



Ichigo Preserves and Improves Real Estate

# Ichigo Office REIT Semi-Annual Report (Audited)

26<sup>th</sup> Fiscal Period  
May 1, 2018 – October 31, 2018

**Ichigo Office REIT Investment Corporation**

Imperial Hotel Tower, 1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011

## **Message from Management**

Dear Shareholders,

We extend our gratitude to all of you for your trust.

For the October 2018 fiscal period, Ichigo Office continued to give priority to growth investments in order to drive shareholder value, as well as sustaining high occupancy and proactively negotiating to increase rents.

The acquisition of two mid-size offices (5.5 billion yen) was completed in May 2018 as part of the strategic acquisition and sales announced in April. Both assets are located in central Tokyo and can expect ongoing rental growth. We also acquired a mid-size office with high leasing potential in Osaka (1.9 billion yen), using cash-on-hand and debt. As a result, Ichigo Office's AUM (assets under management) at the end of the fiscal period was 85 assets, with a total acquisition price of 199.9 billion yen.

For tailored leasing activities making full use of our value-add capex capabilities, we expanded our Ichigo Layout Office portfolio. Our seventh Ichigo Layout Office at the Ichigo Jimbocho Building provides a comfortable working environment to support changes in working practices, as well as installing a flexible layout to support the needs of startups and accommodate their expansion. Through these measures to increase tenant satisfaction, occupancy at the end of the period was 99.2%, continuing to maintaining an extremely high standard.

In terms of financing policy, we continue to focus on borrowing long-term and at fixed rates in order to hedge future interest rate risk. This conservative financing strategy led to a stronger credit rating from a major Japanese rating agency.

As a result of these actions, Ichigo Office's October 2018 results were operating revenue of 7,632 million yen, operating profit of 3,745 million yen, recurring profit of 2,958 million yen, and net income of 2,980 million yen. Dividend per share was 2,014 yen, marking seventeen consecutive periods of dividend growth, ranking Ichigo Office No.1 among all J-REITs.

Ichigo Office aims to drive sustainable growth and maximize shareholder value through growth investments that reflect a full understanding of and responsiveness to the market environment.

Ichigo Office's name comes from the ancient Japanese proverb, *Ichigo Ichie*, literally meaning "One lifetime, one encounter." We will continue to embrace this philosophy of sincerity and service. We work to build strong long-term relationships to support the success of our clients, shareholders, and all stakeholders.

Thank you so much for your continued support.

Yoshihiro Takatsuka, Executive Director  
Ichigo Office REIT Investment Corporation

Wataru Orii,  
President and Representative Statutory Executive Officer  
Ichigo Investment Advisors Co., Ltd.

# Asset Management Overview

## 1 Historical Investment Performance

		22nd Fiscal Period From May 1, 2016 to October 31, 2016	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018
Operating Revenue	(Note 1) million yen	7,090	7,352	7,530	9,062	7,632
(Real Estate Rental Income)	million yen	(7,074)	(7,314)	(7,530)	(7,467)	(7,632)
Operating Expenses	million yen	3,685	3,974	4,009	3,876	3,886
(Real Estate Rental Expenses)	million yen	(2,921)	(2,959)	(3,004)	(3,008)	(2,993)
Operating Profit	million yen	3,405	3,378	3,521	5,185	3,745
Recurring Profit	million yen	2,462	2,616	2,796	4,442	2,958
Net Income	million yen	2,462	2,615	2,796	4,441	2,980
Total Assets	million yen	210,951	210,573	217,585	219,028	221,807
(Period-on-Period Change)	%	(15.6)	(-0.2)	(3.3)	(0.7)	(1.3)
Net Assets	million yen	102,214	101,911	101,761	103,245	103,217
(Period-on-Period Change)	%	(9.5)	(-0.3)	(-0.1)	(1.5)	(-0.0)
Shareholders' Equity	million yen	67,675	67,675	67,675	67,675	67,675
Number of Shares Outstanding	shares	1,532,287	1,532,287	1,532,287	1,532,287	1,532,287
Net Assets per Share	yen	66,706	66,509	66,411	67,380	67,361
Total Dividends	million yen	2,917	2,946	2,957	3,009	3,086
Dividend per Share	yen	1,904	1,923	1,930	1,964	2,014
(Payable Dividend per Share)	yen	(1,904)	(1,923)	(1,930)	(1,964)	(2,014)
(Dividend per Share in Excess of Earnings)	yen	(—)	(—)	(—)	(—)	(—)
Ratio of Recurring Profit to Total Assets	(Note 2) %	1.3(2.5)	1.2(2.5)	1.3(2.6)	2.0(4.1)	1.3(2.7)
Return on Equity	(Note 2) %	2.5(5.0)	2.6(5.2)	2.7(5.4)	4.3(8.7)	2.9(5.7)
Shareholder Equity Ratio	(Note 2) %	48.5	48.4	46.8	47.1	46.5
(Period-on-Period Change)	%	(-2.7)	(-0.1)	(-1.6)	(0.4)	(-0.6)
Dividend Payout Ratio	(Note 3) %	118.4	112.7	105.8	67.7	103.5
Other Reference Information						
Number of Assets	assets	85	82	85	82	85
Number of Tenants at Period-End	tenants	892	897	918	891	923
Total Leasable Area	m <sup>2</sup>	257,142.35	253,545.89	262,751.74	255,487.63	263,440.38
Occupancy at Period-End	%	98.2	98.6	98.1	99.0	99.2
Depreciation	million yen	921	923	927	914	857
Capital Expenditures	thousand yen	454,851	570,887	446,991	395,979	453,299
NOI (Net Operating Income)	(Note 2) million yen	5,073	5,279	5,454	5,373	5,496
FFO (Funds from Operations) per Share	(Note 2) yen	2,204	2,285	2,430	2,454	2,489
Number of Days in the Period	days	184	181	184	181	184

(Note 1) Operating revenue, etc. do not include consumption tax or local consumption tax (hereinafter "consumption taxes").

(Note 2) The indicators stated are calculated using the formulas below. Figures in parentheses are annualized values.

Ratio of Recurring Profit to Total Assets	$\text{Recurring Profit} / (\text{Total Assets at Beginning of Period} + \text{Total Assets at End of Period}) \div 2$
Return on Equity	$\text{Net Income} / (\text{Net Assets at Beginning of Period} + \text{Net Assets at End of Period}) \div 2$
Shareholder Equity Ratio	$\text{Net Assets at End of Period} / \text{Total Assets at End of Period}$
NOI	$\text{Real Estate Rental Income} - \text{Real Estate Rental Expenses} + \text{Depreciation}$
FFO per Share	$(\text{Net Income} + \text{Depreciation} + \text{Loss on Retirement of Non-Current Assets} + \text{Expenses for Asset Retirement Obligations} \pm \text{Gain (Loss) on Sales of Assets} \pm \text{Extraordinary Profit (losses)}) / \text{Number of Shares Outstanding}$

(Note 3) Dividend Payout Ratio is calculated using the formula below and rounded down to the nearest unit:  
 Dividend per Share (not including dividend per share in excess of profits) / Net Income per Share  
 However, for the 22nd fiscal period, it is calculated using the formula below because new shares were issued during the period:  
 Total Dividends (not including dividends in excess of profits) / Net Income

## 2 Summary of Operating Results for the Fiscal Period Ending October 31, 2018

### (1) Overview

In the fiscal period ending October 31, 2018, Ichigo Office's 26th fiscal period, Ichigo Office worked to increase its attractiveness as a specialized office REIT focusing on mid-size offices by acquiring three mid-sized offices. Ichigo Office also strengthened its organic growth potential. Key action items during the period were: 1) driving increased asset value and investment efficiency through value-add capex<sup>(Note)</sup> and 2) further development of the Ichigo Office brand. Ichigo Office seeks to construct a portfolio specializing in mid-sized offices which can generate both earnings stability and earnings growth.

(Note) "Value-add capex" is capital expenditure that enhances the competitiveness and profitability of Ichigo Office assets.

### (2) Market Environment and Investment Performance

#### (i) Market Environment

During the current fiscal period, the Japanese economy continued its steady growth backed by the virtuous cycle of rising corporate and household incomes leading to increased spending. Going forward, domestic demand is expected to maintain its growth trend supported by consumer spending, with capital investments and employment continuing to improve as the economy expands under an easing monetary environment. However, attention is required to the deceleration of domestic demand due to the potential influence of the consumption tax increase scheduled for October 2019. As for the financial environment, long-term interest rates remain relatively low under the Bank of Japan's quantitative easing, so the borrowing environment remains favorable. On the other hand, a possible source of concern is monetary and economic policy changes by the United States and/or Europe affecting international financial markets.

In the real estate market, cap rates continue to fall, although the rate of decline has slowed as the financing environment continues to be favorable. Despite the low cap rates, demand is expected to remain strong for the time being due to severe competition in acquiring assets of all types, making it more challenging to find good assets at reasonable prices.

Meanwhile, in the office leasing market, while a significant amount of new, large-floor office supply has become available in central Tokyo, demand for this new supply remains robust, implying no excess in supply. Strong demand and limited vacancies mean rents can be expected to continue to show stable growth. In particular, the supply-demand balance for the mid-size offices in which Ichigo Office specializes continues to be tight.

#### (ii) Investment Performance

In order to strengthen its focus on mid-sized offices as a specialized office REIT, Ichigo Office strategically refocused its portfolio by acquiring the Win Gotanda Building 2 (acquisition price: 3,300 million yen) and the MIF Building (acquisition price: 2,200 million yen) in May 2018 and selling three non-office retail assets. Ichigo Office also acquired the Ichigo Uchi Honmachi Building (acquisition price: 1,900 million yen), so the number of assets owned at the end of the current fiscal period was 85 assets (total acquisition price: 199,937 million yen).

By working to increase rents and occupancy, Ichigo Office has raised the profitability of its assets and grown portfolio NOI. During the current fiscal period, Ichigo Office took actions to enhance the competitiveness and profitability of its assets, including the offering of Ichigo Layout Office<sup>(Note)</sup>, a flexible leasing format tailored to the needs of start-up growth companies, in the Ichigo Nagoya Building and Ichigo Jimbocho Building. As a result of these efforts, the occupancy of the overall portfolio was 99.2% at the end of the current fiscal period.

(Note) Ichigo Layout Office is Ichigo Office's original leasing strategy that makes it quicker and less expensive for tenants to move into new offices by offering ready-made layouts with stylish designs and easy-to-use spaces (reception counters and spaces, meeting rooms, etc.).

### (3) Financing

In the current fiscal period, Ichigo Office borrowed a total of 4,546 million yen from banks in June 2018 and October 2018 to repay loans that came due in each of those months (a total of 4,549 million yen). It borrowed 2,000 million yen in May 2018 to acquire Win Gotanda Building 2 and MIF Building, and it borrowed 900 million yen in September 2018 to acquire Ichigo Uchi Honmachi Building. To maintain a stable financial base, Ichigo Office diversifies repayment dates and is prudent about interest rate risk.

## (4) Earnings and Dividends

As a result of the management initiatives above, Ichigo Office recorded operating revenue of 7,632 million yen, operating profit of 3,745 million yen, recurring profit of 2,958 million yen and net income of 2,980 million yen for the fiscal period. With respect to dividends, the dividend policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed the amount equivalent to 90% of distributable earnings as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957 including subsequent amendments, hereinafter the “Special Measures Taxation Act”).

Ichigo Office has voluntary reserves for temporary difference adjustments and dividends. Of these voluntary reserves, it uses temporary difference adjustments of 105 million yen or more every period based on the revised Rules on Real Estate Investment Trusts and Real Estate Investment Corporations in 2015 (hereinafter the “Rules of the Investment Trust Association, Japan”). Similarly, Ichigo Office may use dividend reserves from the standpoint of stabilizing the dividend level, taking cash flows into account.

However, because Ichigo Office also has a tax loss carried forward <sup>(Note)</sup>, mainly due to the loss on sales of real estate posted when assets were transferred in the past for the purpose of improving portfolio quality, it may internally reserve profits if it has total net gains on sales of real estate assets and other profits from operations.

For this period, Ichigo Office has decided to distribute 3,086 million yen, which is the total amount of unappropriated retained earnings (2,981 million yen) and 105 million yen, which is the reversal of reserves for temporary difference adjustments. As a result, dividend per share amounted to 2,014 yen.

(Note) The balance of tax losses carried forward owned by Ichigo Office is approximately 1.0 billion yen, and the expiration of the tax losses carrying forward period is the fiscal period ending April 30, 2022. Restrictions regarding the maximum reduction of losses able to be included in deductible expenses will not be applied.

## 3 Issuance of New Shares

Increases and decreases in the total number of shares outstanding and the total amount of shareholders’ equity for the most recent five years are as follows:

Date	Remarks	Number of Shares Outstanding (shares)		Shareholders’ Equity (million yen)		Notes
		Increase/decrease	Balance	Increase/decrease	Balance	
December 3, 2013	Public Offering	85,000	1,017,823	4,929	25,289	(Note 1)
January 7, 2014	Greenshoe	8,500	1,026,323	492	25,782	(Note 2)
December 3, 2014	Public Offering	95,680	1,122,003	7,679	33,462	(Note 3)
December 24, 2014	Greenshoe	8,320	1,130,323	667	34,130	(Note 4)
May 1, 2015	Public Offering	271,700	1,402,023	23,418	57,548	(Note 5)
May 27, 2015	Greenshoe	14,300	1,416,323	1,232	58,781	(Note 6)
May 23, 2016	Public Offering	110,166	1,526,489	8,449	67,230	(Note 7)
June 22, 2016	Greenshoe	5,798	1,532,287	444	67,675	(Note 8)

(Note 1) Ichigo Office issued new shares via public offering at an issue price of 60,157 yen per share (underwriting price of 57,997 yen) for the purpose of raising funds to acquire new assets.

(Note 2) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 57,997 yen per share for the purpose of repaying loans.

(Note 3) Ichigo Office issued new shares via public offering at an issue price of 83,167 yen per share (underwriting price of 80,266 yen) for the purpose of raising funds to acquire new assets.

(Note 4) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 80,266 yen per share for the purpose of repaying loans.

(Note 5) Ichigo Office issued new shares via public offering at an issue price of 89,212 yen per share (underwriting price of 86,192 yen) for the purpose of raising funds to acquire new assets.

(Note 6) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 86,192 yen per share for the purpose of repaying loans.

(Note 7) Ichigo Office issued new shares via public offering at an issue price 79,365 yen per share (underwriting price of 76,695 yen) for the purpose of raising funds to acquire new assets.

(Note 8) Ichigo Office issued new shares via a third-party allotment (Greenshoe) at an issue price of 76,695 yen per share for the purpose of repaying loans.

## Share Price Performance

The table below shows the high and low prices (closing prices) on the Tokyo Stock Exchange REIT market, where Ichigo Office lists its shares, for each period.

	22nd Fiscal Period From May 1, 2016 to October 31, 2016	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018
High	84,600 yen	77,200 yen	77,000 yen	83,600 yen	93,800 yen
Low	70,500 yen	63,100 yen	63,000 yen	73,900 yen	81,600 yen

## 4 Dividends

With respect to dividends in the current fiscal period, the dividend distribution policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed the amount equivalent to 90% of distributable earnings as provided for in Article 67-15, Paragraph 1 of the Special Measures Taxation Act. Based on this policy, Ichigo Office has decided to pay a total dividend of 3,086 million yen, which is the entire amount (except for fractions in which the dividend per share is less than one yen) of unappropriated retained earnings of 2,981 million yen, plus 105 million yen, which is the reversal of reserves for temporary difference adjustments. As a result, the dividend per share came to 2,014 yen.

		22nd Fiscal Period From May 1, 2016 to October 31, 2016	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018
Unappropriated Retained Earnings	thousand yen	2,463,454	2,615,831	2,797,644	4,442,764	2,981,724
Retained Earnings for Dividend Reserve	thousand yen	412	1,407	1,220	848	698
Total Dividends	thousand yen	2,917,474	2,946,587	2,957,313	3,009,411	3,086,026
(Dividend per Share)	yen	(1,904)	(1,923)	(1,930)	(1,964)	(2,014)
Distributable Earnings	thousand yen	2,917,474	2,946,587	2,957,313	3,009,411	3,086,026
(Distributable Earnings per Share)	yen	(1,904)	(1,923)	(1,930)	(1,964)	(2,014)
Total Refund of Capital	thousand yen	—	—	—	—	—
(Refund of capital per share)	yen	(—)	(—)	(—)	(—)	(—)
Of the Total Refund of Capital, Total Distribution from Reserves for Temporary Difference Adjustment	thousand yen	—	—	—	—	—
(Of the Refund of Capital per Share, Distribution from Reserves for Temporary Difference Adjustment per Share)	yen	(—)	(—)	(—)	(—)	(—)
Of the Total Refund of Capital, Total Distribution from the Distribution Associated with a Decrease in Investment for Tax Purposes	thousand yen	—	—	—	—	—
(Of the Refund of Capital per Share, Distribution from the Distribution Associated with a Decrease in Investment for Tax Purposes)	yen	(—)	(—)	(—)	(—)	(—)

## 5 Investment Policies and Strategies

### (1) Asset Acquisitions (Acquisition-Driven Growth)

Ichigo Office invests in real estate mainly located in central Tokyo, the Tokyo metropolitan area, major regional cities and prefectural capitals whose primary use is as offices, as well as real estate-backed securities related to these assets. In particular, Ichigo Office builds a portfolio specializing in mid-size offices with a focus on growth potential while securing earnings stability, given that both stability and growth potential can be expected in mid-size offices and that the replacement of assets in the portfolio in a mobilized manner according to the market conditions is also possible because the absolute number of assets is large and there are numerous opportunities for acquisition.

When acquiring assets, Ichigo Office works to obtain quality investment information at an early stage and promote an arm's length transaction, using information from Ichigo Investment Advisors Co., Ltd., the asset management company (hereinafter the "Asset Manager") of Ichigo Office, based on the Asset Manager's own network. In addition, based on the sponsor support agreement with Ichigo Inc., Ichigo Office also promotes steady external growth, taking advantage of the warehousing function of Ichigo Inc. Ichigo Office also strives to improve the quality of the portfolio through asset replacements by considering sales of assets with limited room for organic growth.

### (2) Portfolio Management (Organic Growth)

In the management and operation of the assets owned, Ichigo Office strengthens their competitiveness by establishing the "Ichigo Office" brand through the active promotion of the following initiatives that will lead to the strengthening of the earnings power of individual assets.

- Minimize downtime between leases
- Carry out value-add capex to drive higher returns
- Implement environmental sustainability initiatives to grow long-term value
- Build a trusted Ichigo brand

### (3) Financing Strategy

For the refinancing of existing loans, Ichigo Office will take advantage of the low-interest-rate environment by fixing borrowing rates and promoting the extension and diversification of borrowing periods. With respect to the long-term issuer rating it has acquired from Japan Credit Rating Agency, Ltd., Ichigo Office will strengthen its financial base and expand its cash flows while diversify financing using investment corporation bonds, with the aim of further improving the current rating of "A (Outlook: Stable)."

## 6 Significant Subsequent Events

### (1) Asset Acquisitions

The sales and purchase agreements for the following assets has been made in accordance with the guidelines specified in Ichigo Office's Articles of Incorporation.

[Ichigo Minami Otsuka Building<sup>(Note 1)</sup>]

Acquisition Price <sup>(Note 2)</sup>	2,780,000,000 yen
Location	3-10-10 Minami-Otsuka, Toshima-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Property Right	Land: Freehold Building: Freehold
Contract Date	December 14, 2018
Closing Date	December 21, 2018
Seller <sup>(Note 3)</sup>	Domestic special purpose company

[Ichigo Nogizaka Building<sup>(Note 1)</sup>]

Acquisition Price <sup>(Note 2)</sup>	3,315,000,000 yen
Location	8-11-37 Akasaka, Minato-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Property Right	Land: Freehold Building: Freehold
Contract Date	December 14, 2018
Closing Date	December 28, 2018
Seller <sup>(Note 3)</sup>	Domestic real estate company

(Note 1) After the acquisition by Ichigo Office, the building names will be changed from “Minami Otsuka Square Building” to “Ichigo Minami Otsuka Building” and from “Unizo Nogizaka Building” to “Ichigo Nogizaka Building.”

(Note 2) The scheduled acquisition price is the sales value of the trust beneficiary interest in real estate that does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

(Note 3) The sellers did not provide consent to disclose their names.

[Ichigo Hakata East Building<sup>(Note 1)</sup>]

Acquisition Price <sup>(Note 2)</sup>	2,250,000,000 yen
Location	1-13-6 Hakataeki Higashi, Hakata-ku, Fukuoka
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Property Right	Land: Freehold Building: Freehold
Contract Date	May 29, 2019
Closing Date	May 31, 2019
Seller	Kichijoji Holdings GK

(Note 1) After the acquisition by Ichigo Office, the building name will be changed from “Takeyama Hakata Building” to “Ichigo Hakata East Building”.

(Note 2) The acquisition price is the sales value of the trust beneficiary interest in real estate that does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

## (2) Asset Sales

The purchase and sales agreements for the following assets has been made in accordance with the guidelines specified in Ichigo Office’s Articles of Incorporation.

### Ichigo Machida East Building

Sales Price <sup>(Note 1)</sup>	Not disclosed
Book Value <sup>(Note 2)</sup>	1,272,784,000 yen
Location	4-5-8 Haramachida, Machida City, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract Date	December 14, 2018
Closing Date	December 20, 2018
Buyer <sup>(Note 3)</sup>	Domestic special purpose company

### Ichigo Shin Yokohama Arena Dori Building

Sales Price <sup>(Note 1)</sup>	Not disclosed
Book Value <sup>(Note 2)</sup>	1,679,745,000 yen
Location	3-7-7 Shin-Yokohama, Kohoku-ku, Yokohama
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract Date	December 14, 2018
Closing Date	December 20, 2018
Buyer <sup>(Note 3)</sup>	Domestic special purpose company

(Note 1) This is a sale to a single buyer in a single sales contract, and the total sale price of two assets is 3,600,000 thousand yen. The sale price is the sales value of the trust beneficiary interest in real estate (*juekiken*) that does not include expenses for transfer, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. The sales price of individual assets is not disclosed because the buyer did not provide consent to disclose each asset’s sale price. In the 27th fiscal period (from November 1, 2018 to April 30, 2019), gain on sales of real estate of approximately 645,250 thousand yen for a total of two assets is expected to be recorded.

(Note 2) The book value is the price as of October 31, 2018.

(Note 3) The buyer did not provide consent to disclose its name.

### Ichigo Toyamaeki Nishi Building<sup>(Note 1)</sup>

Sales Price <sup>(Note 2)</sup>	12,369,952 yen
Book Value <sup>(Note 3)</sup>	4,734,000 yen



Location	1-1-19, Jinzu Honmachi, Toyama City, Toyama
Legal Form of Asset <sup>(Note 4)</sup>	Real estate
Contract Date	February 21, 2019
Closing Date	February 21, 2019
Buyer	Toyama Prefecture

(Note 1) This is a sale of a section of the underlying land of Ichigo Toyamaeki Nishi Building to the Toyama Prefecture. The road adjacent to the northwestern side of the building is a prefectural road subject to an urban planning project (established March 31, 1959, and amended April 27, 2005). An additional section of the underlying land also became subject to this project on April 11, 2011. After negotiations with the Toyama Prefecture, Ichigo Office has agreed to sell the section of the land.

(Note 2) The sales price is the total sales price indicated in the Purchase and Sales Agreement. In addition Ichigo Office will receive a compensation of 11,800,110 yen for the closing and removal of a paid parking lot. The compensation will be recorded in the 27th fiscal period fiscal period (from November 1, 2018 to April 30, 2019).

(Note 3) The book value is an estimate based upon the price as of October 31, 2018, calculated proportionate to the section's land area.

(Note 4) While the asset is a trust beneficiary interest in real estate (*juekiken*), the trust will be cancelled before the sale and the asset's legal form will change to real estate.

#### Ichigo Fiesta Shibuya Building

Sales Price <sup>(Note 1)</sup>	2,400,000,000 yen
Book value <sup>(Note 2)</sup>	1,960,027,000 yen
Location	3-10 Udagawacho, Shibuya-ku, Tokyo
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract Date	May 29, 2019
Closing Date	May 30, 2019
Buyer <sup>(Note 3)</sup>	Hakata GK

(Note 1) The sale price is the transaction price of the trust beneficiary interest in real estate (*juekiken*) and does not include expenses for transfer, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. In the 28th fiscal period (from May 1, 2019 to October 31, 2019), gain on sales of real estate of approximately 440,477 thousand yen is expected to be recorded.

(Note 2) The book value is the price as of April 30, 2019.

# Ichigo Office Overview

## 1 Shares and Shareholders' Equity

		22nd Fiscal Period October 31, 2016	23rd Fiscal Period April 30, 2017	24th Fiscal Period October 31, 2017	25th Fiscal Period April 30, 2018	26th Fiscal Period October 31, 2018
Number of Authorized Shares	shares	14,000,000	14,000,000	14,000,000	14,000,000	14,000,000
Number of Shares Outstanding	shares	1,532,287	1,532,287	1,532,287	1,532,287	1,532,287
Shareholders' Equity	million yen	67,675	67,675	67,675	67,675	67,675
Number of Shareholders	persons	18,641	19,327	18,328	16,994	14,705

## 2 Major Shareholders

Major shareholders as of October 31, 2018 are as follows:

Name	Shares	Ratio of Shares Held to Total Number of Shares Issued (%) Note
Ichigo Trust Pte. Ltd.	344,190	22.46
The Master Trust Bank of Japan, Trust Account	267,236	17.44
Japan Trustee Services Bank, Ltd., Trust Account	155,875	10.17
NOMURA BANK (LUXEMBOURG) S.A.	77,951	5.08
Morgan Stanley MUFG Securities Co., Ltd.	57,972	3.78
BCSL MARGIN TRADING A/C	56,500	3.68
Trust & Custody Service Bank, Ltd., Securities Investment Trust Account	52,240	3.40
The Nomura Trust and Banking Co., Ltd., Investment Trust Account	48,671	3.17
GOLDMAN SACHS INTERNATIONAL	34,653	2.26
STATE STREET BANK AND TRUST COMPANY 505012	20,963	1.36
Total	1,116,251	72.84

(Note) The ratio of shares held to the total number of shares issued is rounded down to the first decimal place.

## 3 Executive Director and Supervisory Directors

(1) Ichigo Office's directors and auditor as of October 31, 2018 are as follows:

Title	Name of Director	Other Major Positions	Total Compensation During the Current Fiscal Period (thousand yen)
Executive Director	Yoshihiro Takatsuka	R's Consulting KK, Representative Director Oct Advisors Inc., Director and Partner	2,160
Supervisory Directors	Takaaki Fukunaga	Fukunaga CPA Office, Representative Global Solutions Consulting Co., Ltd., Representative Director GreenOak Investment Management KK, external Corporate Auditor AWP Ticket Guard Small Amount & Short Term Insurance Co., Ltd., external Corporate Auditor PP Japan Co., Ltd., Corporate Auditor Retailer's Sphere Co., Ltd., Corporate Auditor GMO Registry, Inc., external Corporate Auditor	1,440
	Masahiro Terada	City-Yuwa Partners, Partner	1,440
Accounting Auditor	Grant Thornton Taiyo LLC	—	8,460

(Note) The Executive and Supervisory Directors do not own shares of Ichigo Office under either their own name or another person's name.

## (2) Policy for Determining Dismissal or Non-Reappointment of Accounting Auditor

The Board of Directors will determine the dismissal of the accounting auditor pursuant to the provisions of the Act on Investment Trusts and Investment Corporations and the refusal to reappoint the accounting auditor, taking various factors into consideration, including the quality of the audit and compensation for the audit.

## 4 Asset Management Company, Asset Custodian, and Administrative Agents

The asset management company, asset custodian, and administrative agents as of October 31, 2018 are as follows:

Asset Management Company	Ichigo Investment Advisors Co., Ltd.
Asset Custodian	
Administrative Agent (Administration)	Mizuho Trust Banking & Co., Ltd.
Administrative Agent (Accounting)	
Administrative Agent (Transfer Agent)	
Administrative Agent (Special Accounts)	Sumitomo Mitsui Trust Bank, Limited
Administrative Agent (Special Accounts)	Mitsubishi UFJ Trust and Banking Corporation
Administrative Agent (Investment Corporation Bonds)	Sumitomo Mitsui Bankng Corporation
Administrative Agent (Investment Corporation Bonds)	MUFG Bank, Ltd.

# Assets under Management

## 1 Asset Composition

Asset Type	Area (Note 1)	25th Fiscal Period (as of April 30, 2018)		26th Fiscal Period (as of October 31, 2018)	
		Book Value (million yen)(Note 2)	Ratio to Total Assets (%)	Book Value (million yen)(Note 2)	Ratio to Total Assets (%)
Real Estate	Central Tokyo	8,766	4.0	8,742	3.9
	Tokyo Metropolitan Area	4,040	1.8	4,038	1.8
	Four Major Regional Cities	10,629	4.9	10,563	4.8
Trust Beneficiary Interest in Real Estate ( <i>juekiken</i> ) (Note 3)	Central Tokyo	99,889	45.6	105,335	47.5
	Tokyo Metropolitan Area	40,832	18.6	40,699	18.3
	Four Major Regional Cities	15,461	7.1	17,422	7.9
	Other Regional Cities	10,886	5.0	10,814	4.9
Subtotal		190,506	87.0	197,617	89.1
Deposits and Other Assets		28,521	13.0	24,190	10.9
Total Assets		219,028	100.0	221,807	100.0

(Note 1) Areas are defined as follows:

Central Tokyo: Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa Wards  
Tokyo Metropolitan Area: Tokyo (excluding the six wards above) and Kanagawa, Chiba and Saitama Prefectures  
Four Major Regional Cities: Osaka, Nagoya, Fukuoka and Sapporo  
Other Regional Cities: Regional cities other than the above (prefectural capitals, etc.)

(Note 2) Book Value is the amount recorded on the balance sheet as of the closing date (for real estate and the trust beneficiary interest in real estate, the book value after depreciation). Construction in progress and construction in progress in trust are not included in the subtotal of real estate and the trust beneficiary interest in real estate.

(Note 3) Land leasehold rights in trust held together with buildings in trust are stated in the section on the trust beneficiary interest in real estate by adding them to buildings in trust, etc.

## 2 Major Assets Owned

The table below is a summary of the major assets owned by Ichigo Office as of October 31, 2018 (top ten assets in terms of book value).

Asset Name	Book Value (million yen) (Note 1)	Leasable Area (m <sup>2</sup> )	Leased Area (m <sup>2</sup> )	Occupancy (%) (Note 2)	Ratio to Total Rent Revenue (%)	Asset Type
Ichigo Jingumae Building	7,407	4,510.04	4,510.04	100.0	2.5	Office
Ichigo Marunouchi Building	5,870	8,009.11	8,009.11	100.0	3.1	Office
Ebisu Green Glass	5,839	3,159.27	3,159.27	100.0	2.1	Office
Ichigo Akihabara North Building	5,598	6,250.53	6,250.53	100.0	2.8	Office
Ichigo Ikenohata Building	5,149	5,504.15	5,504.15	100.0	2.1	Office
Ichigo Gotanda Building	4,874	5,346.39	5,346.39	100.0	2.7	Office
Ichigo Sasazuka Building	4,870	6,425.29	6,425.29	100.0	2.4	Office
Ichigo Sakae Building	4,693	3,928.12	3,928.12	100.0	2.9	Office
Ichigo Higashi Ikebukuro Building	4,607	4,472.00	4,472.00	100.0	2.0	Office
Ichigo Nihonbashi East Building	4,578	4,216.97	4,216.97	100.0	1.9	Office
Total	53,489	51,821.87	51,821.87	100.0	24.5	

(Note 1) Book Value does not include construction in progress or construction in progress in trust.

(Note 2) Occupancy is the ratio of the Leased Area within the Leasable Area of the real estate or real estate in trust as of period-end. The ratio is rounded off to the first decimal place.

### 3 Portfolio Overview

#### Details of Portfolio Assets

The table below shows the details of assets owned by Ichigo Office as of October 31, 2018.

Asset Name	Location	Form of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value at Period-end (million yen) (Note 1)	Book Value at Period-end (million yen) (Note 2)	
O-02	Ichigo Nishisando Building	Yoyogi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,564.63	3,170	3,373
O-03	Ichigo Mita Building	Shiba, Minato-ku, Tokyo	Trust beneficiary interest in real estate	4,121.42	3,510	2,729
O-04	Ichigo Nanpeidai Building	Nanpeidaicho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,925.24	2,560	1,919
O-05	Ichigo Hanzomon Building	Hayabusacho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,080.37	1,880	1,512
O-06	Ichigo Hijirizaka Building	Mita, Minato-ku, Tokyo	Trust beneficiary interest in real estate	1,947.90	1,440	1,213
O-07	Ichigo Shibuya Kamiyamacho Building	Kamiyamacho, Shibuya-ku, Tokyo	Real estate	1,321.54	1,810	1,382
O-08	Ichigo Akasaka 5 Chome Building	Akasaka, Minato-ku, Tokyo	Real estate	683.86	806	722
O-09	Ichigo Shibakoen Building	Shiba, Minato-ku, Tokyo	Real estate	1,602.29	1,130	1,102
O-10	Ichigo Ebisu Nishi Building	Ebisu-Nishi, Shibuya-ku, Tokyo	Real estate	1,484.39	2,440	1,929
O-11	Ichigo Ginza 612 Building	Ginza, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	1,387.09	2,000	1,776
O-12	Ichigo Uchikanda Building	Uchikanda, Chiyoda-ku, Tokyo	Real estate	1,378.83	1,170	1,114
O-14	Ichigo Yotsuya 4 Chome Building	Yotsuya, Shinjuku-ku, Tokyo	Trust beneficiary interest in real estate	780.64	575	514
O-15	Ichigo Tameike Building	Akasaka, Minato-ku, Tokyo	Real estate	494.14	684	528
O-16	Ichigo Jimbocho Building	Kanda Jimbocho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,891.01	2,290	1,813
O-17	Ichigo Hakozaeki Building	Nihonbashi Kakigaracho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,387.34	1,150	1,154
O-18	Ichigo Kudan 2 Chome Building	Kudan Minami, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,288.31	915	735
O-19	Ichigo Kudan 3 Chome Building	Kudan Minami, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,302.43	851	826
O-20	Ichigo Gotanda Building	Higashi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	5,346.39	6,250	4,874
O-21	Ichigo Shin Yokohama Building	Shin Yokohama, Kohoku-ku, Yokohama	Trust beneficiary interest in real estate	4,021.32	1,870	1,712
O-22	Ichigo Minami Ikebukuro Building	Minami Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	1,491.51	1,630	1,385
O-23	Ichigo Nakano North Building	Arai, Nakano-ku, Tokyo	Trust beneficiary interest in real estate	1,250.85	885	741
O-24	Ichigo Eitai Building	Eitai, Koto-ku, Tokyo	Real estate	2,605.54	1,250	1,469
O-26	Ichigo Ikejiri Building	Ohashi, Meguro-ku, Tokyo	Real estate	2,385.69	2,220	1,962
O-27	Ichigo Nishi Ikebukuro Building	Ikebukuro, Toshima-ku, Tokyo	Real estate	1,261.91	837	607
O-28	Ichigo Nishi Gotanda Building	Nishi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	1,329.06	825	762
O-29	Ichigo Kichijoji Building	Kichijoji Honcho, Musashino City, Tokyo	Trust beneficiary interest in real estate	4,210.87	2,800	2,195
O-34	Ichigo Sakae Building	Sakae, Naka-ku, Nagoya	Real estate	3,928.12	6,480	4,693
O-37	Ichigo Marunouchi Building	Marunouchi, Naka-ku, Nagoya	Real estate	8,009.11	7,520	5,870
O-38	Ichigo Toyamaeki Nishi Building	Jinzu Honmachi, Toyama City, Toyama	Trust beneficiary interest in real estate	8,601.71	1,750	1,515
O-39	Ichigo Mirai Shinkin Building	Niagamachi, Oita City, Oita	Trust beneficiary interest in real estate	3,551.46	1,280	1,160
O-42	Ichigo Takamatsu Building	Kotobukicho, Takamatsu City, Kagawa	Trust beneficiary interest in real estate	6,329.33	3,440	2,402
O-46	Ichigo Kanda Nishikicho Building	Kanda-Nishikicho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,523.09	2,930	2,014
O-47	Ichigo Akihabara North Building	Sotokanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	6,250.53	6,970	5,598
O-48	Ichigo Sakaisuji Honmachi Building	Honmachi, Chuo-ku, Osaka	Trust beneficiary interest in real estate	3,729.35	2,310	1,803
O-49	Ichigo Kanda Ogawamachi Building	Kanda-Ogawamachi, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	2,295.57	2,460	2,191
O-50	Ichigo Hatchobori Building	Shintomi, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,697.36	2,530	1,827
O-51	Ebisu Green Glass	Ebisu Minami, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,159.27	6,710	5,839

Asset Name	Location	Form of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value at Period-end (million yen) (Note 1)	Book Value at Period-end (million yen) (Note 2)	
O-52	Ichigo Omori Building	Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,585.92	4,220	3,799
O-53	Ichigo Takadanobaba Building	Takadanobaba, Shinjuku-ku, Tokyo	Trust beneficiary interest in real estate	1,606.92	1,890	1,586
O-54	Ichigo Omiya Building	Miyacho, Omiya-ku, Saitama City, Saitama	Trust beneficiary interest in real estate	6,180.68	3,990	3,637
O-55	Ichigo Sagamiara Building	Sagamiara, Chuo-ku, Sagamiara City, Kanagawa	Trust beneficiary interest in real estate	2,960.81	1,250	1,221
O-56	Ichigo Ofuna Building	Ofuna, Kamakura City, Kanagawa	Trust beneficiary interest in real estate	2,364.71	2,410	1,953
O-57	Ichigo Sendai East Building	Miyagino, Miyagino-ku, Sendai, Miyagi	Trust beneficiary interest in real estate	5,205.49	2,100	1,694
O-58	Ichigo Kumamoto Building	Karashimacho, Chuo-ku, Kumamoto City, Kumamoto	Trust beneficiary interest in real estate	4,507.59	1,580	1,445
O-59	Ichigo Jingumae Building	Jingumae, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	4,510.04	8,040	7,407
O-60	Ichigo Shibuya Dogenzaka Building	Maruyamacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,789.86	5,050	3,670
O-61	Ichigo Hiroo Building	Hiroo, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	3,510.44	4,530	4,000
O-62	Ichigo Sasazuka Building	Sasazuka, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	6,425.29	5,290	4,870
O-63	Ichigo Nihonbashi East Building	Nihonbashi Bakurocho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	4,216.97	5,470	4,578
O-64	Ichigo Sakurabashi Building	Hatchobori, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,971.22	2,880	2,563
O-65	Ichigo Shinkawa Building	Shinkawa, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	2,312.03	2,790	2,388
O-66	Ichigo Kudan Building	Kanda Jimbocho, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	3,090.65	3,480	3,224
O-67	Ichigo Higashi Gotanda Building	Higashi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	4,548.10	4,280	3,663
O-68	Axior Mita	Mita, Minato-ku, Tokyo	Trust beneficiary interest in real estate	2,369.82	2,190	1,760
O-69	Ichigo Higashi Ikebukuro Building	Higashi Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	4,472.00	5,270	4,607
O-70	Koriyama Big-i (Office Section)	Ekimae, Koriyama City, Fukushima	Trust beneficiary interest in real estate	3,433.07	1,890	1,500
O-71	Ichigo Kawasaki Building	Higashi Tamachi, Kawasaki-ku, Kawasaki City, Kanagawa	Trust beneficiary interest in real estate	3,710.17	2,120	1,786
O-72	Ichigo Shibuya East Building	Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,041.36	1,530	1,351
O-73	Ichigo Ningyocho Building	Nihonbashi Horidomecho, Chuo-ku, Tokyo	Trust beneficiary interest in real estate	1,769.09	1,570	1,486
O-74	Ichigo Nishi Honmachi Building	Awaza, Nishi-ku, Osaka	Trust beneficiary interest in real estate	6,152.00	2,380	2,149
O-75	Ichigo Hakata Building	Gionmachi, Hakata-ku, Fukuoka	Trust beneficiary interest in real estate	2,423.86	1,500	1,371
O-76	Ichigo Nishiki First Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	3,324.66	2,100	1,986
O-77	Ichigo Ikenohata Building	Ikenohata, Taito-ku, Tokyo	Trust beneficiary interest in real estate	5,504.15	5,380	5,149
O-78	Ichigo Ikebukuro East Building	Higashi Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	3,118.69	3,240	2,987
O-79	Ichigo Motoazabu Building	Motoazabu, Minato-ku, Tokyo	Trust beneficiary interest in real estate	1,329.96	2,020	1,899
O-80	Ichigo Otsuka Building	Minami Otsuka, Toshima-ku, Tokyo	Trust beneficiary interest in real estate	3,679.70	2,940	2,723
O-81	Ichigo Nagoya Building	Meieki, Nakamura-ku, Nagoya	Trust beneficiary interest in real estate	4,930.30	3,740	3,489
O-82	Ichigo Fushimi Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	4,155.57	2,450	2,339
O-83	Ichigo Nishiki Building	Nishiki, Naka-ku, Nagoya	Trust beneficiary interest in real estate	2,006.78	1,430	1,299
O-84	Ichigo Minami Morimachi Building	Matsugaecho, Kita-ku, Osaka	Trust beneficiary interest in real estate	2,521.51	1,130	1,014
O-85	Ichigo Shibuya Udagawacho Building	Udagawacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	1,491.48	4,050	3,602
O-86	Win Gotanda Building	Nishi Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,689.88	3,280	3,109
O-87	Ichigo Hongo Building	Hongo, Bunkyo-ku, Tokyo	Trust beneficiary interest in real estate	2,722.58	2,390	2,303
O-88	Oimachi Center Building	Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	2,751.08	1,900	1,700
O-89	Win Gotanda Building 2	Osaki, Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	3,433.16	3,490	3,318
O-90	MIF Building	Uchikanda, Chiyoda-ku, Tokyo	Trust beneficiary interest in real estate	1,690.33	2,320	2,210
O-91	Ichigo Uchi Honmachi Building	Uchi Honmachi, Chuo-ku, Osaka	Trust beneficiary interest in real estate	2,829.16	2,000	1,969
Z-02	Ichigo Fiesta Shibuya Building	Udagawacho, Shibuya-ku, Tokyo	Real estate	1,185.85	2,210	1,963

Asset Name	Location	Form of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value at Period-end (million yen) (Note 1)	Book Value at Period-end (million yen) (Note 2)	
Z-05	Ichigo Machida East Building	Haramachida, Machida City, Tokyo	Trust beneficiary interest in real estate	2,183.65	1,550	1,272
Z-09	Konami Sports Club Izumi Fuchu	Fuchucho, Izumi City, Osaka	Trust beneficiary interest in real estate	3,733.68	1,440	1,095
Z-10	Ichigo Shibuya Bunkamura Dori Building	Udagawacho, Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	778.77	3,220	2,464
Z-11	Twicere Yokohama Isogo (Retail Section)	Mori, Isogo-ku, Yokohama	Trust beneficiary interest in real estate	2,717.77	1,880	1,518
Z-12	Lions Square Kawaguchi	Motogo, Kawaguchi City, Saitama	Trust beneficiary interest in real estate	7,788.09	2,710	2,376
Z-13	Ichigo Shin Yokohama Arena Dori Building	Shin Yokohama, Kohoku-ku, Yokohama	Trust beneficiary interest in real estate	1,971.34	1,780	1,679
Z-14	Ichigo Kamata Building	Nishi Kamata, Ota-ku, Tokyo	Trust beneficiary interest in real estate	2,124.68	1,520	1,447
Total				263,440.38	229,198	197,617

(Note 1) The appraisal value at period-end is the value appraised by the real estate appraisers of Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd. and Rich Appraisal Institute under the Articles of Incorporation of Ichigo Office and the Regulation on Accounting of Investment Corporations (Cabinet Office Order No. 47 of 2006 including subsequent amendments).

(Note 2) The book value at period-end does not include construction in progress or construction in progress in trust.

The following shows the status of rental activity at Ichigo Office assets in the 25<sup>th</sup> and 26<sup>th</sup> Periods:

Asset Name	25th Fiscal Period From November 1, 2017 to April 30, 2018				26th Fiscal Period From May 1, 2018 to October 31, 2018				
	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	
O-02	Ichigo Nishisando Building	16	95.9	128,684	1.7	16	100.0	133,262	1.7
O-03	Ichigo Mita Building	10	100.0	110,546	1.5	10	100.0	123,059	1.6
O-04	Ichigo Nanpeidai Building	13	100.0	77,574	1.0	13	100.0	77,620	1.0
O-05	Ichigo Hanzomon Building	7	100.0	60,572	0.8	7	100.0	60,421	0.8
O-06	Ichigo Hijirizaka Building	6	100.0	58,915	0.8	6	100.0	59,055	0.8
O-07	Ichigo Shibuya Kamiyamacho Building	4	100.0	51,900	0.7	4	100.0	52,588	0.7
O-08	Ichigo Akasaka 5 Chome Building	9	100.0	28,171	0.4	9	100.0	29,122	0.4
O-09	Ichigo Shibakoen Building	5	100.0	39,413	0.5	5	100.0	48,915	0.6
O-10	Ichigo Ebisu Nishi Building	8	100.0	63,320	0.8	8	100.0	70,320	0.9
O-11	Ichigo Ginza 612 Building	25	100.0	65,508	0.9	24	96.5	65,063	0.9
O-12	Ichigo Uchikanda Building	8	100.0	42,337	0.6	8	100.0	42,488	0.6
O-14	Ichigo Yotsuya 4 Chome Building	10	100.0	20,292	0.3	10	100.0	21,034	0.3
O-15	Ichigo Tameike Building	6	100.0	21,379	0.3	5	80.6	19,192	0.3
O-16	Ichigo Jimbocho Building	7	100.0	74,007	1.0	7	92.6	69,757	0.9
O-17	Ichigo Hakozaeki Building	7	100.0	54,053	0.7	7	100.0	54,437	0.7
O-18	Ichigo Kudan 2 Chome Building	1	100.0	26,820	0.4	1	100.0	30,432	0.4
O-19	Ichigo Kudan 3 Chome Building	5	100.0	35,617	0.5	5	100.0	35,837	0.5
O-20	Ichigo Gotanda Building	14	100.0	188,040	2.5	14	100.0	208,149	2.7
O-21	Ichigo Shin Yokohama Building	14	97.7	78,978	1.1	14	97.7	75,194	1.0
O-22	Ichigo Minami Ikebukuro Building	10	100.0	53,061	0.7	10	100.0	53,107	0.7
O-23	Ichigo Nakano North Building	7	100.0	39,873	0.5	6	90.8	39,244	0.5
O-24	Ichigo Eitai Building	10	100.0	64,119	0.9	10	100.0	65,481	0.9
O-26	Ichigo Ikejiri Building	5	100.0	80,036	1.1	5	100.0	81,889	1.1
O-27	Ichigo Nishi Ikebukuro Building	1	100.0	24,097	0.3	1	100.0	26,387	0.3

Asset Name	25th Fiscal Period From November 1, 2017 to April 30, 2018				26th Fiscal Period From May 1, 2018 to October 31, 2018			
	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)
O-28 Ichigo Nishi Gotanda Building	9	100.0	33,390	0.4	9	100.0	33,943	0.4
O-29 Ichigo Kichijoji Building	14	97.6	112,113	1.5	14	100.0	111,068	1.5
O-34 Ichigo Sakae Building	19	100.0	185,449	2.5	19	100.0	219,398	2.9
O-37 Ichigo Marunouchi Building	23	100.0	229,546	3.1	23	100.0	235,874	3.1
O-38 Ichigo Toyamaeki Nishi Building	15	98.5	116,641	1.6	15	98.5	117,837	1.5
O-39 Ichigo Mirai Shinkin Building	21	95.4	79,146	1.1	21	95.4	79,227	1.0
O-42 Ichigo Takamatsu Building	13	100.0	156,097	2.1	13	98.7	155,880	2.0
O-46 Ichigo Kanda Nishikicho Building	10	100.0	88,117	1.2	10	100.0	93,051	1.2
O-47 Ichigo Akihabara North Building	1	100.0	208,877	2.8	1	100.0	214,519	2.8
O-48 Ichigo Sakaisuji Honmachi Building	17	100.0	94,556	1.3	17	100.0	93,258	1.2
O-49 Ichigo Kanda Ogawamachi Building	9	100.0	81,109	1.1	9	100.0	81,596	1.1
O-50 Ichigo Hatchobori Building	7	100.0	90,815	1.2	7	100.0	92,399	1.2
O-51 Ebisu Green Glass	2	100.0	162,091	2.2	2	100.0	162,634	2.1
O-52 Ichigo Omori Building	9	100.0	131,069	1.8	9	100.0	132,597	1.7
O-53 Ichigo Takadanobaba Building	8	100.0	58,111	0.8	8	100.0	61,833	0.8
O-54 Ichigo Omiya Building	31	100.0	147,540	2.0	30	99.0	154,884	2.0
O-55 Ichigo Sagamihara Building	13	100.0	60,001	0.8	13	100.0	60,462	0.8
O-56 Ichigo Ofuna Building	9	100.0	93,907	1.3	9	100.0	94,222	1.2
O-57 Ichigo Sendai East Building	11	97.9	99,466	1.3	11	97.9	101,436	1.3
O-58 Ichigo Kumamoto Building	31	100.0	78,899	1.1	31	100.0	86,189	1.1
O-59 Ichigo Jingumae Building	7	100.0	190,645	2.6	7	100.0	191,727	2.5
O-60 Ichigo Shibuya Dogenzaka Building	9	100.0	124,043	1.7	9	100.0	126,656	1.7
O-61 Ichigo Hiroo Building	5	100.0	131,171	1.8	5	100.0	133,128	1.7
O-62 Ichigo Sasazuka Building	6	100.0	176,046	2.4	6	100.0	181,472	2.4
O-63 Ichigo Nihonbashi East Building	7	100.0	147,443	2.0	7	100.0	148,804	1.9
O-64 Ichigo Sakurabashi Building	6	100.0	80,790	1.1	6	100.0	81,855	1.1
O-65 Ichigo Shinkawa Building	5	84.4	61,415	0.8	6	100.0	69,008	0.9
O-66 Ichigo Kudan Building	9	100.0	98,774	1.3	9	100.0	103,114	1.4
O-67 Ichigo Higashi Gotanda Building	18	94.3	124,103	1.7	18	100.0	124,046	1.6
O-68 Axiom Mita	12	100.0	66,576	0.9	12	100.0	67,235	0.9
O-69 Ichigo Higashi Ikebukuro Building	18	92.6	143,254	1.9	20	100.0	150,960	2.0
O-70 Koriyama Big-i (Office Section)	14	100.0	109,833	1.5	14	100.0	103,609	1.4
O-71 Ichigo Kawasaki Building	15	95.5	80,276	1.1	17	100.0	88,260	1.2
O-72 Ichigo Shibuya East Building	3	100.0	41,638	0.6	3	100.0	42,273	0.6
O-73 Ichigo Ningyocho Building	8	100.0	46,050	0.6	8	100.0	46,228	0.6
O-74 Ichigo Nishi Honmachi Building	30	98.3	106,867	1.4	31	100.0	110,048	1.4
O-75 Ichigo Hakata Building	28	100.0	52,977	0.7	28	100.0	53,063	0.7
O-76 Ichigo Nishiki First Building	4	89.7	64,827	0.9	4	89.7	24,251	0.3
O-77 Ichigo Ikenohata Building	7	100.0	142,941	1.9	7	100.0	157,575	2.1



Asset Name	25th Fiscal Period From November 1, 2017 to April 30, 2018				26th Fiscal Period From May 1, 2018 to October 31, 2018			
	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)	Number of Tenants at Period-end (tenants) (Note 1)	Occupancy at Period-end (%) (Note 2)	Rental Income (thousand yen)	Ratio to Total Rental Income (%)
O-78 Ichigo Ikebukuro East Building	4	100.0	93,003	1.2	3	100.0	91,548	1.2
O-79 Ichigo Motoazabu Building	3	100.0	53,116	0.7	3	100.0	53,485	0.7
O-80 Ichigo Otsuka Building	7	100.0	90,969	1.2	7	100.0	92,321	1.2
O-81 Ichigo Nagoya Building	37	100.0	141,579	1.9	36	100.0	146,376	1.9
O-82 Ichigo Fushimi Building	40	94.8	88,110	1.2	38	87.9	88,391	1.2
O-83 Ichigo Nishiki Building	23	100.0	49,322	0.7	23	100.0	49,490	0.6
O-84 Ichigo Minami Morimachi Building	12	100.0	47,713	0.6	12	100.0	47,740	0.6
O-85 Ichigo Shibuya Udagawacho Building	7	100.0	76,573	1.0	8	100.0	86,566	1.1
O-86 Win Gotanda Building	11	100.0	110,960	1.5	11	100.0	113,204	1.5
O-87 Ichigo Hongo Building	7	100.0	85,949	1.2	7	100.0	81,630	1.1
O-88 Oimachi Center Building	8	100.0	66,015	0.9	8	100.0	73,205	1.0
O-89 Win Gotanda Building 2	—	—	—	—	9	100.0	95,396	1.2
O-90 MIF Building	—	—	—	—	6	88.3	58,718	0.8
O-91 Ichigo Uchi Honmachi Building	—	—	—	—	16	96.3	9,933	0.1
Z-02 Ichigo Fiesta Shibuya Building	9	96.1	64,484	0.9	10	100.0	68,703	0.9
Z-03 Ichigo Burg Omori(Note 3)	—	—	134,942	1.8	—	—	3,625	0.0
Z-05 Ichigo Machida East Building	10	100.0	64,375	0.9	10	100.0	66,671	0.9
Z-07 Ichigo Sapporo Minami 2 Nishi 3 Building(Note 3)	—	—	25,911	0.3	—	—	808	0.0
Z-08 Ichigo Daimyo Balcony(Note 4)	—	—	24,840	0.3	—	—	575	0.0
Z-09 Konami Sports Club Izumi Fuchu	1	100.0	63,000	0.8	1	100.0	63,000	0.8
Z-10 Ichigo Shibuya Bunkamura Dori Building	4	100.0	73,903	1.0	4	100.0	75,827	1.0
Z-11 Twicere Yokohama Isogo (Retail Section)	7	100.0	80,210	1.1	8	100.0	81,421	1.1
Z-12 Lions Square Kawaguchi	3	100.0	118,768	1.6	3	100.0	123,562	1.6
Z-13 Ichigo Shin Yokohama Arena Dori Building	5	100.0	76,456	1.0	5	100.0	78,396	1.0
Z-14 Ichigo Kamata Building	2	100.0	53,031	0.7	2	100.0	54,047	0.7
Total	891	99.0	7,467,190	100.0	923	99.2	7,632,352	100.0

(Note 1) In the column "Number of Tenants at Period-end," the total number of tenants who have concluded a lease contract with Ichigo Office or the trustee as the lessor is stated. If a master lease contract has been concluded with a master leasing company other than Ichigo Office, the number of tenants is counted as one.

(Note 2) "Occupancy Rate at Period-end" is the ratio of the Leased Area within the Leasable Area of the real estate or real estate in trust as of period-end. The ratio is rounded off to the first decimal place.

(Note 3) The asset was sold on March 30, 2018.

(Note 4) The asset was sold on April 20, 2018.

## Details of Renewable Energy Power Generation Equipment

N/A

## Details of PPP and PFI

N/A

## Details of Investments in Securities

N/A

## 4 Status of Other Assets

Trust beneficiary rights whose major asset is real estate are included in “3. Portfolio Overview” above, and major specified assets in which the Investment Corporation invests as of October 31, 2018 are as follows.

### Contract Value and Market Value of Specified Transactions

The table below shows the contract value and fair value of a specified transaction at Ichigo Office as of October 31, 2018.

Classification	Type	Contract Amount (thousand yen)		Market Value (thousand yen) (Note 2)
		(Note 1)	Exceeding One Year(Note 1)	
Transactions Other than Market Transactions	Interest rate swap (pay fixed, receive floating)	94,051,106	83,675,111	—
Total		94,051,106	83,675,111	—

(Note 1) The contract amount of interest rate swap is based on the notional principal.

(Note 2) Since the above transaction meets the specific matching criteria of the Accounting Standard for Financial Instruments, the statement of market value is omitted.

## 5 Assets by Country and Region

All Ichigo Office assets are located in Japan.

# Capital Expenditures

## 1 Schedule of Capital Expenditures

The major renovation-related capital expenditures planned as of October 31, 2018 are as described below. The payment amount for the scheduled work below includes the amount classified as accounting expenses.

Asset Name (Location)	Purpose	Period	Expected Payment Amount (thousand yen)		
			Total Amount	Amount Paid in the Fiscal Period under Review	Amount Already Paid
Ichigo Ofuna Building (Kamakura City, Kanagawa)	Exterior Wall Renovation	From February 2019 to March 2019	51,070	—	—
Ichigo Toyamaeki Nishi Building (Toyama City, Toyama)	Air Conditioning Upgrade	From September 2019 to October 2019	42,481	—	—
Ichigo Kanda Ogawamachi Building (Chiyoda-ku, Tokyo)	Exterior Wall Renovation	From April 2019 to May 2019	28,000	—	—
Ichigo Uchi Honmachi Building (Osaka City, Osaka)	Renovation to Leasable Space	From February 2019 to March 2019	20,000	—	—
Ichigo Nishi Ikebukuro Building (Toshima-ku, Tokyo)	Exterior Wall Renovation	From August 2019 to September 2019	9,652	—	—

## 2 Capital Expenditures during the Current Fiscal Period

The major renovation-related capital expenditures during the current fiscal period are as follows. Capital expenditures during the current fiscal period amounted to 453,299 thousand yen, and construction work of a total of 570,636 thousand yen were conducted, combined with repair expenses of 117,337 thousand yen.

Asset Name (Location)	Purpose	Period	Payment Amount (thousand yen)
Ichigo Sasazuka Building (Shibuya-ku, Tokyo)	Air Conditioning Upgrade	From August 2018 to October 2018	55,027
Ichigo Toyamaeki Nishi Building (Toyama City, Toyama)	Air Conditioning Upgrade	From September 2018 to October 2018	44,154
Ichigo Nagoya Building (Nagoya City, Aichi)	Elevator Upgrade	From June 2018 to August 2018	39,850
	Other		314,267
	Total		453,299

## 3 Cash Reserves for Long-Term Repair and Maintenance Plans

Based on each asset's long-term repair and maintenance plans, Ichigo Office reserves funds for future large-scale repairs and renovations from cash flow during each fiscal period as follows.

	(thousand yen)				
	22nd Fiscal Period From May 1, 2016 to October 31, 2016	23rd Fiscal Period From November 1, 2016 to April 30, 2017	24th Fiscal Period From May 1, 2017 to October 31, 2017	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018
Balance of Reserves at Beginning of Period	737,838	927,259	1,094,211	1,183,437	1,255,148
Gains	892,552	892,636	794,999	707,271	833,530
Reversals	703,131	725,683	705,773	635,561	551,326
Amount Brought Forward to Next Period	927,259	1,094,211	1,183,437	1,255,148	1,537,351

# Expenses and Liabilities

## 1 Details of Operating Expenses

(thousand yen)

	25th Fiscal Period From November 1, 2017 to April 30, 2018	26th Fiscal Period From May 1, 2018 to October 31, 2018
a. Asset Management Fees	723,276	765,737
b. Asset Custody Fees	14,703	14,761
c. Administrative Service Fees	44,914	47,641
d. Directors' Compensation	5,040	5,040
e. Other Operating Expenses	80,273	60,474
Total	868,208	893,654

## 2 Borrowings

The table below shows borrowings as of October 31, 2018.

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-Term Loans	SMBC	December 10, 2013	1,551	1,547	1.468 (Note 2)	November 30, 2018	(Note 3)	(Note 15)	No (No guarantee)
	Shinsei Bank		484	483					
	Aozora Bank		1,066	1,063					
	Mizuho Bank		775	773					
	Resona Bank	April 30, 2014	1,000	1,000	0.984	April 30, 2019	Lump-sum repayment		
	Bank of Fukuoka		1,000	1,000					
	SMBC	August 1, 2014	1,473	1,471	1.070 (Note 2)	July 31, 2019	(Note 4)		
	Mizuho Bank		1,277	1,275					
	Resona Bank		884	883					
	Shinsei Bank		884	883					
	Aozora Bank		884	883					
	The Kagawa Bank		491	490					
	ORIX Bank		491	490					
	SMBC	December 10, 2014	1,228	1,227	1.267 (Note 2)	December 10, 2020	(Note 5)		
	Mizuho Bank		1,228	1,227					
	Aozora Bank		786	785					
	Shinsei Bank		786	785					
	Resona Bank		589	589					
	MUFG Bank		786	785					
	SMBC	December 15, 2014	196	—	0.726	June 15, 2018	(Note 6)		
	Mizuho Bank		245	—					
	Aozora Bank		196	—					
	Shinsei Bank		196	—					
	Resona Bank		147	—					
	The Kagawa Bank		147	—					
	ORIX Bank		147	—					
	MUFG Bank		196	—					
	SMBC	December 15, 2014	1,228	1,227	1.033 (Note 2)	December 16, 2019	(Note 5)		
Mizuho Bank	1,228		1,227						
Aozora Bank	786		785						
Shinsei Bank	786		785						
Resona Bank	589		589						
MUFG Bank	786		785						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-Term Loans	SMBC	January 09, 2015	344	—	0.726	June 15, 2018	(Note 6)	(Note 15)	No (No guarantee)
	Mizuho Bank		245	—					
	Aozora Bank		196	—					
	Shinsei Bank		196	—					
	Resona Bank		147	—					
	ORIX Bank		147	—					
	MUFG Bank		196	—					
	Aozora Bank	February 27, 2015	2,127	2,127	1.142 (Note 2)	August 31, 2020	Lump-sum repayment		
	Shinsei Bank		1,998	1,998					
	ORIX Bank		400	400					
	SMBC	April 30, 2015	675	674	1.148 (Note 2)	November 29, 2019	(Note 7)		
	Mizuho Bank		612	611					
	Shinsei Bank		643	642					
	MUFG Bank		551	550					
	SMBC	April 30, 2015	1,375	1,374	1.185 (Note 2)	May 29, 2020	(Note 8)		
	Mizuho Bank		1,252	1,251					
	Shinsei Bank		1,314	1,312					
	MUFG Bank		1,127	1,126					
	SMBC	May 7, 2015	1,962	1,960	1.275 (Note 2)	May 7, 2021	(Note 9)		
	Mizuho Bank		1,962	1,960					
	Aozora Bank		592	591					
	Shinsei Bank		775	774					
	MUFG Bank		1,634	1,632					
	Resona Bank		1,369	1,368					
	Bank of Fukuoka		449	448					
	ORIX Bank		449	448					
	SMBC	May 07, 2015	1,962	1,960	1.347 (Note 2)	November 08, 2021	(Note 9)		
	Mizuho Bank		1,962	1,960					
	Aozora Bank		592	591					
	Shinsei Bank		777	776					
	MUFG Bank		1,634	1,632					
	Resona Bank		1,367	1,366					
	Bank of Fukuoka		449	448					
ORIX Bank	449		448						
SMBC	September 30, 2015	1,592	1,590	0.985 (Note 2)	March 31, 2021	(Note 10)			
Mizuho Trust		287	287						
Resona Bank		575	574						
Aozora Bank		575	574						
Mizuho Bank		1,072	1,071						
ORIX Bank		287	287						
MUFG Bank		497	496						
The Kagawa Bank	September 30, 2015	955	955	0.657	March 31, 2020	Lump-sum repayment			
SMBC	September 30, 2015	895	894	0.606	September 30, 2019	(Note 11)			
SMBC	May 09, 2016	1,444	1,442	0.808 (Note 2)	May 31, 2022	(Note 12)			
Mizuho Bank		1,045	1,044						
MUFG Bank		896	895						
Shinsei Bank		498	497						
SMBC	May 09, 2016	1,444	1,442	0.858 (Note 2)	November 30, 2022	(Note 12)			
Mizuho Bank		1,045	1,044						
MUFG Bank		896	895						
Shinsei Bank		498	497						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-Term Loans	SMBC	May 24, 2016	1,792	1,791	0.705 (Note 2)	May 31, 2022	(Note 13)	(Note 15)	No (No guarantee)
	Mizuho Bank		896	895					
	MUFG Bank		697	696					
	Shinsei Bank		597	597					
	Aozora Bank		498	497					
	Bank of Fukuoka		498	497					
	Nishi-Nippon City Bank		498	497					
	Resona Bank		348	348					
	SMBC	May 24, 2016	1,792	1,791	0.750 (Note 2)	November 30, 2022	(Note 13)		
	Mizuho Bank		896	895					
	MUFG Bank		697	696					
	Shinsei Bank		597	597					
	Aozora Bank		498	497					
	Bank of Fukuoka		498	497					
	Nishi-Nippon City Bank		498	497					
	Resona Bank		348	348					
	SMBC	November 2, 2016	1,000	1,000	0.447	April 30, 2019	Lump-sum repayment		
	SMBC	November 2, 2016	1,000	1,000	0.845 (Note 2)	October 31, 2023	Lump-sum repayment		
	Development Bank of Japan	November 2, 2016	500	500	0.675	September 30, 2021	Lump-sum repayment		
	Development Bank of Japan	November 2, 2016	500	500	0.708	January 31, 2022	Lump-sum repayment		
	SMBC	May 10, 2017	1,000	—	0.387	October 31, 2018	(Note 14)		
	SMBC	May 10, 2017	1,100	1,100	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Mizuho Bank	May 10, 2017	400	—	0.387	October 31, 2018	(Note 14)		
	Mizuho Bank	May 10, 2017	1,000	1,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Shinsei Bank	May 10, 2017	200	—	0.387	October 31, 2018	(Note 14)		
	Shinsei Bank	May 10, 2017	900	900	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Resona Bank	May 10, 2017	400	400	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
Development Bank of Japan	May 10, 2017	2,000	2,000	0.871	May 10, 2023	Lump-sum repayment			
SMBC	November 07, 2017	215	215	0.761 (Note 2)	October 31, 2023	Lump-sum repayment			
Mizuho Bank		340	340						
MUFG Bank		283	283						
Resona Bank		237	237						
Shinsei Bank		135	135						
Bank of Fukuoka		195	195						
ORIX Bank		195	195						

	Lender	Loan Date	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Average Interest Rate (%) (Note 1)	Repayment Date	Repayment Terms	Use	Collateralized
Long-Term Loans	SMBC	November 7, 2017	633	633	0.948 (Note 2)	October 31, 2025	Lump-sum repayment	(Note 15)	No (No guarantee)
	Mizuho Bank		508	508					
	MUFG Bank		425	425					
	Resona Bank		356	356					
	Shinsei Bank		201	201					
	Aozora Bank		257	257					
	SMBC	April 27, 2018	352	352	0.990 (Note 2)	April 30, 2026	Lump-sum repayment		
	Mizuho Trust		1,352	1,352					
	Aozora Bank		901	901					
	Shinsei Bank		901	901					
	Resona Bank		448	448					
	SMBC	May 9, 2018	—	400	0.795 (Note 2)	April 30, 2024	Lump-sum repayment		
	Mizuho Bank		—	350					
	Shinsei Bank		—	300					
	MUFG Bank		—	300					
	Bank of Fukuoka		—	225					
	The Kagawa Bank		—	200					
	Nishi-Nippon City Bank		—	225					
	SMBC	June 15, 2018	—	835	0.860 (Note 2)	November 11, 2024	Lump-sum repayment		
	Mizuho Bank		—	491					
	Shinsei Bank		—	393					
	MUFG Bank		—	393					
	Aozora Bank		—	393					
	Resona Bank		—	294					
	The Kagawa Bank		—	147					
	SMBC		September 28, 2018	—					
	Mizuho Bank	September 28, 2018	—	400	0.635	February 29, 2024	Lump-sum repayment		
	SMBC	October 31, 2018	—	1,000	0.962 (Note 2)	April 30, 2026	Lump-sum repayment		
Mizuho Bank	October 31, 2018	—	400	0.712	April 30, 2026	Lump-sum repayment			
Shinsei Bank	October 31, 2018	—	200	0.712	April 30, 2026	Lump-sum repayment			
	Subtotal		100,587	103,400					
	Total		100,587	103,400					

- (Note 1) Average Interest Rate indicates a weighted average of interest rates during the period based on the number of days, and it is rounded down to the stated unit.
- (Note 2) To avoid interest rate risk, an interest rate swap agreement has been signed separately to fix the interest rates, and the weighted average interest rate during the period after the effect of the interest rate swap is stated.
- (Note 3) 5 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The entire amount of the balance at period-end is included in long-term borrowings due within one year.
- (Note 4) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The entire amount of the balance at period-end is included in long-term borrowings due within one year.
- (Note 5) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 13 million yen.
- (Note 6) The remaining balance was repaid on June 15, 2018.
- (Note 7) 250 million yen was repaid on April 4, 2018, and 250 million yen was repaid on April 25, 2018.
- (Note 8) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 6 million yen.
- (Note 9) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 10 million yen.
- (Note 10) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 18 million yen.
- (Note 11) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 9 million yen.
- (Note 12) 0.4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The entire amount of the balance at period-end is long-term borrowings due within one year.
- (Note 13) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 7 million yen.
- (Note 14) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date. The balance at period-end includes long-term borrowings due within one year of 11 million yen.
- (Note 15) The remaining balance was repaid on October 31, 2018.
- (Note 16) The proceeds are used for acquisition of assets and/or beneficiary rights of real estate in trust and repayment of loans.

### 3 Investment Corporation Bonds

The status of investment corporation bonds outstanding as of October 31, 2018 is as follows:

	Date of Issuance	Balance at Period-start (million yen)	Balance at Period-end (million yen)	Interest Rate (%)	Redemption Date	Redemption Method	Use	Collateralized
First unsecured investment corporation bonds	September 22, 2017	1,200	1,200	0.900	September 22, 2027	Lump-sum repayment	(Note 1)	No (No guarantee)
Second unsecured investment corporation bonds	April 26, 2018	1,000	1,000	0.900	April 26, 2028	Lump-sum repayment		
Total		2,200	2,200					

(Note 1) The proceeds are used for repaying existing loans.

(Note 2) A ranking *pari passu* among Ichigo Office investment corporation bonds is attached.

## 4 Short-Term Investment Corporation Bonds

N/A

## 5 Share Options

N/A



# Acquisitions and Sales during the Fiscal Period

## 1 Acquisitions and Sales of Real Estate and Asset-Backed Securities, Infrastructure Assets, and Infrastructure-Related Assets

Asset Name	Acquisitions		Sales			
	Date	Price (million yen) (Note)	Date	Price (million yen) (Note)	Book Value (million yen)	Gain (loss) on Sales (million yen)
Win Gotanda Building 2	May 9, 2018	3,300	—	—	—	—
MIF Building	May 9, 2018	2,200	—	—	—	—
Ichigo Uchi Honmachi Building	September 28, 2018	1,900	—	—	—	—

(Note) Acquisition and sales prices exclude incidental expenses such as fees and property, city planning, and consumption taxes.

## 2 Acquisition and Sales of Other Assets

Assets other than the assets acquired shown above are mostly bank deposits and bank deposits in trust.

## 3 Review of Asset Values (Appraisal Values)

### (1) Real Estate

Transaction	Asset Name	Transaction Date	Transaction Price (million yen) (Note 1)	Appraisal Value (million yen) (Note 2)	Appraiser	Date of Appraisal
Acquisition	Win Gotanda Building 2	May 9, 2018	3,300	3,480	The Tanizawa Sōgō Appraisal Co., Ltd.	March 1, 2018
Acquisition	MIF Building	May 9, 2018	2,200	2,320	Daiwa Real Estate Appraisal Co., Ltd.	March 1, 2018
Acquisition	Ichigo Uchi Honmachi Building	September 28, 2018	1,900	2,000	Daiwa Real Estate Appraisal Co., Ltd.	September 1, 2018

(Note 1) Transaction Prices exclude incidental expenses such as fees and property, city planning, and consumption taxes.

(Note 2) The appraisal above is carried out by applying the "Appraisal of Value of Real Estate for Securitization in Chapter 3 of the Specific Standards of the Japanese Real Estate Appraisal Standards."

### (2) Other

For assets that require a transaction price investigation pursuant to Article 201 of the Act on Investment Trusts and Investment Corporations and were not part of the list shown above, Ichigo Office entrusted the price inspection to Grant Thornton Taiyo LLC. For the inspection period of May 1, 2018 to October 31, 2018, the transactions subject to price verification were three interest rate swaps. With respect to the price verification of these interest rate swaps, all related research work was outsourced, including identification of the transaction counterparties, currency, interest rates, maturity, and other relevant transaction information.

## 4 Transactions with Related Parties<sup>(Note 1)</sup>

### (1) Transactions

	Price, etc. <sup>(Note 2)</sup>	
	Acquisition Price (thousand yen)	Sale Price (thousand yen)
Total Transactions	7,400,000	—
Breakdown of Transactions with Related Parties, etc.		
Gotanda Holdings LLC	3,300,000 (44.6%)	— (—%)
Kamakurabashi Holdings LLC	2,200,000 (29.7%)	— (—%)
Total	5,500,000 (74.3%)	— (—%)

### (2) Amount of Fees Paid

N/A

(Note 1) Related Parties are as defined in Article 123 of the Enforcement Ordinance of the Investment Trust and Investment Corporation Law and Article 26 Paragraph 27 of the Regulation of the Investment Trust Association, Japan.

(Note 2) The acquisition price and sale price are those stated in the purchase and sales contracts.

## 5 Transactions between the Asset Management Company and its Other Businesses

While Ichigo Investment Advisors Co., Ltd., the Asset Management Company of Ichigo Office, concurrently engages in operations of the Type II Financial Instruments Business, Real Estate Brokerage Business, and Real Estate Syndication Business, there are no applicable transactions.

# Financial Statements

## 1 Assets, Liabilities, Principal, Profit and Loss

Please refer to “II. Balance Sheet,” “III. Income Statement,” “IV. Statement of Changes in Net Assets,” “V. Notes to Financial Statements,” and “VI. Statement of Dividends” later in this report.

## 2 Changes in Method of Depreciation

N/A

## 3 Changes in Method of Real Estate and Infrastructure Assets Appraisal

N/A

## Other

### 1 Ichigo Office Shares Held by Asset Management Company

Details of Ichigo Office shares held by Ichigo Investment Advisors Co., Ltd., the Asset Management Company, are as follows.

#### (1) Transactions

Date	Number of Shares Acquired (shares)	Number of Shares Sold (shares)	Number of Shares Held (shares)
November 1, 2011	(Note)1,200	—	1,400
Cumulative total	1,400	—	1,400

(Note) Reflects a 7-for-1 share split as November 1, 2011 the effective date.

#### (2) Status of Holdings

	Number of Shares Held at Period-end (shares)	Value of Shares Held at Period-end (thousand yen)(Note)	Ratio of Total Outstanding Shares (%)
17th Fiscal Period (November 1, 2013 to April 30, 2014)	1,400	86,100	0.1
18th Fiscal Period (May 1, 2014 to October 31, 2014)	1,400	117,180	0.1
19th Fiscal Period (November 1, 2014 to April 30, 2015)	1,400	125,720	0.1
20th Fiscal Period (May 1, 2015 to October 31, 2015)	1,400	117,040	0.1
21st Fiscal Period (November 1, 2015 to April 30, 2016)	1,400	116,760	0.1
22nd Fiscal Period (May 1, 2016 to October 31, 2016)	1,400	98,980	0.1
23rd Fiscal Period (November 1, 2016 to April 30, 2017)	1,400	88,340	0.1
24th Fiscal Period (May 1, 2017 to October 31, 2017)	1,400	103,040	0.1
25th Fiscal Period (November 1, 2017 to April 30, 2018)	1,400	113,820	0.1
26th Fiscal Period (May 1, 2018 to October 31, 2018)	1,400	129,640	0.1

(Note) The Value of Shares held at Period-end is calculated by multiplying the Number of Shares Held by the share price at period-end.

## 2 Notices

### (1) Shareholder Meeting

Ichigo Office's 11th Shareholder Meeting was held on July 28, 2018. Major matters approved at the meeting are as follows:

Proposals	Outline
Amendment of the Articles of Incorporation	The Articles of Incorporation were amended to adjust the number of shares issued used in the calculation of cash flow per share for treasury shares held at fiscal period-end by Ichigo Office or for any stock split or reverse stock split. Cash flow per share is used for calculating the performance fee component of asset management fees paid to the Asset Management Company. Unnecessary articles were deleted to clarify expressions.
Appointment of one Executive Director	Yoshihiro Takatsuka was appointed as Executive Director.
Appointment of two Supervisory Directors	Takaaki Fukunaga and Masahiro Terada were appointed as Supervisory Directors.
Appointment of one Alternative Executive Director	Keisuke Chiba was appointed as alternative Executive Director.
Appointment of one Alternative Supervisory Director	Nagahisa Kita was appointed as alternative Supervisory Director.

### (2) Board of Directors

Major matters approved by the Board of Directors are as follows:

Approval date	Subjects	Notes
June 22, 2018	Partial changes of the asset management entrustment agreement	Changes corresponding to the amendment of the Articles of Incorporation stated in (1) above were made as a result of the approval of the relevant proposals at the shareholder meeting.

## 3 Disclosure of Affiliated Foreign Real Estate Holding Companies

N/A

## 4 Disclosure of Assets Owned by Affiliated Foreign Real Estate Holding Companies

N/A

## 5 Other

In this document, whole numbers are rounded down and ratios are rounded off, unless otherwise specified.



Grant Thornton

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Ichigo Office REIT Investment Corporation

We have audited the accompanying financial statements of Ichigo Office REIT Investment Corporation ("the Company"), which comprise the balance sheet as at October 31, 2018, and the statement of income, the statement of changes in net assets, the statement of cash distribution and the cash flow statement for the six months then ended, and a summary of significant accounting policies, other explanatory information and supplementary schedules, all expressed in Japanese yen.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Ministerial Order for the Rules on Terminology, Forms, and Preparation Methods of Financial Statements, the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as at October 31, 2018, its financial performance and conditions of cash flow for the six months then ended in accordance with the Ministerial Order for the Rules on Terminology, Forms, and Preparation Methods of Financial Statements, the Ordinance on Accountings of Investment Corporations and accounting principles generally accepted in Japan.

**Emphasis of matter**

As described in "Notes to significant subsequent events", the Company carried out acquisition and sales of assets and borrowing of loans. The auditor's opinion is not modified with respect to the matter emphasized.

Grant Thornton Taiyo LLC  
July 30, 2019  
Tokyo, Japan

# 1. Financial Statements

## (1) Balance Sheet

(Thousand Yen)

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	14,190,557	9,323,086
Cash and deposits in trust	12,926,748	13,229,574
Operating accounts receivable	6,386	5,208
Prepaid expenses	405,242	410,582
Consumption taxes receivable	-	231,965
Other	2,256	2,258
<b>Total current assets</b>	<b>27,531,190</b>	<b>23,202,676</b>
<b>Non-current assets</b>		
<b>Property, plant, and equipment</b>		
Buildings	7,217,496	7,235,000
Accumulated depreciation	(1,373,695)	(1,482,991)
Buildings, net	5,843,800	5,752,008
Structures	26,385	26,834
Accumulated depreciation	(21,744)	(22,864)
Structures, net	4,641	3,969
Machinery and equipment	271,955	283,903
Accumulated depreciation	(121,600)	(132,565)
Machinery and equipment, net	150,354	151,337
Tools, furniture, and fixtures	50,344	52,176
Accumulated depreciation	(37,845)	(40,337)
Tools, furniture and fixtures, net	12,498	11,838
Land	17,425,755	17,425,755
Buildings in trust	41,255,897	42,869,885
Accumulated depreciation	(5,862,784)	(6,557,635)
Buildings in trust, net	35,393,113	*1 36,312,249
Structures in trust	61,602	62,165
Accumulated depreciation	(25,064)	(27,454)
Structures in trust, net	36,538	34,710
Machinery and equipment in trust	468,175	518,515
Accumulated depreciation	(222,176)	(245,132)
Machinery and equipment in trust, net	245,998	273,383
Tools, furniture and fixtures in trust	159,839	171,689
Accumulated depreciation	(84,185)	(97,101)
Tools, furniture and fixtures in trust, net	75,654	74,588
Land in trust	126,824,044	133,082,735
Construction in progress in trust	817	754
<b>Total property, plant, and equipment</b>	<b>186,013,218</b>	<b>193,123,333</b>
<b>Intangible assets</b>		
Leasehold rights in trust	4,494,579	4,494,579
<b>Total intangible assets</b>	<b>4,494,579</b>	<b>4,494,579</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits	10,005	10,000
Long-term prepaid expenses	891,835	890,520
Other	63,768	63,335
<b>Total investments and other assets</b>	<b>965,608</b>	<b>963,856</b>
<b>Total non-current assets</b>	<b>191,473,407</b>	<b>198,581,769</b>
<b>Deferred assets</b>		
Bond issuance expenses	24,053	22,812
<b>Total deferred assets</b>	<b>24,053</b>	<b>22,812</b>
<b>Total Assets</b>	<b>219,028,651</b>	<b>221,807,258</b>



(Thousand yen)

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Operating accounts payable	461,063	719,409
Long-term loans (due within one year)	11,575,038	14,270,145
Accounts payable – other	515,891	591,670
Accrued expenses	12,423	4,140
Income taxes payable	605	605
Accrued consumption taxes	390,836	95,224
Advances received	1,646,717	1,451,818
Other	21,698	34,324
<b>Total current liabilities</b>	<b>14,624,273</b>	<b>17,167,337</b>
<b>Long-Term Liabilities</b>		
Investment corporation bonds	2,200,000	2,200,000
Long-term borrowings	89,012,547	89,130,111
Tenant leasehold and security deposits	1,526,885	1,579,794
Tenant leasehold and security deposits in trust	8,358,832	8,414,582
Asset retirement obligations	3,361	4,443
Other	56,879	93,652
<b>Total long-term liabilities</b>	<b>101,158,505</b>	<b>101,422,583</b>
<b>Total Liabilities</b>	<b>115,782,779</b>	<b>118,589,920</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Shareholders' capital	67,675,274	67,675,274
<b>Surplus</b>		
Capital reserve surplus	20,566,420	20,566,420
<b>Discretionary reserves</b>		
Reserve for dividends	659,446	2,254,373
Reserve for temporary difference adjustments	*3 9,901,966	*3 9,739,544
<b>Total discretionary reserves</b>	<b>10,561,413</b>	<b>11,993,917</b>
Unappropriated retained earnings (undisposed loss)	4,442,764	2,981,724
<b>Total surplus</b>	<b>35,570,598</b>	<b>35,542,062</b>
<b>Total Shareholders' Equity</b>	<b>103,245,872</b>	<b>103,217,337</b>
<b>Total Net Assets</b>	<b>*2 103,245,872</b>	<b>*2 103,217,337</b>
<b>Total Liabilities and Net Assets</b>	<b>219,028,651</b>	<b>221,807,258</b>

## (2) Income Statement

(Thousand yen)

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
<b>Operating Revenues</b>		
Rental revenues	*1 6,803,488	*1 6,947,280
Other rental revenues	*1 663,702	*1 685,072
Gain on sales of real estate	*2 1,594,926	-
<b>Total operating revenue</b>	<b>9,062,117</b>	<b>7,632,352</b>
<b>Operating Expenses</b>		
Rental expenses	*1 3,008,519	*1 2,993,236
Asset management fee	723,276	765,737
Asset custody fee	14,703	14,761
Administrative service fees	44,914	47,641
Directors' compensation	5,040	5,040
Other operating expenses	80,273	60,474
<b>Total operating expenses</b>	<b>3,876,727</b>	<b>3,886,891</b>
<b>Operating Profit</b>	<b>5,185,390</b>	<b>3,745,461</b>
<b>Non-Operating Revenues</b>		
Interest income	99	113
Reversal of distribution payable	562	868
Insurance payment income	48,372	2,126
Other	127	-
<b>Total non-operating revenues</b>	<b>49,162</b>	<b>3,108</b>
<b>Non-operating expenses</b>		
Interest expenses	518,215	537,655
Borrowing expenses	273,427	251,361
Amortization of bond issuance expenses	760	1,241
<b>Total non-operating expenses</b>	<b>792,404</b>	<b>790,258</b>
<b>Recurring Profit</b>	<b>4,442,148</b>	<b>2,958,311</b>
<b>Extraordinary Profit</b>		
Insurance proceeds	-	*3 154,024
<b>Total extraordinary profit</b>	<b>-</b>	<b>154,024</b>
<b>Extraordinary Losses</b>		
Loss on reduction of non-current assets	-	*4 130,854
<b>Total extraordinary losses</b>	<b>-</b>	<b>130,854</b>
<b>Pre-tax income</b>	<b>4,442,148</b>	<b>2,981,480</b>
Income taxes - current	605	605
<b>Total income taxes</b>	<b>605</b>	<b>605</b>
<b>Net Income</b>	<b>4,441,543</b>	<b>2,980,875</b>
Retained earnings brought forward	1,220	848
<b>Unappropriated retained earnings (undisposed loss)</b>	<b>4,442,764</b>	<b>2,981,724</b>



(3) Statement of Changes in Net Assets  
 Previous fiscal period (November 1, 2017 to April 30, 2018)

(Thousand yen)

	Shareholders' equity				
	Shareholders' capital	Surplus			
		Capital reserve surplus	Discretionary reserves		
			Dividend reserve	Temporary difference adjustment reserve	Total discretionary reserves
Balance at beginning of period	67,675,274	20,566,420	659,446	10,062,856	10,722,303
Changes during the period					
Release from temporary difference adjustment reserve				(160,890)	(160,890)
Dividends					
Net Income					
Total changes during the period	-	-	-	(160,890)	(160,890)
Balance at period-end	67,675,274	20,566,420	659,446	9,901,966	10,561,413

	Shareholders' equity			Total net assets
	Surplus		Total shareholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	2,797,644	34,086,368	101,761,642	101,761,642
Changes during the period				
Release from temporary difference adjustment reserve	160,890	-	-	-
Dividends	(2,957,313)	(2,957,313)	(2,957,313)	(2,957,313)
Net Income	4,441,543	4,441,543	4,441,543	4,441,543
Total changes during the period	1,645,120	1,484,229	1,484,229	1,484,229
Balance at period-end	4,442,764	35,570,598	103,245,872	103,245,872

Current fiscal period (May 1, 2018 to October 31, 2018)

(Thousand yen)

	Shareholders' equity				
	Shareholders' capital	Surplus			
		Capital reserve surplus	Discretionary reserves		
			Dividend reserve	Temporary difference adjustment reserve	Total discretionary reserves
Balance at beginning of period	67,675,274	20,566,420	659,446	9,901,966	10,561,413
Changes during the period					
Increase in dividend reserve			1,594,926		1,594,926
Release from temporary difference adjustment reserve				(162,422)	(162,422)
Dividends					
Net Income					
Total changes during the period	–	–	1,594,926	(162,422)	1,432,504
Balance at period-end	67,675,274	20,566,420	2,254,373	9,739,544	11,993,917

	Shareholders' equity			Total net assets
	Surplus		Total shareholders' equity	
	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	4,442,764	35,570,598	103,245,872	103,245,872
Changes of items during period				
Provision of reserve for dividends	(1,594,926)	–	–	–
Release from temporary difference adjustment reserve	162,422	–	–	–
Dividends	(3,009,411)	(3,009,411)	(3,009,411)	(3,009,411)
Net Income	2,980,875	2,980,875	2,980,875	2,980,875
Total changes during period	(1,461,039)	(28,535)	(28,535)	(28,535)
Balance at period-end	2,981,724	35,542,062	103,217,337	103,217,337

## (4) Statement of Dividends

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
I. Unappropriated Retained Earnings	4,442,764,274 yen	2,981,724,275 yen
II. Discretionary Reserve Reversal Reversal of Temporary Difference Adjustment Reserve	162,422,422 yen	105,000,000 yen
III. Total Dividends (Dividend per share)	3,009,411,668 yen (1,964 yen)	3,086,026,018 yen (2,014 yen)
IV. Discretionary Reserves Provision to Dividend Reserve	1,594,926,730 yen	–
V. Retained Earnings Carried Forward	848,298 yen	698,257 yen
Method for calculating the amount of dividends	<p>The distribution policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed 90% of “profit available for dividend” as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. However, tax income does not arise in the current fiscal period as a result of offsetting taxable income by tax loss carried forward, even if the provisions of Article 67-15 of the Act on Special Measures Concerning Taxation are not applied. In such a case, Article 37, Item 1 of the Articles of Incorporation stipulates that the amount of dividends shall be an amount that the Investment Corporation has determined rationally. Based on this policy, the decision was made to distribute, as the distribution of profits, 3,009,411,668 yen, which was the entire amount excluding the fractional portion where the amount of dividends per investment unit was less than 1 yen from 3,010,259,966 yen which was the amount after transferring 1,594,926,730 yen of gains on sales of real estate assets to the reserve for dividends from 4,442,764,274 yen of unappropriated retained earnings, and then adding 162,422,422 yen of the reversal of the temporary difference adjustment reserve. As a result, dividend per share came to 1,964 yen.</p>	<p>The distribution policy set out in Article 37 of the Articles of Incorporation of the Investment Corporation stipulates that the amount of dividends shall exceed 90% of “profit available for dividend” as provided for in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. Based on this policy, the decision was made to distribute, as the distribution of profits, 3,086,026,018 yen, which was the entire amount excluding the fractional portion where the amount of dividends per investment unit was less than 1 yen from 3,086,724,275 yen, which was the amount after adding 105,000,000 yen of the reversal of the temporary difference adjustment reserve to 2,981,724,275 yen of unappropriated retained earnings. As a result, dividend per share came to 2,014 yen.</p>

## (5) Cash Flow Statement

(Thousand yen)

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
<b>Cash flows from operating activities</b>		
Pre-tax income	4,442,148	2,981,480
Depreciation	914,757	857,196
Interest income	(99)	(113)
Interest expense	518,215	537,655
Loss on retirement of non-current assets	–	269
Insurance proceeds	–	(154,024)
Loss on reduction of non-current assets	–	130,854
Decrease (increase) in operating accounts receivable	6,047	1,178
Decrease (increase) in consumption taxes receivable	56,068	(231,965)
Decrease (increase) in prepaid expenses	(11,693)	(5,340)
Decrease (increase) in long-term prepaid expenses	(60,648)	1,314
Increase (decrease) in accrued consumption taxes	325,504	(295,611)
Increase (decrease) in operating accounts payable	(40,153)	66,387
Increase (decrease) in accounts payable	(211,764)	75,778
Increase (decrease) in advances received	128,165	(194,899)
Decrease due to sales of property, plant, and equipment	1,125,958	–
Decrease due to sales of property, plant, and equipment in trust	3,097,844	–
Other	198,676	493,724
Subtotal	10,489,029	4,263,885
Interest income received	99	113
Interest expenses paid	(509,708)	(545,938)
Income taxes paid	(605)	(605)
Cash flows from operations	9,978,815	3,717,454
<b>Cash flows from investing activities</b>		
Purchase of property, plant, and equipment	(22,400)	(26,504)
Purchase of property, plant, and equipment in trust	(369,221)	(7,864,015)
Proceeds from tenant leasehold and security deposits	65,096	11,923
Repayments from tenant leasehold and security deposits	(139,427)	(199,014)
Proceeds from tenant leasehold and security deposits in trust	705,071	785,265
Repayments from tenant leasehold and security deposits in trust	(507,415)	(794,282)
Cash flows from investments	-268,296	-8,086,626
<b>Cash flows from financing activities</b>		
Increase in long-term borrowings	7,934,000	7,446,000
Decrease in long-term borrowings	-9,528,111	-4,633,329
Proceeds from bond issuance	988,359	–
Dividends paid	-2,956,168	-3,008,722
Cash flows from financing	-3,561,921	-196,051
Net increase (decrease) in cash and cash equivalents	6,148,597	-4,565,222
Cash and cash equivalents at beginning of period	20,903,272	27,051,869
Cash and cash equivalents at end of period	*1 27,051,869	*1 22,486,646

(6) Notes to Financial Statements  
 (Going concern note)  
 N/A

(Summary of Significant Accounting Policies)

1. Method of depreciation of fixed assets	<p>(1) Property, plant, and equipment (including assets in trust)          The depreciation of property, plant, and equipment is calculated using the straight-line method.          The useful lives of assets are as stated below.              Buildings: 1 to 63 years              Structures: 2 to 20 years              Machinery and equipment: 1 to 15 years              Tools, furniture and fixtures: 1 to 15 years</p> <p>(2) Long-term prepaid expenses          The depreciation of long-term prepaid expenses is calculated using the straight-line method.</p>
2. Accounting for deferred assets	<p>Investment corporation bond issuance costs          Investment corporation bond issuance costs are amortized equally over the period up to the redemption.</p>
3. Standards for recognition of revenues and expenses	<p>Accounting for fixed asset taxes, etc.          Of the amount of fixed asset taxes, city planning taxes and depreciable asset taxes imposed on real estate owned that was assessed and determined, the amount corresponding to the relevant computation period is expensed as expenses in the rental business.          The amount corresponding to fixed asset taxes for the first fiscal year that the Investment Corporation should incur associated with the acquisition of real estate or trust beneficiary interests in real estate is not expensed, but is included in the acquisition costs of the real estate.          The amount corresponding to fixed asset taxes that was included in the acquisition costs of real estate for the current fiscal period is 24,346,000 yen.</p>
4. Method of hedge accounting	<p>(1) Method of hedge accounting          In cases where the interest rate swaps meet the conditions for special treatment, special treatment is adopted.</p> <p>(2) Hedging instruments and hedged items          Hedging instruments: Interest rate swap transactions          Hedged items: Interest on loans</p> <p>(3) Hedging policy          The Investment Corporation conducts derivative transactions to hedge the risks set out in the Articles of Incorporation based on the risk management regulations.</p> <p>(4) Method for assessing the effectiveness of hedging          The evaluation of the effectiveness of interest rate swaps is omitted because they meet the requirements for special treatment.</p>
5. Scope of funds on the cash flow statement	<p>Funds (cash and cash equivalents) on the cash flow statement consist of cash on hand, cash held in trust, bank deposits and bank deposits held in trust that can be withdrawn at any time, and short-term investments, with a maturity of 3 months or less from the date of acquisition, which are readily convertible to cash and contain only an insignificant risk of value fluctuation.</p>
6. Other significant matters serving as the basis for preparing financial statements	<p>(1) Accounting for trust beneficiary interests in real estate          For trust beneficiary interests in real estate, all trust assets and liabilities as well as all income generated and expenses incurred in trusts are recorded in the relevant accounts on the balance sheet and the income statement.          The following material items of the trust accounts recorded in the relevant accounts are listed separately on the balance sheet.              (i) Cash and deposits in trust              (ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; construction in progress in trust; and land leasehold rights in trust              (iii) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting for consumption taxes          The accounting for consumption taxes is tax exclusive. Non-deductible consumption taxes on assets are included in the acquisition costs of individual assets.</p>

(Notes to accounting standards not yet applied)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29 on March 30, 2018, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30 on March 30, 2018, Accounting Standards Board of Japan)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States jointly developed comprehensive accounting standards for revenue recognition, and “Revenue from Contracts with Customers” was issued in May 2014 (IFRS 15 in IASB and Topic 606 in FASB). Given that IFRS 15 and Topic 606 would be applied from a business year starting on or after January 1, 2018 and after December 15, 2017, respectively, the Accounting Standards Board of Japan (ASBJ) developed comprehensive standards for revenue recognition and published the Accounting Standard for Revenue Recognition with the Implementation Guidance.

The basic policy of ASBJ for the development of accounting standards for revenue recognition is believed to set the accounting standards from the perspective of comparability between financial statements, which is one of the benefits of promoting consistency with IFRS 15, with the incorporation of the basic principles of IFRS 15 as a starting point, and if there are items that should be considered in practices implemented in Japan, to add alternative handlings to the extent to which comparability is not impaired.

(2) Planned date of application

The Accounting Standard for Revenue Recognition, etc. will be applied at the beginning of the fiscal period ending October 2021.

(3) Impact of applying the accounting standard, etc.

The amount of the impact of applying the Accounting Standard for Revenue Recognition, etc. on the financial statements is currently under review.

(Notes to balance sheet)

\*1. Amount of advanced depreciation of property, plant, and equipment

Amount of advanced depreciation of property, plant, and equipment acquired with insurance proceeds  
(Thousand yen)

Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
—	130,854

\*2. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporation

(Thousand yen)

Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
50,000	50,000

\*3. Provision and reversal of temporary difference adjustment reserves

Previous fiscal period (As of April 30, 2018)

(Thousand yen)

	Initial amount	Balance at beginning of period	Amount reserved during period	Amount reversed during period	Balance at end of period	Reasons for provision and reversal
Gain on Negative goodwill (Note)	10,432,940	10,062,856	—	160,890	9,901,966	Appropriation to dividends

(Note) The initial amount of gain on negative goodwill is the amount previously transferred from gain on negative goodwill to the temporary difference adjustment reserves account. For the previous fiscal period, 160,890,000 yen, which is greater than the fixed reversal amount of 105,000,000 yen was reversed from the reserve.

Current fiscal period (As of October 31, 2018)

(Thousand yen)

	Initial amount	Balance at beginning of period	Amount reserved during period	Amount reversed during period	Balance at end of period	Reasons for provision and reversal
Gain on Negative goodwill (Note)	10,432,940	9,901,966	—	162,422	9,739,544	Appropriation to dividends

(Note) The initial amount of gain on negative goodwill is the amount previously transferred from gain on negative goodwill to the temporary difference adjustment reserves account. For the current fiscal period, 162,422,000 yen, which is greater than the fixed reversal amount of 105,000,000 yen was reversed from the reserve.

(Notes to Income Statement)

\*1. Details of real estate rental income

(Thousand yen)

	Previous fiscal period (November 1, 2017 to April 30, 2018)		Current fiscal period (May 1, 2018 to October 31, 2018)	
A. Real estate rental revenue				
Rental Revenues				
Rental revenue	5,524,621		5,676,610	
Common area charges	946,201		937,777	
Parking lot rental revenue	275,736		278,461	
Facility use charges	56,929	6,803,488	54,431	6,947,280
Other rental revenue				
Utilities revenue	597,408		638,126	
Other	66,293	663,702	46,945	685,072
Total real estate rental revenue		7,467,190		7,632,352
B. Real estate rental expenses				
Rental expenses				
Service provider expenses	691,537		668,128	
Utilities	590,740		642,997	
Trust fees	33,733		34,127	
Depreciation	914,757		857,196	
Repair expenses	130,146		117,337	
Taxes and public dues	597,170		619,297	
Non-life insurance expenses	9,757		11,880	
Other rental expenses	40,676		42,271	
Total real estate rental expenses		3,008,519		2,993,236
C. Net rental income				
(A-B)		4,458,671		4,639,115

\*2. Details of real estate sales (Thousand yen)

Previous fiscal period (November 1, 2017 to April 30, 2018)

Ichigo Burg Omori

Real estate sale revenue		4,200,000
Real estate sale cost	3,097,844	
Other real estate sale expenses	126,502	
Gain on real estate sales		975,652

Ichigo Sapporo Minami 2 Nishi 3 Building

Real estate sale revenue		1,020,000
Real estate sale cost	545,629	
Other real estate sale expenses	31,106	
Gain on real estate sales		443,263

Ichigo Daimyo Balcony

Real estate sale revenue		780,000
Real estate sale cost	580,328	
Other real estate sale expenses	23,660	
Gain on real estate sales		176,010

Current fiscal period (May 1, 2018 to October 31, 2018)

N/A

\*3. Details of insurance income

Previous fiscal period (November 1, 2017 to April 30, 2018)

N/A

Current fiscal period (May 1, 2018 to October 31, 2018)

Insurance proceeds associated with the restoration work of air-conditioning equipment due to hail damage to the Ichigo Higashi Ikebukuro Building in July 2017 is posted as insurance income.

\*4. Details of loss on reduction of non-current assets

Previous fiscal period (November 1, 2017 to April 30, 2018)

N/A

Current fiscal period (May 1, 2018 to October 31, 2018)

The loss on reduction of fixed assets is a value that is directly reduced from the acquisition cost of property, plant, and equipment newly acquired using insurance proceeds associated with the restoration work of air-conditioning equipment due to hail damage to the Ichigo Higashi Ikebukuro Building in July 2017, and its breakdown is as follows:

(Thousand yen)

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Buildings in trust	–	130,854

(Statement of changes in net assets)

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Total number of authorized shares and total number of shares issued and outstanding		
Total number of authorized shares	14,000,000 shares	14,000,000 shares
Total number of shares issued and outstanding	1,532,287 shares	1,532,287 shares



## (Notes to statement of cash distribution)

Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
By applying the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Regulation on Accountings of Investment Corporations” (Cabinet Office Order No. 27 of 2015), an amount of 10,432,940,000 yen, which was the remaining balance of gain on negative goodwill was transferred to the temporary difference adjustment reserve account, and planned to reverse a minimum of 200,000,000 yen starting from the 23rd fiscal period, as stated on the statement of cash distribution for the 22nd fiscal period. But the policy has been changed to reversing a minimum of 105,000,000 yen starting from the 24th fiscal period. For this fiscal period, 162,422,000 yen will be reversed.	By applying the transitional measures of Paragraph 3 of the Supplementary Provisions of the “Regulation on Accountings of Investment Corporations” (Cabinet Office Order No. 27 of 2015), an amount of 10,432,940,000 yen, which was the remaining balance of gain on negative goodwill was transferred to the temporary difference adjustment reserve account, and planned to reverse a minimum of 200,000,000 yen starting from the 23rd fiscal period, as stated on the statement of cash distribution for the 22nd fiscal period. But the policy has been changed to reversing a minimum of 105,000,000 yen starting from the 24th fiscal period. For this fiscal period, 105,000,000 yen will be reversed.

## (Notes to cash flow statement)

## \*1. Relationship between cash and cash equivalents at the end of the fiscal period and items shown on the Balance Sheet

	(Thousand yen)	
	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Cash and deposits	14,190,557	9,323,086
Cash and deposits in trust	12,926,748	13,229,574
Miscellaneous deposits	(65,435)	(66,014)
Cash and cash equivalents	27,051,869	22,486,646

## (Notes to lease transactions)

## Operating lease transactions

(Lessee)

(Thousand yen)

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
Outstanding lease charges		
One year or less	68,810	69,171
Over one year	1,135,214	1,100,267
Total	1,204,025	1,169,439

(Lessor)

(Thousand yen)

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
Outstanding lease charges		
One year or less	6,315,716	6,866,159
Over one year	1,896,655	2,580,555
Total	8,212,372	9,446,715

(Notes to financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy for handling financial instruments

Ichigo Office manages its assets by investing mainly in specified assets such as real estate with the aim of securing stable earnings in the medium to long terms. It raises funds primarily through the issuance of investment units, the borrowing of bank loans and the issuance of investment corporation bonds. Derivative transactions are used for the purpose of mitigating the risk of future fluctuations in interest rates, and not for trading or speculative purposes. Ichigo Office also invests surplus funds carefully in consideration of safety and liquidity so as not to bear excess risks, taking the financial environment and cash management into full consideration.

(2) Description of financial instruments and associated risks, and risk management structure

Funds raised from loans and investment corporation bonds are used for the purchase of real estate and trust beneficiary interests in real estate and the repayment of loans, and they are exposed to the liquidity risk on the dates of repayment and redemption. Ichigo Office not only works to reduce the liquidity risk through the diversification of financing and the decentralization of repayment dates and lenders by controlling LTV in the range that is deemed appropriate, but also manages the liquidity risk in terms of the way the asset management company formulates a cash management plan. Loans with floating interest rates are exposed to the risk of fluctuations in interest rates, but LTV is managed appropriately to limit the impact of rising market interest rates on the operations of Ichigo Office.

(3) Supplementary explanation of matters concerning the market value, etc. of financial instruments

In addition to values based on market prices, the market value of financial instruments includes values based on reasonable calculations when there is no market price. Because certain preconditions, etc. are adopted in the calculation of the values concerned, there may be cases where the values concerned will vary when different preconditions, etc. are adopted.

2. Matters concerning the market value, etc. of financial instruments

The carrying amount on the balance sheet on April 30, 2018, the market value, and the difference between the carrying amount and the market value were as follows.

Financial instruments whose market value is deemed to be extremely difficult to determine are not included in the table below (see (Note2)), and those that are not material are omitted.

(Thousand yen)

	Carrying value	Market value	Difference
(1) Cash and deposits	14,190,557	14,190,557	–
(2) Cash and deposits in trust	12,926,748	12,926,748	–
Total assets	27,117,305	27,117,305	–
(3) Long-term borrowings (due within one year)	11,575,038	11,591,357	16,319
(4) Investment corporation bonds	2,200,000	2,193,551	(6,448)
(5) Long-term borrowings	89,012,547	89,787,363	774,815
Total liabilities	102,787,585	103,572,272	784,687
(6) Derivative transactions	–	–	–

(Note 1) Matters concerning the calculation method of the market value of financial instruments

(1) Cash and deposits (2) Cash and deposits in trust

The book value is used as the market value because the market values of these items are almost equal to their book values since they are settled within a short period of time.

(3) Long-term borrowings (due within one year) (5) Long-term borrowings

The market value of long-term loans with fixed interest rates is calculated by discounting the present value by an interest rate that is assumed if the total amount of principal and interest is borrowed in similar new loans. The market value of long-term loans with floating interest rates is based on the book value because the market value is approximately equal to the book value due to the situation in which the interest rate is renewed periodically. For some long-term loans with floating interest rates that are subject to the special treatment of interest rate swaps (see “Notes to Derivative Transactions” below), the present value is calculated by discounting the combined total of principal and interest translated at the logically estimated rates for similar loans.

(4) Investment corporation bonds

The market value of investment corporation bonds is calculated by discounting it based on the reference values announced by the Japan Securities Dealers Association.

(6) Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

The carrying amount on the balance sheet on October 31, 2018, the market value, and the difference between the carrying amount and the market value were as follows:

Financial instruments whose market value is deemed to be extremely difficult to determine are not included in the table below (see (Note2)), and those that are not material are omitted.

(Thousand yen)

	Carrying value	Market value	Difference
(1) Cash and deposits	9,323,086	9,323,086	–
(2) Cash and deposits in trust	13,229,574	13,229,574	–
Total assets	22,552,661	22,552,661	–
(3) Long-term borrowings (due within one year)	14,270,145	14,287,507	17,362
(4) Investment corporation bonds	2,200,000	2,188,441	(11,558)
(5) Long-term borrowings	89,130,111	89,715,450	585,339
Total liabilities	105,600,256	106,191,399	591,143
(6) Derivative transactions	–	–	–

(Note 1) Matters concerning the calculation method of the market value of financial instruments

(1) Cash and deposits (2) Cash and deposits in trust

The book value is used as the market value because the market values of these items are almost equal to their book values since they are settled within a short period of time.

(3) Long-term borrowings (due within one year) (5) Long-term borrowings

The market value of long-term loans with fixed interest rates is calculated by discounting the present value by an interest rate that is assumed if the total amount of principal and interest is borrowed in similar new loans. The market value of long-term loans with floating interest rates is based on the book value because the market value is approximately equal to the book value due to the situation in which the interest rate is renewed periodically. For some long-term loans with floating interest rates that are subject to the special treatment of interest rate swaps (see “Notes to Derivative Transactions” below), the present value is calculated by discounting the combined total of principal and interest translated at the logically estimated rates for similar loans.

(4) Investment corporation bonds

The market value of investment corporation bonds is calculated by discounting it based on the reference values announced by the Japan Securities Dealers Association.

(6) Derivative transactions

Please refer to “Notes to Derivative Transactions” below.

(Note 2) Financial instruments whose market value is deemed to be extremely difficult to determine

(Thousand yen)

Classification	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
(1) Tenant leasehold and security deposits	1,526,885	1,579,794
(2) Tenant leasehold and security deposits in trust	8,358,832	8,414,582

(1) (2) Tenant leasehold and securities deposits deposited by lessees in leasehold assets and tenant leasehold and securities deposits in trust are not subject to the disclosure of market values because it is deemed to be extremely difficult to rationally estimate future cash flows given that they do not have a market price and that it is difficult to determine the substantive deposit period of lessees from when they move in until they vacate the asset.

(Note 3) Maturity profile of monetary receivables after the fiscal period-end date (April 30, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Cash and deposits	14,190,557	–	–	–	–	–
Cash and deposits in trust	12,926,748	–	–	–	–	–
Total	27,117,305	–	–	–	–	–

Maturity profile of monetary receivables after the fiscal period-end date (October 31, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Cash and deposits	9,323,086	–	–	–	–	–
Cash and deposits in trust	13,229,574	–	–	–	–	–
Total	22,552,661	–	–	–	–	–

(Note 4) Maturity profile of investment corporation bonds and long-term loans after the fiscal period-end date (April 30, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Long-term borrowings (due within one year)	11,575,038	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	2,200,000
Long-term borrowings	–	16,198,215	19,897,332	19,317,000	19,266,000	14,334,000
Total	11,575,038	16,198,215	19,897,332	19,317,000	19,266,000	16,534,000

Maturity profile of investment corporation bonds and long-term loans after the fiscal period-end date (October 31, 2018)

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Long-term borrowings (due within one year)	14,270,145	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	2,200,000
Long-term borrowings	–	18,493,568	19,941,293	19,292,000	14,223,250	17,180,000
Total	14,270,145	18,493,568	19,941,293	19,292,000	14,223,250	19,380,000

(Securities)

Previous fiscal period (As of April 30, 2018)

N/A

Current fiscal period (As of October 31, 2018)

N/A

(Notes to derivative transactions)

1. Non-hedge accounting derivatives

Not applicable in the previous fiscal period (ended April 30, 2018) and the current fiscal period (ended October 31, 2018).

2. Hedge accounting derivatives

Previous fiscal period (As of April 30, 2018)

(Thousand yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Market value	Calculation method of market value
				Over one year		
Special treatment of interest rate swaps	Interest rate swap transaction (pay fixed, receive floating)	Long-term borrowings	88,187,995	84,164,297	(Note)	–

(Note) Interest rate swaps accounted under the special treatment method are processed together with the hedged items (in this case, a long-term borrowing). Therefore, their market values are included in the market values of (3) Long-term borrowings (due within one year) (5) long-term borrowings payable in (Note 1) of “Notes to financial instruments, 2. Matters concerning the market value, etc. of financial instruments” above.

Current fiscal period (As of October 31, 2018)

(Thousand yen)

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		Market value	Calculation method of market value
				Over a year		
Special treatment of interest rate swaps	Interest rate swap transaction (pay fixed, receive floating)	Long-term borrowings	94,051,106	83,675,111	(Note)	–

(Note) Interest rate swaps accounted under the special treatment method are processed together with the hedged items (in this case, long-term borrowings). Therefore, their market values are included in the market values of (3) Long-term borrowings (due within one year) (5) long-term borrowings payable in (Note 1) of “Notes to financial instruments, 2. Matters concerning the market value, etc. of financial instruments” above.

(Notes to retirement benefits)

Previous fiscal period (As of April 30, 2018)

N/A

Current fiscal period (As of October 31, 2018)

N/A

(Notes to tax effect accounting)

1. Breakdown of deferred tax assets and liabilities by major cause (Thousand yen)

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
Deferred tax assets		
Valuation difference of assets transferred at merger	5,852,155	5,838,345
Asset retirement obligations	676	1,031
Tax loss carried forward	336,476	336,476
Other	347	163
Subtotal	6,189,656	6,176,016
Valuation allowance	(6,189,656) (	(6,176,016)
Total deferred tax assets	–	–
Deferred tax assets (net)	–	–

2. Breakdown of tax rate differences between the statutory tax rate and the effective tax rate by major cause

	Previous fiscal period (As of April 30, 2018)	Current fiscal period (As of October 31, 2018)
Statutory tax rate	31.74%	31.51%
(Adjustment)		
Deductible dividend distribution	–%	(31.11%)
Change in valuation allowance	(5.34%)	(0.40%)
Use of tax loss carried forward	(26.41%)	–%
Other	0.02%	0.02%
Effective tax rate	0.01%	0.02%

(Notes to share of profit and loss of entities accounted for using the equity method)

Previous fiscal period (November 1, 2017 to April 30, 2018)

N/A

Current fiscal period (May 1, 2018 to October 31, 2018)

N/A

(Notes to related party transactions)

1. The parent company and principal shareholders of Ichigo Office

Not applicable in the previous fiscal period (from November 1, 2017 to April 30, 2018) and the current fiscal period (from May 1, 2018 to October 31, 2018)

2. Affiliated companies

Not applicable in the previous fiscal period (from November 1, 2017 to April 30, 2018) and the current fiscal period (from May 1, 2018 to October 31, 2018)

3. Fellow subsidiaries

Not applicable in the previous fiscal period (from November 1, 2017 to April 30, 2018) and the current fiscal period (from May 1, 2018 to October 31, 2018)

4. Directors and principal individual shareholders

Not applicable in the previous fiscal period (from November 1, 2017 to April 30, 2018) and the current fiscal period (from May 1, 2018 to October 31, 2018)

(Asset retirement obligations)

Previous fiscal period (November 1, 2017 to April 30, 2018)

The statement is omitted because the total amount of asset retirement obligations is not material.

Current fiscal period (May 1, 2018 to October 31, 2018)

The statement is omitted because the total amount of asset retirement obligations is not material.

(Notes to rental assets)

Ichigo Office owns rental assets mainly in the six wards of central Tokyo, other Tokyo metropolitan areas, the four largest cities and other major cities for the purpose of earning stable rental revenues. The carrying amounts, increase (decrease) during the period, and market values of these rental assets are as follows:

(Thousand yen)			
Use		Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Office	Carrying amount		
	Balance at the beginning of period	177,092,732	176,647,062
	Increase (decrease) during period	(445,669)	7,150,982
	Balance at period-end	176,647,062	183,798,045
	Market value at period-end	202,980,000	212,888,000
Other	Carrying amount		
	Balance at the beginning of period	18,156,684	13,859,917
	Increase (decrease) during period	(4,296,766)	(40,805)
	Balance at period-end	13,859,917	13,819,112
	Market value at period-end	16,120,000	16,310,000
Total	Carrying amount		
	Balance at the beginning of period	195,249,417	190,506,980
	Increase (decrease) during period	(4,742,436)	7,110,177
	Balance at period-end	190,506,980	197,617,158
	Market value at period-end	219,100,000	229,198,000

(Note 1) The carrying amounts represent the amounts after deducting the accumulated depreciation from the acquisition costs.

(Note 2) The major decrease in rental assets during the previous fiscal period was due to sales of trust beneficiary interests in real estate of one asset (3,097,844,000 yen) and two assets (1,125,958,000 yen) as well as depreciation.

The major increase during the current fiscal period was due to the acquisition of trust beneficiary interests in real estate of three assets (7,514,322,000 yen), and the major decrease was due to depreciation.

(Note 3) The market value at the end of the period was based on the appraisal value or investigation value estimated by external real estate appraisers.

The details of real estate rental income is stated in "Income Statement."

(Segment information)

The segment information is omitted because Ichigo Office has only one segment of the real estate rental business.

(Related information)

Previous fiscal period (November 1, 2017 to April 30, 2018)

1. Information by product and service

The statement is omitted because operating revenue from external customers in a single product and service category comprises more than 90% of operating revenue on the Income Statement.

2. Information by region

(1) Operating revenue

The statement is omitted because operating revenue from external customers in Japan comprises more than 90% of operating revenue on the income statement.

(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan comprises more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information by main customer

The statement is omitted because all operating revenue from a single external customer comprises less than 10% of operating revenue on the income statement.

Current fiscal period (May 1, 2018 to October 31, 2018)

1. Information by product and service

The statement is omitted because operating revenue from external customers in a single product and service category comprises more than 90% of operating revenue on the income statement.

2. Information by region

(1) Operating revenue

The statement is omitted because operating revenue from external customers in Japan comprises more than 90% of operating revenue on the income statement.

(2) Property, plant and equipment

The statement is omitted because the amount of property, plant and equipment located in Japan comprises more than 90% of the amount of property, plant and equipment on the balance sheet.

3. Information by main customer

The statement is omitted because all operating revenue from a single external customer comprises less than 10% of operating revenue on the income statement.

(Notes to per-share information)

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Net assets per share (yen)	67,380	67,361
Net income per share (yen)	2,898	1,945

(Note 1) Net income per share is calculated by dividing net income by the daily weighted average number of shares. Diluted net income per share is not stated because there are no diluted shares.

(Note 2) The basis for calculating net income per share is as follows.

	Previous fiscal period (November 1, 2017 to April 30, 2018)	Current fiscal period (May 1, 2018 to October 31, 2018)
Net Income (Thousand yen)	4,441,543	2,980,875
Amount not attributable to common shareholders (Thousand yen)	–	–
Net income attributable to common shareholders (Thousand yen)	4,441,543	2,980,875
Average number of shares during period (Shares)	1,532,287	1,532,287



(Notes to significant subsequent events)

1. Acquisition of assets

Ichigo Office acquired the following assets based on the basic policy for asset management set forth in the Articles of Incorporation.

[Ichigo Minami Otsuka Building (Note 1)]

Acquisition Price (Note 2)	2,780,000,000 yen
Location	3-10-10 Minami Otsuka, Toshima-ku, Tokyo
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Type of ownership	Land: Freehold Building: Freehold
Contract date	December 14, 2018
Closing date	December 21, 2018
Seller (Note 3)	Domestic special purpose company

[Ichigo Nogizaka Building (Note 1)]

Acquisition Price (Note 2)	3,315,000,000 yen
Location	8-11-37 Akasaka, Minato-ku, Tokyo
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Type of ownership	Land: Freehold Building: Freehold
Contract date	December 14, 2018
Closing date	December 28, 2018
Seller (Note 3)	Domestic business firm

(Note 1) After the acquisition, Ichigo Office will change the building names from “Minami Otsuka Square Building” to “Ichigo Minami Otsuka Building” and from “Unizo Nogizaka Building” to “Ichigo Nogizaka Building.”

(Note 2) The acquisition price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

(Note 3) The sellers did not provide consent to disclose their names.

[Ichigo Hakata East Building (Note 1)]

Acquisition Price (Note 2)	2,250,000,000 yen
Location	1-13-6 Hakataeki Higashi, Hakata-ku, Fukuoka
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Type of ownership	Land: Freehold Building: Freehold
Contract date	May 29, 2019
Closing date	May 31, 2019
Seller (Note 3)	Kichijoji Holdings GK

(Note 1) After the acquisition, Ichigo Office will change the building name from “Takeyama Hakata Building” to “Ichigo Hakata East Building”.

(Note 2) The acquisition price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes.

## 2. Sales of assets

Ichigo Office sold the following assets based on the basic policy for asset management set forth in the Articles of Incorporation.

### Ichigo Machida East Building

Sales Price (Note 1)	Not disclosed
Book value (Note 2)	1,272,784,000 yen
Location	4-5-8 Haramachida, Machida City, Tokyo
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract date	December 14, 2018
Closing date	December 20, 2018
Buyer (Note 3)	Domestic special purpose company

### Ichigo Shin Yokohama Arena Dori Building

Sales Price (Note 1)	Not disclosed
Book value (Note 2)	1,679,745,000 yen
Location	3-7-7 Shin-Yokohama, Kohoku-ku, Yokohama
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract date	December 14, 2018
Closing date	December 20, 2018
Buyer (Note 3)	Domestic special purpose company

(Note 1) This is a sale to a single buyer in a single sales contract, and the total transfer price of two assets is 3,600,000,000 yen. The sales price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. The sales price of individual assets is not disclosed because the consent of the buyer has not been obtained. In the 27th fiscal period (from November 1, 2018 to April 30, 2019), gain on sales of real estate of approximately 645,250,000 yen for a total of two assets is expected to be recorded.

(Note 2) The book value is the price as of October 31, 2018.

(Note 3) The buyer did not provide consent to disclose its name.

### Ichigo Toyamaeki Nishi Building (Note 1)

Sales Price (Note 2)	12,369,952 yen
Book value (Note 3)	4,734,000 yen
Location	1-1-19 Jinzu Honmachi, Toyama City, Toyama
Legal form of asset (Note 4)	Real estate
Contract date	February 21, 2019
Closing date	February 21, 2019
Buyer	Toyama Prefecture

(Note 1) This is a sale of a section of the underlying land of Ichigo Toyamaeki Nishi Building to the Toyama Prefecture. The road adjacent to the northwestern side of the building is a prefectural road subject to an urban planning project (as established Mar 31, 1959, and amended April 27, 2005). An additional section of the underlying land also became subject to this project on April 11, 2011. After negotiations with the Toyama Prefecture, Ichigo Office has agreed to sell the section of the land.

(Note 2) The sales price is the total sales price indicated in the Purchase and Sales Agreement. In addition, Ichigo Office will receive a compensation of 11,800,110 yen for the closing and removal of a paid parking lot. The compensation will be recorded in the 27th fiscal period (from November 1, 2018 to April 30, 2019).

(Note 3) The book value is an estimate based upon the price as of October 31, 2018, calculated proportionate to the section's land area.

(Note 4) The sales will be conducted after transferring the ownership of the asset to Ichigo Office as a legal form of real estate, upon the cancellation of the trust beneficiary interest (*juekiken*).

Ichigo Fiesta Shibuya Building	
Sales Price (Note 1)	2,400,000,000 yen
Book value (Note 2)	1,960,027,000 yen
Location	3-10 Udagawacho, Shibuya-ku, Tokyo
Legal form of asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Contract date	May 29, 2019
Closing date	May 30, 2019
Buyer	Hakata GK

(Note 1) The sales price is the transaction price of the trust beneficiary interest (*juekiken*) and does not include expenses for acquisition, the amount equivalent to settled fixed asset taxes and city planning taxes, and the amount equivalent to consumption taxes. In the 28th fiscal period (from May 1, 2019 to October 31, 2019), a gain on sale of real estate of approximately 440,477,000 yen is expected to be recorded.

(Note 2) The book value is the price as of April 30, 2019.

### 3. Borrowing of loans

Ichigo Office borrowed the following loans to appropriate them for the acquisition of assets and related expenses.

#### [Term loan XVI]

Lender: SMBC, Aozora Bank  
Amount borrowed: 1,400,000,000 yen  
Interest rate: 1 month JPY TIBOR + 0.68% (Note)  
Borrowing date: December 21, 2018  
Due date: September 30, 2026  
Interest payment date: Final business day of each month after the date of borrowing and the due date of the principal  
Repayment method: Lump-sum repayment on the due date  
Borrowing method: Unsecured / unguaranteed

(Note) To avoid interest rate risk, Ichigo Office has entered into a separate interest rate swap agreement. The interest rate is substantively fixed at 0.9075% due to this agreement.

#### [Term loan XVII]

Lender: SMBC, Mizuho Bank, Shinsei Bank, MUFG Bank, Development Bank of Japan  
Amount borrowed: 1,600,000,000 yen  
Interest rate: 1 month JPY TIBOR + 0.65% (Note)  
Borrowing date: December 28, 2018  
Due date: April 30, 2026  
Interest payment date: Final business day of each month after the date of borrowing and the due date of the principal  
Repayment method: Lump-sum repayment on the due date  
Borrowing method: Unsecured / unguaranteed

(Note) To avoid interest rate risk, Ichigo Office has entered into a separate interest rate swap agreement. The interest rate is substantively fixed at 0.850% due to this agreement.

## (7) Supplementary Schedules

## (i) Schedule of securities

## (a) Stocks

N/A

## (b) Securities other than stocks

N/A

## (ii) Contract value and market value of derivative transactions and forward exchange contracts

(Thousand yen)

Classification	Type	Contract amount (Note 1)		Market value (Note 2)
			Exceeding 1 year	
Transactions other than market transactions	Interest rate swap (pay fixed, receive floating)	94,051,106	83,675,111	—
Total		94,051,106	83,675,111	—

(Note 1) The contract amount of interest rate swap is based on the notional principal.

(Note 2) Since the above transaction meets the specific matching criteria of the Accounting Standard for Financial Instruments, the statement of market value is omitted.

## (iii) Summary table of schedule of real estate

(Thousand yen)

Asset type	Balance at beginning of current period	Increase during period	Decrease during period	Balance at end of current period	Accumulated depreciation or accumulated amortization		Balance at end of current period	Remarks
						Depreciation or amortization during period		
Property, plant and equipment	Buildings	7,217,496	17,504	—	7,235,000	1,482,991	109,296	5,752,008 (Note)
	Structures	26,385	449	—	26,834	22,864	1,120	3,969 (Note)
	Machinery and equipment	271,955	11,947	—	283,903	132,565	10,964	151,337 (Note)
	Tools, furniture and fixtures	50,344	1,832	—	52,176	40,337	2,492	11,838 (Note)
	Land	17,425,755	—	—	17,425,755	—	—	17,425,755
	Buildings in trust	41,255,897	1,614,466	478	42,869,885	6,557,635	695,060	36,312,249 (Note)
	Structures in trust	61,602	562	—	62,165	27,454	2,390	34,710 (Note)
	Machinery and equipment in trust	468,175	50,339	—	518,515	245,132	22,955	273,383 (Note)
	Tools, furniture and fixtures in trust	159,839	11,849	—	171,689	97,101	12,915	74,588 (Note)
	Land in trust	126,824,044	6,258,691	—	133,082,735	—	—	133,082,735 (Note)
	Construction in progress in trust	817	—	63	754	—	—	754
Subtotal	193,762,315	7,967,643	541	201,729,417	8,606,083	857,196	193,123,333	
Intangible assets	Land leasehold rights in trust	4,494,579	—	—	4,494,579	—	—	4,494,579
	Subtotal	4,494,579	—	—	4,494,579	—	—	4,494,579
Total	198,256,895	7,967,643	541	206,223,996	8,606,083	857,196	197,617,913	

(Note) The major increase in property, plant and equipment during the current fiscal period was due to the acquisition of trust beneficiary interests in real estate of three assets (7,514,322,000 yen), and the major decrease was due to depreciation.

## (iv) Schedule of other specified assets

N/A

## (v) Schedule of investment corporation bonds

(Thousand yen)

	Date of issuance	Balance at period-start	Decrease during period	Balance at period-end	Interest rate (%)	Redemption date	Use	Security
First unsecured investment corporation bonds	September 22, 2017	1,200,000	–	1,200,000	0.900	September 22, 2027	(Note 1)	Unsecured/ unguaranteed
Second unsecured investment corporation bonds	April 26, 2018	1,000,000	–	1,000,000	0.900	April 26, 2028		
Total	–	2,200,000	–	2,200,000	–	–	–	–

(Note 1) The proceeds are used for repaying existing loans.

(Note 2) A ranking *pari passu* among Ichigo Office investment corporation bonds is attached.

(Note 3) The maturity profile of investment corporate bonds for each year within five years after the balance sheet date is as follows.

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years
Investment corporation bonds	–	–	–	–	–

## (vi) Schedule of loans

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-term loans	SMBC	1,551,150	–	4,000	1,547,150	1.468 (Note 2)	November 30, 2018	(Note 3)	(Note 15)	No (No guarantee)
	Shinsei Bank	484,750	–	1,250	483,500					
	Aozora Bank	1,066,430	–	2,750	1,063,680					
	Mizuho Bank	775,590	–	2,000	773,590					
	Resona Bank	1,000,000	–	–	1,000,000	0.984	April 30, 2019	Lump-sum repayment		
	Bank of Fukuoka	1,000,000	–	–	1,000,000					
	SMBC	1,473,827	–	1,875	1,471,952	1.070 (Note 2)	July 31, 2019	(Note 4)		
	Mizuho Bank	1,277,342	–	1,625	1,275,717					
	Resona Bank	884,312	–	1,125	883,187					
	Shinsei Bank	884,312	–	1,125	883,187					
	Aozora Bank	884,312	–	1,125	883,187					
	The Kagawa Bank	491,282	–	625	490,657					
	ORIX Bank	491,282	–	625	490,657	1.267 (Note 2)	December 10, 2020	(Note 5)		
	SMBC	1,228,962	–	1,562	1,227,400					
	Mizuho Bank	1,228,982	–	1,562	1,227,420					
	Aozora Bank	786,550	–	1,000	785,550					
	Shinsei Bank	786,550	–	1,000	785,550					
	Resona Bank	589,920	–	750	589,170					
	MUFG Bank	786,550	–	1,000	785,550	0.726	June 15, 2018	(Note 6)		
	SMBC	196,740	–	196,740	–					
	Mizuho Bank	245,772	–	245,772	–					
	Aozora Bank	196,620	–	196,620	–					
	Shinsei Bank	196,610	–	196,610	–					
	Resona Bank	147,437	–	147,437	–					
	The Kagawa Bank	147,477	–	147,477	–					
	ORIX Bank	147,467	–	147,467	–					
	MUFG Bank	196,630	–	196,630	–	1.033 (Note 2)	December 16, 2019	(Note 5)		
	SMBC	1,228,962	–	1,562	1,227,400					
Mizuho Bank	1,228,982	–	1,562	1,227,420						
Aozora Bank	786,550	–	1,000	785,550						
Shinsei Bank	786,550	–	1,000	785,550						
Resona Bank	589,920	–	750	589,170						
MUFG Bank	786,550	–	1,000	785,550						

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-term loans	SMBC	344,087	–	344,087	–	0.726	June 15, 2018	(Note 6)	(Note 15)	No (No guarantee)
	Mizuho Bank	245,802	–	245,802	–					
	Aozora Bank	196,640	–	196,640	–					
	Shinsei Bank	196,640	–	196,640	–					
	Resona Bank	147,487	–	147,487	–					
	ORIX Bank	147,487	–	147,487	–					
	MUFG Bank	196,640	–	196,640	–					
	Aozora Bank	2,127,000	–	–	2,127,000	1.142 (Note 2)	August 31, 2020	Lump-sum repayment		
	Shinsei Bank	1,998,000	–	–	1,998,000					
	ORIX Bank	400,000	–	–	400,000					
	SMBC	675,103	–	816	674,287	1.148 (Note 2)	November 29, 2019	(Note 7)		
	Mizuho Bank	612,226	–	740	611,486					
	Shinsei Bank	643,665	–	778	642,887					
	MUFG Bank	551,004	–	666	550,338					
	SMBC	1,375,696	–	1,384	1,374,312	1.185 (Note 2)	May 29, 2020	(Note 8)		
	Mizuho Bank	1,252,440	–	1,260	1,251,180					
	Shinsei Bank	1,314,068	–	1,322	1,312,746					
	MUFG Bank	1,127,196	–	1,134	1,126,062					
	SMBC	1,962,156	–	1,974	1,960,182	1.347 (Note 2)	November 8, 2021	(Note 9)		
	Mizuho Bank	1,962,156	–	1,974	1,960,182					
	Aozora Bank	592,424	–	596	591,828					
	Shinsei Bank	777,308	–	782	776,526					
	MUFG Bank	1,634,136	–	1,644	1,632,492					
	Resona Bank	1,367,744	–	1,376	1,366,368					
	Bank of Fukuoka	449,288	–	452	448,836					
	ORIX Bank	449,288	–	452	448,836					
	SMBC	1,962,156	–	1,974	1,960,182	1.275 (Note 2)	May 7, 2021	(Note 9)		
	Mizuho Bank	1,962,156	–	1,974	1,960,182					
	Aozora Bank	592,424	–	596	591,828					
	Shinsei Bank	775,320	–	780	774,540					
	MUFG Bank	1,634,136	–	1,644	1,632,492					
	Resona Bank	1,369,732	–	1,378	1,368,354					
	Bank of Fukuoka	449,288	–	452	448,836					
	ORIX Bank	449,288	–	452	448,836					
	SMBC	1,592,393	–	1,601	1,590,792	0.985 (Note 2)	March 31, 2021	(Note 10)		
	Mizuho Trust	287,509	–	289	287,220					
	Resona Bank	575,019	–	578	574,441					
	Aozora Bank	575,019	–	578	574,441					
	Mizuho Bank	1,072,269	–	1,078	1,071,191					
	ORIX Bank	287,509	–	289	287,220					
MUFG Bank	497,250	–	500	496,750						
The Kagawa Bank	955,000	–	–	955,000	0.657	March 31, 2020	Lump-sum repayment			
SMBC	895,050	–	900	894,150	0.606	September 30, 2019	(Note 11)			
SMBC	1,444,200	–	1,450	1,442,750	0.808 (Note 2)	May 31, 2022	(Note 12)			
Mizuho Bank	1,045,800	–	1,050	1,044,750						
MUFG Bank	896,400	–	900	895,500						
Shinsei Bank	498,000	–	500	497,500						
SMBC	1,444,200	–	1,450	1,442,750	0.858 (Note 2)	November 30, 2022	(Note 12)			
Mizuho Bank	1,045,800	–	1,050	1,044,750						
MUFG Bank	896,400	–	900	895,500						
Shinsei Bank	498,000	–	500	497,500						

	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-term loans	SMBC	1,792,800	–	1,800	1,791,000	0.705 (Note 2)	May 31, 2022	(Note 13)	(Note 15)	No (No guarantee)
	Mizuho Bank	896,400	–	900	895,500					
	MUFG Bank	697,200	–	700	696,500					
	Shinsei Bank	597,600	–	600	597,000					
	Aozora Bank	498,000	–	500	497,500					
	Bank of Fukuoka	498,000	–	500	497,500					
	Nishi-Nippon City Bank	498,000	–	500	497,500					
	Resona Bank	348,600	–	350	348,250					
	SMBC	1,792,800	–	1,800	1,791,000	0.750 (Note 2)	November 30, 2022	(Note 13)		
	Mizuho Bank	896,400	–	900	895,500					
	MUFG Bank	697,200	–	700	696,500					
	Shinsei Bank	597,600	–	600	597,000					
	Aozora Bank	498,000	–	500	497,500					
	Bank of Fukuoka	498,000	–	500	497,500					
	Nishi-Nippon City Bank	498,000	–	500	497,500					
	Resona Bank	348,600	–	350	348,250					
	SMBC	1,000,000	–	–	1,000,000	0.447	April 30, 2019	Lump-sum repayment		
	SMBC	1,000,000	–	–	1,000,000	0.845 (Note 2)	October 31, 2023	Lump-sum repayment		
	Development Bank of Japan	500,000	–	–	500,000	0.675	September 30, 2021	Lump-sum repayment		
	Development Bank of Japan	500,000	–	–	500,000	0.708	January 31, 2022	Lump-sum repayment		
	SMBC	1,000,000	–	1,000,000	–	0.387	October 31, 2018	(Note 14)		
	SMBC	1,100,000	–	–	1,100,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Mizuho Bank	400,000	–	400,000	–	0.387	October 31, 2018	(Note 14)		
	Mizuho Bank	1,000,000	–	–	1,000,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Shinsei Bank	200,000	–	200,000	–	0.387	October 31, 2018	(Note 14)		
	Shinsei Bank	900,000	–	–	900,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Resona Bank	400,000	–	–	400,000	0.852 (Note 2)	November 11, 2024	Lump-sum repayment		
	Development Bank of Japan	2,000,000	–	–	2,000,000	0.871	May 10, 2023	Lump-sum repayment		
	SMBC	215,000	–	–	215,000	0.761 (Note 2)	October 31, 2023	Lump-sum repayment		
	Mizuho Bank	340,000	–	–	340,000					
	MUFG Bank	283,000	–	–	283,000					
	Resona Bank	237,000	–	–	237,000					
Shinsei Bank	135,000	–	–	135,000						
Bank of Fukuoka	195,000	–	–	195,000						
ORIX Bank	195,000	–	–	195,000						
SMBC	633,000	–	–	633,000						
Mizuho Bank	508,000	–	–	508,000	0.948 (Note 2)	October 31, 2025	Lump-sum repayment			
MUFG Bank	425,000	–	–	425,000						
Resona Bank	356,000	–	–	356,000						
Shinsei Bank	201,000	–	–	201,000						
Aozora Bank	257,000	–	–	257,000						



	Lender	Balance at period-start (Thousand yen)	Increase during period (Thousand yen)	Decrease during period (Thousand yen)	Balance at period-end (Thousand yen)	Average interest rate (%) (Note 1)	Repayment date	Repayment terms	Use	Collateralized
Long-term loans	SMBC	352,000	–	–	352,000	0.990 (Note 2)	April 30, 2026	Lump-sum repayment	(Note 15)	No (No guarantee)
	Mizuho Trust	1,352,000	–	–	1,352,000					
	Aozora Bank	901,000	–	–	901,000					
	Shinsei Bank	901,000	–	–	901,000					
	Resona Bank	448,000	–	–	448,000					
	SMBC	–	400,000	–	400,000	0.795 (Note 2)	April 30, 2024	Lump-sum repayment		
	Mizuho Bank	–	350,000	–	350,000					
	Shinsei Bank	–	300,000	–	300,000					
	MUFG Bank	–	300,000	–	300,000					
	Bank of Fukuoka	–	225,000	–	225,000					
	The Kagawa Bank	–	200,000	–	200,000					
	Nishi-Nippon City Bank	–	225,000	–	225,000	0.860 (Note 2)	November 11, 2024	Lump-sum repayment		
	SMBC	–	835,000	–	835,000					
	Mizuho Bank	–	491,000	–	491,000					
	Shinsei Bank	–	393,000	–	393,000					
	MUFG Bank	–	393,000	–	393,000					
	Aozora Bank	–	393,000	–	393,000					
	Resona Bank	–	294,000	–	294,000					
	The Kagawa Bank	–	147,000	–	147,000	0.635	February 29, 2024	Lump-sum repayment		
	SMBC	–	500,000	–	500,000					
Mizuho Bank	–	400,000	–	400,000	0.635	February 29, 2024	Lump-sum repayment			
SMBC	–	1,000,000	–	1,000,000	0.962 (Note 2)	April 30, 2026	Lump-sum repayment			
Mizuho Bank	–	400,000	–	400,000	0.712	April 30, 2026	Lump-sum repayment			
Shinsei Bank	–	200,000	–	200,000	0.712	April 30, 2026	Lump-sum repayment			
Subtotal	100,587,585	7,446,000	4,633,329	103,400,256						
Total	100,587,585	7,446,000	4,633,329	103,400,256						

(Note 1) Average Interest Rate indicates a weighted average of interest rates during the period based on the number of days, and it is rounded down to the stated unit.

(Note 2) To avoid interest rate risk, an interest rate swap agreement has been signed separately to fix the interest rates, and the weighted average interest rate during the period after the effect of the interest rate swap is stated.

(Note 3) 5 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 4) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is included in long-term borrowings due within one year.

(Note 5) 3 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 13 million yen.

(Note 6) The remaining balance was repaid on June 15, 2018.

(Note 7) 250 million yen was repaid on April 4, 2018, and 250 million yen was repaid on April 25, 2018.

1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 6 million yen.

(Note 8) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 10 million yen.

(Note 9) 4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 18 million yen.

(Note 10) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 9 million yen.

(Note 11) 0.4 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The entire amount of the balance at period-end is long-term borrowings due within one year.

(Note 12) 1 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

date.

The balance at period-end includes long-term borrowings due within one year of 7 million yen.

(Note 13) 2 million yen is repaid on the final business day every three months, and the remaining balance will be repaid on the last due date.

The balance at period-end includes long-term borrowings due within one year of 11 million yen.

(Note 14) The remaining balance was repaid on October 31, 2018.

(Note 15) The proceeds are used for acquiring real estate and/or beneficiary rights of real estate in trust and repaying loans.

(Note 16) The total amounts of long-term loans to be repaid for each year within five years after the balance sheet date are as follows.

(Thousand yen)

	Due within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years
Long-term borrowings due within one year	14,270,145	–	–	–	–
Long-term borrowings	–	18,493,568	19,941,293	19,292,000	14,223,250
Total	14,270,145	18,493,568	19,941,293	19,292,000	14,223,250