

Investor Presentation

for the 5th Period (ended December 31,2014)
February 20, 2015

Securities Code : 3296
<http://www.nippon-reit.com/en/>



NIPPON REIT
Investment Corporation

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Summary of Financial Results

5th Period
(as of December 31, 2014)

- ◆ Distribution per unit (DPU) ¥7,109
(a ¥47 increase from the forecast(¥7,062)⁽¹⁾)

Public Offering Highlights (February 2015)

- ◆ Offering size : ¥50.2 billion
- ◆ Total acquisition: 31 properties ¥76.8 billion⁽²⁾
- ◆ Achieved above ¥150 billion AUM
and growth in NAV and DPU

Summary of Financial Forecasts

6th period and 7th period

- ◆ 6th Fiscal Period : DPU ¥6,527
- ◆ 7th Fiscal Period : DPU ¥7,234

Growth Strategies

- ◆ Next target AUM of ¥200 billion within 1-2 years
- ◆ Improvement of occupancy rate and further rent growth

Notes

1. Based on "Summary of Financial Results for the 4th Fiscal Period Ended June 2014", announced on August 14, 2014
2. Including "Otakibashi Pacifica Building" scheduled to be acquired on March 12, 2015.



1. Summary of Financial Results

Highlights of the 5th period (ended December 31, 2014)

DPU	¥7,109	(forecast as at August 14, 2014 : ¥7,062)
NOI Yield ⁽¹⁾	5.1%	Office : 5.0% Residence : 5.6%
Occupancy Rate	94.1%	Total: 96.2% (as of Jun. 2014) → 94.1% (as of Dec. 2014) Office: 96.3% (as of Jun. 2014) → 92.2% (as of Dec. 2014) Residence: 96.9% (as of Jun. 2014) → 96.9% (as of Dec. 2014)
LTV ⁽²⁾	49.2%	47.8% (as of Jun. 2014) → 49.2% (as of Dec. 2014)

Notes

1. NOI Yield=Actual NOI/Acquisition Price. Rounded to one decimal place. Actual NOIs are calculated at an annualized rate.
2. LTV=Total Loans Payable / Total Asset. Rounded to one decimal place.

Income statement summary of the 5th period

Unit : ¥ million

	5 th period Actual (a)	5 th period Forecast (as of Aug. 14, 2014) (b)	(a-b)
Operating Revenue	2,408	2,379	28
Operating Income	1,245	1,200	44
Ordinary Income	1,078	1,043	34
Net Income	1,077	1,042	35
DPU ⁽¹⁾	¥7,109	¥7,062	¥47
NOI	1,849	1,803	—
NOI Yield ⁽²⁾	5.1%	5.1%	—
Days	184	184	—
NAV per unit ⁽³⁾	¥265,668	—	—

Notes

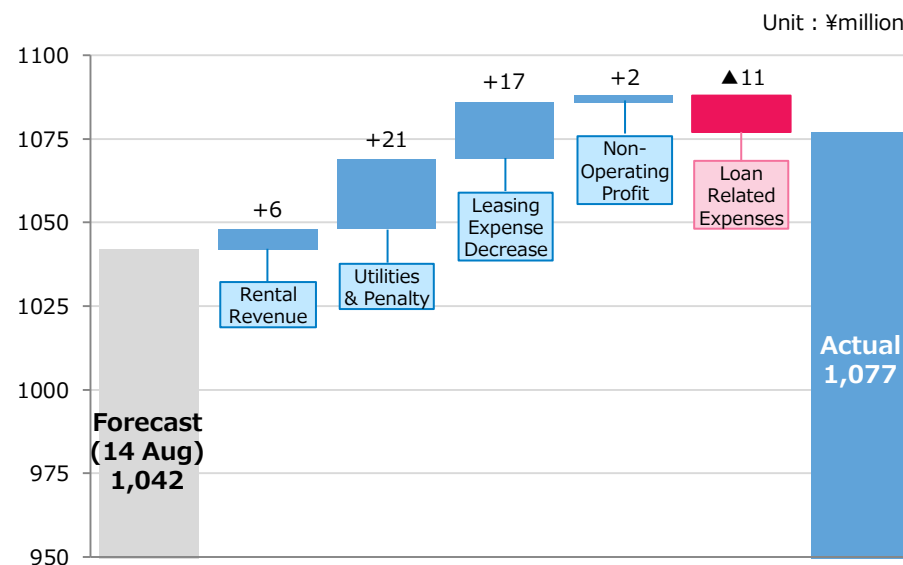
- Distributions for the 5th period is calculated by drawing down ¥1million retained earnings carried forward whilst the forecast was calculated by drawing down ¥29million.
- Actual NOIs are calculated at an annualized rate. Rounded to one decimal place.
- NAV per unit is calculated using following formula, figures are as of the end of the 5th period.

$$\{\text{Net Asset (¥38,027mm)} + \text{Total Appraisal Value (¥77,564mm)} - \text{Total Book Value (¥75,259mm)}\} / \text{Investment Units Issued and Outstanding (151,810 units)}$$

Major changing factors (vs Forecast)

Unit : ¥million

- Rental revenue increase (Central Daikanyama, etc.) + 6
- Other rental revenue increase (Utilities and penalty revenue) + 21
- Rental expense decrease (Leasing expense) + 17
- Non-operating profit (Consumption tax refund, etc.) + 2
- Loan related expense increase (Central Daikanyama) ▲ 11

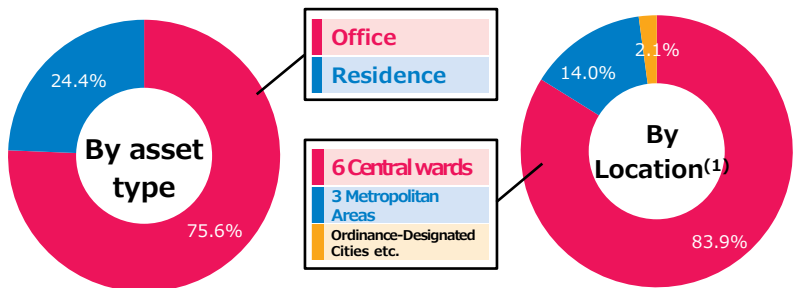


Operation Results

Portfolio Summary (as of December 31, 2014)

AUM	21 properties	¥73.8bn	NOI Yield (Based on appraisal NOI)	5.0%
Office	14 properties	¥55.9bn	Average Property Age	17.7 yrs
Residence	7 properties	¥17.9bn	Occupancy rate	94.1%

Portfolio Allocation



External Growth

Acquisition of "Central Daikanyama" on December 19, 2015

Address	Shibuya ward, Tokyo
Structure	SRC 8F/B1F
Completion	August, 1991
Acquisition price	¥ 3,510 mm
Use	Office, shop
NOI Yield ⁽²⁾	4.3%
Occupancy rate ⁽²⁾	81.2%



Established 4 bridge funds and be granted first negotiation rights (22properties ¥56.3bn⁽³⁾)

	Agreement date	#of assets (Price)		Agreement date	#of assets (Price)
Godo kaisha Nicolas Capital1	Oct. 28 2014	16 (¥33.3bn)	Godo Kaisha Nicolas Capital4	Dec.24 2014	4 (¥9.1bn)
Godo Kaisha Nicolas Capital2	Sep.10 2014	1 (¥7.3bn)	Gotanda Ohashi Investment TMK	Dec.16 2014	1 (¥6.5bn ⁽³⁾)

Internal Growth

Improvement of portfolio profitability through rent increase

Performance of rent renewal (office) ⁽⁴⁾									
		Increased		Unchanged		Decreased		Total	
No. of Tenants	%	6	25%	18	75%	0	0%	24	100%
Areas (Tsubo)	%	883	29%	2,214	71%	0	0%	3,097	100%
Rent increase(%)		10.4		—		—		3.2	

Notes

- Please refer to the notes in P.30 for the definitions of "6 Central Wards", "3 Metropolitan Areas" and "Ordinance-Designated Cities, etc."
- NOI Yield of "Central Daikanyama" is based on the appraisal value as of the end of the 5th period. Furthermore, the occupancy rate is as of the end of the 5th period.
- Based on the acquisition price. Whilst the acquisition price of "Gotanda Ohashi Investment TMK" is based on the right of first negotiation.
- "Performance of rent renewal (office)" is the results of rent renewal pertaining to the existing tenants from the date of IPO (April 24, 2014) to December 31, 2014.

Financial status (1)

Financial Highlight⁽¹⁾

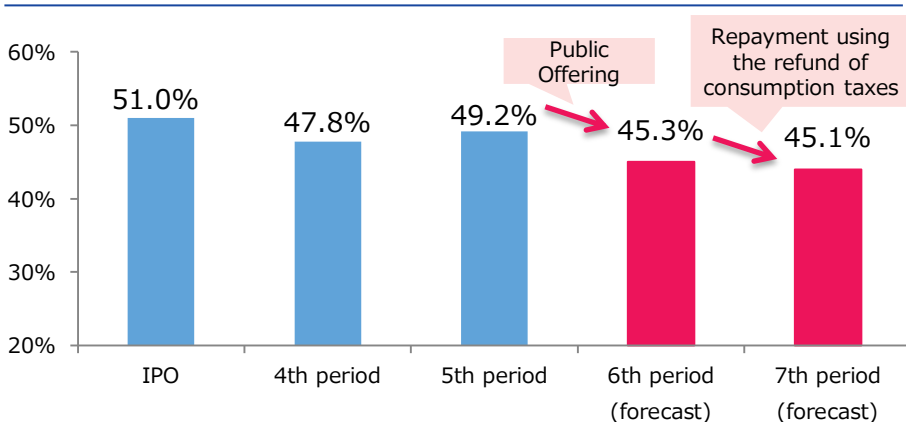
Total Interest-bearing Liabilities	¥40.0bn	LTV ⁽²⁾	49.2%
Long-term debt Ratio	79.6%	Fixed Liabilities Ratio	20.2%
Average Interest Rate	0.50%	Average Remaining Period	2.56yrs

Rating information

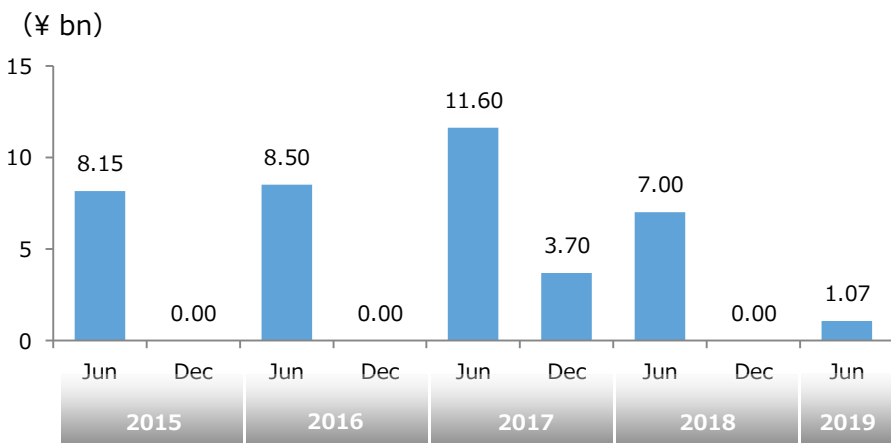
Japan Credit Rating Agency , Ltd. (JCR)

Long-term issuer rating **A-(stable)**

LTV⁽²⁾ history and forecast



Maturity ladder⁽¹⁾



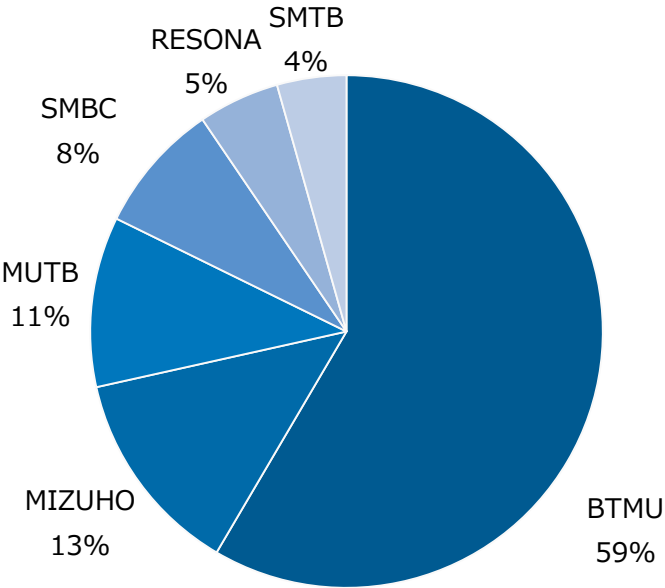
Notes

1. As of December 31, 2014.
2. LTV=Total Loans Payable / Total Assets. Rounded to one decimal place..

List of Loans Payable⁽¹⁾

	Lender	Amount (¥mm)	Interest Rate	Repayment Date	Collateral
Short-term Loan	The Bank of Tokyo Mitsubishi UFJ (BTMU), Mizuho Bank (MIZUHO)	50	Base rate +0.50% (floating)	Apr. 24 2015	Unsecured and non-guaranteed
	BTMU, MIZUHO, Mitsubishi UFJ Trust and Banking (MUTB), Sumitomo Mitsui Banking Corporation (SMBC), Resona Bank (RESONA), Sumitomo Mitsui Trust Bank (SMTB)	8,100	Base rate +0.25% (floating)	Apr. 24 2015	
Long-term Loan	BTMU, MIZUHO, MUTB, SMBC, SMTB	8,500	Base rate +0.275% (floating)	Apr. 24 2016	
	BTMU, MIZUHO, MUTB, SMBC, RESONA	11,600	Base rate +0.30% (floating)	Apr.24 2017	
	BTMU, MUTB, SMBC, RESONA	7,000	0.80448% (fixed)	Apr. 24 2018	
	BTMU	3,700	Base rate +0.30% (floating)	Aug. 21 2017	
	BTMU	1,070	0.91443% (fixed)	Apr. 24 2019	
Total		40,020			

Diversification of lenders⁽¹⁾



Note
1. As of December 31, 2014

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2. Public Offering Highlights (February 2015)

Offering summary

Asset Management Company	Sojitz REIT Advisors K.K.
Sponsor Companies	Sojitz Corporation (67%) Cushman & Wakefield Asset Management K.K. (18%) Agility Asset Advisers Inc. (15%)
Offering Type	Domestic offering
Number of Units Offered (Breakdown)	152,250 units 145,000 units ⁽¹⁾ (newly issued units) 7,250 units (over-allotment)
Offering size	¥50.2 billion
Issue price	¥330,037
Launch date	January 19, 2015 (Mon)
Pricing date	February 3, 2015 (Tue)
Payment date	February 10, 2015 (Tue)
Lead Manager & Bookrunner	Mitsubishi UFJ Morgan Stanley Securities Co.,Ltd.

Note

1. 319 units were sold to Sojitz Corporation as a designated purchaser.

Outcome of Public Offering

Maximize the growth opportunities by acquisition methods utilizing bridge funds, etc.

Acquisition methods	Direct Acquisition	Bridge Funds	+Future Pipeline
No. of properties	12	21	1
Acquisition price	¥35.8bn	¥49.8bn	-
Appraisal value	¥35.8bn	¥52.2bn	¥6.6bn

Newly acquired assets⁽¹⁾ : 33properties / ¥85.6 bn

Portfolio	IPO assets 20 properties ¥70.4 bn ⁽²⁾ (Acquisition price)		Newly acquired assets 33 properties ¥85.6 bn (Acquisition price)		After acquisition 53 properties ¥156.0 bn (Acquisition price)	
	Appraisal value ⁽³⁾	¥74.0bn	+	¥88.1bn	=	¥162.2bn
	NOI Yield	5.0%		5.1%		5.0%
	Leasable Area (as of Oct. 2014)	89,943m ²		113,026m ²		202,969m ²
	Occupancy Rate (as of Oct. 2014)	94.0%		94.6%		94.3%
	PML	3.6%		-		4.6%
	Average Building Age (as of Oct. 2014)	17.3yrs		25.3yrs		21.7yrs

Finance	(as of Jun. 2014)		After acquisition	
	LTV	47.8%		46.6%
	Long-term Loan Ratio	76.0%		85.7%
	Average Remaining Period	2.3yrs		2.4yrs
	Fixed Liabilities Ratio	21.8%		22.5%

Notes

1. Newly acquired assets includes "Otakibashi Pacifica Building" which is scheduled to be acquired on March 12, 2015.
2. IPO assets is rounded to one decimal place, in accordance with the IPO prospectus. The same shall apply hereinafter.
3. The effective date of the appraisal for properties as at IPO is Dec.31, 2014 and for newly acquired assets is Dec. 1, 2014.

Portfolio Properties (After Public Offering)

Achieved asset size of over ¥150bn. All properties acquired after IPO are from third parties.

Office



Residence



[IPO assets]

20 properties ¥70,380 million

Acquired from third parties :
13 properties ¥39,580 million

Office



Office



Office



Residence



Retail

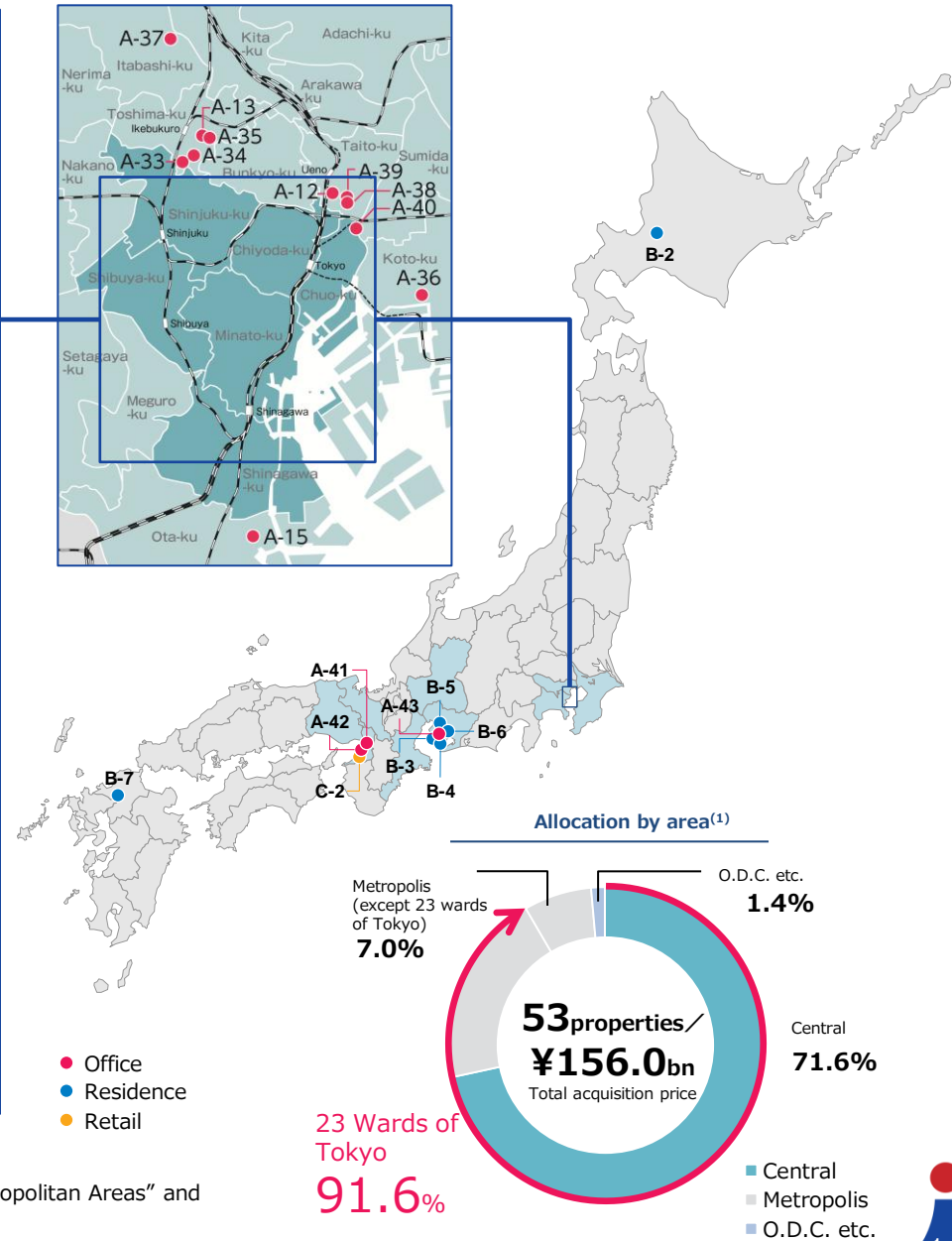
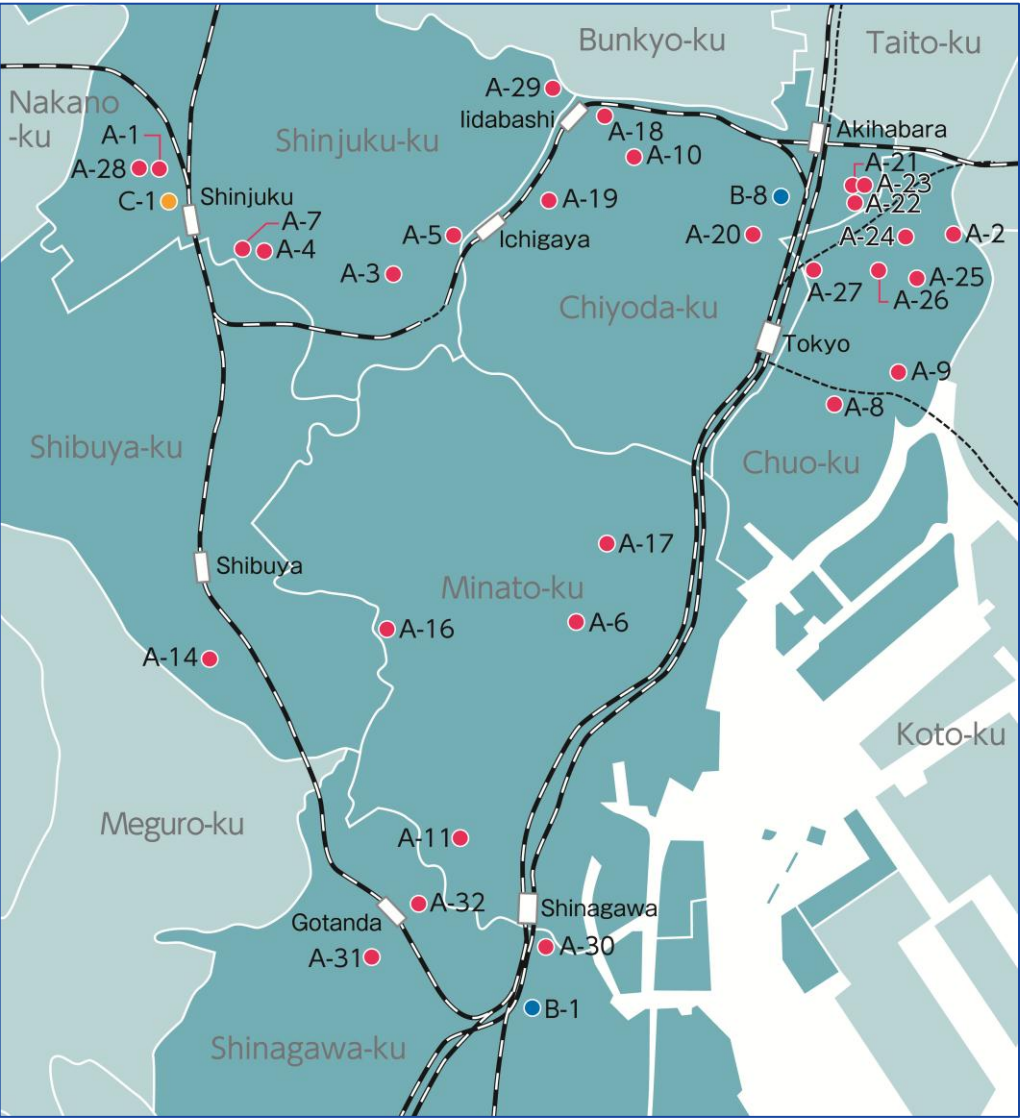


[Newly acquired assets]

33 properties ¥85,688 million

100% acquired from third parties

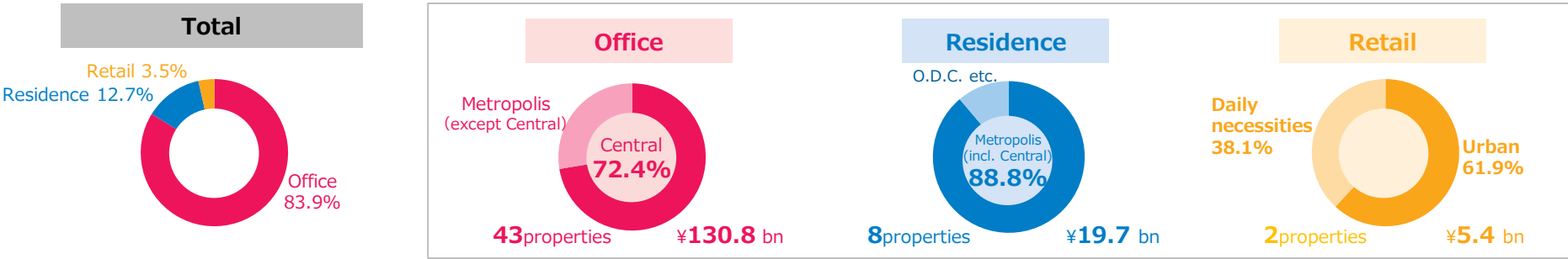
[Total] 53 properties 156,068 million



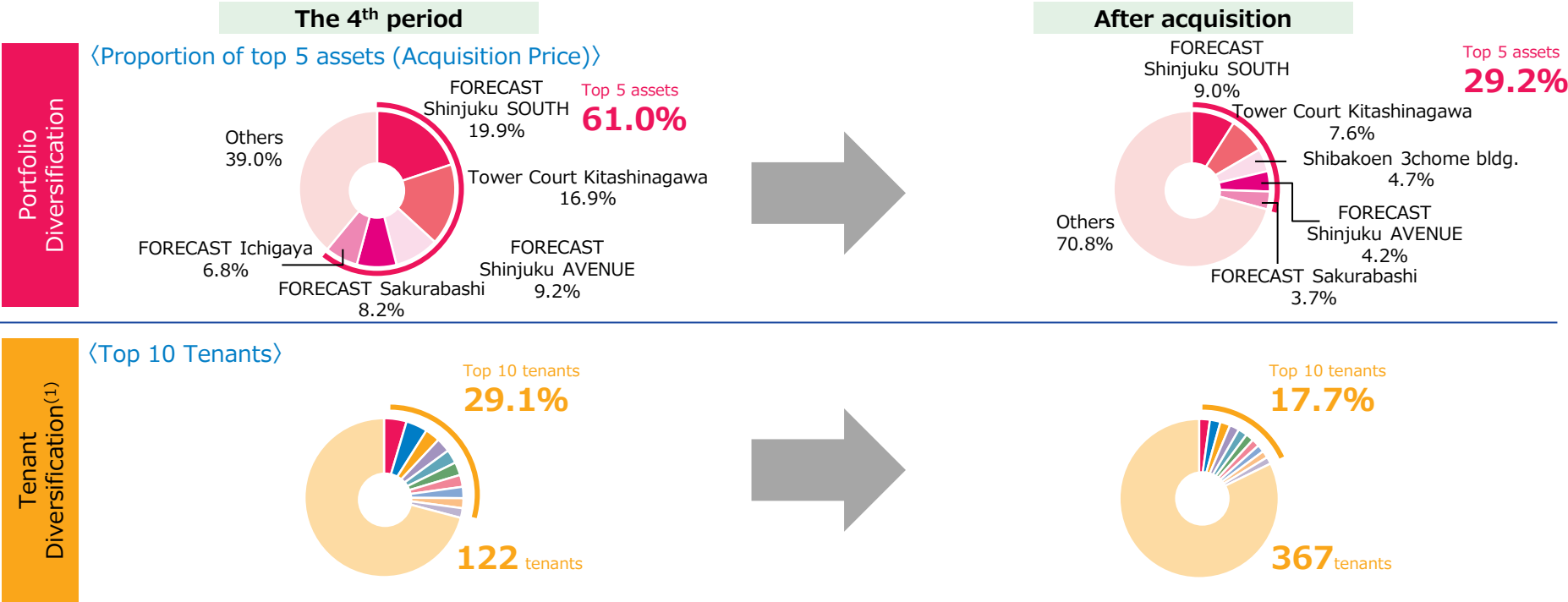
Note
1. "Central," "Metropolis" and "ODC etc." refer to "Central 6 wards of Tokyo," "3 Major Metropolitan Areas" and "Ordinance-Designated Cities etc." respectively. The same shall apply hereinafter.

Reinforce portfolio risk tolerance and **“Solidify the foundation for the future growth”** through the acquisition.

Portfolio overview after acquisition



Portfolio and tenant diversification



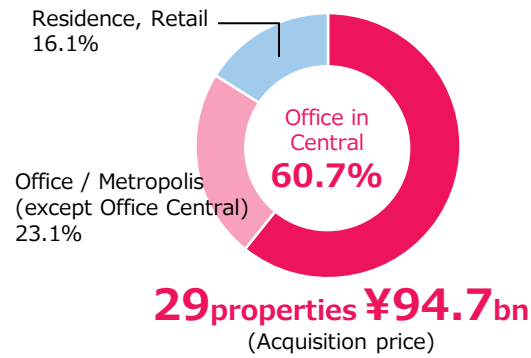
Note
1. End tenants of office and retail properties only. Based on the leased areas and no. of tenants as of Oct. 2014.

Investment centering on office buildings in Central 6 wards of Tokyo

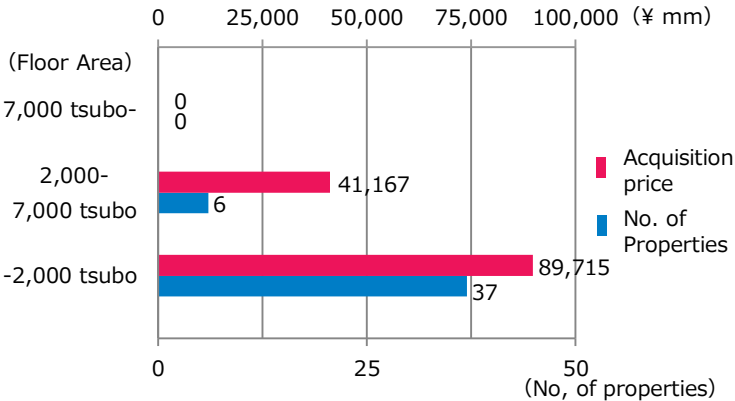
Pursuing income growth and stability by developing a portfolio centering on **Mid-sized office in Central 6 wards of Tokyo**

〈Portfolio after acquisition〉

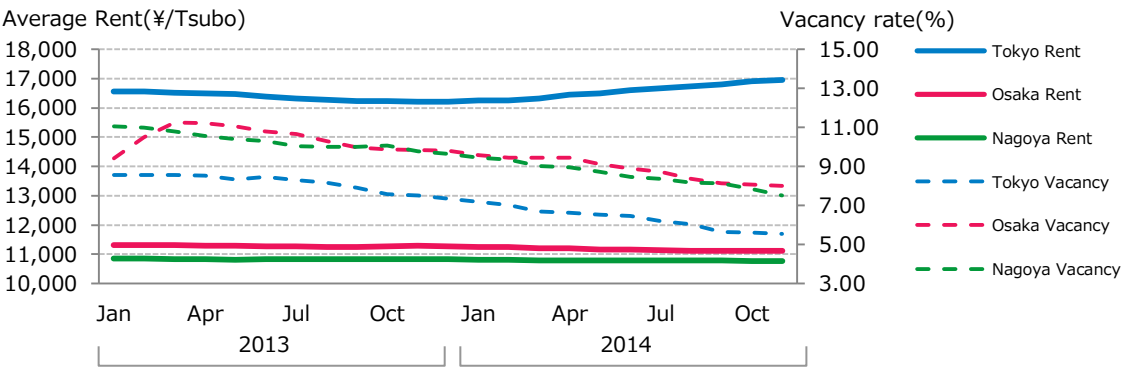
Proportion of office in Central 6 wards of Tokyo



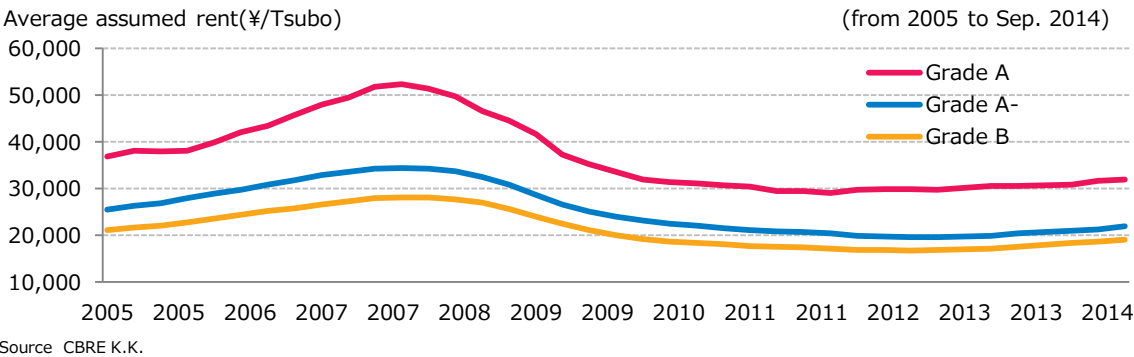
〈Portfolio after acquisition〉 Office Scale Distribution



Rent and vacancy rate trends in major business areas⁽¹⁾



Office rent trends by building grade⁽²⁾



Note

1. "Major Business Areas" refers to 5 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards), 6 major areas in Osaka (Umeda, Minamimorimachi, Yodoyabashi & Honmachi, Senba, Shinsaibashi and Nanba and Shinosaka areas) and 4 major areas in Nagoya (Meieki, Fushimi, Sakae and Marunouchi).
2. "Grade A" refers to the office buildings located within the areas defined by CBRE K.K. which are in 5 central wards of Tokyo and high office concentration areas in major wards of Osaka and Nagoya, having more than 6,500 tsubos of total leasable area and 10,000 tsubos of gross floor area, less than 11 years old, and if located in 5 central wards of Tokyo, more than 500 tsubos of basic floor area, and if located in Osaka or Nagoya, more than 350 tsubos of basic floor area. "Grade A-" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 250 tsubos of basic floor area, 4,500 tsubos of total leasable area, and 7,000 tsubos of gross floor area and comply with the current earthquake resistance standard. "Grade B" refers to the office buildings located within the areas defined by CBRE K.K. in 23 wards of Tokyo, having more than 200 tsubos of basic floor area, between 2,000 and 7,000 tsubos of gross floor area, and comply with the current earthquake resistance standard, and in Osaka and Nagoya, having more than 2,000 tsubos of gross floor area and comply with the current earthquake resistance standard.



3. Financial Forecasts

Financial Forecasts for the 6th period (ending Jun. 2015) and the 7th period (ending Dec. 2015)

Unit : ¥million

	5 th period Actual (a)	6 th period Forecast As of Feb.19, 2015 (b)	(b-a)	7 th period Forecast As of Feb.19, 2015
Operating Revenue	2,408	4,528	2,120	5,045
Operating Income	1,245	2,466	1,221	2,548
Ordinary Income	1,078	1,985	908	2,200
Net Income	1,077	1,984	907	2,199
DPU ⁽¹⁾	¥7,109	¥6,527	▲¥582	¥7,234
NOI	1,849	3,335	—	3,696
NOI Yield ⁽²⁾	5.1%	4.9%	—	4.7%
Days	184	181	—	184

Note

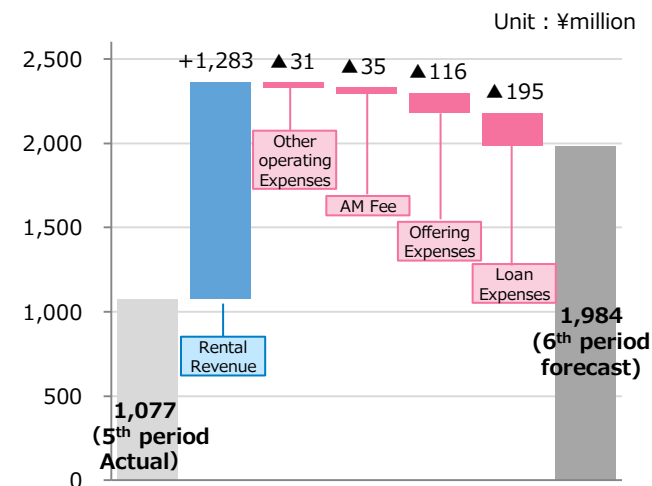
- Distributions for the 5th fiscal period is calculated by drawing down ¥1million retained earnings carried forward.
- "NOI Yield forecast" = NOI forecast / Acquisition price. Calculated at an annualized rate and rounded to one decimal place.

Major changing factors

Unit : ¥million

Net income 6th period forecast (vs 5th period actual)

- Rental revenue increase +1,283
- Other operating expenses increase ▲31
- AM Fee increase ▲35
- Offering related expenses ▲116
- Loan related expenses increase ▲195



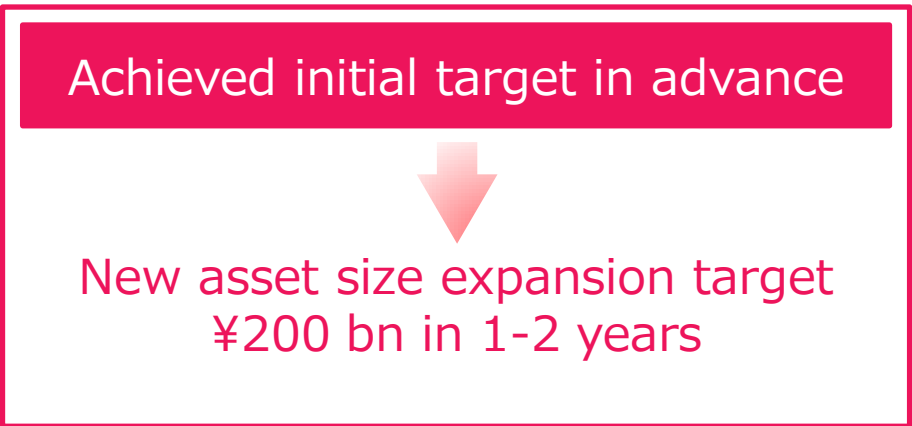
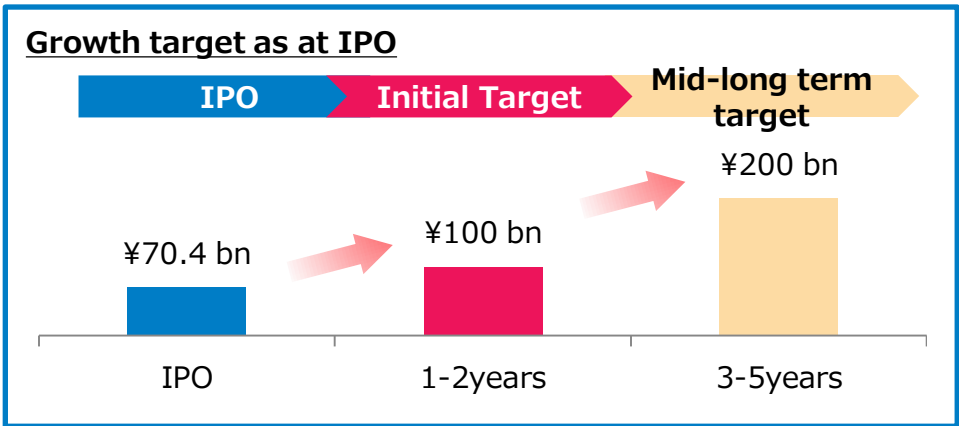
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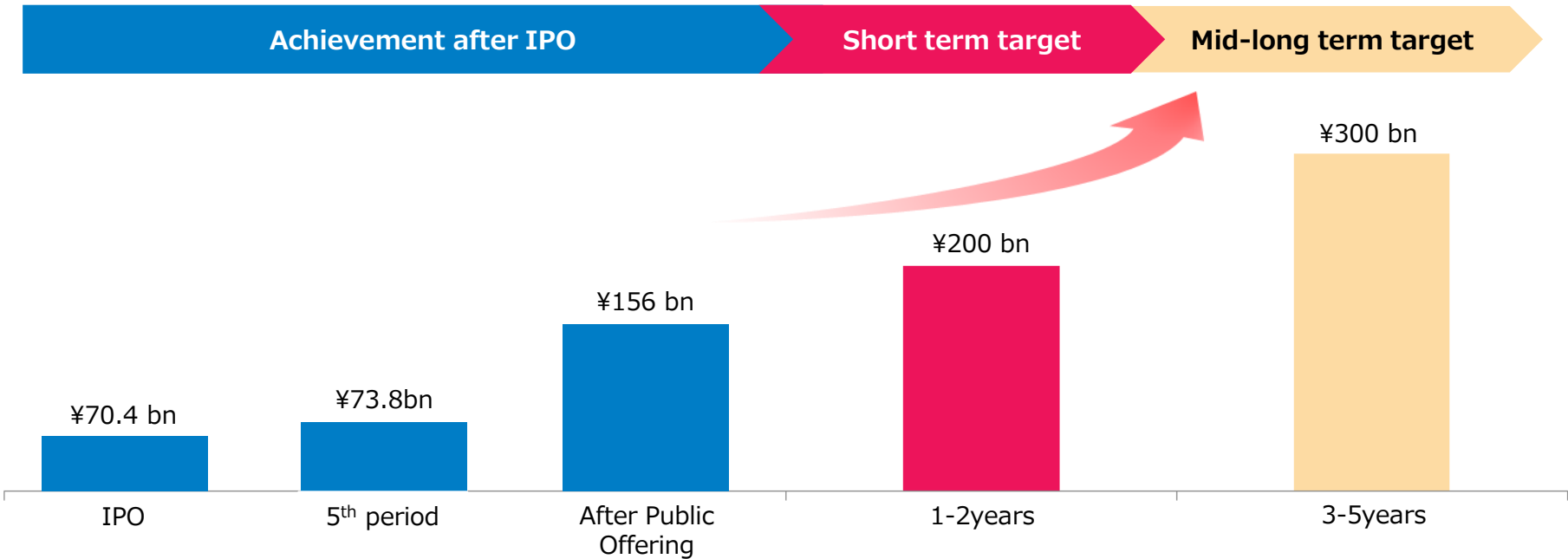
4. Growth Strategies

External Growth Strategy (1)

Achieved initial target asset size⁽¹⁾ in accelerated timeframe. Aiming at new target of ¥200 bn.



New growth target



Note

1. "Asset size" refers to a total acquisition price.
2. Asset size after Public Offering includes "Otakibashi Pacifica Building" scheduled to be acquired on March 12, 2015.

External Growth Strategies (2)

Continue dynamic and timely investments by utilizing various bridge funds and borrowing, corresponding to the needs of sellers.

Acquisition status after IPO


Acquisition methods	← Acquired upon public offering →					
	Bridge Funds					
	Acquisition by borrowing	Direct acquisition	Nicolas Capital 1	Nicolas Capital2	Nicolas Capital 4	Gotanda Ohasi Investment TMK
No. of properties	2	10	16	1	4	1
Acquisition price	¥8.8 bn	¥27 bn	¥33.3 bn	¥7.3 bn	¥9.1 bn	—
Appraisal value	¥8.9 bn	¥27 bn	¥34.4 bn	¥8.5 bn	¥9.2 bn	¥6.6 bn

Dynamic utilization of bridge funds

① Accumulative bridge funds

- Determining transaction date in advance
- Accumulating plural properties aiming the transaction date as a target.

e.g. Nicolas Capital 1



② Just-in-time bridge funds

- Establishing tailor-made bridge funds corresponding to the needs of sellers.

e.g. Nicolas Capital2



e.g. Gotanda Ohasi Investment TMK




Acquisition by borrowing

Acquisition by borrowing

- Not using bridge funds, in accordance with the timing of transaction or the characteristics of the property.

e.g. Central Daikanyama



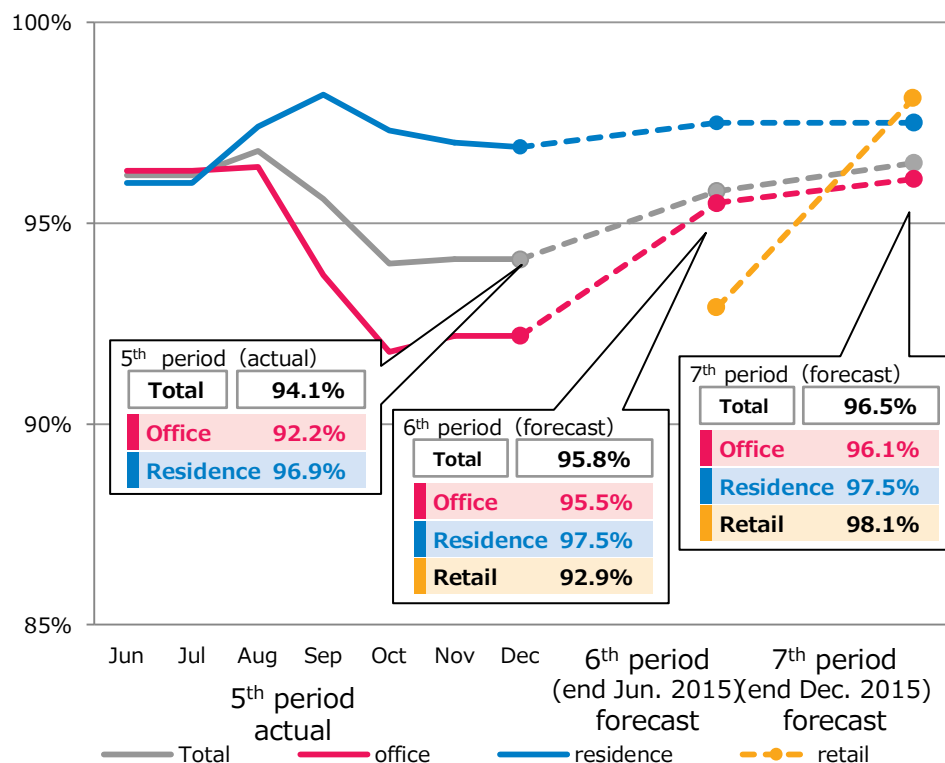
e.g. JS Progres Building



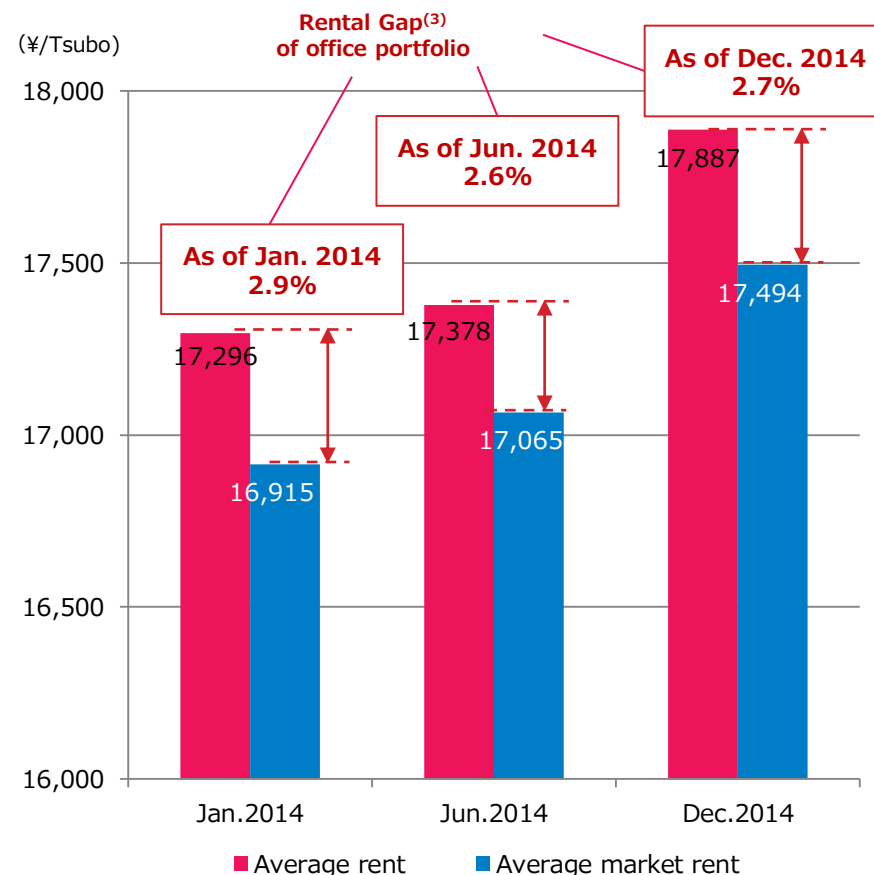
Internal Growth Strategy (1)

Pursuing income increase through improvement of occupancy rate and rent growth

Occupancy rate trend and forecast



Average rent⁽¹⁾ and average market rent⁽²⁾



Notes

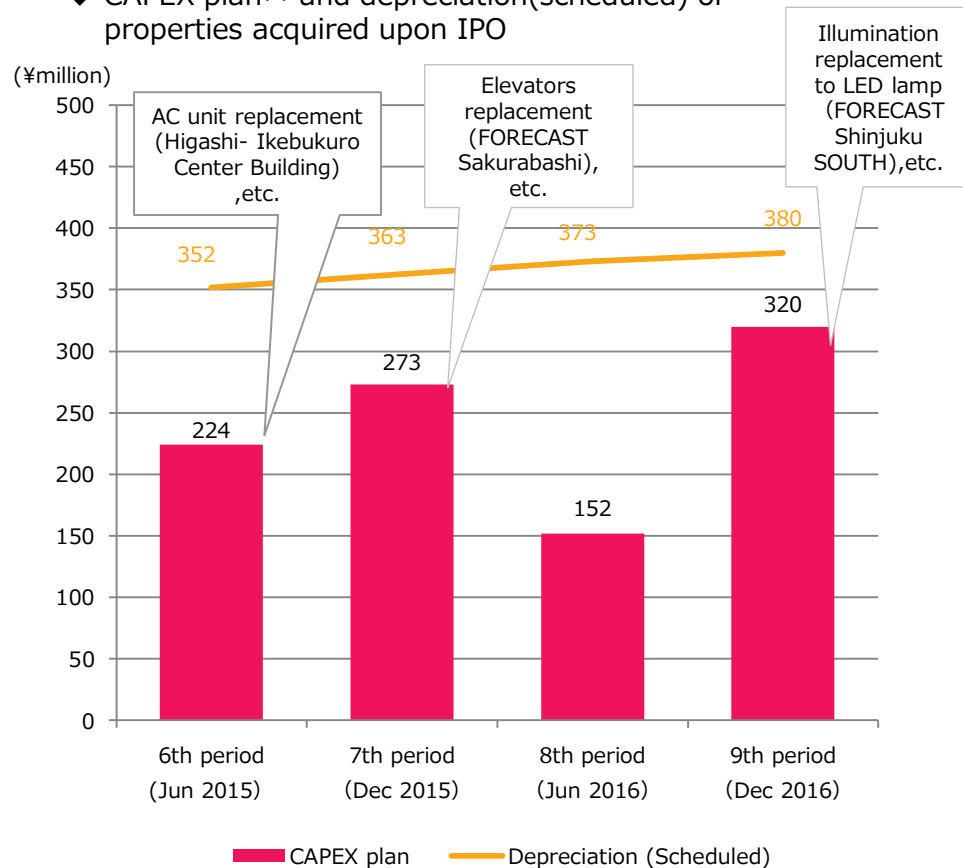
1. Average rent is represented by the contract-based rent as of the end of January, the end of June 2014 and the end of December 2014, respectively, which is a weighted-average of each office properties based on the occupied floor area. Each weighted average excludes tenants which have submitted a notice of cancellation and which occupy the retail section between the 2nd floor to the basement floor of buildings.
2. Market rent is represented by an average of the maximum and minimum of the rent as of 1 January 2014, as of 30 June 2014 and as of 31 December 2014, as described in the market reports prepared by Sanko Estate and CBRE K.K. Such average is a weighted-average of each office properties based on the occupied floor area.
3. Rental gap: Average rent / Market rent - 1; calculated as a weighted-average of each office properties based on the occupied floor area.

Internal Growth Strategy (2)

Maintaining and raising portfolio value through appropriate property management and proactive CAPEX plan within the limitation of depreciation

CAPEX plan and maintenance cost

- ◆ CAPEX plan⁽¹⁾ and depreciation(scheduled) of properties acquired upon IPO



Note

1. CAPEX plan is the summary of the plan made by the asset management company based on the management reports of respective properties.

- ◆ Measures in consideration of cost reduction, tenant satisfaction and eco friendliness

LED lamp installment

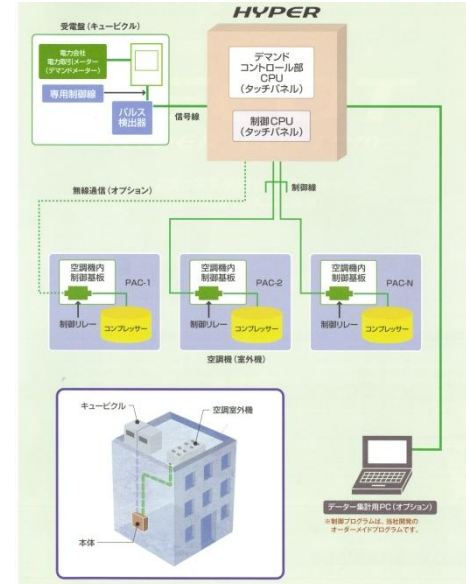


Water-saving device installment

トイレット自動流水器「アクアプロ・ヴィーナス」設置例



AC unit replacement (energy-saving device)



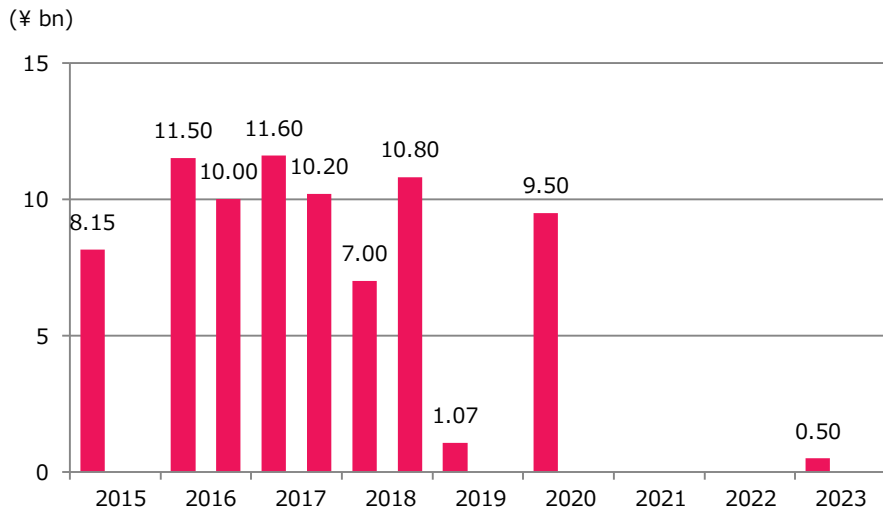
Financial Strategy

Constructing stable financial foundation over the medium to long term together with the strong banking relationship

Financial Highlights after public offering

Total Interest-bearing Liabilities	¥80.3 ^{bn}	LTV	46.6%
Average remaining period	2.4 ^{yrs}	Japan Credit Rating Agency (JCR) Long-term issuer rating A-(Stable)⁽¹⁾	
Long-term debt ratio	85.7%		

Maturity ladder after public offering⁽²⁾



Note

- The above rating is the issuer rating granted to NIPPON REIT, and not a rating granted to its investment units. Furthermore, the investment units have no credit rating that have been or will be granted or submitted for inspection by any rating agency at the request of NIPPON REIT.
- Subject to the fulfillment of all the preconditions for lending and completion of procedure of respective lenders. Loan amount, interest rate, drawdown date, and repayment date pertaining to the borrowing may change by the eventual execution of the borrowing.

List of (scheduled) borrowings after public offering

Category	Term	Lender	Loan amount (¥mm)	Drawdown date	Repayment date	Interest rate	Fixed /Floating
Borrowings before public offering	Short term	The Bank of Tokyo-Mitsubishi UFJ, Ltd. or Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger	50	Apr. 24, 2014	Apr. 24, 2015	Base rate +0.50%	floating
			8,100	Apr. 24, 2014	Apr. 24, 2015	Base rate +0.25%	floating
	Long term		8,500	Apr. 24, 2014	Apr.24, 2016	Base rate +0.275%	floating
			11,600	Apr. 24, 2014	Apr.24, 2017	Base rate +0.30%	floating
			3,700	Dec. 19, 2014	Aug. 21, 2017	Base rate +0.30%	floating
			7,000	Apr. 24, 2014	Apr. 24, 2018	0.80448%	fixed
			5,700	Jan. 8, 2015	Aug. 20, 2018	Base rate +0.325%	floating
			1,070	Apr. 24, 2014	Apr. 24, 2019	0.91443%	fixed
Borrowings after public offering	Short term		3,000	Feb.12, 2015	Feb. 22, 2016	Base rate +0.50%	floating
			10,000	Feb.12, 2015	Aug. 22, 2016	Base rate +0.275%	floating
	Long term		6,500	Feb.12, 2015	Aug. 21, 2017	Base rate +0.30%	floating
			5,100	Feb.12, 2015	Aug. 20, 2018	Base rate +0.325%	floating
			3,500 ⁽²⁾	Mar. 12, 2015	Feb. 20, 2020	Base rate +0.40%	fixed
			6,000	Feb.12, 2015	Feb. 20, 2020	0.85306%	fixed
			500	Feb.12, 2015	Feb. 20, 2023	1.23580%	fixed

The 5th Period Achievements

Challenges for the future

External Growth

- ◆ Acquisition of Central Daikanyama (¥3.5bn)
- ◆ Established 4 bridge funds and be granted first negotiation rights (22properties ¥56.3bn)
- ◆ Achieved initial asset size target of ¥100bn ahead of time (After public offering in 6th period)

- ◆ Next asset size target ¥200bn
- ◆ Continue dynamic and timely investment through bridge funds and borrowing
- ◆ Acquisition of assets contribute to the improvement of portfolio quality

Internal Growth

- ◆ Improvement of occupancy rate (FORECAST Yotsuya, GreenOak Takanawadai)
- ◆ Realization of rent growth (6tenants / 10.4% increase)
- ◆ Revision to CAPEX plan
- ◆ Building name change (FORECAST Shinjuku South, FORECAST Sakurabashi)

- ◆ Improvement of occupancy rate
- ◆ Rent growth utilizing rent renewal opportunities (leased floor areas scheduled to be renewed during 6th period : approximately 10,000 tsubos)
- ◆ Maintaining portfolio value through proactive CAPEX plan
- ◆ Unification of building name (Branding)

Financial Strategy

- ◆ Continue strong bank relation with BTMU as a main financing bank
- ◆ Prepayment of loans with funds from the consumption tax refund (¥730mm)
- ◆ Borrowing of funds (¥3.7bn) for the acquisition of asset

- ◆ Lengthen loan remaining period through new borrowing of funds and refinancing
- ◆ Improvement of credit rating
- ◆ Further diversification of unitholders including Global investors



5. Appendix

“Strongly pursuing the interests of
NRT unitholders”

Basic policies of NIPPON REIT

1

Dynamic and timely investment

2

Network and skill provided by JV sponsors
(Sojitz, CWAM, and AAA⁽¹⁾)

3

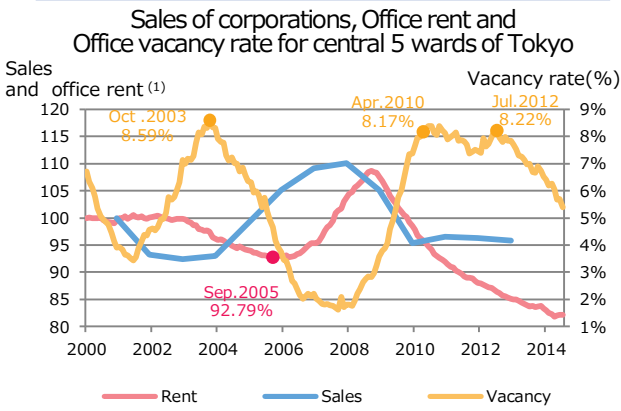
Fee structure linked to fluctuation in DPU
and Governance Structure monitored
by third parties

Notes

1. “Sojitz,” “CWAM” and “AAA” refer to “Sojitz Corporation,” “Cushman & Wakefield Asset Management K.K.” and “Agility Asset Advisers Inc.” respectively.

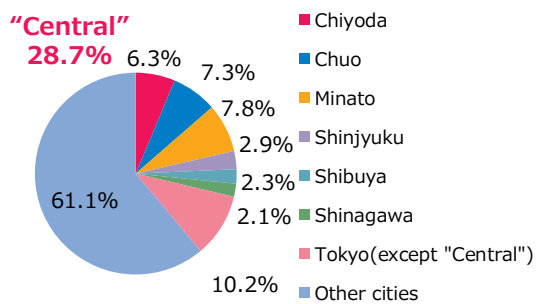
Office market

Rent growth is expected
in the business recovery phases



"Central"
: High concentration of companies

Head office address of major Companies
(No. of companies)



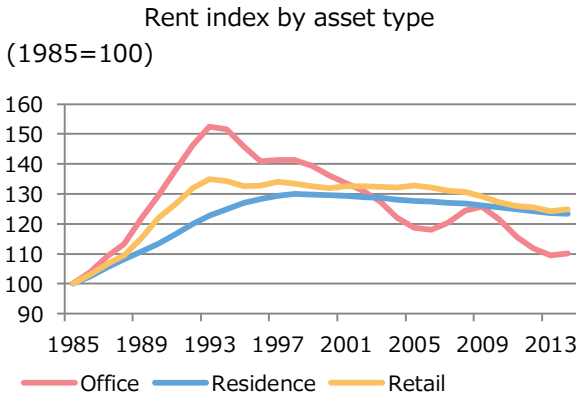
Source: Statistics Bureau, Ministry of Internal Affairs and Communications "Economic Census"

Notes

- 1. "Office rent" is normalized as of Jan. 2000 at the value of 100. "Sales of corporations" is normalized as of 2000 at the value of 100.
- 2. "GMS" is an abbreviation of general merchandising store and refers to a large-scale general supermarket that sells daily necessities for the general public

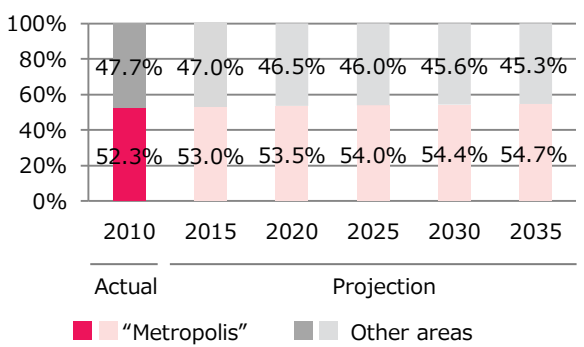
Residential market

Rent levels are expected to remain stable



"Metropolis"
: High concentration of population

Household projection

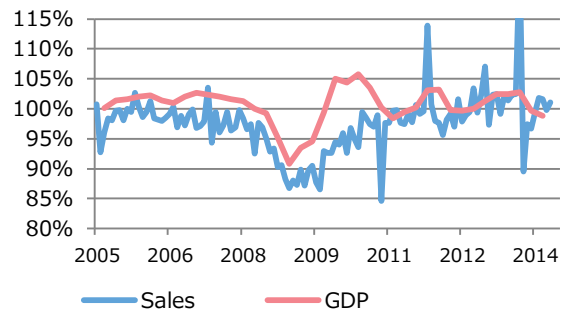


Source : Actual : Statistics Bureau, Ministry of Internal Affairs and Communications "Population Census 2005 and 2010"
Projection : National Institute of Population and Social Security Research "Household Projection for Japan (Apr. 2014)"

Retail market

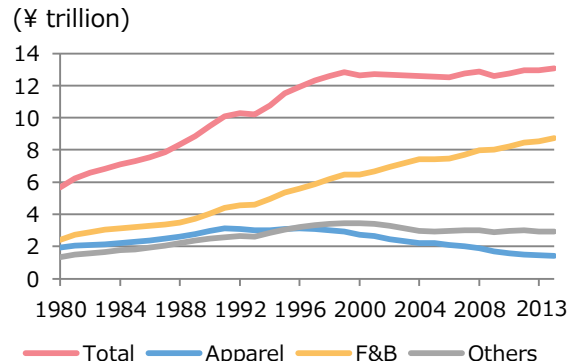
Urban retail stores
:Sales growth is expected
in the business expansion phases

Year-on-year comparison of department store sales and GDP



Daily necessities retail/
GMS⁽²⁾ anchored retail
:Stable income can be expected

Supermarket Sales value



Investment Policy

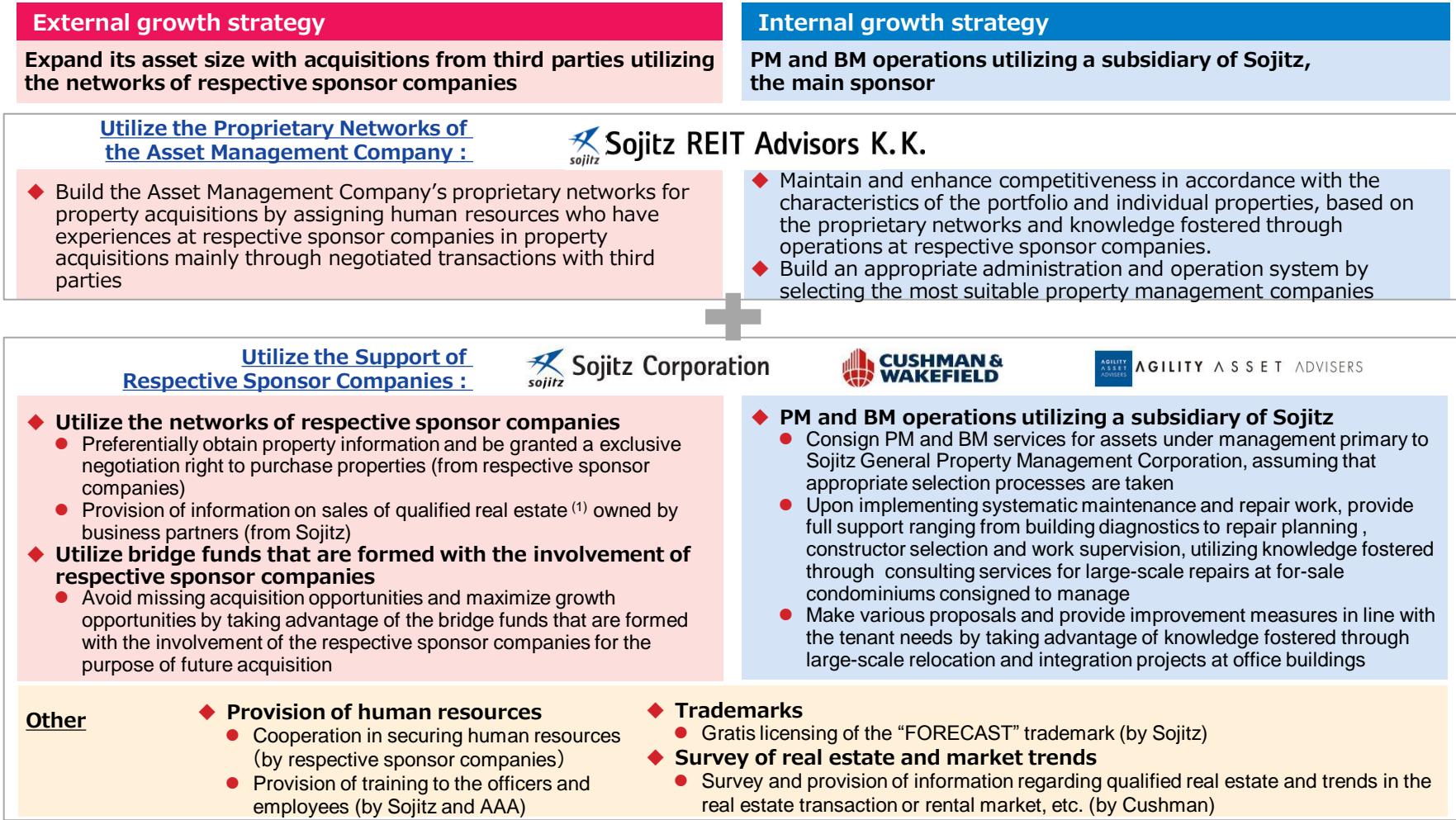
		Investment ratio by asset type			
		For entire portfolio	for each asset type		
			Metropolis ⁽²⁾		ODC etc. ⁽³⁾
			Central ⁽¹⁾		
Office Properties	<div><div>Focusing on “Central”</div><div>→</div><div>Concentration of companies</div><div>→</div><div>Growth potential</div></div> <p>NIPPON REIT’s Understanding of Investment Characteristics</p> <ul style="list-style-type: none">◆ Income growth is expected in the economic expansion phases, as tenant demand and rent levels are relatively prone to changes in accordance with business cycles◆ Liquidity is secured at a certain level, as the investment market has a relatively large size◆ “Central” : Solid tenant demand is expected, given the high concentration of companies	50% or more	60% or more	40% or less	20% or less
Residential Properties	<div><div>Focusing on “Metropolis”</div><div>→</div><div>Concentration of population</div><div>→</div><div>Stability</div></div> <p>NIPPON REIT’s Understanding of Investment Characteristics</p> <ul style="list-style-type: none">◆ Rental demand and rent levels are expected to remain relatively stable without being influenced by business cycles◆ “Metropolis” : Demand for rental residential properties at a certain level is anticipated, given the high concentration of population	50% or less	60% or more		40% or less
Retail Properties	<div><div>Urban retail</div><div>→</div><div>Growth potential</div></div> <div><div>Daily necessities retail / GMS-anchored retail</div><div>→</div><div>Stability</div></div> <p>NIPPON REIT’s Understanding of Investment Characteristics</p> <ul style="list-style-type: none">◆ Urban retail<ul style="list-style-type: none">● Relatively high profitability is expected, as they are located in the center of cities where brisk consumption are anticipated against the backdrop of population inflow● More replacement tenants are expected to be available◆ Daily necessities retail / GMS-anchored retail facilities<ul style="list-style-type: none">● Stable income can be expected based on long-term fixed rent contracts with major tenants● Solid tenant demand is anticipated in response to stable needs closely connected to the community lives	20% or less	No investment ratio by area has been set up		

Notes

- “Central” refers to the 6 Central Wards of Tokyo (i.e. Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa Wards)
- “Metropolis” refers to the 3 Major Metropolitan Areas (i.e. Tokyo, Osaka and Nagoya economic blocs)
- “ODC etc.” refers to the ordinance-designated cities located in areas other than “Metropolis” (i.e. Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, Fukuoka, Kitakyushu and Kumamoto) and prefectural capitals

Overview of Sponsor Support

Growth with the sponsor supports and acquisitions from third parties



Note

1. “Qualified real estate” refers to real estate, trust beneficiary interest in real estate, real estate-backed securities or equity interest in anonymous partnership backed by real estate (including real estate under development), which are consistent with the investment policy established by NIPPON REIT and the Asset Management Company.



Sojitz Corporation

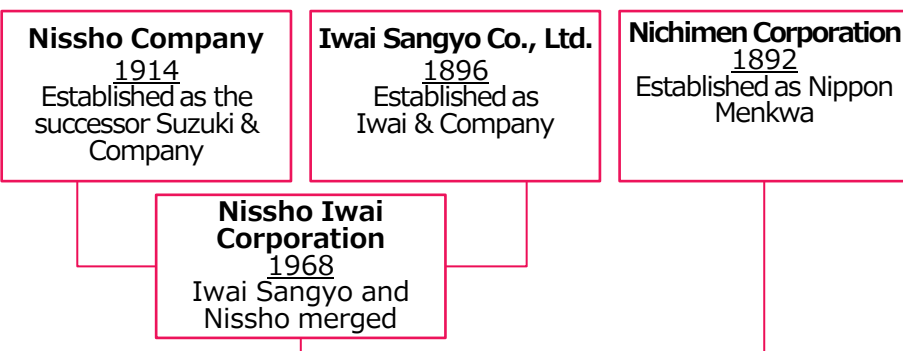
A major general trading company

- ◆ The Sojitz Group consists of approximately 430 subsidiaries and affiliates located in Japan and throughout the world, and it is developing its operations in approximately 50 countries and regions.

(as of Dec. 31, 2014)

No. of Branches & Offices	Domestic : 7 Overseas : 87
No. of subsidiaries and affiliates	Domestic : 115 Overseas : 303
No. of employees	Non consolidated : 2,271 Consolidated : 16,132

History



2003

- ◆ Nissho Iwai-Nichimen holdings Corporation was established and made Nichimen Corporation and Nissho Iwai Corporation, its wholly owned subsidiaries

2005

- ◆ Sojitz Holdings Corporation merged with Sojitz Corporation and changed the company name to Sojitz Corporation

2004

- ◆ Nichimen Corporation and Nissho Iwai Corporation merged to form a new company "Sojitz Corporation"
- ◆ Nissho Iwai-Nichimen Holdings Corporation changed its name to Sojitz Holdings Corporation



Sojitz Corporation

Note

- Properties on this page shows Sojitz's achievements. NIPPON REIT have not acquired nor plan to acquire, as of the date of this material, these properties, except FORECAST Shinjuku AVENUE, FORECAST Ichigaya and Tower Court Kitashinagawa.

Sojitz group's real estate business

(a) Income Producing Property Business

- ◆ Developed 15 office buildings, 5 retail facilities and 54 residential properties in approx. 10 years from fiscal year 2003 to 2012
- ◆ Among the properties above, Sojitz owned and managed 12 office buildings, 3 retail facilities and 1 residential property

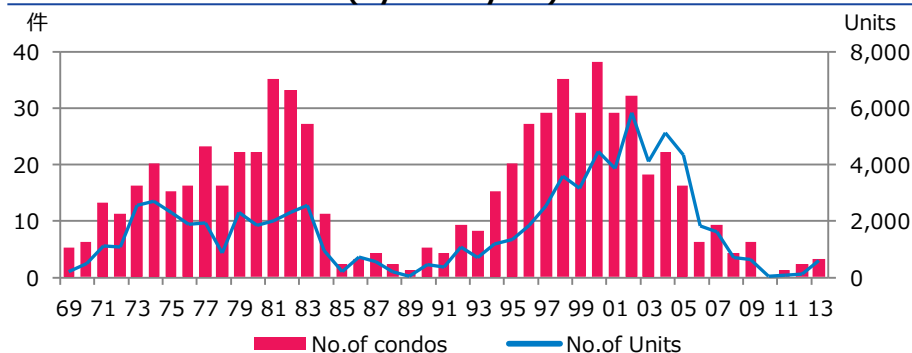
(b) For-sale condominium business

- ◆ Over 40 years of history of business in the construction and real estate areas.
- ◆ Track record of Approx. 75,000 units developed
- ◆ Sojitz General Property Management (a subsidiary of Sojitz) consigned to manage approx. 26,000 units (as of Feb 1, 2015)

Major development achievements (1)



Track record of for-sale condominiums supply in Tokyo and Osaka economic blocs (by fiscal year)



Source: Sojitz



Cushman & Wakefield Asset Management K.K. (CWAM)

The asset management company 100% owned by C&W group⁽¹⁾

- ◆ Accumulated total investment track record of over ¥600 billion since 2005
- ◆ CWAM managed property investment funds which invest mainly in office, residential and retail properties and financed by domestic financial institutions
- ◆ After 2009, CWAM was consigned to manage private funds from overseas investors and J-REIT bridge funds

One of the world's largest real estate firm

- ◆ C&W, the parent company, is the world's largest privately-held commercial real estate services firm, founded in 1917
- ◆ It has approximately 250 offices in 60 countries, employing more than 16,000 professionals
- ◆ It offers a complete range of services for all property types all over the world, including leasing, sales and acquisitions, corporate services, consulting and appraisal etc.

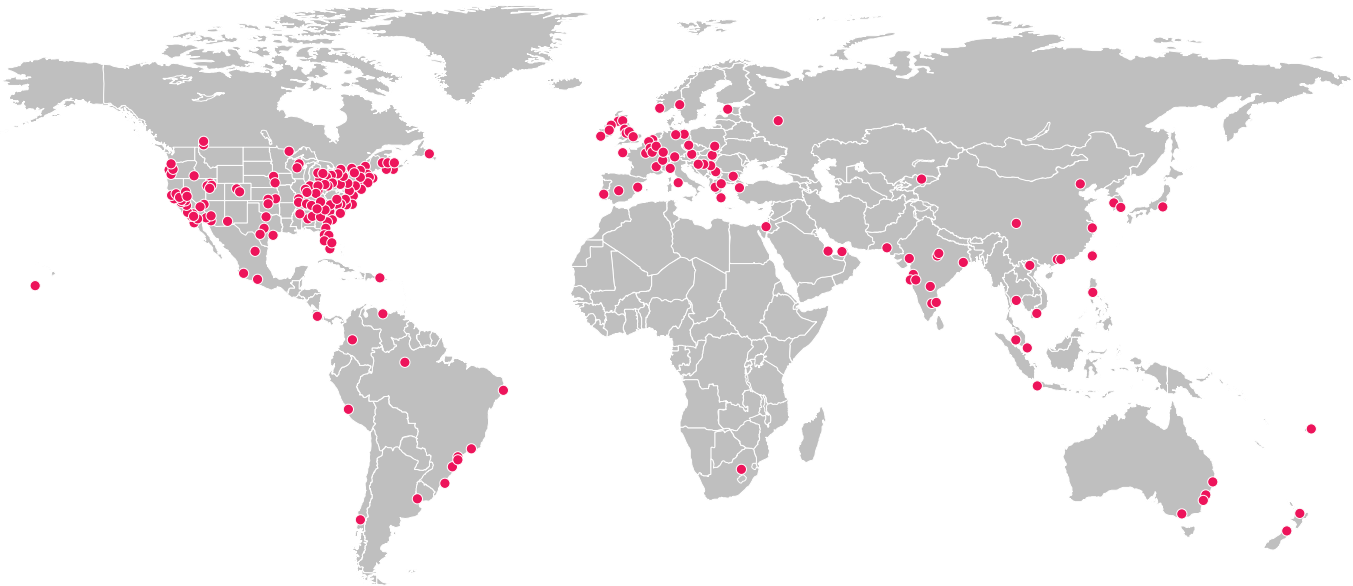
Major leasing track records

C&W group global network

**One World Trade Center
(New York, USA)**

**China Central Place
(Beijing, China)**

**Heron Tower
(London, UK)**



Note

1. "C&W group" refers to Cushman & Wakefield Inc.(C&W) and its group company including its Japanese subsidiaries, Cushman & Wakefield K.K. and Cushman & Wakefield Asset Management K.K.



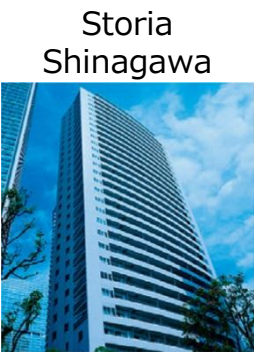
- ◆ AAA was established in January 2005, with its partner “Polaris Japan Group⁽¹⁾”
- ◆ AAA offers wide range of business including fund management, advisory, property investment, brokerage, property management etc.
- ◆ Since its foundation AAA managed property investment funds mainly backed by domestic institutional investors. After the capital participation of “Polaris Japan Group” it manages private funds which invest in the field of property and renewable energy facility etc. backed by high-net-worth investors from Greater China including China Taiwan Hong Kong and Singapore, and USA.

Investment strategy of AAA

- ◆ Invest mainly in residential properties located in 6 major metropolitan areas in Japan including Sapporo, Sendai, Tokyo economic bloc, Nagoya, Osaka economic bloc, and Fukuoka economic bloc (Fukuoka and Kitakyusyu) which AAA perceives relatively stable cash flows are expected, as brisk economic activities are anticipated in those areas.
- ◆ Focus on the difference between potential value and market price of office, residential and retail properties located in 6 central wards of Tokyo.

Major Investment Achievements ⁽²⁾

Residential properties



Office buildings, and retail facilities



Notes

1. “Polaris Japan Group” is an arm in Japan of a financial group formed by the family members of Polaris Securities Ltd. (Currently Yuanta Financial Holdings Co., Ltd) which develops a wide range of operations mainly in Taiwan and in south east Asia countries.
2. Properties on this page shows AAA’s achievements. NIPPON REIT have not acquired nor plan to acquire, as of the date of this material, these properties.

Governance Structure

Management structure for pursuing the interest of NRT Unitholders

Method for pursuing the interest of Unitholders

Management fee system linked to DPU

Asset management fees from the 5th fiscal period

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

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

<Acquisition fee and disposition fee>

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

Same-boat investment by the sponsor

Sojitz,
the main sponsor

Owens 15,500 investment units of NIPPON REIT
after Public Offering

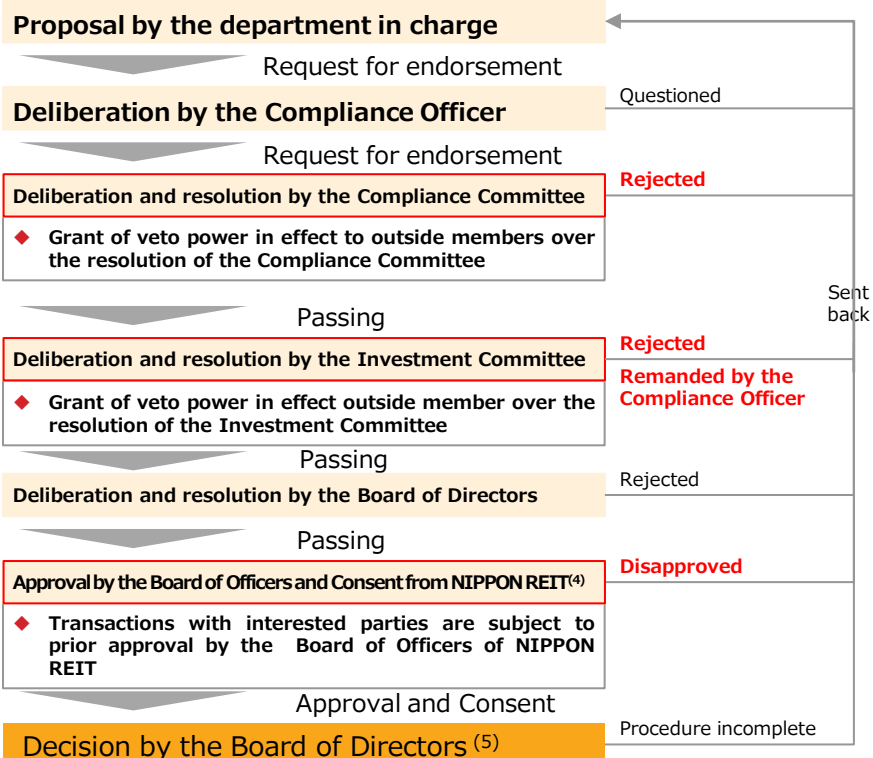
Notes

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

Governance system

Decision-making process

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

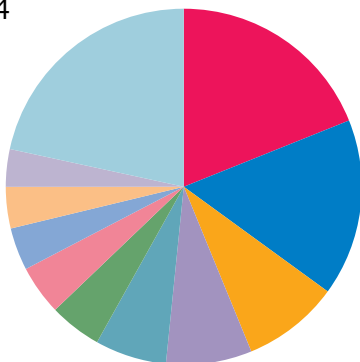


Portfolio and Tenant Allocation

Building up the diversified portfolio

Portfolio diversification

Based on acquisition price
as of Dec. 31, 2014



Summary of top 10 major assets

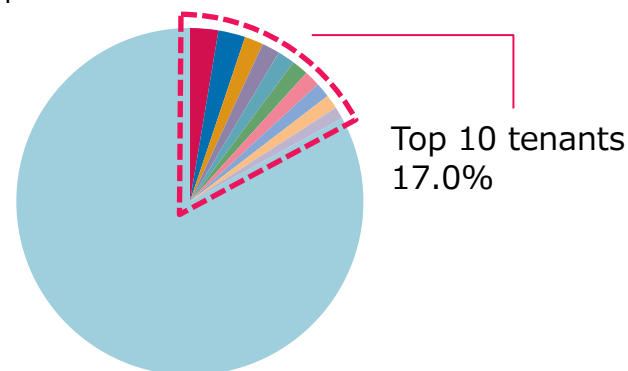
	Property name	Acquisition price (¥million)	Share
1	FORECAST Shinjuku SOUTH	13,990	18.9%
2	Tower Court Kitashinagawa	11,880	16.1%
3	FORECAST Shinjuku AVENUE	6,500	8.8%
4	FORECAST Sakurabashi	5,760	7.8%
5	FORECAST Ichigaya	4,800	6.5%
6	Central Daikanyama	3,510	4.8%
7	GreenOak Okachimachi	3,330	4.5%
8	GreenOak Kayabacho	2,860	3.9%
9	GreenOak Kudan	2,780	3.8%
10	Higashi Ikebukuro center building	2,520	3.4%

Note

1. The share is calculated based on the leasable area of all end tenants as of Dec.31, 2014

Tenant diversification

as of Dec. 31, 2014



Summary of top 10 major tenants⁽¹⁾

	Property name	Category of business	Leased area (m ²)	Share
1	Higashi Ikebukuro Center Building	Wholesale and retail	2,424.34	2.6%
2	FORECAST Shinjuku SOUTH	Service	2,309.49	2.5%
3	FORECAST Sakurabashi	Manufacturing	1,601.49	1.7%
4	(Tentative) FORECAST Nihombashi EAST	Wholesale and retail	1,533.92	1.7%
5	FORECAST Shinjuku South FORECAST Shinjuku AVENUE	Telecommunications	1,491.65	1.6%
6	FORECAST Shinjuku AVENUE	Manufacturing	1,395.96	1.5%
7	GreenOak Kudan	Manufacturing	1,361.47	1.5%
8	FORECAST Shinjuku South	Manufacturing	1,280.85	1.4%
9	GreenOak Kayabacho	Finance and insurance	1,211.22	1.3%
10	FORECAST Sakurabashi	Manufacturing	1,035.02	1.1%

As of December 31, 2014






No.	Property name	Acquisition Price (¥mm)	Book Value (a) (¥mm)	Appraisal Profit or loss (b-a) (¥mm)	Appraisal value (¥mm)			Direct capitalization			Discount Cash Flow						Appraiser (1)	
					End 4 th period	End 5 th period (b)	variance	CAP rate(%)			Discount rate(%)			Terminal rate(%)				
								End 4 th period	End 5 th Period	variance	End 4 th period	End 5 th Period	variance	End 4 th period	End 5 th Period	variance		
Office properties																		
A-1	FORECAST NishiShinjuku	2,260	2,252	317	2,520	2,570	50	4.7	4.6	▲0.1	4.3	4.2	▲0.1	4.9	4.8	▲0.1	JREI	
A-2	(Tentative) FORECAST NishiShinjuku EAST	2,130	2,137	122	2,240	2,260	20	4.8	4.8	0	4.7	4.6	▲0.1	5.1	5.0	▲0.1	JREI	
A-3	FORECAST Yotsuya	1,430	1,430	219	1,610	1,650	40	4.7	4.6	▲0.1	4.4	4.3	▲0.1	4.8	4.7	▲0.1	JREI	
A-4	FORECAST Shinjuku AVENUE	6,500	6,485	384	6,700	6,870	170	4.3	4.2	▲0.1	4.0	3.9	▲0.1	4.4	4.3	▲0.1	JREI	
A-5	FORECAST Ichigaya	4,800	4,834	435	5,090	5,270	180	4.3	4.2	▲0.1	4.1	4.0	▲0.1	4.5	4.4	▲0.1	JREI	
A-6	FORECAST Mita	1,800	1,802	127	1,890	1,930	40	4.5	4.4	▲0.1	4.3	4.2	▲0.1	4.7	4.6	▲0.1	JREI	
A-7	FORECAST Shinjuku SOUTH	13,990	14,484	615	14,400	15,100	700	4.3	4.2	▲0.1	4.0	3.9	▲0.1	4.5	4.4	▲0.1	JREI	
A-8	FORECAST Sakurabashi	5,760	5,969	▲139	5,820	5,830	10	4.7	4.7	0	4.5	4.5	0.0	4.9	4.9	▲0.1	JREI	
A-9	GreenOak Kayabacho	2,860	2,972	▲32	2,890	2,940	50	4.7	4.6	▲0.1	4.4	4.4	0.0	4.9	4.8	▲0.1	JREI	
A-10	GreenOak Kudan	2,780	2,887	52	2,870	2,940	70	4.4	4.3	▲0.1	4.2	4.1	▲0.1	4.6	4.5	▲0.1	JREI	
A-11	GreenOak Takanawadai	2,260	2,330	▲30	2,280	2,300	20	4.8	4.7	▲0.1	4.6	4.5	▲0.1	5.0	4.9	▲0.1	JREI	
A-12	GreenOak Okachimachi	3,330	3,461	▲331	3,210	3,130	▲80	4.9	4.9	0	4.6	4.5	▲0.1	5.0	4.9	▲0.1	JREI	
A-13	Higashi Ikebukuro Center Building	2,520	2,620	▲10	2,610	2,610	0	5.2	5.1	▲0.1	5.0	4.9	▲0.1	5.4	5.3	▲0.1	JREI	
A-14	Central Daikanyama	3,510	3,669	▲169	-	3,500	-	-	4.2	-	-	4.0	-	-	4.4	-	JREI	
Total office properties		55,930	57,340	1,559	54,130	58,900	1,270											
Residential properties																		
B-1	Tower Court Kitashinagawa	11,880	11,521	878	12,200	12,400	200	4.8	4.7	▲0.1	4.6	4.5	▲0.1	5.0	4.9	▲0.1	JREI	
B-2	Sky Hills N11	1,570	1,650	▲40	1,590	1,610	20	6.0	5.9	▲0.1	5.8	5.7	▲0.1	6.2	6.1	▲0.1	JREI	
B-3	my atria Meieki	1,280	1,341	▲21	1,300	1,320	20	5.4	5.3	▲0.1	5.2	5.1	▲0.1	5.6	5.5	▲0.1	JREI	
B-4	my atria Sakae	1,110	1,164	▲24	1,110	1,140	30	5.5	5.4	▲0.1	5.3	5.2	▲0.1	5.7	5.6	▲0.1	JREI	
B-5	Mac Village Heian	785	824	▲13	805	811	6	5.8	5.7	▲0.1	5.6	5.5	▲0.1	6.0	5.9	▲0.1	JREI	
B-6	Seam Dwell Tsutsui	695	743	▲18	712	725	13	5.5	5.4	▲0.1	5.3	5.2	▲0.1	5.7	5.6	▲0.1	JREI	
B-7	Ciel Yakuin	640	673	▲15	647	658	11	5.3	5.2	▲0.1	5.1	5.0	▲0.1	5.5	5.4	▲0.1	JREI	
Total residential properties		17,960	17,919	744	18,364	18,664	300											
Total	21 properties	73,890	75,259	2,304	72,494	77,564	1,570											

Note

1. "JREI" refers to Japan Real Estate Institute

List of properties (before public offering) Office (1)






as of Dec. 31, 2014

Property Name	A-1 FORECAST NishiShinjuku	A-2 FORECAST Nihombashi EAST	A-3 FORECAST Yotsuya	A-4 FORECAST Shinjuku AVENUE	A-5 FORECAST Ichigaya
Picture					
Address	Shinjuku ward, Tokyo	Chuo ward, Tokyo	Shinjuku ward, Tokyo	Shinjuku ward, Tokyo	Shinjuku ward, Tokyo
Acquisition Price	¥2,260 million	¥2,130million	¥1,430million	¥6,500million	¥4,800million
Appraisal Value	¥2,570million	¥2,260million	¥1,650million	¥6,870million	¥5,270million
NOI cap yield ⁽¹⁾	5.3%	5.2%	5.3%	4.5%	4.7%
Occupancy rate	100%	100%	89.7%	100%	100%
Completed	Feb, 2009	Feb, 2009	Jan, 2009	Sep, 2008	Aug, 2009
PML	2.7%	3.7%	3.6%	2.1%	2.9%
Acquisition source	Sponsors	Sponsors	Sponsors	Sponsors	Sponsors
Access	Approx. a 5min. walk from Shinjuku Station on the JR lines	Approx. a 3min. walk from Hamacho Station on the Toei Subway Shinjuku Line. within walking distance from Higashi-Nihonbashi Station on the Toei Subway Asakusa Line and Ningyocho station on the Tokyo Metro Hibiya Line	Approx. a 4min. walk from Yotsuya-Sanchome Station and approx. 6min walk from Yotsuya Station on the Tokyo Metro Marunouchi Line	Approx. a 3min. walk from Shinjuku-Sanchome Station on the Tokyo Metro Marunouchi and Fukutoshin Lines and Toei subway Shinjuku Line.	Approx. a 2min. walk from Ichigaya Station on the Tokyo Metro Nanboku Line.
Features	<ul style="list-style-type: none"> ◆ Located in the Nishi-Shinjuku area, which is one of the largest terminal stations in the world ◆ As the Property is in an environment with a strong retail atmosphere, demand is expected from a wide variety of business categories, including offices that serve visiting customers 	<ul style="list-style-type: none"> ◆ The surrounding environment is favorable, with Hamacho park, one of the representative park in Chuo ward, in the neighborhood ◆ The building is relatively new (completed in 2009) and features a high scarcity value over the neighboring areas with plenty of buildings that were built many years ago 	<ul style="list-style-type: none"> ◆ The area is highly regarded for its access convenience, as railway lines that allow easy access to major areas are available at Yotsuya Station, incl. the JR and Tokyo Metro Lines ◆ The building was completed in 2009, being one of the few buildings in the neighborhood that was built in 2000 and after 	<ul style="list-style-type: none"> ◆ Located in the Higashi-Shinjuku area, which is one of the largest terminal stations in the world ◆ Completed in 2008, the building has a scarcity value in terms of newness, and its glass covered appearance is also impressive ◆ Its leasing areas are highly versatile, mostly regularly shaped and no pillars 	<ul style="list-style-type: none"> ◆ The area has good traffic convenience, as JR Chuo and Sobu Lines, Tokyo Metro Yurakucho and Nanboku Lines and Toei Subway Shinjuku Line are available at Ichigaya Station ◆ The building is fairly new, completed in 2009, and equipped with a high level of basic facilities

Note 1. "NOI cap yield" is based on appraisal. The same shall apply hereinafter.





List of properties (before public offering) Office (2)

as of Dec. 31, 2014

Property Name	A-6 FORECAST Mita	A-7 FORECAST Shinjuku SOUTH	A-8 FORECAST Sakurabashi	A-9 GreenOak Kayabacho	A-10 GreenOak Kudan
Picture					
Address	Minato ward, Tokyo	Shinjuku ward, Tokyo	Chuo ward, Tokyo	Chuo ward, Tokyo	Chiyoda ward, Tokyo
Acquisition Price	¥1,800million	¥13,990million	¥5,760million	¥2,860million	¥2,780million
Appraisal Value	¥1,930million	¥15,100million	¥5,830million	¥2,940million	¥2,940million
NOI cap yield	4.8%	4.7%	5.1%	5.0%	4.8%
Occupancy rate	100%	100%	85.4%	100%	100%
Completed	Sep, 2009	Nov, 1980	Apr, 1985	Mar, 1990	Dec, 1987
PML	2.9%	7.0%	4.2%	2.6%	5.1%
Acquisition source	Sponsors	Third party	Third party	Third party	Third party
Access	Approx. a 2min. from Akabanebashi Station on the Toei Subway Oedo Line, and approx. a 5min. walk from Shibakoen Station on the Toei subway Mita Line and Azabu-Juban Station on the Tokyo Metro Nanboku Line.	Approx. a 5min. walk from the south exit or the new south exit of Shinjuku Station on the JR Lines, and approx. a 1min. walk from Shinjuku-Sanchome Station on the Tokyo Metro Marunouchi Line.	Approx. a 3min. walk from Hatchobori Station on the Tokyo Metro Hibiya Line and JR Keiyo Line, and approx. 5 min from Takaracho Station on the Toei Subway Asakusa Line.	Approx. a 2min. walk from Kayabacho Station on the Tokyo Metro Tozai and Hibiya Lines.	Approx. a 1min. walk from Kudanshita Station on the Tokyo Metro Tozai and Hanzomon Lines and the Toei Subway Shinjuku Line.
Features	<ul style="list-style-type: none"> ◆ Having well-established transportation networks such as JR, Tokyo Metro and Toei Subway Lines ◆ The building is fairly new, completed in 2009, and equipped with high level basic facilities ◆ The leasing areas are highly versatile and regularly shaped with no pillars 	<ul style="list-style-type: none"> ◆ Located in the east of Shinjuku Station, which is one of the largest terminal stations in the world ◆ The building has the benefits of its scale, with a standard floor area of approx. 540subos ◆ It underwent large-scale renovation work including seismic reinforcement 	<ul style="list-style-type: none"> ◆ The nearest station is Hatchobori Station where the Tokyo Metro Line and JR Line are available. After a further walk, the Tokyo Metro Ginza Line is also available ◆ It underwent large-scale renovation works including repair of the outer walls so that its specifications are sufficiently set to meet the recent tenant requirements 	<ul style="list-style-type: none"> ◆ A select property featuring good location with excellent visibility ◆ It underwent renovation works centering on common areas, and it also features bright and open spaces for lease 	<ul style="list-style-type: none"> ◆ The area enjoys good traffic convenience as many railway lines are available at Kudanshita Station ◆ It underwent renovation work centering on common areas so that its facilities as a whole are sufficiently set to meet the recent tenant requirements





List of properties (before public offering) Office (3)

as of Dec. 31, 2014

Property Name	A-11 GreenOak Takanawadai	A-12 GreenOak Okachimachi	A-13 Higashi Ikebukuro center building	A-14 Central Daikanyama
Picture				
Address	Minato ward, Tokyo	Taito ward, Tokyo	Toshima ward, Tokyo	Shibuya ward, Tokyo
Acquisition Price	¥2,260million	¥3,330million	¥2,520million	¥3,510million
Appraisal Value	¥2,300million	¥3,130million	¥2,610million	¥3,500million
NOI cap yield	4.9%	4.8%	5.7%	4.3%
Occupancy rate	85.8%	31.5%	100%	81.2%
Completed	Jan, 2010	Jan, 1977	Nov, 1991	Aug, 1991
PML	3.6%	7.7%	4.5%	7.1%
Acquisition source	Third party	Third party	Third party	Third party
Access	Approx. a 1min. walk from Takanawadai Station on the Toei Subway Asakusa Line.	Approx. a 1min. walk from Naka-Okachimachi Station on the Tokyo Metro Hibiya Line.	Approx. a 7min. walk from Otsuka Station on the JR Yamanote Line.	Approx. a 5min. walk from Daikanyama Station on the Tokyu Toyoko Line
Features	<ul style="list-style-type: none"> ◆ The area has traffic convenience, as the Toei Subway Mita Line and the Tokyo Metro Nanboku Line are available at Shirokane Takanawa Station and Shirokanedai Station also within walking distance ◆ Completed in 2010, it is recognized to have high scarcity value in the area where there are many small- and medium-sized buildings built many years ago 	<ul style="list-style-type: none"> ◆ The area has traffic convenience with many railway lines and stations within a close proximity and is also near to Ueno Station, a terminal station ◆ It underwent renovation works incl. seismic reinforcement ◆ It has a competitive advantage in terms of size within the area, as many of the office buildings in neighboring areas are small-sized with a standard floor area of several tens of tsubos 	<ul style="list-style-type: none"> ◆ Located in the Ikebukuro area, one of the subcenters of Tokyo, around Ikebukuro Station, which is one of the largest terminal stations in the world ◆ The area has fewer newly-built buildings compared with other major office districts. This is why the supply and demand balance is relatively stable in the area, without any surge of supply to cause major excess supply 	<ul style="list-style-type: none"> ◆ The surrounding area is lined with many unique shops of varying size including a landmark complex of Daikanyama ◆ Insistent demand is observed from such business categories as apparel, IT and advertisement that set a high value on the atmosphere and fashion-consciousness, etc. of the area




List of properties (before public offering) Residence (1)

as of Dec. 31, 2014

Property Name	B-1 Tower Court Kitashinagawa	B-2 Sky Hills N11	B-3 my atria Meieki	B-4 my atria Sakae
Picture				
Address	Shinagawa ward, Tokyo	Sapporo , Hokkaido	Nakamura ward, Nagoya	Naka ward, Nagoya
Acquisition Price	¥11,880million	¥1,570million	¥1,280million	¥1,110million
Appraisal Value	¥12,400million	¥1,610million	¥1,320million	¥1,140million
NOI cap yield	5.0%	6.6%	5.5%	5.8%
Occupancy rate	93.3%	100%	100%	100%
Completed	Feb, 2009	Mar, 2001	Mar, 2006	Mar, 2007
PML	2.6%	1.3%	4.4%	4.1%
Acquisition source	Sponsors	Third party	Third party	Third party
Access	Approx. a 4min.walk from Shimbamba Station on the Keikyu Main Line.	Approx. a 2min. walk from Kita-12-jo Station on the Sapporo City Subway Nanboku Line.	Approx. a 5min. walk from Kokusai Center Station on the Nagoya City Subway Sakura-Dori Line, and approx. 8min. from Nagoya Station of various lines.	Approx. a 7min. walk From Osu-Kannon Station on Nagoya City Subway Tsurumai Line.
Features	<ul style="list-style-type: none"> ◆ The property has relatively good traffic convenience, as it is approx. 4min. walk to the nearest station, and it takes approx. 20min. by train from the station to central Tokyo ◆ The building is relatively new tower condominium having 36 floors, completed in 2009. It has a competitive edge both in terms of the facilities and specifications compared with condominiums in the vicinity 	<ul style="list-style-type: none"> ◆ The property has good traffic convenience, as it is approx. a 2min. walk from the nearest station, and approx. a 10min. walk from Sapporo Station on the JR Lines ◆ As it is in close proximity to Hokkaido University, it has a comparable competitive edge as a rental condominium for students because of close proximity to Hokkaido University 	<ul style="list-style-type: none"> ◆ The property has good traffic convenience as it is approx. a 5min. walk from the nearest station, and a 8min. walk from Nagoya Station ◆ It has a competitive advantage in terms of living environment, with an abundance of living convenience facilities around Nagoya Station. Stable demand for rental condominiums for singles, primarily from commuters to the central area of Nagoya City, can be expected 	<ul style="list-style-type: none"> ◆ The property is located almost in the middle between the Sakae district and the Meieki district, the two largest thriving towns in Nagoya City ◆ It offers the convenience of life and stable demand for rental condominiums for singles, primarily from commuters to the central area of Nagoya City, can be expected

List of properties (before public offering) Residence (2)

as of Dec. 31, 2014

Property Name	B-5 Mac Village Heian	B-6 Seam Dwell Tsuitsui	B-7 Ciel Yakuin
Picture			
Address	Kita ward, Nagoya	Higashi ward, Nagoya	Chuo ward, Fukuoka
Acquisition Price	¥785million	¥695million	¥640million
Appraisal Value	¥811million	¥725million	¥658million
NOI cap yield	6.2%	5.9%	5.6%
Occupancy rate	100%	100%	97.7%
Completed	Sep, 2006	Feb, 2007	Mar, 2005
PML	3.2%	5.0%	5.4%
Acquisition source	Third party	Third party	Third party
Access	Approx. a 4min. walk from Heian-Dori Station on the Nagoya City Subway Meijo Line and Ozone Station on various lines	Approx. a 3min. walk from Kurumamichi Station on Nagoya City Subway Sakura-Dori Line	Approx. a 2min. walk from Yakuin Station on Nishitetsu (Nishi-Nippon Railroad) Tenjin-Omuta Line
Features	<ul style="list-style-type: none"> ◆ The property has good traffic convenience as it is approx. 4min. walk from the nearest station and is approx. 9min. walk from Ozone Station, the terminal station ◆ There is an abundance of living convenience facilities near the property. Stable demand for rental condominiums for singles, primarily from commuters to the central area of Nagoya City, can be expected 	<ul style="list-style-type: none"> ◆ The property has relatively good traffic convenience as it is approx. 3min. walk from the nearest station ◆ It has a competitive advantage in terms of living environment, with convenience stores and other facilities available in the neighborhood. Stable demand for rental condominiums for singles, primarily from commuters to the central area of Nagoya City, can be expected 	<ul style="list-style-type: none"> ◆ The property has the convenience of transportation and living, and is within walking distance from Tenjin, the central part of Fukuoka City ◆ It has a competitive advantage strong enough to absorb demand from singles, primarily workers commuting to the central parts of Fukuoka City

Performance by property (1)

Unit = ¥000

Property No.	A-1	A-2	A-3	A-4	A-5	A-6	A-7	A-8
Property name	FORECAST NishiShinjuku	(Tentative) FORECAST Nihombashi EAST	FORECAST Yotsuya	FORECAST Shinjuku AVENUE	FORECAST Ichigaya	FORECAST Mita	FORECAST Shinjuku SOUTH	FORECAST Sakurabashi
Operating days	184	184	184	184	184	184	184	184
Revenues	79,779	81,491	40,905	179,398	143,929	60,799	550,947	183,613
Rent revenues	69,676	76,892	38,047	162,248	132,822	54,363	481,696	166,206
Other revenues	10,102	4,598	2,858	17,150	11,106	6,436	69,250	17,407
Expenses	23,147	18,283	14,372	24,517	20,291	8,151	188,507	40,268
Property management fees	3,175	5,059	2,272	8,843	8,170	2,843	35,774	15,735
Utilities	10,283	6,574	3,132	15,171	10,183	4,820	57,145	16,206
Insurance	65	69	47	140	132	49	494	221
Repairs and maintenance costs	295	789	480	-	381	79	4,932	4,589
Taxes	2,391	5,301	4,731	-	-	-	-	-
Trust fees	350	350	350	350	350	350	350	350
Others	6,587	138	3,357	12	1,072	8	89,811	3,165
Net operational income	56,631	63,208	26,533	154,880	123,637	52,648	362,439	143,344
Depreciation	16,431	15,937	7,650	29,204	35,681	7,548	20,444	7,921
Total rental business profit/loss	40,200	47,270	18,882	125,676	87,956	45,099	341,994	135,422

Property No.	A-9	A-10	A-11	A-12	A-13	A-14	Office total
Property name	GreenOak Kayabacho	GreenOak Kudan	GreenOak Takanawadai	GreenOak Okachimachi	Higashi Ikebukuro Center Building	Central Daikanyama	
Operating days	184	184	184	184	184	13	
Revenues	101,591	96,468	63,302	91,195	112,518	5,158	1,791,099
Rent revenues	90,576	87,656	56,802	73,787	103,078	4,740	1,598,595
Other revenues	11,015	8,811	6,500	17,407	9,439	418	192,504
Expenses	22,193	14,817	21,852	20,810	26,859	426	444,500
Property management fees	7,018	5,062	3,857	4,534	8,629	288	111,266
Utilities	10,451	7,947	6,740	11,476	12,449	109	172,693
Insurance	101	90	83	108	152	3	1,761
Repairs and maintenance costs	4,249	271	633	1,029	5,167	-	22,898
Taxes	-	-	-	-	-	-	12,424
Trust fees	350	350	350	350	350	24	4,574
Others	23	1,094	10,187	3,310	110	-	118,881
Net operational income	79,398	81,651	41,449	70,384	85,658	4,732	1,346,599
Depreciation	5,905	4,229	15,940	5,437	8,185	606	181,126
Total rental business profit/loss	73,492	77,421	25,509	64,947	77,473	4,125	1,165,472

Performance by property (2)

Unit = ¥000

Property No.	B-1	B-2	B-3	B-4	B-5
Property name	Tower Court Kitashinagawa	Sky Hills N11	my atria Meieki	my atria Sakae	Mac Village Heian
Operating days	184	184	184	184	184
Revenues	389,826	61,056	48,396	38,850	29,141
Rent revenues	375,859	61,056	47,154	38,850	29,141
Other revenues	13,967	-	1,242	-	-
Expenses	89,608	1,501	8,219	4,173	2,948
Property management fees	33,366	592	3,707	1,879	1,895
Utilities	6,656	-	801	518	503
Insurance	461	132	71	65	48
Repairs and maintenance costs	17,698	425	1,015	10	150
Taxes	12,764	-	-	-	-
Trust fees	350	350	350	350	350
Others	18,310	1	2,272	1,350	-
Net operational Income	300,218	59,554	40,177	34,677	26,192
Depreciation	97,772	16,836	14,336	15,244	9,622
Total rental business profit/loss	202,445	42,717	25,840	19,432	16,570

Property No.	B-6	B-7	Residence Total
Property name	Seam Dwell Tsutsui	Ciel Yakuin	
Operating days	184	184	
Revenues	24,907	24,663	616,842
Rent revenues	24,906	22,804	599,772
Other revenues	1	1,858	17,069
Expenses	2,814	4,995	114,261
Property management fees	1,884	1,377	44,703
Utilities	-	713	9,193
Insurance	37	33	851
Repairs and maintenance costs	59	854	20,214
Taxes	-	-	12,764
Trust fees	350	350	2,450
Others	483	1,665	24,084
Net operational Income	22,092	19,667	502,580
Depreciation	7,514	6,133	167,460
Total rental business profit/loss	14,578	13,534	335,120

Portfolio Total
2,407,942
2,198,367
209,574
558,762
155,970
181,886
2,612
43,112
25,189
7,024
142,965
1,849,180
348,586
1,500,593

Balance Sheet

Unit = ¥000	The 4 th period Ended June 30, 2014	The 5 th period Ended December 31, 2014
Assets		
Current assets		
Cash and deposits	815,742	1,113,741
Cash and deposits in trust	3,448,945	3,943,906
Operating accounts receivable	127,925	36,317
Prepaid expenses	126,026	124,691
Deferred tax assets	240	500
Income taxes receivable	2,452	-
Consumption taxes receivable	797,388	-
Other	27,741	6,776
Allowance for doubtful accounts	△1,458	△1,458
Total current assets	5,345,004	5,224,475
Non-current assets		
Property plant and equipment		
Buildings in trust	20,264,809	20,573,922
Accumulated depreciation	△1,006,771	△1,352,458
Buildings in trust, net	19,258,037	19,221,463
Structures in trust	135,252	135,341
Accumulated depreciation	△9,384	△12,036
Structures in trust, net	125,868	123,304
Machinery and equipment in trust	-	2,678
Accumulated depreciation	-	△89
Machinery and equipment in trust, net	-	2,588
Tools, appliances and equipment in trust	533	6,478
Accumulated depreciation	△52	△211
Tools, appliances and equipment in trust, net	480	6,267
Land in trust	37,275,911	40,662,441
Total property, plant and equipment	56,660,298	60,016,065
Intangible assets		
Leasehold rights in trust	15,243,932	15,243,932
Total intangible assets	15,243,932	15,243,932
Investment and other assets		
Investment securities	-	707,940
Lease and guarantee deposits	10,050	10,050
Long-term prepaid expenses	179,566	151,243
Other	304	132
Total investment and other assets	189,920	869,366
Total non-current assets	72,094,151	76,129,364
Total assets	77,439,155	81,353,840

Unit = ¥000	The 4 th period Ended June 30, 2014	The 5 th period Ended December 31, 2014
Liabilities		
Current liabilities		
Operating accounts payable	253,959	257,009
Short-term loans payable	8,880,000	8,150,000
Accrued expenses	51,833	78,922
Income taxes payable	-	595
Accrued consumption taxes	-	67,412
Advances received	428,882	354,906
Other	11,299	257,642
Total current liabilities	9,625,975	9,166,488
Noncurrent liabilities		
Long-term loans payable	28,170,000	31,870,000
Tenant leasehold and security deposits in trust	2,510,749	2,290,209
Total noncurrent liabilities	30,680,749	34,160,209
Total Liabilities	40,306,725	43,326,698

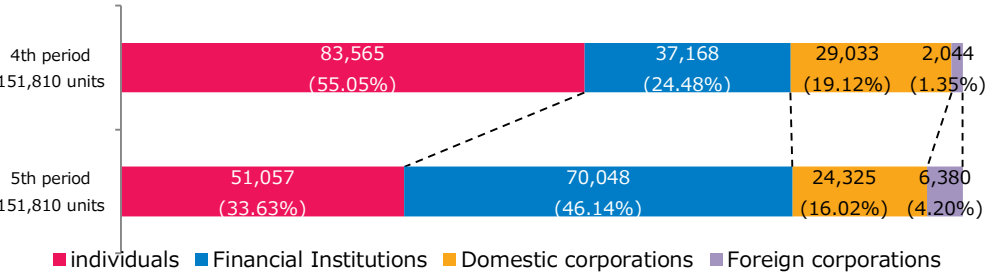
Net Assets		
Unitholders' equity		
Unitholders' capital	36,919,883	36,919,883
Surplus		
Unappropriated retained earnings (undisposed loss)	212,546	1,107,258
Total surplus	212,546	1,107,258
Total unitholders' equity	37,132,430	38,027,142
Total Net Assets	37,132,430	38,027,142
Total Liabilities and Net Assets	77,439,155	81,353,840

Income Statement

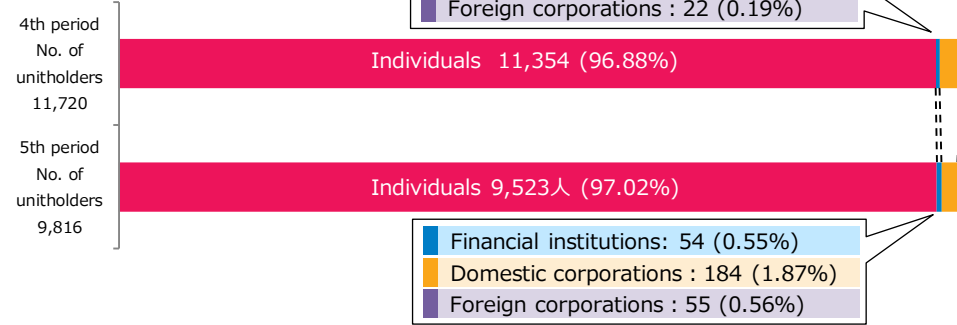
Unit=¥000	The 4 th period Ended June 30, 2014	The 5 th period Ended December 31, 2014
Operating revenue		
Rent revenue – real estate	1,779,367	2,198,367
Other lease business revenues	111,469	209,574
Dividend income	-	800
Total Operating revenue	1,890,836	2,408,742
Operating expenses		
Expenses related to rent business	788,031	907,349
Asset management fee	57,525	182,861
Asset custody fee	979	2,871
Administrative service fees	6,290	12,852
Directors' compensations	2,260	1,920
Audit fee	22,500	11,000
Other operating expenses	58,865	44,236
Total operating expenses	936,451	1,163,090
Operating income	954,384	1,245,651
Non-operating income		
Interest income	288	309
Interest on refund	-	1,727
Total non-operating income	288	2,037
Non-operating expenses		
Interest expenses	338,250	95,325
Borrowing related expenses	349,256	73,846
Investment unit issuance expenses	36,035	-
Other offering costs associated with the issuance of investment units	41,978	-
Loss on valuation of derivatives	5,061	172
Total non-operating expenses	770,582	169,343
Ordinary income	184,090	1,078,344
Income before income taxes	184,090	1,078,344
Income taxes – current	1,230	658
Income taxes – deferred	814	△260
Total income taxes	2,045	397
Net income	182,045	1,077,946
Retained earnings brought forward	30,501	29,312
Unappropriated retained earnings (undisposed loss)	212,546	1,107,258

Unitholder composition / Historical unit price

Unitholder composition by unit



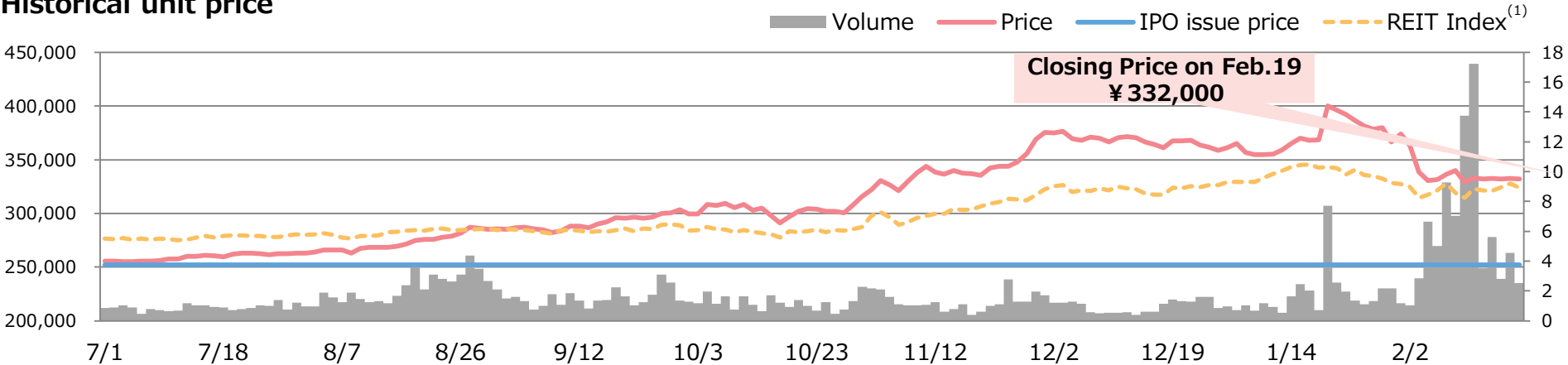
By unitholder



Top 10 major unitholders

	Name	No. of units	ratio
1	Japan Trusty Services Bank, Ltd. (Trust Account)	31,139	20.51%
2	Sojitz Corporation	15,181	10.00%
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	13,956	9.19%
4	Trust and Custody Services Bank, Ltd. (Securities Investment Account)	12,924	8.51%
5	The Nomura Trust & Banking Co., Ltd. (Investment Trust Account)	3,598	2.37%
6	BARCLAYS CAPITAL SECURITIES LIMITED	1,742	1.15%
7	Mitsubishi UFJ Trust and Banking Corporation	1,071	0.71%
8	GRANDOIR Ltd.	819	0.54%
9	STATE STREET BANK AND TRUST COMPANY 505012	688	0.45%
10	BNY FOR GCM CLIENT ACCOUNTS (E) BD	629	0.41%
	TOTAL	81,747	53.85%

Historical unit price



Note
1. REIT Index is normalized at the IPO issue price of 252,000.

Company profile

Name	Sojitz REIT Advisors K.K.
Established	November 2, 2006
Paid-in capital	150 million yen
President Director&CEO	Hisao Ishikawa
Registration and Licenses, etc.	<ul style="list-style-type: none"> ◆ Registered as a financial instruments business operator: Registration No.1632 issued by the Director-General of the Kanto Finance Bureau (Kinsho) ◆ Licensed for building lots and buildings transaction business: License No.(2) 86984 issued by the Governor of Tokyo ◆ Certified as entrust-based agency under the building lots and buildings transaction business: License No.56 issued by the Ministry of Land, Infrastructure, Transportation and Tourism

Organization chart



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