

October 6, 2017

For Immediate Release

Real Estate Investment Trust Securities Issuer:
NIPPON REIT Investment Corporation
1-18-1 Shimbashi, Minato-ku, Tokyo
Toshio Sugita
Executive Officer
(Securities Code: 3296)

Asset Management Company:
Sojitz REIT Advisors K.K.
Toshio Sugita
President, Director & CEO

Contact: Takahiro Ishii
General Manager
Corporate Planning Department
Finance & Planning Division
(TEL: +81-3-5501-0080)

Notice Concerning Receiving of Right of First Negotiation from Sponsor

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces that it has been granted right of first negotiation pertaining to an acquisition of asset by its sponsor, Sojitz Corporation, today.

1. Overview of right of first negotiation to be granted

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| (1) Counterparty who grants the right: | Sojitz Corporation |
| (2) Asset: | Real estate in trust as asset under management |
| (3) Real estate in trust: | Field Avenue |
| (4) First negotiation price: | ¥3,110 mn |
| (5) Period: | From October 6, 2017 to September 30, 2019 |

2. Background and Reason

The right of first negotiation has been granted to NIPPON REIT in accordance with the terms and conditions outlined in the sponsor support agreement entered into by NIPPON REIT, Sojitz REIT Advisors K.K. and Sojitz Corporation. Main sponsor of NIPPON REIT, Sojitz Corporation, has been discussing and executing multiple sponsor support for NIPPON REIT, and it has provided a function of warehousing as part of the sponsor support.

Securing such right is thought to achieve flexible and timely investments as set forth in the basic policy of NIPPON REIT and thereby largely contribute to the future external growth of NIPPON REIT. NIPPON REIT continues to have actions to grow asset under management and ensure stable revenue while utilizing such a sponsor support.

Furthermore there is no remuneration paid from NIPPON REIT to Sojitz Corporation for the right of first negotiation, and no obligation created as well for NIPPON REIT to acquire the property.

3. Content of the Property

Field Avenue

Type of specified asset		Real estate trust beneficiary right
Acquisition date		October 6, 2017
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust establishment date		June 30, 2015
Trust expiration date		October 6, 2027
Location (indication of residential address)		6-2-2, Ikegami, Ota-ku, Tokyo
Land	Parcel number	6-83-6, Ikegami, Ota-ku, Tokyo, and another parcel
	Building coverage ratio /	100%(Note1) / 500%
	Use district	Commercial district
	Site area	702.03 m ²
	Type of ownership	Ownership
Building 1	Construction completion	August 2000
	Structure / Floors	Steel-framed reinforced concrete with flat roof,B1/12F
	Use	Residence
	Total floor space	3,760.70 m ²
	Type of ownership	Ownership
Building 2	Construction completion	July 2016
	Structure / Floors	Steel-framed structure with zinc coated steel sheet / 2F
	Use	Retail
	Total floor space	79.80 m ²
	Type of ownership	Ownership
Master lease company		Sojitz Corporation
Type of master lease		Pass-through
PML		Building 1: 3.1% Building 2: 6.8%
Collateral after acquisition		Not applicable
Status of leasing		
	Leasable floor space	3,092.63 m ² (Note2)
	Leased floor space	2,958.03 m ² (Note2)
	Occupancy rate (by space)	95.6%
	Number of leasable units	55units
	Number of leased units	52units
	Occupancy rate (by unit)	94.5%
	Total number of tenants	45
	Total rent income (annual)	¥133mn
	Deposits, etc.	¥44mn
Special notations		Not applicable

(Note1) The building coverage ratio is essentially 80%, but it is 100% due to relaxation for fire-proof structures within fire prevention districts and commercial district.

(Note2) Total of Building 1 (Residence) and Building 2 (Retail) is stated.

<p>Characteristics</p>	<ul style="list-style-type: none"> • Location The property is 2 minute-walk from the Ikegami station on the Tokyu Ikegami Line, conveniently accessible to the Gotanda station in 20 minutes and to the Kamata station on the JR Tokaido Main Line in 10 minutes. The Property is located almost center of the Ikegami shopping street which has many facilities providing convenience of living. Furthermore repair of station, building of new station building and residence nearby are planned by 2020, further development of the area is expected. • Building Stable demand is expected because the building and equipment are managed well, and it has various layouts from 1K to 2LDK which targets single and DINKS who commute to central Tokyo.
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Photo of real estate that is the trust property and Map

① Photo



② Map



4.Explanation of matters stated in table 3. Content of the Property

- “Location (indication of residential address)” is the indication of residential address of the Property. In addition, if there is no indication of residential address, the building location in the registry (if several, then one of the locations) is stated.
- “Parcel number”, lot number in the registry (if several, then one of the locations) is stated.
- “Building coverage ratio” and “Floor area ratio” of land are, in principle, the figures provided in accordance with related laws and regulations, such as the Building Standards Act and the City Planning Act, and rounded to the nearest whole number. Depending on a specified asset, there are cases where “Building coverage ratio” and “Floor area ratio” are subject to certain relaxation measures or restriction measures. In addition, where there are several floor area ratios that apply to a site, the floor area ratio is stated by converting to one that applies to the entire site.
- “Use district” of land is the type of use district listed in Article 8, Paragraph 1, Item 1 of the City Planning Act.
- “Site area” of land is based on that stated in the registry and may differ from the present state.
- “Type of ownership” of land is the type of rights of the real estate held by the trustee of the Property.
- “Construction completion” of building is the date of new construction in the registry. In addition, the date of extension, reconstruction, etc. are also stated, if any.
- “Structure / Floors” of building is based on that stated in the registry.
- “Use” of building is the major type of building in the registry.
- “Total floor space” of building is based on that stated in the registry, and annex buildings are separately stated, if any.
- “Type of ownership” of building is the type of rights of the real estate held by the trustee of the Property.
- “Master lease company” is the company that has concluded or the company that is scheduled to conclude a master lease agreement that is valid as of today for the Property.
- “Type of master lease” is the main type of master lease agreement concluded or scheduled to be concluded as of today, where “Pass-through” is a master lease agreement in which the master lease company shall pay the same amount of rent as the rent payable by end tenants to the master lease company and “Rent guaranteed” is a master lease agreement in which the master lease company shall pay a fixed amount of rent.
- “PML” is the PML (Probable Maximum Loss) calculated in the evaluation of seismic risk analysis conducted by Tokio Marine & Nichido Risk Consulting Co., Ltd., and rounded to one decimal place. Furthermore, “Probable Maximum Loss” means the probable maximum loss that may result from an earthquake and, herein, refers to the extent of damage that may be suffered due to an earthquake of the assumed maximum scale (earthquake with a probability of occurring once in 475 years = earthquake with a 10% probability of occurrence in 50 years) in the assumed scheduled use period (50 years = useful life of a general building), expressed as the estimated cost of restoring such damage as a percentage (%) of the replacement cost.
- “Collateral after acquisition” is whether or not collateral is scheduled to be established after acquisition of the real estate trust beneficiary right by each party.
- “Status of leasing” is based on the figures and information provided by the previous owner or the trust beneficiary, etc. regarding the content, etc. of the lease agreement, etc. that is valid as of September 28, 2017, unless otherwise stated.
- “Leasable floor space” is the floor space regarded as being available for leasing based on the lease agreement or building drawing, etc. of the building of each asset as of September 28, 2017 for the Property. (Note 1)
- “Leased floor space” is the sum total of the leased floor space indicated in each lease contract or each provisional lease contract for the Property as of September 28, 2017. However, in cases where a pass-through type master lease agreement is scheduled to be concluded, the sum total of the leased floor space of end tenants indicated in each sublease contract or each provisional sublease contract for the Property as of September 28, 2017. Furthermore, because there are cases where leased floor space indicated in lease contracts, etc. includes the portion not included in total floor space, there are cases where total leased floor space may exceed total floor space.
- “Occupancy rate” is the ratio of the leased floor space to the leasable floor space for the Property as of September 28, 2017, and rounded to one decimal place.

- “Occupancy rate (by unit)” is ratio of number of leased unit to number of leasable unit, and rounded to one decimal place.
- “Total number of tenants” is the sum total of the number of tenants in the lease agreement of the Property indicated in each lease agreement for the Property as of September 28, 2017. Furthermore, in cases where a pass-through type master lease agreement is scheduled to be concluded for the concerned asset, the total number of end tenants (Note 1) is stated. However, even in the case of a pass-through type master lease agreement, in cases where the sub lessee subleasing the entire property from the master lease company has been entrusted with property management and shall pay fixed rent to the master lease company, the total number of tenants is stated as 1.
- “Total rent income (annual)” is the annual rent, or the amount annualized by multiplying the monthly rent by 12, for the building indicated in each lease contract or each provisional lease contract for the Property as of September 28, 2017 (Note 2), and rounded down to the nearest million yen. However, in cases where a pass-through type master lease agreement is scheduled to be concluded between the master lease company and the lessor, etc. in which, in principle, the rent, etc. from end tenants is received as is, the annual rent, or the amount annualized by multiplying the monthly rent by 12, indicated in each sublease contract or each provisional sublease contract with end tenants for the Property as of t September 28, 2017 (Note 2), and rounded down to the nearest million yen is stated.
- “Deposits, etc.” is the sum total amount of tenant leasehold and security deposits required based on each lease agreement for the Property as of September 28, 2017 (limited to the tenant leasehold and security deposits based on the lease agreement for the leasing space occupied as of September 28, 2017), and rounded down to the nearest million yen. In cases where a master lease agreement is scheduled to be concluded for the concerned asset, the sum total amount of tenant leasehold and security deposits required based on the lease agreement concluded with end tenants, and rounded down to the nearest million yen is stated.
- “Special notations” indicates, in general, items believed to be important in terms of the respective relationship of rights and use of each asset as well as items believed to be important in consideration of their impact on the appraisal value, profitability, and possibility of disposal of such asset based on the information as of the date of this press release. Prior notices of cancellation from a tenant or execution of an agreement with a new tenant which were received or executed before September 28, 2017, if any, are indicated.
- “Characteristics” describes the basic characteristics and features of the property that is the trust property and characteristics of the zone and area in which such property is located, based on the appraisal report and market reports prepared by RIO CONSULTING CO., LTD.. Such appraisal reports, etc. only constitute judgment and opinions of external professionals who prepared such reports at a specific point of time and any validity or accuracy of such reports is guaranteed. Also, environmental changes, etc. which occurred after the preparation of such reports are not reflected.

(Note 1) Excluding warehouse, signboard, parking lot, etc.

(Note 2) For the Property under several lease agreements, the sum total amount thereof. In addition, common area maintenance charges are included, but warehouse, signboard, parking lot, etc. usage fees are not included, and free-rent is not taken into account (excluding consumption taxes).

5. Future outlook

There is no change in the forecast of the management status for Fiscal Period Ending December 2017 (from July 1, 2017 to December 31, 2017) and Fiscal Period Ending June 2018 (from January 1, 2018 to June 30, 2018) from that announced in the “Notice Concerning Revision of the Forecast of Management Status and the Estimated Distribution for the Fiscal Period Ending December 2017 and June 2018 “ as of September 15, 2017 because there is no impact of the receiving right to first negotiation.

*This material is distributed to the press club of the Tokyo Stock Exchange (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism, and the press club for construction trade publications of the Ministry of Land, Infrastructure, Transport and Tourism.

*NIPPON REIT Investment Corporation website: <http://www.nippon-reit.com/en>

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