

**Ichigo Office  
(8975)**



Ichigo Office April 2018 Fiscal Period  
Corporate Presentation

**June 14, 2018**

**Ichigo Office REIT Investment Corporation (8975)  
Ichigo Investment Advisors Co., Ltd.**

# **Ichigo Preserves and Improves Real Estate**



# World-Class Excellence

Ichigo's  
Hiromi Miyake

# ICHIGO



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## Japanese Mid-Size Office Investment Attractiveness

### April 2018 Results

- ✓ April 2018 Highlights
- ✓ April 2018 Earnings
- ✓ April 2018 Financial Metrics
- ✓ 16 Consecutive Periods of Dividend Growth – No. 1 vs. All J-REITs
- ✓ Growing Shareholder Value: Continued Growth in Base EPS
- ✓ Growing Shareholder Value: Continued Growth in NAV
- ✓ Execution of Growth Strategy Roadmap
- ✓ Generating Capital Gains in Seller's Market to Fund Growth
- ✓ Rapid Reinvestment via Ichigo Sponsor Support
- ✓ Ongoing High Office Occupancy: 98.9%
- ✓ Organic Growth: Ongoing Rental Growth
- ✓ Organic Growth: Existing Tenants at Higher Rents
- ✓ Organic Growth: New Tenants at Higher Rents

### Ichigo Office Growth Strategy

- ✓ Ichigo Office Growth Strategy Roadmap
- ✓ Value-Add Capex
- ✓ Ongoing Lease-Ups and Rental Income Growth
- ✓ Sustainable Growth with Sponsor Support
- ✓ Sponsor Potential Office Asset Pipeline
- ✓ October 2018 Forecast
- ✓ April 2019 Forecast

### Appendix Financial & Portfolio Data, About Ichigo Office

# Japanese Mid-Size Office Investment Attractiveness (1)

## Rich Pool of REITable Assets

- ✓ 90%+ of Japanese real estate = mid-size
- ✓ High liquidity

## Broad and Deep Tenant Base

- ✓ 96% of all companies have 50 employees or less
- ✓ Diverse sectors & industries

## Largely Untapped by Professional Management

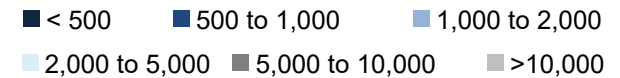
- ✓ High ownership by individuals and “passive owner” corporations results in inadequate building maintenance
- ✓ Lacking professional building and management specifications

## Abundant Opportunities for Large-Scale Improvements

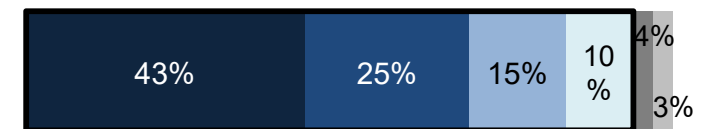
- ✓ Increase safety via seismic reinforcement
- ✓ Increase tenant satisfaction via value-add capex

Significant Value-Add Potential

Breakdown of Buildings by Floor Area (m<sup>2</sup>)



Mid-Size Real Estate: 94%



Source: Ministry of Land, Infrastructure, Transportation and Tourism (2013)

Breakdown of Companies by Number of Employees



% of Companies Suited to Mid-Size Assets: 96%



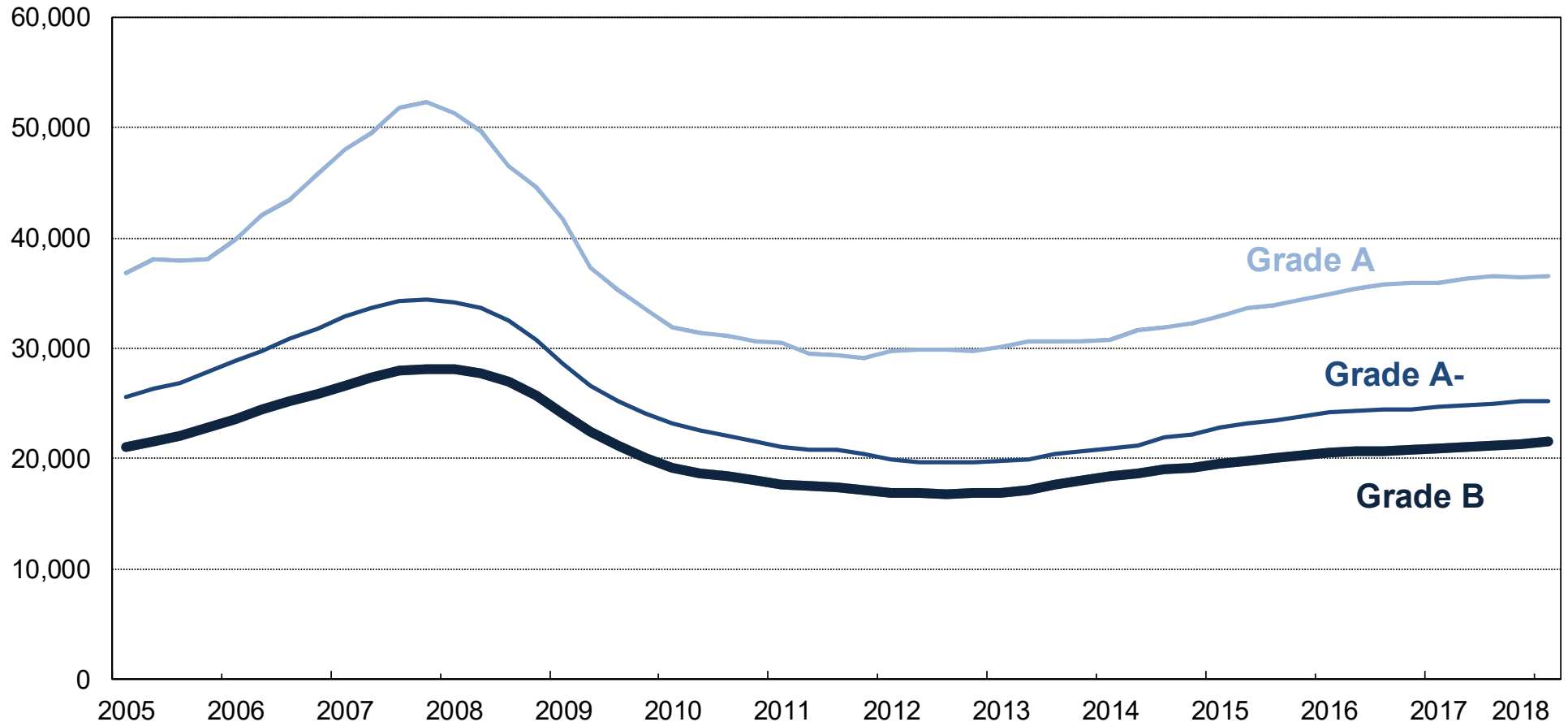
Source: Small and Medium Enterprise Agency (2016)

# Japanese Mid-Size Office Investment Attractiveness (2)

## Mid-Size Office Rents More Stable than Larger-Size Office Rents

Office Rent Trends in 5 Central Tokyo Wards (Chiyoda, Chuo, Minato, Shinjuku & Shibuya Wards)

JPY per Tsubo (3.3m<sup>2</sup>)



Source: CBRE

Grade A refers to buildings in the 5 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, and Shibuya) built no more than 11 years ago (therefore meeting current seismic resistance requirements), with leasable area of 21,450 square meters and total floor area of 33,000 square meters.

Grade A- and Grade B refers to buildings located in any of the 23 wards in Tokyo with leasable area of 14,850 square meters and total floor area of 23,100 square meters and leasable area of 660 square meters and total floor area of 6,600 to 23,100 square meters, respectively, and meeting current seismic resistance requirements.

# April 2018 Results

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# April 2018 Highlights

	Achievements	Drivers
External Growth	<ul style="list-style-type: none"> <li>Sold 3 retail assets (Gain on sales JPY 1.5B)</li> <li>Acquiring 2 office assets (JPY 5.5B)</li> </ul>	<ul style="list-style-type: none"> <li>Sales at 1.4X book value &amp; 1.4X appraisal value</li> <li>Improving portfolio quality via acquisition of Central Tokyo offices with upside rent potential (rapid reinvestment via Ichigo sponsor support)</li> </ul>
Organic Growth	<ul style="list-style-type: none"> <li>Occupancy: 99.0% (total portfolio)</li> <li>42 upward rent renewals (avg +5.5%)</li> <li>39 new tenants at higher rents (avg +18.9%)</li> </ul>	<ul style="list-style-type: none"> <li>Record high occupancy</li> <li>Rent renewals: +JPY 4.0M per month</li> <li>New tenants: +JPY 4.9M per month</li> </ul>
Financing	<ul style="list-style-type: none"> <li>Bond issuance JPY 1.0B</li> <li>New loans JPY 7.9B</li> <li>Loan prepayment JPY 0.5B</li> </ul>	<ul style="list-style-type: none"> <li>Second bond issuance (10-year maturity, 0.9% interest rate)</li> <li>Fixed-rate borrowings: 90.9%; hedge against higher interest rates</li> <li>Gains on sale to be deployed for growth investments</li> </ul>
Base EPS <sup>1</sup>	<p>JPY 1,857 (+JPY 33, +1.8% vs. October 2017)</p>	<ul style="list-style-type: none"> <li>+JPY 23 (+1.3%) vs. initial forecast of JPY 1,834</li> <li>Newly acquired assets and NOI growth at existing assets supporting earnings growth</li> </ul>
FFO <sup>2</sup>	<p>JPY 2,454 (+JPY 24, +1.0% vs. October 2017)</p>	<ul style="list-style-type: none"> <li>FFO growth driving base EPS and dividend growth</li> </ul>
Dividend	<p>JPY 1,964 (+JPY 34, +1.8% vs. October 2017)</p>	<ul style="list-style-type: none"> <li>16 Consecutive periods of dividend growth – No. 1 vs. all J-REITs</li> </ul>
NAV <sup>3</sup>	<p>JPY 84,076 (+JPY 2,921, +3.6% vs. October 2017)</p>	<ul style="list-style-type: none"> <li>+JPY 3B increase in unrealized gains</li> </ul>

<sup>1</sup> Base EPS = EPS - Capital Gains    <sup>2</sup> FFO (per share) = Funds from Operations    <sup>3</sup> NAV (per share) = BPS + Unrealized Capital Gains



# April 2018 Earnings

(JPY million)

	October 2017 Actual	April 2018 Actual (B)	April 2018 Forecast (A)	vs. Forecast (B) - (A)	Major Variation Factors (vs. April 2018 Forecast)
Operating Revenue	7,530	9,062	7,408	+1,653	<u>Increase in Rental Income +58</u> Decrease due to April 2018 asset sale -29 [Existing Assets]
Operating Profit	3,521	5,185	3,616	+1,568	Increase in common area services income +51 (Ichigo Gotanda Building +8) (Ichigo Akihabara North Building +7) (Ichigo Nagoya Building +6) (Ichigo Higashi Ikebukuro Building +5)
Recurring Profit	2,796	4,442	2,812	+1,630	Increase in utilities income +19 Increase in other income +15
Net Income	2,796	4,441	2,811	+1,630	
EPS	JPY 1,824	JPY 2,898	JPY 1,834	+JPY 1,064	<u>Increase in Other Operating Revenue +1,594</u> Increase in gain on asset sale +1,594
Dividend Reserve (-)	—	1,594	—	+1,594	<u>Increase in Rental Expenses +38</u> Increase in utilities expenses +20 Increase in service provider expenses (mainly leasing brokerage fees) +11
Dividend Reserve Release (+)	160	162	162	—	
<b>Dividend</b>	<b>JPY 1,930</b>	<b>JPY 1,964</b>	<b>JPY 1,940</b>	<b>+JPY 24</b>	<u>Increase in Operating Expenses (excluding rental expenses) +46</u> Increase in AM fees due to asset sale +30 Decrease in other expenses through cost reduction -6 Increase in non-deductible consumption tax +22
NOI	5,454	5,373	5,359	+14	<u>Increase in Non-Operating Revenue +49</u> Increase in insurance income +48
No. of Assets	85	82	85	-3	<u>Decrease in Non-Operating Expenses -12</u> Decrease in interest expenses -5 Decrease in up-front loan fees & related expenses -6
Occupancy	98.1%	99.0%	96.9%	+2.1%	
					Reference: Capex April 2018 Actual 395
					Reference: April 2018 Reserves (Post-Dividend) Negative Goodwill Reserve 9,739 Dividend Reserve 2,254

\* NOI = Rental Income - Rental Expenses + Depreciation  
No. of Assets and Occupancy is Period-End

# April 2018 Financial Metrics

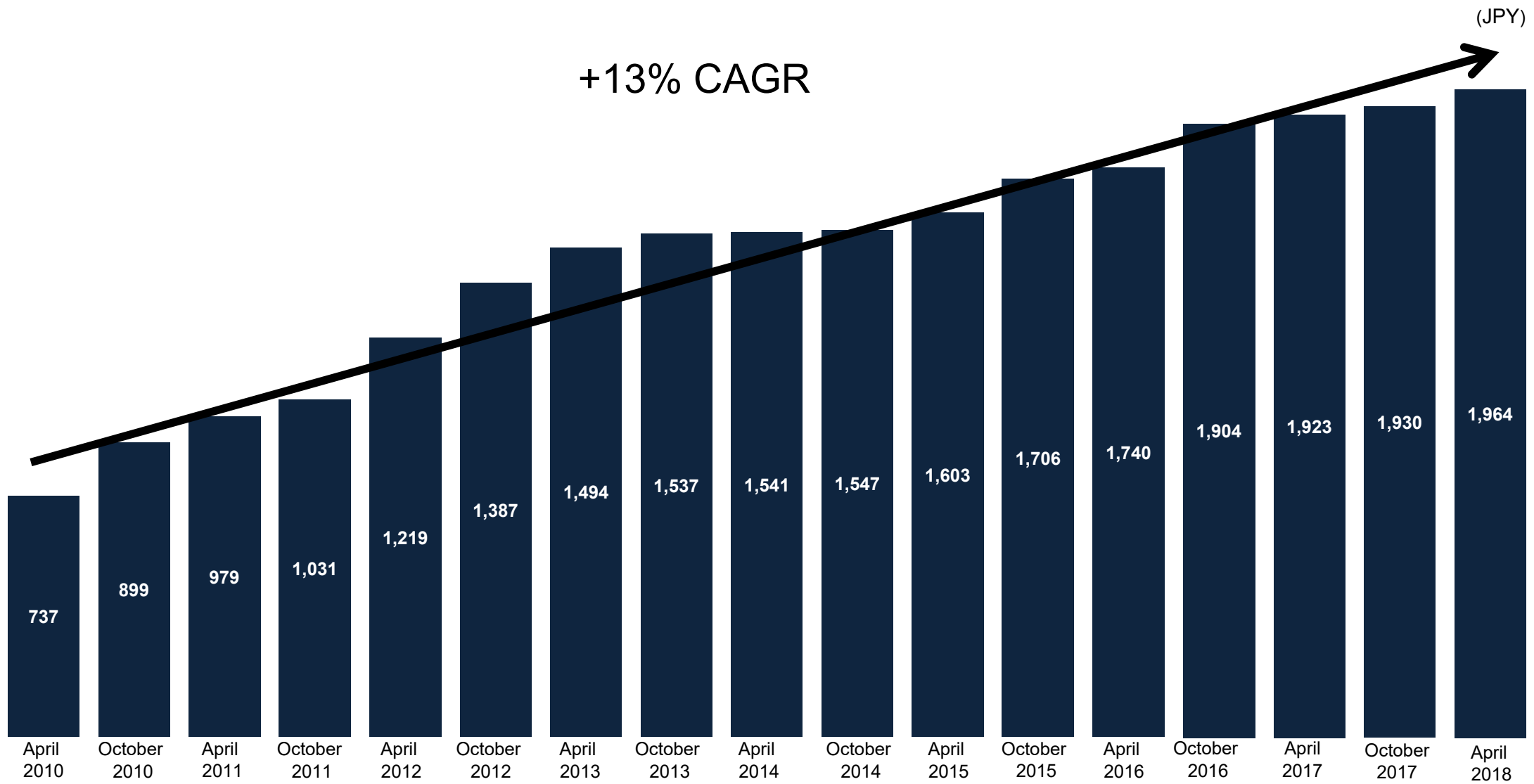
	April 2017	October 2017	April 2018
<b>FFO (per Share)</b>	JPY 2,285	JPY 2,430	JPY 2,454
<b>Dividend</b>	JPY 1,923	JPY 1,930	JPY 1,964
<b>NAV (per Share)</b>	JPY 78,336	JPY 81,155	JPY 84,076
<b>LTV</b>	45.7%	47.5%	46.9%
<b>Average Interest Rate</b>	1.02%	1.00%	1.02%
<b>Average Debt Maturity</b>	5.3 years	5.4 years	5.8 years
<b>Fixed-Rate Borrowing Ratio</b>	82.3%	82.3%	90.9%

\* FFO = Net Income + Depreciation + Loss on Disposal of Fixed Assets + Liability for Asset Retirement Obligation + Loss on Asset Sale - Gain on Asset Sale - Extraordinary Gain + Extraordinary Loss

LTV = Interest-Bearing Liabilities/Total Assets

Average Debt Maturity is Period-End

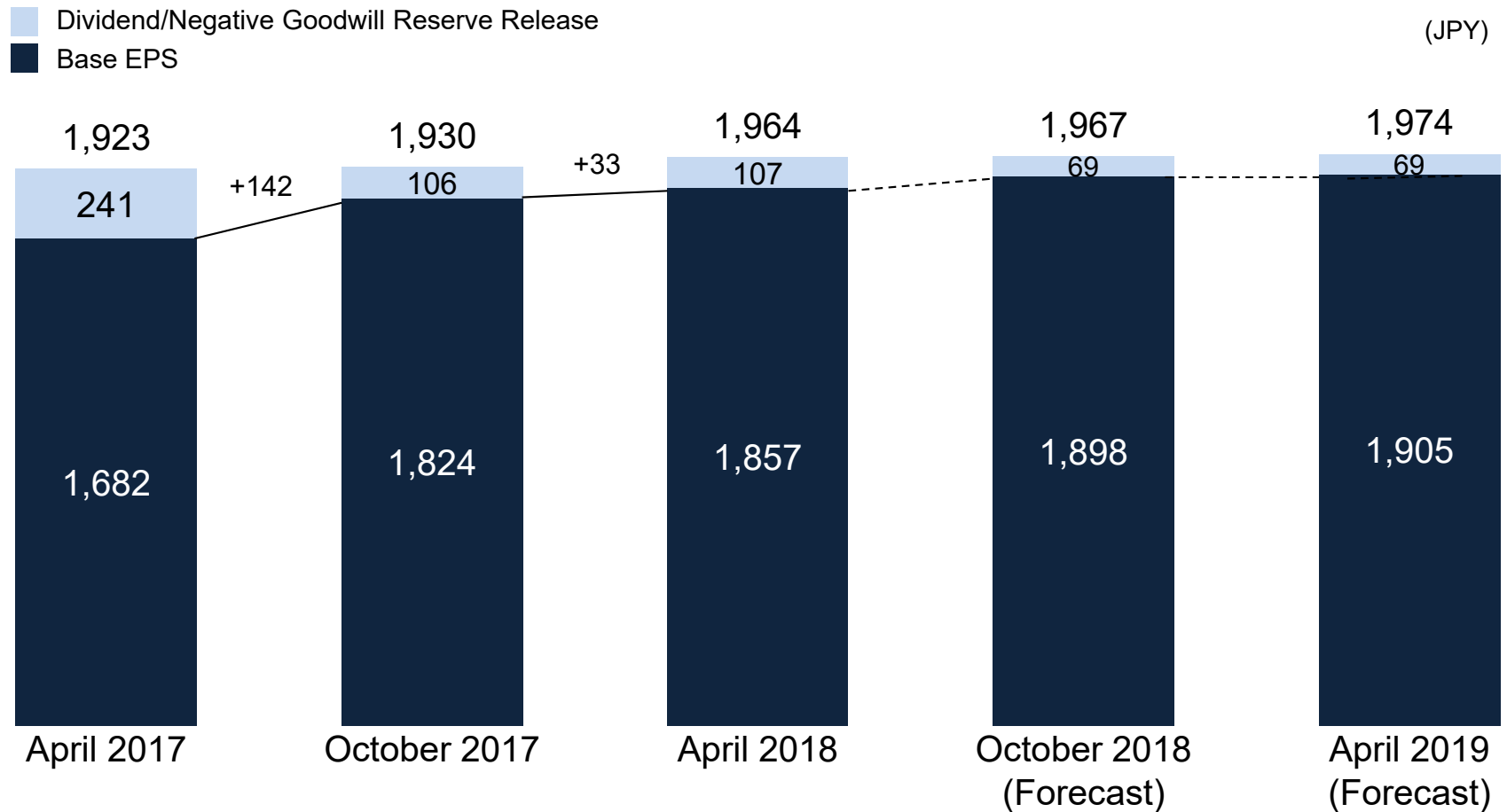
# 16 Consecutive Periods of Dividend Growth – No. 1 vs. All J-REITs



\* April 2010 to October 2011 dividends adjusted to reflect stock split on November 1, 2011

# Growing Shareholder Value: Continued Growth in Base EPS

+10.4% Base EPS YOY

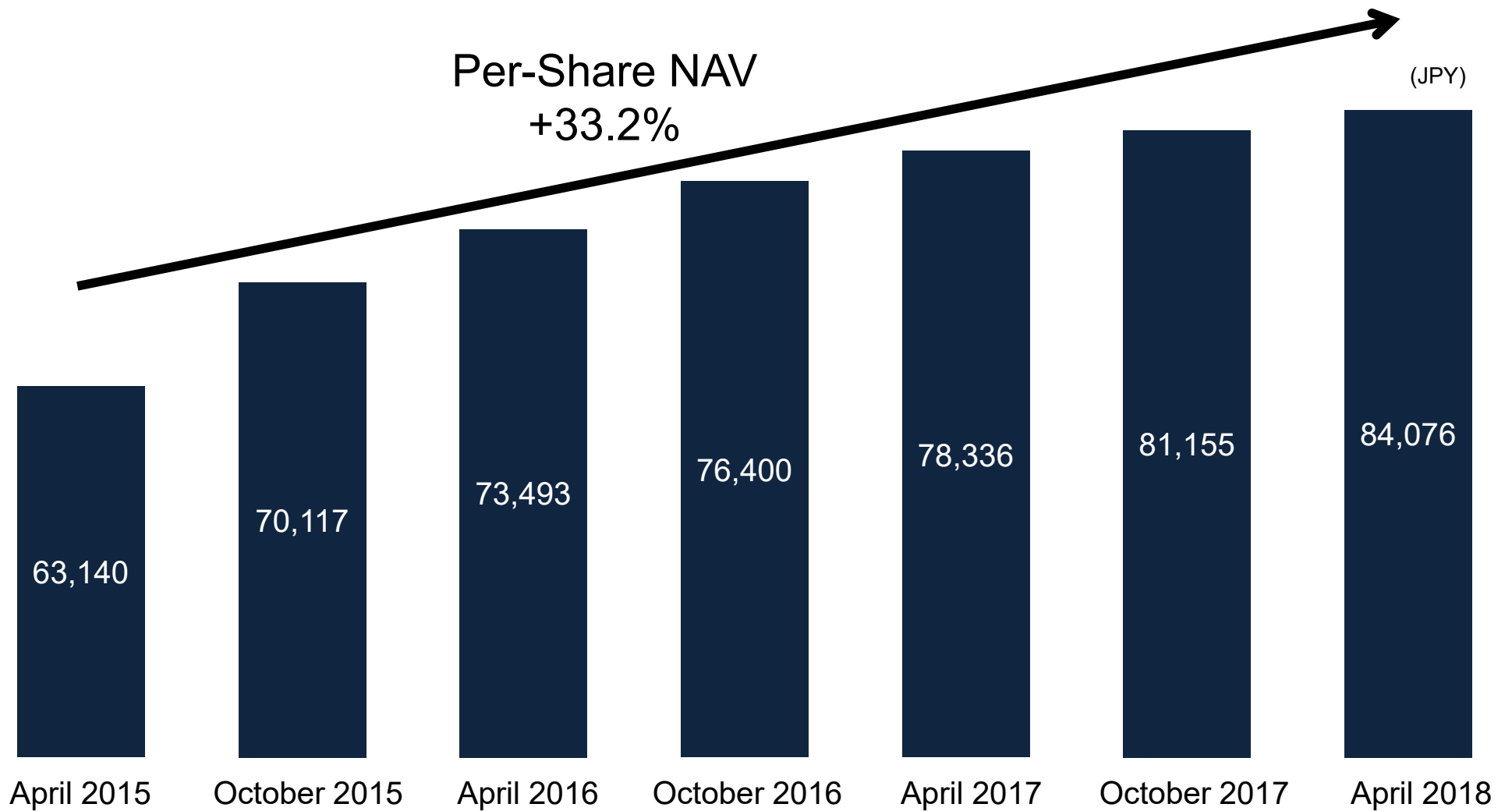


\* Base EPS = EPS - Capital Gains

\* Loss carry-forwards from the previous period included in the dividend/negative goodwill reserve release

# Growing Shareholder Value: Continued Growth in NAV

Increased Portfolio Quality via Portfolio Restructuring



# Execution of Growth Strategy Roadmap

## Giving Priority to Growth Investments to Drive Shareholder Value




JPY 3.3B Growth in Unrealized Gain via Portfolio Restructuring  
 Before: JPY 25.5B After: JPY 28.8B



# Generating Capital Gains in Seller's Market to Fund Growth

Sales at 1.4X book value and 1.4X appraisal value



Gains on sale retained for growth investments such as asset acquisitions  
(offset tax liabilities with loss carry-forwards)

	Ichigo Sapporo Minami 2 Nishi 3 Building	Ichigo Daimyo Balcony	Ichigo Burg Omori Building		
Asset					
Asset Type	Retail	Retail	Retail	<b>Total</b>	
Location	Hokkaido	Fukuoka	Tokyo		
Book Value	JPY 545M	JPY 580M	JPY 3,097M		<b>JPY 4,223M</b>
Appraisal Value	JPY 588M	JPY 667M	JPY 2,970M		<b>JPY 4,225M</b>
Sales Price	JPY 1,020M	JPY 780M	JPY 4,200M		<b>JPY 6,000M</b>
Gains on Sale	JPY 443M	JPY 176M	JPY 975M		<b>JPY 1,594M</b>
Retained Earnings via Offsetting Tax Liabilities with Loss Carry-Forwards		<ul style="list-style-type: none"> <li>Loss carry-forwards at period-start: JPY 4.7 billion Of which c. JPY 2.7 billion expires in April 2021, c. JPY 100 million in October 2021, and c. JPY 1.9 billion in April 2022</li> <li>Offset tax liabilities on April 2018 gains with loss carry-forwards</li> <li>No move on dividend due to retained earnings</li> </ul> <p>(Reference) Loss carry-forwards at April 2018 period-end: JPY1.0 billion</p>			

\* Appraisal value as of October 31, 2017

# Rapid Reinvestment via Ichigo Sponsor Support

## Acquired Mid-Size Offices in Central Tokyo with Upside Rent Potential

	Win Gotanda Building 2	MIF Building
Asset		
Area	Shinagawa-ku, Tokyo	Chiyoda-ku, Tokyo
Features	Gotanda area has strong growth potential (5 <sup>th</sup> Ichigo Office asset in Gotanda)	Close to Otemachi, with excellent transport access across central Tokyo
Acquisition Price	JPY 3.3B	JPY 2.2B
NOI Yield	4.7%	4.6%
Location	5-min walk from Gotanda Station on JR Yamanote Line & immediately adjacent to Osaki Hirokoji Station on Tokyu Ikegami Line	4-min walk from Otemachi Station on Marunouchi Line and a 6-min walk from Kanda Station on JR Yamanote Line
Occupancy	100%	100%

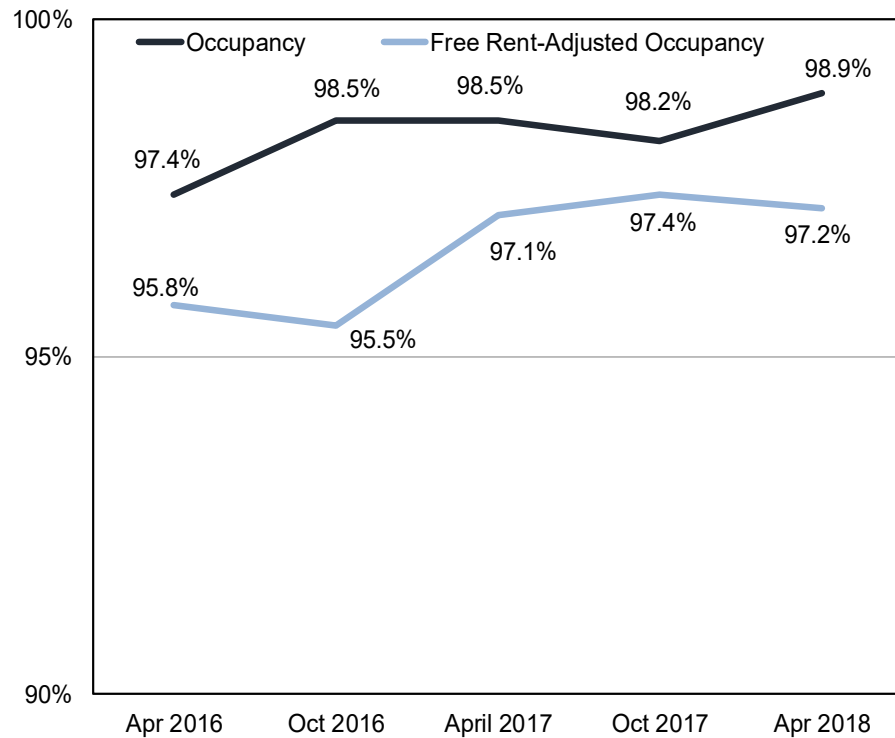
\* Forecast NOI Yield and Occupancy at acquisition



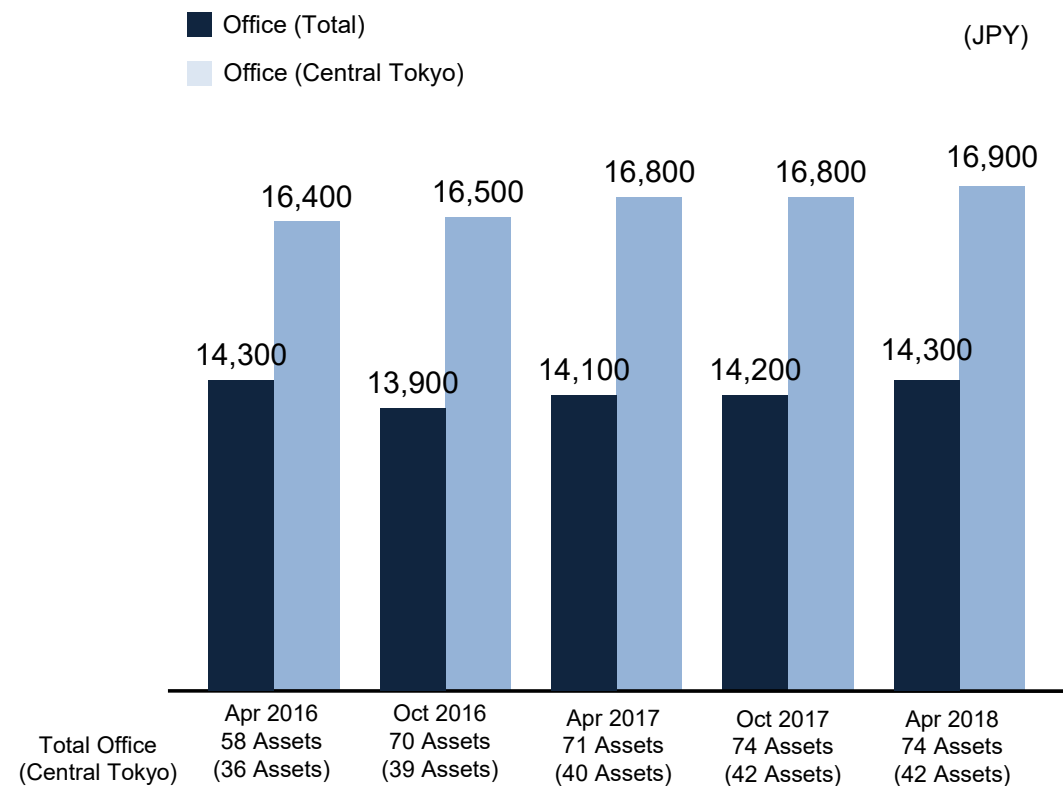
# Ongoing High Office Occupancy: 98.9%

Record Occupancy  
Rent per Tsubo Increasing Across All Assets

Occupancy (Office)



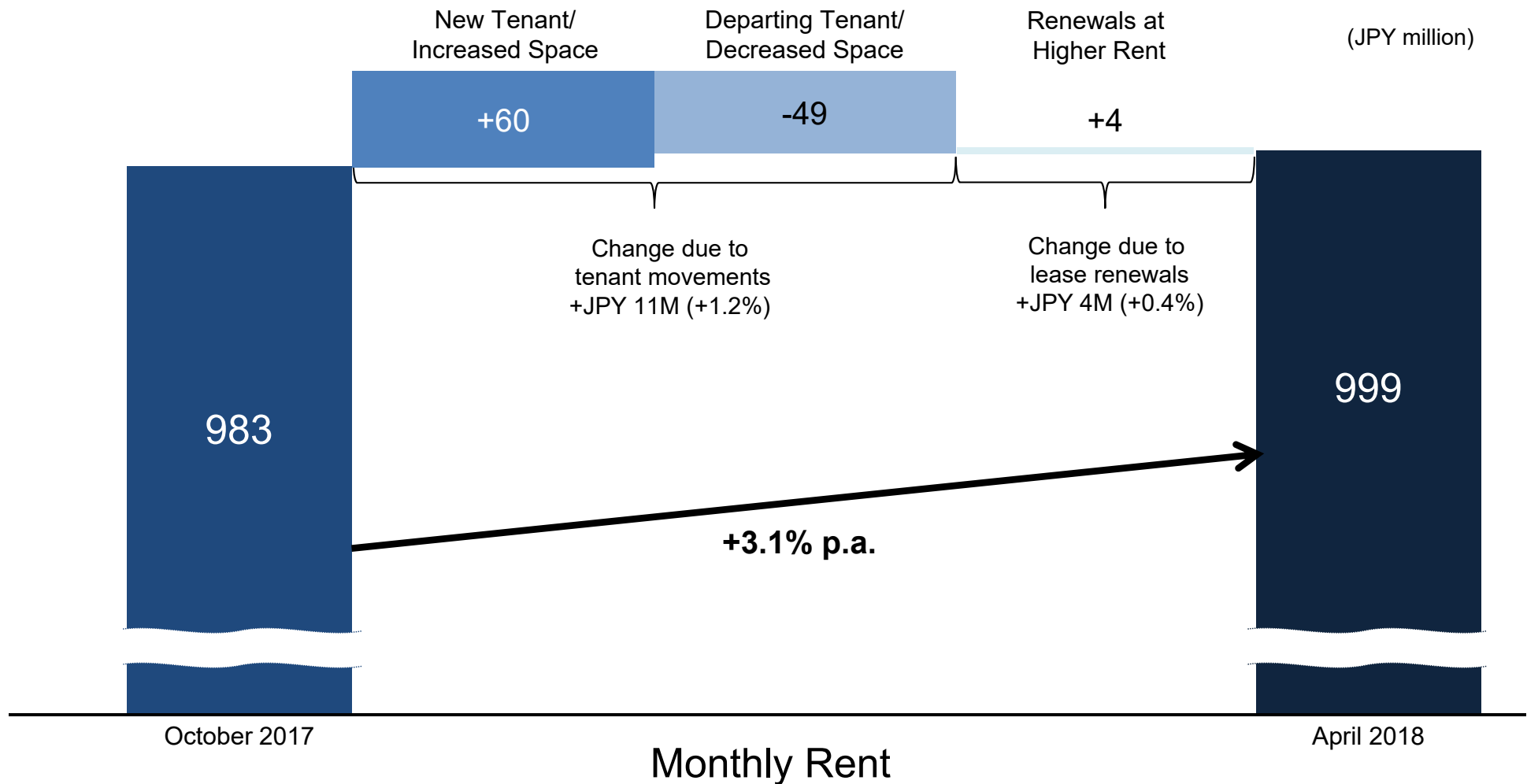
Average Rent per Tsubo (3.3m<sup>2</sup>) (Office)



Average Free-Rent Period  
 October 2017: 1.7 months  
 April 2018: 1.7 months  
 Occupancy is Period-End



# Organic Growth (1) Ongoing Rental Growth



Change in Occupancy:

98.2% (October 2017) → 98.9% (April 2018)

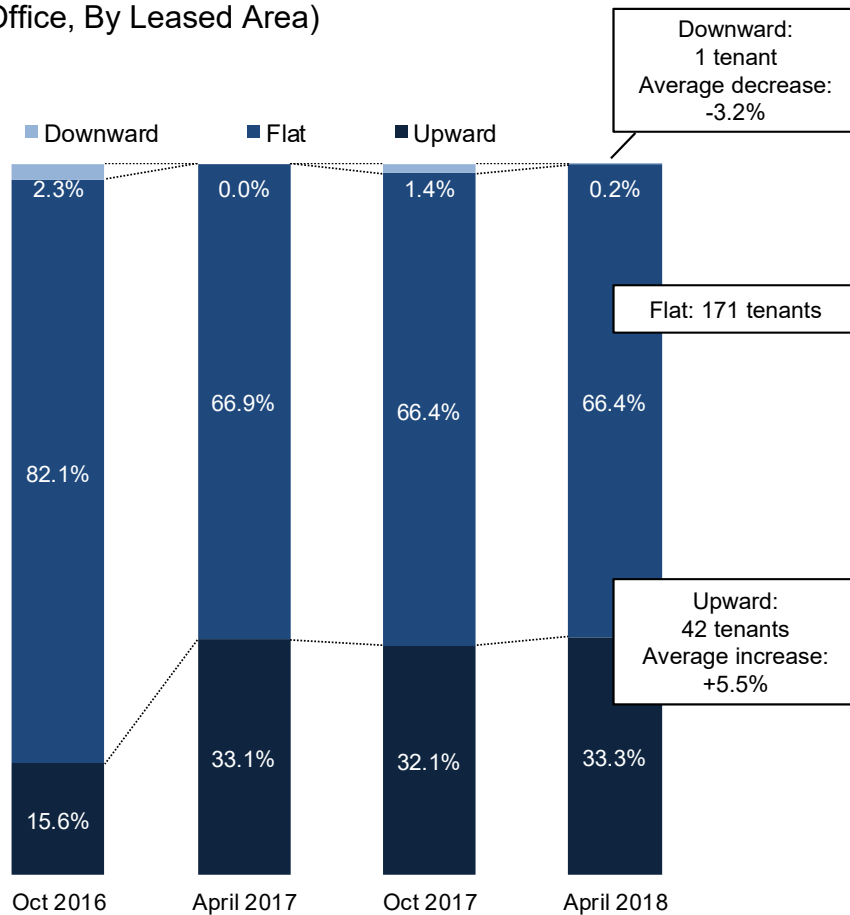
\* Change in Occupancy is like-for-like and thus excludes newly acquired and sold assets

# Organic Growth (2) Existing Tenants at Higher Rents

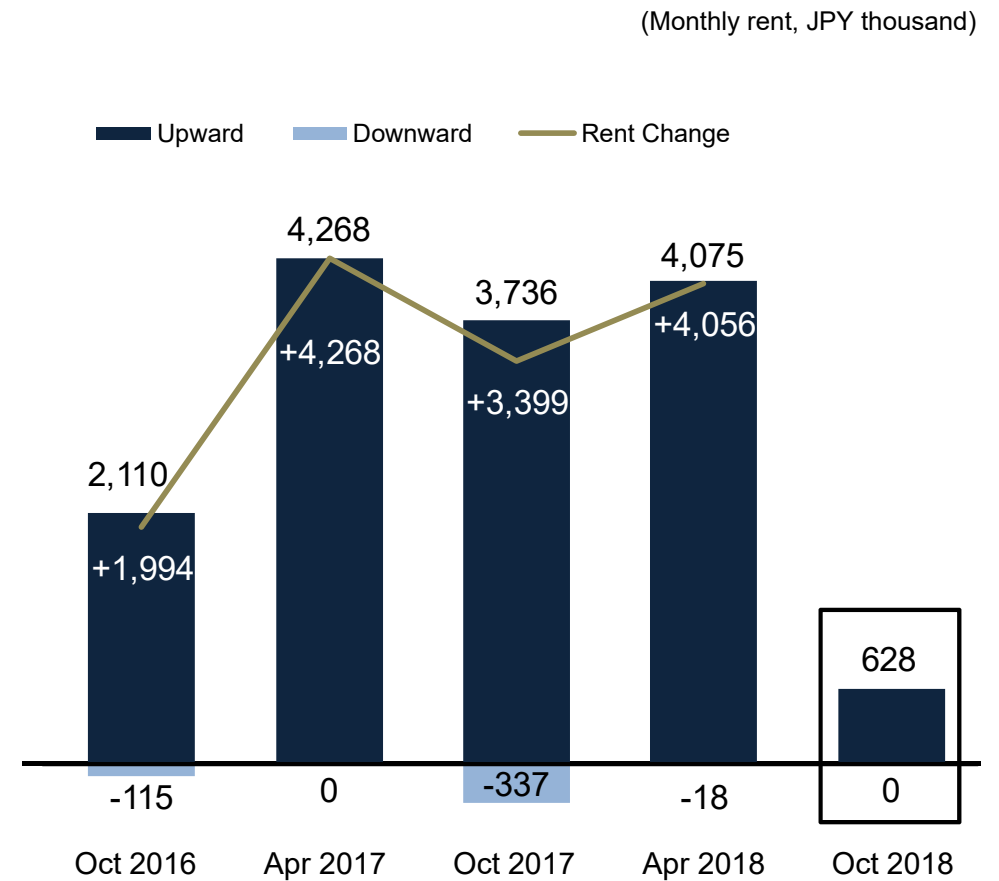
1/3 of Renewals at Higher Rents

Monthly Rent: +JPY 4M on Lease Renewals

New Rent vs. Previous Rent  
(Office, By Leased Area)



Lease Renewals (Office)



\* October 2018 reflects leases in place as of May 15, 2018.

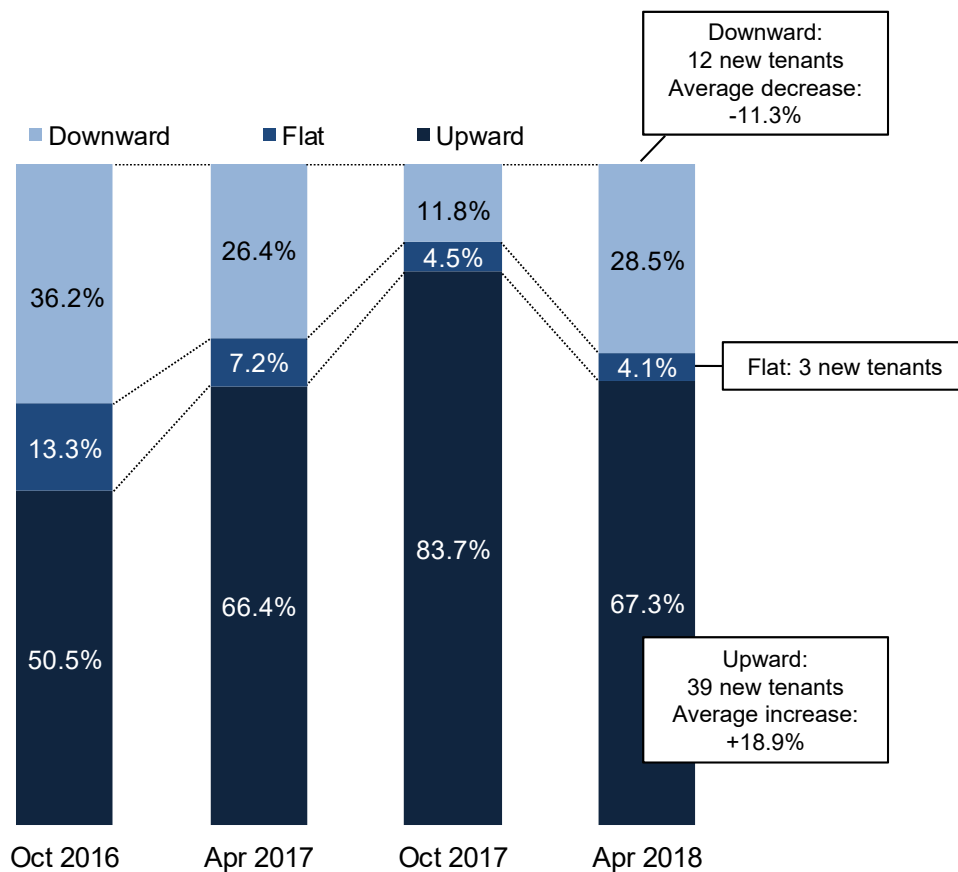
# Organic Growth (3) New Tenants at Higher Rents

## 2/3 of New Tenants at Higher Rents

## October 2018 New Tenants Also Coming in at Higher Rents

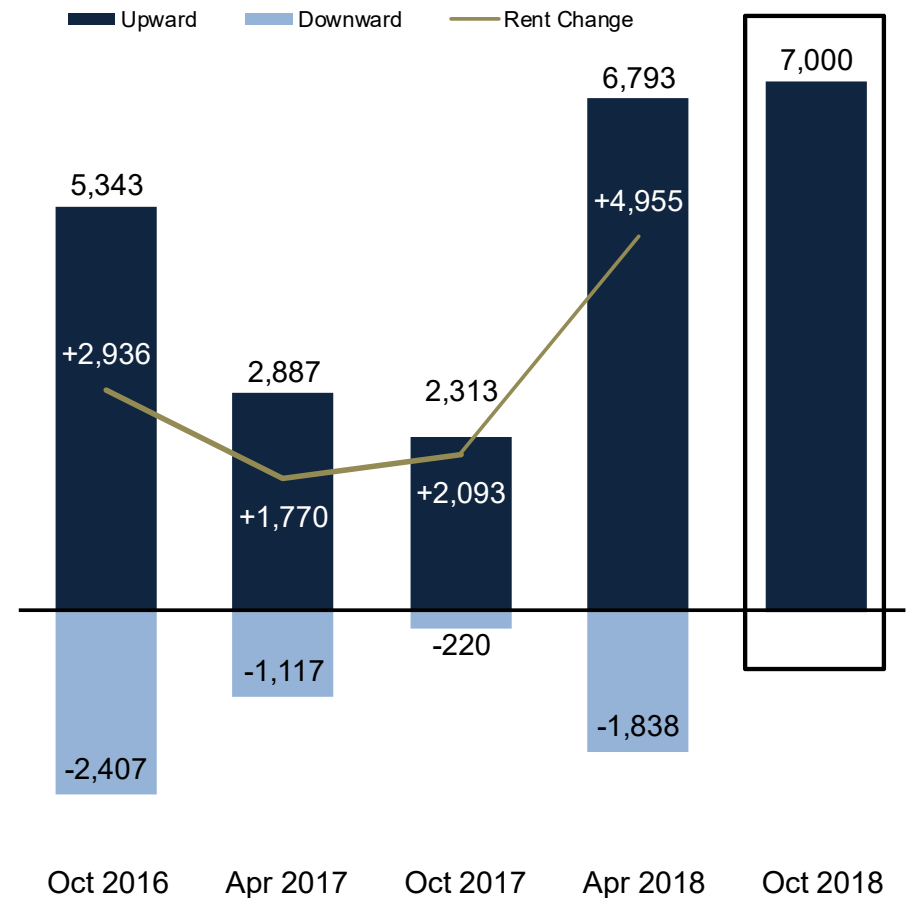
New Tenant Rent vs. Previous Tenant Rent

(Office, by Leased Area)



Impact on Rental Income from Tenant Turnover (Office)

(Monthly rent, JPY thousand)

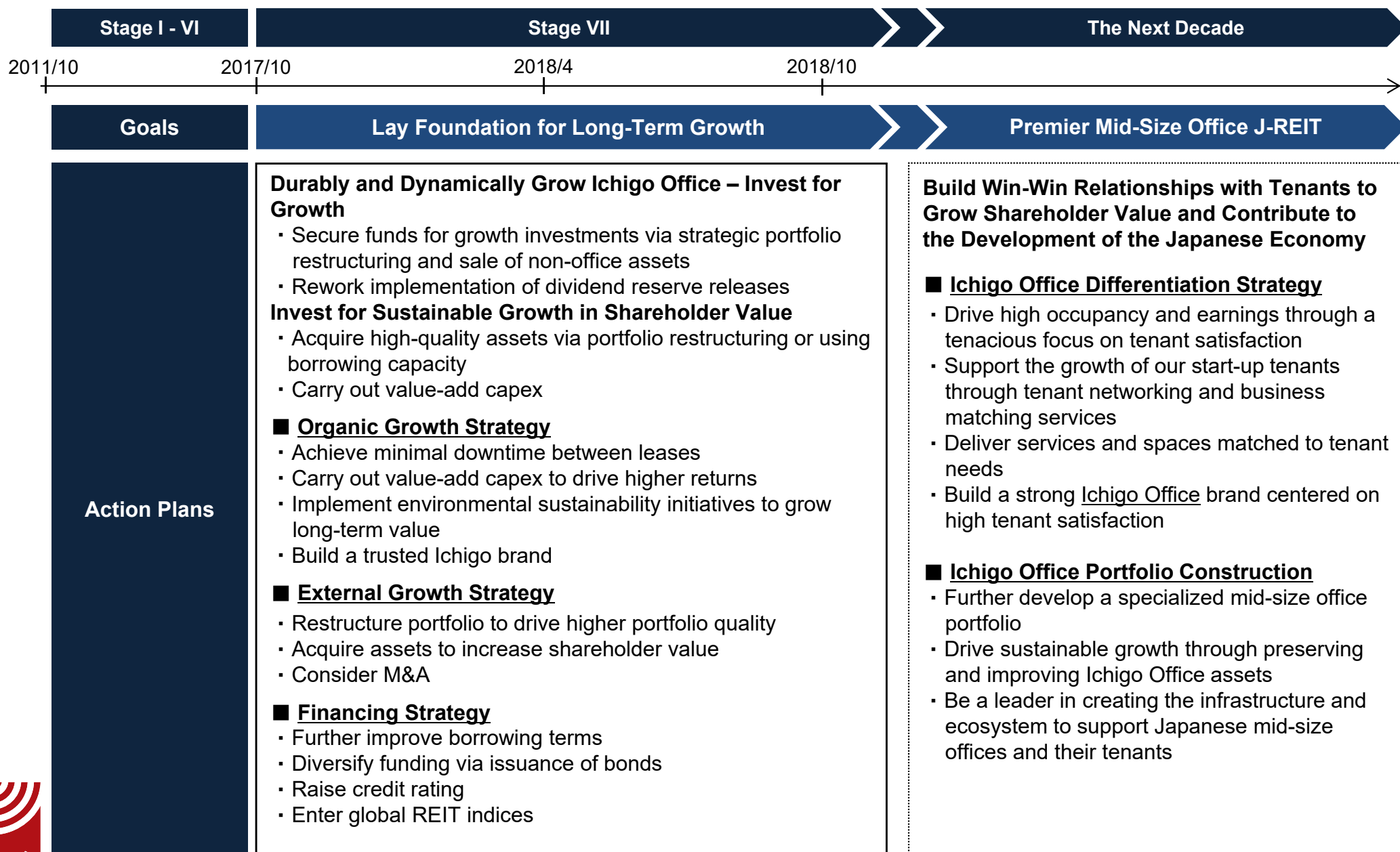


\* October 2018 reflects leases in place as of May 15, 2018.

# Ichigo Office Growth Strategy

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# Ichigo Office Growth Strategy Roadmap



# Value-Add Capex (1)

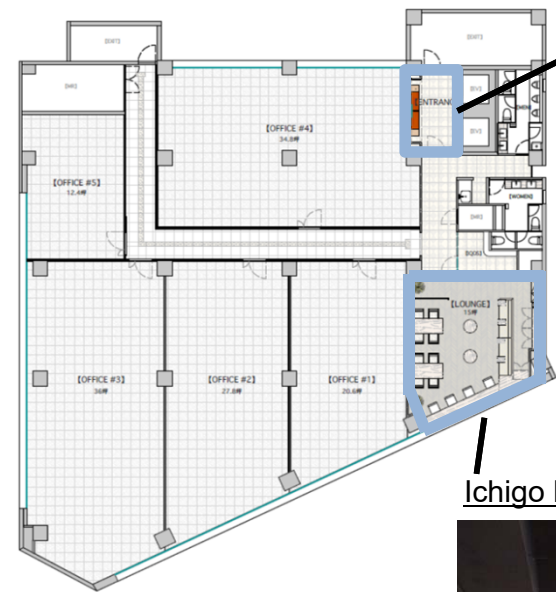
## Launched Ichigo Lounge with Shared-Use Space as a New Tenant Service

- ✓ Generated significantly higher rents by offering attractive shared-use space
- ✓ Planned introduction of Ichigo Lounge at other Ichigo Office assets

Ichigo Higashi Ikebukuro Building (Toshima-ku, Tokyo)

Status	Leased Area (m <sup>2</sup> )	Tenant Industry	Contract Date
Leased	69 m <sup>2</sup>	IT	March 2018
Leased	40 m <sup>2</sup>	HR	April 2018
Leased	125 m <sup>2</sup>	IT	July 2018
Finalizing Terms	116 m <sup>2</sup>	Real Estate	July 2018
Finalizing Terms	83 m <sup>2</sup>	Real Estate	July 2018

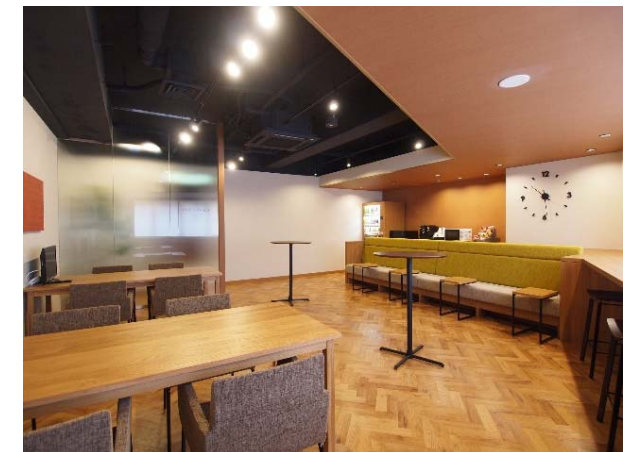
Economics	
Capex	JPY 29M
Average Monthly Rent per Tsubo (3.3m <sup>2</sup> )	Before: JPY 15,000 After: JPY 23,894 (+59.3%)
NOI Increase	+JPY 9.5M p.a.
ROI	32.4%



Reception



Ichigo Lounge



\*Common space expansion reduced leasable area



# Value-Add Capex (2)

## Value-Add Capex Increasing Asset Values

Value-Add Capex at Ichigo Jingumae Building (Shibuya-ku, Tokyo) in the Most Recent Four Periods

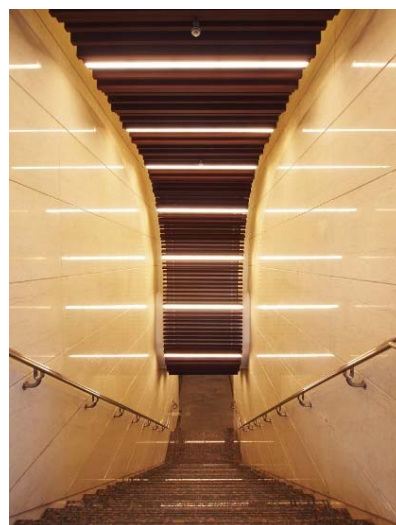
	October 2016	April 2017	October 2017	April 2018
Capex Details	Air Conditioning Upgrade	B1F Stairs Upgrade, Common Area Renovation	Elevator Upgrade, Common Area Renovation	Entrance Hall Upgrade
Leasing Activities	Lease-up of first floor (560m <sup>2</sup> )	Renewal at higher rent (1,796m <sup>2</sup> )	New restaurant tenant at higher rent (132m <sup>2</sup> )	New tenant at higher rent (262m <sup>2</sup> )
Capex	JPY 24M	JPY 24M	JPY 23M	JPY 18M
NOI (semi-annual)	JPY 122M	JPY 131M	JPY 138M	JPY 142M
NOI Yield	3.4%	3.7%	3.9%	4.0%

\* Annualized NOI Yield

Exterior



Staircase to Basement Retail



Entrance Hall



Restroom





# Ongoing Lease-Ups and Rental Income Growth (1)

## Generating Significantly Higher Rents in Strong Rent Areas

### April 2018 Re-Tenancing Case

Ichigo Sakae Building (Nagoya, Aichi)

- April-end departure of 1-2F tenant (777 m<sup>2</sup>, retail)
- Prime location on Otsu Dori, a major thoroughfare in one of Nagoya's premier commercial districts
- Targeted retail tenants that would benefit from the prime location
- Successfully leased up the space with a 41.8% rent increase and no lease downtime or free rent







Floor	Area	Tenant Industry	Contract Date	Downtime	Free Rent	Rent Increase
1F/2F	777m <sup>2</sup>	Drugstore	May 2018	None	None	+41.8%

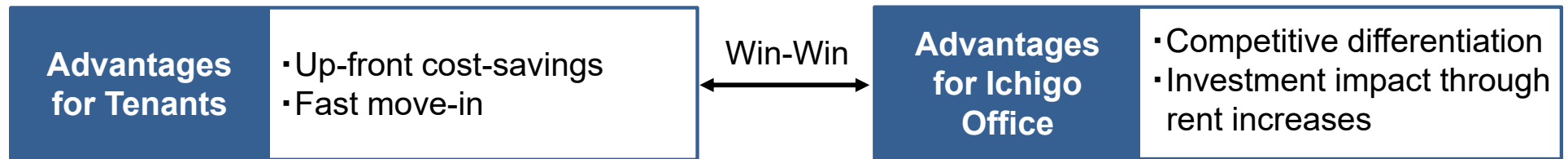


# Ongoing Lease-Ups and Rental Income Growth (2)

## Continued Roll-Out of Pre-Fitted & Furnished Ichigo Layout Office

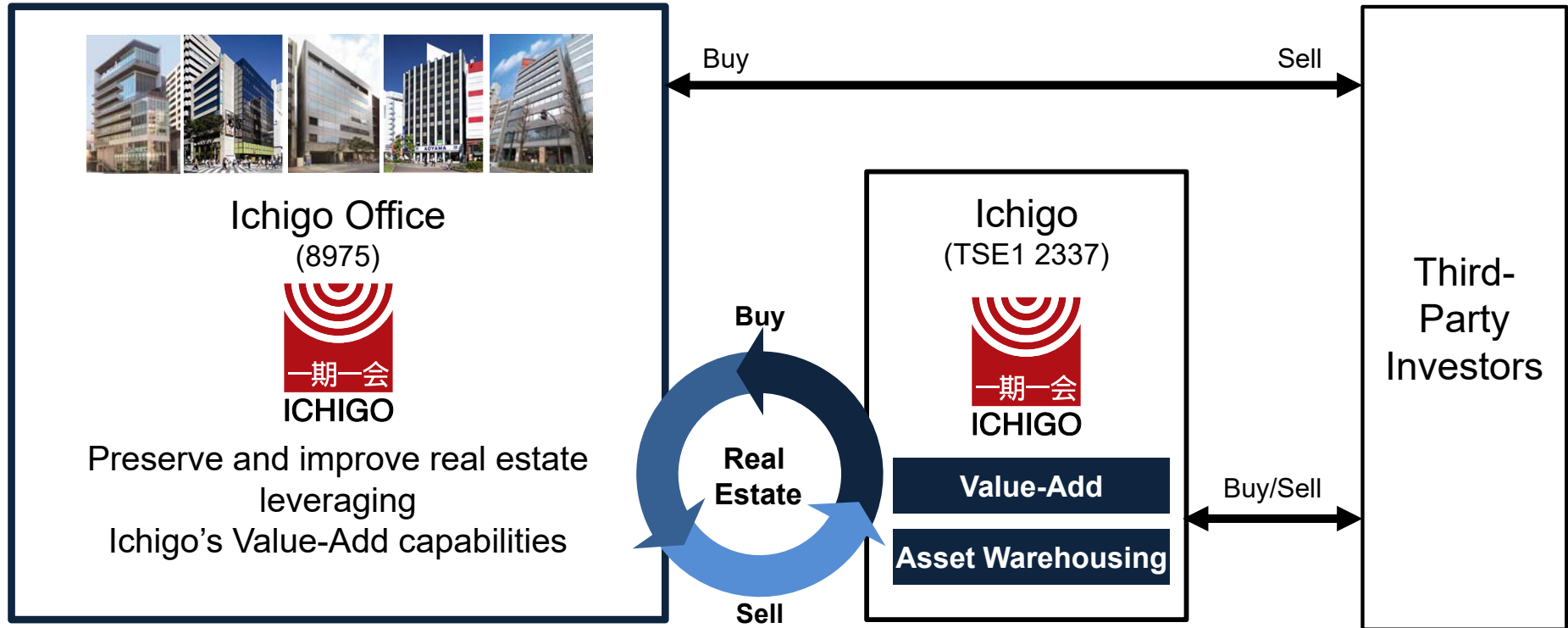
- ✓ Highly-differentiated offer that meets tenants' quality, flexibility, & cost requirements
- ✓ High-quality, raised flooring for IT infrastructure, sub-divisible floors, etc.

Ichigo Layout Offices		New Projects In Progress	
<p><u>Ichigo Nishi Gotanda Building</u></p> 	<p><u>Ichigo Shibakoen Building</u></p>  <p>Maximize the potential of a uniquely-shaped office</p>	<p><u>Ichigo Nagoya Building</u></p> <p>First regional Ichigo Layout Office</p> <p>New sub-divisible floors</p> 	
	<p><u>Ichigo Uchikanda Building</u></p>  <p>Redesigned and renovated</p>	<p><u>Ichigo Jimbocho Building</u></p> <p>Third Ichigo Layout Office within the building</p> 	



# Sustainable Growth with Sponsor Support

Pursue Long-Term Sustainable Growth Leveraging Sponsor Ichigo's (2337) Market-Leading Value-Add Capabilities



## Ichigo Office Sourcing Strengths

- Sourcing Diversity: Ichigo Office proprietary sourcing routes + Ichigo sponsor network
- Strong Sponsor Support: Ichigo assets fully available to Ichigo Office for acquisition
- Stable Sourcing: Backed by Ichigo value-add capabilities, so less sensitive to market environment





# Sponsor Potential Office Asset Pipeline

Ichigo (2337) Office Assets: c. JPY 60B (as of May 31, 2018)



Hakata Ekimae Square  
(Fukuoka)



Kakyoin Plaza  
(Sendai)



Kichijoji Central Building  
(Tokyo)



Hakata MST  
(Fukuoka)



Tradepia Odaiba  
(Tokyo)



Ichigo Akasaka 317 Building  
(Tokyo)



Ogaku Building  
(Tokyo)



Takeyama Hakata Building  
(Fukuoka)

# October 2018 Forecast

(JPY million)

	April 2018 Actual	April 2018 Actual (A) (excluding Gain on Sales)	October 2018 Forecast (B)	vs. April 2018 (B) - (A)	Major Variation Factors (vs. April 2018)
Operating Revenue	9,062	7,467	7,547	+80	<u>Increase in Rental Income +80</u> Decrease due to April 2018 asset sale -185 Increase due to October 2018 asset acquisition +151 [Existing Assets]
Operating Profit	5,185	3,590	3,685	+95	Increase in common area services income +96 (Ichigo Sakae Building +36)
Recurring Profit	4,442	2,847	2,885	+38	(Ichigo Gotanda Building +17) (Ichigo Higashi Ikebukuro Building +16) (Ichigo Mita Building +11)
Net Income	4,441	2,846	2,908	+62	Increase in utilities income due to weather fluctuation +40 Decrease in lease termination penalties -21
EPS	JPY 2,898	JPY 1,857	JPY 1,898	+JPY 41	
Dividend Reserve (-)	1,594	—	—	—	<u>Decrease in Rental Expenses -19</u> Decrease due to April 2018 asset sale -104 Increase due to October 2018 asset acquisition +42 [Existing Assets]
Dividend Reserve Release (+)	162	162	105	-57	Increase in utilities expenses due to weather fluctuation +48 Increase in property tax due to October 2017 asset acquisition and reappraisal +44 Decrease in depreciation -55
Dividend	JPY 1,964	JPY 1,964	JPY 1,967	+JPY 3	
NOI	5,373	5,373	5,409	+35	<u>Decrease in Non-Operating Revenue -49</u> Decrease in April 2018 insurance income -48
No. of Assets	82	82	84	+2	
Occupancy	99.0%	99.0%	97.8%	-1.2%	<u>Increase in Non-Operating Expenses +7</u> Increase in interest expenses +25 Decrease in up-front loan fees & related expenses -18
					<u>Increase in Extraordinary Gain +23</u> Insurance gain +23
					Reference: Capex April 2018 Actual 395 October 2018 Forecast 594
					Reference: October 2018 Reserves (Post-Dividend) Negative Goodwill Reserve 9,634 Dividend Reserve 2,254

\* NOI = Rental Income - Rental Expenses + Depreciation  
No. of Assets and Occupancy is Period-End

# April 2019 Forecast

(JPY million)

	October 2018 Forecast (A)	April 2019 Forecast (B)	vs. October 2018 (B) - (A)	Major Variation Factors (vs. October 2018 Forecast)
Operating Revenue	7,547	7,493	-54	<u>Decrease in Rental Income</u> -54 Decrease in utilities income due to weather fluctuation -42 Decrease in other income -13
Operating Profit	3,685	3,712	+27	
Recurring Profit	2,885	2,920	+35	<u>Decrease in Rental Expenses</u> -66 Decrease in utilities expenses due to weather fluctuation -31 Decrease in service provider expenses (mainly leasing brokerage fees) -26 Decrease in depreciation -9
Net Income	2,908	2,920	+11	
EPS	JPY 1,898	JPY 1,905	+JPY 7	<u>Decrease in Operating Expenses (excluding Rental Expenses)</u> -14 Decrease in April 2019 performance fee to asset manager -10
Dividend Reserve Release (+)	105	105	—	<u>Decrease in Non-Operating Expenses</u> -8 Decrease in interest expenses -8
Dividend	JPY 1,967	JPY 1,974	+JPY 7	<u>Decrease in Extraordinary Gains</u> -23 Decrease in October 2018 insurance gains -23
NOI	5,409	5,412	+2	Reference: Capex October 2018 Forecast 594 April 2019 Forecast 536
No. of Assets	84	84	—	
Occupancy	97.8%	97.5%	-0.3%	Reference: April 2019 Reserves (Post-Dividend) Negative Goodwill Reserve 9,529 Dividend Reserve 2,254

\* NOI = Rental Income - Rental Expenses + Depreciation  
No. of Assets and Occupancy is Period-End

## Appendix: Financial & Portfolio Data

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# April 2018 vs. October 2017 Earnings

(JPY million)

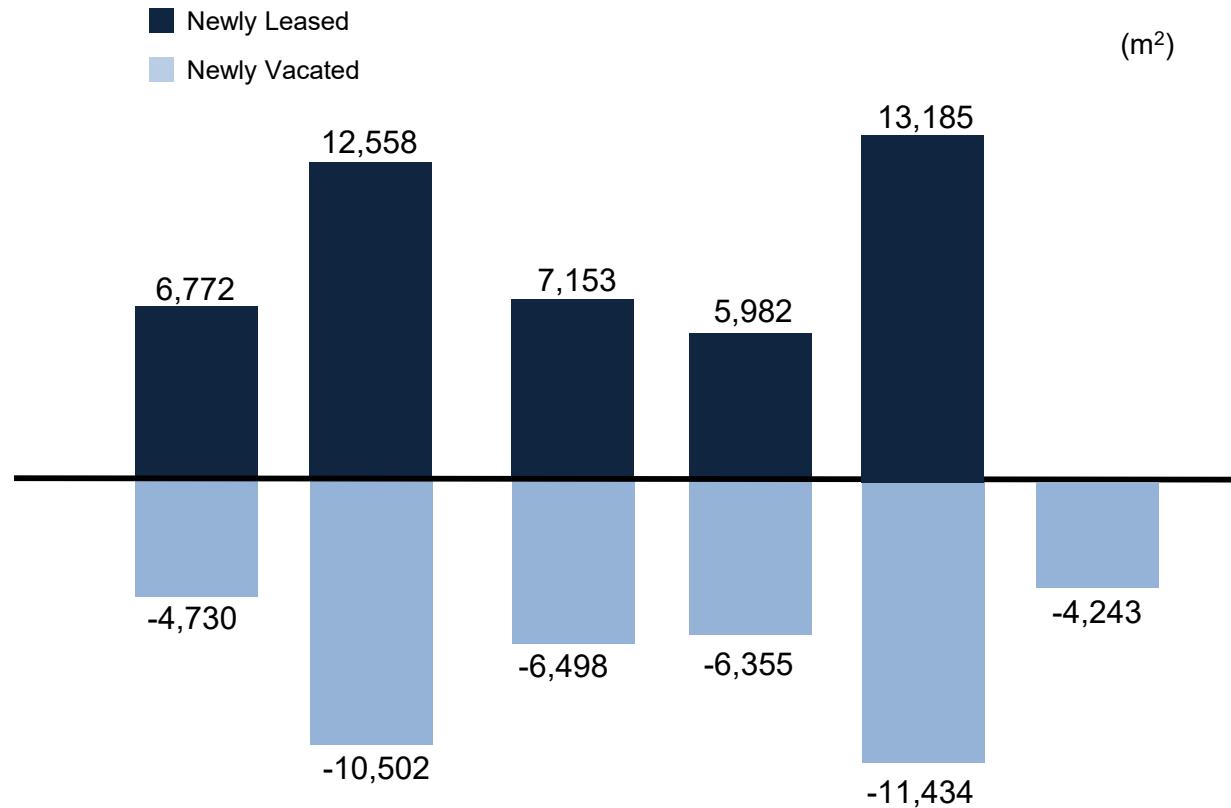
	October 2017 Actual (A)	April 2018 Actual (B)	vs. October 2017 (B) - (A)	Major Variation Factors (vs. October 2017)
Operating Revenue	7,530	9,062	+1,531	<u>Rental Income</u> -63 Decrease due to asset sale in April 2018 period -34 [Existing Assets]
Operating Profit	3,521	5,185	+1,664	Increase in lease termination penalties +23 Decrease in utilities income -43
Recurring Profit	2,796	4,442	+1,645	<u>Other Operating Revenue</u> +1,594 Increase in gain on asset sale in April 2018 period +1,594
Net Income	2,796	4,441	+1,645	
EPS	JPY 1,824	JPY 2,898	+JPY 1,074	<u>Increase in Rental Expenses</u> +3 Decrease due to asset sale in April 2018 period -5 [Existing Assets]
Dividend Reserve (-)	-	1,594	+1,594	Increase in maintenance costs +30 Increase in service provider expenses (mainly leasing brokerage fees) +24 Decrease in utilities expenses -38 Decrease in depreciation -9
Dividend Reserve Release (+)	160	162	+1	
Dividend	JPY 1,930	JPY 1,964	+JPY 34	<u>Decrease in Operating Expenses (excluding rental expenses)</u> -136 Decrease in performance fee to asset manager -194 Increase in AM fees due to asset sale in April 2018 period +30 Decrease in non-deductible consumption taxes +23
NOI	5,454	5,373	-80	<u>Increase in Non-Operating Revenue</u> +43 Increase in insurance income +48 Decrease in consumption tax refund and other revenue -4
No. of Assets	85	82	-3	
Occupancy	98.1%	99.0%	+0.9%	<u>Increase in Non-Operating Expenses</u> +62 Decrease in interest expenses -5 Increase in up-front loan fees & related expenses +68

\* NOI = Rental Income - Rental Expenses + Depreciation  
No. of Assets and Occupancy is Period-End



# Rapid Re-Tenenting at Vacancies

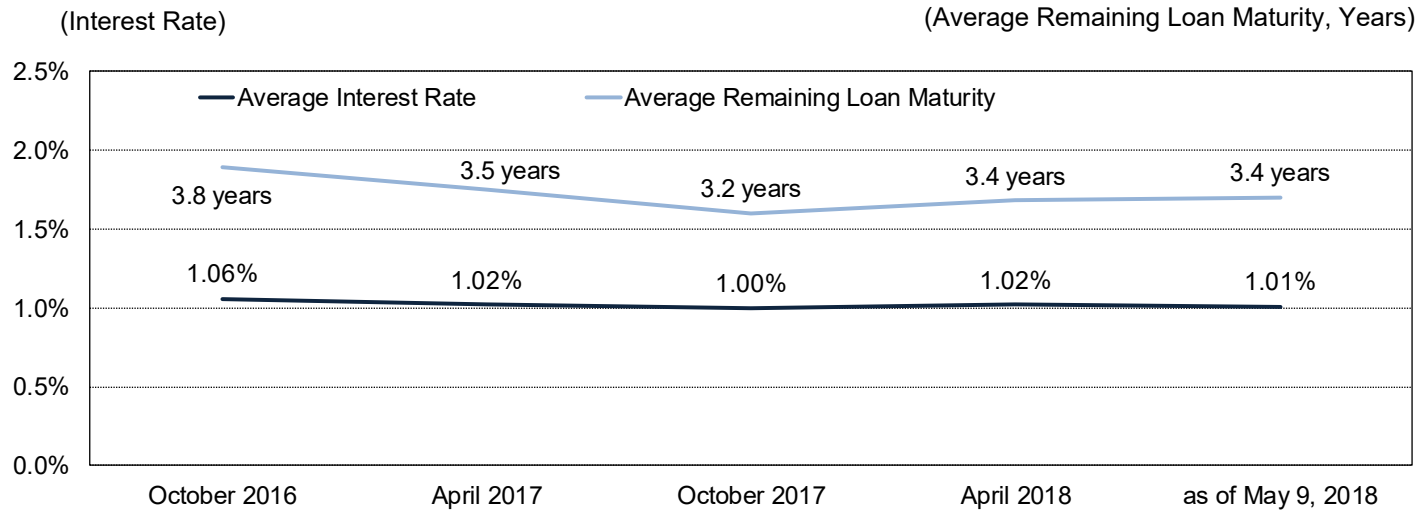
Newly Leased and Newly Vacated Office Space



	Apr 2016	Oct 2016	Apr 2017	Oct 2017	Apr 2018	Oct 2018 Forecast
<b>Newly Leased</b>	7.4%	11.3%	6.4%	5.3%	11.3%	TBD
<b>Newly Vacated</b>	5.2%	9.5%	5.8%	5.7%	9.8%	3.6%
<b>Net Leasing (m<sup>2</sup>)</b>	+2,042	+2,055	+655	-372	+1,751	TBD

# Borrowing Details (1)

## Average Interest Rate and Average Remaining Loan Maturity

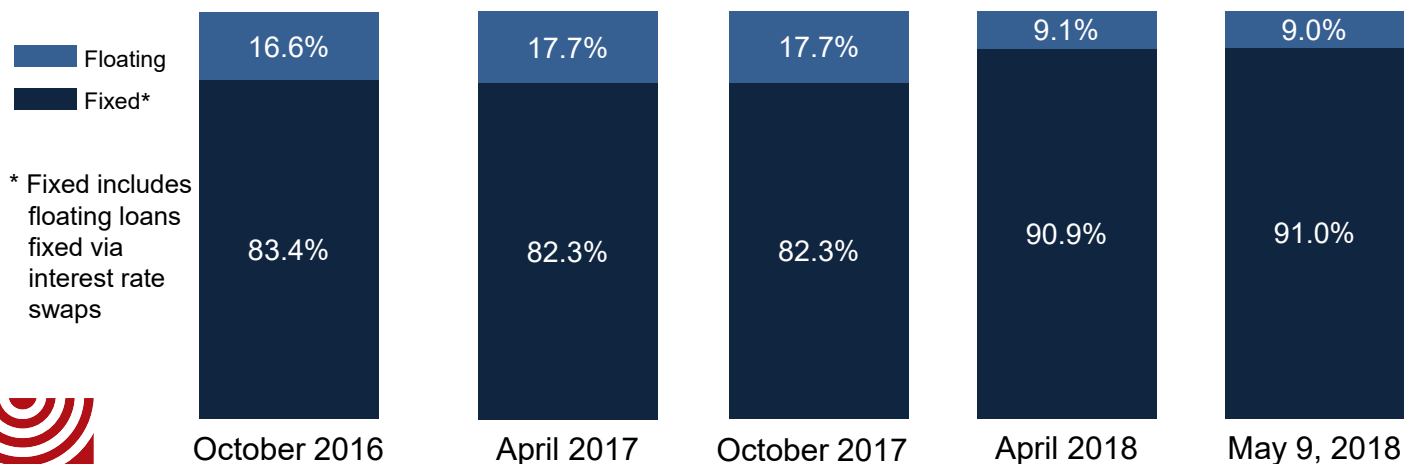


## Loan Details

### Borrowings in the April 2018 Period

	Amount	Maturity	Fixed Interest Rate
Bank Loans	JPY 1.60B	6 years	0.76125%
	JPY 2.38B	8 years	0.94875%
	JPY 3.95B	8 years	0.99000%
Bonds	JPY 1.00B	10 years	0.90000%
<b>Total/Average</b>	<b>JPY 8.93B</b>	<b>7.8 years</b>	<b>0.92797%</b>

## Fixed vs. Floating Loan Ratio



\* Fixed includes floating loans fixed via interest rate swaps

### New Loan on May 9, 2018

	Amount	Maturity	Fixed Interest Rate
Bank Loan	JPY 2B	6 years	0.79500%

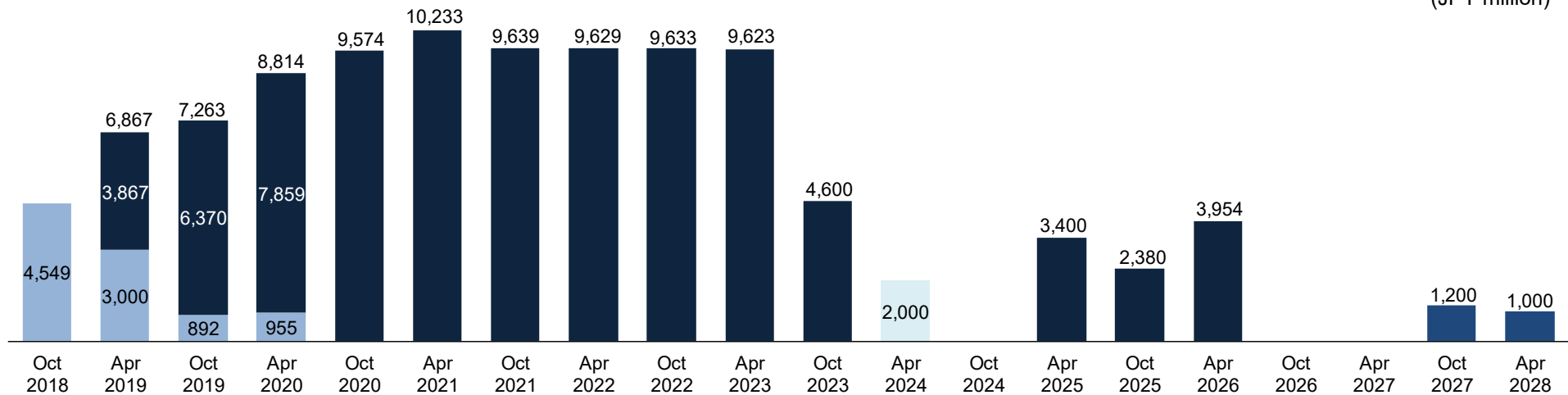
\* A new loan (JPY 2 billion) was executed on May 9, 2018.

# Borrowing Details (2)

## Loan Maturity Distribution (as of May 9, 2018)

- Bank Loans (floating rate)
- Bank Loans (fixed rate including fixed via interest rate swaps)
- Bonds
- New Loan Executed on May 9, 2018

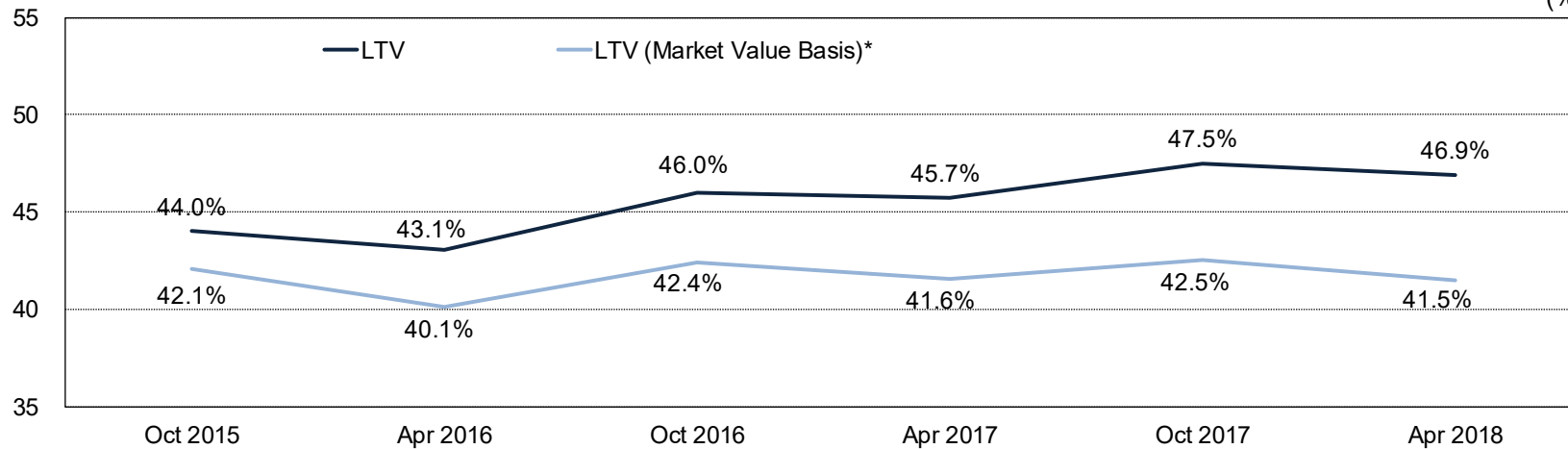
(JPY million)



\* A new loan (JPY 2 billion) was executed on May 9, 2018.

## LTV (as of April 30, 2018)

(%)



\* Market Value = Total Assets + Unrealized Gains



# Lender Base and Ichigo Office Credit Rating

## Lender Base (as of April 30, 2018)

(JPY million)

Lender	Amount	Ratio
SMBC	26,260	25.5%
Mizuho Bank	17,996	17.5%
Shinsei Bank	13,371	13.0%
MUFG Bank	11,305	11.0%
Aozora Bank	9,957	9.7%
Resona Bank	8,809	8.6%
Bank of Fukuoka	3,089	3.0%
Development Bank of Japan	3,000	2.9%
ORIX Bank	2,567	2.5%
Mizuho Trust	1,639	1.6%
The Kagawa Bank	1,593	1.6%
Nishi-Nippon City Bank	996	1.0%
<b>Total</b>	<b>100,587</b>	<b>97.9%</b>

Bonds	Amount	Ratio
Unsecured Bond No.1	1,200	1.2%
Unsecured Bond No.2	1,000	1.0%
<b>Total Bonds</b>	<b>2,200</b>	<b>2.1%</b>
<b>Total Interest-Bearing Liabilities</b>	<b>102,787</b>	<b>100.0%</b>

## Lender Base (as of May 9, 2018)

(JPY million)

Lender	Amount	Ratio
SMBC	26,660	25.4%
Mizuho Bank	18,346	17.5%
Shinsei Bank	13,671	13.0%
MUFG Bank	11,605	11.1%
Aozora Bank	9,957	9.5%
Resona Bank	8,809	8.4%
Bank of Fukuoka	3,314	3.2%
Development Bank of Japan	3,000	2.9%
ORIX Bank	2,567	2.5%
The Kagawa Bank	1,793	1.7%
Mizuho Trust	1,639	1.6%
Nishi-Nippon City Bank	1,221	1.2%
<b>Total</b>	<b>102,587</b>	<b>97.9%</b>

Bonds	Amount	Ratio
Unsecured Bond No.1	1,200	1.1%
Unsecured Bond No.2	1,000	1.0%
<b>Total Bonds</b>	<b>2,200</b>	<b>2.1%</b>
<b>Total Interest-Bearing Liabilities</b>	<b>104,787</b>	<b>100.0%</b>

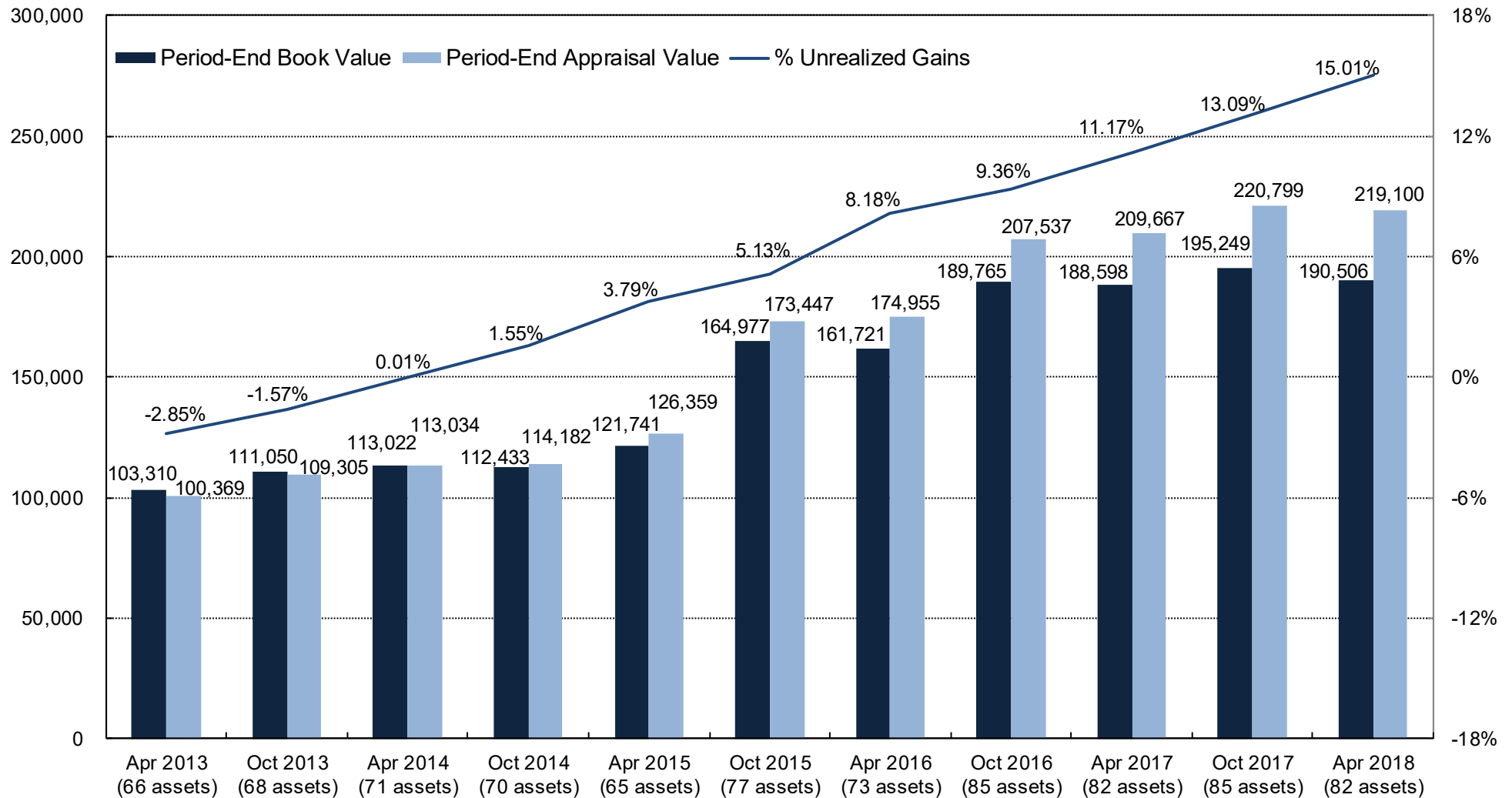
## Credit Rating

Credit Rating Agency	Type of Rating	Rating	Rating Outlook
Japan Credit Rating Agency (JCR)	Long-Term Issuer Rating	A-	Positive

# Continued Growth in Portfolio Unrealized Gains

## Unrealized Gains of JPY 28.5B, +JPY 3.0B vs. October 2017

(JPY million)



# Lease Renewals

## April 2018: Change in Monthly Rent by Asset Type

(JPY million)

	Oct 31, 2017 (A)	New Contracts	Contract Terminations	Upward	Downward	Asset Sale	Apr 30, 2018 (B)	Change (B) - (A)	Change at Existing Assets
Office	983	+60	-49	+4	-	-	999	+15	+15
Other	110	+2	-2	-	-	-29	81	-29	-
Total	1,093	+62	-51	+4	-	-29	1,080	-13	+15

## April 2018: Lease Renewals by Asset Type

	Asset Type	No. of Assets	Leased Area	Change in Rent (Semi-Annual)	Change from Previous Rent
Upward	Office	42	17,179m <sup>2</sup>	+JPY 24.4M	+5.5%
	Other	-	-	-	-
	Total	42	17,179m <sup>2</sup>	+JPY 24.4M	+5.5%
Downward	Office	1	124m <sup>2</sup>	-JPY 0.1M	-3.2%
	Other	-	-	-	-
	Total	1	124m <sup>2</sup>	-JPY 0.1M	-3.2%
Flat	Office	171	34,215m <sup>2</sup>	-	-
	Other	5	1,154m <sup>2</sup>	-	-
	Total	176	35,369m <sup>2</sup>	-	-
Total	Office	214	51,518m <sup>2</sup>	+JPY 24.3M	+2.0%
	Other	5	1,154m <sup>2</sup>	-	-
	Total	219	52,673m <sup>2</sup>	+JPY 24.3M	+1.9%

\* Excludes assets sold during the Apr 2018 period

# Leased Area

## April 2018: Leased Area by Asset Type

	Oct 31, 2017	New Contracts	Contract Terminations	Asset Sale	Apr 30, 2018	Change	Change of Existing Assets
Office	228,689	+13,185	-11,434	–	230,440	+1,751	+1,751
Other	29,062	+435	-435	-6,624	22,437	-6,624	–
<b>Total</b>	<b>257,751</b>	<b>+13,621</b>	<b>-11,870</b>	<b>-6,624</b>	<b>252,877</b>	<b>-4,873</b>	<b>+1,751</b>

(m<sup>2</sup>)

## April 2018: New Leases & Lease Terminations by Asset Type

### New Leases

	Asset Type	No. of Assets	Leased Area	Total Rent (Semi-Annual)
Upward	Office	39	8,878m <sup>2</sup>	+JPY 256M
	Other	1	110m <sup>2</sup>	+JPY 4M
	<b>Total</b>	<b>40</b>	<b>8,988m<sup>2</sup></b>	<b>+JPY 260M</b>
Downward	Office	12	3,763m <sup>2</sup>	+JPY 86M
	Other	1	325m <sup>2</sup>	+JPY 7M
	<b>Total</b>	<b>13</b>	<b>4,089m<sup>2</sup></b>	<b>+JPY 94M</b>
Flat	Office	3	543m <sup>2</sup>	+JPY 18M
	Other	–	–	–
	<b>Total</b>	<b>3</b>	<b>543m<sup>2</sup></b>	<b>+JPY 18M</b>
<b>Total</b>	Office	54	13,185m <sup>2</sup>	+JPY 361M
	Other	2	435m <sup>2</sup>	+JPY 12M
	<b>Total</b>	<b>56</b>	<b>13,621m<sup>2</sup></b>	<b>+JPY 373M</b>

### Lease Terminations

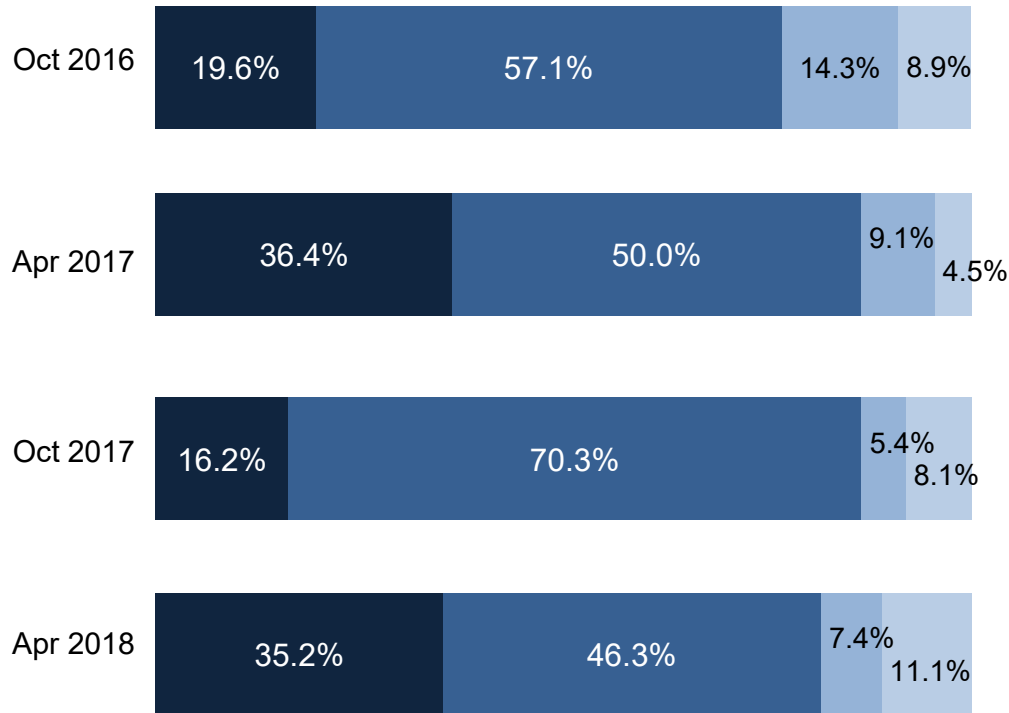
	No. of Assets	Leased Area	Total Rent (Semi-Annual)
Office	28	11,434m <sup>2</sup>	-JPY 294M
Other	2	435m <sup>2</sup>	-JPY 12M
<b>Total</b>	<b>30</b>	<b>11,870m<sup>2</sup></b>	<b>-JPY 306M</b>

\* Excludes assets sold during the Apr 2018 period

# Survey Data: New & Departing Tenants

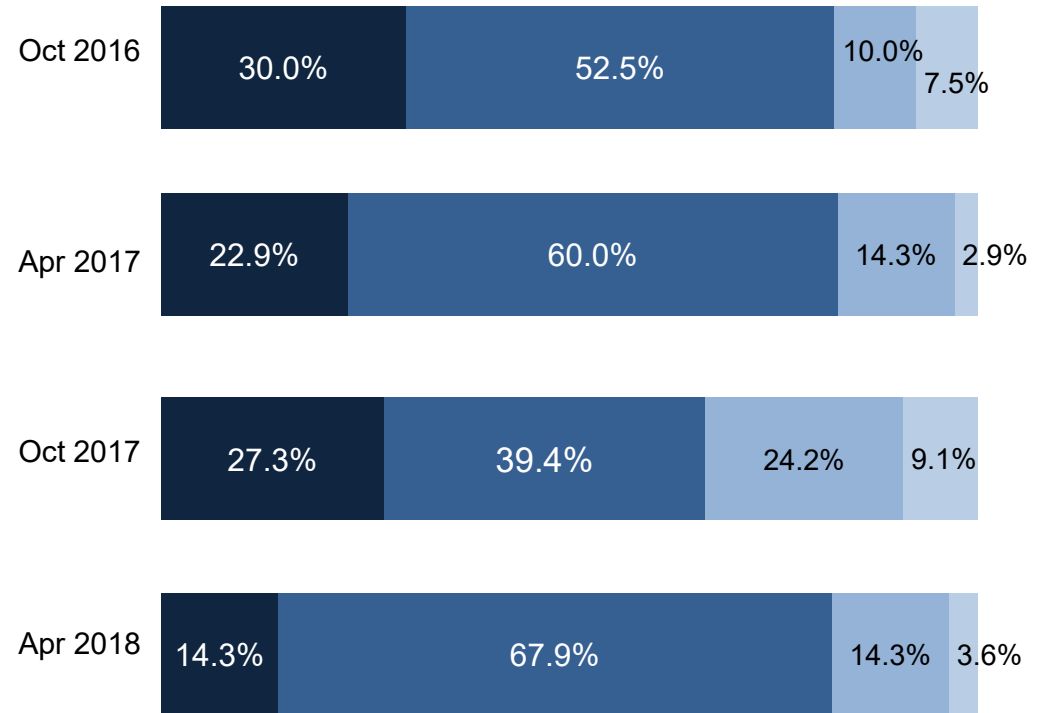
## New Tenants

- Opening a new office or moving to a better location
- Moving to a different building for larger floor space / adding floor space
- Reducing cost or floor space
- Other



## Departing Tenants

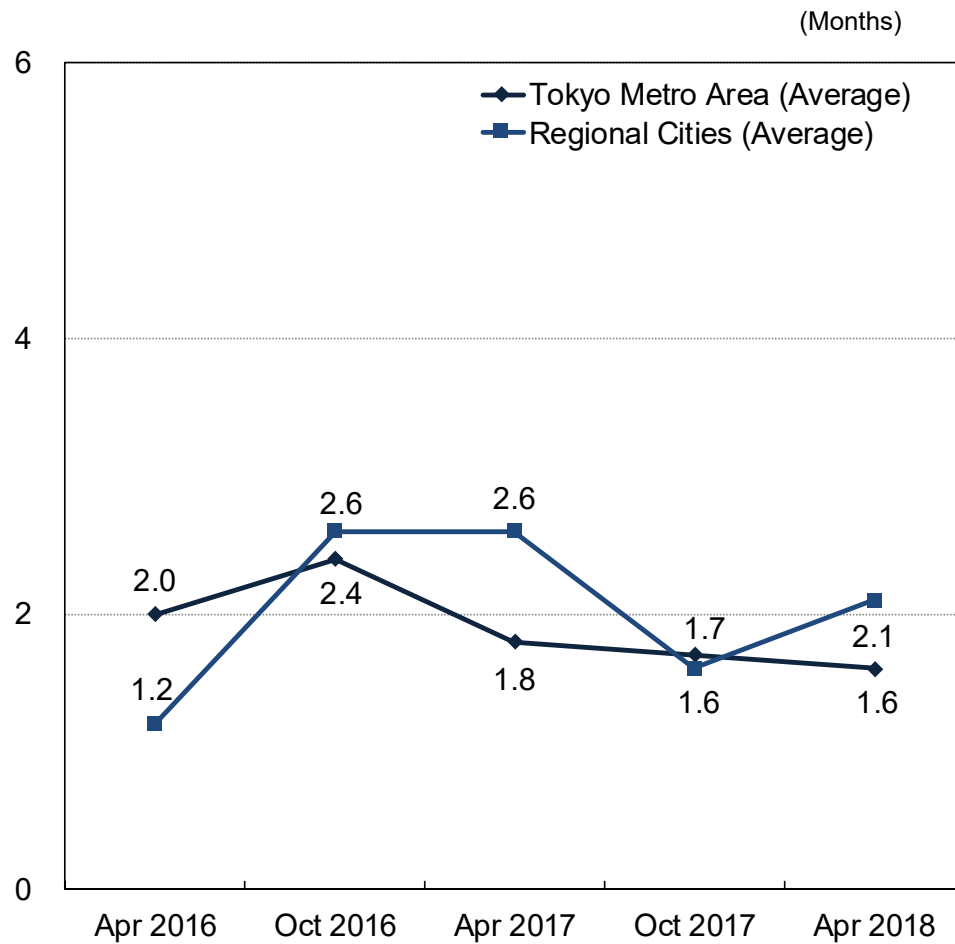
- Moving to a different building for larger floor space or better location
- Reducing cost or moving to a different building to integrate with other divisions
- Closing office
- Other



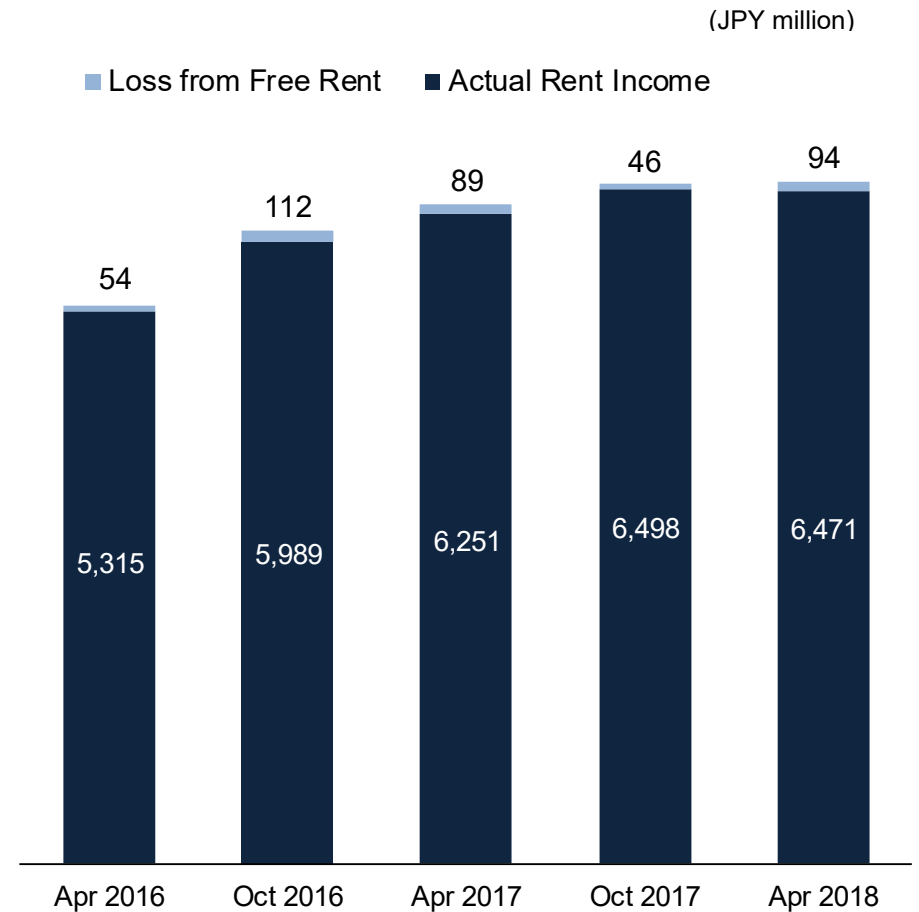


# Free Rent Incentive Trends

Free Rent Incentive Trends



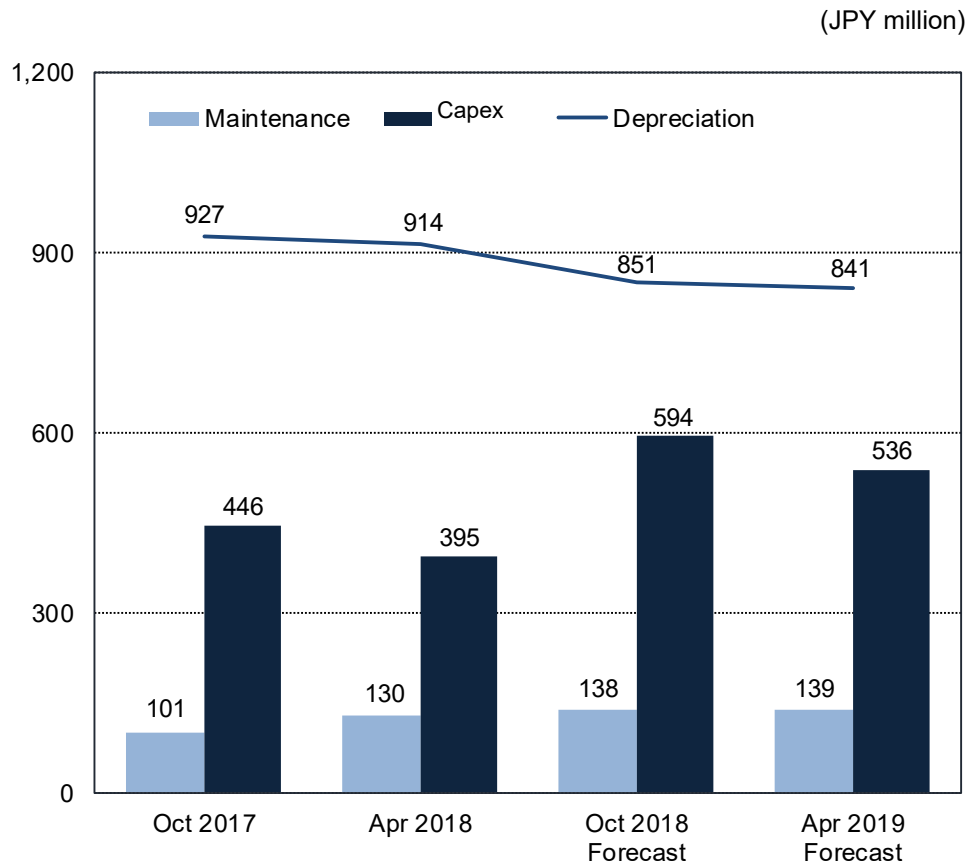
Rental Income Loss due to Free Rent



# Value-Add Capex Plan

## Capex Tailored to Tenant Needs

Maintenance Costs, Capex, and Depreciation



October 2018 Capex Plan

Asset Name	Details	Investment
Ichigo Toyamaeki Nishi Building	Air Conditioning Upgrade (Phase 2 of 3)	JPY 51M
Ichigo Nagoya Building	Elevator Upgrade	JPY 40M
Ichigo Sasazuka Building	Air Conditioning Upgrade (3rd & 6th floors)	JPY 31M
Ichigo Akihabara North Building	Common Area Renovation	JPY 20M

April 2019 Capex Plan

Asset Name	Details	Investment
Ichigo Ofuna Building	Exterior Wall Renovation	JPY 46M
Ichigo Sasazuka Building	Air Conditioning Upgrade (1st floor)	JPY 35M
Ichigo Otsuka Building	Elevator Upgrade	JPY 22M
Lions Square Kawaguchi	Emergency-Use Equipment Upgrade	JPY 21M

# Portfolio Growth as Mid-Size Office REIT

		As of October 31, 2017	As of April 30, 2018	As of May 9, 2018
No. of Assets	Total	85 assets	82 assets	84 assets
	Office	74 assets	74 assets	76 assets
	Other	11 assets	8 assets	8 assets
Portfolio Size	Total	JPY 196.9B	JPY 192.5B	JPY 198.0B
	Office	91%	93%	93%
	Other	9%	7%	7%
Area	Central Tokyo	55%	56%	58%
	Tokyo Metropolitan Area	24%	23%	23%
	Four Major Regional Cities	14%	14%	14%
	Other Regional Cities	6%	6%	6%
Appraisal Value		JPY 220.7B	JPY 219.1B	JPY 224.9B
Leasable Area		262,751m <sup>2</sup>	255,487m <sup>2</sup>	260,611m <sup>2</sup>
Occupancy		98.1%	99.0%	99.0%
No. of Tenants		918	891	907
NOI Yield		5.5%	5.5%	5.5%

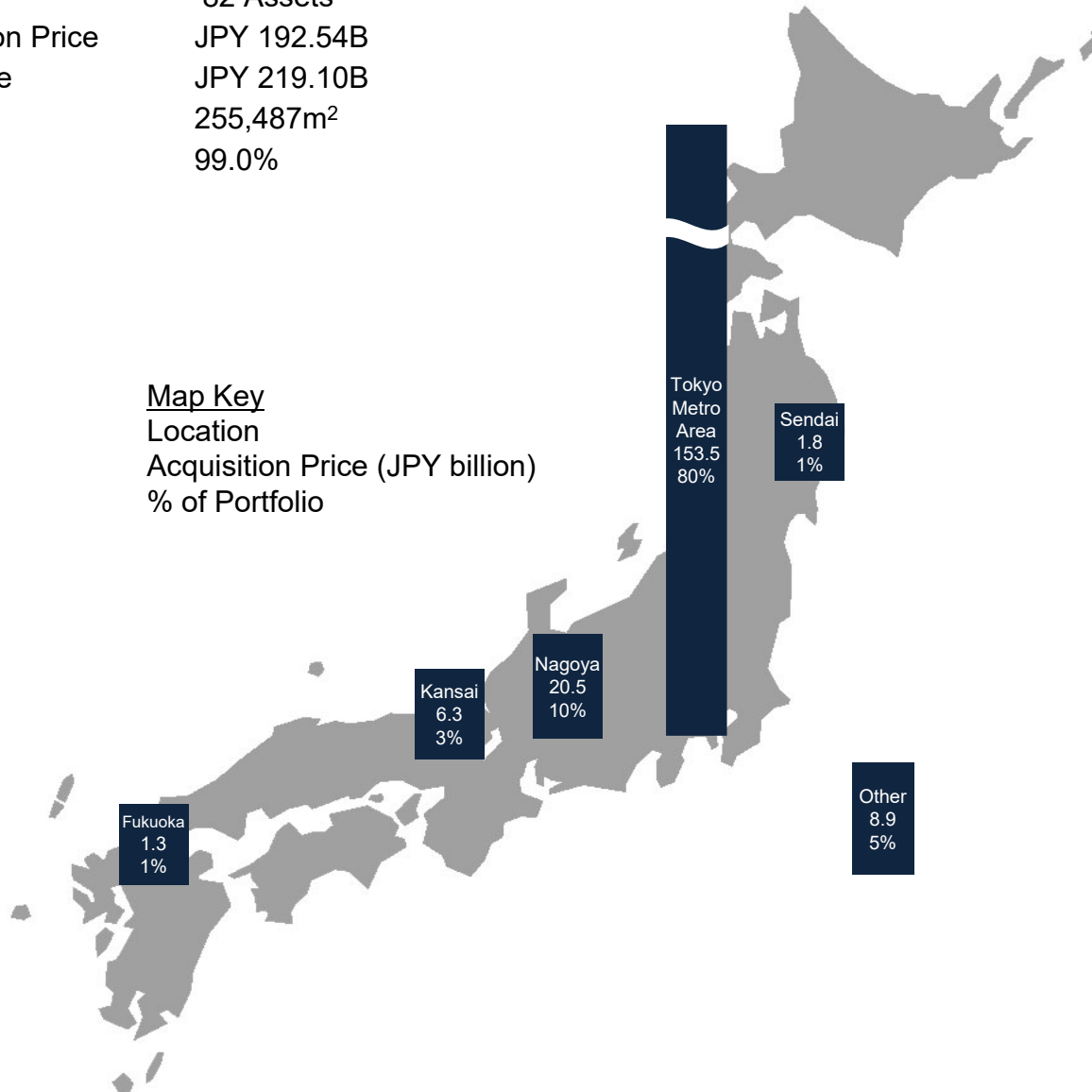
- Annualized NOI Yield. Four Major Regional Cities refers to Osaka, Nagoya, Fukuoka, and Sapporo.
- Leaseable Area, Occupancy, No. of Tenants as of May 9, 2018 are provisionally calculated using data of assets held as of April 30, 2018 and assets acquired in the October 2018 period.
- NOI Yield is calculated excluding assets sold in the October 2018 period; NOI Yield of assets acquired in the October 2018 period are determined from the annual NOI calculated using a DCF method based on appraisal value at acquisition.

# 93% Office & 80% Tokyo Metropolitan Area Portfolio

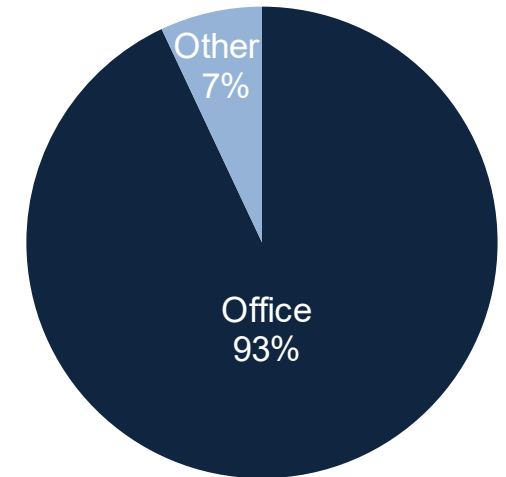
as of April 30, 2018

No. of Assets	82 Assets
Total Acquisition Price	JPY 192.54B
Appraisal Value	JPY 219.10B
Leasable Area	255,487m <sup>2</sup>
Occupancy	99.0%

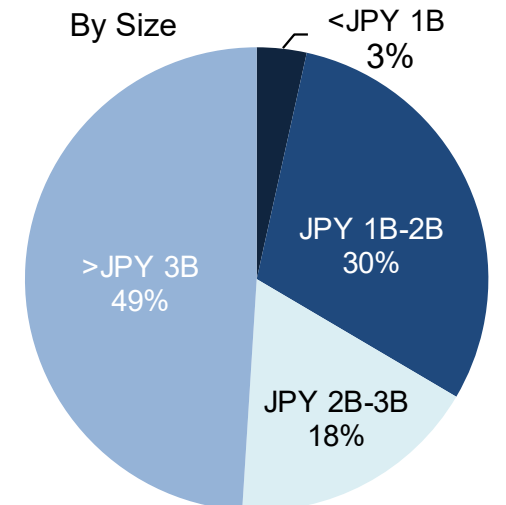
Map Key  
 Location  
 Acquisition Price (JPY billion)  
 % of Portfolio



By Asset Type



By Size

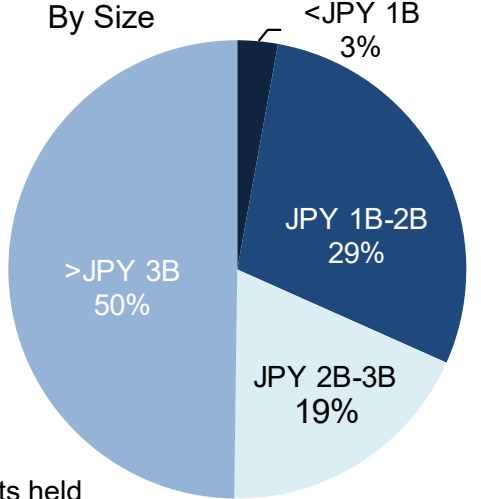
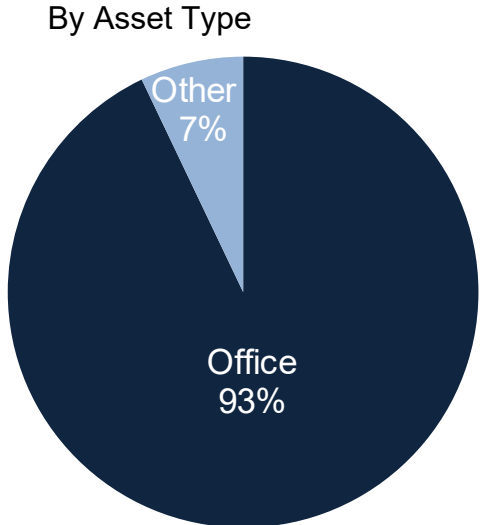
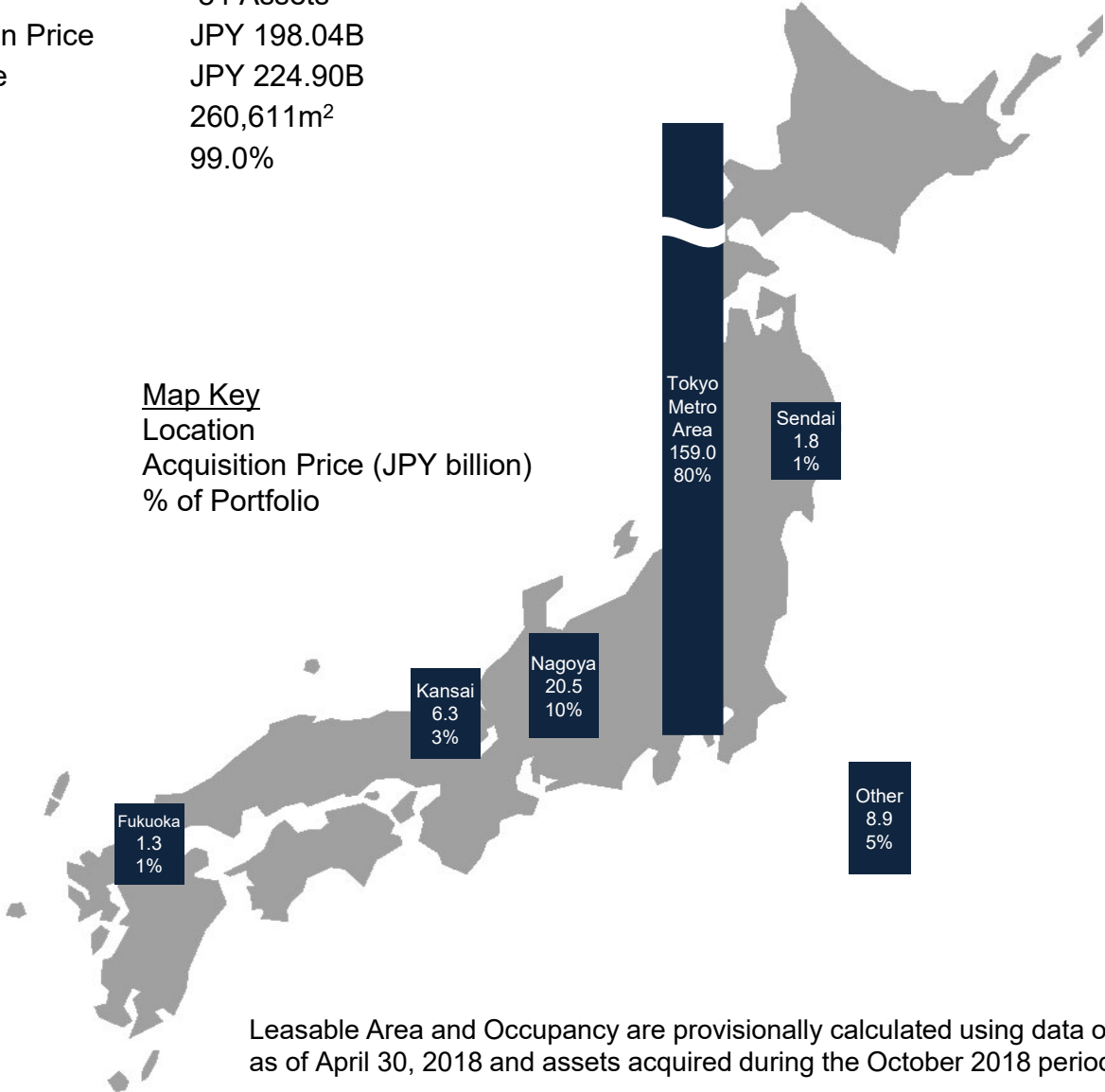


# Post-Restructuring: 93% Office & 80% Tokyo Metropolitan Area

as of May 9, 2018

No. of Assets	84 Assets
Total Acquisition Price	JPY 198.04B
Appraisal Value	JPY 224.90B
Leasable Area	260,611m <sup>2</sup>
Occupancy	99.0%

**Map Key**  
 Location  
 Acquisition Price (JPY billion)  
 % of Portfolio



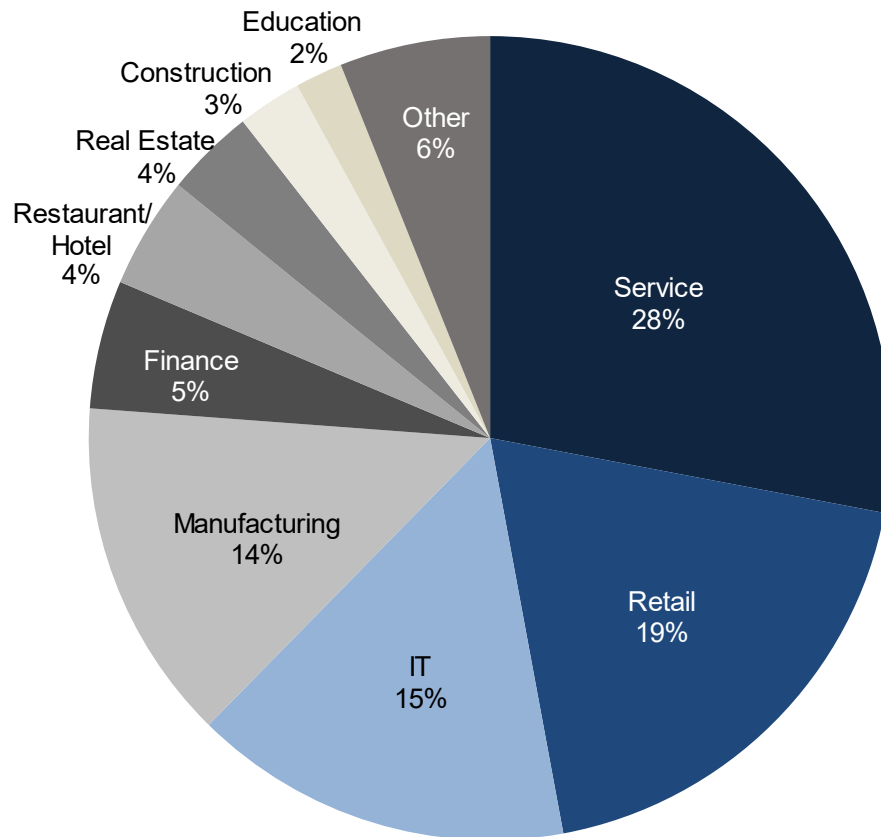
Leasable Area and Occupancy are provisionally calculated using data of assets held as of April 30, 2018 and assets acquired during the October 2018 period.



# Highly Diversified Tenant Mix

as of April 30, 2018

**Tenant Profiles by Industry**  
(based on No. of tenants)



**Total Number of Tenants: 890**

Share of Top 10 Tenants

12.5% by Leased Area  
13.8% by Rental Income

Top 10 Tenants by Leased Area

	Asset Name	Industry	Leased Area (m <sup>2</sup> )	Share
1	Ichigo Akihabara North Building	Manufacturing	6,250	2.5%
2	Lions Square Kawaguchi	Supermarket	4,263	1.7%
3	Ichigo Sasazuka Building	Telecommunication	3,827	1.5%
4	Konami Sports Club Izumi Fuchi	Sports Club	3,733	1.5%
5	Ebisu Green Glass	Telecommunication	2,863	1.2%
6	Ichigo Hiroo Building	Retail	2,417	1.0%
7	Ichigo Jingumae Building	Telecommunication	2,146	0.9%
8	Ichigo Ikebukuro East Building	Service	1,872	0.8%
9	Ichigo Toyamaeki Nishi Building / Ichigo Takamatsu Building	Manufacturing	1,846	0.7%
10	Ichigo Kamata Building	Retail	1,820	0.7%
	<b>Total</b>		<b>31,041</b>	<b>12.5%</b>

\* Service: Primarily advertising, consulting, HR, accounting, legal, beauty-related, and public entities.

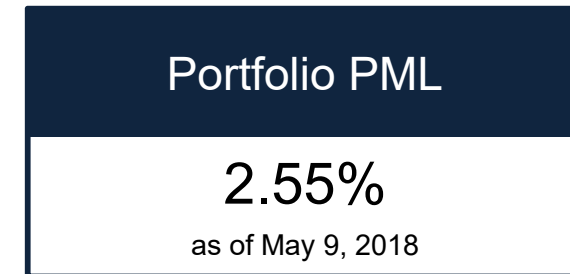
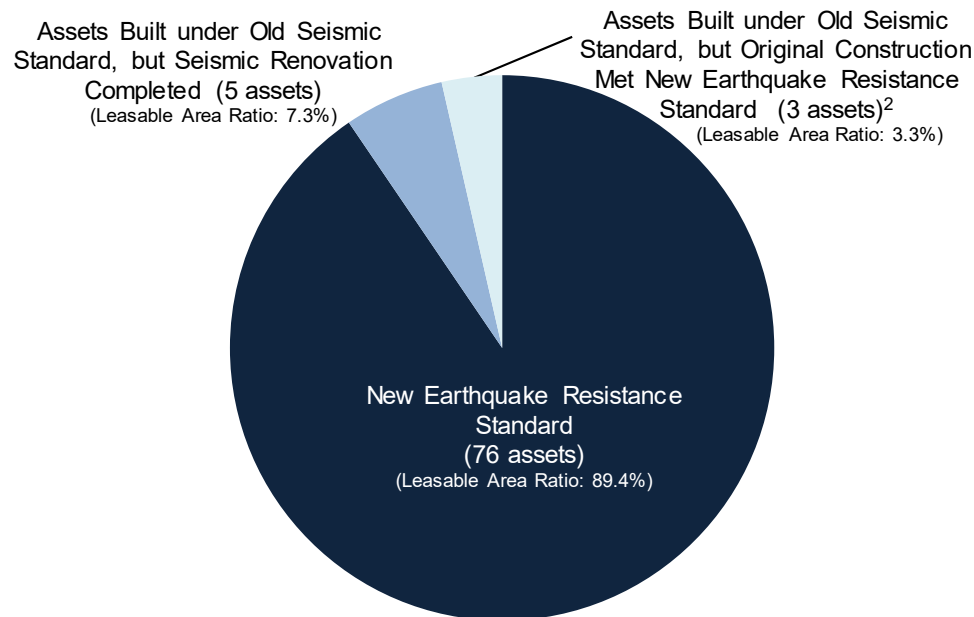


# High Seismic Safety

## Acquisition Guidelines

- ✓ Seismic Safety: Compliant with new seismic standard
- ✓ Seismic PML<sup>1</sup>: Stand-alone PML of 20% or less, with a non-exceedance probability of 90% for the Entire Portfolio

Portfolio Assets Seismic Safety Profile (as of May 9, 2018)



Assets Built under Old Seismic Standard, but Seismic Renovation Completed (5 assets)

Ichigo Fiesta Shibuya Building, Ichigo Sakae Building, Ichigo Mita Building, Ichigo Gotanda Building, and Ichigo Higashi Ikebukuro Building

Assets Built under Old Seismic Standard, but Original Construction Met New Earthquake Resistance Standard (3 assets)<sup>2</sup>

Ichigo Ginza 612 Building, Ichigo Ofuna Building, and Ichigo Nagoya Building

<sup>1</sup> PML (Probable Maximum Loss) is the maximum expected loss from a large-scale earthquake (defined as an earthquake with an expected frequency of occurrence once every 475 years, or a 10% chance of occurrence within the next 50 years) occurring in the next 50 years, expressed as a ratio to the estimated replacement cost.

<sup>2</sup> Assets evaluated as having seismic strength equivalent to new earthquake resistance standards and for which a third-party seismic evaluation report has been obtained.

# Portfolio Details (1)

as of April 30, 2018

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m <sup>2</sup> )	Occupancy	Apr 2018 Appraisal		Oct 2017 Appraisal		Change
									Value (JPY M)	Cap rate	Value (JPY M)	Cap rate	Value (JPY M)
Office	O-02	Ichigo Nishisando Building	Central Tokyo	Shibuya-ku, Tokyo	3,254	3,383	4,564.63	95.9%	3,090	4.2%	3,060	4.3%	+30
	O-03	Ichigo Mita Building	Central Tokyo	Minato-ku, Tokyo	2,740	2,730	4,121.42	100.0%	3,450	4.3%	3,330	4.4%	+120
	O-04	Ichigo Nanpeidai Building	Central Tokyo	Shibuya-ku, Tokyo	1,920	1,927	1,925.24	100.0%	2,510	3.7%	2,500	3.7%	+10
	O-05	Ichigo Hanzomon Building	Central Tokyo	Chiyoda-ku, Tokyo	1,550	1,517	2,080.37	100.0%	1,800	4.0%	1,800	4.0%	-
	O-06	Ichigo Hijirizaka Building	Central Tokyo	Minato-ku, Tokyo	1,200	1,204	1,947.90	100.0%	1,410	4.6%	1,410	4.6%	-
	O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	Shibuya-ku, Tokyo	1,505	1,391	1,321.54	100.0%	1,800	3.9%	1,750	4.0%	+50
	O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	Minato-ku, Tokyo	735	723	683.86	100.0%	781	4.0%	781	4.0%	-
	O-09	Ichigo Shibakoen Building	Central Tokyo	Minato-ku, Tokyo	1,100	1,104	1,602.29	100.0%	1,130	4.4%	1,120	4.4%	+10
	O-10	Ichigo Ebisu Nishi Building	Central Tokyo	Shibuya-ku, Tokyo	1,917	1,928	1,484.39	100.0%	2,370	4.0%	2,300	4.1%	+70
	O-11	Ichigo Ginza 612 Building	Central Tokyo	Chuo-ku, Tokyo	1,773	1,772	1,387.09	100.0%	2,000	3.9%	1,950	4.0%	+50
	O-12	Ichigo Uchikanda Building	Central Tokyo	Chiyoda-ku, Tokyo	1,140	1,118	1,378.83	100.0%	1,170	4.4%	1,170	4.4%	-
	O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	Shinjuku-ku, Tokyo	550	516	780.64	100.0%	575	4.3%	574	4.3%	+1
	O-15	Ichigo Tameike Building	Central Tokyo	Minato-ku, Tokyo	580	531	494.14	100.0%	691	3.9%	680	3.9%	+11
	O-16	Ichigo Jimbocho Building	Central Tokyo	Chiyoda-ku, Tokyo	1,820	1,808	1,891.01	100.0%	2,290	4.2%	2,240	4.2%	+50
	O-17	Ichigo Hakozaki Building	Central Tokyo	Chuo-ku, Tokyo	1,150	1,148	2,387.34	100.0%	1,150	4.5%	1,150	4.5%	-
	O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	Chiyoda-ku, Tokyo	763	738	1,288.31	100.0%	914	4.4%	914	4.4%	-
	O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	Chiyoda-ku, Tokyo	844	829	1,302.43	100.0%	848	4.5%	848	4.5%	-
	O-20	Ichigo Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	5,060	4,889	5,346.39	100.0%	6,070	4.7%	5,880	4.7%	+190
	O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	Yokohama City, Kanagawa	1,816	1,725	4,021.32	97.7%	1,830	4.9%	1,800	5.0%	+30
	O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	1,460	1,390	1,491.51	100.0%	1,580	4.2%	1,570	4.2%	+10
	O-23	Ichigo Nakano North Building	Tokyo Metro Area	Nakano-ku, Tokyo	764	745	1,250.85	100.0%	847	4.9%	847	4.9%	-
	O-24	Ichigo Eitai Building	Tokyo Metro Area	Koto-ku, Tokyo	1,490	1,466	2,605.54	100.0%	1,250	5.0%	1,250	5.0%	-
	O-26	Ichigo Ikejiri Building	Tokyo Metro Area	Meguro-ku, Tokyo	2,030	1,963	2,385.69	100.0%	2,180	4.6%	2,180	4.6%	-
	O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	639	610	1,261.91	100.0%	879	4.7%	778	4.6%	+101
	O-28	Ichigo Nishi Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	765	765	1,329.06	100.0%	815	4.6%	812	4.6%	+3
	O-29	Ichigo Kichijoji Building	Tokyo Metro Area	Musashino City, Tokyo	2,160	2,207	4,210.87	97.6%	2,770	4.9%	2,770	4.9%	-
	O-34	Ichigo Sakae Building	Four Major Cities	Nagoya City, Aichi	4,705	4,698	3,928.12	100.0%	6,480	4.9%	5,680	4.9%	+800
	O-37	Ichigo Marunouchi Building	Four Major Cities	Nagoya City, Aichi	6,710	5,931	8,009.11	100.0%	7,350	4.5%	7,340	4.5%	+10
	O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	Toyama City, Toyama	1,650	1,487	8,601.71	98.5%	1,750	6.0%	1,750	6.0%	-



# Portfolio Details (2)

as of April 30, 2018

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m <sup>2</sup> )	Occupancy	Apr 2018 Appraisal		Oct 2017 Appraisal		Change
									Value (JPY M)	Cap rate	Value (JPY M)	Cap rate	Value (JPY M)
Office	O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	Oita City, Oita	1,158	1,168	3,551.46	95.4%	1,280	6.1%	1,270	6.1%	+10
	O-42	Ichigo Takamatsu Building	Other Regional Cities	Takamatsu City, Kagawa	3,010	2,443	6,329.33	100.0%	3,390	6.4%	3,270	6.5%	+120
	O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	Chiyoda-ku, Tokyo	2,130	2,024	2,523.09	100.0%	2,920	3.9%	2,900	3.9%	+20
	O-47	Ichigo Akihabara North Building	Central Tokyo	Chiyoda-ku, Tokyo	5,500	5,616	6,250.53	100.0%	6,970	4.5%	6,890	4.5%	+80
	O-48	Ichigo Sakaisuji Honmachi Building	Four Major Cities	Osaka City, Osaka	1,940	1,820	3,729.35	100.0%	2,300	4.6%	2,300	4.6%	-
	O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	Chiyoda-ku, Tokyo	2,210	2,195	2,295.57	100.0%	2,450	4.2%	2,450	4.2%	-
	O-50	Ichigo Hatchobori Building	Central Tokyo	Chuo-ku, Tokyo	1,905	1,839	2,697.36	100.0%	2,510	4.6%	2,540	4.6%	-30
	O-51	Ebisu Green Glass	Central Tokyo	Shibuya-ku, Tokyo	5,900	5,845	3,159.27	100.0%	6,740	3.6%	6,730	3.6%	+10
	O-52	Ichigo Omori Building	Central Tokyo	Shinagawa-ku, Tokyo	3,850	3,803	3,585.92	100.0%	4,190	4.5%	4,170	4.5%	+20
	O-53	Ichigo Takadanobaba Building	Central Tokyo	Shinjuku-ku, Tokyo	1,580	1,585	1,606.92	100.0%	1,900	4.1%	1,890	4.1%	+10
	O-54	Ichigo Omiya Building	Tokyo Metro Area	Saitama City, Saitama	3,430	3,654	6,180.68	100.0%	3,850	5.2%	3,840	5.2%	+10
	O-55	Ichigo Sagamiyama Building	Tokyo Metro Area	Sagamihara City, Kanagawa	1,174	1,229	2,960.81	100.0%	1,310	5.4%	1,300	5.4%	+10
	O-56	Ichigo Ofuna Building	Tokyo Metro Area	Kamakura City, Kanagawa	2,000	1,962	2,364.71	100.0%	2,410	5.4%	2,410	5.4%	-
	O-57	Ichigo Sendai East Building	Other Regional Cities	Sendai City, Miyagi	1,840	1,716	5,205.49	97.9%	2,110	5.7%	2,110	5.7%	-
	O-58	Ichigo Kumamoto Building	Other Regional Cities	Kumamoto City, Kumamoto	1,450	1,446	4,507.59	100.0%	1,470	6.0%	1,440	6.0%	+30
	O-59	Ichigo Jingumae Building	Central Tokyo	Shibuya-ku, Tokyo	7,200	7,391	4,510.04	100.0%	8,030	3.4%	7,870	3.4%	+160
	O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	Shibuya-ku, Tokyo	3,650	3,677	2,789.86	100.0%	4,840	3.6%	4,820	3.6%	+20
	O-61	Ichigo Hiroo Building	Central Tokyo	Shibuya-ku, Tokyo	3,960	4,001	3,510.44	100.0%	4,530	3.9%	4,510	3.9%	+20
	O-62	Ichigo Sasazuka Building	Central Tokyo	Shibuya-ku, Tokyo	4,780	4,831	6,425.29	100.0%	5,290	4.1%	5,270	4.1%	+20
	O-63	Ichigo Nihonbashi East Building	Central Tokyo	Chuo-ku, Tokyo	4,700	4,609	4,216.97	100.0%	5,460	4.0%	5,450	4.0%	+10
	O-64	Ichigo Sakurabashi Building	Central Tokyo	Chuo-ku, Tokyo	2,500	2,568	2,971.22	100.0%	2,790	4.1%	2,760	4.1%	+30
	O-65	Ichigo Shinkawa Building	Central Tokyo	Chuo-ku, Tokyo	2,360	2,394	2,312.03	84.4%	2,740	4.0%	2,730	4.0%	+10
O-66	Ichigo Kudan Building	Central Tokyo	Chiyoda-ku, Tokyo	3,190	3,224	3,090.65	100.0%	3,480	4.0%	3,480	4.0%	-	
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	3,660	3,665	4,548.10	94.3%	4,270	4.1%	4,230	4.1%	+40	
O-68	Axior Mita	Central Tokyo	Minato-ku, Tokyo	1,800	1,768	2,369.82	100.0%	2,050	4.1%	2,050	4.1%	-	
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	Toshima-ku, Tokyo	4,570	4,613	4,472.00	92.6%	5,240	4.1%	5,080	4.1%	+160	
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	Koriyama City, Fukushima	1,660	1,516	3,433.07	100.0%	1,820	5.2%	1,820	5.2%	-	
O-71	Ichigo Kawasaki Building	Tokyo Metro Area	Kawasaki City, Kanagawa	1,750	1,790	3,710.17	95.5%	2,110	4.3%	2,080	4.3%	+30	
O-72	Ichigo Shibuya East Building	Central Tokyo	Shibuya-ku, Tokyo	1,350	1,353	1,041.36	100.0%	1,510	3.7%	1,500	3.7%	+10	

# Portfolio Details (3)

as of April 30, 2018

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m <sup>2</sup> )	Occupancy	Apr 2018 Appraisal		Oct 2017 Appraisal		Change
									Value (JPY M)	Cap rate	Value (JPY M)	Cap rate	Value (JPY M)
Office	O-73	Ichigo Ningyocho Building	Central Tokyo	Chuo-ku, Tokyo	1,450	1,481	1,769.09	100.0%	1,560	4.2%	1,560	4.2%	-
	O-74	Ichigo Nishi Honmachi Building	Four Major Cities	Osaka City, Osaka	2,190	2,156	6,152.00	98.3%	2,380	4.8%	2,380	4.8%	-
	O-75	Ichigo Hakata Building	Four Major Cities	Fukuoka City, Fukuoka	1,380	1,372	2,423.86	100.0%	1,490	4.9%	1,490	4.9%	-
	O-76	Ichigo Nishiki First Building	Four Major Cities	Nagoya City, Aichi	2,000	1,988	3,324.66	89.7%	2,080	4.6%	2,100	4.7%	-20
	O-77	Ichigo Ikenohata Building	Tokyo Metro Area	Taito-ku, Tokyo	5,130	5,155	5,504.15	100.0%	5,350	4.3%	5,350	4.3%	-
	O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	Toshima-ku, Tokyo	3,010	2,995	3,118.69	100.0%	3,240	4.3%	3,210	4.3%	+30
	O-79	Ichigo Motoazabu Building	Central Tokyo	Minato-ku, Tokyo	1,890	1,900	1,329.96	100.0%	2,000	3.6%	2,000	3.6%	-
	O-80	Ichigo Otsuka Building	Tokyo Metro Area	Toshima-ku, Tokyo	2,740	2,734	3,679.70	100.0%	2,940	4.4%	2,930	4.4%	+10
	O-81	Ichigo Nagoya Building	Four Major Cities	Nagoya City, Aichi	3,420	3,451	4,930.30	100.0%	3,670	4.5%	3,650	4.5%	+20
	O-82	Ichigo Fushimi Building	Four Major Cities	Nagoya City, Aichi	2,340	2,345	4,155.57	94.8%	2,450	4.7%	2,440	4.7%	+10
	O-83	Ichigo Nishiki Building	Four Major Cities	Nagoya City, Aichi	1,330	1,306	2,006.78	100.0%	1,430	4.6%	1,430	4.6%	-
	O-84	Ichigo Minami Morimachi Building	Four Major Cities	Osaka City, Osaka	1,040	1,019	2,521.51	100.0%	1,130	4.6%	1,130	4.6%	-
	O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	Shibuya-ku, Tokyo	3,500	3,609	1,491.38	100.0%	4,050	3.4%	4,050	3.4%	-
	O-86	Win Gotanda Building	Central Tokyo	Shinagawa-ku, Tokyo	3,100	3,105	3,689.88	100.0%	3,280	4.2%	3,270	4.2%	+10
	O-87	Ichigo Hongo Building	Tokyo Metro Area	Bunkyo-ku, Tokyo	2,300	2,310	2,722.58	100.0%	2,380	4.4%	2,380	4.4%	-
	O-88	Oimachi Center Building	Central Tokyo	Shinagawa-ku, Tokyo	1,680	1,697	2,751.08	100.0%	1,810	4.4%	1,750	4.4%	+60
<b>Subtotal - Office</b>					<b>178,497</b>	<b>176,647</b>	<b>233,003.80</b>	<b>98.9%</b>	<b>202,980</b>		<b>200,514</b>		<b>+2,466</b>

# Portfolio Details (4)

as of April 30, 2018

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Book Value (JPY M)	Leasable Area (m <sup>2</sup> )	Occupancy	Apr 2018 Appraisal		Oct 2017 Appraisal		Change
									Value (JPY M)	Cap rate	Value (JPY M)	Cap rate	Value (JPY M)
Other	Z-02	Ichigo Fiesta Shibuya Building	Central Tokyo	Shibuya-ku, Tokyo	1,970	1,968	1,185.85	96.1%	2,200	4.0%	2,200	4.0%	-
	Z-05	Ichigo Machida East Building	Tokyo Metro Area	Machida City, Tokyo	1,310	1,280	2,183.65	100.0%	1,550	4.9%	1,550	4.9%	-
	Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	Izumi City, Osaka	1,210	1,107	3,733.68	100.0%	1,440	5.7%	1,440	5.7%	-
	Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	Shibuya-ku, Tokyo	2,400	2,467	778.77	100.0%	3,070	3.3%	3,010	3.4%	+60
	Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metro Area	Yokohama City, Kanagawa	1,620	1,529	2,717.77	100.0%	1,880	5.2%	1,880	5.2%	-
	Z-12	Lions Square Kawaguchi	Tokyo Metro Area	Kawaguchi City, Saitama	2,430	2,371	7,788.09	100.0%	2,680	4.5%	2,680	4.5%	-
	Z-13	Ichigo Shin Yokohama Arena Dori Building	Tokyo Metro Area	Yokohama City, Kanagawa	1,700	1,685	1,971.34	100.0%	1,780	5.0%	1,780	5.0%	-
	Z-14	Ichigo Kamata Building	Tokyo Metro Area	Ota-ku, Tokyo	1,400	1,451	2,124.68	100.0%	1,520	4.6%	1,520	4.6%	-
<b>Subtotal - Other</b>					<b>14,040</b>	<b>13,859</b>	<b>22,483.83</b>	<b>99.8%</b>	<b>16,120</b>		<b>16,060</b>		<b>+60</b>
<b>Total (82 Assets)</b>					<b>192,537</b>	<b>190,506</b>	<b>255,487.63</b>	<b>99.0%</b>	<b>219,100</b>		<b>216,574</b>		<b>+2,526</b>

Reference: Assets Acquired in the October 2018 Period

Asset Type	No.	Asset Name	Area	Location	Acquisition Price (JPY M)	Acquisition Date	Leasable Area (m <sup>2</sup> )	Occupancy	Appraisal at Acquisition	
									Value (JPY M)	Cap rate
Office	O-89	Win Gotanda Building 2	Central Tokyo	Shinagawa-ku, Tokyo	3,300	May 9, 2018	3,433.16	100.0%	3,480	4.2%
	O-90	MIF Building	Central Tokyo	Chiyoda-ku, Tokyo	2,200	May 9, 2018	1,690.33	100.0%	2,320	4.1%
<b>Subtotal</b>					<b>5,500</b>		<b>5,123.49</b>		<b>5,800</b>	
<b>82 Assets Held on April 30, 2018 + New Acquisition 2 Assets = Total 84 Assets</b>					<b>198,037</b>		<b>260,611.12</b>	<b>99.0%</b>	<b>224,900</b>	

Leasable Area and Occupancy are provisionally calculated using data of assets held as of April 30, 2018 and assets acquired in the October 2018 period.

## Appendix: About Ichigo Office

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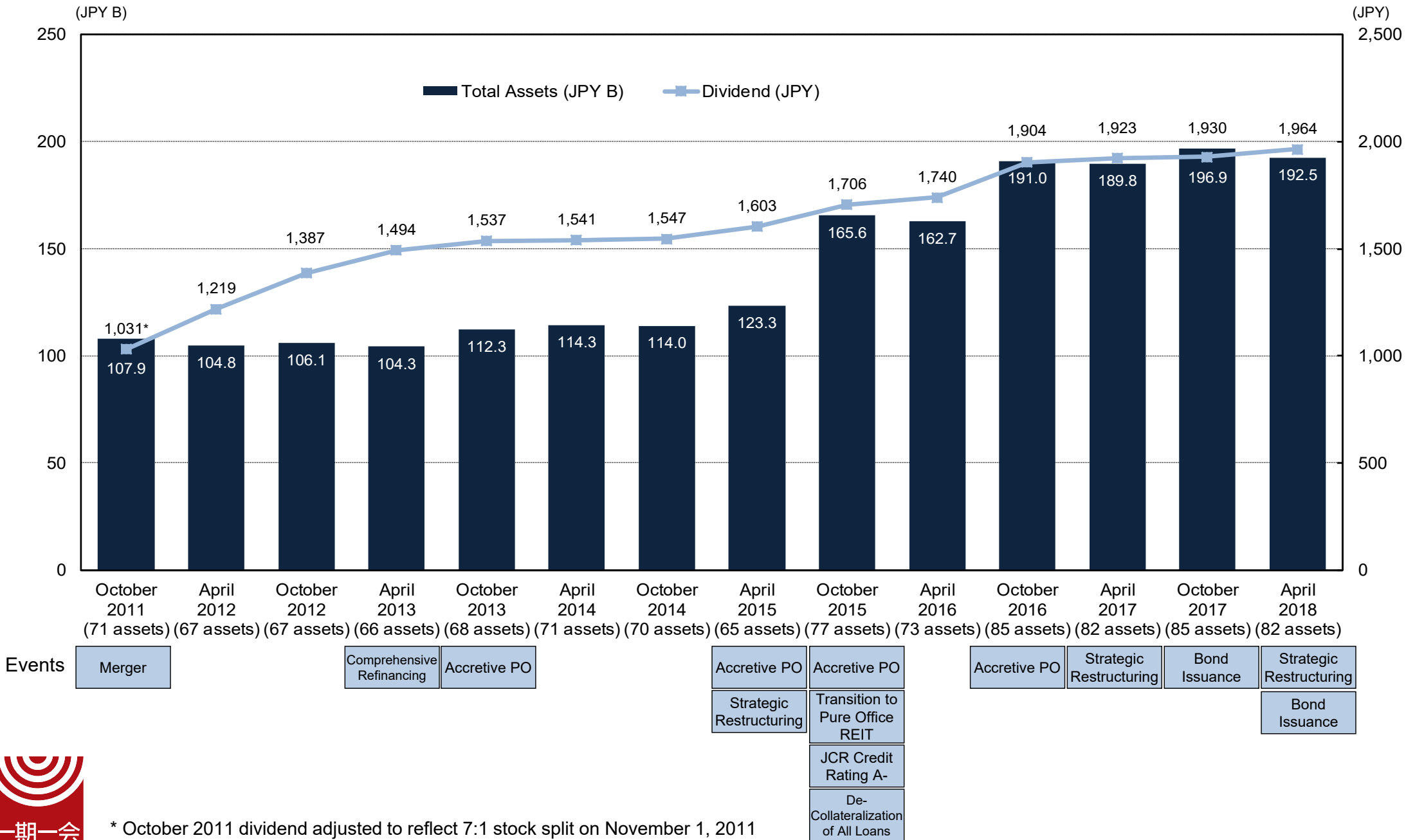
# Specialized Office REIT

Specialized Office REIT Focusing on Mid-Size Offices, an Asset Class that Offers Both Return Stability and Upside Potential

- ✓ Mid-size office characteristics
  - Stable cashflows supporting earnings
  - Upside earnings potential in economic upturns
  - Value-add potential due to relatively inefficient market
- ✓ Portfolio focused on Tokyo Metropolitan Area
- ✓ Driving accretive growth via value-add capex and hands-on asset management



# Growth via Serving Tenants & Shareholders



\* October 2011 dividend adjusted to reflect 7:1 stock split on November 1, 2011



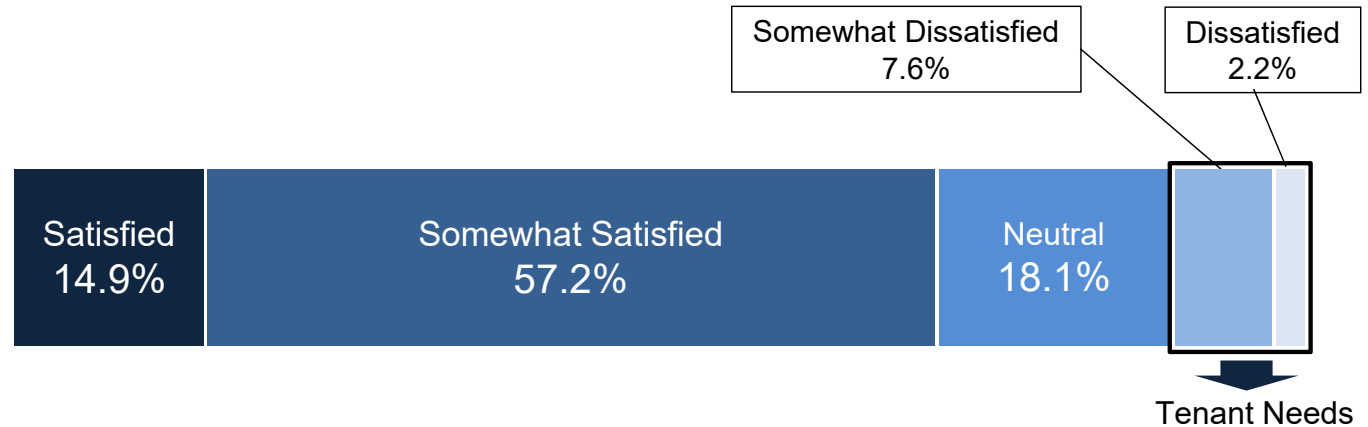
# Tailored Ichigo Tenant Services & Hospitality

## Increase Customer Satisfaction via Tailored Tenant Services

- ✓ Assure tenants' safety and comfort via implementation of Ichigo Property Management Standard
- ✓ Identify and respond to tenant needs via regular satisfaction surveys

August 2016 Tenant Satisfaction Survey

<b>Third-Party Surveyor</b>	Intage Inc.
<b>Respondents</b>	Tenant Companies
<b>No. of Assets</b>	81
<b>No. of Tenants</b>	813
<b>Response Rate</b>	89.5%



Elevator Emergency Supply Cabinet



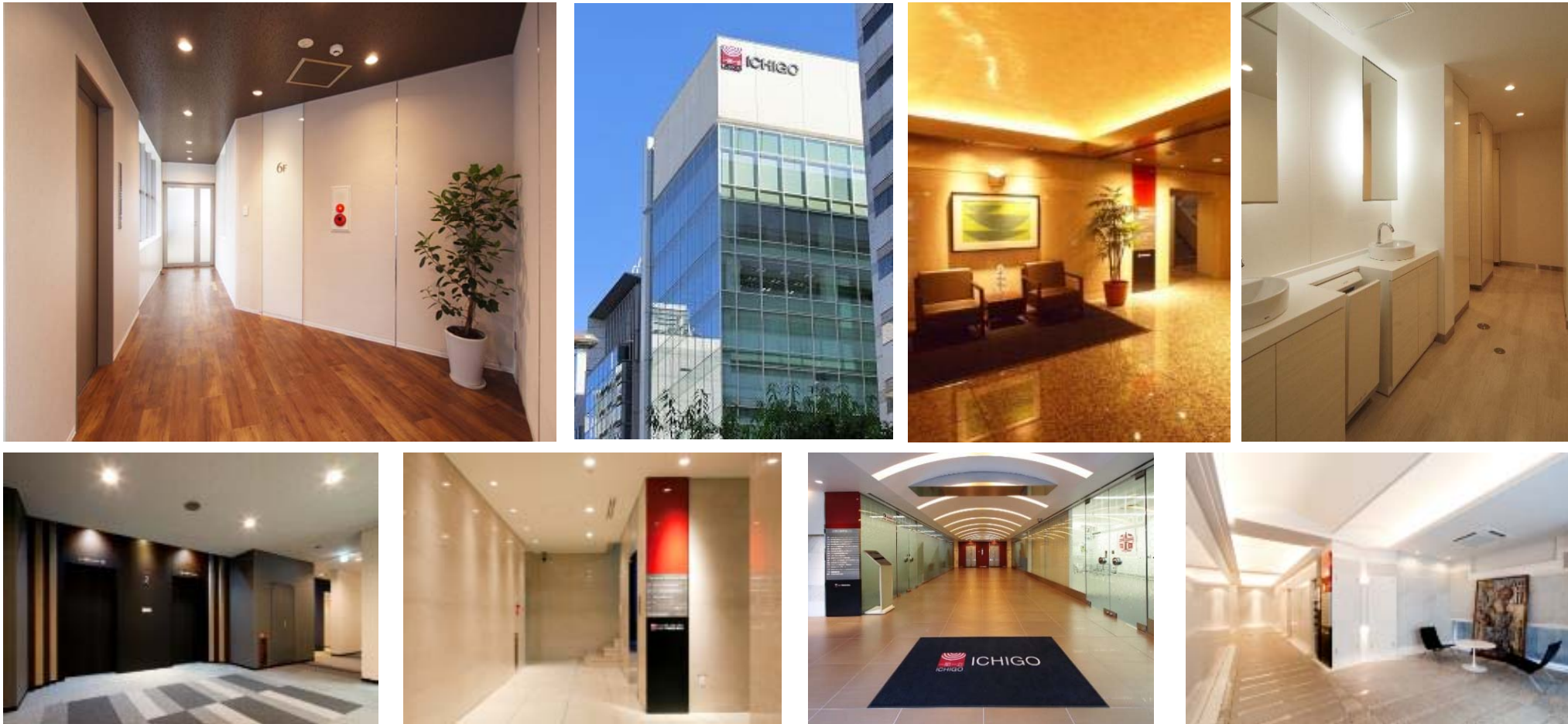
Free Ichigo Tenant Umbrellas





# Ichigo Branding: Safety, Quality, Design, Tenant Service

Improve the safety, quality, and design of assets via Ichigo's architectural and engineering capabilities to support high tenant satisfaction





# Ichigo Sustainability Initiatives (1)

## Ichigo Sustainability Policy

Ichigo believes that working on behalf of society and the environment is a fundamental social responsibility and will support the sustainable growth of Ichigo and Ichigo Office. Ichigo has thus made sustainability a key priority, and has established the following Sustainability Policy to actively work to reduce Ichigo's environmental impact and support sustainable outcomes.

### **1. Harmony with the Environment**

Ichigo actively monitors and minimizes the environmental impact of its real estate operations.

### **2. Energy Conservation, CO2 Emissions Reduction, and Recycling**

Ichigo seeks to contribute to a low-carbon, low-waste society by lowering its energy consumption, extending the useful life of its assets, actively recycling and reducing waste and water consumption.

### **3. Regulatory and Environmental Compliance**

Ichigo complies with all environmental laws and regulations and Ichigo's own independently-established environmental rules. Ichigo also carefully monitors and complies with all applicable changes in laws and regulations.

### **4. Training and Awareness**

Ichigo promotes understanding of its Sustainability Policy and works to increase sustainability awareness among all Ichigo employees. Ichigo will also promote sustainability in coordination with Ichigo stakeholders, seeking understanding and cooperation on sustainability from Ichigo partner companies and tenants.

### **5. Sustainability Performance Communication and Disclosure**

Ichigo communicates this Sustainability Policy and Ichigo's sustainability initiatives to society at large. Ichigo also obtains certifications for its sustainability activities on an ongoing basis.

### **6. Green Procurement**

Ichigo will implement green procurement measures, such as environmentally-sensitive building materials and sustainable design, in Ichigo's building renovations, as well as selecting partner companies based on their environmental sustainability initiatives.

## GRESB

GRESB is a global organization comprised of institutional investors, particularly pension funds, and is designed to assess the sustainability performance of real estate portfolios – a standard used for making investment decisions. Ichigo Office has been participating in the GRESB real estate assessment since 2016 and has achieved high GRESB rankings on a number of Ichigo Office assets.



G R E S B

# Ichigo Sustainability Initiatives (2)

## Awarded the GRESB “Green Star” Ranking, the Highest Ranking in the Global Real Estate Sustainability Benchmark Real Estate Assessment

- ✓ Assessment Key Points
  - Environmental monitoring/Performance tracking/Environmental certification/ Stakeholder engagement
- ✓ Awarded Four Stars in the newly-introduced GRESB Rating (maximum five stars)

### GRESB Real Estate Assessment Overview

- Established a global standard for ESG benchmarking and assesses annually
- Established in 2009 by prominent European pension fund group who led PRI
- 60+ investors use GRESB data in their investment management.
- A record 850 companies and real estate funds participated in the GRESB Real Estate Assessment in 2017.



## Other Environmental Certifications

### CASBEE

(Comprehensive Assessment System for Built Environment Efficiency)

S rank

Ichigo Takamatsu Building



S rank

Ichigo Marunouchi Building



A rank

Ichigo Kanda Nishikicho Building



A rank

Ebisu Green Glass



### BELS

(Building-Housing Energy-efficiency Labeling System)

2 stars (★★)

Ichigo Akihabara North Building



1 star (★)

Ichigo Omiya Building



### DBJ Green Building

3 stars (★★★)

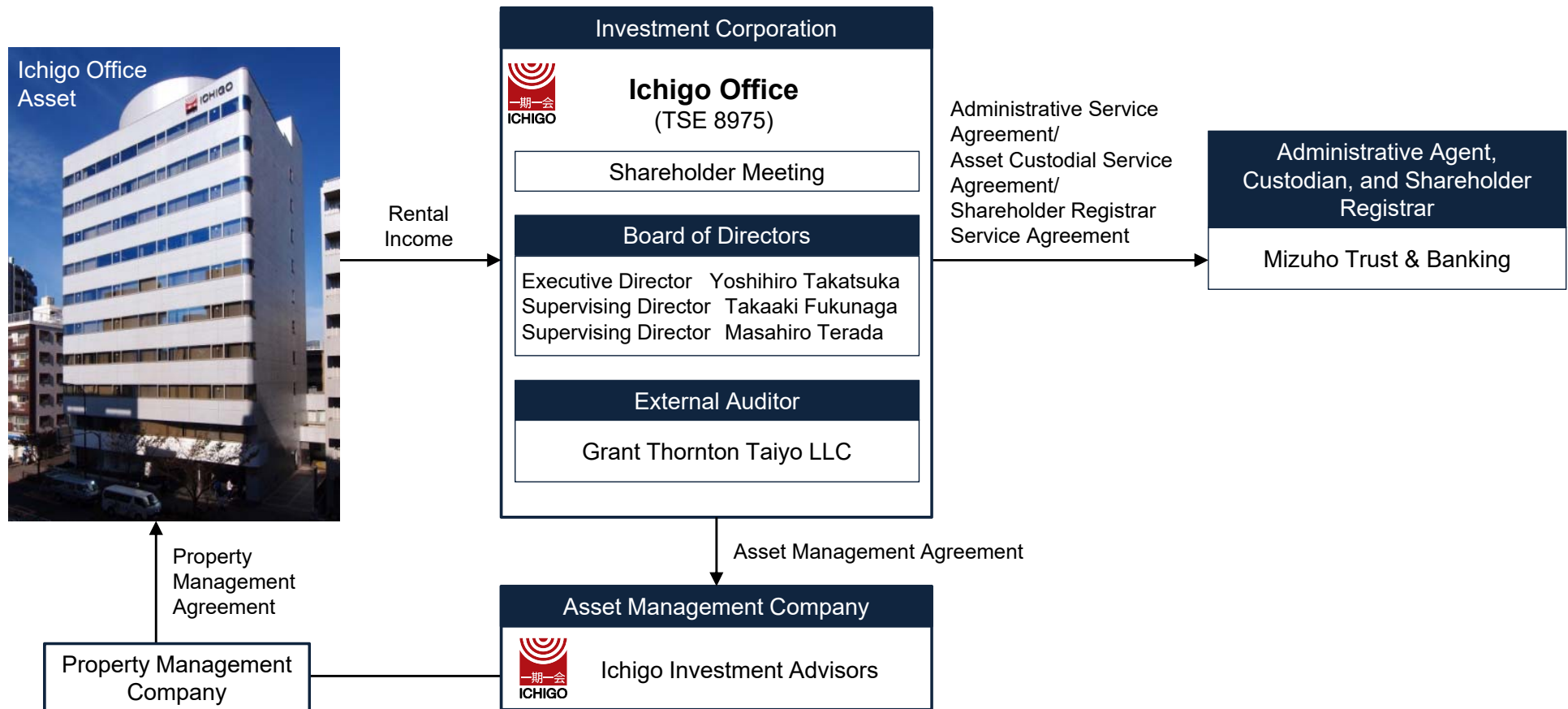
Ichigo Nihonbashi East Building



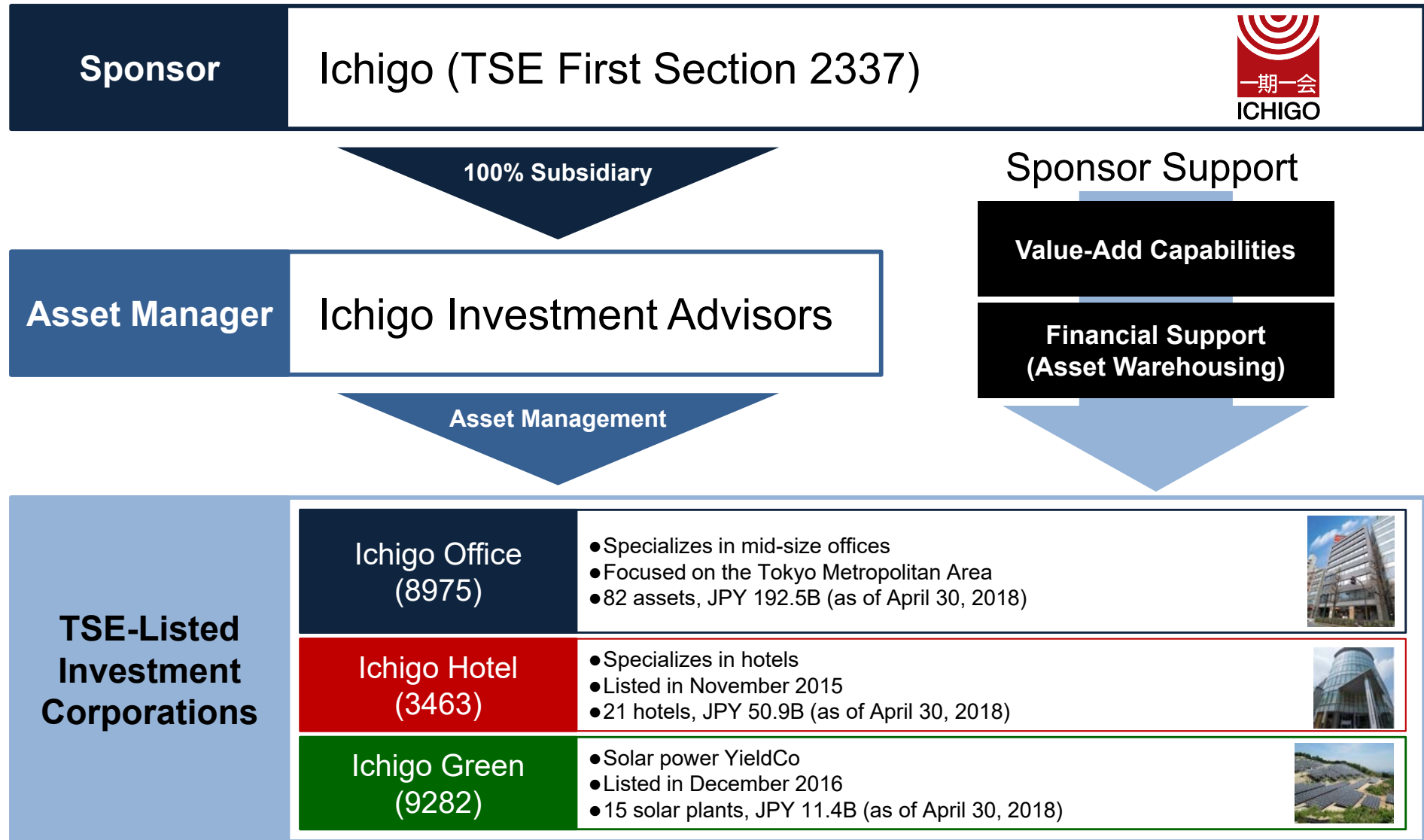
# Global Best-Practice Corporate Governance

## All Ichigo Office Directors are Independent

- ✓ Active board oversight
- ✓ Ongoing monitoring



# Sponsor/Asset Manager/REIT Relationship



# Ichigo Office's Sponsor: Ichigo (2337)

## Core Businesses: Asset Management, Real Estate Value-Add, Clean Energy

- Manages Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282)
- TSE First Section, JPX-Nikkei 400 Member
- Deeply committed to CSR and Sustainability – Japan's first zero-carbon listed real estate company

### Key Ichigo Subsidiaries

**Ichigo**  
(TSE First Section 2337)

**Ichigo Preserves and Improves Real Estate**



The word "Ichigo" comes from the ancient Japanese proverb, Ichigo Ichie, literally meaning "One lifetime, one encounter." The phrase was first used by a 16th century master of the tea ceremony, Sen no Rikyu. He called upon his disciples to give total focus and sincerity to each act of the tea ceremony for every guest, because that particular moment will only exist once and must be fully lived and realized.

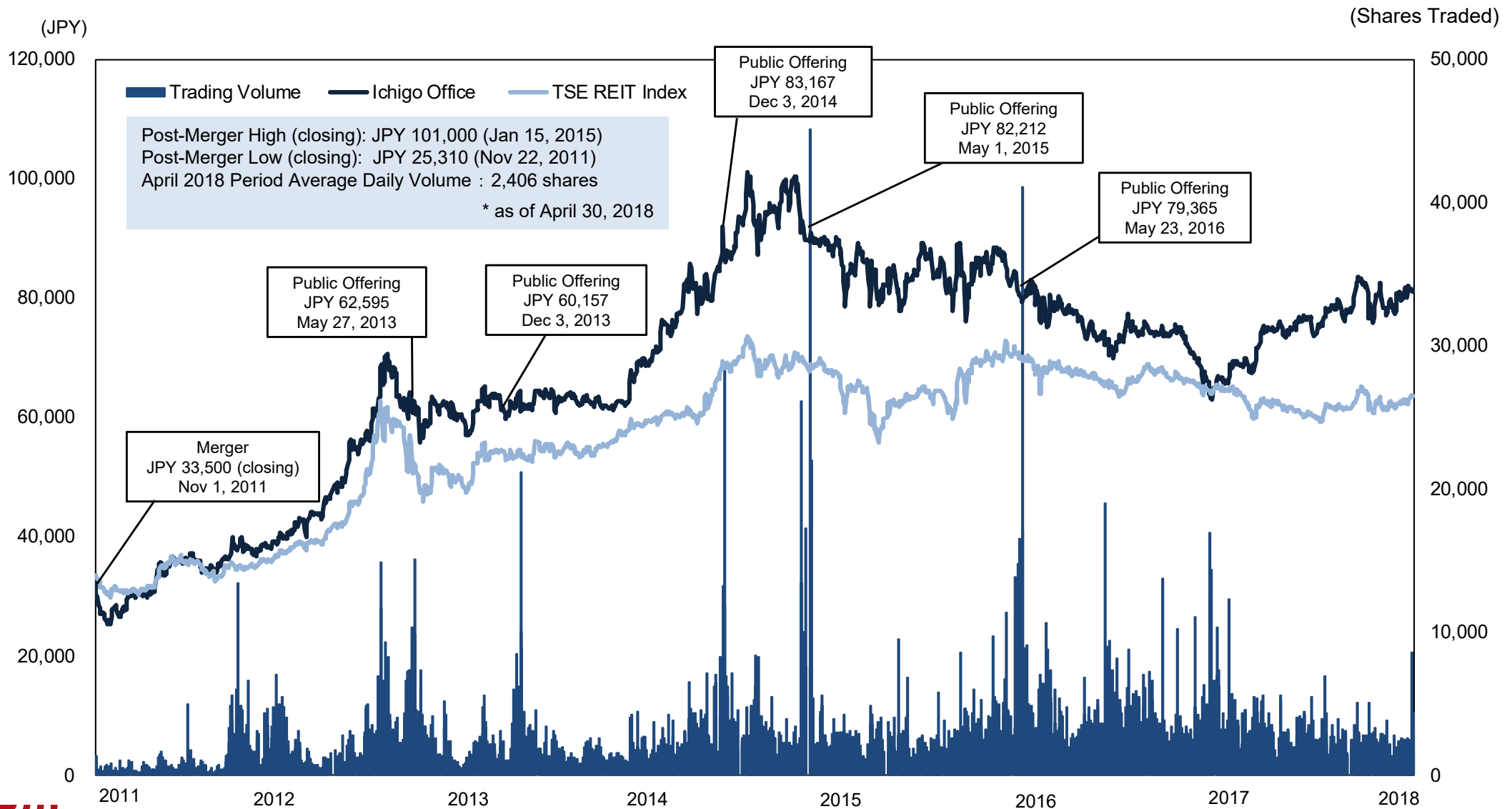
Ichigo embraces the Ichigo Ichie philosophy of sincerity and service, and works to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.



<b>Ichigo Investment Advisors</b>	Asset manager of Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282)
<b>Ichigo Estate</b>	Real estate value-add
<b>Ichigo ECO Energy</b>	Clean energy business focusing on utility-scale solar power production, making purposeful use of unused land nationwide
<b>Ichigo Owners</b>	Real estate owner services
<b>Ichigo Land Shinchiku</b>	Real estate value-add
<b>Ichigo Real Estate Services Fukuoka</b>	Real estate business centered on Fukuoka in Kyushu region
<b>Ichigo Marché</b>	Operates Matsudo Nanbu wholesale market in Chiba Prefecture
<b>Miyako City</b>	Operates Miyako City shopping mall in Miyazaki Prefecture



# Share Price (Nov 1, 2011 to Apr 30, 2018)



Source: Bloomberg



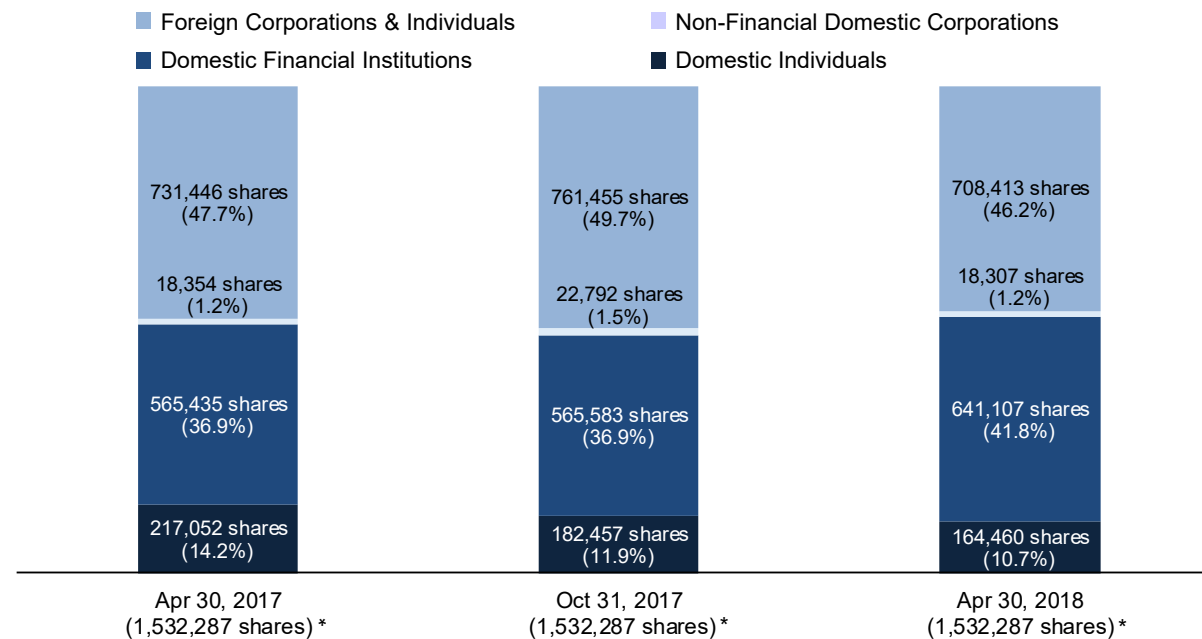
# Shareholder Composition

as of April 30, 2018

## Major Shareholders

Name	No. of Shares	Share
1 Ichigo Trust Pte. Ltd.	344,190	22.5%
2 The Master Trust Bank of Japan, Trust Account	241,283	15.7%
3 Japan Trustee Services Bank, Ltd., Trust Account	139,505	9.1%
4 BCSL MARGIN TRADING A/C	67,000	4.4%
5 Morgan Stanley MUFG Securities Co., Ltd.	65,683	4.3%
6 NOMURA BANK (LUXEMBOURG) S.A.	65,100	4.2%
7 Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	62,643	4.1%
8 The Nomura Trust and Banking Co., Ltd., Investment Trust Account	46,739	3.1%
9 GOLDMAN SACHS INTERNATIONAL	31,060	2.0%
10 STATE STREET BANK AND TRUST COMPANY 505012	27,193	1.8%
<b>Total</b>	<b>1,090,396</b>	<b>71.2%</b>

## Shareholdings by Shareholder Type



\* Number of Shares Outstanding

## Shareholders by Shareholder Type

	Apr 30, 2017	Oct 31, 2017	Apr 30, 2018	
	Shareholders	Shareholders	Shareholders	Share
Domestic Individuals	18,840	17,861	16,532	97.3%
Domestic Financial Institutions	65	61	60	0.4%
City banks, trust banks	10	10	10	0.1%
Regional banks	6	8	8	—
Other (including securities companies)	49	43	42	0.2%
Non-Financial Domestic Corporations	279	261	247	1.5%
Foreign Corporations & Individuals	143	145	155	0.9%
<b>Total</b>	<b>19,327</b>	<b>18,328</b>	<b>16,994</b>	<b>100.0%</b>





# Ichigo Office Overview

## Investment Corporation

as of April 30, 2018

<b>Name</b>	Ichigo Office REIT Investment Corporation
<b>Securities Code</b>	8975
<b>Address</b>	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
<b>Executive Director</b>	Yoshihiro Takatsuka
<b>Portfolio Assets</b>	82 Assets
<b>Portfolio Value</b>	JPY 192.5B (based on acquisition price)
<b>Fiscal Periods (Semi-Annual)</b>	November – April; May – October

## Asset Management Company

<b>Name</b>	Ichigo Investment Advisors Co., Ltd.
<b>President</b>	Wataru Orii
<b>Registration &amp; Membership</b>	Financial Instruments Dealer License (Investment Management Services, Investment Advisory & Agency Services, and Type II Financial Instruments Services): Minister of Finance, Kanto Financial Bureau #318







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## **Ichigo Office REIT IR Desk**

TEL : 03-3502-4891

IR\_Office@ichigo.gr.jp

[www.ichigo-office.co.jp/english](http://www.ichigo-office.co.jp/english)

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