



Strategic Portfolio Restructuring

April 26, 2017

Ichigo Office REIT Investment Corporation (8975) Ichigo Investment Advisors Co., Ltd.

Ichigo Preserves and Improves Real Estate



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Ichigo Office REIT Growth Strategy Roadmap

Stage I / II / III		Stage V		Stage VI				
N	lulti-Ass	et REI	Т		Special	ized Office REIT		
2011	2011/10 20			2	2015/10 2016/4	2016	6/10 2017/4	2017/10
						Grow Office	e Portfolio	
				Goals	Lay Foundation for Sus Dividend Growtl	tainable	Stable Dividend Growth	
				Dividend per Share		JPY 1	,904	 JPY 2,000
				Total Assets	JPY 165.6B (October 31, 2015)	JPY 19	91.0B	
			(0)	Credit Rating	A- (Stable)	A- (Sta	able)	A (Stable
Foundation for Growth 到到期	Accretive Growth Cycle	Enhance Profitability	Strengthen Forward Growth Capabilities	Action Plan	 Organic Growth Strategy Achieve continuous NOI growth Ichigo Office brand Raise rents, especially in Centra supply-demand balance is tight Increase rental-related income Support branding and sense of assets, e.g., prominent Ichigo side Maintain highest standard of quate tenants via Ichigo Property Man Target: Increase rents by >2. External Growth Strategy Increase portfolio size and scale portfolio restructuring Consider acquiring the 13 assets acquisition rights Sell assets with limited potential Financing Strategy Improve credit rating & borrowit Improve borrowing terms (cost/te Acquire bank commitment line Deploy negative goodwill to increate Prepare to enter global REIT ind 	al Tokyo where Ichigo quality at gnage ality in servicing agement Standard 0% p.a. e and be smart in s with preferential ng terms able) enor/diversity) ease dividends	 Organic Growth Strategy Drive growth with strong Ichigo Office 1 100 asset portfolio Increase competitiveness of Ichigo asset strong Ichigo brand Develop original services for Ichigo tena Drive higher rents within and outside of Maximum return on capex External Growth Strategy Aim for asset size of JPY 230B Broaden acquisition pipeline via diversif sourcing Use Ichigo sponsor support and diversif funding capability to close quickly under Financing Strategy Improve credit rating and diversify fun Achieve an A (Stable) credit rating Consider issuance of REIT bonds and the lender base Use financial strength and commitment grow acquisition capacity Further improve borrowing terms Enter global REIT indices 	ets via ants Tokyo ied r deadline ding proadening

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Increase Portfolio Stability & Quality

- ✓ Acquire three Tokyo office assets and sell four Tokyo non-office assets (three serviced apartments, one retail asset), increasing portfolio's office weighting and decreasing earnings volatility
- ✓ Sell assets with seasonal earnings volatility and expected high maintenance and repair costs that could negatively impact future earnings

Increase Base EPS and DPS

- ✓ Increase annual NOI by JPY 129 million
- ✓ Result: Forecast October 2017 Base EPS +5.9% (+JPY 98) vs. April 2017

Lower Interest Rate Costs and Lock-In Low Rates Long-Term

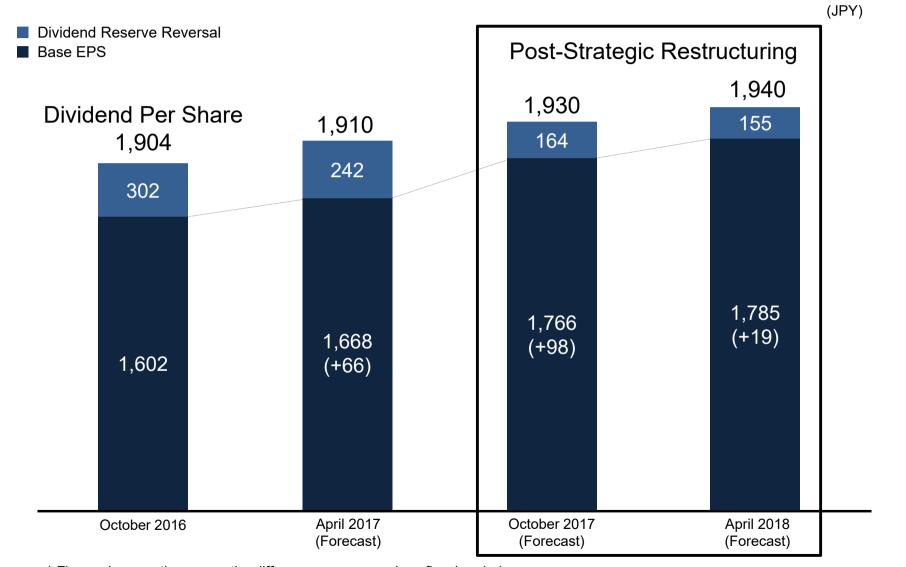
 Repay existing high-interest rate loans using proceeds from the asset sales and finance acquisitions with new low-cost, long-term loans



	Asset Sale (A)	Asset Acquisition (B)	Difference (B)-(A)
Number of Assets	4	3	-1
Acquisition Price	JPY 4.64B	JPY 7.08B	+JPY 2.43B
Office %	0%	100%	100%
Annual NOI	JPY 226M	JPY 355M	+JPY 129M
NOI Yield	4.9%	5.0%	+0.1%
Post-Depreciation NOI Yield	4.1%	4.7%	+0.6%
Occupancy	92.4%	93.3%	+0.9%
Number of Tenants	9	25	+16



* Please see page 11 for the basis of calculation



* Figures in parentheses are the difference versus previous fiscal period

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Acquisition: Win Gotanda Building (O-86)

Asset Overview

Acquisition Price	JPY 3.10B
Appraisal Value	JPY 3.26B
NOI Yield	5.0%
Asset Type	Office
Location	1 Chome, Nishi Gotanda, Shinagawa-ku, Tokyo
Leasable Area	3,689.88m ²
Structure	SRC B1F/9F
Date Built	October 1989
Occupancy	100.0%

Location and Features

- A mid-size office building located within a 3-minute walk from Gotanda Station on the JR Yamanote Line, the Toei Subway Asakusa Line, and the Tokyu Ikegami Line.
- Each floor has a standard floor plate of 149 tsubo (492m²) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- The basement floor is occupied by a restaurant tenant and the upper floors are occupied by office tenants, including telecommunications companies.





Acquisition: Ichigo Hongo Building (O-87)

Asset Overview

Acquisition Price	JPY 2.30B
Appraisal Value	JPY 2.37B
NOI Yield	4.9%
Asset Type	Office
Location	5 Chome, Hongo, Bunkyo-ku, Tokyo
Leasable Area	2,722.58m ²
Structure	SRC/RC B1F/6F
Date Built	April 1992
Occupancy	100.0%

Location and Features

- A mid-size office building located within a 3-minute walk from Kasuga Station on the Toei Mita and Oedo Lines, and a 6-minute walk from Korakuen Station on the Marunouchi and Namboku Lines.
- Each floor has a standard floor plate of 160 tsubo (528m²) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- A small supermarket occupies the first floor and the upper floors are occupied by office tenants such as a construction material manufacturer, a construction company, a plate manufacturer, and a publisher.





Acquisition: Oimachi Center Building (O-88)

Asset Overview

Acquisition Price	JPY 1.68B
Appraisal Value	JPY 1.75B
NOI Yield	5.2%
Asset Type	Office
Location	1 Chome, Oi, Shinagawa-ku, Tokyo
Leasable Area	2,748.73m ²
Structure	SRC B1F/7F
Date Built	December 1987
Occupancy	77.8%

Location and Features

- A mid-size office building located within a 3-minute walk from Oimachi Station on the JR Keihin Tohoku Line and a 4-minute walk from Oimachi Station on the Tokyu Oimachi Line and Rinkai Line.
- Each floor has a standard floor plate of 180 tsubo (594m²) and is equipped with individual air conditioning systems and raised access floors, therefore catering to the demands of diverse tenants.
- The upper office floors are occupied by tenants such as a facilities construction company, a real estate management company, and a stationary manufacturer.





Portfolio outcomes on page 6 are based on the following calculations:

Asset Sale Annual NOI = Actual annualized NOI (October 2016 fiscal period)

Asset Sale NOI Yield = Annual NOI divided by the acquisition price of the asset

Asset Sale Post-Depreciation NOI Yield = Annual NOI* minus annual depreciation* divided by the acquisition price

*October 2016 fiscal period annualized

Asset Acquisition Annual NOI = IIA's forecast annualized NOI

Asset Acquisition NOI Yield = Annual NOI divided by acquisition price

Asset Acquisition Post-Depreciation NOI Yield = Annual NOI minus annual depreciation** divided by acquisition price

** IIA's forecast calculated using the straight-line method

Occupancy and Number of Tenants for assets sold as of March 31, 2017

Occupancy and Number of Tenants for assets acquired as of February 28, 2017



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