



March 14, 2018

For Translation Purposes Only

For Immediate Release

Issuer of real estate investment trust securities:

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Notice Concerning Asset Disposition
(Sendai Honcho Building) and Asset Acquisition (IBF Planning Building)

Invesco Office J-REIT, Inc. (hereinafter referred to as, the "Investment Corporation") announces that Invesco Global Real Estate Asia Pacific, Inc. (hereinafter referred to as, the "Asset Management Company"), an asset management company that has been engaged in the management of the Investment Corporation's assets, has decided today (i) to dispose an asset (hereinafter referred to as the "Disposition") and (ii) to acquire an asset (hereinafter referred to as the "Acquisition") as described below.

1. Overview of the Disposition

(1) The Asset Scheduled for Disposition

: Trust beneficiary interest in entrusted real estate in Japan

(2) Name of the Asset : Sendai Honcho Building

(3) Scheduled Disposition Date (Note 1)

: i) April 18, 2018 (40% of co-ownership of trust beneficiary interest)

ii) May 17, 2018 (60% of co-ownership of trust beneficiary interest)

(4) Scheduled Disposition Price : 6,130 million yen in total (breakdown of the scheduled disposition price on each scheduled disposition date mentioned in (3) above is as follows) (Excluding disposition-related costs, adjustment amount of property tax and city planning tax, consumption tax etc.)

i) 2,452 million yen

ii) 3,678 million yen

(5) Book Value (Note 2) : 5,311 million yen

(6) Amount of Difference between Scheduled Disposition Price and Book Value (Note 3)

: 819 million yen in total

(7) Purchaser : Not disclosed (Please refer to the section "5. Overview of the purchaser and the seller")

(8) Date of Contract : March 14, 2018

(9) Usage of Proceeds from Disposition

: The amount of the disposition proceeds equivalent to the gain on sale is to be distributed to unitholders over the two consecutive fiscal periods as cash distributions for the

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respective fiscal periods in which the scheduled dates of each disposition mentioned in (3) above falls into and the remaining amount of proceeds is to be used for the scheduled acquisition of the Asset Scheduled for Acquisition as described in “2. Overview of the Acquisition” below, and to be used as a part of funds for acquiring other specified assets or for repaying borrowings in the future.

(10) Settlement Method : Installment payment corresponding to the co-ownership interest to be delivered on each scheduled disposition date mentioned in (3) above.

(Note 1) The Disposition is to be made in two sales of co-ownership interests of the trust beneficiary interest. The scheduled disposition date and the co-ownership percentage which is to be disposed on each date mentioned above are based on the purchase agreement.

(Note 2) The book value mentioned above is as of the end of January, 2018 and rounded down to the nearest one million yen.

(Note 3) The amount presented is calculated by deducting the book value mentioned above from the total scheduled disposition price mentioned above, for reference purpose only, and it may differ from the actual profit and loss from the Disposition.

The asset scheduled for disposition mentioned above is hereinafter referred to as the “Asset Scheduled for Disposition”.

2. Overview of the Acquisition

The Asset Management Company determined the Acquisition because the Asset Scheduled for Acquisition (defined below) is among the investment target set forth under the Articles of Incorporation of the Investment Corporation and satisfies the standards for investment assets (with regards to the investment standards of the Investment Corporation, please refer to “3. Reason for the Disposition and the Acquisition” below), and it would improve the overall quality of the Investment Corporation’s portfolio by increasing profitability and furthering portfolio diversification. In addition, the scheduled acquisition price for the Asset Scheduled for Acquisition is below the appraisal value and determined as reasonable.

(1) The Asset Scheduled for Acquisition

: Trust beneficiary interest in entrusted real estate in Japan

(2) Name of Asset : IBF Planning Building

(3) Scheduled Acquisition Price : 3,500 million yen

(Excluding acquisition-related costs, adjustment amount of property tax and city planning tax, consumption tax etc.)

(4) Seller : Godo Kaisha KRF70 (For more details, please refer to the section “5. Overview of the purchaser and the seller”)

(5) Date of Contract : March 14, 2018

(6) Scheduled Date of Acquisition : May 18, 2018

(7) Funds for Acquisition : Deposit described in (8) below is scheduled to be paid by cash on hands and the rest is scheduled to be paid by the proceeds from the Disposition (scheduled)

(8) Settlement Method : Deposit of 50 million yen is scheduled to be paid on the date of contract and the rest is scheduled to be paid on the scheduled date of acquisition.

The asset scheduled for acquisition mentioned above is hereinafter referred to as the “Asset Scheduled for Acquisition”.

The sales and purchase agreement (the “Agreement”) regarding the Acquisition falls into forward commitment contract (Note) which is defined in “Comprehensive Guidelines for Supervision of

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Financial Instruments Business Operators, etc.” established by Financial Services Agency. The summary of the terms and conditions regarding cancellation of the Agreement is as follows.

(Note) A forward commitment is defined as a sales contract under which payment and delivery shall be made at least one month after the conclusion of the contract, or any other contract similar thereto.

- a) In case of breach of material duty of the Agreement by the seller or the purchaser, the party who is not responsible for the breach may cancel the part of or the whole agreement by giving notice to the other party in advance for a sufficient period to remedy the breach
- b) In case the seller or the purchaser cancels based on a) above, the party who is responsible for the breach shall pay an amount equivalent to 15 % of the sales price (excluding consumption tax and local consumption tax) to the other party as a penalty charge. Such penalty charge is regarded as anticipated amount of damage compensation and, in case actual cost or damage derived from the breach exceeds the penalty charge, the party who is not responsible for the breach may not claim further damage compensation other than the penalty charge.
- c) Regardless of whether or not the seller and/or the purchaser set out to perform their duties under the Agreement, the purchaser has a right to cancel the whole agreement by abandoning the deposit paid to the seller mentioned in (8) above and the seller has a right to cancel the whole agreement by paying a doubled amount of such deposit to the purchaser. In case the Agreement is canceled based on such right, the parties may not claim any compensations (including, without limitation, exercising right to claim damage compensation), excluding abandonment of such deposit or payment of a double amount of the deposit as mentioned above.

3. Reason for the Disposition and the Acquisition

The Investment Corporation aims to ensure medium- to long term profitability and realize improvement of asset value and focuses mainly on investing in large-scale office buildings (Note) located in Tokyo metropolitan area (which means Tokyo, Yokohama-city, Kawasaki-city, Saitama-city and Chiba-city; the same shall apply hereinafter). However, for the purpose of diversification in types and investment return profiles, the Investment Corporation also invests in highly-selected assets other than large scale office buildings (middle sized office buildings, retail facilities, residential assets, hotels, logistics facilities, etc.) within the range of less than 30% of total investment amount.

The Asset Scheduled for Acquisition may be smaller in size as compared to the large-scale office buildings, but it is located within the Tokyo central five wards (which means Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku, and Shibuya-ku; the same shall apply hereinafter). The Asset Scheduled for Acquisition is considered to have high competitiveness due to its location mentioned above and relatively young building age and therefore, reduction in future property management expense is expected. Considering such characteristics of the property including the location above, the Asset Management Company determined that the Disposition and the Acquisition contribute to enhance the portfolio quality, strengthen financial base, and eventually improve unitholder’s value. Further, the Disposition will be made in two installments for the purpose to achieve increase in cash distribution for two consecutive fiscal periods through distribution of the portion equivalent to gain on sale. The reasons for the Disposition and the Acquisition are as follows.

(Note) “Large-scale Office Buildings” refers to real estate related assets (defined in the Articles of Incorporation of Investment Corporation; hereinafter the same) which are, or which are backed by, real property whose main use is offices and whose scale is deemed to be “large size” referred to the following standards.

Tokyo Metropolitan Area	: Buildings with a gross floor area of at least 10,000 sqm and standard floor exclusive use area (exclusive use area per floor; the same shall apply hereinafter) of at least 600 sqm.
Other regions	: Buildings with a gross floor area of at least 7,000 sqm and standard floor exclusive use area of at least 400 sqm.

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(1) Reason for the Disposition (disposition of Sendai Honcho Building)

The Asset Scheduled for Disposition is a multi-tenant building with high visibility located in the center of Sendai city which is one of the ordinance-designated cities. Due to the effect of the renovation work conducted after the acquisition by the Investment Corporation, profitability of the Asset Scheduled for Disposition has been substantially improved. The Asset Management Company determined that it is the optimal option to sell the Asset Scheduled for Disposition and acquire the Asset Scheduled for Acquisition for the Investment Corporation to improve the quality of portfolio in the medium to long-term considering the principal portfolio composition policy which focuses mainly on the Tokyo metropolitan area, the market trends of real estate for rent and sale in Sendai area, the age of the buildings as well as future building management costs, and examining the outcomes of the cases where the Investment Corporation continues to own or disposes of the Asset Scheduled for Disposition. Further, as mentioned in "1. Overview of the Disposition", the transaction is to be conducted in two sales, for the purpose of distributing the gain on sale for two consecutive fiscal periods and upon the agreement with the purchaser, and the gain on sale regarding the Disposition is expected to be recorded in the fiscal period ending April 30, 2018 (the 8th fiscal period) and in the fiscal period ending October 31, 2018 (the 9th fiscal period).

(2) Reason for the Acquisition (acquisition of IBF Planning Building)

The Asset Scheduled for Acquisition is located within the central Tokyo 5 wards with high competitiveness among the Tokyo 23 wards which the Investment Corporation regards as the top priority area. After the Disposition and the Acquisition, it is expected that investment ratio of Tokyo metropolitan area will improve to 86.9% from 83.9% as of the end of the fiscal period ended October 31, 2017 (the 7th fiscal period). Based on the reasons below, the Asset Management Company considers that the Asset Scheduled for Acquisition has medium- to long-term competitiveness and contributes to improvement of the portfolio quality.

a. Location

The Asset Scheduled for Acquisition adjoins to the entrance of the Kitasando station on Tokyo Metro Fukutoshin Line. The area where the Asset Scheduled for Acquisition is located is between Shinjuku area and Harajuku/Shibuya area. The Asset Scheduled for Acquisition has high accessibility as it takes approximately 4 minutes to the Shibuya station by Tokyo Metro Fukutoshin Line and approximately 2 minutes to the Shinjuku station by using Yoyogi station on JR Lines, offering easy access to major hub stations. In addition, the Asset Scheduled for Acquisition is close to Harajuku and Omotesando and there exists stable tenant needs from fashion-conscious apparel companies or IT companies. Also, the office needs from start-up companies which are looking for entire building for lease is relatively high compared to other areas. Furthermore, the Asset Scheduled for Acquisition is located 15-minute walking distance from the New National Stadium, which is planned to be the main venue of the 2020 Tokyo Olympic and Paralympic Games, with a high concentration of sports facilities in the area. Therefore, this area is expected to develop into a crowded and vibrant city with high attraction power. On the other hand, as office supply is limited in the area, the Asset Management Company considers that the area is expected to enjoy stable occupancy rate.

b. Characteristics

The Asset Scheduled for Acquisition faces to Meiji Street and has high visibility. The Asset Scheduled for Acquisition was built in 2008 and the building age is relatively young. Also, its façade with round-shaped glass curtain wall is unique in design and expected to highly attractive to apparel companies or IT companies. The total floor area is 2,190.49 sqm which matches the needs from tenants intending to lease an entire building such as start-up companies mentioned in a. above.

After the Disposition and the Acquisition, the number of portfolio properties of the Investment Corporation is expected to be 14 properties and the total amount of the acquisition price is to be

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expanded to 160,462 million yen. For the details, please refer to “Reference Information 2” of the attached materials.

4. Overview of the Asset Scheduled for Disposition and the Asset Scheduled for Acquisition

An overview of the Asset Scheduled for Disposition and the Asset Scheduled for Acquisition are summarized in the tables below.

Unless otherwise stated, the respective sections of the tables and the terms used therein are as described below. The descriptions in the tables are as of the end of January, 2018 unless otherwise stated.

- a. The section “Scheduled Disposition Price” or “Scheduled Acquisition Price” state the disposition price for the Asset Scheduled for Disposition or the acquisition price for the Asset Scheduled for Acquisition as set forth in the sale and purchase agreement (both exclusive of national and local consumption taxes and the costs of acquisition or disposition), and are rounded down to the nearest one million yen.
- b. The section “Appraisal Value” states the appraisal value as of October 31, 2017 or February 19, 2018 as set forth in the real estate appraisal report of Japan Real Estate Institute or Daiwa Real Estate Appraisal Co., Ltd., respectively, and is rounded down to the nearest one million yen.
- c. The section “Scheduled Date of Disposition” or “Scheduled Date of Acquisition” state the date when the Investment Corporation is scheduled to acquire or to dispose the assets.
- d. Explanations in the section “Land”
 - (i) The section “Address” states the lot number as indicated in the real estate registry. The section “Residential Address” states the residential address; in the case of a lack of residential address, the address of a building (in the case of two or more buildings, either of their addresses) as indicated in the real estate registry is stated.
 - (ii) The section “Area” states the acreage as indicated in the real estate registry and thus may not conform to the actual area. In addition, if the ownership structure is quasi-co-ownership, the acreage stated includes those of the other quasi-co-owners.
 - (iii) The section “Use Districts” states the type of use districts as specified under Item 1, Paragraph 1, Article 8 of the City Planning Act (Act No. 100 of 1968; including subsequent amendments thereto; hereinafter referred to as the “City Planning Act”).
 - (iv) The section “Building Coverage Ratio/ Floor Area Ratio” states the figures respectively determined according to the Building Standards Act (Act No. 201 of 1950; including subsequent amendments thereto), the City Planning Act and any other related laws and regulations.
 - (v) The section “Ownership Structure” states the types of rights owned by the trustee with respect to the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition.
- e. Explanation of the section “Building”
 - (i) The section “Date of Building” states the date of the initial construction of the building as indicated in the real estate registry.
 - (ii) The section “Structure/ Stories” states the structure as indicated in the real estate registry and thus may not correspond to the actual structure. If the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition constitutes an exclusive use area of a condominium, the structure of the whole building is stated, not that of the exclusive uses area.
 - (iii) The section “Gross Floor Area” states the sum of the floor areas as indicated in the real estate registry and thus may not correspond to the actual area. In addition, if the ownership structure is quasi-co-ownership, the gross floor area stated includes those of the other quasi-co-owners.
 - (iv) The section “Usage” states the primal use of the land from among those indicated in the real estate registry and thus may not correspond to the actual types.
 - (v) The section “Ownership Structure” states the types of rights owned by the trustee with respect to the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition.
- f. The section “PM Company” states the property management company to which property management operations are entrusted or planned to be entrusted as of the date hereof.
- g. The section “Master Lease Company” states the master lease company to which master lease

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operations are entrusted or planned to be entrusted as of the date hereof.

- h. The section "Total Rentable Area" states the area corresponding to the Investment Company's ownership interest in the total area of the floor areas of rentable offices, retails, residences and other spaces of the building from among the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition (including the areas of the said spaces in common or other spaces in the case of leasing them), exclusive of the rentable area of parking spaces and other land. The Rentable Area states the area set forth in the lease agreement or the area calculated based on the drawing of the building, etc., not the area as indicated in the real estate registry, and thus may not correspond to the gross floor area as indicated in the real estate registry. This section is stated based on the information as of the end of January, 2018 unless otherwise stated. With regards to the Asset Scheduled for Acquisition, this section is stated based on the information provided by the current owner, etc.
- i. The section "Total Leased Area" states the area corresponding to the Investment Company's ownership interest in the sum of the leased areas as of the end of January, 2018 set forth in each lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition, exclusive of the leased area of parking spaces and other land. In addition, in the case of a pass-through type master lease agreement (hereinafter referred to as, "pass-through type master lease agreement") for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition, the area stated is the sum of the leased areas set forth in each lease agreements concluded with end tenants. In the case of a fixed master lease agreement in which a specific level of rent is received regardless of changes to the rent paid by end tenants (hereinafter referred to as, "fixed master lease agreement"), the sum of the leased areas set forth in the master lease agreement. This section is stated based on information as of the end of January, 2018 unless otherwise stated. With regards to the Asset Scheduled for Acquisition, this section is stated based on the information provided by the current owner, etc.
- j. The section "Occupancy Ratio" states the ratio of the leased area to the rentable area of the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition and is rounded off to one decimal place. This section is stated based on information as of the end of January, 2018 unless otherwise stated.
- k. The section "Total Number of Tenants" states the total number of tenants under the leases as set forth in each lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition as of the end of January, 2018. In the case of a pass-through type master lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition, the total number of end tenants is stated. If one tenant is renting several rent spaces, the said tenant shall be counted as one in the case where rented spaces are in the same property, but will be counted as several tenants in the case where the rented space covers several properties.
- l. The section "Monthly Rent" states the amount corresponding to the Investment Company's ownership interest in the sum of monthly rent (including common area charges, excluding use fees for warehouses, signboards, parking spaces, etc.; any free rent as of following date shall not be considered) as set forth in each lease agreement executed with tenants in force as of the end of January, 2018 (limited to leases under which occupancy has already commenced as of this date) and is rounded off to one thousand yen. In the case of a pass-through type master lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition, the sum of the monthly rent (including common area charges, excluding use fees for warehouses, signboard, parking spaces, etc.; free rent as of the same date is not considered) as set forth in each lease agreement with end tenants (limited to leases under which occupancy has already commenced as of this date) is stated, rounded off to one thousand yen.
- m. The section "Security Deposit/ Key Money" states the amount corresponding to the Investment Company's ownership interest in the sum of the security deposits/key monies (excluding use fees for warehouses, signboard, parking spaces, etc.; limited to security deposits/key monies of rent spaces) required under each lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition (limited to leases under which occupancy has already commenced) as of

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the end of January, 2018, rounded off to one thousand yen. In the case of a pass-through type master lease agreement for the Asset Scheduled for Disposition or the Asset Scheduled for Acquisition, the sum of the security deposits/key monies (excluding use fees for warehouses, signboard, parking spaces, etc.; limited to security deposits/key monies of rent spaces) under the leases executed with the end tenants (limited to leases under which occupancy has already commenced as of the same date) is stated, rounded off to one thousand yen.

- n. The section “Special Comments” states the matters deemed important regarding the rights for the Asset Scheduled for Acquisition, the use of them, etc., as well as the matters considered important with regard to the impact on appraisal value, profitability and disposal of the Asset Scheduled for Acquisition.

(1) Overview of the Asset Scheduled for Disposition

Property Name		Sendai Honcho Building
Type of Specified Assets		Trust beneficial interests
Trustee		Sumitomo Mitsui Trust Bank, Limited
Expiry Date of Trust		June 30, 2026
Book Value (Note 1)		5,311 million yen
Scheduled Disposition Price (Note 2)		6,130 million yen in total i) 2,452 million yen, ii) 3,678 million yen
Difference between the Scheduled Disposition Price and Book Value (Note 3)		819 million yen
Appraisal Value		5,260 million yen
Appraisal Company		Japan Real Estate Institute
Scheduled Date of Disposition (Note 4)		i) April 18, 2018 (40% of co-ownership of trust beneficiary interest) ii) May 17, 2018 (60% of co-ownership of trust beneficiary interest)
Land	Address	2-3-8 Honcho, Aoba-ku, Sendai, Miyagi and 2 other parcels of land
	(Residential Address)	2-3-10, Honcho, Aoba-ku, Sendai, Miyagi
	Area	1,995.04 sqm
	Use District	Commercial District
	Building Coverage Ratio/ Floor Area Ratio	80%/600%
	Ownership Structure	Ownership
Building	Date of Building	November 26, 1984
	Structure/ Stories	Steel-framed reinforced concrete with flat roof, 12 stories above ground and 1 story below ground
	Gross Floor Area	13,049.82 sqm
	Usage	Office, retail
	Ownership Structure	Ownership
Leasing Situation		
	Rentable Area	8,962.64 sqm
	Leased Area	8,841.97 sqm
	Occupancy Ratio	98.7%
	Total Number of Tenants	43
	Monthly Rent (inclusive of common area charges)	28,339 thousand yen
	Security Deposit/ Key Money	225,709 thousand yen

(Note 1) The book value mentioned above is as of the end of January, 2018 and rounded down to the nearest one million yen.

(Note 2) The amount obtained by deducting the disposition cost, adjustment of fixed asset tax and city planning tax, and consumption tax from the scheduled disposition price. Each of the amount mentioned in i) and ii) are corresponding to the amount to be paid for sale on each scheduled date of disposition mentioned in (Note 4).

(Note 3) The amount calculated by deducting the book value mentioned above from the total scheduled disposition price mentioned above, for reference purpose only, and it may differ from the actual profit and loss from the Disposition. It is rounded down to the nearest million yen.

(Note 4) The Disposition is to be made in two sales of co-ownerships of the trust beneficiary interest. The dates and the percentages of co-ownership of trust beneficiary interests mentioned above are based on the purchase agreement.

(2) Overview of the Asset Scheduled for Acquisition

Property Name		IBF Planning Building
Type of Specified Asset		Trust beneficiary interest
Trustee		SMBC Trust Bank Ltd.
Expiry Date of Trust		December 31, 2027
Scheduled Acquisition Price		3,500 million yen

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Appraisal Value		3,620 million yen
Appraisal Company		Daiwa Real Estate Appraisal Co., Ltd.
Scheduled Date of Acquisition		May 18, 2018
Land	Address	3-38-9, Sendagaya, Shibuya-ku, Tokyo and 6 other parcels of land
	(Residential Address)	3-38-14, Sendagaya, Shibuya-ku, Tokyo
	Area	488.54 sqm (Note 1)
	Use District	Commercial District
	Building Coverage Ratio/ Floor Area Ratio	80%/500% (Note 2)
Ownership Structure		Ownership
Building	Date of Building	January 11, 2008
	Structure/ Stories	Steel with flat roof, 11 stories above ground
	Gross Floor Area	2,190.49 sqm (Note 3)
	Usage	Office, retail
	Ownership Structure	Ownership
Collateral		None
PML		4.82 % (calculated by Sompo Risk Management & Health Care, Inc.)
PM Company		To be determined
Master Lease Company		Not applicable
Leasing Situation		
	Rentable Area	2,311.45 sqm (Note 3)(Note 4)
	Leased Area	2,311.45 sqm (Note 3)(Note 4)
	Occupancy Ratio	100%
	Total Number of Tenants	2
	Monthly Rent (inclusive of common area charges)	- (Note 5)
	Security Deposit/ Key Money	- (Note 5)
Special Comments		<ul style="list-style-type: none"> - According to the lease agreement between the trustee and the tenant in retail part of the Property, in case the trustee sells the Property to a third party, the prior written consent by such tenant is required. - A superficies right has been created on part of the land of the Property so that Tokyo Metro Co., Ltd. may create and maintain an entrance to subway station and a ventilation tower.

(Note 1) The north east part (4.5 sqm) of the land which is identified as 38-9 is used as a public road.

(Note 2) The floor area ratio is added by 19.77% based on the easement on the floor area ratio based on the Article 52, Paragraph 14, Item 1 of the Building Standards Act.

(Note 3) "Gross Floor Area" mentioned herein is based on the real estate registry. The figures mentioned as "Rentable Area" and "Leased Area" are equivalent to the leased area indicated in the lease agreement, which is calculated based on the floor area (2,347.11 sqm) applied for calculation of floor area ratio in accordance with the Building Standards Act.

(Note 4) "Rentable Area" and "Leased Area" include dedicated area and part of common area.

(Note 5) The amount is not disclosed because the tenant's consent has not been obtained.

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Characteristics of the Property

- The Property is located one-minute walk from Kitasando station on Tokyo Metro Fukutoshin Line (the property is adjacent to the entrance of the Fukutoshin Line Kitasando station.). It takes approximately 4 minutes from Shibuya station by Tokyo Metro Fukutoshin Line and approximately 2 minutes from Shinjuku station by using Yoyogi station on JR Lines. The Property has high accessibility to major hub stations. In addition, Tokyo Metro Fukutoshin Line is directly connected to Tokyu Toyoko Line, Tobu Tojo Line and Seibu Ikebukuro Line and allows various accesses to Tokyo metropolitan area from areas such as Yokohama, Minatomirai area, as well as Tokorozawa and Kawagoe in Saitama. Further, the Property is located approximately ten-minute walk from Yoyogi station on JR Yamanote Line, Sobu Line and Toei Oedo Line and Sendagaya station on JR Chuo Line and Sobu Line and, therefore, has an access to multiple train lines.
- The Kitasando area where the property is located has a quiet residential area and there are small to middle sized office buildings. The area has favorable image which are not seen in other office areas. Therefore, the area has stable demands from apparel companies, etc. which focus on fissionability and stylishness.
- Due to the opening of Tokyo Metro Fukutoshin Line, the accessibility of the area has improved and the average number of users of Kitasando Station doubled from 10,606 in 2008 to 23,051 in 2016, and the area is significantly developing. Due to the improvement of the access to Shibuya station by the opening of the Tokyo Metro Fukutoshin Line, demands from IT companies, which gathers around the Shibuya station, has increased by improvement of access thereto.
- In spite of stable office demands from apparel companies and IT companies, there exist traditional residential area and small to middle sized office buildings in the area, and it is expected that the large scale development and office supply are limited. Therefore, the occupancy rate of the area is unlikely to deteriorate seriously and stable office occupancy is expected.
- As the entrance of Kitasando station adjoins to the Property, it provides easy access to the station. Also, the Property faces to Meiji Street and has high visibility. The area of the standard floor is approximately 191 sqm (approximately 58 tsubo) and similar size as office buildings surrounding the Property. However, the Property meets the facility standard which is typically required by tenants, such as ceiling height of 2,600mm, a number of electric outlets on the floor, and independent air conditioning systems.
- Given the Property was built in 2008 and it is a relatively young office building and its façade with round-shaped glass curtain wall has uniqueness, it is expected that the Property highly attracts apparel companies and IT companies. The demands for leasing entire building from start-up companies are relatively strong in the area. The total floor area of the Property is 2,190.49 sqm which matches the needs from such tenants.

5. Overview of the purchaser and the seller

The purchaser of the Asset Scheduled for Disposition is a domestic special purpose company. The overview of purchaser is not disclosed as its approval for disclosure has not been obtained. The purchaser has no capital/personnel/transactional relations with the Investment Corporation/the Asset Management Company as well as its affiliated companies and parties with whom they are involved that need to be stated. Also, the purchaser, its affiliated companies and related parties are not affiliated with the Investment Corporation/the Asset Management Company.

Overview of the seller is as follows.

(1) Name of the seller	Godō Kaisha KRF70
(2) Address	2-1-6, Uchisaiwai-cho, Chiyoda-ku, Tokyo
(3) Title/ Name of Representative	Representative Member, General Incorporated Associations (<i>Ippan Syadan Houjin</i>) Roseo

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	Functional Manager, Tadatsugu Ishimoto
(4) Nature of business	1. Acquisition, holding, sale, leasing and management of real estate 2. Acquisition, holding and sale of real estate trust beneficiary interests 3. All operations pertaining to or associated with each of business listed above
(5) Stated Capital	1,000,000 yen
(6) Date of Establishment	November 16, 2017
(7) Net Asset	Not disclosed (Note)
(8) Total Asset	Not disclosed (Note)
(9) Major Unitholders and their Unitholding Ratios	100 % owned by General Incorporated Associations (<i>Ippan Syadan Houjin</i>) Roseo
Relationship with the Investment Corporation or the Asset Management Company	
(10) Capital relations	This company has no capital relations with the Investment Corporation or the Asset Management Company that requires disclosure. Also, parties related to this company and the company's affiliates have no capital relations with related parties and affiliated companies of the Investment Corporation or the Asset Management Company that requires disclosure.
Personnel relations	This company has no personnel relations with the Investment Corporation or the Asset Management Company that requires disclosure. Also, parties related to this company and the company's affiliates have no personnel relations with related parties and affiliated companies of the Investment Corporation or the Asset Management Company that requires disclosure.
Business relations	This company has no business relations with the Investment Corporation or the Asset Management Company that requires disclosure. Also, parties related to this company and the company's affiliates have no business relations with related parties and affiliated companies of the Investment Corporation or the Asset Management Company that requires disclosure.
Circumstances applicable to related parties	This company is not a related party to the Investment Corporation or the Asset Management Company. Also, parties related to this company and the company's affiliates are not related parties to the Investment Corporation or the Asset Management Company.

(Note) The net asset and total asset are not disclosed because the seller's consent has not been obtained.

6. Overview of Brokerage

The overview of the brokerage involved with the Disposition is as shown below.

Name	Mitsubishi UFJ Trust and Banking Corporation
Address	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo
Title/ Name of Representative	President and CEO Mikio Ikegaya
Nature of business	1. Trust services 2. Acceptance of deposit or fixed-term deposit, lending of money or discounting bills and currency trading 3. Guaranty of liabilities or underwriting of bills and other business related to banking business mentioned above
Stated Capital	342,279 million yen
Date of Establishment	March 10, 1927
Major Shareholders and Percentage of Shares Held	Mitsubishi UFJ Financial Group Inc. (100%)
Brokerage Commission Fee	Not disclosed as broker's approval has not been obtained.
Relationship with the Investment Corporation or the Asset Management Company	
Capital relations	This company does not have any capital relations with the Investment Corporation/the Asset Management Company that should be noted. Also, parties related to this company and the company's affiliates do not have any capital relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.
Personnel relations	This company does not have any personnel relations with the Investment Corporation/the Asset Management Company that should be specifically noted. Also, parties related to this company and the company's affiliates do not have any personnel relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.
Transactional relations	This company is the Investment Corporation's transfer agent, lender and the trustee of the trust beneficiary interest owned by the Investment Corporation. Otherwise, this company does not have any transactional

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	relations with the Investment Corporation/the Asset Management Company that should be specifically noted. Also, parties related to this company and the company's affiliates do not have any transactional relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.
Circumstances applicable to related parties	This company is not a related party to the Investment Corporation/ the Asset Management Company. Also, parties related to this company and the company's affiliates are not related parties to the Investment Corporation/the Asset Management Company.

The overview of the brokerage involved with the Acquisition is as shown below.

Name	Kenedix, Inc.	
Address	6-5, Nihonbashi Kabuto-cho, Chuo-ku, Tokyo (upon registry)	
Title/ Name of Representative	President & CEO, Taisuke Miyajima	
Nature of business	Asset management business, real estate management and operation, investment in real estate etc.	
Stated Capital	Approximately 40.2 billion yen	
Date of Establishment	April 17, 1995	
Major Shareholders and Percentage of Shares Held (as of December 31, 2018)	DAIWA CM SINGAPORE LTD (TRUST A/C)	20.93%
	MSIP CLIENT SECURITIES	5.42%
	Japan Trustee Services Bank, Ltd. (Trust Account)	4.85%
Brokerage Commission Fee	Not disclosed as broker's approval has not been obtained.	
Relationship with the Investment Corporation or the Asset Management Company		
Capital relations	This company does not have any capital relations with the Investment Corporation/the Asset Management Company that should be noted. Also, parties related to this company and the company's affiliates do not have any capital relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.	
Personnel relations	This company does not have any personnel relations with the Investment Corporation/the Asset Management Company that should be specifically noted. Also, parties related to this company and the company's affiliates do not have any personnel relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.	
Transactional relations	This company does not have any transactional relations with the Investment Corporation/the Asset Management Company that should be specifically noted. Also, parties related to this company and the company's affiliates do not have any transactional relations with related parties and affiliated companies of the Investment Corporation/the Asset Management Company that should be specifically noted.	
Circumstances applicable to related parties	This company is not a related party to the Investment Corporation/ the Asset Management Company. Also, parties related to this company and the company's affiliates are not related parties to the Investment Corporation/the Asset Management Company.	

7. Transaction with Related Parties

There are no related parties of the Investment Corporation or the Asset Management Company regarding the purchaser of the Disposition and the seller of the Acquisition.

8. Schedule of Transaction regarding the Disposition and the Acquisition

Decision date for disposition	March 14, 2018
Date of execution of sale and purchase agreement	March 14, 2018
Scheduled date of the Disposition	i) April 18, 2018 (40% of co-ownership of trust beneficiary interest) (scheduled) ii) May 17, 2018 (60% of co-ownership of trust beneficiary interest) (scheduled)
Scheduled date of the Acquisition	May 18, 2018 (scheduled)

9. Future Outlook

With regards to the revision due to the Disposition and the Acquisition to the forecasts of the investment management performance in the fiscal period ending April 30, 2018 (the 8th fiscal period,

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from November 1, 2017 to April 30, 2018), please refer to the press release “Notice Concerning Revisions to the Estimated Distributions per Unit for the Fiscal Period Ending April 30, 2018 (8th period)” which is announced today.

10. Overview of Appraisal Report

Property Name	Sendai Honcho Building
Appraised Value	5,260,000 thousand yen
Appraisal Company	Japan Real Estate Institute
Effective Date of Appraisal	October 31, 2017

Items	Content	Overview, etc.
Values indicated by income approach	5,260,000	Calculated by linking the value obtained by the DCF Method to the value obtained by the Direct Capitalization Method .
Value based on the Direct Capitalization Method	5,340,000	Assessed by capitalizing standardized net profit that is considered stable on a medium-term basis (“the standardized net profit”) with a capitalization rate.
(1) Operational profits ((a) – (b))	415,884	
(a) Potential gross earnings	430,750	Assessed based on among others, appropriate standard rent level that is considered stable on medium-term basis.
(b) Losses from vacancy, etc.	14,866	Assessed based on appropriate standard occupancy level that is considered stable on medium-term basis.
(2) Operational expenses	134,882	
Maintenance and management expenses/property management fee (Note)	38,620	Maintenance and management expenses were assessed based on actual figures from past fiscal years and with reference to the levels of maintenance and management expenses of comparable real estate. Property management fees are assessed based on the terms of property management agreement with reference to the property management fees of comparable real estate.
Utility expenses	40,120	Assessed with reference to the level of utility expenses of comparable real estate
Repair expenses	11,121	The standardized medium- to long-term repairs and renewals expenses as reported in the engineering report is determined appropriate and recognized after prorated with capital expenditures.
Tenant advertising expenses	3,156	Assessed with reference to the tenant advertising expenses of comparable real estate.
Taxes and public dues	40,925	Assessed taking into account, among others, a standard taxable amount and burden adjustment measures reported in taxes and public dues related materials.
Non-life insurance premium	835	Assessed by reviewing non-life insurance premium paid for comparable real estate.
Other expenses	105	Fee payable for occupying the road is recorded
(3) Operational net profit (NOI=(1) – (2))	281,002	
(4) Investment profits from lump-sum payment	2,442	Assessed with investment yield at 1.0%.
(5) Capital outflows	26,950	The standardized medium- to long-term repairs and renewals expenses as reported in the engineering report is determined appropriate and recognized after prorated with repair expenses.
(6) Net profit (NCF=(3)+(4) – (5))	256,494	
(7) Capitalization Rate	4.8%	Assessed by taking into consideration capitalization rate of comparable real estate properties owned by other J-REITs in the same demand and supply area, result of survey of real estate investors, market trends of acquisition and disposition, etc., characteristics of the subject property and location, as well as matters related to the discount rate (including volatility risk of revenues and principal amount), etc..
Value based on the DCF Method	5,180,000	
Discount rate	4.6%	Assessed by taking into consideration capitalization rate of comparable real estate properties owned by other J-REITs in the same demand and supply area, result of survey of real estate investors, market trends of acquisition and disposition, etc., yields on financial assets as well as the characteristics of the real estate property.
Terminal Capitalization Rate	5.0%	Assessed by taking into account the characteristics, future uncertainties, liquidity, marketability, among other factors, of the net profit obtained the capitalization rate.

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Value indicated by cost approach	5,180,000	
Land to value ratio	85.2%	
Building to value ratio	14.8%	
Other items that the appraisal company noticed during the appraisal	Nothing specific	

Property Name	IBF Planning Building
Appraised Value	3,620,000 thousand yen
Appraisal Company	Daiwa Appraisal Co., Ltd.
Effective Date of Appraisal	February 19, 2018

Items	Content	Overview, etc.
Value indicated by income approach	3,620,000	Calculated by putting an emphasis on the value obtained by the DCF Method and reviewing it with the value obtained by the Direct Capitalization Method .
Value based on the Direct Capitalization Method	3,690,000	Assessed by capitalizing the standardized net profit with a capitalization rate.
(1) Operational profits ((a) – (b))	153,134	
(a) Potential gross earnings	153,615	Assessed based on current contracts and appropriate standard rent level that is considered stable on medium-term basis.
(b) Losses from vacancy, etc.	481	Assessed based on current contracts and appropriate standard occupancy level that is considered stable on medium-term basis.
(2) Operational expenses	13,702	
Maintenance and management expenses/property management fee (Note)	1,200	Maintenance and management expenses are not recorded as they are paid by tenants. Property management fees are assessed based on the current agreement with reference to property management fees of comparable real estate .
Utility expenses	0	Not recorded as tenants bear the expenses.
Repair expenses	340	The average annual amount for repairs and renewals reported in the engineering report, which is determined appropriate, is recognized in proportions to allocation of expenses set forth in the lease agreements.
Tenant advertising expenses	76	Assessed with reference to the tenant advertising expenses of comparable real estate.
Taxes and public dues	11,656	Assessed based on, among others, actual amount for fiscal 2017.
Non-life insurance premium	430	Assessed by reviewing non-life insurance premium paid for comparable real estate.
Other expenses	0	
(3) Operational net profit (NOI=(1) – (2))	139,432	
(4) Investment profits from lump-sum payment	1,501	Assessed with investment yield at 1.0%.
(5) Capital outflows	900	The average annual capital expenditures reported in the engineering reports, which is determined appropriate based on the standard level of comparable real estate, is recognized with consideration for the construction management fee.
(6) Net profit (NCF=(3)+(4) – (5))	140,033	
(7) Capitalization Rate	3.8%	Assessed by taking into consideration capitalization rate of comparable real estate properties owned by other J-REITs in the same demand and supply area, result of survey of real estate investors, market trends of acquisition and disposition, etc., characteristics of the subject property and location, as well as matters related to the discount rate (including volatility risk of revenues and principal amount), etc..
Value based on the DCF Method	3,590,000	
Discount rate	3.6%	Assessed by taking into consideration capitalization rate of comparable real estate properties owned by other J-REITs in the same demand and supply area, result of survey of real estate investors, market trends of acquisition and disposition, etc., yields on financial assets as well as the characteristics of the real estate property.
Terminal Capitalization Rate	4.0%	Assessed by taking into account the characteristics, future uncertainties, liquidity, marketability, among other factors, of the net profit obtained the capitalization rate.

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Value indicated by cost approach	3,100,000	
Land to value ratio	86.3%	
Building to value ratio	13.7%	
Other items that the appraisal company noticed during the appraisal	Nothing specific	

(Note) The sum of the management and maintenance expense and the property management fee is stated because disclosure of individual numbers for the management and maintenance expense as well as the property management fee for this property poses a risk of obstructing the efficient operations of the Investment Corporation and consequently hurting the unitholders' profitability as it will affect other transactions with parties to whom building management operations and property management operations are contracted out and impact the relationship between these parties and the Investment Corporation.

* This material will be distributed to the Kabuto Club, the kisha club of the Ministry of Land, Infrastructure, Transport and Tourism, and the kisha club specializing in construction of the Ministry of Land, Infrastructure, Transport and Tourism.

* Website address for the Investment Corporation: <http://www.invesco-reit.co.jp/en/>

<Attached Materials>

Reference Information 1: Picture and map of IBF Planning Building

Reference Information 2: List of Portfolios (after the Disposition and the Acquisition)

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<Attached Materials>

Reference Information 1:

Picture of IBF Planning Building



Map



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Reference Information 2: List of Portfolios (after the Disposition and the Acquisition)

Overview of Portfolio

Property Number	Property Name	Address	(Scheduled) Acquisition Price (million yen) (Note 1)	Investment Share (%) (Note 2)	Appraisal Value (million yen) (Note 3)	Total Number of Tenants (Note 4)	(Scheduled) Acquisition Date
1	Ebisu Prime Square	Shibuya-ku, Tokyo	25,014	15.6%	27,538	100	June 6, 2014
3	CS TOWER/ CS TOWER ANNEX	Taito-ku, Tokyo	13,700	8.5%	16,800	26	June 6, 2014
4	Queen's Square YOKOHAMA	Yokohama,-shi Kanagawa	16,034	10.0%	18,700	95	September 30, 2014
5	NAGOYA PRIME CENTRAL TOWER (Note 5)	Nagoya-shi, Aichi	14,600	9.1%	18,600	51	June 6, 2014
6	Tokyo Nissan Nishi-Gotanda Building	Shinagawa-ku, Tokyo	6,700	4.2%	7,410	8	May 11, 2015
7	ORTO Yokohama	Yokohama-shi, Kanagawa	13,000	8.1%	14,400	23	June 1, 2015
8	Nishi-Shinjuku KF Building	Shinjuku-ku, Tokyo	6,600	4.1%	7,030	17	June 30, 2015
9	Shinagawa Seaside East Tower	Shinagawa-ku, Tokyo	25,066	15.6%	26,600	20	June 1, 2016
10	Akiba CO Building	Chiyoda-ku, Tokyo	8,078	5.0%	9,330	1	June 1, 2016
11	Sun Towers Center Building	Setagaya-ku, Tokyo	6,615	4.1%	7,090	13	June 1, 2016
13	Hakata Prime East	Fukuoka-shi, Fukuoka	4,500	2.8%	4,720	18	June 1, 2016
14	Kinshicho Prime Tower	Koutou-ku, Tokyo	15,145	9.4%	15,800	15	January 20, 2017
15	Aqua Dojima East	Osaka-shi, Osaka	1,910	1.2%	2,010	18	March 31, 2017
16	IBF Planning Building	Shibuya-ku, Tokyo	3,500	2.2%	3,620	2	May 18, 2018
Total (for the fourteen properties)			160,462	100.0%	179,648	407	

(Note 1) "(Scheduled) Acquisition Price" states the acquisition price for the relevant acquired assets and the scheduled acquisition price as set forth in the sale and purchase agreement, and is rounded down to the nearest million yen. The acquisition price is exclusive of national and local consumption taxes and the costs of acquisition.

(Note 2) "Investment Share" states the ratio of each acquisition price to the total acquisition price and is rounded down to the first decimal place. As a result, the total may not add up to 100%.

(Note 3) "Appraisal Value" states the appraisal value set forth in a real estate appraisal report and is rounded down to the nearest million yen.

(Note 4) "Total Number of Tenants" states the number of tenants under the leases as set forth in the individual leases for the acquired assets or the Asset Scheduled for Acquisition as of January 1, 2018, unless otherwise stated. If a pass-through type master lease agreement has been concluded for the acquired assets or the Asset Scheduled for Acquisition, the total number of end tenants is stated. Also, the number stated is based on valid leases as of January 1, 2018, even where an end tenant has terminated or provided notice of termination or has unpaid rent due. If one tenant rents several rent spaces, the said tenant shall be counted as one tenant if the rented spaces are in the same building; and if one tenant rents several spaces of several assets, the said tenant shall be counted as multiple tenants.

(Note 5) Regarding NAGOYA PRIME CENTRAL TOWER, the Investment Corporation holds sectional ownership rights and also owns the common areas as stated under the bylaw and those in the housing complex. Under the master lease for the property, the master lessee aggregates rent and other payments received with respect to the office and parking areas and distributes such rent and payments in proportion to the percentage of the exclusive areas of each owner. Therefore, we have presented the number of tenants in whole the property.

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