

For Immediate Release

December 14, 2018

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## Notice Concerning Property Transfer <Premier Kaigan Building>

Premier Investment Corporation ("PIC") announces that Premier REIT Advisors Co., Ltd. ("PRA"), the asset management company for PIC, today decided on the transfer of an office building (the "Transfer"), as described below.

### 1. Overview of the Transfer

Property Name	Premier Kaigan Building
Type of Asset for Sale	Beneficiary interest in a real estate trust (Note 1)
Sale Price	5,350 million yen (Note 2)
Book Value	4,923 million yen (as of October 31, 2018)
Gain on Sale (estimate)	342 million yen (Note 3)
Buyer	A domestic corporation (Note 4)
Conclusion Date	December 14, 2018
Planned Delivery Date	January 30, 2019
Settlement Method	Lump-sum settlement upon delivery
Use of Sale Price	PIC plans to use the proceeds to fund the repayment of interest-bearing liabilities

(Note 1) For details of the trust property, please refer to "3. Details of the Property for Sale" below.

(Note 2) "Sale Price" represents the transaction price before taxes, not deducting various expenses (such as real estate taxes) required for the transfer of the property.

(Note 3) "Gain on Sale (estimate)" has been calculated by deducting 5,007 million yen (a combined amount of the assumed book value as of the planned delivery date of the above mentioned property, taking into account the book value as of October 31, 2018 and capital expenditure and depreciation (estimate) up to the planned delivery date as well as expenses related to the Transfer (estimate)) from the sale price of 5,350 million yen.

(Note 4) The domestic corporation is not disclosed as no consent to disclosure of its name and other profiles has been obtained from the said buyer.

### 2. Reason for the Transfer

The property is an office building completed in 1993. Comprehensive investigations were made with considerations given to the real estate market conditions based on a medium to long-term perspective and forecasts of future earnings, among other items as market rent has dropped significantly compared to the time of acquisition, causing unrealized loss to occur in which no significant improvement can be expected while an increase in future repair costs is expected. On the other hand, the buyer presented a price largely exceeding the appraisal value. As a result, the Transfer has been decided on, with its timing, prices and other factors determined to be reasonable.

PIC plans to internally reserve the entire amount of the gain on sale as reduction entry and utilize it for stabilizing the level of its distributions.

### 3. Details of the Property for Sale

Details of the Property for Sale		
Property Name		Premier Kaigan Building
Type of Specified Asset		Beneficiary interest in a real estate trust
Name of Trustee		Sumitomo Mitsui Trust Bank, Limited
Agreement Term		From December 24, 2004 to June 30, 2027
Location (Note 1)	Land	2-8-1, 2-8-7 and 2-8-3 Kaigan, Minato Ward, Tokyo
	Building	2-8-1, 2-8-7 and 2-8-3 Kaigan, Minato Ward, Tokyo <Residential Indication> 2-2-6 Kaigan, Minato Ward, Tokyo
Area (Note 1)	Land	1,670.99m <sup>2</sup>
	Building	8,476.92m <sup>2</sup>
Type of Ownership	Land	Fee simple ownership
	Building	Fee simple ownership
Use of Building (Note 1)		Office, apartment and parking lot
Structure of Building (Note 1)		Steel-flamed, reinforced concrete structure with a flat-topped roof; 12 stories
Construction Completion (Note 1)		January 1993
Sale Price		5.350 million yen

Book Value	4,923 million yen (as of October 31, 2018)				
Gain on Sale (estimate)	342 million yen				
Appraisal					
Appraiser	Aoyama Realty Advisors Inc.				
Appraisal Value	3,920 million yen				
Survey Date	October 31, 2018				
Tenant Details (Note 2)					
Total Number of Tenants	18				
Monthly Rent	19 million yen				
Tenant Security Deposits	134 million yen				
Total Leasable Space	5,944.76m²				
Total Leased Space	5,844.56m²				
Change in Occupancy Rate	October 2014	October 2015	October 2016	October 2017	October 2018
	81.5%	100.0%	96.6%	98.1%	98.3%

(Note 1) Each piece of information in "Location (excluding residential indication)," "Area," "Use of Building," "Structure of Building" and "Construction Completion" is described based on the information indicated in the certificate of registered matters.

(Note 2) "Tenant Details" indicate the figures as of October 31, 2018.

#### 4. Buyer Profile

The profile of the buyer of the property is not disclosed as no consent to disclosure of its name and other information has been obtained from a domestic corporation which is the buyer. As of December 14, 2018, there is no capital, personal or business relationship to note between the buyer and PIC or PRA. The buyer does not fall under the category of related parties of PIC or PRA, either.

#### 5. Overview of Intermediary

The intermediary of the Transfer is not disclosed as no consent to disclosure of its overview has been obtained from the intermediary. As of December 14, 2018, there is no capital, personal or business relationship to note between the intermediary and PIC or PRA. The intermediary is not a related party of PIC or PRA, either.

#### 6. Transactions with Interested Party, Etc.

Not applicable

#### 7. Schedule of the Transfer

Date of Decision Made	December 14, 2018
Conclusion Date	December 14, 2018
Planned Delivery Date	January 30, 2019

#### 8. Matters Concerning Forward Commitment, Etc.

The Transfer falls under the category of Forward Commitment by Investment Corporations (Note) stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." set forth by the Financial Services Agency.

The sales agreement regarding the Transfer provides that, in the event of a serious violation of the sales agreement either by PIC or the buyer, the other party shall be able to terminate the agreement and claim for penalty charges equivalent to 10% of the sale price.

(Note) Forward Commitment is a postdated sales agreement under which payment and delivery shall be made at least one month after the conclusion of the agreement, or any other agreement similar thereto.

#### 9. Outlook

The Transfer will have a minimal impact on the forecast of results for the fiscal period ending April 2019 (the 33rd fiscal period: November 1, 2018 – April 30, 2019). Accordingly, PIC makes no change to the performance forecast for the said fiscal period described in the "Financial Report for the Fiscal Period Ended April 30, 2018 (November 1, 2017 – April 30, 2018)" announced on June 18, 2018.

As for the gains from sale of properties to be recorded through the Transfer (estimated at 342 million yen), PIC plans to record the entire amount as reserve for reduction entry.

## 10. Overview of Appraisal Report

Property Name	Premier Kaigan Building
Appraisal Value	3,920 million yen
Appraiser	Aoyama Realty Advisors Inc.
Survey Date	October 31, 2018

Appraisal Item	Appraisal Value (thousand yen)	Remarks, Etc.
The value estimated by income approach	3,920,000	
The value estimated by direct capitalization method [[5]÷[6]]	3,970,000	
Operating Revenues		
(a) Rental revenue	221,227	Estimated rental revenue and common service charges that are stable over the medium to long term, based on adopted materials and with reference to the rent levels of similar buildings
(b) Common service charges	22,361	
(c) Rental revenue including common service charges [(a)+(b)]	243,588	
(d) Utilities	21,720	Estimated based on adopted materials and with reference to the utilities levels of similar buildings
(e) Parking and bicycle parking fees	23,550	Estimated based on adopted materials and with reference to the use fees of similar facilities
(f) Other income	8,486	Estimated based on adopted materials
[1] Latent Gross Revenues [(c)+(d)+(e)+(f)]	297,326	
(g) Losses due to vacancies, etc.	15,825	Estimated losses due to vacancies, etc. that are stable over the medium to long term, with reference to adopted materials as well as the vacancy rates of similar buildings
(h) Bad debt loss	-	Bad debt loss is not recorded taking into account the credibility, etc. of the tenants and because tenant security deposits serve as security
[2] Operating Revenues [(1)-(g)-(h)]	281,501	
Operating Expenses		
(i) Maintenance	21,564	Estimated based on adopted materials and with reference to the maintenance and management expenses of similar buildings
(j) Utilities	20,000	Estimated based on adopted materials and with reference to the utilities expenses of similar buildings
(k) Repair costs	12,006	Estimated with reference to adopted materials as well as the repair costs of similar buildings
(l) Property management fee	5,197	Estimated based on adopted materials and with reference to the property management fees of similar buildings
(m) Advertisement for leasing, etc.	3,555	Estimated expenses for advertisement for leasing, etc. that is stable over the medium to long term, based on adopted materials and with reference to the intermediary and advertisement fees, etc. for leasing of similar buildings
(n) Tax and public dues	30,098	Estimated based on adopted materials
(o) Insurance	771	Estimated based on adopted materials
(p) Other expenses	65	Estimated based on adopted materials
[3] Operating Expenses [(i)+(j)+(k)+(l)+(m)+(n)+(o)+(p)]	93,256	
[4] Net Operating Income [(2)-[3]]	188,245	
(q) Profit through management of temporary deposits, etc.	1,251	Estimated by multiplying the tenant security deposits by the yield that takes into account the capital management characteristics
(r) Capital expenditures	26,828	Estimated with reference to adopted materials as well as the repair costs of similar buildings
[5] Net Cash Flow [(4)+(q)-(r)]	162,668	
[6] Capitalization rate	4.1%	Estimated based on the yield at low investment risks and taking into account the spread attributable to the location conditions and building conditions, etc. of the real estate subject to the appraisal
The value estimated by discounted cash flow (DCF) method	3,860,000	
Discount rate	3.8%	
Terminal capitalization rate	4.3%	
The value estimated by cost approach	3,830,000	
Land ratio	65.5%	
Building ratio	34.5%	
Other matters noted by the appraiser in conducting appraisal	None	

[Attachment]

[Reference] Table of Portfolio Following the Transfer

- \* The Japanese original document was distributed to press clubs within the Tokyo Stock Exchange, Ministry of Land, Infrastructure, Transport and Tourism, and the construction trade newspaper of the Ministry of Land, Infrastructure, Transport and Tourism.
- \* PIC's website is <https://www.pic-reit.co.jp/en/>
- \*\* Neither PIC nor Premier REIT Advisors Co., Ltd. makes any assurance or warranty with respect to the completeness or accuracy of this English translation. For more complete and accurate information, please refer to the original announcement in Japanese.

[Reference] Table of Portfolio Following the Transfer

Use	Area	No.	Property Name	Acquisition Date	Acquisition Price (million yen) (Note)	Share
Office Buildings	5 Central Wards of Tokyo	A01	Landic Shimbashi Building 1	Sep 11, 2002	6,341	2.6%
		A02	Landic Shimbashi 2 Building	Sep 11, 2002	7,045	2.9%
		A03	Premier Dogenzaka Building	Sep 10, 2002	1,727	0.7%
		A04	KN Shibuya No.3	Sep 11, 2002	5,348	2.2%
		A05	Takadanobaba Center Building	Sep 11, 2002	5,118	2.1%
		A06	Rokubancho Building	Mar 26, 2004	7,860	3.3%
		A10	Urbannet Mita Building	Nov 18, 2011	10,300	4.3%
		A11	Urbannet Azabu Building	Nov 18, 2011	5,000	2.1%
		A12	Urbannet Ichigaya Building	Nov 18, 2011	1,650	0.7%
		A14	Urbannet Irifune Building	May 10, 2013	2,900	1.2%
		A15	Granpark	Nov 8, 2013	11,490	4.8%
		A16	Urbannet Kojimachi Building	Jan. 22, 2015	3,600	1.5%
	Other 18 Wards of Tokyo	B02	Premier Toyocho Building	May 18, 2007	4,310	1.8%
		B03	Ueno TH Building	Mar 27, 2008	4,380	1.8%
		B04	Gotanda NT Building	Mar 27, 2008	4,100	1.7%
		B05	Ueno Tosei Building	Nov 18, 2011	5,900	2.4%
		B06	Urbannet Ikebukuro Building	Jan. 22, 2015	13,600	5.6%
		B07	Urbannet Omori Building	Jan. 22, 2015	4,800	2.0%
		B08	Sphere Tower Tennozu	Jun. 21, 2017	15,000	6.2%
	Urban Areas Surrounding Tokyo	C01	Premier Yokohama Nishiguchi Building	Sep 11, 2002	3,558	1.5%
		C02	The Kanagawa Science Park R&D Building	Sep 11, 2002	6,556	2.7%
	Major Regional Cities	G02	NTT CRED Okayama Building	May 15, 2015	3,600	1.5%
		G03	Urbannet Shizuoka Ote-machi Building	Feb 19, 2016	1,628	0.7%
		G04	Urbannet Shizuoka Building	Feb 19, 2016	1,119	0.5%
		G05	Urban Ace Higobashi Building	Dec 20, 2016	4,600	1.9%
	Subtotal		25 properties		141,530	58.6%
Residential Properties	5 Central Wards of Tokyo	D01	Park Axis Yotsuya Stage	Sep 11, 2002	5,208	2.2%
		D02	Park Axis Meiji-Jingumae	Sep 11, 2002	2,604	1.1%
		D04	Cabin Arena Akasaka	Apr 4, 2003	1,330	0.6%
		D05	Cabin Arena Minami-Aoyama	Sep 1, 2003	1,070	0.4%
		D06	Bureau Kioicho	Jul 1, 2003	1,840	0.8%
		D08	Roppongi Green Terrace	Nov 18, 2003	4,678	1.9%
		D09	Premier Stage Shibakoen II	Nov 18, 2003	2,181	0.9%
		D11	Langue Tower Kyobashi	Dec 22, 2003	927	0.4%
		D12	Premier Stage MitaKeidaimae	Nov 30, 2004	1,580	0.7%
		D13	Premier Rosso	Jan 14, 2005	1,662	0.7%
		D14	Premier Blanc Yoyogikouen	Jul 15, 2005	2,330	1.0%
		D15	Premier Stage Uchikanda	Sep 20, 2005	1,723	0.7%
		D16	Premier Stage Ichigayakawadacho	Jul 21, 2005	1,460	0.6%
		D17	Walk Akasaka	Jun 1, 2005	2,043	0.8%
		D18	Premier Stage Shibakoen	Oct 13, 2006	1,585	0.7%
		D19	MEW	Jul 31, 2006	1,556	0.6%
		D20	Shibaura Island Air Tower	Dec 3, 2007	7,590	3.1%
		D21	Storia Akasaka	May 22, 2008	3,930	1.6%
		D22	Renai Shinjuku-Gyoen Tower	May 22, 2008	6,500	2.7%
		D23	Shibaura Island Bloom Tower	Dec 9, 2010	5,500	2.3%
		D24	Questcourt Harajuku	Nov 18, 2011	4,500	1.9%
		D25	Urban Court Ichigaya	Nov 8, 2013	1,385	0.6%
		D26	FORECITY AzabuJuban II	Mar 1, 2018	1,420	0.6%
		D27	FORECITY Sasazuka	Mar 1, 2018	1,080	0.4%

Use	Area	No.	Property Name	Acquisition Date	Acquisition Price (million yen) (Note)	Share	
Residential Properties	Other 18 Wards of Tokyo	E01	B-Site Osaki	Nov 18, 2003	1,072	0.4%	
		E02	Premier Garden Hongo	Apr 1, 2004	975	0.4%	
		E03	Premier Grande Magome	Jun 1, 2005	1,560	0.6%	
		E04	Premier Nozze Yutenji	Mar 28, 2006	1,525	0.6%	
		E05	Premier Stage Yushima	Sep 1, 2006	1,803	0.7%	
		E06	Premier Stage Komagome	Feb 9, 2007	1,830	0.8%	
		E07	Premier Stage Otsuka	Jun 18, 2007	1,310	0.5%	
		E08	Premier Stage Honjo-Azumabashi	Nov 30, 2007	2,640	1.1%	
		E09	Premier Stage Ryogoku	Jun 30, 2008	1,496	0.6%	
	Subtotal		33 properties			79,894	33.1%
Others	<div></div>	Z01	UDX Special Purpose Company Preferred Securities (Akihabara UDX)		Dec 8, 2010	19,940	8.3%
					Nov 8, 2013		
	Subtotal		1 properties			19,940	8.3%
Total			59 properties			241,364	100.0%

(Note) "Acquisition Price" represents the transaction price before taxes, not including various expenses (such as real estate taxes) required for the acquisition of the relevant properties.