

[Provisional Translation Only]

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Issuer

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Acquisition of TK Equity Interest in Unizo Tachikawa Building

Ichigo Office decided today to acquire a TK (*tokumei kumiai*) equity interest in the Unizo Tachikawa Building in Tokyo.

1. Acquisition Summary

Legal Form of Asset	TK equity interest in trust beneficiary interest in real estate (<i>juekiken</i>)
Asset Name	Tachikawa Holdings GK TK equity interest ¹
Underlying Real Estate	Unizo Tachikawa Building
Investment Amount	JPY 50,000,000 (plus ancillary acquisition costs) to acquire 4.35% ownership
Contract Date	May 15, 2019
Closing Date	May 16, 2019
Financing Method	Cash-on-hand
Settlement Method	Lump-sum payment

¹ Tachikawa Holdings GK is the TK Operator. For details, please refer to the TK Operator Profile under Section 3 “Asset Summary.”

2. Acquisition Rationale

As a specialized office REIT, Ichigo Office continues to execute on its strategy to grow shareholder value by focusing its portfolio on high-quality office assets. Consistent with this strategy to drive durable growth, Ichigo Office is acquiring via the equity interest a stake in the Unizo Tachikawa Building, a high-quality, mid-size Tokyo office asset with upside potential.

In addition to the equity interest, Ichigo Office has acquired a preferential negotiation right to increase its investment in the Unizo Tachikawa Building. (N.B. The preferential negotiation right gives Ichigo Office the option, not the obligation, to increase its

investment.) The equity interest is forecast to yield 5.8% and expected to generate stable rental income and drive further dividend increases for Ichigo Office shareholders.¹

Please refer to Section 6 “Details of the Unizo Tachikawa Building” for additional asset details.

¹ The equity interest forecast yield is based on an NOI forecast by Daiwa Real Estate Appraisal Co., Ltd. as of April 1, 2019, minus administrative, management, and borrowing expenses as calculated by Ichigo Investment Advisors (IIA), multiplied by Ichigo Office’s ownership in the TK equity (4.35%), and divided by the acquisition price.

3. Asset Summary

A. TK Overview

TK Operator	Tachikawa Holdings GK						
TK Agreement Period	Through May 31, 2021 (expected)						
Total TK Investment Amount	JPY 1,150 million						
TK Agreement Details	<table border="1"> <thead> <tr> <th colspan="2">Tachikawa Holdings GK</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Trust beneficiary interest in real estate (<i>juekiken</i>) JPY 4,040 million¹</td> <td>Non-recourse loan (senior) JPY 2,290 million²</td> </tr> <tr> <td>Non-recourse loan (mezzanine) JPY 600 million³</td> </tr> <tr> <td>TK equity interest JPY 1,150 million⁴</td> </tr> </tbody> </table> <p>¹ The amount includes acquisition costs, TK organization costs, and reserves. The appraisal value calculated by Daiwa Real Estate Appraisal Co., Ltd. as of April 1, 2019 is JPY 3,930 million.</p> <p>² Non-recourse loan (senior) from SMBC (expected)</p> <p>³ Non-recourse loan (mezzanine) from Sumitomo Mitsui Finance and Leasing Co., Ltd. (expected)</p> <p>⁴ Ichigo Office will invest JPY 50 million (4.35%) in the TK equity interest. Other expected TK equity holders include domestic companies and financial institutions that do not have any material capital, personnel, or transactional relationship with Ichigo Office or IIA. In addition, the TK equity holders are not interested parties as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the asset management company.</p> <p>(Note 1) SMBC Trust Bank Ltd. is expected to become the asset manager of the TK Operator, and is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of IIA.</p>	Tachikawa Holdings GK		Trust beneficiary interest in real estate (<i>juekiken</i>) JPY 4,040 million ¹	Non-recourse loan (senior) JPY 2,290 million ²	Non-recourse loan (mezzanine) JPY 600 million ³	TK equity interest JPY 1,150 million ⁴
Tachikawa Holdings GK							
Trust beneficiary interest in real estate (<i>juekiken</i>) JPY 4,040 million ¹	Non-recourse loan (senior) JPY 2,290 million ²						
	Non-recourse loan (mezzanine) JPY 600 million ³						
	TK equity interest JPY 1,150 million ⁴						

	<p>(Note 2) SMBC Nikko Securities Inc. is expected to become the private placement agent of the TK equity interest.</p> <p>Calculation Period: Quarterly (March-May; June-August; September-November; December-February). However, the first calculation period runs from the acquisition date of the TK equity interests until end of May 2019.</p> <p>Repayment of Capital: The TK Operator will repay each equity holder the invested amount at the end of the TK agreement period. If losses are generated in a calculation period (including losses on sales), equity holders shall be distributed pro rata the losses according to their investment ratios in each calculation period within the amount of losses. In the case where the cumulative loss exceeds the total equity contribution, the loss is limited to the equity contribution. The remainder of the losses will be borne by the TK Operator.</p>	
<p>Preferential Negotiation Right</p>	<p>Description</p>	<p>Preferential negotiation right for acquisition of the trust beneficiary interest or underlying real estate</p>
	<p>Exercise Period of Preferential Negotiation Right</p>	<p>From May 17, 2019 to May 16, 2021</p>
	<p>Conditions of Preferential Negotiation Right</p>	<p>If Ichigo Office offers to acquire the trust beneficiary interest at a price equivalent to or above the Acquisition Price, the TK Operator shall be obligated to sell to Ichigo Office unless the price offered by Ichigo Office is not rational for the TK Operator relative to its expected IRR.</p> <p>Acquisition Price: JPY 3,830 million (excluding tax)</p>

B. TK Operator Profile

Name	Tachikawa Holdings GK
Address	2-7-1 Nihonbashi, Chuo-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin Tachikawa Holdings Manager: Shogo Kikuchi
Business	1. Investment in trust beneficiary interests in real estate (<i>juekiken</i>) 2. Acquisition, development, holding, disposition, leasing, and management of real estate 3. Other businesses relating to the aforementioned businesses
Paid-In Capital	JPY 100,000
TK Equity Holders	Undisclosed ¹
Establishment Date	April 18, 2019
Total Assets	JPY 4,040 million (expected)
Net Assets	JPY 100,000
Relationship to Ichigo Office or Asset Management Company	The TK Operator does not have any material capital, personnel, or transactional relationship with Ichigo Office or IIA. The TK Operator is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the asset management company.

¹ The other TK equity holders did not provide consent to disclose their names.

4. Acquisition Schedule

Contract Date	May 15, 2019
Acquisition Date	May 16, 2019 (expected)
Settlement Date	May 17, 2019 (expected)

5. Earnings Outlook

The impact of this acquisition on Ichigo Office's October 2019 fiscal period earnings announced on December 14, 2018 is minimal, and therefore the forecast is unchanged.

6. Details of the Unizo Tachikawa Building

(1) Location

The Unizo Tachikawa Building is located in the Tachikawa area of Tokyo, which has rapidly developed as a business and retail center in suburban Tokyo.

The building is located near Tachikawa Station on the JR Chuo Line, allowing easy access to central Tokyo via major stations such as Shinjuku and Tokyo.

The northern side of Tachikawa Station, where the building is located, is a commercial district with many large-size office buildings that is in high demand as a location for branch offices and sale offices of companies doing business in the area.

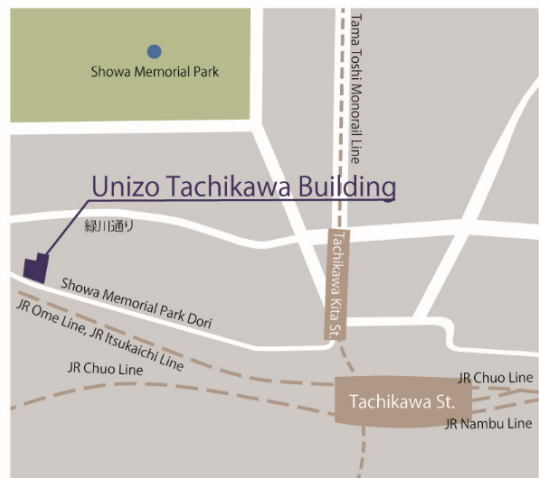
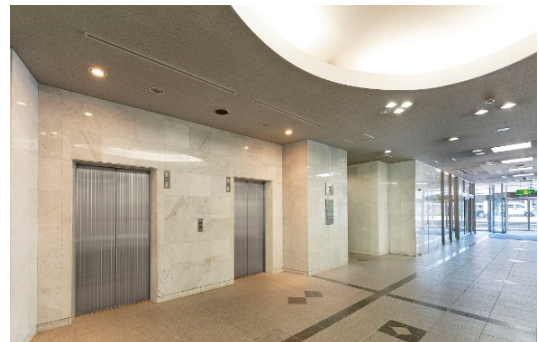
(2) Features

The Unizo Tachikawa Building is a mid-size office building located within an eight-minute walk from Tachikawa Station on the JR Chuo Line and a seven-minute walk from Tachikawa Kita Station on the Tama Toshi Monorail Line.

Each floor is sub-divisible with a standard floor plate of 145 tsubo (c. 480m²). The building has OA sub-floors and individual air conditioning units, and there are two elevators and 58 parking spaces. These features meet the requirements of tenants in the area.

The building is currently occupied by an IT company, an insurance company, a real estate management company, and the call center of a TSE-listed company.

(3) Building and Location



Asset Overview					
Asset Name		Unizo Tachikawa Building			
Form of Ownership		Trust beneficiary interest in real estate (<i>juekiken</i>)			
Trustee		Mizuho Trust & Banking Co., Ltd.			
Period of Trust Contract		February 22, 2006 – March 31, 2025			
Location		1-21-1 Akebonocho, Tachikawa, Tokyo			
Land	Property Right	Freehold			
	Area	1,784.89m ²			
	Zoning	(1) Retail (2) Neighborhood Commercial			
	Coverage Ratio Floor Area Ratio	(1) 80% (2) 80% (1) 500% (2) 300%			
Building	Property Right	Freehold			
	Use	Office, retail, parking, storage			
	Structure	Steel Reinforced Concrete, Reinforced Concrete B3/7F			
	Total Floor Area	7,642.37m ²			
	Date Built	December 14, 1992			
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.			
Appraisal Value		JPY 3,930 million			
Appraisal Date		April 1, 2019			
Value by Direct Capitalization Method		JPY 4,060 million			
Architect ¹		Kimura Architects & Associates			
Builder ¹		Joint Venture of Taisei Corporation and Penta-Ocean Construction			
Structural Designer ¹		Kimura Architects & Associates			
Inspection Agency ¹		Tachikawa Municipal Government			
PML (Assessor)		5.00% (Sompo Risk Management & Health Care Inc.)			
Collateral		A right of pledge is expected to be established for the trust beneficiary interest, with the lender of the non-recourse loan to the TK operator as the pledgee. Also, an agreement is expected to be signed to assign the lender as the mortgagee for the underlying real estate.			
Tenant & Lease Overview (as of April 30, 2019)					
Number of Tenants		15			
Monthly Rental Income		JPY 16.635 million			
Tenant Security Deposits		JPY 109.412 million			
Leasable Area ²		4,879.78m ²			
Leased Area ²		4,879.78m ²			
Occupancy	Apr 2017	Oct 2017	Apr 2018	Oct 2018	Apr 2019
	100%	100%	100%	100%	100%
Property Management Company		Dai-ichi Building Co., Ltd. (expected)			
Master Lease Company		Tachikawa Holdings GK (expected)			
Master Lease Type		Pass-through (expected)			

Special Items

1. Pursuant to Article 42, Paragraph 2 of the Building Standards Act, 11.47m² of land at the northwest side of the property is designated as a road.
2. A report by Earth-Appraisal Co., Ltd. indicates that although asbestos was detected in the paint coating used for the outdoor staircase, there is no risk of the asbestos becoming airborne during normal use given that there are no significant damages and the coating is in good condition.
3. A tenant lease (leased area: 149.51m²) was terminated on April 30, 2019, and occupancy after the termination is 96.9%.

¹ The names of the architect, builder, structural designer, and inspection agency are those as of when the building was built.

Appraisal Details		
Asset Name	Unizo Tachikawa Building	
Appraisal Value	JPY 3,930,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	April 1, 2019	
	Amount (JPY)	Note
Appraisal Value	3,930,000,000	Based on a DCF valuation, and verified using a direct capitalization valuation
Value by Direct Capitalization Method	4,060,000,000	
Income	254,661,243	
Maximum Obtainable Rental Income	266,527,128	Based on an analysis of potential rental income, common area service income, parking lot income, and other income
Vacancy Loss	11,865,885	Based on long-term vacancy rates
Expenses	66,154,332	
Administrative and Maintenance Expenses	14,170,800	Based on actual amounts
Utility Expenses	21,256,272	Based on actual amounts
Repair Expenses	3,854,800	Based on engineering reports
PM Fee	3,953,430	Based on a new fee quote from the property management company
Leasing Brokerage Fees	1,361,123	Based on tenant acquisition costs for similar assets
Taxes	20,506,000	Based on FY2018 actual amounts
Insurance Premiums	520,500	Based on a quote from an insurance company
Other Expenses	531,407	Based on past actual amounts
Net Operating Income (NOI)	188,506,911	
Income on Investment of Deposits Received	1,204,522	Based on a 1.0% investment yield
Capital Expenditure	15,092,100	Based on engineering reports
Net Profit	174,619,333	
Cap Rate	4.3%	Based on transactions of similar assets and a comprehensive assessment of the asset's location, its specific characteristics, and market trends
Value via DCF Method	3,880,000,000	
Discount Rate	4.1%	Based on transactions of similar assets and the current yield of financial assets, taking into consideration the asset's specific characteristics
Terminal Cap Rate	4.5%	Based upon risk-adjusted NOI

Value via Cost Approach	3,360,000,000	
Land	70.4%	
Building	29.6%	
Notes		
None		

7. Seller Profile

Name	The seller, a domestic unrelated to Ichigo Office, did not provide consent to disclose its name.
Relationship with Ichigo Office or IIA	The seller does not have any material capital, personnel, or transactional relationship with Ichigo Office or IIA. In addition, the seller is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of the Asset Management Company.

8. Broker Profile

N/A

Portfolio Reference Information

Post-Acquisition Portfolio

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-02	Ichigo Nishisando Building	Central Tokyo	3,254	1.6
O-03	Ichigo Mita Building	Central Tokyo	2,740	1.3
O-04	Ichigo Nanpeidai Building	Central Tokyo	1,920	0.9
O-05	Ichigo Hanzomon Building	Central Tokyo	1,550	0.8
O-06	Ichigo Hijirizaka Building	Central Tokyo	1,200	0.6
O-07	Ichigo Shibuya Kamiyamacho Building	Central Tokyo	1,505	0.7
O-08	Ichigo Akasaka 5 Chome Building	Central Tokyo	735	0.4
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	0.9
O-12	Ichigo Uchikanda Building	Central Tokyo	1,140	0.6
O-14	Ichigo Yotsuya 4 Chome Building	Central Tokyo	550	0.3
O-15	Ichigo Tameike Building	Central Tokyo	580	0.3
O-16	Ichigo Jimbocho Building	Central Tokyo	1,820	0.9
O-17	Ichigo Hakozaki Building	Central Tokyo	1,150	0.6
O-18	Ichigo Kudan 2 Chome Building	Central Tokyo	763	0.4
O-19	Ichigo Kudan 3 Chome Building	Central Tokyo	844	0.4
O-20	Ichigo Gotanda Building	Central Tokyo	5,060	2.5
O-21	Ichigo Shin Yokohama Building	Tokyo Metro Area	1,816	0.9
O-22	Ichigo Minami Ikebukuro Building	Tokyo Metro Area	1,460	0.7
O-23	Ichigo Nakano North Building	Tokyo Metro Area	764	0.4
O-24	Ichigo Eitai Building	Tokyo Metro Area	1,490	0.7
O-26	Ichigo Ikejiri Building	Tokyo Metro Area	2,030	1.0
O-27	Ichigo Nishi Ikebukuro Building	Tokyo Metro Area	639	0.3
O-28	Ichigo Nishi Gotanda Building	Central Tokyo	765	0.4
O-29	Ichigo Kichijoji Building	Tokyo Metro Area	2,160	1.1
O-34	Ichigo Sakae Building	Four Major Regional Cities	4,705	2.3
O-37	Ichigo Marunouchi Building	Four Major Regional Cities	6,710	3.3
O-38	Ichigo Toyamaeki Nishi Building	Other Regional Cities	1,645	0.8
O-39	Ichigo Mirai Shinkin Building	Other Regional Cities	1,158	0.6
O-42	Ichigo Takamatsu Building	Other Regional Cities	3,010	1.5
O-46	Ichigo Kanda Nishikicho Building	Central Tokyo	2,130	1.0
O-47	Ichigo Akihabara North Building	Central Tokyo	5,500	2.7

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	1.0
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.1
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	0.9
O-51	Ebisu Green Glass	Central Tokyo	5,900	2.9
O-52	Ichigo Omori Building	Central Tokyo	3,850	1.9
O-53	Ichigo Takadanobaba Building	Central Tokyo	1,580	0.8
O-54	Ichigo Omiya Building	Tokyo Metro Area	3,430	1.7
O-55	Ichigo Sagamihara Building	Tokyo Metro Area	1,174	0.6
O-56	Ichigo Ofuna Building	Tokyo Metro Area	2,000	1.0
O-57	Ichigo Sendai East Building	Other Regional Cities	1,840	0.9
O-58	Ichigo Kumamoto Building	Other Regional Cities	1,450	0.7
O-59	Ichigo Jingumae Building	Central Tokyo	7,200	3.5
O-60	Ichigo Shibuya Dogenzaka Building	Central Tokyo	3,650	1.8
O-61	Ichigo Hiroo Building	Central Tokyo	3,960	2.0
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.4
O-63	Ichigo Nihonbashi East Building	Central Tokyo	4,700	2.3
O-64	Ichigo Sakurabashi Building	Central Tokyo	2,500	1.2
O-65	Ichigo Shinkawa Building	Central Tokyo	2,360	1.2
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.6
O-67	Ichigo Higashi Gotanda Building	Central Tokyo	3,660	1.8
O-68	Axior Mita	Central Tokyo	1,800	0.9
O-69	Ichigo Higashi Ikebukuro Building	Tokyo Metro Area	4,570	2.3
O-70	Koriyama Big-i (Office Section)	Other Regional Cities	1,660	0.8
O-71	Ichigo Kawasaki Building	Tokyo Metro Area	1,750	0.9
O-72	Ichigo Shibuya East Building	Central Tokyo	1,350	0.7
O-73	Ichigo Ningyocho Building	Central Tokyo	1,450	0.7
O-74	Ichigo Nishi Honmachi Building	Four Major Regional Cities	2,190	1.1
O-75	Ichigo Hakata Building	Four Major Regional Cities	1,380	0.7
O-76	Ichigo Nishiki First Building	Four Major Regional Cities	2,000	1.0
O-77	Ichigo Ikenohata Building	Tokyo Metro Area	5,130	2.5
O-78	Ichigo Ikebukuro East Building	Tokyo Metro Area	3,010	1.5
O-79	Ichigo Motoazabu Building	Central Tokyo	1,890	0.9
O-80	Ichigo Otsuka Building	Tokyo Metro Area	2,740	1.3
O-81	Ichigo Nagoya Building	Four Major Regional Cities	3,420	1.7

No.	Asset Name	Area ¹	Acquisition Price ² (JPY million)	% of Portfolio ³
O-82	Ichigo Fushimi Building	Four Major Regional Cities	2,340	1.2
O-83	Ichigo Nishiki Building	Four Major Regional Cities	1,330	0.7
O-84	Ichigo Minami Morimachi Building	Four Major Regional Cities	1,040	0.5
O-85	Ichigo Shibuya Udagawacho Building	Central Tokyo	3,500	1.7
O-86	Win Gotanda Building	Central Tokyo	3,100	1.5
O-87	Ichigo Hongo Building	Tokyo Metro Area	2,300	1.1
O-88	Oimachi Center Building	Central Tokyo	1,680	0.8
O-89	Win Gotanda Building 2	Central Tokyo	3,300	1.6
O-90	MIF Building	Central Tokyo	2,200	1.1
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	1.4
O-93	Ichigo Nogizaka Building	Central Tokyo	3,315	1.6
Subtotal - Office (79 Assets)			191,987	94.6
Z-02	Ichigo Fiesta Shibuya Building	Central Tokyo	1,970	1.0
Z-09	Konami Sports Club Izumi Fuchu	Other Regional Cities	1,210	0.6
Z-10	Ichigo Shibuya Bunkamura Dori Building	Central Tokyo	2,400	1.2
Z-11	Twicere Yokohama Isogo (Retail Section)	Tokyo Metro Area	1,620	0.8
Z-12	Lions Square Kawaguchi	Tokyo Metro Area	2,430	1.2
Z-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.7
Subtotal - Other (6 Assets)			11,030	5.4
Total (85 Assets)			203,017	100.0

TK Equity Investment	Tachikawa Holdings GK TK Equity Interest	50	—
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¹ 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.

² Acquisition Price excludes incidental expenses such as consumption taxes and other fees.

³ % of Portfolio is based upon acquisition price.