

August 15, 2019

For Immediate Release

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Notice Concerning Acquisition and Leasing of Trust Beneficiary Interests
in Domestic Real Estate

Takara Leben Real Estate Investment Corporation (the “Investment Corporation”) hereby announces that Takara PAG Real Estate Advisory Limited. (the “Asset Management Company”) to which the Investment Corporation entrusts its asset management decided to acquire and lease trust beneficiary interests in domestic real estate of 6 properties (the “Assets to be Acquired”) as stated below (the “Acquisition”).

1. Overview of the Acquisition

Asset Type	Property No. (Note 1)	Property Name	Location	Expected Acquisition Price (million yen) (Note 2)	Broker
Residence	R-07	LUXENA HEIWADAI	Nerima-ku, Tokyo	3,910	none
	R-08	LUXENA KACHIDOKI	Chuo-ku, Tokyo	1,120	
Hotel	H-04	Arietta Hotel Nagoya	Nagoya, Aichi	2,500	
Retail and other assets	C-04	Almost Blue (Note 3)	Minato-ku, Tokyo	6,520	
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho (Note 3)	Matsuyama, Ehime	4,030	
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land) (Note 3)	Kobe, Hyogo	4,250	
Total			-	22,330	-

(Note 1) As for “Property No.”, the code “O” represents office properties, “R” represents residential properties, “H” represents hotel properties and “C” represents commercial and other properties, followed by the number assigned to each property. The same shall apply hereinafter.

(Note 2) “Expected Acquisition Price” is the amount of the sale and purchase price stated in the sale and purchase contract of trust beneficiary interests in real estate (the “Sale and Purchase Contract”) already executed for each of the Assets to be Acquired (not including consumption tax and local consumption tax or brokerage fees and other expenses), rounded down to the nearest million yen. The same shall apply hereinafter.

(Note 3) These are to be acquired upon the exercise of the right of first refusal which was granted to the Investment Corporation upon its acquisition of silent partnership equity interest in Godo Kaisha Island Ship 2nd, the seller. Upon the Acquisition, Godo Kaisha Island Ship 2nd Tokumei Kumiai will be terminated and the capital contribution by the Investment Corporation (in the amount of 100 million yen) will be distributed in cash.

- | | |
|--------------------------------|--|
| (1) Contract Date | August 15, 2019 |
| (2) Scheduled Acquisition Date | September 3, 2019 (date of delivery and settlement) (Note 1) |
| (3) Sellers | Please refer to “4. Overview of Sellers” later in this document |
| (4) Acquisition Financing | Proceeds from the issuance of new investment units resolved at the Investment Corporation’s Board of Directors meeting held today (Note 2), borrowings (Note 3), a portion of sale proceeds of TTS Minami Aoyama |

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Building and funds on hand

(5) Settlement method To be paid in a lump sum upon delivery

(Note 1) “Scheduled Acquisition Date” is the scheduled acquisition date stated in the Sale and Purchase Contract with respect to each of the Assets to be Acquired. Scheduled acquisition date may change to any day until September 5, 2019 in accordance with any change of the payment date for the new investment units to be issued in the Primary Offering.

(Note 2) For details of said proceeds, please refer to the press release “Notice Concerning Issuance of New Investment Units and Secondary Distribution of Investment Units” separately announced today.

(Note 3) For details of said borrowings, please refer to the press release “Notice Concerning Borrowing of Funds” separately announced today.

2. Reasons for Acquisition and Lease

The Investment Corporation’s basic policies of management are to procure stable profits in the long and medium terms, and to pursue the steady growth of its portfolio. It also holds three mid- and long-term management strategies, that is, the improvement of the quality of its portfolio, the clarification of roles among sponsors, and the undertaking of internal growth and other measures. Under said management strategies, the Investment Corporation acquired TA Shonan Kugenmakaigan in March 2019 using its funds on hand, and Dormy Inn Morioka in June 2019 using borrowings, and together with the sale of TTS Minami Aoyama Building announced by the “Notice Concerning Disposition of Trust Beneficiary Interests in Domestic Real Estate” dated July 17, 2019, pursued the improvement of the quality of its portfolio through the strategic replacement of assets.

The Acquisition is undertaken for the purposes of expanding the asset scale, rejuvenating the average age of the portfolio by incorporating mainly properties under development by Takara Leben Co., Ltd. (“Takara Leben”), the sponsor, and further improving the portfolio quality. The Assets to be Acquired are acquired and developed by utilizing advantages of 4 sponsors, including Takara Leben, such as the sourcing ability of PAG Investment Management Co., Ltd. (“PAG”), know-how for management of commercial facilities of YAMADA DENKI Co., Ltd., as well as know-how for management of hotels of Kyoritsu Maintenance Co., Ltd. The Acquisition was decided because the above is consistent with the Investment Corporation’s mid- and long-term management strategies. The tenants of the Assets to be Acquired conform to the criteria for selecting tenants stated in the “Report on Management System, etc. of the Issuer, etc. of Real Estate Investment Trust Unites” dated May 29, 2019.

3. Details of Assets to be Acquired and Expected Lease

Outline of the individual properties in the Assets to be Acquired is as stated below.

Each of the following tables shows the outline of individual Assets to be Acquired (each, the “Property Sheet”). The terms used in the Property Sheets are as indicated below. Please refer to the following explanation of terms in the Property Sheets. Unless otherwise indicated, the descriptions are based on information available as of July 31, 2019.

(1) Re: “Outline of Specified Assets”

- “Scheduled Date of Acquisition” means the scheduled date of acquisition of each of the Assets to be Acquired.
- “Expected Acquisition Price” is the amount of the sale and purchase price stated in the Sale and Purchase Contract to be executed as of today for each of the Assets to be Acquired (not including consumption tax and local consumption tax or brokerage fees and other expenses), rounded down to the nearest million yen.
- “Outline of Trust Beneficiary Interests” states the outline of the trust agreement executed or to be executed with the trustee or a person expected to be the trustee for each of the properties.
- “Outline of Building Condition Evaluation” states the outline of the engineering report prepared by a survey operator who conducted a building condition evaluation upon the Investment Corporation’s request such as investigation of deterioration diagnosis of the building, preparation of short-term and long-term repair plans, investigation of situations of compliance with the Building Standards Act (Act No. 201 of 1950, as amended), etc., or investigation of the building containing hazardous substances with respect to each of the properties. The content of such engineering report merely reflects the judgment and opinion of the author thereof at a certain time, and does not guarantee its appropriateness or accuracy, etc. of the content. In calculating repair costs, fluctuations in price or consumption tax and local consumption tax are not taken into consideration.
- “Location” of the land shows the indication of residence, and if no indication of residence is applicable to the property, it shows the address of the building in the register (or one of them if there are multiple addresses).

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- “Site Area” of the land is based on the statement in the register. If the land is co-owned, it shows the entire site area of the building. Such area may be inconsistent with the actually measured area.
- “Use District” of the land shows the category of a use district under Article 8, Paragraph 1, Item 1 of the City Planning Act (Act No. 100 of 1968, as amended).
- “Building Coverage Ratio/Floor-Area Ratio” of the land shows the maximum building coverage ratio (the designated building coverage ratio) and the maximum floor-area ratio (the designated floor-area ratio) (all of them if there are multiple ratios) designated in the city planning depending on the use district, etc. based on the Building Standards Act. The designated building coverage ratio may be mitigated or raised, or reduced by reasons such as the building being a fire-proof building in a fire-prevention district or otherwise, and the designated floor-area ratio may be mitigated or raised, or reduced by reasons such as the width of road adjacent to the site or otherwise, which may be different from the building coverage ratio and the floor-area ratio actually applied.
- “Type of Right” to the land and the building represents the type of right owned or to be acquired by the trustee with respect to each property.
- “Structure/Number of Stories” and “Completion” of the building are based on the statement in the register unless otherwise specifically indicated.
- “Total Floor Area” and “Type” of the building are based on the statement in the register and may be inconsistent with the actually measured area and type.
- “Encumbrance” shows any encumbrance, if any, on the Assets to be Acquired borne, or to be borne after acquisition, by the Investment Corporation and the outline thereof.
- “PM Company” is a company which has entered into as of today, or is to enter into after acquisition by the Investment Corporation, a property management service contract with respect to each property. “Sub-PM Company” is a company which has entered into as of today, or is to enter into after acquisition by the Investment Corporation, a property management service subcontract with respect to each property. With respect to the property referring to a “Sub-PM Company”, Takara Property Co., Ltd. (“Takara Property”) has entered into a property management service contract and it subcontracts such property management services in whole or in part to the Sub-PM Company.
- “ML Company” is a company which has entered into as of today, or is to enter into after acquisition by the Investment Corporation, a master lease agreement of pass-through style with respect to each property. A master lease agreement will be executed with Takara Property which falls under the category of interested persons, etc. specified in Article 201 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the “Investment Trusts Act”) and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) (the “Interested Persons under the Investment Trust Act”) for all of the Assets to be Acquired.
- “Special Remarks” describe the rights and use of each property in trust as of today that are regarded as important as well as other matters that are considered significant in view of the impacts on the appraised value, profitability and disposability of each such property.

(2) Re: “Outline of Lease”

- “Total Leased Area” is the leased area described in each lease agreement effective as of July 31, 2019 with respect to the Assets to be Acquired, disregarding the figures below the second decimal place.
- “Total Rentable Area” is the rentable area of each property of the Assets to be Acquired owned or to be owned by the Investment Corporation, which is deemed rentable based on the lease agreement or drawings of the building, etc. of such property. The total rentable area may exceed the total floor area in the register. The figures below the second decimal place are disregarded.
- “Major Tenant” is a principal tenant of each property (based on the total leased area of each property).
- “Number of Tenants” shows the total number of tenants (if a pass-through type master lease agreement is executed, the end tenants) who are, or will be, the lessees of the Assets to be Acquired.
- “Total Rent Revenue” shows the annual rent or the monthly rent multiplied by twelve (12) (which rent includes rent for the leased area and common area charge (if any), but excludes rent for parking, storage or other fixtures) set forth in each lease agreement effective as of July 31, 2019 for the Assets to be Acquired (calculated based on the fixed rent set forth in the lease agreement). Free rent or rent holiday periods (during which no rent or discounted rent payable at the beginning of or during the lease term) as of such date are disregarded, and the amount is calculated based on the annual or monthly rent set forth under the lease agreement.
- “Lease/Guarantee Deposit” shows the total amount of lease deposit and guarantee deposit required under each

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lease agreement of the Assets to be Acquired effective as of July 31, 2019 (only for those already occupied as of such date).

- “Change in Occupancy Rate” represents the ratio of the leased area to the rentable area, with figures being rounded to the first decimal place. Figures are at the end of July each year from the start of operation up to July 31, 2019.

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Property No.		LUXENA HEIWADAI			
R-07					
Outline of Specified Assets					
Type of Specified Assets		Trust beneficiary interests	Outline of Building Condition Evaluation	Survey Operator	Daiwa Real Estate Appraisal Co., Ltd.
Scheduled Date of Acquisition		September 3, 2019		Date of Survey	June 6, 2019
Expected Acquisition Price		3,910,000,000 yen		Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	September 3, 2019		Short-term Repair Cost	-
	Trustee	Mitsubishi UFJ Trust and Banking Corporation		Long-term Repair Cost (average per annum)	4,398 thousand yen
	Trust Maturity Date	September 30, 2029			
Land	Location (Indication of Residence)	19-10, Heiwadai 4-chome, Nerima-ku, Tokyo	Building	Structure/ Number of Stories	Reinforced concrete structure, flat roof, 9-story building
	Site Area	2,186.06 m²		Completion	March 2019
	Use District	Neighborhood commercial district; Category 1 low-rise exclusive residential district		Total Floor Area	6,403.50 m²
	Building Coverage Ratio /Floor-Area Ratio	Neighborhood commercial district: 80%/300% Category 1 low-rise exclusive residential district: 60%/200%		Type	Residential complex, Stores
	Type of Right	Ownership		Type of Right	Ownership
Encumbrance	None		PM Company		Takara Property
			ML Company		Takara Property
Special Remarks: None					
Outline of Lease					
Total Leased Area		5,354.76 m²	Total Rentable Area		5,354.76 m²
Major Tenant		Individual	Number of Tenants		102
Total Rent Revenue		210 million yen	Lease/Guarantee Deposit		16 million yen
Change in Occupancy Rate (Note)	2015	2016	2017	2018	2019
	-	-	-	-	100.0%

(Note) No occupancy rate available before 2018, since leasing started in March 2019.

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Property No.		LUXENA KACHIDOKI			
R-08					
Outline of Specified Assets					
Type of Specified Assets		Trust beneficiary interests	Outline of Building Condition Evaluation	Survey Operator	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Scheduled Date of Acquisition		September 3, 2019		Date of Survey	June 7, 2019
Expected Acquisition Price		1,120,000,000 yen		Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	September 3, 2019		Short-term Repair Cost	-
	Trustee	Mitsubishi UFJ Trust and Banking Corporation		Long-term Repair Cost (average per annum)	719 thousand yen
	Trust Maturity Date	September 30, 2029			
Land	Location (Indication of Residence)	16-2, Kachidoki 3-chome, Chuo-ku, Tokyo	Building	Structure/ Number of Stories	Reinforced concrete structure, flat roof, 10-story building
	Site Area	244.62 m ²		Completion	May 2019
	Use District	Category 2 residential district		Total Floor Area	1,286.84 m ²
	Building Coverage Ratio /Floor-Area Ratio	80%/400%		Type	Residential complex
	Type of Right	Ownership		Type of Right	Ownership
	Encumbrance	None		PM Company	
			ML Company		Takara Property
Special Remarks: - Given that measures to ease the floor-area ratio have been abolished due to a change in the district plan after the application for building confirmation for the Property, the Property fails to meet the floor-area ratio applicable as of today and falls under a so-called “existing non-conformed building”. Accordingly, a building similar to the current one cannot be reconstructed.					
Outline of Lease					
Total Leased Area		1,033.44m ²	Total Rentable Area		1,121.26 m ²
Major Tenant		Individual	Number of Tenants		24
Total Rent Revenue		54 million yen	Lease/Guarantee Deposit		5 million yen
Change in Occupancy Rate (Note)	2015	2016	2017	2018	2019
	-	-	-	-	92.2%

(Note) No occupancy rate available before 2018, since leasing started in June 2019.

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Property No.		Arietta Hotel Nagoya				
H-04						
Outline of Specified Assets						
Type of Specified Assets		Trust beneficiary interests		Outline of Building Condition Evaluation	Survey Operator	Daiwa Real Estate Appraisal Co., Ltd.
Scheduled Date of Acquisition		September 3, 2019			Date of Survey	June 10, 2019
Expected Acquisition Price		2,500,000,000 yen			Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	September 3, 2019			Short-term Repair Cost	-
	Trustee	Mitsubishi UFJ Trust and Banking Corporation		Long-term Repair Cost (average per annum)	142 thousand yen	
	Trust Maturity Date	September 30, 2029				
Land	Location (Indication of Residence)	9-22, Higshisakura 1-chome, Higashi-ku, Nagoya, Aichi		Building	Structure/ Number of Stories	Reinforced concrete structure, flat roof, 14-story building
	Site Area	421.99 m ²			Completion	February 2019
	Use District	Commercial district			Total Floor Area	2,478.23 m ²
	Building Coverage Ratio /Floor-Area Ratio	80%/600%			Type	Hotel
	Type of Right	Ownership			Type of Right	Ownership
Encumbrance	None			PM Company		Takara Property
				ML Company		Takara Property
Special Remarks: None						
Outline of Lease						
Total Leased Area		2,531.93 m ²		Total Rentable Area		2,531.93 m ²
Major Tenant		Renaissance Inc.		Number of Tenants		1
Total Rent Revenue		125 million yen		Lease/Guarantee Deposit		20 million yen
Change in Occupancy Rate (Note)	2015	2016	2017	2018	2019	
	-	-	-	-	100.0%	

(Note 1) The rent of the Property is comprised of minimum rent (fixed rent) and rent on a piece-rate basis (variable rent), and the above figures are the annual amounts of minimum rent (fixed rent). Rent on a piece-rate basis (variable rent) is the amount equivalent to 35% of the amount after deducting 395 million yen from the annual room revenue.

(Note 2) No occupancy rate available before 2018, since leasing started in April 2019.

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Property No.		Almost Blue			
C-04					
Outline of Specified Assets					
Type of Specified Assets		Trust beneficiary interests	Outline of Building Condition Evaluation	Survey Operator	Daiwa Real Estate Appraisal Co., Ltd.
Scheduled Date of Acquisition		September 3, 2019		Date of Survey	June 4, 2019
Expected Acquisition Price		6,520,000,000 yen		Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	August 31, 2018		Short-term Repair Cost	-
	Trustee	Mitsubishi UFJ Trust and Banking Corporation		Long-term Repair Cost (average per annum)	3,255 thousand yen
	Trust Maturity Date	September 30, 2029			
Land	Location (Indication of Residence)	4-6, Minami-Aoyama 6-chome, Minato-ku, Tokyo	Building	Structure/ Number of Stories	Building A: steel frame, steel reinforced concrete structure, flat roof, glass plate roofing, 3-story building with 1 floor below ground; Building B: steel frame, steel reinforced concrete structure, flat roof, 2-story building with 1 floor below ground; Building C: steel frame, steel reinforced concrete structure, flat roof, 3-story building with 1 floor below ground
	Site Area	1,186.66 m ² (Note 1)		Completion	Building A: February 2002 Building B: December 2001 Building C: October 2014
	Use District	Category 1 residential district; Category 1		Total Floor Area	Building A: 1,242.39 m ²

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		medium-to-high rise exclusive residential district			Building B: 471.37 m ² Building C: 338.03 m ²	
	Building Coverage Ratio /Floor-Area Ratio	60%/300%		Type	Store, Office	
	Type of Right	Ownership, Superficies (Note 2)		Type of Right	Ownership	
Encumbrance	None	Sub-PM Company			Greensheed Co., Ltd.	
		ML Company			Takara Property	
Special Remarks: None						
Outline of Lease						
Total Leased Area		1,931.54 m ²		Total Rentable Area		1,931.54 m ²
Major Tenant		Arflex Japan Co., Ltd.		Number of Tenants		5
Total Rent Revenue		268 million yen		Lease/Guarantee Deposit		233 million yen
Change in Occupancy Rate (Note 3)	2015	2016	2017	2018	2019	
	-	-	-	-	100.0%	

(Note 1) The site area consists of 826.55m² (ownership) and 360.11m² (superficies). Of the superficies, the trust property covers the area of 165.16m², and the site area of the Assets to be Acquired is 991.71m².

(Note 2) Of the site of the Property, a portion of land with superficies (1.998m²) is not perfected with respect to such superficies. However, even if the right to use said land is lost, there is no violation of regulations such as the building coverage ratio or floor-area ratio under the Building Standards Act.

(Note 3) No occupancy rate available before 2018, since the Investment Corporation does not have income/expenditure information of the building before August 31, 2018.

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Property No.		Kaden Sumairu Kan YAMADA Matsuyama Toiyacho			
C-05					
Outline of Specified Assets					
Type of Specified Assets		Trust beneficiary interests	Outline of Building Condition Evaluation	Survey Operator	Daiwa Real Estate Appraisal Co., Ltd.
Scheduled Date of Acquisition		September 3, 2019		Date of Survey	June 4, 2019
Expected Acquisition Price		4,030,000,000 yen		Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	September 27, 2018		Short-term Repair Cost	-
	Trustee	Sumitomo Mitsui Trust Bank Limited	Long-term Repair Cost (average per annum)	6,865 thousand yen	
	Trust Maturity Date	September 30, 2029			
Land	Location (Indication of Residence)	9-30, Toiyacho, Matsuyama, Ehime	Building	Structure/ Number of Stories	Steel frame structure, with zinc coated steel flat roof, 3-story building
	Site Area	11,824.47 m ²		Completion	October 2009
	Use District	Commercial district; Category 1 residential district		Total Floor Area	9,052.32m ² (Note 1)
	Building Coverage Ratio /Floor-Area Ratio	80%/400% (Commercial district); 60%/200% (Category 1 residential district)		Type	Store, Warehouse
	Type of Right	Ownership		Type of Right	Ownership
Encumbrance	None		PM Company		Takara Property
			ML Company		Takara Property
Special Remarks:					
- The lease agreement with the tenant for the Property sets forth that the tenant’s prior consent is required in the event of transfer of the Property to a third party. However, the tenant acknowledges that said provision does not apply to the transfer of trust beneficiary interests in the Property.					
- The supporting membership agreement of the Cooperative Matsuyama Wholesalers Center (the “Cooperative”) of which the trustee is a supporting member sets forth that the Cooperative’s approval is required in the event of transfer or lease of the Property. However, the Cooperative acknowledges that a notice to the Cooperative is sufficient when transferring trust beneficiary interests in the Property.					
Outline of Lease					
Total Leased Area		9,052.32 m ²	Total Rentable Area		9,052.32 m ²
Major Tenant		YAMADA DENKI Co., Ltd.	Number of Tenants		1
Total Rent Revenue		309 million yen	Lease/Guarantee Deposit		280 million yen
Change in Occupancy Rate (Note)	2015	2016	2017	2018	2019
	100.0%	100.0%	100.0%	100.0%	100.0%

(Note 1) Including the attached building (warehouse) of 100.00m².

(Note 2) Photovoltaic generation facilities are installed on a part of the roof of the Property.

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Property No.		Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)			
C-06					
Outline of Specified Assets					
Type of Specified Assets		Trust beneficiary interests (Note 1)	Outline of Building Condition Evaluation	Survey Operator	-
Scheduled Date of Acquisition		September 3, 2019		Date of Survey	-
Expected Acquisition Price		4,250,000,000 yen		Urgent Repair Cost	-
Outline of Trust Beneficiary Interests	Trust Establishment Date	June 25, 2014		Short-term Repair Cost	-
	Trustee	Sumitomo Mitsui Trust Bank Limited		Long-term Repair Cost (average per annum)	-
	Trust Maturity Date	September 30, 2029			
Land	Location (Indication of Residence)	868-6, Aza Kozukayama, Tamoncho, Tarumi-ku, Kobe, Hyogo	Building	Structure/ Number of Stories	Steel frame structure, with zinc coated steel flat roof, 3-story building
	Site Area	20,160.00 m ²		Completion	December 2009
	Use District	Quasi-industrial district		Total Floor Area	12,538.50m ² (Note 2)
	Building Coverage Ratio /Floor-Area Ratio	60%/200%		Type	Store, Warehouse
	Type of Right	Ownership		Type of Right	Ownership (owned by lessee of land)
Encumbrance	None		PM Company		Takara Property
			ML Company		Takara Property
Special Remarks: - The leasehold establishment agreement with the tenant for the Property sets forth that in the event of transfer of the Property to a third party or if it is necessary to secure the tenant’s leasehold, the right of first refusal for purchase of the Property should be given to the tenant for a certain period of time. However, the tenant acknowledges that said provision does not apply to the transfer of trust beneficiary interests in the Property.					
Outline of Lease					
Total Leased Area		17,866.00 m ²	Total Rentable Area		17,866.00 m ²
Major Tenant		YAMADA DENKI Co., Ltd.	Number of Tenants		1
Total Rent Revenue		222 million yen	Lease/Guarantee Deposit		222 million yen
Changes in Occupancy Rate (Note)	2015	2016	2017	2018	2019
	100.0%	100.0%	100.0%	100.0%	100.0%

(Note 1) The trust beneficiary interests have the leasehold interest in land as trust assets, which do not include any building or equipment on the land subject to such lease hold interest.

(Note 2) Including the attached building (warehouse) of 100.00m².

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4. Overview of Sellers

LUXENA HEIWADAI; LUXENA KACHIDOKI; Arietta Hotel Nagoya

(1) Name	Takara Leben
(2) Location	8-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo
(3) Name and Title of Representative	Kazuichi Shimada, President & Representative Director
(4) Business	Planning, development and sale of residential complex of its brands “Leben” and “Nebel” series and detached houses newly built, as well as power generating business
(5) Capital	4,819 million yen (as of the end of March 2019)
(6) Date of Establishment	September 21, 1972
(7) Net Assets	47,734 million yen (as of the end of March 2019)
(8) Total Assets	184,893 million yen (as of the end of March 2019)
(9) Major Shareholders and Equity Positions	Yoshio Murayama (21.18%), Takara Leben (10.40%), The Master Trust Bank of Japan (trust account) (3.97%) (as of the end of March 2019)
(10) Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	The seller has 5.4% of the Investment Corporation’s issued and outstanding investment units as of today. It is also the parent company (shareholding ratio: 60%) of the Asset Management Company and falls under the category of interested persons pursuant to the Investment Trusts Act.
Personnel Relationship	There is no relevant personnel relationship between the Investment Corporation and the seller.
Business Relationship	The seller has invested in the Investment Corporation and in the Asset Management Company. In addition, a certain sponsor support agreement with the Asset Management Company, and a certain memorandum on use, etc. of trademarks with the Investment Corporation and the Asset Management Company have been executed.
Whether or not it falls under affiliated parties	The seller falls under the category of affiliated parties. It also falls under the category of interested persons set forth in the Investment Trusts Act as stated above.

Almost Blue; Kaden Sumairu Kan YAMADA Matsuyama Toiyacho; Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)

(1) Name	Godo Kaisha Island Ship 2nd
(2) Location	7-1, Nihonbashi 2-chome, Chuo-ku, Tokyo
(3) Name and Title of Representative	Representative Member: Island Ship 2nd, General Incorporated Association, Shogo Kikuchi, Executive Member
(4) Business	- Acquisition, possession, disposition and management of trust beneficiary interests; - sale and purchase, possession, management and lease of real estate; and - any other business ancillary to the above
(5) Capital	100,000 yen (as of the end of March 2019)
(6) Date of Establishment	March 5, 2019
(7) Net Assets	not disclosed (Note)
(8) Total Assets	not disclosed (Note)
(9) Major Shareholders and Equity Positions	not disclosed (Note)
(10) Relationship with the Investment Corporation and/or the Asset Management Company	
Capital Relationship	The Investment Corporation holds an equity interest in the silent partnership with the seller as the operator as of today.
Personnel Relationship	No relevant personnel relationship exists.

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Business Relationship	No relevant business relationship exists. (With the acquisition of the silent partnership equity interest noted above, the right of first refusal for Almost Blue, Kaden Sumairu Kan YAMADA Matsuyama Toiyacho and Kaden Sumairu Kan YAMADA Kobe Tarumi (Land) were granted to the Investment Corporation from the seller, and these properties are to be acquired upon the exercise of such right of first refusal.)
Whether or not it falls under affiliated parties	The seller is not an affiliated party to either the Investment Corporation or the Asset Management Company. It does not fall under the category of interested persons, etc. under the Investment Trusts Act either.

(Note) Marked “not disclosed” when the seller’s consent to disclosure of “Net Assets”, “Total Assets” or “Major Shareholders and Equity Positions” has not been obtained.

5. Transaction with Interested Persons, etc.

Since Takara Leben, one of the sellers, is a parent company of the Asset Management Company and falls under the category of the Interested Persons under the Investment Trusts Act, as well as the category of interested persons defined in the Asset Management Company’s internal rules on Transactions with Interested Persons, the Asset Management Company has taken necessary discussion and resolution procedures in accordance with the rules on Transactions with Interested Persons for entering into the Sale and Purchase Contract, and has obtained consent of the Investment Corporation based on the approval at the Investment Corporation’s Board of Directors meeting held today, pursuant to the Investment Trusts Act. Furthermore, since Takara Property, with which a master lease agreement is to be entered into for all of the Assets to be Acquired, falls under the category of interested persons, etc. defined in the Investment Trusts Act, in connection with the lease transaction with Takara Property, the Asset Management Company has taken necessary discussion and resolution procedures in accordance with the rules on Transactions with Interested Persons, and has obtained consent of the Investment Corporation based on the approval at the Investment Corporation’s Board of Directors meeting held today, pursuant to the Investment Trusts Act.

6. Status of Asset Purchaser and Other Parties

The purchases of properties from those in a special relationship of interest are as follows. In the table below, (i) the company name, (ii) description of such special relationship of interest, (iii) background/reasons of such purchase are stated.

Property name (Location)	Preceding owner, etc.	Second preceding owner, etc.	Third preceding owner, etc.
	(i), (ii), (iii) Acquisition Price Date of Acquisition	(i), (ii), (iii) Acquisition Price Date of Acquisition	-
LUXENA HEIWADAI (19-10, Heiwadai 4-chome, Nerima-ku, Tokyo)	(i) Takara Leben (ii) the Asset Management Company’s parent company (iii) acquired and developed appreciating the competitiveness of the property	A person not in a special relationship of interest	-
	Since the preceding owner owned the land for a year, and the building was developed by the preceding owner, the acquisition price is not available.	-	
	March 2006 (land)	-	
LUXENA KACHIDOKI 16-2, Kachidoki 3-chome, Chuo-ku, Tokyo)	(i) Takara Leben (ii) the Asset Management Company’s parent company (iii) acquired and developed appreciating the competitiveness of the	A person not in a special relationship of interest	-

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Property name (Location)	Preceding owner, etc.	Second preceding owner, etc.	Third preceding owner, etc.
	property		
	Since the preceding owner owned the land for a year, and the building was developed by the preceding owner, the acquisition price is not available.	-	
	June 2017 (land)	-	
Arietta Hotel Nagoya (9-22, Higashisakura 1-chome, Higashi-ku, Nagoya, Aichi)	(i) Takara Leben (ii) the Asset Management Company's parent company (iii) acquired and developed appreciating the competitiveness of the property	A person not in a special relationship of interest	-
	Since the preceding owner owned the land for a year, and the building was developed by the preceding owner, the acquisition price is not available.	-	
	December 2016 (land)	-	
Almost Blue (4-6, Minami-Aoyama 6-chome, Minato-ku, Tokyo)	A person not in a special relationship of interest	(i) Specified Purpose Company KIWI 4 (ii) a special purpose company, etc. with which PAG entered into an investment advisory agreement (iii) acquired appreciating the competitiveness of the property	A person not in a special relationship of interest
	Not disclosed as no consent from other investors has been obtained	Not disclosed as no consent from other investors has been obtained	
	April 2019	August 2018	

(Note) The second preceding owner of the Property is a special purpose company with which PAG (sponsor of the Investment Corporation) entered into an investment advisory agreement and falls under interested persons defined in the Asset Management Company's internal rules on Transactions with Interested Persons. When sale of the Property by such special purpose company was under consideration, information was provided to the preceding owner Godo Kaisha Island Ship 2nd, and upon consideration, Godo Kaisha Island Ship 2nd decided to acquire the Property. The right of first refusal for properties owned by Godo Kaisha Island Ship 2nd (including the Property) was granted to the Investment Corporation upon its acquisition of silent partnership equity interest in Godo Kaisha Island Ship 2nd, and the Property is to be acquired upon the exercise of such right of first refusal. Further, given that the sales terms provided in such first refusal agreement have been satisfied, and the amount is lower than the appraisal value stated in the real estate valuation report for the Property prepared by a real estate appraiser upon entrustment thereto by the Investment Corporation based on the matters for attention in a real estate appraisal under the Investment Trusts Act, the Act on Real Estate Appraisal (Act No.152 of 1963, as amended), and real estate appraisal standards, the Expected Acquisition Price of the Property is judged to be reasonable.

7. Future Outlook

Please refer to the "Notice Concerning Revision of Forecasts of Financial Results for the Fiscal Period Ending February 29, 2020 as well as Forecasts of Financial Results for the Fiscal Period Ending August 31, 2020" announced as of today for the forecasts of financial results of the Investment Corporation resulting from the

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acquisition of the Assets to be Acquired.

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8. Outline of Real Estate Appraisal Reports
R-07 LUXENA HEIWADAI

Outline of Appraisal Report		
Property Name	LUXENA HEIWADAI	
Appraised Value	4,330,000,000 yen	
Name of Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	4,330,000	There was a difference between a profit price based on the direct return method and a profit price based on the DCF method. While considering a profit price based on the DCF method using the variation of net income in the future is more persuasive, by correlating both prices, a profit price adopting the capitalization approach method was estimated.
Profit Price by Direct Return Method	4,430,000	
(1) Operating Income	216,053	With respect to rental space and parking space, the standardized rent and common area charges for the Property were estimated, based on the rent level of the current lease, the level of new rent of comparable properties in the same area of demand and its movement, taking into account the Property's mid- and long-term competitiveness. Revenues of key money etc. were estimated taking into consideration the replacement rate and vacancy rate based on the past leasing cases, etc. Renewal charges for residential portions were estimated, appraising the renewal rate and taking renewal fees into consideration. Revenues of residents association fees were appraised and estimated taking the occupancy rate into consideration.
(i) Potential Gross Income	224,402	
(ii) Loss, etc. from Vacancy, etc.	8,349	
(2) Operating Expenses	34,956	
a. Administrative and Maintenance Expenses	4,320	Upon the verification of the level of administrative and maintenance expenses at comparable properties, the content of the building maintenance services under the expected contract are generally deemed standard. Accordingly, said expenses were estimated based on such contract price.
b. Heat, Light and Water Expenses	1,943	Estimated based on heat, light and water expenses at comparable properties.
c. Repair Costs	3,218	Estimated referring to repair costs of comparable properties. Tenant replacement costs for residential portions were appraised and estimated taking into account the replacement rate and vacancy rate.
d. PM Fees	6,115	Upon the verification of the level of PM fees at comparable properties, the content of the property management services under the expected contract are generally deemed standard. Accordingly, the PM fees were estimated based on the fees under such contract.
e. Tenant Seeking Expenses	3,974	Applying the assumed replacement rate to rental space, said expenses were estimated taking into consideration tenant seeking expenses assessed based on the level of the same at comparable properties.
f. Taxes and Dues	12,717	Estimated based on materials related to taxes and dues.
g. Casualty	333	Estimated based on the quotation as deemed reasonable.

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	Insurance Premium		
	h. Other Expenses	2,333	In reference to materials available, internet use fees, residents' association fees and other miscellaneous fees and reserves are estimated as other expenses for the operation of the Property.
	(3) Net Operating Income	181,096	
	(4) Income from Temporary Investments	474	The investment yield was assessed as 1.0% by generally taking into consideration both the investment side and financing side of the past temporary investment results.
	(5) Capital Expenditure	4,297	Estimated referring to renewal costs of comparable properties, and taking into account CM fees.
	Net Income	177,273	
	Capitalization Rate	4.0%	Based on the rate of properties of similar use located in the area with the lowest risk, adjusting by the spread due to building conditions such as the location, building grade, age, level of equipment, etc. as well as the current rent level compared to the market rent level, title matters and lease conditions and other conditions of the Property, and considering the capitalization rates by appraisal of other J-REIT properties etc. in the same area of demand, as well as the downward trend of rates of return due to favorable financing environments, the capitalization rate was assessed.
	Profit Price by DCF Method	4,290,000	
	Discount Rate	3.8%	Assessed using a combined method of taking the appraisal of comparable properties and return on financial assets into account, and adding the property-specific aspects thereto, as well as referring to opinions, etc. of investors.
	Terminal Capitalization Rate	4.2%	Assessed, referring to return on transactions of comparable properties, comprehensively taking into account future trends of investment yields, investment risks in the Property as an investment target, general forecasts of the future economic growth rate, real estate prices and the trend of rent level, etc.
	Estimated Value of the Entire Property	5,700,000	
	Land Ratio	70.3%	
	Building Ratio	29.7%	
	Other Matters Noted by Appraiser upon Appraisal	N/A	

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R-08 LUXENA KACHIDOKI

Outline of Appraisal Report		
Property Name	LUXENA KACHIDOKI	
Appraised Value	1,220,000,000 yen	
Name of Appraiser	Chuo Real Estate Appraisal Co., Ltd.	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	1,220,000	Assessed focusing on a profit price based on the DCF method and correlating it to a profit price based on the direct return method.
Profit Price by Direct Return Method	1,240,000	
(1) Operating Income	60,570	Assessed based on the terms of the current lease and the rent level of comparable properties.
(i) Potential Gross Income	62,352	
(ii) Loss, etc. from Vacancy, etc.	1,782	
(2) Operating Expenses	12,870	
a. Administrative and Maintenance Expenses	2,691	Assessed based on the quotation, taking into consideration the expense level, etc. of comparable properties.
b. Heat, Light and Water Expenses	1,175	Assessed taking into consideration the expense level, etc. of comparable properties.
c. Repair Costs	929	The value sought by the Appraiser from the viewpoint of mid- and long-term stability, taking into consideration the use, age, structure, maintenance conditions, etc. of the Property referring to ER.
d. PM Fees	1,713	Assessed based on the terms of the PM agreement, taking into consideration the expense level, etc. of comparable properties.
e. Tenant Seeking Expenses	2,094	Assessed based on the terms of the PM agreement, taking into consideration the cost level of comparable properties and assumed tenant renewal rate, etc.
f. Taxes and Dues	3,940	The value appraised by the Appraiser
g. Casualty Insurance Premium	78	The estimated value based on materials available
h. Other Expenses	250	Internet use fees
(3) Net Operating Income	47,700	
(4) Income from Temporary Investments	46	Assessed based on the return of 1.0%.
(5) Capital Expenditure	644	The value sought by the Appraiser from the viewpoint of mid- and long-term stability, taking into consideration the use, age, structure, maintenance conditions, etc. of the Property referring to ER.
Net Income	47,102	
Capitalization Rate	3.8%	Assessed in reference to the investment return of transactions of comparable properties, taking into consideration the location, building specifications, title matters and other aspects specific to the Property.
Profit Price by DCF Method	1,210,000	
Discount Rate	3.6%	Assessed, in principle based on the comparison of transactions of comparable properties, taking into consideration the return on financial assets and property-specific aspects of the Property.

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	Terminal Capitalization Rate	4.0%	Assessed, in principle based on the comparison of transactions of comparable properties, taking into consideration the return on financial assets and property-specific aspects of the Property.
	Estimated Value of the Entire Property	1,150,000	
	Land Ratio	63.5%	
	Building Ratio	36.5%	
	Other Matters Noted by Appraiser upon Appraisal	N/A	

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H-04 Arietta Hotel Nagoya

Outline of Appraisal Report		
Property Name	Arietta Hotel Nagoya	
Appraised Value	2,660,000,000 yen	
Name of Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	2,660,000	There was a difference between a profit price based on the direct return method and a profit price based on the DCF method. While considering a profit price based on the DCF method using the variation of net return in the future is more persuasive, by correlating both prices, a profit price adopting the capitalization approach method was estimated.
Profit Price by Direct Return Method	2,690,000	
(1) Operating Income	125,000	Estimated based on rent under the lease agreement, taking into consideration the amount of rent that the hotel is able to bear, as well as the mid- and long-term competitiveness.
(i) Potential Gross Income	125,000	
(ii) Loss, etc. from Vacancy, etc.	0	Not estimated, as deemed stable in mid- and long-term bases considering the characteristics of the tenant and terms of lease etc.
(2) Operating Expenses	12,805	
a. Administrative and Maintenance Expenses	0	Not estimated as the same is borne by the lessee.
b. Heat, Light and Water Expenses	0	Not estimated as the same is borne by the lessee.
c. Repair Costs	840	Estimated based on the level of repair expenses of comparable properties.
d. PM Fees	1,250	Estimated based on the agreement.
e. Tenant Seeking Expenses	0	Not estimated, assuming that there is no replacement of tenant.
f. Taxes and Dues	9,557	Estimated based on materials related to taxes and dues.
g. Casualty Insurance Premium	157	Estimated verifying the level of premium for comparable properties with respect to the past casualty insurance premium.
h. Other Expenses	1,000	Estimated as reserve, at a certain percentage of operating revenues, referring to comparable properties.
(3) Net Operating Income	112,194	
(4) Income from Temporary Investments	208	The investment yield was assessed as 1.0% by generally taking into consideration both the investment side and financing side of the past temporary investment results.
(5) Capital Expenditure	2,046	Estimated based on the level of renewal costs of comparable properties, also taking CM fees into consideration.
Net Income	110,356	
Capitalization Rate	4.1%	Based on the rate of properties of similar use located in the area with the lowest risk, adjusting by the spread due to building conditions such as the location, building grade, age, level of equipment, etc. as well as the current rent level compared to the market rent level, title matters and lease conditions and other conditions of the Property, and considering the capitalization rates by appraisal of other J-REIT properties etc. in the same area of demand, the capitalization rate was assessed.
Profit Price by DCF	2,640,000	

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	Method		
	Discount Rate	3.9%	Assessed using a combined method of taking the appraisal of comparable properties and return on financial assets in to account, and adding the property-specific aspects thereto, as well as referring to opinions, etc. of investors.
	Terminal Capitalization Rate	4.3%	Assessed, referring to return on transactions of comparable properties, comprehensively taking into account future trends of investment yields, investment risks in the Property as an investment target, general forecasts of the future economic growth rate, real estate prices and the trend of rent level, etc.
Estimated Value of the Entire Property		2,690,000	
	Land Ratio	70.1%	
	Building Ratio	29.9%	
Other Matters Noted by Appraiser upon Appraisal		N/A	

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C-04 Almost Blue

Outline of Appraisal Report		
Property Name	Almost Blue	
Appraised Value	7,210,000,000 yen	
Name of Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	7,210,000	The direct return method and the DCF method were used. Since a profit price by the DCF method which seeks the price based on the future variation of net income is more explanatory and persuasive, adopted mainly the DCF method and added the verification by the direct return method.
Profit Price by Direct Return Method	7,450,000	
(1) Operating Income	279,715	Estimated based on the assessment of new rent and the volatility of ongoing rent in the future.
(i) Potential Gross Income	294,437	
(ii) Loss, etc. from Vacancy, etc.	14,721	Assessed based on the past results for the first year. For 2nd year and thereafter, assessed assuming the vacancy rate of 5%.
(2) Operating Expenses	48,470	
a. Administrative and Maintenance Expenses	5,446	Assessed based on the current agreement and the income/expenditure results.
b. Heat, Light and Water Expenses	7,648	Assessed based on the current income/expenditure results.
c. Repair Costs	1,120	Figures based on the engineering report and comparable cases divided to “repair costs 3 versus capital expenditure 7”.
d. PM Fees	5,462	Assessed based on the current agreement and the past income/expenditure results.
e. Tenant Seeking Expenses	6,315	Estimated assuming 5% of tenant replacement per year.
f. Taxes and Dues	16,756	Estimated based on materials related to taxes and dues.
g. Casualty Insurance Premium	125	Estimated based on past results.
h. Other Expenses	5,594	Estimated based on past income/expenditure results.
(3) Net Operating Income	231,245	
(4) Income from Temporary Investments	2,275	Estimated based on the balance of temporary funds multiplied by the assumed return of 1.0%.
(5) Capital Expenditure	2,520	Figures based on the engineering report and comparable cases divided to “repair costs 3 versus capital expenditure 7”.
Net Income	231,001	
Capitalization Rate	3.1%	Assessed by comparing and reviewing return on multiple transactions in neighboring land and comparable districts within the same area of demand.
Profit Price by DCF Method	7,100,000	
Discount Rate	3.0%/3.2%	Assessed by assuming the term of possession of the Property being 10 years, and adding risks specific to the Property to the base rate.
Terminal Capitalization Rate	3.3%	Assessed based on the capitalization rate by the direct return method, adding the uncertainty of forecasts in the future.
Estimated Value of the Entire Property	7,060,000	

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	Land Ratio	95.0%	
	Building Ratio	5.0%	
Other Matters Noted by Appraiser upon Appraisal		N/A	

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C-05 Kaden Sumairu Kan YAMADA Matsuyama Toiyacho

Outline of Appraisal Report		
Property Name	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	
Appraised Value	4,410,000,000 yen	
Name of Appraiser	Japan Real Estate Institute	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	4,410,000	Determining that profit prices based on both the direct return method and the DCF method have the same degree of canonicity, a profit price based on the capitalization approach method was estimated correlating with the both prices.
Profit Price by Direct Return Method	4,450,000	
(1) Operating Income	322,722	With respect to rental space and parking, based on the average rent, etc. under the current lease agreement, the level of new rent of the Property if newly leased, and the characteristics, etc. of the current lessee, rent revenues from rental space and common area charge revenues were estimated based on the assessed rent level, etc. receivable in a stable manner on mid- and long-term bases. Power sale income and other income were estimated based on the past results and current fees, etc.
(i) Potential Gross Income	322,722	
(ii) Loss, etc. from Vacancy, etc.	0	
(2) Operating Expenses	23,030	
a. Administrative and Maintenance Expenses	0	Not estimated, as the Property is leased as a whole for retail facilities, and the lessee is to be responsible for daily management and operation.
b. Heat, Light and Water Expenses	0	Not estimated as the same is borne by the lessee.
c. Repair Costs	2,060	Referring to the past results, estimated taking into consideration the future plan of management and operation, the level of repair costs at comparable properties and the annual average amount of repair and renewal costs stated in the engineering report.
d. PM Fees	1,546	Referring to the fee rate, etc. under a contract with the PM operator, estimated taking into consideration fee rates at comparable properties and aspects specific to the Property.
e. Tenant Seeking Expenses	0	Not estimated as the Property is leased as a whole for retail facilities under a long-term lease.
f. Taxes and Dues	16,015	Assessed and estimated taking into consideration the standard taxable value and content of measures adjusting the tax burden disclosed in materials related to taxes and dues.
g. Casualty Insurance Premium	413	Estimated taking into consideration insurance premiums under insurance policies and the insurance premium level, etc. of the comparable buildings.
h. Other Expenses	2,996	Power sale costs and residents' association fees are estimated as other expenses.
(3) Net Operating Income	299,692	

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	(4) Income from Temporary Investments	7,834	Investment profits of temporary funds were assessed, assessing the number of months applicable to the lease deposit in a stable manner on mid- and long-term bases based on the current rent terms and the number of months for counting the lease deposit at a new lease, multiplied by the occupancy rate and further multiplied by the return rate. The rate of return deemed appropriate for investing funds during a deposit term was assessed as 1.0% considering the level of interest rate, etc. of both investment and financing sides.
	(5) Capital Expenditure	4,902	Assuming a monthly average reserve established for the future expenditure, assessed taking into consideration the level of capital expenditure at comparable properties, age, and the average annual amount of repair and renewal costs stated in the engineering report.
	Net Income	302,624	
	Capitalization Rate	6.8%	Assessed, based on the standard rate for each district established by the Appraiser appraising the Property, adjusting by the spread due to the location, building conditions and other conditions of the Property, taking into consideration the future uncertainty, and return on transactions of comparable properties, etc.
	Profit Price by DCF Method	4,360,000	
	Discount Rate	6.5%	Assessed, referring to the investment return, etc. of comparable properties, comprehensively taking into consideration the aspects specific to the Property, etc.
	Terminal Capitalization Rate	7.0%	Assessed, referring to return on transactions of comparable properties, comprehensively taking into account future trends of investment yields, investment risks in the Property as an investment target, general forecasts of the future economic growth rate, real estate prices and the trend of rent level, etc.
	Estimated Value of the Entire Property	2,940,000	
	Land Ratio	66.2%	
	Building Ratio	33.8%	
	Other Matters Noted by Appraiser upon Appraisal	N/A	

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C-06 Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)

Outline of Appraisal Report		
Property Name	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	
Appraised Value	4,390,000,000 yen	
Name of Appraiser	Japan Real Estate Institute	
As-of Date	June 30, 2019	
Item	Results (thousand yen)	Description
Profit Price	4,390,000	Determining that profit prices based on both the direct return method and the DCF method have the same degree of canonicity, a profit price based on the capitalization approach method was estimated correlating with the both prices.
Profit Price by Direct Return Method	4,410,000	
(1) Operating Income	222,000	Rent revenues were estimated based on the current lease agreement.
(i) Potential Gross Income	222,000	
(ii) Loss, etc. from Vacancy, etc.	0	Not estimated as tenant replacement is not expected.
(2) Operating Expenses	12,751	
a. Administrative and Maintenance Expenses	0	Not estimated, as not being responsible for the same.
b. Heat, Light and Water Expenses	0	Not estimated, as not being responsible for the same.
c. Repair Costs	0	Not estimated, as not being responsible for the same.
d. PM Fees	1,110	Referring to the fees, etc. under a contract with the PM operator, estimated taking into consideration fee rates at comparable properties and aspects specific to the Property.
e. Tenant Seeking Expenses	0	Not estimated as tenant replacement is not expected.
f. Taxes and Dues	11,641	Assessed and estimated taking into consideration the standard taxable value and content of measures adjusting the tax burden disclosed in materials related to taxes and dues.
g. Casualty Insurance Premium	0	Not posted, as not being responsible for the same.
h. Other Expenses	0	None
(3) Net Operating Income	209,249	
(4) Income from Temporary Investments	2,220	Investment profits of temporary funds were assessed, assessing the number of months applicable to the lease deposit in a stable manner on mid- and long-term bases based on the current rent terms and the number of months for counting the lease deposit at a new lease, multiplied by the occupancy rate and further multiplied by the return rate. The rate of return deemed appropriate for investing funds during a deposit term was assessed as 1.0% considering the level of interest rate, etc. of both investment and financing sides.
(5) Capital Expenditure	0	Not estimated, as not being responsible for the same.
Net Income	211,469	
Capitalization Rate	4.8%	Estimated, based on the standard rate for each district established by the Appraiser appraising the Property, adjusting by the spread due to the location, building conditions and other conditions of the Property, taking into consideration the future uncertainty and return, etc. on transactions of comparable

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			properties.
	Profit Price by DCF Method	4,370,000	
	Discount Rate	4.0%	Assessed, referring to the investment return, etc. of comparable properties, comprehensively taking into consideration the aspects specific to the Property, etc.
	Terminal Capitalization Rate	-	
	Price by Ratio Method	3,430,000	
	Land Ratio	-	
	Building Ratio	-	
	Other Matters Noted by Appraiser upon Appraisal	N/A	

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The Investment Corporation's website : <https://takara-reit.co.jp>

This notice is the English translation of the Japanese announcement on August 15 2019. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

<Attachments>

Reference Material 1: Portfolio List after the Acquisition

Reference Material 2: Area Map and Appearance Picture of the Assets to be Acquired

Reference Material 3: Outline of Building Condition Evaluation Report and Seismic Risk Assessment Report

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Reference Material 1: Portfolio List after the Acquisition

Category	Property No.	Property Name	Location	(Expected) Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Appraisal Value (million yen) (Note 3)
Office	O-01	NT Building	Shinagawa-ku, Tokyo	12,350	14.4	13,300
	O-02	Higashi-Ikebukuro Central Place	Toshima-ku, Tokyo	9,780	11.4	10,400
	O-03	Nagoya Center Plaza Building	Nagoya, Aichi	4,870	5.7	4,890
	O-05	Omiya NSD Building	Saitama, Saitama	3,493	4.1	3,820
	O-06	SAMTY Shin-Osaka Center Building	Osaka, Osaka	3,450	4.0	3,620
	O-07	Hakata Gion Building	Fukuoka, Fukuoka	2,500	2.9	2,600
	O-08	Chuo Bakuromachi Building	Osaka, Osaka	1,485	1.7	1,900
	O-09	L.Biz Jimbocho	Chiyoda-ku, Tokyo	1,006	1.2	1,140
	O-10	Shinsaibashi Building	Osaka, Osaka	772	0.9	805
	O-11	L.Biz Sendai	Sendai, Miyagi	1,680	2.0	1,770
	O-12	Sendai Nikko Building	Sendai, Miyagi	1,740	2.0	1,790
	O-13	Morioka Ekimae-dori Building	Morioka, Iwate	1,480	1.7	1,680
	O-14	Nagano Central Building	Nagano, Nagano	898	1.0	1,070
	O-15	EME Koriyama Building	Koriyama, Fukushima	900	1.1	1,030
	O-16	Utsunomiya Central Building	Utsunomiya, Tochigi	771	0.9	988
	O-17	Yamagata Ekimae-dori Building	Yamagata, Yamagata	600	0.7	783
	Sub-total		-	47,776	55.8	51,586
Residence	R-01	Amare Tokaidori	Nagoya, Aichi	1,100	1.3	1,240
	R-02	Dormy Ukimafunado	Itabashi-ku, Tokyo	1,080	1.3	1,120
	R-03	Benefis Hakata-Minami Grand Suite	Fukuoka, Fukuoka	1,032	1.2	1,100
	R-04	LUXENA HIGASHI-KOENJI	Suginami-ku, Tokyo	1,060	1.2	1,070
	R-05	Alpha Space Toritsudai	Meguro-ku, Tokyo	589	0.7	608
	R-06	J City Hatchobori	Hiroshima, Hiroshima	1,200	1.4	1,360
	R-07	LUXENA HEIWADAI	Nerima-ku, Tokyo	3,910	4.6	4,330
	R-08	LUXENA KACHIDOKI	Chuo-ku, Tokyo	1,120	1.3	1,220
	Sub-total		-	11,091	13.0	12,048

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Category	Property No.	Property Name	Location	(Expected) Acquisition Price (million yen) (Note 1)	Investment Ratio (%) (Note 2)	Appraisal Value (million yen) (Note 3)
Hotel	H-01	Dormy Inn Matsuyama	Matsuyama, Ehime	2,427	2.8	2,500
	H-02	Hotel Sunshine Utsunomiya	Utsunomiya, Tochigi	2,000	2.3	2,100
	H-03	Dormy Inn Morioka	Morioka, Iwate	2,520	2.9	2,550
	H-04	Arietta Hotel Nagoya	Nagoya, Aichi	2,500	2.9	2,660
	Sub-total		-	9,447	11.0	9,810
Retail and other assets	C-01	Prio Daimyo II	Fukuoka, Fukuoka	980	1.1	1,090
	C-02	Co-op Sapporo Shunko	Asahikawa, Hokkaido	1,036	1.2	1,100
	C-03	TA Shonan Kugenmakaigan	Fujisawa, Kanagawa	500	0.6	573
	C-04	Almost Blue	Minato-ku, Tokyo	6,520	7.6	7,210
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	Matsuyama, Ehime	4,030	4.7	4,410
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	Kobe, Hyogo	4,250	5.0	4,390
	Sub-total		-	17,316	20.2	18,773
	Total		-	85,630	100.0	92,217

(Note 1) “(Expected) Acquisition Price” is the amount of the sale and purchase price stated in the sale and purchase contract for each property (not including consumption tax and local consumption tax or brokerage fees and other expenses), rounded down to the nearest million yen. Accordingly, the total amount of the (expected) acquisition prices of the properties may be inconsistent with the amount stated in the columns of “Total” or “Sub-total”.

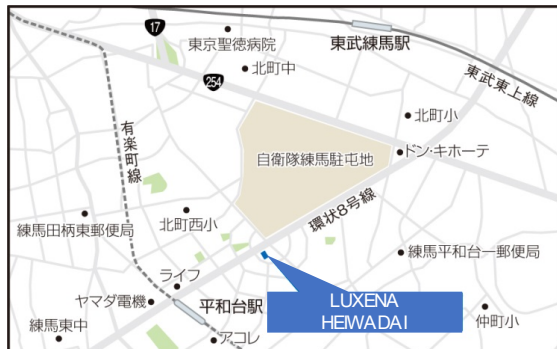
(Note 2) “Investment Ratio” is the ratio of the (expected) acquisition price of each property to the total (expected) acquisition prices, rounded to the first decimal place. Accordingly, the total ratio of the investment ratio of the properties may be inconsistent with the ratio stated in the columns of “Total” or “Sub-total”.

(Note 3) “Appraisal Value” of each of the properties other than the Assets to be Acquired and Dormy Inn Morioka represents the value as of February 28, 2019, of Dormy Inn Morioka, as of May 31, 2019, and of the Assets to be Acquired, as of June 30, 2019, as stated in the real estate valuation reports respectively.

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Reference Material 2: Area Map and Appearance of the Assets to be Acquired

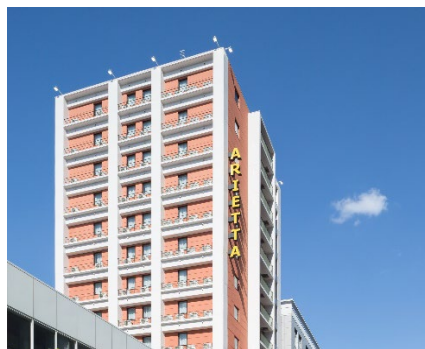
R-07 LUXENA HEIWADAI



R-08 LUXENA KACHIDOKI



H-04 Arietta Hotel Nagoya



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C-04 Almost Blue



C-05 Kaden Sumairu Kan YAMADA Matsuyama Toiyacho



C-06 Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)



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Reference Material 3: Outline of Building Condition Evaluation Report and Seismic Risk Assessment Report

Property No.	Property Name	Building Condition Evaluation Report					Seismic Risk Assessment Report (Note 1)
		Survey Operator	Date of Survey	Urgent Repair Cost (thousand yen) (Note 2)	Short-term Repair Cost (thousand yen) (Note 2)	Long-term Repair Cost (average per annum) (thousand yen) (Note 3)	PML (probable maximum loss)(%)
R-07	LUXENA HEIWADAI	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	4,398	3.6
R-08	LUXENA KACHIDOKI	Tokio Marine & Nichido Risk Consulting Co., Ltd.	June 2019	-	-	719	4.2
H-04	Arietta Hotel Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	142	4.2
C-04	Almost Blue	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	3,255	9.9
C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	6,865	2.6
C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	-	-	-	-	-	-

(Note 1) The probable maximum loss (PML) figures are based on the seismic risk assessment reports prepared by Tokio Marine & Nichido Risk Consulting Co., Ltd. in connection with the acquisition of assets. The content of the seismic risk assessment report merely reflects the judgment and opinion of the author of such report at a certain time, and does not guarantee its appropriateness or accuracy, etc.

(Note 2) “Urgent Repair Cost” and “Short-term Repair Cost” represent the total amount of repair and renewal costs required urgently and approximately within a year after the acquisition respectively stated in the building condition evaluation report.

(Note 3) “Long-term Repair Cost” represents the amount of repair and renewal costs expected to be required annually over the next 12 years after the acquisition (excluding urgent repair costs and short-term repair costs) based on the building condition evaluation report.

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