

[Provisional Translation Only]

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November 29, 2024

Issuer

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Committed Term Loan (First J-REIT Loan to Fund Value-Add Capex)

Ichigo Office today executed an agreement for a committed term loan (JPY 1,000 million) in order to finance the deployment of value-add capex to drive the value of its portfolio focused on mid-sized offices.

1. Loan Details

The committed term loan agreement is intended to enable flexible financing based on certain conditions within the amount that can be borrowed by setting the borrowing period with the lender in advance.

The rationale of the loan is in Section 2 “Reason for Committed Term Loan” below.

Lender	Sumitomo Mitsui Banking Corporation
Available Loan Amount	JPY 1,000 million
Use of Proceeds	Value-add capex (including fees associated with the loan)
Borrowing Period	November 29, 2024 to November 28, 2025
Repayment Date	October 25, 2032
Repayment Method	Loan principal (a fixed amount of the available loan amount) will be repaid in equal installments on the first repayment date (October 25, 2027), followed by every 25 th of January, April, July, and October of the following years (In the event the repayment date is not a business day, the repayment shall be made on the following day). The remaining balance will be repaid in lump sum on the repayment date.
Collateral	The loan is not secured by any collateral nor guaranteed

2. Reason for Committed Term Loan

Ichigo Office continues to execute on its strategy to build a portfolio focused on midsize offices, an asset class that offers both return stability and upside potential, and drives shareholder value via value-add and thorough asset management.

Ichigo Office is targeting long-term total returns of greater than 8%, and believes that growing asset value and NAV per share via the proactive deployment of value-add capex is essential to achieve this target.¹

Although Ichigo Office has historically kept capex below depreciation for each fiscal period, Ichigo Office has decided to proactively deploy value-add capex for select assets to differentiate its mid-size office portfolio while continuing to deploy capex necessary for building maintenance purposes. As a result, total capex (capex for maintenance purposes and value-add capex) has been significantly exceeding depreciation since the April 2024 fiscal period.

After reviewing its financing options for the value-add capex, Ichigo Office issued First Callable Unsecured Investment Corporation Bond (Issue Amount: JPY 350 million) allocated to Ichigo as announced in its November 13, 2023 release “Bond Issuance to Ichigo First Callable Unsecured Investment Corporation Bond (Subordinated and Limited to Qualified Institutional Investors).” Bond proceeds were deployed for value-add capex to select assets such as the Ichigo Sasazuka Building and Ichigo Nakameguro Building.

In view of growing funds for value-add capex, Ichigo Office negotiated with major lenders for financing allowing for flexible value-add capex, and was able to execute the committed term loan in recognition of its track record in value-add capex.

Ichigo Office will make optimal use of the funds from the committed term loan and continue to execute on proactive and flexible value-add capex to maximize shareholder value.

¹ Total Returns: Returns (Re-invested Dividends and Capital Gains) divided by Investment Amount (Share Price)

3. Earnings Impact

The impact of the committed term loan on Ichigo Office’s April 2025 fiscal period earnings is minimal, and there is no change to the April 2025 fiscal period earnings forecast.

4. Other

Risks related to the loans have no material impact on the “Investment Risks” described in the latest Financial Report submitted on July 26, 2024.

Reference: Ongoing Value-Add Capex at Ichigo Shibuya East Building



Details of Value-Add Capex

- Fully-fitted office layout conversions (four floors)
- Common area renovations (bathrooms, pantries, and elevator halls on each floor)
- HVAC Upgrades