



Invesco Office J-REIT, Inc. (3298)

13th Fiscal Period Ended October 31, 2020

Invesco Global Real Estate Asia Pacific, Inc.
December 15, 2020

<http://www.invesco-reit.co.jp/en/>



Table of contents



1	Impact of COVID-19 and our strategy	▪ Impact of COVID-19	5-6
2	Operational highlights	<ul style="list-style-type: none"> ▪ Major topics ▪ DPU and NAV per unit ▪ Factors of Increase / Decrease in DPU ▪ Measures to improve unitholder value ▪ Unit buyback ▪ Medium-term goals ▪ Our view on the future office market ▪ Tokyo office market: large market with stable occupancy ▪ Office demand post COVID-19 	<ul style="list-style-type: none"> 8 9 10 11 12 13 14 15 16
3	Portfolio overview	<ul style="list-style-type: none"> ▪ Portfolio composition ▪ IOJ's current positioning in the J-REIT industry ▪ Top 10 tenants (leased area basis) ▪ Revenue compositions 	<ul style="list-style-type: none"> 18-19 20 21 22
4	Growth strategies	<ul style="list-style-type: none"> ▪ Portfolio occupancy and leasing achievements ▪ Proactive leasing activities ▪ Disciplined asset management approach - examples ▪ Further potential for rent growth ▪ Capitalizing on the positive rent differential for office space ▪ Potential for positive rental reversions and rent growth ▪ Disciplined external growth ▪ Prudent financial management 	<ul style="list-style-type: none"> 24 25 26 27 28 29 30 31-32
5	ESG	<ul style="list-style-type: none"> ▪ IOJ's key ESG priorities ▪ Efforts to address IOJ's key ESG priorities ▪ Human capital development ▪ ESG Performance 	<ul style="list-style-type: none"> 34 35-36 37 38
6	Appendix	<ul style="list-style-type: none"> ▪ Financial results for FP13 (10/2020) ▪ Financial forecasts for FP14 (4/2021) and FP15 (10/2021) ▪ Manual of Financial Statements ▪ Unitholders ▪ Widening of investor base ▪ Achievements of individual assets ▪ Portfolio information ▪ Key facts ▪ Consider investing in areas where needs for flexible offices are expected to grow ▪ What is "flexible offices"? ▪ Supply demand balance in Tokyo and office vacancy rate forecast ▪ Performance data ▪ Definitions 	<ul style="list-style-type: none"> 40 41 42-43 44 45 46-50 51-52 53 54 55 56 57-58 59

- Invesco Ltd. (NYSE: IVZ) is a leading independent global investment management firm, dedicated to delivering an investment experience that helps people get more out of life (\$1.29 trillion under management as at November 30, 2020)

A light blue world map serves as the background for the central part of the slide. Three large blue circles are overlaid on the map, each containing white text. The circles are positioned over North America, Europe, and Asia respectively.

Client focus

**Independent
investment
management
firm**

**Global
presence**

- Invesco Real Estate (“IRE”), a business division of the Invesco Group, is one of the largest real estate investment management firms globally (\$79.8 billion under management as at June 30, 2020)
 - ✓ Invesco Real Estate benefits from the firm’s exclusive focus on investment management and performance driven culture
 - ✓ Invesco Real Estate offers clients access to a range of global investment strategies spanning from core to opportunistic in the private and public space

1. Impact of COVID-19 and our strategy



Impact of COVID-19

As at December 1, 2020



- Continuing from the previous fiscal period, the impact of COVID-19 in FP13 is limited
- While there were some lease cancellations due to COVID-19, 15 new lease contracts (2,654 sqm) and 8 floor expansions (1,555 sqm) were executed during FP13 and new leases and floor expansions for existing tenants also progressed over the period

Impact on leasing

- ✓ Received 39 lease cancellation notices (23,361 sqm) in total that are thought to be due to COVID-19
- ✓ Rental collection rate was 99.96% as of November 2020
- ✓ Responded to tenant requests for rent concessions during the COVID-19 period. These tenants have started to pay their rental arrears and there have been no cases of non-payment by tenants

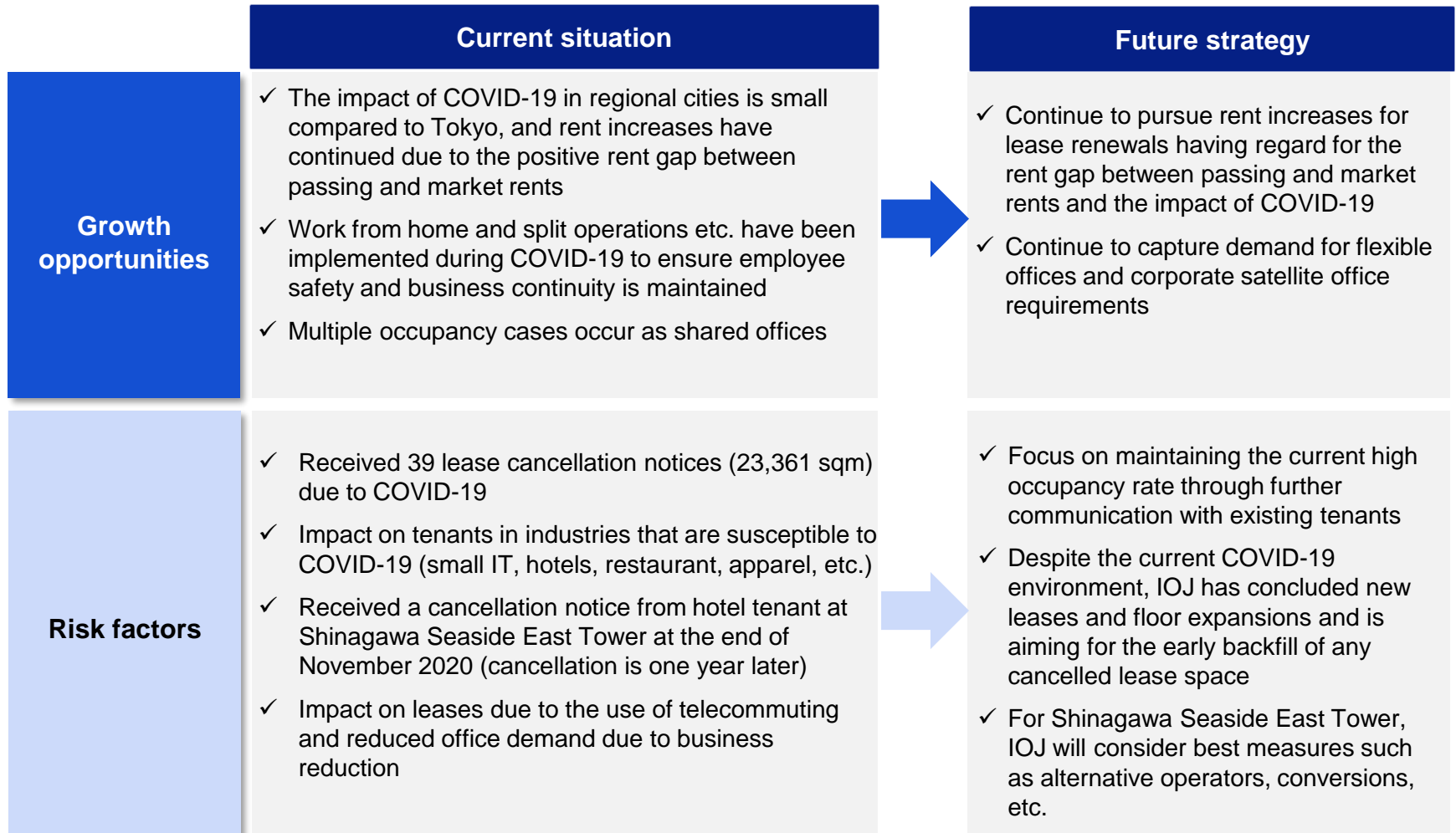
Status of cancellations and new contracts¹

	Average from FP1 to FP11	FP12 4/2020	FP13 10/2020	FP14 4/2021	FP15 10/2021
	Actual			Estimated	
Average occupancy rate during the period	97.4%	99.3%	99.3%	97.9%	96.3%
Portfolio cancellation rate	3.2%	1.4%	1.6%	4.6%	0.4%
Cancellation due to the influence of COVID-19	-	0.0%	0.6%	3.7%	0.4%
New lease and floor expansion rate	3.3%	1.8%	1.4%	0.5%	-

¹ The "Actual" is the ratio of canceled or newly increased floor spaces that occurred in the relevant fiscal period to the total leasable area at the end of each period, and the "Estimated" is the ratio of the area to be canceled or newly increased floor spaces that to be occurred in the relevant fiscal period to the total leasable area based on the assumed occupancy rate as of December 1, 2020.

Impact of COVID-19

As at December 1, 2020



2. Operational highlights



■ **Steady growth**

DPU for FP13 (10/2020) was ¥410, the same level as the previous fiscal period (¥409)

NAV per Unit for FP13 (10/2020) increased by approximately 1% to ¥17,684

■ **Measures to improve unitholder value**

Asset disposal in advance of tenant risk through disposition of IBF Planning Building with a capital gain

Conduct unit buyback and reduce IOJ's loan to value (LTV) ratio using the sale proceeds

New medium-term goals for future growth

■ **Stable portfolio performance**

Portfolio occupancy rate for FP13 (10/2020) reached an average of 99.3% during the fiscal period (same level as the previous fiscal period)

Achieved a 7.4% of rent increase from 40.9% (area basis) tenants in rent renewal despite the current COVID-19 environment

In FP13, rent increase rate due to tenant replacement was 22.9%, maintaining above 20%

■ **ESG and finance stability**

Reduced borrowing cost and extended average maturity by issuing Green Bonds (10-year first time)

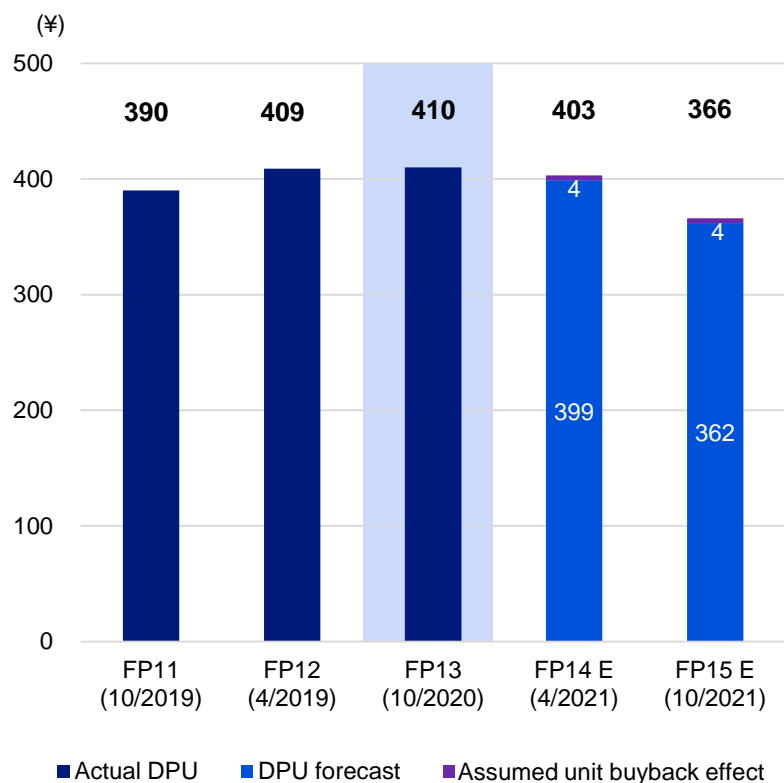
Obtained 5 Green Stars in 2020 GRESB Real Estate Assessment

DPU and NAV per unit

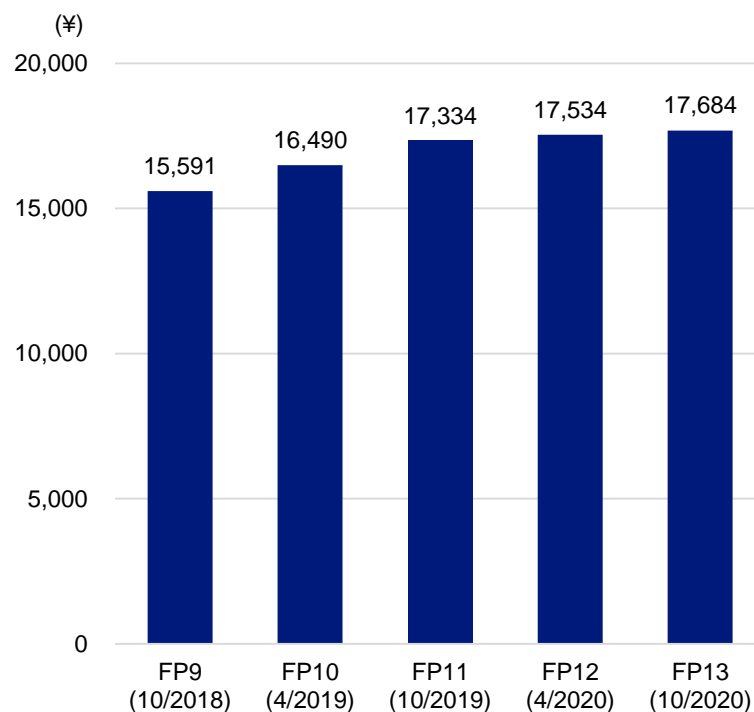


- FP13 DPU¹ was settled at ¥410 which was the same level as the previous fiscal period
- IOJ will actively promote the letting of lease cancellation spaces and aim to grow DPU forecasts by improving the occupancy rate

DPU

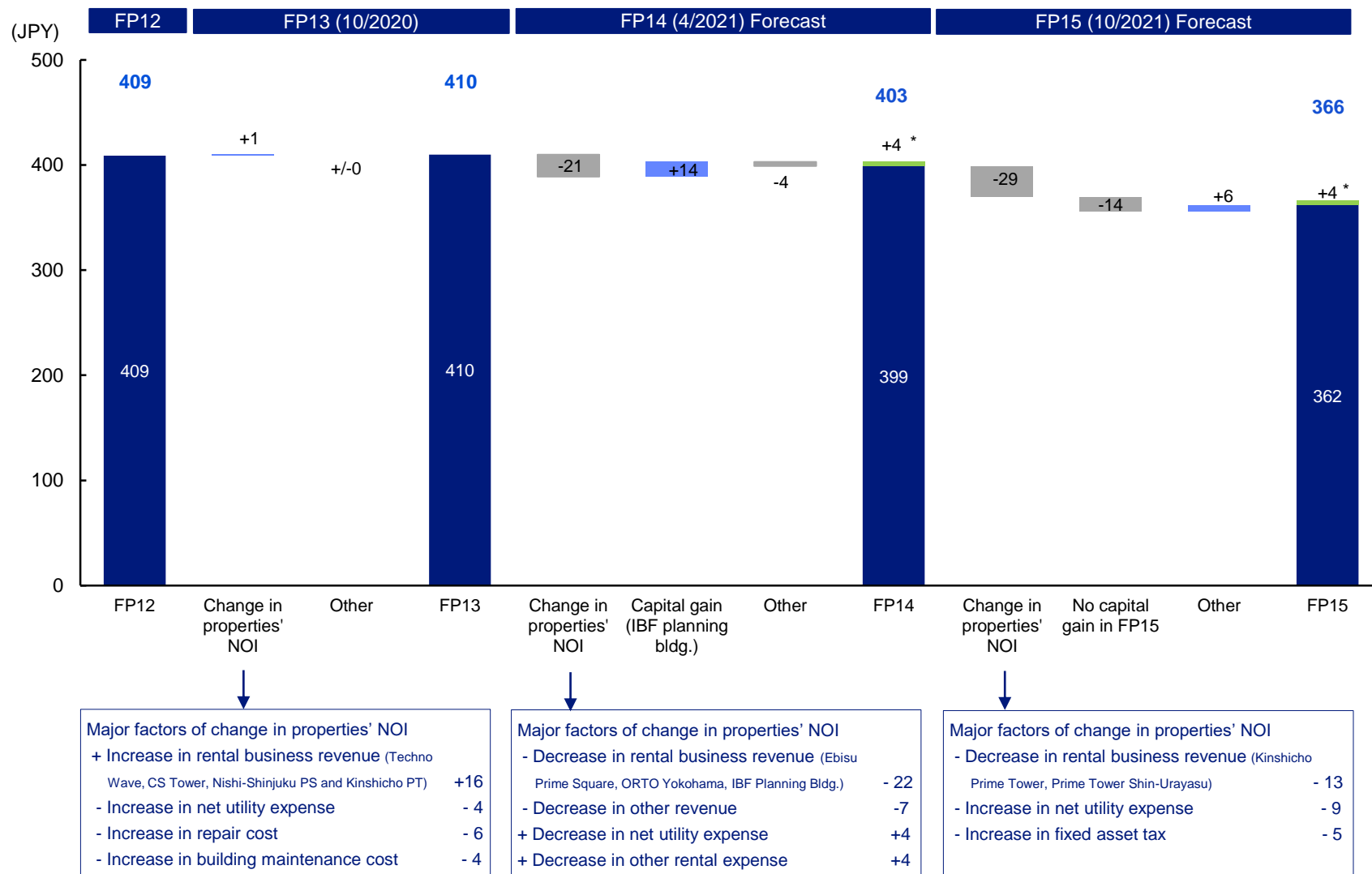


NAV per unit



¹ "DPU" stands for distributions per unit.

Factors contributing to the Increase / Decrease in DPU



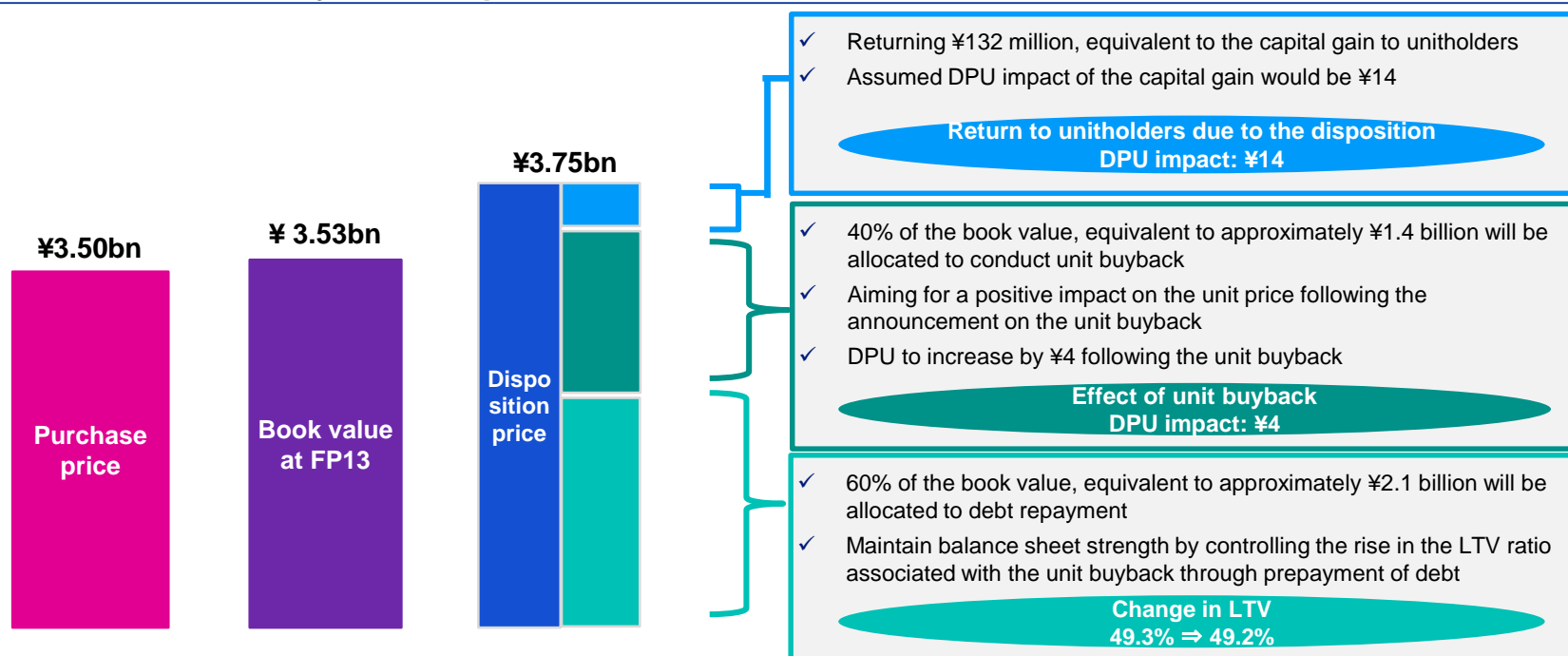
* Impact of unit buyback and cancellation

Measures to improve unitholder value

Disposition of IBF Planning Building and unit buyback

- Conducted asset disposition to eliminate the risk of reduced rental income following a major tenant vacancy in the building. The capital gain is expected to be returned to unitholders

Return to unitholders by asset disposition



Disposed property overview

IBF Planning Building



Tenant status	Quasi-single tenant
Book value	¥3.53 billion
Disposition price	¥3.75 billion
NOI yield	3.9 %
NOI yield after depreciation	3.3 %

Disposition points

- Eliminated the risk of future revenue decline by selling a quasi-single tenant property where the major tenant plans to vacate
- Sold at ¥3.75 billion exceeding the appraisal value (¥3.50 billion) by 7% – Confirms the strength the physical real estate investment market
- By distributing the entire capital gain to unitholders and considering the effect of unit buyback, the DPU in FP14 is expected to increase by ¥18 to ¥403

Unit buyback



- Conducted asset disposition to eliminate the risk of decreased rental income due to a major tenant move-out
- Decided to execute unit buyback and unit cancellation by utilizing the sale price of the risk asset

Details of unit buyback announced on Dec. 15, 2020

- ✓ Total no. of units to be acquired: 140,000 units (maximum)
- ✓ Total acquisition price: ¥1.4 billion (maximum)
- ✓ Acquisition period: From Dec. 16, 2020 to Feb. 26, 2021

Financial effect of unit buyback and cancellation of acquired units

- ✓ Cancellation of all acquired units during the fiscal period

FP14 (4/2021)

FP15 (10/2021)



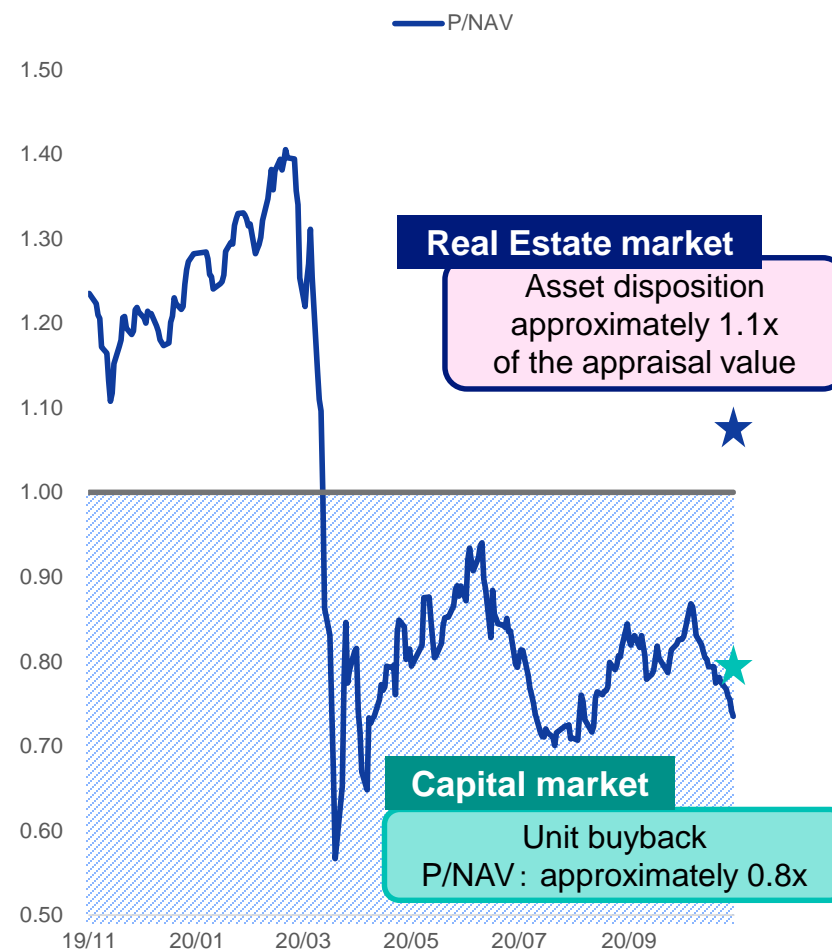
- ✓ Improvement of DPU in line with decrease in outstanding investment units

Significance of conducting unit buyback

Improved return to unitholders

- ✓ Improved unitholder value by reducing the number of issued investment units
- ✓ Improved NAV per unit by purchasing units at a price lower than the NAV per unit
- ✓ Realized an asset disposition at a price exceeding the appraisal value

Difference between real estate and capital markets



Medium-term goals



- IOJ is targeting a distribution of ¥430 per unit and an asset size of ¥300 billion over the next 3-4 years
- Highly focused on improving unit price vs NAV – further acquisitions will be based on sound capital management
- Reduce risk premium and implement operational plans in line with growth strategy to achieve the goals

Medium-term goals in the next 3 - 4 years	
DPU target	¥ 430 FP15 (10/2021) DPU forecast: <u>¥366</u> ¹
Asset size target	¥ 300 billion Milestone to achieve ¥400 billion AUM, a guideline for AA upgrade

Medium-term strategies		FP12 (4/2020)	FP13 (10/2020)	Target
Risk premium mitigation	Financial stability LTV BV / Rating	49.4% / AA-	49.3% / AA-	LTV below 50%/ AA rating
	Top 10 tenant ratio	29.9%	30.0%	20.0%
	ESG assessment MSCI ESG Index	BB	BBB	MSCI ESG Index inclusion
	TCFD	Identifying risks and opportunities and formulating strategies for risk mitigation		
Growth strategies	Investment policy	Mainly investing in large office properties in Tokyo metropolitan area and considering offices in good locations in regional metropolitan areas		
	External growth	Improve portfolio profitability and stability through new acquisitions and asset replacements		
	Internal growth	Maintain high portfolio occupancy and increase cash flow utilizing positive rent gap		

Our view on the future office market



- IOJ's portfolio comprises properties that will remain resilient in a COVID-19 environment

Tokyo's office market is highly regarded globally

- Tokyo's office market is expected to be stable over the long term relative to other international cities due to its large scale and high liquidity
- During the current COVID-19 environment, Tokyo won first place in the world city ranking of easy cities to live in due to its evaluation of COVID-19 support and transportation infrastructure (Global Finance Magazine (October 2020))
- The attractiveness of Tokyo as a medium to long-term investment target remains unchanged

Potential change in office demand due to COVID-19

- The COVID-19 has influenced work styles, office usage, the type of office spaced that is desired by tenants and the penetration of new ideas such as ABW¹
- In addition to property selection based on economic factors, there may be new office selection criteria such as securing diversified office spaces from the viewpoint of safety and business continuity planning (BCP)

IOJ owns highly competitive properties in the globally acclaimed Tokyo market

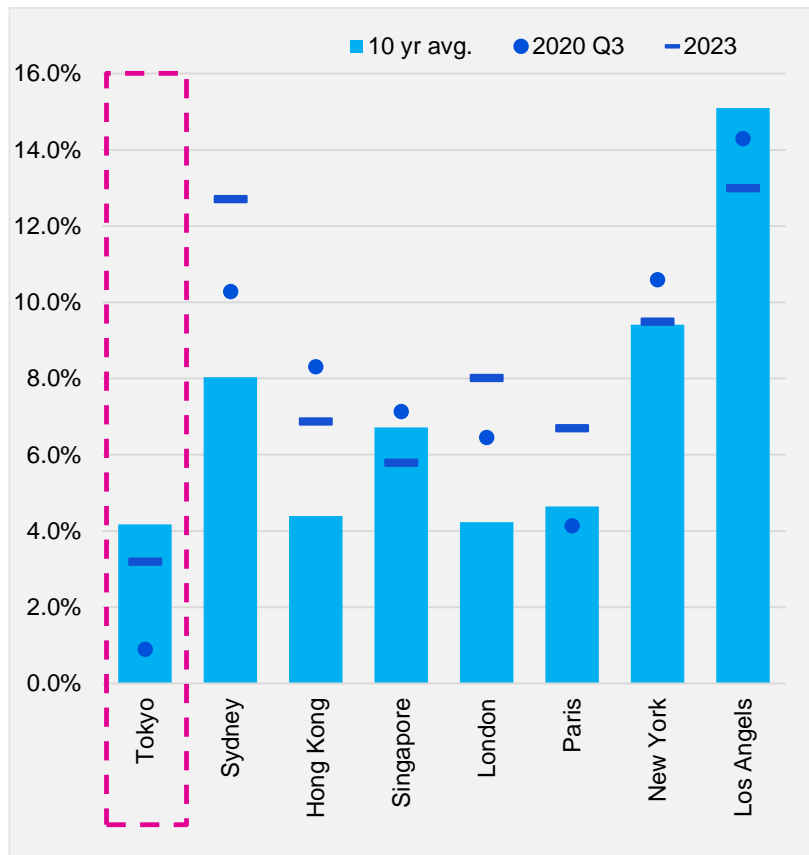
- Portfolio composition is centered on properties in the Tokyo office market which is performing well on a global comparison basis
- IOJ owns large-scale office buildings located in Tokyo's metropolitan areas and other regional metropolitan areas in Japan
- In addition to the conventional needs of head offices / branch offices, IOJ portfolio comprises properties that cater for the future increased demand for flexible offices (e.g. rental offices, serviced offices, shared offices, coworking offices, etc.)

¹ "Activity Based Working" is an abbreviation for the concept of selecting an environment in which workers themselves work independently according to their work and circumstances.

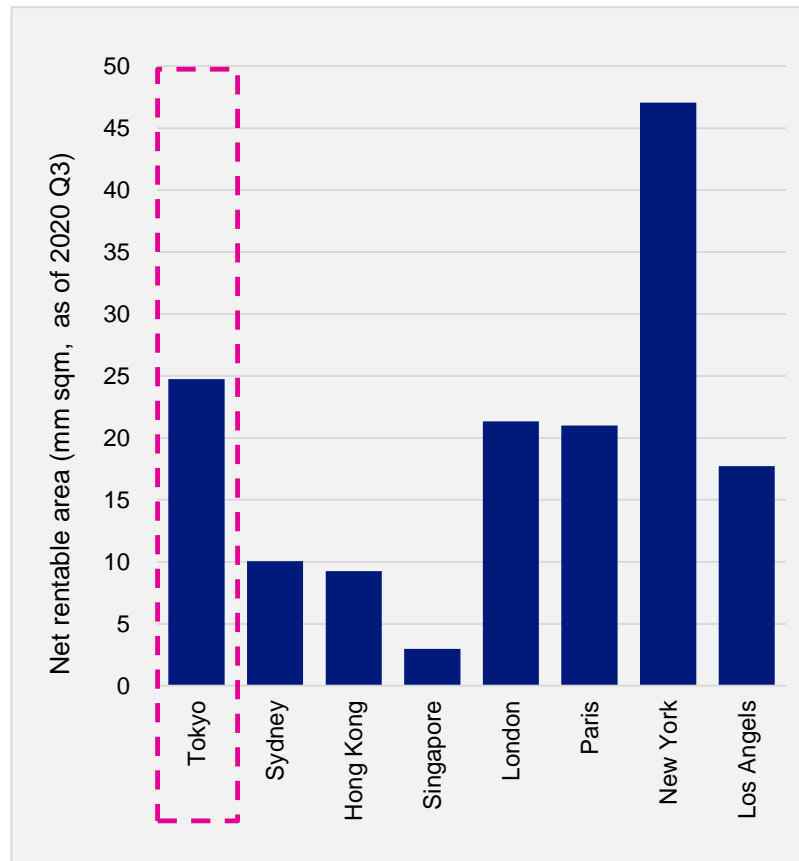
Tokyo office market: large market with stable occupancy

As at the end of September 2020

Office vacancy rates in major cities around the world



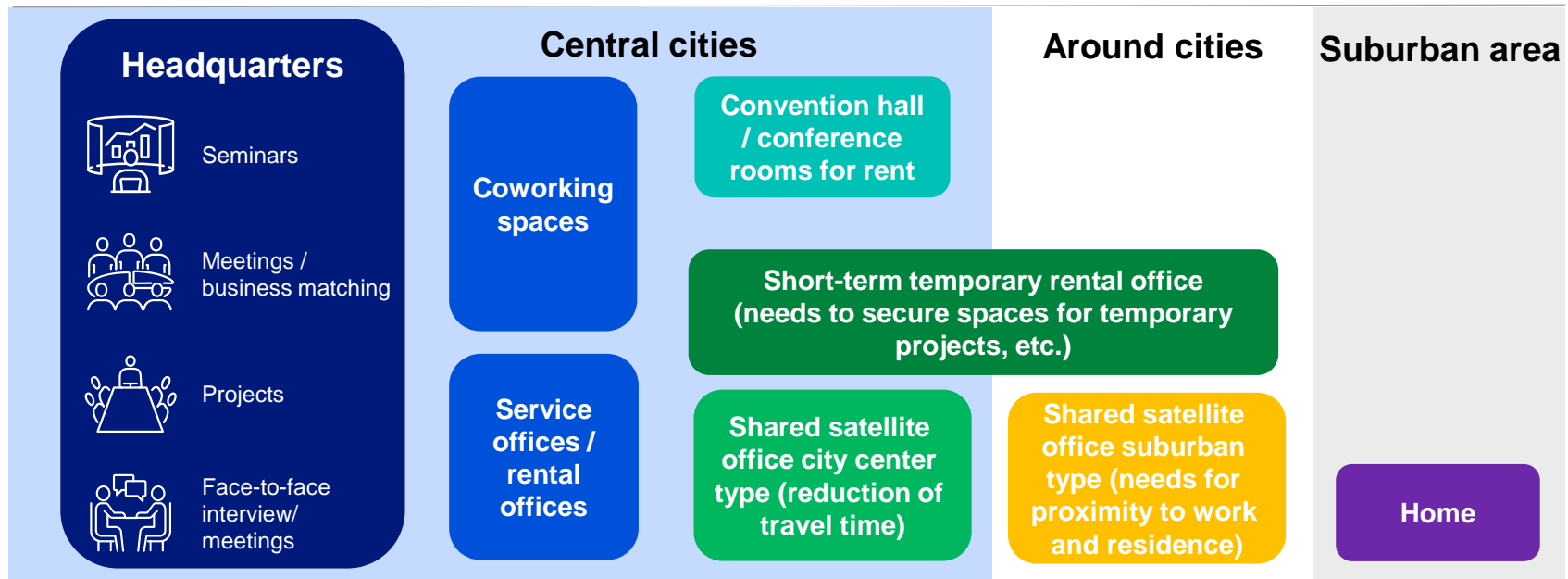
Office stock in major cities around the world



Source: Created by an asset management company based on the figures announced by CBRE and JLL as of the end of September 2020

Office demand post COVID-19

- Office requirements are expected to diversify due to the penetration of new concepts such as ABW¹
- IOJ's portfolio can meet the diverse needs of tenants



Large office located in city center- Headquarters



Central cities



Around cities

IOJ's office portfolio that can respond to changing trends in tenant requirements based on ABW

¹ "Activity Based Working" is an abbreviation for the concept of selecting an environment in which workers themselves work independently according to their work and circumstances.
Source: Prepared by IGRE based on the "Office Market at a Turning Point" issued by XYMAX REAL ESTATE INSTITUTE Corporation

3. Portfolio overview



Portfolio composition

As at the end of October 2020



Highlights (19 assets)

Purchase price

¥229.3billion

Average purchase price

¥12.0billion

Appraisal value

¥277.6billion

FP13(10/2020)
average occupancy rate

99.3%

Average NOI yield¹

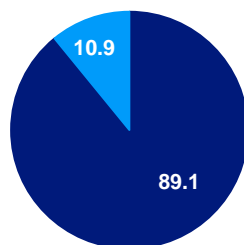
5.2%

Portfolio PML²

2.67%

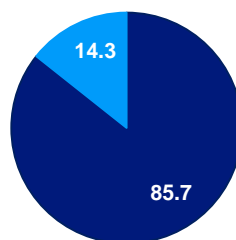
Characteristics³

By asset type (%)



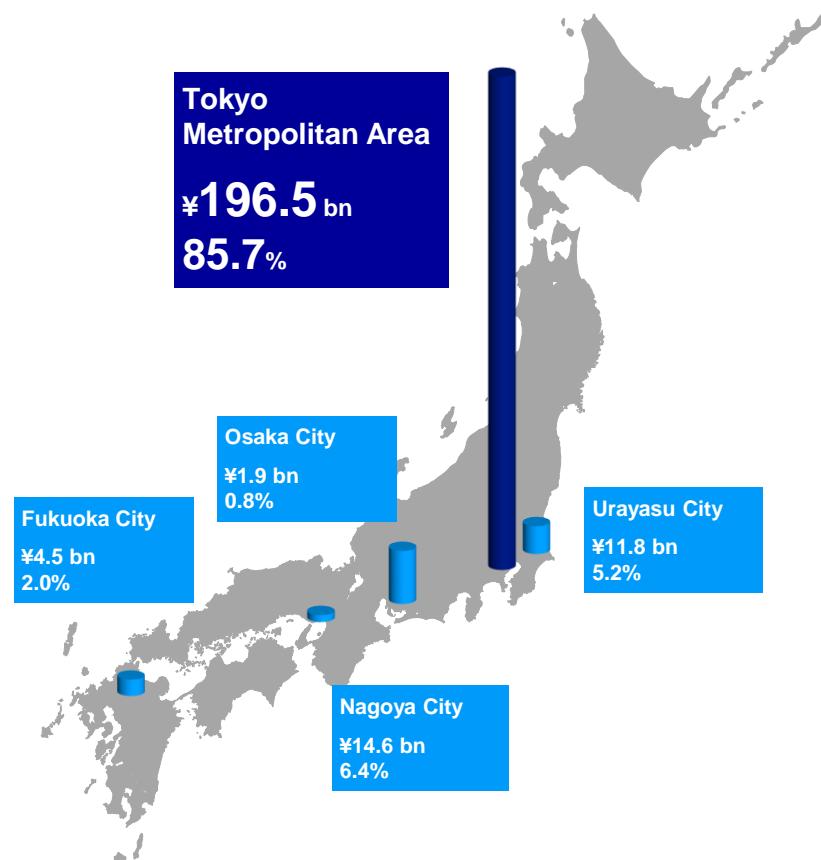
Large-scale offices	89.1%
Others (mid-size offices)	10.9%

By geographic location (%)



Tokyo Metropolitan Area ⁴	85.7%
-Tokyo 23 wards	69.2%
(Tokyo central 5 wards ⁵)	36.8%
Other Areas	14.3%

Investment ratio by geographic location



¹ NOI regarding the assets owned as of the end of FP13 are calculated by using the following formula: the actual NOI for FP13 / operating days during FP13*365 days. NOI yield is calculated by dividing total NOI by total acquisition price. However, we have applied adjustments to treat certain capitalized property-related taxes as expenses.

² The figure described above is in the "Report on evaluation of seismic PML for portfolio" dated October 2020 by Sompo Risk Management, Inc.

³ The ratio is calculated based on the purchase price.

⁴ "Tokyo Metropolitan Area" includes Tokyo metropolitan area, Yokohama city, Kawasaki city, Saitama city and Chiba city.

⁵ "Tokyo central 5 wards" includes Chiyoda-ward, Chuo-ward, Minato-ward, Shinjuku-ward and Shibuya-ward.

Portfolio composition

18 assets with a total purchase price of ¥ 225.8 billion as of Dec. 2020



Property name	Ebisu Prime Square	Harumi Island Triton Square Office Tower Z ¹	CS Tower ²	Queen's Square Yokohama	Nagoya Prime Central Tower	Tokyo Nissan Nishi-Gotanda Building
		 SOLD				
Location	Tokyo	Tokyo	Tokyo	Yokohama	Nagoya	Tokyo
Purchase price	¥25,014 million	¥9,300 million	¥13,969 million	¥16,034 million	¥14,600 million	¥6,700 million

Property name	ORTO Yokohama	Nishi-Shinjuku KF Building	Shinagawa Seaside East Tower	Akiba CO Building	Sun Towers Center Building	Sendai Honcho Building ³
						 SOLD
Location	Yokohama	Tokyo	Tokyo	Tokyo	Tokyo	Sendai
Purchase price	¥13,000 million	¥6,600 million	¥25,066 million	¥8,078 million	¥6,615 million	¥5,000 million

Property name	Hakata Prime East	Kinshicho Prime Tower	Aqua Dojima East	Nishi-Shinjuku Prime Square	Kojimachi Crystal City	Prime Tower Shin-Urayasu
						
Location	Fukuoka	Tokyo	Osaka	Tokyo	Tokyo	Urayasu
Purchase price	¥4,500 million	¥15,145 million	¥1,910 million	¥34,835 million	¥6,405 million	¥11,860 million

Property name	Techno Wave 100 ⁴	IBF Planning Building ⁵	Otowa Prime Building
		 SOLD	
Location	Yokohama	Tokyo	Tokyo
Purchase price	¥8,710 million	¥3,500 million	¥6,830 million

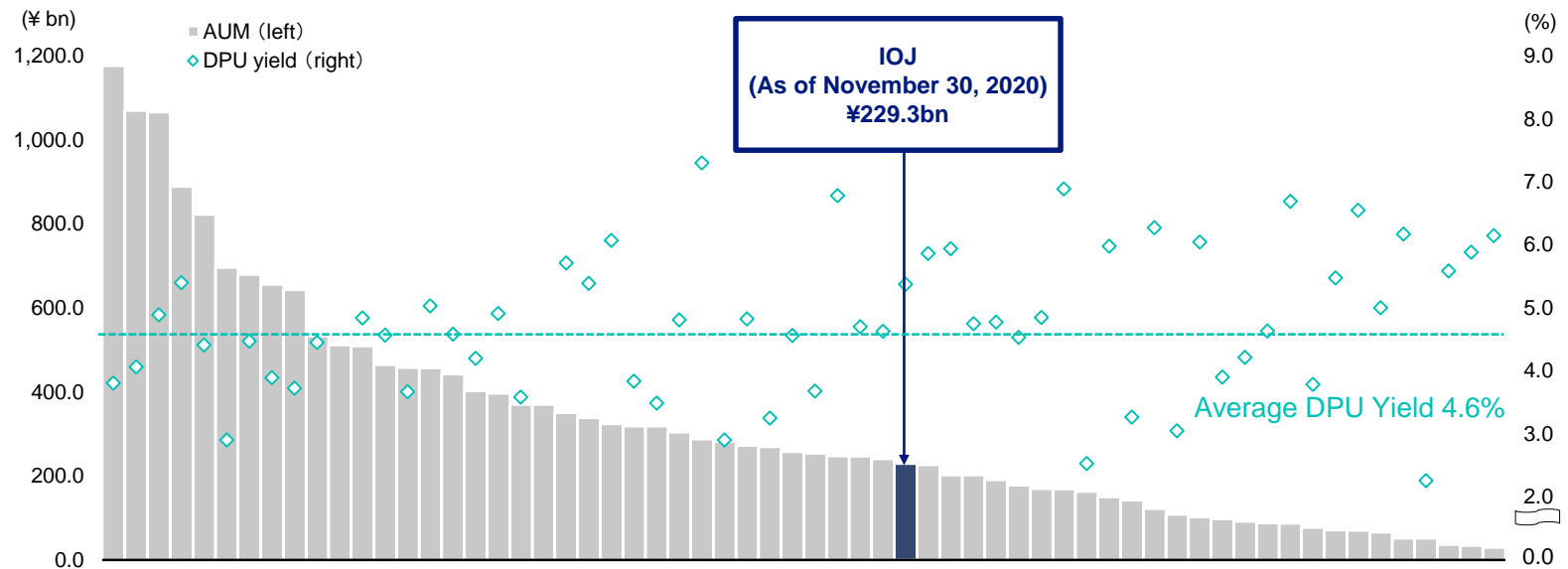
- 1 Disposed on December 16, 2016. Profit from disposition was ¥783 million.
- 2 Disposed CS Tower Annex on March 20, 2019. Profit from disposition was ¥149 million. The purchase price corresponds to the total portion which IOJ acquired on June 6, 2014 and January 30, 2020.
- 3 Disposed 40% of co-ownership of trust beneficiary interest on April 18, 2018 and 60% of co-ownership of trust beneficiary interest on May 17, 2018. Profit from disposition was ¥687 million.
- 4 The purchase price corresponds to the total portion which IOJ acquired on May 1, 2018, May 22, 2019 and March 31, 2020.
- 5 Disposed on December 10, 2020. Profit from disposition is estimated to be approximately ¥132 million.

IOJ's current positioning in the J-REIT industry

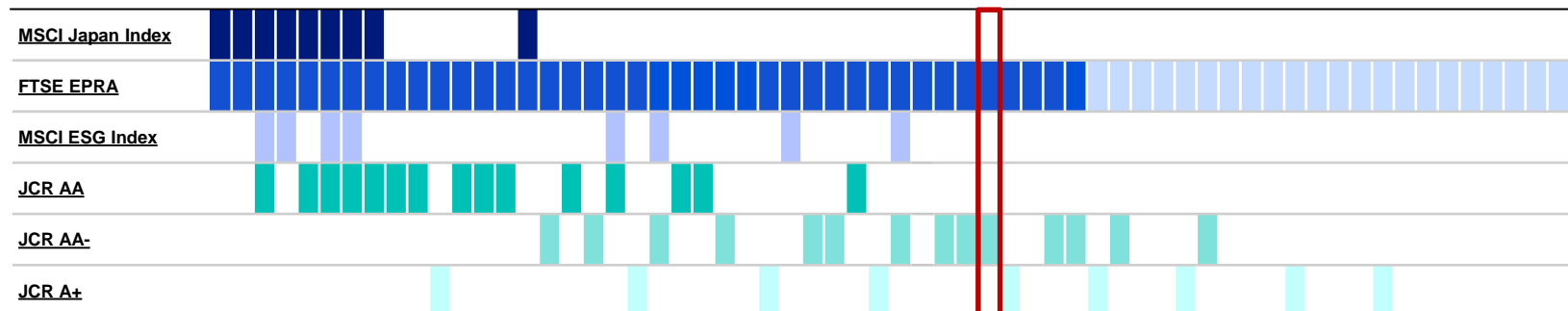
As of November 30, 2020



- With AA- (stable) rating , BOJ has been acquiring IOJ units



List of indices and credit rating



Source: The above table and graph are prepared by the asset manager based on disclosure materials released by each of MSCI, Inc., FTSE International Limited and Frank Russell Company.

Top 10 tenants (leased area basis)



As at the end of October 2020 (FP13)

	End tenants	Property name	Leased area ¹ (sqm)	Ratio of leased area to total leasable area ² (%)
1	INTEC INC.	Techno Wave 100	16,555.18	5.6
2	Tokyu Hotels Co., Ltd.	Queen's Square Yokohama	13,506.72	4.6
3	Fujitsu Limited	ORTO Yokohama	12,847.62	4.3
4	Sotetsu Hotel Management Co., Ltd.	Shinagawa Seaside East Tower	9,237.18	3.1
5	Yachiyo Engineering Co., Ltd	CS Tower	8,893.68	3.0
6	Minatomirai Tokyu Square Corporation	Queen's Square Yokohama	6,395.39	2.2
7	Marvelous Inc.	Shinagawa Seaside East Tower	6,225.70	2.1
8	Good Smile Company	Akiba CO Building	5,514.42	1.9
9	Tokyu Malls Development Corporation	Queen's Square Yokohama	5,512.59	1.9
10	BSD Information Technology, Ltd.	Otowa Prime Building	4,200.08	1.4
Total of top 10 tenants			88,888.56	30.0

Allocation by industry (Leased area basis)³

Business type	Ratio (%)	Total number of tenants
Information service (software, data processing, data base service etc.)	20.5%	46
Other service (consulting, advertisement, professional/technology, entertainment etc.)	20.2%	92
Manufacturing	13.1%	74
Commercial warehousing	9.6%	68
Accommodations and food service	8.9%	19
Finance and insurance	4.8%	24
Real estate	4.0%	18
Construction	3.8%	22
Video, picture and sound information	3.6%	7
Medical, health care and compound Service	3.5%	40
Internet service	2.7%	17
Communications	1.3%	6
Electric power and gas	1.2%	4
Others	0.9%	8
Fishery, agriculture & forestry	0.6%	2
Land transportation	0.5%	6
Warehousing and harbor transportation	0.4%	4
Broadcasting	0.3%	1
Air transportation	0.1%	1
	100.0%	459

- 1 "Leased area" represents the part of the total leased area stated in the relevant lease agreement pertaining as at October 31, 2020 that is reflecting the portion of IOJ's ownership.
- 2 "Ratio of leased area" represents the percentage of each tenant's leased area to the total leased area of all the managed assets as at October 31, 2020, rounded to one decimal place.
- 3 The chart shows the breakdown of tenants by type of business based on the total number of tenants excluding residential tenants as at October 31, 2020 based on the leased area stated on agreements. The total ratio may not add up to 100.0% because the numbers are rounded to one decimal place.

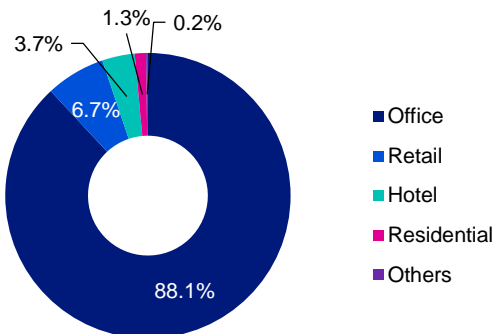
Revenue compositions

As at the end of October 2020



- Upward rent revision opportunities for office assets occur every 2.5 years on average

FP13 (10/2020) revenue breakdown by asset type



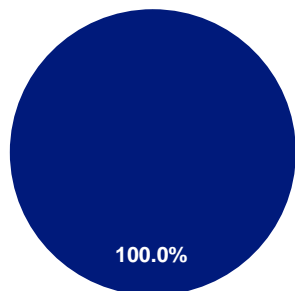
Asset type	% to total rent revenue	Leased area (sqm)	Average lease term
Office	88.1%	244,534.74	2.5 years
Retail	6.7%	23,559.80	8.2 years
Hotel ¹	3.7%	22,743.90	20.0 years
Residential	1.3%	3,987.85	2.7 years
Others	0.2%	1,766.03	4.4 years
Total	100.0%	296,592.31	4.3 years

¹ Not including turnover rent income.

Hotel rent revenue breakdown

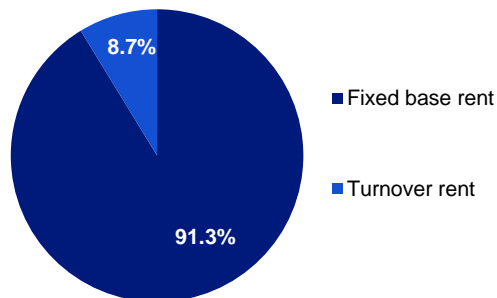
Fixed rent income from 2 hotels was 3.7% of total rent revenue in FP13 (10/2020)

Shinagawa Seaside East Tower



Hotel operator :
Sotetsu Hotel Management Co., Ltd.

Queen's Square Yokohama



Hotel operator :
Tokyu Hotels Co., Ltd.

FP13	% to total rent revenue
Fixed base rent	96.6%
Turnover rent	3.4%
Total	100.0%

4. Growth strategies



Portfolio occupancy and leasing achievements



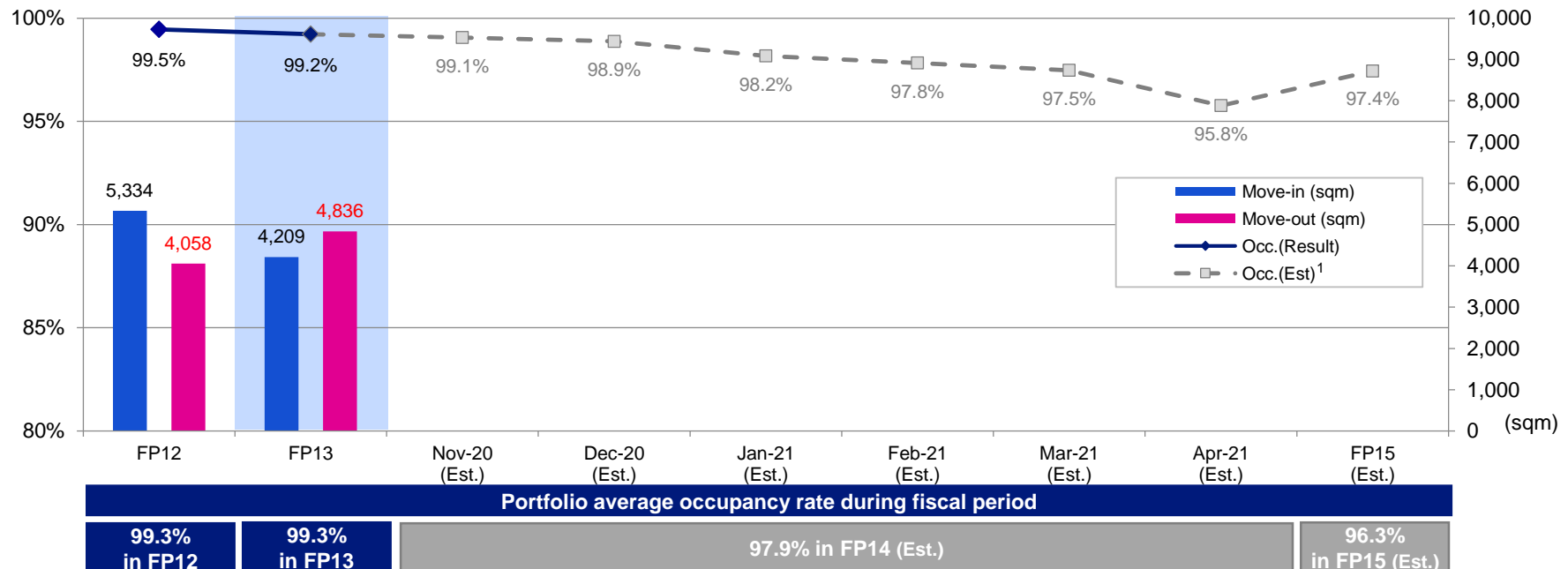
- FP13 (10/2020) average occupancy rate was 99.3% as a result of proactive leasing activities
- Occupancy rate of 97.9% in FP14 and 96.3% in FP15 maintained

Leasing achievements (FP13)

- Achieved 99.2% occupancy at the end of FP13 (10/2020): This result was 0.3% points higher than the initial forecast
- The average portfolio occupancy rate in FP13 was maintained at 99.3% due to successful leasing activities especially at Techno Wave 100

Leasing policy and occupancy outlook (FP14)

- Assumes that the occupancy rate in FP14 can be maintained at a 97% level following the impact of COVID-19
- Focusing on leasing activities at Ebisu Prime Square, ORTO Yokohama, Sun Towers Center Building and Kinshicho Prime Tower in FP14
- After FP14, proactive leasing initiatives will continue to be pursued to maintain the portfolio occupancy rate and the performance of IOJ's assets



¹ The occupancy estimation for FP14 and FP15 is as of December 1, 2020.

Strong leasing outcomes despite COVID-19

Achieved lease outcomes above market rental rates

- Compared to Tokyo, large regional cities have a lower ratio of remote working, consequently the impact of COVID-19 on office demand has been relatively limited
- Succeeded in attracting new tenants above the market rent level at offices in the Tokyo area and the suburbs of Tokyo

**Queens Square
Yokohama**

**525 sqm
Contracted with
market rent**

**Prime Tower
Shin-Urayasu**

**356 sqm *
Contracted 19%
higher than the
market rent**

**Nagoya Prime
Central Tower**

**353 sqm
Contracted with
market rent**

**Hakata Prime
East**

**422 sqm
Contracted with
market rent**

Pursuing upside by capturing demand for shared offices

- Share offices moved into Queens Square Yokohama and Prime Tower Shin-Urayasu
- Aim to capture shared office demand and contract lease agreements above market rent levels
- According to a CBRE survey of investors in Asia Pacific in 2018, property value can be maximized by ensuring that coworking space comprise approximately 20% of a building's total floor area



Corporate Satellite Share Office NewWork
* The above is an image.

Example of leasing strategies for individual properties

Kinshicho Prime Tower

Target early backfill of space after tenants vacate



- IOJ received 6 cancellation notices (about 1,500 tsubo), which will result in the property occupancy level to drop to about 72%
- Good access to the central Tokyo office area (access to "Akihabara" station, "Tokyo" station, "Otemachi" station, "Shimbashi" station, "Shinagawa" station without transfers)
- Highly convenient for automobiles, and in an excellent location for sales offices for western Chiba (Urayasu, Ichikawa, Funabashi, etc.)

Action plans

- LED construction for the leased area will be carried out after the tenants move out
- Aim for early lease-up of vacant space due to minimal vacancy in the surrounding area and large expected demand including internal floor expansions

Shinagawa Seaside East Tower

Consider the optimal operation method

- Received cancellation notice from "Sotetsu Hotel Development Co., Ltd." due to the prolonged COVID-19 situation
- Cancellation notification is one year in advance, so the tenant vacancy is scheduled for Nov. 2021 (FP16)
- Assuming vacancy in the hotel part one year later, the impact on total rental revenue would be -2.3% (will take effect after FP16)



Action plans

Taking into consideration future market trends, IOJ is considering a wide range of strategies such as searching for a successor operator, changing usage etc., to optimize unitholder value

Introduction of “Eco-tuning”

Eco-tuning

Reducing carbon dioxide emissions and utility costs by optimizing existing facilities

Effect of reducing utility costs

IOJ has introduced eco-tuning for the following three assets ¹



Approximately **¥15mm** per year ²



ORTO
Yokohama



CS Tower



Prime Tower
Shin-Urayasu

Impact to DPU improvement



Approximately **¥1.7** per year ^{2,3}

Promotion of tenant engagement

Implementation of renovation work

- Systematically renovating common areas by utilizing feedback obtained from tenant surveys conducted every other year for tenants
- Improving tenant satisfaction and building strong relationships with tenants

Kojimachi Crystal City

<Status of occupancy rate and rent increase in FP13>



Kojimachi Crystal City

Occupancy rate 95.6%

Rent increase rate for
existing tenants
8.6% (2 tenants, 767sqm)

Positive rent gap 4.4%

<Elevator hall renovation work>



Before



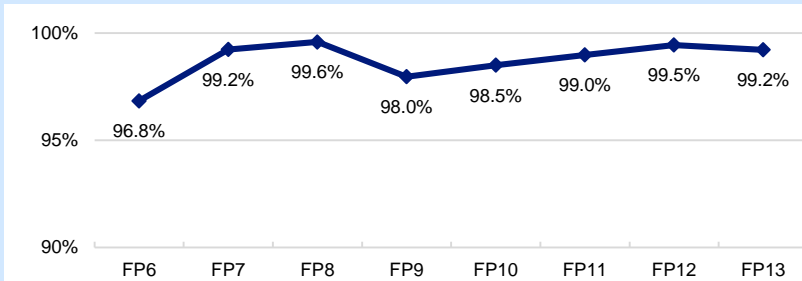
After

¹ Eco-tuning was introduced in October 2015 for ORTO Yokohama, in December 2018 for CS Tower and in February 2019 for Prime Tower Shin-Urayasu.
² The amount is calculated by subtracting the amount of remuneration to consultants (50% of the amount of reduction achievement) from the estimated annual reduction amount calculated based on the actual reduction in utility costs of each property from the introduction of Eco-tuning until October 2020.
³ Calculated based on the number of units issued and outstanding of 8,899,256 units.

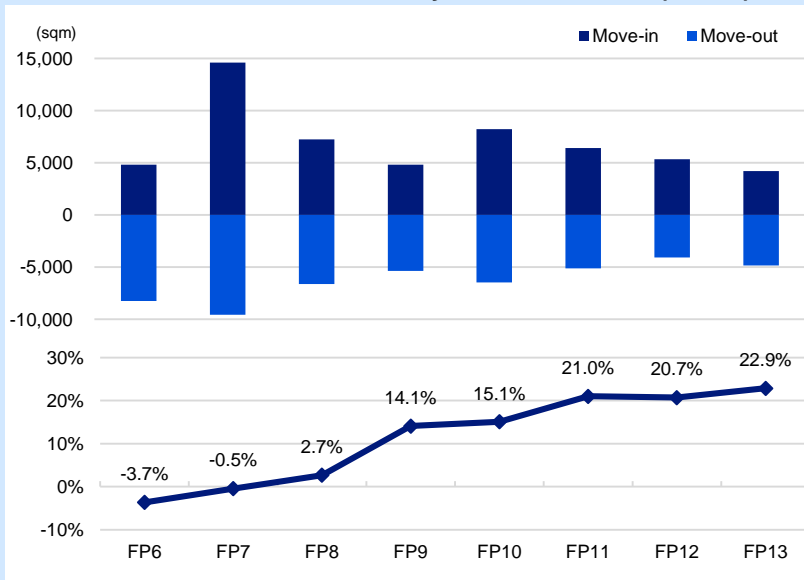
Further potential for rent growth

■ Improved portfolio profitability by positive rent

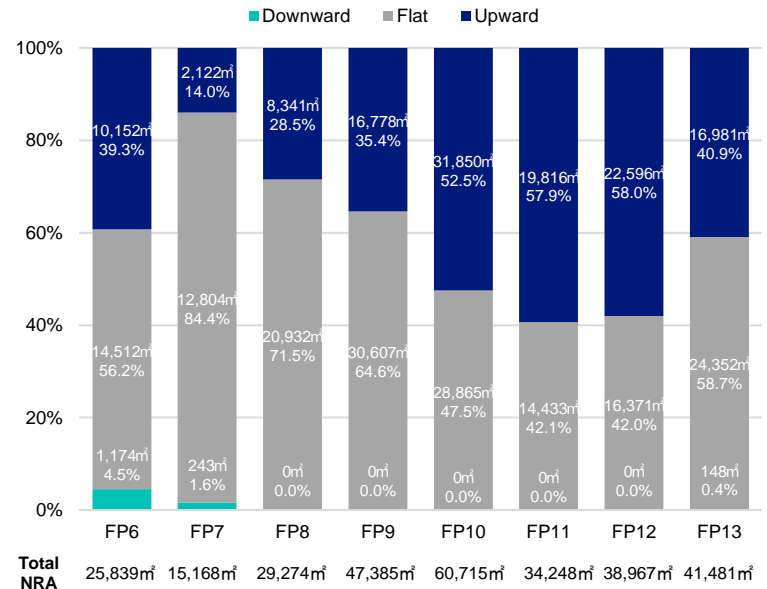
Occupancy rates at the end of each fiscal period



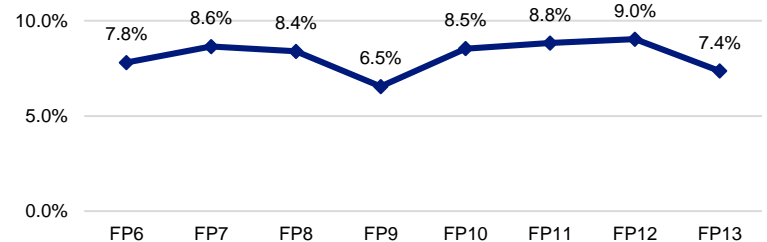
Move-in / Move-out floor space (above) and office rent fluctuation rate by tenant turnover (below)



Office rent renewal floor space



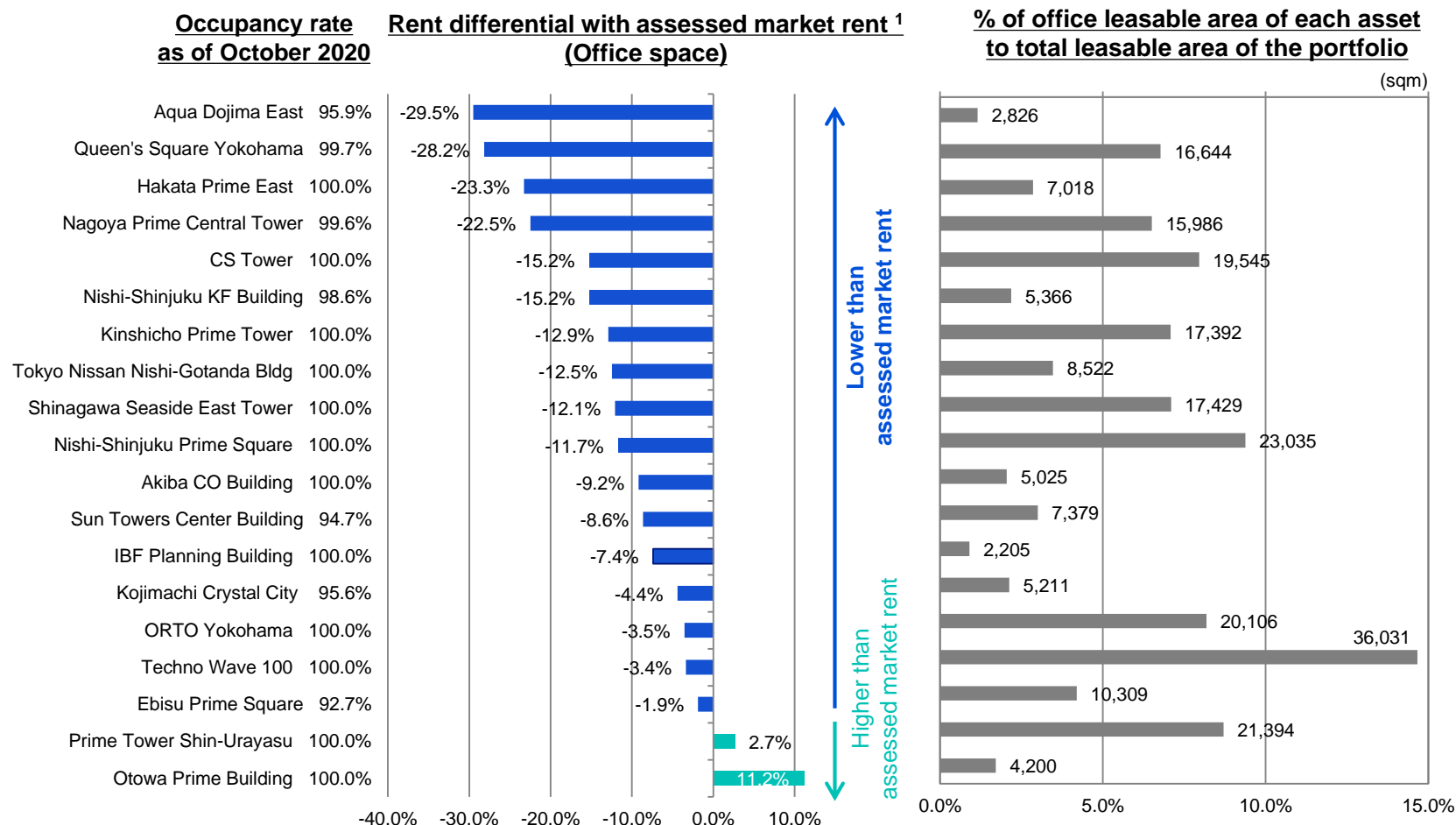
Office rent fluctuation rate upon positive rent renewals



Capitalizing on the positive rent differential for office space



- Actively aiming to increase rent income by capitalizing on the difference between the current portfolio rent and the assessed market rent



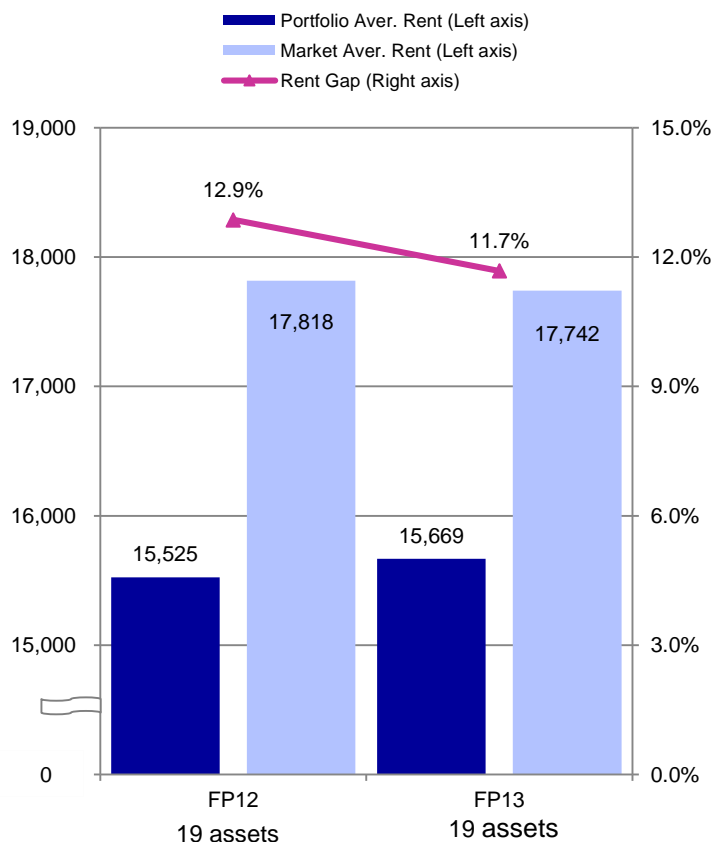
¹ Rent differential with actual rent as of October 31, 2020 and CBRE's estimated market rent for a standard floor used as office space as of September 30, 2020 for properties managed by IOJ.

Potential for positive rental reversions and rent growth

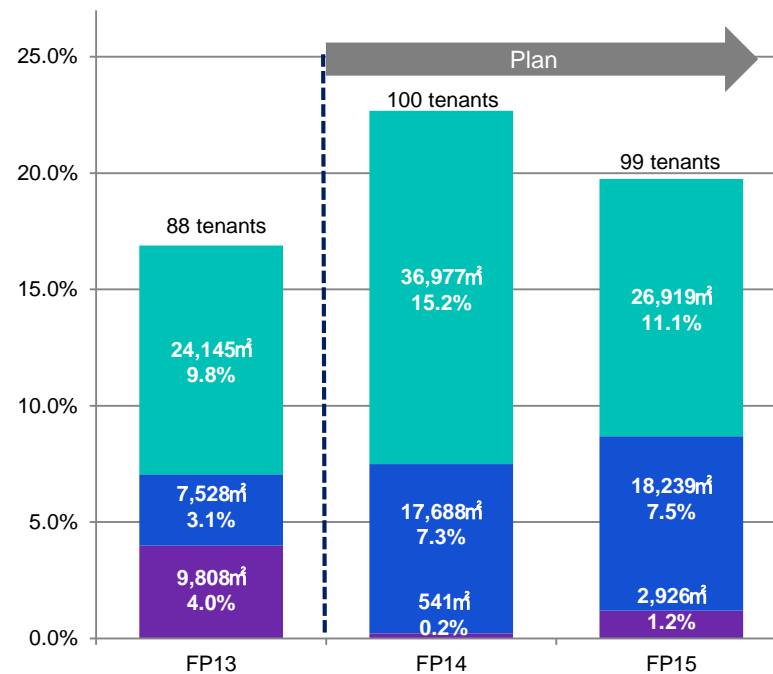


- Average portfolio rent increased in FP13 despite the current COVID-19 environment
- Average market rent declined slightly however the portfolio has an 11.7% positive rent gap in FP13

**Average rent for the 19 current properties (¥/tsubo)
for office space**



**Rent difference between in-place rents and market rents
(leased area basis) ¹**



Rent difference

More than 10% below market	Aim to raise rents
Between 10% above and 10% below market	Strive to increase or maintain current levels
More than 10% above market	Focus on maintaining current levels

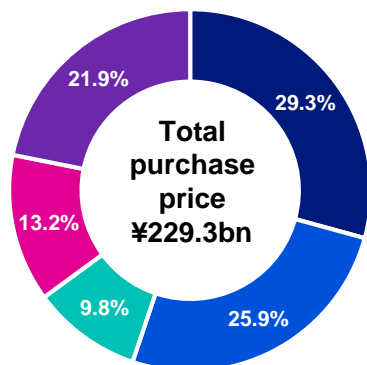
¹ The chart shows the number of lease contracts renewed or to be renewed for office space, and the rate-difference percentage of in-place rents and the market rents, which is evaluated by CBRE.

Disciplined external growth



- IOJ has acquired all properties from the third party since IPO
- 21 properties over 6 years with a total value of ¥243.9bn (cumulative base)

Acquisition source ratio (based on purchase price)



- Developers / SPCs arranged by developers
- Forgive property funds
- Financial insutitutions
- Domestic property funds
- Others

1 As at the end of October 2020

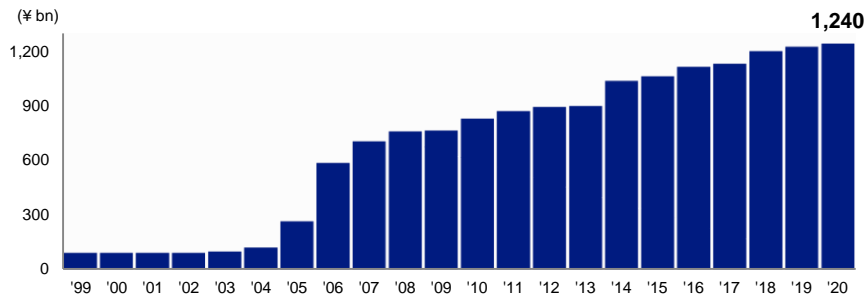
Acquisition pipeline³

- Consider improving portfolio quality by replacing assets
- Pipeline flexibility by utilizing bridge SPC
- Property currently under consideration is approximately ¥30 billion, mainly located in central Tokyo
- In the future, IOJ plans to consider properties located in good locations in regional metropolitan areas and properties located close to terminal stations in the suburbs of Tokyo

Investment track record

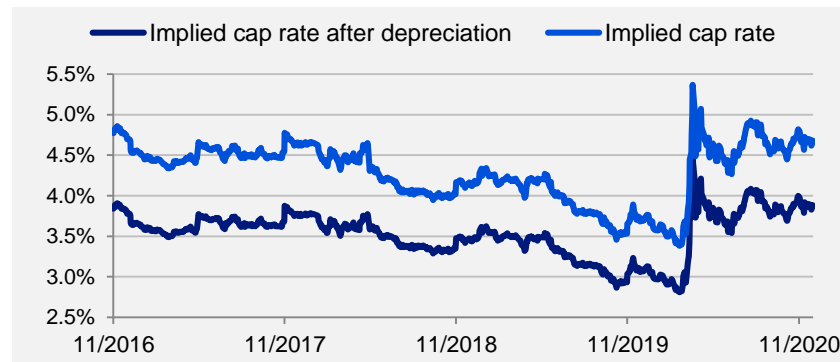
- Cumulative investment amount (since 1999) of ¥1.2 trillion (148 properties)²
- Current AUM is approximately ¥407.4 billion (as of October 31, 2020)

Cumulative investment amount²



Implied cap rate

- The implied cap rate at acquisition after depreciation is 3.9% at the end of November 2020



2 The cumulative investment amount above is based on the total acquisition price and includes the track record of the assets under the Asset Manager's management when the Invesco Group acquired the Asset Manager from American International Group in December 2010.

3 IOJ does not guarantee that it will acquire those properties.

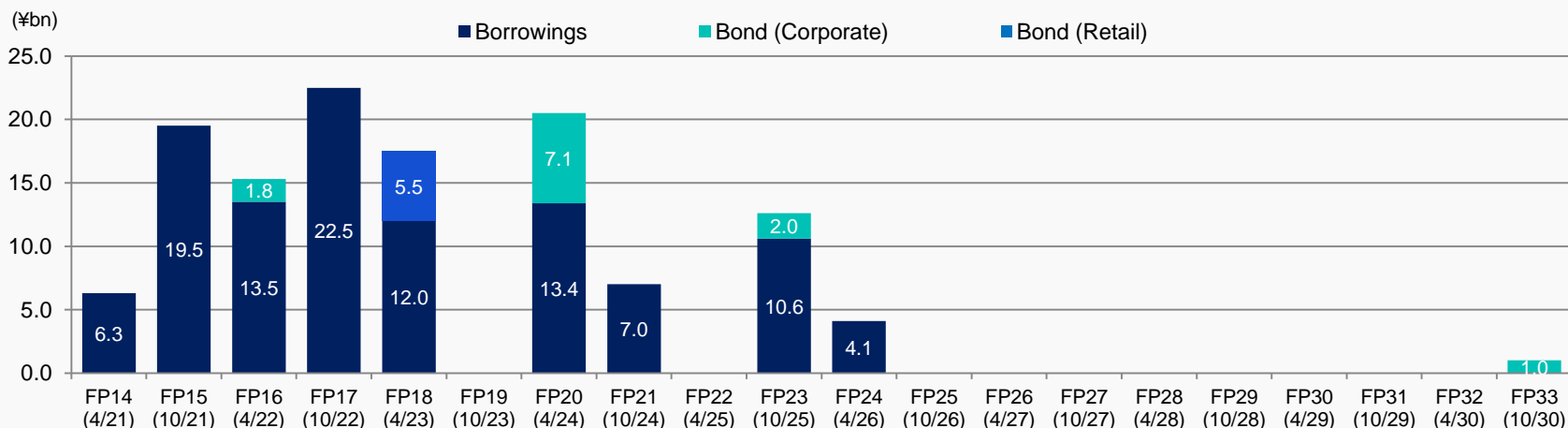
Prudent financial management

As at the end of November 2020

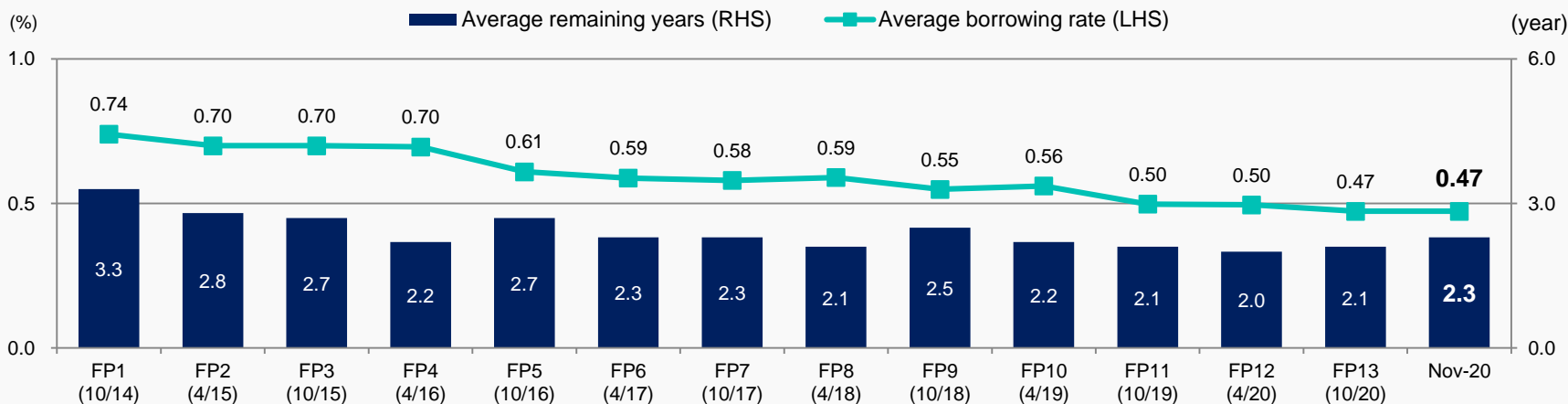


- Aim to diversify refinancing timing, prolong average borrowing years and reduce financing costs

Diversification of debt maturities



Average remaining years and average interest rate



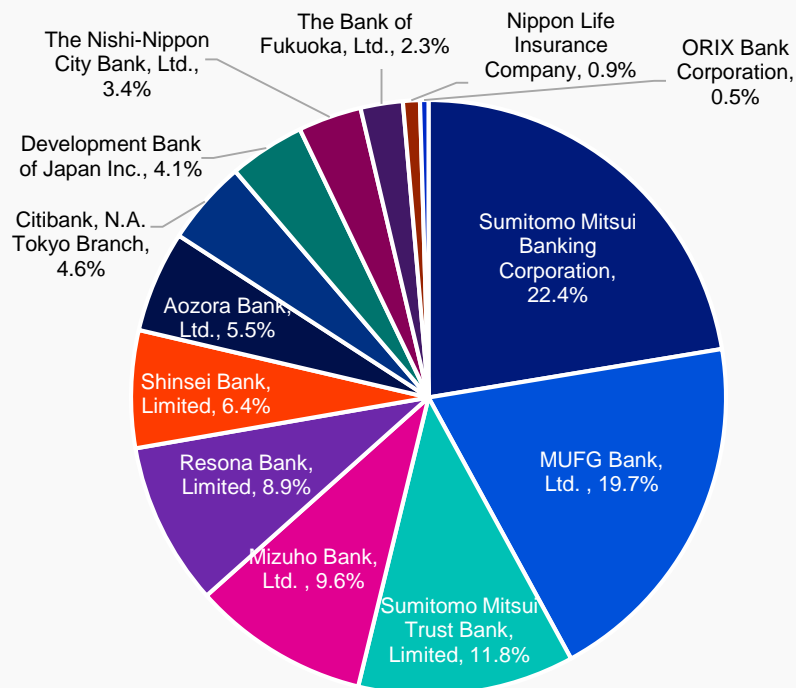
Prudent financial management

As at the end of November 2020



- Promote stable financial management by diversifying procurement methods

Diversified lender formation



Investment corporation bonds

	Amount of issued (¥ bn)	Duration (years)	Interest rate (%)	Redemption date
1st series bonds (Corporate)	1.8	5	0.320	Apr. 20, 2022
2nd series bonds (Corporate)	1.6	7	0.520	Apr. 19, 2024
3rd series bonds (Retail)	5.5	5	0.457	Jan. 26, 2023
4th series bonds (Corporate) Green Bond	5.5	5	0.580	Dec. 13, 2023
5th series bonds (Corporate) Green Bond	2.0	5	0.310	Sept. 9, 2025
6th series bonds (Corporate) Green Bond	1.0	10	0.620	Sept. 9, 2030
Total / Average	17.4	6	0.480	

- Successfully completed the first bond issuance after being upgraded to AA- in September 2020
- The interest rates are cheaper than borrowings for the same duration
- In order to capture the demand from ESG investors, recent investment corporation bonds for institutional investors are often issued as green bonds

LTV book value / LTV appraisal value	Long term fixed ratio	% of corporate bonds
49.3 % / 41.7 %	94.5 %	13.8 %
Total debt	Borrowings	Bonds
¥126,280 mm	¥108,880 mm	¥17,400 mm

5. ESG







IOJ's key ESG priorities









- IOJ selected most important issues from Invesco Real Estate materiality
- Sustainability report 2019 has published, initiatives conducted in 2019 are reported



Environmental

- | | | |
|---|---|---|
| 1 Energy Conservation & GHG Emissions Reductions | In accordance with the GHGs Emission Reduction Policy established by the Tokyo Metropolitan Government, aiming to reduce GHG emissions by 25% (based on CO2 emission volume) on average for the 5 year period from FY2020 to FY2024, compared to the standard emission average of three years between FY2002 and FY2007 |   |
| 10 Green Building Certifications | Promote Green Building Certification achievements |   |








Social

- | | | |
|----------------------------------|--|---|
| 11 Stakeholder Engagement | Improve regular and detailed communications with stakeholders, including investors, communities, service providers, employees of the Asset Manager and industry groups |     |
| 16 Diversity & Inclusion | Promote diversity and inclusion by providing training, communications and creating a work environment that optimizes the full potential of our employees |   |

Governance

- | | | |
|--|---|---|
| 21 Leadership/ Corporate Governance | Serve and guide stakeholders with transparent, effective leadership/ create effective framework to accomplish objectives |  |
| 22 Legal Compliance | Conduct periodical trainings to appropriately understand culture of compliance internally and externally and corporate-level standard ethics/ code of conduct |  |
| 23 Ethics/Code of Conduct | | |

Economic

- | | | |
|--|--|---|
| 24 Economic Performance | Conduct initiatives to maximize investor value |  |
| 25 Financial Risk due to Climate Change | Identify risks and opportunities caused by climate change and evaluate mitigation strategies |    |
| 26 Resiliency | Identify and prepare for potential disasters and recovery through business continuity plans |    |

Efforts to address IOJ's key ESG priorities

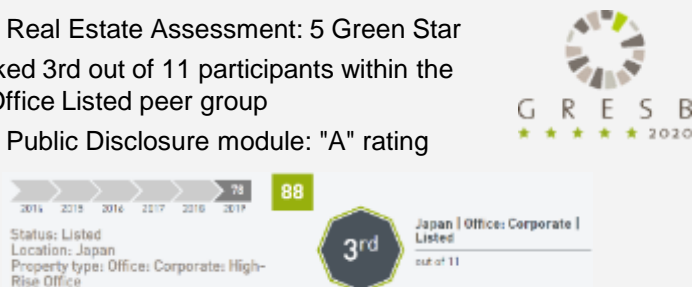


- Implemented various ESG initiatives with the aim of improving the performance of IOJ

Environmental

GRESB Real Estate Assessment 2020

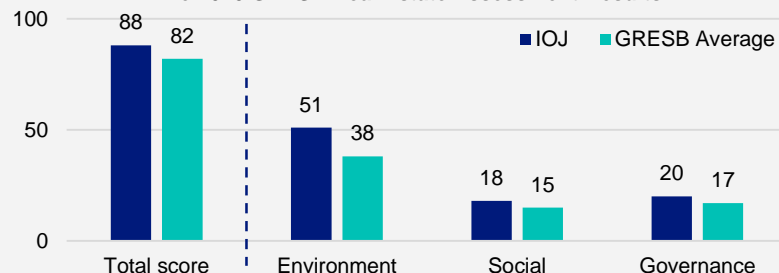
- GRESB Real Estate Assessment: 5 Green Star
- IOJ ranked 3rd out of 11 participants within the Japan Office Listed peer group
- GRESB Public Disclosure module: "A" rating



<Evaluation points>

- ✓ 5.7% energy reduction between 2018 and 2019
- ✓ 3.5% water reduction between 2018 and 2019
- ✓ Increase in GBCs from 35% to 59% between 2018 and 2019 (based on floor area)

The 2020 GRESB Real Estate Assessment Results



Green Building Certifications

- 18 properties out of 19 properties of IOJ portfolio achieved Green Building Certifications (GBC) as of October 2020

	Certified bldgs.	GFA (sqm)	Certified ratio ²
合計 ¹	18	454,510	59.5%
DBJ Green Building	1	67,581	8.8%
CASBEE	17	386,919	50.7%
BELS	1	5,720	0.7%

Green lease³

- As of October 2020, green lease³ clauses have been added into new leases at 14 of the 19 properties within the portfolio
- Of the lease contracts concluded in FP13 (10/2020), the ratio of green lease contracts was 76.7%

No. of properties with green lease as of October 2020	Green lease agreement introduction ratio in FP13
14	76.7 %

Our ESG program is aligned with INREV, GRESB, GRI and UNPRI. The data provided herein represents a snapshot current performance. The sustainability data has been reviewed by LORD Green Real Estate Strategies.

- 1 If one building has acquired multiple environmental certifications, it is counted as one building.
- 2 This is the ratio of the total floor area of each environmental certification to the total floor area of IOJ's managed assets (763,825 sqm).
- 3 A lease agreement with clauses requiring to cooperate for obtaining environmental certification and share the data on energy consumption, etc.

IOJ's key ESG priorities and initiatives



■ Implemented various ESG initiatives with the aim of improving the performance of IOJ

Social

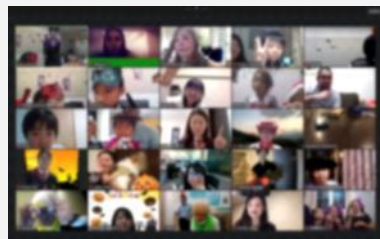
Stakeholder engagement

- Share information on ESG performance with tenants by setting up digital signage displays in common areas of managed assets
- Conduct a survey with tenants of IOJ every other year and utilize other mechanisms to obtain feedback
- Host building-wide community service events, such as Earth Day and Earth Hour
- Improving tenant satisfaction by implementing renovation of common areas



Diversity and inclusion

- As of November 2020, the ratio of female managers of IGRE is 50%
- Invesco Tokyo's Cross Functional Team (CFT) takes the initiative to hold its first online children's financial session
- "Zoom de Halloween" event held by Invesco Women's Network (IWN)



Governance

Cumulative investment program

- As of Nov. 2020, 80.8%¹ of IGRE employees participated in the program

Board diversification of IOJ

- As of November 2020, the ratio of female directors of IOJ is 50%

Change in AM fee calculation

- Raise the profit-linked remuneration ratio and reduce the fixed remuneration ratio

Legal Compliance, Ethics/Code of Conduct

- Planned implementation of various trainings (see P37 for details)

Economic

Economic performance

- Issued Green Bond (5Y bond, 10Y bond) with rating AA- (Sep. 2020)
- Conducted unit buyback aiming to improve unitholder value (Dec. 2020)

Financial Risk due to climate change

- Invesco agrees with TCFD proposal (March 2019)
- Implementation of employee training by ESG experts (Nov.-Dec. 2020)

Resiliency

- Conducted spirit operations with Work From Home to ensure business continuity in the COVID-19 situation
- Understanding the health status of employees and work location, remote access system 100%

Our ESG program is aligned with INREV, GRESB, GRI and UNPRI. The data provided herein represents a snapshot current performance. The sustainability data has been reviewed by LORD Green Real Estate Strategies.

36 1 The ratio was calculated based on the number of employees excluding directors, compliance officers, etc. who cannot participate in the cumulative investment program due to internal regulations.

- The employee trainings conducted in 2019- 2020 at IGRE are as follows

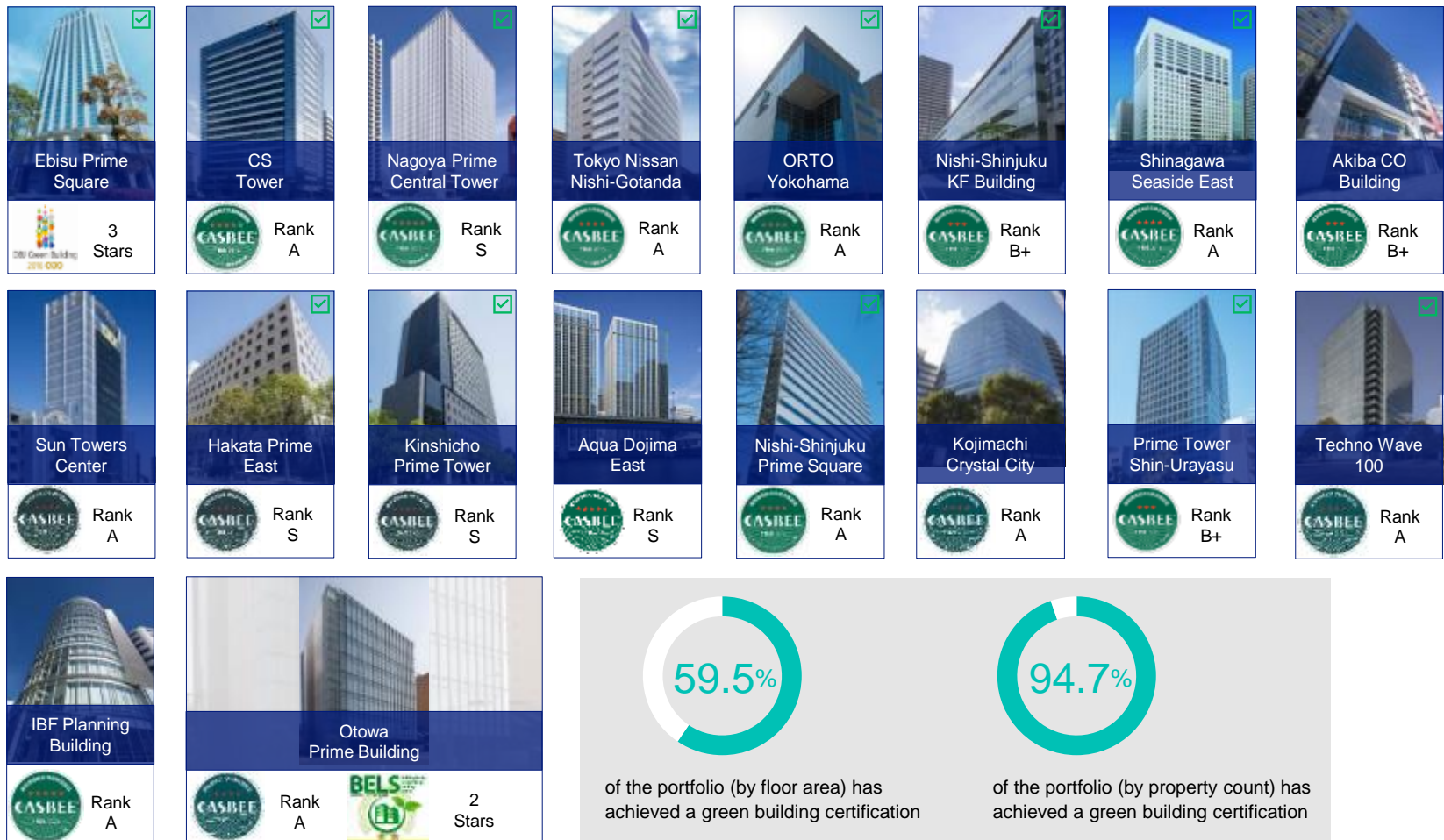
Implementation department	Trainings	Year	Month
Human Resources	Unconscious Bias Training (for New Joiners)	2019	May
	Basic Presentation Training	2019	June
	Diversity of Thought Disc Workshop	2019	September
	Continuous Improvement Training	2019	October
	Diversity of Thought	2019 / 2020	November / December / January
Compliance	Fraud Prevention Training	2019	April
	Political Contribution Policy Certificate	2019	April
	Anti-Bribery and Corruption Training	2019	October
	Code of Conduct Acknowledgement	2019	November
	Fraud Prevention Training	2020	April
	Political Contribution Policy Certificate	2020	April
	Code of Conduct Acknowledgement	2020	November
	Compliance annual training	2020	November
Security	Global Security Annual Training	2019/2020	July / August / September / October
	Global Privacy Annual Training	2020	January - February
ESG	ESG training	2020	November - January

ESG performance

As at the end of October 2020



- 18 properties out of 19 properties of IOJ portfolio achieved Green Building Certifications
- Properties that have introduced a green lease agreement (lease agreement with an environmental consideration clause) are denoted with a green check mark



Our ESG program is aligned with INREV, GRESB, GRI and UNPRI. The data provided herein represents a snapshot current performance. The sustainability data has been reviewed by LORD Green Real Estate Strategies.

6. Appendix



Financial results for FP13 (10/2020)



	FP12 (4/2020) Actual	FP13 (10/2020) Forecast	FP13 (10/2020) Actual		
(¥ mm)	(A)	(B)	(C)	(C) – (A)	(C) – (B)
Operating revenue	8,658	8,792	8,865	206	73
Operating income	4,123	3,954	4,127	4	173
Ordinary income	3,634	3,455	3,646	12	191
Net income	3,633	3,455	3,645	12	190

Units issued & outstanding	8,899,256	8,899,256	8,899,256	0	0
DPU (¥)	409	388	410	1	22

LTV (%)	49.4	-	49.3	-0.1	-
Total assets	255,653	-	255,926	273	-
Interest bearing debt	126,280	-	126,280	0	-

Analysis of earnings variance

(C) – (A)	(¥mm)
Increase in rental revenue (Techno Wave 100, CS Tower, Nishi-Shinjuku Prime Square and Kinshicho Prime Tower)	144
Increase in utility income	35
Increase in other rental revenue	27
Operating revenue	206
Increase in utility costs	-72
Increase in other rental expense	-113
Increase in depreciation expense	-13
Increase in other operating expense	-5
Operating income	4
Decrease in non-operating expense mainly due to interest expense decrease	8
Ordinary income	12
Net income	12

(C) – (B)	(¥mm)
Increase in rental revenue	27
Decrease in utility income	-84
Increase in other operating income	85
Conservative projections of COVID-19	45
Operating revenue	73
Decrease in utility costs	94
Decrease in other rental expense	24
Increase in other operating expense (AM fee increase)	-18
Operating income	173
Decrease in non-operating expense	18
Ordinary income	191
Net income	190

Financial forecasts for FP14 (4/2021) and FP15 (10/2021)



	FP13 (10/2020) Actual	FP14 (4/2021) Forecast	FP15 (10/2021) Forecast		
(¥ mm)	(A)	(B)	(C)	(B) – (A)	(C) –(B)
Operating revenue	8,865	8,735	8,476	-130	-259
Operating income	4,127	4,048	3,729	-79	-319
Ordinary income	3,646	3,551	3,230	-95	-321
Net income	3,645	3,550	3,230	-95	-320
Units issued & outstanding	8,899,256	8,899,256	8,899,256	0	0
DPU (¥)	410	399	362	-11	-37

Assumption after unit buyback and cancellation

Units issued & outstanding	8,899,256	8,800,106	8,800,106	-99,150	0
DPU (¥)	410	403	366	-7	-37

Analysis of earnings variance

(B) – (A)	(¥mm)
Decrease in rental revenue (Ebisu Prime Square, ORTO Yokohama and IBF Planning Bldg.)	-192
Decrease in utility income	-12
Decrease in other operating income	-58
Capital gain from IBF Planning Bldg. disposition	132
Operating revenue	-130
Decrease in utility costs	40
Decrease in other rental business expenses (Brokerage fee etc.)	34
Increase in other operating expenses	-23
Operating income	-79
Increase in non-operating expenses	-16
Ordinary income	-95
Net income	-95

(C) –(B)	(¥mm)
Decrease in rental revenue (Kinshicho Prime Tower and Prime Tower Shin-Urayasu)	-116
Increase in utility income	7
Decrease in other operating income	-18
No capital gain assumption in FP15	-132
Operating revenue	-259
Increase in utility costs	-86
Increase in rental expenses (Property tax and brokerage fee)	-43
Decrease in other operating expenses (AM fee)	69
Operating income	-319
Decrease in non-operating expenses	-2
Ordinary income	-321
Net income	-320

Manual of Financial Statements

Brief summary of Statements of Income



Unit: million yen

Item	FP12 (4/2020)	FP13 (10/2020)	increase/ decrease
Operating revenues	8,658	8,865	206
Rental revenues	7,953	8,075	122
Other rental revenues	705	790	84
Operating expenses	4,535	4,738	202
Property related expenses	3,697	3,895	197
Asset management fees	734	754	19
General administration and custodian fees	20	19	-0
Compensation for directors	4	3	-0
Other operating expenses	79	65	-13
Operating income	4,123	4,127	4
Non-operating income	1	1	-0
Non-operating expenses	490	482	-8
Interest expense and interest expense on investment corporation bonds	311	302	-9
Other non-operating expenses	179	179	0
Ordinary income	3,634	3,646	12
Net income	3,633	3,645	12
Distributions	3,639	3,648	8
Distribution per unit (DPU) (yen)	409	410	1

POINT 1

Operating revenues for FP13 are increased due to the increase in rental revenue mainly from "Techno Wave 100", "CS Tower", "Nishi-Shinjuku Prime Square" and "Kinshicho Prime Tower"

POINT 2

Due to the seasonal reasons, the utilities costs are increased

Manual of Financial Statements

Brief summary of Balance Sheets



Unit: million yen

Item	FP12 (4/2020)	FP13 (10/2020)	increase/ decrease
Assets			
Current assets	22,744	23,781	1,036
Cash and cash equivalents	21,888	22,950	1,061
Other current assets	855	830	-24
Property and equipment	231,552	230,795	-756
Entrusted buildings	45,455	44,698	-756
Entrusted land	186,097	186,097	-
Intangible assets	0	0	-0
Investment and other assets	1,301	1,282	-19
Deferred assets	53	66	12
Total assets	255,653	255,926	272
Liabilities and net assets			
Current liabilities	37,571	36,732	-838
Short-term borrowings	7,480	500	-6,980
Current portion of long-term borrowings	27,500	33,430	5,930
Other current liabilities	2,591	2,802	211
Non-current liabilities	103,955	105,044	1,089
Investment corporation bonds	14,400	17,400	3,000
Long-term borrowings	76,900	74,950	-1,950
Entrusted tenant leasehold and security deposit	12,554	12,617	63
Derivative liabilities	100	76	-23
Unitholders' capital, net	110,425	110,483	57
Retained earnings	3,765	3,713	-51
Valuation and translation adjustments	-64	-47	16
Total liabilities and net assets	255,653	255,926	272

POINT 3

Capital expenditure
+ 256 million yen
Depreciation
-1,022 million yen

POINT 4

IOJ refinanced the borrowing of 17,580 million yen which came due in May 2020. Also, the long-term borrowing of 12,550 million yen was transferred to current portion of long-term borrowings

POINT 5

IOJ issued the 5th series of investment corporation bonds (green bond) of 2,000 million yen and the 6th series of investment corporation bonds (green bond) of 1,000 million yen in September 2020. The proceeds from the issuance of the investment corporation bonds were allocated to the prepayment of the existing long-term loan. IOJ prepaid the long-term loan of 3,000 million yen in September 2020

POINT 6

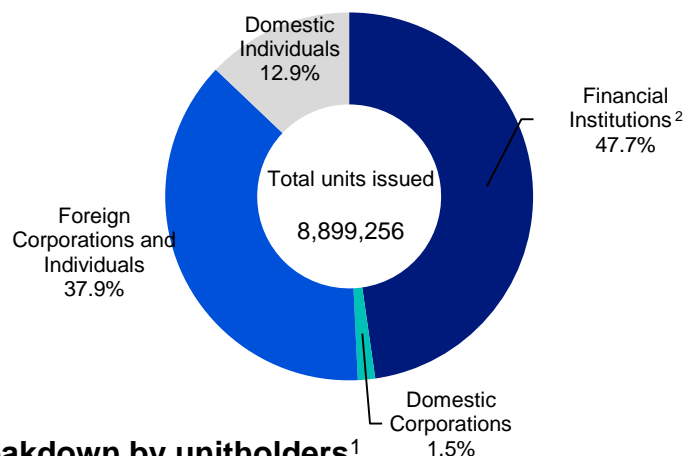
The allowance for temporary deference adjustment of 58 million yen was reversed

Unitholders

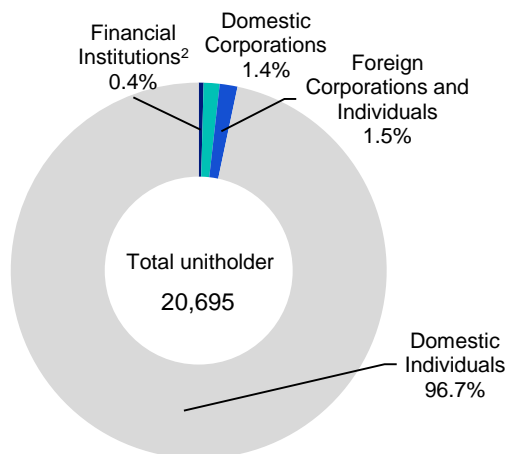
As at the end of October 2020 (FP13)



Breakdown by units¹



Breakdown by unitholders¹



Major unitholders

	Unitholders	Units owned	% of units issued ³
1	The Master Trust Bank of Japan, Ltd. (trust account)	1,322,386	14.85
2	Custody Bank of Japan, Ltd. (trust account)	1,274,082	14.31
3	The Nomura Trust and Banking Co., Ltd. (investment trust account)	431,853	4.85
4	Custody Bank of Japan, Ltd. (securities investment trust account)	403,360	4.53
5	HSBC BANK PLC A/C CLIENTS, NON TREATY 1 ⁴	269,112	3.02
6	SSBTC CLIENT OMNIBUS ACCOUNT	159,900	1.79
7	SDSS K INVESTCO LIMITED	155,721	1.74
8	NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT	155,000	1.74
9	JP MORGAN CHASE BANK 385174	151,843	1.70
10	STATE STREET BANK WEST CLIENT-TREATY 505234	147,994	1.66
	Total	4,471,251	50.24

¹ As percentage of unitholders ratio is rounded to one decimal place, the total of the ratio may not be 100.0%.

² Including financial instruments business operators.

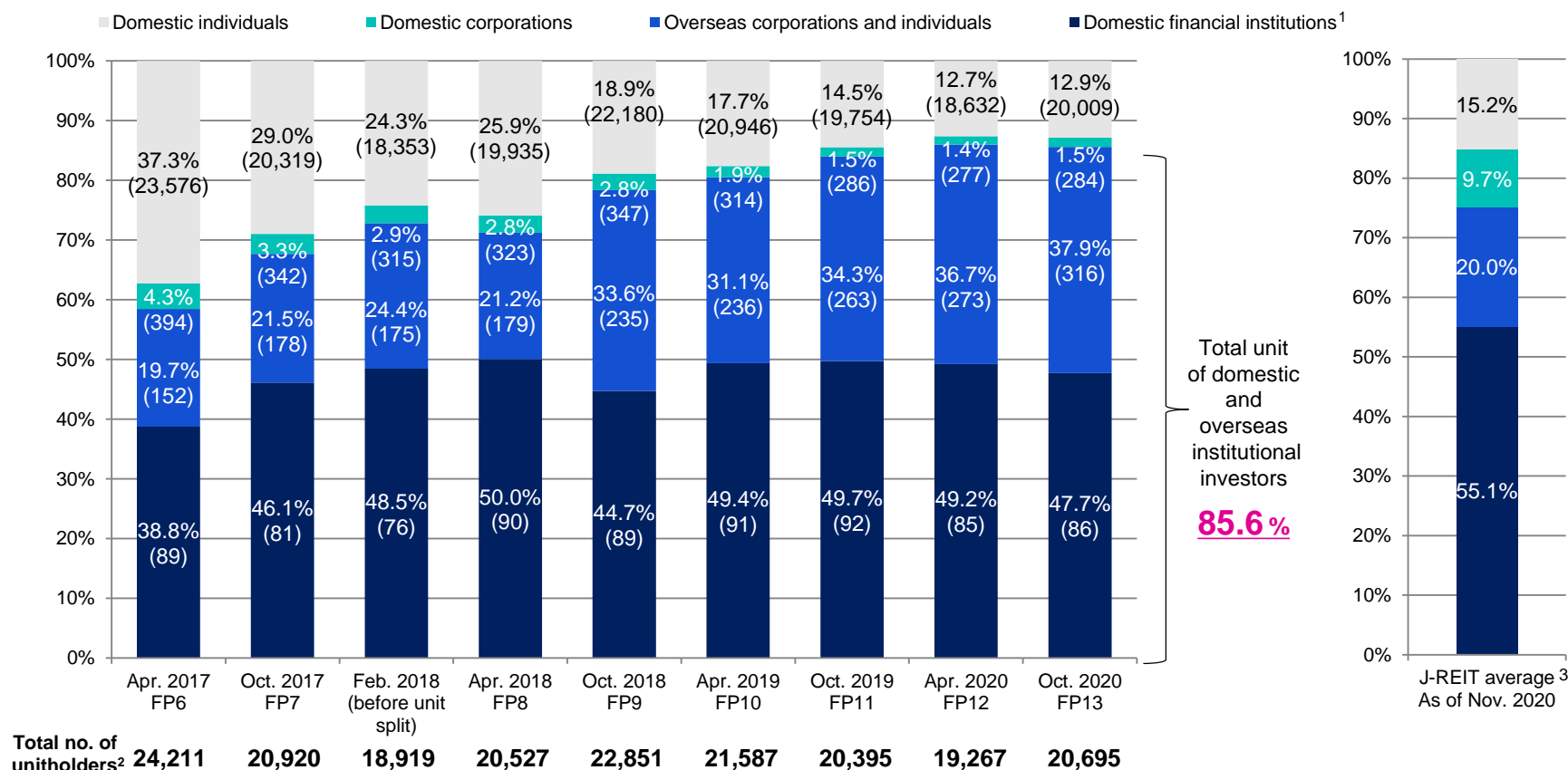
³ Figures described in "% of units issued" are rounded down to one decimal place.

⁴ HSBC BANK PLC A/C CLIENTS, NON TREATY 1 holds 269,112 units as trustee for the benefit of Invesco Investments (Bermuda) Ltd. is a subsidiary of Invesco Ltd., the parent company of the Asset Manager.

Widening of investor base



- Achieved AA- credit rating last December
- Expect to participation from credit rating sensitive investors such as domestic regional banks
- Communication (without an interpreter) is carried out via conference calls during COVID-19
- Increased investment unit ownership ratio of overseas institutional investors

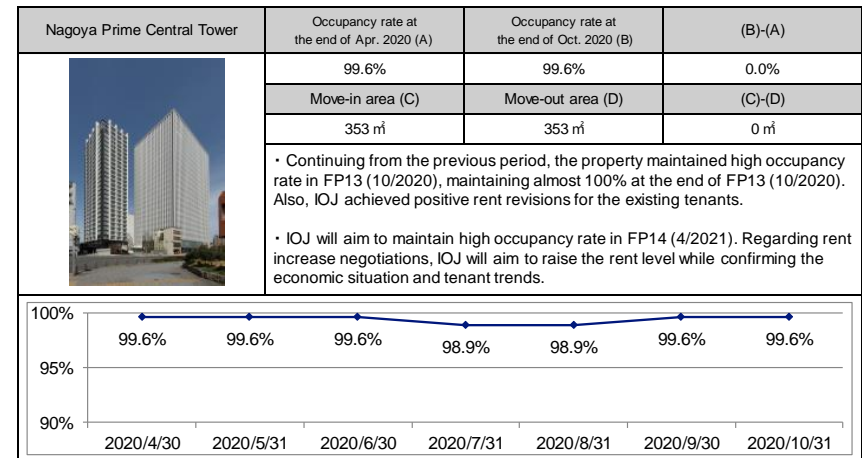
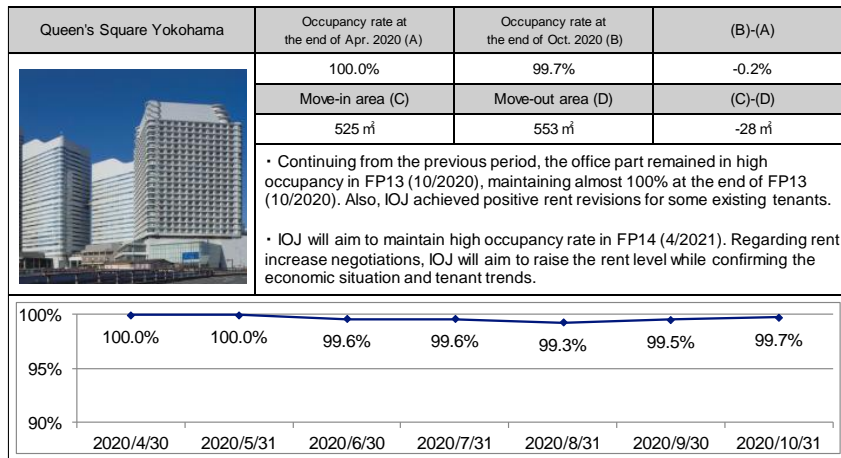
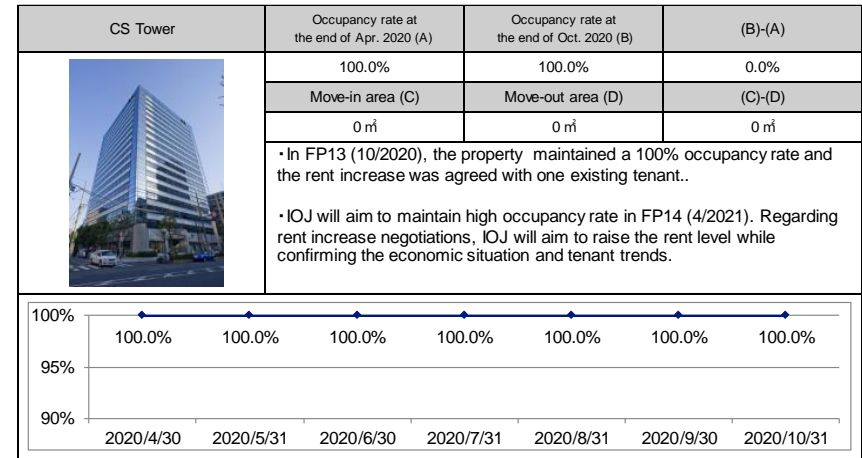
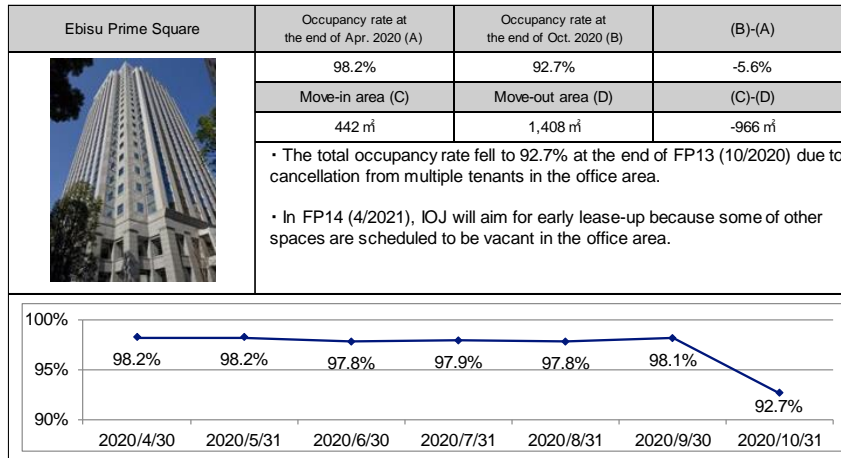


¹ Including the financial instruments business operators.

² The number of investors under each category is shown in parentheses.

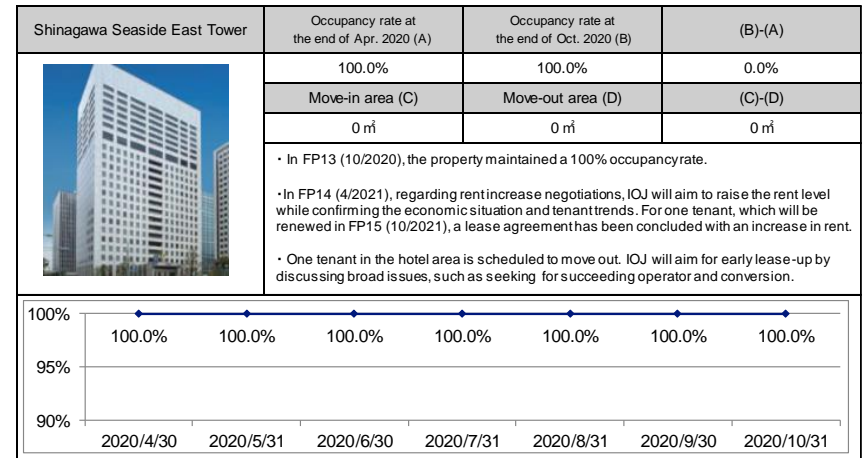
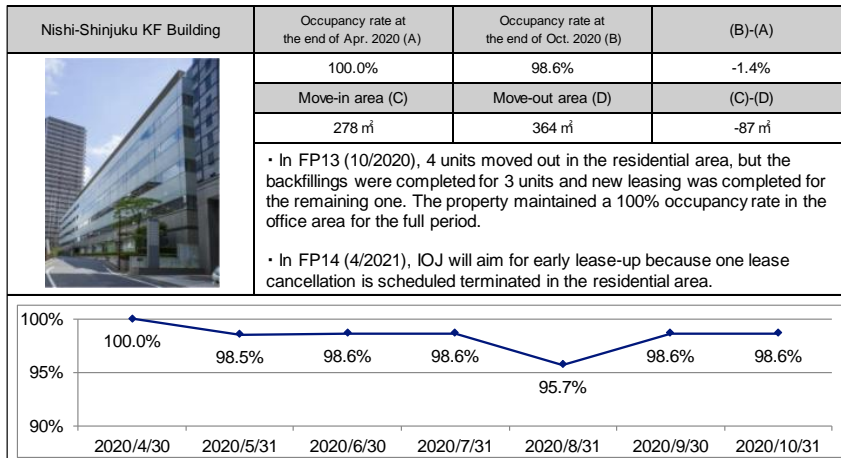
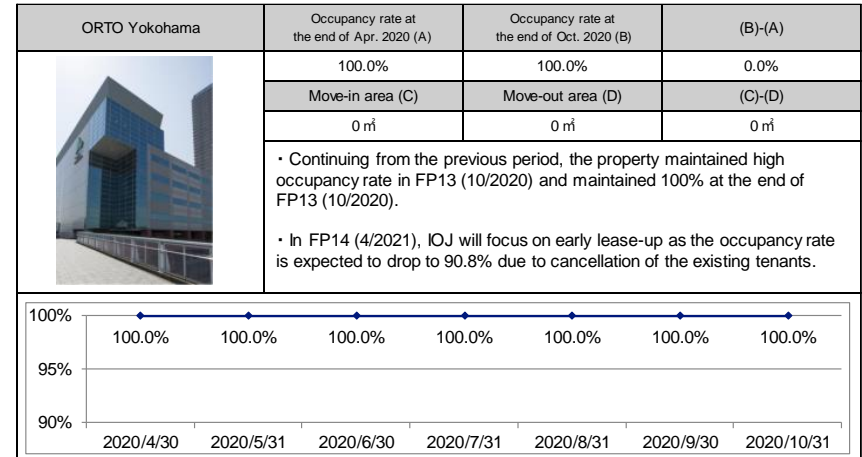
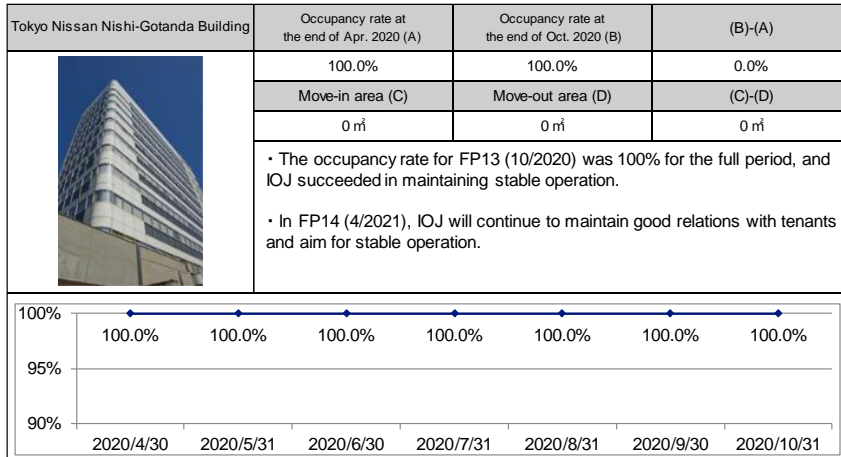
³ Prepared by IGRE based on disclosed data as at the end of November 2020.

Achievements of individual assets FP13 (ended October 31, 2020)

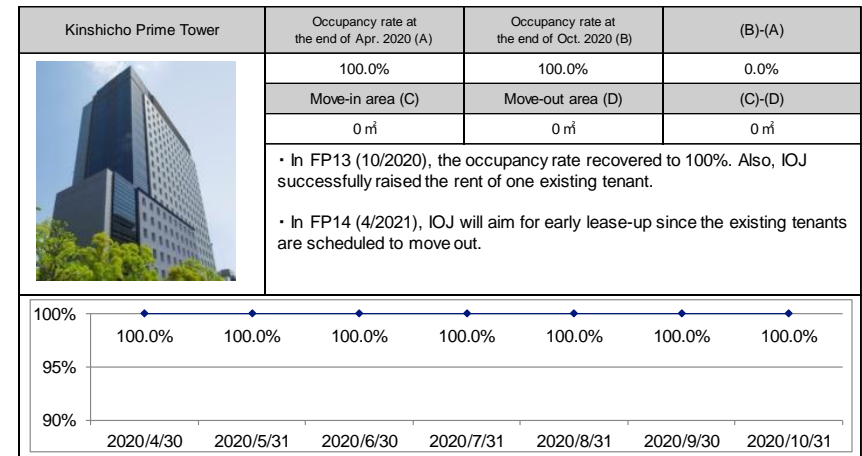
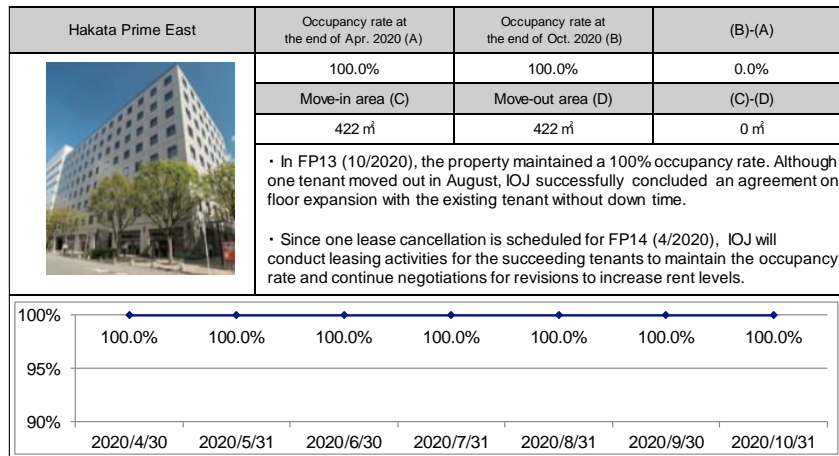
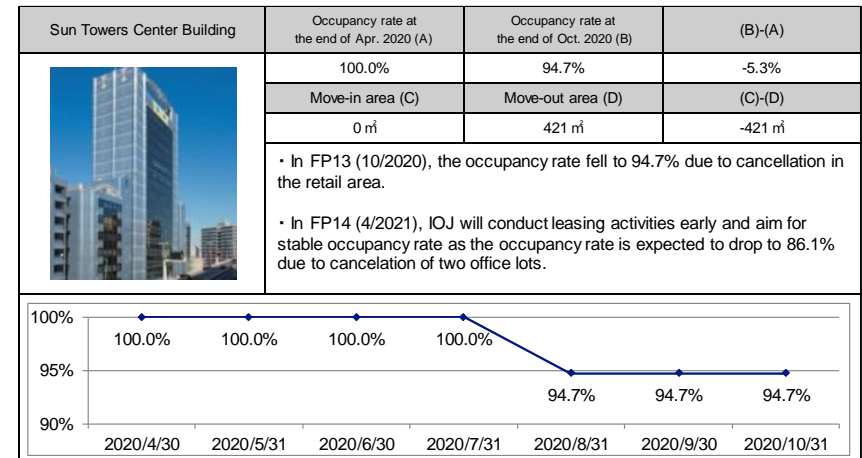
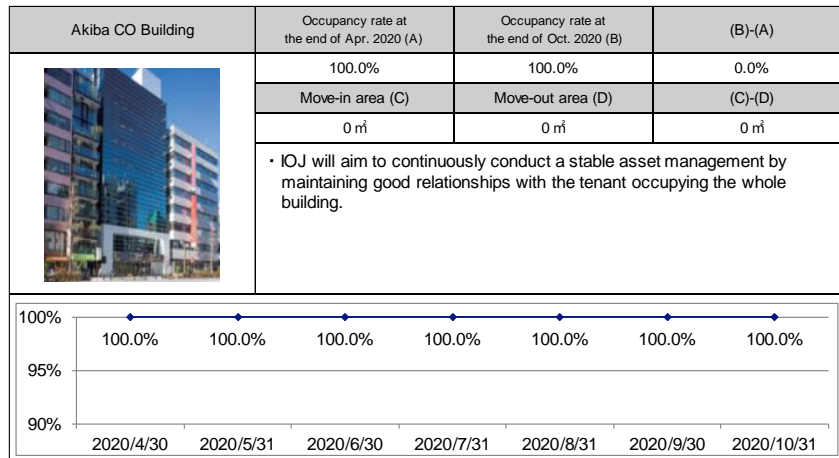


Achievements of individual assets

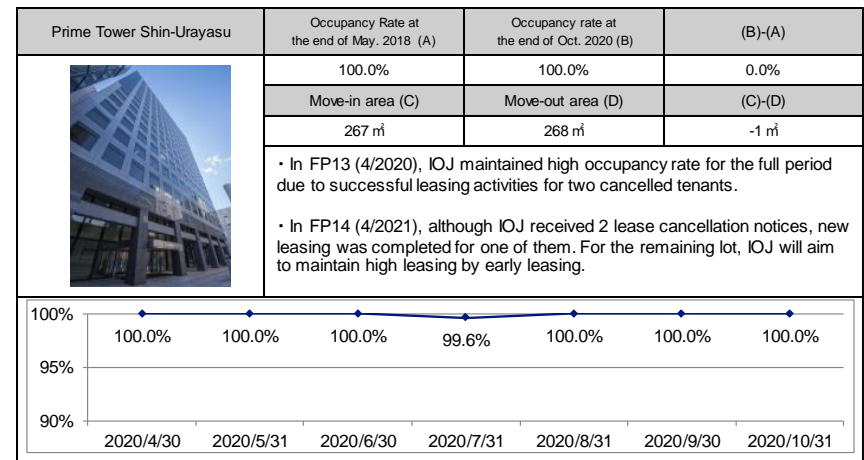
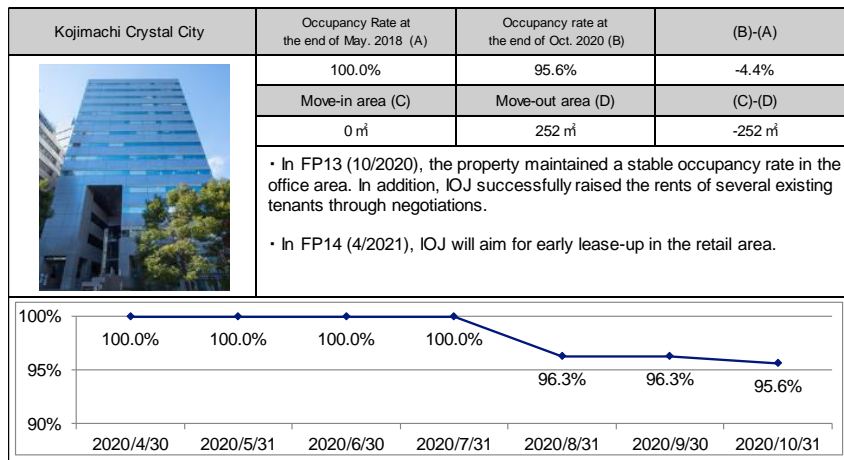
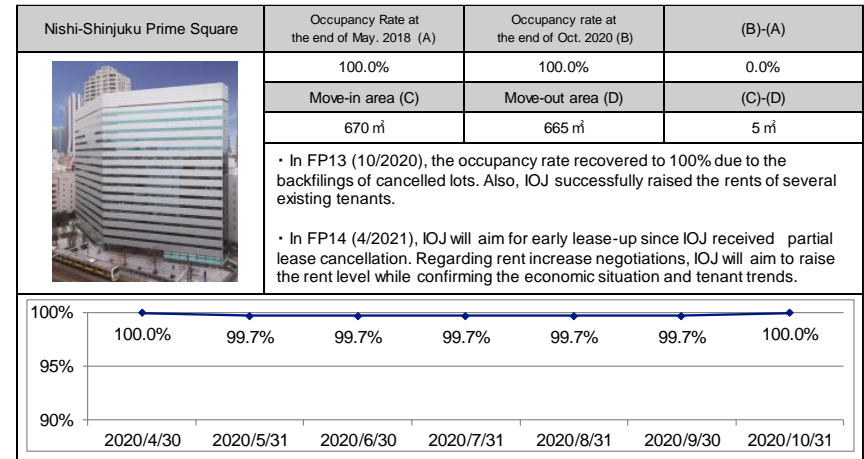
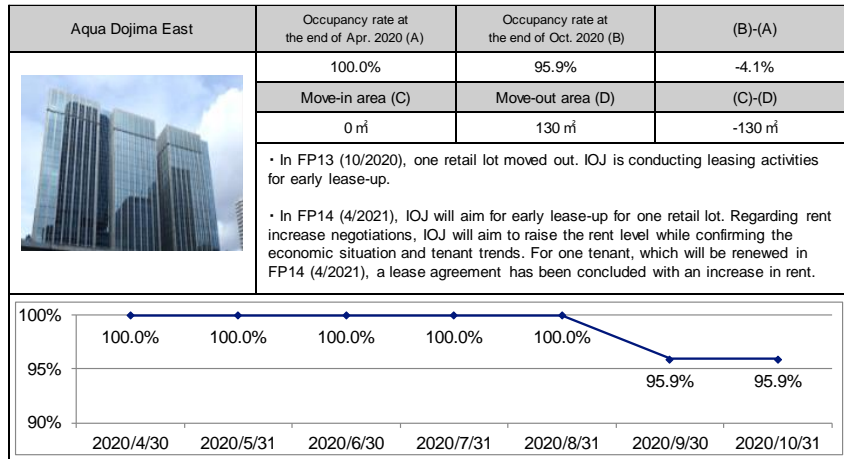
FP13 (ended October 31, 2020)



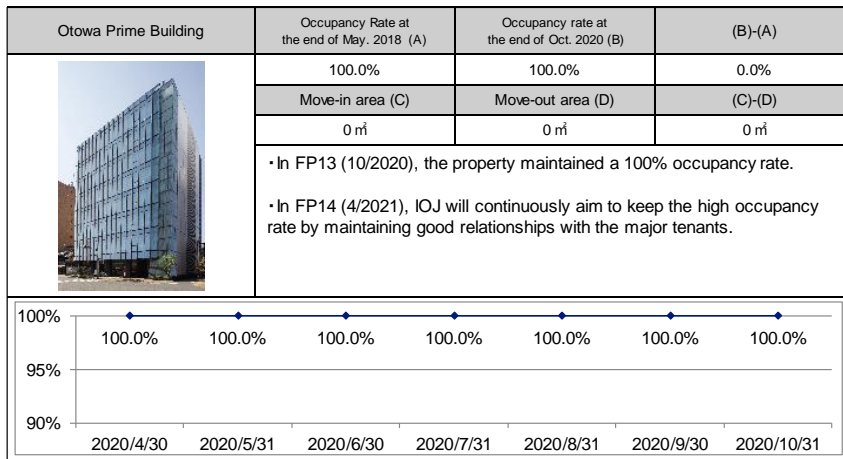
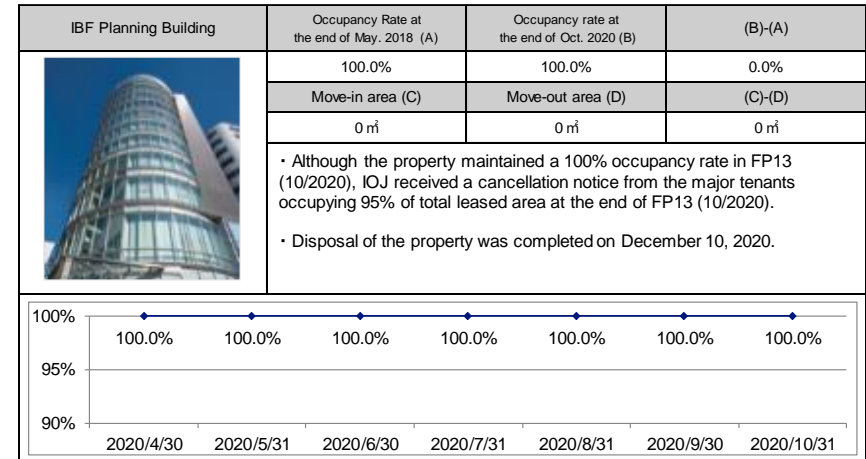
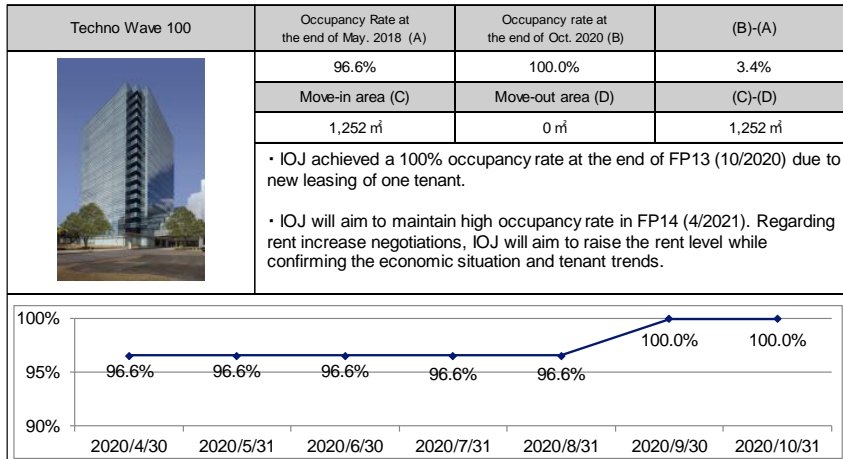
Achievements of individual assets FP13 (ended October 31, 2020)



Achievements of individual assets FP13 (ended October 31, 2020)



Achievements of individual assets FP13 (ended October 31, 2020)



Portfolio information

As at the end of October 2020



■ Portfolio details

	Property name	Location	Purchase price (¥mm)	Appraisal value (¥mm)	Leasable area (sqm)	Investment ratio (%)	Age (Years)	NOI yield ¹ (%)	Occupancy (%)	PML (%)
1	Ebisu Prime Square	Shibuya-ku, Tokyo	25,014	30,821	17,351.42	10.9	24	4.1	92.7	2.35
3	CS Tower ²	Taito-ku, Tokyo	13,969	21,000	19,545.29	6.1	29	7.0	100.0	3.17
4	Queen's Square Yokohama	Yokohama-shi, Kanagawa	16,034	18,300	42,059.03	7.0	23	5.8	99.7	2.96
5	Nagoya Prime Central Tower	Nagoya-shi ,Aichi	14,600	22,900	17,117.10	6.4	12	6.2	99.6	3.61
6	Tokyo Nissan Nishi-Gotanda Building	Shinagawa-ku, Tokyo	6,700	7,900	8,522.42	2.9	31	5.8	100.0	7.14
7	ORTO Yokohama	Yokohama-shi, Kanagawa	13,000	14,700	23,593.92	5.7	20	6.1	100.0	4.94
8	Nishi-Shinjuku KF Building	Shinjuku-ku, Tokyo	6,600	8,100	6,287.78	2.9	28	5.2	98.6	5.03
9	Shinagawa Seaside East Tower	Shinagawa-ku, Tokyo	25,066	29,100	27,892.63	10.9	16	4.4	100.0	4.94
10	Akiba CO Building	Chiyoda-ku, Tokyo	8,078	9,910	5,514.42	3.5	20	4.0	100.0	6.18
11	Sun Towers Center	Setagaya-ku, Tokyo	6,615	8,680	8,005.61	2.9	28	5.8	94.7	0.96
13	Hakata Prime East	Fukuoka-shi, Fukuoka	4,500	5,430	7,018.01	2.0	29	5.8	100.0	1.56
14	Kinshicho Prime Tower	Koto-ku, Tokyo	15,145	17,500	17,606.11	6.6	26	5.0	100.0	2.79
15	Aqua Dojima East	Osaka-shi, Osaka	1,910	2,250	3,189.68	0.8	28	5.3	95.9	7.37
16	Nishi-Shinjuku Prime Square	Shinjuku-ku, Tokyo	34,835	39,500	23,602.03	15.2	32	4.2	100.0	4.88
17	Kojimachi Cristal City	Chiyoda-ku, Tokyo	6,405	7,360	5,741.61	2.8	28	4.9	95.6	3.63
18	Prime Tower Shin-Urayasu	Urayasu-shi, Chiba	11,860	13,000	22,324.68	5.2	30	5.2	100.0	4.56
19	Techno Wave 100 ³	Yokohama-shi, Kanagawa	8,710	10,400	36,879.10	3.8	30	8.6	100.0	6.80
20	IBF Planning Building	Shibuya-ku, Tokyo	3,500	3,500	2,311.45	1.5	13	3.9	100.0	4.82
21	Otowa Prime Building	Bunkyo-ku, Tokyo	6,830	7,280	4,373.90	3.0	13	4.4	100.0	4.07
Total			229,371	277,631	298,936.18	100.0	24	5.2	99.2	2.67

1 NOI regarding the assets owned as of the end of FP13 are calculated by using the following formula: the actual NOI for FP13 / operating days during FP13*365 days. NOI yield is calculated by dividing total NOI by total acquisition price. However, we have applied adjustments to treat certain capitalized property-related taxes as expenses.

2 The "Purchase price" corresponds to the total portion which IOJ acquired on June 6, 2014 and January 30, 2020. CS Tower Annex acquired on June 6, 2014 was sold on March 20, 2019.

3 The "Purchase price" corresponds to the total portion which IOJ acquired on May 1, 2018, on May 22, 2019 and on March 31, 2020.

■ Appraisal value overview

	Property name	Purchase price (JPY mm)	FP13 End (ended October 31, 2020)						FP12 End (ended April 30, 2020)	
			Appraisal value (JPY mm) (a)		Direct cap rate (%) (c)		Book value (JPY mm)	Unrealized gain/ loss (JPY mm)	Appraisal value (JPY mm)(b)	Direct cap rate (%) (d)
				(a)-(b)		(c)-(d)				
1	Ebisu Prime Square	25,014	30,821	0	3.2	0.0	25,229	5,592	30,821	3.2
2	CS Tower ¹	13,969	21,000	0	4.0	0.0	14,069	6,931	21,000	4.0
3	Queen's Square Yokohama	16,034	18,300	0	4.2	0.0	15,740	2,560	18,300	4.2
4	Nagoya Prime Central Tower	14,600	22,900	300	4.1	0.0	13,555	9,345	22,600	4.1
5	Tokyo Nissan Nishi Gotanda Building	6,700	7,900	0	3.7	0.0	6,821	1,079	7,900	3.7
6	ORTO Yokohama	13,000	14,700	0	4.5	0.0	12,540	2,160	14,700	4.5
7	Nishi Shinjuku KF Building	6,600	8,100	20	3.5	0.0	6,813	1,287	8,080	3.5
8	Shinagawa Seaside East Tower	25,066	29,100	0	3.6	0.0	24,711	4,389	29,100	3.6
9	Akiba CO Building	8,078	9,910	100	3.4	0.0	8,245	1,665	9,810	3.4
10	Sun Towers Center Building	6,615	8,680	60	3.9	0.0	6,763	1,917	8,620	3.9
11	Hakata Prime East	4,500	5,430	110	4.4	0.0	4,502	928	5,320	4.4
12	Kinshicho Prime Tower	15,145	17,500	-300	3.9	0.0	15,571	1,929	17,800	3.9
13	Aqua Dojima East	1,910	2,250	0	3.9	0.0	1,932	318	2,250	3.9
14	Nishi Shinjuku Prime Square	34,835	39,500	0	3.5	0.0	36,293	3,207	39,500	3.5
15	Kojimachi Crystal City	6,405	7,360	-10	3.4	0.0	6,384	976	7,370	3.4
16	Prime Tower Shinurayasu	11,860	13,000	0	4.1	0.0	12,099	901	13,000	4.1
17	Techno Wave 100 ²	8,710	10,400	523	4.8	-0.1	9,156	1,244	9,877	4.9
18	IBF Planning Building	3,500	3,500	-220	3.6	0.0	3,538	-38	3,720	3.6
19	Otowa Prime Building	6,830	7,280	0	3.8	0.0	6,826	454	7,280	3.8
Total		229,371	277,631	583	3.8	0.0	230,795	46,835	277,048	3.8

- 1 As for the "Appraisal value" for FP12, the number described above was evaluated by totaling the portions which IOJ acquired on June 6, 2014 and January 30, 2020 as an entire property.
- 2 With regard to the "Purchase price", the number described herein corresponds to the total amount of the acquisition price related to the portion which IOJ acquired on May 1, 2018, May 22, 2019 and March 31, 2020. As for "Appraisal value", the number described for FP12 is the total amount of the appraisal value evaluated the former two portions as an entire property and the appraisal value of the latter portion. The number described in "Appraisal value" for FP13 was evaluated by totaling three portions as an entire property.

Key facts

As at the end of October 2020



Properties		Financials	
No. of properties	19 properties	FP14 (4/2021) DPU forecast ³ FP15 (10/2021) DPU forecast ³	¥ 399 (¥ 403) ¥ 362 (¥ 366)
Total purchase price	¥ 229.3 bn	FP13 FFO per unit ⁴ FP13 AFFO per unit ⁵	¥ 524 ¥ 494
Appraisal value	¥ 277.6 bn	NAV per unit	¥ 17,684
NOI yield NOI yield after depreciation	5.2 % 4.3 %	FP13 book value per unit	¥ 12,826
Average total floor area ¹	56,784.83 sqm	Dividend yield (as of 11/2020)	5.8 %
Total leasable area	298,936.18 sqm	LTV book value LTV appraisal value	49.3 % 41.7 %
% in Tokyo metropolitan area ²	85.7 %	JCR long-term issuer rating	AA-/ Stable
FP13 average occupancy rate	99.3 %		

¹ Average gross floor area of each building.

² Based on the purchase price.

³ The figures in parentheses are the DPU forecast that reflect the assumed effects after the unit buyback and cancellation.

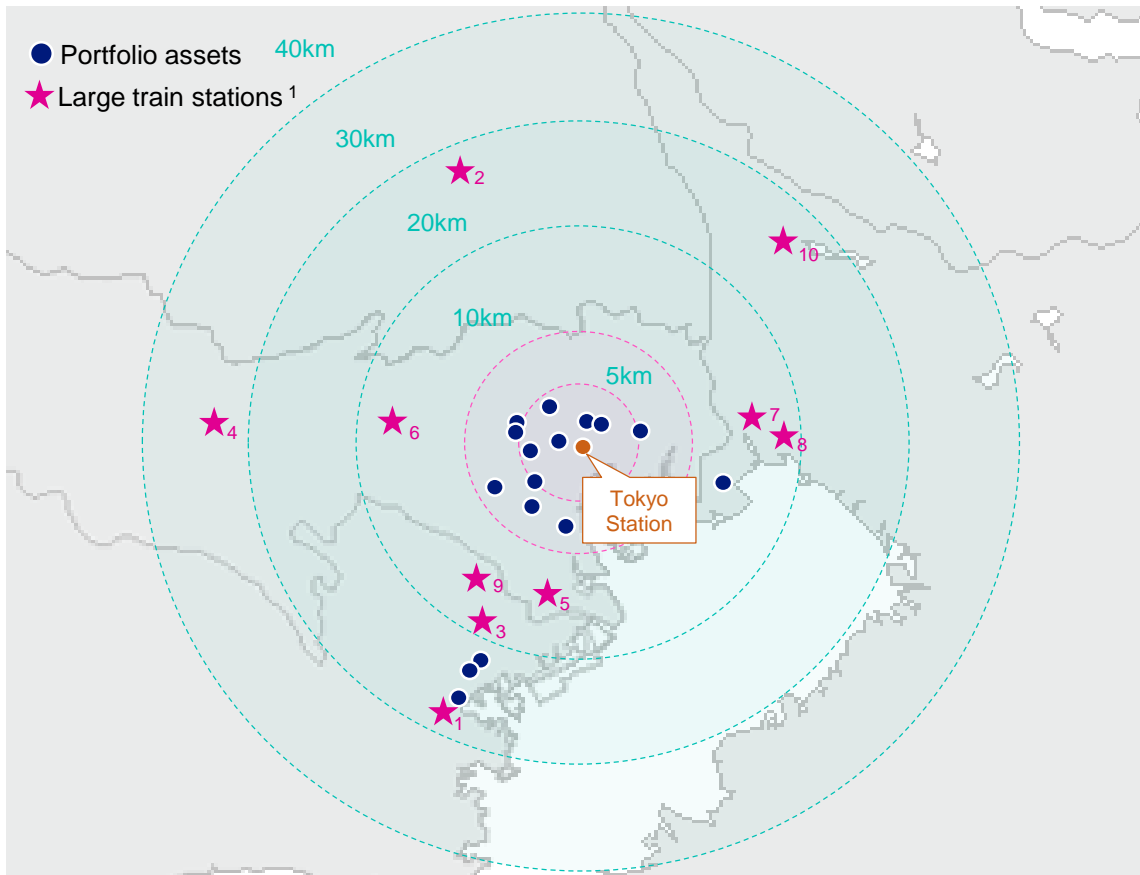
⁴ "FFO per unit" is calculated as follows: FFO per unit = (Net income + depreciation expense – gain on sales of property) / the number of units issued and outstanding

⁵ "AFFO per unit" is calculated as follows: AFFO per unit = (Net income + depreciation expense – gain on sales of property – capital expenditures) / the number of units issued and outstanding

Consider investing in areas where needs for flexible offices are expected to grow



- IOJ will maintain its primary investment policy to invest in large-scale office properties located in metropolitan areas
- Given the demand for flexible office space is expected to grow, IOJ will also target office investment opportunities near large train stations in the suburbs of Tokyo



#	Station	Average number of passengers per day
1	Yokohama	419,440
2	Omiya	257,344
3	Kawasaki	215,234
4	Tachikawa	166,636
5	Kamata	144,934
6	Kichijoji	141,849
7	Nishi-Funabashi	138,618
8	Funabashi	137,842
9	Musashikosugi	129,194
10	Kashiwa	125,490

1. Large train stations are defined as stations that had an average daily number of passengers of 100,000 or more in fiscal year 2019, located within 10 km to 40 km of Tokyo Station.
Source: JR East, disclosure materials

What is “flexible offices”?

Types of flexible office

	Flexible offices					
	(Ref) Standard offices	SOHO	Rental offices	Serviced offices	Shared offices	Coworking offices
Lease contract signed (by floor area)	✓	✓				
User responsible for interior decoration, telecommunication construction work, procurement of furniture and equipment	✓					
Space for exclusive use	✓	✓	✓	✓		
Features living facilities (kitchen, showers, etc)		✓				
Shared use of desks, meeting rooms and spaces				✓	✓	✓
Features reception, phone and/or mail receipt services				✓		
Hard and soft measures in place to facilitate communication between users						✓

✓ Necessary condition

Source: CBRE, September 2020

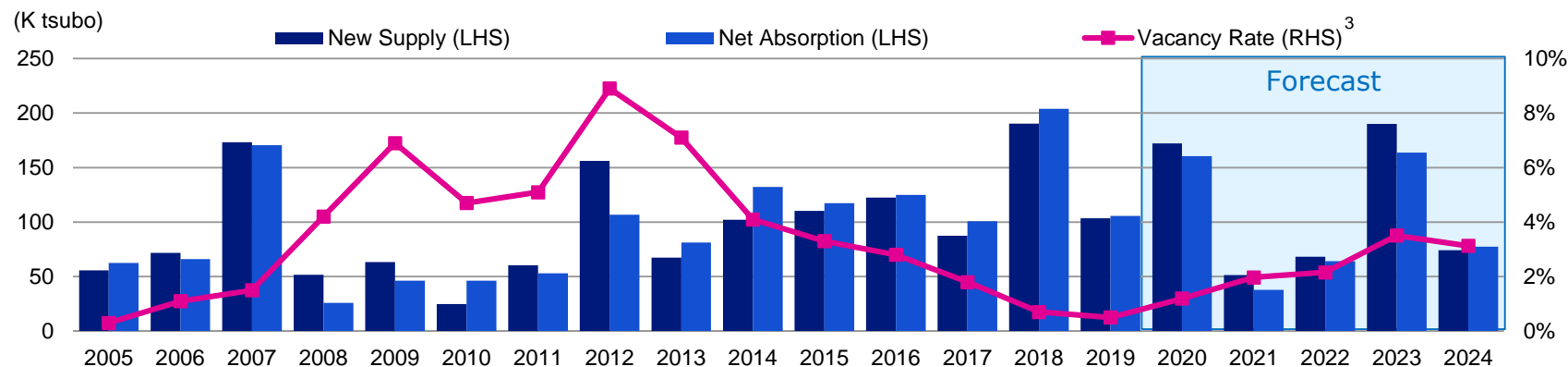
Note: In reality, many offices are hybrid types which may fit many different definitions.

Supply demand balance in Tokyo and office vacancy rate forecasts

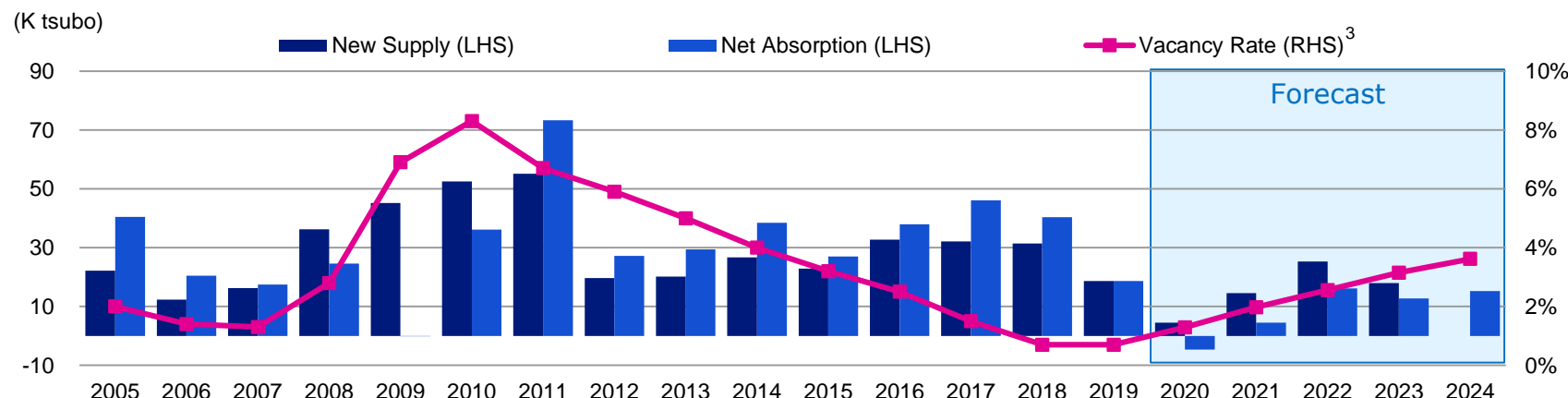
As at the end of September 2020



Grade A office forecast ¹



Grade B office forecast ²



1 The definition of "Grade A" is as follows: location is in the central 5 wards; GFA is 10,000 tsubo or more and NLA is 6,500 tsubo or more; typical floor plate is greater than 500 tsubo; building age is less than 11 years.

2 The definition of "Grade B" is as follows: location is in the Tokyo 23 wards; GFA is 2,000 to 7,000 tsubo; typical floor plate is greater than 200 tsubo; there are no criteria in terms of building age but building structure should satisfy new seismic criteria.

3 Vacancy rate is as at the end of December each year.

Source: Prepared by IGRE based on information provided by CBRE as of September 2020.

Performance data



		FP1 10/2014	FP2 4/2015	FP3 10/2015	FP4 4/2016	FP5 10/2016	FP6 4/2017	FP7 10/2017	FP8 4/2018	FP9 10/2018	FP10 4/2019	FP11 10/2019	FP12 4/2020	FP13 10/2020
Operating revenue	(¥mm)	1,911	3,009	4,003	4,183	5,684	6,543	6,171	6,397	8,625	8,341	8,634	8,658	8,865
Revenues from the real estate rental business	(¥mm)	1,911	3,009	4,003	4,179	5,678	5,755	6,171	6,119	8,215	8,191	8,634	8,658	8,865
Operating expenses	(¥mm)	952	1,699	2,327	2,453	3,087	3,218	3,399	3,320	4,285	4,284	4,647	4,535	4,738
Expenses for the real estate rental business	(¥mm)	746	1,403	1,976	2,041	2,592	2,583	2,805	2,688	3,538	3,489	3,835	3,697	3,895
Operating income	(¥mm)	959	1,309	1,675	1,730	2,597	3,324	2,772	3,076	4,339	4,056	3,987	4,123	4,127
Ordinary income	(¥mm)	436	1,128	1,397	1,463	2,230	2,967	2,394	2,590	3,799	3,541	3,471	3,634	3,646
Net income	(¥mm)	435	1,127	1,396	1,462	2,229	2,966	2,393	2,588	3,797	3,538	3,470	3,633	3,645
Total assets	(¥mm)	89,333	89,285	117,757	118,088	172,204	179,894	178,721	179,295	245,448	245,768	254,423	255,653	255,926
Comparison with the previous fiscal period	(%)	0.0	-0.1	+31.9	+0.3	+45.8	+4.5	-0.7	+0.3	+36.9	+0.1	+3.5	+0.5	+0.1
Net assets	(¥mm)	43,442	44,134	55,287	55,353	81,183	81,935	80,586	80,789	110,378	109,974	113,903	114,126	114,148
Comparison with the previous fiscal period	(%)	0.0	+1.6	+25.3	+0.1	+46.7	+0.9	-1.6	+0.3	+36.6	-0.4	+3.6	+0.2	+0.0
Interest-bearing debt	(¥mm)	40,200	40,200	56,200	56,200	82,100	89,000	89,000	89,000	121,300	121,300	125,780	126,280	126,280
Unitholders' equity, net	(¥mm)	43,007	43,007	53,891	53,891	78,913	78,913	78,113	78,113	106,520	106,520	110,547	110,547	110,547
Total number of investment units issued	(Units)	432,680	432,680	542,210	542,210	815,547	815,547	807,907	6,463,256	8,643,356	8,643,356	8,899,256	8,899,256	8,899,256
Net assets per unit	(¥)	100,402	102,002	101,967	102,088	99,544	100,467	12,468	12,499	12,770	12,723	12,799	12,824	12,826
Total distributions	(¥mm)	434	1,127	1,396	1,462	2,228	2,966	2,393	2,585	3,794	3,535	3,470	3,639	3,648
Distributions per unit	(¥)	1,005	2,605	2,575	2,697	2,733	3,638	2,962	400	439	409	390	409	410
Profit distributions per unit	(¥)	1,005	2,605	2,575	2,697	2,733	3,638	2,962	400	439	399	386	409	410
Distributions in excess of earnings per unit	(¥)	-	-	-	-	-	-	-	-	-	10	4	-	-

Performance data



		FP1 10/2014	FP2 4/2015	FP3 10/2015	FP4 4/2016	FP5 10/2016	FP6 4/2017	FP7 10/2017	FP8 4/2018	FP9 10/2018	FP10 4/2019	FP11 10/2019	FP12 4/2020	FP13 10/2020
Ratio of ordinary income to total assets ¹	(%)	0.5	1.3	1.3	1.2	1.5	1.7	1.3	1.4	1.8	1.4	1.4	1.4	1.4
Annualized value	(%)	1.3	2.5	2.7	2.5	3.0	3.4	2.6	2.9	3.5	2.9	2.8	2.9	2.8
Return on equity ²	(%)	1.0	2.6	2.8	2.6	3.3	3.6	2.9	3.2	4.0	3.2	3.1	3.2	3.2
Annualized value	(%)	2.5	5.2	5.6	5.3	6.5	7.3	5.8	6.5	7.9	6.5	6.2	6.4	6.3
Ratio of unitholders' equity to total assets at the end of the period ³	(%)	48.6	49.4	47.0	46.9	47.1	45.5	45.1	45.1	45.0	44.7	44.8	44.6	44.6
Change from the previous fiscal period	(%)	0.0	+0.8	-2.5	-0.1	+0.3	-1.6	-0.5	-0.0	-0.1	-0.2	+0.0	-0.1	-0.0
Payout Ratio ⁴	(%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.9	97.6	99.0	100.2	100.2

【Reference information】

Number of days	(Days)	148	181	184	182	184	181	184	181	184	181	184	182	184
Number of assets	(Assets)	5	5	8	8	13	14	14	14	18	18	19	19	19
Depreciation	(¥mm)	294	428	537	561	710	752	767	785	898	925	986	1,010	1,022
Capital expenditure	(¥mm)	56	194	236	328	333	648	288	631	540	921	460	756	265
NOI (Net operating income) ⁵	(¥mm)	1,459	2,034	2,564	2,698	3,796	3,924	4,133	4,216	5,575	5,628	5,786	5,971	5,993
FFO (Funds from operation) ⁶	(¥mm)	729	1,556	1,933	2,023	2,939	2,934	3,160	3,096	4,285	4,315	4,456	4,643	4,668
FFO per Unit ⁷	(¥)	1,685	3,596	3,566	3,731	3,604	3,598	3,912	479	495	499	500	521	524
LTV (Book value basis)	(%)	45.0	45.0	47.7	47.6	47.7	49.5	49.8	49.6	49.4	49.4	49.4	49.4	49.3

1 Ratio of ordinary income to total assets = Ordinary income / [(total assets in the beginning of the period + total assets in the end of the period) / 2] × 100

2 Return on Unitholders' equity = Net income / [(total net assets at the beginning of the period + total net assets at the end of the period) / 2] × 100

3 Ratio of unitholders' equity to total assets = [(total net assets at the beginning of the period + total net assets at the end of the period) / 2] / [(total assets at the beginning of the period + total assets at the end of the period) / 2] × 100

4 Payout ratio = Distributions per unit (excluding distributions in excess of earnings) / Net income per unit × 100

For the payout ratio in FP3, FP5, FP9 and FP11, the number of investment units during the period changed because of capital increase due to public offering. In addition, for FP7 is calculated using the following formula, as the number of investment units during the period changed because of the acquisition and cancellation of own investment units.

Payout ratio = Total distributions (excluding distributions in excess of earnings) / net income × 100

5 NOI = Total rental and other related revenues- total property-related expenses + depreciation

6 FFO = Net income + depreciation expense - gain/loss on sales of property

7 FFO per unit = FFO / the number of units issued and outstanding

You can check the price performance by visiting Tokyo Stock Exchange website below.

<https://www2.tse.or.jp/tseHpFront/StockSearch.do?callJorEFlg=1&method=&topSearchStr=3298&x=0&y=0>

Definitions



IOJ	Invesco Office J-REIT, Inc.
IGRE/ the Asset Manager	Invesco Global Real Estate Asia Pacific Inc.
NOI (Net Operating Income)	Revenues from the real estate rental business – expenses for the real estate rental business + depreciation
Tokyo Metropolitan Area	Based on IOJ's investment policy, it includes Tokyo Metropolis, Yokohama city, Kawasaki city, Saitama city and Chiba city
Tokyo central 5 wards	Chiyoda-ward, Chuo-ward, Minato-ward, Shinjuku-ward and Shibuya-ward
PML (Probable Maximum Loss)	The extent of the damage that would be incurred due to the largest earthquake (a great earthquake with the likelihood of occurring once in 475 years = a great earthquake with a 10% likelihood of occurring once in 50 years) foreseen during the assumed useful life (50 years being the usual useful life of a building) as a ratio (%) of the replacement value for the foreseeable restoration costs of the damage
Office rent fluctuation rate by tenant turnover	Calculated by weighted average of the rent for new leasing agreement for office and the rent concluded in the previous leasing agreement based on leased area
Office rent fluctuation rate upon positive rent renewals	A weighted average ratio calculated based on the difference between new rent and previous rent for the leased areas which renewed with upward revision. This increase ratio is assumed that the new rent contribute for whole FP and not assumed the free-rent and temporary reduction of the rent
Office rent renewal floor space	Indicates the percentage of renewed area whether the amount was reduced, retained, or increased in relation to the total leased area of offices that reached renewal among the assets owned by IOJ in each fiscal period (including cases where the agreement was changed prior to renewal)
Portfolio average rent	A weighted average of total monthly rent for office with fee for common areas divided by the leased area as at the end of the fiscal period
Market average rent	Represents the estimated new contract rent for a standard floor used as office space for properties managed by IOJ. The data is based on market research conducted by CBRE
Rent gap	$(\text{Market average rent} - \text{portfolio average rent}) / \text{Market average rent}$
FFO (Fund from Operation)	Net income + depreciation expense – gain on sales of property
AFFO (Adjusted Fund from Operation)	Net income + depreciation expense – gain on sales of property – capital expenditures

Disclaimer



- This document is solely intended to provide information and is not intended to solicit securities or special product investment products.
- This document includes forward-looking information, such as plans, strategies and future performance. Such descriptions are based on current assumptions and beliefs, and involves known and unknown risks, uncertainties, and other factors. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking information.
- Financial information contained in this presentation has been prepared based on Japanese generally acceptable accounting principles.
- The information contained in this document is not audited and there is no assurance regarding the accuracy, certainty and consistency of the information.
- Although much attention has been paid to the inclusion of all relevant information in this document, there may be errors and omissions. Therefore, they are subject to correction or amendment without prior notice.
- Duplication or reproduction of any information herein without the prior consent of IOJ or IGRE is strictly prohibited.