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Issuer

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Earnings Forecast Revision for the April 2023 Fiscal Period

Ichigo Office is revising up its April 2023 fiscal period earnings forecast announced in the June 14, 2022 release “April 2022 Fiscal Period Earnings.”

1. April 2023 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	7,793	3,818	3,038	3,037	2,076
New Forecast (B)	12,150	6,993	6,201	6,200	4,098
Difference (B) - (A)	+4,357	+3,174	+3,163	+3,163	+2,022
% Change	+55.9%	+83.1%	+104.1%	+104.1%	+97.4%

Net Income per Share: JPY 4,097 (1,513,367 shares outstanding at period-end)

Note: The forecasts presented above are based on the preconditions set out below in “Preconditions for the April 2023 Earnings Forecast.” The actual operating revenue, operating profit, recurring profit, net income, and dividend may vary due to changes in circumstances. These forecasts should therefore not be construed as a guarantee of such results. Ichigo Office will revise the forecast should a substantial discrepancy emerge between the forecast and actual operating results.

2. April 2023 Earnings Forecast Revision Rationale

Ichigo Office is revising up its earnings forecast to reflect the impact of the planned December 20, 2022 sale of the Ichigo Ikenohata Building announced in today’s release “Sale of Portfolio Asset (Ichigo Ikenohata Building).” Ichigo Office is selling the asset at a price that is 2.1 times book value and 1.9 times recent appraisal value, and expects to record a gain on sale of JPY 4.39 billion in the April 2023 fiscal period.

There is no change to the October 2022 fiscal period earnings forecast.

Preconditions for the April 2023 Earnings Forecast

Period	<ul style="list-style-type: none"> • April 2023: November 1, 2022 – April 30, 2023 (181 days)
Number of Assets	<ul style="list-style-type: none"> • 86 assets (85 assets after the sale of the Ichigo Ikenohata Building on December 20, 2022)
Number of Shares	<ul style="list-style-type: none"> • 1,513,367 shares issued and outstanding as of the date of this report
Operating Revenue	<ul style="list-style-type: none"> • Rental income is calculated conservatively based on lease contracts that are in effect as of October 31, 2022 while taking into consideration such factors as historical rents, the competitiveness of the properties, and market conditions. • Total occupancy: 96.8% as of April 30, 2023 • Gain on sale of the Ichigo Ikenohata Building: JPY 4,392 million (An estimate calculated as the Sale Price minus Book Value, Brokerage Fees, IIA’s Performance Fee, and other transaction expenses)
Operating Expenses	<ul style="list-style-type: none"> • Depreciation: JPY 914 million. Depreciation has been calculated using the straight-line method and includes the depreciation of forecast future capital expenditures. • Property, city planning, and depreciable asset taxes: JPY 692 million. Prorated property and city planning taxes related to acquisitions are included in acquisition cost. • Building maintenance and repair expenses: JPY 124 million. However, expenses may differ significantly from these estimated amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc. • Service provider expenses, including property management fees: JPY 716 million • Performance fees: JPY 1,479 million. • Rental expenses, Ichigo Office’s principal operating expenses (other than depreciation, see above), are calculated based on historical data adjusted for any anticipated changes. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.
Non-Operating Expenses	<ul style="list-style-type: none"> • Interest expenses on loans and bonds: JPY 472 million • Other borrowing-related expenses: JPY 319 million
Interest-Bearing Liabilities	<ul style="list-style-type: none"> • Loans and bonds: JPY 113,107 million outstanding as of April 30, 2023
Dividend	<ul style="list-style-type: none"> • The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Office’s Articles of Incorporation. • Total dividends for the April 2023 period are forecast to be JPY 6,202 million (unappropriated retained earnings (i.e., Net Income) of JPY 6,200 million plus JPY 105 million of negative goodwill amortization, minus a JPY 103 million provision from gains on sale to the dividend reserve, subject to J-REIT conduit requirements). • The dividend is subject to change due to changes in circumstances such as asset acquisitions and dispositions, tenant turnover, unexpected maintenance and repair costs and other expenses, changes in interest rates, and the issuance of new shares.
Dividend in Excess of Earnings	<ul style="list-style-type: none"> • Ichigo Office does not plan on paying any dividend in excess of earnings.

Other	<ul style="list-style-type: none">• This forecast assumes that there will be no further spread of the Covid pandemic, and therefore does not reflect the potential impact of a more severe or prolonged pandemic.• This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.
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