

*[Provisional Translation Only]*

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November 24, 2022

Issuer

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**Acquisition of Office Asset (Ichigo Marunouchi South Building)**

Ichigo Office decided today to acquire an office asset, the Ichigo Marunouchi South Building.

1. Asset Acquisition Summary

Asset Number	O-98
Asset Name <sup>1</sup>	Ichigo Marunouchi South Building
Asset Type	Office
Date Built	January 19, 1988
Legal Form of Asset	Trust beneficiary interest in real estate ( <i>juekiken</i> )
Appraisal Value <sup>2</sup>	JPY 1,850 million
Acquisition Price <sup>3</sup>	JPY 1,750 million
Seller <sup>4</sup>	A Third-Party Japanese Company
Broker	A Third-Party Broker
Contract Date	November 24, 2022
Closing Date	November 30, 2022 (expected)
Financing Method	Cash-on-hand (expected)
Settlement Method	Lump-sum payment

<sup>1</sup> Ichigo Office will change the building name from the ISM Nagoya Marunouchi Building to the Ichigo Marunouchi South Building. For purposes of this release, the building is referred to as the Ichigo Marunouchi South Building.

<sup>2</sup> Appraisal Value is calculated by Tanizawa Sogo Appraisal as of November 1, 2022, and is in compliance with the appraisal guidelines of Ichigo Investment Advisors (“IIA”) as well as the rules of the Investment Trusts Association of Japan.

<sup>3</sup> Acquisition Price excludes incidental expenses such as fees and property, city planning, and consumption taxes.

<sup>4</sup> The seller, a third-party Japanese company, did not provide consent to disclose its name.

## 2. Acquisition Rationale

As a specialized office REIT with stable earnings and a diversified portfolio, Ichigo Office continues to execute on its strategy to grow shareholder value by focusing its portfolio on high-quality, mid-size office assets.

The Ichigo Marunouchi South Building is located in the Nagoya Marunouchi area, a prominent business and financial district near several government buildings including the Aichi Prefectural Office and the Nagoya City Hall. The area is also home to the Bank of Japan's Nagoya Branch and numerous large companies, SMEs, and professional service providers such as law firms, accounting firms, and tax accountants. The area has recently been undergoing rapid redevelopment at a scale second to that occurring around the Nagoya Station area. In addition to conducting value-add capex on the building, Ichigo Office can draw upon its operational know-how from owning six other assets in Nagoya City to drive stable earnings.

The existing tenants of the Ichigo Marunouchi South Building satisfy the tenant standard stated in the “Financial Report (*Yuka Shoken Hokokusho*)” (Japanese only) disclosed on July 28, 2022.

Please refer to Section 3 “Details of the Ichigo Marunouchi South Building” immediately below for additional details on the asset's features and characteristics that underpinned the acquisition decision, and the locations of the six Ichigo Office assets in Nagoya City.

## 3. Details of the Ichigo Marunouchi South Building

### (1) Location

The Ichigo Marunouchi South Building is located in the Nagoya Marunouchi area, a commercial district located north of the Sakae and Fushimi areas, with mid- and high-rise office buildings concentrated along the Sakura Dori Street.

The Marunouchi area benefits from stable tenant demand spanning multiple industries owing to its convenient access to locations within the city via the Marunouchi and Hisaya Odori Stations on the Sakura Dori Subway Line, and its proximity to the Sannomaru area which is home to government buildings including the Aichi Prefectural Office and the Nagoya City Hall.

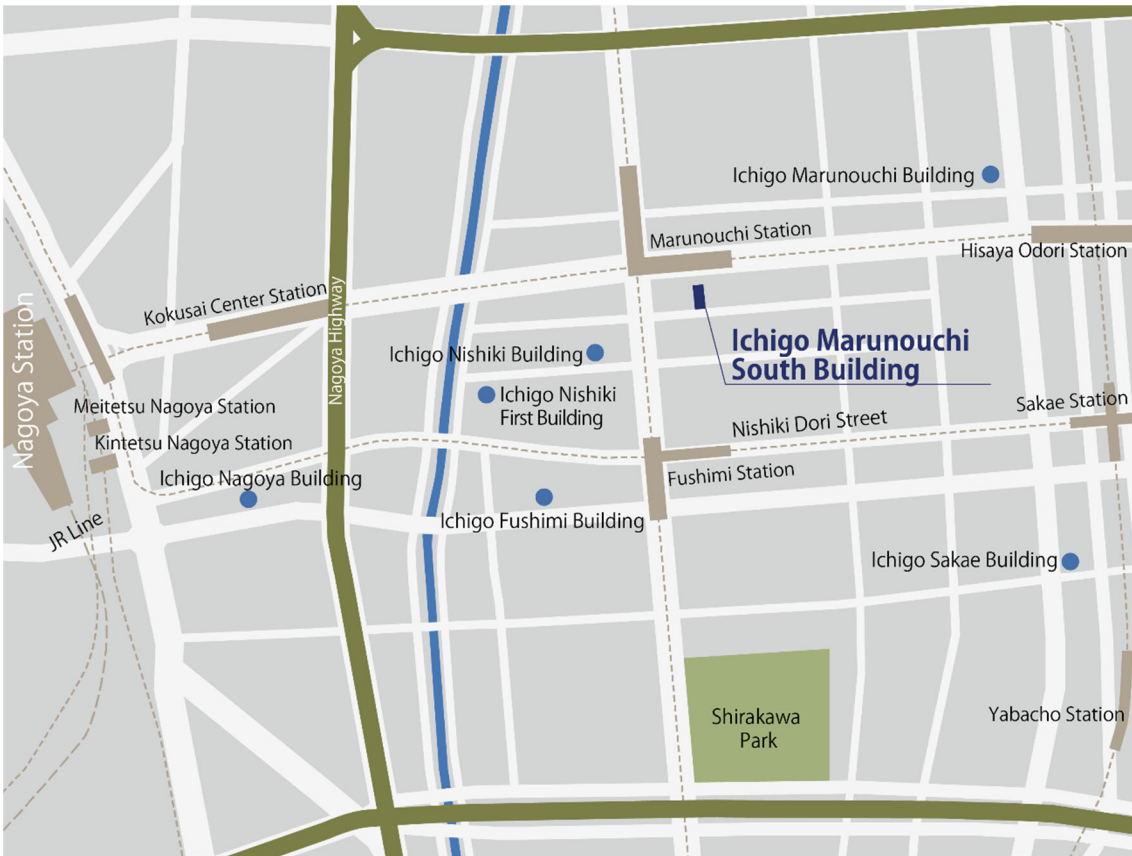
### (2) Features

The Ichigo Marunouchi South Building is a mid-size office building located within a 2-minute walk from the Marunouchi Station on the Sakura Dori Subway Line.

Each floor has a standard floor plate of 88 tsubo (290m<sup>2</sup>; sub-divisible into 5 zones) and a ceiling height of 2.6 meters, and is equipped with zoned air conditioning systems and raised-access floors, thus catering to the demands of diverse tenants.

Current tenants include the Nagoya branch offices of an IT company and a logistics equipment manufacturing company, and a law firm.

### (3) Building Photos and Location



Asset Overview						
Asset Name		Ichigo Marunouchi South Building				
Legal Form of Asset		Trust beneficiary interest in real estate ( <i>juekiken</i> )				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Period of Trust Contract		November 30, 2022 – November 30, 2032 (expected)				
Location		2-2-24 Nishiki, Naka-ku, Nagoya City, Aichi				
Land	Property Right	Freehold				
	Area	499.33m <sup>2</sup>				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% & 80% 700% & 900%				
Building	Property Right	Freehold				
	Use	Office				
	Structure	Steel Reinforced Concrete, 8 Floors				
	Total Floor Area	2,972.06m <sup>2</sup>				
	Date Built	January 19, 1988				
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.				
Appraisal Value		JPY 1,850 million				
Appraisal Date		November 1, 2022				
Value by Direct Capitalization Method		JPY 1,930 million				
Architect <sup>1</sup>		Toda Corporation, Nagoya Branch, First-Class Registered Architects Office				
Builder <sup>1</sup>		Toda Corporation, Nagoya Branch				
Structural Designer <sup>1</sup>		Toda Corporation, Nagoya Branch, First-Class Registered Architects Office				
Inspection Agency <sup>1</sup>		Nagoya City				
PML (Assessor)		5.6% (Sompo Risk Management Inc.)				
Collateral		None				
Lease Details (as of October 31, 2022)						
Tenant Overview						
Number of Tenants		23				
Monthly Rental Income		JPY 5.530 million				
Tenant Security Deposits		JPY 39.387 million				
Leasable Area		1,973.27m <sup>2</sup>				
Leased Area		1,669.91m <sup>2</sup>				
Occupancy		Oct 2020	Apr 2021	Oct 2021	Apr 2022	Oct 2022
		90.2%	87.8%	85.3%	82.9%	84.6%
Property Management Company		Property Partners Co., Ltd. (expected)				
Master Lease Company		Ichigo Office REIT Investment Corporation (expected)				
Master Lease Type		Pass-through (expected)				

### Special Items

1. A memorandum of understanding is in place with the neighbor on the northern border of the building (lot numbers 221-1, 221-2, and 221-3) with respect to rectifying the fence that encroaches into the neighbor's property when the building is scraped and rebuilt.
2. Although the building schematic shows that the automated entrance doors should have a width greater than 1.5 meters in order to serve as an emergency escape route to the outdoor staircase, an engineering report has indicated that this is not the case and the seller has agreed to rectify this at its own cost.
3. A lease termination notification was received from one of the tenants (leased area: 38.15m<sup>2</sup>) on June 20, 2022 for an effective termination date of December 20, 2022, after which occupancy is expected to be 82.7%.

<sup>1</sup> Names of the architect, builder, structural designer, and inspection agency are those as of the building's construction date.

Appraisal Details		
Asset Name	Ichigo Marunouchi South Building	
Appraisal Value	JPY 1,850,000,000	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal Date	November 1, 2022	
	Amount	Note
Appraisal Value	JPY 1,850,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	JPY 1,930,000,000	
Income	JPY 107,912,477	
Forecast Full-Occupancy Rental Income	JPY 114,233,134	Based on expected long-term, stable rental income, common area service income, parking lot income, and other income
Forecast Decrease in Rental Income due to Vacancy	JPY 6,320,657	Based on long-term, normalized vacancy rates
Expenses	JPY 24,725,159	
Administrative & Maintenance Expenses	JPY 6,985,376	Based on actual amounts
Utility Expenses	JPY 5,091,037	Based on actual amounts
Repair Expenses	JPY 2,040,000	Based on engineering reports
PM Fee	JPY 2,014,280	Based on existing contractual fees and reference to similar assets
Leasing Brokerage Fees	JPY 621,934	Based on tenant acquisition costs at similar assets
Taxes	JPY 7,149,200	Based on FY2022 actual amounts
Insurance Premiums	JPY 283,770	Based on insurance estimates and reference to similar assets
Other Expenses	JPY 539,562	Based on actual amounts
Net Operating Income (NOI)	JPY 83,187,318	
Income from Investments of Deposits	JPY 449,585	Based on a 1.0% investment yield
Capital Expenditure	JPY 4,573,000	Based on engineering reports
Net Profit	JPY 79,063,903	
Cap Rate	4.1%	Based on transactions of similar assets, while taking into account the asset's location and specific characteristics, rights, and terms and conditions of the contract

	Value via DCF Method	JPY 1,810,000,000	
	Discount Rate	4.2%	Based on yields of similar assets and financial assets, taking into consideration the asset's location and specific characteristics
	Terminal Cap Rate	4.3%	Cap rate adjusted for uncertainties
	Accounting Value	JPY 1,630,000,000	
	Land	82.7%	
	Building	17.3%	
<b>Notes</b>			
None			

Note: Appraisal NOI Yield: 4.8% (calculated by dividing NOI by Acquisition Price)

#### 4. Seller Profile

Name	The seller, a third-party Japanese company, did not provide consent to disclose its name.
Relationship to Ichigo Office or Ichigo Investment Advisors (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 Act on Trusts and Investment Corporations or the internal rules of IIA.

#### 5. Broker Profile

Name	The broker did not provide consent to disclose its name.
Relationship to Ichigo Office or Ichigo Investment Advisors (IIA)	The broker is not a related party as defined in the Act on Trusts and Investments Corporations or the internal rules of IIA.
Brokerage Fee	The broker did not provide consent to disclose the fee.

#### 6. Acquisition Schedule

Acquisition Decision Date	November 24, 2022
Contract Date	November 24, 2022
Closing Date	November 30, 2022 (expected)

#### 7. Earnings Impact

There is no impact of the acquisition, which will be executed on November 30, 2022, on Ichigo Office's October 2022 fiscal period earnings. The impact of the acquisition on April 2023 fiscal period earnings is minimal and thus there is no change to the forecast presented in Ichigo Office's October 31, 2022 release, "Earnings Forecast Revision for the April 2023 Fiscal Period."

## Reference

### 1. Earnings Profile of Asset Being Acquired

(JPY million)

	Forecast <sup>1</sup>	At Acquisition <sup>2</sup>
A. Rental Income	107	84
B. Rental Expenses (excluding depreciation) <sup>3</sup>	24	23
C. NOI (A-B)	83	60
D. NOI Yield <sup>4</sup>	4.8%	3.5%
E. Depreciation <sup>5</sup>	9	17
F. Post-depreciation NOI (C-E)	73	43
G. Post-depreciation NOI Yield <sup>4</sup>	4.2%	2.5%
H. Occupancy <sup>6</sup>	97.0%	84.6%

<sup>1</sup> Amounts exclude one-off factors in the year of acquisition and are calculated based on current and future anticipated fluctuations in occupancy.

<sup>2</sup> Shows first-year amounts used to calculate the DCF-based valuation, excluding one-off factors in the year of acquisition.

<sup>3</sup> Rental Expenses include incidental expenses such as service provider fees, taxes, maintenance and repair fees, insurance premiums, and other fees.

<sup>4</sup> Calculated based on Acquisition Price.

<sup>5</sup> Depreciation is as estimated by Ichigo Office using the straight-line method.

<sup>6</sup> Occupancy at acquisition is as of October 31, 2022.

### 2. Engineering Report Summary

Asset Name	Ichigo Marunouchi South Building
Inspector Name	Tokio Marine dR Co., Ltd.
Inspection Date	September 2022
Short-Term Repair Expenses <sup>1</sup>	–
Long-Term Repair Expenses <sup>2</sup>	JPY 75.339 million
Current Replacement Cost	JPY 1,009.9 million

<sup>1</sup> Short-Term Repair Expenses are defined as repair expenses beyond the scope of ordinary maintenance within a year from the time of inspection.

<sup>2</sup> Long-Term Repair Expenses are defined as cumulative repair expenses considered necessary for the maintenance of the asset within twelve years from the time of inspection.



### 3. Post-Transaction 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	1.6
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-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	1.0
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
O-48	Ichigo Sakaisuji Honmachi Building	Four Major Regional Cities	1,940	0.9
O-49	Ichigo Kanda Ogawamachi Building	Central Tokyo	2,210	1.1
O-50	Ichigo Hatchobori Building	Central Tokyo	1,905	0.9

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
O-51	Ichigo 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	1.9
O-62	Ichigo Sasazuka Building	Central Tokyo	4,780	2.3
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	1.1
O-66	Ichigo Kudan Building	Central Tokyo	3,190	1.5
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	2.2
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	0.7
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-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
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	1.7
O-86	Win Gotanda Building	Central Tokyo	3,100	1.5

No.	Asset Name	Area <sup>1</sup>	Acquisition Price (JPY million)	% of Portfolio <sup>2</sup>
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
O-94	Ichigo Hakata East Building	Four Major Regional Cities	2,250	1.1
O-95	Ichigo Nakameguro Building	Tokyo Metro Area	1,495	0.7
O-96	Ichigo Tachikawa Building	Tokyo Metro Area	3,830	1.9
O-97	Ichigo Higashi Ikebukuro 3 Chome Building	Tokyo Metro Area	3,840	1.9
<b>O-98</b>	<b>Ichigo Marunouchi South Building</b>	<b>Four Major Regional Cities</b>	<b>1,750</b>	<b>0.8</b>
Subtotal - Office (82 Assets)			199,287	96.8
Z-09	Future IZUMI	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-14	Ichigo Kamata Building	Tokyo Metro Area	1,400	0.7
Subtotal - Other (4 Assets)			6,630	3.2
Total (86 Assets)			205,917	100

<b>TK Equity Investment</b>	GK Kizuna1 TK Equity Interest	50	–
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<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.

Note: The above portfolio excludes the Ichigo Ikenohata Building scheduled to be sold on December 20, 2022. For details of the asset sale, please refer to the October 31, 2022 release, “Sale of Portfolio Asset (Ichigo Ikenohata Building).”