Answer to the Questions to the Tender Offerors

The following is a response from the Offerors to the "Questions to the Tender Offerors" issued by the Target dated April 15, 2021, regarding the tender offer by the Offerors for units of the Target. Defined terms used in this response shall have the meanings given to such terms used in the tender offer registration statement filed by the Offerors on April 7, 2021 (as amended, the "Tender Offer Registration Statement").

Summary Observations

The Offerors (hereafter, the "Offerors" or "we") understand that the Target has formed a special committee, which consists of the current three supervisory directors, each of whom were nominated by the Target's board, including an executive director who is affiliated with the Asset Manager. We understand the underlying reasons and background of establishing a special committee in terms of preventing arbitrary decisions by the board of directors of the Target and ensuring its fairness and transparency. We respect the need of the special committee to explore all issues and make a considered judgment, and accordingly the Offerors have responded in good faith and as constructively as possible, including to refer to the disclosures in the Tender Offer Registration Statement where we have answered such questions previously (*Note*). We hope the special committee will take the time to carefully review our responses in an impartial and objective manner, and assist the Target and all of its board members in observing their fiduciary duties to fulfill the purpose of the special committee and ensure the best outcome for unitholders.

We further note that the Target's supervisory report from PwC, on page 216 of the Target's annual securities report, dated January 27, 2021, the supervisory directors' responsibility is "to supervise the performance of the duties of the executive director, and the preparation process of the financial statements." The appraisal values of the properties owned by the Target as disclosed in the Target Securities Report were prepared by an independent third party appraisal institution (the "Appraiser") at the request of the Asset Manager and based on various valuation methodologies including direct capitalization method, DCF method and a comprehensive valuation, using property by property performance and cash flow metrics of the Target's portfolio properties as provided by the Asset Manager. The financial statements include reference to, and figures from, these appraisal values used to determine the net asset value (NAV) of the Target and its units. The DCF and direct capitalization methods are the same standard pricing methodologies used by purchasers for commercial real estate assets not only in Japan but globally. Accordingly, such NAV should approximate a fair market value since a buyer would use these same methodologies, and thus the appraisal should incorporate any value from a theoretical sale of the asset and be a reflection of the intrinsic value. The Offerors have also relied on the NAV as one of the more important considerations when determining the Tender Offer Price.

In this context, we have responded to questions that focus on whether the NAV is a fair value of the Target and its units, on the understanding that the Target may need to ask these questions to consider all factors, regardless of the fact that the Target and the supervisory directors on the special committee may have already taken the position that the disclosed NAV represented a fair value of the Target and its Units at the time of the relevant disclosures. Given the extensive information made public by the Target under the supervisory directors' supervision, and the genuine arms-length nature of the Tender Offer, and the disclosure in the Tender Offer Registration Statement and our response to the Target's questions herein, the Offerors hope the special committee is well-equipped to make a judgment, and will agree that there is no benefit to unitholders of the request for a 3-month tender offer period that goes well beyond the 30 business day period recommended to allow an 'indirect market check' under well-accepted Japanese M&A practice.

As articulated in detail in our response to Section IV ("Questions on the Legality of the Squeeze-Out") below, the Offerors have explained the legality and legitimacy of the Tender Offer in response to the questions from the Target on this topic. The procedures articulated in the Tender Offer Registration Statement are stated in order to achieve an eventual privatization and are consistent with standard market practice, including providing all unitholders with the same price as the Tender Offer Price during the squeeze-out, an ability to object to the squeeze-out price in court and there is a right to seek a legal remedy available to them, as described in Section IV below. Also, we have reaffirmed for the Target that in fact NAV was not the sole factor used determining

the Tender Offer Price, so our statements as to our price and premia calculations in the Tender Offer Registration Statement remain correct. Although NAV is an important and the most relevant metric in considering the underlying value of the properties of the Target as a REIT, as clearly articulated in the Tender Offer Registration Statement, the Offerors utilized various well established valuation methodologies in determining the Tender Offer Price which resulted in a premium to the most current pre-announcement unit price – by definition the market value of the units – at the time of announcing the Tender Offer. On the basis of the extensive valuation work conducted by the Offerors, we believe the Offer Price represents a fair and appropriate price in light of NAV, including the premium offered to NAV.

As explained in Section I.3.(2)(iv) of the Tender Offer Registration Statement, SCG[1] chose not to approach the Asset Manager or the Target prior to the announcement of the plan to launch a tender offer to be followed by the privatization of the Target, as SCG understands that fundamentally the Asset Manager's interests may not necessarily be aligned with the interests of the unitholders. We believe such "no prior contact" approach further strengthens the fairness and transparency of our offer.

As the Offerors clearly described in Sections I.3.(2)(iv) and I.3.(3) of the Tender Offer Registration Statement, we are open to initiating constructive commercial discussions with the Asset Manager and the Target to address any particular concerns, which to date we have not been able to do.

Accordingly, the Offerors have concluded that an extension to the Tender Offer period would only delay the unitholders' opportunity to receive a substantial premium above NAV offered by the Offerors. We therefore have declined the request from the Target to extend the Tender Offer period. Given the explanations we have offered in these answers, we hope that the special committee, the Target and the Asset Manager will agree that the 30-business day period is appropriate for the Tender Offer.

The Tender Offer Registration Statement simply asks unitholders to consider the opportunity at hand, which is to monetize at a 13% premium to the Adjusted Per Unit NAV, thereby implying an ability to receive at the end of May multiple years of estimated dividend returns if unitholders tender their units. Specifically, considering the current NAV per unit is trading at approximately 1.0x and at fair market value, and based on the average unit price a month ahead of the announcement of the Tender Offer, we are implicitly providing an estimated 7 fiscal years (3.5 annualized years) worth of dividends upfront based on the most recent expected dividends for this coming fiscal year (May to October 2021) announced by the Target. In addition, the 7 fiscal year calculation would be from October 2021 FYE, since the April distributions will be already provided before the completion of the transaction, so effectively offering unitholders immediately at the end of the Tender Offer Period 4 full years of returns. Furthermore, the Tender Offer Price takes into account the potential volatility in the market due to the impacts in a post COVID-19 environment, which can already be observed by the Asset Manager description of occupancy rates moving to 96.3% for October 2021 which may have a substantial impact on potential future earnings.

Note: The Offerors are specifically referencing the Target's questions 1, 2, 3, 4, 7, 10 of Section I, 1, 2, 3, 4, 5, 6, 7, 8 of Section II, 1 of Section III as well as 1, 2 of Section IV

Response to the Questions to the Tender Offerors are set forth below. Please note that the below listed questions from the Target can be answered in part or in whole by the referenced sections of the Tender Offer Registration Statement.

Target's Question	**Relevant Sections in the Tender Offer Registration Statement**
Section I, Question 1	Sections I.3.(1)(i) and I. 3.(3)
Section I, Question 2	Sections I.3.(2)(iii) and I.3.(3)
Section I, Question 3	Section I.3.(2)(iv)

[1] As noted in the Tender Offer Registration Statement, SCG means Starwood Capital Group, an investment fund group which Starwood Capital Group Management, L.L.C. (headquartered in Florida, U.S.), an asset management company that forms and manages investment funds globally, directly or indirectly provides investment advice to and manages assets for.

Section I, Question 4	Sections I.3.(2)(iv) and I.3.(2)(i)
Section I, Question 5	Section I.3.(2)(iv)
Section I, Question 7	Section I.3.(3)
Section I, Question 8	Sections I.3.(1)(i) and I.3.(3)
Section I, Question 10	Sections I.3.(2)(iii) and I.4(2)
Section II, Question 1	Section I.4.(2)
Section II, Question 2	Section I.4.(2)
Section II, Question 3	Section I.3.(2)(iii)
Section II, Question 4	Section I.3.(3)
Section II, Question 5	Sections I.3.(1)(i), I.3.(2)(iii) and I.3.(3)
Section II, Question 6	Sections I.3.(2) and I.4.(2)
Section II, Question 8	Section I.3.(3)
Section III, Question 1	Section I.4.(2)
Section III, Question 2	Sections I.4.(2) and I.3.(2)(i)
Section IV	Section I.3.(4)
Section V	Section I.3.(2)(iii)

I. Questions regarding Starwood Capital's managerial policy regarding the Investment Corporation, Starwood Capital's REIT management capabilities and performance, and other related matters

1. Please let us know the Tender Offerors' team structure in Japan (number of personnel and the experience and track records of the group and team leaders).

The Offerors do not propose to manage the Target. The Offerors plan to retain the Asset Manager, or if commercially unacceptable to any of the parties, a replacement asset manager, as set out in Section I.3.(3) of the Tender Offer Registration Statement. Moreover, SCG takes pride in being a full, globally integrated firm, with deep institutional capabilities located in various global offices. SCG's ability to leverage expertise and insights across its global footprint is one of the distinct competitive advantages of the firm, and therefore, we consider the resources of any particular office, standing alone, to be irrelevant to an evaluation of SCG's capabilities – it is not how we do business.

Please refer to the "Overview of the Offerors, Etc." section in I.3.(1)(i) of the Tender Offer Registration Statement for an overview of the Offerors themselves, as well as for information about SCG's real estate investment experience and track record. For example, as relevant to the Tender Offer, "SCG has a distinct track record in privatization transactions of public REITs. One example is the USD 2.9 billion privatization in April 2017 of Milestone Apartments REIT, which owned a portfolio of 78 multifamily garden-style residential properties, comprising over 24,000 apartment units in about 15 metropolitan markets throughout the Southeast and Southwest United States." Also, we note that "the Asia Pacific is a fast-growing region for SCG's global strategy, with Japan being the most important market for the company within that region. SCG has a long-term commitment to Japan as evidenced by the decision to move SCG APAC headquarters from Hong Kong to Tokyo in 2020. There is also a continued focus on building up the team in Tokyo to effectively invest in Japan and elsewhere in the Asia Pacific region. Furthermore, due to the decision to establish Tokyo as the Asia Pacific headquarters for SCG, Mr. Kevin Lee, the Managing Director and Head of Real Estate Asia relocated from Hong Kong to Japan in 2020. The Japanese market is considered a long-term strategic market for SCG and will be integral to its future investments plans."

2. Although the Tender Offerors state that they intend to manage the Investment Corporation as a private REIT after the Investment Corporation goes private, the Tender Offerors have not disclosed any specific managerial policy. In the tender offer registration statement regarding the Tender Offer (hereinafter referred to as the "Tender Offer Registration Statement"), the Tender Offerors state that "The Offerors plan to engage in conversations with the Asset

Manager and the board of directors of the Target regarding the possibility of the Asset Manager continuing to provide asset management services in line with the initiatives of contemplated by SCG as the Target's asset manager after the Target goes private." Please provide specific details of the measures contemplated by Starwood Capital (the meaning as defined in the Tender Offer Registration Statement; the same shall apply hereinafter). Also, please explain in detail how the Tender Offerors plan to change the current managerial policy of the Investment Corporation pursuant to such measures after the Investment Corporation is converted to a private REIT.

The Offerors do not propose to manage the Target. Instead, as noted in Section I.3.(2)(iii)(B) of the Tender Offer Registration Statement, "SCG aims to offer the depth of capital to privatize the Target and to make significant follow-on capital investment in the Target, in addition to its institutional know-how to work together with the Asset Manager, if the Asset Manager cooperates with SCG, or with another asset manager, if the Asset Manager does not cooperate with SCG, to increase the long-term value of the portfolio by implementing improvement initiatives to maximize asset values over the near to medium term." Such other asset manager would be a third party and would not be a SCG affiliate, as explained in detail in our response to question 4. below.

We note that to date, with the exception of information provided by the Asset Manager in the form of press release documents, we have not received any formal response to the request that was made to the Target to engage in detailed conversations. However, we remain open to engaging in a discussion in good faith, regarding our potential collaboration and continue to have the current Asset Manager remain in facilitating a role in managing the portfolio in the future.

As described in Section I.3.(3) of the Tender Offer Registration Statement, "concurrently with carrying out the privatization of the Target, SCG plans to form a board of directors consisting of directors that SCG reasonably believes to be suitable for the Target continuing as a private REIT. SCG has not decided on the Target's board composition as of the submission date of this Statement, but will consider appointing directors from SCG to the Target, as one potential option."

3. In the Tender Offer Registration Statement, the Tender Offerors state that because "SCG thinks that a proposal to terminate the asset management agreement with the Asset Manager is unlikely to be approved at a general unitholders meeting, so long as the Target remains a public REIT with the existing unitholder base", "it is unlikely for the executive director of the Target and the Asset Manager to support the Tender Offer even if the Offerors discussed with them before the commencement of the Tender Offer" and "SCG intentionally chose not to contact the Target or the Asset Manager before publishing the Press Release on April 2, 2021", and that because "it would be difficult in practice to implement the various initiatives contemplated by SCG to improve the value of the Target's properties such as through renovating the Target's properties with necessary capital injections in a speedy and certain manner, without the support by the Asset Manager", the Tender Offerors chose not to hold prior consultations with the Investment Corporation and Invesco Global Real Estate Asia Pacific, Inc., the asset management company of the Investment Corporation (hereinafter referred to as the "Asset Manager"), with respect to the proposal, including the methods of merger or asset transfer. On the other hand, the Tender Offerors state that "The Offerors recognize the established track record of the Asset Manager and management skills in the local Japanese market. The Offerors believe there are substantial merits in collaborating with the Asset Manager to further develop the portfolio post-privatization." However, if the Tender Offerors had had no intention to terminate the asset management agreement with the Asset Manager in implementing the contemplated initiatives of the Tender Offerors, it would have been plausible to request to hold prior consultations with the Investment Corporation and the Asset Manager in order to facilitate smooth implementation of such initiatives. Please provide justifiable reasons why the Tender Offerors intentionally chose not to hold prior discussions with the executive director of the Investment Corporation before publishing the Press Release dated April 2, 2021.

In an effort to maximize transparency to the unitholders, the Offerors examined the various privatization methods and concluded that a tender offer without pre-discussions with Asset Manager, as a direct and equal approach to the unitholders, is the fairest method. We believe this is the fairest method, when compared to a merger or asset sales where the Asset Manager would be the counterparty for the negotiations, given that the interests of the Asset Manager are not necessarily aligned with the interests of the unitholders in a privatization transaction.

As stated in Section I.3.(2)(iv) of the Tender Offer Registration Statement, "the Asset Manager has an incentive to keep the Target listed and will be unlikely to have an incentive to privatize the Target and have a limited group of unitholders. From this standpoint, SCG believes that the Asset Manager's decision on whether to support the Tender Offer will not necessarily be aligned with the interests of the ordinary unitholders."

In other words, because of the potential conflicts of interest inherent to the Target, the Asset Manager, the Target's executive director and supervisory directors, "SCG intentionally chose not to contact the Target or the Asset Manager before publishing the Press Release on April 2, 2021, as SCG understands that fundamentally the interests of the executive director of the Target and the Asset Manager are not necessarily aligned with the interests of the unitholders and that it is unlikely for the executive director of the Target and the Asset Manager to support the Tender Offer even if the Offerors discussed with them before the commencement of the Tender Offer," as set out in the Tender Offer Registration Statement.

Accordingly, the Offerors believe our decision to approach the Asset Manager after we have announced the Tender Offer and the Tender Offer Price of JPY 20,000, ensures the utmost transparency and fairness from the perspectives of unitholders. This is the reason we are currently comfortable in commencing engagement with the Asset Manager post announcement to discuss in possible post-privatization arrangements in a constructive manner. We stand by our statements made within the Tender Offer Registration Statement, in terms of believing there are substantial merits in the Asset Manager collaborating with the Offerors, and we remain open to such collaboration, on the basis that we can conduct such collaboration in a manner that does not create doubt as to the fairness of the Tender Offer.

4. The Tender Offerors state that "the Offerors could plan to terminate Target's asset management agreement with the Asset Manager before the completion of the Squeeze-Out Procedures and have the Target enter into an agreement with a new asset manager in the event the Offerors are unable to reach an agreement with the Asset Manager." If the Tender Offerors plan to retain a new asset manager within Starwood Capital, please provide the details of the relevant company (name, address, representative, authorization numbers for entrustment-based agency services for transactions, etc., as well as the details and numbers of licenses and approvals the relevant company holds under the Real Estate Brokerage Act and the Financial Instruments and Exchange Act), whether the relevant company intends to provide asset management and advisory service to funds and other entities other than the Investment Corporation, and, if so, the outline of such fund and measures to prevent conflicts of interest with the Investment Corporation.

We note that even if the Asset Manager were to be terminated, the termination has a six month notice period, such termination would be effective following the squeeze-out based on our anticipated transaction timing, and the per unit price to be received in the squeeze-out has been set to be equal to the Tender Offer Price as part of the generally accepted best practices that the Offerors have implemented in the Tender Offer to eliminate coercion in the Tender Offer and the Squeeze-Out Procedures as discussed below. Accordingly, any possible change of asset manager would unlikely to be relevant to unitholders.

Second, to specifically respond to the question, the Offerors have no plans to retain an asset manager within SCG. Instead, as stated in Section I.3.(2)(iv) of the Tender Offer Registration Statement, "[t]he Offerors plan to engage in conversations with the Asset Manager and the board of directors of the Target regarding the possibility of the Asset Manager continuing to provide asset management services in line with the initiatives of contemplated by SCG as the Target's asset manager after the Target goes private. Specifically, the Offerors

consider the Asset Manager to be a suitable asset manager for providing asset management services to the Target after the Target goes private, given the Asset Manager's past performance in managing the Target's assets since the incorporation of the Target and its knowledge of and expertise in the Target's assets accumulated in the process. On the other hand, as noted in '(i) Background to the Decision of Implementing the Tender Offer' under '(2) Background, Objectives, and Decision-Making Process Behind the Implementation of the Tender Offer' above, SCG's purpose of taking the Target private in the Transaction is to reconsider the use and specifications of the properties owned by the Target to meet the new demands under the influence of COVID-19 and implement initiatives to improve the asset values with mid- to long-term capital injection following the change in use and specifications of the offices. Accordingly, in the event that the Asset Manager does not agree to the initiatives contemplated by SCG to improve the value of the Target's assets, SCG will need to arrange to terminate the asset management agreement between the Target and the Asset Manager and have the Target enter into an asset management agreement with another asset manager who agrees to and will implement the value-additive initiatives contemplated by SCG."

Notwithstanding the above, however, the Offerors would like to take this opportunity to assure the Asset Manager that the Offerors' desire to engage with the Asset Manager is sincere and in good faith, and there is no hidden SCG affiliated asset manager.

5. In connection with 4. above, if the Tender Offerors plan to retain the new asset manager from a third-party asset manager other than Starwood Capital, please provide the details of the relevant company (name, address, representative, authorization numbers for entrustment-based agency services for transactions, etc., as well as the details and numbers of licenses and approvals the relevant company holds under the Real Estate Brokerage Act and the Financial Instruments and Exchange Act), whether the relevant company intends to provide asset management and advisory service to funds and other entities other than the Investment Corporation, and, if so, the outline of such fund and measures to prevent conflicts of interest with the Investment Corporation and the details of the agreements made with the relevant company regarding such asset management and advisory service.

As stated in our answer above, given the timing of such hypothetical future termination's effectiveness, such question is unlikely to be relevant to the unitholders. That said, as stated in Section I.3.(2)(iv) of the Tender Offer Registration Statement, the Offerors hope to engage the Asset Manager, but depending on the circumstances, the Offerors may need to seek an alternative asset manager if the "Asset Manager does not agree to the initiatives contemplated by SCG to improve the value of the Target's assets."

6. In the case of 5. above, the Act on Investment Trusts and Investment Corporations (hereinafter referred to as the "Investment Trust Act") provides that an investment corporation must entrust an asset management company with the operations relating to the investment of its assets (Article 198, Paragraph 1 of the Investment Trust Act). Therefore, if the third-party asset manager contemplated as the relevant new asset manager does not agree to execute an asset management agreement with the Investment Corporation, the Investment Corporation will not be able to manage its assets. Please explain in detail the measures the Tender Offerors intend to take with respect to the asset management of the Investment Corporation in such case (including the possibility of dissolution of the Investment Corporation).

As stated in our answer above, given the timing of such hypothetical future termination's effectiveness, it is difficult to establish an answer to the question which would give any certainty or guidance to the unitholders. That said, based on the Offerors' understanding of the market for asset managers of REITs in Japan, the Offerors believe that many registered and qualified asset managers would be eager to serve in this role, and the idea that no asset manager would be willing to serve as the asset manager of the Target is unlikely.

7. In the Tender Offer Registration Statement, the Tender Offerors state that even after taking the Investment Corporation private, "the Offerors plan to keep the REIT structure and have the Target operate as a private REIT that continues to provide appropriate distributions to investors in adherence to the requirements on REITs under the tax regime in Japan (Note)." As the Tender Offerors themselves state in the relevant notes, in order to satisfy the tax regime in Japan, it is necessary to satisfy requisites, such as the fact that no single unitholder, together with its special related parties, holds more than 50% of the total number of outstanding investment units or voting rights at the end of the fiscal period. However, if the Squeeze-Out is carried out as described in the Tender Offer Registration Statement and if Starwood Capital will hold all of the issued investment units of the Investment Corporation solely through one entity and its special related parties, the tax regime in Japan will not be satisfied. If there is any consideration or plan to transfer to a third-party, the investment units or all or part of the assets held by the Investment Corporation, or to have a third-party make capital contributions to the Investment Corporation or a fund or other entities to which the assets are transferred after the Squeeze-Out, please provide the details of the relevant third-party (name, address, representative, business, etc.) and the specific details of the transfer of investment units and asset transfer or capital contribution and other methods that are being considered or planned (timing, amount, method, etc.) and the details of the agreements with the relevant third-party regarding the relevant transfer or capital contribution and other methods.

First, as stated above, given the timing of the events subject to this question, we are unsure of the relevance of these questions to the unitholders. Second, as mentioned in Section I.3.(3) of the Tender Offer Registration Statement, "the Offerors plan to keep the REIT structure and have the Target operate as a private REIT that continues to provide appropriate distributions to investors in adherence to the requirements on REITs under the tax regime in Japan."

8. Please advise whether Starwood Capital has managed real estate funds (including private REIT) in Japan to date. In addition, if Starwood Capital has a track record of managing private REIT in Japan to date, please provide the details thereof (including the name of the relevant private REIT, investment assets, scale of investment, NOI yield, etc.).

The Offerors do not propose to manage the Target. The Offerors plan to retain the Asset Manager, or if unavailable, a replacement asset manager, as set out in Section I.3.(3) of the Tender Offer Registration Statement.

That said, please refer to the "Overview of the Offerors, Etc." section in I.3.(1)(i) for an overview of the Offerors themselves, as well as for information about the real estate investment experience and track record of SCG. For example, as relevant to the Tender Offer, "SCG has a distinct track record in privatization transactions of public REITs. One example is the USD 2.9 billion privatization in April 2017 of Milestone Apartments REIT, which owned a portfolio of 78 multifamily garden-style residential properties, comprising over 24,000 apartment units in about 15 metropolitan markets throughout the Southeast and Southwest United States." We note the question posed is specific to Japan; however, as noted above, SCG is a full, globally integrated firm, with deep institutional capabilities located in various global offices. SCG's ability to leverage expertise and insights across its global footprint is one of the distinct competitive advantages of the firm, and therefore, we consider the resources of any particular office, standing alone, to be irrelevant to an evaluation of SCG's capabilities – it is not how we do business.

9. Regarding 8. above, if Starwood Capital has a real estate fund (including a private REIT) currently under management in Japan, please describe whether there is a plan to merge the Investment Corporation and the relevant private REIT after the Tender Offer.

The Offerors and SCG hereby confirm that there are no such plans.

10. If Starwood Capital, as a sponsor of the Investment Corporation, has a pipeline of properties that may contribute to the external growth of the Investment Corporation, please provide specific details, the expected terms and conditions of sale, and the reasons why Starwood Capital believes the relevant properties are appropriate as investment targets. In addition, please provide the specific details of the support Starwood Capital plans to provide to the Investment Corporation as a sponsor of the Investment Corporation.

This question does not appear to be directly relevant to or connected with the decision to be made by the unitholders as to whether to accept or reject the Tender Offer. . However, first we note that the Offerors do not propose to manage the Target. Instead, as noted in Section I.3.(2)(iii)(B) of the Tender Offer Registration Statement, "SCG aims to offer the depth of capital to privatize the Target and to make significant follow-on capital investment in the Target, in addition to its institutional know-how to work together with the Asset Manager, if the Asset Manager cooperates with SCG, or with another asset manager, if the Asset Manager does not cooperate with SCG, to increase the long-term value of the portfolio by implementing improvement initiatives to maximize asset values over the near to medium term." Second, SCG's plans for the Target are focused on maximizing asset values of the existing properties, as noted in the Tender Offer Registration Statement. Specifically, as noted in Section I.4.(2) of the Tender Offer Registration Statement, "SCG reached a conclusion that it is essential to take the Target private in order to realize the potential value creation and improvements of the Target's properties, due to the inevitability that such mid- to long-term capital deployment in order to make relevant changes in use and specifications of the offices, will potentially restrict the office rental usage for a certain period of time, which would have a temporary adverse effect on the rental revenue and cash flow and consequently on the distributions to the unitholders. These initiatives would therefore be difficult to implement if the Target remains a public J-REIT, which is expected to provide continuous and stable distributions to the unitholders." As noted above, the actual asset management will be conducted by the Asset Manager (or an alternative asset manager, if necessary).

II. Questions Regarding the Purpose of the Tender Offer and Delisting

1. In the Tender Offer Registration Statement, the Tender Offerors state that they came to the conclusion that "it is necessary to reconsider the use and specifications of the Target's properties …… to meet the new demands for and adjust to the changes in office use under the influence of COVID-19 …… in order to maintain and improve the asset value of the Target's properties, and that a value-additive approach with mid- to long-term capital injection in order to revise the use and specifications of offices is necessary, given such shifting demand for and use of offices under the influence of COVID-19", and that they reached the conclusion that "given it is inevitable that such mid- to long-term capital injection in order to make changes in the use and specifications of the properties, will place restrictions on the office rental usage for a period of time, which are expected to have a temporary adverse effect on the rental revenue and cash flow and consequently on the dividends to the unitholders, it is difficult to implement such initiatives if the Target remains a public J-REIT that is expected to provide continuous and stable dividends to the unitholders." However, the Tender Offerors do not provide any specific explanation regarding the change of use and specifications that cannot be implemented while remaining a public J-REIT, except for only a few examples in an abstract manner. Please explain in detail as to what changes of use and specifics are scheduled or planned for which properties that are held by the Investment Corporation, and the estimated increase in the value of the properties that is expected as a result of such changes, as well as the period of time required for such changes. In addition, as an internal growth strategy, the Investment Corporation has implemented strategic and designed capital expenditures and renewals aiming to maintain and enhance the medium- to long-term value of investment assets. Please provide the specific reason why the Tender Offerors believe that the initiatives to improve the value of the property based on the medium- to long-term capital expenditures set forth by the Tender Offerors would be difficult to implement while the Investment Corporation remains listed (including explanation on the degree of influence that is estimated to occur to the distribution, concerning expected "adverse effect … on the dividends to the unitholders" with respect to "unitholders' need for stable returns" with regard to "needs for stable investment dividends by

unitholders," and the length of the time period Tender Offerors expect that such need for the stable returns would not be met).

As stated in Section I.4.(2) of the Tender Offer Registration Statement, "SCG reached a conclusion that it is essential to take the Target private in order to realize the potential value creation and improvements of the Target's properties, due to the inevitability that such mid- to long-term capital deployment in order to make relevant changes in use and specifications of the offices, will potentially restrict the office rental usage for a certain period of time, which would have a temporary adverse effect on the rental revenue and cash flow and consequently on the distributions to the unitholders. These initiatives would therefore be difficult to implement if the Target remains a public J-REIT, which is expected to provide continuous and stable distributions to the unitholders." As detailed in the Tender Offer Registration Statement, the contemplated initiatives may require significant near term capital deployment which would, if conducted in the context of a public J-REIT, subject the unitholders to non-guarantees of near-term stable distributions due to expected disruptions in rental revenue and cash flow.

2. The Tender Offer states that "Examples of initiatives to maximize asset values that are worth considering include renovating the lobby area and landscape surrounding the building at Nishi Shinjuku and considering options to change the usage for the space which is expected to become vacant at the Shinagawa Seaside location." However, we believe these initiatives are commonly implemented by public REITs. If the Tender Offerors believe these initiatives would be difficult to implement while the Investment Corporation remains listed, please explain the specific reasons thereof.

As stated in Section I.4.(2) of the Tender Offer Registration Statement, "SCG reached a conclusion that it is essential to take the Target private in order to realize the potential value creation and improvements of the Target's properties, due to the inevitability that such mid- to long-term capital deployment in order to make relevant changes in use and specifications of the offices, will potentially restrict the office rental usage for a certain period of time, which would have a temporary adverse effect on the rental revenue and cash flow and consequently on the distributions to the unitholders. These initiatives would therefore be difficult to implement if the Target remains a public J-REIT, which is expected to provide continuous and stable distributions to the unitholders."

3. The portfolio occupancy rate of the properties owned by the Investment Corporation was 98.2% as of the end of February 2021, and has remained at a high level of 98.1% to 99.5% over the past year. In addition, some of the properties owned by the Investment Corporation have co-working spaces, rental offices, shared-type satellite offices, etc. that can meet diverse office needs, and the Investment Corporation plans to continue its effort to improve the value of the investment units through acquisition and the like of assets that can meet diversifying office needs. Please provide specific reasons why the Tender Offerors believe it is highly necessary to make changes in the use and specifications so far as to place restrictions on the rental usage of the properties of the Investment Corporation for a certain period of time, and also provide the Tender Offerors' views on how they may affect tenant leasing.

Please note that we are offering unitholders a premium to the NAV that the Asset Manager has commissioned from a third party appraiser. Changes are necessary in order to offer a premium to the unitholders, which in turn such unitholders may choose to use to reinvest in another REIT if they so desire, increasing their long-term investment performance beyond what they could have achieved without the Offerors' offer.

As stated in Section I.3.(2)(iii)(A) of the Tender Offer Registration Statement, "SCG observes that on a global basis, the spread of COVID-19 has brought unprecedented, fundamental and steep changes to the global office market dynamics, underpinned by changes in demand for and use of office resulting from the introduction and advancement of remote working, staggered office hours, maintaining social distance and strengthening sanitary measures. Against the background of restrictions from lockdowns and continued state of emergency orders,

corporations are forced to implement contingency plans, remote working has turned into the new normal, and the needs to utilize office space have shifted significantly following the introduction and advancement of remote working and staggered office hours, the maintenance of social distance and strengthening of the sanitary measures, among others. Although some of the migration away from the office will eventually return, there is likely to be ongoing uncertainty within the marketplace due to factors such as the difficulty of assessing the long-term ramifications of the pandemic with respect to the basic concept of what function the office performs and the purpose of employers providing space for employees. This is expected to cause volatility in asset valuation in the near-term. While, SCG notes a few characteristics in the Japan office market that would mitigate the long-term reduction in the demand for office space, SCG has reached the conclusion that the best way to optimize the long-term value of the Target's portfolio is to manage the Target in a private setting instead of as a public REIT.

"In light of the structural disruptions to office sector demand patterns caused by COVID-19 and the near- to medium-term volatility that the global market may face, SCG recognizes that the Target's current management team faces management issues as it is difficult to take flexible measures to commence capital intensive asset management initiatives including to amend or renew leases, optimize the capital structure, or change the use or specifications of property, under the current legal and commercial constraints on a public REIT. Nevertheless, SCG believes the abovementioned management issues may be resolved by the privatization of the Target under a well-capitalized sponsor like SCG as the Target may be relieved from the requirement of paying dividends every six months and would be able to manage its assets in a flexible manner with the aim of maximizing asset values in the longer term without being constrained by the short term performance changes such as the risk of deteriorated revenue and cash flow due to the one-time increased costs."

Furthermore, the Target's disclosed decrease in occupancy rate to 96.3% for the expected period ending October 2021 is indicative of the changing needs for office space, which are reflected in the Offerors' proposal to address these issues. The related risks related to lower occupancy and shifting demand is priced in our Tender Offer Price.

4. Please let us know the Tender Offerors' plans as to which entity of Starwood Capital would decide and implement the changes in the use and specifications of offices as described above.

The Offerors do not propose to manage the Target, as stated in Section I.3.(3) of the Tender Offer Registration Statement. The Offerors plan to retain the Asset Manager, or if unavailable, a replacement asset manager, as set out in the Tender Offer Registration Statement.

5. Please advise whether Starwood Capital has any track record with respect to changing the use and specifications of its offices "to meet the new demands for and adjust to the changes in office use under the influence of COVID-19" in Japan, and provide us with specific details of the relevant record and its effects, if any.

The Offerors do not propose to manage the Target. The Offerors note that they plan to retain the Asset Manager, or if unavailable, a replacement asset manager, as set out in Section I.3.(3) of the Tender Offer Registration Statement. Furthermore, SCG is a full, globally integrated firm, with deep institutional capabilities located in various global offices. SCG's ability to leverage expertise and insights across its global footprint is one of the distinct competitive advantages of the firm, and therefore, we consider the resources of any particular office, standing alone, to be irrelevant to an evaluation of SCG's capabilities – it is not how we do business. Please refer to Sections I.3.(1)(i) and I.3.(2)(iii) of the Tender Offer Registration Statement for certain relevant elements of SCG's track record.

6. Even if the changes of use or specifications suggested by the Tender Offerors are specifically planned and actually implemented, if the profitability of the property can be realistically expected to improve as a result of such measures, more than a few unitholders would agree with

the Tender Offerors' plan and want to continue to hold the investment units of the Investment Corporation after the Tender Offer, even if there will be a temporary adverse effect on the rental revenue, cash flow, and dividend distributions. How do the Tender Offerors plan to explain this to the unitholders?

The Offerors have described in detail why the Offerors believe their proposed changes are not feasible in the context of a listed REIT in Section I.3.(2)(iii)(A) of the Tender Offer Registration Statement and also quoted above within this response. Please review the Tender Offer Registration Statement, including Sections I.3.(2) and I.4(2), to see our explanation to the unitholders.

7. As we asked in I. above regarding the managerial policy of the Investment Corporation after the Investment Corporation goes private, please answer as to whether there is a possibility the Investment Corporation will be dissolved after the Tender Offer. If there is a possibility the Investment Corporation will be dissolved after the Tender Offer, please let us know the timing of the dissolution, the name of the person contemplated as the liquidator, the prospective purchaser of the properties owned by the Investment Corporation and the estimated sales amount, etc. The Investment Corporation believes there is doubt as to the feasibility to the continued operation of the Investment Corporation after it goes private, as the Tender Offer has commenced without any discussion with the Asset Manager and without any agreement regarding the asset management of the Investment Corporation with the third-party licensed asset manager to be entrusted with the asset management of the Investment Corporation. In the event that an asset management agreement is not executed, the dissolution of the Investment Corporation will be inevitable and as such, information regarding the sales amount, etc. of property owned by the Investment Corporation in the event of property sale or dissolution at an early stage after the Investment Corporation goes private is extremely important for the unitholders of the Investment Corporation to consider upon in deciding whether to tender their investment units in the Tender Offer. Therefore, we believe that specific answers are required with respect to the above, unless the possibility of dissolution can be denied completely

The Offerors do not have any intention to dissolve the Target post-privatization. As stated in Section I.3.(2)(i) of the Tender Offer Registration Statement, "SCG understands that … in the event the Asset Manager does not agree to the various initiatives proposed by SCG to improve the value of the Target's properties, it would then be necessary to terminate the asset management agreement between the Target and the Asset Manager and have the Target enter into an asset management agreement with another asset manager that is willing to implement the value-additive initiatives contemplated by SCG." As noted in our other responses, although nothing has been determined at the time of this submission and we wish to engage in constructive discussions with the Asset Manager, even if we have to replace the Asset Manager with a different asset manager, we are confident in our ability to retain the Target in the form of a private REIT.

8. If Starwood Capital considers or plans to sell the properties owned by the Investment Corporation after the Tender Offer, please let us know the name of the property, the timing of the sale, the prospective or contemplated buyer, and the estimated sales proceeds, etc. In addition, if Starwood Capital intends to hold the properties owned by the Investment Corporation for a long period of time after the Tender Offer, please let us know the Tender Offerors' leasing strategy and other business plans.

SCG currently has no specific plans to divest particular properties. Rather, as set out in the Tender Offer Registration Statement, SCG plans to work together with the Asset Manager (or, if we are unable to retain them, their replacement), to evaluate the portfolio, including leasing strategy, after having completed the privatization and to implement significant investments to maximize the long-term value of the proposal in the new post-COVID environment. Please review the Tender Offer Registration Statement, including Section I.3.(3), for the details of the Offerors' intentions.

III. Questions regarding the Tender Offer Price

1. In the Tender Offer Registration Statement, the Tender Offerors state that "[i]n addition to the NAV analysis of the Target's portfolio and the Adjusted Per Unit NAV analysis, SCG conducted a valuation analysis on the Units for the purpose of determining the Units' market value, using (i) Market Approach, (ii) Comparable Company Approach and (iii) Historical Per Unit NAV Analysis of the Target", but no valuation report or fairness opinion has been obtained from a third-party appraisal institution in analyzing such value. The market price of the Investment Corporation's investment units remained above JPY 20,000 prior to the COVID-19 pandemic (for example, the average closing price during the month from January 6, 2020 to January 31, 2020 was JPY22,633). The Tender Offerors also state that "The Tender Offer Price of JPY 20,000 implies a premium of 14.66%, 23.53% and 32.34% to the simple arithmetic average closing price for the past month, three months and six months (JPY 17,442, JPY 16,190 and JPY 15,125), respectively." However, the market price of the Investment Corporation's investment units has been rising steadily since around the end of October 2020, and the market price of investment units of other office J-REITs (the 7 listed real estate investment corporations (excluding the Investment Corporation) classified as office-specific REITs by The Association for Real Estate Securitization) has also been rising steadily since around the end of October 2020. In addition, the Investment Corporation's net income has also been increasing steadily during the 12th fiscal period (from November 1, 2019 to April 30, 2020) and thereafter, which includes the period affected by the COVID-19 pandemic. This was reflected in the fact that the simple arithmetic average closing price for the past six months, three months and one month has risen to JPY15,125, JPY16,190, and JPY17,442, respectively, as stated in the Tender Offer Registration Statement, and the market price of the Investment Corporation's investment units was approaching the price level prior to the COVID-19 pandemic. Please explain specifically why the Tender Offerors believe that the Tender Offer Price of JPY 20,000 provides unitholders with an opportunity to receive an "appropriate" return on their investment and is, therefore, a fair price that includes a sufficient premium, in spite of the above-mentioned facts.

The Offerors' views as on the rationale for the Tender Offer Price, at a substantial premium to the NAV prepared at the direction of the Target, constituting an appropriate return on investment is set out in detail in the Tender Offer Registration Statement. Please refer to the Tender Offer Registration Statement, including Section I.4.(2).

As stated in the preamble above ("Summary Observations" section), the Offerors understand that the Target has formed a special committee, which consists of supervisory directors responsible for supervising the preparation process of the Target's financial statements. The appraisal values of the properties owned by the Target as disclosed in the Target Securities Report were prepared by the Appraiser at the request of the Asset Manager and based on various valuation methodologies including direct capitalization method, DCF method and a comprehensive valuation, using property by property performance and cash flow metrics of the Target's portfolio properties as provided by the Asset Manager. The financial statements include reference to, and figures from, these appraisal values used to determine the NAV of the Target and its units. The DCF and direct capitalization method are the same standard pricing methodologies used by purchasers for commercial real estate assets worldwide. Accordingly, the Offerors believe that such NAV should approximate a fair market value since a buyer would use these same methodologies, and thus the appraisal should incorporate any value from a sale of the asset and be a reflection of the intrinsic value. The same logic is applied to the reason NAV should inherently trade around 1.0x unit price to NAV, while our Tender Offer Price provides an implied 1.13x to the same metric.

In this context, we have responded to questions that focus on whether the NAV is a fair value of the Target and its units, on the understanding that the Target needs to ask these questions to consider all factors, regardless of the fact that the Target and the supervisory directors on the special committee may be seen to have already taken the position that the disclosed NAV represented a fair value of the Target and its Units at the time of the relevant disclosures. Given the extensive information made public by the Target under the supervisory directors' supervision, and the genuine arms-length nature of the Tender Offer, and the disclosure in the Tender Offer Registration Statement and our response to the Target's questions herein, the Offerors hope the special

committee is well-equipped to make a judgment, and will agree that there is limited benefit to unitholders of the request for a 3-month tender offer period that goes well beyond the 30 business day period recommended to allow an 'indirect market check' under well-accepted Japanese M&A practice.

Further, as described in the Tender Offer Registration Statement, the long-term COVID-19 impact and significant uncertainty remains in regards to the long-term demand for office space in a post COVID-19 environment as the movement towards more permanent work-from-home policy and flexibility in requirements to commute to the office every day. This was an important consideration in determining the Tender Offer Price. Although during the FP12, net income increased, the period up to the end of April 2020 did not have the full impact of COVID-19 nor had up to that point tenants both current and new determined office usage strategy in the future. FP12 to FP13 net income observed relatively flat earnings growth with occupancy rates of 99.5% and 99.2% respectively. As disclosed by the Asset Manager describe occupancy rate moving to 96.3% for October 2021 which will have a substantial impact on potential future earnings. The recent movement in the unit price has moved the NAV per unit closer to the historical average of approximately 1.0x. We believe our offer provides an attractive option at 1.13x NAV at a time of near-term volatility and uncertainty in asset valuations.

In addition, considering the one-month average unit price ahead of the Tender Offer was JPY 17,442 which implies a delta of JPY 2,558 relative to our JPY 20,000 offer price. Considering the current NAV per unit is trading approximately 1.0x and at fair market value, we are implicitly providing an estimated 7 fiscal years (3.5 annualized years) of dividends upfront based on the most recent expected dividends announced by the Target of JPY 367, for this coming fiscal year (May to October 2021). Moreover, the 7 fiscal year calculation would be from October 2021 FYE, since the April distributions will be already provided before the completion of the transaction, so effectively offering unitholders immediately at the end of the Tender Offer Period 4 full years of returns.

2. In the Tender Offer Registration Statement, the Tender Offerors state that they considered "the appraised value of the portfolio (as of the end of October 2020)" of the Investment Corporation. However, the appraised value is usually based on the assumption that the owner will continue to hold the property; therefore, the value does not necessarily reflect the gain on sale of the property. If Starwood Capital believes that there are any properties owned by the Investment Corporation that can be sold at a price higher than the appraised value, please provide the specific property name and expected sales value, etc. Also, if there are no such properties, please provide specific reasons why the Tender Offerors think that the properties owned by the Investment Corporation cannot be sold at a price higher than the appraised value.

Please see the above response. Also, as described in the Tender Offer Registration Statement, the appraisal values of the properties owned by the Target as disclosed in the Target Securities Report were prepared by the Appraiser at the request of the Asset Manager and based on various valuation methodologies including direct capitalization method, DCF method and a comprehensive valuation, using property by property performance and cash flow metrics of the Target's portfolio properties as provided by the Asset Manager. As noted in the response above, the DCF and direct capitalization method are the same standard pricing methodologies used by purchasers for commercial real estate assets worldwide. Accordingly, the Offerors believe that such NAV should approximate a fair market value since a buyer would use these same methodologies, and thus the appraisal should incorporate any value from a sale of the asset and be a reflection of the intrinsic value.

SCG performed a careful review of each property in the Target's portfolio, based on the Target Securities Report. Specifically, SCG, using its knowledge and expertise in the real estate market, reviewed and analyzed the detailed information on the land and buildings, property age, rental area, occupancy rate, rent return, NOI (*Note 1*) estimated by the Appraiser, capitalization rate and PML (*Note 2*), among others, as disclosed in the Target Securities Report, and compared the Target's rents to the current market rents of office buildings of similar type and size.

As a result, SCG considers the appraisal value of each property in the Target's portfolio prepared by the Appraiser to be appropriate and the aggregate appraisal value of all properties owned by the Target to be close to the market value of these properties, thereby confirming that the NAV with respect to the Target's portfolio reflects the current market value of the underlying properties and therefore formed a key consideration in determining the tender offer price.

SCG considers the Target's portfolio to have an intrinsic market value close to the capital market appraisal value, based on the fact that the average NAV Multiple of the Units has traded at 0.98x for the past 5 years and 1.02x if excluding the period of time where the market has been impacted by the COVID-19 pandemic (assumed to be the period from February 20, 2020 to April 2, 2021).

Based on the above, the Tender Offer Price (JPY 20,000) implies an NAV of 1.13x, or in other words a 13.10% premium to the FP13 Per Unit NAV (JPY 17,684) and a 12.72% premium to the Adjusted Per Unit NAV (JPY 17,743).

Furthermore, in addition to receiving JPY 2,316 above the FP13 Per Unit NAV, unitholders will receive the estimated JPY 402 distribution for the period of November 1, 2020 to April 30, 2021 as the Tender Offer does not contemplate adjusting the Tender Offer Price and as far as our understanding, unitholders at the record date of April 30th, will receive distributions for the current fiscal year if units are tendered to SCG, irrespective of the timing of the completion of the transaction and subsequent squeeze-out.

(Note 1)"NOI" means the net operating income under the direct capitalization method as noted in the real estate appraisal report.
(Note 2)"PML" means probable maximum loss in earthquakes, which is calculated in real estate due diligence by dividing the estimated damage amount by replacement value at the largest possible damage rate in the largest earthquake with the likelihood of occurring once in 475 years.

3. Please provide the Tender Offerors' opinion as to whether the Tender Offerors believe that if Starwood Capital sells all or part of the properties owned by the Investment Corporation, the Investment Corporation's NAV per unit, including the gain on the sale, may exceed the Tender Offer Price of JPY 20,000, and also tell us the estimated excess amount in that case.

As mentioned above, based on thorough due diligence performed by SCG prior to the announcement of the Tender Offer and considers the appraisal value of each property in the Target's portfolio prepared by the Appraiser to be appropriate and the aggregate appraisal value of all properties owned by the Target to be close to the market value of these properties, thereby confirming that the NAV with respect to the Target's portfolio reflects the current market value of the underlying properties and therefore formed one of the key considerations in determining the tender offer price.

IV. Questions on the Legality of the Squeeze-Out

A. Overall Response to the Questions in this Section IV

In Section IV "Questions on the Legality of the Squeeze-out," questions were raised as to the legality of the Squeeze-Out, based on the premise that the unitholders would have no opportunity to contest the fairness of the squeeze-out price in a court and the premise that the Tender Offer price is solely based on the disclosed NAV in the financial statements Target disclosed. As described below, we believe these premises are mistaken and have accordingly endeavored to explain the factual circumstances, as described in the Tender Offer Registration Statement.

As discussed in detail below, the Squeeze-Out Procedures are not coercive because (1) the unitholders are guaranteed an opportunity to contest the fairness of the squeeze-out price in court, (2) the unitholders are guaranteed an opportunity to make a judgment on the fairness of the Tender Offer Price on the basis of the net asset value of the Target, as the Target discloses the prices of its properties based on a third-party appraisal value as at the latest fiscal period end that is disclosed by the Target as a "deemed fair price" under the law as

well as its net asset value based on such prices, and (3) the unitholders who do not tender are not expected to be treated less favorably than those who do tender. In addition, the unitholders of a J-REIT can be said to be better equipped to make an informed decision even when compared to the minority shareholders being squeezed out of a typical stock company (*kabushiki kaisha*), considering that the unitholders may make a decision on whether to tender in the Tender Offer based on the disclosures of the latest and historical third-party appraisal values.

Accordingly, any suggestions or claims that the Squeeze-Out Procedures are coercive would appear to be unfounded.

We hope answers contained in this section clarify the questions raised and will assist the Target and its special committee in their fair and objective evaluation of the Tender Offer.

B. No Coercion in the Squeeze-Out Procedures

The Offerors have already largely explained the fairness and transparency of this transaction and the Offerors' way of thinking about coercion as it relates to this transaction to the unitholders in the Tender Offer Registration Statement. However, we explain our perspective once again and in more details below.

(1) Coercion considerations under the Fair M&A Guidelines

"The issue of the coerciveness in tender offers arises in cases where a tender offer is successful and shareholders who do not tender their shares in response to the tender offer are expected to be treated less favorably than if they tendered their shares in response to the tender offer, which will unreasonably impact their decision whether to tender their shares, and shareholders which are dissatisfied with the offer price will in effect be pressured to tender their shares." (Page 49, "Fair M&A Guidelines – Enhancing Corporate Value and Securing Shareholders' Interests" published June 28, 2019 (the "Fair M&A Guidelines")). In particular, the Fair M&A Guidelines state it is preferable to make clear in the disclosure documents that (and to cause) the tender offer price is to equal the squeeze-out price, absent special circumstances, and to squeeze out the remaining shareholders as promptly as possible after having acquired a significant majority of shares via the tender offer, absent special circumstances, and that it is preferable to not adopt a structure whereby the dissenting shareholders are unable to secure either appraisal rights or repurchase demand rights in the squeeze-out after the tender offer. The standard for the Fair M&A Guidelines is the best practice to be followed with respect to fair M&A transactions under the provisions of the Companies Act; however, the Offerors believe that the intent of the same should be extended also to privatization transactions of REITs, and consider it necessary to take care to avoid coercion.

(a) Dissenting Unitholders' Right to Court and Guaranteed Due Process

As noted in the Tender Offer Registration Statement, the law requires the Target to sell the fractional units in a unit consolidation at "a fair and appropriate price in light of the net asset value" and deliver the sales proceeds to unitholders. (Article 88(1) of the Investment Trust Act, Article 138 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations). Such provisions may naturally be interpreted to provide that the unitholders have a legal right to request the investment corporation to deliver proceeds of unit sales at a fair price in light of the net asset value. In addition to such legal right, if the investment corporation were to conduct a sale of fractional units such that the price were below a fair and appropriate price in light of the net asset value, such sale is thought to be in violation of the sales obligations of the investment corporations under the law, and the unitholders are thought to have a right to demand the difference between the squeeze-out price and a fair and appropriate price from the investment corporation for its illegal action. (Article 709 of the Civil Code). In other words, even if the squeeze-out price in a squeeze-out of an investment corporation through unit consolidation is not recognized as fair and appropriate, the unitholders are thought to have a legal right to dispute the fairness of the price and to demand the difference between the squeeze-out price and a fair and appropriate price from the investment corporation under Article 88(1) of the Investment Trust Act and Article 709 of the Civil Code. As such, the unitholders are thought to be guaranteed the right to court proceedings and due process.

Accordingly, the coercive situation as explained in the Fair M&A Guidelines – "shareholders who do not tender their shares in response to the tender offer are expected to be treated less favorably than if they tendered their shares in response to the tender offer, which will unreasonably impact their decision whether to tender their shares, and shareholders which are dissatisfied with the offer price will in effect be pressured to tender their

shares." – does not apply in our case. In contrast, we can be said to have effectively satisfied the requirement in the Fair M&A Guidelines to "[r]efrain from adopting a scheme that does not ensure that in a squeeze-out process after the tender offer, dissenting shareholders have appraisal rights or a right to request a determination of price."

Further, the Fair M&A Guidelines' provision that it is preferable to "[r]efrain from adopting a scheme that does not ensure that in a squeeze-out process after the tender offer, dissenting shareholders have appraisal rights or a right to request a determination of price" is premised on the Companies Act, which does not provide any other legal means for dissenting shareholders to challenge the fairness of price in a share consolidation or other ways of squeeze-out. In other words, it is premised on the system developed based on the Companies Act system that needs an appraisal right or a right to request a determination of price as a means for dissenting shareholders to contest the price, because the fractional shares in a squeeze-out under the Companies Act are sold through an auction or a voluntary sale by court permission in lieu of a public auction (Articles 235 and 234(2) of the Companies Act) and the Companies Act does not have a provision like that applies to an investment corporation under the Investment Trust Act that stipulates an obligation to sell at "a fair and appropriate price [in light of the net asset value]." Therefore, as set out above, unitholders of an investment corporation will not "in effect be pressured to tender," as they are guaranteed a legal right to demand delivery of sales proceeds at "a fair and appropriate price in light of the net asset value" from the investment corporation. In the context of our Tender Offer, we providing unitholders a value which takes into account the net asset value, among other factors, and which is well above the most recently disclosed net asset value.

(b)(i) Conducting the Squeeze-Out as Promptly as Possible

The Offerors plan to ask the Target to call the Extraordinary Unitholders Meeting that includes the Unit Consolidation as an agenda item promptly after the completion of settlement of the Tender Offer, as set out and disclosed already in the Tender Offer Registration Statement. The Offerors expect the Target's directors and the Asset Manager, who owe a duty of care and a duty of loyalty under the law, to respond promptly to such request. It takes two months prior notice to call the Extraordinary Unitholders Meeting under the Investment Trust Act. (Article 91(1) of the Investment Trust Act). The Offerors plan to conduct the Squeeze-Out Procedures upon the effectiveness of the Unit Consolidation after having received approval for the Unit Consolidation at the Extraordinary Unitholders Meeting, to be held promptly after having complied with this legally required notice period.

(b)(ii) Squeeze-Out Price Being the Same as the Tender Offer Price

The Target will sell the Units that constitute the aggregate amount of the fractional Units that result from the Unit Consolidation, as set out in the Tender Offer Registration Statement. However, the Offerors plan to request that the Target determine the sale price so that the amount of cash to be paid to the unitholders of the Target who did not tender in the Tender Offer equals the Tender Offer Price multiplied by the number of Units owned by the relevant unitholder; the Offerors also plan to request the Target to have such sales be made to the Offerors.

Accordingly, the Tender Offer complies with the demands of the Fair M&A Guidelines' recommended treatment. The unitholders who do not tender are not expected to be treated less favorably than those who do tender.

(2) Fairness of the Price

As set out in the Tender Offer Registration Statement in detail, the Tender Offer Price has applied a substantial premium that exceeds even the top end of the ranges calculated in SCG's valuation of the Units (by the Market Approach (JPY 15,125 to JPY 17,442), Comparable Company Approach (JPY 13,800 to JPY 18,536), and Historical per Unit NAV Analysis (JPY 15,144 to JPY 17,442). The NAV is a valuation based on the net asset value of the assets owned by the Target. The Tender Offer Price of JPY 20,000 per unit has an implied NAV Multiple at 1.13x based on the Adjusted Per Unit NAV (JPY 17,743) based on the appraised value of the Target's properties disclosed by the Target. In addition, The Tender Offer Price of JPY 20,000 implies a premium of (i) 13.31% (rounded to two decimal places; the same applies to all premium calculations hereinafter) on the closing price of the Units (JPY 17,650) on the J-REIT market of the Tokyo Stock Exchange on April 2, 2021, which is the day on which the Offerors decided on the Tender Offer Price and announced the Tender Offer Price in the Press Release (April 2, 2021), (ii) 14.66% based on the simple arithmetic average closing

price (JPY 17,442) for the past month, (iii) 23.53% based on the simple arithmetic average closing price (JPY 16,190) for the past three months, as well as (vi) 32.23% based on the simple arithmetic average closing price (JPY 15,125) for the past six months which are all well above the current market price. The Offerors strongly believe that the squeeze-out price (JPY 20,000 per unit) being the same as the Tender Offer Price is fair and appropriate, reflecting a privatization premium, in light of the net asset value, as is clear from the above.

Moreover, such appraisal value of the Target's properties disclosed by the Target is disclosed by the Target as a "deemed fair price" under the law. (Cabinet Office Ordinance on Disclosure of Information, etc. on Regulated Securities, No.7 – Form 3, Notes on Disclosures (1)(f) and No.4 – Form 3, Notes on Disclosures (35)b). The Offerors performed a careful review of each property in the Target's portfolio based on such disclosed information, reviewed and confirmed the appropriateness of the appraisal value disclosed by the Target, and based the determination of the Tender Offer Price thereon.

Furthermore, the unitholders are guaranteed an opportunity to make a judgment on the fairness of the Tender Offer Price in light of the net asset value based on the recent and past disclosures made by the Target, as the Target discloses the prices of its properties based on the third-party appraisal value as at the fiscal period end that is disclosed by the Target as a deemed fair price under the law as well as its net asset value based on such prices. Accordingly, unitholders can be said to be better equipped to make an informed decision on whether to tender, even when compared to the minority shareholders being squeezed out of a typical stock company (*kabushiki kaisha*).

The Offerors believe the unitholders will understand that the squeeze-out price which is equal to the Tender Offer Price (JPY 20,000) is a fair and appropriate price in light of the net asset value with a privatization premium, as discussed in the above as well.

(3) Ensuring Transparency and Fairness in the Tender Offer Procedures

In addition, SCG believes that the Asset Manager may have an incentive to keep the Target listed as set out in detail in the Tender Offer Registration Statement. From this standpoint, SCG believes that the Asset Manager's decision on whether to support the Tender Offer will not necessarily be aligned with the interests of the ordinary unitholders. Given the foregoing, SCG intentionally chose not to contact the Target or the Asset Manager before publishing the press release that announced the Tender Offer. The Offerors believe that conducting a tender offer while maintaining the arms-length independent relationship with the target like in our case contributes to the securing of transparency and fairness to unitholders of the transaction as a whole based on the Tender Offer.

The Tender Offer is a public tender offer procedure that was commenced without any advance discussions between the Target and SCG, a completely independent third party, as set out above. This Tender Offer is thus one where the arms-length nature and third party status is completely secured. From this perspective, we can say it is a transaction where a high level of transparency has been achieved. In addition, the Offerors have set the tender offer period as 30 business days. This tender offer period is set and used as a standard even in transactions that have risks of fundamental conflicts of interest such as management buyouts and acquisitions by controlling shareholders. In addition, the Tender Offer provides unitholders with a long period of 48 calendar days to consider their decision due to the golden week holidays, which are not counted as business days within the tender offer period. We consider it to be a period that provides ample necessary time for unitholders to make an informed decision.

Furthermore, the Offerors held a total of 5.95% of the Target's Units at the start of the Tender Offer, and the minimum acceptance condition set for the Tender Offer (being a total of 2/3 of the Target's outstanding Units, aggregated together with those held by the Offerors, Etc.), exceeds a majority of the outstanding Units held by all unitholders other than the Offerors, Etc. Thus, the unitholders can express their view by majority vote as to whether or not to support the Tender Offer by deciding whether or not to tender into the Tender Offer. In this sense, we have implicitly established a minimum acceptance condition within the Tender Offer that exceeds that which is recommended for conflicted M&A transactions within the Fair M&A Guidelines as a "Majority of minority" standard. Also, the intent and purpose of the privatization in the Tender Offer of the Offerors, and the background by which they arrived at the Tender Offer, is disclosed in detail in the Tender Offer Registration Statement. In this way, we have aimed to provide ample information to enable the unitholders to make their

investment decision. Conversely, we do not believe the request for an extension of 60 business days is required, and would instead delay the eventual squeeze-out, without giving any added voice to the unitholders who already have an opportunity to express their view of the Tender Offer by deciding whether or not to tender.

The transaction by way of the Tender Offer and Squeeze-Out Procedures provides an opportunity for existing unitholders to cash out their units at a fair and appropriate price with a privatization premium to the net asset value of the Target, as set out in detail in the Tender Offer Registration Statement. The Offerors hope that the Target, its special committee, supervisory directors and executive director, will make their decisions based on careful consideration of the above content in deciding whether to provide support for the Tender Offer.

1. In the Tender Offer Registration Statement, the Tender Offerors state that they "believe that in the event that the squeeze-out price equals the tender offer price, which includes a premium to the net asset value of the target investment corporation, the unitholders are provided with a redemption opportunity at the net asset value when being squeezed-out after a tender offer and there is no coercion issue with the squeeze-out at a squeeze-out price that exceeds the net asset value, regardless of the mandatory nature of a squeeze-out." However, the Investment Corporation considers that such argument is irrational in that as long as the squeezed-out price is equal to, or slightly higher than, the net asset value and such value is delivered to unitholders and a consolidation of units is resolved by a special resolution of the unitholders' meeting, the Investment Corporation's squeeze-out will not involve any problem. Please provide the Tender Offerors' view regarding this issue, taking into account the court precedent (the decision of Tokyo District Court dated May 10, 2010 (Financial and Business Law Precedents No. 1343: p. 21)), which made the judgment regarding the fair value of investment units issued by listed REITs based on market prices, and the nature of listed REITs with many investors seeking stable, long-term investment in general unlike shares of stock companies.

This question above is where we believe there is fundamental misunderstanding with respect to the Offerors' statements in the Tender Offer Registration statement. It is regrettable that phrases like "irrational" have been used without taking advantage of the Offerors' willingness to engage in dialogue, which we remain open to engage in with the Target at the appropriate time.

As discussed in detail above, there is no coercion issue with respect to the Squeeze-Out Procedures. In addition, the Offer Price was determined taking into consideration the NAV disclosed by the Target, among other things, and has been set at a substantial premium to both NAV as well pre-announcement market prices.

2. In light of the above-mentioned court decision, it is not appropriate to make judgment regarding the fair value of units of listed REITs only based on net asset value. Also, given that the Tender Offerors intend to squeeze out other unitholders, the purchase price must be the fair value reflecting the fair value of investment units and the appropriate distribution of synergies, etc. If so, it would be especially important that unitholders dissatisfied with the purchase price (the price to be delivered upon the squeeze-out) be given an opportunity to contest such price in order to ensure the fairness of the price. However, under the Investment Trust Act, dissenting unitholders will not be given the right to ask the issuer to purchase fractional units or the appraisal right to ask the court to determine the fair price to be paid upon the consolidation of units, though those rights are given to shareholders upon the stock consolidation procedure in case of stock companies. Therefore, unitholders that are dissatisfied with the purchase price (the price to be delivered upon the squeeze-out) do not have any right to contest such price in a court once the consolidation of units relating to this squeeze-out is approved by a resolution of the general meeting of unitholders. Taking the above into consideration, please explain in detail why the Tender Offerors believe that there will be no coercion issue with the squeeze-out.

As detailed in our response at the top of this Section IV, unitholders do have the right to contest the price in court. Thus, premise of this question that "unitholders that are dissatisfied with the purchase price (the price to

be delivered upon the squeeze-out) do not have any right to contest such price in a court once the consolidation of units relating to this squeeze-out is approved by a resolution of the general meeting of unitholders" would appear to be mistaken.

3. In the Tender Offer Registration Statement, the Tender Offerors state that the squeeze-out "procedures may take time to be implemented and may be changed into other methods that will have substantially the same effects, depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations." Please explain in detail the "other methods that will have substantially the same effects" to be implemented by the Tender Offerors in the event that the squeeze-out procedures through the consolidation of units are not implemented or may take time to be implemented, depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations.

In the quoted statement, we only made a general reference to the possibility that we might change the squeeze-out procedures depending on the interpretation of the regulators regarding relevant laws and regulations, amendments to the relevant laws and regulations, and so on. The Offerors currently view the unit consolidation to be an appropriate method to accomplish a squeeze-out of a REIT under the existing legal system. We are unable to respond to hypothetical questions regarding situations that have not yet arisen and that the Offerors do not currently envisage arising.

4. As mentioned above, in the event that the squeeze-out procedures through the consolidation of units "may take time to be implemented", or may not be implemented, "depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations" or that "other methods that will have substantially the same effects" may also not be implemented, please explain specifically how the Tender Offerors will operate the Investment Corporation and treat unitholders other than the Tender Offerors themselves under such circumstances.

Similar to question 3 above, the hypothetical scenario set out in your question has not arisen and the question appears to be based on a misunderstanding of the feasibility of the implementation of the Squeeze-Out Procedures through unit consolidation. Our detailed explanation is set out in our response at the top of Section IV.

5. As admitted by the Tender Offerors themselves in the Tender Offer Registration Statement, the squeeze-out procedures via unit consolidation may "take time to be implemented ……, depending on circumstances such as the amendment or interpretation by authorities of relevant laws and regulations." However, the Tender Offerors have not disclosed any specific details of the "other methods that will have substantially the same effects," and as a result, the Investment Corporation cannot rule out the possibility that the squeeze-out may not be implemented even by such "other methods." Since the Investment Corporation cannot rule out the possibility that the squeeze-out will not be implemented even after the completion of the Tender Offer, it is possible that unitholders who continue to hold the Investment Units of the Investment Corporation without applying for the Tender Offer will be treated more disadvantageously than the unitholders who will apply for the Tender Offer. Consequently, unitholders' decisions of whether to apply for the Tender Offer could be unjustly distorted, and unitholders who are dissatisfied with the Tender Offer Price may be virtually forced to apply for the Tender Offer. For the above reasons, we believe that the coercion existing in the Tender Offer cannot be denied. However, if the Tender Offerors believe that there is no coercion issue in the Tender Offer even considering these matters, please explain the reasoning.

We have explained in detail regarding the Offerors' thoughts on the issue of coercion in our explanation above at the beginning of this Section IV. As noted, the premises underlying this question appear to be incorrect, and

in any event, we disagree that the Tender Offer is coercive in nature.

6. As the Investment Corporation considers that the Tender Offer is highly coercive, and the general unitholders may not be able to appropriately judge whether or not to apply for the Tender Offer, and in light of the current situation where the Tender Offerors suddenly and unilaterally commenced the Tender Offer without any prior consultation, the Investment Corporation believes that the intention of unitholders at the unitholders' meeting should be confirmed as to acceptance or rejection of the Tender Offerors' takeover scheme of the Investment Corporation and squeeze-out through the consolidation of Investment Units by the Tender Offerors so that unitholders will be able to make appropriate decisions whether to apply for the Tender Offer without being affected by coercion. Please confirm whether the Tender Offerors intend to extend the tender offer period regarding the Tender Offer (hereinafter referred to as the "Tender Offer Period") to 60 business days, which is the maximum period stipulated under the Financial Instruments and Exchange Act, in order for the Investment Corporation to take necessary measures, such as holding a unitholders' meeting prior to the expiration of the Tender Offer Period, so that at a minimum, unitholders of the Investment Corporation will be able to determine whether to apply for the Tender Offer based on sufficient information and consideration without coercion.

The premises of this paragraph appear to be that there are no rights to court proceedings to contest the price, and that the unitholders lack an opportunity to express their view as to whether or not to support the Tender Offer. As noted in our explanations at the beginning of this Section IV in detail, that premise appears to be incorrect, as we have clarified that such proceedings are available and that the acceptance threshold for our offer, being set above the majority of the units not held by the Offerors, exceeds the "majority of the minority" standard applied considered desirable even in conflicted M&A transactions under the "Fair M&A Guidelines." We have listed many other reasons why, but in conclusion, we do not believe the Tender Offer is coercive in nature. Accordingly, the established 30 business day period is both in line with market practice in Japan and appropriate for this Tender Offer. The Offerors therefore decline to extend the Tender Offer period. We hope that this clarifies the situation for the Target and its supervisory directors on the special committee, and we would be happy to discuss and explain further upon request.

V. Questions regarding refinancing of interest-bearing debt after the Tender Offer

As of the date hereof, the Investment Corporation has raised interest-bearing debt of JPY 124,160 million in total, consisting of JPY 106,760 million through borrowings and JPY 17,400 million through investment corporation bonds. The Investment Corporation receives all borrowings in the form of a syndicated loan from lenders such as banks. Except for the case of delisting due to merger, if it becomes certain that the units of the Investment Corporation will be delisted, the maturities of the loan may be accelerated upon request of the lender. If the Tender Offer by the Tender Offerors is completed, the lender may claim immediate repayment of the loan in full because the units of the Investment Corporation will be delisted by the intention of the Tender Offerors. In such case, the maturity of investment corporation bonds may also be accelerated due to so-called cross-default provisions, and the Investment Corporation may be forced to sell a large amount of its assets, etc. in order to repay the loans and investment corporation bonds. In order to avoid default of the Investment Corporation, the Investment Corporation needs to consult with its existing lenders so as not to let them make a claim related to the acceleration and to take necessary measures, if any, to avoid such claim. The Tender Offerors state that "After the conclusion of the Tender Offer, the Offerors plan to commence discussions with existing lenders regarding the outstanding debt facilities with the intention of establishing a constructive dialogue in regards to retaining existing debt financing as well as the potential for additional opportunities to implement leverage where appropriate." Please explain specifically the outlook for such plan and the policy for funding in the case where the discussion with the existing lenders is not successful. In addition, it is not practicable to refinance investment corporation bonds with funds raised by investment corporation bonds

after delisting. Thus, please explain the Tender Offerors' policies regarding the refinancing or repayment of investment corporation bonds and confirm that there are no concerns regarding protection of interests of holders of investment corporation bonds.

Given the timing of such hypothetical future events, such questions may be of limited relevance to the unitholders in consideration of the Tender Offer. That said, the Offerors are confident in their ability to obtain debt and/or equity financing to satisfy any future capital needs once privatized, based on their access to equity and debt capital which is part of the plans disclosed in Section I.3.(2)(iii)(B) of the Tender Offer Registration Statement, to "make significant follow-on capital investment in the Target."

End of document