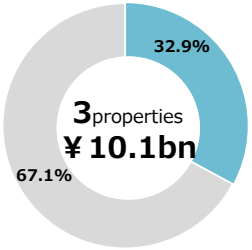
《Office By Area》



《Residence By Area》



《Retail By Area》



- 6 central wards of Tokyo (6 central)
- 23 wards of Tokyo (excluding six central wards of Tokyo) (23 wards)
- Three Major Metropolitan areas (excluding 23 wards of Tokyo) (TMM)
- Certain Ordinance-Designated and other cities (COD)

Maintaining portfolio mainly composed of "Mid-sized Office which has stable characteristics" located in "Tokyo where has growth potential"

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

	Transition of type of asset			Transition of Area				
	Office	Residence	Retail	6 central	23 wards	Greater Tokyo	TMM	COD
End of the 13th Period	77.9%	18.0%	4.1%	66.1%	11.8%	84.2%	21.2%	0.9%
End of the 14th Period	77.1%	18.8%	4.1%	64.7%	12.8%	83.7%	21.7%	0.9%

Risk Diversification（As of the end of the 14th Period）

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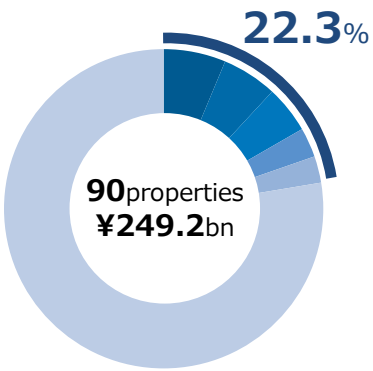
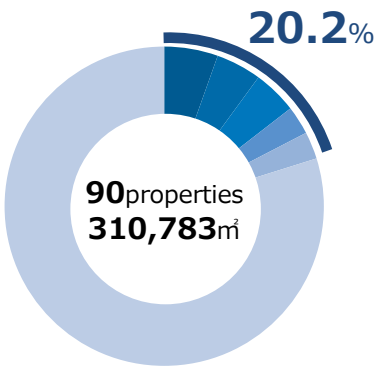
《Portfolio diversification 》
(Proportion of the 5 largest properties)

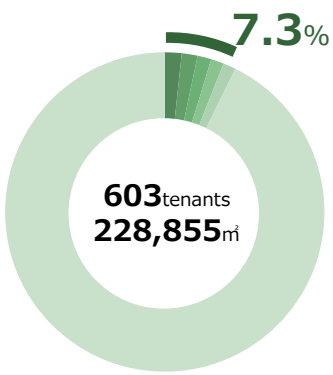


By acquisition price

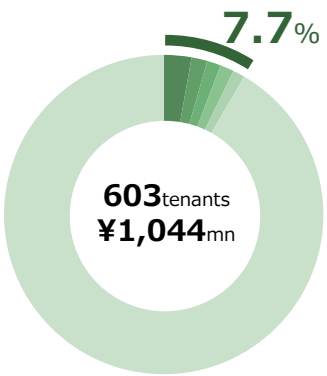


By leasable area

《Tenant diversification》
(Proportion of the 5 largest tenants [1])



By leased area



By monthly rent

《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%

《5 largest tenants（by leased area）》

	Property Name	Business Category	Leased Area(㎡)	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
- Further strengthened risk-tolerance through 3rd PO in 2018

	Portfolio Diversification		Tenant diversification	
	By acquisition price	By leasable area	By leased area	By monthly rent
End of the 13th Period	22.4%	20.4%	7.3%	7.8%
End of the 14th Period	22.3%	20.2%	7.3%	7.7%

Occupancy Rate and Free Rent Period Trend

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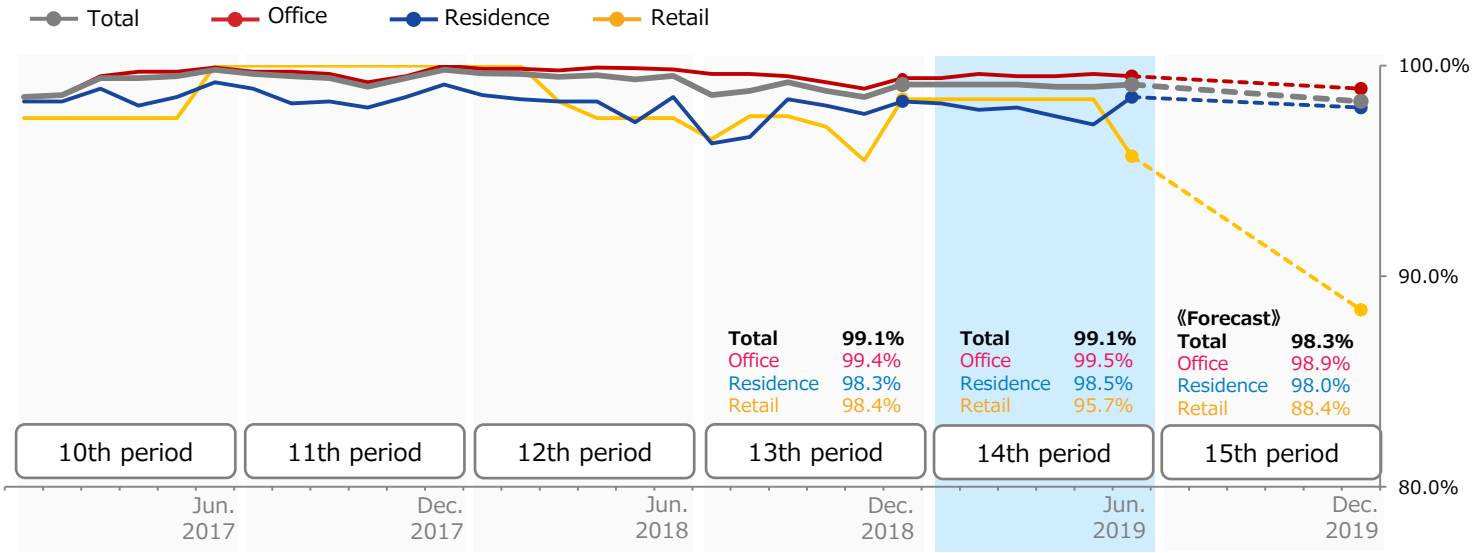
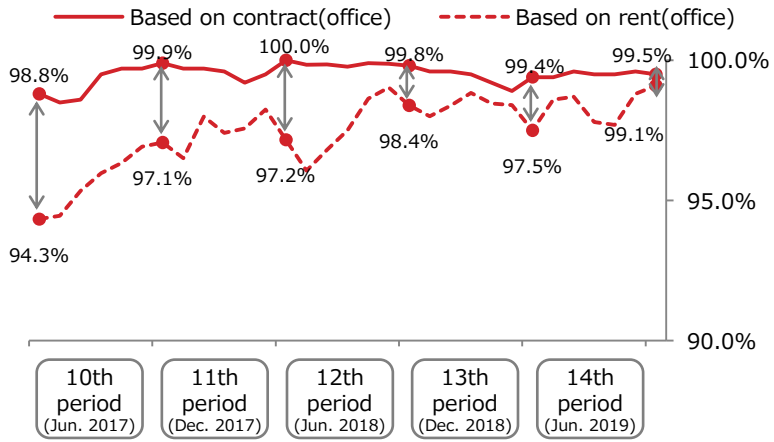
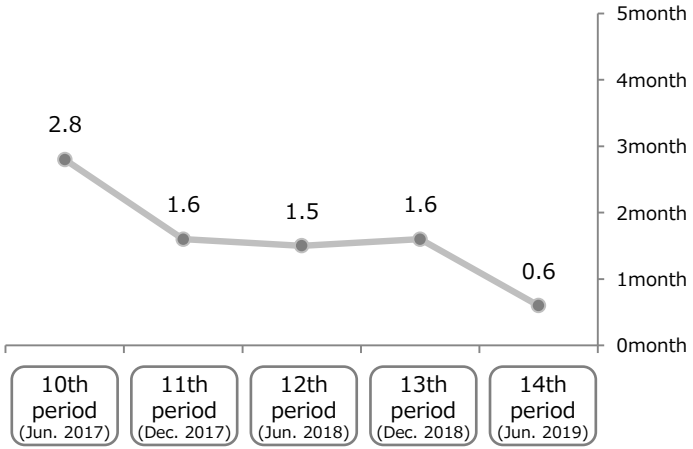
《Occupancy rate tend and forecast》



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



《Average Free Rent Period (1) Trend》



① Maintaining a high occupancy rate

- Occupancy rate as of the end of the 14th period stood at 99.1%
- Occupancy rate of office as of the end of the 14th period stood at 99.5%.

① Maintaining occupancy rate based on rent

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

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

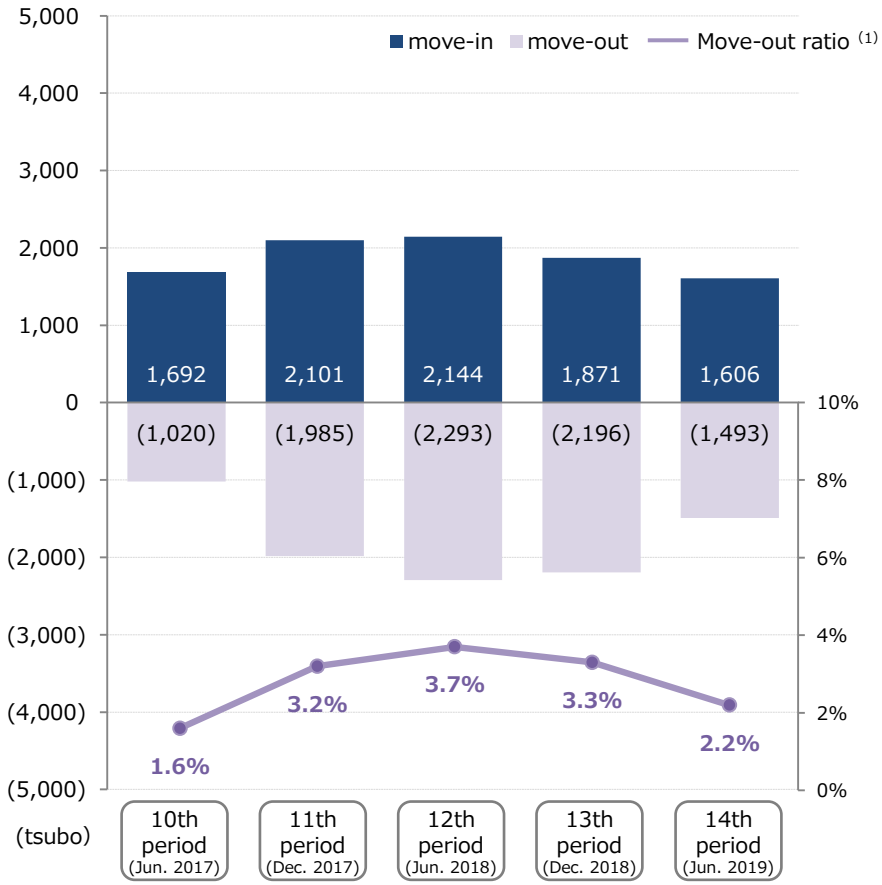
	Based on contract	Based on rent	difference
10th Period	99.9%	97.1%	2.8%
11th period	100.0%	97.2%	2.8%
12th period	99.8%	98.4%	1.4%
13th period	99.4%	97.5%	1.9%
14th period	99.5%	99.1%	0.5%

Status of Tenant Move-in and Move-out, and Rent Increase Upon Tenant Replacement

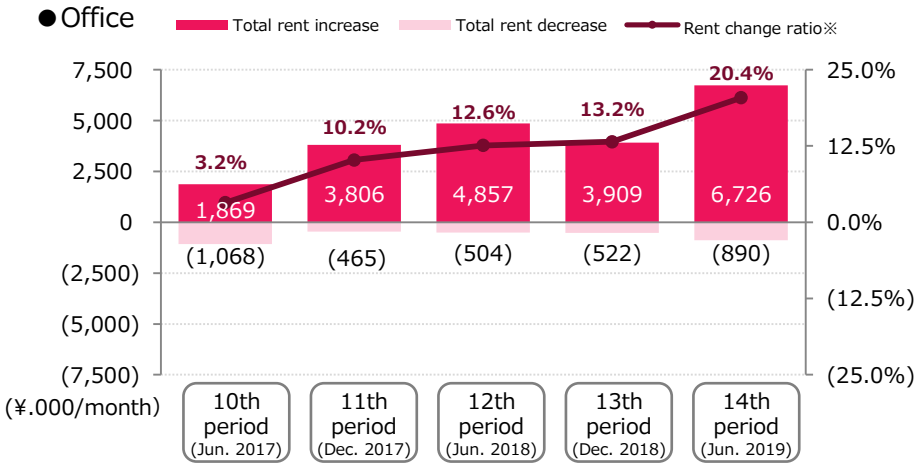
NIPPON REIT Investment Corporation

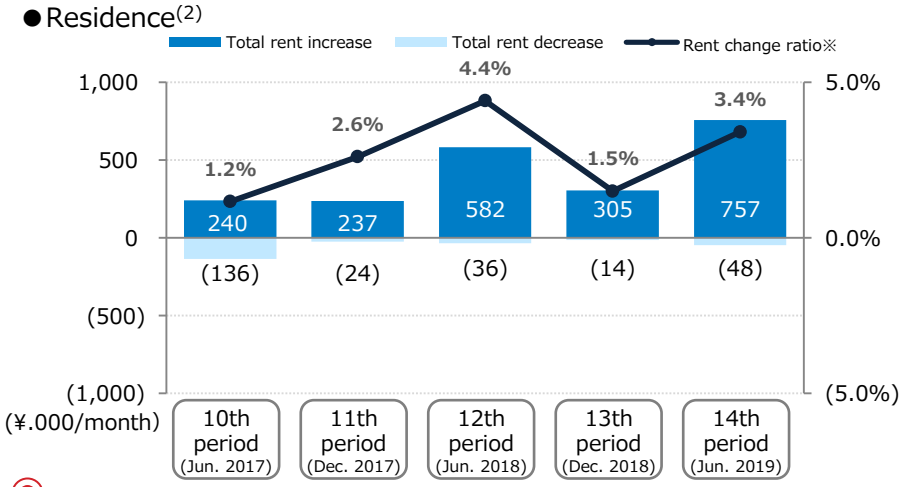
《Tenant move-in and move-out, Average move-out ratio》

※Total leasable area as of the end of 14th period (office): 66,671 tsubo



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





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

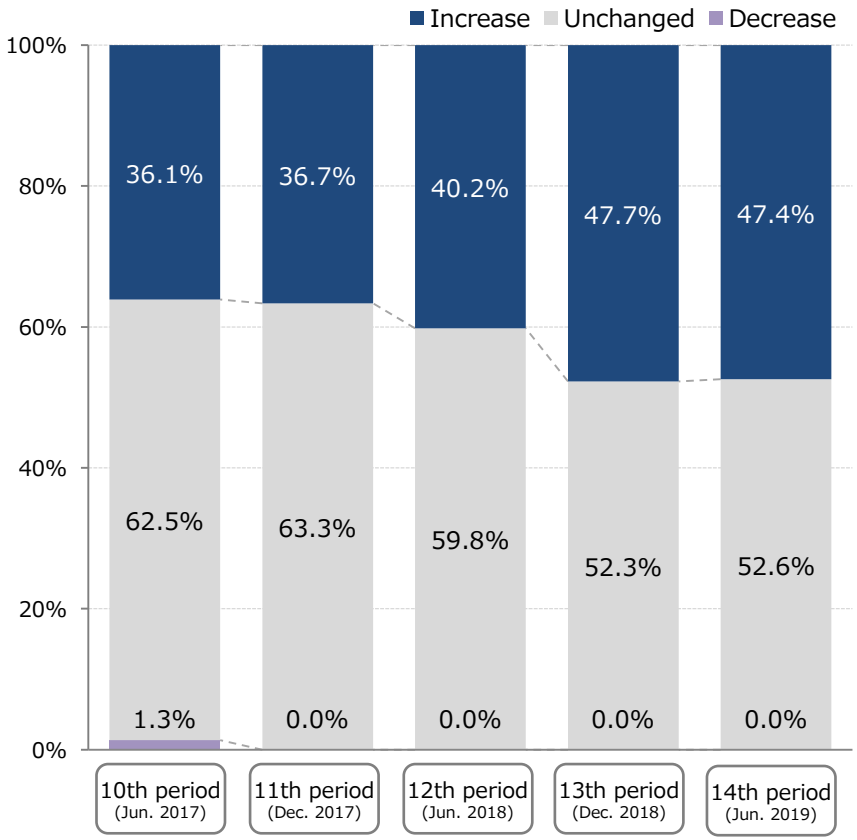
- Rent increase(decrease) upon tenant replacement improved, given the background of mid-sized office market in which supply-demand is tight and there is high property competitiveness
- Rent increase have been realized by expanding leasing targets with our new leaseing promotion such as “ittoku” , “shikittoku” and “Select Office” that are our new leasing promotion(refer to P.52)

※”Rent change 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)

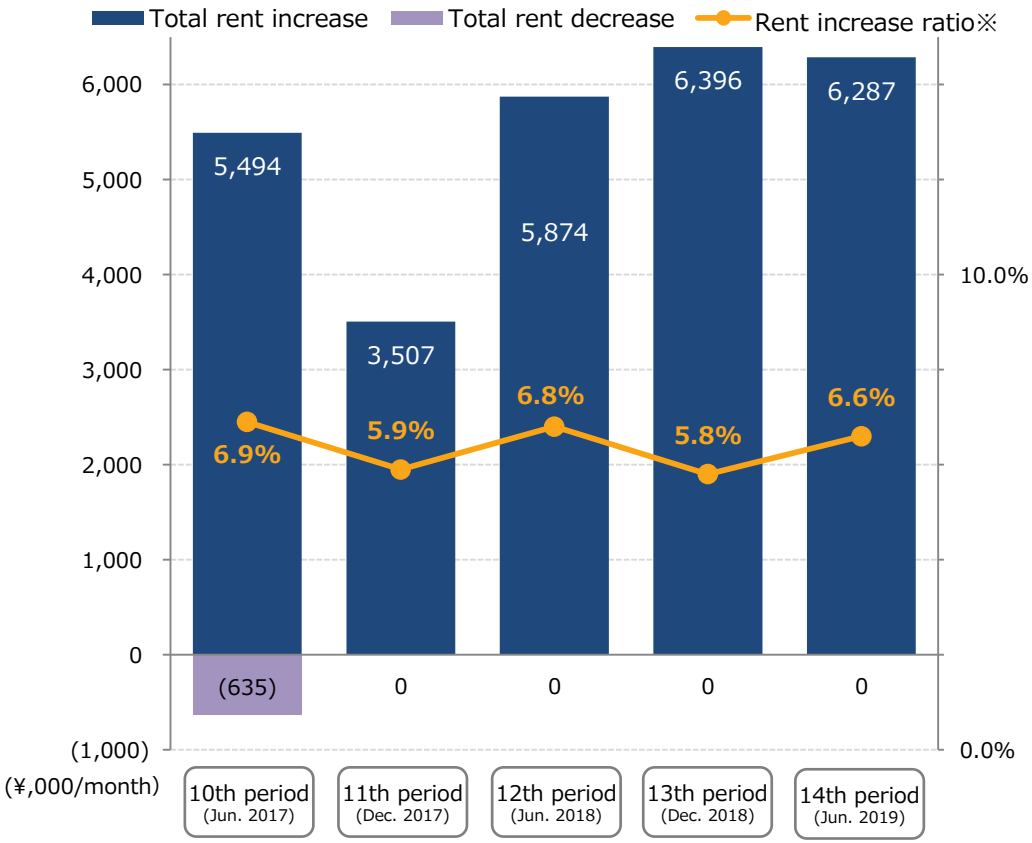
Track Record of Rent Renewals and Rent Increase Upon Contract Renewals(Office)

NIPPON REIT Investment Corporation

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



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



The proportion of rent increase accounts for approx. 50% of the total floor space due to successful measures to improve tenant satisfaction

- Achieved rent increase for 47.4% of area subject to renewal ,attributed to 69tenants (6,741 tsubo) out of 147 tenants (14,209 tsubo), during the 14th period

Achieved one of the largest increase ever by rent renewal (¥6,287 thousand yen/month)

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

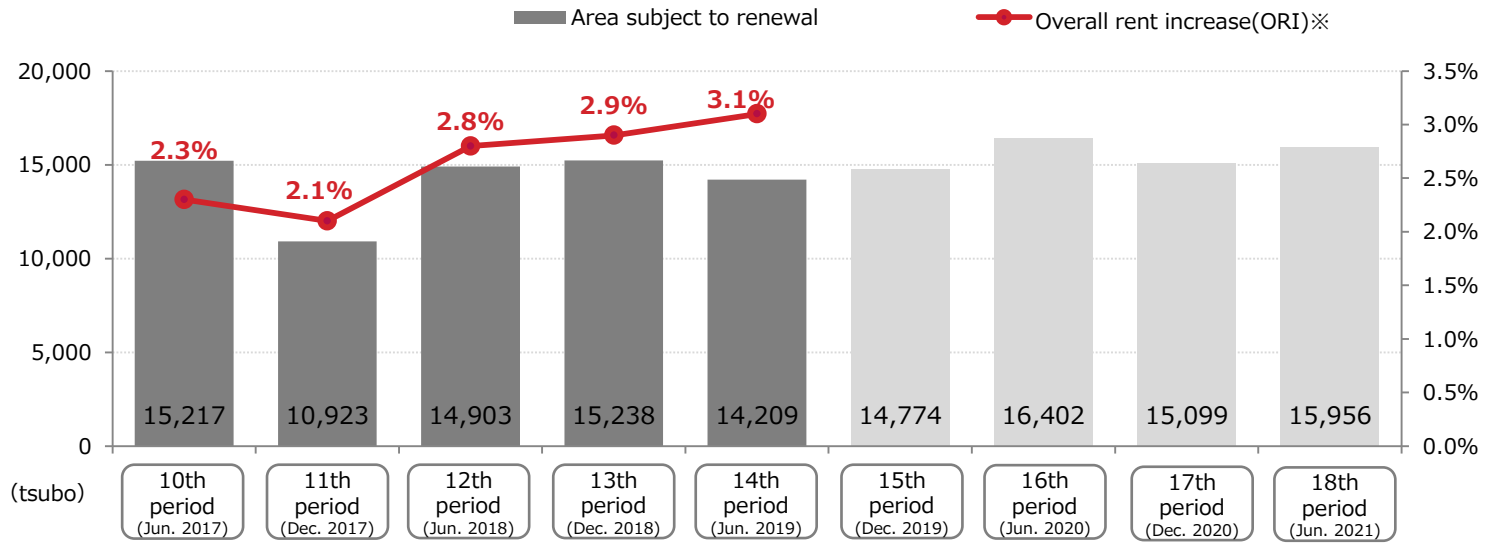
10th period	11th period	12th period	13th period	14th period
4,858 thousand yen	3,507 thousand yen	5,874 thousand yen	6,396 thousand yen	6,287 thousand yen

※"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)

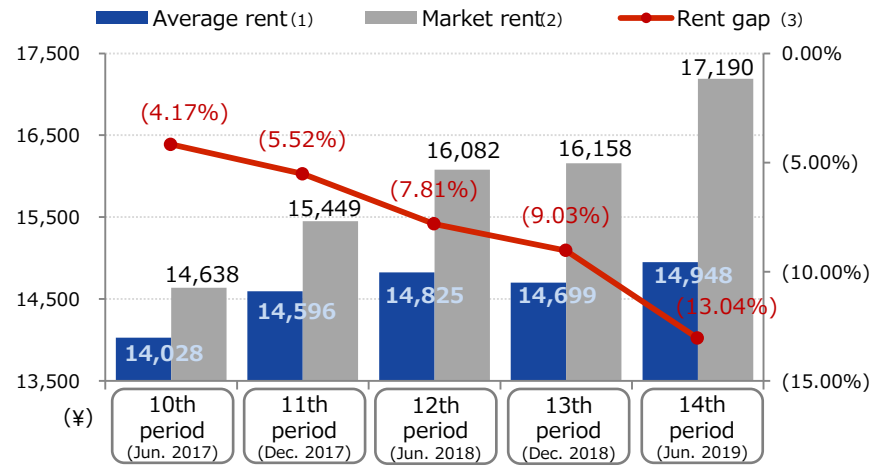
NIPPON REIT Investment Corporation

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



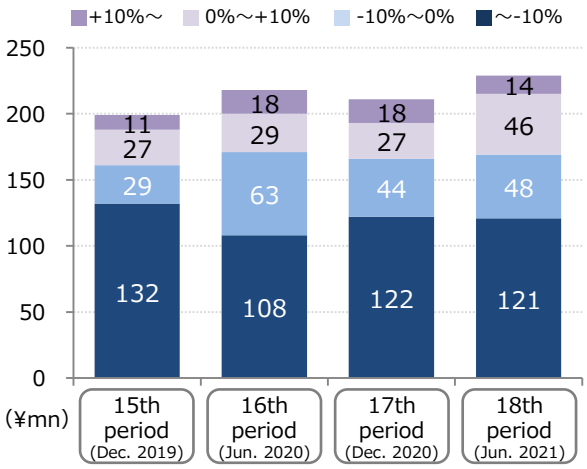
《 Rent gap trend 》

※Office and standard floor Only



《 Status of rent gap 》

※Office and standard floor Only, monthly rent base



Overachieved the target

- Overall rent increase for the 14th period turned out to be 3.1%, outperforming the target level (1.5%)
- We continuously keep the target overall rent increase of 1.5%

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

- Rent gap as of the end of the 14th period turned out to be negative 13.04% with further potential of rent increase in the near term

Continuous negotiation with tenant

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

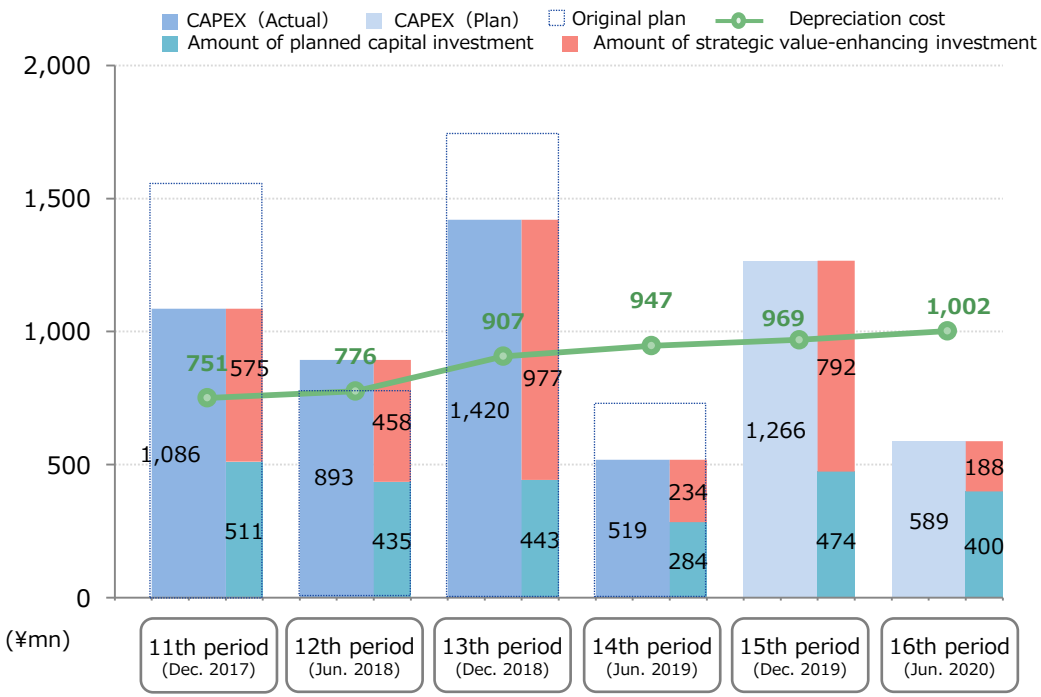
※ "Overall rent increase" is percentage of total increase / decrease in rent for the respective period to total rent of all tenants which renewed contracts in the respective period. The "rent increase target" and "contribution to DPU" stated do not guarantee increase of DPU for respective period.

Plan and Budget of Engineering Management

(Planned capital investment and strategic value-enhancing investment)

NIPPON REIT Investment Corporation

《Plan and Budget of Engineering Management》



	11th period (Dec. 2017)	12th period (Jun. 2018)	13th period (Dec. 2018)	14th period (Jun. 2019)	15th period (Dec. 2019)	16th period (Jun. 2020)
Depreciation cost (A)	751	776	907	947	969	1,002
CAPEX (B)	1,086	893	1,420	519	1,266	589
Surplus / Shortage (A) – (B)	(335)	(117)	(513)	428	(297)	413
Reserved depreciation amount[1]	1,821	1,695	1,181	1,610	1,312	1,726

《Outline of Engineering Management》

1 Planned capital investment

Equipments' replacement and retrofit to maintain and improve assets values

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

① 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 》

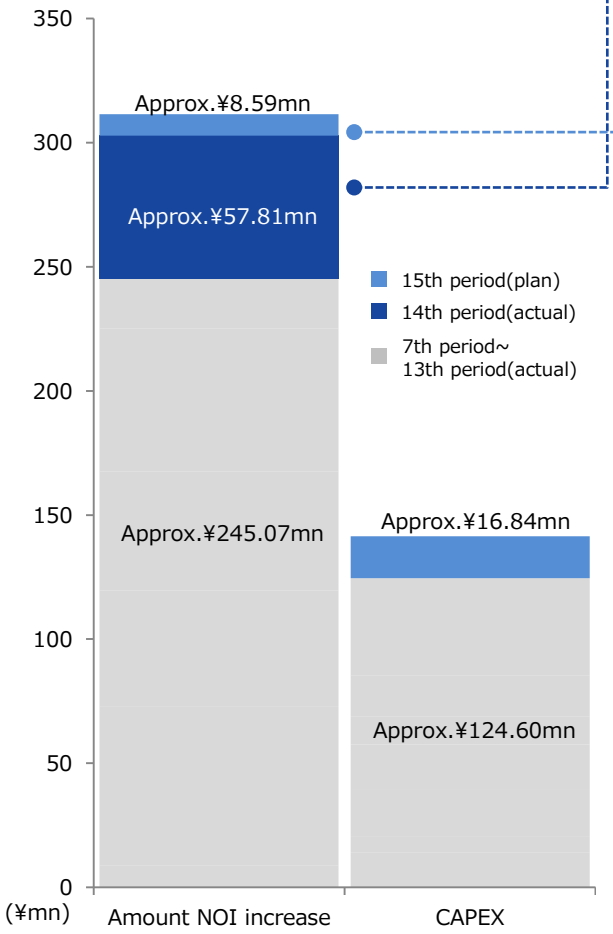
	Total Investment amount	Total Subsidy amount
By 11th period(plan)	Approx. ¥695mn	Approx. ¥192mn
By 11th period(actual)	Approx. ¥496mn	Approx. ¥104mn
By 13th period(plan)	Approx. ¥161mn	Approx. ¥65mn
By 13th period(actual)	Approx. ¥162mn	Approx. ¥64mn
By 15th period(plan)	Approx. ¥241mn	Approx. ¥43mn

Achievements and Plan of NOI Enhancement through Engineering Management(1)

(Strategic value-enhancing investment)

NIPPON REIT Investment Corporation

《Transition of amount of NOI increase and CAPEX by Engineering Management(2) 》



《Actual for 14th period (Jun. 2019)》

Creation of new revenue sources/Profitability enhancement

Major measure	Effect
(FORECAST Takadanobaba) Replacing sublease parking operator	Approx.¥1.88mn
(FORECAST Kayabacho) Rental space for lunch box sales at the entrance	Approx.¥0.24mn

Total amount of NOI increase Approx.¥2.12mn (annual)

Contribute to DPU +Approx.¥2 /fiscal period

Cost reduction

Major measure	Effect
(25 properties) Replacing energy provider	Approx.¥54.14mn
(Sumitomo Mitsui Bank Koraibashi Building) Replacing building manager	Approx.¥1.54mn

Total amount of NOI increase Approx.¥55.69mn (annual)

Contribute to DPU +Approx.¥61 /fiscal period

Totally contribute to DPU +Approx.¥64/fiscal period

《Plan for 15th period (Dec. 2019)》

Major measure	Effect
(8 properties) Setting antennas at rooftop	Approx. ¥4.82mn
(3 properties) Replacing sublease parking operator	Approx. ¥0.96mn
(Splendid Namba) Introduction of bike share	Approx. ¥0.02mn
(Field Avenue) Increased in rent by upgrade of interior decoration	Approx. ¥0.19mn

Major measure	Effect
(3 properties) Installment of LED light	Approx.¥2.38mn
(3 properties) Replacing energy provider	Approx.¥0.20mn

Value-up record of approx.￥302mn/p.a. for eight consecutive period in total

- Achievement of approx.¥302mn/p.a. from the 7th period to the 14th period with aggressive and efficient measures to improve NOI
- Estimated NOI improvement of approx.¥8.59mn/p.a. in the 15th period (Target ROI:15% in principal)

Effect of NOI increase during the 14th period on DPU is calculated at +approx.¥64/fiscal period

- NOI increased by ¥57.81mn/p.a. through Engineering Management implemented during the 14th period, and contribution to DPU is calculated at +approx.¥64/fiscal period

Achievements and Plan of NOI Enhancement through Engineering Management

NIPPON REIT Investment Corporation

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

	Target properties	Category	Measure	Sort	Effect (p.a.)
11th period (Actual)	Mejiro NT Building etc.	●	Building management cost reduction	Cost reduction	approx. ¥3.63mn
12th period (Actual)	Higashi Ikebukuro Center Building	●	Rent increase by changing a use	Revenue increase	approx. ¥11.95mn
	FORECAST Takadanobaba	●	Setting up new leasing area by using dead space	Revenue increase	approx. ¥2.70mn
	FORECAST Mita	●	Setting antennas at rooftop	Revenue increase	approx. ¥1.68mn
	Sumitomo Mitsui Bank Koraibashi Building	●	Change of sublease contract	Revenue increase	approx. ¥1.42mn
	FORECAST Takadanobaba	●	Parking lot expansion	Revenue increase	approx. ¥0.75mn
	25 properties	●	Replacing energy provider	Cost reduction	approx. ¥12.42mn
	FORECAST Shinagawa	● ●	Installment of LED light (common area)	Cost reduction	approx. ¥0.33mn
13th period (Actual)	GreenOak Kudan	● ●	Rent increase by improvement of common area	Revenue increase	Approx. ¥11.74mn
	FORECAST Shinjuku SOUTH etc.	●	Setting up new leasing area by using dead space	Revenue increase	Approx. ¥2.08mn
	Itabashi Honcho Building	● ●	Setting vending machine	Revenue increase	Approx. ¥0.24mn
	Mejiro NT Building	●	Setting antennas at rooftop	Revenue increase	Approx. ¥0.12mn
	FORECAST Sakurabashi etc.	● ●	Installment of LED light (common area)	Cost reduction	Approx. ¥3.45mn
	Pigeon Building etc.	●	Building management cost reduction	Cost reduction	Approx. ¥2.04mn
	FORECAST Takadanobaba etc.	●	Reduce security cost by changing security system	Cost reduction	Approx. ¥0.21mn
14th period (Actual)	FORECAST Takadanobaba	●	Replacing sublease parking operator	Revenue increase	Approx. ¥1.88mn
	FORECAST Kayabacho	● ●	Rental space for lunch box sales at the entrance	Revenue increase	Approx. ¥0.24mn
	25 properties	●	Replacing energy provider	Cost reduction	Approx. ¥54.14mn
	Sumitomo Mitsui Bank Koraibashi Building	●	Replacing building manager	Cost reduction	Approx. ¥1.54mn
15th period (Plan)	8 properties	●	Setting antennas at rooftop	Revenue increase	Approx. ¥4.82mn
	3 properties	●	Replacing sublease parking operator	Revenue increase	Approx. ¥0.96mn
	Field Avenue	● ●	Increased in rent by upgrade of interior decoration	Revenue increase	Approx. ¥0.19mn
	Splendid Namba	● ●	Introduction of bike share	Revenue increase	Approx. ¥0.02mn
	3 properties	● ●	Installment of LED light	Cost reduction	Approx. ¥2.38mn
	3 properties	● ●	Replacing energy provider	Cost reduction	Approx. ¥0.20mn

《Category》● Profitability enhancement ● Cost reduction ● tenant satisfaction ● Environmental Consideration

Examples of Engineering Management(Strategic value-enhancing investment)

NIPPON REIT Investment Corporation

《FORECAST Takadanobaba》

Increase in revenue by replacing sublease parking operator

- Replacing sublease parking operator
- Approx. ¥1.88mn p.a. increase in rent is expected

《FORECAST Kayabacho》

Increase in revenue by rental space for lunch box sales at the entrance

- Rent part of entrance to lunch box seller
- Approx. ¥24thousand p.a. increase in rent and tenant satisfaction improvement is expected

《25 Properties》

Cost reduction by replacing energy provider

- Replacing energy provider
- Approx. ¥54.14mn p.a. cost reduction is expected

《Sumitomo Mitsui Bank Koraibashi Building》

Cost reduction by replacing building manager

- Realized cost reduction by replacing building manager but the service quality remained
- Approx. ¥1.54mn p.a. cost reduction is expected

《ZEPHYROS Minami-horie》

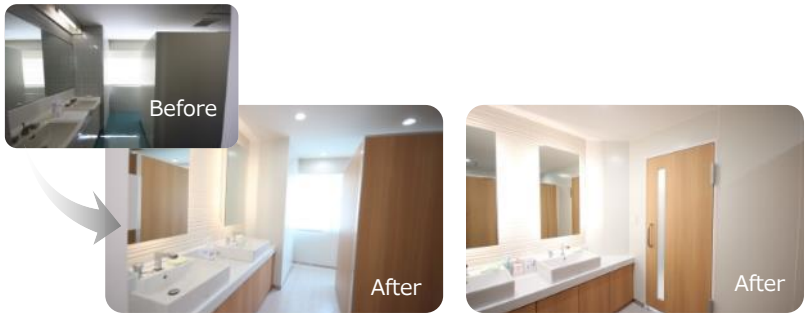
Tenant satisfaction improved by improvement of common area

- Improved tenant satisfaction by common area renewal

《Pigeon Building》

Tenant satisfaction improved by restroom renewal

- Improved tenant satisfaction effectively by reflecting the tenant's needs in design



《Tower Court Kitashinagawa・Field Avenue》

Increased in rent by upgrade of interior decoration

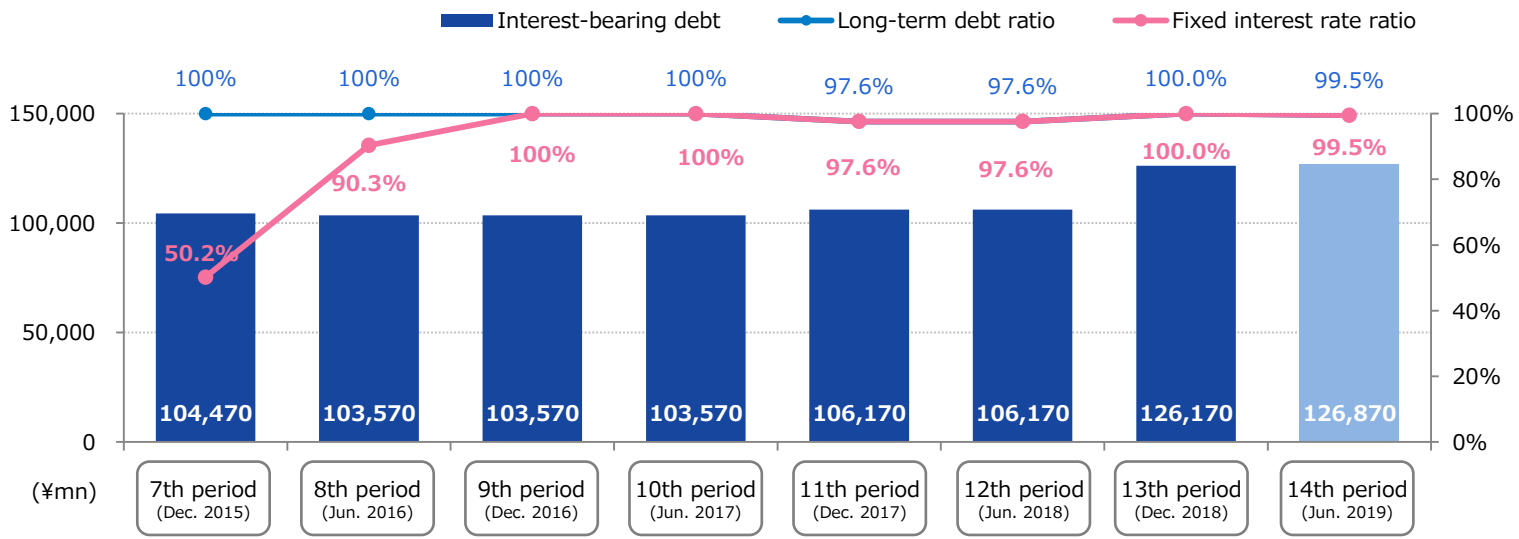
- Replaced equipment of wet area, flooring, and wallpaper etc., to promote leasing

《Category》
- Profitability enhancement
- Cost reduction
- tenant satisfaction
- Environmental Consideration

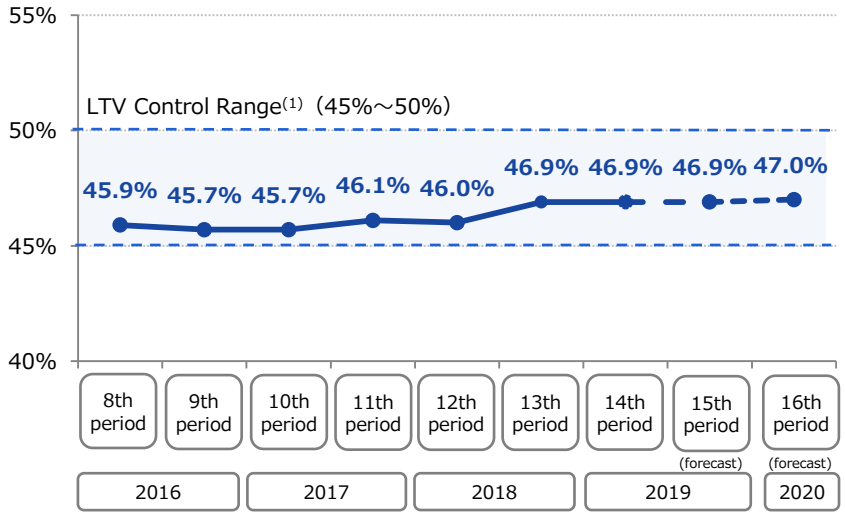
Financial Management

NIPPON REIT Investment Corporation

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



《 Historical and forecast LTV 》



《Overview of refinancing(Executed in Apr. 2019)》

		Debt	
Before	Amount (¥mn)	1,070	9,900
	Term (year)	5	4
	Interest rate	0.914%	0.510%

		Debt				Investment Corporation Bonds
After	Amount (¥mn)	3,320	3,100	2,550	1,000	1,000
	Term (year)	3	7	8	10	10
	Interest rate	0.2625%	0.589%	0.739%	0.94826%	0.900%

Continuously maintain 99.5% of Long-term debt ratio and Fixed interest rate ratio

- Total interest-bearing debt as of the end of the 14th period is ¥126,870mn
- Long-term debt ratio and fixed interest rate ratio has been maintaining at high level

Maintaining LTV control level

- LTV as of the end of the 14th period is 46.9%
- We maintain LTV control policy in which LTV is maintained between 45% and 50%

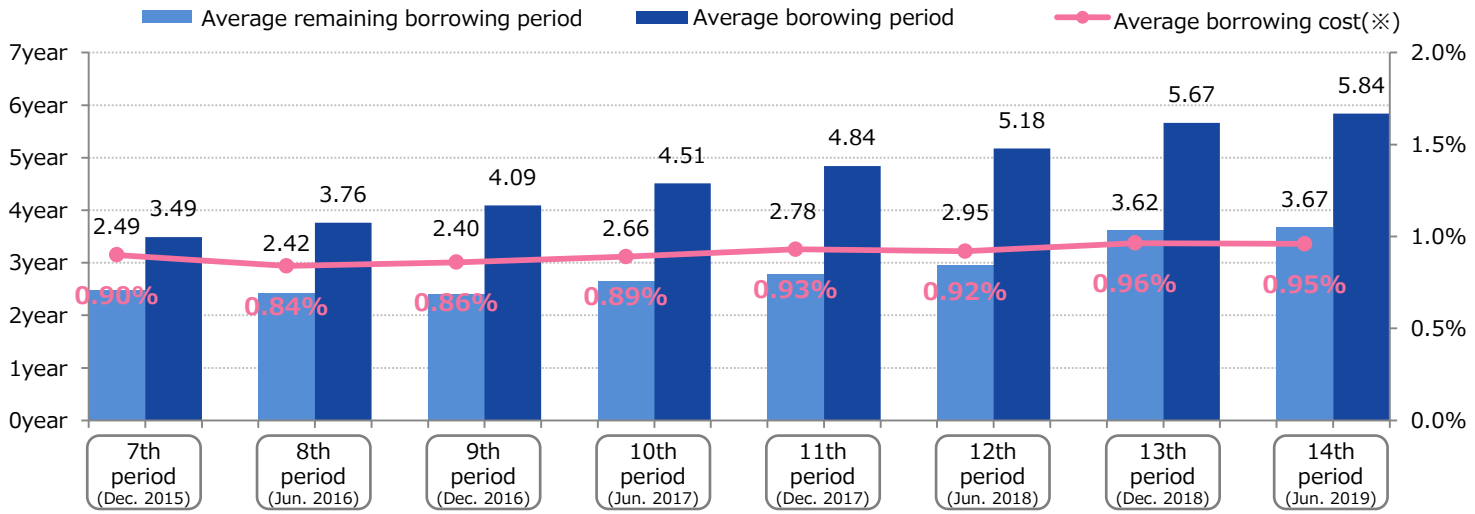
Refinancing

- Borrowing term has been extended at the timing of refinance in Apr. 2019 while keeping the level of average borrowing costs low within 1%

Financial Management

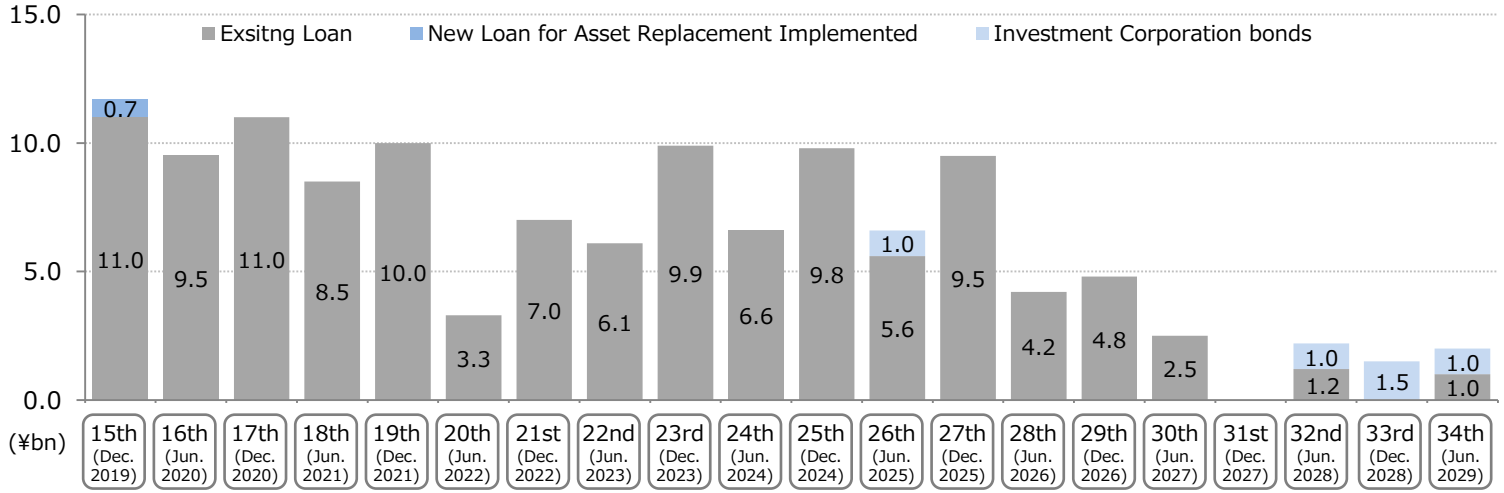
NIPPON REIT Investment Corporation

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



※ including upfront fee, agent fee and investment corporation bonds issued cost

《Debt Maturity Schedule》



Diversified way to finance by issuance of investment corporation bonds

	NIPPON REIT 4th unsecured bonds
Issue date	**Apr. 24,2019**
Issue amount	**¥1.0bn**
Term	**10years**
Interest rate	**0.900%**
Bond rating	**A (JCR)**

Extend average borrowing period

- Enhanced financial stability while keeping level of average borrowing cost low within 1%

Further dispersion of maturity

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

《 Status of Rating 》

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

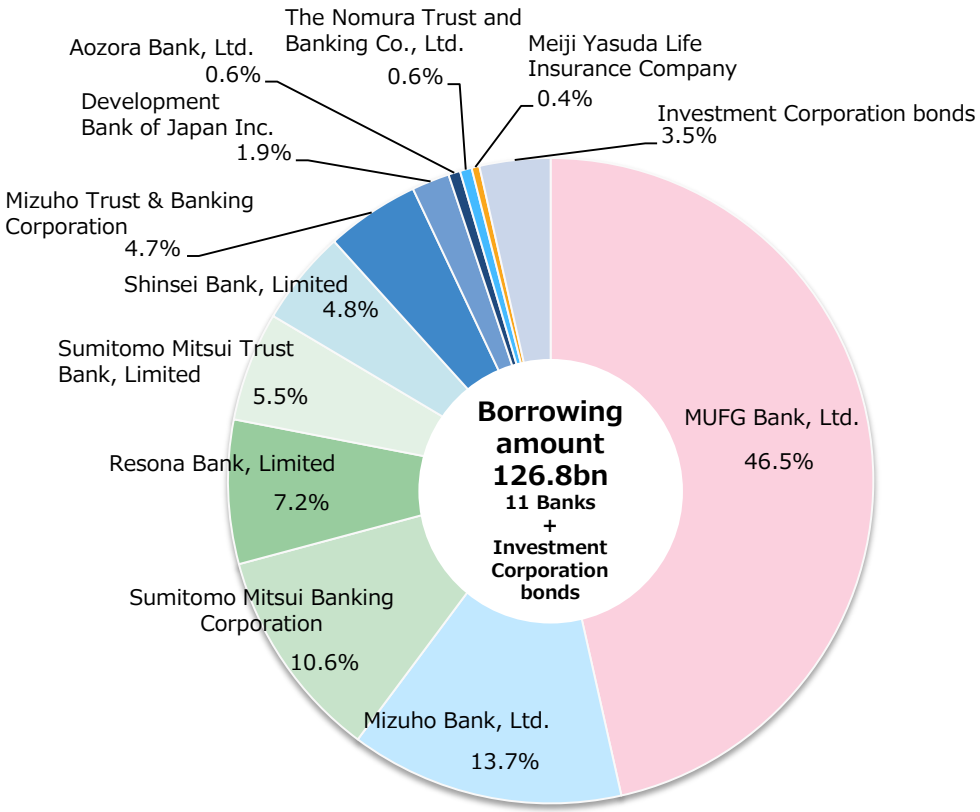
List of Interest-Bearing Debts and Bank Formation (as of the end of Jun. 2019)

NIPPON REIT Investment Corporation

《 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
	11,000	0.54175% (1)	Fixed	Jul.02,2015	Jul.22,2019
	6,000	0.85306%	Fixed	Feb.12,2015	Feb.20,2020
	3,500	0.84355%	Fixed	Mar.12,2015	Feb.20,2020
	11,000	0.65425% (1)	Fixed	Jul.02,2015	Jul.21,2020
	8,500	0.36250%(1)	Fixed	Apr.25,2016	Apr.20,2021
	10,000	0.37710%(1)	Fixed	Aug.22,2016	Aug.20,2021
	3,320	0.2625%(1)	Fixed	Apr.24,2019	Apr.20,2022
	7,000	0.4118%(1)	Fixed	Jul.03,2018	Aug.22,2022
	500	1.23580%	Fixed	Feb.12,2015	Feb.20,2023
	5,600	0.47580%(1)	Fixed	Apr.24,2017	Apr.20,2023
	3,900	0.5000%(1)	Fixed	Aug.21,2017	Aug.21,2023
	6,000	0.47700%(1)	Fixed	Jul.03,2018	Aug.21,2023
	3,400	0.56000%(1)	Fixed	Apr.24,2017	Apr.22,2024
	3,200	0.51990%(1)	Fixed	Apr.24,2018	Apr.22,2024
	3,500	0.58200%(1)	Fixed	Aug.21,2017	Aug.20,2024
	2,000	0.53840%(1)	Fixed	Jul.03,2018	Aug.20,2024
	4,350	0.57200%(1)	Fixed	Aug.20,2018	Aug.20,2024
	1,000	0.58060%(1)	Fixed	Jul.03,2018	Jan.20,2025
	2,600	0.7023%(1)	Fixed	Apr.24,2017	Apr.21,2025
	2,000	0.61306%(1)	Fixed	Apr.24,2018	Apr.21,2025
	2,800	0.71250%(1)	Fixed	Aug.21,2017	Aug.20,2025
	2,500	0.6336%(1)	Fixed	Jul.03,2018	Aug.20,2025
	4,200	0.67800%(1)	Fixed	Aug.20,2018	Aug.20,2025
	600	0.75370%(1)	Fixed	Apr.24,2018	Apr.20,2026
	500	0.70343%	Fixed	Apr.24,2018	Apr.20,2026
	3,100	0.589%(1)	Fixed	Apr.24,2019	Apr.20,2026
	4,850	0.82700%(1)	Fixed	Aug.20,2018	Aug.20,2026
	2,550	0.739%(1)	Fixed	Apr.24,2019	Apr.20,2027
	1,200	0.96181%(1)	Fixed	Apr.24,2018	Apr.20,2028
	1,000	0.94826%(1)	Fixed	Apr.24,2019	Apr.20,2029
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
	1,000	0.90%	Fixed	Apr.24,2019	Apr.24,2029
Total	126,870				

《 Bank formation 》



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Financial Results for the 14th Period (Jun. 2019)

NIPPON REIT Investment Corporation

Unit ¥mn	13th Period (Dec. 31, 2018) Actual	14th Period (Jun. 30, 2019) Forecast	14th Period (Jun. 30, 2019) Result	13th Period (actual) vs 14th Period (actual) (difference)	14th Period (forecast) vs 14th Period (actual) (difference)
	a	b	c	c-a	c-b
Operating Revenues	**8,458**	**8,983**	**8,982**	**+523**	**(0)**
Rental Revenues	7,678	7,815	7,798	+119	(17)
Other Revenues Related to property leasing	780	675	689	(90)	+14
Gain on sales of real estate properties	-	492	494	+494	+1
Dividend Income	-	-	0	+0	+0
Operating Expenses	**(3,818)**	**(4,080)**	**(4,027)**	**(209)**	**+52**
Operating Income	**4,640**	**4,903**	**4,955**	**+314**	**+52**
Non-Operating Revenues	**3**	**-**	**5**	**+2**	**+5**
Non-Operating Expenses	**(804)**	**(634)**	**(634)**	**+169**	**(0)**
Ordinary Income	**3,840**	**4,268**	**4,326**	**+486**	**+57**
Net Income	**3,839**	**4,268**	**4,326**	**+486**	**+58**
DPU	**¥8,536**	**¥9,486**	**¥9,617**	**+¥1,081**	**+¥131**
NOI	**6,335**	**6,225**	**6,267**	**(68)**	**+42**
FFO per Unit(1)	**¥10,573**	**¥10,510**	**¥10,628**	**+¥55**	**+¥118**
Days	**184**	**181**	**181**	**-**	**-**

Comparison against the 13th Period (Dec. 2018) actual(c-a)

Major fluctuation factor(¥/mn)		Remarks
◆ **Increase in operating revenues**	**+523**	
・Increase in rental revenue	+119	(By asset replacement +7)
・Decrease in utility income	(66)	(Seasonal factor)
・Decrease in miscellaneous income	(26)	(Coming off insurance income)
・Increase in gain on sales of real estate properties	+494	
・Increase in dividend income	+0	
・Others	+1	
◆ **Increase in operating expenses**	**(209)**	
・Decrease in PM/BM fee	+1	
・Decrease in utility expenses	+49	(Seasonal factor)
・Increase in repair expenses	(60)	(Exterior wall repairment(36))
・Increase in tax	(76)	(Property tax and city planning tax of acquired assets through PO)
・Increase in depreciation	(40)	
・Decrease in leasing related expenses	+10	
・Increase in AM fee	(57)	(Due to increase in AUM)
・Others	(34)	
◆ **Decrease in non-operating expenses**	**+169**	
・No investment units issued cost	+112	
・Decrease in borrowing related expense	+62	(Decrease in borrowing related expense at PO)
・Increase in investment corporation bonds related expense	(7)	
・Others	+2	

Comparison against the 14th Period (Jun. 2019) forecast(c-b)

Major fluctuation factor(¥/mn)		Remarks
◆ **Decrease in operating revenues**	**(0)**	
・Decrease in rental revenue	(17)	(Difference between the forecast and the actual (17))
・Decrease in utility income	(19)	(Decrease in amount used)
・Increase in miscellaneous income	+33	(Insurance income, contract renewal fee)
・Increase in gain on sales of real estate properties	+1	
・Increase in dividend income	+0	
・Others	+1	
◆ **Decrease in operating expenses**	**+52**	
・Decrease in PM/BM fee	+21	
・Decrease in utility expenses	+31	(Decrease in amount used)
・Decrease in repair expenses	+13	
・Increase in tax	(2)	
・Decrease in depreciation	+3	
・Increase in leasing related expenses	(23)	
・Increase in AM fee	(3)	(Due to increase in NOI)
・Others	+11	
◆ **Increase in non-operating revenues**	**+5**	
・Reversal of distributions payable	+4	
・Interest on refund	+1	

Financial Forecast for the 15th Period (Dec. 2019) and the 16th period(Jun. 2020)

NIPPON REIT Investment Corporation

Unit ¥mn	14th Period (Jun. 30, 2019) Result a	15th Period (Dec. 31, 2019) Forecast b	16th Period (Jun. 30, 2020) Forecast c	14th Period (Result) vs 15th Period (forecast) (difference) b-a	15th Period (forecast) vs 16th Period (forecast) (difference) c-b
Operating Revenues	**8,982**	**8,645**	**8,565**	**(337)**	**(80)**
Rental Revenues	7,798	7,889	7,897	+91	+7
Other Revenues Related to property leasing	689	751	664	+61	(87)
Gain on sales of real estate properties	494	-	-	(494)	-
Dividend Income	0	3	3	+3	(0)
Operating Expenses	**(4,027)**	**(4,063)**	**(3,975)**	**(36)**	**+88**
Operating Income	**4,955**	**4,581**	**4,589**	**(373)**	**+8**
Non-Operating Revenues	**5**	**3**	**-**	**(2)**	**(3)**
Non-Operating Expenses	**(634)**	**(652)**	**(627)**	**(17)**	**+25**
Ordinary Income	**4,326**	**3,932**	**3,962**	**(394)**	**+30**
Net Income	**4,326**	**3,931**	**3,961**	**(394)**	**+30**
DPU	**¥9,617**	**¥8,737**	**¥8,805**	**(¥880)**	**+¥68**
NOI	**6,267**	**6,380**	**6,416**	**+112**	**+36**
FFO per Unit	**¥10,628**	**¥10,904**	**¥11,040**	**+¥276**	**+¥136**
Days	**181**	**184**	**182**	**-**	**-**

Comparison between the 14th Period (Jun. 2019) Result and the 15th Period (Dec. 2019) Forecast(b-a)

Major fluctuation factor(¥/mn)		Remarks
◆ **Decrease in operating revenues**	**(337)**	
・Increase in rental revenue	+91	(By asset replacement +36)
・Increase in utility income	+62	(Seasonal factor)
・Decrease in miscellaneous income	(1)	
・Decrease in gain on sales of real estate properties	(494)	
・Increase in dividend income	+3	
・Others	+1	
◆ **Increase in operating expenses**	**(36)**	
・Increase in PM/BM fee	(18)	
・Increase in utility expenses	(49)	(Seasonal factor)
・Decrease in repair expenses	+16	
・Decrease in tax	+2	
・Increase in depreciation	(21)	
・Decrease in leasing related expenses	+8	
・Increase in AM fee	(16)	(Due to increase in AUM)
・Others	+39	
◆ **Increase in non-operating expenses**	**(17)**	
・Increase in borrowing related expense	(14)	
・Increase in investment corporation bonds related expense	(3)	
・Others	+0	

Comparison between the 15th Period (Dec. 2019) Forecast and the 16th Period (Jun. 2020) Forecast(c-b)

Major fluctuation factor(¥/mn)		Remarks
◆ **Decrease in operating revenues**	**(80)**	
・Increase in rental revenue	+7	
・Decrease in utility income	(55)	(Seasonal factor)
・Decrease in miscellaneous income	(31)	(Coming off restoration income(30))
・Decrease in dividend income	(0)	
・Others	(0)	
◆ **Increase in operating expenses**	**+88**	
・Decrease in PM/BM fee	+4	
・Decrease in utility expenses	+62	(Seasonal factor)
・Decrease in repair expenses	+64	(Coming off restoration cost(30))
・Increase in tax	(16)	(Property tax and city planning tax of acquired assets(16))
・Increase in depreciation	(33)	
・Increase in leasing related expenses	(10)	
・Decrease in AM fee	+7	
・Others	+10	
◆ **Decrease in non-operating expenses**	**+25**	
・Decrease in borrowing related expense	+24	
・Decrease in investment corporation bonds related expense	+0	

Financial Forecast for the 15th Period (Dec. 2019)

NIPPON REIT Investment Corporation

Unit ¥mn	15th Period (Dec. 31, 2019) Original Forecast As of Feb. 18,2019 a	15th Period (Dec. 31, 2019) Forecast As of Aug. 19,2019 b	15th Period (Original Forecast) vs 15th Period (Forecast) (difference) b-a
Operating Revenues	**8,579**	**8,645**	**+65**
Rental Revenues	7,852	7,889	+37
Other Revenues Related to property leasing	726	751	+24
Gain on sales of real estate properties	-	-	-
Dividend Income	-	3	+3
Operating Expenses	**(4,013)**	**(4,063)**	**(50)**
Operating Income	**4,565**	**4,581**	**+15**
Non-Operating Revenues	**-**	**3**	**+3**
Non-Operating Expenses	**(669)**	**(652)**	**+17**
Ordinary Income	**3,895**	**3,932**	**+36**
Net Income	**3,895**	**3,931**	**+36**
DPU	**¥8,657**	**¥8,737**	**+¥80**

NOI	**6,387**	**6,380**	**(6)**
FFO per Unit	**¥10,843**	**¥10,904**	**+¥61**
Days	**184**	**184**	**-**

① Comparison between the 15th Period (Dec. 2019) Original Forecast and the 15th Period (Dec. 2019) Forecast(b-a)

Major fluctuation factor(¥/mn)		Remarks
◆ **Increase in operating revenues**	**+65**	
・Increase in rental revenue	+37	(Rent increase and shorter down-time leasing etc.)
・Decrease in utility income	(11)	
・Increase in miscellaneous income	+33	(Restoration income+30)
・Increase in dividend income	+3	
・Others	+2	
◆ **Increase in operating expenses**	**(50)**	
・Decrease in PM/BM fee	+1	
・Decrease in utility expenses	+45	
・Increase in repair expenses	(88)	(Restoration cost(30))
・Increase in tax	(2)	
・Decrease in depreciation	+9	
・Increase in leasing related expenses	(4)	
・Decrease in AM fee	+0	
・Others	(10)	
◆ **Increase in non-operating expenses**	**(17)**	
・Decrease in borrowing related expense	+22	(Issued investment corporation bonds instead of a part of borrowings)
・Increase in investment corporation bonds related expense	(5)	

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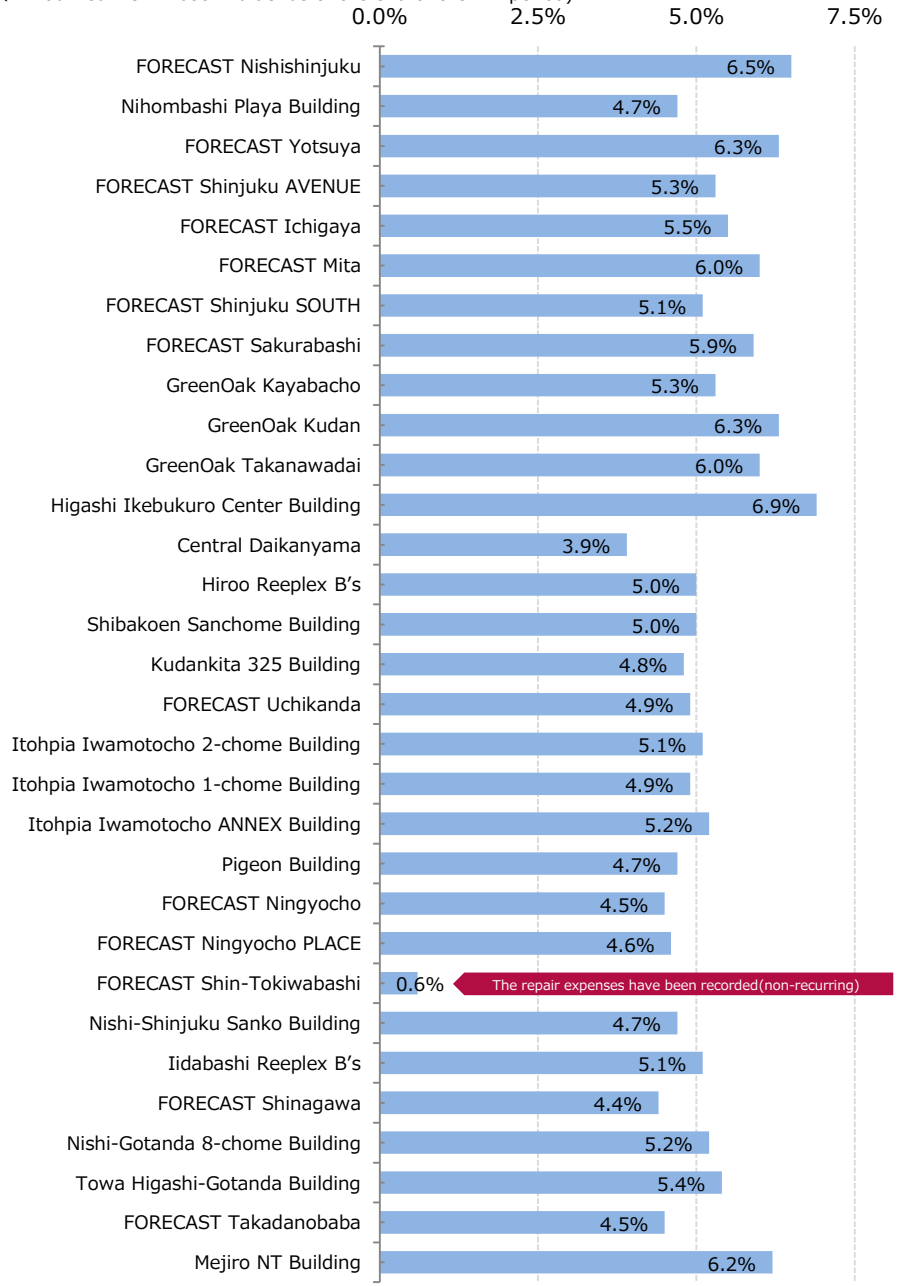
Property NOI Yield

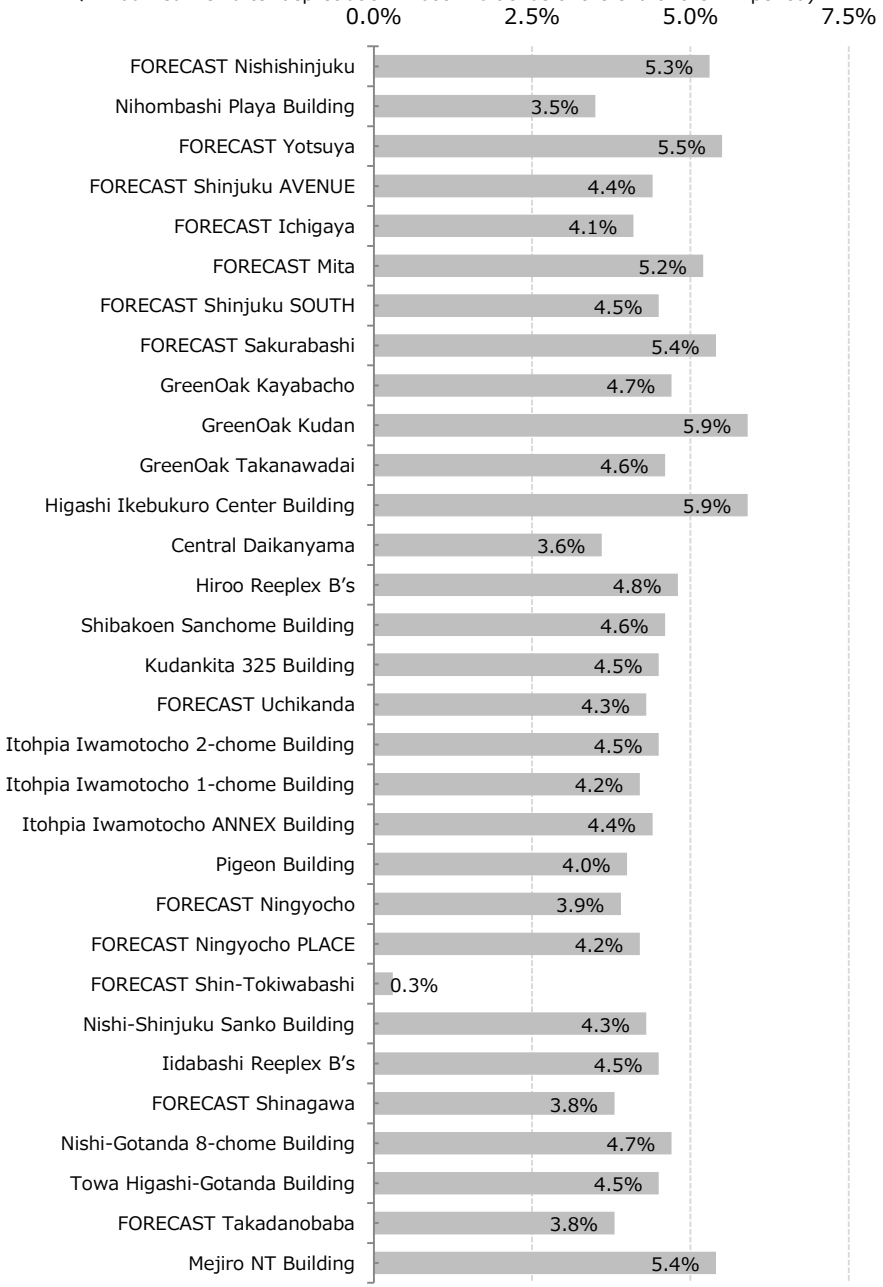
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 14th period)



■ Actual NOI Yield (after depreciation)

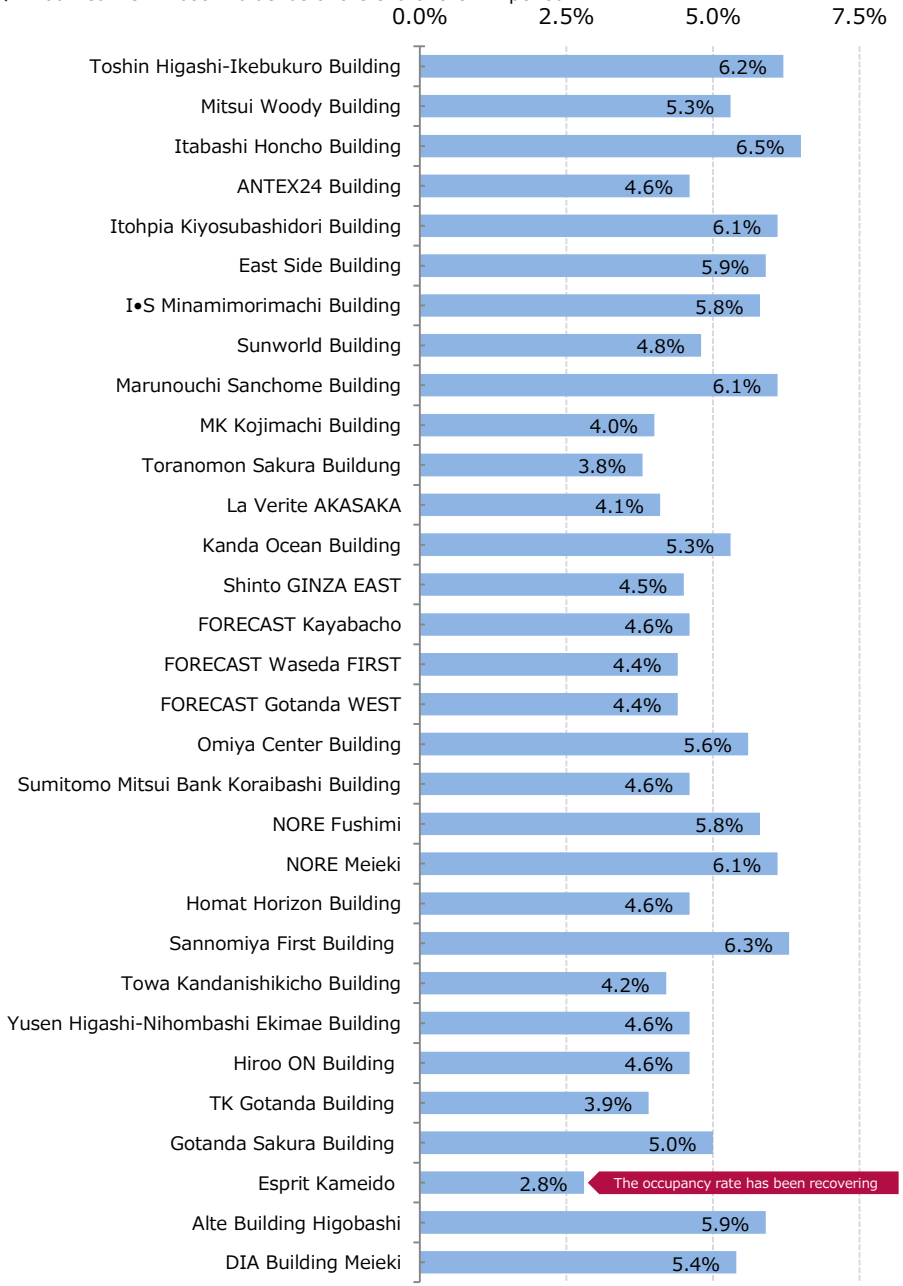
(Annualized NOI after depreciation ÷ book value as of the end of the 14th period)



Property NOI Yield

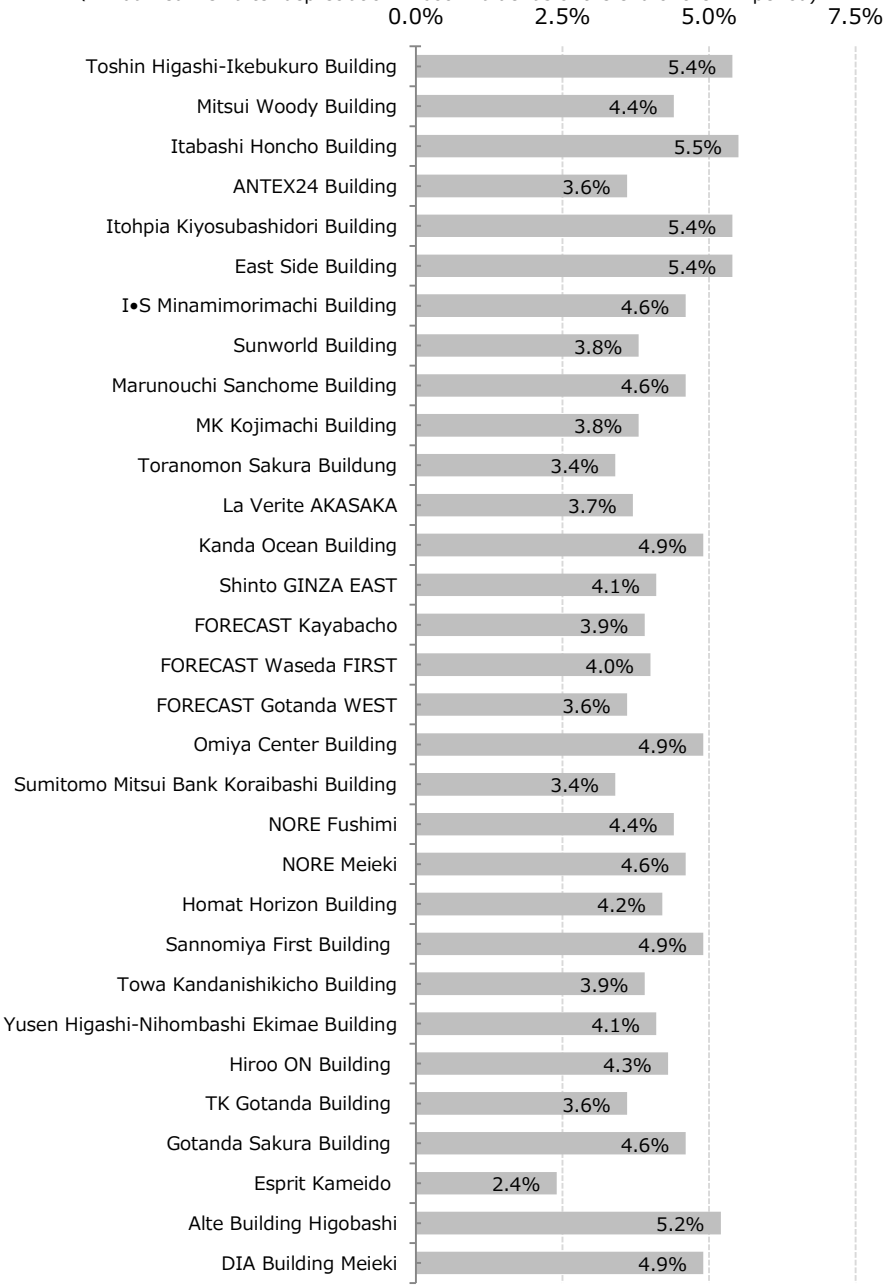
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 14th period



■ Actual NOI Yield (after depreciation)

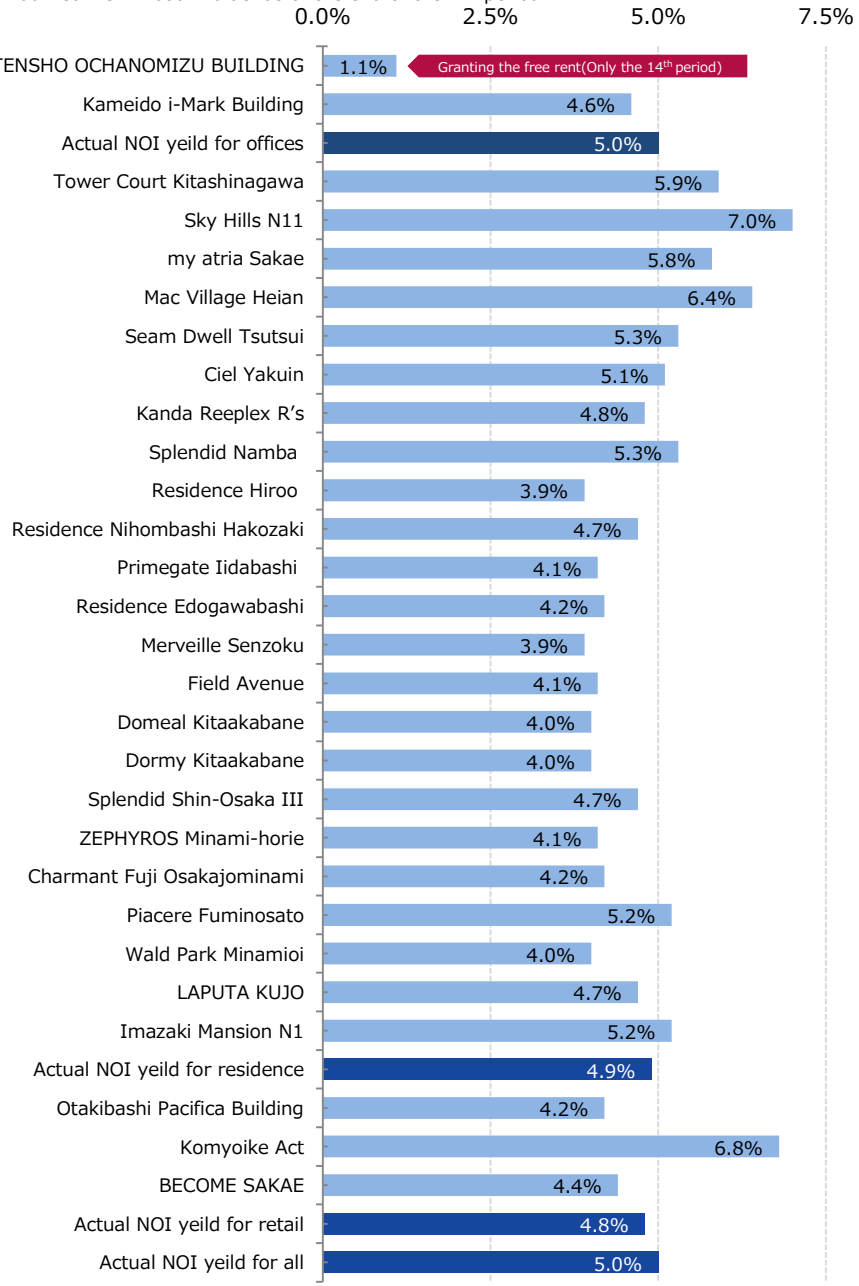
(Annualized NOI after depreciation ÷ book value as of the end of the 14th period)



Property NOI Yield

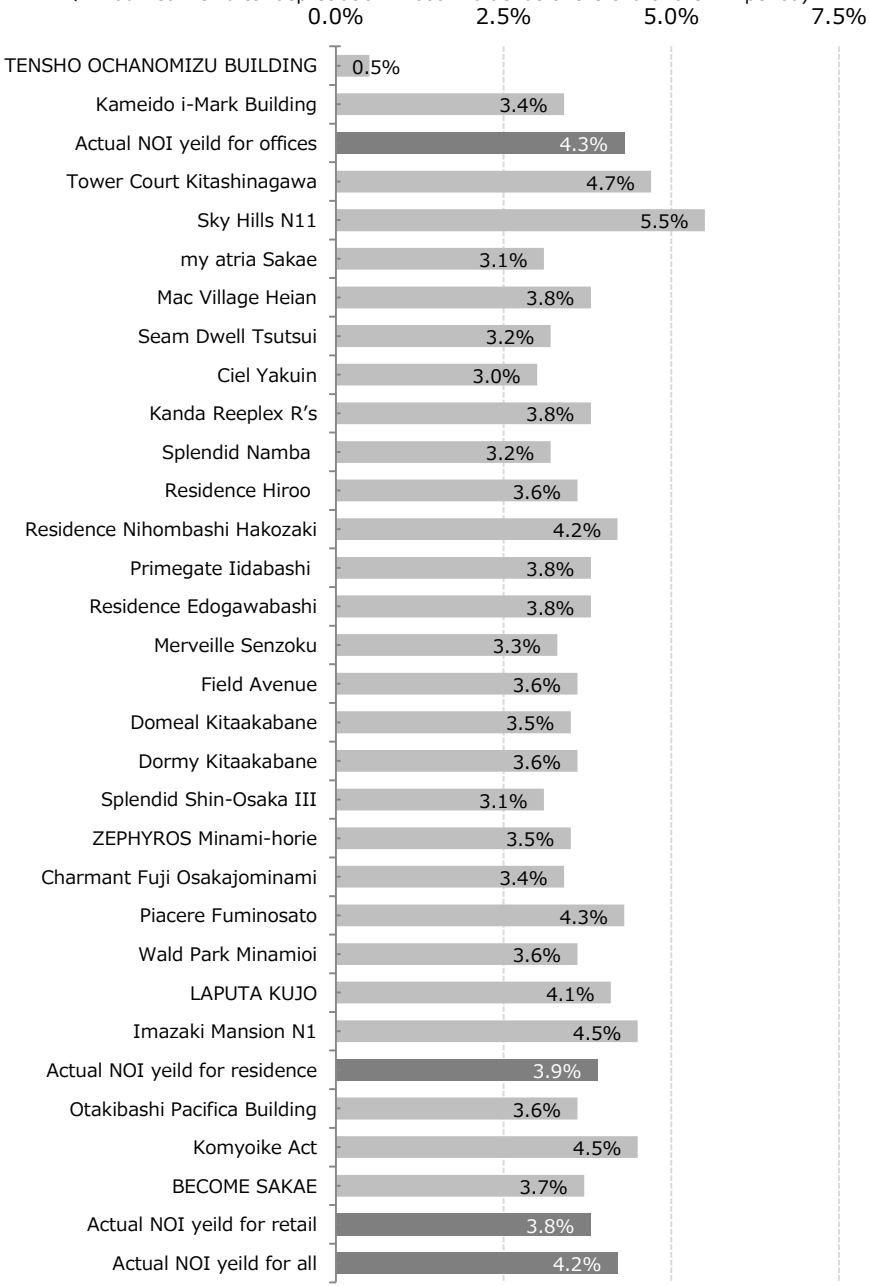
■Actual NOI Yield

(Annualized NOI ÷ book value as of the end of the 14th period

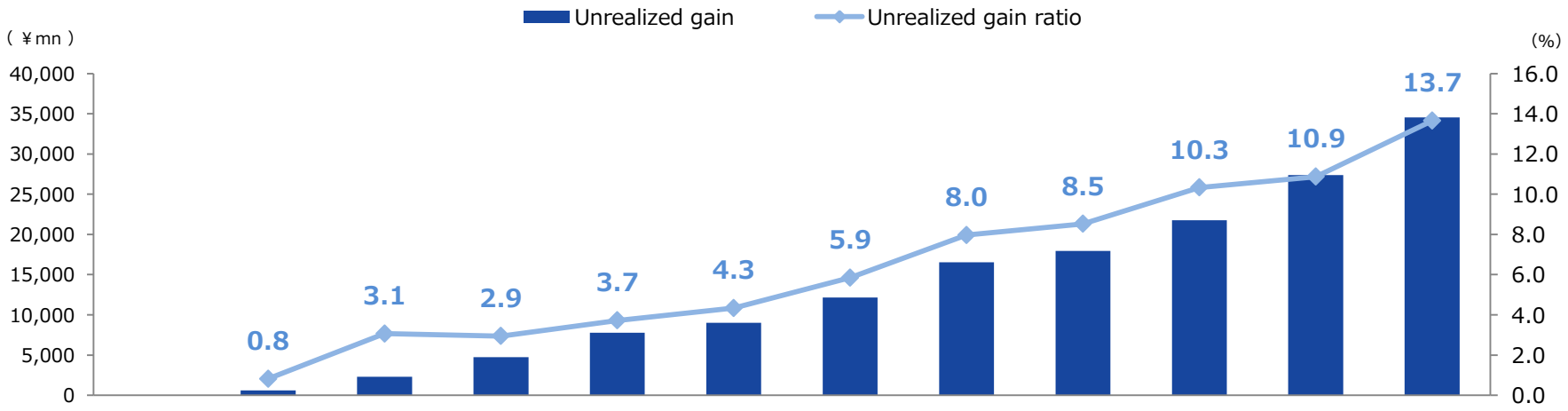


■ Actual NOI Yield (after depreciation)

(Annualized NOI after depreciation ÷ book value as of the end of the 14th period)



Appraisal Value Summary



(¥mn)		4th (Jun.2014)	5th (Dec.2014)	6th (Jun.2015)	7th (Dec.2015)	8th (Jun.2016)	9th (Dec.2016)	10th (Jun.2017)	11th (Dec.2017)	12th (Jun.2018)	13th (Dec.2018)	14th (Jun.2019)
Office	Appraisal Value	54,130	58,900	139,250	189,440	190,270	192,710	196,120	196,780	200,330	219,910	225,550
	Book Value	53,820	57,340	135,800	183,725	183,457	183,340	183,100	182,649	182,868	197,874	196,814
	Unrealized gains	**309**	**1,559**	**3,449**	**5,714**	6,812	**9,369**	**13,019**	**14,130**	**17,461**	**22,035**	**28,735**
Residential	Appraisal Value	18,364	18,664	20,993	21,402	21,363	21,737	22,302	25,942	26,196	48,898	51,493
	Book Value	18,083	17,919	19,563	19,387	19,215	19,048	18,922	22,249	22,082	43,775	45,967
	Unrealized gains	**280**	**744**	**1,429**	**2,014**	**2,147**	**2,688**	**3,379**	**3,692**	**4,113**	**5,122**	**5,525**
Retail	Appraisal Value	-	-	5,440	5,610	5,610	5,640	5,660	5,660	5,700	10,540	10,550
	Book Value	-	-	5,584	5,568	5,539	5,533	5,517	5,546	5,524	10,303	10,261
	Unrealized gains	-	-	**-144**	**41**	**70**	**106**	**142**	**113**	**175**	**236**	**288**
Total	Appraisal Value	72,494	77,564	165,683	216,452	217,243	220,087	224,082	228,382	232,226	279,348	287,593
	Book Value	71,904	75,259	160,948	208,681	208,212	207,922	207,540	210,445	210,475	251,954	253,043
	Unrealized gains	**589**	**2,304**	**4,734**	**7,770**	**9,030**	**12,164**	**16,541**	**17,936**	**21,750**	**27,393**	**34,549**

Notes

NIPPON REIT Investment Corporation

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

P3

1 "Contribute to DPU" for each actual achievement is calculated based on each actual achievement and the number of investment units issued as of the end of 14th period. The same applies hereafter.

2 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. The same applies hereafter.

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)

2 "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 : Aug. 16, 2018, 14th period and 15th period : Feb. 18, 2019

P8

1 TSE REIT Index is indexed to the price of NIPPON REIT on August 1, 2019 (¥342,500).

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 × 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.

P12

1 "6 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards. The same applies hereafter.

2 "Average appraisal NOI yield (after depreciation)" is calculated based on the latest appraisal and the expected depreciation amount as of the asset replacement in the 14th period, rounded to the first decimal place.

3 "Appraisal NOI yield" is calculated based on NOI stated in the appraisal report as of Sep. 1, 2017 and rounded to one decimal place.

P13

1 "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.

P14

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 14th period / total leasable area
By monthly rent: rent (including CAM) of respective tenant as of the end of the 14th period / total rent

P15

1 "Average free rent period" is calculated by following formula for each section, for new lease contracts conducted during respective period.
(Reduction of rent and common benefit expense due to free rent etc) ÷ (total amount of monthly rents and common benefit expenses in normal times)

P 16

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.

P17

1 In case that tenant categorized "Unchanged" in each period accepted rent increase after the following period, the area subject to rent renewal of the tenant is included the area categorized "Unchanged" and "Increase" in the relevant period.

P18

1 "Average rent" is represented by the contract-based rent, which is a weighted-average of each office property based on the occupied floor area. Each weighted average excludes tenants which have submitted a notice of cancelation and which occupy the retail section between the second floor to the basement floor of buildings.

2 "Market rent" is represented by an average of the maximum and minimum of the rent of respective properties, as described in the market reports prepared by Sanko Estate and CBRE K.K. Such average is a weighted-average of each office properties based on the occupied floor area.

3 "Rent gap" of properties held by bridge funds is calculated as "Average rent of all offices / Average market rent – 1" based on market reports as requested as part of due diligence upon acquisition. The same applies hereafter.

P19

1 "Reserved depreciation amount" refers to the accumulated amount of total depreciation from 4th period(Jun. 2014) to 7th period(Dec. 2015) less total capital expenditures for the same period (¥1,105mn) plus surplus (or minus shortfall) of respective period.

P20

1 The result and forecast of NOI increase on P20,21 and 22 is proprietary calculated by the asset management company based on contracts, quotations and/or proposals for respective items. Therefore, such information does not constitute a guarantee of NIPPON REIT's future financial results.

2 NOI to be improved and Capex related to the subsidy project are not included in this figure.

P23

1 "LTV control range" refers to the LTV level that NIPPON REIT intend to maintain within the NIPPON REIT's current policy (between 45% and 55%) stated in the "Summary of Financial Results for the Fiscal Period Ended June 30, 2019 (REIT) announced on Aug. 19, 2019.

P25

1 The interest rate is fixed by the interest rate swap contract, thus the interest rate shown above is the fixed rate.

P27

1 "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

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Appendix

NIPPON REIT Investment Corporation

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Nippon REIT's Policy and Asset Management Company

NIPPON REIT Investment Corporation

《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

NIPPON REIT Investment Corporation

Asset Management Company

Sojitz REIT Advisors K.K.

Main Sponsor

Sojitz Corporation

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

Sub Sponsors

CUSHMAN & WAKEFIELD

AGILITY ASSET ADVISERS

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

《Portfolio Development Policy(1)》

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

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

《Company Profile of Asset Management Company》

Each sponsor provide professional human resources in each field

Name	Sojitz REIT Advisors K.K.		
Established	November 2, 2006	**Paid-in capital**	150 million yen
Registration and Licenses, etc.	◆ Registered as a financial instruments business operator: Registration No.1632 (Kinsho) issued by the Director-General of the Kanto Finance Bureau ◆ Licensed for building lots and buildings transaction business: License No.(3) 86984 issued by the Governor of Tokyo ◆ Certified as entrustment-based agency under the building lots and buildings transaction business: License No.56 issued by the Ministry of Land, Infrastructure, Transportation and Tourism		

Note

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

NIPPON REIT Investment Corporation

Strict Investment Discipline

◎ Targeting on investing three types of assets that are deeply rooted in Japanese society

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

◎ Timely investment under the Unswerving discipline

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

Medium-sized office Competitive location properties in Tokyo(2)	Risk mitigation (Pursuit of Diversification of properties and tenants)	
Growth potential	Ratio of properties located in six central wards of Tokyo(3)	Competitive location

Pursuit of Stable and Robust Portfolio

With eyes on supply/demand balance and diversification

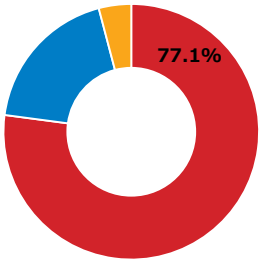
◎ Targeting on medium-sized office properties in Tokyo

- Ratio of office properties :77.1%
- Ratio of 6 central ward in Tokyo(office) :69.2%

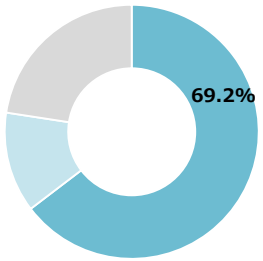
◎ Risk Diversification

- Top5 tenants :7.3%
- Top 5 properties :20.2%

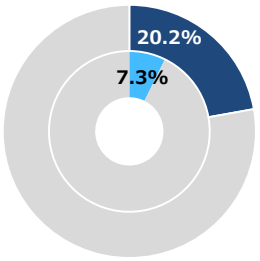
《Portfolio distribution by asset type》



《Office portfolio distribution by area》



《Tenant/Portfolio diversification (by leased area)》



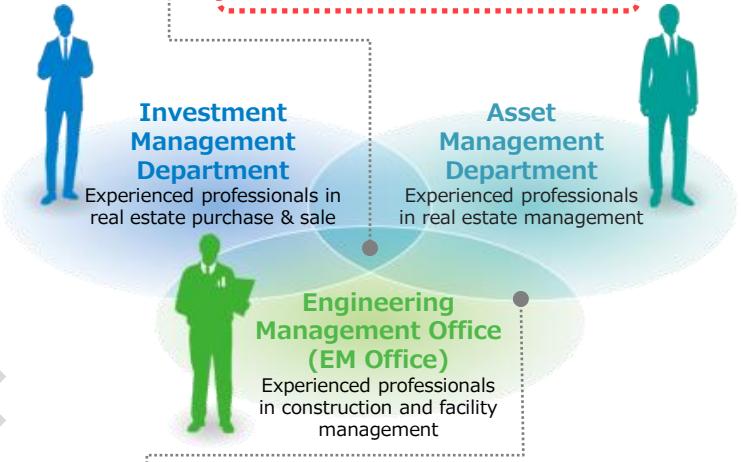
Asset Management Structure to maximize Our Portfolio's Strengths

◎ Tripart Management

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

- **Triple-checked investment criteria**
  :Establish stable and robust portfolio with growth potential
- **Mid to long-term portfolio management Strategy** (Tiering Project)
  :Aim for asset replacement at optimal timing

  ▶▶ Implemented asset replacement in the 11th and the 14th period, please refer to P12 for detail



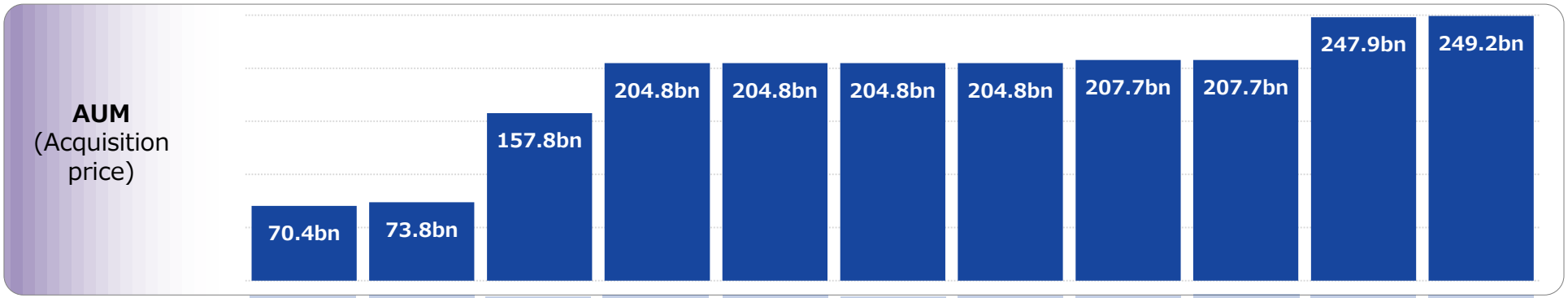
- **Effective engineering management**
  :Aim for steady internal growth

  ▶▶ Implemented measures equivalent to NOI of approx.¥302mn/p.a. in consecutive 8 period (Simply calculating, contribution to DPU about the 14th implemented measures is approx.¥64/fiscal period)
  Please refer to P20 for detail

Notes
1. "Target NOI Yield" refers to the NOI yield based on NIPPON REIT's cash flow projection at the time of the acquisition against acquisition price. The same applies hereafter.
2. Mid-sized office indicates office building of which total floor space is less than 10,000tsubo . The same applies hereafter.
3. "6 central wards of Tokyo" refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards.

Portfolio Transition

NIPPON REIT Investment Corporation



	As of end of 4th period	As of end of 5th period	As of end of 6th period	As of end of 7th period	As of end of 8th period	As of end of 9th period	As of end of 10th period	As of end of 11th period	As of end of 12th period	As of end of 13th period	As of end of 14th period
Appraisal value	¥72.4bn	¥77.5bn	¥165.6bn	¥216.4bn	¥217.2bn	¥220.0bn	¥224.0bn	¥228.3bn	¥232.2bn	¥279.3bn	¥287.5bn
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 ㎡	91,840.93 ㎡	203,359.35 ㎡	255,560.43 ㎡	255,396.84 ㎡	255,393.62 ㎡	255,398.17 ㎡	255,783.88 ㎡	255,531.31 ㎡	306,621.28 ㎡	310,783.33 ㎡
Number of properties (proportion of the 5 largest properties)(1)	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)(2)	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%)	603 tenants (12.4%)

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

List of Portfolio

NIPPON REIT Investment Corporation

A-1
FORECAST
Nishishinjuku

A-2
Nihombashi
Playa Building

A-3
FORECAST
Yotsuya

A-4
FORECAST
Shinjuku AVENUE

A-5
FORECAST Ichigaya

A-6
FORECAST Mita

A-7
FORECAST
Shinjuku SOUTH

A-8
FORECAST
Sakurabashi

A-9
GreenOak Kayabacho

A-10
GreenOak Kudan

A-11
GreenOak Takanawadai

A-13
Higashi Ikebukuro
Center Building

A-14
Central Daikanyama

A-16
Hiroo Reeplex B's

A-17
Shibakoen Sanchome Building

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

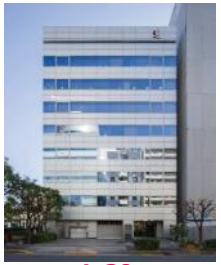
A-25
FORECAST Ningyocho

A-26
FORECAST
Ningyocho PLACE

A-27
FORECAST
Shin-Tokiwabashi

A-28
Nishi-Shinjuku
Sanko Building

A-29
Iidabashi Reeplex B's



A-30
FORECAST Shinagawa

A-31
Nishi-Gotanda
8-chome Building

A-32
Towa Higashi-Gotanda Building

A-33
FORECAST
Takadanobaba

List of Portfolio

NIPPON REIT Investment Corporation

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

A-44
MK Kojimachi Building

A-45
Toranomon Sakura Buildung

A-46
La Verite AKASAKA

A-47
Kanda Ocean Building

A-48
Shinto GINZA EAST

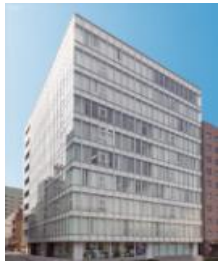
A-49
FORECAST Kayabacho

A-50
FORECAST Waseda FIRST

A-51
FORECAST Gotanda WEST

A-52
Omiya Center Building

A-53
Sumitomo Mitsui Bank Koraibashi Building


A-54
NORE Fushimi

A-55
NORE Meieki

A-56
Homat Horizon Building

A-57
Sannomiya First Building

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

A-64
Alte Building Higobashi

List of Portfolio

NIPPON REIT Investment Corporation

A-65
DIA Building Meieki

A-66
TENSHO OCHANOMIZU BUILDING

A-67
Kameido i-Mark Building

B-1
Tower Court Kitashinagawa

B-2
Sky Hills N11

B-4
my atria Sakae

B-5
Mac Village Heian

B-6
Seam Dwell Tsutsui

B-7
Ciel Yakuin

B-8
Kanda Reeplex R's

B-9
Splendid Namba

B-10
Residence Hiroo

B-11
Residence Nihombashi Hakozaki

B-12
Primegate Iidabashi

B-13
Residence Edogawabashi

B-14
Merveille Senzoku

B-15
Field Avenue

B-16
Domeal Kitaakabane

B-17
Dormy Kitaakabane

B-18
Splendid Shin-Osaka III

B-19
ZEPHYROS Minami-horie

B-20
Charmant Fuji Osakajominami

B-21
Piacere Fuminosato

B-22
Wald Park Minamioi

B-23
LAPUTA KUJO

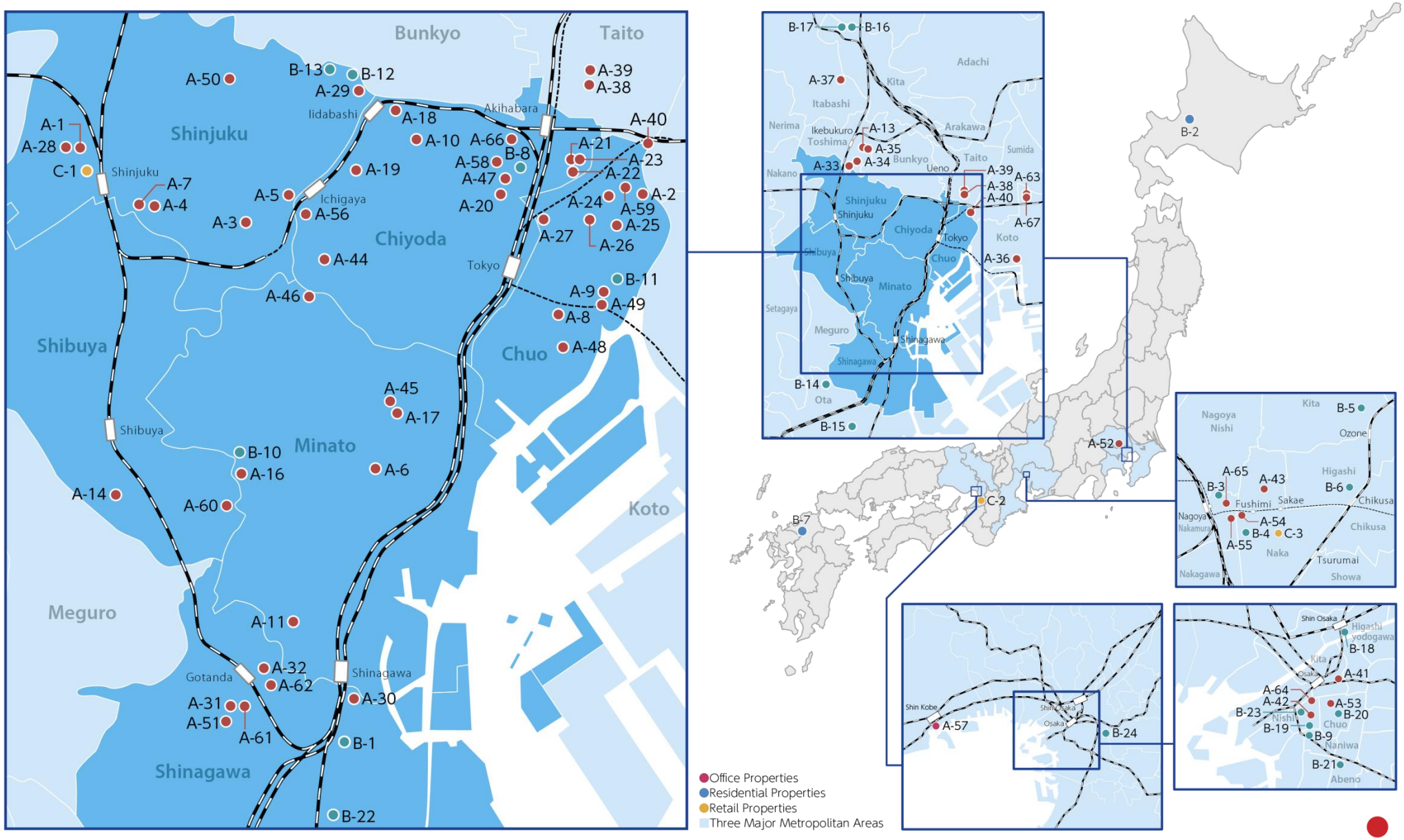
B-24
Imazaki Mansion N1

C-1
Otakibashi Pacifica Building

C-2
Komyoike Act

C-3
BECOME SAKAE

Portfolio Map

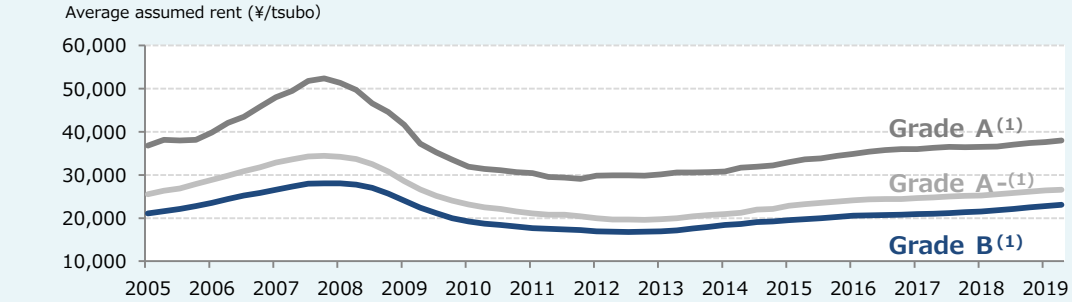


Characteristics of Grade B (small-and medium-sized) office

NIPPON REIT Investment Corporation

1) Low Volatility

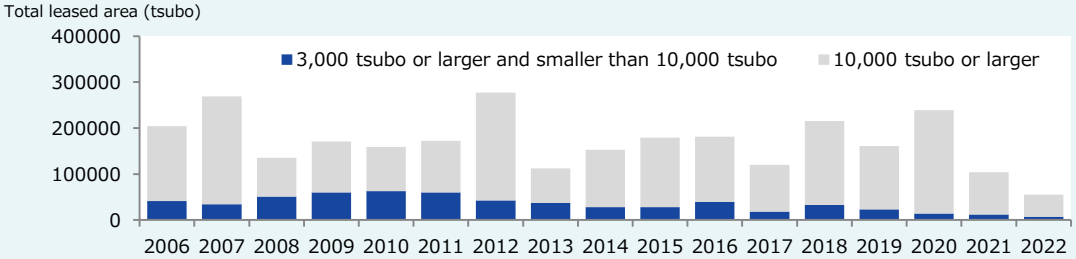
《Office Rent Trend by Building Grade in 23 Wards of Tokyo》



Source：CBRE K.K

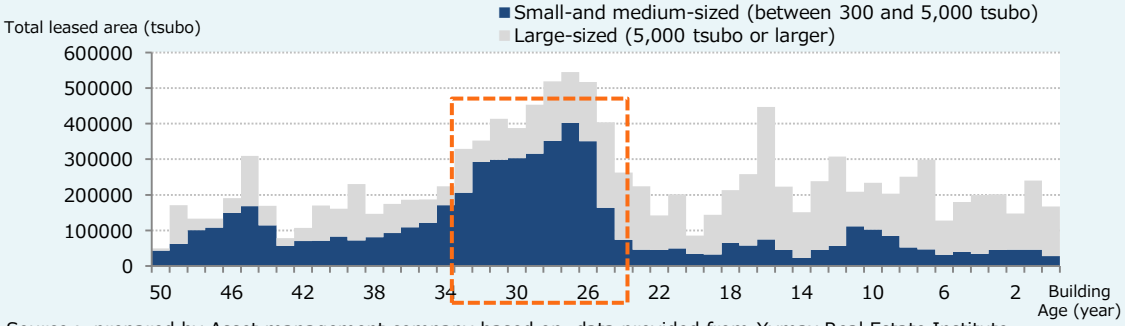
2) Limited Supply

《Office Building Supply in 23 Wards of Tokyo》



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

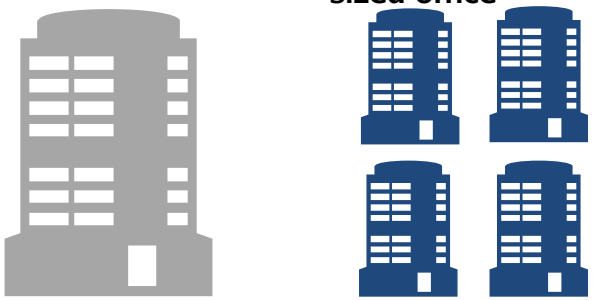
《Office Building Stocks in 23 Wards of Tokyo》



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

Grade A offices
=large-sized office

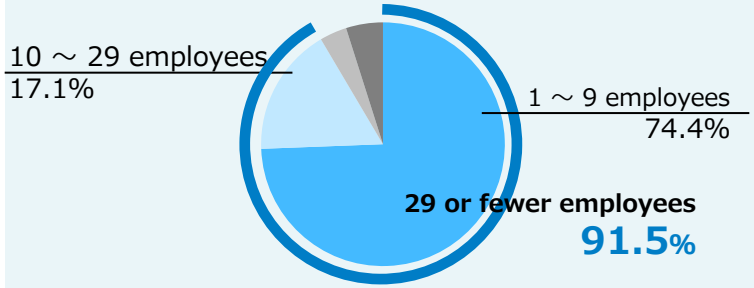
Grade B offices
=Small-and medium-sized office



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

NIPPON REIT Investment Corporation

No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(㎡)	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	2	100.0%	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	Aug. 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	18	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	1.1%	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	Aug. 1991	3,510	1.4%	1,898.83	3	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-19	Kudankita 325 Building	office	Chiyoda Ward, Tokyo	Aug. 1987	1,850	0.7%	2,003.60	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	Aug. 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	Aug. 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%
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	3	100.0%	3.6%

Portfolio Summary

NIPPON REIT Investment Corporation

No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(㎡)	Number of tenants	Occupancy rate	PML
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	Aug. 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 Sanchome 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%	1,761.60	9	100.0%	4.3%
A-45	Toranomon Sakura Buildung	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	7	100.0%	4.5%
A-47	Kanda Ocean Building	office	Chiyoda Ward, Tokyo	Jan. 1990	1,440	0.6%	1,484.74	24	100.0%	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	26	98.3%	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	Aug. 1987	6,705	2.7%	6,077.01	10	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	Aug. 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	7	60.7%	6.8%
A-64	Alte Building Higobashi	office	Osaka, Osaka	Jun. 1993	1,453	0.6%	3,482.92	11	100.0%	7.2%
A-65	DIA Building Meieki	office	Nagoya, Aichi	Dec. 1991	1,167	0.5%	1,781.72	10	100.0%	3.4%
A-66	TENSHO OCHANOMIZU BUILDING	office	Chiyoda Ward, Tokyo	Nov. 2018	1,800	0.7%	1,252.89	1	100.0%	4.6%
A-67	Kameido i-Mark Building	office	Koto Ward, Tokyo	Sep. 2010	2,580	1.0%	3,091.52	5	100.0%	3.3%

Portfolio Summary

NIPPON REIT Investment Corporation

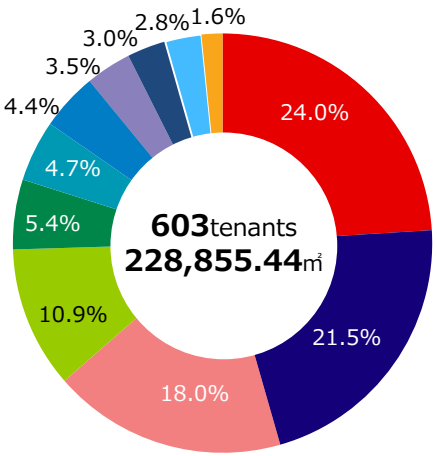
No.	Property Name	Type	Location	Completion	Acquisition Price(¥mn)	Investment ratio	Total leasable area(㎡)	Number of tenants	Occupancy rate	PML
B-1	Tower Court Kitashinagawa	Residential	Shinagawa Ward, Tokyo	Feb. 2009	11,880	4.8%	16,913.29	272	97.6%	2.6%
B-2	Sky Hills N11	Residential	Sapporo, Hokkaido	Mar. 2001	1,570	0.6%	8,567.50	1	100.0%	1.3%
B-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	39	87.7%	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	244	97.0%	6.2%
B-10	Residence Hiroo	Residential	Minato ward, Tokyo	Feb. 2004	2,590	1.0%	1,983.15	53	98.2%	3.0%
B-11	Residence Nihombashi Hakozaki	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	65	98.8%	2.8%
B-13	Residence Edogawabashi	Residential	Shinjuku ward, Tokyo	Mar. 2000	1,230	0.5%	1,246.42	36	97.6%	3.5%
B-14	Merveille Senzoku	Residential	Ota ward, Tokyo	Sep. 2002	740	0.3%	838.54	28	100.0%	5.3%
B-15	Field Avenue	Residential	Ota ward, Tokyo	①Aug. 2000 ②Jul. 2016	3,110	1.2%	3,092.63	57	100.0%	①3.1%(1) 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	150	97.2%	6.0%
B-19	ZEPHYROS Minami-horie	Residential	Osaka, Osaka	Mar. 2002	1,608	0.6%	2,826.73	72	100.0%	13.3%
B-20	Charmant Fuji Osakajominami	Residential	Osaka, Osaka	Apr. 2004	905	0.4%	1,512.00	63	100.0%	9.4%
B-21	Piacere Fuminosato	Residential	Osaka, Osaka	Feb. 1999	571	0.2%	1,374.08	42	96.0%	11.9%
B-22	Wald Park Minamioi	Residential	Shinagawa Ward, Tokyo	Feb. 2005	715	0.3%	750.12	29	100.0%	3.5%
B-23	LAPUTA KUJO	Residential	Osaka,Osaka	Mar. 1998	1,480	0.6%	3,359.38	62	100.0%	11.3%
B-24	Imazaki Mansion N1	Residential	Higashiosaka, Osaka	Mar. 1999	1,180	0.5%	2,658.85	130	95.9%	9.6%
C-1	Otakibashi Pacifica Building	Retail	Shinjuku Ward, Tokyo	Oct. 2008	3,350	1.3%	1,383.31	9	100.0%	4.6%
C-2	Komyoike Act	Retail	Sakai, Osaka	Apr. 1988	2,063	0.8%	6,173.41	27	100.0%	12.7%
C-3	BECOME SAKAE	Retail	Nagoya, Aichi	Aug. 2005	4,770	1.9%	4,615.66	10	88.6%	2.7%
	Subtotal office properties				192,236	77.1%	220,406.04	587	99.5%	
	Subtotal residential properties				46,824	18.8%	78,204.91	1,390	98.5%	
	Subtotal retail properties				10,183	4.1%	12,172.38	46	95.7%	
	Total				249,243	100.0%	310,783.33	2,023	99.1%	3.4%

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

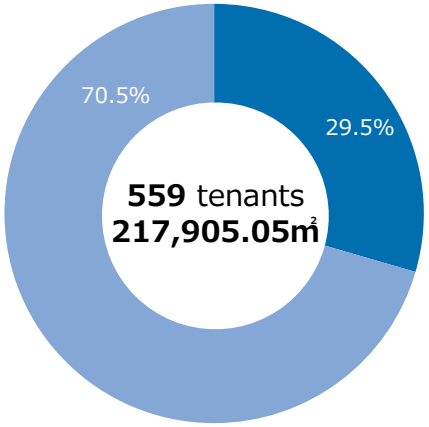
Ratio of Tenant (by leased area) (As of the end the 14th Period)

NIPPON REIT Investment Corporation

《By Industry[1]》



《By Scale[2]》



	Industry	Leased area (㎡)	Number of tenants	Share
1	Info- Telecommunications	54,955.48	113	24.0%
2	Manufacturing	49,307.27	116	21.5%
3	Services	41,279.42	119	18.0%
4	Wholesale・Retail	24,992.46	74	10.9%
5	Building constructor	12,324.61	38	5.4%
6	Real estate	10,818.33	28	4.7%
7	Finance・Insurance	10,143.96	16	4.4%
8	Education・Learning support	8,063.79	23	3.5%
9	Accommodations・Eating and drinking services	6,863.89	36	3.0%
10	Medical services・Social welfare	6,418.77	29	2.8%
11	Other	3,687.46	11	1.6%

		Leased area (㎡)	Number of tenants	Share
1	Listed company on TSE and its subsidiary	64,275.51	107	29.5%
2	Other	153,629.54	452	70.5%

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

NIPPON REIT Investment Corporation

Property name	Occupancy rate (Jun. 2019)	Status of termination notices		Status of leasing activities	Assumed occupancy rate(1)
Nishi-Shinjuku Sanko Building	100.0%	1section（83tsubo）	Termination notice	Lease contract	100%（Aug.2019）
DIA Building Meieki	100.0%	1section（20tsubo）	Termination notice	Lease contract	100%（Aug.2019）
Sannomiya First Building	100.0%	2sections（43tsubo）	Termination notice	Planed lease contract :2sections（43tsubo）	100%（Sep.2019）
Towa Kandanishikicho Building	100.0%	1floor（60tsubo）	Termination notice	Planed lease contract	100%（Sep.2019）
Itohpia Iwamotocho ANNEX Building	100.0%	1floor（102tsubo）	Termination notice	Lease contract	100%（Oct.2019）
ANTEX24 Building	100.0%	1floor（91tsubo）	Termination notice	Lease contract	100%（Nov.2019）
TK Gotanda Building	93.1%	1floor（76tsubo））	Left already	Planed lease contract	100%（Nov.2019）
Higashi Ikebukuro Center Building	100.0%	1floor（154tsubo）	Termination notice	Planed lease contract	100%（Dec.2019）
NORE Meieki	100.0%	1section（15tsubo）	Termination notice	Looking for tenants	98.8%（Jan.2020）
Omiya Center Building	98.3%	1section（73tsubo） 2sections（204tsubo）	Left already Termination notice	Lease contract :1section（73tsubo） Planed lease contract:1section（102tsubo）	97.6%（Feb.2020）
FORECAST Shinjuku SOUTH	100.0%	1section（118tsubo）	Termination notice	Looking for tenants	97.2%（Nov.2019）
Komyoike Act	96.9%	1floor（57tsubo）	Left already	Looking for tenants	96.9%（Jul.2019）
Marunouchi Sanchome Building	100.0%	3sections（119tsubo）	Termination notice	Looking for tenants	91.5%（Dec.2019）
FORECAST Kayabacho	100.0%	1floor（161tsubo）	Termination notice	Looking for tenants	86.2%（Sep.2019）
Alte Building Higobashi	100.0%	1floor/1section（169tsubo）	Termination notice	Looking for tenants	83.9%（Jan.2020）
Kanda Ocean Building	100.0%	3floors（77tsubo）	Termination notice	Looking for tenants	82.9%（Nov.2019）
Esprit Kameido	60.7%	4floors（239tsubo）	Left already	Planed lease contract:1floor（60tsubo） lease contract:1floor（60tsubo）	80.3%（Oct.2019）
BECOME SAKAE	84.9%	1floor/1section（211tsubo） 1floor（161tsubo）	Left already Contract expiration	Planed lease contract:1sectiom（52tsubo）	77.1%（Sep.2019）
NORE Fushimi	100.0%	5floors（542tsubo）	Contract expiration	Looking for tenants	53.6%（Dec.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 Jul. 2019.

Original Leasing Services

NIPPON REIT Investment Corporation

We use a variety of leasing service to support proactively moving into the properties held by NIPPON REIT for small and medium enterprises and venture companies etc. who are main target tenants for NIPPON REIT.

	Tenants' needs	Service features	NIPPON REIT 's benefit	Leasing performance(1)
Select Office Original leasing service by which tenants can select office layout from several parterns and NIPPON REIT shares costs of the office interior work Select office	・To improve work environment with efficient and comfortable layout ・To reduce relocation cost to invest our business as much as possible	・**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 bears costs for furnishings(wall and floor)	・**Profitability enhancement** Aim to realize higher rent than market rent and leasing contract of longer term in return ・**Promotion of leasing activity** Promotion of leasing activity through virtual images by VR goggles, and led to further stabilization of occupancy rate ・**Improvement of tenant satisfaction** Effective improvement of tenant satisfaction with realization of dream office	**《GreenOak Takanawadai》** The contract with approx. monthly 5,000 yen higher rent per tsubo was realized by using a leasing service of "**Select Office**"
ittoku Original leasing services with JAPAN CORPORATE PROPERTY GUARANTEE Co., Ltd. ("JCPG") by which tenant can reduce drastically relocation costs 移得 ittoku	・To minimize initial cost of a security deposit at the move-in ・To avoid arranging a surety jointly and severally liable for rent payment	・**1 month deposit** Reduced by 1 month (typical deposit is between 10 and 12 month) ・**No warranty fee** NIPPON REIT bears warranty fee ・**No restoration cost** NIPPON REIT bears restoration cost ・**No jointly and severally liable surety**	・**Profitability enhancement** Aim to realize higher rent than market rent(target +10%) by reduction of moving costs ・**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 JCPG	**《FORECAST Yotsuya》** The contract with approx. monthly 5,000 yen higher rent per tsubo was realized by using a leasing service of "**ittoku**".
shikittoku Original leasing services with JCPG by which NIPPON REIT refunds a half of deposit after the end of original lease contract period depending on the tenant's financial condition 敷得 shikittoku	・To make effective use of deposit ・To avoid arranging a surety jointly and severally liable for rent payment	・**Refund a half of deposit** Refunding a half of deposit depending on the tenant's financial condition as of the end of original lease contract period ・**No warranty fee** NIPPON REIT bears warranty fee ・**No jointly and severally liable surety**	・**Profitability enhancement** Aim to realize higher rent than market rent(target +5%) by giving an opportunity for the half of deposit to be refunded ・**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 JCPG	**《Omiya Center Building》** The contract with approx. monthly 1,000 yen higher rent per tsubo was realized by using a leasing service of "**shikittoku**".

Note
1. The increase in rent per month is a comparison between the contracted rent and the market rent considered by the NIPPON REIT

Sustainability Initiatives

NIPPON REIT Investment Corporation

《Environmental Certifications》

<GRESB Real Estate Assessment>

GRESB 2018

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 originally developed by a group of leading European pension funds.

<DBJ Green Building>

DBJ Green Building 2018

Properties with exceptionally high environmental & social awareness

Tower Court Kitashinagawa

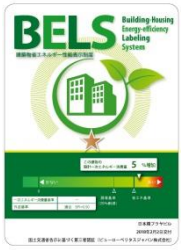
<CASBEE(1)>

CASBEE 不動産 2016

Assessment System Class S (excellent)

FORECAST Ichigaya

<BELS(2)>



One star

Nihonbashi Playa Building

<SMBC environmental assessment>

SMBC ECO

A grade

《Sustainability Target》

(1) Establishment of targets to reduce energy use

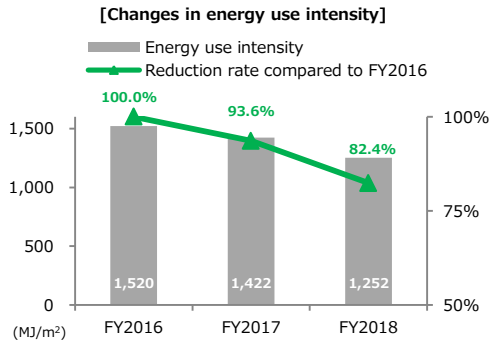
- Pursuant to the Energy Conservation Act (Act on the Rational Use of Energy), in the five-year period starting from fiscal 2016, the basic target is set for reducing the basic unit of energy consumption by 1% annually on average for the entire portfolio and individual properties.
- The targets of the properties subject to municipal ordinances related to global warming countermeasures will be set individually.

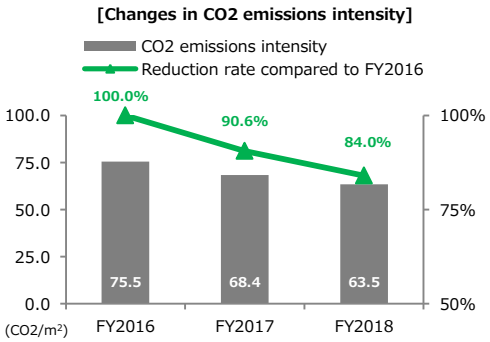
(2) Management of targets

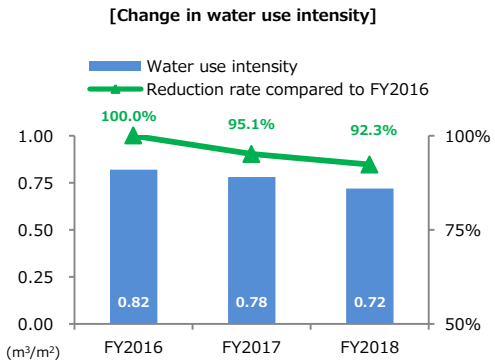
- As a general principle, every three months we carry out target management, review the progress made toward achieving its targets and analyze the causes behind changes in usage by comparing to the previous period at a general meeting called Sustainability Promotion Conference.

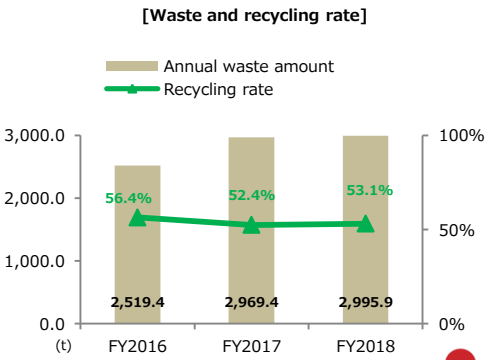
《Environment-related data》

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









Notes
1. Comprehensive Assessment System for Environment Efficiency for Real Estate
2. Buildimg-Housing Energy-Efficiency Labeling System

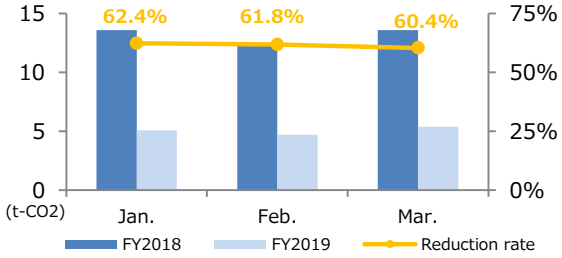
Sustainability Initiatives

《Equipment replacement using government subsidy》

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

Mitsui Woody Building

[CO2 emission comparison (Jan.-Mar. 2018/2019]

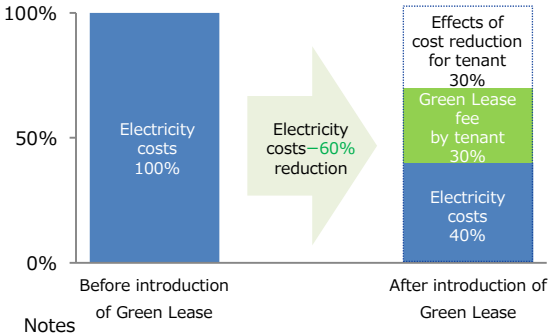


- We won and received subsidy of ¥27.43 mn as "Subsidies for countermeasures to control carbon dioxide emissions project etc." regarding the equipment replacement after inspection for completion in Aug. 2018.
- Reduction of CO2 emissions by average 61.5% compared with same months of previous year was recorded in from Jan. 2019 to Mar. 2019 as a result of renewal of air conditioning system and installation of LED light.

《 Green Lease Initiatives 》

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

Green Lease structure case



[Our propertis with Green Lease]
・La Verite AKASAKA
・Itohpia Iwamotocho 1-chome Building
・FORECAST Gotanda WEST
・Pigeon Building
・FORECAST Takadanobaba
・Mitsui Woody Building
・Towa Higashi-Gotanda Building
・Itohpia Kiyosubashidori Building

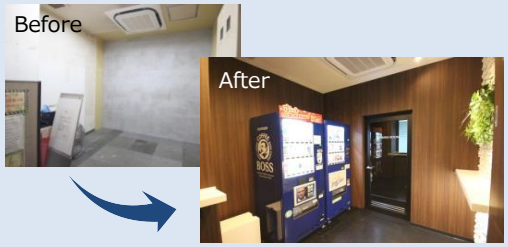
《Improving Tenant Satisfaction》

We have been trying to improve tenant satisfaction by identifying our properties' issue.

<Enhancement of tenant satisfaction by setting rest area>

- Changed extra space at the first floor to rest area under the favor of the latest legal revision.
- Effectively enhancing tenant satisfaction through comfortable design for both of smoker and non-smoker.

Itohpia Kiyosubashidori Building



<Stock of food and water for emergency>

- A stock of food and water for emergency have been placed in elevators and warehouses of our properties to improve resilience.

<emergency box in elevator>

<stockpile in warehouse>

[Our propertis with emergemcy kit]

・Tower Court Kitashinagawa
・Omiya Center Building
・Higashi Ikebukuro Center Building etc.

《Work place with diversity》

	No. of full-time officers and employees [1]				No. of employees on maternity / childcare leave [2]	No. of employees who opted for shorter work hours [2]
	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
Mar.2019	23	14	37.8%	37	3	1

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

Sustainability Initiatives

NIPPON REIT Investment Corporation

《Governance Structure》
Management structure for pursuing the interest of NRT Unitholders

Method for pursuing the interest of Unitholders

Management fee system linked to DPU

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

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

<Acquisition fee and Disposition fee>

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

Same-boat investment by the sponsor

Sojitz, the main sponsor	Owns 15,500 investment units of NIPPON REIT

Governance system

Decision-making process

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

Proposal by the department in charge

Request for endorsement

Deliberation by the Compliance Officer — Questioned

Request for endorsement

Deliberation and resolution by the Compliance Committee — **Rejected**

- **Grant of veto power in effect to outside members over the resolution of the Compliance Committee**

Passing

Deliberation and resolution by the Investment Committee — **Rejected** / **Remanded by the Compliance Officer**

- **Grant of veto power in effect outside member over the resolution of the Investment Committee**

Passing

Deliberation and resolution by the Board of Directors — Rejected

Passing

Approval by the Board of Officers and Consent from NIPPON REIT[4] — **Disapproved**

- **Transactions with interested parties are subject to prior approval by the Board of Officers of NIPPON REIT**

Approval and Consent

Decision by the Board of Directors [5] — Procedure incomplete

Sent back

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

MEMO

Portfolio Appraisal Value

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mn)	Book Value End 14th Period (a) (¥ mn)	Unrealized gains End 14th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalization	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor (1) (Compared to 13thPeriod)		
					End 13th Period (¥ mn)	End 14th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 14th Period						
Office														
A-1	FORECAST Nishisinjuku	2,260	2,141	948	3,010	3,090	80	3.9%	3.5%	4.1%	5.5%	○		
A-2	Nihombashi Playa Building	2,130	2,018	461	2,400	2,480	80	4.4%	4.2%	4.6%	5.3%		○	
A-3	FORECAST Yotsuya	1,430	1,373	566	1,860	1,940	80	3.9%	3.7%	4.1%	5.5%	○		
A-4	FORECAST Shinjuku AVENUE	6,500	6,238	1,821	7,890	8,060	170	3.5%	3.3%	3.7%	4.5%	○		
A-5	FORECAST Ichigaya	4,800	4,532	1,477	5,840	6,010	170	3.6%	3.4%	3.8%	4.7%	○		
A-6	FORECAST Mita	1,800	1,736	623	2,300	2,360	60	3.8%	3.6%	4.0%	5.2%	○		
A-7	FORECAST Shinjuku SOUTH	13,990	14,823	2,976	17,200	17,800	600	3.5%	3.2%	3.7%	4.6%	○		
A-8	FORECAST Sakurabashi	5,760	6,029	540	6,430	6,570	140	4.1%	3.9%	4.3%	5.0%	○		
A-9	GreenOak Kayabacho	2,860	2,997	432	3,350	3,430	80	3.9%	3.7%	4.1%	5.0%	○		
A-10	GreenOak Kudan	2,780	2,901	598	3,300	3,500	200	3.7%	3.5%	3.9%	4.9%	○		
A-11	GreenOak Takanawadai	2,260	2,200	469	2,610	2,670	60	4.1%	3.9%	4.3%	5.0%	○		
A-13	Higashi Ikebukuro Center Building	2,520	2,689	280	2,970	2,970	0	4.6%	4.4%	4.8%	5.9%			
A-14	Central Daikanyama	3,510	3,670	139	3,770	3,810	40	3.6%	3.4%	3.8%	4.1%		○	
A-16	Hiroo Reeplex B's	2,827	2,865	494	3,290	3,360	70	3.9%	3.7%	4.1%	4.8%	○		
A-17	Shibakoen Sanchome Building	7,396	7,407	2,282	9,680	9,690	10	3.7%	3.5%	3.9%	5.1%			○
A-19	Kudankita 325 Building	1,850	1,940	209	2,100	2,150	50	3.7%	3.5%	3.9%	4.5%	○		
A-20	FORECAST Uchikanda	1,240	1,287	52	1,310	1,340	30	3.9%	3.7%	4.1%	4.6%	○		
A-21	Itohpia Iwamotocho 2-chome Building	2,810	2,895	304	3,100	3,200	100	4.1%	3.9%	4.3%	4.9%			○
A-22	Itohpia Iwamotocho 1-chome Building	2,640	2,768	121	2,830	2,890	60	4.1%	3.9%	4.3%	4.7%			○
A-23	Itohpia Iwamotocho ANNEX Building	2,100	2,242	277	2,430	2,520	90	4.1%	3.9%	4.3%	5.2%		○	
A-24	Pigeon Building	2,837	2,942	37	2,970	2,980	10	4.1%	3.9%	4.3%	4.7%	○		
A-25	FORECAST Ningyocho	2,070	2,135	(25)	2,080	2,110	30	4.2%	4.0%	4.4%	4.6%	○		
A-26	FORECAST Ningyocho PLACE	1,650	1,651	368	1,900	2,020	120	4.0%	3.8%	4.2%	5.2%	○		

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Portfolio Appraisal Value

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mn)	Book Value End 14th Period (a) (¥ mn)	Unrealized gains End 14th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalization	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor (1) (Compared to 13thPeriod)		
					End 13th Period (¥ mn)	End 14th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 14th Period						
A-27	FORECAST Shin-Tokiwabashi	2,030	2,117	32	2,150	2,150	0	4.2%	3.9%	4.3%	4.6%			
A-28	Nishi-shinjuku Sanko Building	2,207	2,238	271	2,370	2,510	140	4.1%	3.9%	4.3%	5.0%	○		
A-29	Iidabashi Reeplex B's	1,249	1,297	202	1,450	1,500	50	3.7%	3.5%	3.9%	4.6%		○	
A-30	FORECAST Shinagawa	2,300	2,390	(20)	2,350	2,370	20	4.0%	3.8%	4.2%	4.4%	○		
A-31	Nishi-Gotanda 8-chome Building	2,210	2,284	375	2,490	2,660	170	4.0%	3.8%	4.2%	5.1%	○		
A-32	Towa Higashi-Gotanda Building	2,033	2,071	328	2,240	2,400	160	4.0%	3.8%	4.2%	5.2%	○		
A-33	FORECAST Takadanobaba	5,550	5,895	94	5,640	5,990	350	4.3%	4.1%	4.5%	4.8%	○		
A-34	Mejiro NT Building	3,094	3,090	559	3,600	3,650	50	4.4%	4.2%	4.6%	5.6%	○		
A-35	Toshin Higashi-Ikebukuro Building	979	991	118	1,110	1,110	0	4.6%	4.4%	4.8%	5.8%			
A-36	Mitsui Woody Building	2,475	2,687	2	2,690	2,690	0	4.6%	4.3%	4.7%	5.5%			
A-37	Itabashi Honcho Building	3,146	3,105	454	3,450	3,560	110	4.6%	4.3%	4.8%	5.7%	○		
A-38	ANTEX24 Building	1,691	1,777	52	1,740	1,830	90	4.4%	4.1%	4.5%	4.9%	○		
A-39	Itohpia Kiyosubashidori Building	1,550	1,651	268	1,900	1,920	20	4.5%	4.2%	4.7%	5.9%	○		
A-40	East Side Building	1,372	1,383	206	1,560	1,590	30	4.5%	4.3%	4.7%	5.6%	○		
A-41	I·S Minamimorimachi Building	2,258	2,315	394	2,630	2,710	80	4.4%	4.2%	4.6%	5.6%	○		
A-42	Sunworld Building	1,200	1,284	15	1,280	1,300	20	4.6%	4.4%	4.8%	5.4%	○		
A-43	Marunouchi Sanchome Building	1,626	1,672	337	1,980	2,010	30	4.5%	4.3%	4.7%	6.1%	○		
A-44	MK Kojimachi Building	1,781	1,810	369	2,090	2,180	90	3.5%	3.3%	3.7%	4.5%	○		
A-45	Toranomon Sakura Building	4,120	4,282	327	4,460	4,610	150	3.4%	3.1%	3.5%	3.9%	○		
A-46	La Verite AKASAKA	2,000	2,145	234	2,250	2,380	130	3.6%	3.4%	3.8%	4.5%	○		
A-47	Kanda Ocean Building	1,440	1,463	226	1,650	1,690	40	3.9%	3.7%	4.1%	4.9%	○		
A-48	Shinto GINZA EAST	1,352	1,354	115	1,460	1,470	10	3.8%	3.6%	4.0%	4.3%	○		
A-49	FORECAST Kayabacho	3,000	3,117	52	3,090	3,170	80	4.2%	3.9%	4.3%	4.6%	○		
A-50	FORECAST Waseda FIRST	4,775	4,817	152	4,920	4,970	50	3.9%	3.7%	4.1%	4.3%	○		
A-51	FORECAST Gotanda WEST	6,520	7,420	419	7,190	7,840	650	4.0%	3.8%	4.2%	5.1%		○	

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Portfolio Appraisal Value

NIPPON REIT Investment Corporation

No	Property Name	Acquisition Price (¥ mn)	Book Value End 14th Period (a) (¥ mn)	Unrealized gains End 14th Period (b-a) (¥ mn)	Appraisal Value			Direct Capitalization	Discount Cash Flow		Appraisal NOI Yield	Major Appraisal Value Changing Factor (1) (Compared to 13th Period)		
					End 13th Period (¥ mn)	End 14th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 14th Period						
A-52	Omiya Center Building	15,585	15,444	4,355	19,000	19,800	800	4.2%	4.0%	4.4%	5.5%	○		
A-53	Sumitomo Mitsui Bank Koraibashi Building	2,850	3,004	375	3,330	3,380	50	4.4%	4.2%	4.6%	5.5%	○		
A-54	NORE Fushimi	2,840	2,735	594	3,230	3,330	100	4.3%	4.1%	4.5%	5.2%	○		
A-55	NORE Meieki	2,520	2,441	578	2,930	3,020	90	4.4%	4.2%	4.6%	5.4%	○		
A-56	Homat Horizon Building	6,705	6,662	817	7,130	7,480	350	3.6%	3.4%	3.8%	4.2%	○		
A-57	Sannomiya First Building	1,390	1,476	123	1,600	1,600	0	5.0%	4.8%	5.2%	6.4%			
A-58	Towa Kandanishikicho Building	960	971	48	1,000	1,020	20	4.4%	3.5%	4.4%	4.9%	○		
A-59	Yusen Higashi-Nihombashi Ekimae Building	1,152	1,168	61	1,230	1,230	0	4.3%	4.0%	4.4%	4.8%			
A-60	Hiroo ON Building	2,392	2,419	210	2,620	2,630	10	4.0%	3.8%	4.2%	4.6%	○		
A-61	TK Gotanda Building	4,130	4,344	(44)	4,300	4,300	0	4.0%	3.6%	4.0%	4.3%			
A-62	Gotanda Sakura Building	1,460	1,480	209	1,590	1,690	100	4.2%	3.7%	4.3%	5.1%	○		
A-63	Esprit Kameido	1,265	1,282	7	1,290	1,290	0	4.6%	4.3%	4.7%	5.0%			
A-64	Alte Building Higobashi	1,453	1,470	189	1,570	1,660	90	4.4%	4.2%	4.6%	6.0%	○		
A-65	DIA Building Meieki	1,167	1,188	91	1,240	1,280	40	4.5%	4.3%	4.7%	5.6%	○		
A-66	TENSHO OCHANOMIZU BUILDING	1,800	1,873	(23)	1,820	1,850	30	3.6%	3.4%	3.8%	3.8%	○		
A-67	Kameido i-Mark Building	2,580	2,692	87	2,650	2,780	130	4.3%	4.1%	4.5%	4.8%	○		
	Subtotal office properties	192,236	196,814	28,735	218,890	225,550	6,660				4.9%			
Residence														
B-01	Tower Court Kitashinagawa	11,880	10,842	3,657	14,200	14,500	300	4.1%	3.9%	4.3%	5.2%	○		
B-02	Sky Hills N11	1,570	1,526	273	1,770	1,800	30	5.2%	5.0%	5.4%	6.6%	○		
B-04	my atria Sakae	1,110	1,036	223	1,230	1,260	30	4.7%	4.5%	4.9%	5.6%	○		
B-05	Mac Village Heian	785	741	165	889	907	18	4.8%	4.6%	5.0%	5.9%	○		
B-06	Seam Dwell Tsutsui	695	681	90	771	772	1	4.7%	4.5%	4.9%	5.6%	○		
B-07	Ciel Yakuin	640	625	118	740	744	4	4.5%	4.3%	4.7%	5.6%		○	
B-08	Kanda Reeplex R's	1,813	1,750	269	1,990	2,020	30	4.0%	3.7%	4.2%	4.6%	○		

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Portfolio Appraisal Value

NIPPON REIT Investment Corporation

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					End 13th Period (¥ mn)	End 14th Period (b) (¥ mn)	Variance (¥ mn)	CAP Rate	Discount Rate	Terminal Rate		CR	Income	Expense
								End of 14th Period						
B-09	Splendid Namba	3,502	3,358	521	3,790	3,880	90	4.5%	4.3%	4.7%	5.1%	○		
B-10	Residence Hiroo	2,590	2,622	67	2,630	2,690	60	3.8%	3.6%	4.0%	4.1%	○		
B-11	Residence Nihombashi Hakozaki	1,300	1,436	113	1,530	1,550	20	4.3%	3.8%	4.2%	5.3%	○		
B-12	Primegate Iidabashi	5,200	5,243	56	5,290	5,300	10	3.9%	3.6%	4.0%	4.1%		○	
B-13	Residence Edogawabashi	1,230	1,245	14	1,260	1,260	0	4.1%	3.9%	4.3%	4.4%			
B-14	Merveille Senzoku	740	751	(4)	743	747	4	4.0%	3.8%	4.2%	4.3%	○		
B-15	Field Avenue	3,110	3,138	(18)	3,110	3,120	10	4.0%	3.7%	4.1%	4.1%	○		
B-16	Domeal kitaakabane	785	798	(11)	785	787	2	4.3%	4.1%	4.5%	4.5%			○
B-17	Dormy kitaakabane	986	1,000	(3)	997	997	0	4.4%	4.2%	4.6%	4.6%			
B-18	Splendid Shin-Osaka Ⅲ	2,428	2,437	82	2,480	2,520	40	4.5%	4.3%	4.7%	4.9%	○		
B-19	ZEPHYROS Minami-horie	1,608	1,632	77	1,670	1,710	40	4.3%	4.1%	4.5%	4.8%	○		
B-20	Charmant Fuji Osakajominami	905	917	(11)	906	906	0	4.4%	4.2%	4.6%	4.6%			
B-21	Piacere Fuminosato	571	579	(2)	577	577	0	4.7%	4.5%	4.9%	5.0%			
B-22	Wald Park Minamioi	715	754	(19)	735	735	0	3.9%	3.7%	4.1%	4.2%			
B-23	LAPUTA KUJO	1,480	1,583	(82)	1,501	1,501	0	4.3%	4.1%	4.5%	4.8%			
B-24	Imazaki Mansion N1	1,180	1,261	(51)	1,210	1,210	0	4.6%	4.4%	4.8%	5.3%			
	Subtotal residential properties	46,824	45,967	5,525	50,804	51,493	689				4.9%			
Retail														
C-01	Otakibashi Pacifica Building	3,350	3,416	93	3,510	3,510	0	3.8%	3.6%	4.0%	4.1%			
C-02	Komyoike Act	2,063	2,058	141	2,190	2,200	10	5.0%	4.8%	5.2%	6.1%	○		
C-03	BECOME SAKAE	4,770	4,786	53	4,840	4,840	0	4.1%	3.9%	4.3%	4.3%			
	Subtotal retail properties	10,183	10,261	288	10,540	10,550	10				4.6%			
	Total	249,243	253,043	34,549	280,234	287,593	7,359				4.9%			

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Balance Sheets

NIPPON REIT Investment Corporation

(Yen in thousands)	The 13th Fiscal Period (as of December 31, 2018)	The 14th Fiscal Period (as of Jun. 30, 2019)
Assets		
Current Assets		
Cash and deposits	8,981,536	9,009,860
Cash and deposits in trust	5,964,196	6,326,892
Tenant receivables	88,158	92,063
Prepaid expenses	437,146	443,269
Income taxes refundable	1,065	-
Consumption taxes receivable	496,617	-
Other current assets	5,842	8,093
Allowance for doubtful accounts	(0)	0
Total Current Assets	15,974,563	15,880,179
Non-Current Assets		
Property, plant and equipment		
Buildings	234,960	234,960
Accumulated depreciation	(3,053)	(6,122)
Buildings, net	231,906	228,837
Buildings in trust	59,444,603	60,348,113
Accumulated depreciation	(6,987,861)	(7,679,424)
Buildings in trust, net	52,456,741	52,668,689
Structures in trust	197,330	202,527
Accumulated depreciation	(42,332)	(46,903)
Structures in trust, net	154,998	155,623
Machinery and equipment in trust	357,904	357,750
Accumulated depreciation	(48,292)	(65,167)
Machinery and equipment in trust, net	309,611	292,583
Tools, furniture and fixtures in trust	122,424	142,763
Accumulated depreciation	(28,970)	(38,771)
Tools, furniture and fixtures in trust, net	93,454	103,991
Land in trust	180,791,041	181,677,527
Construction in progress in trust	5,256	1,824
Total property, plant and equipment	234,043,010	235,129,077
Intangible assets		
Leasehold rights	1,251,662	1,251,662
Leasehold rights in trust	16,658,938	16,658,938
Other	5,835	5,626
Total intangible assets	17,916,435	17,916,226
Investments and other assets		
Investment securities	-	102,041
Lease and guarantee deposits	10,160	10,160
Long-term prepaid expenses	1,129,373	1,145,150
Deferred tax Assets	0	0
Other	38,290	39,535
Total investments and other assets	1,177,825	1,296,887
Total Non-Current Assets	253,137,271	254,342,191
Deferred asset		
Investment corporation bond issuance costs	35,152	46,641
Total deferred asset	35,152	46,641
Total Assets	269,146,988	270,269,012

(Yen in thousands)	The 13th Fiscal Period (as of December 31, 2018)	The 14th Fiscal Period (as of Jun. 30, 2019)
Liabilities		
Current Liabilities		
Accounts payable	1,539,384	1,094,796
Short term debt	-	700,000
Long-term debt due within one year	21,970,000	20,500,000
Accrued expenses	247,820	240,433
Accrued corporation taxes	-	520
Accrued consumption taxes	-	366,386
Advances received	1,391,630	1,476,356
Other current liabilities	588,439	371,080
Total Current Liabilities	25,737,275	24,749,574
Long-Term Liabilities		
Investment corporation bonds	3,500,000	4,500,000
Long-term debt	100,700,000	101,170,000
Tenant security deposits	65,153	72,129
Tenant security deposits in trust	8,766,512	8,908,858
Deferred tax liabilities	-	4,747
Total Long-Term Liabilities	113,031,666	114,655,736
Total Liabilities	138,768,941	139,405,310
Net Assets		
Unitholders' Equity		
Unitholders' capital	126,515,601	126,515,601
Surplus		
Unappropriated retained earnings (undisposed loss)	3,862,444	4,348,100
Total Surplus	3,862,444	4,348,100
Total Unitholders' Equity	130,378,046	130,863,702
Total Net Assets	130,378,046	130,863,702
Total Liabilities and Net Assets	269,146,988	270,269,012

Income Statements

(Yen in thousands)	The 13th Fiscal Period (as of December 31, 2018)	The 14th Fiscal Period (as of Jun. 30, 2019)
Operating Revenues		
Rental revenues	7,678,447	7,798,437
Other revenues related to property leasing	780,485	689,629
Gain on sales of real estate properties	-	494,334
Dividend income	-	390
Total Operating Revenues	8,458,932	8,982,791
Operating Expenses		
Property-related expenses	3,039,219	3,168,309
Asset management fees	566,187	623,563
Asset custody fees	13,241	12,419
Administrative service fees	47,578	44,459
Directors' compensation	2,400	2,400
Independent auditors' fees	13,500	13,800
Other operating expenses	135,996	162,593
Total Operating Expenses	3,818,123	4,027,544
Operating Income	4,640,809	4,955,246
Non-Operating Revenues		
Interest income	80	69
Reversal of distributions payable	3,662	4,268
Interest on refund	38	1,639
Total Non-Operating Revenues	3,781	5,977
Non-Operating Expenses		
Interest expense	347,971	348,376
Interest expense on investment corporation bonds	7,417	14,427
Amortization of investment corporation bond issuance costs	1,507	2,382
Borrowing related expenses	335,206	269,482
Investment unit issuance expenses	112,068	-
Other	17	28
Total Non-Operating Expenses	804,187	634,697
Ordinary Income	3,840,403	4,326,525
Extraordinary Income		
Subsidy income	-	64,782
Total Extraordinary Income	-	64,782
Extraordinary Losses		
Loss on reduction of non-current assets	-	64,438
Total Extraordinary Losses	-	64,438
Income Before Income Taxes	3,840,403	4,326,869
Income taxes - current	621	610
Income taxes - deferred	2	0
Total Income Taxes	624	611
Net Income	3,839,779	4,326,257
Retained Earnings at Beginning of Period	22,665	21,842
Retained Earnings at End of Period	3,862,444	4,348,100

Historical Operating Results

NIPPON REIT Investment Corporation

		The 10th Fiscal Period (as of Jun. 30, 2017)	The 11th Fiscal Period (as of December 31, 2017)	The 12th Fiscal Period (as of Jun. 30, 2018)	The 13th Fiscal Period (as of December 31, 2018)	The 14th Fiscal Period (as of Jun. 30, 2019)
Operating revenues	(¥mn)	6,947	7,553	7,225	8,458	8,982
Of which, rental revenues and other revenues related to property leasing	(¥mn)	(6,906)	(7,142)	(7,177)	(8,458)	(8,488)
Operating expenses	(¥mn)	3,250	3,438	3,389	3,818	4,027
Of which, property-related expenses	(¥mn)	(2,530)	(2,679)	(2,664)	(3,039)	(3,168)
Operating income	(¥mn)	3,696	4,115	3,835	4,640	4,955
Ordinary income	(¥mn)	3,218	3,608	3,329	3,840	4,326
Net income	(¥mn)	3,218	3,607	3,329	3,839	4,326
Total assets (a)	(¥mn)	226,434	230,417	230,689	269,146	270,269
Net assets (b)	(¥mn)	112,540	112,924	112,639	130,378	130,863
Interest-bearing debt (c)	(¥mn)	103,570	106,170	106,170	126,170	126,870
Interest-bearing debt to total assets ratio (c)/(a)	(%)	45.7	46.1	46.0	46.9	46.9
Ordinary income to total assets ratio (3)	(%)	1.4	1.6	1.4	1.5	1.6
Return on equity (3)	(%)	2.9	3.2	3.0	3.2	3.3
Equity ratio (b)/(a)	(%)	49.7	49.0	48.8	48.4	48.4
Unitholders' equity	(¥mn)	109,285	109,285	109,285	126,515	126,515
Number of investment units Issued and outstanding (d)		391,760	391,760	391,760	449,930	449,930
Net assets per unit (b)/(d)	(¥)	287,268	288,248	287,522	289,774	290,853
Total distributions (e)	(¥mn)	3,219	3,608	3,329	3,840	4,326
Distributions per unit (e)/(d)	(¥)	8,217	9,211	8,500	8,536	9,617
FFO (3) (funds from operations)	(¥mn)	3,953	3,984	4,109	4,757	4,782
AFFO (3) (Adjusted Fund From Operations)	(¥mn)	3,556	2,897	3,216	3,336	4,263
FFO per unit (3)	(¥)	10,091	10,170	10,489	10,573	10,628
NAV per Unit (3)	(¥)	321,274	324,820	334,542	342,122	358,025
Depreciation during the period	(¥mn)	734	751	776	907	947
Capital expenditures during the period	(¥mn)	396	1,086	893	1,420	519
Number of investment properties		65	66	66	87	90
Total leasable area	(㎡)	255,398.17	255,783.88	255,531.31	306,621.28	310,783.33
Number of tenants (4)		978	1,242	1,239	1,878	2,023
Rental NOI (3)	(¥mn)	5,111	5,215	5,292	6,335	6,267
Number of operating days	(days)	181	184	181	184	181

Notes

1. NIPPON REIT's fiscal periods have covered every six months from January 1 to Jun. 30 and from July 1 to December 31 of each year.
2. Operating revenues, etc. do not include consumption taxes.
3. 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
4. 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).
5. Monetary figures are truncated, while percentages are rounded.

Overview of Sponsor Support

NIPPON REIT Investment Corporation

External growth strategy

Internal growth strategy

Utilize the Proprietary Networks of the Asset Management Company : Sojitz REIT Advisors K.K.

- 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 : Sojitz Corporation, CUSHMAN & WAKEFIELD, AGILITY ASSET ADVISERS

- **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 [1] 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

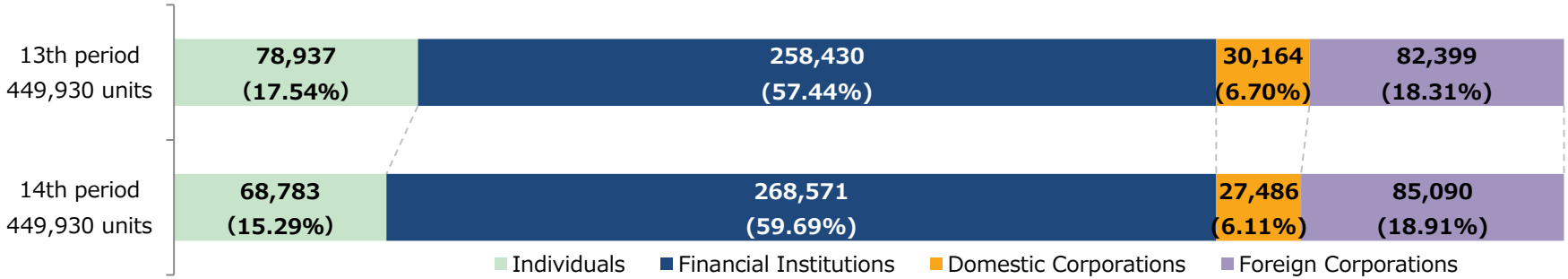
- **Provision of human resources**
  - Cooperation in securing human resources (by respective sponsor companies)
  - Provision of training to the officers and employees (by Sojitz and AAA)
- **Trademarks**
  - Gratis licensing of the "FORECAST" trademark (by Sojitz)
- **Survey of real estate and market 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..

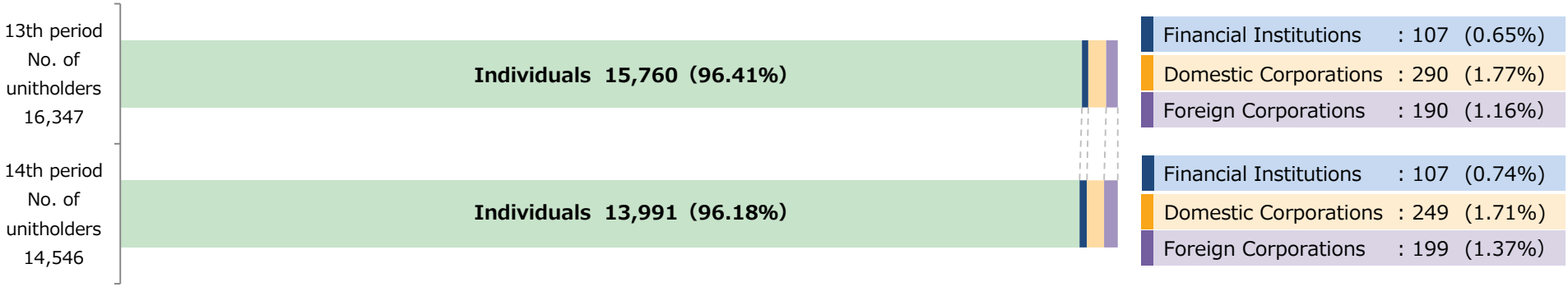
Unitholder Compositions

NIPPON REIT Investment Corporation

■ By Number of Unit



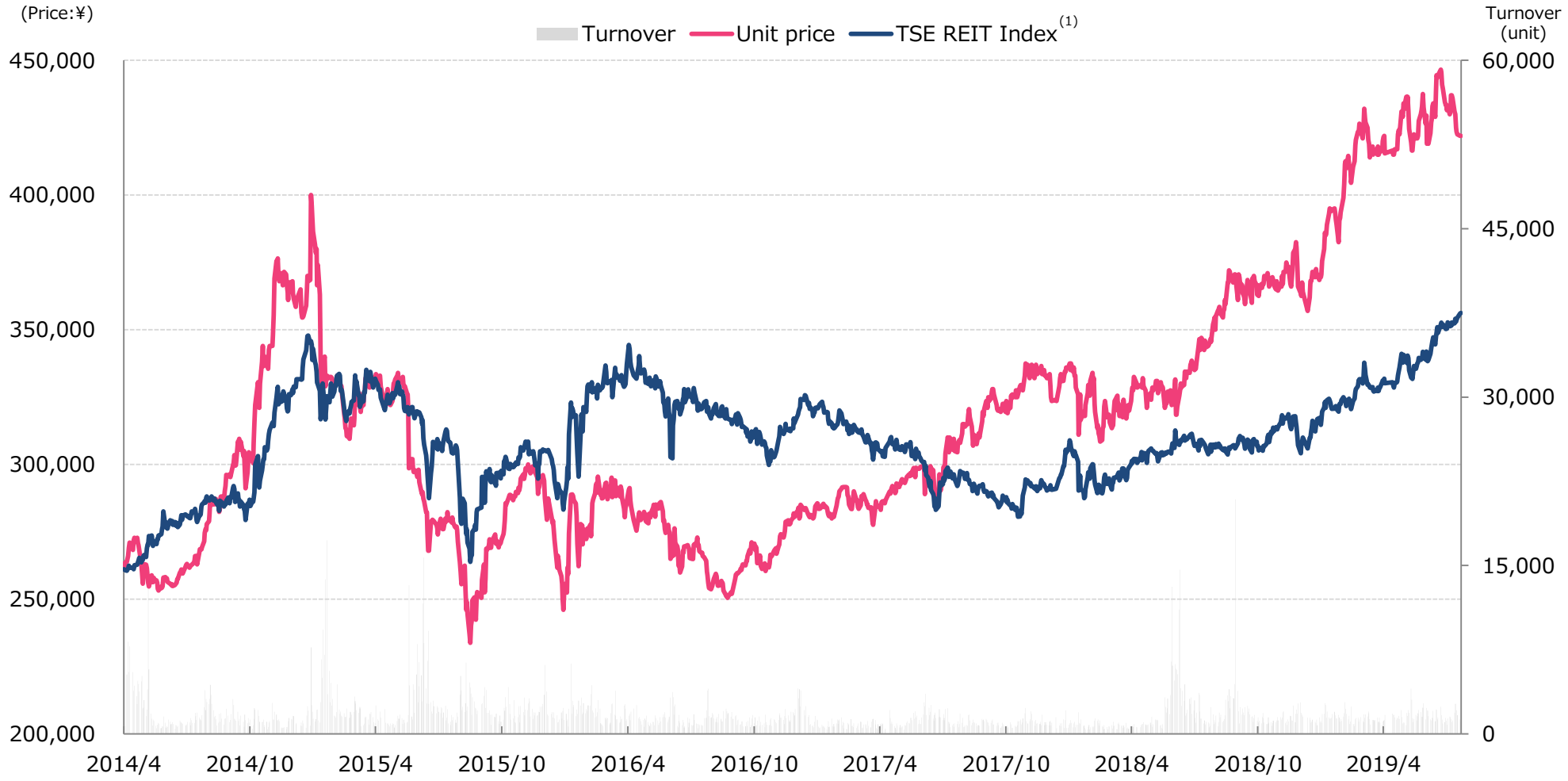
■ By Number of Unitholder



■ Top 10 Major Unitholders (14th Period)

	Name	Number of unit	Share		Name	Number of unit	Share
1	Japan Trustee Services Bank, Ltd. (Trust Account)	99,942	22.21%	6	SSBTC CLIENT OMNIBUS ACCOUNT	8,114	1.80%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	89,397	19.87%	7	STATE STREET BANK WEST CLIENT - TREATY505234	7,443	1.65%
3	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	18,753	4.17%	8	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	5,306	1.18%
4	Sojitz Corporation	15,500	3.44%	9	JP Morgan Securities Japan Co., Ltd.	5,040	1.12%
5	Trust & Custody Service Bank, Ltd. (Securities Investment Trust Account)	11,167	2.48%	10	JP MORGAN CHASE BANK 385771	4,711	1.05%
					Total	**265,373**	**58.98%**

Historical Unit Price (From IPO to Aug. 14, 2019)



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

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