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Issuer

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## **Sale of Portfolio Asset (Ichigo Nishi Honmachi Building)**

Ichigo Office decided today to sell the Ichigo Nishi Honmachi Building.

### 1. Asset Sale Summary

Asset Number	O-74
Asset Name	Ichigo Nishi Honmachi Building
Asset Type	Office
Date Built	October 22, 1990
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Date Acquired	May 9, 2016
Buyer <sup>1</sup>	Third-Party Japanese Company
Broker	Third-Party Broker
Sale Price <sup>2</sup> (A)	JPY 4,200 million
Book Value <sup>3</sup> (B)	JPY 2,248 million
Sale Price vs. Book Value <sup>4</sup> (A) – (B)	JPY 1,951 million
Gains on Sale	JPY 1,535 million
Appraisal Value <sup>5</sup>	JPY 2,600 million
Contract Date	March 27, 2025
Closing Date	April 25, 2025

<sup>1</sup> The buyer, a third-party Japanese company, did not provide consent to disclose its name.

<sup>2</sup> Sale Price is the sale price of the asset excluding incidental expenses such as fees and property, city planning, and consumption taxes.

<sup>3</sup> Book Value is an estimate based upon the most recent book value (October 2024 fiscal period-end), adjusted for expected capital expenditures and depreciation through the Closing Date.

<sup>4</sup> The difference between the Sale Price and Book Value is not equal to the gains on sale from today's sale.

<sup>5</sup> Appraisal Value is calculated by Daiwa Real Estate Appraisal as of October 31, 2024, pursuant to the appraisal guidelines stipulated in Ichigo Office's Articles of Incorporation and the rules of the Investment Trusts Association of Japan.

## 2. Sale Rationale

Ichigo Office continues to work to improve the quality of its portfolio and drive earnings by focusing its portfolio on high-quality, mid-size office assets that generate stable cash flow.

The Ichigo Nishi Honmachi Building is an office building located in Nishi-ku, Osaka, and a four-minute walk from Awaza Station on the Osaka Metro Chuo and Sennichimae Lines. Since the building's acquisition in May 2016, occupancy has been stable at over 95% due to the building's convenient location.

After receiving an offer from the buyer for a price that is 1.9 times book value and 1.6 times recent appraisal value and in light of anticipated capital expenditures for renovations and facility upgrades required to drive the building's competitiveness, Ichigo Investment Advisors ("IIA") decided that the sale of this asset would be positive for Ichigo Office shareholders and drive long-term shareholder value due to the gains on sale and shareholder returns.

With this asset sale, Ichigo Office's post-transaction portfolio will be 98.3% office assets.

Ichigo Office will use the proceeds from this asset sale for strategic investments such as asset acquisitions and value-add capex.

### 3. Sale Details

Asset Overview						
Asset Name		Ichigo Nishi Honmachi Building				
Form of Ownership		Trust beneficiary interest in real estate ( <i>juekiken</i> )				
Location		2-2-18 Awaza, Nishi-ku, Osaka				
Trustee		Mizuho Trust & Banking Co., Ltd.				
Period of Trust Contract		July 30, 2015 – July 31, 2025				
Land	Property Right	Freehold				
	Area	1,081.64m <sup>2</sup>				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 800%				
Building	Property Right	Freehold				
	Use	(1) Office (2) Parking (3) Building Manager’s Office				
	Structure	(1) Steel Reinforced Concrete 14F (2) Steel 1F (3) Concrete Block 1F				
	Total Floor Area	(1) 8,403.09m <sup>2</sup> (2) 44.77m <sup>2</sup> (3) 4.48m <sup>2</sup>				
	Date Built	October 22, 1990				
Number of Tenants		30 (as of February 28, 2025)				
Monthly Rental Income		JPY 17.875 million (as of February 28, 2025)				
Tenant Security Deposits		JPY 160.869 million (as of February 28, 2025)				
Leasable Area		6,152.00m <sup>2</sup> (as of February 28, 2025)				
Leased Area		6,152.00m <sup>2</sup> (as of February 28, 2025)				
Occupancy		Apr 2023	Oct 2023	Apr 2024	Oct 2024	Feb 2025
		100%	100%	100%	99.3%	100%
Acquisition Price		JPY 2,190 million				
Appraisal Value	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Appraisal Date	October 31, 2024				
	Appraisal Value	JPY 2,600 million				

Appraisal Details		
Asset Name	Ichigo Nishi Honmachi Building	
Appraisal Value	JPY 2,600,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	October 31, 2024	
	Amount (JPY)	Note
Appraisal Value	2,600,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	2,600,000,000	
Income	217,069,595	
Maximum Obtainable Rental Income	227,033,412	Based on rent levels under current contract, new rent levels and trends of similar assets located in nearby areas, and the asset's long-term competitiveness
Vacancy Loss	9,963,817	Based on a vacancy rate of 4% for office areas and 10% for parking
Expenses	90,213,540	
Administrative and Maintenance Expenses	24,566,100	Based on expenses of similar assets and current contract amounts
Utility Expenses	24,566,124	Utility revenues assuming full occupancy, taking into account historical actual amounts and occupancy
Repair Expenses	4,652,333	Based on the average of the past 12 years of engineering reports
PM Fee	5,040,298	Based on existing contractual fees
Leasing Brokerage Fees	1,482,036	Equivalent to one month rent for a new tenant based on tenant acquisition costs at similar assets
Taxes	28,308,600	Based on FY2024 actual amounts
Insurance Premiums	946,840	Based on current actual amounts
Other Expenses	651,209	0.3% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	126,856,055	
Income on Investment of Deposits Received	1,395,097	Based on a 1.0% investment yield
Capital Expenditure	18,879,250	Based on the average of the past 12 years of engineering reports
Net Profit	109,371,902	
Cap Rate	4.2%	
Value via DCF Method	2,600,000,000	
Discount Rate	4.0%	Based on transactions of similar assets and the yields of financial assets

		Terminal Cap Rate	4.4%	Based upon current NOI adjusted for expected marketability at the end of ownership period
		Value via Cost Approach	3,450,000,000	
		Ratio of Land	85.9%	Based upon the value recorded in the government land assessment ( <i>koujikakaku</i> ) and transactions of similar assets
		Ratio of Building	14.1%	Based on current replacement costs and depreciation due to building age from engineering reports
Notes				
None				

#### 4. Buyer Profile

Name	The buyer, a Japanese operating company, did not provide consent to disclose its name
Relationship to Ichigo Office and IIA	The buyer does not have any material capital, personnel, or transactional relationship with Ichigo Office or IIA. In addition, the buyer is not a related party as defined in the Act on Trusts and Investment Corporations or the internal rules of IIA.

#### 5. Settlement Method

Ichigo Office will receive a deposit of JPY 210 million on the contract date and will receive the remainder on the closing date.

#### 6. Use of Proceeds

Ichigo Office will retain c. JPY 101 million of the JPY 1,535 million of gains on sale as retained earnings without incurring a tax burden, and distribute the remaining amounts as dividends to shareholders for the April 2025 fiscal period. Gains on sale is calculated by subtracting book value, brokerage fee, IIA's gains on sale performance fee, and other asset sale-related expenses from each building's sale price. Ichigo Office will deploy the remainder of the sales proceeds towards strategic investments such as asset acquisitions and value-add renovations to maximize shareholder value.

#### 7. Earnings Impact

Today's sale has been factored into Ichigo Office's April 2025 fiscal period earnings forecast announced in today's release, "Upwards Earnings Forecast Revision for the April 2025 Fiscal Period." There is no change to the October 2025 fiscal period earnings forecast.

## (Reference) Post-Sale Portfolio

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	1.5
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.2
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	0.9
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	0.7
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.5
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.7
O-09	Ichigo Shibakoen Building	Central Tokyo	1,100	0.5
O-10	Ichigo Ebisu Nishi Building	Central Tokyo	1,917	0.9
O-11	Ichigo Ginza 612 Building	Central Tokyo	1,773	0.8
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.5
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	0.8
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.5
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	2.3
O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	1,816	0.8
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	1,460	0.7
O-23	Ichigo Nakano North Building	Tokyo Metro Area	764	0.3
O-24	Ichigo Eitai Building	Tokyo Metro Area	1,490	0.7
O-26	Ichigo Ikejiri Building	Tokyo Metro Area	2,030	0.9
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	639	0.3
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.3
O-29	Ichigo Kichijoji Building	Tokyo Metro Area	2,160	1.0
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.1
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	3.1
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,645	0.7
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.5
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.4
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.0
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	2.5
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	0.9
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.0
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	0.9
O-51	Ichigo Ebisu Green Glass	Central Tokyo	5,900	2.7
O-52	Ichigo Omori Building	Central Tokyo	3,850	1.8
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.7
O-54	Ichigo Omiya Building	Tokyo Metro Area	3,430	1.6

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-55	Ichigo Sagamihara Building	Tokyo Metro Area	1,174	0.5
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	0.8
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.7
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	3.3
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	1.7
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	1.8
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.2
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.1
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.1
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.1
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.5
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	1.7
O-68	Axior Mita	Central Tokyo	1,800	0.8
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	4,570	2.1
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	0.8
O-71	Ichigo Kawasaki Building	Tokyo Metro Area	1,750	0.8
O-72	Ichigo Shibuya East Building	Central Tokyo	1,350	0.6
O-73	Ichigo Ningyocho Building	Central Tokyo	1,450	0.7
O-75	Ichigo Hakata Building	Four Major Regional Cities	1,380	0.6
O-76	Ichigo Nishiki First Building	Four Major Regional Cities	2,000	0.9
O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	3,010	1.4
O-79	Ichigo Motoazabu Building	Central Tokyo	1,890	0.9
O-80	Ichigo Otsuka Building	Tokyo Metro Area	2,740	1.2
O-81	Ichigo Nagoya Building	Four Major Regional Cities	3,420	1.6
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.1
O-83	Ichigo Nishiki Building	Four Major Regional Cities	1,330	0.6
O-84	Ichigo Minami Morimachi Building	Four Major Regional Cities	1,040	0.5
O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	3,500	1.6
O-86	Win Gotanda Building	Central Tokyo	3,100	1.4
O-87	Ichigo Hongo Building	Tokyo Metro Area	2,300	1.0
O-88	Oimachi Center Building	Central Tokyo	1,680	0.8
O-89	Win Gotanda Building 2	Central Tokyo	3,300	1.5
O-90	MIF Building	Central Tokyo	2,200	1.0
O-91	Ichigo Uchi Honmachi Building	Four Major Regional Cities	1,900	0.9
O-92	Ichigo Minami Otsuka Building	Tokyo Metro Area	2,780	1.3



No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-93	Ichigo Nogizaka Building	Central Tokyo	3,315	1.5
O-94	Ichigo Hakata East Building	Four Major Regional Cities	2,250	1.0
O-95	Ichigo Nakameguro Building	Tokyo Metro Area	1,495	0.7
O-96	Ichigo Tachikawa Building	Tokyo Metro Area	3,830	1.7
O-97	Ichigo Higashi Ikebukuro 3 Chome Building	Tokyo Metro Area	3,840	1.7
O-98	Ichigo Marunouchi South Building	Four Major Regional Cities	1,750	0.8
O-99	Ichigo Hakataeki Higashi Building	Four Major Regional Cities	3,500	1.6
O-100	Fukuoka Kensetsu Kaikan	Four Major Regional Cities	2,750	1.3
O-101	Ichigo Kinshicho South Building	Tokyo Metro Area	1,875	0.9
O-102	Ichigo Akihabara East Building	Central Tokyo	3,240	1.5
O-103	Ichigo Hakata Meiji Dori Building	Four Major Regional Cities	3,080	1.4
O-104	Ichigo Hakata Gion Building	Four Major Regional Cities	1,700	0.8
O-105	Ichigo Tenjin North Building	Four Major Regional Cities	1,550	0.7
O-106	Ichigo Gotanda West Building	Central Tokyo	3,950	1.8
O-107	Ichigo Otemachi North Building	Central Tokyo	1,946	0.9
Subtotal - Office (85 Assets)			215,951	98.3
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.1
Z-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.6
Subtotal - Other (2 Assets)			3,800	1.7
Total (87 Assets)			219,751	100

<sup>1</sup> Central Tokyo refers to Chiyoda, Minato, Chuo, Shinjuku, Shibuya, and Shinagawa Wards. Tokyo Metro Area refers to Tokyo (excluding the six wards above), Kanagawa, Chiba, and Saitama Prefectures. Four Major Regional Cities refers to Osaka, Nagoya, Fukuoka, and Sapporo.

<sup>2</sup> % of Portfolio is based upon acquisition price.