

**Ichigo Office  
(8975)**



## Strategic Portfolio Restructuring Update

January 24, 2023

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



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This material provides supplementary explanatory information with respect to Ichigo Office’s asset acquisitions and sale during the April 2023 fiscal period, as detailed in the below releases:

“Sale of Portfolio Asset (Ichigo Ikenohata Building),” October 31, 2022

“Acquisition of Office Asset (Ichigo Marunouchi South Building),”  
November 24, 2022

“Acquisition of Two Office Assets (Ichigo Hakataeki Higashi Building,  
Fukuoka Kensetsu Kaikan),” January 24, 2023 (Today)

The sale of the Ichigo Ikenohata Building and the acquisitions of the Ichigo Marunouchi South Building, the Ichigo Hakataeki Higashi Building, and the Fukuoka Kensetsu Kaikan are collectively referred to as the “Asset Acquisitions and Sale” in this presentation



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# Asset Acquisitions & Sale Impact

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## Asset Sale: Monetize Growth in Asset Value Generated by Value-Add & Drive Earnings Growth

- ✓ Sale Price: 1.9X Appraisal Value, 2.1X Book Value
  - Feb 2022 Sale of Ichigo Akasaka 5 Chome Building Also >2X Book Value
  - Gains on Sale of JPY 4.4B to be Distributed via Apr 2023 Dividend, Retaining JPY 103M for Internal Reserves
- April 2023 Dividend Forecast (Announced Dec 15, 2022): JPY 4,132

## Asset Acquisitions: Investing in High-Quality, Prime Location, Mid-Size Office Assets With Upside Potential

- ✓ Further Drive Dividend and Growth in Shareholder Value
- ✓ Acquired 2 Assets (JPY 6.2B) From Bridge Fund Created With Sponsor Support
- ✓ Contributing Towards a Diversified Portfolio With High Earnings Stability
  - Acquired 1 Mid-Size Office Located in Nagoya City Center & 2 Mid-Size Offices Located in Fukuoka's Prime Central Business District (CBD)

# Overview of Asset Acquisitions & Sale

	Before Acquisitions & Sale	Asset Sale	Asset Acquisitions	After Acquisitions & Sale
<b>Asset Size</b>	86 assets/ JPY 209.2B	1 asset/ JPY 5.1B	3 assets/ JPY 8.0B	88 assets/ JPY 212.1B
<b>Office %</b>	96.8%	–	–	96.9%
<b>Central Tokyo %</b>	54.8%	–	–	54.1%
<b>Tokyo Metropolitan Area %</b>	24.6%	–	–	21.8%
<b>Four Major Regional Cities %</b>	14.9%	–	–	18.5%
<b>Occupancy</b>	96.5%	100%	94.7%	96.5%
<b>Number of Tenants</b>	938	7	65	995
<b>Annual NOI</b>	JPY 11.13B	JPY 250M	JPY 370M	JPY 11.24B

(as of October 31, 2022)


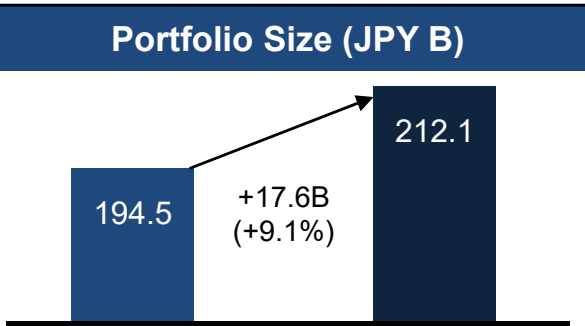
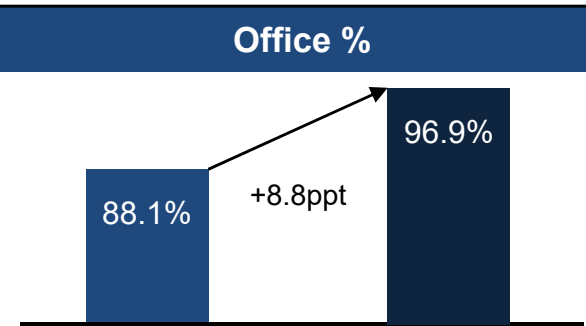
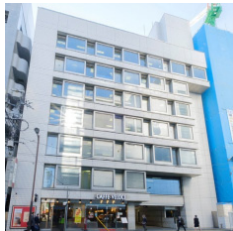

Ichigo Ikenohata Building

Ichigo Marunouchi South Building  
Ichigo Hakataeki Higashi Building  
Fukuoka Kensetsu Kaikan



# Drive Shareholder Value via Strategic Portfolio Restructuring

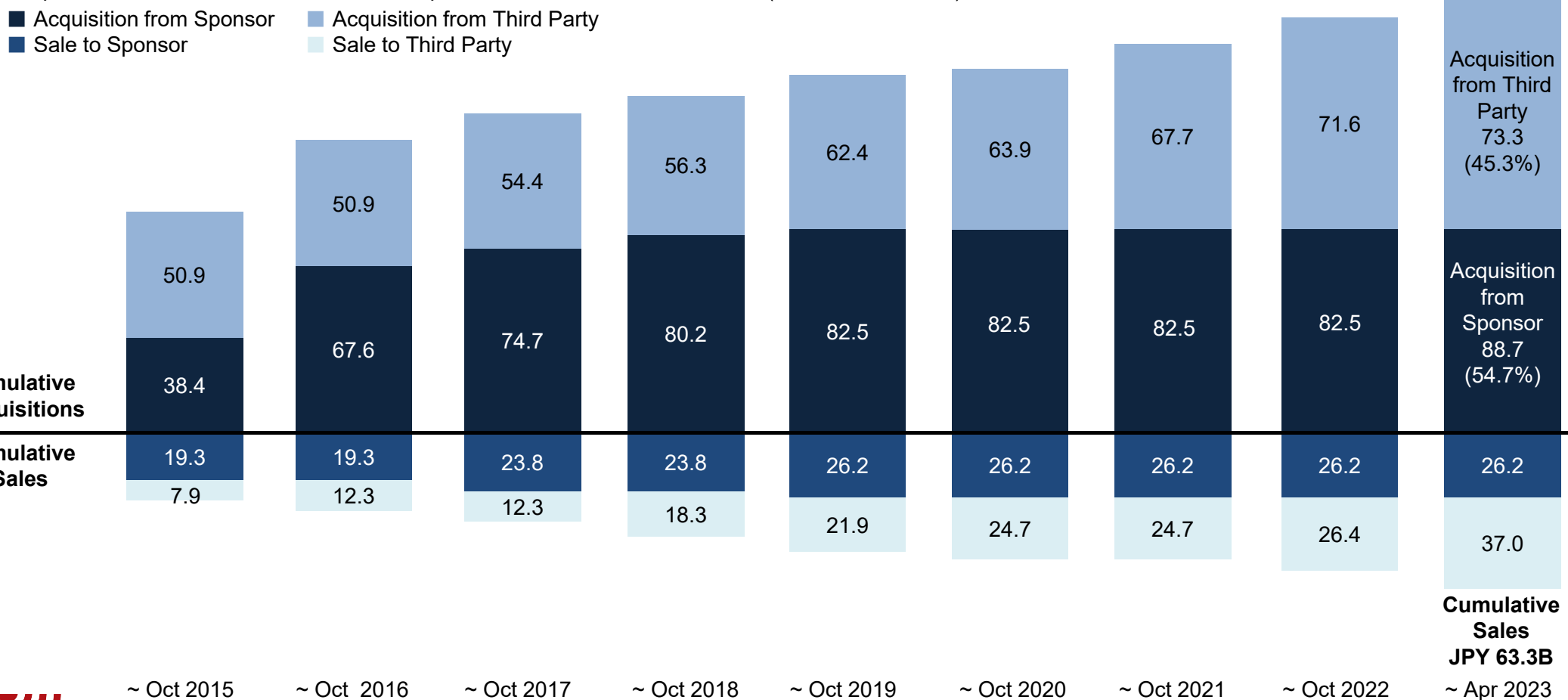
## Optimize Portfolio & Drive Growth in Asset & Shareholder Value

	Portfolio Restructuring Since 2017 (Timing of Most Recent PO)		Bridge Fund										
<b>Asset Sales</b>	13 Assets Total Sales Price JPY 31.6B (Gains on Sales JPY 8.4B)	<u>Recent Asset Acquisitions</u> High-quality, mid-size offices in Nagoya & Fukuoka 	<table border="1"> <tr> <td>Acquisition Price*</td> <td>JPY 6,320M</td> </tr> <tr> <td>Total Appraisal Value</td> <td>JPY 6,740M</td> </tr> <tr> <td>TK Equity Investment</td> <td>JPY 38M</td> </tr> <tr> <td>Exercise Period*</td> <td>January 31, 2025</td> </tr> <tr> <td>Underlying Assets</td> <td>2</td> </tr> </table>	Acquisition Price*	JPY 6,320M	Total Appraisal Value	JPY 6,740M	TK Equity Investment	JPY 38M	Exercise Period*	January 31, 2025	Underlying Assets	2
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Exercise Period*	January 31, 2025												
Underlying Assets	2												
<b>Asset Acquisitions</b>	15 Assets Total Acquisition Price JPY 39.9B												
<b>Impact</b>	<b>NOI Increase</b> JPY +630M p.a.	NOI Increase = Forecast NOI of acquired assets calculated by IIA minus actual NOI of sold assets											
	<b>Portfolio Size (JPY B)</b> 	<b>Office %</b> 	 Ogaku Building  Ichigo Hakata Meiji Dori Building										

# Robust Sourcing to Support Acquisition-Driven Growth

## Acquisitions Leverage Both Sponsor Support & Ichigo Office's Sourcing Network

Acquisitions and Sales since Transition to Specialized Office REIT in Oct 2015 (Cumulative, JPY B)



# Ichigo Marunouchi South Building (O-98)

## Mid-Size Office Located in Nagoya City Center

### Asset Details

<b>Acquisition Price</b>	JPY 1,750M
<b>Appraisal Value</b>	JPY 1,850M
<b>Expected NOI Yield</b>	4.8%
<b>Asset Type</b>	Office
<b>Location</b>	2-2-24 Nishiki, Naka-ku, Nagoya City, Aichi
<b>Leasable Area</b>	1,973.27m <sup>2</sup>
<b>Structure</b>	SRC, 8 floors
<b>Date Built</b>	January 1988
<b>Occupancy</b>	82.7% (as of December 31, 2022)

### Location/Building Features

- Mid-size office building located within a 2-minute walk from the Marunouchi Station on the Sakura Dori Subway Line
- Area benefits from stable tenant demand spanning multiple industries owing to its proximity to government buildings including the Aichi Prefectural Office and the Nagoya City Hall
- Standard floor plate of 88 tsubo (290 m<sup>2</sup>) sub-divisible into five zones, with raised access floors and individual air conditioning units that cater to the needs of many tenants
- Current tenants include the Nagoya branch offices of an IT company and a logistics equipment manufacturing company, and a law firm

### Building Exterior, Entrance Hall, & Location





# Ichigo Hakataeki Higashi Building (O-99)

## Mid-Size Office Located in Fukuoka's Prime CBD

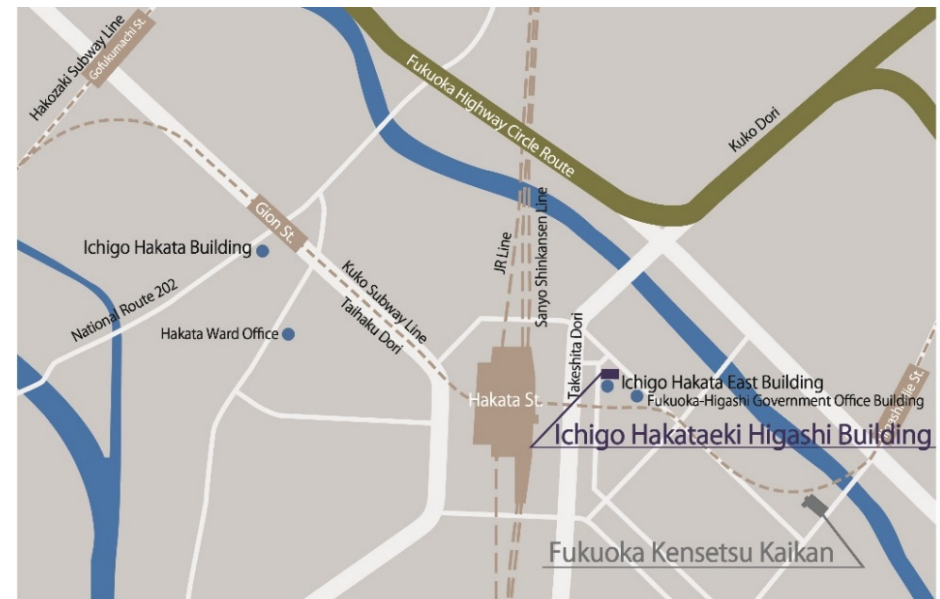
### Asset Details

<b>Acquisition Price</b>	JPY 3,500M
<b>Appraisal Value</b>	JPY 3,630M
<b>Expected NOI Yield</b>	4.5%
<b>Asset Type</b>	Office
<b>Location</b>	1-13-9 Hakataeki Higashi, Hakata-ku, Fukuoka City
<b>Leasable Area</b>	3,596.71m <sup>2</sup>
<b>Structure</b>	SRC, 8 floors; RC, 1 floor
<b>Date Built</b>	October 1987
<b>Occupancy</b>	96.8% (as of December 31, 2022)

### Location/Building Features

- Mid-size office building located within a 4-minute walk from the Chikushi Exit of Hakata Station, offering access to rail lines including the JR Kagoshima Main Line and the Fukuoka City Subway Kuko Line
- Area is part of Fukuoka's main business/commercial district and home to many office buildings
- Standard floor plate of 135 tsubo (445m<sup>2</sup>) sub-divisible into 6 zones, with raised access floors and individual air conditioning units that cater to the needs of many tenants
- Current tenants include the branch and sales offices of listed companies, construction companies, and a medical clinic

### Building Exterior, Entrance Hall, & Location



# Fukuoka Kensetsu Kaikan (O-100)

## Mid-Size Office Located in Fukuoka's Prime CBD

### Asset Details

<b>Acquisition Price</b>	JPY 2,750M
<b>Appraisal Value</b>	JPY 2,810M
<b>Expected NOI Yield</b>	4.6%
<b>Asset Type</b>	Office
<b>Location</b>	3-14-18 Hakataeki Higashi, Hakata-ku, Fukuoka City
<b>Leasable Area</b>	2,949.22m <sup>2</sup>
<b>Structure</b>	Steel, 9 floors; RC, 1 floor
<b>Date Built</b>	November 1997
<b>Occupancy</b>	100% (as of December 31, 2022)

### Location/Building Features

- Mid-size office building located within a 2-minute walk from Higashi-Hie Station on the Fukuoka City Subway Kuko Line
- Area is part of Fukuoka's main business/commercial district and home to many office buildings
- Standard floor plate of 117 tsubo (386m<sup>2</sup>) sub-divisible into 5 zones, with raised access floors and individual air conditioning units that cater to the needs of many tenants
- Current tenants include construction companies, an industry organization, IT companies, and a real estate company

### Building Exterior, Entrance Hall, & Location



# Notes

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## Preconditions for the Overview of Asset Acquisitions & Sale (p.5)

- Occupancy, Number of Tenants  
Before Acquisitions & Sale: Data as of October 31, 2022  
Asset Sale: As of actual date of sale  
Asset Acquisitions: Data as of December 31, 2022  
After Acquisitions & Sale: Data as of December 31, 2022 (including the Ichigo Marunouchi South Building) plus data for the Ichigo Hakataeki Higashi Building and Fukuoka Kensetsu Kaikan as of December 31, 2022
- Annual NOI  
Before Acquisitions & Sale: Annualized NOI for the October 2022 fiscal period (for assets acquired during the October 2022 fiscal period, NOI is calculated using the direct capitalization method based on appraisal value at acquisition)  
Asset Sale: Annualized NOI for the October 2022 fiscal period  
Asset Acquisitions: NOI is calculated using the direct capitalization method based on appraisal value at acquisition  
After Acquisitions & Sale: NOI before acquisitions & sale minus NOI of asset sold plus NOI of assets to be acquired

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