

Summary of Financial Results  
for the Fiscal Period Ended June 30, 2018 (REIT)

Name of issuer: NIPPON REIT Investment Corporation  
 URL: <http://www.nippon-reit.com/>  
 Listed Stock Exchange: Tokyo Stock Exchange  
 Securities Code: 3296  
 Representative: Toshio Sugita, Executive Officer  
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Supplementary materials for the financial results: Yes

Investor conference for the financial results: Yes (for analysts and institutional investors, in Japanese)

(Amount of less than one million yen is omitted)

1. Financial Results for the Fiscal Period Ended June 30, 2018 (January 1, 2018 – June 30, 2018)

(1) Operating Results

(Description of % is indicated as the change rate compared with the previous period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
For the fiscal period ended	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%
June 30, 2018	7,225	(4.3)	3,835	(6.8)	3,329	(7.7)	3,329	(7.7)
December 31, 2017	7,553	8.7	4,115	11.3	3,608	12.1	3,607	12.1

	Net Income per Unit	Return on Equity	Return on Assets	Ordinary Income to Operating Revenues
For the fiscal period ended	Yen	%	%	%
June 30, 2018	8,498	3.0	1.4	46.1
December 31, 2017	9,209	3.2	1.6	47.8

(2) Distributions

	Cash Distributions per Unit (excluding cash distributions in excess of earnings per unit)	Total Cash Distributions (excluding cash distributions in excess of earnings)	Cash Distributions in Excess of Earnings per Unit	Total Cash Distributions in Excess of Earnings	Payout Ratio	Cash Distributions Ratio to Net Assets
For the fiscal period ended	Yen	Yen in millions	Yen	Yen in millions	%	%
June 30, 2018	8,500	3,329	0	0	100.0	3.0
December 31, 2017	9,211	3,608	0	0	100.0	3.2

(3) Financial Position

	Total Assets	Total Net Assets	Equity Ratio	Net Assets per Unit
For the fiscal period ended	Yen in millions	Yen in millions	%	Yen
June 30, 2018	230,689	112,639	48.8	287,522
December 31, 2017	230,417	112,924	49.0	288,248

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
For the fiscal period ended	Yen in millions	Yen in millions	Yen in millions	Yen in millions
June 30, 2018	4,856	(1,156)	(3,620)	18,137
December 31, 2017	4,076	(2,133)	(626)	18,058

2. Forecast of management status for the Fiscal Period Ending December 2018 (from July 1, 2018 to December 31, 2018) and the Fiscal Period Ending June 2019 (from January 1, 2019 to June 30, 2019)

(Description of % is indicated as the change rate compared with the previous period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Cash Distributions per Unit (excluding excess of earnings per Unit)	Cash Distributions in Excess of Earnings per Unit
	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen in millions	%	Yen	Yen
For the fiscal period ending December 31, 2018	8,418	16.5	4,575	19.3	3,767	13.2	3,767	13.2	8,373	0
June 30, 2019	8,434	0.2	4,481	(2.1)	3,850	2.2	3,850	2.2	8,556	0

(Reference)

Forecast net income per unit for the fiscal period ending December 31, 2018 : 8,373yen

Forecast net income per unit for the fiscal period ending June 30, 2019 : 8,556yen

(Forecast net income ÷ Forecast number of investment units at end of the period)

\* Others

(1) Changes in accounting policies, changes in accounting estimates and retrospective restatement

(a) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(b) Changes in accounting policies due to reasons other than above (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(2) Number of investment units issued and outstanding

(a) Number of investment units issued and outstanding, including treasury units:

As of June 30, 2018 391,760 units As of December 31, 2017 391,760 units

(b) Number of investment treasury units:

As of June 30, 2018 0 unit As of December 31, 2017 0 unit

\* The Status of Statutory Audit

The audit procedure of the financial statements under the Financial Instruments and Exchange Act has not been completed as of today.

\* Appropriate use of the forecast of management status and other special matters

Forward-looking statements contained in this material are based on the information that NIPPON REIT has obtained as of the date hereof and certain assumptions that NIPPON REIT believes reasonable and the actual management status, etc. may significantly differ due to various reasons. In addition, the forecast is not a guarantee of the amount of distributions. For details of the assumptions underlying forecast of management status, please refer to the "Assumptions Underlying Forecast of Management Status for Fiscal Period Ending December 2018 (from July 1, 2018 to December 31, 2018) and Fiscal Period Ending June 2019 (from January 1, 2019 to June 30, 2019)" on page 10.

This document is the English language translation of the Japanese announcement of the financial statements ("Kessan Tanshin") and is provided solely for information purposes. There is no assurance as to the accuracy of the English translation. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

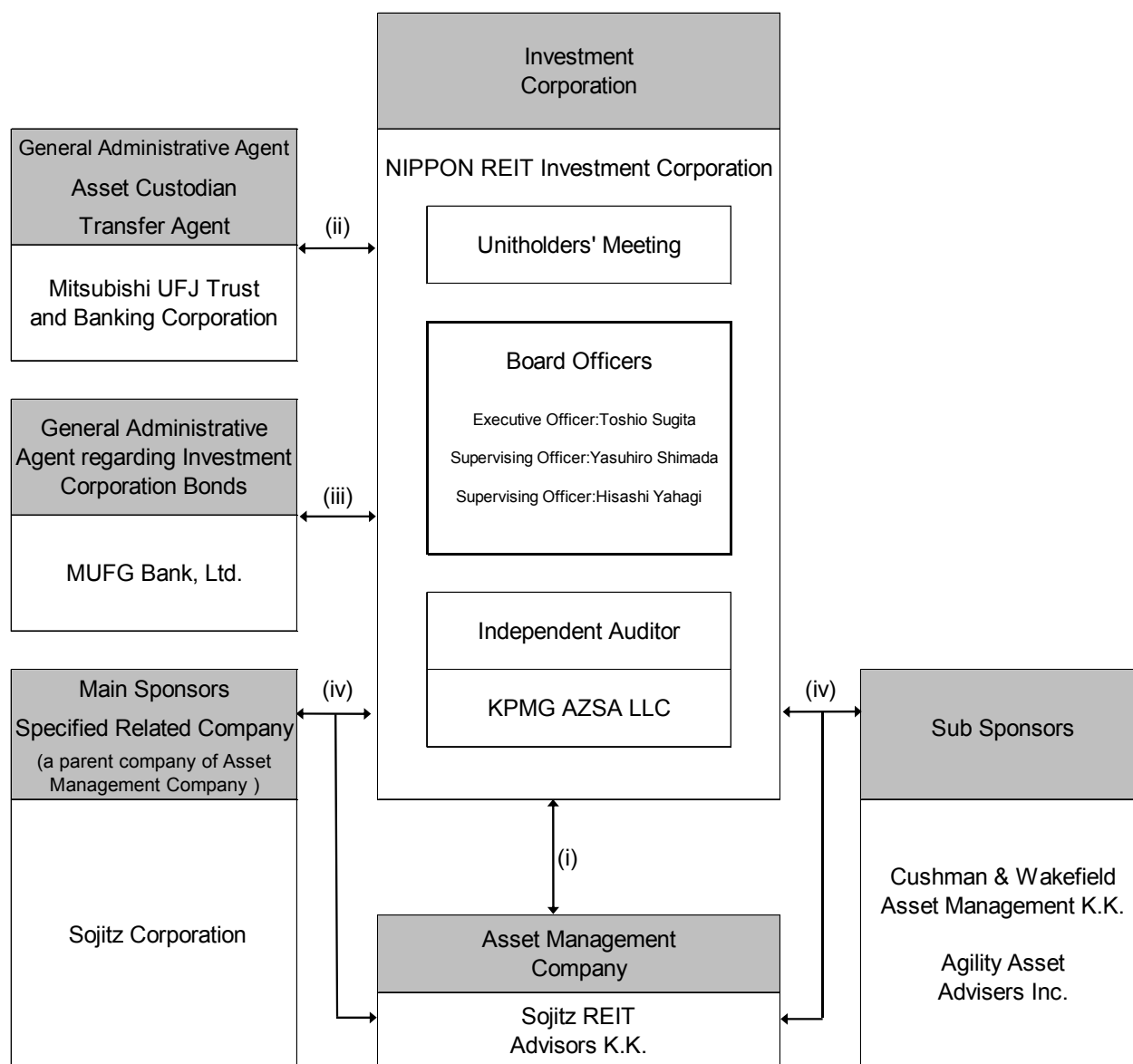
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# 1. Associated Corporations of NIPPON REIT

## Structure of NIPPON REIT

The name, operational roles and overview of associated business operations of NIPPON REIT Investment Corporation ("NIPPON REIT") and the associated corporations of NIPPON REIT (including other main associated parties of NIPPON REIT) had changed from those of "Structure of NIPPON REIT" in the latest securities report (submitted on March 28, 2018) as follow due to entrusting (i) administrative work in Investment Corporation Bond Registry and (li) administrative work regarding payment of interest and redemption of Investment Corporation Bond to MUFG Bank, Ltd. as a general administrative agent under the Investment Trusts Act (Articles 117-2, 3 and 6) based on the Financial Agency Agreement for the 1st Investment Corporation Bonds and the 2nd Investment Corporation Bonds concluded between NIPPON REIT and MUFG Bank, Ltd. on April 18, 2018.



(i) Asset management agreement

(ii) General administrative agreement, Asset custodian agreement, transfer agent agreement

(iii) Financial Agency Agreement

(iv) Sponsor agreement

## 2. Management Policy and Management Status

### (1) Management Policy

Disclosure is omitted because there have been no significant changes from “Investment Policy,” “Investment Targets” and “Distribution Policy” in the latest securities report (submitted on March 28, 2018).

### (2) Management Status

#### I. Overview of the Fiscal Period under Review

##### A. Brief History of NIPPON REIT

NIPPON REIT was established on September 8, 2010 by Polaris Investment Advisors K.K. (now Sojitz REIT Advisors K.K. (hereafter referred to as the “Asset Management Company”)) as the founder under the Act on Investment Trusts and Investment Corporations (the “Investment Trusts Act”). Registration with the Kanto Local Finance Bureau was completed on October 26, 2010 (registration number 72, filed with the Director of the Kanto Local Finance Bureau).

NIPPON REIT issued new investment units through a public offering (144,200 units) on April 23, 2014 as the payment date and listed on the J-REIT section of the Tokyo Stock Exchange (securities code: 3296) on April 24.

Furthermore, NIPPON REIT issued investment units through public offerings in February and July 2015 and third-party allotments in March and July 2015, and the total number of investment units issued and outstanding as of the end of the fiscal period under review (June 30, 2018) is 391,760 units.

##### B. Investment Environment and Management Performance

###### (i) Investment Environment

The Japanese economy during the fiscal period under review (fiscal period ended June 2018) saw a decrease by 0.2% (an annual decrease by 0.6%) in the real GDP growth rate (second preliminary figures) for the fourth quarter compared to the same period of previous year, first negative growth in eight consecutive period, and the gradual recovery trend is temporarily suspended.

Private consumption and exports are picking up, business investment and Industrial production increase moderately. Though consumer prices increase moderately as well, corporate profits, firms' judgment on current business conditions and the employment situation are improving steadily. With regard to future prospects, a continuous gradual recovery is expected, supported by the effects of the policies, while employment and income environment is improving. However, attention should be given to the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets.

In the office properties leasing market, the vacancy rate in Tokyo's five central wards (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards) as of the end of June 2018 as announced by Miki Shoji Co., Ltd. was 2.57%, down 0.69% from the same month last year. Moreover, the average rent in the same area as of the end of June 2018 was 20,108 yen per tsubo, up 6.59% from the same month last year. Such small-scale upward trends are ongoing.

In terms of the residential properties leasing market, the situation remains generally stable for both the occupancy rate and rent level. The situation is expected to continue backed by the well-balanced supply and demand due to populations has been concentrating in Japan's three major metropolitan areas in spite of limited supply of residential properties for lease in the same area.

The retail properties leasing market saw a 0.6% year-on-year increase in retail sales according to figures announced by the Ministry of Economy, Trade and Industry in May 2018, showing gradual recovering trend mainly in retail business such as fuel retailing, medicinal supplies and cosmetics, non-store retailing, food and beverage retailing and machinery/equipment. On the other hand showing decreasing trend mainly in textiles, apparel including woven fabrics, apparel, accessories and notions, car dealing. Sales at department stores and GMS decreased by 1.4% year-on-year basis. As for short-term prospects, private consumption is expected to move toward recovery, supported by the improving environment in the employment market and income growth.

As regards the real estate transaction market, transaction yields remain low at seller's market sustained by

aggressive lending attitude maintained by financial institutions and properties on sale becoming less, large-sized properties located in central Tokyo area such as “Shin-Nisseki Building” and “GINZA SIX” have been transacting with low transaction yields less than 2%. However, J-REIT do not chase the over-heated market in consideration of its dividend policy, its competitiveness against Overseas investors and business firm is decreasing, external growth opportunity is restrictive especially for large capped J-REIT.

(ii) Management Performance

a. External Growth

NIPPON REIT owned 66 properties (with a total acquisition price of 207,795 million yen) and silent partnership equity interest (investment amount 550 million yen, 11 real estate-backed properties) as of the end of the fiscal period ended December 2018.

During the fiscal period under review (fiscal period ended December 2017) NIPPON REIT acquired the following silent partnership equity interest as pipelines for external growth, and has been granted the right of first negotiation pertaining to the acquisition of total of 5 real estate-backed properties.

Name	Number of backed real estate properties	Investment amount (Yen in millions) (Note)	Acquisition date
Godo Kaisha NRT Growth 12 subordinated silent partnership equity interest	3	50	February 27, 2018
Godo Kaisha NRT Growth 13 silent partnership equity interest	2	140	March 29, 2018

(Note) As “Investment amount”, exclude various expenses required for the transaction, and is rounded down to the nearest million yen.

As a result the portfolio as of the end of the fiscal period under review consisted of 55 office properties (with a total acquisition price of 179,107 million yen), 9 residential properties (with a total acquisition price of 23,275 million yen) and 2 retail properties (with a total acquisition price of 5,413 million yen), totaling 66 properties (with a total acquisition price of 207,795 million yen; not including equity interest in a silent partnership) with a total leased area of 254,280.89m<sup>2</sup> and a 99.5% average occupancy rate and 4 equity interests in a silent partnership (investment amount 740 million yen, 16 real estate-backed properties).

b. Internal Growth

NIPPON REIT emphasizes management that maintains and increases the portfolio's asset value and actively reaches out to new and existing tenants with business activities while strengthening relations with existing tenants, implementing measures that boost the competitiveness of properties in light of tenant needs and the features of each property. Through such efforts were kept, the portfolio occupancy rate was maintained at a high level of 99.5% as of the end of the fiscal period under review.

C. Procurement of Funds

(i) Borrowings and Repayments

In order to prepare funds for repayment of loans due on April 24, 2018 (total amount 9,500 million yen), issuance of investment corporation bonds of total 2,000 million yen and borrowings of total 7,500 million yen were implemented on the same day as the loan due. We achieved to disperse maturity, to extend average borrowing period in consideration of interest cost and to diversify finance method through the first issuance of investment corporation bonds.

As a result, the balance of borrowings as of June 30, 2018 was 106,170 million yen and the ratio of interest-bearing debt to total assets (LTV) was 46.0%.

(iii) Credit Rating

NIPPON REIT's credit rating as of June 30, 2018 is as follows.

Credit Rating Agency	Rating type	Rating outlook
Japan Credit Rating Agency, Ltd.	Long-term issuer rating: A	Stable

#### D. Overview of Business Performance and Distributions

As a result of the operations described above, business performance in the fiscal period under review generated operating revenues of 7,225 million yen, operating income of 3,835 million yen, ordinary income of 3,329 million yen and net income of 3,329 million yen.

Concerning distributions, NIPPON REIT is set to be eligible for application of the special provisions for taxation on investment corporations (Article 67-15 of the Special Taxation Measure Act of Japan), ensuring a scope that does not exceed unappropriated retained earnings, and also minimizing unitholders' burdens of income tax, etc.. For the fiscal period, NIPPON REIT decided to distribute 3,329,960,000 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 391,760 units. As such, cash distributions per unit were 8,500 yen.

## II. Outlook for the Next Fiscal Period

### Future Management Policy and Challenges to Address

#### A. Management Policy

With the corporate policy of "untiringly pursuing the best interest of NIPPON REIT's unitholders", NIPPON REIT plans to engage in the following measures to maximize unitholders' value through flexible and timely investment, also seek the best interest of unitholders by utilizing the features of a diversified REIT and focus on the growth of potential and stability of revenues.

#### B. External Growth Strategy

In order to diversify risk by combining assets with different revenue features while considering the future trends of the Japanese economy and real estate market as well as securing more appropriate investment opportunities, NIPPON REIT will invest to "three types of assets deeply rooted in the Japanese society (office, residence and retail)". Furthermore, NIPPON REIT will focus on middle-sized office properties located in Tokyo central area as its main target of investment in consideration of the balance of supply and demand, and construct a diversified portfolio by also investing in residential properties and retail properties.

With the Asset Management Company's own property acquisition network as the base and also utilizing the real estate investment networks of sponsors such as Sojitz Corporation, the main sponsor and sub-sponsor companies such as Cushman & Wakefield Asset Management K.K. (hereafter referred to as "Cushman") and Agility Asset Advisers Inc., NIPPON REIT will increase its asset size through property acquisitions centered on negotiation transactions with third parties and promote external growth.

Furthermore, regarding property acquisitions from third parties, NIPPON REIT will consider temporary ownership and recovery functions provided through the warehousing function of Sojitz Corporation, the main sponsor and temporary ownership functions provided by bridge funds in which sponsor companies are involved in the formations, to avoid the loss of opportunities for property acquisitions and aim to maximize growth opportunities.

#### C. Internal Growth Strategy

NIPPON REIT will manage assets to maintain and increase the competitiveness of the portfolio and of individual properties according to their features based on the unique networks and expertise that the officers and employees of the Asset Management Company have nurtured at sponsor companies. Moreover, by entrusting property management operations and building management operations mainly to Sojitz General Property Management Corporation, a subsidiary of the main sponsor Sojitz Corporation, we will promote the maintenance of the occupancy rate and increase in profitability through the utilization of Sojitz General Property Management Corporation's knowledge based on experience and cost reduction effects via economies of scale.

With appropriate processes as a given, Sojitz General Property Management Corporation will be used as the main consignee for renovations and planned repairs in addition to the daily management operations. Along with the company's consistent support ranging from building diagnostics to repair designs, selection of construction companies and construction management based on its knowledge nurtured through large-scale repair consulting

and such, NIPPON REIT will aim to maintain and increase the value of assets under management by receiving effective and deliberate repairs that consider the priority of construction work and optimization of costs, upon sufficient consideration of cost-effectiveness.

Furthermore, regarding leasing plans for offices, new asking rent and renewed rent for existing tenants will be set with reference to various data, etc. provided by Cushman, a sub-sponsor, and agile leasing activities will be implemented by stipulating the operational policy for new potential tenants.

#### D. Financial Strategy

NIPPON REIT's basic policy for its financial strategy is to conduct fund procurement in a diversified and well-balanced manner in order to establish a stable financial foundation over the medium to long term.

Regarding interest-bearing debt, the targeted ceiling of LTV is set at 60%. NIPPON REIT's LTV as of the end of the fiscal period under review was 46.0% and the current policy is to keep the LTV level between 45% and 55%.

With regard to lenders, NIPPON REIT will maintain a strong bank formation centering on the syndicate group as of the end of the fiscal period under review.

### III. Significant Subsequent Events

#### A. Issuance of New Investment Units

At meetings of the board of directors held on June 8, 2018, NIPPON REIT resolved on the issuance of new investment units as described below. Payment for the issuance of new investment units through public offering (including international offering, the same shall apply hereinafter) was completed on July 2, 2018. Also, payment for the issuance of new investment units through third-party allotment was completed on July 24, 2018.

##### (i) Issuance of new investment units through public offering (Primary offering)

Number of new investment units issued: 55,400units

(Domestic offering 23,407 units, International offering 31,993 units)

Paid amount (issue price): 296,206 yen per unit

Total paid amount (issue price) : 16,409,812,400 yen

Payment date: July 2, 2018

Use of proceeds: To use as a part of fund for acquisition of specific properties

(refer to "B Acquisition of Properties" below)

##### (ii) Issuance of new investment units through third-party allotment

Number of new investment units issued: 2,770 units

Paid amount (issue price): 296,206yen per unit

Total paid amount (issue price): 820,490,620 yen

Allottee (number of units allotted): Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (2,770 units)

Payment date: July 24, 2018

Use of proceeds: Fund of hands, deposit until use for acquisition or repayment of borrowings in the future

#### B. Acquisition of Properties

NIPPON REIT acquired real estate and trust beneficially interests in real estate (21 properties, total acquisition price 40,202 million yen) on July 3, 2018 as described below.

Property name	Type of asset	Location	acquisition price (million yen) (Note 1)	Seller
Towa Kandanishikicho Building	Trust beneficiary interests in real estate	Chiyoda ward, Tokyo	960	Godo Kaisha NRT Growth 13
Yusen Higashi-Nihombashi Ekimae Building	Trust beneficiary interests in real estate	Chuo ward, Tokyo	1,152	Godo Kaisha Nicolas Capital 11
Hiroo ON Building	Trust beneficiary interests in real estate	Shibuya ward, Tokyo	2,392	Godo Kaisha Nicolas Capital 11



TK Gotanda Building	Trust beneficiary interests in real estate	Shinagawa ward, Tokyo	4,130	Not disclosed (Note 2)
Gotanda Sakura Building	Real estate	Shinagawa ward, Tokyo	1,460	Not disclosed (Note 2)
Esprit Kameido	Trust beneficiary interests in real estate	Koto ward, Tokyo	1,265	Godo Kaisha NRT Growth 13
Alte Building Higobashi	Trust beneficiary interests in real estate	Osaka, Osaka	1,453	Godo Kaisha Nicolas Capital 11
DIA Building Meieki	Trust beneficiary interests in real estate	Nagoya, Aichi	1,167	Godo Kaisha Nicolas Capital 11
Residence Hiroo	Trust beneficiary interests in real estate	Minato ward, Tokyo	2,590	Godo Kaisha Nicolas Capital 10
Residence Nihombashi Hakozaiki	Trust beneficiary interests in real estate	Chuo ward, Tokyo	1,300	Not disclosed (Note 2)
Primegate Iidabashi (Note 3)	Trust beneficiary interests in real estate	Shinjuku ward, Tokyo	5,200	Godo Kaisha NRT Growth 12
Residence Edogawabashi	Trust beneficiary interests in real estate	Shinjuku ward, Tokyo	1,230	Godo Kaisha Nicolas Capital 11
Merveille Sensoku	Trust beneficiary interests in real estate	Ota ward, Tokyo	740	Godo Kaisha Nicolas Capital 10
Field Avenue (Note 4)	Trust beneficiary interests in real estate	Ota ward, Tokyo	3,110	Godo Kaisha NRT Growth 12
Domeal Kitaakabane	Trust beneficiary interests in real estate	Kita ward, Tokyo	785	Not disclosed (Note 2)
Dormy Kitaakabane	Trust beneficiary interests in real estate	Kita ward, Tokyo	986	Not disclosed (Note 2)
Splendid Shin-Osaka III	Trust beneficiary interests in real estate	Osaka, Osaka	2,428	Godo Kaisha Nicolas Capital 10
ZEPHYROS Minami-horie	Trust beneficiary interests in real estate	Osaka, Osaka	1,608	Godo Kaisha Nicolas Capital 11
Charmant Fuji Osakajominami	Trust beneficiary interests in real estate	Osaka, Osaka	905	Godo Kaisha Nicolas Capital 10
Piacere Fuminosato	Trust beneficiary interests in real estate	Osaka, Osaka	571	Godo Kaisha Nicolas Capital 10
BECOME SAKAE	Trust beneficiary interests in real estate	Nagoya, Aichi	4,770	Godo Kaisha NRT Growth 12
Total			40,202	—

(Note1) The acquisition prices represent amount of consideration stated in the purchase agreements of the trust beneficiary interests in real estate. The acquisition price does not include expenses related to the acquisition (includes the amount NIPPON REIT paid as consideration for the succession of the status of the buyer), consumption taxes and local tax. Furthermore, the acquisition price of less than one million yen is omitted.

(Note2) Not disclosed because consent has not been obtained from the seller.

(Note3) Part of the building (1F to 4F) is named "S&S Building" as an office/retail store. However, "Primegate Iidabashi" includes the office area thereof. The same applies hereinafter

(Note4) This property includes a separate building, which is structurally independent from the main building, and these two buildings are counted as one property. The same shall apply hereinafter.

### C. Borrowing of Funds

NIPPON REIT borrowed funds on July 3, 2018 for use as a part of funds for acquisition of the properties described in “B. Acquisition of Properties” above

Lender	Amount (Yen in millions)	Interest rate	Fix / Floating	Repayment due date	Repaym ent method
MUFG Bank, Ltd.	1,500	Interest rate of base rate plus 0.40% (Note 5)	Floating	August 20, 2019	Lump- sum payment at maturity (Note 11)
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 1)	7,000	Interest rate of base rate plus 0.29% (Note 5) (Note 6)		August 22, 2022	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 2)	6,000	Interest rate of base rate plus 0.33% (Note 5) (Note 7)		August 21, 2023	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 3)	2,000	Interest rate of base rate plus 0.36% (Note 5) (Note 8)		August 20, 2024	
Mizuho Bank, Ltd.	1,000	Interest rate of base rate plus 0.39% (Note 5) (Note 9)		January 20, 2025	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 4)	2,500	Interest rate of base rate plus 0.42% (Note 5) (Note 10)		August 20, 2025	
Total	20,000	—	—	—	—

(Note 1) The loan syndicate comprises MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, Mizuho Trust & Banking Corporation, Aozora Bank, Ltd. and The Nomura Trust and Banking Co., Ltd.

(Note 2) The loan syndicate comprises MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, and Mizuho Trust & Banking Corporation.

(Note 3) The loan syndicate comprises MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, and Mizuho Trust & Banking Corporation.

(Note 4) The loan syndicate comprises MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, and Development Bank of Japan Inc.

(Note 5) The first interest payment date shall be July 20, 2018, and the subsequent interest payment date shall be the 20th day of every month (if the date is not a business day, then it shall be the next business day.) and the principal repayment date. The base rate applicable to the interest payable on an interest payment date shall be JBA one-month Japanese Yen TIBOR two business days prior to the interest payment date immediately preceding the respective interest payment date. In the event that the interest calculation period is more than one month or less than one month, the base rate corresponding to the interest calculation period shall be calculated using the method stipulated in the loan agreement.

(Note 6) The interest rate payable for the Borrowing (No.041) is substantively fixed at 0.4118% by the Swap Agreement.

(Note 7) The interest rate payable for the Borrowing (No.042) is substantively fixed at 0.4770% by the Swap Agreement.

(Note 8) The interest rate payable for the Borrowing (No.043) is substantively fixed at 0.5384% by the Swap Agreement.

(Note 9) The interest rate payable for the Borrowing (No.044) is substantively fixed at 0.5806% by the Swap Agreement.

(Note10) The interest rate payable for the Borrowing (No.045) is substantively fixed at 0.6336% by the Swap Agreement.

(Note11) NIPPON REIT can make early repayment of the loan, in whole or in part, if it gives prior written notice and other certain terms and conditions are met by the repayment date.

#### IV. Forecast of Management Status

The forecast of management status for the fiscal period ending December 2018 (July 1, 2018 to December 31, 2018) and the fiscal period ending June 2019 (January 1, 2019 to June 30, 2019) are as follows. For details of the assumptions underlying forecast of management status, please refer to “Assumptions Underlying Forecast of Management Status for Fiscal Period Ending December 2018 (July 1, 2018 to December 31, 2018) and Fiscal Period Ending June 2019 (January 1, 2019 to June 30, 2019)” described later.

##### Fiscal period ending December 2018 (July 1, 2018 to December 31, 2018)

Operating revenues	8,418 million yen
Operating income	4,575 million yen
Ordinary income	3,767 million yen
Net income	3,767 million yen
Cash distributions per unit	8,373 yen
Cash distributions in excess of earnings per unit	0 yen

##### Fiscal period ending June 2019 (January 1, 2019 to June 30, 2019)

Operating revenues	8,434 million yen
Operating income	4,481 million yen
Ordinary income	3,850 million yen
Net income	3,850 million yen
Cash distributions per unit	8,556 yen
Cash distributions in excess of earnings per unit	0 yen

(Note) The above figures are calculated based on certain assumptions as of August 16, 2018. Actual net income, distributions, etc. may fluctuate due to changing circumstances. In addition, the figures do not guarantee the amount of distributions.

Assumptions Underlying Forecast of Management Status for Fiscal Period Ending December 2018 (July 1, 2018 to December 31, 2018) and Fiscal Period Ending June 2019 (January 1, 2019 to June 30, 2019)

Item	Assumption
Calculation period	<ul style="list-style-type: none"> <li>· Fiscal period ending December 2018 (13th fiscal period): (from July 1, 2018 to December 31, 2018)(184 days)</li> <li>· Fiscal period ending June 2019 (14th fiscal period): (from January 1, 2019 to June 30, 2019)(181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>· The assumption is that, in addition to the trust beneficiary interests in real estate and real estate held by NIPPON REIT as of today (total of 87 properties) (the “acquired assets”) there will be no change (no acquisition of new property, no disposition of portfolio property, etc.) through to the end of the fiscal period ending June 2019.</li> <li>· In actual practice, there may be any changes due to acquisition of new property, or disposition of portfolio property, etc.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>· Revenues from property leasing are estimated based on the historical data and respectively taking into account such factors as market trends and property competitiveness. The total amounts of revenues from property leasing are assumed 8,418 million yen in the fiscal period ending December 2018 and 8,434 million yen in the fiscal period ending June 2019 respectively.</li> <li>· Dividend income is assumed neither in the fiscal period ending December 2018 nor the fiscal period ending June 2019 respectively.</li> <li>· Operating revenues are based on the assumption that there will be no delinquent or unpaid rent by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>· Property-related expenses other than depreciation, which are calculated on the basis of historical data and data provided by ex-owner, and reflecting factors causing fluctuation in expenses, are assumed to be 2,138 million yen in the fiscal period ending December 2018 and 2,160 million yen in the fiscal period ending June 2019 respectively.</li> <li>· Depreciation, which is calculated using the straight-line method on the acquisition price including incidental expenses, is assumed 911 million yen in the fiscal period ending December 2018 and 960 million yen in the fiscal period ending June 2019</li> <li>· In general, property taxes and city planning taxes upon transactions of real estate, etc. are calculated on a pro rata basis and reimbursed at the time of acquisition with the seller, but the amount equivalent to the reimbursement is capitalised as acquisition cost rather than recognized as expenses. Accordingly, as to 21 properties acquired in July 2018, property taxes and city planning taxes are not recognized as expenses in the fiscal period ending December 2018. Furthermore, the total amounts of property taxes and city planning taxes capitalized as acquisition cost of abovementioned assets are assumed to be 75 million yen in the fiscal period ending December 2018.</li> <li>· Repair expenses are recognized in the amount assumed to be necessary based on the repair plan formulated by the Asset Management Company (Sojitz REIT Advisors K.K). However, as the repairs may be carried out from unforeseeable causes, the variation in the amount depending on the fiscal year is generally large and the repairs are not carried out periodically, repair expenses may materially differ from the forecast amount.</li> <li>· Asset management fees are assumed 561 million yen in the fiscal period ending December 2018 and 629 million yen in the fiscal period ending June 2019 respectively. Furthermore, among the asset management fees, acquisition fee is included in the acquisition cost and thus not recognized as expenses.</li> </ul>
Non-operating revenues	<ul style="list-style-type: none"> <li>· They are assumed neither in the fiscal period ending December 2018 nor the fiscal period ending June 2019.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>· The total amount of expenses related to the issuance of new investment units which was resolved at meetings of the board of directors held on June 8, 2018 is expected to be 115 million yen and be recognized as expenses in a lump sum in the fiscal period ending December 2018.</li> <li>· Interest expense and borrowing related expenses are assumed 691 million yen in the fiscal period ending December 2018 and 630 million yen in the fiscal period ending June 2019.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>· NIPPON REIT's outstanding balance of interest-bearing debt as of today is 106,170 million yen.</li> <li>· The assumption is that all loans which will come due before the end of the fiscal period ending June 2019 (24,370 million yen) will be refinanced, there will be no change in the outstanding balance of interest-bearing debt through to the end of the fiscal period ending June 2019.</li> <li>· LTV is expected to be approximately 46.7% as of December 31, 2018 and approximately 46.8% as of June 30, 2019 respectively.</li> <li>· The following formula is used in the calculation of LTV.  <math display="block">LTV = \text{Total interest-bearing debt} \div \text{Total assets} \times 100</math> </li> </ul>
Investment units	<ul style="list-style-type: none"> <li>· The assumption is that the number of investment units is 449,930 units which are issued and outstanding as of today, and there will be no change in the number of investment units due to issuance of new investment units, etc. through to the end of the fiscal period ending June 2019.</li> </ul>
Cash Distributions per unit	<ul style="list-style-type: none"> <li>· Cash distributions per unit is calculated based on the assumption that the entire amount of earnings will be distributed in accordance with the cash distribution policy set forth in NIPPON</li> </ul>

	<p>REIT's Articles of Incorporation.</p> <ul style="list-style-type: none"> <li>· Cash distributions per unit may vary materially due to various factors, including fluctuation in rent income accompanying future additional acquisition or disposition of real estate, etc., change in tenants and other events,</li> <li>· incurrence of unexpected repairs and other changes in the management environment, fluctuation in interest rates or future additional issuance of new investment units and other events.</li> </ul>
Cash Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>· There are no plans at this time to distribute cash in excess of earnings.</li> <li>· Furthermore, in case the differed gains or losses on hedges become negative, taking the effect of a deduction in net assets (as stipulated in Article 2, (2), (xxx), (b) of the Rules for the Calculation of the Investment Corporation) on distributions into consideration, NIPPON REIT may distribute the amount equivalent to the deduction in net assets determined by NIPPON REIT as the allowance for temporary difference.</li> </ul>
Others	<ul style="list-style-type: none"> <li>· The assumption is that there will be no revision of laws and regulations, tax systems, accounting standards, listing regulations of Tokyo Stock Exchange, Inc., rules of The Investment Trusts Association, Japan, etc. that will impact the forecast figures above.</li> <li>· The assumption is that there will be no unforeseen serious change in general economic trends and real estate market conditions, etc.</li> </ul>

(3) Investment Risks

As there have been no significant changes in the “Investment Risks” as described in the latest Securities Registration Statement (submitted on June 8, 2018), the disclosure is omitted.

### 3. Financial Statements

#### (1) Balance Sheets

(Yen in  
thousands)

	The 11th Fiscal Period (as of December 31, 2017)	The 12th Fiscal Period (as of June 30, 2018)
<b>Assets</b>		
Current Assets		
Cash and deposits	13,081,408	12,032,033
Cash and deposits in trust	4,976,650	6,105,500
Tenant receivables	87,232	87,585
Prepaid expenses	370,628	374,967
Income taxes refundable	7,553	9,865
Other current assets	70,500	14,661
Allowance for doubtful accounts	(0)	(0)
Total Current Assets	18,593,973	18,624,613
Non-Current Assets		
Property, plant and equipment		
Buildings in trust	※1 50,201,105	※1 50,843,163
Accumulated depreciation	(5,363,472)	(6,114,724)
Buildings in trust, net	44,837,632	44,728,438
Structures in trust	164,967	171,631
Accumulated depreciation	(34,263)	(37,690)
Structures in trust, net	130,704	133,941
Machinery and equipment in trust	219,713	345,584
Accumulated depreciation	(17,878)	(31,722)
Machinery and equipment in trust, net	201,835	313,861
Tools, furniture and fixtures in trust	72,890	92,852
Accumulated depreciation	(15,146)	(21,364)
Tools, furniture and fixtures in trust, net	57,743	71,487
Land in trust	※2 149,411,625	※2 149,411,625
Construction in progress in trust	8,417	72,898
Total property, plant and equipment	194,647,958	194,732,254
Intangible assets		
Leasehold rights in trust	15,806,402	15,806,402
Other	—	9,841
Total intangible assets	15,806,402	15,816,243
Investments and other assets		
Investment securities	561,951	667,069
Lease and guarantee deposits	10,110	10,110
Long-term prepaid expenses	760,904	781,528
Other	35,801	37,046
Total investments and other assets	1,368,767	1,495,754
Total Non-Current Assets	211,823,128	212,044,252
Deferred asset		
Investment corporation bond issuance costs	—	20,320
Total deferred asset	—	20,320
Total Assets	230,417,101	230,689,186

(Yen in thousands)

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



## (2) Statements of Income and Retained Earnings

(Yen in thousands)

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

## (3) Statement of Change in Net Assets

The 11th Fiscal Period (from July 1, 2017 to December 31, 2017)

(Yen in thousands)

	Unitholders' Equity				Valuation and Translation Adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	109,285,298	3,242,988	3,242,988	112,528,286	12,014	12,014	112,540,301
Changes of items during the period							
Distributions of surplus		(3,219,091)	(3,219,091)	(3,219,091)			(3,219,091)
Net income		3,607,863	3,607,863	3,607,863			3,607,863
Changes of items during the period other than unitholders' equity (net)					(4,759)	(4,759)	(4,759)
Total changes of items during the period	—	388,772	388,772	388,772	(4,759)	(4,759)	384,012
Balance at the end of current Period	※ 1 109,285,298	3,631,760	3,631,760	112,917,058	7,254	7,254	112,924,313

The 12th Fiscal Period (from January 1, 2018 to June 30, 2018)

(Yen in thousands)

	Unitholders' Equity				Valuation and Translation Adjustments		Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
		Unappropriated retained earnings (undisposed loss)	Total surplus				
Balance at the beginning of current period	109,285,298	3,631,760	3,631,760	112,917,058	7,254	7,254	112,924,313
Changes of items during the period							
Distributions of surplus		(3,608,501)	(3,608,501)	(3,608,501)			(3,608,501)
Net income		3,329,367	3,329,367	3,329,367			3,329,367
Changes of items during the period other than unitholders' equity (net)					(5,308)	(5,308)	(5,308)
Total changes of items during the period	—	(279,134)	(279,134)	(279,134)	(5,308)	(5,308)	(284,442)
Balance at the end of current Period	※ 1 109,285,298	3,352,625	3,352,625	112,637,924	1,946	1,946	112,639,871

(4) Statements of Cash Distribution

	The 11th Fiscal Period from July 1, 2017 to December 31, 2017	The 12th Fiscal Period from January 1, 2018 to June 30, 2018
	(Yen)	(Yen)
I Unappropriated retained earnings	3,631,760,058	3,352,625,792
II Cash distributions	3,608,501,360	3,329,960,000
(Cash distributions per unit)	(9,211)	(8,500)
III Retained earnings carried forward to the next period	23,258,698	22,665,792

Calculation method for cash distributions	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of NIPPON REIT, the amount of cash distributions shall be limited to the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, NIPPON REIT decided to distribute 3,608,501,360 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 391,760 units, within the limits that does not exceed the unappropriated retained earnings and shall minimize the unitholders' expense pertaining to income taxes. Furthermore, NIPPON REIT does not distribute cash distributions in excess of its earnings as stipulated in Articles 35, Paragraph 2 of its Articles of Incorporation.	Based on the distribution policy set forth in Article 35, Paragraph 1 of the Articles of Incorporation of NIPPON REIT, the amount of cash distributions shall be limited to the amount of profit in excess of an amount equivalent to 90% of distributable profits, as stipulated in Article 67-15 of the Act on Special Measures Concerning Taxation. In consideration of this policy, NIPPON REIT decided to distribute 3,329,960,000 yen, which is the amount equivalent to the maximum integral multiple of the total number of investment units issued and outstanding, 391,760 units, within the limits that does not exceed the unappropriated retained earnings and shall minimize the unitholders' expense pertaining to income taxes. Furthermore, NIPPON REIT does not distribute cash distributions in excess of its earnings as stipulated in Articles 35, Paragraph 2 of its Articles of Incorporation.
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## (5) Statements of Cash Flows

(Yen in thousands)

	The 11th Fiscal Period (from July 1, 2017 to December 31, 2017)	The 12th Fiscal Period (from January 1, 2018 to June 30, 2018)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	3,608,549	3,330,048
Depreciation and amortization	751,698	776,033
Investment corporation bonds issuance expense depreciation	-	614
Gain on exchange of real estate properties	(376,123)	-
Loss on retirement of non-current assets	1,134	3,277
Loss on reduction of non-current assets	-	103,833
Interest income	(80)	(84)
Interest expense	279,994	280,914
(Increase) Decrease in tenant receivables	25,125	(352)
(Increase) Decrease in prepaid expenses	(340)	(4,338)
(Increase) Decrease in long-term prepaid expenses	(61,270)	(20,624)
Increase (Decrease) in accrued consumption taxes	31,337	(97,692)
Increase (decrease) in accounts payable	109,602	(47,853)
Increase (decrease) in accrued expenses	(3,970)	7,634
Increase (decrease) in advances received	(26,236)	81,368
Others, net	14,494	739,859
Subtotal	4,353,916	5,152,638
Interest income received	80	84
Interest expense paid	(276,877)	(293,694)
Income taxes refunded (paid)	(234)	(2,993)
Net Cash Provided by (Used in) Operating Activities	4,076,885	4,856,035
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of investment properties in trust other than leasehold rights in trust	(2,640,773)	(1,038,302)
Payments for purchases of Intangible assets in trust	-	(9,954)
Proceeds from tenant security deposits in trust	783,213	339,923
Payments of tenant security deposits in trust	(538,141)	(348,187)
Proceeds from refunds of investment securities	768,367	95,477
Payments for purchases of investment securities	(505,202)	(194,091)
Other payments	(1,244)	(1,244)
Net Cash Provided by (Used in) Investing Activities	(2,133,780)	(1,156,379)
<b>Cash Flows from Financing Activities</b>		
Proceeds from short-term debt	2,600,000	-
Proceeds from long-term debt	10,200,000	7,500,000
Repayments of long-term debt	(10,200,000)	(9,500,000)
Proceeds from issuance of investment corporation bonds	-	1,979,064
Distributions paid	(3,226,036)	(3,599,245)
Net Cash Provided by (Used in) Financing Activities	(626,036)	(3,620,181)
Net Change in Cash and Cash Equivalents	1,317,068	79,475
Cash and Cash Equivalents at Beginning of Period	16,740,990	18,058,058
Cash and Cash Equivalents at End of Period	※ 1 18,058,058	※ 1 18,137,533

(6) Notes to the Going Concern Assumption

None

(7) Summary of Significant Accounting Policies

1. Basis and Method of Valuation of Assets	<p>Securities</p> <p>Other securities</p> <p>Non-marketable securities</p> <p>The moving average method is employed as the cost method.</p> <p>A method in which the equivalent amount of the silent partnership is incorporated with the net amount is employed for equity interests in silent partnership.</p>								
2. Method of Depreciation of Non-Current Assets	<p>(1) Investment Properties Including Trust Assets</p> <p>Investment properties are recorded at cost, which includes the allocated purchase price and, related costs and expenses for acquisition of the trust beneficiary interests in real estate. Investment property balances are depreciated using the straight-line method over the estimated useful lives as follows:</p> <table> <tr> <td>Buildings in trust</td><td>2-63 years</td></tr> <tr> <td>Structures in trust</td><td>2-45 years</td></tr> <tr> <td>Machinery and equipment in trust</td><td>10 years</td></tr> <tr> <td>Tools, furniture and fixtures in trust</td><td>2-15 years</td></tr> </table> <p>(2) Intangible assets</p> <p>Intangible assets are amortized using the straight-line method.</p> <p>(3) Long-Term Prepaid Expenses</p> <p>Long-term prepaid expenses are amortized using the straight-line method.</p>	Buildings in trust	2-63 years	Structures in trust	2-45 years	Machinery and equipment in trust	10 years	Tools, furniture and fixtures in trust	2-15 years
Buildings in trust	2-63 years								
Structures in trust	2-45 years								
Machinery and equipment in trust	10 years								
Tools, furniture and fixtures in trust	2-15 years								
3. Accounting Treatment for Deferred asset	<p>Investment corporation bond issuance costs</p> <p>Investment corporation bond issuance costs are amortized using the straight-line method through to the redemption date.</p>								
4. Allowance for Doubtful Accounts Recognition	<p>Allowance for Doubtful Accounts</p> <p>Allowance for doubtful accounts is provided at the amount considered sufficient to cover probable losses on collection. The amount is determined by estimating uncollectible amount based on the analysis of certain individual accounts that may not be uncollectable.</p>								
5. Revenue and Expense Recognition	<p>Real Estate Taxes</p> <p>Property-related taxes property taxes and city planning taxes, etc. are imposed on properties on a calendar year basis. These taxes are generally changed to rental business expenses for the period, for the portion of such taxes corresponding to said period.</p> <p>In connection with the acquisition of real estate including trust beneficiary interests in real estate during the fiscal period under review, NIPPON REIT included its pro rata property portion for the year in each property acquisition price and not as rental business expense.</p> <p>There was amount of property taxes included in acquisition costs for properties in the previous fiscal period. The amount of property taxes included in acquisition costs for properties acquired during the previous fiscal period was 18,199 thousand yen. No property taxes included in acquisition costs for properties acquired during the fiscal period under review.</p>								
5. Method of Hedge Accounting	<p>(1) Method of Hedge Accounting</p> <p>Method of deferred on hedges is applied. Furthermore, for interest rate swaps that satisfy the requirements for special treatment, special treatment is applied.</p> <p>(2) Hedging instruments and hedge items</p> <p>Hedging instruments: Interest rate swaps</p> <p>Hedged items: Interest on borrowings</p> <p>(3) Hedging policy</p> <p>NIPPON REIT conducts derivative transactions for hedging risks provided for in the</p>								

	<p>Articles of Incorporation of NIPPON REIT pursuant to the financing policy.</p> <p>(4) Method of assessing hedge effectiveness</p> <p>The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instrument and the change in aggregated amount of cash flow of the hedged item.</p> <p>Furthermore, the assessment of hedge effectiveness for interest rate swap transactions that satisfy the requirements for special treatment is omitted.</p>
6. Cash and Cash Equivalents as Stated in the Statements of Cash Flows	<p>Cash and cash equivalents consist of cash, demand deposits, and short-term investments that are liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of acquisition.</p>
7. Other Significant Matters Which Constitute the Basis for Preparation of Financial Statements	<p>(1) Accounting for Trust Beneficiary Interests in Real Estate</p> <p>For trust beneficial interests in real estate owned by NIPPON REIT, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenue generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheets and, statements of income and retained earnings.</p> <p>The following assets in trust are recognized and presented separately on the balance sheets.</p> <p>I. Cash and deposits in trust</p> <p>II. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, Construction in progress in trust and leasehold rights in trust</p> <p>III. Tenant security deposits in trust</p> <p>(2) Consumption Taxes</p> <p>Consumption taxes are excluded from transaction amounts. Generally, consumption taxes paid are offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld is included in the current assets while the excess of amounts withheld over payments is included in the current liabilities. Non-deductible consumption taxes related to the acquisition of properties are treated as the cost of the applicable properties.</p>

(8) Notes to Financial Statements  
(Notes to Balance Sheets)

*1	Reduction entry amount of tangible fixed assets received as governmental subsidy	(Yen in thousands)
	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
	Buildings in trust	97,370 201,203
*2	Reduction entry amount of tangible fixed assets acquired through exchanging	(Yen in thousands)
	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
	Lands in trust	416,596 416,596
*3.	Minimum net assets as required by Article 67, Paragraph 4 of the Investment Trust Act	(Yen in thousands)
	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
	50,000	50,000

## (Notes to Income Statements)

*1. Rental revenues and expenses	(Yen in thousands)			
	Prior Period from July 1, 2017 to December 31, 2017		Current Period from January 1, 2018 to June 30, 2018	

## A. Revenues from property leasing:

## Rental revenues

Base rents	5,239,434		5,340,869	
Common area charges	973,447		989,568	
Parking space rental revenues	224,760	6,437,641	221,305	6,551,743
Other revenues related to property leasing				
Utilities charge reimbursements	579,186		494,329	
Others	126,137	705,324	131,566	625,895

## Total revenues from property leasing

7,142,966 7,177,639

## B. Property-related expenses:

## Property-related expenses

Property management fees	511,052		499,049	
Utility expenses	512,400		446,685	
Insurance expenses	7,357		6,992	
Repair expenses	161,630		197,036	
Taxes and dues	482,351		515,873	
Depreciation	751,698		776,033	
Loss on retirement of non-current assets	1,134		3,277	
Trust fees	23,337		23,100	
Others	228,863		196,828	

## Total property-related expenses

2,679,827 2,664,876

## C. Income from property leasing(A-B)

4,463,138 4,512,762

## \*2 Breakdown of Gain on exchange of real estate properties

Prior Period (from July 1, 2017 to December 31, 2017)

(Yen in thousands)

## JS Progres Building

Revenue from transfer of real estate property	6,350,000	
Cost of real estate property transferred	5,398,830	
Other transfer expenses incurred	226,451	
Compressed amount of fixed assets	395,686	
Gain on exchange of real estate properties		329,031

## GreenOak Okachimachi

Revenue from transfer of real estate property	3,650,000	
Cost of real estate property transferred	3,451,294	
Other transfer expenses incurred	130,704	
Compressed amount of fixed assets	20,909	
Gain on exchange of real estate properties		47,091

Current Period (from January 1, 2018 to June 30, 2018)

None



\*3 Breakdown of Subsidy income

Prior Period (from July 1, 2017 to December 31, 2017)

None

Current Period (from January 1, 2018 to June 30, 2018)

Subsidy income is received from Subsidies for countermeasures to control carbon dioxide emissions project etc.in FY2017 and Subsidies to promote energy-saving investment in FY2017.

\*4. Loss on reduction of non-current assets is the value directly deducted from acquired value, due to the acceptance of subsidies. The breakdown is as follows. (Yen in thousands)

	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
Buildings in trust	—	103,833

(Notes to Statements of Change in Net Assets)

	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
*1. Total number of investment units authorized and number of investment units issued and outstanding		
Number of investment units authorized	4,000,000 units	4,000,000 units
Number of investment units issued and outstanding	391,760 units	391,760 units

(Notes to Statements of Cash Flows)

*1. Reconciliation between cash and deposits and cash and deposits in trust in the balance sheets and cash and cash equivalents in the statements of cash flows		(Yen in thousands)
	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
Cash and deposits	13,081,408	12,032,033
Cash and deposits in trust	4,976,650	6,105,500
Cash and cash equivalents	18,058,058	18,137,533

(Notes to Lease Transactions)

Existing non-cancelable operating leases (As lessor)

Future minimum rental revenues

	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
Due within one year	324,079	340,798
Due after one year	668,985	537,595
Total	993,064	878,394

(Notes to Financial Instruments)

1. Quantitative Information for Financial Instruments

(1) Policy for Financial Instruments Transactions

NIPPON REIT raises funds mainly through borrowings, issuance of investment corporation bonds and investment units for acquisition of investment properties, capital expenditures, renovations or repayment of bank borrowings. In financing through interest-bearing debt, NIPPON REIT raises funds with longer term, fixed-rate and well-diversified maturities to secure stable and liquid financing capacity.

NIPPON REIT enters into derivative transactions solely for the purpose of hedging interest rate fluctuation risks arising from borrowings and does not use derivative transactions for speculative purposes.

(2) Nature and Extent of Risks arising from Financial Instruments

Proceeds from borrowings and investment corporation bonds are used mainly for acquisition of investment properties, capital expenditures, renovations, operations or repayment of outstanding borrowings. These borrowings are exposed to liquidity risks upon refinance. The floating-rate borrowings are exposed to potential risks of rising interest rates.

Bank deposits are used for investing NIPPON REIT's surplus funds. These bank deposits are exposed to credit risks such as bankruptcy of the depository financial institutions.

(3) Risk Management of Financial Instruments

Liquidity risk is managed by diversifying lending financial institutions, and planning and executing diversified financing methods including financing through capital markets, such as issuance of investment corporation bonds and issuance of investment units.

Interest rate volatility risk is managed primarily by increasing the proportion of borrowings under long-term fixed rates.

Derivative transactions may be entered into in order to hedge interest rate fluctuation risk. As of the end of current fiscal period, NIPPON REIT had a derivatives (interest rate swap) as hedging instrument for the purpose of fixing the interest rate of floating-rate loans to avoid the interest volatility risk. The effectiveness of hedging is assessed by the correlation between the change in aggregated amount of cash flow of the hedging instrument and the change in aggregated amount of cash flow of the hedged item. Furthermore, the assessment of hedge effectiveness for interest rate swap transactions that satisfy the requirements for special treatment is omitted.

Credit risk concerning bank deposits is managed by diversifying the depositing financial institutions.

(4) Supplemental Explanation regarding Fair Value of Financial Instruments

The fair value of financial instruments is based on their quoted market price. When there is no observable market price available, fair value is based on a price that may be reasonably estimated. Since certain assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different value.

## 2. Fair Value of Financial Instruments

Book value, fair value and difference between the two as of December 31, 2017 were as follows. The financial instruments whose fair values are deemed extremely difficult to determine (Note 2) are excluded from the table below.

(Yen in thousands)

	Book value	Fair value	Difference
(1)Cash and deposits	13,081,408	13,081,408	—
(2)Cash and deposits in trust	4,976,650	4,976,650	—
Total assets	18,058,058	18,058,058	—
(3)Short-term debt	2,600,000	2,600,000	—
(4)Long-term debt due within one year	20,300,000	20,310,290	10,290
(5)Investment corporation bonds	—	—	—
(6)Long-term debt	83,270,000	83,096,330	(173,669)
Total liabilities	106,170,000	106,006,620	(163,379)
(7)Derivative transactions	10,592	10,592	—

Book value, fair value and difference between the two as of June 30, 2018 were as follows. The financial instruments whose fair values are deemed extremely difficult to determine (Note 2) are excluded from the table below.

(Yen in thousands)

	Book value	Fair value	Difference
(1)Cash and deposits	12,032,033	12,032,033	—
(2)Cash and deposits in trust	6,105,500	6,105,500	—
Total assets	18,137,533	18,137,533	—
(3)Short-term debt	2,600,000	2,600,000	—
(4)Long-term debt due within one year	21,770,000	21,770,003	3
(5)Investment corporation bonds	2,000,000	1,997,000	(3,000)
(6)Long-term debt	79,800,000	79,566,838	(233,161)
Total liabilities	106,170,000	105,933,842	(236,157)
(7)Derivative transactions	2,842	(9,366)	(12,208)

(Note 1) Methods used to estimate the fair value of financial instruments and derivative transactions

(1) Cash and deposits, (2) Cash and deposits in trust and (3)Short-term debt

Due to the short maturities, the book value of these assets or liabilities is deemed a reasonable approximation of the fair value; therefore, the book value is used as the fair value equivalent.

(4) Long-term debt due within one year and (6) Long-term debt

For long-term debt with floating interest rates that reflects market interest rates within a short period of time, the book value is deemed a reasonable approximation of the fair value and there are no significant changes in NIPPON REIT's credit standing after borrowing; therefore, the book value is used as the fair value equivalent. For long-term debt with floating interest rate to which special treatment for interest rate swaps is applied, the fair value is the value calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar loan that is made corresponding to the remaining period.

(5) Investment corporation bonds

Calculated based on Reference Statistical Prices for OTC Bond Transactions provided by Japan Securities Dealers Association.

(7) Derivative transactions

Please refer to "(Derivative Transactions)" below.

(Note 2) Financial instruments whose fair values are deemed extremely difficult to determine are as follows:

The fair value of tenant security deposits in trust (Book value: 7,811,739 thousand yen in previous period and 7,894,084 thousand yen in current period) is not disclosed because these deposits do not have a readily available market price, and it is difficult to estimate a period as to when these deposits will be returned. Although the tenant agreements stipulate a tenancy period, the historical analysis of actual tenancy periods do not indicate any pattern of tenancy period due to their unique nature as early termination or renewal/re-contract of tenancy agreements is possible, which makes it impracticable to reasonably estimate the future cash flows.

The fair value of investment securities (Book value: 561,851 thousand yen in previous period and 667,069 thousand yen in current period) is not disclosed because these securities do not have available market price, and it is difficult to estimate fair values.

(Note 3) Redemption schedule for monetary claims

Prior Period (December 31, 2017)

(Yen in thousands)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	13,081,408	-	-	-	-	-
Cash and deposits in trust	4,976,650	-	-	-	-	-
Total	18,058,058	-	-	-	-	-

Current Period (June 30, 2018)

(Yen in thousands)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and deposits	12,032,033	-	-	-	-	-
Cash and deposits in trust	6,105,500	-	-	-	-	-
Total	18,137,533	-	-	-	-	-

(Note4) Redemption schedule for short-term debt and long-term debt

Prior Period (December 31, 2017)

(Yen in thousands)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term debt	2,600,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	—
Long-term debt	20,300,000	21,970,000	20,500,000	18,500,000	—	22,300,000
Total	22,900,000	21,970,000	20,500,000	18,500,000	—	22,300,000

Current Period (June 30, 2018)

(Yen in thousands)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term debt	2,600,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	2,000,000
Long-term debt	21,770,000	20,500,000	19,500,000	10,000,000	6,100,000	23,700,000
Total	24,370,000	20,500,000	19,500,000	10,000,000	6,100,000	25,700,000

(Notes to Investment Securities)

Prior Period (As of December 31, 2017)

The fair value of Equity interests in silent partnerships (Book value: 561,951 thousand yen) is not disclosed because these securities do not have available market price, and it is difficult to estimate fair values.

Current Period (As of June 30, 2018)

The fair value of Equity interests in silent partnerships (Book value: 667,069 thousand yen) is not disclosed because these securities do not have available market price, and it is difficult to estimate fair values.

(Notes to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied:

Prior Period (December 31, 2017)

None

Current Period (June 30, 2018)

None

2. Derivative transactions to which hedge accounting is applied:

Prior Period (December 31, 2017)

(Yen in thousands)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Principle method	Interest rate swaps Receive floating / Pay fix	Long-term debt	10,800,000	—	10,592	According to the price that the counterparty applied
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term debt	74,700,000	72,200,000	(Note)	-
	Total		85,500,000	72,200,000	10,592	

(Note) Since those with special treatment of interest rate swaps are treated integrally with hedged long-term debt, the market values of such are shown as included in the market value in "(4) Long-term debt due within one year and (6) Long-term debt, Financial Instruments, 2. Fair Value of Financial Instruments" above.

Current Period (June 30, 2018)

(Yen in thousands)

Hedge accounting method	Type of derivative transaction	Primary hedged item	Contract amount and other		Fair value	Fair value measurement
				Due after one year		
Principle method	Interest rate swaps Receive floating / Pay fix	Long-term debt	10,800,000	—	2,842	According to the price that the counterparty applied
Special treatment for interest rate swaps	Interest rate swaps Receive floating / Pay fix	Long-term debt	97,700,000 (Note1)	87,800,000 (Note1)	(12,208) (Note2)	
	Total		108,500,000	87,800,000	(9,366)	

(Note 1) The amount includes the contract amount of the interest rate swap agreement concluded as of June 29, 2018 (18,500,000 thousand yen). The execution date for the borrowing hedged by the interest rate swap is July 3, 2018.

(Note 2) Regarding the interest rate swap concluded as of June 29, 2018, since the occurrence of a long-term debt treated integrally is not recognized due to the special treatment of interest rate swaps as of June 30, 2018, the market value as of June 30, 2018 is indicated. Since those with special treatment of interest rate swaps are treated integrally with hedged long-term debt, the market values of such are shown as included in the market value in "(4) Long-term debt due within one year and (6) Long-term debt, Financial Instruments, 2. Fair Value of Financial Instruments" above.

(Note on Employee Retirement Benefits)

Prior period (December 31, 2017)

Not applicable as NIPPON REIT does not have an employee retirement benefits scheme.

Current period (June 30, 2018)

Not applicable as NIPPON REIT does not have an employee retirement benefits scheme.

(Notes to Deferred Tax Accounting)

1. The significant components of deferred tax assets and liabilities:

	(Yen in thousands)	
	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
Deferred tax assets:		
Accrued enterprise tax	3	3
Allowance for doubtful accounts	0	0
Total deferred tax assets	4	3
Deferred tax liabilities:		
Deferred gains or losses on hedges	3,337	895
Total deferred tax liabilities	3,337	895
Net deferred tax assets (liabilities)	(3,333)	(891)

2. Breakdown of main items causing significant difference between statutory income tax rate and NIPPON REIT's effective tax rate

	Prior Period (As of December 31, 2017)	Current Period (As of June 30, 2018)
Statutory tax rate	31.74%	31.74%
(Adjustments)		
Deductible cash distributions	(31.74%)	(31.74%)
Per capita inhabitant taxes	0.02%	0.02%
Others	0.00%	0.00%
Effective tax rate	0.02%	0.02%

(Notes to Equity in Income)

Prior Period (from July 1, 2017 to December 31, 2017)

Not applicable as there are no affiliated companies of NIPPON REIT.

Current Period (from January 1, 2018 to June 30, 2018)

Not applicable as there are no affiliated companies of NIPPON REIT.

(Notes to Related Party Transactions)

1. Related party transactions

(1) Parent company and major corporate unitholders

Prior Period (from July 1, 2017 to December 31, 2017)

None

Current Period (from January 1, 2018 to June 30, 2018)

None

(2) Affiliates

Prior Period (from July 1, 2017 to December 31, 2017)

None

Current Period (from January 1, 2018 to June 30, 2018)

None

(3) Companies under common control

Prior Period (from July 1, 2017 to December 31, 2017)

None

Current Period (from January 1, 2018 to June 30, 2018)

None

(4) Board of Officers and major individual unitholders

Prior Period (from July 1, 2017 to December 31, 2017)

Attribute	Name	Address	Capital or investment amount (¥mn)	Line of business	Right to vote holding (owned) rates	Content of transaction	Transaction price (¥thousand)	subjects	Balance at the end of the period (¥thousand)
Executive and its relatives	Toshio Sugita	—	—	Executive Officer, NIPPON REIT Investment Corporation and President & CEO, Sojitz REIT Advisors K.K.	—	Payment of Asset management fee to Sojitz REIT Advisors K.K.(Note1)	701,411	Accrued expenses	141,390

(Note 1) Toshio Sugita implemented the transaction as President & CEO of third party (Sojitz REIT Advisors K.K.), and Asset management fee is following conditions stipulated in articles of incorporation. Furthermore total amount of the price paid during the period under review is stated even though Toshio Sugita was appointed to the same position on October 1, 2017.

(Note 2) Transaction price excludes consumption tax, but Balance at the end of the period includes.

Current Period (from January 1, 2018 to June 30, 2018)

Attribute	Name	Address	Capital or investment amount (¥mn)	Line of business	Right to vote holding (owned) rates	Content of transaction	Transaction price (¥thousand)	subjects	Balance at the end of the period (¥thousand)
Executive and its relatives	Toshio Sugita	—	—	Executive Officer, NIPPON REIT Investment Corporation and President & CEO, Sojitz REIT Advisors K.K.	—	Payment of Asset management fee to Sojitz REIT Advisors K.K.(Note1)	537,761	Accrued expenses	147,090

(Note 1) Toshio Sugita implemented the transaction as President & CEO of third party (Sojitz REIT Advisors K.K.), and Asset management fee is following conditions stipulated in articles of incorporation.

(Note 2) Transaction price excludes consumption tax, but Balance at the end of the period includes.



(Notes to Asset Retirement Obligation)

Prior Period (from July 1, 2017 to December 31, 2017)

None

Current Period (from January 1, 2018 to June 30, 2018)

None

(Notes to Investment Properties)

The book value, net changes in the book value and the fair value of the investment properties such as office, residential and retail properties (including the land, etc.) owned by NIPPON REIT were as follows:

(Yen in thousands)

	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
Book value		
Balance at beginning of period	207,540,698	210,445,943
Change during period	2,905,245	29,655
Balance at end of period	210,445,943	210,475,599
Fair value	228,382,000	232,226,000

(Note 1) Amounts recorded in the balance sheet are figures in which accumulated depreciation is deducted from the acquisition costs.

(Note 2) Amounts recorded in the balance sheet include the amount of leasehold right in trust, and exclude construction in progress in trust.

(Note 3) Among changes in the amount of real estate for rental purposes that occurred during the previous fiscal period under review, the main increase was due to acquisition of 3 properties such as Homat Horizon Building etc. (total 11,327,967 thousand yen), and the main decrease was due to transfer of 2 properties such as GreenOak Okachimachi etc. (total 8,850,124 thousand yen).

(Note 4) Among changes in the amount of real estate for rental purposes that occurred during the fiscal period, the main increase was due to capital expenditures and the main decrease was due to the recording of depreciation.

(Note 5) The fair value is determined based on appraisal values provided by external real estate appraisers.

Profit and loss associated with real estate for rental purposes is as stated in "Notes to Income Statements."

(Segment and Related Information)

(Segment Information)

Segment information is omitted as NIPPON REIT has one segment, which is property-leasing business.

(Related Information)

Prior Period (from July 1, 2017 to December 31, 2017)

1. Information about Products and Services

Disclosure of this information is omitted as operating revenues to external customers for a single product/service category accounts for more than 90% of the operating revenues on the statements of income and retained earnings.

2. Information by Geographic Areas

(1) Operating revenues

Disclosure of this information is omitted as domestic operating revenues accounts for more than 90% of total operating revenues.

(2) Investment properties

Disclosure of this information is omitted as domestic investment properties accounts for more than 90% of the book value of the total investment properties.

3. Information on Major Customers

Disclosure of this information is omitted as there is no customer that accounts for 10% or more of the operating revenues recorded in the statements of income and retained earnings.

Current Period (from January 1, 2018 to June 30, 2018)

1. Information about Products and Services

Disclosure of this information is omitted as operating revenues to external customers for a single product/service category accounts for more than 90% of the operating revenues on the statements of income and retained earnings.

## 2. Information by Geographic Areas

### (1) Operating revenues

Disclosure of this information is omitted as domestic operating revenues accounts for more than 90% of total operating revenues.

### (2) Investment properties

Disclosure of this information is omitted as domestic investment properties accounts for more than 90% of the book value of the total investment properties.

## 3. Information on Major Customers

Disclosure of this information is omitted as there is no customer that accounts for 10% or more of the operating revenues recorded in the statements of income and retained earnings.

### (Notes to Per Unit Information)

	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
Net assets per unit	288,248yen	287,522yen
Net income per unit	9,209yen	8,498yen

(Note 1) Net income per unit is calculated by dividing net income by the weighted average (based on number of days) number of units. Net income per unit after adjustment for residual units is not indicated because there were no residual investment units.

(Note 2) The base for the calculation of net income per unit is as follows.

	Prior Period from July 1, 2017 to December 31, 2017	Current Period from January 1, 2018 to June 30, 2018
Net income (Yen in thousands)	3,607,863	3,329,367
Amount not attributable to ordinary unitholders (Yen in thousands)	—	—
Net income attributable to ordinary unitholders (Yen in thousands)	3,607,863	3,329,367
Weighted average number of units outstanding (units)	391,760	391,760

### (Notes to Significant Subsequent Events)

#### A. Issuance of New Investment Units

At meetings of the board of directors held on June 8, 2018, NIPPON REIT resolved on the issuance of new investment units as described below. Payment for the issuance of new investment units through public offering (including international offering, the same shall apply hereinafter) was completed on July 2, 2018. Also, payment for the issuance of new investment units through third-party allotment was completed on July 24, 2018.

##### (i) Issuance of new investment units through public offering (Primary offering)

Number of new investment units issued: 55,400units

(Domestic offering 23,407 units, International offering 31,993 units)

Paid amount (issue price): 296,206 yen per unit

Total paid amount (issue price) : 16,409,812,400 yen

Payment date: July 2, 2018

Use of proceeds: To use as a part of fund for acquisition of specific properties

(refer to "B Acquisition of Properties" below)

##### (ii) Issuance of new investment units through third-party allotment

Number of new investment units issued: 2,770 units

Paid amount (issue price): 296,206yen per unit

Total paid amount (issue price): 820,490,620 yen

Allottee (number of units allotted): Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (2,770 units)

Payment date: July 24, 2018

Use of proceeds: Fund of hands, deposit until use for acquisition or repayment of borrowings in the future

#### B. Acquisition of Properties

NIPPON REIT acquired real estate and trust beneficially interests in real estate (21 properties, total acquisition price 40,202 million yen) on July 3, 2018 as described below.

Property name	Type of asset	Location	acquisition price (million yen) (Note 1)	Seller
Towa Kandanishikicho Building	Trust beneficiary interests in real estate	Chiyoda ward, Tokyo	960	Godo Kaisha NRT Growth 13
Yusen Higashi-Nihombashi Ekimae Building	Trust beneficiary interests in real estate	Chuo ward, Tokyo	1,152	Godo Kaisha Nicolas Capital 11
Hiroo ON Building	Trust beneficiary interests in real estate	Shibuya ward, Tokyo	2,392	Godo Kaisha Nicolas Capital 11
TK Gotanda Building	Trust beneficiary interests in real estate	Shinagawa ward, Tokyo	4,130	Not disclosed (Note 2)
Gotanda Sakura Building	Real estate	Shinagawa ward, Tokyo	1,460	Not disclosed (Note 2)
Esprit Kameido	Trust beneficiary interests in real estate	Koto ward, Tokyo	1,265	Godo Kaisha NRT Growth 13
Alte Building Higobashi	Trust beneficiary interests in real estate	Osaka, Osaka	1,453	Godo Kaisha Nicolas Capital 11
DIA Building Meieki	Trust beneficiary interests in real estate	Nagoya, Aichi	1,167	Godo Kaisha Nicolas Capital 11
Residence Hiroo	Trust beneficiary interests in real estate	Minato ward, Tokyo	2,590	Godo Kaisha Nicolas Capital 10
Residence Nihombashi Hakozaiki	Trust beneficiary interests in real estate	Chuo ward, Tokyo	1,300	Not disclosed (Note 2)
Primegate Iidabashi (Note 3)	Trust beneficiary interests in real estate	Shinjuku ward, Tokyo	5,200	Godo Kaisha NRT Growth 12
Residence Edogawabashi	Trust beneficiary interests in real estate	Shinjuku ward, Tokyo	1,230	Godo Kaisha Nicolas Capital 11
Merveille Senzoku	Trust beneficiary interests in real estate	Ota ward, Tokyo	740	Godo Kaisha Nicolas Capital 10
Field Avenue (Note 4)	Trust beneficiary interests in real estate	Ota ward, Tokyo	3,110	Godo Kaisha NRT Growth 12
Domeal Kitaakabane	Trust beneficiary interests in real estate	Kita ward, Tokyo	785	Not disclosed (Note 2)
Dormy Kitaakabane	Trust beneficiary interests in real estate	Kita ward, Tokyo	986	Not disclosed (Note 2)
Splendid Shin-Osaka III	Trust beneficiary interests in real estate	Osaka, Osaka	2,428	Godo Kaisha Nicolas Capital 10
ZEPHYROS Minami-horie	Trust beneficiary interests in real estate	Osaka, Osaka	1,608	Godo Kaisha Nicolas Capital 11
Charmant Fuji Osakajominami	Trust beneficiary interests in real estate	Osaka, Osaka	905	Godo Kaisha Nicolas Capital 10
Piacere Fuminosato	Trust beneficiary interests in real estate	Osaka, Osaka	571	Godo Kaisha Nicolas Capital 10
BECOME SAKAE	Trust beneficiary interests in real estate	Nagoya, Aichi	4,770	Godo Kaisha NRT Growth 12
Total			40,202	—

(Note1) The acquisition prices represent amount of consideration stated in the purchase agreements of the trust beneficiary interests in real estate. The acquisition price does not include expenses related to the acquisition and consumption

taxes. Furthermore, the acquisition price of less than one million yen is omitted.

(Note2) Not disclosed because consent has not been obtained from the seller.

(Note3) Part of the building (1F to 4F) is named "S&S Building" as an office/retail store. However, "Primegate Iidabashi" includes the office area thereof. The same applies hereinafter

(Note4) This property includes a separate building, which is structurally independent from the main building, and these two buildings are counted as one property. The same shall apply hereinafter.

### C. Borrowing of Funds

NIPPON REIT borrowed funds on July 3, 2018 for use as a part of funds for acquisition of the properties described in "B. Acquisition of Properties" above

Lender	Amount (Yen in millions)	Interest rate	Fix / Floating	Repayment due date	Repay- ment method
MUFG Bank, Ltd.	1,500	Interest rate of base rate plus 0.40% (Note 5)	Floating	August 20, 2019	Lump- sum payment at maturity (Note 11)
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 1)	7,000	Interest rate of base rate plus 0.29% (Note 5) (Note 6)		August 22, 2022	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 2)	6,000	Interest rate of base rate plus 0.33% (Note 5) (Note 7)		August 21, 2023	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 3)	2,000	Interest rate of base rate plus 0.36% (Note 5) (Note 8)		August 20, 2024	
Mizuho Bank, Ltd.	1,000	Interest rate of base rate plus 0.39% (Note 5) (Note 9)		January 20, 2025	
Loan syndicate with MUFG Bank, Ltd. as arranger (Note 4)	2,500	Interest rate of base rate plus 0.42% (Note 5) (Note 10)		August 20, 2025	
Total	20,000	—	—	—	—

(Note 1) The loan syndicate comprises MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, Mizuho Trust & Banking Corporation, Aozora Bank, Ltd. and The Nomura Trust and Banking Co., Ltd.

(Note 2) The loan syndicate comprises MUFG Bank, Ltd., Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, and Mizuho Trust & Banking Corporation.

(Note 3) The loan syndicate comprises MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, Shinsei Bank, Limited, and Mizuho Trust & Banking Corporation.

(Note 4) The loan syndicate comprises MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Sumitomo Mitsui Trust Bank, Limited, and Development Bank of Japan Inc.

(Note 5) The first interest payment date shall be July 20, 2018, and the subsequent interest payment date shall be the 20th day of every month (if the date is not a business day, then it shall be the next business day.) and the principal repayment date. The base rate applicable to the interest payable on an interest payment date shall be JBA one-month Japanese Yen TIBOR two business days prior to the interest payment date immediately preceding the respective interest payment date. In the event that the interest calculation period is more than one month or less than one month, the base rate corresponding to the interest calculation period shall be calculated using the method stipulated in the loan agreement.

(Note 6) The interest rate payable for the Borrowing (No.041) is substantively fixed at 0.4118% by the Swap Agreement.

(Note 7) The interest rate payable for the Borrowing (No.042) is substantively fixed at 0.4770% by the Swap Agreement.

(Note 8) The interest rate payable for the Borrowing (No.043) is substantively fixed at 0.5384% by the Swap Agreement.

(Note 9) The interest rate payable for the Borrowing (No.044) is substantively fixed at 0.5806% by the Swap Agreement.

(Note10) The interest rate payable for the Borrowing (No.045) is substantively fixed at 0.6336% by the Swap Agreement.

(Note11) NIPPON REIT can make early repayment of the loan, in whole or in part, if it gives prior written notice and other certain terms and conditions are met by the repayment date.

(9) Changes in Number of total of Investment Units Issued and Outstanding

Changes in number of investment units issued and outstanding and total unitholders' equity for recent 5 years to the end of current period are as follows:

Date	Type of issue	Number of investment units issued and outstanding (Unit)		Total unitholders' equity (Yen in millions) (Note 1)		Note
		Increase (decrease)	Total	Increase (decrease)	Total	
January 17, 2014	Unit split	200	400	-	100	(Note 2)
April 23, 2014	Public offering	144,200	144,600	35,066	35,166	(Note 3)
May 23, 2014	Issuance of new investment units through third-party allotment	7,210	151,810	1,753	36,919	(Note 4)
February 10, 2015	Public offering	145,000	296,810	46,137	83,057	(Note 5)
March 10, 2015	Issuance of new investment units through third-party allotment	7,250	304,060	2,306	85,364	(Note 6)
July 1, 2015	Public offering	84,000	388,060	22,911	108,276	(Note 7)
July 28, 2015	Issuance of new investment units through third-party allotment	3,700	391,760	1,009	109,285	(Note 8)

(Note 1) Total unitholders' equity is truncated to the nearest million yen.

(Note 2) NIPPON REIT implemented a two-for-one split of investment units with an effective date of January 17, 2014.

(Note 3) In order to obtain funds to acquire new properties, NIPPON REIT issued new investment units through a public offering at the offer price of 252,000 yen (issue price of 243,180 yen) per unit.

(Note 4) In connection with the public offering, NIPPON REIT issued new investment units through a third-party allotment at the issue price of 243,180 yen per unit.

(Note 5) In order to obtain funds to acquire new properties, NIPPON REIT issued new investment units through a public offering at the offer price of 330,037 yen (issue price of 318,189 yen) per unit.

(Note 6) In connection with the public offering, NIPPON REIT issued new investment units through a third-party allotment at the issue price of 318,189 yen per unit.

(Note 7) In order to obtain funds to acquire new properties, NIPPON REIT issued new investment units through a public offering at the offer price of 282,918 yen (issue price of 272,761 yen) per unit.

(Note 8) In connection with the public offering, NIPPON REIT issued new investment units through a third-party allotment at the issue price of 272,761 yen per unit.

#### 4. Changes in Officers and Directors

##### (1) Changes in Officers of NIPPON REIT

There has been no change in Officers of NIPPON REIT during the fiscal period under review. Regarding Officers as of the date of this summary, please refer to the latest Securities Report (Submitted on March 28, 2018).

##### (2) Changes in Directors of the Asset Management Company

Regarding Officers as of the date of this summary, please refer to the latest Securities Report (Submitted on March 28, 2018).

Furthermore, during the period under review Yoshio Mogi resigned Director (part time) on March 31, 2018 and Shigeru Nishihara was appointed the position on April 1, 2018. Moreover, Yukihiro Hayashi was appointed Executive Vice President on April 1, 2018, he continues to hold the position of Senior Manager of Finance & Planning Division after the appointment.

## 5. Reference Information

### (1) Status of Investment

Type of assets	Property type	Area	Prior period (December 31, 2017)		Current period (June 30, 2018)	
			Total amount held (Yen in millions) (Note 1)	Percentage to total assets (%) (Note 2)	Total amount held (Yen in millions) (Note 1)	Percentage to total assets (%) (Note 2)
Real estate in trust (Note 3)	Office properties	Six central wards of Tokyo (Note 4)	129,121	56.0	129,287	56.0
		Three major metropolitan areas (Note 5) (excluding Six central wards of Tokyo)	53,528	23.2	53,580	23.2
		Subtotal	182,649	79.3	182,868	79.3
	Residential properties	Three major metropolitan areas (Note 5) (including Six central wards of Tokyo)	20,057	8.7	19,909	8.6
		Certain ordinance-designated and other cities (Note 6)	2,192	1.0	2,173	0.9
		Subtotal	22,249	9.7	22,082	9.6
	Retail Properties	—	5,546	2.4	5,524	2.4
	Total		210,445	91.3	210,475	91.2
Investment securities (Note 7)		561	0.2	667	0.3	
Deposits and other assets		19,409	8.4	19,546	8.5	
Total assets		230,417	100.0	230,689	100.0	

(Note 1) Total amount held represents the amount recorded on the balance sheets as of the end of the respective period (for real estate in trust, book value less depreciation) and truncated to the nearest million yen.

(Note 2) Percentage to total assets represents the percentage of the amount of respective asset recorded on the balance sheet to total assets.  
Figures are rounded to the first decimal place and may not add up to subtotals or total.

(Note 3) Real estate in trust excludes construction in progress in trust.

(Note 4) The “Six central wards of Tokyo” refers to Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards.

(Note 5) The “Three major metropolitan areas” refers to the Tokyo economic area, the Osaka economic area and the Nagoya economic area. The “Tokyo economic area” refers to the Tokyo metropolitan area, Kanagawa prefecture, Chiba prefecture and Saitama prefecture. The “Osaka economic area” refers to Osaka prefecture, Kyoto prefecture and Hyogo prefecture. The Nagoya economic area refers to Aichi prefecture, Gifu prefecture and Mie prefecture.

(Note 6) “Certain ordinance-designated and other cities” refers to Japanese cities that have been designated as ordinance-designated cities by an order of the cabinet under the Local Autonomy Law of Japan and that are located outside of the Three major metropolitan areas (i.e. Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and to prefectural capitals that are located outside of the three major metropolitan areas.

(Note 7) Investment securities represents the equity interest in silent partnerships of Godo Kaisha Nicolas Capital 10 and Godo Kaisha Nicolas Capital 11 as operators respectively for previous period, and the equity interest in silent partnerships of Godo Kaisha Nicolas Capital 10, Godo Kaisha Nicolas Capital 11, Godo Kaisha NRT Growth 12 and Godo Kaisha NRT Growth 13 for the fiscal period under review as operators respectively.

## (2) Investment Assets

### I. Major investment securities

(as of June 30, 2018)

Type	Name	Quantity (Unit)	Book value (Yen in millions) (Note 1)	Fair value (Yen in millions) (Note 1) (Note 2)	Percentage to total asset (%) (Note 3)	Note
Equity interest in a silent partnership	Godo Kaisha Nicolas Capital 10 subordinated Equity interest in silent partnership	—	51	51	0.0	(Note 4)
Equity interest in a silent partnership	Godo Kaisha Nicolas Capital 11 Equity interest in silent partnership	—	427	427	0.2	(Note 5)
Equity interest in a silent partnership	Godo Kaisha NRT Growth 12 subordinated Equity interest in silent partnership	—	50	50	0.0	(Note 6)
Equity interest in a silent partnership	Godo Kaisha NRT Growth 13 Equity interest in silent partnership	—	137	137	0.1	(Note 7)
Total		—	667	667	0.3	

(Note 1) Book value and Fair value are truncated to the nearest million yen.

(Note 2) Book value is used as the fair value equivalent.

(Note 3) Percentage to total asset represents the percentage of the amount of respective assets recorded on the balance sheet and rounded to the first decimal place.

(Note 4) The asset under management is trust beneficiary interests in real estate of Residence Hiroo, Merveille Senzoku, Splendid Shin-osakaⅢ, Charmant Fuji Osakajominami, Piacere Fuminosato.

(Note 5) The asset under management is trust beneficiary interests in real estate of Yusen Higashi-Nihombashi Ekimae Building, Residence Edogawabashi, ZEPHYROS Minami-horie, Alte Building Higobashi, DIA Building Meieki and Hiroo ON Building.

(Note 6) The asset under management is trust beneficiary interests in real estate of Primegate Iidabashi, Field Avenue and BECOME SAKAE.

(Note 7) The asset under management is trust beneficiary interests in real estate of Towa Kandanshikicho Building and Esprit Kameido.

### II. Investment Properties

Not applicable as of June 30, 2018.



### III. Other Major Investment Assets

#### (i) Summary of real estate in trust

The summary of real estate in trust held by NIPPON REIT as of June 30, 2018 is as follows:

Property Number	Property name	Asset type	Location	Total leasable area (㎡) (Note 1)	Acquisition price (Yen in millions) (Note 2)	Investment ratio (%) (Note 3)
A-1	FORECAST Nishishinjuku	Office property	Shinjuku Ward, Tokyo	1,945.68	2,260	1.1
A-2	Nihombashi Playa Building	Office property	Chuo Ward, Tokyo	2,490.08	2,130	1.0
A-3	FORECAST Yotsuya	Office property	Shinjuku Ward, Tokyo	1,678.15	1,430	0.7
A-4	FORECAST Shinjuku AVENUE	Office property	Shinjuku Ward, Tokyo	4,337.15	6,500	3.1
A-5	FORECAST Ichigaya (Note 4)	Office property	Shinjuku Ward, Tokyo	3,844.66	4,800	2.3
A-6	FORECAST Mita	Office property	Minato Ward, Tokyo	1,786.18	1,800	0.9
A-7	FORECAST Shinjuku SOUTH	Office property	Shinjuku Ward, Tokyo	13,875.04	13,990	6.7
A-8	FORECAST Sakurabashi	Office property	Chuo Ward, Tokyo	6,566.76	5,760	2.8
A-9	GreenOak Kayabacho	Office property	Chuo Ward, Tokyo	2,995.35	2,860	1.4
A-10	GreenOak Kudan	Office property	Chiyoda Ward, Tokyo	2,594.46	2,780	1.3
A-11	GreenOak Takanawadai	Office property	Minato Ward, Tokyo	2,621.74	2,260	1.1
A-13	Higashi Ikebukuro Center Building	Office property	Toshima Ward, Tokyo	4,219.65	2,520	1.2
A-14	Central Daikanyama	Office property	Shibuya Ward, Tokyo	1,898.83	3,510	1.7
A-16	Hiroo Reeplex B's	Office property	Minato Ward, Tokyo	1,500.85	2,827	1.4
A-17	Shibakoen Sanchome Building	Office property	Minato Ward, Tokyo	7,882.60	7,396	3.6
A-18	FORECAST Iidabashi	Office property	Chiyoda Ward, Tokyo	4,066.50	5,230	2.5
A-19	Kudankita 325 Building	Office property	Chiyoda Ward, Tokyo	2,007.07	1,850	0.9
A-20	FORECAST Uchikanda	Office property	Chiyoda Ward, Tokyo	1,230.44	1,240	0.6
A-21	Itohpia Iwamotocho 2-chome Building	Office property	Chiyoda Ward, Tokyo	3,447.16	2,810	1.4
A-22	Itohpia Iwamotocho 1-chome Building	Office property	Chiyoda Ward, Tokyo	3,056.56	2,640	1.3
A-23	Itohpia Iwamotocho ANNEX Building	Office property	Chiyoda Ward, Tokyo	3,064.20	2,100	1.0
A-24	Pigeon Building	Office property	Chuo Ward, Tokyo	3,022.25	2,837	1.4

Property Number	Property name	Asset type	Location	Total leasable area (m <sup>2</sup> ) (Note 1)	Acquisition price (Yen in millions) (Note 2)	Investment ratio (%) (Note 3)
A-25	FORECAST Ningyocho	Office property	Chuo Ward, Tokyo	2,277.62	2,070	1.0
A-26	FORECAST Ningyocho PLACE	Office property	Chuo Ward, Tokyo	1,867.95	1,650	0.8
A-27	FORECAST Shin-Tokiwabashi	Office property	Chuo Ward, Tokyo	1,804.09	2,030	1.0
A-28	Nishi-Shinjuku Sanko Building	Office property	Shinjuku Ward, Tokyo	2,479.80	2,207	1.1
A-29	Iidabashi Reeplex B's	Office property	Shinjuku Ward, Tokyo	1,401.68	1,249	0.6
A-30	FORECAST Shinagawa	Office property	Shinagawa Ward, Tokyo	2,385.47	2,300	1.1
A-31	Nishi-Gotanda 8-chome Building	Office property	Shinagawa Ward, Tokyo	2,999.68	2,210	1.1
A-32	Towa Higashi-Gotanda Building	Office property	Shinagawa Ward, Tokyo	2,939.16	2,033	1.0
A-33	FORECAST Takadanobaba	Office property	Toshima Ward, Tokyo	5,661.49	5,550	2.7
A-34	Mejiro NT Building	Office property	Toshima Ward, Tokyo	4,497.27	3,094	1.5
A-35	Toshin Higashi-Ikebukuro Building	Office property	Toshima Ward, Tokyo	1,645.18	979	0.5
A-36	Mitsui Woody Building	Office property	Koto Ward, Tokyo	4,006.20	2,475	1.2
A-37	Itabashi Honcho Building	Office property	Itabashi Ward, Tokyo	6,356.89	3,146	1.5
A-38	ANTEX24 Building	Office property	Taito Ward, Tokyo	2,267.59	1,691	0.8

Property Number	Property name	Asset type	Location	Total leasable area (㎡) (Note 1)	Acquisition price (Yen in millions) (Note 2)	Investment ratio (%) (Note 3)
A-39	Itohpia Kiyosubashidori Building	Office property	Taito Ward, Tokyo	2,651.27	1,550	0.7
A-40	East Side Building	Office property	Taito Ward, Tokyo	2,096.92	1,372	0.7
A-41	I・S Minamimorimachi Building	Office property	Osaka, Osaka	4,164.82	2,258	1.1
A-42	Sunworld Building	Office property	Osaka, Osaka	3,012.86	1,200	0.6
A-43	Marunouchi Sanchome Building	Office property	Nagoya, Aichi	4,219.19	1,626	0.8
A-44	MK Kojimachi Building	Office property	Chiyoda Ward, Tokyo	1,748.92	1,781	0.9
A-45	Toranomon Sakura Building	Office property	Minato Ward, Tokyo	3,049.79	4,120	2.0
A-46	La Verite AKASAKA	Office property	Minato Ward, Tokyo	1,707.18	2,000	1.0
A-47	Kanda Ocean Building	Office property	Chiyoda Ward, Tokyo	1,484.74	1,440	0.7
A-48	Shinto GINZA EAST	Office property	Chuo Ward, Tokyo	1,206.28	1,352	0.7
A-49	FORECAST Kayabacho	Office property	Chuo Ward, Tokyo	3,882.61	3,000	1.4
A-50	FORECAST Waseda FIRST	Office property	Shinjuku Ward, Tokyo	4,340.66	4,775	2.3
A-51	FORECAST Gotanda WEST	Office property	Shinagawa Ward, Tokyo	8,981.55	6,520	3.1
A-52	Omiya Center Building	Office property	Saitama, Saitama	14,311.77	15,585	7.5
A-53	Sumitomo Mitsui Bank Koraibashi Building	Office property	Osaka, Osaka	5,102.55	2,850	1.4
A-54	NORE Fushimi	Office property	Nagoya, Aichi	3,857.58	2,840	1.4
A-55	NORE Meieki	Office property	Nagoya, Aichi	4,280.75	2,520	1.2
A-56	Homat Horizon Building	Office property	Chiyoda Ward, Tokyo	6,038.51	6,705	3.2
A-57	Sannomiya First Building	Office property	Kobe, Hyogo	3,630.88	1,390	0.7
B-1	Tower Court Kitashinagawa	Residential property	Shinagawa Ward, Tokyo	16,913.29	11,880	5.7
B-2	Sky Hills N11	Residential property	Sapporo, Hokkaido	8,567.50	1,570	0.8
B-3	my atria Meieki	Residential property	Nagoya, Aichi	2,890.78	1,280	0.6
B-4	my atria Sakae	Residential property	Nagoya, Aichi	3,121.60	1,110	0.5
B-5	Mac Village Heian	Residential property	Nagoya, Aichi	2,250.00	785	0.4

Property Number	Property name	Asset type	Location	Total leasable area (m <sup>2</sup> ) (Note 1)	Acquisition price (Yen in millions) (Note 2)	Investment ratio (%) (Note 3)
B-6	Seam Dwell Tsutsui	Residential property	Nagoya, Aichi	1,800.00	695	0.3
B-7	Ciel Yakuin	Residential property	Fukuoka, Fukuoka	1,544.87	640	0.3
B-8	Kanda Reeplex R's	Residential property	Chiyoda Ward, Tokyo	2,183.93	1,813	0.9
B-9	Splendid Namba	Residential property	Osaka, Osaka	6,212.36	3,502	1.7
C-1	Otakibashi Pacifica Building	Retail property	Shinjuku Ward, Tokyo	1,383.31	3,350	1.6
C-2	Komyoike Act	Retail property	Sakai, Osaka	6,173.41	2,063	1.0
	Total			255,531.31	207,795	100.0

(Note 1) "Total leasable area" is the total area of the relevant building that NIPPON REIT considers leasable based on relevant lease agreements or floor plans. The same shall apply hereinafter.

(Note 2) "Acquisition price" does not include consumption taxes, local consumption taxes and acquisition-related expenses. Figures have been truncated to the nearest million yen. The same shall apply hereinafter

(Note 3) "Investment ratio" is the percentage of the acquisition price of the relevant property to total acquisition price. Figures have been rounded to the first decimal place and may not add up to total.

(Note 4) The name "FORECAST Ichigaya" is used for the first through seventh floors that are used as offices, and the name "Eponoqu Ichigaya" is used for the eighth and ninth floors that are used as residences. The property as a whole, including the residential floors, is named "FORECAST Ichigaya". The same shall apply hereinafter.

## (ii) Summary of the leasing status

Property Number	Property name	Total leasable area (㎡)	Total leased area (㎡) (Note 1)	Occupancy rate (%) (Note 2)	Number of tenants (Note 3)	Annual contracted rent (Yen in millions) (Note 4)
A-1	FORECAST Nishishinjuku	1,945.68	1,945.68	100.0	17	159
A-2	Nihombashi Playa Building	2,490.08	2,490.08	100.0	2	152
A-3	FORECAST Yotsuya	1,678.15	1,678.15	100.0	13	100
A-4	FORECAST Shinjuku AVENUE	4,337.15	4,337.15	100.0	6	389
A-5	FORECAST Ichigaya	3,844.66	3,844.66	100.0	22	274
A-6	FORECAST Mita	1,786.18	1,786.18	100.0	5	112
A-7	FORECAST Shinjuku SOUTH	13,875.04	13,875.04	100.0	19	1,070
A-8	FORECAST Sakurabashi	6,566.76	6,566.76	100.0	5	388
A-9	GreenOak Kayabacho	2,995.35	2,995.35	100.0	8	181
A-10	GreenOak Kudan	2,594.46	2,594.46	100.0	3	176
A-11	GreenOak Takanawadai	2,621.74	2,448.55	93.4	10	137
A-13	Higashi Ikebukuro Center Building	4,219.65	4,219.65	100.0	6	217
A-14	Central Daikanyama	1,898.83	1,898.83	100.0	4	162
A-16	Hiroo Reeplex B's	1,500.85	1,500.85	100.0	8	151
A-17	Shibakoen Sanchome Building	7,882.60	7,882.60	100.0	4	413
A-18	FORECAST Iidabashi	4,066.50	4,066.50	100.0	22	244
A-19	Kudankita 325 Building	2,007.07	2,007.07	100.0	8	106
A-20	FORECAST Uchikanda	1,230.44	1,230.44	100.0	5	70
A-21	Itohpia Iwamotocho 2-chome Building	3,447.16	3,447.16	100.0	10	175
A-22	Itohpia Iwamotocho 1-chome Building	3,056.56	3,056.56	100.0	9	155
A-23	Itohpia Iwamotocho ANNEX Building	3,064.20	3,064.20	100.0	6	145
A-24	Pigeon Building (Note5)	3,022.25	3,022.25	100.0	1	Not disclosed (Note 5)
A-25	FORECAST Ningyocho	2,277.62	2,277.62	100.0	6	107
A-26	FORECAST Ningyocho PLACE	1,867.95	1,867.95	100.0	7	100
A-27	FORECAST Shin-Tokiwabashi	1,804.09	1,804.09	100.0	11	100
A-28	Nishi-Shinjuku Sanko Building	2,479.80	2,479.80	100.0	8	129
A-29	Iidabashi Reeplex B's	1,401.68	1,401.68	100.0	6	71
A-30	FORECAST Shinagawa	2,385.47	2,385.47	100.0	6	119
A-31	Nishi-Gotanda 8-chome Building	2,999.68	2,999.68	100.0	8	135
A-32	Towa Higashi-Gotanda Building	2,939.16	2,939.16	100.0	7	131
A-33	FORECAST Takadanobaba	5,661.49	5,661.49	100.0	7	308
A-34	Mejiro NT Building	4,497.27	4,497.27	100.0	5	195
A-35	Toshin Higashi-Ikebukuro Building	1,645.18	1,645.18	100.0	3	69
A-36	Mitsui Woody Building	4,006.20	4,006.20	100.0	6	163
A-37	Iidabashi Honcho Building	6,356.89	6,356.89	100.0	4	222
A-38	ANTEX24 Building	2,267.59	2,267.59	100.0	7	91
A-39	Itohpia Kiyosubashidori Building	2,651.27	2,651.27	100.0	8	118

Property Number	Property name	Total leasable area (㎡)	Total leased area (㎡) (Note 1)	Occupancy rate (%) (Note 2)	Number of tenants (Note 3)	Annual contracted rent (Yen in millions) (Note 4)
A-40	East Side Building	2,096.92	2,096.92	100.0	4	92
A-41	I・S Minamimorimachi Building	4,164.82	4,164.82	100.0	16	167
A-42	Sunworld Building	3,012.86	3,012.86	100.0	1	Not disclosed (Note 6)
A-43	Marunouchi Sanhome Building	4,219.19	4,219.19	100.0	22	128
A-44	MK Kojimachi Building	1,748.92	1,587.69	90.8	8	92
A-45	Toranomon Sakura Building	3,049.79	3,049.79	100.0	12	218
A-46	La Verite AKASAKA	1,707.18	1,707.18	100.0	6	111
A-47	Kanda Ocean Building	1,484.74	1,484.74	100.0	24	92
A-48	Shinto GINZA EAST	1,206.28	1,206.28	100.0	6	72
A-49	FORECAST Kayabacho	3,882.61	3,831.66	98.7	13	156
A-50	FORECAST Waseda FIRST	4,340.66	4,340.66	100.0	8	244
A-51	FORECAST Gotanda WEST	8,981.55	8,981.55	100.0	13	440
A-52	Omiya Center Building	14,311.77	14,311.77	100.0	28	944
A-53	SumitomoMitsui Bank Koraibashi Building	5,102.55	5,102.55	100.0	23	191
A-54	NORE Fushimi	3,857.58	3,857.58	100.0	7	169
A-55	NORE Meieki	4,280.75	4,280.75	100.0	20	173
A-56	Homat Horizon Building	6,038.51	6,038.51	100.0	12	376
A-57	Sannomiya First Building	3,630.88	3,630.88	100.0	24	115
B-1	Tower Court Kitashinagawa	16,913.29	16,838.74	99.6	277	781
B-2	Sky Hills N11	8,567.50	8,567.50	100.0	1	115
B-3	my atria Meieki	2,890.78	2,542.68	88.0	62	82
B-4	my atria Sakae	3,121.60	3,121.60	100.0	1	73
B-5	Mac Village Heian	2,250.00	2,250.00	100.0	1	53
B-6	Seam Dwell Tsutsui	1,800.00	1,800.00	100.0	1	49
B-7	Ciel Yakuin	1,544.87	1,509.40	97.7	41	44
B-8	Kanda Reeplex R's	2,183.93	2,138.12	97.9	40	104
B-9	Splendid Namba	6,212.36	6,039.80	97.2	244	222
C-1	Otakibashi Pacifica Building	1,383.31	1,256.33	90.8	7	163
C-2	Komyoike Act	6,173.41	6,111.83	99.0	25	184
	Total	255,531.31	254,280.89	99.5	1,239	12,949

(Note 1) "Total leased area" is the aggregate leased area described in the relevant lease agreements as of June 30, 2018. For properties subject to pass-through master leases, total leased area is the aggregate of the leased areas indicated in the relevant sublease agreements with end-tenants as of June 30, 2018.

(Note 2) "Occupancy rate" is calculated by dividing total leased area by total leasable area as of June 30, 2018, and rounding to the first decimal place.

(Note 3) "Number of tenants" is the aggregate number of tenants as described in the relevant lease agreements for respective properties as of June 30, 2018, excluding warehouses, signboards and parking lots. For properties subject to a pass-through master lease, the number of tenant is the total number of end-tenants, except for certain pass-through master leases under which properties are leased en bloc to a sublessee who pays a fixed amount of rent to the master lessee, we consider number of the tenants to be "1".

(Note 4) "Annual contracted rent" is the aggregate annual rent as described in the relevant lease agreements as of June 30, 2018. In the case of monthly rent payments, annual rent is calculated by multiplying the aggregate monthly rent by 12. Annual contracted rent includes common area maintenance charges but excludes usage fees for warehouses, signboards and parking lots as well as consumption taxes. Free rent periods are not taken into account in determining annual contracted rent. For properties subject to a pass-through master lease, annual contracted rent is based on the relevant sublease agreements as of June 30, 2018. Figures have been truncated to the nearest million yen and may not add up to total.

(Note 5) This information is not disclosed as tenant's consent to disclosure has not been obtained.

(Note 6) This information is not disclosed as sublessee's consent to disclosure has not been obtained.

## (iii) Summary on Appraisal Report (As of June 30, 2018)

Property Number	Property name	Acquisition price (Yen in millions)	Book value (Yen in millions) (Note 2)	Appraisal value (Yen in millions) (Note 3)	Direct capitalization method		Discounted cash flow method		
					Appraisal value (Yen in millions)	Direct capitalization rate	Appraisal value (Yen in millions)	Discount rate	Terminal capitalization rate
A-1	FORECAST Nishishinjuku	2,260	2,162	2,920	2,960	4.1%	2,880	3.7%	4.3%
A-2	Nihombashi Playa Building	2,130	2,039	2,400	2,430	4.4%	2,370	4.2%	4.6%
A-3	FORECAST Yotsuya	1,430	1,384	1,810	1,840	4.1%	1,780	3.9%	4.3%
A-4	FORECAST Shinjuku AVENUE	6,500	6,289	7,890	8,010	3.7%	7,770	3.5%	3.9%
A-5	FORECAST Ichigaya	4,800	4,598	5,690	5,790	3.8%	5,590	3.6%	4.0%
A-6	FORECAST Mita	1,800	1,750	2,270	2,310	3.9%	2,230	3.7%	4.1%
A-7	FORECAST Shinjuku SOUTH	13,990	14,859	17,000	17,100	3.6%	16,800	3.3%	3.8%
A-8	FORECAST Sakurabashi	5,760	6,043	6,410	6,480	4.2%	6,330	4.0%	4.4%
A-9	GreenOak Kayabacho	2,860	3,005	3,230	3,290	4.1%	3,170	3.9%	4.3%
A-10	GreenOak Kudan	2,780	2,909	3,210	3,260	3.9%	3,160	3.7%	4.1%
A-11	GreenOak Takanawadai	2,260	2,219	2,560	2,590	4.2%	2,530	4.0%	4.4%
A-13	Higashi Ikebukuro Center Building	2,520	2,705	2,910	2,920	4.7%	2,890	4.5%	4.9%
A-14	Central Daikanyama	3,510	3,645	3,690	3,760	3.7%	3,610	3.5%	3.9%
A-16	Hiroo Reeplex B's	2,827	2,857	3,190	3,240	4.1%	3,130	3.9%	4.3%
A-17	Shibakoen Sanchoe Building	7,396	7,424	9,650	10,000	3.7%	9,500	3.5%	3.9%
A-18	FORECAST Iidabashi	5,230	5,404	5,490	5,520	3.9%	5,460	3.6%	4.0%
A-19	Kudankita 325 Building	1,850	1,945	2,020	2,050	3.9%	1,980	3.7%	4.1%
A-20	FORECAST Uchikanda	1,240	1,292	1,290	1,310	4.1%	1,270	3.9%	4.3%
A-21	Itohia Iwamotocho 2-chome Building	2,810	2,837	3,050	3,090	4.2%	3,010	4.0%	4.4%
A-22	Itohia Iwamotocho 1-chome Building	2,640	2,710	2,760	2,800	4.2%	2,720	4.0%	4.4%
A-23	Itohia Iwamotocho ANNEX Building	2,100	2,199	2,400	2,430	4.2%	2,370	4.0%	4.4%
A-24	Pigeon Building	2,837	2,909	2,920	2,960	4.3%	2,880	4.1%	4.5%
A-25	FORECAST Ningyocho	2,070	2,144	2,070	2,110	4.3%	2,030	4.1%	4.5%
A-26	FORECAST Ningyocho PLACE	1,650	1,658	1,800	1,820	4.3%	1,770	4.1%	4.5%
A-27	FORECAST Shin-Tokiwabashi	2,030	2,123	2,070	2,090	4.3%	2,050	4.0%	4.4%
A-28	Nishi-Shinjuku Sanko Building	2,207	2,244	2,320	2,360	4.3%	2,280	4.1%	4.5%
A-29	Iidabashi Reeplex B's	1,249	1,303	1,420	1,440	3.8%	1,390	3.6%	4.0%
A-30	FORECAST Shinagawa	2,300	2,391	2,310	2,330	4.3%	2,290	4.0%	4.4%
A-31	Nishi-Gotanda 8-chome Building	2,210	2,295	2,400	2,430	4.2%	2,370	4.0%	4.4%
A-32	Towa Higashi-Gotanda Building	2,033	2,083	2,180	2,210	4.2%	2,150	4.0%	4.4%
A-33	FORECAST Takadanobaba	5,550	5,864	5,580	5,660	4.5%	5,500	4.3%	4.7%
A-34	Mejiro NT Building	3,094	3,110	3,370	3,410	4.6%	3,330	4.4%	4.8%
A-35	Toshin Higashi-Ikebukuro Building	979	992	1,050	1,060	4.8%	1,040	4.6%	5.0%

Property Number	Property name	Acquisition price (Yen in millions)	Book value (Yen in millions) (Note 2)	Appraisal value (Yen in millions) (Note 3)	Direct capitalization method		Discounted cash flow method		
					Appraisal value (Yen in millions)	Direct capitalization rate	Appraisal value (Yen in millions)	Discount rate	Terminal capitalization rate
A-36	Mitsui Woody Building	2,475	2,618	2,680	2,690	4.8%	2,660	4.5%	4.9%
A-37	Itabashi Honcho Building	3,146	3,128	3,390	3,420	4.8%	3,350	4.5%	5.0%
A-38	ANTEX24 Building	1,691	1,783	1,730	1,740	4.6%	1,710	4.3%	4.7%
A-39	Itohpia Kiyosubashidori Building	1,550	1,645	1,850	1,860	4.7%	1,840	4.4%	4.9%
A-40	East Side Building	1,372	1,388	1,500	1,520	4.7%	1,480	4.5%	4.9%
A-41	I・S Minamimorimachi Building	2,258	2,266	2,520	2,540	4.6%	2,500	4.4%	4.8%
A-42	Sunworld Building	1,200	1,295	1,260	1,270	4.9%	1,240	4.7%	5.1%
A-43	Marunouchi Sanchome Building	1,626	1,688	1,940	1,960	4.8%	1,920	4.6%	5.0%
A-44	MK Kojimachi Building	1,781	1,811	1,960	2,000	3.7%	1,920	3.5%	3.9%
A-45	Toranomon Sakura Building	4,120	4,295	4,410	4,440	3.6%	4,380	3.3%	3.7%
A-46	La Verite AKASAKA	2,000	2,151	2,190	2,220	3.8%	2,150	3.6%	4.0%
A-47	Kanda Ocean Building	1,440	1,469	1,640	1,660	4.0%	1,610	3.8%	4.2%
A-48	Shinto GINZA EAST	1,352	1,360	1,430	1,430	4.0%	1,420	3.7%	4.1%
A-49	FORECAST Kayabacho	3,000	3,129	2,970	2,990	4.4%	2,950	4.1%	4.5%
A-50	FORECAST Waseda FIRST	4,775	4,830	4,900	4,990	4.1%	4,800	3.9%	4.3%
A-51	FORECAST Gotanda WEST	6,520	6,951	6,950	7,030	4.0%	6,870	3.8%	4.2%
A-52	Omiya Center Building	15,585	15,553	18,300	18,500	4.4%	18,000	4.2%	4.6%
A-53	Sumitomo Mitsui BankKoraibashi Building	2,850	2,888	2,950	2,970	4.6%	2,920	4.3%	4.7%
A-54	NORE Fushimi	2,840	2,767	3,160	3,200	4.5%	3,110	4.3%	4.7%
A-55	NORE Meieki	2,520	2,467	2,890	2,920	4.6%	2,850	4.4%	4.8%
A-56	Homat Horizon Building	6,705	6,552	6,830	6,950	3.8%	6,710	3.6%	4.0%
A-57	Sannomiya First Building	1,390	1,415	1,550	1,560	5.2%	1,540	5.0%	5.4%
B-1	Tower Court Kitashinagawa	11,880	10,957	13,700	13,900	4.3%	13,500	4.1%	4.5%
B-2	Sky Hills N11	1,570	1,536	1,740	1,750	5.4%	1,720	5.2%	5.6%
B-3	my atria Meieki	1,280	1,244	1,500	1,520	4.7%	1,480	4.5%	4.9%
B-4	my atria Sakae	1,110	1,064	1,230	1,240	4.9%	1,210	4.7%	5.1%
B-5	Mac Village Heian	785	758	880	889	5.0%	870	4.8%	5.2%
B-6	Seam Dwell Tsutsui	695	694	771	780	4.9%	762	4.7%	5.1%
B-7	Ciel Yakuin	640	636	725	732	4.6%	717	4.4%	4.8%
B-8	Kanda Reeplex R's	1,813	1,763	1,950	1,970	4.2%	1,930	3.9%	4.4%
B-9	Splendid Namba	3,502	3,426	3,700	3,750	4.7%	3,650	4.5%	4.9%
C-1	Otakibashi Pacifica Building	3,350	3,433	3,510	3,570	3.9%	3,440	3.7%	4.1%
C-2	Komyoike Act	2,063	2,090	2,190	2,210	5.2%	2,170	5.0%	5.4%
	Total	207,795	210,475	232,226	235,231		229,009		

(Note 1) Figures in the above table are truncated to the nearest million yen.

(Note 2) "Book value" is the value recorded on the balance sheets as of June 30, 2018 (for real estate and real estate in trust, acquisition price (including acquisition-related expenses) less depreciation expenses).



(Note 3) "Appraisal value" represents the appraisal value as set forth on the relevant appraisal reports as of June 30, 2018. Furthermore NIPPON REIT requests real estate appraisal to DAIWA REAL ESTATE APPRAISAL CO.,LTD. for A-17, to JLL Morii Valuation & Advisory K.K. for A-51 and B-9, to Japan Real Estate Institute for rest of all properties.

## (iv) Earnings Performance for the Individual Properties

The 12th Fiscal Period (from January 1, 2018 to June 30, 2018)

(Yen in thousands)

Property number	A-1	A-2	A-3	A-4	A-5	A-6
Property name	FORECAST Nishishinjuku	Nihombashi Playa Building	FORECAST Yotsuya	FORECAST Shinjuku AVENUE	FORECAST Ichigaya	FORECAST Mita
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	88,162	80,250	54,224	203,053	138,740	63,454
Rental revenues	79,317	76,892	50,031	186,779	126,355	55,958
Other revenues related to property leasing	8,844	3,357	4,192	16,273	12,384	7,495
(2)Property related expenses	18,697	24,125	12,671	43,447	30,617	12,588
Property management fees	3,501	4,980	2,628	10,056	8,117	2,873
Utility expenses	6,616	5,169	2,647	11,530	7,657	4,052
Insurance expenses	57	61	42	124	117	44
Repair expenses	1,637	2,362	2,003	3,228	2,248	332
Taxes and dues	2,340	5,435	4,916	18,153	10,069	4,933
Trust fees	350	350	350	350	350	350
Others	4,194	5,764	82	3	2,056	3
(3)NOI (1)-(2)	69,465	56,125	41,552	159,605	108,122	50,865
(4)Depreciation	12,161	11,868	5,465	27,016	34,620	7,293
(5) Loss on retirement of non-current assets	-	-	-	28	-	-
(6)Income from property leasing (3)-(4)-(5)	57,303	44,257	36,087	132,560	73,502	43,571

(Yen in thousands)

Property number	A-7	A-8	A-9	A-10	A-11	A-13
Property name	FORECAST Shinjuku SOUTH	FORECAST Sakurabashi	GreenOak Kayabacho	GreenOak Kudan	GreenOak Takanawada i	Higashi Ikebukuro Center Building
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	580,679	219,091	95,828	98,226	81,905	123,812
Rental revenues	536,482	180,028	85,980	90,190	74,491	114,192
Other revenues related to property leasing	44,196	39,062	9,847	8,036	7,414	9,619
(2)Property related expenses	224,746	46,130	34,992	22,863	18,417	27,270
Property management fees	35,535	16,273	5,833	5,408	3,708	8,883
Utility expenses	30,367	11,953	7,132	5,763	5,688	6,456
Insurance expenses	438	197	89	80	74	135
Repair expenses	30,314	5,289	5,912	2,372	367	2,446
Taxes and dues	15,909	10,393	8,214	8,885	7,482	8,675
Trust fees	350	350	350	350	350	350
Others	111,830	1,673	7,460	3	747	322
(3)NOI (1)-(2)	355,933	172,960	60,835	75,362	63,488	96,541
(4)Depreciation	35,931	13,150	7,885	4,901	15,348	13,119
(5) Loss on retirement of non-current assets	2,087	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	317,913	159,809	52,949	70,461	48,140	83,422

(Yen in thousands)

Property number	A-14	A-16	A-17	A-18	A-19	A-20
Property name	Central Daikanyama	Hiroo Reeplex B's	Shibakoen Sanchoe Building	FORECAST Iidabashi	Kudankita 325 Building	FORECAST Uchikanda
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	86,312	84,406	223,440	136,509	56,608	42,179
Rental revenues	79,256	75,610	208,745	125,429	48,495	38,630
Other revenues related to property leasing	7,055	8,795	14,695	11,080	8,112	3,548
(2)Property related expenses	13,945	12,889	45,143	22,619	17,413	9,624
Property management fees	3,260	3,345	9,049	6,368	5,485	2,700
Utility expenses	4,085	3,559	12,479	6,898	3,444	2,468
Insurance expenses	50	39	171	113	46	45
Repair expenses	296	502	5,515	1,077	1,093	694
Taxes and dues	5,902	5,052	17,571	6,864	6,826	3,353
Trust fees	350	350	350	350	350	350
Others	-	40	6	947	167	12
(3)NOI (1)-(2)	72,366	71,516	178,297	113,889	39,195	32,554
(4)Depreciation	3,733	2,915	14,646	10,000	2,552	3,559
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	68,633	68,601	163,650	103,889	36,642	28,995

(Yen in thousands)

Property number	A-21	A-22	A-23	A-24	A-25	A-26
Property name	Itohpia Iwamotocho 2-chome Building	Itohpia Iwamotocho 1-chome Building	Itohpia Iwamotocho ANNEX Building	Pigeon Building	FORECAST Ningyocho	FORECAST Ningyocho PLACE
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	98,059	84,617	77,465	Not disclosed (Note)	60,868	52,866
Rental revenues	93,191	82,082	74,007		55,628	47,290
Other revenues related to property leasing	4,867	2,534	3,458		5,239	5,575
(2)Property related expenses	24,452	17,899	18,096		17,229	14,140
Property management fees	7,612	6,921	6,707		4,457	3,346
Utility expenses	6,781	3,657	5,206		3,940	4,701
Insurance expenses	98	87	76		71	47
Repair expenses	1,372	641	334		2,162	562
Taxes and dues	8,227	6,056	5,417		6,242	3,979
Trust fees	350	350	350		350	350
Others	11	186	3		4	1,152
(3)NOI (1)-(2)	73,606	66,718	59,369	69,030	43,638	38,726
(4)Depreciation	7,287	8,876	7,662	8,295	5,997	3,591
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	66,319	57,841	51,707	60,734	37,640	35,134

(Note) This information is not disclosed as tenant's consent has not been obtained

(Yen in thousands)

Property number	A-27	A-28	A-29	A-30	A-31	A-32
Property name	FORECAST Shin-Tokiwa ashi	Nishi-Shinju ku Sanko Building	Iidabashi Reeplex B's	FORECAST Shinagawa	Nishi-Gota nda 8-chone Building	Towa Higashi-Gotand a Building
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	58,160	70,348	44,038	71,261	81,847	70,824
Rental revenues	49,456	64,768	35,246	63,048	69,214	64,302
Other revenues related to property leasing	8,703	5,579	8,791	8,212	12,633	6,521
(2)Property related expenses	11,882	16,805	15,270	34,504	23,318	22,853
Property management fees	2,700	4,398	2,650	5,071	7,071	6,300
Utility expenses	3,934	5,183	5,877	5,039	6,865	4,390
Insurance expenses	47	65	35	73	81	87
Repair expenses	423	194	2,719	15,625	1,177	5,627
Taxes and dues	3,524	6,544	2,832	6,123	7,675	6,071
Trust fees	350	350	350	350	350	350
Others	902	69	806	2,220	97	25
(3)NOI (1)-(2)	46,277	53,542	28,767	36,756	58,529	47,970
(4)Depreciation	3,807	4,365	3,865	6,710	5,194	7,884
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	42,470	49,177	24,902	30,046	53,334	40,086

(Yen in thousands)

Property number	A-33	A-34	A-35	A-36	A-37	A-38
Property name	FORECAST Takadanoba ba	Mejiro NT Building	Toshin Higashi-Ikebuk uro Building	Mitsui Woody Building	Itabashi Honcho Building	ANTEX24 Building
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	175,251	115,983	41,062	95,976	145,885	55,744
Rental revenues	158,046	103,805	36,217	86,374	118,421	49,359
Other revenues related to property leasing	17,205	12,178	4,845	9,601	27,464	6,384
(2)Property related expenses	43,064	25,548	10,714	25,780	49,715	12,496
Property management fees	9,806	8,098	3,196	8,150	19,109	3,798
Utility expenses	12,018	7,830	2,848	8,293	14,698	3,852
Insurance expenses	164	123	44	117	147	61
Repair expenses	8,030	447	1,505	554	3,650	311
Taxes and dues	12,332	8,285	2,522	7,961	8,608	4,022
Trust fees	350	350	350	350	350	350
Others	362	412	247	353	3,150	99
(3)NOI (1)-(2)	132,186	90,435	30,347	70,196	96,170	43,248
(4)Depreciation	14,701	10,913	3,543	8,757	15,034	7,918
(5) Loss on retirement of non-current assets	122	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	117,363	79,522	26,803	61,438	81,135	35,329

(Yen in thousands)

Property number	A-39	A-40	A-41	A-42	A-43	A-44
Property name	Itohpia Kiyosubashi dori Building	East Side Building	I•S Minamimori machi Building	Sunworld Building	Marunouchi Sanhome Building	MK Kojimachi Building
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	65,360	50,797	95,058	Not disclosed (Note)	72,773	51,911
Rental revenues	59,831	46,170	86,914		67,706	48,152
Other revenues related to property leasing	5,529	4,626	8,143		5,067	3,759
(2)Property related expenses	19,088	9,632	25,997		22,577	15,289
Property management fees	5,199	3,537	6,057		7,690	3,673
Utility expenses	5,142	2,865	7,747		5,559	2,758
Insurance expenses	66	49	135		110	44
Repair expenses	1,269	557	2,086		1,662	1,549
Taxes and dues	4,994	2,268	9,588		5,693	6,006
Trust fees	350	350	350		350	350
Others	2,065	4	31		1,511	908
(3)NOI (1)-(2)	46,272	41,164	69,060	33,149	50,196	36,622
(4)Depreciation	5,045	3,047	11,772	6,605	10,024	2,364
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	41,227	38,116	57,287	26,544	40,171	34,257

(Note) This information is not disclosed as sublessee's consent has not been obtained.

(Yen in thousands)

Property number	A-45	A-46	A-47	A-48	A-49	A-50
Property name	Toranomon Sakura Building	La Verite AKASAKA	Kanda Ocean Building	Shinto GINZA EAST	FORECAST kayabacho	FORECAST Waseda FIRST
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	110,319	58,023	47,237	36,010	93,923	137,089
Rental revenues	105,941	55,146	42,431	34,171	82,801	125,360
Other revenues related to property leasing	4,378	2,876	4,806	1,838	11,121	11,729
(2)Property related expenses	25,689	12,915	12,156	7,054	23,414	37,175
Property management fees	7,687	3,656	2,479	2,203	7,351	8,559
Utility expenses	5,397	2,138	3,953	1,582	6,466	9,896
Insurance expenses	91	44	43	29	103	127
Repair expenses	1,819	1,878	645	10	945	6,578
Taxes and dues	9,013	4,847	3,416	2,854	7,845	11,374
Trust fees	350	350	350	350	350	350
Others	1,330	-	1,268	23	351	289
(3)NOI (1)-(2)	84,629	45,107	35,081	28,955	70,508	99,914
(4)Depreciation	7,032	3,596	3,111	2,817	9,899	10,163
(5) Loss on retirement of non-current assets	-	232	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	77,597	41,278	31,969	26,138	60,609	89,750

(Yen in thousands)

Property number	A-51	A-52	A-53	A-54	A-55	A-56
Property name	FORECAST Gotanda WEST	Omiya Center Building	Sumitomo Mitsui Bank Koraibashi Building	NORE Fushimi	NORE Meieki	Homat Horizon Building
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	236,505	504,078	126,562	101,471	97,716	199,844
Rental revenues	218,063	471,123	100,586	86,468	83,950	191,904
Other revenues related to property leasing	18,441	32,954	25,976	15,003	13,765	7,939
(2)Property related expenses	79,295	90,934	57,576	25,336	29,300	56,770
Property management fees	20,647	35,229	11,254	7,873	7,588	12,707
Utility expenses	18,557	23,743	17,622	9,642	9,132	11,782
Insurance expenses	284	497	191	98	107	173
Repair expenses	10,765	3,207	3,091	-	304	7,585
Taxes and dues	27,371	26,827	16,401	7,306	9,353	24,111
Trust fees	350	350	350	350	350	350
Others	1,319	1,078	8,664	65	2,464	59
(3)NOI (1)-(2)	157,209	413,144	68,985	76,135	68,415	143,073
(4)Depreciation	12,481	57,563	11,915	19,114	17,354	8,804
(5) Loss on retirement of non-current assets	806	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	143,920	355,580	57,070	57,021	51,060	134,269

(Yen in thousands)

Property number	A-57	B-1	B-2	B-3	B-4	B-5
Property name	Sannomiya First Building	Tower Court Kitashinaga wa	Sky Hills N11	my atria Meieki	my atria Sakae	Mac Village Heian
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	68,591	405,229	61,128	51,196	38,410	27,998
Rental revenues	59,708	396,813	61,056	47,712	38,329	27,932
Other revenues related to property leasing	8,883	8,415	72	3,483	81	65
(2)Property related expenses	23,464	85,855	7,869	15,015	8,578	4,591
Property management fees	8,193	31,862	300	3,687	1,879	1,895
Utility expenses	7,777	4,954	-	551	368	295
Insurance expenses	97	409	117	64	58	43
Repair expenses	1,823	15,434	521	3,599	1,988	72
Taxes and dues	4,712	19,422	6,577	3,385	2,583	1,934
Trust fees	350	350	350	350	350	350
Others	510	13,421	2	3,378	1,350	-
(3)NOI (1)-(2)	45,127	319,373	53,258	36,181	29,832	23,406
(4)Depreciation	7,334	64,707	13,845	14,507	14,120	9,305
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	37,792	254,665	39,413	21,673	15,711	14,101

(Yen in thousands)

Property number	B-6	B-7	B-8	B-9	C-1	C-2
Property name	Seam Dwell Tsutsui	Ciel Yakuin	Kanda Reeplex R's	Splendid Namba	Otakibashi Pacifica Building	Komyoike Act
Operating periods	181days	181days	181days	181days	181days	181days
(1)Revenues from property leasing	24,547	23,923	55,357	113,565	92,735	140,036
Rental revenues	24,546	22,803	52,437	111,810	83,289	108,389
Other revenues related to property leasing	1	1,119	2,920	1,754	9,446	31,647
(2)Property related expenses	4,567	11,391	11,328	20,275	20,031	69,503
Property management fees	1,884	1,368	3,314	6,383	4,233	21,625
Utility expenses	-	670	1	788	7,825	31,751
Insurance expenses	33	29	51	132	42	187
Repair expenses	212	5,109	2,477	1,562	2,039	4,081
Taxes and dues	1,603	1,219	2,473	7,199	5,456	8,691
Trust fees	350	350	350	350	350	350
Others	483	2,644	2,658	3,860	84	2,816
(3)NOI (1)-(2)	19,980	12,531	44,028	93,289	72,703	70,532
(4)Depreciation	7,079	6,316	8,464	33,957	10,403	22,694
(5) Loss on retirement of non-current assets	-	-	-	-	-	-
(6)Income from property leasing (3)-(4)-(5)	12,901	6,215	35,563	59,331	62,300	47,838

(Yen in thousands)

Property number	
Property name	Total
Operating periods	
(1)Revenues from property leasing	7,177,639
Rental revenues	6,551,743
Other revenues related to property leasing	625,895
(2)Property related expenses	1,885,565
Property management fees	499,049
Utility expenses	446,685
Insurance expenses	6,992
Repair expenses	197,036
Taxes and dues	515,873
Trust fees	23,100
Others	196,828
(3)NOI (1)-(2)	5,292,074
(4)Depreciation	776,033
(5) Loss on retirement of non-current assets	3,277
(6)Income from property leasing (3)-(4)-(5)	4,512,762